

# Santam faces challenge for customer satisfaction top spot

Traditional insurers Discovery Insure, Old Mutual Insure, Outsurance, as well as niche company Virseker are all challenging Santam for the top spot in the latest [South African Customer Satisfaction Index](#) (SAcsi) for short-term insurance companies in 2017.



Professor Adré Schreuder, Consulta CEO

After three consecutive years of being in a leadership position, Santam's SAcsi score dropped slightly from 81.3 in 2016 to 80.2 in 2017, essentially contributing to the scenario that Discovery Insure, Old Mutual Insure, Outsurance and Virseker all be classified in the leadership category for 2017. Old Mutual Insure increased its score from 77.7 to 79.5, and with increased market share, Discovery Insure made a strong debut into the large brands category with a score of 79.5.

Outsurance saw a rise from 77.3 to 79.3 in its SAcsi score and Virseker surprised against the four large companies in the leadership category by taking front position in SAcsi 2017. There seems to be little middle ground with Auto & General on average with industry (75.2) and Hollard that scored below average on 71.5.

“By optimising customer engagement through innovative use, such as gamification and apps or pinpointing specific target markets, insurers understand the importance to make it easier for customers to interact with them and claim, and either have already – or are likely to – introduce ways of doing so,” says Professor Adré Schreuder, Consulta CEO.

## Customer experience

The fiercely contested battle for best customer experience is evident in the SAcsi industry score that jumped from 75.8 in 2016 to 77.3 in 2017, showing an overall trend that short-term insurers are striving to improve on delivery to their customers' expectations.

“Margins in the industry continue to remain under pressure resulting in insurers constantly being challenged to find the balance between profitability and investing into business initiatives that will deliver real returns. The results highlight the fact that insurers increasingly opt to invest into making their customers’ lives easier by focusing more on delivering customer experiences that meet and exceed expectations,” says Schreuder.

Now in its sixth year, the index offers impartial insights into the South African short-term insurance industry by measuring customers’ overall satisfaction out of 100. This satisfaction score is based on brands exceeding or falling short of customer expectations and assessing how well a brand is measured against respondents’ perception of the ideal short-term insurer. It also includes, among other measures, a customer expectations index, a perceived quality index and a perceived value index. The 2017 sample included 2,789 short-term insurance customers who were randomly selected to participate in the survey.

## **Niche brands**

Consulta has expanded the SAcSi methodology to include brand and product options offered by smaller niche brands that normally fall in the ‘other category’. Under this expansion, the SAcSi Governance Board allows smaller niche brands that commissioned the required sample to be compared to the larger brands normally included in the ‘published category’.

“Under this new ruling the product-brand of Virseker (as part of Auto & General in the Telesure group) commissioned the required minimum sample amongst the usual SAcSi industry benchmark. Virseker has come out as a top performing brand with the highest SAcSi score of 81.1 in the industry, and is thus eligible and statistically verified to claim the Best-in-Industry accolade,” says Schreuder

A popular metric for measuring a brand’s performance is the net promoter score (NPS), which gauges the likelihood that customers will recommend a brand to their family and friends (promoters) compared to customers who would actively discourage a relationship with the brand (detractors).

Santam achieved the highest NPS of 47.1%, which is 17.2 percentage points higher than the industry average of 29.9%. Old Mutual Insure had the next highest NPS of 38.0%, followed by Virseker with 36.9% and OUTsurance with 35.7%. Discovery Insure was slightly behind, with a score of 35.3%, and Auto & General and Hollard had NPS scores of 16.8% and 10.3% respectively.

Old Mutual Insure have the lowest complaint incidence of the group, while Auto & General and Hollard had the highest number of customers that reported complaints. Old Mutual Insure and OUTsurance had the best complaint handling processes supporting their leading performance in the annual credible benchmark.

“Customers are often disappointed at what they received in value when they claim,” Schreuder says. “We suspect that this is because insurers may still need to make significant progress when it comes to achieving the right balance between correct and efficient claims settlement and protecting underwriting profits.”

The SAcSi benchmark revealed that short-term insurers’ biggest challenges and complaints were related to their pricing, response times and claims processes.

## **Treating Customers Fairly**

Short-term insurers were also measured against the Treating Customer Fairly (TCF) measure, an outcome-based regulatory and supervisory approach designed to ensure that consumers experience specific, clearly articulated fairness

outcomes for financial services from regulated firms.

Virseker and Old Mutual Insure achieved the best TCF scores on the TCF pillars measuring the degree to which insurers offer products and services that address customer needs. Virseker and Santam achieved the best scores on treating customers with respect and creating an open, win-win relationship. However, the overall industry's TCF scores revealed shortfalls in making it easy for consumers to change providers, complain, claim, or consider another brand, and in delivering products and services that customers are led to expect.

“The industry, along with the broader financial services industry, is changing how it interacts with customers in line with new regulations. There needs to be a better understanding of the true link between underwriting profits and customer experience. As the regulatory landscape changes, companies need to truly put the customer at the centre of their business and make customer centricity the number one priority,” Schreuder adds.

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