



# How Next Generation Agents and Networks Must Adapt to Thrive

Insurance Networks Alliance  
2<sup>nd</sup> Annual Meeting

Mark Purowitz  
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We live in an era of unprecedented change, and the insurance industry is trying to figure out one question:

*How will the changing forces impacting our lives affect our business models, customers, operations and workforce?*





OUR CHAT TODAY WILL COVER

**Who are the new change agents?**

**How will we live and work in the future?**

**How will the insurance industry respond?**

**What does this mean for you?**





# THE NEW CHANGE AGENTS



## Demographic Shifts

as our population evolves, it becomes more diverse with different needs and expectations



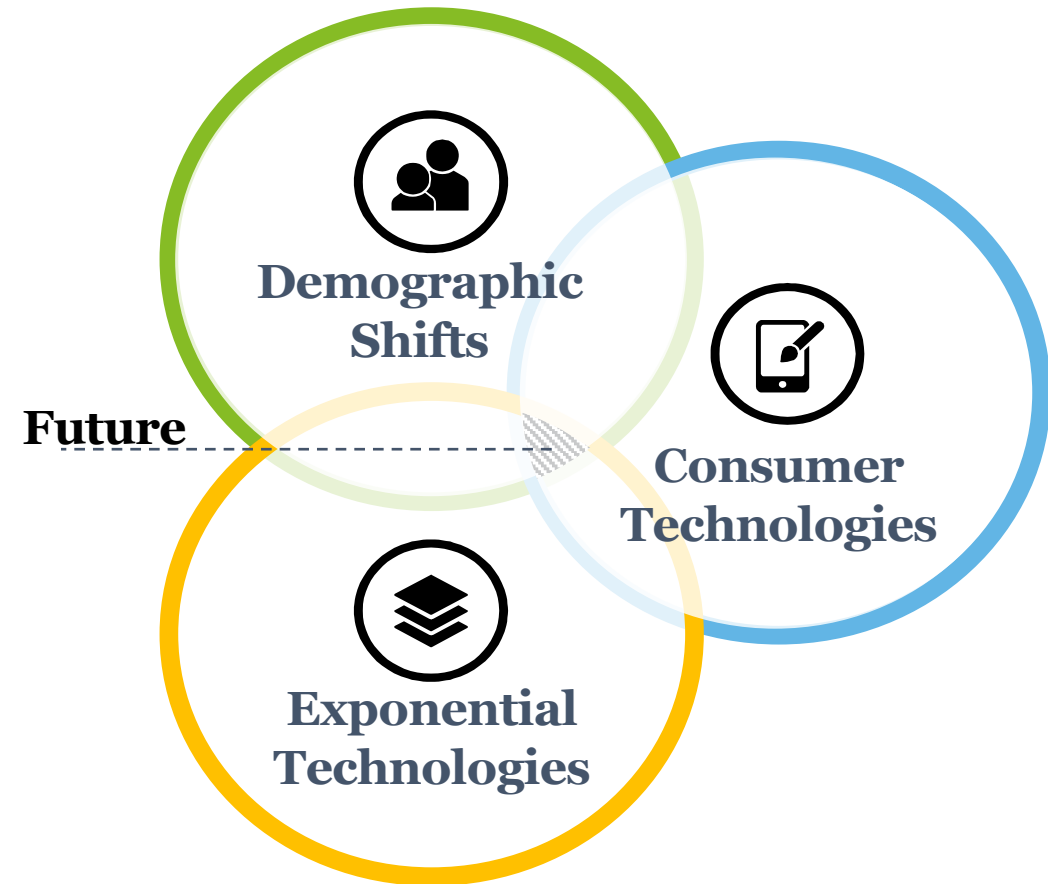
## Consumer Technologies

are shaping preferences and buyer behaviors



## Exponential Technologies

such as Blockchain, IoT, AI / Data, Robotics, are no longer buzzwords -- they are maturing, and will become commonplace



