

IVANS ANNUAL AGENCY-INSURER CONNECTIVITY REPORT

# 2018 Digital Technology Adoption Trends in Digital Distribution and Automated Servicing

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## At-a-Glance Key Findings

82%

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of agencies surveyed found the availability of automated insurer connectivity to be very important when selecting insurers to do business with.

81%

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of agencies surveyed place more business with insurers who offer automation.

88%

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of insurers find providing automated connectivity to agency partners to be very important.

# Executive Overview

**As agencies, MGAs, and insurers alike embrace digital transformation, there has never been a time more opportune for higher levels of collaboration and connectivity. At each stage of the insurance lifecycle, technology is providing new levels of connectivity to create new business opportunities and automate servicing across the insurance value chain to drive revenue and customer satisfaction.**

For insurers, they must consider the new paradigm of the digital agency – and their expectation of their insurer partners to provide these digital services. Those insurers who support their agents’ digital strategies stand to reap the rewards of building stronger relationships with the right agents that will drive profitable premium growth. This means that insurers will have access to a better field sales staff to promote their products and services to create new, more profitable business opportunities. Those who continue to rely on the “way things have always been done” and neglect prioritizing their agencies’ connectivity demands, will begin to miss out on new agency opportunities and run the risk of alienating current agency relationships.

IVANS recently conducted its annual survey to understand the state of agency-insurer connectivity and digital collaboration. Year over year, demand to increase connectivity across the insurance lifecycle – from finding markets to binding policies to servicing and renewals, – continues to grow from both insurers and agencies.

This report documents the state of connectivity; and while demand for increased connectivity continues to grow, there remains an opportunity to align demand with prioritization and implementation of these digital initiatives for the benefit of all stakeholders – agencies, MGAs and wholesalers, insurers, and insureds.

# If the Risk Fits

**While agencies and insurers alike are undergoing digital transformation, the process of agencies finding the right markets for their risks remains outdated and reliant on manual appetite guides and standing relationships. Alternatively, insurers are making a more progressive effort to leverage digital channels for marketing and distribution.**

**Stepping up to the digital plate.** 85% of insurers agree that providing digital marketing collaboration/tools is important, stating the top benefits as the ability to serve clients faster (76%), greater product visibility (75%), and increased time savings (71%). Year over year, the percentage of insurers continuing to invest in printed appetite guides has decreased (72% in 2017 to 52% in 2018), while 65% of insurers are using digital appetite guides and ranked them as the number one method to market commercial risks.

While insurers have increased their digital marketing and communication strategies, their approach to finding new agencies remains person-to-person, with insurers using events (71%) and word of mouth through colleagues (56%) to find the right agents for their businesses. While finding new agencies for their businesses is important as insurers expand into new markets, insurers also need to focus on marketing to their current appointed agencies, as 72% believe they are not maximizing written premium from this agency base.

## 68%

**of agencies have lost business because they cannot find or access a market that will quote the risk. Of that, more than 20% of submissions are declined.**

## 72%

**of insurers suggest that they are not writing the maximum amount of premium with currently appointed agencies.**

## If the risk fits

**Moving toward the digital intersection.** The reliance on printed appetite guides by agencies remains high (66%). Similarly, 59% agents also take a person-to-person approach in finding markets by calling insurers directly. While agencies continue to express a desire to access markets and product information quicker, there remains a gap in adoption. To ensure access to the best products and services for customers, agencies need to leverage digital tools being utilized by insurers, while enabling both parties to eliminate time and expense managing paperwork and manual market inquiries.

# Quote Quickly and Often – with Ease

**Agencies continue to demonstrate to insurers the importance of integrated connectivity as part of their daily management system workflows, and insurers have an equal appetite to provide this service – just not yet.**

**Focusing your investment.** Year over year, a discrepancy continues to grow between where insurers are investing their money in quoting processes versus what agencies would prefer. For Personal Lines, agencies are predominately using comparative raters (52%) to quote more insurers concurrently. Despite many agencies relying heavily on comparative raters, agencies admitted to not using the tools because not all their insurer portals are supported (29%) and doubt around accuracy of rates (35%). However, 52% would actually prefer to quote directly in their management system to benefit from direct data integration and increased time savings. Specific to Commercial Lines, agencies are largely utilizing insurer portals (64%) for quoting; however, only 32% prefer that process compared to 44% who would prefer to quote via their management systems.

**70% & 44%**  
of agencies would prefer quote directly from the agency management system for Personal Lines and Commercial Lines respectively.

