



WHITE PAPER

How benefits brokers can thrive in the 21st Century

You should read this paper if . . .

You're worrying that, if you don't stay competitive by getting on the technology bandwagon, everything you've built might start to fall apart... You're a broker of insurance benefits to associations of smaller businesses, and:

You'd like to increase your profits substantially, without making an additional investment.

You're looking for ways to attract new customers and keep existing ones.

You'd like to offer more attractive benefits and services to your associations and members.

You'd like to spend your time closing the YESES, instead of wasting it on the Nos.

You'd like to have more time to spend with your family or play golf more often.

You'd like to stop worrying about the health of your business because of increased competition, smaller commissions and demands for more services.

but...

You're afraid there's no way to do any of the above without spending a lot more time and money, hiring more people, and maybe even endangering your business.



MASTER THE BUSINESS OF BENEFITS

Do you want to increase profitability?

...I'm still amazed at the number of brokers who don't know the benefits they can reap from automated systems.

You're a benefits broker of associated smaller businesses, and I'm sure you'd like to improve your profit picture. "Sure I do," you say. "But, I don't see what more I can do."

Your customers are paying more for benefits and they're demanding more for their money. You can only do so much to differentiate your products, because, well, insurance is *insurance*.

The brokers I know have worked hard to cut costs and offer good service. At the same time, the size of their commissions is shrinking, and the competition is stiffer than ever. Adding more staff doesn't seem to be the answer, because staff is expensive.

If you're typical, you're thinking something like, "I don't see any way to get beyond the status quo. And the status quo might get worse."

You'd probably like to stop worrying about profitability and the future of your business and play more golf. And, it would be nice to see your home in the daylight more than once a month. I know that's what I'd be thinking.

There is a way to do that. To get beyond the status quo without spending more money and working harder.

What I'd like to introduce to you is not a cure-all. But, with reasonable effort, it is a way to do what you'd like to do: make more sales, retain more customers, and offer the kind of services that make people seek you out. And you can work less, and spend less, to do it.



Welcome to the 21st Century

The systems are Web-based. That means no up-front costs: no software or hardware to buy; no technical staff, very little or no training, no maintenance costs.

The word is beginning to get out, but I'm still amazed at the number of brokers who don't know the benefits they can reap from automated benefits systems.

Oh, I know. You don't have the resources of a United Healthcare or MetLife. And just a few years ago, you would've needed those kinds of resources. There were the costs of the software, the hardware, the technical staff, the training, the maintenance, and on and on.

But that's not the case, anymore. Because of the Internet and the innovations it's produced, automated benefits systems are now practical for brokers like you. In fact, the near future might prove them to be necessary for survival.

The systems I'm talking about are Web-based. You simply go to a Web site to use them. That means no up-front costs: no software or hardware to buy; no technical staff, very little or no training, no maintenance costs. And you get all the benefits that, until recently, only the huge players could afford: automated customer service all day, every day; huge reductions in such costly items as retroactive changes and late payments, much higher retention rates, reduced labor costs — and marketing and sales tools that help produce a healthier bottom line. Sound like hype?

It isn't. Read on.

Consider these facts

- Offering online quoting — combined with broker and telephone support — can (and has) doubled sales in 18 months.
- Online sales tools have increased closing ratios by as much as 25%.
- Online enrollment has improved data quality, increasing the percentage of clean apps from the typical 50 to 60 percent to more than 95 percent, reducing the associated time-consuming need for scrubbing.
- Online, self-service census changes have reduced costly retroactive changes by more than 80 percent.
- Busy business owners use self-service Web sites after regular business hours more than 25 percent of the time.
- Given the opportunity, as many as 95 percent of small business groups choose electronic payments.
- Electronic bill presentation and payment can reduce late payments to less than one percent.



Online sales tools have increased closing ratios by as much as 25% and offering online quoting — combined with broker and telephone support — can (and has) doubled sales in 18 months.

What a Web-based system can do for you

Just how does a Web-based system provide the benefits I've described? In telling you about that, I'm going address sales and marketing tools first. Then I'll address the other services and benefits, most of which appeal to everybody in your mix (you, your customers, associations and carriers).

I am not saying that one type of benefit (like increased sales) is the result only of marketing tools. Or that better retention is the result only of the services that Web-based technology allow you to offer. The fact is, all the features of these systems work together. They reinforce each other in many ways, all the time. That's why they work so well and it's why they're efficient and profitable.

Please keep in mind that not *all* Web-based benefits systems produce the results I talk about in this paper, but the better ones do.

Web marketing tools = information = sales

The results of using Web-based marketing tools are impressive, sometimes startling. Here are two facts to keep in mind while you read this section:

- Online sales tools have increased closing ratios by as much as 25%.
- Offering online quoting — combined with broker and telephone support — can (and has) doubled sales in 18 months.

Obviously, marketing is about sales. Whether it's getting new customers, or getting the customers you have to sign up for additional or more extensive coverage.

Everybody knows that the three most important factors in retail sales are 1.) location; 2.) location, and; 3.) location.

