

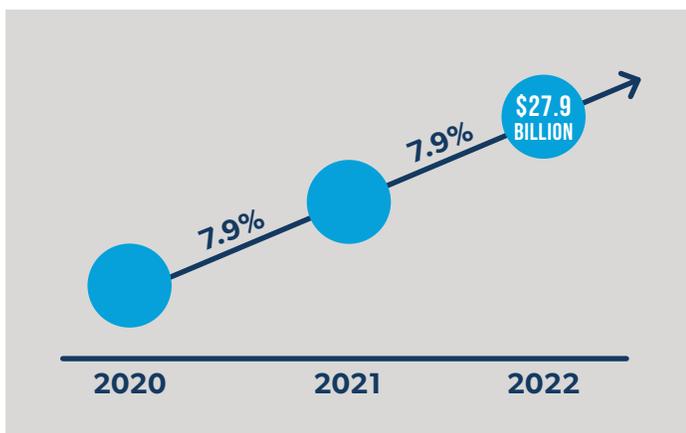
Mindset Shift: How Insurance Companies Can Take a Proactive Approach to Drive Loyalty

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Historically, most customers have viewed their insurance policies as a “set it and forget it” type of product. A customer selects their insurance—probably without digging too deeply into the details—and then just pays their bill each month. They hope they never have to use it, but if/when something happens, they call their agent. For the most part, their relationship with insurance has been entirely reactionary. And because of our uniquely disruptive times, customer needs and preferences are evolving.

The good news is that the insurance sector is investing in technology and innovation. According to IDC Research, spending on customer experience solutions are expected to grow 7.9% per year, reaching \$27.9 billion in 2022.¹



With this investment, insurance companies have an opportunity to fundamentally shift how they interact with their customers. By leveraging technology investments and adopting a more proactive risk management mindset, insurers can potentially place themselves more in the center of their customers’

daily lives. For example, consider how customers proactively think about and manage their finances. They frequently check their banking, credit card, and investing activity to stay on budget and make good decisions. With this level of interaction, those businesses enjoy a larger mindshare and role in their customer’s lives. Insurers can do the same by offering products and solutions that add value to customers, driving satisfaction and loyalty in the process.



PROVIDE A CENTRALIZED RISK MANAGEMENT ASSISTANT

A Risk Hub would likely be at the center of any proactive insurance solution. Such a tool could provide customers with a single portal where they could manage all of their insurance products and easily access information and support, ideally through sophisticated chatbots that can transfer customers to live agents as needed. These tools would ultimately enable customers to better understand, evaluate, and manage potential risks. With the right design and experience, a digital risk management tool could drive more frequent engagement with customers.



INTEGRATE INSURANCE WITH SMART HOME TECH

Having a smart home is top of mind for many consumers today. There are technologies that provide robust experiences, like distributed audio and multiple wireless access points, and those that provide peace of mind, like advanced security. Many smart home technologies intersect with insurance. For example, wouldn’t it make sense for a security system and insurance policy to be more closely linked—even “talk” to each other? While theft prevention serves as a logical starting point, there are other opportunities for insurers to leverage technology to benefit customers, including sensors that can detect water leaks and smoke and precipitate a quick, preventive response. Insurers may even offer an “away” mode that increases coverage while customers are traveling.



OFFER RISK NOTIFICATIONS OR ALERTS

Whether through integration with social media hubs like Nextdoor or other means, insurance

companies could offer additional value by sending customers notifications or alerts to help better protect against potential theft or damage for any insured property, cars, or other related valuables. For instance, sending a customer an alert if there's been a rash of car break-ins in their neighborhood is excellent customer service, but also prompts them to take extra precautions—and could help them avoid filing a claim. This idea could also be applied to weather-based threats such as wildfires or floods.



INCORPORATE DIGITAL INVENTORY-TAKING

Much like the transition many customers made to mobile banking deposits—especially in recent months—the same

could be done to add property or valuables to an insurance policy. Imagine having an app that allows a customer to quickly access their insurance account and request to add a new piece of jewelry to the coverage. Perhaps all it would take is answering a few questions and uploading a picture? Once again, there are benefits to both the customer and the insurance company. While the customer ensures they have coverage on that new bracelet or 65-inch flat-screen, the insurance company has updated and accurate data.



CREATE AN INSURANCE ROBO-ADVISOR

Robo-advisors, which rely on software and advanced algorithms to manage investment portfolios, are growing in

popularity. Indeed, we're seeing pop-up investment shops and larger investment managers building these solutions, which are particularly appealing for investors with a small amount of money to invest.

Why couldn't the concept apply to insurance? If insurance companies enabled customers to set a profile and answer a brief questionnaire, an algorithm-driven robo-advisor could intelligently and actively manage their insurance portfolio and/or risk profile, with the option to escalate to a human agent if needed. A robo-advisor could ask questions of direct customers and provide recommendations based on their personal needs.

These concepts all lead to win-win scenarios that align customers and insurers. Customers can benefit from more awareness, enhanced experiences, and tailored risk coverage, while insurers can reduce claims, write more policies, and gain more mindshare. With an increasing number of new entrants in the insurance industry, now is the right time for incumbents and industry leaders to explore ways in which technology can empower them to better serve customers.

SOURCE

1. "Accelerating Customer Experience Transformation in the Insurance Sector," IDC Research and Liferay, February 2020. Retrieved from <https://www.liferay.com/en/resources/1/insurance-idc-infobrief>



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