



UK Contact Centre Verticals: Insurance

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AVAYA





UK Contact Centre Vertical Markets: Insurance (2023)

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Insurers across the country are currently facing a number of challenges when it comes to delivering exemplary customer experiences.



Speed of response has fallen, from an average **18 seconds** in 2010 to **102 seconds** today.



While call centre agent productivity has been stagnant over the last **10 years**, at around **55%***



What's more, with more people leaving the insurance contact centre industry, a large skills gap is making it difficult to improve on these numbers.

IPI and Avaya can demonstrate how technology can be used to address these challenges, and how existing investments can be leveraged to deliver the high-quality service levels that clients demand. The innovative solutions available to insurance companies and large brokers are largely non-disruptive, having been designed to work with legacy, as opposed to against it.

Automation is top of the list.
The majority of queries insurers receive from their customers are simple ones that can be automated.

Using AI to respond to these basic queries can be layered over existing processes very quickly providing real innovation without disruption.

Source: *Contact Babel Report 2023

To find out
more visit



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About Avaya

Businesses are built by the experiences they provide, and every day millions of those experiences are delivered by Avaya. Avaya is shaping the future of customer experiences, with innovation and partnerships that deliver game-changing business benefits. Our communications solutions power immersive, personalized, and memorable customer experiences to help organizations achieve their strategic ambitions and desired outcomes. Together, we are committed to helping grow your business by delivering Experiences That Matter. Learn more at <http://www.avaya.com>.

About IPI

IPI understands that technology is only part of the solution to addressing business challenges within the contact centre. Its experts know the intricacies of people, technology, processes and customer demands and understand the realities of running a contact centre, as well as the practicalities of making advanced software deliver to its full potential.

By looking at the challenges and business drivers in the contact centre, both today and in the future, IPI ensures its clients realise the full benefits of their contact centre technology by using it as an enabler to achieve measurable results and maximise investment value. Fully focused on business outcomes, IPI offers a comprehensive blend of contact centre operational experience, combined with deep technology expertise. This enables its experts to align the most appropriate technology for its clients' needs, and ensure people are equipped in the short and long term to deliver exceptional experiences.

For more information, please [contact IPI](#) or visit <https://ipintegration.com/>.

UK INSURANCE CONTACT CENTRES: EXECUTIVE SUMMARY & OUTLOOK

The after-effects of the economic downturn hit the wider financial sector especially hard, with the number of insurance contact centres contracting as cost-cutting forced closures and consolidation across the finance industry.

Generally, there are increasing levels of technological investment being seen in this sector, and the complex nature of some of the work may be less suited to online self-service, with a large proportion of insurance customers wanting to speak with human agents for reassurance and clarity, as the claims process may involve lengthy and high-emotion interactions. There is a need for personalised communication within this sector, which – in common with any contract-based commoditised service – risks high annual customer attrition rates.

Up until recently, general financial services organisations (including insurance, banking, credit card and debt collection operations) had run the most contact centres of any business sector in the UK, and this wider vertical market still employs the most agents.

There has been strong pressure to consider consolidation and rationalisation in order to cut costs driven by reduced profits, increased competition, higher costs of compliance and the use of cost-comparison websites. The overall number of agent positions has increased strongly since 2012.

The insurance sector does not initially encourage a high proportion of initial inbound interactions from existing customers to be via non-voice channels, as many transactions require identification and authentication, for which social media or web chat were not seen as suitable vehicles.

The insurance sector has embraced email as a cost-effective outbound channel as a delivery mechanism for paperwork, which then also serves to reduce the number of inbound calls as customers are more likely to have the information they need at hand. The email channel now accounts for 15% of inbound interactions.

The insurance sector carries out a large number of outbound calls to existing customers in order to get policy renewals and follow up issues, and some also carry out cold calls.

As expected in an industry with so many regulations to comply with, interaction recording is used by a high proportion of the insurance survey respondents, with MIS and IP infrastructure also very popular.

Insurance contact centres are still behind the industry average with their use of web chat, with these only being used very recently by many of the larger insurers due to concerns over its suitability in a secure environment. Insurance operations are keen to use AI and workforce management, and there is also a high use of automated outbound dialling for sales calls.

Insurance agents tend to get paid around the contact centre industry average, and attrition and absence rates are often higher than average. Call durations in this sector are usually higher than the industry average, reflecting the typical complexity of an insurance call.

INTRODUCTION

“UK Contact Centre Verticals: Insurance” looks at the structure, growth, technology, HR and commercial issues found in contact centres within the UK insurance sector. It does **not** include any data or analysis from offshore contact centre operations.

It contains data from multiple large-scale surveys of hundreds of UK contact centres, and is the definitive study of this vertical market’s customer contact operations.

The “UK Contact Centre Verticals” series of reports are free of charge to readers. Research and analysis costs are borne by sponsors – contact centre and customer experience solution providers – whose advertisements, case studies and thought leadership pieces are included within these reports.

Sponsors have not had influence over editorial content or analyst opinion, and readers can be assured of objectivity throughout. Any vendor views are clearly marked as such within the report.

Please note that statistics within this report refer to the UK industry, unless stated otherwise. There is a version of this report available for download from www.contactbabel.com with equivalent US statistics.

To comply with the usual protocol of market analysis, years are reported as year-end (i.e. the 2022 figures refer to the end of 2022) unless stated otherwise.

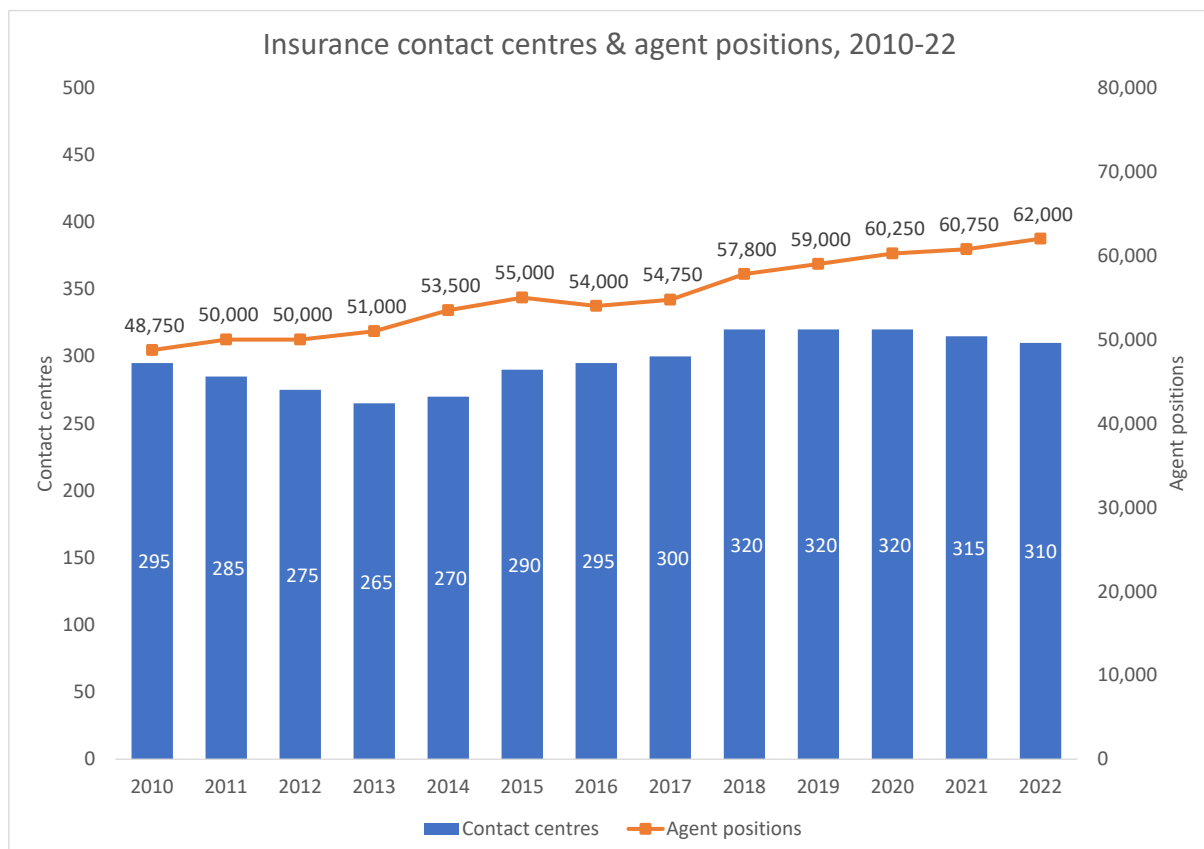
MARKET SIZING

STRUCTURE

The insurance sector has increased by over 25% in terms of agent positions since 2010.

