

The Digital Insurer: Digitizing End-to-End Offerings for Tech-Savvy Customers

Abstract

The increasing adoption of smartphones, tablets, and other digital devices is changing the way business is conducted across industries. However, the insurance industry is yet to completely embrace digitization for its end-to-end offerings. The insurance industry's slow adoption of digitization can be partly attributed to regulatory requirements that pertain to paperwork and signature verification of certain transactions. In addition, the limited functionality of existing digital platforms such as insurance portals and mobile applications discourages customers from using them.

This paper discusses the need for a comprehensive, multi-platform system for consumers to seamlessly access and manage their insurance policies. It highlights how such platforms help manage digitized communications and ensure faster technology-enabled services for consumers.

The Need to Digitize Insurance Services

While insurance has become an important aspect of people's lives, buying and maintaining an insurance policy is still perceived to be a complicated task. Increasing internet accessibility and the availability of third-party insurance platforms is slowly changing this perception. These platforms have simplified the initial research and application process for end-customers by allowing them to view and compare the benefits of multiple options.

However, the process of purchasing, retaining, and renewing a policy remains complex. Once a suitable insurance policy is chosen, a significant amount of documentation is required from the insurer as well as the insured. This includes physical paperwork that contains terms and conditions of the insurance agreement. In addition, policy holders are required to communicate changes to the insurer, while the insurer needs to send out communication in the form of annual statements or letters. All of this documentation is time-consuming and tedious.

Challenges on the Path to Digitization

Insurance operations have been traditionally managed by insurance agents who perform the documentation required by regulatory mandates. However, today's customers are technologically savvy and accustomed to making transactions online. They demand remotely accessible online services to manage their policies. Customers also increasingly opt for paperless communication with their insurers, and want the ability to quickly conduct transactions through mobile devices.

Digital services result in a win-win situation for consumers and insurers. They provide convenience for consumers and enable cost advantages for the insurer. Many insurance companies already offer digital insurance services such as quote generation, application filing, submissions and premium payments. At the same time, it is important for an enterprise to invest in the right digitization approaches, platforms, and underlying technologies to maximize the business benefit of such an investment.

Adopting a Multi-Pronged Approach to Digitization

There are two major hindrances to digitization in the insurance industry: large volumes of paper-based communication and the lack of comprehensive self-service as well as multi-platform portals for customers. Digitization can help mitigate these two challenges with a multi-solution approach.

Capturing current and past data digitally

Insurers should enable cross-platform registration by end-customers. For instance, new customers can register using their mobile devices, but purchase policies from tablet computers. Thus, with the digitization of the application process, insurers can avail prospective customers' information online. The data can be directly updated on the insurer's databases. This leaves only one aspect of the transaction for the insurer to complete offline, i.e., verification. The supporting documents can be scanned and uploaded through a system, either by customers or by the insurer with digital reading and keyword enablement.

However, digitization needs to be extended to existing customers as well. Converting physical documents from the insurance company's inventory is a mammoth task and can be performed with the help of sophisticated character recognition and content management solutions. The online database of customer requests, information, documents, and written queries can be used for analysis, and to provide personalized services and tailor-made products.

Adopting email or portal-based communication

Insurance providers need to capture the email addresses of customers and verify their willingness to opt for paperless communication. As a backup, these customers can be given access to an online portal where a copy of their communication can be maintained on the cloud.

Data security is an important aspect to be considered here. A secure email system can be set up where customers' emails are encrypted and attachments are password protected. This measure will help strengthen customer confidence and enhance the usage of digital services.

Developing an online query management system

Insurance service providers can use an artificially intelligent or manually supported online query management system to answer frequent and standard queries. Web chat is a convenient and fast method for customers to get their queries answered. The back-end of a web chat can be supported by an intelligent system or an individual who refers to the 'Frequently Asked Questions' (FAQs), process manuals, or legacy systems to answer customer queries.

An alternative approach would be to create a workflow-based query management system where customers post their queries and request statements. Insurance providers can respond within the defined Turnaround Time (TAT) through a secure portal with pre-formatted responses and answers to ad-hoc queries. This system can also help independent financial advisors and underwriters speed up their communication with insurance companies.

Deploying portals for policy management

A self-service portal targeted at the end-customers of insurance companies is not a new concept, but due to regulatory restrictions, policy management through these portals is limited. Many companies currently have portals that are more focused on providing basic services that do not require regulatory approval, such as generating identity cards and changing personal details. However, insurers should consider providing self-service facilities to customers to enable end-to-end workflow digitization.

