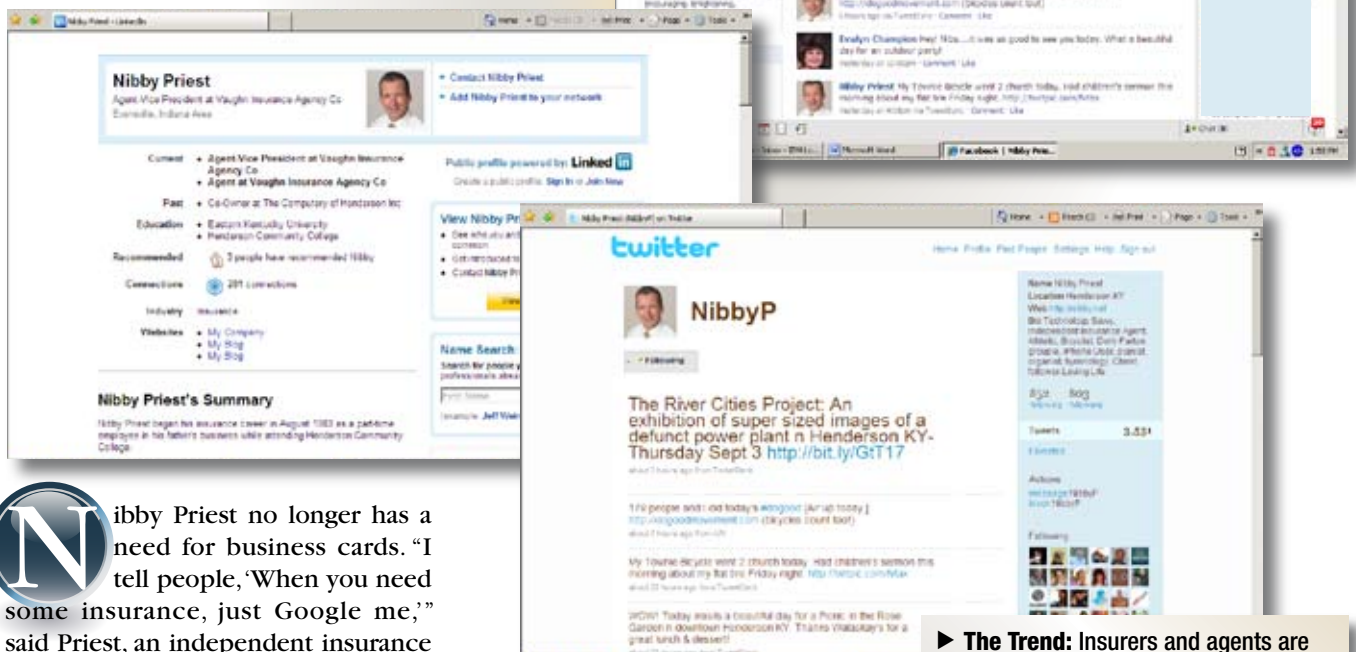


Agent/Broker

When Opportunity Clicks

Agents and carriers tap social media for real-time marketing.

by Al Slavin



Nibby Priest no longer has a need for business cards. “I tell people, ‘When you need some insurance, just Google me,’” said Priest, an independent insurance agent based in Henderson, Ky.

Google search results give prospective clients several ways to gain real-time access to Priest. Followers can track his activities and thoughts on Twitter, LinkedIn or Facebook. He even has a blog—*Nibby.net*—and the topics aren’t always insurance-related.

In short, he has developed his life into an online brand.

Now 45, with 26 years of insurance experience, Priest isn’t exactly a young agent. That hasn’t stopped him from leveraging social media to find younger clients who have grown fond of the point-and-click insurance option.

He prefers Twitter, where he has 787 followers, but can’t ignore the sheer

audience volume that Facebook offers. Priest said these future clients prefer not to visit an insurance agent’s office.

