



Growing Your Business with Financial Services



Solutions for Your Clients
Answers for Your Business

How to adapt and thrive in a new environment

“Agents may also need to search for new revenue sources, extending beyond P&C products to areas such as life insurance, financial services, group benefits, health insurance, notary services and tax advice.”

McKinsey & Company¹

According to McKinsey & Company, the traditional role of local property-casualty (P&C) insurance firms is being challenged by a “gradual shift” in customers’ perceptions and habits. Once-valuable services, such as risk selection and pricing, are now being taken over by risk prediction model and once-profitable P&C lines, such as auto insurance, are “fast becoming commoditized.”

Fortunately, McKinsey and other industry experts have mapped a path to ensure the survival and success of these firms. It is based on expanding their service offerings to include the other types of insurance protection that their existing and prospective clients want and need. In other words, strategically-minded P&C firms are re-positioning themselves to be their clients’ **holistic risk managers**.

By having all important risk protection needs met with one-stop service from a trusted source, clients’ relationships grow stronger and become less vulnerable to competitive pressures.

The path forward is clearly marked...and you don’t have to go it alone.

¹ Agents of the Future: The Evolution of Property and Casualty Insurance Distribution:
<http://www.insurancejournal.com/news/national/2013/06/19/296084.htm>

Are you ready to re-invent your business model... in the right way for your firm and market?

Professional Advisors Alliance (PAA) can help you evaluate all viable options for addressing today's "tremendous change" – in the words of McKinsey.

For many P&C firms, an attractive option is to expand client services and deliver holistic risk management. For each client relationship, you can coordinate multi-line protection including auto, homeowner's, commercial, umbrella, life, disability income and long-term care insurance. A holistic risk management model provides the **advice and guidance** today's households need to rise above financial clutter and confusion. It gives clients the **comprehensive view** they need to make sure all planning components are working together, supported by a strong insurance foundation.

The model also helps to expand your business because:

- Each client relationship generates more revenue
- Each client becomes more valuable and profitable
- Client retention rates increase
- Referrals increase and new business volume expands
- The value of your business increases enhancing your options for succession planning.

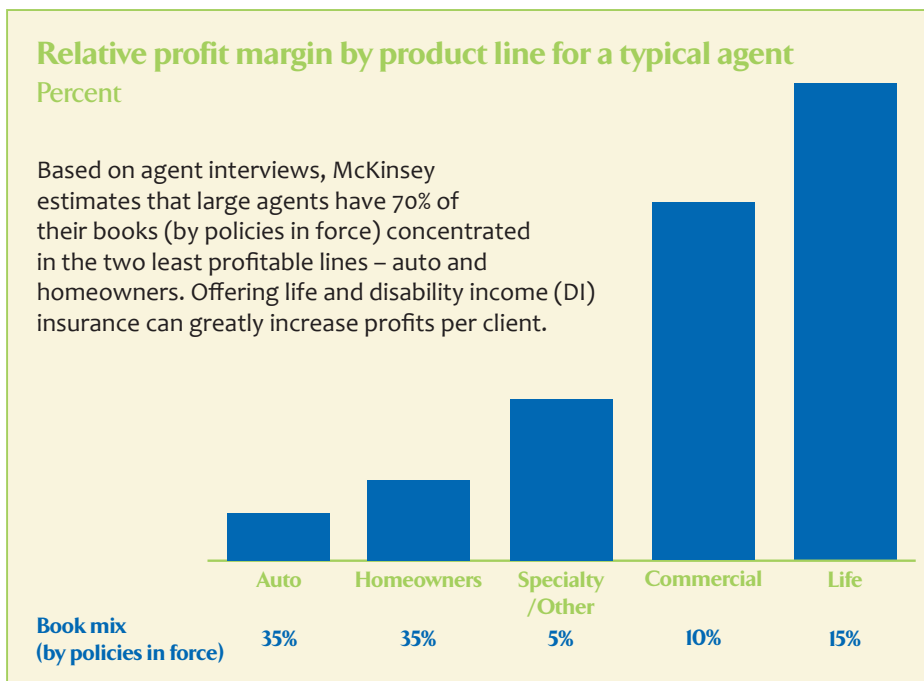
PAA can help you evaluate a variety of strategic options for growth and change, while respecting the core competencies and key values that have made your firm successful.

A Closer Look at Holistic Risk Management

Why is holistic risk management an attractive model for P&C firms?

The trends that are impacting your business hold the answer:

1. As more consumers “go direct” to carriers, once-profitable lines such as auto are becoming commodities.
2. Consumers are searching for what McKinsey calls “more tailored and deep expertise from their insurance advisors.”
3. By spreading multi-line services across each client relationship, P&C agents avoid concentrating their business in low-profit margin lines such as auto and homeowners.



