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02 CUSTOMER RETENTION AND CUSTOMER SATISFACTION TO INSURANCE COMPANIES

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ISSUE OF THE TOPIC – CHANGING CUSTOMER EXPECTATIONS
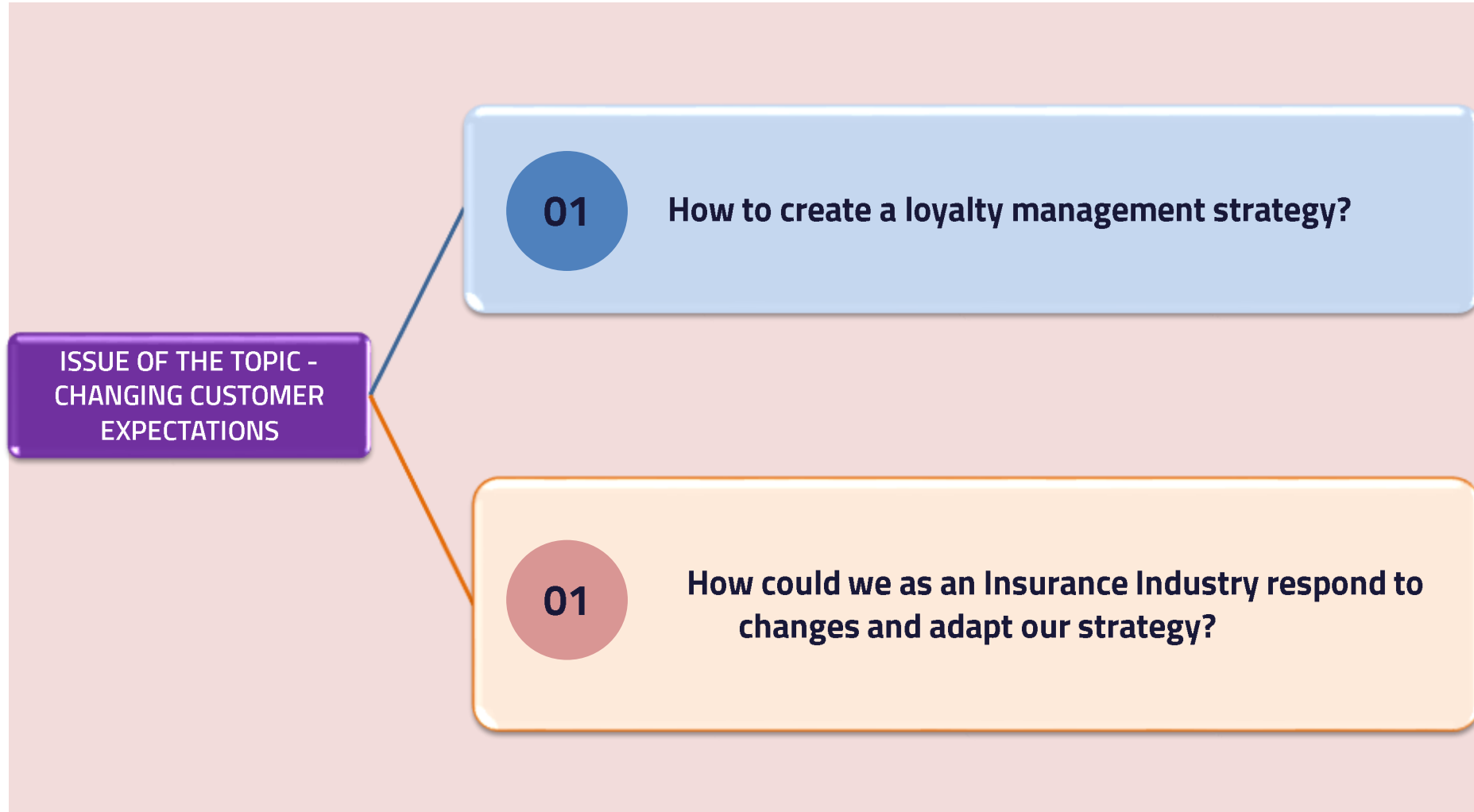
We have seen customer expectations changing rapidly in recent years and their loyalty too.

