

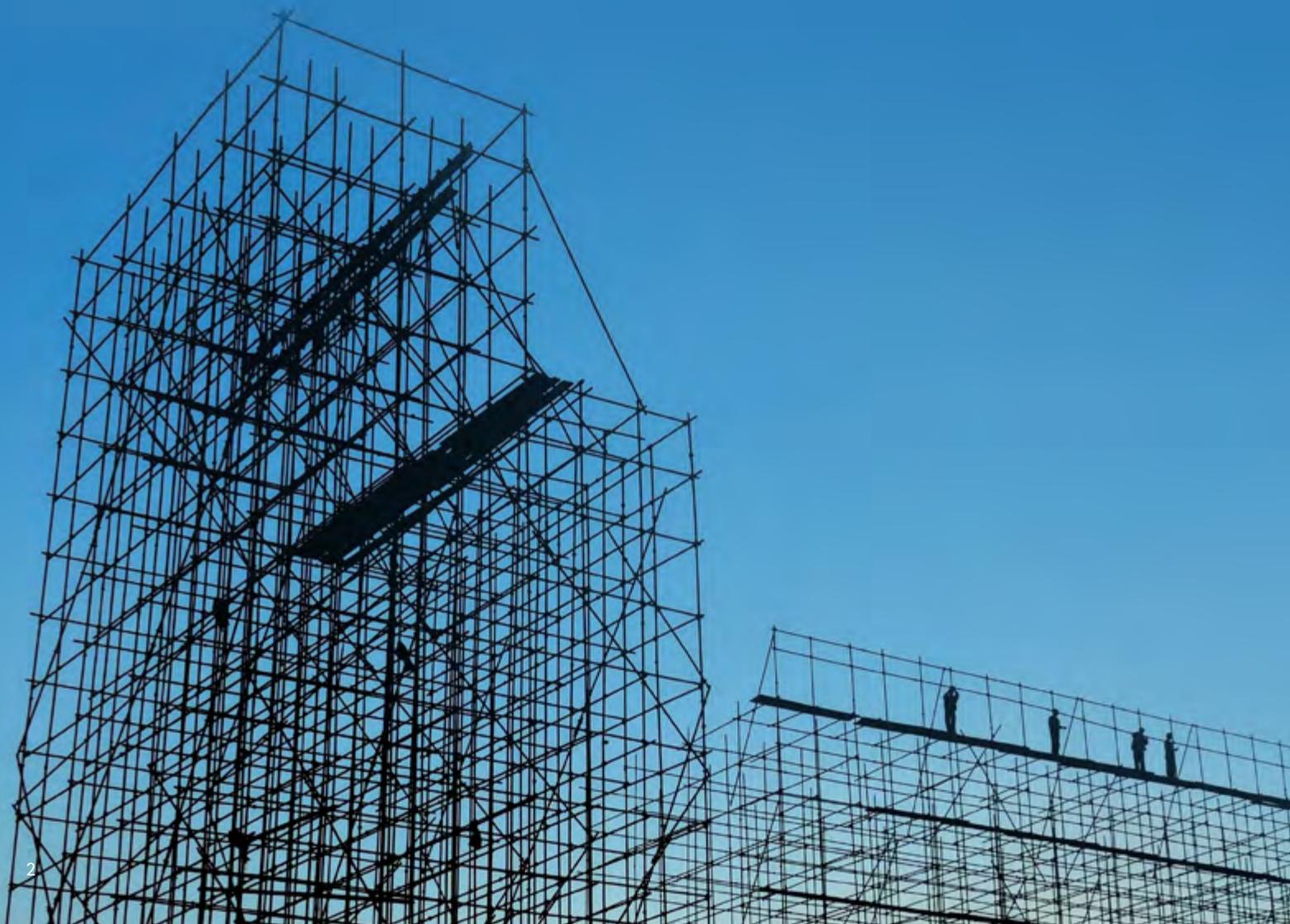
Accenture Independent Agent Survey  
Evolving to Compete and  
Win in the Long-Term

High performance. Delivered.



# Contents

Executive summary	3
Key drivers of change for the independent agent (IA) channel	4
Accenture IA Survey: Insights from the field	6
A path forward in adapting the IA channel	16
Conclusion: Maintain IA strength well into the future	18



# Executive summary

## Many insurers, in the life and P&C sectors alike, depend heavily on independent agents (IAs).

However, the present and future competitiveness of the IA is being challenged on a number of fronts. Changing consumer behavior and the continued rise of the direct channel are threatening their dominance of insurance distribution. So are new insurance players, with new distribution models, that are making a determined effort to entice customers away from agents. And the advent of innovative digital technologies and big-data analytics provides a powerful advantage to those competitors that are able to exploit them more effectively than most IAs have.

What are the most pressing issues facing independent agents, what are their business priorities, and what influences their interactions with carriers and customers? To answer these questions, Accenture teamed with TrueChoice Solutions to survey more than 1,100 agents in the US. The research, conducted between April and July 2014, yielded a number of important insights:

- Agents' top priority is retaining and servicing existing customers. From an operational standpoint, IAs place a higher value on servicing the customer base, and improving the customer experience, than attracting new business. This focus leads to high retention levels, but possibly at the expense of new business growth.
- After improved customer service, adding sales capabilities is an important operational enhancement contributing to growth. However capital constraints make hiring a new producer a sizable investment for most agencies.

- The most valued digital capability is effective carrier integration focused on web-based service and quoting. IAs assign a lower priority to digital marketing, including social media and mobile capabilities, illustrating a potential disconnect with the high premium they place on providing a better, more consistent customer experience.
- IAs say they select carriers primarily on the basis of claims process quality and speed, underwriting appetite and pricing consistency. Commission was ranked the fourth most important factor, an indication that agents prefer to place customers with quality carriers rather than those that pay the most.
- IAs believe their competitive advantage is due to a high quality customer experience and the ability to offer products from different carriers. Despite their strong customer focus, they downplayed "superior advisory services" as a competitive advantage—potentially representing a missed opportunity.
- Agents join clusters, alliances and associations mainly to improve their access to carriers and to increase commissions, not for operational support. Since IAs will need additional operational capabilities in the future, Accenture believes that an industry utility could present a compelling value proposition, as it has in other industries.

The findings of the survey are surprisingly consistent across the agent population, irrespective of an agency's headcount or premium revenue, and notwithstanding the fact that the preference data enables the segmentation of this population into four distinct groups (see page 15). The results reveal a clear picture of IAs' traits and preferences, the threats and opportunities they face, and their responses to the disruptive forces that confront them.

This report presents the most significant of the research findings. It highlights the most potent drivers of change for the IA channel, and recommends the actions that agents and carriers should take to sustain the vitality of the channel. These are clustered around five mutually-beneficial outcomes:

- Maintaining and improving customer loyalty.
- Adopting an omni-channel approach to engage with customers on their terms.
- Engaging in advice-oriented sales and services.
- Creating efficient, effective and adaptive agency operations.
- Leveraging data to achieve insight-driven actions and outcomes.

We believe that if carriers, agents and third-party service providers (e.g. platform providers) work effectively in concert, and focus on these five areas, they can succeed in optimizing the IA channel—keeping it enduringly relevant, resilient and profitable.

# Key drivers of change for the IA channel

Most of the 38,500 independent agencies in the US<sup>1</sup> are small businesses that generate average annual premiums of between \$5 and \$6 million, earn commissions of less than \$1 million, and employ seven to 12 full-time employees (according to IIABA data<sup>2</sup>). The majority work with a small number of carriers: 60 percent of the respondents in our survey said they use no more than five carriers, while a further 33 percent said the number was between six and 10.

