



Mobility Strategy for the Insurance Market - Expand Your Business and Delight Customers

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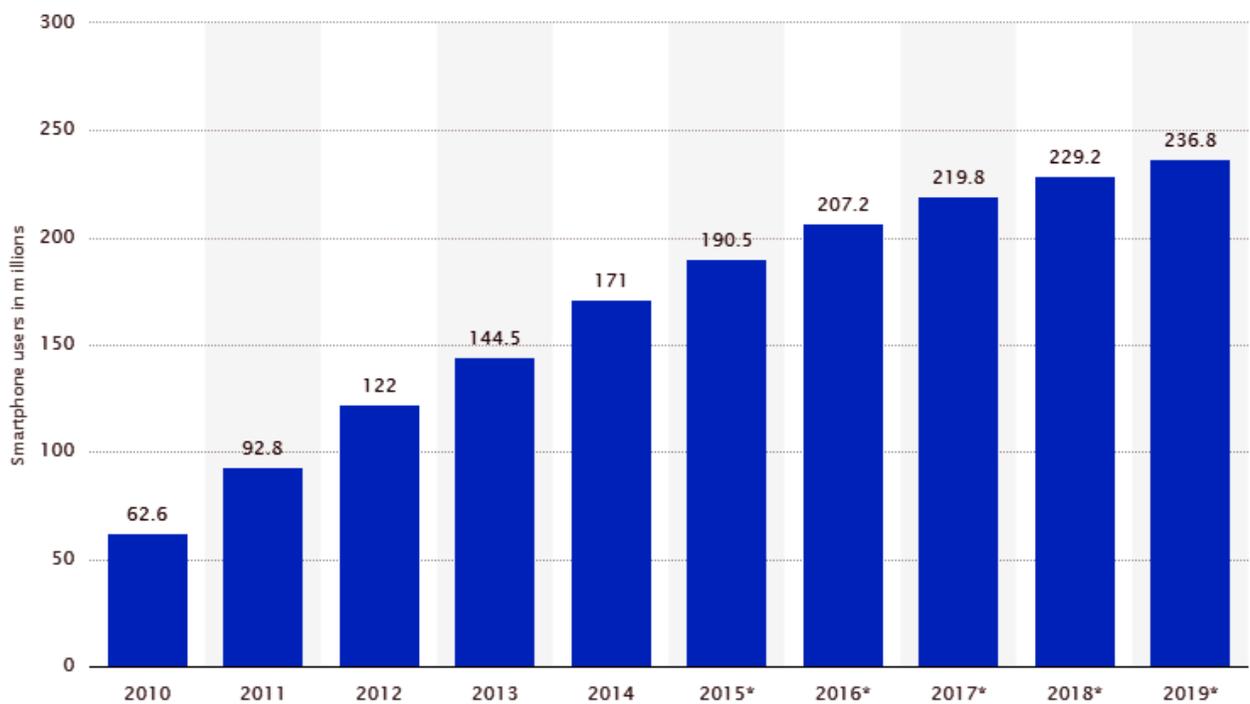
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Mobile Apps in Insurance - Overview

Achieving customer-centricity in an evolving industry

Today's insurance landscape is very different from that of the past, and it will continue to evolve due to increased competitive pressures and shifting customer demands. As new competitors emerge, insurers are left competing for a smaller pool of policyholders, further pressuring profits. Also, the emergence of non-traditional insurance competitors means firms must now think outside the box when attempting to respond to rivalry. In addition, the industry is battered by high catastrophic events, shifting regulatory landscape and changing customer dynamics. As a result, increasing touch points with customers, improving customer satisfaction and engaging channel partners have become the main areas of concern and focus for insurance providers.



