

Evolving Customer Touch Points in Life Insurance Industry for Customer Experience Management

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Abstract: Customer acquisition and retention is must for survival and growth of the business. It depends on how customer think, feel and act towards your company where products and services have become a commodity. So staging a great customer experience is critical business parameters. This differentiate your firm from the competition. The touch points play an important role in managing a customer experience. Apart from traditional touch points in life insurance business like agency, broker, corporate agent, the disruptive technologies like Artificial intelligence (AI), Customer analytics, Internet of things (IOT), mobile apps are making the business process, seamless, efficient and speedy. This is also changing the consumer behaviour of millennial and older generation. Hence the need for brick and mortar life insurance offices had reduced drastically and replaced by virtual distribution channels and touch points. This research paper explores evolving touch points, distribution channels and customer journey throughout the life cycle of customer association.

REALIGNMENT OF INDIAN LIFE INSURANCE INDUSTRY

Life insurance industry has seen a rapid expansion phase since 2001 till 2010. The distribution reach increased rapidly. However then onwards till 2014 life insurance industry has gone through consolidation phase. Optimization of the business model was the necessity due to economic environment, changing consumer behaviour. Realignment was needed in terms of distribution channel, client servicing, contact centres & cost incurred for business sourcing & retention.

I. CUSTOMER EXPERIENCE MANAGEMENT

Life insurance industry has 24 companies sourcing their business based on their business strength & according distribution channel design is worked out & executed. LIC is depending on agency channel to source 98% of their business. The banks who have promoted the life insurance companies are depending on bancassurance channel & followed by combination of other channels. Rest all life insurance

companies are also depending on agency & broker, corporate agents & direct selling.

We are now living in an “experience economy “as stated by Pine & Gilmore (1999). The biggest differentiator is “How you are staging the experiences for the first time & every time for your customer?” This leads to evolution of service delivery landscape.

II. CUSTOMER JOURNEY MAPPING

Life insurance customers now a days interacts with multiple touch points to explore the products and services and the benefits he is deriving out of it. A perspective customer may visit the company website to understand the products. He may take out different benefit illustrations to understand the benefit he may get by availing an insurance product.

He can use financial calculators to do the goal based planning without any assistance due to ease of operation. He may also fix up an appointment with the insurance agent by providing his contact detail by filling up an online form. Then follow up is initiated by the insurer. He may also go to his banker’s bancassurance channel to gain further insight. He may finally use a life insurer’s mobile application for buying a product and upload the required documents for underwriting the insurance proposal and gets an online confirmation of policy issuance. He also gets the regular updates through e-mail, personal log-in to insurer’s web site, SMS, mobile application about the life insurance policy status, fund performance, policy renewal premium, lapsation, premium reminder, survival benefits, new product launches etc. So virtual agent is ready to serve the customer at moment. This journey will not occur in a straight line. It may happen in a haphazard manner. But there is an order in this chaos. Due to this comprehensive approach the customer journey is likely to get smoother. The customer is likely to take a well-informed decision. This will also lead to better persistency ratio of life insurance.

