



Satisfy the Craving for Insurance Personalization

Delivering highly relevant,
omni-channel customer
experiences



High performance. Delivered.

How well do insurers personally know their customers? Do they know which route a specific customer habitually drives and how accident-prone that route is? How often a customer turns on the alarm when he leaves home? Or if before departing for a winter vacation he sets the thermostat temperature high enough to prevent water pipes from bursting? How about which customers average 10,000 steps per day versus those who are sedentary?

As described in the Internet of Me trend,¹ every customer experience is becoming a personalized experience with consumers going so far as to switch providers to receive the personalization they crave.² Delivering this level of personalization requires insurers to better understand their customers' actions and behaviors, and to use this knowledge to provide more frequent and high-value interactions.

This capability is no longer a nice to have; it has become an imperative. More than three quarters (80 percent) of insurance customers surveyed by Accenture are looking for personalized offers, messages, pricing and recommendations from their auto, home or life insurance providers.³ Nearly as many customers (77 percent) are willing to provide usage and behavior data in exchange for lower premiums, quicker claims settlement or insurance

coverage recommendations.⁴ Historically, though, the insurance industry has not delivered these personalized services. One fifth (21 percent) of insurance customers say their providers do not tailor customer experiences at all.⁵

Disruptive new competitors such as Google and Walmart are rushing to fill the gap. Digital and retail giants already collect large quantities of consumer data through smartphones, home hubs, shopping loyalty programs and a variety of other sources. As a result, they potentially know where customers are located at any given time, how they manage their personal lives and surroundings such as their home and vehicle, and what life stage they are in. Combine this with distribution rivals' global reach, powerful brands and automated transaction capabilities—and it is clear they have the potential

to deliver personalization that most insurers would struggle to match.

Insurers that fail to respond risk forfeiting their share of diminishing revenue pools, experiencing margin pressure, and missing out on the opportunity associated with new revenue sources.

Adopt a new mentality

Despite the substantial competitive threat, many insurance companies seem to be ignoring the opportunity that personalized services can provide. Less than two thirds (61 percent) of insurers plan to offer non-insurance products and services⁶ and only 22 percent have launched personalized, real-time digital or mobile services to date⁷ such as:

- Offers based on customer needs and products that they already own.
- Messages that customers find relevant and that build on their relationship and previous interactions with the insurer.
- Pricing that dynamically considers customers' behaviors, usage and loss-prevention measures taken.
- Recommendations and incentives to prevent losses or reduce loss severity.

Many insurers are plagued by low frequency of customer interactions. They are also hindered by their product-oriented cultures, organizational structure, traditional management approaches and measurements, and outdated technology. Even those companies that are deepening their customer knowledge and generating new insights may be impeded from fully acting on those insights. They have a long way to go to truly delight their customers and become valued advisors.

Insurers that strive to delight their customers must migrate from a transactional mentality to a relationship mentality. They need to think beyond insurance and the limited insurance process-related customer interactions like bills, payments, renewals and claims. How can insurers be a partner in helping customers live the sort of lifestyle they desire? How can they help customers prevent losses or act more quickly when events occur? How can they persuade customers to take the steps necessary to improve their financial well-being?

