

EXECUTIVE BRIEFING

6 Ways Carriers Can Navigate the Impact of Insurtech in a Digital, More Regulatory Age



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Understanding the current landscape

Interest rates have stayed historically low, spreads are compressed, legacy books are dragging on profits, and mortality has worsened for many insurance products. Toss in an evolving regulatory environment, cybersecurity risks, and more demanding clients and we have a forever changed industry. Fortunately, change creates opportunities for forward thinking carriers to find new ways to succeed. Technology can help with reaching these opportunities by creating potential efficiency gains, offering more paths to engage clients, and helping build and maintain a loyal salesforce. However, technology budgets are finite and must be allocated across business lines, core infrastructure, and distribution partners. Partnering with technology companies who address this changing landscape can be a powerful option for carriers who want to be intentional and thoughtful with technology expenditures and achieve meaningful, lasting impact for their organization.

1. Don't Spoil the Cybersecurity Broth with Too Many Cooks

Whether financial institutions, IMOs, BGAs, banks, Broker-Dealers, or captive agents, each distribution channel has their own desire for a piece of your technology budget. Each has their own CRM system, case tracking system, and maybe even a service system. APIs and data feeds offer some ability to help meet the dizzying and often disparate needs of distribution partners. However, every bit of access granted to customer data creates a cybersecurity risk. This risk absolutely must be managed.

Technology-oriented partners must understand your risks in opening data to the outside world. These partners should be vetted thoroughly to demonstrate they have the information, infrastructure, and security controls in place to safeguard your critical data. Trust and security are paramount and must be at the forefront of any new technology implementation. At Proformex, we're constantly communicating with customers, partners, and our own technology providers to understand their security demands and stay ahead of these needs.

Software platforms should have various administrative, physical, and technical safeguards in place to protect the private information they collect. Their employees and associates should be trained to protect and respect all information collected. They should also implement industry-standard security measures such as encrypted storage, firewalls, password protection, intrusion detection, penetration testing, and log checks to safeguard the confidentiality of personal information.

2. Create Service Efficiency

Agents and their staffs have a finite amount of time to service clients, conduct meetings, market to prospects, and stay abreast of new products or laws. Searching numerous carrier websites for policy information misdirects their time away from core responsibilities. The result is often under-utilized technology and unachieved efficiencies of web portals, leading to more service requests and increased human interaction with your service team.

As you know, staffing is expensive. Thankfully, technology can often alleviate service loads by enhancing existing systems and automating certain responsibilities. For carriers, leveraging technology to meet the needs of agents can yield additional benefits, including:

- Easier prediction of inforce illustration service loads to help manage staffing levels
- Streamlined requests for policy information so your customer service reps can easily and confidently respond
- Document archiving and easy retrieval can reduce requests for copies of policies, statements or other correspondence
- Streamlined access to data combined with robust technology solutions can help agents address numerous common service requests such as owner and beneficiary confirmation, cash values, loan values, premium due date, and billed premium, which lessens your internal service load





3. Stay Compliant When The Only Constant is Change

The regulatory environment is in flux. There are new standards for insurance agents and carriers such as NY DFS Regulation 187, the changing CFP® standards, and SEC Regulation Best Interest. The failed DOL rules are also possibly being resurrected. And other states are pondering new rules, which will impact your service areas. This environment will likely increase demand for policy service as agents seek to meet on-going client commitments and document all recommendations for inforce policies. In addition, the new rules can introduce risks for direct client interactions. Training service staff to navigate a minefield of regulatory standards to avoid running afoul of the changing standards is time consuming and fraught with the potential for inadvertent errors.

Leveraging technology solutions can help you navigate these critical considerations by providing frameworks and systems to simplify tracking, documenting, and managing regulatory needs while simultaneously ensuring the critical information needed by your staff is visible and reliable. This can save significant time and reduce ongoing service demands, freeing your teams time for other opportunities.

4. Evaluate How Capable Your Toolkit Actually Is

The rate of agent turnover in the life insurance business is significant. Couple the high turnover with the lack of succession planning by agents retiring from the business, and carriers have huge numbers of orphaned policyholders. These policyholders, in turn, have diverse needs spanning numerous products. It's also likely that each policyholder's specific situation (personal, professional, and financial) is much different than when they originally purchased their policy. This increases the complexity of servicing these policyowners and raises several critical questions.