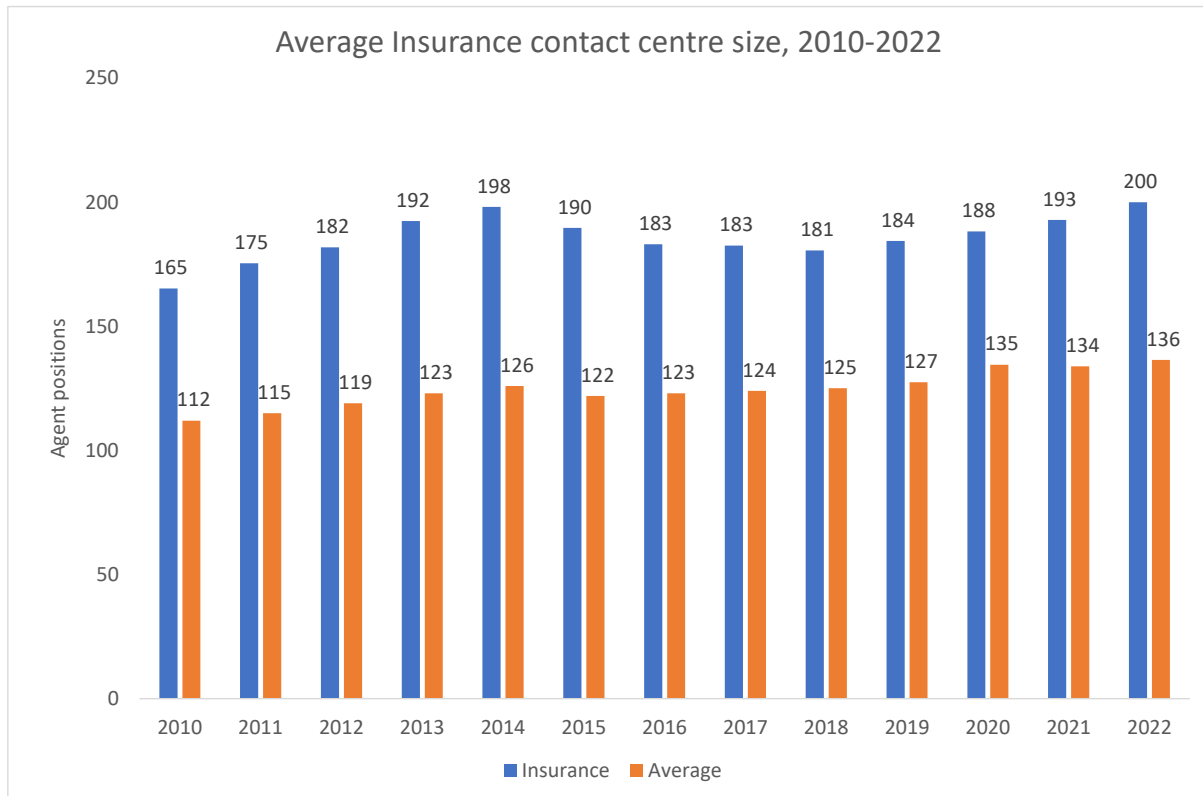
After peaking in 2018, the number of physical contact centres is now declining slowly due to consolidation, cost-cutting and the rise of at-home agents.

Figure 1: Insurance contact centres and agent positions, 2010-2022



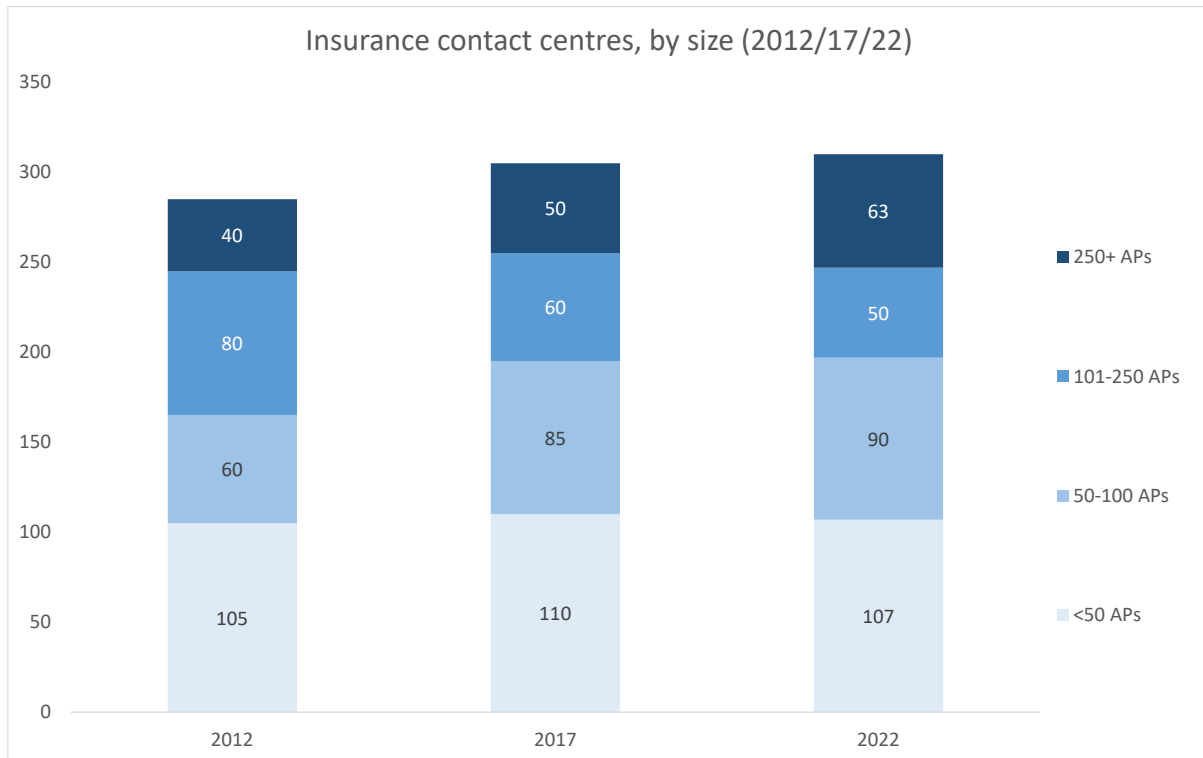
Insurance contact centres tend to be considerably larger than the UK average, and the average size has grown to around the 200-seat mark.

Figure 2: Average Insurance contact centre size, 2010-2022



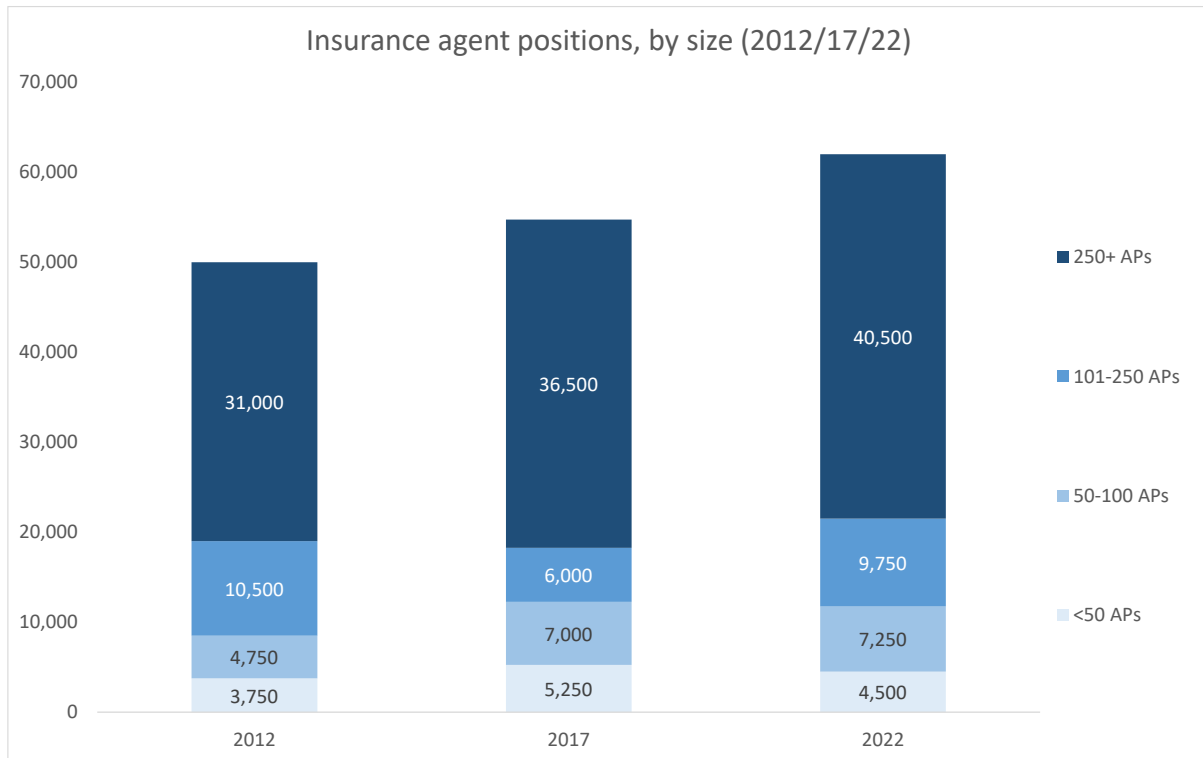
Unlike many in-house sectors, the insurance contact centre industry is less heavily weighted towards smaller operations, with some very large operations working in this sector.

