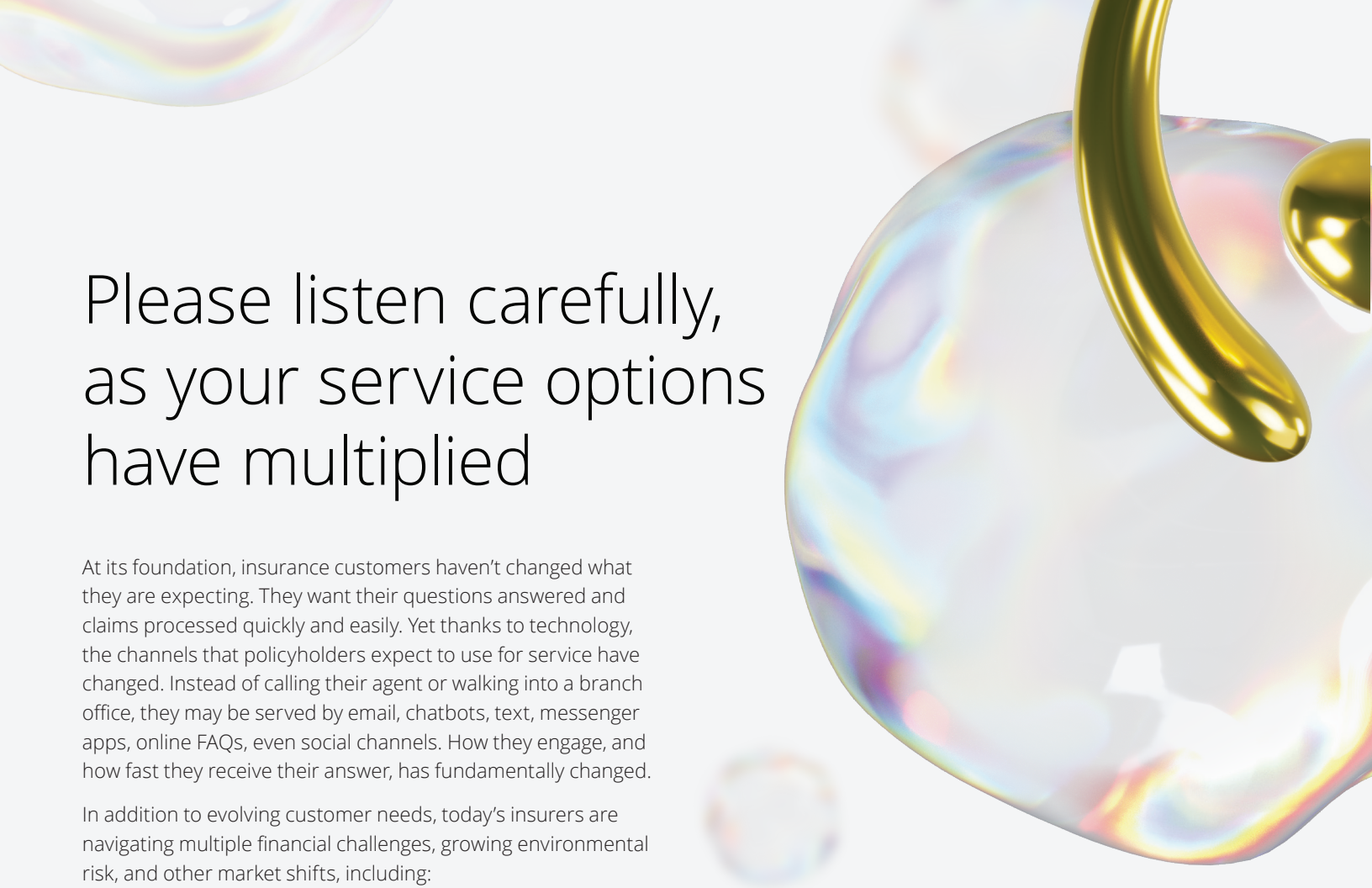**Deloitte.**
Digital

Looking to deliver great service to your policyholders?

Optionality is your best option.

May 2024

Please listen carefully, as your service options have multiplied

At its foundation, insurance customers haven't changed what they are expecting. They want their questions answered and claims processed quickly and easily. Yet thanks to technology, the channels that policyholders expect to use for service have changed. Instead of calling their agent or walking into a branch office, they may be served by email, chatbots, text, messenger apps, online FAQs, even social channels. How they engage, and how fast they receive their answer, has fundamentally changed.

