IBM Behavior Based Customer Insight for insurance

Build a more robust policyholder insight model

Highlights

- Optimize each interaction with every policyholder

- Fine tune customer segmentation for more personalized offers and engagement

- Improve key retention metrics

- Enable each channel with retention actions customized for each policyholder

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What does it take to attract, retain and serve today's policyholder? A policyholder's engagement with an insurer is limited to a few interactions throughout the life of a policy. Purchasing decisions are based on a complex set of actions, information and interactions over which insurers have very little control.

Today, the offers and actions insurers take to retain policyholders are often based on a "one-size-fits-all" approach. Interactions with the policyholder, from the initial bind to the renewal decision, are most likely for adverse events such as claims, failed cross-sell attempts, or standard payment reminders near the renewal deadline.

Most insurers rely on common tactics to retain customers, including pricing and discount offers, easy payments, and flexible coverage options. Policy decisions are often based on the agent's relationship and recommendations to the policyholder. Renewal offers and policyholder insight are usually developed from basic data such as demographic, location and policyholder information provided at the start of coverage.

A policyholder's decision to stay with their current insurer is often determined by how they view their customer experience throughout the term of the policy. Did they have a good customer experience? Was their claim handled properly? Did they find help when they needed it?

The cost to acquire a new customer is rising and the rate of new customers entering the market continues to slow. Meanwhile, profit margins continue to shrink. Insurers must shift their focus to retaining their best customers. Using data and analytics to identify which policyholders are most likely to leave, and providing the correct offer to convince them to stay, is central to keeping the more profitable policyholders in your book of business.

Effective interactions are the key to deepening the relationship over the life of the policy through cross-selling additional products, which drives profitability and loyalty. But insurers often struggle with the lack of interaction data to build more robust, highly predictive retention models, because the data that they have is scattered across departments and often not relevant.

More robust policyholder insight

With the IBM® Behavior Based Customer Insight for insurance solution, insurers can build more robust policyholder insight models. This solution uses policyholder insight based on behavioral data drawn from internal and external data sources, coupled with the existing interaction data. Using insight gained from internal and external data helps insurers improve their decisions on issues such as identifying:

- "At risk" customers proactively and sooner
- Customers that might be considering a change in insurers
- Patterns that indicate a customer is starting to shop around
- Situations in which customers might shop more actively
- Which customers to retain, and actively influence retention initiatives at key interaction points

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To realize these benefits, insurers should treat retention, not just as a marketing challenge, but as an enterprise challenge, where each person interacting with a policyholder impacts their decision to stay or leave. Each department that interacts with a policyholder owns a part of the interaction data essential to helping the organization improve retention and engagement.

The IBM Behavior Based Customer Insight for insurance solution helps improve customer:

- Insights
- Profitability
- Engagement

This solution puts advanced customer insights directly into the hands to those who need it throughout the organization. IBM advanced analytic models help you:

- Optimize each interaction with every policyholder.
- Fine tune customer segmentation for more personalized offers and engagement.
- Improve key retention metrics.
- Enable each channel with retention actions customized for each policyholder.

The IBM Behavior Based Customer Insight for insurance uses the IBM industry models, connectors into your systems of engagement, and a stakeholder dashboard with an easy-to-navigate user interface. It also includes APIs that enable the integration of insight with your customer information files (and other systems) as well as your mobile and agent applications.

The solution helps you stop *chasing* business and start *growing* business by empowering everyone in the organization to make the smarter decisions about each policyholder when it matters most.
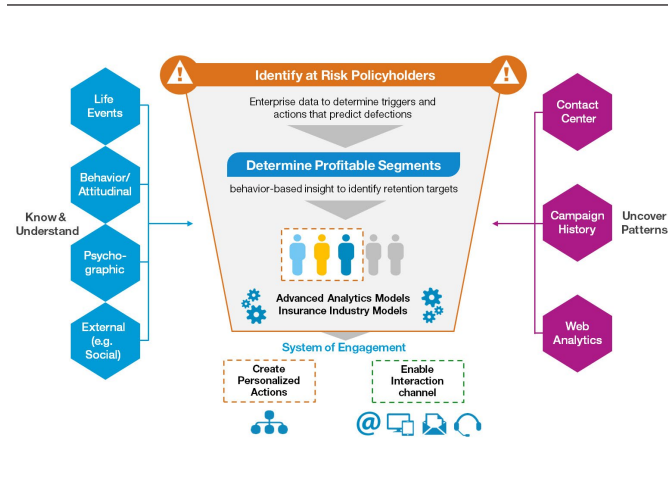

Figure 1: The solution helps insurers to know and understand their customers and uncover patterns to make smat decisions about each policyholder.

This solution combines structured and unstructured data from various sources both internally and externally to help you improve your ability to know and understand each policyholder. Customers want to feel that their insurer knows and understands them. By creating more accurate insights into customer behaviors that feed into each interaction and creating smarter retention offers, you can increase the likelihood that the next contact with the policyholder will be successful.

This solution also helps you to uncover new patterns in your existing data. Sometimes, it is not about *how much* data is available, but the amount of information you can *extract* from the available data. Insurers can now begin to uncover patterns about customers and predict the likelihood of their switching insurers in new ways.

Powerful advanced analytics
IBM offers a powerful advanced analytics solution that includes IBM Behavior Based Customer Insight for insurance and other key elements:

- IBM Predictive Customer Intelligence
- IBM Insurance Industry Models
- IBM Global Business Services

For more information
To learn more about the IBM Behavior Based Customer Insight for insurance solution, please contact your IBM representative or IBM Business Partner, or visit:
ibm.com/analytics/us/en/industry/insurance/

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