



THINK BIG. THINK SMART.

Harness the power of agency data for greater market share, expanded footprint.

By Jeff Neilson, President
Neilson Marketing Services

neilson
MARKETING SERVICES

OVERVIEW

According to a recent report by Deloitte on the state of the insurance industry, hopes for accelerated growth and improved bottom-line profitability were tempered throughout 2017 as a result of both natural (Harvey, Irma, Maria, wildfires) and man-made events. However there's optimism among insurers and reinsurers for 2018 due to abundant capacity, alternative capital, corporate tax reform, increased economic growth, interest rates increasing, and the entry/re-entry of some markets in the space that will result in the property/casualty marketplace remaining competitive. Furthermore, insurance rates have experienced increasing renewal premiums year over year across most major commercial lines in second-quarter 2018, with Commercial Auto positively seeing the greatest increase in premium renewal, according to IVANS.

It's important to note, however, that these increases don't reflect a firm market; it is still a buyer's market with insurers, MGAs, MGUs, wholesalers, and program managers still having to compete beyond price. This means developing innovative products for agents and brokers to market and sell – products that will enhance clients' success, improve the customer experience, and provide better coverage, structures, and services for specific industries and segments.

Developing new products means leveraging technology advances. According to a recent survey of insurers from Willis Towers Watson, respondents expect usage-based insurance (UBI) to grow beyond auto and anticipate using telematics and technologies associated with the Internet of Things to personalize risk assessment for homeowners (0% today versus 65% in two years) and commercial property (0% today versus 38% in two years). The five-year outlook for telematics' impact on insurers' business will be on pricing (90%) and underwriting (80%), notes the survey.

Additionally, personal lines insurers say the top-growing new data sources they plan to use two years from now include UBI (70%); unstructured internal claims information (61%); and smart home/smart building data, unstructured internal underwriting information and social media (52%). The Deloitte report underscores the use of Internet of Things (IoT) connectivity to potentially reshape the way homeowners insurers assess, price, and limit risks. Eighty million smart home devices were delivered globally in 2016, and expectations of a compound annual growth rate of 60% could result in over 600 million such devices in use by 2021. Carriers may receive fewer and less-severe claims and be able to gather data for more personalized and profitable pricing with the deployment of safety-connected technology. Commercial insurers are also looking to tap unstructured internal claims information (92%) and other unstructured customer information (54%) to improve the customer experience and design new products.

The Impact of Insurtech, Millennials & Climate Change

Insurtech is playing an increased critical role with insurers and brokers as well, as they continue to form relationships between established insurance enterprises and Insurtech firms. Commercial insurance business, according to Marsh, will benefit as firms focus their skills to develop APIs and targeted services to solve efficiency problems, including data management, customer service, and over-reliance on manual processing.

Millennials are influencing the type of insurance products being developed and the way they are sold. As Millennials begin to take the helm of insurance purchasing, there is a demand for greater expectations of efficiency, transparency, and product enhancements. This demographics' influence will continue to effect change with low-touch underwriting in the small commercial segment, and instantaneous online quoting, supported by agents and brokers who can step in to provide product expertise when needed.

In addition, climate change and severe weather events have forced carriers to look at their products and what makes sense from an underwriting standpoint, while others are also looking at expanding their offerings in certain categories of business, such as enhanced insurance products and risk management services for high net worth individuals and industry-specific cyber products. "Green" products are also a target market for many carriers, especially in the hospitality and habitational industries and on the individual insured level.

These changes in the insurance landscape provide tremendous opportunities for carriers, MGAs, MGUs, wholesalers, and program managers but require the right agency partner to move forward. The good news is that agency data has evolved tremendously over the years, providing carriers and others with the ability to hone in on insurance agencies with whom they can partner to achieve their marketing goals. There is a wealth of data available today when working with the right list provider to help you determine which partners within the insurance distribution system can assist in leveraging new products and niches that meet the demands of today's consumer.

In this white paper, we will define the data collection, management and updating of business lists. We will also take a look at what type of data is important in targeting prospective insurance agency partners to help you put your marketing plan into action.

DATA BASICS

Data is exploding in volume, variety and velocity all around us, and taking advantage of it offers organizations big opportunities to grow their business. Data is defined as the “values of qualitative or quantitative variables, belonging to a set of items.” It has traditionally been represented in a structure, often tabular (represented by rows and columns), a tree (a set of nodes with parent-children relationship) or a graph structure (a set of interconnected nodes).

