

Insurance Providers: Improving Customer Retention through the Contact Center

Why now is the time for insurers to eliminate desktop complexity and allow customer service representatives to focus on customers, not systems.



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It is not an easy time to be an insurance company. Cultural, operational and general market challenges are converging, shifting the overall market landscape and forcing insurers to take a long, hard look at their traditional ways of conducting business. Given that the top priorities for today's insurers are to increase customer retention, loyalty and company growth, insurers must prioritize the task of improving customer experience across all channels, but particularly in the contact center.

A unified desktop solution is the quickest and most efficient way to improve customer retention while reducing your cost of operations.

How important is the customers' experience with insurance contact centers? Consider the following:

- Nationwide Insurance found that a 1% increase in customer retention increased annual premiums by \$1 million¹.
- 74% of insurance customers – more than retail, cable and satellite TV service, banking, cell phone service and personal computers – will call a contact center as the first means of contacting the company².
- Insurance customers are the least likely to use the Internet as an initial means of contact, when compared to other industries³.
- 26% of insurance customers will switch insurance providers, based solely on a bad experience with the contact center⁴.
- Insurance customers that are dissatisfied are 40% more likely to tell others about their bad experience⁵.
- Satisfied customers are 50% more likely to listen to a sales offer, while dissatisfied customers (if they choose to listen) are twice as likely as satisfied customers to decline an offer after listening to it⁶.

Enough said. Customer experience is a big deal, and doing it right has never been more critical than now. More than in almost any other industry, a customer's experience with an insurance contact center has to be stellar. In fact, there is a direct correlation between a company's customer satisfaction ratings and its stock performance⁷.

¹ Insurance Technology – *CRM in Global Insurance*, Datamonitor, 2008

² American Customer Satisfaction Index

³ American Customer Satisfaction Index

⁴ American Customer Satisfaction Index

⁵ American Customer Satisfaction Index

⁶ *Financial Services Customer Experience Survey*, Maritz, 2008

⁷ *Companies with Happiest Customers See Stocks Rise*, SmartMoney, 2007



Going Direct-to-Consumer...

The biggest current shift in the insurance market means big changes for customer experience. Because of heightened competition from many of the newer, more Internet-driven insurance providers, several of the older, well-established "brick and mortar" insurance companies are investing significant resources to move more towards a direct-to-consumer business model and away from their traditional model, which has relied heavily on third-party brokers or captive or independent insurance agents in the field. They are reclaiming, at the corporate level, their most valuable assets – their customer relationships. Why? There are several reasons: greater control of the company brand; ownership of and more control over customer relationships; more access to customer data; and the need to reduce costs. Further, more channels to reach customers directly (such as email, Internet, etc.) will yield more marketing opportunities, which will further yield more potential for upsell and cross-sell of additional services.

As straight-forward as that sounds, these companies face some significant hurdles, which, if not taken into account, can negatively impact customer experience. These companies must fully embrace the shift in mindset that is required to effectively compete in today's insurance market, and that requires new and different skills.

Traditional insurers grew because of the core competency of underwriting risk, not mastering customer relationships. Their customers have been trained to do business with agents in offices around the corner from their neighborhoods, and who know their kids' names and send holiday cards every year. Replacing this personal, and usually in-person, relationship with a faceless customer service representative (CSR) has to be done with efficiency and finesse so as to not risk a negative customer experience. Providing personal service through impersonal channels, such as email and the Internet, and providing a consistent experience across all channels are paramount for today's insurance companies.

... Means Becoming Customer-Centric

Thanks to advances in technology and a proliferation of information sources, consumers are more educated than ever before. They have heightened expectations when it comes to customer service; they want to do business with their insurance provider, where, when and how it suits them. They don't want to listen to on-hold music or have to actually drive anywhere to get their questions answered. If they want to apply for an auto insurance quote online at 11:00pm while they're in their pajamas, it should be an option. When it comes right down to it, insurance companies sell risk mitigation, which is perceived by consumers as a commodity. They no longer compare the fine print. Instead, they make selections based on price and service.

In order to master providing a consistent – and consistently positive – customer experience, insurance companies must rebuild their organizations and their contact centers around the customer. They need to become customer-centric rather than policy-centric; rather than seeing three policies for auto, life and home ownership, they need to see Cindy Knezevich, multiple policy-holder.



In order to accomplish this, insurers will need to break some bad habits in the contact center.

The Importance of Effectiveness and Efficiency in the Contact Center

Operational issues in the contact center plague many large organizations and insurers are no different. Some of these issues include:

- *Inefficiencies* – While there is evidence that this is improving, the insurance industry is plagued with departmental silos and inefficiency. On average, the US insurance industry earns less than \$0.01 per \$1.00 earned from premiums in profit⁸.
- *Inflexible systems* - Insurers are dealing with old, monolithic systems and are hesitant to replace them because they have 100 years worth of data... but they need flexibility across systems and product lines in order to be able to sell more integrated products.
- *CSR churn* - Insurance providers already experience a very high CSR churn rate in their call centers, relative to other industries. This results in significant expense to the company in terms of training and recruitment and can negatively impact customer experience. One of the top reasons CSRs leave their jobs is because of the difficult systems and technology they need to learn⁹.
- *Provincial thinking* - Insurance providers as a whole are rather infamous for their “we can build it in IT” culture. This tends to cripple insurance IT resources, and the customer service operation continually falls down the IT priority list. Couple that with the fact that the insurance industry has the most software customization of any industry¹⁰, this puts IT in the position of having to continually delay providing value to the business.