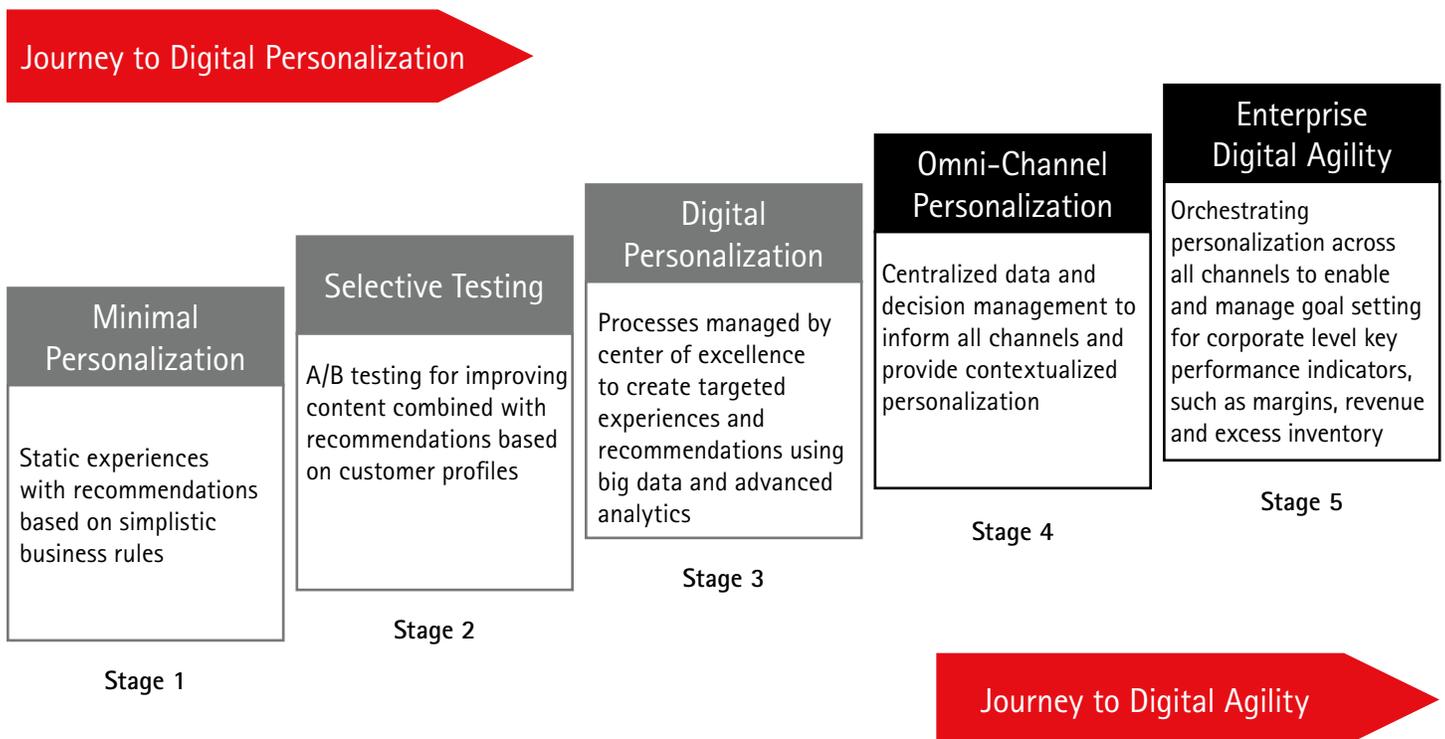
Journey to personalization and agility

In order to progress up the personalization maturity model (see Figure 1), insurers will need to undertake a number of changes. These include forming and implementing an actionable customer segmentation strategy. Advanced analytics capabilities will enable insurers to create precise and actionable customer microsegments and propensity models based on demographics, life stage, needs and behavior. From this, insurers can identify segment-specific opportunities to personalize offers, messaging, pricing and recommendations to individual customers across physical locations, web, mobile or call center channels.

Additionally, insurers will benefit from developing an agile test-and-learn capability that can operate at speed. Once success is achieved on a small scale, they will need a customer-centric operating model to rapidly integrate the learnings across channels and lines of business where appropriate.

Leading insurers are starting to take this approach to deliver significantly increased levels of personalization. For example, one major insurance provider is working to combine profiles of customers, past and current transactions, and content from social channels to render a personalized experience on its mobile app. Another insurer is developing customer microsegments to help improve the returns on customer retention and cross-sell campaigns and offers.

