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World Insurance Report 2021: Insurers must blend physical and digital distribution models to provide superior customer experience in a post-pandemic world

Successful insurers will connect channels and empower their distribution network with emerging technologies, to overcome COVID-19's impact on customer acquisition and retention.

Paris, May 12, 2021 – [Capgemini](#) and [Efma's World Insurance Report 2021](#), published today, finds that insurers need to rethink their distribution models to offer uninterrupted service, superior customer experience (CX), and maximum value as the industry's business dynamics continue to evolve. As natural disasters and emerging risks such as COVID-19 become more severe, and lockdowns and social distancing spur the adoption of digital channels, the world is more insurance conscious. Therefore, insurers need to empower their distribution network with emerging technologies, including augmented and virtual reality and AI, and embed insurance in customers' daily lives by embracing open insurance, the report found.

According to the report, more than 60% of insurance executives surveyed said COVID-19 affected their firm's customer acquisition efforts, and about 40% cited an impact on customer retention. To regain lost ground, insurers should consider the 'CARE' approach, where Convenience, Advice and REach are at the heart of designing and evaluating the effectiveness of their channels. While 87% of insurers say they will invest in digital enhancements, only 32% say digital channels are effective in securing sales because they lack personalized advice capabilities. Digital channels earned high marks for 24/7 availability, ease of updating information for insurers, and search capabilities. Yet, their inability to provide in-depth, personalized advice to customers seeking complex products such as retirement plans and annuities made it clear that agents and brokers are still essential for purchasing these types of insurance.

Convenience is an insurer's competitive edge

Insurance customers surveyed said the ease and speed of access to information impacts the convenience of their experience. Seventy-seven percent of insurance executives say that agents and brokers are their most prominent distribution channel. However, more than 40% of personal line customers said it was challenging to contact agents and brokers outside typical office hours – and lockdowns and social distancing complicate the situation. Unlike personal policyholders, commercial lines and small-to-medium businesses (SMBs) did not see an appreciable difference in

the convenience offered by agents and brokers, digital channels or direct channels. More than 50% of SMBs rated their experience of interacting with agents and brokers as convenient, while more than 60% rated digital channels convenient.

Technology can supercharge channel effectiveness

Agents and brokers want to ramp up their digital engagement capabilities, and about 44% said they need support from their insurers. More than half of the agents and brokers surveyed said that to assist customers effectively, they need digital collaboration and engagement tools such as screen-sharing platforms and digital document-signing tools. They also said customer convenience improves when digital illustrations and single-screen product comparison tools are offered. However, less than two-thirds of insurers said they provide agents and brokers with these sought-after digital tools to enhance customer experience. In the future, 'Digi-intermediation' – a process in which agents are digitally empowered, and virtual channels are humanized – will eliminate distribution gaps, enhance CX, and optimize delivered value.

More comprehensive customer knowledge enables personalized advice

Agents and brokers said they need to know more about policyholders and potential customers in order to more effectively convert leads into sales. APIs and AI-based analytics can help agents and brokers understand customer preferences, answer questions, and offer appropriate products around policyholders' special life events. AI-based analytical tools and a 360-degree view of customers is essential for a customized customer-experience. The most successful insurers will win and retain customers by reinventing their operating ecosystem to support a 'phygital' model based on a mix of physical presence and digital engagement.

"Insurers have an opportunity to convert digital traffic to sales by focusing on a hyper-personalized virtual experience," said [Anirban Bose](#), CEO of Capgemini's Financial Services and Group Executive Board Member. *"Today's customers expect interacting with their insurers to be easy, and providers need to ensure their channels enable a convenient and seamless customer experience. By investing in the right technologies, insurers can win and retain customers while empowering their agents and brokers to deepen relationships."*

"The global impact of all-at-once digital adoption has changed the way insurers need to operate to satisfy their customers. Digital investment in connected channels is a critical ingredient for insurers of the future to be successful," said John Berry, CEO of Efma.

Report methodology

The World Insurance Report 2021 features insights from three primary sources – the 2021 Global Insurance Voice of the Customer Survey, the 2021 Global Insurance Executive Interviews, and the 2021 Global Agents and Brokers Survey. Together, these sources cover insights from 25 markets: Australia, Belgium, Brazil, Canada, China, Cyprus, Finland, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Norway, Portugal, Romania, Singapore, Spain, Sweden, Switzerland, The Netherlands, Turkey, United Kingdom, and United States.

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