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The worst part is that all of these challenges pale in comparison to the real issue, which is desktop complexity in the insurance contact center. Of course, this problem exists in other industries as well but is particularly prevalent in the insurance industry, where some insurance companies have more than 20 applications and tools on the desktop. That means that CSRs, who are supposed to provide quality and timely service to customers on each call, end up navigating through dozens of non-integrated applications.

These business applications were all implemented to satisfy the needs of other departments: the financial department needs a billing system, the marketing department needs a CRM system, and the claims department needs a claims system. And the poor CSR taking the customer’s call needs to access the data in ALL of those systems, resulting in the CSR’s desktop becoming complete chaos, with dozens of open applications and tools, each of which contains important –

⁸ *Industry Essential: the US Insurance Market*, Forrester Research, 2007

⁹ *Enhancing the Customer Experience*, Ventana Research, 2007

¹⁰ *Industry Essential: the US Insurance Market*, Forrester Research, 2007



but siloed – information. This is why it can take several months just to get new insurance CSRs up to speed, let alone fully productive, and it is a major contributor to the very high churn rate which insurance contact centers experience¹¹.

The good news is that implementing a unified desktop in the contact center will help insurers overcome all of the above-mentioned challenges, giving the CSR that fully integrated view of each customer. And, a properly built unified desktop can work with your existing applications, eliminating the need for costly, lengthy and risky application re-write or replacement projects.

Most importantly, it will help insurers increase customer retention while reducing operating expenses, at a time when addressing these concerns, quickly and simultaneously, has never been more crucial.

Eliminating Desktop Complexity Will Improve Customer Retention

Let's be honest, no one calls an insurance company for fun. Customers call because they need help. They are, in many cases, already frustrated by the time they call. They do not want to have to provide their policy number eight times or to sit on hold listening to bad music or the CSR explaining, "I'm so sorry, my computer is slow today, it'll just be another minute or two...."

... upwards of 80% of CRM software implementations in insurance companies have failed...

We've already discussed how imperative it is to provide a positive customer experience with each and every customer. But how can insurers' CSRs focus on providing a quality customer experience, when they are navigating through dozens of applications and screens? A unified desktop solution will integrate all of those disparate applications and present one, easy-to-navigate desktop for the CSR. All of the information the CSR needs to easily, quickly and effectively complete that call is right there at his/her fingertips.

Eliminating desktop complexity means setting up the systems and applications to support the CSR. Implementing a unified desktop, which gives CSRs access to anything they need to successfully complete a call within one simplified view, is the smartest way to get your desktops in order.

The unified desktop is designed to present only the information and tools that are in context to the current conversation, which makes CSRs more efficient and effective. For example, when a policy inquiry call comes in, the CSR's screen will show the relevant process flow, data, applications and knowledge base to support policy inquiry calls. If the next call that comes in is related to a claim, the desktop would change to show only the process flow, data, applications and knowledge base that the CSR needs to support claims' queries.

The leading unified desktop solutions sit "on top" of your current applications, so it is not necessary to tear out or replace your existing applications or infrastructure. You can keep your existing line-of-business applications such as

¹¹ Forrester Research, 2008



your policy system, claims system, billing system... and the CSRs will have all of the information they need, integrated and at their fingertips.

Can you solve this problem with a traditional CRM application? CRM applications (e.g. Siebel) have often been hailed as a solution for the "single view of the customer." For the most part, a traditional CRM application is a line-of-business application that is designed to support the sales and marketing group. But from the contact center perspective, it is just one more siloed application that the CSR must learn and use. A CRM application does not solve the chaos problem – in fact, it usually creates more havoc. It may come as no surprise, then, that upwards of 80% of CRM software implementations in insurance companies have failed ¹².

Becoming a contemporary insurance provider also means instituting a corporate culture that encourages innovative thinking and understands the need to embrace new technologies in order to overcome operational challenges, particularly in the customer service area. Given the realities of today's economic climate, in addition to the already tense competition between insurance providers, now is the time to increase customer retention and reduce operating expenses. The companies who successfully do that will not only navigate the choppy waters we are in now, but will emerge stronger and as market leaders. A unified desktop solution is the quickest and most efficient way to improve customer retention while reducing your cost of operations – it's the insurance policy you need to keep your customers' business for years to come.

About Jacada

Jacada is a leading global provider of unified service desktop and process optimization solutions that simplify and automate customer service processes. By bridging disconnected systems into a single, intelligent workspace, Jacada solutions create greater operational efficiency and increase agent and customer satisfaction. Founded in 1990, Jacada operates globally with offices in Atlanta, Georgia; Herzliya, Israel; London, England; and Munich, Germany.

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¹² Insurance Technology – *CRM in Global Insurance*, Datamonitor, 2008