



Confederation of Indian Industry

Leveraging customer persona for insurance in a digital era

CII North Insurance Summit 2018



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Foreword



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The Indian insurance industry is going through a significant level of modernisation and digitisation. Rapid digitisation, machine learning (ML) for tackling frauds, data analytics to manage risks, digital modes of customer engagement and distribution are affecting operating models at a fundamental level.

In the digital age, customers are demanding simple terms, transparency, easy-to-understand benefits, and increased automation. Digital is no longer only the purview of product innovation, but influencing how customers seek

information and advice, and engage with insurers and respond in situations such as renewals and claims.

The Government is also pushing initiatives such as Digital India and the India stack to develop a digital eco-system. The forthcoming initiatives towards a universal health cover are now expected to provide improved impetus in reaching the last mile, with minimal cost, by leveraging technology.

In this paper, we discuss a framework to enable communication, and deliver information, advice, solution and services, to acquire and engage customers.

Product A



Product F



Product F





Context

India has a population of more than 462 million with internet connectivity (<http://www.internetlivestats.com/internet-users/india/>) and is adding more than 100 million new users each year, to cover over one-third of its population. The country's smartphone user base is an impressive 299 million (<https://www.statista.com/statistics/467163/forecast-of-smartphone-users-in-india/>), around the same as all of the US. This base is expected to grow to more than 440 million by 2022. Clearly, the mobile first internet age is a reality.

The Government is also pushing digitalisation with initiatives such as Digital India, encouraging tech and digital start-ups through Start up India programme and creating an environment for making India a 'Digital First' economy.

The Insurance industry is also understanding and moving toward understanding how to engage, advise and build customer bonds in this digital era.

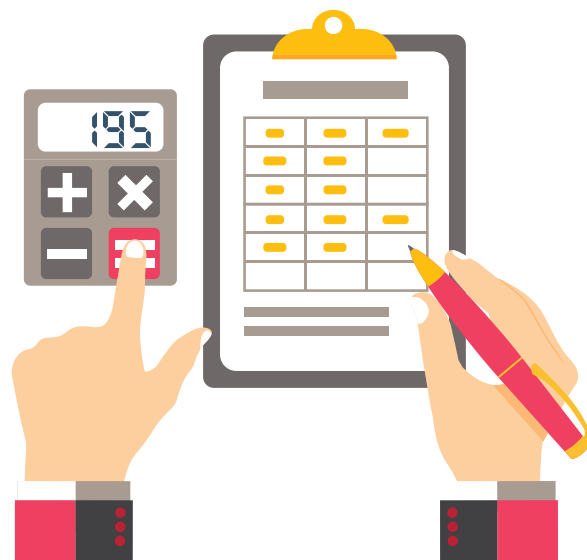
In this paper, we provide a framework that may be leveraged by understanding customers, offering the right service/product, fulfilling their need and refining as a constant process.

Only 0.77% life insurance policies sold online in 2015–16 Mature markets have 5–6% digital sales

