



Reimagining the Insurance Customer Experience

Through digital approaches to technology, data, and customer engagement



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By One Inc

In this report, we discuss the current state of customer experience in insurance, where the gaps among insurers lie, and why reimagining the customer journey is at a critical juncture.

● Introduction

The concept of customer experience has been prevalent in the insurance industry for several years. Many insurers developed customer experience (CX) business areas, explored customer journey mapping, and incorporated customer personas into product development and marketing strategies. Many future-focused insurers worked hard to instill a customer-centric culture. And while there has been progress made, overall industry results have been less than anticipated.

● Digital Bellwethers

As the industry moved toward Insurance 2.0, the innumerable digital transformation projects accelerated. Concentrated focus and investment in customer experience initiatives fell to the background, all while customer expectations continued to evolve. The arrival of the pandemic put more pressure on insurers to quickly figure out how to do everything remotely. It also greatly increased the adoption of digital engagement among all generations, serving to only strengthen demand for the 'Amazon' experience in all interactions. Today's insurance customers are no longer comparing insurers to each other; their expectations are being heavily influenced by their experience in other industries.

“The insurance industry is being challenged from a customer experience perspective by “digital bellwethers” such as Amazon and Google and the customer service bar is being raised exponentially year after year”, stated Don Jones, head of claims at Mass Mutual US Insurance Operations at an October 2020 Claims Innovation panel session. “We’re not being measured against our peer competitors anymore. The competition is fierce, it’s stark and it is going to continue to evolve,” said Jones. “The insurance industry is not known for being fast innovators, but we’re usually fast followers.”¹

47%

see new consumer preferences and behaviors as the trend impacting the insurance industry the most.²

87%

of insurers rated CX as extremely important for both company strategy and for generating new business.³

85%

of insurers are deploying CX to at least a moderate extent.⁴

60%

of insurers agree their organization is lacking in CX strategy.⁴

● Reimagining the Customer Experience

Insurance has been transitioning over recent years from a product that is sold to one that is bought, changing insurance market dynamics. It has put much more control in customers’ hands and drives urgency around reimagining the customer experience. And although CX has been listed at the top of insurers’ strategic plans, many have struggled with execution and with what customer centricity really means. Insurers have been striving to innovate the experience while still using traditional approaches: transactional as opposed to holistic, touchpoints over end-to-end journeys, and silos over cross-functional teams.

When carriers have thought about the customer journey, they have generally approached it from the perspective of customers taking a journey in their insurance world, rather than the insurer having a component of an experience in the customer world – think Amazon, Uber, Instagram, etc. An April 2021 Celent model insurer study has reinforced that customer centricity is as an approach that requires insurers to commit to an ‘outside-in’ perspective – to essentially view everything through the customer lens by eliminating the organizational silos that still exist and deeply understanding the customer’s view.³

● The Insurance Customer Journey

To quickly gain ground, insurers need to pivot fast to this outside-in approach, considering customer needs and impacts first to ensure the organization is making decisions that deliver the most direct customer value. They need to get closer to their customers by

meeting them where they are today. And according to the model insurers in Celent's recent study, the only way they can really connect with customers is to first build their trust.

42% of customers don't fully trust their insurer.⁴

Rather than take a transactional customer service-oriented approach that focuses on specific touchpoints in isolation, insurers must take a holistic customer experience approach, incorporating the whole journey with a 360° customer view. Per McKinsey research, it is customer journey performance, not touchpoints, that drives results and strongly correlates to customer retention and loyalty.⁵ But realizing that outcome requires both an operational and cultural shift that engages the organization across functions and from top to bottom. Insurers must commit to change and actually embed customer centricity throughout the enterprise.

● Communication is Key

The research by McKinsey identified consistent and clear communications as one of the most important elements of customer experience. Additionally, the study showed that poor communication was a consistent source of customer confusion and anxiety, and the single largest reason that customers called into the call centers.

