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Research report:

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New home and auto insurance customers make up less than 5 percent of the entire market, according to Bain. As a result, growth comes from either retaining or stealing policyholders away from competitors. That's why understanding and focusing on the right levers to drive customer satisfaction is key to staying competitive.

Despite of all the funny commercials on television and price wars being waged by property and casualty (P&C) providers to attract new policyholders, the claims process is one of the most critical experiences someone has with an insurance company. It's a time when policyholders are vulnerable and look to the company to be a trusted advisor and expert. Depending on how the experience goes, it can make or break a customer relationship.

It's well known that a positive experience is likely to drive a high customer satisfaction (CSAT) or Net Promoter Score (NPS). But when you look at the claims experience, there are many variables that work together to make up the experience—from how customers are treated to the different process steps and channel interactions. *The 2015 TeleTech P&C Customer Satisfaction Survey* set out to determine what really drives satisfaction in the home and auto claims process using a sophisticated of analytic tools that help decode the secrets to a great claims process.

Satisfaction comes from a cohesive experience

As part of the *2015 TeleTech P&C Customer Satisfaction Survey* more than 300 consumers were asked about how the claims process influences customer satisfaction. We learned that multiple factors are involved, including how policyholders were treated, the claims process, channel interactions, etc. We also learned that these factors are not isolated. They work together as a coalition to drive customer satisfaction. As the claims process can be complicated and involve multiple variables, it requires advanced analytics to determine what variables are most impactful to driving improved customer satisfaction (see sidebar on page 8).

Looking at more than 30 attributes of the claims experience, the research found that both relationship and competence factors influenced satisfaction. The most influential was "my insurance company acted in my best interest." Figure 1 shows the list of significant satisfaction drivers, by order of influence.

It's important to emphasize that customer satisfaction is not just predicated on singular drivers. It is influenced by a coalition of variables that act together. The mix of relationship factors with tools and processes have an impact

Figure 1: Most significant predictors of customer satisfaction (CSAT).

Measure	Impact on CSAT
Insurance company acted in my best interest	11.4%
Initial filing of the claim	8.0%
My issues were resolved the first time	7.4%
Obtaining approval for the claim	7.0%
Insurance rep managed my expectations	6.7%
Overall effort required to file a claim	6.7%
There were no surprises	6.6%
Filling out necessary forms	6.6%
Initial assignment of the adjustor on the claim	6.3%
The insurance reps were knowledgeable about the process	6.0%
My personal information was already known by the insurance rep	5.7%
Obtaining an adjustment for the claim	5.5%
Finding the contractor of my preference	5.5%
Receiving money from insurance company for the claim	5.3%
The insurance reps provided a personalized experience	5.2%

on overall satisfaction. So while "acting in a customer's best interest" was the most influential factor, each one of the significant drivers in Figure 1 builds on one another. Just improving one variable may not be the best approach—it's a complex ecosystem with highly correlated variables that must be viewed holistically.

What we also found was that satisfaction on its own doesn't necessarily drive business results. The item "the insurance company acted in my best interest" was by far the most important predictor of overall satisfaction. But looking at average current satisfaction levels, it ranks much lower than the claim filing process and knowledgeable reps (see Figure 2). This shows that the things people are less happy with now are sometimes the most important for future success.

So where should businesses focus their efforts? Figure 3 further categorizes each driver into one of four quadrants, combining both sets of satisfaction measurements. This

provides an insightful way of looking at the results that can help insurance firms prioritize where to focus their customer experience efforts. Drive Fast, which has items with above average impact on overall CSAT and below average item satisfaction (i.e., greatest opportunity for improvement), should be prioritized first. Stay the Course items should be prioritized second, because of their high impact on satisfaction levels. The bottom two quadrants should be deprioritized, since improvements in those areas won't drive major change in satisfaction.

The research confirms the notion that customer experience is a coalition of many factors, which require sophisticated analysis and a strategic approach when making improvements. In addition, this advanced level of analysis gives executives tools to fight heuristics or intuition. For example, fixing the five lowest ranking satisfaction areas seems like a good idea, but the data shows that it isn't necessarily the right approach to see real improvements in overall satisfaction.

