

P&C Firm Expands Revenue Through Employee Benefits and Digital Insurance Partnership

SITUATION: POISED FOR GROWTH

How can an agency specializing in property and casualty insurance position itself for growth and ongoing success – particularly in the midst of a recession? For Indiana-based Gibson Insurance Group, a respected regional insurance broker and risk management services firm, further expansion into the employee benefits sector and a partnership with Digital Insurance is working magic.

Three years ago, Gibson made a strategic decision to pursue more employee benefits business from its larger clients. “We did a great job with P&C business, but had not cross-sold employee benefits the way we could have,” explains Tim D. Leman, Gibson’s Vice President and Chief Growth Officer. “We wanted to ramp up rapidly.” He knew Digital specialized in small group health insurance, and thought a partnership with the company might provide an ideal solution. “I was quite impressed with Digital’s business model; they are uniquely equipped to service smaller businesses so we can focus on the bigger ones. Everyone wins.”

The deal moved quickly. “We transitioned over 60 percent of our employee benefits clients to Digital,” says Leman. Although the block of business was large, it represented only 15 percent of the agency’s revenue in that specialty sector. Several Gibson employees were freed up to focus on servicing larger accounts. The results have been phenomenal. Now 20 of the agency’s 85 employees are devoted to employee benefits, and this business segment has more than doubled during the past 33 months from 12 percent of agency revenue to about 25 percent.

Small Accounts Contribute to Grow

Part of the expansion came from smaller accounts. During the transition, the agency reorganized to have its small commercial insurance area take the lead with the Digital relationship, allowing them to sell commercial insurance or employee benefits. Debra L. Smith, CPIW, AIS, heads up the Select Business Unit within the Property & Casualty Practice at Gibson, which specializes in risk management products for small businesses. A year and a half after the Digital partnership launched, “Gibson decided to cross-sell employee benefits to our small P&C client base,” says Smith. Digital took the lead, approaching clients and prospects.

“As a result, we wrote 29 new policies. Digital created opportunities that we really didn’t have before.”

AT-A-GLANCE

Company	Gibson Insurance Group
Business Lines	Property & Casualty; Employee Benefits
Location	South Bend, Ind.
Established	1933
Size	Once only a minimal source of income, employee benefits now comprise 25 percent of agency revenue

Partnership:

Digital manages 60 percent of the firm’s employee benefits clients, which represents 15 percent of the agency’s revenue

Primed for Success:

- Cross-selling opportunities exist between P&C and employee benefits clients
- Product variety offers multiple revenue streams and offsets soft market for P&C
- Strategic focus on growing employee benefits business

Bottom Line:

In 33 months, Digital partnership enabled agency to expand employee benefits from 12 percent to about 25 percent of agency revenue.

Leman believes Gibson is better positioned to weather the recession. "A huge number of small commercial clients ask about health insurance," he says. "Before Digital, we basically said, 'we aren't equipped to handle that'. Today, with enhanced cross-selling, employee benefits opens doors and helps us gain access to new P&C clients." With a soft market, Leman concedes that P&C is not clients' number one priority; health insurance has more appeal. The agency is now able to address clients' and prospects' needs for a greater variety of health insurance products – giving it an advantage over competitors.

SOLUTION: GIBSON GAINS A COMPETITIVE ADVANTAGE

Recently, Gibson approached a new prospect – a towing company with about 25 employees. "We couldn't identify how to improve their P&C coverage," says Smith, "but they asked about employee benefits. They were underserved in that area and no one had talked to them about Health Savings Accounts. The company was intrigued. In the end, we didn't write the P&C business, but we now have their employee benefits business. We'll stay in contact, ensuring things run smoothly, and can re-approach them about P&C when the economy improves."

"Agencies like ours are working hard to help clients through these tough times," says Leman. "The key for us is to more deeply embed with these clients and support them in additional ways. As some of the P&C market shrinks, it provides an opportunity to engage with the client and problem-solve, such as meeting their employee benefits needs. It's good for the short run. Long-term, as their business gets back on track, a lot of growth is built into our book, because we are doing more for them. When their business expands, they will have more people to cover and need more insurance. This strategy leads to solid growth. We are focused on getting in front of as many clients as we can, positioning ourselves well for the long haul."

Client Service Improves

Another benefit of the relationship with Digital is improved service for small group accounts. "Digital's INcompassSM resource is a great platform for these clients," says Smith. "They offer an online health and wellness management program, as well as a direct support center." In addition, Digital conducts a mid-year checkup with Gibson's clients, proactively checking on customers and making sure things operate smoothly.

"Their service platform is similar to what we do with our larger clients," says Leman, "but Digital is lot more efficient than we can be with small accounts. Although clients don't work directly with Gibson, they get every bit as

much attention -- and potentially more -- with access to a greater variety of carriers."

Founded in 1933 during the Great Depression, Gibson is highly regarded in the industry and is renowned for its strategic business prowess. It is part of an elite group of independent firms across the nation to achieve Best Practices status from the Independent Insurance Agents & Brokers of America – an honor retained every year since 1994. The company ranks in revenue among Indiana's top five privately held independent agencies.

Embrace Change

While Gibson immediately saw the advantages of a partnership with Digital, Leman has worked for other agencies and understands their hesitancy to make changes. He often talks to others that are considering a similar arrangement with Digital. "I tell them conduct your due diligence, but don't be afraid to do things differently than you've done in the past."

Gibson had its own internal skeptics (Leman says they are now all enthusiastic "fans") at the beginning of the relationship. Clients were fearful as well. A few customers turned elsewhere and many were concerned about receiving the same level of service they had come to expect from the agency. And, as Leman says, "when you move more than half of your accounts to a new provider, there are a few hiccups. I credit the Digital team with jumping right in and addressing any issues that arose. They were very responsive." The true test, however, is retention. After two to three renewal cycles, Digital has retained more than 90 percent of Gibson's customers.

"Our partnership is great," says Leman. "Digital is growing our book of business, our clients are happy and we are pleased. Gibson matters in Digital's world, as do our clients and prospects. We feel it and believe it and it shows."



IN THEIR WORDS

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-- **Tim D. Leman**, Vice President and Chief Growth Officer, Gibson Insurance Group

