CONTACTBABEL

UK Contact Centre Verticals:
Insurance

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UK Contact Centre Vertical Markets: Insurance (2023)
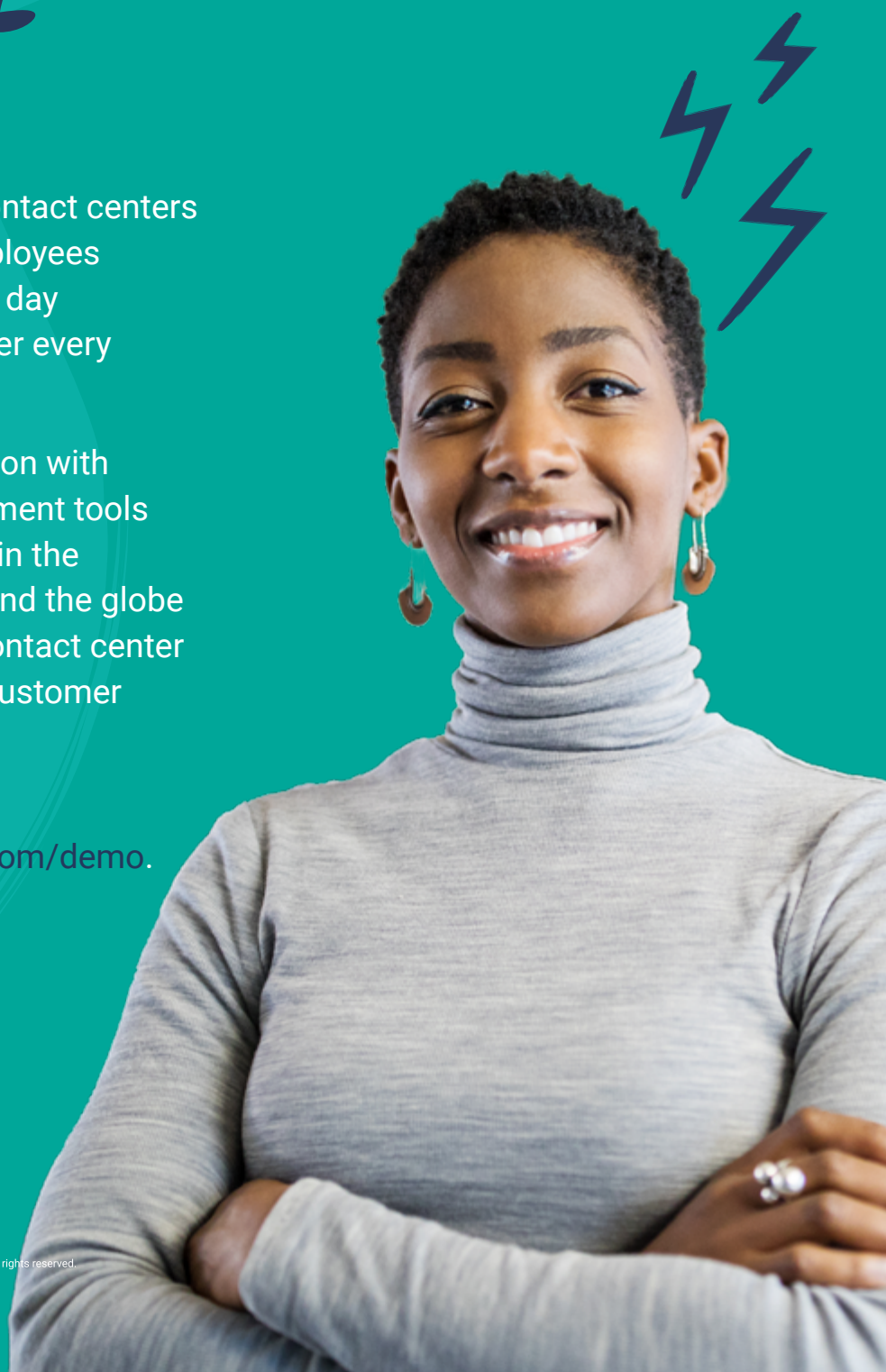
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CONTENTS

LIST OF TABLES

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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.

"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 & agent positions, 2010-22
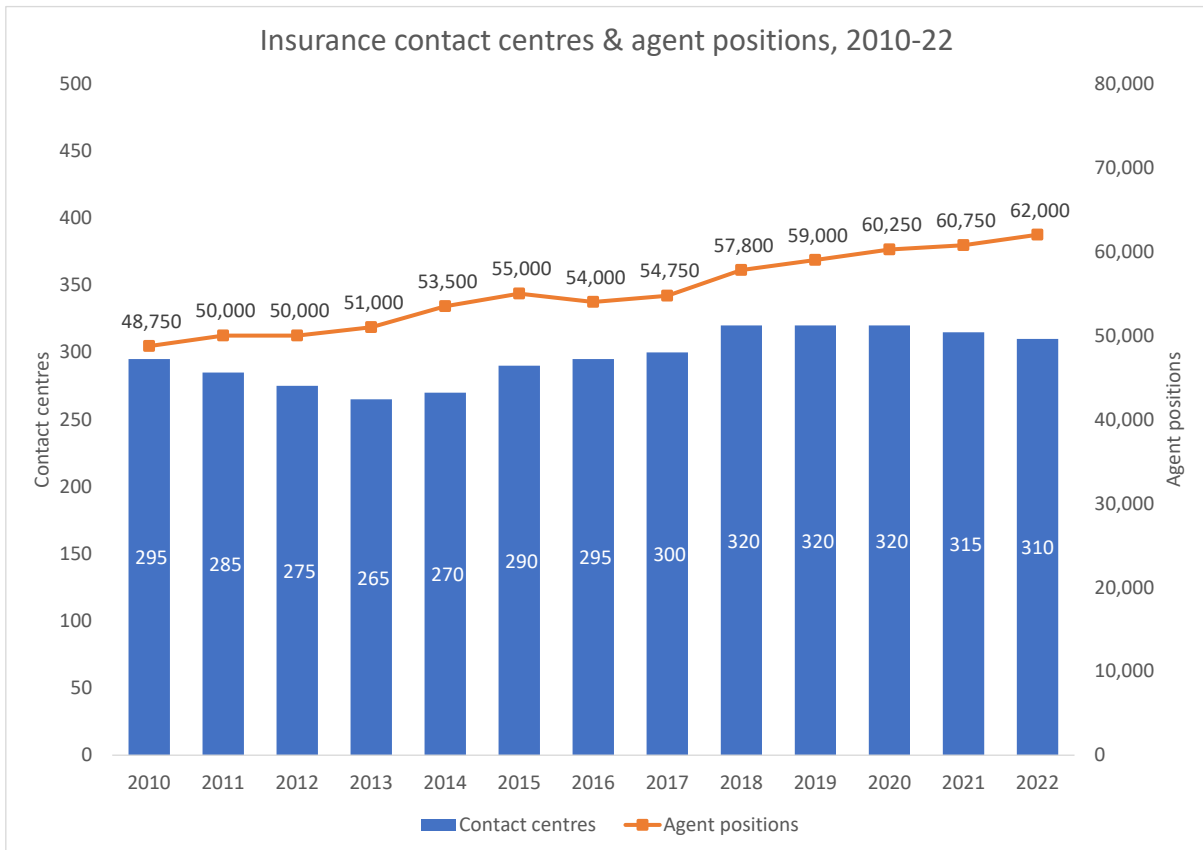
Insurance contact centres tend to be considerably larger than the UK average, and the average size has grown to around the 200-seat mark.

