Global Insurance
Customer & Growth

Customer experience
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Understanding the customer experience

Attracting and retaining customers through the entire insurance life cycle begins with an understanding of the customer experience. We define that customer experience, from an insurer’s perspective, in the following way.

Reshaping how insurers interact

As insurance companies focus on sustainable and profitable topline growth, they are recognizing that the path to success requires being customer-centric. That one revelation is reshaping the global insurance market and driving the way that insurers engage and interact with customers.

Demographics continue to change, with more of the population moving into retirement and growth of the middle class and high-net-worth individuals fueling demand for insurance. As people live longer, they have greater long-term and health care protection needs. In contrast, millennials — those aged between 18 and 33 that are known as Gen Y — are tech savvy, identify with more simplified products and embrace digital interaction to a greater degree than any other generation.

The digital universe is exploding, with expectations that it will equal 44 zettabytes by 2020. Leading insurance companies are expanding their multichannel strategies to include sales and service capabilities, complemented by big data, advanced analytics and business intelligence. They are providing real-time collaboration and document delivery across customer and agent portals, while implementing technologies to improve selection and pricing and reduce claims costs.

1. Identifying customers, designing services and developing working relationships to maximize sales and profitable growth
2. Becoming a customer advocate through improved messaging, interactions and/or problem resolution capabilities
3. Leveraging technology, analytics and digital strategies to improve, customize, personalize and simplify the customer experience
Companies are undergoing major change and increasingly recognize the role of the customer in their transformation.
There are seven stages to design and deliver an ongoing experience improvement program:

1. **Baseline**
   - **What happens?**
     - Confirm your organization's strategic objectives and obtain a baseline of architecture and data performance metrics.
   - **What's key?**
     - Stakeholder buy-in and engagement early on.

2. **Listen/Assess**
   - **What happens?**
     - Understand your current sales and service capabilities, leveraging maturity models and industry benchmarks.
     - Conduct voice of the customer research and establish your customer personas and experience drivers.
   - **What's key?**
     - Understand your customers: what they want, when they want it and how they want it.

3. **Innovate**
   - **What happens?**
     - Reimagine new experiences through innovative design.
     - Incorporate market and consumer trends in your thinking and embrace enabling technologies.
   - **What's important?**
     - This is your team's chance to think outside of the box; wild ideas are encouraged.

4. **Design**
   - **What happens?**
     - Build future state experience maps and develop client experience simulation clickable prototypes.
   - **What's important?**
     - Adhere to your design principles and find a balance between what is right for your customer and your business priorities.

5. **Enable**
   - **What happens?**
     - Define capabilities required to enable experiences and evaluate the gaps between where you are and where you want to be.
   - **What's important?**
     - Frequently, technology complexity in realizing your vision can define the boundaries of complexity vs. value.

6. **Plan**
   - **What happens?**
     - Prioritize capabilities, develop implementation road map and governance models and conduct stakeholder validation sessions.
     - Define quick wins/pilot opportunities.
   - **What's important?**
     - Distinguish between quick wins and longer-term opportunities.

7. **Deliver**
   - **What happens?**
     - Prioritize capabilities, develop implementation road map and governance models and conduct stakeholder validation sessions.
     - Define quick wins/pilot opportunities.
   - **What's important?**
     - Strong implementation capabilities and a track record of experience in this field are paramount to the successful delivery of your vision.

**Work products**

*Iteration cycles with continuous experience measurement and improvement*
Why is it an issue?

Insurance carriers are behind in meeting customer needs

Customer service matters, with consumers universally placing it behind cost and product coverage in a recent EY survey. Not surprising, low customer satisfaction and cross-selling are leading to customer attrition. A lack of understanding of “customer pain points,” low adoption of customer relationship management (CRM) tools and disjointed distribution models are creating fragmented customer experiences. Many insurers are still heavily reliant on third-party channels and view them as primary customers – rather than people who eventually buy insurance.

