

The State of Digital Engagement in the Insurance Industry

How Digital Leaders in the Insurance Space Are Transforming
Their Engagement Strategies for the Connected Customer



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Executive Summary

The insurance industry is changing. In the past, customers would walk into an insurance office and talk to a representative about their needs. Today, customers go online to compare policies and rates before making a purchase, and often reach out digitally to ask questions and obtain additional information.

This means the insurance industry must adapt to growing rates of digital engagement to stay competitive. According to *Computer Weekly*, about 90% of insurance organizations believe digital transformation will be accelerated in the sector and 95% agree that customers want more digital products and services.¹

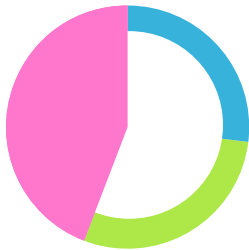
This report explores why digital engagement is so important for the insurance industry. It also analyzes how far insurance companies have come in their efforts toward digital engagement and reveals some of the best ways to engage with customers online.

¹Finders, Karl. "Insurers accept they were slow to adopt digital." *Computer Weekly*. September 3rd, 2020. <https://www.computerweekly.com/news/252488548/Insurers-accept-they-were-slow-to-adopt-digital>

About the Respondents

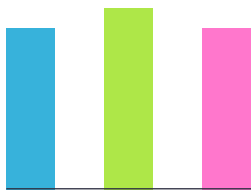
The WBR Insights research team surveyed 100 leaders from insurance companies across the U.S. to generate the results featured in this report.

What type of insurance company do you represent?



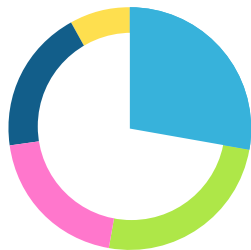
- 27% Consumer insurance
- 29% Commercial insurance
- 44% Both consumer and commercial insurance

What is your company's annual revenue?



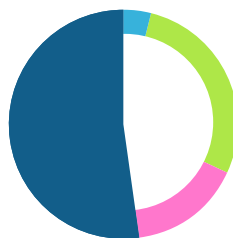
- 32% \$500 million to \$1 billion
- 36% \$1 billion to \$10 billion
- 32% More than \$10 billion

What is your role?



- 28% Marketing
- 25% Product
- 20% Sales
- 19% Experience
- 8% Digital Innovation

What is your seniority?



- 4% C-Suite
- 28% Vice President
- 16% Department Head
- 52% Director

Key Insights

Among the respondents:

- 67% somewhat agree that their digital engagement strategy reduces complexity and turbulence in the customer experience.
- 47% say their digital engagement strategy needs improvement to become more mature, but 40% say they are at the same level as their competitors.
- 85% say digital engagement will be at least somewhat important to their marketing and customer service strategies over the next 12 months.
- 82% say 25% to 50% of their customers primarily engage with their organizations over digital channels.
- 55% are only somewhat in their organization's ability to maintain customer loyalty through digital engagement.
- 63% say web chat with a live agent will be very important for engaging customers over the next 12 months
- 57% say in-app engagement will be very important for engaging customers over the next 12 months.
- 54% say they currently use a software solution to help them foster profitable relationships, but only 48% of these respondents say their current solutions are very effective for channel performance.



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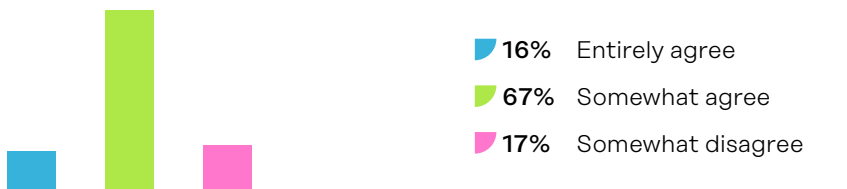
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Mature Digital Engagement Programs Are Now Imperative

Customers are now highly informed in most aspects of their buying decisions. This has been true of industries like retail and banking for years, and now it is true of the insurance industry. Thanks to review sites, apps, and online search tools, customers can easily compare prices and policies from different insurers, and they can buy insurance products online without ever having to speak to a representative.

