eBook: Personalization

The Need for *Personalization* in Insurance

Increase Revenues, Customer Satisfaction,
and Your Competitive Advantage



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Introduction: The Need for Personalization in Insurance

Common Questions about Personalization

What data is required for implementing personalization?

How do we get started?

What segments should I focus on first?

Should I combine personalization programs with other marketing campaigns?

How will I know if my first attempts are working?

What best practices should I follow to maximize success?

What if I get it wrong?

It seems like everyone in the insurance industry is talking about the concept of personalization today, but for as much buzz as it's getting, it's a topic that often leads to more questions than answers. Many insurers misunderstand what true personalization is and may even confuse it with a dynamic greeting on a web page.

This confusion is perfectly understandable, especially considering the fact that the entire insurance industry is just getting started. In fact, other than a small handful of innovators, very few insurers are actually using personalization to its full advantage today.

However, if insurance companies don't get started with personalization now, they may **miss the opportunity to connect with consumers in the way they prefer**–and risk losing their business to insurers who can provide the customized experiences they crave.

Why Personalization, Why Now?



of new customers are **willing to share their data** in exchange for more personalized insurance service.

accenture

Accenture, “Discover the Patterns in Personality,” 2019.

Why should insurance carriers consider personalization strategies and tactics? Can’t we continue to price and deliver products and services in the same way we always have?

The answer is the fact that **customers now demand personalized experiences.** They’ve grown accustomed to personalization from so many companies they now do business with across industries – from retail to travel to entertainment to banking and finance – and they’re increasingly expecting them from insurers.

In fact, non-personalized communications and offers represent a business risk for insurance companies who may have a hard time attracting and retaining customers. A recent McKinsey & Company research article found that **71% of consumers now expect personalization** from the brands and businesses they choose and **76% of them get frustrated** when they don’t get it.

Worse, they’re willing to take their business to those insurers who can provide the personalized experiences they demand.

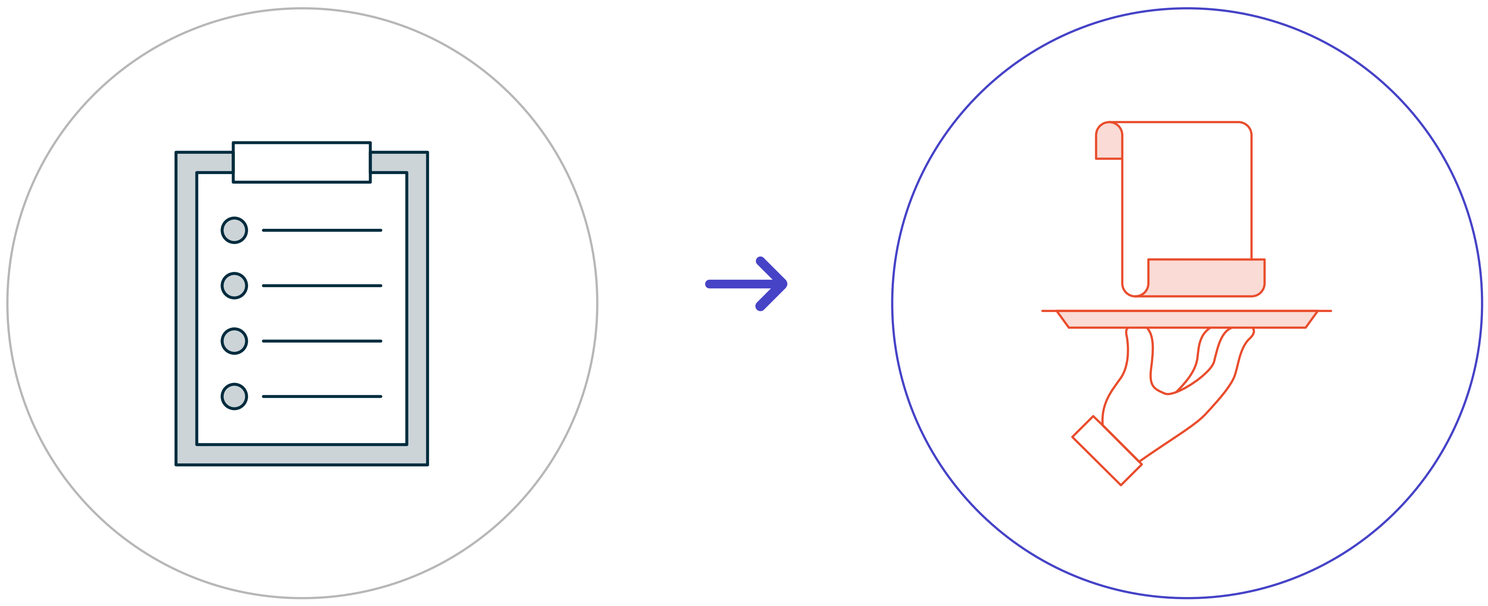
McKinsey & Company, “The Value of Getting Personalization Right–or Wrong–Is Multiplying,” November 2021.