Figure 3: Insurance contact centres by size, 2012 / 17 / 22



Employment in UK insurance contact centres is strongly focused towards large operations, with around two-thirds of agents working in 250+ seat contact centres.

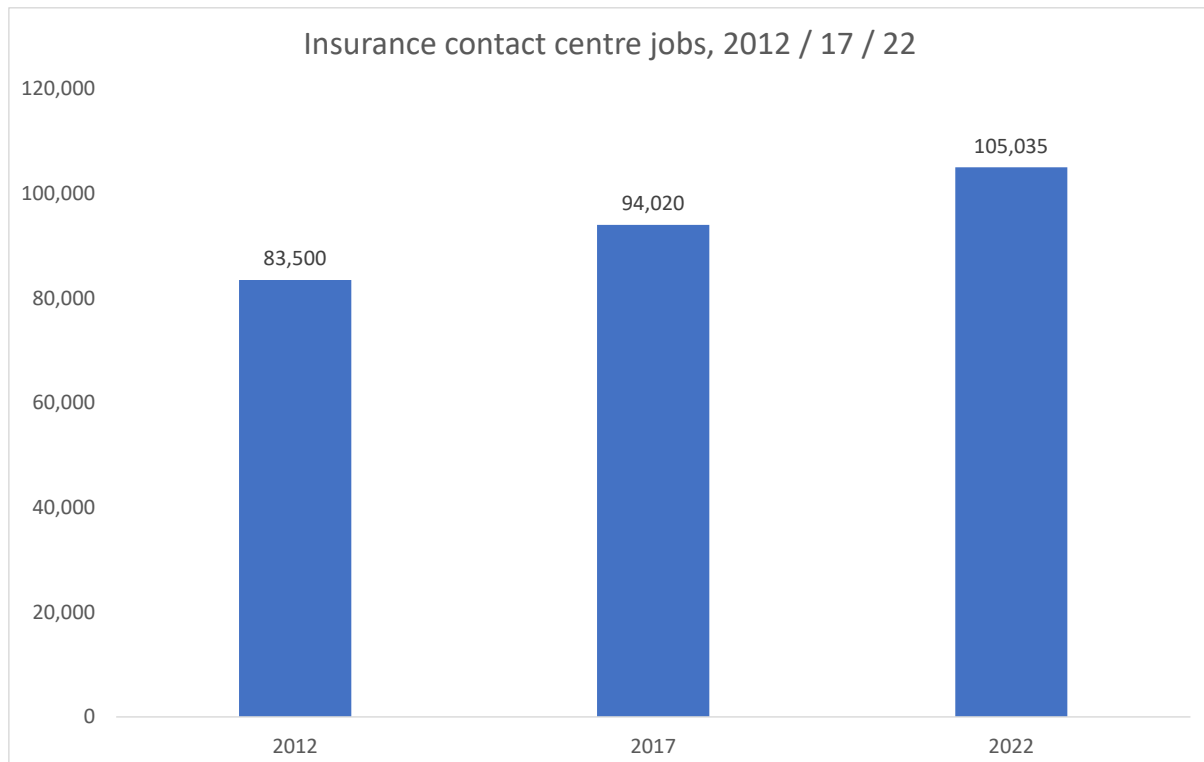
Figure 4: Insurance agent positions by size, 2012 / 17 / 22



There had been significant growth in jobs associated with insurance contact centres since the banking crisis and resultant economic downturn. After significant increases over the past 10 years, Employment figures will start to flatten out, mainly due to self-service, although this sector is perhaps less suited to this than other sectors due to the high proportion of high-emotion and high complexity interactions, particularly in the claims element.

The sector currently employs over 21,000 more people than it did in 2012.

Figure 5: Insurance contact centre jobs by size, 2012 / 17 / 22



GROWTH

Insurance contact centres have seen a growth in agent positions, although we expect the increased customer familiarity with self-service and improved sophistication of automated digital service to have a slightly negative effect on agent positions.

In line with much of the contact centre industry, market consolidation, cost-cutting and the closure of some sites due to a hybrid work-from-home model being employed means that a decline in physical contact centres is also expected.

Figure 6: Insurance – agent positions and contact centre forecasts, 2022-26

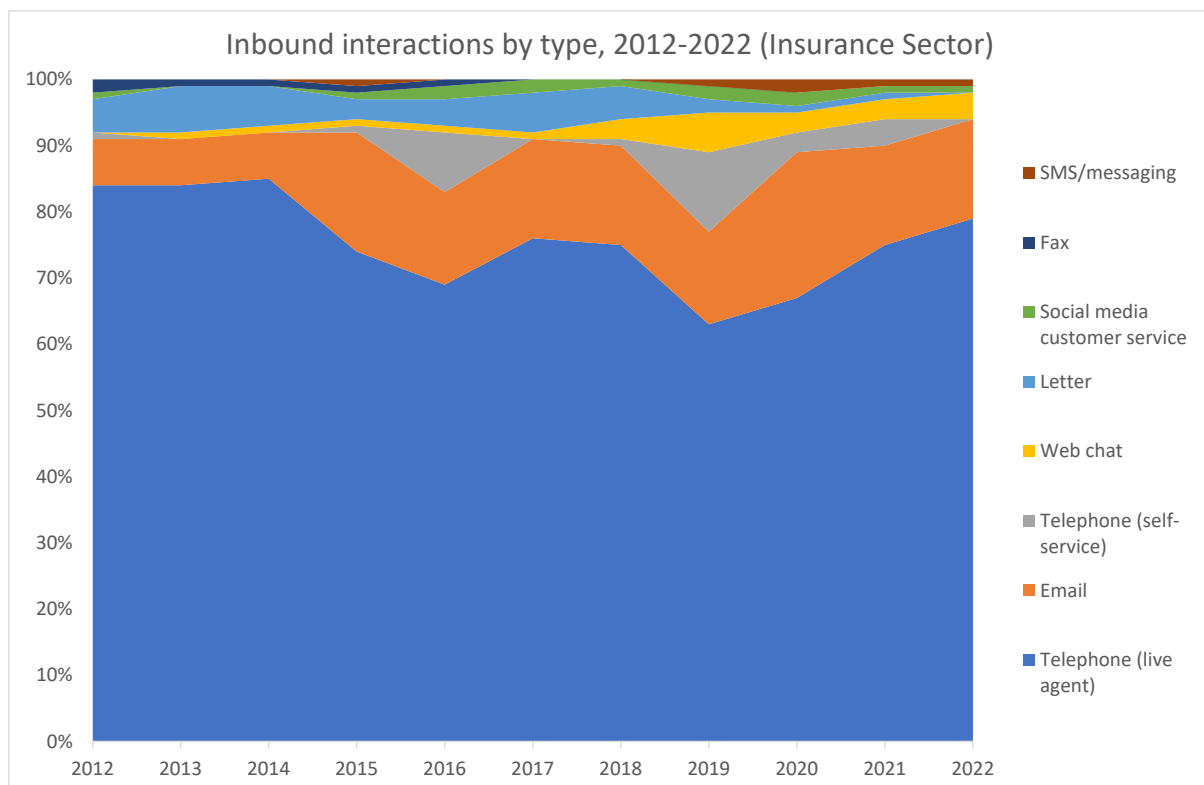
	2022	2026	Insurance CAGR	Average CAGR
Agent positions	62,000	60,500	-0.6%	-0.5%
Contact centres	310	295	-1.2%	-0.8%

THE USE AND EFFECT OF OMNICHANNEL

When considering the insurance sector, it can be seen that email has more than doubled in importance since 2014. Letters had been a means of customer communication in many operations, but email is far more important now.

