

Technology is changing the insurance industry. In 2021 InsurTech firms raised over \$15.4 Billion in funding, completed 566 deals, and 73% of those deals focused on P&C Insurance according to CB Insights. There are no signs of InsurTech slowing down any time soon. In fact, it is expected to continue to accelerate.

We have seen many companies enter the insurance marketplace, some focused on disrupting while others seek to build upon the infrastructure that exists and are focused on building integrations. We have watched and experienced the impact of those that have merged, evolved, and failed. There is no question that as an agency owner you are faced with an incredible number of technology options making it difficult, confusing, and sometimes even overwhelming. The agencies of today and tomorrow know that the adoption of technology is more than just a series of purchases – it is a necessary cultural change. This journey requires vision, patience, and buy-in to be successful.

The impact of technology on an agency can be exponential if it is executed well. It can also be a very expensive mistake. For many, jumping into that cultural change has been avoided because they have either been burned by past failed attempts or maybe because the current owner or staff isn't motivated to adopt change because "business is good". Change can be scary but staying stagnated in a world that is changing around us is far more terrifying. This gap in the adoption of technology and the radical change that is needed in our industry has accelerated what I see as "The Great Divide" – those that are positioned to acquire and those that will BE ACQUIRED. Technology and data will shape the future of insurance without question.

The biggest factors in determining an agency's value are growth, retention, profitability, overall volume, culture, and the risk inside that agency. The adoption of technology and data significantly impacts all of these areas. The biggest risk is that an agency's book of business performance will be negatively impacted when a transition of ownership occurs. This could be caused by a strong dependence on a specific person, key relationships, specialized expertise, or access to an exclusive program or agreement. Knowing an agency's areas of strengths and weaknesses can help define what technology and strategies an agency owner should focus on.

Growth & Retention

One of the biggest focuses for agencies is improving their growth and retention as this will have a direct impact on the agency's value. Finding new business, retaining the business that they already have written, and rounding out those accounts are on the minds of agency owners. The current book of business will represent 90% of the agency's top-line income in the next year, so any way that agency can increase that percentage will make a huge impact on the organization.

Utilizing technology is critical for agencies in this process. There are tools such as Donna by Aureus Analytics that can efficiently find cross-sell opportunities, identify the accounts that may be in jeopardy by monitoring every interaction, and turn unstructured data such as phone calls and emails into insights that the employees can act upon. This technology is also able to combine external data with an agency's internal data to identify high-quality leads and increase their likelihood of writing new business. The impact of implementing a tool like Donna can be profound on an agency and every member of the team, but it requires a commitment to data cleanup, the adoption of new processes and procedures, patience, constant evaluation, and most importantly a culture of openness to change.

Scale

Creating capacity on your team allows an agency to scale. The key here is an agency needs to change how they look at the roles within their agency and identify the areas that create friction or a delay in their process. What are the steps that take the most time and can be automated, do not require the expertise and focus of your highly skilled staff, and may even create frustration for your customers?



Both GloveBox and Tarmika are examples of technology that are designed to remove friction, save time and ultimately increase the efficiency and capacity of your team by either giving the customer access to self-serve when and how they want to and the other by streamlining the quoting process for your team. Both of these tools create efficiency inside the agency as it reduces the time spent on taking payments, making changes, and quoting which are all time-consuming processes as well as improve the customer experience. That can have an impact on retention, the agency's ability to cross-sell, and the number of referrals. As more capacity is created on the team, production numbers will rise without increasing staffing costs leading to higher profitability and the exponential impact is realized.

Finding & Keeping Talent

The people in the agency will always be the most valuable part of your agency. They are the heart and soul of your business and the living example of your culture. Creating the right environment to attract and retain the talent you need has never been more important than it is today as we navigate The Great Resignation. Agencies that can provide their team with tools that will help them be successful are far more attractive to those that do not have any established onboarding, processes, or tools that set their team up for success. While compensation, benefits, and flexible work environments are important, working for a forward-focused organization that is committed to adopting the tools and technology necessary to create efficiencies and the ability to compete and meet the needs of its customers is equally important. If you are making investments in technology it sets your agency apart and you should be highlighting it in your recruiting process. Having a strong team that is committed to the organization is a key factor in the agency's value as they create the culture and provide continuity in your ongoing customer relationships.

Transferability

The area that many agency owners overlook is the transferability of the business. This is difficult for many as they want to play a pivotal role inside the agency and find great pride in knowing that the agency needs them. The strongest agencies that command the highest multiples are those that are self-sustaining. They have processes, procedures, technology, and strong infrastructure that is not overly dependent on any one person, relationship, or partner. It is well diversified and runs like a well-oiled machine. Technology to automate marketing, reconcile accounts and commissions, documentation of client files, and predict possible coverage needs, or carrier options will help an agency maintain a high level of transferability.

Successful adoption and integration of technology can have an exponential impact on any organization. It will transform the processes and procedures that you use, change the nature of the roles inside the organization as well as the type of talent you will need, it will increase access to data, drive efficiencies, increase performance and position the organization for both growth and scale. Trying to quantify the impact on an organization is difficult as it is multifaceted and in some cases exponential. Successful adoption and integration are key, and that requires buy-in and enthusiastic support from all members of the team. This is where many organizations struggle as the desired impact of new technology is not well understood or communicated making the adoption and integration into the culture of the organization fail. Becoming a data-driven agency is a journey that requires strong leadership, open communication, and a team that trusts and believes in the process.

You can visit www.agency-focus.com or contact Carey Wallace at carey@agency-focus.com for more information on the impact technology will have on the value of your agency.



About the Author:

Over the past 14 years, Carey Wallace has worked with hundreds of agencies helping them understand their agency's value and turn that knowledge into an actionable plan for their agency's future. Carey is a Certified Exit Planning Advisor, CEPA and provides a variety of consulting services through the company she founded, Agency Focus, LLC.