



Homeward Bound



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A recent survey of first-time homeowners indicates widespread frustration with insurers, including too many underwriting questions, lack of information in plain English and an inability to complete insurance transactions online.

While evolving consumer behaviours, intensifying competition and disruptive technologies continue to create new business pressures, they are also creating opportunities — especially when it comes to the app-savvy, online consumer. Indeed, Deloitte research released in 2016 involving 25- to 40-year-old first homeowners points to both “pain points” in the overall insurance experience, and also clearly articulated areas where the property and casualty insurance sector can focus its innovation efforts.

The study is based on interviews with respondents who were asked broad questions on their

thoughts on insurance and how they want their insurers to engage with them. The findings suggest that, for firms still operating largely in a legacy context, chances are good they are either not attracting as many Millennial customers as they would like, or they are frustrating the ones they do have. Specifically, respondents spoke of pain points in all four stages of the insurance customer life cycle.

The first was in the discovery phase, where prospective customers seek to find the right coverage and carrier. The second was in the quote and buy phase, where the customers obtain quotes, select coverages and, ultimately, bind their coverage. The third stage is the claims phase, where customers will engage with their carriers after incurring a loss. The other phase is in servicing, where customers will engage with their carriers to make inquiries or change their policies.

In general, most of the issues identified centred on an overall lack of information quality, transparency and accessibility, and on organizational responsiveness to customer needs.

In the discovery phase, for example, respondents reported mistrust because of legalese and industry jargon, lack of clarity on what products/



services might be relevant to them, and inability to find and compare coverage options.

With regard to purchasing insurance, issues cited include an emphasis on both too much information and not enough customization of information to match the customer's situation, as well as inability to complete a transaction online. Typical frustrations in making a claim include, among others, poor communication regarding important updates (for example, rate changes and claim denials) and a lack of transparency on what events are covered.

Finally, overall customer engagement was seen by respondents as typically involving incomplete knowledge on policies and coverage, a lack of engagement beyond the sales cycle, and minimal recognition of customer loyalty.

A case in point is Dave and Emily, a busy professional couple who are trying to close the purchase of their first home.

They have their financing, but neither their realtor nor their lawyer advised them upfront that funds to close the deal cannot be transferred to the seller without insurance on the purchased property. With only a day until close, and already stressed out and overwhelmed by the process, their lawyer "reminds" them of the insurance requirement.

Upon looking at other insurers' websites, the couple is confused by the insurance jargon, does not have answers for many of the required questions, and does not know what coverage is most appropriate for them. They worry that an insurer will not be there for them when needed most.

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Emily discovers a digital insurance offering and finds a simple, straightforward mobile app that lets her purchase home insurance quickly and easily. There are no confusing questions and most of the required information is already automatically populated for her to validate. She obtains a quote in less than a minute.

Dave and Emily proceed to purchase, and avoid costly penalties by meeting

the closing date on their new home.

After moving into their new home, the insurer's simple portal helps them manage their home insurance and other insurance. As a result, they consider their insurance provider to be a partner in maintaining the value of their home value, and come to fully appreciate the importance of their home insurance.

In order to compete with the insurer selected by Dave and Emily, many p&c insurance providers have their work cut out for them. The good news is that companies in Canada are taking cues from the wider financial and banking sector in evolving their digital strategies, and these firms are poised to win their markets going forward.

There is growing evidence that insurers are understanding the needs of their customers and are starting to respond with digital offerings that address many of the aforementioned pain points. These offerings would include the ability to quote and bind insurance without answering a large number of questions, policy information presented in plain English, the ability to access their policy information 24/7 and, finally, the ability to make changes to their policies anytime, anywhere without having to contact a person.

Responses from the Millennials surveyed indicate that the near future is an omni-channel world for insurers where all facets of a company's operations are designed to compete in the increasingly customer-centric universe. This means developing processes and tools that put strong emphasis on personalized service, anticipating customer needs and providing easy access to relevant information.

As one research subject put it: "I found it to be just a hassle to read through all the info, as opposed to having it placed very simply in front of me so I can click through and grab what I need with an icon, or whatever the case may be."

It means being social, networked, value-centric (incentivized, loyalty rewarding and aimed at reducing consumer cost), customizable and one-stop.

Another respondent called for online services, in particular, to be modular and

interactive, with the ability to quickly and easily see how changes made to a property or insurer's circumstance can be seen immediately and intuitively. "If we decide to add a pool... or if we get solar panels, this is what that would look like — as you slide a bar across, you can see this is what your premium is now and this is what it would be."

In a word, the focus needs to be on customer engagement — and insurers should strive for experiences that fully develop an omni-channel approach to their products and services that, in the process, also build in an emphasis on being human-centred. This includes options for human interaction through real-time tools such as click-to-chat.

They should also strive to provide more advisory services, helping to educate and guide through the insurance experience. One respondent recounting a personal domicile loss recalled how the company was not able to provide even practical advice for managing the crisis, including

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Finally, insurers need to ensure that processes and an evolved online capacity to give customers what they want is mutually beneficial — to make interactions valuable for both their customers and for the organization.

It is not news that digital is on everyone's agenda, but the focus until recently

has been on explication of the problem. However, the opportunity is at hand to fully explore solutions and identify the conditions under which they can unfold. Three such conditions jump out.

First, customer behaviours continue to change at a rapid pace, but customers are also open to — and interested in — seeing insurers in a better light. An essential component of this as a positive outcome is better and more frequent interaction with customers, and enabling better and more frequent customer interaction with the insurance provider.

Second, simplification is key — customers desire ease of access, and want to interact with insurers in a simple, transparent way, and on their terms.

Third, the time is now for insurers to find new ways to engage customers directly. There is no shortage of emerging examples of advanced digital strategies for advancing customer engagement in the industrial and service sectors, including the p&c industry. ≡

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