



CUSTOMER SERVICE IN INSURANCE

PHILIP SMALL

- **The use of speech recognition by insurance companies**
- **Customer Service is the common thread**
- **Examples from 3 Insurance Companies**
 - Standard Life
 - Great Eastern Life
 - Suncorp
- **Why are Insurance Companies slow to adopt speech recognition?**
- **Lesson from History**

25th November 2005

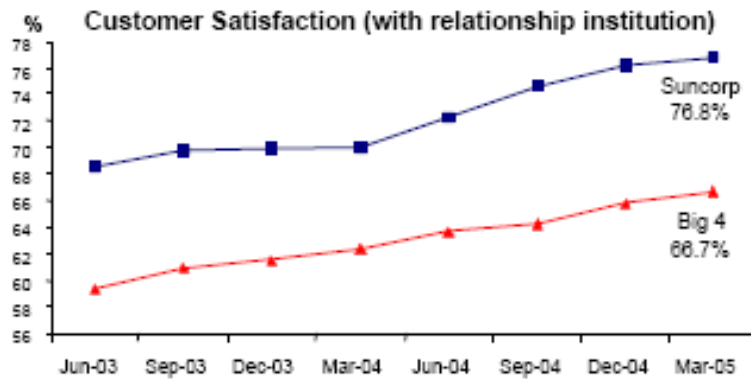
Standard Life wins its 10th consecutive five-star service award for Life and Pensions providers.

This is a long way from the all-time low where the company found itself more than 12 years ago, when it achieved a two-star rating. Now, the ethos and culture underpinning the company's success is customer service, with training being focused on the area over the past few years.

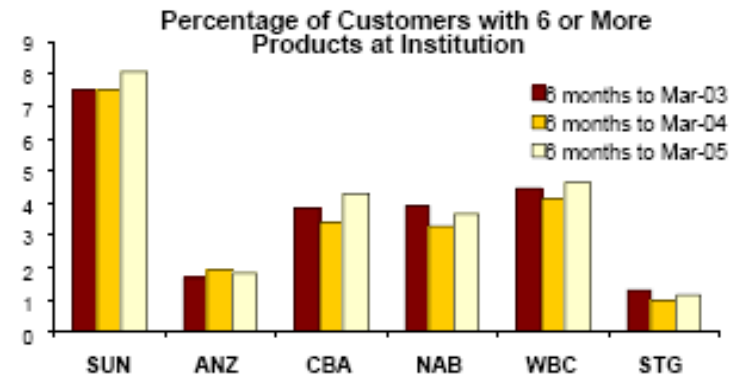
Singapore Service Class

Great Eastern was awarded the prestigious Singapore Service Class in 2004. This award recognises companies which consistently deliver customer service excellence in its four key components: Service Leadership, Service Agility, Customer Experience and Customer Delight.

Great Eastern is the first and only financial institution to have won the award.



Source: Roy Morgan Research Pty Ltd., Melbourne, Australia.
 Base: Australians aged 14+ with at least a transaction account at that institution.
 Overall satisfaction is measured ("very" or "fairly satisfied"). Time period: 6-months moving averages to March 2005.



Source: Roy Morgan Research Pty Ltd., Melbourne, Australia.
 Base: Australians aged 14+ with at least a transaction account at that institution.

Source: Suncorp Strategy Briefing 7th June 2005

- Second largest life and pensions company in the UK
- 11% share of the key IFA market
- 5 million customers & 12,000 employees
- Exceptional service is a fundamental element of Standard Life's business strategy
- Standard Life is planning to demutualise in 2006 and is a company undergoing significant change

- The centre had developed organically and not been strategically designed
- By 2005 there were over 300 staff in the contact centre
- Standard Life had decided not to transfer the contact centre to a lower cost region
- CEO Sandy Crombie said "he believes he can make the economics of keeping customer facing call centre roles in house, in the UK stack up"
- It was decided speech recognition was the best way to improve customer satisfaction and also achieve operational efficiencies.

- To try and make it easier for callers to reach the right section there were over 120 separate telephone numbers
- The confusion from this proliferation of numbers resulted in a high proportion of misdirected calls -15% to 20%
- The need to identify and verify callers introduced a highly repetitive 30 to 40 second component into virtually every call



STANDARD LIFE THE SOLUTION

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- Reduce the number of lines
- Use a front end speech recognition system to route calls from both IFAs and customers
- Speech recognition will be used to identify the caller's policy number and verify their identity by asking for:
 - Name, Address, Date of Birth

- Oldest and Largest life insurer in Singapore established 1908 with 26% market share
- Market capitalisation S\$4.3b 13th largest company on SGX
- 2.4 million policyholders
- Uses tied agents/planners and the bancassurance model to distribute products



SPEECH RECOGNITION AT GREAT EASTERN LIFE

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- After winning numerous call centre awards and given their passion for customer service it is not surprising Great Eastern became the first insurance company in Singapore to deploy speech recognition
- The system, called Lee Lee was installed in August 2004
- Lee Lee allows policyholders and agents to carry out self service tasks 24 by 7

- Callers can:
 - Check policy value & details
 - Request statements or forms
 - Enquire about or make a payment
 - Change address
- 35% of calls from agents and policyholders are being fully automated

- With a market capitalisation of \$10.8b Suncorp is the 20th largest company in Australia
- The 4th largest general insurer in Australia
- Has 21% market share of national home and motor insurance market
- Handles over 4 million calls per year
- A push button IVR was used to route calls to one of 20 queues with a high level of misdirected calls

- Front end call routing system went live December 2002
- Misdirected calls run at around 2.5%
- Average time taken to navigate the menu reduced from 65 to 30 seconds
- Customer rating of the push button IVR was 3.4 out of 5. For the speech system it was 3.9 out of 5.



WHY AREN'T MORE INSURERS USING SPEECH RECOGNITION?

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- Decisions tend to be made by IT rather than Marketing
- The CIO of a major insurer is on record as saying his top 3 priorities are:
 - VOIP
 - Mobility
 - Single Customer View

- April 2006 is the 21st anniversary of the establishment of Direct Line
- Direct Line used the telephone to revolutionise motor insurance in the UK
- Direct Line was the first insurer to use the telephone as their main distribution channel
- By December 1993 Direct Line had become the UK's largest insurer of private motor vehicles
- By the early 1990's all the major UK insurers had telephone based sales and service operations

“Those who cannot remember the past are
condemned to repeat it”

George Santayana The Life of Reason

COMPETITION IS INCREASING

- One insurer in Australia increased their number of personal lines policies by 524000 in 2005- a 13.6% increase.
- David Jones is considering emulating Tesco and M&S by selling insurance
- CBA has 20% of the home mortgage market but less than 25% mortgage customers insure with CBA
- Research by McKinsey suggests policy holders are not extremely price sensitive and factors other than price are important in explaining customer churn
- Improving customer service is a key contributor to reducing churn



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