DOING DIGITAL FASTER: BREAKING THROUGH TO KEEP THE ADVANTAGE

Insurance Digital Transformation Survey

This survey is the second in a series conducted to understand agents' use of technology today and how they need to transform to best serve their customers.

IDR

No one can deny that the pace of change in the property-casualty insurance industry is accelerating. We have only to look at the number of new start-ups and external investment to see that the once slow-to-move industry is beginning to experience more radical change. In fact, investments in insurtech in 2018 have more than doubled over the prior year.

Independent agencies have direct relationships with consumers and businesses and the understanding of the markets and the products needed. This can give them an advantage, but maintaining that advantage requires agencies to be up-to-speed on digital technology, using tools that make the customer experience excellent and seamless, while at the same time applying technology internally to be as efficient as possible.

THE RACE IS ON

Our survey results show good news—many agencies are making significant changes to their approaches and growing their understanding and use of digital technology such as e-signature and quoting. There are clear improvements in key areas since our original study in 2016.

But there are also significant gaps in certain areas, such as mobile, that are critical to attracting and servicing new insurance customers. It's clear that agents need to move faster to keep their advantage.

The survey highlights four key themes:

1.

Agents are shifting the balance from internal efficiency to customer experience.

More than ever before, agents understand the importance of digital to their futures. But to date, they've spent more time focusing on internal workflow and less on customer-facing technologies. This is starting to change.

2.

Most of the focus is at point-of-sale.

Agents are focusing on customer-facing technologies that streamline the ability to write new business, resulting in increased usage of technologies like e-signature and online quoting.

3.

There's a drive to redefine the service experience.

Agents are helping customers who want to help themselves. There is increased use of portals for customers to not only access information, but as a place to conduct transactions including policy changes, reporting claims and generating certificates of insurance.

4.

Many are not prepared for cyber threats.

Agents understand the risks but haven't translated that knowledge into action. While agents are concerned about cyber threats, many don't understand what to do about them and have not taken important steps like developing written security plans, training and testing.

HOW AGENTS VIEW DIGITAL TECHNOLOGY

More agents are realizing the importance of digital to their futures. But to this point many agencies have been more focused on leveraging technology for internal workflows—most likely driven by the capabilities of their management systems—than concentrating on customer-focused applications. But that is changing, as agents recognize the need to embrace digital more quickly to stay competitive.

Agents that say digital technologies are *important* or *very important*

2018 — **95%**

2016 — **58%**

29% have **advanced** or **highly advanced** digital capabilities for their clients.

51% have **advanced** or **highly advanced** digital capabilities for internal workflow.

65% expect to make incremental improvements in their digital capabilities in 2018.

22% expect to make significant improvements in their digital capabilities in 2018.

WHAT STOPS AGENTS FROM MOVING FASTER?

The insurance industry has been typically slow-to-move in adopting new technologies. There are a variety of challenges, including the complexity of the products, regulations, and dynamics of the agent-carrier relationships. But beyond those umbrella issues, agents cite a variety of obstacles when it comes to adopting new solutions—issues that are applicable to many small businesses today. Agencies don't stand alone. Carriers and agents can partner to bring better experiences to customers, a fact that agencies were clear to acknowledge in the survey.

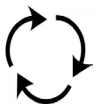## Biggest Barriers to Using Digital Technology

59% cost

55% educating team

48% time

43% new workflow

Agent View of Carrier Technology

4% of agents say carriers' customer facing technology is **excellent.**

49% say carrier technology is **average**.

55% of agents say there are more ways carriers can support their digital initiatives, including more download, especially commercial lines and commission statements, assistance in training staff, and support for e-signature.

WHAT AGENTS SAY:

"Carriers need to embrace efficient rating and binding tools. It's ridiculous in the current age that it takes so long to quote current risks."

"The technology capabilities are actually advanced—we need new workflows and monitoring to ensure we're making the most of the technology"

"We need a better understanding of how to implement prospecting tools within our agency management systems."

"We would love to be able to integrate carrier billing into our customer portal, so clients don't have to go to both our site and the carriers' sites."
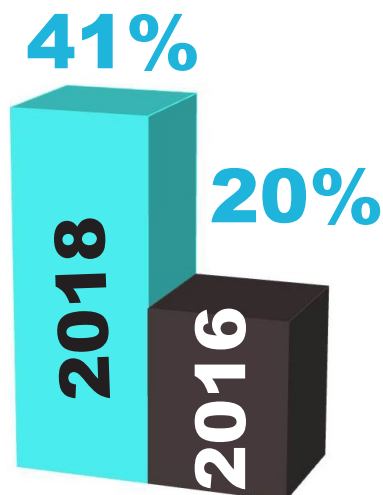
FOCUSING ON MARKETING AND POINT-OF-SALE

There are encouraging signs that agencies today are making it easier for customers to do business with them, demonstrated by significant increases in the use of digital tools, like e-signature and web quoting. But there are also significant gaps. Agencies still don't consider their web sites up to par, a view that has not changed since the 2016 survey. And more than three-quarters of agents surveyed do not have any mobile applications.

