OneSpan

Rethinking the insurance customer onboarding experience

A guide to minimize abandonment and drive growth

Contents

Rethinking digital onboarding at scale

For carriers and financial institutions selling insurance, attracting and retaining new policyholders is critically important for growth. In a context of widespread inflation, devastating natural disasters, and rising customer expectations for digital services, insurance providers must maximize efficiency and reduce costs. At the same time, higher premiums are prompting consumers to explore alternatives. This creates a critical moment for insurers, who are facing the risk of losing clients alongside the opportunity to attract new ones.

The quality of first-day processes, such as applications for coverage, can make or break a customer relationship. Get it right, and it's the perfect opportunity to build loyalty. Get it wrong, and it can cause frustration and buyer's remorse. Successfully onboarding a customer on their first attempt reduces the cost of customer acquisition, drives growth, and improves loyalty in the long term.

Despite the push for end-to-end digitization, however, many insurers still rely on a mix of manual and online workflow steps. Most have invested heavily in digital transformation, but few offer a fully digital onboarding process, whether online or through a mobile app. This is a result of addressing individual steps in the process, rather than simplifying and modernizing the full process end-to-end. Some have implemented electronic signatures for example, but resort to manual steps such as when an agent and the applicant need to complete complex PDF forms together.

This underscores the urgency to rethink digital onboarding at scale to make it faster and easier, regardless of whether policy applicants are onsite or remote. Fully digitizing insurance processes using high-performing, secure, and reliable technologies can help providers deliver convenient and effective customer onboarding.

In this report, we share insights and best practices for transforming first-day processes across multiple use cases. Technologies covered include eSignature, smart digital forms, ID verification, video signing, and audit trail capture.

Use cases

- Applying for home insurance
- Applying for vehicle insurance
- Applying for health or life insurance
- Renewing policies
- Making policy amendments
- Account setup, account maintenance
- Beneficiary changes
- Processing and resolving claims
- Consent to electronic delivery
- Commercial insurance documents
- Agent and broker onboarding
- Hiring and employee onboarding
- Enrollment forms for group plans

Best practice 1: Go fully digital

Manual steps slow your processes and frustrate customers

For some carriers, bringing on a new policyholder still involves cumbersome tasks such as form filling, manual data input, or an in-person visit. Most involve a combination of digital and manual steps.

Consider this process for a new policy: The prospective policyholder fills out their details online and receives documents by email. But then, they are asked to come to validate their driver's license or ID before the policy can go into effect. Or, there's an error, omission, or other issue with the paperwork and they are asked to call or meet an agent/advisor in person to finalize their application. No wonder so many abandon mid-way through the process. Insurance providers that revert to manual steps fall short of customer expectations for self-service and a streamlined experience – at a time when competitors offer frictionless, and fully digital, experiences.

Success story:
Forbes Global Top 500 insurance and investment management company

A leading insurer embarked on a paperless initiative to streamline workflows, improve efficiency, and enhance the customer experience. They implemented a digital tech stack with a Document Hub, the OneSpan Sign enterprise eSignature service, and Pega for automation. When the pandemic forced remote work, the company was able to swiftly digitize 18 business lines, enabling thousands of advisors to complete policy transactions digitally. Within 90 days, eSignature usage surged by 300%, leading to a 40% reduction in paper.

Over three years, the company converted 21,000 forms to fillable PDFs. Their investment business unit saw remarkable success. Customers were now able to eSign retirement contributions via phone or PC, leading to the company achieving 60% of their annual sales quota in 60 days.

Today, 90% of their clients interact digitally, whether applying for new products, changing beneficiaries, or submitting a claim.

Strategic goal:

Go paperless. Improve workflow, efficiency, and customer experience

90%
of clients now interact digitally

If your onboarding process includes a mix of manual and digital steps and you're losing customers, ask yourself:

● Are we offering the type of experience today's customers want?

● Are we losing customers due to friction? How can we reduce abandonment rates?

● How many manual steps are there in our processes? What can we remove?

● Are digitally enabled competitors gaining an advantage?

