

SPECIALTY LINES: CONSTRUCTION BUSINESS TRIES TO DIG ITSELF OUT

MARKETING: A PROFESSIONAL LIABILITY OVERVIEW

TECHNOLOGY: STREAMLINING PERSONAL AUTO WITH E-SIGNATURES

BENEFITS AGENCY: STRONG GROWTH TIED TO VALUE-ADDED SERVICES

BENEFITS COMPANY: BIG PLAYER TARGETS SMALL EMPLOYERS

Rough Notes®

PROPERTY & CASUALTY AGENTS

AGENCY MARKETING • INSURANCE MARKETS • NEW PRODUCTS

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MARKETING AGENCY OF THE MONTH:

**USING INTERNET TO
CAPITALIZE ON AUTO
MARKET TURMOIL**

ALSO: STRENGTHENING AN AGENCY'S TECHNICAL EXPERTISE

A LITTLE HELP FROM HIS FRIENDS

Friends help Paul Murphy Insurance maintain its "edge"



Paul T. Murphy (center), owner of Paul T. Murphy Insurance Agency, Inc., in Malden, Massachusetts, is joined by (from left) Eric Dyer, Life and Health Agent; and Greg Porziella, Agent/Producer.

By Dennis H. Pillsbury

When Paul Murphy graduated from college in 1988, he started selling life insurance but quickly moved to property/casualty which was a better fit to his personality. He established Paul T. Murphy Insurance Agency, Inc., in his hometown of Malden, Massachusetts, a suburban town four miles north of Boston.

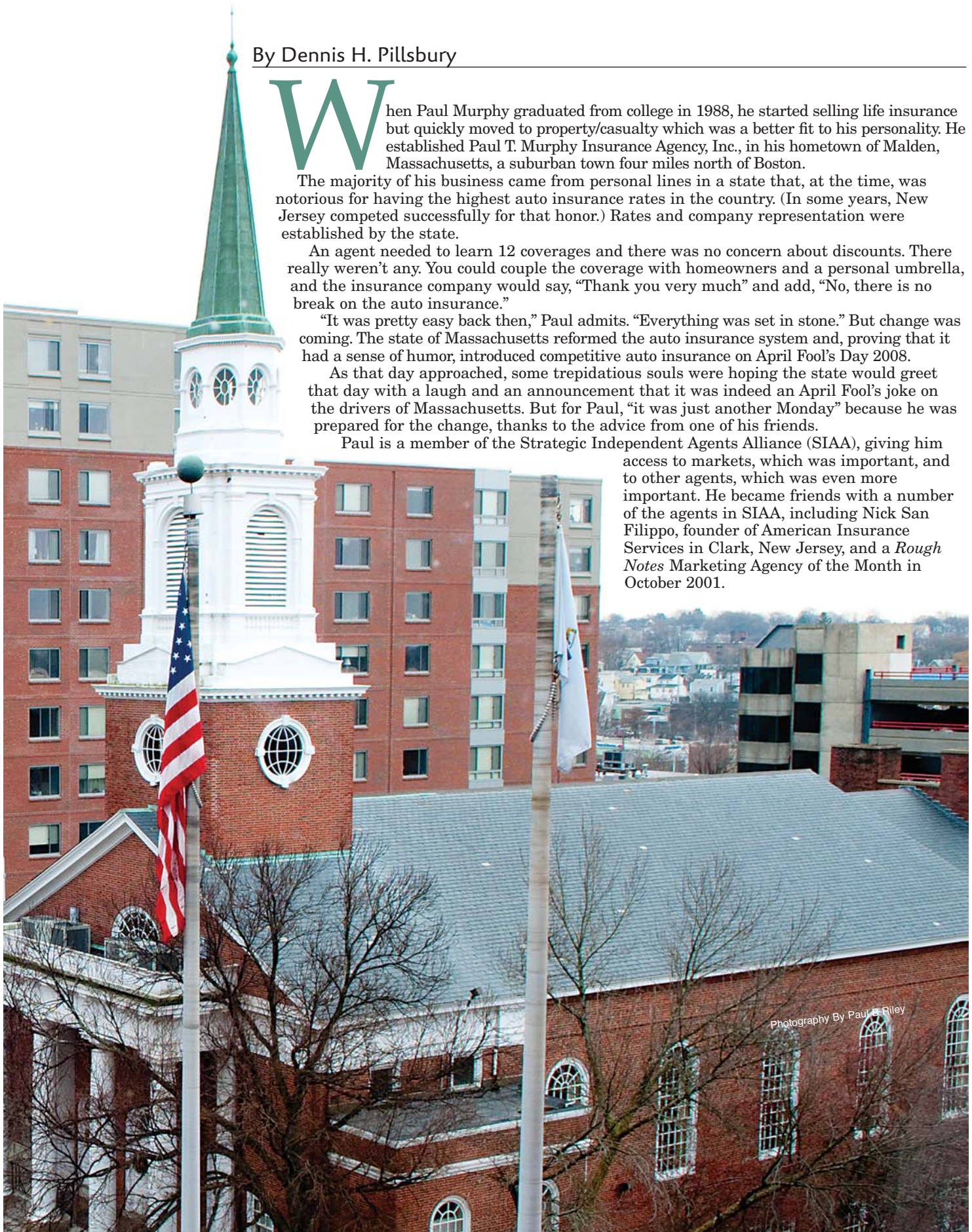
The majority of his business came from personal lines in a state that, at the time, was notorious for having the highest auto insurance rates in the country. (In some years, New Jersey competed successfully for that honor.) Rates and company representation were established by the state.