2% of health insurance issued through online/digital channels

420 million Internet users in India Increased mobile-first usage

Source: Insurance @digital-20x by 2020, BCG-Google Insurance Report 2017



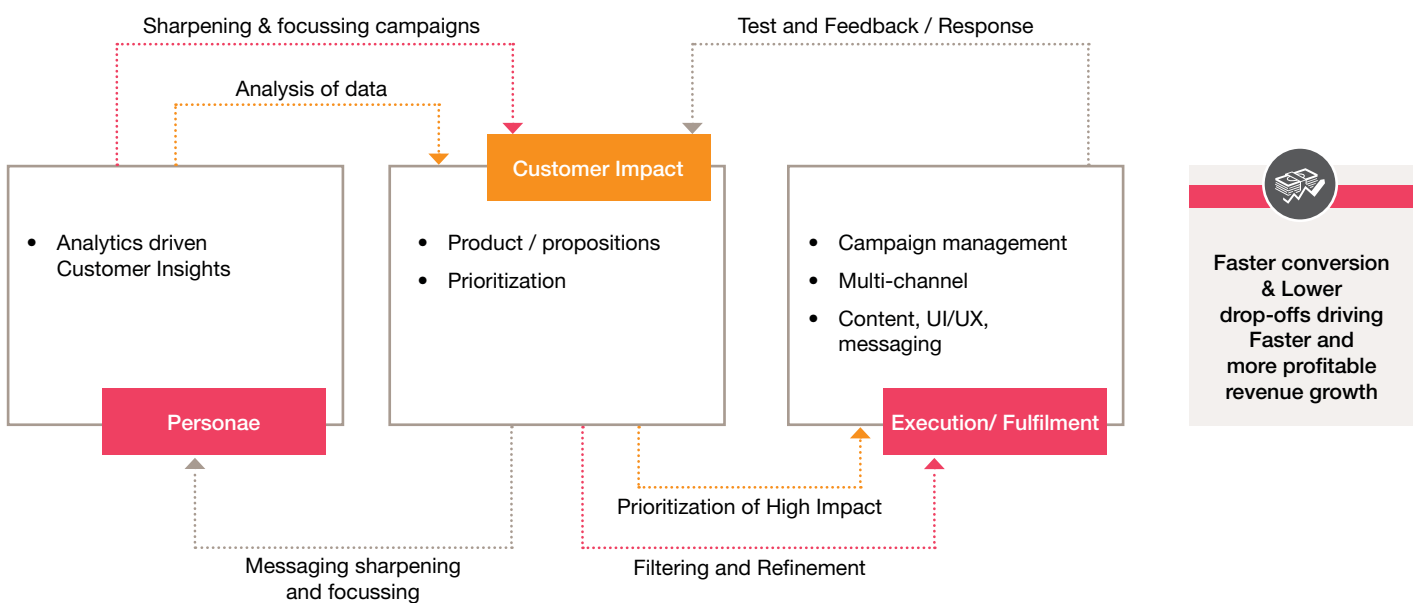
PwC Recursive Insights-driven Digital Engagement (PRIDE) framework

Introducing the framework

Understanding opportunities and challenges of digitalisation, PwC has formulated a framework—PwC Recursive Insights-driven Digital Engagement (**PRIDE**) framework.

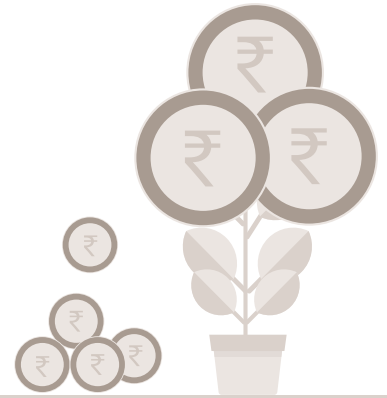
This framework addresses key elements:

- Generating customer insights to develop enriched Personas
- Leveraging AI tools to recommend the best product / service, while building a highly personalised relationship and communication construct
- Creating a multi-channel, consistent communication and outreach



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Let us look at the key components one by one.