But surprisingly, a 2020 E&Y research study reported that 44% of insurance customers had no interactions at all with their insurers in the prior 18 months.⁶ Clearly, improving communications and customer engagement is a critical area of opportunity for building customer relationships.

● Digital Engagement Enables Transparency & Trust

Digital engagement tools now allow insurers to quickly connect with existing insureds to improve retention and strengthen relationships. With U.S. smartphone ownership at higher than 80%, adding digital engagement to an insurer's solutions is critical to improving both the quality and frequency of customer interactions. An extremely valuable communication tool, it can lead to an increase in customer retention up to 10% and ultimately decrease loss ratio.

Insurers can reach their policyholders in less time by messaging them through digital channels, which is especially helpful during policy lifecycle events, such as pending cancellation notices, digital claim payment notifications, and reminders of upcoming renewals. An insurer can send a message to a policyholder of an impending lapse in coverage and provide a convenient option for the policyholder to pay and renew via that same text exchange. An insurer can reach out to policyholders to alert them about burglaries or severe weather warnings in their areas, helping to keep insureds safe and mitigate loss, while also building trust and brand loyalty.

For instance, **Hi Marley** offers an AI-based SMS texting platform that streamlines communications between insureds and the insurance ecosystem, especially beneficial during the claims process. It enables transparency and control by simultaneously connecting everyone involved in the insurance customer experience into one real-time documented conversation. Insureds can be informed around next steps and be continually updated around repair and payment progress. They can rest easier knowing their insurer is handling their claim effectively and their interactions have been documented into one source of the truth, engendering confidence and trust.

In a recent **Hi Marley** article, Plymouth Rock Assurance's Vice President and Chief Claims Officer Aaron Wheaton described the benefit the insurer has garnered from the platform:


“[Customers] want to go through the claims process as quickly as possible, and they want to feel that they're being treated fairly,” Wheaton said. “The best way to do that is to present as much transparency as you can. It's a lot easier to do that when both parties have a digital record of the communication that has transpired. When the customer is engaged in the process and they feel like they're part of the resolution, that's a huge difference maker.”

At a recent virtual event hosted by the Intelligent Insurer, Wheaton said that, by implementing an intelligent text messaging solution like Hi Marley, Plymouth Rock was able to cut upwards of 35% of inbound/outbound calls and voicemails.⁷

● The Importance of Data & AI

The volume of engagements and amount of data across an enterprise can be overwhelming. The acquisition and utilization of customer data is crucial to simplifying and improving the customer experience. Insurers cannot deliver speed, simplicity and ease across channels without accurate and actionable data. Obtaining simple contact information and customer communication preferences can enable digital engagement and instant payments. Data prefill from internal and external sources can greatly accelerate processing time. Artificial intelligence can be utilized to further leverage data to drive automation and simplification. And an IBM study has shown that insurers who increase AI use during the customer journey can show a significant increase in NPS and retention rate.⁴

Conversational Process Automation (CPA) solutions including Robotic Process Automation (RPA) and chatbots, allow a system to imitate human input as it automatically processes routine communications and transactions. This greatly reduces the chance of human error while increasing the speed and efficiency of a particular series of operations. Chatbots can be leveraged to assist policyholders with routine inquiries and claim filing, greatly accelerating the First Notice of Loss (FNOL)



process while enabling automation. Chatbots can also serve as a listening channel to further determine customer pain points and preferences.

● Leveraging Customer Sentiment Analysis (CSA)

Customer sentiment analysis is the automated process of discerning and analyzing customer emotions in online communications to determine if they are positive, negative, or neutral. Using Natural Language Processing (NLP) along with algorithms, sentiment analysis can help insurers detect patterns within written or spoken encounters that can help them gain insights around customer behavior that inform appropriate responses and improve the customer experience.