● How much time and money could we save by eliminating manual work?

How technology can address this issue:
Technology allows insurance providers to digitize each stage of the process – from guided, two-way communication via smart digital forms, to authentication, signing, and audit trails. The ability to bring new customers onboard via a fully digital journey leads to a better customer experience, higher completion rates, and faster cycles.

Success story:
Auto insurer sees 23% higher completion rates with OneSpan Sign

A leading direct-to-consumer (DTC) auto insurance carrier originally relied on the Docusign electronic signature solution as part of their digital policy application process but decided to make a change when it came time to renew their contract in 2021.

In the first 30 days with OneSpan Sign, they saw an immediate 22.7% increase in insurance policy application completions, boosting the total number of applications completed from 60% to 83%.

Read the full story

23%
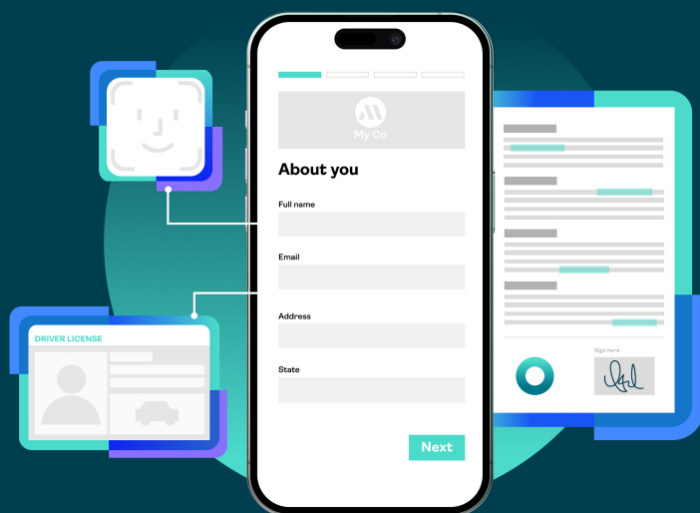
higher completion rates

Best practice 2: Streamline data capture

Turn static PDFs into dynamic, mobile-ready smart forms

The first step in the policy application process involves data capture. Data capture is often cumbersome, whether conducted digitally through inflexible PDF forms or manually over the phone or in-person with an agent's help.

Clunky and inflexible PDF forms add unnecessary friction to digital agreement processes, lowering completion rates and leading to customer abandonment. According to Smart Communications, "67% of consumers will abandon an interaction if a company has an inefficient process for collecting information."

Complex forms and a lack of data interoperability also leads to data errors and documents with missing data and signatures, which results in inefficient and costly manual checks and reworks. According to MIT Sloan Management Review, "...we estimate the cost of bad data to be 15% to 25% of revenue for most companies. These costs come as people accommodate bad data by correcting errors, seeking confirmation in other sources, and dealing with the inevitable mistakes that follow."

Data capture automation and modernization with AI capabilities is key to minimizing friction and reducing abandonment, closing new business faster, and servicing claims without friction. In fact, according to a leading carrier, as much as 50% of PDFs completed in the claims process are done by claims agents at the cost of hundreds of thousands annually, depending on the size of the claims adjustor team.

Challenges of PDF forms:

- **No ability to pre-fill** with known information like identity verification, address, etc.
- **No conditional logic** so cannot validate critical information or notify of missing information during the process
- **No ability to guide users** through the workflow to help them better understand each question and prompt the next step
- **Non-dynamic and non-intuitive,** which results in printing, emailing, and rekeying to correct any missing or incorrect information
- **Longer completion time** increases risk of delays between initiation and submission of final, accurate form
- **Non-mobile responsive** restricts an organization's ability to make form updates quickly or efficiently
- **Channel and signature limitations** lead to high abandonment rates

If you are experiencing high application abandonment, ask yourself:

● How are forms used in the application process to capture data from the consumer?

● Are your forms mobile-ready?

● Are applicants abandoning the form-filling process before they get the opportunity to eSign the agreement?

● Are you able to deliver an adaptive interview-style questionnaire to make it easy for applicants to complete the application process?