Having said that, telephony is by far the most important method of contacting an insurer. It should be noted that these figures do not include web self-service, and most insurers now allow customers to buy insurance, make changes to their accounts and make initial claims online.

Figure 7: Contact centre inbound interactions by channel, 2012-2022 – Insurance Sector



Channel	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Telephone (live agent)	84%	84%	85%	74%	69%	76%	75%	63%	67%	75%	79%
Email	7%	7%	7%	18%	14%	15%	15%	14%	22%	15%	15%
Telephony self-service	1%	0%	0%	1%	9%	0%	1%	12%	3%	4%	0%
Web chat	0%	1%	1%	1%	1%	1%	3%	6%	3%	3%	4%
Letter	5%	7%	6%	3%	4%	6%	5%	2%	1%	1%	0%
Social media customer service	1%	0%	0%	1%	2%	2%	1%	2%	2%	1%	1%
Fax	2%	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%
SMS / messaging	0%	0%	0%	1%	0%	0%	0%	1%	2%	1%	1%



The latest ContactBabel report is a wake-up call for the insurance industry. Weighed down by legacy and the impact of the pandemic on traditional working patterns, customer contact is not fit for purpose. It needs to change, and fast.

Between 2010 and 2022 the average speed of answer in the insurance sector has increased from 18 seconds to 102 seconds. That performance drives more churn, especially in a market where, thanks to regulation, pricing parity in personal lines means insurers have to differentiate along other parts of the value chain, especially customer experience.

Call delays impact contact centre productivity; despite advances in workforce management technology, agent productivity has flatlined at around 55% in the last decade. Moreover, agent attrition in the insurance contact centre industry stands at 31% against a cross industry average of 24%. In the midst of a recruitment challenge, the number of people leaving is unsustainable.

It's not quite a perfect storm, but against a recent backdrop of soaring claims inflation and combined operating ratios comfortably over 100% in personal lines, management needs technology to square the circle of improving customer KPIs and reducing cost. All this, while CIOs continue to grapple with creaking legacy systems that Hoover up time and capital.

Thankfully, technology firms, like IPI and their partner Avaya, have developed a choice of cloud solutions making it possible to layer the innovation that the cloud brings over existing investments.

This ensures that front end customer contact can deliver significant KPI improvements and that the organisation benefits from innovation without disruption to its business. There's no need to forsake the old in favour of the new. Instead, it is better to add something simple that adds incremental value to the day-to-day lives of customers or employees or both.

The catalyst for this 'great leap forward' was the pandemic; lockdown forced businesses to plunge into the cloud world. On-premises technology and big warehouse-style contact centres were mothballed and contact centre staff sent home. In retrospect, it was extraordinary how quickly businesses were able to adapt, and this created confidence that organisations can run in this new 'gig' economy.

Now we have the means to upskill the workforce, from single parents to part time students, as well as creating a secure 'virtual' contact centre environment for external workforces. That includes managing people working from home, with access to data, in heavily regulated industries needing 'A' grade governance.

Remote workforces are here to stay, notwithstanding recent announcements from J P Morgan. Every sector, not just insurance, faces into the challenge of how to make it work efficiently: ensure secure data, ensure consistent agents, and don't get caught out when it happens again.

The combination of emerging technology, changing customer expectations, regulatory pressure and a new modus operandi in the workplace means if ever there was a moment to grasp the nettle of delivering a great customer contact strategy, 2023-2024 is it.

The innovative solutions available to insurance companies and large brokers are largely non-disruptive, having been designed to work with legacy, as opposed to against it. Automation is top of the list. The majority of queries insurers receive from their customers are simple ones that can be automated.

Using AI to respond to these basic queries can be layered over existing processes very quickly providing real innovation without disruption.

Insurers are reading about it, and C-suite are interested, but we find they always end up in the same place: 'where do we start?' My advice? Start by defining the customer and what sort of experience they expect. Employing that knowledge will power the strategy, clarify the appropriate levels of investment, and deliver successful execution.

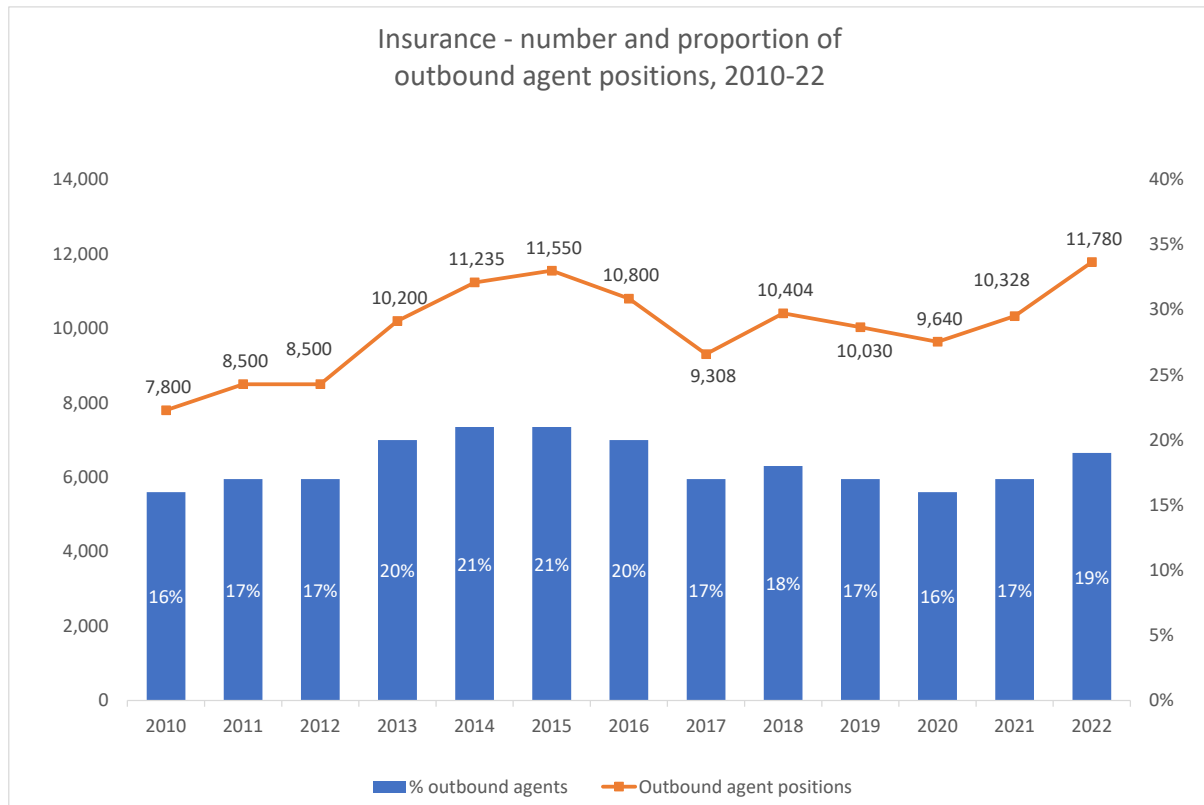
By Sat Sanghera, CEO, IP Integration

INBOUND & OUTBOUND ACTIVITY

The insurance sector has been very consistent in its use of outbound activity, and the proportion of outbound work has remained around the 15-20% mark since 2010.

The sector accounts for over 11,500 outbound equivalent agent positions.

