

The Ambitious Insurer's Guide to Human Centricity

Ambition

1a: an ardent desire for rank, fame, or power

// With her talent and fierce ambition, she became a very successful actress.

1b: desire to achieve a particular end

2: the object of ambition

// Her ambition is to start her own business.

3US: a desire for activity or exertion

// felt sick and had no ambition

Source: Merriam-Webster



Table of Contents

A More Human-centric Future for Insurance	1
The Advantages of Customer-centric Data-fluid Core Systems	2
Personalization and Escaping the Sea of Sameness	3
Making Insurance Relevant and Personal Again	4
Using Data to Reward Customers	4
Using Data for New Relationship and Revenue Opportunities	5
The Power of Data in the Customer Experience	6
Freeing Human Capital	6
Claims Success: Informing Customers and Managing Expectations	7
Creating Life-long Customers	8
About EIS	9

A More Human-centric Future for Insurance

One of the greatest challenges insurers face is the transactional nature of their customer relationships and the resulting customer churn. Given people's experiences with retailers and banks, weeks-long paper-based sales cycles are out of the question.

It wasn't always this way. Local agents and brokers used to manage relationships with their customers over years and decades. They created value by knowing their customers and coaching them through the seasons of life to protect their health, wealth, properties, businesses, and loved ones.

While this ideal still exists, the reality is that for too long now, many insurers have prioritized operational efficiency as a primary goal for their technology investments, frequently at the expense of insureds, agents, and brokers. But now, **insurance productivity** has largely stalled, the insurance gap is increasing, and people want **more and better options** when deciding how to protect their futures.

While no one would advocate for making any company less efficient, new approaches to building your insurance core systems prioritize effectiveness – through data fluidity and customer-centric data structures – to **engage and retain customers, agents, and brokers.**

But perhaps the most important consequence is this:

A more **human-centric future for insurance** and an escape from insurance's commoditized sea of sameness.

The Advantages of Customer-centric Data-fluid Core Systems

Consider that the beating heart of most insurance core systems platforms is the policy administration system. Almost without exception, the policy number is primary, and customer data is associated with it. As a result, insurers struggle to create a single view of customers with multiple policies, often resorting to data lakes and other workarounds. Customers with multiple policies struggle with multiple accounts, out-of-sync bills, and disjointed customer experiences.

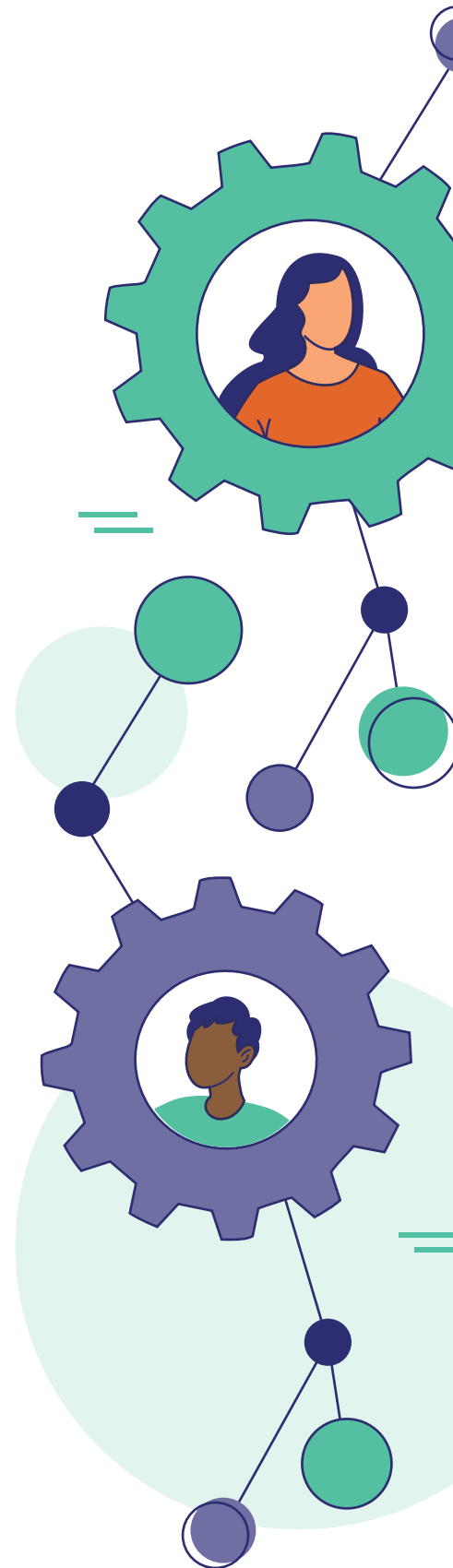
With their closed “monolithic” architectures, even more-recent insurance systems are unlikely to support the volume, variety, and velocity of customer data shared in ecosystems and via IoT devices. Further, most policy administration systems were built specifically to support policies for a single insurance segment (just life, or benefits, or P&C/general, or health, etc.), thus impeding insurers’ ability to act as a one-stop shop for their customers’ insurance needs and amplifying that disjointed customer experience.

