

This paper explores how contextual and value-centric customer engagement in insurance can be achieved through connected ecosystems of diverse stakeholders. It also looks at the role of Tech Mahindra in supporting insurance organizations in this inevitable transformation to stay relevant.

Achieving Contextual and Value-Centric Customer Engagement in Insurance Through Connected Ecosystems

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Introduction

The business of insurance is extending beyond insurers and their traditional channels as the industry is witnessing a never-before-seen surge in customer demand and expectations for simple, transparent, and unique products and services. Although the impact is felt more in the personal lines, digital disruptions are slowly affecting other lines of business in property and casualty (P&C) and life and annuities insurance as well. With sensors and wearables capable of monitoring internal safety hazards, employee errors, and environmental changes in factories and workplaces and assessing health profiles of individuals, the underwriting and risk management functions are steadily evolving. Predictive models, big data, and artificial intelligence (AI) are being leveraged to improve the business efficiency across the enterprise. P&C and life insurance customers are looking for their providers to be proactive risk managers who not only offer true value in return for the premiums they pay but also provide concrete value addition above and beyond standard products and services.

Life and P&C insurance organizations are waking up to the fact that experiences that help build loyalty and long-term relationships cannot be realized through conventional ways of doing business. In the age of driverless cars, sharing economies, and preventative loss management, enabled by the Internet of Things (IoT), robotics, and AI, the very relevance of the industry would depend on the ability of the carriers and intermediaries to adapt to a connected ecosystem of diverse stakeholders to take contextual and value-centric product and service experiences to market quickly. It is, therefore, inevitable for the industry players to explore innovative methods and employ digital tools and enablers to help accelerate this transformation.

AT A GLANCE

KEY STATS

Out of the 143 insurers and healthcare payer organizations surveyed as part of IDC's 2018 *Digital Transformation Executive Sentiment Survey*, 46% consider programs around customer-driven product and service innovation as their highest strategic priority. Around 18% consider delivery of bundled offerings through partnership ecosystem a key priority.

KEY TAKEAWAYS

With digitization impacting all walks of life, the relevance of insurance carriers and intermediaries would largely depend on their ability to adapt to a connected ecosystem of diverse stakeholders to take highly customer-centric product and service experiences to market quickly.

The Emergence of a Connected Insurance Ecosystem as a Means for Better Customer Connections

- » Traditional insurance products address very specific coverage needs and price the products based on the risks associated. Today's customers expect value beyond standard coverage and services, to stay loyal while also expecting value-added offerings to be tailored to their specific needs and circumstances.
- » Delivering contextual, holistic, and value-centric experiences that address the specific needs and preferences of policyholders is possible only through partnering with wider ecosystem stakeholders (e.g., with retailers to offer loyalty discounts, media houses to offer infotainment services for risk prevention, fitness clinics to promote active lifestyles, estate agents and technology partners to offer self-service inspection tools and property risk info).
- » Insurance organizations are challenged to expand their offerings through ecosystem partnerships despite security, privacy, and interoperability hurdles. There is a strong need to create a standard, open environment to enable information exchange with value-added partners in the wider insurance ecosystem to offer contextual services to customers. It is also important to leverage digital tools and enablers to address the current hurdles in meeting the ever-evolving requirements with quick turnaround.

