Integrated Communications in Insurance
The road to new winning strategies
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Integrated communications is a key lever for success in the insurance industry. The management of all forms of communications content and information is increasingly being viewed as a strategic business issue.

In fact, recent research indicates that insurers are investing in communications and content management to help drive top line growth*. The scope of what must be integrated continues to expand well beyond paper, and includes electronic and telephone-based content being exchanged through a variety of channels. Obviously, it is still important to run efficient operations and stay compliant, but there is a new level of appreciation for how the quality, availability, accuracy, and completeness of information can significantly impact relationships with customers, prospects, agents and brokers, and third party partners. It goes beyond documents and forms. Fully integrated communications encompasses all types of interactions that an insurance company has with others, especially the customer.

Customers and others expect personalized service delivered in a customized approach with tailored information. The standards for competing have changed and continue to change. Integrated communications is a major factor for building long-term strategic strength. The changing landscape of communications and customer expectations threatens some insurers – but creates new ways to win for those willing and able to grasp the opportunities, with greater rewards for those that act now.

Winning Across All Lines of Business

The competitive pressure to improve communications capabilities extends well beyond the front end of the value chain – beyond marketing and sales to the servicing of customers and distribution partners, and the management of claims and settlements. The importance of integrated communications applies to every product and line of business. It affects every aspect of insurance processing and every functional area. Future success depends on how well you are able to implement and manage integrated communications.

Now is the time to think about how well your organization is positioned to respond to the dynamics taking place and the changes impacting each company and the industry. It’s time to examine your organization’s ability to take advantage of opportunities. React mode isn’t good enough; often there is no time to build a solution. You need to be in control and ready to take action. Think about how you can best solve challenges, how you can capitalize when tides turn. Consider your sourcing options, what delivery models might work most favorably, and where you might turn for trusted partners.

* CCM & ECM: Insurer Priorities and Plans, by Strategy Meets Action, December 2010, Boston, MA, USA
Drivers of Change

**Insurance has always been a customer-centric industry.** Interactions with clients sit at the very heart of the business, often determining success or failure. Equally significant are the interactions that take place with others that contribute to the sale of insurance products and services, and the people and companies that help service the contracts.

As the complexity and volume of these interactions continue to mount, insurance companies are working hard to advantageously manage the change that surrounds them. There are three primary dimensions to that change – change in customer behavior, change and reshaping of products and services, and change driven by societal factors.

**Who’s Behind the Wheel?**

There is no question that customer dynamics and behaviors are changing. Customers are in the driver’s seat. And their experiences and expectations are being shaped outside the insurance industry. Customers are dictating when they want something, where they want it, and how they want it – the time, the place, and the media. To compete effectively, insurers must be ready with the right channel at the right time with the right message.

The tremendous explosion of information and communications and the convergence of these two technology areas are forever changing how customers buy, as well as what they buy. The demand for insurance products and services is being altered as expectations change. Hence, the fundamental competitive levers that determine winners and losers in insurance are changing. Leading insurers are realizing that they must reach and touch the customer in new ways with only the best communications.

Customers are not the only ones that are changing the way they think and act. The influence of our impatient world is causing agents and brokers to look to insurers for more sophisticated levels of support and cooperation. The many partners that insurers utilize to gain insight, deliver service, and settle claims are also improving their efficiencies and effectiveness. They are requesting and even offering incentives for improved integrated communications from insurance companies.

The regulatory environment is also influencing customer communications. Insurers must continually track new regulations in each insurance jurisdiction relating to what, how, and when they communicate with customers. In the UK, the Retail Distribution Review legislation introduced by the FSA (Financial Services Authority) requires insurers to follow specific guidelines for customer documents. Insurers must be in compliance when rules take effect in December 2012. In the US, each state has rules on how quickly an insurer must respond in writing after a claim is reported. A life insurance claim in California must be responded to in 30 days, while an insurer in Texas has only 15 days. Thousands of regulations are in effect and regularly changing, affecting policy language, rates, fee disclosure, and many other aspects of insurance communications.