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Figure 1: Growth in Smart Phone Users

Source: <http://www.statista.com/statistics/201182/forecast-of-smartphone-users-in-the-us/>

Information in the insurance world has never been so vibrant and fluid as it is today. It travels

through several channels and undergoes rapid transformations, requiring a structured process framework to manage the dynamics of the current market. To compete effectively in this environment, insurers need to make sure they are addressing customers' and agents' evolving needs and demands. Increasingly, technology—and particularly mobile technology—is driving those demands. Mobility has become one of the most critical entities and favored technology investments for the CIOs across industries. Advancements in the wireless technology and accelerating adoption of smart phones have led to the evolution of mobile as a preferred operational and transactional medium for people across the globe.

Compared to other industries, the insurance industry entered the mobile segment quite late. But since policyholders are well versed with the mobile apps available in other industries such as banking, retail, travel and hospitality; they expect the same level of precision from their insurance apps. Hence being a late entrant, insurance providers have a lot to catch up with the rest of the world to remain competitive.

Today, carriers are increasingly turning to software vendors like Trigent to develop mobile apps across the insurance value chain and core functionalities for employees, agents and customers.

This thought-paper outlines the way mobile apps are redefining the insurance business and their ability to fundamentally change insurers' sales and servicing capabilities.

“All state has introduced various mobile technology over the last few years and this continues our strategy to be more available to customers and in a way they want and find easy to access,”

-Justin Herndon, spokesman for Allstate

<http://www.insurancetech.com/allstate-introduces-app-for-usage-based-insurance/d/d-id/1314473?>

Key Considerations for Mobile Strategy in Insurance

Insurance industry is a compound ecosystem of underwriters, insurers, agents, brokers and advisors. Mobility has the ability to radically change insurers' sales and servicing capabilities. It provides tools to optimize work-flows and eliminate or reduce dependence on cumbersome, paper-based processes.

With a strong competitive environment and rising demand for high level of customer satisfaction in the insurance industry, a strong mobile strategy is a must for all insurance carriers to attract and retain customers.

Given the proliferation in the smart-phone market and high dependence on mobile devices, insurers must broaden their channel strategies to leverage the increasing demand for mobile capabilities.

A Key to Future Customer Retention

Acquiring a new customer can cost up to ten times as much as retaining an existing customer, elevating the importance of customer retention as a priority for insurers. To retain customers, insurers must deliver a differentiated experience. To offer a distinct experience, insurance IT groups have indicated their biggest priority will be IT support for business innovation, social and mobile technology investments for achieving business innovation.

Mobility in the insurance space offers significant opportunities to insurance carriers to expand their market share by meeting burgeoning customer demands while decreasing costs through process efficiencies. It is transforming business processes across the entire insurance value chain through seamless information transfers and real-time customer communication channels.

Developing A Mobile Application Strategy Can Be Challenging

While insurers are beginning to understand the importance of the mobile channel, the mobile experience they present to customers today continues to miss the target. One of the primary reasons insurers struggle to develop effective mobile applications is because these

applications require a new way of thinking. When developing a mobile application, development teams need to ask themselves, “How would a customer want to interact with our organization at specific moments of action?” Effective mobile applications require providing customers with an experience they will find intuitive, engaging, fast, and even fun.

While many insurance CIOs and IT professionals believe mobility will impact their business as much as the Internet, they must tackle several challenges when attempting to create a mobile platform strategy. Designing and building an enterprise strategy and infrastructure for maintaining and growing mobile applications long-term can be difficult. It requires segmenting target customers and identifying which mobile services to provide on which platforms to ensure that their mobile offerings and customer strategies are well aligned.

Once an insurer has identified customers' needs, it must determine which mobile platforms (e.g., Apple vs. Android) and devices (e.g., Phones vs. Tablets) to target and what type of mobile application (e.g., Native or Web-based) to build. This can be challenging. In order to determine the type of applications to build, insurers need to consider the target audience, application features, and time-line/budget, as well as internal skill-sets. For example, building a mobile web application may provide the greatest reach across devices and platforms; however, mobile web applications do not work when users are offline, they cannot be distributed via App Stores, and they cannot take advantage of all native device features (e.g., camera, push notifications). This lack of customization to the mobile device diminishes the user experience. Rather than simply extending web versions of an application onto a mobile device, developing a native mobile application may improve the application's effectiveness.

