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INSURANCE **B**ROKERS **A**SSOCIATION OF **C**CANADA  
ASSOCIATION DES COURTIERS D'ASSURANCES DU **C**CANADA

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**Whitepaper:**  
on Consumer-facing  
Technology

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IBAC

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## Introduction

Increasingly, business and personal communications occur electronically with information conveyed through the internet via a myriad of wireless and mobile devices. Public expectations and assumptions regarding accessibility and speed have shifted and continue to evolve. Businesses seeking to communicate with customers must keep pace with the changes, and be ready to implement various types of media as preferred by their target audience. Incorporating these new forms of interaction into established communications strategies, however, can be a daunting task.

There are well-established rules of commerce which protect consumers. When communicating electronically, consumers are still entitled to those same protections. For insurance transactions, professionals' responsibilities are similarly unaffected by the means of communication, and even aspirations for increased convenience must not compromise the essence of proper advice. A consumer's need for protection is consistent, even while the means and expectations for communicating with advisors evolve.

Consumers may use a variety of methods to communicate with their chosen insurance provider. They may opt to obtain information on-line or to interact electronically with their representative, regardless of the distribution model they select. Insurance brokers, then, must be prepared to communicate with consumers within the electronic sphere, even as they continue to deliver brokers' essential benefits of Choice, Advice, and Advocacy.

## Challenges

For brokers, electronic interaction with consumers can create a number of challenges:

- The implicit trend to speed up and streamline on-line interactions is not always appropriate. Choices about insurance products are not simple. Self-service does not ultimately benefit a consumer who makes ill-advised decisions due to a lack of context for information or the absence of good counsel. **Brokers must strive to ensure that their on-line customers do not sacrifice long-term security for short-term convenience.**
- Managing multiple communication channels adds complexity to brokerage operations. During a time where a variety of media are employed, different media may be required to reach certain types of audiences.
- Adding new communication channels requires innovation in documentation of all exchanges. Record-keeping is no less critical than in the past but capturing some of the more transient electronic exchanges requires a strict discipline. A customer's text message instruction to remove coverage from a vehicle, for example, still must be documented in some durable form.
- Brokerages may determine that their on-line audience requires 24/7 availability. Providing that extended access to live advice may tax brokerage resources and will require flexibility and innovation.
- Just as with any exclusively written communication, there is a greater potential for misunderstanding when additional communication cues such as tone of voice are absent.

- Information currently available in broker management systems may be inaccessible to customers or insufficiently complete to meet their expectations. If consumers are to be able to view their own information, more data integrated from Insurers must be incorporated into BMS systems, along with development of that private and secure access.
- Expanded on-line traffic raises the associated security exposures, increasing pressure on brokerage risk management processes.

### **Insurer Communications with Consumers**

Many Insurers are well aware of communication trends and have already moved to create ways of interacting directly with consumers on-line. Some of these outreaches risk a disservice to the consumer, removing or distancing the benefit of broker interaction from the information exchange. Early in 2012, the Insurance Brokers Association of Canada (IBAC) articulated a series of guiding principles for consumer-facing on-line communications, based on the firm conviction that consumers, irrefutably possessing the rights to choice, objective advice, and advocacy, are best served by working with a broker.

Given that consumers may wish to exercise self-service options to obtain information regarding their insurance, and that internet information or other electronic forms of communication are not tied to any distribution model, IBAC makes the following assertions regarding Insurers' customer-facing technology:

- IBAC supports the development of innovative broker-oriented software that is relevant to consumer's lifestyles and facilitates a consumer's interaction with their broker.
- Insurers committed to broker distribution should only build customer facing portals or other policy holder electronic accesses that include a broker presence at all times. An exception would be the provision of an emergency claims service. Insurers should work with brokers to ensure that accurate and relevant information is available to consumers either via broker systems and brokers' electronic tools, or via agreed-upon access to Insurer information with broker representation.
- Public-facing websites or other electronic applications or tools provided by Insurers using broker distribution should constantly and prominently display "Speak to a Broker" or "Your Broker Is" options as appropriate, for immediate referrals or advice in both official languages.
- No coverage binding or amendment can be effected via an Insurer site or other electronic tool without broker involvement, and with due respect to regulatory requirements regarding the collection of information.
- All information relating to the customer of a broker belongs to the broker in their role as the customer's mandatary, including all data collected prior to binding. No data will be used for any purpose other than that for which it was originally and specifically provided by the consumer.
- IBAC supports the development of broker-oriented applications that facilitate consumers' secure electronic access to their information, including **but not limited to**: documents, account information, policy details, policy changes, and claims.

