

AN eBOOK FROM APPLIED

5 Reasons Why Your Brokerage Should Be Digital

Forward

While digitally transforming your business was once a nice-to-have, it is now an imperative. The call to action is simple: It's time for brokers and insurers alike to seize the opportunity of digital transformation.

I know that technology investments are often viewed as a risk – they cost money, involve process change, and require meticulous planning. However, I believe that digital transformation means opportunity – an opportunity to do better, to move faster and to drive even greater success. Hammad Rafique, managing director of Accenture's Insurance Practice, said it best when he said, "Technology provides the very opportunity for brokers to reinvent themselves and get closer to the customer than they have ever been before."

Over the last few years, we have established what it takes to be a digital broker. This year, we are going to focus on the why – as in, why your business should be digital. The intent of this eBook is to inform you of five key areas of business value that a digital brokerage brings to your customers, your employees and your key stakeholders. I hope you find the information in this ebook insightful as you look to digitally transform your business for success in the Digital Age of Insurance.

Yours,





Andy Fairchild
Chief Executive Officer, Applied Systems Europe

Introduction

For those who seize the opportunity of digital transformation, a substantial reward awaits. According to consulting firm McKinsey & Company, a "triple prize" of satisfied customers, lower operating costs and higher growth is the payoff for businesses that move decisively into becoming a digital brokerage. Conversely, businesses not embracing digital transformation do so at their peril. It is time to either accept and thrive – or deny and disappear.

Despite what many believe, digital transformation does not diminish the importance of relationships – the hallmark of every independent insurance broker. In fact, it is just the opposite. Investing in digital technology enhances a broker's ability to meet the needs of today's consumer, driving significant business value.

> **"Technology provides the very opportunity for brokers to reinvent themselves and get closer to the customer than they have ever been before."**
>
> Hammad Rafique, Insurance Programme Managing Director, Accenture



Core Characteristics of a Digital Brokerage

Before we explore the five key areas of business value, it is important to understand what it means to be a digital broker.

A distinct set of core characteristics define a digital insurance business and enable more efficient operations, more informed business decisions, better insurer relationships, improved customer service, and accelerated growth and profitability across all lines of business.

The three core characteristics of a digital brokerage include:

1. Digital automation within the business to drive extreme efficiency
2. Digital connectivity to policyholders to drive an enhanced customer experience
3. Digital connectivity to insurers to drive efficient interactions



Why Being a Digital Business Matters

Deploying digital technology to connect brokers, policyholders and insurer partners drives significant value across the insurance lifecycle.

There are five key areas of business value in the Digital Age of Insurance:

- Growth
- Efficiency
- Customer Satisfaction
- Advice
- Trust





Growth

A digital brokerage delivers faster growth because technology automates selling and serving the customer to more quickly identify new business opportunities; streamlines communication between employees, policyholders and insurer partners to close more business faster; and continuously measures business performance analytics to ensure maximum profitable relationships with customers and insurer partners.

In their research focused exclusively on independent brokerages, an insurance industry consulting firm has proven that growth drives business value. In fact, each 1% increase in organic growth drives a 5% increase in a brokerage's value. For example, a brokerage that is worth £10 million growing at 3% would be worth £11 million if its growth rate were 5%. This translates into a 10% increase in value from only a 2% increase in sales velocity. Digital brokers benefit from a single broker management system to gain visibility across an entire book of business, delivering integrated capabilities to manage personal and commercial lines and operating processes in a single application. Integrated and open architecture provides essential capabilities for each stakeholder within the business to have the right information and products available to sell to and serve customers. By using a single broker management system that was designed from the ground up for the user experience and with integrated capabilities, digital brokers drive superior business growth. Data analytics reports, built specifically for digital brokers, access multiple levels of analysis on key performance indicators for a book of business, employee operations and insurer relationships. Easy-to-understand reports enable brokers to obtain business insights from existing broker management system data to increase profitable relationships with clients and insurers.

Case in Point

Based in London, Stanhope Cooper is a small family-owned independent brokerage that specialises in insurance for high net-worth individuals.

When Stanhope Cooper was looking for a new technology provider, their critical requirements were integration and speed. The broker wanted a single system for the entire business, enabling the team to be more streamlined, efficient and able to provide the level of service their brokerage was built on. As prospects may be going to multiple brokers at a time for a quote, the broker needed a quick quote turnaround process to compete with larger broking houses.

