



Technology can help
insurers respond to FCA on
charges of poor customer
service

Back in April, the CEOs of UK insurers, brokers, and other providers, received a letter from the Financial Conduct Authority (FCA) telling them to sort out poor customer service or else.

This is all part of how the FCA, now with new tougher powers, is able to call insurers to account through the new [Insurance Distribution Directive](#) and [Senior Managers and Certification Regime](#).

In a nutshell, the FCA is set to jump on malpractices like mis-selling insurance to customers who are already insured, over-priced products that have little value, and general shortcomings in the assistance delivered when making a claim.

Stopping these and other examples of bad service are obviously a necessity, but the suggestions that the FCA was going to sort out the sector seemed a little hyperbolic to me. In particular, I found the manner in which the media reported the letters as [a bombshell for the industry](#) rather over-heated.

While there are certainly some rogue elements that need to be driven out of business and some big names that have [stumbled on customer service](#), the industry is perfectly well aware it should take extremely seriously how it sells products and delivers services, especially as [customer demographics change](#) and new entrants from insurtechs to [Big Techs](#) circle. There is a real determination to know and respond to customer needs more effectively, and that has been an ongoing theme of my own conversations with insurance business and technology leaders of all sizes for many years.

Much of the problem in getting service wrong may be to do with how insurers have been hamstrung by fragmented and poor IT that has not provided the 360-degree connected view needed to deliver quality customer service. If you do not have full visibility of the customer and their context, it becomes all too easy to slide into making mistakes in selling products or with claims management.

Technology can do much more. We are at the cusp of an age when insurers are harnessing data analytics, AI and other digital tools to become truly customer-led and focused. These technologies can automate processes to design out customer service malpractices and design in policies and approaches that protect and deliver value to the customer in a transparent way. They can give staff the tools to make accurate decisions about which products are right for which customer. Advances in this field do depend on customers being willing to share more of their data with their insurers – another incentive for insurers to demonstrate credibility and build up trust.

Clearly the FCA has an important role to play in ensuring that insurers are held accountable to the standards expected of them. However, in this instance, the FCA will be preaching largely to the converted about an issue that is [already a high priority](#) for the industry. While it would be foolish to say technology is a silver bullet for slaying customer mistreatment, it can help considerably in managing and enhancing relationships. Technology can also augment the best instincts of everyone across all customer touchpoints to offer only the best products and service.

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References:

Keith Stonell – Managing Director, EMEA, Guidewire (August 21, 2019) [Technology Can Help Insurers Respond to FCA on Charges of Poor Customer Service](#)