

STRATEGY GUIDE

# 7 Predictions for P&C Insurance Experiences in 2021

Reimagining insurance experiences to serve tomorrow's needs, today.

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CX



# Insurance faces a new CX reality

The insurance industry was significantly disrupted in 2020. The pandemic led to economic and personal hardship, business losses, and high volumes of insurance claims. P&C losses related to COVID-19 could surpass \$100 billion, predicts McKinsey.

As you're restructuring and planning recovery in a post-pandemic environment, it's imperative to prioritize and focus on initiatives that ensure you stay in business and thrive going forward.

The industry moves through 2021 with altered customer and employee needs, behavioral norms, expectations, and a shift to digital-first experiences for both customers and employees.

Insurers have a chance to accelerate their efficiencies and redraw their experience landscape. In this strategy guide are trends, case studies, and best practices for delivering a differentiated experience that consumers and employees are looking for today and tomorrow.

## Read this strategy guide for

- 7 predictions for the new insurance CX landscape
- Concrete steps and tactics for improving relationships
- Technologies that will impact CX
- Examples of insurance firms that reduced costs while delivering better services
- CX readiness self-assessment questionnaire
- Tips for creating a frictionless CX



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to thrive**

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# The insurance CX landscape

## Customer needs

Only **29%** of insurance customers are satisfied with their current providers, often due to a poor experience.

Source: Accenture

**88%** of insurance customers demand more personalization from providers.

Source: Accenture

**65%** of consumers have cut ties with a brand over a single poor customer service experience.

Source: Digiday

Nearly **61%** of insurance customers prefer to monitor their application status with digital tools.

Source: Altexsoft

## Customer value

Auto insurance carriers that provide consistently best-in-class experiences generated **2X-4X more growth** in new business and **30% higher profitability** than firms with an inconsistent customer focus.

Source: McKinsey

Satisfied customers are **80%** more likely to renew their policies than unsatisfied customers.

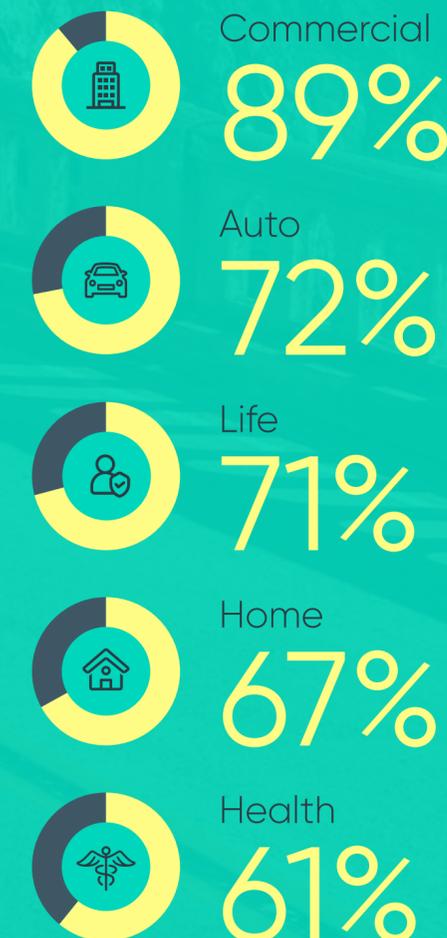
Source: McKinsey

Customer churn because of declining loyalty and poor customer experiences represents as much as **\$470 billion** Life and Property & Casualty premiums globally.