But today data also includes unstructured information – pieces of critical information garnered from social media platforms, such as tweets, Facebook posts, LinkedIn comments, and YouTube videos; and from blogs, vehicle telematics, text messages, GPS signals from mobile phones, and images. Known as BIG DATA, this is comprised of structured and unstructured pieces of information that come from many different sources, with a great deal of emphasis on unstructured data. And, those companies that leverage all this data are expected to financially outperform their peers by 20% or more, according to an IBM Global study.

Data collection is any process of preparing and collecting data; for example, to use as part of a marketing campaign. The purpose of data collection is to obtain information to keep on record, to make decisions about important issues, or to pass information on to others in order to take action. Data collection usually takes place early on in a project and involves:

- Pre-collection activity – agreement on goals, target data, definitions, methods; it’s one of the most critical steps in the entire process
- Data Collection – the gathering of data
- Present Findings – usually involve analysis and/or presentation

Data management is the development, execution and supervision of plans, policies, programs and practices that control, protect, deliver and enhance the value of data and information assets.

Data updating is the modification of data that is already in the database.

DATA 2.0

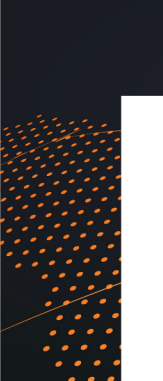
Data Collection: What Do You Need?

Any skilled marketing professional within the carrier, MGA/MGU, program manager, or wholesale space will tell you that understanding your target audience is the key to implementing an effective marketing strategy when appointing new agencies. Do the best you can to know your marketplace. To create a solid foundation for any marketing plan, you must first identify the characteristics of agents with whom you want to partner – those that will help you distribute your product, expand your market share with accounts that fit within your model and appetite, and yield profitable long-term premium within your underwriting guidelines. Once you know the characteristics, it's time to tie these into the data you will be requesting from a list provider.


Consider the data elements you need to meet your marketing objectives. This includes: various owner/employee contacts along with their designations, such as CIC, CPCU, CISR or ARM; the SIC codes in which an agency specializes; and the geographical areas agencies target. What's more, consider whether an agency's revenue is key when targeting partners for your program or product. Does size matter? If so, when looking at revenue, be sure you are getting what you are asking for from a list provider. Many agencies will report premium volume as revenue so when ordering an agency list with this data, the agency names will not necessarily match the size demographics laid out in your marketing plan. Be sure you are dealing with a list vendor that understands the economics of how commissions, revenue, and premium affect an agency's financial worth, which can be of great value to your marketing efforts and end game.

Another key piece of data in your marketing efforts is to obtain mobile phone numbers, direct lines, and extensions associated with individual or employee contact names of the agencies. The importance of having mobile phone numbers today is key in reaching your contacts. This will facilitate the process for your account executives and sales force.

What's more, it's not just a matter of only obtaining the agency owners' information. Today's P&C landscape has changed significantly over the years with most agencies having multiple locations, which translates into having multiple commercial lines producers, placers, and customer service representatives. If your marketing department is targeting a single decision maker, for example, a contact with the title of Partner, Owner, CEO, Chairman, President or Principal, this may not be the right individual for your program or product. With the tremendous amount of M&A activity on the agency level (2017 saw a record 604 deals announced, according




to OPTIS Partners), decisions to sell and submit commercial lines business fall under the auspices of management – not just owners – in addition to other key staff located at the different locations. When approaching an agency today for an appointment one of the key steps is to treat the approach like you would a sales call coming into your own organization. Who in your organization is best fit to speak with that prospective agent? You need to find out who is the best person to speak to on the agency side and collect that data so you're calling the appropriate person.



The use of social media for marketing and communication among independent agencies has grown significantly over the last several years. In addition, forward-thinking agencies are deploying blogs on their websites and continually adding and updating new content that speaks to the products and coverage they offer. Having access to an agency's website (URL), blog, and links to their business LinkedIn, Facebook, Google+, Twitter, Pinterest and YouTube accounts will help you cull a tremendous amount of information. You will be able to glean the type of industries an agency is targeting, and customize a conversation that can speak to the needs of those firms that match your underwriting appetite. On the flip side, having access to this data can help you vet those agencies that don't fit into your appetite, saving everyone valuable time and energy.

