



*Insurance 2.0:
Embracing the
Digital Age*
**Young Broker
Roundtable,
Supported by
RSA Canada**

The Personal is the Professional

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Editor

Young brokers engaged in social media discuss the importance of personal relationships in their professional business, and how emerging technologies can help their cause.

Talk to young insurance brokers today about their use of social media and you might easily conclude that, with apologies to Carol Hanisch, “the personal is the professional.”

As individual brokers increasingly plug themselves into a ubiquitous global online conversation that never sleeps, the effects on their professional careers and business life can be profound. Once plugged into the social media, the Cult of Personality kind of takes over. This means a constant exposure to reputational risk and the need to monitor the online space diligently for prospects, business opportunities and 24/7 servicing of clients.

For some, the time, effort and expense required to keep up in the wired world is simply overwhelming. For others, the huge risks involved by exposing oneself to social media have resulted in a cautious, ‘wait-and-see’ approach.

But for many young brokers engaged in the rapidly evolving social media space, the future was yesterday. Brokers make a living by communicating with people. And the media through which people are communicating have changed. Thus, brokers need to change, too, they say.

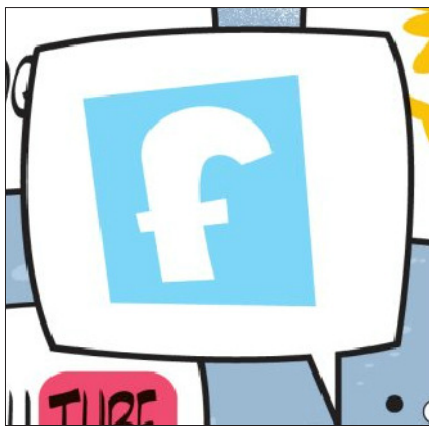
Once brokers take that plunge into the foreboding waters of social media, what happens next? What does entering the world of social media mean for the business? How do brokers cope with these new demands that social media place on their time? For what, exactly, are brokers using these new technology platforms? And most importantly, is anyone actually making any money as a result of immersing themselves in social networks?

Canadian Underwriter put these and many other questions to six young brokers at a roundtable discussion entitled *Insurance 2.0: Embracing the Dig-*

Illustration by Rémy Simard/www.i2art.com

I don't know if you guys heard of the Barbara Streisand Effect? There were these pilots that photographed an entire hillside of California and they put it online so people could look. I guess Barbara Streisand's home was on there and she didn't want people to see her home in these shots. So she called the sites to try and have it removed. In doing so, it created this online chaos. All of a sudden, people started copying it and posting it everywhere. It was power to the people, right? It seems like the power has shifted.

ital Age, supported by RSA Canada. Most participants in the roundtable discussion on technology were associated with RSA Canada's *Making Partner* program, an exclusive broker education program. They represented brokerages



from across the country, from B.C. to Quebec and the Maritimes. All were under the age of 45. The discussion was held on Aug. 3 at The Spoke Club in Toronto.

SOCIAL MEDIA: A WORKING DEFINITION

When people use the term 'social media,' they often think of the obvious online platforms — Facebook, Twitter, YouTube. But as the young brokers at the roundtable noted, the boundaries of media are a bit fuzzy. Some definitions might include not only the online social networks, but also the physical devices on which the platforms are loaded. Some brokers include in their definition of 'social media' the emergence of smart phones such as iPhones, BlackBerry devices, Androids and all of

the various applications for use on these devices. In this conception, tablets might be seen as a form of media. Other definitions focus on the 'social' aspect and therefore include what some may see as more conventional forms of technology in their definition. Blogging, for example, in which individuals publish regular, online commentary, might also be viewed as a form of 'social media,' even though it happens on a more conventional Web site. A fixed definition is also tricky because of the rapidly changing nature of technology. In 10 years, definitions of social media may be referring to Google+ or 4square, or any number of other not-yet-conceived platforms. "YouTube is almost old technology," observes Cory Young of Rhodes & Williams Ltd. in Ottawa.

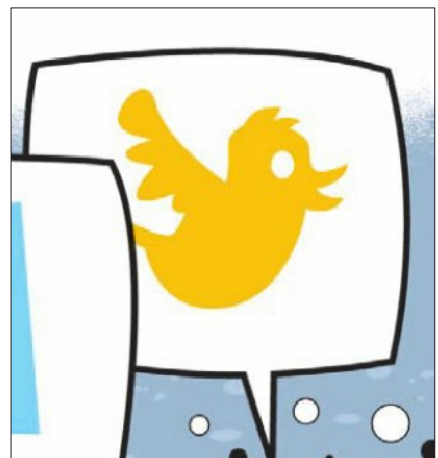
One feature of social technology is the power it gives people to communicate with one another directly, without filters and without gatekeepers. Part of its appeal is that it gives anyone in the world a soapbox. This has drastically



changed the nature of how people relate to companies, brokers note.

