

2022

STATE OF CX IN INSURANCE

Decoding The Age of 'Intelligent-Experience' In Insurance



MANTRA LABS

Experience Strategy & CX Consulting

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Brief Overview

Insurance industry is at the cusp of digital transformation in the post-pandemic world where uncertainty and risk have taken over the economy.

A volatile shift in the consumer mindset is compelling insurance organizations to assess their existing business strategy and accelerate the digitalization of all the touchpoints. However, this online business model brings some innate challenges for the companies: deciphering the dynamic customer expectations and bridging the existing experience gap.

In order to address these concerns in both business and consumer-facing worlds, insurers are comprehensively moving from *experimental to experiential stage* and investing in Customer Experience strategies.

Technology has taken on a human dimension which is why the 'phygital' strategy is the new differentiator where CX will be the deciding factor in building customer loyalty and delivering richer experiences from here on out. This report is meant to help Insurers gauge the future state of CX in Insurance for 2022.



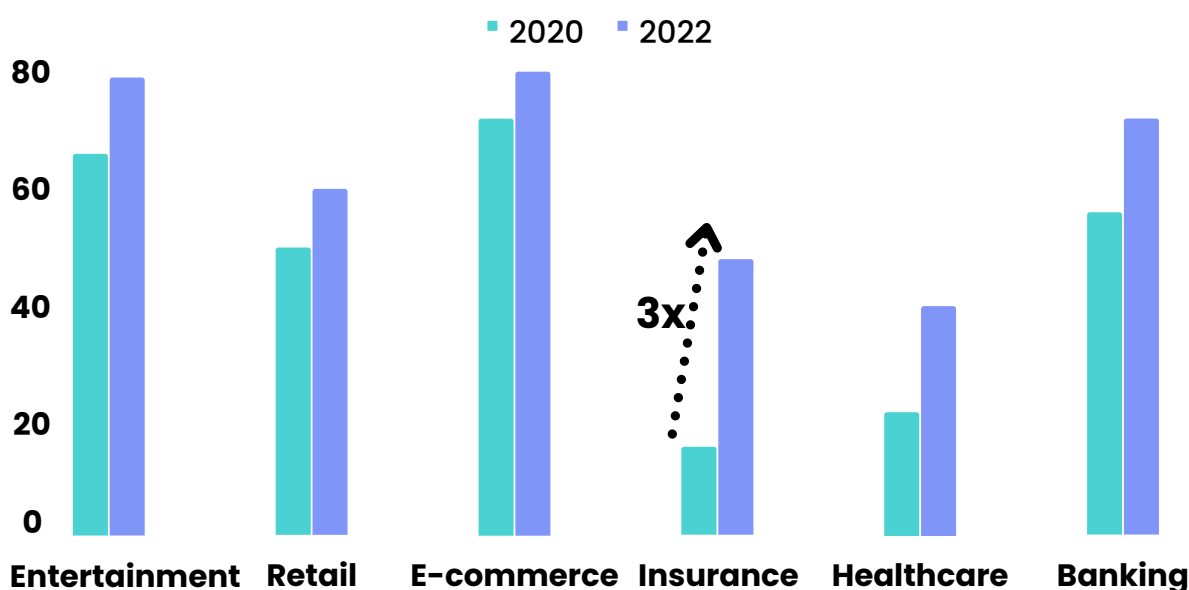
1. Benchmarking Insurance in CX Maturity

The transition to a '*experience economy*' is forcing structural changes in the insurance industry. Digital customers today want to *buy an experience* rather than just a product or a service.

The pandemic has forced a massive shift towards CX maturity. Insurance outperformed other industries by **15 times**

when it comes to the uptick in CX maturity. Of course, a low base effect has been a major factor for this hyper-growth but recent investments in this space will only lead to near exponential escalation and organisations need to align their CX strategy with their core business strategy to ride this wave.

