WhatsApp Insurance? Shouldn’t WeChat?

By embracing mobile instant messaging, insurance carriers can reduce operating costs and deliver more timely, satisfying and authentic customer experiences.

Executive Summary

WhatsApp, WeChat, Facebook Messenger and similar instant messaging apps are no longer exclusively intended for exchanging trivial text messages, sending ubiquitous selfies or finding your friend’s house. Rather, each messaging app is much more than the sum of those parts. Used effectively, these messengers can be the tools of new-age distribution, digital marketing, after-sales service and customer support.

In fact, what was first recognized by entrepreneurs as an inexpensive way for businesses to stay connected with their customers has become a medium of choice for many big players, cutting across industries. For instance, Bank Kassa Nova in Kazakhstan has partnered with WhatsApp to send alerts; Marriott and TripAdvisor are working with WeChat in China to provide travelers with innovative search capabilities, as well as channels dedicated to HR and job opportunities; companies such as Armani and Cartier are advertising their products through messaging apps; and vehicular traffic management is being aided by WhatsApp in India.

Meanwhile, these messengers have the potential to reshape the insurance industry. This white paper examines the features of mobile messaging apps and how they can be used to significant advantage across the mainstream insurance industry.

The Rise of Mobile Messengers

The increased popularity of messaging apps is made clear by the following statistics:

- By the end of 2016, nearly 2.2 billion people will own and use smartphones.¹
- There are currently nearly 7.0 billion mobile subscriptions worldwide.²
- WhatsApp, the most widely used messenger on the market, counts 800 million monthly active users. WeChat claims 549 million monthly active users, and Facebook Messenger claims 600 million.³ ⁴ ⁵
- Mobile payment transaction values are expected to reach $721.4 billion by the end of 2017.⁶

The phenomenal growth of mobile instant messengers can be attributed to the following factors:

- The exceptional penetration of smartphones, emergence of high-speed 3G and 4G Internet and lower data costs.⁷
- The ability to increase personalization through direct interaction and tailored customer communications.
- The ability to efficiently address ad hoc/personalized customer service demands.
- Exceedingly low cost, regardless of the scale and frequency of messages, and relative...
freedom from regulatory restrictions. This has enabled businesses to use these messengers for:

- Organizational announcements.
- Product and process education.
- Marketing and promotion.
- Sales and distribution.
- After-sales service and customer operations.
- Proactive and reactive customer service.
- Customer engagement and awareness.

For example, companies in the following industries have used messaging apps for communications:

- **In banking, financial services and insurance**, companies are using messengers for alerts and reminders, marketing outreach and client engagement. Examples include three Kazakh banks – Kazkom, Bank Kassa Nova and Kaspi Bank – that are using WhatsApp to manage client engagement.\(^8\)

- **In media and entertainment**, businesses such as BuzzFeed in China are using WeChat for content dissemination.\(^9\)

- **In retail**, brands are using messengers for promotions, sales, after-sales service and engagement with high-net worth investors, including Harrods, Diesel, Cartier, etc.\(^10\)

- **In hospitality**, organizations are engaging with customers via messengers, including TripAdvisor and Marriott in China through WeChat.\(^9\)

- **In shipping and logistics**, businesses are using messengers for shipment tracking, including SF Express in China.\(^9\)

### Why Insurers Should Embrace Mobile Messaging

Instant mobile messengers can help insurers open a new channel of communication, reduce operational costs and turnaround time, and discover new touchpoints to improve their marketing, sales and service. In this way, messengers can help insurers overcome challenges that have developed in the last few years, particularly in the following areas:

- **The need to educate and engage with customers and prospects.** One reason for low or inadequate insurance adoption in both mature and emerging geographies is a lack of financial education, which prevents individu-als from buying the right amount of insurance coverage or to save for retirement. Adding to this is the challenge of effectively engaging with customers and prospects through meaningful content. Consequently, insurers continuously seek ways to educate and engage with customers that enable both easy dissemination of content, as well as effortless consumption by the target audience.

- **Ineffective distribution channels.** With the emergence of new distribution channels, insurers continuously struggle to:
  - Take stock of their current distribution channels and assess the pain points against the parameters of adaptability and popularity.
  - Introduce new distribution channels to compete with rapid technology advances and process modernization.
  - Create a cost-effective, efficient, widely networked distribution mix that is optimal for both the sales force and customers.

These issues could be resolved by adopting mobile messengers as an instrument of distribution. For one thing, the wide reach of mobile messengers will ensure the distribution channel serves the majority of people in any geography, as most mobile messengers work on both smartphones, which are rapidly proliferating in developed and emerging economies, and traditional feature phones.

Additionally, the low-cost, non-intrusive nature of instant messaging not only optimizes costs for insurers, but it also empowers customers. With WeChat’s API, for example, businesses can build apps that run on its instant messaging platform, allowing them to customize functions according to their needs and perform specialized transactions, such as payment, image verification, etc. Insurers could also introduce features such as push notification with the help of stickers, icons and one-touch payment (as has already been introduced by Snapchat). Some of the most easily-used stickers and icons include:

- **For customers:**
  - Contact me.
  - Pay premium.
  - Send premium receipt.
  - Change my address.
  - Change my phone number.
• For agents:
  > Let’s talk/meet.
  > Please pay premium.
  > Your service request has been completed.