Figure 2: Satisfaction measures

Analyzing the data differently shows that areas with the highest customer satisfaction (blue bars) don't necessarily drive future satisfaction or business growth (dotted line).
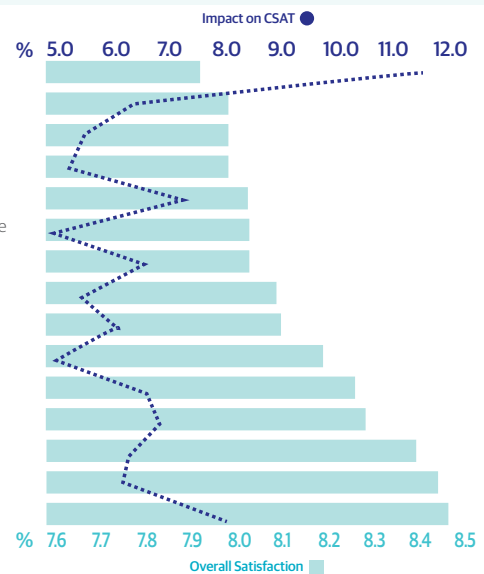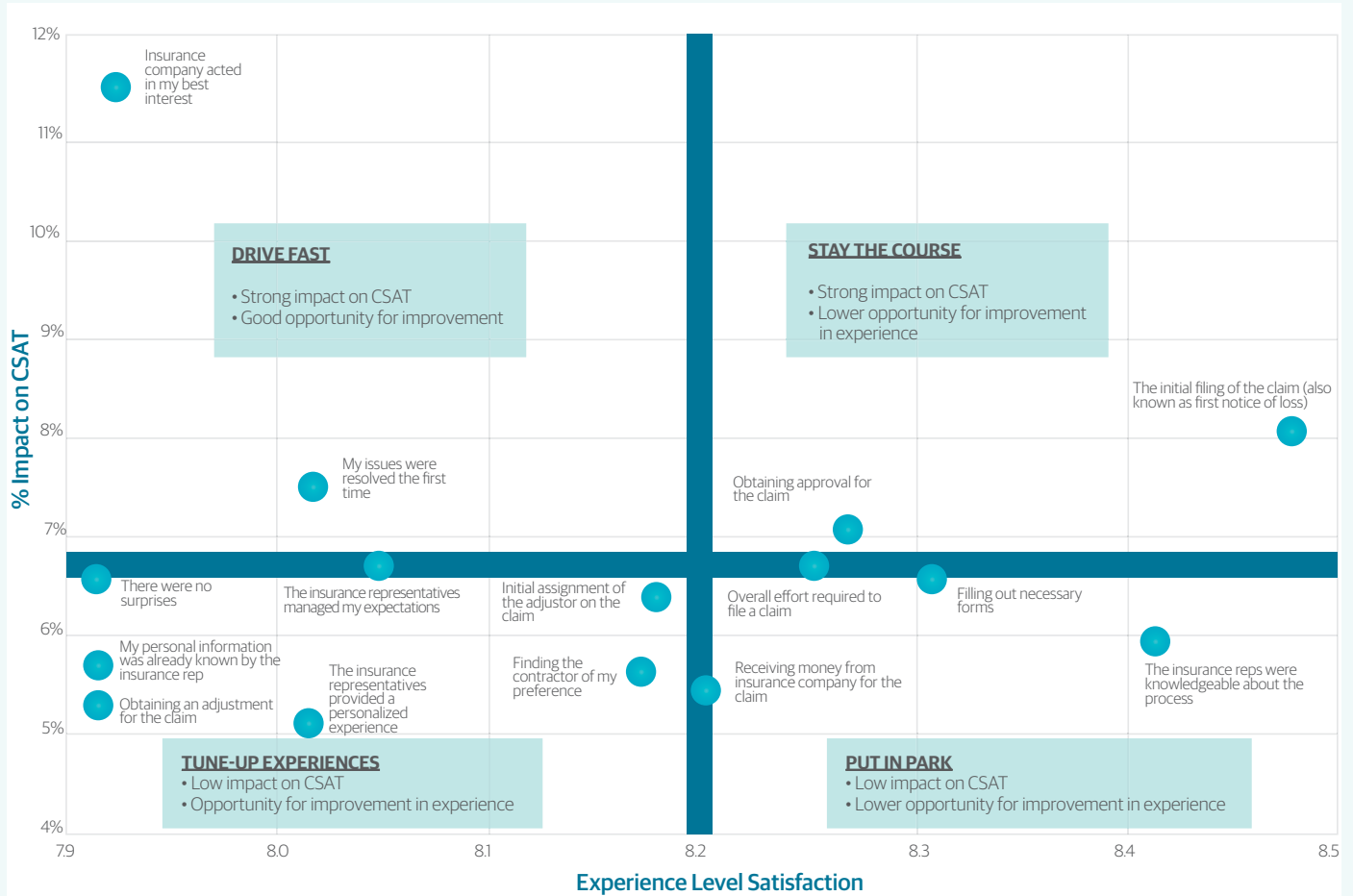
Figure 3: Customer satisfaction matrix

This matrix places each attribute into a quadrant based on customer satisfaction with the item and its contribution to overall satisfaction.