“They want to connect with people, work and basically buy their insurance product off the computer,” Priest said. “There’s one way that the independent agent can stay in the loop. Social networking is going to help us do that.”

Priest said social media has helped him generate some business, but not a huge amount. The online presence has led to nonclient referrals cultivated through his social network. He has needed minimal overhead to establish a presence in a marketing space that

► **The Trend:** Insurers and agents are seeking viable social media strategies and tuning in to what’s being said online.

► **Behind the Trend:** Carriers are wrestling with how to maximize, yet still manage, agent involvement in social media.

► **The Payoff:** A two-way channel for real-time direct marketing with endless potential.

some carriers are craving and others are still contemplating.

For the present, Priest may enjoy an advantage as larger carriers tread lightly amid the potential for channel conflict in the Web 2.0 world. As carriers map plans for integrating social media into their marketing, customer service and sales strategies, others are

still trying to gain their footing.

"The carriers are largely, and not every one, but largely confused about what to do with it," said Terry Goleworthy, president of the Customer Respect Group, a social-media research firm that specializes in the insurance industry.

"It's creating something of a disjointed type of experience for potential customers," Goleworthy said. "They're not sure how they should use, say, Facebook. It's the same with Twitter. There's a very erratic type of approach. You couldn't say that anything is consistent."

Goleworthy said one company told him it preferred to have 20 minor projects in this area as opposed to one major project, figuring that any given two may succeed.

Gaining Credibility

Agents, he said, can use social media to group themselves with an established base of friends, who may or may not be clients. This base of identifiable people has the potential

Taking Stock

Self-diagnostic questions that a company can ask itself regarding its ownership of social media:

- Does someone in the organization own the company's social media strategy?
- Does someone in the organization own the customer experience?
- Is the person who owns the customer experience the same one who owns the social media strategy?
- Does the company have a multidisciplinary team to create a social media strategy?
- When the company is creating its social media strategy, does it have a clear process to connect the strategy with the business objectives and goals?

Source: Forrester Research

to bolster an agent's credibility in the eyes of prospective clients.

Carriers are working to capitalize on this newfound potential, but also are wrestling with how to reconcile social media into the agent's overall role.

"All of this has potential to break that agent/broker/carrier relationship," Goleworthy said. "It's a very, very fragile relationship and it's never really been quite worked out online."

The Hartford is developing a long-term social media strategy for the 12,000 agents and brokerage firms that sell its products, according to Jeffrey Reid, an assistant vice president of brand online marketing. The insurer asked the operator of a Facebook site that used the company's brand name to "alter" its use until the company's guidelines were in place. The Hartford's Facebook page now has more than 500 fans who can read company-related news coverage along with coverage of its community-related efforts.

The Hartford also has joined the legion of companies using social media to monitor discussions about their own company as well as the competition.

The insurer said its agents have "tweeted" about products and services and the company is still searching for the best ways to help its agents leverage

'Social' Workers

A direct online carrier has gained a new sense of market leverage through social media. USAA Group has 7.2 million members who have qualified for insurance coverage by being active military or directly related to someone who serves. But a growing number of Facebook fans are generating buzz for the San Antonio, Texas-based insurance and financial services company.

At the end of July, USAA had just over 25,000 fans on its Facebook social networking Web site. That number climbed to 27,620 during a three-week stretch in August.

"Up until 2003, we were a direct-mail, word-of-mouth company," USAA Conversationalist John Hancock said. "Our foray into the social media markets has now allowed us to be a conversational company. We need to go where the consumers are, and that's where they are."

Hancock said a social media team, formed earlier this year, now has five members. They track conversations and issues about the company's products and services. He runs the company Twitter page and personally has more than 800 followers. The corporate Twitter account, *usaa_news*, has more than 6,000 followers. One eye-opening moment came when he watched the traffic climb because of video

and pictures that he posted during last year's Army-Navy football game.

