

Positive Online Claims Experiences Can Build Customer Loyalty

May 4, 2016 by Joseph Bracken



In the digital age, going online to shop, pay your bills, and do business is the norm. Internet usage and smartphone ownership have risen sharply in the last few years, especially in advanced economies like the U.S. and Europe. More than 87 percent of adults use the Internet daily and more than 68 percent own a smartphone, according to [Pew Global research](#). The ability to complete transactions online, through self-service portals, is fast becoming a major consumer expectation.

The majority of the market is looking for a solid online experience and if you don't provide it, they'll go to one of your competitors. This idea is reinforced by data from an [Accenture Global study](#) (2014). The survey revealed that 53 percent of policyholders said they wouldn't recommend their insurer to friends and family if they were not able to use their preferred digital channels (online, smartphone, tablet, Web or others) during the claims process.

Businesses that fail to deliver a positive online experience will be found out, and they're going to suffer the consequences as dissatisfied customers move elsewhere. Policyholders want to be able to check on their claim progress and communicate with their insurers online. Homeowners are perfectly prepared to submit home contents inventories through an online portal if they're given the option. So, why not give them the option?

A mutually beneficial approach

A well-designed online portal that caters to the needs of insurers and policyholders could simplify everything and deliver benefits all round. A system that's available 24/7/365 is more convenient for everyone.

Homeowners will appreciate the ability to access information, submit and update inventories, and review their claim at a time that suits them. They want to be able to log in over the weekend or in the evening, and upload a photo of a possession or a receipt directly from their smartphones. If they can upload personal property details with notes, photos, video, documentation and receipts, then valuations will surely be more accurate. Claims can also be settled more quickly than they typically are offline.

The benefits aren't just for policyholders, though. Consider that the adjuster saves time building and reviewing loss inventories. They can also communicate with the policyholder and make requests directly through the online portal. If any piece of pertinent information is missing, or the policyholder requires clarification, the adjuster can explain. And, since they can expedite claim settlements, they'll be able to cut down cycle times. There's greater transparency and efficiency all round, which is a win for personal lines insurers and for policyholders.

Loyalty in the long term

It may be tempting to focus on customer acquisition ahead of customer loyalty, but that may be shortsighted. A happy, loyal customer promotes their insurer, stays longer, and is generally cheaper to serve. A promoter's lifetime value is worth on average nearly seven times that of a customer who's a detractor of the carrier, according to [Bain & Company 2014 analysis](#) in the U.S.

*See related analysis of the J.D. Power study, "[Breaking the Cycle of Reduced Profitability](#)," written for *Carrier Management* by J.D. Power's Gregory Hoeg and Valerie Monet*

Satisfaction with property insurance claims slipped recently for the first time in five years, according to the [J.D. Power 2016 U.S. Property Claims Satisfaction Study](#). This was attributed to "declines in satisfaction with the total settlement and service interactions."

The study found that 13 percent of displeased claimants switched after a bad claims experience and 40 percent indicated an intention to switch within the next year. When customers have a bad experience they don't just start to shop around for a new insurer, there's also a good chance they'll badmouth the company. The negative impact of that bad experience can be compounded and lead to a loss of future business.

Building loyalty with a truly positive online claims experience can have the opposite effect. Policyholders are happy, so they resolve to stay, but they also evangelize for the service. The [J.D. Power study](#) also found that 81 percent of highly satisfied claimants say they "definitely will" renew their policy and recommend their current insurer to others. Create the right kind of online portal and open the door to increased customer loyalty and the benefits it brings.