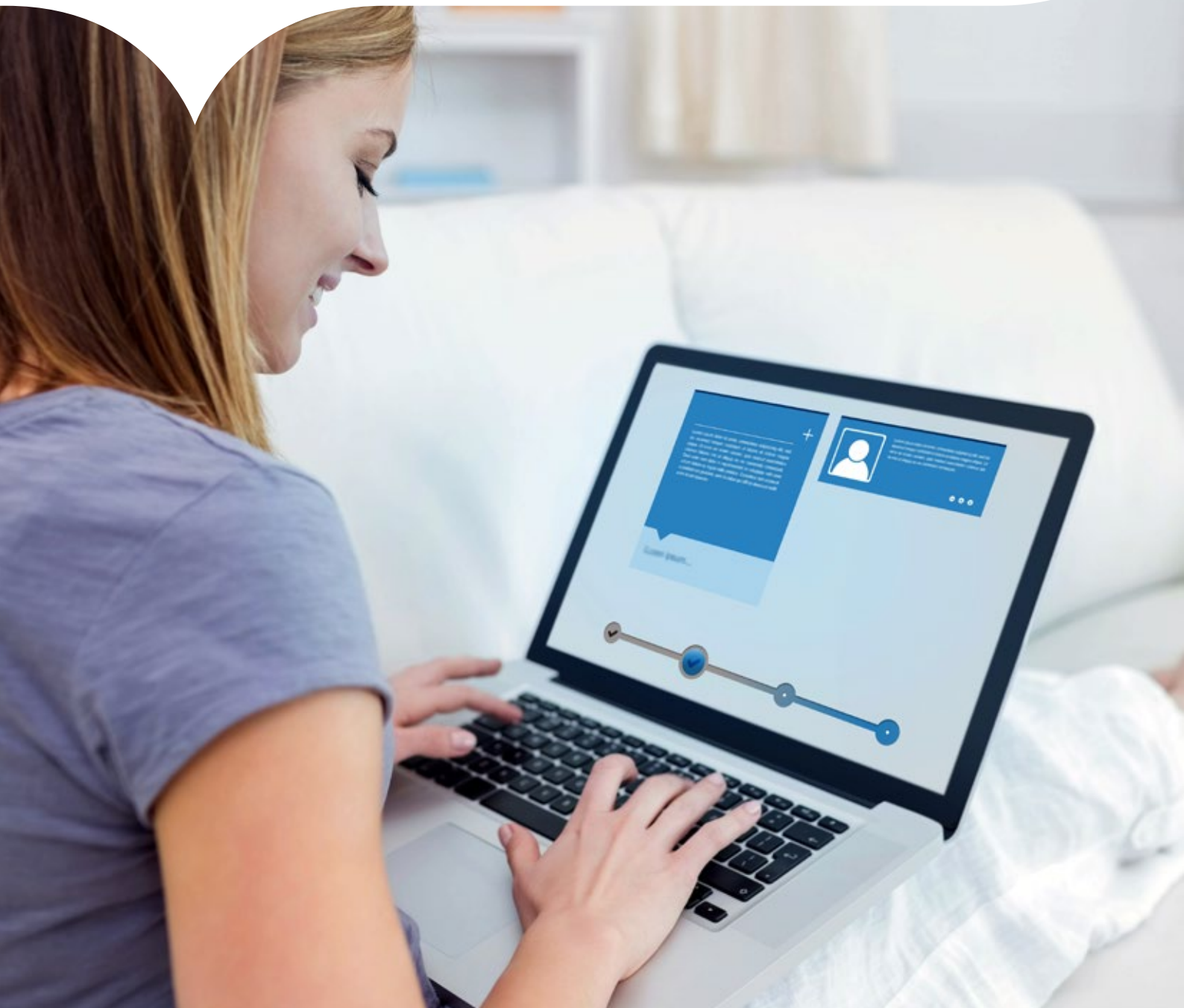


# Leveraging Social Media across the Insurance Lifecycle

**How integrating social media can significantly benefit insurers**



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# 1. Highlights

Social media adoption rates have increased exponentially over the past few years. Social media platforms, such as Facebook and Twitter—non-existent a decade ago—now boast millions of active users.

These users exchange information and feedback about all kinds of products and services, including insurance. As insurers endeavor to attract new customers, while retaining existing ones, it is imperative that they embrace social media as a recognized resource.

## How Social Media Benefits Insurers

Because social media contains valuable information about current and potential customers, insurers should look to utilize social media to harvest this information. Currently, most insurers leverage social media primarily to promote their brand and market products. Yet there are so many more ways insurers could be leveraging this mighty platform to gain a competitive advantage. Insurers could, for example:

- Mine customer data and utilize predictive analytics to gather customer insights, and help profile their customers to arrive at better underwriting decisions
- Service policies and offer self-service options, thus helping to improve customer satisfaction
- Detect fraudulent claims and provide customers with claims-related information, particularly in times of natural disasters
- Obtain useful life-insurance-customer information after a period of prolonged inactivity, and provide intimation about upcoming maturities or surrender payments.
- Gauge and identify the unspoken or emerging needs of customers via interactive discussion forums and blogs and leverage this information to improve products and services
- Prospect for and attract the right industry talent through social media sites such as LinkedIn

