



Enhance the Caller Experience and Increase Policyholder Loyalty with Voice Self-Service

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I. Executive Summary

The property and casualty insurance industry is in transition. The traditional business model, where local insurance brokers and agents were the middlemen between customers and insurers, is being challenged by the new breed of insurance providers who sell directly to clients through the Web, direct mail, television and radio campaigns. Providers of property and casualty insurance sell risk coverage policies where the ideal situation for both parties is for customers never to file a claim. Examples of this type of policy are auto, property, marine, flood, commercial liability and personal umbrella. But when customers need to speak to an insurance company or agent, it's often because of an accident or tragedy where the personal touch is essential. Property and casualty insurance is a "low touch" business where economies of scale in back-office operations have proven to be elusive – not for lack of interest, but for lack of opportunity. Executives and operations managers welcome innovation that helps them change their cost dynamics while enabling them to provide the personal and outstanding service that is expected when people contact them in the midst of serious situations or tragedy. Call routing, inbound and outbound voice self-service, and analytics have proven instrumental in automating low-value activities and qualifying callers to ensure that they get service as quickly as possible when it matters most.

II. Changing Competitive Landscape Creates Servicing Opportunities

Newer and more nimble property and casualty insurance carriers are forcing industry veterans to reassess how they do business. While selling directly via the Web or a contact center has proven to be more cost effective than the traditional broker/agent model, customers are not always receptive to giving up their trusted advisors. Insurance providers are striving to reduce operating costs and improve their margins through back-office enhancements; all while continuing to deliver an outstanding and differentiated customer experience. The top challenges confronting property and casualty insurance providers today are:

1. Cost effectively acquiring and retaining customers
2. Providing outstanding, high-touch, caring and differentiated service to customers
3. Lowering the cost of operations through automation

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4. Increasing first call resolution rates by reducing the volume of misrouted and transferred calls
5. Minimizing fraud risk and losses

Some of these goals appear to conflict with each other – personalized, high-touch service can be costly, and tight risk control can inhibit the acquisition of new customers. Fortunately, the cost of retaining existing customers is much less than the cost of acquiring new ones; according to Gartner, it's at least 8 to 10 times less expensive. Executives know that they need to find the right techniques to maintain outstanding service while reducing operating costs if they want to remain competitive.

III. Cost Effectively Acquiring and Retaining Customers

Today, property and casualty insurance companies employ a variety of techniques to attract and retain customers, including Web advertising, TV, radio, direct mail, print ads (at a decreasing level) and brokers/agents. Once a prospect is identified, it's important to quickly close the deal. This means that property and casualty insurance providers need a way to rapidly qualify, approve and provide quotes to prospects. Increasingly, companies are using a combination of self-service and human-assisted practices to get the job done. Web and voice self-service environments are being used to start the qualification and quote process by obtaining key information from customers. Customers are increasingly willing to provide personal information to a self-service solution, as long as they believe that it is secure and will speed up their approval process. This means that companies can effectively use voice and Web self-service to pre-qualify customers and to route prospects to the ideal agent with the appropriate information and skills to close the deal.

Once a voice self-service solution has captured basic data about the caller, the interactive voice response (IVR) system can use workflow technology to automatically kick off a number of searches to facilitate the decisioning process for a new policy. For example, it can access accident and traffic violation history from the Department of Motor Vehicles (DMV) for a caller applying for auto insurance, and perform a credit check, as well. This information can be fed into an approval system and delivered along with the caller to an insurance agent who can give the prospect a decision within minutes instead of hours or days. Speed of decisioning is a differentiator in the area of property and casualty insurance, as is the sincerity and warmth of their agents. Self-service solutions

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cannot make the decisions, but they can greatly facilitate the process and ensure that calls get to the right agent.

Best Practice Tip: Use voice self-service solutions to automate a portion of the data-gathering process in order to speed up the application and approval process for new prospects.

IV. Providing Outstanding Personalized Service

In times of challenging events or tragedy, most customers want to speak to empathetic people who understand their situation. They also want to reach these people as quickly as possible without being transferred or placed on hold. A well designed voice prompter (also known as a “greeter”) that effectively explains its role – to make sure that callers reach the right department and person as quickly as possible – can be instrumental in providing an outstanding customer experience. This may sound somewhat counter-intuitive, but it has proven successful. What’s worse – to have a caller reach the wrong person, go through the pain of telling their entire story, only to have to be transferred to the right person? Or to use a prompter to direct the caller to the right person, before they tell their story the first time? Asking a person to repeat a heart-wrenching experience multiple times is not good business – for the customer or the company. Therefore, while a call router cannot communicate empathy, it can be instrumental in enabling an insurer to provide personalized, high-touch and empathetic service. DMG recommends that companies consider using automated call routing to reduce the number of calls transferred or placed on hold. The fact that this approach also reduces the cost of service is an additional benefit. Of course, if the new routing alters how calls are handled, DMG encourages companies to communicate the change in mailers to their customers so that they will know what to expect. Be proactive; not all customers read a company’s communications, but some do, and an explanation will increase acceptance and adoption of the new process, particularly if the call router is presented as a customer enhancement.

