

**SMART AGENCY**

BY SUSAN L. HODGES

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Your customers expect it—  
but what services are you actually offering

# online?



Customers visiting [www.hbinsurance.com](http://www.hbinsurance.com) expect much more than marketing brochure-ware when they log on to handle their insurance needs. Hickok & Boardman, Inc., a seven-branch agency based in Burlington, Vt. enables visitors to its Web site to request quotes for homeowners, personal auto, business and life-health. Customers can also request certificates of insurance, download a variety of forms and link to carrier Web sites.

Clients are responding to this "remote" service. "They love it," says Mike Boardman, senior vice president. "If they are a certain kind of customer and we can make their lives easier, that's what business is all about today."

Forty-six miles south, Holden Financial Services in Brandon, Vt., maintains a Web site, but owner Paul Gladding says the site functions more as a marketing tool than a customer-service portal. "It's a self-imposed comfort zone," he admits. "We want to have some control over the information we offer."

client questions and needs in person or by phone. Even so, he knows change is coming. "I'm sure we'll go there eventually," he says of online customer service, "because it's the way business is being done."

According to Forrester Research, electronic commerce accounts for a continually growing percentage of online activity. U.S. online sales excluding travel increased 19% in 2007 to \$174.5 billion from \$146.5 billion in 2006—and 2006 online sales had grown a whopping 29% over 2005.

Not all of this e-commerce is executed by people under 40, either. Kiplinger's Retirement Report noted that a study performed by the Spectrem Group consulting firm found that Internet users older than 70 spend 32% of their online time dealing with finances. What's more, seniors above 70 with more than \$500,000 in assets were found to devote more of their online time to finances than younger affluent seniors.

# for Customer Service

## Reading Your Market

Two agencies, geographically close—but separated by vast differences in clientele and their approach to the Internet. If you listen to Mike Boardman, though, he'll say that's not unusual. The extent to which your agency offers online transactions "should depend on your client base," he says. "If your base is not large and complex, and your clients aren't looking for [Internet service], maybe you don't need it. You have to recognize your target market and adapt accordingly."

From Burlington, population roughly 40,000, Hickok & Boardman writes business throughout the state, offering specialty programs in at least nine industries that range from manufacturing and timber-harvesting to hotels and bed-and-breakfasts. Online services work particularly well, Boardman believes, for decentralized accounts with sales people and managers in various locations.

In contrast, Brandon, Vt. is home to fewer than 1,700 people, and many of Holden Financial Services' clients are also friends and business associates of Gladding. Having gone paperless in personal lines, and now moving that way in commercial lines, the agency clearly invests in technology. But in this rural setting, Gladding prefers to respond to

At first glance, agencies appear to be keeping abreast of the trend. IIABA's 2006 Agency Universe Study found, for example, that 75% of agencies reporting said their customers regularly use the Internet for insurance matters. But in most cases, online interactions consist of general e-mails (55%) and electronic payment of premiums (42%). Only 23% of customers regularly use the Internet to obtain quotes for coverage, and just 11% go online to print documents, such as ID cards. What's more, the study shows, 24% of customers don't use the Internet at all to perform insurance transactions.

## Choosing and Processing Services

From this collection of statistics, are agencies offering no online services to customers and prospects missing the boat? "Absolutely," says Adam Cherubini, senior vice president of client development for InsWeb Corp., an online provider of quotes for home, auto and life insurance from various carriers and agent/brokers. InsWeb data show that approximately 80% of all consumers have some attachment to the Internet when they shop for insurance. "And a growing percentage of those are using it exclusively," says Cherubini, meaning they no longer scour the Yellow Pages or read direct mail

## Beef Up Your Web Site

If you want to know more about creating a Web site that will not only inform customers and prospects about your agency, but draw them into your business, check out the Agents Council for Technology Web site, at [www.iiaba.net/nav\\_act](http://www.iiaba.net/nav_act). In addition to a calendar of relevant events and a monthly article on technology, the site features articles on more than a dozen tech-related topics. Of particular interest may be the following pieces:

- "Designing an Effective Independent Agent Web Site"
- "Positioning Your Agency Successfully on Internet Search Engines"
- "Independent Agencies Making a Paradigm Shift: Conversations with Young Agents"
- "The Right Way to Find New Insurance Prospects & Sales on the Internet"
- "Protecting Agency Customer Information from Identity Theft"

To learn more, contact Jeff Yates, ACT executive director, at [jeff.yates@iiaba.net](mailto:jeff.yates@iiaba.net) or 800-221-7917.

from agencies and carriers soliciting their business.

But when it's time to purchase coverage, Cherubini says 80% of InsWeb users buy from a field agent who provides personal interaction. "They get a lot of information, figure out the bells and whistles, and decide what they want to buy," he explains, "so that when they talk with an agent, they're better informed."

InsWeb has other data from a survey sent to 10,000 agents of direct writers. The survey netted a 10% response, Cherubini says, with the majority of respondents saying that the Internet provides the greatest portion of their sales leads. Observes Cherubini, "This is just another sign that there are diminishing returns on other types of marketing efforts out there."

Dave Nelson, principal of Tegner-Miller Insurance Brokers in Santa Monica, Calif., may have the solution for agencies that know Internet service is growing in popularity, but are still reluctant to provide policy data online. "We're not giving access [to policy information] on the Internet," says Nelson, "but we do offer online quoting." Tegner-Miller uses its Web site more as a marketing tool than as an extension of the agency's back office. "People find us on the Net and put their information in," says Nelson. The agency typically receives between 10 and 20 online requests for auto insurance quotes per month, and Nelson says one of those usually is converted to a sale.

