Customer Service Solutions
Omni-channel engagement for
the insurance industry

White Paper

Can your insurance brand speak millennial?

Forward-thinking customer experience that
will help close the generation gap.

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Modern consumer behavior is different

Remember your mother's trips to the insurance agent's office? Customer service has evolved since then from visiting customer service offices to calling customer service on the phone to emailing customer service. Now, brands are also offering live chat support, customer engagement on social platforms, SMS customer support and, most recently, virtual assistance. Modern consumer behavior is reshaping the insurance industry and driving this rapid and vast change.

The insurance industry is beginning to nurture this reshaping by watching the behavior of the largest consumer generation of our time - Millennials. Leading insurance brands understand that this young generation's unique experiences will influence the ways we all shop, learn, and communicate.[1] Therefore, the insurance industry's established customer engagement choices will need to change in order to meet the engagement styles of not only Millennials, but eventually all customers. Yet, engagement styles cannot be met unless the generation gap between Millennials and the insurance industry is closed.

In this white paper you will:

– Learn how the insurance industry got so far disconnected from today's customers.
– Explore the differences between Millennials and traditional insurance brands.
– Discover how leading insurance brands are stepping up to close that generation gap.
– Learn how Nuance helps insurance brands become forward-thinking service providers for the modern world.

1 "Marketing to Millennials: The Consumers to Change the Market Landscape." The Next Web, 2014 http://thenextweb.com/entrepreneur/2014/03/29/meet-millennials-consumers-change-marketing-landscape/#gref

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A brief history of the insurance industry[2]

– The insurance industry can be traced back to the ancient days of China and Babylon when merchants developed ways to insure their wares that were being transported down rivers and across seas.
– Then in 1347, the first insurance contract was signed in Genoa where maritime insurance became a necessity.
– When the Enlightenment began in Europe in the 17th century, insurance policies began to be more specialized. The greatest need was to be insured for fires since most buildings were made of wood in Europe.
– Then other varieties of insurance became in-demand, such as life insurance in the 18th century and accident insurance in the 19th century (when many people travelled by railroad or steamboat and needed insurance against injuries).
– Eventually, the first automobile insurance policy was signed toward the turn of the 20th century. With so many new drivers, unpaved roads and cars not designed with modern safety features, car insurance was a must.
– Health insurance as we know it didn't really have its start in the US, until the 1920's and 30's.[3]

As for insurance customer service, it was obviously a person-to-person experience until 1980, when round the clock telephone customer service began.[4] That was the extent of how the insured could get customer assistance until the dawn of online quoting and buying at the turn of this century.

Insurance's business model, along with its customer service practices, did not change drastically throughout its history because of the complex nature of insurance. It covered a continually growing, diverse range of risks and a mind-boggling array of state-by-state regulations. So, instead of progressing with fresh new approaches, the industry stuck to what it knew and used a hodge-podge of older approaches in running business.[5]

This same old approach worked for the industry for most of its lifetime - until the internet absorbed into our daily lives. The past two decades have seen great change in how people interact with each other, how they are entertained, how they work, and how they do everyday tasks like shopping and paying bills. The largest group of consumers that were affected were the generation that grew up with the internet and have never known life without it - Millennials.

With this great change came a gap between the world of insurance and the Millennial world.

2 "History of Insurance." Wikipedia, 2016 https://en.wikipedia.org/wiki/History_of_insurance
3 "Health Insurance in the United States." Wikipedia, 2016 https://en.wikipedia.org/wiki/Health_insurance_in_the_United_States
4 "The History of Insurance." Esurance, 2016 https://www.esurance.com/info/car/the-history-of-car-insurance
5 "Evolution of Insurance Industry. Past, Present and Future." NTT Innovation Institute, November 5, 2015 http://www.ntti3.com/blog/evolution-of-insurance-industry-past-present-and-future/

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Closing the generation gap between insurance brands and Millennials

In order to understand this gap, let's take a look at these two worlds from the perspective of customer expectations.

