Customer Experience Insights For Insurance

**BY PRASAD VUYYURU, THOMAS CHILL AND
SREEKRISHNA SUBRAMANIAN**

An approach to using the power of data
to maximize customer lifetime value.

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Today's Customer Expects a Highly-Personalized and Efficient Brand Experience

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Insurance companies are operating in a highly-competitive and challenging environment – one that is driven by industry cost pressures, rapid digitalization and a deeper array of consumer choice. Financial success can be directly linked to customer satisfaction, which is driven by momentary experiences that a brand delivers during key moments-of-truth with the customer. In simple terms, today's empowered insurance customer no longer possesses the loyalty drive they once had, and are highly likely to change carriers if their service expectations are not met during critical touch-points.

Operating in this environment requires companies to tailor individualized experiences to their ever-diverse customer base - through efficiency, accuracy and relevancy. To be successful, organizations must understand what their customers expect, and what specific elements will drive (or hinder) their satisfaction.

In a series of recent studies, J.D. Power reported that customer satisfaction levels of life, home and P&C customers rose to record highs last year. While the reasons for these improvements vary across insurance segments, improved economic conditions, favorable pricing and better customer engagement were cited among them.[3] The studies also highlighted some key findings:

Life Insurance - Improved engagement among new customers (tenure less than 4 years) helps drive satisfaction[3]

Home Insurance - Multi-channel interactions throughout the term of a policy produce the highest levels of customer satisfaction[4]

Auto Insurance - Digital status updates of claims produce overall satisfaction levels that are 33 points higher among customers who receive them[5]

P&C Insurance - Fastest time to settle claims drives highest satisfaction levels[6]

Business Capabilities Platform

These findings reinforce important take-aways for insurers seeking to drive higher levels of satisfaction with their customer base. In our work with a number of large clients across the space, developing a robust platform of business capabilities is a critical driver of future success. The anchors of this include:

Analytical Capabilities - to monitor customer perception, determine value and drive improvements in processes and interaction touch points

Digital Capabilities - to provide continuous, personalized and multi-channel customer communications

Information Capabilities - to know individual customers better using a wide range of available data sets

