

Mobile engagement

Insurers look to connect with consumers on the go

While many insurance companies have adapted their basic online services for mobile platforms, the Holy Grail of differentiation has yet to be seized by most industry players. To accomplish that feat, carriers will have to better capitalize on the unique capabilities of smartphones and tablets as well as other types of mobile technology so they can engage more fully with both clients and their own personnel over such devices.

That may be easier said than done, at least when it comes to consumers. A recent survey by Deloitte found that the majority of respondents were not aware of basic mobile options already offered by their insurers. Another problem is that even if consumers are familiar with their carrier’s mobile services, the opportunity to make use of them are usually few and far between — such as when renewing a policy or filing a claim.

The Deloitte survey examining the use of mobile technology in financial services (see sidebar on the back cover) also found that many respondents believe insurance transactions are too difficult to execute on a smartphone screen or keyboard, while others shy away because of concerns about data security when doing financial business over the device.

These and other broad operational and technical issues raised by the survey are covered in great detail in a companion paper published by Deloitte University Press.¹ In this “Closer Look,” however, we focus specifically on how insurers might rise to the mobile technology challenge.

Breaking down the problem

When considering a new mobile strategy, it’s important to remember that the insurance industry is not a monolith. Various sectors — property and casualty versus life and annuities, or personal lines versus commercial — will likely require their own specific approaches to most effectively leverage mobile opportunities.

In addition, while Deloitte’s survey focused on consumer perceptions, preferences, and concerns when it comes to mobile technology in financial services, the way such devices

are used internally also is likely to have a considerable impact on insurance company top- and bottom lines, as carriers equip their agents, brokers, and claims adjusters with more advanced smartphone and tablet tools.

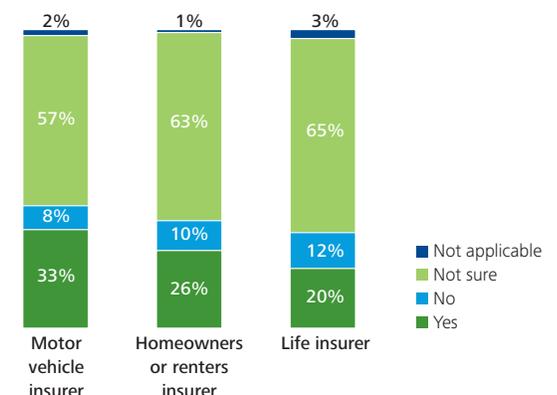
Keeping these considerations in mind, going forward the industry as a whole faces three basic challenges in formulating and executing the next phase of their mobile efforts:

- 1). How to increase awareness and adoption of existing mobile services.
- 2). How to move beyond rudimentary transactions to proactively engage customers over mobile devices on a regular, meaningful basis, thus differentiating their brands to more effectively attract and retain business.
- 3). How to bolster their own personnel’s mobile capabilities to create true road warriors, with the ultimate objective of enhancing both operational efficiency and the customer experience.

Back to basics: Increasing adoption

Deloitte’s survey found that two-thirds of respondents with a life insurance policy were not even sure whether their carrier offered a mobile app. The same could be said for nearly the same percentage of homeowners or renters insurance policyholders, as well as for 57 percent of those with personal auto coverage (see Figure 1).

Figure 1: Does your insurer offer a mobile app?



Carriers have been calling attention to mobile services in mainstream media advertising and marketing materials to encourage policyholders to download and utilize their apps. Such efforts could be supplemented by social media campaigns to reach those most comfortable living a virtual life online. In addition, client-facing staff should be trained to continually emphasize the convenience of mobile accessibility during each consumer contact.

Over time, the message will gradually sink in, and adoption of basic mobile functions will likely rise, especially as early adopters pass the word about the availability and usefulness of such apps among their family, friends, and colleagues.

Ultimately, however, carriers will likely have to provide much greater value through their apps in the everyday lives of policyholders to fully realize the potential of mobile technology. Deloitte's survey found that only 19 percent of respondents characterized the ability to deal with their insurer on a mobile device as extremely or very important. That's unlikely to change if customer contact with insurers remains generally infrequent and the transactions routine, regardless of the platform.