Now, utilising their broker management system, Stanhope Cooper can engage with their insurers, get a quote, drop it into templated proposal forms, and securely send it to the client from a single system.

Another key area of focus for the broker was data. The executive team needed to see how their business was performing and make strategic decisions based on those findings. Like most small boutique brokerages, Stanhope Cooper doesn't have resources for a dedicated analytics role, so it is crucial to have easy-to-understand data at their fingertips to compete with larger competitors.

As a digital business, Stanhope Cooper can quickly turnaround quotes for a better customer experience, and ensure employees can make better business decisions through comprehensible data.



> **"Data analytics is hugely beneficial to us as a business. As a boutique brokerage, we haven't got the resources of a bigger broking house, but certainly by partnering with Applied we gain an advantage to compete at that level."**

William Cooper, Managing Director
Stanhope Cooper

Tech Needed to Get Started

To drive greater growth at your business, consider using the following digital technology:



Single, Integrated Brokerage Management System

Enables a complete view of customers and prospects for each person in your brokerage to access and act upon – regardless of role, time or location. Provides essential capabilities for your business to better manage customer relationships, sales opportunities, market access, financial accounting, reporting, business processes, and policy administration.



Sales Automation

Delivers integrated sales opportunity, pipeline, forecast and activity management, and automates the pipeline/prospecting processes. Provides a single view of your prospects and customers within your broker management system and eliminates the need to invest in separate systems to manage sales pipeline.



Data Analytics

Utilises the rich data available in your broker management system to present easy-to-understand reports that identify customers who have a strong probability to respond to cross- and upselling, increasing business growth opportunity.



Efficiency

A digital broker delivers greater efficiency because technology automates the majority of the manual, time-consuming tasks required to run the business, such as establishing workflows, serving customers, connecting to insurers, prospecting new business and analysing operations.

The purpose of digital technology is to make a process faster or easier, increasing the efficiency of the business. In the case of the independent insurance broker, digital technology enables the business to increase efficiency through automation and connectivity to policyholders and insurers. Business efficiency drives profitability by allowing brokers to spend more hours of the day focused on revenue generating activities. According to a PwC survey report, 78% of respondents said access to the technology they like to use, such as mobile, makes them more effective at work.

Digital brokers operate more efficiently by utilising technology that enables employees to better manage customer relationships, sales opportunities, market access, financial accounting, reporting, business processes, and policy administration.

This includes:

- Streamlining business processes through automated, standardised broker management system workflows
- Using mobile technology to reduce time to manage accounts by eliminating manual, paper-driven processes, and increasing communication between customers, prospects and employees

Case in Point

Based in Stevenage, Hertfordshire, RHG Insurance Brokers have been helping customers with their insurance needs for more than 50 years.

In this digital age, the company recognised the pace of change and subsequent customer expectations for on-demand service. When the broker's previous software supplier failed to keep up with technology advancements, the management team took the opportunity to bring their multiple business requirements to become a digital broker.

Today, the broker takes advantage of automated workflows, creating ease of doing business for the entire team. Having more productivity through standardised processes enables employees to spend more time fostering customer relationships and selling insurance. Mobile technology also enabled RHG to solve the issue of having remote account executives manage accounts without having to travel to the main office. Being able to access the broker management system whilst out on the road means they are more productive and able to focus on better customer service and new business sales.

As a digital business, RHG Insurance Brokers can create more efficiency throughout the office and be more productive when managing clients on the go.



"We have two remote account executives who run our whole book of business. They aren't in the office very often so mobile is key for them to keep in contact with the office and access the information they need via their mobile phones."

Lesley Smith, Finance and HR Director
RHG Insurance Brokers

Tech Needed to Get Started

To drive greater efficiency at your business, consider using the following digital technology



Mobile

Provides a complete view of customers and prospects for each person in your brokerage to access and act upon – regardless of role, time or location. Utilises a seamless back-office solution that integrates full-cycle eTrading and e-commerce products to manage all your business in one application.



Insurer Connectivity

Automates the distribution and fulfilment of products between your business and insurer partners. Enables your brokerage to access comparative rates and quickly submit new and renewal business, enabling your employees to provide access to a range of products whilst providing advice and personal service.



