



RESEARCH REPORT

Data-Driven Success for Retail Agencies

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ReSourcePro INSIGHTS

ReSource Pro Insights offers a broad range of research and observations on the insurance industry. We provide substantial studies, analysis and perspectives on business and technology strategies and plans across the P&C ecosystem, covering retail agencies and brokers, MGA/wholesalers, carriers, and tech vendors. Our coverage includes distribution, underwriting, policy servicing, billing/payments, and claims business areas, as well as cross-enterprise areas such as strategic initiatives, digital transformation, innovation, customer experience, and talent.

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About this research report

This report is based on ReSource Pro's observations on the current state of data strategies at P&C insurance agencies. By exploring the evolving landscape of data and technology, this report aims to provide valuable insights into how agencies can leverage data to drive growth and improve operational efficiency.

To gather these insights, ReSource Pro spoke with numerous agencies to understand their experiences with data and the challenges they face in implementing data-driven strategies. While our research encompasses a broad spectrum of agencies of varying sizes, locations, and lines of business, a significant portion of our findings are derived from interactions with mid-sized and larger agencies.

Additionally, a report series on AI for Agency Marketing and Sales and AI for Servicing and Operations is available.

The importance of data in insurance

The insurance industry has always been driven by data, from actuarial modeling to underwriting decisions and compliance. However, in the past decade, there has been a drastic shift in the availability and accessibility of data. The exponential growth of digital data, coupled with advancements in data analytics and artificial intelligence, has opened new opportunities to transform how insurance is sold, delivered, and serviced.

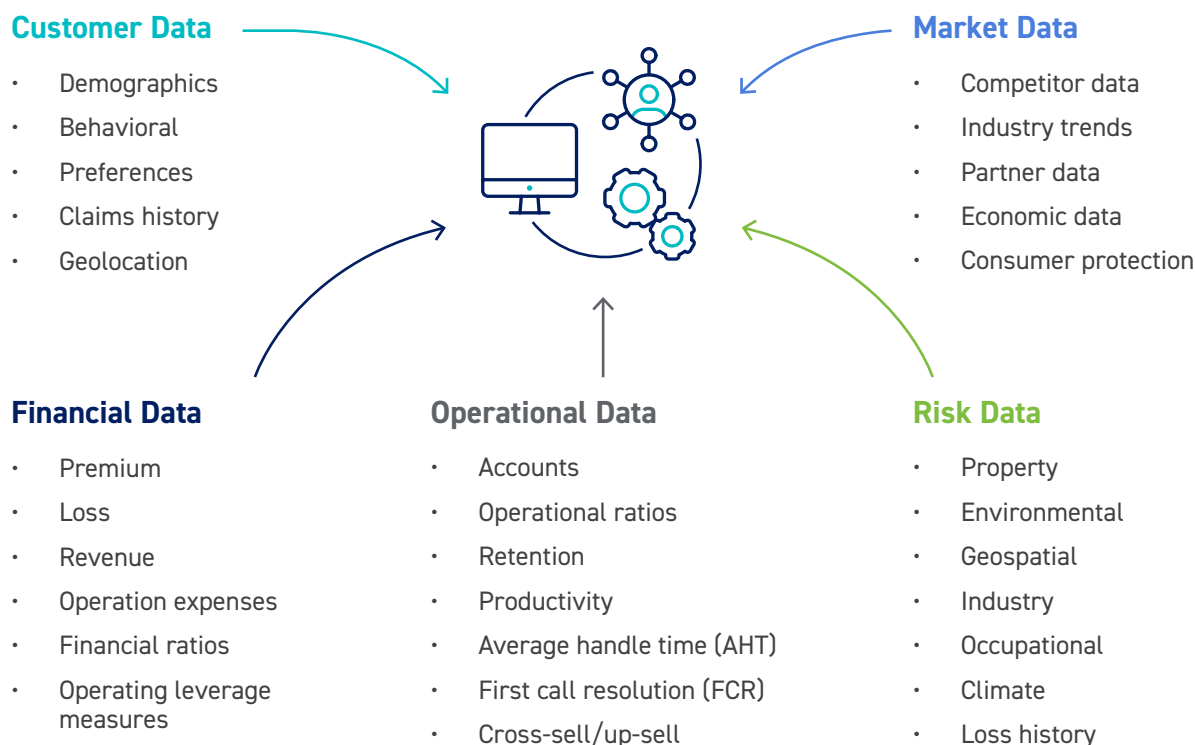
Today, insurance retailers have a wealth of data sources and powerful tools to understand and visualize data-driven insights. By harnessing this data, retailers can better understand customer needs, risks, and preferences, leading to the development of personalized products and services, streamlined operations, and improved profitability.

