



Independent Insurance Agents
of New Mexico

SELF-DIAGNOSTIC TOOL

A graphic consisting of two interlocking grey gears and an orange pulse line (EKG) that starts with a peak and then levels off. The pulse line is positioned over the top gear.

Quick Check



Are you managing your agency such that its value is being maximized?

The *Best Practices Study* not only looks at the actual results of firms that are maximizing their value but also looks at the business practices that are allowing them to achieve those results.

The Self-Diagnostic Tool Quick Check looks at those activities that should result in superior performance in the four critical areas that determine fair market value -- growth, profitability, stability and financial management.

Take the following test to see how much of your potential you are tapping. For most, this test will identify opportunities that are available to enhance the value of your agency. The Self Diagnostic Tool will allow you to more fully evaluate your current business practices as well as your actual results and will provide a basis for you to make specific comparisons to the Best Practices Agencies.

On the following pages, circle the most appropriate answers based on the following criteria:

					1 – We are not doing this at all
					2 – We are not performing well in this area
					3 – We are doing an “average” job in this area
					4 – We are doing a fairly good job in this area
					5 – We are doing an extremely good job in this area or this question does not apply to our agency
1	2	3	4	5	

In each of the four sections, total all of the numbers that are circled and divide them by the factor listed. This will produce a percentage score that will give you a general picture of how you are performing in each area. Compare your scores against the following scale.

(This test should take less than
15 minutes to complete)

Agency Name:

Contact Person:

Email:

85-100: You're doing great. Your business practices should be producing some very good results. The Self-Diagnostic Tool should confirm that fact.

70-84: You're doing a lot of things right, but may be missing the opportunity to maximize your results. The Self-Diagnostic Tool will help you identify the best opportunities for improvement.

55-69: Scores in this range would suggest that you have a lot of room for improvement. The Self-Diagnostic Tool will be a great starting point to see where you are today and identify how you can move ahead.

Below 66: Scores in this range would indicate that you are not only missing the opportunity to maximize your value, but you may be putting your agency in a very vulnerable position. The Self-Diagnostic Tool will be a great starting point to get things back on track.



Choose the most appropriate response:

	NOT DOING	AVERAGE PERFORMANCE	DOING GREAT		
1. We provide prompt and accurate service to our customers.	1 ○	2 ○	3 ○	4 ○	5 ○
2. We have all of the insurance products and services necessary to satisfy the needs of our customers.	1 ○	2 ○	3 ○	4 ○	5 ○
3. Our customers are very satisfied with the service we provide.	1 ○	2 ○	3 ○	4 ○	5 ○
4. We retain ____% of our business at renewal. (1=<83, 2=84-87, 3=88-91, 4=92-95, 5=96-100).	1 ○	2 ○	3 ○	4 ○	5 ○
5. We actively promote our agency (i.e. advertising, community involvement, customer seminars, etc.).	1 ○	2 ○	3 ○	4 ○	5 ○
6. We actively pursue and write referral business.	1 ○	2 ○	3 ○	4 ○	5 ○
7. We are identifying new business opportunities (i.e. through sales centers, telemarketing, market research, etc.).	1 ○	2 ○	3 ○	4 ○	5 ○
8. We are actively soliciting new business.	1 ○	2 ○	3 ○	4 ○	5 ○
9. The pricing of our carriers is competitive.	1 ○	2 ○	3 ○	4 ○	5 ○
10. We have a sales & marketing plan in place.	1 ○	2 ○	3 ○	4 ○	5 ○
11. We are effectively coordinating and managing our sales efforts.	1 ○	2 ○	3 ○	4 ○	5 ○
12. We have a long-range strategic plan in place.	1 ○	2 ○	3 ○	4 ○	5 ○
13. We have a website that is effectively bringing us customers from the Internet.	1 ○	2 ○	3 ○	4 ○	5 ○
14. We are an Advantage member on TrustedChoice.com and are actively utilizing its tools.	1 ○	2 ○	3 ○	4 ○	5 ○
15. We know our IANM website logins for all staff and we regularly go there and utilize its benefits.	1 ○	2 ○	3 ○	4 ○	5 ○

