White Paper

WANT TO ACCELERATE YOUR D2C INSURANCE STRATEGY? HERE'S HOW

Excelling at D2C insurance drives growth up and costs down. Why settle for anything less?

The starter pistol for the Direct-to-Customer (D2C) race went off a while ago. While the insurance industry as a whole did not get a running start, carriers that made successful tracks early have gained an initial edge on other D2C adopters in the insurance space.

That's proved especially true over the past couple of years, which has seen a spike in consumer demand for fast, frictionless shopping. Getting ahead of that demand, Geico and Progressive commanded roughly 92 percent of industrywide premium growth in auto insurance by the start of the pandemic.[1] They haven't looked back.

Nor should you, if D2C is part of your core strategy. In pursuing that strategy, you'll need to keep pace with your D2C competitors' forward momentum so that you can maintain and expand market share. Not only do insurers that excel at D2C sales increase market penetration, but they also drive greater revenue, boost customer satisfaction, and reduce policy acquisition costs. Indeed, roughly half of D2C players across insurance lines already enjoy 6 percent higher growth[2] and 70 percent lower sales cost.[3]

Here's how you can achieve metrics like these for your own company, starting today.

Design a Better Customer Experience To Drive Topline Growth and a Stronger Bottom Line

Excelling at D2C means perfecting the art of digital engagement. Today's consumer wants to research, browse, and purchase insurance products as easily as they shop for anything else online. That's a tall order for insurers, since even the simplest policies tend to be more complex than typical consumer goods and services.

1 https://www.jdpower.com/business/press-releases/2020-us-insurance-shopping-study

2 https://www.mckinsey.com/industries/financial-services/our-insights/insurance-blog/ten-years-of-change-in-direct-insurance

3 https://www.mckinsey.com/industries/financial-services/our-insights/the-next-frontier-for-sustainable-growth-capturing-the-cost-advantage-of-direct-insurance

You can guide your online browsers quickly and painlessly to the right products by automating the prequalification process. Using conversational AI, chatbots can answer most of an insurance shopper's initial questions and then usher her through the basic prequalification steps. This leaves your live agents free to handle less straightforward queries, follow up on leads and close sales.

The results are tangible. For instance, one of the top U.S. small commercial insurers grew its greenfield D2C business (launched in 2009) to more than $350 million in annual gross written premium after automating processes that accelerated scalability.

That's the approach the largest US provider of supplemental insurance also took after realizing its prequalification process frustrated too many potential customers. In fact, customers often didn't make it to the prequalification stage, abandoning their calls after waiting too long to speak with sales agents, who were mostly tied up completing other prequalifications.

To eliminate this bottleneck, the company applied design thinking, bringing in stakeholders from across disciplines to devise a human-centric technological solution. Generating personas from the company's user data, the team saw a customer preference for self-service and got to work creating an infinitely scalable digital assistant (chatbot). The chatbot used Artificial Intelligence (AI) and Natural Language Processing (NLP) to guide the customer through a no-wait, no-lag experience from first contact to sale, prequalifying the typical prospective policyholder in less than a minute. Time customers spent waiting on hold plummeted, since agents were now devoted to following up on leads and converting fully qualified opportunities into sales.

