*Winning the Battle for Consumers*

# ONLINE INTERACTIVITY
## The Carrier's Secret Weapon

PRIOR!TY DATA

## EXECUTIVE SUMMARY

Traditionally, while regional and super regional carriers have not been able to compete with direct writers' seemingly limitless marketing budgets, they've always maintained a competitive edge because of their teams of independent agents whose expertise and ability to build relationships with clients kept business flowing.

Times are changing, and as direct writers pour more advertising dollars into commercials, sports event sponsorships and high-end video, carriers and agents are having a more difficult time connecting with prospects through the usual channels, including phone calls for quotes and requests for face-to-face meetings.

Millions of consumers who want to work directly with an agent are still beginning their search for insurance quotes online. They are tech savvy, and expect to find user-friendly, interactive websites that deliver the information they want quickly, without having to pick up the phone or wait for a call.

Unfortunately, many independent agents and the carriers they represent have been slow to develop a strong online presence and so are either not being found or are not delivering the effective online experience today's consumers expect. Insurance carriers need to help their agents transition into this new market by providing tools like branded, real-time quote generators to help agents attract new business.

When agents can showcase a preferred carrier's branded quote tool on their websites, they can deliver the information people are seeking as well as the personal relationship so many consumers crave. That one-two punch puts regional and super regional carriers back on a level playing field with the direct writers, and will lead to increased market share.

## DRAWING THE BATTLE LINES

It seems the marketplace has always had room for direct writers and captive agents as well as regional carriers with independent agents. The direct writers promised convenience and 24/7 access, and the independent agents leveraged the power of the personal relationship and the hometown location.

That environment is changing.

In recent years, thanks in large part to the Internet, insurance policies of all kinds have become commoditized, and insurance giants like Geico and State Farm have spent millions of dollars on advertising convincing mainstream consumers to shop for insurance based on price alone.

Regional carriers don't have access to the same marketing dollars, so they've continued to encourage the agents who promote them to focus on the value of a customized insurance solution combined with the reassurance that an expert whom consumers know and trust is looking out for them.

Not only have direct writers made it seem more important to focus exclusively on finding the best price, they've also integrated a myriad of online tools to make it easier to reach a population that is rapidly turning to the Internet not only for developing and maintaining their social connections, but for finding information to help them make better buying decisions.

Unfortunately, many independent carriers have not integrated similar online strategies as quickly or as efficiently, and are losing market share as a result. It's time to shift course and adapt to today's consumer behavior.

## FACING THE CHALLENGES

Independent carriers have always been formidable players in the insurance industry because they've had boots on the ground.  The agents who sell their products are relationship-oriented and knowledgeable not only about the lines the carrier provides, but equally important, about the people and culture of their own communities.  Their role as trusted advisors helps build consumer loyalty to both the agent and the carrier that agent recommends.

With the exploding popularity of the Internet, an online presence has quickly become essential for companies, agencies and producers.  Initially, websites served primarily to enhance and reinforce the credibility of the company or the agent and as a catalyst for greater visibility when consumers used search engines to find an agent to call for a quote.  Experienced Web users now want more, and the company website is the front line in the battle for the online consumer. To adapt to this shift in consumer behavior, regional and super regional carriers must find ways to integrate online strategies to stay visible, relevant and profitable. Here are the challenges:

### Keeping Consumers Informed

Consumers have come to rely on the Internet as a research tool that gives them access to a much broader base of service providers than ever before.  And yet, many insurance companies have been slow to meet the demands of this online buying pool.

Even when consumers are contacted through traditional direct-mail channels, 59% of consumers who look at the mailing are more likely to go first to the insurance company's or agent's website rather than call the number provided, according to the 2010 Insurance Customer Interactive Media Usage Survey, conducted by AIS Media, Inc.

Furthermore, AIS Media reports that only 19.5% of insurance consumers were satisfied with the quality and usability of the websites they found. They complain that websites are clunky, outdated, do not provide interaction, and often do not include any valuable content beyond the description of the company and its products.  In addition, many consumers are looking for immediate feedback, and if options like quote tools, social media links and easy ways to post comments do not exist on the site, many will move on to the next website rather than call the company for information.