DRIVE FAST
• Strong impact on CSAT
• Good opportunity for improvement

STAY THE COURSE
• Strong impact on CSAT
• Lower opportunity for improvement in experience

TUNE-UP EXPERIENCES
• Low impact on CSAT
• Opportunity for improvement in experience

PUT IN PARK
• Low impact on CSAT
• Lower opportunity for improvement in experience

Data points:
- Insurance company acted in my best interest
- My issues were resolved the first time
- There were no surprises
- The insurance representatives managed my expectations
- Initial assignment of the adjustor on the claim
- My personal information was already known by the insurance rep
- Obtaining an adjustment for the claim
- The insurance representatives provided a personalized experience
- Finding the contractor of my preference
- Obtaining approval for the claim
- Overall effort required to file a claim
- Filling out necessary forms
- Receiving money from insurance company for the claim
- The insurance reps were knowledgeable about the process
- The initial filing of the claim (also known as first notice of loss)

Y-axis: % Impact on CSAT (4% to 12%)
X-axis: Experience Level Satisfaction (7.9 to 8.5)

## Channel metrics reveal experiential insights

We found that channel-specific satisfaction is important to overall satisfaction. So it's important that companies focus on what channel their policyholders like and make sure that they provide a good experience in those channels.

By far the most used channel was phone. Eighty-nine percent of respondents talked to a representative over the phone or in person for their last claim (see Figure 4). The phone channel also had the highest channel satisfaction rate and impact on overall satisfaction. This was followed by speaking to a rep in person, and then using the website, mobile app, and self-service.

As shown in Figure 5, channels that were preferred by respondents (and used more often) were also the channels for which channel satisfaction had a bigger impact on overall satisfaction. Quadrants were determined by plotting the impact on overall satisfaction (X axis) and preference (Y axis).

Figure 4: Channel preferences when filing a P&C insurance claim
(channel satisfaction on a scale from 1-10, 10 being most satisfied)

