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Independent agents must offer personalized service, says Timmco Insurance President John Timm.

Independent agents resist new wave of competition

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The more things change in Oregon's insurance industry, the more they stay the same, according to local industry officials.

Even as national banks grow their insurance businesses through local acquisitions, and as direct marketers that largely depend on toll-free numbers and Internet-based service establish a more ubiquitous

presence on TV, in print media and consumers' mailboxes, the state's independent agencies -- or businesses that sell multiple companies' insurance lines -- continue to thrive. What's more, local agents and face-to-face service remain a fundamental and vital part of insurance companies' growth strategies.

As Oregon's insurance landscape evolves with the industry, the number of independent licensed producers who work at some 400 independent insurance agencies statewide has remained flat at around 2,000 over the last few years, according to Jim Perucca, executive director of the Portland-based Independent Insurance Agents and Brokers of Oregon, a nonprofit trade association supported by its dues-paying membership.

Independent agencies allow customers to effectively receive quotes from several companies and one-on-one advice during the same visit.

"A lot of folks, particularly with auto insurance, think an auto policy is an auto policy," Perucca said. "If they see insurance as a commodity, they're sadly mistaken. There's a zillion different ways you can buy the product."

"We proudly embrace the concept that we're the middleman -- we're the counselor, the adviser and facilitator for questions or concerns," said John Timm, president of Timmco Insurance Inc. in Northeast Portland, an agency founded in 1970 by his late father, William Timm. "So we're not going to be for everybody."

Timm added that his agency hasn't been adversely affected by increased competition from banks and direct marketers.

Independent agents, he said, have long faced stiff competition in the marketplace from direct writers -- agents who represent one company

such as State Farm. And while the face of the competition is evolving, the fundamental distinction between independents and the competition remains the same, Timm said. Banks and direct marketers represent one company's line of products, while independents represent several companies.

To remain competitive, independents must continue to offer "additional service" to customers by giving them a "personal touch," being readily accessible at all hours of the day and actively support local organizations such as Little League baseball teams, Timm said.

The industry's major players have generally recognized that many consumers and business owners continue to want to discuss their insurance options face-to-face with a local agent in spite of companies' investments in online services and call centers that operate 24 hours a day, seven days a week.

For example, Geico, a leading direct marketer, opened up retail offices in Clackamas and Eugene last year, according to Don Schilling, a Geico field representative who runs the Clackamas office. His office, he said, works to generate new business and service Geico customers in greater Portland.

Aside from holding regular business hours, Schilling said he sometimes sees customers after 7 p.m. on some weeknights and on Sundays as more and more customers look for providers that can offer service "on their terms."

Washington, D.C.-based Geico, a unit of Berkshire Hathaway Inc., generally "keeps its rates low by dealing directly with the customer" via the Internet and toll-free lines, according to its Web site. In Clackamas, Geico has effectively taken a more traditional, localized approach to insurance.

“We just try to give them access and control and choice, and when they’re ready, we’re available” for face-to-face meetings, Schilling said.

Schilling – like most independent agents and exclusive agents who represent one company – is active in the community through the Portland Rose Festival, Clark County Fair and North Clackamas County Chamber of Commerce.

“I work very hard to put a face behind the blue Geico logo,” Schilling said. “If you want to be successful in insurance, I think you have to be with the public and you have to be able to put a face on the name.”

Another approach to retaining the local insurance agent comes from Wells Fargo & Co.’s insurance subsidiary, Chicago-based Acordia Inc. Acordia spends little on advertising and relies largely on community-minded agents at retail locations to grow business in local markets, according to David Zuercher, Acordia’s CEO.

“What we bring to the party, really, is people – people who have an expertise,” Zuercher said.

Acordia, which has offices in Portland, Salem and Newport, offers consumers and businesses a “holistic” approach to insurance and sells a comprehensive line of products, he said. Wells Fargo’s 2001 acquisition of Acordia is consistent with the bank’s strategy to earn 100 percent of a customer’s financial services business, according to Zuercher.

Wells Fargo is now looking to Acordia to ultimately help the bank’s investments and insurance segment grow from about 15 percent of the bank’s net income to 25 percent, Zuercher said. While Wells Fargo bank branches refer some customers to Acordia, most of the

agency's growth comes from acquisition: The agency closed 17 acquisitions in the last three years and operates 50 offices in 38 states.

Industry officials contend that while price may be the only variable some customers consider, quality customer service, product knowledge and quick claims service are what most customers expect from any provider.

“What the customer has to weigh is if I have a claim or a problem, do I want to talk to the next available operator or to the agent down the street who's there to support me,” said the IIABO's Perucca.

Moving forward, independent agents must give customers a reason to travel to a local office, Perucca said: “The independent agents are just going to have to show how they bring value to the purchase, so the customer says, ‘I may be paying more, but I know I'm getting more.’”