Taking a Closer Look at Connected Insurance Ecosystem Experiences

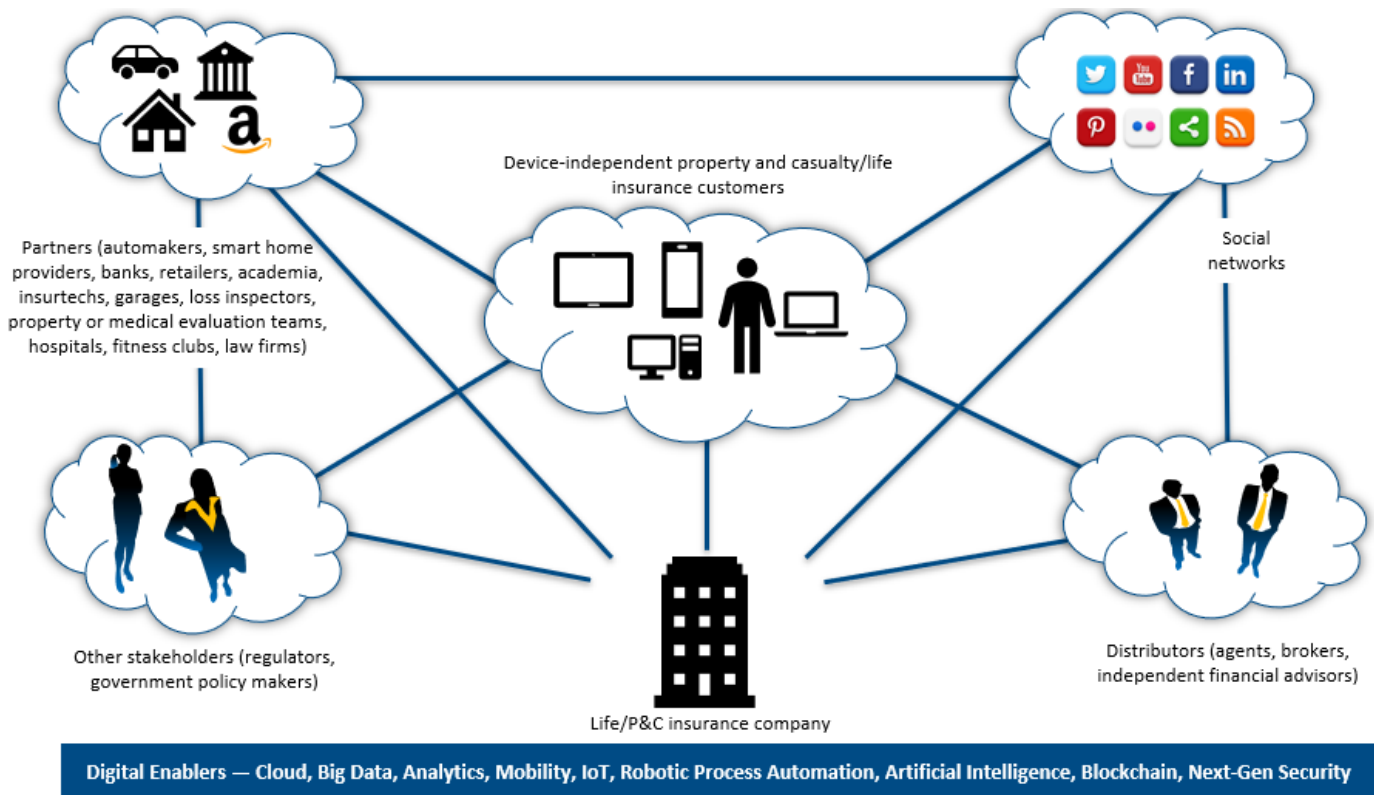
- » *IDC MaturityScope: Omni-Experience Digital Transformation in Insurance 1.0* (IDC #EMEA41669116, August 2016) describes that an insurance ecosystem experience is the ability to continually attract, engage with, and retain (grow loyalty from) all members of the ecosystem, including customers, distributors, partners, and employees. It involves developing a strategy that is increasingly tied to automating and adapting responsively to different stakeholders in a omni-channel environment. It also involves developing a culture of innovation and a hunger for driving disruption.
- » Connected insurance ecosystems bring together businesses and products with the help of a digital platform where diverse stakeholders (both internal and external) collaborate. It encompasses omni-experience engagement, next-generation payment networks, a modernized core, increased efficiency and agility, digital trust, and delivery of value-oriented and personalized offerings to customers through a partnership network approach.
- » The following are some examples of connected insurance ecosystem arrangements in insurance:
 - Insurers such as Assurant, Liberty Mutual, and Chubb have partnered with automakers and start-ups to develop car subscription programs. These programs aim to provide a bundled offering that includes a car, payments, maintenance, and insurance all in one package.
 - AXA, Alibaba, and Ant Financial Services engage in a global strategic partnership to jointly explore opportunities to distribute AXA's insurance products and services through Alibaba's global ecommerce ecosystem, benefitting the businesses and consumers that transact via Alibaba's marketplaces.
 - ING and AXA have announced a long-term, multicountry bancassurance partnership to provide insurance products and related services through a central digital insurance platform.
 - Insurance giant Chubb has partnered with Suning to distribute insurance products through the Chinese online retailer's ecommerce customer network.
 - South African insurer Discovery generates revenue by providing intellectual property rights to its incentive-based wellness program called Vitality to other insurers. John Hancock is a U.S. insurer that

uses the Vitality wellness platform to enable its policyholders to save on premiums and earn rewards by sharing their health and wellness data via fitness wearables.