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

Average Insurance contact centre size, 2010-2022

Year	Insurance	Average
2010	165	112
2011	175	115
2012	182	119
2013	192	123
2014	198	126
2015	190	122
2016	183	123
2017	183	124
2018	181	125
2019	184	127
2020	188	135
2021	193	134
2022	200	136
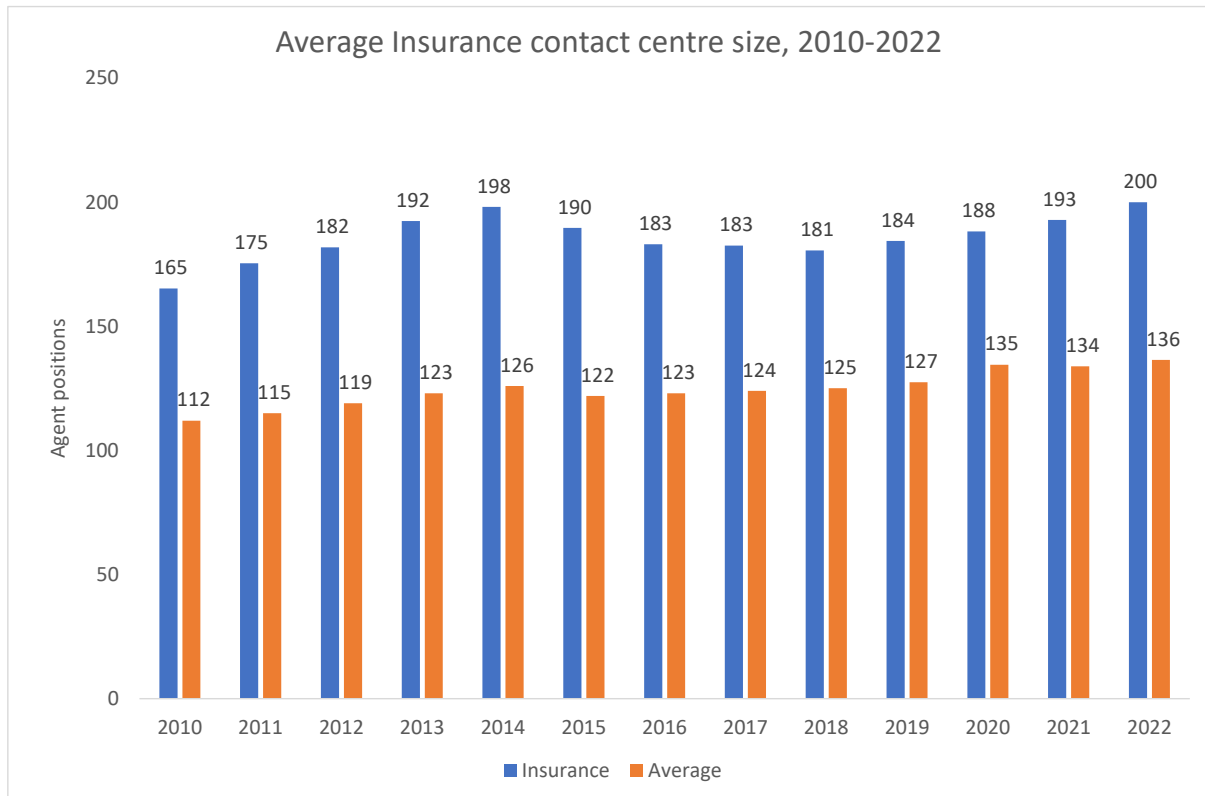
Unlike many in-house sectors, the insurance contact centre industry is less heavily weighted towards smaller operations, with some very large operations working in this sector.

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

Insurance contact centres, by size (2012/17/22)