● Do you offer guided forms and conditional logic to capture only the necessary data based on the applicant's responses?

How technology can address this issue:

Smart digital forms turn PDFs into mobile-ready, interview-style forms that are easy to complete before signing and help to deliver a more engaging, frictionless onboarding experience. Applicants can provide information on their own devices from almost anywhere, without the need for an in-person appointment or branch visit.

Smart forms can also reuse information when applicable and can automatically adapt to asking new questions based on previous answers. They also automatically generate a signature-ready agreement that can be signed instantly using eSignatures. This streamlined digital process is faster, more customer-friendly, and less prone to errors. Using smart digital forms enables carriers to reduce abandonment, increase efficiency, avoid unnecessary errors, and eliminate Not in Good Order (NIGO) documents.

A Forbes Global Top 500 leader in insurance and investment management digitized critical lines of business using smart forms and eSignatures, leading to a 40% reduction in paper and tens of thousands of forms being converted to smart forms in three years. The initiative led to a 300% increase in the use of eSignatures within the first 90 days of launching, with over 80% of their 2,000-strong agent sales force adopting eSignatures.

Best practice 3: Secure both your onboarding and claims processes by digitally verifying identity

Minimize the risks of identity fraud and account takeover

Fighting fraud is an uphill battle for financial institutions and insurers. As identity fraud continues to grow, it is increasingly important for insurers and financial services organizations to determine and prove who they are transacting with. In a recent State of Fraud Benchmark Report, researchers revealed that 33% of fraud is detected during customer onboarding.[1] By confirming the identity of applicants in real time, insurance providers can better detect identity fraud upfront. Similarly, authenticating the identity of policyholders mitigates the risk of account takeover which scammers perpetrate to cash in on fraudulent claims payouts.

Identity theft is among the most common type of consumer complaint made to the US Federal Trade Commission (FTC). Identity theft involves imposters using stolen or fictitious identities to apply for new services or products. These identities may be entirely fabricated, or they may combine real and fake information to create convincing profiles. They may use a real Social Security number, for example, combined with fabricated names, addresses, and other personal data. Third-party fraudsters aim to secure policies under these false identities, ultimately leaving carriers to suffer the losses later.

In these challenging times, insurance providers need to prove that the individual they are transacting with in their digital channels is genuinely the person they claim to be. Carriers and financial providers also need to comply with KYC regulations, which mandate that insurance providers confirm the identity of a customer before providing coverage.

This also applies to claims, where there are often multiple stakeholders involved, from claimants to witnesses and businesses, who may be required to sign documents and whose identity should also be verified.

To help mitigate the risk of account takeover fraud and impersonation, ask yourself:

● Does our current identity verification process protect against identity fraud?

● Does it mitigate deep fakes?

● Does it prove that the prospective customer exists?

● What changes do we need to make to verify an applicant digitally while remaining compliant with all relevant regulations?

---

1. https://workweek.com/2024/02/28/fraud-management-id-verification

How technology can address these issues:

To mitigate the risk of application fraud, providers are evaluating solutions to digitally verify a new policyholder's identity. Technologies such as document verification help institutions validate the identity of an applicant and prove that the validated identity is genuinely the individual they are interacting with.

These technologies are seeing high adoption rates with consumers due to their ease of use and the high levels of trust they provide between an organization and an applicant. In a recent study, 65% said they were happy to take a picture of their ID and a selfie to protect themselves from fraud when using a financial application, with 64% saying that they feel safer using a digital financial product when they're required to provide identifying information, like a photo of their driver's license.[2]

Document verification

Document verification is a digital identity verification method used to check whether an applicant's ID document, such as a driver's license, is legitimate. Using the in-built camera on a mobile or hand-held device, the technology captures an image of the applicant's ID document. AI and advanced authenticity algorithms are then used to analyze the image to produce an authenticity score to determine whether the ID document is fraudulent or genuine.

ID document verification enables a customer's ID documents to be authenticated digitally and in real-time. For the consumer, the experience is quick and simple.

