The Digital Transformation of Insurance to Customer Centricity

PoV by

Gregory Delhomelle
Managing Director, Canada - Wyde

HOW RUNNING A MILE IN LESS THAN 8 MINUTES COULD IMPACT MY AUTO POLICY PREMIUM

IMAGINE THIS

You buy a home insurance policy very easily online with a superior customer experience, while you are struggling to get a voluntary product on your group insurance policy dealing with an outdated UX, so simply having a different UX for different lines of business. Worse, if it is with the same insurance carrier!

Recently, we have seen the emergence of new "disrupted" insurance companies, promising a brand new insurance buying experience: "Answer a few simple questions and you're covered"[1] with auto insurance. Similarly, some online brokers are proposing Life Insurance for "runners" and the questionnaire starts with "Is your mile time under 8 minutes"[2]? How can we build the relation between the two and see the auto policy premium impacted by our life behavior?

For an insurance company, understanding the customer behavior, experience and expectations is becoming the key to delivering products and services that are of value to the customer and a healthy bottom line. While the customer centric approach is an evidence, going beyond product offering to achieve a new customer experience requires a complete transformation of the company and a new mind-set.

THE TRANSFORMATION HAS STARTED

UX is currently segmented across the various insurance lines of business - Property & Casualty as well as Individual Life Insurance lines of business are already (rapidly) transforming with product offerings that are personalized to customer needs. However, the new experience is limited to some simple products only and is not yet visible across all insurance markets.

The Group Benefits Insurance space, on the other hand, is still struggling with converting a plan member into an individual insurance customer. For carriers, driving UX is a challenge, given the additional dimension of delivering to both the group/employer & their employees as customers.

In a recent report[3], CELENT highlighted that the major initiatives - Operational Excellence, Legacy Modernization, Innovation and Digital (digitization, analytics, automation, Internet of Things, etc.) have considerable activity underway (over 70% underway), without anything reported completed in the last 3 years.

Some companies have started the deep transformation by replacing segmented product organizations with unified distribution and customer centric organization.

The way forward will need a re-evaluation of the technological eco-system to support the new organization and consider turnkey platforms to accelerate the deployment to optimize on the investment.

---

[1] www.sonnet.ca

[2] www.healthiq.com

[3] Life Insurance CIO Pressure and Priorities 2017, Celent 2017

CORE TRANSFORMATION OBJECTIVES

The objectives of a core transformation should not be limited to developing a digital customer experience, but should also focus on increasing operational efficiency & reducing operational costs by streamlining underlying business processes.

The ideal digital insurance platform allows:

- Automated business processes and straight-through processing
- Faster deployment of new insurance products adapted to the customer needs
- Digital readiness
- Rich user experience & ease of obtaining insurance
- Faster, better market penetration

SOME HURDLES IN THE WAY

A majority of insurance carriers still operate with several legacy administration systems which are difficult to replace. These systems are not scalable to new product innovation (i.e., voluntary products for group benefits carriers) & not flexible enough for easy integration (APIs) with the rest of the insurance world.

In an attempt to catch-up with the ever-evolving P&C digital world, in the last few years, carriers have started to invest in systems to become digital by developing portals and embedding data analytics into their eco-system. Although significant progress has been made, results are not as expected and the digital transformation journey may seem like running a marathon without preparation.

