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## There are many benefits of working with an independent insurance agent.

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Direct writers in the insurance space have a sizeable market share. Not surprising, given their massive blitz of advertising they use to bring in prospects. Much of the messaging used in their campaigns speak directly to two points of interest to most consumers – time and money.

But despite how difficult competing against the large direct writers might seem, independent agents can compete – and win – by clearly articulating some compelling differences to current and prospective clientele.

***The Convenience Misperception*** Convenience is likely the most important “perceived” differentiator between independent agents and large direct writers in consumers' eyes, closely followed by the price point. However, consumers are usually not experts in insurance and risk management, which can actually make “do it yourself” online convenience a bit of a danger. A lot of consumers have been led to believe that coverage is all the same, and all they need to do is find the best price they can. Of course, the difference between a low price and a good value is really a matter of perception.

Customers think they might save time by going online to direct writer sites to get a simple quote, instead of actually speaking with an independent agent. In reality, the duration of the insurance acquisition process is likely comparable. Customers who want to do this all on their own, may have to go to several different websites or call several



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conversation and multiple quotes from multiple insurers. More importantly, an independent agent can ensure that the quotes provided are “apples to apples” for coverages and options. Most average consumers would have difficulty trying to navigate quote differences from one insurer to another without the guidance of a trusted advisor.

### ***Coverage Red Flags***

Coverage red flags are abundant when looking at some direct writers' approaches. If the primary marketing message an insurer presents focuses on the lowest price point on a policy, the concept of coverage and value can be overlooked.

Some direct writer offerings may have low auto liability limits, potentially leaving the customer unaware of the danger involved. For example, some carriers may offer quotes without sufficient uninsured motorist coverage. While this may save their customers money – this approach may potentially put the client at risk of severe financial exposure in the event of certain accidents.

On the home side, the total limit for replacement cost coverage is a very common issue of concern. In many instances, it will not account for matters such as current construction labor and material costs, debris removal after tear down or inflation, meaning the customer might end up with a payout maximum well below the actual cost to fully rebuild his or her home after a total covered loss. Independent agents can guide customers to 150 percent or “guaranteed” replacement cost to lessen this risk, depending on what the carriers in their offices offer.

Independent agents provide invaluable advantages acting as a trusted advisor.

### ***Consultancy is Key.***

Independent agents need to ensure that they act as “consultants” rather than simply “salespeople.”

Depending on whether the customers are going online or speaking over the phone, they will have different experiences. If they are going online, then they are not actually talking to anyone. They are not getting advice from a human at any point. If they go to a direct writer representative either by phone or into an office, they will get advice from someone, but that person will only have access to one insurance company. While they might suggest that they are working in the best interests of their customers, they only have one hammer in their toolbox - the company they are representing.

This is a serious issue, as proper alignment of needs and policies is potentially much more difficult when consumers look at only one insurer's products and strategies. If they go to an independent agent, they will typically have access to anywhere from five to 20



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matter what that might entail.

The difference is clear - the independent agent, as the trusted advisor - shapes the policies in accordance with the customer's needs. The independent agent provides invaluable context between carriers that will allow the customer to make the right choice.

### ***Consumers Value Guidance and Relationships***

To compete in today's marketplace, independent agents need to make their real value known to customers. In addition to potentially better protection against loss and a more consultative approach, there is another crucial advantage independent agents can offer: the value of the relationship.

Imagine that you're a homeowner. Typically the agent lives in your community. They get to know you, and your life, and how it changes over time, allowing them to be your own personal risk manager and a consultative partner. If you're just looking online for a phone number - you're probably getting someone different every time you call. That puts you at a disadvantage.

Cost is such an important factor for customers and one that they often think distinguishes large direct writers from independent agents. This is another misperception. Because agents are often representing so many carriers, they can likely match price points customers have currently or are accessing in the direct marketplace. It is not going to be inherently more expensive to use an independent agent than a direct writer. There are a few ways to make sure consumers see the value of the independent agent. Independent agents must:

- Brand themselves as consultants who look out for the customer's best interests - not those of a specific carrier.
- Explain that they will create a policy that best protects customers' assets in ways that direct writers often cannot.
- Affirm the relationship will grow in ways usually not possible with a direct writer.
- Prove the price point will be as low as possible thanks to the wider variety of carriers they represent - when apples are truly compared to apples.

By clearly articulating the huge benefit consumers can gain by working with a true trusted advisor when purchasing insurance - independent agents – and the customers they serve - can both come out on top.





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Nicely put Allen. A thinking Human Being would not insure they valuable assets any other way.

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This is a great article, it articulates the advantage of working with an independent agent in a clear manner. Thanks for sharing

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