



IVANS 2011 Insurance Agents, Carriers & Technology Survey

**Key Findings on Agent-Carrier Trust, and Usage
of Interface Technology and Social Networking**

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IVANS 2011 Insurance Agents, Carriers & Technology Survey: Key Findings on Agent-Carrier Trust, and Usage of Interface Technology and Social Networking

Executive Summary

A stalled economy, combined with rapidly changing technology, has created a variety of challenges for the insurance industry – particularly the independent agent distribution channel. To better understand some of the key issues facing independent agents, IVANS recently conducted a survey that included 515 respondents from insurance agencies across the U.S. that deal with personal, commercial and specialty lines of business

With intense competition among insurers, fueled by the lingering soft market, consumers know they can often reduce their premiums if they comparison shop. This is especially true with personal lines and small commercial lines of business, where some agents fear commoditization is happening due to consumers focusing more on price than on the type of coverage they are buying. More than 43 percent of the agents surveyed indicated that customers shopping around for quotes, primarily on the Internet, was the most threatening issue to their bottom line. **Rapid response is critical and highlights the need for increased workflow automation, so agents can reply to their customers' needs immediately and provide more consultative value to the sales cycle.**

In addition, 19 percent of respondents indicated that another concern is direct online sales. Some agents fear that carriers are starting to overlook the value they bring to the sales process and are beginning to pursue direct online sales instead. A number of agents expressed their concern that carriers will potentially leave the independent agent distribution channel altogether. The pre- and post-sale support that agents provide, however, can be a key differentiating point in customer retention and loyalty. Again, this is where integrating interface technology can help agents enhance the customer experience through a single workflow, and can enable them to leverage up-selling and cross-selling opportunities.

Trust is Essential to Agent-Carrier Relationship

The IVANS study also focused on the question of trust – do agents trust their carriers? We found that **77 percent of agents surveyed have a high degree of trust with their carriers, reflecting the value they place on the “ease of doing business” campaigns that carriers support.** In particular, agents want workflow automation tools, like download and real-time, because it helps

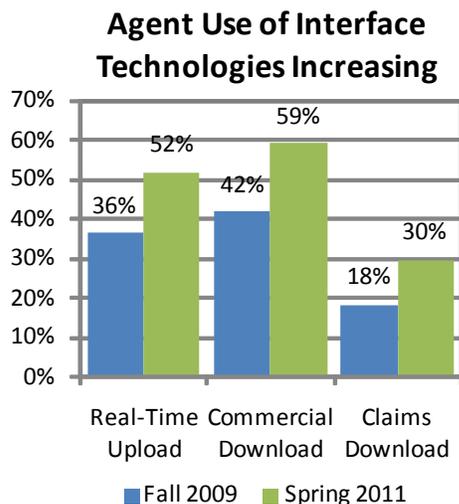
them remain competitive against alternative distribution channels. This desire is evident in their high rate of adoption.

While most agents trust their carriers, 24 percent view carriers with some degree of skepticism, and several agents expressed uncertainty with the level of long-term commitment carriers have to the independent agent distribution channel, particularly in technology. Digging deeper, we find that **agents are not using workflow automation tools with all of their carriers – primarily because not all carriers make these options available.** By providing education and training, and investing in tools like download and real-time, carriers can show their support for the agent channel – making it easier for them to do business and reducing their time to market.

More agents are realizing the benefits of real-time through reduced data re-entry and number of passwords, and are seeing this technology essentially places the data at their fingertips. Other automation processes, such as commercial lines download take the speculation out of what data is required and where it is located, so agents can focus on building the customer relationship instead of performing administrative tasks. These benefits have led some agents to become quite passionate about their use of download and real-time, with one saying, “I just wish there were more opportunity with some of my carriers! I’ve been trying to get more on board!”

Agents aren’t the only ones who can benefit from implementing efficient interface solutions into their systems. With fewer opportunities for “human error,” a carrier’s policy data will be more accurate, which then reduces the number of endorsements needed to correct policy data. Additionally, by making it possible for agents to submit data to carriers electronically, there are fewer paper

applications and change requests that need to be handled. When agents have access to key policy data right from their agency management system, they are also more likely to handle insurance questions, thereby less calls are made by the agent to the carrier for assistance. Finally, the successful integration of automation workflows provides the foundation for going paperless by providing policy data to the agents electronically, but the ability to access DEC pages and other key policy forms in real-time has made paperless initiatives truly achievable.



