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AGENCY MANAGEMENT

STUDY GUIDE

EXAM PREP AND ANSWER KEY

- **Knowledge Checks**
- **Check-Ins**
- **Self-Quizzes**
- **Sample Exam Questions**
- **Glossary of Terms**



THE NATIONAL ALLIANCE
for Insurance Education & Research

© 2022 by The National Alliance for Insurance Education & Research

Published in the United States by

The National Alliance for Insurance Education & Research

P.O. Box 27027

Austin, Texas 78755-2027

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www.TheNationalAlliance.com

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AGENCY
MANAGEMENT

STUDY GUIDE

EXAM PREP AND ANSWER KEY

This Study Guide has been prepared to enhance your learning experience. It contains all of the Knowledge Checks, and Self-Quizzes contained within the course, along with an Answer Key and Glossary. Use it as a tool to help practice and assess your knowledge of the course material, but *do not* mistake it for a comprehensive “short-cut” to preparing for the final exam.

Be sure to take a look at the Appendix that follows the Answer Key in this Study Guide. It contains valuable suggestions for test preparation and study techniques, as well as some sample exam questions and a glossary of terms.

Your path to success in passing the final exam will come from your attentiveness during the course and the effort you put into preparation.



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Tools to Assess Your Knowledge

Check-Ins, Knowledge Checks,
and Self-Quizzes by Topic

Section 1: Strategic Planning

Agency Identity

▶▶ Knowledge Check



Directions: Write a value statement for a real or imagined insurance agency.

▶▶ Knowledge Check



Directions: Write a vision statement for a real or imagined insurance agency.

▶▶ Knowledge Check



Directions: Write a mission statement for a real or imagined insurance agency.

Agency Direction

▶▶ Knowledge Check



Directions: Describe specific factors you consider and evaluate when choosing an insurance company to work with your agency.

Agency Health

▶▶ Knowledge Check



Directions: Identify the financial health assessment tools an agency should use to determine its stage of growth.

Agency Action

▶▶ Knowledge Check



Directions: Write an example of a SMART goal.

Section 1: Self-Quiz

Directions: Choose words from the word bank to fill in the blanks.

action	purpose
culture	talent
financial	

1. An agency's value, vision, and mission statements are catalysts for _____. They help create an agency's _____, describe an agency's _____, plan _____ development, and define an agency's _____ aspirations.

Directions: Read each statement and decide its purpose. Write the letter of each statement in the appropriate column.

Value Statement	Vision Statement	Mission Statement

- A. By 2025, Agency XYZ will be the premier agency for commercial clients in transportation services.
- B. The team at Agency XYZ will be the go-to source for personal insurance for rural residents across the tri-state area.
- C. Employees of Agency XYX are committed to providing every client with a customized plan of long-term financial protection.
- D. Agency XYZ is committed to expanding its expertise in green energy initiatives to be the premier insurance consultants to energy manufacturers across the country.

Section 1: Strategic Planning

Directions: Circle the word that completes each statement.

1. The term agency culture describes an agency's _____.

purpose

personality

2. The direction in which an agency culture forms depends upon the agency's _____.

employees

leadership

3. Because they are involved in essential decision-making, agency leadership models _____ agency behaviors.

negative

positive

4. An agency culture, or personality, that grows from the ground-up is led by _____.

agency leaders

agency employees

Directions: Circle True or False.

1. Once an agency culture is established, it remains open to change.

True

False

Directions: Put a check (✓) mark next to each consequence of creating a healthy agency culture.

- Employees are more likely to enjoy their work.
- Employees will become more competitive, increasing an agency's profitability.
- Employees will become supportive of each other's successes.
- Employees will become more solitary in their commitment to established procedures and workflows.
- Employees will become more productive, increasing an agency's profitability.
- Employees will contribute to increased client retention, increasing an agency's profitability.

Section 1: Strategic Planning

Directions: Use words from the word bank to fill in the blanks

measurable	value
mission	vision
strategic.	

1. Together, an agency's _____, _____, and _____ statements describe an agency's purpose. They also allow the development of _____ goals that help an agency evaluate how well its _____ plans are executed.

Directions: Put a check (✓) mark next to each question an agency can answer to describe its overall purpose.

- How are resources used to support the agency's organizational framework?
- Is the agency more focused on sales or on service?
- What is the agency's current and predicted staff size?
- How experienced is the agency's management team?
- Is the agency publicly or privately traded?
- How do the agency's goals determine what products it sells?

Section 1: Strategic Planning

Directions: An agency considers several market factors when determining how many company relationships it needs to have. Write a letter to match each market factor to its definition.

Definition	Market Factors
A. the cost and the ease of doing business	_____ fewer versus many
B. a company's financial stability, its personnel, its products, and the support it provides	_____ agency volume
C. the cost of maintaining multiple company relationships	_____ mix of business
D. how much premium the agency can promise to a company	_____ utilization of existing company markets
E. whether the agency currently has all of the companies it needs to meet business demands	_____ company volume requirements
F. whether the agency is using its current company relationships fully	_____ company characteristics

Directions: Agency XYZ is considering building a relationship with a company. The quality of the company's personnel will influence the agency's decision-making. Circle the personnel factors that an agency considers.

1. the company's internal professional training program
2. the company's staff retention history
3. the company's client retention history
4. the staff's combined years of workforce experience
5. the staff's knowledgeability
6. the staff's efficiency
7. access to face-to-face communication

Section 1: Strategic Planning

Directions: Agency XYZ also evaluates the company's products. Put a check (✓) next to each factor the agency will evaluate.

- the product's coverage
- the product's price
- the marketing campaign built for the product
- the company's technology
- the company's stability in the marketplace
- the company's commission and compensation policies
- the forms the company uses

Directions: Underline the examples of support an agency must consider before beginning a relationship with a company.

1. the company's stability in the marketplace
2. marketing and advertising support
3. customized policies to accommodate individual agencies
4. efficient technology

Directions: Just as an agency considers the companies it wants to work with, companies decide what kinds of agencies they want to work with. List seven questions an agency can ask itself to know how companies will see its value.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Section 1: Strategic Planning

Directions: Agencies go through five stages of growth. Write letters to match each characteristic to an agency's stage of growth.

Start-up	Development & Growth	Success	Expansion	Maturity

- | | |
|--|--|
| <ul style="list-style-type: none"> A. The agency is fully developed. B. The agency owner focuses on strategic goals. C. An agency targets new marketing territories. D. Staff within the agency are following well-executed procedures. E. The agency's owner handles every matter of business. F. An agency's client base is increasing. G. The agency's client base is unstable. H. The agency's owner assesses staff requirements as the agency pursues growth opportunities. | <ul style="list-style-type: none"> I. Client service is unreliable and unstable. J. Revenue and expenses are beginning to balance. K. The agency is finally profitable. L. The agency's owner modifies strategies and builds a leadership team. M. The agency's owner coordinates department employees as staff expands to meet demand. |
|--|--|

Directions: Everyone benefits from an agency's positive financial health. Write letters to match each benefit to the following groups:

Agency Owners	Producers	Staff	Insurance Companies

- A. Agencies are an extension of their business brand and part of their marketing efforts.
- B. A successful agency can lead to higher salaries and job security.
- C. Agencies are the greatest asset in these individuals' personal financial statements.
- D. One day, they may decide to purchase successful agencies.

Section 1: Strategic Planning

Directions: An agency's value is based on several factors. Fill in the blanks to name the missing factors.

1. Profitability _____
 2. Accounts _____
 3. _____ ratio
 4. Average _____
 5. _____ compensation structure
 6. _____ of personnel
 7. Company _____
1. _____
 2. _____ & _____ experience

Directions: Explain the difference between a budget and an income statement.

1. A budget _____
2. An income statement _____

Directions: Name four sources of income for an agency.

1. _____
2. _____
3. _____
4. _____

Section 1: Strategic Planning

Directions: Write letters to match each expense to the appropriate category.

Compensation	Selling	Administrative

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Sales salaries B. Pensions C. Profit sharing D. Utilities E. Accounting and other professional services F. Insurance G. Employee benefits H. Travel I. Entertainment | <ul style="list-style-type: none"> J. Postage K. Promotional materials L. Education, licenses, and professional fees M. Leases N. Automobile O. Sales commissions P. Marketing/advertising Q. Payroll taxes R. Rent |
|---|--|

Directions: Complete the chart to show three things agency leadership can do to manage expenses and why they should do them.

What should an agency do?	Why should it do it?

Section 1: Strategic Planning

Directions: Use words from the word bank to fill in the blanks

assets	fixed assets	owns
balance	liability	retained earnings
current assets	long-term liabilities	start-up capital
current liabilities	owes	

1. A(n) _____ sheet shows a listing of what an agency _____ and what it _____.
2. Another name for what an agency owns and owes is _____.
3. Cash, accounts receivables, and prepaid expenses are examples of _____.
4. Cars, desks, office equipment, and other tangible items are examples of _____.
5. A(n) _____ is something an agency owes to others. Accounts payables, accounts current, and payroll taxes are examples of _____.
6. Payments due more than 12 months into the future are examples of _____.
7. Owners' equity includes _____ and _____.

Section 1: Strategic Planning

Directions: Explain the purpose of the following ratio.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = ?$$

Directions: Circle True or False.

To strengthen or improve a liquidity ratio, an agency can:

1. track incoming revenue

True

False

2. keep investments as liquid as possible

True

False

3. focus more on fixed assets than on current assets

True

False

4. manage debts carefully

True

False

Section 1: Strategic Planning

Directions: Underline each example of cash flow management in an operating account.

1. commission checks from a trust account
2. premiums
3. direct bill commission
4. compensation expenses
5. company premiums payable
6. commissions
7. business development expenses
8. operating expenses

Directions: List seven common disruptors that trigger a need for change within an agency.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Section 1: Strategic Planning

Directions: Number the steps required to manage change from 1 to 4.

- _____ Set Goals
- _____ Establish a Clear Direction
- _____ Validate the Need
- _____ Create an Action Plan

Directions: Write letters to match each characteristic to its category in a SWOT Analysis.

Strengths	Weaknesses	Opportunities	Threats

- | | |
|--|---|
| <ul style="list-style-type: none"> A. opportunities the agency missed because it didn't have the right resources B. the agency's unique resources C. new technology or upgrades that could benefit the agency D. the agency's assets E. a change in an insurance company's goals that affect the agency F. new training that would benefit employees G. the areas in which the agency out-competes other agencies | <ul style="list-style-type: none"> H. the areas in which the agency falls behind its competitors I. state and federal regulations that could affect the agency J. reasons the agency has failed to meet its goals in the past K. products or services that are in demand that the agency could provide L. competition that could take away clients and/or employees M. reasons the agency has lost business |
|--|---|

Section 1: Strategic Planning

Directions: Use the words from the word bank to fill in the blanks.

action plan	consumer purchasing trends	goals
accounts, or clients	economic trends	internal
agency operations, systems, and workflows	external	regulatory environment
competition	financials	sales and support

1. After completing a SWOT analysis, an agency must consider the _____ and _____ factors that will help determine its _____ and subsequent _____.
2. External factors include _____, _____, and _____.
3. Internal factors include _____, _____, and _____.

Section 1: Strategic Planning

Directions: Circle True or False.

1. A SMART goal provides a general description of an action.

True

False

2. A SMART goal is observable and always measurable.

True

False

3. A SMART goal always requires employee support.

True

False

4. A SMART goal must consider the need for resources and demands on employee time.

True

False

5. A SMART goal is most effective in short or incremental amounts of time.

True

False

Directions: Put a check (✓) mark next to each statement that describes short-range goal planning.

- occurs over a three-to-five-year period
- provides a broad picture of where an agency is headed
- provides detailed plans that organize and prioritize specific action steps
- communicates roles and responsibilities to staff
- provides an agency's daily, weekly, and monthly action agendas

Directions: Order the steps in an Action Plan from 1 to 4.

Step Number	Action
_____	Identify who will be responsible for each action.
_____	Develop action steps for successful completion of a goal.
_____	Establish clear timeframes and guidelines for each action.
_____	Determine how resources will be allocated to each action.

Section 1: Strategic Planning

Section 2: Talent Acquisition and Development

Workforce Planning

▶▶ Knowledge Check



Directions: Write a position description for a position within your organization. Describe how the person hired for the position would demonstrate a good fit within agency culture.

Recruiting and Hiring

▶▶ Knowledge Check



Directions: Share an example of an interview you found particularly successful from the point of view of a candidate or the interviewer. Describe specific elements of the interview that you think worked best.

OR

Directions: Share examples of “hidden” benefits within your workplace that help attract and retain good employees. Explain what other benefits you think would be an advantage to your agency.

Employee Development

▶▶ Knowledge Check



Directions: Describe the advantages of providing internal versus external professional development to employees.

Evaluating Performance

▶▶ Knowledge Check



Directions: Name three essential performance standards for employees within your agency and describe how you use those standards to manage the agency's separation process.

1. _____

2. _____

3. _____

Section 2: Self-Quiz

Directions: List five ways that agency growth affects employees.

1. _____
2. _____
3. _____
4. _____
5. _____

Directions: A successful agency makes assessments of their employees' needs. Underline the consequences of such assessments.

Needs Assessments lead to . . .

1. an awareness of where the agency would benefit from additional employees
2. increased recruiting costs
3. an understanding of when the right time is for bringing new employees in to an agency
4. lost time to address specific needs
5. an understanding of the specific talents and skills an agency needs its employees to have
6. an awareness of the kinds of training employees require

Section 2: Talent Acquisition and Development

Directions: Write letters to match each consequence to the appropriate column.

The Outcomes of Having Workforce Planning	The Outcomes of Having NO Workforce Planning

- | | |
|---|--|
| <ul style="list-style-type: none"> A. clear descriptions for each role within an agency B. duplication of inefficient workflows C. identification of opportunities for mentoring D. loss of agency profitability related to poor hiring decisions E. lower team morale | <ul style="list-style-type: none"> F. customer complaints and loss G. lower recruiting and training costs H. an evaluation of employee strengths and weaknesses I. inadequate training and mentoring |
|---|--|

Directions: Use words from the word bank to fill in the blanks.

ages	customer trust
cultures	deliberate
customer base	market
customer needs	

1. Today's customers are people of all _____ and _____.

2. A workforce that reflects the world creates _____ opportunities for an agency. Consequently, employee searches must be _____.

3. Agencies must seek talented individuals who reflect the _____, meet _____, and inspire _____.

Section 2: Talent Acquisition and Development

Directions: Explain the relationship between values and hiring.

Directions: List four examples of soft skills strategic hiring managers look for in possible employees.

1. _____
2. _____
3. _____
4. _____

Directions: Circle True or False.

A position description:

1. describes the necessary qualifications for the position.

True

False

2. identifies all of the tasks and variations of those tasks that are required in the position.

True

False

3. defines acceptable performance levels.

True

False

4. identifies the soft skills required for a good fit within the agency.

True

False

5. serves as a tool for hiring managers, supervisors, and human resource representatives.

True

False

Section 2: Talent Acquisition and Development

Directions: Put a check (✓) mark next to each component of a position description.

- a position title
- a supervisor's name and/or position
- a performance evaluation schedule
- a performance evaluation rubric
- compensation range
- a description of duties and essential functions
- required knowledge, skills, and abilities
- a description of working conditions
- an explanation of causes for separation
- a signature line

Directions: Use words from the word bank to fill in the blanks.

benefits	proud
fair pay	recognized
meaningful	respected
missions	supportive
products	valued

1. Employees join or stay at an agency for a number of reasons. One is the opportunity to work with great people. Others included good _____, _____, and _____ work. Some employees join or stay because they feel _____ of the work they do, the _____ that their agencies sell, and their agencies' _____.
2. Having _____ management is important. Employees appreciate good supervisors. They also appreciate being _____, _____, and _____.

Section 2: Talent Acquisition and Development

Directions: To recruit good employees, an agency must have a vision for its workforce. Asking who, what, and why can help an agency find a “right fit.” Write the letter of the question that corresponds to each statement.

A. WHO?

B. WHAT?

C. WHY?

_____ The candidate initiated a new-employee mentorship program at her previous agency.

_____ The candidate’s references describe the candidate’s exceptional problem-solving abilities.

_____ The candidate is currently pursuing a professional designation.

_____ The candidate has specialized training in one of the agency’s most successful products.

_____ The candidate has several years of prior experience in a profitable agency.

Directions: Circle True or False.