***THESE AGENTS OF CHANGE ARE HAVING A GREATER IMPACT ON THE INSURANCE INDUSTRY THAN AT ANY TIME IN OUR LIVES***





# OUR EVERYDAY INTERACTIONS ARE FRAMING WHAT WE BELIEVE THE EXPERIENCE SHOULD BE ACROSS THE INSURANCE CUSTOMER JOURNEY

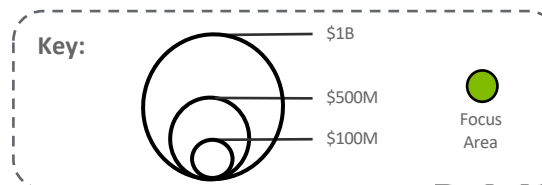
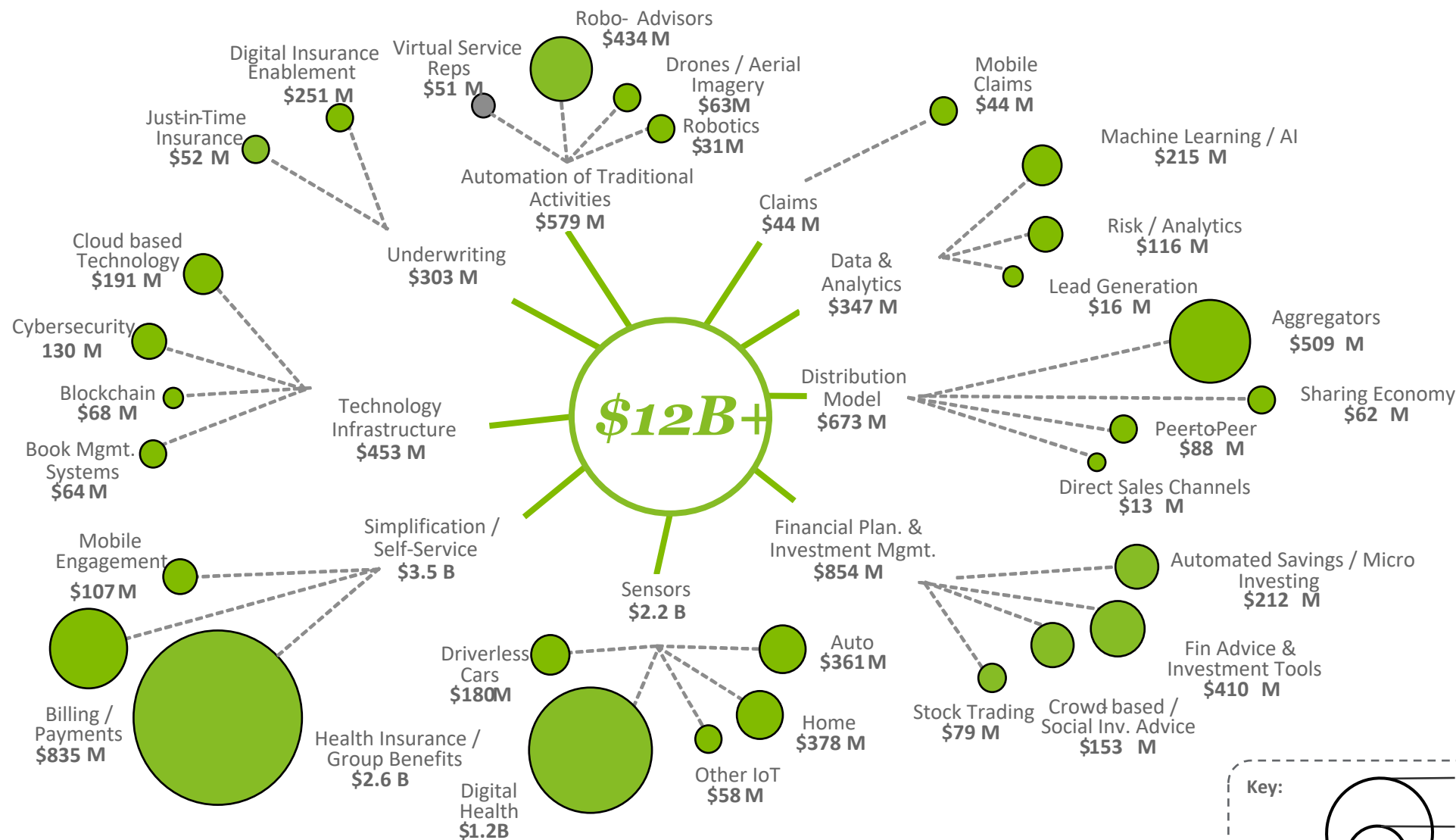
I expect my insurance to be easy to find like **Google**, easy to buy like **amazon**, and easy to understand like **Apple**.

I expect it to be tailored like **Spotify**, timely like **UBER**, transparent like **Twitter**, and trustworthy like **yelp**.





