INSURERS WITHOUT A CUSTOMER COMMUNICATION PLAN ARE AT SIGNIFICANT RISK.

WHITEPAPER: Traditional insurance companies have a problem. They are in a battle for customer relationships, and they are losing.

Expectations of insurance customers are evolving

Industries such as banking and retail have long been focused on building strong relationships with customers. Having recognized the importance of customer experience (CX), these sectors are successfully leveraging communication to retain customers, drive engagement, and build loyalty.

In addition, innovation from large tech platforms like Amazon and Apple has exposed consumers to the kind of customer experience that can be achieved through digital technologies, and this is setting high service expectations.

The result? Insurance customers now expect the kind of efficiency, simplicity, and immediacy they experience when dealing with providers outside the insurance sector.

Today's customers expect relevant and contextual information instantly on hand via any channel they choose. Even though many insurers are dealing with legacy technology and siloes across the organization, they need to continue to find ways to move away from manual and inefficient processes. Not all customers want to call to submit a claim, and no customer wants to have to fill out heaps of paperwork to renew a policy.

There are many digital-first competitors and insurtech companies that meet the evolving expectations of insurance customers, and by doing so, encourage customers to churn.

> **IDC predicts that businesses offering frictionless experiences will see a decrease of 20% in customer attrition in 2021[1].**

[1]Accelerating Customer Experience Transformation in Insurance Through Digital Experience Platforms An IDC InfoBrief, sponsored by Liferay | January 2020

Insurance is a document-heavy industry with increasingly digital savvy customers

Insurers are acutely aware of the sheer amount of paperwork involved with any one customer. From policy documents and endorsements, bills, proposal forms and cover notes - let alone the exchange of information for claims and the back and forth between insurer, broker, and policyholder.

Being document-heavy is understandable in an industry that is so heavily regulated. Many of these documents are mandatory, not only to meet contractual obligations, but also to comply with regulatory requirements.

While much of the official documentation that is generated, distributed, and stored remains on paper, certain communication types between insurers and customers are ideal targets to shift to digital channels such as email, apps and online portals.

A recent survey conducted by Accenture revealed that **more than 50% of the insurance customers have a preference for using digital channels when looking for product information or updating personal information with their insurer.**[2]

The ultimate goal is to provide customers with anytime, anywhere access to information and the ability to choose the channels on which they prefer to receive communication.

[2]Insurance customers enjoy digital but hanker for human attention| Accenture | May 2019

Insurers seldom have a direct relationship with policy holders

Despite the focus on customer experience in other industries, the traditional insurance industry was slow to move away from the old-school focus on products, risk, and ratings. Insurance lagged other industries in moving from a product-centric mindset, to putting the customer at the center of the organization.

Furthermore, insurance policies have traditionally been sold through a broker network, which has proven to be a great channel, particularly for customers that want advice and direction. But this triangulated relationship has left insurers a step away from the customer relationship.

With little to no control over customer interactions and the associated communications, insurers find themselves in the sub-optimal position of having no direct relationship with their policy holders.

Herein lies the problem – while the insurer may be underwriting the policy, the customer relationship sits with a third party.

Furthermore, as many insurance interactions are 'once and done' each year, opportunities for the insurer to engage with the policy holder are scarce. The only guaranteed interaction is the bill or annual policy renewal. Even these infrequent touch points are sometimes managed by the broker or via self-service on a portal, leaving the insurer with little to no opportunities to connect and engage with the customer.

It's also worth mentioning that before the pandemic, insurance was mostly a grudge purchase. Now, the insurance sector is seeing record numbers of new sales. This is due to consumers realizing they need to cover their risk both in life and P&C.

Insurers need to be positioned to take advantage of this surge in new policy sales, as well as to make the best possible first impression on new customers.

"More than 90 percent of insurers worldwide do not communicate with their customers even once a year; 20 to 40 percent of their customer base will not receive a single communication all year"

Oliver Börner,

principal business solutions manager for global customer intelligence at SAS quoted in CMS Wire[3]

[3]The Insurance Industry Plays Catch Up With Customer Experience| CMS WIRE | March 2019

Organizational strategy and structure can fracture customer experience

When it comes to building customer relationships, insurance companies face numerous challenges, but many of these are not exclusive to the industry. Other sectors are also battling with legacy enterprise systems that hinder response times and reduce speed to market. In addition, dealing with silos of data that prevent the single view of a customer is not unique to the insurance sector.

