



How to deliver on “mobile-first” insurance distribution

September 2018

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Defining Future Business Operations

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Distribution is the fastest changing facet of property and casualty (P&C) insurance. The role of agents in both personal and commercial lines is morphing almost as quickly as emerging technologies are entering and changing the industry. Agents once controlled the lion's share of responsibilities across insurance product distribution, assisting clients from risk selection through to pricing. Their roles are now evolving with the introduction of insurtech, perhaps transitioning to becoming tech-enabled advisors in the future. These industry changes are creating questions and exciting new opportunities for insurance technology and strategy leaders, with mobility emerging as a fundamental insurtech capability in the next few years.

Mobility emerges as the central character to disrupt insurance distribution

With advancements in both consumer and enterprise technology, every aspect of insurance is changing. Customers, particularly in personal lines, expect the same superior interaction and engagement from their carriers as they do from consumer-focused industries ([see *How Insurtechs Must Embrace Insurtech To Win On Customer Experience.*](#))

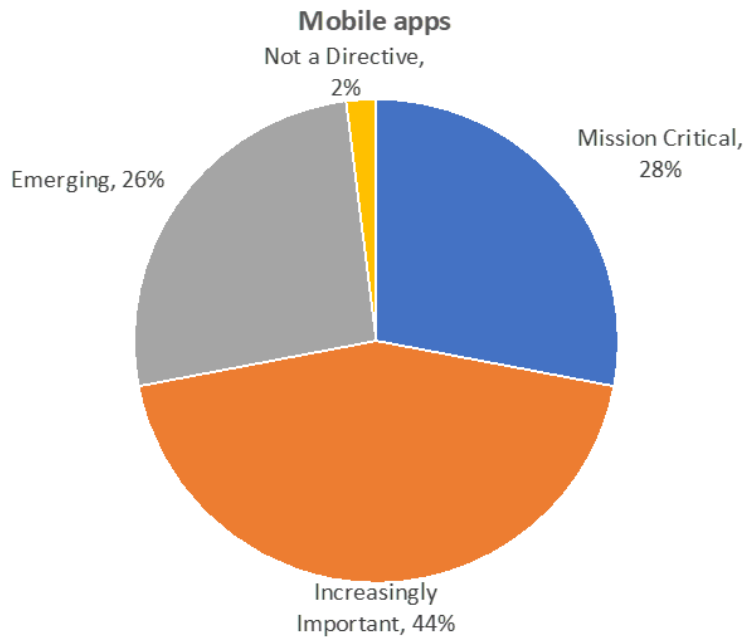
The industry has been slow to adapt to consumer shifts, which especially impacts distribution. Often the distribution channel represents the face of the insurance brand to potential customers. Insurtech disruptors have been quick to exploit this opportunity in the last three years. Insurtech investments skew disproportionately toward the distribution part of the insurance value chain. Mobility is arguably the single biggest evolution that insurtechs have brought to the table. As Exhibit 1 illustrates, mobile apps are becoming more pervasive in the industry, based on an HFS study of 50 P&C insurance executives in North America in Q2-Q3 2017. Nearly 72% say that enterprise mobility is critical or increasingly important among key digital technologies. On the flip side, more than a quarter (26%) consider mobile apps to be an "emerging" priority, further illustrating the industry's disconnect with consumer shifts and the need for disruption.

The value proposition for some of the biggest disruptors is the instant engagement, personalization, and anytime-anywhere convenience that mobile channels offer customers. Trov, a Silicon Valley company primarily working in Australia and the UK, is an example of this trend. Trov's app lets customers turn

protection on and off for their insured items with a few taps, and the app processes claims automatically within minutes.

Exhibit 1: Almost a third of P&C insurance leaders consider mobile technologies “mission critical”

How important are the following digital technologies?



Source: Entering the Age of Insurance Policy Administration As-a-Service, HFS Research, 2017, n = 50 U.S. P&C decision makers

Your insurance mobility strategy needs to go beyond technological considerations

As insurtechs continue to hit at the heart of “mobile-first” distribution strategies, their efforts bring up questions for large P&C carriers that have built up traditional distribution networks and supporting technology platforms over decades. The next few years for insurance will see roles changing, core partnerships shifting, and business models adapting due to changes in distribution. The lines are blurring between producers and distributors. Agencies, when involved, will be replaced by digitally enabled ones

that can transition to advisory roles. Here are some key considerations for P&C carriers as they navigate these waters, pinning their hopes on mobile-based product distribution:

- » **Realize that personalized engagement doesn't stop at your mobile app.** Many P&C carriers moved quickly in response to consumer trends and created branded native apps. What is almost forgotten is that consumer tech trends are advancing at such speeds that apps may not be the only solution to engaging with customers digitally. Evaluate whether building a native app is the best way to engage customers for your particular brand or portfolio. There could be opportunities to enable other web services, for example connecting data into other third-party existing apps, plugging into existing APIs, or creating web services with data and insights that could be useful to your end customers, agents, and other staff.
- » **Carefully select which channel to leverage for each customer interaction.** As communication channels like voice assistants and intelligent digital displays take off, think of ways in which each channel could be best leveraged for certain customer interactions in your distribution lifecycle. Consider how you can facilitate hand-offs to continue an interaction thread to a meaningful conclusion (e.g., from asking Alexa for a product recommendation to browsing quotes on an iPad). Our recent research into customer engagement strategies highlights the pervasiveness of this challenge, finding nearly half of CX leaders admitting that digital customer engagement is deployed piecemeal and separated from traditional channels rather than being integrated into the big picture journey.



