



White Paper

Indio & Applied Systems' State of Insurance Renewals: 6 Key Pain Points

Abstract

This paper analyzes key insights and pain points associated with the Commercial Lines insurance renewal process. The core data was gathered from an annual survey completed by Indio and Applied Systems of nearly 400 insurance brokers from the U.S. and Canada in November 2021. In addition to an overview of the most recognized obstacles facing insurance brokers and the implications of these pain points, we have provided additional implications and potential solutions to the issues highlighted by the study.

DBV Summary and Conclusions:

The 6 pain point areas identified in the white paper deal with the initial stages of the marketing process through carrier submissions. They can be summarized as follows:

- 1. Collecting applicable client data on a multitude of forms***
- 2. Chasing incomplete information from clients***
- 3. Time spent on locating carrier-specific forms, preparing the forms, and overall submission***

Some interesting data points were also identified in the study around brokers' utilization of certain tools in the process, and below are our conclusions:

- 1. Communication / Collaboration:*** A key takeaway from this survey revealed that email is an increasingly popular method for communicating between brokers and both their clients and carrier partners. Data collection via secure PDF is still a widely used method, but has substantially declined overall in brokers' usage in favor of the convenience of email. Using less secure methods of communication during the application and renewal process creates problems for brokerages down the line especially in terms of E&O issues that may arise. Adopting secure quoting platforms, client portals, and data storage systems for future renewals are just a few ways brokerages can effectively manage their E&O risk, while providing the quickest go-to-market strategy they can adopt for their insureds.
- 2. Carrier Consolidation:*** Establishing a partner carrier network between brokerages can be an effective way to minimize delays in the renewal process and eliminate arduous pain points. Fostering relationships with several carriers has its benefits in both driving more business to the brokerage and also allowing for more collaboration in establishing industry best practices. Mutually beneficial partnerships between carriers and brokers also cultivates a familial-like relationship that is often very important to many smaller family-run insurance brokerages as well.
- 3. Segmentation:*** Segmentation, or categorizing clients within a broker's book of business, based on account / revenue size, is another way brokerages can effectively manage their enterprise. Dividing clients by small, mid-sized & large is helpful because the renewal & application process may differ slightly or even significantly, depending on the size of the business and the types of insurance policies they may require. When a broker has segmented their book of business, they will also have dedicated sales and service staff for each market size allowing the brokerage to better service their clients. Brokers do not have to feel like they have to prioritize certain clients based on revenue, but rather focus on creating value for all clients, regardless of size, which in turn helps grow the business, both in new clients, and overall retention & whitespace.
- 4. Automation & Outsourcing:*** Emphasis on automation is growing within the insurance industry as brokerages look for innovative ways to eliminate repetitive administrative work, and focus more towards revenue generation and growth. In areas where automation opportunities may not be available, outsourcing redundant tasks that take away precious time from servicing and sales staff is an effective way to re-orient the enterprise and focus towards growing the brokerage. Automation & outsourcing has the potential to also significantly cut down on errors, highlight incomplete forms and other small but significant roadblocks that only delay securing and binding coverage.

Detailed Overview

1. **Collecting Risk Details:** PDF was the top choice of brokers for gathering risk details of their insureds in both 2019 and 2020, but has substantially decreased as the preferred method falling from 68% to 23% of brokers from 2020 to 2021. Email was added as an option to this year's survey and subsequently became the top choice of brokers in 2021 at 58%. Brokerage websites were also added as an option to the survey this year, but were found to be the least preferred method of collecting risk details at only 2% of brokers. The other options in the survey saw decreases in preference as well; Paper fell from 17% to 7% and Client Portal fell from 15% to 10%.

Implications:

- a. Email is a convenient method to collect risk details from insureds, but it can also carry significant risk as well. Emails can easily get lost in inboxes delaying the submission process. They can often be more susceptible to a security breach threatening the broker or client's information as well.
 - b. In order to effectively manage or eliminate this risk, brokers must adapt and develop methods of communicating with their insureds as well as digital solutions to store and collect risk details or updated renewal information.
2. **Number of Forms Needed for Submissions:** The survey found that most of the brokers (46%) used one or two forms in their submission packets ahead of brokers that used three to four forms (33%). Additionally, the survey revealed that only about 9% of brokers included seven or more forms in their submissions. Overall, the average amount of forms that brokers included in their submission packages was found to be roughly three.