But collectively they pack a mammoth punch. IAs are the dominant P&C distribution channel in the US. In 2013, 58 percent of all P&C premiums—amounting to \$311 billion—was generated by the IA channel. The latest IIABA data shows they are responsible for approximately three quarters of all commercial P&C insurance premiums, 35 percent of all personal auto insurance premiums and 41 percent of home insurance premiums.<sup>3</sup> In the individual Life sector, IAs control 49 percent of premiums.<sup>4</sup> Local market knowledge and personalized service, along with access to a variety of

carriers, products and price points, have allowed the IA to maintain a large share of the insurance distribution market.

The partnership between agents and carriers is mutually beneficial, but also potentially adversarial. IAs are competing with the direct sales capabilities (online and call center) of the carriers with which they work, but they have been able to do so on a fairly level playing field—historically their position as impartial advisors has offset the advantages of large corporations with powerful brands.

The dramatic increase of carriers' direct sales via the online channel, with the accompanying commoditization of some insurance products, confirms that one's business partner may also be one's rival. IAs view carriers' direct solutions as the greatest challenge to their sustained profitability—they recognize that they cannot compete with the lower prices, more powerful marketing and prominent market profiles of the online sites (Figure 1). On the other

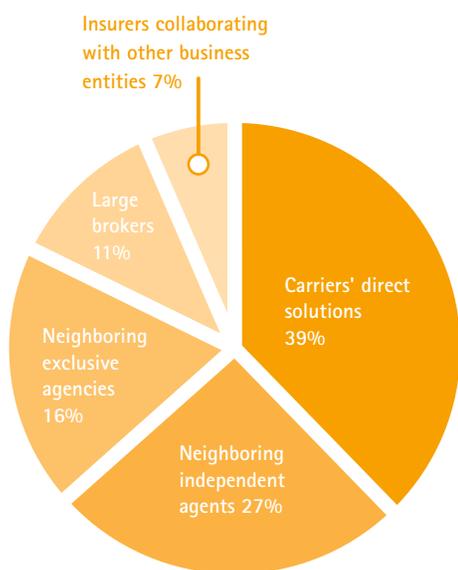
hand, agents' habit of playing carriers off against each other to secure more favorable terms and treatment serves as a reminder that loyalty cannot be taken for granted.

Despite these threats, IAs in the US have mostly managed to hold their own. Consumers prefer to buy insurance from independent agents, a fact that is confirmed by the finding, in Accenture's 2013 US Personal Lines Survey, that nearly 70 percent trust them to provide advice about the best products.

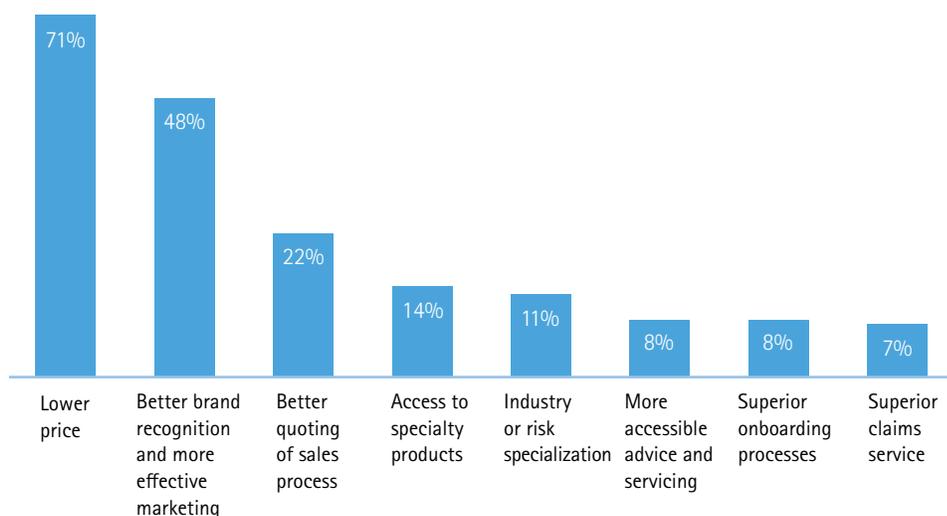
As a consequence, many carriers that leverage the direct and exclusive agent channels are exploring ways to use independent agencies to expand their product distribution. Carriers that are already dependent on IAs are looking to sharpen their focus on their most productive relationships, culling those agencies that under-deliver. There is little doubt that most insurers regard the IA as a long-term driver of organic growth.

Figure 1. IAs' view of the competitive environment

## Greatest Source of Competition



## Nature of Competitive Threat



Independent agents outperform other distribution channels when it comes to the ability to offer a choice of brands and a broad range of products. However, they are hampered by their multi-carrier business model, and a lack of investment capital and specialist resources in fields such as digital, analytics and social media, all of which limit their ability to evolve the customer experience.

The direct channel has redefined the customer experience with superior transactional websites and best-in-class mobile apps. But with the exception of aggregators, which have captured only a small share of direct sales in the US, the channel provides limited brand choice and product breadth.

Exclusive agents, on the other hand, typically offer a full suite of insurance and financial products through an increasingly omni-channel customer experience that goes a considerable way to meeting customer expectations. But their inability to recommend any but their own products will always affect the credibility they bring as trusted advisors.

In addition to the factors mentioned above, a number of important market drivers and influencers present opportunities and threats to the IA channel:

### Industry consolidation

Private equity firms and large brokerages are buying up groups of agencies, resulting in more large agencies. While M&A activity to date has not created significant scale, consolidation in the IA channel will likely continue, putting pressure on smaller agencies. It is also

expected that the cash-rich buyers will inject both capital and capability across the value chain, resulting in much-needed enhancements in efficiency, breadth of offering and the customer experience.

### Aggressive digital marketing

A number of large carriers are investing in excess of \$1 billion a year in their marketing. Together this generates a marketing presence, and a volume of promotional noise, that make it very difficult for independent agencies to be noticed on traditional media channels. Social media offers the opportunity for IAs to assert themselves within their micro-markets, but most have not yet acquired the skills to take advantage of these relatively new forums.

### Distribution disruption

Powerful organizations with strong brands, loyal customers and robust distribution networks are capitalizing on these assets by expanding their product offering to include insurance. Google, Walmart, Overstock.com, IKEA and several auto manufacturers are among these new or prospective competitors.

The threat they pose was confirmed by a global survey of more than 6,000 insurance customers conducted by Accenture in 2013: 67 percent said they would consider purchasing home, auto and life insurance from businesses other than insurers, with 23 percent saying they would consider buying from an online service provider such as Amazon or Google.<sup>5</sup> The same survey reveals consumers' broad acceptance of retail and online channels for insurance purchases: 60 and 62 percent of survey participants respectively had utilized these channels to buy insurance in the preceding two years.

### Increasing demand for omni-channel interactions

As mentioned earlier, the direct channel threatens independent agents in a number of different ways, from channel conflict and compensation complexity to customer ownership and the swamping of the agency brand. In the past, a strength of the independent agency was its ability to provide an unmatched customer experience. But the advent of the omni-channel approach—which delivers a unified, consistent customer experience across all channels—is eroding this advantage. The IA's multi-carrier operating model has inherent complexity that impedes the development of a competitive customer experience.

The relationship between independent agents and their carriers is complex and dynamic, and the potential difficulties are proliferating rather than subsiding. Until now the IA channel has coped with these, and weathered industry changes, without having to dramatically adapt its business and operating models. However, the challenges show no sign of abating. Trends such as changing consumer expectations and behavior, the emergence of innovative new technologies, the creation of new products and services, and new ways of buying insurance will compel new responses from both agents and carriers, independently as well as collaboratively. The relationship needs to be carefully managed by all parties to ensure that harmony is maintained, and that all eyes remain focused on the benefits of cooperation.

