



Beyond the agency portal

Expanding the value proposition
for property and casualty
distribution management



Building a better
working world

Executive summary

P&C insurance leaders know that a better digital experience for agents and brokers is essential to competitive success.



Insurance companies that have invested in building their digital and direct-to-consumer capabilities have attracted a lot of attention in the industry press. But a growing number of property and casualty (P&C) carriers are quietly turning their attention to traditional distribution networks of agents and brokers to provide producers with the data and tools they need to compete for the favor of emerging, digital-native customer groups. Indeed, agent portals have become a hot technology in P&C insurance circles after years of relative neglect, when distribution systems were typically overlooked as more technology resources and dollars were directed to modernizing legacy platforms.

Certainly, agent portals have proven to be worthwhile investments for many carriers. Many first-generation portals succeeded at greatly improving the speed and efficiency of the quoting and binding processes for agents. That was a big win. But now, insurers must go further and provide enhanced digital experiences across the entire distribution management life cycle. The objective at all times must be to enable agents and brokers to do what they do best – engage prospects and policyholders, understand their needs and offer the right policies to the right customer at the right time and price.

Agency demographics are also playing a role. A new generation of younger agents expects to engage with digital tools. Retiring agents of the baby boomer generation are being replaced with agents from Generation X, which is substantially smaller. The millennials just beginning to enter the agency workforce are not yet ready to be top producers. In this environment, digital tools and producer productivity are imperative.

Therefore, insurance leaders must recognize that portals on their own are not enough to fix all that ails distribution processes – or to optimize their potential value. Many insurers now believe the time has come to more actively define the “agent of the future.”

The first step is to gain a deeper understanding of what agents want, which requires listening more closely to the voice of the agent. Only then can insurers provide a deeper and more robust experience. A broader and more holistic view of distribution is also necessary. The opportunities for improvement are many – from intelligent, automated and value-adding processes for agent onboarding to more effective marketing programs and from compensation programs that offer the right incentives to operational models that reflect consumer and agent demand for more and better data.

The use of agent journey mapping can help carriers gain a detailed understanding of what matters to agents and, therefore, prioritize their investments in the agent experience for maximum impact. In addition, agent journey maps must include supporting roles and their personas (principals, producers, CSRs) to deliver a superior and differentiated agent experience.

This paper outlines the market trends that highlight the need for a more effective approach to distribution management in P&C and several areas where insurers must focus their activities and investments if they are to move the needle on performance.

Seeing both sides of the agent experience



The agent experience matters today because of changing demographics and economics. The agency force in P&C is aging, with typical top producers in their mid-fifties. Consumers today have more alternatives for buying insurance, including online portals that compare rates and policies and sites that may promote the use of independent agents. Even more worrying for insurance executives are the online aggregators well positioned to enter the market. Google's recent decision to stop offering insurance through Google Compare came as a surprise to many – and many insurance executives do not believe the last word has been said on this. Furthermore, policyholders expect to connect and be served via digital and social channels. In all of these areas, agents and brokers face many of the same challenges insurers do. That is one reason fear of channel conflict is receding, and all stakeholders – carriers and their distribution networks alike – recognize the need to define a new way of working together. Each party needs the other.

The good news is that there are opportunities for improved collaboration across the distribution life cycle. Consider how:

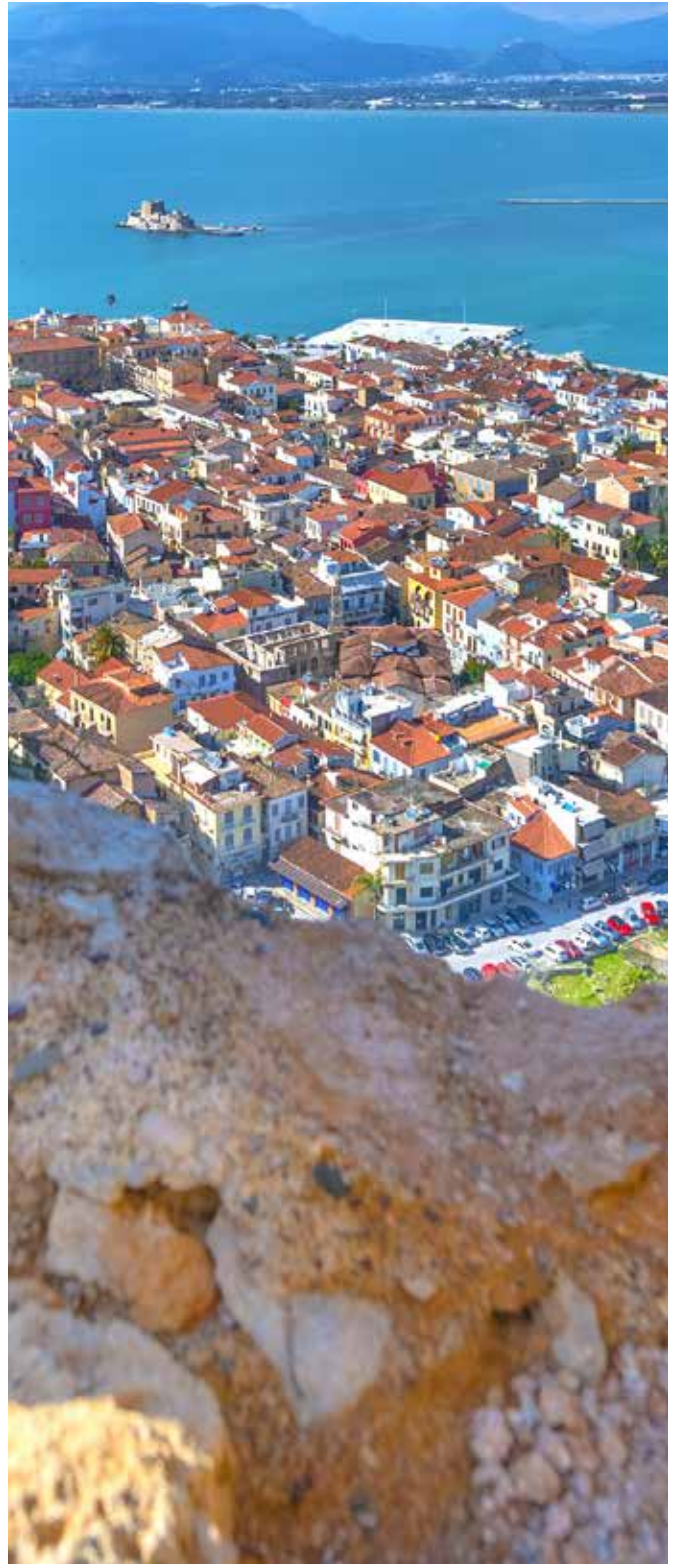
- ▶ A better, streamlined onboarding process that reduces paperwork and data entry can help insurers attract qualified and motivated producers to represent and sell their products in the marketplace faster and with less hassle
- ▶ Through more extensive use of data and analytics, insurers can provide leads and insights about the unmet needs of new prospects and existing customers to help producers better grow their book of business
- ▶ By sharing information, insurers can provide support for agents' customer relationship management efforts and even augment their investments in agency management systems, with the end goal of better insight into quote histories, cost of sales, conversion rates, customer segmentation and profitability rates
- ▶ Better technologies for document management, electronic signature and workflow can help producers enhance their internal productivity through standardization and automation

Digital connections with agents, combined with digital self-service for policyholders, help address the highly sensitive issue of the role of agents in servicing. Those who are open to ceding some or all servicing responsibilities will gain more time for prospecting but may lose some commissions. On the other hand, those agents who don't want to give up servicing tasks may be allowed to keep them. This seems logical – and it is – but it is a major shift for many carriers, and something they need to get sooner rather than later.

Agent journey mapping has helped a number of forward-looking insurers improve the agent experience. Blending traditional process mapping and customer-centric thinking, journey maps show the end-to-end perspective of agents – their goals, their experience with carriers' processes and policies, their frustrations and perceptions of what works well. Developing such maps while improving the customer experience enables carriers to make investment choices focused on enhancing those areas that matter the most to agents.

