GhostDraft

The Insurance Customer Experience Redefined:

Beyond Customer Service and Digital

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Customer Experience Redefined

In today's insurance landscape, intense competition and rising customer expectations make customer experience (CX) more important than ever. Many insurers see it as their primary differentiator and the key to gaining share in this highly competitive market. According to Gartner, 81% of companies expect CX to be the key battleground for market dominance.[1]

What exactly is the customer experience? Read a sampling of articles on the subject, and you'll find these common themes: empathy, service, customer intimacy, simplicity, transparency, and convenience.[2] These are all essential attributes if you hope to become a customer-first provider. But it's how you achieve these that will set you apart from the crowd.

Responsive support and user-friendly portals have become table stakes in the customer experience game. So, where can you look next? This e-book explores three less apparent factors that can play critical roles in your customers' experience: your communications, your products, and your distribution. As a preface to that discussion, this guide will remind you why customer experience is so important.

In closing, you will learn the six key components of customer experience and tactical actions you can take to build a better CX. This checklist, along with guidance on technologies that support the three factors covered in this e-book, will help you deliver a superior customer experience that drives a sustainable competitive advantage.
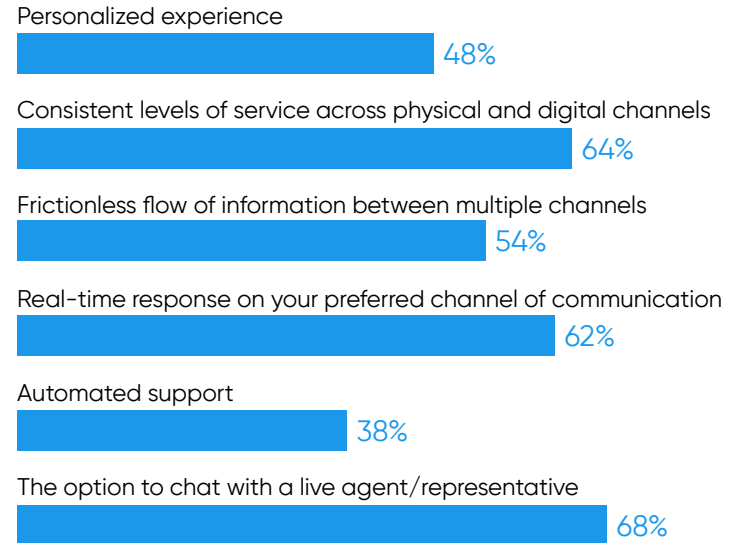
Why is Customer Experience Important?

Delivering a great customer experience helps insurers drive retention, brand advocacy, and profitable growth.

Each interaction with an insurer creates a lasting impression that can determine whether a policyholder will renew. In fact, 49% of customers who did not switch providers last year said it was because they had a good experience.[3]

On the flip side, one out of six insureds report that their carrier failed to meet expectations.[4] Poor customer experiences lead to higher churn rates, with 16% of surveyed insurance customers saying they switched companies due to a bad experience.[5] And there are ripple effects. Consider the damage to your brand from a subpar service experience posted on social media. Estimates place the cost of acquiring new customers to replace the ones you lose at $500 to $800 apiece, so CX to drive retention should be a top priority.

Perhaps most importantly, customer experience affects profitability. McKinsey found that US auto insurance carriers that provided consistently superior experiences created two to four times more new business and 30% higher profitability than their subpar peers over a five-year period. Simply put, "companies that offer best-in-class customer experiences grow faster and more profitably." [6]

What do customers expect from their insurance experience?