## At a glance—the Accenture 2014 Independent Agent Survey

- A survey of 1,158 independent agents in the US:
  - 63% agency principal or owner.
  - 68% generate less than \$2.5 million in annual premium revenue.
  - 64% have 10 or fewer employees in their agency.
  - 93% do business with 10 or fewer carriers, 60% with 5 or fewer carriers.
- Average P&C revenue split of 53% to personal lines products; 38% to commercial; 9% to health.
- The data was collected and analyzed using TrueChoice Solutions' patented real-time preference analytics platform.
- The survey explored a wide range of issues, from growth strategies and value drivers to operational competencies and customer insights.
- It explored IAs' views on their business relationships, operations and preferences across 12 priority areas.
- These priority areas cover 85 individual elements that were ranked in order of preference. The charts in this report show the relative ranking, each scored from 0 to 10, across the full spectrum of elements.

# Accenture IA Survey: Insights from the field

Among the thousands of data points gathered and analyzed, a handful of insights merit special attention for what they reveal about independent agents' operations and their ability to compete effectively in a rapidly transforming industry. While the analysis confirmed some conventional wisdom in these areas, it also revealed disconnects between how IAs operate today and what is likely to be demanded of them in the future.

## Insight #1: Agents' top priority is retaining and servicing existing customers.

Agencies focus on service and retention ahead of customer acquisition. Of a total of 85 rated elements across 12 priority

areas, those ranked most important by our respondents relate to servicing and retaining existing customers, as well as improving the customer experience and providing competitive products. Figures 2 to 4 show that a satisfying customer experience is the touchstone for many decisions and perspectives.

The elements ranked as most important across all priority areas related to agents preserving their customer base, improving customer service and, in various respects, making it easier for customers to do business with them (Figure 2). The graph also shows that agents attribute the same level of importance to having access to competitive products as they do to servicing customers and creating a consistent customer

experience. A clear customer focus is at the heart of the IA value proposition and explains why independent agents have historically enjoyed high retention levels.

From an operational standpoint, the agents in our survey place a higher value on keeping and effectively servicing their customers than attracting new business (Figure 3). This finding reflects the basic economics of customer service: retaining an existing customer is less costly than acquiring a new one.

Figure 2. Top 10 ranked elements—agents' most pressing concerns

Top 10 Elements Across 12 Priority Areas

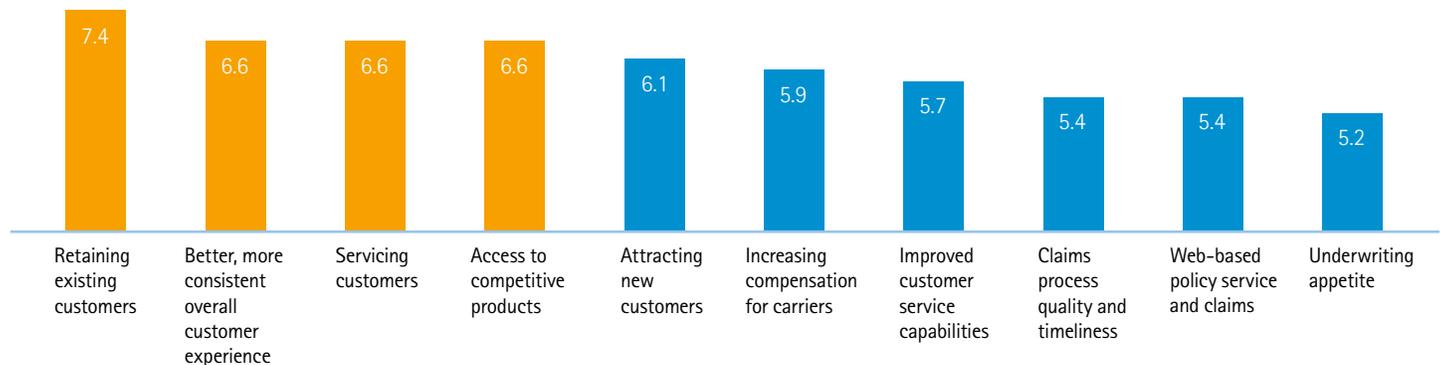


Figure 3. Critical operational competencies

Q: What operational competencies are critical to the success of your agency?



This finding may also be influenced by the fact that the average age of principals with 20 percent or more ownership in their agencies in the US has increased steadily over the years, and is currently 56 years old. Most are at the stage of their career when their priority is to protect their customer base, which they have diligently built up over the years. Also, one in ten agencies were established in the last five years, about half the rate of two years ago. With fewer new agencies, there is perhaps more of an emphasis among established ones on servicing and growing the existing customer base.<sup>6</sup>

It is noteworthy that agents' lowest stated priority is upgrading their technology, specifically including digital capabilities such as mobile and web customer engagement and support. In other areas (see below), adding digital capabilities is also not a high priority.

We found that of the information available to IAs, they value insights into existing customers above all—they ranked it significantly higher than access to qualified new-customer leads (Figure 4).

Figure 5 indicates that independent agents' focus on keeping existing customers happy is influenced by a lack of capacity. The graph shows that new employees would probably be used to prospect for new customers and to expand existing relationships. However, investments to grow the customer base by purchasing lead lists or paying for lead qualifying services were rated as low priorities.

Figure 4. Relative ranking of industry and customer insights

Q: How often would you use the following industry information to inform business decisions?

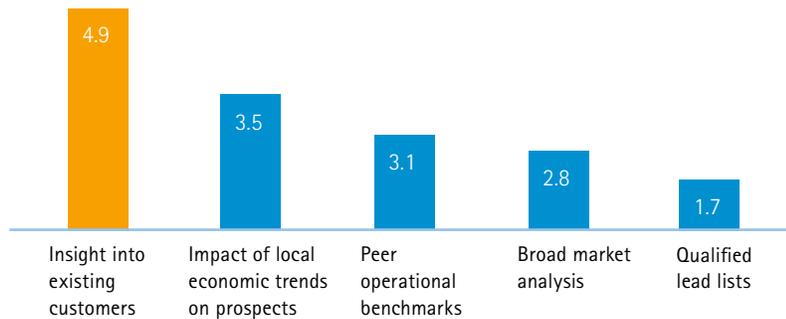
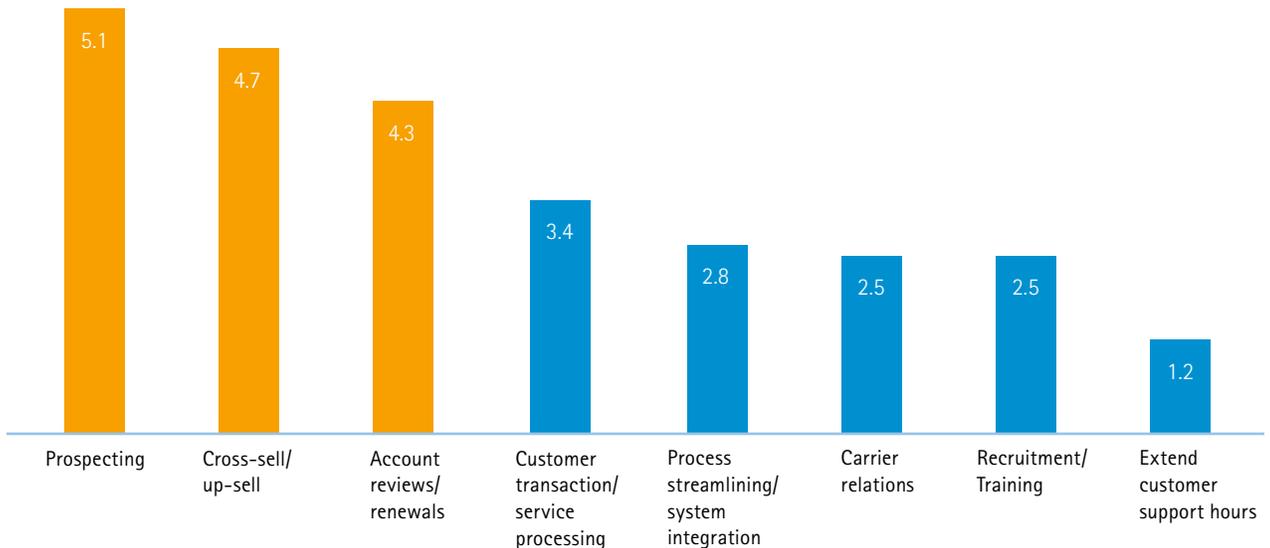


Figure 5. Additional staff would likely be deployed to new business development

Q: If you had additional staff capacity to run your business, how likely are you to invest that capacity in the following areas?