# OVER \$12+ BILLION HAS BEEN INVESTED OVER THE PAST FEW YEARS IN AN ATTEMPT TO DISRUPT MAJOR COMPONENTS OF THE INSURANCE INDUSTRY\*



\* "InsurTech Entering Its Second Wave" : <https://www2.deloitte.com/us/en/pages/financial-services/articles/fintech-insurtech-investment-trends.html>





**Deloitte.**

# INSURTECHS HAVE CHALLENGED HOW CARRIERS THINK AND ARE SPURRING UNPRECEDENT CHANGES IN THE INDUSTRY

*Many InsurTechs came into existence with the goal of overtaking incumbents as the new dominant players in Insurance – but have failed so far to achieve scale and customer adoption*

## WHERE INSURTECHS HAVE SUCCEEDED



**InsurTechs have seized the initiative** – defining the direction, shape and pace of innovation



**InsurTechs have reshaped customer expectations**, setting new and higher bars for user experience

## WHERE INSURTECHS HAVE FALLEN SHORT



Customer willingness to **switch away from incumbents has been overestimated**



InsurTechs have struggled to create **new infrastructure and establish new insurance ecosystems**

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## **CONCLUSION – CIRCA 2019**

*InsurTechs have absolutely challenged the basis of how we think in Insurance, but have not yet materially changed the competitive landscape... yet*



# WHAT WILL THESE CHANGES LOOK LIKE TOMORROW?

## How We Live

## How We Move

## How We Work

These transformational changes will impact the fundamental structures that our existing business models are reliant on





# 66%

people are expected to live in cities by  
2050 vs 54% in 2014

# 40 years

the median age of a new U.S.  
homeowner in 2017 vs 34 in 2001

# 600 million

smart home devices in use, globally,  
by 2021, vs 80 million in 2016





of Americans would ride in an autonomous car by a brand they trust

production commences for GM's fully autonomous Cruise AV

autonomous vehicles account for  
>60% of passenger miles traveled







# 53%

of organizations that have begun to use Robotics in their day to day operations, based on our Global RPA survey

# 94%

of net new employment from alternative work arrangements (2005 – 2015)

# 36%

of millennials believe they have the skills required for Industry 4.0

**“Small business owners have too much responsibility.**

**More than 66% do at least 3 of the following: operations, finance, sales, marketing, HR, customer service, product development, and IT**

**23% of time is manually inputting data.”**

Source:  
Salesforce Research  
Small & Medium  
Business Trends Report



# THE IMPACT OF HOW WE LIVE, MOVE AND WORK ON INSURANCE

*Shifting risk in the marketplace will drive insurers to develop new products, distribution models, and partnerships*

## How We Live

### **Urbanization increases rental property demand**

Higher urban populations with limited liquidity will increase demand for commercial insurance for rental properties

### **Connected devices pose new risks**

Smart and connected homes will pose data security and software failure risks. Customers will demand coverage products designed with these risks in mind

## How We Move

### **Sharing economy merges personal and commercial**

Customers will use assets for both commercial and personal use and require products that cover both and that are accessible as needed

### **Risk will shift from drivers to software providers and sensor companies**

Autonomous vehicles will shift risk from vehicle manufacturers and drivers to software providers, and insurers will need to develop products to cover everyone

## How We Work

### **Gig economy will require insurance products**

High competition for quality gig workers will give rise to new models of workers' compensation insurance (e.g., short term disability insurance, medical care)

### **Companies will focus on preventing losses**

Prevalence of IoT in the workplace will enable companies to better manage risk and prevent injuries and workers' comp claims; products will be developed with loss prevention in mind





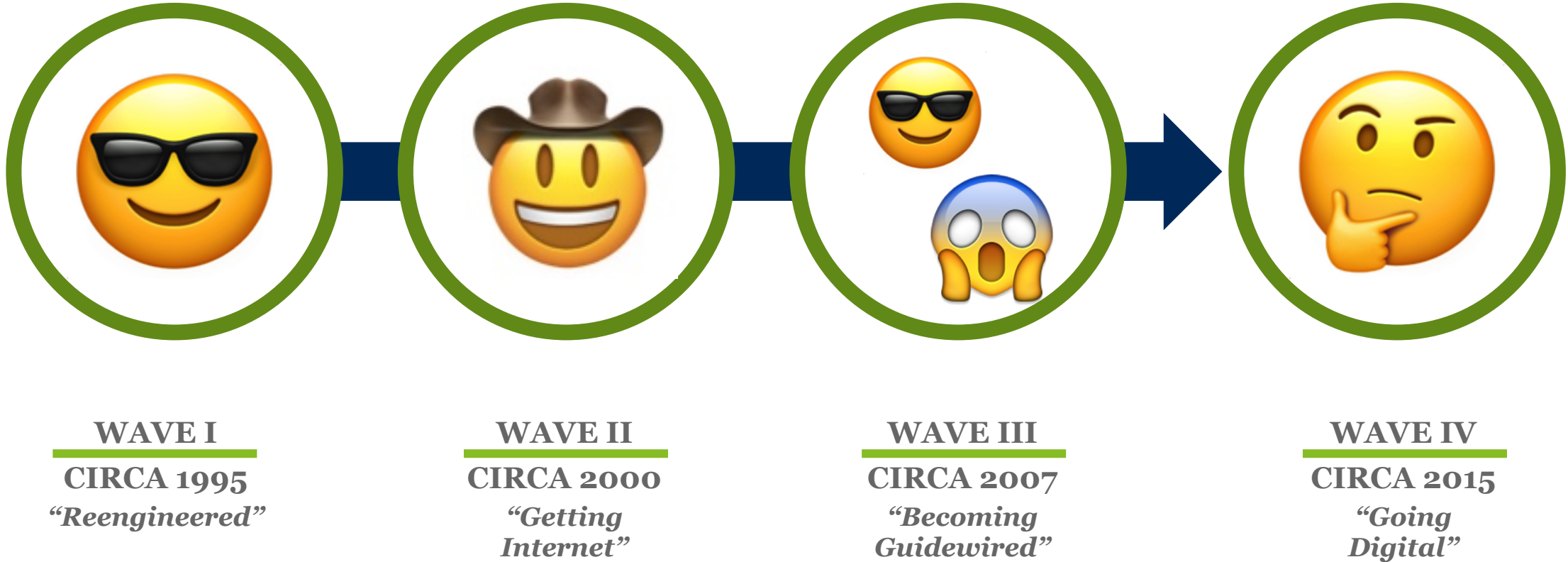
# WITH ALL OF THE CHANGES GOING ON AROUND US, WHERE ARE WE TODAY?



