Insurance Customers, and How to Keep Them by Using Connected Technology

By Alec Miloslavsky

It seems that no matter the industry, customer expectations for personalized service are high, and getting higher.

Insurance customers now commonly make comparisons based on experiences in other industries, and rarely take into account whether requests are feasible based on the company's financial or market position, technology available, or even products offered. Customers today seemingly don't have to consider those factors, because if Company A can't or won't offer what is needed, chances are Company B both can and will.

The balance of power has shifted, and the customer is clearly in control in this new landscape or buying environment. And, right or wrong, customers are in the habit of placing even more importance on service when it comes to insurance products or coverages. Let's face it, competition in an increasingly commoditized market is intensifying. In response, insurers are pursuing digital transformation strategies to revitalize critical processes and products to become more customer-centric and, therefore, better able to meet anytime, anywhere service needs in an all-out effort to not only win, but keep, customers.

Unfortunately, many current digital strategies are faltering, taking longer than expected to implement and to deliver real business benefit and return on investment (ROI). This is often the result of insurers' continued struggle to break free of conventional, siloed approaches to

> *Alec Miloslavsky, CEO of EIS Group, explains how carriers can keep their customers through the use of connected technology. Better understanding and use of the Internet of Things is a key part of this strategy.*

technology-driven improvement of business operations. New thinking is required that aligns with customer expectations. From the customer's perspective, technology

should only exist as a means to enable product delivery and service in an omni-channel environment. This cannot be provided without a holistic view of the customer and a unified approach to the technology that dissolves the boundaries between sales and marketing, and policy, billing, and claims servicing.

Embracing the Integrated Office

Within any given company, individual departments often forge ahead with marketing automation and modernizations of agency and direct support systems, such as customer and agent portals, CRM and mobile capabilities, to help advance the notion the company is becoming more customer-centric. Unfortunately, if the organization is not transforming itself as a collective whole, individual or departmental efforts are not optimal because the new digital customer expects to have a relationship with the whole organization. It is not helpful to deliver excellent pre-sale customer experiences, for example, and then follow up with fragmented post-sale servicing experiences, or vice versa.

For most insurers, this conundrum is a result of the disconnect between acquisition activities, the transactional processes supporting the issuance and servicing of the policy, and limited customer data sharing between the policy, billing and claims systems themselves. In particular, acquisition systems are often only loosely connected to core administration systems, and typically lack insight into the customer's profile or current situation.

In order to overcome this roadblock, insurers must begin embracing the "integrated office" on an enterprise level, and in turn, breaking down the wall between front office and back office to help move from a transaction-focused environment to a customer-focused environment. This shift in perspective focuses on delivering consistent and informed customer engagement across all interactions.

Consider the current customer engagement model, which is based on reactive transactions, such as insurance applications, claim filings, and appeals for copies of policy documentation or insurance cards. These types of customer and distribution channel partner requests are relatively low-touch, and offer little or no opportunity for proactive contact or value-added interactions. To meet this very conventional, reactive need, insurance systems have traditionally been designed narrowly with a policy-centric focus around processes and transactions in a tail-wags-the-dog scenario. Most systems are designed for policy record-keeping rather than customer data collecting and sharing. Indeed, most systems define a "customer" as a mere attribute of a "policy." Unfortunately, this approach reinforces the use of silos and forces insurers into licensing and adopting single-purpose solutions that cause integration headaches, deliver isolated improvements, drive larger wedges between front and back office and line of business (LOB) systems, impede a portfolio view of the customer, and reduce any ability to be nimble or competitive.

Customer-Centricity: A Two-Way Street

Moving beyond technology as an enabler of simple, but isolated, transactions means finding ways to free customer data trapped in disconnected organizational silos which force customer service or call center employees to waste valuable time traversing multiple systems to answer a simple question, and which ask customers to enter the same information twice. In this scenario, process improvement is important, but not an end goal in and of itself. It must, instead, be part and parcel of the effort to make the insurance organization more customer-centric.

Insurers need to get comfortable with the reality that customers expect to interact efficiently and accurately with any insurer representative regardless of silos and manual processes preventing full context and holistic data access on the back end. The customer-centric insurer enables every frontline employee and automated system to conduct informed and in context interactions with customers.

Correspondingly, the customer gets easy access and consistent experiences. It's a two-way street.

This new customer engagement model harnesses the combined power of customer engagement and customer transactions. When acquisition and post-sales servicing systems, are unified in real-time, and feed off common customer data, a qualitative shift happens across the organization and is projected externally as well. The new vision broadens the business capabilities and range of services or interactions that can be both offered and executed.