How an organization is structured and who owns the customer data is the source of many challenges. Historically, the ownership of different customer service functions (marketing, sales, operations) has been federated, meaning the full customer journey is not visible or managed end-to-end.

When many departments are responsible for different types of customer communication, having multiple stakeholders makes it tough to achieve consistency in communication. The result is messaging that is disparate in elements like tone and content. This produces a fractured customer experience.

In addition to federated structures, organizational strategy can also impact customer experience. In many cases, what is seen as an investment into customer experience, is really a cost cutting exercise. While cost reduction may be a welcome outcome of a focus on CX, insurers must move away from the cost savings mindset and focus on the benefits of building relationships and engaging with customers.

It is, however, possible to achieve both an enhancement in customer experience AND a reduction in communication costs.

Insurers without a customer communication plan are at significant risk

According to a joint report from IDC and Liferay[4], **60% of insurers say attracting and retaining customers are their top priorities, and 55% already have or plan to develop a customer dedicated online portal.**

The insurance sector is one of the largest investors in technology for optimizing business processes. The report estimates that **global IT spending in the insurance segment will exhibit a Compound Annual Growth Rate (CAGR) of 5.1% through 2022, reaching 126 billion USD worldwide.**

The technologies responsible for driving most of this growth are those relating to the optimization and improvement of customer experience.

Spending on CX solutions alone is projected to grow 7.9% per year to reach 27.9 billion USD in 2022.

The IDC/Liferay report also reveals that **60% of insurers are using, or have a plan to implement, personalized communications for customers.**

With this level of investment into CX, the remaining 40% who do not have a plan are at significant risk of experiencing high customer churn.

[4]Accelerating Customer Experience Transformation in Insurance Through Digital Experience Platforms An IDC InfoBrief, sponsored by Liferay | January 2020

Building relationships requires customer communication management technology and expertise.

Communication that is personalized and relevant is a key component of building customer relationships. It's true, that a relationship cannot develop in silence.

To successfully build relationships with customers requires a strategic approach that is supported by a customer communication management platform and expertise.

It's important to address immediate requirements for customer communications management as well as develop a roadmap to achieve a truly **omnichannel customer communications experience** in the future.

What does omnichannel communications mean?

Omnichannel communications is about enabling a consistent customer communication experience and content across all engagement channels, both digital (email, web, text, mobile app) and physical (branch, service center, mail). A successful omnichannel communications strategy means customers receive consistent messaging regardless of the communication channel they prefer and can seamlessly switch between channels without fracturing the experience.

This approach will help insurers bridge the customer communication gap, build and strengthen customer relationships and ultimately deliver a great customer experience.

Doxim's Strategic and Advisory Services

Doxim's strategic consulting and advisory services are available to review customer journeys, map communication touch points across print and digital, and identify gaps that detract from the customer experience.

Once all customer interactions with the insurer, the broker and any existing online services are documented, our communication experts will assist in defining the strategy to remedy inconsistent messaging and convert target touch points to digital alternatives where appropriate.

Our approach is to implement quick wins that immediately enhance the customer experience, while driving the long-term customer communication strategy. For example, if the billing and claims processes are the only direct customer touch points, then those interactions are the starting point to providing an enhanced customer experience.

Doxim CCM Platform

Doxim's CCM platform supports customer communication goals within a secure and compliant CCM framework. With Doxim's CCM platform and expertise, insurers can:

- **Engage with insurance customers and brokers** via print, PDF, HTML, email, text, and online interactive experiences.
- Generate and deliver insurance policies, bills, statements, and any other customer documents via print and digital channels through **a single provider.**
- Store documents **securely online and enable customers to self-serve**.
- Gather and utilize customer **data to continually improve communications**.
- Encourage customers and brokers to **adopt digital channels** for communication.

Investing in a reliable customer communication management (CCM) platform is an essential part of providing the kind of omnichannel experience that insurance customers now expect. It helps build and maintain rich relationships and a great customer experience, which translates into customer lifetime value and a competitive advantage in the current marketplace.

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About Doxim

Doxim is the customer communications and engagement technology leader serving financial and regulated markets, providing omnichannel document solutions and transforming experiences to strengthen engagement throughout the entire lifecycle. The Doxim Customer Engagement Platform helps clients communicate reliably and effectively, improve cross-sell and upsell opportunities, and drive increased loyalty and wallet share through personalized communications. The platform addresses key digitization, operational efficiency, and customer experience challenges through our suite of plug-and-play, integrated, SaaS software and document technology solutions. Learn more at www.doxim.com.