Therefore, if we fail to offer a service to our consumers in different channels, they might move on to other companies

ISSUE OF THE TOPIC – CHANGING CUSTOMER EXPECTATIONS

ISSUE OF THE TOPIC – CHANGING CUSTOMER EXPECTATIONS

01 How to create a loyalty management strategy?

01 How could we as an Insurance Industry respond to changes and adapt our strategy?

CUSTOMER RETENTION/LOYALTY AND CUSTOMER SATISFACTION TO INSURANCE COMPANIES

CUSTOMER RETENTION/LOYALTY AND CUSTOMER SATISFACTION

- Satisfaction refers to the feeling or emotion of a person perceived by their expectations and wishes

- In today's challenging environment, Insurance Industry is totally based on customer retention because customers are the key factors of companies' success that is why customer satisfaction is playing an important role to sustain competitive advantage in the market

- Customer satisfaction has become the top key performance indicator for evaluating performance of the organizations

- In order to get a good market and profit position, organizations formulate strategies for increasing customer satisfaction level

- Customer satisfaction and customer retention are two of the most important factors regarding the long-term success of our companies

- They are key to stay alive in competition

MARKETERS ARE PRESENTING OUR COMPANY'S IMAGE

Despite all efforts, the behavior of marketers also has important role in satisfying and retaining customers

Customer Satisfaction

Marketers' Behaviour

Agent Character

Agent character has a significant and positive influence on the relationship quality

Relational Selling Behavior

Relational selling behavior have a significant and positive influence on relationship quality

Relationship Quality and Customer Loyalty

Relationship quality has a significant and positive influence on customer loyalty

CUSTOMER RETENTION/LOYALTY AND CUSTOMER STAISFACTION

- Customer retention occurs when a customer is loyal to a company, brand, or to a specific product or service, expressing long-term commitment and refusing to purchase from competitors

- Loyalty is about creating value-based, preferred relationships, where companies must focus on customer experience, relevance to them, and connect emotionally with their customers.

- Only after these actions can companies form a reliable loyalty program and strengthen their brand while continually learning more about their customer, motivation, and delivery through mass customization and not through mass communication.

- After the loyalty management strategy is set and educated in the entire organization, it is time to segment the value proposition to loyal customers.

- Creating loyalty is a process and needs involvement, interaction, and co-creation with several stakeholders, especially with the customers.

BUSINESS CHALLENGES

BUSINESS CHALLENGES – CLAIMS

- Customer dissatisfaction with claim processing remains one of the biggest challenges insurers face today

- Insurers must find a way to keep up with the changing customer expectations by personalizing experience throughout the claims process

- The traditional insurance claims processing methods are fraught with challenges that impact customer satisfaction

- Additionally, superficial digital efforts make it more challenging for customers

- We as Insurers we need to recognize these issues and capitalize on digital transformation

- We must adopt a customer centric strategy to modernize our claims processes and enhance our customer satisfaction

BUSINESS CHALLENGES – DIGITAL INTEGRATION

Insurtechs:

- Insurtech companies are bringing innovation to traditional product offerings and driving customer engagement and retention through IoT (internet of things) and telematics

- Agile operating models and digital innovations enable insurtechs to unlock value from attractive profit pools

- Incumbents must adapt or lose market share to these new entrants

- They should analyze the innovation landscape, compare in-house technological capabilities with insurtech offerings and consider several options, including digitizing operations or possibly developing partnerships.

Changes in Customer Demands:

- Customers engage with insurers at multiple access points across different channels before, during, and after purchasing a product

- "In this hyper-competitive industry, we must be sensitive to buying behaviors across the lifetime of technology implementations

The Need for Seamless Underwriting, Pricing, and Claims Processing

- Digital quoting and pricing capabilities are indispensable for all insurers

- Many insurers struggle to digitize their onboarding experiences in core functional areas such as document verification, payments, and digital signatures.

Technology Implementation:

- This critical yet often overlooked step requires creating a single point of truth and enabling data sharing across the enterprise

- If core systems struggle to deliver information across processes to multiple endpoints in real-time, an organization cannot achieve the desired efficiencies from digitization.

Execution of a Comprehensive Data Strategy:

- Most organizations lack a single coherent path for data transfer and need to have data ingestion and extraction processes in place.

- By utilizing Artificial Intelligence (AI), many of the manual elements of review and extraction can be automated, saving time and improving operational efficiency.

Harnessing Automation:

- Legacy IT infrastructure is one of the biggest obstacles to innovation; outdated paper-based processes create time lags and process delays.

- RPA (Robotic Process Automation) and digital FNOL (first notice of loss) solutions can help overcome these obstacles.

