

### *Executive Summary*

Business owners are focused on the profitability of their businesses, and do not place a priority on their insurance transactions or on increasing their insurance knowledge. The inability to make educated decisions can negatively affect their businesses economically, and certainly can be a factor in relationships with their independent agents. An offering to the public that crosses all lines of business is needed, and there is a high level of support for learning that provides flexibility to the user.

### **Needs Assessment**

Traditionally, insurance sales people have been considered some of the least trustworthy of professionals, ranking just above attorneys, very close to the bottom of the list. This may be due, in part, to the lack of knowledge of the policies which business owners have purchased, some of which may have cost much more than the policyholder expected. This ignorance of their policies and company practices, in concert with any claims drama, serves to exacerbate negative feelings and negatively affect relationships with insurance professionals. Further, this knowledge gap reduces the odds that insureds are able to make educated decisions on their insurance programs. It would be erroneous to assume that agents do not attempt to educate their policy holders. They do, but business owners are not consistently receptive to the message, as they may suspect the motive behind the message.

Agents are charged with the responsibility to advise their clients of exposures created by their operations. These exposures run the gamut and might include, but are not limited to:

- Property - possible damage to their building and contents
- Liability - potential for claims due to slip and fall, for example, or products (injury from goods sold could cause property damage or injury to third parties)
- Auto - possible damage to owned vehicles and potential for injury and property damage incurred by third parties as a result of the operation of owned vehicles

To execute their duties effectively, agents must expose as many possible coverage gaps as possible, and suggest solutions where they are available. Since most agents are paid on commission, additional coverage sold means additional revenue for the agent. This is standard practice throughout the industry, but can create trust issues, if the buyer is uninformed.

### *Gap and Environment*

Business owners, as a rule, rely heavily on their agents to recommend appropriate coverage. This is true here in the United States, and this country is one that is more acquainted with insurance concepts than most. The only terms some lay people know are *claim*, *loss*, and *premium*. As an insurance professional since 1979, and one who has had interactions with agents in more than 20 states, clearly the problem is not localized. It crosses all industry segments, and all sizes of businesses. The only exception might be when a business is large enough to retain a risk manager who handles virtually all the insurance negotiations. To be clear, business owners can be highly intelligent and manage their businesses well, and still have a void where insurance knowledge should reside. As they have basic knowledge of financials and do

not rely entirely on their accountants, so should they have basic insurance knowledge and not rely entirely on their insurance agents.

### *Need for Instructional Event*

As mentioned, many people do not trust agents, and do not necessarily believe them when gaps in their coverage are identified. They think the agent is trying to sell them something, rather than trying to help them avoid a claim that isn't covered. Perhaps some agents do that. Nonetheless, if clients were able to make educated decisions, they would be able, perhaps, to tell the difference. If they do not trust someone who can profit from an increase in premium, perhaps they might trust someone who has nothing material to gain from the dissemination of information. The event would not be required, but sought, and this would be reflective of an attitude that is open to learning.

Though it is possible that workshops exist that provide basic insurance knowledge to lay people, the author has not heard of one. As previous work locations include St. Louis, Indianapolis and Atlanta, and now Nashville, one would think that if such a workshop existed, it would have had some degree of visibility in those locations.

### *Support for the Workshop*

Six agents, one claims adjuster and one risk control representative were provided with a Survey Monkey to offer responses. These individuals interact regularly with the target group, and are able to determine whether there is, indeed, a problem. They are also able to make an educated guess as to whether insureds (policy holders) would be willing to participate in a workshop. Responses were received from six of the eight. While I would have preferred a larger sampling, the responses are consistent

with my initial thoughts, as well as with underwriters who have informally contributed their opinions on the need for lay people to better understand insurance. The questions, with a summary of responses, follow.

- *Do you have conversations with insureds (business owners) that would be improved if they better understood the product(s) they purchased? If so, is this a frequent occurrence?* All responses indicated a deficit in business owner knowledge, and one specifically stated that education for them would be “very beneficial.”
- *Considering your knowledge of insureds, how likely do you think they might be to invest the time to learn more from a source other than yourself? If likely, what would be a best estimate of the time they’d spend - one hour? Two? Half day?* The responses ranged from one hour to one-half day, with more responses being at either one hour or two. Only one respondent indicated a half day.
- *Would policyholders be more inclined to participate if the learning was available (a) online or (b) face to face?* Two thirds of the respondents were in favor of face to face, believing it would be more impactful than online learning.
- *Would a combination of delivery methods increase participation?* One respondent prefers face to face, but all others were enthusiastic about a combination of methods, citing schedule conflicts and expenses as possible deterrents to attending in person.
- *If an incentive is needed to draw policy holders to training, what might be effective? Lunch 'n Learn? Gift card? Something else?* Respondents were split on whether incentives would be indicated, but a good point was made on the Lunch ‘n Learn. There wouldn’t be adequate time in an hour to cover enough ground to make the effort worthwhile.
- *If you believe training would be beneficial, what specific areas (lines of business or processes) do you think should be addressed?* The responses to this question were all over the board, with most suggesting general liability and property, but some responses also included the need for practical loss prevention, and information on workers compensation. The suggestion was also made that multiple workshops be held. This would limit the time business owners would have to invest at any one time, and would avoid the need to compress any one line of business so much that the delivery would be worthless.
- *Are you aware of a current offering of this type available to business owners?* One respondent indicated his agency offers loss prevention classes, but all others are unaware of any offerings for business owners.

The overwhelming positive response to the suggestion of a workshop for business owners supports the offering, as does the idea to offer blended learning. The deviation from the original plan would be to offer lines of business separately, as opposed to offering multiple lines of business in a longer session. If offered

countrywide, it would benefit a multitude of business owners and the insurance professionals with whom they interact by improving the relationship, and providing owners the tools they need to be educated buyers.