1. Candidates are aware of how other agencies treat their employees.

True

False

2. Larger agencies are always able to out-compete smaller agencies for good employees.

True

False

3. Larger agencies build and sustain healthier environments than smaller agencies do.

True

False

4. Smaller agencies can out-compete large agencies by offering unique perks and professional development options.

True

False

Section 2: Talent Acquisition and Development

Directions: Circle each word or phrase that describes the WFH, or work-from-home experience.

part-time	traditional hours	virtual office	connections to colleagues	previous insurance experience
previous WFH experience	full-time	activity measurement	non-traditional hours	schedule guidelines

Directions: List five talent sources an agency can use to identify employee candidates.

1. _____
2. _____
3. _____
4. _____
5. _____

Directions: Use words from the word bank to fill in the blanks.

accurately predict	equal opportunity
adversely	unfair discrimination
consistently	

To ensure a successful employee selection process, an agency should provide _____ to all qualified candidates and avoid _____. An agency must demonstrate three things—that the results of the interview _____ work performance, that the interview is conducted _____ with every candidate, and that the results do not _____ affect protected groups.

Section 2: Talent Acquisition and Development

Directions: A candidate's résumé is a valuable pre-interview screening tool. Put a check (✓) mark next to each item on a résumé that an agency should examine.

- the candidate's photo attachment
- career direction over time
- time in each position
- employment gaps
- the frequency of job changes
- specific duties in previous jobs
- social group memberships
- religious affiliation
- education and training
- the résumé's formatting or professional appearance

Directions: Use words from the word bank to fill in the blanks.

consistent	objective
in a quiet location	participating
length of time	previous experiences
listen	

Interviewers can follow a few simple guidelines to conduct a successful interview. They should interview _____, plan ahead to know the _____ the interview will last, follow a(n) _____ interview format, _____ and remain _____, avoid _____ in the interview, and ask questions that focus on the candidate's _____.

Section 2: Talent Acquisition and Development

Directions: Describe the purpose of using a STAR interview strategy.

Directions: Write letters to match each interviewing mistake to its name.

Expectation Gap	Halo Effect	Conversation Control

- A. providing an incorrect description of a position
- B. speaking more than the candidate
- C. assigning positive characteristics to someone who is physically attractive

Directions: Write DO or DON'T next to each recommendation for conducting an interview.

- _____ Ask only work-related questions.
- _____ Ask questions seeking personal information.
- _____ Ask questions that assess a candidate's previous duties.
- _____ Ask questions unrelated to the position to "test" the candidate's personality.
- _____ Ask the same questions all previous candidates have been asked.

Section 2: Talent Acquisition and Development

Directions: List four things an agency can include in checking a candidate's suitability and qualifications.

1. _____

2. _____

3. _____

4. _____

Directions: Explain the difference between a skills test and a personality profile.

Section 2: Talent Acquisition and Development

Directions: Circle True or False.

1. Labor markets are competitive.

True

False

2. Compensation is linked to attracting and keeping good employees.

True

False

3. An agency should research compensation packages provided by competitors.

True

False

4. An agency should pay more attention to perks and benefits than to compensation to attract employees.

True

False

5. An agency should exceed their competitors' compensation rates.

True

False

6. Compensation rates can affect an agency's profitability.

True

False

Directions: Explain the relationship between bonuses and performance.

Directions: Employees may be unaware of all of the benefits they receive or the value of those benefits, making it necessary for agencies to conduct benefit reviews. Circle examples of benefits that agencies frequently provide.

medical benefits	Social Security	dental benefits	exercise facilities
flex time	paid volunteer time	cafeteria plans	FICA

Section 2: Talent Acquisition and Development

Directions: Write letters to match each employment agreement to its purpose.

Employment Agreement	Non-Disclosure and Confidentiality Agreement	Non-Compete Agreement	Non-Piracy Agreement

- A. to prevent a former employee from selling insurance within a specific geographic area for a specific amount of time
- B. to explain expectations, compensation, and how “for cause” separation is handled
- C. to prevent former employees from soliciting or writing existing clients for a specific length of time after leaving an agency
- D. to prevent former employees from disclosing confidential information they acquired while working for an agency

Directions: Define the term **onboarding** and explain its relationship to orientation and employee manuals.

Section 2: Talent Acquisition and Development

Directions: Circle True or False.

An effective employee manual:

1. clarifies employee expectations.

True

False

2. protects employees from liability.

True

False

3. protects employers from liability.

True

False

4. explains company policies, such as sick leave.

True

False

5. helps assist with legal compliance.

True

False

6. identifies an agency's value, vision, and mission.

True

False

7. describes how performance issues are addressed.

True

False

8. explains IT policies.

True

False

Section 2: Talent Acquisition and Development

Directions: List five benefits of employee professional development plans.

1. _____
2. _____
3. _____
4. _____
5. _____

Directions: Circle each ADVANTAGE of providing employees with internal professional development opportunities.

1. personalized training
2. no peers who may interfere with learning
3. access to a variety of online training options
4. no required interactions with instructors or peers
5. access to short-term fixes for long-term problems

Directions: Order the steps of the Performance Evaluation Process from 1 to 4.

_____ Communicate evaluation results and use them to establish next year's standards.

_____ Agree upon performance standards.

_____ Measure employee performance frequently throughout the year.

_____ Evaluate how well the employee meets the performance standards.

Section 2: Talent Acquisition and Development

Directions: Use words from the word bank to fill in the blanks.

clearly communicated	professional development
comments	signature line
performance achievements	strengths

Common components of evaluation forms include:

1. _____ performance standards or behaviors
2. _____ accomplished throughout the review period
3. the employee's _____ and accomplishments
4. _____ opportunities
5. the employee's _____ in response to the evaluation
6. a(n) _____ acknowledges the completion of the performance evaluation

Section 2: Talent Acquisition and Development

Directions: List ten preparations an employer can take to prepare for a successful evaluation.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Directions: Write letters to sort the following reasons for separation into the appropriate categories.

Management-driven Reasons for Separation	Employee-driven Reasons for Separation

- | | |
|---|---|
| A. corporate politics, including sabotage by others | E. unmet performance expectations |
| B. dishonesty or fraud | F. disrespect unrelated to actual business results |
| C. broken promises by management/owners | G. the lack of a career path or development opportunities |
| D. a reduction in force (RIF) | |

Section 2: Talent Acquisition and Development

Directions: Explain what actions an agency should take to prepare for employee separation. Use words from the word bank to fill in the blanks.

cause	procedures
contracts	reasons
corrective-action	
investigated	retaliatory
policy	separation
prevent	similarly

1. First, determine the _____ for separation. Follow the _____ plan outlined in the employee manual. Then document the _____ for separation, what the agency did to _____ it, whether disciplinary measures followed agency _____, and whether information in the employee's personnel file supports the _____ decision. Also check to be sure other employees have been treated _____.
2. Ensure the agency fully _____ the employee's complaints. Be certain that separation is not _____. Also ensure there are no implied or oral _____ in place with the employee. Have _____ in place for the return of property, final pay, and benefit continuation.

Section 2: Talent Acquisition and Development

Directions: Order the actions that are part of the termination process in the case of INVOLUNTARY termination from 1 to 8.

- _____ Write a separation letter that states the specific reasons for separation.
 - _____ Review the situation with other owners, HR, and legal counsel.
 - _____ Assign someone to stay with the employee as s/he cleans out her/his desk.
 - _____ Make the meeting to the point. It is not a discussion.
 - _____ Escort the individual from the property.
 - _____ Be certain that there is documentation that clearly outlines the cause for termination.
 - _____ Follow up after separation to be sure all materials have been returned and system and website access has been terminated.
 - _____ Have a private separation meeting with an HR representative or supervisor.
- Finally, inform other staff members about the decision.

Directions: Give two reasons an agency should conduct an exit interview with each employee who separates from an agency VOLUNTARILY.

1. _____

2. _____

Section 2: Talent Acquisition and Development

Section 3: Client Retention and Acquisition

Know the Brand

▶▶ Knowledge Check



Directions: Describe your agency's brand. Select one or more features of the brand to describe a marketing strategy your agency could use to capitalize on its strengths.



Market for Success

▶▶ Knowledge Check



Directions: Describe a marketing tool you or someone in your agency created that was more successful than anticipated. Explain what made the tool so effective.

Build and Keep Relationships

▶▶ Knowledge Check



Directions: Identify and share a specific technique or strategy you have found effective in your efforts to provide quality client service and retain clients.

Section 3: Check In Self Quiz

Directions: Circle each statement that describes today's clients.

want round-the-clock access	trusting	careless with money	knowledgeable
slow to offer loyalty	educated	demand technological support	careful with money
expect personal attention	prefer to work with technology not people	quick to make decisions	seek support from real people when there's a problem

Directions: Complete the sentence.

The factors that bring clients to an agency and keep them there communicate the agency's _____.

Directions: List the five steps in a successful marketing program.

1. _____
2. _____
3. _____
4. _____
5. _____

Section 3: Client Retention and Acquisition

Directions: Name four things an agency can do to identify a target market.

1. _____
2. _____
3. _____
4. _____

Directions: Put a check (✓) mark next to each statement that poses a question an agency should ask itself to evaluate its resources.

- What other agencies pose the greatest competition?
- How well do account managers and producers work together?
- Does the agency have enough staff to handle a lot of new businesses?
- Do the target markets exist for new products?
- Do existing processes and workflows support success?
- Where is the “lowest hanging fruit”?
- How effective is the agency’s contact management system?
- What marketing materials reach the most people for the least cost?

Directions: Use words from the word bank to fill in the blanks.

essential	limitations
growth	practical

While knowing its _____ before planning a marketing program is both _____ and _____, it also helps an agency recognize its opportunities for _____ and where those opportunities exist.

Section 3: Client Retention and Acquisition

Directions: Circle the word or words that complete each statement.

1. An agency's marketing plan begins with clear _____.
actions **goals**
2. An agency considers the advantages and disadvantages of a variety of _____.
marketing tools **bells and whistles**
3. An agency decides what _____ to include in their marketing tools.
information **timelines**
4. An agency considers whether any bells and whistles might convey _____.
extra costs **extra value**
5. Producers and agency management work together to create _____.
a list of competitors **a list of prospects**
6. The first target for a prospect list is _____.
references from existing customers **low-hanging fruit**
7. An agency decides which marketing materials or formats will work best after it has established its goals, defined its _____, and decided how it will set itself apart from its competitors.
delivery method **markets**

Section 3: Client Retention and Acquisition

Directions: List four things an agency website should do to be effective.

1. _____
2. _____
3. _____
4. _____

Directions: Circle the “convenience factors” that a website can offer clients.

reporting claims	making payments	connecting to social media platforms
customer surveys	accessing certificates of insurance	requesting quotes
viewing policy documents	advertising	contacting the agency

Section 3: Client Retention and Acquisition

Directions: Use words from the word bank to fill in the blanks.

advertisements	radio
brochures	social media
direct mail	telemarketing
email	trade
landing page	TV
newsletters	websites

1. Printed marketing tools include _____,
_____, _____, and
_____.
2. Digital marketing tools include _____,
_____, and the agency's _____.
3. Other kinds of marketing tools include _____,
_____ and _____
spots, _____ blasts, and presence at
_____ shows.

Section 3: Client Retention and Acquisition

Directions: Circle True or False.

1. An agency can use metrics to create the goals that will lead to a marketing plan.

True

False

2. An agency can use metrics to evaluate the effectiveness of its marketing plan.

True

False

3. The most desirable frequency for collecting metrics is daily.

True

False

Directions: Order the sequence of metrics an agency should collect to evaluate the success of its marketing plan from 1 to 4.

_____ the number of appointments resulting in sales

_____ the number of calls that result in appointments

_____ the number of closes per month

_____ the number of appointments each week

Directions: Explain why an agency must constantly use metrics to monitor the success of its marketing plan.

Directions: Write two words that summarize the importance or value of client retention.

Section 3: Client Retention and Acquisition

Directions: List three guiding principles that form the basis of a client-retention process.

1. _____
2. _____
3. _____

Directions: Circle the word or words that complete each statement.

1. Applying a few communication techniques can help assure clients of their _____.

importance to the agency access to the right products

2. When communicating with clients, agents should consider every client's _____ and needs.

history with the agency experiences

3. Agents should listen to _____.

learn avoid missing important details

4. Agency staff should ask questions to _____.

clarify clients' comments repeat clients' comments

5. Agency staff should reword clients' comments in order to _____.

help clients feel confident that they were understood help clients recognize the staff's expertise

6. Staff should use _____ during discussions.

insurance language friendly language

7. While speaking with clients, staff should maintain _____.

a sense of humor a sense of urgency

Section 3: Client Retention and Acquisition

Directions: Explain how clients define the term **quality** when it comes to customer service.

Directions: Use words from the word bank to fill in the blanks.

exposures	informed
claims	needs

Clients expect agents to be fully _____ and always aware of their _____. They also expected to be protected from _____. Protection helps clients avoid or minimize _____. It also reduces the likelihood that clients will go to a different agency.

Directions: Define the term **cross-selling** and explain why it contributes to client retention.

Directions: Name one way each of the following individuals or groups contributes to client retention.

1. Agency owner: _____
2. Agency producer or account manager: _____
3. Company personnel: _____

Section 3: Client Retention and Acquisition

Directions: Circle True or False.

1. There are economic reasons for promoting client retention.

True

False

2. An agency should focus more on why clients stay than why they leave.

True

False

3. Knowing why clients leave can lead to profitable opportunities.

True

False

Directions: Identify two kinds of reports an agency can use to measure the success of its client-retention efforts.

1. _____

2. _____

Directions: Complete the statement.

To determine if an account is profitable enough to write, an agency must have a complete understanding of

Directions: Draw lines to match each example to the kind of expense it represents.

rent

hard costs

employee training

soft costs

office furniture and machines

Section 3: Client Retention and Acquisition

Directions: Put a check (✓) mark next to each question an agency must ask when it is considering expenses related to soft costs.

- Does the producer have the expertise to secure an account?
- What technology is required to secure new clients?
- If a producer needs a mentor, how will the mentor's time away from her/his own work affect expenses?
- How will marketing efforts affect producer performance?
- Is staff support necessary to secure a new client?
- How do bonuses affect expense calculations?

Directions: Use words from the word bank to fill in the blanks.

directly attributable	premium
(non-compensation expense)	set agency standards

1. To determine the profitability of an account, it is necessary to know how much variable overhead _____ the agency has that is _____ to an account.
2. To determine a new or renewed account's profitability, it is necessary to calculate costs associated with the _____. This information can also be used to _____.

Directions: Explain what decision an agency must make if a client demands more attention than the agency can profitably provide.

Section 4: Technology Utilization

Levels of Technology Utilization

▶▶ Knowledge Check



Directions: Use your own words to describe the main features of each of the five levels of utilization.

Level 1	Level 2	Level 3	Level 4	Level 5
Essential Utilization	Defined Utilization	Managed Utilization	Quantified Utilization	Optimized Utilization

Conducting an Internal Needs Assessment

▶▶ Knowledge Check



Directions: Identify three factors your agency should consider before moving forward with a decision to upgrade or convert its data management system.

1. _____
2. _____
3. _____

Using an Operational Assessment to Improve Workflows

▶▶ Knowledge Check



Directions: Explain the relationship between standards, procedures, and workflows.

Information Management

▶▶ Knowledge Check



Directions: Describe and share what you find most useful or valuable using the information management system at your agency.

Section 4: Self-Quiz

Directions: Define the term *InsurTech*.

InsurTech is the application of

Directions: Write letters to sort the examples into appropriate categories.

How InsurTech Affects the Insurance Industry

Claims Handling	Risk Management	New Business Onboarding

- A. electronic delivery
- B. understanding workplace behaviors
- C. calculating the estimated cost of repairs
- D. virtual walk-throughs
- E. paperless transactions
- F. reducing the number of questions asked
- G. evaluating cause and effect from a loss
- H. telematics, such as tracking driving behaviors

Section 4: Technology Utilization

Directions: Technology affects agency performance. Write letters to match each example to its effect.

Example	Effect
A. Clients have instant access to information.	_____ Technology increases revenue.
B. Agents can communicate with clients in a variety of ways.	_____ Technology allows measurement.
C. Both employees and clients benefit from controlled and consistent experiences, leading to greater satisfaction.	_____ Technology improves the customer experience.
D. Employees can work from any location.	_____ Technology helps build a consistent experience.
E. Consistency reduces possible E & O exposures.	_____ Technology offers flexibility.
F. Standardized workforce practices reduce employee stress, making the work environment more enjoyable.	_____ Technology can increase employee satisfaction.
G. The ability for any number of people to process more transactions increases per-person revenue.	
H. Agents can focus more on customer service than on transactions.	
I. Unchanging, or invariable, practices reduce exposure to E & O claims.	
J. Employees can access personal training opportunities.	
K. Any given number of people can process more transactions.	