For individual brokerages, there are many factors to consider in evaluating which strategies to use in adopting on-line communication. Choices for potential interaction may range from simple exchanges of information, to quotes, to functionality for complete transactions. Further, the options available will continue to evolve along with technology but, for brokers, each possibility must be measured against its capability to deliver on essential customers' needs of choice, advice, and advocacy.

### **Openness to Change**

Openness and preparedness to change will be key to brokers' success when evaluating any new means of communication. Investment is necessary, not just of resources for the technology itself, but of time and effort deployed to learn and understand its potential. Any customer-facing innovation, also, is ultimately judged by consumers, and so must be measured against its relevance to them. This generation's task is to imagine new ways of reaching out to our customers, much the same way that our grandparents decades ago learned to adapt their existing business models to benefit from a revolutionary new device called the telephone.

### **Brokers' Resources**

Brokers must also invest in information at a time when the rich value of data is only beginning to be recognized. With a cautious eye on their autonomy and their own professional liability, brokers must be wary of who stores their customers' data and why, and recognize any possible increase in reputational, legal, and operational risk. The information in brokers' systems, and in turn available to consumers electronically, must be as current, accurate, and secure as possible. Brokers can promote this data robustness by making consistent, disciplined use of industry best practices within their offices, and by supporting non-proprietary, collaborative efforts which enhance brokers' data resources.

### **Collaboration**

On-going cooperation with both broker system vendors and Insurers will be required to achieve development that will make accurate customers' information generally available through broker access points. Collaboration on automation with those Insurers who support brokers can allow efficiencies that were previously impossible, and liberate time for individualized, personal attention.

### **Brokers' Challenges**

It may also be necessary to break some time-tested traditions. Brokerages may entertain extended hours, for example, alternative work access for staff, or pooled or outsourced arrangements to provide live broker resources through various means of interaction. Broker involvement is not necessarily limited to traditional exchanges, but can be achieved using any one or more of the new tools available to reach, interact with, and engage consumers.

At the same time, still, brokers must not allow electronic communication to erode their professional value. Despite advertisers' emphasis on simplification, insurance decisions are serious and complex. The risks of misunderstanding grow if messages are marginalized. Rather than abbreviation, then, the goal becomes clarity. Direct, clear language builds understanding and appreciation for value. While the internet's ability to deliver raw information cannot be over-estimated, putting that mass of information into context is a real and unique benefit that brokers offer. Brokers who can create on-line opportunities to provide genuine objective context and individually-relevant options will deliver service no partisan competitor can match.

Ultimately, whatever the form of communication, an Insurer's objective is to sell their insurance products profitably. Brokers, on the other hand, grow their businesses by addressing consumers' needs with products from various sources. Brokers can reinforce that differentiation online by ensuring that electronic interactions are designed to support their independence. Clear explanations regarding regulation, accountability and the unique benefits of working with a broker are valuable information for consumers, online or otherwise.

### **Core Principles of Communication**

Communication technology will only continue to evolve, and along with it the opportunities and the challenges for business to adapt to more participatory, less passive two-way exchanges. There is, of course, no single solution for any organization, and indeed, as business professionals brokers continue to strive to compete and differentiate themselves.

Certain core concepts, however, do apply, and with respect to broker customer-facing technology, IBAC affirms these fundamental principles:

- On-line or electronic interaction is but one of many options a consumer may choose when communicating with their insurance provider.
- Consumers have the right to access clear information and objective advice before making the complex, significant choices which determine their insurance protection, irrespective of their choice of communications medium.
- Brokers provide superior value to consumers through choice, advice and advocacy, which can be delivered through a variety of media. Consultation with a broker mitigates the consumer's risk of inappropriate or inadequate options, misunderstanding, or lack of advocacy resource.
- Regardless of the form of communication, Brokers' responsibilities to consumers persist, and should not be diluted nor deferred to Insurers.
- Brokers can and will adapt their communications to consumer needs and preferences, within parameters established by regulators. First and foremost, brokers must proactively support development that is relevant to consumers. For the betterment and future of the entire brokerage industry, innovations and initiatives would most ideally have a broad national scope.
- Brokers should work collaboratively with Insurers committed to the broker distribution channel, to leverage new technology and find the most effective ways to serve consumers.
- The rules, principles, and regulations governing business conduct exist for consumer protection and their authority extends to all business interactions, electronic or otherwise. These include the safeguarding of customers' privacy as well as maintaining transparency regarding interests, ownership, licensing, and clarity around regulatory accountability.