



Social Mania: The Impact of Likes, Posts, and Swipes on Insurance

Never before has such a small number of companies held such influence. Silicon Valley's social media giants connect, inform, anger, and interest billions of people.

How can we assess the impact of all those likes, posts, and swipes on the South Africa insurance markets? RGA explores the power, and peril, of several social trends:

Employee Social Endorsement

In a Weber Shandwick/KRC Research global survey of 2,300 employees at mid-sized or larger companies, 50% said they post messages, pictures, or videos about an employer often or from time-to-time.

On the positive side, much of that content involves industry insights that can burnish brand reputation, or workplace posts that can help recruit and retain associates. Research demonstrates that commentary and advice from employee experts is far more likely to be considered authentic and trustworthy within social networks than similar posts from a faceless corporation. In the same survey, 39% of employees shared praise or positive comments online about an employer.

Yet social media also presents risks: 16% of respondents in the survey reported sharing criticism or negative comments online and 14% said they posted something in social media about an employer that they regretted. A poorly considered post can generate public backlash and unwanted viral conversations. Furthermore, unauthorized and accidental disclosures of personal and confidential information can also be used in cybersecurity attacks. A defined social media policy and broad staff training are the best defense.

Social Selling and Paid Posts

When considering the power (and peril) of social marketing, I'm reminded of the cheese shop sketch by the famous comedy troupe Monty Python. In it, a shopkeeper asks a customer what cheese he would like. Do you have Red Leicester? Sold out? Blue cheese? On order. Cheddar? Not much call for it. Asked to support his claim to have the best cheese shop on the High Street, the shopkeeper says, "Well, it's so clean, sir!"

Paid social posts can enable insurers to place content into the feeds of hard-to-reach target audiences, but whether that content is viewed positively or not depends upon each post's relevance and usefulness. Efforts to help or inform, from how-to videos to articles on trends, can be particularly powerful. Attempts to make social networking fun, from contests and giveaways to online games played through social networks, can build customer loyalty and return visits. Put simply, meaningful social media marketing can help create a community around a brand.

However, developing social content that is meaningful or fun is no easy task. Any strategy that relies, primarily, on sharing mostly empty, useless, and repetitive promotional posts will fail. Just as a particularly tidy cheese shop that sells no cheese is destined to lose customers, a social profile that sends mostly spam will be ignored.

Social Product Development

Life insurers once may have been able to rely on size and reach to maintain market share. In today's rapidly digitizing industry, such a strategy seems complacent. Marketing insights about an individual's or group's affinities, drawn from social connections and associations, are enabling many businesses to more effectively tailor product offerings while also raising consumer expectations.

As customers embrace social media as a means to share information, carriers should consider using social channels to test product ideas before scaling them. This approach, called "crowd testing," can be delicate as the threat of

Neil Parkin
Chief Pricing Actuary
RGA South Africa

Cliff Jooste
Chief Underwriter
RGA South Africa

Belinda Thorpe
Head of Claims
Africa and Middle East
RGA South Africa

intellectual property theft is real. Still, conducting social media-based innovation contests, posing product ideas on social channels (in a limited manner), and even reviewing social ratings, complaints, and compliments can all deliver powerful competitive intelligence. After all, social media is nothing more than a global conversation, and by listening, insurers can capture the voice of the customer. Product development efforts will benefit.

Social Underwriting and Claims

The lesson of the past century is that technological change tends to complement jobs rather than destroy them – and this is certainly true of social media's impact on underwriting and claims. To begin with, social media can empower an insurer to educate the applicant, policyholder, or claimant; customer care specialists, underwriters, and claims analysts can connect customers to explanatory resources and even support groups with a click.

Public social postings may also help insurers detect patterns of non-disclosure and fraud or improve risk and claimant profiling in certain circumstances. Social media use also can support traditional underwriting and claims adjudication practices.

Respecting privacy and regulatory requirements is essential, however. While patterns of social media use and disclosure can serve as a rich source of risk insight, growing concerns about data privacy and bias in risk segmentation and pricing could limit social media's application in insurance. It is important to emphasize that misinformation is rife on many social channels, from doctored photos to fake videos, and many social insights may be inaccurate or at a minimum unverifiable. The industry would be well served by proceeding with complete customer transparency, as well as caution.

What makes social media so powerful is that it offers an immediate connection to the customer.

Social Media and Customer Care

What makes social media so powerful is that it offers an immediate connection to the customer. Insurers typically use these channels to answer questions about products or processes, to respond to complaints (a key and often difficult function), and also to reinforce transparency by releasing performance statistics. Efficient and professional social customer care can only bolster a brand's reputation, just as sluggish and ineffectual responses can transform a social channel into a damaging public platform for applicants and claimants to voice grievances and magnify complaints.

Some forms of claims or underwriting services can be conducted via live chat applications. Taking it a step further, traditional underwriting and claims services can also be supported by "chatbots," or software applications that mimic written or spoken human speech for the purposes of gathering information on a customer issue and empowering self-management by the customer. Some insurers can even issue policies or receive payments within applications or chat platforms.

While the true scope of such social trends can hardly be summarized in a single article, the business potential of social networking is already clear. Insurers have a rare opportunity to harness social insights to enhance products and grow customer loyalty – but only if carriers can also respect consumer privacy, avoid regulatory pitfalls, and promote transparency. The future has arrived, and it is up to insurers to claim it. ■