Section 4: Technology Utilization

Directions: Choose words from the word bank to fill in the blanks.

customer service	sales
level	support
management	technology
practical	

The term *utilization* refers to making _____ or efficient use of something. It is not an agency's specific _____ or _____ system that determines utilization. It is the _____ at which these items are implemented. Implementation includes employee _____, back-office support, _____ support, and _____.

Section 4: Technology Utilization

Directions: Read each characteristic. Then write the number of the corresponding utilization level. The first one has been done for you.

Level 1 – Essential Utilization **Level 4 – Quantified Utilization**

Level 2 – Defined Utilization **Level 5 – Optimized Utilization**

Level 3 – Managed Utilization

Characteristic	Level Number
A. Technology is used to conduct more of the various tasks of running an agency, thus reducing the overall burden on employees.	5
B. There is a focus on how staff manage the agency’s short- and long-term goals.	
C. Agency data integration with carrier systems exists but is not fully used.	
D. Technology systems are integrated so that phones and other forms of communication work with an agency’s management system.	
E. Although some technology is in use such as phones and workstations, overall technology use is minimal.	
F. An agency prioritizes measuring the results of its technology and analyzing those results to determine how they affect the agency in the most positive ways.	
G. Practical uses of technology for the purpose of creating efficient workflows and procedures are being defined.	
H. Technology integration is seamless, moving the emphasis from the agency’s needs to the customer’s needs.	
I. An agency is beginning to measure the value and efficiency its technology provides.	
J. Only the basic features of any existing agency management system are used.	
K. Workflows and technology provide strategic and reliable processes that focus on customer needs.	
L. An agency is deciding the minimum amount of data it needs to collect.	

Section 4: Technology Utilization

Directions: Circle True or False.

1. Moving from one technology level to another is always done one level at a time.

True

False

2. An agency with highly effective strategic planning can skip levels to reach Technology Utilization Level 5 instantly.

True

False

3. Realistic goals and time frames are required for an agency to move forward from one technology utilization level to another.

True

False

Directions: Order the “big-picture” steps for moving from one technology level to the next from 1 to 4.

_____ Measure for success.

_____ Build the base.

_____ Move to the next level.

_____ Establish the “Agency Way.”

Directions: Explain the difference between a technology upgrade and a technology conversion.

1. A technology upgrade is _____

2. A technology conversion is _____

Directions: Explain why an agency should conduct an internal needs assessment before deciding whether to upgrade or convert its technology.

Directions: Draw lines to match each step to the appropriate order in the process of conducting an internal technology needs assessment.

- 1 Decide whether to upgrade or convert. Then consider what technology will get the job done.
- 2 Plan for a commitment to employee training.
- 3 Develop a set of questions and answers to guide the thinking, research, and decision-making processes related to whether to upgrade or convert to a new system.
- 4 Make a checklist of current and future needs.
- 5 Establish time-related goals.

Directions: Circle each example of a factor an agency might consider during an internal needs assessment.

mobile access	reporting needs	hard costs	security issues
timeline for completion	future needs	per-user cost	soft costs
required staff training	functionality across electronic platforms	whether to rely on software of Cloud solutions	client expectations

Section 4: Technology Utilization

Directions: Circle whether each example represents a Hard Cost or a Soft Cost.

1. Employee training

Hard Cost

Soft Cost

2. Loss of productivity during learning time

Hard Cost

Soft Cost

3. Physical equipment required for technology implementation

Hard Cost

Soft Cost

Directions: Define the term **Cloud computing**.

Cloud computing describes

Directions: Name two advantages of relying on Cloud computing rather than in-house data storage.

1. _____

2. _____

Section 4: Technology Utilization

Directions: Circle the word or words that complete each sentence.

1. _____ may have had little experience with the technology used prior to a technology upgrade.

Customer service representatives

Producers

2. Insertions of data at the earliest stages of client interactions are more complete when everyone knows how to use an agency's _____.

VoIP

information management system

3. No matter who the employee is, familiarity with an agency's technology upgrade or conversion improves workflows and increases individual _____.

responsibility

productivity

Directions: Circle True or False.

1. VoIP is the delivery of voice and multimedia data over networks, such as the internet.

True

False

2. Printers, scanners, and telephones must be integrated and compatible for effective communication.

True

False

3. For greater productivity, an agency should grant individual access to systems rather than to groups.

True

False

4. Insurance companies can use third-party resources to access an agency's management system.

True

False

5. Most agencies wait until technology has been upgraded or converted to clean their data.

True

False

Section 4: Technology Utilization

Directions: Choose words from the word bank to fill in the blanks.

accurate	misplaced
difficult	useful
efficient	validating
integrity	

1. Most agencies attempt to organize their documentation before upgrading or converting their data management systems. An agency begins by _____ its information, or “cleaning up” its data before making any system change. Stray, or _____, information is put in its proper place.
2. Cleaning data before an upgrade or conversion has two valuable consequences. First, it makes the change process far more _____ and less _____. Second, it provides data _____. When agency staff generate reports, those reports will be based on _____ data. Only then are reports _____.

Directions: Explain why built-in workflows are more effective than multitasking.

Section 4: Technology Utilization

Directions: Draw lines to match each word to its definition.

standard	every step required to complete a procedure
	an acceptable level of performance
procedure	a clear list of things or steps an agency must do to meet a standard
	contributes to an agency's brand
workflow	an explanation of who is responsible, what must be done, and when it must be done
	every keystroke required to complete a procedure

Directions: List five benefits that come from having established standards, procedures, and workflows. Together, they:

1. _____
2. _____
3. _____
4. _____
5. _____

Section 4: Technology Utilization

Directions: Put a check (✓) next to each outcome of an operational assessment.

An operational assessment helps an agency:

- ensure that employees are following the agency's standards, procedures, and workflows
- decide whether to upgrade or convert technology
- find problems that need to be corrected
- evaluate individual employee performance
- rewrite its value, vision, and mission statements
- compare agency productivity levels to competitors' levels
- support customer service
- find ways to use current technology more fully
- identify employee training needs
- support an agency's core value and mission

Directions: Circle the word or words that complete each sentence.

1. _____ are needed to lead an operational assessment.

Agency managers or owners Trained and reliable individuals

2. Assessments should be applied consistently across _____.

departments the lowest paid employees

3. Assessment results should be communicated to _____ in general terms.

all staff managers

4. Assessment results should include solutions, _____, and training opportunities uncovered by the assessment process. _____

staff recommendations workflow glitches

Section 4: Technology Utilization

Directions: Explain the purpose of staff stratification.

Directions: Choose words from the word bank to fill in the blanks. Some words may be used more than once.

databases	integrity	unreliable
electronic	quality	

Effective information management relies entirely on _____ documents and _____. However, the _____ of the information in an output such as a report depends entirely on the _____ of the information put into the agency's database. Without data _____, other functions are entirely _____.

Directions: Put a check (✓) mark next to each recommendation for managing information effectively.

- Fill in every field within a database.
- Set up folders for storing essential emails.
- Use appropriate naming conventions.
- Complete the Full Client Detail in a database.
- Print and store hard copies of all documents.
- Keep databases up-to-date.
- Provide employees with customized training in using the database.

Section 4: Technology Utilization

Directions: List four kinds of data that should be entered into an agency's management system. The first one has been done for you.

1. Basic client detail

2. _____

3. _____

4. _____

Directions: Put a check (✓) mark next to each example of data put into an agency's management system.

claims information

driving records

system access information

property update information

appraisals

coverage recommendations

classification codes

technology productivity metrics

value statements

evaluation worksheets

submission information

business income worksheets

Section 4: Technology Utilization

Directions: Circle True or False.

1. A workflow should always start at the beginning.

True

False

2. Client data go in first.

True

False

3. Entering data in the middle of a workflow can lead to data backflow.

True

False

4. Data backflow requires employees to go back to the beginning of a workflow to fill in missing information.

True

False

5. Working backward can save time and money.

True

False

6. Data backflow has little or no effect on data integrity.

True

False

Directions: Fill in letters to complete each word in the following sentence.

Document managers use database systems to c _____,
s _____, and m _____ documents.

Section 4: Technology Utilization

Directions: List seven examples of electronic documents that an agency can collect, store, and manage.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Directions: Choose words from the word bank to fill in the blanks. Some words may be used more than once.

cover page	scanned
electronically	shredded
files	storage
processed	

Agencies may combine early- and late-capture methods to manage in-house documents. In the early capture method, incoming documents are _____ immediately after they arrive at an agency. They are then transferred _____, attached to client _____, and/or communicated _____ to a staff member. In the late capture method, documents are _____ before they are _____. Next, they are distributed to individuals within the agency or to an outside vendor for electronic _____. Each document is accompanied by a(n) _____. Afterward, original paper documents may be _____.

Section 4: Technology Utilization

Directions: Document managers are aware of their states' requirements for gathering information classified as private information. List ten possible examples of personally identifiable information (PII).

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Directions: Describe two steps an agency must take to protect client data.

1. To protect client data, an agency should _____.
2. It must then _____.

Directions: Explain how encryption is related to protecting client data.

Section 4: Technology Utilization

Directions: Technology presents both benefits and challenges to an agency. Write the letter of each example in the appropriate column.

Benefits of Technology	Challenges Related to Technology

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Employees save keystrokes by allowing information to be entered only once. B. Not all insurance companies support an agency's workflows. C. An agency needs different workflows to work with companies that do not support bridging. | <ul style="list-style-type: none"> D. Processing is expedited for routine requests. E. Employees reduce E & O exposure by decreasing the likelihood that data will be entered incorrectly. F. Data quality improves and opportunities for human error diminish. |
|---|--|

Directions: Downloading is the process of transferring information electronically from an insurance company database to an agency management system. It brings both benefits and challenges to an agency. Write the letter of each example in the appropriate column.

Benefits of Downloading	Challenges Related to Downloading

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Download failures can lead to problems, such as data overwrites. B. The possibility of data-entry mistakes decreases, reducing E & O exposure. C. A failure to conduct daily download audits may result in undiscovered errors or glitches, compromising an agency's database. D. Processing work may decrease by as much as 30%. | <ul style="list-style-type: none"> E. Workflow begins in an agency management or comparative rating system. F. An agency may need different workflows to work with carriers that do not support bridging. G. Not all insurance companies support commercial line downloads. H. More insurance carriers provide support for personal lines downloads. |
|---|--|

Section 4: Technology Utilization

Directions: Circle True or False.

1. A comparative rating system is a vendor rating program that enables an agency to obtain accurate risk quotes from multiple carriers.

True

False

2. A vendor and an insurance carrier must initiate, implement, and check rating updates.

True

False

3. A comparative rating system increases the number of keystrokes required to obtain a premium quote.

True

False

4. A comparative rating system is available at no cost to an agency.

True

False

5. Not all comparative rating systems may provide an underwriting review or necessary reports.

True

False

Directions: Insurance companies and agencies may provide portal access to proprietary rating systems through log-ins and passwords. Circle the word or words that complete each statement about proprietary rating systems.

1. A proprietary rating system often includes _____ approval.

underwriting

risk

2. Agency employees enter risk data into a carrier's system to obtain quotes, but _____ may be unacceptable.

risks

declination capabilities

3. When producers and CSRs go around an agency's management system by going directly to a carrier's site, they _____.

**compromise an
agency's documentation**

increase workflow efficiencies

Section 4: Technology Utilization

Directions: List five examples of real-time transactions that can occur when carrier and agency management systems interpret and transfer data.

1. _____
2. _____
3. _____
4. _____
5. _____

Section 5: Ethical Responsibility

Ethics in the Workplace

▶▶ Knowledge Check



Directions: Work with a partner or in a group. Select one of the following case studies to examine from an ethical perspective. Use what you know about the foundations of ethical behavior to answer the question.

Case Study One

You are a producer in a local insurance agency. Recently, you connected with a business owner at a Chamber of Commerce luncheon. The owner is excited about having you quote and write his business. Returning to the office, you attempt to enter this prospect into your sales management system, only to find that the business is already entered as a prospect assigned to another producer in the agency. You notice that the producer has not contacted the business in more than three years. You know you can land this account. How do you proceed?

Case Study Two

You are the agent for a nonprofit social services agency. The social services agency knows you and your son are actively involved in Little League. The social services agency offers you a set of family season tickets to the games of the local professional baseball team. What do you do?

Legal Duties

▶▶ Knowledge Check



Directions: Summarize the legal and ethical duties that fall to you as an insurance agent. Share and compare your self-analysis with other participants and use discrepancies as opportunities for clarification and discussion.

Section 5: Check In Self Quiz

Directions: Choose words from the word bank to fill in the blanks.

agency	ethics	profession
beliefs	guiding principles	right
business ethics	individual	wrong

1. The rules or standards associated with one’s moral duties and obligations are called _____ . They are _____ , or collective _____ and values that members of a society use to guide personal decisions and to differentiate between “ _____ and _____ ”

2. The principles that guide the decisions of individuals and groups within a given _____ are called _____. They focus on principles and problems that occur within a business environment, such as an agency. Business ethics apply to each _____ within an agency and to the _____ as a whole.

Directions: Name two factors that influence the application of business ethics within the insurance industry.

1. _____

2. _____

Section 5: Ethical Responsibility

Directions: Write the letter of the phrase that defines each principle.

A. Honesty	_____ making every effort to fulfill commitments
B. Loyalty	_____ avoiding deception
C. Respect for Others	_____ respecting human dignity
D. Leadership	_____ protecting a company's reputation and safeguarding employee morale
E. Integrity	_____ following the Golden Rule
F. Fairness	_____ exercising power without taking advantage of others
G. Law Abiding	_____ accepting responsibility for one's decisions
H. Reputation and Morale	_____ demonstrating fidelity to clients, colleagues, and institutions
I. Trustworthiness	_____ recognizing the responsibilities attached to positions of leadership
J. Concern for Others	_____ doing what is right, even when under pressure to do otherwise
K. Commitment to Excellence	_____ being well-informed and dedicated to improving professional proficiency
L. Accountability	_____ following rules, regulations, and laws

Section 5: Ethical Responsibility

Directions: Circle the word or words that complete each statement.

1. An ethical individual _____ before acting.

speaks

thinks

2. An ethical individual demonstrates _____

self-discipline

caution

3. An ethical individual behaves _____.

consistently

with quiet dignity

4. An ethical individual accepts responsibility for the _____ of her/his _____.

consequences/behaviors

integrity/leadership

Section 5: Ethical Responsibility

Directions: Circle True or False.

An agency is neither ethical nor unethical.

1. Every agency should have a Code of Ethics.

True

False

2. A Code of Ethics is the foundation of an agency's value system.

True

False

3. An agency's Code of Ethics is reflected in its public image.

True

False

4. Employees should take primary responsibility for establishing an agency's Code of Ethics.

True

False

5. Agency leaders should be aware of what drives employee behaviors.

True

False

6. Ethical practices should move from top to bottom within an agency.

True

False

7. Implementing a Code of Ethics is a one-time effort.

True

False

8. Agency leaders can use client surveys to evaluate how well an agency's Code of Ethics is working.

True

False

Directions: Put a check (✓) mark next to each reason individuals or groups choose to act unethically.

- Managers do not model a Code of Ethics.
- Employees feel it is unsafe to speak honestly to management.
- Managers promote competition.
- Managers establish unrealistic performance targets.
- Managers treat employees differently, giving some individuals advantages that others don't have.

Section 5: Ethical Responsibility

Directions: Choose words from the word bank to fill in the blanks.

legal action	regulatory
profitability	reputation

The consequences of unethical behaviors in an agency can include harm to the agency's _____, exposure to _____, a decrease in _____, and _____ actions.

Directions: Underline the factors that contribute to the identification and establishment of ethical responsibilities in the workplace on the basis of law.

employee morale	peer standards	client feedback
reliable research	social media	expert testimonies
case laws and statutes	web surveys	

Section 5: Ethical Responsibility

Directions: Choose words from the word bank to fill in the blanks. Words may be used more than once.

client dependence	length of time
decisions	make
fiduciary	responsibility
intimate knowledge	special relationship

1. Some situations may lead a court to determine the existence of a(n) _____ “_____” between a client and an agent. Although these determinations can vary dramatically by state, they can be triggered by an agent’s _____ of a client, the _____ of their relationship, the degree of _____ on the agent, or an agent simply agreeing to _____ insurance or risk management _____ on behalf of a client.
2. In insurance transactions, a(n) _____ relationship – a relationship in which an agent, agency, or insurance company is expected to act in the best interests of a client – is held to a higher degree of _____ than _____ relationships in many other businesses.

Section 5: Ethical Responsibility

Directions: Circle the word or words that complete each statement.

