

Episode 60

📅 Wed, Jan 10, 2024 1:36PM ● 48:43

SUMMARY KEYWORDS

understanding insurance, Coverlink Insurance, Hill Hamilton, commercial insurance, general liability, risk management, independent insurance agents, business owner's policy, umbrella policies, replacement cost vs actual cash value, rising premiums, self-insuring, family business, Bellefontaine, protecting assets

SPEAKERS

Jason Duff, Matt Simon, Ethan DeLeon

M

Matt Simon 00:00

If you buy the least expensive policy that's available and then it doesn't respond when you need it, you have that claim and you find out that your claim's being denied because essentially you didn't buy the right type of coverage. You know what? Ouch. What value did you just get out of that? I mean, in a way, like, you actually are worse off. You wasted money. You paid for a policy that wasn't going to respond, you know, whenever you actually needed it.

E

Ethan DeLeon 00:32

Welcome to the Small Nation Podcast, brought to you by Coverlink Insurance, where people are more important than policies. On this show, we unpack lessons from entrepreneurs to break down development strategies and do deep dives on small town success. Our goal is to provide value to our listeners by hosting conversations that teach, inform, and inspire. Hey everyone, my name is Ethan DeLeon, and I'm here in the studio with the founder and CEO of Small Nation, Jason Duff. Today, we are very excited to have a special guest joining us as he's representing the sponsor of this season of the spot — of the Small Nation Podcast. We of course are referring to the president of Coverlink Insurance, Matt Simon. Welcome, welcome to the show, man.

M

Matt Simon 01:09

Thank you, appreciate it. Longtime listener, happy to be here.

J

Jason Duff 01:12

It's, uh, it's really awesome to have you here. You know, Matt, his father, most of his family have been great friends of mine over the years. And as a business owner, one of the most important decisions you can make is the kind of advisors that you surround yourself with. And so early when I started out and built my companies, having people like Matt and Tom and, and many of your employees, Gina, they, they become really important. Uh, but also just thank you for being a sponsor and investing in this training and education that we provide at Small Nation.

M**Matt Simon** 01:45

Absolutely. I love what you guys are doing. So when the opportunity presented itself, we wanted to make sure we jumped on it.

J**Jason Duff** 01:50

Yeah, appreciate it. Well, I've been excited to interview— Ethan and I were talking about the show heading in today, and, uh, insurance is a broad topic, but for many entrepreneurs, um, taking the time to think about, uh, insurance sometimes is very low on the list because in building a business you've got ideas, you're, you're trying to figure out the legal structures, you're trying to get financing to, you know, invest in if it's opening up a storefront or building a website. And then you kind of think about insurance and it's like, well, you know, what, what kind of money do I want to set or how much time do I want to work on that? But, you know, speaking in general, uh, there's a lot of different risk out there in life.

M**Matt Simon** 02:33

Absolutely. And to your point, most people don't think about insurance, especially when they're starting up a new business, until they're forced to think about it. Best case scenario is, you know, they've got a landlord that has a contract, or there's a, a job that they're looking at that requires some level of insurance. And so that's, that's what you know, sparks the, hey, I guess I better start considering this. Worst case scenario is they have a claim and then they realize, yeah, I probably should have had insurance for that. And we see that especially with small startup businesses more than obviously what it is that I would like. So for us, that's always kind of what we're trying to get the message out is you don't have to overspend for insurance. And I'll be the first to tell you, insurance is not always the answer. So a lot of times we can sit down with small businesses and talk through what the risks are and then how it is that we can use insurance to mitigate some of those risks and what some businesses may want to take in terms of the risk, take that on themselves in order to save that cost. So like I said, insurance is not always the answer, but it's always best to have that conversation before the claim occurs.

E**Ethan DeLeon** 03:40

That's right. And I'm excited to unpack that because this concept of, you know, what level of How do you sleep at night? You know, how well do you sleep at night? At what level you want to self-insure versus what insurance you have? So we're gonna— let's definitely talk more about that later. But tell us about Coverlink. How did, how did you get started?

E**Ethan DeLeon** 03:58

Yeah, so Coverlink actually goes back over 100 years. Name used to be Hill Hamilton. So here in Bellefontaine, 1920, was founded by two gentlemen, last names of Hill Hamilton, and that brand and that name had been around for over 100 years. Coverlink actually just rebranded back, believe it or not, March 1st, 2020. So very recent, right before the entire world shuts down. We created a company name. We rebranded an entire company that's been around for 100 years. So that was a lot of work that went into that though. You know, for us, we started thinking about as obviously our brand had grown and the number of locations across Ohio we have had grown, we had never really done any serious thought or put any work into how it is that we have a unified brand across those locations. And so really in the end of 2018 and all of 2019, we were going through that work. One of the big things, kind of frameworks that we used throughout that was Simon Sinek's book, Start With Why. Great. So from our perspective, it was we wanted to have a brand that reflected why we did what we did, not just what it is that we do, which is obviously insurance. And so all that work really went in throughout 2019, gearing up to relaunch the new brand in 2020. We wanted to celebrate that 100-year anniversary that was really January, first quarter of 2020, and then launch the new brand March 1st, obviously not knowing that the entire world was going to shut down. But for us, it was a— one of the things that we really wanted to capture was we're not walking away from our past. We're incredibly proud of our founders and those that had led us to where it is that we were at that time. But we also recognized what got us that first 100 years isn't necessarily going to be what gets us the next 100 years. And so we wanted to make sure that we had a brand that was reflective of what it is that we believed in addition to what it is that we do, which is insurance, that could help propel us, you know, not only now, but into that next 100 years as well.

