



Digital Insurance

Customer Experience Transformation



Index

Introduction



Section

01 

Key Megatrends

Section

02 

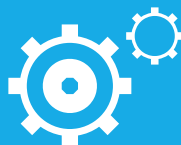
Digital Vision for
shaping the Future

Section

03 

A glimpse into
the future

Conclusion





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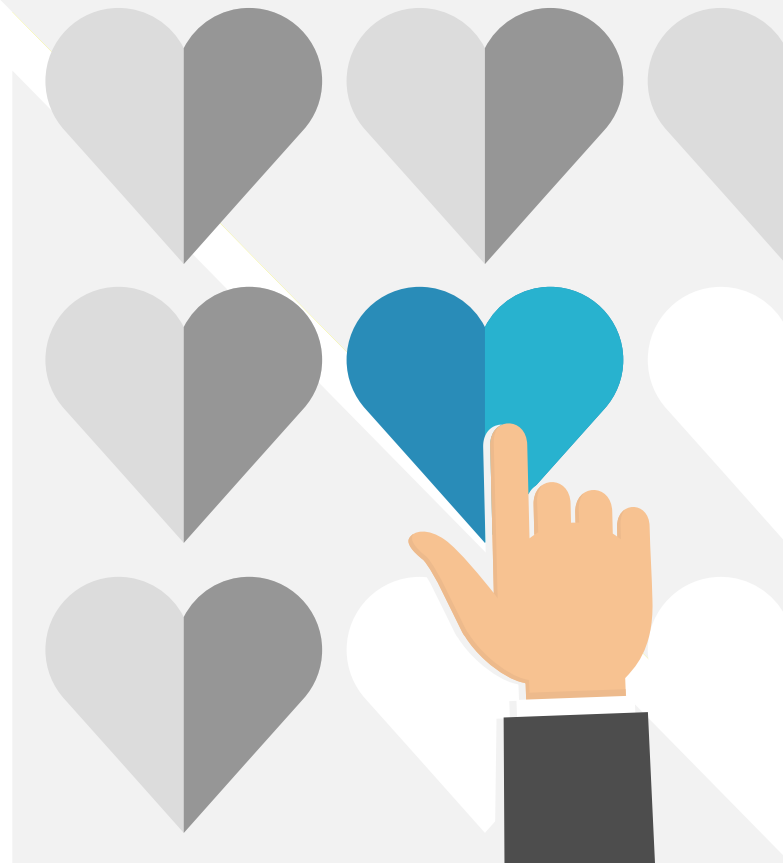
Introduction

Customer Experience (CX) is defined by interactions between the client and the organization throughout their business relationship. Interaction may encompass issues as diverse as awareness, discovery, advocacy, purchase and service. Companies that offer best-in-class customer experience are growing faster and more profitable. To achieve this level, insurers must continuously improve customer journeys across channels and business functions. The difference between large and poor customer service has always been clear, and businesses at the wrong end of the spectrum usually pay the price for their complacency. This is just as valid for insurance as it is for any other customer-facing company.

Delivering superior customer experience need more than creating a mobile app and hiring call center personnel. It requires substantial investment, continuous improvement and collaboration across customer channels and business functions, from distribution and subscription to claims handling.

Most insurers view every consumer touchpoint as a separate activity, ranging from visiting the website to calling an agent. Nonetheless, consumers perceive such incidents as steps in a continuous path to address a specific need, such as home security, injury recovery and personal safety.

An engine for sustainable growth can be increasing customer satisfaction, but it takes a common vision and new levels of collaboration through historically strong organizational silos. The establishment of cross-functional, multi-channel customer experience should be a priority for the CEO and the Board. In this context, digital tools are opening up new opportunities for insurers. A number of commercial line carriers use digital tools to improve their journeys. The delivery of superior customer experience depends on the full range of pricing, products and services.



