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The future of digital customer engagement in insurance



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About this ebook



Building trusted customer relationships is at the core of what insurance companies do, and reliable communication comes into every stage of the insurance customer journey. In the digital-first engagement era, the insurance industry—including carriers, agents, and brokers—has been challenged to meet rapidly evolving customer expectations.

With the rise in digital competition from technology disruptors and banks, insurers must re-define their customer engagement strategy to build brand loyalty among new and existing policyholders. Smart communication technology can also drive operational efficiency in front, middle, and back-office workflows from faster lead follow-up to claim-processing.

How can insurance companies build unique customer experiences, as well as unlock cost-savings, through digital customer engagement? In this ebook, we share how insurance companies can optimize new distribution channels, augment intermediary workflows, and protect against fraud while adapting to the next generation of insurance.

Driving change through API technology

What is the value of implementing technology change through APIs?



Most insurance companies still rely on legacy infrastructure although increasingly re-platforming to the cloud.

On average, insurance companies depend on legacy technology for a third of their overall and business-critical systems. While 70 percent of insurance companies have embraced or are in the process of migrating to the cloud, only 12 percent are fully cloud native. Companies can use Twilio's cloud-based platform to modernize existing IT systems.

An API (Application Programming Interface) is a part — or building block — of an application. Software developers can integrate APIs into their code to enable certain functions that are time- and cost-intensive to build from scratch. As an API company, Twilio provides many different kinds of APIs that enable our customers to embed communication technology into their digital customer experiences.

Here's why you should consider driving digital transformation through APIs over relying on legacy infrastructure and software-as-a-service applications:

Build differentiated customer experiences

APIs empower technology builders to create the best possible solution unique to your company, customer, and use case. Unlike out-of-the-box software packages with limited capabilities, Twilio's APIs are programmable and can be easily customized to serve your specific business needs and deliver truly unique customer experiences.

Increase IT agility

APIs are the most flexible way to build innovative solutions. Software developers can easily add new features, tweak existing ones, and iterate on your custom-built solutions. Our cloud-based APIs enable customers to launch new solutions within days and at a much lower cost than implementing hardware and data infrastructure projects over years-long timeframes.

Scale reliable technology solutions

APIs allow software developers to solve a complex problem with just one line of code. Twilio specifically replaces legacy telephony hardware and operations with cloud-based solutions. We manage relationships with telecommunications providers so insurance companies, agents, and representatives can focus on serving customers. Our Super Network ensures Twilio customers can communicate with their customers anytime, around the world, without fail.

Integrate with existing infrastructure & systems

APIs directly integrate into and bridge communication between your existing technology infrastructure and systems. Our cloud platform is a middleware for hybrid cloud environments that equips IT and other technology leaders to build versatile technology solutions. Twilio provides [libraries for many popular programming languages](#) and can easily integrate with internal databases and third-party applications, like Salesforce, Microsoft 365, and Zendesk.



Meeting new customer expectations

What are the top digital customer engagement trends in insurance?



Digitalization of the entire financial services sector, like digital banking, has accelerated consumer demand for digital insurance options, particularly among younger generations. 60 percent of 18- to 39-year-olds use mobile apps for banking, yet less than one-third use these apps to manage their insurance. As more and more consumers manage their financial lives digitally, they expect to manage their insurance similarly. Millennials (25-40) recently passed Baby Boomers (57-75) as the largest demographic in the U.S., making it essential for insurance companies to understand their habits and preferences in order to win brand loyalty.

Digital distribution channels are becoming the primary point of customer engagement. A research report from Ernst & Young found that 80 percent of insurance customers are willing to use digital and remote contact channels (including web chat, email, mobile apps, video, or phone) to directly engage with their insurance provider in place of speaking with an agent or broker. Generationally, 67 percent of Gen Z (18-23) indicated they would rather buy coverage digitally as opposed to speaking with a representative. Nearly half of all Millennials and Gen X respondents reported the same digital-first preference, followed by one-third of Baby Boomers.

