FROST & SULLIVAN

IBM Podcast: Insurance Legacy Systems: Customer Satisfaction Challenge

"We Accelerate Growth"

INTRODUCTION

In today's business environment, the systems a company employs are a fundamental part of the way that company can function. This is the case for the insurance industry. As the insurance industry faces increasing competition, price sensitivity, and commoditized products the results are often a dissatisfying customer experience.

CUSTOMER SATISFACTION ISSUES

Aging and archaic property and casualty claim systems can result in higher costs, increased cycle time, and lower labor productivity. Not only is the internal business environment suffering, but the customer's frustration level is increasing due to long cycle times. Implementing a system that is flexible, real-time and interactive will improve the claims process and customer satisfaction and increase opportunities for upselling and cross selling.

There are commercial solutions available that help create a customer experience strategy and also help better segment customer needs, which is a key step in improving customer's satisfaction and loyalty.

CUSTOMER EXPERIENCE STRATEGY

A company-wide strategy to obtain and maintain a positive customer experience is fundamental to establishing an overall vision and operating principles for an integrated and consistent delivery at each customer touchpoint. It is critical that the system employed can provide employees with the same, consistent, real-time information.

A top insurance company recently made a strategic decision to focus on the customer experience to retain its customers. As part of the process, the company mapped out the customer experience and each touchpoint and found more than 280 possible customer interactions and at least 60 customer data repositories. The company also discovered that more than half of a customer's interactions had variations by distribution channel and more than 70 possible disconnects that could happen during the customer lifecycle. Armed with this information, the company is in the midst of a multi-year mission to build and continuously improve its customer experience by re-engineering and streamlining underlying business processes and systems, and is already seeing great results from a renewed commitment of its employees and improved customer satisfaction.

SEGMENT YOUR CUSTOMER BY NEEDS

Managing customer relationships well requires the insurance company to understand who their customers are and what types of needs they have. From the initial application or a claim in process, insurance companies have a great deal of customer information. A system that is able to effectively and securely manage and organize this data is key. The insurance agent is most often the main customer touchpoint for a policyholder. If an agent is armed with data that segments its customers he can better upsell and cross sell existing products and services and also introduce new offerings to its policyholder.

According to Nationwide Financial Services research, most Americans have six to seven financial relationships. To protect and strengthen ties, financial institutions must create intimacy with shifting customer demographic groups. By segmenting customers by their needs, opportunities exist to not only further customize current interaction but also to strengthen a long-term relationship.

CONCLUSION

In summary, key takeaways from this podcast are…that: The insurance industry is evolving. As customers are more
and demanding, companies have to make every effort to retain its policyholders or lose them to a competitor.
Implementing a customer experience strategy and segmenting customers by needs are two solutions that can impr
customer satisfaction at every touchpoint. Successful streamlining and re-engineering of business processes and sy
can greatly improve data capture, retention and analytical tools that an insurance company can employ to increase
term customer loyalty.

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