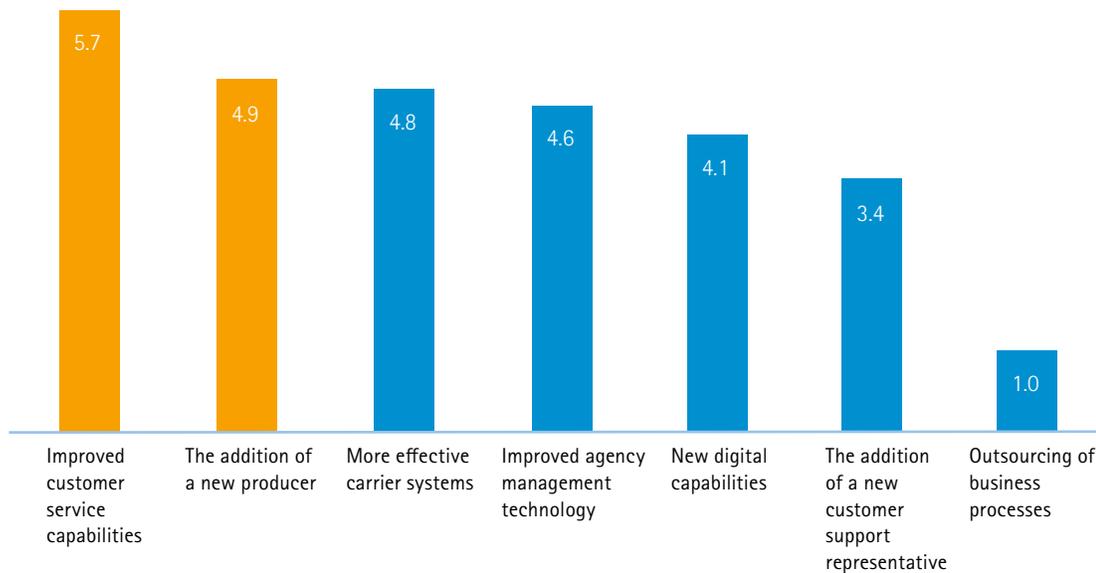
**Insight #2: After improved customer service, adding sales capabilities is an important operational enhancement contributing to growth.**

Independent agents believe the most important operational enhancement they can make to support growth is better customer service (Figure 6). This is consistent with their focus on retaining and servicing existing customers. They also attach importance to adding a new producer to their staff, whom (as Figure 5 shows) they would use primarily for prospecting and cross- and up-selling. However, capital constraints can mean that taking on a new salesperson—even one who is compensated mostly by commission—represents a sizable investment for most agencies.

Figure 6 also shows that the priorities for creating growth, after improving service and recruiting a new producer, focus on technology to streamline operations. More efficient transactions enable agencies to increase their throughput while at the same time managing costs and expanding their capacity for sales and servicing. Adding new digital capabilities, across web, mobile and social platforms, is a lower priority.

Figure 6. Operational enhancements leading to growth

Q: What operational enhancements would you consider as part of your agency's near-term growth plan?



**Insight #3: The most important digital capabilities support effective carrier integration focused on web-based service and quoting.**

Agents generally do not view technology as the answer to their needs. Our survey respondents ranked digital capabilities fifth out of 12 priority areas, and said the most important of these capabilities are web-based service and claims, and web-based quoting (Figure 7). These reveal the need for tight and effective integration between the agency's and the carriers' systems. They also show that agents place a relatively low priority on mobile and social media capabilities.

It appears that agents understand directionally where they need to invest. However, the fact that they do not regard digital capabilities as a top priority means they are likely to struggle to achieve their primary objective of providing a better, more consistent customer experience.

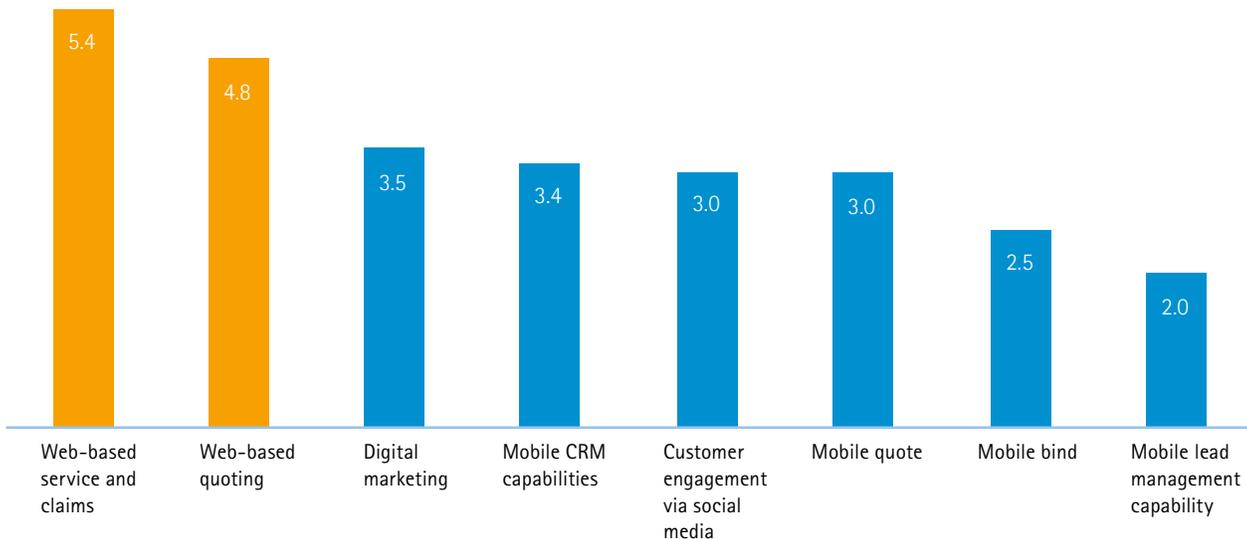
Their stance is at odds with both marketers in insurance companies and their own customers. Accenture's recent survey of insurance CMOs<sup>7</sup> found that the vast majority view digital capabilities as critical to improving the customer experience and providing a competitive advantage—they have shifted their budgets in favor of web and mobile communications, and better customer engagement.

And Accenture's Consumer-Driven Innovation Survey showed that customers' preference for interacting with their insurance providers via digital channels continues to grow, with 71 percent of customers willing to purchase insurance online; 67 percent interested in insurance products and services offered via their mobile devices; and 55 percent interested in insurance services offered on social media.<sup>8</sup> Agents may not regard digital capabilities such as mobile and social media as a top priority, but carriers and customers—as well as competitors—are likely to increase the pressure on them to enable new ways of interacting.

Notwithstanding IAs' lukewarm ranking of social media as a digital priority in our survey, a recent study published by a leading IA trade association suggests that agencies are making progress in this area. The study reports that 43 percent of agencies included social media in their 2013 marketing activities, primarily to build brand equity and attract new customers. The larger the agency, the more inclined it was to have a social media (and digital content) presence.<sup>9</sup>

Figure 7. Agents' priorities regarding digital capabilities

Q: How would you prioritize the following digital capabilities?