If these foundational aspects of insurance core systems do not change, data fluidity and, therefore, human centricity is nearly impossible.

However, customer-centric and data-fluid systems liberate insurers in a number of important ways. For example, systems built around customer data are designed specifically to support a 360-degree view of customer data for more personalization, and multiple insurance policy segments, enabling insurers the opportunity to consolidate policy administration and other insurance systems – even across insurance segments – for greater savings and scalability.

In addition, those with cloud-native architectures likely feature application programming interfaces (APIs) and microservices to facilitate quick-change and in-flight integrations, making switching partners in and out comparatively easy.

Cloud-native architectures also improve analytics capabilities with scalable, native AI, enabling personalized product suggestions based on activity and life circumstances. Also, regular, automated updates and subscription-based pricing via SaaS agreements can significantly increase palatability to the C-suite.

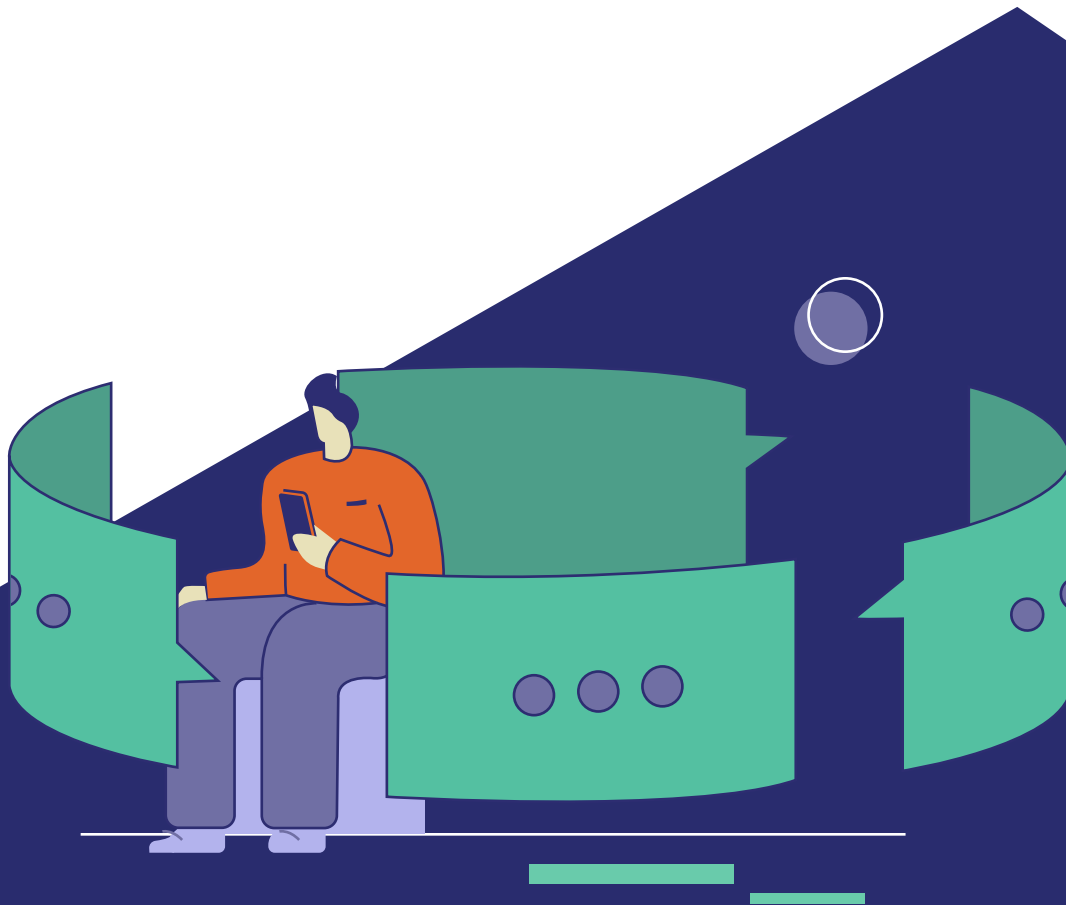


Personalization and Escaping the Sea of Sameness

Those insurers that are able to break free of the constraints of legacy systems and their archaic product-centric data structures will find themselves liberated to completely reimagine quote-to-claims customer experiences.