The Facebook fan base alone has given the company a well-defined audience with which to communicate instantly on any given topic. USAA posted an article about the "Cash for Clunkers" program on its Facebook page, hoping that new-car buyers might keep the company's brand in mind. More than 33,000 clicked on the link that led them to USAA's Web site.

"We can deep dive and see what kind of business was generated out of those links," Hancock said. "The tools are there."

The company also has started a Web site called *whatsonyourmind.com* where anyone can discuss how they've been coping with the economy. It's a way to understand the issues that policyholders are facing and generate a conversation with the company's brand dangling nearby.

Agents and carriers who haven't tapped into social media might not know what they're missing, but Hancock does.

"I would say they're missing what's being said about them," Hancock said. "I don't want to become a complaint channel, but I still want to know what's being said."



John Hancock

its brand through online social media tools. An internal Hartford survey indicated LinkedIn, a networking site for professionals, was the preferred and most-valued medium for its agents to stay connected with customers and peers. LinkedIn touts 44 million members in more than 200 countries around the world.

Facebook claims to have 300 million users, and its fastest-growing demographic is 35 and older.

Progressive Insurance Group also is using the listening-post approach to social media. Comments on the company or its products are tracked, and then someone responds within the same social media channel.

Matt Lehman, Progressive's director of Web experience, said online social networks have extended the company's relationship with customers. Lehman said Progressive is developing social media strategies for its independent agents.

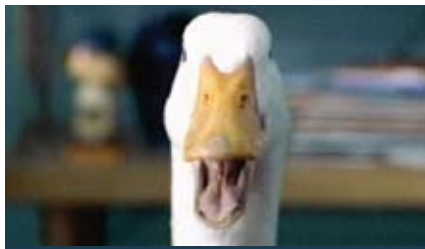
For Progressive, which has used its online strategy to drive direct business, accommodating the agent base will require a delicate balance. In August, Progressive announced a partnership with *Web.com* that will help outfit independent agents with online marketing.

Matt Marko, Progressive's marketing process manager for agency business, noted at the time that half of the company's 30,000 independent agents lacked an Internet presence. While 73% of auto insurance customers shop online, 67% eventually buy from an agent, according to the April 2009 *comScore Online Auto Insurance Report*.

Lehman said Progressive wants to find a relevant way to enter the conversation that is taking place online, and will work to strike a fair balance between its direct sales activities and its agents' needs. Progressive is just angling to be where the customers are heading and help agents cultivate hyper-local markets, he added.

"When you get back to it, a lot of the interaction is customer-generated, so the customer is kind of selecting the channel preference," Lehman said.

"We're trying to embrace them in whatever preference, whether that's a



Leader of the Pack

Aflac continues to have the biggest Facebook fan base, by far, among insurers—thanks at least in part to the Aflac Duck.

Company	June 09	July 09	% Increase
1. Aflac	127,225	136,138	7
2. USAA	23,650	27,620	17
3. Geico	5,285	5,827	10
4. Progressive	3,864	4,544	18
5. State Farm	2,756	3,718	35
6. American Fam.	2,659	3,528	33
7. Nationwide	1,631	1,778	9
8. Allstate	1,082	1,386	28
9. Progressive Motorcycle	0	1,012	1,012
10. Thrivent Fncl.	600	795	33
11. Principal	600	680	13
12. Westfield	395	450	14
13. The Hartford	152	399	163
14. Esurance	341	360	6
15. Travelers	268	276	3

Source: The Customer Respect Group

channel of purchase or a channel of interaction."

Building a Case

Westfield Insurance Co. has spent the past few years plotting how social media might plug into the company's marketing mix. The initial phase involved gaining an understanding of the issues from a legal, technological and even a human resources perspective.

The Westfield Center, Ohio-based regional insurer must vie for the attention of the 1,162 independent agencies that comprise its distribution channel. According to the company's AMB Credit Report, 27 of those agencies have been with the company for more than 100 years.

