

# Chat commerce delivers big savings for insurance companies

Chat commerce has moved on from being a nice-to-have to a necessity for insurance companies that are looking for new ways to optimise their costs and boost top-line revenue. With cost savings five times that of call centres and up to 25 times that of branch engagements, business leaders will have a hard time justifying delaying implementations.



Source: Supplied. Werner Lindemann, Clickatell's commercial senior vice president for Middle East and Southern Africa.

Much like their global counterparts, many South African insurers begin their digital-transformation efforts by offering a self-service chat channel. These early implementations deliver immediate cost saving by allowing customers to update their details as well as access policy details and documentation quickly and easily using popular platforms like WhatsApp.

However, the power of chat commerce is most clearly seen when it comes to use-cases like customer-engagement automation.

“At present it will cost the average insurer R20 to R25 to service a client or broker by means of their call centre. While this is substantially better than a branch engagement which can reach up to R100, using chat to optimise and automate the engagement can drop this cost to around R4 per engagement.

"That means insurers can deliver successful customer engagement over channels like WhatsApp five times less expensively than a call centre and 25 times less expensively than if a client walked into a store or branch," explains Werner Lindemann, Clickatell's commercial senior vice president for Middle East and Southern Africa.

Lindemann says it is these substantial cost-takeout benefits that have quickly captured the attention of C-level executives in the insurance industry.

## Boosting revenue and slashing premium defaults

While all chief financial officers are looking to technology leaders to find ways to cut costs as consumer spend is squeezed, Lindemann says boards are also being won over by compelling opportunities to quickly and painlessly grow top-line revenue.

"Today's consumers are really savvy when it comes to finding the most price-competitive offers and insurance is a prime example. However, some of the user-validation processes can take up to half an hour through a call centre.

"During a busy workday this will wrack up costs and often result in frustration and even failure. Using an asynchronous channel, like WhatsApp, means customers can complete the process in their own time and are far more likely to have it result in success. What's more, the structured data, inputted by the client, means a big reduction in errors," Lindemann says.

The privacy of the chat channel is also particularly useful as more and more consumers miss, or are late in making premium payments.



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"Sending a chat message with a number of options, including the ability to make a secure in-chat payment to catch up on payments, the ability to restructure payment options, or to ask for an agent to assist you, goes a long way to minimise defaults on premiums and even policy cancellations.

"Taking the embarrassment of a live conversation out of the equation often means a much higher success rate as well as helping overburdened creditors' departments," he says.

The third immediate revenue driver is using chat commerce as an additional direct-marketing channel and Lindemann says the success of the asynchronous channel is being seen across all types of insurance.

## A solid foundation for future innovation

Most recently Clickatell has partnered with African insurtech and MTN subsidiary, aYo Holdings, which launched a WhatsApp channel in its markets across Africa. The new chat channel empowers aYo customers to submit documents as part of the claims process, as well as access content like FAQs, videos, voice notes, and brochures, all within the popular WhatsApp channel.

"Turning to chat commerce fits into our drive to ensure our customers can quickly and easily access as many services as possible, in their own time and in their preferred channel," explains Heidi Badenhurst, group head of strategy and special projects at aYo Holdings.

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## Getting chat commerce right from the start is critical

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“More than the immediate delivery benefits, this solution enables continuous innovation. We’re growing rapidly across Africa and we are planning to build out the channel to the point where customers can sign up for cover and even submit claims. Chat commerce answers a number of our top-line growth and cost-optimisation goals.”

Lindemann believes the aYo partnership is an excellent example of how chat commerce is fast becoming a versatile foundation for rapid innovation and growth across the continent.

“While the most obvious use cases are compelling for leaders looking to drive additional performance into their operations, chat commerce is proving to be fertile ground for new and creative ways to quickly and easily design and deploy new services. We can expect a good deal of the future innovation in the insurance industry to be built by means of this channel,” Lindemann predicts.

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