Insights-driven personas

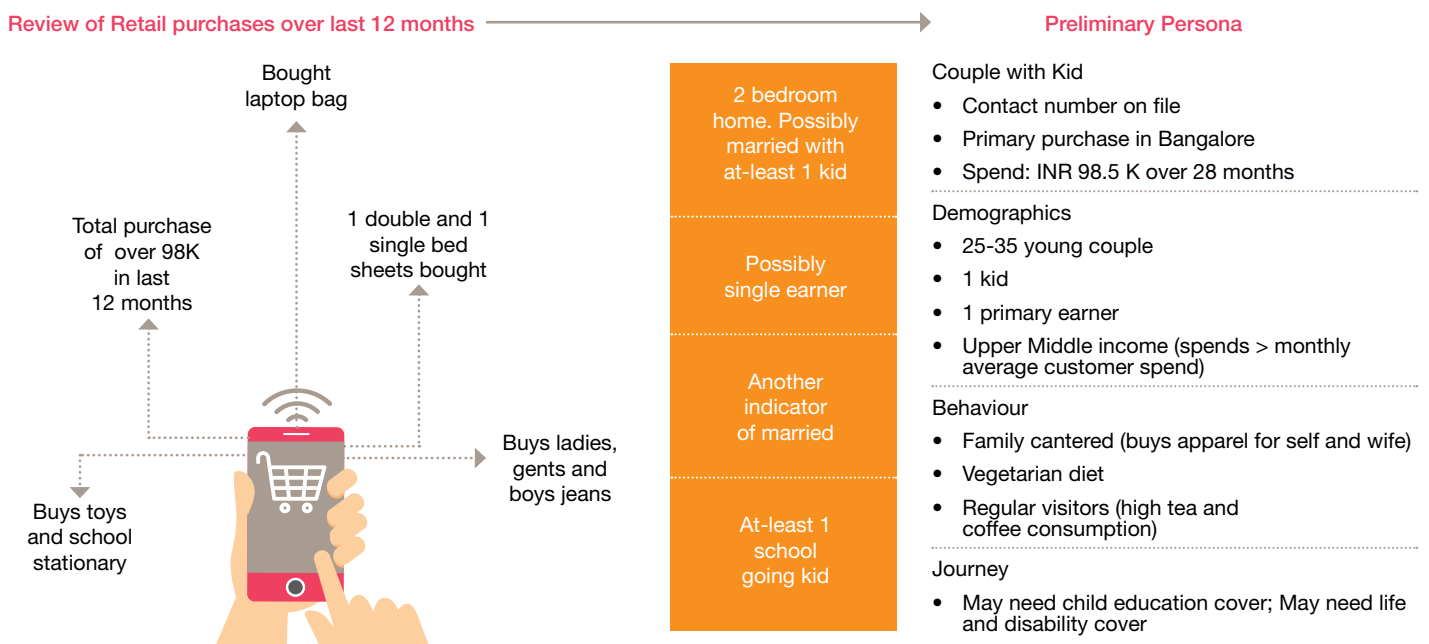
In the digital world, each individual is leaving marks of their life with activities using digital modes. Be it where we shop, what we shop for, the apps on our phones, our browsing habits, our credit behaviour—all these are key markers.

Analytics and AI technologies are using these markers to generate insights.

The five significant sources of data for markers regarding persona and life stage are the following:

1. Banking behaviour
2. Driving and location stamps
3. Social media presence with photos and context relevance
4. Retail purchases
5. Mobile and telecom behaviour

Let us take a hypothetical example where customers' shopping behaviour can be used to provide insights around their age, residence type, spends, standard of living, family, diet, lifestyle and maybe some visibility into their attitudes.

