# UK Insurance Sentiment Index

2022

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# Foreword

Having demonstrated strength and resilience throughout the pandemic, insurers are keenly aware the pace of change is showing no signs of slowing down. Instead of making incremental changes, industry executives increasingly need to make an array of deliberate and aggressive strategic choices to succeed.

Securing growth without sacrificing profitability is challenging, climate change is impacting certain risk profiles, distribution needs have become truly omnichannel and customers are expecting products tailored just for them. All the while, technology continues its advance and an emerging player ecosystem is threatening to shake up customer acquisition.

The winners will be those who unlock their potential through a human-led, tech-powered approach. Those who seek to drive real value from their data to become insight-led and customer-focused will succeed.

Consumers have high expectations around service, quality, pricing, and choice. Social media is the channel of choice for voicing frustrations with products and services, and customers expect a timely reply. The good news is that social platforms offer an extra primary service channel. Harnessing the real time insights can allow insurers to make better decisions around the products and services they develop and to meet rising demand for bespoke and flexible insurance.

Against a backdrop of high inflation in the UK and fears of recession, heightened price sensitivity from consumers gives insurers the opportunity to drive competitive pricing strategies, such as usage-based insurance and pay as-you-go policies. To be able to deliver on these, insurers need to focus on building lean operations to compete competitively on price and create innovative, differentiated, and customised products to address unserved / underserved segments.

Consumers and stakeholders alike are also increasingly assessing the brands they choose, with greater scrutiny on how they deliver against their environmental pledges and wider societal commitments. The expectation for organisations to communicate and deliver convincing, measurable, and sustainable strategies is only increasing and social media provides a channel for consumers to publicly challenge brands.

This report highlights the key drivers of compliments and complaints on social media platforms and points to a need for improved communication and transparency between insurers and their customers. It makes a compelling case for increased investment into digital experiences to meet the changing needs of consumers, stakeholders, and the regulator.

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# Introduction

Insurers are increasingly incorporating behavioural economic data into their customer experience design process. While this is a move in the right direction, consumer behaviour constantly shifts in response to macroeconomic events, social trends, and digital transformation, among other issues. Relying on historical behavioural data will therefore always leave insurers one step behind.

Consumers use social platforms to voice their daily experiences - whether positive or negative - around products and services. Social media offers a vast, untapped data pool which can be structured and analysed in real time, delivering immediate feedback around key themes driving both negative and positive interactions.

In light of this, the UK Insurance Sentiment Index, conducted by PwC in association with DataEQ, offers insight into consumer sentiment towards 15 of the country's insurers. The selection was made based on whether the volume of Twitter conversation around the insurers was significant enough to ensure a thorough analysis and fair comparison.

DataEQ retrieved 335,190 public tweets mentioning these insurers between 1 January and 31 December 2021, and processed them using its unique Crowd and artificial intelligence (AI) technology. A statistically relevant sample of these mentions was then analysed to understand common areas of consumer concern within the UK insurance sector, such as customer service, pricing or fees, and the claims process, among others.

The Index includes a dedicated analysis of insurers' adherence to the Financial Conduct Authority's (FCA) Treating Customers Fairly (TCF) regulatory framework, which sets the foundation for the new Consumer Duty.

By mapping consumer conversation against the TCF regulatory framework and analysing the key drivers of customer satisfaction and frustration, the study aims to ascertain whether UK insurers are meeting expectations of customer service and market conduct on Twitter.

As the new Consumer Duty promises to drive increased customer centricity and accountability, insurers' failure to put consumers at the heart of their products and services could soon result in fines from the regulator.

# 1 Industry overview

Overall, the insurance industry experiences more negative conversation on Twitter than positive - resulting in an industry Net Sentiment of -19.2%. While this may seem odd, considering that insurance is fundamentally a force for good, it's important to remember the context of conversations that typically take place on social channels.

Social media is often the last resort for frustrated customers who, having tried the call centre or travelled to a branch, are still seeking to resolve an issue or service query. In this sense, social media offers a unique view of the operational pain points for customers, while highlighting the need for insurers to improve their service across a multichannel ecosystem.

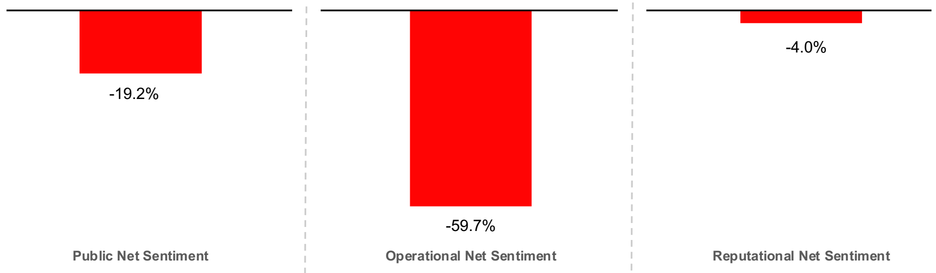
However, when dissecting the source of Twitter conversation across the UK's insurance sector, it is largely reputational in nature, driven by online press coverage and marketing efforts. Only around a quarter (22.9%) of all mentions are operational, pertaining directly to the customer experience from authors who either could be, are currently, or were at some point customers of the brand.

While reputational conversation drives most industry conversation, this was not the case for every brand. Furthermore, operational conversation effectively defines the top and bottom Net Sentiment performers as evidenced later in this report.

## Operational conversation is the prominent source of industry negativity

Reputational Net Sentiment is at -4.0%, with promoted services and corporate social responsibility (CSR) activities driving the bulk of positive conversation across the industry. Operational conversation, on the other hand, carries a far more negative score of -59.7%, confirming that customers resort to social media to complain about service interactions. In analysing which factors have the greatest impact on insurers' performance, customers' digital experience emerges as a key driver of negativity.

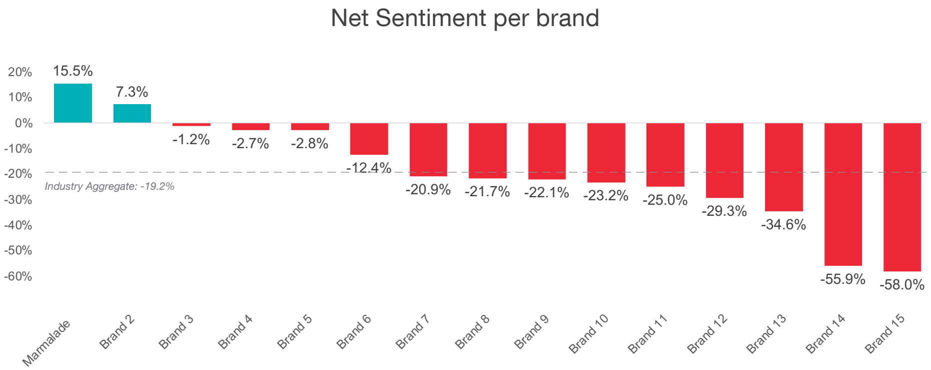
Industry Net Sentiment breakdown



## Marmalade ranks top for overall Net Sentiment

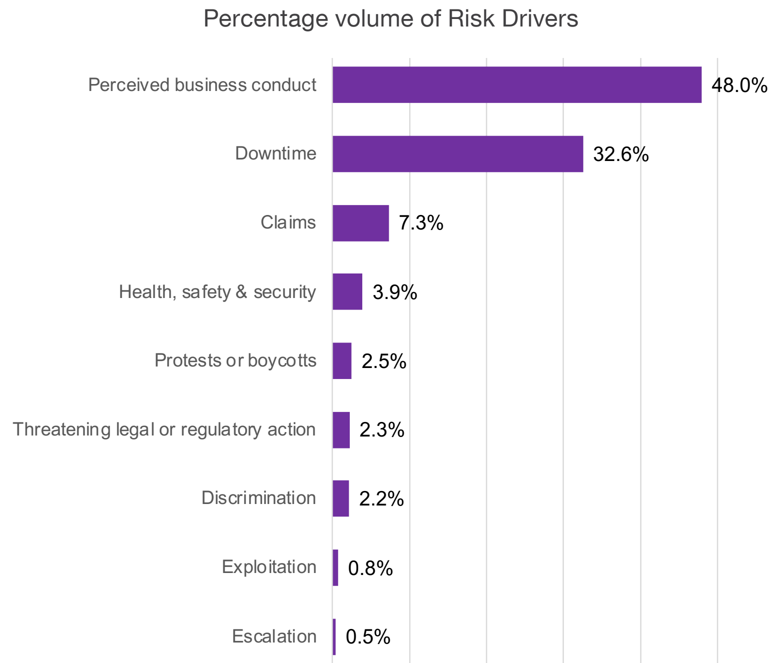
Of the 15 insurers included in the Index, Marmalade obtained the highest Net Sentiment of 15.5% and is one of only two insurers to achieve a positive overall score. It is perhaps unsurprising that a relatively new insurance company is leading, considering it is targeted at younger customers and is a digital native without the legacy challenges of incumbent insurers.

