

Article

Claims and the customer experience

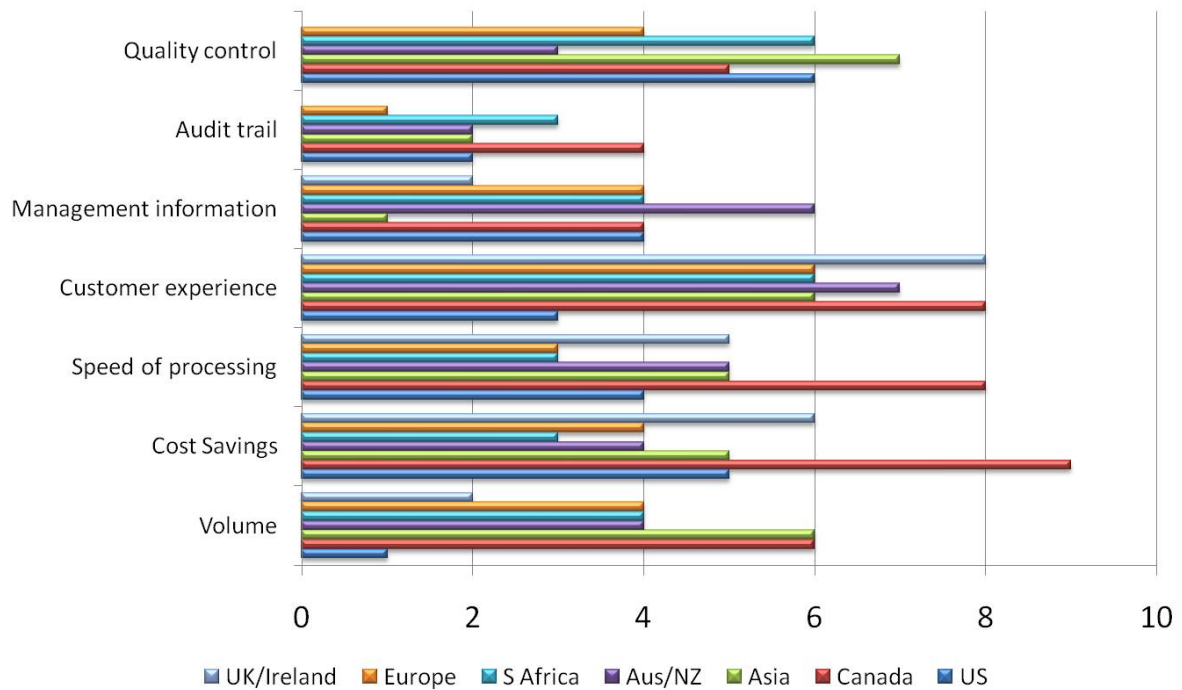
The 'customer experience' seems to be the buzzword of the moment in many of the world's life, critical illness and disability insurance markets as the industry wakes up to the need for service as a differentiator in a competitive world, where products are largely commoditised and homogenised.

The claims function has made some progress in recent years, albeit patchy with huge variation between companies, but it is often the last area to get the attention of senior management and the investment that goes along with their focus. In some ways this is understandable in the current climate with so much time, energy and budget going into meeting new and wide-ranging solvency regulations, but in other ways, it is deplorable that the basis of what we sell as an industry (the promise to pay a claim) is still cast as a back-office poor relation.

While money has poured into the buying process, with online quotation systems, tele-interviewing and underwriting rules engines, claims has been left behind despite having many similar procedural requirements and the same customers with the same communication needs.

In a recent survey* conducted together with SelectX (www.selectx.co.uk), customer experienced featured as the top driver for investing in technology in the claims function among 122 life and disability insurer worldwide:

Business Drivers – Top Priority



There was support for extending facilities such as tele-interviewing, rules engines and online self-service into the claims function, with the survey group predicting that just over 20% of claim notifications would be handled via online self-service within the next five years compared with less than 5% now.

Technology can often enable a faster, smoother and more accurate customer experience but it cannot do it on its own and it needs careful thought. Not all customers are the same: companies will have to keep open a variety of communication channels and make it easy for the customer to choose between them. Customers may also want to behave differently in different circumstances; they can't be pigeon-holed into being one sort of customer or another from a tick-box at the outset of their policy.

Some other buzzwords that we feel are central to delivering an enhanced customer experience include choice, control, flexibility and transparency. All of these shift the customer to the centre of the picture, with the processes revolving around them, a dramatic change from the typical current practice where the insurer's procedural requirements are at the centre.

When people in the industry talk about insurance, especially income protection, the question of fraud often pops up and many companies are still heavily influenced by the fraud percentages seen in general insurance. If a life, critical illness and disability insurer retains an underlying mindset that all policyholders are potential fraudsters, guilty until proven innocent, it will find it hard to implement the changes discussed. And anyway, there is little supporting evidence. In the UK, the majority of insurers pay over 90% of claims for these products, and of the ones that are declined, only a tiny fraction is classified as fraud.

The percentages vary from market to market but the central idea is true – most people who claim on these types of product are not committing fraud. Of course it has to be taken seriously but if it dominates insurer thinking, opportunities to compete on claims service and to make that transparent to potential customers as well as existing ones, will be lost.

The investment required in thinking through this change as well as implementing any supporting technology, is significant, but it can pay off: in faster service, reduced costs and, not least, happy customers who, having experienced good service at the point of need, can act as advocates for the brand among their peer group in a networked world.

** Life and disability claims: strategies for a technology-enabled world – a new report produced jointly by SelectX and Karin Lloyd builds on and goes far beyond, a survey of 120 insurers in key markets worldwide. The report examines in detail the current landscape for life and disability claims processing, the case for investing in technology, the importance of data in portfolio management and new customer propositions enabled by technology. For more information or to purchase a copy, [click here](#) to visit www.selectx.co.uk.*