The world where insurers could dictate the rules of the road are gone. The wheel is no longer in their hands. However, insurers that recognize this shift can influence where customers stop along their route by making their interactions easy, timely, and useful.
Revving Up the Engine

Insurers need to be able to take an enterprise-wide view of the customer – a holistic view. This means taking all of the information about the customer’s history with the company, relationships to other insured parties and companies, and projected wants and needs, and then making it available to those who need it in a format that is easily used. When a customer interacts with an insurance company, it is reasonable to expect the company to be aware of prior interactions as well as information that the customer has previously provided to the company or its representatives. It is reasonable to expect communications to be pertinent and meaningful to the customer’s particular situation.

Insurers also need to be capable of handling the changing expectations for product and service flexibility. Certain changes, such as pay-as-you-go insurance and some of the guarantee features for annuity products, are coming from inside the industry. Others like the personalized shopping promotions offered by retailers and online merchants originate outside the industry. Individually customized catalogs and electronic communications are common. As the use of data and analytics proliferates, customers are expecting interactions to be fueled with relevant content that responds and also adds value.

The Road is Not Always on the Map

These are unprecedented and uncertain times. There is an intrinsic need for speed and an accompanying need to be able to sense and respond. The rules and regulations that impact the insurance industry are changing more frequently and more pervasively than ever before. Every insurer must deal with thousands of regulatory changes a year, affecting not only their products, but also the wording, formatting, and timing of documents and forms that touch the customer. Insurers must be able to quickly and easily retrieve and manage documents for regulatory filings in every jurisdiction where they do business. Many insurers find this complexity overwhelming, but there are stiff penalties for not being in compliance – including fines and product delays – that can severely affect profitability.
Integrated Communications Capabilities

Business Capabilities Required by Insurers

High value communications are dependent on a number of specific business capabilities.

Figure 1. High Value Customer Communications

High value customer communications require business capabilities that give insurers the ability to manage both the process of communication and the information used during interactions. Insurers need capabilities that enable them to manage multiple channels in a way that allows a comprehensive view of customer needs and wants and accommodates delivery preferences. Business capabilities that enable insurers to personalize communications, appropriately time their delivery, and provide targeted messages that are of real value to the recipient are essential. Multiple languages must be supported. To maximize effectiveness, messages need to be consistently branded with content that enables up-selling and cross-selling.

Behind the scenes, insurers with the business capabilities in place to orchestrate high value communications will have workflows that are integrated. Data is integrated and the information is accessible to users throughout the insurance value chain when and where it is needed. Accurate, high quality data is used to fuel the product development cycle. The same business capabilities that provide integrated workflows and data are at work supporting compliance and improving cost control.
Integrated Communications Management

Insurers taking a leadership role in customer experience management are using integrated customer communications management (CCM) capabilities to drive new standards for excellence in managing all forms of communications content and information. At every touch point, interactions are managed to maximize the value to the recipient and capitalize on opportunities to grow the business, reduce loss costs, and increase customer satisfaction.

Using an integrated approach to CCM, the customer experience is managed holistically. There is an ongoing exchange of information and content that builds and cements relationships that continue to grow stronger. The interactions that take place are personalized and valuable to the recipient. Every touch point, whether it happens because of an insurance form, formal contract, correspondence, email, or conversation is synchronized so that branding is consistent, messages are personalized and pertinent, and the mode of interaction is based on the preferences of the recipient.

In the background, there is coordination of everything that affects all of the touch points. Call centers, customer support services, document management systems, and CCM systems all work together and use common data and insight.
Integrated Communications Vignettes

Insurers have many interactions with their policyholders throughout the customer lifecycle. The following vignettes highlight a few of the hundreds of types of communications that take place every day in the insurance world. One bad communication can result in lost business or the defection of an existing customer. One great communication can strengthen a customer relationship and sometimes secure that customer for life.

Marketing Promotion
A direct mail piece for home insurance is sent to current auto insurance customers in a cross-sell initiative. The mailing is mass customized for individuals, including translation to the individual’s preferred language and a personalized message. The piece is attractively designed and conveys a strong brand image of the insurer.

Welcome Kit/Onboarding
A package of information is sent by the insurer to every new disability insurance subscriber, within one week of enrollment. The welcome kit includes detailed information about the policyholder and her dependents as originally provided to the insurer, so that the new subscriber can confirm the accuracy and make any required updates via mail, call center, or web site. The kit includes only the regulatory-mandated inserts that are specifically relevant to the geographic area where the subscriber lives.

