

BLUESUN WHITE PAPER: USING TECHNOLOGY TO INCREASE REVENUE – PART I: PRODUCER CHANNEL



BLUESUN WHITE PAPER SERIES

Introduction

Revenue generation is the ubiquitous component of insurance companies' strategy, but represents a constant challenge due to the unique nature of the life insurance distribution model.

Although the advisor sale is still the dominant channel for life insurance, other channels are gaining prominence, especially with the looming threat of bank deregulation. Direct marketing is a very effective channel and is used extensively by other industries (and even other players in the insurance space such as banks), but is not widely used within Life Insurance. Affinities such as banks, retailers and membership organisations also provide a rich vein of new revenue, although some observers are reporting a decline in the effectiveness of this channel with the transparency of choice available to consumers.

In this first of three articles, we will be examining how to leverage technology for the dominant channel in life insurance – the producer channel.

Producer channel

This is the dominant channel within life insurance, reflecting the old saw that life insurance is sold rather than bought. There are several aspects of this channel that represent a challenge for insurers:

- **It is a disappearing channel.** The average age of the insurance producer has increased in step with time; the average age of a producer 10 years ago was 46, today it is 56. Little new blood is entering the channel and many current producers are approaching retirement.
- **Producers are born hunters, not farmers.** Producers are typically trained and engrained in acquisition, but poor at retention and up sell/cross sell. Their behaviour can be very difficult to change.
- **Competition for producers is high.** As there are a finite number of producers, competition amongst insurers for the good ones is elevated. The need to recruit and retain producers is a key activity for most insurers.
- **Producers are at capacity.** Many producers are at capacity or certainly producing enough business that they no longer need more leads.

So how can insurers get the best from this channel?

Have the best producer portal

Producer Portals are now ubiquitous and regarded as a critical interaction mechanism for insurers and producers. Celent reports that over 90% of insurers now offer some form of portal for their producers¹. Insurers have a clear opportunity to differentiate themselves with this “shop window”.

¹ “The Ideal Producer Portal – From Cost of Doing Business to Industry Differentiator” by Jeff Goldberg, Celent, August 2008.

Although differentiating your self to the channel is pretty obvious as a way to increase yield, the question is how? Typically insurers seek differentiation via increased commission levels and product innovation. Increasing commissions is clearly not a sustainable differentiator. Product innovation definitely has its place, but it is slow, costly and easily replicated. An alternative approach is to make yourself easier to do business with. Given that a key constraint for most producers is time, make doing business easier (read takes less time and attention to transact with) and, all other things being equal, producers will gravitate to you.

- **Make your site easy to use.** People want information fast and agents are no exception. With use of the web now part of everyday life, expectations are high for accessing information quickly and easily. It is important to use principles of normal good web design in putting together a portal. For instance making sure it has a consistent navigation method, that it is obvious where to find information, and the information can be garnered with as few clicks as possible. Your ultimate goal is to make the producers work much easier and more efficient by using the portal, and then they will return again and again.
- **Easy access.** A really important aspect of ease of use is making the portal easy to access. The primary concerns here are not having multiple user ids and difficult password resets. Forcing a user to sign on multiple times leads to major frustration and even failure if they fail to remember multiple user ids. There is a less obvious security concern here too – the more user ids a user has, the more likely they are to write them down, repeat them or use trivial user ids and passwords. Similarly, passwords are often forgotten or misplaced. An automated reset process, obviating the wasted time calling into the help desk, provides a much more satisfactory solution. In the end, it will remove a barrier to using your portal.
- **Customise the site for the user.** The more you can make the site immediately relevant to the user and remove any unwanted clutter, the better the experience will be. You can apply automatic filters on information, track most frequent page hits and store in favorites, and allow the user to store their own favourite pages or reports
- **Provide prefilled electronic forms.** Through the portal you can provide forms electronically, pre-filled so that less form-filling is required. The additional payback you get is more accurate forms. Take it further and offer electronic form submission. You can validate the forms at entry time and save the advisor trips back to the client for additional information long after the form was originally submitted. You could also provide immediate feedback on whether underwriting is required or when a decision is likely to be made.
- **Provide other pre-filled sales support.** You could also provide other materials to assist with a sales meeting, such as customised illustrations and KYC forms. These things help cut down the amount of time the Agent spends on administration which will be appreciated and provide differentiation from other sites.
- **Customisable reporting.** Rather than having to call in to the help desk, give providers customisable reports so they can get the information they need when they need it. It also helps keep your servicing costs down too.