Source: IVANS Survey

With all these benefits, some carriers still remain on the sidelines with regard to download and real-time. This is

changing as evidence demonstrates **agents like to work with carriers that offer these capabilities and agent adoption is steadily increasing.** In *IVANS 2009 Agent Survey*, only 36 percent of agents reported using real-time upload. This number increased to 52 percent of the agents we surveyed. Commercial lines download also saw an increase from 42 percent to 59 percent of agents, and claims download is up to 30 percent from 18 percent previously.

To onboard agents, carriers are leveraging such tools as webinars, training materials, user groups and some are even using help desk systems that make outbound calls when agents are having trouble completing insurance policy transactions. For example, when an agent uses his or her agency management system to perform a real-time quote, but is unable to complete the transaction, the help desk system captures the date and time of the incident, the agent and location, and description of issue. The agent is then contacted, and the carrier can provide assistance knowing in advance what the issue is. If agents are guided through the process, they quickly realize the benefits and will give the technology another try. In addition to being a powerful tool for increasing agent adoption, it is also a fast way for carriers to determine if further enhancements to the system are needed and reports on which agents have been successful and number of real-time transactions occurring each day.

Some carriers are also implementing agent-enabled, single sign-on technology through real-time processing in order to make it easier for their agents to quote and service their policies. Single sign-on technology enables an agent to log-in once and gain access to multiple software systems without being prompted to log-in again. This technology eliminates the burden of having to manage numerous log-on IDs and passwords that agents are faced with when accessing multiple carrier websites. As a result, they are able to streamline processes via a single workflow, reduce the need for paper through electronic transmissions, save time by eliminating the re-keying of data and focus more on growing their business rather than tasks related to policy administration.

Although the use of interface automation technologies has been increasing year-over-year, our findings show there is room for growth and many agents are still not engaging with all of their carriers. For example, when those agents who are not using real-time were asked why they hadn't implemented it yet, an overwhelming 60 percent said it was because their carriers do not offer the technology. Following that, comparative raters were cited by 13 percent of agents as their main reason for not using real-time. Our findings indicate that once agents are educated and trained on the benefits, they embrace automation workflow technology and, in many cases, become strong advocates for adding more transactions and lines of business.

When asked about implementing commercial lines download, 63 percent of respondents say they do not use it because it is currently not an option with their carriers. A much smaller amount, (eight percent of agents) said they were concerned that agency-level data would be lost, or replaced with incomplete or inaccurate data from the carrier, and this was preventing them from implementing commercial lines download technology. Commercial lines of business often require non-standard information, which needs to be addressed during the download implementation, and in the past, this technology was met with some doubt. However, commercial lines technology has evolved significantly, and expectations have been reset for both carriers and agents. For example, minimum data sets have been defined for such transactions as business owner policy, property, general liability, business auto and workers compensation, so the data quality has greatly improved because of these defined standards. Vendor systems have also matured and more carriers are now implementing this technology, so the timing is right for agents to engage their carriers.

As agencies look at commercial lines as a way to diversify their product portfolios to hedge risk and grow their business in this soft market, commercial lines download technology enables agents to serve their customers more quickly and accurately. For insurance carriers, commercial lines download represents an opportunity to improve operational efficiency and accelerate new business with agents.

Workflow Automation: Defending the Agent Distribution Channel

For carriers that have not yet implemented interface technologies, **policy download is a good place to begin**. Download allows carriers to automatically send data to agents so their agency management systems will be in synch with carrier systems. This eliminates the need for duplicate data entry and ensures agents have accurate policy data. An initial download implementation can include one or more lines of business, but carriers can continue to add lines to build out their capabilities over time. In addition, policy download creates a good foundation for adding future real-time functionality.

Carriers that write both personal and commercial lines of business often kick off their download initiatives by implementing personal lines first. In fact, personal lines policies account for the greatest volume of download activity, with well over 7 million transactions every month, and continue to increase. In April 2011 personal lines transactions were up by 12 percent year-over-year. Leading this growth was dwelling fire (+21% year-over-year), homeowners (+15%), personal auto (+13%), personal inland marine (+11%) and personal umbrella (+10%).