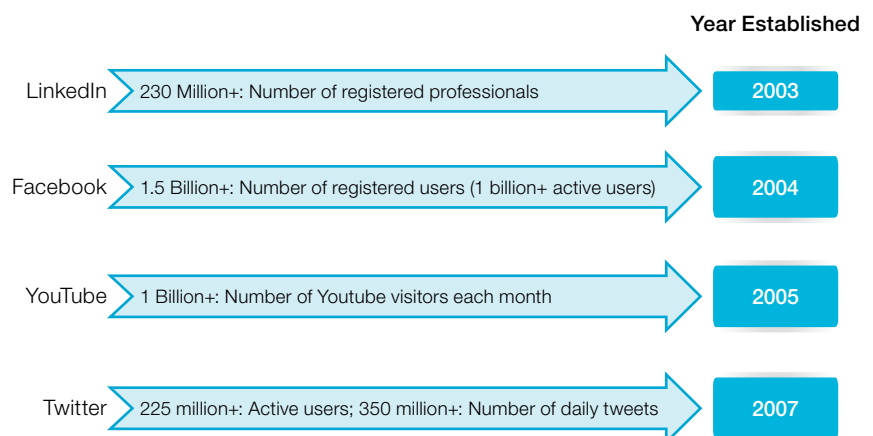
Granted, no one questions the necessity of engaging in social media for insurance firms, however, technical, cultural, and regulatory challenges associated with deploying social media for insurance-related activities have hampered success in devising effective social media strategies. Moreover, the conservative nature of the insurance industry has also had a role to play in the delayed adoption of social media strategies.

To overcome these challenges successfully, insurers must to adopt a phased approach from presence to participation, and finally to integration. Moreover, to grab the early-mover advantage, insurance firms should adopt a proactive approach as opposed to a reactive approach by making appropriate and timely investments in the right technology and in dedicated social media experts. This will enable them to realize the maximum benefits arising out of social media adoption.

## 2. The Increasing Usage of Social Media

Sites like Facebook, Twitter, LinkedIn and YouTube are among today's most popular social media platforms. About a decade ago, these sites did not even exist. Today, each can boast a user base of millions and Facebook has more than a billion users. To put things into perspective, if Facebook were a country, it would be the second most populous country in the world. This clearly demonstrates the exponential growth social media platforms have experienced since their inception.

Exhibit 1: Most popular social media sites, user statistics



Source: Capgemini Analysis 2013; <http://www.facebook.com/about>; <http://press.linkedin.com/about>; <http://www.youtube.com/yt/about/>; <https://about.twitter.com/company>; all numbers provided as of December 2013

Social media adoption rates are likely to continue to climb as more and more users embrace instant accessibility for everyday activities via faster internet speeds and increasing usage of smart phones.

Because of social media's sudden and rapid spurt, companies from a variety of industries, including insurance, were simply ill-prepared to leverage its numerous and widespread advantages. While the majority of insurers have realized its immense potential, and are taking steps to reap the myriad benefits social media offers, few have been successful in devising and implementing a fully integrated and effective social media strategy.

Currently, customers interact with insurers via multiple channels, both traditional and contemporary. As a stand-alone channel, it might be difficult for insurance firms to leverage social media. However it can be a highly useful complementary channel, offering several distinct advantages:

- **A very cost-effective marketing channel.** Using social media, insurers can reach out to a vast number of potential customers to promote their brand and provide information about product and service offerings.
- **Available 24x7.** Because customers can interact with the insurer anytime, social media can eliminate the restrictions of interaction timings associated with traditional avenues.
- **Highly effective in creating a peer-to-peer influence model,** a shift from the company-to-buyer marketing model, creating valuable relationships that promote sharing and engagement. Simple customer interactions, such as Like, Follow, and Re-tweet, can have a cascading effect on customers' peer networks and influence their buying patterns.

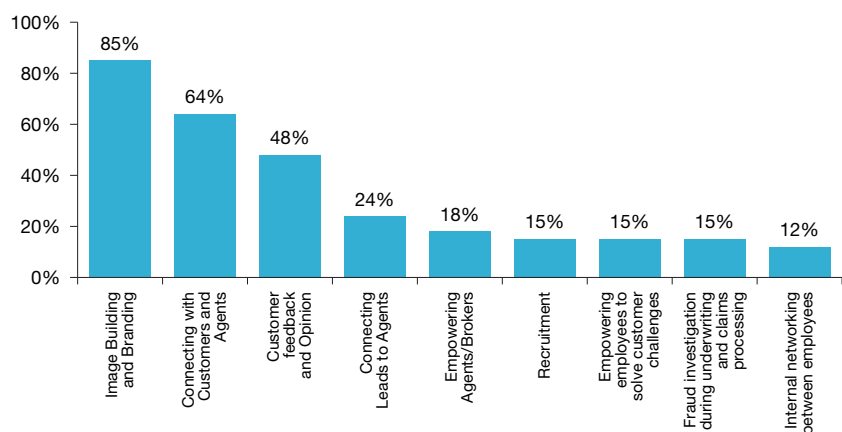
Through social media, insurers would be able to gather valuable information about their customers through their status and picture updates, their tweets, the blogs and articles they author or subscribe to, and their affinity to any particular groups.

- **Strong use among younger customers.** Given the explosion of social media adoption rates, the vast majority of potential next-generation insurance customers are present on social media. Consequently, it becomes imperative that insurers develop an appropriate social media strategy to attract these customers.
- **Geography neutral.** Social media spans borders and time zones and allows insurers to build solid online relationships, leading to improved brand promotion and better trust levels in advance to launching in new geographies.

Today, customized products and personal service hold the key to enhanced client-centricity. Insurance companies who are able to learn the most about their customers and engage interactively stand to gain the most. Through social media, insurers can gather valuable information about customers' needs, desires and buying patterns through status and picture updates, tweets, blogs and article subscriptions, and groups. By deploying the right technology and analytics tools, insurers can mine a vast mountain of information and accurately assess and address customer needs. Social media can act as an extremely powerful tool to enhance brand image and build customer trust by actively seeking customer feedback and providing instant service. The possibility of actively engaging a vast customer base and the availability of personal customer information is driving insurers toward social media.

Realizing the importance of social media, insurers have begun to utilize it for multiple purposes. According to the World Insurance Report 2014<sup>1</sup>, nearly 70% of insurers are already utilizing social media while a majority of the others plan to develop a social media strategy in the near future. Among the insurers who are currently leveraging social media, 85% use it primarily for branding and image building. Given the cost-effectiveness of social media in promoting a brand, this is no surprise. Other ways insurers currently use social media include connecting with customers and agents, obtaining customer opinions and feedback, and providing leads to agents.