Benefits of ID document verification:

● Plays a crucial role in meeting AML and KYC requirements

● Enhances security through facial comparison, which establishes a match between the individual presenting the ID and the person depicted in the ID document

● Eliminates biases and human errors, thus enhancing accuracy and reducing fraud

● Delivers an excellent user experience

● Expedites the verification process because ID documents can be verified in seconds

What to look for in a vendor

Digital verification checks allow insurance companies to prove who a remote client is and that they are in fact the person on the other side of the screen.

Look for a vendor that can provide you with access to advanced identity verification and authentication capabilities, including:

● Mobile ID document capture
● Identity document verification
● Facial comparison
● Liveness detection
● Biometric verification
● Strong authentication methods

2. https://workweek.com/2024/02/06/digital-identity-paradigm-shift

Best practice 4: Sign documents with secure and convenient eSignatures

eSignatures have become the norm for insurance providers looking to digitize processes, improve the policyholder experience, and reduce costs. By leveraging secure eSignature, documents can be signed digitally in an easy and secure manner as part of a seamless digital process.

However, despite the high adoption of eSignature, not all solutions are created equal. Common challenges that businesses experience with traditional solutions include:

- **Multiple eSignature tools deployed:** Some eSignature solutions deliver limited digital agreement and integration capabilities. When this happens, organizations find themselves using multiple eSignature applications to service all use cases across the enterprise. This in turn drives up the total cost of ownership and results in inconsistent customer experiences, from account opening onwards.

- **Poor user experience:** Some eSignature solutions offer limited customization capabilities, which can lead to poor experiences. A good example of a necessary customization capability is white-labeling, to ensure that the person applying for a new account recognizes and trusts the eSignature notification emails sent to them. Otherwise, this will negatively impact completion rates and the ROI of the digital process.

- **Increased risk:** Sensitive data shared during the account opening process makes security a top consideration. Some eSignature solutions are not designed with security at the core, which in term can expose organizations to phishing and data security risks.

Implementing an eSignature solution is essential for optimizing costs and streamlining processes. With greater scrutiny over technology spending, insurance providers should evaluate opportunities across their entire business rather than limiting it to a single use case or department, and periodically reassess the solution's alignment with requirements to ensure it is supporting all use cases.

> "
> **Our goal is to make it as easy as possible for clients to do business with us, and providing the option of electronic signatures is one way we're doing that."**
>
> **The Co-operators**

To improve the document signing experience, ask yourself:

- How do policy applicants currently sign documents?

- Is it a good customer experience?

- What security controls do you have in place for secure document signing?

- Does your eSignature solution offer white-labeling capabilities to protect your brand and reduce phishing risks?

- What is the abandonment rate? Are enough applicants completing the process?

- Does your eSignature solution enable your organization to scale?

- Have you integrated eSignature with smart digital forms?

How technology can address these issues:
Implementing eSignatures ensures the best user experience for policy applicants and even claims. Electronic signing can take place on any device and can be fully integrated for an automated hand-off between back-end systems.

For the highest completion rates and ROI, industry leaders focus on three best practices:

1. **Develop an organization-wide center of excellence for eSignature:** By standardizing on an enterprise-grade solution, insurance companies can customize workflows to match the requirements of any use case – and then rapidly scale to other use cases or lines of business. This creates a consistent user experience across business units, standardizes compliance, lowers the total cost of ownership, and accelerates time to market.

2. **Maximize adoption through features such as white-labeling:** White-labeling enables insurance providers to put their brand front and center throughout the entire eSign experience. This has proven to boost adoption and completion rates. For example, a leading direct-to-consumer auto insurer experienced a 23% increase in completion rates in the first 30 days of implementing a white-labeled eSignature experience. Another carrier had a similar experience. They implemented eSignature into their core insurance platform and found the white-labeling allowed them to build trust with applicants. They have seen their new policy transactions grow seven-fold over the last few years, fueling growth and expansion into other states. Providing a modern, convenient experience has allowed this low-cost carrier to gain market share by creating an end-to-end digital policy application process 100% digitally.