Following are some technical challenges and considerations for building mobile applications:

- **Security:** Internal mobile devices can become plagued with viruses/malware if policies around personal use of devices are not communicated effectively. Traveling agents will need a way to operate securely on open Wi-Fi networks. For external users, insurers must be prepared to address authentication in order to secure data sent to/from mobile applications, as well as data stored on the devices.

- **Interoperability:** Significant effort may be required to enable archaic back-end systems to interface effectively with mobile applications.
- **Customization:** Superior mobile applications often require custom solutions, as packaged solutions can be difficult to retrofit with disparate legacy systems.
- **Environment:** Ensuring that existing production environments and back-end systems can scale to keep up with demand from additional mobile customer activity can be a tedious exercise. Many powerful batch-oriented systems struggle with the real-time demand of mobile applications.
- **Collaboration:** Delivering the necessary functionality within technology constraints typically requires significant stakeholder interaction and collaboration across business units. Involving all the necessary parties and gaining stakeholder buy-in can be arduous and time-consuming and it must happen early on.
- **Budget:** Developing a business case which fully rationalizes the budget necessary to embark on the mobile application journey requires striking a balance between qualitative and quantitative elements.

Adoption of Mobile Technologies in Insurance

Insurance companies have fewer touch points with customers compared to banks. While customers may interact with their banks several times a week, they may contact their insurer only occasionally-to purchase a policy, to pay their premium and, possibly, to file a claim.

According to a survey of insurance and banking customers in 2014, more than 50% customers deal with their insurer once a year or less often. The interaction on mobile devices is very low, only 26% of customers have ever connected with their insurer via mobile.

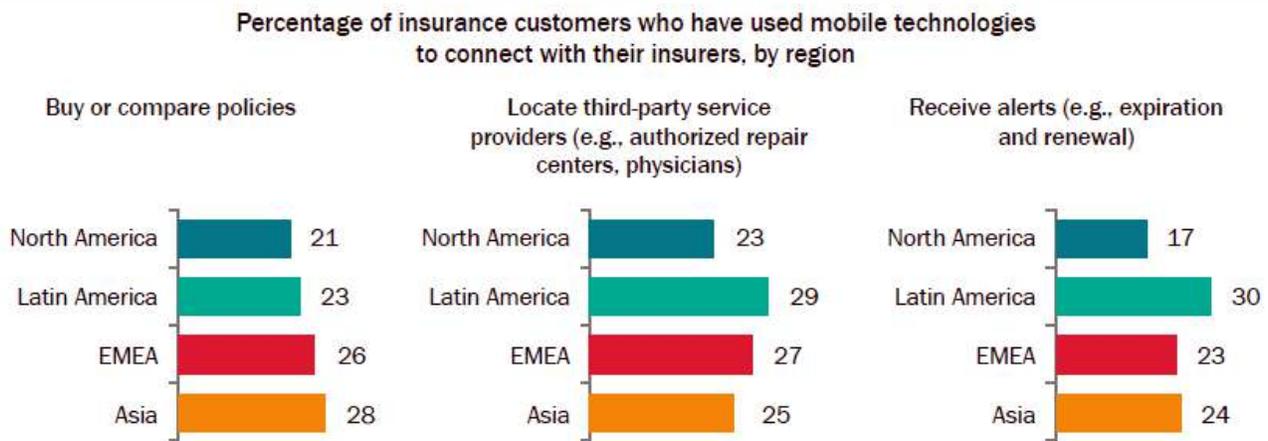


Figure 2: Percentage of insurance customers who have used mobile technologies to connect with their insurers

Source: Economist Intelligence Unit survey, September 2014

The core reasons insurers are embracing mobile technology solutions are to:

- Extend business services to the mobile channel
- Attract new customers who need more self-service options
- Modernize customer service tools to increase agent and policyholder satisfaction

There is tremendous promise for business strategy mobility and an imperative for insurers to embrace it.

