

Amid Obstacles, Opportunities Exist



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By **Kenneth Auerbach**

You don't need to get too deep into conversation these days to find out people are afraid. Given changes in business, the economy and government, many individuals believe they don't know what or who to trust. These changes can actually work to the benefit of independent insurance agents and brokers.

The economic crisis we've faced in the past year or so is forcing attitude and paradigm shifts on a broad scale. The "bigger-is-better" mentality is being reevaluated by businesses, government and individuals. Institutions have crumbled, or nearly so. Firms that were once giants in industry and finance — automakers, banks, securities dealers — are downsizing and retooling the scale of their own operations. Smaller, less diversified entities with conservative business plans appear to be more stable.



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As some people pare back their levels of personal consumption, they are often shifting where they do business. People are becoming more and more disenchanted with impersonal giants. Many people have lost faith in institutions to make good on their promises just because they are big. When that faith is eroded, what do we do? We gravitate to that which we know — local businesses and people that can provide what we need.

In today's environment, the value of personal relationships soars. Nobody fosters these better than insurance agents. And it doesn't matter how big or small the operation happens to be.

Consumer interest is measured by what I call the "pointy tip of the spear"— the one or two people customers deal with. This equalizes entity size disparity. As an insurance agent, agency principal or CSR, you are the one the customer trusts in their daily dealings, whether you're in a five-person agency or 1,000-person agency.

Customers will increasingly demand more value, better

choices and more personalized services — in short, everything that differentiates us from our competitors.

While the insurance business is taking a hit in this financial environment, it and Main Street agents are largely holding their own because of prudent management and sensible oversight. This provides our distribution system a unique opportunity. There is a lot of displaced talent out there — talented and educated individuals who lost their jobs and who could well migrate to insurance sales. What better time is there for us to attract a great number of talented people?

Making Our Own Future

While opportunities exist, so do hurdles. Perhaps the largest external challenge that could affect our success involves federal legislation. We always get frustrated when Washington does things slowly. What many of us find to be more frustrating and scary is when Washington does something too quickly — like passing a stimulus package nobody has read or calling to revamp federal regulation for the entire financial industry, without pausing to note the stability of the state-regulated insurance business.

We need to continually remind our policymakers that it's the feds who failed in their oversight, not the states. As we're focused on potential federal regulation and its effect, we must, at the same time, continue support for common-sense state-based reforms.

Internally, we must position ourselves for success as independent agents and brokers. We need to do things like trim expenses, maximize our use of technology and make our marketing work amid the advertising clutter, particularly in personal lines. This is no small task. It's something that is difficult for all Main Street agents.

To the extent we accomplish these things, we will continue to reap the benefits that come from delivering focused, responsive service to local businesses and individuals with whom we live and work. America is returning to Main Street — which is where we have always been. ■

Auerbach, principal of E&K Agency in Eatontown, N.J., also is president of the National Association of Professional Insurance Agents. This article is based largely on remarks Auerbach made to attendees at the AIMS Society PRO-to-PRO conference, which coincided with conferment exercises for those who earned the Certified Professional Insurance Agent (CPIA) industry designation.