Introduction



Section 1
Key Megatrends

Section 2
Digital Vision for
Shaping the Future

Section 3
A Glimpse into
the Future

Conclusion

Only a holistic approach will offer measurable and ongoing changes. A successful approach to excellence in customer experience has four core elements: motivation, insights, enhancements, and institutionalization: [1]

Inspiration: Develop a comprehensive vision and clear goals for a customer-centric operating and business model. A customer-centric transition starts with an overall vision that is exemplified by senior leaders and replicated across the company, but a customer-centric culture's real value is exposed when workers mobilize behind a common purpose that pushes them to go beyond their regular working norm.

Insights: Build customer insights and connect customer satisfaction with key business performance indicators (such as churn and cross-selling). Improvements in customer experience from an organizational point of view benefit from a clear understanding of customer needs and their consequences. Most customer-centric processes also improve efficiency, but large investment decisions require a clear articulation of costs and benefits, such as how much value an innovation adds from the point of view of the customer and how much of a competitive edge it offers. In other words, strategies for customer satisfaction should be based on facts, not emotions. The majority of companies rely on top-down metrics and internal surveys to assess customer satisfaction.

“A SATISFIED CUSTOMER IS THE BEST BUSINESS STRATEGY OF ALL”



[1] Tanguy Catlin, Ewan Duncan, Harald Fanderl, and Johannes-Tobias Lorenz. (2016). The growth engine: Superior customer experience in insurance. McKinsey and Company

Introduction	Section 1 Key Megatrends	Section 2 Digital Vision for Shaping the Future	Section 3 A Glimpse into the Future	Conclusion
------------------------------	--	---	---	----------------------------

Improvement:

Redesign consumer journeys dramatically from start to finish, using the equivalent of digital components. Analysis of research findings help insurers determine where to spend, but this process also requires discipline if it were to successfully reinvent consumer journeys. Based on a five-step model, travel can be optimized. Usually, an effective process requires a cross-functional team of sales, operations, IT and other members [2] :

STEP 1 Break down the journey using customer perspective as a central focus.

STEP 2 Map the journey against current internal operations.