Billing and Invoicing
Customers receive a monthly statement and/or reminder regarding their policy premiums, based on their chosen preferences. Some policyholders receive an email with a web link, others an SMS message that their ACH transaction has been processed, and others a hardcopy statement via the postal system. The insurer includes transpromo messages on bills with customized offers of probable interest to the policyholder.

Premium Change Notice
A proactive communication to policyholders notifies them of impending changes to their premiums, with personalized, integrated messages that are tailored based on the insured’s residence and/or work location. The notice is sent via mail or email, or an SMS text message provides a web link to the letter, depending on delivery preferences stated by the customer. The letter explains the premium change and provides the policyholder with multiple ways to contact the insurer for further questions.

Claims Letter
Following a first notice of loss report by a claimant, the insurer confirms receipt of the report and sends a letter to the policyholder. The letter must be sent within a specified period of time and that period varies by jurisdiction. The insurer incorporates all pertinent information about the policyholder and the loss report, assembles a customized letter that includes pertinent assistance and further loss prevention information, and delivers it in a timely manner to avoid regulatory fines.

One major insurer discovered that confusing billing statements were the number one cause behind customer defections. Using a communications engineering discipline, statements and related policy dec sets and ID cards were completely redesigned. Wide scale testing confirmed that customers preferred the new documents over the old – and over documents from key competitors.
Sourcing and Delivery Considerations

There are new ways for insurance companies to take a leadership position. Just as the dynamics surrounding behaviors and expectations have changed, solutions have also evolved that are helping insurers improve their flexibility and responsiveness. Key solutions are available that give insurers the business capabilities to deliver sophisticated, integrated communications.

While some insurers might be thinking of building custom capabilities, there are other options that can significantly cut the time and the investment involved. Advanced solutions for integrated customer communications are available in the marketplace. New technology development approaches enable insurers to more easily integrate third party solutions into their existing IT infrastructure.

New technology service delivery models are giving insurers the option to acquire capabilities as they are needed. These new service offerings can be calibrated to match dynamic business volumes. Software-as-a-Service (SaaS) and cloud computing models can provide more flexibility and frequently speed implementation. Business process outsourcing providers are offering new customer service alternatives for call centers and other channels in a multi-channel environment.

A large mutual life company needed to improve how group sales collateral was printed, stored, and distributed. The company deployed a web portal enabling sales reps to personalize sales guides and select from flexible printing options to optimize printing and distribution based on volumes. This approach improved sales force productivity and brand consistency.
Recommended Actions

Real change is taking place in the insurance industry. Some of the fundamental shifts are occurring so rapidly that more than a few insurers will wake up and wonder what happened when it is already too late. It is time to be proactive – now! A strong brand and market presence will not be enough to compete effectively in the coming years.

Insurers should take the following actions to develop and implement new winning strategies based on integrated communications:

- **Evaluate the current environment.** Consider the unique dimensions of the company, including channel strategy, customer segmentation, and product portfolio.

- **Assess customer communications capabilities.** Determine whether communications are consistent, accurate, and effective – especially when viewed across channels and across the enterprise.

- **Identify technology solutions for integrated communications.** Inventory the current solutions in use across the enterprise and the new solutions available in the marketplace.

- **Consider new technology and service delivery options.** Understand the new models for delivery including SaaS, cloud computing, and BPO.

- **Seek a trusted partner.** Investigate experienced solution providers that bring scale, knowledge, and assets to accelerate implementation and provide excellent results.

- **Build a top-line oriented business case for investment.** Determine how enhancing customer communications capabilities can improve customer satisfaction, increase retention, and positively affect cross-sell and up-sell opportunities.

There is no question that insurers have a wealth of information in the vault. It is time to put it to full use to drive informed client communications and enhance the partnerships that can make (or break) the business. There are many different ways to solve the problem faster – many different ways to capitalize on new opportunities. This probably isn’t the time to build it all. Insurers should be looking for trusted partners that have the basics that will fulfill essential business requirements, partners that can support them now and have the strength to sustain their needs over time. Insurers that aggressively capitalize on integrated communications will be on the road to winning strategies that will clearly set them apart from their competitors.
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