In order to create a new digital customer experience, the transformation should not be partial but complete. i.e. This is not just an IT transformation or another new innovation project; the entire organization has to be aligned with the transformation & customer focused objectives.
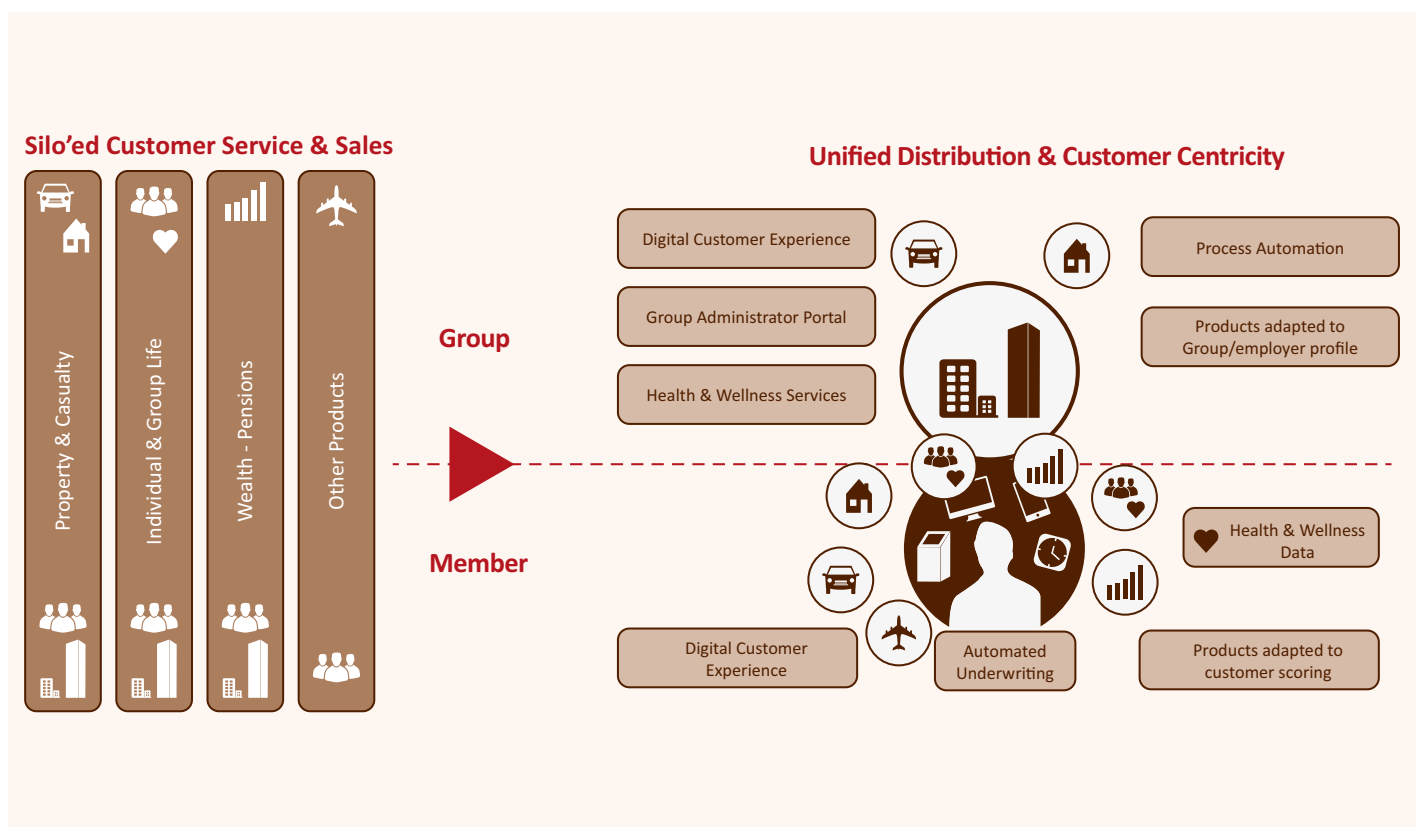
THE JOURNEY TO GET THERE

- Organizational realignment
- Digital readiness
- Customer engagement

A MAJORITY OF INSURANCE CARRIERS STILL OPERATE WITH SEVERAL LEGACY ADMINISTRATION SYSTEMS WHICH ARE DIFFICULT TO REPLACE

START WITH ORGANIZATIONAL ALIGNMENT

Transformations need to start with the organization itself to allow the right focus. This is the first pre-requisite and needs a strong change management and people management strategy.

Once aligned, organizations will need to create a whole new digital customer experience that is backed by a customer focus strategy, that unifies the digital experience across all lines of business (group, voluntary or individual) at the enterprise level.

