Building a customer-centric insurance company

Analytics and customer lifecycle management applications help improve the consumer experience
Introduction
Each of your policyholders has bought coverage designed by you, delivered via a distribution channel you enabled, in language you wrote. The modern insurance industry has operated this way since its inception after the great fire of London. Insurers offer certain types of coverage, at certain prices, with certain exclusionary language. Distribution teams find prospects — from multinational corporations to first-time car buyers — that purchase their policies on the terms set forth by the carrier. If the underwriter signs off, the insurance company has a new client.

But the ecommerce phenomenon has disrupted that business model. Today’s consumers have a world wide web of choices. Those choices are shifting the balance of power from the insurer to the insured. If one company cannot meet consumer demand — for product, for price, for service, or for the ability to communicate and buy via mobile devices and other channels — shoppers move on. This is as true for insurance as it is for designer clothing and high-end electronics. Next Generation insurers, then, will succeed by fundamentally restructuring the way they do business. They will move from policy-centric to customer-centric approaches for solicitation, up-selling, cross-selling and customer retention.

Is your organization ready to become a Next Generation insurer, improving business by engaging customers on customers’ terms? Many companies are using technology to help in this transformation. According to the SMA 2014 Ecosystem Research Report, nearly two-thirds of insurers are increasing spending on information technology, implementing major projects to “improve the customer experience, modernize their core systems, and gain more insight through analytics.” Projects undertaken vary according to type of policies sold. In life and annuity, for example, insurers are investing in customer relationship management tools to improve the consumer experience while helping insurers comply with the mandates of state departments of insurance. In personal and commercial property and casualty, insurers use analytics to mine data for business insight, and to then implement a strategy of blended physical and digital communications — including mobile communications — to comply with regulatory requirements and improve customer satisfaction.

Carriers are deploying customer lifecycle management applications, predictive analytics and risk-correlation software to evolve into more customer-centric organizations. As discussed in this paper, these software solutions disassemble the data silos that keep businesses from obtaining a comprehensive view of their clients and prospects. They help insurers tailor offerings to more closely match the needs of clients in specific risk categories. And they help companies produce targeted, multi-channel communications for more meaningful customer engagement.

Unlocking siloed data
Siloed, legacy systems dominate the insurance industry, stymieing communications among insurance companies, the agent or broker, and the insured. These silos often hinder an organization’s ability to view information stored in different lines of business or in recently acquired companies. They prevent the type of holistic, enterprise-wide view of the customer-insurer relationship that can enable insurers to target the right prospects with the right offers via the customer’s preferred communications channel — mail, email, landline, mobile phone or social media.

For example, a large insurer offering personal and commercial property and casualty (P&C) lines likely has different applications for customer relationship management, policy administration and claims correspondence for each line of business. These applications do not communicate with each other. Important customer data is therefore hidden within these siloed programs, veiling employees’ view of the customer’s relationship with the insurer.

Actions taken as a result of these murky views can harm the company. Picture a suburban family with two teenage children. The parents buy automobile coverage through this insurer. One of the children, an 18-year-old son, has filed a claim for his third car accident in two years. Based solely on this information, a processing clerk is told to issue a non-renewal letter. What the personal-auto line of business cannot know, because the relevant data is siloed, is that, in addition to their family automobile and homeowner’s coverage, the teen’s parents also have commercial insurance for their chain of three restaurants. Personal auto has potentially destroyed a profitable, long-term relationship with these clients over a few relatively minor accident claims.
It’s an all-too-common scenario, but technology is now providing ways to help insurers break down these silos for a more complete view of their customers. Cost-effective customer lifecycle management applications centralize data and document access, eliminating the obstacles inherent in siloed, stand-alone systems and giving employees a holistic client view across the organization. This helps insurance companies gain deeper insights into the behavior of their customers and apply those insights to their interactions with the insured.

Targeting communications to improve customer engagement

To improve customer engagement, insurance companies must implement technological capabilities that orchestrate content, formats and delivery channels. These capabilities must accommodate customer preferences and align with well-defined business processes if they are to help insurance companies reduce costs and increase revenue.

Capabilities previously discussed can help insurance companies target the right solicitations to the right customer. Phone conversations and agent interactions can then be augmented by customer service emails, online capabilities — including premium-payment capabilities — social media notifications and mobile communications.

For Next Gen insurers even premium payment notices can become part of the strategic approach to customer engagement. These notices are read more often and more closely than any other outreach, a fact that has significant cost and revenue implications for insurance companies. Combining advanced customer analytics and flexible multichannel output, insurance companies can engage customers more efficiently and effectively through monthly bills and statements. These interactions represent opportunities to promote brands, market services and modify behavior, provided that messages and offers are relevant to the customer.

Communications with clients must be not just targeted but also delivered via the client’s channel of choice. Because of this, mobile communications are becoming more important. Their potential extends far beyond text notifications of premiums due. Rather, mobile communications working in tandem with location analysis capabilities have the potential to elevate the impact of the dialogue between carriers and those they insure.

The customer experience distinguishes one insurance company

A large European insurance company wanted to use its customer service to differentiate itself in an overcrowded marketplace. The organization wanted to improve its sales position by convincing prospective clients that the overall customer experience it offered more than justified its premiums.