The figures differ for group and individual health quotes. "We probably get four to five queries a month and convert two of them into sales," Nelson says, adding that those who request auto quotes "are probably just shopping," while those who ask for individual and group health quotes

probably need coverage quickly. But the best results stem from requests for medical malpractice insurance quotes. Says Nelson, "We get at least 50 queries a month and probably write 10. And these clients come from all over the country."

Whether you solicit information online or provide it, however, the agency still needs processes for handling the work that results. Tegner-Miller has a dedicated personal lines manager who receives the quote requests and assigns them to an account manager. Requests for health insurance

quotes are funneled to the agency's benefits department, where a producer calls prospects immediately. On the call, the producer may also discuss other products that could be more advantageous to the customer, Nelson says.

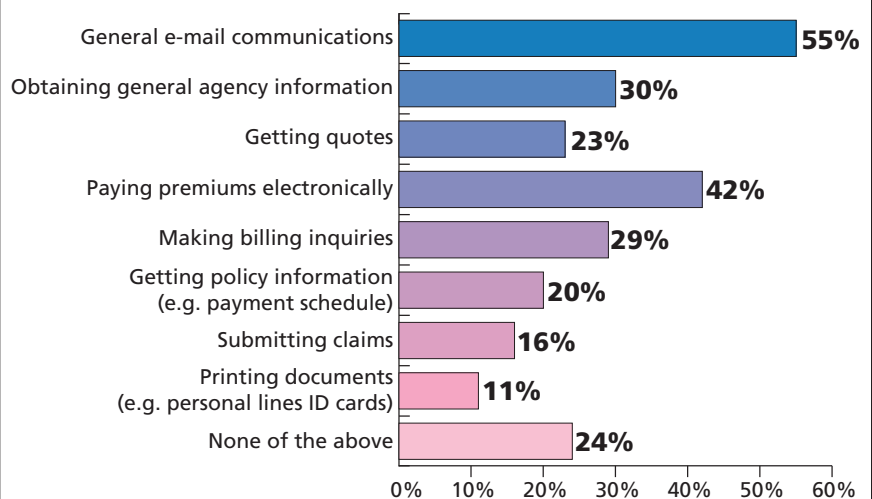
Meanwhile, Tegner-Miller's existing clients aren't asking for online access to their policy information. The agency's personal lines customers are mostly older, upper-middle-class, or upper-class, "and they call us," says Nelson. But he expects this to change in the next five to 10 years as customers who now do their banking online become comfortable transacting other types of financial business in the same way. "It will come," says Nelson; "we're just about five years behind the banks."

## Marketing Online Capabilities

Jeanne Heisler, president of The Ronan Agency in Brick, N.J. and New Egypt, N.J., is not so sure. At this 15-person agency just 50 miles southeast of New York City,

## Customer Transactions Done on a Regular Basis

Three-quarters of agencies report that customers regularly use the Internet for insurance matters. According to agents, in most cases, customers are using the Internet to send them e-mails or pay their premiums. Larger agencies are more likely than smaller agencies to communicate with customers via e-mail. They also are more likely to indicate that customers use the Internet to obtain general information about their agency. A greater percentage of smaller agencies indicate that customers use the Internet to pay premiums compared to larger agencies.



Heisler says 20 to 30 customers still drop by to pay their premiums in cash. "We did offer quotes online, but there were so many questions," she says, "people were getting confused."

The agency uses AMS 360 Online, which enables customers to perform numerous online transactions. Clients must first request the services from their agent, and then be granted authorization to use them. Once this occurs, customers can go online to obtain certificates of insurance, view their accounts and policies and request changes in coverage. But Heisler says usage has not been extensive. "We need to market it more," she says.

Marketing online services to new customers is necessary to increase usage. Penny Gillespie, a former analyst at Forrester Research and now president of Gillespie International, a Centreville,

## Who is Using the Internet?

"Future One," IIBA's 2006 Agency Universe Study, paints a picture of agencies' online service offerings. Aside from e-mails and paying premiums electronically, the great majority of clients rely on the phone, regular mail and walk-in visits to conduct their business with the agency.

Va.-based consulting firm, says one of the most effective ways to increase online transactions is to start with new customers. "Putting an application online allows an agency to jump-start the process by getting the prospect's information," she says. "The agency can then use that data to help manage the customer relationship, from billing to cross-selling."

The more an agency knows about its customers, Gillespie says, the better able it is to solve their problems—and market new

products effectively. "When you solve problems, you're embraced by the customer," she says. "If you're not solving problems, you're perceived as a nuisance."

The Internet can do some of the work for you by collecting information about prospects and insureds. And if you don't yet employ an information technology specialist, hire one to add interactive capabilities to your web site. "If you're trying to move customers to the online world, you usually only have one chance to do it," says Gillespie. "Your service must be intuitive, you have to have someone available to walk customers through the online path, and it has to work. If it's hard to use and it doesn't work, you lose the customer."

Hickok & Boardman's Mike Boardman couldn't have said it better. "I think a lot depends on your IT department allowing you to get [online services] in place," says Boardman. IT specialists should be able to build in interactive functionality while securing your web site to protect the information it receives. "We've never had any security problems," says Boardman. "We're very confident in our IT people."

## Your Online Brand

But if agencies allow customers and prospects to do more online, will the branding that stems from personal service be diminished? "Your Web site is your brand identity," says Boardman. "You show how you can provide something that's different from others, and that something is your content, access to markets, unique coverages and special industries that you insure."

Jeanne Heisler agrees. The Ronan Agency Web site has a "Who We Are" section that allows users to click on five different aspects of the firm's identity, from its history to community involvement to membership in Trusted Choice®. "I do think more consumers are getting computer-savvy," says Heisler. The key is to have online service functionality in place so that when critical mass is achieved, your agency will be ready and willing to reap the benefits. ☐

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