The Digital Insurer

Unleashing the Potential of Social Media in Insurance

High performance. Delivered.
Social media, as a catalyst for efficient communication and interaction among people, is a natural ally for helping insurance companies improve their business and connect with customers. For example, social media makes it more convenient, faster and simpler for insurance consumers to obtain advice from friends, family, and even strangers about the best insurance products or carrier.

Carriers have a tremendous opportunity to capitalize on the word of mouth that is increasingly occurring within social media. Nearly half (48 percent) of the 6,000 insurance customers from 11 countries participating in Accenture’s 2013 Consumer-Driven Innovation Survey said they would consider comments on social media in making their insurance-buying decisions. The survey found that in particular younger consumers, ages 18 to 34, pay attention to social media comments and recommendations.

Social media also provides a rich set of data on consumers and increasingly the "things" that they own or use. Social media is expanding the universe of data that is knowable about consumers, their behaviors, and their possessions. Historically, insurance companies have found ways to capitalize on such an information advantage to better price risks and avoid adverse selection.

Additionally, many consumers want insurers to play a more active role in risk management—which requires insurers to be more in tune with their customers’ daily lives. In Accenture’s 2013 Consumer-Driven Innovation Survey, fully 92 percent of respondents saw risk management advice as either a “good” or “critical” service desired from their insurance provider. Given the relative infrequency of contact between consumer, agent, and insurer through traditional channels, social media data can help fill in the gaps.

Finally, in the same consumer survey, 80 percent of respondents saw personalized advice from their insurance carrier as either “somewhat” or “very” important. Social data is rich with life events and other information that can aid agents and insurers in providing more personalized and relevant experiences and offers.

While many carriers have embraced social media to varying degrees, their efforts have been primarily focused on social listening and engagement. No carrier has yet realized the full, transformative power of social media.

In this report, Accenture explores the applications of social media—from conventional to disruptive—across the insurance value chain and suggests a framework for insurers to mature their social media efforts to drive more business value.
Industry's social media use focused largely on marketing

Despite the natural fit of social media to the entire insurance business, insurers are applying social media primarily to marketing, public relations and servicing. Findings from a recent Accenture Insurance North America Social Media Benchmark Study show that the clear majority of brand posts relate either to marketing/sales or customer experience (Figure 1). Within customer experience, the majority of posts pertain to claims and billing/pricing issues. News sharing and philanthropy round out the categories of topics customers tend to post about most often.

Such application of social media in the brand-conscious, relationship-driven insurance business is field tested, and carriers continue working to:

Build trust in and rejuvenate their brands. For example, Farmers Insurance sells virtual insurance for farmers against crop withering in the popular Farmville™ Facebook game, creating brand awareness among young consumers and injecting a dose of dynamism and innovation into the brand.

Design and execute marketing campaigns. Brand icons and passion pages, such as Progressive’s Flo, Allstate’s Mayhem and New York Life’s Keep Good Going, demonstrate highly efficient use of social media to keep target audiences engaged. In the Accenture Insurance 2014 North America Social Media Benchmark Study, New York Life ranked highest in the number of Twitter followers; Mayhem scored highest in Facebook engagement efficiency and ranked in the top three for Twitter followers; Flo is top-rated in Facebook reach at nearly 6 million fans.

Extend their brands beyond insurance through social communities. New York Life’s childhood bereavement chats on Twitter and USAA’s community for spouses of military personnel deployed overseas are good examples of social communities that provide value to customers beyond traditional insurance. In the broader financial services space, American Express brings value to small business owners with its Open Forum, an advice-sharing platform that connects the expertise of its members via online and social media channels; the Facebook page has more than 340,000 Likes, and the Twitter feed has amassed 200,000 followers since 2011.

Generate leads. As consumers freely share their life events on social media forums, it is possible to use listening tools and analytics techniques to identify emerging needs for both prospects and existing customers, and present relevant offers.

