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5 Things to Know About Distribution Modernization



Modernizing distribution is a challenge because insurance professionals remain loyal to legacy systems and the status quo

Agents want transactions to happen fast and easy, and customers want the same thing. This can only be achieved with sophisticated tech solutions that open the flow of information, increase channels of distribution, automates processes, speeds up transactions, and offer real-time analytics.

Distribution modernization is here and has long been managed as an afterthought or necessary evil. Insurers have often viewed it as a back-office function that delivers little value. But with the convergent of big data, social media and technology, distribution modernization is not only important, it forges a path to future sales success.

In a white paper, VUE Software details five things that enterprises need to know about distribution modernization.

Distribution Modernization and the Front Office

In non-insurance organizations, the revenue-generating side of their value chains are defined as a separate function--front office--and technology supports the production of revenue. But at insurance companies, the value chain usually begins with underwriting. Insurers must bring management, suppliers, wholesalers, sales executives and customer service together to a single function with unifying technology that manages distribution in its entirety, VUE Software states in its white paper.

By doing so, insurers will realize immediate payoffs:

- A single managerial focus on revenue-related processes

- Improved information to support and service agents

- Alignment between sales growth and the recruitment of new agents/agencies

- A centralized serve points that ensures accuracy in agent compensation

- Agent access to complete information on customers, products, renewals, sales goals, compensation, compliance and results.

Societal changes



Keeping Up with Society Changes and Trends

Modernizing distribution is more than just consolidating functions, it enables new technology access to integrated social media and access and use of big data.

Insurers must respond to changing regulations and demographics. The influx of the immigrant populations prompt the need for multilingual agents and service representatives. Aging and millennial populations require specific products and prompt marketing and service challenges since their buying and behavior is different.

One of the largest societal changes is the availability of data and information that is accurate and relatively inexpensive. Big data can be the paradigm shift for the entire insurance industry, VUE Software writes. "If an insurance company cannot comprehend the power that resides in Big Data that company will face a prolonged uphill battle to compete in the marketplace.

Social media



Social Media and Distribution Modernization

The Big I's Young Agent Council reports that more than 60% of its members have Facebook pages, and use Twitter and other forms of social media on a daily basis. VUE Software writes that Facebook is a legitimate tool in the marketing and servicing of insurance.

Financial services marketing pays attention to life events: if a client is getting married, there is an opportunity to provide service and product to that client. Property and casualty insurers can use a similar approach. With businesses, large and small, on social media, the ability for the agent to access information about a client's business is no different than the life event approach. Does the businesses post that it is expanding or taking on more space, acquiring a new business, entering a new line? These are openings for the agent to provide insurance and risk management information.

The challenge managing information that comes from social media from 1,000 or so clients. Aggregating services, such as Hearsay Social, can take a client list and manage keyword searches to update which clients and prospects posted something of interest on a particular day.

Onboarding new agents



Onboarding of New Agents and Advisors

The processes for agent recruitment and onboarding can fall under field marketing, underwriting or agency management. Regardless, the purpose of this part of the front office is to enable new agencies to join a carrier and represent its insurance products. Generally, the process begins with "someone" sending a prospective agent an email with a contract and data search.

How will the new producer recognize that they are joining a first-class organization? Technology plays a role: Are background checks electronic, what about contract handling using e-documents and signatures? Are fees handled by credit card?

After onboarding is completed, is the scheduling of training, delivery of marketing and training materials and education professional? A carrier that is dedicated to improving its sales force understands that first impressions are important. An automated onboarding process validates an agent's decision to represent the carrier and provides metrics that measure and monitor appointment status and performance.

Modern systems must allow an agent to access information from the carrier via multiple devices. A portal delivers the agent up-to-date information and gives the opportunity to self serve. Agents need to access expiration lists, renewal information, claims and underwriting statuses, client contacts, client profiles, commission information and recent customer activity.

Oversight and management



Clear Oversight and Management

A formal and structured front office provides better management oversight of the entire revenue side of the business, consolidates disparate departments and delivers improved service to agents, VUE Software writes. Modernizing distribution is a challenge because insurance professionals remain loyal to legacy systems and the status quo.

But long gone are the days of simple commission tables. While much of the P&C carriers base commissions on a simple percentage of the premium, that percentage can vary by class or type of business. Contingents are algorithm based, and agents not on the same plan makes managing hundreds of different contingent arrangements a daunting task.

Modernization's crowning achievement is its ability to use myriad data that is captured in the front office and store it in a business intelligence context.

End of Article

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About VUE Software

VUE Software is an innovative provider of performance-driven solutions built exclusively for the insurance industry. With over twenty-three years of experience in Life & Annuities, Health and P&C Insurance, VUE Software is one of the most experienced and established Insurance Distribution Technology providers in the business today. VUE Software is leading the Distribution Modernization movement, bringing clients a solid path to revenue growth and competitive advantage.



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