

A large, hollow purple arrow graphic pointing to the right, positioned behind the main text.

**WINNING THE  
HEARTS AND MINDS  
OF SMALL  
BUSINESS  
INSURANCE  
BUYERS**

**DELIVERING DIRECT  
EXPERIENCES AND TAILORED  
SOLUTIONS THAT**

**SAVE TIME,  
RELIEVE  
FRUSTRATION AND  
OFFER PEACE OF  
MIND FOR SMALL  
COMMERCIAL  
INSURANCE  
CUSTOMERS.**



# SEIZING THE DIRECT OPPORTUNITY IN SMALL COMMERCIAL INSURANCE

Small business owners are strapped for time, under pressure and passionate about their businesses. Most direct small commercial insurers are failing to connect successfully with what this market segment truly cares about.

**Experiential research from Fjord and Accenture reveals that small commercial insurance customers are eager to purchase online but hold back because they find that the process is as time-consuming, confusing and frustrating as agent purchases are today.**

Carriers that want to seize the sizeable opportunity in direct small commercial insurance sales must design customer-centric experiences that address all the small business owners' needs for speed, flexibility, transparency and advice. Above all, the carrier must show that it understands the small businesses in which owners are so deeply invested and the challenges they face in navigating an ever more complex world.

## DIRECT DISRUPTION WILL CHANGE THE SMALL COMMERCIAL LANDSCAPE

Small businesses in North America have lagged personal lines customers in adopting direct channels for purchasing insurance. This picture is expected to change over the next three years, with a report from Willis Towers Watson Securities and CB Insights forecasting that up to 25 percent of total small business insurance premiums could be digitally underwritten by 2020.<sup>1</sup>

There are several reasons that the small commercial insurance segment is ripe for disruption by direct players with compelling offerings that answer to the needs of small businesses. **As a fragmented \$100 billion market where no single player has more than 4 percent market share, small commercial insurance represents an attractive opportunity for growth-hungry insurtechs and incumbents alike.**



**of total small business insurance premiums could be digitally underwritten by 2020**

What's more, many segments of the potential small commercial market are underserved by traditional agency and carrier channels, including legions of freelancers, gig economy workers and home business owners who have not yet realized that they need cover. Fifty-five million people, or 35 percent of the U.S. workforce, are freelancers, representing a significant and mostly untapped pool of potential growth for small commercial carriers.<sup>2</sup>

Demographic shifts also favor a move towards online sales of small commercial insurance products. More than 60 percent of small businesses in the US will be owned by millennials and generation Xers by 2020.<sup>3</sup> Not only are members of this generation able to manage without an agent, many prefer digital purchases and self-service to face-to-face or telephonic interaction.

Accenture and Fjord conducted experiential research with small business owners to understand their attitudes and behaviors about purchasing insurance through digital channels and to explore what carriers need to put in place to increase owners' willingness to buy directly. The five-week research project included secondary research, interviews with small business owners, ethnographic immersions, and a small business owner workshop.

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**60%**

**of small businesses in the US will be owned by millennials and generation Xers by 2020**

**Based on facilitated discussions and design thinking exercises, Accenture and Fjord's experiential research methodology offers an approach that every carrier can leverage to better understand small businesses' current and future requirements, the resources and experiences they seek, and the factors that could drive or hinder their adoption of direct digital channels for insurance purchases.**

## THE RESEARCH ACTIVITIES INCLUDED:

### **Secondary research:**

Reviewed current digital tools and resources, the competitive landscape and market trends in the small commercial markets.

### **Primary research with small business owners:**

Interviewed small business owners to determine past and future insurance needs, engagement preferences, and opportunities for self-service.

### **Ethnographic research:**

Used the dscout remote research platform to see business owners' everyday experiences as they happened, captured in videos and photos via their smartphones, and to identify critical moments in the insurance purchase journey.

### **Small business owner workshop:**

Validated self-service moments on insurance journey and explored opportunities to create new digital tools and resources through co-creation. Seven Chicago business owners took part in activities ranging from exploration of their past experiences with insurance to concept ideation.

# SMALL BUSINESS OWNERS ARE CONFUSED AND FRUSTRATED BY INSURANCE PURCHASES

**Small business owners want to focus on growing their companies and serving their customers, knowing that they are protected at an affordable price.** They want to know the right cover for their business's unique needs and that they have transparency and control throughout the process of purchasing insurance cover. But the research indicates that direct small commercial carriers are not meeting these needs.

The study shows that small businesses are extremely frustrated with the process of buying commercial insurance, whether they purchase directly or through an agent. They find it to be time-consuming and confusing; even worse, many report that they do not trust the sales process or fear that they are inadequately covered by the policies they eventually buy.

## The research highlights four major roadblocks for small businesses as they research and purchase commercial insurance products and services:

**TIME:** It's a time-consuming process, when they already don't have enough hours in the day.

**COMPLEXITY:** Many of those who don't want to go through an agent find the volume of information and the complexity of the products to be overwhelming.