These facilities can give customers the ability to directly change personal details including address and other sensitive information such as name, marital status, date of birth, and nominations. These changes require supporting documentation that can be uploaded to the portal directly. Once the verification is completed, the system can approve the implementation of the change request. This saves time and effort for customers as well as insurers.

The portal for policy management can be utilized for more complex services as well. For instance, customers can instruct service providers on the distribution and reinvestment of their funds, or submit claims online. In the life insurance and pension domain, a self-managed portal can be beneficial to customers for managing their pension funds or providing instructions to the insurer on investing their funds. In the property and casualty domain, the online portal can offer facilities such as claims submission that is accessible through a mobile device. The claim can then be approved instantly for the policyholder, providing convenient on-the-go services for customers.

Leveraging mobile technology for enhanced user experience

The Mobile apps created for insurance products can leverage Global Positioning System (GPS), camera, and barcode readers on smartphones for effective customer authentication and the use of insurance policies.

On-field agents can also be provided with tablets or other mobile devices loaded with policy information, documents, and features such as digital signatures. At the back end, workflow management will be needed to ensure straight-through processing of policy applications once they are filled and digitally signed. High-definition images of the supporting documents that can be read through character recognition devices minimize the lead time in issuing policy documents.

Harnessing social media for customer outreach

The insurance industry can tap into social media to optimize their sales efforts. Social media and networking pages can be created so that people can share their positive experiences, recommend products to friends and families, write reviews, and provide ratings to instantly amplify sales efforts. A site that promotes the sale of insurance products with product reviews, ratings, and testimonials can be far more impactful than a site that merely offers calculations pertaining to policies. Social media can also be used to gather data to develop customized plans that meet specific requirements related to the life and personal insurance of customers.

Big Data: Implications for Insurance Services

To unravel the potential of Big Data, insurance companies need robust systems in place to handle the volume of data, its different sources, and the ever-increasing frequency of data generation.

Below are some implications of Big Data on the insurance business in relation to customer behavior.

Identifying cross-selling opportunities

One of the biggest sources of Big Data is social media. Customer conversations, including insurers' communications with customers, generate volumes of both structured and unstructured data, which can be analyzed to identify business opportunities. For instance, changes in customers' personal lives such as marriage or the birth of children, can be tracked, enabling the identification of relevant, contextual insurance needs.

Connecting with customers

It makes good business sense to establish a connection with technologically savvy customers who are experienced in using social media and micro blogging tools. Insurance companies can leverage this connection to effectively answer queries and counteract negative posts that could potentially hurt their brand image. Such initiatives can also go a long way in improving customer retention. Apart from this, companies can prioritize claims in the wake of massive natural disasters, using social media to send personalized responses and expedite the claims process.

Furthermore, customers' social media profiles, and their opinions and connections on these sites can be evaluated to identify associated risks during the underwriting process. Other data sources include medical prescription data, which can be used for claims management in the life and annuity insurance business, and catastrophe model data in the property and casualty insurance business.

Identifying fraud with Big Data

One of the most crucial aspects of insurance claims processing is ascertaining the validity of a claim. Big Data can be leveraged to scroll through the claimant's social media accounts to identify the events around the claim date, examine the potential existence of a relationship between the claimant and the others involved in the claim in case of a vehicular accident insurance, and so on.

For instance, information obtained from a GPS navigation device can be leveraged to determine the presence of the individual at the time and location of the accident. Some of the other sources of Big Data analysis include customers' medical records, application forms, call logs, geo-weather analysis, and telematics data that track driver behavior, fuel consumption, and driving hours. This data can be used to ascertain risks related to shipment insurance.

Big Data warrants investments in robust architecture and a strategic plan to drive effective usage. This should take account of the fact that some data may be temporary, while others need to be stored and accessed as required.

The Benefits of Digitization: A Peek into the Future

Evolving technology, social media, customer preferences, and Big Data are changing the way the insurance industry functions today. In the future, the industry is likely to adopt a business model that focuses on paperless, one-stop solutions, with every stage of the customer life cycle supported by technology.

Insurance companies that leverage a combination of mobile technology, social media, and analytics will be well positioned to offer customized products with a faster time-to-market. At the same time, consumers will benefit from the flexibility, convenience, and contextualization of services offered.

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