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Case Study: Speech Recognition and Call Steering Improves Satisfaction Rating and Company Brand

A major New York-based insurance company with a large contingent of brokers and agents turned to IVR as a way to increase their responsiveness and customer satisfaction, and to reduce back-office operating and servicing costs. They particularly wanted to reduce the number of transferred calls to improve the market perception of their company. They implemented a speech-enabled IVR to greatly reduce the amount of number entry required of their customers. The introduction of call steering in a speech-enabled application, accompanied by an enhanced user interface and experience, helped them increase customer satisfaction scores by 4.5%. It also contributed to a very significant 12% reduction in misdirected and transferred calls. The enhancements to their IVR environment had a direct and measurable impact on the insurer's brand and overall market perception.

Best Practice Tip: Use a voice prompter to ensure that callers reach the right person the first time, and to reduce call transfers and placing customers on hold.

V. Engage and Retain Customers with Proactive Customer Care

Outbound IVR, also known as proactive customer care or outbound notification, is the fastest-growing technology sector in the contact center market today. Enterprises of all types have discovered that outbound IVR is a highly cost-effective method for delivering an outstanding customer experience. The Figure below shows some of the applications and benefits that property and casualty insurance providers can realize from using a multi-channel outbound IVR solution. (Sophisticated outbound solutions can communicate with customers via a variety of channels, including voice, email, short message service (SMS) or fax. Many of these solutions also provide a means for customers to connect to live agents, when requested.)

Engaging with customers is a highly effective way to demonstrate commitment to their success. As it is common for a year to pass without the need to interact with a property and casualty customer, proactive customer care is also a great way to engage customers and let them know that you are committed to their health and

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success. Here are some best practices that can help your organization succeed with a proactive customer care program:

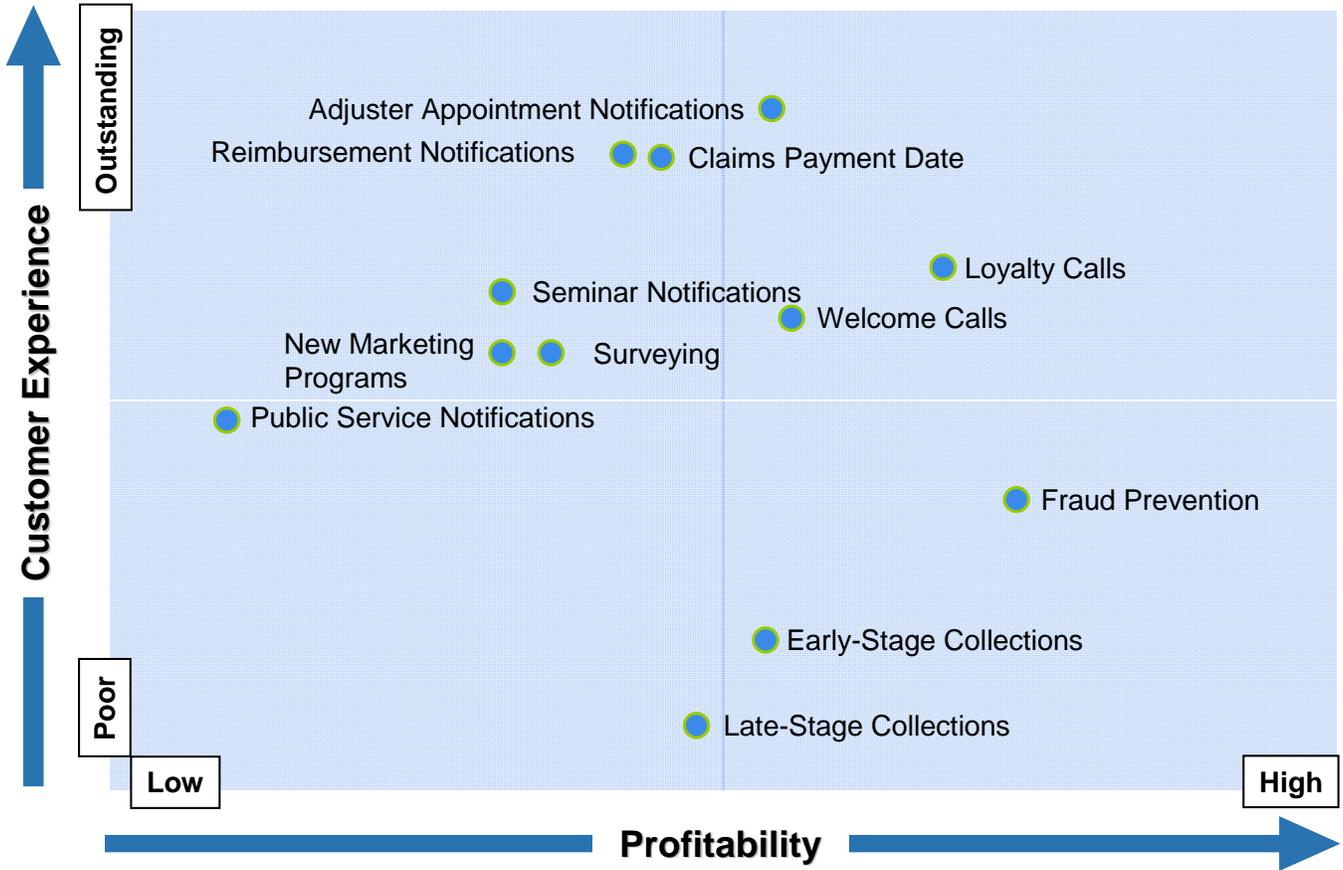
1. Create an outbound communications strategy as a component of your company's overall Customer Contact Strategy.
2. Use a multi-channel outbound server that allows your organization to interact with customers via their channel(s) of choice.
3. Obtain explicit permission in advance to send policy holders personalized messages.
4. Send customized communications that recipients have a high probability of finding useful.
5. Allow customers to transfer from the IVR to an agent at any point during an outbound message.
6. Have marketing work with the contact center when designing the outbound campaign to prepare agents to convert complaints and questions into positive events for the company.
7. Take customer complaints seriously and avoid making the same mistake twice. (If a customer claims that they did not authorize the contact, apologize and rectify the situation.)

