

# What is the “New” Normal? As an Insurer, are You a Part of It?

By Natalie Ho



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I wrote an article for the July 2011 issue of Reinsurance News on communication and insurers jumping on the social media band wagon. It is evident that social media is not a “fad”; it is here to stay. Most insurers may argue that it is tough to measure the return on investment of social media and how it may directly impact their bottom line—but many other industries have successfully figured out how to use social media to make their businesses more profitable. The introduction of social media has changed the way retailers market their products and services, consumers make purchases and, most of all, how people behave.

There has been an increase in white papers and articles on insurers and social media (refer to the SAS paper “What’s Not to ‘Like’? What Social Media Can Do for Insurers” and “The Use of Social Media in Insurance” from the National Association of Insurance Commissioners). With so much valuable content out there, you are likely not interested in me writing about why the insurance industry should adopt social media or “Top Tips to Make your LinkedIn Profile Better.” Therefore, I’ll focus on my views toward the “new” normal. I want to help you understand that the introduction of technologies such as mobile devices, tablets and social media has created a “new” normal in our business environment and fundamental global shifts in our culture and consumption of information.

## IT’S ABOUT RIGHT NOW

The introduction of mobile devices, tablets and communication tools has made everything extremely accessible. These tools have created a culture shift—we are operating in a “right now” mindset. That is the new normal. With a flip of a switch—or should I say, a swipe or a click—we can make a purchase online through PayPal, share photos instantly with Instagram, manage our bank accounts via online banking and banking apps, tell people what we’re doing via Facebook, tell people what we like on Pinterest and find out what is happening in the world through Twitter. It is instant news, instant data; it’s about right now, real time.

Typical companies only draw from experience in the distant past or only plan business far into the future, being in “campaign” mode. Very few companies operate effectively in the present, this concept of right now

that we are all accustomed to in our every day life. So, how can insurers operate in this “right now” culture?

Insurers are becoming increasingly proactive in this “right now” culture. Areas of the insurance value chain where insurers can support the “right now” culture are as follows:

VALUE CHAIN	EMERGING CONSIDERATIONS
Customer Insight	<ul style="list-style-type: none"><li>- Understand the entire lifecycle of a customer, not just at time of underwriting, but right now and in the future</li><li>- Use of social and interest graphs to gain customer insight</li></ul>
Product Development	<ul style="list-style-type: none"><li>- Ask prospects and customers what they want right now</li><li>- Not only based on experience data but rather on niche markets and targeted offerings</li></ul>
Marketing	<ul style="list-style-type: none"><li>- Utilize the power of influencers</li><li>- Use peer recommendations</li><li>- Create content by repurposing content by customers (content curation)</li></ul>
Sales	<ul style="list-style-type: none"><li>- Deliver personal and relevant content to drive sales</li><li>- Study recommendations and reviews</li></ul>
Services	<ul style="list-style-type: none"><li>- Create “right now” customer service—what are people saying online?</li><li>- Increase overall customer experience by being accessible</li></ul>
Renewal	<ul style="list-style-type: none"><li>- Stay in touch with customers right now, not at time of renewal</li><li>- Communicate consistently to drive higher retention rates</li></ul>
Claims	<ul style="list-style-type: none"><li>- Stay connected right now to assist in claim investigation</li><li>- Make it accessible to file a claim any place, anytime</li></ul>

Source: Partially adapted from Ernst & Young, “Social Media in Insurance—How to Interact Better With Your Customers?” July 2011.

## IT'S ABOUT VALUE AND INTEREST

Every minute of the day, as a global economy, 571 new websites are created, 27,778 blog posts are published on Tumblr, 47,000 app downloads are made on the Apple app store, over 100,000 tweets are generated and more than 2 million search queries are completed on Google (DOMO, "Data Never Sleeps: How Much Data is Generated Every Minute?" June 8, 2012). With the enormous amount of data and content generated every minute, how do people decide what to consume? This is where value and interest play an important role. Is it of value to me? Do I find this interesting?

We no longer need to sit through commercials during our favorite TV show or flip through the newspaper during our morning coffee. Rather, we are more interested in what our trusted network is sharing and recommending because we generally value the opinions of our friends, family and colleagues. The shift in how we consume content has created many challenges but also opportunities for businesses. What are insurers doing to leverage on this culture shift?

Facebook inadvertently maps a person's social graph. You can discover a person's social behavior—what social activities they participate in, places they have visited, and who they socialize with—by browsing through their Facebook page.

Insurers can use this as an opportunity to gather investigative information about policyholders. Particularly useful for workers' compensation benefits, courts are now ordering injured workers to produce their Facebook pages or other social media sites for inspection by insurance company lawyers. In a survey of insurance companies, 25 percent of respondents said they are planning activities around social media in the core areas of underwriting, policy and claims (SAS, "What's Not to 'Like'?").

If Facebook maps a person's social graph, then Pinterest, a social scrapbook that allows users to add favorite images onto their pinboards, essentially maps a person's interest graph. Pinterest drives 1.9 billion page views per month, with the majority being female in its demographics, and an average order value when Pinterest follows through on a purchase from a product



is \$179.36, compared to \$80.22 generated through Facebook (Chafkin, Max, "Can Ben Silbermann Turn Pinterest Into the World's Greatest Shopfront?" Fast Company, October 2012). How can Pinterest create an opportunity for insurers? Pinterest allows insurance companies to capture the interest of potential consumers through the use of appealing imagery. Insurance companies such as North Coast Life Insurance and American General Life and Accident Insurance Company have Pinterest pages and several pinboards, showcasing images that represent a healthy life, family, love, relationships, protection, and financial security, all aspects that are important to purchasing life insurance. Also, females are typically the decision-maker in buying life insurance; with 79 percent of Pinterest users being female, it is a channel to reach the female population. Of course, imagery itself is not enough; it must be backed up with valuable content, but capturing the interest of a prospect is the first step! Remember, it's about value and interest.

Imagine gaining insight on each policyholder by mapping their social and interest graphs over their entire lifetime—this will be extremely powerful for areas such as new business, customer retention, underwriting and claims.

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### IT’S ABOUT SHORT AND SWEET

Have you heard of the term “stream economy”? Gary Vaynerchuk, New York Times best-selling author, describes the way we consume data now as stream economy. It is this scrolling and swiping habit that Apple has instilled in our lives, and the 140 character limit that Twitter created—all demanding a very fast and hyper way to consume content. I’m not suggesting we should be writing in 140-character increments, but rather, to understand that the business world now requires a very specific skill set to understand the effects of micro-content and how it can capture the attention of our audiences in this fast-paced economy. To illustrate the culture shift of content consumption, let’s use the example of browsing a website. As recent as a few years ago, website developers will say the most important content should appear on the top half of any webpage, reason being people will not read anything that appears below what a computer screen can fit. Fast forward to 2012. Apple’s creations have changed the way we consume website content; we

swipe and swipe until we see something that interests us, and then we stop.

How does your insurance company website look? Is it jam-packed with content on every corner? Is it too lengthy to consume? Rather than squeezing all the content on the first half of a Web page, learn how to write spurts of short and sweet content to capture attention that then drives action. Also consider using Twitter to generate micro-content that is then linked to lengthier content.

The tools available to consumers and businesses have created many challenges but also ample opportunities. Learning how to use the tools is just the first step. Understanding how our behaviors have changed—and defining this “new” normal—is what the competitive advantage truly is. How do we, our industry as a whole, continue to operate with the speed of this evolving “new” normal? ■

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