

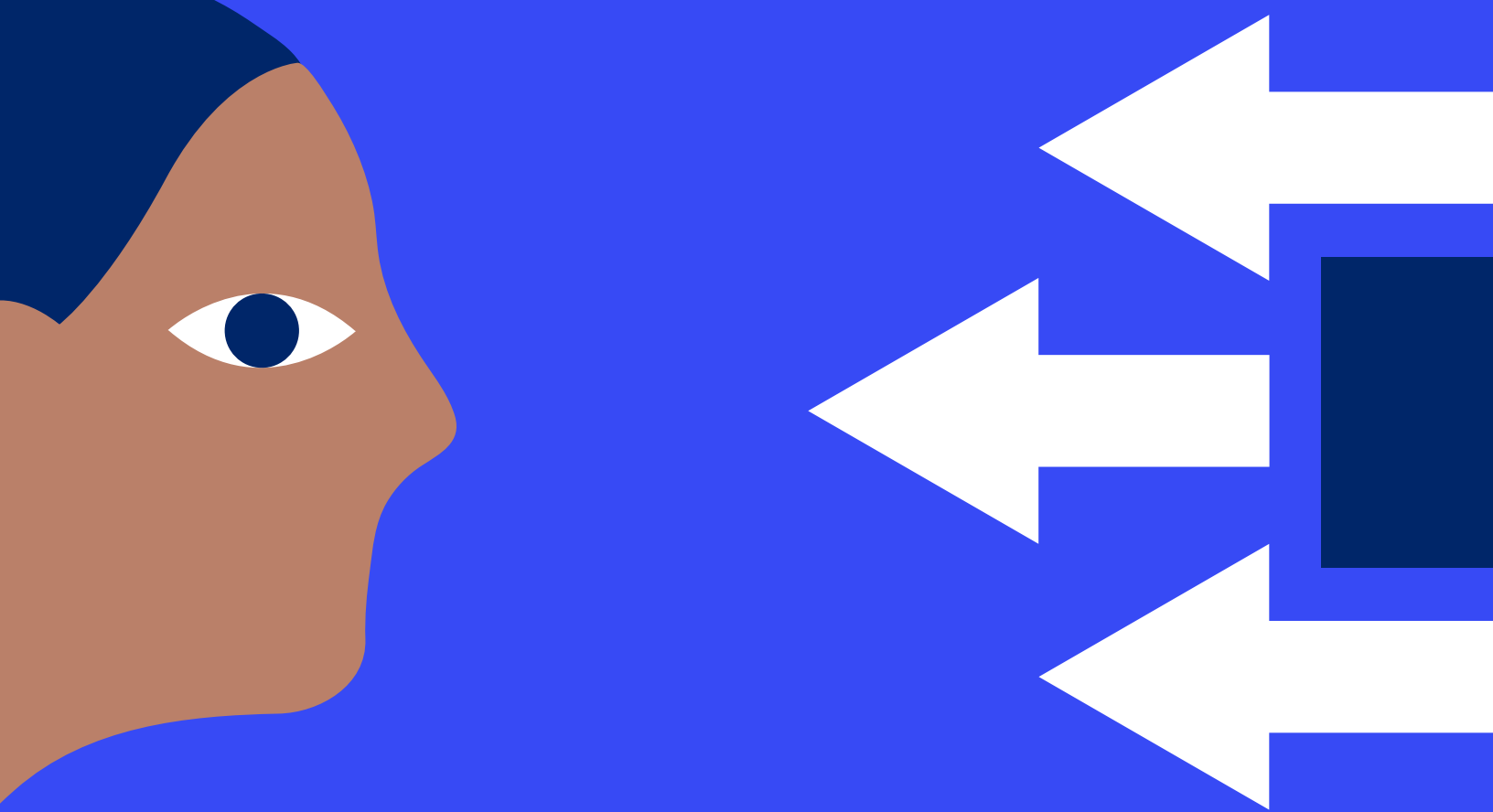


Embracing Digital Selling in Insurance

Building a Long-Term Strategy

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PROPHET



In the last year, life has been completely upended for insurance agents.

Often referred to as the “traditional channel,” these sales professionals once succeeded based on a certain skill set, often with physical touch points. In face-to-face meetings, they learned the clients’ needs, explained various product offerings and effectively bundled these paper-based offers.

That’s all changed. A client looking for insurance can no longer pop into a local agent’s office for a quote. And agents can no longer meet and work with potential B2B buyers at events and conferences. With the longevity of the pandemic influencing how customers engage with companies online, we anticipate emerging digital trends like round-the-clock, virtual and in-person hybrid support will be the norm for some time.

THE CHALLENGE

While many insurance providers raced to increase digital selling efforts in reaction to COVID-19, the results have been mixed.

CEOs and CMOs are reevaluating digital selling capabilities for the long-term. Looking to this year and beyond, many challenges will remain as insurers continue to compete in an ever-digital world.