While insurance carriers have typically benefited from high customer retention, the emerging demographic of young, digitally-native insurance buyers are more open to trying new, innovative alternatives. A recent study by Deloitte found that Gen Z prefers to shop around online with different carriers for the best deal more than older generations. To build brand loyalty in the digital marketplace, insurance companies must reimagine the customer journey to meet evolving customer demands for easier, quicker coverage.

What customer demands do insurance companies have to answer?



Simplicity & convenience

Over a third of insurance customers cite a fully-digital enrollment and claims process with omnichannel communication as a key purchase driver. Whether purchasing a new insurance policy or filing a claim after an accident, insurance customers want the ability to easily and quickly self-service or engage with their insurer on their preferred communication channel.



Personalization & flexibility

Forty-two percent of insurance customers cite personalized products and services, and 39 percent cite usage-based policies as a key purchase driver. Insurance customers are increasingly interested in customizable insurance products that fit their specific coverage needs and offer more flexible pricing options, like usage-based pricing.



Transparency & control

Negative customer experience is the top driver of insurance customer churn, alongside price. Customers expect to manage their accounts digitally, while ensuring account security and 24/7 access to customer support for questions or service requests, such as policy changes.



Better agent relationships

Human intermediaries, including agents, brokers, and advisors, remain valuable to most insurance customers for trusted advice on complex purchase decisions and offerings. Rather than replace all human interactions with automation, insurers should focus on simplifying and efficiently routing customer communication with intermediaries at scale.

Building generational brand loyalty

Today, customers expect the ability to buy insurance easily and quickly online, leveraging the digital marketplace to compare rates and policy options. Given these new customer values and priorities, embracing digital-first customer experiences will only become more important to customer acquisition, retention, and satisfaction.

New distribution channels

Direct-to-consumer channels, or self-service, are becoming the dominant distribution model. Insurance companies can embed virtual assistants into their landing pages, or other digital sales channels, to guide customers through the fully-digital policy enrollment process. Automated chatbots can answer preliminary questions and gather customer information to qualify sales leads before guiding them to a phone call with a live agent.

43% of U.S. consumers are comfortable using chatbots to apply for insurance.

Source: [DXC, 2020 Insurance Survey](#)



Personalized marketing

Consumers buy insurance around life events. Shaping the timing, channel, and messaging of marketing based on specific customer needs is the first step to empathetically engaging with customers. Insurers can leverage first or third-party data to proactively send timely, personalized outbound messages to new leads and existing customers — and even embed personalized marketing into digital sales channels in partnership with banks and retailers.

Omnichannel engagement

Insurance companies can be there for their customers **when** and **where** they need it most with omnichannel communication. Empowering customers with simple, real-time access to agents on their preferred channel, like SMS, is critical to becoming a reliable partner. Insurers can also increase response rates and more effectively reach customers on their channel of choice with one-way (i.e. account notifications) or two-way (i.e. claims customer service) messaging.

Guarantee customer satisfaction

Although half of insurance companies offer an apology or discount after a cancellation, proactive, personalized outreach is a more effective strategy to mitigating customer churn. In addition to timely policy renewal reminders, insurers can use predictive customer experience data to identify customers at risk of cancelling their policy or contract, reach out on multiple channels, and quickly resolve the issue through personalized support before they switch.

Twilio customers experience as much as a 45% increase in customer engagement.



Augmenting intermediary workflows

Digital customer engagement technology can drive operational efficiency in front, middle, and back-office workflows from faster lead follow-up to claim-processing. Self-service and automation technology can cut operational costs nearly in half. Yet, human agents should not be replaced with automated chatbots. Insurers must instead focus on augmenting intermediary workflows to provide faster customer service at scale and strengthen existing customer relationships with agents, brokers, and intermediaries.

Behind the customer experience is the agent experience.

Empower agent workforce

Insurance companies can build more productive agent workflows by integrating smart communication technology and routing capabilities into their customer service channels. Almost half of agents cite investing in digital tools as the number one way insurers can support them in a remote environment — with almost a third of agents ranking lead generation as their biggest challenge. Twilio can empower agents with fast, simple tools for digital customer engagement that easily integrates into existing customer databases.

