

Life insurers: Your existing customers are vital for long-term profitability

By: Bill Gilbert, Executive Director, Riverside Group

Published on 20 February, 2018

The latest “sigma” research report from Swiss Re* throws new light on the importance of existing customers for the long-term profits of life insurance companies.

Without doubt, new customers will always be a vital growth factor. But finding and converting those new customers has become more of a challenge, due to factors such as increased competition and ongoing low interest rates.

Therefore, **retaining and developing existing customer relationships is a growing priority for life insurers around the world.**

To be successful, any relationship depends on good communication - an ingredient that has traditionally been lacking between many life companies and their customers. **In fact, the new Swiss Re research finds that a significant driver of life policy lapses is “*the lack of direct interaction between insurer and insured*”.**

What’s more, effective customer communication not only boosts customer retention; it can also deliver very significant levels of new premium income – in the form of cross-sales and upgrades.

At Riverside, we see this happening all the time in the customer communication programmes we build for leading life insurance clients across the globe.

These programmes reinforce the value of the customer's existing insurance and deliver a highly targeted additional policy offer, based on a unique approach to data analytics.

The results speak for themselves:

- **Additional offer typically taken up by 10% or more of all customers included**
- **Lapses on existing policies held decrease by 12%-30% across all customers included - not just those taking up the additional offer**

Moreover, we always ensure that our clients' intermediaries are fully included in the activity – with very positive results for intermediary and life company alike.

With the explosive growth in digital technology and the resultant “information on demand”, effective customer communication will become increasingly critical for life insurance companies in the future.

At Riverside, we have produced a guide to effective customer communication for insurance companies. To request your free copy, simply [click here](#).