

# PERSPECTIVE

The Insurance industry needs an omni-channel approach for superior customer experience



## Abstract

The insurance industry is no longer defined by the boundaries of physical offices and forms to sign. It finds itself at a crossroads with its future being shaped by the emerging demographics of the digital customer.

With digital building blocks only growing by the day, it has to embrace the transformation in order to stay ahead. Customers of today are savvy. They make informed insurance decisions after researching more about their options through social media and company websites. It becomes all the more important for insurance companies to have a strong online presence, and provide a unified customer experience across all channels.

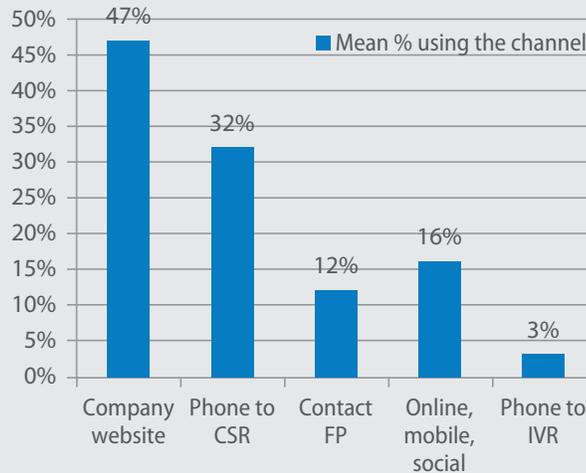
## Introduction

Looking back a few years, the change in customer behavior stimulated by rapid technology development appears more like a whirlwind than a leisurely evolution. Suddenly, it is not enough for the age-old insurance business to have an army of agents and a bundle of attractive policies to gain the customer's wallet share. Savvy customers are a step ahead of insurers when it comes to adopting new technologies. Their greater expectations of insurance providers – which stem from their extensive exposure to the global ways of business, access to unlimited information, and constant connection with peers through social networks – have caused a tectonic shift in this previously traditional market. Customer preferences are changing so fast that many insurers find themselves struggling to meet their

demands. A study conducted by LIMRA in 2014, for instance, indicates that company websites, social channels, and

mobile devices are increasingly becoming the preferred service channels among customers. (See graph)

Service channels used in the past 24 months



Customer preferences in service channels

## Customer demographics impacting the business of insurance

The insurance industry is now compelled to adapt to the demands of the new-age customer who is aware, demanding, and constantly seeking more information to make his decisions.

Personalized services, for example, involve high customer expectations. Customers

require these services to be delivered in a customized manner with contextualized information.

Based on customer preferences, the pay-for-use model is on the rise, as usage-based insurance (UBI), is increasingly catching on in the insurance industry. UBI is poised for rapid growth in the US, with many experts predicting that up to 20 percent of all vehicle insurance sold in the next five years will incorporate some form of UBI.

Amid these changes, the agent continues to co-exist as a key channel alongside the digital medium, with a new expectation to seamlessly intercept the digital journey. The transformation of the insurance industry through this physical-digital blur of channels is being defined by extended usage and contextual data to refine risk, redefine products, and reinvent customer relationships.

## Insurance goes multichannel

Faced with fast-altering customer expectations, insurers have picked up pace and are following the example of other customer-centric industries such as retail, travel, and banking in delivering superior customer experience through different channels.

Insurance firms, globally, are employing novel ways to engage the customer. Adopting the information-based approach to customer engagement, life insurance company *Aflac* uses videos to showcase how their products have helped during adversities. *United Healthcare* stresses

on using interactive channels – their free mobile app *Health4Me* allows plan participants to take greater control of their health. Leveraging the popularity of gaming, *Farmers' Insurance* uses games such as *Farmville* to educate customers on the benefits of insurance.



