

How To Become an Insurance Agent

TY PECK: Let's go ahead and get started. Welcome, everyone who is on. It looks like we just have one person so far. This is going to be our overview of a career with Farmers Insurance. We're going to start off just kind of introducing ourselves. My name is Ty Peck. I've been with Farmers Insurance for a little over five years now. I started off as a sales representative in a local agency in Ferndale, Washington. I spent a couple of years there and worked my way up to my current position as a business consultant with our district office.

So what I do is essentially, I go around and help all of our agents within our district. We have 35 offices, so ranging from one year of experience to 40 years, where I'm helping them on a regular basis grow their businesses, develop marketing and sales strategies, and just helping them run the day to day of their businesses. So a little about me on the personal side, I've been married for six years. I have two beautiful daughters that are four years old and 20 months old.

BRITTANY SORLEY: So my name's Brittany Sorley. I've been with Farmers for about a year and a half now as the recruiting manager in western Washington. My previous experience is in different types of management. I started off in a restaurant and worked my way up to management there, as well as personal assisting. I like to focus my interviews around really just helping someone pursue their career goals and how can I incorporate Farmers into that to make their ultimately career dream and be successful.

Personally, I'm a military spouse. So I'm actually from Ohio and have made my way over to beautiful Washington. I have a two-year-old daughter, as well as two dogs and a cat that we like to take on hikes and really enjoy the weather out here. So basically, our presentation overview today-- we're going to talk about Farmers's history, take a dive into the products that Farmers Insurance offers. We're also going to look into just the insurance industry-- so a captive carrier versus independent carrier, and what do those really look like, and how Farmers fits in there.

Next, we're going to take a look at the careers within the insurance industry-- so different customer service or management roles and what those are. Next, we're going to look into how to become an insurance agent, specifically, obviously, with Farmers Insurance, and all the steps needed to really pursue that career path. Most importantly, we're going to look at how insurance agents make money and why is this a successful career for people. And then lastly, we're going to take a look at why Farmers specifically and what we have to offer you.

TY PECK: Thanks, Brittany. Next-- all right, there we go. So Farmers' history, we wanted to give some background on Farmers Insurance, where we've come from, the journey up until this point in 2019. So Farmers was founded in 1928 by John C. Tyler and Thomas E. Leavey. They both grew up on farms, and so they understood kind of the grind of being a farmer. But they also understood the type of low risk customer that a farmer is. That they're going to handle most of the maintenance issues for their vehicles on their own, and they're not going to file any claims. It's a profitable clientele to be targeting.

So, they opened their first office in downtown Los Angeles. And as you know from history, one year after founding, at the time, it was called Farmers Automobile Inter-Insurance Exchange. Pretty long name-- I'm glad we changed that. That's a mouthful. One year after founding, the Great Depression hit the country. And if you think about being a brand new company trying to get going, trying to grow, and then having something like that happen, it's going to be a struggle, right?

So, kind of our claim to fame is we continued to grow through the Great Depression. And most importantly, anyone who filed claims would pay in cash. We didn't pay in IOUs, like a lot of companies were doing at the time. We wanted to make sure our clients were being taken care of. And obviously, over the years, we've grown to be one of the biggest insurance companies in the country. We have a lot of information about why Farmers and more specifics about us, but been around for a little over 90 years now. We just celebrated our 90th anniversary last year.

Some products that we offer today-- so really looking at the bread and butter of the insurance industry on the property and casualty side is your auto and your homeowner's insurance. So that's going to be the bulk of our business. But Farmers Insurance is also well known for handling small business insurance. We've been one of the top, as far as client satisfaction goes, over the past few years with small business insurance. Think about your local restaurant-- maybe an apartment complex or condo association and the little auto service repair shop-- those are the types of things that we like to target and that we're really good at.

So, another thing about Farmers-- we really take care of our clients, not only on getting them the right coverage for what they need, but also on the claims side. So if you're filing a claim, you're going to have a great experience with our claims adjusters. They're going to walk you through it. They're going to hopefully find ways to give you coverage in maybe some gray areas that typically other companies are going to be trying to find some wiggle room out of a claim. So, we try to make sure we take care of people.

We also own a couple companies-- [? Bristol West ?] and [? Foremost ?] Insurance to handle some of our toys, like motorcycles and boats, motor homes. And then also on the non-standard auto insurance side, some people do maybe have some activity on their records with DUIs or lots of accidents and tickets. We do have a market for pretty much anyone who's coming in our door shopping their insurance. And then of course, the life insurance side-- pretty standard there with some term life and some permanent life insurance, but universal and whole life, and then financial services plans as well. It's not required to be an insurance agent with Farmers, but it is a nice benefit to add to your business.