**TRUST:** They are skeptical about the sales pitches and advice they receive.

**FLEXIBILITY:** Small businesses' need for help and engagement fluctuate; carriers and agents can't keep up.

# 1

## ROADBLOCK 1: TIME

The time it takes to find and buy an appropriate commercial insurance solution is at odds with the time constraints that most small business owners face. **Business owners that took part in the interviews and workshops described navigating the commercial insurance landscape for the first time as “overwhelming,” “confusing” and “not fun.”**

They noted that the data collection process, unfamiliar jargon, and their uncertainty about the level of coverage they needed demanded high levels of time and attention from them, when they are preoccupied with the strategic growth and day-to-day running of their businesses. They would welcome a faster and simpler quoting process.

**“It was time-consuming and exhausting, on top of everything else I do. I really wasn’t thrilled with the process, but it was something I needed to do.” – Michelle F.**

**“I was just starting my company and wanted to get this off my list in one meeting. It turned out to be a way longer process than I wanted. In the end, I just went with the guy who would cover all the things we offered. I don’t even know if it’s good coverage or have high confidence in what would happen if someone made a claim against me.” – Julie B.**

# 2

## ROADBLOCK 2: COMPLEXITY

**Many small business owners begin with the intention of buying direct and online but encounter complexities that prevent them from completing the purchase.** They often start the journey with a web search or by asking their local network for advice. However, they are often overwhelmed by the complexity of the options or are unable to find policies that meet their needs. This prompts them to seek advice in identifying the coverage that best fits their requirements.

**“When I first started this process, I was going at it alone...and going online to look for information, which proved to be extremely unhelpful.” – Rachel S.**

**“My first problem was wading through the Google results and the multitude of websites that popped up when I began my search for coverage. There are so many firms that cater to attorneys that I felt overwhelmed and didn’t know where to start.” – Raman M.**



## ROADBLOCK 3: LACK OF TRUST

Since they themselves spend so much of their time selling their brand and offerings to other people, small business owners are good at distinguishing a slick sales pitch from an authentic offering. Many have had poor experiences with commercial or personal insurance in the past, with the result that they are cynical about insurance. **That means they often seek additional policy information and unbiased advice before they make a purchasing decision.**

**“Have advocates in your corner. Have somebody who really understands you and your business and wants your business to succeed and be safe... not just trying to make a single-handed sale.” – Sam S.**

**“Because they work for the company, I only trusted them to give me the basic information. Obviously, they’re biased, and they’re not going to give you the best information.” – Serge Z.**



## ROADBLOCK 4: INFLEXIBILITY

**Most small businesses move between moments of stability and growth, meaning that their need for insurance services and engagement fluctuates over time.** Once a small business purchases commercial insurance, it often won't engage with its insurance carrier until the business undergoes unexpected growth. At that point, the owner might explore new carriers or brokers to address the business's evolving needs, sometimes resulting in multiple brokers.

**“Everything should be done through an app where I can shoot a quick text [or] maybe do a FaceTime chat. Everything really needs to be integrated, so I can do it on my phone whenever I need to.” – Raman M.**

**“Every time I need to add something for a pop-up event, I email my agent. She does it really quickly, which is great, but I think there is an opportunity for me to be able to manage a lot of that on my own.” – Rachel S.**

### SHOWING UP ISN'T ENOUGH TO WIN IN SMALL COMMERCIAL INSURANCE

The study finds that small business owners are not only willing to purchase commercial insurance online, but eager to do so. However, carriers that wish to target small businesses with direct, digital channels need to do more than simply offer direct, fast and easy online purchases. They must craft customer-centric experiences that address all of the small business owners' insurance challenges and frustrations.



## SAVE TIME AND SPARE FRUSTRATION

For busy small business owners, the amount of time they need to spend on purchasing insurance is frustrating and leaves them with a negative impression of insurance carriers and feeling uncertain about whether they are adequately or fairly protected. Reducing the time and administration burden on small business owners when they research policies and gather quotes should thus be a priority for commercial insurers.

**“I would like to see more narrow information. I wish you could describe what your needs are and [insurers] would navigate you in the right direction.” – Alexandra G.**

## UNDERSTAND CUSTOMERS' NEEDS AND OFFER TAILORED SERVICES

Given the diverse nature of small businesses today, most small business owners demand that insurance carriers understand the nuances of their company and industry. As one business owner puts it: **“I want to know that the carrier understands my specific needs. I want to know that it not only understands salons, but that it also covers the specific services that my salon offers.”** Carriers that show a thorough understanding of the customer's industry or business will build credibility and be able to engage business owners with tailored solutions.

**“I think it would be great to have an interactive tool where you could play out different scenarios that show you whether you're covered or not under your current policy” – Kathleen B.**

## RECOMMENDATIONS

- Streamline the information small business owners need to receive quotes or policy information, for example, by using third-party data to expedite data collection.
- Apply artificial intelligence (AI) to update policies and improve coverage.
- Use clear language to make information easier to understand for people who are unfamiliar with insurance jargon.