1. In a special relationship, an insured asks for _____ and an agent provides _____.

recommendations/advice

regulations/legal statutes

2. A(n) _____ is a party authorized to act ethically on behalf of another. Parties include principals, agents, and third parties.

special relationship

legal agent

3. An insurance agent is appointed by a(n) _____ to solicit applications, collect premiums, and bind policies.

broker

insurer

4. A(n) _____ acts or aids in negotiating insurance contracts.

insurance counselor

broker

5. A managing general agent has _____, claims, and reinsurance placement authority from an insurer.

solicitation

underwriting

Section 5: Ethical Responsibility

Directions: Draw lines to match each kind of agency authority to its meaning.

actual, or expressed, authority	An insurance agent has no authority of any kind to work with clients who are seeking insurance.
implied authority	An insurance agent demonstrates practices that appear within the her/his scope of authority, based on historical practices.
apparent authority	An insurance company grants oral or written authority to an agent for the purpose of selling and servicing an insurance policy.
non-existent authority	An insurance company gives an agent authority to perform all of the usual and necessary tasks required to sell and service an insurance policy, <i>but</i> it does not issue that authority verbally or in writing.

Directions: Define the term ***unfair trade practice***.

Section 5: Ethical Responsibility

Directions: Choose the word or words from the word bank that match each description.

claims practices	rebating/gift offers/false free prizes
false advertising	tied selling
misrepresentation	twisting and replacement codes

1. making unnecessary demands of a client for the purpose of processing or settling a claim _____
2. making false statements that affect a consumer's decision to accept the terms of a contract _____
3. using confusing, misleading, or untrue statements to promote the purchase of a product or service _____
4. offering an inducement to do business with an agency _____
5. suggesting a client purchase additional life insurance or a replacement policy purely for the purpose of generating additional commission _____
6. making the purchase of one product or service contingent upon the purchase of another _____

Directions: List five consequences of the practice of ethical behaviors within an agency.

1. _____
2. _____
3. _____
4. _____
5. _____

Section 5: Ethical Responsibility

Directions: Circle True or False to indicate whether each factor can contribute to E & O claims.

- | | | |
|--|-------------|--------------|
| 1. the belief that a defendant has an extensive legal team | True | False |
| 2. changing legal standards | True | False |
| 3. the abundance of insurance agencies nationwide | True | False |
| 4. the influence of public and social media | True | False |
| 5. increased specialization of services and markets | True | False |
| 6. the availability of expert witnesses | True | False |
| 7. complex policies and forms | True | False |

Section 5: Ethical Responsibility

Directions: Choose words from the word bank to fill in the blanks.

expiration date	reasonable
inform	renew
non-renewal	

Several legal and ethical duties fall to an insurance agent. Agents are expected to:

1. use _____ diligence to procure insurance requested by a client and to _____ the client if unable to do so
2. notify the client when the agent receives information pertaining to the _____ of a client's policy
3. _____ a policy or notify a client of _____

Directions: Underline the circumstances that can lead to E & O claims.

the loss of a key employee	following a disaster	selling a new product
new forms	non-payment of premiums	direct versus agency bill
changes in business methods and technologies		

Section 5: Ethical Responsibility

Directions: Write letters in the correct columns to sort the reasons different parties make E & O claims.

Why Clients Make Claims	Why Insurance Carriers Make Claims	Why States Make Claims

- | | |
|---|--|
| <ul style="list-style-type: none"> A. failure to follow legal instructions B. failure to procure coverage C. changing established services D. failure to meet licensing requirements E. deceptive trade practices F. use of a trust account | <ul style="list-style-type: none"> G. failure to place on best available terms H. failure to supply underwriting information I. lack of or modified coverage J. misrepresentation of risk to the company |
|---|--|

Directions: Fill in the blanks to name four basic steps an agency can take to protect itself from E & O claims.

1. _____ from the first day of work within an agency until the last
2. documentation of _____ standards, procedures, and workflows
3. standards that result in clear and complete _____
4. internal _____ of agency standards, processes, and documentation

Section 5: Ethical Responsibility

Directions: List four steps an agency can take to protect itself following an E & O claim.

1. Have claims _____ by the insured.
2. Discuss the situation generally with _____ to understand their involvement.
3. Have a coordinator _____ and _____.
4. Prepare to be _____.

Directions: Circle True or False.

An employee can prepare to be a good witness by:

1. reviewing all materials after a deposition

True	False
-------------	--------------
2. always submitting to a deposition, with or without counsel

True	False
-------------	--------------
3. avoiding rehearsing answers

True	False
-------------	--------------
4. hesitating before answering questions

True	False
-------------	--------------
5. being willing to say, "I don't know."

True	False
-------------	--------------
6. always telling the truth

True	False
-------------	--------------

Answer Key

Section 1: Strategic Planning

Agency Identity

▶▶ Knowledge Check



Directions: Write a value statement for a real or imagined insurance agency.

Sample Answer:

The ABC Agency believes in serving customers with excellence and professionalism while treating everyone with dignity and respect.

▶▶ Knowledge Check



Directions: Write a vision statement for a real or imagined insurance agency.

Sample Answer:

The vision of ABC Agency is to making customers into raving fans of the protection and service we provide.

▶▶ Knowledge Check



Directions: Write a mission statement for a real or imagined insurance agency.

Sample Answer:

The ABC Agency will pursue what is in the best interests of the customer from an insurance and risk management perspective, and pursue profits for the organization practicing ethically, legally, and for the benefit of the community.

Agency Direction

▶▶ Knowledge Check



Directions: Describe specific factors you consider and evaluate when choosing an insurance company to work with your agency.

Sample Answer:

The products the company makes available to our customer set

The company personnel are educated and professional

The pricing of the products is competitive

The volume appetite of the company fits our desires and interests

Agency Health

▶▶ Knowledge Check



Directions: Identify the financial health assessment tools an agency should use to determine its stage of growth.

Sample Answer:

The Income Statement which helps to itemize the revenues and expenses of the agency.

The Balance sheet which reveals the assets and liabilities of the agency at a specific point in time to indicate the agency's financial condition.

Agency Action

▶▶ Knowledge Check



Directions: Write an example of a SMART goal.

Sample Answer:

Increase personal auto revenue by 6% by the end of the calendar year by staff promoting the new companion policy discounts offered by our largest homeowners carrier at renewal for new auto business.

Section 1: Self-Quiz

Directions: Choose words from the word bank to fill in the blanks.

action	purpose
culture	talent
financial	

1. An agency's value, vision, and mission statements are catalysts for action. They help create an agency's purpose, describe an agency's culture, plan talent development, and define an agency's financial aspirations.

Directions: Read each statement and decide its purpose. Write the letter of each statement in the appropriate column.

Value Statement	Vision Statement	Mission Statement
C	A	B, D

- A. By 2025, Agency XYZ will be the premier agency for commercial clients in transportation services.
- B. The team at Agency XYZ will be the go-to source for personal insurance for rural residents across the tri-state area.
- C. Employees of Agency XYX are committed to providing every client with a customized plan of long-term financial protection.
- D. Agency XYZ is committed to expanding its expertise in green energy initiatives to be the premier insurance consultants to energy manufacturers across the country.

Section 1: Strategic Planning

Directions: Circle the word that completes each statement.

1. The term *agency culture* describes an agency's _____.

purpose

personality

2. The direction in which an agency culture forms depends upon the agency's _____.

employees

leadership

3. Because they are involved in essential decision-making, agency leadership models _____ agency behaviors.

negative

positive

4. An agency culture, or personality, that grows from the ground-up is led by _____.

agency leaders

agency employees

Directions: Circle True or False.

1. Once an agency culture is established, it remains open to change.

True

False

Directions: Put a check (✓) mark next to each consequence of creating a healthy agency culture.

- Employees are more likely to enjoy their work.
- Employees will become more competitive, increasing an agency's profitability.
- Employees will become supportive of each other's successes.
- Employees will become more solitary in their commitment to established procedures and workflows.
- Employees will become more productive, increasing an agency's profitability.
- Employees will contribute to increased client retention, increasing an agency's profitability.

Section 1: Strategic Planning

Directions: Use words from the word bank to fill in the blanks

measurable	value
mission	vision
strategic.	

1. Together, an agency's value, vision, and mission statements describe an agency's purpose. They also allow the development of measurable goals that help an agency evaluate how well its strategic plans are executed.

Directions: Put a check (✓) mark next to each question an agency can answer to describe its overall purpose.

- How are resources used to support the agency's organizational framework?
- Is the agency more focused on sales or on service?
- What is the agency's current and predicted staff size?
- How experienced is the agency's management team?
- Is the agency publicly or privately traded?
- How do the agency's goals determine what products it sells?

Section 1: Strategic Planning

Directions: An agency considers several market factors when determining how many company relationships it needs to have. Write a letter to match each market factor to its definition.

Definition	Market Factors
A. the cost and the ease of doing business	C. fewer versus many
B. a company's financial stability, its personnel, its products, and the support it provides	D. agency volume
C. the cost of maintaining multiple company relationships	E. mix of business
D. how much premium the agency can promise to a company	F. utilization of existing company markets
E. whether the agency currently has all of the companies it needs to meet business demands	A. company volume requirements
F. whether the agency is using its current company relationships fully	B. company characteristics

Directions: Agency XYZ is considering building a relationship with a company. The quality of the company's personnel will influence the agency's decision-making. Circle the personnel factors that an agency considers.

1. the company's internal professional training program
2. the company's staff retention history
3. the company's client retention history
4. the staff's combined years of workforce experience
5. the staff's knowledgeability
6. the staff's efficiency
7. access to face-to-face communication

Section 1: Strategic Planning

Directions: Agency XYZ also evaluates the company's products. Put a check (✓) next to each factor the agency will evaluate.

- the product's coverage
- the product's price
- the marketing campaign built for the product
- the company's technology
- the company's stability in the marketplace
- the company's commission and compensation policies
- the forms the company uses

Directions: Underline the examples of support an agency must consider before beginning a relationship with a company.

1. the company's stability in the marketplace
2. marketing and advertising support
3. customized policies to accommodate individual agencies
4. efficient technology

Directions: Just as an agency considers the companies it wants to work with, companies decide what kinds of agencies they want to work with. List seven questions an agency can ask itself to know how companies will see its value.

Sample Answer:

1. How effectively and efficiently does the agency manage its own operations?
2. What is the agency's track record of business success?
3. Does the agency have good accounting practices?
4. What is the agency's plan for growth?
5. What is the quality of the agency's professional service staff?
6. Does the agency's marketing plan dovetail with the carrier's marketing plan?
7. What technology does the agency use, and how does it use it?

Section 1: Strategic Planning

Directions: Agencies go through five stages of growth. Write letters to match each characteristic to an agency's stage of growth.

Start-up	Development & Growth	Success	Expansion	Maturity
E, G, I	F, J, H	D, K, L	C, M	A, B

- | | |
|--|--|
| <ul style="list-style-type: none"> A. The agency is fully developed. B. The agency owner focuses on strategic goals. C. An agency targets new marketing territories. D. Staff within the agency are following well-executed procedures. E. The agency's owner handles every matter of business. F. An agency's client base is increasing. G. The agency's client base is unstable. H. The agency's owner assesses staff requirements as the agency pursues growth opportunities. | <ul style="list-style-type: none"> I. Client service is unreliable and unstable. J. Revenue and expenses are beginning to balance. K. The agency is finally profitable. L. The agency's owner modifies strategies and builds a leadership team. M. The agency's owner coordinates department employees as staff expands to meet demand. |
|--|--|

Directions: Everyone benefits from an agency's positive financial health. Write letters to match each benefit to the following groups:

Agency Owners	Producers	Staff	Insurance Companies
C	D	B	A

- A. Agencies are an extension of their business brand and part of their marketing efforts.
- B. A successful agency can lead to higher salaries and job security.
- C. Agencies are the greatest asset in these individuals' personal financial statements.
- D. One day, they may decide to purchase successful agencies.

Section 1: Strategic Planning

Directions: An agency's value is based on several factors. Fill in the blanks to name the missing factors.

Sample Answer:

1. Profitability history
2. Accounts receivable
3. Retention ratio
4. Average commissions
5. Producer compensation structure
6. Competencies of personnel
7. Company markets
8. Brand
9. Errors & Omissions experience

Directions: Explain the difference between a budget and an income statement.

Sample Answer:

1. A budget compares monthly revenue results to projected results.
2. An income statement shows revenues and expenses over a month, quarter, or year.

Section 1: Strategic Planning

Directions: Name four sources of income for an agency.

Sample Answer:

1. commission
2. interest/investment income
3. contingency income
4. fee income

Directions: Write letters to match each expense to the appropriate category.

Compensation	Selling	Administrative
A, B, C, G, O, Q	H, I, K, N	D, E, F, J, L, M, P, R

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Sales salaries B. Pensions C. Profit sharing D. Utilities E. Accounting and other professional services F. Insurance G. Employee benefits H. Travel I. Entertainment | <ul style="list-style-type: none"> J. Postage K. Promotional materials L. Education, licenses, and professional fees M. Leases N. Automobile O. Sales commissions P. Marketing/advertising Q. Payroll taxes R. Rent |
|---|--|

Section 1: Strategic Planning

Directions: Complete the chart to show three things agency leadership can do to manage expenses and why they should do them.

Sample Answer:

What should an agency do?	Why should it do it?
conduct a situational analysis	to review the past, analyze expense trends, and classify expenses
set targets for future short- and long-term expenses	to make sure expense growth is less than revenue growth, to manage expenses without interfering with growth, and to recognize on/off opportunities for future investments
establish a budget	To set reasonable limits based on an agency's past and present needs, to reflect the agency's cash flow and immediate profit needs, and to communicate with all staff

Section 1: Strategic Planning

Directions: Use words from the word bank to fill in the blanks

assets	fixed assets	owns
balance	liability	retained earnings
current assets	long-term liabilities	start-up capital
current liabilities	owes	

1. A(n) balance sheet shows a listing of what an agency owns and what it owes.
2. Another name for what an agency owns and owes is assets.
3. Cash, accounts receivables, and prepaid expenses are examples of current assets.
4. Cars, desks, office equipment, and other tangible items are examples of fixed assets.
5. A(n) liability is something an agency owes to others. Accounts payables, accounts current, and payroll taxes are examples of current liabilities.
6. Payments due more than 12 months into the future are examples of long-term liabilities.
7. Owners' equity includes start-up capita and retained earnings.

Section 1: Strategic Planning

Directions: Explain the purpose of the following ratio.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = ?$$

Sample Answer:

It is an example of a liquidity ratio. It helps an agency measure its ability to pay its obligations

Directions: Circle True or False.

To strengthen or improve a liquidity ratio, an agency can:

1. track incoming revenue

True

False

2. keep investments as liquid as possible

True

False

3. focus more on fixed assets than on current assets

True

False

4. manage debts carefully

True

False

Section 1: Strategic Planning

Directions: Underline each example of cash flow management in an operating account.

1. commission checks from a trust account
2. premiums
3. direct bill commission
4. compensation expenses
5. company premiums payable
6. commissions
7. business development expenses
8. operating expenses

Directions: List seven common disruptors that trigger a need for change within an agency.

Sample Answer:

1. loss of key personnel
2. agency restructuring
3. a change in agency technology
4. agency expansion
5. loss of an important account
6. loss of an insurance company contract
7. creation of a new profit center

Section 1: Strategic Planning

Directions: Number the steps required to manage change from 1 to 4.

- 3 Set Goals
- 2 Establish a Clear Direction
- 1 Validate the Need
- 4 Create an Action Plan

Directions: Write letters to match each characteristic to its category in a SWOT Analysis.

Strengths	Weaknesses	Opportunities	Threats
B, D, G	A, H, J, M	C, F, K	E, I, L

- | | |
|--|---|
| <ul style="list-style-type: none"> A. opportunities the agency missed because it didn't have the right resources B. the agency's unique resources C. new technology or upgrades that could benefit the agency D. the agency's assets E. a change in an insurance company's goals that affect the agency F. new training that would benefit employees G. the areas in which the agency out-competes other agencies | <ul style="list-style-type: none"> H. the areas in which the agency falls behind its competitors I. state and federal regulations that could affect the agency J. reasons the agency has failed to meet its goals in the past K. products or services that are in demand that the agency could provide L. competition that could take away clients and/or employees M. reasons the agency has lost business |
|--|---|

Section 1: Strategic Planning

Directions: Use the words from the word bank to fill in the blanks.

action plan	consumer purchasing trends	goals
accounts, or clients	economic trends	internal
agency operations, systems, and workflows	external	regulatory environment
competition	financials	sales and support

1. After completing a SWOT analysis, an agency must consider the external and internal factors that will help determine its goals and subsequent action plan.
2. External factors include competition, consumer, purchasing trends and regulatory environment.
3. Internal factors include accounts, or clients, agency operations, systems, and workflows, financials, and sales and support.

