

Getting the Most Out of Current Technology Key for Preparing for the Future

SAN Group Leadership Panel Discussed Evolving Role of Independent Agents

WORCESTER, MASS. — Current and future challenges facing the property-casualty insurance industry and opportunities for the independent agency distribution channel were among the topics discussed by a panel of leading insurance executives at the SAN Group's annual business meeting.

Panelists offered insight into how car-

riers are innovating in support of the independent agency channel and what it may look like in the years ahead. Moderator Matt Masiello, executive vice president and chief operating officer, SIAA, president and CEO, SAN Group, asked panelists to name some of the immediate actions independent agents can be doing today that will affect their operations over the long term. For Luke

Bills, senior vice president, strategy and integration, business insurance, Liberty Mutual Insurance, the key is thoroughly understanding and making use of their agency management systems to pool third-party data. "You need to make sure that there are people in your office that are comfortable with the data in agency management systems and how to access third-party data on your clients to make it easier to service and quote before you start thinking about all the cool stuff that is coming out."

Matthew Kirk, senior vice president, chief sales and distribution officer, small commercial, The Hartford, agreed. Kirk noted that agents have already invested their own money into these systems, which he described as an agency's cockpit. Carriers can see what agents are receiving from them, and he said there are some agents who don't have policy or claims download turned on in the system.

"On the claims side, think of being in a situation where you've got adjuster notes automatically downloaded, so when your customer calls you, you can say where it is and what to expect next. A critically important point is to look at what you have already invested in and ask yourself if you are getting 100% of



SAN Group President and CEO Matt Masiello, Matthew Kirk, SVP, The Hartford, Loree Toedman, VP, Travelers Insurance, and Luke Bills, SVP, Liberty Mutual Insurance.

every dollar out of it.”

Agents need to focus on capturing insureds’ email addresses and phone numbers, according to Loree Toedman, vice president, personal insurance field sales, Travelers Insurance. Without the ability to email and text with clients, none of the sophisticated technology that is being developed is even going to matter.

“Consumers are connected 24/7 — it’s all about digital. In seven years, the majority of the population will be Gen X and millennials. Think about how that generation does business. It’ll all start with a text or an email,” she said.

How Do Carriers View Insurtech?

When Insurtech companies arrived on the insurance scene, they were looked at as a huge threat, having the potential to disrupt the industry.

While that may still hold true, carriers have been shifting toward partnering with these technology companies in an effort to attract new talent to the industry, allow agents to focus on value-added services and improve the customer experience, according to panelists.

Insurtech companies have come up with ideas that consumers want and have done it faster than traditional carriers have.

“We’ve learned that they have some great ideas and a lot of things to help us and consumers, but what they don’t have is all of our expertise or capital. So we’re partnering with them,” said Toedman.

Bills echoed Toedman, noting that most of the investment by Insurtechs has been in ways that help augment the work that carriers do and do away with or automate agents’ nonvalue-added tasks. Bills said Insurtechs can help automate claims handling. Insureds could submit claims via video, and the carrier could use facial recognition software to see if they’re lying or not, for example. If they’re not, the carrier can pay the claim faster than traditional adjustment. “The type of true dis-

ruption we’re seeing is pulling and aggregating third-party data. Instead of asking 100 or 30 questions, there are five questions because we can pull the data into a personal lines application. That’s the kind of disruption we think is coming. It’s how we partner or license that type of technology as opposed to it truly displacing us,” he said.

Masiello noted that some people have “the sky is falling” syndrome, but there are numerous barriers to enter the insurance industry, including regulation. He thinks technology will make the consumer experience better.

Kirk agreed, encouraging agents to think about the industry in terms of bookends. On one end, there is the capital it takes to run an insurance company, and on the other end independent agents are needed to offer advice and counsel to insureds. “The bookends don’t change.” It is in between on transactional, service and engagement activities where carriers partnering with Insurtechs can help agents.

An Evolving Distribution System

As the role of independent agents continues to evolve, what might the independent agency distribution system look like in the future? “You may not be servicing policies in three to five years. Studies talk about agencies ranking business development third or fourth in their priorities and servicing first or second, but service is evolving very rapidly,” said Masiello.