Exhibit 2: Focus areas of social media for insurers, 2013



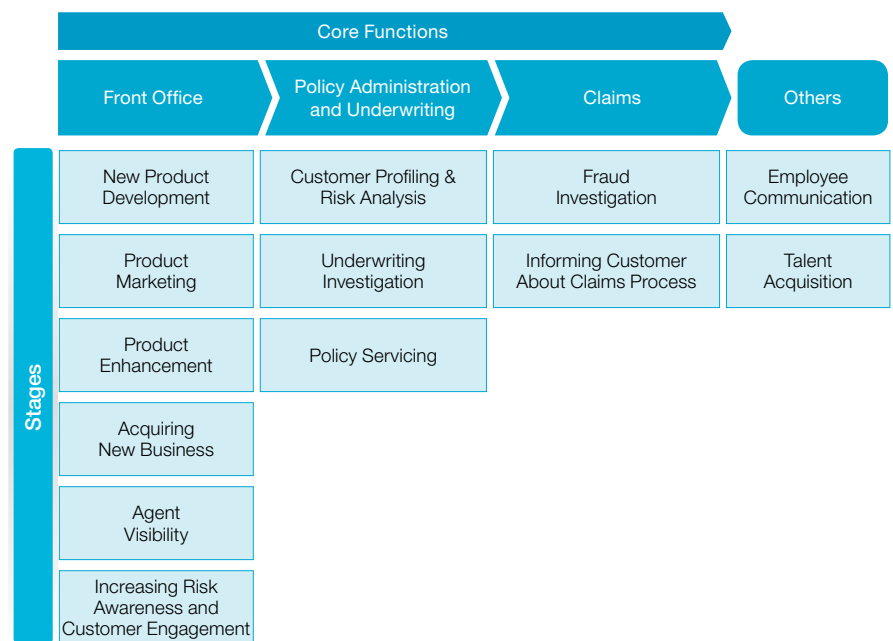
Note: Questions asked: "Currently do you leverage social media at your firm? If yes, social media is leveraged for the following purposes:" Chart numbers and quoted percentages may not add up due to rounding  
 Source: Capgemini Analysis 2013, executive interviews conducted for the *World Insurance Report 2014*, Capgemini and Efma

Few insurers currently leverage social media for critical and strategic purposes, such as agent empowerment or fraud investigation in underwriting and claims investigations. However, this is likely to change as insurers begin to develop an integrated social media strategy to identify and realize the benefits of social media.

# 3. Leveraging Social Media Across the Insurance Value Chain

Across the core functions of the insurance life cycle—front office, policy administration and underwriting, and claims—social media can be leveraged for multiple benefits.

Exhibit 3: Leveraging social media throughout the value chain



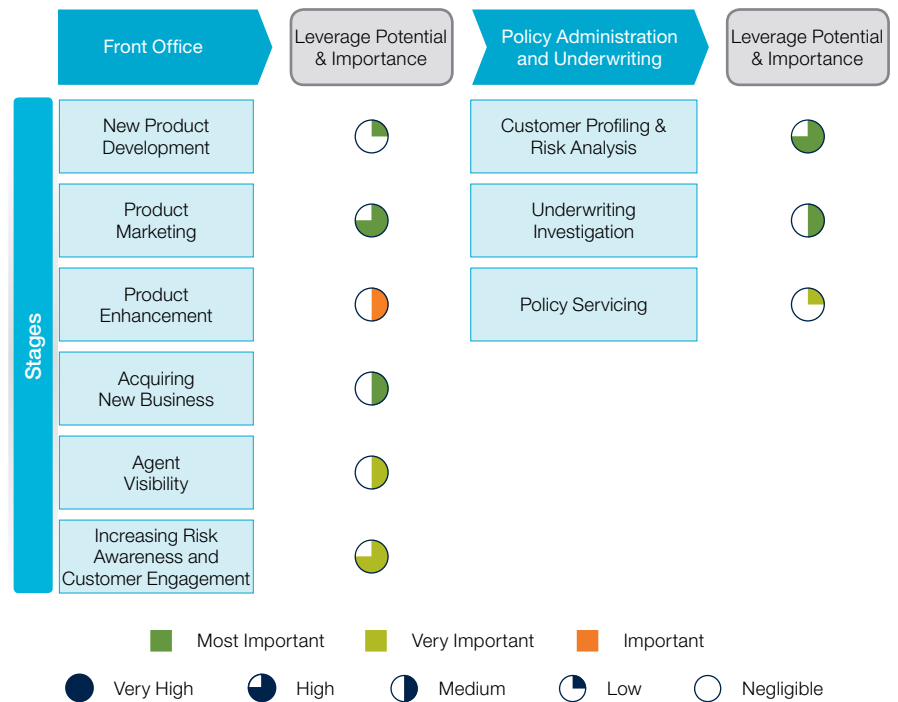
Source: Capgemini Analysis 2013, Capgemini insurance value chain

There are various stages in each core function for which social media can be leveraged. However, for any insurer, the extent of its leverage potential and the importance of that particular stage is not the same. It is, therefore, critical to identify those stages which are of utmost importance to the insurer—having a high customer impact and also helping to generate better revenues for the insurer. Insurers can then focus their efforts on developing and implementing appropriate social media strategies.

## 3.1. Front Office

Insurers across the globe currently leverage social media primarily for image building, branding, and marketing—all part of the front office life cycle. Networking and reputation play a significant role when a customer is deciding on an insurer of choice. For life insurers, this is particularly true because it is heavily weighted on word of mouth, and word of mouth carries a significant trust factor. Thus, insurers can utilize social media to build trust and strengthen their relationship with customers. This can also help them attract new customers through increased referrals. The vast reach of social media, its instant impact, and cost effectiveness are the primary reasons why it is so important that, at the very least, insurers leverage social media at the front office stages.