State of CX Maturity across Industries



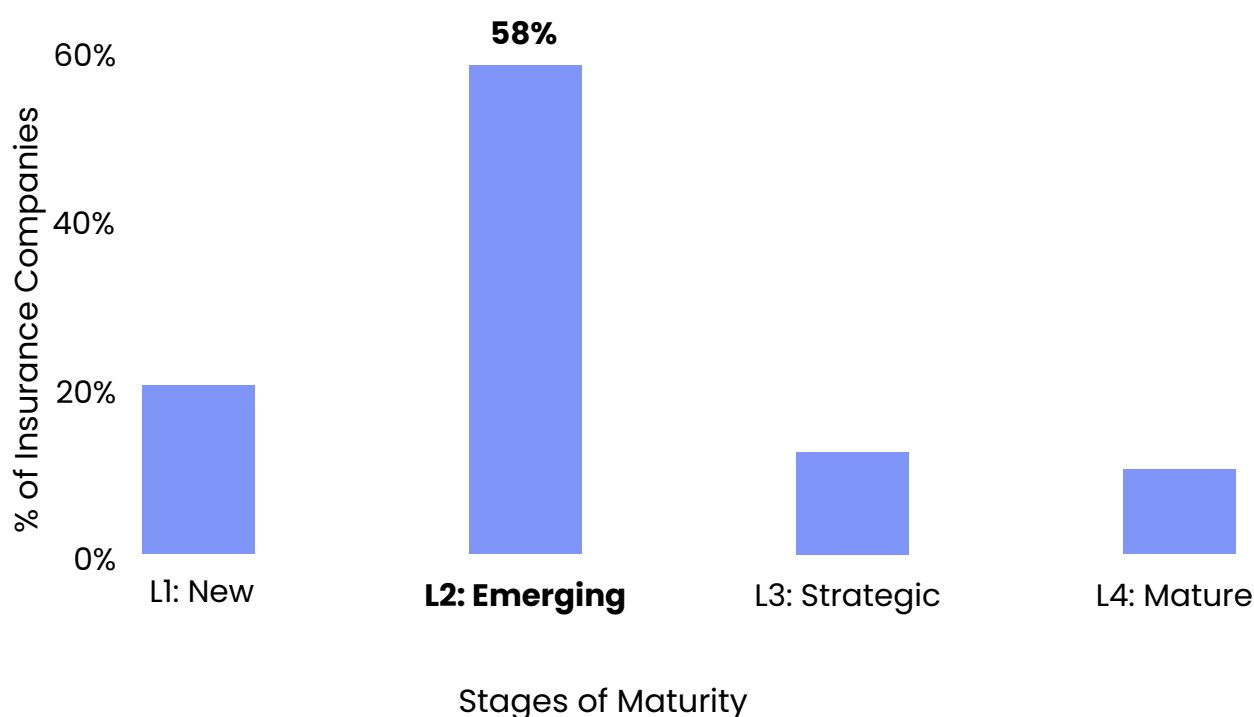
1.1 Insurers are in the Emerging stage in CX Maturity Graph

According to Mantra Research 2022, **58%** of insurers agreed that they are in the *Emerging* stage in the CX maturity graph.

International Data Corporation (IDC) predicts global IT spending in insurance will grow at a CAGR of 6% by 2024, hitting a market size of \$135 billion, with customer experience accounting for

37% of this investment. This means more number of insurance organisations will be deploying AI, IoT, data analytics to understand customer persona at the grassroots level and scale up customer experience across the entire value chain.