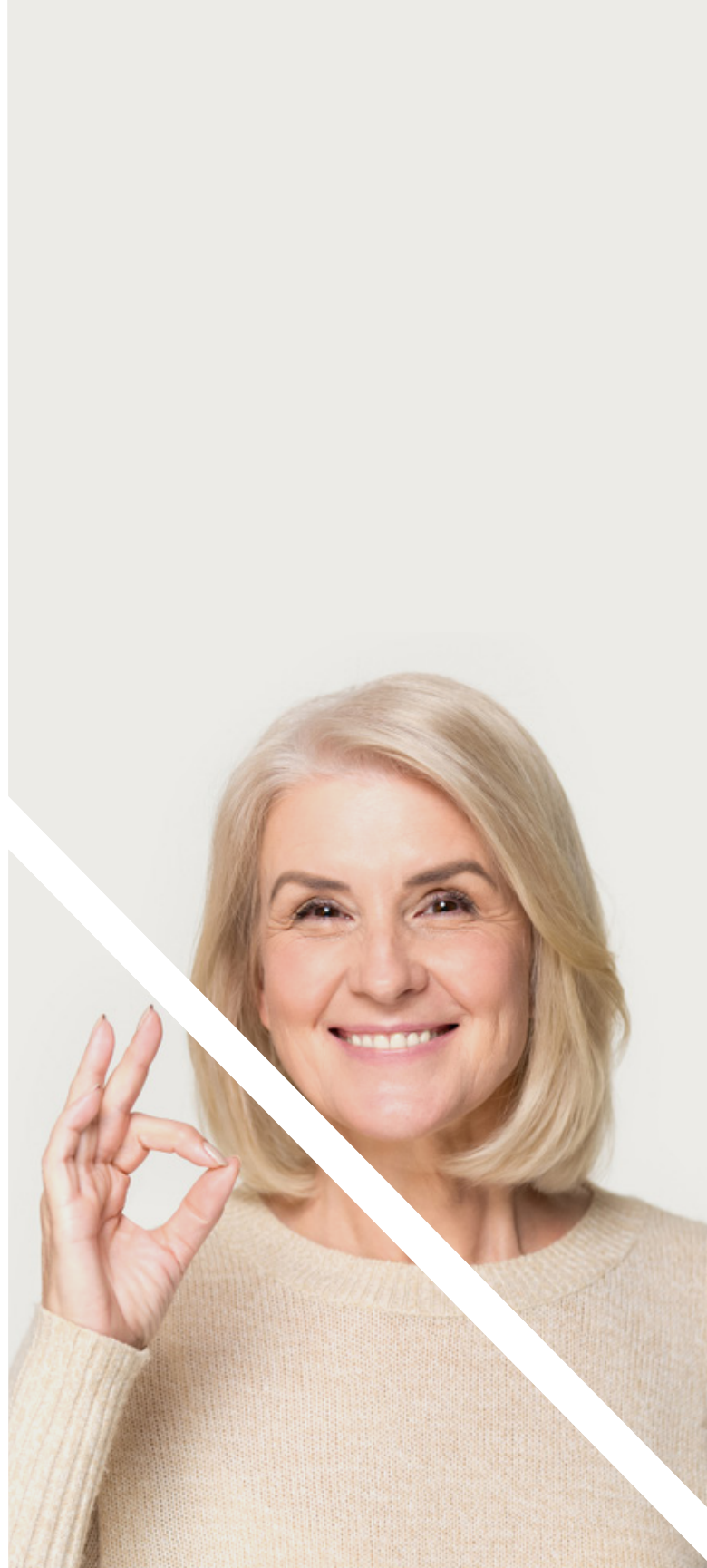
STEP 3 Call out the “wow moments” and pain points, such as unnecessary wait-times or delays in communication.

STEP 4 Prioritize pain points based on what matters most to customers.

STEP 5 Radically redesign the journey to address the pain points and focus on customer needs

Institutionalization:

Create customer-centricity across the entire enterprise, from the front line to the c-suite, changing culture and processes. Sustained changes in customer satisfaction are only achievable if the entire company unites around the initiative, from top executives to the front line, and the rollout is fast.



[2] Tanguy Catlin, Ewan Duncan, Harald Fanderl, and Johannes-Tobias Lorenz. (2016). The growth engine: Superior customer experience in insurance. McKinsey and Company

Introduction	Section 1 Key Megatrends	Section 2 Digital Vision for Shaping the Future	Section 3 A Glimpse into the Future	Conclusion
--------------	-----------------------------	---	---	------------

Five best practices increase the chances of success are outlined below:

- » **Strong executive ownership** and a clear mandate to drive change across the organization for cross-functional travel owners
- » **Central monitoring system** which measures ongoing customer knowledge to the appropriate organizational KPIs, enabling input and improvement
- » **Lean management practices** with regular performance dialogues about customer satisfaction between top management and operational leaders

Many businesses achieve initial success in customer experience with one or two small, fast pilots to demonstrate impact and generate knowledge. They then use the momentum to scale up improvements across the company, deploying three or four categories of customer journeys at a time, each with organizational owners. A strong central team uses a structured approach that recognizes synergies between consumer journeys, such as in call centers for support and claims, and defines the skills required by individual areas of success. In terms of customer loyalty, each group has clear objectives with respect to the best competitor. [3]

Figure 1 | A customer experience excellence engine integrates best practices for transformation. Tanguy Catlin, Ewan Duncan, Harald Fanderl, and Johannes-Tobias Lorenz. (2016). The growth engine: Superior customer experience in insurance. McKinsey and Company.



