CUSTOMER CENTRICITY IN INSURANCE

This whitepaper explores some of the key trends impacting today's insurance industry and how customer centricity can be acheived through digital transformation.

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Customer Centricity in Insurance through Digital Transformation

Continuously changing customer demand

There's no doubt that events from recent years have forced insurers to abandon the status quo.

From climate change to Covid-19, shifting customer demand to ever-evolving regulatory compliance, the challenges are ongoing and today present some of the biggest barriers to success faced by the insurance industry. The sheer amount of upheaval has been unprecedented, and its pace is only accelerating. It comes as no surprise that as a result, 64% of global insurance CEOs plan to significantly increase their digital transformation investment over the next three years[1].

Despite this, many organisations are still in the early adoption stage of digital transformation – which plays an essential role in maintaining customer satisfaction and ultimately, winning and retaining customers. Additionally, customer expectations are at an all-time high. Not only do people expect a fast, personalised service at all times, they want the best, most seamless experiences across technologies, apps, communications, and customer service. The insurance customer experience must therefore start with a customer-centric approach and to stay competitive, insurers must take the right technology-related steps. This means:

- Investing strategically in digital capabilities

- Reinventing usage and behaviour-based insurance

- Re-evaluating the need for human touch

Continuously changing customer demand means insurance firms must also operate with greater agility and efficiency than ever before. For example, claims processing, new customer applications, and customer service duties are just some of the tasks that traditionally consume valuable time and effort. Often this takes precedence over higher value work, such as delivering the tailored, personalised, and digital service today's customers' desire. As a result, 41% of insurance interactions are negative for customers.[2]. This is forcing insurers to re-think processes and modernise the way they do business especially in today's uncertain climate, where falling behind the pace of change is simply not an option. To keep up, the right tools and technology are needed to take out the paper, reduce phone calls, and enable the delivery of outstanding customer service.

41% of insurance interactions are negative for customers

This whitepaper explores some of the key trends impacting today's insurance industry sector, and the associated challenges keeping insurance leaders up at night. We'll look at the opportunities available from a consumer perspective, and how insurance firms can elevate the customer experience with the right approach to technology.

[1] PWC - https://www.pwc.co.uk/industries/insurance/insights/insurance-sector-can-create-sustainable-change-and-become-force-greater-good.html

[2] Finextra - https://www.finextra.com/blogposting/21846/digital-insurance-trends-customer-experience-restarts-the-industry

How to achieve customer service excellence

Technology will undoubtedly play a major role in helping insurers respond to the impact of the last few years.

The pandemic-related disruption has not only driven a need for greater resilience across insurance operating models, it's also forcing insurers to become more agile in their ability to flex and meet changing customer requirements.

So far we've seen the industry deliver a wide array of responses, starting with the shift to remote working. This has reflected varying levels of technology investment, while offering new ideas for how offshoring and outsourcing version 2.0 can potentially improve the overall customer experience. Insurers have also been forced to question their supply chains, with many moving towards digitising the claims handling process in a bid to satisfy 53% of customers who want to complete the entire process online[3].

Increasing the efficiency and agility of your insurance firm through digital transformation will help improve the customer experience, by allowing employees to focus on value-add work. At Kainos we understand the importance of transformation and are focussed on enabling our customers to save time and eliminate paper-based processes. Migrating and modernising outdated legacy systems using the best public cloud platforms helps them achieve greater process efficiencies, all while dramatically reducing their carbon emissions – which is becoming increasingly important to consumers. Digitising admin-heavy processes like claims processing, customer communications, finance, and HR through intelligent automation (IA) and artificial intelligence (AI), helps free up their teams for more customer-focussed tasks.

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Global insurer reduces policy issuing from seven days to seven minutes

Kainos delivered an industry first in the form of an innovative web-based interactive system for a global insurer, which enabled them to:

- Reduce the time it takes to issue a policy from seven days to seven minutes

- Enable intermediaries to process quotes, complete insurance certificates and more

- Eliminate paper and reduce business transaction time and cost

- Win several accolades for the system's ability to transform the way they do business

The project provided back-office access for intermediaries which now enables the insurer to work faster, smarter, and better meet customer expectations[4].