### Exhibit 4: Leverage potential for front office and policy administration



Source: Capgemini Analysis 2013

#### New Product Development, Marketing, and Enhancement

Social media acts as an ideal platform to collect and obtain customer feedback and opinions. By routinely monitoring customer chatter on social media platforms, insurers can gauge the requirements accurately and develop new products and services or enhance existing products. Since social media is a highly cost-effective way to make a strong impact, its leverage potential is very high for product marketing activities.

Many insurers have jumped on the social media bandwagon and created Facebook pages and Twitter handles which are actively utilized to promote their brands. Firms such as AXA Equitable, Nationwide, and Liberty Mutual have seen tremendous consumer interest in Facebook. Liberty Mutual’s Facebook likes increased nearly 2000% in one year from about 41,000 in 2012 to more than 850,000 in 2013<sup>2</sup>. Insurers can also explore the option of leveraging the social media sites of their distribution partners, such as banks, and promote their brand and products on partner sites.

Life insurers could emulate their non-life counterparts by creating and launching popular mascots to promote their brands. Notable and highly popular mascots of leading non-life insurers include, for example, Mayhem, the Allstate villain; Flo, the Progressive spokeswoman; and the Geico gecko. These non-life carriers have successfully heightened their brand image by utilizing these characters through various online and social media promotional events. Although some life insurers

<sup>2</sup> “Social Media Trends Annuity and Life Insurance,” Corporate Insight, Oct 2013, <http://www.corporateinsight.com/blog/3451-slide-deck-social-media-trends-annuity-and-life-insurance.html>

have also developed similar mascots, these have not met with as much success. AXA Equitable's mascot, the 800-lb gorilla, was retired after having met with limited popularity. EQuote.com, an online, U.S.-based life insurer, seems to be leading the mascot charge for life insurers, having recently (in 2013) unveiled its mascot—Dozer, the surfing dog.

### Increasing Agent Visibility and Empowerment

Even in the current age of digital transformation, agency and intermediary channels remain important insurance networks for customers worldwide. However, insurers can still add a social media touch to their most prominent channel through various means. According to the World Insurance Report 2014<sup>3</sup>, two-thirds of insurers interviewed currently leverage social media to connect to either their customers or their agents and intermediaries. One-fourth of the insurers interviewed use social media to connect agents with leads, while one-fifth use it to empower agents by providing agent details on their social media pages and developing interactive content for agent's Facebook pages. As the prevailing usage of social media continues to increase, these percentages will inevitably grow, as well. By promoting their agents on social media home pages and providing their contact information, insurers are increasing the visibility of their agent network. This agency channel is even more important for life customers because of the complex nature and varying types of life insurance products. Thus, insurers can leverage social media to promote their agents and arrange for them to answer customer queries through these social media platforms.

### Attracting the Next Generation

The next generation of insurance customers is likely to consist of individuals who have grown up spending a considerable amount of time on social media and who communicate primarily through social media. In order to attract their attention, it becomes imperative that insurers develop better and more valuable content by providing in-depth information around their products and services in an interesting manner. Boring text messages are passé. Next-gen customers prefer interesting pictures and infographics. It is imperative, therefore, that insurers not only develop the proper content, but also present it in a manner that is attractive on a social media platform.

When the majority of young insurance customers begin their professional careers and enter the critical life-cycle stages of marriage, they will be more likely to opt for their first life insurance policy. Since these customers are invariably active on social media, leveraging these platforms is essential towards reaching these customers. Failure to do so could be a lost opportunity for life insurers.

### Active Customer Engagement and Increasing Risk Awareness

Insurers can respond to customer feedback and queries through social media and provide expert advice. They can also help increase risk awareness among customers by uploading educational videos about different risks and mitigation approaches. All the while, insurers should take care not to act like over-zealous salesmen, but rather utilize social media to build trust and strengthen relationships.

ICICI Prudential, an Indian life and annuities insurer, launched a social media campaign, "Living Your Passion". Aimed at engaging older customers, it encourages them to discuss their passions and share what they dream of doing after retirement. Creating such focus groups will not only help the insurer gauge customer needs, but also influence their buying patterns by proposing relevant products.

3 World Insurance Report 2014, Capgemini and Efma



### 3.2. Policy Administration and Underwriting

While front office operations are more dedicated to brand promotion toward a broader audience, the policy administration and underwriting group targets only those individuals who have expressed an interest in purchasing insurance from that insurer. In an effort to maximize social media's potential, it is more important to customize their social media strategy in this life cycle stage.

#### Customer Profiling, Risk Analysis, and Underwriting

Social media users offer valuable information through the blogs they write and follow, status updates, their affinity toward particular social groups, support or opposition to certain causes, etc. Information can also be obtained from their vacations and hobbies, medical inquiries, and employment status and levels. Such information comes in handy while undertaking risk analysis, profiling customers, and conducting a thorough underwriting investigation to subsequently arrive at the right decision, thereby ensuring a healthy underwriting ratio. For example, a potential customer who has inquired extensively about cancer treatments, yet failed to note anything pertaining to cancer on his or her medical history insurance application may be considered a cause for carrying out further underwriting investigation. Similarly, someone with a fondness for adventure sports—as evidenced through status updates, pictures and social media posts—should have a higher risk profile assigned, even though this information may not have been provided in that individual's insurance form.