Agents Offering E-Signature

2018 67%
2016 54%

Agents Offering Web Quoting

41% **2018**
20% **2016**

Agent Web Sites & Social Media

7% rate their web sites as **excellent**.

33% say their web sites are **good.**

36% rate their web sites as **average.**

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57% get leads from their web sites.

74% use social media, specifically Facebook and LinkedIn.

39% are getting leads from social media.

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76% of agencies do not provide any mobile applications for prospects or customers.

CREATING AN EXCELLENT CUSTOMER SERVICE EXPERIENCE

Despite an increase in the use of customer portals, agents have a longer way to go to using digital technologies to improve the customer service experience. Few agencies are providing mobile applications or offering 24X7 service, and fewer still report using even basic service solutions, such as live chat.
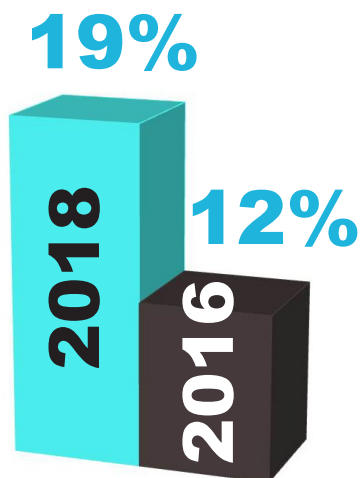
Agencies Offering Customer Portals

2018 — **39%**

2016 — **23%**

Customers can request policy changes, check policy information and payments, report claims and get insurance certificates.

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Agencies Offering Claims on Portal

19% — 2018

12% — 2016

19% provide at lease one mobile application.

18% provide 24X7 service for their customers.

7% have live chat capabilities.

SOLVING THE INTERNAL EFFICIENCY CHALLENGE

Agents have been very focused on leveraging technology and processes to become more efficient. These include everything from agency management systems to CRM and lead management. They have made solid progress to date, but many say they'd get even more benefits if more carriers would participate in available industry solutions. And there are real opportunities for agents to expand their use of cloud and CRM.

23%
are satisfied or highly satisfied with their current methods of managing the pipeline.

43%
rate their ability to manage leads as **good** or **excellent**.

53%
are using the cloud-based version of their agency management systems.

33%
of agencies have upgraded their management systems in the last year for greater capabilities, cost efficiencies and greater security.

35%
of agencies are using eDocs and Messages for DEC pages, underwriting memos, and billing information.

79%
say that eDocs and Messages have improved internal efficiencies.

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Agencies that Use Claims Download

2018 47%

2016 40%

They're using claims download to stay aware of customer claims and provide support.

AGENT/CARRIER PARTNERSHIPS

WHAT AGENTS ARE SAYING...

We save hours normally spent retrieving documents by having them automatically delivered to our system via eDocs.

Hours of manually scanning hard copies of policies and endorsements are now done automatically through IVANS download.

We no longer have to scan and attach policy documents, claim updates, etc…or retrieve them from the carrier web site and attach.

When not all carriers do it, you still need two processes. Information is still quirky and requires manual manipulation to be fully accurate.

eDocs and Messages would actually be useful if it downloaded into our software, instead of having to get them daily and bring them in.

I want a system that will take all info from a lead as it appears on my web site to automatically appear in my management system.

A DISCONNECT WHEN IT COMES TO CYBERSECUIRTY

Agents are concerned about security, but there is a disconnect between the level of concern and taking action to make their information safer. More than half of agencies say they are concerned about cyber threats, yet they don't have a good understanding about what those cyber risks are, and what to do about them. Only 37% of agencies have a written security plan in place and hold training for employees on security and cyber issues at least once a year. Even fewer perform penetration and vulnerability scans annually. Therefore, it's surprising that nearly half of agencies rate their protection against cyber threats as good.

45% of agencies rate cybersecurity protection as **good**.

10% say their cybersecurity protection is **excellent**.

62% of agencies are **concerned** or **very concerned** about cybersecurity.

52% say they don't have a good understanding of cyber threats and what to do about them.