Section 1: Strategic Planning

Directions: Circle True or False.

1. A SMART goal provides a general description of an action.

True

False

2. A SMART goal is observable and always measurable.

True

False

3. A SMART goal always requires employee support.

True

False

4. A SMART goal must consider the need for resources and demands on employee time.

True

False

5. A SMART goal is most effective in short or incremental amounts of time.

True

False

Directions: Put a check (✓) mark next to each statement that describes short-range goal planning.

- occurs over a three-to-five-year period
- provides a broad picture of where an agency is headed
- provides detailed plans that organize and prioritize specific action steps
- communicates roles and responsibilities to staff
- provides an agency's daily, weekly, and monthly action agendas

Directions: Order the steps in an Action Plan from 1 to 4.

Step Number	Action
<u>3</u>	Identify who will be responsible for each action.
<u>2</u>	Develop action steps for successful completion of a goal.
<u>4</u>	Establish clear timeframes and guidelines for each action.
<u>2</u>	Determine how resources will be allocated to each action.

Section 2: Talent Acquisition and Development

Workforce Planning

▶▶ Knowledge Check



Directions: Write a position description for a position within your organization. Describe how the person hired for the position would demonstrate a good fit within agency culture.

Sample Answer:

Account Manager Trainee; Supervisor – Personal Lines Manager

Compensation: \$25,000

This position will develop through internal and external educational resources and practical hands-on training to provide day to day service and renewal support for the Personal Lines Team. Comfort with the automation system basic functions is required. Normal business day work hours. The person hired should be humble, intelligent, and cooperative

Recruiting and Hiring

▶▶ Knowledge Check



Directions: Share an example of an interview you found particularly successful from the point of view of a candidate or the interviewer. Describe specific elements of the interview that you think worked best.

Sample answer:

An interview with a potential account manager who told their life story using the hardest life lessons they learned along the way and the benefit of learning those lessons. The open ended discussions used were the most revealing.

OR

Directions: Share examples of “hidden” benefits within your workplace that help attract and retain good employees. Explain what other benefits you think would be an advantage to your agency.

Sample answer:

The best hidden benefit in working for the agency was the flexible office/home office approach for those most welcome to strong accountability measures of productivity. Another benefit that could be highly valued is a personal automation budget that allows employee choice in the selection of laptop brands and capabilities.

Employee Development

▶▶ Knowledge Check



Directions: Describe the advantages of providing internal versus external professional development to employees.

Sample Answer:

Advantages of internal professional development include: fewer expenses, access to online training, differentiated training

Evaluating Performance

▶▶ Knowledge Check



Directions: Name three essential performance standards for employees within your agency and describe how you use those standards to manage the agency's separation process.

Sample Answer:

1. Knowledge - demonstration of technical knowledge of insurance policies sold or serviced, meets or fails to meet
2. Initiative - willingness and ability to solve problems without prompting, observed or not observed
3. Attendance - displays consistent attendance within normal office hours, records indicate attendance

Section 2: Self-Quiz

Directions: List five ways that agency growth affects employees.

Sample Answer:

1. the number of employees
2. the roles employees play
3. how employees are compensated
4. the benefits employees receive
5. the kinds of professional training employees receive

Section 2: Talent Acquisition and Development

Directions: A successful agency makes assessments of their employees' needs. Underline the consequences of such assessments.

Needs Assessments lead to . . .

1. an awareness of where the agency would benefit from additional employees
2. increased recruiting costs
3. an understanding of when the right time is for bringing new employees in to an agency
4. lost time to address specific needs
5. an understanding of the specific talents and skills an agency needs its employees to have
6. an awareness of the kinds of training employees require

Directions: Write letters to match each consequence to the appropriate column.

The Outcomes of Having Workforce Planning	The Outcomes of Having NO Workforce Planning
A, C, G, H	B, D, E, F, I

- | | |
|---|--|
| <ul style="list-style-type: none"> A. clear descriptions for each role within an agency B. duplication of inefficient workflows C. identification of opportunities for mentoring D. loss of agency profitability related to poor hiring decisions E. lower team morale | <ul style="list-style-type: none"> F. customer complaints and loss G. lower recruiting and training costs H. an evaluation of employee strengths and weaknesses I. inadequate training and mentoring |
|---|--|

Section 2: Talent Acquisition and Development

Directions: Use words from the word bank to fill in the blanks.

ages	customer trust
cultures	deliberate
customer base	market
customer needs	

1. Today's customers are people of all ages and cultures.
2. A workforce that reflects the world creates market opportunities for an agency. Consequently, employee searches must be deliberate.
3. Agencies must seek talented individuals who reflect the customer base, meet customer needs, and inspire customer trust.

Section 2: Talent Acquisition and Development

Directions: Explain the relationship between values and hiring.

Sample Answer:

Values drive strategic hiring, meaning an agency uses its values to think about the kinds of candidates that would make a good cultural fit within the agency. In other words, values drive an agency to seek employees who will reflect and help sustain the agency's culture, or personality.

Directions: List four examples of soft skills strategic hiring managers look for in possible employees.

Sample Answer:

1. the ability to communicate effectively
2. the ability to engage in creative problem solving
3. the ability to remain adaptable and flexible
4. the ability to demonstrate social and emotional awareness

Directions: Circle True or False.

A position description:

1. describes the necessary qualifications for the position.

True	False
-------------	--------------
2. identifies all of the tasks and variations of those tasks that are required in the position.

True	False
-------------	--------------
3. defines acceptable performance levels.

True	False
-------------	--------------
4. identifies the soft skills required for a good fit within the agency.

True	False
-------------	--------------
5. serves as a tool for hiring managers, supervisors, and human resource representatives.

Section 2: Talent Acquisition and Development

True

False

Directions: Put a check (✓) mark next to each component of a position description.

- a position title
- a supervisor's name and/or position
- a performance evaluation schedule
- a performance evaluation rubric
- compensation range
- a description of duties and essential functions
- required knowledge, skills, and abilities
- a description of working conditions
- an explanation of causes for separation
- a signature line

Directions: Use words from the word bank to fill in the blanks.

benefits	proud
fair pay	recognized
meaningful	respected
missions	supportive
products	valued

1. Employees join or stay at an agency for a number of reasons. One is the opportunity to work with great people. Others included good benefits, fair pay, and meaningful work. Some employees join or stay because they feel proud of the work they do, the products that their agencies sell, and their agencies' missions.
2. Having supportive management is important. Employees appreciate good supervisors. They also appreciate being respected, recognized, and valued.

Section 2: Talent Acquisition and Development

Directions: To recruit good employees, an agency must have a vision for its workforce. Asking who, what, and why can help an agency find a “right fit.” Write the letter of the question that corresponds to each statement.

A. WHO?

B. WHAT?

C. WHY?

A,C. The candidate initiated a new-employee mentorship program at her previous agency.

A,C. The candidate’s references describe the candidate’s exceptional problem-solving abilities.

A,B,C. The candidate is currently pursuing a professional designation.

B,C. The candidate has specialized training in one of the agency’s most successful products.

B. The candidate has several years of prior experience in a profitable agency.

Directions: Circle True or False.

1. Candidates are aware of how other agencies treat their employees.

True

False

2. Larger agencies are always able to out-compete smaller agencies for good employees.

True

False

3. Larger agencies build and sustain healthier environments than smaller agencies do.

True

False

4. Smaller agencies can out-compete large agencies by offering unique perks and professional development options.

True

False

Section 2: Talent Acquisition and Development

Directions: Circle each word or phrase that describes the WFH, or work-from-home experience.

part-time	traditional hours	virtual office	connections to colleagues	previous insurance experience
previous WFH experience	full-time	activity measurement	non-traditional hours	schedule guidelines

Directions: List five talent sources an agency can use to identify employee candidates.

Sample Answer:

1. online platforms, such as Indeed, Monster, Facebook, and LinkedIn
2. job or career fairs
3. colleges and universities
4. recommendations from carriers
5. seeking candidates from within the customer base

Directions: Use words from the word bank to fill in the blanks.

accurately predict	equal opportunity
adversely	unfair discrimination
consistently	

To ensure a successful employee selection process, an agency should provide equal opportunity to all qualified candidates and avoid unfair discrimination. An agency must demonstrate three things—that the results of the interview accurately predict work performance, that the interview is conducted consistently with every candidate, and that the results do not adversely affect protected groups.

Directions: A candidate's résumé is a valuable pre-interview screening tool. Put a check (✓) mark next to each item on a résumé that an agency should examine.

- the candidate's photo attachment
- career direction over time
- time in each position
- employment gaps
- the frequency of job changes
- specific duties in previous jobs
- social group memberships
- religious affiliation
- education and training
- the résumé's formatting or professional appearance

Directions: Use words from the word bank to fill in the blanks.

consistent	objective
in a quiet location	participating
length of time	previous experiences
listen	

Interviewers can follow a few simple guidelines to conduct a successful interview. They should interview in a quiet location, plan ahead to know the length of time the interview will last, follow a(n) consistent interview format, listen and remain objective, avoid participating in the interview, and ask questions that focus on the candidate's previous experiences.

Section 2: Talent Acquisition and Development

Directions: Describe the purpose of using a STAR interview strategy.

Sample Answer:

The STAR strategy elicits responses to competency - focused questions, such as asking interviewees to discuss how they handled specific situations in the workplace.

Directions: Write letters to match each interviewing mistake to its name.

Expectation Gap	Halo Effect	Conversation Control
A	C	B

- A. providing an incorrect description of a position
- B. speaking more than the candidate
- C. assigning positive characteristics to someone who is physically attractive

Directions: Write DO or DON'T next to each recommendation for conducting an interview.

DO Ask only work-related questions.

DON'T Ask questions seeking personal information.

DO Ask questions that assess a candidate's previous duties.

DON'T Ask questions unrelated to the position to "test" the candidate's personality.

DO Ask the same questions all previous candidates have been asked.

Section 2: Talent Acquisition and Development

Directions: List four things an agency can include in checking a candidate's suitability and qualifications.

Sample Answer:

1. a motor vehicle report
2. a credit check
3. a criminal background check
4. character references

Directions: Explain the difference between a skills test and a personality profile.

Sample Answer:

A skills test evaluates a candidate's insurance knowledge or process skills.

A personality profile evaluates a candidate's personal traits

Section 2: Talent Acquisition and Development

Directions: Circle True or False.

1. Labor markets are competitive.

True
False
2. Compensation is linked to attracting and keeping good employees.

True
False
3. An agency should research compensation packages provided by competitors.

True
False
4. An agency should pay more attention to perks and benefits than to compensation to attract employees.

True
False
5. An agency should exceed their competitors' compensation rates.

True
False
6. Compensation rates can affect an agency's profitability.

True
False

Directions: Explain the relationship between bonuses and performance.

Sample Answer:

Bonuses should always be tied to employee performance.

Directions: Employees may be unaware of all of the benefits they receive or the value of those benefits, making it necessary for agencies to conduct benefit reviews. Circle examples of benefits that agencies frequently provide.

medical benefits	Social Security	dental benefits	exercise facilities
flex time	paid volunteer time	cafeteria plans	FICA

Section 2: Talent Acquisition and Development

Directions: Write letters to match each employment agreement to its purpose.

Employment Agreement	Non-Disclosure and Confidentiality Agreement	Non-Compete Agreement	Non-Piracy Agreement
B	D	A	C

- | | |
|--|--|
| <p>A. to prevent a former employee from selling insurance within a specific geographic area for a specific amount of time</p> <p>B. to explain expectations, compensation, and how “for cause” separation is handled</p> | <p>C. to prevent former employees from soliciting or writing existing clients for a specific length of time after leaving an agency</p> <p>D. to prevent former employees from disclosing confidential information they acquired while working for an agency</p> |
|--|--|

Directions: Define the term **onboarding** and explain its relationship to orientation and employee manuals.

Sample Answer:

Onboarding is the first step in a new employee's life within an agency. It sometimes includes an orientation program, which introduce a new employee to the company, to the company's physical facilities, to company culture, and to mentors. Providing a new employee with an employee manual is also part of onboarding. Employee manuals vary across companies, but they are intended to inform and assist employees during their careers.

Section 2: Talent Acquisition and Development

Directions: Circle True or False.

An effective employee manual:

1. clarifies employee expectations.
True **False**
2. protects employees from liability.
True **False**
3. protects employers from liability.
True **False**
4. explains company policies, such as sick leave.
True **False**
5. helps assist with legal compliance.
True **False**
6. identifies an agency's value, vision, and mission.
True **False**
7. describes how performance issues are addressed.
True **False**
8. explains IT policies.
True **False**

Section 2: Talent Acquisition and Development

Directions: List five benefits of employee professional development plans.

Sample Answer:

1. increased productivity
2. better products and coverage placement for clients
3. improved retention
4. fewer Errors and Omissions claims
5. increased profitability

Directions: Circle each ADVANTAGE of providing employees with internal professional development opportunities.

1. personalized training
2. no peers who may interfere with learning
3. access to a variety of online training options
4. no required interactions with instructors or peers
5. access to short-term fixes for long-term problems

Directions: Order the steps of the Performance Evaluation Process from 1 to 4.

- 4 Communicate evaluation results and use them to establish next year's standards.
- 1 Agree upon performance standards.
- 2 Measure employee performance frequently throughout the year.
- 3 Evaluate how well the employee meets the performance standards.

Section 2: Talent Acquisition and Development

Directions: Use words from the word bank to fill in the blanks.

clearly communicated	professional development
comments	signature line
performance achievements	strengths

Common components of evaluation forms include:

1. clearly communicated performance standards or behaviors
2. performance achievements accomplished throughout the review period
3. the employee's strengths and accomplishments
4. professional development opportunities
5. the employee's comments in response to the evaluation
6. a(n) signature line acknowledges the completion of the performance evaluation

Section 2: Talent Acquisition and Development

Directions: List ten preparations an employer can take to prepare for a successful evaluation.

Sample Answer:

1. Know the result you want.
2. Be sure the employee is fully informed, meaning s/he knows what is expected.
3. Review the employee's performance in relation to her/his position description.
4. Be thoroughly familiar with the employee's current performance.
5. Identify strengths the employee can develop further.
6. Decide what additional training the employee needs.
7. Think about what to say. Keep comments focused on the employee's work, not the person.
8. Focus on the facts.
9. Listen carefully.
10. Maintain privacy.

Directions: Write letters to sort the following reasons for separation into the appropriate categories.

Management-driven Reasons for Separation	Employee-driven Reasons for Separation
B, D, E	A, C, F, G

- | | |
|---|--|
| <ul style="list-style-type: none"> A. corporate politics, including sabotage by others B. dishonesty or fraud C. broken promises by management/owners D. a reduction in force (RIF) | <ul style="list-style-type: none"> E. unmet performance expectations F. disrespect unrelated to actual business results G. the lack of a career path or development opportunities |
|---|--|

Section 2: Talent Acquisition and Development

Directions: Explain what actions an agency should take to prepare for employee separation. Use words from the word bank to fill in the blanks.

cause	procedures
contracts	reasons
corrective-action	
investigated	retaliatory
policy	separation
prevent	similarly

1. First, determine the cause for separation. Follow the corrective-action plan outlined in the employee manual. Then document the reasons for separation, what the agency did to prevent it, whether disciplinary measures followed agency policy, and whether information in the employee's personnel file supports the separation decision. Also check to be sure other employees have been treated similarly.
2. Ensure the agency fully investigated the employee's complaints. Be certain that separation is not retaliatory. Also ensure there are no implied or oral contracts in place with the employee. Have procedures in place for the return of property, final pay, and benefit continuation.

Section 2: Talent Acquisition and Development

Directions: Order the actions that are part of the termination process in the case of INVOLUNTARY termination from 1 to 8.

- 3 Write a separation letter that states the specific reasons for separation.
- 1 Review the situation with other owners, HR, and legal counsel.
- 6 Assign someone to stay with the employee as s/he cleans out her/his desk.
- 5 Make the meeting to the point. It is not a discussion.
- 7 Escort the individual from the property.
- 2 Be certain that there is documentation that clearly outlines the cause for termination.
- 8 Follow up after separation to be sure all materials have been returned and system and website access has been terminated.
- 4 Have a private separation meeting with an HR representative or supervisor.

Finally, inform other staff members about the decision.

Directions: Give two reasons an agency should conduct an exit interview with each employee who separates from an agency VOLUNTARILY.

Sample Answer:

1. Separation is a natural part of an employee's "life cycle." Listening to the employee at this time respects this life cycle.
2. An agency should seek and then analyze feedback from the employee to understand what it can do to improve

Section 3: Client Retention and Acquisition

Know the Brand

▶▶ Knowledge Check



Directions: Describe your agency's brand. Select one or more features of the brand to describe a marketing strategy your agency could use to capitalize on its strengths.



