Auto Casualty

Is Digital Connectivity Changing The Way We Interact In The Insurance Industry?

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Today, the average consumer owns 3.64 connected devices, and this hyper connectivity has changed the way people interact and communicate with each other. Importantly, it has also transformed the way they want to engage with the brands they buy. Today's consumers demand deeply personalized, on-demand, omni-channel experiences, and that, in turn, is transforming entire industries. Just take a look at how the availability of on-demand content has changed consumers' television viewing habits in the last decade. It was only ten years ago, in 2007, that Netflix completely reinvented itself when it began streaming on-demand content. Hulu began streaming that same year. In 2013, the term 'binge-watching' was coined. Today, more than 50 percent of T.V.-viewing households in the U.S. are tuning in when and where they want via streaming services. The desire to have seamless, engaging interactions, anytime, anywhere—and from any device—is changing the insurance industry as well. In this Accenture study, a whopping 90 percent of insurance customers rated the ability to contact their provider at any time to get real-time status updates on their claim as important or very important to their satisfaction. In this same study, 80 percent of participants rated the ability to connect with their provider via multiple channels—phone, email, online, smart phone app, etc.—as important or very important.

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Transforming Relationships

An omni-channel approach to claims resolution is just the beginning of how connectivity is driving change in the insurance industry. In the traditional insurer/insured relationship, touch points are typically limited to monthly bills and the occasional claim. By investing in and promoting connected devices (smart locks, security systems, etc.) on their websites and through their marketing outreach, they can build ongoing, proactive relationships with potential and existing customers. Each time a customer receives a product discount for purchasing or a policy

discount for using a connected device—or simply interacts with a co-branded device—serves as another positive touch point. Not only do connected things—homes, cars, wearables—present a really exciting opportunity for insurance companies to create interesting, engaging digital experiences for their customers, but they also have the potential to completely transform their relationships with them. For example, in-car devices can monitor driving, measure usage, and provide real-time alerts for potentially unsafe actions like braking forcefully. Devices like these encourage safer driving behaviors—and customers who use them could be rewarded with lower rates. Insurance company-sponsored smart humidity detectors could identify mold-producing conditions before a problem develops, contact the homeowner via an app, and advise corrective measures. Smart carpet installed in a care facility could detect a change in movement patterns that predicts the need for intervention to prevent a fall. Through connected devices like these, insurers can move from picking up the pieces after an incident has occurred to actually participating in preventing them.

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Insurance companies, for their part, are beginning to recognize the opportunity, partnering with smart home products and service companies. Allstate, Liberty Mutual and State Farm, for example, are partnering with Iris, a smart home system available through Lowe's. Meanwhile, State Farm is offering Canary, a home security system that can be controlled from a smart phone. Liberty Mutual is taking things a step further—they've launched an in-house venture capital group and have earmarked $150 million to invest in technology companies with insurance-industry related offerings. Their first investment is in smart lock-maker, August Home. From smart phones to smart homes, consumer demand for rich, personalized and informative digital experiences is driving change across verticals, and the insurance industry is no exception. But it's also creating incredible new opportunities for insurers to add value to the relationships, improve satisfaction and deliver better outcomes. Given that satisfied customers are 80 percent more likely to renew their policies than unsatisfied ones, it's a smart move all the way around.



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