Cross-sell and up-sell to become more customer-centric

- **Customer segmentation** – Profile current and potential customers for value, stickiness and demographics, as ongoing assessment will ensure a focus on future revenue, profit potential and strategic fit
- **Customer experience management** – Measure each interaction or “moment of truth” that the customer has with a company to design the best experience to strengthen and build a profitable relationship
- **Customer needs analysis and process improvement** – Develop standardized, flexible and documented interview and application processes tailored to relationship value and customer needs
- **Retention management** – Align retention activities and goals to business strategy through incentive programs, cross-selling, data analytics, management reporting, targeting high-value customers and tailoring communication strategies to identify early customer retention triggers
Insufficient customer segmentation and targeting together with some operational inefficiencies means that the cost of face-to-face selling is out of line with industry revenues and growth, driving up sales costs as a percentage of overall operating costs. If insurers are to become more customer-centric, they need to balance the cost of manual and inefficient processes and the slow pace of delivery with growth. Lead generation and sales activity correlate with trust, advocacy and attrition levels.

Operations, systems, processes and interaction need to be improved and simplified

Leverage leading CRM practices to strengthen the customer experience

- Adhere to CRM excellence through repeatable, sophisticated client needs assessment and a consistent relationship management structure that provides insightful investment ideas and solutions
- Invest in CRM and channel technology to improve customer service, enhance operational efficiency and simplify processes and systems
- Harness the true value calls for governance and oversight structure to drive customer centricity and maximize return on investments
More empowered global customers expect on-demand self-service capabilities across the purchase process via multiple and integrated digital channels. Their expectations are shaped by Apple, Google and others in unrelated industries, and they are more likely to recommend brands they trust and products they know. EY's consumer survey reveals limited trust in insurance providers — and, high turnover and low trust signal serious relationship issues. Experience with a provider is the single most important reason for opening and closing an account.

- Retain loyalty by pleasing customers
- Deliver value in new ways and offer more flexible products that allow customers to expand and adjust coverage as events in their lives change
- Expand the breadth of insurance products and services as distribution continues to focus on cross-selling
- Retain customer relationships by staying in touch, listening and responding to customer needs
The insurance industry is known for legacy decision-making models, and these need to be overhauled to drive strong analytics. Many companies are overwhelmed by the notion of big data and view it mainly as a cost center, underestimating its strategic importance and underinvesting in implementation. Insurers are also challenged in launching new or refreshed products and integrating digital tools into the existing channel mix. The rise in usage of Software as a Service (SaaS) solutions is one potential answer to enable the insurance distribution process across multiple channels, but for many, this is only a vision.

**Intelligence-driven cross-selling, analytics and data excellence solutions will deepen customer relationships**

Leverage “next best” analytics to drive customer retention and wallet share

- Invest in customer analytics, self-service automation and broader distribution channels, including agent selling tools and data to prioritize customers and product sales and deep analytics techniques to unlock the value of data and customer insight
- Build analytics capabilities in tandem with digital strategy, using measurement and analysis to drive decisions on digital spend, digital touch points and the customer journey
- Develop the right analytics to shift the message from “we think” to “we know”
Why is it an issue?

New competitors are raising the bar

To counter pricing pressures, the insurance industry is consolidating, using scale to improve pricing economics and creating more barriers to entering the market. Insurers face competition in the omnipresent-user experience from companies that sell versus those that manufacture. Traditional industry boundaries are dissolving, with Walmart and Overstock.com selling consumer insurance and brick and mortar retailers, such as GAP, providing an omni-channel experience across brands. Banks, financial advisors and wealth management firms are all competing with insurers for wallet share.

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<th>Why is it an issue?</th>
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<tr>
<td>Adopt a cross-selling strategy by building affinity relationships</td>
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<tr>
<td>• Establish affinity relationships to leverage the customer base and brand of non-financial service companies</td>
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<td>• Rely on customers to reach out to social media and aggregator websites for consultation before buying policies</td>
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<td>• Learn from experiences of retailers and telecom companies that have the mechanisms in place to change the customer experience; consider how to collaborate to offer a more compelling proposition</td>
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<tr>
<td>• Know your customers’ needs and offer them insurance products – and even non-financial products – that are appropriate (property/casualty, life and banking products and others)</td>
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Our points of view

**Reimagining customer relationships** (EY Global Consumer Insurance Survey 2014). Findings cite the need for innovation in distribution as consumers demand omni-channel access to better service. Strengthening current customer relationships in distribution, customer service and core operations are strategic imperatives.