Protect their brands through sentiment analysis. Many carriers actively listen to and analyze consumer comments on social media networks, enabling them to timely address potentially damaging comments from unhappy, disgruntled customers.

Insurers have clearly embraced social media channels as an integral part of their media mix and use them extensively to listen to and engage with their customers and prospects.

Figure 1. Types of social media posts that mention a specific insurance brand, November 2013

Source: Accenture Insurance 2014 North America Social Media Benchmark Study, and Accenture analysis. Copyright © 2014 Accenture All rights reserved.
Where else along the value chain can social media be utilized?

Beyond marketing activities, insurers can effectively apply social media across every aspect of the insurance value chain to help improve the way they conduct and grow business (Figure 2). For example:

**Product development.** Social media networks and communities should be used not only to gather insights on emerging/trending customer needs, driving new product development, but also to test new products before rolling them out at scale. A majority (55 percent) of respondents to Accenture’s 2013 Consumer-Driven Innovation Survey indicated they would use one or more of a variety of prospective insurance services offered through social media.

We are beginning to see insurers use social media to introduce innovative products, combining social media and mobile.

**Distribution.** Social media networks have a clear application in extending and reinforcing agents’ offline networking efforts. Much in the same way as people use Facebook and LinkedIn to keep in touch with family, friends and business associates, agents should utilize social media to not only engage and stay connected with customers and prospects but to also grow sales and to gain customer insight to inform account rounding tactics.

One social platform that is helping agents establish and enhance customer relationships is Hearsay Social®. Hearsay is a social media marketing and management platform that enables brand- and regulatory-compliant content to be distributed to agents, to use in their social conversations. The platform aids in achieving compliance across networks of thousands of agents and facilitates the sharing of best practices for success.

Figure 2. Social media applications across the insurance value chain

Copyright © 2014 Accenture All rights reserved.
Pricing and underwriting. One of the latest trends in the online/social media space is the so-called sharing economy, where owners and renters connect through digital technology. Today consumers can rent anything from castles to Cadillacs to hedge clippers. This poses interesting questions for carriers: how does offering one’s car for rent for a day or a few hours change the risk profile of that car’s owner? How should this be priced? Whose policy is providing primary coverage?

Social media data can also be applied toward enriching a prospect’s profile. For example, an avid scuba diver or bungee jumper is likely to have a different risk profile than a computer engineer who spends most of her free time reading, which may or may not suggest policy changes. Lenders are beginning to use ratings on eBay to make loan decisions for small businesses. Could similar data be useful to carriers?

Policy servicing. Major carriers already provide customer service via social media channels, including Facebook and Twitter. Through these and other networks, carriers can listen for and identify their customers’ requests for and comments on related services. Then, insurers can engage with those customers through more direct channels and address their concerns in a timely manner. This process is often referred to as “social care.”

Consumers that have a positive social care experience are nearly three times more likely to recommend a brand to others. Nearly 40 percent of companies experience a 10 percent reduction in support costs from implementing social care, with greater customer satisfaction.

Companies outside the insurance industry are already combining social media servicing with artificial intelligence to lower service cost and increase customer service effectiveness. For example, a leading telecommunications company in Europe launched an Accenture digital solution that combines artificial intelligence, live agents and social media to manage and optimize customer interaction across digital channels in a manner driven by automation. The system learns as it goes, based on human interactions, allowing agents to focus on particular customer segments and more complex or critical issues. Early results show successful resolution of 82 percent of customer interactions through the automated system, increasing to 88 percent when combined with live interaction.

All signs point to artificial intelligence and Customer Experience Management software tools expanding in use as they are applied by companies to intelligent search, customer care, personalization and profiling across digital channels including social media.

Claims management. Social media is becoming a vital element in insurance claims servicing. It provides a more direct and relevant way for carriers to interact with customers around a claim and helps to accelerate the recovery process. Consumers are on board. In Accenture’s 2014 Global Insurance Claims Survey of nearly 8,000 insurance policyholders, approximately one-third of respondents said they are using or plan to use social media related to claims in the next two years, and 44 percent would switch carriers if their preferred digital channels were not available during the claims process. In another claims area, many special investigation units are now using social media data to flag potential fraud in workers compensation and disability claims.
Several Europe-based entrepreneurs are utilizing social media for disruptive advantage, creating new business models and new ways for consumers to buy insurance.