J**Jason Duff** 06:04

Yeah, super cool. And I know you have a bit of a more personal experience with these insurance businesses kind of your childhood and things like that. So maybe you can, you give some background of growing up and around this environment and then how you eventually ended up back into Coverdell.

M**Matt Simon** 06:18

Absolutely. Yeah. So I grew up in Bellefontaine. I was not born, I was actually born in Springfield. But when I was around a year or two old, my family relocated to Bellefontaine.

J**Jason Duff** 06:27

Gotcha.

M**Matt Simon** 06:27

And the insurance was actually the catalyst for that. So my father was working for an insurance agency in Springfield, Ohio, where I was born, and had the opportunity to manage this office in Bellefontaine that they had purchased back in the early '80s. And so he picked up, moved here, which, you know, by the way, I was raised in Bellefontaine. From the first moment that I recall, I was in Bellefontaine. And so I grew up around this insurance industry. He had the opportunity, my father did, to purchase the agency in the early '90s. So he owned it outright, really from the time that I was old enough to kind of comprehend what it is that my father did. He was a small business owner. And the interesting thing is, whenever I was going to school, high school, college, I studied business and economics in college. I didn't know what it is that I wanted to do, but I always tell the story, I knew what I didn't want to do. There were 3 things that I didn't want to do. I didn't want to go back to the small family business. I didn't want to go back to the town where I grew up, and I did not want to go to work in the insurance industry.

J**Jason Duff** 07:30

Okay. Clear.

M**Matt Simon** 07:32

Check, check, check. So, and what I say is I accomplished 2 out of those 3. So right out of college, I went to work for a large company company in Columbus, Ohio. So I was not back in my small town, I wasn't in the small family business, but that company that I went to work for was an insurance company. And at the time, in my mind, it provided me a lot of different opportunities. I didn't have to just do insurance. Insurance companies have investment divisions, they have legal departments. There were a lot of different areas that I could kind of move into. Yeah. And what it is that I ended up finding— so I was a, um, an underwriter for 3 years, and so I was working with people that looked exactly like my dad, about 40 different independent agencies, primarily in Kentucky and West Virginia. That was my territory. And 2 and a half years into my job, again, never had any of this on my radar. I was out meeting with one of the agencies that I represent in West Virginia, and he kind of pulled me aside and he said to me, he's like, what are you doing? And I remember at the time, it's one of those like shift, you know, mindsets. And I'm like, well, What are you talking about? I mean, I thought I was doing a pretty good job handling your agency. Yeah, what's going on? Be more specific. And he's like, no, no, no, all that's fine. He's like, but I know what your family history is. He's like, you would be crazy not to consider that as an opportunity. And that was the first time that I had ever given it any serious thought. And so, you know, a couple of weeks later, I come back, I have that conversation with my father, like, hey, what would you think about this? Would there be a place for me here? Do you need me? And of course, you know, the answer to that ended up being yes. And I always tell the story that the— what I really appreciated about that is my father and I never had any conversations about this is what it is that I want you to do. I was that kid growing up that if somebody said, this is what you have to do, I'm going to find a way to make sure that I don't do that. Or if somebody says you can't do this or this is impossible, I'm going to figure out a way to get it done.

J

Jason Duff 09:25

Yeah.

M

Matt Simon 09:25

And I don't know if that was intentional on his part, if he knew that's how I was and he knew if he pushed me that I wouldn't do that. But he never put any expectation on me that this is what it is that I want you to do. I want you to come back here. I want you to take over the family business. It was never a discussion. So whenever I went to him, I really did, I didn't know what his answer was gonna be. And of course he said yes. And I made that transition back in 2006. And I will say that first year was really difficult. I had this career path that I was working at this large insurance company. I could see where it is that I, you know, what my potential was, where I could go. And then I come back to this small family business business.

J

Jason Duff 10:04

And it's a little bit different, very different speed, different relationships.

M

Matt Simon 10:09

Absolutely. And so there was a lot of soul searching that first year about what did I do. I remember my wife and I having a lot of conversations, and, and I made it through that first year. And after that, it was just— it was no looking back. I absolutely love what it is that I get to do day in and day out now. I'm so much closer to what it is that we do. I always talk about this being such a noble profession, and I really do. I believe that. So what it is that I get to do every day, meeting face to face with business owners, individuals, and families to make sure that they have what it is that they need when that catastrophe strikes their life. That's a really powerful position and an opportunity for us to be able to do the right thing.

J

Jason Duff 10:53

Yeah, that's super cool. You are our first guest on the podcast to kind of just talk about insurance. So maybe for those who have not put much thought into it, into it yet, spent much time thinking about it. Can you just in broad strokes think about or explain why insurance is important and kind of where, if you haven't thought about insurance, where to kind of start heading, I guess?

