

Listen & Learn

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At first glance, an insurer's distributor force and a middle-school classroom might not seem to have much in common. But one of the things I learned when I taught middle-school students (albeit many years ago) was that a group of seemingly homogenous people actually had a remarkably wide range of educational needs. I had to design a lesson plan to accommodate the entire spectrum of those needs and wisely choose how to allocate limited resources.

Likewise, it can be challenging for carriers to deploy technology to meet the needs and wants of distributors because of time and budget constraints as well as the wide range of technology—and technological sophistication—agents have.

"There are some agents who have made substantial investments in their technology, and others who haven't," says Jeff Kamrowski, senior vice president of business services at Selective.

"Carriers are dealing with very different user groups" within their distributor force, observes Steven Leigh, principal analyst in Gartner's insurance industry advisory service. "The older user group still is generating lots of business and is comfortable doing business the 'old way.' But younger agents have a whole new set of technology demands. Carriers also have built their technology for their 'big hitters,' and that doesn't necessarily include a lot of the younger generation of agents."

NEEDS ASSESSMENT

The first step in meeting agents' demands is listening to what they're asking for. Carriers haven't always been good at doing that, but fortunately for distributors, insurers' attitudes have begun to change. "They're hearing some of it," says Kimberly Harris-Ferrante, research vice president at Gartner.

"In the past, we didn't take a lot of time worrying about what our agents thought or how they wanted to interact from a technology standpoint, which certainly wasn't a unique position in the industry," says Brady Polansky, agency operations director at Westfield Insurance. "We were focused on our internal processes and thought the franchise value of our company was enough to make them do what we thought was best."

Polansky came to Westfield with 15 years of experience on the agency side of the business. The last four years, he says, have seen a dramatic change in the way Westfield assesses and addresses agents' needs.

"The first thing we did was put together an agency automation feedback group, comprised of about 15 people from all different departments within the company," he explains. The next step was making a contact database available to all staff so that all agent suggestions could be captured and reviewed by the automation group. Finally, the feedback group began running a monthly query against other databases looking for suggestions that might have been captured in other systems, such as those used by the call center.

But what really makes the listening initiative work at Westfield, asserts Polansky, is the company assigns ownership of agents' ideas to specific staff. "That owner has the responsibility to go back to the person who provided it, give a response, and follow through if the suggestion becomes a company initiative," he says.

In 2006, the company created a new Agency Automation Advisory Group within the Westfield Agents Association—which has existed since 1892—staffed by tech-savvy agents. "Their input has been absolutely instrumental in helping us create world-class applications for agents to use," Polansky indicates. "When we start putting our multiyear plans together, those agents are involved every step of the way."

CHANGES

Demands from the distributor force vary among P&C, life, and annuity brokers and between captive and independent agents; however, there is a common thread that connects all of them.

"Agents tell us, particularly since their commissions continually are being squeezed, we need to make it easy for them to do business," Polansky says.

Distributors simply want to be able to enter data once and get information and documents back as quickly as possible. "As I sit on national committees and working groups, and the question is thrown out [to agents] to forget about all the tactical projects and focus on where they really would like to see technology go, it's amazing how few suggestions are really 'out there,'" claims Polansky.

Yet whether they use captive or independent distributors, insurers still struggle to meet agents' desire for straight-through processing (STP). "Carriers are notorious for throwing out a new system for each stage in the process and not seeing things from the agent's point of view," says Leigh. "At every juncture, from needs analysis to illustration, from illustration to application, companies need to provide a way to flow that data through."

Leigh adds that while in the annuities space more carriers are providing their data to consolidators, sending out illustration program CDs continues to be routine in the life industry. “Independent agents have illustration systems from 40 different companies, or they’re going to the Web needing to remember 40 different sign-ons. It is a very complex environment,” he says.

And it is an environment that’s changing at a glacial pace. In a recent survey of 200 insurers across multiple lines, Datamonitor found just 65 had completed or begun integrating their distributed or portal-based illustration systems with their back-office origination systems. Additionally, more than 30 percent of respondents had no plans to consider such integration.

“Ideally, agents and carriers would prefer STP, but because of the size and disparate nature of agents, it is a mountainous task,” says Jonathan Steiman, analyst in Datamonitor’s financial services technology group.

Furthermore, captive agents also are looking for tools to help them better manage their business, something by and large independent agents don’t expect carriers to provide—yet. “Captives ask what the insurance company can give them to help with things they can’t do themselves—data mining, analytics, drilling into the portfolio,” reports Harris-Ferrante.

