

Mirror Images



Carriers create the right attitudes in their agents through positive experiences that start from day one.

by Jason Brown

Insurance companies increasingly prioritize customer experience within their C-suites.

After all, executives acknowledge that a positive experience can have a lasting impact on policyholder retention—and that a negative experience can, in turn, have quite the opposite effect.

From “concierge” service centers that reinvent the often onerous claims experience to mobile document capture, which enables customers to easily apply for quotes from their mobile devices, new technological advancements can both improve the experience and its measurement. That’s especially important as more transactions happen online, and companies can better observe the entire chain of events that leads to a purchase decision.

Nearly all insurers recognize a need to look beyond individual transactions to fully understand how customers interact with the firm, and most undertake initiatives to reshape that collective experience. Still, the industry as a whole has devoted less

attention to a key—and influential—part of customer experience: the insurance agents themselves. While some carriers may see direct sales as the future, agent-based distribution is certainly the channel of the present, especially when it comes to the life/health side of the business.

More so than customers, agents have many interactions with insurers and form very strong opinions about carriers. In fact, agents’ experiences are often transferred directly to their customers, both in the form of recommendations (“Carrier X is the best at Y”) and navigation of the buying process.

In addition, agents facilitate insurance purchases and are thus part of delivering the carriers’ customer experience, too. In many cases, it is difficult for customers to distinguish between

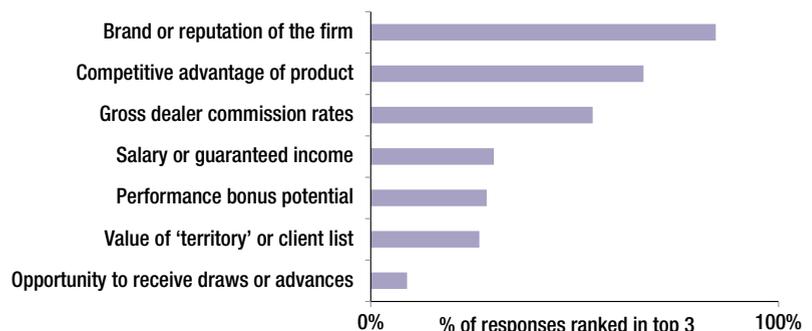
Key Points

- ▶ **The Issue:** For customers to have positive experiences with agents, carriers should give them customized training, tools and support.
- ▶ **The Inside Story:** Carriers should begin creating unique experiences with agents from the day they’re recruited.
- ▶ **The Reflection:** Carriers should treat agents as part of their customer experience and emphasize positive qualities that will translate into the attributes they want agents to project.

the agent and the carrier when attributing credit (or blame) for a positive (or negative) experience. For example, there’s always the chance of an “asymmetric risk” in which customers ascribe positive experiences to the agent and negative experiences to the carrier.

Why Did You Choose to Join Your Current Firm?

Survey of 250 captive producers



Source: ZS Associates

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For these reasons—and the fact that the quality of agent experience can affect production and persistency by as much as 20%, according to our studies—the agent experience is a significant source of value creation for insurers, especially those in segments with limited direct customer interaction.

What Is the ‘Agent Experience’?

The “agent experience” is a definition that varies widely across carriers. From our point of view, we’ve defined the experience as the sum of all the direct interactions between the agent and carriers, peers and customers, all of whom can greatly influence agent perceptions.

Let’s break down this all-encompassing definition into workable parts and think about the agent experience in stages aligning with the life cycle of the agent-carrier relationship:

1. Recruiting or licensing process: The steps an agent goes through to become eligible to sell a carrier’s products.

2. Onboarding and introductory work: The period of early education that positions the carrier to the agent, as well as the first set of opportunities the agent is given.

3. Early experience: The 12-to-24 months when agents first experience the carrier’s products, technology, claims and customer perceptions. This is when many perceptions and behavioral habits are formed.

4. Expert interactions: The period of growth and maturity when agents push carriers and products to perform in new and different ways.

