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For New Life Customers, It's All About the Experience

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The life insurance industry has been abuzz with improving customer experience for the past few years, particularly in the new business and underwriting processes. It might seem like a tired topic to revisit in 2018, but the number of carriers that have yet to (fully) implement capabilities such as end-to-end electronic application, end-to-end eSignature, straight-through policy issuance, and eDelivery of policy, just to name a few, indicates otherwise. What is behind the low adoption rates for such capabilities? And more importantly, what can be done to drive higher adoption?

CURRENT APPLICANT EXPERIENCE

Increasingly new life insurance applicants are likely to be a Gen X or Millennial—and will soon be a Post-Millennial. Their buying experience often leaves them angry, frustrated and dissatisfied. As younger people do whenever they are faced with any new purchase, they start by doing their research on the Internet. They quickly find a website that offers life insurance quotes. More often than not, this is where the experience first starts to deviate from their expectations. Instead of providing a quote, the website facilitates a phone call with an agent. Disappointed, the applicant provides a phone number and indicates a convenient call time. The agent calls, and after a preliminary discussion, offers to visit the applicant at their home and walk them through everything. The applicant is a bit taken aback. They weren't expecting to have to meet with someone to get a life insurance quote, let alone invite that person into their home, or go to an agent's office. In their view of the world, this is not how things get done.

When the agent arrives at the home, the process starts by asking the applicant to fill out an insurance "needs assessment" questionnaire that is seven pages long. It all looks simple and straightforward, yet, as the applicant begins filling it out, they can't help but notice that the questions become progressively more intrusive. It starts with demographic information, such as name, address and occupation. That is followed by detailed questions about the monthly budget, including all income and

expenses broken down by category. The assessment concludes by asking about assets, liabilities, financial goals and expectations for final expenses, debts and income replacement. Using the collected information, the agent prepares a few proposals, walks the applicant through them while answering any questions along the way. The agent also provides a 41-page packet containing the insurance application and several associated forms. The agent asks the applicant to review the proposals, and to fill out the application packet based on the preferred proposal. The agent offers to return in a few days to take care of signatures and payment, and to collect the paperwork for submission to the carrier.

The whole experience continues in this manner, inclusive of documentation follow ups, family medical histories of which the applicant knows little, an in-home visit from a nurse, and it culminates with the agent telling the applicant that the 41-page application packet is ready for evaluation by the insurance company, and that they can expect to hear back in the next 90 days or so. To the applicant, the 21st century this is not.

THE DISCONNECT

To say that the applicant is left with unmet expectations disconnected from their reality is understating the issue. In this example, the applicant believes that they have already left their comfort zone to get through all the trouble required to get a quote—filling out a detailed needs assessment questionnaire and providing additional detailed personal and medical information in the application packet—only to find out that they may or may not be able to buy insurance. And if they are able to buy it, not knowing exactly what coverage and benefits they'll be buying, and not knowing what the final cost will be—all of this despite the applicant having a detailed quote from the agent. The new applicant wonders where else they have had such a buying experience, but can't think of anywhere. They can't imagine going online to buy a smart phone or a laptop, being given a price estimate, being asked details about how they were going to use the device, paying for it, and, in return getting a device with limited functionality and being told that, in the next 90 days, the website might refund the money and ask for the device back because they determined that the applicant was not the type of customer they wanted using their device. The applicant describes all of this to the agent as rather absurd. The agent nods, and clarifies that buying insurance is different—it's not buying a good or a service, it's buying a promise. The applicant isn't convinced, but not seeing any other choice, they hand over their credit card just to make the whole thing go away. Adding insult to injury, the agent explains that the carrier doesn't accept credit cards and he'll need cash or check.



THE NEXT-GEN EXPERIENCE

These sentiments held by the biggest pool of potential life insurance buyers are well known in the life insurance industry; it's not a surprise to anyone. It's equally well-known that what these applicants desire instead is: a) 24/7 self-service on devices of their choosing with seamless transition from one (e.g., mobile app) to another (e.g., desktop web browser); b) interactive questionnaires presenting a few questions at a time and tailored based on answers already provided; c) being asked the breadth of information needed during the application process (not as follow-ups during the evaluation process); d) comparison of products, coverage, premiums, etc.; e) review of the final application packet before signing it; f) electronic

