

AUGUST 2019

President of Allstate Personal Lines Glenn Shapiro Discusses Changing Insurance Dynamics with Jay D'Aprile, Insurance Practice Leader of Slayton Search Partners

Jay D'Aprile

EXECUTIVE VICE PRESIDENT



What does an omnichannel approach mean in insurance? In what ways can organizations better support the customer experience? How do major insurers attract technical talent?

Due to changing insurance dynamics many carriers are searching for the answers to these and other questions. I recently sat down with industry leader Glenn Shapiro, the President of Allstate Personal Lines, to discover his thoughts on the shifting insurance landscape and learn how Allstate continues to adapt successfully.

Jay D'Aprile: You've garnered a unique perspective over a long and amazing career that has spanned all lines of insurance. How have you seen the industry change over the last 10 years?

Glenn Shapiro: What's unique about the insurance industry is that there isn't one major disruptor. People can point to Netflix in entertainment or Amazon in retail, but that doesn't exist in insurance. However, that doesn't mean there's less disruption here than in other industries. Customer expectations are changing across the board, and companies are forced to adapt.

Jay: Allstate is a large legacy insurance company. How are you able to quickly adapt to changing customer preferences?

Glenn: For the last decade, we've been investing in telematics in ways other insurance companies haven't. That's Allstate leading the pack in an area that is only growing more impactful over time. We've also focused on broadening our self-service capabilities. Allstate recognizes that, while advice is important, some people just want to be able to quickly click a button and have their service need taken care of without speaking to an agent. Having said that, we still strongly believe in the importance of advice and guidance that is part of our legacy, and we think it's potentially dangerous to discount human interaction during important decisions.

Jay: It sounds like Allstate might have an omnichannel approach that caters to different consumers requiring different things out of their insurance carrier.

Glenn: There are different ways to consider Allstate's omnichannel approach. At the highest level, we can look at Allstate corporate's four-square strategy. One dimension of that would be whether or not a consumer desires advice and interaction while the other dimension is whether they are driven by a legacy brand. Between Allstate and subsidiaries like Esurance and Encompass, we cover all the bases. Separately, I look at an omnichannel approach within

Allstate Personal Lines. We might be geared toward a high-touch, advice-driven approach, but we still provide customers with a platform to interact with us in whatever way they prefer.

Jay: For at least 20 years there has been discussion about a future insurance industry without agents yet that isn't today's reality. How do you support agents in providing a stellar customer experience?

Glenn: It all comes down to providing opportunities to give advice and guidance at times when the customer needs or desires it. Some carriers are designed so that an individual gets a quote online, purchases insurance, and that's it. It's a completely automated process. Allstate allows for this, but as soon as a customer inputs information online, that customer is matched with an agent. That agent is able to review quotes and provide real-time guidance in whatever manner is desired so the customer is empowered to make the best decision for their situation.

Jay: Distribution has certainly changed, especially with digital channels. As a result, do you find that insurance companies require a new type of talent outside of traditional roles and capabilities?

Glenn: Absolutely. In the last decade we've seen changing workforce demands that rival that of the industrial revolution. Just like in other industries, insurance companies are capitalizing on Artificial Intelligence and robotic automation to improve basic transactional tasks, enhance the customer experience, and garner data that can uncover valuable trends. For a simplified view, I think of it as a barbell. In the middle are all the traditional insurance roles that aren't going away. On one end of the barbell, there's a pull for data scientists, AI engineers, and quantum computing experts. On the other end, there's an increased need for customer service. If technology is decreasing the number of human interactions an insurance carrier has with a customer, then those interactions have to be world-class.

Jay: How is Allstate able to compete for talent with small and nimble companies relying heavily on innovation?

Glenn: Many candidates don't realize how cool and innovative Allstate is because they see us as an old and storied institution. Touting new offerings and participating in consumer electronics conventions, such as CES, are certainly part of what attracts modern talent to us. The other part of it is that we are leading into the future. I mentioned a need for data scientists in insurance. Allstate creates eight *billion* miles of data per month. The potential of what a data scientist can do with such analytics is limitless, and that draws highly technical talent

into what seems like a non-technical company on the surface.

Jay: It sounds like your recruiting process does an excellent job of highlighting the type of innovation that attracts today's professionals.

Glenn: That's exactly what we strive to do. When we uncover what Allstate is up to, it wows candidates. An example is that we're working on photo analytics. Can someone take a picture of damages on their car and, through Artificial Intelligence, upload it for an instant repair estimate? We're on the cutting edge of a lot of initiatives that are attractive to people who would never previously consider working in the insurance industry.

Jay: How do you balance recruiting initiatives with investing in your current employees?

Glenn: The Fourth Industrial Revolution requires heavy investment in current Allstate employees. We set up an entire department and created several talent centers across the country geared toward training in a number of diverse career paths. So many bright individuals work at Allstate. If we identify a gap between current skills and ones expected for the future, then we want to encourage reskilling and training in those new disciplines.

Jay: The largest and oldest companies are often the ones slowest to change or hesitant to capitalize on new trends. How do you shape your culture so it embraces innovation?

Glenn: Change is hard for most organizations because it introduces an element of risk. However, thoughtfully accepting some risk is essential if you're going to create an innovation-oriented culture. The best way to alleviate resistance to change and risk is to demonstrate a strong win that stemmed from innovation. Organizations have to understand that failure is going to happen. The key is to pick just one or two things to really make a bet on and execute them thoroughly to achieve that big win. That provides proof, encouragement, and positive reinforcement for continued innovation. If there's more safety and more reward in not screwing up than there is in trying something new, then an insurance company will not keep up with modern competitors. Allstate recognizes that change isn't easy, but I'm proud to say we've created a culture that celebrates innovation.

Jay: Does allowing individuals to learn from failures play a role here?

Glenn: Yes, that is crucial.

Jay: The sharing economy, especially with Uber and Lyft, places a big question mark over the

future of auto insurance. If auto ownership dwindles, how does that impact Allstate?

Glenn: While reports do indicate that people will own fewer cars in the future, auto insurance is not going anywhere anytime soon. It will evolve to meet the needs of autonomous vehicle fleets and emerging modes of transportation. At the same time, Allstate recognizes the need for healthy diversification. I love our position here because it has put our hands in really innovative and exciting products that surprise people. For example, two years ago we acquired SquareTrade, a consumer protection and warranty company. Last year we acquired InfoArmor, an identity theft protection service. Allstate is broadening the idea of what modern insurance is by protecting things like consumer cell phones and personal information as well as cars, homes, apartments, and small businesses.

Jay: Thank you for your time and insight. Do you have any parting thoughts?

Glenn: Insurance has always been about people, both internally like our employees and externally like our customers. Focusing on these human relationships will continue to increase in importance in the future. Our conversation today is proof of that, and it's been a pleasure.

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