*Impact: Influence of channel satisfaction on overall satisfaction
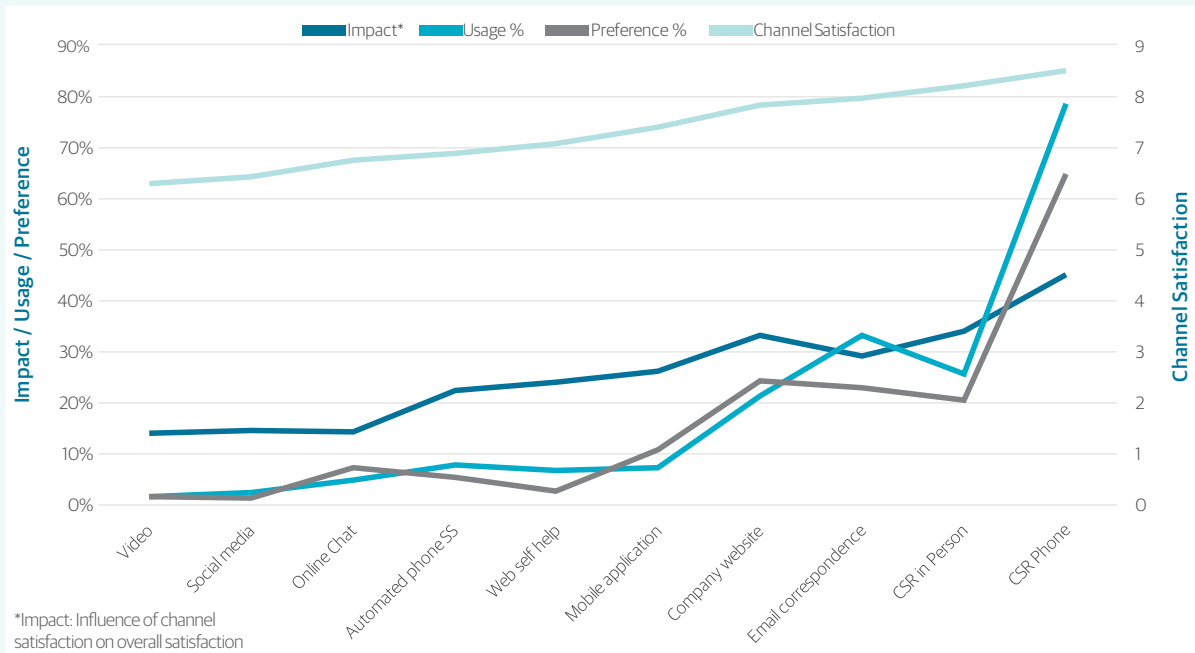
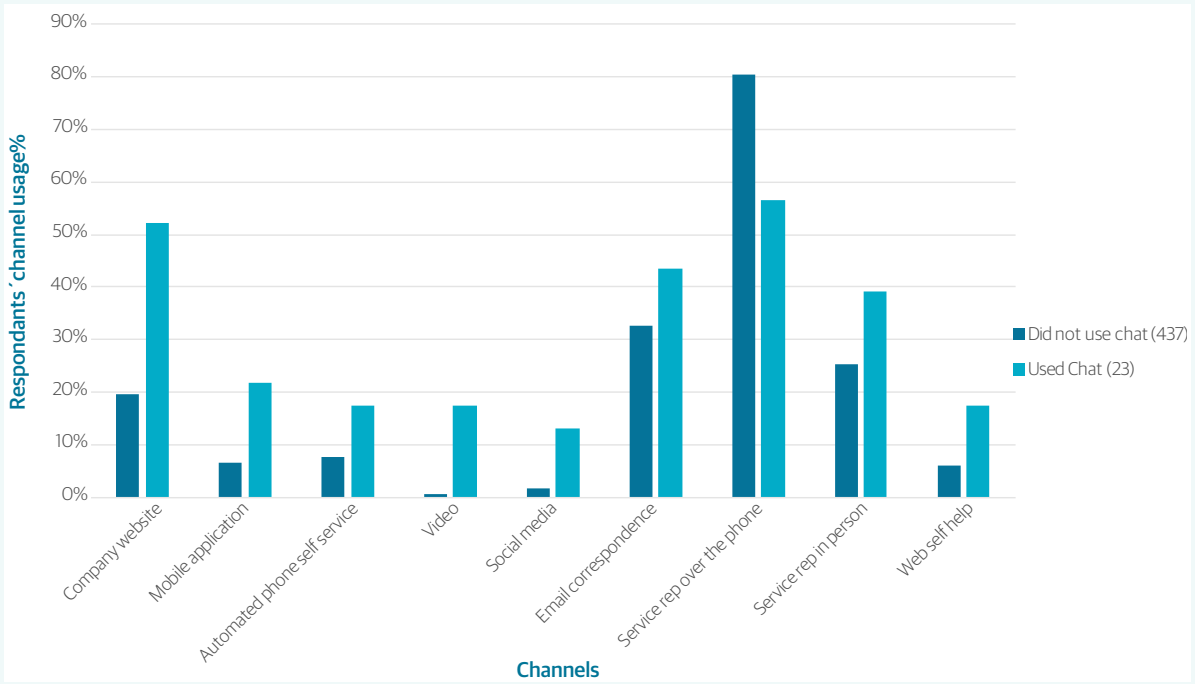Figure 5: Channel preference matrix