This will require tapping and leveraging all the relevant enterprise data sources, third party data (credit reports, public records, etc) and harnessing social media data to create a holistic view of the customer.

The graphic above illustrates how B2B2C digital transformation will take place.
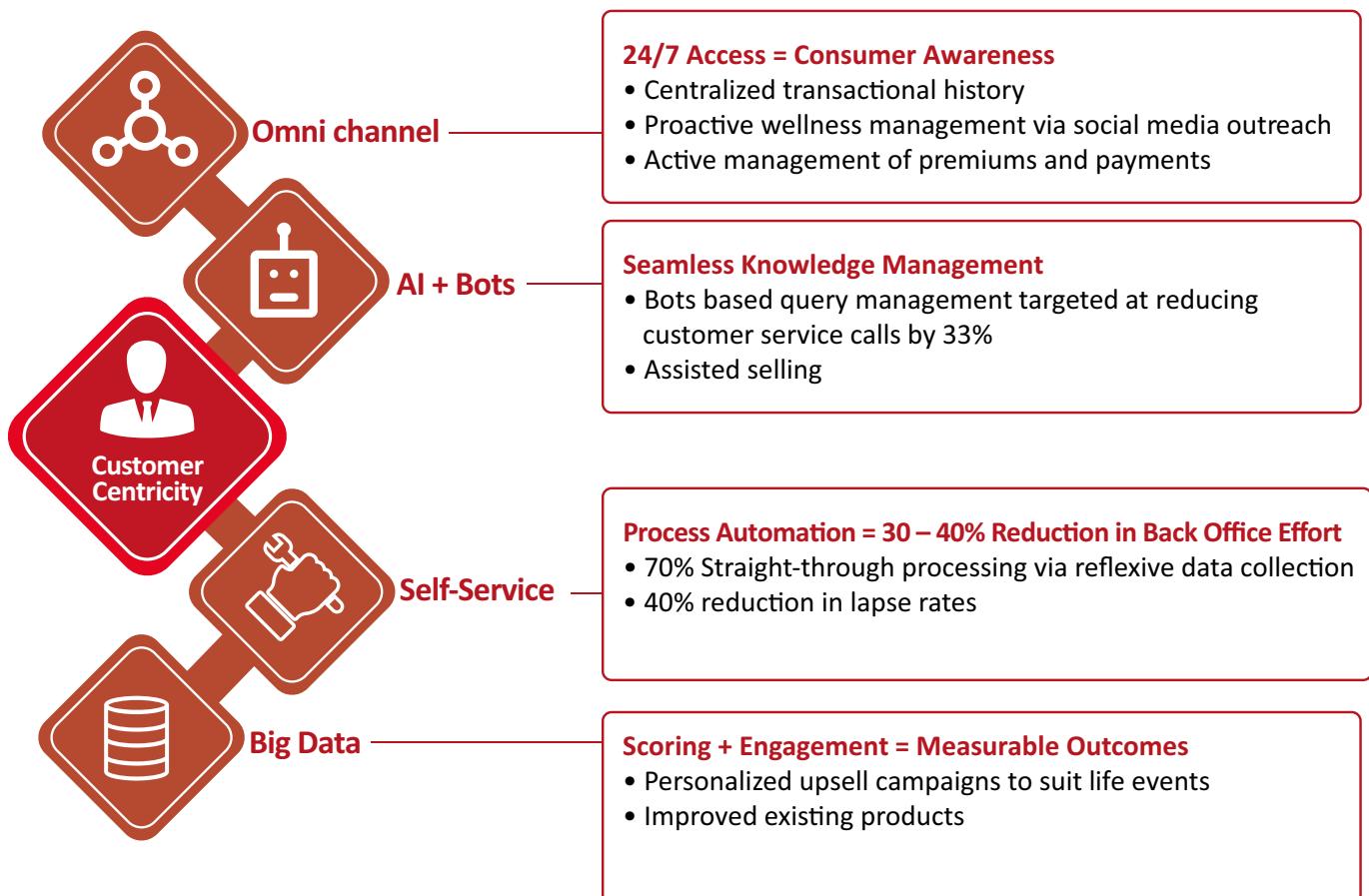
DIGITAL READINESS

