

VIEWPOINT

Distribution 2025

Younger client demands will change the face of industry. **Simon Tomlinson** explores what the world could look like for carriers, MGAs, advisors, and clients, and what they need to do today to be ready





As an industry we're attacking problems associated with a multi-party distribution structure — or supply chain — that spans the client, the advisor, the MGA, and the carrier.

With all these constituents involved, changes are difficult to implement. We've got an industry largely selling the commodity end of its product shelf to clients the same age as advisors (around age 59). But what about the next generation of clients? The industry lends itself to automation of distribution through outbound call centres, predictive dialers, web channels, and organizations ready to talk to the manufacturers about level commission structures.

No question, medical underwriting and insight are crucial, but we're still left with a more-than-30-day process from the application stage to policy in hand. While most clients can wait for coverage, with members of Generation Y becoming the buyers, the question, "Why does it take so long?" is legitimate.

Currently the industry distribution focus is on electronic applications (eApps), electronic data interchange, and concern about compliance and the age of the advisor force. EApps and data interchange are a start to addressing our industry's biggest area of waste — applications not filled out properly. The seamless delivery of structured data to the carriers through eApps moves us toward more automated underwriting and a faster turnaround. While it's a step in the right direction, the adoption rate by advisors is mediocre. After all, they've got to learn to trust a new way to operate, and don't necessarily see an incentive to change their process.

In trying to wrestle greater control of the supply chain, some carriers are recruiting more career salespeople and otherwise trying to increase their ties directly to advisors. MGAs continue to consolidate as they seek to increase their market power and drive margin through economies of scale. Whether these initiatives are the right ones depends upon your position in the supply chain and the time frame you subject the question to. Right now, they all help all the players.

That said, independent distributors may want to reflect on the reality that these developments address problems that exist inside the boundaries with which we currently operate. I worry that while we're focusing on these, someone will

decimate our channel by breaking the distribution mould.

Definitely expect future generations to be more interested in their health. For instance, a new Apple health app is now a standard feature on iPhones. The fact is younger generations don't see technology as an intrusion on their privacy. Wearable tech, apps, and publicly available data are already powerful enough to provide insight statistically as strong as medical underwriting. I can see potential life clients granting access to their health app data or opting to wear tech for a day so the underwriting is done in real time. Then, as a client, why not throw that data into a real-time marketplace to see what you can get your insurance for? Real prices shown to you from the market in your Twitter feed, or pushed via LinkedIn from an advisor you know.

SO WHAT ARE WE SUPPOSED TO DO?

Independent distributors have to use our position and data to provide a fuller range of advice to address the needs of clients. Advisors have the ability to talk to clients about needs, wants, and aspirations, and blend the delivery of increasingly complex financial services products to look after them on their journey through life.

As technology providers to this channel, part of our role is to provide advisors with the catalyst to get to the client at the right time with the right offer in an auditable, compliant way. I see the need for the distributors to support the revenue producers with the right insights into how the sales force is doing and where they can improve their performance in order to build on their position of trust and value with their clients.

Technology will also help provide the collaborative middle ground around which information and insights are shared, and enable today and tomorrow's consumer to reach their buying decision. Once consumers reach their readiness to buy, we've got to work to make sure we don't miss any opportunities to enrich our relationship with them. Automation must ensure our channel is connecting with them at meaningful times in meaningful ways, and delivering what they need when they need it. **■**

SIMON TOMLINSON is founder and CEO of BlueSun, which provides software solutions to the financial services industry.