³ Target Group - https://www.targetgroup.com/wp-content/uploads/2016/08/target-myth-vs-reality-whitepaper.pdf

⁴ Zurich - https://www.zurich.co.uk/media-centre/shoppers-want-brands-to-help-them-be-greener

The legacy conundrum

While advancing technologies have opened up new opportunities for understanding customer behaviour and maintaining relationships, they have also created new risks for insurers still reliant on legacy systems. For example, in an era where customers expect everything on-demand and instantaneously, they can easily become frustrated when legacy system issues cause lapses in service and business is interrupted. The resulting lack of agility prevents insurers from delivering a more efficient, convenient, and joined-up customer approach, where a single digital touchpoint is required. Major legacy system errors from downtime to data vulnerability can also have a profound effect on an insurers reputation. Ultimately, lost customers, stock downturns, and resources spent on crisis management all quickly add up when a legacy system fails.

When it comes to managing and modernising your legacy IT estate, our cloud, data, AI, and IA expertise can help your organisation build new digital services that improve how you serve your customers.

Here's how:

- We can help maximise existing technology investments starting with a review of your current legacy technology, and help build your business case

- We enable the delivery of real customer benefits through cloud modernisation beyond lift and shift

- By unlocking data silos, we can deliver a single customer view so that tailored services can be offered, that maximise cross selling opportunities and increase customer satisfaction

- We can enable the automation of existing legacy system updates to improve operational efficiency

- We can digitise and automate manual processes which increases efficiency and delivers a quicker, more accurate customer service

- Using the latest cloud native technologies that drive scalability, performance, reliability, cost effectiveness, and security, we can help your business work towards its sustainability goals

- We enable our customers, so that IT and those using updated systems can become self sufficient

What sustainability means to your customers

Organisations that fail to bring greener products and services to market could see sales plummet over the next five years, according to recent research[5].

In fact, 81% of insurance customers want their insurance company to be environmentally friendly, with 22% saying they are even be prepared to pay more for a policy that helped protect the planet[6]. With climate change as one of the most complex risks facing society today, it's not surprising that going green is becoming increasingly mainstream. Consumers want to be empowered to make more sustainable choices, which includes greater transparency in how their green actions will result in broader environmental benefit. Insurers must therefore be confident in their commitment to sustainability right across their operations and supply chain.

81%
of insurance customers want their insurance company to be environmentally friendly

Reducing carbon footprint and working towards your sustainability and carbon reduction goals is one way to do this. At Kainos this is one of the things we're most passionate about, helping insurers become more sustainable through modernising applications and moving to the cloud. We can start this journey for our customers by using our *Cloud Carbon Reduction Calculator.* The tool can instantly estimate how much they can reduce their carbon emissions by, by migrating their on-premise data centre servers to public cloud. Many customers rely on us to help them become a cloud-first, more agile and sustainable organisation – such as the International Organization for Migration (IOM).

By retiring its on-premises data centres, in just six months IOM achieved:

- 92% reduced power consumption and carbon emissions footprint – that's 594 tons of CO2e annually[7]

- New status as the only UN organisation with nearly all resources in the cloud

- The ability to innovate faster, devote more money to missions, and facilitate agile development

5 Zurich - https://www.zurich.co.uk/media-centre/shoppers-want-brands-to-help-them-be-greener

6 Consumer Intelligence - https://www.consumerintelligence.com/articles/are-insurance-consumers-really-ready-to-go-green

7 Microsoft - https://customers.microsoft.com/en-gb/story/1505667739375662033-international-organization-for-migration-nonprofit-azure

Leveraging the power of applied AI

From an AI perspective, many insurers we support are turning their focus to solutions that help elevate the customer journey.

As AI becomes more prevalent, adopters will be better able to reengineer core processes and thus become more predictive in nature, drive productivity, and allow for higher-quality customer touchpoints.

Knowledge mining is one such example of how an AI technique can be used to speed up decision-making, reduce costs, and avoid human error. By working across different document types such as images, audio files, web pages, and Office documents, knowledge mining allows insurers to enrich their content understanding with cognitive skills such as face recognition, language detection, and key phrase extraction. This can produce new insights, drawing from tacit knowledge employees have on the organisations' customers, as well as large volumes of claims documents in a bespoke search index.

When it comes to data however, many insurers are yet to unlock the full potential of their assets. Take for example claims histories and distribution interactions. In addition to reengineering core processes, insurers who make full use of AI will have the ability to create products and services based on data and analytics. This will give them the edge, enabling them to deliver a highly tailored and personalised customer service. But while many insurers are experimenting with this technology, few have truly scaled their capabilities across the whole enterprise.