25%

improvement in lead quality

$25M

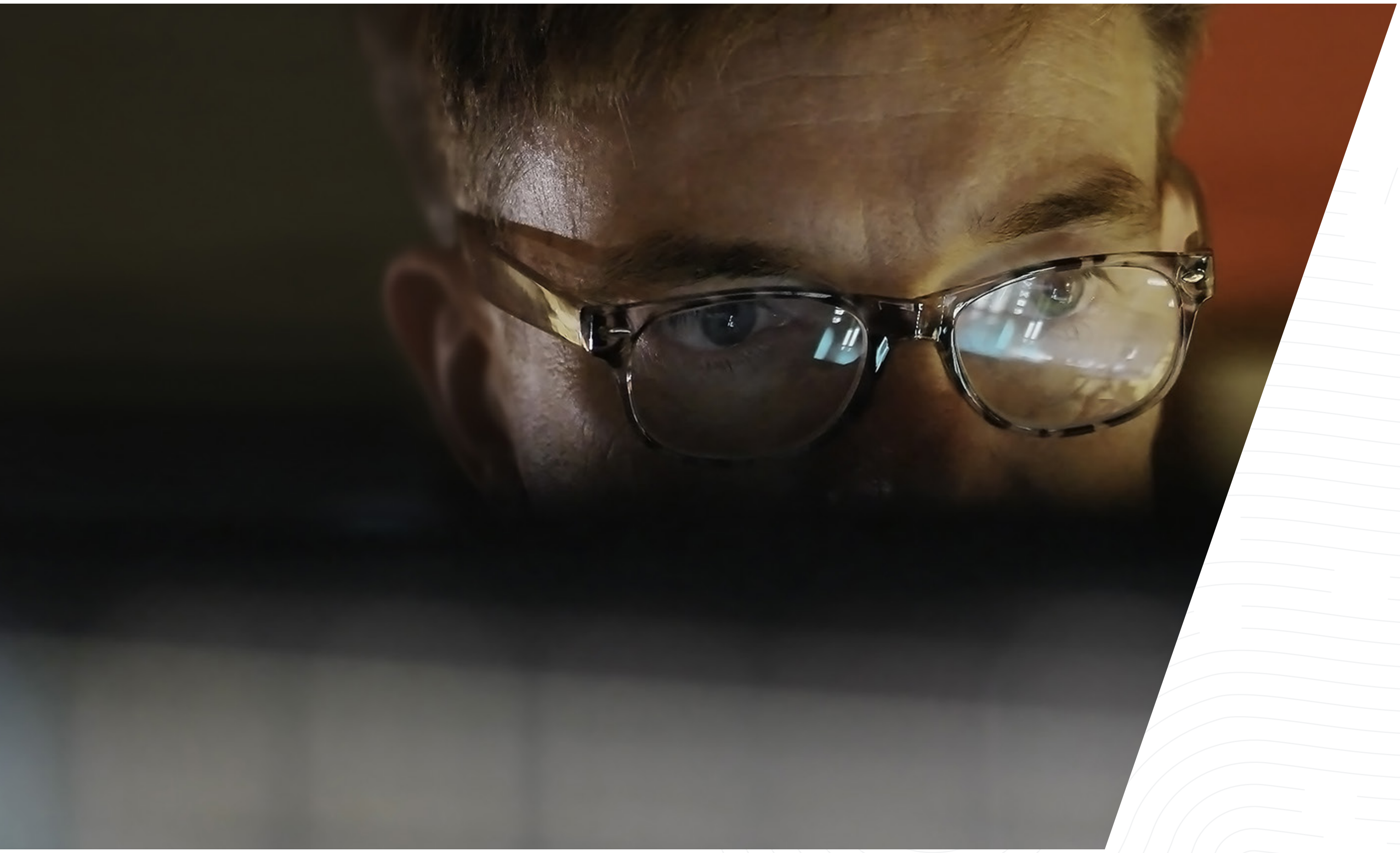
annual written **premiums**

$1.5M

additional **premiums**

And that's not all. Solutions like these also increase the overall rate of conversion and drive down costs. Consider, for instance, a D2C insurer that has a 100-person policy acquisition team, with a third of the team's members fielding prequalification calls. By using conversational AI to take care of the prequalification piece, the insurer can eliminate the human cost of that work. And, because automated prequalification improves lead quality, agents achieve higher conversion rates for outbound calls, increasing their overall productivity — up to three times more than their non-D2C peers[4] — in a virtuous circle of higher growth and lower expenses. Why should your own company settle for anything less?

4 https://www.mckinsey.com/industries/financial-services/our-insights/the-next-frontier-for-sustainable-growth-capturing-the-cost-advantage-of-direct-insurance



Don't Waste Free Customer Intelligence: **Maximize Your Analytics**

Another way D2C insurers can boost sales and productivity is by applying analytics to customer intelligence. Cognitive AI can generate a continuous feedback loop that lets insurers and their agents know where and why various prospective purchasers tend to hesitate and what's likely to advance them down the sales funnel. Armed with this information, agents waste less time trying to determine a particular customer's pain points and struggling to offer the appropriate solution.

What's more, all of this can happen in real time, and for every single customer interaction. Working with the right technology partners, insurers can break down sentiment analytics while a customer conversation is happening and then instantaneously feed insights to the agent. This allows the agent to make immediate, context-specific recommendations tailored to a particular customer, as well as suggest optimal next steps.

Using these and other analytics capabilities, insurers substantially improve response time for customer queries, which in turn increases agent productivity and sales. Certainly that was the case for a large US life insurance provider that we helped transform into a data-driven culture focused on rapid sales growth. Through a combination of predictive and prescriptive analytics, agents were trained to understand targeted customers, anticipate their needs and concerns, and then swiftly convert them into policyholders.

