



# IMPROVING THE INSURANCE CUSTOMER EXPERIENCE

Strategies for success in transforming operations  
to enhance the digital customer experience

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## EXECUTIVE SUMMARY

This report identifies key success factors for the implementation of automation and digital transformation initiatives in general insurance. It explores the practical challenges of tackling legacy systems, processes, and technology to transform the customer experience, deliver omnichannel engagement, and remove frictional costs.

It is based on discussions at a breakfast briefing The Insurance Network (TIN) co-hosted with Verint on 'transforming operations to deliver the digital customer experience' on 6th July 2022, featuring Carl Berriman, Head of Product Delivery at LV=, and Simon Buckley, operations director, AXA Insurance; and the AI & Automation session at Virtual TINtech held on June 21st, with Tom Clay, chief data scientist at Covea Insurance, Dr. Annarita Roscino, the group claims data & insight leader at Zurich Insurance and Ed Jones, strategic CX & digital transformation advisor at Verint®. The breakfast briefing was held under The Chatham House Rule. Verint and TIN would like to thank everyone for their contributions.

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Automation is critical for improving customer experience and can also help address the current, very tight labour market. Its use will create new roles for front-line staff, enhancing their career opportunities outside of the contact centre.

There is tension between the various stakeholders that needs to be considered during the change program. Whilst reducing customer effort and friction are key, the impact on employees, intermediaries, and the regulator must be understood. Look to remove 'valueless complexity' from business processes before automating them and use customer journey mapping to ensure policyholders are at the centre of any change program.

Automation will reduce the number of mundane tasks from your workforce and create capacity to engage customers on their complex questions. Escalating from automation to assisted service needs to be seamless, and the information already collected by bots must be available for your team, regardless of the communication channel(s) used to initiate the conversation.

Communication of the value of your change program must be communicated well. By sharing why your automation should be trusted, the adoption rate of new applications can improve, and benefits realisation of your business case accelerated.





## INTRODUCTION

All too often in the insurance sector we see that legacy technology, disparate data in siloed functions, and a risk-averse culture have stifled the innovations that have the potential to improve operational performance and enable a more agile, adaptable business ready to face future changes in digital service expectations. Both of these events sought to identify approaches to overcome these challenges and answer some of the below questions:

- Where are the opportunities to improve customer experience?
- What are the operational challenges that need to be addressed to make those improvements?
- How have customer experience expectations changed and what does that mean for the organisation and the operational delivery of products and services?
- What are the processes, technologies, and cultural challenges that need to be addressed to transform operations in order to improve the customer experience?

In no particular order, here are some insights intended to help you find some answers.



## MAKING THE CUSTOMER-CENTRIC BUSINESS CASE

Until very recently, cost reduction was cited as the biggest driver in digital transformation. In particular, the business case for deploying automation in operations was to ultimately reduce FTEs – this is simply no longer the case. Today business cases are about creating capacity to improve the customer experience and to drive up NPS, tNPS and CSAT\*. Insurers are waking up to the fact that to remain competitive, they must invest in the customer, and it is through that lens they are now reviewing their processes.

In addition, most insurers TIN speak to are understaffed by 20-25%. There are lots of open vacancies and they struggle to source the right people with the skills to fill these positions.

Digitisation, Robotic Process Automation (RPA), and intelligent automation can help overcome both of these challenges. By applying intelligent automation in customer-facing operations and workflows, where software can make decisions based on the models, the numbers really start to tell a compelling story. An attendee at the breakfast expressed this in the pre-event survey:

*“If you can take 5 minutes out of someone’s day by using RPA or IA, and then multiply that by 5000 a day, and all of a sudden, you’re creating capacity within the organisation to do more things better for your customers. It’s not just about saving money; it’s about driving customer experience.”*

Ed Jones at Verint:





*“When considering the business case for automation it is no longer a trade-off between investing in driving operational efficiency or enhancing the customer experience. Reviewing and improving customer journeys almost always positively impacts operational efficiency. A strategic approach using a single automation platform across voice and digital channels will reduce costs and accelerate time to value.”*





## ENSURE YOU KNOW WHO YOUR CUSTOMER IS

When it comes to actually implementing customer-centricity, it's important to recognise that one size does not fit all, and that you have to look through 'different customer lenses' in order to identify whose priorities you are looking to address:

-  The end consumer / direct customer
-  Intermediaries / brokers (including aggregators)
-  Employees
-  The regulator, especially in the low-cost segment where they are very interested in customer outcomes and what insurers are doing for vulnerable customers