The world of insurance

Traditional insurance - a mature, legacy industry - is the only concept of insurance the majority of adults have ever known. Hence, they've always expected the same in customer experience.

– **Tradition**

Humans Humans have a cognitive nature that relies on storing patterns in order to recall information. Once this pattern has been established, we automatically accept things the way they are, limiting our ability or willingness to step outside of tradition.[6] Customer service for insurance has always been over the phone or in person. That's just the way it was, and any other channel of service has never entered the mind of tradition-holding customers.

– **Foresight**

The nature of insurance is to be prepared for the worst-case scenario.[7] Be prepared for the future. So one must not get in a rush to decide on the right policies - good things come to those who wait…for customer service on the phone.

– **Complexity**

Insurance is unarguably a complicated, yet necessary evil.[8] With so many kinds of coverage and so many rules and regulations, customers must have real human beings to handle their accounts for them. Something so important to well-being can't possibly be easy enough to manage independently. The more complicated, the better, right? As the saying goes, "The steeper the mountain, the harder the climb, the better the view from the finish line."

The world of Millennials

Technology has rapidly transformed civilization in the past twenty years. Consequently, the way the young adult demographic grew up - and the way their mindset was formed - was drastically different from that of their prede-cessors. This new mindset brought new customer expectations.

– **Tech-savviness**

Millennials are commonly considered to be more tech-savvy than their elders, it's true. After all, the internet is just as old as they are. Yet, perhaps they should be more appropriately considered as tech-addicted.[9] These young people depend on their smartphones (85% own one) to do almost everything:
- 75% have used phone to get medical information
- 70% have used phone for online banking
-70% have used phone for job information
- 34% have used phone to apply for a job
- 44% have read/watch educational content on phone[10]

– **Mindfulness**

Millennials have learned the art of living in the moment. It's only a part of being young that they don't think of long-term consequences of

62%

of Millennials prefer the brands that interact with them on social media. - Forbes

6 "The Spark of Innovation: Changing Your Mindset to Become an Innovator." Innovation Excellence, April 17, 2016 http://www.innovationexcellence.com/blog/2016/04/17/the-spark-of-innovation-changing-your-mindset-to-become-an-innovator/?Itemid=92

7 "Disaster Preparation: Be prepared for the worst and hope for the best. That's smart!" Mountain Lakes Insurance, 2016 http://mountainlakesinsurance.com/emergency/disaster-preparation/disaster-preparation-be-ready-ga/

8 "Why Health Insurance Has Gotten So Complicated." Beyond, 2016 http://www.beyond.com/articles/i/ad14978/blogs/healthcare-medical/why-health-insurance-has-gotten-so-complicated.htm

9 "I Am a Millennial and I Am Addicted to Technology." Kristina Waters, LinkedIn, July 10, 2014 https://www.linkedin.com/pulse/20140710195946-191994942-i-am-a-millennial-and-i-am-addicted-to-technology

10 "US Smartphone Use in 2015." Pew Research Center, April 1, 2015 http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/

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present-day actions. What twenty-something does? However, technology has taken this sentiment a few steps further, in that this generation considers what's going on around them - in real time. Social media and text messaging has kept them mindful of what matters right now. Therefore, that's how they tend to engage with insurance brands. No time to wait on hold on the phone - they want answers now, and they expect brands to be where they are, when they are there. 62% prefer the brands that interact with them on social media, but this engagement has to be genuine, timely and human-generated.[11]

– **Convenience**
As mentioned before, Millennials use their smartphones for much of their everyday tasks, so when they need to interact with an insurance brand, they want to do it via mobile. The reason any age chooses mobile is convenience.
- 60% want to contact the insurer anytime, anywhere
- 41% don't want to have to wait for service
- 37% don't want to make a trip to meet with an agent[12]

Usually, this interaction comes in the form of self-service. It's quick and to-the-point. In fact, Millennials demand self-service when they don't want human interaction slowing down the process.[13]

Two worlds collide
As in most retail businesses, financial service companies providing consumer Fortunately, the gap is closing as these two worlds connect. Brands are learning how to communicate with modern consumers, thereby making insurance more accessible to them. Essentially, they're learning to speak Millennial-ese in order to serve this generation better.

