



CASE STUDY

Australian Insurance Company Uses Customer Experience Transformation to Fight Environmental Obstacles

After encountering a perfect storm of regulation and environmental obstacles, this Australian Life Insurance brand implemented a range of customer experience initiatives to transform its business around customer centricity. The result? An increase in market share, a decline in lapse rates, and a dramatic improvement in NPS across the board.

Business Improvements At A Glance

- ✓ Market share improved by 21%
- ✓ Lapse rates declined by 1%, saving \$40 million dollars in premiums
- ✓ Advisor NPS dramatically increased from -30 to 14 over twelve months.

The Challenge: An Unpredictable Environment for Insurance Providers

Faced with changing industry regulations and a global pandemic, Australian insurance brands have had one of the toughest years on record—and this life insurance brand felt the impact first-hand. For the last 150 years, this brand has been protecting Australians and their families from unforeseen life events. Today, the brand has 4.5 million members and pays more than \$2b in yearly claims, making it one of the leading insurance providers in Australia. Then, 2019 hit.

In 2019 the organisation faced a perfect storm with a combination of unpredictable challenges. On the one hand, new competitors in the market threatened to disrupt the insurance business. Then, a global pandemic rocked the entire world. That wasn't all—another obstacle was the Banking Royal Commission that demanded insurance companies adapt to new recommendations and take customer experience to the next level.

This brand needed transformation—and fast.

The business turned its focus inward as it looked for ways to ignite a transformation. Here are three strategies the team used for CX transformation. Let's go through them one by one:

TRANSFORMATION STRATEGY #1:

BUY-IN FROM THE BOARD

First up, the member experience team needed to convince the board that a focus on members would be the greatest return on investment. To do this, the member experience team designed a comprehensive CX transformation strategy tied to three structural challenges facing the business:

- **The brand would win back market share by improving CX.** An updated customer and advisor value proposition included new brand positioning and new digital self-service capabilities for members. The key success metrics for this would be a reduction in member lapse rates, increased share of new business, customer NPS, and employee NPS.
- **The brand could exceed both risk and compliance obligations by improving CX.** To do this, the business increased the quantity and quality of customer listening touchpoints. More specifically, the team focused on assessing the quality of evaluated claims with hopes of reducing costs wherever possible. To show the success of this initiative, the team would measure reducing reportable incidents under the Life Insurance Code of Practice.
- **The brand would successfully rebuild the advisor channel by improving CX.** One challenge directly affected the business' financial advisor partners. When ASIC's RG 146 regulations introduced minimum training standards for financial advisors, the entire sector saw a mass exodus of financial advisors from the industry—almost overnight, the business lost half (42%) of its partners, which serve a critical client-facing sales function in the business. To



combat this, the team overhauled the enablement and support for its advisors. This insurance company introduced a new initiative to upskill more than 10,000 advisors. The success metric would be the growing number of advisor referrals, more than \$632k raised for charity via fees, and the 94% satisfaction rating from the masterclass attendees.

The board signed off on the rollout plan, resourcing requirements and phase one of the experience improvement program in 2019. Looking forward, the member experiences team wanted to earn the right for further board investment in 2020 and 2021, so committed to sharing quarterly updates on plan progress, focusing on key CX metrics tied to financial performance.



TRANSFORMATION STRATEGY #2:

SHAKE UP THE INTERNAL ORG CHART TOWARD CUSTOMER OBSESSION

Next, the business shook up its internal structure to be member-centric. The business appointed a new Chief Customer and Brand Officer. The idea behind this was to align the Sales and Delivery Teams under one leader, and implement customer experience-based KPIs across all front line and back-of-house teams.

The business created a Customer Advocacy Forum designed to bring together General Managers from key business lines (i.e. brand, product, claims, and complaints) to identify strategic customer experience initiatives. On top of this, the team re-invented the quarterly board meetings to include CX reports, which included CX trends, hotspots, and action plan progress.

The final piece of the CX puzzle was a heavy investment in digital accessibility. This encouraged customers and advisors to self-serve on the website, reducing costs and customer effort scores across the board.

TRANSFORMATION STRATEGY #3:

SCALE THE VOICE OF CUSTOMER (VOC) PROGRAM

To fuel the CX transformation, the business scaled its voice of customer (VoC) program to more than 70+ customer touchpoints.

Those insights pointed to critical opportunities for reducing costs while improving experiences for members. For one, the business saw that it could bring key operational and processing roles back to Australian shores to both simplify the experience of filing a claim and speed up the processing time—a quick win for both members and the business.

The experience program also used root cause analysis of negative experiences—these insights were used in team huddles for effective employee coaching. Customer feedback helped claim officers to be more empathetic and meet compliance requirements while lowering reportable incident volumes at the same time.

The business also used customer insights to validate a new Health Services team, whose sole focus was to provide free, expert mental health support to customers and their families as needed. The effect of this program would trickle down and ultimately help the business save on costs down the line.

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CX With a Financial Impact

The combination of these initiatives ultimately transformed the business—and they have five success metrics to prove it:

1. Market share increased by 13 per cent. Despite the retail market contracting overall, the business increased its market share via advisor-sourced policies by 13 per cent, with an overall reduction in member lapse rates by 1 per cent. This saved over \$40m in annual premiums.

2. Members' experiences improved as claims paid 50 per cent quicker. The business was able to shave four days off of the claims processing timelines by making processes more efficient. The pay-out cycle reduced on average from 30 days to 15 days—50 per cent quicker!—thanks to an increase in the number of completed pre-assessments and improved communications between underwriters and advisors.

3. Self-service grew by 81 per cent. The new member portal made interfacing with claims more convenient, as shown by platform usage growing by 81 per cent.

4. Reportable incidents dropped by 74 per cent. The business was able to meet risk and compliance obligations by adding an automated QA process. The volume of internal QA assessments grew 200 per cent, enabling the business to review more claim files, coach claim management team members, and pay members in line with updated policy guidelines. The volume of reportable incidents to regulatory bodies was reduced by a dramatic 74 per cent!

5. Advisors are recommending this business more and more. The share of advisor recommendations through IRESS has improved from 18.68 per cent to 19.75 per cent, with advisor NPS dramatically increasing from -30 to 14 over twelve months.



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