POWER TO THE PEOPLE

"It's almost like the power has gone from the corporations to the people," says Kevin Sigouin of Westview Agencies in Powell River, B.C. "I don't know if you guys have heard of the Barbara Streisand Effect? It's this big thing that happened down in California. There were these pilots that went down and



photographed an entire hillside of California and they put it online so people could look. I guess Barbara Streisand's home was on there and she didn't want people to see her home in those shots. So she called the sites to try and have it removed. In doing so, it created this online chaos. All of a sudden, people started copying it and posting it everywhere. So suddenly you had thousands of Barbara Streisand [home postings]. It was power of the people, right? It seems like the power has shifted."



And that shift can sometimes wreak havoc on corporate brand names, notes Alex Teper, who works in the insight and customer experience segment of RSA Canada. "It's no longer just the brands talking to the consumers, right?" he said. "They can talk back."

Brokers and insurance companies would be the first to admit this is a "scary" time for maintaining an impeccable brand name. Companies are acutely aware that a disgruntled consumer could very easily tape a phone conversation with a company CSR who's having a bad day and post the audio clip online for all the world to hear. And it's not just an insurer's reputation at risk. Young tells the story of one consumer's social media crusade against an insurer that came under the headline 'My Insurance Broker Sucks.' Brokers and insurers note that people often don't often say anything about the insurance industry unless something is going wrong or expectations have been frustrated.

How do brokers confront this reputational risk? Call it 'The Don Draper So-

lution.' In the television series *Mad Men*, senior advertising executive Don Draper says: "If you don't like what people are saying about you, change the conversation." Similarly, young brokers believe social media can help insurers and brokers change the tide in a conversation weighted against them, turning a consumer's hurt feelings, frustration and

How do brokers confront reputational risk? If you don't like what people are saying about you in the social media, change the conversation.

vituperation into a competitive business advantage.

"I heard a story about a car rental company," says Young. "A guy I was talking to included something [on Twitter] about how upset he was about the length of time it was taking to get a rental car from Company A. While he was still waiting for his car, he got a tweet back from a competitor apolo-

gizing for Company A and saying, 'Next time you come to Toronto, your free rental is on us. It will only take 10 minutes.' They were able to use social media tools to their advantage, just because they were monitoring what was going on. More applicable to the insurance industry, remember that tweet about 'my insurance broker sucks'? Well, that client is now a very satisfied new client in our brokerage."

THE CULT OF PERSONALITY

Social media, because of their emphasis on individual personal relationships, can favour brokers over insurers, young brokers say. "That's a big advantage that we have as a broker," says Vincent Gaudreau of Gaudreau Demers & Associates Insurance Inc. in Montreal, Quebec. "We can interact with people because we are real people. [Insurance companies] can't do that with their Twitter accounts. They can't use personal stuff to establish relationships on the Internet as an individual. That's the same with directs. Directs are usually big companies, so they cannot use that personal touch with

their Twitter accounts or social media either. I think that's a good thing for brokers."

Young observes that his business and personal lives can "overlap" in the worlds of Facebook and Twitter. "I went on [social media] doing things like tweeting for Rhodes & Williams, but also as just a guy who has a kid, who wants to go camping this weekend and likes to fish," he says. "That's from a prospecting standpoint, as opposed to servicing existing clients. People want to do business with people. If all I do is go on there and spout out information about insurance, I might be giving out a hell of a lot of information, but there's nobody listening. If you are sitting there talking to somebody because they go to the same gym as you or they have kids and are interested in the things you are doing, you have an audience for what you have to say. It's a fine line. You have to be careful about what you are saying."

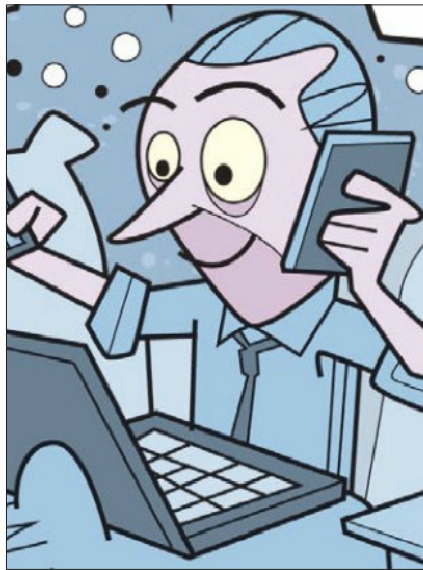
Banking on personal relationships can be a double-edged sword, given the social media's cult of personality. It's "very subjective" what offends potential or actual clients, says Andrew Chow of RSA Canada's technology group. "What you think is not offensive or controversial could be interpreted otherwise, especially if the communication comes from someone representing the company or brand. Have you had people say, 'I can't believe you tweeted about that?'"