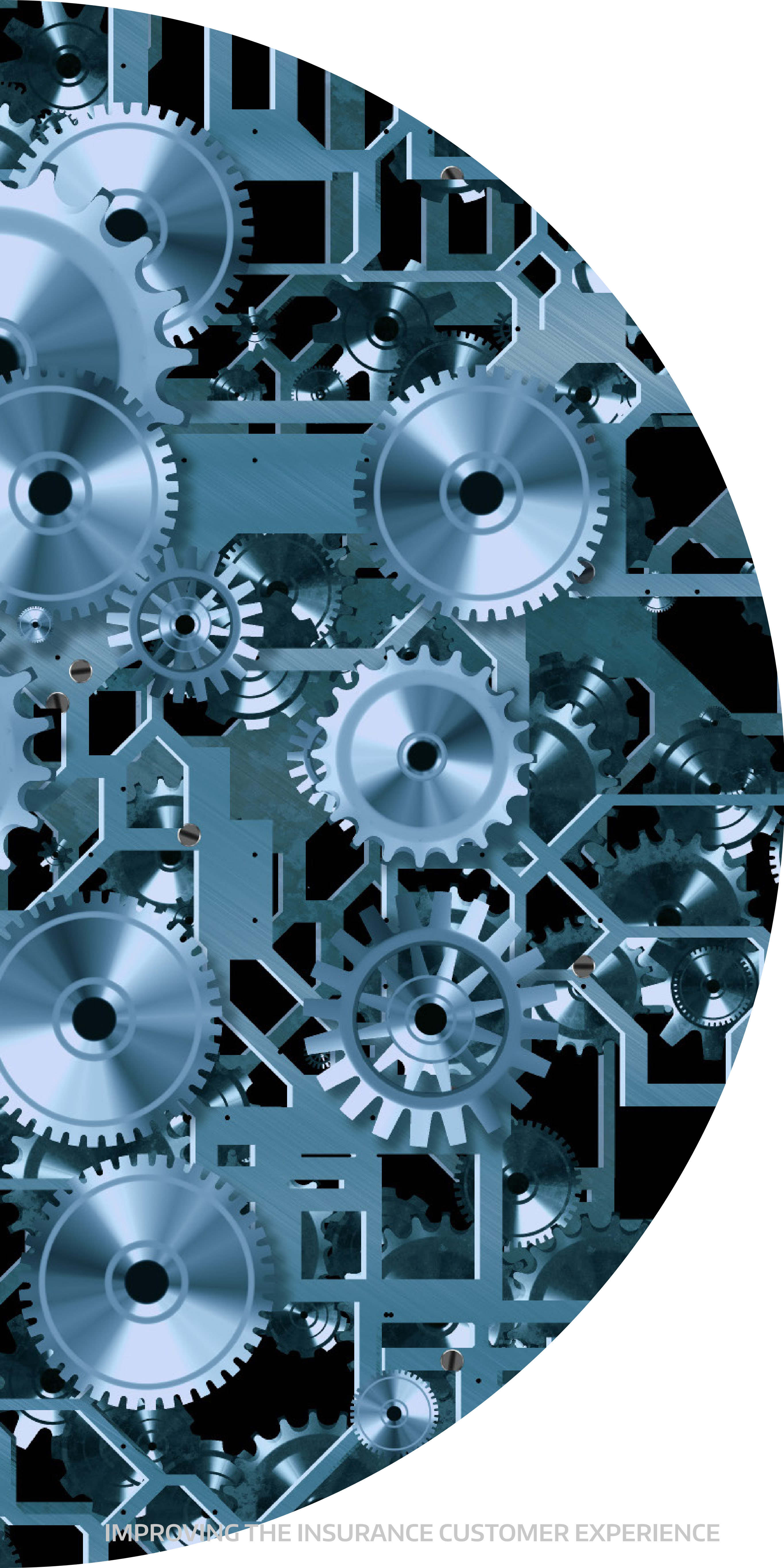
These are not necessarily always all aligned – and keeping one happy often comes at the expense of another, especially where the regulator is concerned. The challenge is to meet the needs of these disparate stakeholders, improve operational effectiveness, whilst reducing friction in your customer journeys.

One participant described how adopting a systems thinking-based approach around key processes from each of these different customer lenses uncovered a lot of unnecessary friction. It also uncovered areas where work had been done to streamline processes that hadn't actually led to an improvement in outcomes that actually mattered to the relevant stakeholders.

Ed Jones at Verint elaborated:

*“Customer effort should be reduced by creating an environment that “knows” them, uses automation to guide them through your business processes (their customer journeys), and provide contextual information in real-time. This helps ensure they don’t need to become insurance experts or call you, to benefit from your products and services.”*





## DON'T AUTOMATE BAD PROCESSES

For many insurers, the automation of inefficient and error-ridden manual processes is a key focus of digital transformation. Many are seeking to erode friction, eliminate bottlenecks, or remove service gaps in the customer journey by automating elements of onboarding, claims, and policy change during the insurance term.

