

Customer retention in the insurance industry:

Why customer recovery is at the centre of the dunning process (1/2)



A digital roundtable in the run-up to the GDV conference on payment transactions on the 19th and 20th May 2022 in Cologne

How do insurers deal with their defaulting customers and their payment-disrupted contracts? Is there a strategic approach to customer retention, or are these customers lost in the long term? Is it communicated with this customer group at all and if so, how exactly? The fact is that at the end of a customer journey, consumers with impaired insurance contracts still quickly land on the siding. Strategic customer recovery measures are obviously still not a top topic for many insurers despite the immense sales potential. We talked to proven industry experts about this topic and the state of digitisation among insurers. Read in Part 1 of the digital roundtable, among other things, why existing customers are so important for insurers and how customer recovery measures are usually designed today.

» THE PARTICIPANTS

What do insurance companies spend on average on a new customer?

Prof. Dr. Hans-Wilhelm Zeidler: This is a very complex question. If you work according to full cost principles, you must merge every effort for the acquisition of a new customer and then divide the determined amount among the newly won customers. That's almost impossible. Because it

depends on which divisions are acquired and which marketing measures are carried out. What is the recommendation behaviour of existing customers? How does this market affect existing customers? All this is very difficult to summarise. One thing is clear: it's a lot!

Harald Weber: The biggest hurdle is to win back a customer who has jumped off, because this is about stock preservation. Research shows that a customer who has more than one product with an insurance company talks more easily about insurance. He recommends the insurance and is therefore a

customer who does not jump off so easily. But to determine the costs of new acquisition is extremely difficult. If you take the full costs, they are significantly higher than ten percentage points of the annual contribution.

Prof. Dr. Hans-Wilhelm Zeidler: The most valuable customer is the existing customer, not the new customer. Keeping the existing customer in the company is worth every effort. And is then also

cheaper for the further financial statements. In my experience, it is much more complex and intensive to win back a jumped-off customer than to address someone anew.

“Claims management is not yet seen as an area that can ultimately also play into marketing and sales. This closed loop is still missing in the minds.”



What is the classic handling of payment-disturbed contracts so far and how will they continue to communicate with these customers after completion of the dunning/collection process?

Harald Weber: As far as the topic of payment-disturbed customers are concerned: All measures from the beginning of a payment disruption must have the goal of preserving the inventory. With one or the other form of insurance, he no longer has insurance cover if there

is a payment disruption. Even if a customer pays irregularly, one should look for ways to keep him. And only cancel if his damage story goes wrong. Be it fraud, be it the damage situation or frequency.



“As far as the topic of payment-disturbed customers is concerned: All measures from the beginning of a payment disruption must have the aim of preserving the inventory.”

Prof. Dr. Hans-Wilhelm Zeidler: I can only report from the practice of the societies in which I worked. To a certain extent, attempts were made there to correct the disturbances. But from a certain point it was over, for example in the event of insolvency

or if the case goes from debt collection to the legal department or to an outsourced lawyer. Then no one cares about such customers anymore.

What measures are being taken to win back customers you want to win back?

Prof. Dr. Hans-Wilhelm Zeidler: These are usually writing with standard texts. If they are large and important customers, then a so-called „mouth-to-mouth respiration“ follows. Someone calls the customer and asks: Is there anything? Can we do something? Do we need to change your products, your scope? Corresponding answers will also be passed on to the sales department, who is thus informed about malfunctions. Maybe you can suspend life insurance for two years or reduce

the sum insured. Or you can reduce the premium amount for a certain time. Maybe the customer has problems such as dismissal, divorce or the like. Then he will be helped out of this situation. However, this is usually delegated to sales, who conducts conversations and searches for a new contractual basis together with the customer. In case of doubt, this is not done for household contents insurance, but certainly for good customers with good damage history and long loyalty to the company.

Harald Weber: In my experience, every payment disruption is communicated to the sales department so that it has the opportunity to approach the customer. If possible, debt collection agencies should also be

called to discuss solutions and offer alternatives so that the customer does not lose insurance cover. This phone call is important and is intended to help the customer get out of the payment disruption.

I would like to talk again about customer recovery: The data will eventually go back to sales in the event of a payment disruption. This means that there is again a corresponding process and an employee picks up the phone. Wouldn't digital measures make sense to contact the customer by e-mail or messenger?

Prof. Dr. Hans-Wilhelm Zeidler: Insurers can well specify these processes for their own sales organisation. This is a little more difficult with sales via brokers, because they need the consent of the broker for these processes. If he does not want that, they must accept the will of the broker as an entrepreneur. But my experience shows that many

brokers are grateful if the insurance eliminates minor problems or inconsistencies in the first step. And only be informed when it is a lasting disturbance or when serious difficulties arise. I think it would be very good if there was support that can also take place externally.



“I think it would be very good if there was support that can also take place externally.”

