



# Insurance sector overview

UK Customer Experience  
Excellence report  
2024/25



**Over the past 12 months, the UK insurance industry has seen significant changes in customer experience (CX) driven largely by the implementation of the Consumer Duty by the Financial Conduct Authority (FCA). This new regulation, which came into force in 2023, mandates that insurance firms prioritise good outcomes for customers, focusing on fairness, transparency, and the provision of products that meet customer needs. Overall, the Consumer Duty has led to a more consumer-centric approach, forcing insurance firms to refine their CX strategies and take proactive measures to ensure positive customer experiences.**

This year, only Simplyhealth and L&G made the top 100 in our Customer Experience Excellence Report, as rising premiums and struggles with implementing genuine omnichannel experiences reduced customer satisfaction in the sector. The connection between CX excellence and AI is underlined by the emergence of Simplyhealth as a new entrant to the rankings and the highest-placed insurer (ranked 46th), who have invested in technology-led innovation across their customer experience teams. Whilst many insurers have made significant progress, such as Royal London, Standard Life and Aviva, they have not quite made it into the top 100.

Consumer Duty is now in year two and has had a significant impact, causing a shift in how insurance companies approach CX. Companies are now required to monitor and improve customer outcomes actively, rather than simply ensuring compliance with processes. This has pushed firms to redesign customer communications, ensuring that information is clear and accessible. Additionally, there has been a greater emphasis on identifying and addressing poor outcomes, particularly for vulnerable customers, which has been a key focus of the FCA.

Insurance renewal customer journeys still start on price comparison sites; however, the level of switching has fallen considerably as companies no longer offer preferential pricing to attract new customers.



## New technologies

Whilst many UK sectors have begun to operationalise artificial intelligence (AI) at scale, the insurance industry is still in a phase of refinement and expansion. Insurers are continuing to test and learn from their AI implementations, particularly around ethical considerations, data privacy, and regulatory compliance. The industry recognises the potential of AI, but is also aware of the challenges that come with its adoption, such as ensuring transparency and avoiding biases in AI-driven decisions.

Individual areas that are being explored include how AI is being more widely used to automate claims processing, allowing insurers to handle claims more quickly and accurately. For instance, some insurers use AI algorithms to analyse claims data, detect potential fraud, and streamline the approval process. This reduces the time taken to settle claims and improves customer satisfaction.

Many UK insurers have deployed AI-driven chatbots and virtual assistants to enhance customer service. These AI tools can handle routine inquiries, assist customers with policy management, and even guide them through the claims process. This not only frees up human agents to deal with more complex cases, but also provides customers with 24/7 support.

AI is also being used in underwriting, where it helps insurers assess risk more accurately by analysing vast amounts of data, including social media, telematics, and historical claims data. This allows for more personalised pricing and better risk management, particularly in sectors like health and car insurance.



**The insurance sector continues to embed further customer-centricity influenced by the Consumer Duty and as such we have seen some stronger performances from many firms in this year's wave. However, it is those who continue to invest in technology at the heart of their customer experience who have seen the strongest CEE results, and AI presents opportunity to drive more distinction and a lower cost to serve."**

John Middlemiss, Partner.  
Customer Strategy, Financial Services.

## A resurgence in empathy

Empathy has always been important in insurance claims, which can be a difficult and emotional time for customers. Now, Empathy is becoming more widely applied as a differentiator. Zurich UK, for example, has incorporated Empathy as a central part of its digital transformation strategy.

Zurich is focusing on operationalising Empathy within the customer experience by leveraging advanced digital tools and innovations that prioritise the human aspect of insurance services. A significant initiative is the enhancement of its claims process, which aims to reduce customers' stress.

Zurich has integrated conversational AI and messaging platforms like WhatsApp to streamline communications and reduce claim settlement times significantly. For example, it managed to cut the average time for agreeing on contents insurance claims to just 13 minutes. This approach not only enhances efficiency, but ensures that customers feel supported and understood during their claims journey.

Direct Line has developed a programme called Connect, in which specialised teams are trained to assist customers facing difficulties, such as those with disabilities or financial hardships. These teams are empowered to make flexible decisions, such as offering payment holidays or providing additional assistance during claims.

