

CONNECTION  
ANALYSIS  
DATA  
SEARCHING  
VERIFICATION  
CODING  
SENDING



# transform your agency in 2019



## intro: state of the industry

By all accounts, the insurance industry is on the edge of some major disruptions, and big companies are taking note. Between 2017 and 2018, investments in insurtech grew by **155 percent**, [according to Global Reinsurance](#). Meanwhile, direct carriers poured billions of dollars into advertising to consumers.

At Liberty Mutual and Safeco Insurance, we believe independent agents (IAs) are positioned to win with consumers. But competition is fierce — according to data from the [Independent Insurance Agents and Brokers of America](#), IAs are holding steady at about **35 percent** of the market. As the industry changes, IAs will have to adapt and transform their agencies to succeed in the insurance marketplace of the future.

We created the Agent for the Future™ website to move the entire IA channel forward and help all independent agents win. When Safeco launched the Agent for the Future website in the summer of 2017, we made some big bets on the future of insurance. We vowed to be customer-centric, deeply digital and innovate always — and we predicted that the most successful IAs would do the same.

### the need for transformation

Consumers' insurance needs are increasingly complex. Clients expect instant, excellent service, and they are used to researching and purchasing insurance online. Agents must learn to think differently and embrace innovation to remain competitive. Agencies that adapt to changing customer needs, adopt new technology and embrace innovation now will be better positioned to succeed in the future.

**Every agency that is going to survive and thrive must transform.** Business transformation is not easy; it means taking risks — and sometimes failing. But we at Liberty Mutual and Safeco believe that independent agents are entrepreneurs to their core and are well positioned to lead changes in the insurance industry.

Jeff Roy, CEO of Excalibur Insurance Group — the agency that won the inaugural Agent for the Future award — says that IAs are in a great position to disrupt the industry because they control the experience.

*“Just like Airbnb doesn’t own any properties and Uber doesn’t own any taxis, agents and brokers don’t own any insurance companies or policies,” he says. “We sell policies, and we can make some changes on those experiences. If we dial in properly in the next five years, we can be complete difference makers. This means adopting new technology that can improve the customer experience, pushing companies to share data and forging connections to drive the industry forward.”*

Transformation will look different for every agency, but we've gathered some thoughts, ideas and practical advice for how IAs can transform their agencies this year.

## customer-centric: meeting the changing expectations of consumers

Insurance agents have always focused on building great customer relationships and offering top-notch service to their clients, but customer expectations are higher than ever. Large companies that offer easy online access, personalized service and quick delivery have trained customers to expect instant gratification.

As Jeff Roy points out, it's essential for agents to remember that customers aren't just comparing them to other agencies — they're comparing them to those players in other industries.

*“If you can buy a book on Amazon that quickly, you should be able to make insurance that quickly,” he says. “If somebody can pick somebody on Tinder using their thumb, selecting your agent should be that quick. You have to make sure you adapt based on what other people are doing. That’s really important.”*

### thinking like a customer

The key to providing a great customer experience isn't just keeping up with what others are doing; it's also essential to think like your customers.

Putting yourself in your customers' shoes is a good starting point in thinking through how to transform your agency. Adopting a more customer-centric mindset takes practice; it might mean gathering your staff for a brainstorming session about how to better serve your clients. Alternatively, it might mean bringing in a guest speaker for a special lunch and learn or a training session to help your team think differently about the customer journey.

Consumers still need help navigating the complicated world of insurance, and IAs offer customers the ease, choice and advice they need to make decisions on how best to protect what matters to them.

### So, what do customers want?

## 1 24/7 service

Customers don't want to have to call or visit your office during work hours to get information or perform routine tasks. With more services moving to digital, customers expect to be able to get the information and help they need.

For most agencies, staying open 24/7 is not a viable option. Safeco's Agent for the Future survey found that **more than half** of independent agents have no plans to offer evening or Saturday hours. However, there are many web applications and solutions that allow agencies to provide support and service around the clock.