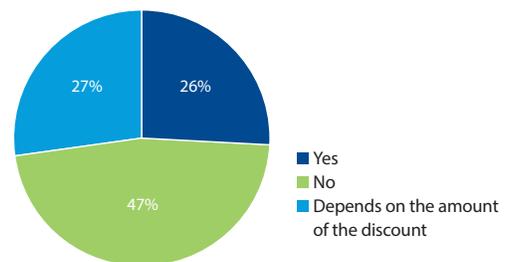
Therefore, carriers likely need to raise the stakes with their mobile strategy by engaging consumers beyond basic interactions and making smartphone- and tablet-based services a differentiating feature that improves the customer experience.

Next step: Raising the level of engagement

Mobile technology is more likely to become a game-changing factor for insurers if the applications they offer prompt consumers to interact with their carriers on a regular basis and in a significant way.

One prime example is the likely transition of telematics for usage-based auto insurance programs from a monitoring device installed in a car to an app downloaded on the insured's smartphone. Indeed, Deloitte's survey found that a little more than half of respondents would be willing to opt in and test-drive telematics monitoring over their smartphone if in return they might be eligible to earn a discount on their personal auto coverage (see Figure 2). Gathering such experiential data over smartphones would save carriers money as opposed to having to install an additional monitoring device. The mobile option would also allow them to underwrite and price coverage with greater precision based on actual driving behavior, while providing additional first-hand evidence to help settle claims.²

Figure 2: How many consumers would allow their driving to be monitored via a smartphone app if they might be eligible for a premium discount for doing so?



Beyond offering insureds the potential for lower premiums earned through good performance in terms of speed, braking, and turning, telematic mobile apps could alert drivers about hazardous road conditions, facilitate roadside assistance, locate lost or stolen vehicles, and create a virtual geo-fence to keep track of teenage and elderly drivers, among a number of other location-sensitive services. Gamification could also be employed as a catalyst to enhance the rate of mobile adoption and engagement.

Not too far down the road, more advanced mobile technology could transform the auto insurance landscape as a critical mass of cars are equipped with sensors to monitor traffic and road conditions, alerting drivers and/or taking preventive actions on their own to avoid accidents. The goal would be to enhance what's being described as a driver's "situational awareness." Adding such risk management capabilities to a vehicle should result in fewer bodily injury and collision damage claims.

Much of this sensing technology is being developed as part of the effort to deploy so-called "driverless" cars, which are already being road tested. As such "self-aware" vehicles become more prevalent, auto insurance liabilities might be superseded in some cases by new product liability exposures.

Meanwhile, mobile technology can also facilitate more frequent and effective two-way communication with policyholders. Deloitte's survey found nearly one-in-three respondents very keen on the notion of speaking "face-to-face" with their insurance agents or claims representative over a video link on their smartphone, or texting in real time to clarify coverage or claims questions (see Figure 3).

Some carriers are already moving in this direction. Esurance recently introduced a video appraisal option to allow policyholders to receive a virtual inspection of a damaged vehicle over their smartphone, as an alternative to an in-person assessment.³

Internal upgrades: Arming the insurance road warrior

While it's important for insurers to more actively engage their policyholders directly via mobile functions, such technology can also be leveraged to enhance the customer experience when dealing with clients through intermediaries.

For example, life insurance agents and financial planners should routinely be armed with mobile apps from their carriers that provide clients with simple explanations and illustrations of complex insurance policies on a tablet or smartphone. And once a prospect is ready to commit, the information entered to generate the illustration should be automatically transferrable into an online application to streamline the sales process.

Mobile apps could also be used to provide life insurance and annuity policyholders with easy access and user-friendly tools to monitor how their products are working individually and in unison to achieve an individual's financial goals, whether it's retirement income, education financing, simple wealth accumulation, or some combination of multiple objectives.

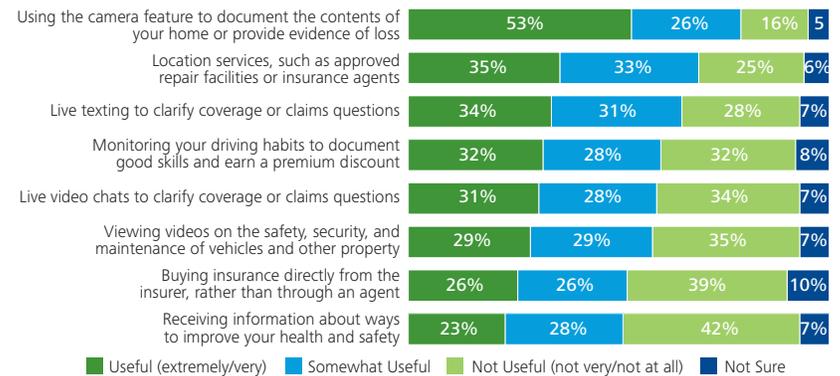
When it comes to handling claims, mobile technology is already proving to be considerably useful. Adjusters and fraud investigators can literally hold a policyholder's data in the palm of their hands, aggregating information from in-house systems and third parties. They can also use smartphones and tablets to record damages, take statements, check coverage details, identify the most convenient repair facilities, authorize claims payments, and file reports from an accident or disaster site.