In recent years, independent agents in P&C have become more adept in explaining the workflow they’d like to have with carriers, contends Jeff Yates, executive director of the Agents Council for Technology (ACT), part of the Independent Insurance Agents & Brokers of America. “There is a much greater focus from both the carrier and agent in how we can make the electronic interaction more efficient between the parties. Agents are frustrated with working with various proprietary Web sites with different functionality in each. They want to work in a consistent way with multiple companies,” Yates says.

While this is a top request from agents, it certainly is not a new one. What is new on the single-entry, multiple-company front is agents have become “better organized,” according to Yates. ACT, ACORD’s AUGIE, and other agents’ associations also have worked to morph SEMCI into the more palatable objective of “real time” through the Real Time/Download campaign, promoted through getrealttime.org.

“Agents always thought [SEMCI] was important, and insurers could see the value of it, but only a small percentage of agents were using an agency management system that was compatible. Therefore, a large chunk of agents were using portal-based transactions, and that has only now begun to change,” says Harris-Ferrante. Agents also would like to see true multichannel integration from carriers as well as a focus on the customer that complements their own.

“Agents want to provide customized service. If you are a large broker, you may have tools to do this, but small agents often lack the tools to go to that next step. We are just beginning to see how insurance carriers can deliver information and business intelligence tools to help them with their customer-centric strategies,” Harris-Ferrante remarks.

FROM FEEDBACK TO FRUITION

At Selective, producer councils, user group meetings, and feedback from key agents form the basis for understanding distributors’ demands. “We gather detailed feedback from the people in the trenches who use technology every day, both from us and from other carriers, which enables us to compare what we offer against the marketplace,” says Kamrowski.

There is no single initiative that will meet the demands of all producers all the time. “We conduct ourselves on the 80/20 rule, and I feel we’ve been effective on delivering technology that has the broadest impact to the widest range of agents,” Kamrowski asserts.

Recently, end-customer demand has been a driving force shaping Selective’s agent-focused technology initiatives. “Consumers want access to their information,” Kamrowski says, “which has been influenced by what they can do in the mutual fund and banking industries.”

In a departure from the days when agents were reluctant to have customers interact with carriers at all, Kamrowski believes agents today are looking to partner with carriers that can meet customer expectations for self-service. Therefore, Selective has worked to make policy inquiry, bill payment, and other functionality available to policyholders directly through its Web site or through integration with agents’ sites.

“Some agents want to ‘brand’ the customer experience through their Web site, but others haven’t made the investment to provide that online support and direct customers to our site,” Kamrowski explains.

“Enhancing customer functionality through the agency Web site” is an emerging agent demand, confirms Yates. “In other words, taking real time to the next step—how we extend that [service] to the customer.”

Agents also want “instant gratification,” points out Kamrowski. “Particularly in this market where pricing is difficult, they want a completed transaction with the minimum amount of duplicated data.” Selective supports two paths for agents: its “One and Done” online portal and its agency management system bridge, dubbed xSELeRate. Both systems use the same back-end processing and rely on ACORD standards to download data back into agents’ real-time-enabled management systems.

Although most carriers that support real-time upload/download began their initiatives in personal lines, Selective started in

commercial lines because that business accounts for 86 percent of its premium volume. Utilization of both the portal and bridge has grown by double digits every year over the past five, and usage of xSELeRate increased by 270 percent last year, Kamrowski reports.

INTELLIGENT DESIGN

After Westfield created its automation feedback group, its next step was to hire “user experience designers” to guide its agent-focused technology initiatives. “That was important, because in the past systems were created by different developers, so they had a different look and feel to agents,” Polansky says.

Next, Westfield expanded the reach of its research department to include assessing the user experience of agents and how the company’s tools compared with competitors. Key initiatives that arose from feedback included a revamping of Westfield’s portal to create a consistent appearance and navigation across all states and products and a redesign of its online rating application.

“About two years ago, we discovered the usage was really down for online personal lines rating. We found the system was not as easy to use as other systems, so we sent out a user experience design team, interviewed dozens of agents, and ultimately rolled out a new system the agents were extremely pleased with,” relates Polansky.

As at Selective, the bulk of agent-related technology initiatives at Westfield have focused on real time. “We were one of the first companies out there doing real-time rating and inquiry bridges,” Polansky says. “We know a good portion of agencies want to begin and end workflow in their management system.”