In addition to evolving customer needs, today's insurers are navigating multiple financial challenges, growing environmental risk, and other market shifts, including:
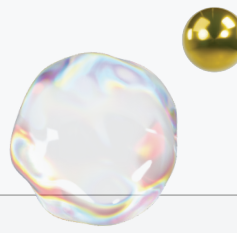
HIGHER COVERAGE COSTS

The US non-life market is facing the hardest market in a generation as insurers struggle to raise prices fast enough to cover record growth in expenses.[1]

UNDERWRITING LOSSES

The US$26.9 billion net underwriting loss for US non-life insurers in 2022 was the biggest since 2011—over six times higher than 2021. 2022 was the eighth consecutive year featuring at least 10 US catastrophes each resulting in over US $1 billion in losses.[1]

RISING CUSTOMER EXPECTATIONS

Group insurers are seeking avenues to increase client engagement and add value to differentiate their brand. One trend— likely exacerbated by the pandemic and the "great resignation"—is increased consumer demand for employee benefits focused on financial health and well-being.[1]

With growing market challenges and increasing customer expectations, along with the pressure to deliver high-end services across all channels, the quality of service can become less than stellar.

Insurers have an opportunity to rethink and modernize service experiences that lead to brand loyalty and greater top line growth through exceptional service experiences. Take filing a claim for example. An insurer might offer an agent-assisted option to file a claim for Joe at his time of need. Conversely, a self-service option may be more appropriate for Steve whose urgency and timeliness needs are met through self-service

filing. Both customers are having their needs met, and the service teams can properly scope, plan, and resource to execute effectively for each customer.

Transparent service optionality—offering multiple service options to consumers with clarity and guidance—can help insurers differentiate from competitors and create greater stickiness with new and established policyholders. As we explored in a recent report[2], optionality is on the rise across industries, and it can help insurers navigate the challenges of the service multiverse and rising expectations.

Necessity is the mother of optionality.

Technology advancements are driving new service capabilities and as a result, changing customer expectations. Changes in market conditions also necessitate broader service options to best meet customer needs. One leading life and annuity carrier invested in both its client and agent experience by expanding the number of channels used to engage with the carrier. Once heavily dependent on servicing only via phone and in-person interactions, the carrier introduced client-facing chat, and later chatbots, to support clients while online and on the app. Building on that success, the carrier also launched agent-facing chat to help agents address questions with less wait time.
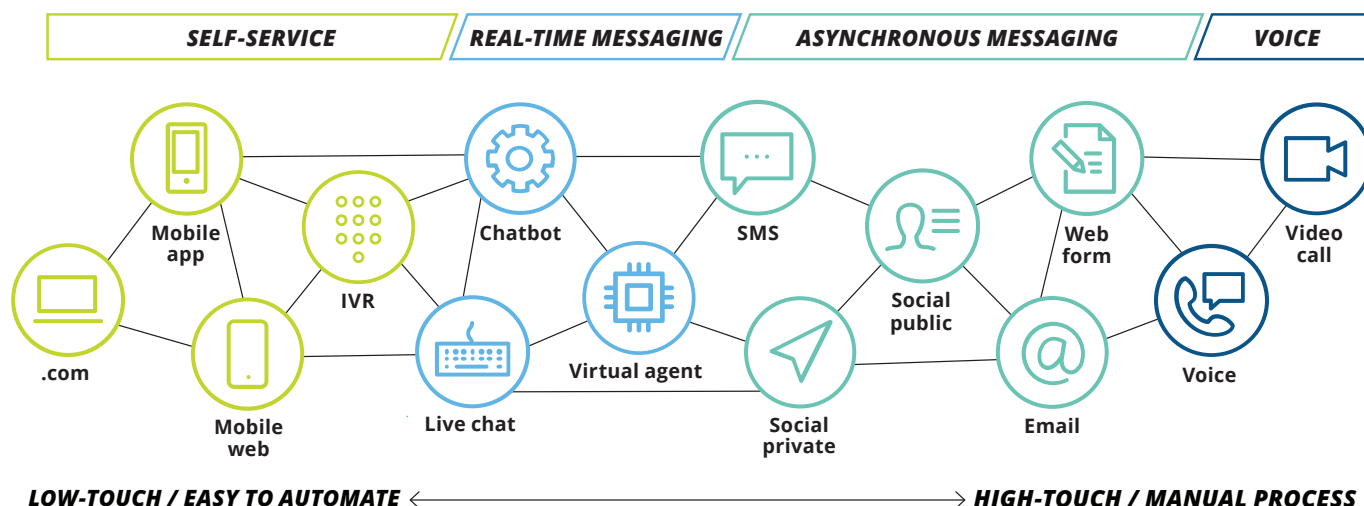
The combination of necessity and technology is powering service options and opportunities for everyone across industries. New, more humanistic chatbots and self-service tools are capably providing options for brands to reduce cost. Agents have the option to work remotely from home more than ever before, improving work/life balance. And customers have become adept at seeking service across remote channels. More than 70% of customers today prefer different channels for service depending on context.[3]

