

Insurance industry will be consumer driven

By [Laurence Hillman](#)

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Consumer buying behaviours and preferences are constantly evolving, so insurers need to continuously engage with clients to better understand their needs and find new ways to adapt their businesses accordingly.

In fact, digital innovation and the impending implementation of the [Retail Distribution Review](#) (RDR) provides a wealth of opportunity for both the client and the insurer, especially those willing to embrace change and technology.

Let's take a look at some of the key trends that will mark the long-term insurance landscape into 2017. While these started emerging in 2016, we are sure that they will take further shape into the year to come.



The value of financial advice

With the expected implementation of RDR, the industry is going to be very focused on not only providing a better quality of investment advice, but also ensuring consumers understand the advice given so they are able to make informed financial decisions.

In 2017, tailored individual financial advice that meets changing regulation and ensures that the consumer is placed at the centre of the business model is going to drive competition in the market and open up value-added offerings.

Needs analysis

Consumers want access, transparency and choice when it comes to all aspects of their finances, and their financial planning is no different. In fact, we predict there is going to be an increasing need to provide clients with the access and ability to do their own needs analysis with immediate results. An online or telephonic-based needs analysis, for example, built and designed using data, within the actuarial science profession, and fully compliant with the requirements set out by

the industry at large, will be central to this movement.

Not only should a financial needs analysis take into account a client's lifestyle, life stage, income, dependents, risk profile and their personal financial goals, but also be able to provide a client with the optimal amount of cover they should have – whilst treating them fairly.

Consumer-centric model

Consumers' preferences and habits will influence the role insurers play in fulfilling their long-term insurance needs. The landscape in 2017 is going to be reliant on a consumer-centric business model – one that looks at cross platform engagement to stay connected with clients, to better understand their needs and find personalised solutions.

Relationship building with clients will continue to become more relevant and important and insurers will need to continuously keep them informed of new offerings, changes, business updates or relevant and informative content.

Communicating with them on a continuous basis via their channel of choice, such as SMS, email and post, is essential. Direct insurers will also need to ensure an engaging and agile social media presence that is able to quickly address any queries or concerns – critical to maintaining client relationships and providing value and convenience for the customer.

Furthermore, insurers will need to provide a tangible service offering to help empower and educate consumers about their finances. Many South African consumers are struggling with their financial management and understanding and therefore – beyond free financial advice – providing educational articles and content on various topics is key to ensuring that consumers are educated around their financial choices.

Competitive premiums

During difficult market conditions, consumers are under financial pressure and are looking for ways to reduce their spending to have more disposable income. As a financial policy such as life or funeral cover is intangible, it is most definitely where many will look to cut costs, not realising the impact of cancelling.

It is for this reason that 2017 will form a critical time for the insurance space, where an insurer who is able to understand the client's situation and adjust their cover to meet their budget will see stronger success.

ABOUT THE AUTHOR

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