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Google to Face Same Obstacles Selling Insurance Online, Says Overstock's Byrne

Those now running comparison insurance shopping websites believe that they could be helped if Google enters into the business because the giant search engine could draw more attention to buying insurance online.

However, they also believe Google would face the same obstacles they have been dealing with in getting shoppers to move beyond getting a quote and actually complete the buying process online. They say the challenge in online selling is not about search, which is Google's strength, but about closing the deal.

Overstock.com CEO Patrick Byrne says [Google's rumored partnership](#) with auto insurance comparison site comparenow.com, if it happens, would be a disruptor to the insurance industry and possibly a boon to his business.

At the same time, Byrne acknowledges that his e-tailer's foray into insurance has not been as successful as hoped, at least not yet.

"Naturally we expected a higher response. We only sold a few thousand policies in the first nine months of business. However, we see consumer interest increasing. We are working on adding functionality to enable consumers to receive their quotes faster among other improvements," said Byrne.

The problem hasn't been getting customers to obtain an insurance quote from [Overstock's online system](#) but getting them to go through the entire purchasing process, says Jeff Chesky, CEO of Insuritas, the agency arm behind Overstock.com's home, auto, renters and small business insurance offerings.

In fact, Chesky says if anything Overstock's new insurance venture has proven how a retailer can attract customers that are a good risk "at a fraction of what the industry normally pays to get a customer's attention."

"From a lead opportunity and shopping opportunity [the partnership] has been phenomenal," he says. "The challenge Patrick [Byrne] is describing is getting more customers to shop *and* buy. We think of that as the last yard on the field that has to be navigated."

He doesn't expect comparenow.com and Google will see a different result because he believes consumers want to go through the entire insurance purchasing experience at one time – not just get price indications through comparison websites and then be sent to another website or pick up the phone to finish the transaction.

Chesky says Google doesn't solve this problem because it will still be sending customers to another site to buy the coverage.

"The C-suite of the carriers needs to stand up and recognize that they have to support this last yard in migration from product-centric to customer-centric distribution," he says.

Comparenow.com

Andrew Rose, president and CEO of comparenow.com, says his firm's model has been very successful. It currently works with more than 30 carriers. The site provides bindable rates to customers from seven or eight regional and national carriers. When customers choose a rate and company to buy from, they have the option to leave comparenow.com's website and purchase directly from the company's website or be contacted by an agent representative of the company.

The key to the success of this model, Rose says, is the rate doesn't change if the customer leaves the site or buys from an agent. What customers see from comparenow.com is what they will pay for coverage and when they leave the site it is to complete the purchase.

"The customer is just going to a page where they enter their information to buy the coverage. This is a key thing in our contract with carriers – the rate cannot change. Any fees must be shown with the quote so the customer gets a true and accurate understanding of the price," says Rose.

Rose wouldn't comment on a Google partnership, except to say that Google Compare for selling insurance does exist in the UK and there is a likelihood of it entering in the U.S. as well.

Last Yard

The insurance industry has yet to figure out how to allow customers to compare and buy in one place, says Chesky of Insuritas.

"Carriers have yet to set the last yard of the process and this last yard is entirely in their control," he says.

The Insuritas system is able handle the entire transaction process for three of the carriers it works with, but Chesky says the rest of the 30+ companies are not ready to get onboard.

"There's a fear in the C-suite of P&C carriers about going into a true shop-compare-and-buy experience that they don't control. I think a lot of that goes back to insurance.com and insure.com when they wrote lots of risks that they didn't want to write," says Chesky.

But Chesky says today's online model is much different because insurance agencies are more portable and can easily be set up inside of stores like [Walmart](#) or Overstock. Carriers can decide where they want their products to be sold.

"It is much more controlled and a predictable kind of shopper that is going to see your products in these stores," he says. "If you are a carrier that is attracted to writing attractive standard or preferred risks with low loss ratios and consistency, you want to have your products on Overstock's shelves because that is a good buyer."

Chesky says his firm plans to add two more carriers to its list of companies that customers can access through Overstock's site in the first half of 2015, but Insuritas has more work to do in improving Overstock's insurance sales. Overstock also expects to add life insurance to its list of coverage offerings.

"All of the work will be on our end – in getting that last yard achieved. Patrick [Byrne] and Overstock have done an extraordinary job of getting very attractive risks from a carrier standpoint. The issue is a couple thousand people get prices and then are told to call the carrier and the consumer says, 'This isn't Overstock'."

UK Model

Comparenow.com comparison's model is the U.S. version of confused.com that started back in 2002 in the UK and is also owned by parent company, Admiral, the former owners of esurance.com. Rose says last year 70 percent of UK consumers did their insurance transactions through online comparison sites. The model has also been successful so far in France and Spain, he says.

Comparenow.com was established in 2013 and began writing business in the U.S. market in 2014 with auto insurance. Rose said it plans to expand into the renters and homeowners markets this year.

Comparenow.com doesn't charge customers to use the site. The site charges carriers a flat fee per sale that is based on the segment of business. Carriers are only charged if a customer actually buys the policy from the company. Comparenow.com then uses that money to advertise on behalf of the carriers that Rose says are trying to compete with the "avalanche of advertising from the State Farms, Geicos and Progressives."

"We spend the money on TV, drive traffic to their website and give them exposure that they don't have to pay for. They only pay if the customer ultimately binds coverage," he says.

Currently comparenow.com only advertises in California, Texas and Illinois because those are the states where Rose said it has the most available carriers, which means more quote options to customers and a better chance for them to save money. He says as carriers begin to see more volume flow to the site, more will opt to come onboard.

"It's a bit of a chicken and egg thing – you have to show volume to interest the carrier and you have to have more carriers to satisfy customers," he says.

Rose says the comparenow.com model also supports the agent platform because consumers have the option to be matched with a local agent for buying. Carriers can also list what purchase options they want to offer to customers, including purchasing coverage through an agent. He says agents have the opportunity to build relationships with new clients through the site and make additional coverage sales to these customers.

"Agents are the fabric from how auto insurance is done in the U.S. and we don't preclude them from involvement in our process," he says. "A lot of folks are talking about the demise of the agent – I think they are wrong."

Rose says currently only 40 percent of consumers choose to buy directly from the carrier after starting a quote on comparenow.com and the other 60 percent choose to have help from an agent. He believes agents should be encouraging their carriers to join comparenow.com's carrier panel.

Google Factor

Overstock.com's CEO Byrne isn't worried about Google.

"There is enough room for more players in this space," he says. "Google can help educate the public on the concept of insurance marketplaces. This will drive more consumers to the internet and we'll be there with our platform, helping the consumer find the best deal for their insurance needs."

Chesky agrees and says Google is going to show the industry that insurance products no longer need to be sold in the traditional "brick and mortar agency" and that will prompt carriers to think about whether Google is the best store aisles to put their insurance products in.

"All this talk about Google misses the point because it doesn't have anything to do with search and analytics. The issue at the moment is the last yard – if consumers can't shop, compare and buy their insurance online then

the insurance industry has failed the consumer because every other product in the country can be,” he says. “The point is Google doesn’t solve that problem.”

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