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BUSINESS-DRIVEN INNOVATION

Life Insurance Digitalized

Your customers, employees, and company's future demand improved digital experiences

FORRESTER®

A commissioned study conducted by Forrester Consulting on behalf of Equisoft

Closing the life insurance CX gap

Brian Carey

Senior Director,
Industry Principal,
Insurance, Equisoft

One of the biggest business challenges insurers are grappling with today is how to catch up to the high expectations set by consumer experiences in other industries. The commonly held belief is that P&C insurance lags behind pace-setting industries, like entertainment and online retail, by a good five years. And life insurance may be another five years behind that.

For companies that may still have legacy policy approval workflows that require wet signatures and feature the hum of scanners or fax machines, the standards established by other industries represent a very high bar. But in our work with our clients, and in our conversations with leaders around the industry, we're seeing a lot of progress being made on everything from process automation to eApp and portals to policy administration system modernization. All of which are dramatically enhancing digital customer experiences.

To build an accurate picture of the current state of CX across the industry, Equisoft commissioned Forrester Consulting to conduct a research study involving more than 200 senior carrier executives. We especially wanted to understand what carriers across North America are doing right now when it comes to improving CX. What successes have they had recently? And what challenges remain?

Providing data to help solve significant industry challenges

Equisoft, has built our business on innovation and a collaborative approach to solving the biggest challenges faced by the industry. We're pleased to share the insights in this study with you so that you can develop your CX capabilities based on the best, most current information available.

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Life Insurance And The Expectation For A Digital Customer Experience

Customer expectations have exploded with the digital world. The average customer expects companies to provide secure digital experiences that allow them to quickly complete tasks from their devices. Life insurance companies are striving to meet these expectations, as they know superior customer experience (CX) equals business growth.

Equisoft commissioned Forrester to learn how 207 directors of IT at life insurance companies are planning for the future, and most are investing in front-end and back-end technology to support digital CX. During the last year, their companies' biggest CX successes were achieving higher levels of digital service and improving CX metrics. But legacy technology and manual processes prevent insurers from delivering the level of CX customers demand. To rightsize this, in the next year, life insurance firms are focusing on improving back-end technology that supports their customer-facing initiatives.
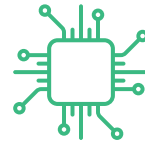
Key Findings

Respondents said their firms' top three priorities are growing revenue, improving CX, and accelerating digital business. A digital customer experience leads to organizational growth.

Legacy technology makes it hard to deliver state-of-the-art CX because it lacks the required capabilities. As a result, firms lack the resources and capabilities to succeed.

Firms want insurance platforms that will enable them to provide superior CX by removing manual processes. They are ready to invest more than $500,000 in front-end and back-end technology.

Digital Customer Experience Equals Organizational Growth

Life insurance respondents recognize that digital transformation and customer satisfaction are key to growing their companies' books of business. A strong digital customer experience leads to organizational growth, which is expressed through their organizations' top three priorities during the coming year: They want to grow revenue, improve CX, and accelerate their firm's digital business. The three priorities intertwine in a virtuous circle. In order to grow, you need customers, and in order to maintain a happy customer base, you need digital experiences. Life insurance leaders keenly feel the need for ecosystem interconnectivity as 81% of respondents agree that a digital insurance platform is necessary to satisfy customers and elevate CX.

"How is your organization prioritizing the following business initiatives in the next 12 months?"

● Medium priority　　○ High priority

Grow revenue
54%　　27%

Improve our CX
43%　　36%

Accelerate our move to digital business
43%　　35%
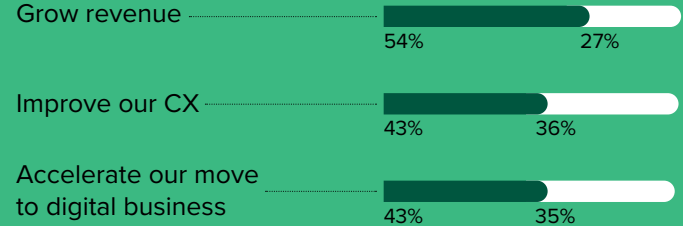
"How much do you agree with the following statements?"