The Business Benefits of Personalized Insurance

Personalization is clearly the right thing to do for customers, but it also helps insurers achieve a **wide range of superior business results.**

For example, early personalization programs have already shown they can increase total sales, **improve customer engagement and loyalty,** create more successful cross-selling efforts, and deliver the most appropriate insurance bundle to customers.



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“Personalized insurance can reduce acquisition costs by **50%**, stimulate revenue growth by **5 to 10%**, and increase marketing returns by a factor between 5 and 10.”

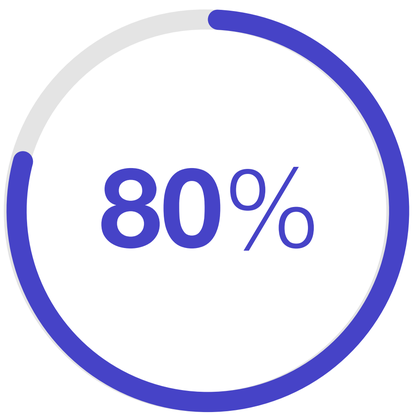
McKinsey & Company

Real-World Impacts

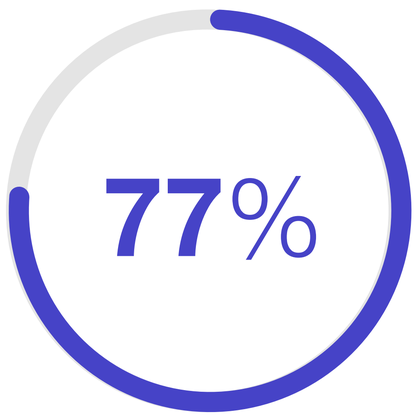
Personalization can help insurers create new interactions that make all the difference with customers. There's a real opportunity to push personalization far beyond inserting a customer's name in a digital field or targeting a broad demographic. With real-time, individualized communications and offers, insurers can **transform every interaction into a true one-on-one connection.**

Insurance carriers can now personalize consumer experiences to better serve diverse audiences, implement new market/product strategies in real time, and build a more relevant, value-adding organization.

By better understanding customers, insurance carriers can **unlock more value from every engagement** and become a relevant, empowering – and valued – part of consumers' daily lives.

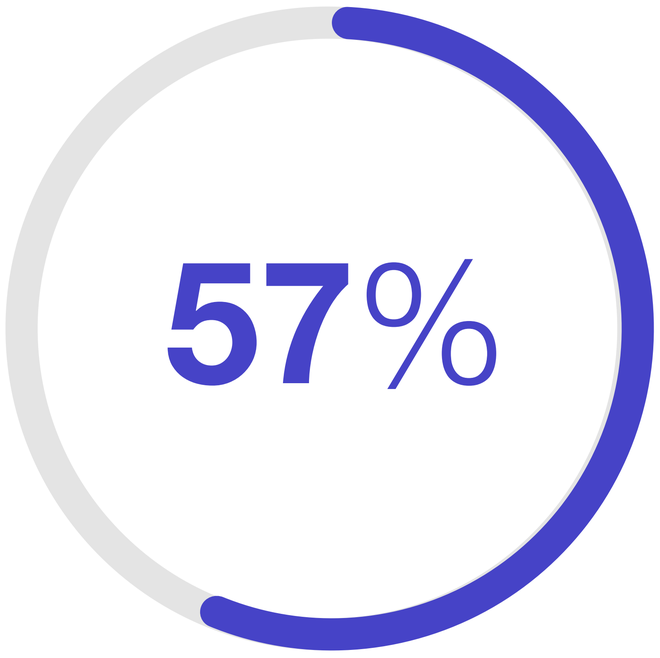


Research shows that consumers are demanding personalization, too. According to the Youbiquity Finance report, **80% of customers want more dynamic pricing** and insurance offers.



