



# Customer experience in the new reality

**Perspectives from the  
insurance sector**

Global Customer Experience  
Excellence research 2020



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# Introduction

COVID-19 has led to an increased customer desire to secure against unforeseen events. Where customers need to make a claim, efficient processing remains critical — especially in the current environment, where delays in pay-outs may have severe implications for customers' personal financial situation. Customers also have an increased preference for using digital channels to settle claims.

The digitization of the insurance industry is accelerating more rapidly than, perhaps, any other sector. This trend could be further heightened by insurers' response to the impact of the global COVID-19 pandemic.

Whether at a time of crisis, or relative stability, insurance is fundamentally about protection.

Insurance protects against many of the worst financial outcomes of COVID-19 in the form of health, life or hospital indemnity insurance, or by offering business interruption or worker compensation.

With that in mind, it should come as little surprise that insurance companies have seen an enormous increase in customer contact as a result of the impacts of coronavirus.

Insurance protects against many of the worst financial outcomes of COVID-19 in the form of travel, health, life or hospital indemnity insurance, or by offering business interruption or worker compensation.

General insurers have already had to adapt to the conditions created by coronavirus. Terms and conditions have had to be revised around the use of personal residences for working from home or using commercial vehicles for work purposes. Many carriers have also adjusted the payment terms around timing of payment, late fees and cancellation for non-payment or even partial return of premium for reduced use.

COVID-19 may cause more people to reconsider their individual health

insurance needs and spikes in interest in health insurance and critical illness products have been recorded in several countries.

Insurers are facing difficult challenges across all insurance segments. Health, travel and commercial property and casualty business interruption insurance have all seen a significant increase in claims. The life industry is looking carefully at mortality rates and, longer term, financial market volatility will bring its own challenges.

Because of the long-term assets and liabilities that life insurers hold, market volatility is always challenging for the sector and there has been extreme volatility in recent months. Movements in equities, interest rates and credit spreads create tremendous asset liability management risks for life insurers as yield curves flatten.

# The future experience

As a result of changing customer needs and behaviors, insurers are looking to rethink and innovate as they adjust and respond to the new reality that will exist post-COVID-19. This is leading to a far greater focus on customer experience and greater personalization of the insurance proposition.

As the pressure on health services and social distancing protocols continues, we are likely to see a rise in telehealth services, offering consultancy to patients via phone or online video services. This could have constructive long-term effects, helping healthcare reach more remote and less affluent populations including the under- or un-insured. Making healthcare more available and accessible means that, in some small way, societies may benefit from learnings and actions taken during COVID-19.

This is also leading to new products that are specifically payable in the case of pandemics or epidemics, or an increase in the appetite for usage-based insurance (UBI) models.

**Making healthcare more available and accessible means that, in some small way, societies may benefit from learnings and actions taken during COVID-19**

Fully digital insurance start-ups are emerging which have disrupted the insurance market with a combination of AI and Behavioral Economics. Many take a “human-oriented technology” approach to maximize customer satisfaction with their innovative, customer-and technology-focused transparency model.

The technology defines the experience, governance model, organizational structures and humans are there when necessary.

Increasingly insurance products are being sold through a digital first advice approach. Here, customers engage with an advisor via a video call in the first instance to define the parameters of their policy before moving to other channels.

This creates greater efficiency, better value for money and reduced distribution costs for the insurer.



# The recovery pathway

Insurers have focused heavily on customer experience, digitization end to end across the lifecycle to build engagement, improve the customer experience and reduce costs.

COVID-19 provided the opportunity for insurers to understand that their businesses have enough connectivity to support more staff working off-site and in flexible ways now, and for the future. Insurers should focus on reviewing, testing and securing their new model of working to ensure good governance, efficiency and protect against cyber threats.

There are some strategic technology and product questions facing companies:

- What do we do with operational areas that have high concentrations of human capital support such as call centers, claims and shared service centers?
- Have we maximized the use of digital workflow tools, virtual or mobile workstation capabilities or communication technologies?
- Do we need to accelerate the digital transformation of the organizations, to become more agile, responsive and a more connected enterprise?

