

# Best practices for increasing policyholder retention and satisfaction



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The U.S. property and casualty (P&C) insurance market continues to rank among the most competitive in the world, and the competition is only getting stiffer. In an effort to differentiate themselves from the competition, many insurance carriers have turned to aggressive pricing in the form of lower premiums for policyholders. Still others have tried to pull ahead of the pack with self-service claims models or other specialized insurance products.

Now in 2020, in a fiercely competitive market, insurance carriers are searching out the greatest opportunities for differentiation of the policyholder experience where they can build their brand through the delivery of an exceptional claims experience.

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Emphasizing this point is a McKinsey & Company report which analyzed a study of insurance carriers that provided best-in-class customer experience. It found that these insurance carriers “generated two to four times more growth in new business and about 30 percent higher profitability than firms with an inconsistent customer focus, in part because satisfied customers are 80 percent more likely to renew their policies than unsatisfied customers.”

Policyholder satisfaction is especially vital in the digital age, where, with a single keystroke, policyholders can share their experiences – good and bad – with a vast online audience. Indeed, reputations are made and destroyed on social media, making the policyholder experience that much more important to influence and control.

It’s clear that, in this highly competitive, highly visible environment, it’s no longer enough for an insurance carrier to simply hand over a check to a claimant to cover their loss. Insurance carriers must instead think more strategically about how to deliver a superior policyholder experience.

Here, we present some best practices to help insurance carriers raise the customer experience bar – and set the foundation for long-term, positive relationships.

# Support personalization and seamless policyholder engagement with advanced technologies

Investing in advanced technologies is one way insurance carriers can influence policyholder experience and satisfaction and increase growth. In fact, a McKinsey survey found that insurance carriers that embrace new technologies grow 1.8x as fast as those that do not.

“In a highly commoditized market like insurance, customer experience emerges as the main battleground for new business,” said Larry Thomas, global president, Crawford Specialty Solutions for Crawford & Company. “For this reason, insurance carriers must integrate new technologies like chatbots and predictive analytics in order to raise the bar on policyholder experience and mitigate the erosion of insurance brand loyalty. More importantly, when a claim happens they need a reliable proven digitized solution that provides a high customer experience.”

Let’s examine three technology trends and how they can influence policyholder experience and satisfaction: omnichannel engagement, artificial intelligence (AI) and the Internet of Things (IoT).

**Omnichannel.** Today’s customer likely engages – or wants to engage – with their insurance carrier through any number of channels, whether online, on the home phone or on their mobile device. By offering omnichannel integration and engagement, a policyholder may start an insurance process at their desktop, then decide to call an agent for help, then finish the process on a smartphone. Regardless of where the process begins and ends, the policyholder expects a seamless experience from reporting of claims, to the completion of repair, so that when they change devices, they can pick up the process where they left off. This requires that the insurance carrier’s systems are integrated and that data is easily accessible by agents at every point.

**Artificial intelligence.** AI is disrupting the insurance industry and improving a number of processes across the policyholder life cycle. AI helps with claims handling, for example, by taking over manual processes to help accelerate policyholder correspondence and document processing. Using machine learning and advanced algorithms, AI also has the power to detect anomalies so that insurance carriers can better identify and predict trigger points that lead to customer dissatisfaction. Chatbots are probably the best-known example of AI technology right now, fielding incoming policyholder inquiries and accomplishing simple tasks to streamline customer service.

**The Internet of Things.** IoT and networked devices allow insurance carriers to interact with their policyholders to offer new services based on the personal data the devices have collected. In doing so, insurance carriers can better customize their products and services for each policyholder. Integrating new technologies like these into an existing carrier infrastructure may be daunting. In this case, partnering with experts will help alleviate these concerns. Third-party providers not only offer advanced technologies but also help ensure an insurance carrier’s continued technological evolution by offering guidance about the latest innovations available to enhance the policyholder experience.



# Offer a managed repair solution

Yet another way insurance carriers can bring the policyholder experience to the next level is by delivering services that go well beyond traditional loss adjusting. When a loss is incurred, an insurance check is generally the policyholder's final interaction with the insurance carrier. However, it's really only the first step in a very long and tedious process for the policyholder – especially in the event of an extensive property loss. All told, from first notice of loss all the way through to finished repair, the rebuilding process could take weeks, months or even a year or more if a structured program is not in place.

Today, with policyholder experience and customer retention top of mind, insurance carriers have an opportunity to go beyond handing over a check and offer full support for the policyholder throughout the process via managed repair.

“Managed repair is a concierge level of service that links policyholders with contractors offering a wide range of services, from emergency services to general contracting and more that is integrated with the claims process,” said Lance Malcolm, U.S. president of Contractor Connection. “We estimate that between 15% and 25% of property claims are now handled by a managed repair solution – typically through an entity like Crawford & Company's Contractor Connection – and we expect that number to grow to 50% or greater in the next 5 to 10 years.”

With a managed repair solution, policyholders are no longer on their own – they no longer have to research all the contractors required in order to make their property loss whole. They don't have to worry about screening and credentialing contractors and managing their performance. When it's said and done, the policyholder's property is put back together more quickly and with less effort on their part than if they were given a check and sent on their way. In fact, Crawford & Company estimates that a policyholder is back on their feet faster using a managed repair solution than they would have been without it.