They'll even give you the data you need to pull it off. The same report found that **77% of consumers are willing to trade behavioral data** in exchange for lower premiums and faster settlements.

Barriers to Entry (Real and Imagined)



of consumers want a **better online experience** from their insurer, including digitalization and personalization services and offerings.

Capco Insurance Survey 2021

Even with so much to gain, many insurers are slow to adopt personalization, perhaps because of common misperceptions.

“It is extremely technical.” Many insurers may be intimidated by the various technology buzzwords that seem to be required: machine learning, artificial intelligence, big data analytics, and more.

“The ROI will be unachievable.” This mindset is understandable, but in many cases the right tools offer all the capabilities insurers need, deliver an extremely fast ROI, and immediately help insurers hit critical time-to-value goals. Insurers may be missing opportunity costs by avoiding personalization.

“The personalization data is highly advanced.” Many insurance companies perceive personalization as an extremely complex process. While this can be true and often requires balancing business objectives and priorities, successful personalization strategies may require less effort than the company originally thought.

If insurance companies don’t get started with some type of personalization, they may lose the chance to connect with consumers in a mutually beneficial way.

A recent Accenture study showed that **95%** of new customers are willing to **share their data** in exchange for more personalized insurance services and may choose to give their business to insurers capable of providing the right personalized experience.

Accenture, “Discover the Patterns in Personality,” 2019.

The Earnix Personalization Solution

Earnix has helped many leading insurance companies **quickly develop and deploy successful personalization strategies, leading to significant results.** The Personalize-It™ solution uses AI, data modeling, sophisticated analytics, and other leading-edge technologies to enable insurance companies to create highly personalized product offers and bundles.

Earnix enables insurance companies to quickly model, simulate and compare the impact of various pricing scenarios in real time. With Personalize-It™, insurers can personalize consumer experiences to better serve diverse audiences, implement new market/product strategies in real-time, and build a more relevant, value-adding organization. A win-win scenario where the insurer can make a profitable offer and the end-customer can receive a relevant product.

By leveraging the powerful and proven capabilities of Price-It™ in our Enterprise Rating Engine, Personalize-It™ empowers insurers to create product demand models and monitor early results to **determine the best bundle to present** to a customer based on business goals.

Plus, Earnix offers extremely fast time to market, enabling insurers to implement the Earnix platform, set up day-to-day use, and start seeing real business value in just a few short months – if not sooner.



Customer Spotlight: Personalization Leads to Increased Add-On Sales

A leading EMEA insurer implemented Earnix's Personalization offering to **increase the sales of home insurance** in its online channel and improve the customer's buying journey and experience.

The carrier successfully generated significantly higher sales:

+80%
Add-ons sold per policy

+5%
Written premium per policy

~3%
Targeted increase in overall GWP

+70%
Add-ons sold in units

+66%
Add-on premium per policy

Initial results showcased significant increases in add-on performance and yielded further insights, leading to **beneficial changes to the customer buying journey.**

Five Personalization Tips

1

Go lean

This recommendation borrows concepts from software development such as lean and agile methodologies. The point is to move quickly and **develop new models without having to make changes to existing prices,** which may be overwhelming and cause delays. Pricing teams can continue work as usual, just adding the new personalization model.

2

Pick the right target

Pricing teams must carefully evaluate various segments of their business and choose the one where they believe they can gain the most. For example, we often encourage clients to **focus on products with a large add-on variety** or to pick channels where implementation may be easy or that have sufficient volumes to justify the effort. Pricing teams should also make sure that no other projects are using this same segment so they will avoid potential conflicts.

3

Perform a deep analysis

Once the target has been chosen, creating a deep analysis of the existing data will help **set a good business goal for the project as well as perform accurate measurements** of the personalization strategy. Also, determine if other departments are running initiatives simultaneously that may make it hard to identify the results of the specific personalization strategy and where they are coming from.