#### Policy Servicing

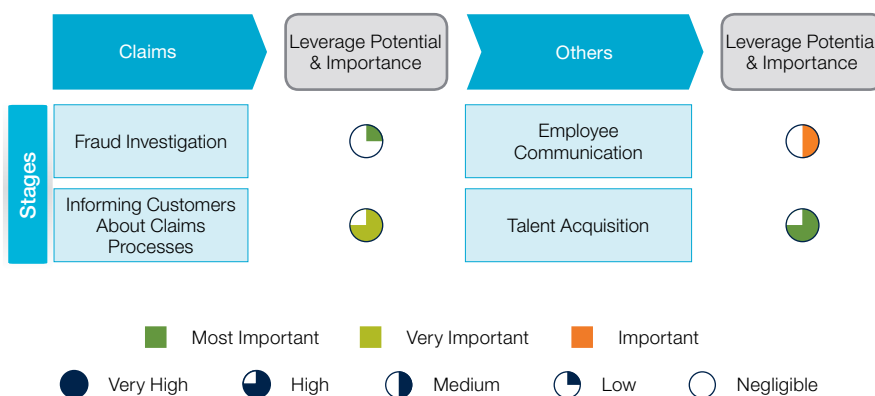
Social media sites can also be leveraged to engage customers and provide policy servicing options, such as modification of policy details (updating contact information), making premium payments, viewing coverage details and life settlement options. By hosting live Twitter or Facebook chats to answer customer queries and proactively offering relevant services, insurers can improve customer satisfaction levels. This can lead to improved retention rates and additional referrals, through word-of-mouth publicity.

AAMI, a leading insurer in the Asia-Pacific region, was awarded “Best Use of Social Media” in 2012 for its effective social media utilization to deliver cutting edge service delivery and instant resolution to customer queries.

Matrix Direct, a leading direct marketer of term life insurance, provides a social media option, “Ask an Expert,” on its home page, where customers can ask questions on social media platforms, such as Facebook and Twitter, and have them answered by experts.

In another scenario, a CMO of a leading private life insurer in the Asia-Pacific region had explained that their firm thrives on social media and analytics for obtaining customer insights.

Exhibit 5: Leverage potential in claims servicing and others



Source: Capgemini Analysis 2013

### 3.3. Claims Servicing

The claims space represents the ultimate moment of truth, particularly for non-life insurers. It is during the claims process that most customers either strengthen their relationship or break away. For life and pensions insurers, the key aspects in this stage include paying out maturity benefits, annuities, and fund value during surrender of policies. While not much headway has been made by insurers in leveraging social media during claims servicing, insurers are slowly making efforts to realize the full potential of social media during this critical insurance stage for customers.

#### Fraud Investigation

The information available on social media sites in the form of comments and status updates can be highly valuable while assessing the veracity of claim forms submitted by customers or their beneficiaries. Insurers have an opportunity to weed out fraudulent claims, thus improving their claims ratio. In non-life, for example, the insured may claim a vehicle accident in a particular region, while a picture tagging him on Facebook might clearly establish that he was at a different location during the time of the accident. This could indicate that either someone else was driving that car or the details provided on the claim were incorrect. Early detection of fraudulent claims can help insurers save significant costs in the form of claims payout expenses at a later stage.

#### Intimating Customers about the Claims Process— Particularly during Crisis

Social media can be utilized to communicate with the insured regarding the claims process, other relevant and timely information, and next steps. This was effectively utilized by numerous insurers during two major hurricanes, Katrina and Sandy. Insurers posted information about the claims processes on social media platforms to enable customers to easily obtain claims information during times of need. The Sandy team tapped social media to accelerate insurance claims payments and urged insurers to provide better service to their policyholders.

For life insurers, a prolonged period of customer inactivity could be a cause to explore whether or not the customer is still living. In the case of a customer who has died, if the customer's relatives or nominees have failed to intimate the insurer, social media can act as a useful tool to find the whereabouts of the nominee and initiate the claims process. If the insured is still living, intimation about the pending premiums can be done via social media. Information regarding incumbent maturities can also be passed on to customers.

### 3.4. Others

In addition to the various stages in the insurance life cycle, insurers can leverage social media for other purposes, as well. Attracting the right talent, for example, and enabling efficient employee interaction. Social media can also be utilized to inform customers, agents, and distributors about domain-specific developments or any impending regulations affecting stakeholders.

#### Effective Communication Tool for Employees

A dedicated social media platform can help employees stay connected to each other. These internal social media platforms can be used to obtain and discuss information on the latest trends in the industry and discuss them extensively. These in-depth discussions can result in innovative ideas, improved internal efficiencies, debuting relevant products and services. This becomes even more pertinent for life insurance, given the complex nature of products and evolving customer needs and lifestyles.

#### Talent Acquisition

There are several social media sites that help companies attract the right talent. Insurers can utilize social media to tap into the vast pool of potential employees to find the right talent.

Many insurers (both life and non-life) extensively leverage social media platforms, such as LinkedIn, to attract and retain talent. They also utilize social media to advertise jobs, connect with candidates, and differentiate themselves in the marketplace.

#### Streamlining Distribution and Costs

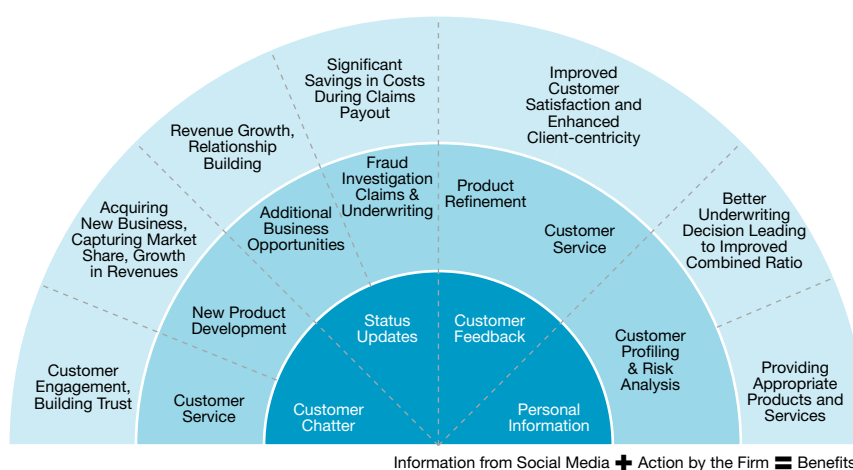
Insurers can achieve cost efficiencies by directly reaching out to clients, thereby saving on distributor commissions. While regulatory requirements in many countries no longer allow commission payments to distributors for just selling insurance policies (Customers need to be offered expert advice from their distributors for which they directly pay the service fees to their distributor), some still do. A social media strategy can therefore prove powerful as insurers endeavor to:

- Maintain a direct dialogue with customers
- Empower distributors to provide better customer service

## 4. Mining Social Media Data

While there is no denying that the amount of data available on social media sites is massive, insurers need to ensure that they are able to mine this data efficiently and convert it into valuable and actionable information to obtain significant benefits.

Exhibit 6: Realizing social media's benefits through timely action



Source: Capgemini Analysis 2013; "Use of Social Media in Insurance," NAIC, www.naic.org, 2012

Through a combination of information, such as personal details, status updates, customer chatter, and feedback, insurers can derive maximum benefits through timely action. They need to act on personal information and status updates for customer profiling and conduct a thorough risk analysis. They can also use this information to check for potential new business opportunities. For example, an update about marriage or a new birth in the family, or an update regarding a plan to buy a car or house are all potential new business opportunities.

Insurers can also use this information to investigate claims that seem to be fraudulent. This can help in saving significant costs in the form of claims payout and in lowering the overall combined ratio.

Whatever the situation, insurers need to monitor customer chatter regarding their products and services, in addition to proactively seeking customer feedback. The feedback can be about products and services or agents and distributors. This information can be utilized to customize, refine, and improve their product suite and assess the efficiency of their distributor and agency channels, while instant service can result in enhanced customer engagement and improved customer satisfaction. MetLife, USAA, and Liberty Mutual are among the life insurers that have leveraged this feature extensively by providing customers' positive and negative feedback in an efficient and conclusive manner. The end benefits are likely to include improved retention rates and increased referrals, leading to top-line growth.

## 5. Leading Practices for Insurers

Insurers across the world are slowly but surely realizing the potential of social media. While some remain sceptical and are adopting a wait and watch policy, others have developed effective social media strategies and gained a first-mover advantage. These insurers have clearly established few leading practices in terms of leveraging social media, and have forged the path for others. While most of these leading practices are from non-life insurers, life insurers are playing catch up in leveraging social media.

### 5.1. Online Discussion Forums

Allstate, providing both life and non-life services, has developed an interactive online community allowing customers to engage in discussions with other Allstate customers and Allstate insurance experts. Used to discuss insurance-related topics, this forum leads the way in insurance thought leadership. The range of topics varies and can include sharing ideas to serve the community, safe driving, and managing finances, among others. They are highly useful in shaping decisions impacting insurance well before the time of need.

### 5.2. Promoting Brand Image and Awareness with Character Pages

Progressive, one of the largest non-life US carriers, created a Facebook page for its hugely popular insurance character, Flo. This page became an instant hit and currently has more than five million likes. As one of the most recognized insurance characters the world over, Flo has helped enhance Progressive's brand image. She keeps customers engaged through witty interactive messages, thus helping to build relationships. Similarly there are Facebook pages for Geico's Gecko and a YouTube channel for Allstate's Mayhem—each of which helps in either enhancing their respective insurer's brand image or create risk awareness or both.

### 5.3. Empowering Agents via Social Media

New York Life actively promotes and trains its agents using social media<sup>4</sup>. Hundreds of agents are encouraged to participate in New York Life's monthly social media training programs. It also helps develop content for its agents' social media pages and provides guidelines on effective social media usage. It encourages agents to develop and strengthen customer relations by effectively leveraging social media.

### 5.4. Kroodle, The World's First Social-Media-Based Insurer

Kroodle, launched in 2013 by Netherlands-based Aegon, is a purely Facebook-based insurance service aimed primarily at customers aged 18 to 34. Through its mobile and tablet platforms, the company offers innovative products, including property, home, liability, travel, student, and gadget insurance, while allowing customers to manage their accounts using their Facebook profiles. Customers can opt for these services only if they have a Facebook account. Although phone support is available, all transactions are completed digitally. Through this initiative, the insurer endeavours to achieve reduced marketing costs, increased customer convenience, reduced fraud, and reduced administration costs. In order to ensure customer retention, Kroodle offers cash rewards for referrals, which the insurer stores in a virtual wallet and pays to the customer over a 12-month period.

<sup>4</sup> "New York Life Insurance Moved Early and Confidently into Social Media," Socialware.com case study, Aug 2011, <http://www.socialware.com/wp-content/uploads/2012/04/NYL-case-study.pdf>

# 6. Challenges to Overcome while Leveraging Social Media

Despite the benefits of leveraging social media, challenges associated with leveraging it have prohibited insurers from realizing its full potential. Overcoming these challenges is paramount to the success of an insurer's social media strategy.

## 6.1. Technology Costs and Challenges

Collaborating with an IT specialist can help the insurer overcome technical challenges. The IT vendor would act as an intermediary between the insurer and its customers.