An agent needed to learn 12 coverages and there was no concern about discounts. There really weren't any. You could couple the coverage with homeowners and a personal umbrella, and the insurance company would say, "Thank you very much" and add, "No, there is no break on the auto insurance."

"It was pretty easy back then," Paul admits. "Everything was set in stone." But change was coming. The state of Massachusetts reformed the auto insurance system and, proving that it had a sense of humor, introduced competitive auto insurance on April Fool's Day 2008.

As that day approached, some trepidatious souls were hoping the state would greet that day with a laugh and an announcement that it was indeed an April Fool's joke on the drivers of Massachusetts. But for Paul, "it was just another Monday" because he was prepared for the change, thanks to the advice from one of his friends.

Paul is a member of the Strategic Independent Agents Alliance (SIAA), giving him access to markets, which was important, and to other agents, which was even more important. He became friends with a number of the agents in SIAA, including Nick San Filippo, founder of American Insurance Services in Clark, New Jersey, and a *Rough Notes* Marketing Agency of the Month in October 2001.



Photography By Paul B. Riley



Team Murphy and the storefront of Paul T. Murphy Insurance Agency in historic Malden, a suburb of Boston.

Nick had been through a similar market disruption in New Jersey, where the private passenger auto insurance market had sunk so low that the residual market was the leading insurer. The state finally reformed the system and competition returned.

"For about 20 minutes, Nick told me all the bad stuff that would happen," Paul remembers. "He always did that. He would lay out the problem in no uncertain terms and then, thank goodness, he would offer solutions. If I had left after he delineated the problem, I probably would have started looking for a different career," he adds with a chuckle.

"What I found out was that I would probably lose about 20% of my revenue from private passenger auto as rates fell to reflect the reforms," Paul continues. "Nearly everybody would become a shopper, and that would include the majority of my current customers. And you knew

that the direct writers would be spending a ton of money advertising to these new shoppers.

"Well that sounded just great," Paul says with tongue firmly planted in cheek.

A marketing opportunity

"The fact that everybody would become a shopper wasn't just bad news," Paul points out. "It also was an opportunity for an agency that had access to several markets and also had a way to reach new and current

customers with information about those markets.

"Nick told me that I needed to move outside traditional marketing and look at new ways to reach customers. He mentioned Internet marketing as one solution. Much of the direct writer advertising would be sending people to the Internet, so why not use that to my advantage?"

"He also made it clear that knowledge would be king. We needed to know coverage options and available discounts if we wanted to compete effectively," Paul recalls.

Agency managers include Alexis Nuzzo (seated), Homeowners Manager; Michael Drillis, Processing Manager; and Marianne Tillinghast, Office Manager.



“Well, I’m fortunate to have an excellent staff that is flexible and solution-oriented. I explained what we would need to do, and they embraced the changes. They actually enjoyed the challenge of learning new coverages and accessing new markets. They also thought the idea of Internet marketing was a good one. Now we just had to figure out how to do it.”

Paul noticed that a mortgage broker in the area was doing a tremendous job of marketing on the Internet. “I went and talked to him and he introduced me to Tim Sawyer of Astonish Results (AR) to help develop a Web presence,” Paul says. At the time, Tim’s company was not active in the insurance industry.

“Tim and I met and have become great friends. I told him that I didn’t know anything about Internet marketing, but knew I needed it. After our initial conversation, Tim decided that the model Astonish had used in other industries could work in the insurance industry and I would be the guinea pig,” Paul notes with a laugh. Murphy became its first insurance customer. That was in November of 2007. The plan was to go live on March 1, 2008.