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In short, the typical customer service journey has been reshaped by tech-driven options that give consumers the power to choose in the moment. Insurers bear the costs of the choices in effort or dollars, and their challenge is to enable the most cost-efficient channel while exceeding customer expectations. To accomplish this, service choices need to be clear to policyholders as self-serve and white-glove options require different levels of time, skill set and monetary investment.

Today, service-smart companies realize that to deliver exceptional service they need to bring consumers into the equation transparently. **Providing transparent service optionality can turn the underlying service costs and effort into differentiation and profit, by nudging policyholders towards the optimal engagement channel with their insurer.**
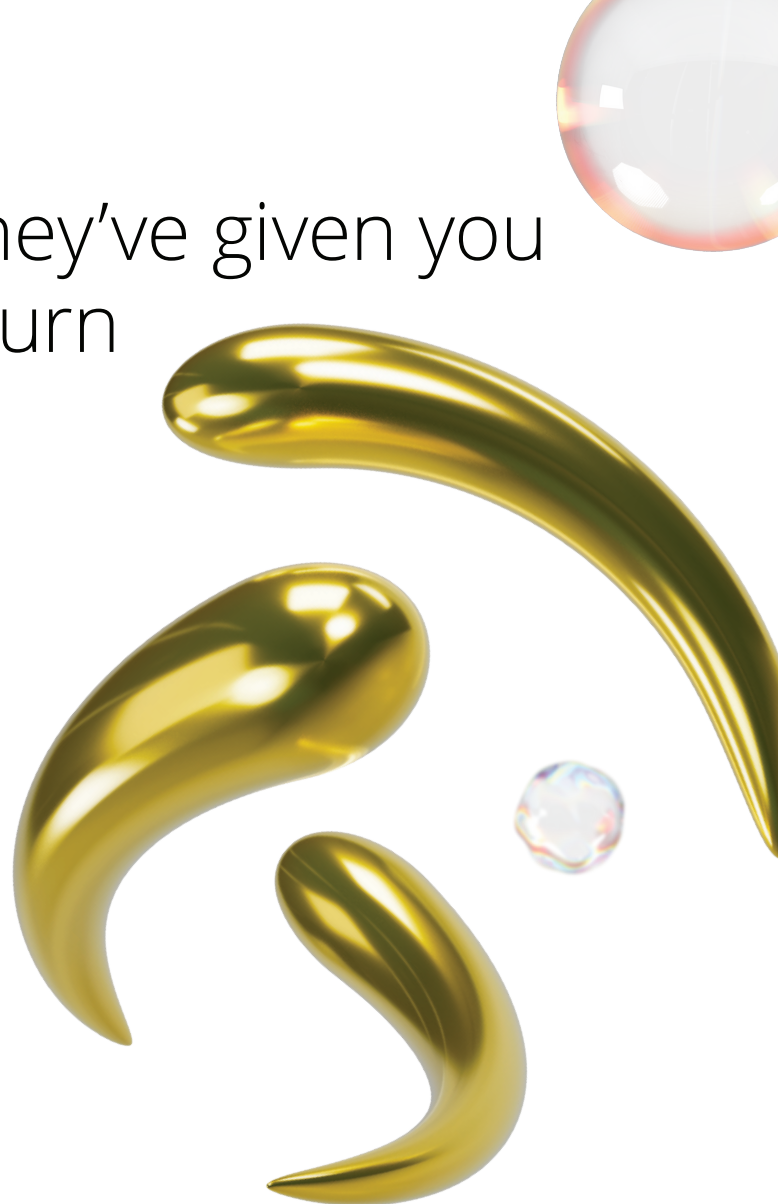
Future channel ecosystems will support a variety of different channels, and focus on driving customers to the channel that provides effective and efficient customer service based on the intent.

