The Digital Insurer
Claims Customer Survey

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Keeping customers happy and loyal

In a market where every percentage point of growth has to be fought for tooth and nail, customer retention is a key priority. Property & casualty insurers have always known that the claim is their defining moment, and many have invested significantly in improving the claims experience.

Accenture's Claims Customer Survey reveals that—at least in one respect—they have succeeded: only 14 percent of customers are dissatisfied with the way their last claim was handled. And yet the battle is far from won: of the 14 percent who are unhappy, 83 percent plan to switch to a new provider, or have already done so.

To make things worse, the survey found that the claim itself is a crucial trigger for switching, irrespective of how satisfied customers are with the experience. The mere fact of having a claim increases the customer's likelihood of switching from 22 percent to 41 percent.

The impact, for P&C insurers, is immense. Accenture has calculated that customer attrition has created a "switching economy"* that, in the US alone, comprises $5.8 billion a year in premiums. This is a huge threat for carriers that are unable to staunch the defection of their customers, but an equally large opportunity for those that can persuade them to join their ranks.

Many insurers are struggling to keep up with changes in customer behavior and expectations, across all aspects of insurance including the claim. The inevitable result is dissatisfaction, more frequent comparison between providers, and defection. Which elements of the claims experience should insurers concentrate on to improve customer satisfaction, and what practical steps should they consider to enhance the overall experience?

* The size of the switching economy is estimated as the total of personal-lines property and casualty insurance premiums written in a 12-month period multiplied by the percentage of customers who reported they are likely to switch providers in "the next 12 months."

Claims Customer Survey

To gain further insight into the factors surrounding the claim that influence the satisfaction and loyalty of insurance customers—including their priorities, their interest in using new technologies, and their willingness to share information with insurers in return for various benefits—Accenture surveyed nearly 8,000 property & casualty insurance customers in 14 countries in North America, Europe, Turkey and Brazil.

The sample was representative of the insurance-owning populations in these countries, but was controlled to ensure that approximately 40 percent of the respondents had submitted an auto or household insurance claim in the past two years. It was also divided fairly equally between those who answered the survey with reference to their auto insurance provider and those who responded about their household insurer.

In this in-depth online survey we asked the respondents to evaluate their overall experience with their home and auto insurers. We asked those customers who had recently filed claims to describe their claims experience. We asked all customers about their propensity to use digital technology such as smartphones to file claims and receive information, and we also explored acceptance levels for emerging technologies such as telematics in automobiles and connected devices in the home.

Using these survey findings, we have developed recommendations for insurers that are interested in reducing customer attrition, differentiating themselves from competitors, and using digital technologies to create individualized customer experiences. These recommendations focus on four key areas: customer service, technology enablement, the claims workforce, and data and analytics.

This report provides a summary of the key findings. More detailed results are available on our website—go to www.accenture.com/claims-survey-data or scan the QR code on the back page of this report. We urge you to explore the interactive features of this platform, which allows you to customize the findings by country, by age demographic and by insurance type.

FIGURE 1 Survey sample

7,875 insurance policy holders were surveyed online in 14 countries in the month of May 2014

4,015 answered the survey with regard to their auto insurance

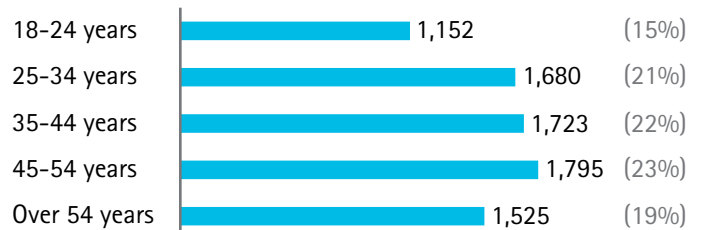**3,860** answered the survey with regard to their home insurance

40% of the respondents had submitted an auto or household insurance claim in the past two years
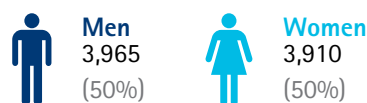
Countries

Country	Count	Percent
USA	1,000	(13%)
Canada	571	(7%)
UK	569	(7%)
Finland	560	(7%)
Norway	544	(7%)
Sweden	537	(7%)
Netherlands	520	(7%)
France	520	(7%)
Italy	516	(7%)
Denmark	514	(7%)
Turkey	507	(6%)
Germany	503	(6%)
Spain	500	(6%)
Brazil	500	(6%)

Respondent age

Age	Count	Percent
18-24 years	1,152	(15%)
25-34 years	1,680	(21%)
35-44 years	1,723	(22%)
45-54 years	1,795	(23%)
Over 54 years	1,525	(19%)

Respondent gender group

Men 3,965 (50%)

Women 3,910 (50%)

Total: 7,875 (100%)

Note: Due to rounding off of decimals, the segments of all the bars in the graphs featured in this document may not add up to 100%.

Key findings

The basics stay the same, but the bar keeps rising

Accenture's Claims Customer Survey has confirmed many of the things carriers have long known about their customers and how they feel about claiming—what they expect from their insurer, and how they respond when they are disappointed. It has also produced some findings that were less predictable—like the fact that a customer who claims is much more likely to switch providers than one who hasn't, even if he or she is satisfied with the way the claim was handled. In addition, the survey reflects the changing preferences and expectations of an increasingly digital customer base, and how this is raising the bar for insurers as they endeavor to deliver a claims experience that builds loyalty.

Customers are generally satisfied with their insurance providers.

Asked how they feel about their insurance providers, 93 percent of respondents described themselves as "satisfied" or "very satisfied". There is very little difference between the satisfaction levels achieved by auto and home insurers.

Almost one in three customers are likely to defect.

Despite the apparently high satisfaction levels, 30 percent of insurance customers said they were likely to switch to another provider in the next 12 months. The propensity to switch is markedly higher among younger customers (see "The Age Divide" on page 6). Lower prices (90 percent) are the most important factor that would spur a customer to switch, followed by the belief that another provider would be more willing to honor a claim (78 percent).

The claim is a powerful trigger for switching.

Customers that have submitted an insurance claim in the past two years are almost twice as likely to switch providers in the next 12 months compared to those who have not: 41 percent compared to 22 percent. This is irrespective of how happy they are with the way their claim was handled.

FIGURE 2 Customer satisfaction for all insurance services, and likelihood of switching providers

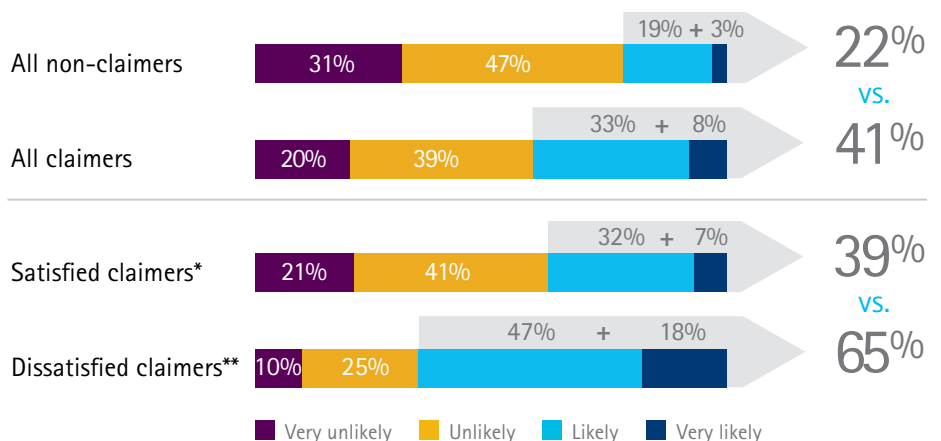Q: How satisfied are you with your insurance provider for your main insurance policy?
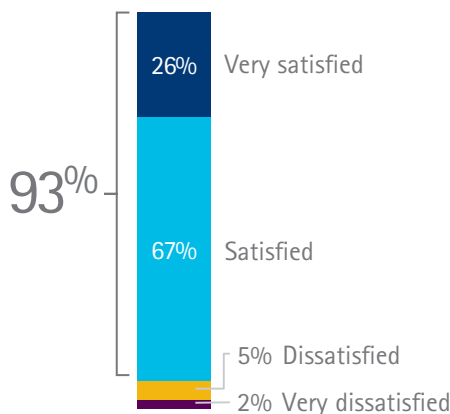
93%
- 26% Very satisfied
- 67% Satisfied
- 5% Dissatisfied
- 2% Very dissatisfied

Q: How likely are you to stop doing business with one of your insurance providers and to switch to another provider in the next 12 months?