In the benefits business, they are: 1.) information; 2.) information, and 3.) information.

Web-based benefits systems collect (and organize) information: group listings, products, demographics, birth dates, family members, and what have you. You get every piece of information you need to help you aim the right products at the right prospects.

You won't need index-card systems, Rolodex systems, file cabinets, or the backs of envelopes and napkins. All the data resides in a single online database that you can access any time you want.



...you spend a lot more time dealing with prospects who want your products instead of wasting time chasing the ones who weren't going to buy, anyway. Wouldn't that be a pleasant change in your day? Who needs rejection?

Spend your time closing the "Yeses," instead of wasting it on the "Nos"

The right Web-based system will collect all of your client information. And, with the concurrence of your associations, you can incorporate their membership information, too. All the data you need will be in one place, so you can:

Cross-sell, up-sell or identify likely new prospects. You are able to identify existing clients who are likely prospects for cross-selling and up-selling. You will be able to upload association membership rosters so you can target members who are not enrolled in your benefits plan. Good Web tools make the possibilities practically endless.

Research and define new products. Web-based marketing tools will make it easy to research and define new products and packages. If, for example, a segment of your client base seems ripe for a product or package that isn't currently available, these tools will help you identify it, refine it, and then sell the idea to carriers and clients.

Create and send surveys to find out what products and services are important to your groups. Very little time required to do this.

Send sales and marketing communications automatically. Using the Web tools, you will be able to email surveys and other marketing pieces to defined groups and you will be able to do this according to a pre-defined schedule.

Respond immediately to prospects who are looking for a product. Whenever a customer or prospect uses online tools to find out about a product, you know about it. You have someone who is interested, and you know what they're interested in. All you have to do is follow up.

The Web-based system collects Information from all of your customers, associations and carriers. The Web marketing tools make it easy to use this information however you wish — so you can identify sales possibilities, survey prospects and identify and propose solutions. Then these tools help you direct your efforts at your customers, prospects, associations and carriers — as appropriate.

The result? Targeted efforts that sell more efficiently, produce more revenue and increase group retention, with a less effort on your part. They focus your attention on the "YES" responses, instead of the "NOs." In other words, you spend a lot more time dealing with prospects who *want* your products instead of wasting time chasing the ones who weren't going to buy, anyway.

Wouldn't that be a pleasant change in your day? Who needs rejection?



Online services: Giving customers and prospects what they want

In the last section, I talked about the sales and marketing arm of Web-based benefits systems and how it gives you the power to target the right prospects with the right products.

In this section, I'll discuss the features of these systems that your customers, prospects, associations and carriers see (and want). And don't forget the benefits you get from them:

- Online enrollment has improved data quality, increasing the percentage of clean apps from the typical 50 to 60 percent to more than 95 percent, reducing the associated time-consuming need for scrubbing.
- Online, self-service census changes have reduced costly retroactive changes by more than 80 percent.
- Busy business owners use self-service Web sites after regular business hours more than 25 percent of the time.
- Given the opportunity, as many as 95 percent of small business groups choose electronic payments.
- Electronic bill presentation and payment can reduce late payments to less than one percent.

Features must be flexible

Regardless of other features, Web tools must be flexible. You — the broker — need to be able to control the features that are available to particular groups. For example, some brokers might not want to make online quoting tools available to some groups. Others might have special sales and customer-support processes that have to be integrated into the site, and it should be easy to make that happen. Too, any automated benefits system must conform to the unique requirements of individual brokers, the markets and their carrier partners. Rigidly-designed packages will not only increase costs needlessly, but won't offer the flexibility you'll find yourself needing, sooner or later.

They must provide readily-available self-service

Web tools, accessed on secure Web sites, are available — at your discretion — for use any time your customers, associations or carriers want to use them.

In smaller companies, which are unlikely to have a dedicated HR person, the business owner, the president, or someone else who already has a full-time job, maintains the company's benefits package. Experience tells us that, for obvious reasons, they want to be able to do this maintenance work outside regular business hours, when you — the broker — aren't available. Often, their jobs *demand* that they do it outside business hours.



Self-service Web tools let them do it, conveniently, whenever they have the time. This not only offers customers a service they want and need, it also reduces the pressure on you and on the carrier.

Single data-entry delivers much cleaner data and it attracts prospects and customers

With a single point of entry, once data has been entered (a name, a marital status, names of children, and so on), it is shared electronically in every appropriate stage of the entire system. There is never a need to enter the same data more than once.

Online quoting reduces labor costs, and it's also a potent marketing tool

Because insurance doesn't sell itself, you, the broker must control the quoting tools. You must be able to use the tools to generate quotes for presentations, send quotes to prospects, or use them while you're with prospects. You should also be able to make self-service quoting available to whomever you choose, so as to increase lead generation. When a customer or prospect uses online quoting to check out a product, you know about it and you can follow up. Regardless of how you use online quoting tools, they streamline your quoting process. And customers and prospects want online quoting.

