7 KEY QUESTIONS

YOU SHOULD ASK ANY MARKET ACCESS PROVIDER BEFORE YOU WRITE YOUR FIRST POLICY
Attention Agency Owner: What you don’t know can hurt you and cost your agency thousands – that’s why you need to know…

“The 7 Key Questions You Should Ask Any Market Access Provider BEFORE You Write Your First Policy!”

It’s sad but true.

Everyday agents align themselves with companies in order to get the carrier access they need without realizing they are walking into a trap – a very expensive trap. They find they are being charged much more than they should be while adding nothing to the agency’s bottom line.

Market access is important. It’s frustrating to have a prospect ready and willing to buy and not be able to access an insurance carrier that could write the policy.

COMPETITION WITH OTHER AGENTS IS TOO INTENSE; YOU CAN’T AFFORD TO WATCH GOOD BUSINESS WALK OUT THE DOOR!

When a prospect is ready to buy, it’s tempting to jump at the first opportunity you see to access a carrier that can write the business.

And on the surface, most companies offering market access appear to be just what you need. But when you look deeper, you discover contract terms that definitely aren’t beneficial to you in the long run.

A market access provider should be a long term benefit to your agency – not a long term problem. Knowing what questions to ask is the first step toward making the best decision for you and your agency.

Whether you are considering a cluster, an aggregator, a market access provider or something in between, keeping these questions in mind will help you evaluate both the cost and benefit to your agency.

Your agency goals and your own business plan must always come first!

Now let’s look at the 7 Key Questions.
QUESTION #1
Do the markets they offer match your agency’s needs?

As both insurance and the risks to be insured have grown more complex, insurance carriers have developed specialties. Even the largest national carriers have types of risks they have excellent products for and some they prefer not to write.

Many agencies have found the same specialization philosophy yields better profits and higher efficiencies than trying to sell every possible product to every possible prospect.

There’s no question it’s tempting to try to be all things to all people, especially if you are working to grow your agency, but having the discipline to specialize can produce much better results.

In fact, an examination of the fastest growing scratch agencies reveals that they clearly defined which types of prospects they would target and focused on selling to those defined niches. They not only had faster growth, but higher profitability too.

What do you do best? The carriers you partner with should excel in those areas. Their coverage terms, underwriting and pricing should be competitive in the market so you can succeed.

Having access to an insurance carrier that doesn’t serve your intended market well won’t help you write more business or better business. And in fact, they may serve as a distraction, especially if you become tempted to stray from your core competencies to place business with them.

A common misconception is that the more carriers a cluster or market access company has the better it is for you. Truth is, the more they have, the better is for them – not you!

Why?

Because they know that faced with many choices, you will tend to spread out your business among many carriers instead of building a solid book of business with a few carriers. This keeps you locked in since you won’t have sufficient premium with any one carrier to qualify for a direct contract.

Because every carrier has different underwriting criteria and procedures, you also increase your E&O risk by trying to juggle more carriers than you really need.

It is much better to align yourself with fewer carriers who have the ability to provide the markets you need for your targeted prospects. You are then on the path to your own direct contract and higher agency profitability.
QUESTION #2
Will you have direct contact with the insurance companies or will all quoting, binding and servicing be done through their office?

Insurance is a relationship business! Will you have the opportunity to develop a working relationship with your carriers’ underwriters or will the market access provider staff be your only contact?

Your chances of getting a direct appointment with a carrier is enhanced when they have worked with you directly and see the volume and quality of business you bring to them.

In today’s environment, quick turnaround is essential. When you aren’t able to go to the company underwriter yourself, the process takes longer and there is an additional opportunity for miscommunication.

Another benefit of talking directly with the company underwriter is the ability to work with them to get difficult risks placed. Often, with additional information the underwriter can approve a risk.

You have the motivation to get that approval…an employee at a remote office who deals with many agents doesn’t.

Working with company underwriters also gives you a more complete picture of their underwriting philosophy and makes future quoting much more efficient.

And don’t forget the relationship with your clients! Will your agency name be on the policy or theirs?

You’ve worked hard to brand yourself as your client’s insurance advisor. Shouldn’t YOUR name be on the policy as their agent?

