

Everyone knows the story: The more engaged a policyholder, the lower the churn. The lower the churn, the lower the costs – a boon for insurer and policyholder alike. As recently as a decade ago, before FinTech companies and startups threatened to disrupt life insurance, engagement was a differentiator, a nice-to-have, a cherry on top. Now, it is a necessity.

New predators have entered the life insurance food chain. These nimble, hungry, and sophisticated companies know how to engage customers to build trust. For their part, customers have come to expect the same consumer-centric, frictionless purchasing experience found in the retail world.

Is this a real threat? It could be. But it is also an opportunity. And there are steps we can take as an industry to improve our level of engagement.

1. Develop products that reward customers for achieving goals

Many insurers have turned to products with wellness features and rewards to improve engagement. Tangible benefits, such as premium reductions or “cash-backs” remain the most compelling drivers of wellness participation.

Achieving long-term engagement, however, requires a more holistic approach. Such initiatives include health, stress levels, and even financial wellness. The lesson: Monetary incentives and rewards may attract new customers, but demonstrating real knowledge of and empathy for the customer builds loyalty in a much more powerful way. If we truly want to unlock value in the industry, we should seek to understand our customers’ goals and help them meet them. Imagine the loyalty earned by the insurer who not only offers Meg, a diabetic, a policy at reasonable substandard rates but also provides tools to help her control her hBA1C levels and the chance to lower her insurance rates over time.

Aside from loyalty and improved retention, a significant by-product of the movement towards insurance-linked wellness programs is the ability over time to create non-traditional rating factors to better assess risk, such as sleep, nutrition, and exercise. These factors also provide new opportunities to engage with customers through services and content tailored to their needs. According to a recent Competiscan survey, 73% of those who believe their insurer can help them improve their wellness results are willing to share personal data.

Change can be tough, but finding ways to make that change rewarding to all parties in the insurance value chain will help drive sustained growth.

2. Leverage the data we already collect

As more data becomes available, the business applications for that data become more diverse. Life insurers can now better leverage existing data to engage policyholders and capitalise on upsell and cross-sell opportunities – delivering the right product to the right customer at the right time. The result: increased revenues, reduced costs, and higher persistency.

In Asia, [RGA’s “Claims as a Business” initiative](#) leverages hospital claims data in this way. A proprietary algorithm enables us to identify low-risk lives among claimants, who we then introduce to other life and critical illness products. Since these individuals have already had a positive touchpoint with the insurer (ie, they received payment on a claim), they have an increased propensity to buy. RGA pilot projects reveal that insurers using this approach achieve an upsell rate many times that of the industry average, and in many cases policyholders go on to refer family and friends

The Next Step

The era of consumer engagement in insurance is well underway, and now is the time to seize this exciting growth opportunity. Winners will be those who best connect products and services with the needs of consumers and make the insurance buying experience as natural and smooth as possible. How do you get there? One step at a time.

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