Insurers like AXA are adopting proactive engagement strategies, where they reach out to customers before issues arise. For instance, AXA provides wellness check-ins and sends reminders about policy benefits that customers may not be utilising. This proactive approach demonstrates empathy by showing customers that their insurer cares about their wellbeing, not just their premiums.

<sup>1</sup> <https://www.liveperson.com/resources/success-stories/zurich-insurance-customer-engagement/>

<sup>2</sup> <https://www.directlinegroup.co.uk/en/sustainability/our-customers.html>

<sup>3</sup> <https://www.axahealth.co.uk/staying-healthy/ageing-well/what-is-a-health-check-or-mot/>



## Navigating advice and guidance

UK life and pensions companies must balance providing information to help customers make informed decisions without crossing into offering regulated financial advice. The distinction between “advice” and “guidance” is crucial, as giving advice requires regulatory authorisation and can expose companies to legal liabilities.

The FCA continues to focus on ensuring that this line is not blurred, particularly as companies innovate with digital solutions. More companies are providing digital tools to help customers make informed decisions, but they need to be careful as to where guidance stops, and advice begins.

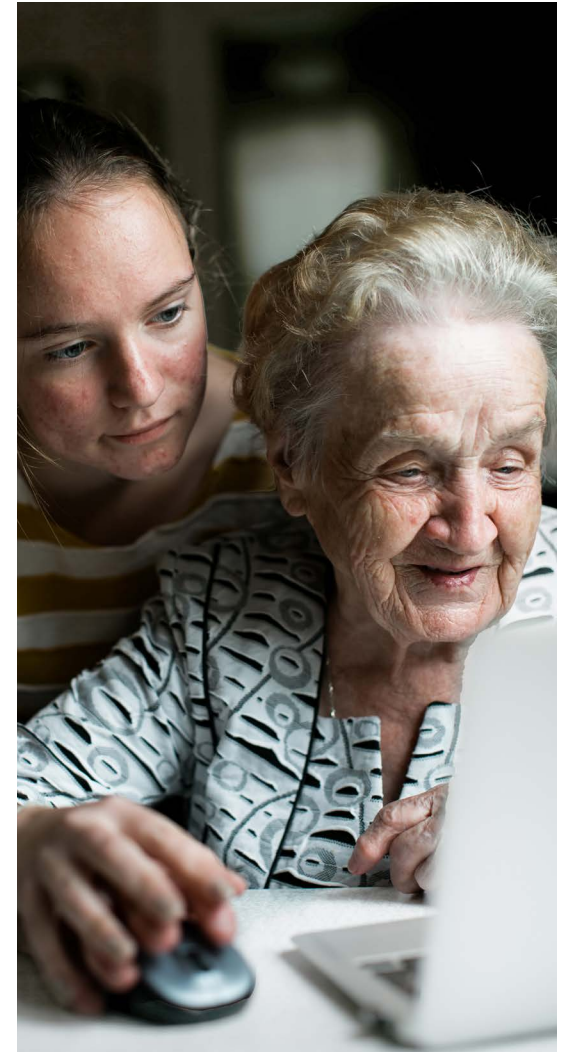
Companies therefore must be transparent with customers about the nature of the information being provided. It’s crucial that customers understand when they are receiving guidance (which helps them explore options) versus advice (which tells them what they should do). The language used is vital. Firms often avoid phrases like “you should” or “we recommend,” which could imply a personal recommendation.

Many companies use robo-advisors and automated platforms to provide personalised guidance. These tools can offer tailored information based on user inputs without crossing into giving regulated advice. However, this approach requires careful design and monitoring to ensure it stays within the bounds of guidance, particularly as AI and algorithms become more sophisticated.

Firms often structure the customer journey in a way that provides education and general information early in the process, with a clear transition to regulated advice if needed. This staged approach helps manage the boundary between guidance and advice.

As consumer demand for more personalised and accessible financial information grows, life and pensions companies are innovating with hybrid models that blend guidance and advice. This includes offering initial guidance, then referring customers to authorised advisors for more in-depth advice. Aviva, for example, acquired Succession Wealth and has transferred its entire advice team into the acquisition<sup>4</sup>.

<sup>4</sup><https://citywire.com/new-model-adviser/news/exclusive-aviva-to-transfer-entire-advice-team-to-succession/a2409166>



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