SELF-SERVICE | REAL-TIME MESSAGING | ASYNCHRONOUS MESSAGING | VOICE

Mobile app · .com · IVR · Mobile web · Chatbot · Live chat · Virtual agent · SMS · Social private · Social public · Web form · Email · Voice · Video call

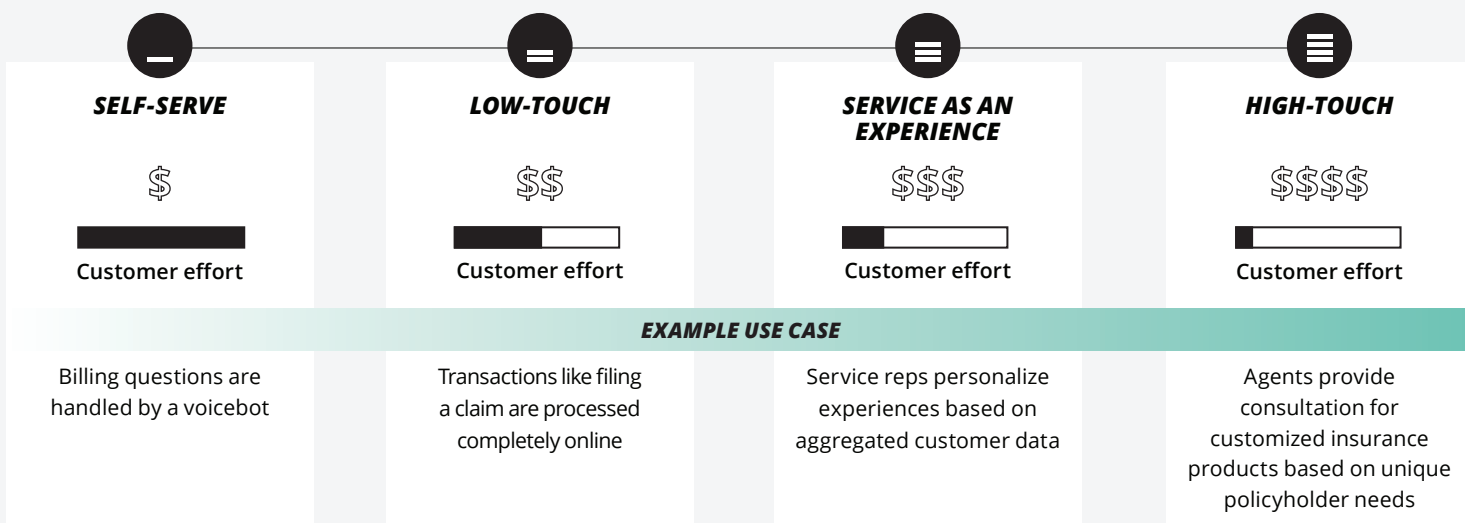LOW-TOUCH / EASY TO AUTOMATE ← → HIGH-TOUCH / MANUAL PROCESS

Policyholders know they've given you data and expect a return

Every customer interaction creates data, and insurers who can use this data to right-channel, personalize and drive new service experiences can turn mediocre service into experience excellence. Customers must share valuable and personal data with their insurance providers, and it raises their expectations for an individualized experience. In a recent Deloitte Digital survey, two in three consumers said that a personalized brand experience significantly increases their overall satisfaction with the brand. In addition, two in five consumers said that they purchased more products or services as a result of personalization.[4]

Insurers can deliver services that distinguish their brands, and that are more personalized and predictive, depending on the nature of customer requests. The goal is to drive policyholders to the best channel that can satisfy their requests in the most effective manner. With transparent service optionality, companies are setting new standards for customer experience and convenience. That's how experience excellence can be achieved.

