

## Measuring insurer services and slipping standards - Money Marketing – May 2005

At Direct Life we measure everything, not just because we can but because it helps us to run our business using hard facts. We capture application progress timings for every event that can occur during the progress of a customer's application, from the point when the quote was first performed to the policy being issued and beyond.

We know how long it takes any insurer to process any, all, or specific groups of cases from start to finish, or from one stage of the process to another and we know how that progress differs for electronic and paper business. We can cut our data by age of applicant, sex, smoker status, source of business, postcode and of course by sums insured, policy term and by product category etc. – all measured in hours. We can cross-reference these timings to changes in insurers underwriting practices and to changes in each insurer's relative competitive pricing position. Crucially we can crunch these numbers across a significant pool of customer data with around 150,000 unique records, which means the information is statistically relevant to the whole market.

Of all the data we have, probably the most meaningful to the industry generally is the time elapsed from receipt of the application by the insurer to them issuing their acceptance terms. By any measure the results are appalling and they are far worse than would have been considered acceptable just a few years ago.

Now every insurer will tell you that they are working to solve the problem; those without leading edge technology tell you the answer lies in 'getting it soon', those with the technology tell you that it is new and they are "ironing out the wrinkles", I for one am getting bored of these excuses. Without exception providers need to stop talking about how important service is, and start taking practical steps to make good service actually happen. Sure, relatively some companies perform better than others – but comparing insurer's current results relatively, simply allows mediocrity to set in.

Just for a moment compare 'life' with the motor insurance market; policies contain more variables to consider, motor usually costs more and customers are more likely to claim, yet it is easier and quicker to arrange. I know there are differences, but leaping on these to develop excuses isn't the answer, learning from other markets practices is!

Our problem seems to be that no one is prepared to take that giant step back from current practice to view critically how their processes have evolved incrementally. Just about every life office's starting point when looking at their service problems seems to take what they and their competitors have and see where they can make improvements, the mindset is always therefore 'what is!' and they never get around to 'what if?'

I know that within the big insurers there are good people, professionals who have struggled against the things that make their 'service' so bad. It's just that after a while, as with any big organisation, individual's 'freshness' gets lost, the excuses become too many to argue against and eventually everyone just joins the line of apologists, becoming numb to it all.

Now is the time for providers to start again with a blank page, and remember answers to complex problems are invariably simple. It is time to bring in outsiders with service success stories that can be learned from, as part of this it is clearly time to stop making the buying process for simple life cover so damned complicated that IFAs confidence in it becomes damaged irreparably, as with PHI/IP. By now most insurers will be studying 2004 stats and wondering why the protection market began to slow even before the housing market did, the answer lies in the following question: Does a proposal form really need to run to 32 pages and take up to 67 days to render a decision on?

Finally, when it comes to the customer service 'gongs' that are handed out at the many industry awards ceremonies, why not add a touch of realism and have the hired in celebrity announce "I am sorry ladies and gentleman but not one life insurance company was good enough to win the service award this year".

By Richard Verdin, Sales & Marketing Director, Direct Life & Pension Services Ltd