

# TURNING 20, GROWING STRONG

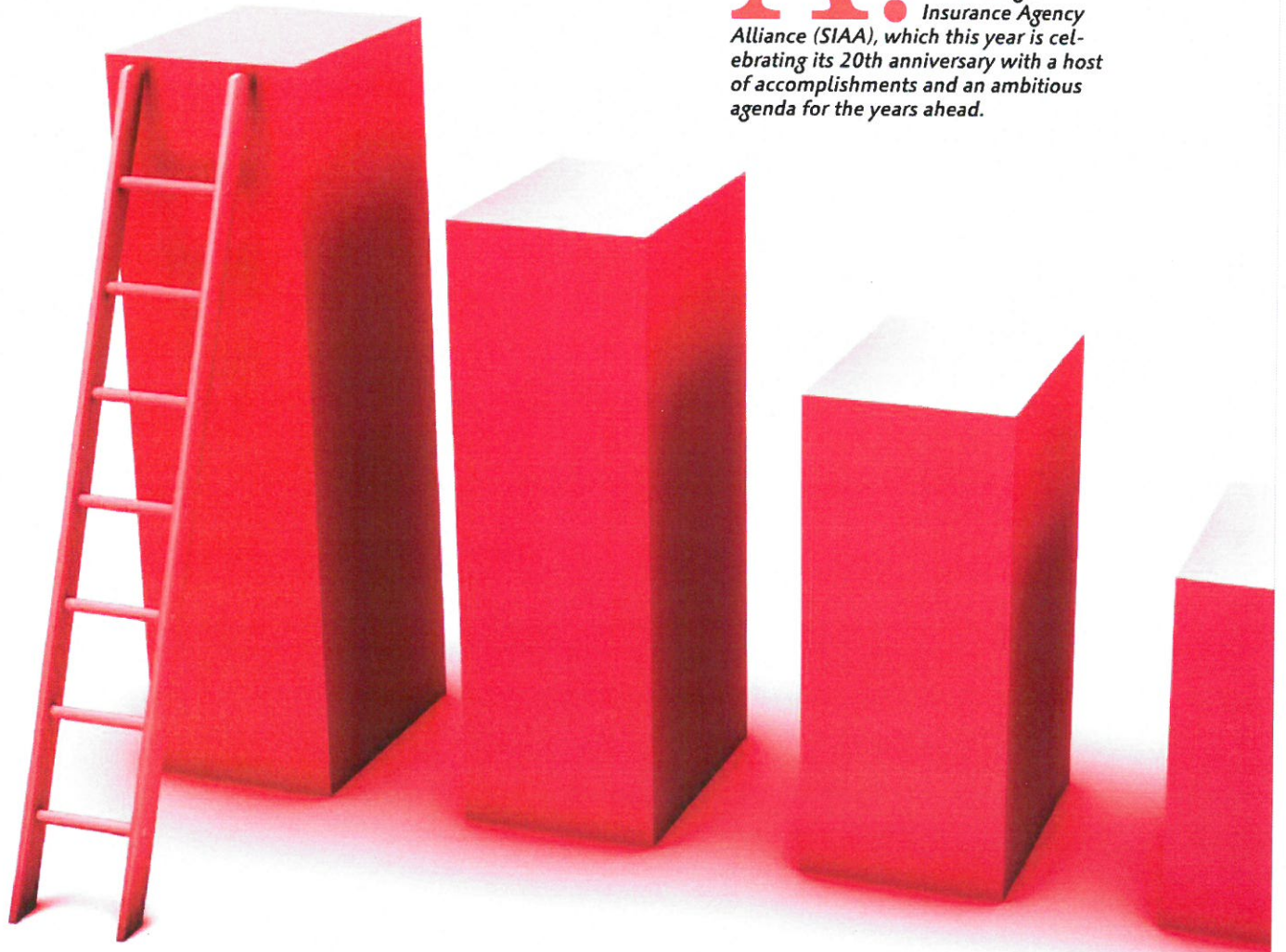
*Strategic Insurance Agency Alliance's numbers all point upward*

Q:

*What has premium volume of almost \$6 billion and has turned more than 3,000 captive and direct writer agents and agency producers into independent agency owners?*

A:

*The Strategic Insurance Agency Alliance (SIAA), which this year is celebrating its 20th anniversary with a host of accomplishments and an ambitious agenda for the years ahead.*







*SIAA executives (from left): Jim Masiello, Founder, Chairman & CEO; Nick Pappajohn, President; Paul A. Labonte, Chief Financial Officer; Doug Coombs, Chief Marketing Officer; and Matt Masiello, AAI, Executive Vice President & Chief Operating Officer.*

**By Elisabeth Boone, CPCU**

SIAA traces its roots back to 1983 with the creation of the Master Agency-Satellite Agency Network Group (SAN Group). The purpose of the group was to establish a master agency that could give smaller independent agencies access to competitive companies so they could grow their book and profits without being burdened by minimum volume requirements.

In 1995, at the encouragement of a group of insurance executives and consultants, a new business model was created based on the success of the SAN Group. Today SIAA has more than 5,300 member agencies, of which 48 are master agencies. Premium volume for 2014 totaled \$5.7 billion, up from \$4.8 billion in 2013, and SIAA signed up 410 new member agencies last year. Since its inception, SIAA and its master agencies have created more than 3,000 new startup agencies coming predominantly from former captive

agents. SIAA agencies tend to be based in suburban or rural communities rather than large metropolitan areas.

The founder, chairman, and chief executive officer of SIAA is Jim Masiello. Nick Pappajohn is president, and Matt Masiello serves as executive vice president and chief operating officer.

**The master-member agency concept**

SIAA's first step in selecting a master agency, Jim Masiello says, is to conduct extensive due diligence. "The agency has to be profitable in terms of its business and profitable for its companies. For an agency that qualifies, we provide an exclusive territory and train the principals thoroughly in how to run a master agency. We also provide a reporting and accounting system called NextWeb that keeps track of all the key indicators from profit and loss ratios to premium by company.

"A master agency is different from a retail agency," Masiello continues. "It becomes a profit center and has more of a wholesale/MGA-type relationship with its member agencies. The member agencies are much smaller than the master agencies and have no more than nine employees."

As noted earlier, the preponderance of SIAA satellite agencies is headed by former captive agents.

"These agents are producing good books of business and getting compensated but don't have any ownership opportunities," Masiello

explains. "They leave the direct writers and exclusive agency companies in search of a model that will allow them to have a stake in the business they produce. Also, these agents have access only to the products their captive insurer provides. Some captive companies will let their agents broker business; others will not. By becoming an independent agent and having access to strong, competitive companies, SIAA agents can write a lot of business that previously they would have to pass up because they didn't have markets for it.

"These agents want to own their renewals—in short, they want to own their own business, and SIAA provides them that opportunity," Masiello asserts.

Prospective member agencies are identified by recruiters at the master agencies, Masiello says. "Our marketing arm assists the recruiters in identifying potential candidates. We do this on a regional basis because the master agencies can network with their marketing reps about certain agents they're considering and because the master agency understands the profile of the local market. The master agency does the due diligence with support from our marketing team. The emphasis is on quality rather than quantity of business."

**Strategic partners**

SIAA has formed a series of partnerships with insurers, program managers, vendors, and agency automation providers. The list of insurers

Photography by Nick Judy





*The Strategic Partner Relationship Team. From left, Laura Henderson, Director of Insurance Portfolio Management; William J. DeChard, Senior Vice President, Alliance Opportunity Services; Matthew P. Masiello, Executive Vice President & Chief Operating Officer; Nick Pappajohn, President; and Mary Ann Guay, CIC, Senior Vice President, Alliance Book Management.*

contains major carriers as well as regional and super-regional companies, and the roster of program partners includes a wide range of specialty MGAs, wholesale brokers, and program administrators plus life insurers.

“Our master agencies know what kind of business each strategic partner is writing so they can match up the insurer with a member agency that needs a market for that line,” Masiello explains.

What happens if an existing agency that becomes an SIAA member agency has contracts with companies other than those that are SIAA’s strategic partners?

“We use a tool called the Calculator to illustrate to the new agency the commissions, profit sharing, incentives, and profitability of business placed with its current carriers side by side with the same metrics for our strategic partners,” Masiello says. “Once the agent gets to the bottom line, he or she may decide to move a book from an existing carrier to one of our strategic partners.”

