



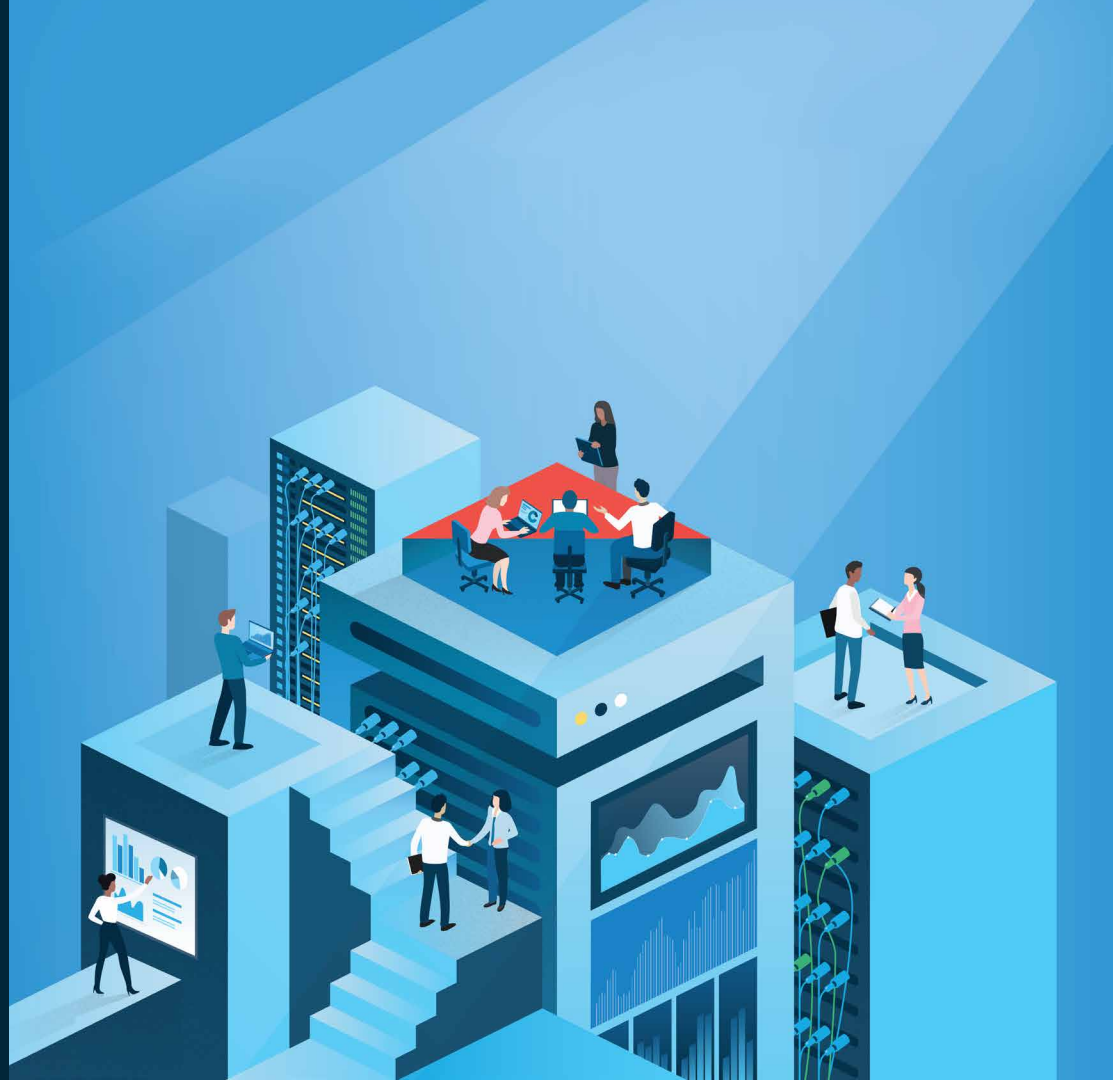
BUSINESS-DRIVEN INNOVATION

Digitalizing Life Insurance Distribution

Foster Loyalty By Building
Digital Capabilities Throughout
The Broker - Advisor Sales Journey

