Transforming the Customer Experience in P&C Insurance

How Digital Platforms Enable Transformation

“"The future vision for digital engagement in insurance is clear, and it requires two elements. The first is the outside-in lens of customer experience. The second is a new foundational technology platform that makes digital transformation possible — a digital platform that enables amazing customer experience, operational efficiency, and agility with speed for innovation."

Deb Smallwood, Senior Partner
Strategy Meets Action, a ReSource Pro Company

Author: Deb Smallwood, Senior Partner
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The Tipping Point of Digital Transformation

As we begin to shift to the other side of this pandemic, there are still many unknowns and many levels of uncertainty around the economic and social impact of COVID-19. But what we do know is that this experience has changed the rules of engagement across all sectors and become a critical digital tipping point for insurance. We have been pulled out of a predictable, gradual, multi-year progression toward digital maturity. And we have been catapulted into a sprint.

With every disaster comes new clarity. Experience creates new possibilities, but it can also expose weaknesses and gaps. During the pandemic experience, some insurers have shined. For others, shortcomings have been exposed in the ways insurers interact and communicate with customers (agents/brokers and policyholders) along with internal employees. As the digital transformation journey explodes across insurance, the capabilities to connect people, processes, technologies, and data are advancing under more of a customer-experience-oriented lens than a transactional one. Using new techniques and approaches like design thinking, customer journey mapping, and personas to begin the digital transformational journey is the first step toward transformation. Understanding the customer, their needs, and their journeys is essential. Once done, exploring the needs of agents and brokers and providing for their needs along with the application of advanced digital capabilities for sales and servicing is a necessity. And there is also a need to begin to offer more expanded and varied digital self-service capabilities to the policyholder too.

A trend to create leading digital engagements that go beyond sales and traditional services for the customer has begun. Insurers are starting to explore communities and knowledge centers and expanding communication beyond phone, paper, and email with messaging and chatbots. To accomplish these things and more, insurers must realize the immediate need to both understand the customer journey and embrace digital platforms as the foundational technology that supports the digital transformation journey.

*SMA Market Pulse surveys throughout the pandemic have confirmed that the pace of digital transformation has been accelerating across P&C insurance. In the early stages of the pandemic, some insurers were pausing or cutting back on their digital project plans. But that has quickly shifted into increased investments and acceleration of digital plans. And much of the focus has been on enabling digital interactions with agents, customers, partners, and employees.*
Customer Experience – the Tip of the Transformation Spear

Ultimately, the best way to think about the strategies and plans for addressing and improving the customer experience is that CX should be considered in almost every project across the enterprise. Customer experience should be viewed as something your organization is and a part of who you are vs. simply something you do or strive to achieve.

Customer experience ("CX") is an essential component of a transformational journey. It is an organizational journey that begins with “flipping the lens” to shift from the traditional inside-out, customer-service driven focus to an outside-in, empathy-driven customer experience focus. The goal is to create ease and quality of interaction and deliver value in each and across all customer interactions.

The road to CX maturity involves a balanced approach, with connectivity between the external, customer-experience focused initiatives and the internal, operational-experience focused initiatives. Good balance and connectivity will help to achieve alignment and optimization of both customer experience and business operations.

Insurers are approaching the transformation of the customer experience with new techniques and tools to understand the customer journey. Embracing customer experience throughout an organization requires transforming traditional strategies, workflows, processes, and techniques as they become an organic part of who you are, what you do, and how you do it. It involves embracing transformational technologies, establishing new ways of working with existing partners, and establishing relationships with new partners.

In order to improve the customer experience, you must understand the customer experience. This is where new approaches like design thinking and journey mapping assist in understanding how different customers interact with the insurance company throughout the lifecycle, leading to creative solutions that meet the needs of customers.

An increasing number of companies are transforming product development by embracing a design method that puts the customer first. Instead of relying on traditional approaches, this new design framework cultivates empathy for users, emphasizes iteration and prototyping, and promotes testing throughout the process.

Shifting to a focus of customer experience is not optional. Rather, it is essential to meeting the demands of today’s customers, demands for which the bar is influenced and constantly elevated by outside industries, competitors, and InsurTech startups. It is also fundamental to enabling transformation and innovation within an organization, and getting insurers ready for digital transformational technologies like a digital platform.

The most innovative companies in the world share one thing in common. They use design thinking as an integrative resource to innovate more efficiently and successfully. Yet many businesses don’t make it a priority to invest in design thinking – often because the value of design is hard to measure and define as a business strategy.
Digital Platforms are the New Strategic Investment

Digital platforms are the new strategic investment for success today and positioning for the future. A digital platform is the next generation of yesterday’s agent portal or the insured’s self-service portal. But it supersedes the capabilities of a portal, and it is much broader from both a business and technology perspective. It facilitates both sales and service experiences, expands traditional interactions, and takes them to new levels of digital engagement.