Insurance companies will face four primary challenges as they make this shift: low adoption of digital tools by agents, untapped potential of data, lack of a coherent internal support, and FOMO of automated distribution structure.



Low adoption of digital tools by agents

At the start of the pandemic, many companies invested in new digital selling tools. But these were often ill-considered impulse buys, and companies have yet to set up a structured approach to help agents adopt these digital tools. According to Altimeter's 2020 State of Digital Selling report, 34 percent of insurers rated enabling agents with the right technology as their top challenge in digital selling efforts. (For the overall financial services sector, only 25 percent name it as a top challenge.)

34%

of insurers identify enabling agents with the right technology as their top challenge

Lack of a coherent internal support structure

Even though this is “the new normal,” many organizations still lack a coherent internal structure to support agents in this digital selling environment. As a result, there is a big need for sales and marketing to work together to better support agents that are falling behind. Altimeter’s research finds that insurance sellers are much less likely to agree that the value they receive from marketing is essential. Only 13 percent of those in insurance rate marketing support as critical, versus 31 percent in the broader financial-services sector.

13%

of insurers rate current marketing support as critical

Untapped potential of data

New digital tools provide an enormous amount of client data. While agents welcome the idea of leveraging more data in the decision-making and product recommendation process, many agents still choose to adopt a one-size-fits-all approach to the client. It’s important for companies to realize they need to provide more training and cross-functional support if they expect agents to successfully harness and leverage high-value data. The insurance industry lags overall financial services in using and sharing such cross-functional customer intelligence. Just 24 percent say they use data in this manner, versus 32 percent for the total financial-services industry average. That means they may miss out on post-sale opportunities to resell or up-sell additional products.

24%

of insurers use and share cross-functionally customer intelligence after a sale

FOMO of automated distribution

Companies are reacting to the insurtech insurgence, led by players such as Lemonade, by rushing into artificial intelligence and investing in automated systems. These companies need to think ahead in leveraging AI to reduce costs or as an alternative distribution model. But blindly following the AI trend without considering the long-term costs and benefits based on each company’s realities will prove problematic. Researchers from Juniper anticipate that total premiums underwritten by AI insurance will reach \$20 billion in 2024, from just under \$1.3 billion today. But even fully realized, that still represents less than 1 percent of total premiums forecasted by 2024. It’s still too soon to say that AI is the only answer for insurance distribution of the future.

\$20B

in premiums underwritten by artificial intelligence are possible by 2024

THE SOLUTION

How can insurers maximize digital selling efforts for both short- and long-term growth?

For insurance companies to succeed, we think they need to form a long-term digital selling strategy that encompasses agent digital enablement, data, support model and AI. Insurers, depending on their digital maturity, should choose one or more focus areas to spend resources and energy on.

1

Incorporate digital tools into the selling process and align them along the client journey

2

Personalize the client experience through data

3

Team up with your marketing team to access deeper customer knowledge

4

Explore automation and decide on the right mix of AI and humans

Illustrative Insurance Digital Selling Roadmap

DIGITAL SELLING JOURNEY	Discover	Advice	Quote	Purchase	Claims & Service
ACTIVITIES	Prospects discover the brand or agent contacts through digital search or advertising	Prospects and agents discuss virtually what product or policies would best suit them	Prospects and agents evaluate policy coverage options and premium quotes	Prospects approve the policy and quote, sign up at which point the policy is bound	
TYPICAL TECH STACK	<ul style="list-style-type: none"> Prospecting & CRM Geo-based advertising Agent websites/ contents 	<ul style="list-style-type: none"> Client data capturing Meeting scheduling Virtual meetings 	<ul style="list-style-type: none"> Product recommendations Policy builder 	<ul style="list-style-type: none"> Digital contracts Digital signatures 	
DEGREE OF CHANGE FROM OFFLINE	High New tools, new process	Medium New tools, similar process	Low Same tools and process	Medium New tools, similar process	
POTENTIAL SUPPORT NEEDED	<ul style="list-style-type: none"> Centralized marketing content creation and placement to ensure messaging consistency CRM tools trainings (e.g. Salesforce) 	<ul style="list-style-type: none"> Client initiated data entry portal that enables agent to easily track Integrate scheduling, meeting and agent calendar tools 	<ul style="list-style-type: none"> Digital quotes and policy output 	<ul style="list-style-type: none"> Digital contracts and signature tools training 	

1

Incorporate Digital Tools Into The Selling Process And Align Them Along The Client Journey

While adding digital tools and assets is a good investment, equipping agents with the skills needed to leverage these tools across client journeys requires time. Depending on a given agent's level of involvement with a specific company, it could easily take a few months to years to successfully implement any new tool into their selling process. Agents are often left on their own after some initial introductions of a technology asset. Each step of the customer journey typically entails a different degree of change when it comes to new technology. Aligning the available stack for agents, helping them identify key moments and setting guardrails around when and how to use digital tools can all help sales reps succeed. That means providing a higher likelihood of a sale, helping to sell higher-value policies, creating more relevant cross-selling opportunities and building stronger client relationships.