A German startup, Friendsurance, enables consumers to create their own individual insurance networks of friends and relatives who share in a portion of the claims, reducing premiums by up to 50 percent. First, Friendsurance helps consumers find a carrier, much in the same way an aggregator does. Once consumers select a carrier, they can then draw on their social networks to start saving. They invite friends and family to share in the cost of future claims up to a nominal amount, such as 10 euros. The more friends who join an individual consumer’s insurance network, the lower the risk for the carrier and the lower the premiums for the consumer.

The liability for any individual consumer in this model is limited to his/her own premium, capping the total potential claim losses any individual consumer would have to cover. In this model, the potential for fraud and frivolous claims is reduced, driving value for both carriers and consumers.

Or consider jFloat. Based in the UK, jFloat is leveraging social media to change the competitive playing field for auto insurance. jFloat enables consumers to organize their networks of friends, family and like-minded people, create their own group risk pool (a “float”) and self-insure their cars. The float approves new members and, thus, is self-regulated.

Of the premiums, 80 percent goes to the float’s pool and 20 percent goes to a re-insurance carrier. Claims under a certain threshold are paid out of the pool; others are settled by the reinsurer. The model offers positive outcomes: risk exposure more in line with a member’s risk profile; transparency into the insurance process; incentive for members to make reasonable claims; and lower fraud, sales costs and member premiums.

Similarly, UK-based financial services startup Bought By Many targets underserved insurance markets. Through Bought By Many, groups of people with niche insurance needs join together to buy insurance policies at a lower cost or that are better tailored to their needs. Acting as an intermediary, Bought By Many negotiates with insurance companies to obtain deals for the “buying collective.”

Such entrepreneurial ventures will continue to push the outside of the envelope, making use of social media networks to change industry dynamics, the basis of competition, and the way value is created and distributed in the insurance industry.

To stay competitive, carriers must draw on their customer relationship strengths and immense data, and work to evolve their social media strategies in ways that turn potential disruption into an advantage—in effect, changing the game themselves.
Climbing the social media maturity curve

Based on our cross-industry experience helping companies and government agencies to define and execute social media strategies, Accenture has identified an evolutionary process to social media maturity which takes place in four phases, as shown in Figure 3.

The phases culminate in a transformative, enterprise-wide, IT-enabled utilization of social media. The phases are:

**Listen.** Organizations employ tools and services to monitor, capture, analyze and respond to public information available from social media to assess current customer sentiment and identify sources of significant influence on customer decision-making. This phase has low complexity, but also less value in terms of business impact. Activities in this stage are necessary, but not sufficient to capture the economic and efficiency value that social media offers for insurance.

**Engage.** Companies continue their listening activities, but also take steps to engage with customers in a systematic fashion, seeking to establish and build a presence both through on-board (brand-owned, such as USAA’s community for military wives) and off-board (public, such as Facebook and LinkedIn) channels to participate actively in customer interactions at scale and across the organization. This phase also includes what Accenture calls “engagement management” to direct the flow of interactions, accurately identify and engage “influencers” and establish an effective system for auditing and reporting both on-board and off-board activities.

**Optimize.** Companies link their social media channels to a comprehensive customer relationship management (CRM) program to progress their single enterprise-wide view of the customer, track returns of specific campaigns and identify particularly effective social channels. The optimized use of social media allows insurers greater reach and flexibility in marketing to niche consumer segments. It also helps insurers and agents acquire and retain customers by integrating social data into a single view of the customer to help derive greater insights and personalized offers and service.

**Transform.** Organizations use more complex, IT-enabled social tools integrated with other business systems to reinvent traditional or create new, disruptive business models. Insurers wanting to protect their market positions and strengthen their competitive advantage will seek to advance to this stage of social media maturity.