64% of consumers want their insurers to understand them well.⁴

● Chasing the Omnichannel Digital Experience

Although digitization has been a critical focus for the industry, a recent J.D. Power survey revealed that very few insurers currently deliver a highly personalized and improved digital experience. The results showed that insurance customer satisfaction with online

insurance shopping actually declined and that satisfaction scores deteriorate as digital tasks become more complicated. Insurers still struggle in providing ease of use for common activities such as requesting a quote or researching policy information.

Customers expect the Amazon omnichannel experience, unified and seamless, where data automatically syncs across devices and channels, and interactions are simple, quick and easy. Essentially, they expect technology that puts the customer at the center of its functionality. Instead, they frequently encounter disjointed experiences that don't meet their needs.

Michael Ellison of Corporate Insight, J.D. Power's partner in designing and fielding the survey adds:

“While most insurers are making it possible to perform basic functions online or via mobile, very few are delivering a markedly improved, highly personalized overall experience via digital, even though innovative firms are showing that it is possible to do that now.”⁸





95%

of customers agree that frictionless experiences are crucial to earning trust, while frustrating digital interactions have a negative impact.⁹

50%

of large organizations will have failed to unify engagement channels, resulting in a disjointed and siloed customer experience that lacks context through 2022.¹⁰

30%

How much an effective and seamless omnichannel experience can increase a carrier's efficiency.¹¹

● Next-Gen Technology

Companies need an enterprise-wide digital platform that leverages microservices and APIs to deliver speed and flexibility, enabling an integrated and unified omnichannel experience. To provide a personalized and seamless experience, insurers need to provide a single platform customers can use to access their whole insurance portfolio and perform transactions that run the gamut from searching policy information to filing a claim to paying their insurance premium. The goal should be one platform, one version of the truth, one exceptional customer experience.



In a June 2021 article for Insurance Innovation Reporter, Majesco's Chief Strategy Officer Denise Garth stated:

“The heart of the insurance platform is an orchestration of next-gen technologies including cloud native computing, microservices, APIs, new data sources, and artificial intelligence and machine learning, coupled with an ecosystem of partners that provide innovative or complementary products and services.¹²”

● The Benefits of Data Prefill

When insurance customers need to research their policies or file a claim (FNOL), they expect the process to be straightforward and easy. They do not want to spend time

and effort re-keying their contact or policy information. And although it may sound like a simple solution, data prefill goes a long way in fulfilling policyholder expectations for limited required input. It also provides them with a sense of validation that their insurer has them covered, especially comforting at a time of loss. Prefilling customer contact, policy, and coverage data greatly streamlines the user experience and gives insureds confidence that their insurer knows them, respects their time, and wants to provide a frictionless experience. It increases a sense of trust and enhances the customer relationship.

● Microservices and APIs: Critical Elements

Microservices are made up of micro-components – small independent single function services that allow insurers to continually test, improve, and introduce new capabilities. A microservices architecture is modular based with well-defined interfaces and operations. Microservices are often connected via APIs.

Application Programming Interfaces (APIs) provide insurers a standardized way for two applications to exchange information instantly. They provide insurers the ability to streamline contextual data into a meaningful and manageable format so it can be securely transmitted between an insurer's solution and a third-party platform or cloud-based solution.

APIs are extremely flexible and easily allow connections to be built across fragmented platforms. They allow for unique data, such as geolocation and IoT data, to be pulled in and utilized to assess risks during the underwriting process. They provide the speed and agility that can enable real-time insurance interactions – imagine simple and quick application processes, real-time insurance verification, and rapid claim disbursements. They enable digital FNOL data submission (e.g., photos, videos, notes, etc.) that facilitates a faster claim review process. APIs make it much easier for insurers to create personalized digital customer experiences. Together, microservices and APIs enable agility and scalability.