30%
- 5% Very likely
- 25% Quite likely
- 44% Not very likely
- 26% Very unlikely
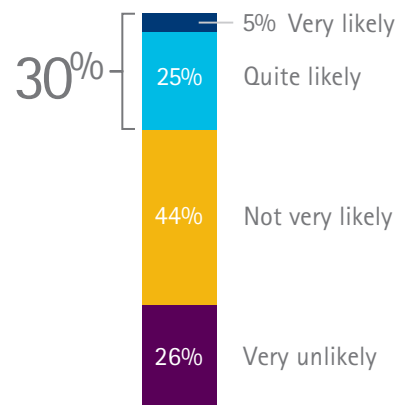
FIGURE 3 Likelihood of switching providers, by claims satisfaction

Q: How likely are you to stop doing business with one of your insurance providers and to switch to another provider in the next 12 months?

	Very unlikely	Unlikely	Likely	Very likely	
All non-claimers	31%	47%	19%	+ 3%	22%
All claimers	20%	39%	33%	+ 8%	41%
Satisfied claimers*	21%	41%	32%	+ 7%	39%
Dissatisfied claimers**	10%	25%	47%	+ 18%	65%

All non-claimers: 22% vs. All claimers: 41%
Satisfied claimers*: 39% vs. Dissatisfied claimers**: 65%

Legend: Very unlikely | Unlikely | Likely | Very likely

* Claimers who are "satisfied" plus "very satisfied"
** Claimers who are "dissatisfied" plus "very dissatisfied"

Most insurers deliver a satisfactory claims experience.

Only 14 percent of respondents said they were dissatisfied with the way their claim was handled and settled, with auto and household insurers achieving fairly similar satisfaction scores.

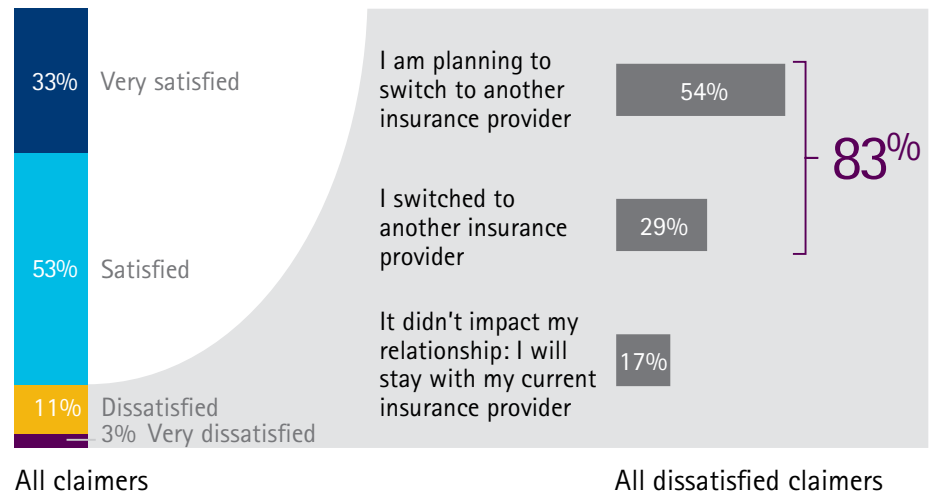## Dissatisfied customers are almost certain to defect.

Among those who are dissatisfied with their claims experience, 29 percent said they had already moved across to a new insurance provider and 54 percent said they plan to switch in the next 12 months. In other words, more than four out of five dissatisfied claimers are likely to defect.

Speed and transparency matter most.

The two most important factors that influence customer satisfaction—aside from the perceived fairness of the settlement itself—are the speed and transparency of the claims process (95 and 94 percent respectively). These are followed by the customer's ability to contact the insurer anytime to find out the status of the claim, and good, timely communication that keeps the customer informed (90 and 89 percent respectively). Empathetic interactions with the insurer's staff are also an important factor (85 percent), as is the ability to engage with the insurer using the preferred channels (80 percent).
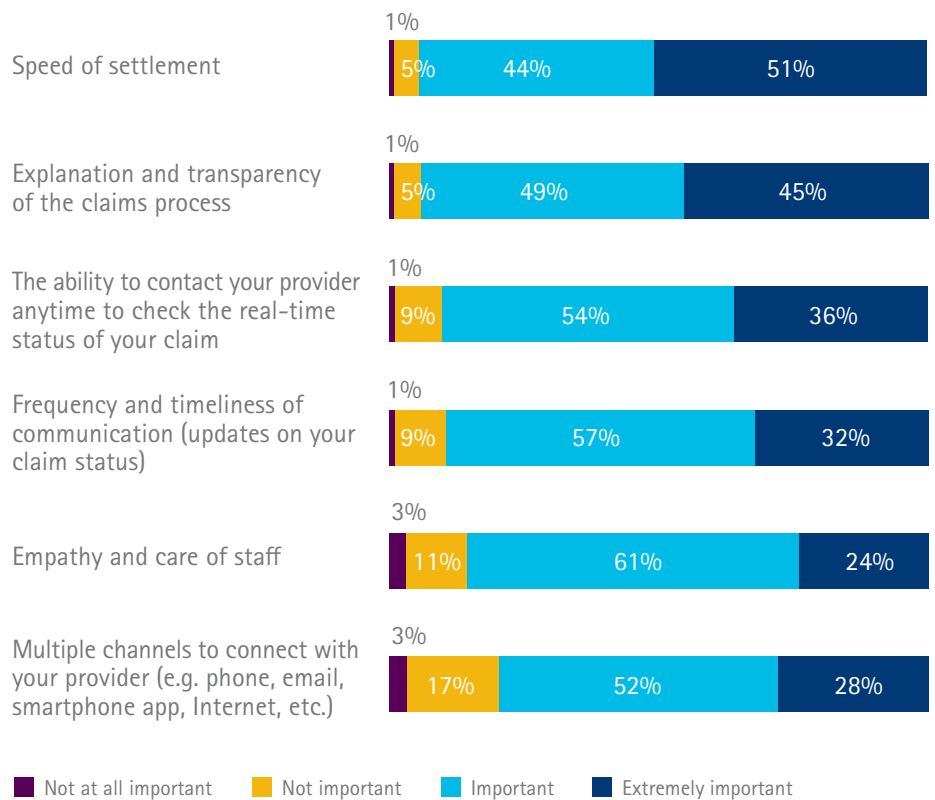
FIGURE 4 Customer satisfaction with the claims experience, and response to dissatisfaction

Q: How satisfied are you with the way in which your insurance provider handled and settled your claim?

All claimers		All dissatisfied claimers
33% Very satisfied		I am planning to switch to another insurance provider — 54%
53% Satisfied		I switched to another insurance provider — 29%
11% Dissatisfied	83%	It didn't impact my relationship: I will stay with my current insurance provider — 17%
3% Very dissatisfied		

FIGURE 5 Key contributors to customer satisfaction with the claims experience

Q: How important for you are the following during the claims process?

