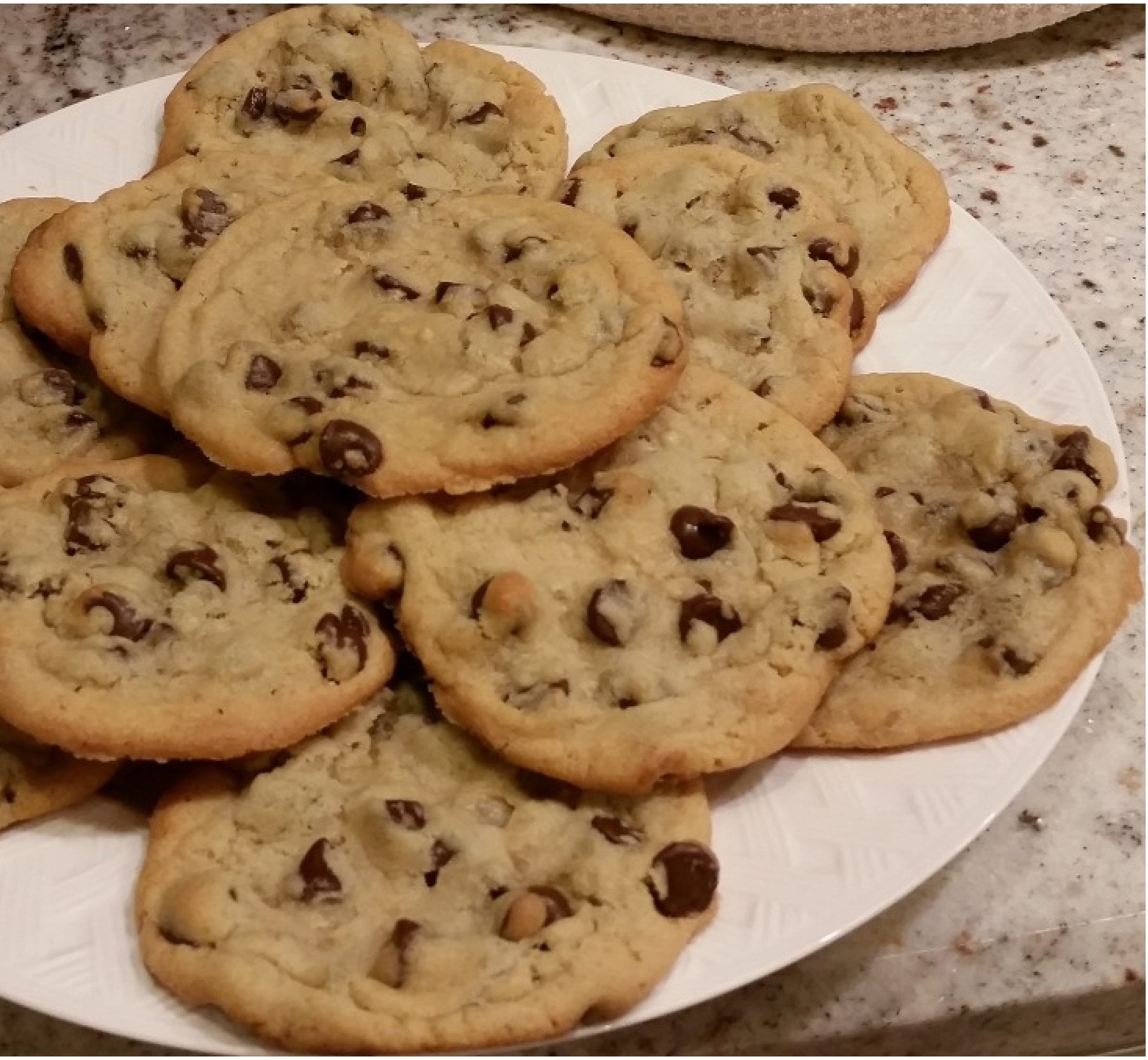
Marketing Is Like Making Chocolate Chip Cookies



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I make the best chocolate chip cookies in the world, bar none! Doing so is a lot like marketing and communicating in the insurance industry — and there is more to it than key marketing ingredients!

Here's why:

1) Products and services, like chocolate chip cookies, can seem the same.

Chocolate chip cookies *can* seem the same before you taste them. Mine have a unique “yum” factor.