While these data-fluid insurance models are largely automated and data driven, the result ideally is a return to knowing customers and acting like it. The appropriate customer data can and should be used to inform and drive more meaningful relationships and effectively service customers' changing insurance needs as their incomes grow, they get married, have children, buy homes and cars, fund college educations, start businesses, switch jobs, or retire.

Customers benefit from relevant, timely, and personalized communications, and ambitious insurers are liberated to pursue new business models and relationships based on their customer knowledge. Operational efficiency naturally increases as a result of this greater digital connectivity and customer focus.



Making Insurance Relevant and Personal Again

Chances are you've been offered an **embedded insurance policy** with a recent online purchase. That \$10 extended warranty on your new headphones or laptop? That's an embedded policy. That \$7 trip insurance offered with your flight and rental car? Another example.

This cross-selling model has quickly gained traction because — at the moment of purchase — it's contextually relevant and addresses an individual's immediate concern. These simple partnerships and products offer insurers comparatively low-cost access to new customers and markets. Plus, through digitally streamlined pricing and purchasing processes — data fluidity — they increase operational efficiency.

The next step is to build on that simple model with real-time data to deliver something even more valuable: personalization via ecosystems and “embedded insurance 2.0.”

Using Data to Reward Customers

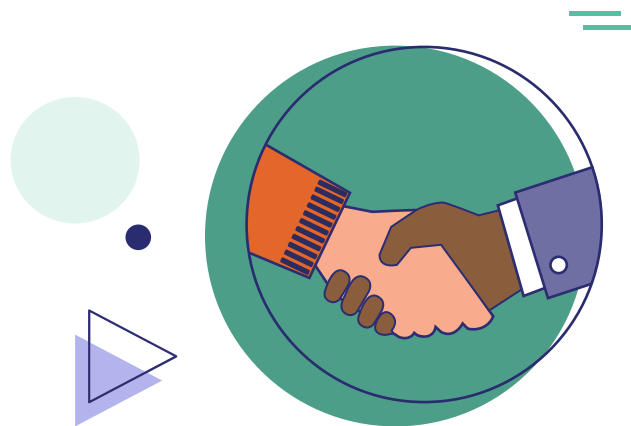
For many, usage-based insurance offers the most familiar example of real-time data's impact on insurance. New cars are full of sensors that can detect, record, and transmit data about a driver's behavior. From miles driven and when, to detecting phone use, hard braking, aggressive cornering, maintenance status, and other details, those sensors can document and transmit cautious, conscientious, or risky habits.

As this technology has matured, and with the application of advanced analytics and AI, sensor data can be used for various purposes in addition to risk assessment and pricing. Automakers and insurers are partnering to add and share demographic, geo, financial, and third-party data to understand individuals and to create deeply personalized and contextually-relevant products, services, and customer experiences.

Further, they're creating digital ecosystems with a variety of partners to retain, reward, and grow those individual customer relationships. Each of those interactions and purchases within the ecosystem then contributes to an ever-more detailed portrait of the customer and opportunities to satisfy their individual needs.

From the customer's perspective, there's real value. Personalized and timely communication from the insurer through mobile apps, text, portals, and dashboards can be used to mitigate risk, reward and influence behavior, lower insurance, maintenance, and operating costs, and reduce marketing noise.

Personalized performance metrics, comparisons, rewards, and other gamification techniques create even more customer engagement and loyalty. Plus, all of the above can inform and support customer interactions, benefiting insurers, agents, brokers, CSRs, and partners.



Using Data for New Relationship and Revenue Opportunities

Sensors and IoT devices are in phones, watches, heart and activity monitors, beds, thermostats, drones, moisture detectors, “tiles,” and thousands of other devices.. As a result, real-time data-driven business models are spreading across insurance segments.

With just a bit of creativity, one can reimagine health and wellness coverage sold with smartwatches and health-food stores, gyms, spas, and meditation or exercise apps participating in the ecosystem. Similarly, home and commercial real estate policies could be sold through security systems, smart thermostats, and water-detecting sensors. Contractors, staffing firms, and hardware stores would clamor to join that ecosystem.