M

Matt Simon 11:17

Sure. I'll kind of break it into two different buckets. So you have personal insurance, you have business insurance. Personal insurance is pretty straightforward. You know, if you own a house or you're renting an apartment or a condo, you have an auto, most personal insurance is required. So if you have a car, the state of Ohio requires you to have auto liability insurance. If you own a home that has a loan with the bank, the bank's going to require you have insurance. So that one's a little bit easier. People are more comfortable with that. It's— there are a lot of options when it comes to personal insurance, but most of the time people are not going without personal insurance simply because they're required to have it. On the business side, it's a little bit different, right? So especially with, you know, small businesses that are just getting started, This is generally not something that they think about until they have to. And, and once they start diving into it, there is so much that, that you could buy. You know, there's, um, business liability insurance, there's auto liability, there's insurance for your building if you own the building, there's insurance for your contents if you're just leasing the building, um, there's cyber liability now. Um, so there's all these different coverages that, um, businesses have that risk. But this is what we always talk about with small businesses: you don't have to buy all of that, right? So what we try to do is we sit down and we understand what their exposures are, and then we start to prioritize. This is what you have to have. So liability insurance is a pretty basic example. So any business that's in operation needs a general liability policy, which primarily is going to respond if your business, whether you're producing a product, selling a product, providing a service, If anybody is injured as a result of your business, that's what a general liability policy is typically designed to respond to. Or if they're visiting your property, they slip and fall, they have medical expenses, or they bring suit against you, that's what your general liability policy is, you know, like I said, going to respond to. That's kind of the baseline. Yeah. Beyond that, then, you know, we start talking about do you have any vehicles? Do you ever drive even your own personal vehicle for business use? Talk to us about what your you know, your property exposures are. A lot of businesses nowadays are operated out of their home. They may not have any property exposures. So that's what we do. We try to start to prioritize, you know, here's what you really need, here's what's kind of nice to have, and then here is, you know, these exposures exist, but they're probably fairly rare for your business. So, you know, if, if budget's unlimited, which I've never met a business owner that says that's the case, these are, you know, the coverages. But it helps, I think, businesses start to plan and prioritize as they grow. Sure. Um, these exposures are going to become more and more real, and so they need to start thinking about and being prepared for these are the types of insurance that I'm going to need as my business scales.

E

Ethan DeLeon 14:01

Yeah, that's, that's really good. One of the biggest things, like, when you're starting out, you're kind of focused on how you can sell more, how you can increase your revenue, how you can grow your business. But there does come a point where you work really hard to have those nice assets or, you know, bank account or money, and then you start to say, well, what could take this away from me? And I think that's the kind of thing that we probably need to spend more time on, of the, the kind of unintended consequences of just life. Like whether it's a storm that comes through that, you know, damages your, your building that you're leasing, or like you said, someone slips and falls in your business and you think like, well, that That wasn't my fault that they slipped and fell, but they're going to sue you, or there will be medical expenses associated with that, that you don't want to have to write those checks out of your pocket. You know, you, you can maybe sacrifice a small amount of money to get a policy that you'll pay a premium cost that, that you're protected, and you can sleep better at night knowing that if the worst-case scenario happened that you will be made whole. Yeah, so I guess my question to you is like, when you were first getting started, what— how did you think about insurance? And when did you— when did that like conversation in your mind kind of start? Well, when I was introduced to contracts. So, uh, you know, when you're signing a lease or you're negotiating to buy something from anyone, or, you know, just solidifying a business or legal deal, usually there is a provision in those contracts that's titled insurance. And I think for me that was, uh, the first thing like, oh, I maybe need I talk to an insurance agent to understand how I need to buy or to get that kind of coverage. But the, the other big thing that Matt mentioned is this whole idea about liability insurance and having general liability coverage, because that's — and the reason why the word general is in there is that applies to so many different things. Um, you— I, I think that was my first exposure of looking at what to meet the legal agreement I have to sign a document that says I have these levels of coverage. But I think getting introduced, like you drive up and down the streets or you probably, you know, get letters in the mail or you go on the internet and you're targeted for, for insurance. It's a pretty broad term. But luckily in, in, in Belfountain and in the community, I would ask around of, of who had a reputation that was helping other small businesses. And at the time, Hill and Hamilton, which is now Coverlink, had a great reputation. And so I think getting introduced to an agent where you could sit down with someone like Matt to— they actually care about knowing what my business is. But the next question, and I think you brought up earlier, is that you, in learning about my business, it starts to generate conversations of where there might be liabilities or exposures that I may not even be aware of.

M**Matt Simon** 16:58

Mm-hmm. Yeah, we see that quite a bit. You know, what we always say is when we're meeting with any small business owners or even individuals and families, the expectation is that you're not your own agent, right? So for us, really what we're trying to do is help educate our clients. We don't look at ourselves as being in a sales business. Obviously we are. But the reality is if we do the right job of educating our clients about here's what your exposures are and here are the options that you have to address those exposures. Like I said before, insurance isn't always one of those options. Here are some things that we can do, even from a legal or a contractual standpoint, that really almost completely eliminates your exposure. Yeah. And it's not costing you, you know, an insurance policy you need to buy to do that. Sometimes it is insurance. But if we don't understand what the exposures are of the business, if we don't have that conversation on the front end, it's really hard to kind of start to unravel what needs to happen after something goes wrong, which for us, that's what we're trying to prevent.

