A Harsh, Damp Reality

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Commercial Insurance Agents Face Extra Challenges In Disaster-Prone Regions

Chicago (August 7, 2007)â€”Considering a career in commercial insurance? Might want to move east or west. Because despite good intentions, agents in the Midwest and Southâ€”i.e. tornado territory and hurricane countryâ€”have the odds stacked against them. Mintelâ€™s exclusive commercial insurance agent survey reveals just how hard it is to find adequate insurance coverage at a reasonable rate in these catastrophe-prone areas.

In the Midwest, where tornadoes reign, commercial insurance agents struggle to find sufficient coverage for their business clients. As many as a third (32%) cannot find enough coverage, compared to just one in five (21%) at a national level. Meanwhile, in the hurricane-torn South, agents can find adequate coverage but it often comes at an unreasonable price or with a higher deductible. Mintel reports that 44% of Southern agents experience this difficulty, while only 32% report similar problems nationally.

â€œIn 2005, Hurricane Katrina devastated the Louisiana coast. Then the next year, the U.S. got hit with destructive tornadoes,â€• reports Susan Menke, Senior Financial Services Analyst for Mintel. â€œThese catastrophes are getting worse and theyâ€™re getting more expensive.â€•

Unfortunately, in catastrophe-prone areas, finding adequate coverage at a reasonable price is easier said than done. While premiums for commercial property and casualty insurance drop across the nation, they grow steadily in high-risk regions and have risen sharply in the past year. For example, businesses in a higher risk area of Mississippi experienced a 268% rate increase during 2006 alone.

â€œAs storms grow increasingly violent and recovery costs rise, commercial insurance agents can expect more obstacles in securing proper, affordable coverage for their growing client base,â€• comments Menke.

In spite of these challenges, agents are trying hard to help their business clients. Mintel found that commercial insurance agents care far more about finding the best coverage for their clients than they do about securing rewards for themselves. When asked which factors most influenced their choice of commercial lines insurers, agents overwhelmingly responded with customizable coverage, lower premiums and better customer service. Far less popular were personal incentives such as financial bonuses and free trips.

Menke summarizes these findings. â€œThese agents are good people who really care about their clients. They are determined to help businesses find the best coverage for their dollar and that determination affects their decisions much more than personal rewards.â€•