The insurance industry and Millennials are coming together in the following areas of customer service:

In person/phone versus online
When compared to receiving customer service in person or via phone call, a growing number of consumers are choosing to seek out insurance brands online:

– 56% prefer to shop for and compare policies on a pc.
– 50% prefer to purchase policies and make payments on a pc.
– 42% prefer to manage claims on a pc.
– 47% prefer to find third-party service providers on a pc.[14]

And Millennials are more than twice as likely as other demographics to engage with insurance online.[15]

According to McKinsey & Company, Millennials perceive the face of insurance as an agent who is old enough to be their grandfather. They don't want to convey their personal insurance needs with a person who is out of touch with the modern world; they prefer the anonymity of researching online for insurance that matches their way of life.[16]

Insurance companies are responding to this sentiment by beefing up their online presence and making online account management a primary source of contact with their customers. The Insurance Journal reports that about 78% of companies now enable customers to report claims online and nearly half offer online bill-pay.[17]

85[%]

Gartner predicts that by 2020, the customer will manage 85% of the relationship with an enterprise without interacting with a human.[18]
- Gartner

11 "10 New Findings About the Millennial Consumer." Forbes, January 20, 2015 http://www.forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/2/#67872eb942b8
12 "How mobile is transforming insurance - From protector to partner: Can mobile expand insurers' relationships with consumers?" The Economist Intelligence Unit, 2014 http://www.eiu.com/
13 "The Year of the Customer: 16 Customer Service and Experience (CX) Trends for 2016." Shep Hyken, Forbes.com, January 2, 2016 http://www.forbes.com/sites/shephyken/2016/01/02/the-year-of-the-customer-16-customer-service-and-experience-cx-trends-for-2016/#3300d8b05e04
14 "How mobile is transforming insurance - From protector to partner: Can mobile expand insurers' relationships with consumers?" The Economist Intelligence Unit, 2014 http://www.eiu.com/
15 "Insurance Companies Have a Big Problem with Millennials." Gallup, March 5, 2015 http://www.gallup.com/businessjournal/181829/insurance-companies-big-problem-millennials.aspx
16 "Transforming life insurance with design thinking." McKinsey & Company, May 2016 http://www.mckinsey.com/industries/financial-services/our-insights/transforming-life-insurance-with-design-thinking
17 "Industry Chasing Mobile Consumers with Ads, Apps, Self-Service Options." Insurance Journal, October 19, 2015 http://www.insurancejournal.com/magazines/features/2015/10/19/384933.htm
18 "Gartner Customer 360 Summit 2011." Gartner Predicts, 2011 https://www.gartner.com/imagesrv/summits/docs/na/customer-360/C360_2011_brochure_FINAL.pdf

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Furthermore, several online-only insurance brands have emerged in recognition of where the future of insurance is headed. These brands born in the digital age have worked to make insurance a simpler concept for consumers to understand and manage. They include easy to understand educational tools and guides to aid in the still-complex world of insurance. Insurance brands such as these can run at a lower cost due to automation and self-service.[19]

Live assistance versus self-service

Within the online customer service realm, there are several options for engagement.

– Self-service
72% of US online adults say that brands must value their time in order to provide good service. Brands show they value customers' time by providing self-service which enables visitors to find answers quickly and solve simple problems on their own. Forrester found that 53% of consumers will abandon an online purchase if they cannot find quick answers.[20] Self-service is the obvious choice when shopping for coverage online.