Use of mobile apps, games, and videos to enhance customer engagement

## While multiple channels are in use, are carriers offering seamless experience across channels?

While most major insurance firms engage the customer through multiple channels – agents, websites, social media, mobile devices, and mobile apps – seamless movement across channels still remains an area to be explored. Understanding

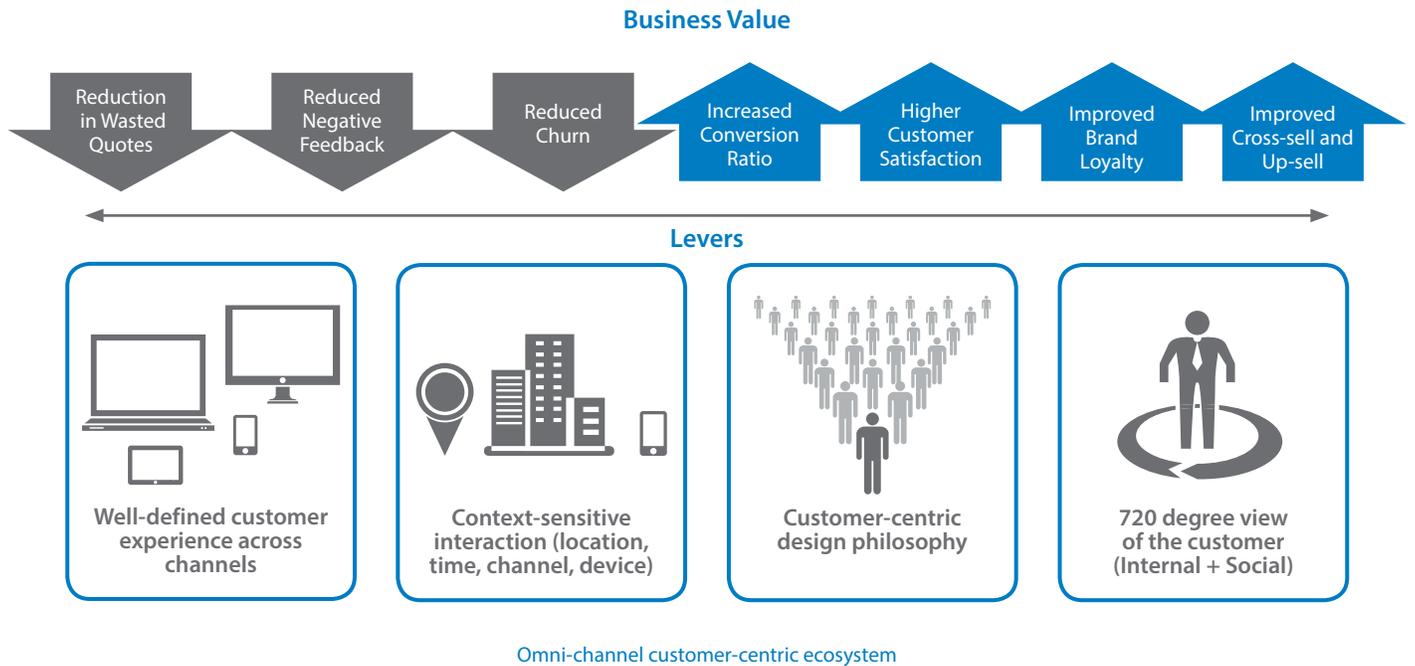
the rapidly altering behavior of today's techno-savvy customers who tend to use different channels at different points in time depending on their convenience, seamless experience, and the ability to freely interact with the insurance provider across channels are vital for successful customer engagement.

Insurance carriers that consistently score high on the customer experience index – such as Texas-based *Fortune*

500 company *USAA* – also record over 90 percent of customer interactions on digital channels by allowing free movement across channels. Such examples reinstate the role of omni-channel experience in ensuring superior customer experience in the world of insurance.

