Is customer demand driving change in insurtech?

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By Joanne Butler, Head of Product Marketing & Pre-Sales, Charles Taylor InsureTech for InsurTech magazine, first published on 13 July 2022: Is customer demand driving change in insurtech?

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With customer demand fuelling transformational changes in insurtech, its not always clear which trends are here to stay, and which will dissipate as technologies develop. We caught up with Jo Butler, Product Portfolio Manager at Charles Taylor InsurTech, to find out more.

What factors, in your opinion, have driven the move towards customer-centricity in insurance?

The insurance industry has seen a significant change in the needs and demands of its consumers over the last few decades. Up until recently, policyholders just accepted that buying insurance could be baffling and that making a claim was probably going to be a long process. This acceptance has started to change. Consumers now demand better and more instant service, driven by patterns of more customer-centric organisational behaviour in other industries. Customers expect to interface at a time that suits them within a system that has no delay and with fewer hurdles in the process.

In banking and home energy provision, the benchmark of leveraging technology to provide "good customer service" has been rising steadily with 42% of customers preferring the mobile banking experience, for example, to a desktop and in-branch experience.

Compounding this, the Insurance industry ecosystem is a particularly complex web of organisations and data, resulting in the data and the insights often living in the wrong part of the value chain.

The industry is suffering a certain "Fear of Missing Out" as other sectors have drastically improved the bottom line and unlocked some serious sustainable growth for those organisations that get it right.

Is the customer-centric approach a trend, a development of existing systems or a new wave that is here to stay?

That very much depends on where you are as an organisation and where you want to get to, and we see this as an area where organisations will continue to evolve their approach as they grow and prepare for the future.

For some organisations, becoming more customer-centric might mean small enhancements to the current approach in order to get the "very last value" out of their existing systems, for example using digital front-end layers to help to unify legacy silos and provide front end interaction. For other organisations with smaller amounts of legacy, they are better positioned to take on more ambitious digital programmes. These organisations can shift their focus to leverage more of the newer technology that can help them to connect more deeply with their markets.

How can Insurtechs ensure that their platforms are offering customer-centric services?

There are two ways that we can look at this, firstly from the point of view of the customers of Insurers where Insurtechs should be listening to Insurance organisations, understanding what data they need on their customers when they need it and most importantly why.

Another important area is the Insureds' journey through the insurance lifecycle. As Insuretechs we should be doing all we can to understand that journey first-hand, the pain points, and then helping insurance organisations to improve that journey as much as they can, and in turn, predicting where the next real wins are in terms of simplification and efficiency.

The other angle is what we as InsurTechs can do to be more customer-centric ourselves? Simplifying our vision, helping our customers to mitigate risk, providing our customers with the tools they need at their fingertips, being transparent on pricing and of course very crucially listening and understanding what they are trying to achieve in their businesses and working alongside them to help them deliver it.

Is the insurtech industry meeting customer needs or is there still a long way to go?

There is always room for improvement and as customer needs change so does the insurance, they require to support them. In turn, Insurtech must adapt and change to continue to offer technology that is relevant and solves the business challenges our customers to bring to us.

If we compare Insurance with other industries such as online gaming, where millions of pieces of data about customers and users are collected, analysed, and acted on all in the blink of an eye, then we have a long way to go.

On the flip side, Insurers have been leveraging black box technology in motor insurance since as early as 2007. Telematics insurers have been receiving in-depth real-time data about customers and their patterns long before this IoT technology was deployed in other verticals suggesting in some instances Insurance may be ahead!

We're on a journey and we're not at the end yet. Profitability on new-to-market insurtechs in the financial services sector may put pressure on how customers are acquired, and the quality of products and services are provided to them. Using data to acquire the 'ideal customer' may inadvertently disadvantage others. This is the balance between business performance and customer needs. That said, the power of the customer is still not fully reached. With customers being more connected and with more ability to rate their experience marketers will be using data to refine products and perfect service as a response to customers' needs and reviews.

How can technology improve customer experience in the Insurtech sector?

As more and more data capture occurs from the end-user, technology helps to make this seamless and automatic; wider use of the IoT is a great example of this.

As well as capturing data from the user, technology can also be very useful in the reverse. Technology and data feeds connected into our process through APIs help us to enrich enquiry and policy data with all sorts of technical information that the

policyholder just does not know (yet) about their risk. This simplifies stages of the journey for them and reduces the amount of "thinking" they need to do as they navigate their insurance purchase.

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