



Insurance Industry

The future of Insurance in mobile experiences

Disclaimer

This research expresses our opinions, which are subjective.

Our views were based on public and available information.

All information here presented is reliable and accurate at the time of the research.

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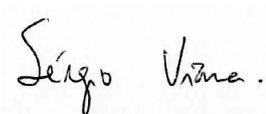
Foreword

The Insurance in the Future report is the result of all our research for the past few months. Our objective in producing this content was to spark a discussion regarding the future of this industry, reflect on the challenges insurers still need to tackle as well as emphasise the opportunities insurers can take advantage of. We've also selected ten different insurance mobile applications. Our goal with this study of various mobile applications was to understand the existing digital solutions in the market, identify best practices and highlight what's being done differently to improve users' daily lives and their overall experience. Our ultimate goal with this report, then, is to shed some light on the future of this industry and share our vision for it.

As would be expected, this report has also been impacted by the COVID-19 pandemic. While we were writing and researching the industry, the pandemic struck us all, and we had to reformulate some parts of this report so that we could genuinely reflect about the changing conditions of the industry and the world at large. On the one hand, some of the chapters that were previously included in this report no longer made sense and on the other hand, we had to include new chapters that could introduce our new reality, our "new normal". It is true that while none of us can predict what exactly the future has in store for all of us, we can recognise the importance that the digital medium had in our lives in the last few months, especially during the lockdown, when there were no other alternatives available other than the digital. That being said, it should not be a surprise that the importance of all Digital initiatives increased a lot during this period, becoming a real catalyst for Digital Transformation.

Xpand IT and, by extension, the Digital Xperience Business Unit have been enthusiastic advocates of digital channels for a number of years because we recognise and understand the importance they already have and will continue to have in the coming years, as users will increasingly rely on digital solutions to simplify their daily lives. In our view, digital channels should be a necessity rather than just one of the organisation's priorities: the right technology allows organisations to become more resilient, more agile and it can even help originate creative solutions to existing problems. Therefore, digital channels need to accompany customers' behaviour changes.

In this "new normal" we're living in, we believe technology will continue to be a decisive factor of success for insurers of the future, be it by building virtual agents that help distribute the load and improve customer service; by streamlining business processes that take advantage of Automation and RPA or even innovating in the way they use data to offer more value to their customers. This report aims to shed some light on how all this technology can be used in the Insurance Industry. I hope it's valuable to you and please feel free to reach out.



Sérgio Viana

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Introduction

Insurance is one of the biggest industries of the world. According to Swiss Re Institute, it generated more than \$5,0 trillion in 2018. Insurance is categorised as assessing, managing and transferring risk and, according to Google, it's "an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness or death in return for payment of a specified premium."

This industry, much as we've been witnessing with the banking industry, is slowly but surely being disrupted by the adoption of new and advanced technologies.

"[...] basically, it's remained unchanged, unspoiled by innovation for 100 years. The Fortune 500 is made up of 10% of insurance companies and the average age is just shy of 100 years old. You've got a huge industry and an industry that has been untouched or unchanged in any profound way for a very long time".

Daniel Schreiber, CEO of Lemonade (an insurtech startup based in New York)

Traditional players in the industry, therefore, run the risk of losing a foothold in the market due to the emergence of startups and SMEs which are driving innovation and disrupting the traditional ways of doing business. These companies, commonly called 'insurtech', are companies that focus on the customer and are constantly trying to develop digital solutions and systems that can simplify the bureaucratic process of buying insurance and of using it when needed.

By having a customer-centric strategy and by using technology such as Artificial Intelligence to help them scale and automate their processes, insurtech companies have a huge advantage in the face of more traditional players. In fact, by rethinking the customer journey and starting with the customer, these new industry players are changing the rules of the game.

A New Generation of Insurance

01

For the last few years, a number of factors have been responsible for the disruption of many industries, such as growing consumer demands and expectations, the emergence of new and advanced technologies, an increase in data collection, changing demographics and also the entrance of new competitors in the industry are only some of the factors which are impacting on the insurance industry. Inspired by the digital experience that companies such as Uber, Amazon and others provide, consumers now expect their insurers to provide the kind of digital experiences they have with online retailers and mobile-only banks. Nowadays, experiences are compared across industries and discussed on YouTube in video reviews that get many millions of views.

With technology, more information is accessible to consumers and these same consumers are taking advantage of that by comparing prices, experiences and asking for recommendations to their friends and family. As consumers expect more convenience from their digital experiences, they want to be able to perform actions when they want and where they need all the while using a channel of their own choosing.

“With the emergence of readily accessible information, this local focus widened and allowed for 24/7 active comparison and competition, e.g. via online direct sales or price comparison sites”.

Alex Ruthemeier & Christian Macht in The Insurtech Book

Brands worldwide are under an enormous pressure to exceed customer expectations and delight their customers with memorable experiences, all while staying abreast of the latest innovations and technologies that bring companies a step closer to market leadership.

Consumer demands, expectations and behaviour is clearly changing: for example, studies have shown that 85% of consumers with insurance would like their insurer to give them insight into how they can lower their premium, for instance, by suggesting changes in behaviour. There are numerous statistics such as this one that make it clear that consumers expect much more from their insurers and that means that insurers need to start thinking in a more customer-centric way. These changes in behaviour and increasing demands from consumers only means that insurers need to rethink their own digital experiences.

Only by putting the customer at the centre of everything they do, can insurers start changing their way of conducting business, changing mentalities and begin to understand the needs of their customers in order to structure their companies to act upon them.

New entrants in the insurance market – insurtechs – are doing exactly this. They are reinventing the way insurance is sold and bought by putting their customers at the heart of their daily activities and at the heart of their business decisions.

