

# Part 3 of 3 - How digital enables growth in Insurance and the considerations required - Customer experience & digital

Customer experience remains a key challenge for Insurance organisations; how can digital help?



Insurance



## How digital enables growth in Insurance and the considerations required – Customer experience & digital

According to the latest YouGov poll (March 2023) on how British adults feel about the insurance industry, just under 40% are neither favourable nor unfavourable whilst just under 10% say they don't know. Only circa 15% describe themselves as favourable. These statistics have remained stagnant since 2019.

Insurance organisations have been grappling with the challenge of improving customer experience for many years. It has long been acknowledged as an area to improve and the advent of the digital world has only added to the challenge. The statistic demonstrating the indifference of the general public to the industry is troubling, given that it has remained stagnant since 2019, but also provides the industry which huge scope to evolve and grow in this space. However, as you may expect, there is no single silver lining.

Of course, organisations focus on improving the customer experience they each deliver but unless the industry as a whole can positively impact customer perception then the benefits will be constrained.

The nature of insurance and its products shouldn't be ignored when considering the findings in the poll. We buy insurance to give us reassurance and peace of mind when we face some sort of adversity; not forgetting that the legal requirement for car insurance leads to it still being a grudge purchase for many; and for some the mortgage-led requirement for buildings insurance.

Customers generally only see the value of insurance through the claims process and having a claim settled, making it the key element in customer experience, yet according to the FCA's General Insurance value measures data for July – December 2021 the claims frequency for car insurance is just over 5% and less than 3% for combined home; meaning only a small number of



customers experience the true value of the products they buy. Given those numbers it is the quote & buy, renewals and customer service interactions that drive customer perception. Digital transformation presents an opportunity to move the dial. For example, it allows choice of accessibility through different communication channels and enables the ability to interact at a time of your own choosing as two of the most obvious areas. It allows insurance organisations to understand their customers much better, however it is important not to look at it from an internal lens – understanding the risk, adjusting pricing, marketing preferences – but to truly understand the customer lens, their priorities and the value they seek. There is a plethora of technology solutions available to support these challenges.

The key is understanding the overall direction, how the various solutions come together to provide the preferred customer outcome and how such solutions fit into the strategic architecture. If sufficient thought is not given to this, there is the risk that significant additional cost and complexity is driven into the business.

This is why our approach to any digital transformation starts with building out the customer case alongside the cultural case before moving to the financial case and solutions.

However, to truly impact customer experience in a long-lasting positive manner requires not only the individual insurance organisations to drive their own improvements but to work together to solve the indifference and improve the %age of British adults who are favourable about the industry.

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### About Mason Advisory

Mason Advisory has offices in Manchester and London and employs over 100 staff, with plans to continue its expansion. We enable organisations to deliver value through digital & technology transformation, solving complex business challenges, and helping clients set strategy through the intelligent use of IT resources including architecture, cyber, operating model and organisational design, service management, and sourcing. We operate in sectors such as financial services and insurance, legal and law, government, health and social care, emergency services, retail, FMCG, transport, and not-for-profit.

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