Pitney Bowes worked with this company to define its vision for improved customer service, taking into account both inbound and outbound communications. Pitney Bowes then developed a customer journey map in accordance with this vision, helping the company determine how it could better service individual customers at every touch point in their relationships with the insurer. Pitney Bowes also helped the company determine and implement the technologies it needed to help meet its customer service goals.

As a result, the company has obtained improved customer views that help it better understand clients and prospects in light of their geographies and personas. With this information in hand, the company is able to define opportunities and better tailor specific offerings, services and communications to specific clients and prospects — improving the customer experience and distinguishing itself in the marketplace.

Leveraging location to improve customer engagement

The earlier section “Unlocking siloed data” presented a scenario in which an insurance company incorrectly canceled a personal automobile policy, risking its long-term, profitable commercial relationship with the insured. Canceling the wrong policy is one problem. Offering new policies to the wrong people is another. This situation, which can damage the reputation of those organizations trying to become more customer-centric, can be alleviated by location analysis capabilities.

Too often, mass mailings are sent to clients and prospects the company has no intention of actually covering. For example, solicitations for homeowner’s policies are regularly mailed to areas of Arizona, California and other regions subject to wildfires. Insureds as well as prospects call the carrier to learn more about the offer, only to find they don’t qualify. In these situations, the company risks its relationships with clients and prospects who may feel that the company does not know them, or care to know them.
Leveraging the power of location can not only help in the effort to target the right prospect with the right offer, it also helps in mitigating exposure to pending natural disasters. If weather forecasts predict severe thunderstorms with damaging hail, location analysis, visualization tools, and communication capabilities can enable the insurer to overlay the projected path of the storm with its client base. The carrier can then text, email, call, and use social media to notify clients likely to be affected, warning them to protect themselves, their loved ones, and their property.

After the event, the same location analysis capabilities can help insurers estimate the number of claims to be paid, and the severity of those claims. Location intelligence can help assign the right adjuster to the right claim. It can help more efficiently route the adjuster for his or her day’s work — and give the insured a shorter window for the inspection. It can also help improve communications with customers, providing real-time updates on the status of their appointments.

**Consistent communications to strengthen brand**

Also significant to customer communications is brand consistency. No matter which channel the insurance company speaks, it must communicate with a single “voice.”

Currently, insurance company brand consistency is often undermined by lack of coordination among lines of business, or among departmental divisions initiating the communications. For example, letterhead, invoices, solicitation emails, marketing materials, policies, statements and even welcome kits may all have very different looks, with no consistent use of corporate logos, images and other brand elements. Also, communications may be unsynchronized among departments: marketing may advertise a certain offer but, when prospects call in, call center representatives have no knowledge of it or cannot retrieve the offer exactly as presented.

Customer lifecycle management applications automate marketing efforts, driving uniform and consistent content and formats while synchronizing communications efforts throughout the enterprise. This is achieved by blending compliance-driven physical communications with the customer satisfaction-driven digital communications necessary to succeed in today’s marketplace.

Next Gen insurers are also using advanced communication capabilities to incorporate personalized video in their communications. These videos can assist in onboarding, billing, and claims-processing functions. Personalized, client-specific videos that include data on policy limits, coverage, deductibles, local resources, and “what to expect next” assist in the claims process and effectively engage policyholders in their relationships with their insurer.

**Getting started**

Next Gen insurers know that it is imperative to improve customer service to engender the type of multi-policy long-term relationships required to improve business. C-level executives and vice presidents, therefore, need to begin developing a strategy for breaking down data silos, using analytics to better understand customers and risk categories, and tailoring marketing efforts to the needs of clients and prospects. They must also standardize and synchronize their communications, then make those communications available via the consumer’s channel of choice.

While the implementation of these strategies will undoubtedly require the use of customer lifecycle management and analytics applications, the process should begin with candid self-assessment. Executives should examine existing operations in the fields of data accessibility, analytics and customer communications, then ask themselves the following questions:

**Data accessibility**

- How can we improve data quality and standardization?
- Do we have the capability to see and use data wherever it lives in the company? Even in recently acquired businesses?
- How can we break down organizational and departmental silos?
- How can we obtain an operational “single view” of the customer?
**Analytics**

- How do we deploy real-time predictive analytics?
- Which analytics applications are right for us?
- How can we better leverage existing analytics in our operations?

**Customer communications**

- How can we develop a more consistent and relevant “look and feel” for print, digital, web, and mobile communications?
- How can we engage our customers and prospects in an ongoing dialogue across a variety of touch points?
- How can we synchronize multi-channel interactions — web, mobile, call center, agent?
- How can we manage customer communications preferences?
- How can we personalize messaging?
- How can we implement intelligent billing?

**Conclusion**

Ecommerce has disrupted the insurance industry’s long-standing, policy-centric business model. Next Gen insurers will need to become consumer centric if they want to thrive in this evolving marketplace. Customer lifecycle management programs and predictive analytics applications can help in this effort, breaking down data silos, more closely matching prospects to their risk categories, and helping companies produce targeted, multi-channel communications. To learn more about how Pitney Bowes can help your organization determine which applications are right for you and how to deploy them for maximum effectiveness, please visit pitneybowes.com.

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**Sources**
