

Auto insurance study shows customer communication is insurers' Achilles' heel

Article

After last year's lockdowns reduced driving mileage and lowered claims frequency, US auto insurers passed back \$18 billion in premiums to policyholders—7% of total annual premiums.

Yet customer satisfaction was flat from 2020 to 2021, [per](#) J.D. Power. The study, which ranks satisfaction according to five factors like price and communication, shows overall satisfaction scored 835 on a 1,000-point scale. For the first time since, 2017 satisfaction didn't increase.

Pandemic relief efforts improved price satisfaction, but communication weighed down overall satisfaction.

- **Price satisfaction had the fastest year-over-year (YoY) growth of J.D. Power's factors.** While price satisfaction remained the lowest-scoring factor in the study, unprecedented premium relief efforts were rewarded with improved price perception among policyholders.
- **Overall satisfaction stagnated because of inadequate customer interactions.** Substandard insurer-customer communication was exacerbated in 2020 as pandemic uncertainty significantly increased customer [queries](#). Insurers' customer satisfaction score declined YoY across various communication channels—led by a 12-point drop in chat and email satisfaction. Contact center satisfaction sank 5 points. Ineffective communication also meant that only 52% of policyholders were even aware of the monumental refund efforts, which could have dampened price satisfaction gains.

Insurers will likely address inert customer satisfaction by focusing digitization efforts on deploying tools that allow proactive and on-demand communication.

- **Giving agents digital communication tools will enable proactive engagement with policyholders.** Agents suffered the smallest decline in satisfaction, demonstrating their effectiveness as a first point of contact for customer communication. But the pandemic highlighted that they [lack](#) the digital tools to engage policyholders: 44% of US insurance agents flagged digital tools as the most significant resource insurers can invest in to support them. Insurers can augment agents' customer interactions with digital portals to [proactively engage](#) policyholders and convey important news.
- **Mobile app chat features allow flexible communication and [increase satisfaction](#).** The dissatisfaction with existing chat capabilities and more conventional tools like contact centers shows more investment is needed in chat tools. [Effective chat capabilities](#) through mobile apps help users get answers conveniently and on-demand. Insurers can offer customers self-service channels in the form of chatbots to answer simple queries—evidenced by [Lemonade's Maya](#)—and more complex queries can be directed to [live agents](#) via chat or phone call.


US Insurance Agents' Biggest Challenge During the Coronavirus Pandemic and the Most Significant Capability They Want from Insurers

Agents that stated remotely building new customer relationships is the biggest challenge during the pandemic



50%

Agents that rated digital tools as the most significant capability insurers can invest in to support them



44%

Source: McKinsey & Company as cited in a company article, June 2020

Methodology: Data is from the May 2020 McKinsey survey "COVID-19 US Insurance Agent Pulse Survey." 341 insurance agents were surveyed online in May 2020.

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