October 26 - 27 | Washington, DC

EXECUTIVE SUMMARY.

In order to succeed and be relevant, our industry has to keep changing and evolving, and technology plays a pivotal role in that. This was an underlying theme during The Council's fall CIO Working Group meeting. Participants discussed data analytics at great length: First, that they are feeling pressure from clients to do more with it (i.e., generate more solutions), and second, that it is quickly becoming more of a base offering that firms are expected to have in order to compete. "It's not about gigabytes or apps; it's how you use the information and where it goes," said Council President/CEO Ken Crerar in his introductory remarks. The meeting was facilitated by Council CIO Chris Gagnon and staffed by The Council's Director of Technology, Nick Lozano.

PARTICIPANTS FIRMS

Twenty one (21) participants from the following member firms were in attendance:

- ABD Insurance and Financial Services
- AmWINS Group Inc.
- Assurance Agency, Ltd.
- BancorpSouth Insurance Services, Inc.
- Capacity Holdings Group LLC
- CBIZ Insurance Services, Inc.
- Corporate Synergies Group, Inc.

- Equity Risk Partners, Inc.
- Firstbrook, Cassie & Anderson Ltd.
- Frenkel & Company
- Keenan
- Kraus-Anderson Insurance
- Murray Securus
- Oswald Companies

- Risk Strategies Company
- The Graham Co.
- The Partners Group, Ltd.
- TrueNorth Companies
- Wortham

STRATEGIC QUESTIONS THE CIO'S ARE TRYING TO ANSWER

1. Can we monetize data? If yes, then how so?
2. How can we improve relationships present in data? (Revenue, security, etc.)
3. How can data analytics improve the overall risk strategy of clients?
4. What types of data driven insight would be most valuable to the insured?
5. How can we best get a deeper understanding of market relationships and interconnections of members in the market?
6. How can data be used to become a better advocate for the insured?
7. What are some ways to make employees happier/to provide a better workplace environment?

DATA ANALYTICS & VISUALIZATION

Agencies have always been intrigued with the concept of advanced analytics but the tools and skills required have been elusive to date. A new class of tools has emerged promising to allow intuitive analytics across disparate data sources. The group discussed the practical application of data analytics for agents and brokers as well as the tools required to venture into this world.

DATA ANALYTICS & VISUALIZATION (CONT'D)

KEY POINTS

- There's a new class of tools out there and a real capability for us to provide a new function / spark new initiatives within our agencies
- We're moving into a new world that allows us to do statistical data analysis and push new ideas and projects
- Data analytics help determine how to monetize the information, can increase or improve information security, provide a deeper understanding of markets and customers
- The shift towards Business Intelligence (BI) tools:

  Pros
  - Allows for live data visualization
  - Data doesn't have to be done in-house; can plug into external sources
  - Relatively inexpensive
  - Have the ability to show you more about the client than the client can see on their own

  Cons
  - There's an onslaught of new tools
  - Highlights issues with quality of data

- The key is asking the right questions (How do I ask you what you don't know?)
- We have the ability to turn all these visualizations outside, to service the customer
- The question is, how do we get there?

GOVERNMENT AFFAIRS UPDATE

Joel Wood and Joel Kopperud of The Council's government affairs team provided an update on the state of affairs in Washington, insights on the 2016 election cycle and status of legislation important to the agent and broker industry.

KEY POINTS

- On commercial p/c issues, our issues are not partisan. They're business vs. business, not Republican vs. Democrat; the feeling is different when it comes to the Affordable Care Act
- PAC update
  - CouncilPAC, The Council's political action committee raised more than $1 million in 2015, making it the top insurance trade PAC this year
  - Together, all members of The Council have their fingers on the pulse of Congress
- Down-the-stretch issues
  - Cadillac Tax: Our #1 priority is to repeal the tax
    - *Lots of momentum around a repeal, but hurdles still remain*
  - Employer-provided group marketplace: Our goal is to preserve it
    - *Unsure how it will shake out, much work ahead*
  - Flood insurance

IAAS & DAAS - ARE THEY READY FOR PRIME TIME?