Speed of settlement — 1% / 5% / 44% / 51%

Explanation and transparency of the claims process — 1% / 5% / 49% / 45%

The ability to contact your provider anytime to check the real-time status of your claim — 1% / 9% / 54% / 36%

Frequency and timeliness of communication (updates on your claim status) — 1% / 9% / 57% / 32%

Empathy and care of staff — 3% / 11% / 61% / 24%

Multiple channels to connect with your provider (e.g. phone, email, smartphone app, Internet, etc.) — 3% / 17% / 52% / 28%

■ Not at all important   ■ Not important   ■ Important   ■ Extremely important

The age divide

# Young consumers show the future of claims

Accenture's Claims Customer Survey indicates that customers value the ability to communicate with an insurer on an "anytime, anywhere, anyhow" basis during the claims process. When asked, for example, how they would respond if they were not able to use their preferred digital channels (online, smartphone, tablet, web or others) to interact with their insurance provider during the claims process, more than half (52 percent for auto and 54 percent for home insurance) said they would not recommend that provider to others.

Among respondents aged 18 to 24, however, that percentage increased to 58 percent for both auto and home insurance. This trend can be seen throughout the survey findings; younger customers are more likely to use digital technologies, and more likely to reward (or punish) insurers that do not deliver claims service through the desired digital channels. The punishment comes in the form of withholding recommendations, making negative comments on social media, or switching providers.

Regarding social media, the trends are as expected: younger customers are much more likely than those in the 35 to 54 and the 55+ age groups to share their negative claims experience (41 percent vs. 26 and 17 percent), and are much more likely to base their insurance buying decisions on the comments of others on these sites (51 percent vs. 40 and 29 percent).

Interestingly, however, while younger respondents generally showed greater interest in and desire for using digital technologies during the claims process, the actual percentage differences were relatively modest throughout the survey. For example, when asked about the importance of multiple channels to connect with the insurance provider (phone, e-mail, smartphone and others), 28 percent said such access is "very important". Among those aged 18 to 24, there were actually fewer who rated it as "very important" (25 percent). This was identical to the response in the 55 to 64 age group.

The message in the numbers seems to be: across the board, consumer expectations are rising. The digital revolution has changed nearly everyone's expectations and behavior, and most people are becoming more tech-savvy and eager to take advantage of new technologies. But there is no question that the pace of change is most rapid among the young. While it may be possible for insurers to delay transformation, demographic pressure will only increase with time.
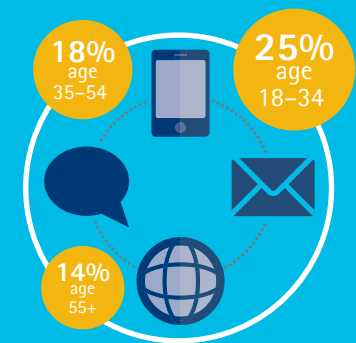
Twenty-five percent of insurance claimers aged 18–34 used a digital channel for FNOL, compared to 18% for 35–54 year olds and 14% for those aged 55+.
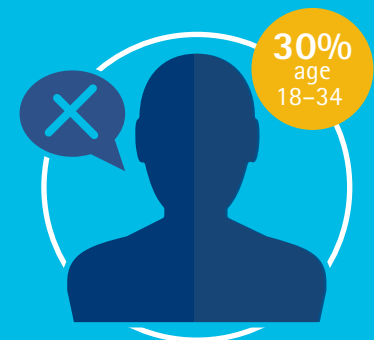
Thirty percent of insurance claimers aged 18–34 admit they overstated their losses when the last submitted a claim.

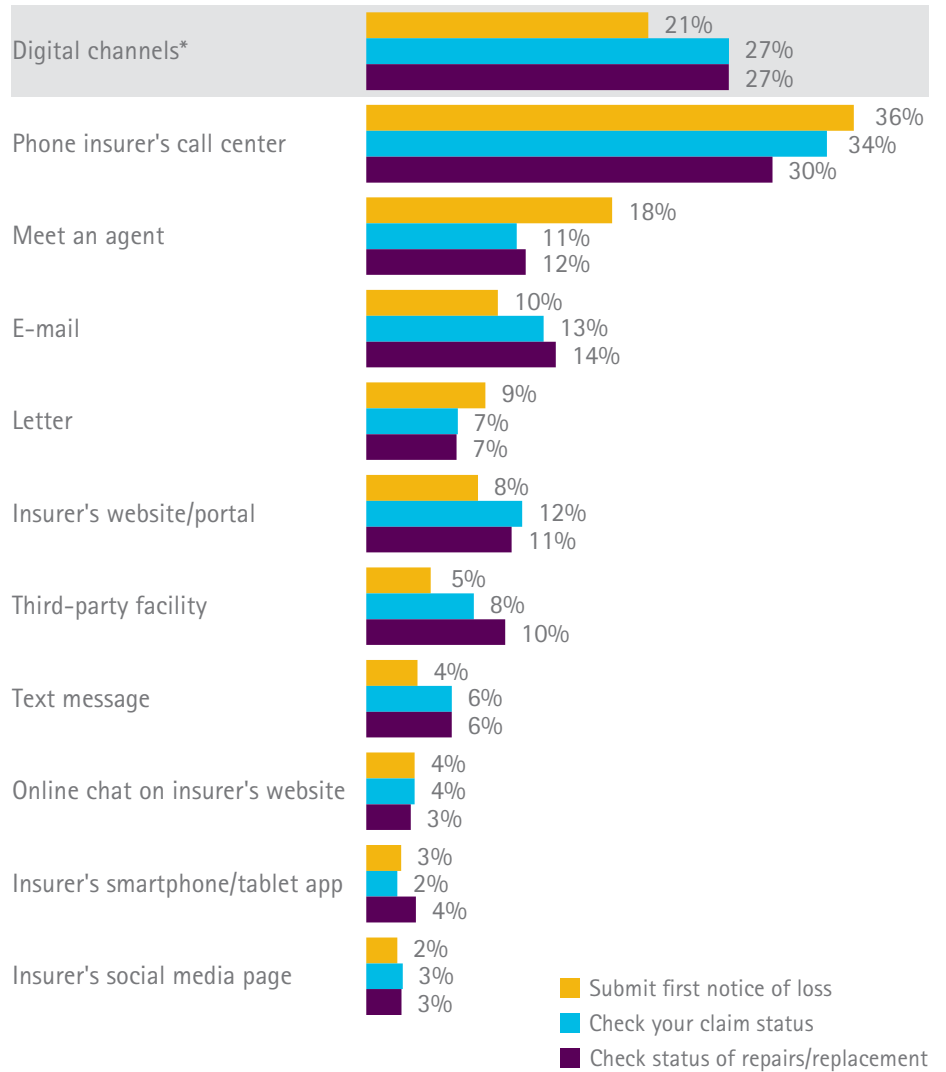## Customers value access to different channels.

The call center is most customers' preferred channel for interacting with their insurers at all stages of the claim (36 percent for first notice of loss). Digital channels (21 percent for FNOL) and the agent (18 percent for FNOL) are the other favored channels, with digital being especially important for checking the status of the claim and the status of repairs or replacement (both 27 percent). Digital is also most likely to increase its share of traffic in the near future. Customers rate it their first choice for all stages of the claim when asked "which channels would you be interested in using?" and 44 percent say they would switch providers if their preferred digital channels were not available.

Insurers have done a poor job of promoting their mobile apps.

Only 11 percent of insurance customers are currently using their carriers' smartphone or tablet apps, although a further 53 percent say they plan to do so in the future. The reason for the sluggish uptake may be that 43 percent of all respondents know nothing about these apps, and another 46 percent have heard of them but know little about their purpose or benefits.

