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Dubai World Insurance Congress
February 28, 2017

Putting the customer first: Rebooting customer relationships and taking analytics to new height

By now you have heard today a number of strategic perspectives on this insurance business of ours. There have been some especially thought provoking comments on technology's role in the rapid evolution and disruption of our industry. This session will redirect your focus, from the 35,000 foot altitude right down to street level: the customer experience, and customer relationships.

The premise of this session is that data analytics offers the potential to reboot customer relationships and put the customer first. Let me make some personal observations gleaned from my role as CEO of the IIS. We have member companies in 102 countries, and their leaders often speak with me about their top concerns. Recently and, I must say, for the first time in my experience, many are commenting on and asking about the challenge of building better customer relationships.

Times have certainly changed. In my past I was an EVP of a multi billion dollar nonlife insurer, and later President of a large life insurer they both clearly identified their customers as their agents and brokers. My, how the paradigm has shifted, as insurers now want to get closer to their policyholders; their ultimate customers, to better understand their needs and wants...

Years ago, the Boston consulting group wrote about the three generic competitive strategies: companies could offer a unique product, sell at the lowest price, or provide truly superior customer service. Now we insurers know that we are in many respects like airlines: they all fly the same planes and charge roughly the same prices, so they know they have to compete on service. We can now see that those who have successfully done so have been rewarded: Southwest Airlines in the US and Emirates here, as examples. Few insurers have succeeded in building those kinds of customer relationships.

For too long, insurers have been looking at their peers to benchmark their customer relations efforts, when they should have been looking at the companies that provide the very best customer experience and thus build relationships regardless of their industry. I spent time at Google recently, and it won't surprise you that they feel that they have an entirely different relationship with their customers than insurance companies typically have - more and broader data to truly understand the wants, needs and preferences of their customers.

Loyalty to old, established brands is fading. Insurers who have been in business 100 years or had a big balance sheet used to have an advantage in finding, winning and keeping customers.

Not so much anymore. It's just as easy these days for Lemonade to attract insurance customers as 100+ year old Hartford or RSA.

The disrupter in customer relationships now, of course is technology, and especially data analytics. These tools have enabled many newer insurers to provide a nature and a level of customer experience that exceeds well established incumbents.

The traditional insurer paradigm of customer service and building lasting customer relationships was based on concepts like employee courtesy, ease of process, speed of reaction time and accuracy. Today's insurance customers want more. They have been spoiled by Apple, Starbucks, Ali Baba and other tech driven newcomers. They want more self service options: the ability to access information and to initiate transactions and immediate access about a policyholder in real time, for the customer and by the company. A multi channel experience, with a mobile platform essential.

Insurers now can, indeed they must, embrace data analytics to build relationships with customers, or other kinds of competitors will. It isn't easy to understand what customers need and expect, since their experiences are now changing and evolving rapidly. Digital tools are essential, since 80% of insurance shoppers now touch a digital channel throughout their purchasing journey.

The return on a well crafted digital customer relationship strategy is worth the effort: surveys have shown that the number one benefit of such a strategy is differentiation from peers, which is the best strategy most insurers can emulate.