



Social Media Insight for Insurers

Social media is everywhere. Networking, bookmarking, blogging, micro blogging and instant messaging are facilitating meaningful dialogue between individuals and businesses.

For the purposes of this paper, social media is defined as highly accessible and scalable Web- or mobile-based techniques that transform standard one-way communication into interactive dialogue.¹ Social media leverages a wide array of IT tools to enable the interaction of people and the dissemination of information, opinion and thought in the virtual world.

While social media has existed for years, many companies across industry are slowly waking up to its role in a business context. Approximately 60% of Fortune 500 companies have corporate Twitter² accounts, and 56% of these companies are now on Facebook,³ two of the most popular and fastest growing social media sites.

As these sites are the preferred mechanism for communicating and sharing insights among the next generation of consumers (i.e., millennials), businesses should look to social media as a vehicle for effective advertising, market research and customer feedback, as well as a way to stay relevant with the masses by providing a networking platform that nurtures relationships between companies and consumers. What is surprising is that social media, which had always been considered the realm of millennials, is showing active participation from baby boomers, as well as Generation X.

This white paper examines the implications of social media for the insurance industry and how insurers can identify and prioritize strategic areas where social media will have maximum impact.

Insurance Industry Implications

With insurers' huge workforce and client base of diverse ages and financial backgrounds, social media represents a great business opportunity. The industry's dependence on interpersonal interaction across its ecosystem makes it imperative for insurers to examine ways to leverage social media. Consumers who are connecting to their insurance providers are often seeking information about products, as well as special offers and promotions. Consumers are also posting their experiences on forums, blogs and tweets across a range of topics, from their interactions with customer service, through how claims are processed, thereby generating interest among their peers. Such discussions can provide insurers with the opportunity to understand how customers feel about their products and what they can do to increase their satisfaction.

Thrivent,⁴ for example, is using social media as a means to converse with members and prospects, engaging them as advocates for the organization. New York Life,⁵ which launched its Facebook page in February 2010, uses social media to improve prospecting through online networking, increase the quality and quantity of leads, enhance existing customer relationships and improve the quality of service provided by agents.

Some of the areas on which insurers can focus their social media strategies include:

- **Prospecting, lead generation and efficient onboarding:** Insurance agents can use social media for community involvement, lead generation and sales. A recent Fiserv survey⁶ of 3,000 U.S. consumers found that most respondents want to connect with their financial institutions via social media.

The comments generated in the social media space can be captured to understand customer sentiment and can help insurers distinguish meaningful signals from general noise.

Connecting with today's consumer in the digital age can be facilitated using social media. One-to-one meetings between agents and prospects can be conducted through online chats, and product details can be explained and highlighted in forums, thereby reducing the time required for meaningful interactions, discussions and clarifications, which can lead to quick and efficient customer onboarding.

- **Underwriting, claims and fraud detection:** Insurance carriers can leverage social media for more effective underwriting, claims handling and fraud detection. Insurers can analyze data from the profile of customers' social networking sites for better decision-making during underwriting, as well as while processing claims.

New regulations or compliance requirements can be broadcast via social media channels, guiding customers to contact customer service with details.

They can also study data generated by customer searches and purchase decisions to deliver better service and ensure loyalty. For example, public data gathered from social profiles can be used to verify claim requirements of customers and their status in case of a disability claim.

- **Analytics and feedback strategy:** Social media can help companies identify areas with which customers are dissatisfied and can be used by carriers as an effective feedback mechanism to improve performance and invest in areas for instant customer satisfaction. A recent study by MarketTools⁷ highlights that 94% of companies do not use social

media channels like Facebook and Twitter to gather customer feedback despite consumers' growing use of these media, thus missing out on vital customer feedback. The comments generated in the social media space can be captured to understand customer sentiment and can help insurers distinguish meaningful signals from general noise. Companies can use focus groups and analyze competitor strategies to tailor products based on the needs of potential customers. For instance, insurers might think of reducing the cost associated with a particular term insurance plan during a recession if social media indicates that people like the plan but feel it's unaffordable at the current price.

- **Channels and customer service:** Insurers can actually deliver services to customers through social media channels. According to Gartner,⁸ by 2013, at least 35% of customer service centers will integrate some form of community/social capabilities as a part of the contact center solution. Social media channels can provide insurance companies with an opportunity to proactively identify potential issues and warn customers in advance, thereby avoiding last-minute glitches. For instance, new regulations or compliance requirements can be broadcast via social media channels, guiding customers to contact customer service with details. A potential warning of a hurricane or a broadcast specifying details for first notice of claims can help customers connect directly, as well as avoid unnecessary calls to the customer service department. Insurers can also embrace multiple channels that connect and complement each other, thereby empowering customers with choice and the flexibility to communicate via numerous channels.

Social media is a platform that insurers cannot afford to ignore. Insurers that have adopted the Internet as a complementary channel have gained immense advantages over late-arriving players. Similarly, early adopters of social media technology stand to gain similar benefits, since these channels allow them to proactively bond with customers and achieve top-of-mind status by more seamlessly integrating into customer lifestyles and consciousness.

Footnotes

- ¹ Wikipedia definition, http://en.wikipedia.org/wiki/Social_media
- ² Nora Ganim Barnes and Eric Mattson, "The Fortune 500 and Social Media: A Longitudinal Study of Blogging and Twitter Usage," Center for Marketing Research, University of Massachusetts, Feb. 17, 2010, <http://www.umassd.edu/cmr/>
- ³ Ibid
- ⁴ Anthony O'Donnell, "Insurers Come to Grips With the Opportunities and Risks of Social Media," *Insurance & Technology*, Oct. 18, 2010, <http://www.insurancetech.com/articles/227900147>
- ⁵ Ibid
- ⁶ "Financial Institutions and Social Media," Fiserv, Inc., November 2010, http://www.fiserv.com/white-papers_financial-institutions-and-social-media.htm
- ⁷ "If 94% of Firms Are Not Utilizing Customer Feedback from Social Media, What are They Doing?" MarketTools Blog, Jan. 14, 2011, <http://www.markettools.com/blog/if-94-percent-of-firms-are-not-utilizing-social-media-feedback>
- ⁸ Michael Maoz, "Magic Quadrant for CRM Customer Service Contact Centers," Gartner, Inc., April 9, 2010

References

- Anthony O'Donnell, "Insurers Underestimate the Social Media Opportunity," *Insurance & Technology*, Dec. 7, 2010, <http://www.insurancetech.com/distribution/228600136>
- "The Service-Level Differentiation Imperative," Peppers & Rogers Group, <http://www.1to1media.com/customregistration.aspx?itemid=32619>

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