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AGENTS RATE

MGAS

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Peers provide keen insight on what's most important and why

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# AGENTS SPEAK OUT ABOUT MGAS

Agents say their top priorities when it comes to MGAs are underwriting responsiveness, claims responsiveness and reputation



**Fast underwriting turnaround and a high level of responsiveness** are what agents look for in a Managing General Agency relationship, according to a new survey conducted by *Insurance Business America*.

Hundreds of agents participated in the survey, which asked them to rate the importance of key aspects they look for in an MGA, including pricing, automation, underwriting turnaround, reputation, marketing support, claim responsiveness and range of carriers.

The survey, conducted via an online questionnaire in January and February, also asked agents to rate the performance of their own MGAs and provided an opportunity to give specific details as to how they think their MGAs could improve their service and offerings.

Respondents weren't shy about letting us know what they really think. While a few commenters praised their MGAs or expressed satisfaction with their MGA relationships, most survey respondents took the opportunity to let us know where they feel MGAs are coming up short.

Several recurring themes emerged in analyzing the open-ended responses. For one, agents made it known that they crave strong relationships with underwriters. They also want faster underwriting and more responsiveness, as many expressed frustration with MGAs that are slow to provide quotes or endorsements. They want them to be more proactive, provide access to more carriers, and have specialized knowledge. More automation was another frequent theme, and judging by the responses we received, MGAs really need to kick it into a higher gear when it comes to technology. Several comments complained that their MGA's technology doesn't mesh with their technology, particularly when it comes to agency management systems.

While underwriting responsiveness/turnaround times and claim responsiveness/turnaround times were the two most important things agents look for in an MGA, agents think their own MGAs are performing better in other areas. Agents rated their own MGAs better in terms of their reputation (7.32 out of 9), premium pricing (6.90), and range of carriers offered (6.86) than they did for underwriting responsiveness/turnaround times (6.71) and claim responsiveness/turnaround times (6.63).

"Marketing support" ranked as the least important in both surveys. Agents rated their MGAs a 5.99 in this category, while saying marketing support was 6.82 out of 9 in terms of overall importance. "Auto-

mation," while mentioned as an area of concern by many commenters, was listed as the sixth most important (7.23) and also ranked sixth out of seven categories (6.29) when agents rated their MGAs.

Clearly, agent priorities when it comes to MGAs center on underwriting, claims and responsiveness.

### UNDERWRITING RELATIONSHIP IS KEY

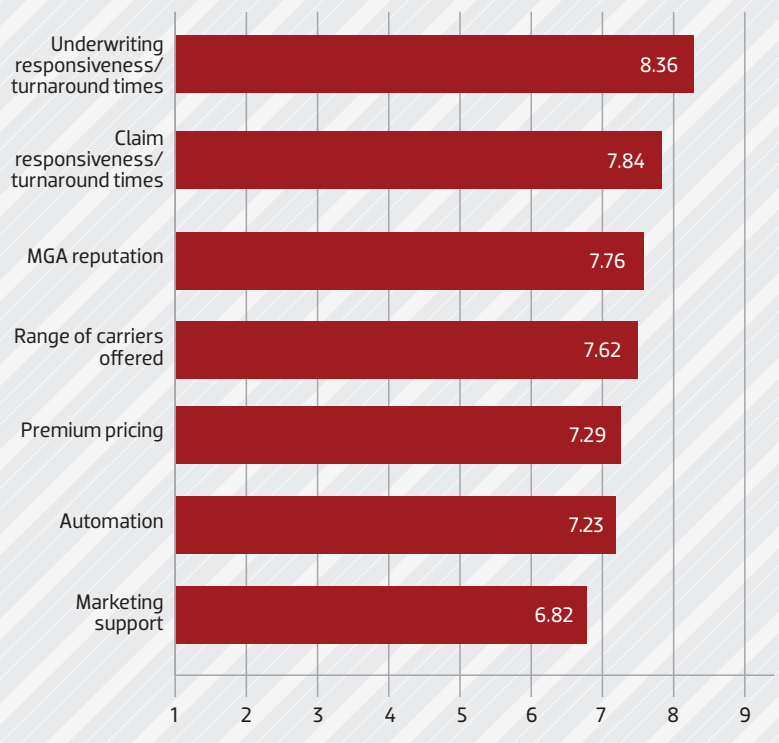
According to the survey, the most important component of an MGA's role for agents is underwriting responsiveness and turnaround times. Sixty-two per cent of participants rated this as a 9 on a scale of 1-9, indicating how important agents feel about this function. Another 25% rated it an 8, meaning nearly nine out of 10 respondents rated it an 8 or higher.