Of course, knowing the carriers that the agencies already represent can also provide insight into the type of programs they may be already writing. The split between commercial and personal lines business will also tell you if they are a good candidate for your products and services.



THE AGENCY UNIVERSE

Data Management: A Look at the Distribution System

When managing your agency data, you need to also take a look at the insurance distribution system to ensure that you are collecting data from the right target. Consider how many independent agencies there are and whether the list you have includes firms you don't want. We address this because as a carrier, MGA, MGU, wholesaler, or program manager, you're not looking to include property and casualty businesses such as State Farm, Farmers, Allstate, MetLife and their agents/representatives; or business categories like life insurance agents, financial service agents, health & benefits agents, claims adjusters, to name a few. Rather, you are focused on true independent property and casualty insurance agents. This is a critical distinction, as you don't want to be culling data from a list that includes agents for direct writers or life insurance agents, etc. Unfortunately, many list providers do not make this distinction and you'll end up with data that is not useful for your objectives.

The Independent Agency Landscape

When we look at the most recent Best Practices study published by the IIABA, there are about 38,000 independent agents. In 2016, 21% of all independent agencies and brokerages are small (<\$125K) and 53% are medium-small (\$125K - \$499K). 74% of agencies saw revenue increases between 2014 and 2015, compared to 70% between 2012 and 2013. Agency markets include an average of 7 standard personal lines carriers and 5 standard commercial lines carriers, with 72% of agents accessing MGAs and/or wholesalers for markets.

But your analysis should go even further than what is revealed in the IIABA study when looking for agency data. The study doesn't seem to pinpoint how many of these agencies are also MGAs, program managers, or what we have coined a hybrid. Our data at Neilson Marketing shows that of the current 38,000 agencies, roughly 28,000 are the top commercial lines performers that control the jumbo, middle market, and commercial BOP business, and 2,500 to 3,000 are made up of MGAs, wholesalers, and program managers. Another interesting note is that of the 28,000 retail agents, 20% of their total premium volume is personal lines, 70% commercial lines, and 10% is in health, life and benefits. The personal lines premium for this group of agencies is typically made up of the following products: Chubb Personal Risk Services North America, AIG Private Client Group and PURE. This is all vital information when looking for partners to sell and market your programs. If you're looking for top commercial lines performers for specific-size classes, being able to select

that agency data is critical to your marketing plan. Or, if you are looking to enhance your high net worth product line knowing which agents are already in this space is key.

What would also be of interest to know is how many locations in the IIBA study are national or global brokers such as Marsh, Aon, and Willis. In the past ten years, these national brokers have done a good job acquiring independent agents across the U.S. Moreover, an important characteristic to note about this continual change is that these national brokers for the most part act like and still do business like an independent agent. Obtaining a list that indicates which agencies are owned by the national brokers is also critical in your marketing.

Quick Checklist: How to Buy A List

1. Do not purchase a list from a website. 99% sell out-of-date, "wholesale" data.
2. Do not purchase a list from a reseller unless they can prove they are providing current-month data. 99% of list brokers, ad agencies, mail shops, printers, etc. sell out-of-date wholesale data.
3. The USPS reported 25% of direct mail is "undeliverable as addressed". Be certain of all deliverability selects.
4. Understand the "selects" you choose. Many fields, such as agency type, number of employees, and location, are inaccurate and vary tremendously from source to source.
5. Get FREE match reports of your purchased or in-house lists to other lists.

KEEP IT FRESH

Data Updating

Updating insurance-specific data can be a daunting task. For example, the number of mergers & acquisitions taking place right now within the property and casualty industry is at an all-time high. There's about a seven- to twelve-month tail for data to catch up and get updated on public data directories, so you can expect a 72% to 87% accuracy rate.

What's more, the big public data firms don't offer an insurance-specific business list with all or even some of the information needed, such as the number of employees at each location, revenue, carriers represented, email addresses, mobile phones, individual designations, commercial/personal lines split, and type of agency management system, to name a few. What you may end up with is an officer and or director's name along with a title and it could be outdated after a recent merger. It's critical that you not only get all the information you can but the right information. This means purchasing a list that is updated on a regular basis to reflect what is going on in the insurance marketplace.

