LeadsCon

Growing Insurance Leads: The Future of Tracking, Measuring, and Analyzing Your Lead Spend

MODERATOR:

- **Ian Smith, VP of Operations, QuoteWizard**

SPEAKERS:

- **Bill Tyson, Senior VP, SwissRe**
- **Blair Baldwin, Senior VP, Marketing & Analytics, Consumer United**

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The Panel:

Ian Smith

VP, Operations & BI @ QuoteWizard

Bill Tyson

Head Distribution Development @ SwissRe

Blair Baldwin

SVP, Marketing & Analytics @ Consumer United

Ian Smith

Our story

- Founded in 2006 in Seattle, WA
- One of the largest 'aggre-generators' in the auto insurance vertical
- Partner with 7500+ buyers
- Distribute leads from 150+ unique sources

The biggest challenges we work on every day:

1. Scaling technology and human resources to build out our agent distribution network

2. Blending traffic to buyers to deliver a high volume product with predictable ROI at a consistent price point

3. Walking up, walking down, and right pricing the sources we generator and aggregate leads from
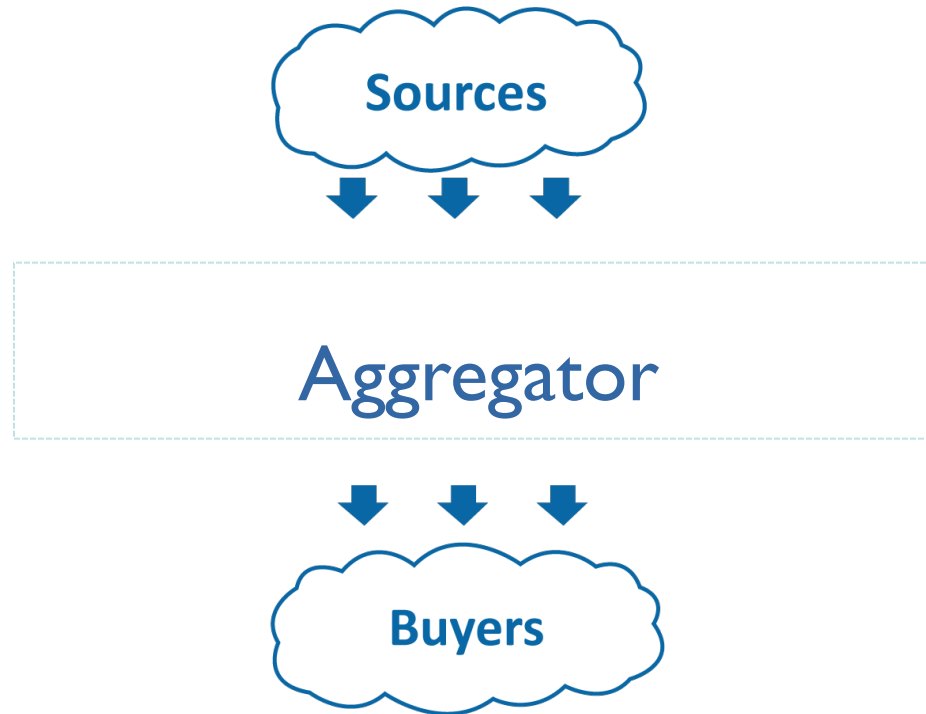
What that feels like to the buyer

Offer Lifecycle

Hitting the sweet spot with QuoteWizard IQ

- Our distribution and source rating algorithm
- Incorporates customer reported contacts, quotes, closes, and returns
- Overlays demographics of consumer
- <u>Not</u> based on type of traffic
- Highly dynamic with constant adjustments
- Drives automatic ramp up and scale down of traffic
- Enables our account managers to continuously work to improve each source

What's next

- More partnerships built around transparency leading to more policies
- Agents being equipped with much improved training and technology
- 'Right pricing' of traffic both on the buyer and source side
- Life insurance as an area of investment and growth over the next 2 to 3 years

Bill Tyson

Swiss Re

Swiss Re is a leading and highly diversified, global reinsurance company

Headquarters, Zurich

Armonk, New York

The "Gherkin", London

- **150+ years of experience** in providing wholesale reinsurance and risk management solutions.

