Adapting to the omnichannel world

How life insurers can meet rising consumer expectations through an enhanced service experience
Life insurance has never been an industry associated with rich consumer experiences or even customer centricity. It has generally been believed that low-frequency interactions and routine communications (regarding policy renewals, for example) were sufficient to sustain customer relationships, meet regulatory requirements and serve customers.

But, over time, the life insurance industry has come to realize that the expectations of its consumers are now shaped largely by the experiences offered by other industries, including some whose products or services are vastly different from insurance. Nowhere is this clearer than in omnichannel servicing, an approach first developed and mastered by the retail industry.

Omnichannel servicing goes beyond the simple availability of multiple options for completing service tasks and activities and closely integrates and synchronizes all such channels through:

- Seamlessly shared information
- Highly automated processes
- Well-designed technology environments, unified data and advanced tools for analytics

This paper explores:

- The urgent need to develop more mature omnichannel servicing capabilities in life insurance
- Ways to address the many “back-end” moving parts for omnichannel servicing, including the enabling technology and data issues
- The value of increased customer engagement that results from omnichannel servicing capabilities
- Organizational readiness factors to consider before undertaking transformation
The omnichannel reality

Omnichannel servicing is about:

- Providing customers with consistent information, tools and functionality regardless of touch point, channel or device
- More than just offering the traditional service channels, such as agents, call centers, self-service or assisted service online
- Allowing customers to perform a variety of contextually aware transactions across channels – so that transactions may begin in one channel and end in another
- Helping present customers with the right information at the right moment in time based on context and their preferences

Demographic changes are fueling the shift. Millennials represent the future of life insurance, and they have grown up in a world that enables both purchasing and servicing to be done instantaneously and digitally through any channel or device. For them, this is the norm in interacting and transacting with all types of companies.

This evolving perspective is good news, in that omnichannel servicing can pay dividends in the form of stronger customer engagement and loyalty, increased process efficiency and even lower costs. All of these benefits equate to a competitive advantage for early adopters within life insurance. But the cloud within that silver lining must be acknowledged: life insurers face substantial challenges in modernizing their technology infrastructure, reworking processes and aligning the entire organization to operationalize the omnichannel vision.

Because such capabilities are standard operating procedure in retail, banking, telecommunications and other industries, life insurers are just now viewing omnichannel as a business imperative.
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Why omnichannel servicing matters

Extensive consumer research underscores the urgency for the life insurance industry, with multiple generations of policyholders now expecting greatly enhanced service. According to a 2014 survey from LIMRA, 78% of Millennial consumers, 68% of Generation X consumers and 63% of baby boomers believe the integration of services across all channels is important (LIMRA, “Pinpointing Preferences 2014”). These majorities will only grow in the coming years.

The new world of consumer expectations:

- In retail, omnichannel servicing is now a common practice. Customers can track orders online, return or exchange online purchases at a store and track refunds online or via call centers.

- In banking, customers can change their address, view balances and pay bills online, and deposit checks via mobile devices or ATMs.

- In property and casualty insurance, carriers use telematics data to personalize communications and service and to provide safe driving benefits. They are also using mobile apps to streamline the claims process, with intuitive tools for submitting information (including photos of damage), receiving status notifications and performing other tasks.
The starting point: seamlessly shared information

Omnichannel servicing differs from multichannel servicing. Multichannel servicing focuses on the availability of multiple touch points to engage customers regardless of channel integration, while omnichannel servicing, enabled by integrated data, allows a customer to seamlessly move across channels within the context of one or more transactions and receive consistent service. Customers expect to be recognized and remembered for all of their interactions, regardless of service channel.

For example, policyholders may raise queries on existing life policies through call centers or other available channels. If they follow up through a different service channel, the information regarding their account and transactions may be incomplete or unavailable, forcing them to repeat or reenter information. That is a limit of multichannel servicing. In an omnichannel setting, all service touch points are current with customer and transactional information at all times. Specifically, all data — from the initiation point to the query to historical interaction records — is available, providing the flexibility to serve customers based on their preferences.

To realize the vision, business processes must be designed to retain the context of a transaction so that it may be continued later and, if necessary, through another channel. Both call center systems and customer portals must be populated with the same accurate, timely and consistent transactional information. This is the baseline for improving the experience overall by reducing the need for customers to repeat or reenter information.

Omnichannel in action

In laying the foundation for omnichannel servicing, one insurer developed a platform that consolidated all customer transactional information into a single historical record. Including data from multiple product lines and all touch points, the service staff had access to a complete view of customer activity and history, including in-person interactions with agents, as well as claims and policy updates — all available through one screen. The improved visibility enabled the carrier to better serve customers.
The automation imperative

To establish omnichannel environments, insurers must streamline and automate underlying processes wherever possible to serve customers more efficiently and capture more accurate, consistent and traceable data.

Business processes should also be made flexible to exploit the differentiation capabilities offered by each channel and support the changing habits of customers, including when and how transactions are initiated. For example, while initiating an online beneficiary change, policyholders should be offered assistance via an online help tool or a live chat with a customer service representative.

Insurers should also consider expanding self-service functionality since customers increasingly prefer to perform simple transactions on their own. According to EY’s 2014 Global Consumer Insurance Survey, 80% of consumers are willing to use digital and remote channel options to complete common transactions, such as change of address, bill payment and change of beneficiary. Currently, few life insurers offer such functionality on web or mobile platforms.