Given the low volume of operational and customer experience (CX) conversation seen by Marmalade, their top ranking speaks to the ability to leverage social media to improve brand reputation.




While the industry aggregate looks at the combined performance for all analysed insurers, it is important to note the significant variability across individual Net Sentiment scores. There are some strong winners and losers, showing the impact that negative customer sentiment can have on a brand's overall performance.

## Digital downtime poses a major risk to the industry

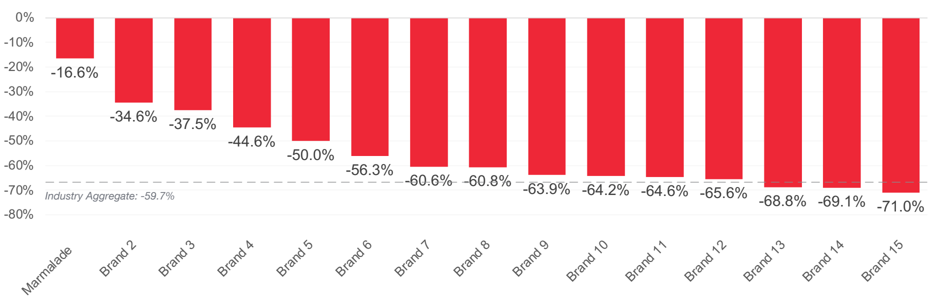



When looking at the volume of conversation across the industry's risk factors, perceptions around business conduct pose the biggest reputational threat. Many of these accusations relate to unpaid claims, with other complaints referencing spam calls and messages, as well as insurers increasing premiums without informing their clients.

The other prominent driver of risk conversation is downtime, with service disruption arising as a frequent pain point. Consumers complain about being unable to access online services and use digital platforms to log claims.

## Complaints linked to turnaround time drive industry-wide negative operational scores

Operational Net Sentiment per brand



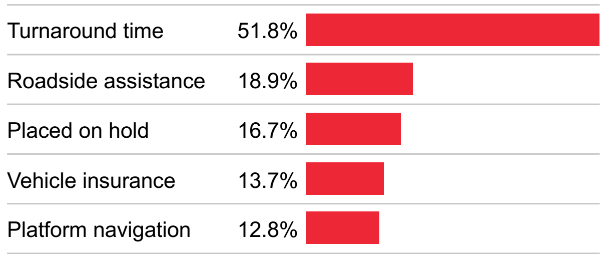

When looking at operational Net Sentiment across the industry, the variation of scores is less stark than the range of insurers' reputational scores. Net Sentiment is negative across the board, driven largely by complaints about turnaround time. This is not surprising, considering consumers will often turn to social media as a last resort when they have not had a response from other channels.

While Marmalade fares better at -16.6%, it is important to note its volume of operational conversation is by far the lowest, making up just 0.3% of their total conversation. Possible reasons for this low volume of operational conversation could include the fact that Marmalade's virtual assistant helps consumers with online queries and logging claims, or that they are just efficiently managing to respond using multiple digital channels.

## What drives operational conversation for the industry?

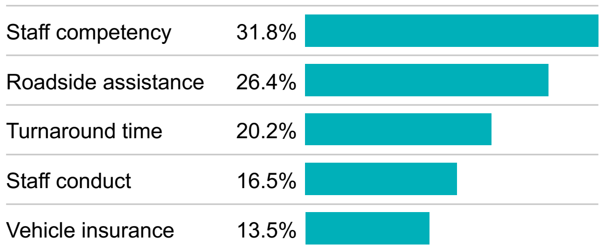
Turnaround time is the primary driver of negative sentiment across the industry, with complaints typically referencing poor or slow customer service. This reflects the instances where customers are unable to find an answer to their query or cannot get an issue resolved. On the topic of vehicle insurance, a large portion of complaints relate to affordability. This primarily comes from customers complaining about unexpected premium increases.

Topics driving negative sentiment




Staff competency drives the most positive sentiment as authors praise interactions with staff. Subsequently, when looking at roadside assistance, quick turnaround time and staff conduct contribute to positive sentiment.

Topics driving positive sentiment



Examples of customer complaints relating to slow customer service:

Service

I am trying to contact you about my insurance policy but I cannot get through on the phone before my minutes run out on my plan and I can't get a response via email either. Please advise.

25 Jan 2021 19:53 2

Service

I understand people are working from home but having to wait 50 mins as an existing customer is enough to me change on its own. You should just give me your best price at time of renewal if you want to retain custom t.co/PyHMkuGpWQ

10th Jul 13:39 3

S Risk

Can anyone recommend someone who can fix my ceiling, plaster it and redecorate? Six weeks after I reported my water leak to they've failed to get anyone in to even look at fixing it leaving me to organise it while recuperating from major surgery.

7th Jul 11:59 2

Examples of customer compliments relating to staff competency:

Service

Can I just say that everyone I've spoken to on the phone from has been incredibly friendly, helpful, and attentive. It's made a big difference to the whole process.

17th Nov 12:40 1

Service

My trip up north turned into quite an adventure, thank you for helping me when I was literally stranded in the middle of nowhere on the A9!!

10 Jun 2021 23:13 1

Service

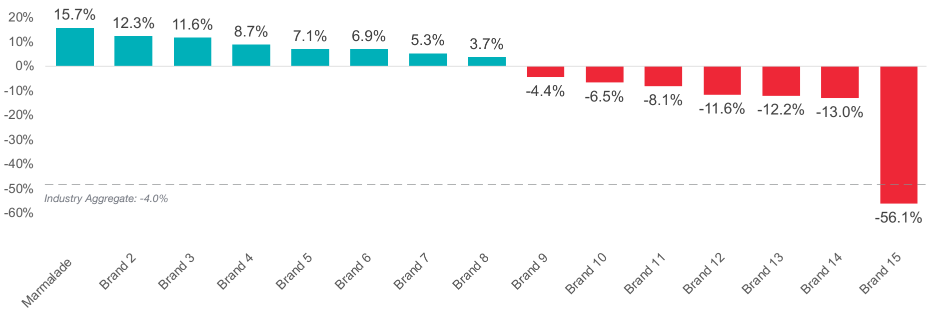
A recent and incredibly enthusiastic convert to who have been brilliant and saw beyond an algorithm to listen to my changed circumstances.

21st Sep 11:25

## Marmalade leads reputational Net Sentiment

Eight out of the 15 insurers in the Index achieve a positive Net Sentiment score for reputational conversation. Marmalade ranks first with a reputational Net Sentiment of 15.7%, well above the industry average of -4.2% and over 70 percentage points above the lowest reputational performer.

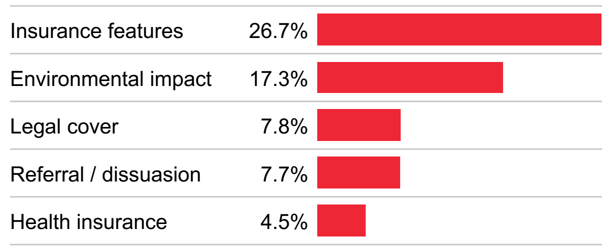
Reputational Net Sentiment per brand




Similar to other top performers in reputational Net Sentiment, the majority of Marmalade's positive sentiment is generated by outreach programmes, competitions and partnership initiatives. Positive brand messaging and proactive customer engagement help to deliver higher customer sentiment, especially with regards to customer outreach programmes relating to the pandemic.

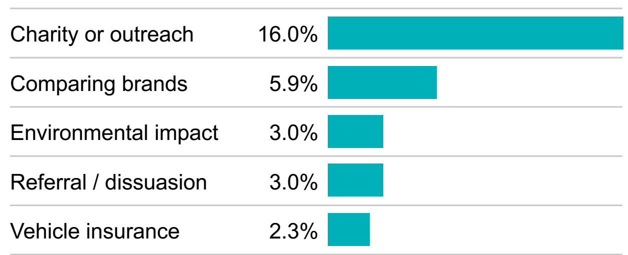
Of the insurers scoring relatively poorly in reputational sentiment, many brands are linked to negative news stories relating to environmental, social, or governance (ESG) issues. Examples include the offering of legal insurance for fox hunting, despite the hunting of wild mammals with dogs having been banned by the Hunting Act, and an alleged scandal involving building cladding.

