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SPECIAL REPORT: *Insurance*

BIS Turns CUs into Agents

Giving Access to Multiple Carriers and Using Technology to Personalize Service for Individual Credit Unions

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SPRINGFIELD, Mass. — Just 20 minutes north of insurance central—Hartford—Banc Insurance Services has been quietly and steadily helping credit unions stake their claim in the insurance market.

Offering turnkey insurance agency solutions nationwide, the company has a total of 13 financial institutions on board of which five are credit unions or credit union-owned. BIS President Jeff Chesky says by yearend that number should jump up to 25 clients.

"We could grow faster but we want to ensure that we continue to meet the service standards that credit unions are known for," said Chesky. "The good news is that we've emerged as the nation's leading provider of multi-carrier credit-union owned insurance agency solutions."

When the governor here passed a law allowing state chartered credit unions to offer insurance, Chesky, a former banker, and partner Sam Hanmer, president of insurance agency Field Eddy & Bulkley, joined forces to establish BIS, Inc. in 1998. According to Chesky, Congress' pas-

sage of the Financial Reform Act of 1999 simply confirmed that BIS was providing a much needed service.

"Virtually every loan requires that the borrower purchase an insurance policy before the loan can be closed so credit unions are uniquely positioned to offer this almost guaranteed flow of motivated buyers insurance," said Chesky.

Here is how it works. The BIS model creates an insurance agency that is owned by the credit union that provides multicarrier solutions. The process takes about five months from signing the five-year contract to setting up the agency. In addition to a team of insurance agents, BIS provides credit unions continuous sales training and taggable marketing collateral.

Operating under the name of the credit union's agency, all insurance products are offered through the credit union's existing distribution channels. Members dialing into the credit union for the insurance agency, are transferred by employees using an internal extension to connect with BIS agents. The actual agency is offsite but using an advanced caller ID technology the agents answer each call with the name of the individual credit union insurance agency. Credit union executives can check on their agencies' status at anytime via their PC.

"The benefits of this model are twofold, first not only is it an ever growing revenue stream but since the credit union owns the agency they also own the book of policies and if they ever decide to get out they can sell their agencies at 1.5 to 2 times revenue and recoup their investment," said Chesky. "The second benefit is that access to multiple carriers increases the percentage of good price offering to about 60% while providing more options to members."

According to Chesky, it is very important that BIS remain invisible to members.

"The insurance agency is not about us or the carrier but all about the credit union brand and its role as a trusted advisor," said Chesky.

Chesky says the insurance route is not for every credit union and certain factors such as being involved in direct auto lending, first mortgage lending or small business lending must be in place before even considering adding an agency. Considered a mid term project, Chesky adds that credit unions should be prepared to invest the capital and will start to see a return on the investment during year two or three.

"In the next five years credit unions will be the most significant distributors of insurance in America," said Chesky.

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CHESKY