

PARTNERSHIP PROFILE

25 Years of Shared Values

by Diane Ferraiolo



Barney & Barney's Joyce Vogel, Mark Nash, Gary Kloehn, and Paul Hering.

It's been nearly a century since two brothers Phillip and Lorenze Barney began their agency, selling fire insurance to businesses and citizenry of the growing San Diego community. Stories circulate that they once diversified into cowhides and tallow, jokes Paul Hering, director of the commercial department at Barney & Barney, LLC, San Diego. Over the agency's 92-year history, it has expanded into other property and casualty products and diversified into employee benefits, special programs and risk management consulting services—areas that are in keeping with its mission of being a full-service agency. Despite this expansion, however, Barney & Barney hasn't wavered from its strategy of internal growth. And it's worked well so far.

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With revenue income over \$20 million in 2000, Barney & Barney is the seventh largest brokerage in California and the 66th largest nationwide, according to a survey conducted by *Business Insurance*. “Other agencies have taken the acquisition route as a way to expand their business, but our focus has been on growing organically. To do this successfully, it meant we had to attract the best and brightest people we could, and partner with companies like Atlantic Mutual that put the emphasis on customer service and long-term relationships,” says Hering.

Counteracting a Bad Rap

Insurance has long suffered from a poor public image, says Hering. Its lackluster, conservative perception has relegated it to the position of stepchild of the financial services industry. This public image has caused the insurance industry to miss out on a pool of talented people.

Working to reverse this perception, Hering convinced his partners to start a producer-training program that emphasizes mentoring as a way of learning the insurance business. “We went to college campuses and recruited graduates,” says Hering. “During the first year, new hires are teamed with a seasoned veteran. They accompany their mentor on appointments and attend formal insurance training sessions.”



Gary Kloehn of Barney & Barney meets with Atlantic Mutual Special Accounts Underwriter Joe Dore to discuss the University of San Diego account – Barney & Barney’s first special account with Atlantic.

This approach made the difference for Mark Nash, account executive with Barney & Barney, who decided to sign on with the firm five years ago after going on a number of interviews at other companies. “There was a clear difference between Barney & Barney’s well-thought-out training plan and other companies’ wait-and-see attitude,” says Nash.

While still in training, Nash looked into Atlantic Mutual’s printers program at the suggestion of his mentor as a way of gaining a foothold in developing new business. “My first account was a publisher that emerged from a mailing I did using Atlantic’s brochures on insurance for printers,” says Nash.

Ease of Doing Business

Insurance is a time-sensitive business. Long before a renewal date, a client typically has specific deadlines to meet. “Meeting my clients’ expectations strengthens my relationship with them,” says Nash. “And Atlantic people understand this and consistently have quotes and related information available on the dates I’ve asked for them. This level of responsiveness continues even after the sale’s been made.”

Being able to deliver on deadline is also part of Barney & Barney’s planned approach to the renewal process, says Anne Roberts, senior field underwriter in Atlantic’s Orange, California office. Barney & Barney typically contacts us 90 days in advance of the renewal date. From that time through renewal, there’s an on-going dialogue. “We’re never without the information we need to make the process go forward,” says Roberts.



Mark Nash, who joined Barney & Barney immediately following college, meets with Anne Roberts, Atlantic Mutual Commercial Insurance Division underwriter.



Paul Hering sits on Atlantic Mutual's Western agents' council. Here he meets with Sherry Wright, marine insurance manager and Anne Roberts, commercial underwriter.

"Is Cloning Possible Yet?"

Some renewals are tougher than others. Facing a client who has had large losses is a difficult situation—for producers and underwriters. This was the case with a Barney & Barney wireless technology company account, says Sherry Wright, marine manager in Atlantic Mutual's Orange office. The insured had a \$100,000 cargo loss and had experienced strong growth in its operations during the past year, so it faced a substantial premium increase at renewal. "The people at Barney & Barney prepared their client by providing pre-renewal information that demonstrated there was a claims problem. This information helped to motivate the client to take steps that would return it to profitability," says Wright. "Being able to renew the account was truly a collaborative effort," says Wright. "My only regret is that we can't clone Barney & Barney."

As a non-mainstream line of business, marine seems a bit intimidating to some producers, but Barney & Barney producers aren't shy about asking questions, continues Wright. A few years ago the wireless technology client began trading internationally. This was unfamiliar terrain.

"The producer called me with questions about potential coverage issues. Providing advice is what I'm here for," says Wright. Even though the insured had structured its sales agreement so that the buyer took responsibility for the goods once they left port, Wright knew coverage issues related to adequate limits and willingness to pay could arise. "It turned out my client had a huge foreign transit exposure," says Nash.

"Sherry was able to explain the potential for loss to my client." The value of this advice hit home a few years later when the insured had a large loss, which fortunately was covered because he decided to take Atlantic Mutual's advice.

Just Around the Corner

Atlantic Mutual's Orange office is roughly 100 miles north of Barney & Barney, but Hering says that "Atlantic underwriters make it seem like they're next door. They frequently visit us, demonstrating the commitment to customer service that we try to show our clients. This shared commitment to the relationship side of insurance is what makes the Barney & Barney/Atlantic Mutual partnership such a model," says Hering.

Atlantic Mutual's emphasis on relationships was one of the factors that led Barney & Barney to write its first Special Account with Atlantic – the workers compensation program for the University of San Diego. With workers compensation pricing going through the roof on guaranteed cost programs in California (even for good risks), many insureds are turning to alternative risk financing programs.

"USD was an excellent candidate for a loss-sensitive program," says Joseph Dore, senior special accounts underwriter. "It had good claims experience, an excellent relationship with Barney & Barney and a hands-on approach to risk management... qualities that were apparent from our first meeting."

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“Because they worked in an academic setting, USD’s management’s questions went beyond the standard nuts-and-bolts variety. They wanted to know ‘when we expected the market to change’ and ‘how did the California workers comp market spiral out of control,’” says Dore. Predicting market changes is impossible, but we took the time to explain many of the long-term factors like excess capital that have caused turmoil, not only in the workers comp market, but in the insurance industry in general. “Taking the time to explain a wide range of topics impressed USD,” notes Hering.

In a growing university like USD there’s a lot of movement. Classroom relocations, office redesign, building renovations and other activities increase the potential for workers comp losses. Working with market and account research developed by Wendy Spencer, account service representative, Glen Gunnarson, loss control consultant, put together a loss control and claims program that reflected USD’s workers comp service expectation. “It was a team effort,” says Dore, “an effort that included Barney & Barney’s support. Their confidence in us is a great compliment.”

“We try to be there every step of the way,” says Bob Bell, marketing center

manager—Orange, “because we know that’s the approach that Barney & Barney takes to customer service. Meeting with a client gives us an opportunity to demonstrate our expertise in claims, loss control and underwriting. Barney & Barney recognizes the value of our people, and we’re appreciative of the talents of their people. There’s a great synergy in our relationship.”

A Silver Anniversary

Over the past 25 years, Barney & Barney has formed an increasingly tighter relationship with Atlantic Mutual, becoming a network agent, joining an Atlantic-Agency Reinsurance Company (AARC) and even becoming a member of Atlantic’s Agents’ Advisory Council. Charles Pelissier, vice president—Atlantic Mutual sums up Atlantic’s relationship with Barney & Barney: “In celebrating a 25-year association, insurers and producers always have many words of praise for one another, but sometimes these words are just a formality. With Barney & Barney, it’s been different. We truly have mutual respect and regard for each other... probably because we’re all so committed to the business values of superior customer service and relationship-building. We have much to celebrate.”



Joe Dore and Joyce Vogel look for the next special account.