E**Ethan DeLeon** 17:57

So one of the biggest things for me as an operator and a business owner that having an insurance policy has done, and also I think the relationship with my agent has helped make my businesses better, is a lot of times you'll fill out a questionnaire. The agent will work with you to address and answer questions about your business, about, you know, its locations. The, the could be physical qualities of the property or vehicles or equipment that you own, or it could be if you're more of an electronic business, It could be the, the types of, um, activities you're doing on the internet if you're designing, if you're a graphic designer or a web designer. But the, once we have a policy, it's kind of not one and done, like having an agent that can kind of come back and, and keep me aware of things that are trending, that are happening in the general insurance market. So I, I'll kind of give this example is that we build and develop real estate. Um, we sometimes buy properties that are not in great shape. No. I mean, if you know much about Small Nation, and this is again just a credit for Coverlink and the way that we work together, you know, if you— they jump on and I give them an address and they go to Google Street View and look at the property that I bought. I mean, there might be parts of the property that are falling into the street. So luckily there's an insurance company out there that will take me, luckily, uh, but Part of that is, is as we renovate the properties, I'm working with the insurance agent, I'm working with the insurance carrier, which is, you know, potentially the company that the agent is working with that represents my policy or that has my policy. But they're also providing feedback for how to make my property safer and better. So sometimes, you know, and again, there may be a walkthrough with a carrier that just kind of helps out to say, you know, when's the last time you've done a life safety inspection, or what are ways that we can provide advice to make your property safer with smoke detectors or fire alarms. And all those things, when I make those investments in my properties and I kind of give the updated information that we've replaced the roof, we've improved the, the furnace, so we've upgraded the electrical panel, those kind of things I think are looked favorable by the, the carrier itself too.

M**Matt Simon** 20:13

Absolutely. Um, what it is that you guys are doing, obviously you've got a successful track record of making these investments in buildings. What happens so many times is, you know, the entrepreneur sees the one building as their first opportunity, they buy it, they get into it, and then they realize, what did I just get myself into? And so a lot of those updates don't happen because, as you know, many times those updates cost more than what the actual acquisition cost of the building was. And so those buildings then continue to deteriorate, which just creates more and more of a risk for an insurance company. So in a way, it's kind of like banking, right? Like, it's really hard to start a new business and go to a traditional bank and get financing because you don't have that track record. Whenever you do the same thing as far as insurance goes, you buy that first building that really is a fixer-upper without that track record of here's what it is that I've done. It's really difficult sometimes to get affordable insurance on that. And I say affordable because we can insure anything, but a lot of times it's cost prohibitive for a small business owner.

J**Jason Duff** 21:13

Matt, can you speak to— you just don't represent one carrier in your agency.

M**Matt Simon** 21:18

Correct.

E**Ethan DeLeon** 21:19

And I think that was another thing that I recognized was different about Coverlink as I was looking to buy commercial insurance for my business. For that reason, just starting out, you have different carriers that have different types of policies and options. Can you kind of speak to that and what makes a company like Coverlink different from that standpoint?

M**Matt Simon** 21:38

Sure. So in the insurance industry, there's really kind of 3 categories of agents. So what it is that I do, there's 3 different categories. Number 1, we refer to as direct writers. So your listeners are going to know those, you know, State Farms, Allstates, Farmers of the world. There are agents that are State Farm agents that are Allstate agents, but they they typically represent one company, which is, you know, the name that's on the building, the Allstate, the State Farm. Yeah. And then you have direct writers. So those are going to be like your, um, Geico of the world or your Esurance, where you're going online, you're buying a policy, you're not dealing with an agent really at all. You may not even get any advice if you call in. It's just, here are your options, you, you pick what it is that you want. And then you have this world, um, that I'm in, which is referred to as independent agents, which means we don't represent just one insurance company. We always like to say, um, no insurance company has ever signed our paycheck. Our clients do. So we work day in and day out for our clients. For us, our responsibility is we have to make sure that we represent the right number of insurance companies so that when a client comes to us with a very unique risk, we have the insurance company that's going to match and be able to provide the coverages that that unique risk needs. As opposed to client comes to us with a unique risk, we only represent one company that company doesn't provide a policy for that type of risk and we can't help that client. So that's what we say. We work for our clients. We don't work for any of the insurance companies that we represent, but they're our partners. Without them, we wouldn't be able to provide the products that we do to our clients.

J**Jason Duff** 23:13

Yeah. And when it comes, I know that people are always looking at getting the best deal. To you, what does that mean?

M**Matt Simon** 23:22

The best deal is the best value, right? It's— I think a lot of times what gets lost, especially in the insurance industry, it's become so commoditized that everything is price-driven. If every commercial that you look at or you hear on TV, it's, it's all about saving money. And I get it, I'm a small business owner too. Like, you, you always have an eye to the bottom line. Yeah. But what I always tell clients is, is if you buy the least expensive policy that's available, and then it doesn't respond when you need it. You have that claim and you find out that your claim is being denied because essentially you didn't buy the right type of coverage. You know what? Ouch. What value did you just get out of that? I mean, in a way, like, you actually are worse off. You wasted money. You paid for a policy that wasn't going to respond, you know, whenever you actually needed it. One of my favorite stories, we had a consultant that reached out to us a couple of years ago., and she asked us to review her professional liability coverage. And so she sent the entire policy to us, and the, the top of the policy said professional liability coverage. She's a consultant, a management li— management consultant. And I start digging down through the policy, and there was an endorsement in her policy. It was an exclusion for management consulting. What in the world?

J**Jason Duff** 24:41

Wow. She was paying for a policy that was never gonna respond.