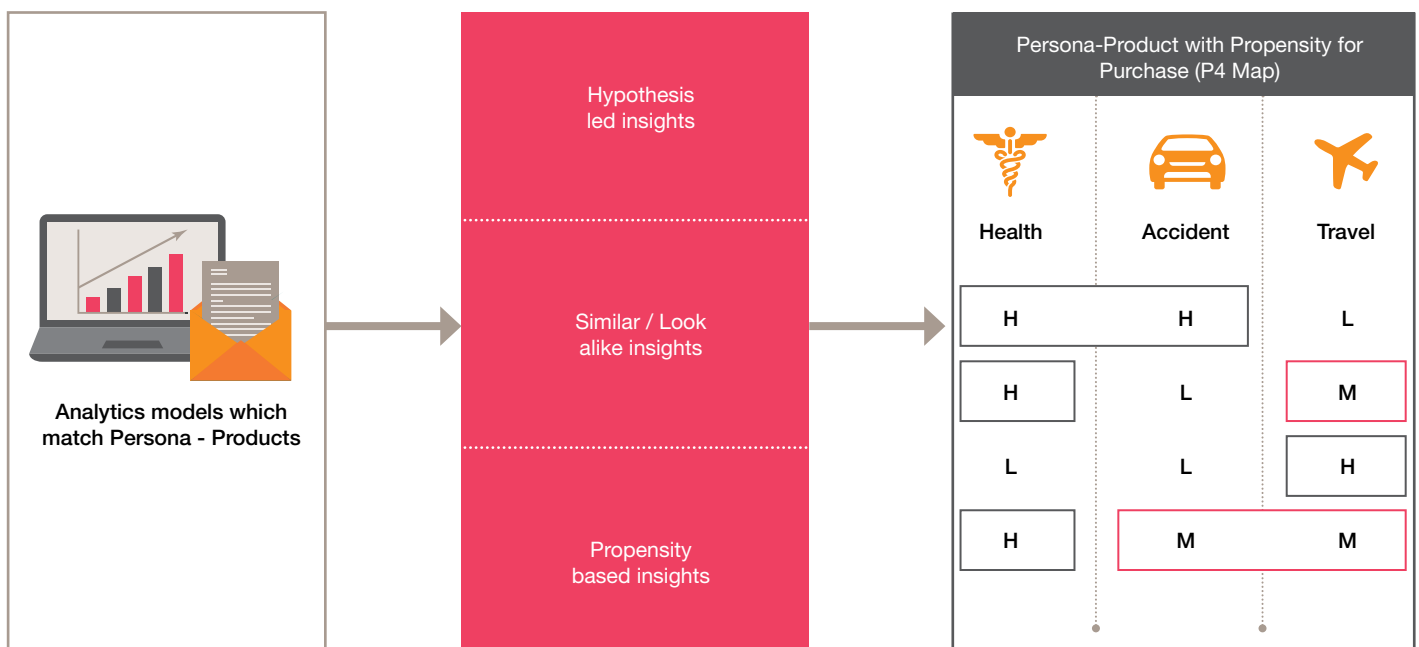


As can be seen, each digital marker can provide unique insights. Collectively, these markers, can generate individual personas that are far more accurate than traditional market research methodologies.



Making the impact

Persona-product fitment hypothesis can then be tested leveraging Machine Learning models.

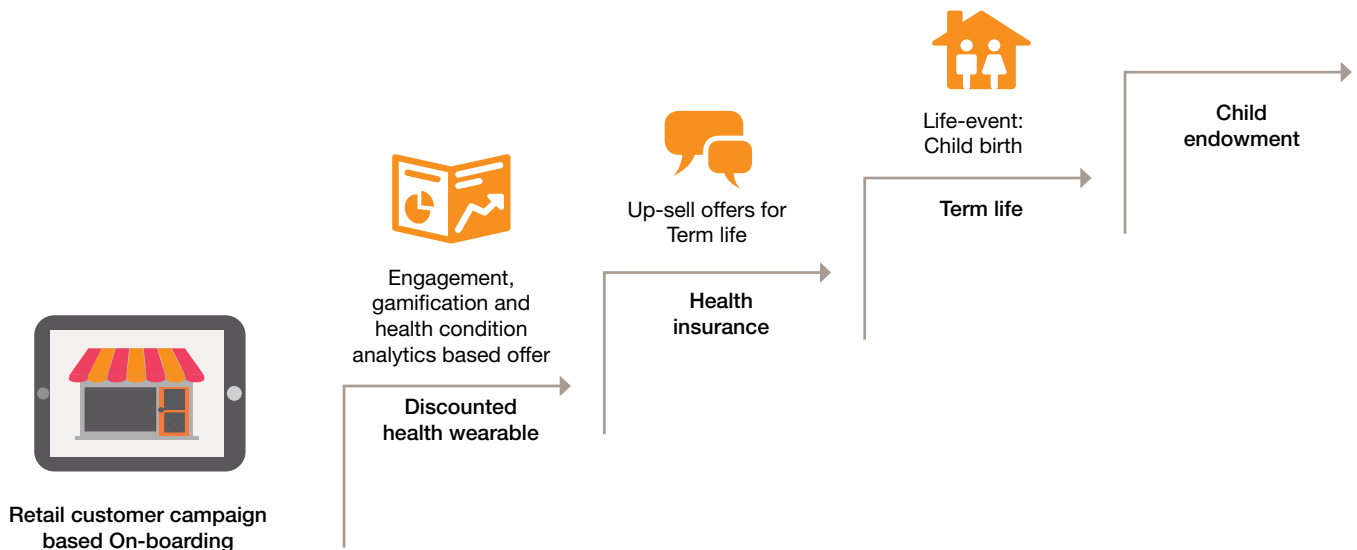


At PwC, we come across many start-ups looking to create such specific recommendation engines for specific industry use cases using diverse pieces of data ranging from payments, banking transactions, retail purchases, mobile behaviour and even social media.