Figure 1: Accenture personalization maturity model



Digitization of everything enables next plateau for personalization

As the number of Internet of Things (IoT)-enabled sensors and other devices explodes, insurers will have the opportunity to leverage the data from these devices to better meet customer needs across three broad themes: loss prevention and protection, pricing and coverage optimization, and value-added services. For example, by monitoring for water leakage, insurers can alert customers to a problem and enable them to act more promptly to prevent or at least minimize damages. As a value-added service, they could even call a plumber on the customer's behalf. Customers who opt into this service could receive a discount on their homeowner insurance. As this example illustrates, insurers must tap into the rapidly forming IoT infrastructure to obtain the data that they need in real-time. It will also require insurers to build new relationships and join ecosystems to deliver services that go beyond insurance.

Some leading insurers are moving in this direction now. A small number (16 percent) are already working with start-ups and external partners to drive digital innovation, while another 17 percent are partnering with non-insurance companies to offer customers a broader range of relevant products and services.⁸ For instance, Direct Assurance has begun offering You Drive, which collects information from subscribers' automobiles and provides them with personalized daily driving advice via social media, as well as monthly scores that impact the

cost of individual premiums.⁹ And Vitality, a global wellness company and loyalty-based program, is working with a number of insurers including John Hancock, Generali and Ping An, to provide proactive fitness and well-being coaching, and to reward policyholders with insurance discounts for healthy lifestyles based on data collected from wearables and other technology. Vitality also rewards healthy behaviors with discounts for travel, leisure and nutritious food purchases,¹⁰ combining all these to create frequent and delightful mobile interactions with customers.

Forward-looking digital insurers that build the capabilities to produce IoT-enabled personalization across all channels will be able to deliver value-added services that address broad customer needs and help reduce the risk of loss. Examples include:

- Auto services such as delivering traffic and driving-condition information, recommending safer routes, scheduling predictive maintenance (oil change, tire rotation, routine service) appointments with dealers, alerting emergency services in the event of a collision and monitoring automobile speeds.
- Home services spanning safety, security and energy control such as monitoring water pressure or presence of gasses, detecting unauthorized access or unusual movement, and using smart thermostats and electrical sockets.
- Lifestyle services such as encouraging healthy eating and exercise behaviors, as well as monitoring compliance with recommended medical treatments or prescription medication schedules.

- Aggregation of all these services into a mobile insurance companion that helps customers to live a better and well-protected life.

This approach is part of a larger trend that Accenture has described as Living Services. By continually learning through real-time analytics and forging long-term, meaningful relationships with customers, insurers will come to know what they enjoy doing; the context of their lives, including time and financial restrictions; how happy, healthy and fit they are; and with whom they are spending leisure time. Insurers will be able to use Living Services to curate choices and deliver personalized recommendations tailored to the weather, and a customer's location, mood, health and even bank balance. The best designed of these Living Services will have the potential to create new value-added relationship opportunities for insurers by enhancing customers' lives and injecting elements of surprise, delight and wonder into their daily routines. For more

information on how to deliver Living Services, see Accenture's point of view, "The Connected Insurer."

Conclusion

Market indicators clearly show that customers crave personalized offers and experiences from their providers. Digital insurers that truly know their customers as individuals, that create a continuous loop of interaction, and that maintain customer trust will be able provide highly personalized and relevant insurance experiences across all channels. They will also provide a stronger value proposition to their customers—one that includes not just indemnification but constant protection. This personalization of offers, messages, pricing and recommendations, along with increased frequency of contact, will be a decisive competitive differentiator in the digital age.

THE FOUR Rs OF PERSONALIZATION

When done correctly, personalized services can improve an insurer's ability to:



RECOGNIZE

Know customers' and prospects' profiles, including demographics, geography, and expressed or shared interests.



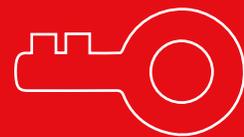
REMEMBER

Recall customers' history, especially how they act as expressed by what they browse and buy.



REACH

Deliver the right promotion, content, risk management service or suggested advice for a customer based on actions, preferences and interests.



RELEVANCE

Deliver personalization within the context of the digital experience based on who customers are, where they are located and/or what time of the year it is.

Join the conversation



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