**Insight #4: IAs report selecting carriers primarily on the basis of claims process quality and speed, underwriting appetite and pricing consistency.**

Perhaps not surprisingly, there is consensus on the factors that influence IAs' choice of carriers. The three most important attributes in deciding where to place their business are the speed and quality of claims processing, underwriting appetite, and year-over-year pricing consistency (Figure 8). The fact that these are all core "manufacturing" functions highlights the prevalent view of agents that carriers should leave the distribution function (and ownership of the customer relationship) to them.

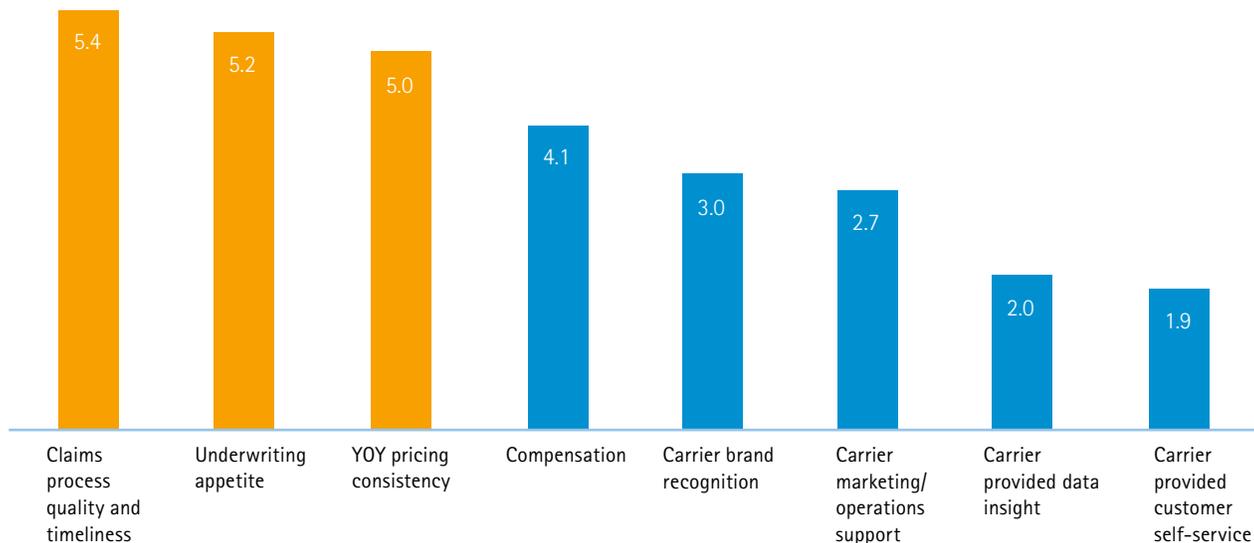
IAs appreciate carriers that make it easy to do business with them. Carriers that are slow or inaccurate in paying claims, or whose pricing is variable, impose more work on IAs and raise the potential for customer dissatisfaction.

Compensation was ranked the fourth most important factor. This might surprise some carriers, especially those that use commissions and other payments as the key element in their strategy for competing for IAs. But it shows that agents prefer to place customers with quality carriers, rather than those that pay the most—a competitive commission will suffice.

Almost as notable is the finding that agents see little value in carriers' offers of support in the areas of marketing, operations, local-market data insight and customer self-service. Many insurers are making sizable investments in these areas. While this might result in some benefits for customers, if the primary objective is to gain the appreciation of agents, they would be better advised to direct their investments to other areas.

Figure 8. IAs' considerations in placing business with carriers

Q: How often do you consider the following when placing business with carriers?



**Insight #5: IAs believe their competitive advantage is derived from a quality customer experience and the ability to offer products from different carriers, rather than providing superior advisory services.**

How do IAs compete for and win customers? Our respondents identified the ability to deliver a better customer experience, and their access to competitive products, as their most important differentiators (Figure 9).

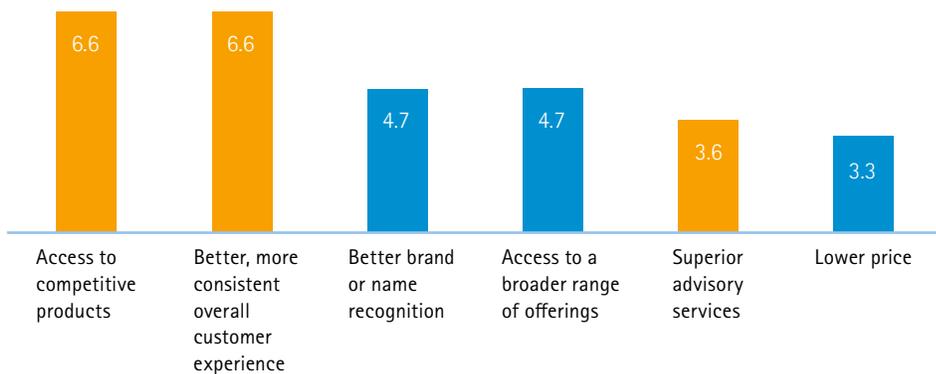
Despite their strong focus on the customer, IAs downplayed "superior advisory services" as a competitive advantage. Recent Accenture research confirms that customers trust the advice provided by independent agents more than any other. In addition, IAs have the advantage of being able to make sense of the abundance of product information that can be confusing for customers, and to recommend personalized solutions. In a marketplace in which trust, credibility and loyalty are eroding, while choice is expanding, IAs have the opportunity to strengthen their position by emphasizing their role as highly trusted, impartial advisors (Figure 10).

Accenture's 2013 Personal-Lines Consumer Survey confirms that customers value personalized service. Thirty-eight percent said they are willing to pay for it—on average, 9.6 percent more than they currently pay for their insurance. Other recent Accenture research found that approximately half of insurance customers aged between 18 and 34 are willing to pay for personalized advice (Figure 11), and 76 percent across all age groups said they would consider switching to a different provider in order to get it.<sup>10</sup>

In their quest to provide better, more personalized customer service, IAs should consider leveraging the competitive advantage they already enjoy. As insurance products continue to evolve, agents' ability to objectively evaluate a variety of options and offer credible, personalized recommendations can differentiate them from two of their primary sources of competition: carriers' direct solutions and exclusive agents operating in the same geographic area.

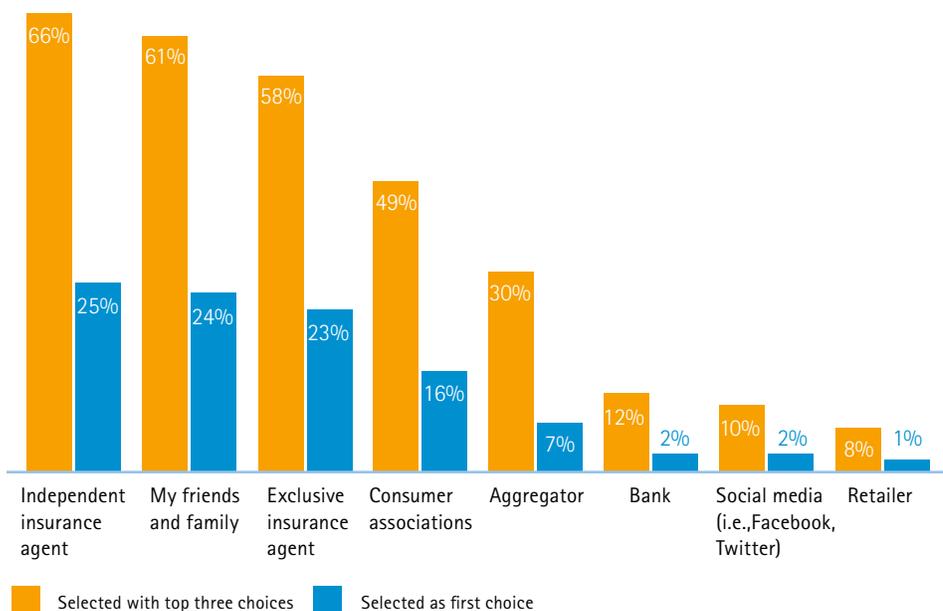
**Figure 9. Sources of competitive advantage over other agencies**

Q: To what extent do the following contribute to your competitive advantage?