Source: Accenture

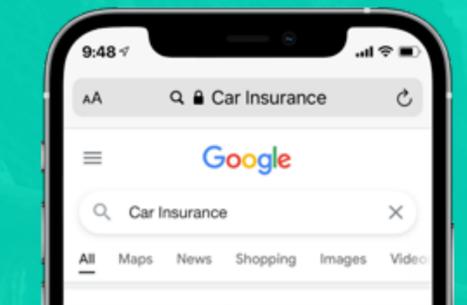


## Customer behavior



Percentage of consumers who purchased offline from an insurance agent

Source: J.D. Power, xAd, LL Global, S&P Global



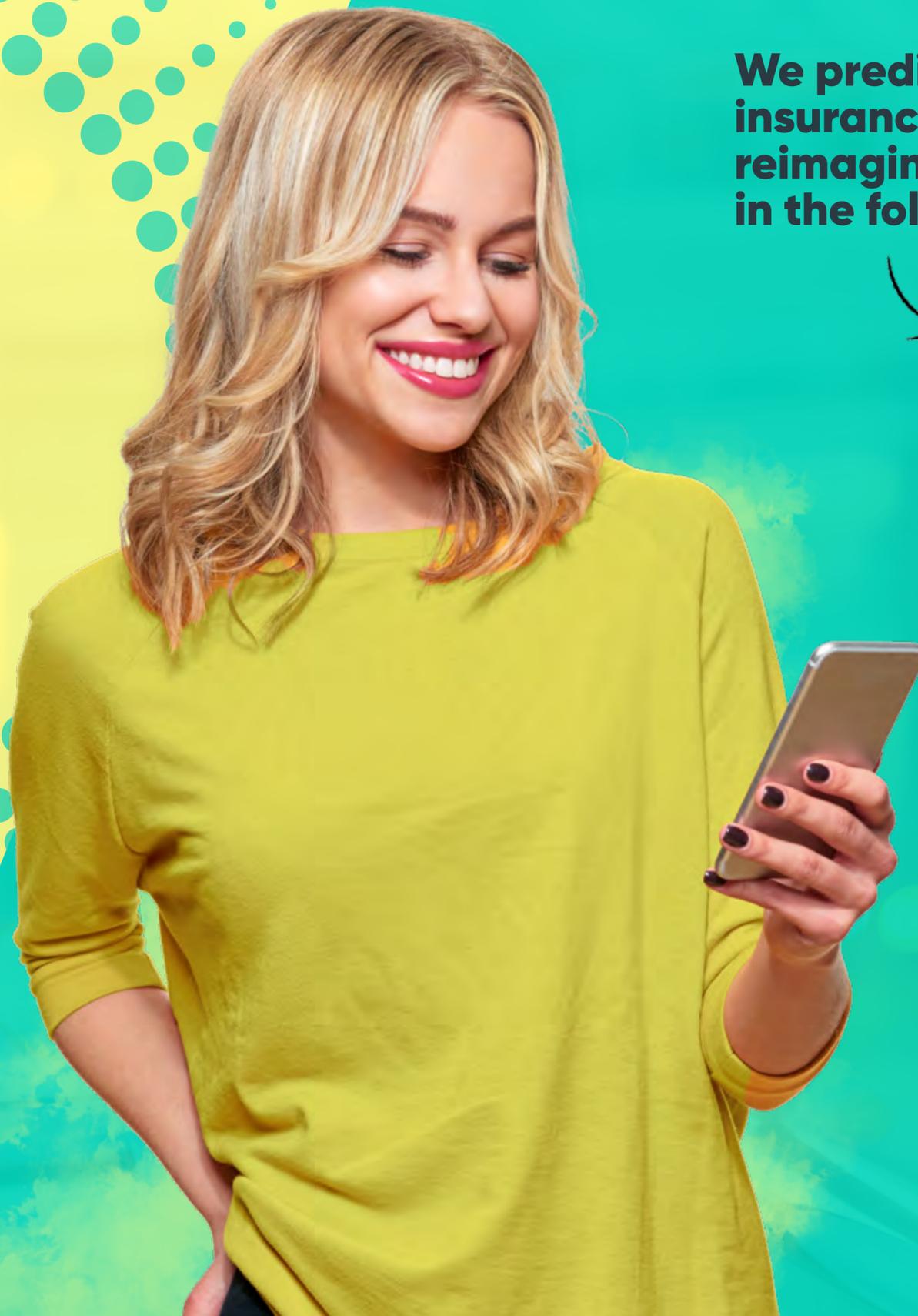
Over **50%** of insurance searches are performed on mobile devices.

Source: Blue Corona

74% of consumers research insurance purchases online, but only **25% make a purchase online.**

Source: J.D.Power

# 7 Insurance CX Predictions



We predict leading insurance companies will reimagine their experiences in the following ways:

-  Focus on resiliency over the long term
-  Automation + AI + human intelligence = Great future-proof experiences
-  Leverage innovative technology to reduce costs
-  Show empathy and expertise across channels to compete
-  Differentiate with simplicity and clarity
-  Deliver effortless omnichannel customer experiences
-  New workplaces and employee interactions impact recruiting, hiring, and training

## 1



## Focus on resiliency over the long term

Economists are predicting a slow economic recovery even as coronavirus case rates fall. Faced with lingering obstacles to growth and profitability, insurance carriers are looking for a sustainable, resilient path forward.

