

The 2020 insurance claim experience in Australia and the USA



claimcentral.com.au
claimcentralusa.com



uberbrand.com.au

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Introduction

About Claim Central Consolidated

Claim Central Consolidated is a global claims solutions business that provides services, technology and data insights to make managing claims easier. Founded in 2000, we are trusted by many leading insurers, brokers and underwriters globally.

Our global headquarters is in Sydney, Australia with international offices in the United States, New Zealand and South Africa.

Claim services

We manage insurance claims from first notification of loss, right through to completion.

- TPA claims management (Insurx)
- Property assess & repair (Claim Central Property)
- Motor assess & repair (Hello Claims)
- Virtual inspections
- Pre-risk survey

Claims technology

We use and license our proprietary technology to make the claim process as transparent, fast and low cost as possible.

- Claims management (ClaimLogik Plus)
- Property repair management (ClaimLogik)
- Motor repair management (Hello Claims)
- Live video & collaboration (Livegenic)
- Digital repair network (TradesPlus)
- Catastrophe planner (CAT Planner)

Data insights

We use the data insights from our technology to drive continual improvement for our customers.

[Learn more at claimcentral.com.au](https://claimcentral.com.au)
and claimcentralusa.com

About uberbrand

uberbrand is a Sydney-based, award-winning brand strategy and creative agency that exists to build brands of influence.

They've helped hundreds of clients, typically in the services sector and B2B space, get to the core of their potential and bring it to the surface so they may take full advantage of market

opportunity. uberbrand have specialist capability in market research, strategy, identity design and creative communication, delivered in a flow-through process that ensures deep thinking is integrated into and realised in the brand's expression.

During June/July 2020, Claim Central Consolidated commissioned uberbrand to undertake research into the current home and motor insurance claim experience across two international geographies.

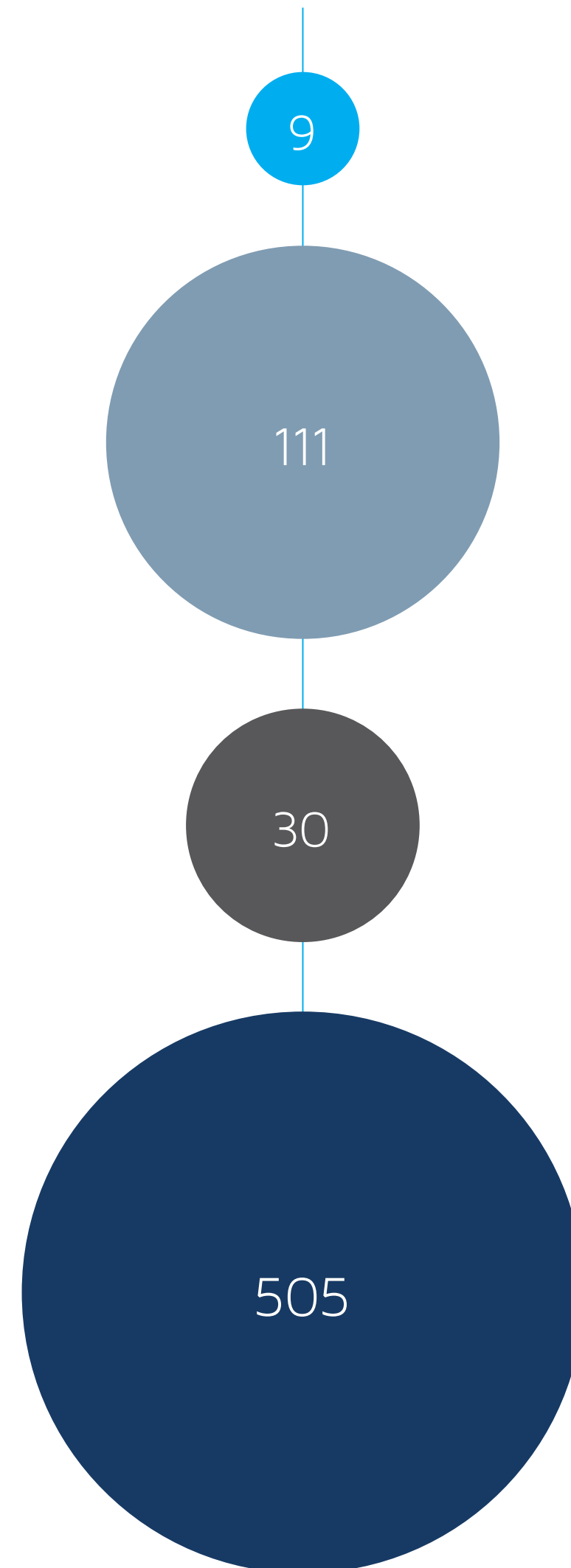
The purpose of the research was to build a picture of what the claim process is like today, what shifts have been made towards a customer experience focus, and what this could mean for insurers and suppliers to the industry alike. An understanding of the differences between the Australian experience and the US experience was also derived.

Customer experience (CX) in general, shifts insurer focus from their own risk-reward perspective, to focusing on the customer benefit. Any perceived conflict between the two is now changed to a general recognition that focusing on customer experience can streamline and cut time of claim (hence lower cost), and raise customer satisfaction, brand loyalty and advocacy (which is demonstrated in this study).

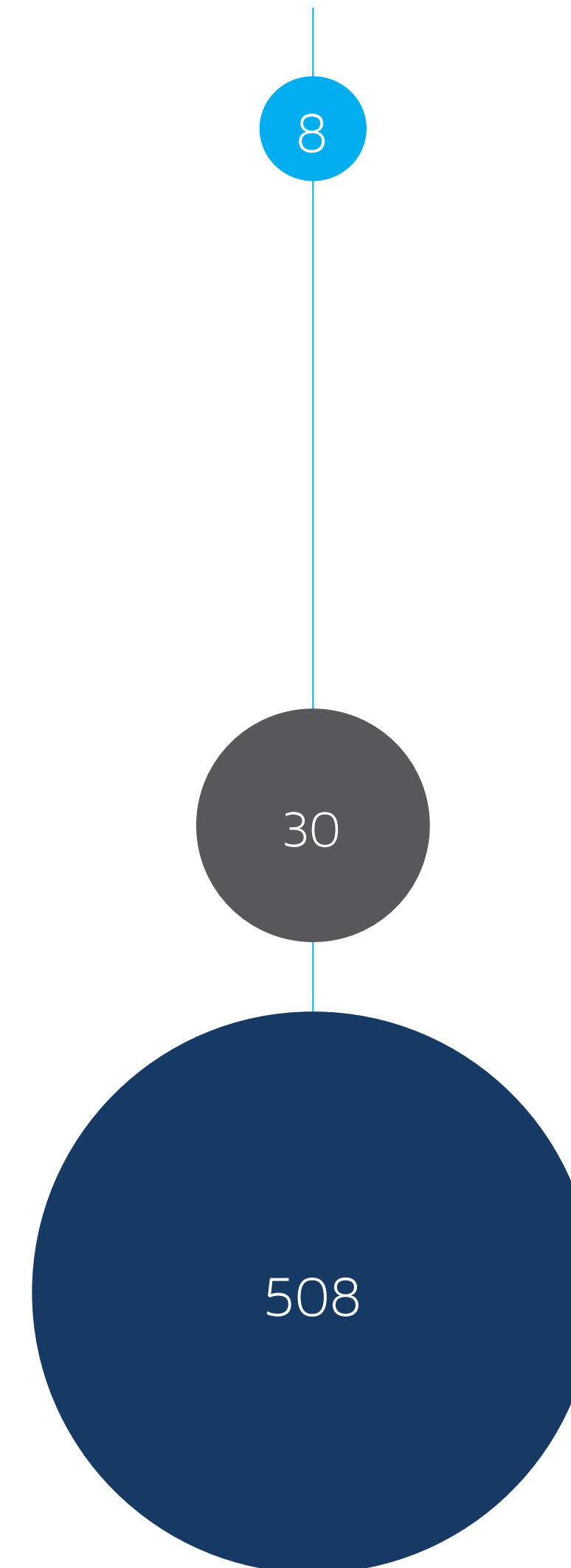
Four studies were conducted:

- 1 B2B qualitative study: 17 Australian and US industry influencers were interviewed
- 2 B2B quantitative study: 111 Australian brokers were surveyed.
- 3 Consumer qualitative study: 30 Australian and 30 US consumers were engaged in an online group to describe their recent motor or home insurance claim experience.
- 4 Consumer quantitative study: 505 Australian and 508 US consumers were surveyed about their recent motor or home insurance claim experience.

Australia



USA



Key insights and opportunities

Opportunity: Focus on addressing the heightened tensions and emotions of claimable events

01

Positive claim experiences drive loyalty and advocacy

02

Building a perception of trust is fundamental to all consumers

03

With low expectations from claims, there's plenty of room for insurers to impress and succeed

Opportunity: Find ways to individualise claim experience at scale

04

Efficiency and communication are the two critical factors that create a positive claim experience

05

Australian consumers crave more information and transparency

06

American consumers rely on individual relationships

Opportunity: Communicate the relationship between pricing and claim experience

07

Younger demographics need to be educated on coverage

08

The cost of insurance and frequency of claim are related

09

Regulations and specificity of risk drive fragmentation

Industry influencer perspectives of current and future states of insurance claims

Australia model today

“Still traditional”, “confusing” and “antiquated” were some of the words used to describe an Australian claim experience. Influencers generally aligned that risk and cost-minimisation is more often the primary focus for Australian insurers, while customer experience follows.

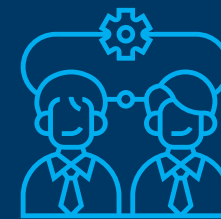
Despite slow movement, Australian influencers express a proven shift in insurers’ priority towards a customer experience focus via the adoption of technology that simplifies processes, provides immediacy and convenience – with a way to go.

Major factors that slow progression in Australia:



Time and cost to re-platform

It takes the biggest insurers up to five years and 100s of millions of dollars



Age of the industry

A technological and desired outcome change also requires a process change for implementation to be effective



Legacy systems

Successful implementation often comes down to the ability for technology to integrate with current systems



Pricing remains the biggest challenge

Consumer exposure to price versus claim is high – with annual renewals, not annual claims. This in turn becomes the insurer’s focus

What this means for Australia’s adoption of new processes and technologies:

More often used to improve cost efficiencies first, then experience

1

2

3

Applied more often at the initial interface of the claim, i.e. lodgement

More often used for simpler claims, e.g. motor where costs and processes may be standardised

US model today

US influencers described the US claim experience as “unpredictable”, “variable”, “antiquated” and “opaque”, which describes similar, yet further challenges experienced in the US around state-by-state variation. It’s believed, along with being a highly-litigated environment, that this leads to lesser cost control for the insurer, and a deeper adversarial perspective with adjustors focused on minimising loss.

With manual processes widely used across the US, including paper filing and mail correspondence, there remains many touchpoints during the claim process where things can be delayed or go wrong.

Legacy methods are believed to remain in the US for two key reasons:



US consumers generally align a good customer experience with the ability to speak with a person, in turn driving how insurers define and measure customer experience.



Current industry culture drives behaviour, with some mistrust of technology companies and third-party administrators, and a reluctance to onboard major technological change.

In summary, Australian insurers are believed to be on the edge of change – creating a faster, more efficient and touchless claim experience. US insurers on the other hand, are believed to have deeper barriers to overcome.

Influencers see an Australian insurance claim future where:

- Insurers are investing more into technology that automates processes, intelligently supported with data, and reduces human touchpoints
- Little to no human interaction
- Greater integration of consumers into the claim process, with higher transparency
- Intensified expectations of agility and speed

Influencers see a US insurance claim future where:

- Human interaction is reserved for complex claims
- Technology supports business operations, rather than driving it, including data and analytics
- Potential redundancy of the TPA model with the adoption of technology
- Higher competition in insurance as, for instance, automakers become insurers
- Greater design of the process around customer-centricity, driving increased speed, greater transparency and straight-through processing

Australian brokers' claim experience



Section

Australian brokers' claim experience

Australian insurance brokers reported generally being satisfied with the current claim experience, with

59%

versus

19%

Satisfied

Dissatisfied

Given influencer perspectives, we could assume that brokers have a low expectation of claims.

Insurer performance

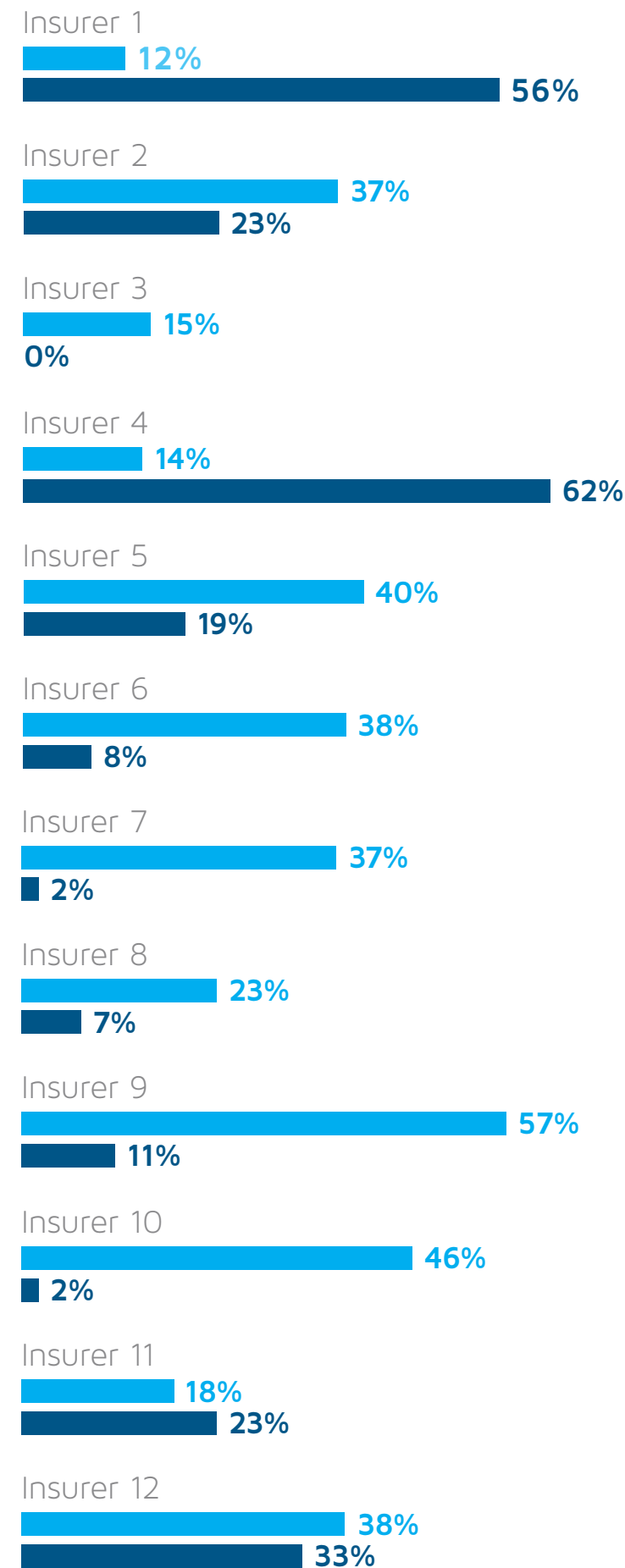
Brokers were asked to report their perspectives of specific insurer claim experiences, with some clear standouts in the market for positive and negative experiences.

Insurer 9 and Insurer 10 stand out for positive claim experience, ahead of third place by 6 percentage points. Insurer 4 and Insurer 1 stood out for negative claim experience ahead of third place by 23 percentage points.

NB. Insurer names have been removed, with each assigned a number. To enable comparison throughout the section, the assigned number is consistent.

% brokers who experienced an insurer's claim and rated it either positive or negative

● Positive ● Negative



What makes for a positive claim experience

Brokers were asked to rate a number of attributes as being most to least influential to the experience. Brokers rated positive influences as follows:

A positive claim, in order of priority:

- 1 **Got to a result quickly** (37% of brokers agreed)
- 2 **Access to a real person** (20%)
- 3 **Clarity and meaningful communication** (19%)
- 4 **Simplicity of online process** (15%)
- 5 **Ability to see what is happening at any time** (10%)

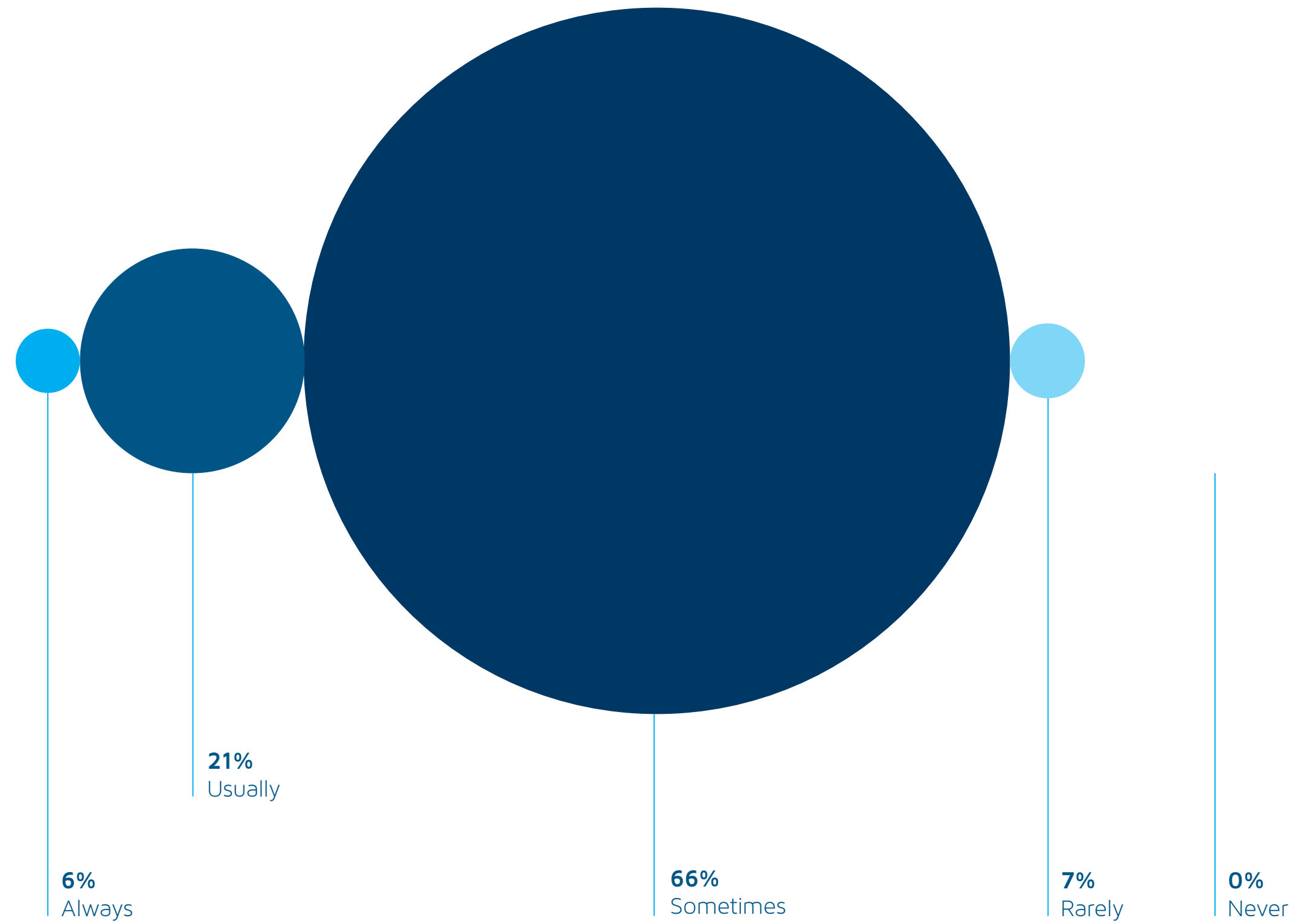
Brokers value firstly the ability to get to a result at speed, with a claim being the more unpleasant part of their job. Communication was the next most important influencer to gain clarity, with access to a real person identified as the most desirable method to gain this clarity.

We can assume that those insurers that brokers identified as having a positive claim experience have performed at speed and/or communication, while those that have delivered more often a negative experience, may have not.