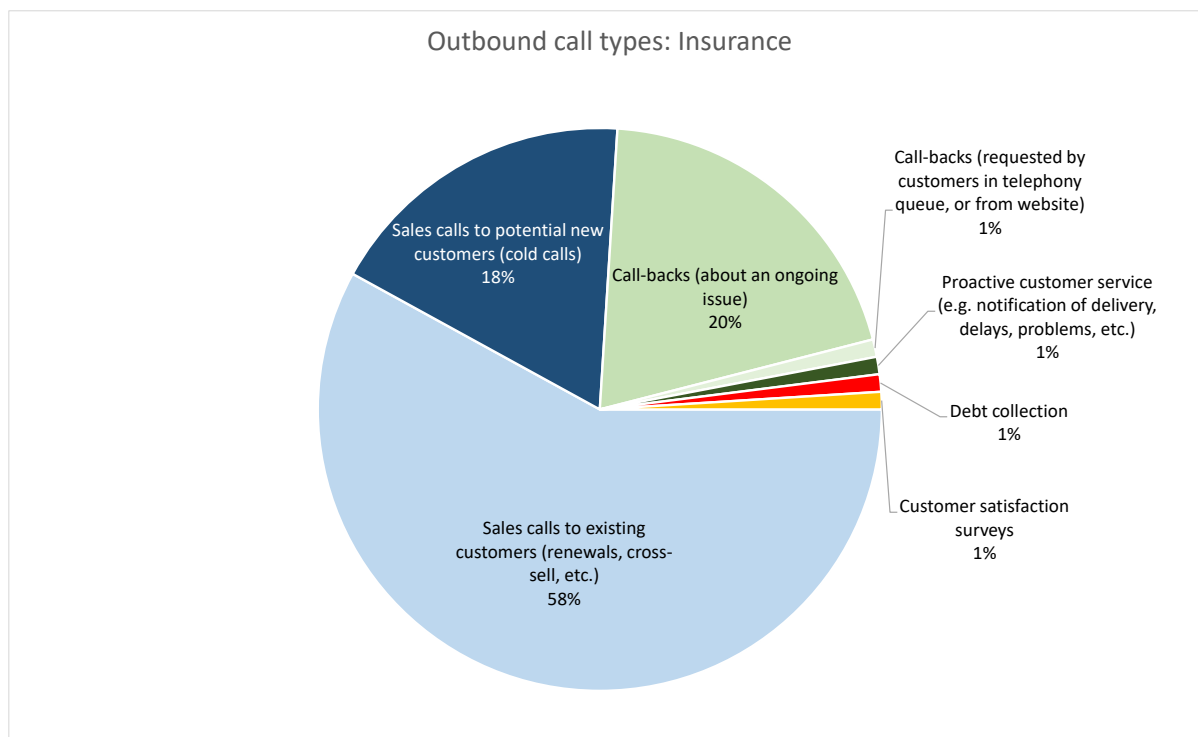
Figure 8: Insurance - number and proportion of outbound agent positions, 2010-22



The insurance sector carries out a large number of outbound calls to existing customers in order to get policy renewals, and some also carry out cold calls.

Call-backs about ongoing issues account for 1 in 5 outbound calls from insurance companies.

Figure 9: Outbound call types: Insurance

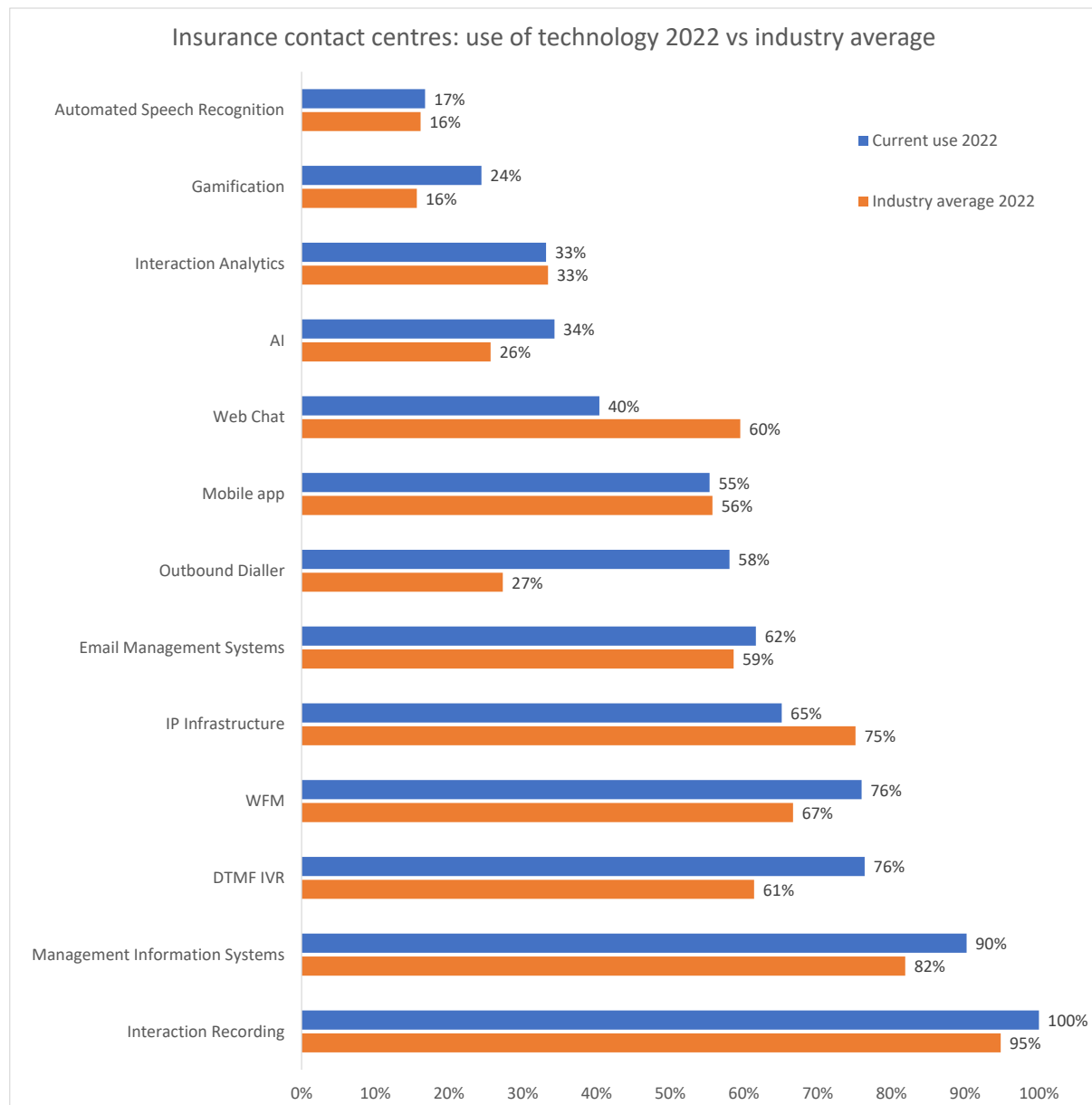


TECHNOLOGY

Interaction recording is very common in insurance contact centres, with workforce management, MIS, IVR and IP infrastructure also used by a large majority of survey respondents.

Outbound dialling is much more used by survey respondents in this sector than in the industry as a whole, and the vertical market as a whole tends to be earlier adopters of most contact centre technologies.