Following personal lines download implementation, a natural progression is to add policy download for commercial and specialty lines of business, as the benefits are similar. Agent

adoption is typically high because many of them understand the benefits as a result of their experience with personal lines download. Commercial lines download volume is well over 500,000 transactions per month and grew 14 percent year-over-year in April 2011. Leading this progression was commercial inland marine (+93% year-over-year), commercial umbrella (+38%), commercial package (+23%), commercial auto (+17%), workers compensation (+12%) and business owners (+11%).

After implementing policy download, carriers may want to add real-time capabilities to create a complete RoundTrip data workflow. Real-time allows agents to access customer data on carrier systems and quickly process transactions, directly from within their agency management systems. This can greatly increase agents' speed to market and enable them to provide a higher level of customer service. Almost 80 percent of real-time transactions are due to customer inquiries, with quotes accounting for 13 percent. **With customers shopping around more for quotes, particularly via the online channel, real-time is proving to be an invaluable tool for agents to remain competitive.**

In addition to policy download and real-time capabilities, claims download is another area where carriers can realize efficiencies while improving communication with agents. Claims download allows carriers to automatically update agency management systems with claims data as new claims are reported or existing ones are settled. Agent adoption of claims download is rapidly increasing, with the number of active agents up almost 60 percent year-over-year in April 2011. The number of transactions continues to climb as well, increasing 95 percent year-over-year in April 2011 following about 350 percent growth in 2010 when compared to 2009.

Best Practice Strategies

Once a carrier has decided to implement automation technology, below are some specific strategies to use that have been proven to be very successful for encouraging agent adoption:

- To start, identify agents who are already doing an upload bridge, as they will make good candidates for adoption and provide carriers with good feedback. Set up a pilot program that engages these agents and use their feedback to add enhancements, before rolling out real-time technology to all agents.
- Get buy-in from the senior management team to promote agency-adoption initiatives. They need to understand the importance of agent adoption, so they will champion a unified strategy that everyone will follow.
- Internal education is critical. Fellow employees need to understand how real-time works and its benefits, so everyone can work together as a single voice to get the message out.
- Build an incentive program and create monthly scorecards that include measurements such as an overall agency adoption growth rate, top ten field underwriters, top ten agencies and each agency's real-time usage.
- External training/communication with agents should come in various forms including: webinars, training materials, on-site visits, and leveraging agency user groups and industry organizations to spread the word.
- On-site visits should not only explain to agents how to operate the real-time interface software, but also how they can incorporate it into their workflow - and the benefits they would achieve from doing so. This helps to change the mind set of those who think real-time is just a data entry task to realizing it can be a revenue generating activity.
- When training on-site, use live accounts versus fictitious ones. Real-life examples show in the clearest of terms how this technology positively impacts an agent's bottom line.
- If possible, set up your help desk to pro-actively call on agents who have had difficulty logging on via real-time. By creating an automated system that triggers a call when there is log on failure, you will be able to address the issue more quickly and enhance your system if necessary. And, agents will be more likely to give real-time a second chance.

Social Media: A Partnership Approach

In a rapidly changing technological environment, the need for agency-carrier automation technologies is clear, but what is not as evident is the optimum role of social media. With the growing influence of this medium among consumers, we asked agents about their use of this technology tool. About 38 percent of agents say they do not engage in social media and have no plans to do so. Of those that do use social media, about 28 percent say they are passively maintaining a presence, 27 percent say they use it for marketing purposes and 14 percent use it to provide enhanced customer service.

Many agents have an interest in using social media, but they often lack the resources or insight to leverage this technology to its full potential. Furthermore, they often have to compete with carriers for customer attention in this space, leading to the question of who is ultimately responsible for the customer relationship. By partnering with agents to develop a joint social media strategy, carriers can avoid the perception that they are circumventing agents to go direct to the customer. At the same time, they can introduce consistent client messaging across their agent base to further strengthen their brand.

Agents who actively engage customers in the social media space are more likely to develop positive customer relationships that can lead to referrals. In addition, agent and carriers can both leverage the customer feedback they gain through these conversations to improve their products and services. **By working together, carriers can help empower agents to harness the benefits of social media and grow their books of business.**

For carriers or agents thinking of getting started, below are several tips to keep in mind:

- **Think before posting** – Before posting, always remember you are the “face” of the company in this arena and what you post/write will impact how the company is perceived.
- **Start the conversation** – Post a meaningful, succinct comment on a relevant group site such as a LinkedIn insurance community site or Twitter account to maximize your chances of getting people to respond.
- **Join the conversation** – Conversely, monitor these same community sites to uncover opportunities where you could respond to a comment that has already been posted. This enables you to become a subject matter expert over time and people will begin to follow.
- **Keep posts neutral** – Avoid negative comments and engage genuinely.

