

Tech Support Can Help Agents Turn Lemons Into Lemonade

In bad economy, carriers work with producers to boost sales, ease processing

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In tough times like these, insurance carriers need to find ways to help their independent agents get away from processing orders and go out on the street doing what producers do best—sell policies and risk management services—and tech support is a key factor in that equation.

For Chad Mitchell, a senior analyst with Forrester, the major issue for carriers is helping agents improve their sales by improving the customer experience.

“A happy customer means you have happy agents,” he said. “What we are seeing is any functionality available on the Web for quoting has to be seamless for the agent, whether it is with a call center or an in-person experience.”

The industry is beginning to see a seamless channel experience, Mr. Mitchell said. “One of the top IT investments among insurers continues to be legacy modernization,” he added. “But the next [investments] are about improving customer experience and implementing tools to improve the agent experience.”

The fact that ease of doing business is a big driver for most insurance carriers is not a surprise. The key to reaching that stage with the independent agent community is technology, according to Bill Jenkins, chief information officer at Penn National.

“That’s where we compete for the business—at the CSR desktops in the agency,” said Mr. Jenkins. “Technology is a driver, and part of that direction involves the use of predictive analytics to determine how we segment the business and which customers are more profitable to deal with, and we’ve also been able to discover what types of products we need to be developing.”

The most important step carriers can take is to make it easier for agents to do business with them, agreed Jeff Yates, executive director of the Agents Council on Technology. “That’s a key area in terms of real-time quoting, endorsements and inquiries,” he said. “The more you can free agents from processing, the more time they have to cross-sell, protect renewals and focus on sales. It frees up people.”



“One of the things we always recommend to producers is to get out of the servicing and processing business as much as possible and spend your time generating sales and figuring out how to grow,” Mr. Yates added. “In order to do that, you need efficiencies in the back room. I emphasize real time and download as critical foundation steps.”

The story of how two carriers—State Auto Insurance and Penn National—have worked in tandem with their agents to make the best use of technology to help both partners improve sales and ease of doing business are outlined below.

STATE AUTO STORY

IT TAKES AN UNDERWRITER WHO KNOWS HOW TO PROPERLY INSURE THEM.

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The sole distribution source for State Auto Insurance is through the independent agency system, so David Russell, chief enterprise architect, maintains the carrier understands what agents want.

To back that up, Mr. Russell said that industry research group Deep Customer Connections ranked State Auto eighth out of 250 property and casualty carriers in its recent survey on ease of doing business.

Achieving “ease” starts with listening to agents, Mr. Russell stressed, and then working to do business the way those agents want to do business with State Auto. “There are a number of initiatives we have taken over the last couple of years that have been based on direct feedback from our agents,” he related.

The first initiative was in the carrier’s commercial insurance arena. To improve its position in the market, State Auto automated quoting capabilities for both the business auto line and business owners policies in all of its operating states. “Last spring, we rolled out to all 29 states in a matter of eight weeks,” he said. “The agents noticed, and they’ve rewarded us with additional business.”

On the personal lines side, the carrier initiated a project 18 months ago to bridge with both agency management systems and comparative raters. “We’ve gotten more opportunities to quote, and we are seeing approximately 30 percent of all our new business quotes are coming through our bridge solutions,” he reported.

State Auto now is providing real-time rating, with the comparative rating systems coming to the State Auto Web site and getting real-time responses directly back into the rating system.

Mr. Russell credits State Auto CEO Robert Restrepo Jr. with recognizing several factors when he took the reins in 2006. “We were not being as aggressive as we needed to be,” according to Mr. Russell. “In listening to agents and through his leadership, we started with the bridging solutions. One of the things he did early in his tenure was he went out to listen to the customers.”

Through that interaction in agency council meetings, several initiatives began, noted Mr. Russell. “We also went out to nearly every state with CSR meetings and listened to them—validating things we knew and learning new things,” he said. “We have been acting on things we have been hearing from them.”

Today, 98 percent of all new personal lines business is being placed through the agency portal, and one-third of that is coming through a bridged solution with the agency management systems.