	2012	2017	2022
250+ APs	40	50	63
101-250 APs	80	60	50
50-100 APs	60	85	90
<50 APs	105	110	107
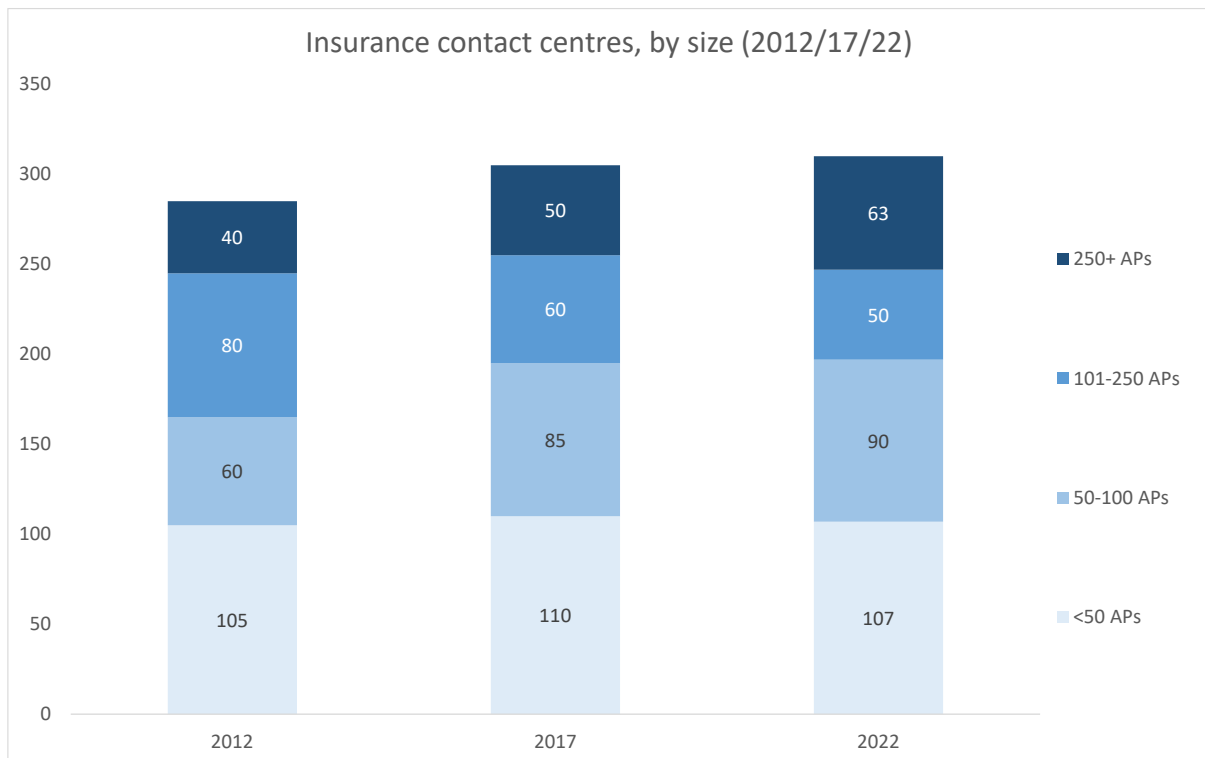
Employment in UK insurance contact centres is strongly focused towards large operations, with around two-thirds of agents working in 250+ seat contact centres.

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

Insurance agent positions, by size (2012/17/22)

	250+ APs	101-250 APs	50-100 APs	<50 APs
2012	31,000	10,500	4,750	3,750
2017	36,500	6,000	7,000	5,250
2022	40,500	9,750	7,250	4,500
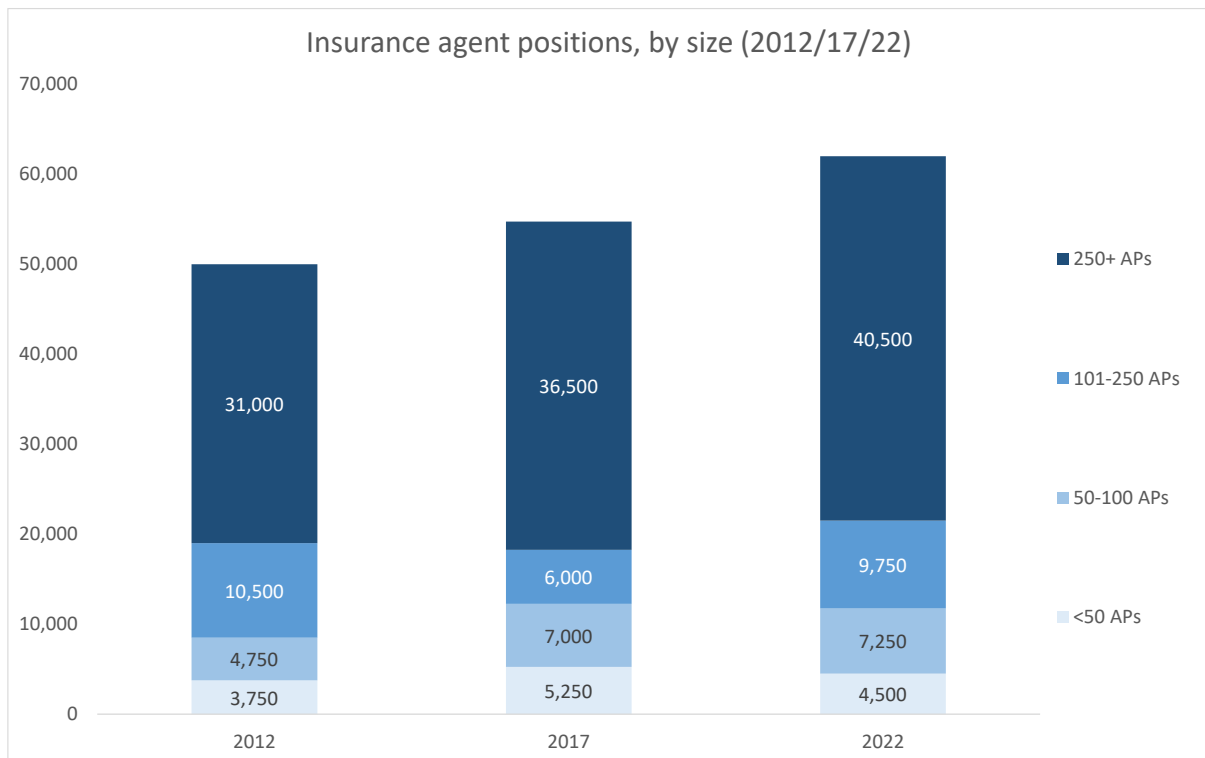
There had been significant growth in jobs associated with insurance contact centres since the banking crisis and resultant economic downturn. After significant increases over the past 10 years, Employment figures will start to flatten out, mainly due to self-service, although this sector is perhaps less 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