These are extremely challenging times for individuals, families, businesses and indeed whole societies and economies. The insurance industry has a key role to play in supporting customers and societies through the situation and the recovery.

The Six Pillar model was developed to provide a precise and practical definition of the kind of emotional outcome a successful experience needed to deliver. Based on over 4 million detailed customer reviews, The Six Pillars have been validated in 27 markets this year and modeled against the commercial outcomes of retention and recommendation. The Six Pillars are inextricably intertwined and, in combination, provide a powerful mechanism to help organizations understand how well their customer experience is delivered across channels, industries and company types. The leading organizations demonstrate mastery of these pillars and are outstanding at all of them. [Click here for more information.](#)

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As a result of changing customer needs and behaviors, insurers are looking to rethink and innovate as they adjust and respond to the new reality that will exist post-COVID-19. This is leading to a far greater focus on customer experience and greater personalization of the insurance proposition, which many of our hall of fame companies are already implementing.”

**Laura Hay**  
Global Head of Insurance

A focus on The Six Pillars of Customer Experience that can shape the right thinking:

**Integrity**

Being seen do the right thing, acting in the best interests of the customers and delivering on the insurance promise. Insurance companies are amongst the least trusted in the world.

**Resolution**

Finding solutions and responding to needs in a timely manner, not just paying out but striving to remove related customer problem areas to provide solutions not just products.

**Expectations**

Setting, managing and meeting expectations, being clear on policy limitations and terms and conditions.

**Empathy**

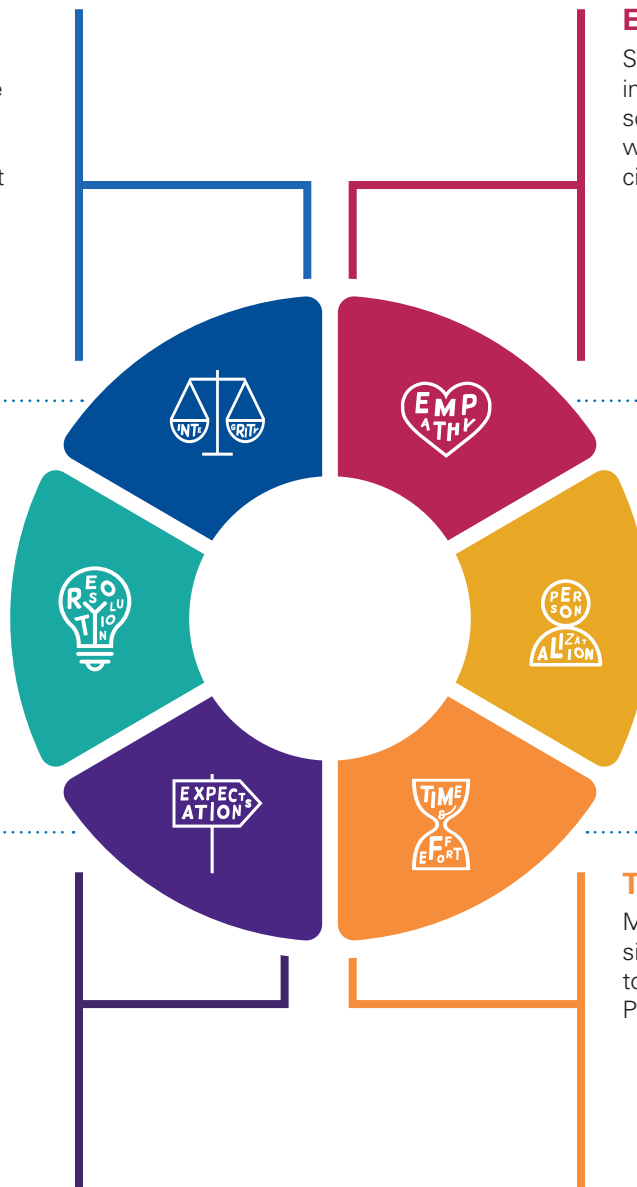
Show, that you care. Emotional intelligence training for staff — so they react in the right way to customers in difficult circumstances.