It is also true that nowadays, the amount of data collected about a single individual is simply astounding. Almost every device we use on our daily lives is collecting information about us, about our habits and about our every choice and decision. Everything we do, every task we perform, can be constantly measured...

These companies are taking advantage of advanced technologies such as Artificial Intelligence, Machine Learning and even Blockchain to help them interpret more accurately the amount of information they capture and, consequently, using that knowledge to improve the experience of their customers.

All this data collection means that service providers have more information about us than ever before and can, therefore, use this information to help us make better choices and decisions. There are risks with this approach, naturally. What happens when insurers use the information they have about you to raise your premium? Does your premium go down when you smash your daily workout or when you comply with all traffic regulations? Does your premium go up when you don't use your indicators or when you don't exercise for a month?

There's an ethical side to this whole discussion of users sharing personal information with insurers, which must be addressed not only by the insurers but also by regulators: users might be willing to share their personal information in order to see how they can lower their premiums or lead a better, healthier life. But the sharing of personal information should not be used by companies to "penalise" their customers if they ever make a "bad" decision – insurers have to guarantee that collecting this kind of information about users is only ever about helping the customer by providing them with relevant insights, and not about making more money or making a profit.

The changing demographics our society is witnessing are also changing the way insurers sell their products to consumers and might prove to be a challenge when



retaining those same customers, depending on the way companies manage the relationship they have with their customer base. In the United States, for example, the percentage of “traditional families” (father, mother and children) is decreasing while cultural minorities are increasing, year on year. People are delaying retirement and, hence, are active until a more advanced age. Younger people are moving back to the cities and, therefore, might not need to own a personal car – or buy car insurance, for that matter. Younger generations are renting apartments instead of buying them and this means they might need another kind of insurance – insurance that protects their personal belongings rather than the property.

We could mention many other factors (like, for example, the higher propensity of natural catastrophes) that are creating disruption in the industry but what’s fundamental to retain is that **insurers need to be attentive to these changes and adapt their products and their business models in order to stay relevant to their customers. People will buy insurance from insurers that have a deep understanding of their needs and that is only possible if insurers are paying real attention to how the world is changing every day.**

Future of Insurance

Challenges and Trends

02

From the remnants of the old way of doing things, a new generation of insurance players starts to take shape. With this new reality come new opportunities that companies can make use of in order to maintain their relevancy to their customers and also maintain their presence in the market.

Alongside the numerous opportunities that the industry will need to take advantage of, the challenges it needs to address and tackle can be summed up in four different themes:



Consumer behaviour

As we've explained in the previous section, increasing demands from consumers are pressuring insurers to change their business models and also the way they sell insurance. Consumers now expect the same transparency and the same delightful experiences they have with other providers in different industries, regardless of the channel they use and, as such, it is paramount that insurers be aware of their customers' demands and needs so that they can retain their customers and adapt their business models to the changing reality. But demands are only the tip of the iceberg. **Different generations of consumers have different behaviours and needs and insurers need to understand how different customers behave in order to offer them more relevant services to their unique needs.** According to iscoop, generation Y, for example, displays a channel-agnostic behaviour with a preference for digital channels and they don't feel any kind of obstacle buying insurance from insurtechs or fintechs. In conclusion, it's absolutely crucial to understand new tendencies of behaviour in order to be proactive when responding to customer's needs.



Lack of trust

According to an EY study, the insurance industry is one of the least trusted industries in the world with **"57% of consumers reporting dissatisfaction with the lack of interaction and proactive communication from insurers"**. Furthermore, according to an Accenture survey, 1 in 4 people affirm that it is okay to defraud an insurance company. Even these numbers may not be completely correct since they

only account for people who actually admit to investigators that it's okay to defraud an insurer. However, these statistics do serve to stress the point that the relationship between consumer and insurers hasn't been a good one for as long as insurers exist and this is a lose-lose situation which ends up creating a vicious cycle. On one hand, consumers distrust insurers and only buy insurance because they have to, therefore they think of insurance as a "necessary evil" and on the other hand, insurers suffer from fraud because consumers feel it is "right" to commit fraud, convincing themselves that this behaviour is justified because insurers take advantage of consumers. For generations, this cycle has been a very accurate description of insurance, and it is time to break it; otherwise consumers will continue to perpetuate the insurance industry's bad reputation and the relationship between insurers and consumers cannot evolve from this mutual distrust.



Advanced Analytics

It is undeniable that the number of devices that collect all sort information about us is growing. It is also true that insurers need to start taking advantage of the enormous amount of information they have about their customers. But is not just important to have the data, it's also important to understand it. With advanced analytics and technology such as big data, information collected by mobile devices, smartwatches, IoT devices and many different sensors constantly measuring everything we do, **insurers can have access to real-time data on their customers which opens up an opportunity to access their customers' life, habits and health statistics.** These analytics help insurers be more agile and better understand their customer's context: therefore, insurers will be better equipped to respond with timely and hyper personalised communication and offers, highly targeted for the individual customer. Besides, insurers will be in a position where they will be able to personalise premiums and coverage conditions, they will be able to adjust policies and optimise their own strategies. Not the least important, they will have the capacity to identify new growth and business opportunities faster and, using technologies such as Machine Learning and Artificial Intelligence, they can create the scale needed to optimise their operations and gain the agility to act on new business opportunities more rapidly.