“Agents were telling us they wanted to bridge directly from their agency management system or their comparative raters,” noted Mr. Russell. “We had agreed some time ago on using the ACORD XML Standards to communicate within our rating application, and those standards were the basis of the communication from the agency systems and comparative raters.”

He added that “we had prepared ourselves to integrate with third parties, and since we had that piece already in place, I won’t say it was a piece of cake, but it was a very repetitive state-by-state implementation.”

Insurers need to make sure they are meeting agents on the producers’ terms, Mr. Russell emphasized.

“The days of being able to dictate to agents how you want to do business are over,” he said. “If we are going to gain business, we need to make sure our solutions are efficient and effective within their agency. We have enough options available we can fit fairly well into their own workflows and the way they want to do business within their agency.”

PENN NATIONAL STORY

Penn National also discovered great value in speaking directly with its independent agents. Mr. Jenkins believes it is important to give agents the products they need to do business, as well as make it easy from a perspective of efficient, user-friendly technology without the agents doing a lot of re-entering of data.

“Agents are looking at technology as a differentiator,” noted Mr. Jenkins. “This is not rocket science, but it is amazing to me a lot of carriers don’t do this.”

Penn National also put together agency council committees—one for personal lines and one for commercial lines. As the carrier rebuilds and refreshes its core systems, the carrier has those agency councils come in frequently to critique what Penn National is doing.

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“What we are hearing is we are different from a lot of others in that we listen to what they want us to do,” said Mr. Jenkins. “We not only get their involvement, but we also get their commitment to use our systems. We’ve got a lot of accolades [from agents] on the upfront automated underwriting system we developed for personal lines. We’re getting a lot of use out of it, and because of it, we are growing our personal lines business. Our game plan is to have a tool people will use.”

Penn National has begun to categorize which agents and types of business are most profitable. The carrier eventually plans to share that information online, but for now, Penn National provides its territory managers with that information.

Those managers sit with agents and go over what type of business they should be pursuing for the carrier. “The ultimate game plan will be not only to develop products the agents want, but to help them with the marketing,” said Mr. Jenkins. “We’re moving in that direction. We haven’t gotten to that point yet, but I don’t know many carriers that have.”

Penn National has focused on personal lines for a specific reason, indicated Mr. Jenkins. “Personal lines automobile is the biggest market out there, and we were like a lot of carriers—losing business in that area,” he said. “We needed to rekindle that business, which we’ve been able to do significantly with the new systems and a new underwriting appetite.”

He noted that “collecting data takes a long time to do. We have the enterprise data warehouse in place, and we continue to build that out with agency data. I don’t see us providing that kind of information for the next one or two years, though.”

Thanks to a new underwriting system, Penn National has increased new business in personal auto by 100 percent in the last nine months, reported Mr. Jenkins. “A lot of the accolades have to do with the new system,” he said. “We’ve been able to build that business with the idea we complete the auto systems this year, homeowners next year, and then work on the commercial lines.”

To improve opportunities for its agents to sell more products, Penn National is working to improve the quality and amount of data it collects from its agents.

“We’ve developed a data mart as part of our enterprise data warehouse, so every application we get we capture, whether we write the business or not, and share that information with [the agents]—what goes right, what goes wrong, what are the opportunities, what those risks look like, and especially what those risks are we have an appetite to write,” noted Mr. Jenkins.

“We use that to discuss with agents how we can move forward to get that business. It’s a productivity and profitability piece,” he said.

Penn National also has a new agency portal with a lot of functionality. “We put in things such as third-party report ordering, and we did some pre-filling of fields so the agent wouldn’t have to key in fields,” noted Mr. Jenkins. “We did that for endorsements and new business. We put a lot of ‘what-if scenarios’ upfront for the agents.”

As a result of the changes, Mr. Jenkins said Penn National has been able to go from 19 percent straight-through processing to 90 percent today. “[The portal] gives the agents time to market and allows them to spend more time on the street developing business instead of processing work,” he added.

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