

THE NEW DIGITAL INSURANCE

Plasmatic Technologies

*Defining a path forward for
modern programs*

WHITE PAPER



The Future of Insurance

Technology in the insurance industry traces its way back to mainframe computers being used for administrative tasks and customer data storage. Next came automation of back-office processes and a drive towards overall efficiencies. Today, innovative technologies pave the way for advances in cross-channel customer engagement and a transformation of the customer experience through, among other things, a merging of the cyber world and the physical world.

Consider connected devices in the home. As they evolve, forward-thinking insurance companies will integrate these technologies into new business models with products that focus on personalized customer experiences. These experiences will leverage the power of the connected home data stream to detect issues and automate mitigations.

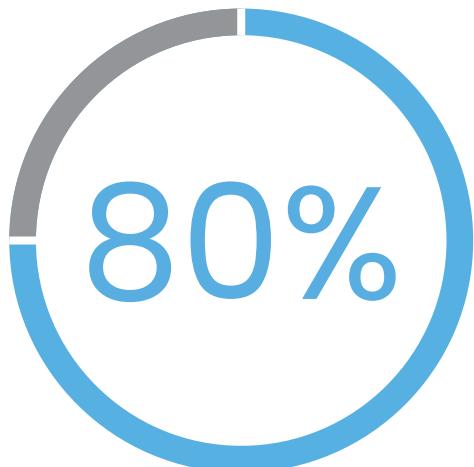
Pairing new approaches to digital customer engagement with existing enterprise software integrations is accelerating a focus on the consumer in general, and accelerating a drive towards increased efficiencies, enhanced customer loyalty, and decreased risk.

This drive to leverage the advantages of new technologies is proven in the market spend. The global insurtech market reached a value of US\$ 3.8 Billion in 2021. Looking forward, IMARC Group expects the market to reach US\$ 30.4 Billion by 2027, exhibiting a CAGR of 41.8% during 2022-2027.



The New Digital Insurance

To this point, digital insurance in P&C has been largely focused on making things easier and more efficient for the insurance provider. We define The New Digital Insurance as the improvements insurance companies are starting to use to transform the customer experience.



80% of policyholders would consider switching insurance providers for a better digital experience

Source: PWC survey of insurance consumers.

Improvement

Customer Engagement

Policyholders expect to access information from their insurance companies through social media, virtual meetings, web portals, and mobile apps. Importantly, those engagements need to be consistent across channels and well-integrated into the overall experience. If a customer opens their mobile application, visits their provider's website, or completes an online form, the information and flow need to be aligned and personalized.

This desire for customized digital engagements crosses demographic divides and is well-precedented in adjacent industries like banking and investment.

Digital crosses the divide:

58%

Of those 55+ would share significant personal data for personalized services that would help prevent injury and loss

53%

Of those 18-24 are likely to use digital channels to engage their insurers within the next 90 days

71%

Would like to use digital channels for the claims process

This is not to say that digital can (or should) replace human interaction; human interaction in insurance is foundational and important. Rather, new digital interfaces should not directly replace human interaction, but rather to complement it. When digital experiences support human interaction, over 80% of customers do not need to speak with an agent, and those that do can be served more quickly and efficiently.

Great digital insurance strategies are those that provide a unified customer experience, where information gathered and presented are consistent across channels – be they mobile app, virtual chat, or call center conversation – and the best strategies are those that allow a customer to seamlessly switch across channels as they see fit.

Improvement Automation

Automation has the potential to streamline the entire customer experience, from policy quotes to FNOL to the entire claim process. Policy quotes can now be provided in a matter of seconds, benefitting both the customer with quick and personalized service, and the insurer with much greater efficiency. This can be followed up with digital outreach or hybrid digital/human interaction when necessary.

The claims process has received a particular automation focus. The redesign of the claims process has been shown to reduce timing significantly: in some cases from days to mere minutes. Similarly, reductions of back-office services have seen significant reductions as well, some of up to 80% in onboarding and underwriting, according to Cap Gemini.

Improvement New (or modified) Products:

Efficiency and accuracy are vital for successful customer retention in a relatively low-contact relationship such as that between the insurer and the customer, but there is an opportunity for much more added value. The opportunities for insurers to provide adjacent non-insurance services can transform a transactional relationship into a partnership between carrier and the homeowner. Similarly, new products that vector engagement towards home safety for claim avoidance and mitigation can foster genuine alignment and a demonstration of shared values.

To that end, perhaps the most important elements of new insurance products that are supported by digital approaches involve transforming transactional engagements to collaborative engagements that accrue value to both parties.

The key to improving the customer experience is for insurance companies to utilize human-centered approaches in the digital realm to redesign insurance products to be simple and easy to use.

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