**Figure 10. Customers trust independent agents...**

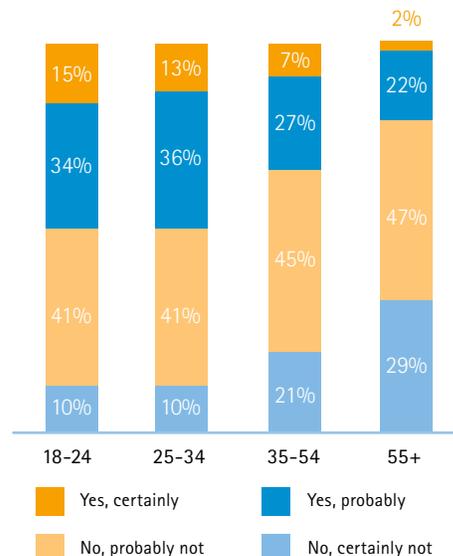
Q: Who do you trust most to provide advice about the best insurance policy?



Source: Accenture 2013 US Personal Lines Consumer Survey

**Figure 11. ...and are willing to pay for more personalized service**

Q: Would you be willing to pay more to get personalized advice or assistance when buying insurance?



Source: Accenture 2013 Consumer-Driven Innovation Survey (US data)

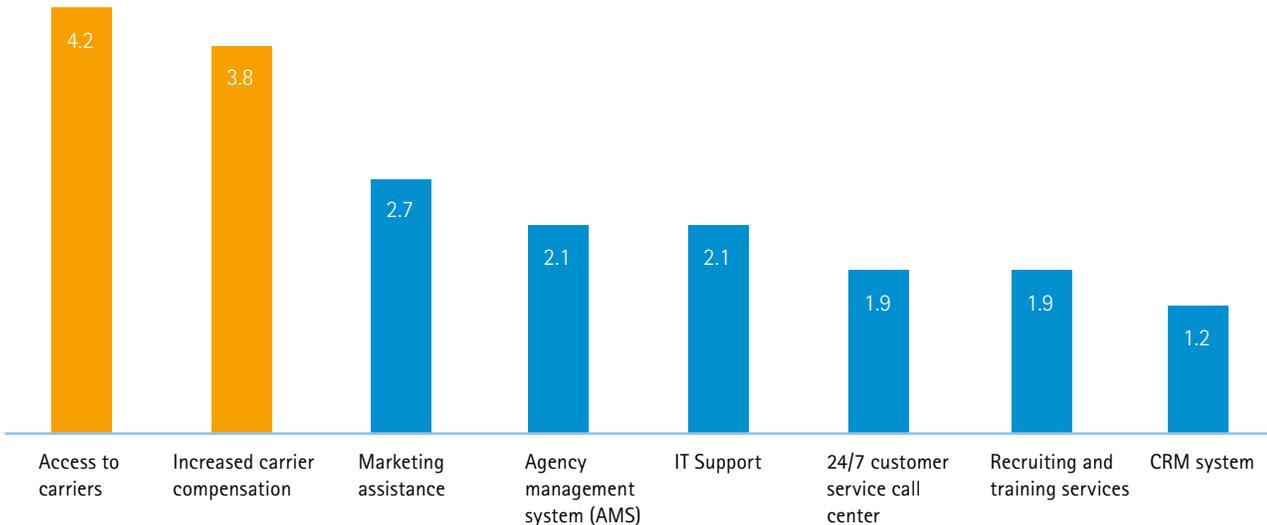
**Insight #6: Agents join clusters, alliances and associations mainly to improve their access to carriers and to increase commissions, not for operational support.**

A significant percentage—estimates range from 30 to 40 percent—of independent agents join others in an association, alliance or cluster.<sup>11</sup> While small businesses in other industries may do this to bolster their limited resources or to meet and network with peers, our respondents told us their goals are principally to enhance access to carriers and to increase their commissions (Figure 12). Membership in these groups gives IAs greater power to negotiate with carriers than they would have on their own, and this is more important to them than support in operational areas such as marketing, agency management systems (AMS), IT and 24/7 call centers.

It is clear that IAs need additional capabilities to compete in the future. It is also clear that they are not seeking to develop them with the help of industry associations, nor to adopt them from carriers. This leads us to believe that an industry utility could fill the gap and generate significant value for agencies. By offering a broad set of core operational capabilities such as AMS, CRM and digital, such a utility could present a compelling value proposition. Similar platforms have proved successful in other industries, such as retail wealth management, and the IA channel is ripe for an offering such as this.

Figure 12. Perceived advantages to joining peer organizations and associations

Q: What advantages do you look for clusters, alliances and associations to offer?



The insights discussed above present a complex picture of agency operations and raise questions for both carriers and agents:

- How must the IA channel evolve to remain relevant to customers, create value and compete effectively?
- What capabilities do agencies need?
- What might carriers do to extend new capabilities (such as digital) to agencies, to enhance their effectiveness and improve integration?
- What is a viable path forward that will allow agents, carriers and other industry entities to work together to strengthen and sustain the IA channel well into the future?

Optimizing the IA channel, and maintaining its dominance as the primary P&C distribution channel in the US, requires a symbiotic working relationship between agents and carriers dealing with hundreds or thousands of separate IAs, with systems and processes of widely varying sophistication.

At the center of it all is the customer. Agents hold their customer relationships close, and tend to view carriers' offers to provide customer services (e.g. online customer self-service and local-market analytics) with a skeptical eye. Many carriers have deployed online portals and business support capabilities to help IAs operate more effectively. But adoption has been slow, partly because each carrier's tools and processes are different and represent a learning curve for the under-resourced agencies. In addition, reliance on these capabilities would limit agents' flexibility to switch from one carrier to another. As a result, carriers often fail to meet their goals for these services.