Insurance contact centre jobs, 2012 / 17 / 22
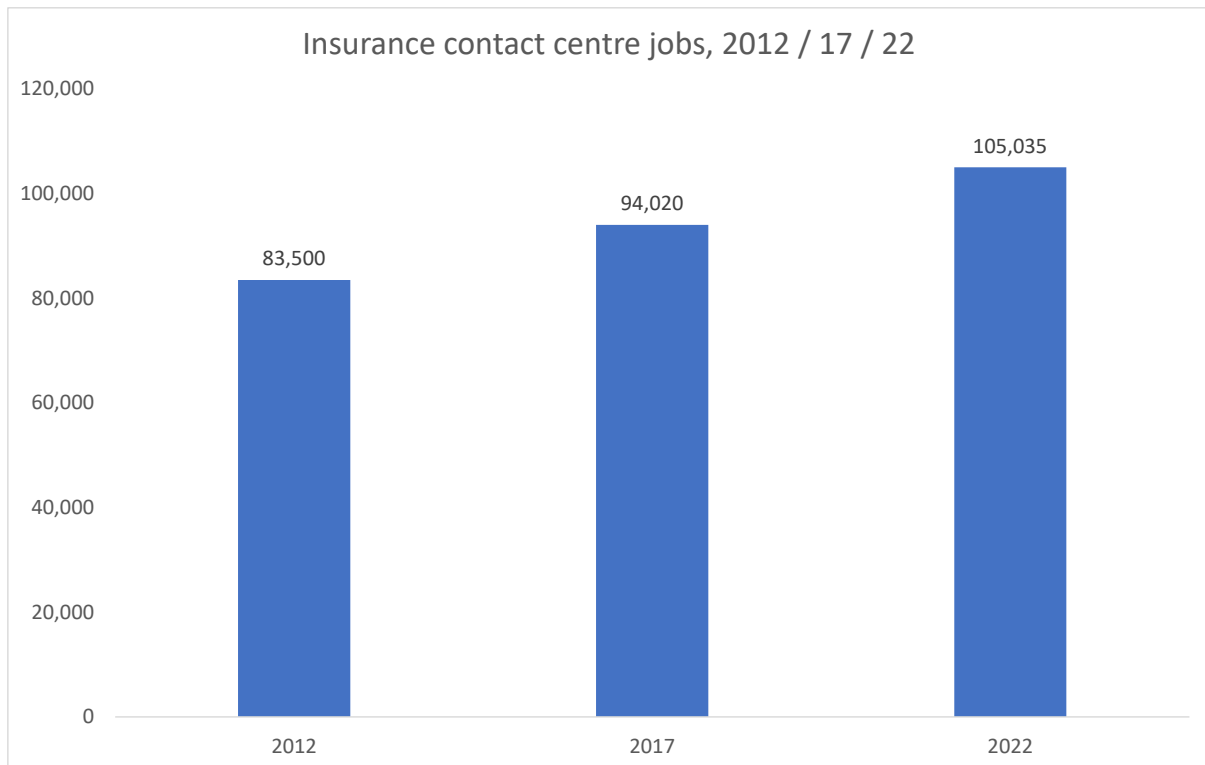
GROWTH

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%

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
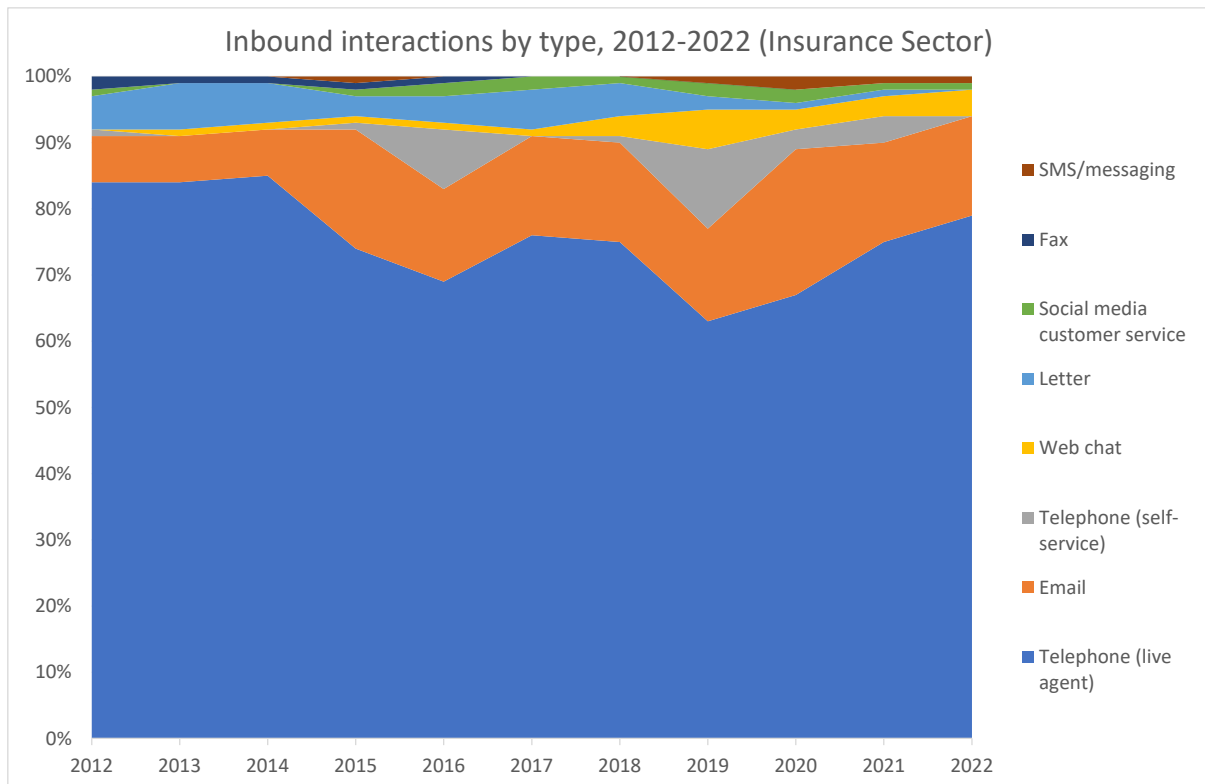
Channel	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Telephone (live agent)	84%	84%	85%	74%	69%	76%	75%	63%	67%	75%	79%
Email	7%	7%	7%	18%	14%	15%	15%	14%	22%	15%	15%
Telephony self-service	1%	0%	0%	1%	9%	0%	1%	12%	3%	4%	0%
Web chat	0%	1%	1%	1%	1%	1%	3%	6%	3%	3%	4%
Letter	5%	7%	6%	3%	4%	6%	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 REAL VALUE OF AN OMNICHANNEL STRATEGY

Six ways to improve your omnichannel experience

Customers expect fluid journeys that require minimal effort — and seamless transitions when they need to switch channels. But that's not the main goal of an omnichannel strategy. And it isn't what makes it so valuable.