For example, AI chatbots can answer common questions and gather information so agents can follow up with potential clients. Carrier programs such as Safeco® Gold Service™ can also help you offer 24/7 service, and mobile apps and self-service portals can make it easy for customers to access the information they need whenever and wherever they need it.

## 2 easy, digital access

According to Pew Research Center, **92 percent** of millennials own a smartphone, as do **85 percent** of Gen Xers and **67 percent** of baby boomers.

Today's consumers are used to interacting with companies online and through their mobile devices. They conduct research online before deciding what to buy and who to do business with, and they expect more options for digital interactions and self-service.

They're even willing to use home digital assistants to handle insurance needs. About **20 percent** of households now use Alexa or Cortana in their homes, and according to a recent Safeco survey, **23 percent** of customers say they would definitely or probably use their digital assistant to perform servicing tasks with their insurance policy such as requesting an ID card or making a payment.

[Safeco's Agent for the Future survey](#) found that most IAs are aware of this shift. **60 percent** of the agents surveyed said customers' increasing need for mobile and digital capabilities would have a major effect on their agency by 2020, and **48 percent** said that adding new digital capabilities like mobile and chat were part of their five-year growth plans. However, only **40 percent** said they are comfortable with offering online account management.

Reevaluating your agency's digital capabilities can be a good starting point for transforming your agency to be more customer-centric.

### 3 expert advice tailored to their needs

As trusted advisors, IAs are in a great position to understand how to best engage with customers and offer solutions for their real pain points.

Direct-to-consumer carriers advertise low rates for auto and home insurance, but IAs know that the cheapest option isn't always the best fit for the customer's needs.

Plus, insurance isn't just about home and auto coverage: IAs can take a more holistic approach to helping customers manage risks and protect what's most important to them.

Spend some time thinking through the demographics of your area and your customer base. How can you offer solutions to your clients' unique needs? How can you position yourself as a trusted advisor in how you communicate with clients and market your agency?

## innovate always: thinking differently in your agency

Transforming your agency starts with a mindset. It starts with simply taking stock of your agency's practices and processes and seeing where there's room for growth.

Ron Berg, executive director for the [Agency Council for Technology](#), suggests that agency principals conduct a thorough self-assessment of all aspects of their agency. This can give agency leaders a clarified vision and help them hold their staff accountable for providing great service to customers. He also stresses that it's important for agents to stay up to date on industry trends and understand the technology that is going to impact the insurance industry.

For example, tech innovations such as artificial intelligence, the Internet of Things, autonomous vehicles, virtual reality and more will soon have wide implications in insurance. To transform their agencies, Berg says, agents need to have a passion for understanding where things are moving. They can position themselves to be part of forward-thinking groups and participate in events with like-minded agents.

### expanding on the traditional ideas of insurance

With the implementation of telematics and smart devices, insurance is shifting to a model of proactively monitoring and preventing risks rather than reacting to losses.

In part because of these changes, experts predict that over time, premiums for home and auto insurance will go down. For example, [a Deloitte study](#) predicted that auto premiums could decline by **30 percent** in the next 25 years.

To survive and thrive in the long term, insurance agents need to start expanding offerings beyond traditional insurance products. They will need to position themselves as overall risk advisors, helping clients understand and address their risk profile in all areas.

Being a trusted insurance advisor in the future may involve advising clients on things like [smart home technology](#) and usage-based insurance. It will also require IAs to seek out carriers that offer innovative solutions to complex issues such as car sharing coverage.

According to data from [Statistica](#), there will be **86.5 million** sharing economy users by 2020.

Forward-thinking IAs will be able to help clients spot potential gaps in coverage and make sure they are protected with things such as cyber insurance, umbrella insurance or specialty policies.

### **building a culture of innovation**

Principals and key leaders must help drive transformation in their agencies, but for true and lasting transformation to take place, new ways of thinking and working need to be applied to the entire company. Building an underlying culture of innovation will drive continuous improvement.

There are many ways to foster a culture of innovation, but most importantly, it requires a willingness to listen to new ideas and take risks.