As the industry continues to evolve, those who embrace a data-first mindset will be best positioned to succeed. Best-in-class retail agencies are fundamentally transforming how they operate and deliver value to their customers by leveraging data-driven insights into all areas of their business. By establishing strong data foundations and harnessing the power of data analytics, agencies can unlock new values, mitigate risks, and stay ahead of the competition.

Critical data needs of retail insurance agencies

Retail agencies rely on a variety of data types to drive success. Figure 1 highlights five key categories and their various applications to the business.

Figure 1. Data for Retail Agencies



Customer data

With customer-specific data, retail agencies can tailor products and services, create targeted marketing campaigns, better assess and predict risk, and provide a better customer experience. This type of data includes demographic information, purchasing behavior, buying patterns, interaction preferences, credit information, claims history, renewal history, and more.

Financial data

Retail agencies use various financial data types to make informed decisions about profitability, pricing, and budget allocation and evaluate their overall business health. Key types of financial data include premium, commission, investment data, operational expenses, policy issuance costs, profit and loss data, cashflows, budgeting data, forecasting data, and various financial ratios.

Operational data

Operational data reflects the day-to-day business functions and is essential for monitoring, managing, and optimizing retail agencies' operations. Key operational data includes leads, quotes, policies, leads conversion rate, handle time, response time, processing time, productivity measures, number of claims, and utilization, to name a few. By understanding each data type and its potential applications, retailers can make informed decisions, optimize their strategies, and achieve sustainable growth.

Risk data

Risk data refers to information that is used to identify and evaluate the likelihood and potential severity of future claims or adverse events. It includes actuarial data, behavioral data (e.g., telematics, wearable data), property data, environmental, geospatial data, climate data, credit scores, prior loss history, and occupational and professional risk data. Retail agencies use this to assess risk and understand the impact of potential losses, ultimately driving pricing, underwriting decisions, and risk management strategies recommended to customers.