The opportunity for insurance companies to improve their operational performance by providing a differentiated customer experience is profound.
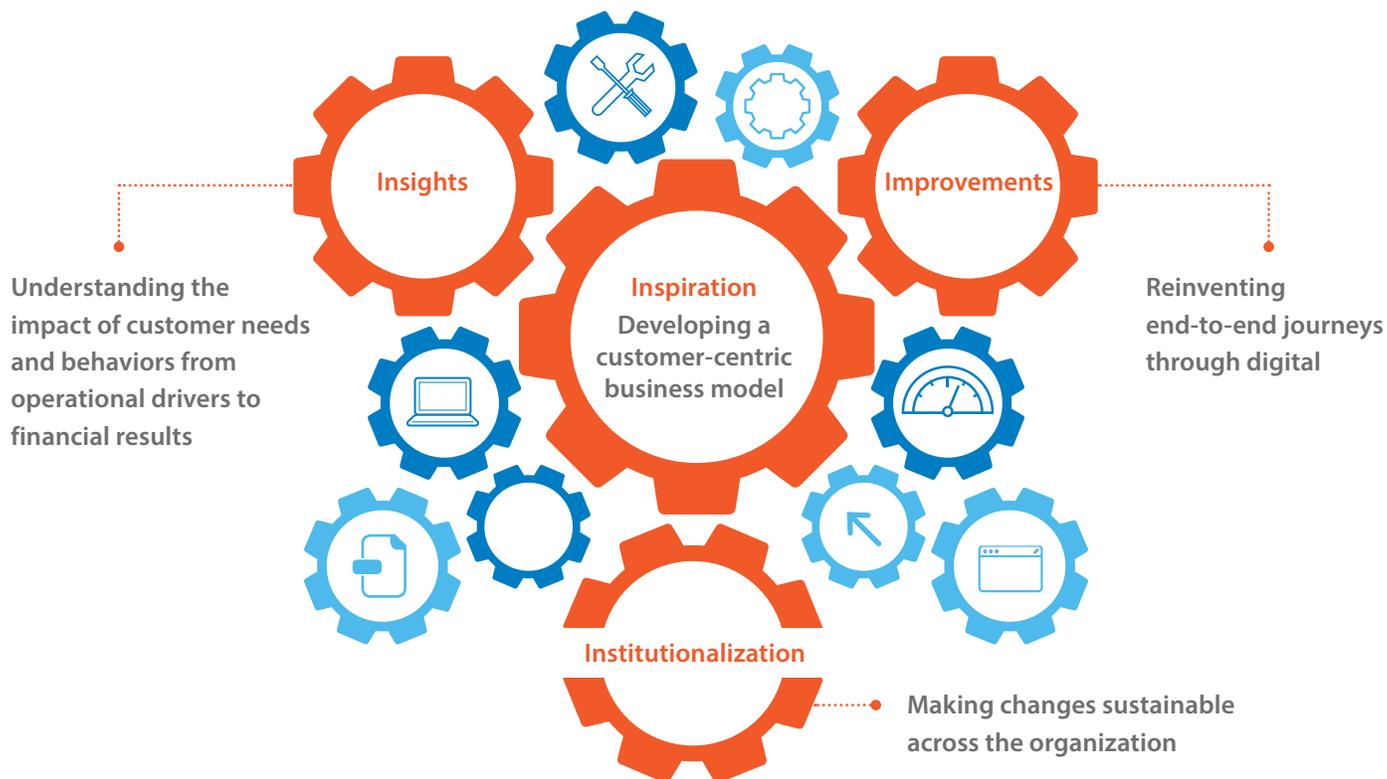
"We simply don't have a business without our clients entrusting us with their business and finding us worthy of their renewal and referrals."

– Larry Keefe, Chairman & CEO of Starkweather and Shepley Insurance Brokerage, Inc.

Customer Experience Engine

Insights

Improvements

Inspiration
Developing a customer-centric business model

Institutionalization

Understanding the impact of customer needs and behaviors from operational drivers to financial results

Reinventing end-to-end journeys through digital

Making changes sustainable across the organization

A Backbone Anchored in Data

Insurance is a business based on information, analysis and relationships. It's an industry that already appreciates the ability to predict and profile, to figure out the right variables to watch, and to determine the optimal balance between demographics and behaviors. The industry naturally thinks in terms of risk - and probabilities and differences - among various customer segments.

So, insurance is fertile ground for analytics, because it applies to all facets of a carrier's business. In addition, insurers are capable of capturing data and information from every customer interaction, including information about customer needs, products, services, claims and response time.

Why is improving the experience so challenging?
A company's customer experience refers to how its buyers perceive their relationships resulting from all interactions throughout the customer life cycle. It's about knowing customers so intimately that personalized experiences can be created and delivered that will entice them to not only remain satisfied and loyal, but also to evangelize to others about the brand.

According to Forrester Research, 86% of business leaders place customer experience as their top strategic priority.

Gaining this depth of knowledge comes from extracting insights from all key brand touch points and engagement channels across the enterprise, for every stage of the customer lifecycle. It's about harnessing mountains of customer data and extracting valuable insights from it, with pin-point accuracy at an individual user level.

A typical insurer today delivers experiences through different, often disjointed channels like the web (for marketing messages and promotions), call centers (for claims) and service departments (for underwriting). This structure often overlooks the fact that the overall brand experience is a single journey, not a collection of touch-points.