In business, the “yum” factor – known as the value proposition — describes what makes your company unique and *entices* customers to come back for more. That “yum” factor is the basis for messaging.

Think about your company’s products and services. How do they look compared to your competitors? Can you identify your company’s “yum” factor that truly stands out from the competition?

Can you identify your company’s “yum” factor?

Insurance companies, along with firms that serve the industry, often struggle with the yum factor. From actuaries to brokers to third party administrators, the challenge is the same. All of them insist they are trustworthy, cost efficient and customer-focused service-oriented problem-solving experts.

The potential customer wants to know why they should choose your organization.

Personal auto insurers often compete by price and message through personas. Flo or a gecko, however, will not cut it for B2B marketing. Business customers are more sophisticated. They consider other factors, such as credibility and quality service, in their buying decisions.

2) Marketing and communications strategies and tactics, like chocolate chip cookies, generally have the same or very similar ingredients.

Chocolate chip cookie recipes vary. Of course, they include chocolate chips but also sugar, flour and leavening agents such as baking soda. Besides the mix of ingredients, choosing quality also affects the end product.

A successful communications strategy must include key marketing ingredients. These include detailed customer knowledge and their values and pain points; clear goals, messaging and appropriate channels.

3) In both cases, key marketing ingredients are just as important as techniques.

After identifying the proper ingredients, the skill lies in combining and delivering them cohesively so the intended market clamors for more. This should spur customer desire.

My chocolate chip cookie recipe comes from a cookbook more than 50 years old.

However, the reason why my cookies carry the guaranteed *yum* factor is not just because of what is in them. It’s also how I bake them. I’ve shared my recipe many times but others don’t achieve the same results. That’s because I have my own baking technique.

Here’s the takeaway: if your insurance communications, marketing or public relations approaches are not providing the desired results, it’s time to figure out why. Could it be the ingredients, packaging or delivery?

The trick is determining the right balance of traditional and cutting edge approaches that will showcase your firm's "yum factor."

It always surprises me how little insurance industry clients understand their audiences and what they really want. Failing to invest in market research is a key reason.

Further, I am seeing a lot of companies get so wrapped up in digital and online everything that they forget that some of the most traditional ways of selling products still work. The trick is determining the right balance of traditional and cutting edge approaches that will showcase your firm's "yum factor."

Locating key marketing ingredients means determining what current and potential customers like to hear from your company. Finding that out should be part of market research.

4) Let them bake cake.

While I am a chocolate chip cookie baking expert, when I need a nice looking cake, I go to the bakery.

Sure, I can make a reasonable rustic looking cake, but when it's party time, I let the experts do it. The same is true for insurance marketing and communications. When expertise and time limitations are interfering with results, it's time to seek outside help.

If you want that chocolate chip cookie recipe, just contact me at annmarie@insurancecommunicators.com. Inbound marketing, after all, is about sharing!

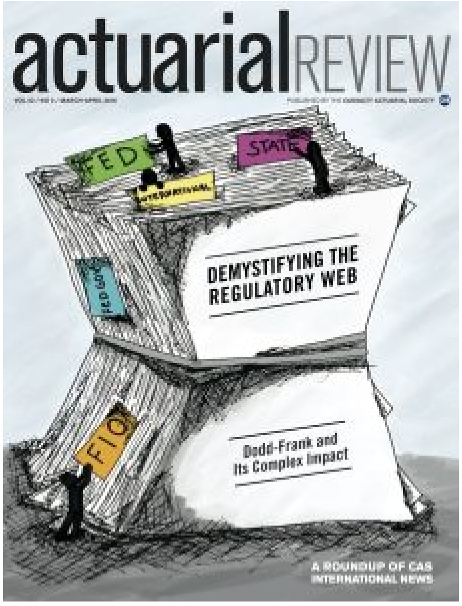
What's your company's yum factor?

Don't Underestimate the Dodd-Frank Act's Property-Casualty Insurance Impact

The Dodd-Frank Act's property-casualty insurance impact is greater than many in the industry realize.

Its full title, The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, introduced the most far-reaching federal regulation the property/casualty insurance industry has ever seen.

While the regulatory focus of The Dodd-Frank Act has been on a relatively few insurers that either have



The Dodd-Frank Act Greatly Affects the Property/Casualty Insurance Industry

subsidiary banks or are considered systemically important financial institutions (SIFIs), the act is poised to affect the entire property/casualty industry. This is explained in my recently published *Actuarial Review* article, Demystifying the Regulatory Web: Dodd-Frank and Its Complex Impact.