Cyber Risk

Although this challenge is not specific to the insurance industry, it is still one of the biggest challenges the industry needs to tackle, especially since the potential of cyber-attacks and threats is growing with every year that goes by. In fact, the number of news reporting cyber attacks on many different businesses is increasing and these attacks continue to become more sophisticated. According to LinchpinSEO, “understanding and navigating the world of cyber risks will help [insurers] prepare for challenges that could arise with individuals and businesses.” **A challenge like this may present an opportunity since individuals and businesses may be willing to buy insurance that cover losses that originate from cyber-attacks.** However, this is not a clear business opportunity for insurers since, as PwC states in a survey about cyber insurance, “it is still unclear whether or not cyber risks are adequately priced given the increasingly systemic and extreme nature of cyber-attacks. There’s a lot of uncertainty still when dealing with cyber risk. Hence, insurers, need to invest in understanding the risks and opportunities in order to balance them accordingly.

On the other hand, the trends in the industry point to different themes such as:



Hyper personalisation

Everybody is talking about personalisation, regardless of the industry they work in, and with good reason. Consumers are fed up with the approach one-size-fits-all that brands have insisted on for so many years. With ever more data and information about their customers, there’s absolutely no justification for perpetuating this approach. Personalisation is something that benefits everyone. On one side, insurers will be able to deliver highly-targeted coverage and pricing and will also be able to establish a more personalised communication with different individuals. On the other side, customers will show higher levels of satisfaction and the probability of continuing to buy coverage from that insurer is higher because they are recognized as individuals with different needs and motivations rather than a person who fits a certain fixed segment or cluster. When done right – meaning that you need to have context and content available to

create those kinds of interactions with your customer – **personalisation is key to create a successful, unique and more personal relationship with your customers.** To better make this point, a study performed by Mindtree revealed that “77% of banking and insurance consumers say that customised promotions encourage them to buy products and services they have never purchased before”.



Device Connectivity

Everything we do can be measured and with each day that passes, more and more devices collect data that can be used by insurers to help us make better decisions. From Internet of Things (IoT), connected cars, smart homes and activity trackers, a growing number of devices are connected 24x7: not only connected to us (measuring our activity levels or our heart rate, for example) but they are also connected to each other (they can communicate and transfer information between themselves).

That means that insurers can have access to real-time information from their customers and, in fact, all this information is crucial in order for insurers to reassess risk and price. All this data can also be instrumental to revolutionizing the customer experience and the way insurers interact with their customers, giving insurance companies the opportunity to establish a different relationship with customers and also the opportunity of creating a different kind of conversation: more personal, more immediate and more catered to the customers’ lifestyle and needs. Furthermore, customers are now even more willing to share their personal data with insurers if that means that insurance companies will give them benefits and discounts.



Automation

The insurance industry has some bureaucratic processes that can become truly bothersome, like, for instance, filing claims or the underwriting process. With the march of technology, though, some companies are investing in Robotic Process Automation (RPA) to help them digitise those processes and automate their tasks: using this kind of technology, they can not only save money but also free up important resources to other tasks that need human attention. Lemonade’s claims process is

an extraordinary example of how automation is helping insurers save money and dedicated their resources to other tasks. On their website, **the insurer claims that 30% of their claims are handled instantly and paid in seconds by their AI virtual assistant and the company can handle claims in a matter of seconds.** Artificial Intelligence is helping the company reduce costs, brokers, paperwork and even time spent on handling claims. In turn, consumers report higher levels of satisfaction and some of their reviews are testament of how Lemonade is using automation to better their customer experience. One of the customers tweeted about the awesome experience he had after his bikes were stolen, affirming that he had never thought of saying that about an insurance product. Automation has an enormous potential for improving business outcomes and customer experience and it lowers costs as well as helping the company remain competitive in the face of the market's changing conditions.



Blockchain

Blockchain technology has huge advantages for the insurance industry, especially when it comes to underwriting, identity and fraud management, claims processing or even smart contracts. According to Blockchain 101, **the five key benefits of the technology include: better transparency, enhanced security, reduced costs, traceability and, finally, speed and efficiency.** The benefits for the insurance industry are clear: the volume of data that insurers have to deal with every day is astounding and being able to transport that data across different stakeholders while guaranteeing data's security and integrity is a great advantage. Furthermore, being a decentralised system helps immensely when the goal is to keep costs down which, again, allows for more efficiency since middlemen and third-party players are no longer needed to take part in the process. The same logic applies to the smart contracts – while traditionally you would need a middleman for settling a contract, with Blockchain technology contracts are written as code and submitted to the blockchain and after that, contracts are secure in the network and supervised by such.

Digital Xperience in Insurance

03

Year after year, an increasingly larger number of people are turning to their mobile devices to help them manage and facilitate their daily lives, and various statistics can prove this: according to App Annie's State of Mobile 2020 report, users spent 3.7 hours on their mobile and downloaded 204 billion apps in 2019. All these numbers and metrics demonstrate that mobile devices are consumer's go-to device whenever they need to do or search for something. Mobile devices are essential tools to get by in our modern day and age, where businesses, people and even cities are becoming increasingly digital.

“The new decade ushers in the next phase of mobile, with smartphones serving as the primary interface through which we interact with the world around us”

App Annie, 2020 Mobile Report

That's because smartphones are – nowadays – able to help us accomplish a great variety of things: from ordering food to controlling our finances or even buying things with just a click. Smartphones are also able to interact with all the other devices that are part of our lives (you can control your TV, your PlayStation, your Xbox, your watch and even your house through a mobile app).

Insurance is a big part of the financial market and therefore, it's only natural that insurers are focused on making the shift to mobile first, instead of just relying on agents and brokers to gain market share.

At this point in time, we all recognise their importance and how reliant on mobile devices we have all become, so there's really no need to make the case for why it's important to offer a mobile application to your customers. However, what's less clear for many different organisations is how a good experience on said mobile application offers brands a competitive advantage and how a well-thought-out mobile application can make a great difference in your users' lives, customer satisfaction levels and even brand loyalty.