FORRESTER®

A commissioned study
conducted by
Forrester Consulting on
behalf of Equisoft





Grace Ata

AVP
Product Development

Introduction to Digitalizing Life Insurance Distribution: Foster Loyalty by Building Digital Capabilities Throughout the Broker-Advisor Sales Journey

“ The life insurance industry is in a time of flux. Every company in each part of the ecosystem is undergoing some type of digital transformation, and each is at a different stage in their journey. We wanted to understand where companies are and how the different levels of adoption are impacting the various stakeholders. In particular, we are interested in how technology is accelerating innovation, what challenges still exist and what the way forward looks like. ”

*Grace Ata, AVP, Product Development,
Equisoft*

A channel in mid-transformation

A channel in mid-transformation Equisoft, has a long history of partnering with life insurers and distributors, both in North America and across the globe, to help them successfully accelerate their digital transformations.

As in every complex ecosystem we find that different stakeholders have different perceptions of what the biggest challenges are and what needs to be accomplished to overcome them.

Providing superior end-to-end customer experience, for both clients and advisors, is a critical and commonly shared priority. But carriers, distributors and advisors are not always aligned on the steps necessary to achieve it.

Legacy technology and processes are holding back progress, and the speed with which companies are modernizing varies, which creates gaps in critical processes that involve multiple stakeholders. This creates sub-par experiences for both agents and consumers in areas like policy approvals, productivity management and commission accounting—which have tremendous impact on satisfaction, engagement and retention.

That's why Equisoft commissioned Forrester Consulting to conduct this in-depth research with over 200 respondents comprised of carriers, brokers and advisors. The study gave us deep insights into the biggest technology and process challenges, what each stakeholder is looking for from their partners and which solutions will smooth frustrations and accelerate growth within the industry.

Common understanding drives collaborative solutions

We're pleased to share the insights in this study with you so that you can advance your distribution capabilities based on the best, most current information in the industry.

As the industry moves forward with its digital transformation, we welcome discussions on how we can help you streamline and automate agency operations to enhance advisor and customer experience.



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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY EQUISOFT | SEPTEMBER 2022

Digital Capabilities Are Critical To Enhancing Broker-Advisor Effectiveness

Equisoft commissioned Forrester Consulting to explore the digital synergies between carriers, brokers, and advisors. Carriers depend on brokers to provide a compelling customer experience (CX) and consistent flow of new digital tools that enables CX and advisor talent acquisition. But there's still work to do as broker and carrier digital transformations are not complete. There are gaps in technology that would optimize commission management, licensing, and activity tracking. These gaps hold back CX enhancements that would improve relationships with advisors and ultimate customers.

We are using these definitions:

- **Carrier:** A company that underwrites, issues, and sells its insurance coverage through a variety of distribution channels.
- **Broker:** Sells, solicits, or negotiates insurance on behalf of a client for compensation.
- **Advisor:** An individual licensed and appointed by an insurance company to provide advice, sell, solicit, or negotiate insurance coverage.

Key Findings



Respondents said that the most valuable aspect of a broker-carrier relationship is the brokers' ability to provide an effortless experience to the ultimate customer.



Brokers have more digital tooling work to do. Advisors crave better business cockpits; brokers want carriers to help with appointment, licensing, and credential management.



Compensation management remains a perennial sore point. Brokers cited a lack of integration with agency management systems as an obstacle to faster payments and greater payment transparency.

A Broker's Value: Customer Retention And Experience

Brokers work as a connector in the insurance process between carriers, agents, brokers, and the customer. There are many perceived values of a broker but when it comes down to it carriers and advisors look to brokers for two primary reasons: 1) their expertise and 2) new business opportunities. In fact, carriers ranked these two capabilities first when asked about the most valuable aspects of brokers. Carriers were confident in their brokers' ability to both retain new customers (78%) and provide a superior customer experience (83%).

Advisors followed suit, as 75% of respondents said the most valuable aspect of a broker to their advisor was the marketing services that drive new advisor business.