But just as carriers can help agents, insurers can benefit from the data agents collect and enter into portal systems. Indeed, increasing the value in both directions should be a top priority for any carrier seeking to strengthen its relationships with agents. For insurers, sharing more and more valuable information will entail the integration of data streams from policy administration, claims and other systems.

Using agency production and compensation data will also help insurers to truly understand against a range of metrics which agents are their top performers and which might need extra help or motivation. Such data, along with better predictive modeling capabilities, can enable insurers to identify and provide incentives to top-producing agents based on cross-selling capabilities and other factors. As one CFO said, speaking about distribution management systems: "If I get one thing out of investing in portals and distribution systems, I hope it is more transparency on who sells what to whom, so we can more actively manage sales productivity."



All roads lead to a better portal



In the end, any changes carriers make to improve the way they manage their agency networks and the agent experience overall are likely to happen via digital channels. Many of the current issues involve manual processes for which digital access would offer effective solutions.

Clearly, there is a business case for investing in agent portals. For insurers, there are real competitive stakes to consider. For carriers seeking to attract the strongest independent agents, a high-quality digital experience can be a very attractive inducement – independent agents will naturally gravitate to carriers that are easy to do business with and those that provide tools and information that make their jobs easier.

Insurers with captive agents can also benefit by making those agents more productive and effective in the marketplace. For instance, they can nudge agents in a proactive and timely way to reach out to policyholders who may be at risk of non-renewal. Based on analytical models, these notifications could alert agents to the availability of targeted discounts or other promotional offers for qualified clients. In this sense, increased agent satisfaction is more than a “nice to have,” but rather, a tool for performance improvement.

There are also cost efficiencies to be realized. Many insurers still have relatively large teams of employees responsible for dealing with agents and brokers, typically through manual processes that involve multiple spreadsheets and frequent rekeying of data. By automating certain communication and data collection tasks, insurers can not only improve the accuracy of their information, but also reduce their overhead.

So which specific functionality should portals offer? Ideally, they will offer intuitive tools that simplify, streamline and digitize any and all tasks routinely handled by agents, including:

- ▶ Reviewing sales leads and pipeline status
- ▶ Generating, updating and managing quotes
- ▶ Initiating first notification of loss
- ▶ Checking on claims status
- ▶ Reviewing commission and compensation information and statements
- ▶ Accessing the latest marketing materials and product information to share with customers and prospects

More advanced portals may also provide billing and collection data, reporting and event management capabilities, analytics and segmentation tools, and knowledge management repositories.

It is important to note that significant challenges may arise when it comes to integrating and sharing data from outdated systems via portal technologies. However, for most insurers, updating these systems is imperative in any case, and making data more widely available through agent portals can be part of the business case for modernizing legacy systems.

Another caveat: producers' technology options are much broader than they used to be. Thus, it's unlikely that insurance companies' agency portals will be the only technology used by independent agents. Insurers may find themselves "fighting for the desktop" of agents or being asked to integrate with increasingly popular third-party solutions for contact management, customer relationship management and overall agency management solutions. There are obvious integration and data-sharing concerns in these situations. However, insurers must begin to prepare themselves for life in the new hybrid world of agent technology.

The bottom line is that agent portals offer a compelling win-win value proposition. Whether they have independent or captive distribution partners, insurers benefit from lower costs and better access to customer data, while producers gain support for selling more policies and expanding their book of business as they, too, come to terms with the omnichannel reality in insurance.

The impact of robo-advice in insurance

The entrance of so-called robo-advisors is disrupting the wealth management industry. This is possible in part because that industry has long advocated a financial planning approach based on clearly identifying customer needs. In contrast, P&C insurance has lacked a structured process to analyze customer needs and design specific products and coverage to meet them. This is changing, however. Many carriers are working on digital interviews and discovery tools that attempt to define what customers care about. Combined with income and risk appetite data, this information allows carriers to develop a comprehensive risk coverage plan. These digital tools can be used by consumers in a direct-sales context or by agents who guide consumers through the sales process so the carrier's and the product's value proposition rings through.

In either case, customers can adjust their stated needs and parameters to arrive at comprehensive but affordable coverage plans. All product sales can follow from these plans. Many carriers are investing in such models and some – most notably Allianz1 in Italy, an innovative product that allows consumers to design and build their own policies based on 13 specific "building blocks" from P&C, life and health insurance lines – are already fully operational. The use of robo-advice models, with their ability to greatly improve the quality of advice dispensed in distribution, offers transformative potential for the insurance industry.