It's no surprise that today's digital-savvy customer expects to find the same kind of intuitive, pleasant experiences with insurance mobile applications as they do with their most used mobile applications. Even so, it's clear that insurers have lagged behind regarding their usage of the mobile channel, comparing to other companies in other industries. Why? It might be that insurance companies have different challenges to overcome, namely when it comes to signatures and security seeing as they deal with highly personal and sensitive information but for customers who're mobile first, these don't seem to be a good enough justification for their insurers not to invest in a differentiated mobile experience.

Mobile Insurance: App Study

04

The insurance industry in the USA is typically divided into two different sectors: P&C (Property and Casualty) and Life and Annuity. In Europe, insurance is generally divided into Life and Non-Life segments. Inside these segments, there are many more types of insurance: travel insurance, health insurance, life insurance, home insurance and motor insurance. There are a great number of companies that offer one or more kinds of insurance and, therefore, for the purpose of this report, we have made the decision to engage in a broader analysis of the industry. In this way, we are able to portray the insurance industry as a whole instead of analysing only one segment of the industry.

Following our decision to study this industry as a whole at a global scale, we selected 10 different apps that would help us understand the existing solutions in the market. The apps we've selected for our mobile insurance study are among the best rated globally by users.

While studying these apps, we focused on learning best practices, looking to see what the apps are doing differently to improve their users' daily lives and, ultimately, shining the spotlight on the future of the insurance industry.

Similar to what happened with our previous study – [Banking Industry: Swipe into the Future](#) – our goal when comparing apps was to reflect on the future of the insurance industry and how disrupting factors might impact on these apps, rather than just stating that one app is better than another, seeing that we firmly believe that different apps have different purposes and positioning and, hence, respond to different customer needs.

In the table below, you will be able to see ratings on each of the stores – Google Play and App Store – of every mobile application we analysed:

App	Google Play Store Rating	Apple App Store Rating	Average Rating
Lemonade	4.6	4.9	4.8
Metromile	4.0	4.7	4.4
Cuvva	3.9	5.0	4.5
Oscar Health	3.4	4.8	4.1
Geico	4.8	4.8	4.8
Alan	4.64	.5	4.6
Zego	4.84	.7	4.8
State Farm	4.24	.8	4.5
Root	4.24	.7	4.5
Cover	4.04	.7	4.4

Similar to what we did before in our Banking Study, we based our evaluation of the different apps included in this benchmark on two criteria: usability and value. In our view, usability is a critical concept not only because users need to perceive real value while using the app as well as be able to use the app without any difficulty or additional learning.

Usability in the context of insurance applications is based, in our view, on the following fundamentals: personalised experience, contextual navigation, pro-active virtual assistant, artificial intelligence and machine learning and finally, a focus on the future. These five pillars, all together, are the backbone of relevant mobile experiences.

To offer a personalised experience means that we're not offering a one-size-fits-all solution. Personalised experiences must rely on technologies, such as artificial intelligence, which are the engine that fuels a unique experience. Furthermore, contextual navigation is fundamental for the relevance of the experience – the user can navigate the app while seeing tasks aligned with a given context. Additionally, in our vision of the next generation insurance app, it is not enough to have a virtual assistant. We believe that any virtual assistant should be pro-active; that is, it should be empowered to act and not wait for the user to engage.

Last but not least, insurers should focus on the future when it comes to what they are offering their users. That means that they need to be willing to take bold actions to keep giving the best experience to the users. Our definition of value in a mobile insurance app is the one of perceived value which is a combination of features (does it meet the needs of users), personalisation (can it be personalised to meet each user's needs) and engagement.

For this study, value is the evaluation customers' do of the benefits of the mobile application; that is, is the mobile application able to meet customers' individual needs and expectations? Additionally, we must not forget that perceived value means different things for different individuals.

Our visual analysis not only reflects about usability and value but also different layers that represent different evolutionary steps or stages of maturity in the evaluated insurance apps. These four stages are layers that reflect the evolution of perceived value by customers.