According to [research by McKinsey & Co.](#), ecosystems are having a sizable and positive impact on insurers. For example:

- Autohome, Ping An’s online car-purchasing platform, attracts 38 million visitors per day, generating one-third of customer leads for the insurer’s P&C and financial services businesses.
- Users of a health-and-wellness-management platform by Discovery, a South African insurer, have 28% fewer hospital stays and 10% fewer chronic conditions, likely because of a combination of selection effects and actual behavior change.

In more sophisticated models, insurers are even partnering across insurance segments – a phenomenon we’re calling “the Great Crossover” – and sharing data to increase customer knowledge, market share, and offer discounted premiums.

Insurers that take the initiative to work with regulators, establish partnerships, and build ecosystems are more likely to benefit from customer and transaction data and secure a competitive advantage.

This is the precedent we’ve seen in the U.K. with open finance. Bankers that demonstrated their openness to working with regulators are benefiting from a wave of creative and connected financial solutions and distancing themselves from laggards.



The Power of Data in the Customer Experience

Perhaps the most urgent opportunity is to use this proliferation of data to simplify and accelerate the purchase process. Given their experiences with retailers and banks, weeks-long paper-based sales cycles are out of the question. Further, customers, agents, and brokers now expect insurers to simplify their choices, prefill forms, bundle appropriate options, and accelerate the shopping experience from days or weeks to moments.

All of which is doable, at least for those insurers leveraging data-fluid customer-centric insurance systems. Thusly equipped, insurers can access and act on data from internal and external sources, including insurtechs and other partners.

For example, readily available demographic, geographic, motor vehicle records, prescription, and other data sources make it feasible to prefill quotes and applications with highly accurate data for immediate rating and pricing. And many insurers are taking the next steps: using artificial intelligence and machine learning to suggest bundles of life, wealth, and wellness insurance and even including auto, rental, or homeowner's policies that address their individual circumstances.

From the buyer's vantage, the experience is smooth, fast, and informed. By leveraging what insurers know about individuals, they can cut through the marketing noise with relevant products, filtering out those products that don't fit based on age, marital status, income, demographics, and other information.

Freeing Human Capital

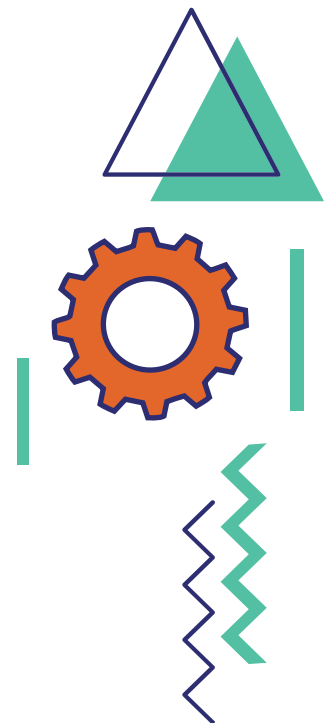
For insurers, becoming human centric also is about liberating human capital. If you ask most insurance people what their day looks like, it's a far cry from their job description. As an actuary, for example, your job is to develop new and better ways to price risk, create fairness, and expand economies. And yet many spend most of their time wrestling with technology to make price changes.

The reality is that legacy processes and modern legacy systems handcuff talented people and teams. One insurer's internal and confidential estimate was that more than 80% of its pre-transformation IT budget went to maintaining modern legacy systems, severely curtailing budget for innovation projects. Once ambitious insurers have put the right technology into place, they can reappropriate those resources and apply them to innovation.

Another benefit of liberating human capital from the drudgery of legacy systems maintenance and thinking is that it helps in recruiting. Ambitious firms entice talent with cultures that promote work-life

balance, risk-taking, and creatively challenging work. To create a culture of experimentation and a fail-fast mindset, having the right tools on your side is essential.

But true innovation requires rethinking how you serve customers and disavowing orthodoxy. Innovation creates new ways to solve unmet customer needs and monetize that solution. Whether your ambitions are driven by new products, markets, customers, or business models, innovation must increase value and spur growth and legacy thinking and modern legacy systems offer only resistance.



Claims Success: Informing Customers and Managing Expectations

When it comes to cementing customer relationships with insureds, claims offer the moment of truth. But in terms of managing claims, insurers have a way to go.

