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SELLING INSURANCE ONLINE: EVERYTHING OLD IS NEW AGAIN

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This article is based on a presentation by Kevin McKenna at JCG Ltd.'s 18th Annual Executive Workshops in Direct & Database Marketing.

The quest to find value in the Internet as a media channel continues. So, what works? Why is the Internet different? And what does the future hold for the insurance industry?

Consider the market today, and it doesn't take long to realize that the Web hasn't given consumers perfect access to information. Nor has it eliminated the need for agents. Most importantly, the Web has not yet been embraced as the direct marketing channel that it is. The majority of insurance marketers have not come to terms with the fact that online marketing equals direct marketing.

Unlike other channels, the Internet provides instantaneous results, and online tracking opportunities are exceptional.

Despite this, insurance is being sold on the Internet. Companies such as Globe Life & Accident, RBC Insurance and Mutual of Omaha are successful because they've embraced the concept that making online sales means applying direct marketing principles. To sell insurance online, marketers must integrate these principles into all facets of the sale, including product design, marketing methods, administrative processes and site design.

Successful online insurance marketers are successful direct marketers. They control their own destinies and don't rely on aggregators to drive business. They use Web technology to support multiple marketing channels. Rather than sell all products on one site, they deploy single-product Web sites with a strong offer and design that make it easy for the consumer to buy. They market products that are simple. They use

direct marketing methods to target prospects and drive them to their site, including search engines, e-mails, pop-ups and cross-sell/down-sell efforts.

When leveraged properly, the Internet can deliver sales that are less expensive than those produced by direct mail, television and print. By keeping both product and process simple, marketers are selling life insurance products with average premiums as high as \$400—completely online, from rate quote to policy issue.

How is the Internet unique?

The Internet presents an easy, low-risk testing environment for products, creative executions and messaging. Unlike other channels, the Internet provides instantaneous results, and online tracking opportunities are exceptional. The Internet allows marketers to manage media costs. Without print production and other costs associated with offline efforts, the Internet also offers a low-cost environment for cross selling.

The ultimate beauty of Web technology is that it's fast, cheap and flexible. It can be used to support channels such as agents and call centers. In fact, integrating the Web with other channels not only helps increase the chances for success, but it leverages the initial investment.

The potential for the future

So what does the future hold for insurance direct marketers who want to benefit from the promise of the Internet? The short-term will probably be not much different than the past. But all indicators point to a strong growth among the direct players. Those that hold fast to market-proven direct marketing best practices are planning launches in 2004, and others will become more aggressive as they see their competitors advance.

Those destined for success offer single products on a single site, commit to the direct marketing formula, take ownership of the technology and leverage the database building abilities of the Web. While the Web produces lower volumes, it has the potential to deliver higher margins. Respected as the direct marketing channel that it is, the Web can, and will, continue to deliver profits for insurance marketers. ■

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