EMPOWERING CHOICE THROUGH TRANSPARENCY

SELF-SERVE	LOW-TOUCH	SERVICE AS AN EXPERIENCE	HIGH-TOUCH
$	$$	$$$	$$$$
Customer effort	Customer effort	Customer effort	Customer effort

EXAMPLE USE CASE			
Billing questions are handled by a voicebot	Transactions like filing a claim are processed completely online	Service reps personalize experiences based on aggregated customer data	Agents provide consultation for customized insurance products based on unique policyholder needs

Technology expands optionality

Providing high-end experiences isn't new, but what is different today is the scale, complexity, and volume. The sheer volume of policyholders and variety of digital touch points has not only given rise to transparent service optionality, but it also requires exploring and investing in new technologies to make optionality work.

One of the leading difference makers is artificial intelligence (AI), which helps companies better handle volume and complexity in three ways: prevention, automation, and cognitive support.

AI is helping companies to better handle service volume through prevention, automation and cognitive support.

If you've ever been notified via text that high winds have been reported in your neighborhood, you've experienced AI-powered **prevention**. That simple notification allows you and your neighbors to prepare for a possible storm. In addition, it alerts insurance agents to prepare for a higher number of customer inquiries or claims. More positively, insurers can proactively identify and address potential disasters before they even happen.

Beyond notifications, AI **automation** is also being used to help customers resolve minor issues on their own, reducing the need for a call to a service center. For example, policyholders can use chatbots to locate a nearby claims center to take their car for an inspection after a minor fender bender.

AI-powered virtual agents are not only more humanistic today, but they can also help policyholders resolve issues on their own. A customer has options like interacting with a chatbot to set up a new home policy or using conversational AI via phone to add a new driver to an existing auto policy or a new family member to a health policy. These intelligent automations are fast, convenient, and enable insurers to segment experiences and serve a range of customers well.

The third category of impact is **cognitive support**. As pointed out earlier, data is essential to personalizing service and options by customer. Nowhere is this more evident than in cognitive support. Human agents have long been able to pull up information on a customer's account and service history while on a call. But accessing information isn't the same as applying it to the moment.

AI tools can solve that in a variety of ways—determining which channel a prospect or policyholder should be routed to, assisting a human agent in prioritizing actions during a call, and/or providing real-time voice analysis of a customer's emotional state.

With Generative AI (GenAI), companies can better leverage their 360-degree views of customers. Coined Customer 3.6, the process uses GenAI to support human agents by analyzing the full customer view, culling what's necessary from it, and using that to guide the conversation with scripts generated in real time. This capability is valuable for insurers, who often interact with policyholders under difficult or stressful circumstances. Agents are equipped with precisely what they need and better able to focus on emotional connection and creative problem-solving with greater empathy. Likewise, customers gain greater clarity and speed of resolution.

OPTIMIZING SERVICING OPTIONS

AI-powered systems can reduce call volume, improve agent focus, and help insurers efficiently route policyholders to optimal service channels. For example, a national property and casualty carrier invested in new customer relationship management and AI capabilities to help better aggregate customer data and present scripting to contact center reps that help personalize the customer experience. Another leading property and casualty carrier moved 85% of billing-focused inbound calls to be handled by a voicebot, reducing costs while allowing contact center reps to focus on more complex, relationship-building interactions.

Excellence isn't optional.

Circumstance, volume, and technology may have sparked the service optionality transformation, but those factors can't help companies deliver it with excellence. Whether it's low-touch or high-touch or something in between, service excellence is a requirement, and intention and strategy are key to accomplish this.

The point of optionality is not to be everything to every person all the time. Your goal should be to **elevate the timely and relevant experiences you choose to offer through competence, consistency, and transparency.** Customers decide which options they value through the choices they make.

As you think through your strategy, prioritize the following:

GUIDE FOR CONSISTENCY

You want to provide all your various stakeholders with options, but your goal should be to guide policyholders to the most effective channel for them and the most cost-effective for you at any given issue. Even a high value policyholder may be better served by self-service for some needs. That requires intentional design across the service and contact center teams responsible for digital, virtual, and physical experiences.

PROVIDE OPTIONS WITH CLARITY

Offer details about what customers can get with each option. For example, telling a policyholder who's on hold that wait times average 23 minutes but that it only takes 10 minutes to file a claim on your website might nudge her to the most optimal channel.

STAFF FOR NEXT

Invest in AI to handle low-complexity interactions with hyper-personalized experiences and focus on hiring agents who can handle complex interactions. Rethink traditional training models and hire agents with problem-solving skills to handle the most difficult issues that carry significant consequence from day one.