Experiencing claim break down

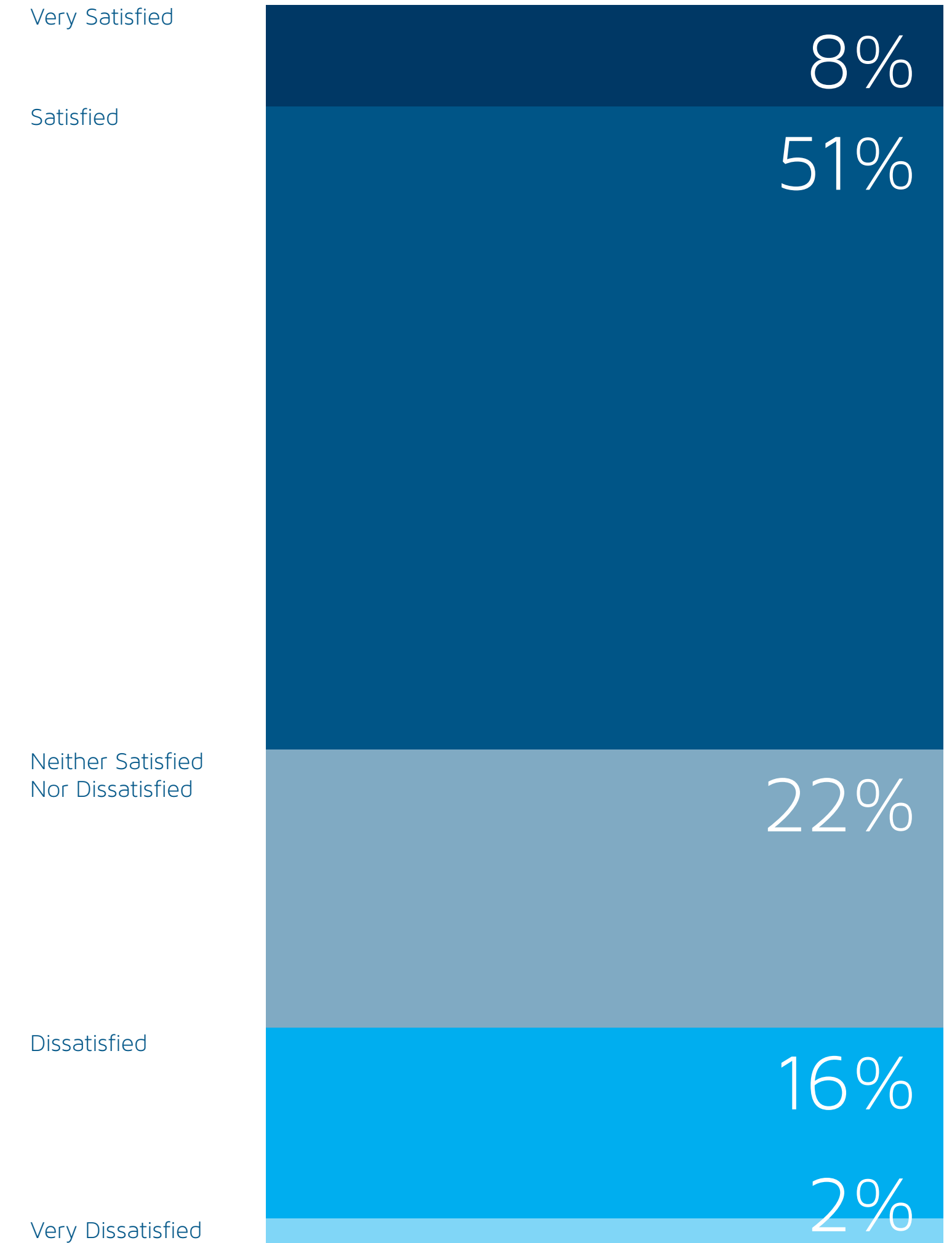
93% of brokers reported break downs in claim processes happen at the very least, sometimes, indicating that the vast majority of Australian claims don't run as seamlessly as they could. We could then assume that brokers have a low expectation of claims, given they are generally satisfied with a process that generally can break down.

% brokers who experience a break down in claim process



"93% of brokers reported break downs in claims processes happen at the very least, sometimes."

% brokers overall satisfaction of claim process

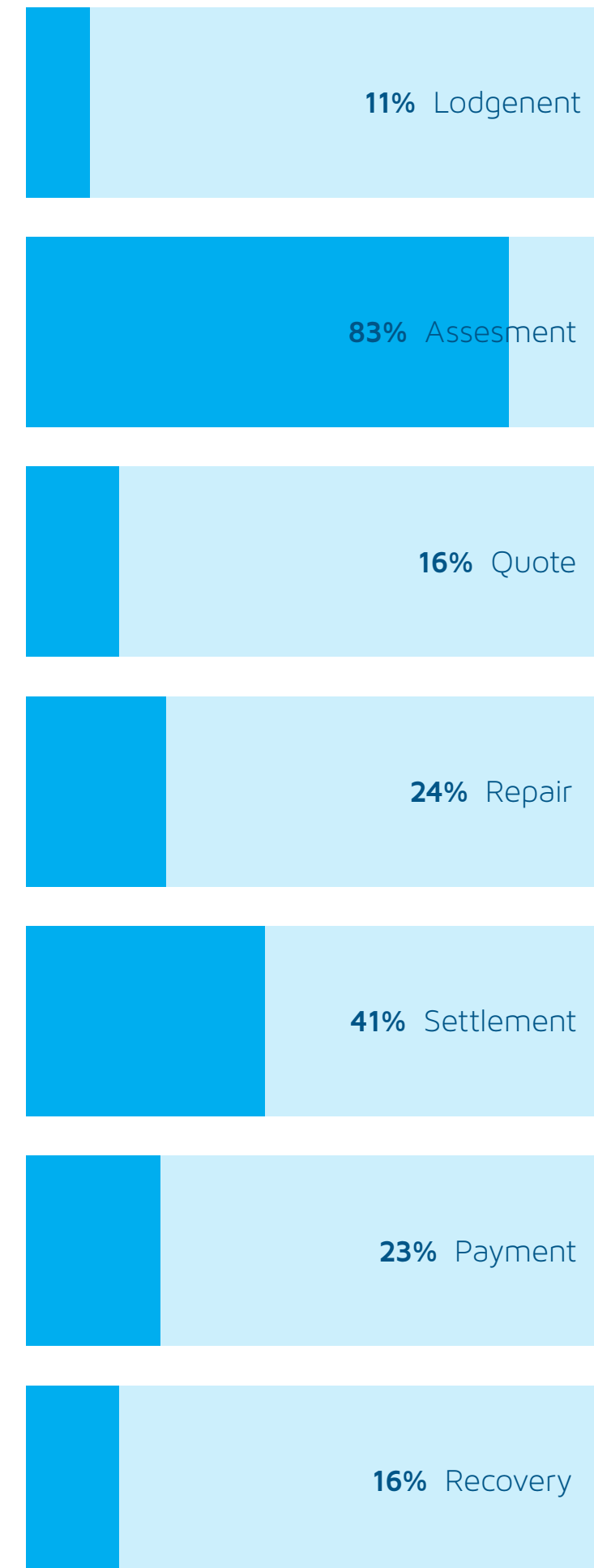


When the claim process breaks down

The assessment phase of the claim process saw the most break down with 83% of brokers reporting this stage often experiences break down.

Settlement was the next most frequent stage, with 41% of brokers reporting it as such. This could indicate insurers creating delay and frustration around coverage and claim assessment methods and decisions – a focus on risk, rather than customer experience.

% brokers who most often experience break downs or set-backs at certain stages of the claim process

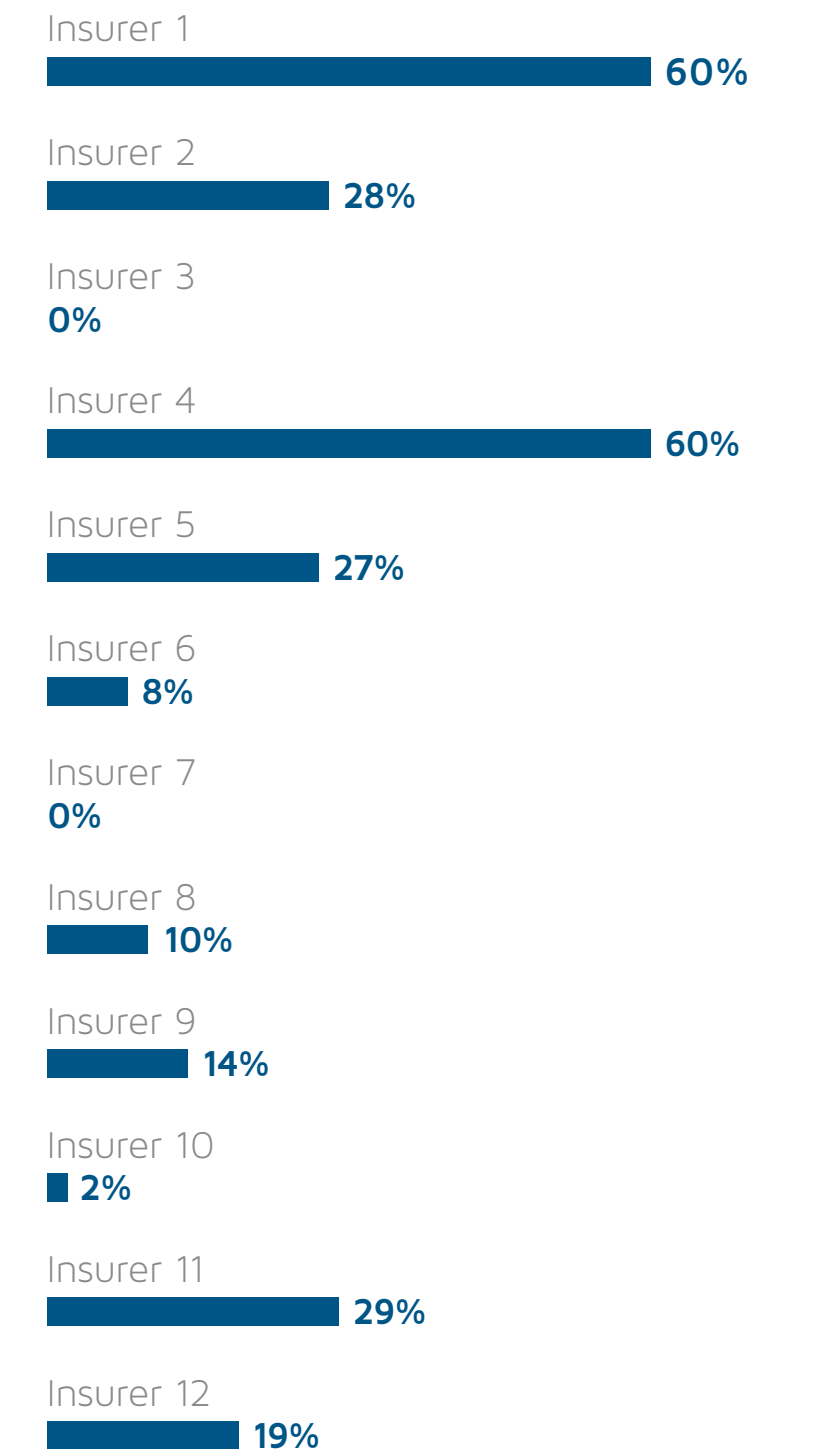


“83% of brokers reported that the assessment phase of the claim process most often breaks down.”

Brokers identified those insurers who regularly deliver claim processes that break down. There is a strong positive correlation between insurers that deliver a poor experience and a process that breaks down ($r= 0.986$), demonstrating that unnecessary delays to claims impact insurer claim performance.

In reverse, there is little correlation ($r= -0.508$) between a positive experience and process that breaks down, indicating that brokers can remain positive in the midst of break down, perhaps accepting some level of expected delay.

% regular brokers claiming with insurers who find their claims process regularly breaks down



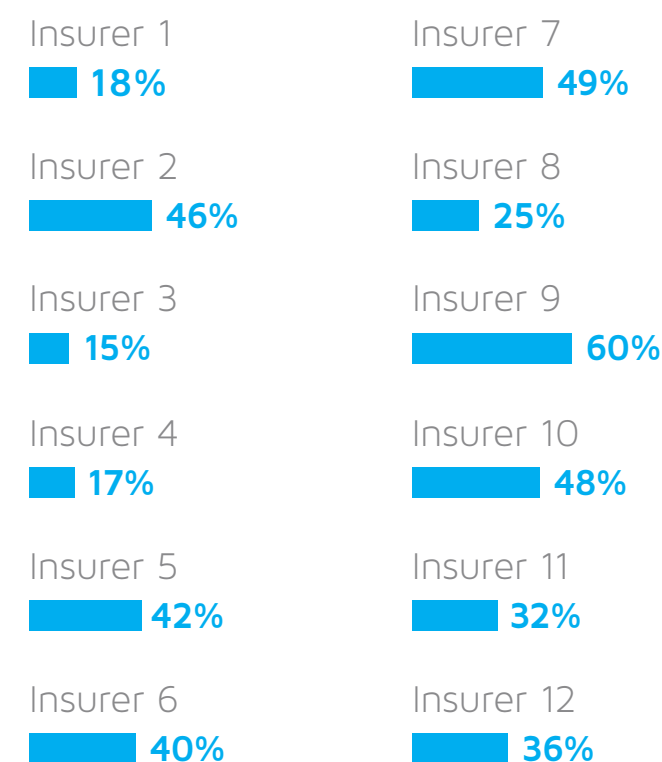
Most important attributes of a positive claim experience

1.

An efficient claim is a positive claim

There is a strong correlation between insurers that have delivered a positive experience with an efficient claim process ($r= 0.945$). This indicates how critical efficiency is in delivering a positive claim experience. Conversely, there is little negative correlation between a poor claim and an efficient claim ($r= -0.496$), indicating that other factors, not just efficiency, can make a poor claim.

% regular brokers claiming with insurers and found their claims experience efficient

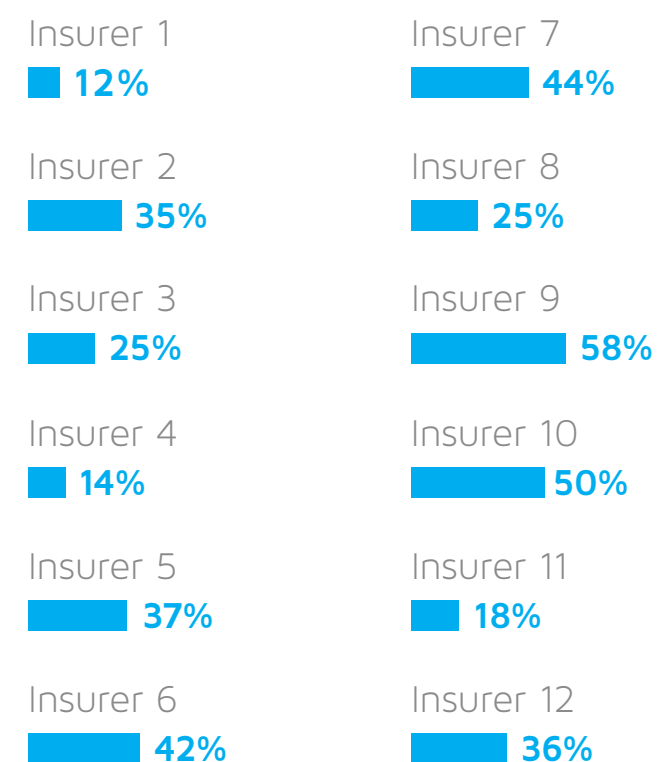


2.

Reliable and responsive insurers at claim makes for a positive claim experience

A strong correlation exists between insurers that delivered a positive experience, and performed with reliability and responsiveness ($r= 0.967$), indicating the importance brokers place on communication at claim. This is further supported by some negative correlation between a poor experience and reliability and responsiveness ($r= -0.669$).

% regular brokers of insurers who associate them as reliable and responsive

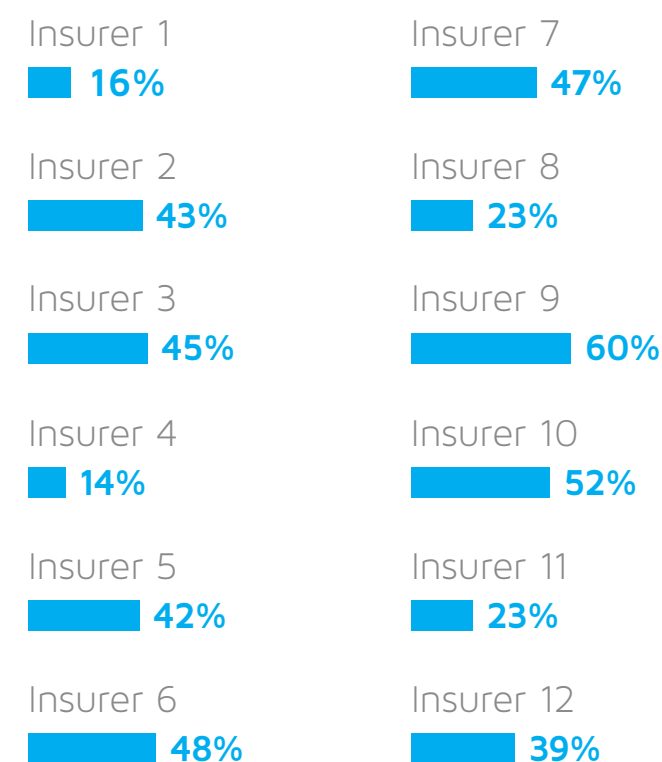


3.

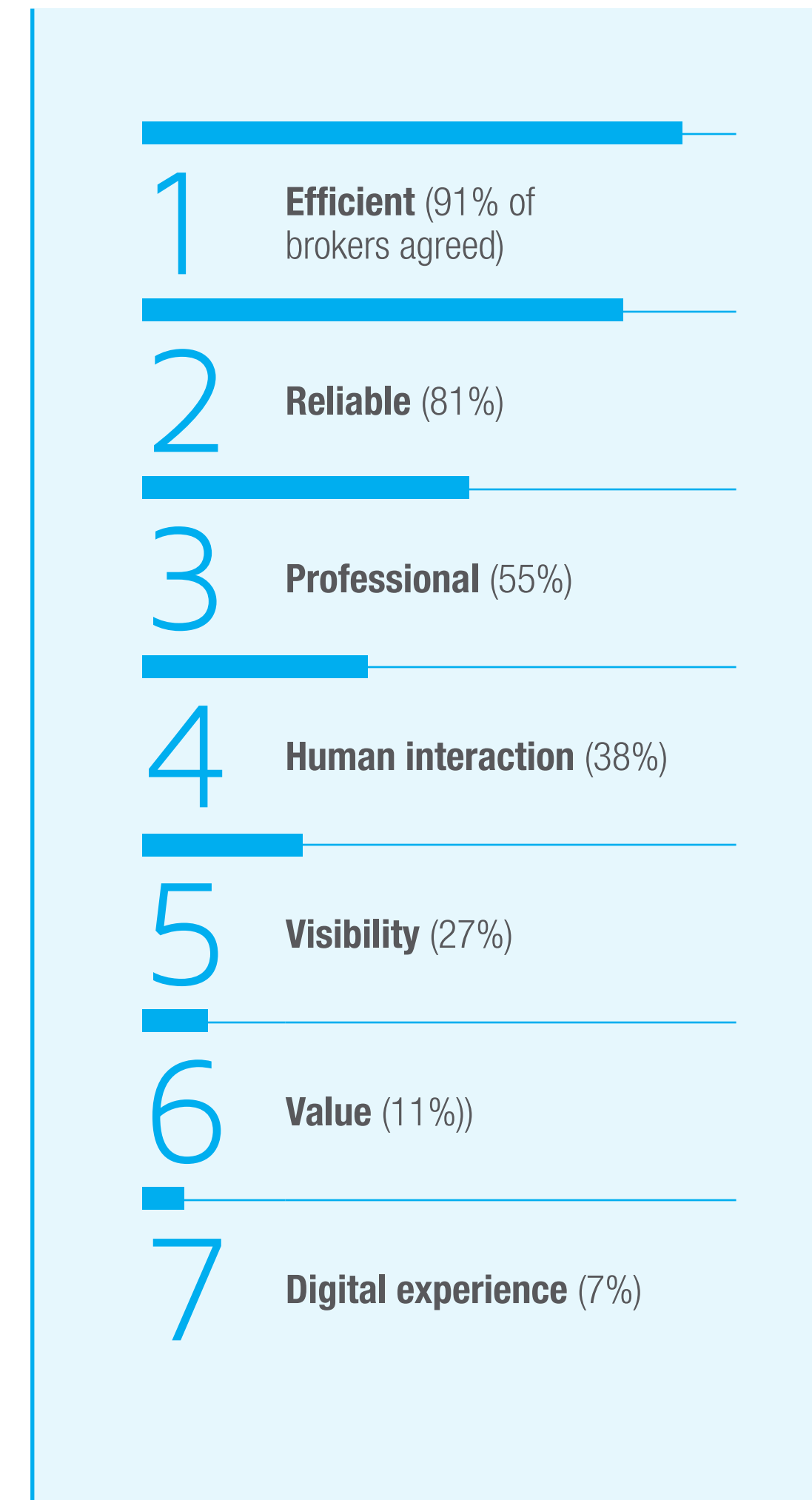
Brokers don't value professionalism in their claim as highly as communication and efficiency

There is a correlation between those insurers who delivered a positive claim and professionalism ($r= 0.846$) and likewise a poor claim and professionalism ($r= -0.753$). This shows that Australian brokers accept a level of unprofessionalism in a claim, but when it is an unacceptable level, can indicate a poor claim experience.

% regular brokers claiming with insurers and found them professional



Brokers' most valued attributes at claim in order of importance:



"91% of brokers rate "efficiency" as one of their most valued attributes of the insurer during a claim."

Australian brokers emphasise the importance of speed to result as well as ability to place trust in the insurer. Factors that indicate necessity for involvement, and to handle claim processes themselves (such as visibility and interactivity) were low in importance, **demonstrating that while brokers are aware of digital tools, they are yet to fully connect the dots between the tools and the benefits they provide.**

Future of claims

TPAs

Third Party Administrator claim services (TPA) is a debated service for many insurers, with trust at the heart of the debate. As claim performance proves insurer value, some insurers believe it best that claim management remain internal where it may be controlled. On the other hand, some see the value in outsourcing the service, placing claims in the hands of trusted experts driven to serve their clients.

Australian brokers generally see a growing reliance on TPA services, with 42% agreeing reliance will grow compared with 24% who don't. This may be reflective of brokers' positive and negative experience with insurers and TPAs in market, and would be interesting for further study.

"42% of brokers agree that reliance on TPA services will grow."