Source: Agents of the Future: The Evolution of Property and Casualty Insurance Distribution:
<http://www.insurancejournal.com/news/national/2013/06/19/296084.htm>

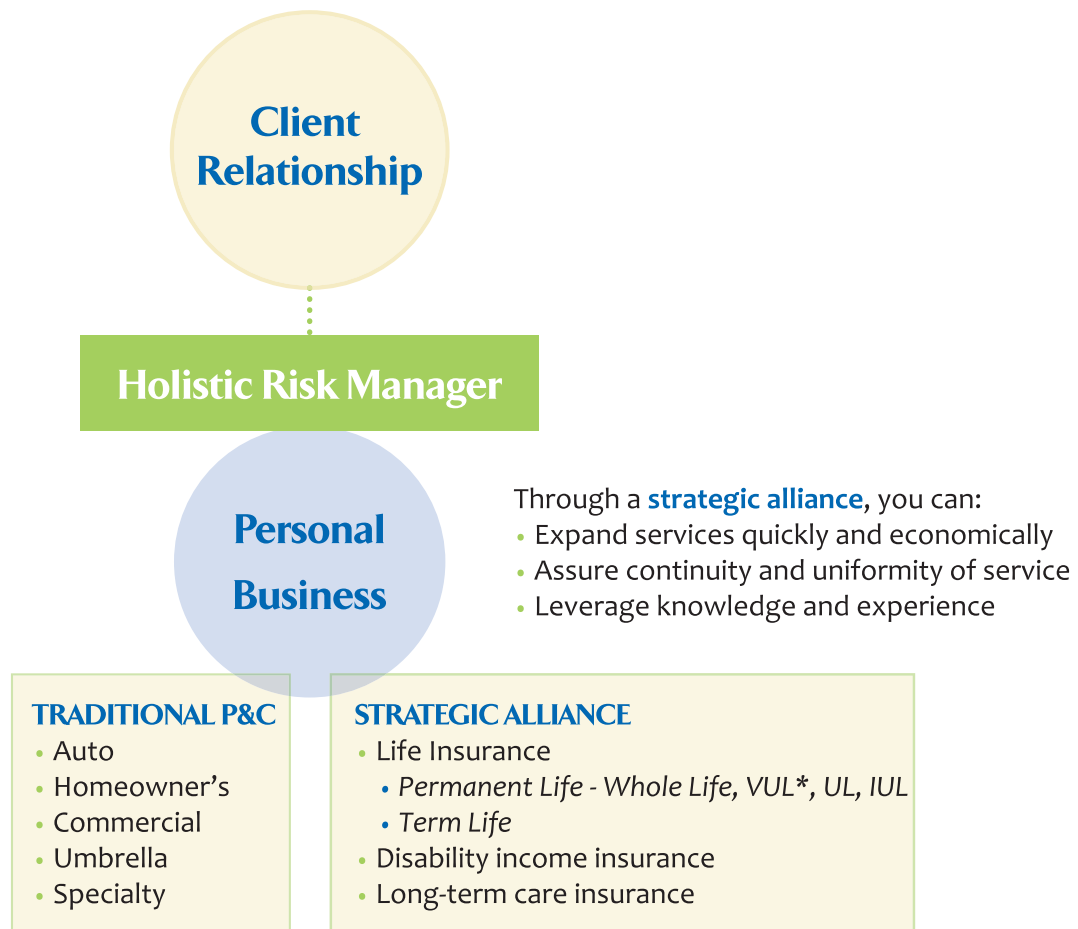
A broader array of financial services helps to smooth revenue volatility and soft-pricing cycles in P&C lines. With more predictable earnings, the value of your firm can increase.

Help Clients Recognize and Manage All Risks

The holistic risk advisor is uniquely able to:

- **Understand** each clients' overall risks and vulnerabilities
- **Develop** an appropriate personal and business insurance budget
- **Manage** all of the clients insurance-related records, documents and claims
- **Monitor** each client's insurance coverage and costs, through periodic reviews

The business model shown below has been effective in helping P&C agents expand holistic risk management services.



*FINRA license(s) and securities registration with a FINRA member Broker/Dealer are required to offer variable insurance products.

Where Are Your Clients Vulnerable?

Your clients rely on you to protect them from a variety of risks related to their personal and financial well being. Offering them other types of coverage, including life and disability income insurance, can be a natural extension of your role as your clients risk manager.

Consider These Statistics:

56% of U.S. households do not have individual life insurance

50% of households surveyed feel they need more life insurance

The Trends in Life Insurance Ownership, facts from LIMRA, August 2010.

Offering periodic personal coverage reviews (PCRs) can help your clients maintain the life insurance protection they need to meet their families' changing needs. PCRs help demonstrate your commitment to each family's protection and financial well-being, and also can educate them on the central role insurance plays in a financial plan.

