

At Clinard Insurance Group, one of the niche markets that we serve is restaurants. We help restaurant owners all across the eastern seaboard states with their restaurant insurance needs. In the process of insuring hundreds of restaurants and speaking with thousands of restaurant owners we have learned a bit about the relationship between restaurant owners and their insurance agents. And one practice that is pretty widespread is a dirty little secret that many agents wouldn't want their restaurant clients to know. That is the practice of blocking markets.

Here's a quick scenario of what often happens when a restaurant owner calls our office asking for help with his or her restaurant insurance program. First of all, understand that while there are hundreds of insurance companies out there, perhaps only a half dozen or so would be both strongly interested in writing insurance for restaurants and also willing to take a chance on lower rates in order to entice a restaurant to buy from them. So while it may seem that the universe of possible insurance solutions is nearly unlimited, in fact it is a pretty small fraction of that universe that holds any potential for saving a restaurant owner money. We are constantly keeping tabs on this subset of insurance companies and trying our best to maintaining access to as many open markets as possible for our prospective clients. But despite this, we often find that the agent who is currently insuring our prospective client has blocked one or more of these key markets so that we are unable to get a pricing quote from them for that particular restaurant. This often means that the restaurant owner stays with his or her current agent, all the while never knowing that the current insurance agent has created a scenario where they are unable to save money by using one of these blocked markets.

How in the world can this happen? Surely the insurance company with an appetite to write new policies for new clients wouldn't let one insurance agent take them out of the game. Why would they do something so foolish? Well, to understand this you have to start by understanding that insurance companies are like slow moving dinosaurs. They are not quick to embrace change in any form or fashion. Most of them are operating on arcane rules that may have been created half a century ago to solve a problem that now may not exist. In short, most insurance companies have a silly rule that says that if two agents want to quote their prices for the same client, then the first one to submit a quote request gets to control that insurance market vis-à-vis that particular client. With this crazy rule in place, there are agencies that routinely generate partial quotes in all of their insurance companies' quote engines to block those markets for that particular client. This allows them to continue to use a different insurance company which may have higher rates but perhaps offers a better commission rate to the agent or worse, may be offering a free trip if the agent can generate a certain amount of policies for them.

The net result is that the restaurant owner, often placing all of their trust in their current agent, is unable to check pricing in the open marketplace and they remain a client of that same agent

who secretly managed to limit their view of the marketplace for the insurance products that they buy.

So what can you, the restaurant owner do to prevent this from happening? Well, if you decide that you want to shop out your insurance policies for better pricing or better coverage but you still want your current agent to have a fair shot at keeping your business then you need ask him which companies he has quoted for you. Not which has the best price, but ask to see all of the quotes. And when you have chosen a new agent to provide you with competitive quotes, ask him if any of his markets were blocked and if so by which agent. If your incumbent agent is blocking those markets, ask him to show you the quotes from them and then run those by the competing agent to be sure that they are the best that the competing agent could do with those markets. Remember, restaurant insurance pricing can be a fluid thing and often the insurance company might offer the agent the opportunity to apply additional credits to the rate at his or her discretion. Your current agent might show you a quote for one price on a blocked market but if the full available credits weren't taken, then the competing agent could have applied full credits and saved you even more money if that market were not blocked.

At Clinard Insurance Group we insure hundreds of restaurants all across NC, SC, GA, TN and many other eastern seaboard states. If you would like help with your restaurant insurance policies, please feel free to call us, toll free, at 877-687-7557.