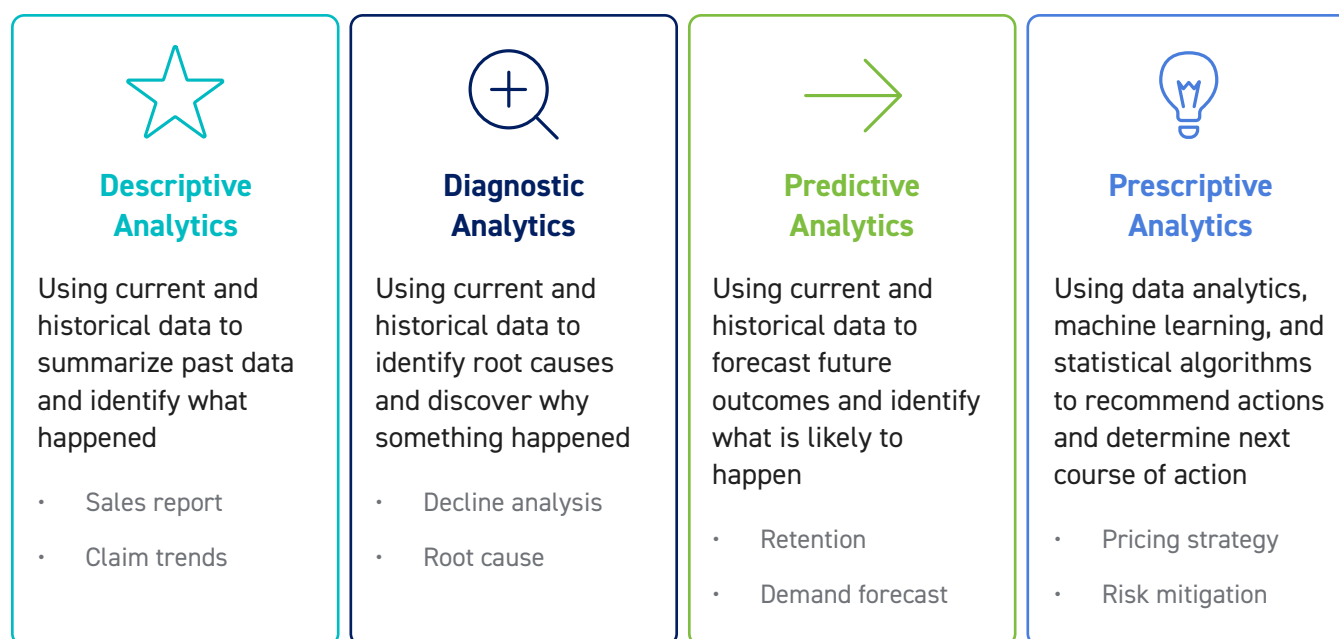
Market data

Agencies leverage several forms of market data to help assess their competitiveness and strategize market positioning, including products offered and pricing. Some critical market data include industry trends, emerging risks, competitor information, regulatory data, compliance requirements, economic data, carrier data, and consumer protection data.

Using data analytics to drive growth and profitability

According to ReSource Pro's observations of agency activity in data strategies, approximately 50% are actively investing in advanced data and analytics. While larger agencies and agency groups often lead the way in advanced analytics and AI adoption, smaller, local agencies may be slower to embrace these technologies. Nevertheless, the increasing availability of new AI tools reduces the barrier to entry for smaller firms. Advanced tools extend beyond basic descriptive analytics and into more sophisticated diagnostic, predictive, and ultimately prescriptive analytics. From a utilization perspective, there are still quite a few agencies where most of the focus is on descriptive and diagnostic analytics. On the flip side, about one-third are starting to use predictive and prescriptive analytics. Figure 2 offers a breakdown of each analytics model and its respective uses.

Figure 2. Types of Data Analytics



The journey from descriptive analytics to more advanced predictive and prescriptive analytics also reflects the journey of data from being a mere piece of information to becoming critical insights that help drive business decisions and actions. Leading retail agencies are increasingly incorporating data-driven insights into their business processes to support or augment decision-making and drive the next-best actions. Below, we explore the top areas where retail agencies are leveraging advanced data analytics to optimize operations and drive business growth.

Marketing and sales

By leveraging customer and market data, retail agencies can identify high-value customer segments. This data allows for the development of tailored marketing campaigns to target specific customer segments as per their needs and preferences. Internal marketing data can then be used to analyze the performance of various digital and traditional marketing campaigns to identify the most effective channels and strategies. These targeted approaches enhance both engagement and efficiency, ultimately driving sales.

Sales teams can also benefit from data-driven insights. Lead scoring models help prioritize and qualify leads based on their likelihood to convert. By analyzing customer and carrier profiles, and conducting sales propensity analyses, agencies can optimize product placement and recommendations.

Customer service

Retail agencies can leverage data to improve customer retention and upselling efforts. By analyzing historical data, customer service interactions, and sentiment analysis, agencies can predict which customers are at risk of canceling or non-renewing their policies.

Additionally, data-driven insights enable agencies to cross-sell and upsell products effectively. They can provide personalized recommendations during customer service interactions by considering lifetime value, profile, lifestyle, life stages, habits, purchase history, and more. Furthermore, AI-powered chatbots can handle routine customer service inquiries to help streamline support operations.

Claims management

Predictive analytics allow agencies to identify high-risk customers and products and proactively implement prevention measures. Using data on claims, agencies can provide details and comparative benchmarking to help inform and educate customers about their policies and recommend risk management practices.



Obtaining and managing data

According to industry estimates, the amount of digital data generated globally doubles every two years. The explosive growth in volume, velocity, and variety of data available to agencies over the past decade is expected to continue. This surge in data offers agencies unprecedented opportunities to optimize risk assessment, enhance customer engagement, streamline operations, and drive profitability.

Understanding the different data sources and structures is essential for agencies to fully leverage the power of data-driven insights. Below, we explore the diverse sources and data structures, as well as the challenges agencies face in ingesting, managing, and utilizing this data.

