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Can brokers win the race?

A lot has happened this past year within our industry, the least of which is the continuing threat of disintermediation strategies and practices aimed squarely at the broker distribution channel.

With all the advances in technology, industry stakeholders are doing their best to leverage what they can to win the race to the consumer – and that race most certainly is not slowing down. If anything, technology enables the race to go faster and to finish with precision.

The independent broker is not exempt from this race. However, in some instances, brokers might feel they are at a bit of a disadvantage not having the technical resources or the capital to invest in what's needed to secure a win in this race. The one thing brokers do have is a strong and loyal

customer base. It's imperative that brokers consider ways of leveraging technology to strengthen their service model. Historically, that service model consisted of personal visits, faxes, and the telephone. Today, it's all about servicing those same customers using a variety of digital means. Social media strategies, online chat, customer portals for online policy management delivered via a broker's website, SMS, and even plain old e-mail, are all viable options when developing an enhanced broker service model.

Insurance companies are equally not exempt from this phenomenon. They, too, are developing their own strategies for the very same reasons. And it is for these same reasons that a broker's strategy may end up conflicting with that of an insurer's as they both race towards servicing the 'consumer' who, ultimately, is a customer of the broker.

Recently, brokers have seen some insurance companies move more aggressively into this relatively unoccupied space. For that reason, IBAC's Technology Committee spent time drafting a set of service definitions that clearly spell out what digital functions should and should not take place on an insurer's as well as a broker's website. The committee discussed at length what these functions ought to be and this new document goes a step further by clearly articulating these functions. For example, access to a customer's policy data including the management of that data should start, and be allowed access exclusively through – and only through – a broker's website. Another example would be the ability for a broker to provide input into the purchasing process prior to an actual policy being bound online. These principles are fundamental to a broker's value proposition and whether conducted in the traditional way or in a more digital-centric way, the fundamental process and principles remain the same.

Brokers are making progress in this area but more must be done. Brokers want to protect their customer base and companies want to protect their policy base. The goals of each are similar and both are valid; however, by virtue of a broker's existing customer base, the sooner they can digitally enable their service model, the sooner they'll be able to offer the kinds of service options their customers value in an online world. Companies that demonstrate a willingness to work with brokers in this manner will certainly enjoy a greater opportunity to not only continue supporting the independent broker but will go a long way to achieving mutually beneficial goals. ■




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