- **We deliver both traditional and innovative offerings** in Property & Casualty and Life & Health that meet our clients' needs.

- **A pioneer in insurance-based capital market solutions,** we combine financial strength and unparalleled expertise for the benefit of our clients.
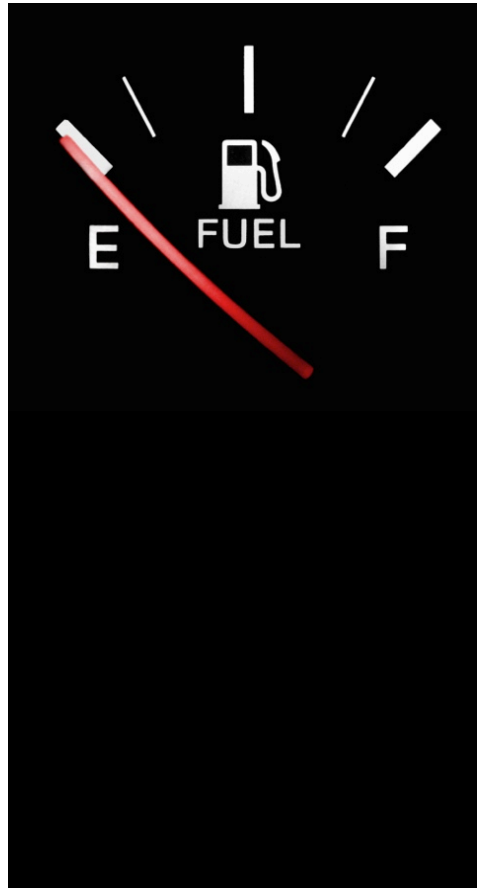
- **Our financial strength** is currently rated: Standard & Poor's: AA-/stable; Moody's A1/positive; A.M. Best: A+/stable

Swiss Re

The Protection Gap
Swiss Re 2012 Study

Swiss Re

Why do consumers pay $3.50 for a morning latte but not for life insurance?

$$K(\beta_n \mid b, W, y_n) \propto \prod_t \frac{e^{\beta_n^T x_{n_{yu} t}}}{\sum_j e^{\beta_n^T x_{n_{jt}}}} \phi(\beta_n \mid b, W) \; \forall n,$$

$$K(b \mid W, \beta_n \; \forall n) \text{ is } N(\bar{\beta}, W/N)), \qquad \text{where } \bar{\beta} = \sum_n \beta_n / N,$$

$$K(W \mid b, \beta_n \; \forall n) \text{ is } \mathrm{IW}\left(K + N, \frac{KI + N\bar{S}}{K + N}\right),$$

Swiss Re
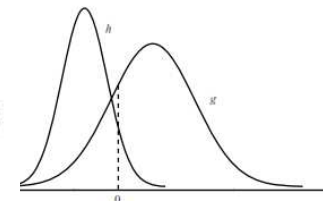
Critical Success Factors to Make life insurance 'bought, not sold'

- **Simplify and innovate product design** – provide simple, transparent products for every lifecycle state, re-think product features

- **Streamline the underwriting process** – expedite the sales process and remove buying hurdles

- **Improve communication and consumer education** – improve transparency, build trust, and facilitate the decision making process

- **Innovate distribution platforms** – 'research online, purchase offline' will likely dominate, multi-channel distribution models will gain in importance

- **Improve long-term relationships** – reward loyalty, provide value beyond policy issuance