My article takes a rare, comprehensive and journalistic look into The Dodd-Frank Act's property-casualty insurance impact, including the ramifications of its resulting regulatory web. During my research, I could not find one article that updates the multiplicity of Dodd-Frank's impact on insurers.

As I wrote the piece, I became convinced that The Dodd-Frank Act's property-casualty insurance impact is greatly underestimated. (Life insurers are also affected.)

And after spending countless hours on the article, I could not put my finger on anything that substantially makes the insurance industry and its customers better off. If anything, federal regulation is onerous and hardly transparent. States, which have been regulating insurance for 150 years, have much more transparent processes. So does the National Association of Insurance Commissioners (NAIC).

Dodd-Frank requires its brainchild, the Federal Insurance Office (FIO) and the Federal Reserve System (Fed) to work with the NAIC at the International Association of Insurance Supervisors' (IAIS). Since then, transparency has dimmed. Formerly open meetings have been closed. In one instance, a presidential appointee told a congressional subcommittee he was barred from attending an IAIS working group meeting.

"…I could not put my finger on anything that substantially makes the insurance industry and its customers better off.

To further complicate matters on the international stage, the Fed, FIO and the NAIC, known as "Team USA," have different missions that sometimes conflict with one another.

The federal rule making process also lacks the kind of transparency states offer. Information access to reporters is also very limited. Federal agencies provided me with plenty of documents to wade through, but subject matter experts were not available for questioning. This disturbs me greatly.

I also wondered how the activity of one large U.S. insurer's London-based banking subsidiary could justify Dodd-Frank's introduction of federal insurance regulation and monitoring.

Ironically, both federal agencies depend greatly on the NAIC even as their activities seem to overlap the organization's historic role. In some cases, the Fed and the NAIC are on separate regulatory tracks to address the same concerns.

Meanwhile, Dodd-Frank directs the FIO to look into coverage discrimination issues, which is old hat for state regulators. For example, the agency chooses to evaluate auto insurance discrimination when state regulators and research organizations have been considering the claims of consumer groups for decades.

All parties express a commitment to working together, but communication has been challenging.

The FIO has the primary role of monitoring the industry and one direct regulatory role to develop international cover agreements. Through its monitoring efforts, the FIO identified new regulatory opportunities for insurers.

Meanwhile, it's been seven years since the enactment of Dodd-Frank and the Fed still has a lot of rule making to do. Besides going through that arduous process, the Fed is also working to appreciate the deep magic of insurance. This includes the role of actuarial opinion, which is part of the special sauce that makes individual companies competitive.

State vs. Federal Regulation

Federal intervention has reintroduced the time-honored question of whether states or the federal government should regulate insurers. Labor groups have long advocated for federal regulation for workers' compensation. There are pros and cons to both approaches. If the federal government regulates insurance, one benefit would be regulatory consistency across state lines.

Certainly the international community, including Europe, prefers the approach of central governance for the United States. This difference in regulatory approach between central authority and state authority is not merely an academic discussion. The Jeffersonian notion of states rights to prevent the oppression of centralized authority was a direct reaction to the European central authority model that goes back to at least the Roman Empire.

Based on other topics I have covered, the United States needs to be very careful with taking euro-style approaches when the downsides most likely outweigh the benefits. There are fewer insurance companies operating in Europe partly due to regulatory burden.

"The federal rule making process also lacks the kind of transparency states offer."

Some argue that state-based regulation is a key reason why the United States has the largest insurance industry in the world. While imperfect, the state regulatory model allows for greater innovation and flexibility. Under a truly federal regulatory model, for example, could Texas to continue to allow employers to opt out of workers' compensation?

By digging deeply into the details of Dodd-Frank's implications for property/casualty insurers, my hope is the article will be informative and thought provoking.

I am grateful to the Casualty Actuarial Society for giving me the opportunity to provide a comprehensive look at Dodd-Frank. The Fed's media staff provided very useful congressional testimony. The NAIC, the Property Casualty Insurance Association of America and the American Academy of Actuaries all provided the necessary support to complete my article.

How do you see The Dodd-Frank Act's property-casualty insurance impact?

If you like what you see, follow me!