What qualities does SIAA seek in an insurer with which it is considering forming a strategic partnership?

“The number one consideration is that the company understands and accepts our master agency/member agency concept,” Masiello responds. “This means that the insurer will appoint a master agency at our request and that it will compensate our agencies at the highest level. Our master agencies are a quasi-marketing arm for our companies because they do the

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*—Jim Masiello*

due diligence on the member agencies so the companies don’t have to. Our master agencies also can identify which member agencies need a market for a particular line of business that a strategic partner writes. These factors give our companies a distinct advantage, and they understand that,” Masiello says.

On the program side, Masiello explains, SIAA has an initiative called SIAA MarketFinder that partners with excess-surplus and specialty markets for master agencies. “We have hundreds of classes of business within SIAA MarketFinder,” he says, “so our agencies can access nonadmitted markets in their area. The member agency can go directly to a program partner via an online portal that will quote and write that business. With MarketFinder, our agencies can write just about any kind of business a client needs,” he declares.

“We promote specific programs that our partners are offering,” Masiello continues. “Recently we promoted a cyber liability program, and the partner sold more than 200 policies.”

#### **More support for agents**

In addition to market access and guidance from their master agencies, SIAA member agencies benefit from a number of other initiatives. One is SIAA Business Insurance Advantage.

“Of our agencies’ total volume, about 60% is personal lines and 40% is commercial lines,” Masiello says. “We have a lot of agents who don’t





*The Agency Services & Operations team includes, from left, Jeff Holmes, Vice President Agency Operations & Services; Kathy Masiello, Vice President, Business Meetings Event Manager and Executive Assistant to CEO; Jeff Chidester, Director Training and Learning Center; and Tom Baionno, Senior Systems Analyst & NextWeb Administrator.*

do anything in commercial lines but want to and could if they had the proper support. So we created the Business Insurance Advantage division, which provides tools, mentoring, and training to help member agencies grow profitable small commercial lines business.

“We hand pick agents who want to build a book of commercial lines business,” Masiello explains. “We put them through an online training program so they can learn about commercial lines and how to sell to small accounts. We don’t go for the big accounts; we leave those to the big boys. After the six-week program concludes, we help the agents with marketing, and they begin to build a book of business. Our goal is to generate an additional \$500 million of small commercial business from this program over the next five years. In the rollout stage more than 125 agencies are participating, and volume is growing very nicely. When the program is fully deployed we expect 1,000 mostly personal lines member agencies to participate.”

Another initiative is Agency Foundation, which teaches new SIAA members about the business aspects of running an agency, such as automation

systems, accounting, workflows, personnel management, and related responsibilities. Like the Business Insurance Advantage program and SIAA’s other learning initiatives, Agency Foundation training is provided online.

“Startup agents have an opportunity to come into our SIAA Training and Learning Center and learn from experienced agents what they need to know to survive financially while building a book of business,” Masiello says. “They learn to make the transition from being employees of a captive company to being independent businesspeople.” Last year more than 1,000 member agencies registered with the center.

In addition to former captive agents, Masiello points out, the heads of smaller existing agencies also can benefit from the training provided through Agency Foundation.

More than 10 years ago, SIAA created an online consumer portal called InsuranceDeals4U to connect member agents with consumers who shop for insurance online. “Every member agency has its own Web page, and the consumer who visits InsuranceDeals4U.com has two options: to self-rate a policy or to

connect with the local agent in his or her ZIP code. We think this is superior to the GEICO and Progressive models, because our comparison rating software may generate as many as seven or eight quotes. Having a choice makes a big difference to the consumer. At this point the member agent is notified and then contacts the prospect to discuss the quotes, conduct a needs analysis, and write the coverage,” Masiello explains. “We generate about 6,000 leads a year from consumers who visit InsuranceDeals4U.com.”

### Putting it all together

“The best way to describe SIAA,” Masiello says, “is to say that we’re a multi-level partnership model where it’s all for one and one for all.” Independence, he observes, is all about choice; and as it celebrates its 20th anniversary, SIAA continues to dedicate itself to promoting choice for agents and consumers alike. ■

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### For more information:

**Strategic Insurance Agency Alliance**

Web site: [www.siaa.net](http://www.siaa.net)