[3] Tanguy Catlin, Ewan Duncan, Harald Fanderl, and Johannes-Tobias Lorenz. (2016). The growth engine: Superior customer experience in insurance. McKinsey and Company

Introduction	Section 1 Key Megatrends	Section 2 Digital Vision for Shaping the Future	Section 3 A Glimpse into the Future	Conclusion
--------------	-----------------------------	---	---	------------

A low-angle, upward-looking photograph of modern glass skyscrapers. The buildings are composed of a grid of dark metal frames and large glass panels that reflect the sky and clouds. The perspective creates a sense of height and scale. A wide, light gray diagonal band cuts across the image, serving as a background for the text.

Section 1 Key Megatrends

5 Megatrends

Advances in digital technologies, coupled with significant changes in consumer behavior, open new opportunities for insurers to refine their models of market segmentation, offerings and distribution. In an era where insurance demand remains low and customers gradually dictate how their insurers can meet their needs, these innovations also provide carriers with the opportunity to increase their importance and profitability by communicating more often and offering personalized services. [4]

Although technology is changing the way that consumers communicate with insurers, a high regard for personal interaction remains an important factor within the wider industry. The complex nature of insurance products and the need for feedback from consumers has ensured that some level of personal interaction must be a key component of the overall channel strategy. Customers prefer a simpler and more straightforward brand, so informed choices are easier to make and exert a strong effect on the role of insurance agents. In a business where margins are under increasing pressure, insurers need to choose where to invest across the value chain to avoid adding extra costs while still charging customer service agents.



1. Rising customer expectations

[5] Accenture. (2017). The voice of the customer.

Introduction

Section 1
Key Megatrends

Section 2
Digital Vision for
Shaping the Future

Section 3
A Glimpse into
the Future

Conclusion

Companies realize no one can own Customer Experience

Every consumer wants the Amazon-style customer experience, without realizing what needs to occur to make it happen. The whole company been developed with a customer experience mind-set. A customer-first mindset is a lot different from hiring a Chief Customer Officer and thinking that your work is done. Nowadays, firms are thinking about customer experience in everything they do, from hiring and developing leadership to marketing, supply chain, logistics, IT infrastructure, product design and continuous business improvement. Each person in the company understands the ways in which customers are affected by their work, and is motivated to help solve every customer problem and provide the best possible experience. Businesses with a small team dedicated to customer experience may be in trouble. Each department must be entirely customer-oriented.

Innovation is key to success

It is fair to say that it is not seen as groundbreaking by many insurers. In many cases this conservatism could be seen to be a positive force- when claiming a policy, consumers want to deal with organizations that have the financial strength to fulfill their obligations. Nevertheless, as competition increases, innovation and new ways of providing insurance, such as connected devices, will be central to the competitiveness of businesses, and customers are now demanding the same high level of service from any company they work with - whether it is an online retailer, an insurer or a telecommunications provider. Insurers therefore need to foster innovation throughout the customer journey, particularly with regard to the products and experience they offer.

Because of the strong emphasis on customer experience, in processes and consumer journeys, it is not only breaking points that become evident. Management of professional customer experience also reveals potential for innovation at all levels. When taking the consumer perspective consistently, blind spots in the depth and breadth of products and services are exposed. First and foremost, insurers should discard with silo thinking when it comes to their own businesses. When this has been effectively abolished, insurers not only need to think outside the box in terms of their own value chain, they also need to look beyond the limits of industry.

In the next 5 years, consumers of insurance coverage will become more and more channel-agnostic and expect nothing less than a personalized experience. This will allow companies to provide the contact with a way to get close, individual and contextual. To meet this goal, insurance companies will need a mix of innovations and resources already being embraced by insurers that recognise opportunities to take the lead early on and change their behaviors to accept and invest heavily in the digital future by streamlining the path and experience of their customers. [38]

[38] Firas Ghunaim. (2019). Digital Insurance: The customer journey. Vardot

Introduction

Section 1
Key Megatrends

Section 2
Digital Vision for
Shaping the Future

Section 3
A Glimpse into
the Future

Conclusion 



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