

APPLIED WHITE PAPER

# Connecting the Business of Insurance: The Connected Agency



# Executive Summary

**A recent IDC study predicts that in the next two years, two-thirds of CEOs will place digital transformation at the center of their growth, profitability and business strategies, and will allocate more than 50% of IT spending toward this initiative.<sup>1</sup> It's also estimated that digital spend is expected to continuously rise to 60% by 2020.<sup>2</sup> The world is moving toward a business model driven by digital transformation.**

According to EY, technology is the number one external force impacting today's insurance market, and agencies are building on these trends to connect people, businesses and services in previously unimaginable ways.<sup>3</sup> Insurance agencies must leverage the full potential of digital technologies to transform their entire businesses, creating higher-value transactions and superior customer experiences throughout the entire insurance lifecycle.

This white paper explores three essential technologies in creating a connected agency, including:

- **A single management system:** Enables agencies to efficiently manage all lines of business, customer relationships, policy and benefits administration, sales automation, and financial accounting processes within a single application.
- **Mobility:** Creates better customer service by providing agency staff and the consumer access to the information they need at any time, and from any location.
- **Data analytics:** Empowers agents to make more informed business decisions based on the wealth of data in their management systems.

## A Single System for a Connected Business



**98% of agents find having a complete view of their business extremely important**

Insurance agencies that consolidate operations onto a single agency management system are better positioned to keep pace with the digital forces driving customer expectations. In fact, 50% of agents highlight the need for new and innovative products to grow their businesses.<sup>4</sup> Agencies are able to manage all lines of business within a single application and streamline processes to provide valuable, consistent customer information with full visibility across the organization by building a business on a powerful technology platform.

A single management system enables every stakeholder in the company to:

- Capitalize on new profitable business and service opportunities.
- Standardize operations and automate workflows for more operational efficiency.
- Easily scale to add new users, office locations and additional books of business.

A key advantage in deploying a single management system is greater visibility into customer information and prospect data. While 98% of agents find having a complete view of their business extremely important, only 54% have a complete view today.<sup>5</sup> Add to that, a survey by EY found that 77% of agents would significantly value a piece of technology that automatically identified potential opportunities within their existing book.<sup>6</sup> A single, integrated management system provides one view of every customer and prospect across the entire book of business. The complete view of an agency's book of business automates the process to identify cross-sell and upsell opportunities, as well as ensures staff are focused on upcoming renewals to retain current customers.

Agencies that operate multiple, disparate applications and management systems face numerous challenges to truly connect their businesses.

Companies may acquire various applications during organic growth periods or acquire legacy systems through mergers and acquisitions. When this happens, the systems are often not compatible. Operating with separate systems results in duplicate data entry and disconnected processes, resulting in increased E&O exposure and decreased productivity. Additionally, as a recent independent agent survey indicates, 90% of agents find that increasing the number of policies insured per customer portfolio is very important.<sup>7</sup> Cross-selling lines of business to deepen the client relationship improves customer retention and provides greater organic growth opportunities.

A single management system enables agencies to achieve the agility needed to address critical business challenges, solidify customer relationships, and develop new lines of business with a single customer view. The ability to efficiently access and act upon a complete view of every client has become increasingly important for today's digital agency to operate efficiently and broaden service offerings. In an industry that relies on excellent referrals, word of mouth marketing and repeat business, meeting and exceeding customer expectations is pivotal to building customer loyalty, and ultimately agency profitability.