Customer Satisfaction

A digital broker delivers enhanced customer satisfaction because it empowers businesses to provide the omnichannel experiences today's consumers expect. Consumers have so many options with which to fulfil their needs. As a result, businesses must focus on the demands of the customer to provide a superior customer experience.

In an insurance customer loyalty survey, Bain & Company found that businesses can maximise the value of their customer base by increasing client promoters. Customers can typically be classified in one of three categories: detractors – those who actively dislike their provider; passives – those who are ok with their provider; and promoters – those who really appreciate the advice and service they receive and are willing to promote their provider to others.

If brokerages can shift customers from detractors or passives to promoters, they can drive more value through higher retention, increased cross-sales and more referrals. According to the study, promoters are worth 2.7 times more than passives and 6.8 time more than detractors. The Bain study also indicates that the promoters consider service as the primary characteristic driving high satisfaction and loyalty for their insurance broker.

Digital businesses deliver superior customer service via customer online self-service and mobile apps that provide policyholders with 24/7 access to insurance information. By offering multiple ways for consumers to interact with the business – whether it be in person, phone, online or mobile – digital brokers create happier customers, which ultimately drives business returns through enhanced retention and growth from new business.

Case in Point

Located in Sheffield, The Burley Group is a leading commercial insurance broker that has been recognised by Insurance Age as a Top 100 insurance broker.

Previously, The Burley Group stored its client data in separate, disparate systems, causing an incomplete view of prospects and customers. The broker needed a single broker management system that would enable them to access and manage a single view of the customer across all lines of business. Employees also needed customer self-service technology to enable customers to access important information, eliminating the time it took for employees to handle one-off customer requests.

Today, The Burley Group maintains a high customer retention rate through an integrated system to manage all their customer relationships. The broker also uses cloud-based self-service software that provides anytime, anywhere service via online access and a mobile app. Seamlessly integrated with their broker management system, employees can better serve prospects and customers by providing on-demand access to critical broker resources and information.

As a digital business, The Burley Group provides a better customer experience through a single view of the customer across multiple lines of business and enabling customers to serve themselves anytime, anywhere.



> **We are very proud of our 95% retention rate.**
>
> Michelle Bamford, Finance Director
> The Burley Group

Tech Needed to Get Started

To drive greater customer satisfaction at your business, consider using the following digital technology:



Customer Self-Service

Enables an enhanced customer experience by giving customers the freedom to access insurance information, documents and pay their balance online or via a mobile app. Provides a single broker-branded online login and app for policyholders to interact with. Strengthens the broker/customer relationship and saves money by shifting transactions historically provided by employees to self-service. Because of these efficiency gains, customer self-service often delivers a return on investment in less than a year.



Text Messaging

Integrated into the broker management system, enables your business to send individual text messages to policyholders. Also provides the ability to trigger mass messaging through system events, such as automated welcome emails, reminder notifications or marketing campaigns.



Advice

A digital broker delivers better advice because technology provides instant access to a wide range of products, which ensures policyholders stay protected with the best coverage for their specific needs. Digital brokers are emerging as proactive risk advisors, using technology to support the risk management advice that they provide to their customers.

A J.D. Power insurance shopping study found that while 74% of consumers shop for insurance online, only 25% actually buy their policies online. Additionally, while the majority of motor insurance shoppers start online, 25% meet directly with a broker and 22% contact a call centre by phone to complete a purchase.

Connectivity to insurers is critical to provide the best advice to your customers. Insurer connectivity enables access to markets otherwise unknown by searching insurers, MGAs and wholesalers with an appetite for a specific risk – all with a simple, automated solution that is integrated in the broker management system.

Digital brokers can automatically find the best markets, as well as identify and highlight policy differences for new business and renewals, making them better risk advisors to both personal and commercial lines customers.

Case in Point

Based in Stratford Upon Avon, award-winning Everett Mead brings together more than 20 years' experience in the insurance industry and provides policies to clients throughout the UK and the world. The business prides itself on providing a personal service with focused growth plans.

Previously, the broker spent countless hours contacting insurers on the phone or by visiting various insurer extranets in order to obtain a quote. The team at Everett Mead now automate quoting through their broker management system, allowing employees to quickly quote across a range of insurers.

Being able to interact with insurers with ease is critical to any digital broker, and the ability to quote from within the broker management system has multiple benefits, including improved customer service through real-time quotes from across the market and strengthened insurer relationships.