Looking ahead, mobile technology could be taken to the next level, going beyond the use of smartphones and tablets for simple transactions and sales pitches.

One example is the potential use of drones in claims management, providing carriers with a way to reach catastrophe zones more quickly and effectively. This could be especially valuable when it's difficult, if not impossible, to get human adjusters to a damaged property in a timely fashion due to hazardous infrastructure conditions on the ground.

Telemedicine could also be practiced over mobile devices, which could save both time and expenses in a line such as workers' compensation. In non-emergency situations, doctors trained in occupational medicine might assess an employee's injury over a smartphone video link soon after an accident occurs, and suggest a particular treatment, specialist, or diagnostic test.⁴ Follow-up consultations and claimant monitoring could be handled over mobile video exchanges as well.

Figure 3: Usefulness of mobile insurance services



*Some bars may not add up to 100% due to rounding

Source: Deloitte Center for Financial Services

Where should insurers go from here?

How likely is it that mobile apps will be game-changers in terms of attracting and retaining business? Even in this relatively early stage of development, with a large percentage of policyholders not even cognizant of what insurers have to offer, Deloitte's survey found that 13 percent of respondents would consider changing carriers based on the availability of more advanced mobile services. That figure jumps to 30 percent of those between the ages of 21 and 29.

This latter point is an important distinction, as age was the biggest differentiator in Deloitte's survey results. Younger respondents had far greater awareness about the availability of mobile apps for insurance, and were more likely to make use of them, while being more open about sharing personal information over such devices.

Carriers therefore need to find ways to tap into this fountain of youth, while still working to overcome the security and ease-of-use concerns holding many older consumers back from transacting financial business such as insurance over their mobile devices. While the former group may represent the future of financial services, the latter for now controls the vast majority of insurable and investable assets, making a dual strategy addressing the needs of each segment essential.

In any case, insurers — individually and as an industry — are not operating in a vacuum. They must continue to innovate and more creatively serve customers over mobile devices because the technology has become ubiquitous, to the point where the term "mobile" is relative.

Indeed, Deloitte's survey found that the vast majority of respondents conducting financial transactions over mobile devices — 64 percent for smartphones and 77 percent for tablets — are doing so at home, rather than using their desktops or laptops. Many are likely multitasking, with a mobile in one hand and a TV remote control in the other — unless they are already watching programs or playing games on their mobile devices.

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In such an atmosphere, insurers that neglect to differentiate their mobile capabilities by pioneering services which engage consumers more frequently and meaningfully may risk becoming irrelevant in a rapidly evolving digital world.

About the Mobile Survey:

The Deloitte Center for Financial Services commissioned a survey by Andrews Research Associates, conducted in January 2014. The 2,193 respondents, all of whom had to own a smartphone, represented a cross section of age and income groups. They were asked about their awareness, usage, preferences, and concerns when it came to conducting insurance, banking, and investment management business over mobile devices. Of the total sample, 88 percent had auto insurance, 71 percent had homeowners or renters coverage, while 68 percent had life insurance.

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More data from the mobile survey is available upon request. Please contact your Deloitte client service professional or any of the contacts listed in this publication for more information.

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Endnotes

- ¹ Val Srinivas, Sam Friedman, Jim Eckenrode, "Raising the Bar on Customer Engagement Through Mobile Financial Services," *Deloitte University Press*, May 19, 2014.
- ² Sam Friedman, Michelle Canaan, "Overcoming Speed Bumps on the Road to Telematics," *Deloitte University Press*, April 22, 2014.
- ³ "Esurance Reinvents Insurance Claims Experience With Real-Time Video Appraisals," *PR Newswire*, March 17, 2014.
- ⁴ Sam Friedman, "Could Telemedicine Be a Game Changer for Workers' Comp Claims?" *Claims Management*, February 13, 2014.