

How To Do Personal Lines Business With An MGA

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Sample Mission Statement

- >> People over profits is what makes (name of agent) Insurance a success, providing customers peace of mind at the most affordable cost.
- >> Our agents are best prepared to provide relevant insurance advice and services to protect your family and your business from life's unforeseen events.



Why do you use the E&S Market?



What is the makeup of an MGA?

Contract binding Authority – Quote, Bind, Issue

Contract brokerage Authority – NO Quote, NO Bind,
NO Issue



Reasons Why The E&S Market Exists (A)

- >> Retail agents come across unusual risks
- >> New ventures
- >> Access to markets not attainable by a retailer
- >> Standard markets decline due to exposure or adverse loss history
- >> Help minimize an E&O risk (broader coverage, no coverage gaps)
- >> MGA's offer specialized marketing capabilities for the retailer.

**What do you expect when
working with an MGA?**



A Retailer Should Expect: (V)

- >> Access to financially strong insurance carriers
- >> Ability to access markets not available to your agency
- >> Service after the sale
- >> Ability for an MGA to negotiate with insurance carriers to accept a hard to place risk
- >> We are your advocate!

Why does an MGA do business with select carriers?



How The MGA Selects A Carrier: (A)

- >> **Ownership** – insurance background and interest
- >> **Financial** – AM Best rating and financial performance
- >> **Upper Management** – willing to establish a long term relationship
- >> Claims and payment history
- >> Experienced underwriters who are open minded
- >> The carrier offers a specialty product necessary to our organization.
 - > Example: cyber Liability

Why would an Insurance agent not be effective in the E&S Market?

Not Being Effective In The E&S Market: (V)

- >> Submit different data to different MGA's for a lower premium
- >> Abuse the market with duplicate submissions
- >> Don't provide detailed information regarding why the Insured is being declined by the standard market

How are you effective in the E&S Market?



Being Effective In The E&S Market (A):

- >> Establish a working relationship with your underwriter (communication is key)
- >> Submitting completed applications with relevant data
- >> Know which forms are used prior to submitting business
- >> Allow enough time to market a product, understand the risk and complexity when submitting a “rush” submission
- >> Understand which market will be used to eliminate duplicate submissions
- >> Communication is vital to success!

Money

Things To Know About Premiums: (V):

- >> Collect premium up front
 - Especially on endorsements
- >> Flat Charges and fully earned premiums
- >> Minimum earned premiums, 15%, 25%
- >> Financing when you can and cannot add premiums
- >> Account current statements
- >> Down Payments when they are required
- >> Cancellations, Flat Cancellations, Returned Premium Endorsements, Additional Premium Endorsements
- >> All returned premiums will be issued to the Insured care of the agent if it is account current and not financed. If financed, return premium goes to the Finance Company.
- >> Any balances owed with the Finance Company is the responsibility of the agent.



Wrap up!

Questions, Comments or Verbal Abuse?

Thank you for your time today and best of luck!