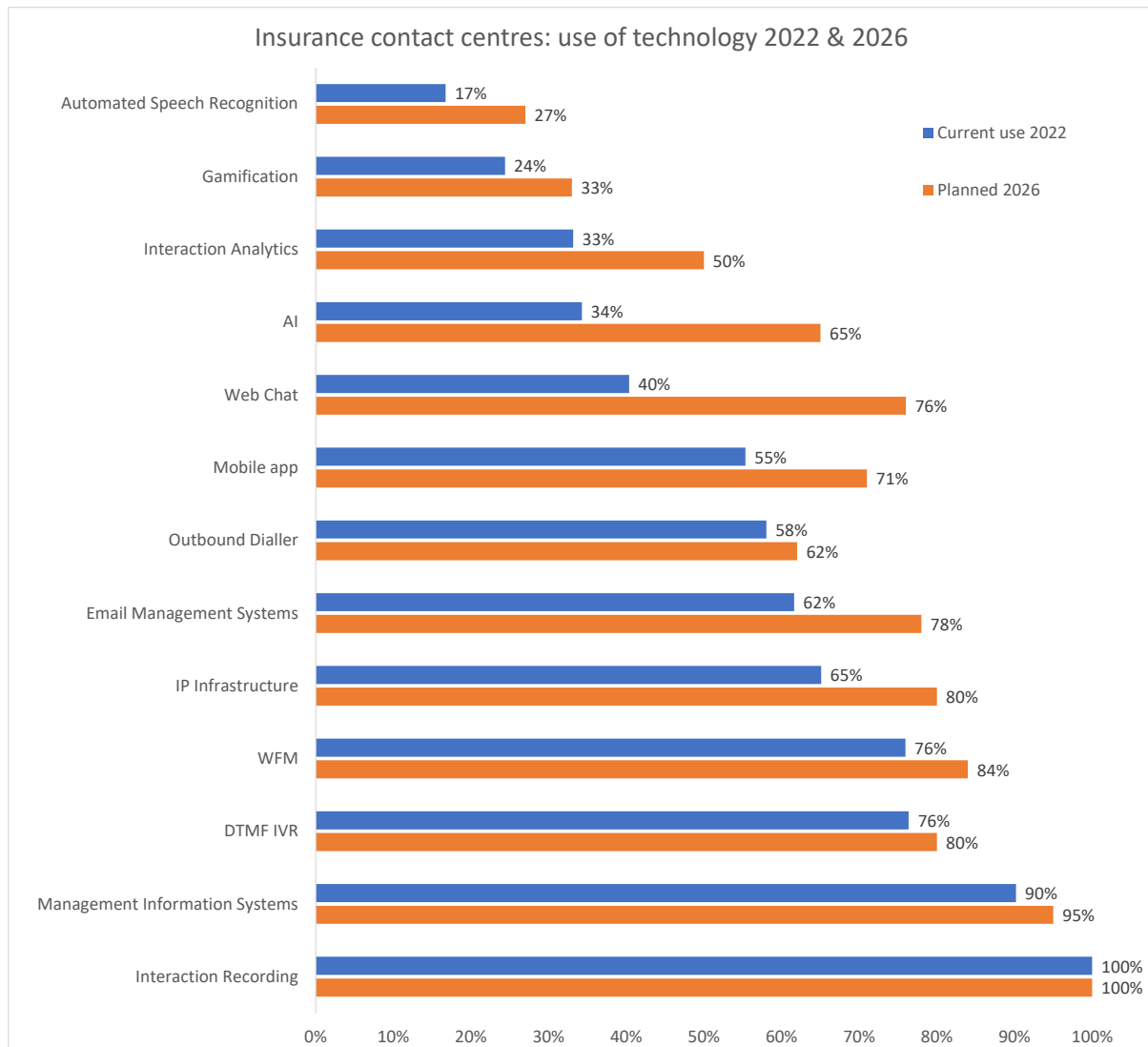
Figure 10: Insurance contact centres: use of technology, 2022 (vs. industry average)



The greatest expectation of technology growth – and expectation should not be confused with what the reality is likely to be – comes from AI, web chat and speech recognition (for self-service, routing and customer authentication).

Interaction analytics is also expected to increase strongly, for compliance as well as business intelligence and agent support.

Figure 11: Insurance contact centres: use of technology, 2022 & 2026



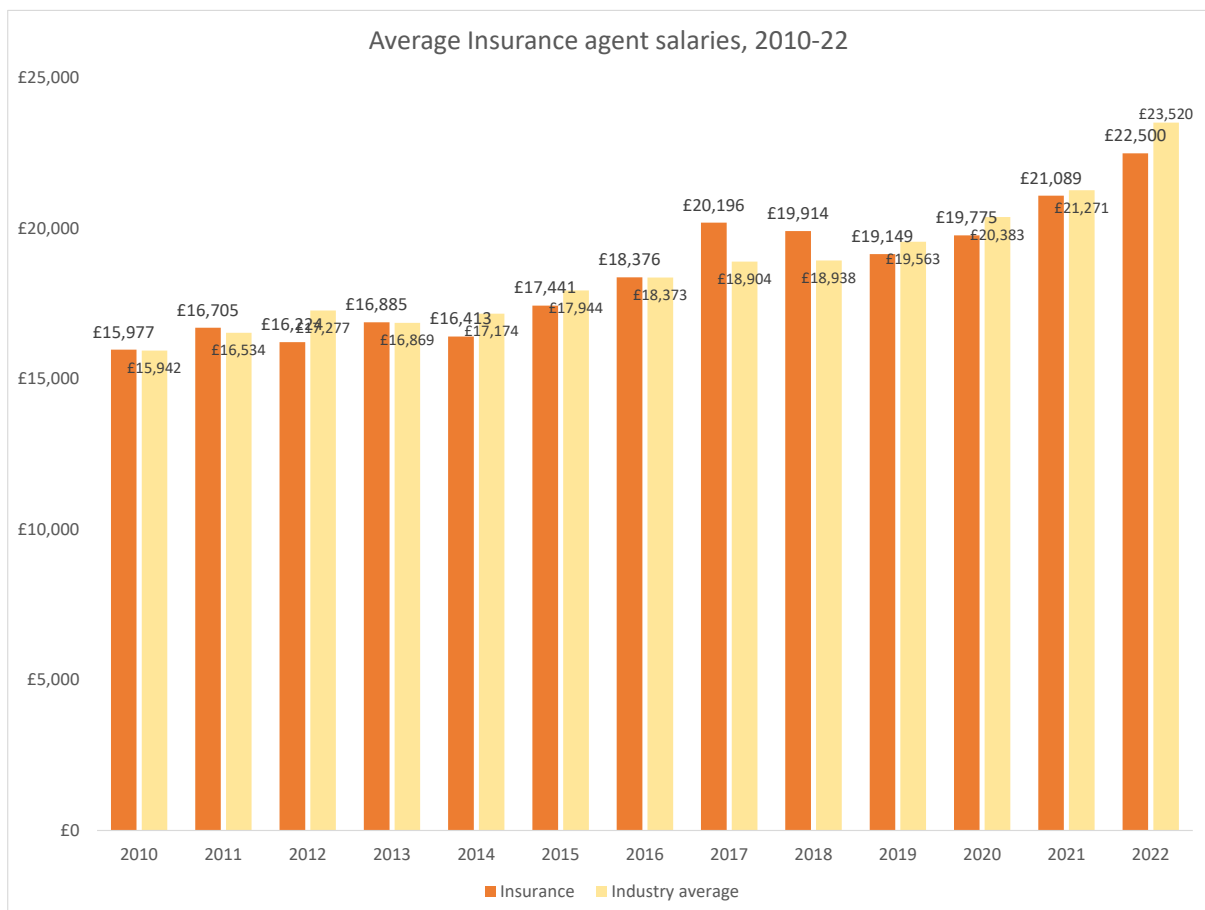
HUMAN RESOURCES

SALARIES

The salary figures below are calculated by adding together the average salary paid to new agents and to experienced agents, and dividing by two.

Insurance agents have generally been reported to be paid very close to the contact centre industry average in the majority of years studied, although 2022 figures show that the sector did not increase salaries to the same extent as the wider industry, a finding which was also the case for the finance sector.

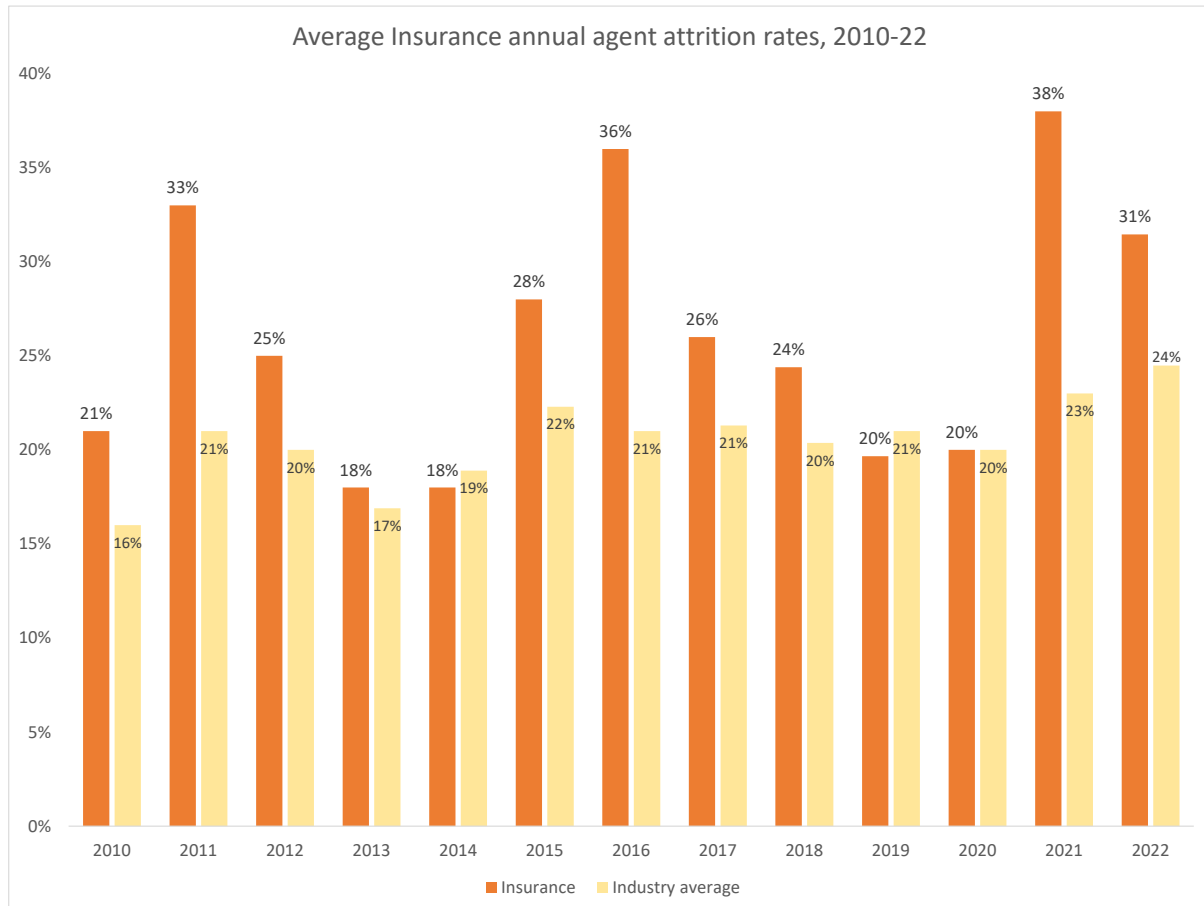
Figure 12: Average Insurance agent salaries, 2010-22