- **Close the consumer knowledge gap** – more consumer research is important for deeper understanding of consumer behaviour and needs
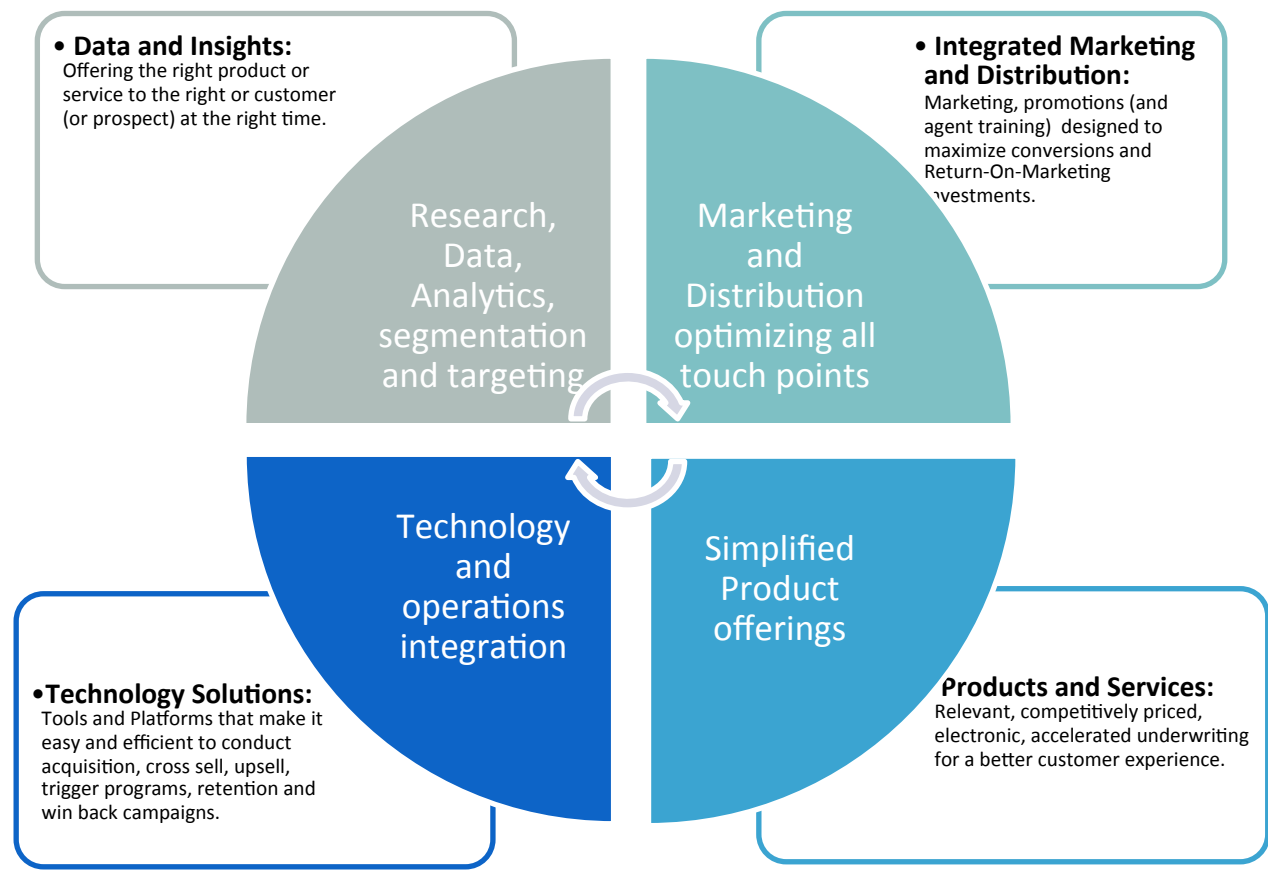
→ **This requires a "minor" revolution in life insurance!**

Swiss Re Sigma No. 6/2013 Study: "Life Insurance - focusing on the consumer"

Swiss Re

Strategic Marketing Framework:
The 4 Pillars Approach

• **Data and Insights:**
Offering the right product or service to the right or customer (or prospect) at the right time.

• **Integrated Marketing and Distribution:**
Marketing, promotions (and agent training) designed to maximize conversions and Return-On-Marketing investments.

Research, Data, Analytics, segmentation and targeting

Marketing and Distribution optimizing all touch points

Technology and operations integration

Simplified Product offerings

•**Technology Solutions:**
Tools and Platforms that make it easy and efficient to conduct acquisition, cross sell, upsell, trigger programs, retention and win back campaigns.