81%　A digital insurance platform is necessary to satisfy our customers and elevate CX.

Insurers Have Digitalized The Front End And Are Focused On The Back End

The need for digital customer experiences is not new; life insurance companies have already started this journey by mostly focusing on front-end experiences. Respondents indicated that during the past 12 months, their companies' biggest CX successes were achieving higher levels of digital service and improving customer experience metrics. Their firms have implemented customer-facing digital experiences such as e-signature and e-application digital beneficiary experience and digital customer engagement platforms.

With customers expecting a great digital experience, respondents are focused on what's behind the scenes to enable them. In the next six to 12 months, their firms are prioritizing the back-end processes that support optimal digital front-end experiences, which includes a 360-degree view of the customer, access to new CX data sources, and automated underwriting capabilities.

98% Biggest company success was higher levels of digital service

86% Biggest company success was improved customer experience metrics

FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY EQUISOFT | JUNE 2022

"When is your organization prioritizing the following CX initiatives?"

🏆 Already accomplished this initiative

Making it easier to buy life insurance
70%

Providing digital beneficiary experience
66%

Offering digital customer engagement platforms to allow us to interact with our customer in a more personalized manner
61%

⏱ Prioritizing in the next 6 to 12 months

Investing in 360 of customer capabilities
42%

Investing in new partnerships that expand our CX capabilities or access to new data sources
42%

Investing in automated writing capabilities
38%

Base: 207 directors of IT at life insurance carriers in the US and Canada
Source: A commissioned study conducted by Forrester Consulting on behalf of Equisoft, April 2022

Top Challenges: Manual Processes And Low Staffing

Insurers suffer from errors caused by humans, and legacy platforms overly rely on manual processes. As a result, 64% of respondents said their firms experience operational errors due to manual data entry, and another 64% said manual data collection for accounting and reporting increases time and cost and reduces profit.
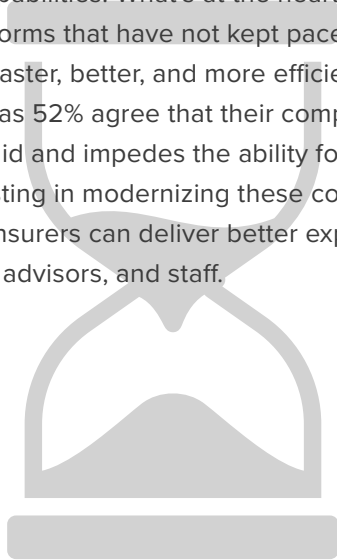
These systems cause errors and eat resources. Respondents said the biggest CX challenge of their firms' platforms is high maintenance and staffing cost (75%). Firms struggle o support manual work processes with too much effort correcting paperwork, and a reason for this is that companies overly depend on humans to support manual processes. An obvious solution is to use technology to better support humans, but 71% of respondents said their firm's insurance platform does not easily integrate with other IT systems.

"What are your organization's biggest challenges when elevating CX?"