**44% & 26%**  
of insurers would prefer to quote directly to agencies via management system workflows for Personal Lines and Commercial Lines respectively.

## Quote Quickly and Often – with Ease

**Moving the needle.** Despite agency demand for integrated rating, insurer investment remains focused on company portals, with 73% investing in Commercial Lines quoting and 78% investing in Personal lines quoting (compared to 33% and 64% for integrated rating in the management system respectively). In line with agency demand to leverage integrated insurer connectivity in their daily workflows, insurer responses indicated strong interest in managing policy quotes within their agencies' management systems. By automating quotes instantly to the system, insurers reduce overhead costs and time spent managing insurer portals and ensure constant product visibility. Insurers need to tap into their data exchange partners to leverage their existing infrastructure to automate quoting to their agents' management system workflows and move the needle on this mutually beneficial initiative.



# Wasted Paper, Wasted Time

**While the case for download remains strong (think significant time and cost savings), there remains considerable runway for greater adoption of current download offerings and expansion into newly offered lines of business (like Surety) for download. Notably, demand for newer types of download, including Claims and eDocs & Messages, continues to rise.**

**Taking advantage of all the opportunities.** Agencies are demanding greater insurer connectivity to save time and increase ease of doing business, and services like download are at the forefront of this automation opportunity. 66% of agencies indicated that they receive eDocs & Messages download (up year over year), with 75% of agencies indicating interest in having each of their insurers offer this type of download. Additionally, 52% of agencies look to utilize Claims download in their organization, with 73% of agencies indicating interest in having each of their insurers offer this type of download.

## 60 minutes

is the amount of time savings per employee per day when using download services.

## Wasted Paper, Wasted Time

**Making the time.** Similar to agencies, insurers expressed the same benefits of greater agency connectivity and automated data exchange – time savings (91%) and ease of conducting business (82%). Despite the shared sentiment, support for the demanded download services is significantly lower. Only 44% of insurers are supporting eDocs & Messages download and only 37% are supporting Claims download.

Why the discrepancy? 63% of insurers admitted to not having the time or resources to implement eDocs & Messages download. 48% admitted the same for Claims download. With survey data showing that those who write more direct premium offer both of these types of download, insurers need to find ways to partner with the right technology providers who offer the resources and expertise to operationalize this service quickly – and without straining insurers' resources.

# Conclusion

**Year over year, agencies and insurers continue to make strides in digital technology adoption. To increase ease of doing business and digital collaboration, agencies and insurers must automate distribution and servicing for both their current – and prospective – partners.**

The time is now for agencies and insurers to further embrace technology to:

- Expand digital distribution through instant product marketing and rating
- Increase ease of doing business with policy-related information synced directly to agencies' management systems
- Automate servicing across the policy lifecycle, all the way from insurers to the insured

## Get started

### Marketing and distribution

Finding and marketing to the right agencies doesn't have to be difficult, expensive and inefficient. Insurers need to adopt online tools that provide insights into agencies' books of business, instantly communicate appetite, and distribute quotes more broadly to reach the right agents at the right time.

### Service

Increase staff efficiency and policyholder satisfaction and retention by continuously providing agencies accurate information. Eliminate paper and automate policy-related information exchange directly into partner management systems. Insurers must increase agency connectivity to ensure the latest information is instantly available throughout the underwriting and servicing process for both agencies and insurers.

# Methodology/Demographics

**Annual Insurer-Agency Connectivity Report: 2018 Digital technology adoption trends in digital distribution and automated servicing was produced by IVANS.**

More than 1,900 independent agencies, MGAs and insurers across the U.S. participated in the 4th Annual IVANS Agency-Insurer Connectivity Survey, from which the results of this report were generated. Respondents voluntarily participated in an online survey conducted in June 2018. The findings are based on responses to a set of questions about agency and insurer technology use.

This report was prepared by IVANS Insurance Solutions, Inc.

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# About IVANS

**IVANS, a division of Applied Systems, is the insurance industry's exchange connecting insurers, MGAs, agencies, and the insured.**

IVANS cloud-based software automates the distribution and servicing of insurance products. For more than 35 years, IVANS innovation and expertise has connected 32,000 independent insurance agencies and 380 MGA and insurer partners to enable millions of people to safeguard and protect what matters most in people's lives.

855.233.9128  
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IVANS Insurance Solutions  
5405 Cypress Center Drive  
Suite 150  
Tampa, FL 33609

[ivansinsurance.com](http://ivansinsurance.com)

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