## Embrace Mobile to Provide Exceptional Customer Service

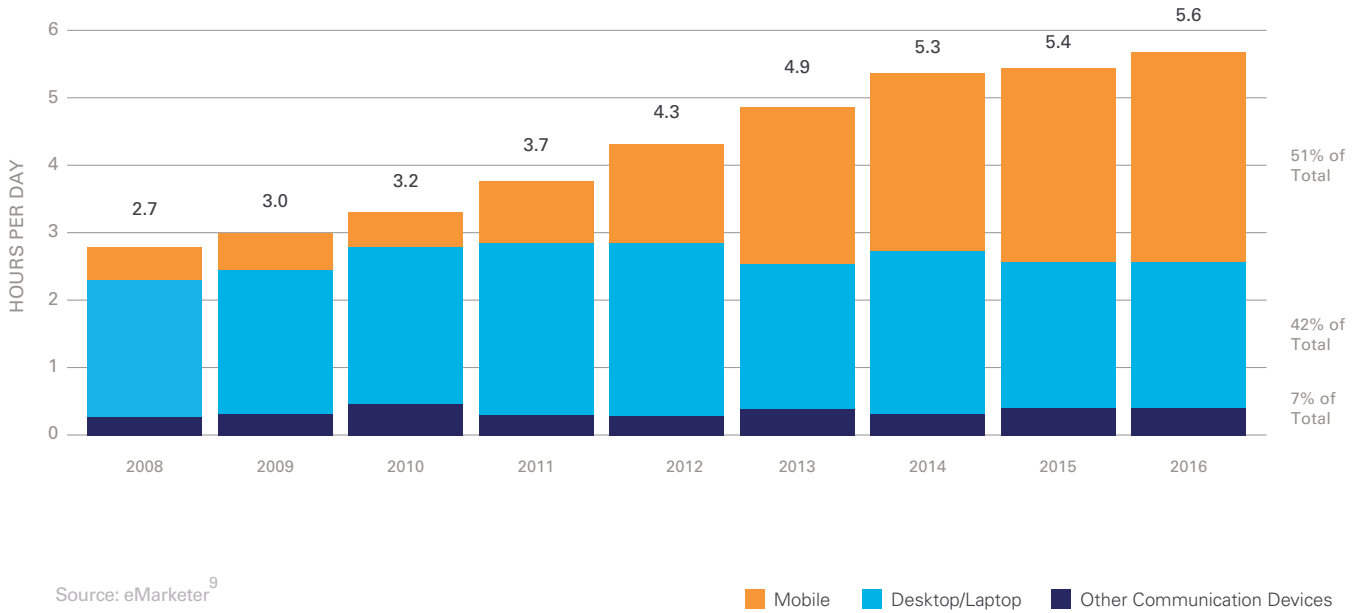
Implementing a single agency management system with integrated capabilities provides a connected agency a common application to share information. Equally important is providing the means to access and analyze the system's information through mobile applications. Time spent on mobile devices is on the rise (see Figure 1), and agents must provide mobile-enabled service to keep pace with consumer behavior. Additionally, 52% of consumers choose products and services based on convenience and ease, according to Celent.<sup>8</sup> Consumer expectations for anytime, anywhere customer service requires that every staff member have instant access to policy-related information to exceed the demand for high level customer service.



**52% of insurance consumers choose products and services based on convenience and ease**

Figure 1:

### Time Spent Per Adult Per Day with Digital Media 2008 – 2016



Embracing mobility allows agencies to:

- Meet consumer expectations, increase productivity and enhance competitive value.
- Provide staff with anytime, anywhere access to client, prospect and sales information.
- Synchronize and protect client and prospect information current across systems.

Studies indicate that mobile business applications in the field increase selling time by 28% and eliminate redundant activities by 27%.<sup>10</sup> A purpose-built mobile app enables insurance agency staff to access and manage customer, prospect and business information anytime, anywhere to more effectively service clients. Information going into the app from the field should also sync back to the management system in real time, so that all staff members have access to the same accurate account information. Staff can better service customers when they have the most current information from the field.

Insurance is a service-driven business and any convenience created for the customer is significant, particularly when dealing with a loss. Recently J.D. Power conducted a property claims satisfaction survey and found that only 42% of respondents said that when contacting their insurer, someone was “always immediately available” to assist them.<sup>11</sup> An agency mobility solution is essential to be immediately available and equipped with information at a moment’s notice to expedite communication and claims processing, enabling staff to focus on the customer and provide better, more valuable service.

Mobility initiatives are a driving force in the digital transformation journey. Agencies that leverage mobile applications to enhance field capabilities will improve service levels and engage customers — like never before.