● Payments as a Service (PaaS) Provides Simplification

Insurance claims disbursements are complex and the most critical to the customer experience – the ‘moment of truth’ in the insurance process when an insurer must keep the brand promise to quickly make their insured whole again. Payment as a Service is an efficient and effective business model that allows insurers to leverage a wide range of digital solutions that would otherwise be resource-prohibitive for the average insurance company to adopt internally. Digital payment capabilities enabled by APIs allow insurers to provide speed, convenience and choice. Insurers are enabled to manage the entire payment process with less cost, faster settlement, and more efficiency, greatly enhancing the customer experience.

● Next-Gen Technologies Enable Better Resource Allocation

With the use of next-gen technologies, insurers can provide accurate, consistent information while allocating staff resources to activities that provide greater customer value. The most routine claims can be managed largely with automation and self-service options, so insurance company representatives and claim adjusters can focus their time on more complex cases that require human expertise and empathetic interactions.

With a more innovative digital strategy and customer centric approach, insurers can deliver the four C’s of a superior customer experience:

- **Control** – Choice, flexibility, helpful insights, and easy to use self-service portals give policyholders added control.
- **Convenience** – Robust mobile apps to report claims, upload photos, digitally attach documents, and issue instant payments delivers speed and convenience.
- **Consistency** – Consistency across channels builds trust and mutual accountability that contributes to customer retention.
- **Continuity** – Digital engagement keep insureds connected throughout their journey and enables a frictionless and uninterrupted digital experience.

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● A Customer Experience Paradigm Shift

Most insurers acknowledge the impact of changing customer expectations on their organizations and recognize the value of customer experience for customer loyalty. But under pressure from the accelerated pace of industry demands, many have fallen back to the more traditional inside-out view. Today's insurance customers expect choice, convenience and control. They expect speed, simplicity and value. They expect insurers to not only understand their needs and preferences, but to anticipate them.


Optimizing the experience for today's insurance customer requires carriers to urgently drive a paradigm shift throughout the enterprise, embedding a customer-first mentality. It requires a reimagining of the customer journey that includes new approaches to digital engagement, automation, technology, and data. Providing mobile apps, offering credit card payment, enabling digital claim appraisals, or standing up self-service portals do not automatically equate to customer satisfaction or loyalty. To realize benefits, deliver value, and achieve sustainable progress, it will take solid investment and an embedded customer centric culture. Now is the time for insurers to commit to an enterprise-wide customer experience program based on meeting customers where they are today on their digital journeys, while continuing to innovate to meet them where they'll be tomorrow.

● About One Inc

Built by insurers, One Inc is modernizing the insurance industry through a unified and frictionless payment experience. Changes in consumer behavior toward digital demand will persist and grow. Future-focused insurers have eliminated paper-based workflows and paper checks, investing in more robust digital payment platforms that drive a superior experience for their customers, vendors and other third parties.

At One Inc we deliver a full-stack inbound-outbound payment solution that includes customer engagement functionality, integrated reporting with real-time data, and flexible integration with insurer core systems – be they legacy or modern. Our fully hosted, scalable, and PCI compliant platform reduces risk and increases data security and safely stores tokenized data. Our comprehensive end-to-end digital payments platform delivers expanded payment methods, multi-channel digital communications, premium reimbursement capabilities, and rapid digital claim payments, even for the most complex insurance use cases.

The One Inc comprehensive solution enables insurers to deliver on their brand promise to provide a secure and superior customer experience in ANY situation. It provides carriers with the ability to give their customers what they want and expect: control, convenience, consistency, and continuity. Focusing only on the insurance industry,

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we help carriers transform their operations by reducing costs, increasing security, and optimizing customer experience. As one of the fastest growing digital payments platforms in the insurance industry, One Inc processes billions of dollars per year in premium and claim payments.

One Inc provides carriers with the ability to give their customers what they want and expect: control, convenience, consistency, and continuity. That's the strength derived from the **Power of One™** — a cohesive and seamless experience for both inbound and outbound digital payments.

To discuss your digital payment needs, please call **(822) 209-1688** or email inquiries@OneInc.com

Endnotes

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