

Molding Growth, Up And Down the Channel

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Before the economy began its southward spiral, insurers were already improving the Web and multichannel customer experience. In today's economy, however, they have placed a new focus on surpassing the competition by reinforcing the value of the entire chain.

"The economic crisis has placed a renewed spotlight on the value of insurance agents," notes Chad Mitchell, senior analyst with Cambridge, Mass.-based Forrester Research Inc., and author of Forrester's "Trends 2009: Insurance eBusiness and Channel Strategy" report. "In turbulent times, many customers want to connect with another human being. Despite the increase in online insurance research, we know that in-person visits generate higher conversion."

Mitchell points to GEICO, the U.S. direct-to-consumer insurance giant, which is communicating the value of local agents in mass advertising to deliver a true multichannel distribution model with Web, call center and agents.

Like GEICO, Progressive has made an art out of the direct-to-consumer model. Yet, Progressive takes more of an agnostic approach to where dollars are spent to increase sales, says Director of Information Technology Almito Vaz. Along with the usual advertising, the Mayfield Village, Ohio, insurer is putting its money into technology.

"We obviously try to focus on the end consumer, but we are indifferent around the purchase process," says Vaz. "Some like direct, some like agents, so we try to provide both with the same level of technology."

That level of technology includes an agent portal that allows Progressive's representatives to customize their individual Web sites, create links that enable consumers to obtain real-time quotes transparently, and service the business once it's acquired.

WHAT AGENTS WANT

Heading up the team that customizes Web facing for both agent and consumers, Vaz estimates that Progressive is the broadest distributed carrier in the agent channel. Therefore, the company is mindful of what its more-than-30,000 independent agents want: the ability to sell and service their business. "We've focused on delivering the technology that enables agents to build relationships with their customers over time. And over time, we are seeing that customers want to interact differently with agents than they did in the past. It's still a relationship business, but how those relationships are established and maintained are different."

For example, in the past a customer may have walked into the agent's office to get a quote, pay a bill or make a change to a policy. "In the future," says Vaz, "they may have that conversation over a [Cisco] WebEx. We know today many customers want to be able to pay their bills electronically at any given time. Our technology enables them to do this securely through the agent's site."

Vaz admits that to some degree, technology adoption at the agent level is currently uneven, but points to leaders that take full advantage of it. One such leader is a Progressive agent based in Texas who equipped his Web site with a transparent link to Progressive's quote engine. To the customer accessing the agent's Web site from the outside, it appeared as if the agent was there and available to them.

"The agent happened to be in Cleveland at an Indians baseball game when he got a text message from us saying someone just requested a quote, so he was able to contact that potential customer and close that sale from the ballpark. We are starting to bridge time and space with tools that an agency, on its own, could not develop."

Richard Cantu, president of Texas Life & Health, Round Rock, Texas, represents health insurers such as Aetna, Banner Life, Blue Cross Blue Shield, Humana, Unicare and United Healthcare. Conducting business solely in the state of Texas, Cantu has increased sales using technology that promotes independent consumer-based research and a lack of dependence on the agent.

"When people have been downsized and their COBRA plan is running out, they want to see options, and they want to research those options on their own time," he says.

Those options are made available from Chicago-based Norvax, a provider of health insurance quoting tools. "We act like the Travelocity of health insurance," says Jeremiah Desmarais, VP of marketing. "We only offer quote data from carriers who give us approval first. The carrier supplies the rates, and agents must be appointed by the carrier before they can access the data. Our goal is to make it easier for both parties."

BUILDING CUSTOMER ADVOCACY

Cantu estimates that the technology, which uses drip marketing to attract and retain potential customers and then automates the entire quote-to-bind process, enables him to book between eight and 10 deals a month "with people I barely speak with."

Cantu's agency has grown to include Medicare supplement products, for which he created his own quoting tool. He admits that not all customers are completely technology savvy. "There is still some hand-holding required, because visitors to the site need to have their questions answered, so they end up being warm calls; someone calls them back, and we establish a relationship going forward."

Forrester's Mitchell underscores the importance of using technology to build customer loyalty, especially during tough economic times.

"In every economic downturn, insurers pledge to improve customer retention, yet attrition remains an industry-wide problem, illustrated by the average churn rate of 19% for U.S. personal lines," he says. "Our research shows that customer advocacy is the most important organizational trait in creating loyalty among financial services customers."

To help agents build customer loyalty, Progressive recently refreshed its Brand Express site (part of its ForAgentsOnly.com portal) to include hundreds of free and low-cost, co-branded materials, such as e-marketing and print tools, signs, television and radio ads. Drop-down menus enable agents to search by language, product line and more.