Products and Services:
Relevant, competitively priced, electronic, accelerated underwriting for a better customer experience.

Swiss Re

Deliver A Better Customer Experience – DIY Term Life

Agentless, Fluidless and Paperless!

Available in English (and eventually Spanish)

24 hour turnaround for referred cases

Green, paperless process, administered on Plasma platform

- Plasma front-end
  - Quick Survey offered,
  - Uses recommendation engine to propose best product and insurance amount need

- Virtual Assistant via Avatars
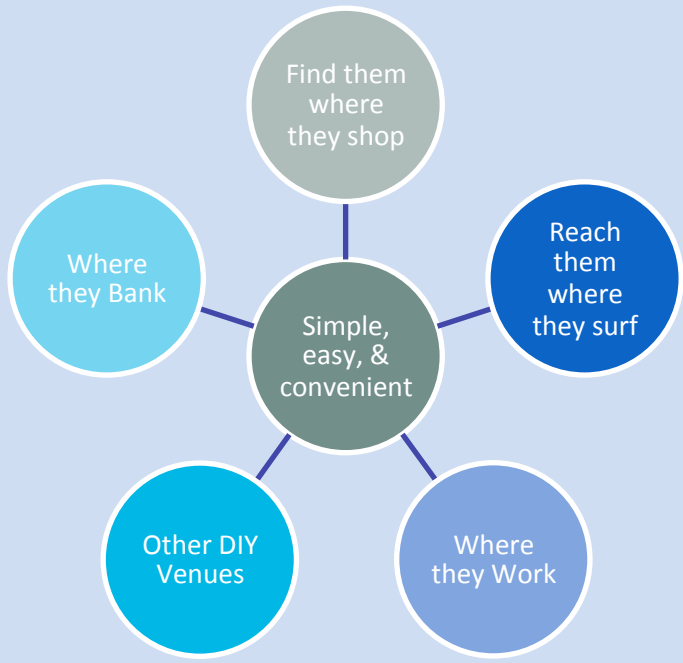

Ask Sara

(aka Siri for Life Insurance)

Swiss Re

Provide ready access through innovative channels

Primary Value Chain

✔ Strategies to reach the underserved middle market and address the protection gap needs that are not currently being met through existing distribution:

- Find them where they shop
- Reach them where they surf
- Where they Bank
- Simple, easy, & convenient
- Other DIY Venues
- Where they Work

Target Distribution Channels:
- Affinity Groups
- Brandassurance
- Direct-to-Consumer
- Online Service Providers
- Cross Sell
- Health Exchanges
- Worksite

Through our clients, offer an array of products that are simple to understand and accessible through multiple channels.

Swiss Re

consumerunited

Blair Baldwin

Our Story

- **Founded in 2007 to help address the skyrocketing cost of living in Massachusetts and around the country**

- **Today our primary focus is to save people money on their auto and home insurance**

- **We provide multiple, personalized quotes from the nation's most respected insurance carriers to offer the best coverage at the lowest price**

- **In just over five years we've grown from a small company with 10 employees into one of America's largest independent online insurance agencies**

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Facts & Figures

- **Headquartered in Boston with an additional office in Westborough, MA**

- **Operates in 38 states across the country**

- **~350 employees today, with 700 planned by end of 2014**

- **Partnered with leading insurance carriers**

Consumer United 1.0

- **Buying strategy:** buy leads with lowest acquisition cost (price of lead / conversation rate)

- **Optimization strategy:** source blocking, basic demo filters (state / zip code, prior insurance, etc.)

