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Agent-Broker Report

‘HomeValue’ Tech Tool Saves Time, Money

Improved valuation system protects both independent agents and insureds

BY MARK RUQUET

One of the major challenges for independent agents is determining whether a customer has enough insurance to cover their risks. For Geoffrey A. Gordon—president of Andrew G. Gordon Inc., an independent insurance agency in Norwell, Mass.—that means dealing with a lot of personal lines clients, especially in the homeowners arena.

The agency—which has seven employees, including Mr. Gordon—deals primarily in personal lines insurance with a small amount of commercial thrown in. Other services offered include financial planning and risk management services.

Trying to determine the replacement cost on a homeowners account can be a tedious and time-consuming affair, Mr. Gordon explained. To underwrite the risk properly, a producer needs to measure the dimensions of the home, take photos, transfer the information onto a worksheet, determine the key code, and work up the home’s value.

"It was a pretty tedious process," he said. "It could take up to two hours—at least an hour on average—and that includes even qualifying prospects."

This was how things worked up until a year ago, when the Insurance Services Office Inc., based in Jersey City, N.J., and its subsidiary, AIR Worldwide Corp., based in Boston, introduced “HomeValue.” With this database system, agents can quickly find the replacement value of a home by simply inputting the street address in many cases.

HomeValue “shortened the process to five-to-10 minutes," Mr. Gordon noted.

The importance of having access to such information quickly is not just in the amount of time saved, he said, but also in knowing the replacement value. An agent has a better idea which carrier he can approach with the risk if he understands the carrier’s underwriting appetite, he added.

"The first question the customer needs to ask is how much insurance do they need to buy before [I can recommend] an insurer," said Mr. Gordon. "That is why the replacement price is very important for the underwriter. We don't have to worry about updates on the information [with HomeValue], because it is all done over the Internet. The fact that the underwriter sees the same information you do is huge. If there are any questions, they are resolved quickly, because you can have a dialogue while looking at the same information."

From Mr. Gordon’s standpoint, being able to service the customer quickly and accurately has another advantage. Homeowners insurance is not simply standalone coverage, he noted, because it also works as his sales lead into writing other lines of business with that customer.

In Mr. Gordon's case, HomeValue was offered by Bunker Hill Insurance of Boston, a regional carrier. In November of last year, the company took HomeValue one step further and shipped to its agents Microsoft Excel spreadsheet lists containing their homeowner book.

George Davis, an actuarial consultant with AIR Worldwide, explained that this is part of the evolution of HomeValue services. AIR assembled the data for Bunker Hill, and the insurer then broke it down for its agents.

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The product's use, now numbering in excess of 20,000 agents, is primarily through carriers to take advantage of streamlining of data and to save money, he noted.

Mr. Gordon said he saw the efficacy of the data Bunker Hill provided and began working with the list to help his agency and customers make better decisions about their insurance purchases.

The first step was to take the list and sort it between different coverages. That done, he was able to determine what the customer was insured for and also help better define what their insurance needs should be. He said there were some, but not a lot of customers who needed to upgrade their coverage limits.

Next, he sorted the list by expiration date. He then created a letter, using Microsoft Word, informing customers of the analysis of their home and the need to upgrade their coverage. The letter informed the policyholder of what their home was insured for and told them that the new data was based on the most current information available. The letter gave the customer the coverage range within which the house should be insured. The policyholder was then instructed to contact the agency.

Mr. Gordon said his customers' reactions were very positive.

What helped in this project was the ability to integrate information from the Excel list directly into the single-page letter, he noted. It also helped that the letter could be custom-tailored to the individual by name and specific homeowner information.

"One letter has allowed us to fix any [information] that was obsolete," he stated. "A lot of old-time customers who have not revalued their homes called to make sure they were insured properly, and we did not lose any business. Only one in 10 customers called to say the information was not perfect. We were able to update customers' coverage and it was done with very low labor cost on our part."

Having that list also helped the agency keep ahead of the competition, he noted. The letters

ahead of the competition, he noted. The letters helped explain to customers what the increased premium was based on. Giving the customers this information created a dialogue with them that, in some cases, led to savings on the premium, he said. "We are telling our customers that we can do a better job than our competitors," he noted.

One drawback to being able to furnish these services to customers insured through Bunker Hill, however, is that Mr. Gordon has to provide the same services to all his clients. That process is more labor-intensive, he explained, but it is at the heart of his branding strategy to provide the best service possible. He hopes that eventually all of the companies he deals with will incorporate HomeValue into their systems.

"One issue this solves is making sure you are doing the right thing for your customer," noted Mr. Gordon. He added that it also resolves errors and omissions issues. Agents can be comfortable that they have the right replacement cost in place, protecting both the agency and the agent from future claims.

"This is a competitive business, and you don't last if you don't get this," observed Mr. Gordon.

Associated Images

'HomeValue' Database System

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