MAIN CHALLENGES

Insurance program does not easily integrate with other IT systems **71%**

High IT staff dependency **74%**

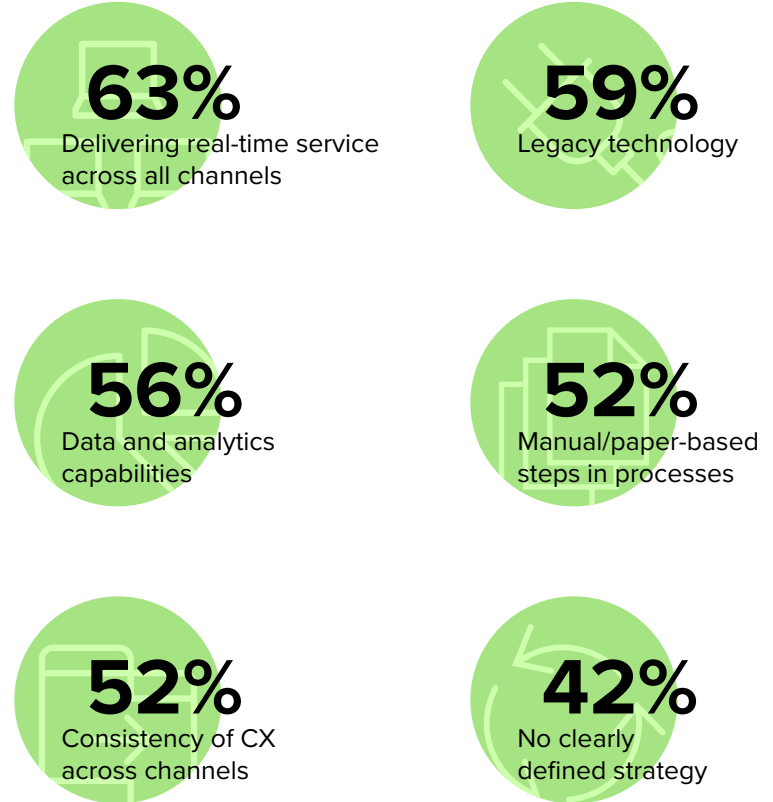High maintenance and staffing cost **75%**

Time's Up For Legacy Systems

Legacy insurance systems are no longer capable of getting the job done. Respondents said their companies' biggest challenges in elevating CX are: 1) inability to deliver real-time service across all channels, 2) legacy technology, and 3) data and analytics capabilities. What's at the heart of all three? It's technology platforms that have not kept pace with business demands to be faster, better, and more efficient. Respondents made this clear, as 52% agree that their company's legacy technology is rigid and impedes the ability for staff to work effectively. Investing in modernizing these core capabilities means that life insurers can deliver better experiences for their customers, advisors, and staff.

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"What are your organization's biggest challenges to elevating CX?"

63%
Delivering real-time service across all channels

59%
Legacy technology

56%
Data and analytics capabilities

52%
Manual/paper-based steps in processes

52%
Consistency of CX across channels

42%
No clearly defined strategy

Base: 207 directors of IT at life insurance carriers in the US and Canada
Source: A commissioned study conducted by Forrester Consulting on behalf of Equisoft, April 2022

End-To-End CX Vendors To The Rescue

Respondents are looking for insurance platforms that will enable their companies to provide superior CX by reducing manual processes and providing business-closing tools and support for advisors. For example, 75% of respondents are looking for an API-enabled insurance platform to tackle their company's system interconnectivity issues, while 73% are looking for an end-to-end solution that integrates back-end policy administration systems (PAS) and front-end digital sales/services. They are specifically looking for vendors that can help with data tools and support, CX measurement, end-to-end capabilities, and providing a robust partner ecosystem. By partnering with a vendor that can provide these capabilities, life insurers can focus staff on humans-in-the-loop activities that drive customer engagement and loyalty.

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"What are you looking for in a vendor partner?"

Data tools and support

49%

CX measurement

49%

End-to-end capabilities

45%

A robust partner ecosystem

40%

Longstanding track record in the industry

39%

Advisory services

34%

Peer networking

31%

Base: 207 directors of IT at life insurance carriers in the US and Canada
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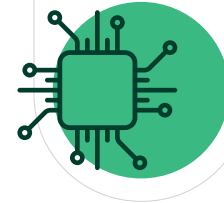
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Insurance Companies Are Ready To Invest

Companies are ready to invest. Respondents said that during the next 12 months, their life insurance companies are planning to invest an average of $257,000 on front-end technologies and $287,000 on back-end technologies. Specifically, they plan to invest in e-applications, business intelligence and data analytics, CX measurements, and self-service portals.

"What capabilities are you planning to invest in?"