**Personalization**

Avoid a one-size-fits-all approach and, instead, focus on the customer’s specific circumstances. Products that are flexible and customizable.

**Time and effort**

Make the customer experience as simple as possible, use digital tools to make the customers life easier. Paperless claims for example.





## Case Study

# LALUX

Lalux is an insurer that keeps 'customer closeness' and a sense of place central to the customer experience. Described as "Your insurance in Luxembourg", its reputation is built on resolving customer claims rapidly and with great empathy. Staff and agents maintain a close personal relationship with its customers throughout the process.

COVID-19 meant the closure of the companies branch offices, however 24/7 support was provided digitally and over the phone. Lalux were keen to ensure that customer closeness was maintained through the difficult period. Investments in a single customer data source across the Lalux companies ensured agents were kept up to date with developments in their customers lives.



## Case Study

# AIA

AIA is an insurance company that has been in existence for over 100 years whose focus is on providing solutions to problems that occur across the customer's life stage. They focus on supporting customers through life events with both reactive and preventative initiatives.

AIA responded to COVID-19 by moving their entire business suite to digital. The rapid adoption of machine learning based applications has improved the customer experience and helped manage the increased workload.

In support of its customers and its community responsibilities, AIA has set up the first COVID-19 digital clinic in Thailand enabling those who think they may be affected to get in contact with a health professional digitally. It is a free telemedicine service enabling real-time interactions between patients and doctors. The service enables callers to avoid visiting hospital unnecessarily, thereby reducing the risk of further COVID-19 infection.<sup>1</sup>

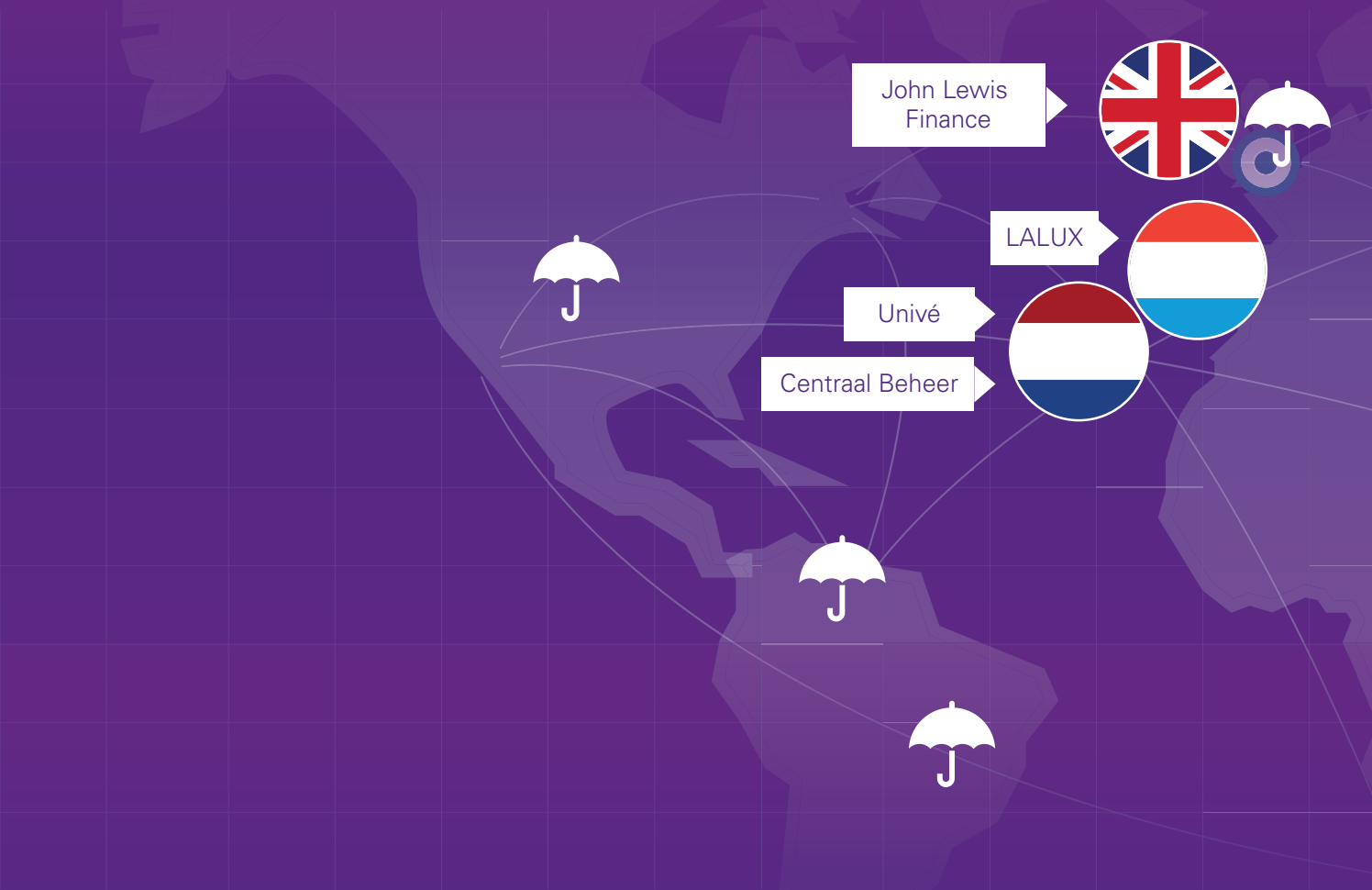
<sup>1</sup> <https://www.aia.com.sg/en/coronavirus-disease-2019.html>