Live video streaming /photo sharing

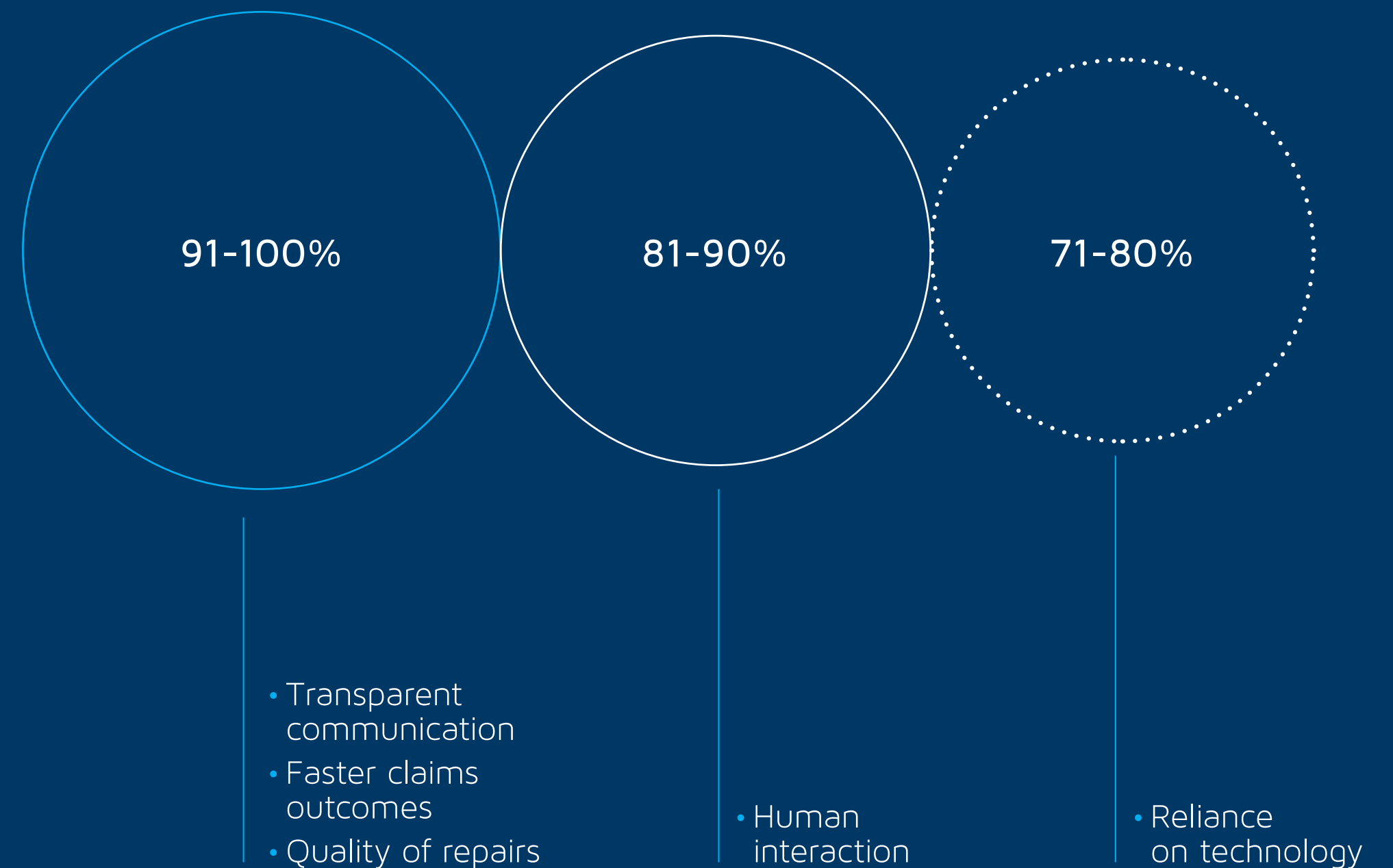
Despite the impact COVID-19 had on people's general ability to physically attend sites, brokers were not fully aware of the positive impact live collaboration tools had on achieving a positive claim experience during that period. With little experience in Australia of its use, there is still some way to go for the market to further adopt the technology, and utilise it to its full effectiveness.

Digital platforms

72% of Australian brokers have used a digital platform throughout a claim before. **Platforms that performed best closely correlated with their ability to allow brokers to easily communicate and connect throughout the process (r= 0.950), and were also easy to use (r= 0.828).**

% brokers ranking of claim attributes that they consider either 'important' or 'very important' during COVID-19

"Brokers are generally not yet drawing correlations between the reliance on technology and the benefits it provides."



Australian consumers' claim experience

Section

Australian consumers' claim experience

Influence on insurer choice

For both Australian and US consumers, reliability is a strong driver for choice of insurer. Unsurprisingly, consumers look for brand traits that signal an insurer will cover them when a claim is made. Such traits include: longevity in market, leadership in market, market reach, size, and most interestingly advertising spend, with consumers often correlating advertising presence with trustworthiness.

There is an assumed claim experience that comes with selecting a market leading insurer defined mostly by coverage, placing heavier weight on the claim decision and assessment phases of the claim. The expectation of claim experience post-assessment into the repair phase isn't emphasised upon in brand reputation.

“Their wide outreach and successful branding make them a reputable and reliable company to have insurance with”

Claim process

For this reason, consumer expectation of the claim experience, right through to finalisation is fairly low, where consumers often reported breakdowns along the way, sometimes excusing them.

“I logged into the insurer’s website and started my claim. I had to upload photos, send them the other driver’s details... I then lodged it and awaited an outcome.”

Generally, initial phases of the Australian claim process are conducted digitally or over the phone – with little evidence of paper or face-to-face correspondence, demonstrating that Australian insurers have adapted well to paperless expectations. Furthermore, many consumers indicated they supplied images of their damaged property digitally.

“The initial process was quick at about a few days, but the claim was only processed after a few months.”

Delays to the process were often felt:

- Deciding on fault
- Liaising with multiple parties to gain information
- During CAT events
- During COVID-19 lockdown

Gaining common clarity of event, surge events and operational disruption to businesses contribute to delays, **demonstrating a need for methods that connect parties, provide visibility, track progress and streamline the whole process - in so doing, achieving efficiency, saving costs and enhancing customer experience.**

Impact of claim experience on insurer reputation

With a general mood among Australian consumers of satisfaction and acceptance of their experience, many consumers express they'll stay with their insurer, not expecting that experience could be a lot better elsewhere.

"I would wager that there is no perfect insurer, and this was acceptable within my expectations"

Australians have a low expectation of claims

"It was still alright, despite being a bit troublesome"

"This is the type of service standard I would expect from my insurance provider, in other words, they didn't disappoint me"

"I thought the process would have been a lot slower if I'm honest"

"I wish they didn't question me too much, but I guess it's their duty. My experience with them was not that bad. I would have chosen them anyway"

"The process was a bit slow from start to finish but that was largely my own fault"

"The process was as good as it could get, I guess"

When experience did fall below expectation, consideration for switching insurers occurred, with speed and breakdowns in communication often causing most grief.

"I probably wouldn't insure with them again. The process was far too long and there was limited communication between us"

A positive claim experience

With a low expectation of claims, Australians generally reported a positive claim experience, typically attributed to:

1. Fast resolution
2. Easy process
3. Customer service that cares and reassures

Consumers often describe positive feelings to justify a positive claim, demonstrating that **a claim is an emotionally heightened experience that puts pressure on insurers to perform.** Given low expectations, standing out in market via positive claim experience is an open space for insurers in Australia to work in and stake claim.

“It makes me extremely happy that claims are now very easy to complete online and take less time”

What Australian consumers want their insurers to improve on

Unlike US consumers, Australian consumers took the opportunity to point out how their claim experience could be improved. **Not knowing the whole process, and not having visibility was often the greatest tension experienced – with consumers suggesting simple, always-on digital methods that could be employed to resolve it.**

This follows the observation that Australian insurers have made progress at the front-end of the claim, as aligned with customer expectations. However, more traditional and disconnected methods remain for the majority of the process that can leave customers feeling “in the dark”.

“I would like to receive updates on what’s happening with the claims process without the need to check in from time to time. Even an automated email would help greatly”

Choice of repairer

Consumers often reported that their insurer were the ones to select the repairer, and that they had no prior knowledge of the repairer. This was followed up with the inability for consumers to assess the quality of the repairer for themselves. This wasn’t always the case however, with some consumers offered the option to select from a list provided by their insurer, or the option to select their own.

Australian consumers showed a tendency to prefer to have some control of choice and transparency of repairer quality, aligning this with a more positive experience.

“The insurance company advised we’d get a call from the repairer, which I did, but they never told me who the repairer is and how good they are at what they do. We were just thrown into it and had to accept whatever we got”

Repair experience

During the repair part of the claim process **consumers often experienced a similar lack of process knowledge and visibility, with gaps in communication often the cause.** As more people were brought into the claim, this created more touchpoints. Those insurers who could provide a singular point of contact and management succeeded in delivering positive experiences, however those consumers who experienced multiple and disconnected communication were again “left in the dark”.

“I was overwhelmed with the whole process and was confused with all the calls, emails and texts. So, I would just sit at my property from 8am - 5pm and let people in as they arrived”

Australian consumers show immense positivity towards the use of an app to manage the whole claim experience

It is established that Australian consumers have well passed a digital tipping point, where interacting with brands via always-on apps is the expected norm. Without this, consumers are left to feel in the dark, as the Australian psyche has evolved to want and need constant and immediate knowledge and visibility of any process.

In recognising this, Australian insurers are encouraged to design their customer experience around addressing the heightened emotional state of experiencing a claimable event. For Australian consumers, speed, ease, visibility and communication are the primary ways insurers can address their customers' tensions, with a lesser expectation (though still important) of human interaction.

Australians expect always-on digitisation

"An app would give more transparency on how the repairer is managing the repairs and give me an option to rate the whole claim"

"It would be good to use an app to track the progress of the claim and show an estimated date for resolution of my claim"

"I would have benefited from an online assistant, who could have answered my queries during times I could not speak to a customer service representative"

Quantifying Australian consumers' claim experience

505 Australian consumers who had experienced a motor or home claim during the 18 months prior to June/July 2020 were surveyed on their claim experience. Respondents were spread across the country, with more respondents residing in NSW & ACT (38%), VIC (38%) and QLD (16%). Respondents were fairly spread in age, with a median age range of 45-54 years.

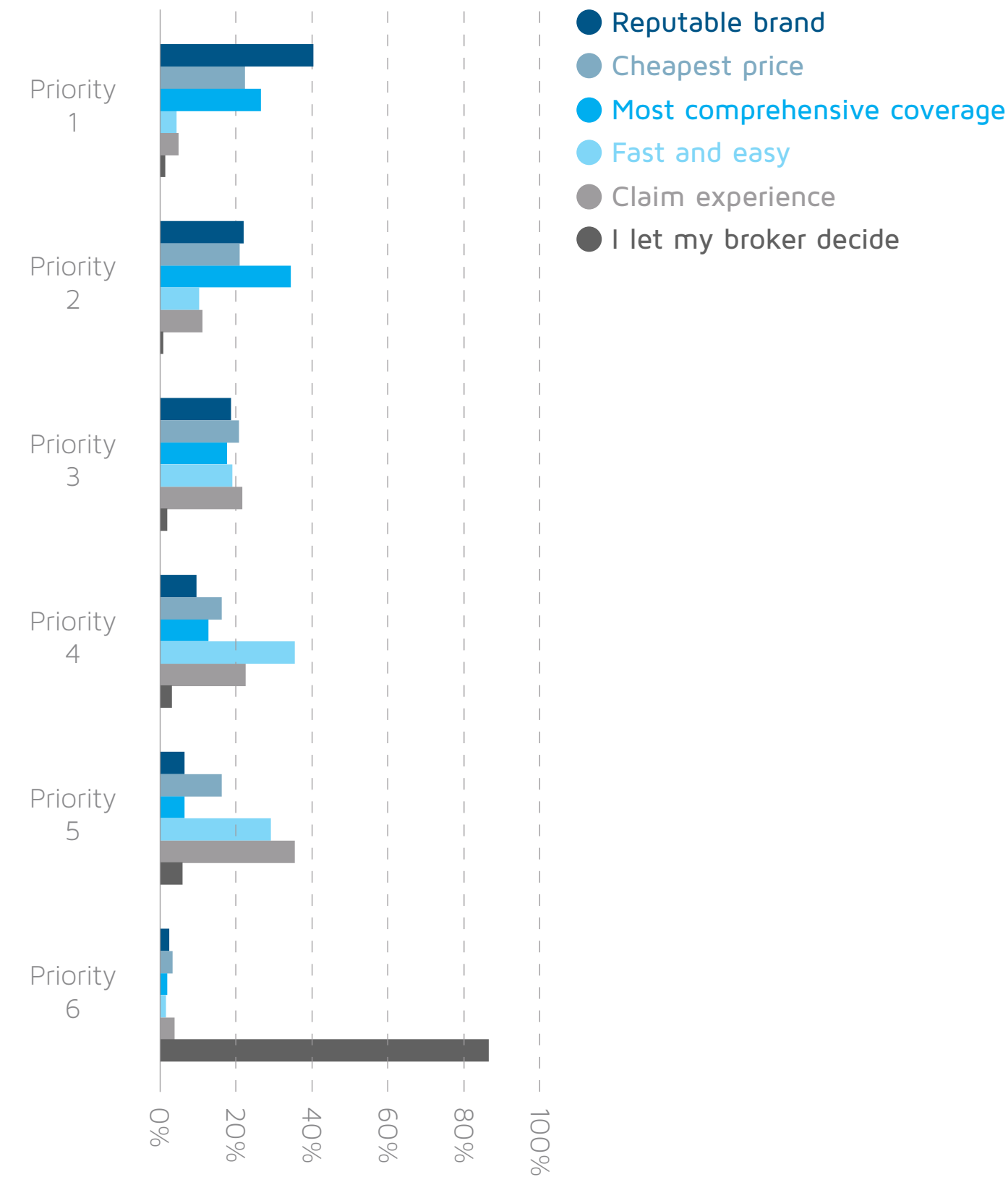
Driver for choice of insurer

Consumers more often (40%) ranked reputable brand as the top priority for choice of insurer.

Comprehensive cover followed in priority (27%), and surprisingly, cheapest price was quite spread from most to least priority (22% top priority). This corroborates with prior qualitative studies that showed consumers associated certain cues of size and market leadership with trust and reliability of coverage.

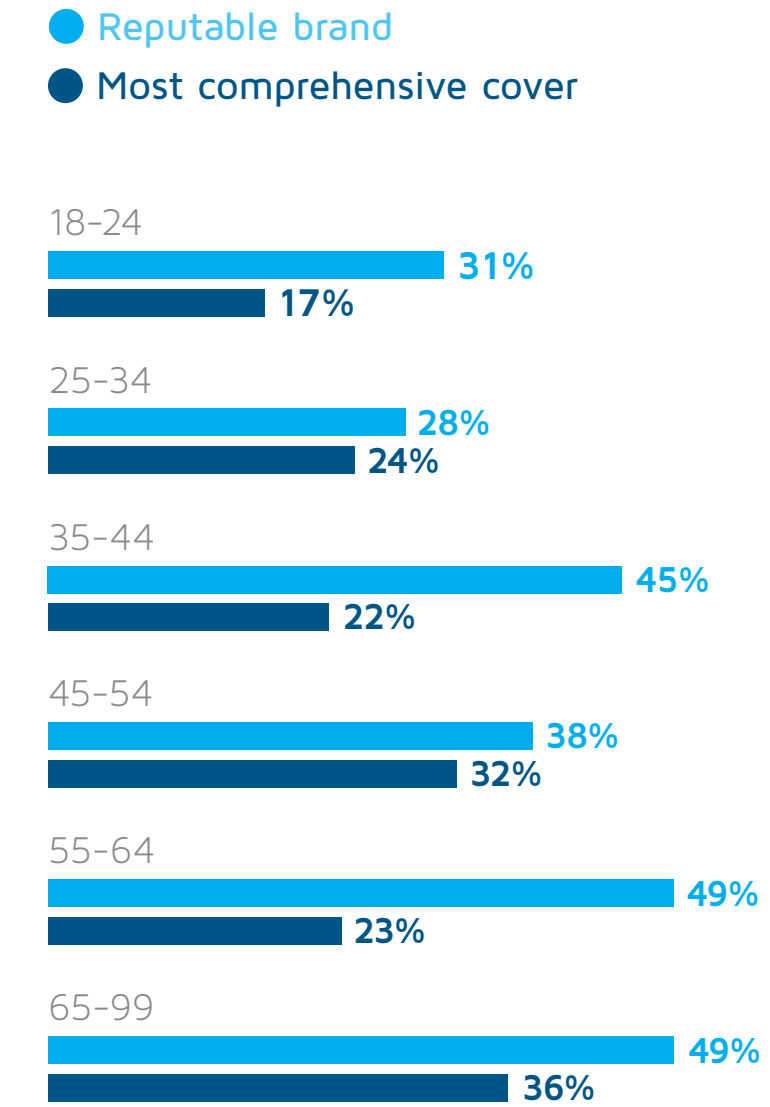
See graph on following page.

% Australian consumers that prioritise certain attributes when choosing their insurer

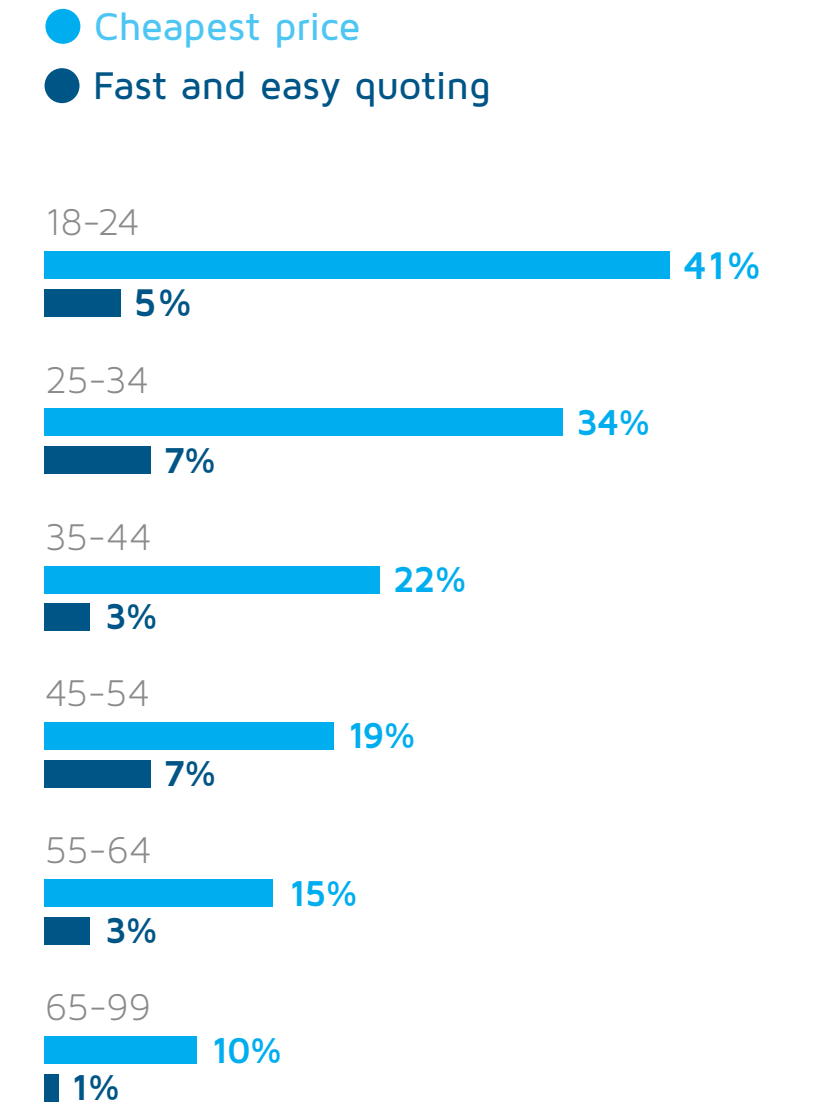


Priorities among age groups differ. **The importance of brand reputation noticeably is more significant with older age segments.** This could indicate that longevity in market is more familiar to older segments, and that younger segments may not have a similar perspective on reliability cues. **Younger segments though are more inclined to prioritise price, demonstrating a ‘grudge purchase’ attitude.**

% Australian consumers that prioritise brand reputation first or comprehensive cover first, when choosing an insurer, by age segment



% Australian consumers that prioritise cheapest price first or fast & easy quoting first, when choosing an insurer, by age segment



Insurer attributes

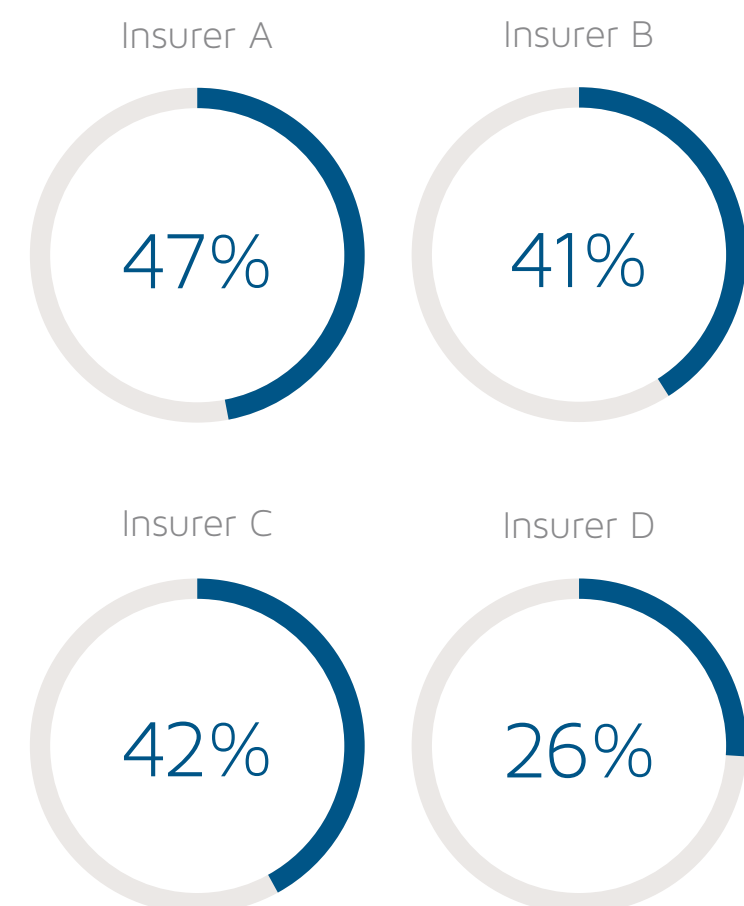
Respondents were asked to rank their priority of insurer attributes when choosing their motor and home insurance. A total of 19 insurers were included in the study. The results presented are only shown for those insurers where 30 or more responses were received.

Out of the four motor insurers with greater than 30 responses, close to half (47%) of Insurer A customers chose the insurer for their reputation in motor insurance.

The responses demonstrate that insurers with high market share are associated with being reputable, corroborating with earlier perspectives.