Expanding Your Services to Business Owners

When you expand into financial services, your relationships with business owners clients will grow stronger. Because business owners are usually focused on the daily demands of running their companies, they can often overlook critical areas of planning, including:

Retirement Planning: *Can they afford to retire when they are ready?*

Key Employee Planning: *Who will keep things running smoothly after they leave?*

Succession Planning: *What is their exit strategy?*

Estate Planning: *How do they wish to arrange their affairs, and what will they leave behind?*

By working with a financial professional through a source they trust, owners can build solid strategies to protect their families and businesses from costly mistakes. In fact, comprehensive business planning can make the difference between just surviving in a business and achieving true success.

Helping clients address their full spectrum of protection needs builds stronger client relationships. Take the steps now to help ensure you are their primary source for advice and guidance.

Solutions for Your Clients

By expanding into financial services, your firm will present a more compelling value proposition to existing and prospective clients. Here are important ways your clients will benefit.

Holistic Risk Management

By expanding your services, you can help clients address a broader spectrum of needs and protect against key risks.

One-Stop Shopping

Your clients will benefit from the convenience of having important financial needs addressed through one source, saving them time and money.

More Planning and Advice

McKinsey & Company has documented increased demand for “more tailored and deep” planning and advice-based services. A strategic alliance will increase clients’ access to professional expertise, integrity and independence.

Build Confidence

Through periodic reviews and frequent client communications, you can help clients anticipate key events such as policy renewals and life insurance conversion options. The more “touch points” you have with clients, the more confident they will feel about your advice and guidance.

Today more than ever, people are focused on working with a financial professional they can trust. In uncertain times, when people are evaluating their budget and needs, it is critical that they recognize the importance of their life insurance and have sufficient information on coverage specifics as well as the financial stability of their insurance provider.

PAA helps position you as the trusted source for all your clients protection needs.

Answers for Your Business

Professional Advisors Alliance (PAA) can customize a plan to meet your firm's specific needs and goals in a number of critical areas.

Increase And Stabilize Revenues

Expanding financial services enhances firm profitability, at predictable costs. By increasing service diversity, you can help smooth year-to-year fluctuations in P&C line volume and pricing.

Enhance Client Retention

Studies have shown that the more services ties you have with a client, the stronger that relationship will be. As a holistic risk manager, you will have a unique role in coordinating and reviewing each part of a client's protection program. Consistent coverage reviews increase client loyalty and create irreplaceable relationships.

Defend Your Practice

When you meet all of clients' insurance needs, they have no reason to look elsewhere. As a result, competitors will have less opportunity to expand their relationships with your clients.

Attract New Clients

When you offer clients more comprehensive service, your value proposition will be more compelling to top prospects in your market. Stronger client relationships will increase referrals, and PAA's extensive marketing resources will help you cross-sell and prospect more effectively.

Increase Your Firm's Value

What builds a P&C firm's value? The answers are: 1) the consistency of gross and net revenues; 2) multiple revenue sources per client; 3) client loyalty, as measured by retention and persistency; and 4) fee-based income from planning services or assets under management. PAA can help you maximize each value driver.

Build Succession Planning Confidence

Whether you are planning for an external sale or an internal succession process, increasing the value of your firm is critical for expanding your options. By helping you grow revenue and enhance client retention, PAA can increase your confidence about the future.

The Time is Now

Despite growing pressures on traditional business models, you should believe in the potential to strengthen your business. And, you can take the next step to realize that potential – starting right now.

There is no cost or obligation for your firm to participate in the PAA assessment, which concludes with a written proposal. After your firm has agreed on a business model and terms, PAA provides further assistance to get your new financial services unit get up-and-running.

Our objective is to help you implement:

The **RIGHT** business model for your firm's needs.

An **EFFECTIVE** financial services delivery system that meets your standards.

A **PROFITABLE** business entity, capable of generating consistent revenues and bottom-line results in line with your expectations.

Professional Advisors Alliance can help you offer your clients the solutions they need while positioning your firm for the future.

Get started today.

The challenges faced by P&C firms are accelerating.

It's time to move your firm in a new direction to build long-term value.

PAA can help you make smart choices and put a plan in motion.

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Growing Your Business with Financial Services



Professional Advisors Alliance

About Our Program

Professional Advisors Alliance (PAA) helps P&C firms and other professionals evaluate the best way to increase their value to clients through financial services. Our focus is on growing the value of your business through better client retention, organic growth and additional revenue streams.

PAA is supported by Penn Mutual Life Insurance Company. Since 1847, Penn Mutual has been driven by our noble purpose - to create world of possibilities, one individual, one family and one small business at a time.

Visit us at ProfessionalAdvisorsAlliance.com.