Where is your company in this maturity continuum? How can you progress to the next level?

---

**Figure 3. Phases of social media maturity**

- **Listen:** Social Media Monitoring, Social Media Analysis
- **Engage:** Engagement Management, Customer Service, On/Off-board Social Media
- **Optimize:** Multichannel Integration, CRM Integration, Value Chain Integration
- **Transform:** New Services, New Products, New Business Models

Copyright © 2014 Accenture All rights reserved.
A framework for capitalizing on social media’s full potential in insurance

Drawing from our experience helping insurers and other companies realize the potential of social media, we believe success depends upon the following five key elements.

Executive support for enterprise-wide social media

Much too often social media efforts are either dispersed across the organization or relegated to a single business function. This more often than not results in silo focus, mild support and sub-optimal outcomes. As with any other disruptive technology, successful companies allocate the appropriate executive support and attention to social media efforts. More importantly, the efforts apply to and are coordinated across the insurance value chain.

Social media strategy

As described above, social media technologies can be broadly applied to virtually all aspects of the insurance value chain. Creating a strategic vision for how social media can be incorporated into the fabric of your business, as well as a prioritized list of programs, is critical to impart clear direction to the organization.

A recent Celent survey indicates that more than one third of insurers using social media technologies do not have a social media strategy. A sound social media strategy must take into consideration the challenges of data privacy and address these through a business-driven compliance approach.

Resource commitment

Creating and maintaining focus on social media programs is challenging and requires full-time commitment. Consistent and measurable progress on social media initiatives requires a dedicated group of individuals who not only execute the programs but also become the organization’s social media change agents and evangelists.

Social media innovation lab

Social media technology has evolved and will continue to evolve rapidly. Many current social media giants like Facebook, Twitter, LinkedIn, WhatsApp, Pinterest, and Snapchat, among others, did not exist five to ten years ago. Creating a laboratory where new technologies are tested and their business application is explored in a fast, efficient and safe fashion is a critical aspect of a successful enterprise-wide social media program.

Willingness to experiment quickly and inexpensively

Institutionalizing a test-and-learn philosophy—where the outcome of an unsuccessful experiment is not penalized but accepted as a learning—is critical to pushing the limits of what’s possible and challenging conventional wisdom. High-performing social media players acknowledge the trial-and-error nature of the craftsmanship process required to take a social media idea to a transformative, impactful product or service.

Like other digital technologies, social media will continue to evolve at a rapid pace. Insurers will do well to act quickly to mature their social media capability, both as a natural extension of their core business and as a catalyst for new, disruptive business models. Those that do will seize competitive advantages—brand differentiation, cost efficiency, agility, higher revenue and market share—while the window is still open. It’s how traditional insurers can stay in and ahead of the financial services game well into the future.
Endnotes

1 Study based on social media data collected in January 2014
2 NM Incite Social Care Survey 2012
3 MGI Web 2.0 Survey 2011
4 Accenture 2014 Global Insurance Claims Survey

About the series

The Digital Insurer is an Accenture series that provides insights on how insurers can achieve high performance in the Digital Age. Digital is not simply a new distribution channel—it offers an entirely new way of doing business. Leading insurers are learning how to provide significantly easier access to a wider range of more relevant products and services at a lower cost. With these goals in mind, this series presents pragmatic and visionary discussions on analytics, back-office digitization, marketing, mobility, social media, cloud and more. For more information about this series, please visit www.accenture.com/digitalinsurer or join the conversation #digitalinsurer.

About the authors

Erik J. Sandquist is the managing director of Accenture’s Insurance Distribution and Marketing Business Service in North America. He helps insurers reinvent their distribution models through strategic transformational change programs.

Carlos A. Lugo is a managing director in Accenture’s Financial Services group where he leads Accenture’s digital practice for Insurance in North America. He helps clients grow their business by designing, implementing and operating high-performing, multichannel digital ecosystems.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 293,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is www.accenture.com.