MAXIMIZING YOUR POOL’S AGENT RELATIONSHIP

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Background

• SDIS – Liability, Property, WC and Health Pool of 960 Oregon special service districts
• PACE – Liability, Property Pool of 300 Oregon school districts, community colleges, ESD’s and charter schools

Insurance Agency Involvement

• Each members is required to select an independent agent
• Over 30 years of working with 160 agencies
• Members choose their own agent – No exclusive deals
• Agents technically work for the member
Agency Agreement

- Agents must sign an Agency Agreement
- Must be appointed by a Pool member
- Agree to the following:
  - Submit completed applications
  - Review and update schedules
  - Review and explain coverages to members
  - Review member contracts for insurance provisions
  - Assist risk management with inspections and trainings
  - Provide members with certificates of insurance
- Eligible agencies can’t own or operate a competing insurance program

Insurance Agency Compensation

- The Pool compensates the agent on behalf of the member
- Agents are compensated one of two ways:
  - A commission payment that varies on the type of insurance coverage; or
  - The agent can contract with a member directly to receive a fee in lieu of commission if the premium is greater than $100,000

Why Work with Agents?

- Large number of members with wide geographic area
- Agents have close community connections
- Access to other insurance products not offered by the Pool
- Reduced incentive for agents to be competitors
- Eyes and ears for brewing member issues and potential competition
- Stability
Agent Support

- Annual agents conference
- Access to member training and events at member price
- Opportunities for event sponsorships and exhibit space
- State required CE credits available

Lessons Learned

- Agents can be important supporters and allies
- They can be bitter rivals when the Pool excludes them
- Not all agencies are the same
- Exclusive agent deals lead to conflict
- Stay impartial and neutral by treating all agencies equally

Background

- Brown and Brown Northwest is an independent insurance agency with its parent company based in Florida
- Largest agency for public entities in Oregon: Cities, Counties, Special Districts, School Districts, Community Colleges and Public Universities
- Represents fully insured clients, self-insured clients and primarily members of Oregon’s four public entity pools
Difference Between Insurance and Pools

- Pools offer a broader array of member services
- Pools tend to offer broader coverage, but many insurance companies are trying to catch up and gain back market share
- Historically Pools always had the lowest price, but not anymore. Insurance companies are trying to buy back their business
- Pools generally have high customer loyalty and members have a sense of ownership
- Pool employees typically feel free to contact members directly without going through the agent
- Pools tend to have greater flexibility to resolve member claim issues

Difference Between Insurance and Pools

- Historically Pools required much less data and underwriting information which made the job of insurance agents easier. That has changed as Pools have matured and evolved and insurance companies have invested in technology
- Insurance companies are rated by Best and S&P. Pools are not, which makes analyzing financial stability more difficult
- Some Insurance Agency E&O carriers will not provide coverage for placing Pool policies
- Pool staff are dedicated to their members and have low turnover compared to many insurance companies

How Agents Can Benefit Pools

- Agents understand the overall market and provide the Pool with insight on how to best compete
- Agents have strong personal relationships with many Pool members
- Sometimes broader insurance expertise than what the Pool offers
- Agents are very supportive of Pools when allowed to participate
Lessons for Pools

• Private market is getting more aggressive and Pools are a target
• Pools must continue to enhance coverage to compete with new insurance products
• Pools should emphasize the value of stability
• Pools must remain price competitive. Service only goes so far.
• Insurance industry is investing billions in technology. Pools must strive to keep up
• Agents can be a great asset when included, or a bitter rival when excluded from the Pool

Background
Alaska Public Entity Insurance

› Joint Insurance Arrangement
› Write school districts and municipalities around Alaska

Background, Continued
Alaska Public Entity Insurance

› Property, Liability, Workers’ Compensation, Ancillary policies
› Underwriting and claims are handled in-house
› Exclusively work through brokers
Unusual Exposures

- Erosion & Permafrost
- Aircraft and watercraft
- Teacher housing

Broker Involvement

- All members required to have a broker of their choice
- APEI will work with any licensed broker
- Broker represents the member, not APEI
- Broker compensation determined by agreement between member and broker

Roles That Brokers Play

- Marketing
- Loss Control
- Collecting premiums
- Claims
- Gathering applications, schedules, other information
Advantages Of Using Brokers

- Brokers can help members make sure there are no gaps in their insurance coverage.
- Some members have unique needs that get placed elsewhere.
- Brokers help educate less sophisticated members.

Advantages, continued

- Bring member needs to our attention.
- Brokers also:
  - Handle billing.
  - Help members complete applications.
  - Help members with payroll classification.

Challenges with Brokers

- Accounting for commissions.
- Competition doesn’t require use of brokers.
- Concern about cost of broker to member.
- Responsiveness.
- Overlapping roles for APEI vs Broker.
Ways APEI Facilitates Relationships with Brokers

- Respect Broker–Member relationship
- Give a head’s up on upcoming program changes
- Invite brokers to participate in member meetings, training, visits

Facilitating Relationships, Cont.

- Be responsive to suggestions from brokers
- Broker Forum

Questions?

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