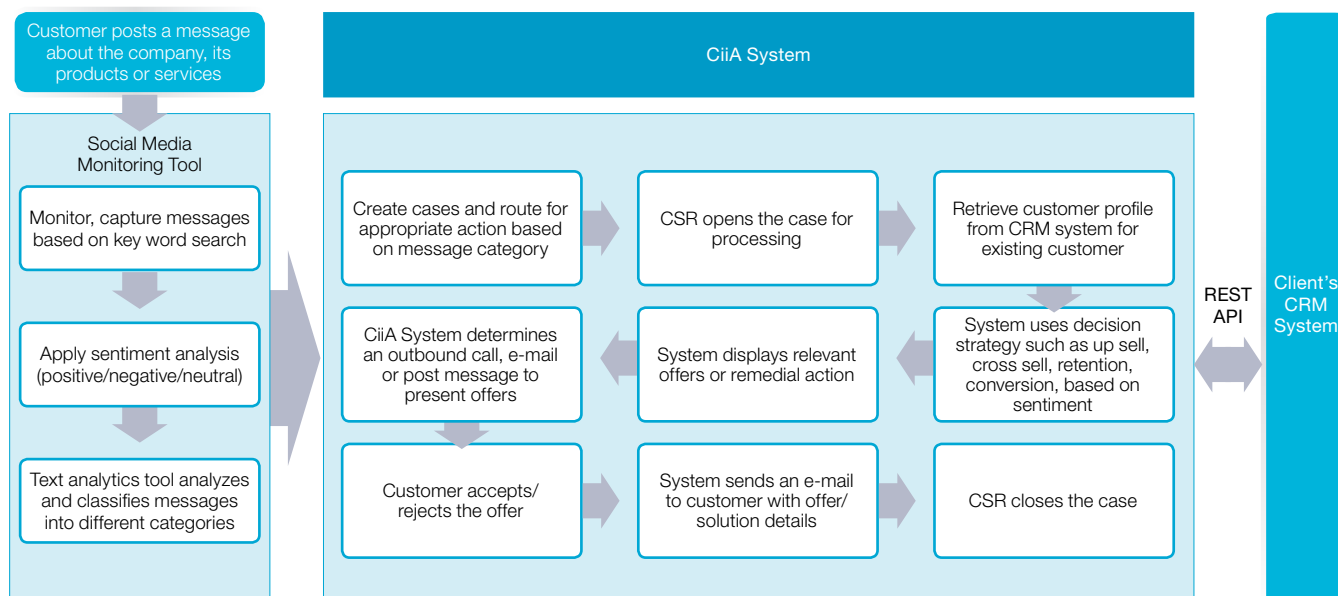
To gain maximum leverage from social media, insurers must completely integrate their social media strategy with CRM systems to automate processes and take timely action in response to customer input. Yet this involves significant costs. The amount of data available on social media is massive and insurers need to invest in predictive analytics tools to mine that data and extract valuable customer input. Additionally, insurers need automated systems to monitor social media and offer suggestions to help enhance customer service and satisfaction. With vendors specializing in these services, many insurers have chosen to outsource this work.

The IT partner would provide the requisite technical infrastructure to integrate input from social media into the insurer's CRM strategy. It would also monitor customer chatter on social media platforms, analyze the information available, using predictive analytics tools, and provide a consistent stream of valuable insight to the insurer. This would be an ideal way to allow the insurer to focus on core aspects of the business, while leaving technology to the experts.

### Capgemini's Social Media Analytics Solution

Capgemini's Customer Insight into Action (CiiA) provides a proven and efficient social media analytics solution for insurers who plan to convert customer insights into action.

Exhibit 7: Capgemini's comprehensive social media analytics solution



Source: Capgemini Analysis 2013

With CiiA, insurers can obtain valuable customer insights and understand actionable steps. This allows the insurer to respond to customer requests more quickly and easily; service them more effectively; and enhance client-centricity. Insurer actions depend on the various sentiments conveyed by customer input. If positive, there could be an up-sell or cross-sell opportunity. A negative sentiment could result in remedial action with either a retention or conversion strategy, while a neutral sentiment (a generic inquiry) could result in product offering.

Adopting a solution, such as Capgemini's CiiA, would help insurers proactively enhance client-centricity, improve service efficiency, prevent or limit reputation damage, align company business strategies, and maximize return on investment.

## 6.2. Data Privacy Rules and Regulations

While obtaining and utilizing customer data, insurers would need to be mindful of country-specific data privacy rules and regulations and ensure compliance. To help address this regulatory issue, insurers would need dedicated social media experts who are well versed in utilizing social media in this regard. Moreover, employee training in social media compliance would need to ensue. Additionally, insurers would need to recruit and train social media experts who can post active and interesting content to engage customers, while constantly monitoring social media for valuable customer information.

## 6.3. Customer Reluctance to Share Information

While it is true that there is a vast amount of customer-related information on social media, much of it is typically available only to friends and family members. Customers might be reluctant to befriend their insurers on various social media sites for fear of the potential for data misuse. This reluctance could limit the benefits arising out of leveraging social media.

This can be overcome through sustained interaction and engagement, assuring customers about the privacy rights of their information. Other options many insurers use are discounts and other benefit offerings to customers who befriend them on social media and provide the insurer access to their personal details.

## 6.4. Negative Feedback and Reputation Damage

This is the biggest fear that insurers have against fully embracing social media. The comments or feedback posted by customers is open to all and could have a spiralling effect when feedback is negative. This could cause severe reputation damage and harm future growth prospects. However, this should not deter insurers from social media. Rather, they should strive to provide instant and direct responses to negative feedback and work proactively toward resolution. This would, in turn, result in increased trust and help attract additional customers.

