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3 Ways Insurers can Capture and Retain Millennials

By **James Fini- Enservio (mailto:)**
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Times have changed and the insurance industry is facing new realities it can convert to opportunity. Born between the early 1980s and early 2000s, Millennials, also known as "Generation Y", are now coming of age as increasingly influential consumers. Not surprisingly, they have different expectations than their parents. While the economic climate coupled with heavy student loan debt have impacted their home-buying prospects, they still need insurance products. They demand speed and transparency, but they're accustomed to sharing and willing to volunteer information in exchange for perceived value.

Given that Millennials will make up the largest population segment the US has ever seen with 83.5 million potential consumers by 2030, according to the MetLife Mature Market Institute, there's a real opportunity for insurers to adopt innovative approaches to marketing and delivering products. Let's take a look at three ways insurers can engage Millennials, enhancing customer loyalty and retention:

1. Sacrificing privacy for convenience

The digital world has changed attitudes to privacy. Companies like Google and Facebook offer ostensibly free services, but in reality consumers are surrendering data that has value. This has given rise to the idea that if you're not paying for it, then you yourself are the product. Most Millennials are willing to give up some privacy in return for convenience. According to a Pew Research Center **report, Millennials: Portrait of Generation Next (http://www.pewsocialtrends.org/files/2010/10/millennials-confident-connected-open-to-change.pdf)** , 75% of this group have a social networking profile, and one in five have posted a video of themselves online.

If you want information from Millennials, all you have to do is ask for it. Provided they see a clear benefit to opting in, there's no reason you can't collect a great deal of useful data. It's a familiar bargain, but you have to enable them to give you detailed data, and you have to use that data to create better, smarter insurance products. For example, ask customers about any changes in lifestyle that may impact their homeowners policy, or what is their view about integrating auto with homeowners, or their interest in using mobile apps to inventory their contents. In exchange for answering the questions, the insured gets the right amount of coverage at a low price without overpaying for coverage they don't need.

2. Leveraging mobile technology

The majority of Millennials – 74%, according to that same Pew Research report – believe that technology makes life easier. Over 90% use the Internet, and 62% connect wirelessly when away from home using handheld devices, usually smartphones. It's no surprise that 94% of Millennials own a cell phone. That's millions of people equipped with a device that's easy to use and capable of capturing and sending vital data for insurers. They upload gigabytes worth of photos and videos every day to social media sites.

Why not ask them to take photos of their home and contents? How about a narrated video showing the damage that forms the basis of a claim? Or a pre-loss mobile app that incents younger purchasers to document and store video or photos of their high-end electronics in the cloud?

By uploading this kind of data to the insurer's website, consumers are providing a more accurate picture of the situation. The premium can be adjusted accordingly, or the claim processed, and it may mean that there's no need to send an inspector or adjuster onsite with every case. The result is better customer service at a lower cost. It also enables claims to be processed and premiums to be calculated more quickly and accurately. Millennials recognize this value proposition and are enthusiastic about it.

3. Delivering transparent efficiency

There's an important caveat to the self-service web approach. Insurers must demonstrate the positive impact of opting in. This means maximum transparency at each stage of the process. Explain how their data can enable calculation and ensure a more accurate premium and level of coverage. Make it clear exactly what stage a claim is at and what is required from the policyholder next.

The expectation is that this data should result in faster service and a cost-saving for the insured but in return, they must perceive some value. Transparent communication is vital as Millennials don't want to have to proactively call you to determine the status of a claim, or get an explanation of the coverage you are proposing. Millennials are used to automatic and real-time communication that leverages their mobile device. Deliver updates by email, or text. Allowing Millennials to opt-out of paper mail also appeals to their values and respect for the environment. The shift away from paper alone can translate to millions in savings.

By offering a transparent, easy experience where Millennials can interact with your business in the way they have grown accustomed to, insurers will gain a competitive advantage that will increase market share, profitability and reduce costs. Those carriers willing to adopt to these Millennial expectations will be well rewarded for their efforts with all their customers, especially in this increasingly lucrative market segment.

*About the Author: James Fini is the founder of **Enservio** (http://www.enservio.com) , a provider of software and services for P&C carriers to price policies correctly and settle contents claims with more accuracy. He may be reached at jfini@enservio.com.*