Front office and agent: how innovation and collaboration can make insurance carriers more competitive.

"Insurers must understand the fundamental changes in demographics and arm themselves with knowledge—not only of their policyholders, applicants and claimants, but also of their own employees and service populations."

— Insurance 2020: Now what? Exploring initiatives for innovation, IBM Institute for Business Value, 2007

Imagine Dan, an insurance adjuster, is on the road using his mobile device to wrap up some work. Heather, an insurance agent located at the home office, receives an accident report from a client who is near Dan's current location. Heather creates a claim form and assigns the claim to Dan. Heather then contacts Dan electronically using instant messaging. Dan receives the form and reviews the initial information for the client's claim. He then locates the accident by accessing a mapping Web site, receives directions and drives to the location.

As Dan walks around the accident, he takes photos of the vehicle and completes the claim form that Heather started back in the office. As Dan reviews the form, he realizes he needs another opinion for one of the damaged car parts. He's uncertain whether the part can be repaired and wants an opinion from one of the shops he goes to for claims. Using integrated video capability, he contacts the shop and shares the photo of the damaged part. The shop's assessment allows Dan to complete the full claim in record time.

Highly satisfied, the insured customer takes note of this innovative approach and is eager to share this positive experience with friends.

Is this the year 2020? Think again. Innovative business models supporting processes and technology are here, now!

Traditional insurance carriers are learning that business system optimization and process optimization are no substitutes for true innovation. To compete with new industry business models, insurance carriers need to embrace more than just the latest hardware and software. They need to seek out innovative solutions that elevate and enable the business model itself. Imagine the effect unbridled collaboration could have within your insurance company.

Effective communications and collaboration can result in immediate, solid benefits: Employees who access client data across organizational boundaries serve clients more efficiently. A broader customer profile yields a deeper understanding of needs and buying habits. Knowledge sharing within a company team generates more insurance solutions and heightens customer responsiveness. Effective communications and collaboration can result in tremendous benefits. In the end, your customers feel a personal connection, greater satisfaction and brand loyalty.

How will collaborative innovation be accepted in your company? The journey may take time. But now, everyone can be certain of the direction.

Changes in the insurance marketplace mean changes for insurance carriers

The last decade has been a time of unprecedented change in the insurance industry. New and more competitive business models are evolving. The economic landscape is changing. Your customer base is shifting. Methods of buying and selling are growing and taking new forms. You know you need to make changes, but where do you start?

Consumer demographics are the real driving force behind changes in the insurance industry. New business models are succeeding because they are responding to different and fluctuating consumer habits, wants and needs.

Customers demanding change

Insurance consumers are becoming more elusive in both life and nonlife products for two basic reasons. First, a greater percentage of target customers gravitate toward Web shopping every year; they're growing accustomed to the self-service environment. Older customers may still respond to traditional sales and marketing efforts, but as time goes on, their number will decrease.

Second, the Web makes comparison shopping easier. That demands faster, more personal, more informed service on your end. Following traditional business models, companies run the risk that the customer has already identified a need, thought about it, looked around, set some priorities, narrowed the list and maybe even made a decision, all before a traditional agent has heard about it.

An industry fighting change

Many of the factors that exacerbate the problem and prohibit solutions today have existed within the cultural fabric of the insurance industry for a long time.

In the recent past, faced with a fiercely competitive customer marketplace as well as the need to differentiate their services, many property and casualty insurance companies opened new lines of business. These new initiatives were typically launched with separate information systems; at the same time, traditional departments such as underwriting and claims were relying on independent IT resources. These organizations had to access disparate applications, making it difficult for employees to collaborate with other groups.

Traditional, siloed approaches to storing information yielded a fragmented customer approach. Workforces and suppliers weren't communicating easily enough or fast enough. Restricted access to data translated directly into reduced customer responsiveness. In fact, companies found themselves under pressure to stem the dissemination of information due to security concerns. Meanwhile, the prospect of company-wide workforce reeducation became daunting to everyone involved.

