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Customer Experience: Insurance Brokers as Customers

My previous contributions to Executive Insights have focused upon digital interactions within a DTC context. I would like to place a personal lens on the important trading relationship between insurance brokers and insurance companies. I think there has been a journey within the industry where the relationship has become much more of a partnership in serving the needs of the client from my perspective of over four decades in the industry. Insurance companies must think of brokers as customers to earn more of their “wallet share.” A dear friend and mentor of mine at AIG, Tom Tizzio, was a terrific role model in how to engage in partnerships with brokers and provided lessons that I have not forgotten.

As I began my career, my first impression of the company-broker relationship was that it was adversarial and contentious and that there had to be a “winner and loser.” Interactions with brokers were primarily transactional and fit within a loose strategic business context. The industry spoke about “target brokers and clients,” but there was limited thought to establishing a strategic relationship with the broker. There was limited understanding of the brokers strategy, and the way insurance companies could add value. Companies tried to become the proverbial “all things to all people” and failed, resulting in low new business hit ratios, poor customer retention ratios, general inefficiency and discord among company, broker, and buyer.

Over time, the relationship has become much more symbiotic and centered on mutualism where the intent is for all parties to benefit. For larger, more complex accounts, tri-partite relationships, including the risk manager developed. This is not to say that the path of a negotiation will always be harmonious since brokers are representing the needs of the ultimate buyer

So, what changed? How are insurers looking at the brokers as a customer?

Insurance Companies and Brokers have become more sophisticated relative to:

- Strategy and planning

The industry has crossed the Rubicon and sophisticated broker relationship management, client management, customer segment product, geographic and sales strategies are “the rule of the road.” Companies and brokers now share strategies with each other with a focus on where the insurance company risk appetite meets the needs of the brokers clients and broader customer segments. This is not to say that we are now in a state of industry panacea. We cannot take our eyes off the broader issues of the moment: economic disruption, social unrest, reducing the protection gap, equity, climate change and political conflicts.

- Training and development

Companies and brokers have invested significantly in training and development to build engaged teams. The concept of employee engagement has emerged as a key factor in providing both a positive customer experience and a satisfied, competent, and service oriented team. Training is not just focused on product management. It extends to building relationships, positively representing the company brand, and working in a collaborative environment. Too often, underwriters and sales representatives were perceived as “independent contributors” who did not connect to an overall strategy or plan. The concept of a “quick yes or no” has not changed, but the industry is in a much better position to deliver.

- Data, process management, risk management

We have come an exceptionally long way from paper intensive underwriting, sales, and analytical activities. The nightmare of hundreds of pages of loss runs is long gone replaced by huge investments in data capture, management, and analysis. Underwriters and brokers have vast amounts of first- and third-party data available to them with an ability to share digitally. This creates a higher degree of certitude relative to evaluating a risk and pricing it properly leading to a better and quicker “yes or no answer.” The caveat I would offer here is that the use of AI and technology should not reduce the opportunity to build strong interpersonal relationships among company, broker, and buyer. AI and technology should be used to gain a deeper understanding of the business and allow for the development of better strategic and tactical direction which enhances the customer experience.

Risk appetite was not a term used in many strategies that focused on the previously mentioned attempt to be “all things to all people.” The advent of sophisticated modeling and development of data pools has exponentially expanded the analytical tools available to the industry. Now, risk appetite is predicated upon the actual experience in a product, industry, or geography as well as aggregation risk, Cat exposures and credit risk (socio and economic, political). The transparency of risk appetite relates to the quality of the customer journey among broker, company, and ultimate buyer.

- Marketing, sales management, and communication

These three components are critical to the quality of the customer experience offered to the brokers. The ability to communicate and manage complex strategies is critical to the experience a broker has with a company. All too often, communication was aimed only at specific products as opposed to the full array of capabilities offered by a company. The “production-underwriter” was often asked to deliver not only their own strategic messaging but those of other products. Well defined strategies and appetites combined with omni-channel communication capability has enhanced the overall marketing quality and visibility. The integration of broker focused relationship managers within insurance companies has also changed the landscape dramatically. The same is true for brokers who have implemented sophisticated carrier management strategies.

My “bottom line” is that the companies that treat brokers as customers will be better equipped to execute their own strategies and deliver shareholder value. The road will not always be smooth given the uncertainties of market conditions and external factors but clarity of strategy and messaging among trading partners will smooth out many of the “bumps in the road.”



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Ralph Mucerino began his professional insurance career with The Travelers and joined AIG in 1979. He held several roles in the Domestic Brokerage Group earlier in his career including Senior Vice President of Commerce & Industry and Senior Vice President of American Home and National Union where he was responsible for several business units and operations. During a distinguished forty-one-year career with American International group, Ralph led multiple diverse businesses which highlighted his leadership, vision, creativity, adaptability, and emotional intelligence. In 1996, he assumed the CEO role for the Africa-Middle East Region. He then relocated to Japan, where he served as President of the Far East Region, AIG's largest general insurance operation outside of the United States. In November 2008, he was appointed Chief Operating Officer of AIU for the company's international businesses. During his career, Ralph had a wide range of roles in both consumer and commercial insurance, including multiple regional management roles for domestic and overseas businesses, multiple product manager roles in commercial and consumer insurance, multiple leadership roles in distribution, marketing and client management and leadership positions in reengineering of AIG's overseas businesses. Mr. Mucerino retired in October of 2020 as Senior Vice President of AIG.