The key to analytics is that it pays to be thorough. In the spirit of leave no stone unturned, insurers should leave no customer interactions unanalyzed. But too often they do. This blind spot isn't specific to insurance companies only. It's endemic across many industries, which often analyze a mere 3% of their customer interactions, leaving huge quantities of free customer intelligence untapped. For instance, a multinational entertainment and media conglomerate that came to us had spent $3 billion on building an omnichannel approach but didn't have an adequate analytics capability. As a result, the company wasn't gaining sufficient insights about its user interactions and ended up delivering a fragmented customer experience, negatively impacting Return of Investment (ROI) on its omnichannel investment. The same thing is happening at many D2C insurers but can easily be avoided by monitoring and analyzing 100% of customer interactions and then using that information to correct problems and get in front of emerging issues before they come to a head.

The outcome was $70M in new annual gross written premiums and a 35% higher close rate.

Meet Your Customers Where They Are - In Other Words, Everywhere

Unlike many D2C players, insurance companies are dealing with customers who come to them out of necessity, not because they want to. Shopping online for wardrobe accessories is fun. Visiting insurance websites is not. Delighting the customer, therefore, carries extra challenges for insurers. The easier insurers make it for customers to engage with them, the better. That means engaging customers where they are, which is pretty much everywhere these days.

Being everywhere requires perfecting an omnichannel approach. To accomplish that, insurers must know the best places to reach various consumer demographics and individual customers at any given time of the year, month, or day. This entails continual monitoring across all channels (social, SMS, email, app, web, etc.) so that you understand customer sentiment and motivation at every touchpoint and, based on those, deliver a superb customer experience every time. It also requires the right blend of technologies, including speech and text analytics, machine learning, and contextual analytics, so that the experience you deliver to the customer is not only superb all around, but also spot on for that particular person in that specific moment.

The most efficient and economical way to cover the digital waterfront is to bring all customer interactions onto one platform. This gives you a 360-degree view of the touch points customers favor, allowing you to engage seamlessly across channels, even when customers switch midstream. A single, integrated platform also helps you connect the dots necessary to managing customers based on where they are in their customer life cycle.

If you don't have a central digital platform, rest easy. You needn't undergo the time-consuming, costly, and disruptive process of creating one yourself. Instead, you can swiftly integrate your current infrastructure with the newest tech in a secure, third-party cloud environment. From there, you can obtain a unified view of the customer through a single pane of glass, regardless of your various providers or systems. Ideally, this environment is not only bespoke, but highly flexible, delivering you an omnichannel platform on the go, one where you can easily add and remove features as needed, at a pace you desire.

Prepare Your People To Take the D2C Plunge and Boost CSAT

In 2020, an annual U.S. auto insurance study found that, for the first time, website interactions with insurers weighed more heavily in customer satisfaction than conversations with agents did.[5] This no doubt partly reflects the increased adoption of D2C by insurance companies. But it may also reflect insurers' D2C learning curve on the people side.

While technology can go a long way in helping deliver a personalized and transparent policy-shopping experience for customers, the actual selling still depends on the agent in all but the simplest of insurance products. Since insurance sales require a highly specialized skill set, insurers who once relied on third parties for sales agents can suddenly find themselves in over their heads when they switch to a D2C model.

This proved the case with the top U.S. small commercial insurer. Although an early adopter of an omnichannel D2C approach, the company's sales function struggled to keep up. It needed well-trained, licensed insurance agents sufficiently skilled in hard selling to convert live calls into binding policies. Stepping in to help, we built a specialized policy acquisition team staffed with dedicated consultants licensed in all 50 states and the District of Columbia. To that, we added a robust CRM solution that seamlessly integrated the carrier's policy administration and financial systems. The outcome? The insurer saw a 20% increase in policy value per sale and achieved a near-unbeatable customer satisfaction rate of over 98 percent.

5 https://www.jdpower.com/business/press-releases/2020-us-auto-insurance-study

Off to the Races

As you start or accelerate your own D2C strategy, keep the following tips in mind.

Best-in-class means across all industries: To excel at D2C, you'll need to keep up not only with other insurers, but also with D2C champions outside the insurance domain, where shopper expectations for seamless customer experience are being set and reset daily. See what other industries are getting right and apply it to your own.

Do more with less: Automated prequalification boosts the efficacy and efficiency of your policy acquisition agents, letting you penetrate a much larger part of the market without having to increase the size of your team.

Reduce complexity: In building/augmenting your D2C infrastructure, be wary of fragmented efforts and unnecessary complexity. Seek a digital partner with a full suite of complementary capabilities that can roll up into one integrated solution for you, spanning an omnichannel platform to a team of highly trained licensed agents.

Pay as you go: Rather than make a large capital expenditure up front and then hope for the best, work with a D2C solution provider that offers digital infrastructure in the form of a use-as-needed service (via the cloud). Better yet, find a digital partner who follows a risk-reward engagement model so that you are billed based on actual business outcomes (e.g., GWP sold) instead of promised results.

Want to learn more? Let's talk.
We'd love to hear from you.

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