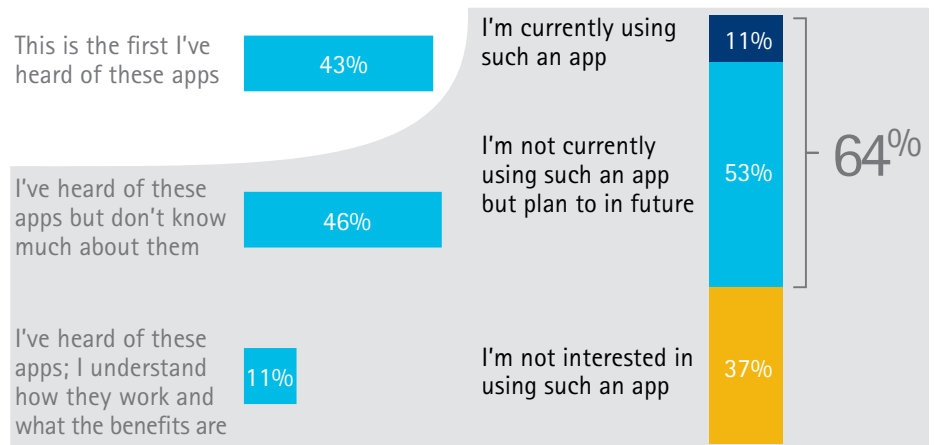**FIGURE 6** Channels used by customers at different stages of the claims process

Q: Which channel did you primarily use for these three actions relating to your most recent claim?

Digital channels*: 21%, 27%, 27%
Phone insurer's call center: 36%, 34%, 30%
Meet an agent: 18%, 11%, 12%
E-mail: 10%, 13%, 14%
Letter: 9%, 7%, 7%
Insurer's website/portal: 8%, 12%, 11%
Third-party facility: 5%, 8%, 10%
Text message: 4%, 6%, 6%
Online chat on insurer's website: 4%, 4%, 3%
Insurer's smartphone/tablet app: 3%, 2%, 4%
Insurer's social media page: 2%, 3%, 3%

Legend:
- Submit first notice of loss
- Check your claim status
- Check status of repairs/replacement

* Digital channels = website + online chat + social media + smartphone/tablet app + text message

FIGURE 7 Customer awareness of insurance apps and their intention to use them

Q: How aware are you of the smartphone/tablet apps which many insurers have developed for their customers?

This is the first I've heard of these apps: 43%

I've heard of these apps but don't know much about them: 46%

I've heard of these apps; I understand how they work and what the benefits are: 11%

Q: Are you using an insurer's app, or do you plan to?

I'm currently using such an app: 11%

I'm not currently using such an app but plan to in future: 53%

64%

I'm not interested in using such an app: 37%

Sample base: all who have heard of these apps

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The geographic divide

Local variations, but broad consistency across the globe

Accenture's Claims Customer Survey interviewed insurance customers in 14 countries. Twelve of these are developed markets, in North America and Europe, while Turkey and Brazil represent the emerging markets.

A comparison of the findings across countries reveals some fascinating anomalies within a fairly consistent global picture. For example, customers in Italy (26 percent), Spain (24 percent) and Brazil (24 percent) are significantly more dissatisfied with the way in which their recent claim was handled—the global

average is 14 percent. And dissatisfied claimers in Sweden, Denmark and Finland are much less likely than their unhappy counterparts in other countries to punish their providers by switching to a different insurer.

A variety of local factors, including cultural and economic, may account for the differences in the responses from country to country. Broadly speaking however, the big trends that are disrupting the insurance industry— and the claims function in particular— are universal.

Accenture has created an interactive website that enables you to filter the data to suit your needs. You can select your country of interest, and then sort the results by other factors such as line of business and respondents' age groups. You can visit the website at www.accenture.com/claims-survey-data or scan the QR code on the back page of this report.

FIGURE 8 Consumer responses regarding satisfaction and loss overstatement varied considerably from country to country

Q: How satisfied are you with the way in which your insurance provider handled and settled your claim?
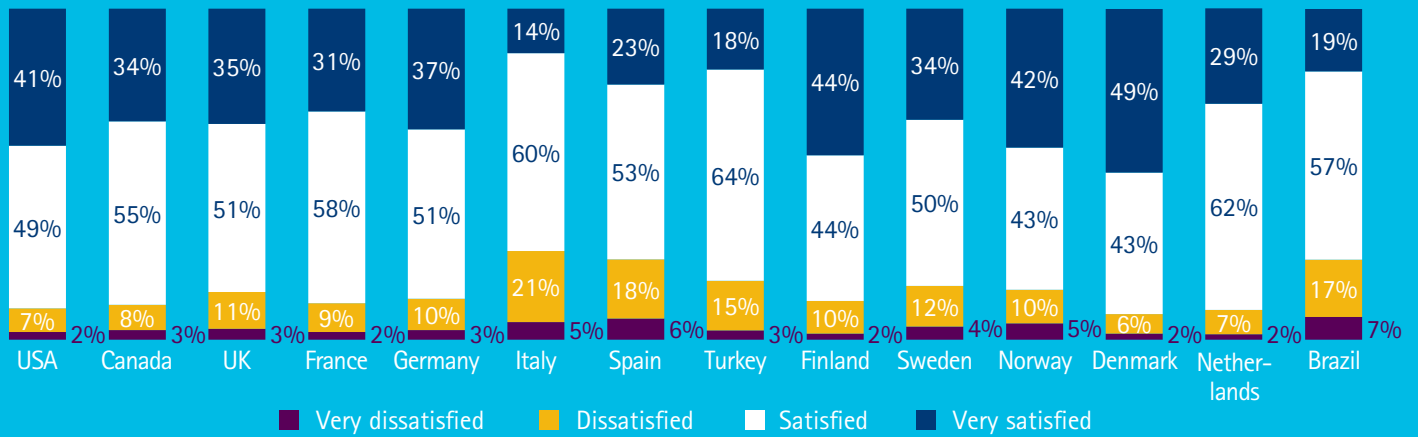
Q: When you last submitted an insurance claim, did you overstate the value of your loss?
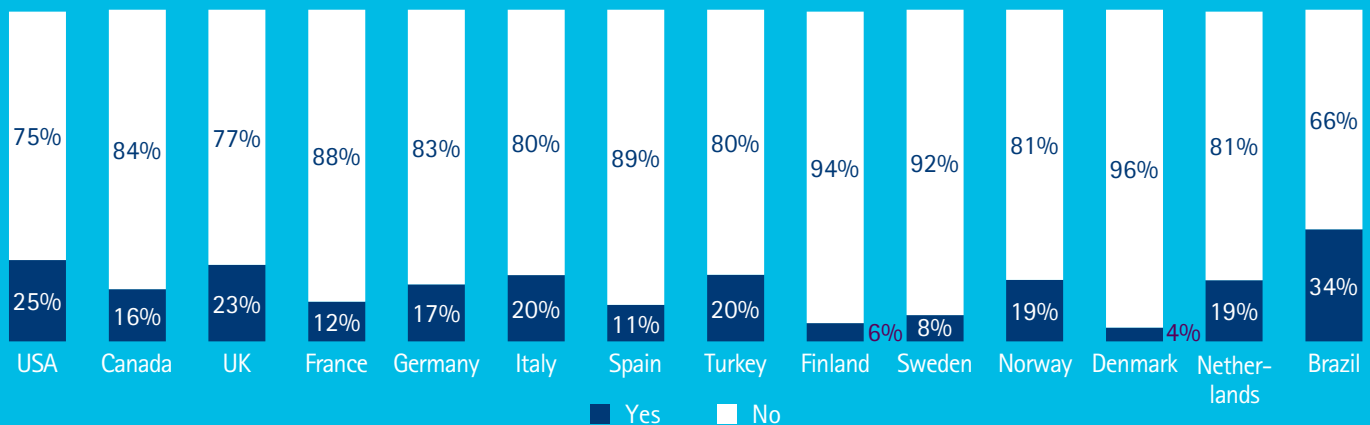
Customers are quick to turn to social media.

Approximately three out of 10 insurance customers have already shared their claims experience on social media, while four out of 10 read these reviews and base their insurance buying decisions on them.

Customers will share information if it's worth their while.