Customer Engagement

The main aim of insurance carriers should be to **develop a new, seamless, personalized customer experience that provides** value to their customers, which implies creating impact on multiple touchpoints. To build internal momentum in order to achieve these UX objectives, carriers must understand how they can help their customers, i.e., tap into **emotional intelligence** by:

Understanding the most critical information on the customer across all lines of business, publicly available data & life events

- Building 360° view of the customer
- Bring it all together – in a one-touch interface
- Upsell and cross-sell products & services best suited for the customer
- Create self-service capabilities

Omni channel

24/7 Access = Consumer Awareness
- Centralized transactional history
- Proactive wellness management via social media outreach
- Active management of premiums and payments

AI + Bots

Seamless Knowledge Management
- Bots based query management targeted at reducing customer service calls by 33%
- Assisted selling

Customer Centricity

Self-Service

Process Automation = 30 – 40% Reduction in Back Office Effort
- 70% Straight-through processing via reflexive data collection
- 40% reduction in lapse rates

Big Data

Scoring + Engagement = Measurable Outcomes
- Personalized upsell campaigns to suit life events
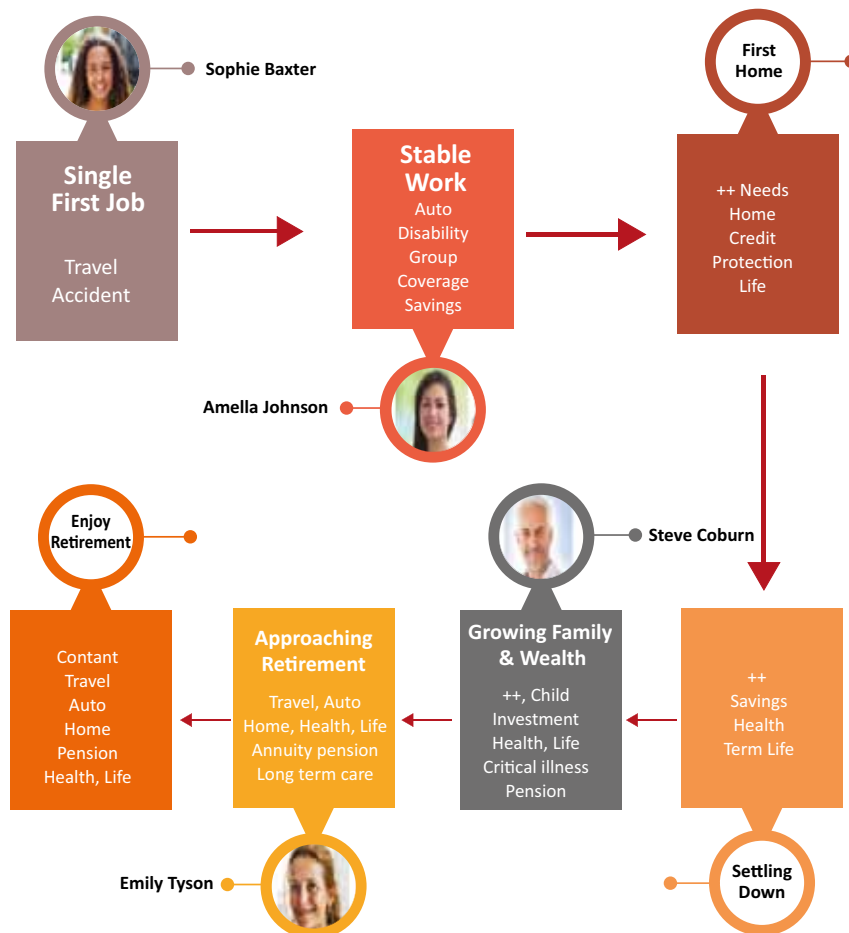- Improved existing products