The real value lies in the operational control and visibility it creates for you. It empowers your organization with a broader view of the customer; new insights into their behaviors and intent; and the perfect platform to orchestrate their journeys.

To orchestrate satisfying omnichannel experiences, focus on these six areas.

360-degree visibility

Eliminate blind spots for agents and bots. A full view of the customer history across channels and time provides the context you need to know the customer, understand intent and deliver a personalized experience.

Unified agent desktop

Agents manage interactions across channels from the same screen. With convenient access to customer data, conversation history and the knowledge base, they can focus on the conversation instead of hunting for information.

Integrated data for deeper insights

Data silos become a thing of the past. Interaction data across channels is connected with systems of record to inform analytics for deeper insights, journey measurement and experience orchestration.

Common routing and handoff

Ensuring customers reach the right resource to meet their needs is critical. A shared strategy for routing and handoff across channels matches customers with the right resource and information at the right time.

Shared knowledge base

A single robust knowledge base drives self-service options, bot conversations and agent interactions. Insights into knowledge use and effectiveness drive optimization to improve the experience on all channels.

Consistent experience on every channel

Customers have a consistent experience no matter what channel they choose — and a seamless transition when they switch channels or pause and resume a conversation later. Across channels, your brand speaks with one voice.

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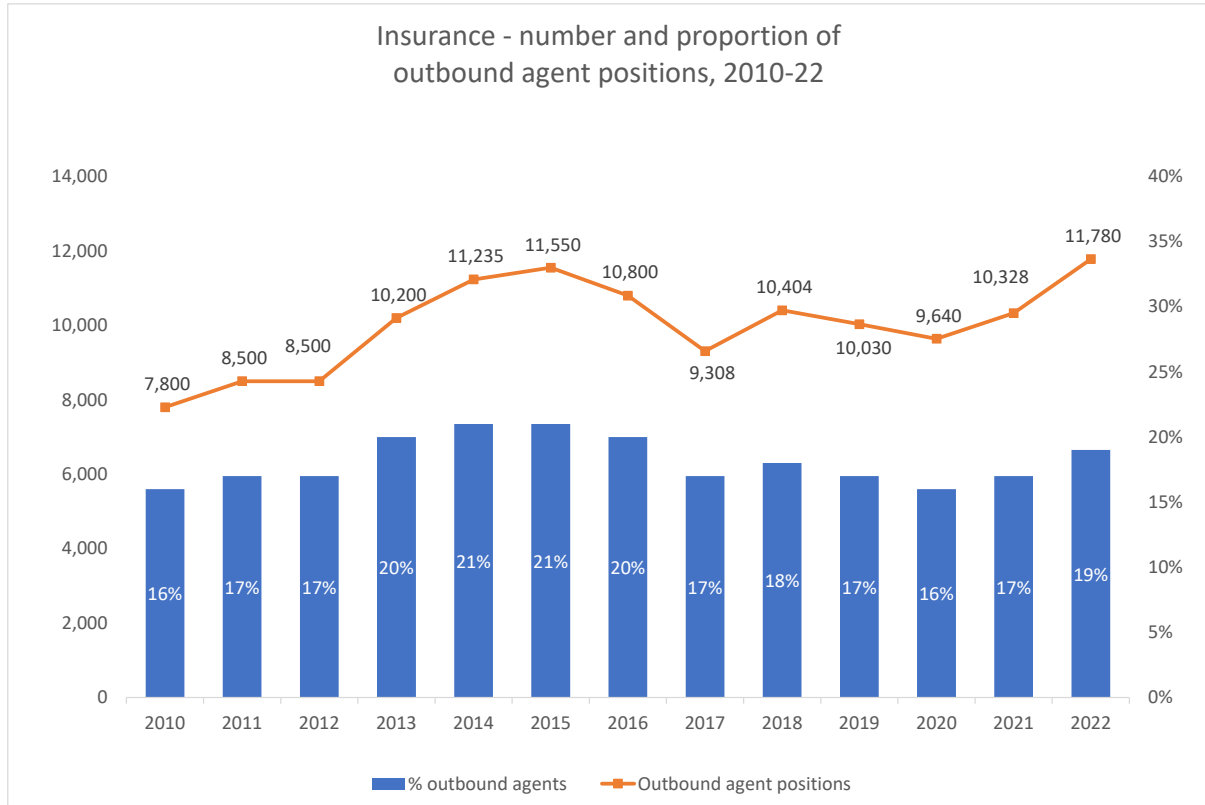
Insurance - number and proportion of outbound agent positions, 2010-22