4

Create specific goals

Be very clear on what you're trying to achieve with personalization. These may be specific goals such as increase conversions, sell more add-on products or services, increase premiums without losing conversions, or other objectives. These goals should be **specific and accurately measurable,** otherwise it may be hard to gauge the program's value and contribution to the bottom line.

5

Measure, measure, measure

Measuring your results will show the potential value that you may expect in future personalization efforts. You may not be able to get the best numbers as you get started but changes in the initial metrics will help you begin to **see and predict the total impact** personalization can have on your bottom line.



Two Additional Personalization Best Practices

Let’s take a closer look at how to use two different types of data: the data you already have and even the data you don’t have (yet).

1

Use the personalization data you have

Most insurance companies already have access to more than 50 different types of data and data categories. This information may have been collected in the past and is now used in traditional pricing or marketing communication campaigns. For example, this data includes information such as age, home address, vehicle details, and much more.

Insurers can use this information to **gain valuable information about their customers’ needs** and begin to develop a personalized offer, such as a product bundle or add-on. One example: focusing on location can help insurers understand if the customer is located in a rural or urban area and then tailor future messages and offers specific to their needs.

2

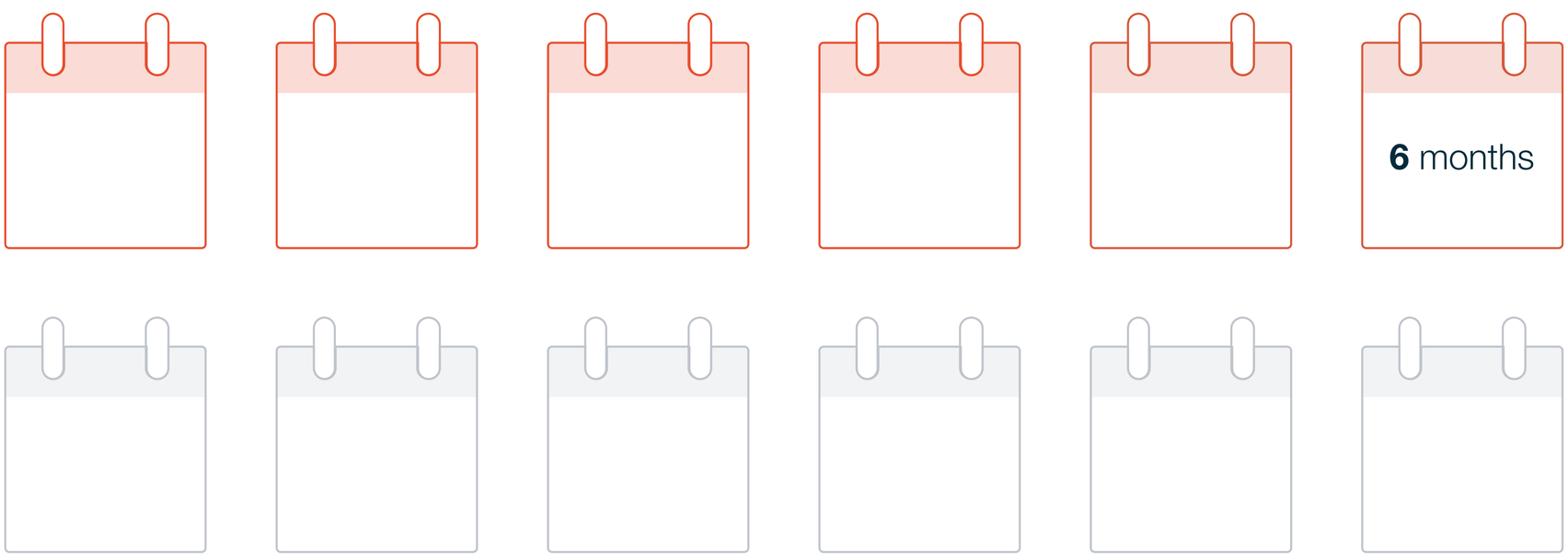
How to get started with data you don’t have yet