The majority (77 percent) of insurance customers would be willing to provide their insurers with personal information if that enabled the carrier to reduce their premiums, speed up their claim settlement or help them manage their risk. They would be most willing to give their auto insurer data about their mileage (63 percent), the maintenance of their vehicle (56 percent) and their driving habits (52 percent). Home insurance respondents said they would be prepared to share information about energy consumption (59 percent), smoke and carbon monoxide detection (55 percent) and motion detection (37 percent).
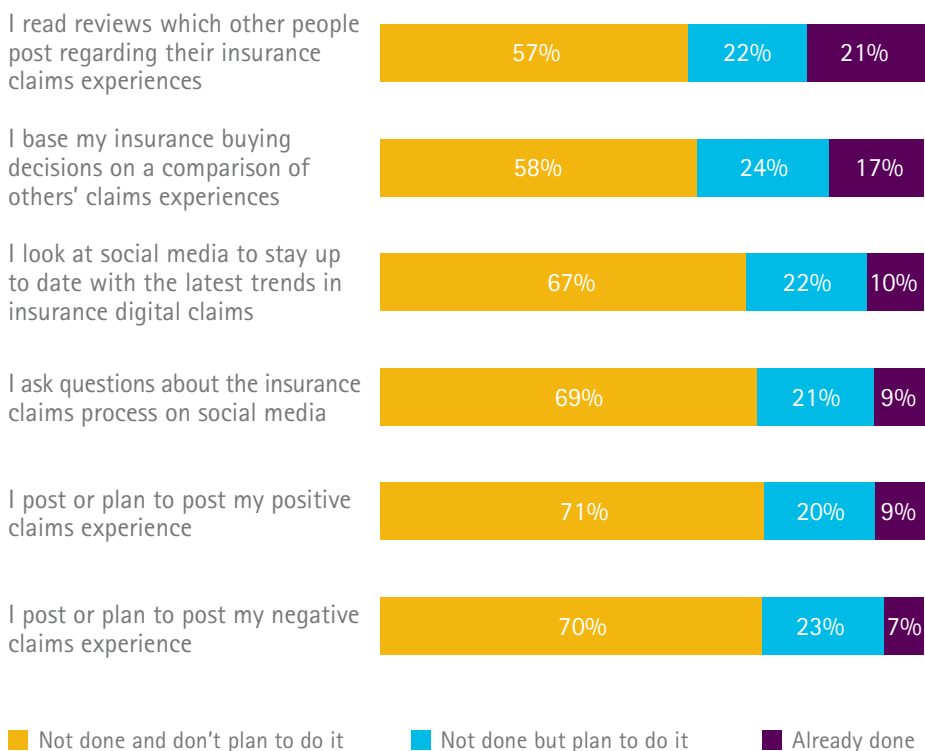
Claims fraud is rife.

Of the survey respondents who have submitted a claim in the past two years, 17 percent admitted that they overstated their loss to obtain a better settlement. Not surprisingly, the figure is higher for home insurance (21 percent) than auto insurance (15 percent). Less expected was the fact that there is little difference between respondents who said they were "satisfied" with their claims experience and those who were "dissatisfied" or "very dissatisfied"—only among those who described themselves as "very satisfied" was there a sharp drop-off in overstated claims: to 8 percent for auto insurance respondents and 15 percent for home insurance respondents. The most commonly cited reason for overstating claims was "because I pay too much premium" (42 percent), with "poor service" coming in second at 37 percent.

There's room for improvement.

Across all of their priorities for an acceptable claims experience—factors like speed and transparency—only 20 to 30 percent of respondents said they were "very satisfied" with the way their insurers had met their expectations. It seems likely that carriers that can pleasantly surprise their customers will go a considerable way to improving loyalty and retention.

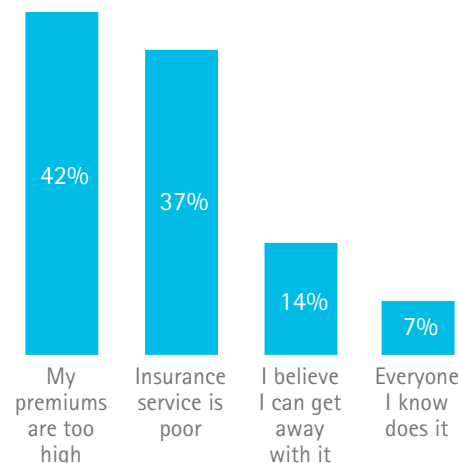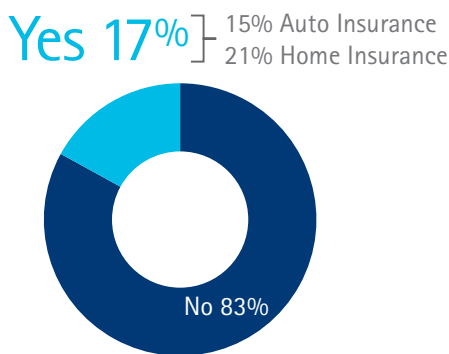**FIGURE 9** Customers' use of social media relating to the claims experience

Q: Which of the following have you done regarding insurance and social media—or plan to do in the next two years?

	Not done and don't plan to do it	Not done but plan to do it	Already done
I read reviews which other people post regarding their insurance claims experiences	57%	22%	21%
I base my insurance buying decisions on a comparison of others' claims experiences	58%	24%	17%
I look at social media to stay up to date with the latest trends in insurance digital claims	67%	22%	10%
I ask questions about the insurance claims process on social media	69%	21%	9%
I post or plan to post my positive claims experience	71%	20%	9%
I post or plan to post my negative claims experience	70%	23%	7%

FIGURE 10 Customers' overstatement of their losses when submitting a claim

Q: When you last submitted an insurance claim, did you overstate the value of your loss?

Q: Why did you overstate the value of your loss?

Yes 17% — 15% Auto Insurance / 21% Home Insurance

No 83%

My premiums are too high: 42%
Insurance service is poor: 37%
I believe I can get away with it: 14%
Everyone I know does it: 7%

Sample base: respondents who admit they overstated their claim

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Benefiting from the switching economy

Insurers may regard the results of Accenture's survey as not too troubling. A 93 percent general satisfaction rating and an 86 percent satisfaction with the claims experience are not to be scoffed at. But are they good enough?

In the first place, they are lower than the high-nineties numbers that some of the independent agencies report. And secondly, disappointing only one out of every seven customers who submit a claim (14 percent) may be regarded as adequate performance. But the fact that 41 percent of all claimers are likely to switch to a new provider in the next 12 months is startling.

Carriers are already fighting a tough battle to retain their customers, with fierce price competition combining with claims dissatisfaction and other factors to push the likely annual attrition rate up to 30 percent. Accenture has calculated that the impact for insurers, in terms of premiums at risk, totals as much as $5.8 billion a year in the US alone.

Anything they can do to increase the proportion of satisfied customers will have a direct benefit in terms of retention. If, in addition to that, they are able to use their claims performance as a differentiator, establishing their reputation (especially on social media) as an insurer that is committed to settling customers' claims quickly, fairly and transparently, this proficiency will not only increase retention but will improve their chances of acquiring disaffected customers who are looking for a new provider.

What is also clear from the findings is that the claim itself—whether handled satisfactorily or not—increases the likelihood of the customer switching from 22 to 41 percent. One can speculate about the reasons for this—it may be that the claim rouses the customer from a lethargic acceptance of his insurance terms and service and spurs him to compare offerings,

or that "satisfaction" implies the customer regarded the experience as fair and efficient but not particularly caring and certainly not a pleasure.

Whatever the reasons, carriers should do whatever they can to reduce the incidence of claiming. This is likely to happen naturally as more new vehicles are equipped with systems that help drivers park their cars, or that automate parking altogether. Taken to its logical conclusion, drivers of autonomous vehicles such as those which Google is testing should never have to claim (unless they are the victims of theft or damage caused by other drivers). This raises all sorts of questions about how insurers will create and maintain customer satisfaction if the "moment of truth" seldom arises, not to mention what the future role of auto insurance might be in a world dominated by driverless vehicles.