Trust is one reason for this, with concerns over AI being fuelled by high profile cases that were unlawful, discriminatory, or violated human rights.

Realising the benefits AI offers requires building and maintaining consumer trust; customers must be confident that AI can be used in an ethical and trustworthy manner. Our own research into the future of trust in AI, produced in partnership with market research leaders Tortoise, highlights how much like the impact of humans on our planet's climate, the risks from misuse of AI need to be addressed. Standards throughout ethical AI development for example can help cultivate trust through the sharing of best practice, and is therefore integral when it comes to industry and societal uptake and the realisation of its benefits[8].

Realising the benefits AI offers requires building and maintaining consumer trust

The future of data and connectivity

From a connectivity perspective, the wider adoption of IoT devices is increasing the frequency and specificity of data being shared.

As a result, this is enabling customers to provide a more accurate view of their needs, at the same time requiring insurers to better understand risk - both at time of purchase and on an ongoing basis. The increasing prevalence of 5G allows this data to be shared at lower latencies, which in turn helps insurers provide real-time services to clients.

While evolving products and services will require customers to share even more information, new technologies will allow insurers to better manage risk and make use of complex customer data. This is a critical step in enabling insurers to play a more active role in claims prevention by moving towards a "predict and prevent" insurance model, which allows data to be shared more frequently between parties. Insurers will also have the ability to manage customer data in a safer, more consistent manner, as well as simplify current issues including verification and identity management. This is particularly important as blockchain becomes more widely adopted. Zero-trust security policies and similar approaches can also help create resilient networks capable of protecting against cyber-crime.

Aside from security, many of the common issues associated with data such as poor quality and a lack of availability, are further compounded by the often siloed nature of data science teams. Kainos specialise in enabling insurers to overcome these challenges, and achieve a single customer view that allows them to offer better experiences though data platforms. These solutions can allow organisations to tailor product offerings and apply cross selling, with a view of driving new customers and retention. Our machine learning operations (MLOps) solutions, which marry machine learning (ML), development operations (DevOps), and data engineering, harmonise interactions between projects and people. This transforms the development process by ensuring seamless piloting, deployment, monitoring and operations. By harnessing a wide range of business data alongside new data sources like wearables, social media, and even handwritten notes, MLOps can save time and play a significant role in transforming the way insurers better serve the needs of their customers.

New technologies will allow insurers to better manage risk and make use of complex customer data

MLOps Case Study – General Insurer

The Challenge

With data analysts working in pockets throughout the organisation, our general insurer customer found themselves running short when attempting to deliver agile projects and achieve operational change. The business required support establishing a centralised advanced analytics hub to scale their use of production machine learning.

The Solution

By implementing the Kainos approach to MLOps aligned with best practice and underpinned by optimal technical tooling, our customer was able to drive quality and attain economies of scale within their advanced analytics hub.

Together we were able to deliver an end-to-end development environment with best-in-class technologies for automated model deployment, retraining, and monitoring. We also implemented a shared machine learning governance framework for our customer's data science, engineering and operations teams, with a productionised predictive classification model and claims fraud model through the end-to-end MLOps process.

Benefits

Our customer's data science team was able to productionise and achieve tangible benefit from their models.

This includes:

- Increased cross-sell, upsell, and customer satisfaction, thanks to faster and higher quality identification of customers across systems using a singularity model

- A significant time reduction in manual retrieval and review of quotes and quote data

- Greatly reduced manual effort for identifying and prioritising customers and prospects

- More accurate and thus competitive pricing based on propensity to claim

Expert guidance with deep industry expertise

Just as important as any new technology deployment is using the right skillset and infrastructure to support this shift.

At Kainos we're committed to making smart decisions while at the same time questioning existing processes in order to unlock new efficiencies. We work in close collaboration with our customers, empowering their teams and enabling them for the future, as well as providing expertise in digital transformation. This enables insurers to focus on their core business and on providing outstanding customer service to their end users.

Reinventing the customer experience: The next steps

Although we've discussed several key challenges and opportunities driving insurers to re-think how they can enhance the customer experience, there is one common takeaway: To successfully transform your customer operations, take out paper and reduce phone calls you'll need to do more than addressing fragmented business lines, or making investments that are purely functional. Ultimate success demands an enterprise-wide focus.

This is why Kainos takes a holistic, consultative, and collaborative approach to understanding your challenges across the entire organisation. In doing so we can help you choose the right path to, and the right tools for, digital transformation.