43%
E-applications and e-signatures

41%
Business intelligence and data analytics

38%
CX measurement tools

36%
Self-service portal
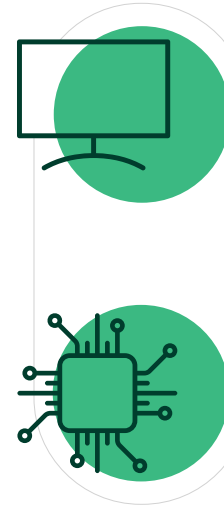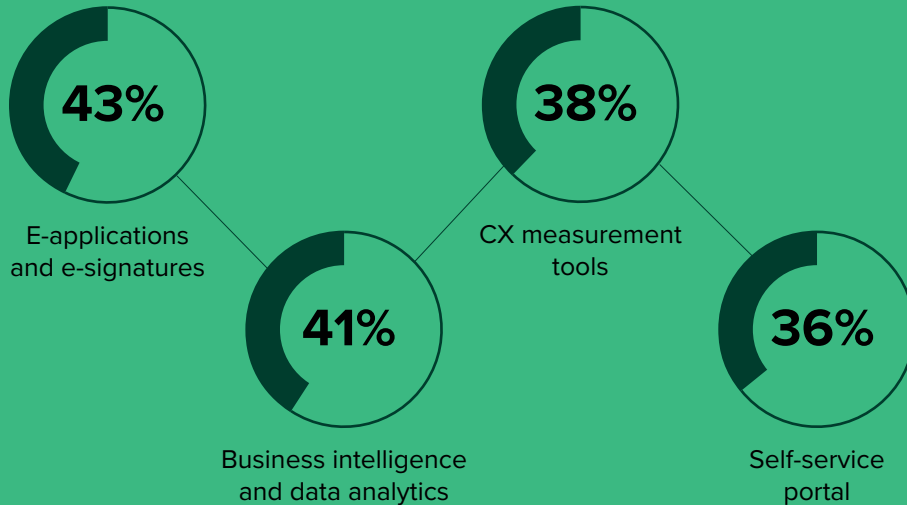
Planning to invest **$257,000** on front-end technologies

Planning to invest **$287,000** on back-end technologies

Base: 207 directors of IT at life insurance carriers in the US and Canada
Source: A commissioned study conducted by Forrester Consulting on behalf of Equisoft, April 2022

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Insurance companies are strategizing how their core systems will meet increasing customer expectations. Consider that:

- **Demands on legacy systems will grow.** As digital transformation becomes the norm, core system functionality must be boosted with APIs that speed up integrations as well as cloud to clear the hurdles of software upgrades and releases.

- **CX priorities must be backed with committed investments.** Life insurers waited to act largely because of the cost of modernization. But with automation, APIs, and partner networks, life insurers improve their operations and CX without the rip and replace.

- **Core system expertise is table stakes.** Core demands partners can craft solutions and delivery teams that understand the life insurance industry, the role of insights, and how to create customer- and advisor-facing experiences.

Project Director:

Vanessa Fabrizio,
Senior Market Impact Consultant

Contributing Research:

Forrester's Insurance eBusiness and Channel Strategies research group

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Methodology

This Opportunity Snapshot was commissioned by Equisoft. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 207 directors of IT at life insurance carriers in the US and Canada. The custom survey began and was completed in April 2022.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

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Demographics

TARGET REGIONS	
United States	**70%**
Canada	**30%**

LEVEL OF RESPONSIBILITY	
I am the final decision-maker for my organization's CX strategy.	**44%**
I am part of a team making decisions for my organization's CX strategy.	**36%**
I influence decisions related to my organizations CX strategy.	**19%**

ORGANIZATION'S ANNUAL REVENUE	
$1B to $5B	**22%**
$500M to $999M	**42%**
$400 to $499	**22%**
$300M to $399M	**19%**

RESPONDENT LEVEL	
Director	**57%**
Vice president	**34%**
C-Level Executive	**10%**

Note: Percentages may not total 100 because of rounding.

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