## 6.5. Unpredictable Lifetimes of Social Media Platforms

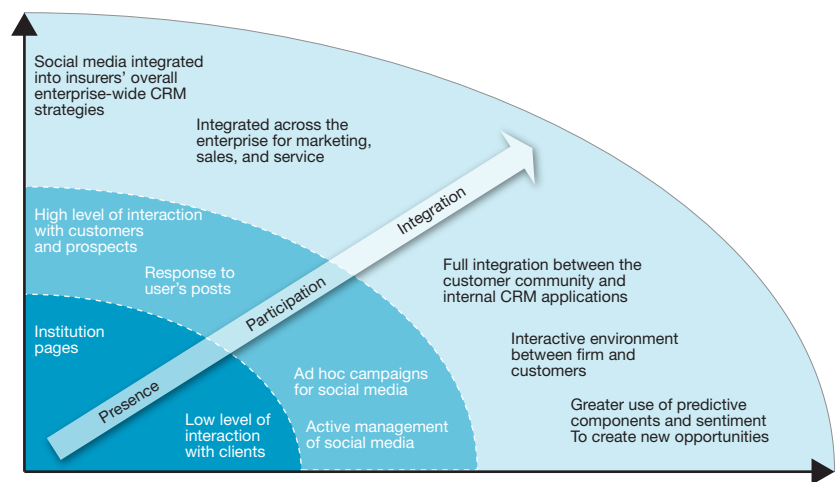
It is only natural to be concerned about whether a social media site on which an insurer's strategy is based will be around long-term. However, insurers should still invest in developing effective social media strategies.

Social media sites have had extremely volatile lifetimes. MySpace and Orkut, which were the most popular social media platforms until a few years ago, are nearly obsolete today. If any insurer based its social media strategy on the functionality of these platforms, it would be non-functional today. It is therefore important that an insurer's analytics solution focus on the general features of varying and different social media platforms and be flexible enough to adapt to new social media sites that will inevitably arise.

# 7. Looking Ahead

Adopting an end-to-end social media strategy—one that is fully integrated with an insurer’s CRM system—would, no doubt, be highly challenging. It is, therefore, advisable to adopt a phased approach to leveraging social media. In other words, the insurer would move in phases—from presence to participation, and finally to integration.

Exhibit 8: Leveraging social media in phases



Source: Capgemini Analysis 2013

**Presence.** During the initial presence stage, insurers might develop their own social media pages with a basic level of interaction with customers. Nearly all major insurers have completed this stage and are actively pursuing the next phase, which is participation.

**Participation.** During the participation phase insurers interact with customers on many different levels—proactively assessing customer needs, providing suggestions, organizing social media campaigns to increase awareness, etc. There is a conscientious effort to develop and actively manage this content.

Different insurers are at varying levels of maturity within this stage, with the maturity also varying based on the region of their operations. Few insurers have been successful in launching effective social media campaigns that aim to increase their brand awareness. A leading insurer in the US ran a campaign that donated five dollars to a social cause for every Facebook like they received. Similarly, Aviva, a prominent private life insurer in India, devises innovative social media campaigns, such as “Learning from Sachin” (the most widely-acclaimed sports personality in India) and “Khushiyon ki Planning” (planning for your child’s future) frequently. Other popular activities on these social media campaigns include interactive quizzes and contests to keep customers engaged.



Integration. Few insurers have successfully completed the integration phase of adoption. During this final stage, the firm's social media strategy becomes fully integrated into the enterprise-wide CRM strategies along with marketing, sales, and service. There is a full integration between the customer community and internal CRM applications. The environment between the insurer and the insured is highly interactive, and insurers utilize predictive analytics to develop customized products and services for their customers and to create new opportunities. Any firm that is successful in completing the integration phase will acquire the first-mover advantage and reap substantial benefits.

In order to reach this stage and truly realize the full leveraging potential, insurers would need to take appropriate actions and make the right investments.

### Benefits Analysis (ROI Estimation)

Insurers who adopt a social media strategy need to develop an appropriate model to assess the benefits of their investments. This model should be able to evaluate both qualitative and quantitative benefits. By doing so, they would be able to measure the impact of their investments and take remedial measures if their strategy is not on the right track.

### Timely and Appropriate Investment in Technology and Analytics

A number of insurers have already recognized the benefits of fully leveraging social media. To that end, they are making substantial strides in developing an appropriate social media strategy by investing significantly in IT. Insurers should be prudent in choosing their investments and adopt the right technology and analytic tools. This strategy ensures sufficient flexibility to leverage the features of most social media sites so that it is not dependent on any one single social media platform.

### Adopting Best Practices from Other Industries

While many individual insurers are taking the right steps to leverage social media, the insurance industry, as a whole, remains a bit conservative. As a consequence, this industry lags behind certain industries, such as banking or retail, which have been more proactive. Identifying industry-relevant best practices in those industries and customizing these best practices to suit insurance needs would be ideal.

### Dedicated Social Media Experts

Currently there is a dearth of skilled social media experts who are well versed in utilizing social media. Insurers should try to attract and recruit dedicated social media experts who would be able to implement enterprise-wide social media solutions. They should also train their employees, agents, and other stakeholders and ensure appropriate utilization of social media without invading customer privacy or ignoring regulatory compliance.

# 8. Conclusion

Those insurance firms that can develop and quickly implement a full-fledged and completely integrated social media strategy will be the ones to differentiate themselves and stand to gain the most.

Social media adoption growth rates are rising exponentially. The time that customers spend on social media platforms is also increasing steadily. Through social media, customers offer personal information, which can be highly valuable to insurance firms who can leverage it to provide the right products and services. Customers are increasingly utilizing social media for obtaining initial feedback on products and services from their friends and experts. Few social media platforms are being utilized for purchasing goods and services.

The insurance industry is currently at a crossroads when it comes to leveraging social media. Because social media presents a number of distinct and cost-effective advantages to insurers, there is a momentous shift toward complete digital transformation within the industry. Active social media adoption represents one giant step toward that transformation.

A number of insurers have identified this potential and are taking the right steps in this direction. However, some are farther along this path than others, both in terms of life vs. non-life as well as regionally. Because this practice is still in a nascent stage among most life insurers, non-life insurers are slightly ahead of their life counter parts. Given the impact of word-of-mouth references and the fact that social media is a word-of-mouth venue, social media adoption is not a question of if, but rather, how soon, and how much integration for life insurers, as well.

Those insurance firms that can develop and quickly implement a full-fledged and completely integrated social media strategy will be the ones to differentiate themselves and stand to gain the most.

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