

Insurance Times: Study faults industry deployment of technology

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The Internet is not being used by insurance companies, agents and brokers as an effective tool for conducting business, the 2001 Future One Technology Study has found.

The study was conducted by Future One, a cooperative effort of the Independent Insurance Agents of America (IIAA) and 26 leading insurance companies.

The study found agents, brokers and carriers conceptually agree on technology issues, with many similarities between what agents and brokers consider interesting and carriers find important. While agents, brokers and carriers are interacting online, they may be ignoring consumers. Acquiring new customers is not viewed as an important element in the Internet strategies of agents, brokers or companies.

However, consumers who use the Internet for financial transactions are now looking for new insurance relationships online. Over the past two years, an estimated 27 million consumers shopped online for insurance, including 21 million who conducted research and requested a quote, and more than two million who sought an agent or broker online.

Insurance shoppers are not satisfied with their recent shopping experiences online, and actual purchases over the Internet are rare. More than three-quarters⁷⁷ percent of consumers use insurance Web sites to gather information and 56 percent request a quote. Carriers, brokers and agents who do not effectively offer themselves online are increasingly overlooked.

“Many respondents feel that insurance sites are not yet as good as banking and investment sites,” explains explains Madelyn Flannagan, IIAA vice president of education and research.

“They don,t perceive a cost-savings from buying insurance through the Internet, and they lack faith in the quality of online customer service. Policyholders still want to have personal interaction with an agent or broker.”

Carriers tend to lag behind in technological capabilities when compared to agents and brokers. Carrier Internet capabilities vary widely depending on size and market focus. Larger personal and commercial lines carriers are more likely to have a full-range of Internet capabilities, but specialty carriers, state-sponsored carriers and some smaller, regional, personal and commercial lines companies appear to be less focused on technology strategies. Fewer than half of carriers will require agents and brokers to have the minimum of a T1 connection by the end of 2003, while 52 percent of agents and brokers expect to meet that requisite.

Nearly all insurers expect to provide online company and product information to agents, brokers and consumers soon. Currently, 85 percent of carriers provide this information to agents and brokers; 79 percent to consumers. Carriers have set high goals for added online information offerings. Only 55 percent of agents and brokers can view loss histories online, but within two years nearly all carriers expect to offer this capability.

Agents and brokers are gravitating to carriers that have compatible online strategies, which are leading to relationship changes. Technology issues that cause them to realign carrier relationships include the perceived level of commitment to technology on a carrier,s part, the speed and efficiency agents and brokers can serve customers, and the use of systems that can make an agent or broker,s job easier or present workflow obstacles.