- **Tracking / measurement:** spreadsheets and ad hoc database queries; CPA is primary metric

Leads → **Filters** → **Call Center**

Limitations of 1.0

- ❖ Managing lead buy is cumbersome and manual

- ❖ Doesn't scale well

- ❖ Focus on cost / CPA leaves money on the table

Consumer United 2.0 (today)

- **Buying strategy:** only buy leads that convert into profitable business (CPA *and* LTV)

- **Optimization strategy:** propriety predictive analytics platform (ALQME) that makes buy/no buy decisions based on expected lifetime value

- **Tracking / measurement:** Business intelligence layer (BI) that replaces Excel spreadsheets and SQL data pulls


Leads → **Machine Learning** → **Call Center**
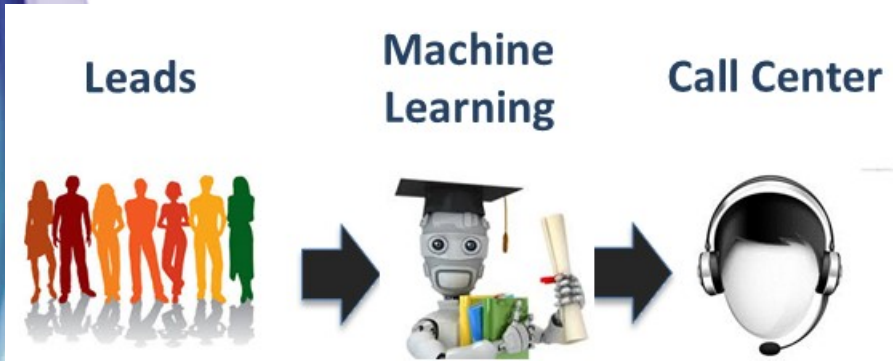
Limitations of 2.0

- ❖ Company growth limited to size of <u>profitable</u> lead pool

- ❖ Not all customers want to interaction with an agent

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Consumer United 3.0 (future)

- **Buying strategy:** only purchase as many profitable leads as a channel can support; diversify channels to fuel company growth

- **Optimization strategy:** extension of ALQME models beyond leads into other channels (RTB, search); media mix and attribution modeling

- **Tracking / measurement:** BI reporting layer combined with cross-channel media attribution reporting

Channels **Machine Learning** **Call Center** **Self-Serve**
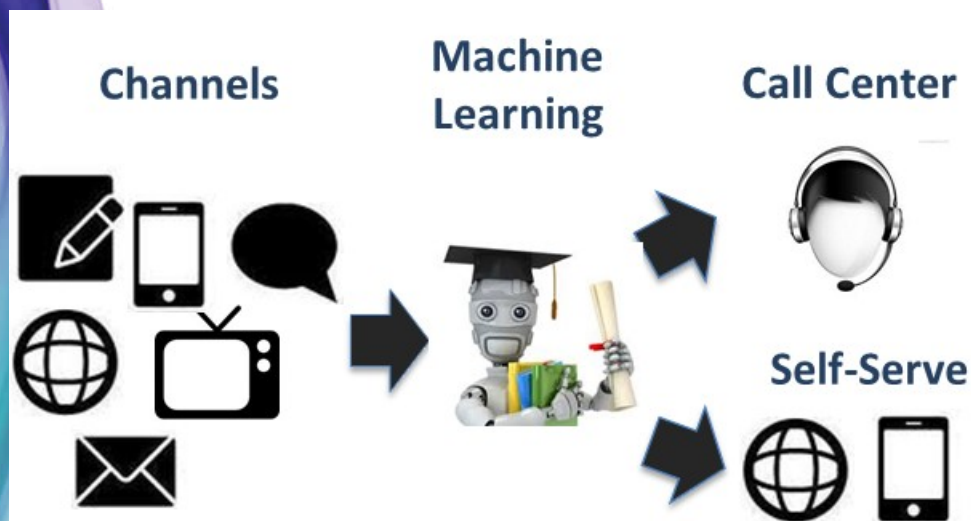
About 3.0

❖ Channel diversification at the top of the funnel

❖ Multiple avenues for customer interaction at the bottom of the funnel

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Some General Advice

- **Open dialogue with lead partners is key**

- **Invest in data scientists and experienced data analysts**

- **Be willing to take risks and aggressively experiment (and explicitly budget for this!)**

- **Build a technical environment where it is easy to A/B test different models and lead-buying strategies, as well as back-test for 'what if' scenarios**

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Questions?

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