For the present, customers would support insurers' efforts to minimize the incidence of claiming—Accenture's Consumer-Driven Innovation Survey (2013) found that 92 percent expect their insurer to help them manage their risk rather than simply insure against it. What is more, three out of four would be willing to supply additional personal information in return for cheaper, more personalized insurance, information that carriers could use to provide relevant, individualized advice and alerts that help customers reduce their risk.

It goes without saying the benefit would not only be improved retention, but also a reduction in loss costs.

Fraud is another important consideration. Even anonymous surveys such as this are unreliable when respondents are asked about actions which are dishonest. But when 17 percent admit to falsifying their statements of loss, insurers can be confident that the number is not lower. The justifications offered—high premiums and poor service—may be mere excuses

to ease a troubled conscience, but the fact that admission of overstatement drops to 8 percent among those who are "very satisfied" with the management of their claim, does support the view that improving the claims experience will help reduce fraud.

Insurers cannot afford to be complacent. Inaction will not maintain the status quo, for customer expectations are continuously rising, new technologies are enabling competitors to improve their performance in a multitude of ways, and consumers are becoming more and more dependent on social media to proclaim their dissatisfaction to anyone who will listen—and many will.

An aggressive plan of action is needed to transform the claims function, and ensure that the huge "switching economy" is an opportunity for acquisition and growth rather than a threat of unrelenting attrition.

In short...

- Although satisfaction levels seem high, the fact is that 41% of all claimers, and 30% of all customers, say they are likely to switch.

- The switching economy in the US alone is worth $5.8 billion a year.

- Improving claims speed and transparency will have the greatest impact on customer satisfaction.

- Carriers that help customers avoid claiming will not only improve retention but also reduce their loss costs.

- Social media is a terrific promotional tool for those that can provide an exceptional claims experience.

- As consumer expectations continue to rise, insurers that do nothing will lose ground...and customers.

The building blocks of an optimized digital claims function

The digital revolution is not only raising customers' service expectations; it is also making it easier for them to compare insurance providers' offerings and service delivery, and to switch in pursuit of a better deal. What is more, new digital technologies are enabling innovative carriers to meet and even drive these expectations, giving them a powerful advantage.

Those carriers whose claims operating models, organizational structures and even corporate cultures are out of sync with today's demanding, digitally connected, 24/7 customers will struggle to compete. We believe a fundamental rethink is needed across a number of dimensions, the most important of which include:

Customer-centricity

The change in mindset from offering services that are convenient for the organization, to structuring the organization, its products and services to meet the constantly evolving preferences of the customer, is a profound one that will have ramifications throughout the enterprise. But consumers today expect nothing less. They have been taught, by the companies they admire most, to expect personalized, convenient, transparent and rapid service. Why would they accept less from their insurer?

Agility

The most valuable attribute in a volatile environment is the ability to identify changes, threats and opportunities earlier than others, and to respond swiftly and effectively. In the claims environment this means having sensitive intelligence systems that allow insurers to anticipate what is needed now and in the future; the right people and systems in place

to process all types of claims efficiently and accurately; and the sophisticated experience engine to interact with customers at scale, in ways that are relevant and individualized.

Proactivity

The traditional claims function is the archetype of a reactive system. We believe the future of claims lies in a more proactive model. It starts with risk management: identifying and monitoring individual customers' risks and helping them minimize the likelihood of loss. It includes effective communication that manages customers' expectations regarding the claim and keeps them fully informed of its status. And to an ever-increasing degree it demands constant monitoring of social media to instantly detect and quickly respond to corrosive chatter, potentially turning a reputational threat into an advertisement for service excellence.

Digitalization

We have said it repeatedly: today, every insurer is a digital insurer. Digital is reinventing not only insurers' operating models but also their business models – and it is doing it at a rapidly accelerating rate. Advances in data and analytics, combined with connected devices and the Internet of Things, are transforming the industry. Mobile and other digital channels—together with a plethora of accompanying product and service innovations—have changed distribution forever. Collaboration and other work tools have given rise to the distributed workforce and boosted productivity from agents all the way through to procurement partners. The list goes on and on, affecting claims as much as any other part of the insurance business.

In short…

- To improve customer satisfaction, insurers need to rethink their claims operation in terms of four key dimensions: customer-centricity, agility, proactivity and digitalization.

- The four main building blocks of an optimized digital claims function are customer service, technology enablement, the workforce, and data and analytics.

  – One of the most important service features is an integrated multi-channel capability that enables personalized interaction when and how it suits the customer.

  – A modern core processing system that automates routine procedures and supports self-service provides the foundation of an efficient digital claims operation.

  – Innovation is transforming the claims workforce, to the benefit of customers and insurers alike.

  – Insurers that can gain actionable insights from all the data that is becoming available will enhance the customer experience, improve claims efficiency and cut loss costs—including fraud.

To create an enhanced claims function that achieves higher levels of customer satisfaction while addressing all of the other important objectives—staff productivity, settlement accuracy, minimized leakage and fraud prevention—insurers will have to tackle the problem holistically. However, it might be helpful to consider the challenge in terms of the four main building blocks of an optimized digital claims function: customer service, technology enablement, the workforce, and data and analytics.

1.
Customer service

Accenture has long asserted that insurers need to put the customer first, and to shape their organizations and processes, and develop their products and services, with the needs of the customer foremost in their minds. To do this, of course, they need to have a deep understanding of their customers—and the claim is an opportunity to capture a great deal of information which they might otherwise never have access to. Carriers that can acquire and analyze this data will not only be able to enhance their segmentation and provide more differentiated, relevant service; they will also improve their claims prevention modeling and fraud detection capabilities.

Good data will also give insurers deeper insights into why different customer segments defect, allowing them to develop specific retention strategies. Many insurers spread service initiatives too thinly in a well-intentioned, but possibly misguided, attempt to delight every customer every time. Instead, they should adopt a more focused, segmented approach based on value analytics and propensity to defect. An efficient claims operation anticipates the customer's service needs, based on data captured throughout the insurance lifecycle.

Insurers should also optimize their channel capabilities to meet customers' expectations. This entails not only expanding the range of channels as customers diversify their preferences according to the stage of the claim, but also integrating them so that a consistent, fully updated service is provided across the claims lifecycle and regardless of which channel is used. Digital channels offer interaction wherever and whenever customers choose, and allow them to become more involved in the claims handling process. Upgraded contact centers that feature not only call capabilities but also Web care, chat and social go a long way to improving the quality of service. And as long as agents and brokers remain an important channel, insurers need to empower them to deliver the same standard of service that the carrier provides across its other channels.

Most of the time, consumers will tolerate being ignored by their insurer—and most insurers happily oblige. When it comes to the claim, however, they expect clear, consistent, real-time delivery of information. Cross-channel integration lets insurers share up-to-date information at every touch point, at any time or place. Greater transparency can help speed resolution, as can the use of new digital communication channels for collecting required information and providing rapid feedback. When claimers can view content in multiple ways, such as by type (claim), action (task to be undertaken), time (when the event occurred) or player (the participants or vehicle involved), they gain confidence that resolution is progressing.

44%
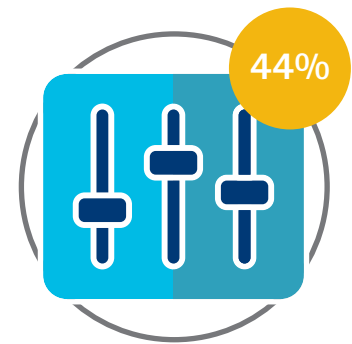
Forty-four percent of insurance customers would switch to another provider if they couldn't use their preferred channels during the claims process.

77%

Seventy-seven percent of customers say the promise of quicker claim resolution would be important or extremely important in their decision to switch to another provider.

2.
Technology enablement

The foundation of a digitalized claims operation is a modern core processing system that delivers efficiency, precision and agility. It should enable a high degree of automation, freeing up claims professionals to concentrate on more complex claims and value-added activities. It should also support all of the channels that have become an essential part of the digital insurer.