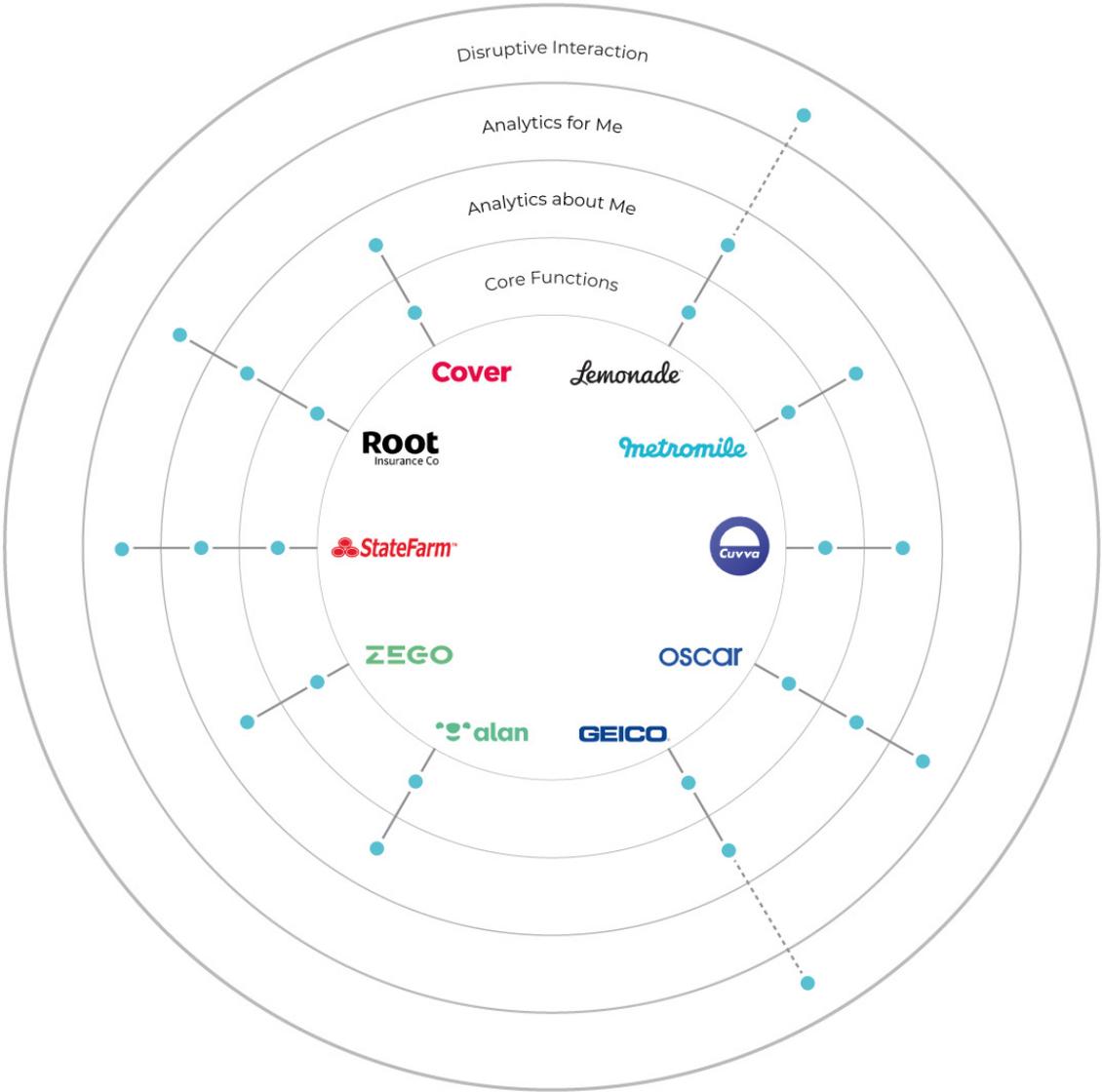
The first layer (**Core Functions**) comprises all the basic functions users would expect to be able to do with their mobile insurance applications. Regardless of the kind of insurance we're talking about, we can see on the graphic below that all apps allow users to perform basic actions such as consult coverages, personal data or managing policies.

The second layer (**Analytics About Me**) pertains to analytics capabilities. This layer means that the insurer is collecting and interpreting data about the user. Still, it hasn't yet translated all that data into meaningful action, showing only parts of it – like how much was spent already in medical appointments.

The third layer (**Analytics for Me**) builds upon the second layer. This layer relates to the degree of customisation that the user can do with the mobile application for it to meet their needs. Insurers positioned at this layer not only have a massive amount of data about their users, but they're doing something with it. They're putting all this data to work, creating more value to their users be it by offering personalised insights, offers or others.

The fourth layer (**Disruptive Interaction**) crystallises our vision of the next generation insurance mobile application: this is a mobile application that knows the users and strives to make their lives easier and uncomplicated. It's an intelligent mobile application, attuned to the users' needs. Mobile applications positioned at this layer are turning users' information and data into different actions, offering real and palpable value to the user. It's a proactive mobile app that has the right processes in place to help users make the best decisions with all their insurance products.

Following these criteria, we rated the evaluated apps, which resulted in our strategic positioning below:



Legend

- Not Present in the product / app
- Present in the product / app

You will find a more comprehensive analysis of the apps below. This analysis is meant to complement the visual approach we have just included in the infographic above.

Lemonade™



Lemonade's mobile app strives to be super-fast, super accessible and super convenient. You can get insurance in just a few minutes and part of Lemonade's mission is to automate the entire claims process so that customers can get paid in just a matter of minutes. **Lemonade's mobile app counts with the help of Maya, their artificial intelligence bot, which helps customers find the perfect coverage for them.**

They also have the help of machine learning algorithms in order to process claims faster – using this technology, Lemonade can pay out on claims faster than any insurance company in the market, which is a source of great satisfaction for their customer base. A high number of customers report that they're super satisfied with the ease of use of Lemonade's mobile app – they say it is convenient, easy to navigate and quick to set up.



The Lemonade mobile app, according to some of its users, provides an experience that is not always convenient when it comes to customer service. **Some customers claim that is hard to get in touch with a human when they need to escalate a problem** and others mention that there's not enough information about each type of coverage via the mobile application.

Because the Lemonade mobile app relies on machine learning technology to automate the claims process, some customers say they were accused of fraud when they needed to make a claim, which made some customers unhappy. In order to avoid such frustrations, it's important to understand the bias that this technology unwittingly promotes.

metromile



Metromile's mobile app offers pay-per-mile insurance policies. Customers who don't drive a lot can benefit from this kind of insurance and, in fact, a lot of customer say that this mobile app is easy to use and you can set up your car insurance very quickly. **You can scan your driving licence directly into the application using your phone and you can customise your coverage too.** Filing claims is also convenient through the app – you just need to follow the step-by-step process that Metromile provides in the app.

There are other functionalities that help users get the most out of this service and mobile application: you can connect your car to the application and then use the app to locate it easily, avoid fines and even get help with decoding engine lights. Furthermore: you can check trips, mileage and fuel costs.



Many customers complain about customer service: they say that quality is poor and it takes them a long time to get an answer. Additionally, **multiple clients have reported issues with the performance of the app – they report that the app has crashed many times**, which suggests working on the performance of the experience.

Another aspect to be considered is the claims process – some clients mention that it takes too long, which then becomes a bad experience, not only with the mobile application but with the service in general. If this process were faster and more efficient, more customers would report higher levels of satisfaction. Other clients talk about the lack of precision on maps, saying that they can't locate their cars properly, which is something else to consider in order to provide a better experience for their customers.