Outdated Technology Infrastructure:

- Maintaining legacy IT infrastructure and end-of-life applications pose severe risks and costs

- The resources spent on maintaining obsolete technology increase every year

- Additionally, older systems are highly susceptible to varied cyber threats

- Outdated software architecture and siloed data systems reduce reliability and agility, creating governance and accessibility challenges

STRATEGIES

LEAKY BUCKET THEORY OF BUSINESS

- The water in the bucket represents our customers (the lifeblood of our business)

- Every drop of water that leaks out of our bucket is a lost customer and lost of sale including all future revenue

- Then it is paramount to our survival that we continuously fill our bucket with more water to keep the bucket full and maintain equilibrium

- **This could be achieved through improved customer acquisition or working on customer retention.**

- But let's be honest – Does our bucket simply have a few leaks around the seams that let customers occasionally seep out or is it riddled with holes and customers are gushing out from very one of them?

- If I can be blunt, my guess is that my bucket has more holes than I even know about

LEAKY BUCKET THEORY OF BUSINESS

- But let's not be too embarrassed; most businesses do.

- We need an effective customer retention strategy

- There are two ways to keep the water level in our bucket full and, therefore, customers in our business:

  - ❑ Constantly add more water (new customers), while previous customers continue to pour out.

  - ❑ Plug the leaks in our business and keep the water we have already got in our bucket.

    - ▪ It's far easier, and much more cost-effective, to keep the customers we have than trying to attract new ones. It's also much more profitable.

    - ▪ In other words, fixing our leaky bucket rather than constantly adding more water.

- One of the most effective strategies to fixing your bucket is to provide exemplary customer service

- Do this, and great things happen – especially when you ask those happy customers to share their glowing reviews with you and the world…

Our reputation for service attracts more customers!

OUR FAVORITE GLUE THEORY

Different brand names glue are used, but they all have one thing in common:

- They stick

- They stick well

- They fix what's broken

That's exactly why it's our favorite and the one we always reach out for when things need fixing

Imagine being able to get our customers to stick with us just as well as if we used our favorite glue.
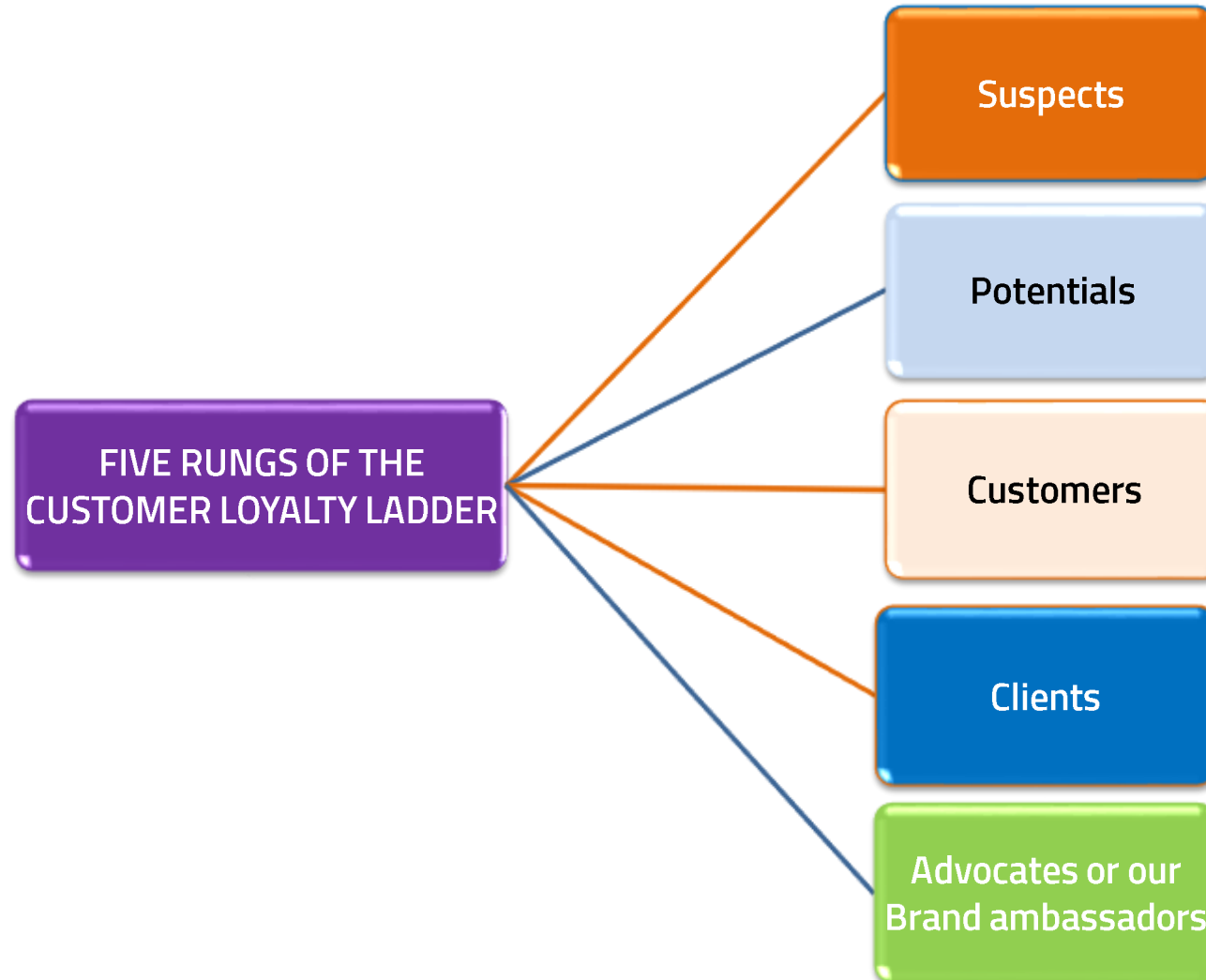
CUSTOMER LOYALTY LADDER

