How Insurers Can Leverage Social and Messaging Apps to Enhance Digital Value

Declining digital ROI for customer engagement and service means carriers must holistically adopt more cost-effective channels such as social and messaging apps to achieve more for less.
Executive Summary

We are living in the “everything, everywhere” era where continuously evolving digital technologies are driving rapid shifts in consumer behavior and expectations. In the highly competitive general insurance market, merely riding the digital wave is not enough. Insurers must actively seek avenues for using digital media to enhance customer service and engagement.

To deliver an integrated digital experience, many insurers are investing in customer-facing online and mobile applications. However, these applications are not providing the right amount of engagement to capture consumers’ “digital moments,” leaving insurers underwhelmed with the ROI from these investments. Customers tend to spend more time on other apps such as e-mail, blogs, social networking, messaging, games, etc., meaning that social and messaging apps hold significant promise for capturing customers’ digital attention.

This white paper analyzes the current customer engagement space and recommends how insurers can leverage social and messaging apps to build a more holistic digital strategy to deliver improved sales, service and customer engagement.

Examining Digital ROI

Today’s millennials - who form the bulk of insurers’ customers and employees - are social, mobile, empowered and, importantly, persistently connected. Moreover, the high-value digital services which they are accustomed to receiving from retailers and travel and hospitality companies are raising their expectations of insurers.

Insurers are responding by increasing their digital investments in customer and employee self-servicing capabilities through mobile apps and online portals. Examples abound of insurers enabling customer self-service across the value chain - from quotations through claims. A few insurers are also striving to expand customer mindshare by innovating further. Esurance’s “feed a craving” functionality, for instance, lets users find anything from coffee to cupcakes.¹

Insurers’ Struggle to Achieve Digital Adoption

<table>
<thead>
<tr>
<th>Insurance Portal Usage Among Consumers</th>
<th>Insurance Mobile App Usage Among Consumers</th>
<th>Insurance Mobile App Usage Among Agents/Field Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average portal traffic of top insurance customer portals...</td>
<td>Reduced by 25% over last six months.</td>
<td></td>
</tr>
<tr>
<td>Average unique visitors of top insurance customer portals...</td>
<td>Reduced by 5.4% over last six months.</td>
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<tr>
<td>Number of users who used the following functions:</td>
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<tr>
<td>High</td>
<td>New Business Processing</td>
<td>Manage Policies</td>
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<tr>
<td>Low</td>
<td>Quotings</td>
<td>Policy Information and Reminders/Alerts</td>
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<td></td>
<td>Renewals</td>
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<td>Inquiries</td>
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Reduced by 3/4 of users don’t use app to manage insurance. Reduced by 3/5 of agents don’t use apps for their daily work activities.

Source: Cognizant analysis based on data from FICO, Gartner and Alexa.com

Figure 1
Although insurers are continuously expanding their mobile and online capabilities, the adoption of these capabilities among consumers and agents remains low, as documented in Figure 1, previous page.

Given this scenario, insurers must introspectively ask themselves: Why aren’t we achieving the desired ROI from these digital initiatives? Are these investments enabling customers to serve themselves, or improving customer service and engagement levels?

Insurers thus need to think differently and take a different approach. We believe that insurers need to take a step back, look at the customer’s daily use platforms and adopt any and all viable channels beyond mobile apps and portals to achieve customer service and engagement goals.

Assessing the Spread of Millennials’ Daily Use Digital Platforms

Thanks to the exponential rise of digital in most businesses, numerous platforms exist for insurers to engage consumers and employees. These include online, mobile, social, wearables, digital TVs, kiosks, sensor devices, etc. However, looking at the spread of users’ digital moments across the platforms, it is evident that social and messaging apps are the most popular, as their capabilities touch the pulse of today’s customer needs for networking, free calling and texting services, community games, etc. (see Figure 2). These social and messaging apps are also most frequently accessed through mobile devices by users.

It is thus easy to understand the huge interest by enterprises in social and messaging apps. Evidence includes: Facebook’s acquisition of WhatsApp for a whopping $19 billion; Rakuten’s $900 million acquisition of Viber; WeChat’s contribution to the doubling of its creator’s (Tencent) stock price...
in the last year; Tencent’s investment of $50 million in messaging app Kik; and even Twitter and Facebook/Instagram both launching enhanced messaging products last year.

Both social and messaging apps, in fact, have an ever-increasing feature set that has contributed to their success. Key features include the ability to share text, audio/video messages/files, or locations; facilitation of group conversations; and the enabling of less expensive voice and video calls (both one-to-one and conference calls).

How Insurers Can Apply Social Networking and Messaging Apps

These digital platforms hold huge potential for insurers. As app providers continuously expand their services, they are increasingly advancing to becoming an “alternative distribution channel” or a “quasi-operating-system” for insurers. The high penetration level of these apps, as indicated in Figure 2, provides high immediacy and reach for insurers. Apart from their reach, these apps offer convincing business value propositions to insurers, including:

- Availability of pre-built capabilities that can be leveraged with minimal customization: The vast coverage of collaborative features provided by messaging and social networking apps enables insurance stakeholders to carry out several mobile sales and servicing functions effectively, as depicted in Figure 3.

