

# The State of CX in Insurance: Q&A with Josh Levine of Cake & Arrow

by ReSource Pro Editorial Team | May 4, 2023



As insurance buyers' expectations continue to rise, driven by new data and technology, many insurance organizations are falling behind. To take a closer look at the state of customer experience (CX) in the industry, we sat down with Josh Levine, the founder and CEO of [Cake & Arrow](#).

Cake & Arrow is an experience design and innovation agency that works exclusively with insurance and financial services companies. Since 2002, they have partnered with clients such as MetLife, Citigroup, Travelers, and Chubb to design innovative, customer-focused products and services.

## CAN YOU TELL ME A LITTLE ABOUT YOURSELF AND YOUR AGENCY?

I'm a designer by trade and have spent the past 25 years practicing human-centered design and product strategy. Most people don't associate a design mindset with the insurance industry, but that's exactly what drew me to it. My passion lies in leveraging the designer mindset to help this industry fulfill its promise by creating authentic and meaningful relationships with the customers and agents they serve. Our company, Cake & Arrow, is hired by insurance companies to identify new opportunities, develop new mindsets, and design digital products and services grounded in real human needs.

## HOW WOULD YOU DESCRIBE THE STATE OF CUSTOMER EXPERIENCE IN INSURANCE?

When it comes to customer experience, insurance continues to lag behind other industries. The intersection of modern technology, the ubiquity of mobile, and access to data have completely reshaped customer expectations, and unlike other industries like retail, which have been able to adapt more quickly, insurance has been slower to respond.

*AS AN INDUSTRY, WE ARE STILL AT THE GROUND LEVEL OF DELIVERING GREAT CUSTOMER EXPERIENCES.*

This is not to say that there hasn't been any progress. The imperative has been to digitize the process, and that's been happening. But by solely prioritizing digitization and not factoring in the human impact, these efforts are not translating into tangible improvements for the end customer. So, we're seeing the gap between customer expectations and insurers' ability to meet them continue to grow. As an industry, we are still at the ground level of delivering great customer experiences, and from the customer's perspective, we're still seeing a race toward table stakes.

## WHY HAS THE CUSTOMER BECOME SO IMPORTANT TODAY?

For hundreds of years, the relationship between insurance and the customer has gone relatively unchanged, where the focus has always been on the business of insurance, the policy, and the transaction. But there has been minimal consideration, in most cases none, for what drives a person to make that transaction. Today, the rapid rise in customer expectations has resulted in the power that has long been held by businesses being shifted to the customers. Delivering a great customer experience is no longer a nice to have.

Insurers are well aware of this, too, as shown by the fact that every corporate strategy has "put the customer at the center of what we do" as one of their five pillars for long-term success. Doing so has proven to result in increased market share, growth, and renewals. The opportunity is huge for insurers that can go beyond just implementing technology to elevating the human experience and helping customers achieve their goals. And this new paradigm requires businesses to connect with a new customer mindset, and in order to do that, it requires them to embrace a new mindset of their own.

## WHAT DOES THE INSURANCE INDUSTRY STRUGGLE WITH THE MOST WHEN IT COMES TO BEING CUSTOMER-FOCUSED?

There are obvious systemic issues like legacy systems and siloed organizational structures, but the problem runs deeper than that. In order to truly focus on the customer, industry leaders and employees must adopt new mindsets and approaches to problem-solving and prioritization. There is a great Einstein quote, "We can't solve our problems with the same thinking we used when we created them." Traditional mindsets that have worked in the past no longer apply, and new challenges require new ways of thinking. The customer-centric perspective flips that on its head by putting the focus on understanding the role insurance plays in people's lives. It requires meeting people where they are rather than expecting them to conform to your business model.

*EVEN THE MOST AMAZING TECHNOLOGY BECOMES POINTLESS IF IT DOESN'T SOLVE REAL HUMAN PROBLEMS*

One major obstacle is the tendency to jump to solutions without first understanding the underlying problem. As humans, we're wired to solve problems and go right into solution mode. With insurance, this gets amplified because these proposed solutions can require significant investment, time, and resources to execute. For example, adding a chatbot and direct quote functionality might seem like an obvious solution to appeal to a younger market, but a user-centric mindset holds off on jumping into solutions and ensures that we first understand the real challenges and desires. Unfortunately, there are countless examples of companies spending years on digital solutions that end up failing to resonate with customers once they're released in market. Even the most amazing technology becomes pointless if it doesn't solve real human problems. This is something we can avoid by prioritizing problem identification and customer research before jumping into solutions.

## WHAT ARE THE HALLMARKS OF A GREAT CUSTOMER EXPERIENCE?

Great customer experiences are all about providing customized coverage options, tailored recommendations, and personalized support that meet each customer's unique needs. For example, when it comes to how customers want to engage, it's no longer a choice between digital or in-person. We see that today's customers want to start the buying process online and continue in live conversation.

One hallmark of a great customer experience is the ability to actively engage with customers and integrate their feedback into the development of products and services. Companies that prioritize customer input, leverage prototyping, conduct one-on-one interviews, and engage in co-creation can design better products and services that truly meet customer needs.

Another hallmark is the ability to focus on outcomes rather than outputs. Companies that prioritize tangible outcomes over product features can better adapt and pivot in service of achieving the desired outcome. This helps de-risk investments and ensure that what is ultimately put in the market fills an actual need. In the end, customers don't place value on how many features they receive; all that matters is the tangible value they see, feel, and experience.

## WHAT TRENDS OR TECHNOLOGIES ARE IMPACTING HOW THE INSURANCE INDUSTRY SERVES CUSTOMERS?

One of the most significant trends impacting the insurance industry is the rise of digital ecosystems. Their emergence acknowledges that customer needs cannot be met by any single company's product or service. It's a real-life example of that shift in power dynamics from the business to the customer, as companies are coming together to create an interconnected set of services to deliver one complete solution to the customer.

In order to integrate within an ecosystem, insurance companies must transcend their own business sector and evaluate their relevance outside the context of what they've traditionally known it to be. This requires a user-centered mindset, putting the focus on understanding the customer's needs and how to meet them. While it's an exciting time to be a customer, this trend poses new challenges for insurers. It forces them to reevaluate their value proposition and ask hard questions like "where do we fit?" and "what's our purpose?"

## WHAT GUIDANCE OR ADVICE WOULD YOU GIVE TO INSURANCE ORGANIZATIONS LOOKING TO UPGRADE THEIR CUSTOMER EXPERIENCE?

My advice would be to start by talking directly to your customers. Find any opportunity to gather customer feedback, whether it's through remote one-on-one interviews or contextual inquiries where you observe how customers interact with a prototype in a real-world setting. Use these insights to make informed changes to your customer experience, and aim for targeted, incremental wins rather than trying to overhaul everything at once.

I also recommend looking beyond the insurance industry for inspiration. It's easy to get stuck in an "insider" mentality, constantly looking at what other insurers are doing. But to truly move the needle on customer experience, we need to learn from other industries that have gone through similar customer revolutions. Retail is a great example. Take a closer look at how they're meeting customer needs and apply those insights to your own business. Remember, your customers are likely the same as theirs, so there are more parallels than you might initially think.

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