

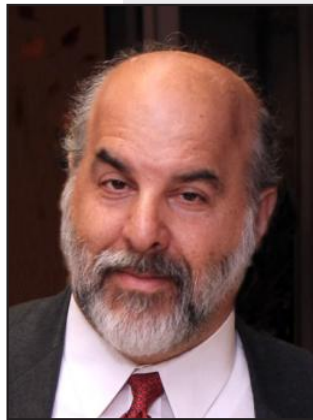
# IT'S ALL ABOUT THE NICHE

Whether you are a coverholder launching a new product or an agent looking for a new revenue stream, in insurance today it's all about the niche.

By Paul Lavenhar

For many of the coverholders who created new products in conjunction with CHART, the motivation to create a new insurance product is based on a personal experience. Whether it is helping 6,000 families cope with flood damage from a hurricane like Jeff Wyrsh of Van Dyk, or a connection to bicycling races like Steve Weis of Affinity Group Underwriters, they saw a need and developed an insurance solution.

Independent insurance agents are struggling in the face of online insurance and the commoditization of insurance. They are looking for a way to differentiate themselves.



About the author: Paul Lavenhar's firm PL Communications has provided marketing communications services for 25 years to such insurance clients Rockwood Programs, Capacity Coverage, MetLife, Selective, York Risk Services, and Admiral Insurance, among others. He has written for 500+ companies in various industries. Paul also leads a band called GoodWorks that provides music and marketing services to help nonprofits raise money and awareness pro bono. Paul Lavenhar is the principal of the insurance marketing communications firm PL Communications.

Many agents have realized a niche is the way to stand out - whether it is specializing in nonprofits or transportation. A generalized niche is often not enough. Instead they drill down into the subsets of those

niches. The niche isn't all nonprofits. It is mental health agencies that are nonprofits. The niche isn't transportation, it is the school bus industry, ambulances, or couriers.

Y-Risk, LLC was recently approved as a Lloyd's coverholder

with authority for cyber and technology E&O insurance. Its first niche based offering, "Y-ProTech for Marketplaces," is a not just a generic

cyber and E&O policy. It is a drilled down niche exclusively focused on companies in the sharing and on-demand or "gig" economies.

## SELLING YOUR NICHE TO AGENTS

Most new business comes from taking away business from another agent. Unless the prospect is a newly launched business the agent is trying to defeat the incumbent. The way to defeat that generalist agent is to outniche the competition. Show the prospect what the generalist has missed - because they are not niche experts.

At the same time agents want to focus their efforts on selling, not developing marketing tactics. They don't have

**“ It isn't enough for coverholders to create a niche product. The front line for selling their products are agents. Agents need to be convinced to go out of their comfort zone to sell a new product.”**

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the effort can be the difference between a new product taking off or tanking.

### HERE ARE WHAT SOME NICHE PLAYERS ARE DOING TO SUPPORT AGENTS SELLING THEIR PRODUCTS

The founders of CHART - Rockwood Programs - are leading by example. CHART created a new firearms liability product. Many homeowner policies specifically exclude firearm use – even in self-defense – as a covered exposure, deeming it to be an intentional act. That leaves the gun owner personally liable for legal expenses, bail bond costs, and any judgments awarded through a civil action.

To promote its program Rockwood provides agent training. But it goes beyond that. Every agent gets a customized application and brochure with their branding. Going one step further, Rockwood created mini websites – also with the agents' branding – to give agents an online presence to sell the coverage. Prospects can apply online – making it easier for the agent to process. It also has a 24-hour claims hot line, which is managed by Wilson Elser.

Van Dyk launched a new flood program after its experience on the New Jersey shore helping its customers recover from Hurricane Irene and Sandy. Even though Van Dyk sells flood insurance through the National Flood Insurance Program (NFIP), it saw a need for a private flood insurance alternative. Van Dyk created a new business entity

for flood called "Insurance Agency Connection." As part of promoting its new product to agent it emphasizes it is a Lloyds product – taking advantage of Lloyds' well-established brand reputation. More importantly they make it easy for an agent - "just send us the elevation, we'll do the rest." When NFIP is the better fit for a particular client, they provide NFIP quotes. That opens a new sales door for agents not already in the flood business.



#### Lloyds is all about niche creativity.

The National Alliance of Environmental Specialists Insurance Program (NAESIP) provides pollution coverage for both environmental and non-environmental businesses. NAESIP focuses on sales support. It provides questionnaires to determine coverage needs – essentially these are sales scripts. Environmental is an area most generalists avoid – and those who do provide coverage may get it wrong.

It is a complicated, technical coverage. NAESIP does a pre-consultation with prospecting and appointments to make sure agents are prepared. It

shepherds through the application process. It also has an online loss control program for insureds. As a result, it has a quote to bind ratio of 60 percent or better. Environmental coverage isn't just for environmental consultants. The market opportunity includes gas stations, airports, dry cleans, hazmat truckers, condos, public entities, and more. It presents a wedge into new accounts that are not insured properly by an incumbent as well as opportunity to upgrade existing accounts.

"Bought by Many" is a UK-based free, members-only service that develops niche insurance products based on demand. Its motto is, "Insurance made social." It uses social media and search engine analytics to identify niche insurance opportunities that range from travel insurance for diabetics to French bulldog owners. To create products for its 58,000 members, it may work with Lloyds or negotiate with a carrier to adapt an existing product into a custom policy.

Lloyds is all about niche creativity. These are just a few examples of the marketing creativity it takes to make niche products succeed whether you are selling direct or through agents. If you have an innovative approach to marketing your niche product, please let us know, so we can share your innovation with our readers.

Paul Lavenhar is the principal of the insurance marketing communications firm PL Communications. ■