

A tough sell: the case for improved customer experience in Asian life insurance

Two shifts are happening across Asia at the moment: the growth of the middle-class, and the generational transfer of wealth. Both present new opportunities for life insurers, but with so much competition in the market already, and more set to come, finding a way of differentiating customer experience offerings will make all the difference. Only those insurers that match the expectations of 2020 consumers will come out on top.

This is because, despite new interest in life insurance generated by the growing middle class and millennial populations, it is far from topping their wish lists. In fact, life insurance remains by its very nature something that must be sold, not bought, largely due to the fact that it is easy to put off, inherently for the benefit of others, and has some uncomfortable associations with one's own mortality.

Two objectives therefore become clear for life insurers in the region: to convince customers of the need for life insurance in the first place, and to convince them that their offering is better than their regional and supranational competitors. The solution? A reduction of friction at all costs.

Put yourself in the shoes of the modern customer. Say they are scrolling through Facebook and they see an advertisement for a watch. They don't need a new watch. Their existing watch is perfectly fine. But they click on it out of curiosity. Within two more clicks they're at the point of checkout and their details, which are saved to their phone, fill out automatically. They hit enter. Within 2 minutes of seeing the watch, it's on its way to their house. If it had taken longer, if they had had to select a style, fill out lengthy forms, search for their credit card, they would have dropped off and gone back to scrolling Facebook.

This is because the amount of friction that a consumer tolerates is directly linked to how valuable they perceive a product or service to be. While arguably much more important than a new watch, a lot of people do not immediately see the value in life insurance, or at least they don't see the urgency in buying it, so getting them through the door quickly at any sign of interest is paramount.

This starts with making sure the 'door' they are going through is the right one for them. Everyone knows insurance claims are not one-size-fits-all, so why should the underwriting process be? By creating a predictive data model to do an initial assessment of applicants, insurers can fast-track certain segments of their prospects. This means that a 30-something, non-smoker with no prior health conditions can be approved within seconds, while a 60-something with high cholesterol can be redirected for further questioning. From there, automated underwriting capabilities can reduce the number of questions required and sidestep the need for intrusive medical testing. In Asia, where face-to-face interaction, long application forms and medical examinations are still largely the norm, this simplification of the claims process could easily give an insurer the edge against competitors.

The second step to reducing friction is by 'speaking the language' of the digital native and fully embracing the digital revolution. At the moment, most insurers in Asia have undertaken some level of necessary digitisation, moving from paper to digital applications and automating various back office processes. However, it's largely been a like-for-like approach; what we call the 'online-ification' of centuries old processes. This approach fails to acknowledge the tech-savvy of their new customers, most of whom have more or less leapfrogged computer hardware to become digital mobile native.

Insurers need to join them at the digital coal front in order to ensure their CX integrates with the way consumers live their everyday lives. As the vast majority of buyers of insurance across Asia already use their mobile phones to interact with agents and insurance companies, insurers can make purchasing insurance easier by engaging directly with customers via mobile devices and social media. For example, an insurer could integrate their questionnaire with a messaging platform of the applicant's choice – say Facebook or WhatsApp. The applicant can then answer the questions in their own time with a flick of their thumb, all using an application they're already interacting with on a regular basis. These answers can then be sent to a digital automated underwriting service in the Cloud for a real-time underwriting decision. Because the input and output remain the same, insurers can rapidly deploy this service with no big IT project or retraining required.

On top of the immediate improvements new digital capabilities like automated underwriting and advanced analytics can bring to the customer experience by reducing friction, such tools also importantly free up the time of insurance agents to focus on where they can uniquely add value. At the moment, a typical insurance broker's day is made up of 70% admin and 20% business sales, with only 10% left for providing expertise to clients. Through the digitisation and automation of administration tasks, insurtech allows agents to focus on the human element of the customer experience. Already automated underwriting software has seen massive reduction in NPW (not-proceeded-with) claims by dramatically cutting down the speed-to-decision.

For better or for worse, Covid-19 has finally put the pressure on Asian insurers to match their customers' digital desires. 3-year digital transformation roadmaps are now being demanded in 3 months. In order to meet the needs of the 2020 customer, innovative digital capabilities need to be harnessed to create slick, simple customer journeys that rapidly move customers from thinking about life insurance to being on a plan. By doing this, insurers will not just join the bandwagon of digital revolution but make their way to the front of the pack.

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