QUESTION #3
Will the Market Access Provider allow you to earn your own contract and what are the costs to move to your own producer code?

If you join a cluster or aggregator, you realize that it is a long term commitment. There are significant costs to leaving, if it’s allowed at all.

For that reason many agents choose a less-restrictive agreement with a market access provider. Unfortunately, some find they are much more committed than they intended.
Will you have the opportunity to earn your own direct appointment and what are the requirements and costs?

Many market access companies are designed for long-term dependency instead of helping you qualify for a direct appointment. Some may even prohibit you from applying for a direct appointment if you have placed business through them.

Who owns the business you place through them? Can you move it to another carrier in the future?

It is vitally important that you review all the terms of your contract before writing that first policy.

**QUESTION #4**

What are the fees to join and what is the revenue split?

There are set-up costs with any market access provider. And they will keep a set percentage of the commission for providing the service. You probably expected that.

What may surprise you is the size of the fee and the percentage of commission they will keep. In some cases there are additional monthly fees that must be paid in order to maintain your contract.

Remember that if the market access provider has any equity stake or ownership in the business you place through them that is an additional cost that should be factored in.

Make sure you have a very clear picture of the costs before contracting with the market access provider.

**QUESTION #5**

Are you allowed to have direct contracts with carriers or must all business be placed through the market access provider or cluster?

Most market access providers or clusters require that you bring all of your business under their contract and many prohibit you from having any direct carrier appointments.

Unless you are brand new agency, that’s an immediate income hit! An unnecessary one.

New agencies should carefully consider the restriction that this places on their agency.
Even if you choose to have all of your business written through the market access provider now, you may want to move to your own direct contract in the future with a carrier.

Regardless, it’s a long-term cost of doing business with them. And it’s an unnecessary sacrifice of your independence.

**QUESTION #6**

What resources are available to help you grow your agency?

As an agency owner, your goal behind gaining access to one or more quality carriers is to grow your agency. Choosing the right carrier is just one step in writing more business...you also need tools that will help you attract and retain your ideal customers.

How will the market access provider help you succeed? Are there resources to help you grow your book of business and qualify for your own direct contract?

Ideally, your market access provider should be more than just a gateway to a carrier’s product. They should be a facilitator to help you build a book of business that will qualify you for a direct contract.

Your success is important to you. It should be important to your market access provider too!

**QUESTION #7**

Are you allowed to manage your agency or will the market access provider’s management make strategic decisions?

While training and guidance is helpful, giving over control of your agency is probably not what you had in mind when you went into business for yourself.

Helping you set goals and providing accountability is good, controlling your marketing and advertising isn’t.

Some companies offering you access to their group of carriers take a literal or virtual ownership stake in your agency by imposing significant covenants.

You became an independent agent for a reason – you wanted to own and run your own agency with your core values…not someone else’s.

It might surprise you to learn that some organizations require you to give up some of your management rights and allow them to dictate your agency’s management decisions. They may prohibit bringing in a partner or hiring a producer.
Take the time to talk with other agents in the cluster or using the market access provider to determine exactly what the management relationship will be and if it fits within your business goals and plan.

You’ve worked hard to build your agency to this point – don’t just give it away!

**BONUS QUESTION**

Is it possible to leave the MAP and what would it cost?

I know we promised 7 Questions, but this one is too important to leave out.

In any business arrangement, you should have explicit agreements on the conditions and process for ending the relationship.

Assume nothing! **Some market access providers have significant financial penalties for withdrawing from the group.**

Will they allow you to withdraw and go direct with one carrier or is an all-or-nothing agreement?

Some place you under a non-compete and block your access to the carriers you have done business with for a period of time.

And yes, sometimes you lose the business you wrote through them.

Don’t be caught by surprise! Ask if there are any financial or business penalties or obligations if you choose to leave the group.

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There are many more questions you can and should ask before entering into a contract with a market access provider. Hopefully these questions will be a helpful start for you.

Please give us a call at 888-243-6826 and ask us about our exclusive Channel Agent℠ program, designed to get you on your way to one or more direct appointments with the carriers who can partner with you so you can achieve long term success.

Best wishes for your success,

*Bill Bingham*

AgentCo, Inc. Founder and President

*The fastest way to a direct contract*