## Empower the Data-Driven Organization

Unleashing the insights hidden in unstructured data is providing every type of business a competitive advantage and the ability to improve in areas that previously had limited visibility. Insurers are already taking advantage of this trend and leveraging data and analytics to drive underwriting results. For example, insurers are able to view disparities in frequency and severity of trends among several large personal auto insurers.<sup>12</sup> Competing in the digital era requires agencies to develop a well-planned approach to manage the vast amounts of data generated by insurers, customers and daily business operations.

Data analytics solutions built specifically for insurance agencies provide the ability to:

- Gain deeper business insights to make faster, more informed business decisions.
- Obtain powerful graphical business insights from existing management system data.
- Drive employee productivity and increase profitable customer relationships.



**80% of global CEOs say data mining and analysis are strategically important to their organization**

More businesses are realizing the value of data analytics and tapping into the potential power of turning information into insights and action. According to a recent survey, it is expected that 60% of insurance executives in the next two years (up from 18%) will leverage data to make better management decisions (see Figure 2).

The proliferation of data analytics is expected to continuously grow across all industries. In fact, 80% of global CEOs say data mining and analysis are strategically important to their organization, and 68% of CEOs see data analytics technology as generating the greatest return on investment for stakeholders.<sup>14</sup> Now is the time for agents to capitalize on the wealth of information in their management systems.

Figure 2:

### Percentage of Insurance Executives Leveraging Data Analytics

Data Category	Now*	Two Years from now
Pricing, Underwriting, Risk Selection	42%	77%
Better Management Decisions	19%	60%
Loss Control and Claim Management	17%	58%
Understanding Customer Needs	17%	50%
Product Development	19%	48%
Marketing/Distribution/Sales	15%	48%

\*Survey fielded September 9 – November 2, 2015

Source: Willis Towers Watson<sup>13</sup>

Extracting useful insights from data requires careful planning and execution of advanced analytical techniques and technologies. The best way for agencies to capitalize on data analytics is to gather information in real time through visual displays. Analytics provide agents greater business insights from their management system data for policies, employees, clients and insurers to make quicker, more informed decisions, resulting in greater productivity and more profitable relationships with clients and insurers. Extraction of this powerful data for productivity and business gain is the foundation of data analytics, which categorizes, stores and analyzes data to identify behavioral information and patterns based on organizational requirements. The connected agency can successfully harness insights from data and leverage valuable feedback available from internal and external sources.

## **Conclusion: Claiming the Future**

As technology rewrites the rules of business, digital transformation is fundamentally changing the insurance industry. Connected agencies maximize the value of digital technology to create an anytime, anywhere engaged business. Digital transformation is revolutionizing the way agencies manage their operations to drive growth, with continuous innovations from data analytics and mobile applications to self-service consumer platforms. As the business of insurance becomes truly connected, agencies have the opportunity to improve operational efficiency, capture new clients across all lines of business, and increase loyalty and retention.



# About Applied Systems

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

Recognized 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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<sup>1</sup> IDC Predicts the Emergence of “the DX Economy” in a Critical Period of Widespread Digital Transformation and Massive Scale Up of 3rd Platform Technologies in Every Industry.

<sup>2</sup> Ibid.

<sup>3</sup> 2016 US property-casualty insurance outlook. EY. 2015.

<sup>4</sup> The agent of the future. EY. 2017.

<sup>5</sup> AUGIE. 2016.

<sup>6</sup> The agent of the future. EY. 2017.

<sup>7</sup> Moynihan, Shawn. Agents Speak: 2017 NU/PIA Independent Agent Survey. 2017.

<sup>8</sup> Applied Executive Symposium. 2017.

<sup>9</sup> @KPCB eMarketer 9/14 (2008-2010), eMarketer change to 2/17 (2014- 2016).

<sup>10</sup> Anywhere Enterprise: US Mobility and Applications Survey. The Yankee Group.

<sup>11</sup> J.D. Power 2016 Property Claims Satisfaction Survey

<sup>12</sup> 2016 US property-casualty insurance outlook. EY. 2015.

<sup>13</sup> Klayton Southwood, J.J. Ihrke. P&C insurers’ big data aspirations for advanced predictive analytics WillisTowersWatson.com. February 2016.

<sup>14</sup> 19th Annual Global CEO Study. PwC. 2016.

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