As a digital business, Everett Mead quotes commercial business across a range of insurers directly from their management system, resulting in time savings of more than 50%, as well as ensuring customers receive the best coverage for their risks.



"Using commercial quoting within the broker management system saves us more than 50% of the amount of time compared to previously. We have the ability to do seven or eight quotes in one go now and it's like gold dust to an organisation like ours."

Dan McDonald, Commercial Director
Everett Mead Ltd.

Tech Needed to Get Started

To deliver better advice at your business, consider using the following digital technology:



Integrated eTrading

Within the management system, allows employees to see multiple quotes across the market in real-time, resulting in greater efficiency and faster service by eliminating the need for brokers to speak to insurers individually either by phone or extranet. Allows you to quickly compare quotes and create risk variations without re-keying information, thereby reducing errors and omissions.



Trust

A digital broker delivers enhanced trust because it eliminates physical risks such as sensitive information being recorded on paper and physically moving through the business, or virtual risks such as inadequate permissions necessary to restrict access to personal client data, cyber threats, business continuity concerns, and regulatory compliance.

Customer trust is vital for all businesses, but absolutely essential in the world of insurance. Without trust, insurance simply does not work as an industry as insurance products are essentially based on a future promise. A recent industry consulting firm survey of small business owners indicated that trustworthiness was the most important factor in the selection of their insurance broker. Brokers must not only show that they are trustworthy at the forefront, they must continue to demonstrate trustworthiness.

Using cloud technology, a digital broker provides enhanced security, operations recovery and anytime, anywhere access during any disruptive event.

Case in Point

Based in Manchester, McParland Finn Ltd is a niche insurance broker, specialising in analysis, management and insurance of risk for professional practices, science and technology businesses, and corporate clients, whilst also providing assistance to the partners, directors, officers and trustees who manage them.

McParland Finn had kept their servers on site with an on-premises broker management system. However, the business came under scrutiny from various capacity providers of their binding authority agreements, particularly in areas such as data security, penetration testing, data backup and disaster recovery. On-premises servers had also become costly, with more expensive software needed to accommodate business growth.

McParland Finn chose to move to the cloud to ensure reliable handling of every business issue, as well as security and compliance. The business stores all of its data in the cloud, providing advanced business continuity and anytime access to secure information. Cloud hosting also saves the broker a significant amount of time. Employees no longer have to maintain expensive servers or keep hardware up to date. All upgrades occur virtually, either running in the background or outside of normal business hours.

As a digital business, McParland Finn can securely run the business, deliver more efficient customer service, comply with regulations and ensure business continuity.



> **“The cloud gave us peace of mind and security we needed to move our business forward.”**

Martin Jackson, Director
McParland Finn Ltd.

Tech Needed to Get Started

To enhance trust at your business, consider using the following digital technology



Cloud

Provides a flexible operating environment with scalability for business growth, stronger business continuity protection, increased mobile access to business information, and compliance related to the General Data Protection Regulation. Hosting broker solutions in a cloud purpose-built for your independent brokerage fosters client trust and peace of mind when supported by third-party "white hat" penetration testing, a Chief Data Protection Officer and cloud services team of experts, a pair of redundant data centres, highly available architecture with virtually zero downtime, and multifactor authentication for increased security and ease of password management.

Conclusion

To thrive now and in the future, businesses must decisively move to becoming a digital broker.

A digital broker is defined as one that uses: 1. digital automation within the business to drive extreme efficiency; 2. digital connectivity to policyholders to drive an enhanced customer experience; and 3. digital connectivity to insurers to drive efficient interactions. With these capabilities in place, digital brokers position themselves to generate significant business value in the areas of growth, efficiency, customer satisfaction, advice and trust. For those not yet on the path of digital transformation, the time to start that journey is now. In doing so, you enhance your ability to meet the needs of today's consumers and lay a foundation for continued success in the Digital Age of Insurance.

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Applied Systems is the leading global provider of cloud-based software that powers the business of insurance.

Recognised as a pioneer in insurance automation and the innovation leader, Applied is the world's largest provider of agency and brokerage management systems, serving customers throughout the United States, Canada, the Republic of Ireland, and the United Kingdom. By automating the insurance lifecycle, Applied's people and products enable millions of people around the world to safeguard and protect what matters most.

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