

# Insurance Customer Experience Innovation

## A Half Year Progress Report

Author:

**Krittika Banerjee**

Research Analyst



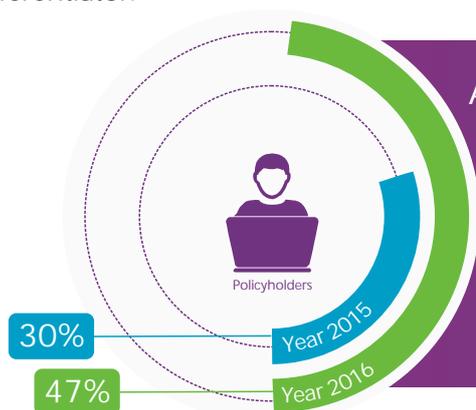
## THE PRE DIGITAL WORLD IS CONSIDERED TO HISTORY

In its new ad campaign called 'Wrong/Right', US based insurer State Farm implies the dawn of a new world where modern technology has heralded a new horizon of opportunities with diminished risks, in turn reducing insurance premium. The forward-looking commercial does not just represent a major rebranding for a conservative insurance behemoth; it also strikingly suggests a major emphasis shift for an entire industry which is not exactly known for its incredible radicalism.

With technologies maturing more rapidly than at any other time in history and ever-evolving consumer expectations, it is no longer enough for insurers to merely have an army of hard selling insurance agents and a bundle of attractive policies. Consumers across industries now ubiquitously expect simple, intuitive and real-time customer-centric offerings that fit their modern, connected world. The strategies that insurers need to engage with a new generation of policyholders are thus irrevocably linked to digital.

## THE "CUSTOMER-CENTRIC INSURER": ARE WE THERE YET?

In a commoditized marketplace with declining customer loyalty, customer experience has become the insurer's key differentiator.



According to the World Insurance Report 2016, globally, customer experience has improved with 47% of policyholders having positive experiences with their insurance providers as against last year's 30%. However, Gen Y customers' significantly lower experience levels have held the overall customer experience for the insurance sector down.

## HOW INNOVATIVE INSURERS ARE TACKLING DIGITAL MASTERY TO BOOST CX?

Compared to retail and banking businesses where customer experience initiatives have been picking up pace for quite a while, insurers have just started exploring the “art of the possible” with adoption of digital.

There are a few brands, however, that have bucked the trend. They have imagined and redefined the possible with digital and set themselves apart as leaders in customer experience. It is worthwhile to take stock of progress by delving into the capabilities that these innovative insurers have developed so far.



### LEVERAGING TECHNOLOGY TO BRING ‘MOMENTS OF TRUTH’ TO LIFE

Smart insurers are leveraging technology to elevate the customer experience at various points across their journey. From customer onboarding to premium payment and claims processing to ultimately customer renewal, effective customer engagement is a key differentiator for insurance companies.

Farmers Insurance Group, for example, conducts agent surveys to organize, store and evaluate its call center data for customer call scripting that ultimately lead to improved inbound and outbound interactions. Similarly, Security First Insurance assesses comments, tweets and social media activity of its customers to align agents to specific customer queries and claims.

Lodging a claim is a crucial “moment of truth” in insurance that can make or break the customer experience. It puts the insurer to the ultimate test and can make a big difference in customer experience. Digitizing claims management processes can create differentiated customer experiences by ensuring uncomplicated and swift processing of claims. Digital overhaul of FNOL (First Notice of Loss) can lead to more dynamic claim intake, faster resolution, better claim metrics and happier clients.

Only few insurers seem to have taken a cue from startups like Rightindem, 360 Globalnet, Livegenic and insurethebox that have redefined insurance claims management with digital tech. A noteworthy example in this field is that of Allianz Global Assistance, Canada which allows customers requiring emergency medical help to get funds transferred to their card while on the move, thereby allowing real-time claims payment and eliminating cumbersome paperwork. Similarly, UK based CEGA processes claims within as little as an hour by enabling instant payment transfer into any bank account via the claimant’s mobile number. This also has the added advantage of enabling policyholders to send photographs and evidence instantly through their smartphones.



### THE CONVERSATION AROUND DIGITAL STARTS FROM THE BACK OFFICE

There is a growing realization that customer-facing applications are no longer just enough. Feeding these mobile apps with the right information at the right time is important to enhance the end-to-end customer experience. Smart insurers have transformed their whole back end processes to capitalize on once-and-done, straight-through processing (STP). From quote to underwriting to issuance, automating end-to-end business processes has helped them reduce operating expenses while improving customer experience.

Digitization of corresponding back end processes has enabled Liberty Mutual to allow its customers to add, delete or edit insured items on its mobile app, without any hassle. Another innovator in the field is American Modern Insurance Group which has recently implemented a new platform that will automate manual processes and enable greater efficiency for both customers and agents.



## ADVANCED ANALYTICS IS THE INSURER'S KILLER WEAPON

The insurance industry has been taken aback by the massive explosion in digital data sources. With the super-abundance of information, insurers have to rethink how they can leverage new sources of data from social media, smartphones, computers and other devices. Smart insurers have already developed advanced analytics capabilities to develop a 720-degree customer view by combining data from disparate systems, thereby enhancing decision making process. For instance, by analyzing the “breadcrumbs” that customers leave across the social media landscape, insurers are empowered to connect with customers at various critical points in their life such as wedding, new home, birth etc. to offer tailored products and advice.

