

Jim Labelle, CIC

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Innovation: Started an agency in 1999 that focuses solely on personal lines products that can be marketed over the Internet. The fully transactional websites allow consumers to get quotes, purchase, and print out proof of insurance in 7-10 minutes. They also created a back-end product that they co-brand with over 1,000 agents or underwriters, providing agents the same ease-of-use.



Jim Labelle, who worked at his father's agency for years in a variety of roles including "gopher," considered commercial insurance hard work. So when he and his wife started their own agency in the height of the high-tech boom, they decided to specialize in personal lines products that could be marketed via the Internet. Today, they are the leading provider of cross-border specialty insurance. They picked their specialties primarily based on growing demographics and ease of Internet policy issuance. Today, the company runs two portals for auto insurance for U.S. plated vehicles in Mexico, two sites for Mexican plated vehicles in the U.S., and one site for specialty RV, motorhome and travel trailer coverage in all 50 states. They have also created a back-end product that they can co-brand with other agents or underwriters, and have over 1,000 contracted sub-agents with whom they share commissions.

How long have you been an agent?

Can you give me a short history of your career?

I started my career as a teenager working for my Dad's agency in Phoenix—Alliance Insurance Group—as your basic "gopher" I performed processing tasks, worked in the mailroom, etc. That was 1986. I continued working part-time there during summers while attending ASU from 1986-1990. Insurance seemed like hard work. After graduating with a Political Science degree in 1990, I worked for two years at ski resorts in Lake Tahoe and Australia and backpacked in Europe. In 1992, I joined Alliance again (I needed money!) as a rookie producer working specialty commercial lines programs. In 1999, after my dad sold his agency to an alphabet house, my wife, Andrea, and I decided to form our agency focusing on specialty personal lines products that could be marketed via the Internet. Since that time, we have become the leading provider of cross-border specialty insurance.

Briefly explain your vision for your agency and its mission. What are your specialties, organizational structure, number of locations, number of employees?

Our main office is in Flagstaff, Arizona. We decided if we were going to be an online agency, we could do it from anywhere. We both loved Flagstaff so we set up shop here. We currently have 10 employees in Flagstaff, including two full-time web application programmers, along with a marketing rep in Texas and another in Phoenix. We picked our current specialties mostly based on growing demographics and ease of Internet policy issuance. These products include:

- Coverage in Mexico for U.S. plated vehicles www.mexicaninsuranceonline.com and www.mexpro.com.
- Coverage in the U.S. for Mexican plated vehicles www.segurousa.com and www.segurosautousa.com.
- USA Specialty RV, Motorhome, and Travel Trailer coverage in all 50 states. This site is www.rvinsurancepro.com.

Our five-year plan calls for us to maintain our position as the leading writer of cross-border insurance, along with becoming one of the top distributors of USA specialty RV, Jet Ski, and Motorcycle insurance.

The judges said that your success in online insurance is one reason they consider you to be innovative. Can you tell me more about how and why you chose the field, and how it has contributed to your organization's success?

I always found commercial lines to be too challenging. I have great respect for successful commercial agencies. At the time, Andrea and I decided to open our agency, the commercial market was at its softest level in almost 15 years. My timing was great. Right after I left, my former book started to grow through price increases! In any event, both Andrea and I believed that with the onset of the Internet, coupled with the growth of the Hispanic and baby boomer markets, we could develop some specialty personal lines products that could be marketed online.

Can you describe the most successful innovative marketing plan or idea that you and your organization have implemented?

We started with a single website, www.mexpro.com, which solicited applications so that travelers to Mexico could purchase temporary auto insurance for the duration of their stay in Mexico. Within months, we were receiving apps from all 50 states and Canada. We then web-enabled the entire process—consumers could visit the site, get a quote, enter their credit card info and print their policy in about 7-10 minutes.

This is how we really began to see explosive growth. We soon found that many agents, even underwriting companies, were referring their clients to us. So we built a back-end system that allows us to mirror our site, if you will, on other agents or underwriters sites and share commissions with them. We now have over 1,000 contracted sub-agents, many of whom send their customers to our co-branded site, which appears to reside on the sub-agent's or company's website. The back end of this site is now www.mexicaninsuranceonline.com.

We have applied this innovation to our www.segurosautousa.com site so that agents in Mexico can use our systems to sell USA auto liability coverage to Mexican plated cars and truckers. We have hundreds of agents in Mexico selling these products.

We expect the www.rvinsurancepro.com site to have the same functionality by the fourth quarter of 2004, and as previously mentioned, will eventually be offering not only RV and Travel Trailer coverage, but also Motorcycle, Jet ski, ATV, and other relatively simple to issue personal lines specialty products in all 50 states.

It is important to note that we use only A-rated companies for each of our products. And our programmers build all of the rating, quoting, and issuing functionality in partnership with our underwriters.

What advice can you give aspiring producers as to the critical skills they must develop to be successful?

I would say that telephone cold-calling skills remain the best way to prepare agents for this business. Back in 1992, when I got into this business, the best favor my dad ever did for me

was say, “Here is a phone, here is a fax machine, and here is a list of all the commercial RV parks in San Diego County. We have a program. We have expertise. It’s a numbers game. Start getting their ex-dates.”