CX Maturity Split across Insurance



1.2 Top Investment areas for Insurance: Claims Management and Customer Servicing

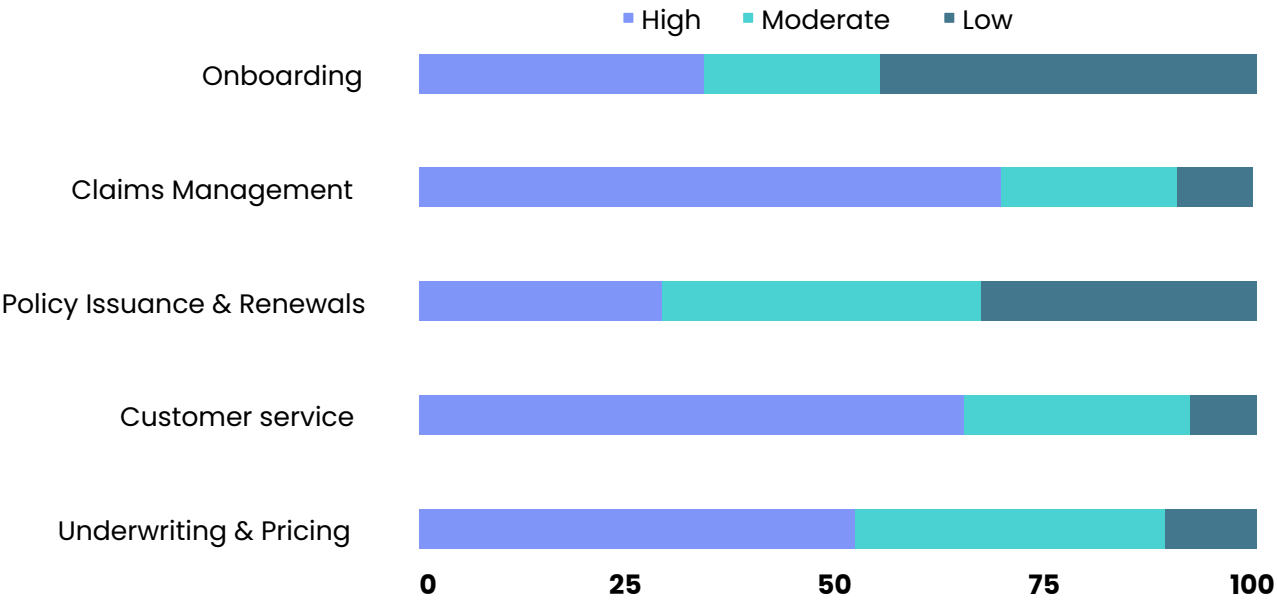
With a sudden hike in insurance demand, customers' expectation have escalated, and so does the complexity involved in creating an exceptional experience on such a wide scale.

Servicing (65%). For insurance firms, data-driven claims management can help in improving operational efficiency and offer an exceptional customer experience.

According to the survey conducted by Mantra, majority of insurers want to invest in improving *Claims Management process (69%)* and *Customer*

*Canada-based **Manulife** increased its straight-through claims processing rate from 68% in 2018 to 81% in 2020 by digitizing all its processes, from claim submission to servicing.*

To what extent does your company invest or plan to invest in insurance value chain?



2. The current CX Trends

2.1 Predictive Experience

Early movers in predictive analytics have transformed the art and science of customer experience and the way insurers evaluate customer expectations in their line of business.

Using predictive consumer insights, insurers are able to connect more closely with the customers, anticipate behaviors and identify CX-related problems in real-time. Implementing solutions that can forecast customer expectations based on their historical pattern without the consumer articulating their need explicitly can

directly improve customer satisfaction and boost revenue per customer. Likewise, predictive insight can amplify agent experience by enabling them in meeting consumer needs.

*US-based **Farmers Insurance** has introduced a predictive risk-scoring model that assess wildfire risk to properties around using high-resolution imagery and weather data. The data generated can be used to boost the number of residences eligible for insurance.*

2.2 Omnichannel Engagement

The new-age customers want multiple channel options that are easily accessible to choose from, while buying a product. Today, brands are actively leveraging different platforms to maximize their visibility and engage with their potential customers.

According to a Capgemini report, more than 50% of the customers prefer to use three or more channels to purchase insurance. Now, they want seamless customer support across every channel, that can be resumed even if the conversation is disrupted at any point of time.

Conversational AI-driven platforms can capture the sentiment of the users and gather customer intelligence in real-time that helps continue the same conversation across multiple channels. This enables insurers to keep the customers engaged and enhance the overall digital insurance experience.

For example, Hitee- a conversational AI platform built by Mantra Labs can solve customer issues proactively and optimize engagement journeys.