Harald Weber: You can also think of hybrid models. For example, if you know that a customer has taken out insurance over the Internet, who also has life

insurance there, you should see the customer as a whole.

Prof. Dr. Hans-Wilhelm Zeidler: I have often experienced in the past that individual departments or individual companies do not merge the customer in large corporations. In other words, one company warns and threatens lawsuit and others are happy about bombastic surpluses and contribution margins from the contract.

This has happened to me again and again. As a rule, you only realise this when everything has already gone quite wrong - then it becomes expensive. Because you now have to use discounts or discounts to satisfy the customer again.

Let's stick to the topic of data again. Are there reasons why modern communication channels are not yet sufficiently used?

Christoph Ruoff: In order to set up reasonable processes, you also need similar data structures. In conversations, I learned from the insurance industry that modern means of communication cannot be used simply because the necessary contact details are missing from the master data. Let's just take a customer's email. For example, the external service

does not pass this on because he does not want the insurer to get directly in touch with the customer via this channel. This is a fundamental data problem that does not arise by chance or due to lack of care, but is deliberately caused for strategic reasons. Then, of course, it is difficult to set up reasonable processes.

“In conversations, I learned from the insurance industry that modern means of communication cannot be used simply because the necessary contact details are missing from the master data. We have processes here to optimise this.”



Prof. Dr. Hans-Wilhelm Zeidler: Another topic is much more difficult: It is difficult to use the data or link it as you would like it to be. Because it is precisely the

IT systems of large insurance companies that are pure patchwork. They know this, but fear the effort to merge the entire subsystems into one process.

Harald Weber: The large insurers started IT very early and therefore have a whole army of old systems, which often work independently of each other.

Several insurers are currently working on converting them to a modern integrated system.

In part 2 of the digital roundtable, read how atriga is the first to offer an AI-based solution with CRM-driven-Retention, with which insurers can win back defaulting customers in a targeted manner via a dynamically controlled process, and what the experts have to say about this innovation in receivables management.

The participants



Prof. Dr. Hans-Wilhelm Zeidler began his career at Gothaer Versicherungen as an assistant to the CEO. This was followed by the appointment to the board members of Gothaer Lebensversicherung a.G. and Gothaer Allgemeine Versicherung AG. This was followed by 34 years of managing directors as Chief Executive Board member of the Gothaer Group, Berlinische Lebensversicherung AG, Inter Versicherungen, and Zurich Deutscher Herold Lebensversicherung AG, among others.



atriga Advisory Board Harald Weber has been an independent management consultant since 2018. Previously, he worked for more than 34 years at Allianz Deutschland AG in various functions, including as head of payment processes and responsible for In / Debt Collection and Receivables Management in Germany.



After his studies, Christoph Ruoff took on leading positions in the areas of advertising, marketing, sales and receivables management. Extensive studies on the German debt collection market, on debtor behaviour and on the psychology of debtors make him a sought-after contact. Since atriga was founded in 2003, Ruoff has been responsible for business development there and is part of the team of experts involved in the constant further development of the innovative atriga receivables management platform.



After his banking apprenticeship and studying economics, Christoph Overmann is entirely dedicated to the distribution of services in need of explanation. For example, he started as an insurance broker before he chose receivables management and debt collection as his field of activity more than 20 years ago. Christoph Overmann has been in leading positions in the industry for more than 10 years and still likes to face the challenges of customer acquisition and support.

About atriga

As a pioneer in customer-friendly and digital receivables management B2B/B2C, the independent atriga, together with other companies in the group, supports more than 25,000 clients worldwide. The company's own IT research and development department stands for groundbreaking innovation and leads corporations and companies of all sizes and industries 'TOTAL DIGITAL' into the 21st century.

Internationally active groups and companies from a wide range of industries (e.g. insurance, banking, e-commerce, healthcare, real estate, logistics, public transport, payment, telecommunications, publishing, mail order, utilities) value atriga's comprehensive expertise, particularly in the areas of receivables management, debt collection, law, software development and data protection.

atriga is a contractual partner of SCHUFA and most credit agencies, member of the Bundesverband Credit Management e.V. (BvCM), in the Bundesverband Deutscher Inkasso-Unternehmen e. V. (BDIU), in the Gesellschaft für Datenschutz und Datensicherheit e. V.(GDD) and in the Bundesverband der Dienstleister für OnlineAnbieter BDOA e.V. (BDOA).

atriga is a founding member of the e-commerce Leitfaden of the institute ibi research at the University of Regensburg.

Would you like more information on atriga CRM-driven retention?

We look forward to providing you with comprehensive information on this innovation in receivables management in the insurance industry.



CHRISTOPH OVERMANN

Head of Sales
c.overmann@atriga.com
+49 (0)6103 3746-286



HEIKE HOLLENBERG

Head of Competence Center New Business
h.hollenberg@atriga.com
+49 (0)6103 3746-282



atriga GmbH
Pittlerstraße 47, 63225 Langen
www.atrigo.com