M**Matt Simon** 24:44

And, and she had no idea. And so that's what I say. I mean, We were able to get her coverage. It was more expensive than what it is that she was paying. But that was my whole point is if this policy is never going to respond whenever you need it, why even buy it? Like, you're better off either self-insuring that exposure altogether and don't buy any insurance or buy a policy that's going to actually provide what it is that you need whenever the claim occurs. Yeah. So to your point, you know, what's the right price? It's the best value. It's the policy that's going to give you the coverage that you need for your exposures. And once you have that baseline, this is the policy that you need, then you go and find out, okay, which carrier can provide that specific policy at the best pricing?

J**Jason Duff** 25:30

Yeah. To that, you know, conversation, we're in an economy right now where it feels like everything is getting more and more expensive. In fact, you and I were just kind of talking about this a little bit before the show. Can you explain why people might be seeing higher premiums right now than they have previously and what's happening in the insurance world that those things are happening?

M**Matt Simon** 25:50

Yeah. Just a point of clarification, they are definitely seeing premiums higher than what they were before. Yeah. It's— the insurance industry is going through a really difficult time right now. A lot of times it's almost hard to conceptualize, but insurance is the same as any other business. It's supply and demand. I think where it becomes difficult to conceptualize is insurance is an intangible product. You're buying a policy that says, as an insurance company, I'm going to pay your claim if, if you have it. You're not buying a car, you're not buying a meal at a restaurant. So supply and demand forces work the same in the insurance industry, though, right? So as the number of claims are increasing in the insurance industry, which is what is happening right now, there was a Wall Street Journal article a couple of weeks ago that says The number of claims that total \$1 billion or more right now are happening every 3 weeks in the United States. Every, every 3 weeks there's a claim that is \$1 billion or more in damage. For a point of reference, all the way back in 1980, even after adjusting for inflation, that was once every 4 months. So you have this drastically increasing number of claims that are occurring. And then when you think about what it is that insurance pays for, it pays if somebody's injured, pays their medical bills, it pays if their house or their commercial property is damaged, it pays if their vehicle is damaged or totaled. What's happening with used car prices? What's happening with healthcare costs? What's happening with construction materials and cost of labor right now? All that stuff is, is going up. So you have really the kind of the perfect storm right now. You have increasing number of claims that are occurring in the industry and you have increasing payouts when those claims do occur. And so all that is driving the uptick in pricing that we're seeing for the insurance product.

J

Jason Duff 27:47

A lot of that has to be passed down to the customer. There's no way to—

M

Matt Simon 27:50

that's the supply and demand, right? So if the insurance companies aren't getting the adequate premium for the exposure that they have, they just, they stop providing the coverage. And we're seeing this in certain industry segments where, you know, some insurance companies are saying, hey, we're no longer going to insure this type of operation. So it's shrinking the supply. Yeah. In the insurance market, which is also driving the cost up. Yeah.

J

Jason Duff 28:14

So what are some of those industries that's getting harder for you to insure for that? Can you be specific on some of those?

M

Matt Simon 28:22

Yeah. So two really good examples, habitational. So, you know, a lot of businesses— and this is more businesses— so those that are, you know, buying a number of residential properties for rent, that industry, that segment has been hit really hard. And I think that goes back to what we talked about before. A lot of times, you know, as an investor, you can get a really good deal on a property and you're not turning a profit until you get somebody in there and you're not turning a profit if you're continually, you know, making updates and improvements. You have to put a new roof in, water heater, you know, that type of thing. So those sometimes those properties go neglected for too long. And they end up having a claim that's driving that cost up.

J

Jason Duff 28:58

So let's think about this, because I imagine a lot of people listening, they might be in that category. And, uh, so put ourselves in the insurance company's shoes. Is that when you buy a property and it's distressed, and one of the questions that I know comes up on a questionnaire that I work with, with my agent, is, is the property occupied or not? That's a really important question, right?

M

Matt Simon 29:19

Absolutely.

J

Jason Duff 29:20

So if it's not occupied, what do you think the insurance company is going to assume? The risk of that property is much higher. Could be broken into. It could— maybe there's a fire hazard that could break out there. And so you start to understand why, you know, if you're not actively renovating or improving a property and you don't have occupancy there, why that could be a big problem.

M

Matt Simon 29:41

Absolutely.

J**Jason Duff** 29:41

Yeah. All right. At this time, we're going to take a quick break to hear a word from our sponsors. If you are looking for a dynamic workspace in the heart of Bellefontaine, look no further. Build Coworking Space is your destination for creativity and collaboration. With state-of-the-art facilities and a thriving community. This is where innovation happens. Join them today for as low as \$99 a month and build your success at Build Coworking Space. Big city dining in a small town. Now that's The Syndicate. Join them for fresh steaks, pasta, or seafood for dinner, or stop in for Sunday brunch to experience one of their signature dishes such as chicken and waffles, and maybe even pair it with a mimosa flight. Located at 213 South Main Street in downtown Bellefontaine. So, I mean, talking to the developer, you know, like, what, what do you— what's your plan of attack then? You just, you just purchased this old rundown building. Where do you start to maybe get those things to align where, okay, now, you know, this is safe enough, I feel confident we can get insurance on this and get a decent rate? Yeah, so one of my first steps is to try to, you know, address the things that I think are unsafe about the property. If there's broken glass, if there's, you know, um, you know, any type of electrical or gas or any structural issue that needs to be addressed or shored up more quickly than not. Yeah, um, those are one of the first steps we do. But the next step is we call our insurance agent and we, you know, share transparently as they're asking questions. When's the last time the heating system has been approved? When's the last time the electrical system has been approved? But I think what it took for me is getting that track record. And that's what Matt says, you know, with your property, getting a track record that they know and can expect that you're, you're going to make things better for them. So luckily I've had that track record, but, um, and the carrier trust that I'm going to make things better. But I think what I'm hearing from Matt, that's not normal all the time, right?

