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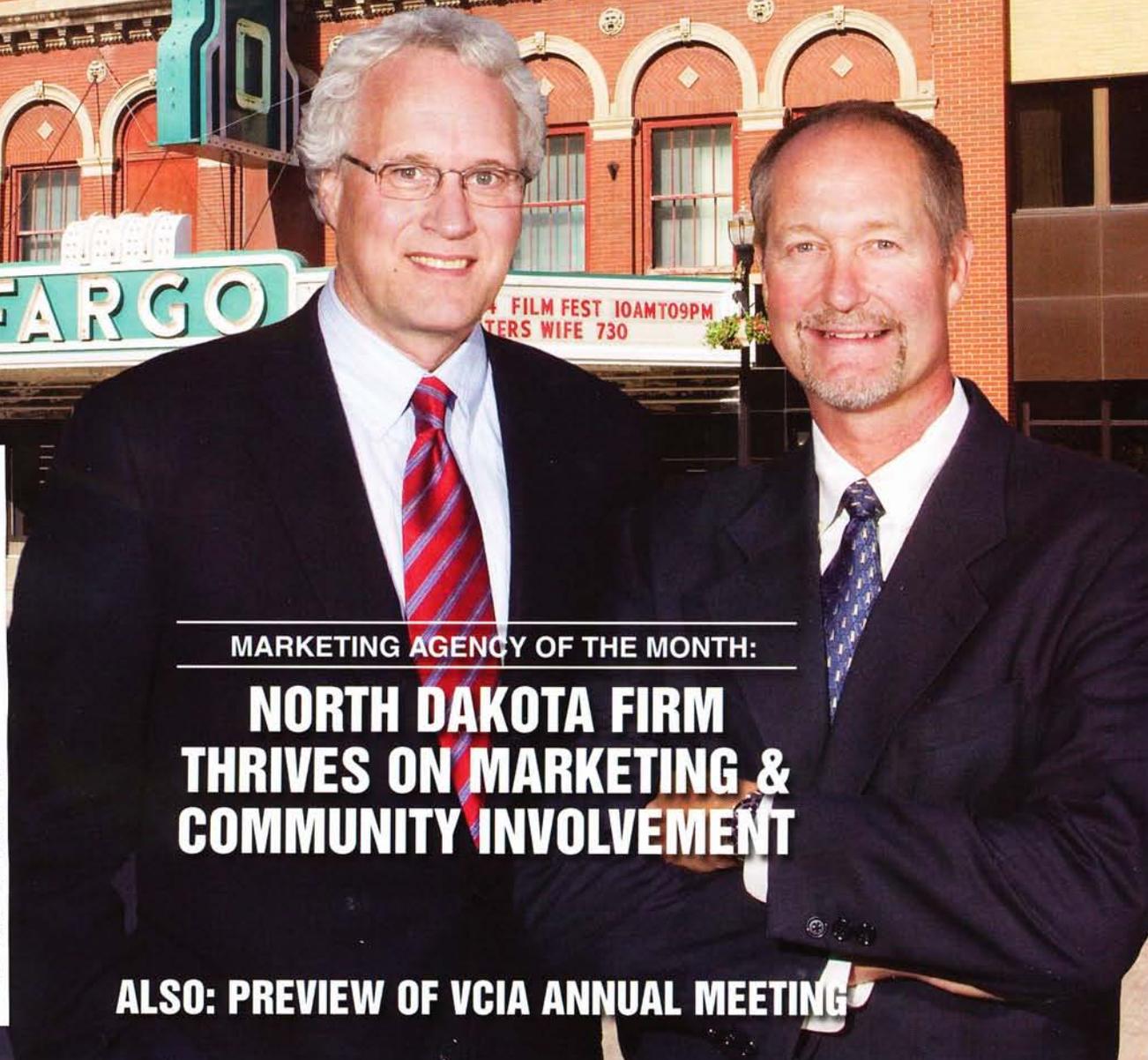
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NET IMPACT

Using the Web to find new business

By Nancy Doucette

Is it a sign of the times that the agency that has been Travelers' top producer of personal lines in California for several recent months is a five-year-old agency that gets about 25% of its new business revenue from Internet leads?