Topics driving negative sentiment




While there are some instances of praise for insurers who are driving positive environmental change or creating awareness around ESG issues, consumers are more inclined to use social media to call companies out on perceived 'greenwashing' instances or acts against societal needs.

Topics driving positive sentiment



# PwC insight: ESG

Founded on the ability to understand risks and find solutions to manage them, the insurance sector has rarely been unsettled by emerging risks and trends in the industries they underwrite. ESG concerns will likely be no different, presenting both challenges and opportunities.

However, they are no longer answerable just to shareholders but also customers, employees, suppliers, communities, the press and regulators. These broader and more vocal groups are increasingly interested in how ESG drives corporate performance. Consumers are using their purchasing power as a way to meet their own ESG ambitions, for example choosing providers based on their net zero commitments. Insurers need to be loud and proud about the actions they are taking, and social media offers a great platform to engage consumers on these topics.

From the Index, we've seen how the insurers that do this well receive more positive sentiment in relation to outreach programmes, competitions and partnership initiatives. Using social media as a platform to regularly share information on how ESG goals are being met can therefore be an easy win for insurers.

On the flip side, consumers mounted ESG-related pressure on some insurers, driven largely by negative news stories.

PwC's report Insurance 2025 and Beyond highlights four ways to embed ESG in an organisation's core:

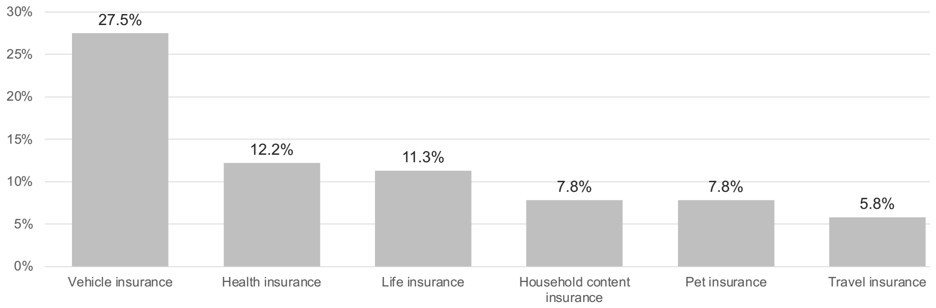
- Engage leadership and middle management to drive the education, awareness and understanding of the importance of ESG priorities, and how the workforce contributes to that.
- As societal issues grow and become increasingly more complex, a clear stance should be transparent, consistent and embedded in the core values of the organisation. Invest in the public– private partnerships needed to solve these complex issues.
- Core capabilities and business strategies should be ESG-enabled for future sustainability, with accountability frameworks and reported metrics – from processes to workforce management to consumer interaction.
- The organisation's ESG aspirations, actions and results should be transparent and measured for all internal and external stakeholders to align with their commitments to real, lasting change.

Insurers must actively demonstrate the value they can add to the green economy, and social media offers an ideal channel through which to do this. Increasing momentum on how ESG and net zero initiatives are reported to the public, regulators and investors is key to establishing the insurance sector as an even greater force for good in society, rather than something where its value is only realised when things go wrong.

# 2 Insurance products

The product categories analysed in the study are life, health, vehicle, household content, travel and pet insurance. Across all conversation about insurance products, affordability and pricing emerge as key concerns for customers. These concerns are typically raised by consumers looking to renew their policies or request quotes. Authors often compare prices to find better deals.

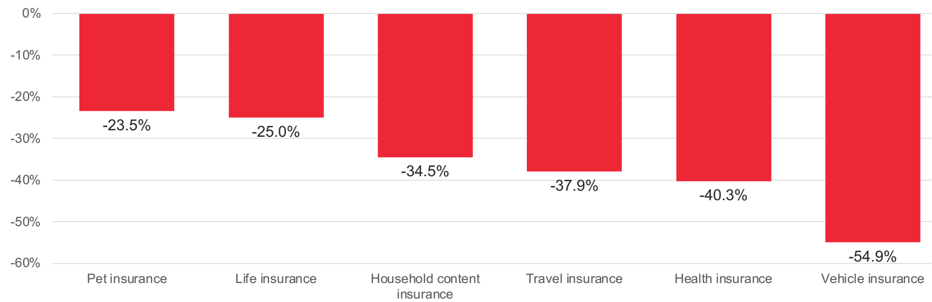
Share of volume per product




Insurance product mentions were sourced using phrase matching on phrases relevant to each product type.
It includes enterprise mentions and unverified mentions.

As well as accounting for more than a quarter of product conversation, vehicle insurance has the lowest Net Sentiment. Customers complain about turnaround time, often citing issues getting hold of customer service agents or resolving their claim. Customers also mention communication issues with delayed or no response to claims lodged, in addition to instances where claims have been rejected.

Net Sentiment per product

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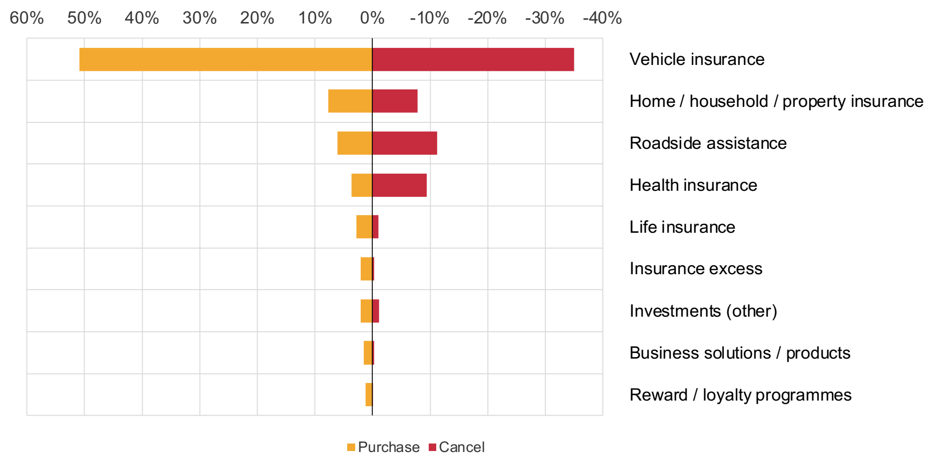
It includes enterprise mentions and unverified mentions.

When looking at acquisition and churn volumes across product categories, vehicle insurance has the largest intent-to-cancel conversation out of all products.

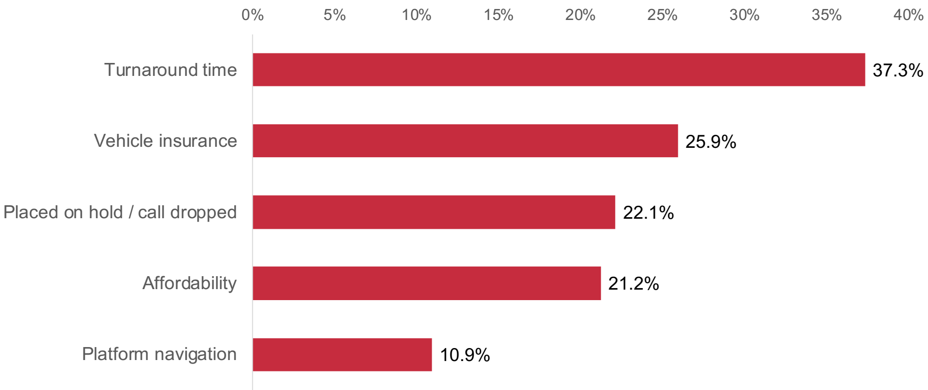
Acquisition and churn across topics



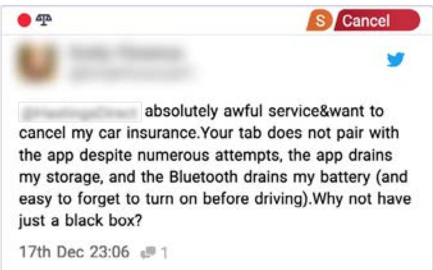
## Slow turnaround time drives customers to cancel

Slow turnaround time is mentioned across products and channels, and is the main cause for most cancellation threats. Turnaround time is closely linked to conversation around being placed on hold or not receiving a response.

Topics driving cancel conversation




Additionally, platform navigation is mentioned frequently. Authors say the platforms are slow and do not satisfy customer expectations. This requires critical attention as usability is an important feature in digital experience.





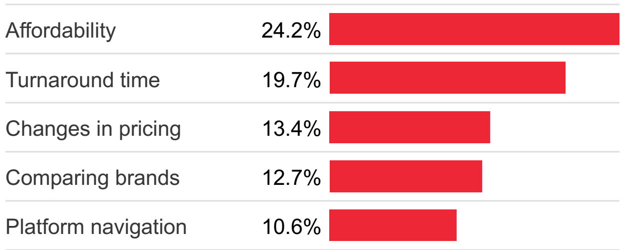
## Vitality ranks first for vehicle insurance

When focussing on conversation around vehicle insurance, Vitality is the only brand to achieve a positive Net Sentiment score. The launch of VitalityCar in 2021 drew interest from customers who expressed their intent to switch to the brand.