Superior emails

Email is the number one business communication method, but the open rate for emails continues to decrease as the demand for attention and sheer numbers of emails increases. Here are some guidelines to improve the chances that your emails get opened which in turn will increase the response rate.

- **Use stand-out email subject lines.** Advisors, like many of us, are inundated with emails. You need to make sure that when you use email, the subject line stands out and dissuades the advisor from hitting the delete button. It doesn't matter how good your offer or how well the email is designed, if they don't open it, you've failed. Three areas to make your email headers stand-out;
 - Keep it short. Research has shown short, concise subject lines are the best performers.
 - Convey value as early as possible in the subject line, preferably in the first two words. Contrast 'Report on LTC sales for 2008' with 'Increase penetration for your LTC sales'. Communicate the benefit, not the content.
 - Soften the hard sell. People are becoming experts at spotting hard-sell emails and almost automatically delete them. Reduce self-promotion and corporate gobbledygook and recipients will respond positively.
- **Test timing for email blasts.** Every audience tends to have their own best day and best period for email open rates. Industry reports will tell you Monday is a safe day for email. But this does not translate to all industries. It is very easy to test email open rates and click-through rates and find what works best for the life insurance industry. Open rates can increase enormously if you just get this one factor right.
- **Make the preview attractive.** The majority of email users use some form of preview to look over their in-box. So the way your email looks in AutoPreview can decide its fate. So make sure the email starts with compelling copy and preview your own email before you send it out.

Track your portal usage

Anyone in the B2B world tracks the effectiveness of their website. Treat the portal like a B-2-B website and track its usage. Suggestions for things you may wish to track;

- Simplest is how many producers are accessing your site and how frequently. If you can identify the low volume users, it will be worth making follow-up calls to find out why.
- You can also track which pages are most popular and which are least. Make sure the most popular pages are easy to access.
- Track page progression to spot where navigation is difficult
- You can also analyse portal page hits that come direct from email blasts or other communications – this will help provide you feedback on how successful your campaigns have been.

Act like your advisors marketing engine

Advisors tend to hunt rather than farm. There is the opportunity to provide added value by mining and distributing leads and opportunity to them.

Your producers are your sales force. As marketers, it is worth thinking about what you are doing to drive leads into their pipeline. After all, if another marketer does and makes it easy to convert business to their products, you lose their production.

Whenever new products are developed by actuaries, they have a target market in mind, along with a good idea of what circumstances would compel people to buy those products.

Why not turn those criteria into automated data mining that finds applicable clients, pinpoints the sales opportunity and distribute it to your sales force via your portal.

If you are regularly driving new opportunity to your producers and making it easy to convert, the effect on loyalty, production and maybe your ability to recruit may be significantly improved.

About BlueSun

Real

"BlueSun are first class at executing on technology projects. They have a really solid delivery process that gives you confidence and peace of mind. This is backed by some of the most professional people I have worked with who always seem to over-deliver. I would really welcome the opportunity to work with them again."



Mark Holcomb
Director

Pick a team you can trust. Pick a team with a track record...

Simple

Life Insurance is our focus. We speak your language. Understand your needs. And give you a huge head start in implementing the spot-on solutions you need - in minimal time...at an affordable price. It's no accident. It's a product of our process, our values and the belief that we should bake simplicity into everything we do.

Technology

Will you bend your business around packaged software? Or risk a long custom build? Why not have the best of both worlds? With BlueSun you can. We run on the latest technology, it's what your IT team wants to work with. Get off the legacy, energize your IT team, drive the business forward.



ISV/Software Solutions
Data Management Solutions

Additional information at <http://www.BlueSunLife.com>

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