

SATISFACTION WITH INSURANCE CLAIMS SETTLEMENTS NOT ENOUGH TO KEEP CUSTOMERS LOYAL, ACCORDING TO ACCENTURE SURVEY

October 14, 2014 *Victoria Prussen Spears, Esq. Associate Director FC&S Legal*

Although a large majority (86 percent) of insurance customers who have submitted a claim in the past two years were satisfied with the way it was handled, 41 percent of those who have submitted a claim still were likely or very likely to switch to another insurer in the next 12 months, according to new research by **Accenture**.

The research was based on a survey of nearly 8,000 automobile and home insurance customers in 14 countries.

Fourteen percent of insurance customers who submitted a claim in the past two years were dissatisfied with the way it was handled, and 83 percent of these dissatisfied customers were planning to switch or have already switched to another insurer, according to the survey.

“While a customer who is dissatisfied with the way his or her claim was handled is almost certain to defect, a satisfied customer will not necessarily remain loyal,” said **Michael Costonis**, a managing director in Accenture’s insurance industry practice and global head of claims services. “The survey results clearly show that delivering average claims satisfaction levels is not enough. The bar has been raised and in order to clear it, insurers need to provide a differentiated claims experience that not only delivers on service but maintains the appropriate financial discipline as well.”

The survey also revealed that customers who submitted an insurance claim in the past two years were almost twice as likely to switch insurers in the next 12 months compared to those who have not submitted a claim: 41 percent compared to 22 percent.

“The very act of filing a claim makes a customer much more likely to switch insurers, regardless of how satisfied they are with the experience,” said Mr. Costonis. “Insurers should look at how connected devices and other digital technologies can help customers better manage risks to reduce claims frequency.”

The survey also indicated that more than three-quarters (77 percent) of insurance customers would be willing to share personal information with their insurers in return

for certain benefits. While 77 percent of these respondents would share information if that would enable them to receive lower insurance premiums, more than half (59 percent) would do it for quicker claims settlement, and 28 percent for personalized recommendations that could help them better manage risk and avoid losses.

When asked what types of information they would be willing to share, more than half (56 percent) of the automobile insurance customers surveyed said they would share information about the condition of their cars, 52 percent about their driving habits, and 39 percent about their location via global positioning system. As to home insurance, 78 percent of customers surveyed said they would share information collected by smoke, carbon monoxide, humidity, or motion detectors, and more than one-third (35 percent) said they would share security video camera footage.

“Customers are willing to share information, and insurers that are able to use this information to help customers manage risks and reduce the number of claims will not only lower claims costs but may gain an advantage in terms of customer loyalty,” said **Thomas Meyer**, the managing director of Accenture's insurance industry practice in Europe, Africa, and Latin America. “To do this, however, insurers will also have to meet customer expectations in a wide range of areas, including speed of settlement, transparency, and use of innovative technologies such as mobile and social media.”

The survey findings also suggested that speed of settlement and process transparency were the most important contributors to customer loyalty, with each cited by 94 percent of survey participants as a key expectation when interacting with insurers during the claims process. Additionally, 90 percent of respondents cited the ability to contact the provider at any time in order to check real-time status of a claim as an important expectation.

Almost two-thirds (61 percent) of insurance customers said they would prefer to use digital channels to check the status of their claims. Half (53 percent) said they would not recommend their insurers to friends and family if they did not have the ability to use digital channels to interact with these insurers, and more than two-fifths (44 percent) said they would switch to another insurer if they could not use these channels.

Social media was another area with growing influence on customer perceptions. Approximately one in three (29 percent) of respondents said they posted or planned to post on social media channels about their positive claims experience, and a similar number (30 percent) said they posted or planned to post about their negative claims experience. In addition, 43 percent of respondents said they either read or planned to read reviews that other people posted about their claims experience.

Among other survey findings:

- More than one in six (17 percent) of customers surveyed admitted to overstating the value of their loss when they last submitted an insurance claim,

but this admission of overstatement dropped to 8 percent among those who were “very satisfied” with the management of their claim.

- Only 11 percent of survey respondents who have heard about mobile applications currently were using a mobile application for insurance, although 53 percent of those who have heard about such applications planned to use one in the future. More than one-third (37 percent) who have heard about such applications said they were not interested in using them.

- Customer satisfaction with claims experience varied from country to country; it was highest in Denmark (92 percent), the Netherlands (91 percent), and the United States (90 percent) and lowest in Italy (73 percent) and Spain (76 percent).

“The survey findings underscore the ‘make-or-break’ nature of the claims experience for insurers,” said Mr. Costonis. “Customers dissatisfied with how a claim is handled are not only likely to switch insurers; they are also likely to share their unhappy experience via social media. Insurers need to rethink their claims operating models, organizational structures, and even their corporate cultures to get in sync with today’s demanding and digitally connected customers.”

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About The Author



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Victoria Prussen Spears, Esq., is Associate Director of **FC&S Legal**, Editor of the *Insurance Coverage Law Report*, and Senior Vice President at Meyerowitz Communications Inc.

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