Katie Herbst, a senior marketing communications specialist at Westfield, said most agents want to learn more about social media because "they don't have a grasp of it yet."

Westfield's foray into this area came in September 2008 through blogs on loss control and information security

written by company employees. This has become a cost-effective and authentic way to keep the agent base dialed back into Westfield's Web site and brand. It's also helped build a business case to increase social media-related marketing efforts.

"People see the response that we're getting from them and how useful and valuable they can be to our agents and customers," Herbst said. "We now have a whole launching pad to continue that education with all of our management and a company as a whole."

Westfield has held webinars for their agents. Future plans involve the blog writers themselves becoming more active in social media, and adding more blogs.

"We're right on the edge of getting into Twitter," Herbst said. "We're going to approach it slowly, like we did with Facebook, and start sharing information about our company and what we're doing in the community."

Terri Grimm, Westfield's marketing and communications manager, said the company is now crafting a strategy with its claims department to use social media for outreach during a catastrophe. She said many independent agents are just expanding on the roles that some already have in their community.

Valued Resource

Priest has evolved into an online resource for his community of just over 45,000 residents near the Ohio River. He started experimenting with Twitter in April 2008 and grew more intrigued by its ability to cultivate friendships; he now follows 832 Twitter pages.

Priest said he made an early decision that anything he posted would be positive and factual. "I don't talk about politics or things that are hot buttons," Priest said. "I stay away from them."

What Priest has done is share information on his personal interests, such as cycling or even recipes. He senses that a tendency among people in the Internet's earlier days to mask their identities online has shifted toward more disclosure via social media, fueling a need for authenticity.

The tipping point for Priest's



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—Katie Herbst,
Westfield Insurance Co.

agency came during an ice storm that struck Kentucky last January. Priest said he didn’t lose power and decided to post information to his agency’s blog, including details about electrical contractors.

“Before I knew it, news people were using it for a resource,” Priest said. “It became viral in our community.”

Now he’s compiled a list of topics that he plans to write on.

His 75-year-old father, Norris, who owns the agency, uses social media for business, as do the agency’s five other employees, though they don’t have an established employee policy regarding its use. They serve about 2,600 clients.

“In a small agency you can kind of get by with not doing that,” Priest said. “I know that’s a big concern for a lot of the large agencies.”

That concern may be prompting some to take a more deliberate approach in developing a social media strategy. Risk management is a critical factor in the overall equation.

This aspect has helped forge a partnership between an insurance-based marketing company and a national law firm. Thomas Wetzel and his public relations firm, Wetzel and Associates, have teamed up with Bruce Foudree, of Locke Lord Bissell & Liddell, to help insurers formulate strategy.

Wetzel said he’s noticed that agents are using Facebook and Twitter largely as promotional tools. He said agencies can strengthen the bond with policyholders, but the back-and-forth communications need to be monitored. Hastily made comments can be misinterpreted and result in ramifications. Wetzel said he’s come across examples where agents are making blanket statements without posting any disclaimer.

“From a general standpoint, often it appears that the companies and agents

aren’t communicating about each other’s activities online,” Wetzel said.

Foudree, who spent six years as Iowa’s insurance commissioner, predicts two areas will be the source of regulatory complaints. The first involves consumers who believe they’ve been misled; the second will be generated by agents who contend they lost business as the result of posted comments.

These possibilities reinforce the need for a best-practices approach, he said. “If an issue comes up, or a policyholder gets harmed, I think the regulators are going to say ‘the company is responsible, it’s your agent,’” Foudree said.

“So here we have a situation where the companies need to be vigilant about what is going on and how their name is being used by their representatives.”

Foudree said he’s not aware of any regulatory complaints stemming from social media practices, but that it’s only a matter of time.

“It shouldn’t be any surprise when they start to occur,” Foudree said. “I think we’re still very early here.” **BR**

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