

## Voice of the Small-Business Insurance Consumer:

### Are Buyers Ready to Take the Direct Sales Route?

Likelihood of buying business insurance online directly from insurer

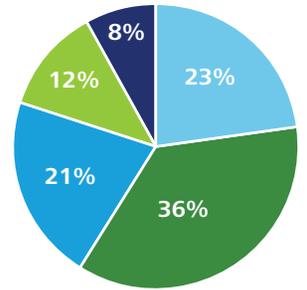


Very likely  
Somewhat likely  
Not very likely



General liability topped the wish list among those surveyed who are most likely to buy their small-business insurance over the Internet. In addition, those who've bought personal lines online were far more likely to say they would go that route with their commercial coverages.

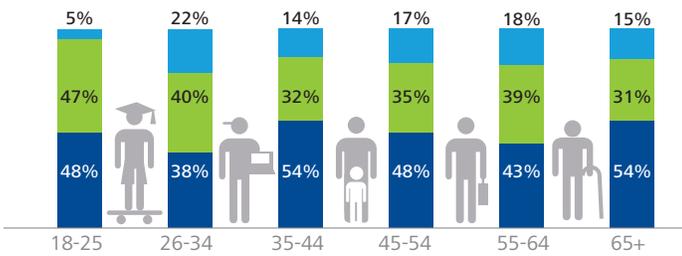
Respondent expectations fairly modest on discounts



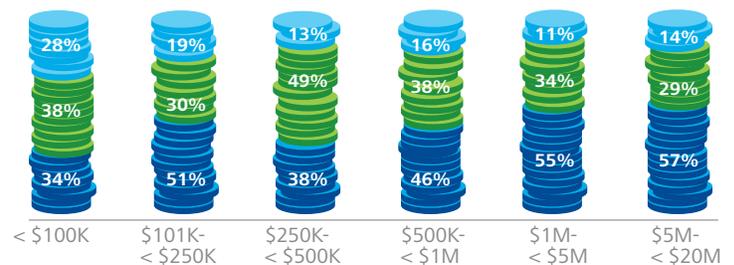
1%-10%  
11%-15%  
16%-20%  
21%-30%  
> 30%

Overall, one-quarter of those very likely to buy direct online expect a discount of 10% or less, while one-third anticipate a savings between 11% and 15%. Half of fairly new businesses, however, would expect a price cut of 20% or higher.

### Likelihood of buying one or more business insurance policies over the Web, direct from an insurer



By age



By annual company revenue

Very likely Somewhat likely Not very likely

### Operational Considerations: What might insurers need to do if they want to sell direct?

#### Creating the Infrastructure

- Ease of doing business
- Ability to close the deal in real time

#### Addressing marketing concerns

- Creating awareness of the direct channel option
- Finding appropriate prospects and convincing them to take the plunge

#### Managing channel conflict

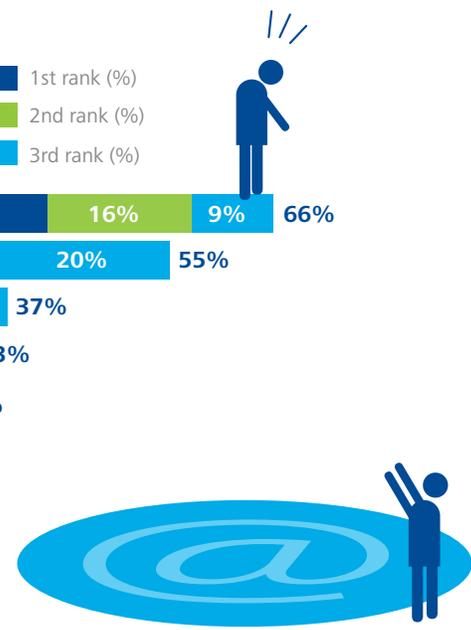
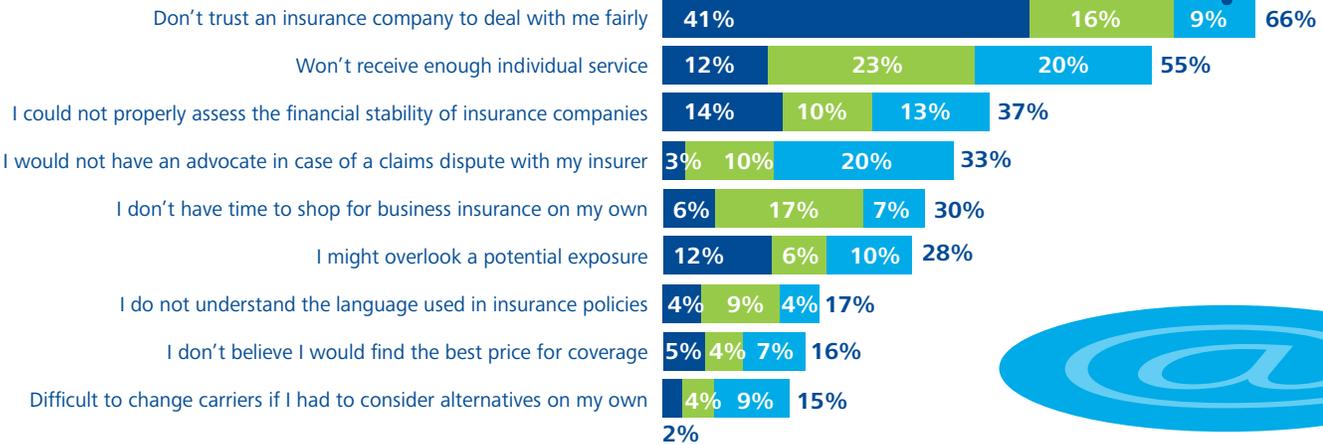
- What if friction/defections arise among agency force?
- How might the direct enterprise be branded?