However, even the most independent Millennials may eventually need some human interaction when it comes to insurance matters. A PwC report found that although 46% of customers prefer self-service, half contact an agent to clarify information or help them make the right choice.[21] This human contact is more efficiently provided in the form of live chat.

– Live chat
Forrester analyst Kate Leggett reports that online chat adoption among customers has risen from 38% in 2009 to 65% in 2015 - a sign that customers are discovering how quickly they can be connected to agents with the right skills to answer their questions.[22]

Instead of paying for one-to-one benefits counseling when enrolling employees, an ideal solution would be to offer live chat to assist employees who are using self-serve.[23]

– Virtual assistance
Insurance brands can combine these two engagement styles into a tool that meets both the independence desires of Millennials and the need for interactive conversations for insurance issues - through virtual assistance. Leggett reports that virtual agent use increased from 28% in 2012 to 52% in 2015[24], revealing the trend toward intelligent automated conversations.
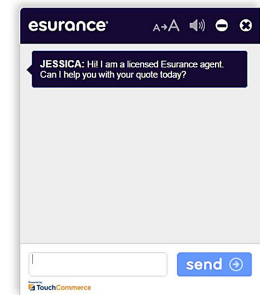
46%

Although 46% of customers prefer self-service, half contact an agent to clarify information.
- PwC

19 "The Spark of Innovation: Changing Your Mindset to Become an Innovator." Innovation Excellence, April 17, 2016 http://www.innovationexcellence.com/blog/2016/04/17/the-spark-of-innovation-changing-your-mindset-to-become-an-innovator/?Itemid=92
20 "Trends 2016: The Future of Customer Service." Kate Leggett, Forrester, January 5, 2016 https://www.forrester.com/report/Trends+2016+The+Future+Of+Customer+Service/-/E-RES61372
21 "Meeting the Challenges of Self-Service Insurance." Carrier Management, July 23. 2015 http://www.carriermanagement.com/features/2015/07/23/142947.htm
22 "Online Self Service Dominates Yet Again. Why? It's an Effortless Way to Get to Your Answers." Kate Leggett, Forrester, January 28, 2016 http://blogs.forrester.com/kate_leggett/16-01-28-online_self_service_dominates_yet_again_why_its_an_effortless_way_to_get_to_your_answers
23 "Life Insurance Marketing: Strategies and Trends in an Era of Self-Service Consumers." DataMentors, May 10, 2016 http://www.datamentors.com/blog/life-insurance-marketing-strategies-trends-era-self-service-consumers
24 "Your Customers Don't Want to Call You." Kate Leggett, Forrester, February 29, 2016 https://www.forrester.com/report/Your+Customers+Dont+Want+To+Call+You/-/E-RES131922

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– **Social customer service**
Sometimes, customers take customer service into their own hands by consulting online community forums or social media platforms. Insurance can certainly take advantage of this Millennial-friendly channel by being present when customers ask them questions via social media. Agents can be available to answer their questions when and where the customer wants, and more personal issues can be redirected from the social medium to a private chat environment.
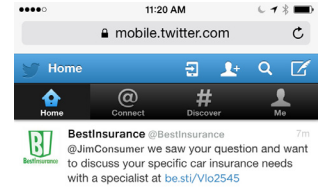
Desktop versus mobile

Both desktop and mobile are primary customer channels. Yet, an increasing number of customers prefer to buy insurance or manage claims via mobile. Mobile has made it possible to carry one's insurance policy in their hand and gain instant contact in their hour of need. Additionally, considering the 85% Millennial ownership of smartphones, insurance companies should take that as an opportunity to stay in touch with these customers. A PwC report expresses the importance of establishing loyal, intimate relationships with insurance customers through frequent interaction.[25] What better way to communicate than via a device that's with the customer around the clock?

– **Mobile chat**
Live chat is important for desktop customer engagement, but brands shouldn't forget customers who are reaching out to them on smartphones. They will need the same level of personalized experience with real agents.

