

agent for the future™

# DEMONSTRATING THE VALUE OF IAs TO **MILLENNIAL INSURANCE** CONSUMERS



# In a world of direct carriers and easy InsurTech solutions, why should consumers choose to work with independent insurance agents?

We at Liberty Mutual Insurance and Safeco Insurance believe the answer to that question is simple: **Independent agents (IAs) are the best advocates people have while they navigate insurance choices.** IAs help clients see the full picture of their risk profile, give them a wide breadth of insurance options and provide expert advice on the most comprehensive coverage to protect the things they care about. All this while providing excellent service and building strong, trusting relationships. IAs help provide customers with peace of mind – customers can trust that they are properly covered and that someone will go to bat for them if something goes wrong.

**We know the value of independent insurance agents** (and, chances are, if you're reading this, you do too).

However, according to our research, many insurance consumers do not fully grasp the value of agents. This is especially true of younger consumers, who are more likely than older generations to buy insurance online. To thrive in the future, IAs need to prove their value to win over the next generation of insurance buyers.

Liberty Mutual and Safeco surveyed **more than 2,800** insurance consumers (including **1,600 millennials**) to learn how they think about and purchase insurance. This is the third report on our findings. In [the first report](#), we provided an overview of what millennials look for in insurance and agents. In [the second](#), we highlighted the importance of reaching millennial consumers through digital channels.

In this report, we'll dig into how agents can demonstrate their value to younger consumers who are used to researching and making decisions on their own.



## Key findings in this report:

1

Seven in 10 millennials think they could replicate what an agent did for them on their own.

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2

Millennials are more likely than older generations to do their own research and take other independent actions, even while working with an agent.

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3

Millennials who don't currently work with an agent are neutral about whether they will use an agent in the future.

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**The takeaway:** There is a tremendous opportunity for independent agents to win in the millennial market if they can demonstrate their value to millennials. At the end of this report, we'll highlight a few things agents can do to show their value and win over millennial customers.

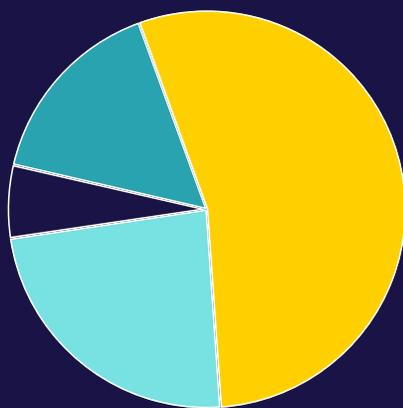
# **70 percent** of millennials think they could replicate what their agent did for them on their own.

While millennials are more likely than older generations to buy insurance online, our research found that **more than half** purchased their auto or home insurance through an independent or exclusive agent.

Most millennials who worked with an agent were satisfied with their agent – **80 percent** said they planned to use their current agent again.

However, most of the millennials we surveyed thought they could do the work of an agent by themselves. When asked if they could replicate what an agent did for them on their own, more than half said they could replicate an agent's work but preferred not to. Another **16 percent** were confident that they could do the work themselves.

## Could you replicate what the agent did for you on your own?



**16%** I could totally do what my agent did on my own

**55%** I think I could do it, but prefer not to

**24%** I couldn't do what my agent did on my own

**6%** Not sure

This suggests that millennials don't truly understand the value of independent agents. If agents are just a convenience, completing a task that millennial customers could easily do themselves but prefer to outsource, agents run the risk of losing millennial consumers to online "DIY" insurance purchasing. Especially since **46 percent** of millennials also said they generally prefer to do things on their own.

Agents can combat these attitudes with a combination of education and storytelling. Keep reading to the end of this report for some practical ideas for how agents can demonstrate their value to potential customers of all ages.

# Millennials do their own research and take other independent actions while working with an agent.

Our research found that insurance buyers who work with agents are likely to do their own research, as well. Nearly **one in five** consumers got their own quotes separately while working with an agent.