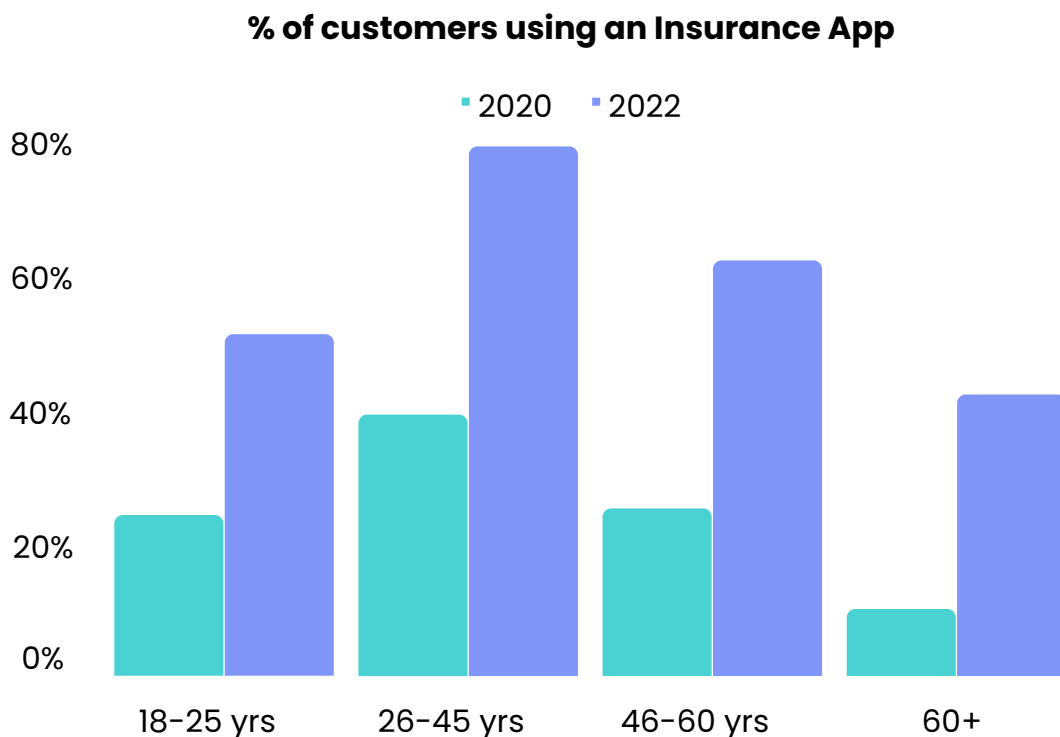
According to Mantra Research survey 2022, 69% of insurance leaders feel that 'intelligent interactions' will drive CX within Insurance.

3. Decoding Customers' Perspective

Consumer perspectives and expectations may differ due to the difference in their demographics. 'One-fit-for-all' approach may not deliver a great experience to insurance consumers.

Over the last two years, a large number of customers, particularly

older Millennials and Generation X, have shifted to mobile apps to purchase insurance. Surprisingly, insurance apps are becoming increasingly popular amongst the newest generation - Gen Z. Insurance firms need to align their offerings with this generation's appetite for digital experiences.



3.1 Hyper-personalised solutions will elevate CX for existing customers

Customer retention has always been a challenge for the insurance industry and the cost of acquiring new customers is comparatively higher than the cost of retaining. For insurance firms, it becomes imperative to find out '*what else can be insured?*' to increase the wallet share of the existing consumers who are searching for innovative and personalized insurance solutions to buy. *Episodic (on-demand)* insurance solutions and *usage-based plans* according to customer needs would generate cross-sell and up-sell opportunities for insurers.

Bajaj Finserv India offers episodic Insurance solutions such as adventure sports insurance cover to the customers.

AIA Life offers a usage-based modular insurance product that has a choice of 32 coverage combinations. The company follows a dynamic pricing option where customers are given discounts on the basis of their engagement level with AIA's life health program.

3.2 Affordability and Convenience: Keys to augment the reach in under-served market

Insurers need to take an out-of-the-box approach to increase the wallet share across the lower-income strata, as they have a different set of expectations. A great buying experience for them would include:

- a) An easily understandable and affordable product
- b) Convenient mode of payment
- c) Agents who can explain the product features and benefits they shall receive.

Micro-insurance products and trained agents will help insurers to connect and build trust amongst this newer audience as they rely on them for all insurance related transactions.

Shriram General insurance

India has announced a launch of a separate vertical for a rural section of the country. The company is planning to facilitate doorstep delivery of insurance to remote locations by opening micro-offices and onboarding 40,000+ agents.

Tata AIA has collaborated with Common Services Centers (CSC) to boost rural penetration in India. Using its network, CSC will offer the Tata AIA Life POS Smart Income Plus plan that provides the dual advantage of a life cover combined with savings.

