

Q&A

Investing in the future: how digital transformation is redefining the insurance industry

David McMillan, CEO of esure Group, explains how advanced data science and technology like generative AI can enable the insurance industry to become more agile and efficient, and how his company's digital transformation is helping to put customers first



Q How can digital transformation help insurers navigate some of the key issues faced by the industry?

A The UK personal lines market is the most competitive in the world, with customers able to view prices from hundreds of different brands on price comparison websites in a matter of seconds. The industry has faced challenging conditions in recent years, particularly from inflationary pressures. Insurers are vying for the business of customers looking for three things: a good deal, a simple service experience, and expert, empathetic service.

We undertook our transformation programme to ensure we are well positioned to meet these customer needs. To achieve this, we needed to build a technology platform that leverages data and enables us to create an intuitive customer experience. Recognising some claims we support customers with are naturally quite upsetting, it was important our approach centred around a 'digital-first' not 'digital-only' proposition, being aware an empathetic human voice can make a real difference in a moment of need.

Q To what extent was your legacy system holding you back?

A Before we started this journey we relied on outdated legacy systems, like many of our peers. But in a digital-first era, customers are looking for the same personalised experience, intuitive navigation and fast delivery they enjoy, and increasingly expect, from digital-native businesses in other parts of their lives. To achieve this, we set about building a scalable and flexible full stack cloud-native platform.

Since the start of this year, our entire customer base of nearly two million policies, close to 250,000 claims, and more than one billion datapoints, have been successfully migrated onto our new platform. We were then able to decommission all legacy technology within months of completing migration, meaning we could quickly shed the previously costly, cumbersome and inefficient systems.

When you use older systems, they're not connected to each other, so it takes longer to implement changes to processes. We've built something that enables us to amend customer journeys immediately, based on the data we have on how a particular customer journey is performing.

Q What impact does this have on customers?

A Put simply, it's helping us to deliver faster and more effective customer experience.

Before this transformation, around 90% of our interactions with customers were over the phone, now it's pretty much a 50-50 split between phone and live chat communications.

The process of making claims and amending policies is now much easier. 90% percent of all claim types can be initiated digitally within our new platform, and 78% of mid-term adjustments can be fully self-served online.

The feedback we've had from customers has been excellent, too. 89% of customers completing these fully self-serve journeys rate them four or five out of five for ease. We're also getting it right more often the first time, with 88% of customers not having a need to contact us again within five days of the first contact. However, we know we don't always get it right, so listening to feedback



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is important to help us drive continuous improvement.

Digital assets are really helping us enhance the digital-first customer experience, and our teams are implementing new customer functionality every couple of weeks, with a lot more to come.

Q How important is AI and machine learning in pushing the insurance industry forward?

A It's huge. It will transform the way customers interact with insurers. We've been using AI and machine learning extensively for the past five years. We use it heavily in terms of how we price, and we use

some of the most advanced algorithms and data science models in the industry. We have worked closely with the Alan Turing Institute to advance our work in this space.

What's really accelerated over the past 12 months is generative AI (GenAI). Our pioneering work in GenAI, led by our world-class data scientists, has underpinned much of our transformation journey to improve customer service, enhance operations and drive efficiencies.

We have several GenAI models live in production, that are helping our c.800 customer-facing colleagues across operations and claims to support our customers. For example, it is summarising the initial conversations customers have with our chatbot, which leads to a more efficient handover for customers moving between channels – reducing frustration from having to repeat information.

After completing the interaction, we use GenAI to capture exchanges more accurately and consistently throughout the business, across different geographies and functions, which helps to inform future engagement with the customer. The 15% reduction in average handling time witnessed since the introduction of these capabilities enables our colleagues to support the more sensitive and complicated cases – where that extra human touch is so important.

Q How do you see technology impacting the future of the insurance industry?

A Companies are always looking to innovate to gain a competitive advantage, which is great. But in the future, if you're an insurer that hasn't invested in digital transformation, you'll lack the sophistication to keep up. I think we'll see the industry consolidate into a small number of very sophisticated players that have made the necessary investment in their technology.

As a business, we are focused on honing the new capabilities we have unlocked with a roadmap in place to launch new propositions, all made possible by our digital transformation. I'm confident that the industry leading technology we can now leverage will give us an advantage and help deliver for the ever-changing needs and expectations of our customers.

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