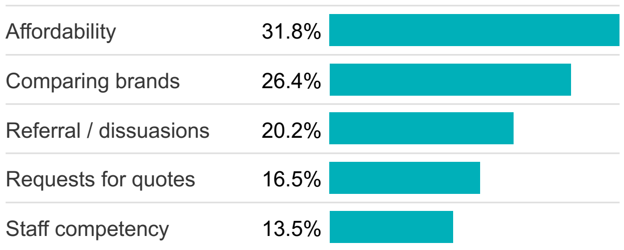
## Affordability is a key theme for vehicle insurance customers

Vehicle insurance customers write mostly of affordability, which features as both a negative and positive in comments, indicating how price conscious customers are, particularly during tougher economic times. Authors often mention several brands together comparing their prices and coverage offers.

Topics driving negative sentiment




Topics driving positive sentiment



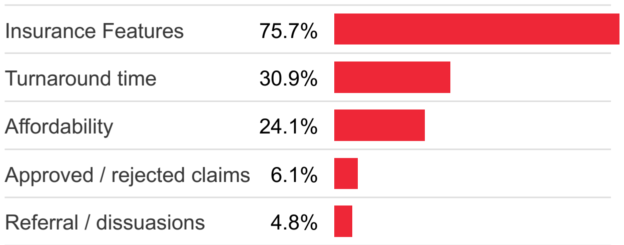
## AXA ranks first for health insurance

Compared to vehicle insurance, health insurance has more varied Net Sentiment across brands. The top performing brand is AXA, scoring over 105 percentage points more than the bottom performing health insurer. Authors praise AXA's affordable coverage, in relation to the quality of service.

## Insurance features drive more than three-quarters of negative conversation

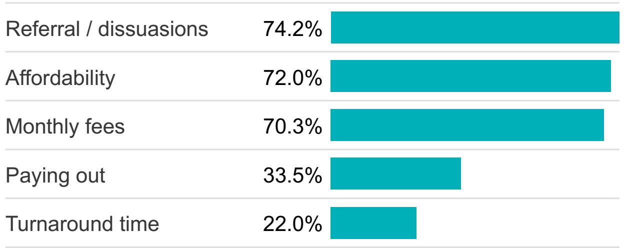
Insurance features stand out significantly for health insurers amid the negative commentary. The fact that certain medical conditions are not covered causes discontentment. Authors either think they were deceived when they signed up or were unfairly denied coverage. Pre-existing conditions and chronic illnesses are the most talked about conditions in which people feel they have been unfairly denied.

Topics driving negative sentiment




For positive topics, brand referrals drive the majority of conversations. This is closely linked to conversations around affordability. Customers often recommend brands to others based on competitive prices, particularly monthly fees, which is the third most discussed positive topic. Top performer AXA dominates the conversation under this theme.

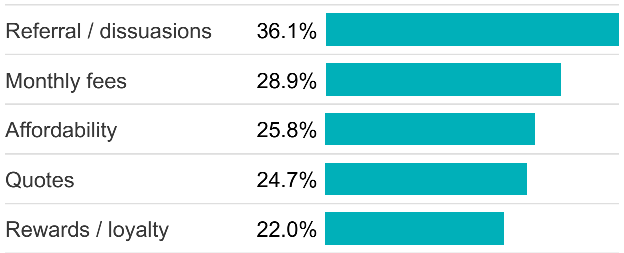
Topics driving positive sentiment



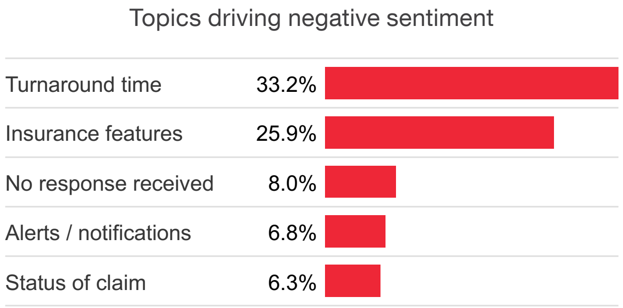

## Royal London ranks first for life insurance

The top performing life insurance brand is Royal London, driven largely by positive customer referrals based on competitive pricing. All other insurers in this category score negatively in Net Sentiment, due largely to complaints around poor customer service.

Topics driving positive sentiment



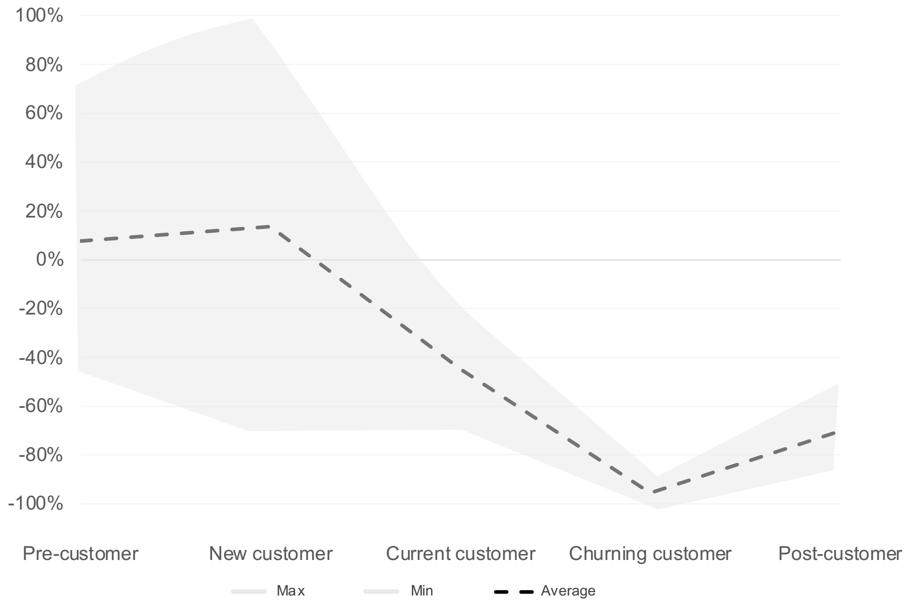
## Slow customer resolution is a key negative driver for life insurance customers




# 3 Customer experience

When mapping out Twitter conversations across different stages of the customer journey, from potential customers through to previous customers reflecting on their experiences after leaving, Net Sentiment follows a rapidly declining pattern.

Customer experience gap

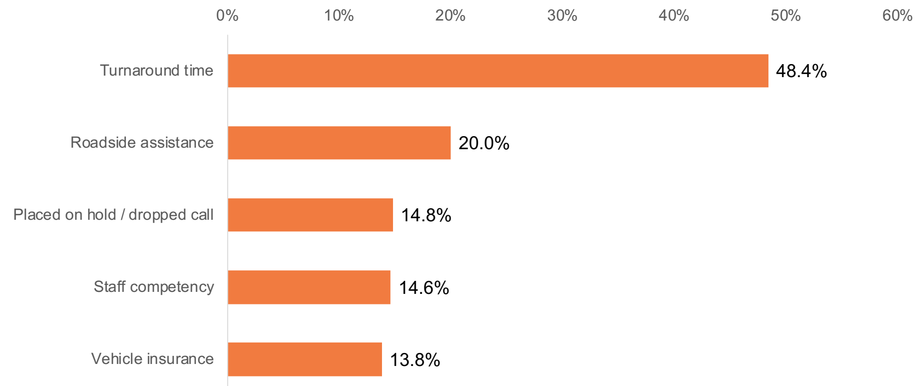



Net Sentiment is highest during the potential customer stage and begins to dip at the new customer stage, falling to its lowest point in the churning customer stage.

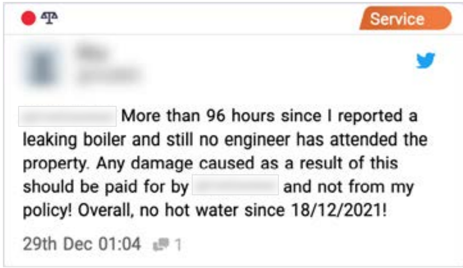
## New customers have the most variable experiences

Different stages of the customer journey lead to varying experiences depending on the insurer, but new customers' conversation sees the most variation in experience. The large range between the top and bottom performers indicates this is the most competitive journey stage for insurers, offering an opportunity for brands to stand out.