- **Keep sales talk to a minimum** – Posts should not be sales focused. Keep them relevant and add value to the discussion or you risk losing credibility.
- **Do not post confidential material** – Do not disclose any confidential information or post content that would be considered inappropriate or false.
- **Post authentic and accurate information** – Be sure that any links you post are accurate, appropriate and active.
- **Find meaningful content** – Subscribe to industry news alerts via email or RSS feeds to find content. You can also search blogs and vlogs that contain posts for commenting.
- **Link to your company site** – When possible and appropriate, include a link back to relevant data that is located on your company site.
- **Share information** – Be prepared to discuss what is working / not working with your team; what you are seeing and not seeing so you can tweak the process and move on.
- **Encourage interaction** – Ask people who you regularly communicate with if they would like to join your company's community site and to follow you on Twitter. Include your social networking links in your closing signatures on emails, your website's main page, sales collateral and presentations.

Conclusion

Consumers remain hungry for being able to access data anytime, anywhere, and emerging technologies, such as social networking and mobile applications, have only increased their expectations and made customer service more transparent. With customers shopping around more for quotes, workflow automation tools – such as download and real-time – are becoming a greater necessity for agents to remain competitive. These tools allow agents to respond faster to customers by increasing their ability to communicate more easily with their carriers. As a result, agents are more likely to work with a carrier that places a high value on the “ease of doing business” than a carrier that doesn’t.

Proof of this, is the high level of trust that agents have for carriers, which is reinforced through the steady increase in the use of agency-company interface technology over the last few years. Agent-carrier trust is also a testament to the investments that carriers have been making and to the success of industry campaigns such as getrealtime.org and industry organizations such as ACORD and ACT.

Work still needs to be done as agents, unfortunately, are not engaging with all of their carriers, primarily because some carriers do not offer download or real-time capabilities. Carriers want to ensure agents will adopt this technology and are looking for a solid return on their investment. Agents, on the other hand, are looking for ways to reduce redundancies and streamline their workflows, so they can increase their responsiveness and focus more on business opportunities.

Carriers can help defend the agent distribution channel by supporting agency-carrier workflow automation and increase the value of services they provide, resulting in increased customer loyalty and retention. Agents need to proactively seek information for their own benefit and work with carriers that are implementing interface solutions to keep up with consumer demands for quicker service and faster quotes. If certain carriers aren’t offering this technology or agents have it but aren’t using it, now is the time to get engaged and find out why.

Bottom line: To stay ahead of the curve, carriers and agents must work together and embrace these technologies that enable them to communicate effectively with one another, or the customer will pass them by.