Role of Mobile Apps in Insurance

From customer self-service to various enterprise apps that connect to back-end systems of the carrier, mobile apps are going to play a significant role in improving aspects of the insurance industry.

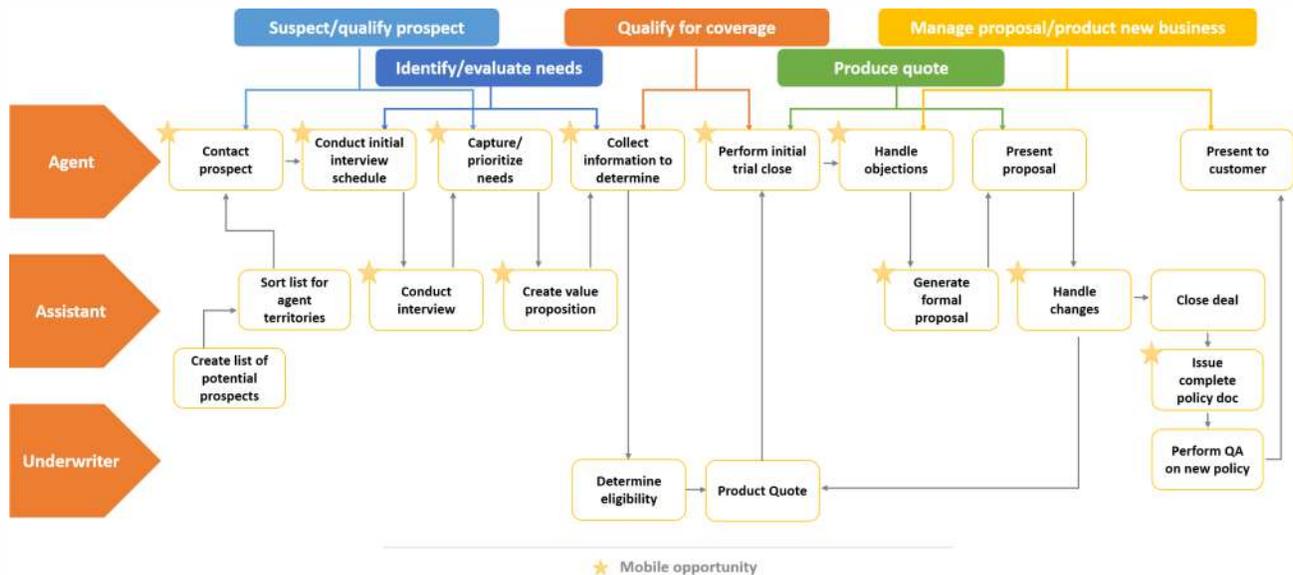


Figure 3: Mobility opportunity in the insurance sales process

Let's now look at five phases of the sales process and highlight the potential benefits that can be achieved through mobility, as well as the impact of mobility on each of the sales phases referenced at the top of figure 3.

Phase 1 - Qualify prospect

- More accurate and timely client information means an increased number of qualified leads, which allows the agent to focus on the right customers
- Leads may be captured regardless of how they are received and which distribution channel will be used for follow-up

Highlights - Data is transmitted wirelessly to agents, enabling them to receive these lists not only at the office, but also while on the road visiting customers.

- The agent's productivity is improved by reducing the time spent on phone calls or visits, and by having more flexibility in scheduling initial interviews

Internal employees produce focused customer lists for a special marketing campaign by using an up-to-date and integrated customer relationship management system that collects customer data from all possible sources. This data is transmitted wirelessly to agents, enabling them to receive these lists, not only at the office but also while on the road visiting customers. Agents can now use the time between customer visits to call prospects and schedule new interviews; they can also react promptly to new offers while visiting customers. Having all customer data available whenever agents need it facilitates the interviews and allows a more focused customer approach.