# 79%

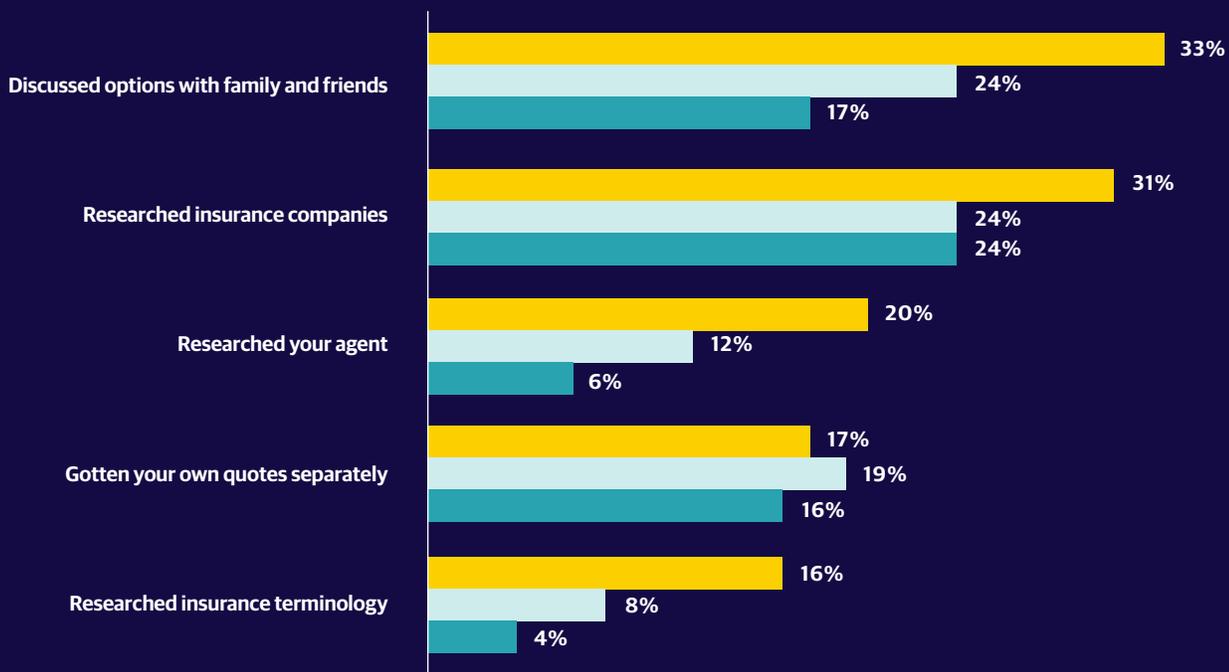
of millennials took some other action while working with an agent

Millennial insurance buyers are the most likely to take other actions while working with an agent. **33 percent** of millennials who worked with an agent also discussed their options with family and friends, **31 percent** researched insurance companies, **20 percent** researched their agent, **16 percent** researched insurance terminology and **12 percent** even went so far as to work with another agent.

Meanwhile, **53 percent** of baby boomers and **45 percent** of Gen-Xers took no other actions while working with an agent.

## Actions taken while working with an agent

MILLENNIALS GEN X BABY BOOMERS



This indicates a potential lack of trust – younger customers are double-checking their agents' work and making sure they are getting a good deal.

It also highlights millennials' reliance on technology and their desire to be informed consumers. Millennials are tech-savvy and used to researching online before making purchasing decisions. They want to know their options – **33 percent** of millennials say they prefer many options even if it makes the decision more difficult. And they want to know what they are getting themselves into – **more than half** of millennials said they want to know all the details about their policy.

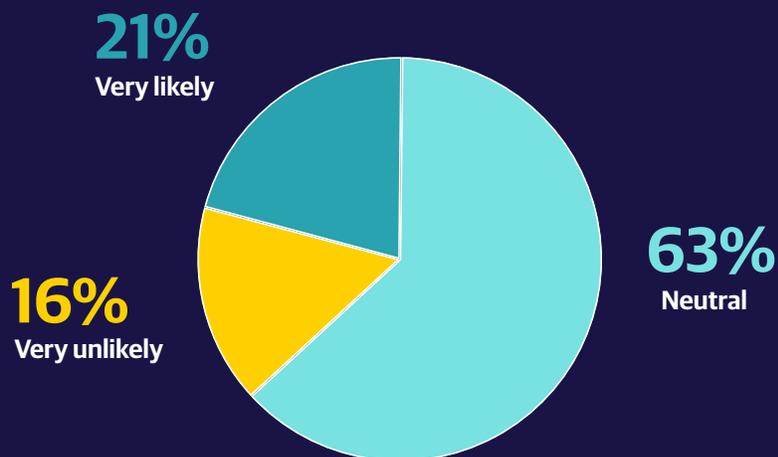
Insurance agents can help ease consumers' anxiety about their coverage by taking the time to talk through coverage options and explain policy details and terminology, helping guide them through complex insurance decisions.