Too often, however, they embark on transformation without properly understanding the performance of the existing process, and consequently 'automate inefficiency'. It is essential to scrutinise your processes before digitising or automating: where's value, where's time, where's effort? How does this process help or hinder the customer? Can we change it? Can we streamline it? Is a technology out there that might automate it?

As Ben Spencer, Group CIO at Beazley, eloquently put it in the keynote session of Virtual TINtech, the goal should be to remove 'valueless complexity' from our processes and customer journeys.

There are now powerful and effective process mapping tools that can short cut this traditionally time consuming, but essential, activity and it is well worth exploring their potential.

Ed Jones at Verint:

*"The key challenge with journey mapping is data. A journey that starts online with a bot, escalates through email, requires a phone call, and then gets tidied up with a messaging session on a mobile app, will store data across multiple siloes. Bringing that customer engagement data into a central data hub, augmenting it with business relevant information, to then understand the journey breakpoints, is critical."*



## SKILLS, CAPABILITIES, AND ROBOTS IN THE LOOP

Against the backdrop of The Great Resignation and an evolving war for digital talent, many insurers describe challenges in retaining talent in the digital space. As mentioned earlier, most insurers we speak to are understaffed by 20-25% and struggle to find the people with skills and capabilities to perform the new roles created by digital transformation. By applying intelligent automation to the high volume / low value (to the consumer) queries, you free up your skilled employees to focus on the more nuanced decisions and value add services. A significant byproduct is that the 'human roles' become more engaging and challenging for the team, which helps improve retention rates.

Ben Spencer described a focus on fostering a workplace where people to want to work and stay (whether that is home or office based). Other participants discussed the importance of ensuring that digital roles evolve and include front-line employees in future innovations. The people who know most about a business and customer engagement are that frontline team; by bringing them into the automation program, roles are now being created that didn't exist before.







Participants agreed that where there is an escalation from automation to an employee – whether that’s switching from an AI-driven chatbot to a chat with an agent, or from digital self-service to contact centre – the objective is a seamless shift. The systems the agent and the customer are using need to access the same data, regardless of channel. When a human does take over a previously automated journey, all the data and inputs that have been collected by the automation should be available to the agent. This requires a common data architecture that underpins all operational activity and allows the necessary data to be accessed at any time. The data needs to be in one place and accessible to all departments – usually either a data lake or (increasingly) the cloud.

Ed Jones at Verint:

*“Automation shifts frontline work from the mundane to the value add, so we can use our most precious resource, our people, for the most challenging customer conversations. This means human assistance becomes an escalation path, not the default as it is today.*

*Multiple customer engagement platforms (voice and digital) have been implemented with a piecemeal approach to procurement. Consolidation is underway that enables all customer engagements and interactions to be undertaken from the same place, with a single data model, on a single “pane of glass.”*

