

Insurance Service Operations Excellence

Improving profitability from the inside out

In today's challenging environment, insurance executives are searching hard for ways to grow the top line and improve profits. Some use reduced prices to lure valuable customers from competitors. Others attempt to convince a skeptical generation to buy their first policy. And everyone is trying to hang onto the business they already have. While revenue growth seems elusive, some insurance leaders are directing their focus to the loss and expense side of the profit equation. But slashing operating costs is easier said than done, especially when today's customers demand quality service anytime, anywhere.

The insider's perspective

While attracting new customers is as important as ever, smart executives are also examining their internal operations, looking for ways to lower servicing costs and deepen customer relationships. When a policyholder contacts the call center, does your representative have a full view of the customer's relationship? Does a simple address change require entries on multiple screens? Are customers rewarded for having several policies and few claims? Are customers referred to by name – or policy number? Will your systems and processes support competitive new products and online services?

How we can help

Deloitte can help insurance leaders in their efforts to transform patchwork operations into an integrated sales and service delivery system that supports their ability to identify, write and retain profitable customer relationships. Our teams are made up of seasoned professionals, including those who have led some of the world's top insurance carriers, brokers, agencies and reinsurance companies. We can help our clients in their efforts to improve operations across these areas:

- **Strategic underwriting.** Help clients create a base of profitable customer relationships by executing more effective risk selection and sound underwriting decisions that balance risk and price. Help clients grow the business by identifying profitable and high-risk customer segments using predictive tools and analytic models.

- **Claims cost containment.** Help clients to streamline and automate claims administration, anticipate potential claim losses, improve management of third-party suppliers, create processes to improve litigation results and reduce losses with advanced fraud detection processes.
- **Performance benchmarking.** Assist clients in evaluating company performance against industry leaders to identify areas for improving operations and customer service.
- **Enterprise cost management.** Help clients to develop a sustainable, cost-effective approach to managing resources to support the company's strategic goals. Strive to optimize processes, simplify the organization, rationalize infrastructure and manage spend.
- **Policy administration:** Assist clients to improve customer service, employee morale and cost efficiencies by upgrading systems and processes to support a seamless customer experience across product lines and channels.



Bottom-line benefits

We help our clients generate benefits such as:

- Improve profitability
- Cut operating expenses by up to 10-20 percent
- Lower underwriting loss ratio by up to 7 points in 18-24 months
- Reduce claims costs through improved claims management
- Improve system reliability and accuracy
- Enhance the customer experience
- Increase ability to adapt to changing customer needs

Three ways to get more value now

Be a customer. Experience what it's like to be a customer by contacting your company through your call center, offices and Web site. Do the same for your competitors. Talk to customer-facing employees to gain their insights into the organization structure and tools that would help them meet their customers' expectations. Use the information you've gathered to identify areas for improvement – and take action.

Set your vision. Define your model customers. What services do they need? How do they want to communicate with you? Which prospective customers do you want to avoid? Align your underwriting practices with your targets to make sure you're offering the applicable coverage at an appropriate price to the right customers.

Ask smart questions. What information would help you identify customers who are at risk of dropping their coverage or moving to a competitor? What would help you control claims costs or offer more competitive pricing to prospects? Setting tight objectives for research and analysis will help you avoid drowning in interesting, but not actionable, information.

Insurance Service Operations Excellence in action

- A top tier national multiline property and casualty carrier used predictive modeling to determine relative claim severity, analyzing 10 years of data for over 1,400 risk characteristics. Real-time claim segmentation and model outputs helped them to optimally assign resources, standardize processes, and refer certain claims to specialty resources such as nurses and investigators. Bottom line: loss costs were reduced by eight percent on an annual recurring basis.

- A state agency needed to convert to a private mutual insurer within two years. Deloitte assisted in the planning, design and delivery of systems for underwriting policy administration and statistical reporting. Also addressed were regulatory compliance, Board governance, financial reporting, underwriting and pricing structure, reinsurance strategy, marketing structure, and a federal income tax status review. One of the top 20 largest workers' compensation insurance writers in the U.S. is now operating in a competitive environment.
- A large life and annuity insurer faced increasing costs and processing inefficiencies, the need for post-merger integration, and customer service challenges. Deloitte helped perform a lean six sigma assessment and implement continuous improvement within the client's underwriting department. Annual savings in excess of \$10 million and a 15-20 percent reduction in new business and underwriting expense were identified. The client also used "voice of the customer" findings to improve customer experience.

Case studies

- [About Face: Helping a major insurance company transform how it serves customers](#)
- [Finance transformation at a large mutual insurance company](#)
- [Using customer segmentation to retain and acquire customers](#)
- [Breaking up without breaking down](#)

Related insights

- [Finding the gold in the insurance data mine](#)
- [Getting the Retained Organization Right: The other half of the shared services battle](#)
- [The Right Combination: Rethinking business operating models in insurance](#)
- [Financial Foresight: Cost management for insurers](#)

Related offerings

- Insurance Product Development, Distribution and Channel Management
- [Deloitte Analytics](#)
- [Customer Transformation](#)
- [Enterprise Cost Management](#)
- [Finance Transformation](#)
- [HR Transformation](#)
- [Pricing and Profitability Management](#)
- [Service Delivery Transformation](#)

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