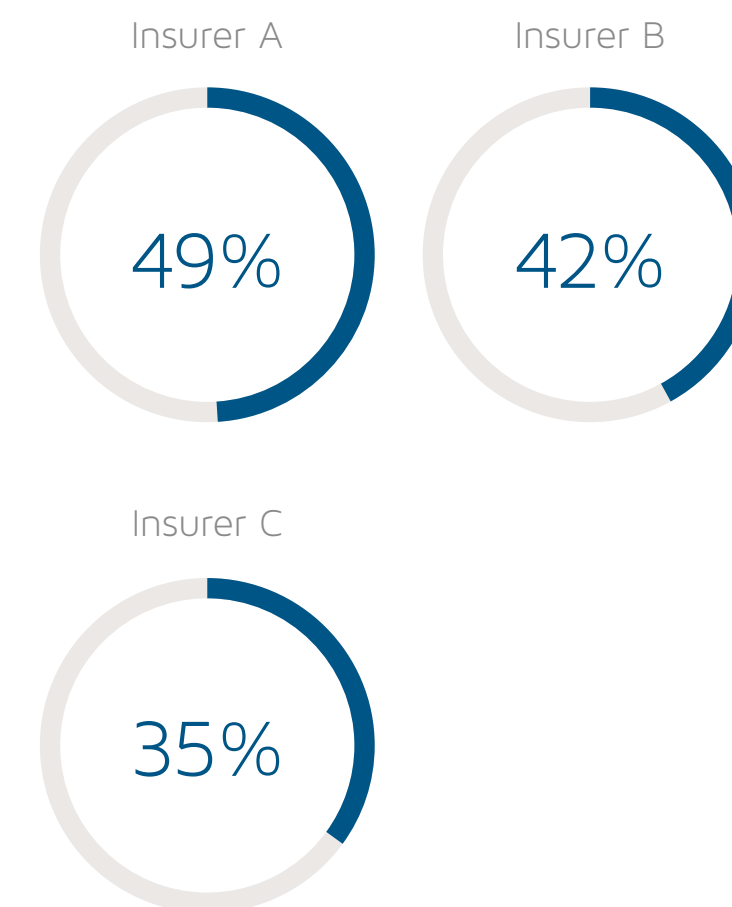
Interestingly, there could be some connection between brand and type of insurance, where one insurer may be perceived to provide a good claim experience in one line of insurance, more than another. For example Insurer A is more often perceived to have a good claim experience for motor insurance (8%) than for home insurance (2%).

% Australian customers who chose their motor insurance by reputable brand (with 30 or more responses)



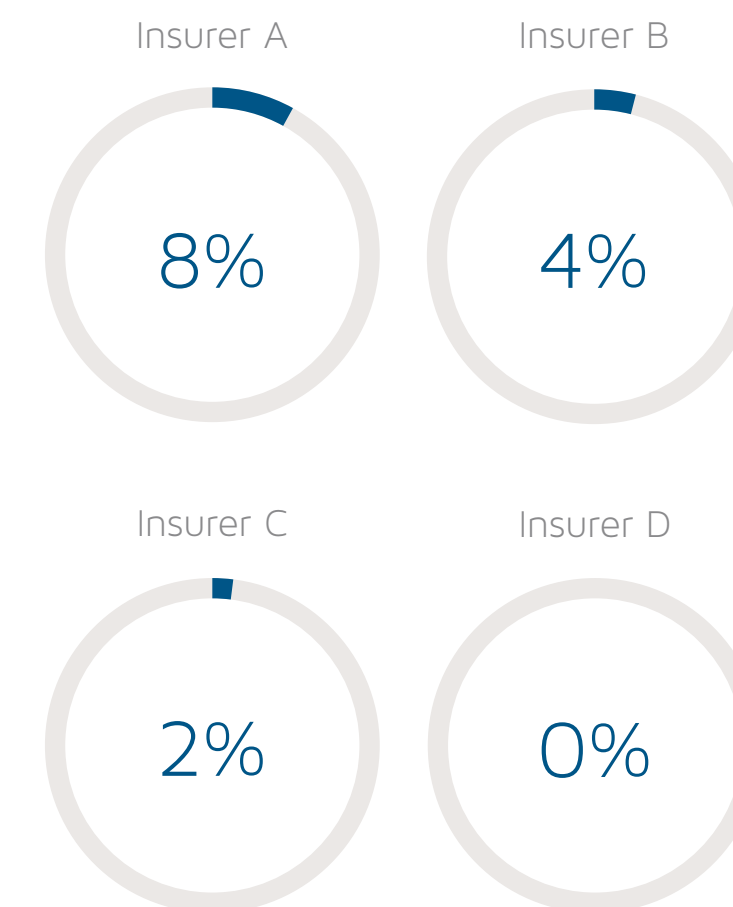
Close to half (49%) of Insurer A customers chose the insurer for their reputation in home insurance.

% Australian customers who chose their home insurance by reputable brand (with 30 or more responses)



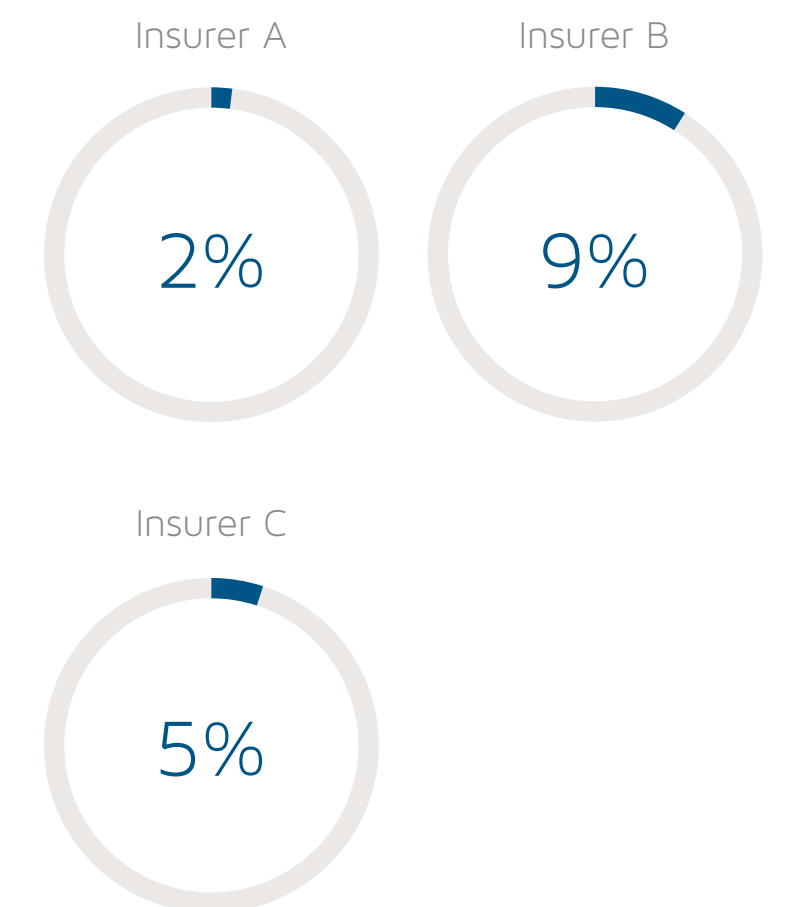
Insurer A had the highest proportion (8%) of customers who chose the insurer for claim experience in motor insurance.

% Australian customers who chose their motor insurer by claim experience (with 30 or more responses)



Insurer B had the highest proportion (9%) of customers who chose the insurer for claim experience in home insurance.

% home insurance who chose their home insurer by claim experience (with 30 or more responses)

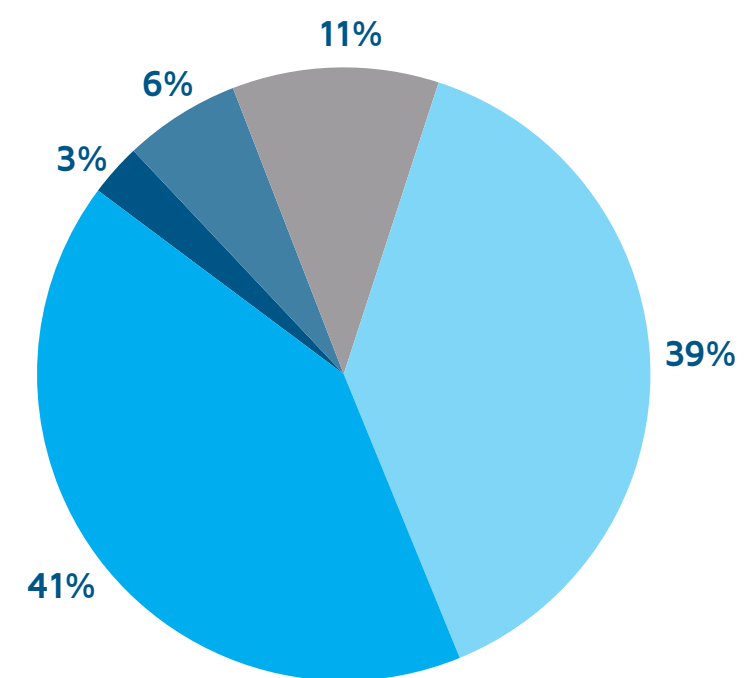


Claim experience

80% of consumers said they had a good or very good claim experience, demonstrating a low expectation as expressed in the qualitative consumer study.

% Australian consumers experiencing 'very poor' to 'very good' claim experience

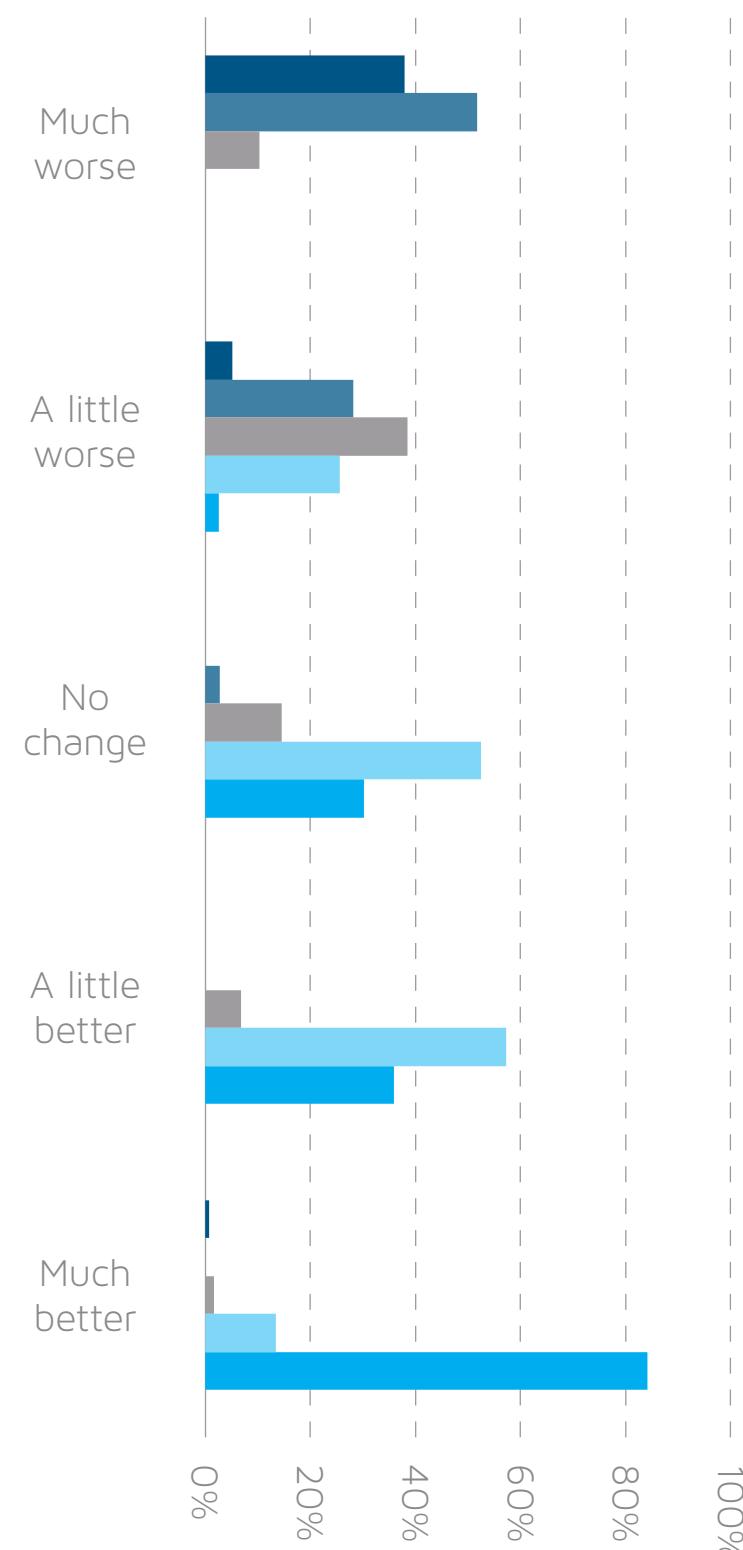
● Very poor ● Poor ● Neutral
● Good ● Very good



As a result, claim experience improves the perception of insurers for half of consumers, directly affecting consumer loyalty and advocacy.

% Australian consumers experiencing 'very poor' to 'very good' claim experience, against their changed perceptions of their insurer

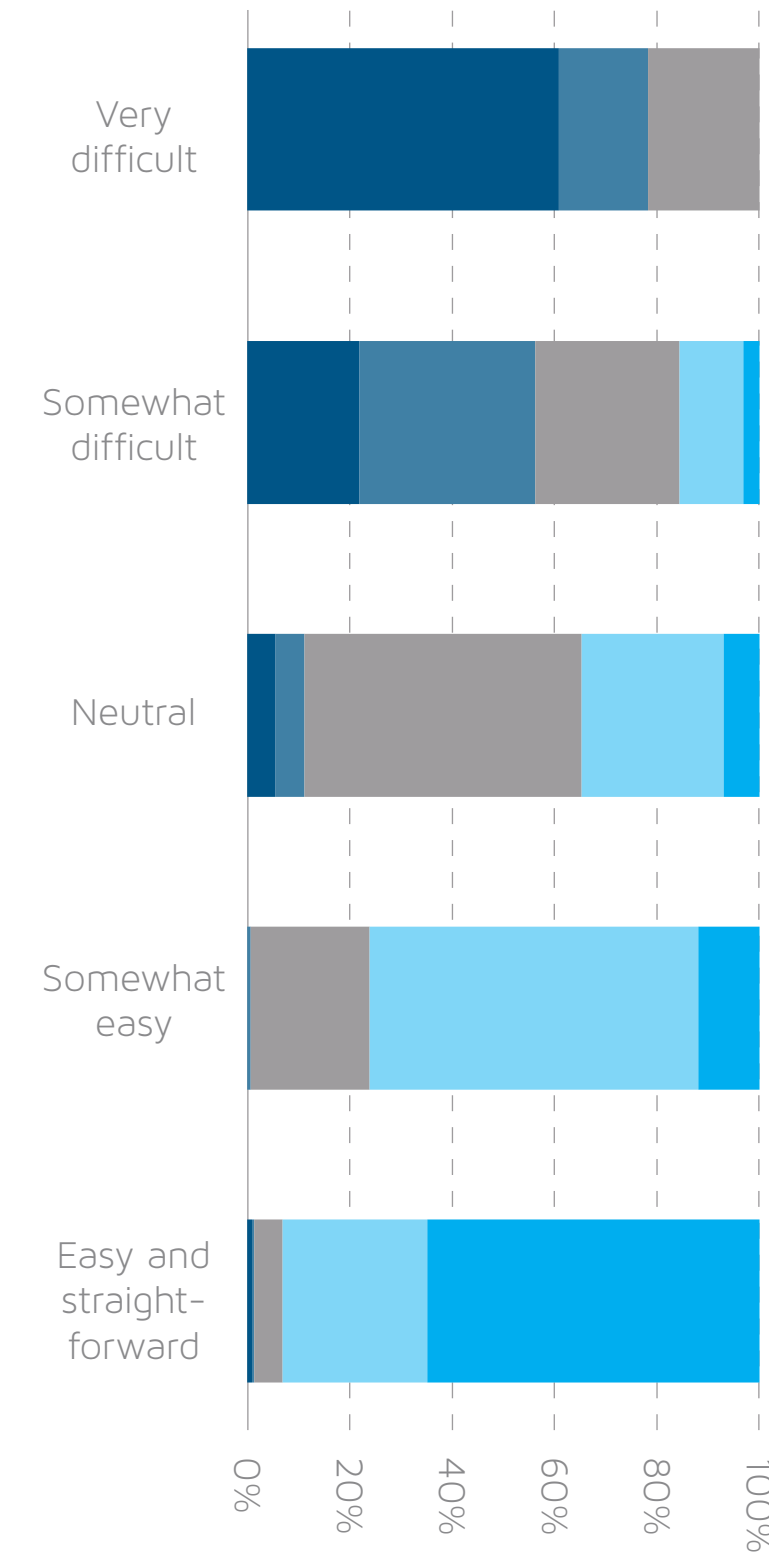
● Very poor ● Poor ● No change
● Good ● Very good



Consumer responses demonstrate that the easier and more straight forward the claim experience, the better for insurer reputation. Positive claims experience improves NPS (70% would recommend) and reduces churn (66% will stay). However, a poor claims experience drives negative equity.

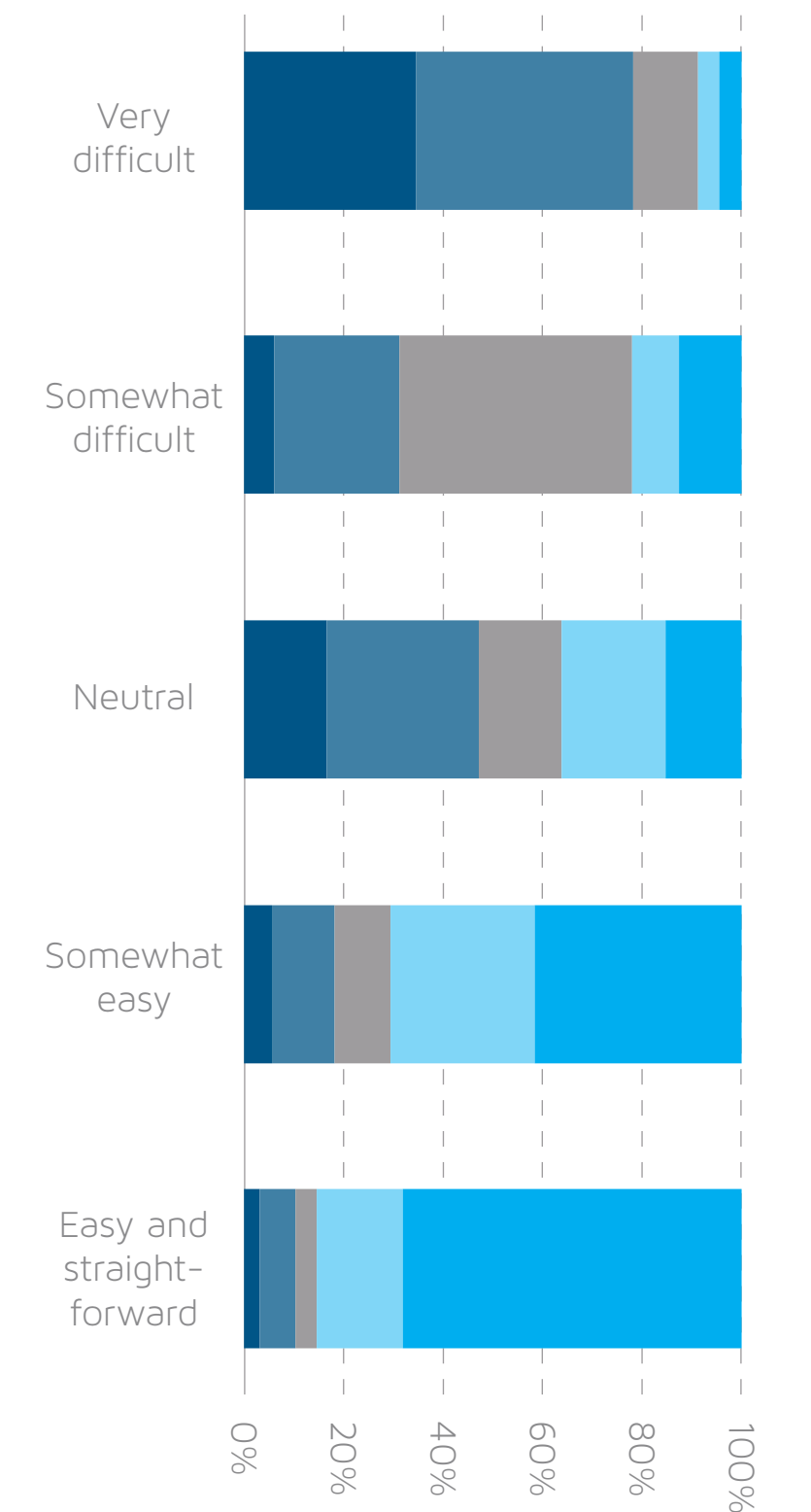
% Australian consumers likely to recommend their insurer, by difficulty of claim experience

● Very unlikely ● Unlikely
● Neutral ● Likely ● Very likely



% Australian consumers considering switching their insurer, by difficulty of claim experience

● I'm happy and staying with my insurer
● I haven't thought about it
● I'm thinking about switching
● I'm comparing my options
● I've switched



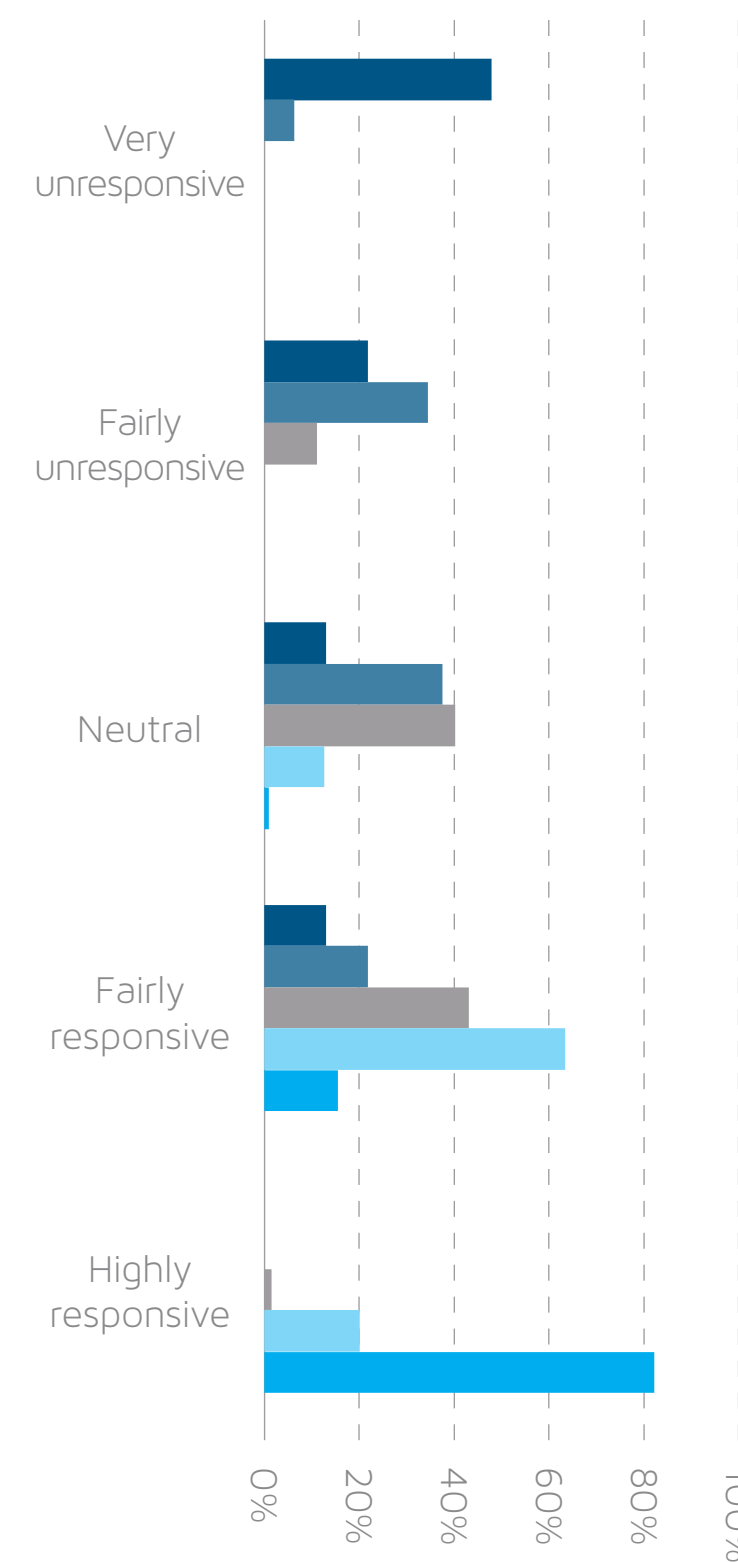
Effective communication and transparency makes for a simpler experience and happier customers.