Topics driving service conversation








One way that insurers can do this is through customer service. Turnaround time, for example, is among the top three drivers for positive and negative conversation, implying that improved responsiveness can mitigate customer negativity and promote positivity.

## Call centre wait times lead to customer complaints

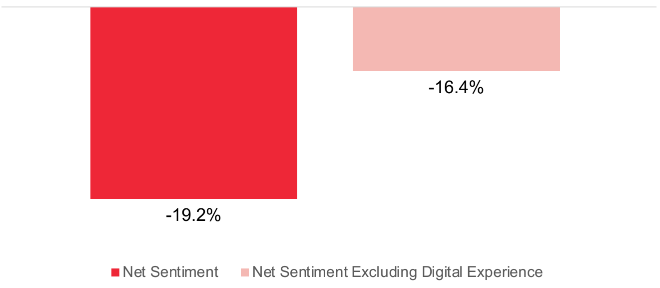
Nearly three quarters of service conversations include a complaint, proving social media platforms are used to amplify poor service experiences. Furthermore, service complaints mainly concern turnaround time (48.4%).

While all communication channels are discussed negatively, call centres are the most frequently mentioned channel, followed by insurers' websites. Turnaround time is the main issue cited in all channel complaints, with call centre complaints specifically highlighting long hold times as a major pain point.

## Digital platforms require improvement

Though insurers are increasingly offering digital solutions for customers, they appear to be struggling with these solutions, citing issues with navigation, login challenges and speed of response of the platforms. This requires critical attention from insurers as usability is an important feature in digital experience.

Net Sentiment for digital experience




The above graph shows Net Sentiment for the topic digital experience. This only considers customer posts and excludes reshares.

Digital experience topics

| | Volume | Net Sentiment |
|---|---|---|
| Platform navigation (digital experience/UI/UX) | 54.2% | -91.0% |
| Speed or responsiveness of platform | 45.3% | -96.2% |
| Login process | 13.6% | -96.0% |
| Information quality or availability | 4.6% | -92.6% |
| Customer digital security | 1.7% | -91.3% |
| Feature requests or suggestions | 0.8% | -89.7% |
| Ease of use | 0.6% | -25.0% |
| App activation | 0.1% | -100.0% |
| Third party purchases | 0.1% | -100.0% |

The above table shows volume & Net Sentiment for sub-topics under the broad topic, digital experience.

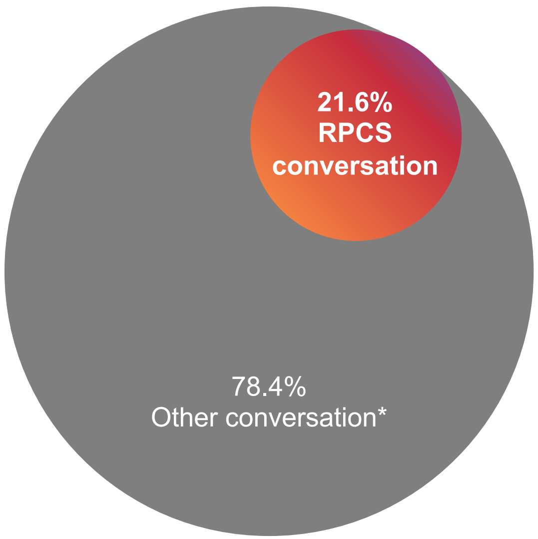
# 4 Twitter as a service channel

Only 21.6% of consumer conversation is considered a ‘priority’ by the UK insurance industry, therefore warranting a response from the brand, as it poses:

- a reputational risk to the brand;
- a service request;
- an acquisition opportunity; or
- a cancellation threat.

This means more than three-quarters of industry conversation does not require a response from the brand, pointing to a high ratio of unanswered commentary.

Proportion of RPCS conversation




* Other conversation refers to conversation that was sent for crowd verification but did not refer to priority matters.

When looking at the volume of priority conversation across the insurers, there is a significant variation from brand to brand. For one insurer, nearly three quarters of its conversation required a brand intervention, while another had under 1% of priority conversation.

DataEQ defines priority RPCS conversation as mentions falling into the following categories:

**Risk**

Mentions that pose a reputational risk for the brand.

**Purchase**

Mentions from prospective customers who want to purchase products or services.

**Cancel**

Mentions from customers looking to cancel their service or not purchase from the brand again.

**Service**

Mentions from customers who require assistance or describe an experience with the brand.

## 32% of purchase-related queries do not receive a response

The following table displays the brand's response rate* for direct and indirect priority conversation. The majority of the conversation was service-related and posted with a direct mention of the brand's Twitter handle.

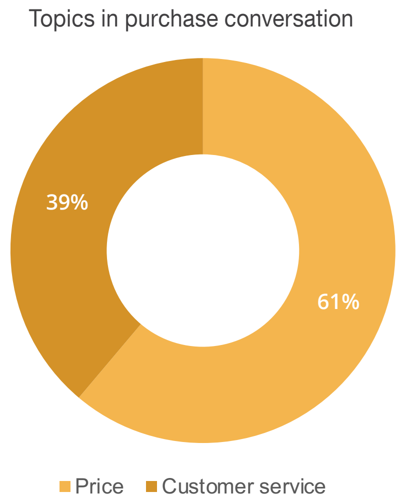
Response rates for priority conversation

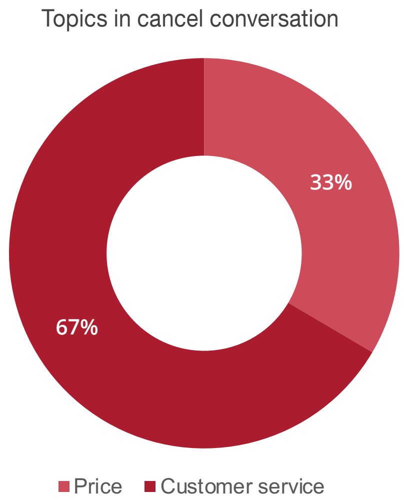
| | Total | Responded |
|---|---|---|
| Risk | 12% | 72% |
| Purchase | 1% | 68% |
| Cancel | 5% | 77% |
| Service | 81% | 81% |

The above figures are a percentage of the total RPCS conversation

While purchase mentions often go under the radar, service mentions have the highest response rate of 81% and risk mentions have a response rate of 72%. When drilling down on cancel conversation, customer service emerges as the most common reason for cancellation requests.

## Insurers win on price but lose on service

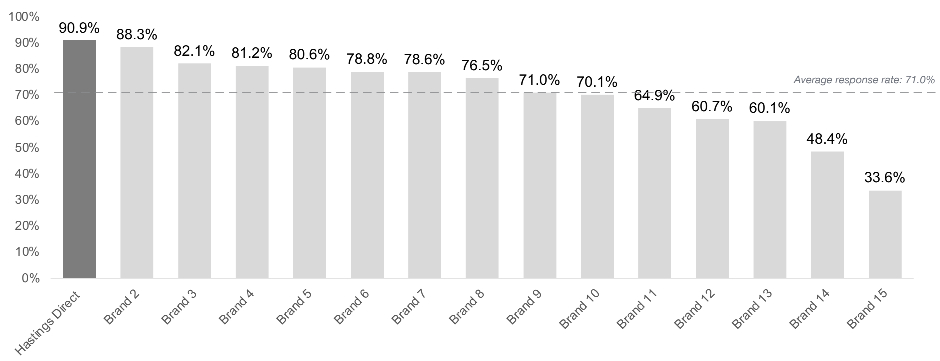



The research shows price is a pull factor, while customer service is a push factor, prompting customers to find a new insurer. So, while price is important, insurers don't want to 'rent' a customer. Insurers need to create customer loyalty which is nurtured through customer service and the customer's experience with the brand.

*Response rate is the volume of consumer queries responded to by the brand.

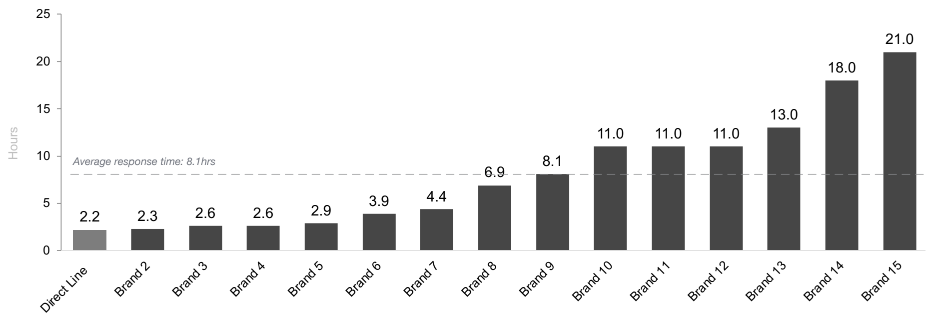
## Hastings Direct outperforms competitors on priority posts




On average, insurers publicly respond to 71% of priority tweets, leaving almost a third without a response. Hastings Direct performs the best in this regard, with a response rate of 90.9%.