Personalized experience
48%

Consistent levels of service across physical and digital channels
64%

Frictionless flow of information between multiple channels
54%

Real-time response on your preferred channel of communication
62%

Automated support
38%

The option to chat with a live agent/representative
68%

Source: Ipsos & Medallia Customer Experience Study 2019

Communications for Today's Customer

Insurers have limited opportunities to interact with customers, so every touchpoint is critical. Whether you are delivering a quote, issuing a policy, settling a claim, or sending a bill, your communications can help you build empathetic relationships that produce engaged and loyal brand advocates.
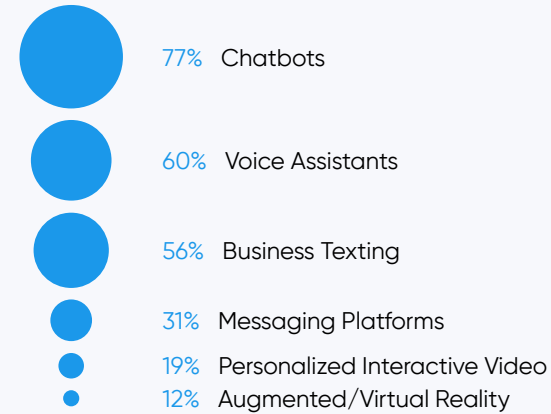
In an increasingly digital world, more and more insureds and agents expect a connected experience. They want the ability to quickly communicate with insurers through immediate online access to documents and forms. In fact, 41% of insurance customers say they are more likely to switch providers due to a lack of digital capabilities.[7]

As beneficial as it may be, a digital experience also has its challenges. Today's connected customer is empowered with access to more information than ever before. And with data increasing exponentially[8], they expect a digital experience that helps them sort through the clutter and get rapid access to the information they need. Documents, correspondence, and emails need to be timely, relevant, clear, and customized through all channels.

While insurance customers expect immediate access to information, they also want the ability to quickly interact with their insurer. All too often, carriers only focus on sending messages instead of creating interactions. Using two-way SMS messaging, chatbots, and interactive documents, forms, and videos empowers insurers to get out of static, one-way communications and build the two-way experience that customers want.

In this era of personalization, providing a choice of communication channels is essential. There are many ways to reach customers, including texting, messaging platforms, chatbots, and interactive documents – and some customers still prefer paper through the mail. Insurers need to offer customers the same timely, relevant, and clear communications, whatever their medium of choice.

What are the digital communication trends in insurance?

- 77% Chatbots
- 60% Voice Assistants
- 56% Business Texting
- 31% Messaging Platforms
- 19% Personalized Interactive Video
- 12% Augmented/Virtual Reality

Source: SMA Research, 2019 Transformational Technologys for P&C

What is your highest priority for customer communications?

Customer Experience	61.3%
Omni-Channel Communications	49.0%
Digital Transformation	45.3%
Single Customer View	32.3%
Mobile Engagement	22.3%
Personalization	13.7%

Source: SMA Research, 2019 Transformational Technologys for P&C
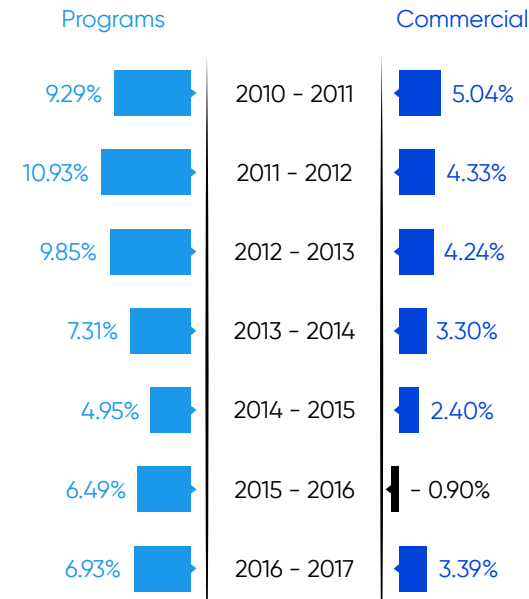
Products from the Outside In

In the consumer world, personalization has become a key factor in driving customer brand preference. A recent survey showed that 91% of consumers are more likely to buy from a company that provides relevant offers and recommendations.[9] Just think about your experience with companies like Amazon or Netflix. They understand your needs and preferences based on your history and present you with relevant product suggestions.