3. **Safeguard the organization with bank-grade security:** The right eSignature solution will help protect from financial losses and reputational damage caused by phishing attacks. Phishing attacks are often automated and executed in bulk, which makes eSignature vendors with extensive databases an appealing target. Not only does white labeling improve the user experience, it also provides an extra layer of security, reducing the chances of phishing attacks being sent to a carrier's policyholders.

These essential practices will take eSignature investments to the next level with higher completion rates, great cost savings, and the ability to scale faster and more efficiently.

> **"**
> **The ability to obtain signatures quickly and easily when selling insurance is a huge advantage for both our customers and agency partners."**
>
> **GAINSCO**

What to look for in a vendor

Look for vendors that offer:

- Better price per value with flexible and competitive pricing models

- The ability to craft custom workflows for front and back-office use

- Scalable, efficient, and secure API and SDKs

- A strong integration framework to tie workflows to existing business applications

- White-label branding capabilities to boost adoption and completion rates, and reduce the risk of phishing attacks

- Specialized onboarding and training to guarantee that the team receives comprehensive guidance, facilitating swift adoption and effective utilization

- A solution that enables in-person and remote, mobile, and web experiences to cover clients' needs securely and conveniently

- Strong evidence capture; providing a thorough overview of the entire agreement process, covering identity verification, authentication, eSignature, and storage

- Integration to external storage (such as OneDrive, SharePoint, GoogleDrive, Box, Dropbox) where eSigned documents with an audit trail can be automatically stored upon completion

- Access to prompt and responsive support around the clock

- Multi-language support, and compliance with international regulations

Success story:
BMO's eSignature center of excellence

Learn from best-in-class peers: Insurers can learn from the digital transformation efforts at financial institutions, which provide insight into how digital account opening can speed processes. With the right technology, processes are completed in minutes – at a fraction of the cost.

Bank of Montreal (BMO) implemented eSignatures across 100 use cases in banking, wealth, and capital markets. In Personal Banking, remote onboarding and account opening was the primary use case that resulted in a 40% increase in overall operational efficiency, and the ability for prospective customers to open an account remotely in under 8 minutes.

Leveraging an innovative enterprise-wide shared service approach, BMO extended eForms and eSignatures across multiple use cases and departments, as well as talent/HR, IT, risk management, and equipment financing.

The adoption of eSignatures at BMO is projected to deliver a total cost savings of $98.2M due to the eliminated costs of inefficient manual processes and duplicative systems.

Read the full case study

8 mins
To open an account on a phone

30 mins
Saved per day, per bank representative

40%
Increase in process efficiency

$98 m
Projected annual cost savings

BMO

Best practice 5: Humanize the agreement process

Recreate the power of a face-to-face meeting in a virtual environment

As policy and claims activities get more complex, consumers tend to turn to channels where they can get human help and assistance. Despite a surge in all things digital, customers still value the human connection. That's why a human-digital hybrid approach in the insurance industry is an important combination – not because digital technologies will replace humans, but because tech empowers humans.

The concept of using technology to empower agents and representatives is not new to insurance, but is gaining traction in the age of AI. In the words of Erie Insurance CIO Partha Srinivasa, "It's more about 'augmenting' our humans to become smarter."

Guidewire has found this particularly relevant to claims: "While the industry has spent more than $8 billion in digital transformation over the past few years, overall claims satisfaction is at a seven-year low. As a growing number of insurers are learning, the key isn't merely to streamline processes and deliver a sleek digital experience, as crucial as these may be. It's also to free up humans to provide the empathetic service customers need during what can be a time of tremendous financial and emotional stress. By some industry estimates, poor claims experiences may put as much as $170 billion in premiums at risk within the next five years."

If your process is complex and requires a virtual meeting, ask yourself:

● Are the agreements normally mediated by a human?

● Are the agreements high-value or high-risk and would benefit from human assistance to drive higher completion rates?

● Am I able to infuse human help into our current digital agreement processes?

How technology can address this issue:

● Video-enabled communications help mimic a face-to-face environment where you can add a human touch and develop a relationship with customers.