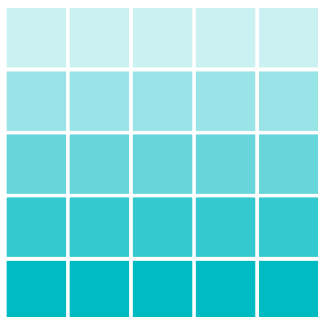
Sources of data

For agencies, the key internal sources of data include their core transactional systems, such as agency management systems, customer relationship management systems, imaging/document management systems, and billing/accounting systems. However, not all data that goes into analytics is from internal sources. In fact, a vast majority of data is sourced externally. Typically, the customer, financial, and operational data are primarily sourced internally, while the other types of data, such as risk data and market data, are predominantly sourced externally. Key external data sources include carriers, government entities, regulatory bodies, social media, sensor/IoT devices, industry consortiums, and a myriad of third-party data providers.

Data structure

Data obtained from various internal and external sources can be further categorized based on the structure and format of the data. The diagram below shows the three fundamental data structures and their characteristics.

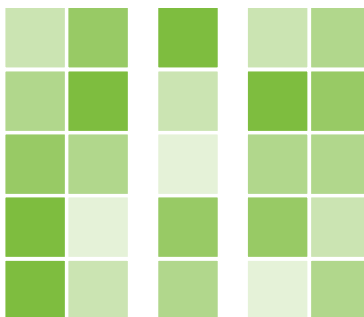
Figure 3. Data Structures



Structured Data

Data organized and fixed in a predefined format

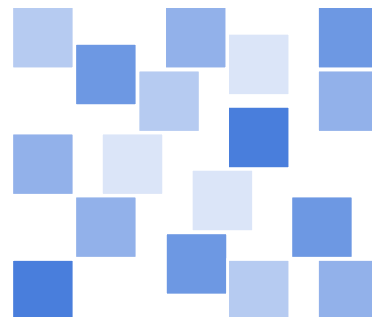
AMS, databases, ACORD forms, sensor/IoT data, tabular data in Excel, etc.



Semi-Structured Data

Data partially following predefined formats

Excel documents, templated Word documents, loss history downloads, policy documents, standardized email, markup languages (XML), carrier web pages, CSV files, etc.



Unstructured Data

Data not following predefined formats

Email messages, claims descriptions, customer feedback, free-format Word documents, carrier contracts, social media posts, images, videos, etc.

Data organized in a fixed and predefined format is called structured data. Some examples of structured data include data stored in agency management systems, databases, ACORD forms, sensor/IoT data, and tabular data in Excel.

Data partially following a predefined data model or format is referred to as semi-structured data. Excel documents, templated Word documents, loss history downloads, policy documents, standardized email, markup languages (ex., XML), carrier web pages, and CSV files are some examples of semi-structured data.

On the other hand, data that does not follow any predefined data model, format, or structure is referred to as unstructured data. Some examples of unstructured data include email messages, claims descriptions, customer feedback, free-format Word documents, carrier contracts, social media posts, images, and videos.

In general, structured data is much easier to ingest, store, mine, analyze, and manage than semi-structured or unstructured data. It would require some combination of a human in the loop assisted by advanced technologies to take full advantage of semi-structured or unstructured data.



Challenges in data management

Establishing effective data management practices can be a challenging endeavor for agencies in today's data-driven world. While some larger agencies have started to implement a data governance foundation, smaller agencies, on the other hand, often struggle with the significant lift required. As agencies progress in their data analytics journeys, there are some common challenges they should anticipate and address to achieve their objectives successfully.