Why is this important? If a policyholder can reach the desired end point – that is, restoring or rebuilding what

was damaged or lost – faster, with less effort on their part, and with a high-quality and warranted outcome, they're more likely to give high marks to their insurance carrier for satisfaction and experience. This, of course, translates to higher retention rates, a better brand reputation, an improved NPS score and more new customers for the insurance carrier. And, with social media the preferred method to spread the word these days, good news and reviews will travel far and wide.



Additionally, leading managed repair providers can add value through integrating proprietary technologies and industry-recognized estimating platforms to monitor and share contractor key performance measures. These providers also tend to have extensive networks of highly qualified contractors to provide coverage for all types of losses in all areas. All of this adds up to better performance management, reduced cycle times, improved estimate accuracy and exceptional customer experiences.

Finally, managed repair can serve as a cost-effective solution to handling high-frequency, low-complexity claims, allowing insurance carriers the ability to utilize claims adjusting resources for the higher complexity claims, increasing efficiency and reducing costs for the insurance carrier.

# Foster trust through transparency

It's safe to say that no policyholder would be satisfied with an untrustworthy carrier. That's why transparency is so critical. Insurance carriers can increase transparency and demonstrate their trustworthiness in a few ways. First, they can provide easier access to policy documents, underwriting criteria and disclosures by making them available online. Ideally, this information would be available in mobile as well as digital formats. Furthermore, the documents should be void of legalese and insurance jargon so they're easier for the average policyholder to understand.

Insurance carriers should also be transparent in how they are protecting policyholders' personal and sensitive information like credit cards and banking details used for insurance bill payment. This is especially important now, as, for convenience's sake, policyholders are increasingly making premium payments online. Along the same lines, insurance carriers should be transparent in how or if they share policyholders' personal information with third-party

data brokers. If they do, insurance carriers should have clear instructions as to how policyholders can opt out of receiving marketing emails.

Insurance carriers can also build transparency through dedicated tracking systems like Contractor Connection's job tracker. These web-based systems – integrated into the aforementioned managed repair model – enhance the digital claims experience by allowing policyholders and all other involved parties to log into and monitor the progress of the restoration process. In doing so, milestones and scheduling information are communicated in real time, and policyholders aren't left in the dark, wondering about the status of their claim. "Transparency is key to building credibility with prospects and policyholders," said Thomas. "By incorporating transparency companywide – and subsequently gaining prospect and policyholder trust – insurance carriers will be in a better position to improve growth and policyholder retention."



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- Larry Thomas, global president of Crawford Specialty Solutions



## The bottom line

We live in a world of instant feedback, where a positive customer experience is shared among many, many potential customers instantly on social media and other sites. This power has made the customer king, prompting businesses across industries and around the world to put the customer at the heart of their business strategies.

By optimizing the policyholder experience and digitalizing the repair process, insurance carriers have an opportunity to thrive in this environment. Providing the ultimate, end-to-end policyholder experience throughout the policyholder life cycle and in their time of greatest need, the insurance carrier is set up for a win in policyholder satisfaction, with the added benefits of efficiency and cost reduction for its own operations. Specifically, technology, managed repair and transparency emerge as the tools and processes that will help insurance carriers meet today's customer expectations, while positioning them for greater success in the future.

# Managed repair in the real world

For one property owner, his carrier's managed repair solution offering was the single bright spot amid the dark days of destruction in the aftermath of an electrical fire. The fire caused extensive damage in the home, from the kitchen to the main living areas, garage and roof interior. The kitchen and attic sustained structural damage, while smoke damage extended throughout the home. All told, damage to the home was estimated at \$200,000.



**<1 Hr**

Contractor begins service

**3 Days**

Estimate upload time for nearly \$200k in damage

**10.0**

Customer satisfaction rating

Within an hour, a network contractor was on site, beginning fire remediation services. These services included air purification and packing out salvageable items. A second specialty network contractor cleared and cleaned the home's textile items. In the days immediately after the fire – and thanks to managed repair – the homeowner was well on his way to rebuilding. While the event caused a significant hiccup in the homeowner's day-to-day life, his insurance carrier did more than just cut him a check. The insurance carrier helped see him through the entire process. As a result, the insurance carrier earned a perfect 10 in a customer satisfaction rating.

A photograph of a man and a woman embracing in front of a brick house. The man is in the center, wearing a grey t-shirt, with his back to the camera. The woman is on the left, smiling and looking at him, wearing a white t-shirt. Another woman is on the right, wearing a light blue denim shirt, with her arms around the man's shoulders. The background shows a brick house with white window frames and a green lawn.

## About Contractor Connection

Contractor Connection, an industry leader in contractor managed repair and home improvement services, provides insurance carriers and consumers a global network of residential and commercial contractors that are vetted and managed for performance, measuring quality, timeliness and customer satisfaction. A division of Crawford & Company, Contractor Connection is the largest independently managed network of contractors servicing the insurance industry, with more than 6,000 general and specialty contractors globally.

# About Crawford & Company®

For over 75 years, Crawford has solved the world's claims handling challenges and helped businesses keep their focus where it belongs – on people.



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**9,000** employees | **50,000** field resources | **70** countries | **\$14B** annual claims payments