THE FIVE BIGGEST THREATS FACING INDEPENDENT INSURANCE AGENCIES TODAY

(AND WHAT TO DO ABOUT THEM)

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Know Your Business. Grow Your Business.

Navigating an Industry in Transition

Like many well-established industries with a storied history and strong tradition, insurance is facing deep disruption on a number of fronts. Advances in technology have created new capabilities and delivered game-changing benefits, but today's cutting-edge advantage can quickly become tomorrow's table-stakes requirement. As customer expectations continue to evolve and competitive pressure intensifies—including from carriers selling directly to consumers—independent agencies need to keep pace or risk falling badly behind.

The stakes have never been higher, and agencies that fail to recognize the challenge and rise to the occasion are likely to experience decreasing revenue, shrinking profit margins, customer defection, and difficulty attracting and retaining producers. These issues can quickly impact the bottom line, making traditional business models unsustainable. Many agencies that thrived in the past may soon struggle to survive, while those with the vision and drive to adapt rapidly to new opportunities have the potential to thrive.

Whether you're actively embracing change or simply trying to navigate ongoing industry disruption, it pays to be aware of a few major threats confronting independent agencies today.

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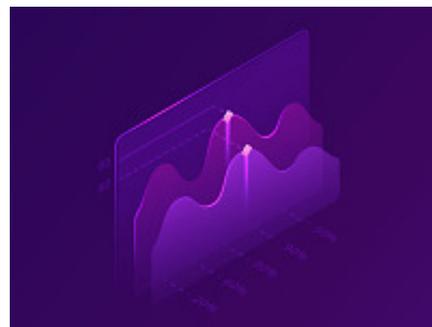
Using old, inaccurate data to drive crucial business decisions

The insurance industry has always depended on data, including customer records, risk variables, cost and value, underwriting tables, and more. Unfortunately, insurance businesses have often been forced to make do with incomplete, inaccurate, or outdated data in far too many cases. While the days of digging through folders and file cabinets are thankfully behind us, many agencies are still doing the modern equivalent—waging endless battles with complex spreadsheets, and manually finding and manipulating data from multiple systems or sources.

In addition to requiring a tremendous amount of time and effort, this creates significant risk of missing something vital, making simple (but potentially costly) errors, or relying on information that may be incorrect, incomplete, or outdated. For an independent agency, this can result in missed opportunities, lost revenue or profit, and flawed business decisions.

In contrast, a modern agency management system (AMS) can automatically integrate key data sources and quickly generate detailed custom reports, making it quicker and easier to identify and address important issues in a timely way. Going a step further, visual dashboards and automated workflows can proactively surface mission-critical business insights and urgent needs—including key threats and opportunities—so you can take action without delay and maximize your success.

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Allowing disconnects between Sales and Service teams to harm the customer experience

While insurance Sales and Service teams often rely on specialized tools specific to their roles, getting these disparate systems to communicate—let alone enable effective collaboration—can be difficult or impossible. In some cases, agencies may resort to a complex patchwork of plug-ins, extensions, APIs, and custom coding, all of which can add significant cost and make updates and upgrades difficult.

In a best-case scenario, this could mean delayed, redundant, or sub-optimal interactions with customers. A worse outcome can occur when these challenges result in missed opportunities to upsell, cross-sell, or renew, or customers actually defect to enjoy a better experience, more tailored offers, and seamless continuity and appealing capabilities elsewhere.

With a modern AMS, your agency can achieve seamless integration across tools, dashboards, and datasets, so team members in all areas can access the same accurate, up-to-date information. Taking advantage of integrated collaboration and automation capabilities, including customized workflows, can make cross-team handoffs and collaboration nearly effortless and instantaneous. For customers, this can enable experiences that are consistently positive, tailored to their unique needs and preferences, and timely and responsive.