Ideally, carriers should be able to deploy digitally enabled end-to-end servicing to optimize the customer claims experience. This would include e-tracking for claims consultation, document consultation, and the claims agenda; e-pre-claims services for claims simulation and claims prevention; and e-FNOL including data capture, document upload coverage and liability checks.

The idea is to provide more self-service options, as well as personalized service when needed, as in the event of an accident. After the fact, e-processing can offer document upload and alternative evaluation and settlement, while e-satisfaction enables customers to rate their claims experience and offer digital compliments or complaints.

Mobile technology is "always on" and is becoming customers' preferred channel for claim status updates and communications. Through smartphones and related technologies, claims professionals can provide quicker, more accurate service, particularly for inspections and estimating property damage. Insurers are also using mobile channels and apps to provide a rapidly expanding array of value-added services. These range from auto telematics that delivers precise data on the events preceding a collision and enables the insurer to instantly offer medical assistance or other benefits, to motion-activated surveillance cameras that send video footage of an intrusion to the customer's smartphone or security firm.

70%

Seventy percent of insurance customers would be interested in receiving alerts from home sensors warning them of danger.

83%

Eighty-three percent of customers say data security is an important factor in their decision to use insurers' mobile apps.

3.
The workforce

The claims professional is pivotal to how the claim is handled, from the perspectives of both the customer and the insurer. For the customer, the claim is an appeal for assistance following a traumatic event, and empathy and authentically personalized support are the least that are expected. For the insurer, efficiency, accurate settlement and a keen eye for fraud are key to minimizing loss costs.

These are difficult, often conflicting goals.

Technology—and in particular automation of FNOL, simple claim settlement and other routine tasks—has gone a long way to making the job of the claims professional less transactional and more consultative. Claim segmentation and routing, business rules, predefined workflows and edits, and increasingly sophisticated analytics and collaboration tools all help ensure the right people are working at optimal levels of efficiency on the right claims. They also enable handlers to provide customers with a more appropriately skilled service. Mobile and document management technologies make it easier to collect and make sense of the information required for the claim, easing the burden on both the customer and the handler, and speeding resolution.

A combination of factors—the aging of the claims workforce, increased competition for analytics talent, the digitalization of the claims operation, and geographic dispersion of both the workforce and the broader claims ecosystem—demand that claims professionals be trained and managed differently than before. Insurers should promote a performance-based culture in which customer service, consultation and problem solving, and continuous improvement and innovation are embedded in day-to-day activities.

Innovation needs to be a priority at more than just the operational level. Insurers' HR departments will need to innovate across the board, from leadership development and talent acquisition to talent mobility, the use of virtual teams, and the use of analytics to ensure people are deployed optimally. It may even be necessary to create new HR organizational models and roles that reflect and give life to the prioritization of customer-centricity in the claims function.

As insurers have enhanced the performance of their claims workforce, they have realized that customer satisfaction is to a large degree dependent on the quality of service provided by the partners in their claims ecosystem. Open systems, powered by technology and focused on methodology, enable access to all partners, data transmission, and the distribution of tasks to the right people—all of which contribute to a seamless customer journey.

71%
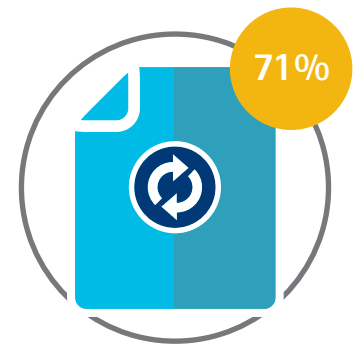
Seventy-one percent of insurance customers would be interested in an automatic claim submission service that is triggered by an auto accident or from a connected home.

55%

Fifty-five percent of customers would welcome the ability to have damage to their car or home appraised using live video chat or FaceTime.

4.
Data and analytics

Analytics presents a world of possibilities in claims, but only for insurers able to collect and organize the vast quantities of data available from all parts of the enterprise as well as new sources such as social media, telematics, GPS and other innovations. Claims professionals have been responsible for collecting most of the information during the claims process, which is time-consuming and costly. Technology captures so much data from so many sources (both structured and unstructured, such as voice, text, video and pictures) that important information can get lost.

The integration of this wealth of new data with traditional processes can be an expensive undertaking; the challenge is to identify what data to focus on. Traditional warehousing solutions are not nimble enough to allow organizations to effectively apply, test and learn from new sources of data.

Insurers should prioritize data sources that enable the claims organization to take actions that lead to tangible benefits for customers, employees or operational efficiency. Iterative data analysis can identify and assess the potential value of new data sources. A big-data environment, such as Hadoop, can enable rapid integration of structured and unstructured data sources.

Most insurers would benefit from having a dedicated claims analytics organization, as well as a centralized portal system for customers to view their claims status, submit personal preferences, and monitor follow-up actions, entering or updating data as needed. The ultimate goal should be to acquire a 360° view of the customer, and to create a data-driven claims lifecycle that unlocks the hidden value in the claims organization.

Telematics and other geo-location technologies can help insurers anticipate customer needs and offer value-add services, like assisting customers in identifying and scheduling services such as rental facilities, body shops and insurer inspection locations. Data collected from the connected car, home and business can give insurers a much clearer insight into the events that typically give rise to a claim. This not only supports risk assessment and underwriting; it also allows carriers to provide customers with precise, even personalized and up-to-the-minute information that helps them minimize their risk and avert the claim.

Beyond reporting traditional metrics, claims organizations should continually focus on identifying actionable insights that can help them do business differently. A part of the organization should be dedicated to continually mining data outside of conventional metrics—just one example is the collection of data from social media sites to gain a better understanding of claims fraud. Analytical efforts should be focused on goals that align with the strategic priorities of the claims organization: from enhancing efficiency by understanding the elements that complicate claim resolution, and focusing on service rather than process steps, to identifying and combatting fraud.

The last of these is a crucial area, as it offers the potential for an immediate improvement in the bottom line. By modeling past incidences of fraud and pairing those results with social network analysis, predictive analytics can help insurers understand the attributes of a claim, claimer or insured that correlate with a higher propensity for fraudulent behavior. It can also boost their effectiveness in discovering sophisticated fraud rings, and in intervening earlier to prevent payment for fraudulent claims.

77%
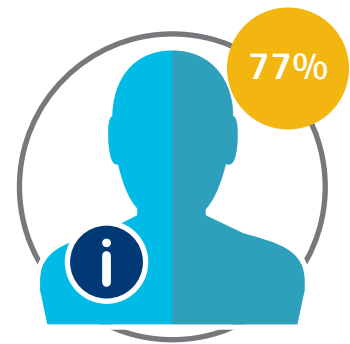
Seventy-seven percent of insurance customers are willing to provide personal information in return for lower premiums or better service.

63%

Sixty-three percent of customers would be willing to provide mileage data to their auto insurer—52% would allow it to monitor their driving patterns.

Claims transformation in action

The customer

A driver is crossing a busy intersection when a van runs the red light and smashes into the side of his car. The car system alerts his smartphone app, which starts beeping and asks if there has been an accident. After the driver has checked on his passengers and taken a look at the damage to his vehicle, he replies "Yes".

The app detects the device belonging to the driver of the van and, after confirming his identity, exchanges information. The police arrive and submit a report remotely. The driver uses his smartphone to take photographs of the accident scene.

The app then contacts the nearest approved tow truck, and arranges a rental car using the customer's predefined preferences. It also puts a reminder on the customer's calendar to notify his family and complete the first notice of loss report.

When the customer arrives home, his desktop displays an alert and a link to finish the FNOL report. The interface shows auto-completed data from his profile, photographs from his phone, and details from the telematics device in his car, the police report and the other driver's device. It also includes materials from social feeds, the traffic-light camera and the repair garage.

Wanting to make sure everything is covered, the customer dictates a detailed description, which is transcribed.