A look into the insurance industry-- just kind of a quick overview of what's out there. You think of your captive agencies and then your independent agencies. So, Farmers Insurance, State Farm, Allstate, American Family-- those are all considered the captive carriers, where you got a nationally recognized brand. You got the commercials. With State Farm, you see Aaron Rodgers doing commercials. Farmers-- obviously, we have JK Simmons-- great actor-- doing the commercials. You hear the jingle.

The marketing is all done at a corporate level. So if you're a Farmers agent, what's nice is you get the logo. You get the brand right on your front door. People are walking into your office because they see the commercials. And they know a little bit about Farmers. We do have a smaller playbook, being a captive carrier. You only sell one company's products, and we'll also actually touch on that later and talk about why Farmers has an advantage over other captive carriers. But if I'm a State Farm manager or an Allstate agent, and something walks in that doesn't quite fit our appetites, I'm going to have to turn that person away.

On the independent side, you're kind of building your own brand. So if I wanted to go out and be a Ty Peck Insurance Agency or Ty Peck brokerage, I'm going to have to build my own logo, build my own local brand. I'm going to have to connect with all the local centers of influence and really try to gain some traction around my agency. But I have a larger playbook, so I can sell for multiple carriers. So you can see down below, we got Liberty Mutual, Progressive, Travelers, [? Mutual of Enumclaw, Oregon Mutal ?]. There's a bunch of carriers that you get appointed with to really be able to go after it. If someone walks in the door, you're going to be able to walk out with five or six different quotes for their auto insurance or homeowner's insurance and really find the best deal for them.

On the captive side, again, you're only given production goals by one company. So Farmers would say, here's your goals for the year. Hit these, and you're going to get a bonus. On the independent side, your production goals are set by multiple companies, just to keep those relationships alive. So if I want to have a Liberty Mutual appointment, I got to be willing to put up a million dollars in premium money a year. And if I don't hit that target, they're going to pull that appointment away from me. So there's a little bit of a grind on that side of it because you're trying to please multiple relationships there, multiple companies.

The other advantage to being captive-- you get all the local support from the district office. Especially with Farmers, we provide a ton of training classes. We even have the University Farmers, which we'll touch on later. But in our specific operation, you get me coming out to your office a couple times a month to meet with you and meet with your staff. On the independent side, you're going alone. Unless you have a business partner who knows the insurance industry, it's learn as you go, pretty much, so kind of a quick difference there.

I wanted to touch on some typical careers within the insurance industry as well. So I know some people watching this webinar may be thinking about some other types of careers within the insurance industry. So we didn't want to leave anything out. We're going to focus more on the agent side of it today. But thinking about claims adjuster-- so you have a car accident, a house burns down, or something- [? A claims adjuster ?]. The person's coming out and assisting you in that process of hiring contractors or taking your car to the auto shop to get it fixed and then negotiating with another insurance company or with the shops what their contractors' on, right? So they get your stuff taken care of.

An actuary-- so for those math nerds out there that love numbers-- I'm not one of those, but those are the people that analyze statistics. And they look at how to set different rates for auto

insurance, home insurance, all the products that we offer. They're the ones who kind of play with the numbers and raise or lower premiums for different products.

An underwriter is someone that I would go to if I have a risk that I'm trying to sell insurance to, like a homeowner's policy, or let's say, a restaurant policy, for example. I'm going to call my underwriter, Brian. I'm going to say, hey, Brian, I've got a restaurant here. I've got some pictures of the kitchen. Here's the fire extinguisher. Here's what the outside looks like. Here's a picture of the roof. We're going to look at all the different factors there to set the right price for it and set the right coverage for it. If you're someone who likes to analyze risks-- maybe some sort of certified risk manager of some sort-- that could be a fun opportunity.

The corporate support side-- that's going to be sales manager-- people who like to manage and like to kind of oversee operations. That's our territory office down in Bellevue and down in Portland that kind of oversee what we do here-- just a lot of management, really. There's a ton of different opportunities at that level. It's just going to take mostly management experience and that type of degree to get in there.

