5 Agent Engagement Strategies to Raise Carrier Profit Margins

Improving Agent-Carrier Relationships

Liferay

Introduction

In a world of changing risk and uncertainty, insurers still have access to a key player in their arsenals: agents. While agents can play a critical role in generating revenue for insurance companies, there are a number of circumstances and changes threatening the success of these relationships.

Combat these challenges to reclaim effective partnerships by increasing agent engagement. Not only does this nurture agent loyalty and satisfaction, but it also increases profit margins for the insurer. This whitepaper will provide five strategies needed to deliver a better agent experience, both to the benefit of the carrier and the agent.

Why Carriers Need to Improve Agent Experiences

Digitalization of existing processes. Commoditization of insurance products. Disintermediation of insurance distribution channels. An aging workforce. New entrants to the market. These market changes threaten the level of engagement and collaboration between agents and insurers and agents' future livelihoods.

The remedy is to encourage and promote the strengthening of insurer and agent relationships. The benefits of doing so include:

Providing more value to overall customer experience

Improving sales productivity

Extending longevity of insurer and agent business

Nurturing and maintaining both policyholder and agent loyalty

Reducing operation costs and complexity

How to Increase Agent Engagement

To address these challenges that deteriorate engagement, insurers need to be responsible for providing support and services that strengthen the agent carrier relationship and provide more value to the overall customer experience.

Carriers that invest in their agent experience will see reduced operational costs and complexity, as well as improved sales productivity and increased profit margins.

Carriers should implement the following strategies to nurture and grow policyholder and agent loyalty to the carrier for the future.

1. Improve Communications

One foundational strategy that has withstood the test of time in any relational context, is effective communication. Improving communications between the agents and insurer is the most foundational tactic any insurer can take to improve engagement.

Better communication with the carrier allows agents to shift from being a representative of the company to being an advocate for the customer, positioning them to be a key contributor to the growth of the business.

Provide agents with:

- Immediate access to underwriter via phone, live chat, or self-service channels to quickly answer questions for them while they engage with customers

- Automated notifications when certain key actions have been made

- Collaboration tools that simplify the process of working together with agents to deliver a seamless policyholder experience

2. Make it Easier for Agents to Service their Clients

The easier it is to work with an insurer, the more likely the agent will place business with the insurer. Offer services and tools that help agents engage with their clients more efficiently and maintain their book of business.

Invest in Agent-Friendly Digital Tools

Carriers can enable agents to write business more easily by investing into agent portal projects.

More than 70% of insurers surveyed plan to replace or make significant enhancements to their current portal.[1]

Having a consolidated location or dashboard allows agents to easily keep track of all business written, in context of their sales goals, and surface opportunities to service and cross-sell their policyholders.

Typical capabilities to implement that will improve ease of doing business include:

- Streamlined user interface
- Provides access to detailed views of applications and claims
- Automated data entry with prefilled form inputs
- Simplified workflows
- Smart notifications and alerts
- Integration and connectivity to adjacent systems like claims and underwriting

Ultimately, having relevant KPIs and a simplified interface help agents focus on what they need to accomplish, when they need it.

60%
of agents cite availability of better tools affect their preference for using certain carriers.

35%
of agents cite availability of better tools as a major reason for switching carriers.

35%
of agents want better CRM tools.

Source: EY[2]

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1   The Agent of the Future
2   The Agent of the Future

Leveraging Automation

Additionally, carriers can help streamline redundant processes by servicing existing clients using automated services.

If carriers provide self-service functionality through their mobile apps, online portals, and other tools, this streamlines data processing from agencies to carriers, saving time and money for everyone involved.

3. Provide Digital Marketing Support

To help agents balance new customer acquisition and cross-selling, supply in-house marketing support.

According to Celent, "This support can include social media tools, content and training, direct marketing support, lead generation with access to CRM solutions to help manage those leads, training, and marketing support. It can include consulting and advice on how to manage and optimize their website and search engine optimization. Advice engines can provide cross-sell tips creating offers for additional products that the agent may have not remembered to ask for."[3]

This will help agents emerge as proactive advisors in a digital world, and allows for greater collaboration with the carrier to deliver better value for policyholders.

4. Use Data to Understand Agent Needs

Leveraging data in order to better understand the agent channel will help insurers far better allocate services to their agents and optimize the returns on those investments.

Insurance carriers already have the ability and data necessary to easily accomplish this tactic. What they must do is expand the data collected to create a more accurate view of the distribution channels available. Move beyond just collecting metrics on policy volume and profitability to tracking digital agility and resilience.

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3   The Agent of the Future

Making the effort to capture more nuanced data points, such as digital literacy and digital tool adoption rates, allows insurers to better objectively capture a distributor's future potential and relevance in an increasingly digital and competitive world, therefore, ensuring that their company's brand stays relevant in the future. Using this data at scale, by creating more robust segmentation, will enable more creative structuring of training programs, continuing education, and compensation models.

5. Move Beyond Traditional Compensation Frameworks

With a traditional carrier-agent compensation model, an agent generally has to have a very big book of business and be profitable before they are able to experience any rewards or perks. This traditional model no longer works effectively, as it unfairly discriminates against newer entrants to the agent market and discourages younger talent from staying longer, in the ever competitive market for new talent. Commissions can also take up more than half of an insurer's budget, with carriers often paying their agents more than they pay their own employees.

There are other ways to reward agents, one being providing better services and tools.

A recent EY survey of 530 insurance agents in the United States have shown that 55% of those surveyed "would consider a lower commission to shift some servicing burden to carriers".[4]

Provide agents instead with digital sales support and more training on products and sales in order to help them drive more business.

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4   The Agent of the Future

Conclusion

Increase agent engagement and improve agent carrier relationships with a portal solution that reduces operational complexity and costs, improves sales productivity, and better supports the policyholder experience. A digitally streamlined collaboration process will allow carriers to strengthen their relationship with their agents, better preparing and equipping them for the future and the growth of the business, while securing their role and value as a customer advocate. Doing so, will not only grow carrier business and profit margins, but also position them to better understand the customer as changes and risks evolve.

Moving Forward

To learn how to build a truly effective agent-facing tool, read what three elements are necessary in this guide.

Liferay

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