Phase 2 – Identify and evaluate needs

- Up-to-date customer and sales support information gives a better overview of the customer's needs and can enhance cross- and up-selling
- Tool-based interview guides support the gathering of relevant information and help choose the right product for the right customer

Once the prospect is identified, it's important for agents to capture the customer's wants and needs. Using a mobile solution, they can check the customer's history, use tool-based interview guides and sales tools, and have all product information ready, even for unexpected customer requests. Armed with the supporting information, agents can identify the customer's needs and respond properly by generating an appropriate proposal. As a by-product, all captured customer data is directly documented in the system and, based on an integrated solution, can be used by the call center to answer subsequent customer requests. This can increase the quality of both the advice and the customer service, enhance customer satisfaction and enable the agent to realize cross-selling and up-selling potential.

Phase 3 - Qualify for coverage

- The mobile solution leads to quicker eligibility checks and improves agents' productivity

- Improving the quality of customer information enhances credibility and trust, leading to increased customer satisfaction

The mobile solution helps agents collect relevant customer data for the eligibility check.

For “simple” products, the check can be automated and the customer can get a prompt response. For special cases, the agent can send the data directly to the underwriter, who, with complete and relevant information, can react quickly to requests. In most cases, the agent is able to generate an appropriate proposal during the first meeting with the customer. This means reduced cycle time, reduced travel time and reduced administration time, and thus increases productivity for the agent, while helping to ensure better advice, reliable information and enhanced agent credibility for the customer.

Highlights - Using a mobile solution, they can check the customer's history, use tool-based interview guides and sales tools, and have all product information ready, even for unexpected customer requests.

Phase 4 – Produce quote

- For a “simple” product, the agent can submit applications for straight-through-processing and get real-time quotes, which improves the agent's productivity by reducing administration time
- The tool-based application helps capture more complete information, which leads to a more accurate price, helping to increase the number of closed deals

Agents can capture all customer information directly in the application form and submit it to the back office. They then have a chance to directly handle possible objections, get a quote in real-time and present an approved proposal. If the client signs the proposal promptly, the agent can inform the back office right away, without having to fill out any further forms at his or her

Highlights - Agents can capture all customer information directly in the application form and submit it to the back office.

office. This saves valuable administration time and enables the agent to focus on customer-related tasks.

Of course, these outcomes are based on the assumption that both front-office and back-office systems (such as policy administration systems) are well integrated.

Phase 5- Manage proposal/produce new business

- A mobile solution reduces cycle time associated with binding the policy by capturing more complete and relevant data
- Administrative time is reduced by eliminating paper-based work

Highlights - Mobility can have a measurable impact on the productivity of the insurance sales process, the generated revenue, and ultimately the carrier's relationship with its customers.

The agent has already negotiated the contract with the customer and the proposal is approved by the back office. All customer data is already in the system. If the customer signs the proposal promptly, price and

