



Trusted Risk Advisor™...Consulting and Diagnosing Risk with an ERM Model

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The Trusted Risk Advisor™ (TRA) is a newly created certification that represents a symbol of professional excellence in consultative and diagnostic sales and enterprise risk management (ERM). The TRA is positioned for agents and brokers who wish to take their game to the next level...to reap rewards that only enhanced credibility, trust, and perception can bring.

“While participating professionals may enter the program with a proven track record of success, the TRA empowers them to sharpen arrows in their quiver, confirm that they have a growth-mindset, and consider additional tools and tactics to significantly improve performance,” states April Baker, Beyond Insurance Chief Learning Officer.

Goodbye Agent and Broker...Hello Trusted Risk Advisor

As an insurance and risk management professional, are you getting increasingly concerned and frustrated with industry perception, commoditization, and the consumers’ addiction to the insurance bid? Are there forces that stand in the way of your ultimate professional growth?

If you responded affirmatively, you are not alone. The research of Beyond Insurance has determined that over 90% of agents and brokers feel that their growth potential is being impaired by the transactional nature of the industry and negative perception.

“Unfortunately, I see so many talented agents and brokers stuck in a fixed mindset because of their perceived lack of control over outcomes,” says Baker.

The Trusted Risk Advisor (TRA) certification begins with a session entitled, “Goodbye Agent and Broker...Hello Trusted Risk Advisor.” It is here where participants are required to discover their purpose for existence...their cause...their WHY. The TRA program instills in industry professionals that their WHY is risk and uncertainties supported by HOW...a process to strategically deal with them.

The evidence is overwhelming. Today’s consumers are bored and uninspired with the actions and deliverables of the traditional agent or broker. They are starving for a risk advisor who delivers a disciplined approach, planning process, and service standards that measure up to other professional advisors like the CPA, attorney, or investment counselor.

So, what is risk? Risk is best defined as “someone or something of value that is exposed to danger, harm, or loss.” Synonyms include endanger, imperil, and jeopardize. Risk management is the identification, assessment, and prioritization of risks followed by a coordinated application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities. The primary objective of risk management is to ensure that uncertainty does not derail the business endeavors or family from its goals.

If risk and uncertainty are the TRA’s WHY, what, then, is insurance? It is simply WHAT the agent and broker do...the products, services, function, or deliverables.

“When I discovered my WHY, I gained enhanced clarity, purpose, and passion. And I quickly noticed that my clients, prospects, centers of influence, underwriters, and colleagues treated me with more respect,” says Ralph Whitehurst, Jr., AAI, CIC, CWCA, President and CEO, Whitehurst Strategic Partners in Wake Forest, NC.

If Your Clients Trusted You More...What Would Happen?

A Trusted Risk Advisor (TRA) Scorecard is introduced in the TRA certification, supported by a thought-provoking exercise through which each participant envisions a world in which their clients trusted them more. A sampling of outcomes includes:

- Reach for their advice more often
- Be inclined to accept and act on their recommendations
- Bring them in on more advanced, complex, strategic issues
- Treat them as they wish to be treated
- Elevate their respect of them
- Refer them to their friends and business acquaintances
- Lower the level of stress in their interactions
- Give them the benefit of the doubt
- Forgive them when they make a mistake

- Protect them when they need it (even from within their own organization)
- Warn them of the dangers they might avoid
- Involve them early on when their issues begin to form, rather than later in the process (or maybe even call them first!)
- Trust their instincts and judgments

A focus on the Scorecard and exercise leads the participants to realize the significance of “status” – one’s position in relation to others. When trust grows, so does one’s ability to influence.

“An elevated status grants responsibility, privilege, and esteem. Others’ perception of you is raised by the outgrowth of credibility and trust. When you are viewed more positively, you can influence and advise them, thus changing the lives of those around you,” says Baker.

TRA Value Proposition

In Goodbye Agent and Broker...Hello Trusted Risk Advisor, significant time is spent on the TRA’s value proposition. As the primary focus of the TRA is risk and risk management, their message differs greatly from the traditional agent or broker. The Trusted Risk Advisor’s value proposition goes far beyond product or service descriptions to express the results that a consumer can expect to achieve. In developing his or her unique message, the TRA knows that:

- Value is created through a process not product-oriented approach.
- Value is created when a problem (risk issue) is identified and solved.
- A value proposition based solely on products, features, and/or pricing is not sustainable.
- Solutions are a result of consulting and diagnosing risk issues.