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

Outbound call types: Insurance

- Sales calls to potential new customers (cold calls) 18%
- Call-backs (about an ongoing issue) 20%
- Call-backs (requested by customers in telephony queue, or from website) 1%
- Proactive customer service (e.g. notification of delivery, delays, problems, etc.) 1%
- Debt collection 1%
- Customer satisfaction surveys 1%
- Sales calls to existing customers (renewals, cross-sell, etc.) 58%
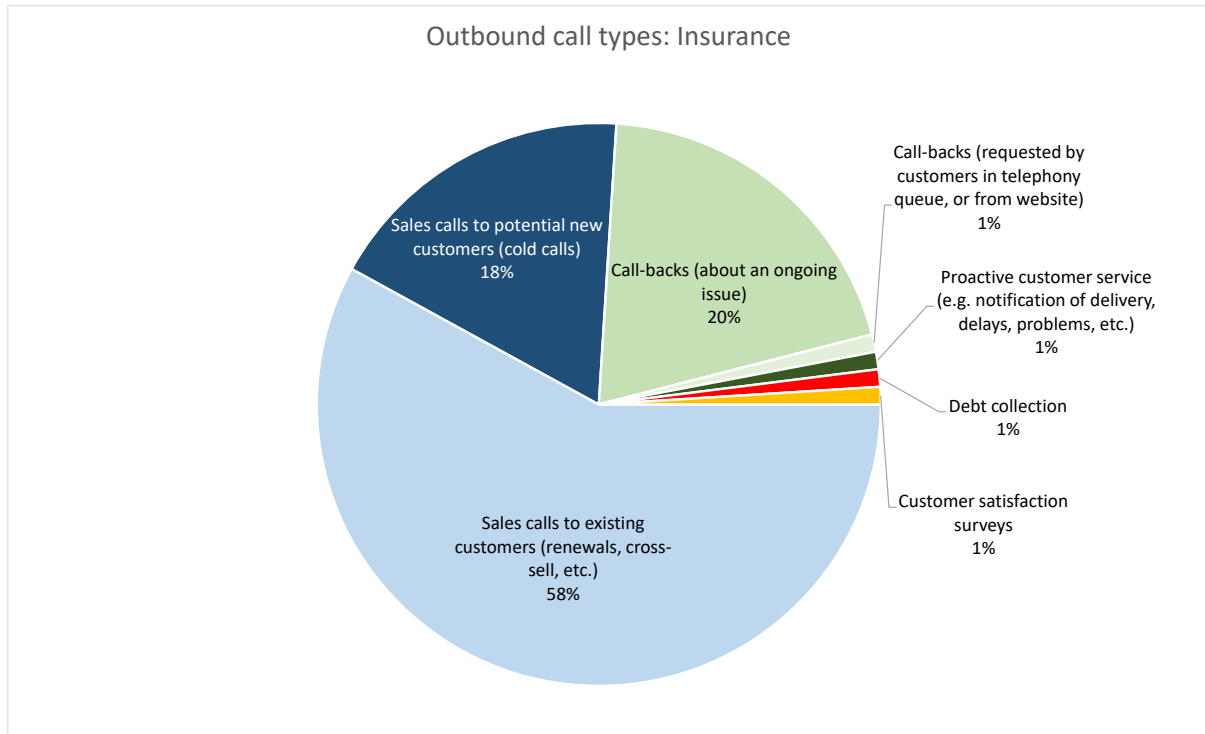
Interaction recording is very common in insurance contact centres, with workforce management, MIS, IVR and IP infrastructure also used by a large majority of survey respondents.

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)
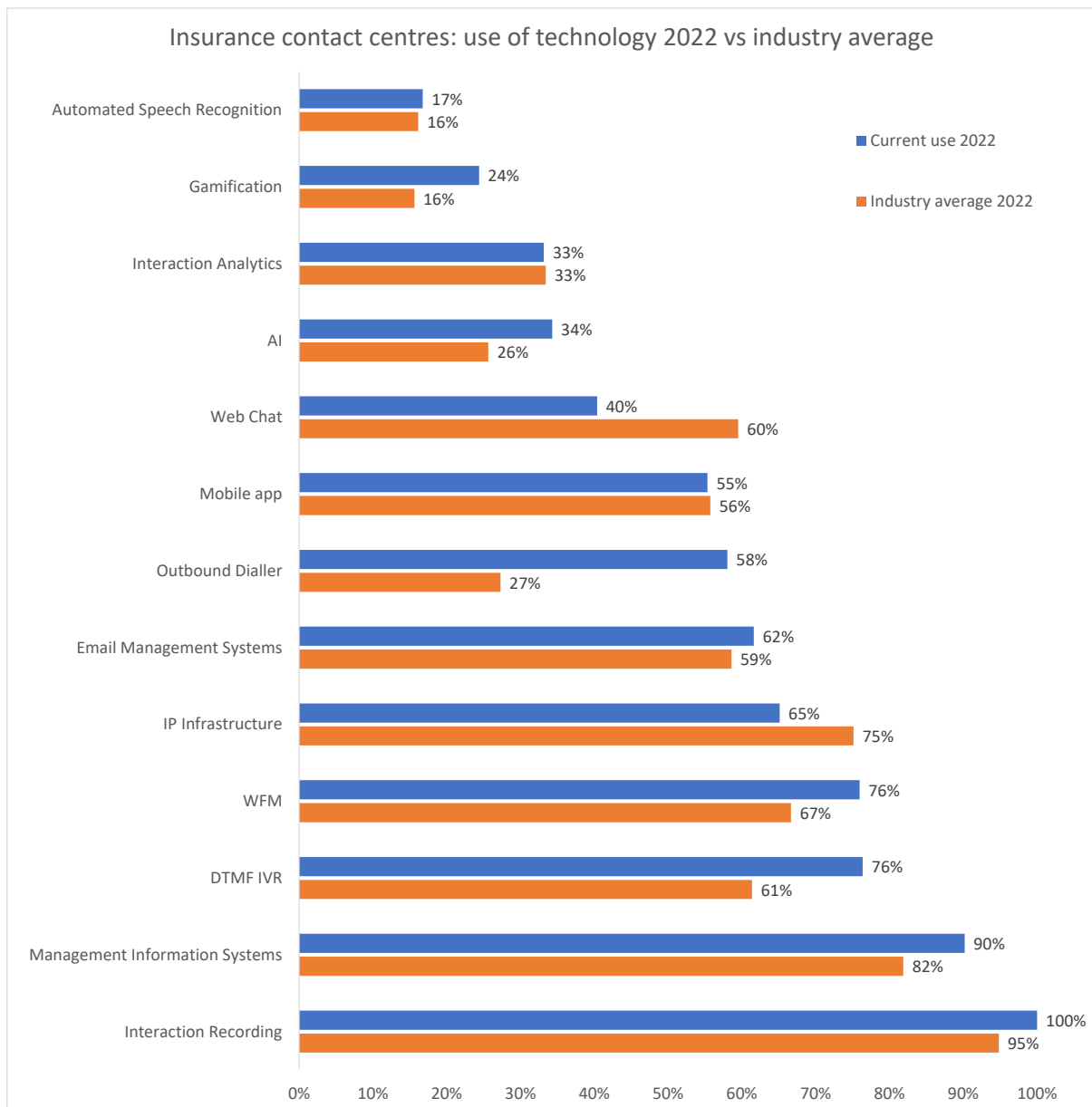

