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The Management of Digital Insurance

Introduction

The marketing and the economics are two important aspects in the implementation, launch, and upgrade of digital insurance. In order to examine these aspects, it is important to consider the characteristics of the potential customers and to take a multigenerational view in the implementation of digital insurance.

The marketing, the benefits, and the costs change according to the characteristics of the customers and the digital insurance functionality. Once the benefits and the costs are defined, it will be possible to consider the return on investment (ROI) and to detail the actions necessary to make digital insurance a success in the specific situation.

This is the subject of this chapter.

A digital insurance model

Digital insurance refers to the provision and use of insurance and connected financial services with the help of digital solutions. The scope of the solutions may include transactions to purchase insurance or personal investments, administer policies and claims, and access customized information.

Digital insurance includes a wide range of services. These services may be categorized from a conceptual point of view as following: informational, accounting, brokerage, and support:¹,²,³:

- Informational services refer to nontransaction-based services of an informational nature. This application may be divided into categories: 1. Quotations, 2. Policy, 3. Market information.
• Accounting services refer to activities that involve monetary trans-
actions. Such transactions may involve an external account, for
instance, when a customer is paying for a premium, or an internal
account, for example, when a prospect is subscribing an insurance
policy. Standardized insurance policies, for instance, a motor or
travel insurance policy, may be purchased online. This service could
be particularly attractive in time-critical situations. For instance, if
a customer has to set out on an urgent, unplanned journey, he/she
may need to subscribe to a travel insurance policy at the very last
minute.
• Brokerage services refers to intermediary services related to the poli-
• cies. They could be variations or versioning. Brokerage, too, may be
divided into two categories in order to differentiate between services
that are essential to operate an insurance policy and services that are
essential to administer that account.
• Support services refers to activities that are undertaken by an account
holder to maintain his or her account. This may involve activities like
access administration and policy copy requests.

mBank

mBank S.A. is one of the biggest banks in Poland. The organization provides
services to different groups of customers, ranging from young people, micro-
entrepreneurs, and affluent clients to the biggest corporations. mBank intro-
duced a complete digital transformation of insurance delivery to retail and
small and medium enterprises in Poland⁴. It launched a model in which
banking customers are offered a broad lineup of insurance products in a fully
digital, ultramodern process, and in a channel of their own choice.

Digital insurance: the voice of the customer

In the past, insurance companies have interpreted the potential use of
digital insurance as rather limited. Initially, digital insurance was imple-
mented through exchanges of short message service (SMS) messages.
Most of the time, they were simple exchanges of information: from
the customer to the insurance company and vice versa, for instance,
to provide a quotation. In the case of tablets, initially some insurance
companies have been advising customers simply to use the mobile
browser to access the online insurance.

Great benefits can come from a digital insurance that makes use
of the real competitive features of the digital solutions. For instance,