Sample Answer:

Personal relationships with customers

Outstanding value

Willingness to serve

Market for Success

▶▶ Knowledge Check



Directions: Describe a marketing tool you or someone in your agency created that was more successful than anticipated. Explain what made the tool so effective.

Sample Answer:

Use of individualized business cards to communicate the unique commitment employees have to meeting the goals of the agency brand.

Build and Keep Relationships

▶▶ Knowledge Check



Directions: Identify and share a specific technique or strategy you have found effective in your efforts to provide quality client service and retain clients.

Sample Answer:

Consistent use of clients' preferred names and references to family members to show a personal connection to meeting their needs.

Section 3: Check In Self Quiz

Directions: Circle each statement that describes today's clients.

want round-the-clock access	trusting	careless with money	knowledgeable
slow to offer loyalty	educated	demand technological support	careful with money
expect personal attention	prefer to work with technology not people	quick to make decisions	seek support from real people when there's a problem

Directions: Complete the sentence.

Sample Answer:

The factors that bring clients to an agency and keep them there communicate the agency's brand.

Directions: List the five steps in a successful marketing program.

Sample Answer:

1. Identify a target market.
2. Evaluate resources.
3. Develop the market plan.
4. Apply metrics.
5. Analyze the plan's success

Section 3: Client Retention and Acquisition

Directions: Name four things an agency can do to identify a target market.

Sample Answer:

1. Know what it does well and what products it has to sell
2. Know whether there are sufficient prospects for those products
3. Recognize the competition
4. Consider how the agency can differentiate itself from the competition

Directions: Put a check (✓) mark next to each statement that poses a question an agency should ask itself to evaluate its resources.

- What other agencies pose the greatest competition?
- How well do account managers and producers work together?
- Does the agency have enough staff to handle a lot of new businesses?
- Do the target markets exist for new products?
- Do existing processes and workflows support success?
- Where is the “lowest hanging fruit”?
- How effective is the agency’s contact management system?
- What marketing materials reach the most people for the least cost?

Directions: Use words from the word bank to fill in the blanks.

essential	limitations
growth	practical

While knowing its limitations before planning a marketing program is both practical and essential, it also helps an agency recognize its opportunities for growth and where those opportunities exist.

Section 3: Client Retention and Acquisition

Directions: Circle the word or words that complete each statement.

1. An agency's marketing plan begins with clear _____.

actions

goals

2. An agency considers the advantages and disadvantages of a variety of _____.

marketing tools

bells and whistles

3. An agency decides what _____ to include in their marketing tools.

information

timelines

4. An agency considers whether any bells and whistles might convey _____.

extra costs

extra value

5. Producers and agency management work together to create _____.

a list of competitors

a list of prospects

6. The first target for a prospect list is _____.

references from existing customers

low-hanging fruit

7. An agency decides which marketing materials or formats will work best after it has established its goals, defined its _____, and decided how it will set itself apart from its competitors.

delivery method

markets

Section 3: Client Retention and Acquisition

Directions: List four things an agency website should do to be effective.

Sample Answer:

1. accommodate all kinds of devices, including phones and tablets
2. be able to receive complete contact information
3. be refreshed frequently to keep customers interested
4. incorporate key words that drive search engines

Directions: Circle the “convenience factors” that a website can offer clients.

reporting claims	making payments	connecting to social media platforms
customer surveys	accessing certificates of insurance	requesting quotes
viewing policy documents	advertising	contacting the agency

Section 3: Client Retention and Acquisition

Directions: Use words from the word bank to fill in the blanks.

advertisements	radio
brochures	social media
direct mail	telemarketing
email	trade
landing page	TV
newsletters	websites

1. Printed marketing tools include direct mail, brochures, newsletters, and advertisements.
2. Digital marketing tools include websites, ocial media, and the agency's landing page.
3. Other kinds of marketing tools include telemarketing, TV and radio spots, email blasts, and presence at trade shows.

Section 3: Client Retention and Acquisition

Directions: Circle True or False.

1. An agency can use metrics to create the goals that will lead to a marketing plan.

True

False

2. An agency can use metrics to evaluate the effectiveness of its marketing plan.

True

False

3. The most desirable frequency for collecting metrics is daily.

True

False

Directions: Order the sequence of metrics an agency should collect to evaluate the success of its marketing plan from 1 to 4.

3 the number of appointments resulting in sales

1 the number of calls that result in appointments

4 the number of closes per month

2 the number of appointments each week

Directions: Explain why an agency must constantly use metrics to monitor the success of its marketing plan.

Sample Answer:

Using metrics to compare actual results with projected goals helps an agency evaluate the success of its efforts and make changes, if necessary.

Directions: Write two words that summarize the importance or value of client retention.

Sample Answer:

income

revenue

Section 3: Client Retention and Acquisition

Directions: List three guiding principles that form the basis of a client-retention process.

Sample Answer:

1. Build rapport and trust
2. Provide quality customer service
3. Educate clients

Directions: Circle the word or words that complete each statement.

1. Applying a few communication techniques can help assure clients of their _____.
importance to the agency **access to the right products**
2. When communicating with clients, agents should consider every client's _____ and needs.
history with the agency **experiences**
3. Agents should listen to _____.
learn **avoid missing important details**
4. Agency staff should ask questions to _____.
clarify clients' comments **repeat clients' comments**
5. Agency staff should reword clients' comments in order to _____.
help clients feel confident that they were understood **help clients recognize the staff's expertise**
6. Staff should use _____ during discussions.
insurance language **friendly language**
7. While speaking with clients, staff should maintain _____.
a sense of humor **a sense of urgency**

Section 3: Client Retention and Acquisition

Directions: Explain how clients define the term **quality** when it comes to customer service.

Sample Answer:

Clients define the quality of customer service as the kind of personal attention they receive.

Directions: Use words from the word bank to fill in the blanks.

exposures	informed
claims	needs

Clients expect agents to be fully informed and always aware of their needs. They also expected to be protected from exposures. Protection helps clients avoid or minimize claims. It also reduces the likelihood that clients will go to a different agency.

Directions: Define the term **cross-selling** and explain why it contributes to client retention.

Sample Answer:

Cross-selling is the process of extending a client's coverage by enhancing an existing policy or adding new policies. It deepens the relationship between clients and an agency, making it an effective client-retention tool that increases an agency's profitability.

Directions: Name one way each of the following individuals or groups contributes to client retention.

1. Agency owner: determines the scope of a client-retention plan and measures the results
2. Agency producer or account manager: identifies cross-selling opportunities
3. Company personnel: apply their broad knowledge of companies to offer insights into cross-selling opportunities

Section 3: Client Retention and Acquisition

Directions: Circle True or False.

1. There are economic reasons for promoting client retention.

True

False

2. An agency should focus more on why clients stay than why they leave.

True

False

3. Knowing why clients leave can lead to profitable opportunities.

True

False

Directions: Identify two kinds of reports an agency can use to measure the success of its client-retention efforts.

Sample Answer:

1. Revenue reports

2. Cancellation reports

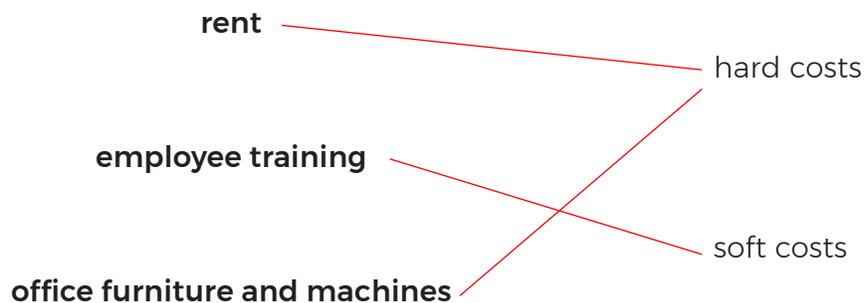
Directions: Complete the statement.

To determine if an account is profitable enough to write, an agency must have a complete understanding of

Sample Answer:

expenses associated with providing products and services..

Directions: Draw lines to match each example to the kind of expense it represents.



Section 3: Client Retention and Acquisition

Directions: Put a check (✓) mark next to each question an agency must ask when it is considering expenses related to soft costs.

- Does the producer have the expertise to secure an account?
- What technology is required to secure new clients?
- If a producer needs a mentor, how will the mentor's time away from her/his own work affect expenses?
- How will marketing efforts affect producer performance?
- Is staff support necessary to secure a new client?
- How do bonuses affect expense calculations?

Directions: Use words from the word bank to fill in the blanks.

directly attributable	premium
(non-compensation expense)	set agency standards

1. To determine the profitability of an account, it is necessary to know how much variable overhead (non-compensation expense) the agency has that is directly attributable to an account.
2. To determine a new or renewed account's profitability, it is necessary to calculate costs associated with the premium. This information can also be used to set agency standards.

Directions: Explain what decision an agency must make if a client demands more attention than the agency can profitably provide.

Sample Answer:

The agency must decide whether to retain or release the client.

Section 4: Technology Utilization

Levels of Technology Utilization

▶▶ Knowledge Check



Directions: Use your own words to describe the main features of each of the five levels of utilization.

Sample Answer:

Level 1	Level 2	Level 3	Level 4	Level 5
Essential Utilization	Defined Utilization	Managed Utilization	Quantified Utilization	Optimized Utilization
<u>Use of basic technologies</u>	<u>Use of technology with a general understand of its uses</u>	<u>Workflows are designed around technologies</u>	<u>Technology is used to measure performance toward goals</u>	<u>Use of technology allows employees to focus on quality of service</u>

Conducting an Internal Needs Assessment

▶▶ Knowledge Check



Directions: Identify three factors your agency should consider before moving forward with a decision to upgrade or convert its data management system.

Sample Answer:

1. A timeline for consideration and implementation
2. Questions and answers to guide decision making
3. Make a checklist to consider needs

Using an Operational Assessment to Improve Workflows

▶▶ Knowledge Check



Directions: Explain the relationship between standards, procedures, and workflows.

Sample Answer:

Standards are the targeted level of performance, while procedures are the things an agency must do to meet the standard. A workflow provides the steps staff need to perform to complete the procedures.

Information Management

▶▶ Knowledge Check



Directions: Describe and share what you find most useful or valuable using the information management system at your agency.

Sample Answer:

Data collection, storage, and labeling

Accessing documents and information

How are documents formatted for further use

Section 4: Self-Quiz

Directions: Define the term *InsurTech*.

InsurTech is the application of

Sample Answer:

technology innovations aimed at reducing costs and increasing efficiency across current industry models.

Directions: Write letters to sort the examples into appropriate categories.

How InsurTech Affects the Insurance Industry

Claims Handling	Risk Management	New Business Onboarding
C, G	B, D, H	A, E, F

- | | |
|---|--|
| <ul style="list-style-type: none"> A. electronic delivery B. understanding workplace behaviors C. calculating the estimated cost of repairs D. virtual walk-throughs E. paperless transactions | <ul style="list-style-type: none"> F. reducing the number of questions asked G. evaluating cause and effect from a loss H. telematics, such as tracking driving behaviors |
|---|--|

Section 4: Technology Utilization

Directions: Technology affects agency performance. Write letters to match each example to its effect.

Example	Effect
A. Clients have instant access to information.	<u>C., K.</u> Technology increases revenue.
B. Agents can communicate with clients in a variety of ways.	<u>E., I.</u> Technology allows measurement.
C. Both employees and clients benefit from controlled and consistent experiences, leading to greater satisfaction.	<u>A., B., H.</u> Technology improves the customer experience.
D. Employees can work from any location.	<u>C., I.</u> Technology helps build a consistent experience.
E. Consistency reduces possible E & O exposures.	<u>D., J.</u> Technology offers flexibility.
F. Standardized workforce practices reduce employee stress, making the work environment more enjoyable.	<u>F.</u> Technology can increase employee satisfaction.
G. The ability for any number of people to process more transactions increases per-person revenue.	
H. Agents can focus more on customer service than on transactions.	
I. Unchanging, or invariable, practices reduce exposure to E & O claims.	
J. Employees can access personal training opportunities.	
K. Any given number of people can process more transactions.	

Section 4: Technology Utilization

Directions: Choose words from the word bank to fill in the blanks.

customer service	sales
level	support
management	technology
practical	

The term *utilization* refers to making practical or efficient use of something. It is not an agency's specific technology or management system that determines utilization. It is the level at which these items are implemented. Implementation includes employee support, back-office support, sales support, and customer service.

Section 4: Technology Utilization

Directions: Read each characteristic. Then write the number of the corresponding utilization level. The first one has been done for you.

Level 1 – Essential Utilization **Level 4 – Quantified Utilization**

Level 2 – Defined Utilization **Level 5 – Optimized Utilization**

Level 3 – Managed Utilization

Characteristic	Level Number
A. Technology is used to conduct more of the various tasks of running an agency, thus reducing the overall burden on employees.	5
B. There is a focus on how staff manage the agency’s short- and long-term goals.	4
C. Agency data integration with carrier systems exists but is not fully used.	2
D. Technology systems are integrated so that phones and other forms of communication work with an agency’s management system.	3
E. Although some technology is in use such as phones and workstations, overall technology use is minimal.	1
F. An agency prioritizes measuring the results of its technology and analyzing those results to determine how they affect the agency in the most positive ways.	4
G. Practical uses of technology for the purpose of creating efficient workflows and procedures are being defined.	2
H. Technology integration is seamless, moving the emphasis from the agency’s needs to the customer’s needs.	4
I. An agency is beginning to measure the value and efficiency its technology provides.	4
J. Only the basic features of any existing agency management system are used.	1
K. Workflows and technology provide strategic and reliable processes that focus on customer needs.	3
L. An agency is deciding the minimum amount of data it needs to collect.	2

Section 4: Technology Utilization

Directions: Circle True or False.

1. Moving from one technology level to another is always done one level at a time.

True

False

2. An agency with highly effective strategic planning can skip levels to reach Technology Utilization Level 5 instantly.

True

False

3. Realistic goals and time frames are required for an agency to move forward from one technology utilization level to another.

True

False

Directions: Order the “big-picture” steps for moving from one technology level to the next from 1 to 4.

3 Measure for success.

1 Build the base.

4 Move to the next level.

2 Establish the “Agency Way.”

Directions: Explain the difference between a technology upgrade and a technology conversion.

Sample Answer:

1. A technology upgrade is moving from one version of a management system to another and/or adding an additional product to an existing system.
2. A technology conversion is moving from one product to another.

Section 4: Technology Utilization

Directions: Explain why an agency should conduct an internal needs assessment before deciding whether to upgrade or convert its technology.

Sample Answer:

Conducting an internal needs assessment helps an agency determine its technological needs in terms of an agency's goals and objectives.

Directions: Draw lines to match each step to the appropriate order in the process of conducting an internal technology needs assessment.

- | | |
|---|---|
| 1 | Decide whether to upgrade or convert. Then consider what technology will get the job done. |
| 2 | Plan for a commitment to employee training. |
| 3 | Develop a set of questions and answers to guide the thinking, research, and decision-making processes related to whether to upgrade or convert to a new system. |
| 4 | Make a checklist of current and future needs. |
| 5 | Establish time-related goals. |

Directions: Circle each example of a factor an agency might consider during an internal needs assessment.

mobile access	reporting needs	hard costs	security issues
timeline for completion	future needs	per-user cost	soft costs
required staff training	functionality across electronic platforms	whether to rely on software of Cloud solutions	client expectations

Section 4: Technology Utilization

Directions: Circle whether each example represents a Hard Cost or a Soft Cost.

1. Employee training

Hard Cost

Soft Cost

2. Loss of productivity during learning time

Hard Cost

Soft Cost

3. Physical equipment required for technology implementation

Hard Cost

Soft Cost

Directions: Define the term **Cloud computing**.

Cloud computing describes

Sample Answer:

Cloud computing describes the use of remote servers hosted on the internet to store, manage, and process data.

Directions: Name two advantages of relying on Cloud computing rather than in-house data storage.

Sample Answer:

- The Cloud provides an alternative to storing information on a local server or on office computers, making it a soft-cost solution to technology use.
- In addition to offering off-site data storage, the Cloud's pay-as-you-go format is constantly updated for users.

Section 4: Technology Utilization

Directions: Circle the word or words that complete each sentence.

1. _____ may have had little experience with the technology used prior to a technology upgrade.

Customer service representatives

Producers

2. Insertions of data at the earliest stages of client interactions are more complete when everyone knows how to use an agency's _____.

VoIP

information management system

3. No matter who the employee is, familiarity with an agency's technology upgrade or conversion improves workflows and increases individual _____.

responsibility

productivity

Directions: Circle True or False.