## RECOMMENDATIONS

- Create a digital experience that accommodates the diverse number and nature of small businesses today.
- Develop content that articulates the benefits of commercial insurance through real-world scenarios that resonate with small business owners.

## BE TRANSPARENT AND OFFER EDUCATIONAL CONTENT

Finding and purchasing commercial insurance the first time is often done with reluctance and skepticism, largely because the benefits are not well understood among small business owners. To build trust and confidence among small business owners, direct carriers must create transparency through clear and engaging educational content about what is and isn't covered, how to reduce their premiums, and how the claims process really works.

**“Digital tools that I feel would be useful would be comparison to different companies than those that are sponsored by the insurance company. That sort of objectivity would be useful to me.” – Serge Z.**

## SERVE CUSTOMERS THROUGHOUT THEIR LIFECYCLE

The lifecycle of a small business today doesn't fit neatly into annual policy reviews. Moreover, the flexible solutions being offered by new companies in automotive or renter's insurance create new expectations for commercial insurers. By identifying ways to offer solutions that match the ups and downs of small businesses today, carriers can demonstrate an understanding of their needs.

**“I think the opportunity lies in the ability to sign on, examine different policies, modify existing policies and terminate policies when you need to. The more you can make it clearer, easier to access, and easier to update, the better.” – Dinos S.**

## RECOMMENDATIONS

- Use online videos to educate small business owners on coverage details, the claims experience and basic insurance information.
- Leverage customer testimonials to communicate the benefits of commercial insurance.
- Small businesses usually appoint attorneys and accountants well before they purchase commercial insurance. Partnering with legal and accounting practices can help insurers gain referrals and build credibility with small commercial customers.

## RECOMMENDATIONS

- Develop automated updates to address the evolving needs of small business owners through AI and third-party data.
- Enable small businesses to modify coverage based on their needs rather than on carrier timeframes.

# CO-CREATED CONCEPTS IN ACTION: SEAMLESS SERVICES

During the research, Accenture used its Form Methodology and Design Studios to work with small business owners to explore and test concepts that would help address their major concerns about buying online. One example is Seamless Services—leveraging data from other digital services customers use in order to craft a policy to fit their needs, expedite quoting and minimize manual data input.

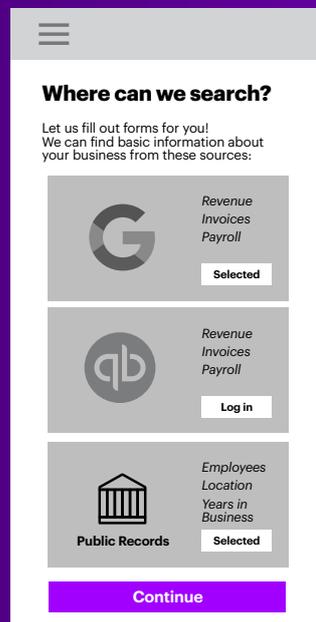
1



## INTEREST

Using third-party data, the service generates a personalized, relevant landing page for the customer.

2



## CONSIDERATION

Customers can choose which data sources the service uses to populate their online forms and are informed which data is being pulled from each source.

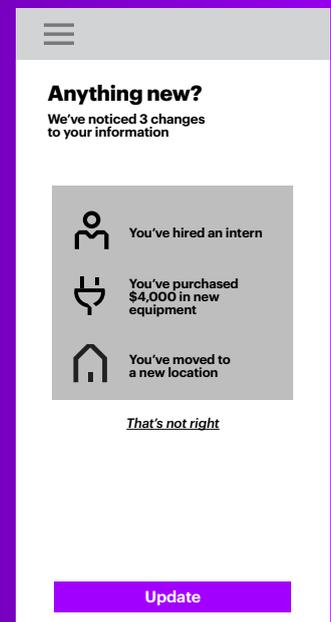
3



## PURCHASE

Customers receive a quote with a breakdown of their coverage.

4



## RETENTION

When the insurer revisits the policy, it can use data from connected platforms to prompt an adjustment in coverage.

# FOCUSING ON THE CUSTOMER

Small commercial insurance is primed for disruption by innovative direct players, whether these are incumbents pivoting to new business models, insurtechs, or companies in adjacent industries that serve small commercial customers. For this reason, carriers should look at securing and extending their position in the market by betting on direct channels, compelling customer experiences and specialized, segmented solutions.

The winners will not necessarily be the organizations that are first to market or those with the simplest and fastest online quoting process. **Instead, the victors will be those that create a transformative buying and service experience that addresses the fears, concerns and frustrations that trouble small business owners today when they buy direct or through agents.**

To be among the winners, an insurance carrier must develop a deep understanding of small business owners' needs and provide a superior experience that earns their trust and confidence.

No small commercial solution today delivers this winning formula, meaning that the market is open for the first players who get the recipe right. Carriers that want to win need to leverage design thinking, co-creation with customers, imagination, and experiential research capabilities to create and rapidly refine their target segments, channels, and touchpoints. This will enable them to address small business owners' real needs and concerns.



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