An Approach to Solve These Challenges

1. Focus on specific customer journeys for maximum impact

For each high-value customer segment, best-in-class companies optimize user journeys beyond individual touch-points. Analytics is the key to determine which operational drivers and expected service levels lead to the best satisfaction. In addition, this level of detail can help companies avoid over-investing in areas that will not differentiate them from competitors. For example, customer satisfaction with the claims process has much more to do with the efficiency of the process than it does with the resulting payment from the claim.

To ensure smooth interactions with every claim requires a framework of new KPIs and analytical models. For example, when a claim is initiated, an analytical engine can be used to quickly assess a number of variables:

- Is this a simple claim that should be paid today?

- Is this a claim that can be investigated simply with police reports or the information that's provided by the claimant?

- Does an adjustor need to be assigned? Does the adjustor have to go out and see the damage or can the customer simply be referred to a repair shop?

- Are there more serious issues to the claim? Is there a possibility for litigation? Is the claim somehow fraudulent?

If, when the initial claim comes in, the insurer could know the optimal path to take with the claim, they would not only save money but also improve customer satisfaction. And, in order to know what path to take, insurers need to analyze and model the characteristics of every kind of claim report that comes in.

2. Invest in a portfolio of business capabilities

A broad portfolio of business capabilities is critical to improving the customer experience. Of course, to drive the best opportunities forward, each insurer needs to focus on the highest impact capabilities relevant to their business imperatives.

3 Key Capabilities

Information Capabilities

Capabilities to enhance and extend our knowledge of customers from behavioral, descriptive, interactive and attitudinal data

EXAMPLE ADDRESSABLE QUESTIONS

- How do I achieve a unified view of customers across the enterprise?
- What data do I need that will enable my ability to drive customer experience improvements?

Analytics Capabilities

Analytics to gain deep insights, historically and in near real-time, into customer behavior and needs to anticipate and shape outcomes

EXAMPLE ADDRESSABLE QUESTIONS

- What segment represents my most loyal customers?
- How do I analyze sentiment and brand perception from public information?
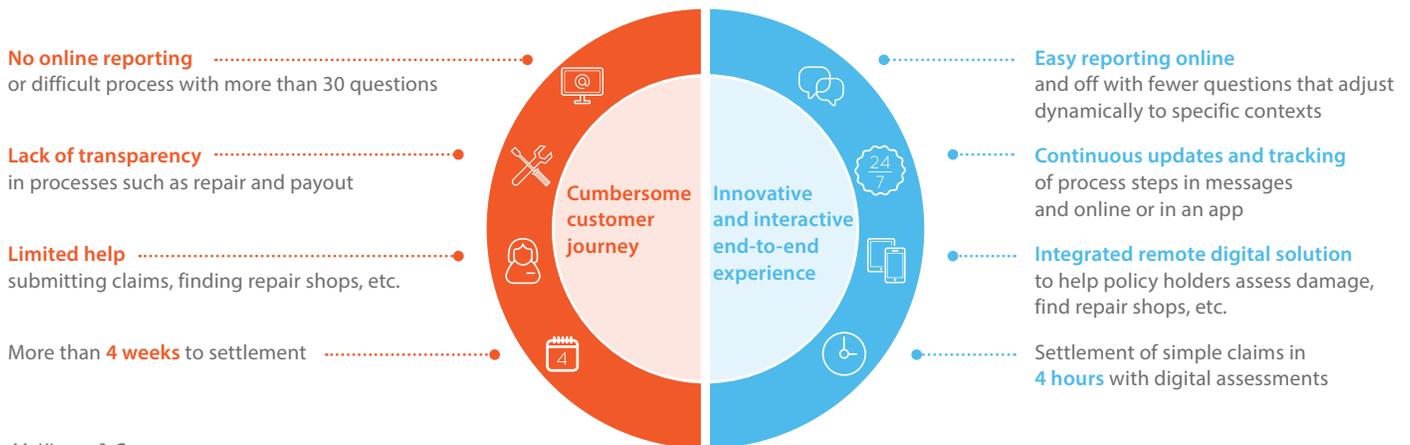
Digital Capabilities

Capabilities to optimize multi-channel customer engagement to build the relationship and differentiate the experience

EXAMPLE ADDRESSABLE QUESTIONS

- What's the right way to communicate and increase customer involvement in interactions?
- How do I connect the right digital offering with what customers want?

