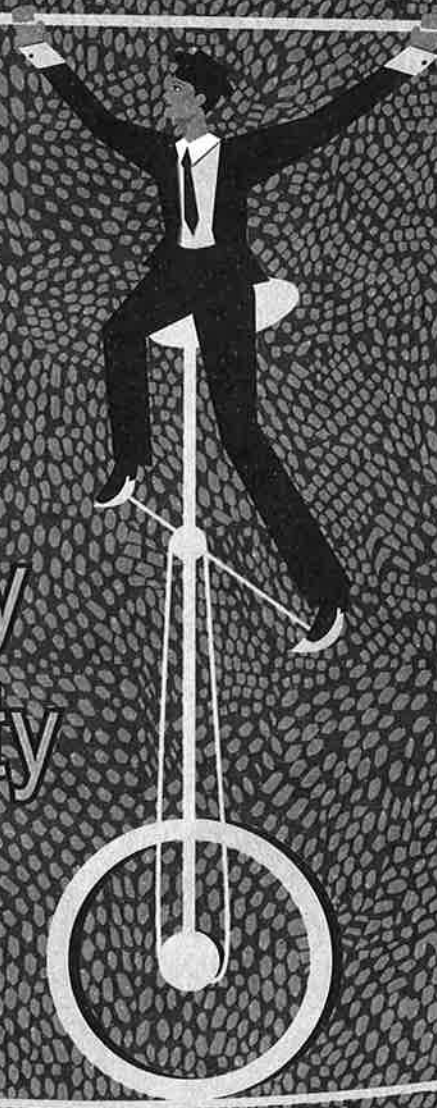


APRIL 2017

# INSIGHT

## Balancing Profitability and Productivity

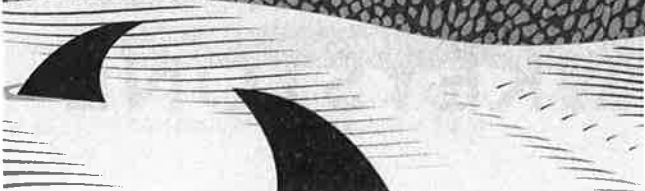


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# Perpetuating

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Illinois State University, along with five other colleges, was chosen to participate in a virtual agency management competition. The inaugural event was a collaborative effort by the National InVEST program and PriSim Business War Games.

Students from Appalachian State, Eastern Kentucky, Illinois State, Georgia State, Olivet College, and Florida State represented six virtual insurance agencies. Each agency team was tasked with making strategic decisions that were projected to positively impact their corporation and the bottom line. Although the agencies were simulated, the stakes were high; the three most successful agencies were awarded cash prizes ranging from \$500 - \$3000. The participating teams chose their own fate by selecting a combination of 22 criteria that would determine their agency's success.

Illinois State's team consisted of five undergraduate students from the college of business: Michael Cappel (Junior in Risk Management and Insurance and Finance), Alec Diab (Senior in Business Administration), Kyle Meihofner (Senior in Business Administration), Nick Mullinax (Junior in Risk Management and Insurance and Finance), and Jeff Nichols (Senior in Marketing). This four-week simulation required students to hold strategic meetings, analyze the market's environment and position their organization accordingly. Running an agency with little to no experience can be a daunting task; local Independent Insurance Agents Bill Lawrence of P/L/R Insurance and Jeremy Eden of Eden Insurance and Financial Services advised students through crucial decisions regarding the following topics: Carrier and Market Management, Customer Management, Source Management, Staffing and Sales Management and Financial Management.

Despite the tough competition, Illinois State's team ended up with great experience and a positive outlook on the industry. Mission accomplished!

The PriSim Business War Games /InVEST Program partnership gave students a preview of the independent agent channel. Illinois State University is located Bloomington-Normal which is well known for its public university and State Farm's headquarter. Although State Farm has effectively saturated the University and the surrounding communities, it is equally important to educate future insurance professionals about the independent agent channel and the endless opportunities within the industry.

The insurance industry is disproportionately impacted by the aging work force, leaving a myriad of vacant positions, the perfect opportunity for recent graduates. Per the US Bureau of Labor Statistics, the number of insurance professionals aged 55 years and older has increased 74% in the last ten years. Soon nearly half of the force will be retiring. It's imperative for the perpetuation of the industry to expose students to the entrepreneurial spirit that resonates through the independent agent channel in addition to the traditional captive agency route.

Special programming like the PriSim Agency Management Competition and the InVEST program are influential in the push to drive young talent to the industry. Our programs encourage students to be informed consumers, promote insurance literacy and attract new talent to the industry. If you are not currently involved, please contact us for more information. Your time, support and donations are an InVESTment into the future of the insurance industry.

*Kirsten Davis is the IIA of IL Communications Assistant and a Masters candidate at the University of Illinois, Springfield. She can be reached at [kdavis@iiaofil.org](mailto:kdavis@iiaofil.org), (217) 321-3023.*

# The Insurance Industry

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## QUAL

## LITY

By Kirsten Davis

"The information was overwhelming at first. In the simulation you don't know who your producers are to know their true value in the simulation. Productivity would have been an interesting factor to include in the simulation. The simulation increased my interest in the insurance industry, it opened my eyes."

"We intended to give some of our profit back by paying out some dividends, but were caught off guard by the system taking our geographic location into consideration."

"We couldn't hire service people we could hire producers, that would be an interesting aspect to throw in. If you wanted to have a lot of service people who are specialized verses having a few who are talented all around, it would have been interesting to see how that effected the bottom line."

Alec Diab

Nick Mullinax

Michael Cappel

Jeff Nichols

Kyle Meihofer

"I am a sales major I definitely learned there is a lot that goes into it with an agency, it's not just about lead generation. Which I thought was a big part of it. What we really focused on was retaining clients."

"I didn't know much about insurance, looking at all those numbers was a bit overwhelming, but it gave a good sense of how the business works. The underlying factors; all the numbers that we saw was surprising, how training and selecting a market effects the bottom line."