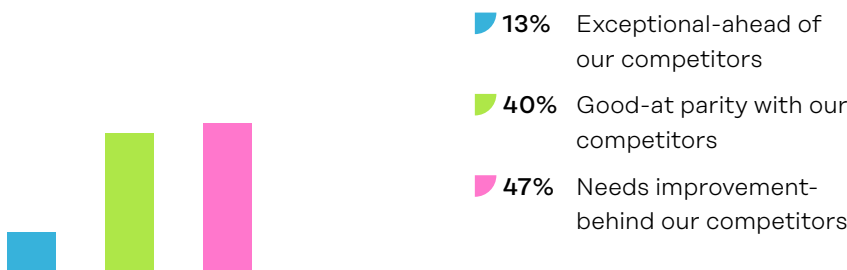
Compared to other industries, the insurance industry hasn't been as fast to adopt methods of digital engagement. Insurance companies must find ways to mature their digital engagement strategies while also minimizing complexity, both for customers and the company.

To what extent do you agree with the following statement: "Our digital engagement strategy reduces complexity and turbulence in our customer experience by minimizing internal redundancy in our systems, services, and processes."



At 67%, most of the respondents to the study only somewhat agree that their digital engagement strategy reduces complexity and turbulence in the customer experience by minimizing internal redundancy in their systems, services, and processes. This suggests that most of the respondents have tools in place for digital engagement with new and existing customers, but they may be reliant upon outdated systems or old processes.

How would you rate the maturity of your organization's digital engagement strategy?

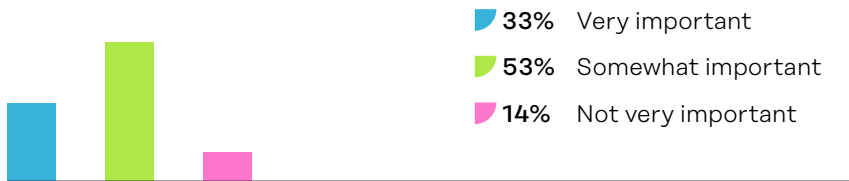


Similarly, a significant portion of the respondents (47%) say the maturity of their organizations' digital strategies needs improvement. They are behind their competitors.

In this context, a mature strategy would involve high levels of data-driven automation, as well as content or messaging that is personalized specifically for individual customers or partners. In the most advanced cases, digital engagement can incorporate predictive analytics to deliver products and content relevant to upcoming customer life events, major decisions, and more.

Insurance companies must also be able to rely on their tools to foster strong relationships across their ecosystem. A mature digital engagement program would allow for seamless collaboration and value generation across agencies, customers, brokers, and other partners. This capability will be critical to remaining competitive moving forward.

How important will digital engagement be to your marketing and customer services strategies over the next 12 months?



For some organizations, enhancing their maturity may be imperative.

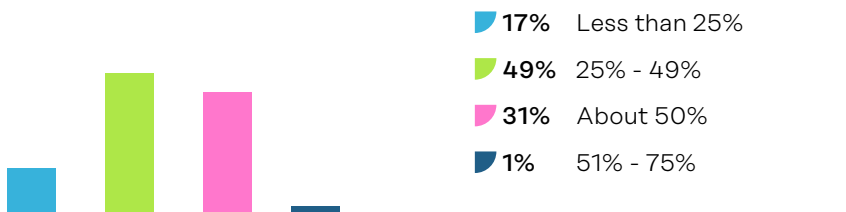
Most of the respondents (53%) anticipate that digital engagement will be somewhat important for their marketing and customer service strategies over the next 12 months. About one-third of the respondents (33%) say it will be very important.

Most Insurance Leaders Are Only Somewhat Confident in Their Engagement Capabilities

Some customers will continue to prefer traditional modes of engagement, such as in-person meetings and phone calls. However, consumer trends suggest that a growing percentage of insurance customers is or will be receptive to digital engagement, especially younger customers who are just beginning to think about insurance purchases.