- A relationship marketer's role is to assist clients in climbing the corporate ladder as far as feasible

- This Typically entails offering more individualized service and exceeding expectations with service excellence at every turn

- We can foster customer loyalty/retention by continuously going beyond its expectations

- With each positive experience a customer's excitement for a business increases until it reaches a peak level of support

- At this point the customer transforms into a brand spokesman/ambassador and aids to expand the firm through promotion and word-of-mouth.

CUSTOMER LOYALTY LADDER

- The customer loyalty ladder is a relationship marketing concept in which customers steadily advance through relationship tiers, beginning at the bottom as **'suspects'** and finishing at the top as **'advocates.'**

- It enables brands to optimize relationship marketing, organize clients with different points of contact, and engage them in a relevant way.

- Depending on how people connect with a brand, they are assigned to one of the five rungs

- Generally speaking, the loyalty ladder looks like this:

CUSTOMER LOYALTY LADDER

FIVE RUNGS OF THE CUSTOMER LOYALTY LADDER

Suspects

Potentials

Customers

Clients

Advocates or our Brand ambassadors

FIVE RUNGS OF THE CUSTOMER LOYALTY LADDER

Suspects	They are our potential customers Although they might know about our marketing initiatives, they don't do business with us now Example– company that is content with its current cab service but is aware of all the affordable automobile Insurance possibilities is a suspect for the business.
Potentials	They are the ones who have been influenced by our advertising and are thoughtfully considering purchasing our products or services. We need to show why they must make the purchase and address all their questions Example– costumer that wants to purchase different classes of insurance cover. As it typically purchases one of these classes, this costumer becomes a prospect for all companies selling these covers.
Customers	They are those who recently purchased our products or services for the first time and are now utilizing them We must offer them all available post-sale support to allay their worries A loyalty program or a discount for loyal consumers can entice these clients Example–customer who buys something, such as a motor insurance, can be given customized offers on their next purchase.
Clients	They are the ones who frequently transact with us and are eager to maintain this relationship in the future Their brand loyalty may help our businesses to grow if they are well-engaged These may develop into important clients too Hence, the relationship must be strengthened with them to make them advocates for our business.
Advocates or our Brand ambassadors	Hold the most loyal relationship and suggest a company to their connections in addition to conducting repeat business with us Since they are the most valuable players, we must give them royal treatment and top priority Example– when a company purchases Insurance cover and his claims promptly paid , it may be so satisfied that it tells others about it, indirectly promoting it

TAKEWAYS

How to create a loyalty management strategy for Insurers?

- Customer-centricity is about understanding our customers and their wants and needs

- Making the customer the focal point of all product, service, and experience-related decisions helps enhance customer satisfaction

How to create a loyalty management strategy for Insurers?

Thanks to Mr Frank/BNR who perfectly covered this aspect of our presentation

How to create a loyalty management strategy for Insurers?

- By focusing on its current customers and designing a loyalty management strategy

- High retention is equivalent to low defection

- In an industry where there are a multiple purchases over the years, organization's entire team should be very focused on retaining those customers by:

How to create a loyalty management strategy for Insurers?

LOYALTY MANAGEMENT

Delivering service that's consistent with our value proposition and brand

Cross-selling, up-selling and asking for referrals from existing customers

Developing programs to increase customer loyalty and decrease turnover

Prioritizing retention as a major focus in our annual marketing plan.