Cuvva's mobile application offers three kinds of insurance at the moment: temporary car insurance, subscription car insurance and travel insurance. **Using their mobile app, customers can create an account in just a few minutes and if they run into any sort of problem, they can reach help 24/7 on the app's chat.** You can get temporary car insurance from an hour to 28 days and you can check in the app how much time you have left and extend your coverage.

More recently, Cuvva has rolled out a monthly subscription car insurance where customers can cancel any time they want. For increased convenience, you can pay directly in the mobile app with your card or with Apple Pay (for iPhone users). With their travel insurance, you can get coverage for single trips. For customers who feel that the service is too expensive, Cuvva has added a feature that helps them understand exactly what factors are affecting customer quotes.



Due to the COVID-19 outbreak, Cuvva has suspended all sales of travel insurance, and customers can no longer purchase that service through the app. Regarding the actual experience with the app, **some customers report that customer service is not as fast to respond to issues as the brand claims on their website** and others that the company won't insure certain cars. Even though the majority of customers report that the mobile app is convenient and easy to use, customers still say the service is expensive and not worth the hassle.

oscar



Oscar offers health insurance through its mobile application. You can book an appointment, talk to a doctor and search for health problems, all in the app. **You have access to your complete plan, your claims, lab results, prescriptions, payments and everything you need to know about your health insurance.**

Through the mobile application, you can have your prescriptions refilled without needing to go to the doctor and you can get them delivered to your pharmacy. In the chat section of the app, you have the possibility of messaging your concierge team – a team of experts that can help customers find doctors, answer questions, understanding bills and more. Oscar Health also helps you keep moving and rewards you for it: you can track your steps on the app, you can earn an Amazon gift card for every day that you reach that goal. Finally, you can access your ID card and track all your deductibles.



The majority of the users' opinions are positive, and customers say that the doctor-on-call feature and the mobile app are one of the best parts of the service. However, some customers report that the **claim process can be painful and there have been customers who say that there were billing and claims errors, and that solving these issues took a long time**, hinting that the customer support might not be as efficient as others claim.

Other customers complain about the small network of doctors that actually take this insurance, making it harder for customers to be covered and leading to extra costs. Furthermore, the way in which doctors are organised within the app may not be very intuitive or easy to understand, according to some customers, which basically just generates a whole lot of frustration when customers need to find a specific doctor and can't.



Geico's mobile application offers car insurance. The start of the customer experience in the app seems to be easy and intuitive: **you can get a quote and start your policy directly from the app, access all your ID cards and manage your policy too.** Moving on to customer service, you can get help in the app by messaging Kate, GEICO's virtual assistant.

Furthermore, you have the ability to request roadside assistance directly in the app or even file and manage claims. Conveniently, you can also pay and manage your bill without leaving the app. Customers happily report that the customer service through the app is fast and efficient, as well as the claims process, which can be completed there and is handled efficiently by the company.



Some customers report that the app navigation could be better and more intuitive, taking them longer than expected to complete some tasks, while others affirm that while the app is good overall, it has some performance issues (some customers report that the app is slow and that ruins part of their experience with the mobile application).

Regarding the claims process, some customers affirm that the process of uploading documents is super frustrating and not a satisfying experience.



Alan is a French company offering health insurance services. Through the mobile application, **customers can enjoy the convenience of telemedicine, consult all the details of their cover, access their “Alan card” and upload documents for reimbursement directly in the mobile app.**

Customer opinions and reviews report that customer service is fast and efficient and that the reimbursement process is also handled swiftly by the company, which offers a complete digital health insurance. Customers also affirm that the app has a clear design and is simple and easy to use. Finally, they also mention that all the information they need is there in the application, and it is both comprehensive and useful.



While Alan pride themselves on their onboarding process being easy and done in just a few minutes, some of the customers that used their mobile application **reported that they didn't have that smooth first experience with it.** Another negative aspect to consider is customer service – some consumers say that help is only available through the mobile application and that they don't get fast answers when they need them.

ZEGO



Zego offers work insurance for drivers & riders and insurance for fleets. **Drivers can buy insurance for the period they're at work (such as delivering food with Uber Eats or Deliveroo and others).** Onboarding on the mobile application is easily done in just a few minutes and customers can pick the plan they want after filling in their personal information on the mobile app.

Zego works a little bit like Revolut in the sense that you can top up your application, check your balance and even your cards, and customers only buy the insurance they need, as they aren't tied to a specific plan with specific conditions. Self-employed customers – the niche of this app – can also access their insurance documents via the mobile app, so this makes for a convenient experience for people who don't spend their day in front of the computer.



Some customers complain that, even though Zego's mobile application comes with a referral incentive, **they have never received their referral credit, which makes customers doubt the credibility of the company's advertising and promises to them.**

Some customers also point out that they can't renew their insurance through the mobile application, which begets the question – why going through a mobile application that doesn't let customers renew their insurance directly from there? Additionally, some customers mention that when they need to get a quote, they are obligated to download the app, which for them is a nuisance and a bother.



State Farm offers a wide range of insurance products: through their mobile app, customers can pay their bills with Apple Pay and Android Pay, for instance; they can view their auto insurance ID card and even add it to Apple Wallet; they can consult their insurance policies and all their coverage details.

The claims process is all handled in the app – you can file a claim, track its status and get notifications. The mobile application also integrates with Siri and you can ask the virtual assistant to view your insurance cards. For users that buy car insurance, there's another application called Drive Safe & Save that basically helps users drive better and get rewarded for it.



Because State Farm has a lot of different insurance products and banking services too, some users say that **their mobile application takes some time to get used to and they feel that the application could benefit from being better organised** – at least on the landing screen.