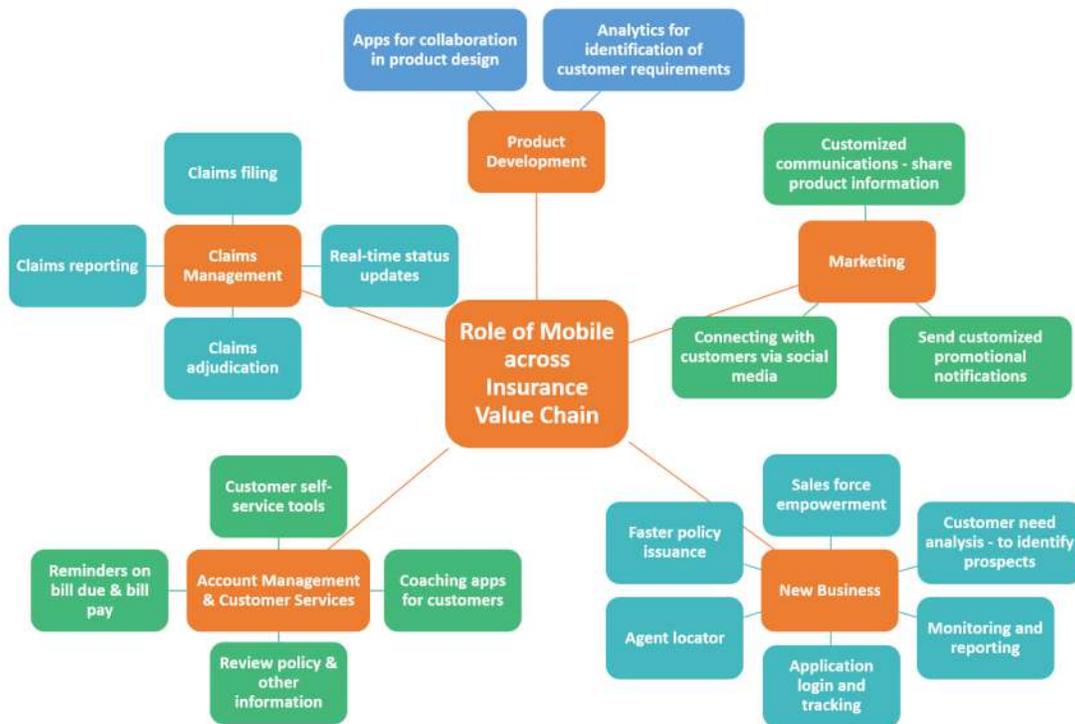


Figure 4: Role of Mobile across Insurance value chain

conditions are well understood and the policy can be issued at once, without any paperwork by the agent. Alternatively, if the customer wishes to think about the proposal for some time, they can address possible questions to the call center or the agent. An answer is easy to obtain at any time, because customer history and proposal details are already captured in the system. If price and conditions have changed, a new proposal matching the customer's needs can be generated expeditiously.

Typically, going through these five steps of the sales process has taken more than one meeting with the customer. But a mobile solution, combined with a proper integration of front-office and back-office systems and the immediate availability of back-office functions, can enable quick data exchange and potentially allow the agent to close the deal during the first visit with the customer.

Enterprise Apps for Employees

Organizations in many industries are awakening to the benefits of extending mobility beyond the traditional field force to employee management and customer facing business units.

Mobility enables insurance agency employees to:

- Access corporate systems from anywhere, anytime and increase productivity
- Eliminates paper forms
- Leverage BYOD and reduce IT purchases

From the carriers' perspective, by deploying an effective enterprise mobility strategy, they can increase revenue and reduce risk by enabling their employees to access back office pricing and product data in real-time, thus expediting sales at the most current risk-adjusted rates.

In case of enterprise apps, companies face major challenge in integration of mobile apps with legacy back-end systems. Apart from being a costly issue, the integration requires a long development cycle. At times, even apparently simple apps often require multiple processes and services to unite. This unification could include systems dealing with notification of loss, inspection processes, estimates and payments.

A bespoke approach is required to create apps that integrate with existing back-end systems that tend to be unique to each insurance firm and work seamlessly, with little training.

Mobile apps provide real-time information to Brokers/Agents and help them close the deals faster

Brokers are always on the go and their job required them to access and capture information wherever they are. Mobile apps can provide a sales and marketing tool for use in the broker channel, ensuring a consistent face of the insurer is presented to the market.

Brokers can use mobile to access insurance providers' marketing materials, build scenarios and quotes, and identify prospects. Traditionally, brokers' job requires lot of paperwork and documentation, but with the mobile app, brokers can complete forms on mobile devices/tablets, sign forms using the touch screen, save and retrieve forms, and email completed and signed forms.

In 2014, MetLife released a tablet-base app for iPads and iPad minis to help agents and advisors explain the benefits of whole life coverage. The app is more effective than printed product materials and policy illustrations ledger as it further helps the agents/advisors to clearly articulate the product features.

“Through its interactive capabilities, the app allows financial professionals to bring their conversations with clients to life by showing how whole life products can help clients meet their individual financial goals.”