Knowing the lifetime value for different segments and using that data to improve the marketing

How could Insurance Industry respond to these changes and adapt their strategy?

Given the race for enabling next generation technologies, our insurance industry must prioritize digital interventions that provide flexible options for reconfiguration as consumer expectations evolve rapidly over the lifetime of those implementations

How could Insurance Industry respond to these changes and adapt their strategy?

Thanks to EDEN CARE and Mr KONDE/MUA who perfectly covered this aspect of our presentation

How could Insurance Industry respond to these changes and adapt their strategy?

- By using more digital channels - The digital era has sparked a transforming revolution in customer expectations

- By partnering with a proven strategic operations support and technology partner, we can leverage the "DATA" model (Differentiation, Agility, Transformation, and Automation), helping us succeed in a dynamic and evolving technological ecosystem

- With proven experience in implementing emerging technologies, building a culture of innovation, improving workflows, processes, and results, such partners help us (insurers) develop and maintain a competitive edge by providing multiple critical services including:
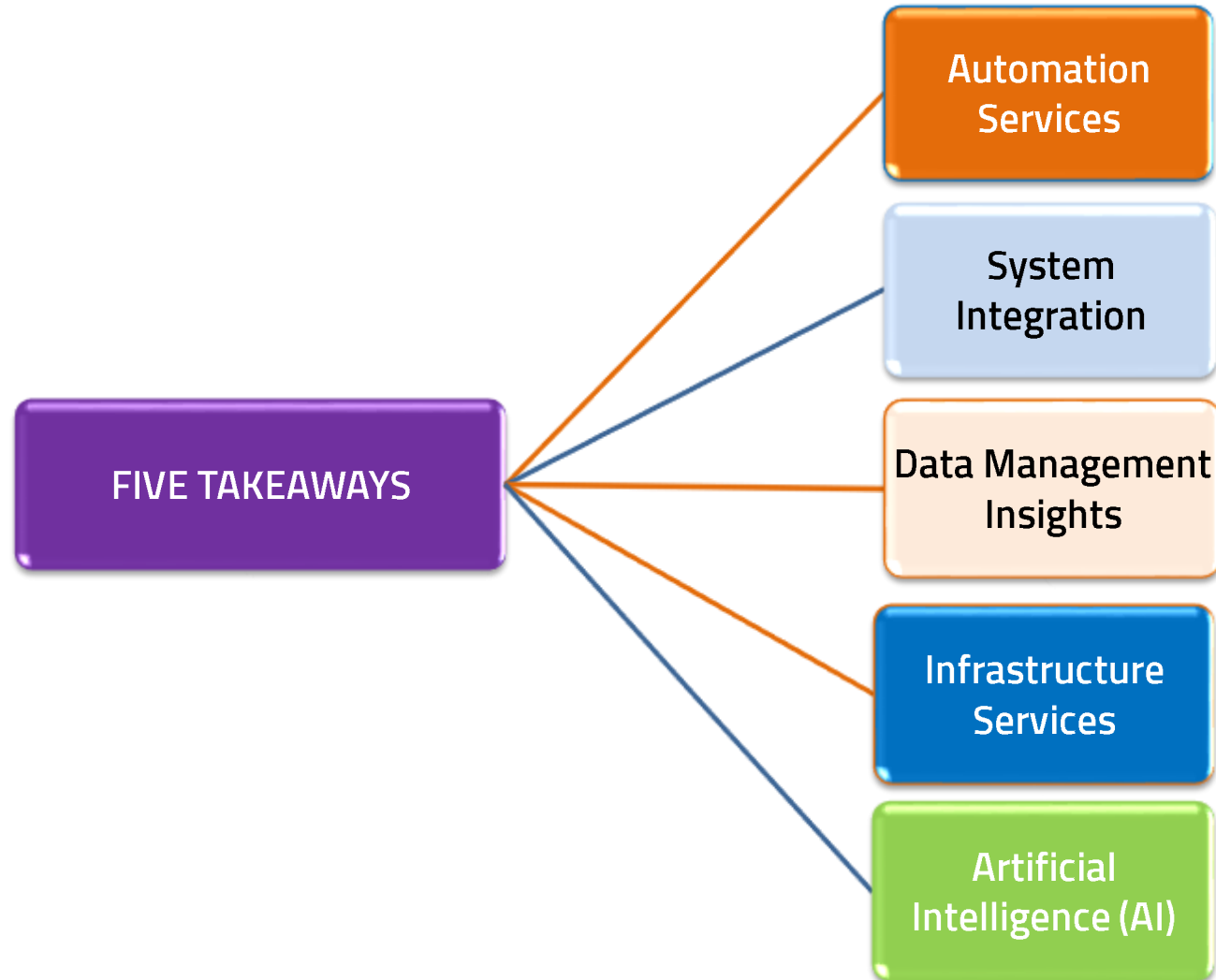
FIVE KEY TAKEWAYS

