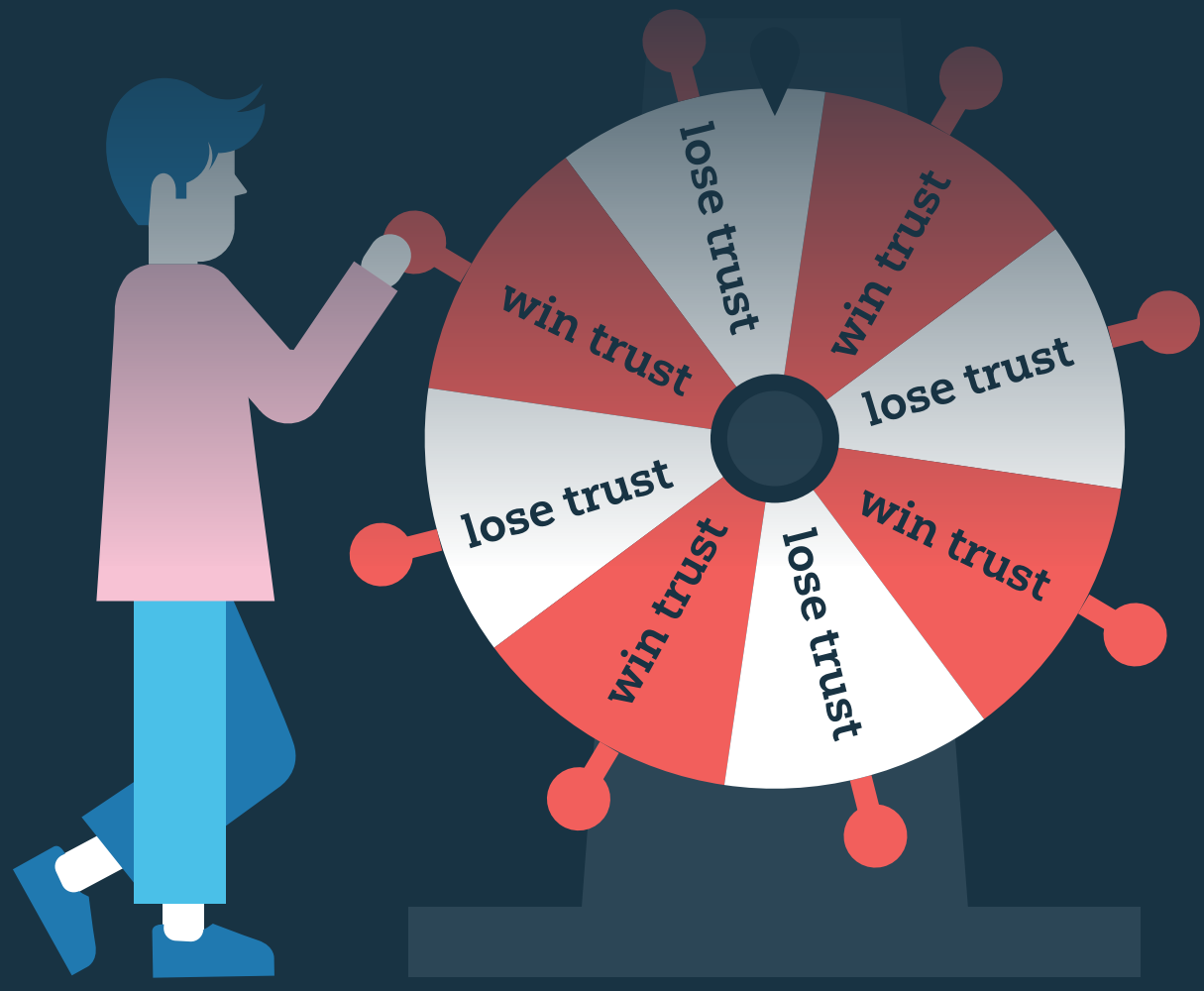




Hyper-personalization in claims: unlocking trust and loyalty



The insurance claims process stands on the cusp of a hyper-personalization revolution. In a recent survey by Insurance Innovators, Smart Communications and Salesforce, the overwhelming majority of insurers predict that those who succeed at hyper-personalization will experience massive or significant gains when it comes to improved efficiency, reduced customer effort and shorter time-to-settlement - vital success factors in the efforts to build customer trust and loyalty.