Survey Methodology

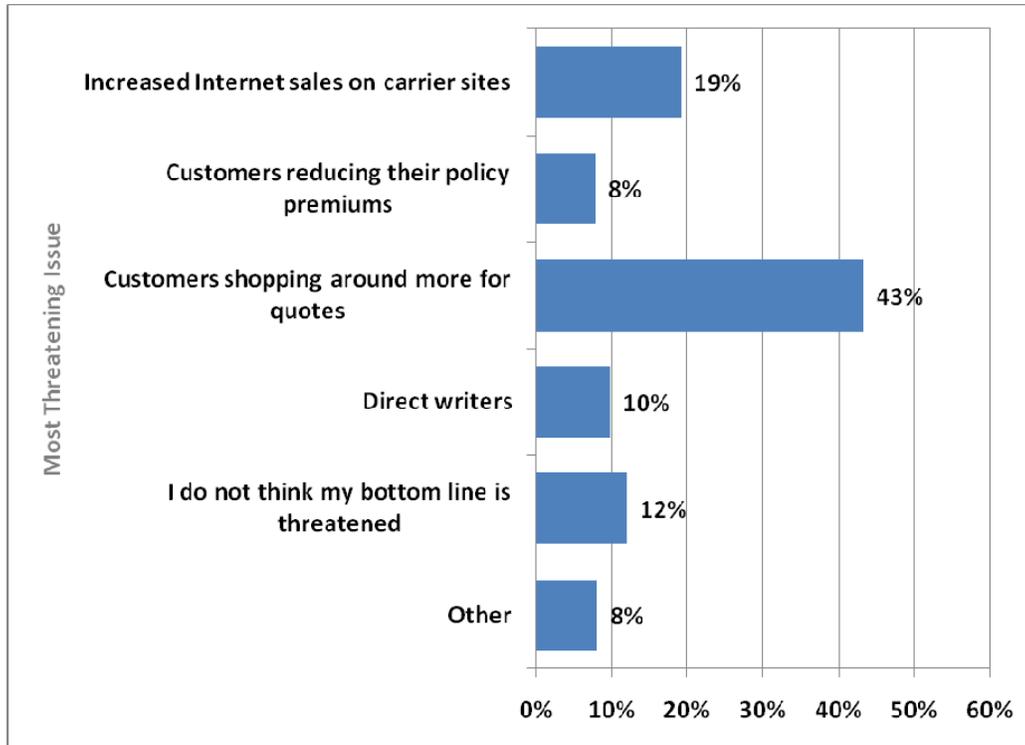
From April 29, 2011 to May 5, 2011, IVANS, Inc. conducted a web-based survey to which 515 insurance agents throughout the United States responded. The participants represented a wide range of roles, including President or Owner (43%), Vice President (7%), Insurance Agent (14%), CSR (13%) and “Other” (23%), such as Manager and System Administrator. Respondents also came from agencies who deal with a variety of businesses: Personal Lines (99.6% of respondents), Commercial Lines (89.5%) and Specialty Lines (54.8%). About 82 percent of those who completed the survey came from smaller agencies with \$5 million or less in annual revenue, and 50 percent of the respondents were either the agency president, owner or a vice president.

Participation in this study was voluntary and respondents had the option to withdraw at any point. All responses were kept confidential, and all research data is reported in aggregate form.

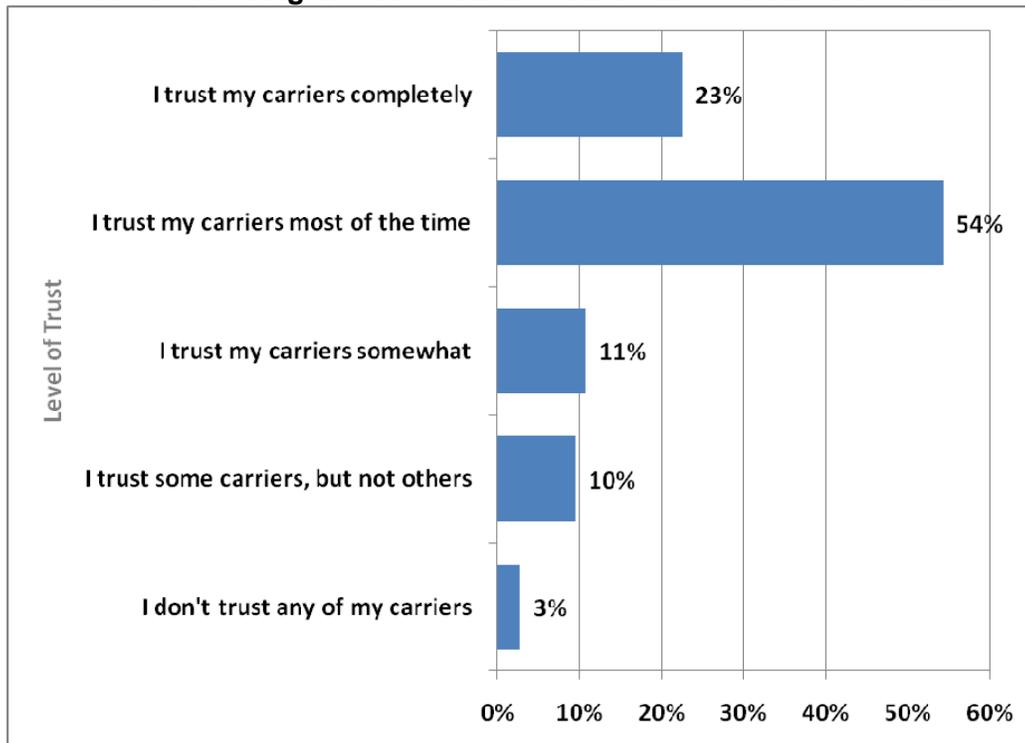
About IVANS

IVANS, Inc. provides the healthcare and property/casualty insurance industries with fully managed network, electronic data interchange (EDI) and agency-company interface solutions to help solve complex business issues. Headquartered in Stamford, Connecticut, IVANS serves over 1,000 insurance and healthcare organizations, more than 30,000 independent agents and 135,000 healthcare providers. With over 28 years of experience successfully managing networks, the company also offers its clients relentless customer service, reliable and accessible technical helpdesk support and expert enablement. IVANS, which was formed by 21 insurance companies, also has offices in Tampa, Fla. and Cincinnati, Ohio. For more information, visit www.ivans.com