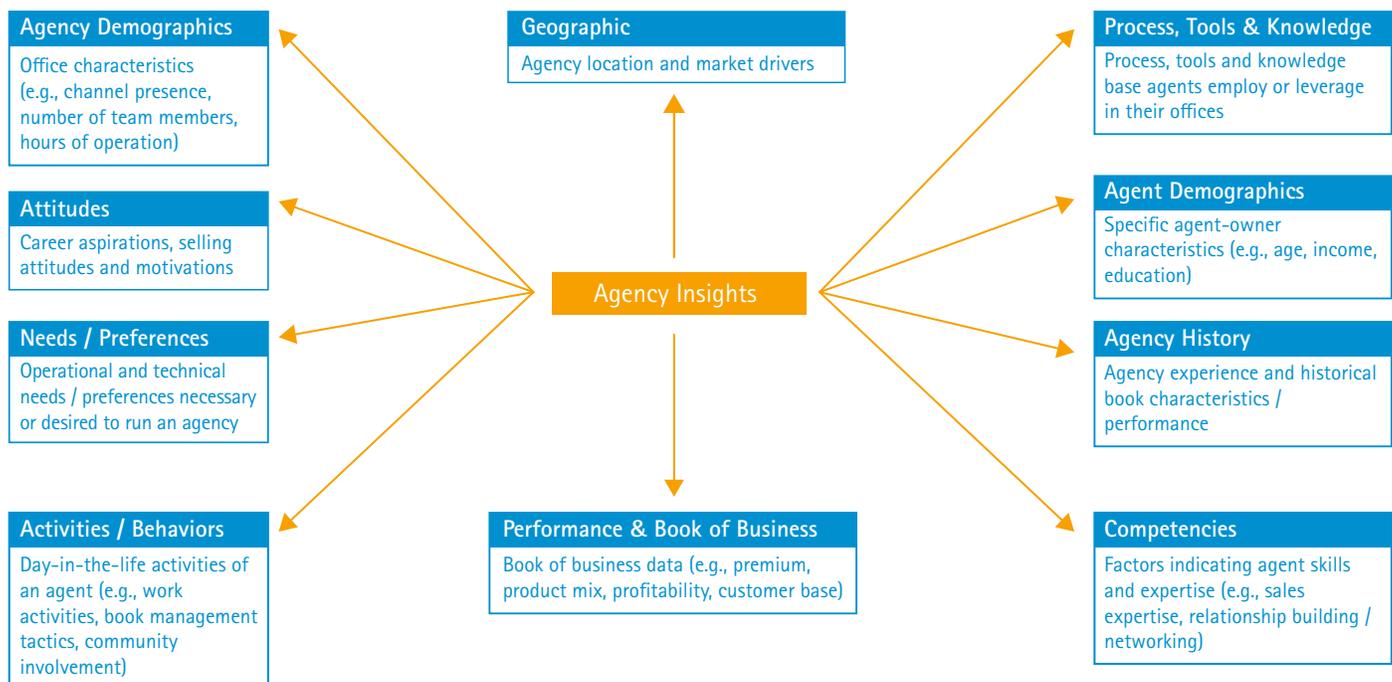
To achieve success, carriers may need to improve their understanding of the many factors that influence agents' actions and strategies (Figure 13). Many do segment their agencies, but often only with the use of limited demographic, financial and market data. A more detailed knowledge of their demographics, attitudes, needs, preferences and aspirations, performance/books of

business, and the tools and processes they use, would also be useful, and would highlight the futility of crude segmentation—let alone a "one size fits all" approach.

Using latent class analysis on the results of our Independent Agent Survey that relate to IAs' needs and preferences, four distinct segments were derived with different defining characteristics (see "Latent class analysis reveals four distinct agency segments" on page 15). While this segmentation used only a subset of the factors in Figure 13, it could provide a useful point of departure for carriers seeking to refine their targeting and engagement approach for specific agents.

These detailed insights, coupled with appropriate action, would make it easier for carriers and agencies to balance their priorities and develop working relationships that serve everyone's needs.

Figure 13. Agency insights with a bearing on agency/carrier relationships





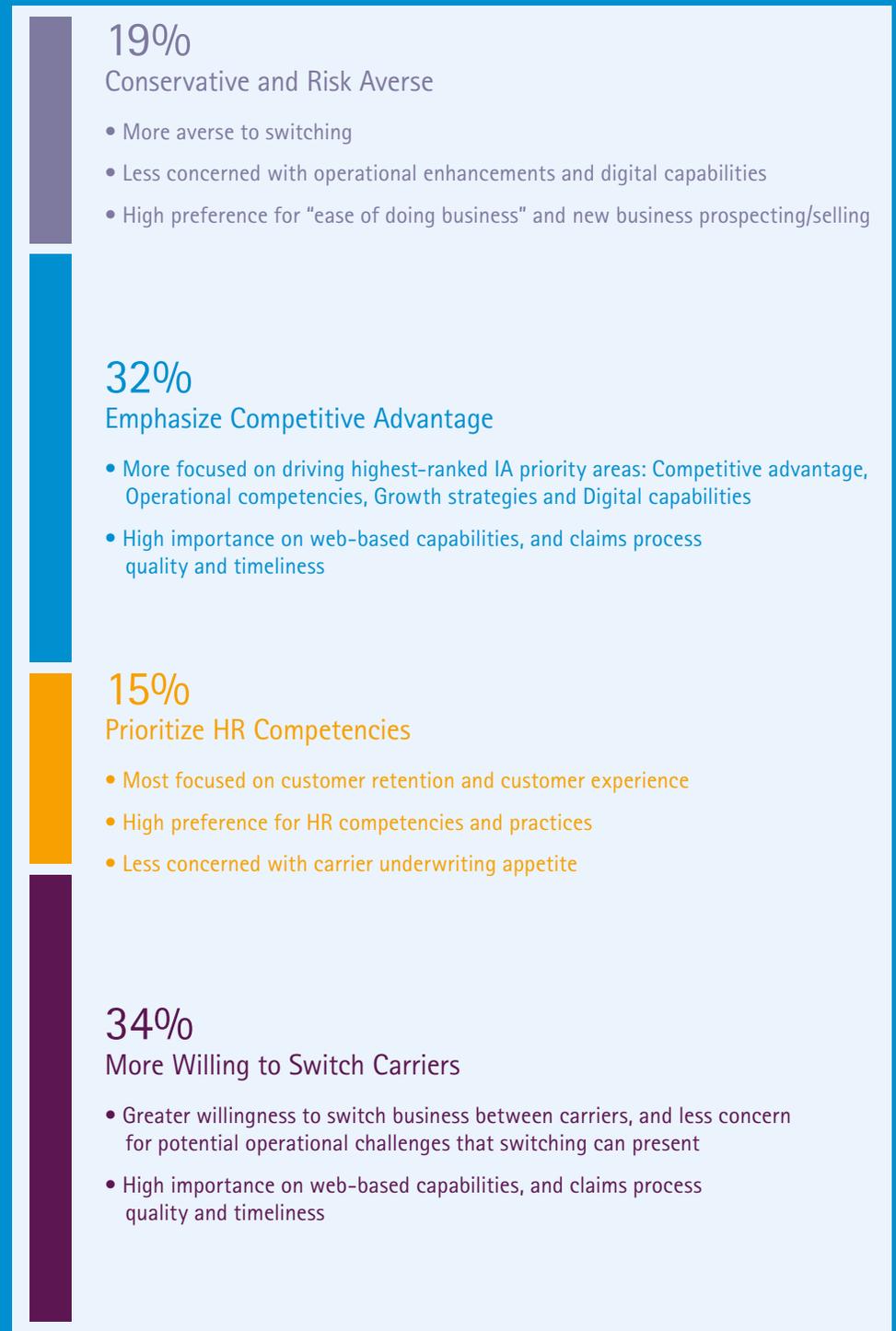
## Latent class analysis reveals four distinct agency segments

In addition to measuring IAs' relative preferences, our technology partner TrueChoice Solutions utilized these preferences, combined with a technique called latent class analysis, to identify four clearly defined segments that make up the independent agency channel (Figure 14).

The analysis offers insights that enable carriers to take specific actions that would be appropriate to particular segments. For example, the single largest segment (34 percent of respondents) is comprised of IAs distinctly prone to switch carriers, despite the potential operating risks.

Carriers can use insights like this to give particular consideration to what matters most to these agents when they place business with a carrier: claims process speed and quality, underwriting appetite and pricing consistency.

Figure 14. Percent of Respondents by IA Segment



# A path forward in optimizing the IA channel

The IA channel has strong assets, but is facing a future that will be more competitive, more complex and more susceptible to profound disruption.

An incremental, piecemeal approach to tackling these challenges is unlikely to be successful.

It is clear that carriers and agents need each other, and that long-term success will require substantial and potentially wide-ranging actions from both. Carriers and agents that want to optimize the IA channel and position it for growth should work in concert to achieve five mutually-beneficial outcomes:

- Greater customer loyalty.
- The ability to engage with customers on their terms across all preferred channels.
- The capacity to engage in advice-oriented sales and service.
- More efficient and adaptive agency operations.
- Data-driven insights that make all parties more effective.