Insurers have a natural head start, thanks to their access to the large amounts of data and insight required to make hyper-personalization a success. Yet our research shows that this inherent advantage is too often wasted and it will require targeted technology investment to unlock this potential.

Hyper-personalization and claims transformation priorities

Hyper-personalization is defined as the real-time personalization of content and channel experience, drawing upon real-time data and analytics. As well as personalizing the information that is presented to claimants or claims handlers, hyper-personalization also determines what not to show, filtering out questions that have already been answered elsewhere or material that is not strictly relevant to this claimant, or this channel, or at this stage of the claim.

The result? The one-size-fits-all structure usually associated with claims processing is replaced with a more natural two-way conversation, better suited to claimants at their time of need, allowing both claimant and claims handler to focus on the needs that actually need to be met. Done properly, the dynamic FNOL form of the future shouldn't be recognizable as a form in the traditional sense at all.

“Hyper-personalized communication would streamline FNOL, pre-populate forms, and automate intelligent interviewing so that staff are freed up to provide additional support and reassurance while claims status updates would give claimants the transparency and information they need to feel more in control of what can be an opaque and confusing process.” says Ruth Fisk, VP, Insurance Strategy, of Smart Communications. Furthermore, this level of personalization aligns with the three leading digital claims transformation priorities identified by the survey:

- **Increased efficiency:** FNOL will be faster and more accurate using hyper-personalized interviews or forms. Hyper-personalized updates and notifications will reduce ambiguity and remove the need for inbound queries.
- **Improved settlement times:** 94 percent of insurers believe

that this increased efficiency from hyper-personalization will significantly reduce time to settlement.

- **Reduced customer effort:** Personalized intelligent interviews and updates will provide double benefits for reducing customer effort. Intelligent interviewing will entirely remove the need for them to repeat details unnecessarily, and smart updates will provide a sense of comfort that the insurer has control of the situation, which lets the claimant know they don't need to check on progress. This will be a stark improvement, given that 85 percent of insurers surveyed admit they unnecessarily ask customers for information they already have access to.

The demystification of claims: personalized, responsive communications

According to the survey, there are three elements that insurers must deliver to build trust and loyalty: ease, speed and the feeling of being understood by the insurer. “Too much of claims processing in the past has been opaque, time consuming processes that the customer, because of the infrequency of claims, does not understand,” says Fisk. “This is important to address because an overwhelming 97 percent of the industry agreed that poor or inconvenient communication plays a role in damaging trust.”

Hyper-personalization will be instrumental in the demystification of claims. Questions will be relevant so the customer understands the need for their input when effort is required on their part. And communications can be intelligently tailored by identifying potential pain points for an individual customer and anticipating their information needs and the best method of keeping them informed.

According to 85 percent of those surveyed, the level of live interaction that customers experience with home deliveries has set a new benchmark for the insurance claims experience. “Sometimes all a customer wants to know is that you’ve received their uploaded photos of damage or a rough ETA on when they can expect their pay out,” says Fisk. “This is data that is so quick and easy to show on a live dashboard or via text – why waste the customer’s time, and that of highly skilled claims handlers, when it could be seamlessly provided by an automated system? If a courier company can do it, why can’t your insurer?”

The levels of expected transparency will grow, and to avoid either information overload for the customer or increased workload for the claims handler, automated hyper-personalization will be required. James Webb, Director Insurance Solutions and Strategy at Salesforce, emphasizes that “Customers everywhere expect clear, concise information that’s relevant to them.”

“Insurers looking for an edge are turning to advanced business rules, AI and digital tools to automate processes and real-time updates. This helps give policyholders a sense of control over what’s happening with their claim and any supply chain issues.”

With 94 percent expecting that within five years their claims portals will offer an easily-readable, AI-generated summary of all communications (including contact with supply chain partners), the days of generic ‘in progress’ status messages are numbered. It’s certainly a dramatic improvement on the status quo, where eight out of ten insurers only provide personalized claim updates through contacting a claims handler.

This improved transparency will be worth the effort, with 92 percent of survey respondents expecting transparency to play a key role in building the trust with claimants that insurers so crave.