## Direct Line is the fastest for brand response

Response time varies across insurers with nine brands responding under the industry average of 8.1 hours. Under the previous service model of phone calls and emails this may seem reasonable but today this falls below many customers' expectations of a reasonable response rate.




Direct Line performed best in this category, with an average response time of just 2.2 hours - almost six hours faster than the industry average and over 18 hours faster than the slowest brand.

# PwC insight: Experience matters

What is clear from the data above is that experience matters, and that a single poor experience for one customer can - when amplified by social media - have an increased negative effect on other customers, or more importantly potential customers. Understanding the drivers of good (and bad) experiences is essential for insurers when it comes to designing, and delivering, good experiences for customers and prospects.

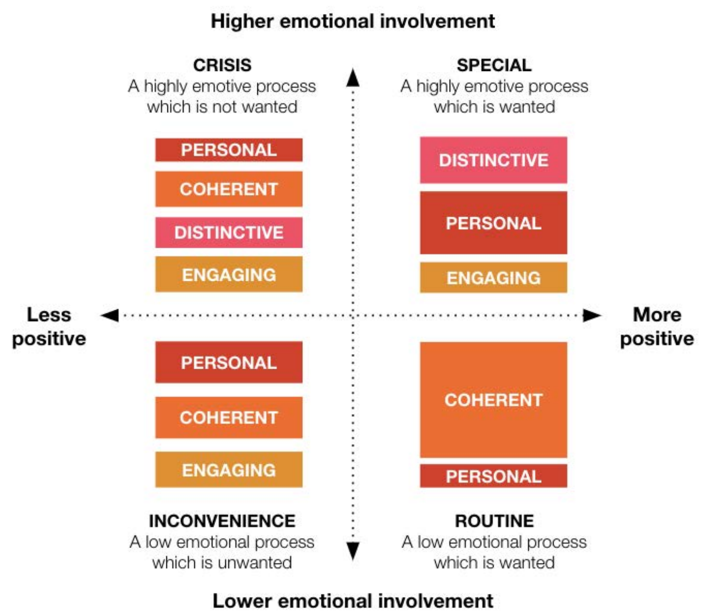
## Great experiences drive tangible growth

Our recent cross-industry research confirms that great experiences drive tangible growth. Customers are more likely to recommend, repurchase, and remain loyal as their experience with a brand, product, or service moves from poor, through to exceptional. Although there are occasions where customers may trade off experience for convenience, need for a specific product, brand, or price, our research shows that 'experience' has the greatest impact on three key growth metrics: revenue, retention, and reputation (the 3Rs).

What is striking in this research - which surveyed over 2,000 UK customers - is the strong, positive impact on growth metrics as an experience moves from 'good', to 'very good', to 'extraordinary'. For example, customers are twice as likely to recommend or reuse a brand or product if the experience is extraordinary vs. very good.

## All great experiences have four things in common

This research also determines that great experiences have four things in common. They need to be coherent, personal, engaging and distinctive. With very good experiences requiring some attributes to be present (coherent as baseline), and extraordinary experiences requiring all to be present to some extent. Although exceptional experiences require all attributes to be present to some extent, knowing what attributes to shift up and down in each journey stage is crucial to identifying the right interventions to design in order to drive growth.



# PwC insight: Experience matters

## Journeys responding to emotion have a better chance of delivering the 3Rs (revenue, retention, and reputation)

During any given difficult period, it is important to design interventions that deliver against the identified attributes in order to de-escalate the emotions the user is feeling, and better support their needs. An example for an insurer is helping a customer when they have broken down on a busy motorway. A customer doesn't need an app or a chatbot at this stage. They need to speak to someone as quickly as possible who can help them through a very trying time. It is clear from this research that positive brand sentiment comes through loud and clear from agents who can deliver a great experience to a customer.

When it comes to day-to-day issues, insurers need to consider how to make it as simple as possible for the customer. Well-designed chatbots and mobile-optimised websites can help customers get to the outcome they need as quickly as possible, while also freeing up valuable agent time to focus on the higher emotional involvement interactions.

## Experienced-focused metrics supported by data are the future

Digital transformation presents an opportunity for insurers to use insights on social sentiment, consumption habits, and trends to personalise their approach. Using customer feedback and understanding friction points in existing processes ensures the digital experience is designed, and delivered around seamless customer journeys.

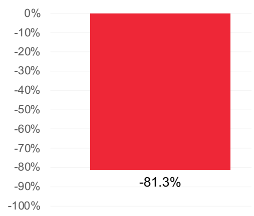
Critical to growth is the transition from traditional, transactional performance indicators to more experience-focused measurements, supported by data that integrates multiple customer feedback sources. The collection and analysis of ongoing, actionable insights can deepen the understanding of what drives customer value and key behaviours, protecting and driving future revenue streams.

Having a strategic vision for where you go next, while delivering the digital insurance technology transformation you need, requires a combination of human ingenuity and the right technology if it is to deliver real results.

## The claims process

The claims process is often a key test point in customer experience. Typically it occurs when the customer is in a crisis moment and likely to turn to social media if their needs are not met.

Net Sentiment for claims across the industry




Claims topics

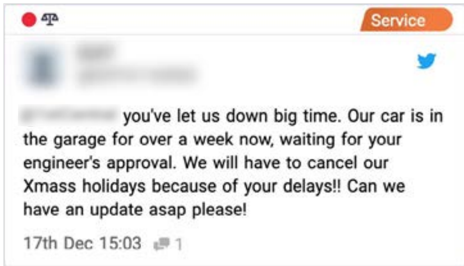
| | Volume | Net Sentiment |
|---|---|---|
| Status of claim | 26.2% | -97.9% |
| Approved or rejected claims | 26.2% | -85.6% |
| Repair or installation workers | 18.7% | -58.3% |
| Paying out / replacing items | 10.1% | -41.3% |
| Assessors or investigative staff | 3.1% | -91.9% |

The above graph shows Net Sentiment for the topic claims. This only considers customer posts and excludes reshares.
The associated table shows volume & Net Sentiment for sub-topics under the broad topic, claims.

Unfortunately, the data shows mentions about claims measuring a Net Sentiment of -86.8% for the industry – the greatest negative sentiment – pointing to the claims process as a major pain point for customers.

Unsurprisingly, the approval or rejection of claims is the largest topic across the industry with customers unhappy with the outcome of a claim which can be a difficult area for insurers to address. However, customers also voice dissatisfaction with more basic operational aspects such as claims status or delayed responses to questions.






These complaints paint a negative picture of the claims experience. Customers do not want to have to follow up multiple times with their insurer or feel uniformed regarding a claim, which is likely why people turn to social media to express their dissatisfaction.