Lastly, mobile messengers can help insurers meet growing consumer demand for better, more personalized service. Thanks to their experience in the digital world, consumers of insurance and financial services are increasingly attracted to providers that offer not only the best prices and products but also the most convenient, customized and satisfying experience. With the advent of digital communication channels, customers now have numerous avenues of contact and support; however, most of these still involve the need to manually record complaints or fill out surveys. Further, because the data that is generated is often unstructured, insurers cannot mine it effectively for actionable insights.

Mobile messengers, on the other hand, can be used by insurers as a very effective tool of personal, structured customer support. The inherent non-voice, concise and synchronous nature of communication can help insurers swiftly and effectively address and redress queries and complaints.

**Representative Use Cases**

One of the many advantages of mobile messengers is their ability to extend across almost all links of the insurance value chain. Their fast-evolving features, combined with available functionalities such as video-calling, location-sharing, file transfers and offline chatting, increase their potential for becoming key tools for customers, insurance agents and financial advisors.

Figure 1 highlights a few areas in which mobile messengers could benefit customers, prospects and agents.

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Product Announcements and Marketing

- **Challenge:** Insurers spend a lot of money, time and effort annually on product announcements and marketing. Traditional methods and channels, such as TV and radio, have not been overly effective for carriers seeking to be heard above the noise. (For more insight, read our white paper "Marketing Analytics a Smarter Way for Auto and Home Insurers to Gain Competitive Advantage." [13]) With the advent of mobile telephony and SMS, and the meteoric rise of social media, the Internet is now a highly effective and inexpensive way to get messages out regarding product marketing innovations, while making the entire exercise more fun and interactive. However, digital media also comes with a host of limitations, including:
  - Capturing and holding the attention of prospects and customers on disparate digital and social platforms.
  - Developing meaningful, reusable KPIs and measuring them.
  - Identifying the level of participation and interest of the target population.
  - Collecting and measuring feedback for campaigns.

- **How messengers can be used:** New-age mobile messengers are a perfect fit in these scenarios, as product announcements and marketing can be handled by insurers in the following ways:
  - Pushing engaging media (such as promotional videos, product posters and fliers) to incite interest.
  - Creating awareness or gathering feedback via surveys and short questionnaires relevant to individual product lines.
  - Organizing games and contests using the various features of messengers; for example, users can submit short video or audio clips based on a particular theme, or location-based games can be designed.

- **Gaps that can be filled:**
  - Because messengers are ubiquitous, there is no need to attract traffic to these platforms.
  - The personal nature of mobile messengers makes consuming audio or visual content more compelling. As noted above, the captive nature of messengers will further encourage engagement, interaction and feedback because users don’t need to dedicate time to switching between media.

Claims Handling

- **Challenge:** Claims management has frequently been cited as one of the most troublesome processes for insurers. Common issues include:
  - Customers dread the claims initiation process, which involves filling out numerous documents on Web portals or apps. Claims tracking is another area filled with prolonged follow-ups and communication between the customer and insurer.
  - Claims surveys, adjudication and processing involve manual effort, complex workflows and cross-departmental involvement, resulting in high turnaround time.
  - The lack of easily accessible information on emergency services prevents customers from getting the help they need in certain scenarios.

- **How messengers can be used:**
  - Easier claims initiation via instantaneous document upload and filling out of forms. Claims status tracking and further communication between the insurer and customer can be mediated by mobile messengers that upload and download claims documents (such as forms and photographs) and enable group calls between the adjudicator, surveyor and customer, etc.
  - Relaying findings by claims surveyors and adjudicators (especially in the form of photos and videos) from the website or app, which will help compress turnaround time.
  - Customer requests for roadside emergency assistance and search for nearby service branches or cooperative repair shops. Using GPS positioning, function location coordinates can be generated and shared through instant messengers to help locate the customer automatically.

- **Gaps that can be filled:**
  - The adjustor receives all required and validated information on one claim form immediately after entry, reducing claim errors and delays.
  - The adjustor makes best use of available time and resources to improve claims processing efficiency and client experience.
  - Immediate availability of photos and loss/damage estimates reduces the possibility of misinformation or fraud.
The loss payout department gets immediate cashflow impact information for treasury or cash pool management.

Turnaround time on claims can be reduced, leading to improved customer satisfaction.

### Asia Insurers Embrace Instant Messaging

Insurers throughout Asia and elsewhere are adopting mobile messengers for various applications, including the following examples:

- Jubilee Insurance in Kenya recently launched dedicated lines for WhatsApp use for customer communications.14
- China Pacific Insurance launched a WeChat service platform for both sales and customer service functions, and is the first insurer to allow payments through WeChat’s payment service.15
- Ping An Auto Insurance in China provides claim assessment functionality on WeChat.16
- CPIC Life in China launched a travel insurance product on the WeChat platform.17
- Sunshine Insurance Company in China offers a crowdfunding insurance service called Love Upgrading on WeChat.18
- Wing Lung Bank in China launched a travel insurance product on WeChat.19
- Beijing-based Taikang Life Insurance provides a health insurance product on WeChat.20

### Instant Messaging’s Insurance Benefits across the Value Chain

Insurers that adopt instant messaging will realize benefits throughout the ecosystem, including the following areas:

- **Prospect/Customer:**
  - Synchronicity and 24x7 access to information and service.
  - Quick, alternative channel of communication and transaction.

