

Written By Gil Quesnelle // JULY 23, 2018

Remember the Sales Force?

Here's why carrier efforts to consolidate data should focus on brokers as well as consumers.



Everyone talks about the end client, but very few are talking about the carrier-to-broker relationship. In any industry conference today, there is a lot of discussion about serving the client and the direct client model – i.e. selling insurance directly to the client online. Carriers are always looking at the client, but how closely are they looking at their brokers? To grow their business, companies need to use data from their brokers' performance to guide future strategy and support their broker sales force.

WHY BROKERS MATTER

Several common themes run through the industry right now; three of the major ones are data,

consolidation, and performance review. All are interconnected, like a row of dominoes. Most of them tie back to technology. But another, hidden factor underlying them all would support business growth, only carriers seem to be missing it — the producers.

DATA

Data must come first. A plethora of data is accumulating; it has reached staggering proportions in both our consciousness and reality. In Canada, similar to the situation in the United States, too many different systems are in play. This is the result of technology purchases that insurance companies have made along the way without integrating them appropriately or quickly enough. When this fails to happen, culling data is a complex and costly business.

CONSOLIDATION

Carriers want data consolidation. They want one location in which they can concentrate all the information they have regarding their brokers' distribution. This includes information about different types of distribution arms, internal versus independent agencies, different regions, and the list goes on. They want it in one location.

Without that, they can't get that consolidated view of who is producing what for them. Additionally, in Canada, there's a popular trend for carriers to buy distribution, both on the life and health sides, and to some extent in property and casualty. This adds to the challenge of getting a consolidated view.

PERFORMANCE REVIEW

This flows logically from the carriers' need for consolidation. Carriers can't market to brokers and agents in the field when they can't see in one view what the brokers and agents are producing for them. Consider the complexity of the offerings that brokers and agents sell today. Carriers need to know what types of business that their brokers and agents bring in, so they can apply the appropriate compliance and monitor them. They need to look for trends apart from the obvious. Say, for example, that a broker is trending; maybe he has developed a good P&C market on a certain product or product line. He's managed to penetrate a wealthy lakeside community and has written policies on every cottage owner's luxury boat. Then a disaster strikes: suddenly every boat owner is submitting claims for their destroyed vessels. Given all those costly boat repairs and replacements, maybe that signals too much of the agent's book of business was focused in one area. Carriers need to be able to understand where their claims will come from so that they can correct course on distribution; it's helpful to get an early warning that such a risk is simmering.

LEGACY BARRIERS

Many carriers, however, are not using data to improve their understanding of their brokers and agents. An underlying reason is that agent data is stuck in legacy systems that are in urgent need of replacement. It's hard to access agent productivity data from old, legacy policy administration systems. Data warehouses now serve this function, but the question is, can you access the data anywhere close enough to real time to meaningfully use it? Carriers simply cannot rely anymore on their policy administration system to calculate their agent commissions. They need to get these functions out of their back office and into a true distribution platform; here, they can control and address the data, plus they can gain flexibility regarding reporting, monitoring, and consolidating various distribution arms.

Who are the good producers, and who are the non-producers? Who's bringing in profitable business? What's my claims ratio? What's my loss ratio on these books of business? How can I get insight from the data, so that if there is a problem, we can correct it? Company growth hinges on the answer to these question; data analytics can help to answer them. Over the years, we've seen companies terminate contracts with agents because they weren't producing.

Analytics will better inform those decisions. It becomes easy to understand the full picture of how agents perform when distribution is the core system in a carrier's IT strategy. When you think about it, distribution is not only how producers get paid, it also indicates how productive they are, given that they get paid on commission.

CARRIERS SUPPORTING BROKERS

There's an oft-quoted saying in the industry: "Insurance is sold, not bought." While we recognize that some

products can be sold online and off the shelf, that's not always going to be the bulk of an insurance company's business. How do carriers support their agents and inside sales people? Data, consolidated and analyzed, can help improve that carrier-agent relationship, ultimately supporting the end client.

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