

Commentary

Why customer-facing tech is now key for insurance brokers

When tech works well on the front-end, brokers can maintain their market advantage even in the face of new competition.

By **Zviki Ben Ishay** | July 14, 2020 at 06:00 AM

Digital solutions, such as from Lightico, allows insurance companies to accelerate policy sales, renewals and claims processing. (Photo: Lightico)

[Digital solutions](#) aren't new to the insurance world, but the urgency surrounding their adoption has never been so great. Customers are demanding remote insurance transactions like never before thanks to continued coronavirus transmission fears, and the prevalence of remote services in many other areas of their lives. The financial incentive for insurance providers to digitize the entire customer journey is significant, as it boosts sales rates and retention.

Here are the top five reasons insurance brokers need to go digital to survive and thrive in 2020 and beyond.

1. Customers expect it

Unlike many other service providers, insurance brokers have a limited number of opportunities to impress their customers — primarily during the sales and onboarding process. And, given that customers generally stick with their provider, each prospective customer lost amounts to a significant lifetime value lost. That means that brokers today cannot bounce customers from channel to channel or require them to fill out too much time-consuming paperwork or risk prospects abandoning the onboarding process altogether.

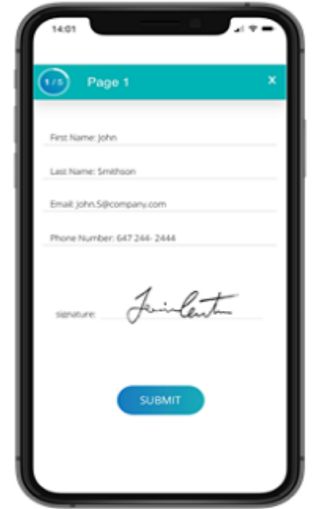
On the other hand, moving to streamlined, digital sales and claims processes reassures customers that they are in good hands during their time of need, boosting NPS and preventing churn.

2. Save time

Insurance agents spend an inordinate amount of time processing customer paperwork, manually sharing information with underwriters, and juggling multiple channels such as face-to-face meetings, phone conversations, email, scanners, and fax.

Furthermore, physical paperwork means that not-in-good-order (NIGO) applications are not just widespread, but needlessly time-consuming to fix. Digitized forms and instant document submission allows agents to immediately provide feedback on any missing or incorrect information in the application. Customers can quickly and easily make adjustments to their digital applications without the burden of having to print, fill out, and send paperwork from scratch.

Finally, digital payments ensure customers get their payouts quickly, allowing agents to complete the entire customer cycle without undue friction or confusion.



3. Save money

Cumbersome insurance onboarding processes aren't just a hassle for customers and agents: they are costly.

The first cost is wasted [marketing dollars](#). On average, insurance companies spend 8% of their budget on marketing costs, and some spend upwards of 15%. Customers that are initially attracted to an insurance company through marketing but fail to convert undermine this significant investment in marketing.

The second cost is the unrealized customer lifetime value. While customers rarely make claims, once they become a customer, they regularly pay insurance premiums, which is the lifeblood of insurance companies. But if dissatisfaction with the onboarding process leads to a failure to convert, the provider misses out on many years of regular payments that would have happened had it made a better impression.

4. Better compliance

There's a common perception that physical paperwork is supreme when it comes to compliance. However, that's no longer the case — and very often, digital technology has the upper hand when it comes to compliance. Whereas physical paperwork can be lost or accidentally expose sensitive customer data, digitized forms and documents can be safely and securely stored in the CRM.

In addition, digital forms and documents are frequently time-stamped and come with a full paper trail, ensuring future legal clarity.

5. Stay competitive

New pure-play digital insurance upstarts like [Lemonade](#), which recently filed for an IPO, are taking over more of the insurance market. This makes it imperative for traditional insurance companies to offer similarly intuitive digital processes to maintain their edge — and the reputation that goes along with it.

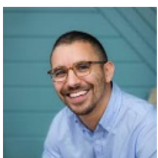
And offering a great digital customer experience combined with the human element that InsurTechs lack can have a real payoff. A recent [Medallia and Ipsos study](#) found that 44% of customers who had a positive experience with their insurer told family and friends about it.

On the flip side, unhappy policyholders have the power to do damage, with 39% of customers who had a bad experience with their insurance provider choosing to share the negative experience with others. In addition, 31% used the company less, stopped using it altogether, or switched to a competitor.

The cream always rises to the top, and policyholders can be insurance companies' best advocates if they're satisfied — or reputation-damagers if they're not.

The takeaway

Investing in customer-facing technology must be a key component of any broader digital transformation efforts, as it directly impacts the customer experience. When things work well on the front-end, retention and sales improve, time and costs are saved, and traditional brokers can maintain their market advantage even in the face of new competition.



Zviki Ben Ishay is the co-founder and CEO of [Lightico](#), a SaaS platform for customer interactions, that digitally transforms millions of connections between businesses and their customers. With over 20 years of experience in customer experience, call center technology and service, Ishay has developed a keen understanding of what businesses can and need to do in order to provide better service through digital and remote means to the benefit of both businesses and their customers.

The opinions expressed here are the author's own.