- **Agent:**
  - Up-to-date customer and sales support information, providing a better overview of the customer’s needs and enhancing cross- and upselling.
  - The ability to submit applications for straight-through processing and obtain real-time quotes, which improves productivity by reducing administration time.

- **Insurer:**
  - Improved engagement with customers, particularly the digitally savvy Generation Y demographic, which prefers non-intrusive methods of communication.
  - Substantial cost and time savings due to self-service options reducing turnaround time and requiring less support staff.
  - Ability to drive customer awareness and response.
  - Customer empowerment through self-service, resulting in higher satisfaction and a superior customer experience.

### Looming Challenges

Because mobile messengers are still emerging in the insurance industry, insurers can expect to encounter roadblocks, particularly the following:

- **Integration challenges.** Integrating operations and channels is one of the most important challenges to overcome. Proper scoping, assessment, prioritization and change management exercises should be undertaken to ensure successful adoption.

- **Regulatory restrictions.** Because of recent high-profile data leaks, as well as the industry’s inherent need to comply with cross-border regulations, instant messaging will likely invite scrutiny from regulators that cover certain transactions — such as the exchange of policy and personal details, as well as access to confidential and critical documents over unencrypted channels — as a source of unacceptable business risk.

- **User adoption.** With the plethora of sales, service and marketing channels already available to insurers, it is unknown whether instant messengers will drive additional customer and prospect traffic. Similarly, because this is a direct channel with no incentives for sales personnel, salesforce adoption may also be a challenge.

The success of messengers as an effective and efficient technology across the insurance value chain will depend on whether these challenges are overcome. While resolving data security issues is as much a technology and process challenge as a regulatory concern, marketing, product engineering and distribution challenges — in our view — are just as important.
The Last Word

On a global scale, the insurance industry is buffeted by a variety of business and technology forces, making it ripe for instant messaging adoption.

• **For life and retirement**, this new channel helps meet the challenges that cause under- and non-insurance, including a lack of financial understanding and product complexity.

• **Demand for instantaneous, 24x7, hassle-free customer service** can be satisfied by these “always-on” applications.

• **Increased technology adoption by consumers across all demographics**, and the gradual shift toward paperless, virtual experiences, paves the way for the adoption of IM channels.

With the steady rise in importance and use of mobile messengers, insurers of all sizes, geographies and lines of business will need to adopt messengers as a prominent channel for sales, service, education and engagement. We recommend carriers consider the following steps to ensure successful implementation and adoption.

• Analyze the current digital strategy to understand channel usage by different customer segments to decide which services need to be provided by messengers.

• Assess available messengers, paying attention to the best choice for hosting apps on the messenger (e.g., Facebook Messenger) or extending current services to a new channel.

• Set up security protocols to meet data security and other compliance needs.

• Implement an organizational change management strategy, with attention to integrating the new channel with current front- and back-office processes.

• Establish KPIs to measure IM channel usage and gradually course-correct when needed.

Footnotes


About the Authors

Srinivasan Somasundaram is a Director within Cognizant Business Consulting’s Insurance Practice. He has 18-plus years of experience in the life, annuity and pension sectors. Srini’s experience includes managing insurance operations, business consulting and product development, business transformation program delivery, developing business propositions, GTM and large deal support. He has worked on projects in the UK, U.S., South Africa and APAC, with a focus on sales and distribution. Srini holds a post-graduate degree in management from Bharathiar University. He can be reached at Srinivasan.Somasundaram@cognizant.com | http://in.linkedin.com/pub/srinivasan-somasundaram/0/a5a/156.

Aritro Bhattacharya is a Senior Consultant within Cognizant Business Consulting’s Insurance Practice. He has eight-plus years of experience in the life, annuity and pension sectors, which include consulting and delivery management, insurance IT products evaluation, functional implementation and migration. He also has dabbled in social media consulting, digital distribution transformation, digital marketing and sales consulting, and digital innovation. Aritro holds a post-graduate in management from the Indian School of Business. He can be reached at Aritro.Bhattacharya@cognizant.com | https://www.linkedin.com/pub/aritro-bhattacharya/21/34b/629.

Vipesh Singla is a Business Analyst within Cognizant Business Consulting’s Insurance Practice. He has four-plus years of experience in the life and annuity sectors and has worked for global insurers in North America, Europe and Asia Pacific across the entire insurance value chain, including product management, new business, policy administration, claims, billing and payments. Vipesh holds a post-graduate degree in management from the Indian Institute of Insurance. He can be reached at Vipesh.Singla@cognizant.com | https://www.linkedin.com/pub/vipesh-singla-flmi-aapa-ara/15/303/93a.

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