

ZYWAVE

BE A LEADER, NOT A FOLLOWER

What it takes to **stand out**  
in crowded marketplace

**N**early all insurers offer similar products and services, with only slight variations of quality between different products, and little to no price variation. Consumers are confused and often make decisions solely based on price. In order to win new business, increase retention and emerge as market leaders, insurers need to find a way to stand out in a crowded marketplace.

## **Do you know where you stand?**

You need to think carefully about where you stand in the market. Take into consideration the experience you provide your policyholders, the services you offer your distribution network, and exactly what you are doing to remain competitive. Do your clients get an outstanding customer experience from you? Or is it just average? What about your distribution network. What do you offer that makes them want to place coverage with you first?

### **If you're not sure, don't worry – you're not alone.**

Many insurers are struggling to differentiate themselves from the competition and offer real, tangible value to their distribution network and policyholders. And that's a problem. As McKinsey<sup>1</sup> notes, "Because insurers do not control their distribution channels as tightly as other financial sectors ... they might run an even greater risk of becoming pure balance-sheet providers, while intermediaries keep an asset-light client relationship model." What does that mean for you? It means you need to provide more value than your competition to your distribution network and your policyholders, because it's a tough fight if it just comes down to price.

If you want to start standing out from the crowd and offering industry-leading value to your distribution partners and your policyholders, it can be done. But it's going to take some work. Let's get started.

## Answer a few questions for us:

- Do you know what makes you stand out to your distribution network?
- Have you taken a competitive look at your website and sales material?
- Do your materials clearly share what makes you unique in the marketplace?
- Do you provide solutions that make your policyholders want to stay with you?
- Do you have your next big idea?
- How will you handle your growth strategy and be different?

**Do you have good answers to all these questions? If not, again – you are not alone.** But you do need to think seriously about your next big idea, how to stand out within your distribution network, and provide solutions that make policyholders want to stay with you. In a competitive environment often driven by cost, insurers need to offer solutions and services that differentiate them from the competition, allowing them to emerge as market leaders. These solutions need to help you achieve your growth goals, provide industry-leading value, embrace modern technology, and engage with policyholders and brokers alike.

## Standing Out in a Crowded Marketplace

On the surface, most insurers are incredibly similar, and that's why differentiation is so important. Even when consumers start digging deep into their value statements, it's difficult to tell who is who. And, if you took the brand names away, you probably couldn't tell at all!

## Most of the value for an insurer typically includes many of the following:

- Strong network of quality providers
- HIPAA Compliance Programs
- Medical Management
- Reinsurance and Underwriting
- Strong Communications and Customer Service
- Financial Management and Reporting
- Population Health Management
- Pharmacy Services
- Coast-to-Coast Services
- Easy, secure website
- Consumer-Directed Health Plans
- Wellness Programs
- Health Management Services

**Of that list, how many do you provide?** While each one is an incredible and vital service, almost every insurer provides an almost identical list. They are all excellent resources...



*...but at the end of the day, if everyone is offering the same solutions, **no one is standing out.***

Not even you. What if you could add even stronger value to this list? Unique value for your distribution network. And - value they can pass on.



## So, what if you said this?



*We help employers navigate the confusion of compliance and risk management by providing easy-to-use tools and services. We educate our clients and alert them in order to keep them out of trouble and save them time and money.*

## Nope, definitely don't say that.

In an increasingly client-centric environment, insurers need to pay even more attention to the client and give them something of substantial value. **Everyone says they help save time and money.** Your partners can get generic tools and resources anywhere. Instead, you need to go a step beyond. **Provide solutions with tangible value that will make a difference for their business.** And when your distribution network and policyholders feel that you really care about them and their business, and are investing in their success, they'll be more inclined to continue their relationship with you.

## What should you say? **“We can go beyond the compliance checkmark.”**

There are a lot of different tools and solutions that you can use to provide value to your distribution network and policyholders. But let's talk about one example that impacts almost every employer: **compliance.**

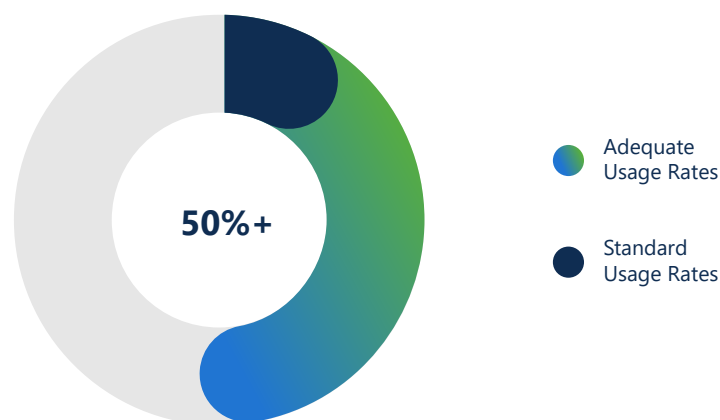
As insurance industry experts, we know that a great deal of the necessary compliance and legal communication is the policyholder's responsibility. But they often look to their insurer, broker or a consultant to keep them out of trouble. This requires a substantial amount of time and resources – especially for their broker or consultant.

We already said you can't just offer generic "tools and services" that will help your clients handle compliance and risk management. No one knows what that means. Instead, provide actionable tools and resources that address their specific and most-pressing legal and compliance questions. The result is freed up time for you and your broker partners – because you're not trying to answer complex questions that your basic "tools and services" can't address. Plus, your clients will be grateful for the real value that you are providing. You are going beyond the compliance checkmark – and it won't go unnoticed.