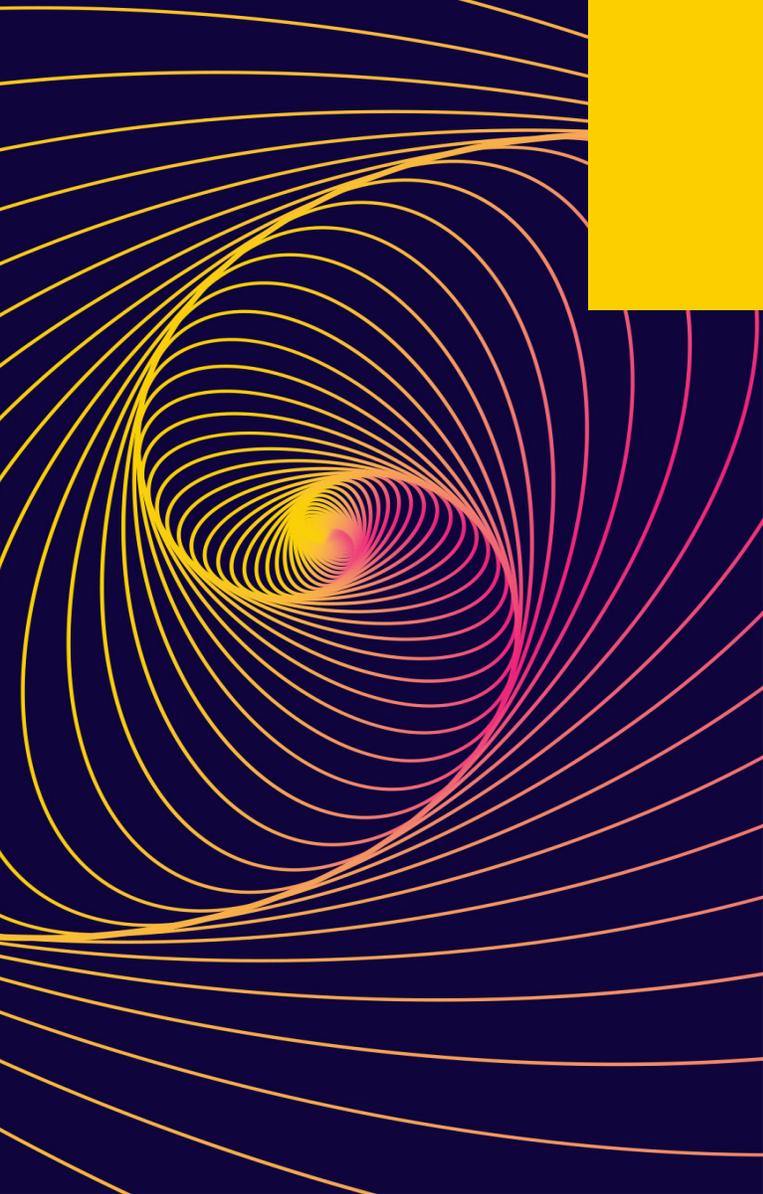
## **Many millennials** are ambivalent about using agents.

Our research shows that agents have a huge opportunity to win the millennial market. Of those who don't currently work with an IA, only **16 percent** were opposed to working with an IA in the future.

However, **63 percent** of millennials were neutral about using an IA in the future. This is the segment that IAs will need to reach.

Likelihood to work with an IA in the future





## Why did you choose not to work with an IA?

“I am my own best advocate”

“I can get a better deal on my own”

“I have unique needs”

Younger insurance consumers are constantly bombarded with advertising from direct carriers and may not be specifically looking for the services of an independent agent. In fact, **35 percent** of the millennials we surveyed did not even know about independent insurance agents.

Of those who were aware of agents but chose not to use one, many had misconceptions about working with IAs. Roughly **one in five** millennials believes it's more expensive to work with an independent agent. “I think using an agent might help me get the best policy at the lowest price, but the agent probably charges a fee,” said one respondent who was neutral about using an IA.

“My concern is if an agent leans toward a certain insurance company based on a non-disclosed bonus from an insurance company,” said another who was opposed to using an IA.

When millennials who are not working with an agent were asked why they chose not to, many said they prefer to research and buy themselves. Other reasons included “I am my own best advocate,” “I can get a better deal on my own,” and “I have unique needs.”

To win over millennial buyers, agents need to be transparent about costs and help educate potential customers about the added value that agents bring.



## Reasons millennials chose NOT to work with an independent agent

**23%**

Prefer to research/buy myself

**22%**

More expensive to work  
with an IA

**22%**

Prefer an agent who works  
directly for the insurance  
company

**21%**

I am my best advocate

**19%**

I can get a better deal on  
my own

**18%**

I have unique needs



## Reasons millennials **chose to** work with an independent agent

**34%**

Responds to me quickly when I have a question or need

**30%**

Helps me with a claim, should I ever have one

**30%**

Insurance expertise

**30%**

Ensures the most comprehensive coverage for a good price

**29%**

Saves me time from having to search and compare options

**29%**

Provides me with policy options

# Practical ways to win over millennial insurance consumers



## Make your case up front

Create a short video or blog post making the case for why potential customers should work with an independent agent and what it would look like to work with you. Fold this into your marketing efforts.

