Hard Market Success Strategies

If you joined the insurance industry in the last 10-15 years, this is probably the first hard market you have experienced. The hard market may be challenging to navigate after many years of abundant underwriting capacity and low premiums.

While working in a hard market presents many challenges, there are a few upsides. This includes the opportunity to gain expertise and showcase your value to your customers.

Here are some strategies to help your agency successfully navigate the current conditions and position you for future growth:

Be Proactive About Renewals

Retention is critical during a hard market. Normally, your agency should have a plan for current business renewals starting at 90 days out, followed by 60 days, and then 30. With more difficult placements, such as commercial property or multi-family housing, begin early. Some insurance experts now suggest starting your renewal process 180 prior to expiration by gathering renewal information.

It's also important to ensure your insureds have not ventured into new services, added buildings, or experienced other life changes such as marriage, death, children, new job, financial changes, and/or business ventures that could impact coverage. This includes closely evaluating property values and business income limits. If any of your insured have experienced claims, it's also a great time to discuss how and what steps they've taken to mitigate those incidents from reoccurring.

Focus on Growth Through New Business

Regardless of the hard market, many insurance firms renew some of their business year over year. However, not enough firms develop predictable, profitable organic growth strategies. Even though you're increasingly dedicated to some tough renewals during this difficult time, don't ignore filling your pipeline with prospects. If you fail to find new prospects, you'll find yourself flat-footed compared to firms that keep prospecting and don't rely on their hard market premium growth.

Do Your Market Homework

Don't waste time remarketing every account when rates are rising across the board. Save your energy for accounts that will experience significant disruption at renewal, including much higher premiums, restricted coverage or the need to find a new carrier.

Seek Internal Efficiencies

Create a timeline and process for reviewing all accounts. Make sure dedicated, experienced staffers handle your largest clients, such as the top 20%, for example. Reduce shopping renewals, especially for policies with less than a 15% premium increase. This drains too much energy and, given the hard market, will yield little opportunity for better placement.

Offering frequent hard market education or implementing a longer renewal period requires even more energy from servicing staff. Consider creating new capabilities by adopting new technologies or even implementing a small business unit to create more intentional servicing models based on the account size.

Build Strong Relationships

Now is the time to cultivate strong relationships with your clients, underwriters and other industry professionals. Because more risks will go to the excess & surplus lines market, building strong relationships with wholesalers who can guide you to optimal coverages can pay dividends.

Overall, being proactive is more important now than ever. Never take silence as a good sign, because clients may be talking with your competitors. They are more likely to stay loyal during a hard market if they trust and value your expertise. Encourage open communication, provide personalized service and go the extra mile to meet their needs.

Focus on Risk Management

Emphasize the importance of risk management to your clients. Help them identify potential risks that are specific to their industry or their family and help them develop strategies to mitigate those risks. Proactive risk management can improve clients' insurability and potentially lead to better coverage and premiums.

Adapt and Innovate

Explore new avenues and products to adapt to changing market conditions. Consider alternative coverage solutions, self-insurance, or risk-sharing pools. Challenge yourself to develop new niche markets or specialty practices that may be underserved or less affected by the hard market. Revisit and remind your insureds of prior loss prevention recommendations, like the use of telematics or burglar alarms, that can lower their rates.

Diversify Your Portfolio

During a hard market, certain industries or coverage types will be more affected than others. Explore and learn about new areas of business to diversify your book. This helps offset any significant impact caused by a particular sector or line of business.

To build new relationships, network with trade groups, such as contracting associations, your local Chamber of Commerce, or service organizations, such as Rotary or Kiwanis. Offer to give a complimentary presentation to local business groups about the impacts of the hard market.

Surviving the Hard Market

Know that your clients may get upset and, to an extent, take that out on you as an extension of the insurers. However, don't take things personally. If you handle the hard market with a good attitude and approach it as a learning experience for you and your customers, you'll come out on the other side with more clients and much more industry knowledge.