The evidence for this is in the success and abundance of startup insurance companies that have chosen a mostly digital footprint. Some customers prefer these options because they prefer digital-only interactions in their other relationships with organizations and institutions, such as their banks.

What percentage of your customers primarily engage with your organization over digital channels?

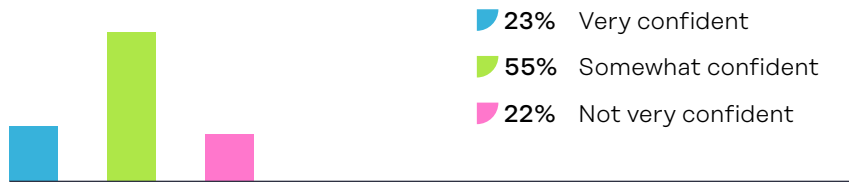


Most of the respondents (82%) say one quarter to about one half of their customers primarily engage with the organization over digital channels. Only 17% say less than 25% primarily engage over digital channels.

Many insurance organizations have made it easy for customers to find an insurance policy online, speak with a representative, and make a purchase in a matter of minutes. They've also created simple claim-filing tools, enabling customers to file claims online or through an app.

This has given insurance customers a more frictionless experience when it comes time for them to seek assistance or file a claim. If trends continue, a higher percentage of insurance customers will be demanding these types of interactions in the future. Customers who encounter too much friction or redundancy in the claims and customer service process may be prepared to look elsewhere.

How confident are you in your organization's ability to maintain customer loyalty through digital engagement?



Most of the respondents are at least somewhat confident in their organization's ability to maintain customer loyalty through digital engagement. This includes 55% who say they are somewhat confident and 23% who say they are very confident.

Only 22% say they are not very confident in their capabilities, but it's important to understand why.

In verbal statements, these respondents cite different issues that are inhibiting their ability to better serve customers. Many of these issues are internal and would require organizations to adopt new data capabilities like edge computing, or possibly new data solutions.

For example, several respondents say their data quality and their ability to leverage data are insufficient.

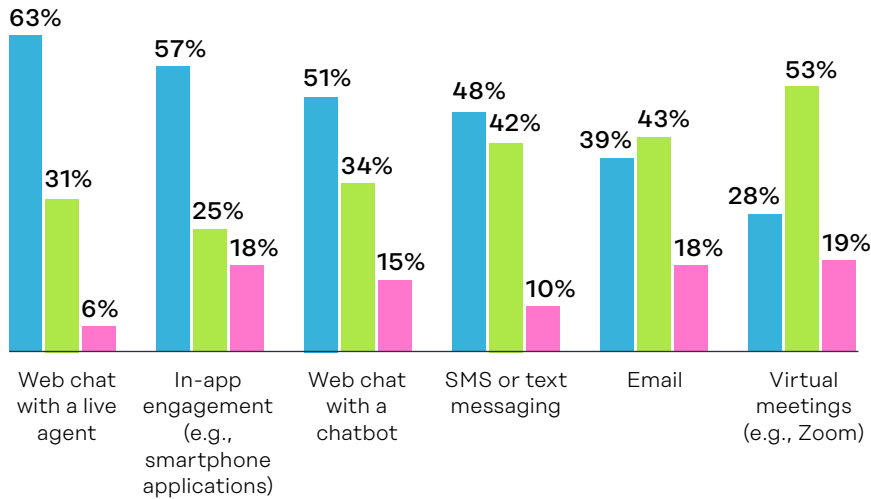
"We need to move data analysis closer to where customers generate it," says a sales director at a consumer insurance company. "This analysis will allow us to customize products and services better and support future loyalty."

Similarly, another sales director says "more data coverage and digital analysis are necessary" for them to be able to engage customers digitally.

Other respondents say they need "more visibility" into their customers and better "customer journey analysis," while others simply note that they simply need better technology and must secure the funding to obtain it.

