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October 13, 2020

## 2020's Accelerating Trends

To our friends and clients,

COVID-19 is the third major shock our country has experienced during the past 20 years. It follows the terrorist attacks of 9/11 and the Great Recession of 2008. Each of these events had a profound effect on our national economy and our industry.

In the midst of this pandemic, agency leaders are searching for answers regarding our increasingly uncertain future. And many are focusing on a broad question: *How will today's crisis change our industry and how must we adapt to those changes?*

Given the difficulty of predicting the future and based on the truths revealed in the past crises, I'd suggest asking a slightly different question: *What trends exist now and how might they accelerate as a result of this crisis?* The 9/11 terrorist attacks and the Great Recession didn't "change everything" as much as they served to accelerate trends that were already evident.

fire” of a hardening market, making it the most significant hard market in the last 30 years.

The Great Recession had a counterintuitive and more lasting effect on our industry. A handful of private equity players and lenders were already investing in insurance brokerage before the Great Recession. But the world took notice when our industry outperformed nearly all others during the downturn. What followed was a historic insurgence of capital that continues to this day. It has led to record levels for agency valuations and agency consolidation nearly every year. It has also made it possible for privately held agencies to strengthen their perpetuation plans by providing greater access to affordable capital than ever before.

So, what pre-COVID trends are now accelerating? A few seem obvious:

- **Use of virtual technologies.** Folks that had never used Zoom prior to March 2020 now use it multiple times per day. The adoption rate of video conferencing technology – out of the necessity created by the pandemic – has been mind-boggling. Initially, it served as the replacement for face-to-face meetings. But now, with the nearly universal adoption of this technology, are there ways we can creatively use Zoom or similar platforms to re-think the way we interact with clients and prospects?
- **Brokers as Thought Leaders.** In today’s tumultuous environment, business leaders are looking for quality information they can trust. Many of our clients have traditionally been viewed as a trusted source of information on risk management and employee benefits. With the spread of COVID, they’ve become a critical source of real-time information about issues relating to the pandemic. For some, this greater visibility is leading to new opportunities to address an even wider variety of topics – including issues such as corporate leadership and diversity. A recent study found that over 70% of customers buy from the first provider that educates them on a topic. Brokers as Thought Leaders is not a new trend – but it is clearly an accelerating one. How is your firm capitalizing on the opportunity to educate prospects and clients?
- **Specialization.** Specific industry knowledge and experience have been major differentiators in broker selection for years. Nothing new here. What is new, however, is the insurance buyers’ craving for unique insights and industry intelligence. The demand for specialist brokers continues to

out of reach. This means that even smaller brokers in more remote markets will be able to develop a national presence if their expertise is compelling enough. What is your agency doing to advance your ability to specialize?

“2020” has become a four-letter word, and for good reason. We look forward to 2021 with dreams of a fully-open economy and the demise of social-distancing and mask-wearing. In the meantime, history has shown us that even during the downtimes, a careful look at underlying trends can help astute brokers implement the types of winning strategies that will help them thrive after the effects of the shock subside.

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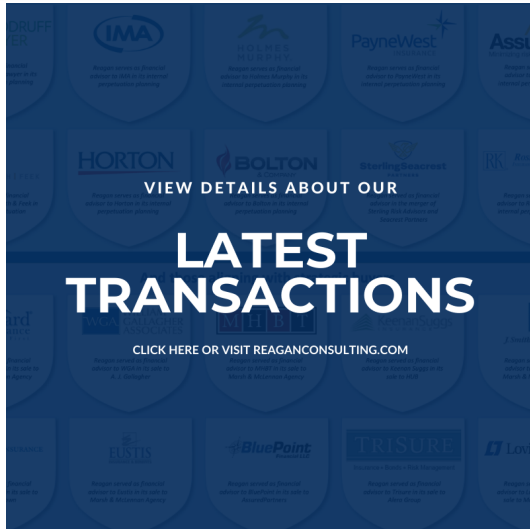
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