- **Keeping up with rapidly growing data volume, velocity, variety, and complexity:** The sheer amount of data generated daily is overwhelming. Organizations must be equipped to effectively store, process, and analyze high-volume of varied data while ensuring accessibility and efficiency. This can result in high storage costs, slow processing times, and difficulty in scaling. In addition, data comes in various formats, such as structured, semi-structured, and unstructured data, requiring systems to be capable of handling all formats effectively. Integration and analysis of diverse data formats become complex and resource-intensive.
- **Maintaining data hygiene:** The biggest challenge agencies face in their data management journeys is, by far, maintaining data hygiene. This requires adherence to well-defined data governance and data quality management practices such as data validation, cleansing, and standardization across the organization. Maintaining data hygiene is critical, as inaccurate, incomplete, or inconsistent data can lead to invalid insights and undermine decision-making.
- **Integrating and aggregating data across organizational silos:** One other common challenge faced by agencies is integrating fragmented data from various internal and external sources and aggregating it at the organizational level. This involves combining data from disparate sources into a unified dataset. It also involves having the ability and know-how to integrate third-party APIs with internal systems and consolidate data from legacy systems with modern cloud platforms. Integration and aggregation failures can lead to incomplete or unusable datasets and can compromise the utility of the data analytics endeavors.
- **Maintaining data privacy and compliance:** Retail agencies must navigate and conform to data collection and usage regulatory requirements. Ensuring data security and protecting sensitive customer information is vital not only to maintain compliance with regulations but also to earn and build customer trust and loyalty. Agencies must also ensure that data is used responsibly and ethically. For example, it is critical to avoid bias in algorithms that use various customer data to generate insights. A data breach or privacy violation can severely damage an agency's reputation. Customers are more likely to engage with businesses that prioritize their data privacy.
- **Having the necessary talent, expertise, and infrastructure:** There is an industry-wide shortage of skilled talent needed to build and grow advanced data analytics capabilities. Additionally, skilled resources tend to be costly and may exceed agency budgets. Insufficiently skilled resources will limit the organization's ability to leverage data effectively. Keeping up with rapidly changing data management technologies and platforms is equally critical. Agencies must find a way to balance investments in data infrastructure, analytics tools, and skilled personnel while staying within budget constraints.
- **Cultivating the data-first mindset:** Adopting a data-first mindset is essential for retail insurance agencies to successfully leverage advanced data analytics. A data-first mindset prioritizes treating data as a strategic asset, enabling organizations to derive actionable insights, improve customer experiences, and gain a competitive edge. It also ensures that decisions are based on accurate, timely, and relevant data rather than intuition or assumptions. Data silos are broken down when a data-first mindset encourages a unified data strategy across departments.

Overcoming challenges and ensuring success

Below are some of the best practices for overcoming challenges when implementing data analytics discipline.

- First, it is important to **bring awareness and build the case for change**. Ensuring that accurate and relevant data is being utilized to drive decision-making requires a shift in mindset enterprise-wide. It is also important to know that data initiatives are not IT projects. Although it requires help and support from IT, the projects need to be business-led. The technology team will enable it, but the key to ensuring success is providing business leadership around data initiatives.
- Once the change is in place, begin with smaller, manageable steps and avoid overwhelming your team with overly ambitious goals. A vital step is **figuring out the most critical metrics and real use cases**. Determine the data you will need to generate the insights necessary to meet your goals. Ask yourself, "Where will the data come from?" and "What are the internal and/or external sources?" Then, consider how you will integrate and utilize these sources while maintaining quality.
- **Build out core elements incrementally**. When implementing the use case, the business may encounter a number of unsolved data challenges. While you may face obstacles like data quality, don't let them hinder your progress. Start with one or two use cases at a time. After those are complete or underway, you can begin to add rigor to realize the benefits of the insights. As you are building out data analytics capabilities, it is important to **ensure adoption, collaboration, and benefit realization**. A critical and often overlooked step is tracking benefits for visibility into results. This can help give the additional push needed to expand use cases. Start small but think big with an agile approach. While incrementally delivering value, measure outcomes and do course corrections as required. Ultimately, data maturity will come as you learn from experience and develop capabilities around data and data analytics.

A robust data strategy is essential for retail agencies to thrive in today's competitive landscape. In most cases, successfully implementing a data strategy requires external support. Collaborating with technology service providers that possess deep domain knowledge can significantly streamline and accelerate the process. Partnering with insurtech firms that offer point solutions or rapid go-to-market capabilities can streamline timelines and expedite manual processes. Additionally, engaging with external data providers, insurtech firms, and industry consortia can provide valuable insights and solutions to inform strategy.

By establishing a strong foundation for data management, analytics, and governance, insurance agencies can unlock valuable insights, optimize operations, and gain a competitive edge. Ultimately, data-driven innovation will be a key differentiator for successful retail agencies in years to come.



ABOUT RESOURCE PRO

Focused exclusively on the insurance industry, ReSource Pro is a trusted strategic operations partner to insurance organizations seeking to increase their productivity and profitability. With a global team of more than 10,000 employees, ReSource Pro operates at the critical intersection of people, process, technology, and data to serve more than 1,800 clients across the carrier, broker, and MGA segments – consistently earning a +96% client retention rate for over a decade. It offers expert advisory services, proven business process management optimization and transformative data and technology solutions. It was recognized in 2024 by Inc. 5000 as one of the fastest growing companies in the US.

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