Trainer consultants-- that's me. I don't know. With me, I guess it was just I had the experience as a salesperson. I was able to be pretty successful in it. Typically, our district managers-- when they're trying to hire someone for my position, they want someone with a background in selling insurance before they go into it. So they can speak a little bit more intelligently about it. And then of course, recruiter-- that's what Brittany does. Do you want to talk about what you do on a daily basis for a second?

BRITTANY SORLEY: Yeah, so, as well as recruiting new agents and where we-- new office or a presence in an area, I do that, so the higher level agent recruiting. I also do staff recruiting. So my day can look like talking to high capitalized candidates to customer service representative position, so that our current agents who want to add to their team can focus on their sales and their business. And they don't have to [? skip a beat ?] with trying to find the right person. So I can go through hundreds of resumes, 20 something interviews, and then give them two or three people that would really fit well.

TY PECK: Yeah, so it's a very important position. Being a small business owner, it's obviously an awesome support to have someone doing all the recruiting for you, so you don't have to sift through resumes all day, looking for that next hire. But next on the list, there are customer service and sales producers. Those are going to be the employees within our agencies. That's where I got my start. It's going to be more entry level, especially if you don't have any experience. Pretty straightforward. You're helping your customers with policy changes. Or as a sales producer, you're going out marketing, networking, and making some sales.

Last but not least, our marketers-- they're extremely important. It's typically a part time position. That's going to be some time spent on their phones, reaching out to local business owners, homeowners, trying to get some quotes going for our agents looking to grow their business. This is a key position because some of our most successful agents in the company

have started off as part time telemarketers. They really learn how to grind and go hunt for business in that type of position. And they're able to carry that culture with them throughout their career with their staff.

So how to become a Farmers Insurance agent? That's kind of the big question, right? I guess, just to start off, a little bit of background on what's historically not just Farmers Insurance has done, but most of our competitors out there. Traditionally, you bring someone in typically with no experience. Help them obtain their property, casualty, life, and disability licenses. So they get licensed. They just start grinding. They get a phone book and a phone-- start cold calling. They're going door knocking.

Think about way back in the day when people were going out with the briefcases, trying to sell you something or sell you a vacuum. That's what this used to be. There's been some highly successful agents that have come out of this. But the majority probably failed to maintain a long term career, especially as the world is changing with less door knocking and less cold calling. Especially with do not call regulations, it's become less of a success-- successful opportunities there.

Starting the business from scratch-- I mean, obviously, you're looking at zero dollar income day one. You get out what you put into it. And we'll talk about income a little bit later. But for a lot of people, that's intimidating to be able to come and say, I'm not making any money until I start making sales. And who knows when that's going to be? [? In able to ?] succeed you have to be really confident in yourself to make that happen.

Moving on down below to retail acquisition, those are a couple of our main opportunities now. Retail is basically our enhanced traditional opportunities. So you're starting from scratch, but we really try to give a lot of time ahead of time before starting of training. We're really flexible with the training. We want to make sure we're working with your timeline, about 3 to 12 months typically there, working with us at the district office or even remotely. We can do that, as well. We can be creative with it.

You have the ability to earn up to a \$30,000 bonus on opening your agency. During that 3 to 12 months, you can be making some sales. And we would set some goals for you, just to get your feet with the insurance industry and get to know Farmers. And once you open your doors, month five is when we'll be paying out that \$30,000 bonus.

So the other thing is, like I mentioned before, having a \$0 income, that sounds like a really tough road. So we really built a monthly bonus structure designed to build a sustainable revenue stream. So, basically, your first year you're able to basically earn a 300% bonus of any commissions you may be earning.

And we're going to touch on income in a few slides here. So you get a better idea of what that looks like. But it's definitely a much better option than traditionally without that cash flow. And trying to build your income that way was definitely a hard task to do.

Next, we have acquisition. This would be-- let's say someone's retiring. And we actually have an agent. He's in his early 70s, ready to retire and sell his book of business. And you can sit down and negotiate with him and say, what's a purchase price here. I want to purchase commission rights from you.

So that's definitely an awesome opportunity to become a Farmers Insurance agent. You own your business. You're an independent contractor. You own the commission rights.

So, when you go to retire, you can sell that to whoever you want. They're always going to have to go through some background checks, some client stuff, some training with us. But, at the end of the day, you know you get to sell your book of business. You have an asset at the end of your life there, that you can use for retirement.

So some pros are there. You're buying a well-known established location. You have someone. Maybe he's been in business, she's been in business, for 30 plus years. You have people who already know where the Farmers Insurance offices are in the local community.