AR helped Paul T. Murphy Insurance develop a complete presence on the Internet; not just a Web site, but a program for social networking that would proactively reach out to current and potential



Paul (seated) and Greg Porziella confer.

customers. The company also provided input on the proper way to follow up when a lead came in.

AR conducted two half-day sessions on the changes that would take place in the way the agency dealt with customers. This included an increased emphasis on getting e-mail addresses so the social networking portion of the new marketing strategy could reach out to more and more individuals.

At the same time, phone calls were monitored to determine what employees were doing right and what wasn’t working. “It wasn’t designed to find fault, but rather to create an atmosphere of continual improvement,”

Paul notes. “Basically, we are constantly trying to achieve the perfect phone call.

“The staff was terrific. Here I was turning everything upside down and they went along with it despite the fact that we were all concerned that this might not work,” Paul admits.

Whoops!

“But it did work—too well. Leads started coming in right away. The telephone started ringing and the staff was overwhelmed,” Paul says. “We wrote a ton of business, but I had failed miserably because it turned out that I didn’t really prepare for this. We were in the office seven days a



An important part of the Paul T. Murphy Insurance Agency is giving back to the community. One of these projects is Bread of Life, a local food bank, which Paul supports through various initiatives. With Paul (far right) are several volunteers along with State Representative Christopher Fallon, who is presenting a \$500 donation to Bread of Life.



Another way Paul helps the community is by sponsoring a "partners page" on his Web site through which local businesses offer discount coupons. With Paul is one of his "Preferred Partners," Giovanni Longo, owner and executive chef of Ristorante Serena, a well-known Italian restaurant in Malden.

week and I knew this couldn't last. I told AR to shut it off.

"Did I mention that my staff is great? Okay, I did. But I can't emphasize it enough. After spending weeks working basically every waking hour, the staff still stayed with me and even encouraged me to continue the effort. They saw that the Internet marketing worked. But we needed a plan so we could work with it.

"Fortunately," Paul notes, "being the first one into this arena allowed us time to make mistakes and still recover. We really didn't have much competition for that space. But we knew that wouldn't last, so we needed to come up with a plan quickly, while we still had the advantage."

The staff got together and brainstormed and came up with several ideas that were incorporated into the new plan. The principal idea was to "write the right kind of

business," Paul says. "Internet marketing works best if you use it to develop long-term relationships with the people. That may sound counter-intuitive, but it's not. It's still very much a business that is based on relationships regardless of how impersonal the marketing medium may appear.

"So we realized that the best clients would be those that had more policies with us. One focus was to establish a kind of triage system where we spent time with people who wanted to have us write their auto and homeowners coverage. And that meant emphasizing the fact that there was a 20% discount on the homeowners if it was combined with the auto.

"This was something that we needed to emphasize in our Internet marketing so we would start out by getting more of the 'right' customers

interested in our services. And, since we wanted every client to have multiple policies with us, we started a life division to offer that option. And that meant we had to add staff.

"We also realized that we had to do a better job of telling our story," Paul continues. "We always were reluctant to brag, but Tim pointed out that it wasn't bragging. It was telling our story. We *do* offer great service. We *do* go the extra mile for our clients. And to do that, we needed to have someone on staff who would make certain that our story went out to clients and potential clients through all the social media available to us.

"Tim came through again," Paul continues. "He recommended that we hire a blogger who was young and understood social networking. We knew a bright, young talent, William Bernardinelli, or Billy the Blogger as we call him. He is the son of one of my best friends and had worked here part time in the summer and after school. Now he's with us full time and is responsible for keeping our message out in front of the public.

"One of those stories involved Kristine Olivero, who was nine-months pregnant at the time. She was running around getting a rental car for a customer. What made this above and beyond, however, was the fact that he didn't even have the coverage. She was just helping out."

Paul concludes: "I went into electronic marketing as a way to defend my personal lines book at a time when the commercial lines market was soft (and still is). I didn't want to take hits from all sides if I could help it. But the results have been much greater than anticipated. Contrary to what many feared would happen if we relied on Internet shoppers to grow, our retention rate has actually increased. And we are growing, although our revenue is flat.

"We started keeping track of units to see if what we were doing was working. We added 635 units last year and through September of 2009, were up about 945 units. That means that we're in an excellent position to benefit from an end to the soft market, if it ever comes, but we're still in fine shape even if the soft market continues," he says.

Rough Notes is pleased to recognize Paul T. Murphy Insurance Agency as our Marketing Agency of the Month. The agency has gone through numerous changes and has used those changes as positive catalysts. As Paul says, "It's a little more exciting and a little more dangerous, but that's the perfect environment for an independent agency." ■