



How claims can play a more active role with customer retention and policy growth

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Today, property and casualty insurance (P&C), especially personal lines, is seen as a commoditized business with many carriers struggling with high customer churn rates. The turnover is causing insurers to rethink their loyalty strategies, including increased focus on customer retention and expansion as P&C's new growth engine. The challenge for the insurance industry is that carriers have limited interactions with their customers and therefore limited opportunities to nurture relationships, let alone opportunities to cross-sell and up-sell their services. Often, the only interaction insureds have with their carrier is when a claim occurs.

It's also becoming evident to carriers that customer loyalty is not driven by price alone but by experience. Perhaps Warren Buffet put it best: "It takes 20 years to build a reputation and five minutes to ruin it." Studies indicate that insureds are at greater risk of churn after a claim.

Despite the pivotal role claims plays in relationship building, their role today with customer retention and growth may be more passive than active. This is not to suggest that carriers change their claim adjudication practices in order to foster retention and growth – the industry adage of not paying a penny more or a penny less than called for under the policy still holds true. What this suggests is the need for carriers to increase their utilization of modern technology so they can keep a more watchful eye on customer experiences as they unfold, heading off bad experiences while leveraging the right claims experiences to engage in cross-sell referral discussions.

Keep an ongoing, holistic view on the evolving customer experiences

Claims traditionally measures performance across allocated loss adjustment expense (ALAE), severity (size of the loss), and customer satisfaction, with the latter being measured through post-claim customer satisfaction surveys. These random samples reveal opportunities for coaching and mentoring claims professionals, as well as process redesign. These methods serve a sound purpose. However, the issue with this model is that in many cases, the bad customer experience has already occurred, and the customer is already half-way out the door. Carriers are waiting too long, and customers are losing interest.

The opportunity for carriers is to utilize today's leading digital technologies that provide in-the-moment assessments of customer experiences in flight. For example, these technologies can identify which customers are making an inordinate number of calls to the call center for status updates, unanswered emails, or to find out which carrier-specific customer engagement service-level agreements (SLAs) are not being met (e.g., 24 call back). Live data technologies can give claims access to data when it's needed and from where it's needed. [Natural language processing \(NLP\)](#) and [artificial intelligence \(AI\)](#) can then interpret the situation and sentiment and recommend the next best actions. **A more comprehensive, on-going, and in-the-moment assessment of customer experiences has the ability to prevent bad experiences from occurring, and reduce post-claim, customer churn.**

Don't let the cross-sell pitch go by

There is no doubt that claims is a highly complex and demanding undertaking, but so is policy growth. There has traditionally been a separation between claims and sales, and many carriers would like to keep it that way. Others recognize that they have relatively few interactions with their customers and therefore limited opportunities to extend the depth and breadth of customer relationships. In many cases the only interaction carriers have with their insureds is with a claim.

Claims taking on a more active role in policy growth is not without obstacles:

1. First and foremost, not every claim is a candidate to engage in cross-sell referral discussions. With many claims however, such as low severity, high-customer sat, or 3rd party claims, carriers lose opportunities to leverage customer goodwill.
2. Increased adjuster pendings, experienced by many carriers, is another obstacle. Adjusters are understandably focused on closing out the claim and moving onto the next one.



Rethink your business architecture

Insurance carriers recognize that immediately responding to customers is vital to a successful digital transformation journey.

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3. Lastly, sales is not always in the adjuster’s DNA. Sensing the right opportunity and knowing what to say doesn’t always come naturally.

Carriers have the ability to leverage digital solutions, powered by AI and predictive analytics, to sense a customer’s needs and receptivity to offers. Claims adjusters can be prompted with the action most relevant to that individual in the moment, with scripting to facilitate a cross-sell referral discussion. **Insights served up at the right time in the right way can enable claims to be more active participants in policy growth.**

Learn More:

- [Read this blog](#) to find out how and why insurers are modernizing their customer experience services.
- Insurers need to optimize claims First Notice of Loss. [Read this blog](#) to learn how.

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Industry: Insurance Topic: Digital Transformation

About the Author

As a Director and Industry Principal for P&C Insurance at Pega, [Mark Wassel](#) helps some of the world's most recognizable brands transform mission-critical processes to streamline work, increase revenue, and improve the customer experience.

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