

## **Overview of How Independent Agents Direct Traffic to Plan 2 and Plan 3 Insurers**

Bob Biskupiak CPCU, CIC, AIC  
Independent Insurance Agents' Association of Montana

What is an independent agent? – An insurance professional that provides options with multiple companies.

### Agents Role and Value

- Serves as “trusted advisor” to customers on insurance, risk management and asset protection issues
- CPA’s provide accounting advice; attorneys – legal advise
- Works on behalf of customer to offer best insurance protection options
- Must understand their customer’s business and goals
- Help customers become more successful
- Typically handle other lines of coverage – total protection
- In regards to workers compensation agents assess risk and exposure and provides advice and recommendations on safety, risk transfer, early return to work options, etc..
- Understand market options – Montana State Fund or Plan 2 carriers
- Agents generally have a stronger relationship with their customers
- Representation goes beyond the completion of an application

### Agents Who Specialize in Workers Compensation Coverage

- Less than 20% of independent agencies focus on workers compensation coverage and these all have an appointment with the Montana State Fund
- More agencies have contracts with Liberty Northwest, Travelers, Hartford, Zurich, Employer Insurance Group and other companies that entertain workers compensation business.
- Commissions are primary method of compensation. Plan 2 carriers typically pay a higher commission than the Montana State Fund

### Independent Insurance Agents and the Montana State Fund

- Not all agents are appointed with the Montana State Fund
- They must qualify by their knowledge, expertise and business practices
- Independent agents have been a part of the MSF distribution plan since 1998 and have been a part of the positive trends and changes at the State Fund
- We make the Montana State Fund Better – perhaps more demanding in the manner that we represent our clients and have higher expectations for service, communications and overall performance
- Agency Advisory Council – challenges MSF to adapt and change with positive results
- Commissions offset service requirements of State Fund staff – applications, changes, service, classifications and field underwriting

### Independent Insurance Agents and Plan 2 Carriers

- Better balance of competition than in the past
- Workers compensation carriers are challenged to commit to Montana due to the resources necessary to be successful – loss control, claims and marketing
- Few Plan 2 carriers committed to Montana – must be driven by probability of profit
- Appetite for business varies greatly! Only accept specific type of business that represents less exposure or classes of business in their area of specialization
- Some carriers will only write businesses if they write the other P&C coverage and in most instances restrict their appetite to low hazard classes of business
- MSF must take all comers – keeping a balance of low, medium and high risk employers is important if they are to have consistent rates and services
- Mergers and acquisitions continue to have impact on marketplace – i.e. Liberty Northwest and Safeco; St Paul and Travelers
- Corporate decisions influence Montana
- Stronger representation of Liberty Northwest – from direct writer to agency represented carrier will provide customers will more options

### How Do Agents Make Recommendations to Customers

- A company's expertise and resources
- Financial position and resources – many companies have come and gone in last 10 years
- Commitment to class of business
- Commitment to Montana employers
- Best fit for the client
- Competition and choice influences the recommendations as well – competition is alive and well and makes us all better!