A digital platform for insurance enables real-time digital engagement for all internal and external stakeholders. It encompasses a broad set of unified business and technology capabilities that span a significant portion of the value chain, from sales to service. Its design facilitates connectivity, interaction, information exchange, and transactions between the various parties in the ecosystem: agents, brokers, policyholders, employees, partners, and many others. The outcome is an outstanding customer experience, operational efficiency, and agility in responding to change.

The digital platform handles the end-to-end business processes necessary to achieve an improved experience for all stakeholders – customers and employees. Digital platforms cut across traditional organizational structures and siloed operations, connecting to the customer to enable different business and operating models. The platform supports today’s organization, and over time, the rethinking and reengineering of operational models and customer connections to position the organization for the future.

But, as we define what a digital platform is, it may be helpful to differentiate between what it is and what it is not.

It is a new technology platform, a new type of business application for enabling digital engagement that allows for transformational customer experience. It can also leverage integration to internal and external business applications, tools, data, and digital content.

As the terrain of innovation expands to encompass CX processes for their services and products, an effective digital platform can transform into a consumer insight tool to fuel the organization with understanding of what happens as the customer demands change, the market dynamics become more asymmetric, and technologies transform.

But, it is not necessarily a replacement for traditional business applications like policy admin, rating, websites, CRM, or other key systems. However, as the solution providers invest and expand the platform capabilities over time, there will begin to be some overlap with traditional business applications.

Figure 1. Systems Supported by a Digital Platform

- **DIGITAL PLATFORM**
  - Core + Back Office Systems
  - Transactions + Reporting
  - Business Intelligence & Analytics
  - Omni-channel
  - Modern UX
  - Personas/Journeys
  - Workflow/Content Mgmt
  - CRM
  - Customer Comms
New Capabilities for Digital Enablement

Digital platforms are the solution to moving forward. A key objective of the digital platform is to address the issues and limitations of yesterday’s portals and to better position insurers for the digitally connected world.

A new set of capabilities are required in a digital platform. Customer experience is input into the required business and technical capabilities. A digital platform must provide the ability to easily tailor and personalize the customer experience, facilitate the deployment of digital content, and aid in the delivery of new and enhanced products. It also drives efficiency, flexibility, and agility for internal operations. For external stakeholders and customers (agents, brokers, and policyholders), it expands and elevates the overall experience by enhancing digital engagement and enablement.

Figure 2. Business and TechCapabilities of a Digital Platform

The **business capabilities** of a digital platform are reusable as insurers build out sales and service capabilities for all customers. The cost of development and deployment are also reduced, roll out and training are simplified, and overall ongoing maintenance is reduced as well:

- **Sales & Services Transactions:** The fundamental ability to execute the right levels of selected transactions for sales and services, such as quotes, new business, inquiries, and FNOL, are integral in a digital platform.

- **Collaboration & Communication:** Supporting collaboration and communication between customers and internal employees is critical and made possible with the easy integration of new user interaction tools like chat, messaging, and video communication tools.

- **Information & Education:** A digital platform provides the ability to create and deliver rich digital content to employees, customers (agents, brokers, and policyholders), and prospects to satisfy requests for information and offer timely education.

- **Extended Services & Partnerships:** It supports a business model that facilitates exchanges between multiple groups of stakeholders: agencies/brokers, policyholders, claimants, injured workers, and an insurance company’s internal employees. As ecosystems and partnerships expand and become more dynamic, these capabilities are vital.
A digital platform must have the **technical capabilities** to receive, move, process, and push out data and information. This implies the ability to move information or data from any type of distribution channel or connection into the insurance company, in addition to any back-end processes, systems, technologies, or data sources that are internal or external. The best practices are moving toward the cloud, with SaaS-based offerings to allow for scale and security without performance interruption. The following technical capabilities are at the heart of a digital platform:

- **CX Persona Based UI:** The user interface utilizes advanced ID, security, and permissions along with workflows based on personas. It includes the ability to easily adapt and reuse, and it supports the lens of the customer experience for ease of use and training.

- **Microservices:** There is a set of microservices that are prebuilt – basic insurance-based services that are easily configurable and tailored to jump-start the design and deployment of the platform.

- **Low Code/No Code Configuration:** There is no or low coding required as a result of configuration. The solution contains a set of tools that allow users to easily design, deploy, and maintain UI, rules, workflows, and logic without writing code.

