



Fintech Finance

Home About Blog Events » Fintech TV News Episodes Event Videos » MMGlobal Fintech Connect Live

The two-step approach insurers can use to rebuild client trust

Home

HomeBox

The two-step approach insurers can use to rebuild client trust

Search for:

Search

Event



Newsletter

Sign up for our newsletter



Posted on Jan 25, 2016

The two-step approach insurers can use to rebuild client trust

Insurance firms, homeowners and businesses across parts of Europe are, once again, entering a new year having to calculate the costs of severe flooding. Britain experienced its wettest December since records began, and the cost of the 2015 winter floods in the UK alone is estimated at £5 billion¹. In parts of Germany surging flood waters caused widespread devastation, and earlier in the season France experienced violent storms and unprecedented flooding. The impact on homeowners and businesses in flood-prone areas across Europe is substantial. The Guardian reports that after the UK's floods, 'thousands of families and businesses will face financial ruin because they have inadequate or non-existent insurance'.

The effect on insurance firms, too, can be devastating, as many firms do not have the capital needed to protect them during adverse times. This looks set to change, though, because as of January 1st, Solvency 2 has come into being in the European Union. This requires all European insurers to follow standardised rules on capital which are devised to make companies more robust and reduce the risk of insolvency², the requirement being that firms have enough 'back-up' capital to survive. Still, firms have to generate this capital somehow so the pressure is omnipresent, especially for small firms.

The insurance industry is faced with another important challenge following the impact of such unprecedented weather conditions: that of rebuilding client relationships. Insurance companies are often portrayed as the bad guys in such times of crisis, and find themselves needing to reestablish trust and regain customer confidence.

To solve these issues, better serve their clients and prepare themselves for what may lie ahead, forward-thinking insurance firms can take a two-step approach which has technology at its heart. The first step is to **identify risk** with precision and accuracy. Insurers have multiple tools available to them to help them do this, but incorporating geospatial information and location intelligence provides additional depth and precision. The second step is to **engage with customers** at every touchpoint, using unique and innovative methods. This two-phased helps to minimise risk and maintain customer loyalty, ultimately resulting in better service and improved business performance.

Step 1: Identify risk with precision and accuracy

Insurance firms use different tools, formulae, data and analytics to help them identify and classify risk. This varies from identifying the possibility of risk and considering its impact, to using historical data, trends and claims, analysing credit ratings and using complex software programmes. Location intelligence software adds an extra dimension to risk management. Rather than just look at a spreadsheet, insurers can visualise risk and examine the relationships between different data sets, mapping areas of risk and enabling real-time analysis of data, such as the number of homes likely to be affected if a storm is forecast.

As more geospatial data becomes available, insurers are moving away from a "reactive" role of merely assessing damages and paying out claims, and toward a more "proactive" role of helping their customers understand the natural perils and even help prevent damages from occurring in the first place. Carriers can contact their customers who are in the path of a hurricane, for example, and tell them what steps they can take to protect their house. That way, the customer can help limit the damage (such as broken windows), and the insurer can minimise the loss and the payout.

Using LI data is also valuable at the macro level for insurers, to understand the risk across an entire portfolio – for the purposes of ensuring capital adequacy compliance, and for reinsurance valuation purposes.

US-based James River Insurance Company needed a comprehensive way to identify risk exposures in order to make better underwriting decisions. The firm also needed to streamline claims processing and more effectively predict the number of adjusters and inspectors needed to respond to an incident.

To achieve this, James River used location intelligence software so its underwriters can look at a specific "catastrophe zone" on a map, identify concentrations of risk and make informed underwriting decisions. Rather than extrapolating projections from weather maps, claims and underwriting departments can now use location data to determine probable losses associated with an event like a hurricane.

Step 2: Engage with customers using innovative methods

Faced with a need to rebuild trust and drive loyalty, it's more important than ever for insurers to find new ways to engage with their clients. Research reveals that insurers' clients actually want to be contacted more: according to research from Ernst & Young³ clients want "more frequent, meaningful and personalised communications". But it can be hard – and costly- for insurers to respond to this desire for more communications.

Some are overcoming this challenge by using transactional mail such as bills and statements to improve customer engagement, including tailored messages and information about other policies. Others are looking to new technologies to help improve engagement, enhance trust and increase loyalty, such as interactive personalised video. Considering 80% of insurance customers are happy to use digital and remote channel options for different tasks and transactions⁴, interactive personalised video is emerging at exactly the right time. The videos, unique to each recipient, draw on different customer data sets – such as [location intelligence](#) and financial data – and use them to create dynamic, interactive real-time video content which changes based on responses to customer prompts.

As well as being engaging and informative, insurers are using interactive personalised video to educate clients, rebuilding trust and driving loyalty by suggesting new policies to help clients make savings. Florida-based Security First Insurance has adopted interactive personalised video to help its 227,000 policy holders better understand their policy cover, while offering them an improved customer experience and streamlined catastrophe response, in an easy-to-understand format.

This two-step approach combining absolute precision in planning with improved customer engagement, will begin to generate change across the industry, boosting customer loyalty and driving improved reputation.



Tim Barber, Vice President of Digital Commerce, EMEA, Pitney Bowes

YouTube C

Don
Subs
YouTu
Yo

Recent Pos

- ▶ The Unit And Qat: Adoptior
- ▶ Cracking Innovativ Banking: Announc in Citi Mc Pacific
- ▶ Enhance beverage minimal i
- ▶ Infosys is for Desig Executio
- ▶ UK Gove Support Startups

¹ As cited in [The Guardian](#) 28.12.15

² As cited in [The Economist](#) 02.01.15

^{3,4} [Research](#) from Ernst & Young

Share this:



Related

[How video is driving change in the insurance industry](#)
November 23, 2015
In 'News'

[Seven Flavours of Fintech in Insurance](#)
January 14, 2016
In 'News'

[Finance and Insurance Businesses consider wide range of options for financing](#)
October 21, 2015
In 'News'

Share This Post On



Submit a Comment

Your email address will not be published. Required fields are marked *

Notify me of follow-up comments by email.

Notify me of new posts by email.

Submit Comment



About Us

Here at Fintech Finance, we work with renowned executives in the industry to provide key decision-makers globally within leading financial services organizations with reliable and accurate intelligence on emerging trends and breakthrough technologies, helping them to make informed decisions.

At Fintech Finance, we produce monthly video episodes looking at range of topics within financial services, as well as a constant stream of news plus coverage from attending some of the most prominent events within the sector.

Offices

Advertainment Media Ltd,
25 Riverside Business Centre,
Tonbridge,
Kent
TN9 1EP

Advertainment Media Ltd,
19 Greenwood Place,
Kentish Town,
London
NW5 1LB

Contact Us

Accounts:
accounts@fintech.finance

Advertising:
advertising@fintech.finance

Careers:
careers@fintech.finance

Editorial:
editorial@fintech.finance

Subscriptions:
subscriptions@fintech.finance

Privacy Policy

About Us
Terms & Conditions - [Click here to view](#)
Privacy Policy - [Click here to view](#)
Copyright - [Click here to view](#)

Recent Post

- ▶ The United And Qatar [Adoption in
- ▶ Cracking th Innovative / Banking: Mt Announces in Citi Mobil Pacific
- ▶ Enhanced h beverage c minimal foc
- ▶ Infosys is th for Design 1 Execution
- ▶ UK Governr Support To Startups