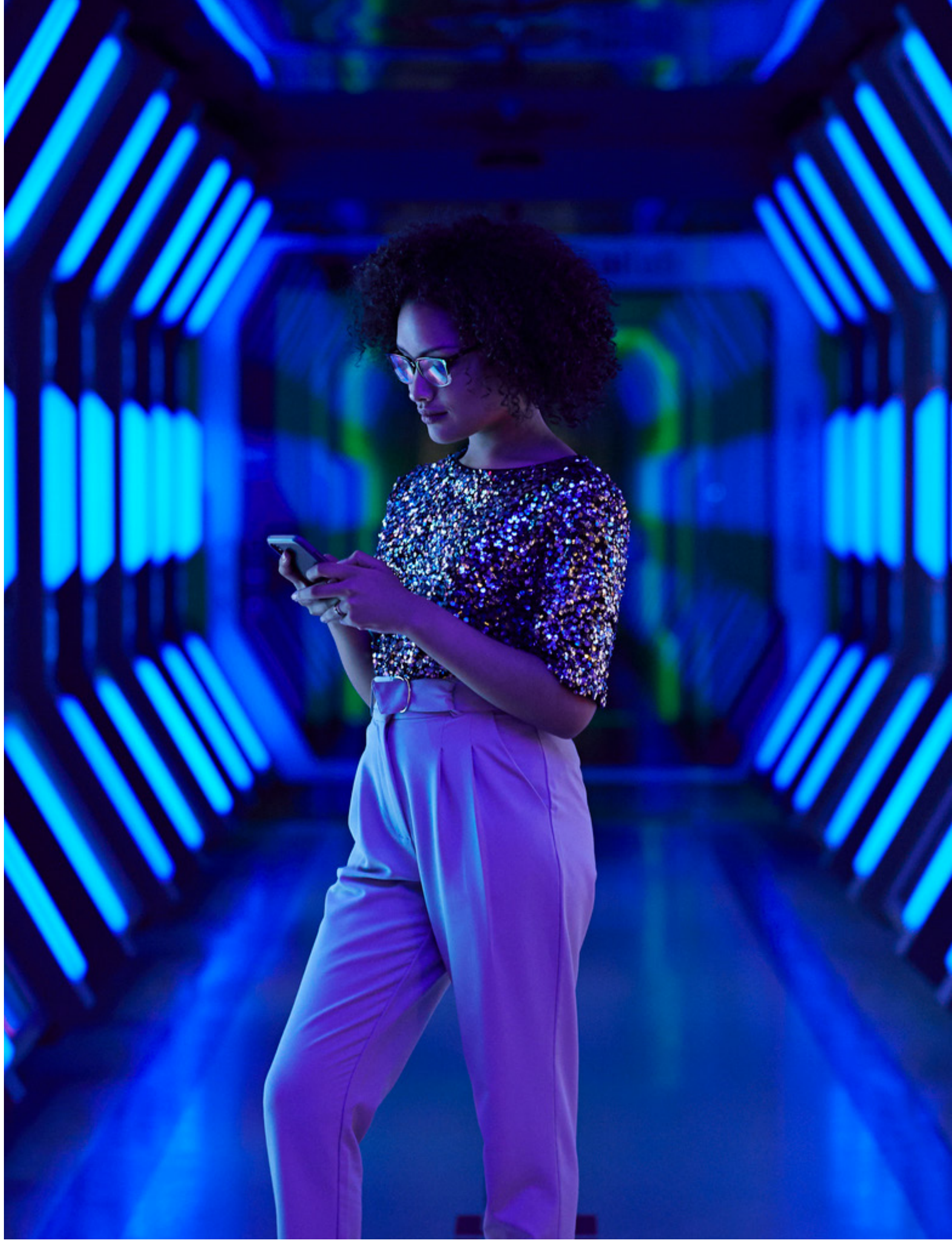
# PwC insight: Removing pain from claims

Claims are the most important customer engagement stage for both an insurer and the policyholder - this is the outcome that insurance propositions are built around and, depending on the product and event, it can often be an emotional experience for customers.

> "In a world in which trust in businesses and governments is declining, trust in financial institutions is near an all-time low. According to the 2022 Edelman Trust Barometer, only 54% of respondents trust the financial services industry, 10 percentage points lower than the average for other industries in the report." - PwC Insurance 2025 and Beyond

Consumers believe there is a lack of transparency and communication in the claims process journey. This research shows complaints around claims are mainly based on the lack of visibility of the status of a claim.

Using technology to drive efficiencies and increase visibility of where consumers are in the journey and a proactive approach to informing customers of delays in the processing of their claims will significantly reduce frustration. Less complex claims can be automated to reduce turnaround times and easily visualise the status of a customer's claim, freeing up skilled claims handlers to deal with more complex claims and provide a more personalised service. This not only improves the customer experience, but creates efficiencies which lead to employees dealing with less low value work and can therefore mean higher employee engagement and retention.



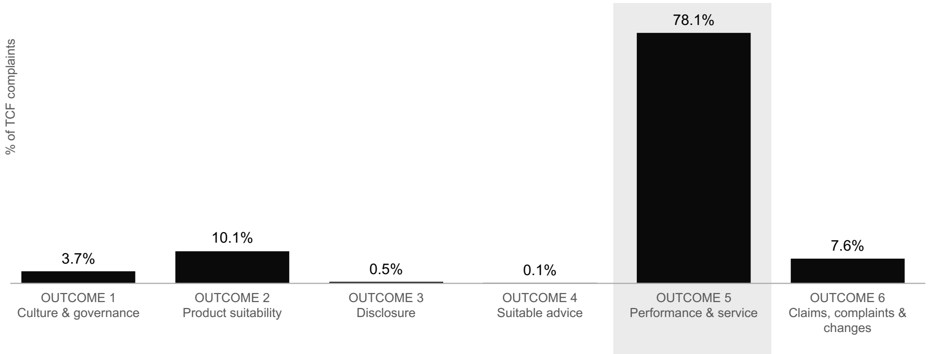
# 6 Market conduct

Insurers closely monitor and respond to customers in line with the FCA's Treating Customers Fairly (TCF) framework introduced in 2006. To better understand where insurers may be exposing themselves to regulatory scrutiny under this regulation, we have analysed the data in this study with the TCF framework in mind.

## 64.8% of priority complaints linked to TCF outcomes

Of all the conversations directed at insurers, 61.5% contain a conduct theme, of which 88% is a complaint. This means that 64.8% of complaints assigned with a priority tag also mention at least one of the TCF outcomes.

Complaints by TCF outcome in the UK insurance industry




There is significant variability in brand performance regarding these TCF-relevant conversations, with sentiment scores varying between -40% to -93%.

## TCF Outcomes

| Outcome | Outcome definition |
|---|---|
| Outcome 1: Culture & governance | Customers can be confident they are dealing with firms where TCF is central to the corporate culture |
| Outcome 2: Product suitability | Products & services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly |
| Outcome 3: Disclosure | Customers are provided with clear information and kept appropriately informed before, during and after point of sale |
| Outcome 4: Suitable advice | Where advice is given, it is suitable and takes account of customer circumstance |
| Outcome 5: Performance & service | Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect |
| Outcome 6: Claims, complaints & changes | Customers do not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim or make a complaint |

Unsatisfactory product performance and service is the principal driver of complaints attributable to TCF (Outcome 5). These are largely centred around customer service issues such as slow turnaround time and a lack of feedback.

What drives TCF-related complaints?

| Complaint category | Co-occurring topic | % of total conversation |
|---|---|---|
| **Outcome 1: Culture and governance** | Turnaround time | 25.1% |
| | Affordability | 21.6% |
| | Staff conduct | 16.8% |
| **Outcome 2: Product suitability** | Affordability | 80.6% |
| | Changes in pricing | 44.9% |
| | Vehicle insurance | 34.8% |
| **Outcome 3: Disclosure** | Misleading advertising | 26.8% |
| | Vehicle insurance | 23.6% |
| | Alerts or notifications | 22.3% |
| **Outcome 4: Suitable advice** | Feedback from brand | 45.0% |
| | Turnaround time | 40.0% |
| | Vehicle insurance | 35.0% |
| **Outcome 5: Performance & service** | Turnaround time | 67.0% |
| | Call dropped / on hold | 23.1% |
| | Roadside assistance | 22.7% |
| **Outcome 6: Claims, complaints & changes** | Turnaround time | 63.2% |
| | Vehicle insurance | 19.4% |
| | Status of claim | 17.4% |

## Insurers fail to respond to a quarter of TCF conversations

Of the conduct-related consumer conversations across the industry, on average, 73% receive a brand response. This means 27% of TCF interactions go unanswered. In addition to negatively impacting an insurer's reputation and customer retention, these unanswered complaints could land insurers in trouble with the regulator, as consumers are not receiving the level of treatment from firms which is outlined in the TCF outcomes.

# PwC insight: New Consumer Duty

The FCA has fired the starting gun on consumer duty implementation which requires all financial firms – including insurers – to focus on supporting and empowering their customers to make good financial decisions.

The Duty [PS22/9] builds on fundamentals initially set out in TCF and the prevailing Conduct regime more broadly, amongst other things emphasising four outcomes going forward:

1. fair value: consumers receive fair prices and quality
2. suitability and treatment: consumers receive suitable products and services and receive good treatment
3. confidence: consumers have strong confidence and levels of participation in markets
4. access: diverse consumer needs are met

As the Duty brings together a number of themes the origins of which are recognised across the sector, it is not surprising that the FCA already considers Consumer Duty in how it supervises presently. While specific interventions will come in due course there are clear signals the regulator is committed to this next incarnation of the Conduct regime.

From a supervisory perspective, the FCA has said it will take a data-led approach to intervene quickly when it identifies practices which do not deliver fair outcomes for consumers.

With social media increasingly being the preferred channel for customers to air their frustrations about poor product and service delivery; the FCA has gone so far as to highlight social media as a valuable source of customer feedback that organisations should consider as part of their assessments on whether they are delivering good customer outcomes.

It also offers a data pool which can be analysed by the FCA in real time. Accompanying the ongoing investment into technology and skills development in recent years, the regulator has stated it will look to use technology to become more intelligence led and "regulate at scale".