Perhaps you're just starting to digitise more of your customer touch points, or have already modernised your legacy systems but are yet to realise the benefits. You may be a seasoned AI user, or a forward-thinking ML innovator. No matter where you are with digital transformation, we offer an expert team ready to accelerate your journey, with the right tools and technology to take your customer operations to the next level.

Why Kainos?

- FTSE 250 digital services provider with 2,700 employees globally
- Experts in cloud, data & AI and intelligent automation
- Global ecosystem of partners including Amazon Web Services, Bizagi, Databricks, Google Cloud Platform, Intel, Microsoft, Red Hat, UiPath, VMware and Workday
- Experience working with insurers including Canada Life, FBD, Generali, Irish Life, New Ireland Assurance and Sun Life Financial
- We help insurers grow their business, by intelligently improving their operations to deliver better customer and employee experiences.

Partners
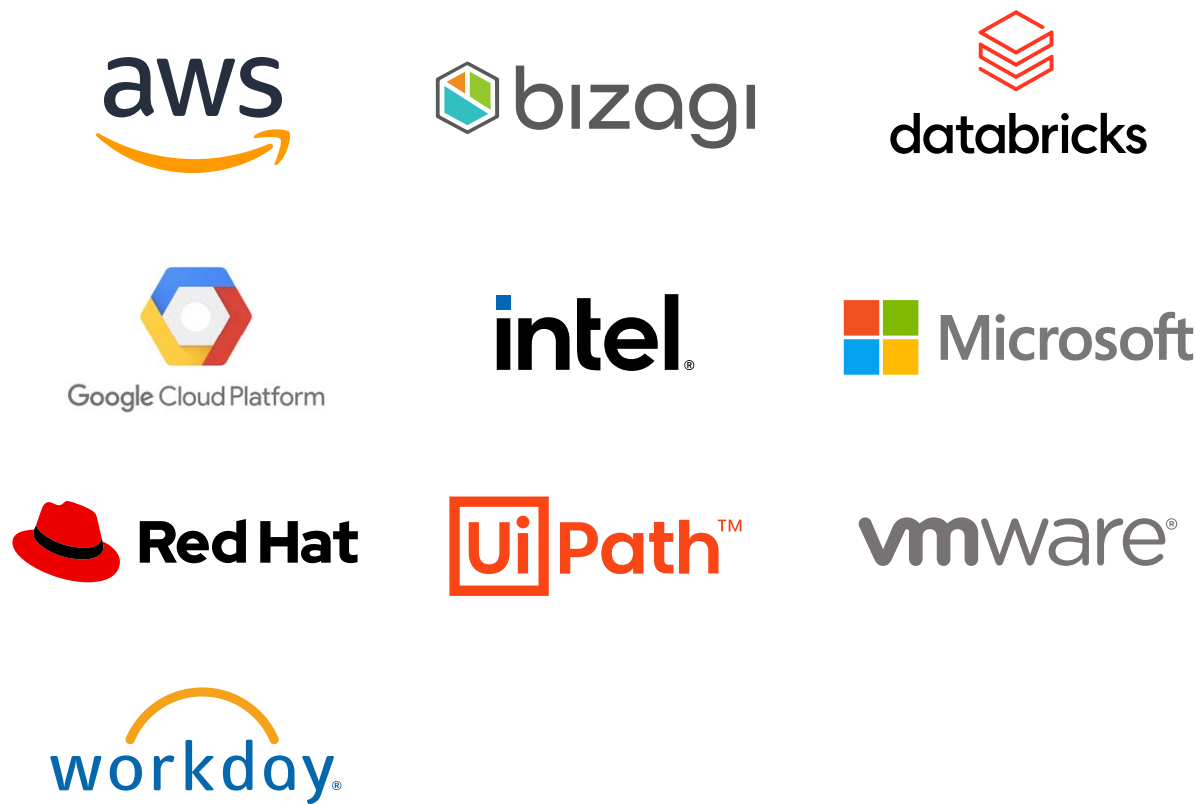
Customer Examples

Ready to make an impact?

Our insurance experts can assess the needs of your organisation

Do you want to increase customer satisfaction, acquisition and retention?

Or become more efficient and allow your employees to focus on more value adding work?

Book a meeting to see how our insurance team can help your business

Maryann Fitzgerald
Head of Insurance

✉

Find out more at **kainos.com**

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