Overall satisfaction scores have declined to a five-year low, according to the “J.D. Power 2022 U.S. Property Claims Satisfaction Study¹,” despite the enormous promise of digital claims.

“Longer cycle times, material shortages and personnel availability put added pressure on insurers to keep customers informed and expectations managed,” said Mark Garrett, director, insurance intelligence at J.D. Power. “Unfortunately, these digital tools are not always meeting expectations, resulting in support staff needing to get involved. That disconnect creates a major drag on customer satisfaction.”

According to the report, 2021 is the first year in which a digital channel — email — surpassed phone calls to and from the insurer as the most frequently used communication method.

- Mobile app usage increased 19 percentage points, and had the largest increase in usage
- 11% of customers fully utilized digital channels for all major steps of the claim – from FNOL to digital estimation to mobile apps or web channels – for status updates
- Customers using only digital tools throughout the claim process resulted in their repairs starting nine days sooner, and overall satisfaction scores were 33 points higher than among customers who used no digital tools in the claims process
- Customers using a hybrid digital/offline approach reported satisfaction scores 47 points lower after submitting photos but needing to arrange for an in-person inspection

Auto insurers, however, saw customer satisfaction stay level in 2021 despite rising rates. The “J.D. Power 2022 U.S. Auto Insurance Study²” attributed this to the growth of usage-based insurance, people’s positive experiences with it, as well as those insurers’ advance communication and transparency around price increases.

According to the report, when auto insurance customers engage with insurers via both digital and live channels, satisfaction with the live channel increases due to increased efficiency. “A multi-channel strategy is a successful approach, and the same is true when live channels are added for customers who primarily take a digital-first approach,” J.D. Power said in a press release.

“The current situation is a tough one for auto insurers, but it is not impossible in the current inflationary environment to build customer satisfaction and retention,” said Robert Lajdziak, director of insurance intelligence at J.D. Power.

¹ The “J.D. Power 2022 U.S. Property Claims Satisfaction Study” measures claims satisfaction with P&C insurance customers who have filed a claim by examining; settlement; claim servicing; FNOL; estimation process; and repair process. The study is based on 5,724 responses from homeowners who filed a claim from April through December 2021.

² The “J.D. Power 2022 U.S. Auto Insurance Study” examines satisfaction on billing process and policy information; claims; interaction; policy offerings; and price, and is based on responses from 36,935 auto insurance customers from January through April 2022.

Creating Life-long Customers

The impact of human centricity is real, including up to a 16% price premium on products and services, plus increased loyalty, according to [research from PwC](#).

Just as insurance agents and brokers establish long-term relationships with insureds, insurers themselves have the opportunity to develop similar relationships – in both B2C and B2B2C models. In short, with better data access and utilization, insurers can know their customers better and act like it. By virtue of personalized products, bundles, and excellent service, ambitious insurers make it very difficult for competitors to lure them away.

From the insurer's perspective, rehumanizing insurance through more relevant communication – via mobile apps, text, portals, and dashboards – can create closer relationships and new revenue opportunities by mitigating risk, rewarding and influencing behavior, lowering insurance and operating costs, and reducing marketing noise.

It is possible for ambitious insurers to break free from the commoditization of insurance. Offering personalized customer experiences and more positive, frequent, and valuable interactions is a potent way to demonstrate human centricity and rise above the competition. But success will require more data fluidity than the insurance industry has been capable of. Until now.

“ At EIS, our objective is simple: to offer control without compromise and help ambitious insurers innovate without barriers. After decades of building their businesses on policies, insurers need to put customers at the center of everything they do and focus on future proofing their businesses.”

— Rory Yates, SVP, Corporate Strategy @ EIS



About EIS

EIS is the first choice for ambitious insurers focused on future proofing their businesses and building the customer-centric insurance platforms of tomorrow.

Founded in 2008, EIS provides a digital insurance platform specifically engineered to remove every obstacle and give you the freedom to pursue and achieve your most important strategic goals. Its open, flexible, cloud-native coretech platform liberates insurers to grow market share and enter new markets, develop new products and build engaging experiences while lowering acquisition costs, boosting retention, and delivering greater revenue and profits for the long term.

Headquartered in San Francisco, EIS powers premium growth for insurers in all lines of business worldwide. For more information, visit [EISGroup.com](https://eisgroup.com) or follow @EISGroupLtd on Twitter and LinkedIn.

Sound interesting? We should chat.

Learn more about how cloud-native coretech is helping ambitious insurers realize their goals.

Book your discovery call