



Do Returns Correlate with Grades in the Ratings?

By Dorice A Maynard

Since Mitchell first released our EIA Credit Method Rating Service in October 1995, its popularity has been unrivaled. As head of software sales, customer relations, and consumer liaison, I am often asked the same question about the Ratings: "Why aren't EIAs with the highest returns graded higher?" The simple answer, of course, is that returns account for less than half of an EIA's grade. You will notice that the financial analysis measures on the extraordinarily 'high-return' EIAs are frequently poor: low correlation, low beta, and a high standard deviation.

But this month, it got me thinking deeper and I posed my own question: "Do returns over a given time period fall into an orderly pattern from highest to lowest, 'A+' down through 'F-'?"

I did an Excel study of my own to find out. I exported the data from the Advanced Features online report, Last 10 Years, with June as a starting month. Then I averaged the returns for EIAs receiving an A+ grade, then those getting an A, and so on. My results confirmed that yes, the higher graded EIAs do yield higher returns overall, although there was one exception for the time period I looked at. You can review my summarized results as a PDF by clicking the link below.

[EIA Ratings Study >](#)



Overcoming Apathy: We Can Make a Difference.

The standards we laid out for Professional Referral Program has generated some piquant emails and conversations both with customers and non-customers, in regards to IMO's that "disqualify" an agent from participating.

We are not telling anyone what to do, but we are encouraging conscientious agents to be a vessel of change. Wouldn't it be great if the IMOs that were not owned by an insurer would be the larger and more prominent ones? We believe that if distinguished agents selected independent firms, insurance companies would be forced to derive their profits by having superior products. The fact that an IMO is wholly owned by an insurer with sub-standard products means that they only contribute to a greater mediocrity in the industry. If they did not own an IMO, they would only make money on the sales of their own products and not from the sales of other products. This is what happens when a lack of disclosure permeates an industry. It is not you that loses; it is all your customers getting poor products because the focus is on

distribution and not product superiority.

Some try to argue that since they have never felt pressure to sell a product or use a certain sales system, it shouldn't matter if they place their business through them. Others try to make the case that like the Iraqi War being indirectly funded by our gasoline appetites, driving a car doesn't make them a supporter of the terrorists.

This isn't about being a good or a bad person: It's about making better choices. Where your dollars go speak loudly. Certainly, we all need to drive a car and place our EIA business somewhere. But do you really need the super-size SUV? Do you truly need to use that wholly-owned IMO? It is choices like these, multiplied by thousands of agents just like you, which can make a change in the industry. Insurance companies understand only one thing: PROFIT. They are counting on agent apathy. Only when enough agents can find the courage to place their override dollars elsewhere, will insurers finally feel the need to change and create better EIA products.

[Comments? Email Us >](#)



Summer Software Specials: Attend a Demo Webinar!

This month we feature our deepest discount of the year on the MCP Premium Suite. Attend one of our free weekly Demo Webinar meetings to learn more about us and our software.

[View Schedule and Register >](#)

(c) Copyright 2006 Premium Producers Group, LLC. All rights reserved.

MCP Premium Software | 3337 S Bristol #55 | Santa Ana CA 92704
1-877-773-4774
mcppremium.com