The lesson for insurance companies is that more often than not, **consumers are getting their first impression not over coffee with an agent, but when they're online researching.**  The carrier's website is therefore an essential tool for attracting and retaining business, and those who don't deliver a quality experience will lose web savvy consumers who lack patience with poorly designed websites whose content is sparse, and that don't include interactive features that make it easy for visitors to get what they need.

## FACING THE CHALLENGES

### Staying Connected

Consumers' communication preferences have also changed.   People are now using multiple channels to connect, including e-mail, texting, instant messaging, social media channels like Twitter and Facebook, online conference tools like Skype and GoToMeeting, and the list keeps growing.

Many want interactive, more immediate communication conducted at their convenience.  In fact, Nielsen reports that in the last quarter of 2008, mobile phone users texted more than they called, and that trend continues.

AIS Media's study concludes that more consumers interact with an insurance company's website than over the phone, especially in the initial research phase. The result is that companies who rely primarily on the telephone and face-to-face meeting to get new customers without providing additional options that include a consumer's preferred channel will remain at a significant disadvantage in the growing online market.

### Supporting Agents

Because many carriers depend on independent agents to sell their products, it is imperative for the carrier to provide whatever tools and resources agents need to make it easy to write business.

J.D. Power and Associates released the results of its *2010 Insurance Agency Satisfaction Study* which surveyed 2,316 insurance agents and staff.  The results of that study reinforce the need for carriers to provide comprehensive support for their agents for two important reasons:

- consumers place a higher value on their relationships with their independent agents than on a particular independent carrier's products; and

- agents that are satisfied with a particular independent carrier not only commit to them a larger percentage of their current business, but also say they are more likely to send more of their future business to that same carrier.

Kara Steslicki, a senior researcher with J.D. Power and Associates, said carriers need to pay close attention to the tools agents need if they hope to maximize their production. "It really serves the insurer to look at the different practices that satisfy agents and try to implement as many of them as possible in order to receive more of an individual agent's premium," she said.

## LEVELING THE PLAYING FIELD

If the hallmark of regional and super regional carriers and the agents who promote them has always been the grassroots, hometown, personal connection, then it's imperative that they remain in touch with and easily accessible to their target markets.

It follows, then, that insurance companies will need to become more visible, more accessible and more user-friendly for the techno-savvy consumers who are looking to buy, but who may not be as likely to pick up the phone or pop into the office to make initial contact. Experts recommend the following strategies:

### 1. Be There

Research firm comScore, who studies Internet behavior, reports that more than 85% of Americans start online when seeking auto insurance. Wells Fargo found that 60% of consumers ages 18-45 (and half of those in their 50s) research insurance purchases online. Regional and super regional carriers need to be front and center in the places where consumers are actively looking for insurance.

Brian Cohen, president and CEO of Clear Technology, said, "The biggest users of the Internet are not the young; it's the over-55 set," According to his company's research, "A lot of people are shopping [online] before they speak to their agent, and if their agent isn't in the ballpark, they'll go elsewhere."

Therefore, as consumers migrate online, it's critical that carriers and producers maintain an online presence that can be found, and that includes interactive options such as access to accurate quotes in real time. The website is, after all, an extension of the focus on the personal relationship.

## LEVELING THE PLAYING FIELD

### 2. Make it Easy

Research shows that requests for online insurance quotes continue to rise, according to comScore's *2010 U.S. Online Auto Insurance Report*. Boosted by both a desire to find the best value in a shaky economy and the cultural shift to seeking products and services online, more than 38.8 million consumers went to the Web to request insurance quotes in 2009.

Susan Engleson, director of comScore, said the report confirms that "consumers are showing increased willingness to trust the online channel for gathering information on important financial decisions."

It's important to note, however, that today's online consumers are increasingly suspicious of the myriad websites that instead of delivering the promised quote, auto-respond with promises that someone will call. Because some of these quote sites open the door for telemarketing and spammers, consumers are more likely to trust quotes tied to specific carriers.

Some agents, yearning for a way to compete, have attempted to meet demand by purchasing and integrating quote aggregation tools on their websites. The move may provide temporary satisfaction for curious consumers, but does little to strengthen the relationship independent agents have with their preferred carriers. Furthermore, these quote aggregators may generate inaccurate quotes that put the agent in an awkward position having to explain that the rate the consumer is expecting based on the aggregator's quote is not actually available. This inaccuracy could harm the relationship between the agent and the customer.