The insurance industry has always been resistant to change. The proud legacy of the "independent agent" has brought with it the practice of noncollaboration. As a result, many carriers have found themselves in a reactive rather than proactive business mode. All the while, a lack of shared team knowledge has eroded companies' ability to succeed.
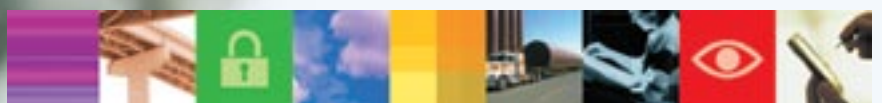
Insurance carriers face significant challenges

Managing a dispersed workforce consisting of thousands of employees will be tough enough; getting them to collaborate could be even tougher. But revitalizing a business model, and subsequently the customer experience, requires it. It's a sure way to make significant gains in sales and customer retention.

Today, insurance carriers must find a way to anticipate customer wants and needs—to become customer-centric. They need to improve communication inside the company, as well as foster more interaction with customers. Educating customers—before they make a decision—on the increased value a better policy can bring is critical. Today's customers are demanding immediate access to information on the Web, and they expect the same level of responsiveness from their insurance companies. Insurers have to manage distribution channels more effectively.

Employers must find a way to give their workforce access to siloed information in scattered locations so that employees can meet increasing customer demands. Beyond that, team building and knowledge sharing are essential if salespeople are going to retain information from generation to generation. The goal of every company should be a zero net loss of knowledge as it transfers to younger employees.

Winning over an independent-minded workforce is arguably the greatest challenge. Employers must create a collective vision within management and help employees embrace that vision. Turning followers into accomplices is a difficult task, but it helps everyone overcome the challenge of reeducation and the implementation of new business processes.

One carrier's challenge

As inefficiencies grew, one top company knew it had to explore ways to integrate multiple applications and improve information delivery.

Among the top 40 property and casualty insurance groups in the United States, this insurance group had 3,500 independent agencies and 6 subsidiary insurance companies. Although growth was good, the complexity of the company's information infrastructure had begun to hinder efficient communications.

Throughout the day, employees had to toggle back and forth between their e-mail, calendaring systems, business transactional systems and various in-house human resources applications. They struggled with employee evaluations, vacation scheduling, weekly time sheets, travel and expenses, and more. Searching for and accessing all these applications separately, let alone remembering multiple log-ins, was cumbersome and frustrating. It frequently resulted in employees and managers having to work harder and longer to get the information they needed.

Today, with IBM's help, this company has transitioned to an innovative and collaborative business model. It has improved employee productivity, increased its internal knowledge base and enhanced its customer responsiveness.

"Our intention now is to make all our employees and agents part of our emerging online working experience, which will bring new energy and innovation to our collective initiatives, thanks to IBM."

— Manager of portal services

Insights lead to opportunities—for carriers willing to change

Carriers today are having more of a siloing problem than a technology problem. In general, investments in technology are adequate. Replacing systems and applications isn't altogether necessary if insurance companies are ready to embrace an open-standards philosophy.

Single-interface portals and new tools are helping to break down collaboration barriers. Some of the new tools include social networking, instant messaging, e-mail, calendar and group scheduling, and common applications. Insurers are using these capabilities to harness collaborative efforts and increase responsiveness. This is resulting in a more competitive company, greater productivity and higher rates of customer satisfaction and retention. Dawning Web 2.0 technology is enabling even deeper intranet, Internet and extranet collaboration.

Carriers that adopt innovation as part of a business plan, through new technologies and processes, are achieving a sharper competitive edge. Historically, innovation and collaboration have led to higher revenue. An open-standards philosophy is giving companies deeper insights into customer needs, expectations and buying habits. Enhanced communication with customers is building loyalty, and higher-quality service is improving satisfaction. Better internal team communication is facilitating knowledge transfer from baby boomers to newer company talent.