"We saw a big spike in [site] usage with the new release," says Vaz. "We think technology is a huge lever in helping our agents build and maintain their business."

Forrester's Mitchell predicts that insurance eBusiness executives will increase their use of the Web to support their insurance agents with lead generation, agent recruiting and even career development. For example, Madison, Wis.-based American Family Insurance developed "Meet Your Dream Boss" on Facebook to assist new agents in training.



Chad Mitchell

Ken Hittel, VP of eBusiness for New York Life Insurance, told Forrester that the primary function of his company's Web site is "selling the agent appointment." The insurer is partnering with Linked-In, supporting all U.S. agents' and managers' access for consumer lead generation and agent recruiting, says Hittel.

RESULTS HIGHER IN THE CHAIN

With an eye higher up the distribution network, Jackson National Life Insurance Co. recently refreshed its channel portal. Highlighting its "relationship-driven wholesaling model," the Lansing, Mich., provider of life and annuity products holds more than \$82 billion in assets and employs three primary distribution outlets: Jackson National Life Distributors LLC, the JNL Southeast Agency LLC and its Institutional Products department. In addition to giving representatives access to policy information and sales materials, the new site offers access to one-on-one meetings with wholesale team members and its retirement and wealth strategies group, and to a series of ongoing educational seminars.

Experts say providing this type of technology support is critical, especially in the complex annuity business, where rules such as FINRA 2821 add myriad regulatory requirements to the sales process.

Steve Horneman, VP of marketing at Insurance Technologies, Colorado Springs, Colo., offers one example. "Today, an adviser has one to three products they must hold in their head to compare to clients. There are suitability requirements that must be met in any of those product choices. The entire process means the adviser must have as much data as possible at hand."

The company's VisibleChoice hosted offering provides brokers with an apples-to-apples comparison of a variety of insurer-supported annuity products, giving the adviser multiple illustrations at once.

Horneman says that 40% of the top 30 annuity carriers use his company's Foresight sales management solution, which aggregates carrier sales information, making it available to VisibleChoice customers.

"Rather than swivel chair integration, we take output from different participating insurer systems and make it available to advisers," says Horneman. "It's iterative, so the broker saves time by looking at product information side by side."

Insurance Technologies plans to launch a Web services infrastructure as part of its VisibleChoice multi-carrier annuity sales platform. Also a partnership with Blue Frog Solutions, a Pompano Beach, Fla., provider of life and annuity order management and compliance solutions including ACORD XMLife-based technologies, will leverage Blue Frog's BlueSource platform for uploading, versioning and maintaining standards-based annuity product profile information.

"All the data that the carrier has been maintaining, including product profile information, is now available to the broker," says Horneman.

MAKING COMPLEX EASY

Renny Monahan, VP of industry marketing, financial services, at San Francisco-based SalesForce.com, maintains that additional tools, such as mobile devices, make it even easier to obtain, view and share information anywhere, especially at the point of sale.

"You can customize the applications on the laptop and now to an iPhone and BlackBerry," he said. "Mobile solutions make a big impact in wholesaling-how the customer interacts with agents and how agents interact with brokers."

Running a much smaller operation than Jackson National Life, family-owned and operated provider of financial investment products PenFacs Groups, Salem, N.H., nevertheless requires sophisticated technology in order to service its more-than-200 financial services representatives throughout the United States. "We've found ourselves focusing more on "living benefit" products, and as such, we are in the middle of the living benefits 'arms race' as each company competes for more business," says Mark DeGregorio, annuity specialist at the firm.

DeGregorio estimates that, thanks to the economy, these products have grown in popularity with close to 30 companies now extending a living benefit as part of their offerings.

"This competition has forced broker/dealers to ask 'why should we sell this one over the other one?'" he says.

An Insurance Technologies' beta customer, PenFacs uses VisibleChoice as a tool to design cases specific to the brokers' client. "It offers straight-through processing, so it streamlines the annuities process and respects regulatory compliance regulations such as FINRA 2821 for submission requirements," says DeGregorio.

Horneman adds that aside from compliance features that help move the annuity application all the way through to central review, the tool integrates

with a variety of order entry and electronic app technologies for ultimate submittal. A contact management tool within the software exposes assets and income, tracking and saving the data for inclusion in a suitability analysis report/questionnaire. Mobile solutions make it possible for the broker/dealer to communicate options to potential clients.

"At this point in our economy and, really, any time, we don't want [the representative] to have to go back," says Horneman. "VisibleChoice clears up discrepancies, and it shows which products were compared and which were selected."

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