A Deloitte survey found that 48% of insurance executives agreed the pandemic “showed how unprepared our business was to weather this economic storm,” while only 25% strongly agreed their carrier had “a clear vision and action plan to maintain operational and financial resilience” during and after the crisis.

Moving forward, savvy leaders will prioritize innovative ways to eliminate waste and increase cost savings in the contact center and across the customer journey without negatively affecting the customer experience. And products and services designed to support customers – like life insurance add-ons, job loss benefits, or creative premium payment options – will become more pervasive to manage an uncertain future.

# 61%

of insurance executives globally expect to **cut costs between 11% and 20%** over the next 12-to-18 months.

# 40%

of insurance executives expect to increase investment in **direct online sales** after success during the pandemic.

### P&C lines primed for growth as economies recover

- Workers' compensation
- Small business
- Auto insurance
- Life
- Annuities

Source: Deloitte



## 2



## Automation + AI + human support = Essential capabilities

From online quotes to claims process automation, carriers are increasingly merging digital and human channels to support customers faster at a lower cost.

Insurance is a process-driven industry with lots of paperwork, underwriting, compliance, and other behind-the-scenes aspects of the customer journey that are ripe for automation.

We predict that **optimizing the handoff from automated tools and AI-powered bots to humans and vice versa** will become table stakes as customers continue to demand fast support and insurance firms compete on delivering the best experience seamlessly across channels, often digital-first.

But **there will always be need for human agents.**

Insurance is an emotionally charged industry where human compassion, context, and communication are essential. By 2030, McKinsey predicts that only 16% of customer-facing claims adjusters and customer service representatives will be displaced by automation.

# 50-60%

Insurance companies can automate 50-60% of their back-office operations.

# 46%

By 2030, 46% of current insurance claims and policy processing jobs in the United States will be displaced by automation.

Source: McKinsey

# 3



## Leverage innovative technology to reduce costs

Insurance carriers will continue to explore new technologies to remain competitive and improve CX, such as:



**Telematics** to customize usage-based insurance (UBI) pay-as-you-drive (PAYD), and pay-how-you-drive (PHYD) policies for customers



**Drones** that have the potential to simplify claims adjusting



Mobile phone-based **digital user-generated claims data**



**Blockchain** to streamline data sharing for reinsurers, new business onboarding and claims processing



**Cloud-based contact center technology** to provide flexibility and scale during unanticipated volume surges



**Chatbots** and **AI** for customer and employee queries



**Predictive analytics & modeling** to identify at-risk customers, triage claims, prevent fraud, and more

# 90%

9 out of 10 insurance companies identified **legacy software and infrastructure** as barriers for digitalization.

Source: McKinsey

# 63%

**of young insurance agents** believed that the industry has been too slow to adopt new technology.

Source: Insurance Journal

# 50%

Insurers using predictive analytics **grew their direct written premiums by 53%**, compared to the market average of 18% growth.

Source: Valen Analytics



## 4



## Show empathy and expertise across channels to compete

Behind every P&C claim is a person dealing with some level of **loss and emotion**. It could be as minor as a vehicle fender bender or as catastrophic as the loss of belongings, a business or a family home.

One P&C carrier's contact center team trains its agents to first ask "is everyone ok" when customers call to submit a claim. And if customers want to take time to share their personal stories, agents are encouraged to listen without worrying about handle time.

The contact center's focus on productivity metrics must be balanced with soft skills and compassion to develop strong customer relationships during critical interactions. **Automation and a dynamic knowledgebase** can support employees in resolving issues quickly and accurately, so they can support customers without friction during difficult situations.

**Speed and accuracy** are also critical when claims have legal or compliance implications. Here again, automation can significantly reduce user error and accelerate resolution rates.

### Show customers that they're respected and appreciated by:

- Making it easy to contact a live representative from any channel and advise them on wait times
- Providing proactive updates and notifications throughout the application and claims process
- Minimizing consumer-facing steps and tasks
- Streamlining security authentication requirements
- Providing FAQs on privacy and security concerns

# 5



## Differentiate with simplicity and personalization

In a reality where consumers have little free time and are juggling multiple responsibilities, simplicity equates to customer centricity. Insurance products and services like usage-based insurance (UBI) and pay-as-you-go (PAYG) plans are becoming increasingly personalized and simplified to help the customer feel in control and provide peace of mind, driving loyalty and retention. For the business, they reduce claims costs, attract lower-risk customers, and provide customer insight for growing share-of-wallet.