1. VoIP is the delivery of voice and multimedia data over networks, such as the internet.

True

False

2. Printers, scanners, and telephones must be integrated and compatible for effective communication.

True

False

3. For greater productivity, an agency should grant individual access to systems rather than to groups.

True

False

4. Insurance companies can use third-party resources to access an agency's management system.

True

False

5. Most agencies wait until technology has been upgraded or converted to clean their data.

True

False

Section 4: Technology Utilization

Directions: Choose words from the word bank to fill in the blanks.

accurate	misplaced
difficult	useful
efficient	validating
integrity	

1. Most agencies attempt to organize their documentation before upgrading or converting their data management systems. An agency begins by validating its information, or “cleaning up” its data before making any system change. Stray, or misplaced, information is put in its proper place.
2. Cleaning data before an upgrade or conversion has two valuable consequences. First, it makes the change process far more efficient and less difficult. Second, it provides data integrity. When agency staff generate reports, those reports will be based on accurate data. Only then are reports useful.

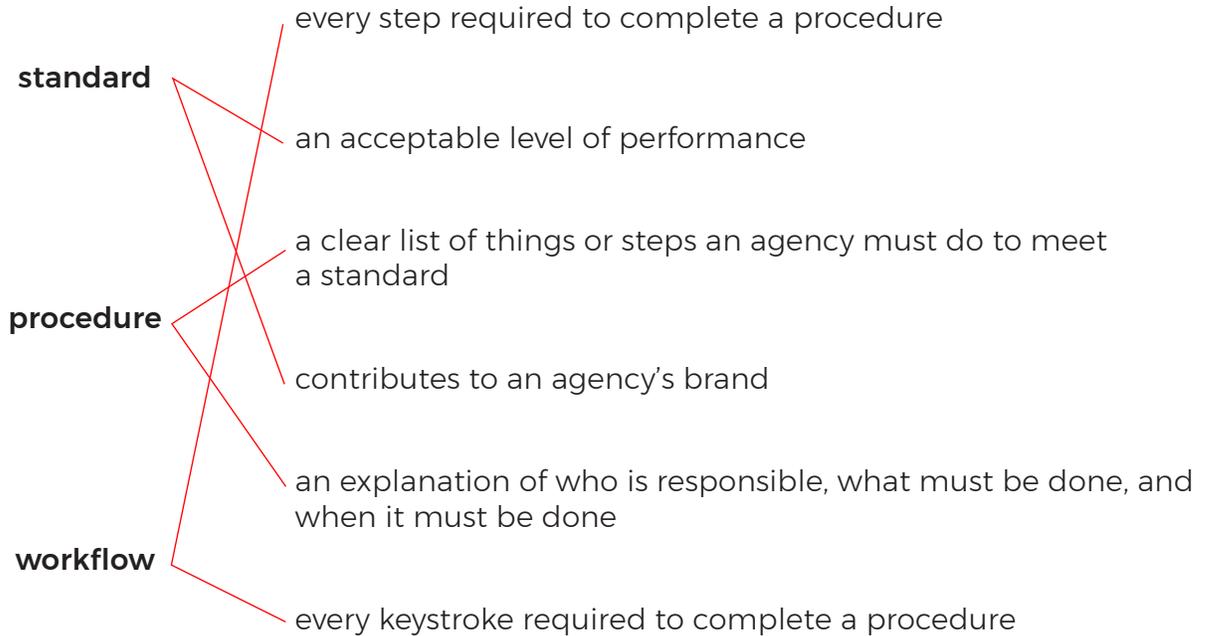
Directions: Explain why built-in workflows are more effective than multitasking.

Sample Answer:

Multitasking leads individuals to believe they are accomplishing more than they are. It dilutes an individual’s focus and reduces the person’s effectiveness. Built-in workflows, on the other hand, provide a strong and singular focus.

Section 4: Technology Utilization

Directions: Draw lines to match each word to its definition.



Directions: List five benefits that come from having established standards, procedures, and workflows. Together, they:

Sample Answer:

1. optimize time use
2. work as benchmarks for measuring compliance, productivity, and effectiveness
3. promote consistency, thereby reducing mistakes and E & O exposures
4. provide data to help an agency plan, market, grow, and make decisions
5. identify opportunities, the need for change, and the need for training

Section 4: Technology Utilization

Directions: Put a check (✓) next to each outcome of an operational assessment.

An operational assessment helps an agency:

- ensure that employees are following the agency's standards, procedures, and workflows
- decide whether to upgrade or convert technology
- find problems that need to be corrected
- evaluate individual employee performance
- rewrite its value, vision, and mission statements
- compare agency productivity levels to competitors' levels
- support customer service
- find ways to use current technology more fully
- identify employee training needs
- support an agency's core value and mission

Directions: Circle the word or words that complete each sentence.

1. _____ are needed to lead an operational assessment.

Agency managers or owners **Trained and reliable individuals**

2. Assessments should be applied consistently across _____.

departments **the lowest paid employees**

3. Assessment results should be communicated to _____ in general terms.

all staff **managers**

4. Assessment results should include solutions, _____, and training opportunities uncovered by the assessment process. _____

staff recommendations **workflow glitches**

Section 4: Technology Utilization

Directions: Explain the purpose of staff stratification.

Sample Answer:

The lowest paid employees are often the foundation of an agency's success. They provide the scaffolding on which an agency grows. An agency should transfer work to employees working in the lowest cost level capable of handling the work in a satisfactory manner. This saves money and time without sacrificing efficiency.

Directions: Choose words from the word bank to fill in the blanks. Some words may be used more than once.

databases	integrity	unreliable
electronic	quality	

Effective information management relies entirely on electronic documents and databases. However, the integrity of the information in an output such as a report depends entirely on the quality of the information put into the agency's database. Without data integrity, other functions are entirely unreliable.

Directions: Put a check (✓) mark next to each recommendation for managing information effectively.

- Fill in every field within a database.
- Set up folders for storing essential emails.
- Use appropriate naming conventions.
- Complete the Full Client Detail in a database.
- Print and store hard copies of all documents.
- Keep databases up-to-date.
- Provide employees with customized training in using the database.

Section 4: Technology Utilization

Directions: List four kinds of data that should be entered into an agency's management system. The first one has been done for you.

Sample Answer:

1. Basic client detail
2. Contact details
3. Policy details
4. Coverage details

Directions: Put a check (✓) mark next to each example of data put into an agency's management system.

- | | |
|--|---|
| <input checked="" type="checkbox"/> claims information | <input checked="" type="checkbox"/> driving records |
| <input type="checkbox"/> system access information | <input checked="" type="checkbox"/> property update information |
| <input checked="" type="checkbox"/> appraisals | <input checked="" type="checkbox"/> coverage recommendations |
| <input checked="" type="checkbox"/> classification codes | <input type="checkbox"/> technology productivity metrics |
| <input checked="" type="checkbox"/> value statements | <input checked="" type="checkbox"/> evaluation worksheets |
| <input checked="" type="checkbox"/> submission information | <input checked="" type="checkbox"/> business income worksheets |

Section 4: Technology Utilization

Directions: Circle True or False.

1. A workflow should always start at the beginning.

True

False

2. Client data go in first.

True

False

3. Entering data in the middle of a workflow can lead to data backflow.

True

False

4. Data backflow requires employees to go back to the beginning of a workflow to fill in missing information.

True

False

5. Working backward can save time and money.

True

False

6. Data backflow has little or no effect on data integrity.

True

False

Directions: Fill in letters to complete each word in the following sentence.

Document managers use database systems to collect, store, and manage documents.

Section 4: Technology Utilization

Directions: List seven examples of electronic documents that an agency can collect, store, and manage.

Sample Answer:

1. e-mail
2. carrier-generated documents, such as policies and endorsements
3. electronic and paper faxes
4. scanned and digitized paper mail
5. photos
6. other means of communication, such as voice-mail
7. formal reports

Directions: Choose words from the word bank to fill in the blanks. Some words may be used more than once.

cover page	scanned
electronically	shredded
files	storage
processed	

Agencies may combine early- and late-capture methods to manage in-house documents. In the early capture method, incoming documents are scanned immediately after they arrive at an agency. They are then transferred electronically, attached to client files, and/or communicated electronically to a staff member. In the late capture method, documents are processed before they are scanned. Next, they are distributed to individuals within the agency or to an outside vendor for electronic storage. Each document is accompanied by a(n) cover page. Afterward, original paper documents may be shredded.

Section 4: Technology Utilization

Directions: Document managers are aware of their states' requirements for gathering information classified as private information. List ten possible examples of personally identifiable information (PII).

Sample Answer:

1. first and last name
2. first name initial and last name
3. social security number
4. birthdate
5. credit card information
6. home address
7. health records
8. passwords
9. veteran and disability status
10. student information

Directions: Describe two steps an agency must take to protect client data.

1. To protect client data, an agency should minimize and purge.
2. It must then purge unnecessary information as soon as possible.

Directions: Explain how encryption is related to protecting client data.

Sample Answer:

Encryption, the process of encoding data to protect information from unauthorized access, occurs during document transmission and communication via e-mails and mobile devices. It can also be applied to information stored on computers, phones, and portable devices, such as tablets.

Section 4: Technology Utilization

Directions: Technology presents both benefits and challenges to an agency. Write the letter of each example in the appropriate column.

Benefits of Technology	Challenges Related to Technology
A, D, E, F	B, C

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Employees save keystrokes by allowing information to be entered only once. B. Not all insurance companies support an agency's workflows. C. An agency needs different workflows to work with companies that do not support bridging. | <ul style="list-style-type: none"> D. Processing is expedited for routine requests. E. Employees reduce E & O exposure by decreasing the likelihood that data will be entered incorrectly. F. Data quality improves and opportunities for human error diminish. |
|---|--|

Directions: Downloading is the process of transferring information electronically from an insurance company database to an agency management system. It brings both benefits and challenges to an agency. Write the letter of each example in the appropriate column.

Benefits of Downloading	Challenges Related to Downloading
B, D, E, H	A, C, F, G

- | | |
|---|--|
| <ul style="list-style-type: none"> A. Download failures can lead to problems, such as data overwrites. B. The possibility of data-entry mistakes decreases, reducing E & O exposure. C. A failure to conduct daily download audits may result in undiscovered errors or glitches, compromising an agency's database. D. Processing work may decrease by as much as 30%. | <ul style="list-style-type: none"> E. Workflow begins in an agency management or comparative rating system. F. An agency may need different workflows to work with carriers that do not support bridging. G. Not all insurance companies support commercial line downloads. H. More insurance carriers provide support for personal lines downloads. |
|---|--|

Section 4: Technology Utilization

Directions: Circle True or False.

1. A comparative rating system is a vendor rating program that enables an agency to obtain accurate risk quotes from multiple carriers.

True

False

2. A vendor and an insurance carrier must initiate, implement, and check rating updates.

True

False

3. A comparative rating system increases the number of keystrokes required to obtain a premium quote.

True

False

4. A comparative rating system is available at no cost to an agency.

True

False

5. Not all comparative rating systems may provide an underwriting review or necessary reports.

True

False

Directions: Insurance companies and agencies may provide portal access to proprietary rating systems through log-ins and passwords. Circle the word or words that complete each statement about proprietary rating systems.

1. A proprietary rating system often includes _____ approval.

underwriting

risk

2. Agency employees enter risk data into a carrier's system to obtain quotes, but _____ may be unacceptable.

risks

declination capabilities

3. When producers and CSRs go around an agency's management system by going directly to a carrier's site, they _____.

compromise an agency's documentation

increase workflow efficiencies

Section 4: Technology Utilization

Directions: List five examples of real-time transactions that can occur when carrier and agency management systems interpret and transfer data.

Sample Answer:

1. Billing inquiry
2. Policy inquiry
3. Claim inquiry/loss run
4. Endorsement processing
5. Rating

Section 5: Ethical Responsibility

Ethics in the Workplace

▶▶ Knowledge Check



Directions: Work with a partner or in a group. Select one of the following case studies to examine from an ethical perspective. Use what you know about the foundations of ethical behavior to answer the question.

Case Study One

You are a producer in a local insurance agency. Recently, you connected with a business owner at a Chamber of Commerce luncheon. The owner is excited about having you quote and write his business. Returning to the office, you attempt to enter this prospect into your sales management system, only to find that the business is already entered as a prospect assigned to another producer in the agency. You notice that the producer has not contacted the business in more than three years. You know you can land this account. How do you proceed?

Sample Answer:

You go to the other producer to inform them of your new contact with the prospect and you ask them to withdraw from the account. If necessary, you could agree to a negotiated resolution. If the conflict remains you could approach management regarding who should have ongoing ownership of the account.

Case Study Two

You are the agent for a nonprofit social services agency. The social services agency knows you and your son are actively involved in Little League. The social services agency offers you a set of family season tickets to the games of the local professional baseball team. What do you do?

Sample Answer:

You thank the customer for the offer of the tickets and explain how the insurance regulations regarding rebating could apply in this circumstance and that you are committed to acting ethically and within state regulations.

Legal Duties

▶▶ Knowledge Check



Directions: Summarize the legal and ethical duties that fall to you as an insurance agent. Share and compare your self-analysis with other participants and use discrepancies as opportunities for clarification and discussion.

Sample Answer:

As an agent you have both ethical and legal duties to act in good faith toward the customer, sharing the truth about what you can and will do for them and what you cannot do to help manager their risk, if anything. During the policy year and at claims time you owe them prompt and clear support.

Section 5: Check In Self Quiz

Directions: Choose words from the word bank to fill in the blanks.

agency	ethics	profession
beliefs	guiding principles	right
business ethics	individual	wrong

1. The rules or standards associated with one’s moral duties and obligations are called ethics. They are guiding principles, or collective beliefs and values that members of a society use to guide personal decisions and to differentiate between “right and wrong”
2. The principles that guide the decisions of individuals and groups within a given profession are called business ethics. They focus on principles and problems that occur within a business environment, such as an agency. Business ethics apply to each individual within an agency and to the agency as a whole.

Directions: Name two factors that influence the application of business ethics within the insurance industry.

Sample Answer:

1. laws and regulations
2. public perception

Section 5: Ethical Responsibility

Directions: Write the letter of the phrase that defines each principle.

A. Honesty	<u>B.</u> making every effort to fulfill commitments
B. Loyalty	<u>H.</u> avoiding deception
C. Respect for Others	<u>C.</u> respecting human dignity
D. Leadership	<u>I.</u> protecting a company's reputation and safeguarding employee morale
E. Integrity	<u>J.</u> following the Golden Rule
F. Fairness	<u>F.</u> exercising power without taking advantage of others
G. Law Abiding	<u>L.</u> accepting responsibility for one's decisions
H. Reputation and Morale	<u>D.</u> demonstrating fidelity to clients, colleagues, and institutions
I. Trustworthiness	<u>A.</u> recognizing the responsibilities attached to positions of leadership
J. Concern for Others	<u>E.</u> doing what is right, even when under pressure to do otherwise
K. Commitment to Excellence	<u>K.</u> being well-informed and dedicated to improving professional proficiency
L. Accountability	<u>G.</u> following rules, regulations, and laws

Section 5: Ethical Responsibility

Directions: Circle the word or words that complete each statement.

1. An ethical individual _____ before acting.

speaks

thinks

2. An ethical individual demonstrates _____

self-discipline

caution

3. An ethical individual behaves _____.

consistently

with quiet dignity

4. An ethical individual accepts responsibility for the _____ of her/his _____.

consequences/behaviors

integrity/leadership

Section 5: Ethical Responsibility

Directions: Circle True or False.

An agency is neither ethical nor unethical.

1. Every agency should have a Code of Ethics.

True

False

2. A Code of Ethics is the foundation of an agency's value system.

True

False

3. An agency's Code of Ethics is reflected in its public image.

True

False

4. Employees should take primary responsibility for establishing an agency's Code of Ethics.

True

False

5. Agency leaders should be aware of what drives employee behaviors.

True

False

6. Ethical practices should move from top to bottom within an agency.

True

False

7. Implementing a Code of Ethics is a one-time effort.

True

False

8. Agency leaders can use client surveys to evaluate how well an agency's Code of Ethics is working.

True

False

Directions: Put a check (✓) mark next to each reason individuals or groups choose to act unethically.

- Managers do not model a Code of Ethics.
- Employees feel it is unsafe to speak honestly to management.
- Managers promote competition.
- Managers establish unrealistic performance targets.
- Managers treat employees differently, giving some individuals advantages that others don't have.

Section 5: Ethical Responsibility

Directions: Choose words from the word bank to fill in the blanks.

legal action	regulatory
profitability	reputation

The consequences of unethical behaviors in an agency can include harm to the agency's reputation, exposure to legal action, a decrease in profitability, and regulatory actions.