At the time, of course, I did not consider this a favor. Man, that was painful. But it paid off in the long run. At that time I hardly knew the difference between Replacement Cost and ACV, so in 1993 in the course of a little over a year, I obtained my CIC.

I believe the experience gained talking to prospects on the phone, listening to their perceived problems, coupled with a strong insurance education in real-life situations such as one learns at CIC, gives agents a critical skill.

How do you go about developing a niche market? What steps do you employ?

We become experts in the coverages and competition in each of our niches. Further, we hire people who have interest in these niches: traveling to Mexico, the Hispanic culture, and the RV culture. When our people are working with agents and customers, not only does their niche insurance expertise come across, but also their true enthusiasm for Mexico, Hispanic culture, and RVing. We understand our customers—these are tight-knit communities—so referrals make up a big part of our business.

Can you describe your own productivity in terms of income to the organization and how it has affected your organization’s growth? To what do you attribute your productivity? How have you been able to help others in your organization develop these same skills?

In 2001, it was still Andrea and me cold-calling groups, agents, and owners of websites related to our products. We had two CSRs at that time. We built the first \$500,000 in revenue internally in about three years. Since that time, revenue has tripled. At the beginning of 2002, we hired a marketing rep, more CSRs, and our production moved from a cold-calling culture to a web-marketing culture. Today, most of our new agency producers and customers find us as a result of our web marketing and referrals. I still love to cold call the “elephants,” and every week I still prospect a few large national accounts to see if they are interested in using our systems to provide Mexico coverage, or specialty personal lines, to their current U.S. customer base. Of course, it is a lot easier today when we have some large national underwriters and agencies that we can use as referrals.

What advice would you give to aspiring agency managers on how to become good managers? Work on the floor. Until you have a GM, do not hide in an office. Work the front lines side-by-side with your producers and CSRs. Talk to small customers and big ones and listen, listen, listen! We recently hired a bilingual MBA to act as our general manager, and he also spent his first year on the floor, on the front lines.

How do you develop the people in your operation?

Our employees attend CIC, CISR, and take other specific tech classes like Microsoft Access. Because of our growth, we are able to give our employees the opportunity for internal promotion. Finally, we encourage our employees to spend a lot of time learning generally about Mexico, the RV lifestyle, Hispanic culture.

What are three essential skills that you believe agency personnel must possess or learn to be successful in your business?

The three skills would be listening, learning, and adapting to technological changes.

What advice would you give agents on how to work with insurers and other providers of client services?

Personal relationships are the key. Let's face it, the large multinational insurance carriers, at the top levels, often are perceived as having little respect for their agents and MGAs, yet the individual people we work with at these companies have tremendous respect for us, and vice versa. At the end of the day, when these large companies make decisions that are adverse to an agent or MGA's interests, it is the personal relationships with individuals at these companies that can mitigate the blow, or in some cases, depending on the strength of the relationship, turn things around.

What automation or process innovations have you implemented in your organization, and what effect has it had on your operation?

We have grown like crazy since implementing our MGA system.

Overall, what distinguishes you from your competitors?

Technology without service is worse than not having any technology. Our service staff's ability to use and understand technology, along with the level of traditional service and expertise they provide our agents and customers, is what sets us apart. We are very lucky to have such an excellent staff, including programmers, who think "service and functionality first."

What does leadership mean to you and what key attributes would you recommend that others develop who aspire to be leaders?

Leadership to me means never asking someone to do something you have never done before, or are unwilling to do now. People who aspire to become leaders must have credibility. You must be able to say "been there, done that, and let me tell you how I handled the situation." Whether or not the prior experience was positive, others can learn from it.

How have you contributed to the insurance industry?

By participating in the CIC Program and recruiting young agents.

How have you contributed to your community?

We are very involved in the Catholic school in Flagstaff, and we provide high-paying jobs in a small mountain town.

What has impacted your business most in the last five years?

The Internet and consumers' willingness to use it more often to purchase more varying types of goods and services, including insurance. We are just getting started and I would say that this is the tip of the iceberg for transactional sales online.

What do you think the most critical emerging opportunities and threats are to independent agencies?

The Internet is BOTH the most critical opportunity and the most critical threat. Agents must upgrade their websites to become transactional, rather than simple brochures with online forms.

A good example: Would you visit your bank website if you could not view statements, order checks, etc? Well, not only can you view statements and check balances, soon you can also bind auto and home coverage, order certificates, etc. As a consumer, does a “one-stop shop” like this have any value?

Likewise, personal lines carriers will continue focusing on direct to consumer sales as a way to lower their acquisition costs. Both commercial and personal underwriters have done a great job of web-enabling processes for their agents. It is not a much larger step to web-enable direct to consumer processes. Agents and/or their innovative technology/software providers need to beat the underwriters to it—and do a better job of it—and they will.

In the information age, consumers value their time. Why should a customer sit in an agent’s office for an hour, or spend two hours in a meeting, when they can do the research, get the information they need, and obtain their coverage when it suits them, online, at any time?

Agents need to think: HOW DOES MY OPERATION SAVE MY CUSTOMERS TIME?