Following are several key items that are vital to supporting good data for your organization:

- NCOA verification
- Call center and phone data interview collection
- Direct mail
- Website browsing and verification
- Field collection
- Conventions, events
- Periodic acquisition of insurance-specific data

NCOA Verification

The (NCOA) is a registry of people and businesses that move or otherwise change their address in the United States, maintained by United States Postal Service and access to it is sold to firms that engage in direct mail. The use of NCOA is required in order to obtain bulk mail rates, as it minimizes the number of misaddress, and helps to keep a mailing list current. This can be used to update addresses.

Call Center and Phone Data Interview Collection

Incorporating a call center to perform interviews to collect unique or custom data is a vital tool in keeping data clean and accurate. Performing this task can be completed using a CRM, such as Sales Force, Infusionsoft, NetSuite, Infor CRM (formerly Saleslogix) or Sugar, to name a few.

Direct Mail

Performing direct mail will assist in helping track address moves in addition to getting your brand and program out there.

Website Browsing and Verification

This has become as important as using the call center for confirming data changes that occur. The challenge is that some websites may be outdated which is why the call center and direct mail are absolutely necessary to incorporate into the process.

Field Collection

This task can be performed by an organization that has sales representatives with feet on the pavement. Offering access to a central CRM where data can be retrieved, added, and updated will provide you with a competitive advantage over time.

Conventions, Events

This has slowed down over the last 10 to 12 years with many sales organizations doing business over the phone using Skype, Go-To Meetings, and videoconference tools. With that said, conventions can be a great way to gather new business list and names.

Periodic Acquisition of Insurance-Specific Data

A good list provider that manages and updates a database regularly and has access to insurance agency-related data can provide you with additional information needed to flesh out your existing list.

Conclusion

Any good marketing plan begins with data that can be analyzed to determine who to target for your programs and products. Without a good list that contains the data you need, you will end up wasting a great deal of your resources. There is so much data available today accumulated from various media and services to effectively reach the agency partners you need to help expand your footprint.

ABOUT THE AUTHOR

Author Jeff Neilson has more than 30 years of experience in the insurance industry putting his expertise to work for P/C agencies, MGAs/MGUs, wholesalers, E&S brokers, and program administrators nationwide. As president of Neilson Marketing Services, he has implemented the gold standard in insurance telemarketing for more than 5,000+ agencies, brokerages, and companies across North America with customized, targeted lists, qualified leads, appointment setting, relationship marketing programs, response tracking and analysis, and sales center consulting.

ABOUT NEILSON MARKETING SERVICES

Neilson Marketing Services has earned its stripes in insurance marketing and telemarketing, helping to deliver tangible results to many of the industry's top independent agencies, brokerages, carriers, MGAs, wholesalers, and program managers over the last 30 years. Founders Larry and Jeff Neilson, pioneers in insurance telemarketing, continue to develop break-through services that reflect the changing consumer, what's happening in the insurance environment, and marketing innovations.

One of these services, AgencyDirectory and AgencyPinpoint, provides carriers, MGAs/MGUs, wholesalers and program managers with a list of insurance agents and brokers to put you in front of those in the position to make decisions about your program and products. AgencyDirectory includes about 30,000 agency locations with 70,000 contacts of which 80% have email addresses. Moreover, the agency names included in the AgencyDirectory are those that control commercial lines insurance. The information collected and updated regularly includes 67 data points including revenue, commission, premium volume, employee size, agency management system, branches, contact names, email, mobile phone number, corporate and individual social platforms, and SIC code specialization among many others. Additionally, reporting allows a user to differentiate between direct writers, national brokerages, independent agents, wholesalers, MGAs, and carriers.

AgencyPinpoint is an on-demand mapping program, which allows users to leverage GPS technology from the office or on the road to map out and coordinate schedules for agency visits. It can be used to set up appointments with agencies in specific territories, provide directions to their location, and allow for flexibility if an appointment is unexpectedly cancelled or postponed. You can easily plug in the specifications that you want and see what other agencies are located in the area that meet your criteria. Insurance executives will increase productivity and efficiency and have access to key contacts and current clients along with prospect data details while on the go.

23172 Plaza Pointe Drive
Suite 205
Laguna Hills, CA 92653

Phone
1.800.736.9741 - North America
1.949.472.2700 - International
www.neilsonmarketing.com