● Strong identity verification and authentication options ensure you know exactly who you're transacting with and that all participants in the agreement process are who they claim to be.

● Co-browsing facilitates real-time collaboration, the ability to review the terms and conditions, and reduces missing and incorrect information in applications and forms.

● Comprehensive audit trails help to satisfy the legal and compliance requirements for a legally binding agreement.

Best practice 6: Collect digital audit trails

Prove compliance and defend against disputes

Audit trails can offer added protection to both the customer and the insurance provider. They can also help reduce customer disputes as the audit trail captures the entire process leading up to the final agreement between parties. This can be even more important for transactions where the policy applicant waives specific coverage options, for example.

In addition, audit trails also help prove compliance with industry and local regulations. Insurance providers should look to capture as much detail as possible about the transactions that take place with policy applicants and holders, so they are able to defend against disputes or prove compliance when required to do so.

Technology can help by capturing digital audit trails to prove that fair and compliant practices were followed, and that applicants were fully aware of what they were signing up for.

To determine if you could be at risk of non-compliance, ask yourself:
- Is our signing process fair and compliant?

- If so, how do we collect evidence to prove it? Do we capture an audit trail?

- Does the audit trail prove the identity of the applicant, for example by capturing identity document verification evidence?

- Is each audit trail linked solely to its corresponding transaction?

- Could audit trails be lost or deleted?

- How can we access our audit trails?

- Are we dependent on internal IT or third parties to retrieve, explain, or verify our audit trails? If so, are our audit trails accessible in perpetuity?

- Is it possible to store and move our audit trails without compromising their integrity?

How technology can address this issue:
Technology can directly address the issue of legal enforceability by capturing an audit trail of the entire agreement process. This audit should include:

- Assist with proving the identity of the policy applicant

- Include evidence of exactly what the applicant saw throughout the transaction (such as terms and conditions, waivers, or changes to premium pricing)

- Include evidence of what the applicant did during the transaction (such as confirming that they read and agreed to the terms and conditions of the agreement)

The audit trail should also be stored in a tamper-evident and secure digital file. This strengthens a business's ability to enforce an agreement if challenged.

Success story:
Donegal integrates eSignatures with robust audit trail

Donegal Insurance Group is a mid-sized insurer offering personal, commercial, and farm policies in 22 states, through affiliations with approximately 2,500 independent agents. Like other insurers, Donegal was eager to eliminate paper from its new business processes. By creating a digital portal, Donegal reduced friction at the point of sale, placing itself top of mind among its agents.

Donegal added eSignatures to the agent portal to deliver a better experience for customers and agents. OneSpan Sign's comprehensive audit trail – which tracks who signed, in what order, when, and where with strong identity assurance – helps demonstrate compliance.

Learn more

DONEGAL®
INSURANCE GROUP

Summary

In a world where policyholders expect convenience and speed, it is essential to offer a user experience designed for digital channels. Forcing a policy applicant to carry out manual steps during customer onboarding amounts to a poor and frustrating experience. What's more, weaknesses in your tech stack expose your organization to fraudulent activity, errors, and inefficiencies.

The good news is there are modern and effective approaches available in the market today that address gaps in partially digitized processes. These approaches help prevent application fraud and reduce unnecessary friction in the customer journey.

Whether looking at insurance applications or other forms of first-day processes, it is time to embrace the next step in your digital transformation. Innovative technology such as smart forms, ID document verification, eSignatures, and secure virtual environments deliver an exceptional digital onboarding experience, from beginning to end.

Speak to one of our experts to understand how to implement these technologies in your environment today.

About OneSpan

OneSpan provides security, identity, electronic signature, and digital workflow solutions that protect and facilitate digital transactions and agreements. The Company delivers products and services that automate and secure customer-facing and revenue-generating business processes for use cases ranging from simple transactions to workflows that are complex or require higher levels of security. Trusted by global blue-chip enterprises, including more than 60% of the world's 100 largest banks, OneSpan processes millions of digital agreements and billions of transactions in 100+ countries annually.

Learn more at
OneSpan.com

Contact us at
OneSpan.com/contact-us