## You've picked the right tools. Let's ensure they get used.

We've talked about the value of providing additional services to both your distribution network and your policyholders. You're ready to get on board. But how can you ensure that these tools and resources actually get used? Unfortunately, often these services are typically only communicated at inception, and sometimes at the point of renewal. But this leads to very low utilization. What's even more troublesome is that many insurers offer the same value adds as their competitors. **So why should someone pick the tools you offer over your competitors?**

Standard compliance tools have very low usage rates (about 5% - 10%), so confirming adequate (50%+) usage with your current partners is your first step.



Keep in mind a variety of barriers that prevent high utilization, including:



When searching for a partner that delivers real value to your client base, you need to keep these four barriers in mind. Investing in tools that remove these barriers will have significant positive results on utilization rates, your clients' opinion of you, and inherently, retention.

#### **EASE OF ACCESS:**

**Are the solutions you're providing simple to find and access?** No one wants to remember another login. Another password. More answers to security questions. The tools and resources you are investing in need to be within systems your distribution network is already used to using. Adding a new solution means you're adding something to their already full plate. So, take into consideration where your partners are – and where they want you to be.

#### **EASE OF USE:**

**Is the service you're providing quick and easy to use?** Your clients don't have time to learn how to use a variety of new services. Their job is to run their business, not learn the ins and outs of HR, compliance and benefits law. You should aim to invest in tools and solutions that get them the advice and tools they need so they can handle day-to-day tasks more efficiently while remaining focused on their core competencies.

## **COST:**

**Are the services you provide truly free? Or are you up-charging your clients?** Seldom is anything in life truly free. But with that being said, you get what you pay for. If you are using a free service with no promise of real value or advice, what are you really providing to your clients? How does that impact their opinion of you? If your solutions are really just one step above a plain internet search then it certainly deserves a reevaluation.

## **EDUCATION:**

**Is your communication method working to educate and onboard your clients?** You provide valuable solutions for your policyholders and broker partners. You're paying for them. Don't you want to ensure these solutions are getting used? If they don't know they have access, they likely can't and won't be using it. You should aim to find a partner that provides some type of onboarding or outreach to demonstrate the value you're providing to your clients – at both inception and renewal.

# **Emerging as a Market Leader**

Insurers are in the business of increasing sales and retention through relationships with their distribution network and their policyholders. But most are trapped in the price game. They are often presented on spreadsheets, placed side by side with their competitors, and rarely get the chance to share their true value.

Even if they did, we have already established that most current offerings are the same.

The market has become so cost-driven and price-sensitive that clients will move to another insurer for a very small percentage of savings. Having reliable, effective, and easy-to-use services that individual employers need, shifts the conversation from price to value. And when you can shift the conversation from price to value, is when market leaders will truly emerge. If the value is there, if it's real, and if it resonates with the policyholder, you have a competitive edge – one you should hold on to.

Not only can added-value solutions help with new business acquisition, but it can also aid with retention. And we all know it costs more to win new business than it does to retain a current client. In a price-sensitive environment, it's vital that you offer something unique and valuable – something that prevents your competitors from poaching your policyholders.

## **Your distribution network is your biggest asset.**

Insurers need brokers or consultants to be successful. And they need to start providing essential support for their distribution network to help enable that success. The focus isn't just on the policyholder anymore, but on the distribution network, too. After all, aren't they your client in a way?

Providing powerful and unique solutions can help insurers bring tremendous worth to their distribution network, empowering them to do their jobs better and more efficiently, saving them time and money. The broker or consultant is usually the first resource a policyholder will contact when an issue arises. If you provide solutions that satisfy the needs of the policyholder by addressing clients' daily compliance, HR, benefits law and employment law-related questions, then you are saving your distribution network a tremendous amount of time. And with more time on their hands, there's more time for them to shop for new business for you.

## **That's right, new business for you...**

But, what's perhaps more important, is that the broker or consultant can grow their trusted advisor role thanks to the solutions you provide. You and your broker partners are a stronger team when you're working towards the same goal. As McKinsey<sup>2</sup> demonstrates, "Addressing [policyholder] needs and improving customer experience ... does not necessarily mean going direct. It might mean supporting distributors with seamless, digital customer journeys that let customers decide which topics they can access digitally themselves and on which topics they value personal advice."

So, in short, reliable solutions will allow your policyholders and distribution network to work together. It will satisfy the policyholder by addressing their concerns, help the broker free up their time and makes them look good (since after all, they helped provide it to the policyholder!), and most importantly, makes you look good. After all, this is your service.

Now, there you have it, you've created a dynamite team – professional level support from your solution partner, a dedicated distribution network, and happy and satisfied policyholders.

**Oh, and not to mention, you're now a market leader – not a follower. Congratulations!**

## Conclusion

It's clear that insurers need to do something to stand out from their competitors. Rather than taking on the initiative completely, insurers can look to vendor support for powerful solutions that provide new and innovative value for their clients and distribution network, while simultaneously emerging as market leaders.

Insurers who want to stand out in a price-sensitive and crowded marketplace need to lead the charge and start providing value to their clients and distribution network – and they need to do so now. After all, leading is better than following, and those who seriously invest in the needs of their policyholders will be more apt to win new business, retain current clients, cross-sell and achieve their business goals.

<sup>1,2</sup> McKinsey & Company. (2022, February 15). Creating value, finding focus: Global Insurance Report 2022. <https://www.mckinsey.com/industries/financial-services/our-insights/creating-value-finding-focus-global-insurance-report-2022>