Web 2.0: connecting people with people

Web 2.0 technologies are a new breed of Internet-based services that emphasize information sharing and collaboration. Using Web 2.0, retailers are tapping into the collective knowledge of employees, simplifying communication and collaboration within extended teams, responding to customer and marketplace trends, and more effectively marketing to customer segments with specific interests or requirements. The most popular forms of Web 2.0 technologies include:

- **Social networks**—forums for people who share common interests or specific expertise.
- **Wikis**—Web sites or collections of Web sites that are authored and edited by a group of people.
- **Mashups**—user-created Web applications that combine content from more than one source to create a new service. For example, a mashup might combine mapping data from MapQuest with store locations from the retailer's Web site.
- **Blogs**—online journals where users post news, express comments and share thoughts and opinions in a chronological format.
- **Tags**—assigned keywords that help users search for and find online content.

Enhanced access to information has many potential benefits

Information access doesn't belong to a privileged few. Each employee and senior manager needs roles-based access to information relevant to the task at hand. Security-rich access to information is a key to increasing customer satisfaction and revenue.

Agents—While agents need access to e-mail, calendaring, Web meetings and transaction services, they also benefit from better access to industry experts so they can more quickly begin the claims process. In today's fast-paced world, reducing response times throughout an agent's day with the help of online resources is critical to transforming a business model.

Adjusters—With quick access to more information, adjusters receive new claims, respond to existing claims, contact the customer and gain access to repair estimates when needed, whether they are in the office or on the go. Using software specifically designed for mobile employees, adjusters work from their desktops or mobile devices and communicate with all parties in the value chain, virtually anywhere, anytime.

Senior executives—To help ensure that their organizations stay on track, senior executives get speedy access to everything from revenue and cost figures to customer acquisition numbers and products purchased. It also helps if they can access portfolio performance across the enterprise and across geographies. Using portal and dashboard technologies with key performance indicators (KPIs), executives can now view this information from a single interface. They can get the insight they need to analyze performance, revise strategies and manage tactics accordingly.

Customers—Convenience and service—via personal digital assistants (PDAs), other mobile devices and Web sites—lead to customer loyalty and strong customer communities. Through online communities, customers exchange information and comments about their insurance with one another. Communities also open new, wider avenues of feedback from the field. They provide key insights into keeping and building positive customer relationships. And high rates of customer satisfaction help drive additional product purchases and increase revenues.

Building a collaborative culture requires creating an environment where all participants believe their contributions matter. Everyone, including the insurer, must be committed to sharing content, as well as to giving and receiving informal mentorship. The resulting interaction enhances the effectiveness of social connections, or networking. Many savvy insurers are finding that this contributes to a profitable business model. Some have already created online communities, which they've integrated into their operations.

IBM in the insurance industry

IBM has deep, firsthand experience in the insurance industry. We've already helped transform traditional carriers into more customer-centric businesses.

The first step is discovering a company's business imperatives and uniting them with technologies that provide a competitive advantage. We can help your company realize short-term ROI by increasing system-wide performance. The goal of our world-class consulting services is to build a model that's flexible enough to work better today and in the future.

Our IBM WebSphere® Portal and IBM Lotus® software products are quintessential elements of collaborative solutions. They offer a single interface for a dispersed workforce. They integrate instant messaging, e-mail, calendars, group scheduling and online productivity tools. They empower co-creation, so your team members can decide for themselves where, when and how they choose to work. WebSphere Portal and Lotus software are designed to become more valuable to your organization as more tools, technologies and processes are added.

