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Less than 30 Percent of Insurance Customers Globally Are Having Positive Customer Experiences Finds World Insurance Report 2015

Insurers struggle to keep up with Digital Demands from Generation Y¹

Paris, New York – February 26, 2015 – Positive customer experience² ratings worldwide declined at an alarming rate, reveals the eighth-annual World Insurance Report (WIR) released today by [Capgemini](#), one of the world’s foremost providers of consulting, technology, and outsourcing services, and [Efma](#). Despite efforts by insurers to meet the increasing demands of their customers, positive customer experience ratings globally dropped 3.7 percentage points from an already low 32.6 percent in 2013 to 28.9 percent in 2014. North America saw the largest decline (8.3 percentage points), followed by Latin America (5.3 percentage points) and Europe (3.4 percentage points).

“Falling positive customer experience ratings coupled with a growing number of market disruptors– such as Big Data analytics, regulatory change and economic uncertainty – threaten to shake the stability of the industry and require insurers to become fully customer centric or risk losing their customer base to competitors and new entrants,” said Jean Lassignardie, Chief Sales and Marketing Officer, Capgemini Global Financial Services.

Generation Y is raising demands and lowering customer experience ratings for insurers

With Generation Y, the customer segment between 18 and 34 years old, comprising one-quarter to one-third of the population in many markets, this segment is of high importance to insurance firms. Yet this tech-savvy generation presents a huge challenge for insurers, often demanding a

¹ Generation Y is the customer segment aged between 18 and 34 who have always had technology such as the internet and smart devices in their adult lives.

²Customer experience requires a deep understanding of customers over the full life-cycle of their interactions with their insurer differing from one-time customer satisfaction surveys. Customer experience measures how customers perceive the quality of their interactions with a company and takes personal values and standards into account.

high level of service across digital channels. The WIR's Voice of the Customer survey³ revealed a particularly sharp drop in positive customer experience levels among Generation Y insurance customers in 2014, which helped bring down overall customer experience ratings around the globe. This decline was most pronounced in developed countries where, for example, in North America positive customer experience ratings for Generation Y declined by 10.9 percent and by 5.4 percent in developed Asia-Pacific.

As a result, insurers are in danger of losing this important customer segment to more agile competitors unless they can improve their digital services and provide more personalized and fully integrated customer experiences regardless of preferred channels. Insurers will need to focus on social media, online, and mobile channels to engage with their customers as the WIR found that more than 50 percent of Generation Y customers rated these channels as important in most regions.

Insurers fell short on core capabilities that can improve customer experience

The WIR found that insurers' maturity levels are lagging in seven core capabilities that can help improve customer experiences and capitalize on opportunities presented by market disruptors. Insurers scored lowest in connecting and engaging regularly with customers as well as having a complete view of customer data and relationships.

The report found that most insurers are connecting with customers at only a very basic level. While insurers offer services across a full range of channels, the customer experience across these channels is often disjointed. Similarly, most insurers aren't engaging with their customers regularly enough or personalizing content for different customer segments. Insurers are also struggling to gain a complete view of their customer relationships. While most insurers are capturing and storing customer data, many are failing to capitalize on analytics to identify varying behaviors, preferences or a comprehensive and real-time view of their customers.

A customer-centric approach is the key to a successful future

Reversing declining customer experiences means insurers must go beyond initial attempts to create a customer centric approach and migrate towards more effective engagement that combines channel experiences – both traditional and digital. While insurers need to develop and improve digital channels to keep pace with the growing demands of their customers, it should not be at the expense of the agent relationship - as the WIR found that the agent channel is providing the highest levels of positive customer experiences. In fact, positive experience levels on when using insurance agents were almost 10 percentage points higher than those of digital channels. This disconnect suggests that the current services provided on digital channels by insurers are

³ The Voice of the Customer survey asked more than 15,500 customers in 30 countries across five geographic regions about their general satisfaction with their insurer.

dragging down global customer experience levels. Insurers must not only improve their channels to better serve customer needs, but they must also make sure that the channels work in harmony at any needed touchpoint along the customer journey.

"Ongoing investments need to support all types of channels, at least for the foreseeable future," said Jean Lassignardie, Chief Sales and Marketing Officer, Capgemini Global Financial Services. *"Insurers must strive to bring some of the qualities that define traditional channels to the newer channels and vice versa. Insurers that are able to blend traditional and digital channels in a seamless way will be the leading edge providers of the future."*

Improving customer experience is imperative as insurance industry disruptors take hold

It's important that insurers take action now to improve customer experiences as the industry faces a flood of market disruptors that have the potential to challenge and undermine businesses unless they are prepared for them. Big Data Analytics is expected to have the biggest impact on the insurance industry with 78 percent of executives⁴ citing it as the key disruptive force, followed by regulatory change (46 percent) and economic uncertainty (42 percent). Other market disruptors include shifting demographics (35 percent), extreme environmental conditions (15 percent), new competition from non-insurers like Google and Amazon (22 percent), and advanced technologies such as the Internet of Things and telematics⁵ (21 percent).

"If you simply look at profit margins, you will think everything is positive for insurers," said Patrick Desmarès, Secretary General of Efma. *"But it's clear from the lower positive customer experience ratings that insurers are failing to meet the needs of customers. This is especially concerning given the strong link between positive customer experience and customer loyalty and profitability and the game-changing impacts posed by marketplace disruptors."*

For more information visit www.worldinsurancereport.com

About the World Insurance Report

The World Insurance Report 2015 draws on research insights from 30 markets. Capgemini estimates that these countries account for approximately 94 percent of the global insurance market.

The WIR is based on comprehensive research from the Voice of the Customer survey with responses from 15,500 customers across 30 countries and five regions, about their general satisfaction with their insurer. In addition 165 interviews with senior insurance executives from

⁴ The WIR 2015 is based on a comprehensive body of research that includes 165 interviews with senior insurance executives of 100+ leading insurance firms. Of the total firms interviewed, 48 percent sell both life and non-life insurance, 20 percent focus solely on life, and 32 percent are dedicated to non-life.

⁵ Telematics refers to any device which merges wireless telecommunications and infomatics (data.) Insurers use telematic devices in cars to analyze driving patterns for offering safe driver discounts.

more than 100 leading insurance firms form the basis for the research.

The responses from the global Voice of the Customer Survey analyze customer experiences across 112 data points, providing the underlying input for Capgemini's Customer Experience Index (CEI). The CEI calculates a customer experience score that can be analyzed across a number of variables. The score then provides insight on how customers perceive the quality of their insurance interactions.

About Capgemini

With almost 145,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, [the Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model. Learn more about us at www.capgemini.com.

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