75% of respondents said that the most valuable aspect of a broker to an advisor is their ability to market new services that drive new business.



“How confident are you in your broker’s ability to help in the following?”

(Showing “Extremely confident” and “Confident”)

83%

Provide a superior customer experience

79%

Ability to maintain a strong reputation with their customers

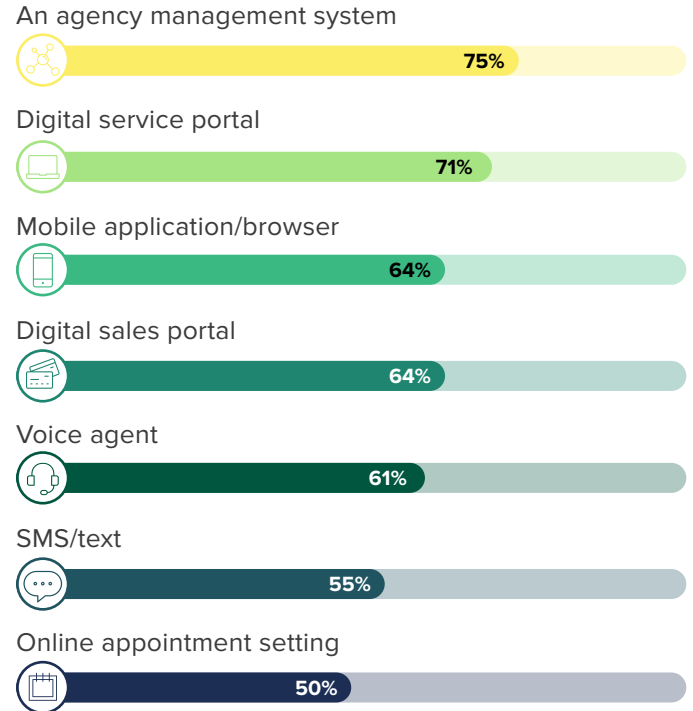
78%

Retain customers

Building A Successful Broker-Carrier Relationship

Brokers and carriers rely on each other to provide successful CX and — ultimately — create strong business outcomes. But what defines a successful broker-carrier relationship? Broker and carrier respondents said the most valuable aspect of a broker-carrier relationship is the broker’s ability to provide the ultimate customer with an effortless experience (83%), followed by having tools that help brokers and advisors manage licensing credentials (81%). Brokers have currently invested in various technologies to manage customer relationships and maintain a successful partnership with their carriers. These technologies include agency management systems, mobile application browsers, and digital service portals. Carriers are satisfied with their brokers’ current technology stack; however, they want brokers to expand and add more digital capabilities, specifically SMS text and online appointment setting.

“What technology do you currently use to manage your relationship with your carrier or their customers?”



Existing Broker Toolsets Aren't Enough

Brokers have invested in a variety of technologies, but in today's digital world, they must continue to stay ahead of the technology curve to maintain their competitive edge. Broker respondents said that the most challenging aspect of their relationship with their carrier partners was the lack of tools to manage their licenses, credentialing, and appointments. When it comes to their advisors, brokers lack the data skills needed to best leverage their dashboards, as well as the technology to create digital interactions.



Brokers' top challenge is a lack of technology.

“What are the most challenging aspects of your relationship with your carrier?”

Lack of tools that help me manage my licenses, credentialing, and appointments

Non competitive commission and bonus programs

Inability for me to track my compensation (commissions, salary, etc.) performance in real time

