

Insurance Times: InsuranceNoodle: more than a quirky name

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To old-time insurance professionals, InsuranceNoodle may sound a little corny.

The online agency could just as easily have been called "BigIsSmallB.com (big insurance for small business) – or something else entirely. But "InsuranceNoodle" became the winning moniker instead, coming off a list of choices that didn't originally make the cut.

It all worked out fine, because a different kind of name in an industry not known for its whimsy was precisely the point, said company CEO Don Urbanciz during a recent *InsuranceTimes* interview.

"By law, we had to have 'insurance' in our name but we weren't interested in having some bland name," Urbanciz said.

"It's obviously quirky and people will never forget it ... we're using our noodle and brain power and we're 'noodling' on behalf of our customers."

One of 20 Launched

InsuranceNoodle launched in 2000 during the height of the Internet craze, and was one of 20 Internet startups based on the same concept.

Since then, 17 have failed.

InsuranceNoodle is now one of three competitors left.

Urbanciz admits that the survival rate of online agents doesn't necessarily look good.

"From a competitor standpoint that's great," he said. "But for proof of concept, it might not be that great."

InsuranceNoodle, however, is positioned to survive in the long-term, he said.

"We're growing at about 30 percent a month, adding about 200 to 250 agencies a month ... we truly believe it's a viable space."

More than 2,500 insurance agents use InsuranceNoodle to supplement their small commercial property casualty placements.

A typical agent customer "does not have the breadth of the market," he said. "They may have only one insurance company and that insurance company won't do the type of business they need to get done.

That's where InsuranceNoodle steps in, as "the partner agents (in the) back room, offering markets through nine companies including AIG, Chubb, Hartford, Zurich, St. Paul and Kemper.

Larger brokers and agents also rely on InsuranceNoodle, Urbanciz said, "as outsource in the back room" to handle small commercial business they wouldn't otherwise focus on.

Personal Lines Cross-Sales

In addition, some personal lines agencies or life/health and benefit agencies use InsuranceNoodle's "expertise and our markets as (and extra) ability to cross sell their current customer base," Urbanciz said.

InsuranceNoodle makes its money from commissions paid by carriers, and those are split with producing agents in a "kind of wholesale type approach."

The company handles 1,000 different types of business for small business commercial property and employs 45 people.

Venturion Capital owns 65 percent of the business. Employees, senior management and some angel investors own the rest, Urbanciz said.

Funding History

InsuranceNoodle launched in August, 200 with an initial \$18 million of venture capital funding. The company has apparently done well since.

"We don't need another funding round," Urbanciz said. "That kind of explains where our position is. We're not anticipating any further cash needs."

In the future, InsuranceNoodle expects to keep growing its business and eventually wants to add personal lines and some excess and surplus line product, "specifically on tougher classes of business.

"What we want to do is be a one-stop shop for our agents," Urbanciz said.

In envisioning future growth InsuranceNoodle is ready to handle advances like electronic signatures once companies are able to work with the technology.

Profitable Business

There will always be a place for companies like his, Urbanciz said. "The carriers look at the business we're providing them as by and large their most profitable business," Urbanciz said. "Even in harder markets they still have a significant appetite to write this business."

Because insurance companies have individual proprietary systems, agents must enter the same information multiple times to get multiple quotes, Urbanciz said.

InsuranceNoodle plays a crucial role, Urbanciz said, by using "middle ware" and acting as a kind of adapter so agents can handle a single application for a quote through multiple carriers.

Marsh Background

Before becoming InsuranceNoodle's CEO, Urbanciz ran Marsh in the Midwest region and knew InsuranceNoodle's founders, Rick Madock and Robert Rudy.

Madock and Rudy developed the concept while they worked for C N A and brought Urbanciz on to the company's advisory board.

He became CEO in April, 2000 and said he's happy where the company is heading, even with its unusual name.

"It's a quirky name and sometimes my wife shakes her head" when she has to tell people her husband is CEO of InsuranceNoodle.

"It's kind of a fun name, definitely not the conservative staid but people don't forget it."