

NOT ALL INSURANCE AGENCY NETWORKS ARE CREATED EQUAL

Making the right choice is critical, so understand all that a network offers

By Mike Strakhov, CPCU

Insurance agency networks were founded on the concept of market access. Market access is the ability of network members to place business with specific insurance companies as a benefit of membership. The net result of market access is the aggregation of premium with carriers appointed with the network.

The benefits of premium aggregation and market access include the potential for enhanced compensation, access to carriers that agents would otherwise not have the ability to get an appointment with, and elimination of the need for the member agency to seek direct carrier appointments.

As insurance agency networks become a larger part of insurance distribution, many of these organizations have expanded their product and service offerings beyond having a long list of carriers for their members to place business with. While market access will always be important, agency members and potential members are looking for additional tools and resources to help them grow. Many networks have capitalized on this opportunity and have developed a robust list of offerings not only to help their members but also to allow them to effectively differentiate their network from all the other network options.

Until recently, there was no comprehensive listing of insurance networks. The Insurance Networks Alliance (INA) has developed a directory of networks from across the country. Available on its website (www.networksalliance.com), the directory is an excellent starting point for both agents and carriers to research networks to find the right fit to meet their business objectives. The directory contains information on 40-plus networks, including the states they operate in, carriers they work with, and additional services and resources they provide their members.

A review of the INA directory and several of the networks' websites shows that these organizations are offering a number of services to their agency members. Many of these services are available at a discount or come with some other advantage as a result of the agency being a member of a particular network.

Not all networks are created equal when it comes to the array of value-added services they offer their members. It's important for agents to know what their current and future needs will be as they evaluate network options. Finding the right combination is key to long-term mutual success.

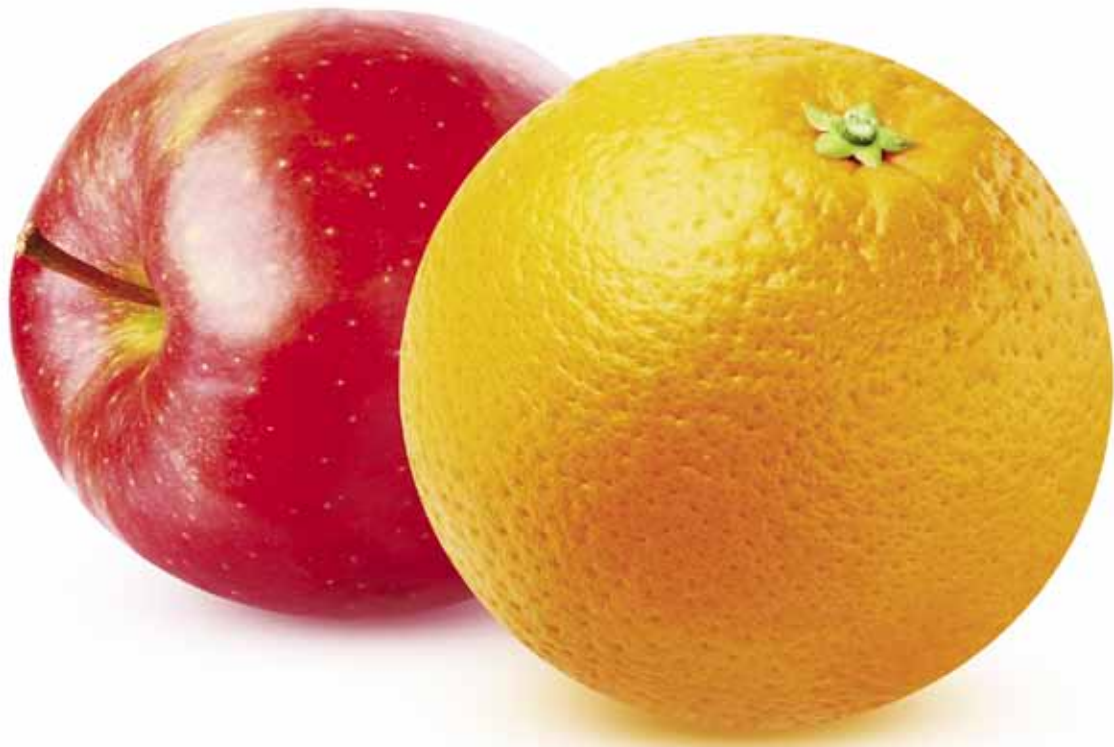
Services from the networks can include:

- **Insurance products for members**—Group errors and omissions (E&O) programs and cyber liability insurance products
- **Technology and software**—Agency management systems, quoting, lead generation and management, sales management, website development, and marketing tools
- **Financing**—Banks that lend to agents to help them finance acquisitions and perpetuation activities; premium finance companies that offer favorable terms to members

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- **Consulting services**—Agency valuations and mergers/acquisitions/perpetuation
- **Training and education**—Continuing Education classes, perpetuation and succession planning, sales and sales management, agency operations, professional development, white papers, and benchmarking
- **Risk placement and marketing services**—Help with identifying and placing the appropriate insurance program for hard-to-place risks

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- **Programs**—Access to programs designed specifically and/or exclusively for members
- **Financial services**—Resources to help agents with life insurance, health insurance, employee benefits, and wealth management sales
- **Member collaboration**—Leverage industry expertise of members and forums for agency leadership networking

Insurance agency networks continue to evolve to meet the needs of their members. Members are increasingly relying on networks to be a key factor in the success of their agencies. Agents have many options to choose from when it comes to joining a network.

The decision to join is a pivotal moment in an agency's life cycle. Making the right choice is critical. Agents need to take the time to understand all that is available from a network, not just what carriers it works with. Once they make their choice, it's important that they take advantage of the service offerings to get the most out of their membership. ■



The author

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