Some users suggest having a menu where they can check all their products would be a cleaner and more organised look for the app. For the users that use the Drive Safe & Save, they complain the app is not accurate enough and ends up damaging their scores – they say the app ends up not having any real value, even though the concept is interesting.

Root

Insurance Co



Root offers car insurance based on driver performance. The mobile application assigns a score to each user based on driver behaviour. **Customers can change their coverage at any time they want and file a claim in just a few minutes, directly in the app.** Many customers talk about the mobile application being very easy to use and report that the experience is convenient.

Root has an interesting feature called “Test Drive” – potential customers can download the app, drive around normally for a few weeks and, at the end of the testing period, Root tells their customers if they can insure them and give them a quote. Customers also mention the ease of onboarding and the claims process.



While customers generally speak well of the app’s ability to monitor driving habits, **some of them mention that Test Drive feature in the app is misleading and not transparent.** Root’s potential customers have to perform a test drive for 30 days in order for the company to establish a profile and determine a rate: the fact is that many customers have complained that, having committed themselves to the test-drive and stressed about their driving behaviour, after 30 days Root answered saying that they couldn’t insure them.

Customers referred to the experience as extremely disappointing seeing that they had to endure 30 days of an app monitoring their driving behaviour only to have the company say that they couldn’t insure them.

Cover



Cover's mobile application offers a different kind of service: users have only to answer some questions and then the mobile app does all the work finding the best rates for the cover the customers want. You can get insured with just a few clicks and you can also link your payment information to the app. If customers need help, Cover has a team of agents reachable by text message, who can advise on rates and types of cover.

After you've purchased your insurance plan, you can manage it in the app or talk to your dedicated agent. Customers report that the app is super convenient and easy to use and that it does exactly what is needed of it. They say the experience is simple and that the communication is on point. You also have access to a referral programme where if your friends buy a policy, then you both get a \$25 Amazon gift card.



The experience is not completely managed through mobile and maybe the company could or should explore this avenue. Customers download the app and answer some questions in order to receive their quote but the mobile application serves only as a launching pad to texting and/or speaking to an agent by phone or by text message.

That may be somewhat disappointing to customers who are looking for a completely digital experience. Some customers say it is limiting only having an option to text their advisors and, as a result, customer support is not as good as it could be.

100% Digital Insurance: New normal

05

2020 started with a bang, one could say. We can all agree that the beginning of the year was unforgettable – and not at all for good reasons. Due to the COVID-19 pandemic, the global economy took a severe hit. All businesses, all industries and all sectors were impacted and there wasn't a single company or person that has been spared as a result of recent events. The pandemic forced businesses to close, people to self-isolate in their homes with little social contact and forced us all to adapt to a different reality.

“COVID-19’s impact on global growth and the insurance industry is likely deeper and wider than the current consensus.”

Global Macro and Insurance Outlook Q1 2020

The COVID-19 outbreak is impacting the insurance industry in different ways – from workforces adapting to working from home to business models and customer service being readjusted, insurance companies have many logistical and operational aspects to consider, to revisit and to change. We've said this before – organisations that were prepared with the right digital tools have managed to adapt more quickly to the changing circumstances of global and local markets.

This is true not only for insurers, but to many different organisations in other industries. In a situation where people couldn't leave their homes for months other than to fulfil basic necessities (like buying food or medicine, for example), companies that didn't have digital alternatives to their services in place, were deeply impacted and saw their businesses crumble overnight.

That's why we've been advocates of digital channels for the last few years – we firmly believe that digital channels should be a priority instead of just a necessity for insurers that really want to maintain a close and relevant relationship with their customers.

In the light of recent events, digital channels have become even more crucial because in these uncertain times, digital tools are the one tool that allows companies to keep in touch with their customers and take that relationship to a different level. As we've mentioned before in other contexts, digital tools can outlast changes in context and they are the backbone of resilient and agile organisations.

It's true that not all kinds of insurers will be impacted in the same way, by the COVID-19 pandemic. In fact, the Global Macro and Insurance Outlook for Q1 of 2020 affirms that health insurers will be the most impacted insurers in the industry, mainly "due to increases in hospitalisation" and that the level of impact "will depend on each country's healthcare system and relative participation of government and private insurers". According to the same report, insurers that offer car coverage will be the least impacted ones, since they are likely to have fewer claims due to a reduction in transport.

Since the economic impact is unavoidable, what seems clear is that the industry was not prepared for this and this outbreak has especially impacted insurers that were still relying on traditional business models – business models that were driven by face-to-face interactions and physical presence. In the face of the uncertain times we're currently going through, though, new opportunities for growth are everywhere and one thing seems clear: **insurers need to address their digital transformation journeys now.**

Insurers will need to discover who their customers will become in this "post-COVID" world, find out what their needs and expectations are and, finally, assure they are digitally prepared. Insurers have, at this moment in time, a clear opportunity to improve their digital customer experience and accelerate digitalisation in the industry. Insurance companies will need to reinvent their internal business processes in order to become agile companies – only by becoming more digitalised and nimbler, will they have the necessary liberty to make decisions in a shorter amount of time and they will become even better adapted to ever-changing conditions in the market.



Opportunities in Insurance

06

It's no surprise that technology has the power of revolutionising industries and has been doing so for some years now. The examples we presented above in our mobile study are a testament to that: some of the insurers we analysed are using technologies such as artificial intelligence or machine learning in order to improve their internal processes and, in result, improve customer experience.