Is it yet another sign of the times that at the agency's Web site (www.nationalinsurancesolutions.com), the home page invites visitors to experience "the refreshing change of the un-corporation"? The visual at the site is a conference table on the beach.

Granted, if your agency is located in the Los Angeles suburb of Chatsworth, the idea of a conference table on a beach isn't as far-fetched as it might be in, say, Indianapolis. But the idea of an un-corporation suggests a different mindset and a different model. That's what Chris Bennett envisioned when he founded National Insurance Solutions (NIS) in 2003.

The home page for NIS sets the tone for the agency's blend of traditional and not-so-traditional sales and marketing techniques.

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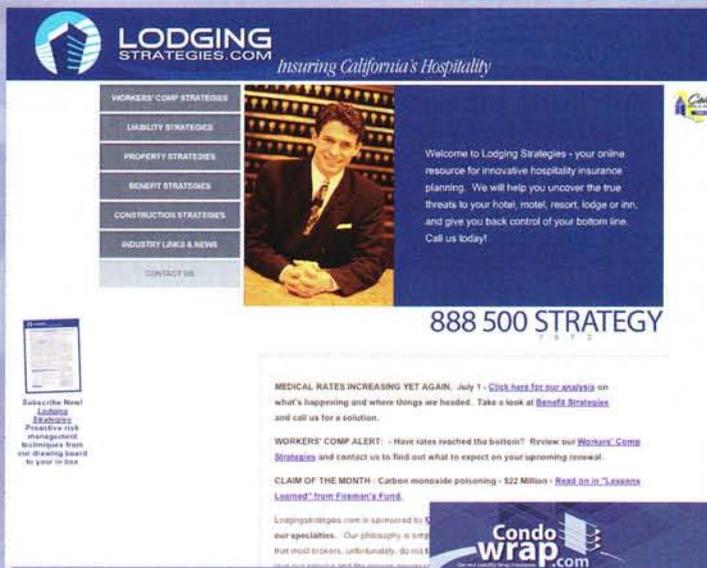
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Owen-Dunn Insurance Services uses "single-purpose" Web sites to position the agency as the expert in the eyes of potential customers in the hotel/lodging sector as well as residential construction project owners.

Less than a year later, Greg Isaacs joined NIS as vice president and partner. "Greg and I both came from a national insurance agency owned by a large mortgage company," explains Chris Bennett, CPCU, CEO of NIS. "We also worked together at a large direct writer. Coming from the structured corporate world, where customers and employees were treated like numbers, there wasn't much focus beyond: 'What are our shareholders getting out of this?'"

So from day one, Bennett says, he wanted NIS to be a blend of an old school agency with its emphasis on providing personal touch service and new school technology—using Internet lead vendors in addition to organic leads (those NIS didn't buy) and pay per click advertising.

It's no longer news that the Internet has changed how business is done. But the notion that leads from the Internet can be cultivated into profitable, long-term customers is still open for debate. "We've had conversations with fellow agency owners who believe that bringing in customers via the Internet is impersonal. We have to explain to them that those customers chose to come to us in that way," Bennett says.

"What matters to the customers—not all customers, but certainly the ones we're trying to attract—is that we do business the way they want us to do business," he continues. "It's what is most comfortable for them, not what is most comfortable for us. Customers are feeling more and more that they don't want to spend an hour face-to-face with someone. They want to do what's convenient because life is hectic."

As for whether customers who started out as online leads will stay on the books, Bennett says: "That



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was one of our biggest concerns initially. We're still a young agency—we don't have what could be termed a 'mature book.' But we wouldn't be in business if we didn't retain and grow these accounts." He reports that NIS has \$10 million in premium volume and a staff of 12. About 95% of the agency's business is in personal lines. While the majority of the agency's accounts are located in California, NIS also writes in seven other states.