## Creating a customer-centric ecosystem using the omni-channel model

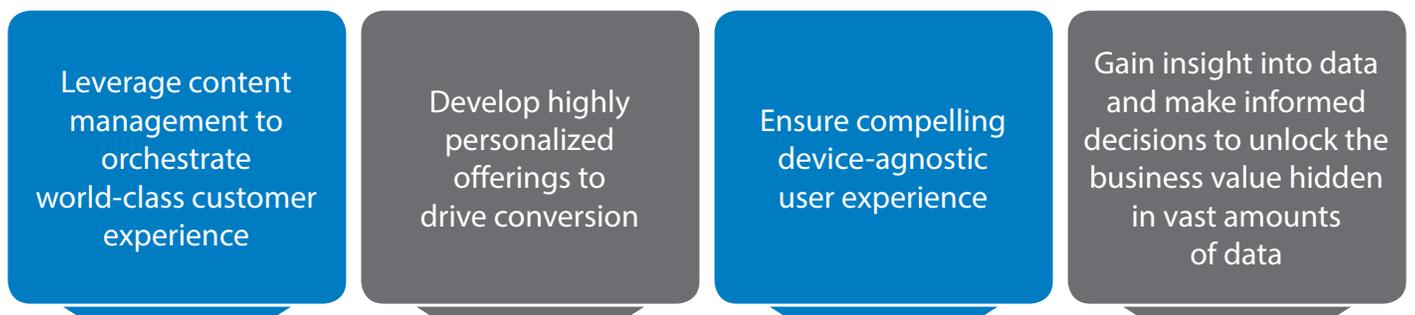
An omni-channel organization enables its customer to enjoy a consistent experience across multiple channels through well-orchestrated delivery of dynamic, targeted and consistent content, offers, products, and service interactions.



As opposed to the conventional products-and-channel approach, the omni-channel model nurtures realignment of strategies. It promotes diversion of efforts towards a more complex customer orientation as the centerpiece of the interaction. Despite the value that integrated, omni-channel architecture brings, insurance firms find themselves entangled in a web of challenges such as legacy technologies, cultural shifts, rigid structures, and outdated business models.

## Establishing omni-channel customer engagement

To successfully adopt the omni-channel model for greater customer engagement, insurers need to take some substantial and clear-cut measures:



## Core tenets of omni-channel customer engagement

Create and manage	Engage with context	Deliver and delight	Measure and improve
<ul style="list-style-type: none"> <li>Content</li> <li>Data repositories</li> <li>Authoring and publishing</li> <li>BPM / workflow</li> <li>Multilingual capability</li> <li>Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Presentation / user experience</li> <li>Contextually targeted content</li> <li>Social tools and ad services</li> <li>Transactions</li> <li>Authentication / security</li> </ul>	<ul style="list-style-type: none"> <li>Responsive and adaptive design</li> <li>Multiple-device seamless delivery</li> </ul>	<ul style="list-style-type: none"> <li>Web analytics</li> <li>Social analytics</li> <li>Multivariate testing</li> <li>Big data analytics</li> <li>Dashboards</li> </ul>
Key industry trends			
1 Personalized customer experience	2 Virtual and real channels	3 Usage-based insurance	

Omni-channel customer engagement framework

An omni-channel framework encompasses industry trends to accelerate growth in the direction where the industry is headed. We observe three key themes around the future of omni-channel engagement:

- **Personalization**

Insurers will be in a position to make customized offers to address the unique needs of their customers. For example, if a customer in the waiting lounge of an international airport updates his status on Facebook, the insurers will be able to send him a travel insurance offer. The

customer can accept the offer and the policy can be issued before the flight takes off.

- **Virtual and real agents work together**

It will be possible for an insurance agent chatting with his high-profile customer to collaborate with the underwriter, get a high-volume quote for home insurance and complete the sale online.