To get there, successful insurance carriers will differentiate with simplified products, personalized pricing and services, omnichannel self-service options, streamlined back-office processes, and straightforward customer communications.

### Digital simplicity examples



#### AI estimates

Auto insurance firms use AI to interpret customer-submitted auto accident images and immediately estimate repair costs. Claims processing is reduced from days to minutes

#### No more paper backlog

Automation and digital software allow advisors to keep pace with increased customer demand through streamlined application processing, advisor communication, in-force services and more.

#### Say it with a text

Agents and advisors use SMS texts for simple customer communications including renewal notices, appointment reminders, and sending ID cards.

# 6



## Deliver effortless omnichannel customer experiences

The insurance industry is scrambling to catch up to other industries in providing a cohesive, coordinated omnichannel CX model.

As a low-frequency business, insurance players have limited opportunities to provide great customer experiences. A holistic set of channels and alignment across the insurance ecosystem is critical to making interactions as effortless as possible.

Legacy distribution models can be reimagined as flexible, cloud-based sets of services designed around the customer.

Keys to an effortless omnichannel experience



Collect, manage and integrate disparate data sources to gain a holistic view of customers.



Have visibility into relevant customer and member data across multiple touchpoints.



Map the customer journey to identify pain points, such as requiring multiple clicks to achieve a resolution



Use advanced data analytics including customer segmentation, text and voice data analysis, sentiment analysis for insights.



Update training to ensure employees are prepared to meet the needs of consumers across all digital channels.



Monitor activity across all touch points to measure and rate the success of omnichannel activities.



## 7



## More flexible work arrangements will transform recruiting, hiring, & training

Faced with mandated lockdowns and social distancing requirements, insurance firms around the world did the unthinkable—they embraced remote work arrangements, even for contact center and other CX staff.

While it will make sense for some employees to return to the office, employers must find a balance between flexible work and the needs of the company.

A rise in remote work also means that new hires will come from a wider and more diverse talent pool, with implications for new recruiting, hiring, and training approaches and success metrics.

### Example

#### Retain skilled experienced contact center agents

We worked with a leading P&C insurance firm to recruit and cross-train associates for the seasonal fluctuations of multiple lines of business, eliminating new hire costs and maintaining institutional knowledge throughout the year.

#### Results

**\$2.9 mil.** + **100%**  
in projected cost savings      agent retention the following year



## INSURANCE EXPERIENCE SELF-ASSESSMENT

- Has the customer journey been mapped to understand which channels customers use and for which types of interaction?
- Is 24x7 digital access available?
- Are emerging channels being added and integrated seamlessly to serve customers in the channel of their choice?
- Are self-directed customer experiences enabled, connected seamlessly to offline channels if needed?
- Is the knowledgebase simple, complete and dynamic for employees and customers?
- Is the workforce prepared to deal with complex questions?
- Are interactions personalised?
- Are you balancing automation with human interactions?
- Is data integrated to allow for frictionless omnichannel experiences?
- Are advanced analytics deployed on the back end to manage the allocation of claim resources, increase efficiency and reduce operational costs?

Consider  
these CX  
questions  
for your  
business

# 7 building blocks for a reimagined CX

- 1 Take stock of your customer experience.** Examine your business through the customers' eyes. What are the pain points and opportunities for differentiation?
- 2 Get employee feedback.** Ask your employees to describe their ideal work arrangement and what they need to be productive.
- 3 Develop your transformation plan.** Do a cost-benefit analysis to prioritize CX improvements and include changes in customer behavior and expectation.
- 4 Provide the right technologies and training.** EX drives CX. Give your employees the tools and resources that they need to thrive when working—wherever they are.
- 5 Pay attention to customer signals.** Keep track of voice of the customer data, customer sentiment and other customer insights to ensure your services and products are aligned with changing dynamics and customer needs.
- 6 Plan for dissatisfied customers.** Have an escalation plan for negative sentiment to ensure that a personal touch and empathy are applied every time.
- 7 Stay nimble.** Build in rapid-response capabilities, that address natural disasters, cyberattacks, surging call volume, etc. that can be ramped up or down as needed.



## Get ready to thrive

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# About TTEC

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