Keep in mind the type and variety of experiences will change throughout these stages, as will the agent’s needs and expectations. For example, the way a carrier thinks about shaping the experience for a brand new pro-

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How Carriers Shape Experience

The agent experience should be unique to each carrier. However, the

approach to developing and defining this unique agent experience is common across the board. As we see it, there are five broad steps carriers should follow:

1. Establish an overall vision for the experience you want to create. Is that experience centered on efficiency? Customization? Innovation? Ideally, it should align to the brand you try to build with your customers. This will ensure that agents become good brand ambassadors as they relay to customers the experience you create for them.

2. Create a conversation between you and your agents. A quarterly agent round table alone is insufficient. Instead, instate a “voice of the agent” program that offers a systematic range of listening posts to help you better understand your agents and track that impact all the way through the business to the end customer.

3. Recognize that all agents don’t want the same tactical experience. While your vision for the agent experience should be singular, the execution should be tailored to the agent. If you champion efficiency, that may mean providing great self-service tools for some agents and direct access to an underwriting team (with authority to make quick decisions) for others.

4. Look outside the industry for inspiration. Don’t be afraid to challenge convention. Most insurers’ agent interactions look very similar at their foundation. While it certainly

It’s Not Just Compensation

Carriers often deploy new sales incentive schemes or contests to improve agent interactions. Compensation is definitely an important part of the agent experience, but by no means the only lever. And, ironically, when carriers study how their compensation stacks up, they often anchor their plans around industry benchmarks—making compensation non-differentiating by design.

To better understand the various levers in play, ZS surveyed 250 captive producers and asked why they chose to work for their current firm amidst the many options in the market.

Compensation was definitely high on the list—it

ranked as the No. 3 most influencing factor—but the firm’s brand and reputation had a far greater impact. So did the products the firm sells and, in particular, the competitive nature of those products.

As one producer said, “You can pay the highest commission in the business, but can I sell your product? Will I like the people I work with? That matters, too.”

One of the main reasons producers care about a carrier’s product and reputation is that these elements determine how easy or difficult it is to sell. And sales tie back to compensation. So maybe it is mostly about compensation—just not in the way carriers typically approach the issue.

carries risk, a fundamental change will definitely stand out. Industries that also use third-party distribution, such as high tech, may provide useful inspiration.

5. Innovate, measure and adapt. As with any initiative, it is critical to track and interpret results to understand what's working and what's not. Ramp up tracking early on to ensure you are in a position to quickly adapt as agents react.

Testing Impact

Global sales and marketing consultancy ZS surveyed more than 3,000 agents for a leading insurance carrier to measure the possible impact an overall positive experience can have on agent outcomes.

Like many carriers, this company tracked a version of the "net promoter" score among its agent base. Anchoring on this as a summary metric, we tracked agents over two years to see how this measure of satisfaction cor-

related to production.

We found that even after controlling for differences in market, tenure and other factors, every extra rating point on this scale correlated to an extra 2% of annualized premium among experienced agents, and an extra 5% among the newest agents.

In other words, a new agent who delivered a rating of 10 would be expected to produce 20% more in subsequent years than an agent who delivered a 6. This can be a difference of tens of thousands of dollars of annualized premium.

Digging deeper, we studied what drove these differences in perception. Why did one agent have a positive experience while another, similar agent did not? The reasons varied greatly. There wasn't a single driver, but rather a connection of events that came together to shape the overall experience. For some, especially agents new to selling insurance, personal contact

and support during the onboarding process had the biggest impact. For others, it was the day-to-day technology provided, or the way the carrier dealt with customer service issues. This is just one example—admittedly from a carrier who had not yet begun to deliberately shape its agent experience. But it serves to illustrate the challenge and potential reward.

Momentum continues to build around the idea of customer and agent experience, and the measurement of these experiences is getting much better.

There's an opportunity for carriers to stand out and build comprehensively unique experiences, which makes it harder for competitors to lure customers away. Those that seize the opportunity will have an advantage in agent loyalty, persistence and production that can make a difference. **BR**