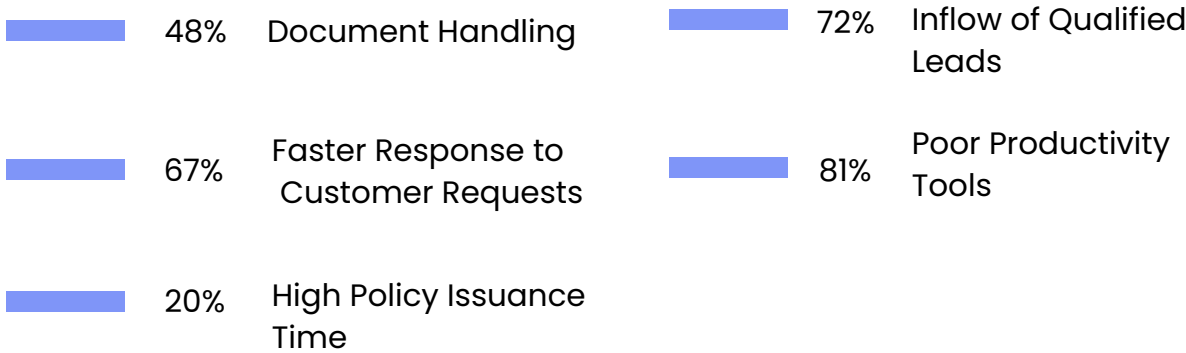
4. Agents' Point of View

Agents are exposed to volatile changes in consumer needs due to which they are finding it difficult to understand their exact requirements.

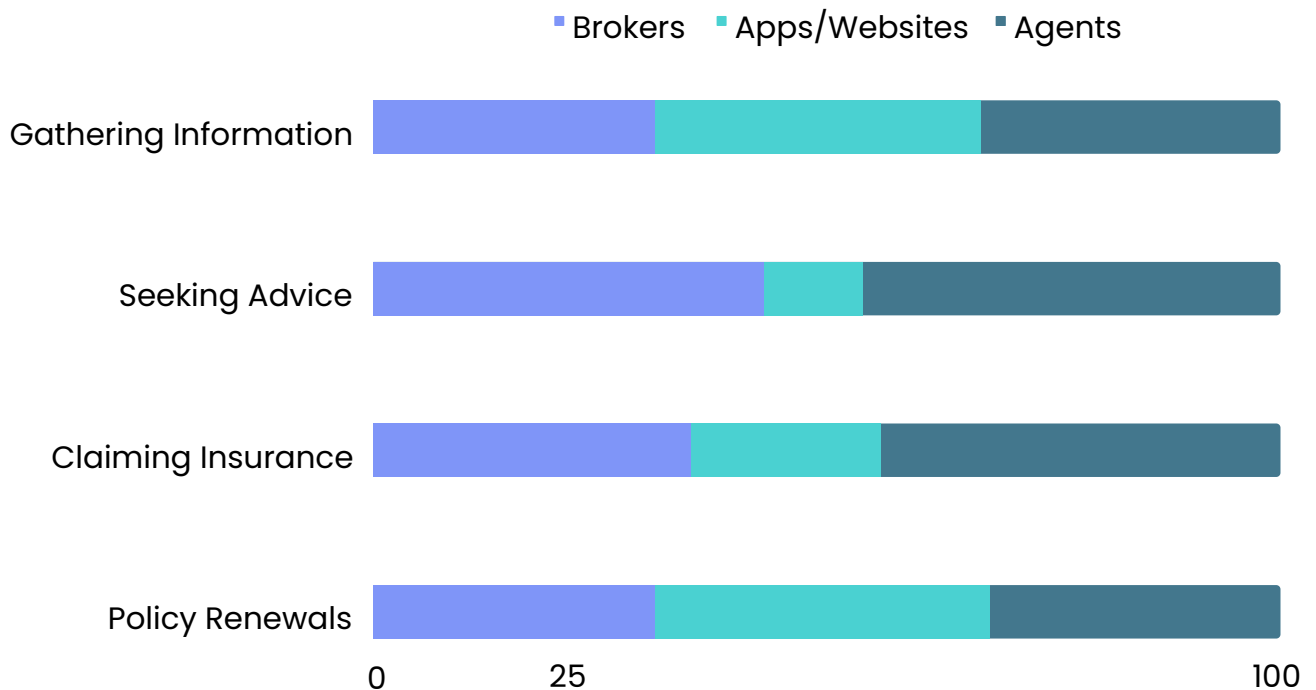
According to Mantra Research 2022, poor productivity tools (81%) and inflow of qualified leads (72%) are the top two challenges that agents face while service delivery leading to lower conversion rates and performance.