Innovative insurers are already using telematics and advanced analytical techniques to monitor customer behavior and set premiums. For customers, setting up a telematics device has simply become a matter of downloading a mobile app.

A major example in this area is that of Aviva in UK which encourages safe driving with its driver behavioral app called Aviva RateMyDrive to create an individual driver profile and calculate tailored premiums based on how safe they drive. CSS, to cite another example, uses telematics to calculate price based on the exercise level of the policyholder.



## EMERGENCE OF TRANSFORMED CONTACT CENTERS

According to Kevin Murray, chief operations and information officer at AXA UK, insurers have to innovate to build a strong online ecosystem and focus their efforts on integrating mobile applications and other digital tools with physical operations like contact centers. Real time linking of leads received through digital channels with outbound contact centers can boost conversion rates from less than 0.5 % to as high as 19%, he asserts. Talking about AXA UK, he adds, “We had to strategically connect the dots between the digital world and the traditional customer access points.”

In another example, GEICO, an American auto insurance company uses its mobile channel to provide potential customers with quotes on their phones and then link it to a mobile device assistant to answer queries. The information from the app is then integrated into the larger customer database to personalize the whole search experience when customers look for additional policies. Also, customer service representatives are equipped with relevant info to address customers by name and focus on individual needs.



## THE TIMES THEY ARE A-CHANGIN': A NEW LANDSCAPE IS EMERGING

From collaborating with digitally-focused insure-tech startups to partnering with manufacturing & technology brands, incumbents in the industry are now embracing previously inconceivable partnerships to combine and utilize the synergies achieved for enhancing customer experience.

French insurer AXA, for instance, has recently inked a strategic partnership with Alibaba to leverage the e-commerce giant's global ecosystem to better distribute its insurance products and services.

Another interesting and potentially transformative development is the creation of in-house innovation labs by major players to foster innovation within business. MetLife, to cite one example, has established LumenLab in Singapore to develop new, disruptive business models. Another major incumbent, Aegon aims to drive a transformation in the adoption of digital initiatives with its CX studio, a separate unit of digital delivery. An increasing number of Chief Digital Officers are being hired across the industry to create an innovation ready organization.

# Insurance Customer Experience Innovation

## CONCLUSION

The impetus to invest in CX initiatives has never been greater. But, it is still a work in progress-an opportunity that is yet to be activated. To take the customer experience to the ultimate goal of customer delight, insurers need an approach that has been masterfully encapsulated by George Westerman in his book, Leading Digital:

*“Digital Masters spend time understanding customer behavior and designing the customer experience from the outside in. A Digital Master figures out what customers do and why, where and how they do it. The company then works out where and how the experience can be digitally enhanced across channels.”*

Only when insurers are able to put the customer at the heart of their business and move their core proposition from one of simple indemnity to one that is more about continuous loss prevention and enhanced value, can they adapt themselves to the new world which State Farm brought out most tellingly in its new commercial.

## REFERENCES

1. [https://www.capgemini.com/sites/default/files/resource/image/wir-2016\\_infographic.jpg](https://www.capgemini.com/sites/default/files/resource/image/wir-2016_infographic.jpg)
2. <http://www.mckinsey.com/industries/financial-services/our-insights/insurance-on-the-threshold-of-digitization>
3. <http://www.teletech.com/resources/articles/insurance-customer-playbook-personalization-prevails#.V54vAfI961t>
4. <http://iireporter.com/state-farm-lays-groundwork-for-iot-driven-end-of-insurance/>
5. <http://www.information-management.com/news/big-data-analytics/american-modern-insurance-group-retools-systems-around-analytics-10029371-1.html>
6. <http://www.customerexperienceinsurance.com/agenda-mc>
7. <https://www.eiuperspectives.economist.com/sites/default/files/DIGITAL%20ADOPTION%20IN%20THE%20INSURANCE%20SECTOR%20-%20From%20ambition%20to%20reality.pdf>
8. <http://www.bain.com/publications/articles/global-digital-insurance-benchmarking-report-2015.aspx>
9. <http://www.computerworlduk.com/news/it-vendors/car-insurance-firm-uses-analytics-set-premiums-3358014/>
10. <http://www.computerworlduk.com/news/it-vendors/insurance-firms-slow-adapt-digital-disruption-warns-forrester-3601885/>
11. <http://www.computerworlduk.com/it-vendors/how-uk-insurance-industry-is-embracing-digital-innovation-3637605/>



**ABOUT ASPIRE**

Aspire Systems is a global technology services firm serving as a trusted technology partner for our customers. We work with some of the world's most innovative enterprises and independent software vendors, helping them leverage technology and outsourcing in our specific areas of expertise. Our core philosophy of "Attention. Always." communicates our belief in lavishing care and attention on our customer and employees.

SINGAPORE  
+65 3163 3050

NORTH AMERICA  
+1 630 368 0970

EUROPE  
+44 203 170 6115

INDIA  
+91 44 6740 4000

MIDDLE EAST  
+971 50 658 8831

For more info contact  
[info@aspiresys.com](mailto:info@aspiresys.com) or visit [www.aspiresys.com](http://www.aspiresys.com)