



# Closing the gaps in customer centricity

The insurance industry is being disrupted by the same big wave of change and innovation that has rolled through the communication, entertainment, tourism, and retail sectors. Insurers have traditionally focused on strengthening technical product capabilities, but new technology-led players are accelerating the pace of change the industry faces.

**Mr Axel Roesner** of **Generali** explores.



People are starting to compare insurers to Amazon and Uber in terms of the customer experience, as InsurTech continues to disrupt the industry.

## Rewriting the way business is done

There will be no Kodak moment for traditional insurers, as the basic product itself remains the same. However, there will be an Amazon moment, namely a big shift in value with an increasing focus on service and delivery.

Customer behaviour and expectations have changed drastically, and this shift radically alters the way people want to interact with organisations, and the way companies must do business with them. This change in customer expectations leads to a completely new business model in which technical complexity, legacy issues and traditional insurance culture are liabilities.

## Changing values

The target of the journey is true customer centricity with a seamless experience, which has become as

important today as the product itself.

In many ways, it is the most exciting time the insurance industry has seen in decades. In the past, traditional insurers have been seen as “too difficult to deal with”, while product complexity has undermined customers’ perception of value.

Now, historical products, processes and technical information have been rapidly simplified to empower the customer to make well-informed decisions on the spot. This simplification is a great step forward from the maze of complex coverage and exclusions, lengthy paper-heavy processes, and non-transparent claims procedures seen in the past.

However, there is still a lot of work to be done. Advice and prevention, instant resolution and real-time updates are better addressing and engaging customers, helping insurers to make the shift from being a product provider to a life partner.

## Customers want to be in full control of their time

People now expect to be empowered to make fast, well-informed decisions,

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and to be in control of their limited time.

As with Amazon or Netflix, customers want to be in full control of what they see and purchase, when they want to, 24/7 on-the-go. They no longer want to adhere to schedules set by corporations.

Customers expect intuitive processes and that the data they provide will be leveraged to better understand their needs, assess their risks, educate them and help prevent accidents before they happen.

### Deeper insights, prevention and protection

At the same time, new technology allows for the gathering and analysis of massive amounts of data, which can now be used in real-time.

Having a better understanding of individuals and risks provides insurers with insights, and enables them to predict customers' needs, their required protection and even help with prevention.

The Internet of Things (IoT) provides further efficient solutions to gather the data required to understand and manage risks better, with the common objective of preventing and minimising any losses. Furthermore, behavioural analytics capabilities can help insurers to understand better the underlying behavioural trends and habits of individuals, enabling them to customise solutions for them.

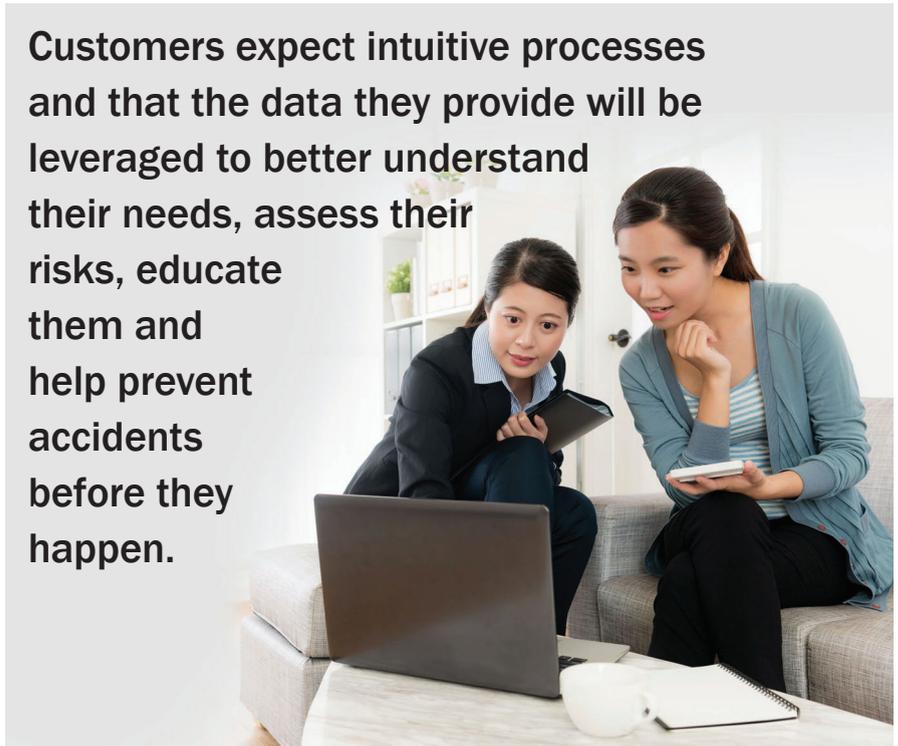
### The need for advice

As you know, this trend mainly impacts commoditised retail products across Life and P&C, which consumers want to understand quickly, be able to get a quote easily, and buy comfortably from their home.

Robo-advisors can be very helpful in this area, enabling customers to get a fast response for simple queries. Even so, human intermediation and expertise will continue to be needed for more complex and individually tailored products, for which customers will continue to want advice.

Corporate insurance clients and brokers will continue to expect a partnership-centric approach, with real-time access to a strong network of expertise and advice, shortened response times, real-time data and business insights.

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### More value for the same price

The new customer experience and service quality will increase customers' perceived value, while simplified products will give them the feeling of greater product quantity for the same price.

At the same time, a digital business model will keep operating costs low, while being very scalable, using process automation, artificial intelligence (AI) and self-service. This low-cost operating model puts pressure on traditional margins, and allows digital insurers to offer higher levels of cover and services to customers at a lower price, by leveraging the lower administration costs. This change leads to them being able to provide more value to customers.

### What is changing for agents?

Effective communication and relationship management are essential elements of being a successful agent.

AI, chatbots and automation can help agents to reach, engage and serve their customers better. Simplified targeting of customers and access to customers through the use of technology will help agents to further leverage opportunities and unlock customer value.

Furthermore, technology brings additional productivity both pre and post-sales, enabling agents to invest

more time on core activities. The key advantage agents have will continue to be that of the independent expert and adviser, providing dedicated hands-on service where needed. They will be able to use the new technology to make this offering even better.

### InsurTech inspires faster innovation

Looking at the overall industry and the customer, InsurTech companies and experts are playing a pivotal role.

They are ensuring fast-paced evolution is taking place by leveraging the latest innovation to adapt to the most recent customer expectations, challenging the status quo of traditional insurance thinking.

Starting with a white paper to build a digital business model from scratch for a single niche product is, of course, simpler and faster than having to manage a legacy accumulated over a century. However, traditional insurers are catching up quickly by experimenting, piloting and joining up with technology pioneers.

Meanwhile, offering advisory, claims and product expertise, as well as IT security, and compliance with regulation, remain crucial to sustaining a business successfully. **A**

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