Automation Services:

- Deliver a robust and scalable automation system aligned with client processes to help them gain a competitive advantage by increasing operational efficiency, accuracy, enhancing overall customer experience, and reducing costs

- Applying RPA (Robotic Process Automation), including Generative artificial intelligence (AI), and machine learning (ML) technologies facilitates automation of rules-based tasks, increasing throughput and reducing turnaround times across the value chain.

- Underwriters and actuaries can expect accurate output for premium coding, pricing, and financial analysis, enabling them to write faster, with greater visibility of risk parameters.

System Integration:

- Provide a single, unified solution for integrating technology products across the insurance value chain, giving clients access to turnkey solutions that ease integration of commercial off-the-shelf products

- A proven technology partner with extensive experience across global re/insurance markets and a highly experienced team of system integration experts, including insurance consultants, solutions architects, and implementation specialists, can deliver maximum Return on Investment (ROI).

Data Management Insights

- Harness a talent pool of industry-savvy data scientists and insurance experts capable of mining insurance data and applying AI tools for decision analytics

- Strategic partners help re/insurers, agents, and brokers accelerate their data-to-insights lifecycle, using robust proprietary data warehousing frameworks and leading-edge data enrichment and ingestion systems.

FIVE KEY TAKEWAYS

Infrastructure Services:

- IT services partners help re/insurers, agents, and brokers modernize their IT infrastructure, adopt a cloud-first approach, and optimize workload placement while balancing the IT budget. Additionally, IT support services enable a seamless experience for policyholders by minimizing downtime and mean time to recovery.

- Together with partner cloud providers and dedicated teams of certified ITIL/ITSM, Microsoft 365, AWS, and Azure professionals, IT partners help insurance organizations boost business agility, strengthen security, and facilitate a consistent user experience across varied touchpoints.

- ITSM focuses on aligning IT processes with business objectives, whereas ITIL provides a structured approach to managing IT services through a series of processes and functions.

Artificial Intelligence (AI):

- It enables insurance carriers to optimize core processes, increasing productivity and service quality across various customer touchpoints.

- The integration of IoT (internet of things) and AI across devices is providing access to vast amounts of new data.

- This data allows insurance carriers to understand clients more deeply, paving the way for personalized product offerings, pricing, and streamlined service delivery.

- Also, with the arrival of generative AI, the Insurance industry can address challenges around data-driven decision-making, customer engagement, and operational optimization.

- It can significantly enhance the operational efficiencies for the most crucial processes such as underwriting and claims.

CONCLUSION

CONCLUSION

- The future of the insurance industry predicates on moving away from the traditional perspective that its only task is to cover risks and reimburse claims on time

- We need to adopt a more solution-centric approach with a much broader role that combines personalized service including advice and managing customers expectations

- This is where digital channels come into play as they can potentially boost the levels of customer service to a point where trust becomes the driving force that links the insurer with the insured (client).

Questions & Answers

Now, tell me what I have forgotten to tell you!

Thank You

FIVE RUNGS OF THE CUSTOMER LOYALTY LADDER

01 - SUSPECTS

They are our potential customers
Although they might know about our marketing initiatives, they don't do business with us now.

02 - POTENTIALS

They are the ones who have been influenced by our advertising and are thoughtfully considering purchasing our products or services. We need to show why they must make the purchase and address all their questions

03 - CUSTOMERS

They are those who recently purchased our products or services for the first time and are now utilizing them
We must offer them all available post-sale support to allay their worries
A loyalty program or a discount for loyal consumers can entice these clients

04 - CLIENTS

They are the ones who frequently transact with us and are eager to maintain this relationship in the future
Their brand loyalty may help our businesses to grow if they are well-engaged
These may develop into important clients too
Hence, the relationship must be strengthened with them to make them advocates for our business..

05 - Advocates or our Brand ambassadors

Hold the most loyal relationship and suggest a company to their connections in addition to conducting repeat business with us
Since they are the most valuable players, we must give them royal treatment and top priority