

INNOVATION XCHANGE



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COULD AN AGING SALES DEMOGRAPHIC BE THE KEY TO REVOLUTIONIZE THE INSURANCE DISTRIBUTION MARKET?

By Jim Ferrell, VP FireLight Product Development, Insurance Technologies

Our insurance industry's distribution demographics are aging. Some reports have the average agent age around 50 with upwards of 43% over 55 and 20% of all agents over 60. As a 47 year old I ask myself, "Why is this viewed as a problem?"

I understand that less agents could be viewed as potentially less sales, and maybe it's been historically partially impactful. However, with changing technology, quick accessibility to information and our enhanced ability to communicate to anyone almost anywhere, our sales channels are provided with a greater capacity per sales agent. Technology, and our evolving use of this technology, has actually delivered these efficiency capabilities.

First ask, "Why is our sales force's average age increasing?" Or even better, "Why has there been a reluctance for new talent to elect insurance sales as a profession?"

I feel the answer to these questions can be summed up in one statement, "It's difficult to be a successful sales agent." That does not mean new talent isn't being recruited, but a high

percentage of new talent find the profession difficult; it requires more sacrifices than they are willing to undertake, which leads them to opt for more traditional professions.

We have a greying sales distribution force, but honestly, our entire industry, sales force and our population's culture has changed dramatically and there are many external influences impacting this demographic swing.

Over time though, the aging agent demographic will ultimately swing back in the other direction and this is a potential opportunity for our industry to capitalize and have a revolutionary change impact. This change is not just because the agent demographic will be getting younger, but also because technology continues to evolve so quickly.

A perceived general consensus from within our own industry at conferences and general industry discussions is that the "younger" sales agents will expect, and/or demand, advanced technology and are adverse to traditional paper and pen policy submissions. Without these advances the new generation will not want to work in this line of business.

I think we can all agree that

our distribution market is going to evolve, change and adapt with these demographic changes. I expect the big changes will be more focused on target markets and innovative ideas to target a market of retirees who have

CONTINUED ON PAGE 2

IN THIS ISSUE

- 1 **Could an Aging Sales Demographic Be the Key to Revolutionize the Insurance Distribution Market?**
- 2 **Distributor portals that improve the advisor experience**
- 4 **Strategies to Reduce Medicare Income Surcharges**
- 4 **Implementing 1035 Automation Incrementally**
- 6 **The Eight Most Hated Words in the Industry**

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not saved for retirement via traditional methods. The younger sales agents will be more focused on building a book of business and learning from their aging counterparts how to make a living rather than being concerned about technology.

The upcoming agents will be coming from dramatically different technology expectations than our current aging sales force and they will have different expectations of what's considered "normal". But that isn't unique with just the sales force, as the entire population has evolved and grown along with newer technology, including our targeted potential clients.

It's been my experience interfacing with the field that the agents are mostly focused on relationships and building trust and confidence with both potential and current clients. The actual processing of business is typically off their radar until it begins to impact their ability to maintain and cultivate these relationships. And it's these relationship impacts that have been a roadblock by way of high learning curves provided with most technology options today.

So while I believe the aging

demographics of our agents are going to have an impact on the industry, I honestly don't feel this demographic change will dictate technology changes. Technology changes will be demanded and required, but it's less about a younger sales force imposing it; it's more due to overall expectations for everyone including clients and prospects, and ultimately the actual return on the investment in automation.

For example, tablets have become an everyday tool and will have a larger impact on technology advances in our industry than the demographics. Everyone is using them, across ALL demographics, and everyone is expecting to be able to leverage these devices for everything. As software manufactures, this is as much a fact as breathing itself, and those that fail to fully address this opportunity and the next big technology tools will suffer the consequences.

I know that some reading this will say, but he's left out addressing the majority of agents who are unwilling to change and adapt and would rather quit than move to an electronic method of business. I don't share this sentiment and my own experience

with deploying technology leads me to this belief. This simply means as an industry we need to up our game to provide electronic methods that are easy to use, easy to understand and do not require a sales agent, two years from retirement, to spend six months learning a new way of doing business. It must be intuitive and it also must support multiple devices, e.g., desktop, tablets, phones, etc.

So while our industry will change and evolve, the revolutionary changes will be based on overall demographic expectations and less about aging sales demographics. The aging agent demographics should be looked at as not so much of a concern to push technology, but rather an opportunity to leverage technology. If the technology is developed correctly, it won't matter the age of the agent. As our population's culture grows with technology, our industry will be more receptive to technology. New ways of processing business, as long as they are intuitive for the user, will be welcomed.

I welcome your feedback, questions, or comments via email at jferrell@insurancetechnologies.com, Jim Ferrell, VP FireLight Product Management, Insurance Technologies.

DISTRIBUTOR PORTALS THAT IMPROVE THE ADVISOR EXPERIENCE

By Dane Sprecher, Product Manager,
Vertafore

Across the industry, insurance carriers are focusing heavily on improving their distributor portals in hopes of becoming their distributors' "carrier of choice". If you are a carrier that means the race is on to find a

competitive edge that will boost advisor mindshare and increase placement rates.

But what could that edge look like?

One way is to focus on the advisor experience. If your sales operations and support teams can find creative and effective ways that improve the advisor

experience, you can expect increased placement rates. And while the formula seems simple — give advisors what they need to sell faster, and they'll do it — the real issue is figuring out what advisors actually need and will use.

CONTINUED ON PAGE 3

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