Technology can, in fact, be crucial to the survival of the companies, especially in times of uncertainty such as the one we're living in now. But why is this? Because technology is resilient, much more resilient than paper-based or even human-based processes. Technology can withstand more than processes that rely on paper and on human skills. That means that insurers can and should use technology to help them improve their business models. Technology can become a crucial ally to insurers, since it can help automate processes that are an integral part of their day-to-day life – for example, automating the claims process or automating the process of offering a quote to your customers can greatly benefit business as well as daily operations. It may as well become an element that makes you stand out from the crowd. There are a lot of insurers trying to distinguish themselves from other companies

By streamlining these processes, you can focus more resources and time on other aspects of the customer journey – for instances, you can devote more time bettering your customer service response time or your onboarding process.

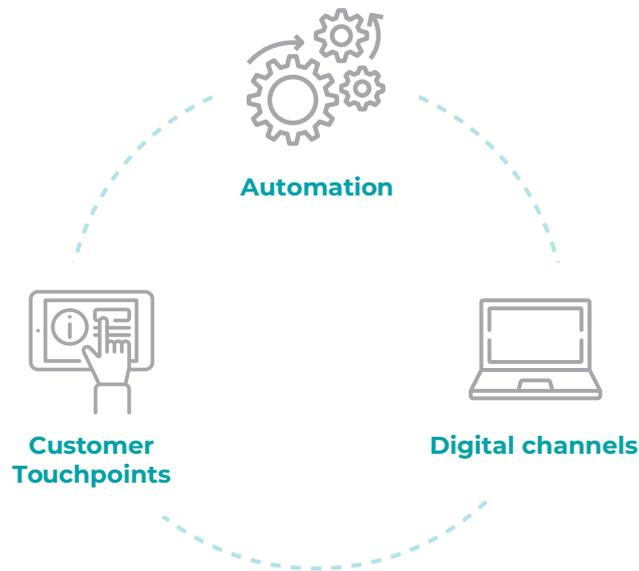
by doing things differently – while Lemonade became known as a company that handed their claims in just a few minutes by taking advantage of machine learning algorithms, Aviva Drive has also put the best kind of technology to use in order to better their customer experience. Aviva Drive basically measures their customers' driving behaviour using a dash cam. By using this feature, the customer gets a drive score that in turn can give them discounts. With this feature, the users can also record and store their footage as well as track all their journeys.

According to [Aviva's study](#), the use of the dash cam has helped them improve the claims process since more than half of these dash cam drivers have used recorded footage as part of the claim they made and for a third of these customers, that footage helped them proved that they were not at fault.

In our opinion, insurers need to focus on three elements of action to drive the change

in the market:

The first element is **automation**. Insurers should definitely start automating as many



of their critical business processes as they can. This automation drives productivity and makes insurers more effective in their day-to-day dealings.

Insurers should then focus on **customer touchpoints**. Customers don't usually trust insurance companies and it's time for the latter to prove to their customers that they can do better. They should be accessible and available, and excel at every customer touchpoint, should it be the onboarding process, answering customer questions via a chat bot or solving something that has gone wrong.

Finally, it is extremely important that insurers focus on their **digital channels**.

It should be their first priority, since more and more customers are relying on their smartphones to help them manage their lives and for newer generations, to whom the digital world is second nature, it's unthinkable not to invest in a good mobile application.

Using the right technology at the right stages of the customer journey can be beneficial both to the insurer and the customer. What's really essential to bear in mind is that it's fine to use technology with the objective – and this should be to make customers' lives easier and less complicated. Only in this way can insurers offer real, tangible value and become relevant to their customers' lives. However, as we mentioned before in this study, there's a discussion that we can't run away from and that is the bias in technologies such as Artificial Intelligence and Machine Learning. It's extremely important to understand and reduce the bias in these technologies, or else we run the risk of prejudicing or benefitting customers to the detriment of

others.

Additionally, during the trying times we're currently going through, some insurers have come up with very practical responses for the COVID-19 pandemic. All State Farm, for example, has decided to reduce rates on car insurance in every state, because people aren't driving as often as they normally would. Other insurers are offering their customers credit or reducing premiums.

Actions do speak louder than words and the greatest opportunity insurers have in the

“They want to hold onto their customers, they've got to treat them right.”

Robert Hunter, director of insurance at the Consumer Federation of America

future is to treat their customers' experience as priority.

The biggest opportunity for insurers is understanding that it's not only offering discounts or rate reductions that counts: it's being there for the moments when the customers really needs their support them when they're going through rough times. It's time for insurers to put their customers' experience at the center of all they do – what better time to do that than now?



Conclusion

07

As we have seen throughout the report, the world is constantly changing and this year in particular has proved to be a challenging one, not only for the insurance industry but for all industries. Recent events have forced insurance companies to reassess their priorities and, of course, it has also forced a more rapid digitalisation of the industry.

Although the pandemic has been responsible for the disruption of so many companies and people's lives, it has also revealed opportunities for growth. It's clear that insurers now have an opportunity to do things differently, and to engage with their customers and communities in a meaningful way. The customer that emerges from this crisis won't be the same customer as before. Therefore, it is crucial that insurers first understand who their customers are and then what new habits and behaviours they have and what matters to them, before trying to connect with them.

We will all be different people after this, and one thing seems especially clear – that we won't want to go back to the way things were done before. We now know there's a digital alternative to all those services we thought were deeply dependent on physical locations.

Customers now understand that things can be done differently, and from now on, they will expect even more convenient, personal digital experiences. That means that it is in the insurers' hands to continue investing in new and advanced technologies in order to continue improving Customer Experience.

In this way, the industry can benefit from the digitalisation that comes from those investments and customers can also benefit from better, more personalised customer experiences that ultimately can drive brand loyalty and higher levels of satisfaction. Understanding the context of the market and new consumers is just one of the ways insurers can succeed in a new generation of insurance and it will make all the difference because customers will feel understood, and above all, valued.

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