- John Lewis Insurance (United Kingdom) and Liberty Mutual (United States) have ties with Nest (owned by Google) that is creating a smart home ecosystem of insurers and connected-home product providers. The solution built around the Nest Protect apps and smoke detectors, cameras, thermostats, and other devices will enable insurers to offer premium discounts in exchange for data on the safe running of appliances and devices at home.

Figure 1 is a simple depiction of an insurance ecosystem. The key to Figure 1 is the acknowledgment that the center of the ecosystem is not the insurance company but the customer (e.g., a life or P&C insurance customer, small business, or commercial lines customer), enabled by digital technologies.

FIGURE 1: **Connected Insurance Ecosystem**

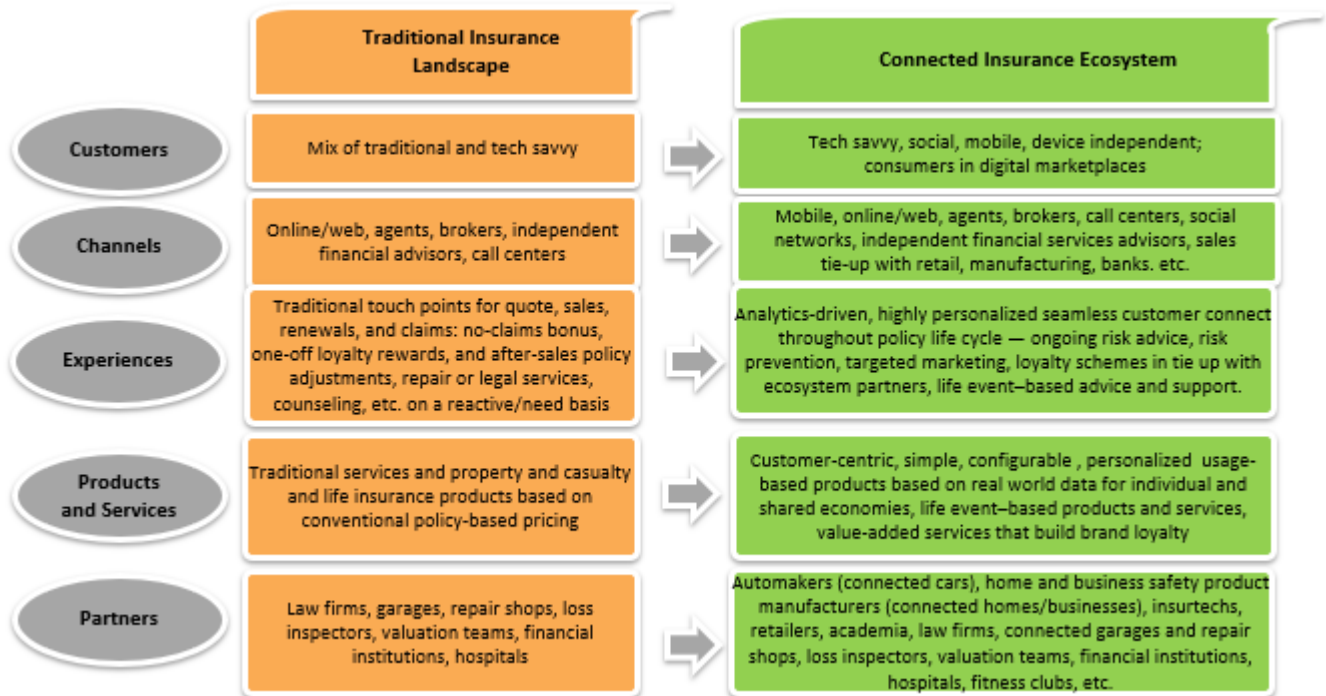


Source: IDC, 2018

Requirements to Transform to a Connected Ecosystem–Oriented Business

- » Insurers should formulate a digital vision and road map to transform to a connected ecosystem-oriented business. They need to look at their as-is landscape to see what changes (e.g., technology, culture, skills, existing partners) will bring them closer to their vision of great customer engagement in the digital landscape.
- » Senior business and IT stakeholders should come together to decide how the organization wants to be involved in the ecosystem (i.e., whether they want to take an active role or simply participate).
 - To participate in a connected insurance ecosystem, insurers need to integrate their service propositions to an existing platform. They should have clarity on choosing the ecosystems that will provide the maximum opportunity to connect with customers and improve their business.
 - On the other hand, to build or facilitate an ecosystem would involve establishing a connected ecosystem platform and bringing diverse stakeholders or participants in to deliver bundled offerings and expectation-altering experiences. This can be a challenging task, so the decision should be based on specific customer engagement requirements and the larger strategic objectives of the insurance organization.
 - A simple, scalable, API-driven digital platform that allows seamless data exchange and integration of services across different participants/stakeholders is an important piece in the connected ecosystem puzzle.
- » Meaningful customer engagement largely depends on how much and how well you know your customer, so the following becomes important in the context of a connected insurance ecosystem:
 - Data collection and integration across different participants in the ecosystem (multichannels, social and collaboration tools, IoT, private and public data brokers)
 - Data governance and analytics (big data and analytics, artificial intelligence)
 - Data privacy and security (cyberthreat detection and prevention, fraud handling, distributed ledger technologies, identity management)
- » Involving technology partners that understand the transformation requirements and can bring the right digital tools, skills, and enablers to the table at different stages of the journey is a critical success factor.

Figure 2 shows the transformation from a traditional landscape to a connected ecosystem-oriented business. There will be impacts at various levels (e.g., customers, channels, partners, products, services, and experiences).

FIGURE 2: *Transforming into a Connected Ecosystem–Oriented Business*

Source: IDC, 2018

Benefits

The main benefits of transforming into a connected ecosystem–oriented business are:

- » Increased customer touch points because of new distribution avenues offered by diverse ecosystem partners that will result in more cross-sell and upsell opportunities
- » Targeting of new customer segments through bundled offerings and experiences