Insurance contact centres: use of technology 2022 vs industry average

Technology	Current use 2022	Industry average 2022
Automated Speech Recognition	17%	16%
Gamification	24%	16%
Interaction Analytics	33%	33%
AI	34%	26%
Web Chat	40%	60%
Mobile app	55%	56%
Outbound Dialler	58%	27%
Email Management Systems	62%	59%
IP Infrastructure	65%	75%
WFM	76%	67%
DTMF IVR	76%	61%
Management Information Systems	90%	82%
Interaction Recording	100%	95%

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

Insurance contact centres: use of technology 2022 & 2026

| Technology	Current use 2022	Planned 2026
Automated Speech Recognition	17%	27%
Gamification	24%	33%
Interaction Analytics	33%	50%
AI	34%	65%
Web Chat	40%	76%
Mobile app	55%	71%
Outbound Dialler	58%	62%
Email Management Systems	62%	78%
IP Infrastructure	65%	80%
WFM	76%	84%
DTMF IVR	76%	80%
Management Information Systems	90%	95%
Interaction Recording	100%	100%
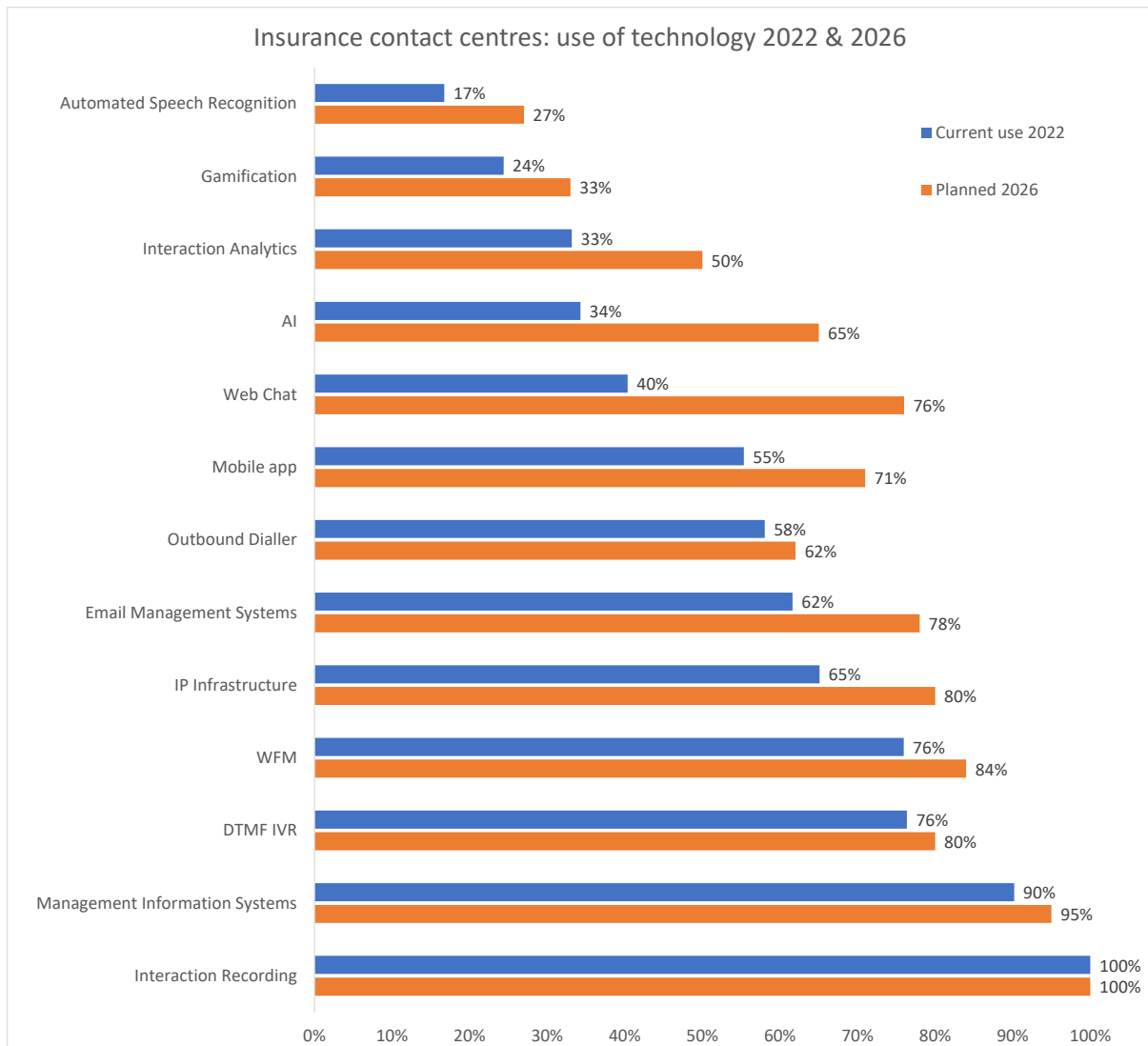
The salary figures below are calculated by adding together the average salary paid to new agents and to experienced agents, and dividing by two.