How important will the following digital channels be for engaging your customers over the next 12 months?

- Very important
- Somewhat important
- Not very important



By addressing these challenges, insurance companies can leverage customers' preferred engagement channels to ensure a more personalized experience.

Most of the respondents say web chat with a live agent (63%), in-app engagement (57%), and web chat with a chatbot (51%) will be very important digital channels for engaging their customers over the next 12 months. However, other channels, such as virtual meetings and SMS, will also be somewhat important.

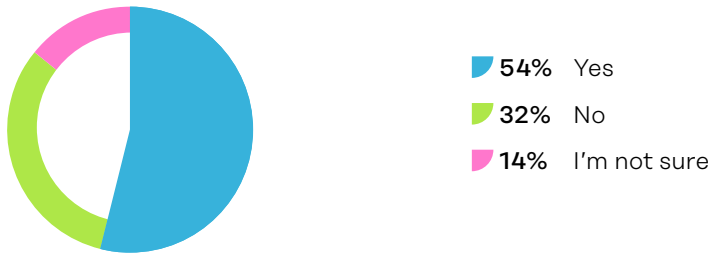
To leverage these channels and keep things consistent, insurance companies must synchronize each channel with their data operations and their relationship management solutions. This would enable any agent engaging with a customer to gain visibility into their entire history, no matter which touchpoints the customer used previously.

Many Customer Engagement Solutions Aren't as Effective as They Could Be

The insurance industry is built on trust. When customers need to protect their finances, businesses, and families, they rely on insurance companies and their capabilities to keep them informed. For insurers to maintain their customers' trust, they must employ a customer engagement solution that enables them to deliver timely messages and to understand customer contexts quickly.

This type of solution should also work across the business, even among partners, agencies, brokers, and others.

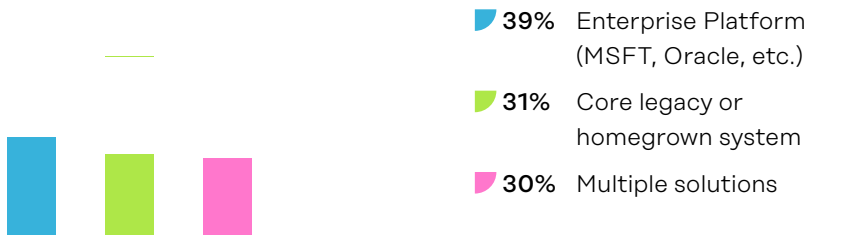
Do you currently use a software solution to help you foster profitable relationships across customers, agencies, brokers, and other partners?



At 54%, most of the respondents currently use a software solution to help them foster profitable relationships with customers and partners. However, nearly one-third of the respondents (32%) don't currently use such a solution at all, while 14% aren't sure.

This suggests there is a significant gap between some insurance companies and others when it comes to customer engagement. Without a solution in place, insurers may need to rely on analog processes or imprecise solutions that weren't designed for this specific purpose.

Since you said "Yes," How would you describe your current software solution?