What you're looking for is a quoting system that will:

- Display rates immediately. There should be no waiting, no phone calls, no faxes, no phone tag involved.
- Provide plan descriptions and comparisons. To be effective, these must be available onscreen, immediately, to whomever is entering the quote.
- Display other helpful information that encourages self-service (if appropriate) and promotes accuracy. When users encounter questions that might stump them, help should be available, onscreen. SIC codes, for example, can be a problem in the case of many small businesses. But, a click in the quote screen can give you (or your customer) the right code.

Enrollment tools must promote clean data so they reduce your costs

Enrollment tools must be easy to use and promote accuracy. You should be able to use the tools to assist your customers in understanding the right products for them, without getting bogged down in paperwork.

In addition, good online enrollment features include:

Easy-to-understand questionnaires, requiring little or no outside help.

Built-in quality checks to reduce or eliminate the need for scrubbing. If someone inadvertently enters conflicting data, or omits a required field, the system should require a correction. Less data scrubbing = lower labor costs.

Regardless of how you use online quoting tools, they streamline your quoting process. And customers and prospects love online quoting.



The vast majority of small business groups choose to pay electronically, which lowers administrative costs.

Electronic underwriting: Once data has been entered, underwriters must be able to access census details online. This saves reams of paperwork, labor and transfer time. Quotes move through the system much quicker — and much more cheaply.

Easy-to-provide, secure electronic enrollment data is uploaded to carriers in whatever formats they require. This eliminates the need to re-enter the data. That means more accurate information. And as a result: more savings.

Billing and census management: value for you, your customers, associations, and carriers

Billing and census management tools provide your customers the kinds of services they want — and will use, so they’ll be more likely to stay with you. You keep your clients, and you keep them with less time and cost. These tools provide the following:

Single-point access for all benefits information (“one-stop shopping”): Any authorized person in the process (employee, employer, broker, association) can find all benefit information in a single screen.

Consolidated bills with current data: Billings include up-to-the-minute information for all applicable products and carriers. If an employer changes a bill (because of a termination, say), the change is reflected on the bill immediately. This virtually eliminates retroactive premium adjustments.

Personal home page for employers: Each employer is able to access a secure, branded, home page to get personalized information or make adjustments.

Electronic premium payments: Create the option for employers to pay premiums electronically. Electronic premium payments virtually eliminate late-pays. They also eliminate the labor involved in rectifying late payments. The vast majority of small business groups choose to pay electronically, which lowers administrative costs.

Electronic data transfers to carrier systems: It must be simple to upload all billing and census management data to carriers. Doing so eliminates the need for data re-entry or filling out a lot of forms.



Sales and marketing tools + online services = the profitability you'd like to see

Online services, combined with sales and marketing tools, work together to give you what you want and need, but (probably) didn't think you could get: increased sales and retention, reduced costs, greater profitability. And, to be sure you don't lose sight of the facts, here's a recap:

- Online sales tools have increased closing ratios by as much as 25%.
- Online quoting — combined with broker and telephone support — can (and has) doubled sales in 18 months. It's very attractive to prospects and customers.
- Online enrollment improves data quality, increasing the percentage of clean apps from the typical 50 to 60 percent to more than 95 percent. It also reduces the associated, time-consuming need for scrubbing.
- Online, self-service census changes can (and have) reduced costly retroactive changes by more than 80 percent.
- Busy business owners use self-service Web sites after regular business hours more than 25 percent of the time. They want this service.
- Given the opportunity, as many as 95 percent of small business groups choose electronic payments.
- Electronic bill presentation and payment can reduce late payments to less than one percent. No lost coverage. No late commissions.

So now you know....

Automated systems mean much greater profitability for virtually all benefits brokers, and because of Web technology, they're no longer only for the giants.

Automated benefits systems mean much greater profitability for most benefits brokers. And, because of Web technology, they're no longer only for the giants. Web-based benefits systems:

- Can increase your business several times with no increase in staff.
- Can deliver to your customers the services they want, 24 hours a day, every day. You and your staff work only 8:00 am to 5:00 pm. Every time somebody uses them, you know about it, and you can follow up.
- Will centralize your products, services and customer data so can direct your program efficiently (and have more time to play golf, mow the lawn, and get to know your wife and kids again).
- Will mean you get your commissions on time, every time.
- Make it possible to get new customers easier and faster. And keep them.



If there's more you'd like to know, please give me a call.

Jay Lewis

Direct: (971) 222-1901

Email: jaylewis@concerogroup.com

Concero Technology

10220 SW Greenburg Road, Suite 500

Portland, OR 97223

Switchboard: 971-222-1900

Fax: 971-222-1919

Email: sales@concerogroup.com

About the Concero Technology Team

It takes more than solid technology to provide complete solutions for associations, brokers and carriers. To meet the challenge, Jay Lewis and Concero have put together a team with a combined 60 years of experience in insurance brokering, equal time in sales and marketing, and more than 130 years of combined experience in applying operational improvements in healthcare organizations.

Copyright 2007 Concero Technology. All Rights Reserved.