This explains why it is important to have an internal guide for social media use, as well as dedicated staff frequenting social media channels on behalf of the brokerage. Of course, this raises resource issues. Brokerages, as opposed to insurance companies, for example, are often small businesses and simply don't have the same level of staffing to dedicate to the online space. As a result, business strategy and the desired level of engagement frequently guide a broker's presence in the online space.

In terms of business strategy, social media appear to be better at bringing in personal lines business than large commercial business. "For us, social media play different parts in different segments in which we do business," says Ryan Mitchell of Mitchell Sandham in

Toronto. "I think personal insurance, I can see that being all online. I think [personal lines coverage] can all be purchased, done, bound, done, pink slip [through social media channels]. "But in large commercial lines, I think social media play a small role. I think they won't replace the face-to-face [interaction] on complex commercial accounts."

This is not to say social media do not



The bigger challenge online is that a new platform can grow so quickly. Before, you had slow and steady companies. Now, all of a sudden, you say 'Wow' and a company takes off in the online space. And so how do you avoid investing in the metaphorical Betamax machine?

play a role in large commercial lines. Brokers are often tweeting information or posting on Facebook links to research that might be of interest to large corporate commercial clients. But in the large commercial segment, social media tend to be used for the purpose of "prospecting," or making the initial contact with a client, as opposed to closing the deal. For example, a commercial client may read something a commercial broker

tweeted online, like the piece, and then contact the brokerage to do some business later down the road. But once that initial contact is made within social media, the client will often do research on the brokerage in the more conventional online space, before making a call to transact the business.

CHASING FADS?

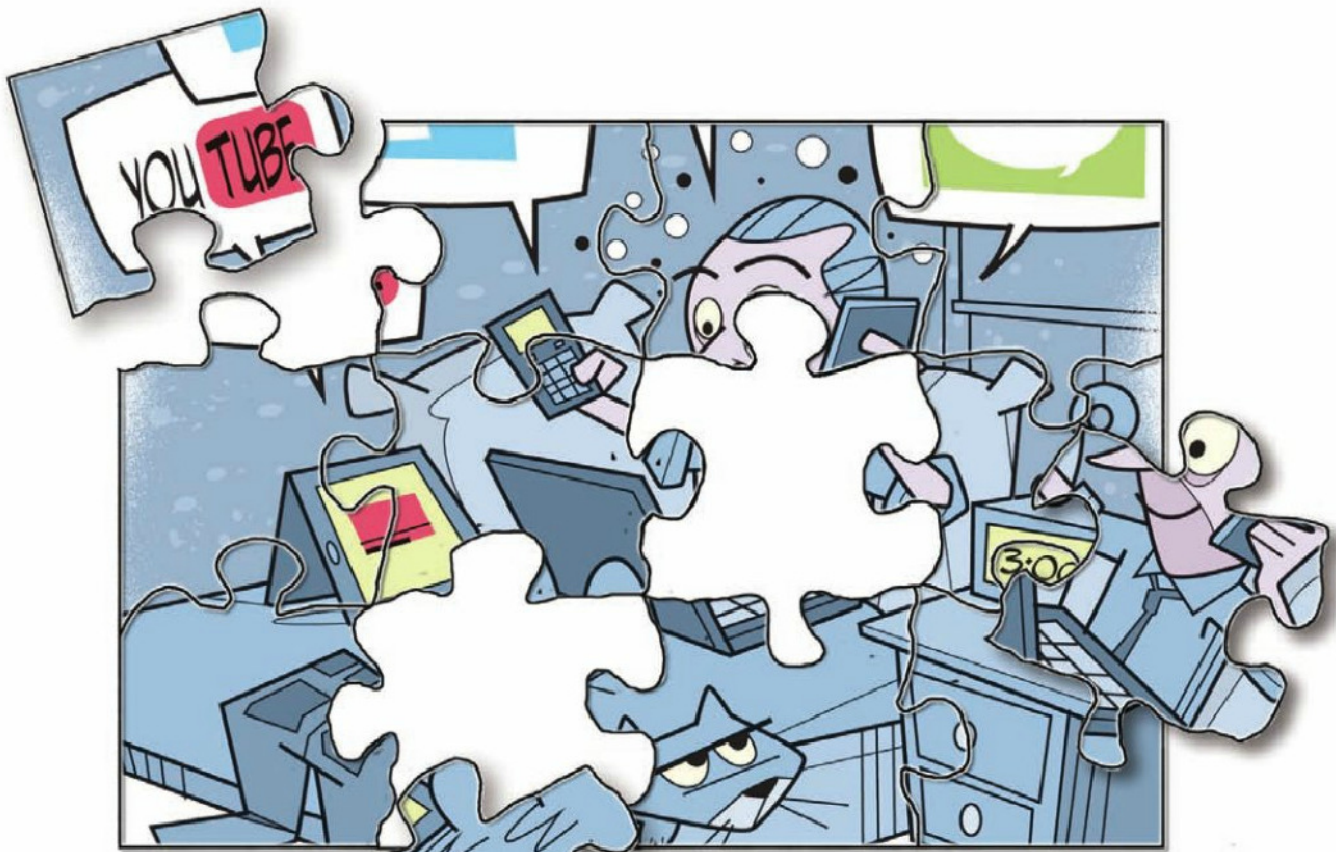
Are some social media better than others? Brokers aren't throwing all of their eggs into one basket. Brokers use platforms and applications based on the presence of consumers in that space. "You're not going to go in and invest a bunch of time [on a social media platform] if nobody's on it," says Colin Brien of Macdonald Chisholm Track Insurance (MCT) in Nova Scotia. "What application do we decide to use? It's based on where our customers are, and what people are using. If they're on Google+, then I'm on Google+."