Most respondents preferred the phone channel, and that channel had the highest impact on overall satisfaction. It shows the importance of knowing customers' preferred channel(s) and getting it right in those channel(s).
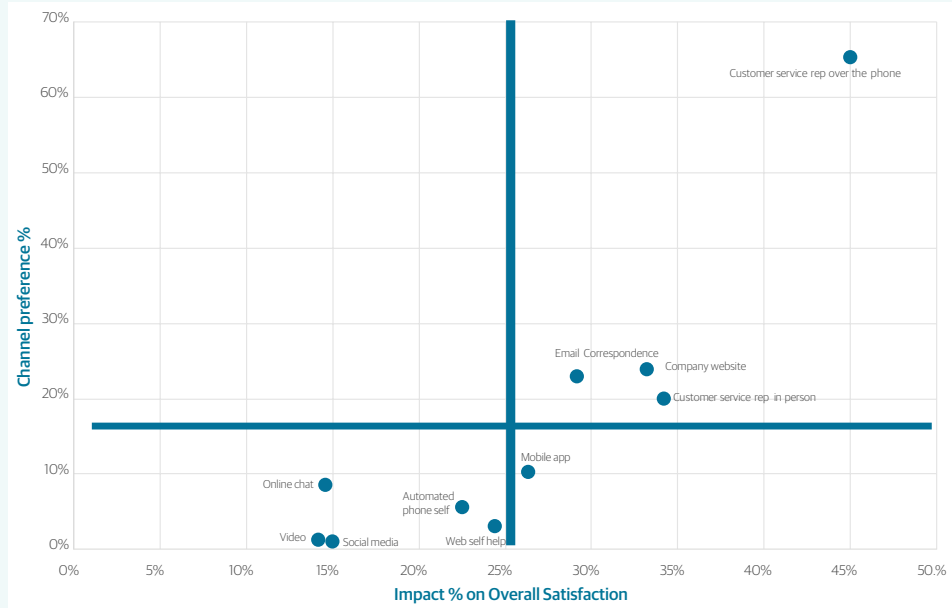

Figure 6: Use of other communication channels for respondents who used chat versus those who did not

We also looked more closely at chat, since it's a growth channel for a number of insurance carriers. The research found that respondents who used chat all used some other form of communication along with it. They were also less likely to use the phone, but more likely to use all other channel options when compared to respondents who did not use chat (see Figure 6). Based on this data, it becomes clear that a cohesive omnichannel experience is critical. Another interesting finding is that there was a slight increase in satisfaction when policyholders went from using one to two channels (chat plus something else, for example). Then there was a substantial drop in overall satisfaction for the claims process when a customer used three or more channels (see Figure 7). It can be implied that if people did not resolve their issues through the first two channels, they had to find other ways of getting information, which therefore negatively impacted their satisfaction level.

Figure 7: Satisfaction level by number of channels used
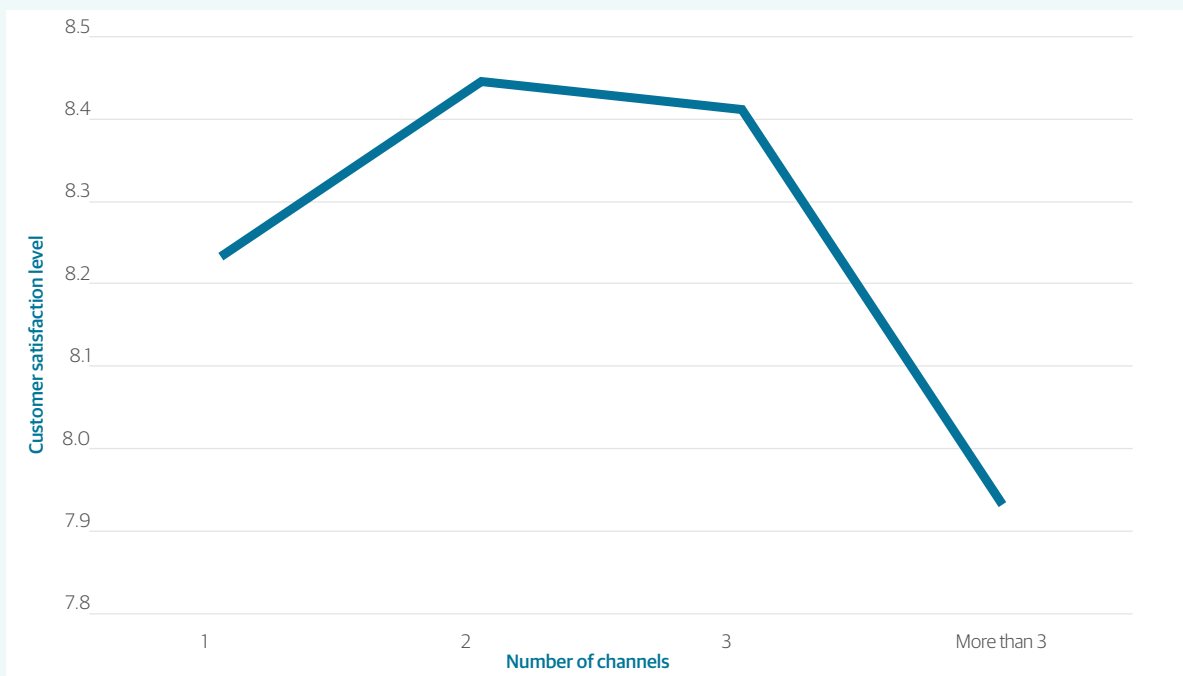
Shapley regression helps connect the data dots

Because satisfaction drivers are relational, we chose a Shapley regression model to measure the impact of variables, rather than a traditional linear regression. A Shapley regression within this context drills down to measure the relationship of each variable to the overall customer experience. It tells you exactly how much each variable contributes to the regression model, and takes multicolinearity out of the equation. Using this method, you can actually tell if first call resolution carries more weight in affecting CSAT than treating customers nicely.