Many agents expressed the sentiment that it is crucial to have an underwriter you can talk to, that knows the products and markets he or she represents, and equally crucial that they get back to you with a quote or confirmation of binding in a timely fashion. If you have a relationship with an underwriter who is responsive, creative and experienced, you've hit a home run, and should do everything you can to maintain that advantage.

# 8.36 OUT OF 9

Importance rating agents place on underwriting responsiveness and turnaround time from MGAs. Agents in our survey rated it as the single most important quality to look for in an MGA, one half-point higher than claims responsiveness and turnaround time, which ranked second.

#### ON A SCALE OF 1-9, HOW IMPORTANT ARE THE FOLLOWING ASPECTS OF WHAT AN MGA OFFERS?



"Anyone can run quotes, but it's the problem-solving abilities and creative thinking of the MGA staff who keep me returning"

Cabell Vildibill, a commercial insurance broker with George H. Odiorne Insurance Agency, Inc., Brandon, Fla., says that being domiciled in Florida, he has no shortage of MGAs to choose from. He says that first and foremost, he focuses on the underwriting skills in his MGA relationships, and looks for three primary criteria. "We want an underwriter to be creative, competitive and expedient," Vildibill says. "And try to think outside the box – that can give you an edge when you are trying to come up with a better solution."

One of Vildibill's clients is a chain of steakhouses, known for having peanut shells all over the floor. "When you first talk to MGAs, we can't get any markets because there are peanut shells on the floor. But there are no claims. They won't think beyond the slipping factor of the peanuts," Vildibill says. "There's no negligence – it's open and obvious, and everyone can see them when they walk in the door, but we don't have any markets because there are peanuts on the ground. What's the real exposure? It's hard to find good, creative MGAs that can think outside the box."

Vildibill also says while his company is generally

loyal to its BGAs, it is perhaps more loyal to underwriters. "We're loyal unless our underwriters move. We even follow them around if they move."

More than any other topic, survey respondents focused on the importance of working with highly competent underwriters. Virginia O'Connor, an agent with Haddock & Associates in Coeur d'Alene, Idaho, wants underwriters that can offer more than a simple quote or one solution to meet a client's needs. "Case design is important to me. I like to work with an MGA who has staff where I can present a client's needs and be offered a variety of solutions in the form of products. Anyone can run quotes, but it's the problem-solving abilities and creative thinking of the MGA staff who keep me returning," O'Connor says. "In addition, frequent updates on a current case's progression to and through the underwriting process are vital to getting cases placed and keeping the client's interest."

### CLAIMS RESPONSIVENESS

While underwriting responsiveness and turnaround times was rated as most important in the survey, claim responsiveness and turnaround times (7.84 out of 9) edged out MGA reputation (7.76) and range of carriers offered (7.62) as the next most important things agents look for in an MGA.

Perhaps no other trait can set an MGA apart from its competition better than how – and how quickly – it handles a claim. Beyond that, agents said some MGAs drop the ball by failing to send them claim acknowledgements and claim closing notices.

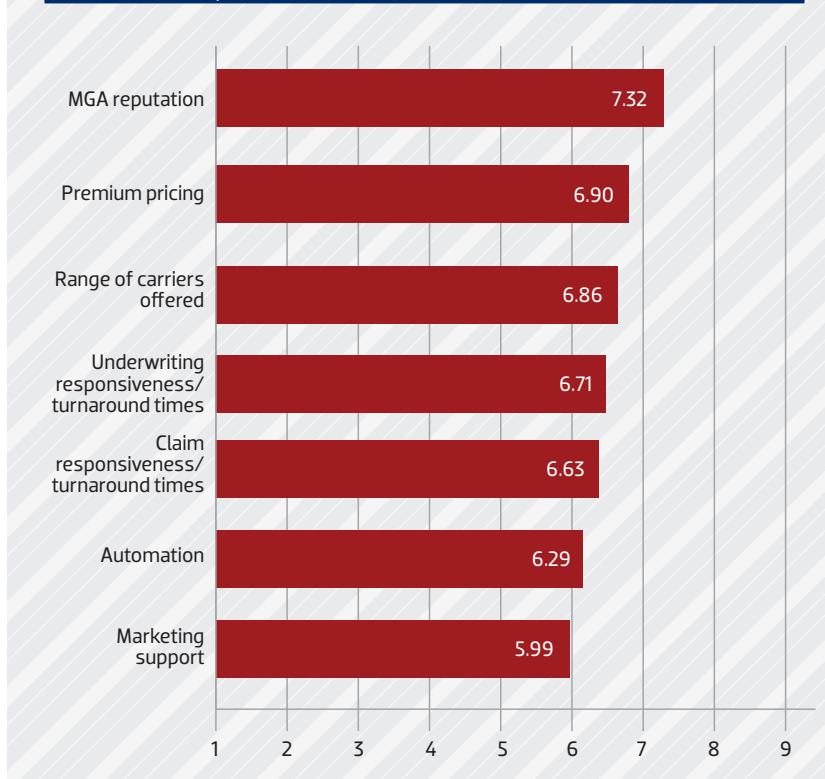
Finally, many agents lamented that they rarely see a rep from their MGA, and there is generally little attempt to understand an agent's type of business, goals and aspirations. This sentiment was summed up nicely in a survey comment from an agent: "How can you help someone be successful and in turn increase your own success if you never determine what your client wants? Producers are an MGA's client, though you'd never know it."

