Category: *Life & Disability Insurance*

Methods: *Qualitative Research*

Summary

A well-known company that offers a variety of insurance products wanted to address identified a serious business issue. The company identified that an increasing number of potential customers abandoned their new insurance purchase after underwriting and approval but before paying their initial bill to begin their new policy. Qualitative research was leveraged to uncover the reasons for policy abandonment.

Strategic Issues

There is a cost, both in time and money, to underwriting new policies. When customers get through this stage and then do not finalize their purchase, that cost cannot be recouped. Identifying the factors that contribute to customer drop-out, and enacting remedies to stop this behavior, will help the company:

- Improve the new policy purchasing process among potential customers.
- Convert a higher number of potential customers into actual customers.
- Decrease new customer acquisition costs.

Research Objectives

The primary objective of the research was to do a deep dive into the reasoning behind why customers were not following through with the final step in the purchase process, and to uncover and address any dissatisfaction during the purchase journey.

Specific objectives included:

- Understanding why consumers who have gone through the underwriting process do not finalize their insurance purchase.
- Determining any "pain points" in the insurance application and approval process.
- Assessing the strengths and weaknesses in the timing, frequency, and verbiage of touchpoints along the way.

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Research Design and Methods

A qualitative approach was used to delve into the thoughts and behaviors driving abandonment. A mix of approximately 20 consumers who had recently abandoned the purchase process after underwriting were interviewed via a 30-minute telephone interview.

Results

Although the research revealed that the client's products were favored among consumers, perceptions of the company declined during the purchase process due to small difficulties many consumers experienced along the way. The interviews uncovered several different reasons why consumers abandoned the process (i.e., confusing information, desired channel not offered), which indicated specific areas for improvement.

After implementing several changes identified in this research, the company's abandonment rate began to decline and new customer satisfaction began to rise. These changes improved close rates, decreased new customer acquisition costs, and increased efficiency in the purchase process.

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