Our Business Transformation is CSX driven. We don't view the CX as something outside the core distribution and operations functions. As much as transformation is about expense efficiency, it is also about deploying technology and end-to-end process redesign to enhance the customer experience. Our old processes and technology often are not able to deliver the CX we want. This has led us to leveraging an expanded set of automation tools.

—Tom Martorana, Transformation Lead & SVP Operations, CUNA Mutual Group

- » **Use mobile technologies to push preventive insurance practices.** One of the biggest benefits of anytime-anywhere mobile access to your insurance customer base is the ability to alert them to relevant risks, often in time-sensitive scenarios. In the future, we will likely see P&C carriers play a stronger role in incentivizing customers, driving both measurement and interaction through mobile technologies. Whether you're using phone sensor data to measure and reduce distracted driving or alerting customers of predicted natural disasters, you have a strong opportunity to advance mobility-led preventive insurance.
- » **Exploit emerging tech to create super-agents and brokers.** Web portals are the weapon of choice for the majority of carriers currently investing in improving engagement between end customers and brokers. These portals allow a range of self-service features to provide product information, improve communication, provide application and policy data, and give centralized access to important forms and documents. Many technology vendors are optimizing their portals for mobile use with responsive design while others are creating apps with rich features. If you have already started down this path or are planning to launch portals soon, consider ways to enhance portals to

improve agent/broker experiences and productivity using data and AI techniques. Advances in data manipulation and machine learning can provide insights into where to find the most profitable and likely-to-purchase categories of customers, and soon, even individual customer targets. The agents of the near future will be able to access actionable insights at their fingertips while out in the field and then provide personalized guidance to customers. Work with your data and analytics groups to enrich mobile portal capabilities, and look for technology vendors that are investing in this space.

- » **Go back to the drawing board on your product mix.** Insurtechs and innovative insurance carriers have taken the lead on personalizing insurance products. They are pushing the boundaries of usage-based, pay-as-you-go, and just-in-time insurance. Whether or not you go down this route, you will need to re-evaluate your product mix to exploit digital distribution fully. The process of digitizing distribution will see the simplest products transition to mobile, while the majority of complex products will be left behind. Aim for product simplification as a long-term goal, as it will go hand-in-hand with efforts to modernize distribution and will symbolize the ultimate shift from being product-centric to customer-centric—designing products customized for a new generation of customers.
- » **Get comfortable with non-traditional partners to create new distribution assets.** Insurance carriers have many avenues to pursue to modernize existing distribution assets. There are countless opportunities, however, to create wholly new kinds of mobile-first distribution assets. Look for data providers, device vendors, and peripheral industry players that could help you create assets such as advisory platforms or insurance coaches. Industry players such as wealth management robo-advisors could be potential partners, while device vendors such as wearable tech or drone manufacturers could be leveraged to create mobile distribution platforms.

Ultimately, broader technology modernization can make or break mobility initiatives

To meet the changing needs and expectations of increasingly digitally native customers, carriers need a strong strategy for mobility. However, the broader transition to digital distribution will require carriers to

invest in flexible and modernized architectures and platforms. Many mobile initiatives don't make it past their project phases because they ignore the interplay with and dependence of digital technologies on core systems. Carriers need to facilitate their technology advances in mobility with the integration of supporting technology platforms and underlying architectures.

One illustrative case is OneShield Software, which is an insurance core systems vendor. Vivek Gujral, CTO at OneShield, stresses the role of a flexible platform, "OneShield's platform has always been and will remain open and adaptable to future technologies. OneShield Designer uses a collection of vendor and product-independent APIs purely as-a-service, which allows external applications to execute business transactions easily on OneShield's platform. This means we are able to expedite integration with a wide range of third-party applications for optimal business advantage and with lower implementation costs." He summarized, "Our architecture design ensures we are offering a uniform, common, and reusable set of computing assets that can be used to seamlessly enable the engagement of the customer across any communication channel, including those yet to emerge."

The bottom line: Distribution is at the center of insurtech disruption, led by opportunities in mobile technologies. Don't just make an app—think about how digital distribution will change your product mix, agency structures, and business models, and what technology components you will need to deliver holistically on the promise of "mobile-first" insurance.

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Reetika studies the broad use of data and analytics within enterprises, with a research focus on emerging strategies to institutionalize machine learning and other AI techniques. Her research extends into industry trends for the insurance vertical, including the impact of digital business models, IoT, Smart Analytics, and AI on property and casualty, life and annuities, and reinsurance companies ([view bio and contact details](#)).

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