E**Ethan DeLeon** 31:34

Correct, that's not normal. And, and, you know, you have the benefit of, you know, years kind of of doing this. It's difficult, especially in this market, with, um, you know, new entrepreneurs that are just kind of getting into this because it's difficult to demonstrate that track record. But I will say, you know, we talked before about the 3 different types of insurance agents. You know, Coverlink's not the only independent agency out there, but what I will say is I think that's where a small business owner working with an independent agent can really put themselves in a much stronger position because those independent insurance agents typically have really good relationships with their insurance companies that they represent. So if that entrepreneur, that small business owner takes the time to really explain what it is that they're doing, the investments they're going to make, even though they don't have the track record yet, and they can get that independent agent on their side, that independent agent then can go back and advocate for that small business to a number of different insurance companies about, hey, I know this is a risk. I understand this doesn't look like the ideal client right now, but let me tell you why. We think this is a good opportunity. Yeah.

J**Jason Duff** 32:44

Can you explain one big thing that it took me to learn was the difference between actual cash value and replacement cost? Tell us the difference of those two things.

M**Matt Simon** 32:54

I didn't know you were going to hit me with such tough questions today.

J**Jason Duff** 32:57

Let's get the good ones.

M**Matt Simon** 32:58

Yeah. So we, we encounter this a lot in the industry. So these are insurance terms: replacement cost, actual cash value. Replacement cost is what everybody thinks they have.

J**Jason Duff** 33:10

Okay. Yeah, yeah, sure. Yes.

M**Matt Simon** 33:11

So replacement costs, basically what that means is take a commercial building, take, you know, your homeowner's policy. If your building is wiped off the face of the earth because of a tornado, blown off because of a— your house is gone, act of God, act of God, what it is the insurance company is going to have to pay to come in and rebuild your property to what it was before. So same square footage, like kind and quality materials. Everything that was there before is what it is that you get when that claim is concluded. That's replacement cost. Again, that's what everybody thinks they have, right? Actual cash value is a different option. It's commonly referred to as market value. So actual cash value takes into account depreciation. And I will tell you in full transparency, I am not a fan of actual cash value. I've never seen a claim handled on an actual cash value basis where the insured, the client, the business owner, and the insurance company were happy at the end of that claim because there's too much ambiguity. How do you account for depreciation? There is nothing in the contract, the insurance contract, that specifically spells out here's how it is that we're going to depreciate this property over whatever period of time. So anytime that claim occurs, the client, the small business owner, thinks I'm getting X The insurance carrier says, do we only owe Y? And there's a kind of constant back and forth to get that claim to, to conclusion.

J**Jason Duff** 34:38

Yeah.

M**Matt Simon** 34:39

So, but like anything else, actual cash value gives you a little bit more flexibility as a business owner in terms of the amount that you're going to insure your building for.

J**Jason Duff** 34:48

Yeah. Cool. I have one other tough question to toss to him. So, great. Are you ready? Here it comes. Well, among specialties, like if you own a restaurant Or, you know, one of the products that we have is we have a self-storage facility. So some carriers have these business owner packages that specialize in having a group and a type of coverage for specific unique businesses. Can you speak a little bit about what that, what those programs are too?

M**Matt Simon** 35:18

Yeah, sure. So what you're referring to, a business owner's policy, was developed years ago in the insurance industry. And the concept of it was, is we're going to take businesses that are very similar—even across different industries, but have very similar exposures and typically very minimal risk to an insurance company, we're going to lump them into this class called a business owner's policy. And what we're going to do is we're going to provide them with both liability and with property coverage. So absent a business owner's policy, you're buying multiple different policies for whatever your needs are. So you may have just a general liability policy. If you own a building or you need to insure contents, now you're adding a property policy. If you have autos, you're adding an auto policy. So you're basically building your portfolio as you need it. Your business owner's policy takes into account that these businesses have general liability needs and they have property exposure. We're going to lump that together and they typically are far less expensive because, like I said, they, from the insurance company's perspective, much lower risk with those types of businesses. It's getting harder and harder for businesses to qualify for a business owner's policy nowadays. Most carriers are either doing away with them altogether or they're restricting the classes that are eligible for a business owner's policy down to, you know, a very few number of classes. So like a bakery would be a good example, a coffee shop. So just a general office type exposure. A lot of those can be on a business owner's policy. But once you start getting into, you know, more unique type industries, business owner's policies typically aren't available anymore.

J**Jason Duff** 36:55

Interesting. The other thing that you mentioned is the general liability, but I know another vehicle in insurance are these terms called umbrella policies. Can you kind of speak to, let's say for someone here that maybe has been building their businesses and they have multiple businesses or have multiple rental properties, why maybe they want to look at these umbrella policies on top of their existing ones?