*DOES ANYONE THINK WE ARE ON THE SAME PAGE???*



# FROM AN INSURANCE INDUSTRY PERSPECTIVE, LET'S RECOGNIZE THAT WE'VE ALREADY SEEN THIS TYPE OF DISRUPTION OCCUR THREE TIMES IN THE PAST 20 YEARS



**WAVE IV**

***THE INSURANCE INDUSTRY NO LONGER OWNS THE NARRATIVE, AND WE ARE BEING INFLUENCED BY A FIREHOSE OF OUTSIDE FORCES***



# DIGITAL IS ENABLING THE INSURANCE CARRIER OF THE FUTURE – WITH THE AGENT SQUARELY IN THE MIDDLE OF THE ECOSYSTEM

*The successful insurance company of the future will be differentiated by its **flexibility**, **speed to market**, and **superior customer experience***

## Customer Centric

- Able to reach new customers
- Offers tailored products and services
- Provides transparency and simplicity

## Data Driven

- Uses new sources of data (e.g., IoT, public sources)
- Leverages analytical capabilities (e.g., machine learning)
- Visualizes data in innovative ways (e.g., VR/AR)

## Establishes Platforms and Ecosystems

- Enables interaction between key stakeholders
- Serves stakeholders more efficiently (e.g., customers, brokers)
- Enables interconnectivity between different systems / creates an ecosystem

*Digital can help stitch together capabilities across the insurance value chain that can **better service the needs of customers, agents, and brokers***







# IN THE PERSONAL LINES SPACE, THE MARKET IS BEING SHAPED BY A NEW CONSUMER LANDSCAPE THAT HAS LED TO HEIGHTENED EXPECTATIONS

**What your customers, both individuals and employers, are expecting from their insurance experiences:**

## **Earn My Trust**

In an era of transparency, trust is no longer just about not doing the wrong thing; it's about pro-actively doing the right thing and acting in the interests of your client to build strong relationships and taking a consultative approach

## **Know Me**

The expectation is for organizations to know the individual, their behaviors and patterns, and to personalize their experience accordingly (e.g., individualized financial advice and planning, custom communications)

## **Let Me Be in Control**

Consumers want to choose HOW to interact across different channels and value real-time communication and status updates, especially for 'back office' functions

## **Make it Effortless**

Consumers have high expectations and are drawn to experiences that serve them in simple and frictionless ways in function and appearance (e.g., push transactions like digital nudges)

**If designed correctly, experiences can become a platform for brand differentiation and competitive advantage:**

## **Enhance Loyalty**

## **Improve the Value**

## **Empower Self-service**

## **Amplify the Brand**



# WHAT WE'VE LEARNED IS THE CUSTOMER WANTS OPTIONS TO INTERACT ACROSS THE JOURNEY BASED ON NEED AND COMPLEXITY

## DISCOVERY



## QUOTING



## PURCHASING



## SERVICING



Sofia, a millennial, is preparing to purchase her first home.

She receives a text message from her mortgage broker about the insurance requirements with a link to a recommended insurance carrier.



After clicking the link, she provides minimal demographic, contact, and property information.

Sofia receives a quote with 3 options:  
1) adjust policy variables to meet her needs and budget  
2) click to chat with an agent;  
or 3) call an agent.