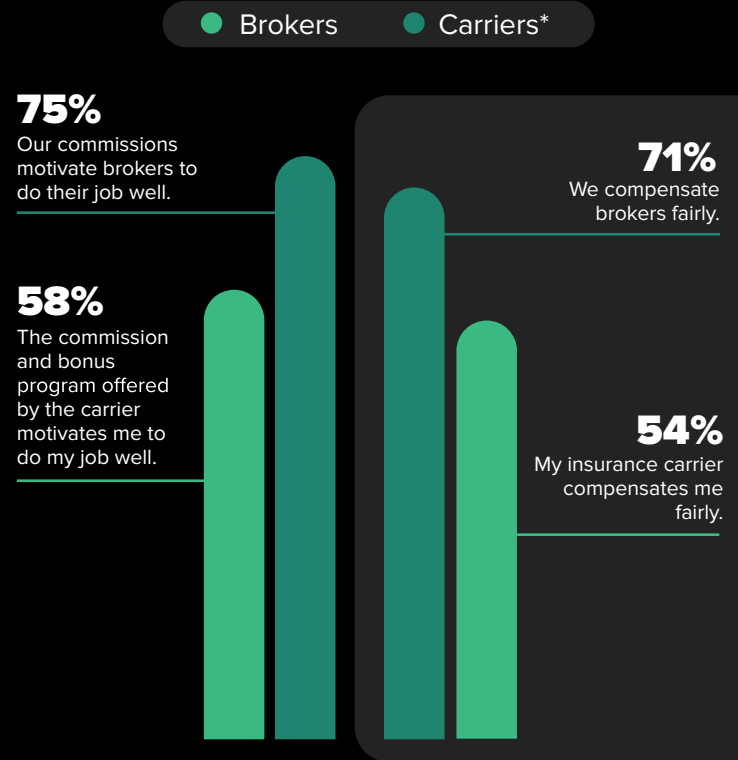
Lack of digital capabilities

Technology Isn't The Only Barrier To Success; Brokers Want Better Commission Processes

Brokers identified a poor commission process as a strain on their relationships with carriers. Specifically, broker respondents struggled with noncompetitive commission programs and an inability to track compensation performance in real time. Brokers stated that carriers' compensation plans are overly complicated; further, they said compensation doesn't feel fair nor does it motivate them to do their job well. Carriers on the other hand, believed their compensation plans are fair and motivational.

Brokers And Carriers Feel Differently About Commission Processes

(Showing Strongly agree/Agree)



Base: 101 North American decision-makers at brokers in digital experience technology

*Base: 110 North American decision-makers at carriers in digital experience technology

Note: Showing top 2

Source: A commissioned study conducted by Forrester Consulting on behalf of Equisoft, August 2022

Digital Capabilities Soothe The Sting Of Poor Compensation Management

Carriers indicated that digital self-service tools would make commission payments more transparent for their brokers. These digital compensation management tools are lacking in the broker market: Only 14% of respondents indicated that digital commission accounting capabilities are fully integrated into their agency management system. This has a variety of consequences, notably delays in remitting compensation payments to advisors.



11% of carriers said it takes more than 60 days to pay their brokers.

“What is your process for complicated commissions?”

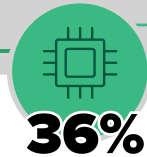


Digital

Our digital commission management capabilities are fully integrated into our agency management system.



We have a standalone digital commission management system to manage these situations.

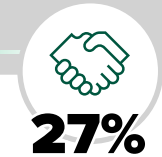


We have a process that is semi-digital.

Manual



We have a process, but it's mostly manual.



The carrier handles this process on our behalf.

Brokers Are Also Stepping Up Digital Servicing Capabilities

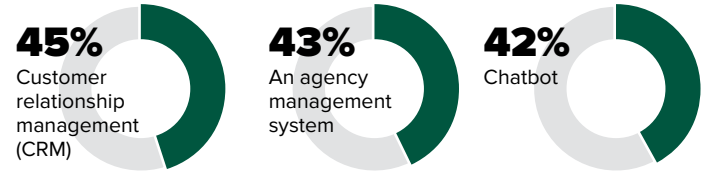
Brokers need digital tools to improve the customer and advisor experience and increase the transparency of commission and credential management. As a result, brokers are upgrading these cornerstone technologies and investing in digital capabilities aimed at enhancing relationship management, self-service, and digital sales.