37% have a written security plan in place. These plans are a requirement by the Gramm-Leach-Bliley Act and the NAIC Model Laws.

37% hold cybersecurity training for employees at least once a year.

24% perform annual penetration and vulnerability scans.

THE GOOD NEWS

- Almost 100% of agents recognize that digital technology is critical to their businesses.

- Use of e-signature has increased 13 percentage points since 2016.

- The number of agencies enabling quoting from their web sites has increase 21 percentage points since 2016.

- Agents providing customer portals has increased 16 percentage points since 2016.

- Agents enabling customers to enter claims via portal has increase 7 percentage points in two years.
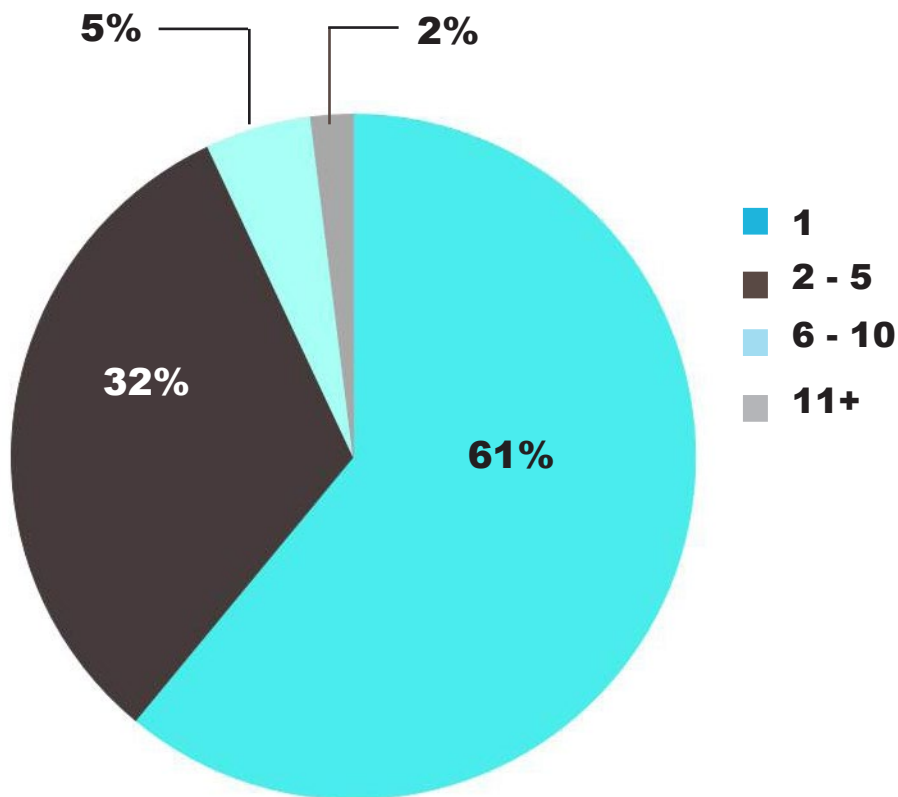
THE OPPORTUNTIES

- There is significant room to improve web sites—only 7% of agents say their sites are excellent.

- Only 19% of agencies provide mobile applications for customers and prospects.

- Only 18% offer 24X7 customer service.

- Just 7% provide live chat.

- 19% allow customers to enter their claims on a portal.

- Just 10% say their cybersecurity programs are excellent, and 37% have written plans and conduct training.

DEMOGRAPHICS

Number of Agency Locations

5%
2%

32%

61%

- 1
- 2 - 5
- 6 - 10
- 11+

More than **50%** of agents surveyed write business with 8 carriers or more for personal and commercial lines.

98% of those surveyed have an agency management system.

The survey was conducted online January-February 2018 and contains the responses of 1,970 independent agencies. A similar survey was conducted in March-April 2016.

WHAT IS THE
INSURANCE DIGITAL REVOLUTION?

The Insurance Digital Revolution is an industry advocacy and communications initiative to accelerate adoption of digital technologies that enable independent insurance agents to improve customer satisfaction, grow business and increase profitability. In this role, IDR is focused on:

- acting as an information hub, sharing new ideas and data, bringing a variety of industry organizations and their resources together.

- providing one place where participants can find the right information and resources to accelerate their own technology adoption.

- generating awareness and excitement for the power of implementing new technologies.

- providing independent agents with clear information and roadmaps to implement digital technologies and become automated agencies.

- growing usage of existing solutions, including real time and download, e-docs, messages, e-signature, single sign-on and other technologies.

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