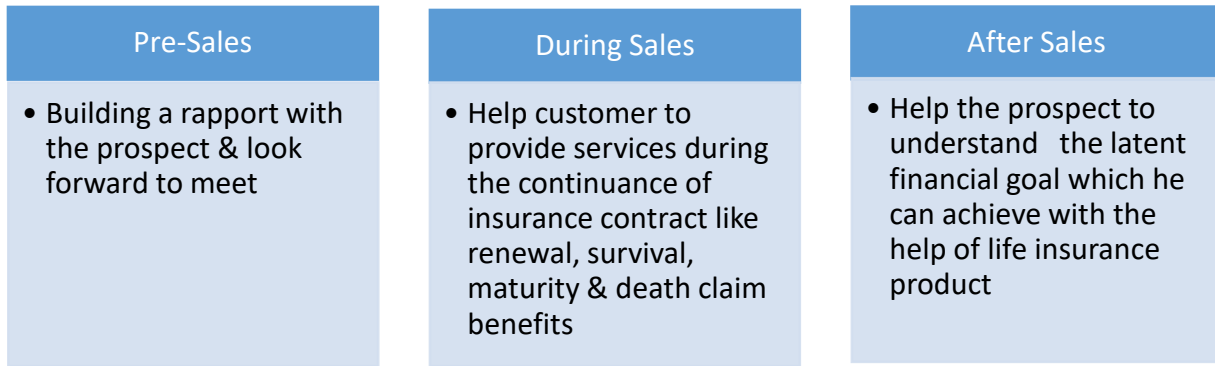


Fig. No. 1. Customer Journey Mapping

III. LITERATURE REVIEW

Overview of Indian Life Insurance Industry

i. Phase -1 2001-2010

As per the BCG & FICCI report (2010), on insurance industry India Insurance” Turning 10, going on 20 “Private life insurers had accumulated losses of over 16,000 cores till March 2010. There were multiple elements that contribute to this profitability challenge for insurers:

Agency is looking for the elusive profitable operating model, for life insurers.

Economics of all other channels are also challenged, be it bancassurance, brokers, auto dealers, corporate agency or in-house salaried sales force.

Insurers’ fascination for top line growth at any cost has resulted in inefficient operating models and hence inferior opex ratios as compared to global benchmarks, in life insurance.

There is limited focus on the end customer and the intermediary is being given a more prominent position by insurers, with insufficient focus on maximizing value from existing customer.

The recent regulatory changes on commission caps, caps on surrender changes and minimum guarantee return for pension products have turned the world upside down and tightened insurer.

ii. Phase -2 2011-2015

During 2010 to 2014 the industry has experienced sluggish growth and initiative were taken to rationalise the business model which is cost efficient and effective in terms of service delivery to the end users. Digitization and e-commerce has seen a uptrend in this period.

iii. Phase-3 2015 Onwards

- a. LIC’s 59th annual report (2016) states that Direct Marketing Channel was established in August, 2009 with 6 Units and has expanded over the period and is

currently having 124 Units spread across the length and breadth of the Country. The purpose of the Channel is to bring a culturally different approach to the Marketing of Life Insurance products. The initiative was started with an Objective of creating new systems for Business Generation, Sales Process Monitoring and Business Process with a view to reach out to untapped Markets and providing new and improved buying experience to the Customers, especially to today’s young, tech savvy Executives and High Net worth Individuals. The Channel is driven by the values of Passion, Performance and Professionalism and is promoted through a committed professional Sales Force, providing excellent buying experience to Customers with enhanced use of technology. In the FY 2015-16, the Channel procured a First Premium Income of 363.41 Cr on 59832 Policies. It is 1.10% of total business for the year 2016.

- b. As per annual SBI life report (2016) IRDAI has promoted the use of technology by several methods. Some of the initiatives that have been taken globally and now can also be implemented here in India are – online sales channels, customer servicing methods, functions automation, etc. Another technology-led innovation is E-distribution platform that will help in reducing the efforts and time required to scale up. This will deepen the online sale of policies which will help in saving commission costs, automating administration processes, and enhance customer experience.
- c. ICICI Prudential Life Insurance annual (report2016) states the strategy has been that of offering convenience to customers. To render this strategy in action we developed an array of products relevant to various life stages, leveraged technology to provide a delightful on-boarding experience and to deliver superior service to customers.
- d. HDFC Life’s annual report (2016) states that bancassurance is a win-win proposition for banks,

insurers and customers. The share of bancassurance continues to grow at a steady pace for private insurers. The Company has signed many financial institutions either as Corporate Agents or as Master Policy Holders during the financial year. Emerging financial ecosystems such as small finance banks, payment banks, and e-wallets also provide access to a customer base as also do non-financial ecosystems such as e-commerce whose potential in India is yet to be tapped. HDFC Life has invested ahead of the curve to incubate several of these relationships and can become a key engine of growth in the future. The headroom for growth in traditional channels remains huge. The solution to this lies in technology and therefore Company has created the ‘Insta’ suite of mobility tools for its sales force. Mobility has transformed the way our field teams operate and has created a robust backbone for future sales innovation. The entire sales funnel from customer prospecting to policy servicing can be completed at point of sale by a distributor. This is fundamentally changing the way customers experience HDFC Life.