Sofia prefers to speak directly to a person, so she calls an agent for advice on her coverage needs for her engagement ring.

Sofia accepts an updated quote and is prompted to create her account where she gets guidance on how to protect her ring.



Sofia receives follow-up texts prior to her policy renewal. She logs into the mobile app and calls an agent to add her wedding band to the policy.

## RELATIONSHIP MANAGEMENT



Based on the information captured during Sofia's homeowner inspection, carrier sends Sofia periodic updates on the aging of her sensor-enabled appliances. She is also prompted to have the furnace cleaned, and offered a short list of local vendors to select from. These alerts and tips catch Sofia's attention on the carrier's app, generating referral revenue.

Sofia elected to sign up for a quarterly newsletter on the best way to protect her house from wind and hail storms that often hit her area.



## ADDITIONALLY, WE FOUND A SET OF UNIVERSAL NEEDS ACROSS SMALL & MEDIUM SIZED ENTERPRISES (SME)

1



Give me more hours in the day

Staying competitive and growing sales are my main goals...

**...but**

services aren't straightforward, so I waste time doing things that don't add value to my business.

2



Be the expert so I don't have to

I know that I'm not an expert, nor do I want to become one...

**...but**

access to advice and experts is unreliable and inconsistent

3



Keep me shockproof

I built a business so I could be my own boss...

**...but**

now my livelihood is even more sensitive to unexpected events

4



Share my mindset and values

I generally think big companies are reliable and reputable...

**...but**

I don't feel like they are on my side, or really understand what it's like to be a small business

5



Understand my business

My industry has such specific regulations and even unspoken rules...

**...but**

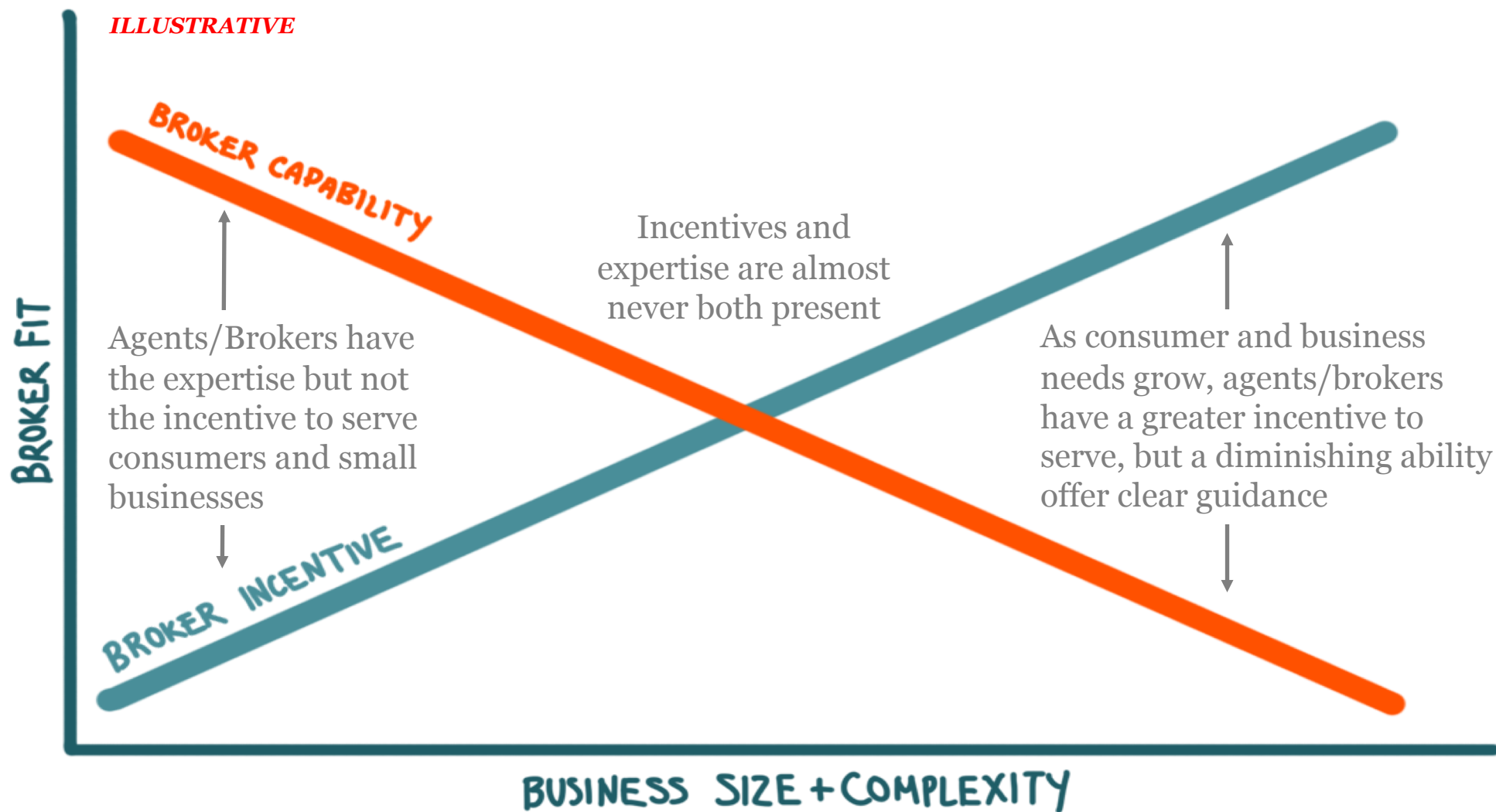
most services use a one-size-fits-all approach