- **Upgrades:** In the next 12 months, respondents noted they plan to upgrade their CRMs (45%), agency management systems (43%), and chatbots (42%).
- **Digital customer service investments:** Respondents noted they plan to implement the following in the next 12 months: online appointment setting (43%), SMS/text (38%), and digital sales portal (32%).
- **Digital commission investments:** Respondents noted in the next 24 months, they plan to implement: smart agents or chatbots to answer commission-specific questions (65%), commission management systems (57%), and a shared servicing site hosting spreadsheets for commission tracking (54%).

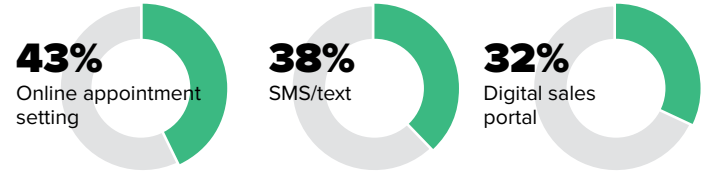
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“What are your plans to implement or upgrade the following technologies?”

Already have implemented, and will upgrade/modernize in next 12 months

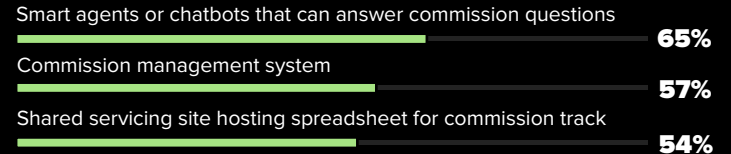


Planning to implement in next 12 months



Base: 101 North American decision-makers at brokers in digital experience technology
 Note: Showing top responses
 Source: A commissioned study conducted by Forrester Consulting on behalf of Equisoft, August 2022

“Which of the following technologies do you plan to implement in the next 24 months?”



Base: 101 North American decision-makers at brokers in digital experience technology
 Note: Showing top 3
 Source: A commissioned study conducted by Forrester Consulting on behalf of Equisoft, August 2022

Conclusion

Digital capabilities ensure that carriers and their brokers attract, serve, and retain customers and advisors. Consider that:

Carriers depend on brokers to build their business. Brokers and their advisor staff guide the ultimate life insurance customer through the purchase journey. Digitalized capabilities make the process easy and effective for both the advisor and the customer.

Brokers lack the digital tooling needed for advisor success. Brokers recognize the benefits of digital business cockpits, but few have invested in the kinds of assets that help advisors be more effective in building their books.

Better digital management tools could mitigate tension around compensation. Carriers feel that broker compensation is fair, while brokers and their advisors feel that plans are overly complex and difficult to track. More effective digital management tools will turn brokers and advisors from adversaries to advocates.

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Forrester's Technology
Architecture & Delivery and Digital
Business Strategy research groups

Methodology

This Opportunity Snapshot was commissioned by Equisoft. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 211 decision-makers in the United States: 110 carriers and 101 brokers. The custom survey began and was completed in August 2022.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

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Demographics

GEOGRAPHY

Canada	20%
United States	80%

COMPANY ANNUAL REVENUE

\$10M to \$19M	1%
\$20M to \$29M	10%
\$30M to \$39M	11%
\$40M to \$49M	10%
\$50M to \$99M	9%
\$100M+	59%

INDUSTRY

Life insurance	100%
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POSITION

C-level executive	13%
Vice president	33%
Director	54%

LIFE INSURANCE CARRIER OR BROKER

Life insurance carrier	52%
Life insurance broker/agent/advisor	48%

GO-TO-MARKET MODEL

Brokerage/general agent	52%
Large producer group	35%
Independent marketing organization	14%

DEPARTMENT

IT	42%
Marketing/advertising	24%
Distribution	12%
Project management	22%

TECHNOLOGY PURCHASING LEVEL OF RESPONSIBILITY

Final decision-maker	66%
Part of a team making decisions	27%
Influence decisions	8%

Note: Percentages may not total 100 because of rounding.

A close-up, low-angle shot of a person's hands typing on a laptop keyboard. The image is dimly lit, with a dark, moody atmosphere. The laptop screen is visible on the left, showing a blurred image. The Forrester logo is centered over the keyboard area.

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