Westfield agents doubled the number of agency management system bridge transactions in 2007 compared with the prior year. “Will all our agents use the bridge? No. We know some want to go to our Web site. Some still want paper, and we support all those options,” Polansky says.

PIONEERS PROVIDE GUIDANCE

Allstate Financial currently writes about 70 percent of its life, annuity, and supplemental medical business through independent agents and 30 percent through proprietary channels. The insurer has a series of different national advisory boards that are the main source of strategic guidance from Allstate agents.

“We also have designated ‘pioneer technology agents’ who can work with early prototypes of new systems and provide feedback,” reports Michael Boyle, CIO of Allstate Financial.

In the individual life space, Allstate Financial has focused its distributor technology efforts in the past two years on rolling out a system called App Online. “It is transitioning what was an exceptionally paper-bound process into an electronic one,” Boyle says.

Allstate Financial initially deployed the system to captive and managing general agents. Recently, the carrier added support for e-signatures to the system, which has proven to be a vital component in overall STP. “Having so many different documents requiring different signatures slowed down issuance. E-signatures have helped us reduce the number of days it takes to issue a policy,” Boyle notes.

In its worksite division, which markets disability and supplemental medical insurance, Allstate Financial rolled out a PC-based quoting system, called All App, in 2005, which also supports on-site signature capture. “Last year we did around 65 percent electronic business in that space, and about the same percentage of that business was auto-underwritten and auto-issued. It has been tremendously successful for us,” Boyle says.

Unlike on the P&C side, distributor demand for upload and download functionality between insurers and producers on his side of the business has been low, Boyle observes. “Today, with the maturation of ACORD models for data interchange, we’re getting to a space where we will be able to provide more information to those types of [independent] agencies. Also, since many agency management systems were built before there were these standards, that led to the fragmented demand,” he says.

In addition, “with the advent of DTCC and NAVA formats and PPFA XML standards, we can put our annuity products on a consolidator platform. As producers use those marketplaces more, it becomes efficient and cost-effective to do so,” he adds.

SURVEYS SAY STREAMLINE

Conseco invites producers to complete online surveys related to its technology, using eRewards to provide an incentive. “Survey results have helped us prioritize, plan, and better execute,” says Stephanie Jenkins, senior director of marketing communications at Conseco.

In 2005, Conseco rolled out EzApp, a PC-based tool for individual business that supports upload in connected mode to Conseco’s back-end quote systems for single entry of data. Today, about 45 percent of supplemental health applications come in through EzApp. For Conseco agents, a client-side quoting application that can be used in an offline mode is important to provide for a single reason, Jenkins says. “Agents don’t want to sit at a customer’s kitchen table and ask for [Internet] connectivity.”

The company also determined from its eRewards surveys agents wanted a more streamlined issue process, which would benefit Consecoco, as well. Over the last few years, the insurer has worked to identify and eliminate manual steps in the workflow and data reentry.

“A lot of our work in the past year and a half has been focused on improving the turnaround time for new-business submissions and issuing the policy. But the big challenge is we have to integrate to a number of back-end processes. We’re working with the ACORD standards, setting up interfaces to our administration systems, so that when we get the application, we have a standardized way of processing the application,” says Chris McKee, vice president of IT corporate applications and field technologies.

For its worksite business, Consecoco currently is rolling out an online quote system to its consecobizlink.com producer portal. Developers have used the information from surveys to influence the system design prerelease.

Consecoco also anticipates migrating its homegrown electronic application to the Fiserv Life Portraits system, since Life Portraits supports both online and disconnected modes. In another effort, the insurer is piloting salesforce.com with a few producers, a system the insurer began using in 2006 to manage its own distributor force.

MOVING FORWARD

As agents’ demands have changed, so have carriers’ attitudes. “Insurers are listening more to the feedback they’re getting from agents,” says Harris-Ferrante. “They do care, but distribution is just one spoke in the wheel. They have claims, compliance, and many other processes going on simultaneously in addition to the ongoing maintenance of legacy systems. They don’t have the time and bandwidth to do all they might want to do for agents.”

“Companies are getting the message,” Yates says. “There is a lot of insurer activity, and we are encouraging more agents to move to the new, improved workflow.”

“Carriers are moving in the direction the field wants them to go, but they’re moving slowly,” concludes Leigh. “It’s a difficult task.”