– **SMS chat**
Mobile messaging gives consumers the immediate and simple experiences they expect on mobile devices. Since 90% of SMS messages are opened in less than three minutes, 45% of digital businesses regularly use texting to engage their customers.[26]

– **Self-service**
Self-service guides and tutorials work optimally on mobile because they provide that instant response and independence that Millennials crave - anywhere and anytime. One note - brands should make sure that guides are mobile-friendly in length of content, size of buttons, and ability for the customer to choose quick responses.

Forward-thinking customer service

Omni-channel - because people will touch at least three points in their journey

77% of Millennials want to be able to reach customer service through several channels.[27] Different channels are used for different reasons, and it's possible that a customer will use them all. But that's no excuse for the brand not knowing who the customer is at every touchpoint.[28] Customers, especially Millennials, expect a flawless personalized experience, no matter how many avenues were used. That's why agents need a unified workflow solution that moves seamlessly from channel to channel.[29]

Knowing that their customer journey is made of numerous touchpoints, insurance companies should integrate the data taken throughout the customer's experience. Data gathered from billing, policy production, social platforms, self-service, etc. can be used to build a thorough customer profile that can allow insurers to personalize the customer experience with the right content at the right time through the right channel.[30] That's forward-thinking.

85%

of Millennials own a smartphone.
- Pew Research

77%

of Millennials want to be able to reach customer service through serveral channels.
- Capterra

25 "Insurance 2020: The Digital Prize - Taking Customer Connection to a New Level." PwC, 2014 http://www.pwc.com/gx/en/insurance/publications/assets/pwc-digital-non-life.pdf
26 "Mobile Messaging: Catalyst and Core Channel for Commerce." Julie Ask, Nicole Dvorak, Forrester, May 23, 2016 https://www.forrester.com/report/Mobile+Messaging+Catalyst+And+Core+Channel+For+Commerce/-/E-RES134341
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29 "The Year of the Customer: 16 Customer Service and Experience (CX) Trends for 2016." Shep Hyken, Forbes.com, January 2, 2016 http://www.forbes.com/sites/shephyken/2016/01/02/the-year-of-the-customer-16-customer-service-and-experience-cx-trends-for-2016/#3300d8b05e04
30 "Why Insurance Companies Need to Rethink Online Self-Service." Pitney Bowes, November 7, 2014 http://blogs.pb.com/digital-insights/2014/11/07/self-service-platform-insurance/

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Conclusion

In days past, insurance customers had no other option but to call or visit an insurance agent to enroll, manage their account or make a claim. That was the nature of the age-old industry. But now, more insurance brands are paying attention to where today's customers are. Now, it's just a matter of pointing and clicking - usually. There will always be at least once in every customer's lifetime - even a tech-savvy Millennial - where they need to contact a real person in real time, so combining a variety of customer service options is necessary to close the generation gap.

Nuance sets out to continually produce new innovations in customer experience solutions that will not only serve the needs of those who want the one-to-one interaction, but also those Millennial customers who have changed the face of customer service expectations.

– TouchGuides
Insurance brands can provide their visitors with the fastest response to common questions without the need to engage live agents with this product. Its flexible design can be skinned to match any branding, while customizing the flow of the guided experience, with guides on smartphones fitting the expectation of the mobile user. And because TouchGuides are implemented by Nuance, consumers can initiate a chat session directly from within the guided experience when they cannot find their answers.

