



9 Ways to Evaluate Agency Networks

A photograph of three people (two women and one man) sitting around a large wooden conference table in a modern office. They are engaged in a discussion, with one woman looking at a laptop. The office has a large TV on the wall and a framed picture of a sunset.

01

What are the upfront and ongoing costs of joining the Network and leaving the Network?

Is there an initiation or franchise fee? Are there ongoing monthly fees with penalties for violating contract terms? Is there a penalty for terminating or buying out of the agreement? There are a wide variety of cost structures among the many Network groups. Be certain you know the costs so you can make an informed decision regarding your expected return on investment.



Iroquois has no initiation fees, franchise fees, monthly dues or termination fees.

02

How is the Group structured? Is it a franchise? Wholesaler? Multi-level marketer?

There are pros and cons to these various structures so think through what's important to you. Understand the risks associated with franchises; Brooke Corp. provides a cautionary case study. Also understand that the less structured wholesaler models offer easy market access at reduced commission, but not much more.

Iroquois's structure is like yours, an independent agency that works in partnership with its core carrier-partners to increase its Members' revenues, profits, and agency value. Iroquois is not a franchise, wholesaler, or multi-level marketer. Iroquois's structure has stood the test of time for 40 years, allowing our Members to partner with a trusted advisor without sacrificing independence.

03

Will being part of a Group compromise your independence?

Will you need to change the name of the agency? Will you be required to follow a franchise manual or conform to the Group's agency management system? Are there requirements determining where you place business and how much you must place with specific carriers? As a general rule, the more you are willing to be absorbed by a larger entity, the more you participate in the benefits of being part of a larger entity. But it may come at the cost of your independence.

Iroquois offers flexibility to meet its Members' needs rather than demanding conformity or control. No need to change your name or follow a franchise manual. Your name appears on the policies you place with Iroquois carriers and you determine how much you place with them. Iroquois enhances the independence of our Members by providing more options and better choices.

04

What type of agencies are in the Group and what are they writing?

Is the Group comprised of startup agencies seeking market access or larger agencies seeking the benefits of aggregation? Are the other agencies in the Group writing personal lines? Auto? Or is the Group targeting commercial lines, specialty, or programs? Make sure you fit in with the Group and that the Group is writing profitable business that will sustain long-term carrier relationships.

Iroquois works with established, profitable agencies of all sizes. We are comprised of agents with vision, integrity, and experience. Most are between \$2MM and \$10MM of premium, though Iroquois has a Preferred Agreement designed for agencies with \$10MM to \$100MM+ in premium. Our Members are competent to write all lines of business and typically write more commercial lines than personal lines.

05

How are markets accessed?

Are submissions sent to the network for placement? Is there an internet-based platform that uses the Group's master codes for placement? If so, will your agency name be on the policy? Do you have binding authority and the ability to build relationships with underwriters, marketing reps, and carrier executives? Understand the difference in value in accessing a market through a wholesaler model for an occasional risk vs. building a successful carrier relationship long term.

Iroquois's objective is to optimize markets for our Members by matching the right carrier-partners to the individual member-agency to build successful long term partnerships. Iroquois Members work directly with their carrier-partners, not through a wholesale structure. These relationships enable our Members to better serve their clients while building highly profitable and sustainable revenue streams.

06

How is profit sharing handled?

Does the network share bonus revenue? If so, what are the qualifications? How much does the Group earn in profit sharing annually? There are huge variances in how much networks earn and how much they share. If you are looking at a network that pays out a high percentage of profit sharing without loss ratio qualifiers, find out what those payouts are consistently worth. Twenty percent of the profit sharing from some networks may be worth more than 100% from others.

Iroquois Members participate in profit sharing with as little as \$50,000 in carrier-partner premium. Profit sharing is distributed per the terms of our PartnerPlan® (revenue sharing plan). Iroquois Members in our top PartnerPlan level can earn 100% of their pro-rata share of profit sharing if they have a good loss ratio. According to Best Practices data, Iroquois earns far more in profit sharing than comparably sized agencies.

07

How is the group performing with its carriers?

Have carriers terminated contracts with the Group in the last three years? What is the average premium per carrier-partner? How do carrier results look in terms of growth, new business, loss ratio, and retention? Are the network carriers often the market of last resort? Unless the network is producing consistent growth and profitability, the future outlook for its members is problematic.

Iroquois produced \$1.2 billion with its carrier-partners in 2017, a 17% increase over the prior year, with excellent profitability that produced record setting profit sharing distributions in 2018. Iroquois maintains preferred status with many of its carrier-partners: Hartford VIP, Chubb Cornerstone, Liberty Mutual Partners to name a few. Iroquois is a multiple winner of carrier awards such as Travelers Agent of the Year, Liberty and Safeco Chairman's Award, Hartford Small Commercial Agent of the Year, and MetLife Agent of the Year. By driving profitable growth to its carrier-partners, Iroquois Members enjoy more stable and profitable carrier relationships in return.

08

What level of support do Members receive from the group?

How will the network benefit my agency beyond providing market access? Can it help me place difficult risks? Can it provide consulting or best practices information to help me manage my agency?

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Iroquois has Regional Managers who call on Member Agencies to assist them with Market Optimization and to offer incentives, resources and information to help them manage and build their agencies and take full advantage of their Iroquois Membership.

09

How does being part of a network affect an agency's value?

Does the network take an equity position or dictate terms of sale? Will it be harder to find qualified buyers because of entanglements created by the network? How does the network agreement address ownership of expirations? Make sure that the network is helping you build the value of your business, not theirs.

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Iroquois does not take an equity position in its Member Agencies. Building equity value for our Members is a key component of Iroquois's value proposition. Our Members may sell their agency to whomever they choose, whenever they choose, and Iroquois offers flexible options to the purchaser, most of whom simply choose to continue the business relationship with Iroquois.