In the insurance world, personalized products can help carriers and MGAs create a differentiated customer experience. Given a choice, most businesses would rather buy an insurance product designed specifically for them than a one-size-fits-all. They want the comfort of knowing their coverages and limits address the nuances of their industry.
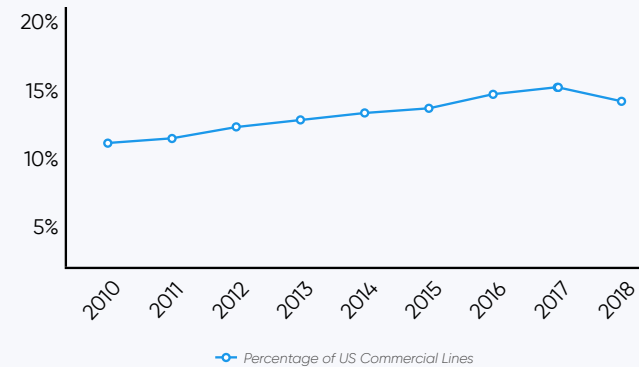
Program business is the insurance industry's answer to personalized products. It goes beyond the generic to deliver highly tailored products to precisely targeted market niches. Program writers understand the unique challenges of the markets they serve, and the products and services they need. Program insurance influences the customer experience because it pays serious attention to three fundamental business questions: Who are we selling to? What do they want? How can we reach them? [10]

The program approach makes sound business sense, which may explain why program insurance has grown at nearly double the rate of the total market over the past decade.[11] And programs create loyal customers. 28% of program administrators report renewal rates of 90% or higher.[12]

Growth of Programs Compared to US Commercial Lines

Programs		Commercial
9.29%	2010 – 2011	5.04%
10.93%	2011 – 2012	4.33%
9.85%	2012 – 2013	4.24%
7.31%	2013 – 2014	3.30%
4.95%	2014 – 2015	2.40%
6.49%	2015 – 2016	– 0.90%
6.93%	2016 – 2017	3.39%

Programs as a Percentage of US Commercial Lines

Percentage of US Commercial Lines

The Role of Intermediaries

With an increasing number of companies pursuing direct-to-consumer insurance, is the demise of the agent inevitable? Perhaps, but only for the simplest of products. For buyers of complex commercial insurance, the advice of an experienced agent will never be replaced by the likes of chatbots, portals, and automated quotes.[13] And the MGA-agent partnership will continue to play an essential role in the customer experience.

This is especially true of MGAs acting as program managers. They deliver value to their carrier partners and potential policyholders. For the carrier, MGAs provide entry into new markets and the profitability that comes from expert underwriting in specific business classes. For the policyholder, they offer a product designed specifically for their business needs.

MGAs also provide businesses with greater access to these industry-specific products. A single MGA may have thousands of appointed agents that, because of their small size, are unable to represent certain carriers on their own. Because of their scale, MGAs can gain access to the carriers and programs that are the best fit for insureds.

The MGA-agent partnership offers more responsive service, too. Because the MGA holds "the power of the pen," quotes can be generated quickly, without the typical back and forth between agent and carrier. While everyone else waits for a brokered quote to come back from the open market, program managers can be first to the agent with a proposal.[14]

The estimated number of program administrators in the U.S. held steady at

1,000

despite active M&A activity.

A Superior Customer Experience

If a well-trained call center and an online experience have become table stakes, how can you stand out from the crowd? Consider how your approaches to communications and products demonstrate what KPMG calls the Six Pillars of Customer Experience.[15] Here are some suggestions:

- **Demonstrate empathy.** Know your customers' pain points. What are their unique challenges? Design your communications and products around your answers to these questions.

- **Make it personal.** Play to the specific needs and preferences of your customers. Demonstrate that you and your agents understand their businesses by delivering communications and products that are relevant to them.

- **Make it quick.** Respect your customers' time and be responsive. Turn around quotes, settle claims, and resolve problems quickly.

- **Meet expectations.** First, set expectations through clear and concise communications. Then, follow through on your commitments and communicate what you've done.

- **Keep it simple.** Make it easy to do business with you. Offer multiple communications channels that enable your customers to engage with you wherever they are.

- **Act with integrity.** Show your customers you care about their interests as well as yours. Communicate how they can prevent a loss, and if they do have one, how they can ensure their claim is fulfilled.

