About this article: *Independent agents can provide the online auto insurance shopper with a better value proposition than the direct carriers and thereby take personal lines business from them. Independent agents now have the technology tools available to write personal lines profitably and to increase their visibility online so that they can be found by online shoppers. Recent consumer research also bolsters the opportunity independent agents have to attract online shoppers—most online shoppers continue to buy offline from a local agent; consumers using agents highly value their agent; and consumers using local agents have a higher degree of loyalty to their current insurance provider.*

The Independent Agents' Opportunity to Take Back Personal Lines
By Jeff Yates

Sometimes an opportunity is staring you in the face, but it is invisible to you because you are so focused on what a particular competitor is doing and how you are going to compete on the same terms. Let's take personal auto insurance. I was so focused on what the direct carriers are doing with their massive amounts of advertising, online quoting and rapid market share growth, that I failed to see the incredible opportunity that independent agents have today to present consumers with a better business model than the direct carriers are offering and as a result, take business from them.

"Go Opposite"
I hope to convince you in this article why this is an excellent time for you to implement a defined strategy backed by sales power and resources to grow your personal lines. To help you see why this opportunity is so great, let's apply a tool that Daniel Burrus, author of the bestseller "Flash Foresight," recommends organizations use in their strategic planning—"Go Opposite" in order to see opportunities that previously have been invisible to you. He urges us to make a list of everything your competitors are doing and then look at each item and ask, "How can I gain an advantage by doing the opposite?" He argues that we are living in a world where in so many ways "our entire world and everything about it is going through an intensely rapid and comprehensive reversal," "where the acceleration of digital technology is turning conditions on their heads…"[1] In short, we are seeing this reset of consumer expectations and practices take place all around us in our daily lives. Why can't it take place with insurance as well?

Let's apply the tool of "Go Opposite" with regard to the trend of growth in online automobile insurance sales by the direct carriers, a concern for all of us. The direct online carriers are emphasizing price to such an extent in their advertising that consumers are starting to put less and less importance on the enhanced coverages they can get, according to recent research

---

[1] Daniel Burrus, *Technotrends* newsletter, May 2011.

conducted by comScore.[2] In other words, the direct carriers are selling auto insurance as more and more of a commodity and consumer loyalty to the various providers has become pretty low.[3]

In addition, the 2011 comScore and J.D. Power Auto Insurance Shopping reports show that most online consumers are getting automobile insurance quotes from multiple carriers[4] and that these consumers are spending an average of *two or three days* gathering quotes.[5] Most are entering the same data into multiple websites. Sound familiar? Independent agents all know how inefficient that business model is, having experienced it themselves before the availability of real-time multiple carrier quoting.

Independent Agents Can Provide the Online Consumer a Better Alternative
Now what if independent agents were to "Go Opposite" and start to show online consumers that there is a better way to think about and buy auto insurance. They can go to an independent agent and have a more efficient shopping experience and get quotes from multiple carriers in one stop. And independent agents can offer consumers the value add of personalized professional counsel and debunk the myth that the coverage and limits bought are not important and that auto insurance is a commodity.

The Technology Tools Are Now Available
The technology has now become available to enable independent agents to enter the online shopping & quoting space effectively. They have access to real-time quoting through their comparative raters and agency management systems so they can finally quote personal lines prospects efficiently. The efficiency of these real-time tools has been an essential predicate to independent agents' being able to compete in today's personal lines market place.

Independent agents can implement online consumer portals on their websites offered by several comparative rating vendors to provide consumers with online quotes from *multiple* carriers and should do so. Agencies using these tools are achieving a close ratio of 35% to more than 60% by promptly following up with consumers on quotes. These agencies are following up with consumers within 15 minutes or less and have rotating employees on call to follow up with online prospects after hours. These close ratios show that consumers are hungry for a better alternative than the direct model, where the agent custom fits the insurance to the consumer's needs to provide proper protection, often at an equal or better price than the direct carriers.

But consumers have to find the agent's website and online multiple carrier quoting tool. Online technology tools have become available here as well, allowing agents to improve their visibility online significantly with search engines and on social media. Agencies are taking advantage of

---

[2] comScore 2011 Auto Insurance Shopping Report, p. 32-35.
[3] 70% of online purchasers are seriously considering changing their insurance company. comScore 2011 Auto Insurance Shopping Report, p. 7-8.
[4] 59% of online carrier website quoters got 2-3 quotes and 19% got 4 or more. (comScore 2011 Auto Insurance Shopping Report, p. 23).
[5] J.D. Power and Associates 2011 Insurance Shopping Study, p. 2.

inexpensive tools such as:
- Local search tools offered by the various search engines. These tools are easy to set up, usually free and give terrific positioning when consumers look for a local provider.
- Blogging and creating a website rich in insurance information of interest to consumers.
- Other social media, such as Facebook and LinkedIn, where the agency can show its values and "personality," its commitment to its community and its insurance expertise.