The more responsive and informative an insurer, the more equipped they are to provide a simple claim experience, and retain and grow customers.

“Consumers want improved efficiency (33%), more responsiveness and communication (25%) and more transparency (20%), over anything else. These consumer preferences are in line with broker preferences”.

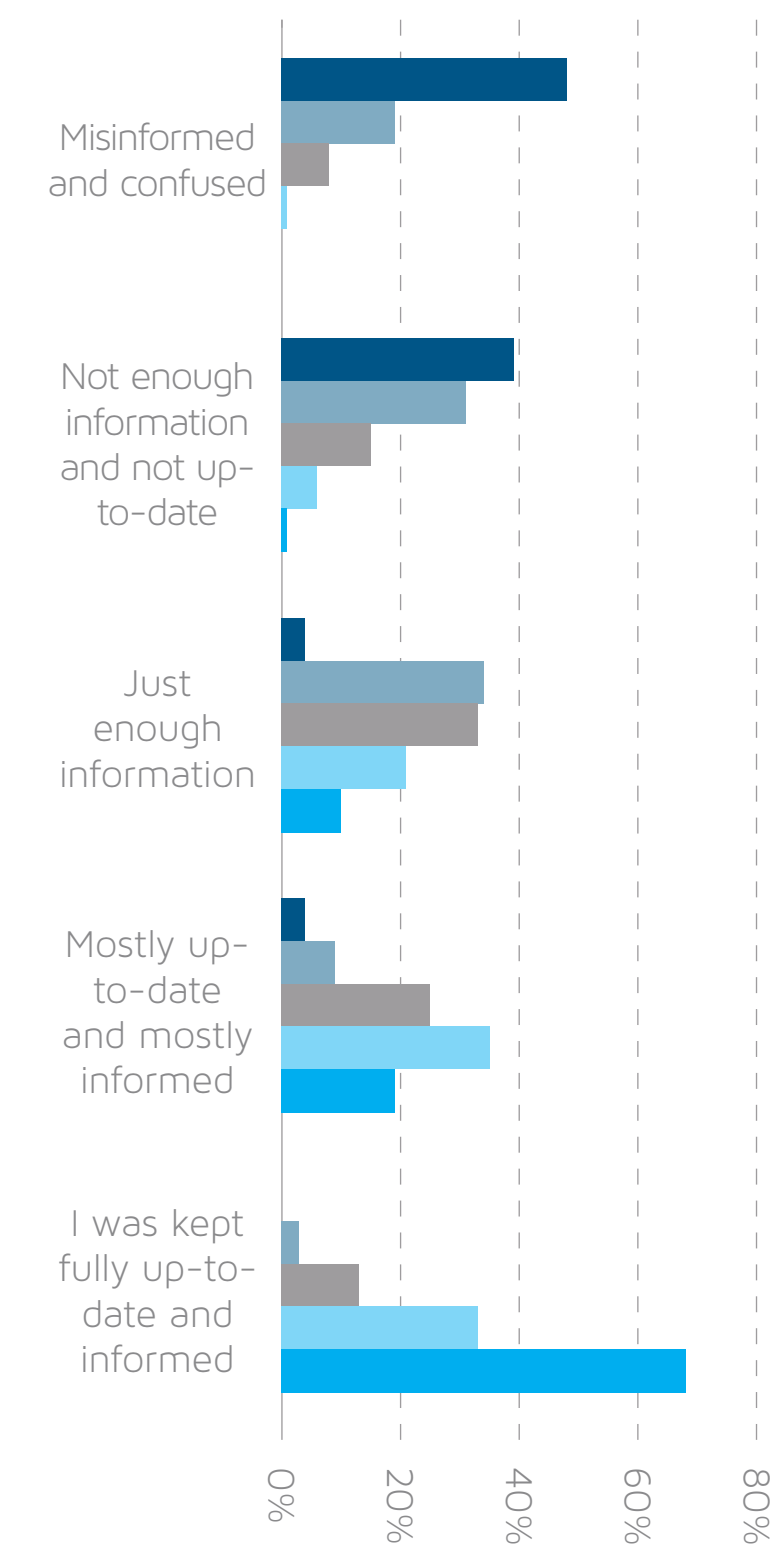
% Australian consumers who found their insurer unresponsive or responsive, by difficulty of claim experience

- Very difficult
- Difficult
- Neutral
- Somewhat easy and straightforward
- Easy and straightforward



% Australian consumers who were kept informed or not, by difficulty of claim experience

- Very difficult
- Difficult
- Neutral
- Somewhat easy and straightforward
- Easy and straightforward



Claim experience correlates with drive of insurer choice

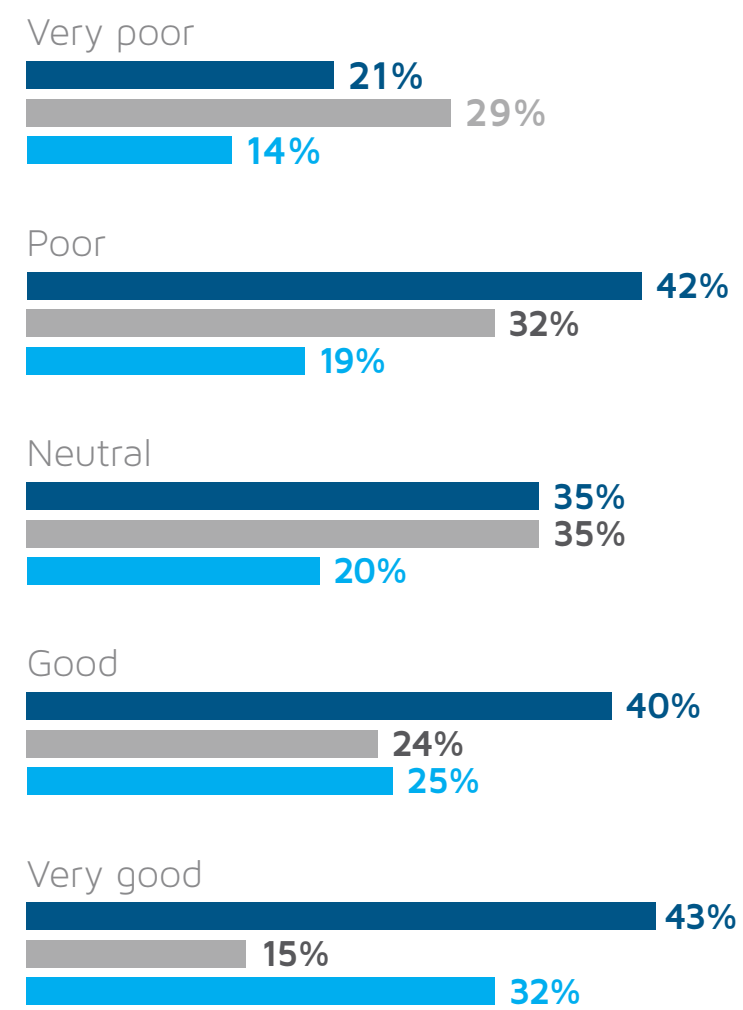
There is a correlation between driver for choice of insurer against the defined attributes, and claim experience. Reputable brand doesn't show much impact on claim experience, with a fairly even spread of experience from 'poor claim' to 'very good' claim. This shows there are significant differences between large insurers in their approach to claims.

Choosing an insurer by cheapest price correlates with claim experience, with poor claims (61%) experienced more than good claims (39%).

A steady improvement in claim experience is observed for those consumers who choose their insurer by comprehensive cover.

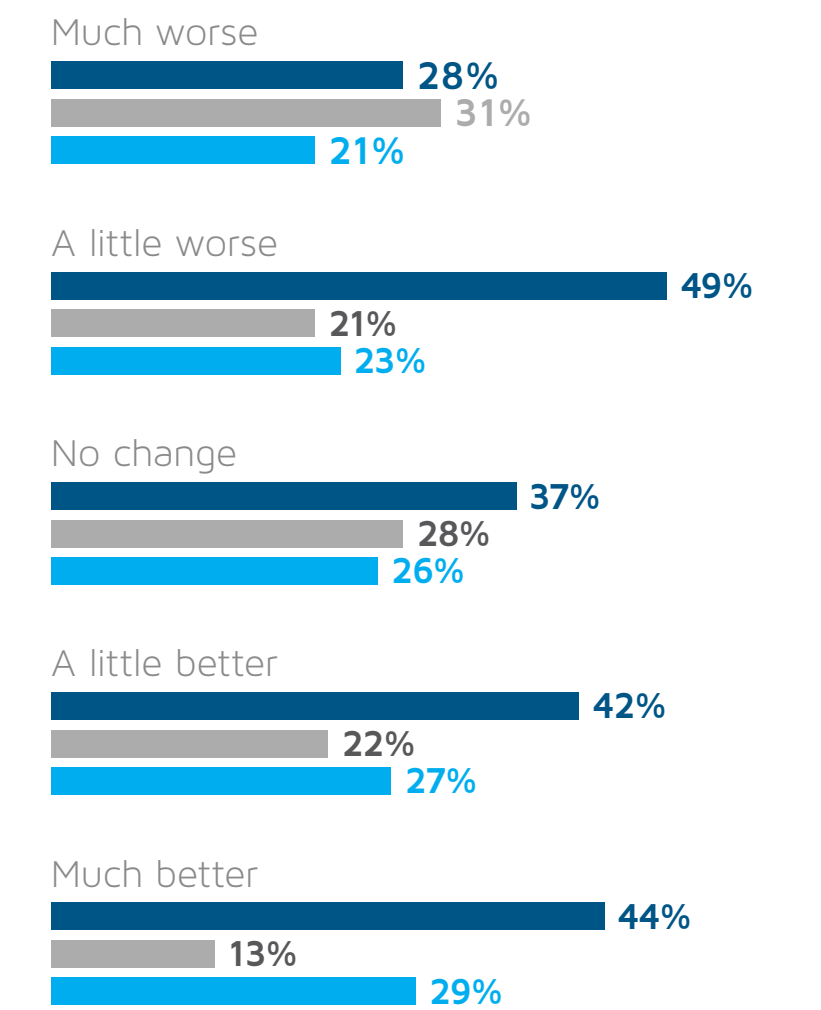
% Australian consumers who had a very poor to very good claim experience, against their first priority for insurer selection

- Reputable brand
- Cheapest price
- Comprehensive cover



% Australian consumers whose perception of their insurer has changed to much worse, through to much better, against their first priority for insurer selection

- Reputable brand
- Cheapest price
- Comprehensive cover



As a result, insurer perception is relevantly affected, and the consideration for switching increases.

There is a strong correlation between the claim experience of a reputable brand with changing perception ($r= 0.955$), and similarly for most comprehensive cover ($r= 0.948$). There is some correlation for cheapest price, demonstrating a level of low expectation of claim for choosing an insurer by cheapest price.

US consumers' claim experience

Section



US consumers' claim experience

Influence on insurer choice

Similar to Australians, US consumers often select an insurer via cues that signal trust and reliability. Such cues include market leading name, size and spread of branches and advertising spend.

Unique to US consumers was the ability to see an agent face-to-face locally, and the knowledge that the insurer covers unique events in their particular region.

Claim process

Similar to the lodgement process in Australia, US consumers began their claim journey either via lodging online, via an app or over the phone. There were few instances of filing paperwork and face-to-face contact. US process typically included being assigned an individual representative to manage the claim end-to-end. This had particular impact on customer satisfaction during claim where **US consumers more often expressed a positive experience, with human-delivered customer service at the heart of that positivity.**

"I'm familiar with them, they have reasonable rates and a lot of advertising. They offer uninsured motorist, flood for car and other types of coverage that Floridians need"

"They were so kind and caring through the whole process. The claim expert would always ask how I was, and how I was feeling before we discussed anything else"

A positive claim experience

The personal touch is important for US consumers, and today, it seems insurers are finding human interaction is the best way to deliver on this. Many consumers aligned positive experience with emotional cues like confidence, happiness, surprise and relief when they expressed how it felt when the agent reassured them, and dealt with their claim quickly.

Compared with the Australian consumer experience, **US consumers enjoyed a greater level of communication**, and therefore had greater transparency across the whole claim process, with many consumers reporting being kept up-to-date.

“I liked that I was able to talk to my local agent. They were VERY sympathetic. They understood about the forty-foot pine tree on our house and the window popping out. I felt understood, heard, and that I mattered”

What US consumers want their insurers to improve on

Consequently, when asked how their insurer could improve their claim process, many US consumers reported that there wasn't much to be improved. Where consumers felt they could pick at a negative, typically it was difficult reaching their claim representative or having to phone the call centre multiple times. This led to some consumers having to repeat themselves at every contact.

Suggested improvements revolved around investing in greater resources like a bigger call centre to deal with CAT events, and assessors coming out to them faster.

“I can't complain they met my expectations. But they can do things better if they have a bigger customer respondent team”

Choice of repairer

US consumers were offered similar experience with regard to repairer choice as Australian consumers, with some insurers selecting the repairer, and others offering a list of options, or the option to choose their own. Consumers reported having little access to repairer profile, however were generally content with the insurer's qualification of their repairer network.

“The insurance company told me that it was one of the companies on their list whose work they would back up if something should happen later”

Repair experience

Once the number of people involved in the claim increased to include multiple repairers, tracking progress and maintaining effective communication began to deteriorate. Experience was split between those who maintained awareness of the process, what to expect, and who to speak with and those who were less able to keep track and stay informed. **The key differentiator was the single point of direct contact. Knowing where to go to receive and query information created positive experiences.**

“I was made fully aware of the status of my claim by the auto body shop employee. I also knew that I could phone or email the adjustor should I have any questions”

US consumers see an app as an added bonus, but not the determinant of claim experience

With many US consumers happy with their claim experience, often due to the availability and helpfulness of direct human contact, when asked, many consumers were unenthusiastic by the idea of having an app to engage the claim process. Lack of transparency and effective communication was not experienced as much as in Australia, and so some questioned why an app would've delivered a better overall experience.

However, most did embrace the added benefits an app could bring, like tracking progress, transfer of pictures and details, and visualisation of repairer network.

"I don't think a mobile app would have made a difference in this process. It was done as close to perfect for me... Both companies (insurance and repair) were very old fashioned...their method was still pretty good"

US consumers enjoy the benefits of human customer service

"I don't feel our experience could've been any better or handled in an easier fashion. It exceeded our expectations"

"I don't think they could have done anything differently. It was very smooth. A tracking tool within the app would be nice"

"I don't think an app would be easier because it would take longer than speaking to a person on the phone"

Section 3.1

Quantifying US consumers' claim experience

508 US consumers who had experienced a motor or home claim during the 18 months prior to June/July 2020 were surveyed on their claim experience. Respondents resided in four states: Texas (44%), Florida (33%) and N&S Carolina (23%). Respondents were fairly spread in age, with a median age range of 35–44 years – a slightly younger distribution compared with Australia.

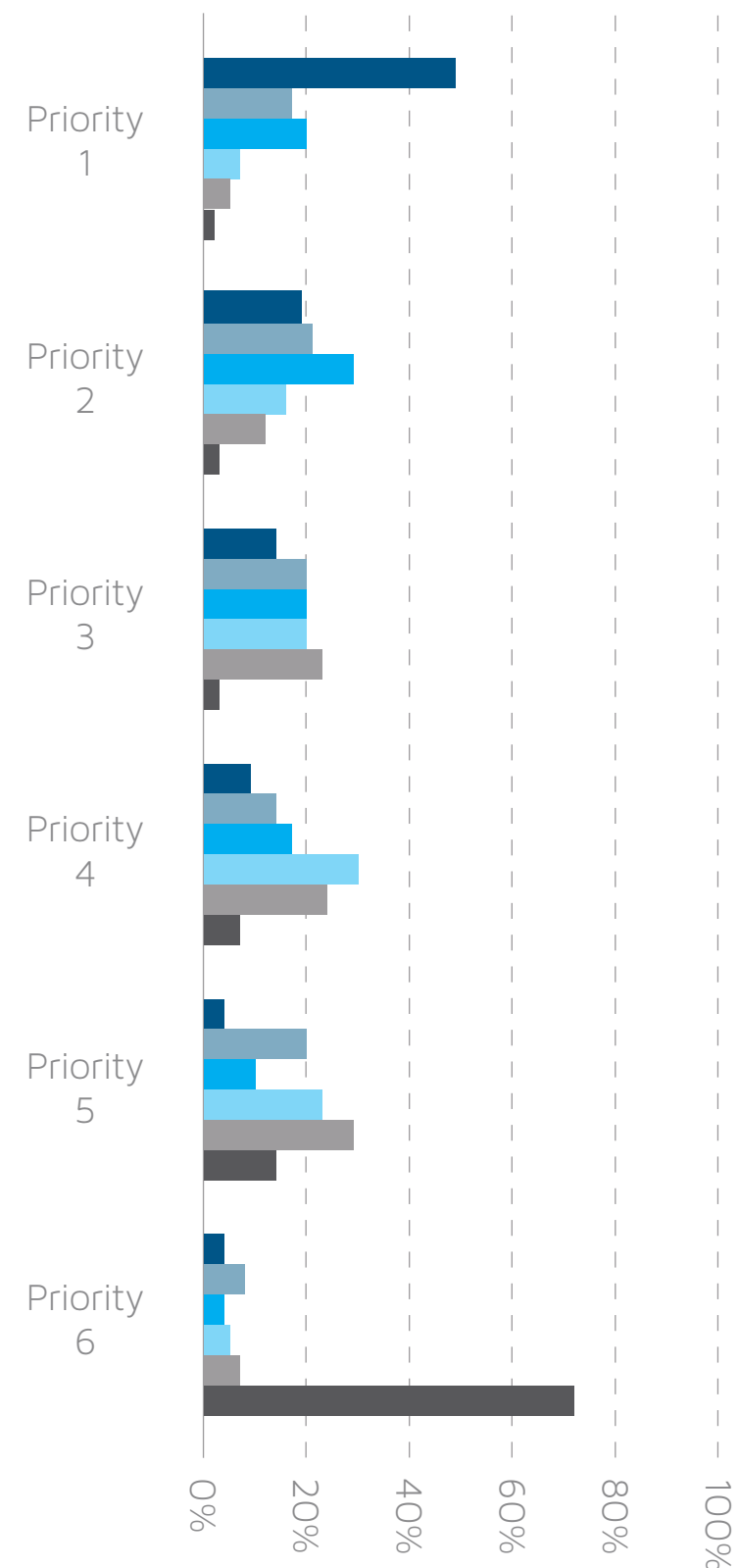
Driver for choice of insurer

US consumers rated reputable brand as the top priority for choice of insurer more often than Australians (49% compared with 40%). This corroborates with perspectives drawn in the qualitative study that showed US consumers look for cues that express trust. Most comprehensive cover and cheapest price followed in priority.

See graph on following page.