A linear regression, by contrast, would have only found different levels of significance for the attributes listed in Figure 1. For example "obtaining approval for the claim" is not a statistically significant variable in a linear regression, however it shows considerable CSAT impact, according to Shapley. In addition, linear regression does not allow for a precise estimation of the relative impact of each factor on CSAT.

Who is Shapley, anyway? Lloyd Shapley won the 2012 Nobel Memorial Prize in Economic Sciences, and contributed to the area of game theory by developing econometric models to describe how companies and individuals behave in a cooperative environment. His work answers a more natural question of, "what should my strategy be given my need to cooperate with others?"

For example, think about companies making gloves. If three companies (A, B, C) make gloves, where companies A and B make left hand gloves, and company C makes right hand gloves, how should the companies decide how many gloves to make? Certainly all the players would want to make gloves that complete a matching pair. They adopt a strategy by cooperating with one another. They create coalitions. If there is cooperation, how can the best outcome be achieved? In many ways, customer experience is a coalition. It is cooperative. When you look at a brand today, the customer considers one "experience." But behind the scenes, there are many people and functions involved, including technology, marketing, sales, IT, and customer service. There are also multiple channels like voice, web, text, and email all responsible for interactions when customers are searching, shopping, buying, servicing, and advocating (or not). They may be at odds or in alignment, but the result is the experience they deliver to customers.

Let's apply this to the insurance claim process. Imagine you are in charge of customer experience for the insurance provider. You're given $10M to invest. Where do you invest it? Remember, you're responsible for improving customer satisfaction, and $10M is not money to be wasted. How do you gain the edge and direct what needs to happen? When you're asked to show your analysis, how do you show something that is better than what has been done in the past?

The good news is that there are tools to help you better understand what drives your customer experience, and Shapley regression can help lead the way.

Best practices to deliver a superior P&C customer experience

The data shows that understanding your policyholders and acting in their best interests are critical to delivering the best experience possible throughout the claims process. In addition, customer service representatives have enormous potential to influence customer satisfaction and loyalty, as well as company growth, by how they work with policyholders during this important time. Therefore, we recommend the following best practices to optimize customer experience:

- Focus your analysis on a specific point in the customer journey to ensure a clear and actionable set of results, such as the claims process.

- Use analytics to determine the coalition of variables that affect customer experience in your business, and identify what key areas have the most impact on customer satisfaction.

- Educate the organization on how each area impacts the customer experience.

- Prioritize the key areas that have a high impact on CSAT and provide a good opportunity for improvement in the customer experience.

- Implement process improvements for the key areas determined.

- Continually monitor success and make adjustments where necessary.

Conclusion

Because the claims process is such a critical event in the life of a P&C insurance customer, it's paramount that insurance providers get it right. They need to use new methods of analyzing policyholder data to understand not only what has the most impact in driving satisfaction, but also where to focus to improve customer satisfaction. By truly understanding key drivers, providers can be more effective at improving the customer experience and increasing customer retention. *The 2015 TeleTech P&C Customer Satisfaction Survey* breaks down what really satisfies policyholders and leads to promoters. Today´s CX improvements lead to better customer retention and tomorrow's business growth.

About TeleTech:

TeleTech, founded in 1982, is a leading global provider of data-driven, technology-enabled services that puts customer engagement at the core of business success. The company offers an integrated platform that combines analytics, strategy, process, systems integration, technology and operations to simplify the delivery of the customer experience for Global 1000 clients and their customers. This holistic multichannel approach improves customer satisfaction, increases customer loyalty and drives long-term profitability and growth. From strategic consulting to operational execution, TeleTech's more than 40,000 employees deliver results for clients in the automotive, communications and media, financial services, government, healthcare, technology, transportation and retail industries. Through the TeleTech Community Foundation, the company leverages its innovative leadership to ensure that students in underserved communities around the globe have access to the tools and support they need to maximize their educational outcomes.