

## Milestone Risk Management & Insurance Services



# The Milestone Manifesto

**“AT MILESTONE, OUR CLIENTS’ SENSE OF WELL-BEING IS OUR HIGHEST MISSION.**

**WE PROMISE TO PROVIDE A MILESTONE EXPERIENCE, WHERE PERSONAL INVOLVEMENT IS THE KEY COMPONENT IN EVERY INTERACTION.**

**AS TRUSTED ADVISORS, WE INCREASE ORGANIZATIONAL EFFECTIVENESS THROUGH MENTORSHIP, EDUCATION AND LEADERSHIP TRAINING.”**

*We* believe a paradigm shift is occurring in our industry affecting how business owners purchase insurance and related risk management services. We believe this paradigm shift is inevitable, irreversible and long overdue.

We also believe an exciting opportunity exists between Milestone, business owners and carriers to create a business relationship that is congruent in values, intentions and purpose. We refer to this business relationship as the *Enterprise Business Model*.

**THE PRESENT PARADIGM IS OBSOLETE.** The present business model is one in which insurance carriers view the agency as *their* client with themselves simply as providers of insurance. The agency houses brokers whose sole focus is the placement of insurance for *their* clients. The brokers are possessive and take great measures to isolate both agency and carrier from too intimate a relationship with *their* client. To protect *their* client, the delivery of value-added services is minimized thus assuring the relationship with the client is tied to them and not the agency or carrier.

Commissions most often motivate the brokers, who take upwards of 50% of the total agency revenues. The agency must then cover the balance of administrative expenses and produce a profit

on the residual 50% of revenue. This assures that value-added services are indeed impossible to deliver.

Additionally, since brokers are solely focused on the production of new business, little time and/or care is given to truly understand the exposures of the client and most accounts are marketed with a minimal explanation of the true operations. Carriers are often only given applications (often incomplete) and loss runs by which to make an underwriting and pricing decision. Quotes are presented at the last minute to clients, who find themselves vulnerable and without choices.

Because of this flawed and dysfunctional business model, there exists an unspoken but institutionalized distrust between carrier and agency, agency and broker and broker and client. The agency owners fear carriers discovering just how vulnerable they are and how little control they have over their brokers so they hold carriers at a distance. The brokers imagine strength in holding their clients and related revenue hostage over agency owners, demanding a disproportionate amount of commission and ownership. Clients distrust the “bidding process” but have no real solutions to improve their plight in this dysfunctional and abusive relationship.



**Clients** lose because brokers do not take the time to appropriately showcase their account to insurance carriers because they are busy chasing new leads. When an underwriter is not fully informed, they quote high. The only saving grace is “bidding” one carrier against another, which eventually results in resentment on the part of the underwriters.

**Carriers** lose because brokers often move business to the highest commission-paying carrier. This is frustrating for the insurance carriers who then must make up lost business with marginal accounts resulting in high loss ratios that ultimately increase the overall cost of insurance for all policyholders.

**Agencies** lose because they are burdened with the chaos that results from constant churning of business for the sole benefit of the broker. Staff members are overworked, underpaid and stressed. Since there is no discernment in the quality of accounts forced on the carriers, loss ratios are high, accounts receivable are out of control and their reputations with carriers are tarnished.

Sadly, the current paradigm is a fear-driven, greed-driven chaotic business model in which everyone loses.

### **The new paradigm is *exciting*.**

It is one in which carrier, agency and client join in a business relationship that creates a win-win-win for all parties.

*Milestone has eliminated the traditional broker role in this business model. In place of the traditional broker, a **Risk Management Service***

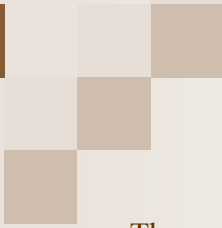
*Team has been created consisting of a risk management professional, a claims advocate, an OSHA compliance trainer (bi-lingual) and an account manager. With these salaried employees in place, a dynamic matrix of professionals are working in concert with all parties to achieve mutual goals and mutual profitability.*

*When risk management professionals showcase clients to carriers with a complete Risk Management Report that fully explains the client's operation, underwriters have a better understanding of the inherent exposures of the client thus resulting in a more competitive quotation.*

*Milestone's lead generation and lead conversion process focuses on selecting only leadership-driven clients and we conscientiously walk away from poorly managed businesses, thus protecting our integrity with our carriers. Our stellar loss ratios have earned the respect of our carriers and give us an edge over agencies that are simply “quoting mills” with high loss ratios.*

Since the commissioned broker is removed from the distribution channel and is replaced with salaried risk managers whose goal is to deliver results based upon predetermined goals, we are now able to *design, manage and innovate* the service processes of the Enterprise Business Model. What does matter is producing results.

***Producing win-win-win results is our sole purpose.***



## The Next Level in Client Intimacy:



There are additional ways which Milestone expands and enhances our relationship with our clients; most residing with products and services other than commercial insurance. Milestone takes seriously our Company Promise:

### **Protecting The Promises You Make**

We do not believe our job is finished until *every* aspect of our client's business and personal exposures have been addressed from a risk management perspective. Our goal is to provide all employee benefits and to address and manage any benefit compliance issues. Retirement, pension and estate planning needs for owners, managers and employees are evaluated. We conduct a personal lines audit for all business owners and their managers as often these policies are not structured properly leaving the business owner vulnerable to serious financial loss.

Once implemented, the relationship that is created between all parties is thoroughly understood, business intimate and provides the greatest benefits for all.

**Result-driven rewards for all with a financial architecture that is not entirely different from the present model, only intelligently re-configured.**

### **All Parties Win:**

**THE CLIENT** who is in alignment with this business model will enjoy the lowest possible rates during both soft and hard markets. Additionally, efficiency and productivity will be enjoyed as never before possible.

**CARRIERS** will develop large blocks of business intimately tied to them, which lowers their acquisition and service costs. Critical mass brings tremendous financial benefits and economies of scale.

**MILESTONE** will grow with aligned, leadership-driven clients based upon a business model that earns respect from clients and carriers alike. It is then possible to build Milestone on a solid foundation adding true equity to our organization.

### **Milestone Risk Management & Insurance Services**

8 Corporate Park, Ste. 130

Irvine, CA 92606-5192

949.852.0909 ext. 201

[www.milestonepromise.com](http://www.milestonepromise.com)

*Changing the Insurance Industry... One Milestone at a time.*