According to Capgemini report, 44% of Agents want support from their insurers. More than half of the agents and brokers surveyed said that they need digital collaboration and engagement solutions like screen-sharing platforms and digital document-signing systems to service and support customers.

Challenges Faced by Agents



Customer Channel Preference across insurance journeys



According to Mantra Research 2022, customers prefer to interact with an insurance agent over other channels like brokers and chatbots when it comes to seeking advice (46%) and claiming insurance (44%).

Insurers need to create a better experience for agents by providing them with regular

company updates, customer insights and marketing collaterals that'll help them drive sales.

Even though investments in AI and automation have been witnessing a sharper rise, empowering agents with digital tools and capabilities will help in improving customer engagement and retention for insurers.

UK-based **Prudential** generated 2.2 million leads for their agents through their health and well-being app- Pulse, which has led to higher offline sales.

5. Age of Experience: The Immediate Future

5.1. Insurance as an API will become more relevant

The world is moving in a digitally-driven future. Worldwide ecosystems are being built every now and then by the new generation of consumers. They are using multiple services in their own personalised ecosystems. Insurers need to create a seamless continuum of experience for them by taking part in the customer's ecosystems so that they can avail insurance solutions within their own ecosystems.

CoverWallet aims to simplify how Small Medium Businesses sign up for insurance.

With CoverWallet, a restaurant can go on the application and get a quote, find comparable rates paid in the food industry, pick a carrier and limits, and choose the payment terms after which, the application will return a policy, certificate of insurance, and proof of payment.

5.2 The rise of Web 3.0

Future consumers, known as Generation Z, are the most active users of web 3.0 and the most receptive to newer digital worlds like Metaverse, Augmented reality (AR), Virtual reality (VR), and Mixed Reality (MR).

For insurers, investing in web 3.0 has become an absolute necessity to establish their presence in the new internet world and capture the mind space of Gen Z customers.

*Usage-based insurance broker-**Hubb** is the first metaverse-ready insurance company to deploy metaverse. They're already hosting board meetings in Horizon Workrooms and engaging customers using virtual reality, allowing hubb to literally 'meet' them wherever they are located.*

AXA Insurance

launched a multiplayer online game to spread awareness about the need for insurance. More than 600,000 players visited AXA office in real life within five months of the launch.

5.3 Leveraging Third-Party Data and Services

In this ecosystem culture, data-backed experience has been helping businesses to provide a better customer journey to the users. And the insurance industry is no different. A vast amount of customer data is already being utilised by insurance organisations for underwriting, claims, fraud detection, and marketing.

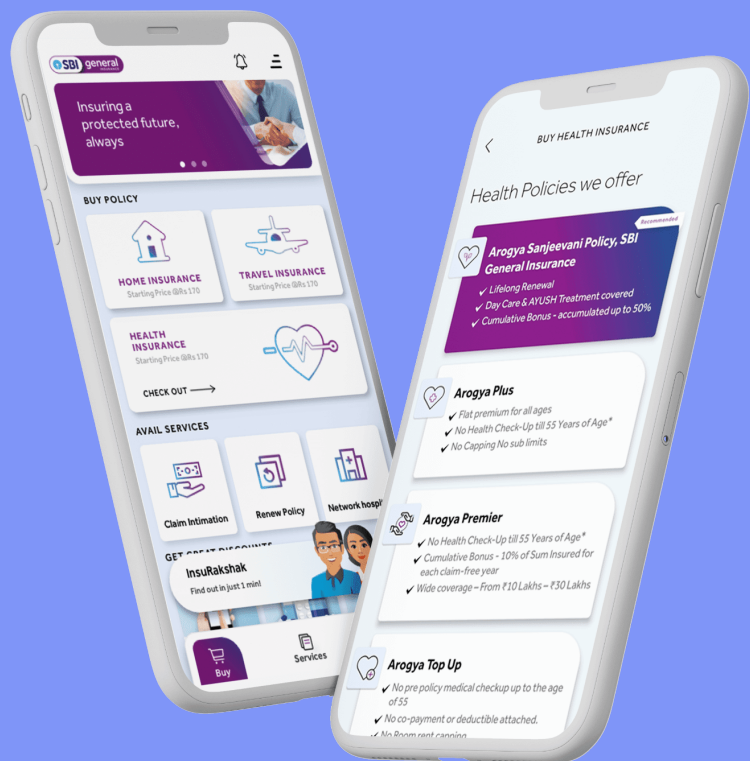
Third-party entities such as banks, credit rating agencies, social networks and even mobile networks have more customised data of customers. Insurance

firms need to leverage these data sets to discover new insights that were previously unknown to them.