Accenture believes there is a set of actions which are critical if agents and carriers are to achieve these desired outcomes (Figure 15).

To optimize the IA channel, carriers and IAs need to be synchronized and aggressive in their actions. But the inherent complexities of the carrier / agent relationship and the capital / operational constraints of smaller agencies may hamper both synchronization and execution.

Carriers and IAs need not try to overcome these challenges on their own. Third-party providers may be better positioned to supply the required capital, market access, and capabilities directly to IAs. While agents may be able to source specific capabilities (such as AMS, CRM, digital, etc.) on their own, a platform offering an integrated set of capabilities would greatly reduce the complexity for the agent and help drive greater benefits.

Included in these capabilities is the option of alternative financial arrangements (such as variable volume-based costing and risk / reward sharing) that would improve agents' ability to make adequate capital investments.

Thinking outside the boundaries of traditional delivery models could result in the cost effective delivery of the capabilities that IAs sorely require—to the mutual benefit of carriers and agents.

Figure 15. Actions carriers and agents should take to optimize the IA channel

Optimize the IA channel for:	Independent Agent	Carrier
<p>Maintaining and improving customer loyalty</p>	<p>Provide differentiated services for what is important to customers and selectively choose carriers that aim to do the same.</p> <p>Sharpen the focus on advisory services, drawing on agents' unique position to give customers choice and also help them make sound decisions on complex insurance and other financial offerings.</p>	<p>Help facilitate critical agent-customer interactions with predictable delivery by understanding key customer "moments of truth" (such as the claims process) and enabling agents to act on them.</p> <p>Serve customers—on behalf of the agent—when the agent cannot, offering complementary services—such as after-hours call services and customer self-service—to address customer needs anytime, anyplace on behalf of the agent.</p>
<p>Adopting an omni-channel approach to engage with customers on their terms</p>	<p>Integrate with the online insurance distribution ecosystem, becoming part of the growth of new and alternative channels.</p> <p>Partner with service providers that offer growth-incenting digital capabilities.</p> <p>Embrace omni-channel capabilities, provide advice and assistance to customers through different channels, utilize them to engage and stay in touch (e.g. through social media).</p>	<p>Provide omni-channel capabilities that help agents stay accessible, visible and relevant to customers, rebuilding trust with IAs.</p> <p>Expand customer engagement through digital and omni-channel capabilities, giving customers convenient access to what they require: advice/information via social media presence, easy-to-navigate websites, online quoting and other digitally-enabled services.</p>
<p>Engaging in advice-oriented sales and services</p>	<p>Besides selling insurance products, address customers' needs holistically (advice on risk management and value-added servicing, such as claims); leave the rest to others (back-office, procurement of services and other functions of least importance to customers).</p> <p>Modernize business processes and increase focus on high-value tasks by using agency management, CRM and other technology systems.</p>	<p>Focus on deep, valued-added integration with agencies.</p> <p>Streamline agency processes to relieve their staff of administrative tasks and allow them to focus on customer-facing activities.</p> <p>Empower field managers to provide agencies with real insights on how they can sell products more effectively.</p>
<p>Creating efficient, effective and adaptive agency operations</p>	<p>Make the most of capabilities provided by carriers, deferring low-value tasks to them while motivating producers to sell and serve customers.</p> <p>Invest in next-generation, integrated technology solutions, operating the business through an integrated, highly-efficient platform.</p>	<p>Meet agents where they are, supporting their brand/growth (not just premium growth) and acting on their behalf through tactics such as best-way-to-do-business training, agent-to-agent communities for interaction and sharing of best practices, and extension of economies of scale to agencies.</p> <p>Simplify business submissions and other key transactions under an integrated process—making it easy for IAs operating in a one-to-many-carrier reality to navigate separate processes and tools for multiple carriers, and adopt carrier tools.</p> <p>Adopt new business and IA network models that both mitigate the threat and take advantage of the opportunity from new entrants, such as online aggregators.</p>
<p>Leveraging data to achieve insight-driven actions and outcomes</p>	<p>Apply basic analytics to current customer data and interactions to help identify relationship-building, cross-selling and retention opportunities.</p>	<p>Select and build strong relationships with the right agents, understanding which agents fit the mold of the carrier and can share common goals.</p> <p>Develop a segmentation-based approach to agent engagement, addressing the specific circumstances of each individual agency and utilizing information (e.g. through informed and knowledgeable field managers) to help improve IA performance.</p> <p>Give agents specific insights they can use, answering questions like: Where are underpenetrated markets?</p>

# Conclusion: Maintain IA strength well into the future

The world is changing in ways that are having a profound impact on the insurance industry.

The drivers of this change—from escalating customer demands and unpredictable competition, to new technologies and seamless omni-channel integration—are only likely to be joined by other disruptors.

The market leaders will define how insurance is created, sold and delivered. The followers—even the quickest of these—will be too slow. To be successful, agents and carriers need to anticipate changing customer expectations, understand the capabilities they require to meet these expectations, and offer solutions that differentiate them from the pack.

Incremental improvements are unlikely to be sufficient. To maintain the strength of the IA channel and lay the platform for a dynamic future, carriers and agents will need to take a more holistic, proactive and aggressive approach. Their actions must

be wide-ranging, spanning the customer experience, omni-channel, advice-oriented sales and services, optimized operations and insight-driven outcomes. The issues that threaten to impede them should be tackled with a set of shared objectives in clear sight, and a harmonized approach that likely will be reinforced by the capabilities of an experienced third-party provider.

Success in this endeavor will benefit agents, carriers and customers alike. Agents will not only optimize relationships with their existing customers; they will also be better equipped to acquire new business. Carriers will gain a stronger distribution network with competitive advantages to increase customer loyalty and market share. And customers will receive better service at a better price, from agents they like and trust.

It is a journey worth taking—one that will preserve and enhance the vitality of the independent agent well into the digital future.





## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 323,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$30.0 billion for the fiscal year ended Aug. 31, 2014. Its home page is [www.accenture.com](http://www.accenture.com).

## About the Authors

Michael Lyman is a senior managing director and leader of Accenture's Global Insurance Strategy Practice. He advises executives and their leadership teams on how to shape winning strategies, transform their businesses, and achieve high performance. Contact him at [michael.d.lyman@accenture.com](mailto:michael.d.lyman@accenture.com).

Erik Sandquist is the managing director of Accenture's Insurance Distribution and Marketing Business Service in North America. He helps insurers reinvent their distribution models through strategic transformational change programs. Contact him at [erik.j.sandquist@accenture.com](mailto:erik.j.sandquist@accenture.com).

Soren Petersen is a senior manager in Accenture's Insurance Strategy Practice. His focus is on helping carriers identify and capture value with primary focus on well-executed growth and distribution strategies. Contact him at [soren.b.petersen@accenture.com](mailto:soren.b.petersen@accenture.com).

## Footnotes

- <sup>1</sup> Independent Insurance Agents & Brokers of America and Regan Consulting, Inc. 2011 IA Best Practices Study
- <sup>2</sup> Independent Insurance Agents & Brokers of America 2012 Agency Universe Study
- <sup>3</sup> Independent Insurance Agents & Brokers of America 2013 Market Share Report; Accenture analysis
- <sup>4</sup> Insurance Information Institute based on LIMRA (2012 data)
- <sup>5</sup> Accenture 2013 Consumer-Driven Innovation Survey
- <sup>6</sup> IIABA 2014 Agency Management Summary
- <sup>7</sup> Accenture 2014 CMO Survey
- <sup>8</sup> Accenture 2013 Consumer-Driven Innovation Survey, see pp. 8-9 and 16-19
- <sup>9</sup> IIABA 2014 Agency Management Summary
- <sup>10</sup> Accenture 2013 Consumer-Driven Innovation Survey (US data)
- <sup>11</sup> 2013 IIABA Best Practices Study

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