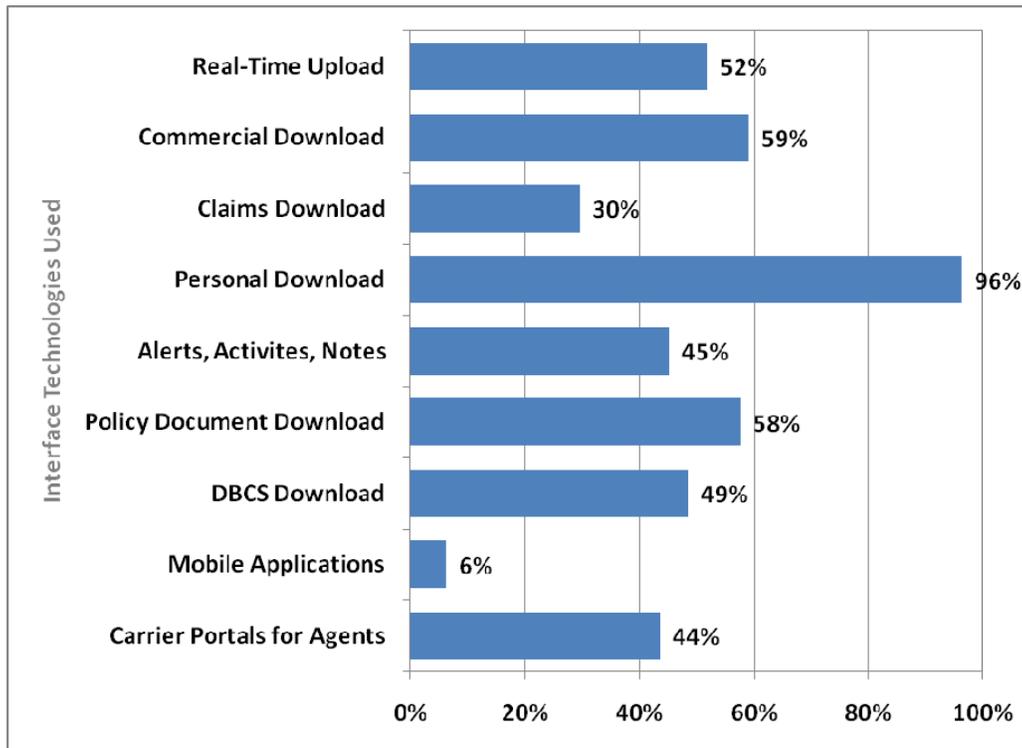
43 Percent of Respondents Think an Increasing Number of Customer Quotes Will Threaten Bottom Line