"All our carriers measure retention and look at loss ratios," Bennett explains. "And they're

satisfied with our retention and loss ratios. From our perspective, using Internet leads is every bit as good as any other channel for generating long-term accounts. We've been using leads from AgentInsider powered by InsWeb and have been pleased with the consistent quality of their leads."

"Just like any other product you might invest in, every lead vendor is different," notes Isaacs. "Not every lead aggregator was a success for us. The ones we've stuck with—like AgentInsider—will continue to be part of our marketing mix. That said, we don't rely on any one channel. Diversity

is a good safety net and helps keep us healthy. We've had success in the past with pay per click advertising."

Ongoing effort

"We recently rebuilt our Web site so we could grow our Web presence and improve SEO (search engine optimization) conversions—people finding our site through keywords," he continues. "Obviously, we want to have a high ranking with search engines like Yahoo! and Google. Chris and I have committed an hour a day to this project for the foreseeable

future. This will be an ongoing effort because the search engines regularly change their search criteria."

Travelers' Sales Executive Sharon Graeter, CPCU, calls on NIS regularly. She notes that this top-producing agency for Travelers does its best to write quality business. "They're not just trying to write a lot of insurance, they're trying to write the right insurance," she observes. "NIS is trying to do all the things that Travelers values. That makes a good fit."

Although she's been with Travelers only four years, Graeter has been in the insurance industry for more than

25 years. And during that time she says she's seen a lot of different marketing approaches in the agencies she's visited. "Some agencies always market and some agencies never market," she offers. "Over time, that hasn't changed. But today, the agencies that are marketing personal lines tend to get a lot of their business from online lead aggregators."

Bennett says, "Marketing over the Internet is really about scalability. We're not limited to a sign on our building or an ad in the Yellow Pages. Our growth isn't restricted to people seeing that sign or that Yellow Pages ad. We can go as big as we want to go. We can go as far as we want to go because of the scalability of the Internet."

He says that NIS is able to adjust the number of leads it receives on a day-to-day basis. So if other marketing channels aren't "hitting" on a particular day, he says the agency can instantly increase the number of online leads it gets from AgentInsider. And if the agency is busier than normal, the volume of leads can be reduced.

Isaacs explains that the agency has six agents who make between 60 and 70 calls per day. "Our closing ratio for online leads varies between 6% and 16%," he notes. "With organic leads—those we don't buy—and pay per click traffic, we're closing closer to 20%."

He points out that every lead the agency receives isn't ready to buy, so the agents work the leads multiple times, following up on leads from prior months or years. "You can't just buy the leads, make a call and consider it done," Isaacs emphasizes. "Our agents understand that they're not going to have a two-minute phone conversation and make a sale."

Bennett acknowledges that this approach is different from "traditional" sales efforts and therefore necessitates finding the right people for this model. "I'd love to be able to say it's been easy, but it hasn't been," he confides. "We've brought in already successful agents—we knew their personalities and their work ethic. But they didn't make it here because they were used to receiving inbound calls and letting the phone dictate their pace."

"If you have an existing agency that isn't using the Internet for marketing, the first hurdle you have to clear is 'social proof,'" he explains. "You need to have one agent in your agency who's making a living off of Web leads. Others will see it works and then you'll have buy-in. You have to change your culture."