- » Improved customer trust, loyalty and, in turn, retention through highly personalized products and services and meaningful engagement across the policy life cycle based on specific requirements and preferences
- » Increased revenue through new revenue streams as the industry foresees a potential drop in premium revenue due to increased risk prevention and management (e.g., driverless cars, connected homes/businesses/individuals). (Some insurers are already exploring new revenue streams by selling risk-specific data to stakeholders in the wider insurance ecosystem [e.g., driving scores to other insurers, shared mobility services, and travel and roadside assistance providers; life risk/insurability scores that consumers can use while switching carriers; location/property risk scores to estate agents or other insurers].)

Considering Tech Mahindra

Tech Mahindra (TechM), which is part of the Mahindra Group, is a company with 115,000+ professionals across 90 countries helping over 900 global customers, including Fortune 500 companies. TechM aims to provide innovative and customer-centric services and solutions for the new connected world.

TechM offers digital enablers for insurers that are looking to engage in connected ecosystem arrangements to take customer-centric products and services to market quickly. The offerings are targeted to equip insurance organizations to exploit emerging opportunities in the digital era, meet and exceed customer expectations in a frictionless manner, and derive optimum value from their digital investments. Some of these offerings are:

- » **IntelliClaims:** This robotic process automation (RPA) and AI-based solution automates low-touch claims handling. The AI part of the solution analyzes historical claims data to provide insights. The chatbot component processes first notice of loss (FNOL), converts the details into a claim case, and pushes it to the back end for further processing.
- » **Usage Based Insurance (UBI):** This big data-driven predictive analytics platform comprises in-vehicle telematics to accurately profile the driver's behavior. UBI as a service is offered that covers network, device, analytics, dashboard, and data. The solution also offers capabilities to improve driving safety involving cell phone usage in vehicles and real-time monitoring of driving behavior.
- » **Wellness as a Service:** This wearable technology helps life/health insurers track fitness data, provide premium incentives to eligible customers, and offer fitness-related value-added services in partnership with other stakeholders.
- » **IntelliChat:** This chatbot serves as a sales and service assistant to address FAQs, provide quotes, convert inquiries into qualified leads, and process policy- and claim-related service requests.
- » **InsureEZ:** This agent and customer digital self-service platform provides digital and omni-channel experiences to insurance customers, agents, and advisors.
- » **Zero Touch Underwriting:** This IoT-, RPA-, and AI-based solution for life insurers raises their underwriting threshold and processes additional volumes of new business in a straight-through mode in real time through automation. Wearable data is analyzed for risk profiling and dynamic generation of insurance application. AI-driven analysis of historical data and sensor data is used in quoting. Quote issuance and premium payments can be done online by the applicant.
- » **CareXa:** This customer management framework can be deployed across all customer interactions to provide a 360-degree customer view to help improve experience, generate value, and reduce total cost of ownership for contact centers.
- » **PRISM and iDecisions:** These analytics platforms process data from various source systems to run predictive models, calculate KPIs, and process reports and dashboards that can be consumed by different departments in life and P&C insurance companies.

