

The below Insights E-mail is part of a continuing series designed to highlight key products and services to our readers. This sponsored Insights E-mail was written and edited by *Risk & Insurance*® on behalf of our marketing partner.

Insurance industry moving to digital solutions To deliver a more “sticky” customer experience

Insurance carriers of all types today are hard-pressed to increase operational efficiency and reduce costs. So what else is new?

The insurance industry has always had those two objectives on its radar screen. But the times, well, they are a-changing.

Instead, says Kit Hamilton, Director, Product Marketing for Customer Communications Management (CCM) at Pitney Bowes Business Insight Inc. (PBBI), in today's world, as competition increases and operating budgets continue to shrink, it's more important than ever for insurers to build and maintain the highest levels of customer satisfaction and loyalty. To get there will take a technology-fueled, enterprise-wide CCM strategy that gives customers -- the people who are getting very used to the online buying and service experience -- something to make them stick around.



“The success factor for many insurers today lies in their ability to leverage high-quality, personalized communications to drive greater value to their customers and throughout the enterprise,” says Hamilton, adding that the old ways no longer can get that job done.

She explains that for years, insurers have had to rely on inefficient, and often inflexible, legacy document-generation systems. With the advent of today's fast moving, digital world of quick Web access, smart phones and tablet devices, many of those legacy systems are now being retired, putting insurers at even greater risk and driving the need to consider more advanced technology solutions to meet their CCM needs. Replacing those legacy systems has always appeared to be a daunting – and very expensive – task. But now the time has come, at least when it comes to an effective CCM strategy.

“The solution needs to be one that delivers the flexibility, scalability and reliability to drive high-value personalized communications to all customers, at any time thru any channel,” Hamilton says.

Hamilton's observations are bolstered by the fact that in North America, insurers invested more than \$7 billion in 2010 trying to improve customer communications and better manage documents and content, according to a recent research report from Strategy Meets Action (strategymeetsaction.com), an insurance advisory firm based in Boston.

According to the 2011 SMA report, entitled “CCM & ECM: Insurer Priorities and Plans,” the focus is indeed shifting from cost savings to improving the integration of these solutions across the business to drive growth. In fact, SMA found the top investment areas include e-delivery, correspondence management, and electronic bill presentation and payment, as many insurers are trying to move from paper to digital strategies.

“The top three business drivers for CCM and ECM [Enterprise Content Management] are about enabling growth, not the older reasons of improving operational efficiencies and reducing costs,” says SMA founder Deborah Smallwood, who co-authored the report with SMA Partner Mark Breeding. Smallwood identifies the three top business drivers as improving customer service, better understanding customer/market needs, and improving customer retention.

However, though their hearts may be in the right place, the electronic communications area in insurance still lags. For example, while more than one-third of respondents in the SMA research report that 50 percent of their customer communications are electronic, more than one-third also say they still conduct 75 percent or more of their customer communications via paper.

“Many insurers see the need to develop integrated, enterprise-wide strategies for CCM and ECM,” says SMA's Breeding. “And while progress has been made, the organizational and technical challenges are considerable and tend to result in point solution implementations.”

He adds that even with CCM moving up the food chain within insurers' strategies, there are only a few insurers who have implemented strategies across the enterprise to coordinate and manage CCM and ECM.

That comes as no surprise to PBBI's Hamilton.

"Insurers are trying their best to optimize their customer communications, which include correspondence, documents, email, etc., but it is a real challenge based on the paper-intensive insurance industry history," she says, adding that with the massive changes going on outside the industry in today's digital world, especially via the Internet, insurers need partners who can help them manage large amounts of communications – paper-based and digital - quickly, easily and well, with an end-to-end solution.

Hamilton says group health insurers, for example, have requirements that say that within a specific amount of time they need to explain benefits to insureds. But a booklet or other paper-based platform is no longer what most consumers are used to, or prefer. After all, many do their shopping on Amazon.com and are using Facebook on a regular basis. Many read their daily newspaper online, and no longer have it delivered at the front door.

"What we are seeing is there are certain insurers within the industry who care a great deal about the overall customer experience, but they were ahead of the pack" she says. "The insurance playing field is getting even more competitive. Companies that are seen as enhancing the customer's life will be the ones customers choose in the long run."

PBBI, with its comprehensive CCM solution and the power of its patented data quality tools and applications, can respond to an environment where insurers want more flexibility beyond a few templates. For example, insurers certainly want to be able to push out bills, but they also want an easy to use, interactive communication delivery platform as the way they interact with customers.

"When an insured dials up a call center or contacts an agent, they want to know that the information they provide will be considered in the next communication, not just the current one," Hamilton explains. "Insurers need to improve the content and at the same time make it interactive, whether that is via email, texting, whatever. Customers want the ability to communicate with their insurer in a multi-channel way, and they want it done well via options such as self-service."

Aside from data quality and true two-way communications, PBBI provides location intelligence technology, data management applications and predictive analytics as part of the overall solution to insurance carriers. For example, if an insurer needs to determine the best time to send policy or claim information, or take advantage of a cross-selling opportunity, PBBI's CCM solution can deliver it.

"Timing is important," Hamilton says. "If a customer is in the middle of a claim, it is probably not the right time to offer a new product."

In addition, PBBI offers powerful data management capabilities that go well beyond the basics. If an insurer needs to have accurate personal data, PBBI's data management capabilities offer that capacity. Or, if a claim is made in which someone says they had damage caused by hail, PBBI's data mining capabilities can verify if hail was in the area on the day a claim was made.

"Historically, insurance companies were not built with flexibility when it came to technology," she says. "Insurers believed that building technology internally was preferential. But what we see with CCM, there have been significant strides made with master data management. Companies such as GEICO and Progressive changed everything."

As hard as it is for insurers to understand, she adds, they are competing against the Amazons of the world when it comes to defining what the best strategy is for building customer loyalty.

"Insurers trying to make the leap from a brick-and-mortar business model to one that is based on a digital document and communications strategy do have a major change ahead, but the recognition for this change is there," she says. "It's important to realize that IT is not the only option, as IT and every internal stakeholder must collaborate and share ownership of the customer experience. The only Even with something as mundane as billing, customer communications has become a critical success factor in today's world."

PBBI offers the capability to give insurers the opportunity to succeed with CCM, from a single contact point.

"The technology and capabilities are here," Hamilton says. "It's just a matter of taking advantage of them and managing the customer experience in way that matches how people live today."

For more information, visit pbinsight.com.