Channel optimization

Hyper-personalization doesn't stop at the message; not only does channel shifting need to be seamless, but each channel interaction needs to be personalized with real-time data provided on other channels.

This isn't just a 'nice to have': more than four out of five (83 percent) of those insurers surveyed said the ability to perform channel shift according to customers' needs and circumstances is a key factor in deepening customer trust and loyalty.

"It helps to be clear with customers about primary lines of communication. But insurers also need to be able to engage customers across their channels of choice", says James Webb of Salesforce.

"The trick here is making sure customers have a consistent, progressive experience as they move between channels, such as online, contact center and chat. Information and questions need to be kept relevant to each stage of the journey."

"And these interactions, whether from chatbots or smart virtual assistants, are increasingly dynamic, two-way and provide off-ramps where customers can seamlessly shift to another channel. Insurers need to meet customers where they are in order to stay relevant and stay in touch."

Fortunately, insurers are investing in improvements, with seamless channel shifting expected to be mainstream in just five years' time. However, says Ruth Fisk, there is still significant untapped potential for further personalization by orchestrating customer journeys. "The claimant's instinctive choice of channel might not be the one that provides the best experience for that part of the claim," she notes, highlighting that 95 percent of surveyed insurers believed that orchestrating the journey to nudge customers to more appropriate channels for their circumstances will ultimately lead to higher levels of

satisfaction and trust.

Given the large number of variables that determine the most appropriate channel for each query at each point in time, AI has a key role to play in automating channel orchestration. “At present fewer than one in five insurers use AI to work out when to update customers or to orchestrate channel journeys,” says Fisk. “However, the need to accelerate hyper-personalization across claims is becoming increasingly apparent, and we can expect to see those rates more than double over the next two years.”

A goldmine of untapped data

The good news is that insurers sit on a treasure trove of data that can be harnessed to hyper-personalize interactions; whether it’s existing policy data, FNOL data, information from third party sources (such as nationally available databases), or unstructured conversational data from calls, emails, texts, or social media messaging services. New data sources, such as connected homes or open-banking data, could also prove instrumental.

The survey found that 95 percent of insurers are under-using readily available data that could reduce customer effort by enabling more personalized forms and interviewing while almost four out of five still ask customers for information they already have.

“The customer engagement bar keeps going up”, says James Webb. “Leading insurers are enriching their views of customers with data from a wealth of internal and external sources.”

“With better insights and AI-driven recommendations, they can tailor interactions with customers far more effectively.”

The speed of change

The industry is aware of the need for speed. There's a major investment push underway to access new data sources that will reduce customer effort during the claims process: while 80 percent of insurers have yet to make good use of data from third parties, connected devices, chat logs and open banking data, 50 percent plan to do so within the next five years.

In terms of putting that data to use: every form of hyper-personalization the survey covered is expected to at least double in the next two years. Even the more advanced AI-driven hyper-personalization is set to grow fast and soon: one in five insurers currently use some form of AI-driven hyper-personalization, another one in five have pilots underway, with the majority of the rest of the industry expecting to join within five years.

Why is this important now?

Post-pandemic, the industry is facing a trust crisis. Research by the Financial Conduct Authority found the proportion of customers who think insurance companies rarely pay out has increased from one in five in early 2020 to one in three a year later. Data from our recent survey shows more than nine in ten insurance executives think claimants are often distrustful during the claims process due to worries they might not fully pay out.

Claims is the trust battleground: 95 percent of surveyed insurance executives agree that the claims experience is where insurers have the greatest opportunity to win loyalty but also the greatest risk of losing it. But the tools to win this battle are well within the insurer's grasp.

"Speed, ease, personalization, and transparency are key to customer trust," says Fisk. "Hyper-personalization is a vital tool to demonstrate the insurer's position as a trusted partner."

It's therefore clear to see why insurers are committed to investing in this hyper-personalization, with 94 percent saying it will significantly improve customer trust, reduce time to decision and improve brand loyalty. With the speed of change here expected to be so rapid, selecting the right tools and technology to deliver this hyper-personalization seamlessly will be the key that allows insurers to leverage their data head start and really pull ahead of the pack.

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