After the claim is filed, the customer sees that the accident has affected his insurance performance points and his deductible. He also sees a list of suggested activities, including preventive actions and a new home / auto / fine-arts package that could increase his incentive points. This information is presented as "how similar customers have improved their scores".

The claims handler

The claims handler is a digitally-savvy individual who is motivated by helping people get through traumatic events. He is customer-service-oriented and is willing to make an effort to address their issues and concerns. He collaborates closely with his colleagues to take advantage of their different skills and areas of expertise. While professional and ambitious, he also wants a balance between work and recreation—and uses technology to help attain this balance.

When the claims handler logs in using facial recognition, the system sees he has a light workday and presents him with a "development view" rather than a "task view" screen. Performance points, skill badges, goals, growth and other metrics show career progression. The handler also sees a list of current and suggested training programs and events. He drags and selects several, based on the calendar, then switches to "task view" to get an overview of the week's workload.

He is directed to the first claim of the day, which involves fine arts. "Claim assistant" appears on his screen—alerting him that the claim is both important and time-sensitive—and suggests, based on similar claims, that he switch to "timeline view". This screen shows the progress of the claim along with standard timeframes for similar claims. A scheduled meeting with a fine-arts expert appears on the timeline, along with icons of attached documents.

The handler uses "chat view" to begin the meeting. He confirms receiving the documents and "flicks" work to a nearby tablet to share them. With the expert, he flips through virtual papers to review her research and analysis. They agree the claim may be fraudulent.

The handler sends a summary to his supervisor through another chat. Available time slots for follow-up meetings are synchronized among all parties. This helps the handler deal with multiple claims in parallel, making the most of peaks and valleys in his workload as information comes in.

The claims supervisor

The supervisor needs to identify and respond to emerging macro trends. She supervises and encourages the progress of her region. She prefers real-time collaboration and communication with employees, and is determined to retain employees in key areas that demand important but scarce skills and expertise.

Like the claims handler, the supervisor logs in using facial and voice recognition. The system sees she has a heavy day and quickly presents automated claims assignments based on skills in "schedule view". Another function, "claim assistant", alerts her of last-minute absences. It prompts her to review personnel changes she was planning, and suggests handlers with similar skills and capacity. Seeing the name of a handler whom she believes will benefit from the experience, she uses a drag-and-drop feature to reassign tasks and claims to this worker.

The supervisor is then prompted with a reminder of a new bundling promotion for fine-arts insurance, which may require additional resources. When she switches to "report view", "claim assistant" appears, prompting the choice of training or additional hiring, with supporting data. The supervisor clicks to view training options and assigns courses to selected claim handlers, including the person to whom she has just reassigned a claim.

The supervisor is then interrupted by an alert for an escalation issue. After reading a summary, she selects a meeting time from a list of options and then flicks documents to her tablet for later reading. She accesses "claim timeline view" and sees that the insured is a VIP customer and there are multiple tight deadlines for processing. She adds a note to the timeline, alerting the claims handler to whom she allocated new tasks that she is willing to reassign if necessary, as the fine-arts claim takes precedence.

Conclusion
Rethinking claims for an enduring competitive advantage

The claims experience is a make-or-break event for insurers. Customers dissatisfied with how their insurer handles a claim are not only likely to switch insurers; they are also likely to turn to social media to share their unhappy experience with a few million of their closest friends.

What is needed is nothing less than a comprehensive rethink of the claims function – simply trying harder with the same strategy and technology will not deliver the required improvements. Carriers need to take an outside-in approach, reviewing the claims organization, its processes and its skills from the perspective of the customer's needs and preferences. They need to reassess their capabilities in terms of the four building blocks of an optimized digital claims function, as discussed above. And they need to consider the operational changes that the digital claims experience will demand, not only with respect to service delivery and workforce enablement but also things like data privacy, vendor management and governance.

Rethinking the claims function also entails understanding the link between service and value. Investments in claims service and technology have not always been made in areas that deliver the best return on investment. The focus should not only be on efficiency, loss cost reduction and customer retention – claims should also be seen as a vital contributor to brand differentiation, capital efficiency, and cross-organizational synergies.

Digital technologies offer insurers a tremendous opportunity to transform the claims experience across all of these dimensions. By enabling them to become more customer-centric, proactive and agile, they lay a solid foundation for cost reduction, growth and an enduring competitive advantage.
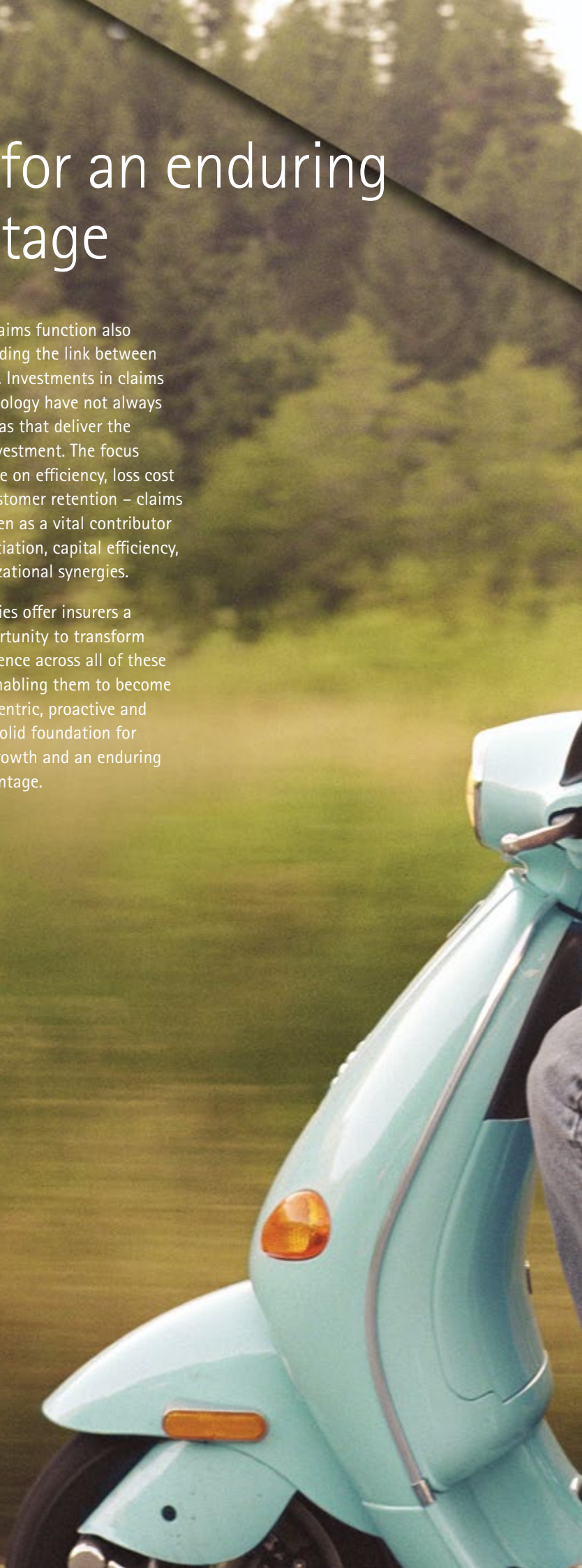
Contact us

If you would like to speak to someone about the results of Accenture's Claims Customer Survey, or how to embark on the digital transformation of your claims function, please contact one of the following Accenture specialists:

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Scan the QR code with your smartphone to interact with the survey data

About the series

The Digital Insurer is an Accenture series that provides insights on how insurers can achieve high performance in the Digital Age. Digital is not simply a new distribution channel—it offers an entirely new way of doing business. Leading insurers are learning how to provide significantly easier access to a wider range of more relevant products and services at a lower cost. With these goals in mind, this series presents pragmatic and visionary discussions on analytics,back-office digitization, marketing, mobility, social media and more. For more information about this series, please visit www.accenture.com/digitalinsurer.

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