A better solution for both regional companies and their producers seems to be a singular, branded quote tool that gives consumers the interactivity they crave as well as the actual quote they're seeking through a channel that connects consumers with the carrier and/or the carrier's force of agents. An agent with this type of quote tool makes his or her website more valuable for Web traffic which is both a differentiator and an incentive to write business for the carrier who provided the tool. An example would be *ConsumerQuote*, a tool developed and maintained by Priority Data, a company with a 25-year history of providing software and IT solutions for the insurance industry.

*ConsumerQuote* is not designed for quote comparison; it is branded for the specific insurance carrier and can be used to quote auto and home insurance, as well as many other lines of insurance. It has the option to pre-fill data to increase the likelihood that quote screens will be completed. Thus an accurate quote can be delivered to the customer and the information can then be easily funneled into a lead-management system or sent directly to local independent agents.

## LEVELING THE PLAYING FIELD

### 3. Equip Agents

As the J.D. Power and Associates report reinforced, consumers are more loyal to their agents than the carriers, and independent agents write more business for those carriers whom they believe provide them the greatest benefits, which includes technology solutions that help differentiate them from their competition.

Some agents may fear that providing a tool like *ConsumerQuote* will encourage consumers to skip the agent completely and purchase directly online. Celent, an IT research strategy firm specializing in the insurance industry, reports that in reality, "less than 2% of online insurance shoppers start and finish the purchase process online."

Jeff Myers, executive director of Trusted Choice, says their research confirms Celent's findings, showing that "more than 85% of people go online to research, but end up purchasing from an insurance agent." Myers says their studies indicate that consumers rely on agents' expertise for selecting limits, deductibles, finding discounts, learning about other insurance products or financial services, and helping to select the best carrier.

Susan Engleson, comScore's director, says that while "having an active online presence is now critical for providers to attract and retain customers in this highly competitive industry," comScore's research indicates that "it's unlikely the Internet will completely replace other channels for purchasing auto insurance."

As further evidence of the contrast between researching and buying online, a study conducted by Forrester discovered that one-third of those surveyed had received an insurance quote online, 38% had called for the quote, and only 21% of respondents met with an agent personally to get a quote. However, when it came time to buy, the numbers reversed, with only 18% completing an online application, 32% over the phone, and 38% preferred to meet with an agent.

Because agents remain positioned as the final point of sale, carriers can significantly improve conversion rates if they provide their producers with tools such as a real-time quote generator that will satisfy the online shopper who is ready to transition into a buyer. If the tools provided to the agents have the additional advantage of being branded by the carrier, the carrier's name becomes yet another reason the consumer values the relationship with his or her agent.

## EMBRACING THE NEW GENERATION

Independent carriers can be powerful competitors in today's marketplace with improved efforts to engage with the ever-growing number of consumers seeking comprehensive information online before they buy insurance. Tools like *ConsumerQuote* provide branded, interactive solutions that give consumers the information they need, provide agents with a way to connect online, and help both consumers and agents realize the added value of the insurance carrier who provides the tools.

Michael LaRocco, President and CEO of Fireman's Fund Insurance Companies, agrees that insurance providers have significant work to do with regard to the impression they make online. In a presentation to California insurance executives in April 2010, LaRocco assessed the current insurance landscape this way:

> "At the end of the day, insurance is a relationship business, but the relationship can be delivered in different ways. [Independent carriers and agents] have got to stay connected because information and recommendations about information are changing."

## ABOUT PRIORITY DATA

Priority Data provides industry-leading intuitive software solutions for insurance providers of both commercial and personal lines. Our developers have first-hand experience in the insurance industry, so they understand everything from regulations and privacy issues to industry trends. Because we know the challenges on insurance carriers and agents face, we build software solutions that effectively meet their needs. Priority Data is based in Omaha, Nebraska and has been serving our clients for more than 30 years.

To learn more about *ConsumerQuote* contact John Dunn, Director of Business Development, at 877.273.7774 x506 or jdunn@prioritydata.com. For more information visit us online at www.prioritydata.com.

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