Third-party data will enable insurers to delve deeper into customers' ecosystems, understand their motivation, analyse social trends and their life events in order to construct an exclusively tailored customer journey.

Building an Intelligent Experience

Use Case: SBI General Insurance

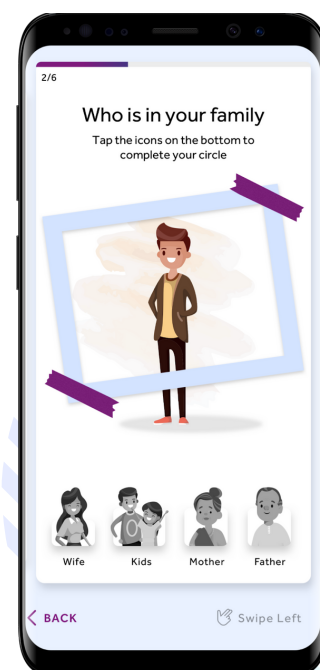


The modern digital consumer is now living in the '*Age of Experience*'. The onus is on digital carrier enterprises to make them more engaging, emotional, and personalized. Deriving new interactions from the customer's journey can be quite arduous.

Mantra Labs proposed a new identity for the future of insurance experiences — where we used insights harnessed from data and human expertise to bring sensory value to each interaction — what we call, '**Intelligent Experiences**'.

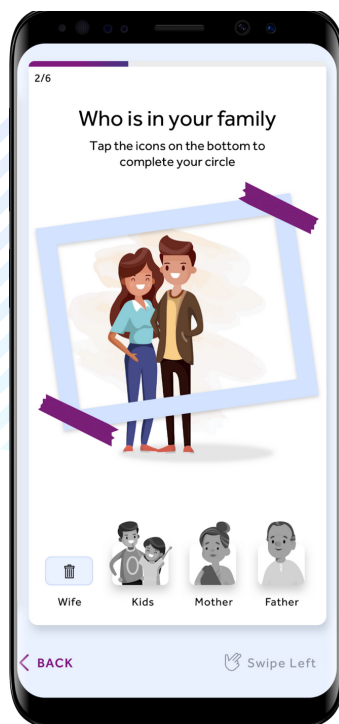
Building an Intelligent Experience: SBI General Insurance

SBI General (SBI G) Insurance, the leading insurance arm of India's largest public-owned banking and financial services organisation, is a symbol of trust for millions of people. The company has transformed its buying journey by creating an agile, digital insurance ecosystem that is more convenient and accessible for its enormous customer base.



Insurakshak- Risk Advisor

SBI G Insurance offers a first-of-its-kind personalization tool – **Insurakshak**, that functions as the primary risk advisor for its target users who are taken through a psychometric risk assessment journey, akin to identifying one's 'Circle of Happiness'. Users are then shown personalised and relevant product recommendations based on their unique coverage gaps, leading to higher customer engagement.



About The Survey

Mantra Labs surveyed 142 senior business managers & C-level executives across the auto, home, life and health markets within the APAC Insurance Landscape.

This report is intended for guiding Insurance decision- makers with insights surrounding the future state of CX in Insurance for the After-COVID World.

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About Mantra Labs

Mantra Labs is a global experience engineering & consulting firm that builds intelligence-driven solutions and delivers digital-first customer experiences for global enterprises. With its 250+ skilled and passionate technologists, having delivered 100+ projects around the globe the company specializes in solving real-world front & back-office challenges faced by Insurance & InsurTech companies. Mantra has worked with some of the World's leading Insurers like SBI General Insurance, Religare, DHFL Pramerica, Aditya Birla Capital and AIA Hong Kong.

Mantra Labs is also a recognized InsurTech100 company deeply involved in developing technology solutions for business-specific problems with several strategic technology partnerships including MongoDB, IBM Watson and Nvidia.

Mantra Research explores evolving market, business & technology tenors shaping the future of work. Our insights examine present and forward-facing opportunities across any industry enterprise through compelling expert opinions & thought leadership.

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