Faster speed-to-lead

Fast lead follow-up is critical to driving new policy sales. Insurance agents are 78 percent more likely to make a sale if they are the first person to contact a lead from online quote websites. Lead Alerts can easily trigger SMS, email, or calls to the appropriate agent to contact the lead immediately via the customer's preferred communication channel. Our APIs integrate into existing apps and databases, like Microsoft 365, Salesforce, Zendesk, so agents start their customer conversations with complete customer data on one interface.



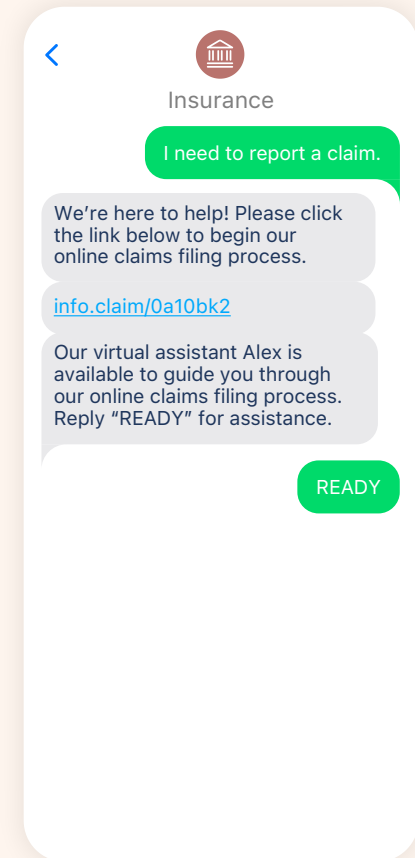
Faster claims-to-cash

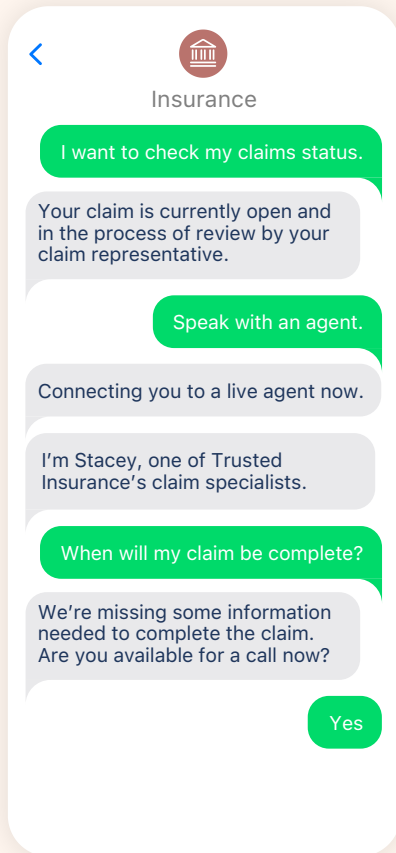
Digital claims tools have been shown to drive faster payments and improve customer satisfaction. Communication technology has multiple applications in the customer claims journey — from the first notice of loss to claims resolution:

- **Self-service claims:** Virtual assistants walk customers through the fully-digital claims filing process — in the same way they guide the self-service policy enrollment process.
- **Virtual adjusting:** Policyholders engage with claims adjusters via two-way messaging, live voice, or live video calls. Multimedia Messaging Service (MMS) channels enable customers to text or send photos of damage through a mobile app or website.
- **Dispatch alerts:** Insurance companies automatically send text and voice notifications to rescuers for roadside assistance from their existing dispatch system.
- **Field notifications:** Real-time arrival alerts transparently notify customers when a field agent, like a claims adjuster, is on their way.
- **Claims processing:** Integrating messaging and voice calls into claims operations can help coordinate responders and contractors behind the scenes to resolve the filed insurance claim.
- **Status updates:** Insurance companies send policyholders claim status updates through one-way alerts and notifications.

43% of U.S. consumers are comfortable using chatbots to make insurance claims.