Excellent service has long been a differentiator for leading insurance companies. In an era where service is delivered in volume and driven by technology, transparent service optionality amplifies that truism. It can help you improve service delivery and consistency across all levels and differentiate your brand.

CUSTOMER-CENTRICITY IS FOUNDATIONAL TO SERVICE EXCELLENCE

Optionality gives policyholders choice while giving insurers new ways to stand out by boosting goodwill and building stronger relationships. For example, insurers could proactively offer evaluation of auto insurance coverage when a dependent reaches driving age or other key life milestones.

The insurance industry's role is pivoting to that of a sustainability ambassador, influencing and propelling purpose-driven decisions and strategies to create a better workplace, marketplace and society.[1] By addressing policyholder needs with greater focus and service optionality, insurers can elevate their purpose and value.

Opting into optionality.

Transparent service optionality begins where service always does—with your customers in mind. Be intentional about your service strategy and carefully consider how it fits your customers' experience as well as how it reflects on your brand. You want policyholders to see the shift as intuitive, efficient, and modern in response to their needs. To make it happen, move toward a holistic service ecosystem that enables a complete view of the experiences and optimizes productivity. Consider how your workforce and talent investments fit in and retool your talent investment, development, and structure accordingly. When you bring all this together—the prospects and the policyholders, the options, and the technologies—you can deliver service differentiation at scale and create true transformation for your brand and stakeholders.

QUESTIONS TO HELP YOU GET STARTED:

01   How is your brand currently perceived and differentiated based on service experiences?

02   Are your service experiences driving efficiency in high volume, low complexity transactions such as billing inquiries or beneficiary changes?

03   How can your organization better align digital, physical and virtual service experiences to drive growth and profitability?

04   How will you prepare your agent and service workforce? What changes are needed?

05   How will you fund the transformation to deliver excellent service experiences?

06   What are the key metrics that are leading and lagging indicators of excellent service that you should track?
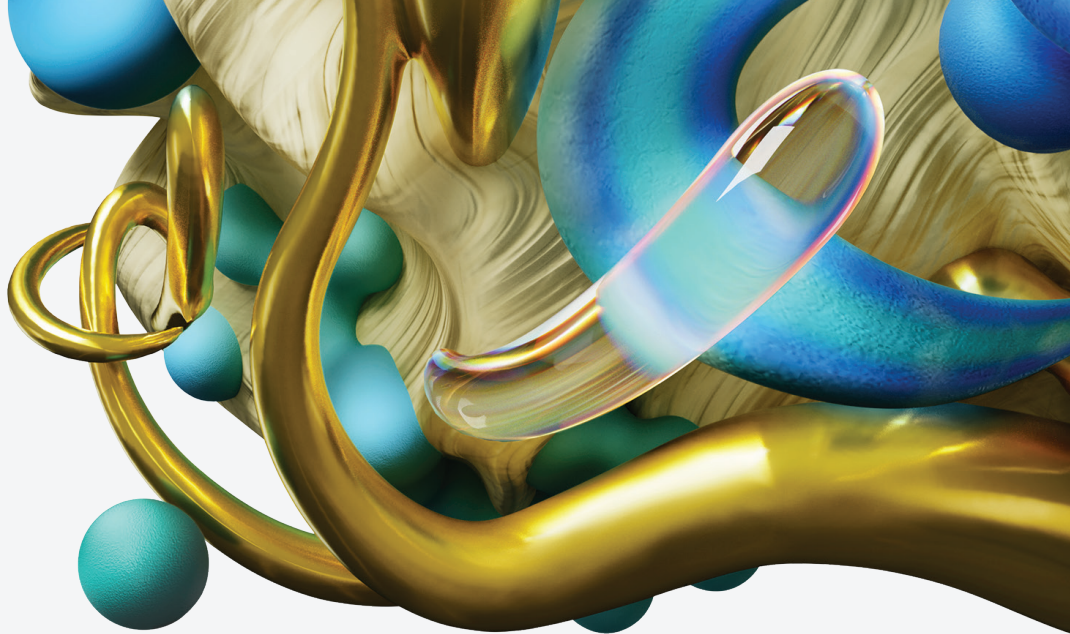
Deloitte. Digital

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