Meeting the Challenges of Self-Service Insurance

As the global economy evolves and changes, insurers must also evolve to provide information and access to their clients across a wide range of channels if they are to avoid being left behind. Self-service has taken off across certain product lines, notably those (like auto insurance) that are more open to commoditization.

Executive Summary

As the global economy evolves and changes, insurers must also evolve to provide information and access to their clients across a wide range of channels if they are to avoid being left behind.

In a crowded market, cost has become the distinguishing feature, and a multitude of websites have sprung up offering to help consumers find the cheapest quotes with the minimum of fuss. The imminent arrival of Google's new auto insurance website illustrates the challenge to the insurance industry as other online retailers and aggregators, keen to expand their brand, muscle in on the marketplace.

The State of Play

Deloitte's 2014 report on the state of the market noted, "Digital strategies that more closely engage policyholders and improve customer experience are no longer aspirations but necessities in a mobile-driven culture and economy."
The report calls on carriers to carefully consider how they respond to the increasing demand for self-service systems and products. It suggests they find a way to adapt their systems to accommodate an intermediary-free exchange that complements, rather than competes with, their existing sales force. While a growing number of policyholders want the option to utilize self-service portals, they often are hampered by the potential complexity of both product and process.

In 2012, Insightbee found that 73 percent of individuals shopping for auto insurance in the U.S. used the Internet to research products, up from 55 percent in 2008, and 61 percent researched life and annuity products online, up from 38 percent in 2006.

Yet there is clearly significant scope for improvement. Only 58 percent of customers were satisfied with online self-service, and only 50 percent found the information they were looking for on self-service portals. A massive 72 percent said they would rather find the answers online but would resort to calling a support center if portals were not intuitive.

PwC reported a similar trend, noting that an increasing number of millennials and generation-X customers rely on self-service channels, using on average 11.7 sources before making a purchasing decision. However, although 46 percent of customers said they would rather use self-service, half contacted an agent to clarify information and to help them choose the right policy. Customers were happy to pay on average 21 percent more for support to understand policies and choose the right options.

The upshot? Self-service does not replace agents—it supplements them.

Self-Service and Customer Loyalty

When Bain investigated customer loyalty in P/C insurance, it found a clear distinction between providers that excelled at acquisition and those that achieved high levels of retention. High acquisition was the prize for carriers attracting highly price-sensitive customers who tended to be younger, have lower incomes, lower insurance needs and showed little brand loyalty. Meanwhile, carriers with high retention levels tended to court older customers who were more affluent, had more complex insurance needs and valued peace of mind over price.

Interestingly, Bain also found that the expectation of multichannel access pervaded all customer segments, regardless of age, so even those deemed more traditional clients also valued self-service access to insurance services. In a further report on superior claims management, Bain said that "self-service puts the customer in control, but the mechanics must work well, if not flawlessly, in order to delight the customer rather than impose a burden at a stressful moment."

From Customer to Brand Promoter
If you can leverage self-service channels to improve your communication with clients early in your relationship, you may be able to convert a simple auto or household policyholder into a brand promoter. Customers who are promoters stay longer and buy more products with their primary carrier—and they make more referrals to friends and colleagues. Bain estimates that promoters are worth almost three times more in lifetime value than passive customers and nearly seven times more than detractors.

Streamlined and effective self-service portals are about a lot more than simply cutting costs and jumping on the Internet bandwagon. They are a chance to open a dialogue with your customers and develop a mutually beneficial relationship with them.

For example, MyPropertyLoss.com can help policyholders create a cloud-based inventory of losses. This not only generates a more accurate estimate of losses, reducing the cost of investigating claims and speeding up the claims procedure, it also enables invaluable three-way communication between policyholder, adjuster and services vendor. This creates the perfect opportunity to turn customers into promoters and keep them on board for the long run.

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