IBM is also a world leader in multivendor IT financing. We offer extensive financing solutions for businesses of virtually any size, no matter how many branches or employees they might have. We can consolidate contracts for hardware, software and services, even from ancillary suppliers, into a single contract. That approach can help free cash for other strategic company investments.
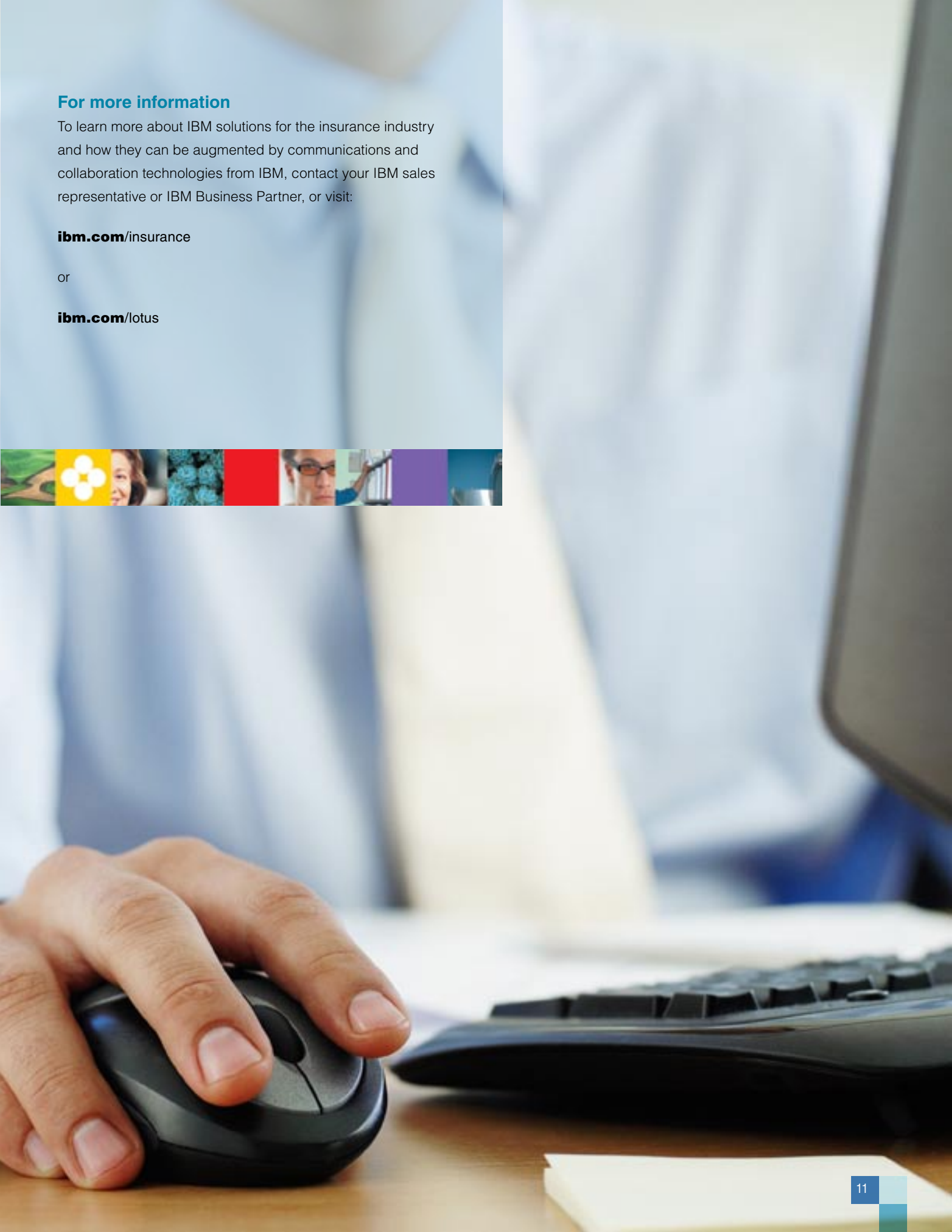
For more information

To learn more about IBM solutions for the insurance industry and how they can be augmented by communications and collaboration technologies from IBM, contact your IBM sales representative or IBM Business Partner, or visit:

ibm.com/insurance

or

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