You have an instant revenue stream. They've already built a book of business or clients. So you have people that you know you're getting paid commissions off of.

You, typically, will walk in with employees who know the business. And they know the clients. So you'll have more of a warm handoff there. You'll, typically, walk in to all the office furniture and electronics you need to run the business.

The only downside is you're going to start off your career with debt. But it's a lot of opportunities that make sense. A lot of times, it pays for itself. It can be an awesome opportunity there.

So you see the little star at the bottom says, capital requirement of \$50,000 to \$70,000 to start, based on location. Right off the bat, that might disqualify a lot of people, especially coming out of school with student loans. Maybe you weren't working. Maybe you were working off of scholarships or something.

But looking at capital requirement can be intimidating. It's not like a franchise fee or anything. It's just basically saying, you're ready to invest into a business to help it grow. And we know not everyone is in that position.

And so we've developed another opportunity called our Protégé program. This is another entry point where you can really just come to us and say, hey, I don't have the capital required to start a business today. But insurance is something I want to do long-term. Or, maybe, it's something I want to figure out for myself, if that's what I want to do.

So we'll set 12-month sales targets with you. That would mean we'll waive that capital requirement. We can say, you could come in to be an agency owner day one with zero capital. I don't typically recommend trying to start a business with zero money in the bank.

But you can get a line of credit. You can look into some business loans to help it work that way. But it is an awesome opportunity to get your feet wet in the insurance industry, get to know Farmers Insurance, really start building up your marketing system, your marketing plans. So you kind of go into it with some momentum.

During this process, you're assigned a successful mentor agent. So we're pretty picky on who we're selecting to be mentor agents. We want to make sure they're successful. We want to make sure that their agencies are growing year over year and that they can be someone who teaches you good things about the business. And what's awesome is that you get to sit side-by-side with them, while they work with their clients, while they're working with their employees, to get a better sense of how they manage their business day to day.

You're given extensive insurance sales marketing and business management training from us, as well. Again, it gives you the ability to test the waters. If you're a little bit unsure if insurance is right for you, this is a great way to come in and get paid entry-level wage, plus commissions and bonuses and really figure out for yourself-- is this what I want to do with my career?

Last, but not least, is our Seed opportunity. I will just start off by saying this is an uncommon opportunity. But it does happen. So, if and when an agent is terminated, typically due to illegal business practices or sudden death, that agency is all of a sudden vacant and available. These agencies are only given to our Protégé graduates.

So, if you've hit that 12-month sales target and we have an agent who just got fired maybe for fraud or something-- that's not the best situation-- but that business is actually given to you for free. So there's no business loan. You're not walking in with debt. You get that instant revenue stream.

I'd say the hard thing about that is you're getting your arms around the clients. You're saying, hey, I'm not a dishonest person. I'm not going to be doing fraudulent things. I'm really trying to make the customers believe in Farmers again. So it can be a tough road. But it's an awesome opportunity to be given the business for free. Again, those are only coming out of the Protégé opportunity there.

So, I guess, the big question is, how do insurance agents make money. So that's probably the big question you're all thinking to yourself. If I'm going to do this, does it make sense for me or my family to make my mortgage payments, to pay the bills?

Being an insurance agent means you're commission only. Now, that might sound intimidating. But you get out what you put into it. So, if you're the type of person who is confident in yourself, you're a grinder, you like to go out and hit the pavement and make local connections,

talk to the right people, and you're a salesperson, this would be good for you. Now, you don't have to [? go and choose a ?] used car salesmen. We like to be a little bit more professional, be more of consultants. But, really, at the end of the day, there's unlimited income potential.

So we have an example here just illustrating very basic numbers on residual income. So, if you're thinking about typically in a sales job,-- let's say you're selling cars-- you get a one-time commission when you make that sale. Right? With insurance, it's not like that. You make a commission every time that policy renews.

So our example shows January 2019. If I sold \$1,000 in auto insurance commissions, in six months, those policies are going to renew. I will retain that \$1,000 in commissions.

And let's say I sell another \$1,000. So my income for June was \$2,000. Then I roll into the next one, that \$2,000 is now renewing six months later. And I've generated another \$1,000 in new business revenue.

So we have some acronyms here, new business, renewal, I'm just trying to save some room on this slide here.

But you see, over time, how that residual income grows. So, even just after three years, you can be sitting at \$8,000 in the month of June in 2022. Again, these are simple numbers.