The Value Proposition Accelerator™ is a tool used in the program to enable the TRA’s to sharpen their message. It is supported by role plays and videotaping. In the inaugural TRA program sponsored by the Independent Insurance Agents of North Carolina (IIANC), Aubie Knight, CIC, ARM, Chief Executive Officer, had the opportunity to review and evaluate the value proposition videos of all participants.

“I was so impressed with the depth and quality of the value proposition statements. They were clear, concise, and compelling. Most importantly, each message supported the TRA’s purpose for existence,” stated Knight.

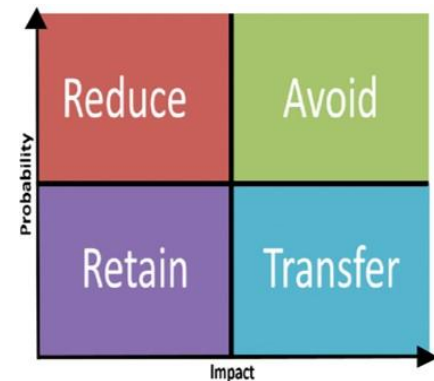
Risk Decision Matrix

It is the Trusted Risk Advisor’s responsibility to guide his or her prospect or client through four primary means of dealing with risk – 1) avoid, 2) reduce, 3) transfer, 4) retain. These strategies are illustrated below with a risk matrix where the impact of a certain event stemming from an exposure to a certain risk is plotted against the probability of that event happening.

As a standard practice, high-impact high-probability risks should be avoided. High-impact low-probability risks are transferred (e.g. insurance). High-probability low-impact risks are sought to be reduced. Low-impact low-probability risks are accepted or retained.

Yet, simplistic and powerful, the traditional agent or broker has left the risk decision matrix sitting dormant for the small and middle-market business segment as well as personal lines. It is a sad commentary that today's consumers have come to believe that the agent and broker's primary role is delivering products and services dominated by the insurance transaction. They do not see the risk decision matrix as a top priority of their advisor.

The Risk Decision Matrix leads to risk profile improvement – the process of strategically dealing with the threats that confront an organization or family. As you can imagine, the TRA's mindset is wholeheartedly embraced by the underwriting community as the approach leverages all elements of the risk management process. Today's underwriters not only want to gain a clear picture of an account, they desire a business partner who is designing and implementing proactive strategies to manage risk.



The TRA Method

The Risk Decision Matrix comes to life through the five-step TRA Method – a logical, disciplined, and results-oriented enterprise risk management (ERM) framework. The five steps are briefly described below:

Step 1 -- Risk Identification

The first and most important step of the TRA Method involves discovery -- the identification of exposures that have the potential to interfere with the achievement of an organization's goals. This step begins with a curiosity and desire to understand the inner workings of a business or family.

Step 2 -- Risk Assessment

With knowledge of a client's risks in hand, it is now time for the TRA to consider a frequency and severity analysis including a prioritized exposure chart.

Step 3 -- Risk Evaluation

It is in Step 3 where the TRA determines the degree to which he or she can alter the risk. The analysis includes a cost-benefit analysis of risk mitigation. There is a saying that goes "get the biggest bang for your buck." Think of "bang" as your ability to lower risk and "buck" as the cost to achieve.

Step 4 -- Risk Action

Because TRAs have methodically identified, assessed, and evaluated risks, their credibility is off the charts. They are now qualified to implement "actions" in the form of a tailored program to protect their clients' assets. The TRA's actions will, no doubt, encompass risk avoidance, risk retention, contractual risk transfer, risk mitigation, and the transfer of risk through insurance.

Step 5 -- Monitoring the Plan

Organizations are dynamic. What works today may not work tomorrow. It is for that reason that monitoring and adjustment of the plan is required. Wherever possible, the TRA uses metrics to move their client to the next level of protection.

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About the Author

Scott Addis, CPCU, CRA, CBWA, TRA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine's* "Entrepreneur of the Year" award as well as one of the "25 Most Innovative Agents in America." Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.