Many firms make use of this data to help determine how and when to connect to consumers for commercial and reputational reasons. With the FCA progressively developing the ability to monitor such data insurers, and other regulated firms, need to further improve their monitoring and analysis of this data to understand the impact products and services have on their customers.

**PS22/9 states:** "The Duty also aligns with our own transformation and our focus on being more innovative, assertive and adaptive in our regulatory approach. Under the Duty, firms need to assess and evidence the extent to which and how they are acting to deliver good outcomes and address any issues they identify. Combined with our more data-led approach, this will enable us to more quickly identify practices that negatively affect those outcomes and to intervene before practices become entrenched as market norms."

# PwC insight: New Consumer Duty

With the implementation timetable now set (July 2023 for existing and new products; July 2024 for closed products) firms are committing efforts to respond. Given the Duty is rooted in the existing Conduct regime, it is not surprising that the regulator already emphasises the philosophy of the Duty in interactions with firms. In pursuit of good outcomes and reduction in harm, it is reasonable to assume the expectation of regulatory intervention following implementation can't be far away.

In heading this off, knowing the attitudes of customers to features and value of products as well as confidence and access to associated support and servicing will prove important. Above all, being self aware of emerging consumer disposition, and having a reasoned position in hand, helps stay on the front foot if the regulator finds cause to make enquiry.

The analysis in this report gives a clear indication more could be done to use, and respond to, social media data. The Index highlights that consumers do not think outcomes are being achieved, in particular, 27% of TCF conversation weren't answered by the insurer.

# Conclusion

This report highlights the valuable, largely untapped resource that social media represents to companies looking to push ahead with their digital strategies.

It highlights the hive of activity on social media from insurance customers: people are readily, openly, voicing their opinions when their insurer falls both above and below their expectations. It also proves that social media amplifies the poor experience of one customer and can adversely affect existing and potential customers.

In an ever more competitive UK insurance landscape, price still matters. But when faced by any number of similar prices on a price comparison website, negative brand perception can make the difference between winning or losing new business. An insurance brand that is seen to deliver good customer service and experience can command a price premium of 7%. Meanwhile, keeping an existing customer is always more cost effective than acquiring a new one.

It's no surprise that customers who have a great experience with a company will buy more, be more loyal and share their experience with friends. Perhaps more surprising however, is the stark evidence in this report of the high volume of insurance customers who are disappointed.

Insurers may be armed with the latest technology and the best products, but if they haven't focused on - or invested in - the most meaningful aspects of customer experience, their digital aspirations will fall short. Customers meanwhile, will feel the promise made by the insurer brand has not followed through into a real world experience – which will shake their trust going forward.

Looking ahead, we believe the insurance sector should prioritise the following:

1. Brand/ESG - be vocal, be active (on social media) on your organisation's ESG aspirations and actions. Be a company that customers want to buy from and employees want to work for and then make sure you shout about it!

2. Understand the end to end experience, use data (including social media) to understand how well you are delivering customer outcomes. Identify "sludge" processes that create friction for customers and make all interactions as smooth as possible with minimal customer effort.

3. Use technology wisely. Automate and simplify where it makes sense, free up agent time to focus on those key moments that matter when customers need empathy and a human touch —that is, creating real connections by making technology feel more human and giving employees what they need to create better customer experiences.

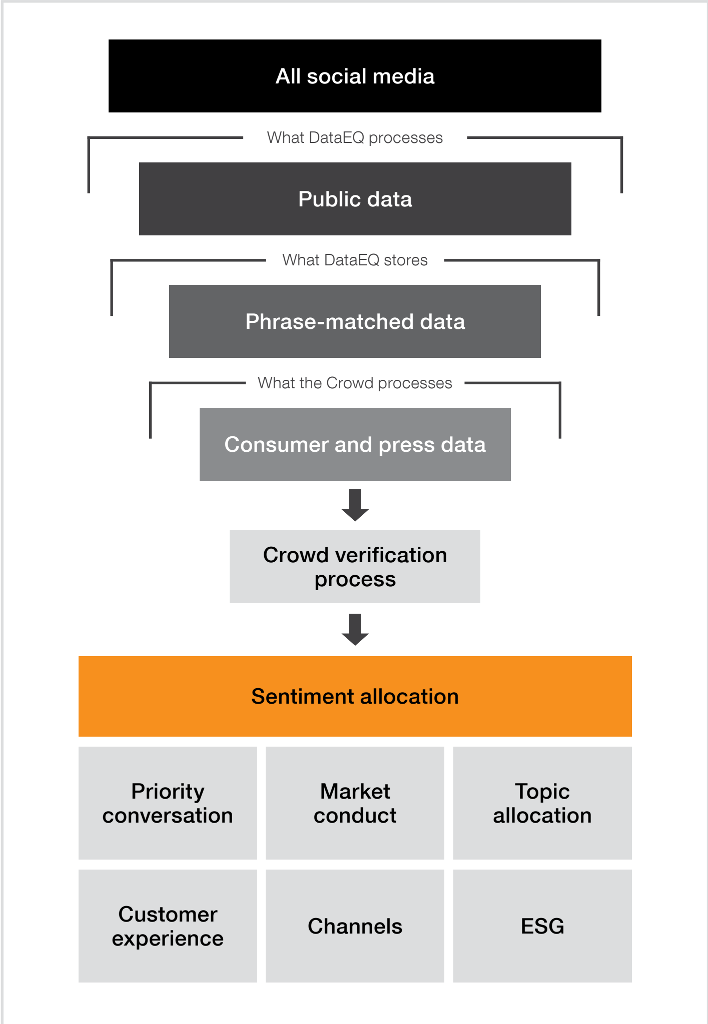
# 7 Methodology

# Data Collection

DataEQ retrieved **335 190** public tweets mentioning **15 UK insurers** between 1 January – 31 December 2021. **285 914 mentions** were from non-enterprise accounts.

100% of the collected mentions were sent for Crowd verification. This resulted in an overall sampling sentiment Margin of Error (MOE) of 0.0% at a 95% level of confidence. Crowd verification holds a 5% Margin of Error.

The original data set was cleaned before sampling to exclude mentions pertaining to medical aid and investments as many of the insurance brands offer these services. This was done using content matching for distinctive medical aid and/or insurance terms.



# Sample sentiment for verification

A total of **285 914 public non-enterprise posts** were collected for the period of 1 January – 31 December 2021. To carry out sentiment analysis with a 95% confidence level and an overall 0.10% Margin of Error (MOE), **a random sample of 235 402** of these mentions were processed through DataEQ's Crowd for evaluation and verification. Mentions were assigned sentiment scores of positive, negative or neutral.

| | Volume | Sentiment sample | Sentiment MOE |
|---:|---:|---:|---:|
| 1st Central | 9 660 | 9 130 | 0.20% |
| AA Insurance | 26 836 | 24 326 | 0.20% |
| AXA Insurance | 21 928 | 16 792 | 0.40% |
| Admiral Insurance | 14 035 | 10 964 | 0.40% |
| Aviva Insurance | 44 184 | 33 603 | 0.30% |
| Bupa Insurance | 10 352 | 9 636 | 0.20% |
| Direct Line Insurance | 9 151 | 6 994 | 0.60% |
| Hastings Direct | 9 929 | 9 629 | 0.20% |
| LV Insurance | 32 526 | 23 444 | 0.30% |
| Legal & General | 15 817 | 9 987 | 0.50% |
| Marmalade | 25 941 | 23 145 | 0.20% |
| NFU Mutual | 14 214 | 12 535 | 0.20% |
| RAC Insurance | 25 927 | 23 327 | 0.20% |
| Royal London | 7 374 | 6 344 | 0.40% |
| Vitality Insurance | 18 106 | 15 649 | 0.30% |
| **Industry** | **285 914** | **235 402** | **0.10%** |

# Topics methodology

Of a total **91 167** sentiment bearing mentions, **88 081** were sent for topic analysis allowing for an MOE of below 1%. **63 164** of these mentions contained at least one topic. Mentions can be assigned multiple topics.

For the insurance industry, DataEQ has eight broad topics encompassing **81 pre-defined sub-topics** to help understand the drivers behind sentiment.

**The eight broad topics are:**

- Customer service
- Reputation
- Digital experience
- Insurance products
- Physical facilities
- Pricing or fees
- Account admin
- Claims process


Source: DataEQ topic wheel

# Market conduct methodology

A random, representative sample of negative conversation was verified by DataEQ's Crowd to surface market conduct complaints. These complaints were segmented according to the six outcomes of the Treating Customers Fairly regulatory framework, which is used in the UK by the financial services industry to report on the fair treatment of customers.

| Outcome | Outcome definition |
|---|---|
| Outcome 1: Culture & governance | Customers can be confident they are dealing with firms where TCF is central to the corporate culture |
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