#### Regulatory, liability challenges

- Carrier must be licensed to write in all targeted states
- E&O insurance should be acquired for client-facing personnel

## Taking the plunge:

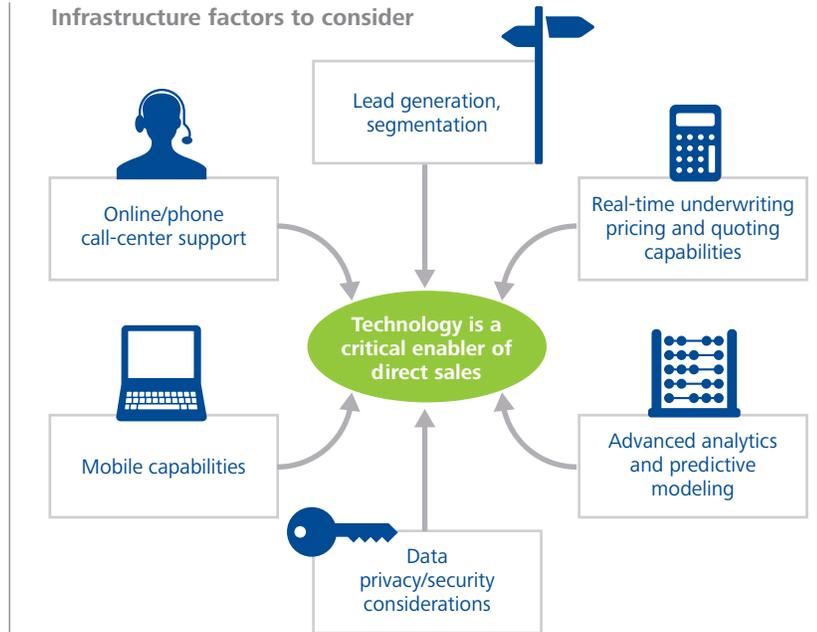
Trust issues keep respondents from buying direct



## Direct-business model provides lessons even for those not looking to sell direct

- Costs versus value**  
 If direct sellers offer premium discounts, agents should provide some tangible added value  
 Time to reassess/bolster most promising agents
- Ease of doing business**  
 Provide easy, intuitive online application via website, even if only referring business to agents  
 Craft policy language a layperson can understand  
 Create a more transparent claims process
- Personal service**  
 Buyers may appreciate "concierge" service to respond to queries and process claims 24/7  
 Consider offering customized loss control advice in a cost-effective virtual forum
- Tech support**  
 Even if a carrier is sticking with agents, many insurers could use an upgrade in their underwriting, pricing, and mobile capabilities  
 Consider working with aggregator sites to enjoy the best of both worlds – online shopping/agent referrals

## Infrastructure factors to consider



## ABOUT THE SURVEY

The Deloitte Center for Financial Services contracted with an independent organization – Exevo – to conduct an online survey of 751 U.S.-based small-businesses. The survey was deployed from late February through late March 2013. For the purposes of this survey, a "small business" was defined as one employing 25 or fewer workers, with quotas to facilitate participation among respondents representing a wide variety of industries as well as company sizes – based on both the number of employees and annual revenue. To qualify for the survey, respondents had to be either the company's owner or a management executive – and in either case had to be responsible for commercial insurance purchasing decisions. The information obtained during the survey was taken "as is" and was not validated or confirmed by Deloitte.

## Deloitte Center for Financial Services

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