

How Small Group Partnerships Help Agencies to Grow Employee Benefit Revenue

Gibson Insurance Group, Bolton & Co. Tell Their Tales of Growth

By Mike Sullivan



Sullivan

In today's challenging economic environment, property/casualty brokers are struggling to thrive. Toss in management of increasingly complex employee benefits, and many agents now work harder and earn less. With tremendous changes occurring in the benefits business, small accounts consume as much time to manage as more profitable, large clients. What's an agency to do? Partnership with a small group employee benefits specialist is one solution that has worked for Indiana-based Gibson Insurance Group, as well as Bolton & Co. in California.

The prospect of a partnership can be daunting. When money is tight, there's a tendency to hold onto everything you've got. The fear-based motivation is not necessarily one that bodes well for long-term success. As Gibson and Bolton discovered, their smallest benefits accounts were actually costing them money. They consumed time that is now devoted to acquiring and servicing larger accounts -- or ones more closely tied to their core business.

By focusing on larger accounts and letting an outside entity manage its smallest clients, Gibson more than doubled its employee benefits business.

On the other hand, an employee benefits partnership enabled Bolton to expand its P/C business. By offering both types of

coverage, the agency differentiates itself from competitors. Prospects are attracted to the advantage of "one-stop shopping," and Bolton closes deals without bringing additional brokers into the mix.

Firms carrying a significant book of small group business are often protective of relationships they worked hard to cultivate. Concerns about maintaining outstanding service may prevent them from exploring partnerships. In reality, with the proper technology and systems, a small group specialist can improve the customer service experience in ways that would be cost-prohibitive for most brokers. Maintaining quality was important to Gibson and Bolton. Examining the models these agencies established could help your firm determine if a partnership is right for you.

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Gibson Insurance Group

Founded in 1933, Gibson Insurance Group 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.

In 2006, Gibson decided to expand its employee benefits business by cross-selling its larger P/C clients, explains Tim

D. Leman, Gibson's president. The company transferred 60 percent of its benefits customers, representing 15 percent of revenues in that specialty sector, to a small group specialist. This freed several employees to focus on larger accounts. The results have been phenomenal.



Now 20 of the agency's 85 employees are devoted to employee benefits, and this business segment more than doubled from 12 percent of revenue to about 25 percent.

Eighteen months later, Gibson began cross-selling employee benefits to the firm's small P/C client base. The group benefits partner took the lead, writing 29 new policies.

Leman believe that Gibson is now better positioned for ongoing success.

"A huge number of small commercial clients ask about health insurance," he says. "Before our partnership, we weren't equipped to handle that. In today's soft market, employee benefits opens doors and helps us gain access to new P/C clients."

Idea Exchange Employee Benefits

Small Group Partnerships, continued

Leman added: “We are working hard to help clients through these tough times. The key is being in a position to help them in every way. As some of the P/C market shrinks, there’s an opportunity to problem solve, such as meeting their employee benefits needs. It’s good in the short run. Long term, as their business gets back on track, a lot of potential is inherently built into our book. This strategy leads to solid growth.”

Another benefit to the partnership: improved service for small group accounts.

“Our partner’s service platform is similar to what we do with our larger clients,” says Leman, “but they are a lot more efficient that we can be with small accounts. These clients get as much attention -- and potentially more -- with access to a greater variety of carriers.”

The partner also offers customers an online health and wellness management program, as well as a direct support center.

Bolton & Co.

Established in 1931, Bolton is one of the nation’s largest employee owned-insurance brokers, providing clients worldwide with insurance and risk management services, employee benefits and financial products. The company employs more than 120 insurance professionals and manages in excess of \$150 million in annual premiums on behalf of its clients.

Bolton began working with a small group benefits partner in 2004. “We had a lot of small clients and wanted to free up agents who spent a lot of time managing those accounts,” says Judy Whitson, vice president of Bolton’s account management team. The partner now handles employee benefits for clients generating less than \$7,500 in annual gross revenues.

“Small accounts are very time consuming,” says Whitson. “They usually don’t have a human resources department to handle tasks such as processing enroll-

In addition, customer service for small businesses has been enhanced. “Our partner brings a lot to the table,” says Whitson. “Offering an employee help desk for that size account is amazing; employees can get their questions answered immediately. Policyholders also have access to a Web site that supplements the efforts of live representatives. It is available 24/7 and includes wellness services with features such as a health risk assessment, health trackers, wellness calculators and self-care resources.”

Whitson says Bolton wouldn’t be able to provide such services to its small clients without the partnership. “These accounts now work directly with an organization that specializes in small businesses. Our partner is willing to spend time with them, and they build the relationship by reaching out on specific occasions over the course of the year.”

Sullivan is executive vice president and chief marketing officer of Digital Insurance, an employee benefits agency, representing the largest market share of small group insurance business. His responsibilities include acquisitions and partnerships with insurance brokerage firms, banks, financial services companies and insurance carriers. For more information about Digital Insurance, visit www.digitalinsurance.com or email MSullivan@digitalinsurance.com.



ment forms. It also requires dealing with people who know very little about insurance. The education process is more involved, and money is always an issue; they frequently request lower-priced quotes. The partnership arrangement affords our talented staff the time to focus on larger relationships and prospects. We’re able to bring on more business without adding personnel.”