### AUTOMATION NOT HACKING IT

While the topic of "automation" ranked higher than only "marketing support" when survey respondents cumulatively ranked the importance of, and how their MGAs rate, in the area, the subject did receive plenty of attention from commenters.

Based on their experiences with other industries, today's consumers expect a high level of automation capabilities when dealing with insurance needs.

ON A SCALE OF 1-9, HOW WOULD YOU RATE YOUR MGAs IN THE FOLLOWING AREAS?



## AGENTS TO MGAs: 12 WAYS YOU CAN DO BETTER

The following dozen comments are from agents who completed our MGA survey, providing some insight on key areas of concern and how MGAs can be better partners to agents:

**1** "With social media and 24-hour access to websites, clients are available to us 24 hours a day. We need MGAs to provide online application processing at the very least."

**2** "Marketing support and, especially, claims... Being the best at this portion is what makes agencies stand apart."

**3** "Most of the time I just want to know what is going on with my case and I don't feel like I should have to ask. It should be at my fingertips at all times. Technology is always improving and unless someone steps in to show me what's new, I will continue to use what I have. So continuing education as to the improvements they bring to the table would be great."

**4** "Turnaround time and responsiveness. If you don't have a 'connection or rapport' with an underwriter, it seems like turnaround is slow."

**5** "Clear appetite guidelines and working with agents on service. I am working with two MGAs now and both of them have no follow-up. I submit for a quote and I follow up. I submit an endorsement and I follow up. If I did business like that I would be out of business."

**6** "Developing their website to allow us to see what is needed for an upcoming renewal and to view and print policies and endorsements."

**7** "By having a better variety of carriers for all markets, not just a variety for one targeted market. Also, better communication via e-mail with regard to changes and revisions, non-renewals and lapses in coverage."

**8** "Education and legislative updates would be helpful as well as sales ideas and approaches."

**9** "Need to provide better support in compliance, ancillary products, and a good way to help us manage our clients. Perhaps an agent portal that offers a composite bill if client has multiple carriers."

**10** "Marketing co-op, automation improvements (getting renewals, loss runs and endorsements out sooner), and lower fees or better commissions!"

**11** "Having more direct-billed options. Keeping in touch with us as to what their appetite of business is, what they have recently written and what they do well on."

**12** "Confirmation of binding. I'd expect to receive confirmation and a binder within 24 hours. One particular MGA takes a minimum of 72 hours to send confirmation."

Many agents say they feel the industry hasn't kept up with other industries when it comes to automation.

Judging by the comments of our survey respondents, the biggest problem is that far too many MGAs lack the ability to interface with agency systems. Many agents said they find it frustrating to submit data that winds up on printed material but not in a database. All too often, agents and MGAs are not on the same page, as it were, when it comes to synchronized technology.

### THE TREND TOWARD SPECIALIZATION

Most agents have noticed that MGAs are increasingly specializing in certain niches in an effort to differentiate themselves from competitors.

"It is the No. 1, major movement that we're seeing in the wholesale marketplace," says Bernie G. Heinze, executive director of the American Association of Managing General Agents (AAMGA). "Seven or

eight years ago there were many general agents. It is very difficult today to remain a generalist," Heinze says. Consumers and agents alike are demanding MGAs and other wholesale professionals have areas of specialization and particular expertise that they can market well and place business. Heinze adds that MGAs must also provide professional development opportunities for their agents so they can better sell and market niche coverage.

"In order to compete, you really do need to carve out a niche," Heinze says, speaking about MGAs. "That's what a lot of our boutique agencies are focusing on."

This is something many of our survey respondents expressed an interest in as well. Working with MGAs that have specialized knowledge and a high degree of technical expertise is one major area where an MGA can really add value for an agent and the agent's client. **■**