- **API Gateway:** The architecture allows for easy plug-and-play integration with transformational technologies, internal and external data sources, and AI tools like chatbots and messaging. It also allows for easy connection to current and future applications and systems like rating, policy, billing, claims, and ecosystem partnerships.

- **Cloud/SaaS:** The solution is cloud-based for scale and agility, and a SaaS offering is preferred and trending for digital platforms.
Sapiens Use Cases

Sapiens understands that the path to digital freedom is often challenging and complex. It requires a flexible system that insurers can depend on—a solution that goes beyond mere portals. Sapiens DigitalSuite is a dynamic, digital engagement and enablement platform that provides an omnichannel, unified experience that customers (agents, brokers, and policyholders) have come to expect, while driving agility, speed, and operational efficiency internally.

Created and designed specifically for the insurance market by some of the best digital experts in the industry, Sapiens DigitalSuite is an agile, component-based digital platform that provides insurers with the ability to accelerate their digital transformation.

The modular, cloud-native components align well with insurers’ existing technology landscape to achieve transformation faster than ever and succeed in the ambitious effort “to rethink and reimagine” the customer experience with digitally enabled design thinking components:

- **API Conductor** – Instrumental in creating more productive experiences, Sapiens API Conductor simplifies the orchestration and integration into any core system, third-party data source, or Sapiens ecosystem marketplace. The API Conductor enables insurer teams to configure, manage, publish, and test their APIs.

- **Journey & Forms Composer** – Empowers a business user to introduce and manage existing journeys and workflows and plan and create new ones without having to write code. Simple drag and drop functionality accelerates time to market and reduces costs without having to rely on IT resources.

- **Dynamic Portals** – AgentConnect and CustomerConnect are dynamic portals built on the digital platform to deliver the optimal experiences expected by customers, brokers, agents, and employers alike.

- **BotConnect and LiveConnect** – The next level of chatbot technology providing conversational messaging for efficiently engaging customer interaction and ensuring perfect handoffs between different people and between people and AI systems, which translates into one unified and smooth experience for the customer.
The following are three use cases illustrating the power of Sapiens DigitalSuite:

**Use Case: A Fully Digital Direct Sales Journey**

Israel-based, multi-line insurer Menora Mivtachim wanted to provide a streamlined, direct option to customers for purchasing and renewing their auto insurance. The traditional process required multiple phone calls and took more than 20 minutes to complete. The company wanted to digitize the auto insurance process via introducing a direct digital distribution model. A recap of the goal, solution, and business outcomes is shown below.

**THE GOAL**

Create a fully-digital, fast, and direct sales journey for personal auto prospects and policyholders. They set out to create an A to Z digital solution in which customers can purchase auto insurance in short order without any human involvement, including full automation of customer management, risk and underwriting review, and self-service.

**SOLUTION**

Sapiens CustomerConnect portal, low code/no code Journey & Form Composer, and API Conductor combined to create the end-to-end digital solution for Menora Mivtachim’s direct digital auto business. The solution provides built-in personalization with the user interface adapting to each customer.

**THE BUSINESS OUTCOME**

The direct digital sales solution was deployed in 3 months, from initial kickoff to the go-live date. The personalized customer experience reduced the purchase process time from more than 20 minutes to 5 minutes.

"Now (with the new digital solutions) we are better equipped to scale with future digital transformation and deliver the quality services our customers expect of us."

Menora Mivtachim Executive

Source: Sapiens 2021
Use Case: Create a Digital Pension Plan Platform

Menora Mivtachim, with $70 billion in managed assets, capitalized on the flexibility of the Sapiens digital platform solutions by using them for their pension business, in addition to the first use case in auto. The original pension process required a team of 10 full-time employees to tackle the piles of paperwork. It included gathering general information about the applicant, conducting a personal survey, compiling bank information, and finalizing the agreement. Menora Mivtachim wanted to transform this tedious, human-centric process into a concise, automated one.

THE GOAL

Digitalize the process into a single, scalable, self-service customer journey that unifies all communications and enables flexible integration using simple drag and drop capabilities.

SOLUTION

Sapiens’ CustomerConnect portal, low code/no code Journey & Form Composer, and API Conductor enabled Menora Mivtachim to compose a unified, digital journey.

THE BUSINESS OUTCOME

The new digital pension platform was deployed in 3 months, from initial kickoff to the go-live date. The automated process improved the customer experience by eliminating long phone calls and “ping ponging” between customer service agents. 50% of all customers chose to redeem their pension plans through the digital platform.

"We needed to ensure that every step of the integration process was carefully planned, and our unique challenges and strategic goals understood, in order to maintain a level of service that our customers already enjoy.”