Automation priorities for life insurers:
- The use of e-applications and/or e-signatures to improve the processing time for applications
- Straight-through processing, rules-based underwriting and point-of-sale underwriting to transform this key process
- Online claims submission
- Shifting away from paper statements and check processing and toward greater adoption of online and digital payment options that are ubiquitous in other industries
Technology and data: the engine of omnichannel success

Integrated omnichannel experiences are not possible without well-designed technology environments, some advanced tools, integrated data and effective data management capabilities. These represent an ambitious move forward for most life insurers. The first step is to conduct a clear assessment of current technology and data assets and their ability to evolve in support of omnichannel experiences. Resources and skill sets must also be evaluated in terms of the ability to adopt new tools and design methods. From these baseline insights, life insurers can identify the necessary technical capabilities and data requirements to support new servicing capabilities and define a future state operating model. Most life insurers will need to consider investments in infrastructure and flexible tools for online, mobile and social servicing.

As insurers assess the current state, they must consider the role of data management, data governance and analytics in supporting a true omnichannel solution. These behind-the-scenes capabilities may not be highly visible, but they are critical to long-term success.

- An integrated data environment enables real-time or near-real-time access to critical information across multiple channels, required for efficient customer service.
- Segregating responsibilities and identifying information and data owners help break down complex processes. Customer data governance helps organizations build a secure and sound environment with the right access to quality data to provide servicing.
- More advanced analytics are already helping leaders to improve performance. They are extending beyond basic descriptive, explanatory and historical analysis to more predictive and prescriptive capabilities that can be applied across functions.

Top areas for investment include:

- Process and workflow automation
- Management and governance of information assets (rules, data and other digital content) to help maintain accuracy and integrity (quality and relevance)
- Tracking, mining and reporting (operational and analytical) capabilities
- The ability to rapidly, securely and reliably make the right data available anywhere and anytime

This optimization of technology and data is essential to achieving the omnichannel vision and, ultimately, providing superior and customized service to customers.
The value of customer engagement

Many of the benefits of omnichannel servicing are related to customer engagement and improved communications. EY’s 2014 Global Consumer Insurance Survey found that insurers have very few interactions with their customers; in fact, 44% of insurance consumers have had no interactions with their insurers during the last 18 months. As insurers miss out on opportunities to foster stronger relationships, each interaction becomes a critical touch point with significant potential to affect both near-term satisfaction and long-term loyalty. The results also made clear that customers are open to more frequent, meaningful and personalized communications with their carriers.

The importance of distribution relationships is also worth mentioning. Agents and brokers increasingly want seamless interactions with insurers across a range of channels. Independent agents are also likely to recommend carriers who offer the best service experience, if only because it may enhance the level of service they can provide and reduce their workload in servicing accounts. The need to offer enhanced service experiences for agents and brokers will only increase in the future, as an aging distribution workforce retires and a younger, more tech-savvy generation replaces it (a trend that mirrors the demographics of the policyholder base).

Wearable technology offers a huge opportunity for engagement. As fitness trackers and other monitoring devices become more prevalent, life insurance carriers can offer discounted premiums and other benefits to customers who maintain healthy lifestyles. Further, much like online retailers make continuous recommendations based on users’ browsing or purchasing histories, life insurers can personalize communications and offers based on lifestyle data, such as meeting exercise goals.

Customer engagement may also include simplification. Today, insurers routinely distribute countless pieces of paper correspondence designed mostly to comply with regulatory requirements. These pieces often feature repetitive and technical language that many policyholders struggle to understand. Insurers should seek to rationalize these communications and make them more meaningful to customers. At a minimum, insurers must allow their consumers to choose the formats and channels (online, email, text or letter) for receiving required communications.
Organizational readiness to support new capabilities

Implementing omnichannel environments is a formidable undertaking. Thus, success requires strong leadership to address organizational impediments and cultural barriers and promote awareness of service capabilities across functional areas. Organizations with siloed structures will need to address fragmented operating models prior to embarking on an omnichannel journey. Whether they result from products, business lines or M&A activity, organizational silos prevent even basic transactional data and customer histories from being shared across systems and processes – presenting an insurmountable barrier to omnichannel servicing. Carriers must consolidate similar processes, make data available and promote easier transactions across different lines of business.

Shared services centers can be useful in overcoming organizational silos and establishing strong servicing operations for core operational processes such as underwriting, policy administration, claims, billing and payments. (See EY’s Shared services in life insurance, 2013, for more details.) Centralizing capabilities in a shared services organization typically:

- Standardizes processing across product lines, business units and channels
- Facilitates sharing of consistent and accurate information
- Promotes a consistent servicing experience for customers

As carriers create shared services and consolidate resources, they should consider maximizing productivity and efficiency through workforce management optimization, which ultimately leads to better customer servicing.

Importantly, effective omnichannel servicing strategies require strong leadership, organizational alignment and appropriate resource allocations. The right senior leaders must be involved in strategic planning efforts, and implementation programs must be sufficiently resourced with the right skills and capabilities to drive the program forward. Some forward-thinking and early-adopting insurance companies have created senior positions responsible for the end-to-end customer experience for the entire enterprise. These roles cut across departments, products and organizational silos – an acknowledgment of the urgent need to improve service levels.

**Lessons from other sectors:**

- To align its organization to the new omnichannel world, one luxury retailer shuffled its executive ranks, while merging the teams responsible for in-store and online merchandising into one unit. The changes were aimed at breaking down impediments to operationalizing its omnichannel strategy.
The bottom line: the omnichannel journey starts now

There is increasing consensus that insurance carriers must overcome their traditional reluctance to change and adopt broad-based transformation if they are to meet rising consumer expectations for quality, consistency and efficiency in customer service. More mature omnichannel service capabilities will provide clear differentiation for insurers that can develop them. The journey starts with examining current capabilities and identifying and prioritizing opportunities to build new capabilities for omnichannel servicing.
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EYG no. 01450-161Gbl
1602-1843438 NY
ED None

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