% US consumers that prioritise certain attributes when choosing their insurer

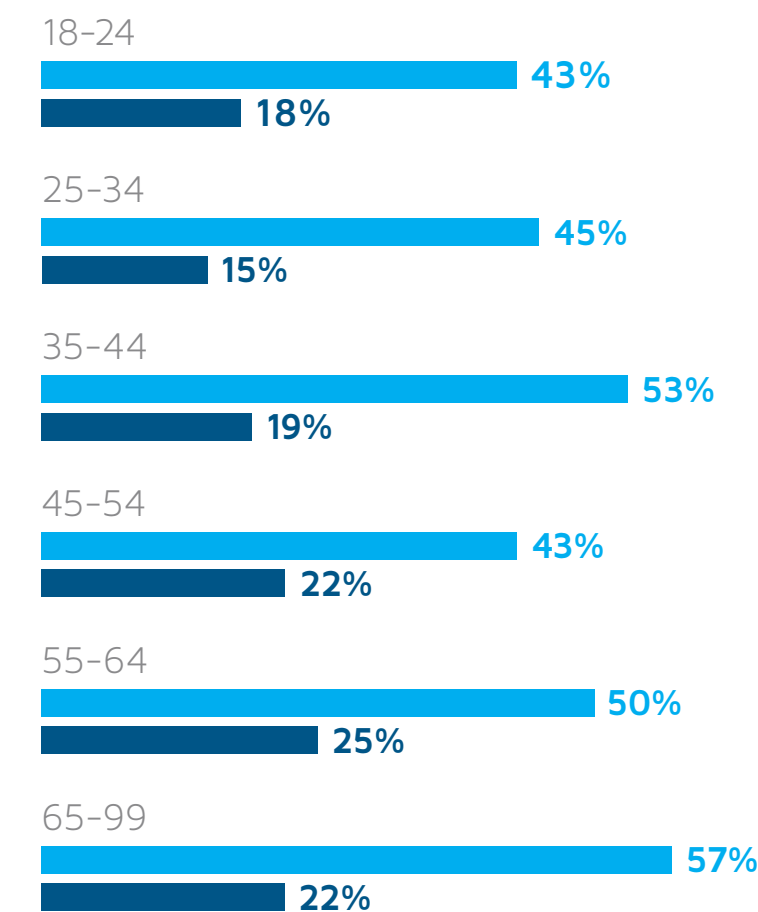
- Reputable brand
- Cheapest price
- Most comprehensive coverage
- Fast and easy quoting
- Claim experience
- I let my broker decide



Priorities differ among age segments with younger groups placing less emphasis on reputable brand and most comprehensive cover than older segments.

% US consumers that prioritise brand reputation first or comprehensive cover first, when choosing an insurer, by age segment

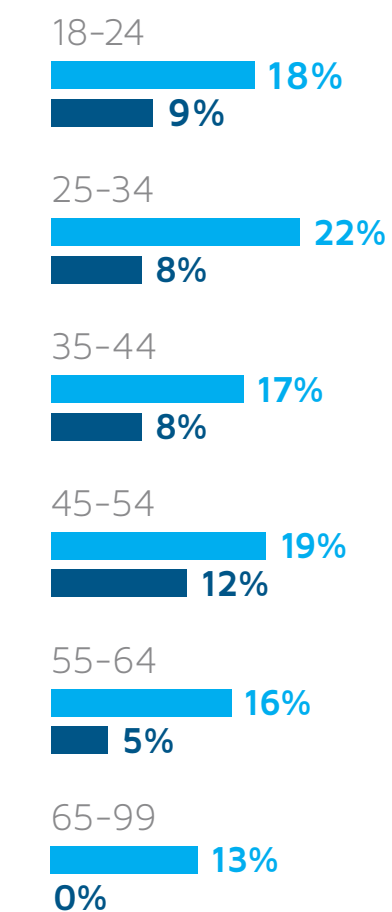
- Reputable brand
- Most comprehensive cover



Younger segments also prioritise cheapest price more than older segments, displaying a level of 'grudge purchase attitude'.

% US consumers that prioritise cheapest price first or fast and easy quoting first, when choosing an insurer, by age segment

- Cheapest price
- Fast and easy quoting



US consumers place greater trust in insurance brand and brokers

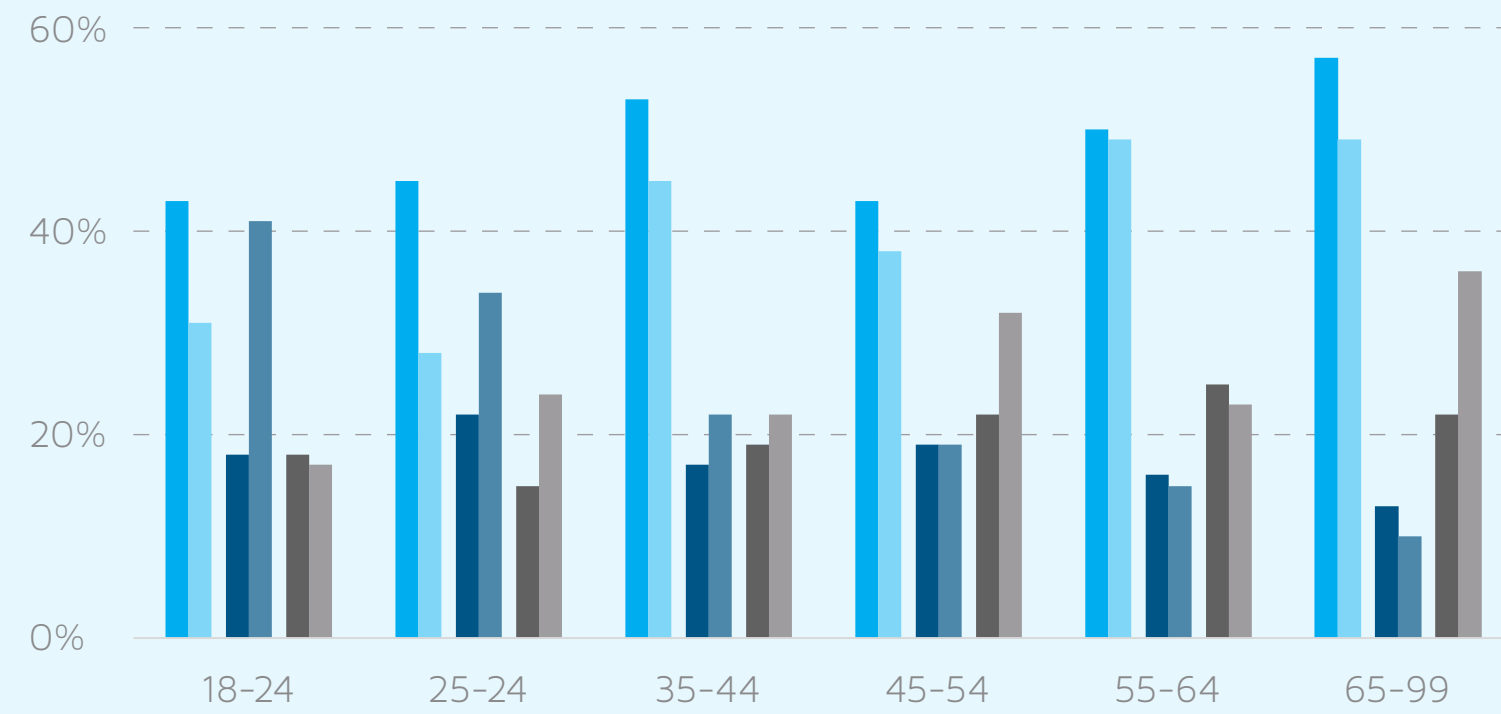
Comparing US priorities with Australia priorities there is a general similar pattern of behaviour, however with some significant differences. US consumers prioritise reputable brand more often than Australian consumers, placing greater trust in market leaders.

With a difference of 23%, 18-24 year old Australian consumers see much less value in insurance, displaying greater 'grudge purchase' attitude, and less trust in the cues of a reputable brand (12% difference) than 18-24 year old US consumers. This can demonstrate a general disbelief by young Australians that insurance is necessary, or, are less informed about their policy and assume all insurers will offer coverage when needed.

See graph on following page.

% US and Australian consumers that prioritise certain brand attributes first, when choosing an insurer, by age segment

- Reputable brand US
- Reputable brand AUS
- Cheapest price US
- Cheapest price AUS
- Most comprehensive cover US
- Most comprehensive cover AUS



There is less discrepancy with older segments, with emphasis on most comprehensive cover standing out for older Australians, demonstrating that older Australian consumers look less for trust cues in brand and consider details.

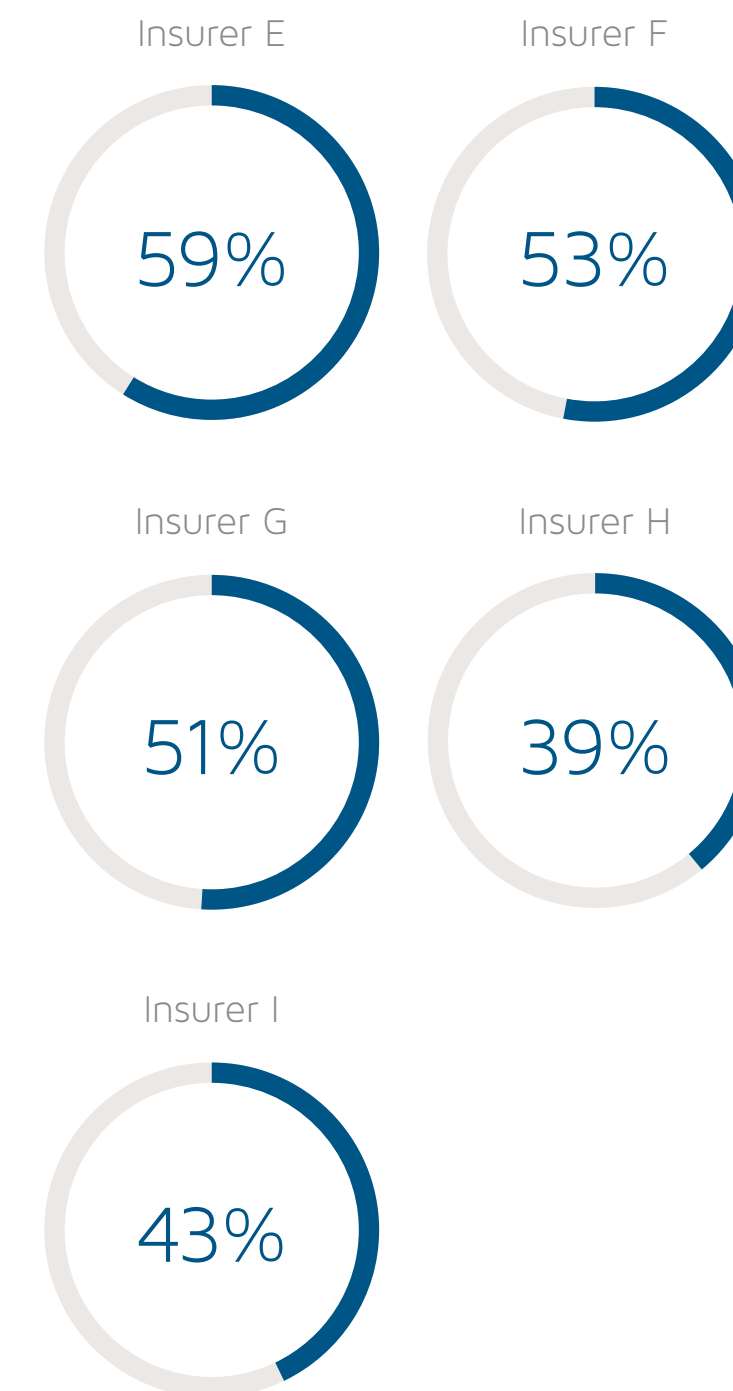
While 72% of US consumers placed leaving the choice of insurer to their broker as the last priority, 87% of Australian consumers did likewise in comparison, further demonstrating Australians prefer control of their choices more than US.

Insurer attributes

Respondents were asked to rank their priority of insurer attributes when choosing their motor and home insurance. A total of 14 insurers were included in the study. The results presented are only shown for those insurers where 30 or more responses were received.

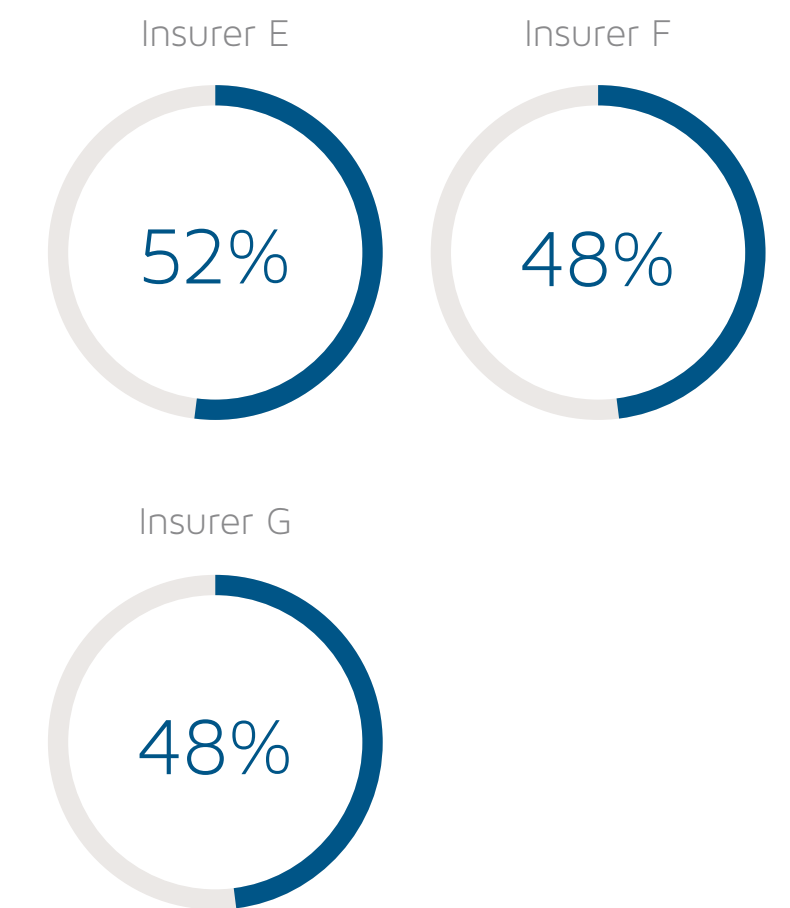
Over 50% of Insurer E, Insurer F and Insurer G customers chose the insurer for their reputation in motor insurance, demonstrating strong brand competition for motor insurance in the US.

% US customers who chose their motor insurer by reputable brand (with 30 or more responses)



Close to 50% of Insurer E, Insurer F and Insurer G customers chose the insurer for their reputation in home insurance.

% US customers who chose their home insurer by reputable brand (with 30 or more responses)



A similar proportion of respondents chose their insurer for claim experience, ranging from 3-4% across the five motor insurers, and 4-6% across the three home insurers.

Claim experience

US consumers report generally experiencing an overall good claim experience, with a greater response rate of 'very good' (51%) compared with Australian consumers (41%), which corroborates with the qualitative study responses.

US customers are more satisfied with their insurers at claim than Australian.

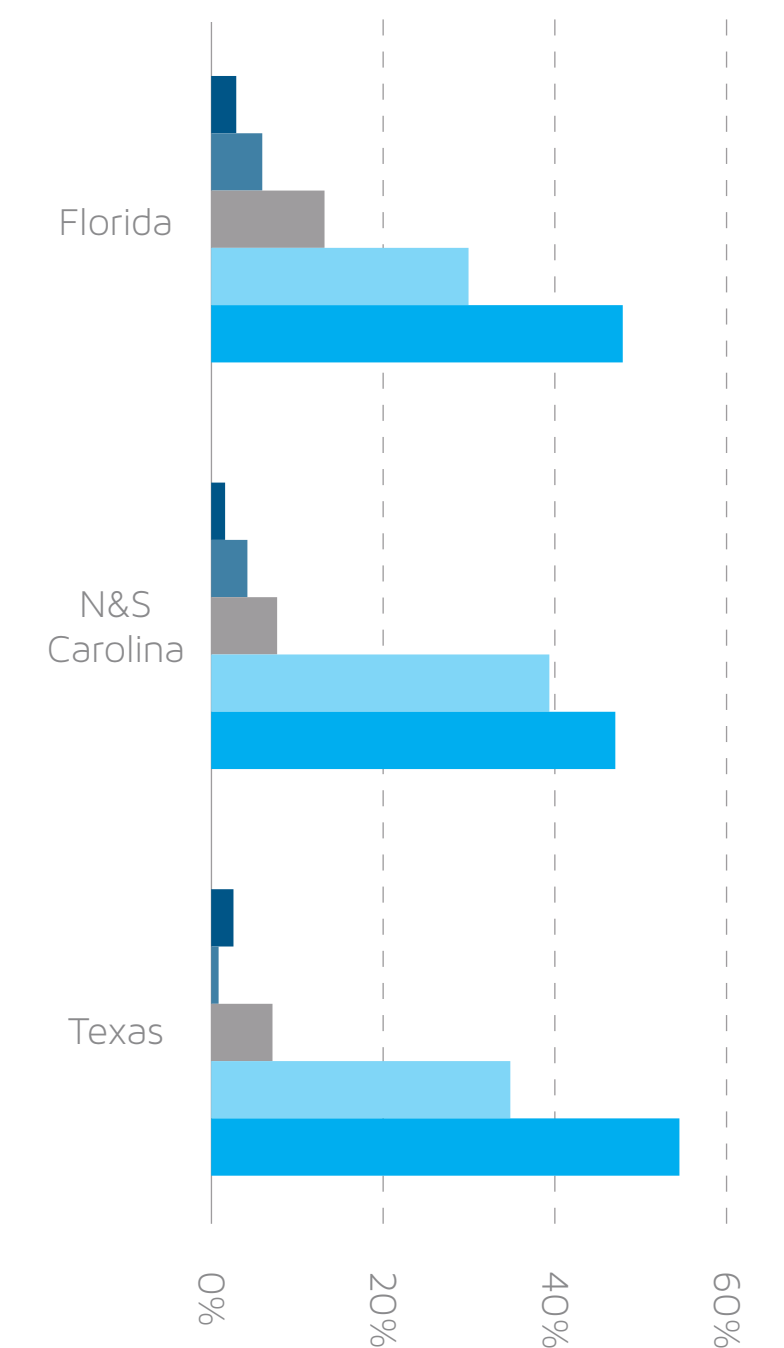
78% of US customers indicated they are likely to recommend their insurance provider, compared with 70% of Australians.

Furthermore, 61% of US customers have an improved perception of their provider, compared with 51% of Australians following claim.

Comparing claim experience across the four states in this study, Florida consumers were the least satisfied in overall claims experience, having greatest difficulty with claim decision (37% compared with an average of 32%) – demonstrating a drive for insurers to compromise customer experience for risk, and hunger to drive down costs.

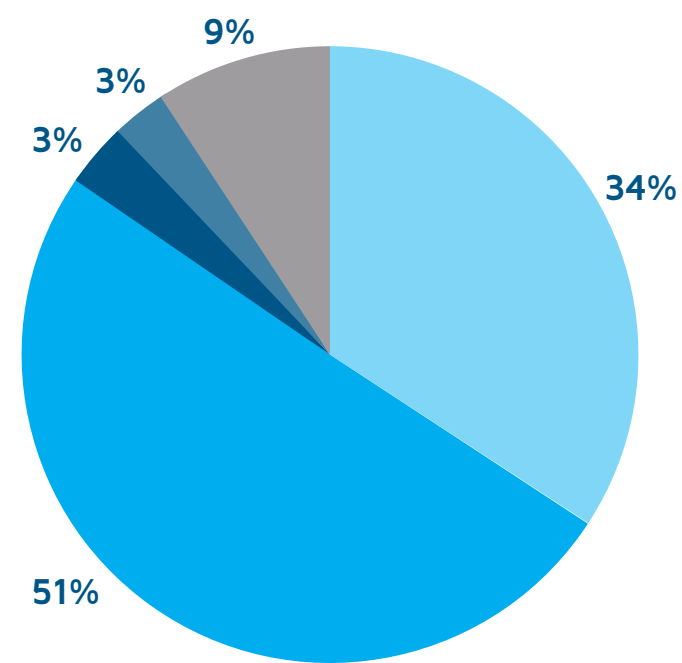
% US consumers who experienced a very poor to very good claim experience by US state

● Very poor ● Poor ● Neutral
● Good ● Very good



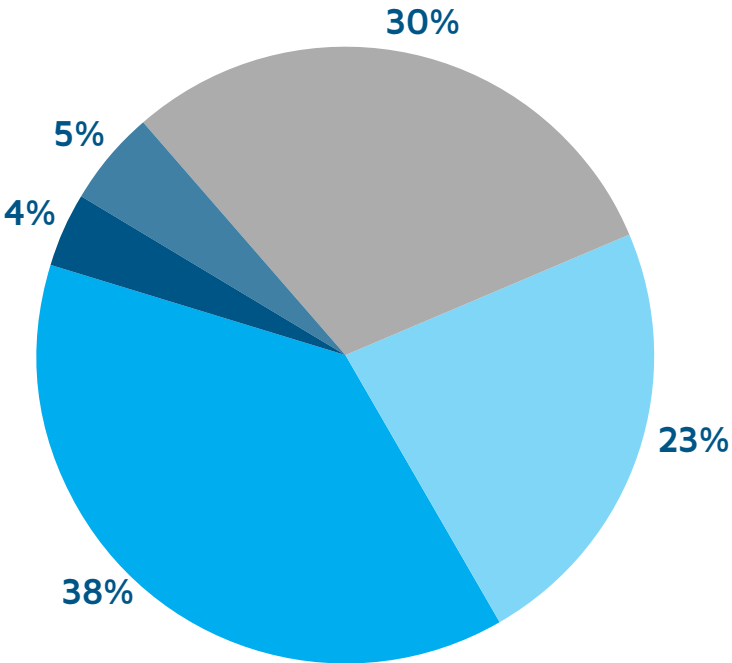
% US consumers experiencing 'very poor' to 'very good' claim experience