And I will say in the perfect world, it would be great if you can retain 100% of your customers. You're not going to. People move. People die. People sell their cars. People will cancel policies and go to a competitor. It's just part of it. But I would say, on average, you can retain 85% to 90% of those clients.

So really think about the residual income that comes with that. And we're not just selling auto insurance here. We've got homeowner's insurance. We have business insurance, life insurance, boat insurance. So, really, you're looking at multiple lines of business that you can target on a daily basis to grow your income much quicker.

And, of course, there's other bonuses and promotion opportunities. We're currently doing a promotion right now for agents, who are selling life insurance. We're going to send them on a trip to Mexico and have a little bit of fun out there for a week, while we're back here running their business for them. It's going to be a pretty fun opportunity. But there's a lot of cool bonus and promotion opportunities there, as well.

So, I guess, why Farmers? If you're really thinking about, OK, if I have all those competitors out there,-- we've got State Farms, All States. You got the brokerage side on the independent. Why Farmers? Why should you go to Farmers?

Here's some just stats here. Industry Leader, we're one of the country's largest insurers of vehicles, homes, and small businesses with approximately \$20 billion in annual written

premium. We have about 13,000 exclusive agents across the country. We serve over 10 million households and got about 19 million policies.

And, like I mentioned before, we offer a leading portfolio of multi-line products and services. We really go in there and offer someone auto, home insurance, umbrella insurance, boat insurance, life insurance, and financial services. At the end of the day, you could be selling 10 or 12 policies for one household and having a lifelong client right there.

Again, we're an award winning claims department available 24 hours a day, seven days a week, one of the best of the best out there. There's not very many companies that are ahead of us in that category. We love taking care of our clients. It's a huge thing for us.

And I mentioned University of Farmers earlier. This is an awesome opportunity, as well, to get trained at our university. It's been rated one of the top training facilities in the corporate world.

We love to really make sure we're over-preparing people for this opportunity. We want to make sure you're completely comfortable. You know the products. You know how to run a business before you're even jumping in with two feet to the deep end.

At a local level here with our district office, we offer even more support. And, like I said, we have Brittany who is calling resumes, helping you hire customer service representatives and sales representatives. You have me come out and bug you a couple times a month at your office to talk about some marketing and sales strategies to grow your business. We're going to look at your profit and loss. We're going to really make sure that your business is running efficiently.

You have our trainee manager, Shannon. She's been with Farmer's about 25 years now. And she's an expert on all things product. If you ever have a question, if you ever have something go funky on the system, call her. And she's going to fix it for you. She's going to answer any questions that you may have.

And last, but not least, is Carl Davis, our district manager. He, basically, is the big picture guy. He's going to come in and visit with you on a regular basis, as well. And he'll really give you that motivation to keep going and really give you some top level information and just keep you ahead of the curve there.

I guess, that's about it. We'll open it up for questions now. It looks like we still just have the one person here for love. The question is, if you do the Protégé program and decide you don't want to continue, do you have to pay anything back?

No, you do not. Great question. No, it's a job. It's a full time job.

Like I said, since you're in Virginia, I'm not sure-- we are in Washington. So unfortunately, unless you're in Washington, we wouldn't be able to hire you. But I'm sure there's a Farmers district

office out there somewhere. And they do these very similar programs out there. So you do not pay anything back. It's just a full-time job, making sales.

So let me just read these questions again for the recording. Is there a draw in commissions, like stipends? Or getting it all out all at once? For example, a wage given, does that go against future commissions?

So the way that it works in our district with the Protégé program is, you're given a base of \$2,000 a month. That works in our area. And we're in a more rural market, outside the metropolitan markets. But-- \$2,000 a month. And you're given a large portion of the commissions when you sell something. But it does not go against your wage.

So, typically, if I worked like a car dealership for example, I'm either given my commissions or my base pay, whichever is greater. That's not the case with this. And we know it's not a great option for people. We like to have you increasing your income through sales. We like to motivate you in that way.

So that \$2,000 base pay in our district is a guaranteed amount and, then, the commissions and bonuses on top of that, as well.

BRITTANY SORLEY: And we'll say that all the commissions are uncapped too. Whether it's the Protégé opportunity or an agent, there is no cap on commissions or production maximums at all.

TY PECK: Yeah, you can go and have a killer month. And we're not going to stop paying.

Perfect. No more questions? Well, I think that is everything. Thank you for stopping by. Thank you for attending. And thank you for watching.