Implications:

- a. Brokers found that the number of forms can become overwhelming for insureds and needlessly complicate the renewal and application process. The use of technology can simplify this process and optimize data collection at the same time. Storing insured information in a submission portal or other type of technology will allow the broker to pre-fill the data at future renewals, saving much more time during the overall renewal process.
 - b. Digitizing this process will also help identify redundancies that can be eliminated such as time-consuming additional forms for both the broker and insureds to complete.
3. **Locating Correct Carrier Application & Forms:** This study found that brokers spent roughly 27 minutes on average looking for the correct forms and applications for submission packages. 76% of brokers spent up to half an hour on collecting forms, 15% spent thirty minutes to one hour, and 7% spent one to two hours finding all the correct applications and forms for their submissions. Only about 1% of brokers spent more than two hours collecting the correct forms.

Implications:

- a. Spending large amounts of time on locating the necessary forms takes away from servicers and producers working on revenue-generating work instead. An example provided in the survey showed that by taking the average amount of time searching for forms, brokerages can be losing around 45 hours per renewal period to administrative tasks.
- b. Spending time on these tasks adds up across the enterprise and is a particular area brokers are looking to streamline and eliminate inefficiencies.
- c. Fostering relationships with partner carriers and collaborating to have a central digitized storage location, where the broker can easily find and pull all necessary relevant documents, applications, forms, etc., would be an effective and helpful method of quickly compiling a submission packet for an insured to complete and sign.

4. **Preparing a Submission Packet:** The survey revealed that most brokers (45%) spent between eleven and thirty minutes preparing their submission packages, with 25% having spent between thirty minutes and one hour. About 18% of brokers spend less than ten minutes, and 12% spent over an hour preparing submissions for their insureds. Copying the data from the submission package adds much more time to the process as well. 53% of brokers reported they spent up to thirty minutes re-keying information, and 31% reported between two to three hours. Overall, with preparation and copying data, brokers spent on average almost two hours on preparing submission packages.

Implications:

- a. Adapting to a technological based approach in compiling, completing & submitting the packet will increase the overall efficiency and effectiveness of the brokerage. In addition, it will give employees time for more vital revenue-generating work and lead to better overall client retention.
- b. Implementing easy-to-use client portals, automated processes & digital storage are a few ways to improve the workflows of insurance brokers. Reducing the amount of time staff spends on manual or administrative work can help brokers focus on adding value to their clients and growing their business.

5. **Incomplete and/or Inaccurate Applications:** A common pain point for brokers is receiving incomplete or inaccurate applications from their insureds, which will only further delay and hinder the renewal or submission process. The study found 47% of brokers reported receiving applications back from their clients with up to 25% missing or incorrect. 25% of brokers reported between 26-50% missing or incomplete. On the other hand, the survey revealed only about 11% of brokers always receive complete and accurate information.

Implications:

- a. The use of insurance technology is the most efficient and effective way brokers can eliminate receiving incorrect and/or incomplete applications from their insureds.
- b. Data stored from previously completed submissions can be used to pre-fill renewal applications and forms to eliminate redundant or repetitive tasks.
- c. Incorporating eSignatures and client portals to submit their information and check for accuracy are other methods that could significantly reduce the number of incorrect and incomplete applications brokers receive.

6. **Time-Intensive Form Completion:** The survey showed that brokers take an average of 6 days to receive a completed and signed submission package from their insureds. 52% of brokers waited under one week and 31% waited between one to two weeks. Additionally, following up with the insured for a completed application also adds significant time to the process as well with 42% of brokers reporting having spent between one to three hours following up. 38% reported spending up to an hour following up with their insureds, and 14% reported between three and five hours. Overall, the survey found that brokers, on average, spent six days preparing and two additional hours following up for a completed submission showing it is a time-consuming process.

Implications:

- a. Leveraging client portals to complete forms and the use of other types of technology and tools, like automated messaging or eSignatures, drastically reduces the amount of administrative work required from brokers in the renewal process.
- b. The automation or elimination of this repetitive administrative work will help brokers cut down on operating costs and help their clients secure coverage faster.

The Study

The survey that is the topic of this paper was conducted by Indio, in a partnership with Applied Systems, Inc. They surveyed 394 brokers from 234 unique brokerages from the United States and Canada in Q4 of 2021 on the entire renewal process and what they believed to be the biggest challenges and pain points they faced throughout. The survey includes brokerages focused on Personal Lines (48%), Small Business (22%), and Mid & Large-Market Commercial Lines (30%). The study consisted of 98% Property & Casualty brokers along with 2% Health & Benefits brokers.

Source: <https://interact.useindio.com/state-of-insurance-renewals-indio/p/1>