**The why and how of simplified customer communications.** Insurers that adopt a holistic, customer-centric approach can realize a clear and compelling business case.

**The journey toward greater customer centricity.** Given advances in technology and changing consumer dynamics, insurers must drive profitable growth by altering their business operating models. The challenge will be how to transition from existing product and traditional distribution models to those that deliver what customers want.

**Insurance in a digital world: the time is now** (EY Global Insurance Digital Survey 2013). Findings reveal the importance of digitalization to deliver the customer experience. In the report, insurers acknowledge their current low levels of digital maturity and the need to take action.

**Consumerization and the digital enterprise.** This publication explores the importance of making the digital agenda a priority and why insurance companies have not realized the full benefits of investing in a digital enterprise. Innovative mobile, social and big data applications will create differentiating customer experiences while reducing costs, improving efficiency and driving product innovation.
Case studies

Customer communication and interaction simplification

Simplification offers the benefit of improving operational efficiency across the enterprise, which will drive operating expenses down and enhance customer interaction. It addresses all communications, channels and customer touch points (paper, digital, call center) to deliver a holistic customer experience.

EY’s role

- We developed a project method and toolset of reusable assets for simplification and defined standards and guidelines for correspondence design and content.
- Our analysis included reviewing more than 2,000 pieces of unique correspondence and designing more than 20 templates for correspondence and data capture.
- We proposed a library of standards and guidelines for implementation across the enterprise.

Situation

A major global insurance company was looking to improve its customer experience and reduce operating expenses by simplifying customer correspondence. The insurer had a long history of customer-facing correspondence: letters, forms, notices. The company identified this correspondence as a particular pain point in its ability to attain global customer centricity leadership.

Value to client

A detailed program enabled the client to streamline business processes, reduce production and printing costs and improve the customer experience. Call volume and NIGO rates declined, and correspondence design time was reduced. As a result, the client was able to move interactions and services to digital channels. These will ultimately be more cost effective and provide a better platform to reach more tech-savvy customers.
Customer experience design and transformation

EY works with insurers to integrate and implement a customer experience transformation (CET) of key business initiatives that align functional silos to deliver a consistent and well-orchestrated customer experience. Our proven approach promotes innovation and identifies the capabilities required to bring experience to life.

The process includes analyzing customer touchpoints and interactions across all channels to gain insight into how customers feel about each interaction and relationship with the organization. EY helps to design improved customer experiences to drive customer growth and retention.

Case study: Customer centricity transformation

**Situation**

A large insurance company needed to define customer centricity in terms of strategy, proposition, service, retention and cross-sell. The aim was to transform its model from product-centric to customer-centric.

**EY’s role**

- We worked with the insurer to clarify its strategic objectives and the actions needed to shift from current vision to customer vision.
- Our team completed a current state performance assessment of strategy, product and pricing, measured against the customer view and wider benchmarks.
- We developed analytics models, from strategic segmentation through loyalty and cross-selling, including value proposition, loyalty and cross-selling plans by segment.

**Value to client**

The client was able to define the value proposition, service level and communication policies by segment. This resulted in the implementation of a cross-sell program of analytics, campaign management and commercial protocols, and a retention plan of analytics, alerts and protocols to manage attrition. To reach the objectives, the client reorganized commercial and customer business areas, including mission, vision and responsibilities.
CRM blueprint and road map

A leading CRM solution enables 1) real-time access to critical customer information and analytics, 2) full reporting and tracking capabilities and 3) more effective resource deployment to meet customer needs. Each of these contributes to creating and extending relationships with customers and an improved sales force and service effectiveness.

Delivering an omni-channel experience requires integration of technology and data to create a single customer view and detailed profile of interactions. EY assists clients through all stages of CRM solution implementation, including capability assessment; integration blueprint; customer and product process design; functional configuration; testing; deployment; governance design; training; and support.