● Very poor ● Poor ● Neutral
● Good ● Very good



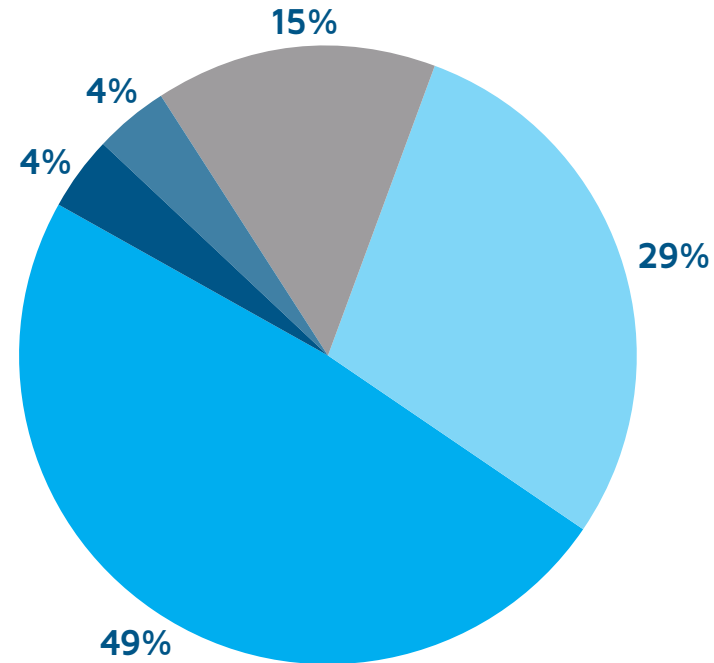
% US consumers' perception changes of their insurer post-claim

● Much worse ● A little worse
● No change ● A little better
● Much better



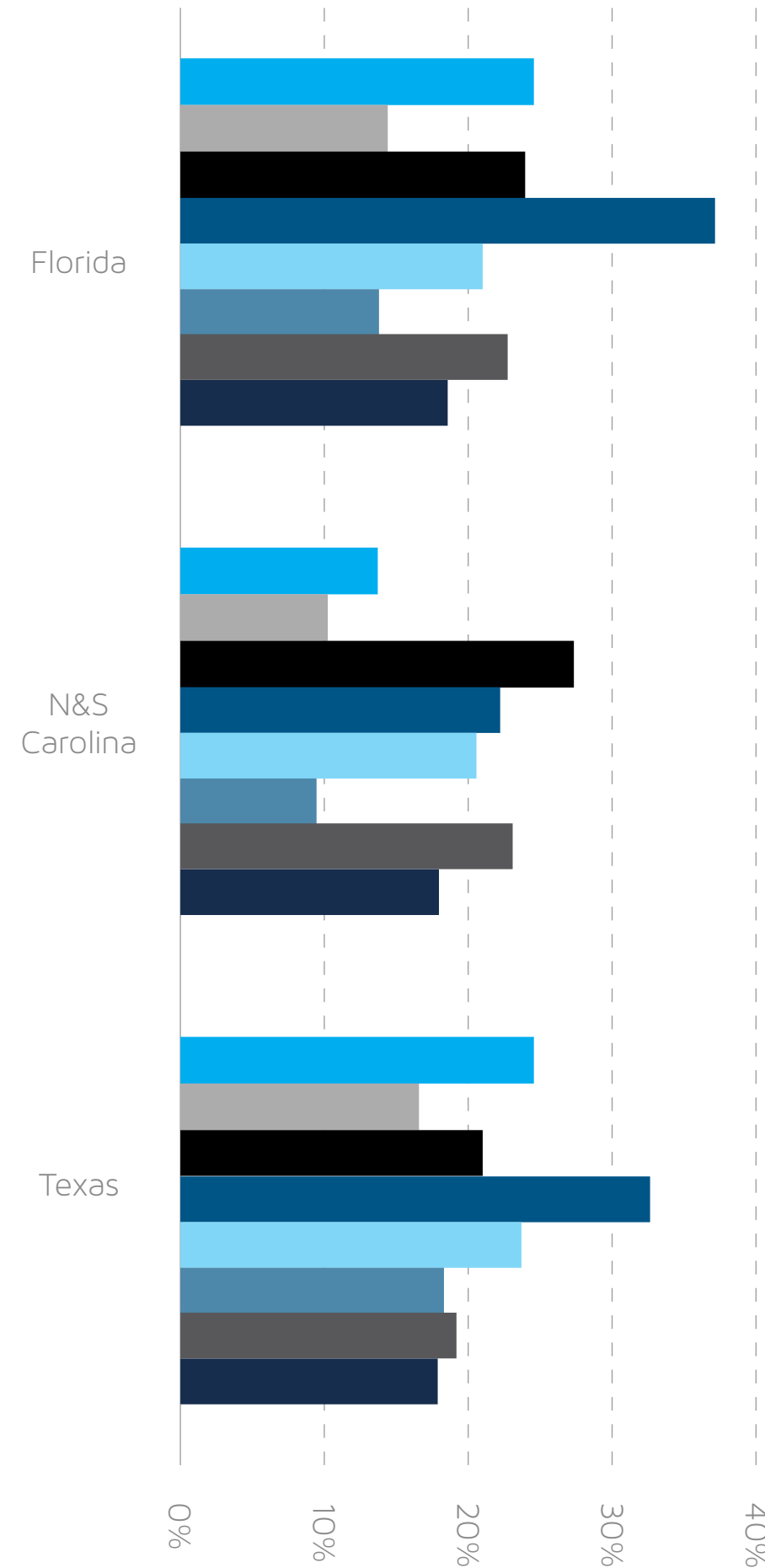
% US consumers' likelihood to recommend their insurer post-claim

● Very unlikely ● Unlikely
● Neutral ● Likely
● Very likely



% US consumers' most difficult stages of the claim experience by US state

- Notification / lodgement of claim
- Emergency make safe / restoration (property claims only)
- Assessment
- Claim decision
- Documentation (e.g. scope of works etc.)
- Excess payment
- Repair
- Quality assurance / approval of repairs



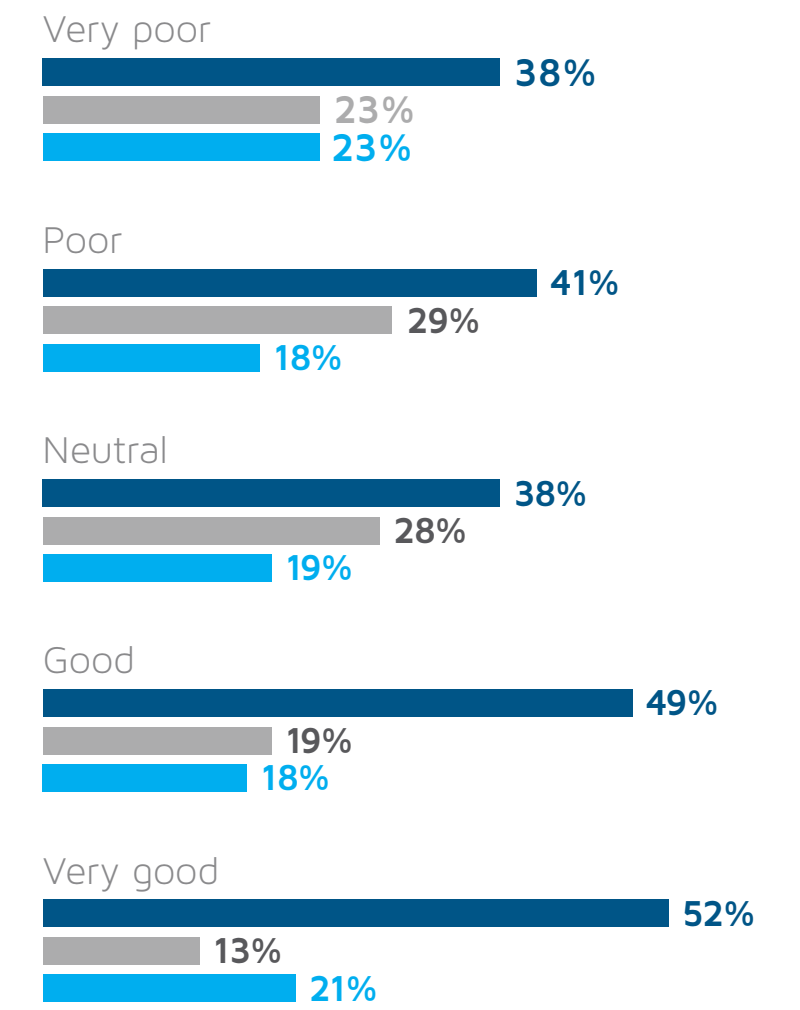
Claim experience correlates with drive of insurer choice

There is a correlation between driver for choice of insurer against the defined attributes, and claim experience. Reputable brand shows a steady improvement in claim experience, unlike in Australia where the spread was fairly even from 'poor claim' to 'very good' claim. This shows that in the US there is some level of benefit at claim to choosing a reputable brand.

Choosing an insurer by cheapest price correlates with claim experience, with poor claims (52%) experienced more than good claims (32%). This was similar to Australian responses.

% US consumers who had a very poor to very good claim experience, against their first priority for insurer selection

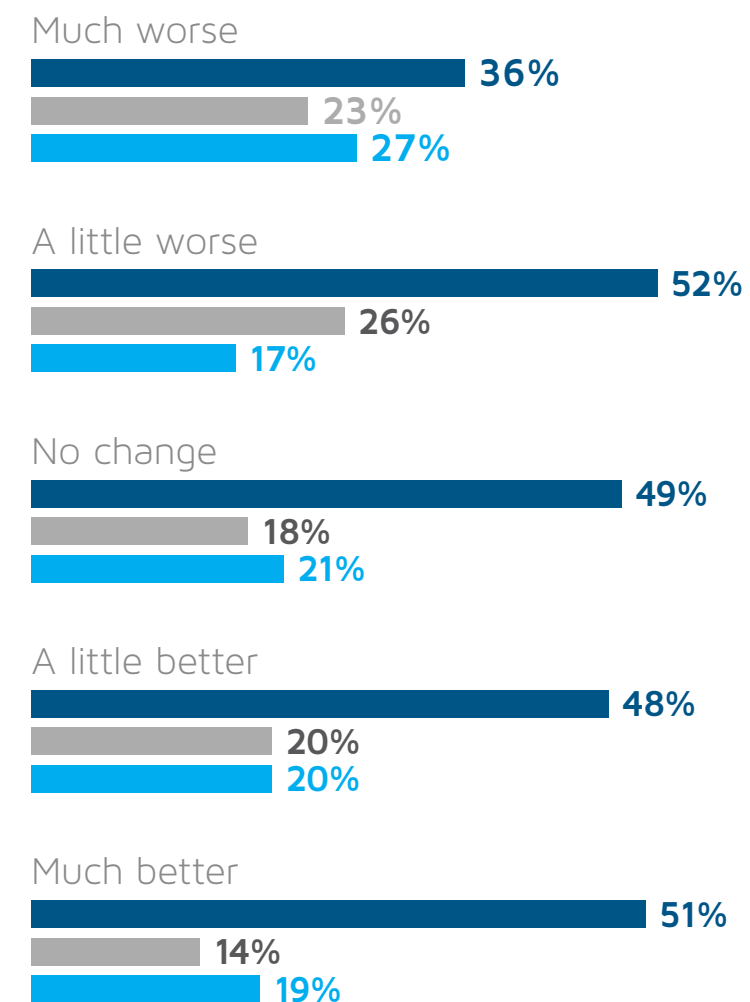
- Reputable brand
- Cheapest price
- Comprehensive cover



US consumers who choose their insurer by cheapest price are more likely to have a worse perspective of their insurer post-claim, and to consider switching insurers.

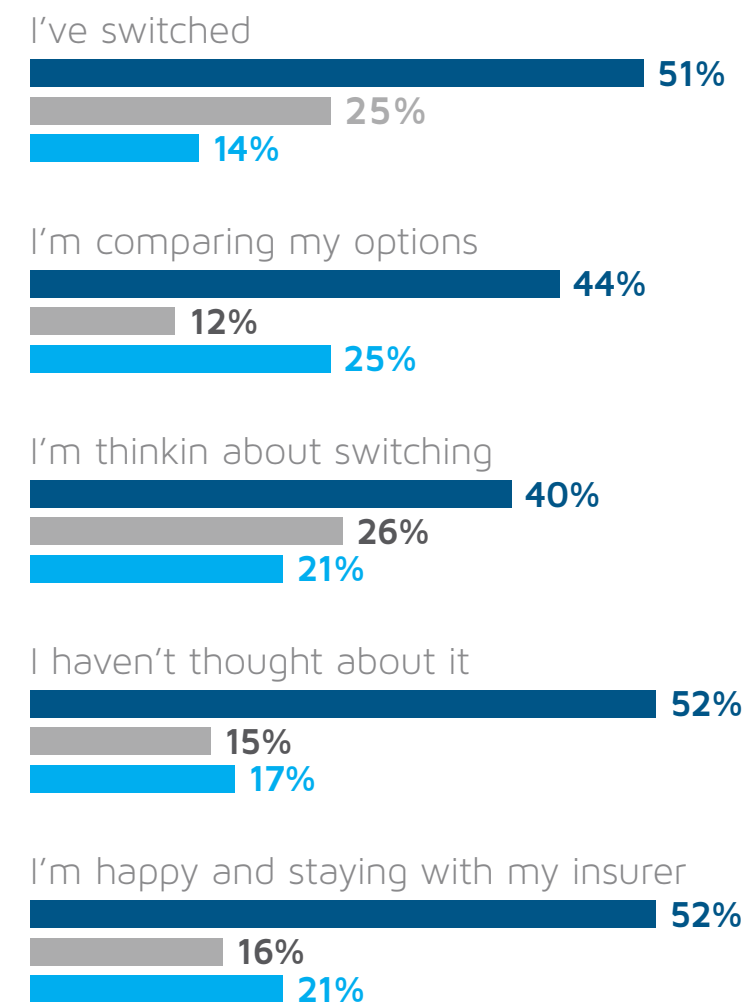
% US consumers whose perception of their insurer has changed to much worse, through to much better post-claim, against their first priority for insurer selection

● Reputable brand ● Cheapest price ● Comprehensive cover



% US consumers' consideration for switching insurers post-claim, against their first priority for insurer selection

● Reputable brand ● Cheapest price ● Comprehensive cover



Section 3.2

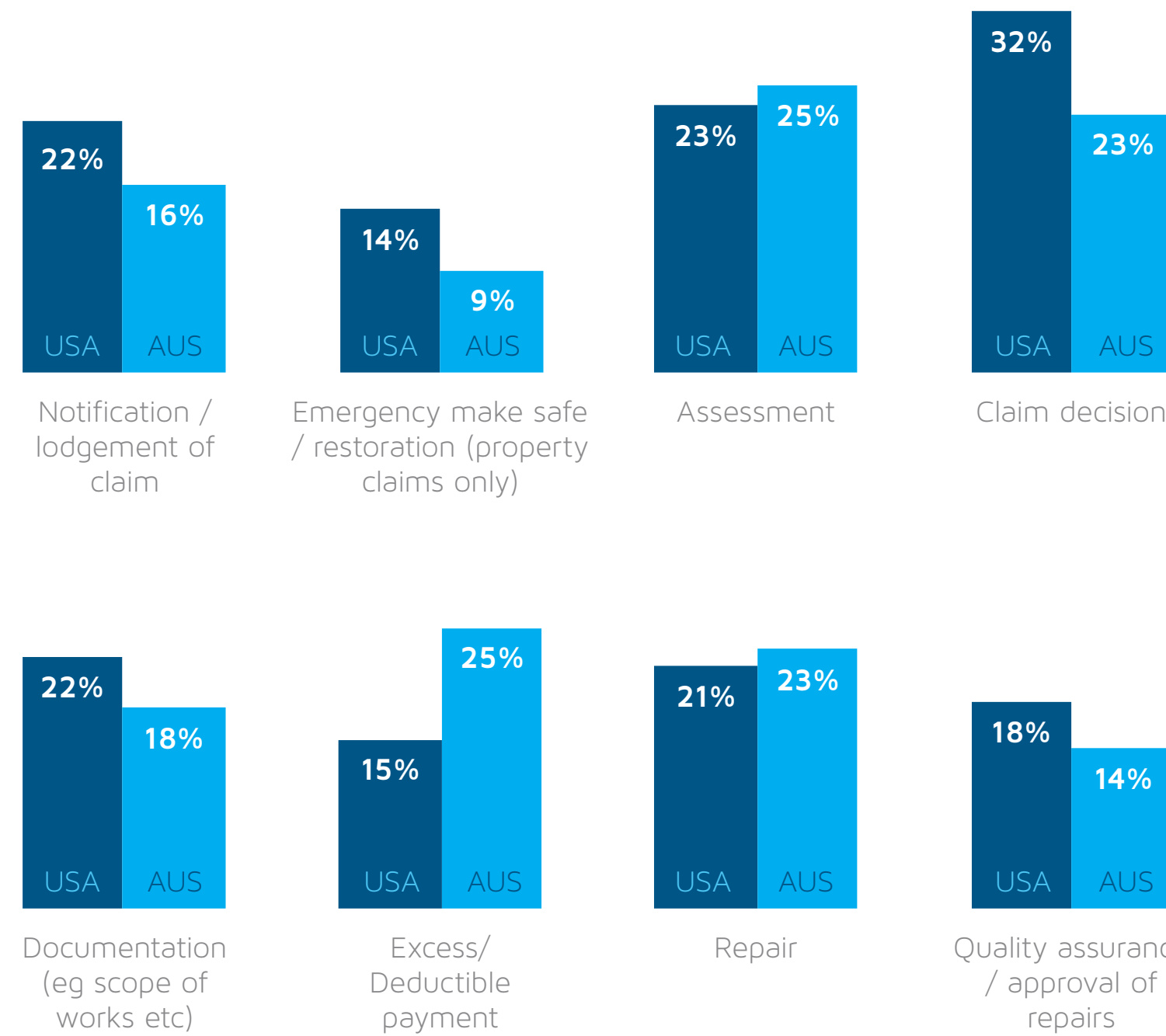
Australia and US comparisons

Administrative tasks that get the claim moving is most challenging in the US.

Reaching a satisfactory claim decision was most challenging for US respondents (32%), as well as the handling of documentation and notification/lodgement of the claim.

The assessment process, like in Australia, was also challenging – however Australia's challenges are more likely experienced further into the claim process, rather than in administration. In the Australian experience, this corroborates with the qualitative study, where insurers have made advances in making the front-end of the claim quicker and easier, though yet to similarly transform the rest of the process.

% Australian consumers who found stages of the claim process most challenging, compared with US consumers



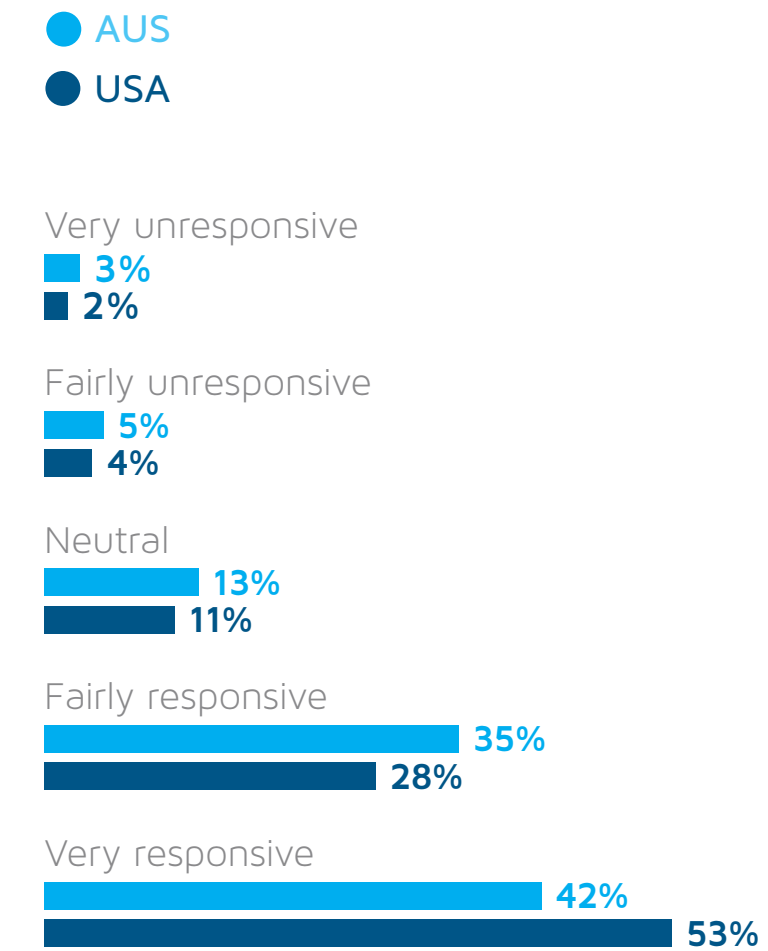
US insurers are more responsive, and keep their customers fully up-to-date, better than Australians.

53% of US consumers indicated their insurer was highly responsive, and kept them fully up-to-date compared with 42% of Australian customers.