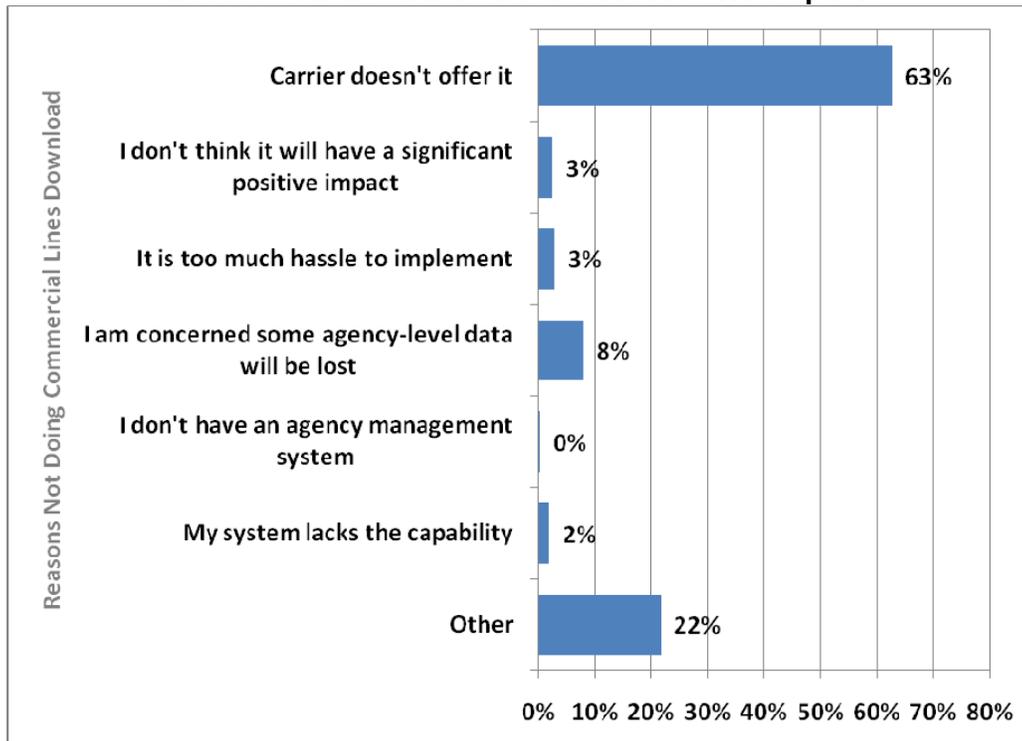
77 Percent of Agents Trust Their Carriers Most or All of the Time



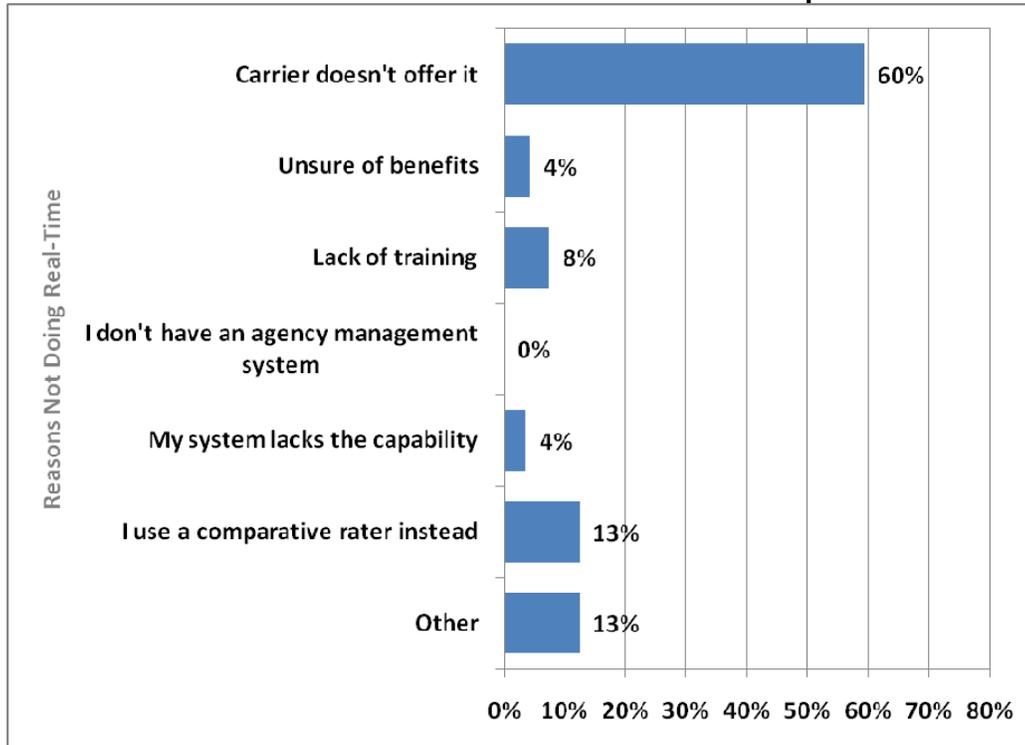
Most Agents Incorporate Multiple Interface Technologies in Their Workflows



Many Agents Cannot Do Commercial Download With All Their Carriers Because Their Carriers Do Not Provide That Option



Many Agents Cannot Do Real-Time with All Their Carriers Because Their Carriers Do Not Provide That Option



52 Percent of Agents Do Not Use Social Networking Tools