Case study: Driving broader claims performance

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| A global commercial lines carrier was piloting a CRM system and preparing for a broader global phased rollout. The company lacked standard processes and roles for cross-sell/up-sell, which had been a key revenue driver in the business case to develop the global application. The company also did not understand how teams should use the application or how to assimilate the tools and technology into underwriting and distribution management operations. | • We met with sponsors to confirm the plan, approach, scenarios and process focus.  
• We designed core cross-sell/up-sell processes, including key input, output and roles, and produced business scenarios to highlight key target state interactions.  
• By conducting process working sessions, we identified leading practices from interviewees, the team and subject matter advisors. | A collaborative approach helped to ensure that the target state processes were client driven; therefore, the insurer could take ownership of the solution. The entity deployed and adopted the work products for training, communication, organization support, metrics and tracking. We helped bring the processes to life by creating illustrative business scenarios that demonstrated how CRM can support the underwriting and distribution functions. A road map provided the client with a clear path forward and considerations for future functionality enhancements. |
Insight-driven service and sales (cross-sell and retention)

EY’s analyst retention strategy assesses the end-to-end customer experience, across agency/advisor, digital and contact center channels. Detailed customer profiling and operating model design are used to deliver insight-driven programs for customer retention, cross-sell and up-sell. This includes creating customer journey maps, storyboards, personas and other tools to bring the customer experience to life for key stakeholders and drive alignment.

Proprietary customer management tools are continuously improved within insurance and across sectors, both B2B and B2C. Using detailed process analytics tools and a suite of leading online interactive tools, EY will develop an implementation road map to deliver a future state customer experience.

Case study: Insight-driven customer retention

**Situation**

A leading retirement services provider sought to implement an enterprise-side multi-phased customer and asset retention strategy. As part of the overall effort, the company wanted to leverage inbound and outbound servicing calls to engage customers at risk of leaving. Additionally, the company wanted to identify online and offline customer behavior to address attrition levels.

**EY’s role**

- We integrated quantitative predictive model results with the CRM application and customer service tools.
- Our group developed an enterprise suppression capability based on customer interactions to help ensure correct retention and interaction frequency.
- We incorporated attrition behavior triggers in predictive analytics to determine which customers were likely to leave and to notify customer-facing teams for inbound and outbound calls.
- As a result of our retention-led capacity methodology, we could show where assets were saved and net-new assets gained.

**Value to client**

The net-new and retained assets in the first full year were impressive, and the client was able to deliver a consistent customer experience. A scalable enterprise-led management capability was developed that identifies, prioritizes and assigns retention and growth opportunities based on customer-facing team capacity, likelihood of attrition and assets at risk. The client now has a road map to help ensure long-term program viability, sustainability and an increasing rollover retention rate.
## Contact center and complaint management

The contact center should be viewed as a strategic capability. EY helps insurers reduce contact center costs significantly while improving customer satisfaction and profitability. The real benefit of contact center transformation is delivered to the customer through an improved experience. Benefits include decreased call volume, improved performance metrics, a better mix of customer channel usage and reduced operating expenses.

EY also assists with the design and implementation of complaints management and efficient and customer-friendly complaint solutions. Our team of professionals helps by analyzing complaints and assessing the priority level of each (e.g., escalation procedures), reviewing previously handled complaints and implementing plans for improvement to preserve or improve brand reputation.

### Case study: A road map for contact center transformation

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| A financial services organization and leading retirement provider wanted to develop a future state target operating model to support improving and transforming its contact centers across the organization. Contact center operations were in silos with specific product focus, and aging technology was hindering progress. The aim was to deliver desired customer experience and service levels by focusing on retention and cross-sell strategies. | • We evaluated current contact center operations and technology to identify issues and opportunities to focus on key processes and capabilities.  
• By conducting workshops to define customer experience guiding principles, we were able to articulate the desired customer experience and recommend a future governance and service delivery model.  
• We provided the client with a road map and implementation plan, as well as detailed business case to achieve near-term and long-term objectives. | The client had a clearly defined path to achieve a target operating model and a detailed business case for operational improvements, cost reduction and topline revenue benefits. This was a key enabler for the retirement provider to achieve its strategic objectives. As a result, the client has made significant progress in applying voice recognition, skill-based routing and self-service options within its call centers. In addition, EY provided specific guidance on a shared approach to fund the program. |
Together we’re building a better working world.
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