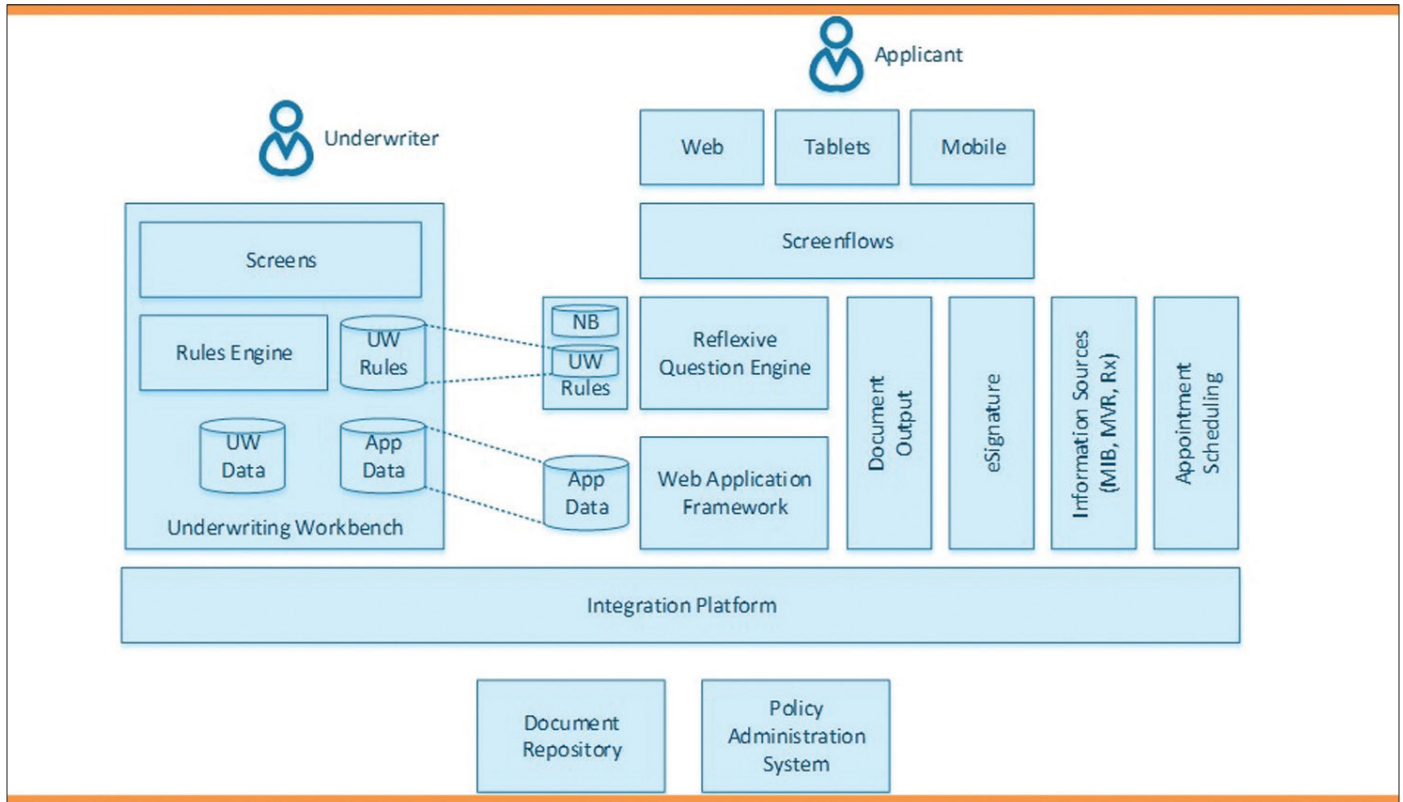
signature; g) electronic payment at the time of signature; h) an immediate decision, with an explanation in cases when the application requires further evaluation, followed by regular notification of its status; and i) electronically delivered documents, including the issued policy!

When both the source of frustration and the pathway to delight are known, why the low adoption rate on capabilities that matter most to this newest generation of consumers? The short answer is that while there is a simple-to-understand-and-implement technology solution for each element of the desired experience, delivering the complete experience requires assembling simple technology building blocks into a complex and well-engineered solution. And while that might sound simple, it is not always easy for life insurers to do, and that is what bedevils the industry.

The technology components that need to be assembled consist of the following:

- A modern user interface development framework that supports web, tablet and mobile access.
- A reflexive question engine that can determine what questions to ask based on answers already provided.
 - Using it effectively requires codification of all application evaluation rules, including new business, compliance and underwriting.
- A document generation system, to present electronically completed application packets for review.
- Esignature and epayment.
- A system integration platform that facilitates,
 - real-time communication with information sources, e.g., MIB, Rx history registries, MVR providers, etc. and
 - real-time appointment scheduling with providers of evidence, e.g., paramedical exam, labs, tele-interview, etc.
- An underwriting rules engine, to codify underwriting rules, and provide real-time risk assessment with stratification by statistical confidence intervals.
- Epolicy and edelivery.
- A policyholder portal for receiving application status, viewing the issued policy, and securely communicating with the agent and the insurer.
- An agent portal to see the status of submitted applications, and securely communicate with applicants and the insurer.

Figure 1
Conceptual Solution



CONCEPTUAL SOLUTION

Figure 1 illustrates a logical assembly of the necessary technology components into a conceptual future state for a typical life insurer.

Such a conceptual solution might seem daunting. Fortunately, the software architecture discipline provides a proven approach for accomplishing all of the above and more, which is to conceptualize the target state, acknowledge the current state, identify gaps between the two, outline a roadmap for closing the gaps, and then chip away at the solution one capability at a time. Care must be taken to ensure that each building block that adds functionality and capability on the back-end also enhances the front-end experience of next-generation

customers. Given proper prioritization of resources and budgets, all of this can be accomplished in two to three years.

Think big, start small and move fast is the call of the hour. It's not rocket science, but it does take considerable focus and persistence—something the industry has been demanding of its applicants for decades. ■



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