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## An Independent Agent's Guide to the End of the Year

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The new year is around the corner. You've likely had this sentiment in the back of your head for the last month as the fourth quarter quickly settled in. With the end of the year near, independent agents are grappling with pushing through 2024 and kicking off 2025 with a bang. Before we can know where we are going, we should understand the current state of the market for independent agents.

### Market Challenges and Opportunities

The insurance market remained challenging throughout 2024, with many agents opting to diversify their service offerings as commercial lines proved more fruitful than personal lines. Personal lines became slightly easier to write through the second half of the year, but carriers are still hesitant to write business in particularly challenging states. Many carriers are prioritizing writing business in areas where they have experienced consistent opportunity at reasonable rates and will continue to expand in those areas throughout 2025.

As independent agents have learned in the last few years, a challenging market still offers an abundance of opportunity. Clients may be left wondering why their insurance costs have increased, of-

fering agents a reason to connect with them and share expertise. Once clients understand the factors impacting their insurance policy costs, such as construction or repair costs, insurance agents can leverage their know-how to focus on the factors they can control through telematics or higher deductibles, for example. Clients will appreciate the transparency and insight, and they will also begin to view their agent as a resource willing to explore options.

Another key opportunity for agents in a challenging market is leveraging the value their competitors are not. Those agencies whose only value-add is price run the risk of clients fleeing when market challenges set in. Agents who prioritize being a resource for their clients through offering market insights and options to bring down costs, even nominally, will establish a trusting relationship with clients that goes beyond price. As insurance professionals, the goal should be to provide clients with the best value, which is not always the simplest or cheapest option. Helping clients understand that will lend itself to a long-term, mutually beneficial relationship.

### The Year-end Dash

As recent news of federal rate cuts tease a promising future for the country's eco-

nomie state, independent agents should be thinking about how they can end 2024 strong, while laying a strategic foundation for 2025.

Consider a few of these tools to help meet end of year goals:

**Know your numbers:** An agency's data, if managed properly, will offer agents a robust look at how their agency is doing in terms of growth and opportunity. Toward the end of the year, agents should at the very least examine their premium growth, loss ratio and how much new business they have brought in to understand where their time in the final months of 2024 is best spent.

If you have a loss ratio (LR), for example, of 250% on a book of business, you may not be able to make much of an impact in a few months. However, if you have a book with a 65% LR and can achieve profit-share at 60%, agents can take steps to bring their loss ratio down by ensuring matters are reserved properly or closing out old claims.

**Understand your partner's goals:** Consider speaking to your carrier partners to understand how you can align your goals with theirs. Are you close to meeting your end-of-year bonuses? Can you ramp up your marketing efforts to foster

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the business that carriers are looking to write? With this information, agents can allocate time and money in areas that can benefit the agency before the year runs out.

**Invest in your staff:** Agents should take the time to inform staff of the agency's numbers, stress that the agency's priorities are reflective of your carriers' goals and year-end bonuses and how the agency plans to incentivize the staff for meeting those goals. While leadership in an agency may set goals, it is your staff who will perpetuate the business to succeed.

Meeting agency goals does not happen by accident, agency's need buy-in from their entire staff and they should be rewarded for moving the needle.

Investing in them both monetarily through bonuses and arming them with the information they need can maximize an agency's impact in the final few months of the year.

## Planning for the Year Ahead

Preparing your agency for 2025 should begin before you are ringing in the new year. Agencies who fail to adequately plan may spend the first few months of the year trying to catch up and miss opportunities. Consider the following steps to inspire your agency's 2025 planning:

**Understand who you will place business with.** While working with carriers to finish the year strong, agents should also work to understand their carriers' 2025 goals. Compensation changing numbers and carrier minimum production requirements, for example, can help form an agency's 2025 goals, especially if they are required to meet certain criteria in order to maximize a particu-

lar book of business. Being able to begin working towards those goals on the first day of 2025 is paramount to an agency's growth.

**Understand the health of your agency.** While numbers like current premium growth and loss ratio can help agents reach short-term goals, 2025 planning requires a more well-rounded look at your agency. Looking at agency revenue and premium trends for the last three to four years will help agents grasp a wider view of their agency. And because policy premiums have been impacted so heavily by rate increases in recent years, agents should also understand their policies in force (PIF) trends to get a real view of the agency's growth.

Other factors to consider are how many policies per household an agency has, agency and company retention and the distance between those numbers. For example, if agency retention is much higher than company retention, the agency is likely spending time re-shopping internal clients. Understanding those benchmarks will help inform the agency's priorities.

## Tactical Growth

For most agencies, growth is one of their top goals. As the new year approaches, it can be easy to develop unattainable goals. As agents consider growth in the new year, tact will be an important skill.

Achieving growth is a careful balance between targeting the growth that benefits the agency and is still in the best interest of the client. Agents who approach their growth strategy realistically, with a well-rounded understanding of their business, their goals, their carrier partners' goals and the capabilities of their staff, will benefit from a sustainable level of growth, rather than a few good years.

## Avoid Rocking the Boat

The end of the year is not a time to make any drastic changes to an independent agency, but changes to an agency should be considered in 2025 planning. Throughout the fourth quarter, agents will spend a lot of time evaluating the health of their agency, looking at specific books of business and having conversations with carrier partners and clients. Agents may come across a process that needs adjusting or a technology platform that no longer serves the agency. They should take note of such changes and develop a strategy to address them in the new year.

It is never too early to plan for the future and doing so effectively can help avoid missed opportunities and set-up your agency to exceed your goals.

The end of the year should not be the only time agents are evaluating their agencies, benchmarking their goals and having conversations with clients and carriers. In fact, doing so throughout the year can make an agent's year-end workload much easier to handle. Take some time to evaluate your agency and develop a strategy that helps your agency come out on top through 2024 and ready to take 2025 by storm. ■



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