Directions: Underline the factors that contribute to the identification and establishment of ethical responsibilities in the workplace on the basis of law.

employee morale	<u>peer standards</u>	client feedback
<u>reliable research</u>	social media	<u>expert testimonies</u>
<u>case laws and</u> <u>statutes</u>	web surveys	

Section 5: Ethical Responsibility

Directions: Choose words from the word bank to fill in the blanks. Words may be used more than once.

client dependence	length of time
decisions	make
fiduciary	responsibility
intimate knowledge	special relationship

1. Some situations may lead a court to determine the existence of a(n) “special relationship” between a client and an agent. Although these determinations can vary dramatically by state, they can be triggered by an agent’s intimate knowledge of a client, the length of time of their relationship, the degree of client dependence on the agent, or an agent simply agreeing to make insurance or risk management decisions on behalf of a client.
2. In insurance transactions, a(n) fiduciary relationship – a relationship in which an agent, agency, or insurance company is expected to act in the best interests of a client – is held to a higher degree of responsibility than fiduciary relationships in many other businesses.

Section 5: Ethical Responsibility

Directions: Circle the word or words that complete each statement.

1. In a special relationship, an insured asks for _____ and an agent provides _____.

recommendations/advice

regulations/legal statutes

2. A(n) _____ is a party authorized to act ethically on behalf of another. Parties include principals, agents, and third parties.

special relationship

legal agent

3. An insurance agent is appointed by a(n) _____ to solicit applications, collect premiums, and bind policies.

broker

insurer

4. A(n) _____ acts or aids in negotiating insurance contracts.

insurance counselor

broker

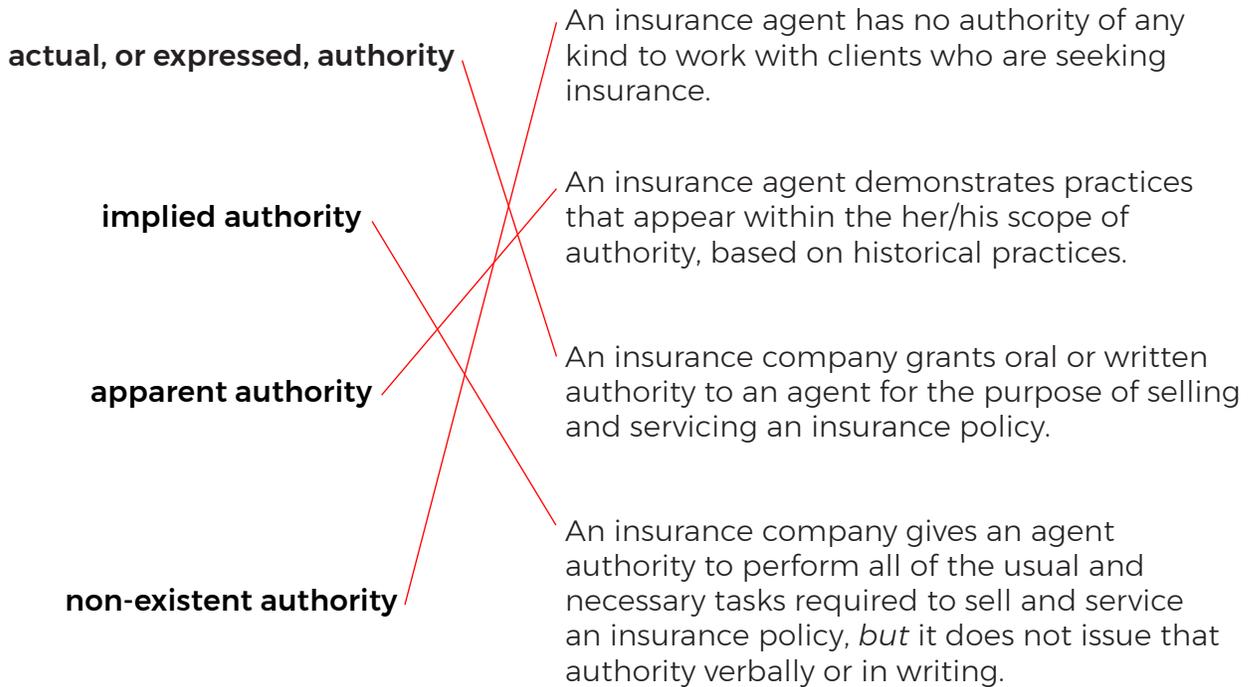
5. A managing general agent has _____, claims, and reinsurance placement authority from an insurer.

solicitation

underwriting

Section 5: Ethical Responsibility

Directions: Draw lines to match each kind of agency authority to its meaning.



Directions: Define the term ***unfair trade practice***.

Sample Answer:

An unfair trade practice is a fraudulent, deceptive, or unethical behavior enacted for the purpose of obtaining business.

Section 5: Ethical Responsibility

Directions: Choose the word or words from the word bank that match each description.

claims practices	rebating/gift offers/false free prizes
false advertising	tied selling
misrepresentation	twisting and replacement codes

1. making unnecessary demands of a client for the purpose of processing or settling a claim claims practices
2. making false statements that affect a consumer's decision to accept the terms of a contract misrepresentation
3. using confusing, misleading, or untrue statements to promote the purchase of a product or service false advertising
4. offering an inducement to do business with an agency rebating/gift offers/false free prizes
5. suggesting a client purchase additional life insurance or a replacement policy purely for the purpose of generating additional commission twisting and replacement codes
6. making the purchase of one product or service contingent upon the purchase of another tied selling

Section 5: Ethical Responsibility

Directions: List five consequences of the practice of ethical behaviors within an agency.

Sample Answer:

1. greater profitability
2. increased client retention
3. increased employee retention
4. improved relationships within the agency and with clients
5. a more positive working environment

Directions: Circle True or False to indicate whether each factor can contribute to E & O claims.

- | | | |
|--|-------------|--------------|
| 1. the belief that a defendant has an extensive legal team | True | False |
| 2. changing legal standards | True | False |
| 3. the abundance of insurance agencies nationwide | True | False |
| 4. the influence of public and social media | True | False |
| 5. increased specialization of services and markets | True | False |
| 6. the availability of expert witnesses | True | False |
| 7. complex policies and forms | True | False |

Section 5: Ethical Responsibility

Directions: Choose words from the word bank to fill in the blanks.

expiration date	reasonable
inform	renew
non-renewal	

Several legal and ethical duties fall to an insurance agent. Agents are expected to:

1. use reasonable diligence to procure insurance requested by a client and to inform the client if unable to do so
2. notify the client when the agent receives information pertaining to the expiration date of a client's policy
3. renew a policy or notify a client of non-renewal

Directions: Underline the circumstances that can lead to E & O claims.

<u>the loss of a key employee</u>	<u>following a disaster</u>	<u>selling a new product</u>
<u>new forms</u>	non-payment of premiums	direct versus agency bill
<u>changes in business methods and technologies</u>		

Section 5: Ethical Responsibility

Directions: Write letters in the correct columns to sort the reasons different parties make E & O claims.

Why Clients Make Claims	Why Insurance Carriers Make Claims	Why States Make Claims
B, C, G, I	A, H, J	D, E, F

- | | |
|---|--|
| <ul style="list-style-type: none"> A. failure to follow legal instructions B. failure to procure coverage C. changing established services D. failure to meet licensing requirements E. deceptive trade practices F. use of a trust account | <ul style="list-style-type: none"> G. failure to place on best available terms H. failure to supply underwriting information I. lack of or modified coverage J. misrepresentation of risk to the company |
|---|--|

Directions: Fill in the blanks to name four basic steps an agency can take to protect itself from E & O claims.

Sample Answer:

1. education from the first day of work within an agency until the last
2. documentation of consistent standards, procedures, and workflows
3. standards that result in clear and complete documentation
4. internal assessment of agency standards, processes, and documentation

Section 5: Ethical Responsibility

Directions: List four steps an agency can take to protect itself following an E & O claim.

Sample Answer:

1. Have claims reported directly to the carrier by the insured.
2. Discuss the situation generally with all involved agency personnel to understand their involvement.
3. Have a coordinator gather all pertinent information and put it in a master file.
4. Prepare to be a good witness.

Directions: Circle True or False.

An employee can prepare to be a good witness by:

1. reviewing all materials after a deposition

True

False

2. always submitting to a deposition, with or without counsel

True

False

3. avoiding rehearsing answers

True

False

4. hesitating before answering questions

True

False

5. being willing to say, "I don't know."

True

False

6. always telling the truth

True

False

Appendix

Preparing for the Final Exam

For many learners, test preparation is stressful. Please keep in mind that the most important measure of your knowledge will be witnessed in your service to your organization. Think of a test as a tool. Use it to come to an understanding of what you know, how it affects your work, and what more you would like to know to have even greater success in the workplace.

The testing period for the Final Exam is 2 ½ hours long. The test itself is composed of 50 multiple-choice questions that ask you to demonstrate what you know. Each question is worth two points. To pass, you are required to earn a minimum of 70 out of 100 possible points. Questions appear in the order of presentation of the topics.

Remain aware of the time as you take the test. Pace yourself and be aware that unanswered questions are considered incorrect.

Study Techniques

There are some techniques you can use to help you prepare for the end-of-course test. Apply the same techniques to each chapter in your learning guide.

1. Review the Section Goal.
2. Review each Learning Objective.
3. Change each header and subhead into a question. Then answer the question. For example,
Header: Components of a Formal Training Plan
Question: What are the components of a formal training plan?
4. Review each diagram, graph, and table. Interpret what you see. Ask yourself how it relates to a specific Learning Objective.
5. Check your answers to each Check-In. Correct your original answers, if necessary.
6. Check your answers to each Knowledge Check. Consider ways to improve your original answers.
7. Re-read the summary at the end of each section.
8. Check your answers to each question in the Self-Quizzes at the end of each section. Correct your original answers, if necessary.
9. Review any comments, highlights, or notes you made in each section.

10. Rewrite important ideas in your own words. Find ways to connect those ideas to your own work experiences.
11. Make flash cards to help you review important vocabulary.

Sample Test Questions

Sample 1

Directions: Agency ABC considers what products and insurance company offers. Mark each factor the agency will likely consider a positive about the company's products.

1. _____ The coverage provided
2. _____ The price of the product
3. _____ The company's strategic goals for making a profit
4. _____ The company's filing with the state insurance department
5. _____ The commission paid to the agency

Sample 2

Directions: Which of the following would be considered an agency Selling expense? Circle the correct answers.

1. Travel costs
2. Postage
3. Payroll taxes
4. Rent
5. Pensions

Correct Answers:

Sample 1: The correct answers are **1, 2, 5**.

Sample 2: The correct answers are is 1.

Glossary of Terms

actual or express authority a form of agency authority that is plainly granted, either orally or in writing, by an insurance company

administrative expenses a category of agency expenses associated with agency management, including rent, utilities, leases, professional services, automation, education, licenses, professional memberships and fees, marketing and advertising, and insurance

agency culture the system of values, beliefs, and practices that drives and influences what and how things are done within the agency

agency value used to assess the financial health of an agency based on various criteria

apparent authority agent behavior that leads a client to suppose authority

assets what an agency owns and what is owed to an agency by others

balance sheet a detailed listing of what an agency owns (assets) and owes (liabilities) and capital at a specific point in time

budget a monthly account of an agency's financial health; a comparison of monthly results to projected results

comparative rating system a third-party, or vendor, rating program that enables an agency to obtain accurate risk quotes from several carriers

compensation expenses the largest category of expenses within an agency; includes owner compensation, sales salaries and commissions, staff salaries, employee benefits, payroll taxes, and pension and profit-sharing

conversation control a set of recommendations used for conducting successful interviews

conversion moving from one technology product to a different technology product

cross-selling the process of extending a client's coverage by enhancing an existing policy or adding new policies

current assets any cash, accounts receivables, marketable securities, prepaid expenses, and any other assets that will be converted to cash within a 12-month period

current liabilities accounts payable, accounts current, payroll taxes, and notes payable within the next twelve months

disruptor an event that triggers a need for change

downloading the process of transferring information electronically from an insurance company database to an agency management system

Glossary of Terms

early capture a document management method; the processing of documents immediately upon their arrival at an agency

encryption the process of encoding data to protect information from unauthorized access

ethics the rules or standards associated with moral duties and obligations

expectation gap a difference between the reality of a position and what an interviewer describes to a candidate during an interview

fiduciary relationship a relationship in which an agent, agency, or insurance company is expected to act in the best interests of a client

financial model how revenue is allocated to various expense items within an agency

fixed assets also called long-term assets; tangible items, such as cars, desks, and office equipment

goals the concrete and measurable aims of an agency; the measurable results or achievements toward which all agency efforts are directed

Halo Effect the tendency to attribute positive characteristics to people who appear more attractive

hard costs rent, fixed equipment expenses; the costs of providing physical tools and spaces for those tools

implied authority authority not actually expressed or communicated by an insurance company to an agent that allows the agent to perform all of the usual and necessary tasks to sell and service an insurance policy

income statement a profit and loss (P&L) statement that shows an agency's revenues and expenses over a specific period of time

initial load the one-time loading of a new or existing agency management system from a specific company

InsurTech the application of technology innovations aimed at reducing costs and increasing efficiency across current industry models

late capture a document management method; the processing and then scanning of documents upon their arrival at an agency. After scanning, documents are distributed within the agency or to a vendor for electronic storage.

legal agent a party authorized to act ethically on behalf of another

liabilities what an agency owes to others, including current and long-term liabilities

liquidity ratio a tool used to measure an agency's ability to pay its obligations; includes trust and current ratios

Glossary of Terms

long-term assets also called fixed assets; tangible items, such as cars, desks, and office equipment

long-term liabilities payments due more than twelve months into the future

management expenses a category of agency expenses associated with short- and long-term growth goals that reflect the results of a situational analysis

mission statement a statement that clearly describes an agency's purpose and focus; that identifies its goals for growth; and that identifies characteristics related to service, income, and profit

multitasking taking on numerous tasks at once

non-compete agreement a document that forbids a former employee from selling insurance within a specific geographic territory for a specific length of time

non-disclosure and confidentiality agreement a document that forbids a former employee from disclosing confidential information acquired during employment

non-existent authority the absence of authority from an insurance company to an agent to represent that company

non-piracy agreement a document that forbids a producer from soliciting or writing the existing clients of a former agency for a specific length of time after leaving the agency

operating account monitors day-to-day expenses within an agency

owners' equity also called shareholders' equity; the start-up capital and earnings retained by a business; summarized by the equation $\text{Assets} - \text{Liabilities} = \text{Owners' Equity}$, or Net Worth

premium trust account monitors cash coming in from accounts receivable and cash going out to pay current balances and commissions

principles standards of behavior

procedure the specific things an agency must accomplish to achieve a standard. Each component of a procedure identifies who is responsible, what needs to be done, and when it should be completed.

proprietary rating system rating systems with controlled access through log-ins and passwords

ratio a comparison of two values, such as assets and liabilities

selling expenses a category of agency expenses that includes costs associated with travel, entertainment, advertising, and agency vehicles

situational analysis an examination of both the external and internal factors that help an agency determine its goals and subsequent action plans

Glossary of Terms

soft costs the costs attached to providing employee training; the costs attached to the services required to implement technology

soft skills skills employees bring to their work that are not typically found on a résumé, such as the ability to communicate effectively, engage in creative problem solving, remain adaptable and flexible, and demonstrate social and emotional awareness

special relationship a long-term relationship built on confidence in or reliance on an agent to make ethical coverage recommendations and/or decisions

standard a stated, acceptable level of performance in every area of an agency's operations

STAR an interview strategy (Situation, Task, Action, Result) used to elicit responses to competency focused questions

start-up the initial and fragile stage in an agency's growth in which the owner or manager handles all tasks related to agency management

strategic planning a formal process of determining the identity, direction, and action that an agency will undertake

SWOT analysis a tool for evaluating an organization's strengths, weaknesses, opportunities, and external and internal threats

unfair trade practice a fraudulent, deceptive, or unethical behavior enacted for the purpose of obtaining business

upgrade moving from one version of a management system to another and/or adding an additional product to an existing system

utilization making practical or efficient use of something

value statement a statement communicating an agency's core principles; an expression of an agency's aspirations and behaviors, or codes of conduct, that matter the most to an agency's leadership

vision statement a statement communicating what an agency is trying to achieve, its long-range goals, and characteristics that guide its strategic development

VoIP Voice over Internet Protocol; the delivery of voice and multimedia data over networks, such as the internet

workflow the specific keystrokes and steps employees need to perform to complete a procedure