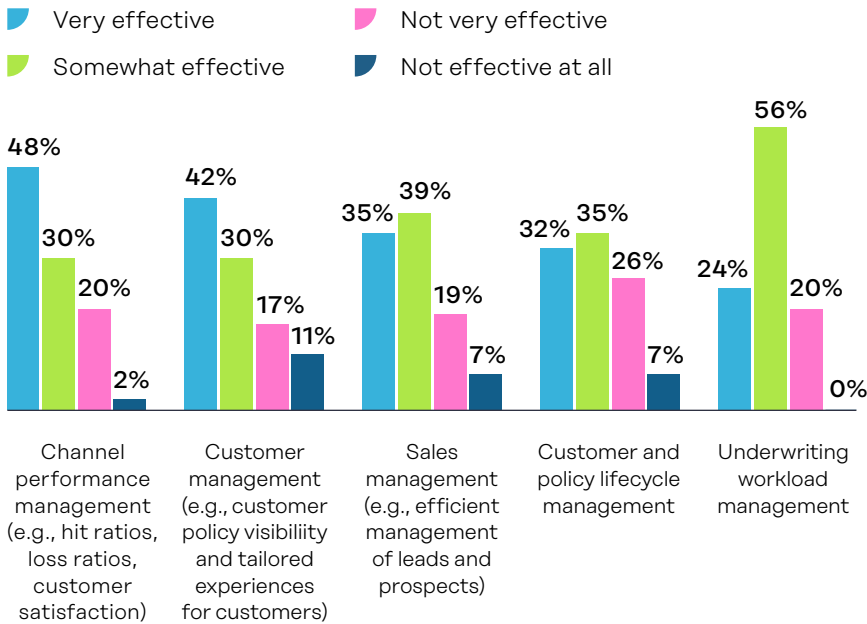


Most of the respondents rely on an enterprise platform (39%) or a core legacy or homegrown system (31%) for customer engagement. The remaining respondents (30%) use multiple solutions.

Homegrown solutions may be practical, especially for companies that have unique needs or cater to a highly specific group of customers. However, they can be costly to maintain and upgrade.

Those using multiple solutions may have all the capabilities they need, but they likely have a higher chance of experiencing synchronization issues. Data silos often occur when technologies can't "speak" to each other, resulting in unused, unanalyzed, or incorrect data.

Since you said, "Yes," how effective is your current solution in delivering the following digital engagement and channel management capabilities?



As such, many of the respondents' current customer engagement solutions are not as effective as they could be.

In each case, no clear majority of respondents say their solutions are very effective at any of the capabilities presented to them. For example, only 48% say their solutions are very effective for channel performance. Only 24% say the same about underwriting workload management.

The only exception is underwriting workload management, for which 56% of the respondents say their current solution is "somewhat effective."

Significantly, over one-quarter of the respondents (26%) say their solutions are not very effective for customer and policy lifecycle management, and another 7% say their solutions are not effective at all.

Conclusion: The Next 12 Months of Digital Engagement

In their final line of questioning, researchers asked the respondents to describe their organizations' strategies for digital customer engagement for the next 12 months.

Several of the respondents say they are interested in leveraging artificial intelligence (AI) as part of their strategies as it could provide "unlimited engagement benefits," according to one C-suite marketing executive. AI is especially useful for analyzing data to identify customer behavioral patterns, which can in turn be used to provide suggestions and recommendations. However, AI can also be incorporated into direct interactions through chatbots

Other respondents say they are focused on expanding their use of digital channels and customer touchpoints. According to a product director at a commercial insurance company, their company "needs digital communication solutions to support engagement" across new channels.

Similarly, a sales VP from a consumer insurance company says, "We are integrating digital touchpoints to learn more about our customers through our current engagement solutions over the next 12 months. This will provide support for personalized experiences in the future."

Finally, several of the respondents are focused on personalization. Personalization can be achieved through investments in technologies like AI, but it also requires visibility and a deep understanding of customers and their behaviors.

In most cases, new capabilities may be necessary to achieve the level of personalization and channel optimization these respondents are working toward. As such, the next 12 months will likely see a rise in digital engagement capabilities among insurance companies as their technology investments come online and their new processes become best practices.

Key Suggestions

- **Assess your current digital engagement capabilities.** Identify gaps between your organization and its competitors, then develop a roadmap for which capabilities would be most suitable for engaging your customers and partners.
- **Identify the key technologies and solutions you need to improve digital engagement.** If you are currently dependent on a mix of engagement solutions, it may be time to onboard a more holistic solution, especially if you have low visibility into your customers' activities or if you are struggling with data silos.
- **Adopt the digital channels your customers prefer.** Conduct a review of the digital channels your customers use more often when interacting with other businesses and providers.
- **Incorporate personalization, automation, and predictive capabilities into your strategy.** Many of the respondents say they are planning to adopt AI as a means of personalizing interactions with customers and offering them recommendations.



About the Authors



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