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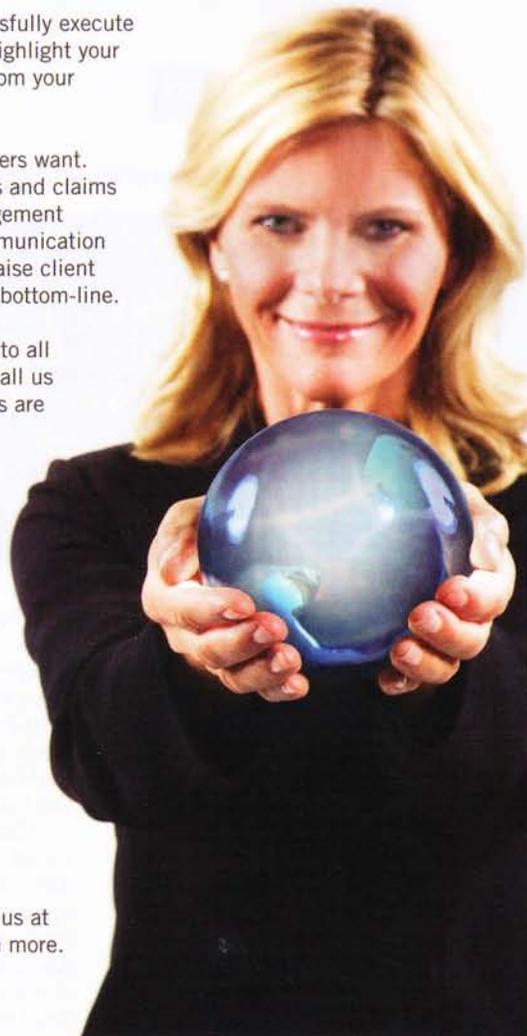
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Hone your focus

More agencies are seeing the value of becoming specialists in a few select businesses. Owen Taylor, a principal with Owen-Dunn Insurance Services based in Sacramento, California, says his mostly commercial lines agency has experimented with using "single-purpose" Web sites for two of the agency's specialties: hotel/lodging and condo wraps. (Links to those sites are: www.lodgingstrategies.com and www.condowrap.com respectively.)

Taylor reports that the agency has a staff of 50 and revenues of \$10 million. At the time of our interview, he told us that the agency's Web site (www.owendunn.com) is undergoing improvements. "It was originally set up as an electronic business card, and that was a good idea 10 years ago. Today a Web site needs to provide more services for clients."

One of the agency's younger producers presented the idea of single-purpose Web sites to Taylor several years ago. However, the decision for which sites to launch was market driven, he recalls. "The market for condo wrap policies was extremely limited at the time," he says. "Consumers didn't have a lot of options so they were looking on the Internet for markets. We wanted to get the word out that we had a market that could help with that specialty."

In that same timeframe, insurance premiums were high for the lodging industry, so Owen-Dunn decided on a single-purpose site for that specialty also. "The needs of the market made a stark difference between the two sites," he notes. "The lodging Web site didn't generate the financial return that the condo wrap site did. Consumers were feeling more pain in the condo wrap market than the lodging folks were."

However, the market has changed dramatically, Taylor says, especially where building and condo projects are concerned. So there hasn't been a great deal of activity at the condo wrap site lately. But it doesn't cost anything to keep the sites active, he continues, and the market is cyclical. "We know that it will come back around. When that happens, we'll do what we have to do to promote the sites in a greater way. The sites are there and we have reserved the domain names," he says.

Steve Anderson, *Rough Notes* columnist, consultant, and editor of "The Anderson Agency Report" (TAAReport), featured single-purpose Web sites in the March 2008 issue of "TAAReport."

(www.taareport.com) In his article, he points out that single-purpose Web sites don't rely on online search techniques. Instead, these special marketing sites rely on traditional marketing techniques.

He suggests the agency position itself as the expert in the eyes of the prospect. And that's what Owen-Dunn did with lodging/hotel prospects and residential construction project owners. If prospects receive a post card or see a display ad (traditional marketing techniques) that directs them to the single-purpose site, and the site provides information about their

specific problems and needs, the agency is perceived as an expert and therefore is likely to become a resource for the prospect, according to Anderson.

Going forward, Taylor says Owen-Dunn plans on developing more single-purpose Web sites. "Any of our areas of specialty lend themselves to single-purpose sites," he says. "Our plan is to roll out a site for nonprofits and a site for property management companies. We also need to improve the two sites that we have so they're more up-to-date and ready for when we need them to be more active again." ■

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