

Short-term insurance customers less satisfied

Customer satisfaction in the short-term insurance industry showed a decline for the second year in a row.



According to the [SA Customer Satisfaction Index](#) (SACSI), brands which challenged the industry previously fell behind again this year, with OutSurance and Santam emerging as industry leaders and Mutual & Federal following closely behind.

Over 3,160 customers were surveyed to evaluate their satisfaction with short-term insurance and data was collected between December 2014 and March 2015. Brands included were Santam, OutSurance, Mutual & Federal, Hollard and a category called 'Other'.

The overall industry score declined 2.4 points to 76.4 out of 100. Industry leaders were OutSurance and Santam at 80.0 and 77.3 out of 100 respectively. Mutual & Federal scored on par with the industry at 77.1 out of 100 and Hollard was rated as below par at 71.6 out of 100.

Link is important

With the exception of OutSurance which recorded no significant change, all the brands reported lower overall satisfaction scores. Prof Adré Schreuder, founder of SACSI and CEO of Consulta Research, says that the link between expectations and delivery is important.

"OutSurance customers have higher expectations since last year and customers of 'Other' brands have the lowest expectations. The expectations of Santam and Mutual & Federal remained almost unchanged. Tellingly, the lower overall score is linked to the fact that most brands aren't meeting their customers' expectations," he says.

Complaints and complaints handling are areas that brands should be looking carefully at, according to Prof Schreuder. "The short-term insurance industry is a low touch industry, meaning customers do not make contact with their providers on a regular basis. This means that the impact of complaints in the insurance industry is significant - a single complaint can have a big impact. But it also represents an opportunity for brands to significantly improve customer satisfaction by addressing this pain point," he says.

Recommending brands

Net promoter scores (the likelihood that customers would recommend a particular brand) reflected a decrease of 7% for Hollard and an increase for OutSurance of 8%. There is an anecdotal correlation between this score and its findings on social media platforms.

"OutSurance and Santam have significantly more promoters than previously. On HelloPeter, for example, customers have taken the time to actively promote these brands, including their testimonies on a public platform. At one point, for example, there were almost 4,700 OutSurance mentions compared to less than 700 for the other brands. An overwhelming 66% of these mentions were compliments," says Prof Schreuder.

Customer loyalty is the result of two components: customer retention and price tolerance. As such, the customer loyalty score reflects the impact of price tolerance on customer retention. "Santam and Mutual & Federal show a significant decrease in customer loyalty and the overall industry loyalty follows the same trend," he says.

Industry benchmarks this year show that customer satisfaction has declined across the insurance industry. "Only medical insurance has shown an improved SAcSi score this year. Both life insurance and short-term insurance scores have declined since the last measure," he says.

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