Insurers can leverage these apps, either in a stand-alone mode to listen and engage with their stakeholders or they can integrate them with their core systems and improve outputs and efficiencies across sales, underwriting, claims and policy servicing. Most of these apps have a gateway API through which insurers can integrate their back-end systems and technology.

- Social and messaging apps, in many ways, are less expensive to deploy and maintain than mobile websites or even apps (see Figure 4, next page).

There is no necessity for developing a new platform or any additional features; hence, platform development costs are lower. These apps are also compatible with different mobile platforms and thus there is no need

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**Elevating Customer Functionality Across the Lifecycle**

![Diagram of customer functionality across the lifecycle](image)

- Audio/video/chat collaboration with agent to understand the insurance features & coverages and to identify the appropriate insurance product.
- Quick quotes through defined message codes (e.g., PS QUOTE <Car make> <Car Model>).
- Receive quote proposal through file share.
- Collaboration to understand quote details, policy conditions, coverages, policy exclusions, payment methods, etc.
- Submit a claim through audio/video/chat collaboration with CSR.
- Share incident images or video real time through file transfers and video calls.
- Share claim incident location & receive service center location/contact.
- GPS/location-based collaboration.
- Conference or group-based collaboration with multiple stakeholders (claim adjustor, service provider, legal counsel, etc.) during claims adjudication & negotiation.
- Receive real time alerts/notifications like renewal reminders, etc.
- Receive instant updates during exigencies.
- Raise service requests (enquiries, feedback, complaints) & provide relevant information.
- Multimedia-based collaboration during servicing.
- Proactively engage on insurance-related, merriment, company-related topics.
to be integrated, and insurers are already collecting these numbers as a part of new business or servicing initiatives. Social networking, however, requires the social handle and friend acceptance from the user – which many insurers are already seeking for other purposes, such as giving discounts and value adds.

Shaping an Effective Digital Presence

Given the emergence of these channels, Insurers must evaluate how to optimize their current investments in mobile apps and portals. The key ask for insurers is to analyze the relative for any platform-specific development approach.

- These apps are already well adopted by users and hence there is less branding cost involved.
- The platform and its features are managed by the app vendors themselves and hence maintenance costs are low.
- **Social and messaging apps are much easier to set up than mobile apps.** They are not platform-specific like mobile apps. Mobile messaging apps require only the user’s mobile number to be integrated, and insurers are already collecting these numbers as a part of new business or servicing initiatives. Social networking, however, requires the social handle and friend acceptance from the user – which many insurers are already seeking for other purposes, such as giving discounts and value adds.

### Quick Take

#### Insurance Industry Pioneers

It has been observed that a few insurers outside of the U.S. have already adopted messaging apps and are seeing business success. Some examples are

- **Jubilee Insurance**, Kenya, has recently launched communications through WhatsApp.²
- **China Pacific Insurance** has launched a WeChat service platform for both sales and customer service functions, and allows payments through WeChat’s payment service.³
- **China Life** is allowing customers to shop for both car and accident insurance on its WeChat account.⁴
- **Beijing-based Taikang Life Insurance** launched a health insurance product for nominal cover on WeChat.⁵
- **New China Life Insurance** launched a brand-new customer loyalty program on the WeChat platform.⁶
- **Sunshine Insurance Company** in China has launched crowdfunding for insurance services called “Love Upgrading” on WeChat.⁷

Almost all the insurers have a social profile and many are using it to engage with their customers to enable transactions like quick quotes, agent locators, customer servicing, etc.

Moreover, social apps have also been adopted by the banking industry. Early adopters include:

- **Kotak Mahindra Bank** (India) has launched Hashtag Banking where users can send commands to their bank account using hashtags on Twitter.⁸
- **ICICI Bank** (India) also has enabled a hashtag-based kind of feature on Twitter for customers.⁹
merits of the capabilities supported by different channels across online, mobile, social and messaging, map them to stakeholder needs and craft a cost-effective integrated strategy for each stakeholder group aligned to the overall business and IT objectives of the insurer.

Figure 5 depicts a representative functional decomposition across online channels based on the costs/investment required and the complexity of the transaction.

Looking Ahead: Enabling a Holistic and Future-Proof Digital Strategy

Similar to the retail and hospitality industries, insurers have recently realized the importance and untapped potential of social and messaging apps for enhancing customer experience. Thus, to capture customer mindshare, those organizations that choose to ignore this trend risk being left behind by progressive organizations that are already dabbling with these apps. The winners will be those organizations that apply social and messaging apps as a part of a holistic digital strategy.

To successfully effect digital transformation, insurers need to first have a robust business case, a clear-cut digitalization strategy, a well-defined roadmap and a continuous innovation initiative. IT departments need to understand the difference between executing a digital transformation program vs. a traditional implementation, since digital is evolving at an unpredictable pace. To ensure digital sustenance, insurers must leverage a focused, managed innovation approach that emphasizes continuous discovery of new digital opportunities and inculcation where applicable.

With the digital world embracing enhancements at a rapid pace, it is up to the insurers to turn this change into opportunities. Early realizers of this will reap the greatest benefits compared to laggards.
Footnotes

References
• “Gartner says less than 0.01 percent of customer mobile apps will be considered a financial success by their developers though 2018,” gartner.com, January 2014. http://www.gartner.com/newsroom/id/2648515
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