Communication and relevance

These set of capabilities relate to specifics of reaching out and closing communication with the customer.



*PwC Internal 2018

- Continuous engagement with customers through valid contact modes (phone/email/kiosks/special sales channel)
- Insights to identify key events/change in life stage
- Data augmentation/enrichment requirements
- Targeted, specific activities to deepen customer engagement, trust and servicing

Enabling the framework

To truly reap dividends from this framework, the key elements need to be in place:

Technology

Big Data tools coupled with data enrichment is now being used in developing such “holistic” capabilities including

- a) Risk assessment via social connections and their behaviour
- b) Real time online complaint/rant monitoring and resolution—driving delight
- c) Employee pulse tracking via online posts
- d) Alternate data is being tested in credit risk and underwriting—in generating improved insights and differentiated products

Processes

Organizations have to fundamentally re-imagine how they work through the purchase process, on-boarding and servicing of a customer. These include:

- End-to-end advice and purchase—eKYC, eSign, digital payments and digital policy issuances
- Agent enablement with relevant insights and actions
- Continuous engagement programs, e.g., health insurers are offering wellness services while capturing data using wearables, online consultations with physicians and eHealth lockers
- Digital and transparent claims processes—motor insurers have started testing out Artificial Intelligence (AI)-driven solutions that are able to recognise the part and severity of vehicle damage and provide estimates and options for repair or replacement

Governance and operating models

Insurance companies are redefining the way they operate and govern. They are formulating:

- Clear and sharp definitions of targets and roles that are measurable
- Tight, digitally enabled controls to limit leakages
- Strategy framework that relies on testing and design of experiments to simultaneously test various elements while ensuring hyper-personalised experiences for the customer

Strategy and change

Finally, the inevitability of digital is still not fully understood. Most organizations have reacted by creating a separate company within a company constructs focusing on digital while the whole continues as usual. Others have created specialised roles around digital and analytics. Most organisations struggle with collaborating and building alliances especially with InsurTech (FinTech companies focusing on Insurance)—driving mutual benefits. All these elements need to be brought together and tweaked frequently to drive true benefits.

Eventually, the digital world is about fundamentally changing how organisations react to the changes brought in by technology and work with customers to understand and work through these changes. It is important to understand that while it may see that often organisations are reacting to customer and technology changes, it is also true that organisations influence customer behaviour especially when new technology is introduced. As an example, usage of navigation and mapping tools has increased, since being introduced by technology companies, e.g., maps, crowd-sourcing of traffic conditions etc.. Similarly, messaging applications, are absolutely new communication modes, where only non-digital equivalent can be passing notes in a classroom.

Insurers need to think of this digital journey as a partnership with their customers, distribution partners, InsurTech and other players. While there is no right path, selecting an optimal route has to be in sync with key strengths and capabilities of all plays. Finally, collaborating and openness to change have to start becoming embedded into the operating DNA.

If done right this promises to be an extremely rewarding journey—all aboard !!!



About CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has around 9000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from around 265 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward

corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

As a developmental institution working towards India's overall growth with a special focus on India@75 in 2022, the CII theme for 2018-19, India RISE : Responsible. Inclusive. Sustainable. Entrepreneurial emphasizes Industry's role in partnering Government to accelerate India's growth and development. The focus will be on key enablers such as job creation; skill development; financing growth; promoting next gen manufacturing; sustainability; corporate social responsibility and governance and transparency.

With 65 offices, including 9 Centres of Excellence, in India, and 11 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Iran, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 355 counterpart organizations in 126 countries, CII serves as a reference point for Indian industry and the international business community.

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