



SOCIETY OF ACTUARIES

Article from:

News Direct Newsletter

September 2004 – Issue No. 48

RECAP OF THE "ONLINE INSURANCE MARKETING" MEETING

BY JAY M. JAFFE

On May 17, 2004, The Credo Group sponsored a day-long seminar discussing insurance company activities on the Internet. The title of the meeting was "Online Insurance Marketing: From Concept to Profitability in 120 Days or Less." The meeting was held in the center of Princeton, N.J. adjacent to the campus of Princeton University.

At the meeting, there were several companies which have already started actively using the Internet for marketing insurance products. While the main focus of the meeting was on life and health products, there was a mention of online P&C programs.

My two most vivid "take-aways" from the meeting about online insurance marketing were:

- Internet insurance sales are still relatively small.
- Internet insurance marketing should be viewed as a media and an integral part of an overall marketing program.

Online insurance marketing is rapidly becoming its own science. Specialists with expertise in how to design and operate insurance Web sites are needed to ensure that a company's Internet marketing efforts will achieve their intended levels of success. Judging from a few of the stories at the meeting, there already have been companies that have taken the steps to do online marketing, but have been either total or partial failures because of the manner in which they execute their programs.

It was suggested that online customer service is one way to get potential customers comfortable with a company's Web site and eventually get into the habit of purchasing insurance via the Internet.

Insurance, as is the case for many other products, can be shopped on the Internet. There would appear to be many insurance buyers who use the Web for evaluating products and then use more traditional buying methods to make the actual purchase.

...Internet insurance sales are still relatively small, and Internet insurance marketing should be viewed as a media and an integral part of an overall marketing program.

Putting the right product on a Web site is critical. To some extent, this means products that don't require extensive underwriting and tend to be simpler. One distributor described how it was marketing short-term medical insurance to recent college graduates because it was a product that could be easily purchased and met the specific needs of a group of individuals.

What next? Well, I would expect attendance at next year's seminar to grow considerably as more companies make the commitment to be online insurance marketers. As the number of companies and agencies online grows, there will also be more experiences to share. And there will emerge a list of "do's and don'ts" for online marketing just as there seem to be such standards for direct mail, telemarketing, etc.

Online marketing is not necessarily an inexpensive media but it has the advantage of being able to make sales with very low marginal costs and control marketing costs to be within the available marketing allowances.

If you're interested in getting on the e-mail list for next year's conference, contact Ginny Simon at gsimon@projectmarketinginc.com (610) 889-2036. ■



Jay M. Jaffe, FSA, MAAA, is president of Actuarial Enterprises, Ltd. in Chicago, Ill. He can be reached at jay@actentitd.com.