Talk about how you give customers a breadth of offerings and work hard to make sure they get the most comprehensive coverage for a good price. You can help them get the best coverage and save them hours of research, make sure their coverage grows with their assets over time, provide excellent service and so much more.

Highlight client success stories and tell stories of times you went to bat for your clients.



## Show your expertise

Our research found that **80 percent** of millennials want their agent to help them understand insurance. They're also more likely than older generations to say they know nothing about insurance. As you build relationships with millennial clients, take time to answer their questions, explain their policy details, talk them through how their coverage works and more.

As discussed earlier, millennials do their own research online even if they are working with an agent, so fill in the gaps by establishing yourself up as an expert online, too. For example, you could create a "frequently asked questions" page on your website. Or you could create a library of short explainer videos to send clients to view on their own time.



## Create frictionless online experiences

In our second report, "Engaging Millennial Insurance Consumers Online," we found that digital engagement is a critical part of attracting and serving millennial customers. Our research found that while buying insurance, millennials value easy access and time savings more than older generations.

Millennial customers want the advice of an expert, but they also want some control over their insurance - for example, they don't want to have to call you to get a copy of their insurance card. Make it easy for them to conduct simple tasks through a self-service portal and to reach you via their preferred communication channel.



## Be transparent

While millennials care about more than just price, many will have obtained quotes online even while working with an agent. As informed consumers, they will know a general price range that they can get from a direct carrier and may not understand why an agent's quotes might be higher – possibly because you're showing them better than minimal coverage.

Talk millennial clients through your process and share how you arrived at the policy options you are suggesting, showing that you understand their unique needs.

Dispel misconceptions – if there are extra fees involved, tell them up front and explain why.

## Why this matters

Currently the largest generation of adults in the U.S., millennial consumers will make up the bulk of insurance buyers for the next few decades. As older millennials enter their peak earning years, research by Liberty Mutual and Safeco® found that **78 percent** of millennials who don't currently own a home plan to buy a house within the next nine years. Many are also starting small businesses and making other complex purchasing decisions. To continue growing into the future, independent agents must attract and retain millennial customers.

### In our previous research reports, we found that millennials:

- Are still purchasing insurance through exclusive or independent agents.
- Value coverage over price.
- Want to be informed consumers.
- Learn about and choose agents online.
- Want to work with seasoned insurance professionals who inspire trust.

Independent agents are well-positioned to meet these needs. And we believe IAs will win in the millennial market if they can effectively demonstrate their value to millennials.

# Demonstrate your value **checklist**



Create a “why work with an IA” page.



Actively seek out online reviews.



Talk clients through how you arrived at the policy suggestions.



Dispel misconceptions about how products are priced.



Highlight client success stories.



Answer common insurance questions on your website.



Utilize self-service portals and multi-channel communication.



Be transparent about how you are compensated.

## About Agent for the Future

Liberty Mutual Insurance and Safeco Insurance believe in the enduring value of independent agents, and the Agent for the Future platform was born out of that belief. Agent for the Future exists to help independent insurance agents succeed and thrive now and into the future. On the Agent for the Future website, you'll find original research, actionable insights from insurance experts, and case studies highlighting the tactics winning agents are using to grow and thrive.

For more information about Agent for the Future, visit [AgentForTheFuture.com](https://AgentForTheFuture.com).

## About Liberty Mutual Insurance

In business since 1912, and headquartered in Boston, Mass., Liberty Mutual Insurance is a leading global insurer with operations in 30 countries around the world. Liberty Mutual is the third largest property and casualty insurer in the U.S. based on 2018 direct written premium data as reported by the National Association of Insurance Commissioners. The Company also ranks 68th on the Fortune 100 list of largest corporations in the U.S. based on 2018 revenue. As of December 31, 2018, it had \$41.5 billion in annual consolidated revenue.

For more information about Liberty Mutual Insurance, go to [LibertyMutual.com](https://LibertyMutual.com).

## About Safeco Insurance

In business since 1923, Safeco Insurance sells personal automobile, homeowners and specialty products through a network of more than 10,000 independent insurance agencies throughout the United States. Safeco works hard to be the carrier champion of the independent agent. In a survey conducted in 2019 by Channel Harvest, independent agents named Safeco as the carrier that does more than others to support the overall growth of agencies. Safeco is a Liberty Mutual Insurance company, based in Boston, Mass.

For more information about Safeco Insurance, go to [Safeco.com](https://Safeco.com).

## About the survey

Findings in this research are based on a Safeco/ Liberty Mutual survey among 2,860 consumers conducted in March 2019 throughout the United States. The survey was conducted online, in partnership with Qualtrics, a subsidiary of SAP. Respondents for this survey were selected from among those who have volunteered to participate in online surveys. Because the sample is based on those who initially self-selected for participation in the panel rather than a probability sample, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error and measurement error.