2

Personalize The Client Experience Through Data

Considering that many in-person networking and community events are no longer an option, many agents have started to realize it's necessary to start leveraging data to be successful. The current environment gives insurers a unique opportunity to infuse advanced data capabilities into the field. However, it's important to remember that while many agents have the appetite to learn, they are not data scientists. Data has the highest value to agents when it's readily usable.

There are two ways to help:

01

Build a modern, easy-to-use lead-generation and sales tool so that agents can quickly score leads based on deeper, contextual client data. This can help the agent acquire higher lifetime value clients with less churn and identify future cross-sell and up-sell opportunities.

02

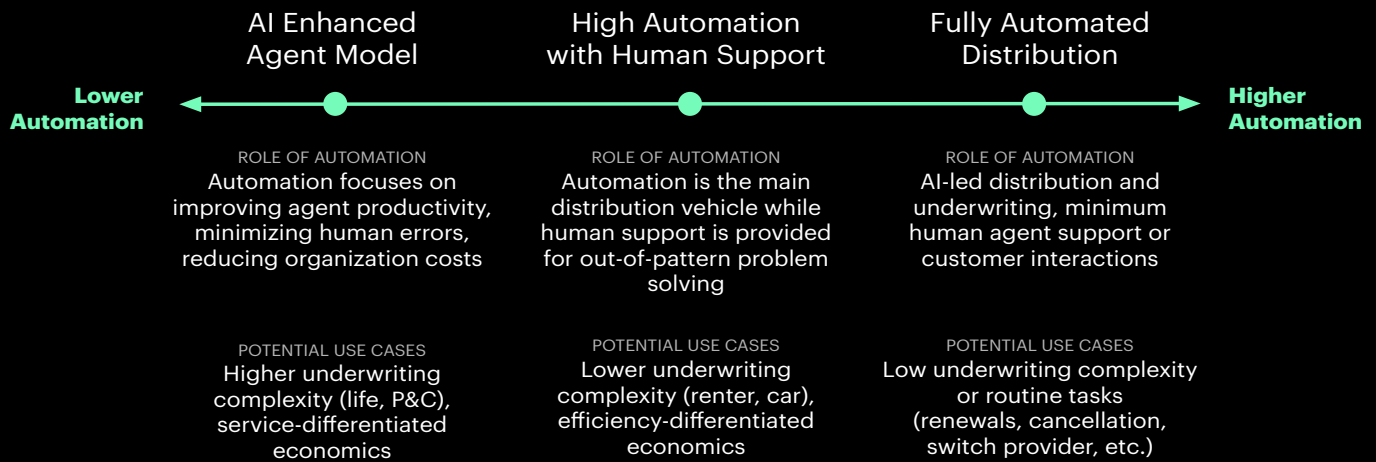
Design a data-driven approach for product recommendations across the entire portfolio. Base recommendations on needs of the client in terms of broader product category and specific product or service within each category. That allows recommendations tailored to client needs and expectations.

3

Team Up With Your Marketing Team to Access Deeper Customer Knowledge

Marketing now plays an out-sized role in shaping the experiences of current and prospective clients. CMOs are increasingly responsible for executing company growth objectives, which requires them to play a larger part in the selling process. This trend is intensifying as more clients demand highly personalized interactions, requiring much deeper alignment between marketing and sales. Marketers, who think in terms of a "one-to-many" model, can leverage their skills to the "one-to-one" approach agents use, including personalized content and lead-gen efforts.

Future of Distribution Models: Automation vs. Agents



4

Explore Automation And Decide On The Right Mix Of AI And Humans

Automated technology is here to stay. But many clients continue to rely on human agents along every stage of the customer journey. Insurance companies interested in exploring automated distribution models should consider incorporating existing agents into this new process, versus trying to replace agents entirely. Doing so will require companies to do a thorough business-model audit to determine the right balance—and ultimately, the role of agents in the future. Most likely, insurance distribution will evolve with fully automated channels and some human and AI hybrid models. And it's likely automation will serve different roles in each model.

Before completing the shift, companies should also consider pilot-and-learn exercises with this new semi-automated process among some tech-savvy agents. Making necessary modifications based on live in-market feedback will help the firm arrive at an optimized level of automation and human sales.

The future of insurance sales means embracing new digital tools and more efficient support models.

There is no doubt that the future of insurance sales means embracing new digital tools and more efficient support models. These can unleash the power of data and new automated distribution. Insurance companies must install a structure to help agents navigate the critical and fast-changing digital selling environment. While the COVID-19 crisis is easing, the forces shaping digital sales capabilities will only accelerate. Companies that invest in these capabilities now will come out of the next wave of digital transformation with stronger sales, more successful agents and happier clients.



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Authors

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