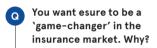# Q&A

How tech can help fix the UK's broken insurance market

David McMillan, chief executive of esure, discusses how better use of digital and customer data can help transform the UK insurance market and win back trust from consumers in the process

Q You want esure to be a 'game-changer' in the insurance market. Why?

A We believe that UK consumers have lost trust in the insurance industry. When I came on board as CEO in 2019, we looked at the industry and found that customer trust levels were worse in the UK than most of Europe and many other economies. This was borne out of a combination of shabby practices and poor processes, from price walking [where loyal customers are charged higher premiums than new customers] to honest customers being treated like fraudsters. We felt there was a sense that the industry had lost sight of the people it is trying to serve, which is why the mission for our company is to fix insurance for good, using a combination of deep expertise from multiple industries, empathetic customer service and cutting-edge technology.

Q How are you using data to change the market?

A Our frontline teams did some in-depth customer research to better understand customers' wants, needs, expectations and frustrations. That highlighted everything from indecipherable policy documents to contact centres that don't answer the phone, to us not understanding the customer's history. We feel that where we can make a real difference is through people from many different industry backgrounds working in an agile way to progressively solve these issues.

Customer research and data are the bedrock of esure, and we want to turn that feedback into real change very quickly. The insurance industry is no stranger to data – it has been central to insurance for 200 years. What has really changed is the scale of the data that's available and the processing power. So it's not just addresses or car registration numbers – we are capturing data on every second that the customer is in our customer journey. It's huge.

Q How important is the right technology platform, and what does it enable you to do?

A When customers think about what a 'good' digital experience looks like, brands like Monzo and Netflix spring to mind. We felt that we needed to build something that could deliver that degree of personalised, seamless and intuitive customer experience.

But the typical insurance company's technology stack does not provide a unified view of the customer's data. Instead, it's still disparate and inaccessible. A lot of these platforms are really glacial, expensive and inflexible, making it difficult to connect with newer digital partners and insurtechs.

We are building a platform that allows us to react quickly and dynamically. We have built a fully cloud-based platform with technology architecture that is flexible and scalable. We are the first UK player to deploy EIS insurance software, and we're using Amazon Connect [a provider of cloud contact centres] extensively. It allows us to have a real-time, single view of the customer across all channels, enhancing our ability to seamlessly service customer requests.

At the moment, we've got more than 30,000 customers on the new platform. It's early days, but our Net Promoter Score from those customers has already doubled. The next step is to get all of our remaining 2.5 million customers onto the platform.

Q What does this mean for customers?

A The exciting thing is that this gives us the ability to release functionality really quickly, to continually enhance the customer experience. And it's not just about the technology – we have multi-disciplinary 'customer squads' with people from the front end of the business, plus marketing and tech resources, able to make changes to the customer journey in a matter of hours. We are changing pricing on a near daily basis as well.

By partnering with Amazon Connect, we've fully integrated our customer support channels in our online portal, combining chatbot, live chat and voice in one place. So if a customer needs to switch channels – moving from live chat to speaking to a colleague on the phone – all of the customer's request and history is retained in-journey, removing friction and making it simpler to quickly resolve customer requests.

Ultimately, we want to be in a position where we give customers a huge amount of flexibility and have propositions that are designed around them. We also want a model that is lower cost, which can be fed back into a lower price for customers.

> We are using machine learning to set fairer, more accurate prices, to detect fraud and triage more complex claims to specialist claims colleagues

Q What role is AI and machine learning playing?

A We've got around a dozen machine learning models in operation, and that is probably about a quarter of what we would like. We are using machine learning to set fairer, more accurate prices, to detect fraud and triage more complex claims to specialist claims colleagues – so pretty much all of our customers will be interacting with AI in some form. Our use of machine learning is delivering better outcomes for customers, and we're already seeing quantifiable commercial benefits, which will only grow as we deploy new initiatives.

Q What other changes do insurers need to make to improve the market for customers?

A The practice of price walking has left a real scar on the industry. That was a difficult problem for individual insurers to fix because of the structure of the market, and the regulators have really helped us. Over time, I think that will do a lot to restore trust in the industry.

We also need to improve the transparency of documentation; we've got to make things clearer for customers and use less jargon.

We have done a lot of work in terms of just chopping down our policy documentation, and we use customer testing to ensure everything we produce is as clear, useful and accessible as possible.

It's also about recognising what we can all practically do on the environmental side. For example, as part of our focus on reducing carbon emissions, all of esure's branded body shops will be carbon neutral by the end of 2022, and we're one of the leaders in the market in terms of using recycled, reconditioned non-safety parts.

By maintaining our focus on eradicating customer frustrations, fuelled by smart use of data, rapid customer testing and the flexibility of our tech platform, we're confident we can fix today's broken sector and deliver the insurance that tomorrow's customers expect and value.

For more information, visit esuregroup.com

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