And soon IIABA will launch the Consumer Agent Portal to help agents further attract online shoppers and benefit from a wealth of educational opportunities to enhance their online marketing effectiveness. IIABA hopes to use the Consumer Agent Portal coupled with the Trusted Choice® brand to link the thousands of independent agencies across the country to multiply the online visibility and search engine positioning of the independent agency distribution force nationally and for each participating agency locally.

High Levels of Consumer Shopping Can Benefit Independent Agents
Recent research of automobile insurance consumers conducted by comScore and J.D. Power and Associates[6] provide additional helpful information to independent agents, as they fashion their strategic plans to grow personal lines.

Massive advertising campaigns urging consumers to shop their auto insurance, coupled with the tough economy, have led to unprecedented levels of consumer shopping—which is no surprise to any independent agent. This means more consumers have their business in play looking for better alternatives, creating more potential prospects currently being written by direct writers for independent agencies with a strong personal lines strategy and online presence to target.

Of the 51% of insurance consumers who shopped for auto insurance in 2010, 19% switched carriers (down from 22% in 2009).[7] The comScore research also found that 70% of online purchasers are seriously considering changing their insurance company, compared to 50% of those who purchased through a local agent,[8] indicating significantly higher degrees of consumer loyalty when they have the experience of using an agent. However, consumer loyalty is down across all distribution systems and too low.

Those independent agencies that have implemented efficient processes for handling this business—such as real-time quoting and inquiry; policy, direct bill commission and claims download; and electronic files to replace paper—are well positioned to manage this increased shopping by their own clients and to target the increased numbers of insurance consumers whose business is in play. As a result of implementing these processing enhancements, one major insurance agency recently told me that its personal lines department is now achieving the highest return on revenue of any of its departments.

---

[6] comScore 2011 Auto Insurance Shopping Report & 2011 Auto Insurance Servicing Report; J.D. Power & Associates 2011 U.S. Insurance Shopping Study.
[7] comScore 2011 Automobile Insurance Shopping Report, pp. 8-9.
[8] Op. cit., pp. 7-8.

Important to have a Strong Online Presence & Ability to Quote Online
J. D. Power & Associates has reported that 2010 was the first time a majority of insurance shoppers (54%) initiated their policy purchase process by applying for a quote online.[9] Websites have become the dominant lead generation channel and the second most important distribution related factor for the consumer, second only to the local agent.[10]

50% of these online quotes, however, still are closed by an agent or call center representative according to the J.D. Power & Associates research, prompting Jeremy Bowler, Senior Director of Global Insurance Practice at of the research firm to conclude that the latest consumer shopping behavior is "blurring the lines of how we traditionally think about discreet sales channels," as consumers use multiple channels during their shopping process.[11]

The comScore research reports that 80% of those who shopped online went offline to purchase. 62% of those going offline to purchase ended up buying through an agent in person. An additional 31% purchased through a local agent over the phone.[12]

The bottom line here is that a lot of auto insurance business is currently in play for independent agents to attract and that most online shoppers still go offline to purchase. Agents, however, need to have a strong online presence so consumers can find them, along with the ability to offer quotes online.

Research Confirms Agent's Value to Insurance Consumers
ComScore's research also provides some very positive confirmation that a high percentage of those insurance consumers who have a local agent strongly value that relationship. Of the 61% of consumers who purchased their current auto insurance through a local agent, 81% find their agent to be valuable.[13] We have already seen above that a much higher percentage of online purchasers are seriously considering changing their insurance company (70%), compared to those who have a local agent (50%).

In a future article, I will drill down further into the comScore and J.D. Power & Associates research to ferret out additional trends in automobile insurance consumer preferences and behavior that can assist independent agencies in refining their personal lines sales and servicing strategies.

In summary, I believe the latest consumer research confirms the significant opportunity independent agents have to offer insurance consumers a better alternative for auto insurance than the direct carriers are currently providing them—one that offers a more efficient shopping process and tailors the coverage to the needs of the particular consumer. The technology tools are now there to enable independent agents to handle this business efficiently and to establish an online presence that is highly visible to consumers in their community. The remaining question

---

[9] J.D. Power and Associates 2011 U.S. Insurance Shopping Study, June 2, 2011 press release.
[10] Ibid.
[11] Ibid.
[12] comScore 2011 Auto Insurance Shopping Report, p. 28.
[13] comScore 2011 Auto Insurance Shopping Report, p. 26 & comScore 2011 Auto Insurance Servicing Report, p. 7.

is whether significant numbers of independent agencies will have the will to make a significant commitment to personal lines, to build their online presence and quoting capability, and to "go opposite" to the "auto insurance as commodity" business model the direct carriers are currently providing.

Editor's Note: For numerous articles and recorded webinars on how agents can build effective websites, take advantage of local search tools and use social media, go to ACT's website at www.iiaba.net/act and click on "Websites & Social Media" in the gray shaded area on the left of the page. See also www.getrealtime.org for resources on how Real Time & Download can help you can write business more efficiently.

Jeff Yates is Executive Director of the Agents Council for Technology (ACT) which is part of the Independent Insurance Agents & Brokers of America. Jeff can be reached at jeff.yates@iiaba.net. ACT's website is www.iiaba.net/act. This article reflects the views of the author and should not be construed as an official statement by ACT.