How do you prioritize policies to examine with your limited resources? How do you identify problems? Can you protect your brand by turning disenchanting orphan policyholders into raving fans? How do you best meet the complex needs of your policyholders?

- High agent turnover**
- + Poor agent succession planning**

- = Large orphan blocks for you to service**

- + Proformex Inforce Monitoring**

- = Happier customers**
- = Protected brand**
- = Steady premium streams**
- = Fewer lapses or surrenders**
- = Conversion opportunities**
- = Repeat customers**

Manual solutions are time and labor intensive. They are likely to be reactive to client needs and ill-equipped to manage the volume of service needs. Fortunately, with some creativity and technology, it's possible to transform orphan policy headaches into opportunities and success stories.

By implementing the right technology solutions, you can benefit from being able to easily aggregate and consolidate large volumes of policy data and then quickly visualize their policy dynamics and underlying performance. This makes it possible for small teams to evaluate large policy blocks, prioritize those policies most in need of service, and proactively work with policyholders to best ensure their needs are met. When evaluating options, it's important to consider partners who have experience with large policy sets and whose tools are proven to offer automated solutions that enhance overall policyholder service.

5. Turn Service Complaints into Stronger Relationships

In an ideal world, every carrier system would have the same look and capabilities. This would help agents by simplifying client-servicing needs that span multiple carriers. While this is an unrealistic expectation, the differences and operating nuances between systems does create a fairly constant stream of complaints about policy service and web portals.

Technology can ease ongoing service demands by providing solutions that work in conjunction with disparate systems. By consolidating information from multiple locations into a unified view, technology solutions can help agents operate efficiently in the multi-carrier world that is the norm for many distribution channels.

Facilitating service through a common platform can also give agents a reason to embrace your new products due to confidence in the ability to efficiently service any new policies they sell. Plus, the enhanced reporting available can avoid customer dissatisfaction and increase policy persistency. Increased visibility combined with enhanced data access can lead to more satisfied distribution partners and policy owners, which helps increase brand loyalty for both.





6. Automate Management of Closed and Runoff Blocks

The current economic climate makes it challenging to support many existing blocks of business. The capital tie-ups to support some business lines may be a source of frustration and harm company performance. In these blocks, service and system efficiency is an absolute necessity. Technology that simplifies service needs can help curb the frequent policy information inquiries of nervous agents, helping enhance overall efficiency. In addition, for blocks where it may make sense to sell to a third party, a more efficient service platform may make the block more appealing to potential buyers.

Embracing Insurtech: A Simple Solution That Yields Big Benefits for All Parties

A partnership with a platform like Proformex will yield numerous benefits to forward thinking carriers who want to achieve service efficiencies and strengthen bonds with your partners. Our platform recognizes the unique challenges and constantly changing environment for carriers, distributors, and agents. By working together to embrace these new challenges, it creates a mutually beneficial solution that protects your brand, translates to your bottom line, enhances distribution partner relationships, and leads to more satisfied customers.

About the Author - Kelly Lytle

Kelly joined Proformex as Director of Strategic Partnerships in 2019.

Previously, Kelly oversaw new partnerships and business development for Findaway's AudioEngine, the world's largest B2B audiobook platform. While at Findaway, Kelly also created and launched Findaway Voices, a global marketplace enabling authors and narrators to collaborate on creating new audiobooks and, once created, sell those audiobooks to a global audience in retail and public library markets.

He has extensive experience leading and growing software businesses and has worked closely with several of the world's biggest companies, including Apple and Google.

Kelly is the author of To Dad, From Kelly, a memoir reflecting on his relationship with his late father, former University of Michigan All-American and Denver Broncos running back, Rob Lytle. His work has been featured in Sport Illustrated, The Detroit Free Press, and Ann Arbor News amongst other publications.

About Proformex

Proformex provides life insurance inforce policy management solutions to independent agents, financial advisors and trustees. The multi-carrier and distribution agnostic platform enables users to securely store, manage and analyze their entire inforce book of business in one place. Designed to proactively monitor policy health, Proformex expedites the policy review process and proactively identifies potential problems with a client's life insurance policy, protecting policies against lapsing, degradation and asset erosion.

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InForce Policy Management

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