

Some Agents Perceive Web As A Threat, But Carrier Support Can Turn That Around

Producers also must do their part to be tech savvy or risk wasting opportunities

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While a growing number of independent agencies are embracing technology as a key component of their success, some are still not tech-savvy enough to capitalize on the opportunities already at their disposal, and many continue to see the Web as a threat because of how carriers use the Internet, a pair of leading industry observers say.

Chad Mitchell, a senior analyst with Forrester, said that the agents he has spoken with clearly see the Web isn't going away, but many continue to view the Internet as a threat because carriers haven't developed clear strategies.

Mr. Mitchell points to service issues as one example. If customers bind a policy online and receive a discount for not using an agent but want follow-up service, they are encouraged to call an 800 number. However, the majority—Mr. Mitchell believes probably 80 percent or more—pick up the phone and want to talk with a local agent.

"The carriers still are trying to figure out how to manage the commission structure and pricing post-sale of an online policy," said Mr. Mitchell. "We've seen certain carriers say if customers choose to bind online, they either will have to remain in the self-service channel to file a claim or get access through the 800 line. The policy remains an Internet-only policy."

Needless to say, these activities send mixed messages to the agent community, according to Mr. Mitchell. "It's still a difficult channel strategy," he said.

Not all agents are tech savvy, admits Jeff Yates, executive director of the Agents Council on Technology. "I think there are a lot of opportunities that are not followed up on by the agents," he said. "That's our job—to raise awareness and show the opportunities."

When ACT's host—the Independent Insurance Agents and Brokers of America—does its Best Practices studies of agents in terms of profitability, Mr. Yates explained, an unrelenting focus on productivity is very much a part of what makes a profitable agency tick.

"Things such as real-time and download are major points agents look at to improve their productivity," he noted. "When they improve their productivity, it gives them more resources to hire sales talent or to back up the current sales people with high-quality CSRs."

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TECH TIPS

WHAT SHOULD CARRIERS DO?

Technology is a fertile area for agents right now, according to Jeff Yates, executive director of the Agents Council on Technology. He said carriers can help agents better position their brand and do marketing on the Internet by:

- ▶ **Showing agents how** to market their services through social networking sites such as Facebook and Twitter.
- ▶ **Producing content** for their agent's Web site.
- ▶ **Providing marketing pages** agents can link to.
- ▶ **Sending a proposal** an agent can use with a customer, talking about the value-added coverages a carrier offers.

Technology is a fertile area for agents right now, according to Mr. Yates.

“Those agents who have picked up the ball, implemented real-time and download for personal and commercial lines, and gone paperless—they are growing even in a soft market,” he said. “The reason is they have freed up time to concentrate on sales rather than focus on paper all day or working different carrier Web sites. That gets very time-consuming.”

Mr. Yates sees several ways to extend functionality to the customer through the agent’s Web site.

Carriers need to help agents better position their brand and marketing on the Internet because that’s where customers are headed first, he said. That includes social networking sites such as Facebook and Twitter, helping agents with content for their Web site, and marketing pages agents can link to—“any type of support the carriers can provide,” he added.

What some insurers are doing with real-time quotes—particularly if they come through the agency management system—is send a proposal an agent can use with a customer, according to Mr. Yates. The proposal, he said, “talks about the value-added coverages a carrier offers. It makes for a nice presentation piece for the agents.”

However, not many insurers are doing this yet, noted Mr. Yates. Still, he believes it is an opportunity for carriers to give more point-of-sale materials to agents. “Outside of the technology area, having those materials available to agents to help them sell the business is a valuable step,” he said.

Another form of assistance appreciated by agents is information on effective Web sites and how to position their agency on search engines, Mr. Yates suggested.

In addition, carriers need to offer content for an agent’s Web site, he advised. “Providing high-quality insurance information that with an RSS feed an agent can pull over to the [agency] Web site is an area where the carriers could really help,” said Mr. Yates.

He believes the next step for carriers is extending real-time functionality through the agent Web sites. “Online quoting for the customer is something a number of agents want to do, and comparative raters are increasingly offering that functionality,” according to Mr. Yates. “There are tools available that allow the customer to compare rates on the agents’ Web site.”



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Agents Council on Technology*

While most of the money carriers are spending to improve their agent connection is going to areas such as quoting, underwriting and straight-through processing, Mr. Mitchell sees major investments coming in lead generation.

For example, he points to Web sites for Allstate and GEICO—one a traditional insurer and the other a direct writer—yet both provide agent locators. “It’s very clear when you go to Allstate.com it has this three-channel distribution strategy,” noted Mr. Mitchell. “Customers can stay online to get a quote, call an 800 number, or find a local agent. That’s, in my view, the clearest multichannel strategy.”

Carriers are asking how to develop an Internet strategy without cannibalizing sales and turning off the agent sales force. “I don’t think anyone has a perfect solution to it,” said Mr. Mitchell. “We continue to see the shift in optimizing the lead generation and the appointment form.”

Even with customers turning to online purchases, particularly for personal auto, Mr. Mitchell suggested the carrier can use these sales as a lead generation tool for cross-selling opportunities for its agents if the policyholder needs other products.

“The agents get access to new customers,” according to Mr. Mitchell. “It’s not just a lead—it’s someone who already is insured. Agents don’t have the opportunity to make renewals or up-sell on the original policy, but they can gain commission by

cross-selling.”

Carriers also need to generate reports for agents to cross-sell business, said Mr. Yates. “If agents are writing auto with a carrier, they can offer homeowners as an attractive risk,” he noted. “Carriers can help agents in marketing those cross-sell opportunities.”

Beyond all this, carriers also need to bring more functionality to mobile devices, Mr. Yates said, so some of the inherent efficiencies can be tapped by producers and principals in the field selling the business.

Large portions of the United States remain where agents are the only solution for customers wanting to buy insurance, Mr. Mitchell pointed out. “Customers in those states can use the Web site only to gain access to the call center or find the local agent,” he said. “Eventually that’s going to go away, and that’s where you are looking at a huge investment.”

Traditional insurers are bringing in consultants to organize their e-business strategy and create commission structures, according to Mr. Mitchell. That likely means, from a product development perspective, carriers will be offering some online-only products, he predicted.

Customers won’t be able to change coverages on these types of policies as they are used to doing with an agent. “The Web will create more guided-selling or online advice tools,” said Mr. Mitchell.

On another front, although comparative rating has improved in terms of agent/carrier quoting, according to Mr. Yates, agents get more quotes than they otherwise would, which creates more competition for the business.

“The key thing for the carrier is it wants to be in the agents’ workflow,” said Mr. Yates. “If the carrier is not in the workflow, it is not in a very good position. Some carriers in personal auto are getting well over 50 percent of their quotes through real-time comparative raters or management systems.”

But agents have to show their value, as well, asserted Mr. Yates. In today’s market, with the types of technology available, agents can be directly competitive with other distribution systems but have the added value of giving personal service.

“If agents figure out the way to use technology and also add value in terms of counseling, it’s a winning proposition,” he said.

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