Amazon and Microsoft are pushing cloud infrastructure in a big way and our industry-specific vendors are falling in line. Participants engaged in a collaborative discussion to help identify the strategic value of cloud-based infrastructures beyond the usual cost comparison.

- Skype call with Brent Rineck, CIO at ABD Insurance
  - ABD migration to Amazon cloud infrastructure at the end of January
    - *Things driving the shift to cloud infrastructure:*
      1. Need for growth
      2. Ability to connect with employees offshore
      3. Too much material on employees' personal computers
      4. Each individual branch should have the ability to access the company's image rights

Pros of IaaS

▸ Accessing the information is fast and easy: If a computer/ device is forgotten or broken, you can log in from anywhere on any device
▸ Better security (to date, ABD has no reports of malware, hacks, or any cyber security issues with the cloud)
▸ Fosters a good distinction between work content and home content when working from a home computer
▸ Good customer service
▸ Brings IT costs down in the long run

Cons of IaaS

▸ Individuals can't access cloud if they're on a plane without Wifi
▸ Fears that cloud servers like Amazon will become bigger targets of cyber security threats
▸ Each individual has to reconfigure their computer for personal preferences, which requires 1-on-1 tech tutorials to show them how to access everything
  - *One of ABD's solutions to this was to invite employees to bring their laptops/tablets to a large info session where tech experts addressed the group-wide issues and instructed employees how to set up their computers on the cloud*

Moving Forward

CIOs expect IT Infrastructure and Desktops will continue to move toward the cloud in the future both to avoid cyber hacks and to give the CIO the ability to shift from an inward IT focus to more strategic agency initiatives.

COLLABORATIVE DISCUSSION - BRING YOUR CHALLENGES

Participants engaged in an open discussion on technology opportunities and challenges inherent to their agency operations. Members shared their top automation challenges and ideas for better efficiencies going forward.

Workflow automation products and business process tools

It was brought to light that there is a disconnect between workflow and business process tools. It's difficult to optimize the business process when two different departments are overseeing business process and client services. Some feel like something is missing in terms of leveraging what they do internally with what they want to do for clients externally. There was discussion of whether this is a tactical role or a strategic role, and often times it's somewhere in between.

▸ Some Tools being used
  - *WorkSmart*
  - *SalesForce*
  - *K2*
  - *Qorus*

Zenefits
Zenefits has captured some smaller employee benefits business from traditional brokerage firms and is causing concerns for others. While they're currently viewed as an option for smaller agencies, they're making plays into the larger groups and it is being felt.

▸ Their sell is the technology, not the brain matter - they're not valuing broker expertise
▸ They do, however, have a lot of capital and are beginning to invest in the industry
▸ Although their brand is tech-enabled they aren't brokering deals any differently than traditional brokers

Agency Systems
Discussion of pain points and struggles with the core data model; which systems can handle what; which systems have holes; and the unfortunate lack of options.

Multiple Monitors & Diminishing Returns
Important to teach folks how to use the technology they have at their fingertips, as opposed to adding more hardware; not cost effective.

Save the Date   The next CIO Working Group meeting will be held during The Council's Legislative & Working Groups Summit, February 8-11, 2016. In the meantime, be sure to stay in touch with the group on Basecamp or contact **Chris Gagnon** directly at **christopher.gagnon@ciab.com** with any questions.

SHARE IT!: We encourage you to use this document as a reference tool and to share with your executive management and others in your firm who could benefit from this information.

ABOUT THE WORKING GROUPS.

Part of The Council's membership offerings, the CIO Working Group is one of seven working groups (CFO, CIO, Claims & Risk Management, International, HR in Insurance, Legal Counsel, Marketing & Communications) open to employees of Council member firms. These working groups provide opportunities for peer-to-peer dialogue on relevant topics and to connect with others who face similar issues and challenges. For more information, or to join, contact The Council's **Libby Bish** at **libby.bish@ciab.com.**