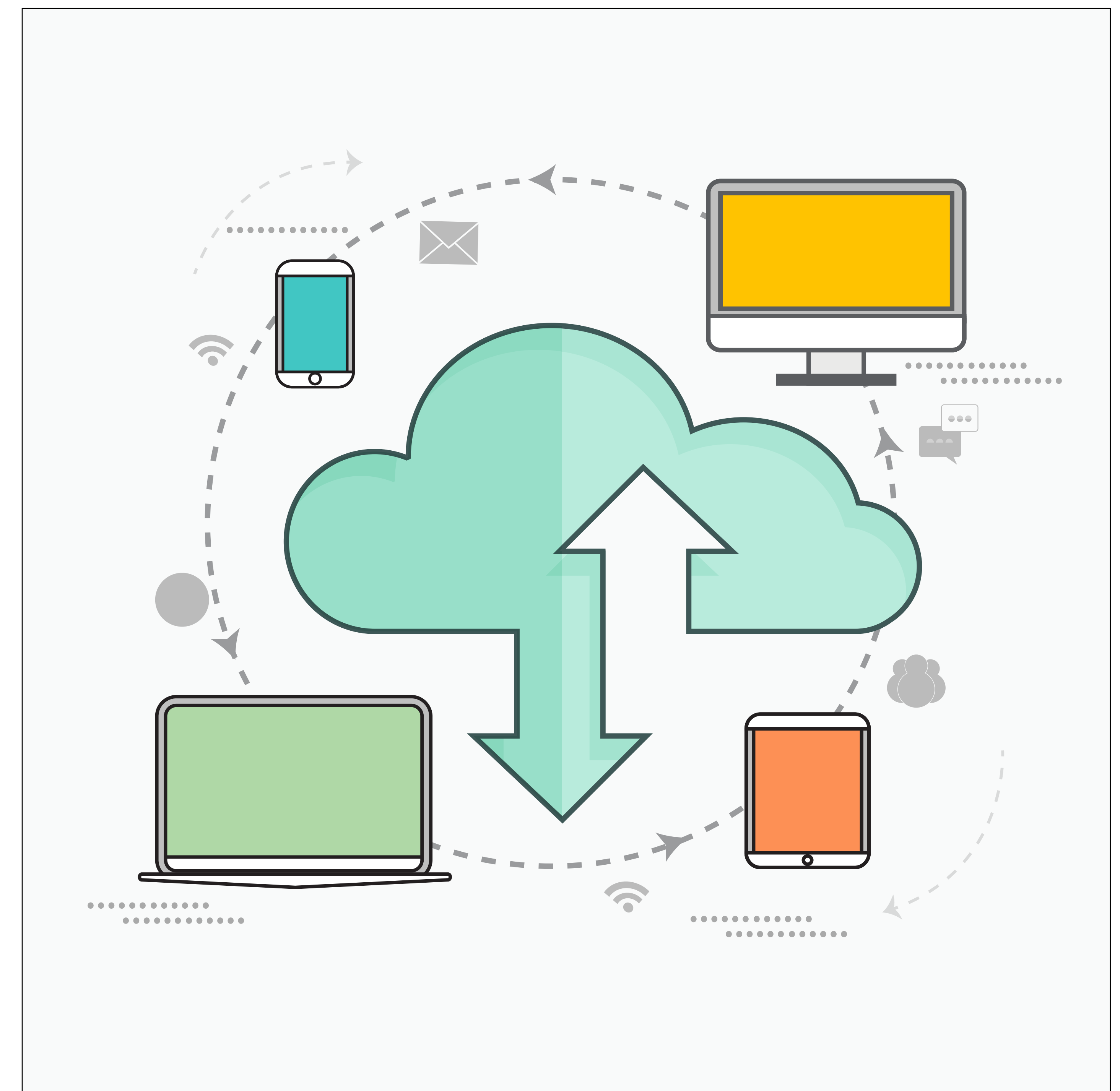


## TRUST, TRANSPARENCY AND EXPLAINABILITY ARE KEY

As illustrated by Tom Clay's case study of Covea's automation at Virtual TINtech, AI or any form of advanced automation to either augment or make decisions about your customers, must be explainable. This is not just to your business but also your regulators, and ultimately, your customers too.

Before processing a motor claim, Covea must validate customer details from the DVLA - including whether the driver has past penalties of any sort. It's best to establish this at First Notice of Loss (FNOL) or soon after, rather than leaving it to a claims handler later in the process. The challenge is that a manual check introduces friction and an unwelcome step, at an unwelcome time. As well as being time consuming (handlers have to ask extra information of their customers and call the DVLA or use the DVLA website to validate), the insurer is essentially checking that the customer is being truthful. Not the best way to start a relationship or foster engagement!

The first iteration of this automation essentially provided a probability to the handler: 'We believe that there is a 95% chance that this customer does not need to be validated for a DVLA check.' The message to the claims handler is, 'You need to trust what we're saying, because I can show you all the statistics in the world that will tell you why we're right.'







Now, because the claims handlers didn't understand why the AI system made the decision, this meant they didn't accept or trust it. It was only when the data team 'opened up' and started saying to their users and internal customers 'We believe there's a 95% chance that you don't need to validate this customer for a DVLA check' and 'This is why the decision was made, based on who they are, and referencing and cross-referencing the relevant data' – and telling the handler what the data is – that the AI was accepted into business as usual and the benefits realised.

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Tom Clay at Covea Insurance:

*"Interpretability is a cornerstone when it comes to AI and automation used for customers, both internal and external... It's important to open up your AI models, because you stand a much better chance of getting your models accepted. If you are using AI to augment decision making or make decisions about your customers, you need to make sure your AI is explainable, not just to your internal customer and your data science team, but your regulators, your operations managers, and ultimately, your customer."*

Ed Jones at Verint:

*"Data is key to driving any successful automation program. Effective customer engagement requires significant quantities of specialised data and specific algorithms. As you approach your automation, ensure your data is cleansed and fully labelled for your desired use case and business outcomes."*





## CONCLUSION

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With digitisation and automation continuing at pace within insurance, these five practical areas should be considered before embarking on your initiatives:

**Make a customer-centric business case.** Creating capacity is as important as reducing cost and improving service.

**Ensure you know who your customer is.** Journey mapping to your business stakeholders and processes is critical.

**Don't automate bad processes.** Business has evolved bad habits over time tidy and then automate.

**Consider skills, capabilities, and robots in the loop.** Re-use front-line expertise to build your automation strategy.

**Trust, transparency, and explainability are key.** Communicate why, how, and what, to ensure success and benefits realisation.

By carefully considering these factors, digital transformation initiatives have a higher chance of success, engaging employees, and delivering the desired improvement in the customer experience.

Verint and TIN would like to thank all our speakers and attendees at both the breakfast briefing and Virtual TINtech for their contributions.





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