## THE PROBLEM: AGENTS & BROKERS ARE HAVING DIFFICULTY FILLING THE ADVICE AND COMPLEXITY GAPS

*Agents and Brokers lack the incentive to serve consumers and small businesses with the expertise to understand their needs as they grow.*





## WHAT DOES THIS MEAN FOR THE INSURANCE AGENT OF THE FUTURE?

**Self-directed  
research and  
evaluation paired  
with agent advice**

**is increasing  
acquisition and  
retention rates**

**Expectations for digital customer experience and quality of service** are at an all time high

By the end of 2019 it is expected that **31% of contact center interactions will be handled via social media, chat, and text** due to customer preferences

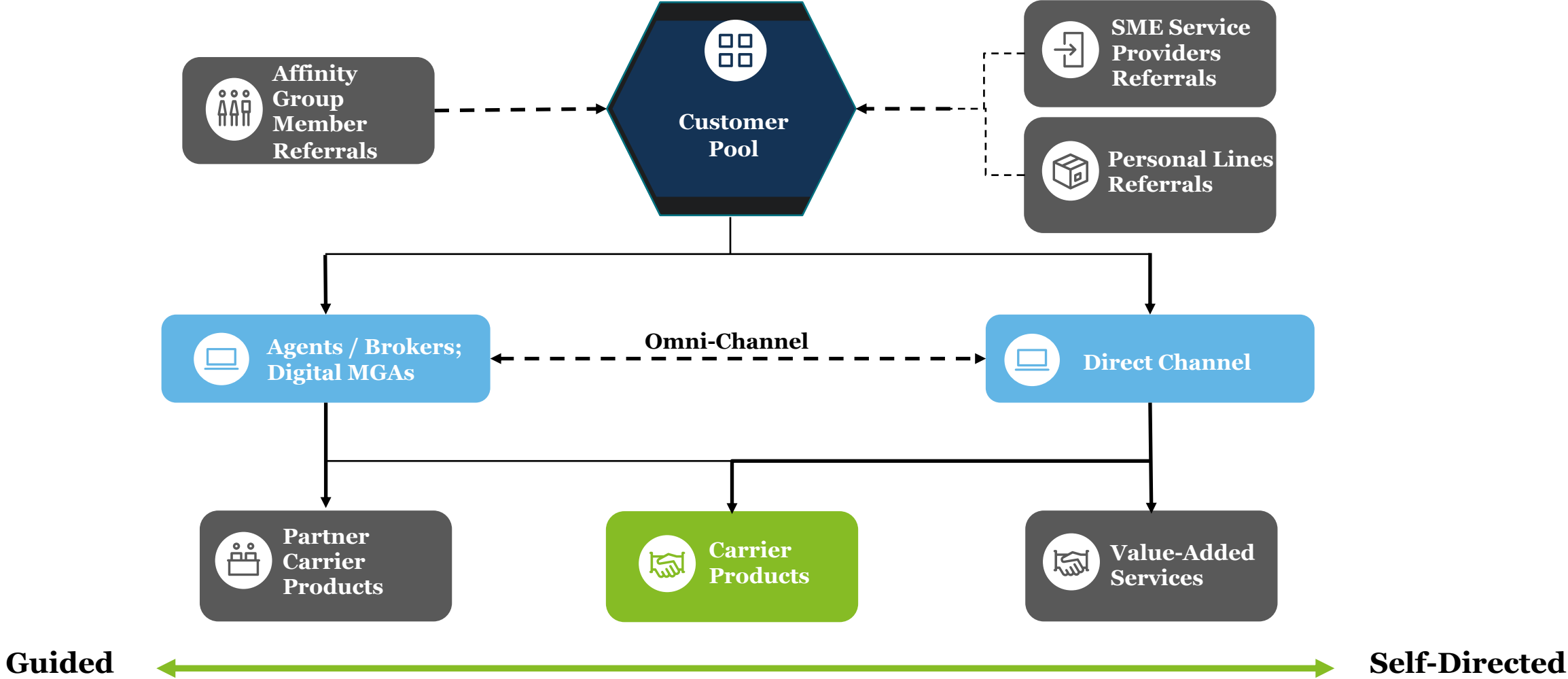
The role of the agent is compressed due to self-service channels, however **high-impact agent advice remains critical to drive purchase, especially for complex sales**

