INSURANCE CUSTOMER EXPERIENCE: MEETING THE EXPECTATIONS OF TODAY'S CUSTOMERS PART 2

Customer preferences are now more skewed towards actual experiences and personalized offerings. Servicing the Insurance customer of the future will require strategic focus on 4 critical priorities:

Priority 1: Meet changing customer needs with new and bespoke offerings

Driven by changes in other sectors, Insurance Customers now expect more personalized insurance solutions. It is no longer business as usual and one size simply does not fit all anymore. Consumer preferences are now more looped around experiences than commodities. This has sparked the rise of the sharing community, a cultural shift from owning to sharing.

- Usage-based models and more recently, the sharing economy are strongly challenging more traditional insurance products. New players are able to leapfrog the typical legacy issues and leverage innovation to fill gaps in the market.

There is a need to reimagine traditional Insurance products and cater to specific customer needs, rather than impose a limited range of fixed products. Many insurers are already in the early stages of enhancing and personalizing the customer experience.

Exploiting social data to understand customer needs and understanding customer sentiments about products and processes are some early applications of AI. The next stage involves predicting customer needs and anticipating behavior by studying past trends, leveraging Machine learning and reality mining techniques.

Priority 2: Simplify and automate operational processes

- Robotic process automation and Artificial Intelligence are also compelling market differentiators being leveraged by new entrants to deliver underwriting and other operational Insurance processes efficiently, at scale and with minimal human intervention. For example, the use of Underwriting Rules Engines is a game-changer in digital insurance sales, enabling rapid-fire Underwriting and increasing reducing underwriting TAT by up to 200% in some instances.

- More advanced application of AI in claims management will involve building platforms that can accurately model frequency and severity of losses over various economic cycles and subsequent application of these insights to product design, distribution and marketing.

Simplifying processes will drive consistent customer experience across channels and improve overall effectiveness.

Priority 3: Leverage data (it's there, use it!)

Data is king and in Insurance, the possibilities are endless for improving the customer experience and risk underwriting:

- Established insurers traditionally have the benefit of years of detailed risk data. However, new data types from various sources are now accessible in real-time and enable generation of a wider variety of risk insights. The data sources are endless and range from telematics to real-time weather observation etc.

Leveraging 'Big Data' in Insurance uncovers new opportunities that were unattainable using traditional data sources. Servicing current and future Insurance customers with their ever evolving, untraditional product needs, will require a mix of augmented (human-mediated) and automated risk underwriting.

Priority 4: Explore innovative approaches to risk underwriting and loss mitigation

- As customers become more digitally savvy, socially aware and informed, protection-based Insurance models are shifting to more preventive /loss-mitigating models. Potential loss events can be preempted by leveraging data from multiple unconventional sources. New players now offer risk prevention (not just loss protection) as a differentiator and customers are basking in the euphoria of this new level of customer-centricity.

The proliferation of service providers across industries initiated a shift of bargaining power from service provider to consumers. The Insurers who win will be those who can navigate new risks while still creating the level of customer-centricity that drives loyalty.

As customer needs and the face of competition evolve, Insurers who win will be those that provide compelling and differentiated service experiences.

Process excellence, product differentiation and Service Innovation will attract and drive customer stickiness/loyalty, while the right data and disruptive approaches to risk underwriting will ensure sustained profitability.

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