- » **Socio:** This social media analytics platform helps insurers get closer to the customers and know them better. It also helps in bridging the gap between insight and action by doing a sentiment analysis of favorable and unfavorable comments on social media for the insurer.
- » **Robotic Process Automation:** This solution helps manage operations effectively and efficiently in back- and front-office operations, thereby improving average handling time and customer experience. Capable of offering two variants: UNO-P (powered by partner solutions Blue Prism, Automation Anywhere, and UiPath) and UNO-R (built in-house). UNO-P takes care of back-office automations, whereas UNO-R looks after the unified desktop and front-office automation.
- » **Sentinel:** This risk data aggregation platform connects with a variety of risk data capturing devices like sensors, drones, health bands, and onboard diagnostic devices to analyze and process the data. It provides the data to risk management, underwriters, claim handlers, and so forth for pricing, risk management, and loss prevention mitigation. Sentinel supports leveraging of drones for external risk engineering for complex structures, as part of risk profiling and pricing function. It also supports sensor-based monitoring of properties for early detection of claim events like burst pipes and boiler explosions to minimize claim impact or prevent claims.
- » **BlockChain for Insurance:** Solutions specifically designed to leverage the power of blockchain across insurance business processes (e.g., excess and surplus insurance, new business processing, travel insurance claims, and KYC validation for life insurance).

Challenges

In traditional industries like insurance, there is a lot of internal resistance or mindblock to change within departments or business units. This coupled with huge baggage of legacy systems, too many manual processes, and lack of talent adept in digital technologies make transformation initiatives extremely challenging. This is particularly evident in large incumbent firms. TechM has legacy modernization offerings to help insurance organizations transform to cater to the needs of a connected insurance ecosystem. It has its own insurance innovation lab that aims to build thought leadership in insurance digital experience to complement the internal efforts of their clients to help accelerate adoption and support change management. Customer and market expectations as well as the application of digital technologies, however, are fast evolving so traditional IT vendors like TechM should be more conscious and appreciative of the industry dynamic and customize their services and offerings to suit the needs of different tiers and types of organizations according to their digital maturity.

TechM has attempted to break down the complexity of transformation through meaningful use cases as evident from the solution stack they offer. They should expand their portfolio of use cases further and guide the implementation of these use cases with a clear horizon-driven digital road map. This will help demonstrate its ability to look at the digital initiatives beyond the deployment of technology capabilities and their overall approach and attitude to real transformation in the insurance industry.

TechM is currently developing cost benefit/ROI models for each solution along with specific business cases to ensure that the stakeholders realize the benefits and bring them into the road map for the current/next year. This is a step in the right direction, but the company should also explore a range of outcome-based pricing options for insurance digital transformation (DX) projects to help organizations mitigate risks, maximize investments, and approach digital projects with increased confidence.

TechM needs to evolve further as a go-to DX service provider in insurance that can play the role of a long-term strategic partner in all aspects of insurance DX such as omni-experience capabilities, deliver usage and value-oriented offerings, realize frictionless insurance, and build cognitive capabilities. It should also attempt to showcase more in-production examples of how it enabled the involvement of insurers in a connected ecosystem and how they helped tackle issues such as data management and ownership among different ecosystem participants (e.g., leverage cloud-based approach for storing/sharing data required by the participants as they currently follow in certain projects). This will help insurers gain more confidence to engage them in their digital journeys.

Conclusion

IDC believes that the very relevance of the insurance industry in the digital era would depend on the ability of the carriers and intermediaries to adapt to a connected ecosystem of diverse stakeholders to deliver contextual and value-centric product and service experiences that meet or exceed customer expectations. A connected insurance ecosystem will enable increased customer touch points and meaningful engagement across the policy life that will help build brand loyalty and long-term relationships. It will also enable the creation of new revenue streams as the industry foresees a potential drop in premium revenue due to increased risk prevention and management.

Transformation to a connected ecosystem-oriented business to deliver best-in-class customer experiences will require insurers to formulate a digital vision and road map; nurture a digital mindset and culture; leverage an agile, scalable digital platform; and involve technology partners that understand the industry's transformation requirements well and can bring the right digital tools, skills, and enablers to table at different stages of the journey.

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Sabitha Majukumar is Senior Research Analyst for IDC Financial Insights responsible for the worldwide insurance research. Ms. Majukumar's core research studies the implications of emerging trends and technologies like Cloud Computing, Big Data and Analytics, Mobility, Internet of Things, Blockchain and Cognitive Computing on Life and P&C insurers across the globe.



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