Agents and brokers are **integrating technology to become more efficient** and scale their business

**46% of contact center executives believe that customer experience** will be more important than cost and revenue in 2019



THE ROLE OF THE AGENT IS BEING REDEFINED AS WHAT MATTERS MOST TO THE CUSTOMER IS CHANGING







## NEXT GENERATION AGENTS FILLING THE GAP WILL NEED TO BETTER UNDERSTAND THEIR CUSTOMERS IN ORDER TO BE SUCCESSFUL



### TRANSPARENCY

- SME owners would **prefer to focus on acquiring customers** and growing their businesses, than administrative tasks
- However, they **lack confidence and expertise** to make these decisions themselves
- The “one-size-fits-all” nature of existing services compounds their confusion and frustration, **leaving them feeling unsupported**



### ADVICE

- SME owners **seek out expert advice** to complete business-critical activities—like insurance, accounting, or legal services
- Every SME owner feels like **their business is one in a million**
- They rely on trusted advisors to **understand their business** and then make recommendations based on their specific needs



### TRUST

- SME owners need to **feel confident** that their decisions will support business growth
- For this, they need to **better understand** how their decisions relate to their business goals
- Armed with greater knowledge, they need **tailored products and services** which respond to their specific needs



# THE INSURANCE AGENT OF THE FUTURE IS:

## Multi-channel Business Owner

Uses a portfolio of tools to tailor engagement to customers in alignment with their preferences and ensure these tools are cost-effective and simple to use

## Customer Experience Focused Advisor

Uses a portfolio of tools to educate, advise, sell, and build loyalty while continuously identifying opportunities to enhance the client experience

## Data Driven Strategist

Uses proprietary and third party data and advanced analytics tools to mine opportunities, target leads, and manage the book of business to generate higher sales





You could **dedicate**  
**just 2 more hours a**  
**day to building your**  
**client relationships**

