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## Importance of Independent Agents in Oklahoma

# Economic Benefits of Independent Insurance Agents in Oklahoma

**Supporting Local Economies:** IIAs contribute to the local economy by hiring employees, renting office spaces, and purchasing goods and services within their communities.

**Enhancing Consumer Choice:** IIAs represent multiple insurance carriers, offering consumers a wider range of products and price points, creating a competitive marketplace.

**Specialized Knowledge:** IIAs possess deep knowledge of the unique risks associated with living or operating a business in Oklahoma, allowing them to tailor insurance products to specific needs.

**Building Trust and Relationships:** Independent agents foster long-term relationships with clients, providing better risk management advice and potentially lowering premium costs for all. **Over 140 independent agents represent OSIG.**

**Stimulating Job Creation:** IIAs create jobs in their agencies and support jobs in the insurance companies they represent and ancillary industries.



# Economic Benefits of Independent Insurance Agents in Oklahoma

**Supporting Community Growth:** IIAs participate in local charitable endeavors, sponsor local events, and serve on local boards, enriching communities and promoting sustainable growth.

**Helping in Crisis Recovery:** IIAs play a critical role in expediting claims processes during natural disasters, ensuring residents and businesses can recover and rebuild more swiftly.

**Tax Revenues:** The businesses of IIA contribute to Oklahoma's tax base, benefiting the entire state through direct taxation and indirect economic activity.

**National Impact:** Nationally, the independent agency channel held steady in commercial lines, placing 87% of all commercial lines written premium and grew its share of personal lines written premium—38% in 2022.





## Conclusion: The Economic Impact of Independent Insurance Agents in Oklahoma

Independent Insurance Agents provide multifaceted benefits to Oklahoma's economy, including supporting local economies, enhancing consumer choice, and providing specialized knowledge.

They also contribute to job creation, support community growth, help in crisis recovery, and generate tax revenues.

Recognizing and supporting the invaluable role of IIAs is crucial for the state's financial and social fabric.

# Hard Market and Risk Management

**After decades of low premiums and abundant capacity, we are now in the midst of a hard insurance market.**

**But what exactly does that mean?** A hard market is defined by the Insurance Risk Management Institute as “the upswing in the insurance market cycle, when premiums increase, coverage terms are restricted, and capacity for most types of insurance decreases.”

Or, to put it simply, insurance costs a lot more for our clients and is harder to find. Although insurance markets are cyclical, every hard or soft market is different. Each line of business is affected differently by the market’s conditions.



# Risk Management

**Advise customers on what they can do to tackle these challenges. Consider asking them to do the following.**

- Employ proper risk management practices to reduce exposures.
- Stay in regular communication with you, their trusted business partner, particularly on issues or organizational changes that could impact their policy.
- Properly document and if needed report anything that may be relevant to claims or policy disputes.
- Plan with you prior to renewal time or when seeking new coverage. In today's market, it can take much longer to secure the right coverage than in a softer market.

- Recommend your insureds think hard before they switch carriers. In a hard market, insurers may decline to bid on customers who "carrier hop."
- Look for opportunities to save on costs in other ways if premium savings are not an option, such as taking a higher deductible or with more sophisticated clients, taking a self-insured retention.

# School/Legislative Concerns

- *Increasing premiums*
  - Base Rates have remained steady for close to 20 years – TIV has increased to make sure property is covered to its full value. All school buildings are currently going through an appraisal process to ensure that they are properly valued/insured.
- *Becoming unaffordable for schools*
  - They are on limited budgets
- *Why is there not a competitive Market?*
  - Unfortunately, we can't force companies to do business in our state.
  - OSIG is not a monopoly, it's the alternative (started in 2001 and is run by school superintendents)
  - We've had companies that are interested until they look at the 'loss runs' then don't write the business or the premium they would have to charge would be 2-3 times higher.

- Providing professional guidance by having Agents assure Superintendents and School Boards fully understand the benefit of the program.
- If this program ceases to exist, insurance premiums will substantially increase in the 'free market'.
- The model of OSIG is a common way of doing business in many states in our Region (Missouri, Kansas, Arkansas and 3 in TX)



# What is the answer? Better Risk Management

- Working with the schools for a healthier risk management assessment by:
  - Deductibles options
  - Understanding Insurance Bldg Value
  - Understanding Inflation
  - Cosmetic Exclusion
  - Coverage Options for Buildings
  - 365 Day Notice for windstorm and Hail losses

**It takes us all working together to  
make this work!**