Looking past the portal



Though critically important, agency portals aren't the only component of a top-of-the-line agent experience. Insurers must also consider other capabilities, some of which may be delivered via the portal or via other digital tools. Again, the overall agent experience must be viewed in terms of its role in driving producer effectiveness and, ultimately, increasing revenue and market share.

Onboarding to win. Insurers can make a great first impression on new agents by streamlining and automating the traditionally slow, error-prone and paper-intensive onboarding process and offering personalized support. Witness Uber's highly efficient process for onboarding new providers, which offers a template, or perhaps a "stretch goal," depending on the state of capabilities. Online capture of basic producer information and online background checks and license validation save time, while preconfigured information packets can be delivered to prospective agents automatically as the preliminary steps are being completed.

Redefining roles. Given the popularity of digital self-service channels, the agent's role will begin shifting from an exclusive focus on producing sales to a greater emphasis on information collection, relationship management and customer service. Some agents will naturally gravitate toward advisory roles, while others will excel at gaining insight into customer needs and capturing market intelligence. Carriers will be able to benefit from both types of expertise.

Recruiting and training the right team. Recruiting, training and retaining the next generation of agents will become more important as the roles change. Again, the general trend will be toward higher expectations for exceptional service and enhanced customer value. Further, tomorrow's agents will have the same high expectations for digital engagement and transactions as customers do: the portal will become an important recruiting tool. Beyond detailed product knowledge, training should also focus on carriers' branding and marketing plans, proven lead-generation practices, and the use of customer analytics and segmentation models.

Managing agent performance. Armed with new tools that can analyze an agent's every move, carriers will need to revisit how they track the performance of the agent and the agency. The carrier will need to segment its agents based on pipeline (underwriting quotes) and the performance (timeliness of payments and claims volume) of its book of business. Results from agent/agency segmentation will drive compensation models and sales support offered by the carrier. No longer will an established agent be able to sit on an established book of business with the carrier. Instead, thanks to heightened transparency, the agent and the carrier will strengthen their partnership, with both sides understanding what is needed to grow and evolve their relationship to mutual financial satisfaction.

Adjusting compensation models. Compensation models and commission structures for agents will necessarily change as their roles are refined and recalibrated. Carriers that take on more of the sales and servicing processes, and that provide qualified leads with specific product recommendations, will naturally expect to pay different commission rates with performance incentives. Indeed, there are many levers to adjust as carriers seek to optimize agency relationships. Basic licensing and contractual agreements may need an update, while well-designed incentive programs can balance competitiveness, profitability and efficiency.

However, by serving customers the way they want to be served, and by continuously providing the agent with intelligence about existing customers and new prospects, agent satisfaction may become a leading indicator of both sales volumes and policyholder satisfaction.



A look ahead



As the industry continues to evolve, insurers must continually refine their distribution models to define their agent of the future.

There is no doubt that the insurance business will continue to be disrupted by technology advancements and innovations. Key operations are increasingly digital and customer relationships increasingly direct. The rise of robo-advisors in the financial planning and investment sectors, which are generally farther along the adoption curve than the insurance industry, provides useful lessons. Insurers may consider adopting such technology – not as a replacement for agents, but rather as an enabling tool that helps them provide richer, more responsive and value-adding services to customers.

This is not to say that agents will disappear. Indeed, reports of the demise of the agency force have been greatly exaggerated for quite some time. Self-service channels, though increasingly important, simply can't replace the traditional model. The agent of the future will not be an algorithm.

However, the rising generation of agents and brokers will expect to use more robust digital channels and offer some self-service capabilities to their customers. And this is how the ownership of P&C customer relationships will become increasingly shared.

As the industry continues to evolve, insurers must continually refine their distribution models to define their agent of the future. It is clear that these agents will be trained to reach out, connect and serve customers via digital and social channels. But for this model to work optimally, insurers must also recognize the need to simplify product packages, adopt insight-driven analytics and offer sales support tools.

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