Proactive customer care can help improve the cost dynamics and nature of inbound interactions by reducing the volume of low-value inbound calls. Instead of waiting for customers to contact your company to find out when a settlement or reimbursement payment is going to be sent, it makes financial sense and is a great service strategy to reach out to them proactively when their reimbursement is issued. (An outbound interaction costs approximately \$0.01 to \$0.25, vs. \$6 to \$8 for an inbound call.)

Besides being used proactively to reduce inbound calls and emails, outbound contacts can and should also be used to extend an enterprise's relationship with their customers. For example, companies can use outbound communications to notify customers of seminars that could reduce their premiums, or to educate them about new laws pertaining to teenage drivers.

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Figure 1: Proactive Customer Care Applications for Property and Casualty Insurance Providers



Source: DMG Consulting LLC, May 2010

Best Practice Tip: Use proactive customer care to engage customers, keep in touch with them, and cost-effectively inform them of reimbursement/payments dates or adjuster appointments.

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VI. The Future of Voice Self-Service for Property and Casualty Insurers

Property and casualty insurance providers are striving to find new ways to use automation to reduce operating expenses, while continuing to provide an outstanding and personalized customer experience. Today, IVRs are displacing between 10% and 20% of inbound calls for leading property and casualty insurance companies. Voice self-service solutions are also being used to route calls to the right agents; to automate a growing percentage of the data collection needed to quickly decision an applicant; for account maintenance including bill payment; to add/delete a vehicle/driver on a policy; for address changes; and to notify customers when they've missed a payment.

Current IVR self-service rates are relatively low for property and casualty insurance providers, but they are increasing as these companies add speech capabilities and proactive customer care to their offerings. Proactive customer care/outbound notification can reduce operating expenses while engaging customers with value-added services that improve their customer experience. Depending on the services offered, outbound solutions have the potential to generate incremental revenue by extending relationships with additional policies or policy add-ons. Using IVRs for educational services, for example, may result in customers signing up for higher value insurance for their new drivers.

Inbound and outbound voice self-service solutions are an essential element of any enterprise customer experience strategy. Casualty and property insurance providers need speech-enabled voice self-service solutions, call routing and steering solutions, and CTI to manage customer interactions efficiently and cost-effectively. Leading organizations routinely optimize the performance of their IVRs using feedback from customers and agents. The result is a winning IVR solution that delivers an outstanding customer experience while reducing operating expenses.

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About DMG Consulting

DMG Consulting is the leading provider of contact center and analytics research, market analysis and consulting services. DMG's mission is to help end users build world-class, differentiated contact centers and assist vendors in developing high-value solutions for the market. DMG devotes more than 10,000 hours annually to researching various segments of the contact center market, including vendors, solutions, technologies, best practices, and the benefits and ROI for end users. DMG is an independent firm that provides information and consulting services to contact center management, the financial and investment community, and vendors in the market.

More information about DMG Consulting can be found at www.dmgconsult.com.