-Matt Quale, vice president of U.S. Retail Marketing for MetLife
<http://in.reuters.com/article/ny-metlife-idUSnBw126016a+100+BSW20140212>

Mobile apps for customers are shifting their role from convenience to customer engagement

Mobile apps offer a myriad of opportunities to customers with various levels of functionality

and sophistication – from basic research to self-service capability. Keeping this in mind, insurers are moving from customized information servicing to mobile-enabled transactional services such as claims filing, account management, etc. To increase customer smart-phone usage for insurance-related activities, insurance companies require to develop more informative and customer-focused apps. Customers can use these apps to:

- Ask for quotes anytime, anywhere
- Manage their accounts
- Report claims with photos, videos, etc. (no need for Adjusters to make physical trips to every incident)
- Pay bills
- Reduce paper forms
- Get answers faster any time of the day
- Communicate faster first-notice-of-loss capabilities, wither through email of an insurer's own mobile application, including basic claims processing and adjuster contact information for reference

Quantifying the Benefits of Mobility

Now it is time to look into the “quantitative” aspects of the benefits. All the numeric productivity increases presented below are extrapolated from Trigent's experience, both with its own transformation, and with consulting engagements in the insurance and other similar industries.

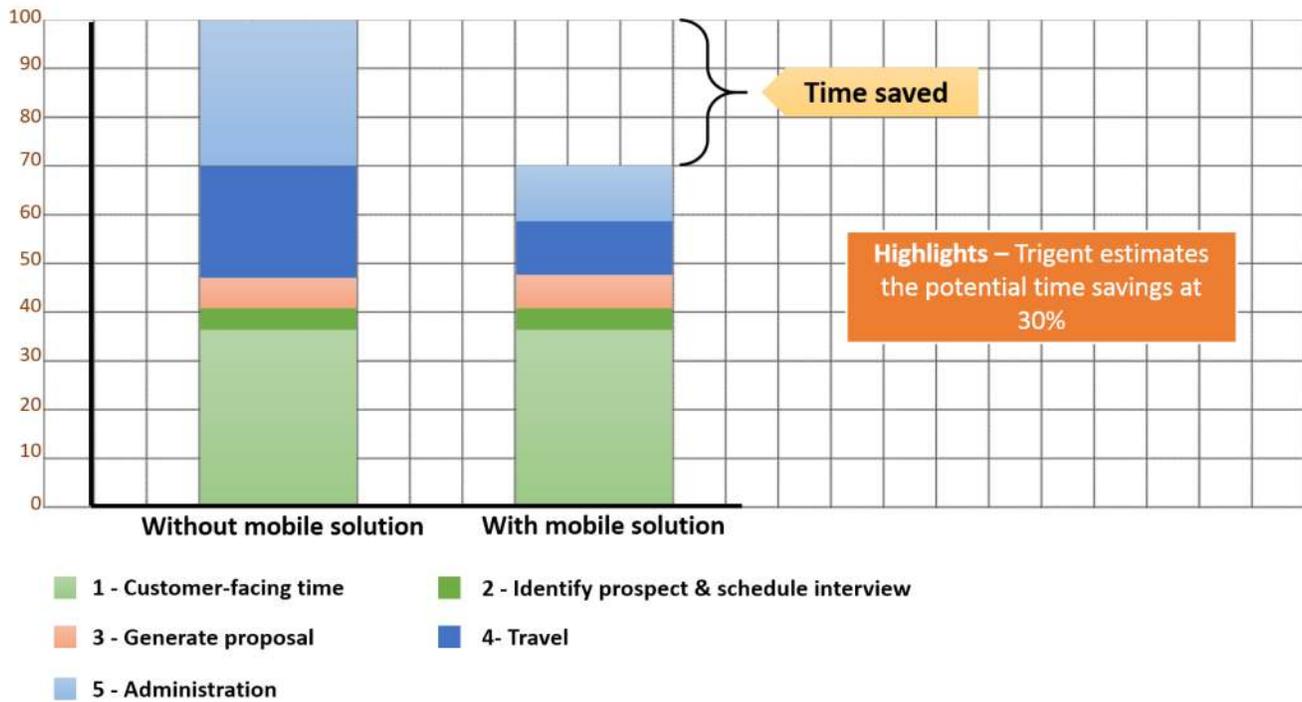


Figure 5: Quantitative benefits of Mobile Solution

Challenges

Lack of appropriate infrastructure and capabilities – Claims servicing through the mobile app requires appropriate infrastructure and capabilities. While most customers prefer to deal in person or through a phone call, claims servicing through mobile devices can be a highly positive experience for them, but only if appropriate infrastructure and capabilities are in place.

Mobility should ensure speed and reliability rather than add more stress for the customer – If a customer met with an accident completes all the reporting steps for claims submission through his phone – taking pictures and recording the location and other driver's information – and at the end while submitting the claim the phone freezes, there will be no way to know whether the data is retained.

The risk of losing a customer due to a bad mobile experience arises along with the benefits of providing a meaningful digital solution. To mitigate it, insurance companies can partner with leading content distribution networks (CDN) to reduce lag time or downtime when customers need it most.

App usage is low compared to banks and retailers – One of the major challenges for insurance companies is that the app usage by customers is low compared to that in case of banks. The level of interaction through mobile app to make premium payments, file claims, or apply for a new policy, once a while. On the other hand, a bank customer might use the app to check account balances, make transfers, pay bills, etc., on a regular basis.

Key Features of the Mobile App