One thing holding brokers back is the rapid speed and scale at which consumer communication preferences change. "The bigger challenge online is that a new platform can grow so quickly," says Teper. "That's the scary part now, right? Before, you had slow and steady companies. Now, all of a sudden, you go 'Wow' and it takes off."

Teper observes that whereas it took Twitter two years to reach 1 million users, 4square reached the same mark in only one year. It took 44 days for 4square, basically a location-based sharing tool, to go from 5 million to 6 million users. "That's overwhelming," Teper says.

And so how do you avoid investing in the metaphorical Betamax machine? Sony released its version of the video recorder in 1975, when its sales ran neck-and-neck with its rival videotape format VHS. Four years later, sales of VHS recorders had left beta technology in the dust and VHS made up 70% of the North American market.

The pace at which technologies emerge and disappear is much different now. In the first two years of its existence, Facebook had 100 million users. People can move quickly from platform



to platform and already a great deal of buzz is surrounding the potential of Google+, which launched in late June 2011. Google+ promises a social networking experience akin to that of Facebook, but with different bells and whistles, and with the potential for ties in with Google's existing offerings. While intrigued by the buzz, brokers are waiting to see if their clients and potential clients gravitate to the site first.

This whole aspect of waiting out the popularity of certain technologies before diving in can seem like chasing fads — an occupational hazard of keeping up with emerging technologies. So what criteria do brokers use to separate the wheat from the chaff?

Sigouin says he does his homework first. "Are my customers there?" he says. "Is it open? Is it closed? Facebook is open, you would say. It has enough people there. They are growing. Are there avenues to join in so I know where the conversation is going long-term, so the conversation is going to sustain itself for longer than it will somewhere else?"

If brokers don't keep on top of these new technologies, their competitors certainly will. But how much of a boon would that be to a competitor? Do brokers know how much money they are making as a result of social media?

Many admit their measurement of the business and contacts they generate from social media is not comprehensive. Young says measurement is complicated because so many of the platforms are integrated with one another. "Can I tell that it started at Twitter, and then they went to my blog, and then they saw my Facebook page, and then they went over to my YouTube channel and then they ended up at Rhodes & Williams?" said Young. "If they had the time to sit there and tell me all about it, maybe they would. But generally they don't. They heard about us 'through your Web site.'"

Teper notes measurement tools are available that can more precisely define

social media traffic such as Facebook hits and Twitter followers. Certainly insurers seem to be keeping a closer track of the amount of business they generate from Web-based platforms. For brokers, however, it seems to be more of a gut feel. "If I get one policy back, then the 20 minutes I spent to set up [the platform] is coming back. You know what I mean?" says Brien.

JUST DO IT

Fear of reputational risk and the lack of clarity around measurement are too often held up as reasons not to engage the social media, young brokers say. "I do think we're glamorizing this a bit and putting a mystique around it," says Rob Rasberry of PBL Insurance in Toronto, Ontario. "We do have to be smart about how we use it. But it's like the telegraph or the telephone was, and then the Net came. We just have to be part of this. It's how people communicate today."

"You don't have to solve the world's problems the first time you log into Twitter," adds Young. "Try it, get a feel for it, learn a little bit, and get on it." ≡