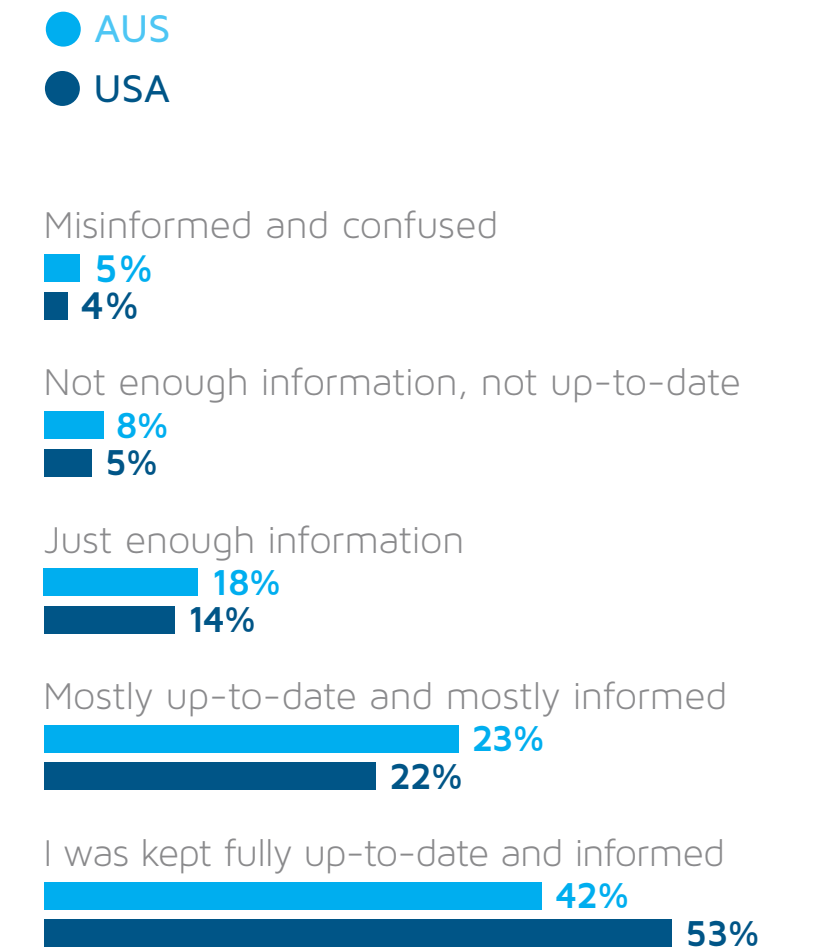
In line with other geographic comparisons in this report, US customers tend to display greater positivity towards insurers at claim, with better communication at the core.

NB: There are significant differences between Australia and USA in terms of both the claim process (for example, who manages the repair, excess/deductible payments, etc.) and scale of market. The scope of the research was not to compare the process itself, but rather to gain insights into the general level of satisfaction and challenges across both geographies.

% Australian consumers' experience of insurer responsiveness through the claim process, compared with US consumers



% Australian consumers' experience of claim status through the claim process, compared with US consumers



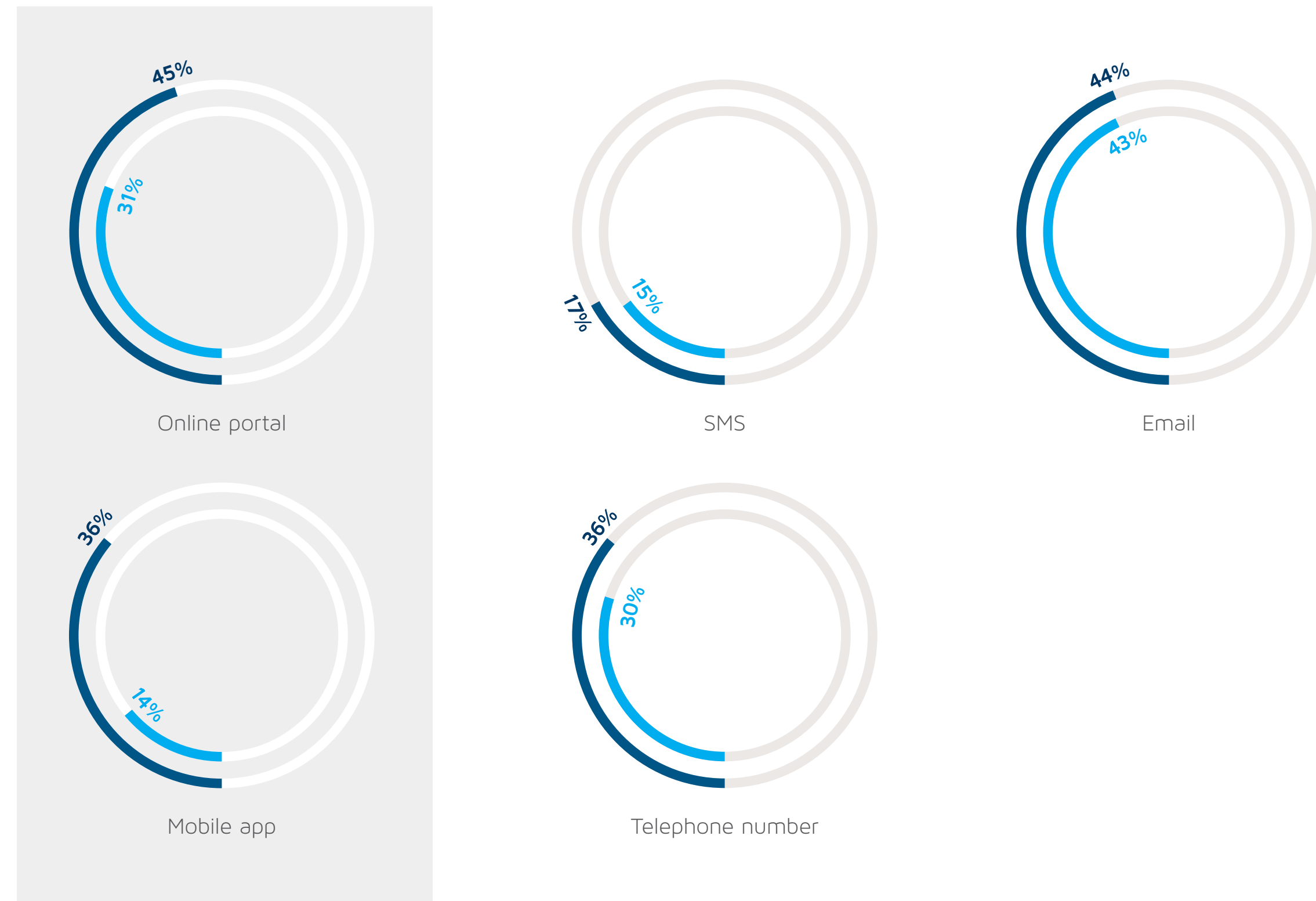
Digitisation of the claim process

US insurers are more digitised than Australian insurers, however generally, customer preference isn't so different (see chart over page).

36% of US customers reported having used a mobile app to track their claim, compared to only 14% in Australia, demonstrating a larger opportunity in Australia for market share.

% Australian consumers who were provided certain methods to track their claim by their insurer, compared with US consumers

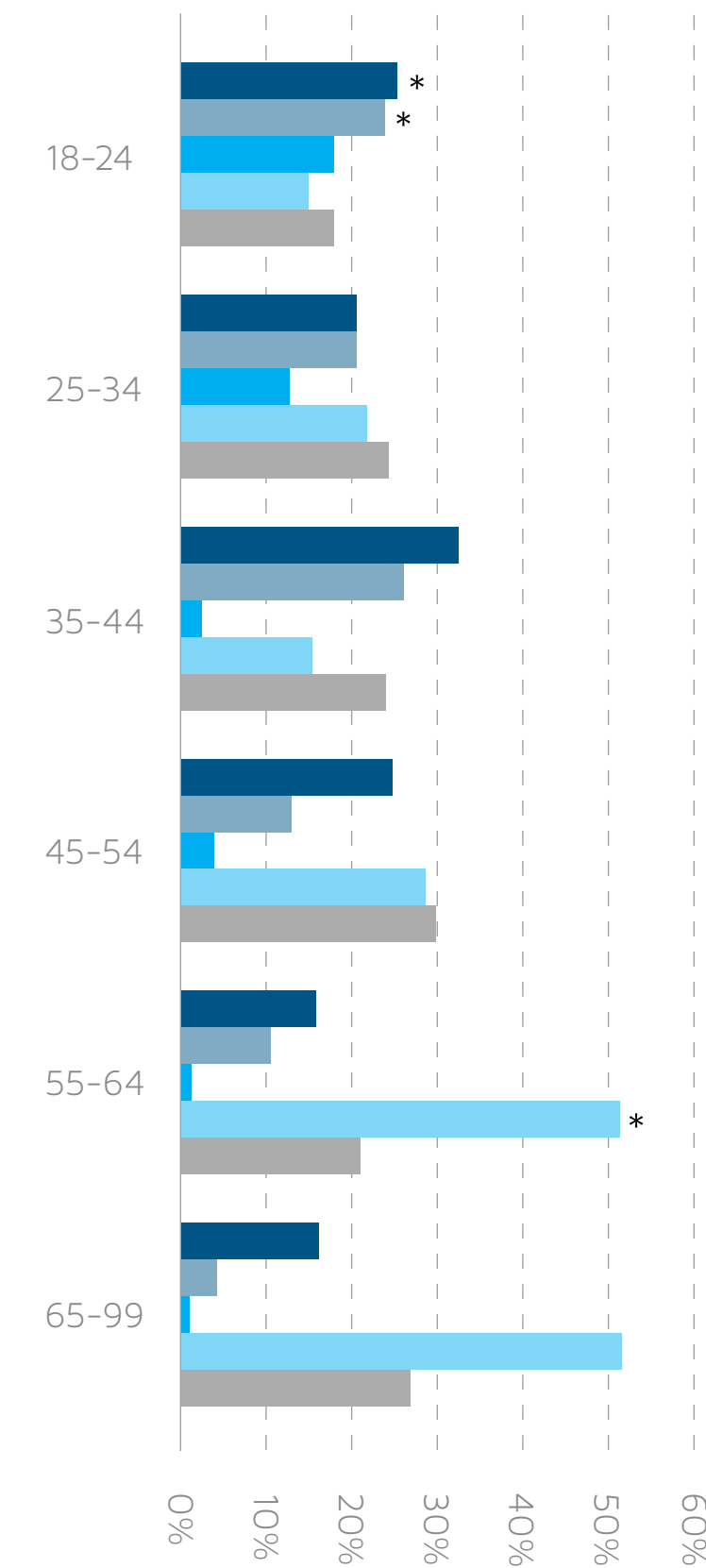
● AUS
● USA



Shifting preference towards digitisation is faster in the US than Australia. A sharp difference exists between 18-24s and 55-64s between regions, also indicating a more homogenous digital-appetite in Australia compared to the US.

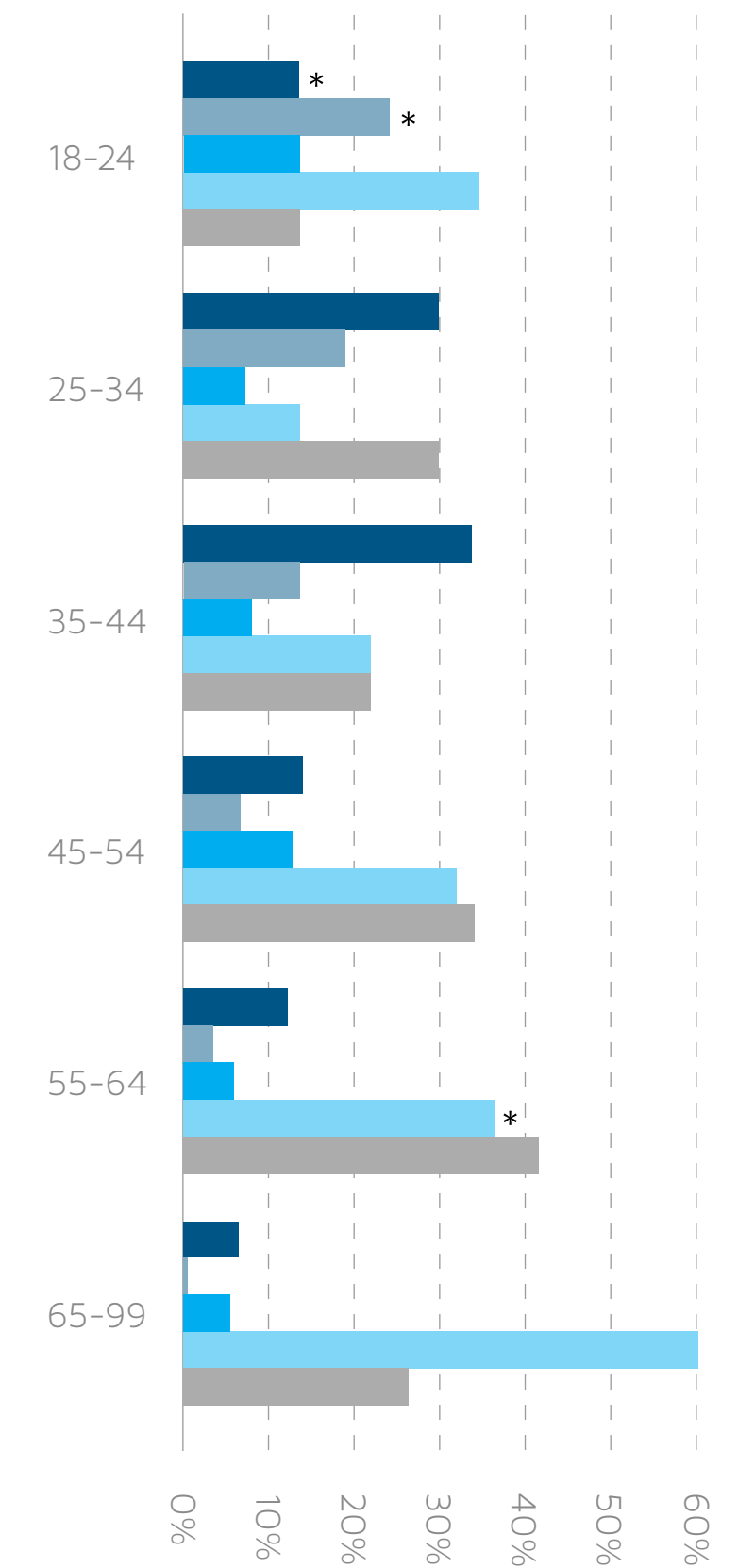
% US consumers' most preferred method of contact by age group

● Online portal ● Mobile app
● SMS ● Telephone number
● Email



% Australian consumers' most preferred method of contact by age group

● Online portal ● Mobile app
● SMS ● Telephone number
● Email

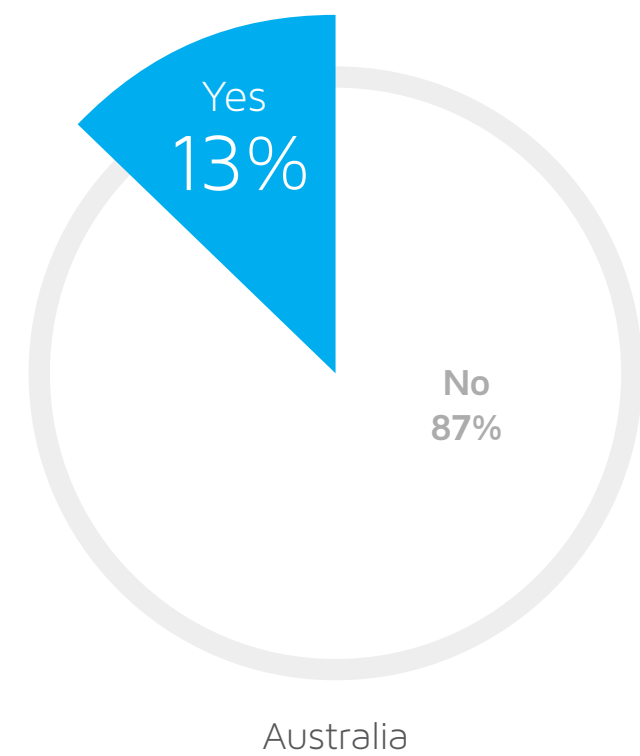
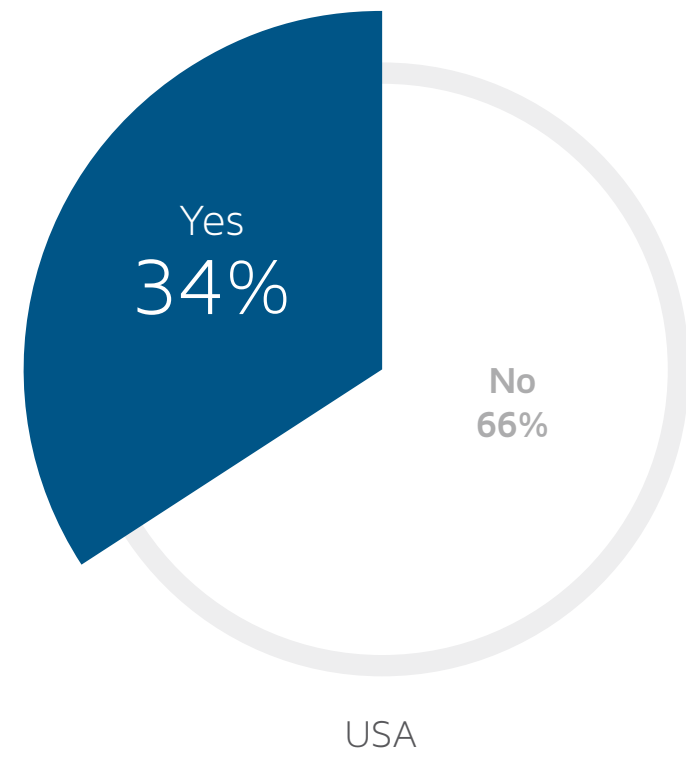


Usage of live video and photo sharing apps are more widespread in the US.

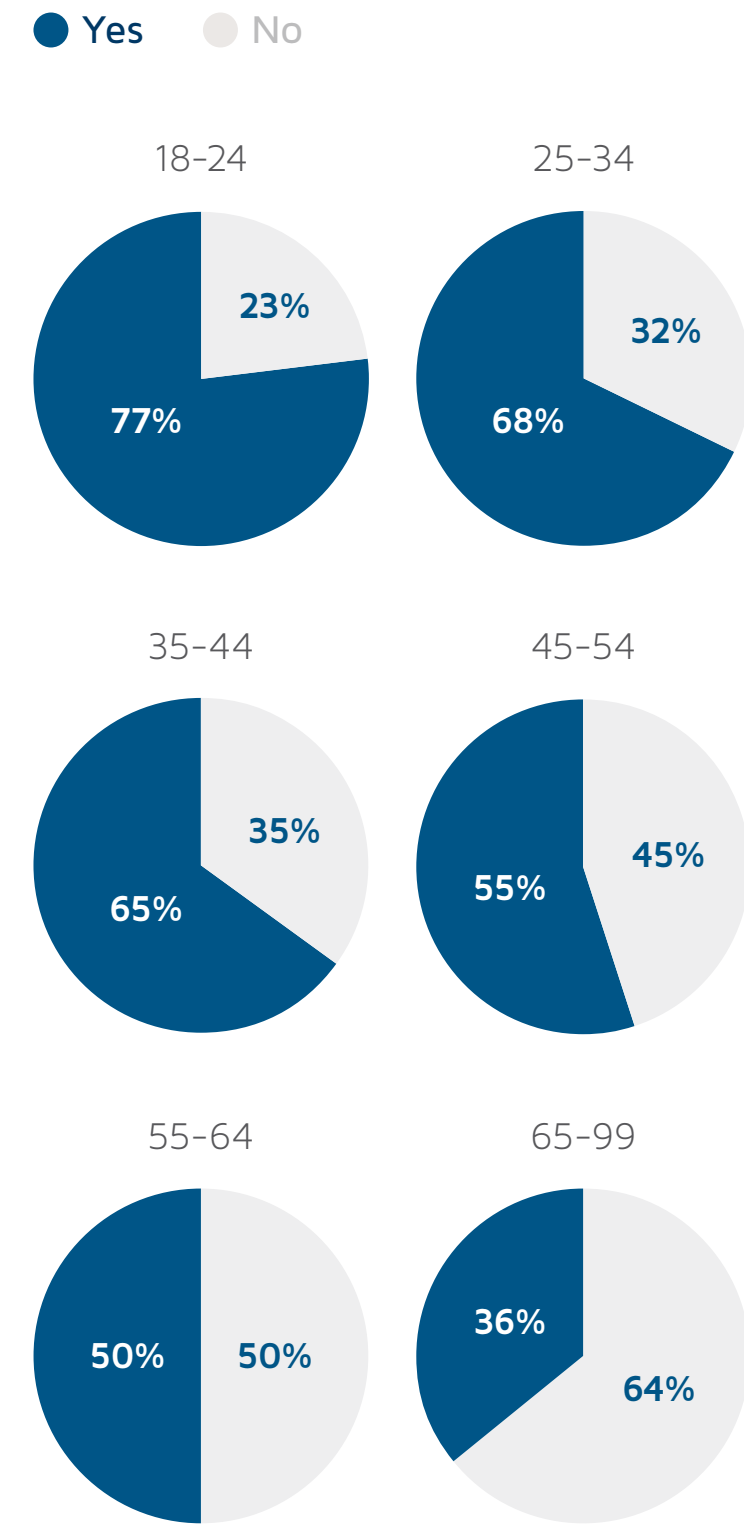
34% used a live video or photo sharing app during assessment compared with only 13% of Australians, almost a threefold difference.

Furthermore, US consumers are more ready for this technology, with 54% indicating they'd like to use it, compared with 45% Australian consumers. This demonstrates that once experienced, there is a greater understanding of its effectiveness in improving the claim experience, which is an encouragement for insurers to adopt and introduce it.

% of consumers who used a live video or photo sharing app during their claim



% US consumers with (and without) the appetite for app usage in claim by age group



Summary

As it stands, US insurers are proving to bring their customers a more positive claim experience than Australian insurers. The greatest difference between the markets is the level and quality of communication US consumers are receiving.

To maintain this quality, US insurers remain focused on the personal touch an assigned claim representative brings. However, Australian insurers have focused more on cost and resource-maximisation techniques that eliminate a central point of contact from the claim – which is evidently creating confusion and disconnection along the claim lifecycle.

Influencers also point out that US insurers are thus challenged more heavily with the costs and risks associated with an insurance claim given the scale of environmental disasters, inconsistency of regulation across states and the height of its litigation.

Achieving both risk-minimisation and great customer experience has still not been perfected in either geography. It is accepted that both process and technological change is the bridge over the gap between the two competing focuses, that can bring similar benefits:

For Australia

- 24-hour visibility and tracking of progress
- A central point of information accessible at any time by all parties
- Automated updates and communications
- Call-centre relief
- Repair network visibility

For the USA

- Automation of manual tasks
- Digitisation of administrative tasks
- Enhanced visibility of damage to accelerate decisioning
- Repair network visibility

Furthermore, Australian insurers would benefit from further educating younger consumers on their policy to improve consumer perceptions of insurance as a whole, of their brand and instilling confidence of benefits.