M**Matt Simon** 37:20

Yeah, so you kind of started to touch on this before when you talked about as you, as you build assets, as, you know, bank accounts grow, insurance companies. And when we get called in, you know, we look at all that as exposure. Whatever it is that you've accumulated, what you've built as a business is potentially at risk if something happens, if you get sued, if there's a really bad claim, those assets can be essentially taken to satisfy the claim absent insurance. And so as those businesses start to grow and they accumulate more assets and they have more exposure, what you referred to there as an umbrella policy is, is one of the coverages that we will routinely recommend, which essentially what that's doing is it's providing an extra layer of liability coverage to those businesses. So in the event that they are sued and whatever policy they have in place, their general liability, their auto policy, if it's not enough to handle that claim, then the umbrella drops down and provides that additional layer of coverage as well.

J**Jason Duff** 38:19

Got it. Well, I am learning a decent amount by just being in the room today, which is why I love doing this with you all. So I appreciate you, you know, breaking down some of this fundamental, you know, things for, for us and for our listeners. But I'm going to kind of transition us into kind of a more fun segment here. Rapid fire Q&A is what I've been calling it. So here we go. Round 1 is have you ever been on a podcast before?

M**Matt Simon** 38:45

I have. They've all been insurance industry specific podcasts. Really? Yes.

J**Jason Duff** 38:49

Gotcha. What were some of those? I'm curious.

M**Matt Simon** 38:52

One of them was for a good friend of mine that started an agency valuation business. Her company is called Agency Focus. And so she had me on her podcast to just kind of talk through some of the specifics of, of the insurance industry. Yeah. How we see the valuations in the market right now.

J**Jason Duff** 39:09

Yeah, that's cool. You're doing, you're doing really well. So I would— you're not surprised. Yeah. Second question is, what is your favorite restaurant in Bellefontaine?

M**Matt Simon** 39:18

Oh, so many.

J**Jason Duff** 39:19

No pressure.

M**Matt Simon** 39:20

Jason is so many good ones. Thanks to what you've done now, right? I honestly, I'd have to say Brew Fountain is my absolute favorite. And the food there is good, but it's the experience, right? Like you, you go in there and you feel like you're part of the family and they just do such an amazing job. Any time we have clients, some of the insurance companies that we work with that are in town, if they've been to Brew Fountain before, they want to go back to Brew Fountain. Yeah. Yeah.

E**Ethan DeLeon** 39:49

So yeah, that's awesome. And actually, I think some of the staff at Brew Fountain just received an award from the Iowa Restaurant Association. Vermillion got recognized for like the best server in the entire state and well-deserved award. So yeah, from John Barger, who was also like on the, on the podcast previously. So if you haven't listened to that episode, go check that out. But okay, here's another fun one. If you weren't working at Coverlink, what would you be doing?

M**Matt Simon** 40:15

I'd probably still be at the insurance company that I started out at.

J**Jason Duff** 40:18

Wow.

M**Matt Simon** 40:19

Yeah, I don't know that I would be doing, um, the actual insurance there. I mean, like I said, whenever I start— first went there, the idea was I have all these opportunities to move around within that company. So I probably would have transitioned to something different that was— wasn't as insurance focused. But yeah, I said I'm sure glad I didn't.

J**Jason Duff** 40:38

Very cool. And then my last one is, uh, what is one of your favorite stories of helping a client?

M**Matt Simon** 40:46

Mm. Okay. So I'll tell you this one. It's a favorite story. It's kind of a funny one, too. Well, not the beginning. The end result was good. But I mean, I'm in insurance after all. Yeah, I was going to say, hopefully that happens.

J**Jason Duff** 40:59

Hopefully that it's not funny.

M**Matt Simon** 41:00

So we have this client and he, he's, I would say, somewhat of a prankster. He's a jokester. He loves, you know, loves giving people a hard time. So this is a number of years ago, and it was April 1st.

J

Jason Duff 41:16

Oh no.

M

Matt Simon 41:16

Yeah. And he got a call that his building was on fire. He got a call at his house. His building was on fire.

J

Jason Duff 41:24

Oh my gosh.

M

Matt Simon 41:25

And as somebody who typically plays a lot of pranks on people, he hung up. He thought it was a joke. So the fire department, the fire department calls back and they say, Hey, here's the number for the fire department. You call us. And then they hung up. And then it hit him. It was like, oh no, this is real. This is real. Yeah. So sure enough, his entire building burned to the ground. But what I would say, one of the reasons it's my favorite story is it was such a good example of he had done all the right things leading up to that point. He had the right insurance coverages in place.. And while it took a while to, you know, rebuild that building and get him back to where he was, it was a very smooth process. And his business is thriving today. He didn't lose— he really didn't lose a step because he had the right insurance coverage in place.

E

Ethan DeLeon 42:23

Yeah. Wow. That's a crazy story. Cool. So, so moving on from that segment, what's next for you and your business and what's Coverlink, how are they handling this, this changing industry? And, you know, what's on the horizon for you guys?

E

Ethan DeLeon 42:36

Yeah, so if you look back at the track record we've had, uh, so I, I joined Hill and Hamilton Coverlink back in 2006, and at the time we had one location here in Bellefontaine. Now, right now, as of today, we have four. So we've, we've grown both organically and we've grown through acquisition. And I think what it is that we're seeing as far as this industry goes, there's a lot of opportunity. So You know, I say this all the time. I love insurance. You know, people think I'm nuts. And the reality is I don't love necessarily the insurance products, but I love what insurance does whenever it's done right, whenever it, you know, restores that business owner back to where they were and keeps them in business. I absolutely love, love that.