The old adage about people overestimating how much will change in one year and underestimating how much will change in 10 years rings true for Bills. He said as the service part of the equation decreases, the role independent agents play will be in consultation. In the next five years, he expects product complexity to increase because a simple businessowners policy “won’t work if you’re in between personal auto/commercial auto usage or have a home-based business. Cyber and professional aren’t thrown into a simple package. If you can’t provide consumers with advice and consultation to help them navigate a more complex product environment or if you’re too busy issuing certificates

of insurance (COIs), you’ll miss out. That’s the evolution of the agent in that three- to five-year time period.”

If technology allows insureds to take on more self-service tasks, it can free agents from doing some less nonvalue-added work. In offering clients the ability to have their own account mobile platform to get a COI, The Hartford went from 17% of COIs being issued through this platform to about one-third, according to Kirk. “That’s time and energy that can be spent back on clients. I think the opportunity is enormous for our agents to be more client facing and [spend] less time on things that aren’t adding value, which can be done either in a self-service way or by partnering with carriers.”

Multiple distribution models will both survive and thrive, according to Toedman. However, she cautioned agents that if they are not transforming their agencies right now, they won’t be performing well in the future. She urged agents to find a way to be available 24/7 to meet insureds’ service expectations.

“If you’re not using carrier call centers, you need to have your own means to be open 24/7, or you’ll lose customers. It’s just the reality. If you’re not making the investment, it’ll be really hard. Connected customers fully expect you to be available for them. You’ll push us to make sure we have the technology that you need, and we’ll push you to make sure you’re available 24/7.”

Q&A Session

At the end of the discussion, there was time for agents to ask the panelists questions, which ranged from concern about the unwieldy nature of insurance forms to worry that they will be left out of the mix if consumers are performing an increasing number of self-service tasks.

While acknowledging that technology can make their jobs easier in some ways, one agent expressed frustration that emailing policies instead of printing them out leads to an unfriendly format and can make the policies nearly unreadable for consumers.

“I think you overlook that sending the policy to the customer is one of our

biggest duties,” said the attendee.

“There’s no doubt the policy itself — when read from front to back — is torturous, but the complexity of the policy is unlikely to change. We have to help you be in a position to help clients understand the policy and have it be easier to deliver and help clients understand the value you bring around what is in it,” said Kirk.

Masiello reminded attendees that carriers and agencies are in this together, and everyone is still figuring things out.

As service centers issue more COIs, and COIs become more complex, one attendee asked if it has the potential to be an errors and omissions “landmine” for agents whose names are on them.

The panelists assured the agents that if business is conducted through their service centers that they take on the E&O exposure. “We’re issuing standard, non-complex certificates. As you go up the complexity ladder, that’s where your role as an independent agent will evolve. The customer doesn’t know the language they need in the certificate, but you will. You’ll be doing some level of

complex certificates, but if it’s a service center, we’re doing all of it. One hundred percent of certificates are not going to go digital or to self service because of the level of complexity, but a large number are. If we step into the shoes of the agent as it relates to engaging the customer, than we have the E&O exposure,” said Kirk.

Another attendee felt that carriers aren’t using agents enough when they create their platforms and programs.

“Agents know how we like to present certain coverage levels. Carriers don’t ask agents how to do it. We’re the frontline people talking to customers. Carriers need to speak to agents before rolling this stuff out.”

Others were concerned that carriers are taking things out of agents’ hands. “Where’s our value if consumers are going through our websites straight to you and not talking to us?” he asked.

Masiello noted that there is a difference between sales and service, and the panelists all said they see independent agents continuing to play a big role in the future.

“We believe independent agents are trusted advisors. In the new business acquisition process, you’re our key bet for the future. We’re betting it all on you guys out there selling business. The technology that we’re investing in is making it a lot easier for customers on the service side. We’re trying to make it easier for agents on the acquisition side as well by having the ability to write business on the website,” said Toedman.

She explained that although carriers can provide that technology and give agents those capabilities, Travelers hasn’t seen many consumers actually use it. “It’s hard to get the flow to an agent website,” she said.

In thinking about about capabilities and partnering, carriers have to think about the client base, noted Kirk.

“Your clients have different expectations of speed and turnaround times, self-service, etc. Only you know them. One burden on carriers is that we have to build capabilities from a menu perspective. It’s not one size fits all; it’s customer driven. Clients set the tone with agents and with us as to what they want to take advantage of.” ■