Menora Mivtachim Executive

Source: Sapiens 2021
Use Case: Conversational Messaging (Chatbot) for Customer Interaction

Multi-line insurance carrier Ayalon desired to provide a remote service to customers by introducing a new chatbot channel. The company had already introduced digital self-service channels, so adding digital-assisted service solutions via chat was a natural next step to adapt to customer expectations.

THE GOAL
Provide a chat-based service that can cater to a variety of customer needs, while providing a transparent and efficient experience for customers.

SOLUTION
Sapiens’ BotConnect and LiveConnect solutions were used to create the conversations platform for the customer interaction program.

THE BUSINESS OUTCOME
The digital platform for the customer interaction program was deployed in 5 months, from initial kickoff to the go-live date. The result was greater customer satisfaction, with increased scores between 85-100%, according to internal surveys. Operational costs were also reduced, as 5.5% of customers chose chat as their primary channel of communications. Ayalon also increased revenue, with 15% of bot conversations converted to new deals.

“COVID-19 made customers realize that they can do anything from the comfort of their homes including managing their insurance affairs – and this accelerated the adoption of chat by our insured members.”

Einat Persiko
Digital Project Manager

Source: Sapiens 2021
SMA Call to Action

Digital platforms are foundational for success in insurance – today and in the future. They form the anchor for digital transformation, with the ability to digitally integrate with other systems to deliver new and enhanced capabilities to all stakeholders, including policyholders, distribution partners, employees, and others. Recommendations for moving forward with digital platforms depend on the current state or starting point.

If you are just getting started:

✓ Explore new techniques to understand the customer journey with activities like design thinking, personas, and customer journey mapping.
✓ Understand the digital platform by working with companies like SMA, attending webinars, and conducting your own research – be clear about what it is and what it is not.
✓ Have a future-focused vision – start with big thinking about future business capabilities beyond sales and service, the technology requirements that leverage existing core systems, and the new transformational technologies as well.
✓ In selecting a solution, explore with a wide-angle lens – choose not only the one that aligns with your vision and required capabilities, but that fits your culture and strategies too.
✓ Use a customer experience lens – when you launch your projects, start with key personas and journey mapping. Connect with the operations lens – make sure the persona and journey mapping are connected to the service blueprinting. Connect the outside back into the operations – otherwise, the operations will not be set up to support digital engagement efficiently and effectively.
✓ Continue the evolution – a digital platform is a foundational technology for digital transformation. Buying and deploying this platform is not just an initiative; it is a continuous investment in capabilities that support and enable digital transformation.

If you have already deployed a solution:

✓ It’s not too late to revisit the steps outlined above and evaluate the state of your digital platform strategy and future focus vision.
✓ See how you can elevate and strategically move your current plans to create the digital engagement required in today’s ever-changing world.

Transforming the customer experience is not just a nice-to-have capability, it is essential to remain competitive in the digital era. The tendency can be to jump directly to the technology required to support better customer experiences – and the technology clearly is vital. But the path to better customer experience begins with a deep understanding of customer needs and patterns. Old assumptions about agents and policyholders must be challenged. Creative solutions to address customer needs are required that encompass processes, people, culture, and technology. P&C insurers seeking to improve the customer experience should consider Sapiens DigitalSuite and their Digital Customer Experience Practice.
About Sapiens

Sapiens Digital provides the insurance industry with an unbeatable combination: decades of industry expertise combined with groundbreaking, innovative solutions for digitalization, automation and integration of external systems and partners. This combination unlocks the potential for insurers and start-ups of all sizes to evolve into modern, digitally advanced organizations that are well positioned for future-oriented e-commerce.

Sapiens International Corporation empowers insurers to succeed in an evolving industry. The company offers digital software platforms, solutions and services for the property and casualty, life, pension and annuity, reinsurance, financial and compliance, workers’ compensation and financial markets. With more than 35 years of experience delivering to more than 600 organizations globally, Sapiens has a proven ability to satisfy customers’ core, data and digital requirements.

For more information: www.sapiens.com.

About Strategy Meets Action

At Strategy Meets Action, our clients advance their strategic initiatives and accelerate their transformational journeys by leveraging our forward-thinking insights, deep vendor knowledge, and vast industry expertise. Strategy Meets Action, a ReSource Pro company, is an advisory firm that works exclusively with insurers and vendors in the P&C market, offering advisory retainers and project-based consulting services. Click here for www.strategymeetsaction.com.

Deb can be reached at dsmallwood@strategymeetsaction.com or 1.603.770.9090.

Follow Deb at deborah-smallwood on LinkedIn and @dmsmallwood on Twitter.