Are Insurers Missing a Trick?

Top tips for insurers on addressing compliance, cost and cross-selling

"As insurers we have to be both persistent and consistent in the messages we are giving out. You have to be able to focus on the people that are driving the business and keep your message out there."

So said Sam Hudson of Aviva[1] when commenting on concerns that the general economic climate looked better for businesses than for individuals, as the continuing difficult financial conditions are making even traditionally loyal clients more price-focused than ever before.

Yet there is little question that the insurance sector is entering a phase of potentially enormous growth and success for those players who are smart enough to exploit the assets they have in terms of rich customer information. In 2010, global insurance premiums grew by 2.7% in inflation-adjusted terms to almost 3.5 trillion Euros, climbing above pre-crisis levels. This return to growth – and record premiums during the year – followed two years of decline.[2]

As European economies continue to combat the recession, opportunities are finally beginning to emerge for those insurers who are best placed to convert them. A combination of low investment yields and financial market volatility will continue to impact the profitability of insurers large and small. Whether focused on personal or commercial insurance business, insurers are increasingly finding that profits are being affected by buyers' reluctance to make a decision based on anything other than price competition. The choice might appear to be stark: reduce costs or find other ways to differentiate your offering to potential buyers. Technology approaches that can deliver in both areas are gaining more and more traction amongst insurers and brokers alike, and the focus has continued to be on consistent and flexible communication that can exploit functionalities such as TransPromo, electronic invoicing and even social-enabled messages.

According to IDC, companies can spend as much as 15% of their annual revenue on document production, management and distribution, and the 'paper-heavy' insurance sector is amongst the worst offenders.[3] The problem is often compounded where an insurer has acquired or merged with another company, creating a need to optimise communication systems for consistent and cost-effective messaging. At the same time, the entire industry has to rapidly adapt to the exponential growth in internet use that has seen an entirely new sub-sector emerge: the online comparison site, which has managed to drive down prices whilst simultaneously increasing customer service expectations.

There is little doubt that on a day-to-day operational level, one of the biggest challenges for insurers remains the cost-effective management of customer communications. Even in an increasingly web-based environment – perhaps especially here, in fact – there is a fine balance to be drawn between efficiency in terms of delivery and effectiveness in terms of cross-selling and CRM. At the same time, tomorrow's customers will be more technology-literate than ever before, and their expectations and perceptions of communication must be catered to – preferably without requiring large, upfront investment in IT.

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Add Value through Efficient Document Output Management

There is proven technology available that can address both the core issues facing the insurance industry and cutting document output costs while enhancing customer relationships.

- **The 'TransPromo' approach**:
  Insurers can easily disseminate marketing messages and promotions within targeted personalised documents such as policies or statements, converting routine communications into valuable cross-sell opportunities. Media, print options and distribution (electronic or postage) can all be optimised. With increasingly deregulated postal services across Europe and the world, it is essential that postage systems are flexible enough to exploit the best deals that are available at the time of any customer campaign.

- **Exploiting broker and customer relationships**:
  Customer communications from insurers will sometimes use their own branding, but often they may use that of the broker. In such cases, the insurer will also send a copy to the broker to keep him or her informed. A flexible document output management tool maintains the broker's identity and, at the same time, allows for postage savings if electronic methods are deployed.

- **Managing change and compliance**:
  The business-oriented web interface found in the best modern document output solutions means less IT involvement. This in turn means quicker time-to-market for new product offerings and prompt response to legislative, market or technology changes such as the emergence of social-enabled customer communications.

"Cincom's deep knowledge of both our environment and our market was impressive and has allowed them to deliver a product exactly meeting our requirements. Compared with our previous setup, Cincom® ChannelStream™ has delivered us a stable and easy-to-use output management system, allowing us to respond rapidly to the changing business conditions."

– Jan Doumen, IT Director, Allianz Belgium

For more information about reducing document output expenses, download our e-book "How to Slash Customer Communications Costs … and Increase Customer Loyalty at the Same Time" at **www.cincom.com/ChannelStream/CostReduction**.

[1] Insurance Age, "Balance of Power", 01 July 2011

[2] TheCityUK, "Financial Markets Series: Insurance", December 2011

[3] IDC, "Managed Print and Document Services for Controlling Today's – and Tomorrow's – Information Costs", January 2011

About Document Output Management

Document output management systems offer a genuine opportunity for insurers to reduce costs and increase productivity, accuracy and efficiency while providing responsive customer service. By adopting best-in-class solutions and applying proven methodologies, insurers can gain a competitive advantage and achieve business growth.

Email:	**ChannelStream@cincom.com**
URL:	**DocumentOutput.cincom.com**
Twitter:	**Twitter.com/ChannelStream**

World Headquarters • Cincinnati, OH USA
US 1-800-2CINCOM (1-800-224-6266) • International 1-513-612-2769
Fax 1-513-612-2000 • E-mail info@cincom.com • www.cincom.com

Contact our European offices:

Brussels, Belgium
+32 (0)2 679 68 11

Paris, France
+33 (0)1 53 61 70 00

Schwalbach, Germany
+49 6196 9003-0

Turin, Italy
+39 011 5154 711

Monaco
+377 93.10.01.20

Culemborg, The Netherlands
+31 345 471 050

Madrid, Spain
+34 91 524 9820

Geneva, Switzerland
+41 22 747 75 18

Maidenhead, United Kingdom
+44-(0)1628-542 300