Technology Matters

Historically, insurers have relied on several **customer communications management** systems to meet their communications needs. But managing multiple systems requires more money, time, and staff.

Forward-thinking insurers are consolidating around one centralized and agile platform. They choose cloud-native solutions that offer preference management, communication reporting and analytics, and true omnichannel delivery. This empowers them to streamline communications processes company-wide, giving them more time to focus on what's really important – building stronger connections with customers.

For **policy and product management** systems, the approach is somewhat different. Carriers and MGAs are moving away from a "one-size-fits-all" approach. They acknowledge that no single system supports all types of business equally well. Instead, they are carving out lines or books and matching them with systems that best fit the business need.

For programs, they select systems with the flexibility to create highly customized products that keep up with changes in the market. And since most carriers tune rates, rules, and forms by line or state, they prefer a system that supports multiple adoption strategies for bureau updates. When they accept the updates, the best of these systems preserve their rate, rule, and form customizations, so no major rework of the system is required.

The Bottom Line

Creating a customer experience that differentiates you from the rest requires some innovative thinking. Broaden your thought process beyond customer service to include product design, communications, and distribution. Start first by understanding your customers and their unique needs. Evaluate the products and processes you use to serve them. And ensure that you have the right technology partners that will help you execute on your customer experience goals and evolve as the market changes.

About GhostDraft

The way people communicate has changed for good. As consumers, we have new expectations. We want two-way experiences that are personalized, interactive, and responsive. That's why we designed GhostDraft, an intuitive suite that empowers insurers to transform communications into engaging experiences. For over three decades, carriers have leveraged GhostDraft's cloud-based customer communications management (CCM) suite to streamline the design, delivery, and management of personalized, omnichannel communications at scale. GhostDraft integrates into your business to create better experiences, greater efficiency, reduced risk, and more agility.

GhostDraft empowers insurers of all sizes to:

- **Improve Experiences.** Optimize and deliver communications that are personalized to each individual's preferences based on data-driven insights. This enables you to engage customers and make them more likely to spend more money, try new products, and become excellent brand advocates.

- **Create Efficiencies.** Empower your team with the only all-in-one CCM tool on the market, allowing business users to create, modify, approve, manage, and deliver communications with greater ease and speed.

- **Minimize Risk.** Give your team easy-to-use tools to collaborate with legal and compliance, automate versioning and history archiving, and search and reuse approved content to ensure compliance and brand consistency.

- **Generate Cost Savings.** Gain immediate ROI from reduced printing and postage expenses as well as call center volume by delivering clear, personalized, and interactive multichannel forms and documents.

Discover how your team can start building better experiences by visiting www.ghostdraft.com.

35+
years of pioneering digital communications

65+
happy insurance customers in North America

100%
implementation success and retention

20,000+
empowered business users

About Instec

Powering Insurance Innovators

Insurance programs can surely help you offer your customers a personalized product experience. But most programs are far from simple. Bureaus issue hundreds of rate, rule, and form updates every month. And most insurers will adopt these changes differently across the multiple lines they offer and states they serve. The right technology to navigate these complex waters is essential.

Instec's insurance platform helps innovators meet the challenges of personalized products with:

- **Rapid Time to Market.** The Instec Policy system can go live in as little as six weeks – in all 50 states, for multiple lines. A full library of bureau content provides a 90% complete system that you can build upon. FastTrack customization and self-configuration tools take care of the rest.

- **Optimal Cost of Ownership.** SaaS pricing and cloud deployment align costs with revenue, so you can launch programs at a low entry cost and scale up affordably as your business grows.

- **Reliable Implementation.** Instec's insurance experts apply proven business rules and then assess the impact of each new bureau update to ensure your customizations are always preserved.

- **Accessible Data.** With an accessible data structure, you can painlessly migrate entire books, eliminate duplicate data entry, and integrate seamlessly with other systems.

These elements combined create rapid time to value. That's why over 200 rating companies use Instec systems to manage programs for over 230 market niches, representing nearly $3 billion in premium. Nobody knows programs like Instec. Find out more at www.instec-corp.com.

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