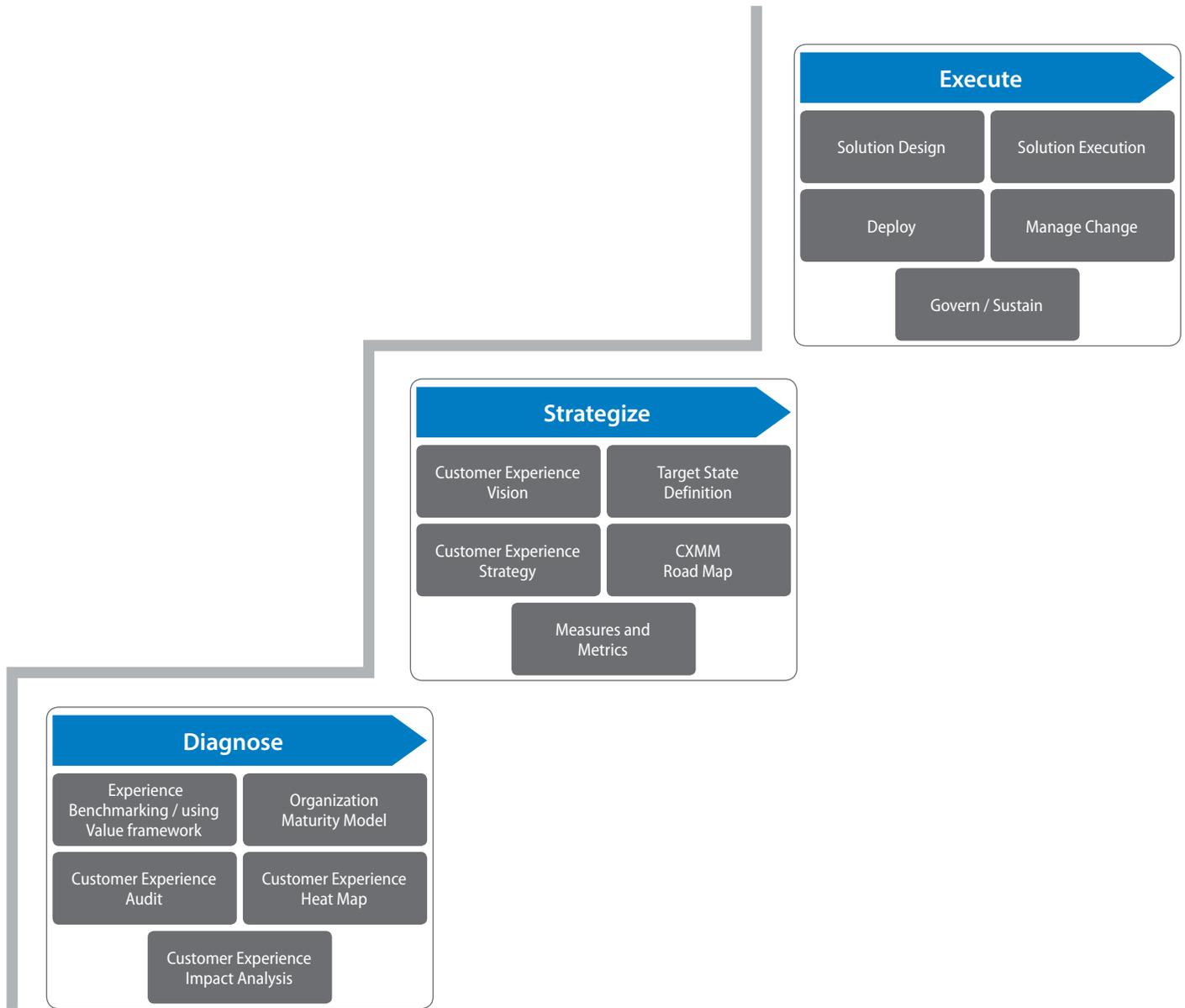
- **Usage-based insurance**

Insurance companies will be able to access information about the customer's

choices through telematic devices fitted in the car. For example, if a customer, on driving back from a business trip decides to change his plans and go to a ski resort for a quick vacation, the insurer will be able to leverage this information and offer him vacation insurance.