How a Claims Journey might be Transformed

Efficiency gains of up to 30% with digital self-servicing, straight-through processing, and lower call volume

No online reporting
or difficult process with more than 30 questions

Lack of transparency
in processes such as repair and payout

Limited help
submitting claims, finding repair shops, etc.

More than **4 weeks** to settlement

Cumbersome customer journey

Innovative and interactive end-to-end experience

Easy reporting online
and off with fewer questions that adjust dynamically to specific contexts

Continuous updates and tracking
of process steps in messages and online or in an app

Integrated remote digital solution
to help policy holders assess damage, find repair shops, etc.

Settlement of simple claims in **4 hours** with digital assessments

McKinsey & Company

3. Use long-term customer value as the determinant of success

Customer centricity is a strategy that aligns a company's products and services with the current and future needs of a set of customers in order to maximize their long-term financial value.[2] This means only the lucrative customers and segments matter in the long run, and therefore the firm's over-arching objective should be to improve the sum of those customers' future revenues.

To measure key experiences, it is critical to build and link KPIs that are tuned to customer value. KPIs on customer service satisfaction, loyalty and future revenues can be combined into a customer value KPI, which can be further measured by customer segment, locality, etc.

Establishing a strong link to value provides a clear view of what matters to customers and where to focus organizational efforts. To construct this link, organizations can start by defining the behaviors, actions and decisions that create value, establishing the right metrics of measurement, and then following the value chain over time to quantify the economic outcomes of different experiences.

Creating Competitive Advantage

Insurance companies are well-positioned to obtain customer experience insights due to the mass of collected data, as well as the underlying heritage in using analytics to run a business in this space. We believe the major tenets of any successful customer experience insights program can be summarized as follows:

- Focus on clearly identified customer journeys where impact can be maximized

- Invest in business capabilities that make optimal use of the enterprise-wide data that already exists

- Use objective, quantitative KPIs to measure gains in long-term customer value

- Analyze customer experience improvements over the complete customer lifecycle

Want to learn more about how to approach such an initiative? Please reach out to our experts today for more information on our views and experiences.

Our VRM Methodology
Linking customer experience improvement to long-term value through quantifiable metrics.

Goals	Objectives	Initiatives	Value Drivers	KPIs
Increase long-term customer value	Increase revenue	Improve client acquisition	Increase new clients	# of new clients
				# of new goup accounts
			Increase personliazed offers	% crossover rate
		Improve cross-selling	Increase product penetration	% of households
				# of policies per household
	Deepen client relationships	Improve client loyalty	Reduce terminated contracts / policies	Policy retention rate
				% of in-force vs terminated policies
		Increase client engagement	Increase client advocay	Net Promoter Score / # referrals
			Increase client education/ advisory	# of advisory interactions
				% of advisory vs service interactions
	Improve customer service	Improve service rep effectiveness	Improve customer satisfaction	Overall CSAT score
				First call resolution
			Optimize service rep training	Overall call quality
		Improve cross-depth effectiveness	Improve integration across depth	% transfer rate
				Average claims handling time

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Our Enterprise Insights Team

At Infosys Consulting, our team of experts believes that data is the key to unlocking an organization's full potential in today's digitally-centric world. Our consultants focus on helping companies see new opportunities by analyzing insights across the enterprise, and creating turn-key solutions for them to drive growth and competitive advantage. To learn more, contact our North American consulting leaders, Prasad Vuyyuru at prasad_vuyyuru@infosys.com, Thomas Chill at Thomas_Chill01@infosys.com, or Sreekrishna Subramanian at Sreekrishna_S@infosys.com.

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