Mark Kotzer, director of innovation engagement and evangelism at Liberty Mutual and Safeco, [offers some practical](#) steps for building a culture of innovation:

- Clearly communicate that innovation is a priority
- Set aside time in staff meetings to discuss emerging trends.
- Encourage employees to try new things.
- Bring in a guest speaker.
- Try a critical thinking exercise.
- Hold brainstorming sessions about specific customer pain points.
- Join a carrier agent panel.
- Test and learn – don't be afraid to fail.

The most successful agencies are constantly striving to transform and implement new ideas. This is more likely to happen when the entire staff is on board.

## **deeply digital: using tech to enhance human connections**

Technology alone won't transform your agency, but agency transformation will most likely include adopting new technology or changing how you use your existing technology.

We know technology is rapidly changing the face of insurance. New technology is making insurance policies and pricing more individualized and accurate. It's changing how customers interact with businesses and what they expect in return.

At the end of the day, insurance is about relationships. Technology will never replace human-to-human connections, but it can facilitate them.

## connecting with your customers on multiple channels

Phone and email are still the most common communication methods between customers and businesses. But other channels are gaining traction.

In a [survey](#) conducted by Drift, Salesforce and myclever, **60 percent** of respondents said they had used email or phone calls to interact with a business in the previous year. Nearly **40 percent** had used online chat, **30 percent** had used a company's mobile app and 28 percent had interacted with a business on social media.

A [study by SEO company Bright Local](#) found that **58 percent** of consumers had used voice search to find information on local businesses. The study revealed that consumers want to be able to use voice search to make reservations, get more information about what products businesses offer and hear prices.

Jeff Roy emphasizes that it's important for agents to think through an audio strategy. "People are using Siri; people are using Alexa; people are using Amazon, they're talking into devices," he says. "The amount of search is actually going to increase; it's just going to be done over different areas. As an agent, you have to ask yourself, 'How am I going to show up in an audio world? What is my audio strategy?' If you want to get 100 percent of the clients, you have to do things 100 percent of the ways, so you need to give people a choice of how they interact with you."

Is your agency reaching customers on different platforms? Do you make it easy for customers to interact with you through whatever method they prefer?

## augmenting your staff with technology

Especially for small agencies, it may sound overwhelming to open up more channels of communication and meet customers' high expectations, but, when used well, technology can extend your staff's capacity.

Tools like mobile apps and self-service portals cut down the time staff members spend on routine service tasks and free them up to focus on more meaningful interactions with customers. Automated texting and emails through your agency management system can provide frequent, easy touch points with clients. Chatbots allow for round-the-clock availability and quick responses without a staff person having to be on-call 24/7. Remote meeting tools and [video quotes](#) can prevent you from playing phone tag with clients.

Again, digital tools can never take the place of human agents. A [survey by Globant](#) found that while consumers are open to using chatbots for routine activities like policy reminders or checking the status of the claim, 67 percent still prefer to submit a claim by speaking to a human.

It's not about digital replacement; it's about digital enablement. As Sean Kennedy, the principal digital architect at Globant, [told IA magazine](#), "It's all about augmenting the people, not replacing the people. The chatbot is really there to help make the human employees more effective—to help them focus on the more important aspects of customer service."

Digital transformation may start with looking at your agency's internal and external technology practices. Is your agency using your agency management system to its full capacity? Do your staff members have the digital access and tools they need? How can you use technology to improve and enhance the customer experience?

## 10 technologies that can digitally enable your agency



**A streamlined, mobile-friendly website**



**Automated texting/emails**



**Customer self-service portal or mobile app**



**Remote meeting tools**



**Online chatting or AI chatbot**



**Video quotes and policy reviews**



**An agency management system that integrates with other tech**



**Audio search functions**



**Data management and analysis programs**



**A social media strategy**

Transforming your agency doesn't have to be a huge, expensive project. Start by taking a serious look at your business levers and look for one area where you can embrace a new approach or new technology that will improve customer experience.

## Need inspiration for best practices and innovative ideas?

Check out the resources and agent spotlights on [AgentForTheFuture.com](http://AgentForTheFuture.com)