Real-time insights from marketing, sales, service, and claims fuel new processes where the content of messages and interactions are customized and optimized. Each interaction then triggers the best next action, which might be a cross/upsell offer or a service escalation, safety alert or even a third-party offer. And, when customers sense cultural enhancements behind interactions, the engagement level rises and retention increases. This new quality and greater frequency inherent to these interactions triggers a virtuous, instead of vicious, cycle, in which customers expect, and receive, more value from each transaction.

A More Holistic View of Technology

Today's strategic insurers are thinking differently about technology as the fast-setting reality of the new customer paradigm takes hold. Today's customer-centric approach to digital transformation has to be enterprise-wide, and start at the core administration level, where integrated technologies allow insurers to avoid silo traps and wasted investment.

Insurers can now implement a digital platform that unifies sales, marketing and post-sale service systems to achieve a whole new level of customer experience. A unified digital platform approach puts data to work in smarter transactions. A new level of technology integration taps into the trove of information that is resident in core systems, combines that data with sales, marketing, and servicing insight and exe-

cutes real-time interactions, in the right context, at the right moment and with the right information or offer.

To make this happen, systems must be integrated from the start (pre-integrated) or at least tightly integrated by explicit design. Loose links and cobbled interfaces will not meet needs.

There are four key components of the integration: a common data model used by different areas of the company to market to a customer, provide customer service or handle a transaction; advanced digital marketing and communications management solutions with real-time integration with core administration systems; modern, open core administration systems with services-based architecture which enables multiple integration points to bundled or separate digital marketing systems; and, omni-channel experience management capabilities which prevent loss of relevant contextual information as customers move between channels.

The unified solution is an emerging capability inher-

ent to marketing, sales and core administration solutions which include a high degree of configurability that allows insurers to define when, where and how, in the customer engagement lifecycle, customers and prospects are pinged for brand-awareness, product offers or education, and other potentially value-adding interactions. This rapid-fire connectivity makes marketing campaigns more effective and servicing interactions more informed. When every interaction is meaningful to the customer, the customer will never tire of it. Research shows customers almost crave more engagement.

Sensing the Future: Customers at Center of IoT Revolution

Internet Of Things Concept-The IoT revolution is already having profound implications on the role of insurers and their relevance to customers. It demands transformation from product providers to personal

risk managers to asset protectors and more. Designing new IoT-based insurance products and services will require thinking about the customer experience first.

The IoT revolution threatens to plunge insurers into a

connected world where data is flowing in from myriad sources. For example, insurers can choose to deploy applications that connect smartphones and devices in the home, or wearables, in order to deliver a variety of useful services. Some of these new connections will help to mitigate risk for insurers; some will

simply add convenience to the policyholder's life. Expect loss control in commercial lines to progress from spot-checks taken months apart to real-time monitoring. And, anticipate the steady migration of commercial loss control IoT capabilities to personal lines where it is relevant and cost-effective. Insurers will need modern core administration systems to manage any IoT-related transaction, and while not all data will be processed as a transaction by a core administration system, a good deal of it will.

Suddenly, insurers will have daily transactions with customers, instead of just a few times a year as has been the case with renewal letters, bills, or even less frequent, claims. The engagement will be more proactive and the touch points will be different. Core administration systems will be required to manage customer preferences and communications and track the status of each. In fact, going forward core administration systems will function even more like a hub or heart of an insurance company, acting as a central

nervous system for insurance IoT capabilities.

The convergence of customer needs for more personalized engagement and the unlimited opportunities for differentiated products and risk mitigation services generated by the IoT calls for an IT investment response that is implemented holistically, accommodates an exponential rise in customer interactions, and provides real-time monitoring of both front and back office views. This represents some serious technology heavy lifting, and should come in the form of a unified platform for sales, marketing and core administration.

Understanding the Opportunity

The measure of success for insurers on this path to customer-centricity can be found in the answer to this simple question: "Does your organization have a single view of customer, and does your customer have a single view of you?" If

the gap between the current state and this desired state is a chasm, some Internet concept. Social network communication in the global comnew thinking is likely in order: It is time to consider whether recent digital transformation investments

embrace a unified technology approach and are building a unified company able to deliver true customer-centricity.

Becoming a unified insurer is much more than a technology play or IT initiative. It is a new way of thinking which recognizes insurers must be unified, silo-liberated organizations where each

department is informing and affecting the actions of other departments – in real-time – armed with a new customer engagement model and ability to manage the customer relationship from a holistic viewpoint. This means that throughout the company, the customer relationship will be understood from the same perspective across the spectrum of marketing, sales, and service. It represents a strategic shift from static to dynamic customer insights and engagement.

Why does it matter? In a word: Opportunity. There are profound improvements in customer relationship management, the experience of the customer, and the value that an insurance company is able to deliver. The insurer/policyholder relationship is radically recast from one in which customers pay and might file a claim, to one in which both parties are partners in the mitigation of risk. The bottom line is potential—for a significant impact on customer service, growth, and profitability. CM

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