Big-data

- Business intelligence and the ability to exchange data with marketplaces is a key element to developing a profound understanding on shifting consumer behavior. Associating life events to new business or expanding coverage, ensures that insurance carriers build trust resulting in continuity of customer engagement

Big Data: Scoring + Engagement = Measurable Outcomes – Improve Customer Experience (upsell and cross-sell)

- Using such data to personalize and offer innovative products will soon become a necessity to remain competitive in the insurance space

Omni-channel Outreach

Customers expect to be able to engage with companies (and vice versa) anytime, anywhere through any channel. This is applicable for Group (companies) and Individual customers.

The right solution must be ready for multiple digital channels to drive the customer experience and engage the customer through his/her journey:

- Traditional: emails, calls
- Web based portals
- Mobility (Apps)
- IoT
- Banking integration

A customer centric digital platform is an ensemble of high technological components to

- Bring diversity of digital and mobile devices, and technologies that should be used to leverage advanced experiences across multiple industries, including harnessing customers opinions locally and globally through social media

Artificial Intelligence, Bots & IoT

- Seamless knowledge management

  The back office needs to be connected with the BI and support the deployment of Artificial Intelligence to facilitate the customer interactions and assist the selling.

  Eg. Connect the customer to a chat-bot in order to help in the execution of an enrollment transaction

- In order to fit customer lifestyle, data can also be collected by wearable devices. The data gathered will be used to improve and provide advices to the customer
- Bots – Human like service, and not restricted to a 8-to-5 schedule
- AI – Removes dependency on cross-functional, cross line of business know-how to respond to customer queries or a sales process

Bots combined with AI will also help the insurance company employees to focus on high value tasks and reduce the need of training on new lines of products.

CONCLUSION

While the customer is generating more and more data every day, the next generation of insurance companies needs to be ready to collect, analyze and utilize that data to improve their offers and customer experience.

There is an opportunity for insurance carriers to sell differently, be proactive with their customer, no matter whether they are considering a home product or a group benefit additional coverage. They will retain them by deeply transforming their organization.

A flexible platform allowing rapid changes and providing features to "stick" to the customer behavior is one of the key elements of a successful story. And hopefully with this new generation of insurance companies, insurance consumers shall have a seamless & unique experience – a one-stop-shop for all their insurance needs across all lines of business.

ABOUT THE AUTHOR

GREGORY DELHOMELLE
Managing Director, Canada - Wyde

With 15+ years of global experience in the Software for the insurance industry in Canada, Europe and the USA, Gregory has been involved in all the steps of insurance system modernization projects from the initial stage to the go live. Throughout these implementations, Gregory has created a strong knowledge base in insurance: group benefits business, individual life as well as property and casualty. He has orchestrated project teams onshore and offshore to deploy innovative solutions successfully for different clients in complex environments.

ABOUT WYDE
An Mphasis Group Company

Wyde is a market leader in policy administration software & solutions for group life & supplemental insurance. We are the creator of Wynsure, a proven software platform, at many of the leading insurance carriers in North America and Europe. We are headquartered in Bloomington, Minnesota, USA, with offices in Canada, a modern Research & Development Center in Paris, France, and Delivery Centers of Excellence in both Poland and India. Wynsure is a multi-language, multi-currency, easily configurable software product that offers end to end business solutions in hosted & cloud environments for the Group Benefits market. More information is available at www.wyde.com

ABOUT MPHASIS

Mphasis is a global technology services and solutions company specializing in the areas of Digital, Governance, Risk & Compliance. Our solution focus and superior human capital propels our partnership with large enterprise customers in their digital transformation journeys. We partner with global financial institutions in the execution of their risk and compliance strategies. We focus on next generation technologies for differentiated solutions delivering optimized operations for clients.

For more information, log on to
www.wyde.com

VAS 12/04/17 LEFTER BASIL 4349

www.wyde.com

WYDE

We make insurance effortless