Source: DXC, 2020 Insurance Survey





| Learn more about [Twilio Flex](#).

Contact center

Customers want to interact over the channel of their choice, at a time of their choosing, and be remembered the next time — no matter who they're talking to. Intelligent chatbots can serve as the first line-of-defense to deliver faster customer service at scale through natural language processing (NLP) but effectively routing customers to live agents is just as important.

Insurance companies can modernize their legacy phone system with cloud-based interactive voice response (IVR) and programmable routing capabilities to escalate queries to the right agent faster. For example, Autopilot, an AI-powered IVR bot, uses speech recognition and natural language understanding (NLU) to identify callers' intent and either route them to the appropriate agent or complete a task, like checking a policy expiration date.

Customer interactions must also be tracked across multiple channels. Our APIs integrate into internal applications, like Microsoft Dynamics, to automatically retrieve and update data from existing systems of record — thereby reducing administrative overhead and resourcing agents with complete customer data, including conversational chatbot history, on one interface.

Financial services companies using Twilio for their contact center experience have seen a 50% decrease in average call handle time, as well as 50% decrease in infrastructure costs.

Source: [Twilio, 2020 FINS Impact Report](#)

Ensuring trust and security

Policyholders trust insurers with personal and sensitive data about their lives. As core business processes digitize and move to the cloud, insurance companies must proactively manage evolving data privacy and cybersecurity risks, while protecting against fraud.

SMS-based authentication can block up to 100% of automated bots, 99% of bulk phishing attacks, and 66% of targeted attacks.

Source: [Google, 2019 Study](#)

Fraud prevention

Digitizing the claims process reduces fraud by up to 40 percent and indemnity costs by up to 15 percent. Multi-factor authentication is an effective tool to verify customers' identities across channels to strengthen account security and claims processing. Embedding live voice or video channels into digital claims processes also makes it easier to identify and investigate false claims.

Twilio customers report a 49% average decrease in fraud-related costs.



Data security

Carriers have a huge opportunity to deliver more personalized products and services through more advanced data and analytics, however data governance remains a top concern. API technology enables insurance companies to custom-build communication capabilities to security and compliance standards, while leveraging customer data to build innovative solutions.

Network reliability

Legacy phone systems break more than make customer experiences. Insurance companies, agents, and representatives should focus on serving customers — not running telephony operations. Twilio manages relationships with telecommunications providers to lower risk of outages and strengthen network reliability. Our Super Network ensures Twilio customers can communicate with their customers anytime, around the world, without fail.



Financial service companies using Twilio for two-factor authentication have witnessed a 34% increase in responsiveness to verification communication.

Source: [Twilio, 2020 FINS Impact Report](#)

Innovative risk management



Data is transforming standard insurance products and services. Insurers and underwriters are increasingly using advanced data and analytics, often transmitted through connected devices, to develop more personalized risk profiles and policies for each customer. Internet of Things (IoT) technology enables insurers to collect customer data automatically through connected devices so that they can perform up-to-date, dynamic risk assessments.

Personalized, usage-based coverage

Insurance customers are increasingly interested in personalized and usage-based insurance (UBI), like “pay-as-you-go” car insurance. 77 percent of insurance customers are willing to share data on their car usage for lower premiums and coverage that better fits their needs. UBI will require customers to share more data, more frequently with their insurance providers. Twilio’s IoT technology specially powers data telematics over cellular networks with applications like usage-based automobile, trucking, and drone insurance.

Claim prevention

Typically, insurance companies only interact with policyholders following an accident or loss, however they have an opportunity to take a more vigilant role in mitigating the risk of claims. Insurers can send risk alerts to customers ahead of hazardous events, as well as maintenance reminders, to prevent claims before they happen. To optimize response rates, insurance companies can alert customers via multiple communication channels (i.e text messages or voice calls). IoT monitoring can come into play, providing data that triggers risk alerts.





Bring the future of digital customer engagement to life



Learn more about how Twilio can help you build digital customer experiences for the next generation of insurance. [Talk to sales.](#)