- e. KPMG International has prepared an executive summary (2014) of the four papers provided by KPMG & International Insurance Society: “How well is the Life insurance industry keeping pace with rapidly changing technology? “The near universal adoption of social media by a younger skewing demographic, coupled with mobile platforms – i.e., smart phones and tablets – has accelerated and cemented a real-time, virtually 24/7 connectedness in this group. They interact digitally almost constantly; researching products and services, buying, socializing, opining, ‘listening’ and seeking advice and validation. For this younger cohort, e-mail and desk-top computers are as quaint as black rotary telephones. If insurers want to reach them, they must reach them where and how they live – online and on the move. In the process, they must also

accommodate their conflicting demands for both openness and privacy.

- f. Bain & Company report (2017) on Digitalization in Insurance: The Multibillion Dollar Opportunity states that seven disruptive technologies will transform the life insurance industry are as follows

Infrastructure and productivity-A modern IT architecture is critical for digital innovation.

Online sales technologies- Insurers can use cutting edge techniques for targeting customers, identifying user groups and analysing consumption patterns.

Advanced analytics (AA)-With AA, insurers can gain extensive insights into customer needs and preferences.

Machine learning- With machine learning, insurers’ information systems can quickly adapt to new data, without the need for re-programming.

The Internet of Things- Networked devices in cars and buildings can protect people and property and facilitate proactive, preventive maintenance, thus reducing accidents—and claims.

Distributed ledger technology- By arranging and documenting claims on distributed ledgers, insurers can greatly reduce processing time. A whole new field is opening up for smart contracts—that is, policies that are fully automated and updated based on a blockchain’s entire database.

Virtual reality (VR) - this technology also has the potential to transform the way information for underwriting is gathered, as well as the way claims are settled.

- g. According to Digital@Insurance-20X by 2020, a Google-BCG report, by 2020 six per cent of all insurance sales in India will occur online.

IV. TOUCH POINTS CREATED BY INDIAN LIFE INSURERS

Table No. 1 Customer Touch points

Personal interaction with insurance professional	Online	contact centre
<ul style="list-style-type: none"> • Agency channel • Banca assurance professional • Corporate agent • Insurance broker 	<ul style="list-style-type: none"> • Web site • Mobile app 	<ul style="list-style-type: none"> • Contact centre helps for client servicing & resolution of queries. • Tele assurance

Pre-sales services offered to prospects

- Approaching the prospect
- Make available the preliminary information through online & offline means.
- Make available personal advise through various channels

During sales interaction

- Customer need analysis
- Product pitching
- Goal based financial planning
- Processing the insurance application
- Underwriting
- Policy

After sales service

- Maturity claim
- Death claim
- Survival benefit
- Renewal premium payment
- Revival of policy
- Premium payment
- Review the financial goals at regular intervals.

V. EVOLVING CUSTOMER TOUCH POINTS

The changing insurance regulations, technology, insurance product, intense competition, cost of business acquisition , retention, persistency , increasing the market share in a cost efficient manner compelled the life insurers to design an effective & efficient touch points. These touch points should be able to satisfy the expectations of millennial and earlier generation also.

Simplicity, ease of use and speed are the defining parameters to manage the customer experience. Friction at the customer touch points creates the pain points. The customer centricity drive can make the customer journey a pleasurable experience. Hence insurers should chase the customers in terms of their habits and aspirations. Now a days people spend their time on mobile, tablets, computers to connect to the

world & perform their routine tasks. Hence reaching out to the customers through mobile application, web sites, E-mail, chatbot, SMS, contact centre, branch office, and bank branch can facilitate the insurance buying process. The business automation, Artificial Intelligence will keep the presence around the customer and reach out to him on a call.

Integration of these touch points gives the single window view of the customer. Indian life insurers are gradually adopting the Omni channel approach for service delivery during the customer journey. Hence digitization of insurance process is the prime priority of the insurers. Agency , bancassurance, online web based, mobile application , Facebook, twitter are not the standalone sales channels but work cohesively towards a common goal of ensuring enriched customer experience for the first time and every time.

VI. FUTURE AHEAD

Life insurance product has become the commodity. The true differentiation will emerge in terms of service delivery approach. Indian life insurers’ are in the transformation phase of adopting this change. The change is for the betterment of customers, insurers and society at large. Multiple touch points are likely to be used by the customer for availing insurance product and post purchase services. The customer analytics, big data and automation will be the game changers for evolving touch points.

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