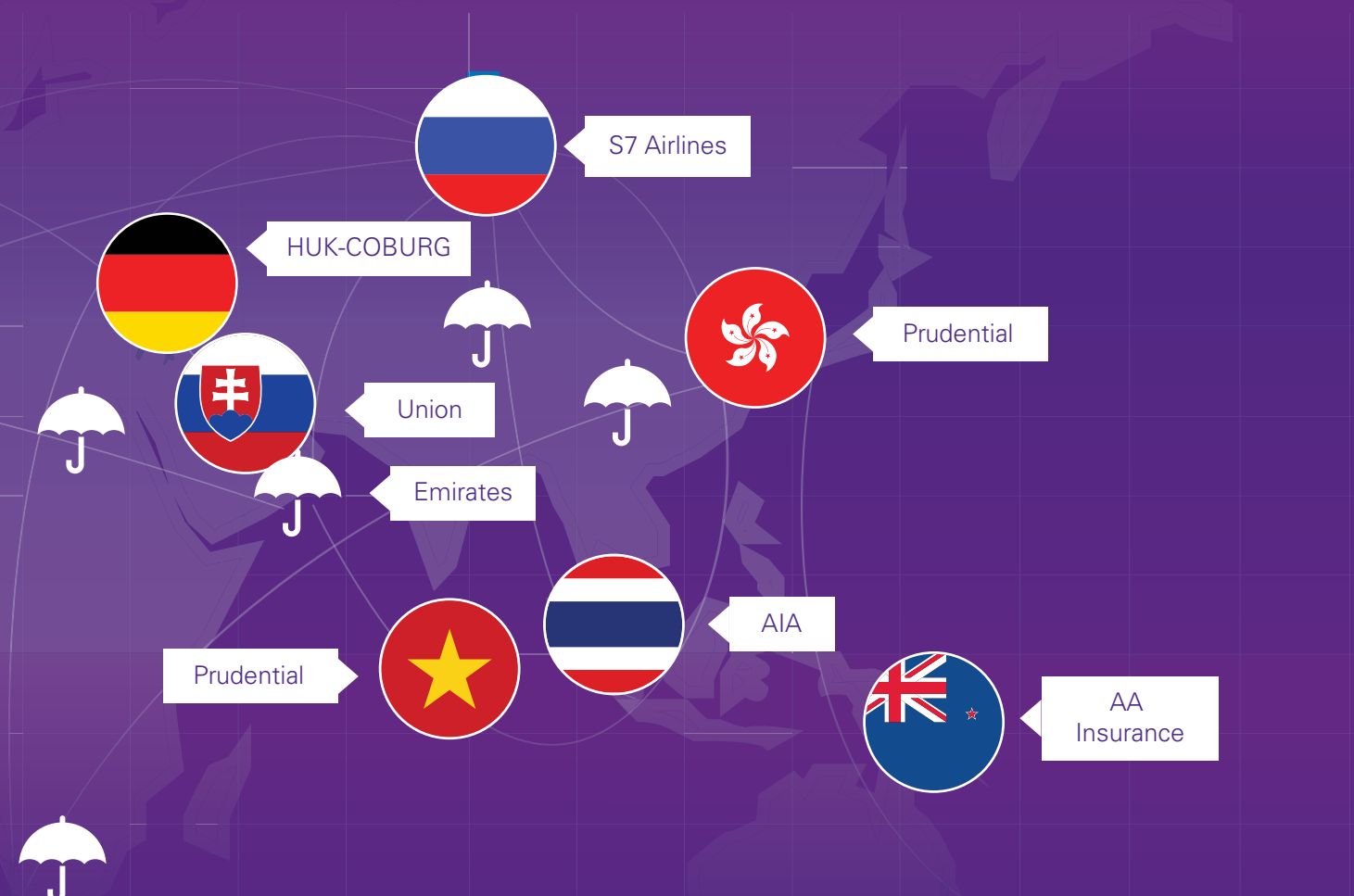


# Hall of Fame 2020

The leaders in this year's global CX research are well adapted to respond to new and emerging customer requirements. Each of the companies in this year's hall of fame are united by their desire to continually improve and innovate. They realize that digital services require a human touch and are mastering the art of highly personalized service across channels.

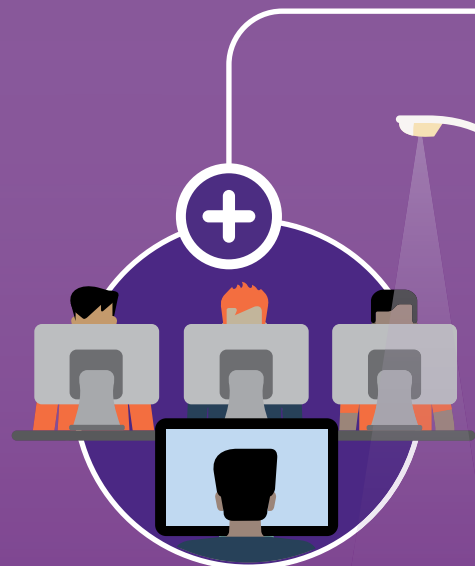


Note: Hall of Fame based on brands' CEE performance relative to their market, according to consumers in the market specified.



# Summary

Insurance companies must rapidly adapt to the changing circumstances introducing new digital tools, finding new ways of interacting and the transparent management of claims while at the same time providing an outstanding experience.





# Get in touch

COVID-19 presents challenges to businesses — but also opportunities. It throws light on the need for organizations to put the customer at the heart of the business and have a coherent, consistent intent across their Front Office functions — and indeed connect the entire enterprise. It highlights the importance of digitalization and robust data collection so that organizations make decisions based on evidence, not instinct. And it foregrounds how essential it is for organizations to consider how each function fits together.

To flourish rather than flounder, businesses must determine the correct investment strategy across the Front Office by considering their customers, their brand and their place on the economic curve, so they can invest with greater certainty of return. All companies will be physically constrained during the measures to contain and limit the impacts of COVID-19 and their values will come under close scrutiny. However, they must leverage their ability to adapt and be resilient, embrace technology and, above all, trust their teams to put their customers' needs first and foremost — as this will bear fruit long after the pandemic is over.

If you have any questions regarding the possible impact from COVID-19 or are looking for help to position your customer experience strategy to be resilient in the face of future threats, please do not hesitate to get in touch with our global network of consultants.

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