

# INNOVATION

# XCHANGE



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## BUSINESS PROCESSING AUTOMATION AND THE INDEPENDENT ADVISOR

By Jim Ferrell, VP, FireLight Product Management, Insurance Technologies

In the life and annuity space the majority of business is transacted by independent advisors. These are advisors whose primary focus is to provide suitable investment advice and deliver value to their clients.

An independent advisor firm, also known as an independent broker-dealer, is one who typically relies on insurance carriers technology for automation. To further define, independent advisor firms would normally not have their own technology team focused on building automation technologies for their own advisors. Nor are these firms able to engage and purchase existing cost-prohibitive automation platforms as this business model simply will not meet their financial goals.

While front-office and back-office business processing automation for the annuity business has been successful at the larger wire focused broker dealer firms, this success has not migrated successfully into the independent advisor space and the reasons why are varied and complex.

### Automation Adoption Barriers

Many may conclude it is primarily due to the cost barrier for the independent advisor firms, but when you dig deeper the answer is far more complex. The first reason is that the independent advisor firm end users have a choice in how they process business and have always had this choice. There have

been successful pockets of automation but none that really gained widespread multi-carrier adoption.

The deeper cause has very little to do with the technology cost, but its "change vs. value." Meaning the solutions implemented have not provided enough end user value to impact the desire to change behavior, leading to lack of adoption.

Providing a solution that automates the in-good-order business processing - which will deliver real return on investment (ROI) to the insurance carriers - but provides nominal value to the advisor force - which is who must elect and make the behavioral change needed for the carrier to achieve the ROI - will only lead to less than optimal adoption numbers.

Insurance carriers made the assumption in their initial ROI calculations when engaging the automation order entry and application processing platforms, that they would eventually migrate and penetrate adoption of these automation platforms into the independent advisor firm space. This has led carriers to manage expensive wire-focused solutions providing only a select few carriers within this space with any real ROI on their automation investment. This wire-focused segment of the market only makes up approximately 35 percent of the annuity distribution market and far less on the life side.

The life side of the business is different. Not just different than the annuity side of business, but it's different for almost every

distribution partner individually within the life space. The life insurance side of the business has relied on independent focused technologies for years, but until recently these have been primarily focused on drop ticket, post submission and underwriting. There were, and still remain, pockets of carrier-delivered, up-front, in-good-order technologies, but this success is somewhat limited and scattered.

Continued on Page 2

### IN THIS ISSUE

- 1 Business processing automation and the independent advisor
- 2 Suitability Questionnaire – Is there an App for that?
- 3 Improving financial advisor productivity through electronic signatures
- 4 Cover Your Bases with Four Key E-Signature Use Cases
- 5 1035 Automation: Integrating Standardized Ceding Carrier Data
- 6 Taking Your Profile from Good to Great In 6 Simple Steps: Meet the New LinkedIn
- 7 Can eDelivery Deliver Success?

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### The Key to Automation

Regardless of line of business, the key to automation is providing enough value to the end users to invoke the desire to change or adapt. Unless you provide the end users value, change will not happen.

Some technology features that deliver the value required to impact advisor adoption include:

- The technology must integrate with the pre-sales and Customer Relationship Management (CRM) tools to eliminate data re-entry, saving valuable selling time.
- Easy to use, pick up, learn and adapt—ease of use is paramount, first impressions are critical to adoption.
- The platform must be device-agnostic. While not all advisors leverage multiple devices, tablet devices are so pervasive; they can no longer be ignored.
- The technology must enhance the advisors ability to conduct business and never impede business. The technology must make it easier to sell.
- The price point must meet the expectations of the market space. Price is key to gaining adoption through the distribution chain from top to bottom: price is king with this target audience.
- The technology platform cannot be dramatically different from today's business process as to force a steep learning curve. Attempting to force a sales force into a new process when it's optional will guarantee limited adop-

tion success.

- The solution should be adaptable, present same user experience across multiple lines of business and support complex non-standard hybrid products without additional product costs.

The above list may seem daunting and appear to be an impossible task to deliver all this added value, with system integrations, support for multiple Internet devices, supporting multiple lines of business, and with effortless usability at basically a free price point! But it's not only possible. It's available and in-use today.

### Generating Adoption

The key to the success, regardless of price point for the carriers and or distribution firms is adoption, plain and simple. If the end users will not adopt and utilize the system, the price point, regardless of how inexpensive, is no longer a consideration.

Even with a system providing the values mentioned above, built to invoke the advisors to change their behavior, it isn't enough to take a "build it and they will come" approach, it requires a strategic adoption strategy.

An adoption strategy requires a multi-faceted end-to-end strategic approach to incentivize interest and build momentum to evoke exploration and willingness to try new ways of processing business. It takes a "strategic village" to influence behavior change. Once the independent advisor

firms and advisors have explored the new technology, the values mentioned above should be enough to increase adoption to levels that will provide sufficient ROI to the insurance carriers while providing a better end user experience to the independent advisor firms and their advisors.

Adoption of automated business processing is the ROI jackpot to insurance carriers; however, it is impossible to get there without providing a desirable and simplified platform to the agents who must elect to change behaviors. Consequently, front-office technology must receive buy-in from both the insurance carrier and end user to obtain true successful adoption.

### Summary

Carriers will endure limited technology adoption and return on investment among independent advisor firms if they continue to implement carrier automation technology that attempts to force change and does not bring the value points I've defined.

By providing these value propositions to the independent firms and end users with a strategic adoption plan when implementing this new technology, carriers can achieve successful adoption changing the industry standard and achieving real return on investment. The technology exists today to support this change. It's simply a matter of execution.

I welcome your feedback, questions, comments, and suggestions via email at [jferrell@insurancetechnologies.com](mailto:jferrell@insurancetechnologies.com).

## SUITABILITY QUESTIONNAIRE: IS THERE AN APP FOR THAT?

By Pam Simonds, Lead Business Analyst, VERTEX, Inc.

A suitability questionnaire mobile application. Great idea right? Wouldn't it be incredible to have a one-stop place to enter a client's name and have every investment that was suitable returned for them? The app automatically does all the scoring and captures investment objectives right down to the last detail. With just a tap of the fin-

ger the right investment is selected and the transaction is submitted. Presto, the client is happy and your job is done.

Is this a good thing? Think about it. Does that application have up to date financial information? Does it know that dear Auntie Suzy just came to live with them and they need to account for her needs too? Did the app bring back the correct Mean Joe Green

in the name return? How does it know if they want to retire to a tropical island and their back-up plan is winning PowerBall? Just because a cookie cutter mobile app has a four-star rating and 5,000,000 downloads doesn't mean it will make a suitable choice for all clients.

Automation is wonderful as long as it doesn't go too far in its assumptions and it

**Continued on Page 5**

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