– TouchChat
Nuance live chat offering is optimal for Millennials who find themselves needing to speak to a live person in an urgent matter, yet don't want to talk on the phone, much less wait on hold. TouchChat is not offered to customers unless agents are available, cutting out any wait time. Skills-based routing ensures that customers are directed to agents with specialized knowledge who can help solve problems more efficiently. Plus, TouchChat's unique dynamic windows persist as consumers navigate the site so contact and context are never lost. This same level of chat experience can be found in the mobile chat feature, allowing brands to engage in their customers' mobile moments as well.
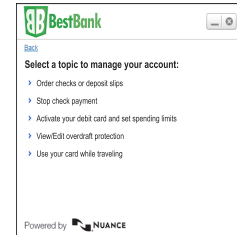
– TouchSMS
This award-winning Nuance mobile product feeds the Millennial's hunger for texting while providing them with a high level of customer engagement with a chat agent. It's a great way to engage the customer in their moment of need with a personalized mobile experience. Its ability to seamlessly move a customer to a web chat experience in case the chat agent needs more options to assist them is what sets TouchSMS apart from other mobile messaging experiences.
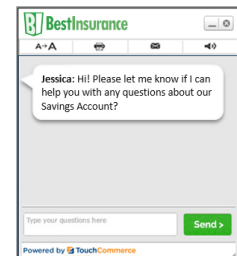
– TouchAssist
This Nuance virtual assistant offers human-like dialogue to aid the customer in self-service. Agent knowledge is leveraged to train the virtual assistant technology in order to provide intelligent conversations with the self-serve customer. This in turn boosts agent productivity by allowing agents to assist customers with more difficult issues. With TouchAssist, the customer can be seamlessly escalated from the virtual assistant to a live agent, if needed, maintaining the context of the conversation within the same engagement window.
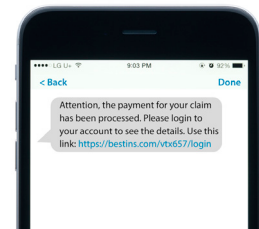
TouchGuides

TouchChat

TouchSMS

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Another award-winning Nuance innovation, the TouchSocial solution delivers a personalized online experience for insurance brands to engage with Millennials on their social networks. It allows social media agents to forward a conversation that is happening on a social network to a personalized online chat via TouchChat or an automated guide experience with TouchGuides. This action helps the insurer to build a strong relationship with the customer, thus gaining trust and loyalty.

TouchSocial
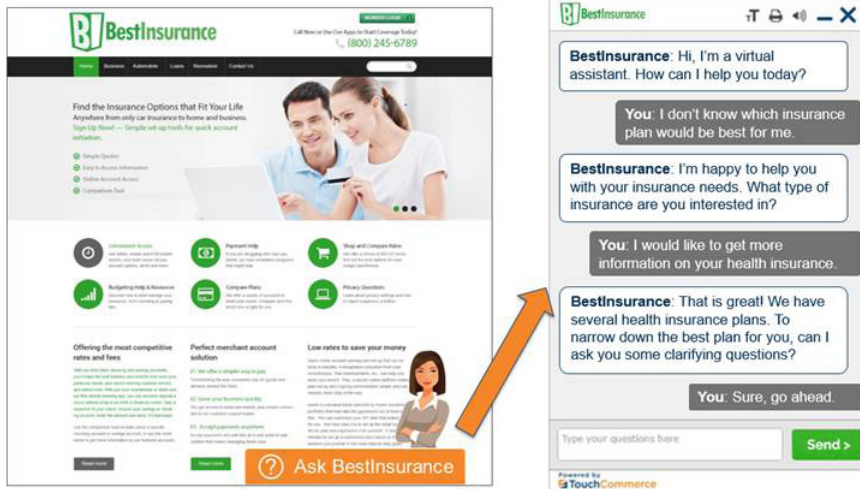
These and other Nuance innovations have helped top enterprises across several industries transform their omni-channel customer relations, enabling them to be forward-thinking brands that meet today's generation where they are, in the way they want, with the right content.

About Nuance Communications, Inc.
Nuance Communications is reinventing the relationship between people and technology. Through its voice and language offerings, the company is creating a more human conversation with the many systems, devices, electronics, apps and services around us. Every day, millions of people and thousands of businesses experience Nuance through intelligent systems that can listen, understand, learn and adapt to your life and your work. For more information, please visit nuance.com.