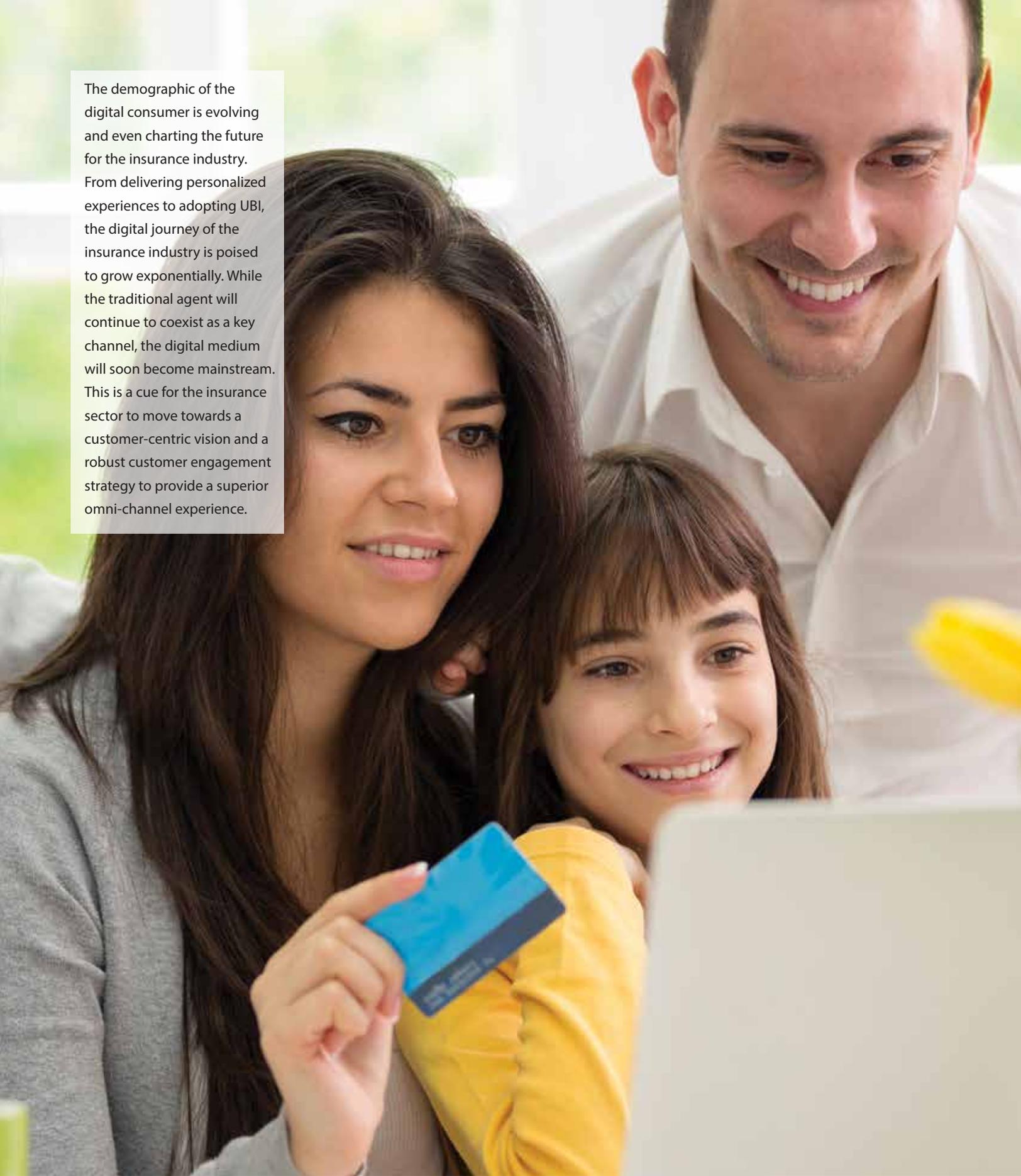
A capability based on the omni-channel model can combine different channels and workflows to create a seamless and integrated customer engagement experience within the tenets of the omni-channel ecosphere.

To go through this transformation, we believe in defining a customer-centric vision and following it up by building a customer engagement strategy and enhancing capabilities critical to the success of omni-channel operations. That is why we insist on laying a strong foundation of digital building blocks – digital customer experience and digital operations. The recommended methodology is a three-step approach to enable a digital transformation journey towards omni-channel engagement.



Infosys three-step approach for omni-channel adoption

The demographic of the digital consumer is evolving and even charting the future for the insurance industry. From delivering personalized experiences to adopting UBI, the digital journey of the insurance industry is poised to grow exponentially. While the traditional agent will continue to coexist as a key channel, the digital medium will soon become mainstream. This is a cue for the insurance sector to move towards a customer-centric vision and a robust customer engagement strategy to provide a superior omni-channel experience.



## About the Authors



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Phil has over 20 years of consulting experience and has specialized in e-commerce solutions for the last 12 years. His experience spans retail, CPG, and banking. Phil has led consulting engagements with Fortune 500 clients to develop and execute multi-channel commerce strategies that improve customer experience, implement business change, and build flexible technology ecosystems.



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