AGENT ATTRITION

Insurance survey respondents have posted some very high attrition rates since 2010, being amongst the highest in the contact centre sector apart from outsourcing. In most years, the sector has reported noticeably higher attrition than the contact industry as a whole.

Figure 13: Average Insurance annual agent attrition rates, 2010-22

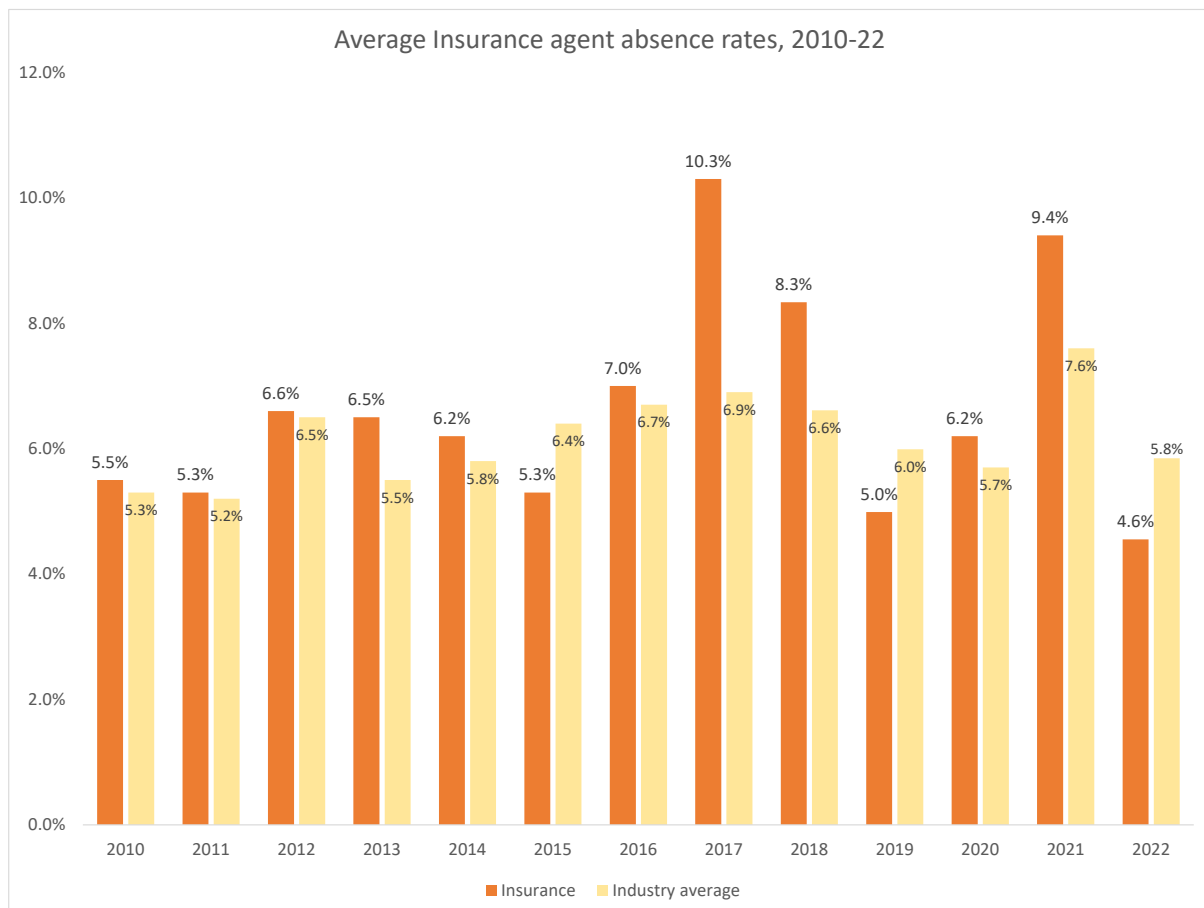


AGENT ABSENCE

For most of the years studied, insurance agent absence rates have been above the contact centre industry average.

In pandemic times, absence rates were higher than the UK contact centre sector as a whole, but 2022's figure suggests that this is no longer the case.

Figure 14: Average Insurance agent absence rates, 2010-22

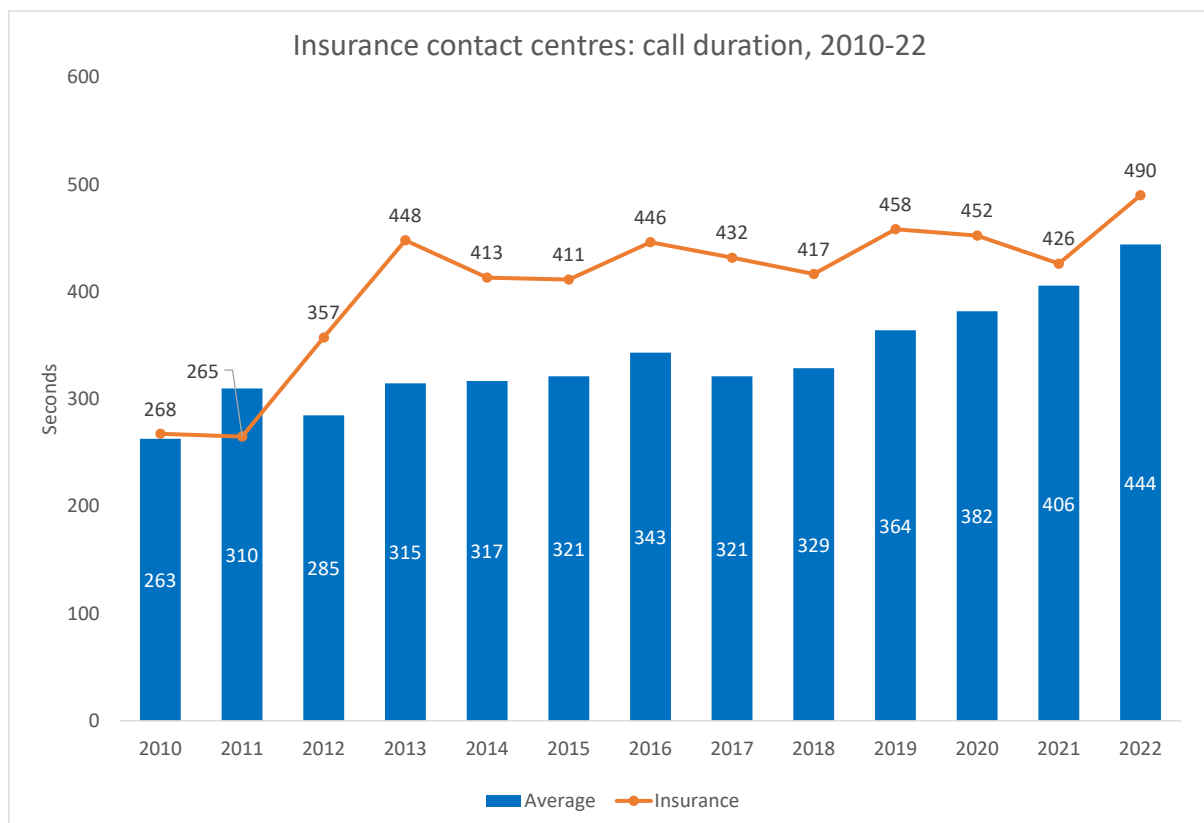


OPERATIONAL BENCHMARKING

CALL DURATION

Average insurance call lengths have usually been considerably higher than the UK average, perhaps suggesting that the types of call being handled are complex due to the nature of the interactions, especially in claims.