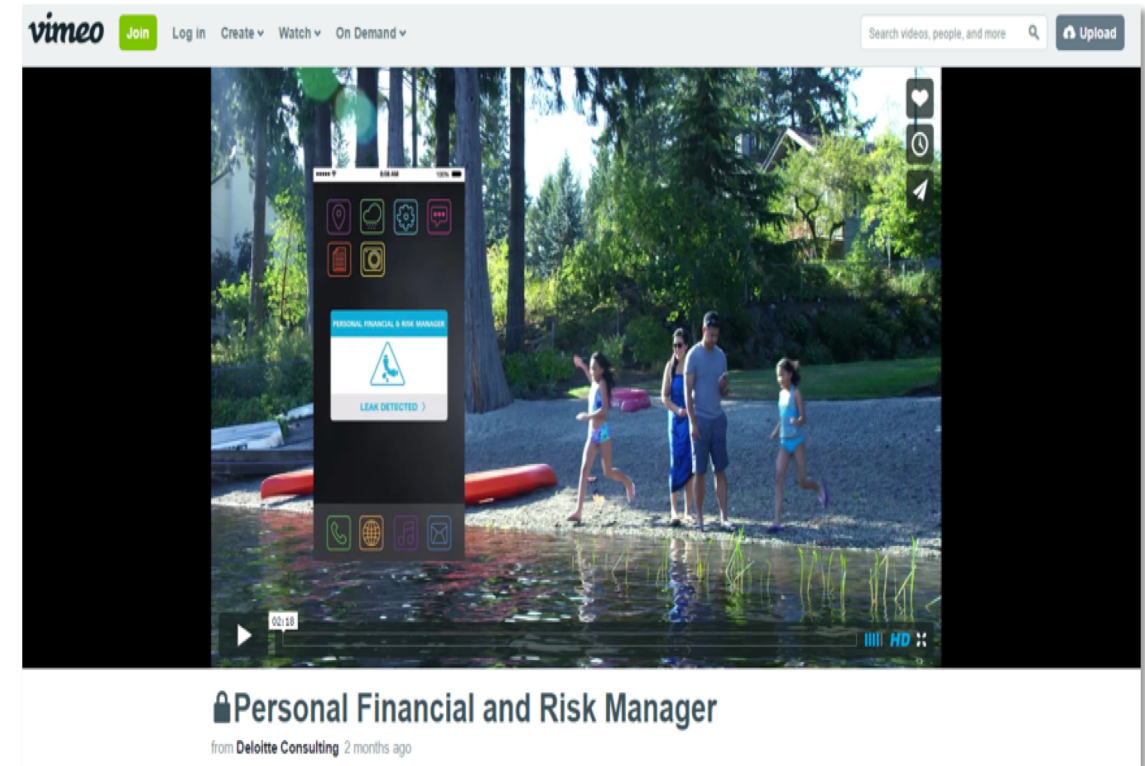


You could **derive**  
**insights from your**  
**data immediately**, to  
build your business and  
focus your time and  
energy



You had the tools and  
**workflows to sell and**  
**engage with your**  
**customers in the**  
**most cost-efficient**  
**way**

**NOW, IMAGINE IF...**



<https://vimeo.com/139161460>

Password: deloitte





## HOW TO GET STARTED: DEVELOP A PROVOCATION TO FUTURE-PROOF YOUR BUSINESS

ASPIRATION

**What must we do if... 50% of our current customers/markets were no longer relevant to us by 2025?**

WHERE TO  
PLAY

HOW TO WIN

MEASURABLE +  
TIMEBOUND

Developing a provocation starts by exploring an opportunity, disruptor or convention, and asking, “What if ...?” Through iterative discussion, develop the question of what the client might do or become.

Eventually that question will evolve into your ambition for the opportunity to think about your role in the insurance ecosystem in the coming years.



...everyone belongs in a connected and intelligent ecosystem and has a unique ***“Digital DNA”***



...hardly any accidents are ***due to human error***



...homes, businesses, and vehicles are smarter, safer and the ***only uncertainty is “mother nature”***



...day-to-day tasks are completed by ***robots who share a desk with you***



..people are ***healthier and live longer***

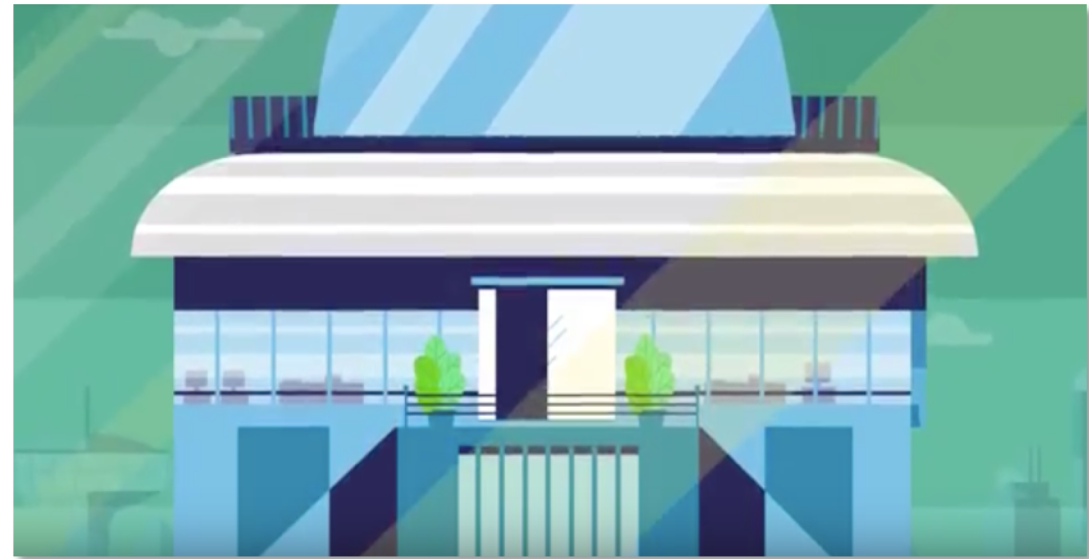


.. these changes offer ***new and different opportunities for agents and brokers***

## IMAGINE A WORLD NOT TOO FAR IN THE DISTANCE

***What will the Future of Insurance be?***

***What is the role of the agent in for future opportunities?***



<https://www.youtube.com/watch?v=KTQLuIPUowE>

IMAGINE HOW DIFFERENT THE  
INSURANCE VALUE PROPOSITION AND  
THE ROLE OF THE AGENT IS BY 2025 IN  
THIS SAMPLE USE CASE



## HOW ARE YOU THINKING ABOUT THE FUTURE?

**To survive in this new world,  
businesses must learn to  
see things differently,  
do things differently,  
and deliver things differently.**

**It is that simple. But it's not easy.**





# THANK YOU!

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