J

Jason Duff 43:15

Yeah.

M**Matt Simon** 43:16

And what we're seeing is there is such a move for those agency owners that are retiring that don't have any perpetuation plan in place. They've not been able to bring anybody into their business that wants to continue this business going forward. And so we're getting a lot of those calls, you know, hey, are you interested in buying my business? And so we're really optimistic on, on this industry. We see a lot of opportunity and we see a lot of value that we're able to bring to clients when we get that opportunity to have that conversation. So our goal is full steam ahead. We want to continue to work with new clients. We want to be able to have those conversations with small business owners that are looking to potentially sell their agency and continue to bring what it is, this model that we've built to other communities as well.

J**Jason Duff** 44:06

Yeah, that's incredible. And you guys have 4 locations now, is that right? So can you name where all those are?

M**Matt Simon** 44:11

Yep. So Bellefontaine was the original. Urbana was probably 12 years ago, I would say. West Jefferson, which is kind of a suburb of a suburb over in Columbus. And then the most recent one was Marysville. This year.

J**Jason Duff** 44:25

Yeah, that's awesome.

M**Matt Simon** 44:26

Congratulations.

J**Jason Duff** 44:26

Thank you. So I'm going to kind of start to wrap us up here, but what is one professional development resource that was impactful for you along your professional journey? So besides Simon Sinek's book?

M**Matt Simon** 44:39

Yeah, I, you know, I've been blessed to be a part of a number of— I would call them mastermind groups. You know, being a small business owner can be tough at times.

J**Jason Duff** 44:51

You know, it's lonely. Yeah.

M**Matt Simon** 44:52

And, you know, a lot of times everybody's looking to you when something goes wrong expecting you have the answer, and sometimes you don't. And, you know, you got to, you got to figure it out. And so, you know, having these, these kind of groups of peers and colleagues that you can lean on whenever that kind of stuff comes up is hugely important. But what— here's what I would say, though, you know, it's going to be tough for your listeners to replicate, you know, my mastermind group. Sure. So two books that were incredibly impactful for me. I've heard you guys talk before on your podcast about, you know, the different personality types. Two books that were really impactful. One is Start with Why. I think that's the more, you know, creative, obviously uncovering why you do what it is that you do and then talk about how you do it and what it is that you do. So that's kind of personality, you know, one. The second one, that's the opposite of that, which was really helpful for me, is the book Traction. So Traction, I thought, did a really good job of helping provide a framework for businesses. And it also articulates the difference between a visionary and an implementer and how every business needs each. And most individuals are one or the other. And so I think that was a really big help for us, as, you know, we, we continue to build strategy in our organization, understanding what those roles are between those two and who those two are.

E**Ethan DeLeon** 46:11

Yeah, that's awesome. And it can be hugely powerful if you start to understand some of that stuff. But last thing is, where can people follow you and your business? Well, I want to answer this one for you. The link is in the show notes in in the description of every episode of season 2. And I know you were kind of adamant about like this, you didn't want this to necessarily feel like an ad, but we really appreciate you and your sponsorship for this season. And I think getting the word, like this episode is hugely important. And just the way you guys are doing it, as a business owner myself, I appreciate the personal connection in an increasingly digital world. Um, you know, someone there to hold your hand and kind of, kind of pick and choose and get to know you and your specific needs. I think that's hugely important. And I will likely be looking into Coverlink Insurance for own businesses. So you didn't ask me to say that. No one, no one said anything about that. But yeah, I just, I really appreciate it.

M**Matt Simon** 47:01

Thanks, Ethan.

J**Jason Duff** 47:02

Matt, I was thinking back, as you were mentioning, when you came back to Bellefontaine in 2006. And at that time, the Downtown Bellefontaine Partnership, which was a nonprofit group, individuals came together to create this group that wanted to see downtown Bellefontaine be better. And I happened to be a volunteer in that group, and we needed additional board members. So one of the first calls that I made was Hey Matt, you're back in town. I think you care a lot about the community. Would you be willing to serve on the board? And so Matt stepped up, served on the board, happened to be— so where our studio is here in the historic Opera Block, those meetings would take place right downstairs in the Edward Jones office. And you fast forward, you know, 20 or so-ish years. I mean, we're almost to 20. You know, we are now in this building, which has been mostly renovated, it's been acquired, it's been renovated. It's a huge point of pride for the downtown and for the city of Bellefontaine. And we're having this conversation today in a building that is insured by Coverly. So things come full circle, but just my appreciation for you as being an advisor, as being a friend, and also just thank you.

M**Matt Simon** 48:15

Thank you, guys. Awesome story. Yeah.

E**Ethan DeLeon** 48:17

Thanks for tuning in on this episode of the Small Nation Podcast.

E**Ethan DeLeon** 48:19

We hope that conversation proved valuable to you. And if you enjoyed it, be sure to share the episode and follow the show on Spotify, Apple Podcasts or your favorite podcasting platform. You can also subscribe to the Small Nation YouTube channel if you prefer to watch your episodes. Follow Small Nation on social media and we'll see you in the next episode.