

How life insurers can transform the customer experience in 2021

By Gareth Quinn, Chief Technology Officer at FMI

If Covid-19 has shown us anything, it underlined the fact that the future of life insurance belongs to the insurers who go out of their way to make their customers' lives simpler and easier by delivering exceptional customer experiences.

The pandemic didn't change consumer expectations, as such. What it did was to force insurers to consider how effective their engagement mechanisms are for the sales, underwriting and onboarding processes. Customers remember both great and bad experiences: when we build a great experience, we deepen our support from advisers and customers alike. But if we make people jump through hoops to just do business with us, we'll lose them forever - and probably lose others by word of mouth.

Here are the five top customer experience trends we're seeing in the South African life insurance industry – and they're only going to gather momentum in 2021.

Highly personalised customer experiences

More than ever, consumers expect life insurers to present their offerings in the most elegant, understandable way possible, that's tailored to their specific needs. Life insurance is complex, and people run from ambiguity or complexity. So what does a great customer experience look like in life insurance terms?

- Easy to understand competitor product comparisons. They want an apples-for-apples comparison: I pay x for y.
- Digital application and self-service capabilities. Often, consumers don't want to spend half an hour on the phone with you. They want to engage online, or even better, via an app.
- Support offered across a variety of engagement options to suit customer needs. It's the old story: they want to engage with you when and how they like.
- Rapid, automated under-writing that makes onboarding easy. They want their risks to be assessed quickly and painlessly, with minimal steps in between.

Faster digitisation of advice, application and servicing processes

During the lockdown, much of the life insurance industry ground to a halt because advisers couldn't meet clients or complete paper-based documentation. This has to change, quickly. Insurers and advisers are acutely aware that digitisation doesn't just improve the customer experience, but creates a more robust operating base that can function under any circumstances.

What Covid-19 also showed was that when forced to, even the most old-school advisers will adopt newer, more streamlined processes. This paves the way for insurers to be more aggressive in making big process changes that require buy-in from their distribution channels.

More automated, algorithm-based financial planning

Customers want to feel confident in the product they're paying for every month, so insurers need to work at showcasing their value and figuring out ways to stick with clients through affordability cycles and changing life circumstances. They also need to demonstrate that their projections are based on real-time data that talks to their specific needs and pain points.

Life insurers will partner more with insurtechs to deliver innovation faster

To bring innovative tech-enabled solutions to market quickly, insurers will need to consider how to innovate through partnerships if they're going to stay relevant and competitive. Insurers will also look

to transition to cloud services with more pace after Covid, given the heightened need for remote access and the new landscape of partnerships with web-based tech providers.

Micro-insurance targeting specific events, delivered digitally

The major issues that customers have to navigate in the life insurance space are largely centred around product and process simplification. It's hard enough convincing customers of the value of life insurance; if it confuses at the point of sale and frustrates at the process level, the insurance gap will remain, if not increase larger than it already is. One way forward could be micro-insurance, where people insure specific events, like hospitalisation or illness, for smaller premiums.

The pandemic has shown us how quickly life insurers can adapt when they pushed to. With the lessons of 2020 fresh in their minds, I'm confident that 2021 will see more life insurers looking for ways to reduce friction and remove admin from the customer experience – and the entire industry will be better for it.