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Depending on limited, outdated technology that hides serious bottom-line issues

Experienced insurance industry leaders tend to have a clear sense of what top-tier opportunities look like, understanding which customers and carrier relationships are most critical to prioritize. In some cases, however, both traditional wisdom and expert intuition simply don't align with hard data. A big name may not translate to big profit, and long-term relationships may not result in steadfast loyalty, let alone support business growth.

Getting an accurate, detailed view of rates, revenue, and margin at a granular level is important to assess and prioritize opportunities, so you can allocate resources and forecast trends with greater confidence. For many agencies, determining true profitability often requires access to multiple systems and data sources,

followed by painstaking manual work in offline spreadsheets. By the time answers arise, even assuming they're accurate and error-free, much of the information may already be out of date.

A truly modern AMS can offer a real-time view of crucial business metrics configured to an agency's specific needs, making it easy to see current, accurate data such as cost, revenue, margin, and profitability. In addition, agency leaders and team members cam generate custom reports to identify important trends over time, compare different scenarios, and even project outcomes based on potential activity to determine the best strategy and optimize outcomes.

Resisting change as customer expectations, competitive pressure, and industry dynamics evolve at a frantic pace

The insurance industry has historically been slow to evolve for a very good reason—it hasn't needed to. The fundamental principles of actuarial science remain sound when applied to new enterprises, industries, and scenarios, and people will likely always need—and readily pay for—products and services to help manage and mitigate risk. Even more essentially, the specialized expertise and personalized advocacy that insurance professionals can offer clients are just as vital and valuable today as they ever have been, if not more so.

The impact of technology innovation and industry disruption is now transforming insurance, however, and the business and financial models that have served agencies well for decades are unlikely to sustain them much longer. Customer expectations have risen in tandem with competitive pressure from all sides—traditional agencies, aggregators, insurtech startups, and even carriers beginning to offer direct-to-consumer sales.

Even independent agencies that are seeing these shifts clearly in their markets may still be profitable and stable enough to feel they can weather the storm, or they may consider the pain of change a greater concern than the risk of falling behind. The truth is that the status quo is no longer sustainable, and agencies that don't seize the opportunity to evolve now may not be around to do so in a few more years. For those that do, technology can be a powerful equalizer. Especially when coupled with the strong vision and deep expertise an experience industry professional can bring, the right technology can equip independent agencies to compete—and win—against innovators and carriers alike.

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Not aligning the agency to realize the full potential of today's producers—and tomorrow's leaders

Many owners and leaders of independent agencies today are industry veterans. Following successful careers spanning decades, they may have built strong and profitable businesses with sizable customer bases and steady revenue. From this perspective, it may seem foolish to "mess with success," especially if retirement awaits, and a leadership or ownership transition is on the horizon.

However, what happens to an agency after an owner, leader, or founder retires is still profoundly important. Whether an agency continues to grow and thrive, plateaus and stagnates, or steadily (or rapidly) declines can have a major impact on the former leadership's legacy, not to mention the livelihood of agents and employees. In many cases, independent agencies have strong brand presence and occupy a prominent place and role in their communities. Seeing all of this undone by subsequent events would be deeply disappointing, while preparing an agency to thrive well into the future could be the capstone of a storied business career.

Adopting a forward-looking mindset can also yield more immediate benefits. Even in long-established agencies, many producers and employees today are comparatively young and may be ambitious, eager to make their own mark and help drive business growth. These rising professionals are often open to, or even hungry for innovation, and equipping them with the tools, technology, and support they need to succeed is important. Making your agency a place where top talent can truly excel will help you attract and retain the best of the best for your team—and position your business for long-term success.

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Get In Touch!

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If considering these threats raised any concerns about your current agency processes—or suggested ways advanced technology could benefit your business—**Veruna can help.** There's no need to let outdated approaches, overpriced solutions, and limited capabilities hold you back. If you're ready to drive business growth today and position your agency for success moving forward, you owe it to yourself to see what's possible with a truly modern AMS.

Learn more at **Veruna.com**.

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