- View coverages, ID cards and policy details of vehicles
- Report a claim by taking pictures of vehicle damage and upload the information right from the accident scene
- Get in touch with the agent and claims representative
- Pay bill by a credit or debit card
- Obtain roadside assistance, exactly when the driver needs it
- Get an auto insurance quote-and then buy a policy online
- Find a Service Center, which manages repairs from start to finish.

Future Outlook

Insurance industry has been traditionally slow with technology adoption, it is now jumping on the mobility bandwagon and devising its own mobility-specific strategies to compete in the market.

Mobile apps offer a tremendous opportunity to transform the business process across the insurance value chain. From self-servicing apps to transaction-based apps, they lay a solid foundation to provide agile, responsive and user-friendly format that can reduce costs by decreasing the volume of phone calls and administrative staff required to handle the call and ensuing paperwork.

Two emerging trends, mobility and usage-based insurance (UBI), are likely to come together to deliver better solutions to insurance customers in the near future.

With a combination of usage-based insurance and mobility, insurers can take their services to the next level. For e.g. an app can allow automobile insurance customers to track their own driving habits and suggest ways to improve their skills. Good drivers can also check the app to ensure they are rewarded through reduced premiums. In the future, the apps can even recommend suitable policies to them.

In addition to forming the basis for targeted consumer offerings, telematics solutions can be utilized by the insurer to track its own workers' productivity and also monitor company vehicle wear-and-tear. GPS locationing and geo-fencing capabilities can be used to ensure employees are working efficiently throughout the day. In addition, management can use GPS tracking for dispatch purposes, assigning tasks in real time to the most optimally-located agents.

Vehicle diagnostic services can act as an early warning system regarding maintenance needs and excessive fuel consumption. And driver performance analytics will reveal any bad driving behaviors that can impose premature wear and tear expense on a vehicle—or jeopardize the safety of bystanders. Timely reports allow management to nip these dangers in the bud.

About Trigent

Trigent is a privately held, professional IT services company and a Microsoft Gold Partner with its U.S. headquarters in the greater Boston area and its Indian headquarters in Bangalore. We provide consulting services in various technologies including Microsoft Solutions. Our operating model is to conduct sales, customer relationships and front-end consulting (e.g., business case, requirements, architecture) onsite with our clients and perform the detail design, development, integration, testing and quality assurance offshore at our world class development and support center in Bangalore. We are a SEI CMM Level 4 company and is ISO 9001:2000 TickIT certified organization.

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