Add all numbers chosen to arrive at total: _____

Divide by 75

GROWTH TEST SCORE: _____

PROFITABILITY TEST

Choose the most appropriate response:

NOT DOING	AVERAGE PERFORMANCE	DOING GREAT
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1. We are effectively utilizing automation. 1 2 3 4 5

2. We have clearly defined and communicated job descriptions and procedures. 1 2 3 4 5

3. We are effectively managing employee turnover. 1 2 3 4 5

4. We are effectively managing receivables. 1 2 3 4 5

5. We are effectively managing our contingents. 1 2 3 4 5

6. We have the best commission/contingent contracts available from our insurance companies. 1 2 3 4 5

7. Our revenues are continuing to grow. 1 2 3 4 5

8. We develop an annual budget and monitor our performance against it. 1 2 3 4 5

9. We have clearly defined the business we want to write and have a book of business that matches our definition. 1 2 3 4 5

10. We provide levels of service that are tailored to the size and characteristics of specific accounts. 1 2 3 4 5

11. We are effectively cross-selling our customers. 1 2 3 4 5

12. Goals and objectives are established for each employee and their actual performance is measured against these goals and objectives. 1 2 3 4 5

Add all numbers chosen to arrive at total: _____

Divide by 60

PROFITABILITY TEST SCORE: _____

STABILITY TEST



Choose the most appropriate response:

	NOT DOING		AVERAGE PERFORMANCE		DOING GREAT
1. We exercise great care in our hiring practices and have made good hiring decisions.	1 ○	2 ○	3 ○	4 ○	5 ○
2. We have valid and enforceable restrictive covenants with our producers.	1 ○	2 ○	3 ○	4 ○	5 ○
3. The morale of our employees is high.	1 ○	2 ○	3 ○	4 ○	5 ○
4. We have an effective technical and professional development program in place for our employees.	1 ○	2 ○	3 ○	4 ○	5 ○
5. The carriers we represent are financially stable.	1 ○	2 ○	3 ○	4 ○	5 ○
6. We are not overly dependent on one carrier.	1 ○	2 ○	3 ○	4 ○	5 ○
7. We have profitable, growing books of business with our carriers.	1 ○	2 ○	3 ○	4 ○	5 ○
8. We have strong, stable relationships with our carriers.	1 ○	2 ○	3 ○	4 ○	5 ○
9. We have limited exposure to E&O claims.	1 ○	2 ○	3 ○	4 ○	5 ○
10. We use the services of an outside accounting firm.	1 ○	2 ○	3 ○	4 ○	5 ○
11. We have developed an agency perpetuation plan.	1 ○	2 ○	3 ○	4 ○	5 ○
12. Our top 10 accounts generate ____% of our total revenues. (1=30%, 2=25-29%, 3=20-24%, 4=15-19%, 5=<15%)	1 ○	2 ○	3 ○	4 ○	5 ○
13. We have no risks of bad debts.	1 ○	2 ○	3 ○	4 ○	5 ○
14. We have a buy-sell agreement in place that includes an appropriate basis for establishing the value of the agency.	1 ○	2 ○	3 ○	4 ○	5 ○
15. We have life insurance on the lives of the owners and key employees.	1 ○	2 ○	3 ○	4 ○	5 ○

Add all numbers chosen to arrive at total: _____

Divide by 75

STABILITY TEST SCORE: _____

FINANCIAL MANAGEMENT TEST

Choose the most appropriate response:

	NOT DOING	AVERAGE PERFORMANCE	DOING GREAT
1. We have excellent cash flow to meet payroll, payables, etc.	1 ○	2 ○	3 ○ 4 ○ 5 ○
2. We do not have to borrow money to meet current obligations.	1 ○	2 ○	3 ○ 4 ○ 5 ○
3. We are developing a cash flow budget annually and are tracking our performance against it.	1 ○	2 ○	3 ○ 4 ○ 5 ○
4. We do an excellent job in handling collections.	1 ○	2 ○	3 ○ 4 ○ 5 ○
5. Producers share in the financial responsibility for collections.	1 ○	2 ○	3 ○ 4 ○ 5 ○
6. We have a firm collection policy that is followed without exception.	1 ○	2 ○	3 ○ 4 ○ 5 ○
7. We maintain a trust fund account for all money received from customers and always maintain a balance sufficient to pay our carriers.	1 ○	2 ○	3 ○ 4 ○ 5 ○
8. We either have a positive Net Worth or are retaining profits in the corporation to strengthen the Net Worth.	1 ○	2 ○	3 ○ 4 ○ 5 ○
9. We use an electronic Agency Management system to manage our accounting.	1 ○	2 ○	3 ○ 4 ○ 5 ○
10. We have adequate funding for future shareholder/ partner ownership redemption obligations.	1 ○	2 ○	3 ○ 4 ○ 5 ○
11. We have access to funds if they are needed to meet obligations or take advantage of opportunities. (Have ability to borrow money.)	1 ○	2 ○	3 ○ 4 ○ 5 ○
12. We would have no problem sharing our financial statements with any of our insurance companies.	1 ○	2 ○	3 ○ 4 ○ 5 ○

Add all numbers chosen to arrive at total: _____

Divide by 60

FINANCIAL MANAGEMENT TEST SCORE: _____

AGENCY ADMINISTRATION TEST



Choose the most appropriate response:

	NOT DOING	AVERAGE PERFORMANCE	DOING GREAT
1. We use industry specific checklists when conducting risk management surveys of our clients' operations.	1 ○	2 ○	3 ○ 4 ○ 5 ○
2. We have an agency orientation manual for on-boarding and training new employees.	1 ○	2 ○	3 ○ 4 ○ 5 ○
3. We maintain a training needs checklist and have supervisors monitor the training needs of our CSR's.	1 ○	2 ○	3 ○ 4 ○ 5 ○
4. We have procedures manuals for all agency positions and audit our employees for compliance of standards.	1 ○	2 ○	3 ○ 4 ○ 5 ○
5. We test prospective new hires to assess fitness for the position.	1 ○	2 ○	3 ○ 4 ○ 5 ○
6. We train our CSR's in proper client interaction techniques.	1 ○	2 ○	3 ○ 4 ○ 5 ○
7. We train employees in time management techniques.	1 ○	2 ○	3 ○ 4 ○ 5 ○
8. We maintain a data privacy & security plan and have our employees sign their agreement to follow it.	1 ○	2 ○	3 ○ 4 ○ 5 ○
9. We train all employees in E&O prevention and require an update at least every 2 years.	1 ○	2 ○	3 ○ 4 ○ 5 ○
10. We evaluate our agency contracts and keep our producers advised of our carrier's coverage limitations.	1 ○	2 ○	3 ○ 4 ○ 5 ○
11. We have a process for keeping up with changes in state and industry laws, regulations and standards.	1 ○	2 ○	3 ○ 4 ○ 5 ○
12. We maintain and regularly update an agency disaster plan in the event of a major catastrophe that could affect our agency operations.	1 ○	2 ○	3 ○ 4 ○ 5 ○

Add all numbers chosen to arrive at total: _____

Divide by 60

AGENCY ADMINISTRATION TEST SCORE: _____

SELF-DIAGNOSTIC TOOL QUICK CHECK RESULTS



After completing the Quick Check, record your results in the sections below. Analysis of your Quick Check results should help you decide on the areas of your operation where your attention could be focused. IIANM will also analyze your test and send you a prioritized list of suggested actions you can take to improve your agency's performance.

1. Compiling Quick Test Results:

Growth Test _____ %

Profitability Test _____ %

Stability Test _____ %

Financial Management Test _____ %

Agency Administration Test _____ %