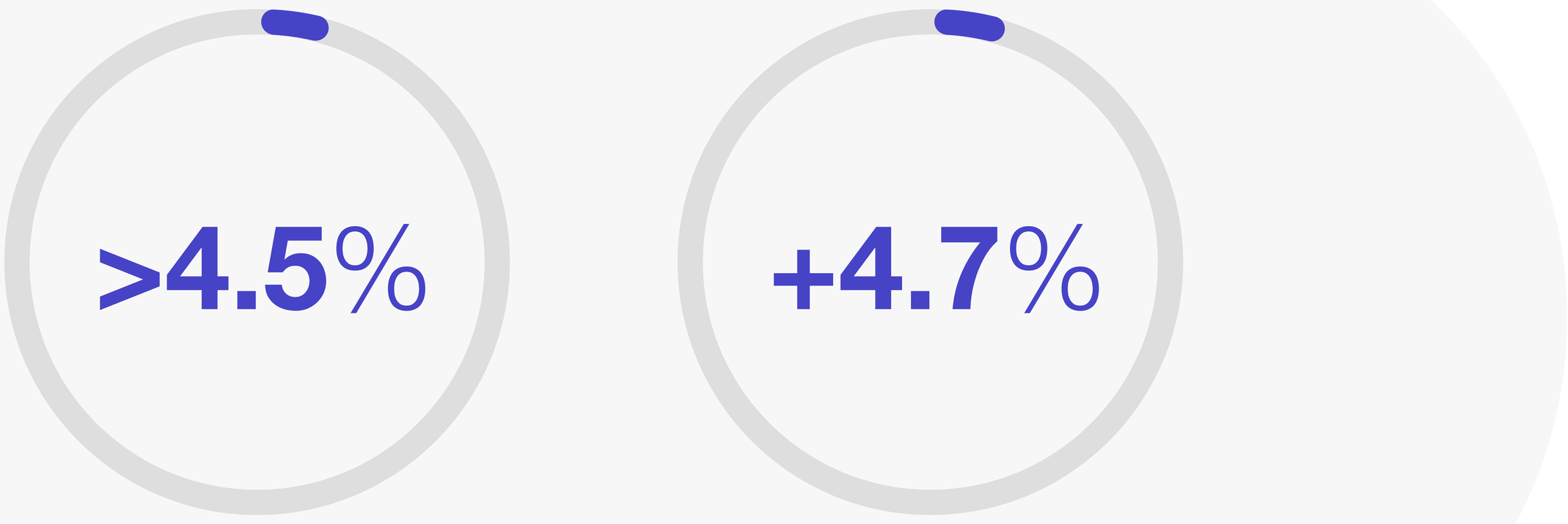
This may sound counterintuitive—how can insurance teams personalize insurance offers with data they don’t actually have? In this case, we recommend **starting with basic personalization strategies and programs** and A/B package test them on agile channels, such as websites. Then, insurance companies can compare them with flat, non-personalized offers to evaluate overall performance and devise new strategies to improve results.

The important takeaway is to start with a baseline and begin to gain powerful new insights into lessons learned with these early efforts. This can help “train the model” going forward and help insurers begin to use personalization to offer customers more effective add-ons, focus on profit margins, or target other specific goals.

Customer Spotlight: Personalized and Profitable

After implementing Earnix's Personalization engine, a prominent insurer successfully increased the conversion rates for its auto policy product offers by **4.7%**. The insurer also **increased add-on sales by 3%**, leading to an overall increase in GWP – all in less than 6 months.





Increase in GWP

Policy conversions

The Time for Personalization is Now

Earnix enables insurers to develop and deploy the most compelling offers meeting their customers' needs faster, easier, and more successfully than ever before.

Insurers can take advantage of big data modeling, sophisticated analytics, and AI-driven insights to streamline internal pricing processes and **offer the right price, to the right consumer, at precisely the right time.**

Discover how you can take advantage of all that personalization has to offer–and achieve the business results that matter most. Visit earnix.com today.

Deploy Personalized Offers at Speed →

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Earnix is the premier provider of composable intelligent solutions designed to transform how global insurers and banks are run. Earnix solutions unlock value across all facets of the business, connecting with customers, and breaking away from the status quo imposed by legacy single systems.

Earnix's solutions offer systemized, enterprise-wide value with ultra-fast ROI. It has been innovating for Insurers and Banks since 2001 with offices in the Americas, Europe, Asia Pacific, and Israel. For more information visit: earnix.com.