Figure 15: Insurance contact centres: call duration, 2010-22

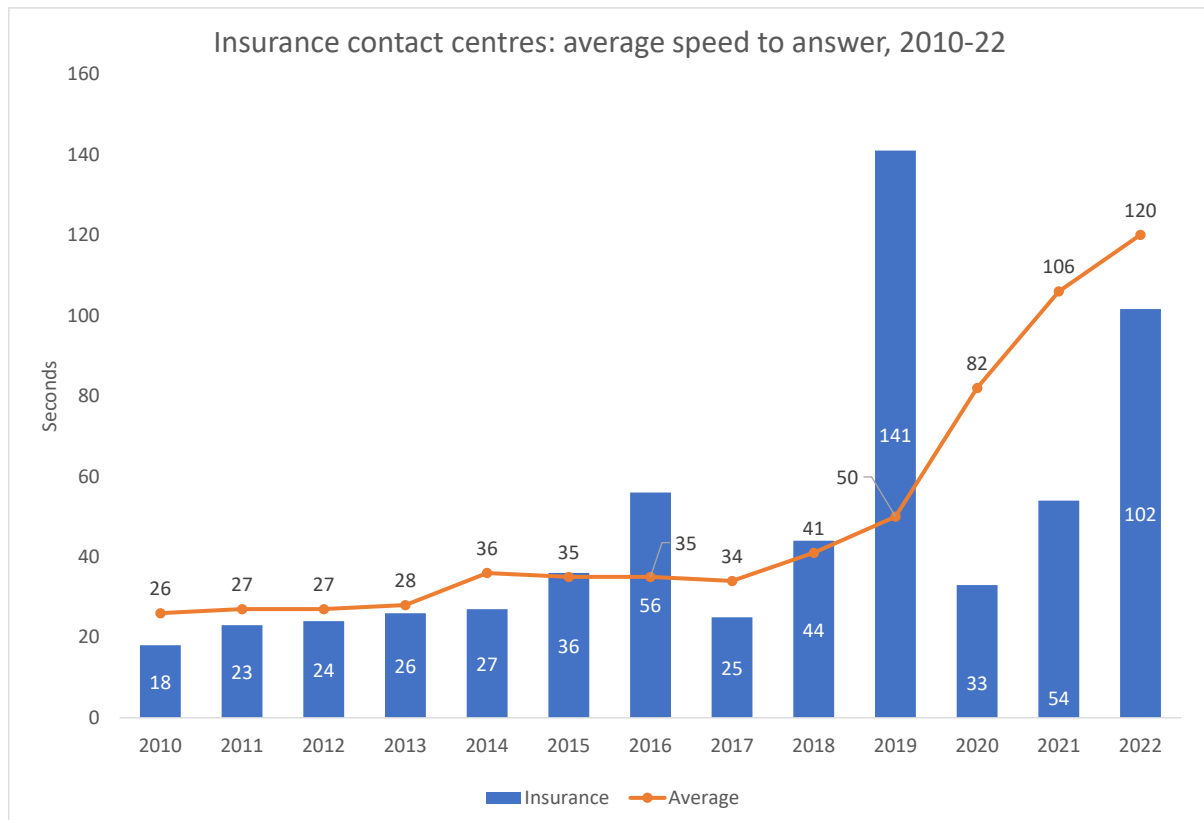


SPEED TO ANSWER

Speed to answer is still one of the most important factors to customers calling a contact centre, so a quick answer is beneficial to the customer experience as a whole.

Insurance contact centres have generally been below the contact centre industry's average, with the exception of a very high mean figure in 2019. Although recent years have seen the speed to answer increase, it is still lower than the UK average (although it is more than five times higher than in 2010).

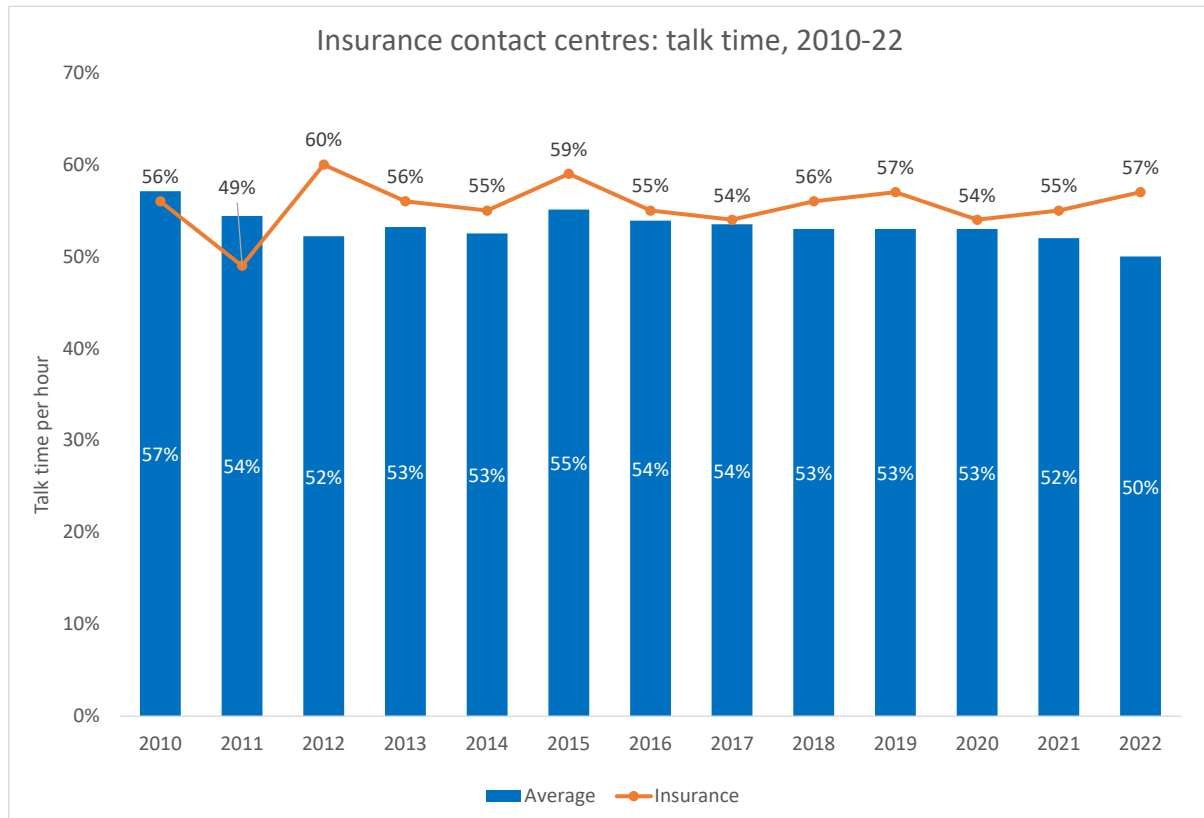
Figure 16: Insurance contact centres: average speed to answer, 2010-22



TALK TIME

The proportion of time spent in the insurance sector actually talking to customers has a little higher than the industry average since 2012, suggesting that the telephone is still very much the key channel for customer communication in this sector.

Figure 17: Insurance contact centres: talk time, 2010-22



ABOUT CONTACTBABEL

ContactBabel is the contact centre industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

We help US and UK contact centres compare themselves to their closest competitors so they can understand what they are doing well, what needs to improve and how they can do this.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analysing the contact centre industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

If you have a question about the contact centre and CX industry, please get in touch.

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Free research reports available from www.contactbabel.com (UK and US versions) include:

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- The Inner Circle Guide to AI, Chatbots & Machine Learning
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- The Inner Circle Guide to Customer Interaction Analytics
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- UK Contact Centre Verticals: Communications; Finance; Insurance; Outsourcing; Retail & Distribution; Utilities
- US Contact Center Verticals: Communications; Finance; Healthcare; Insurance; Outsourcing; Retail & Distribution.