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

Average Insurance agent salaries, 2010-22
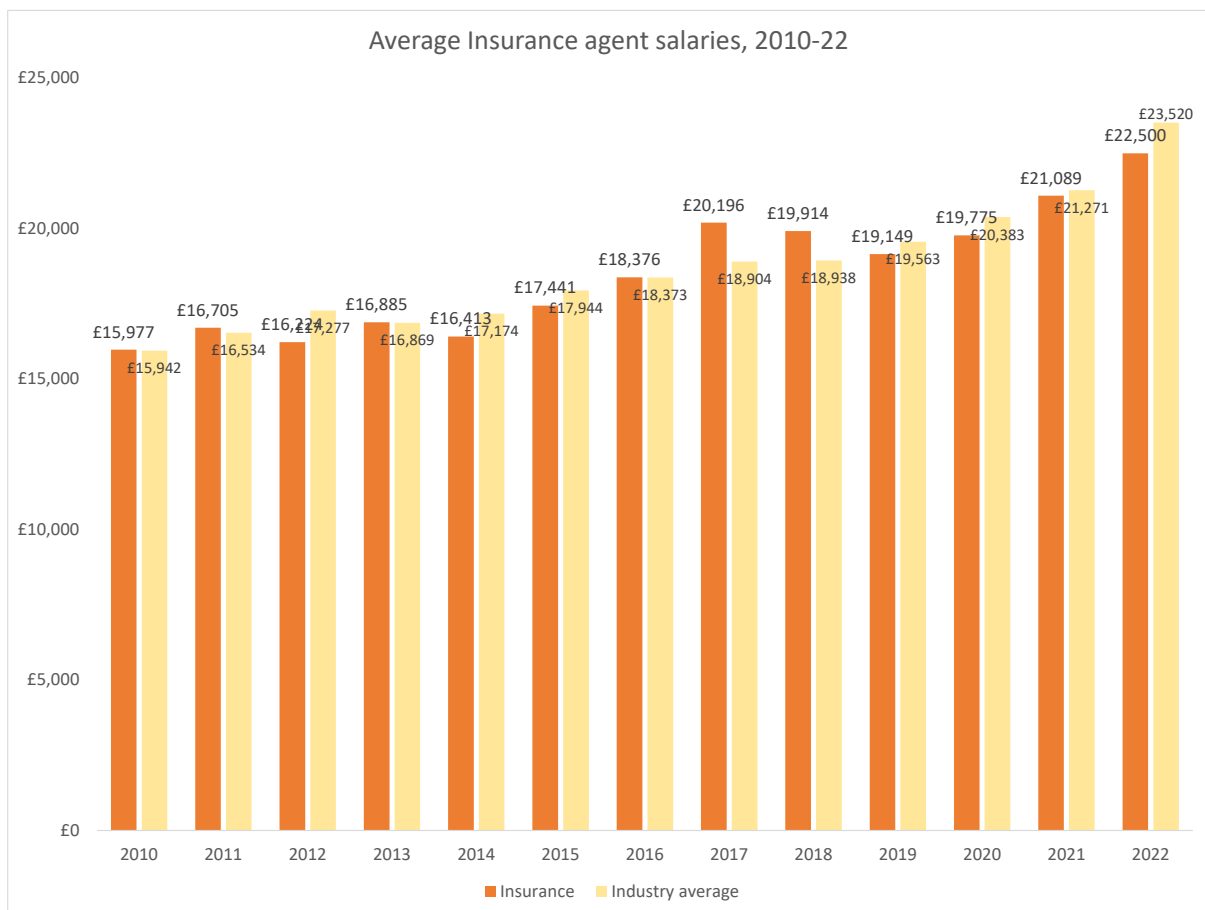
AGENT ATTRITION

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.

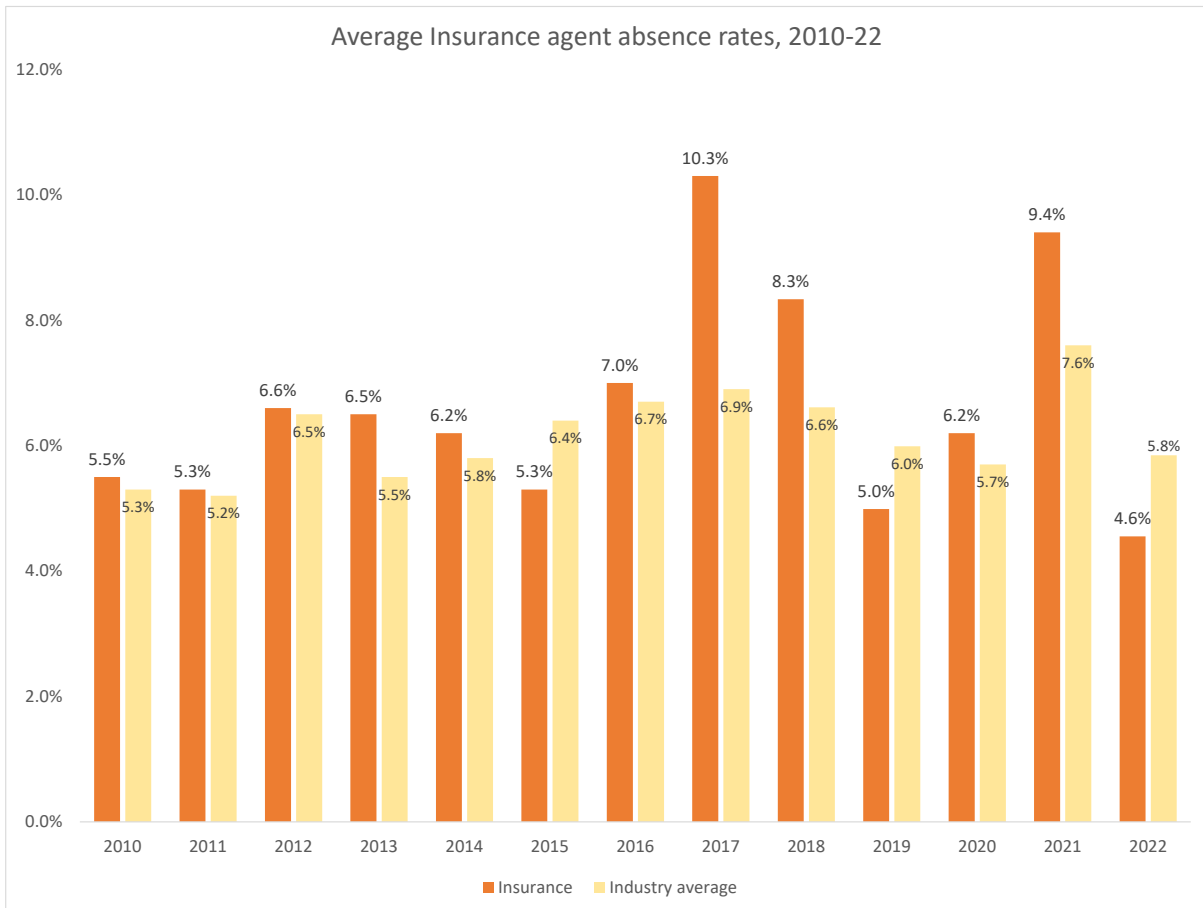**Figure 13: Average Insurance annual agent attrition rates, 2010-22**

Average Insurance annual agent attrition rates, 2010-22
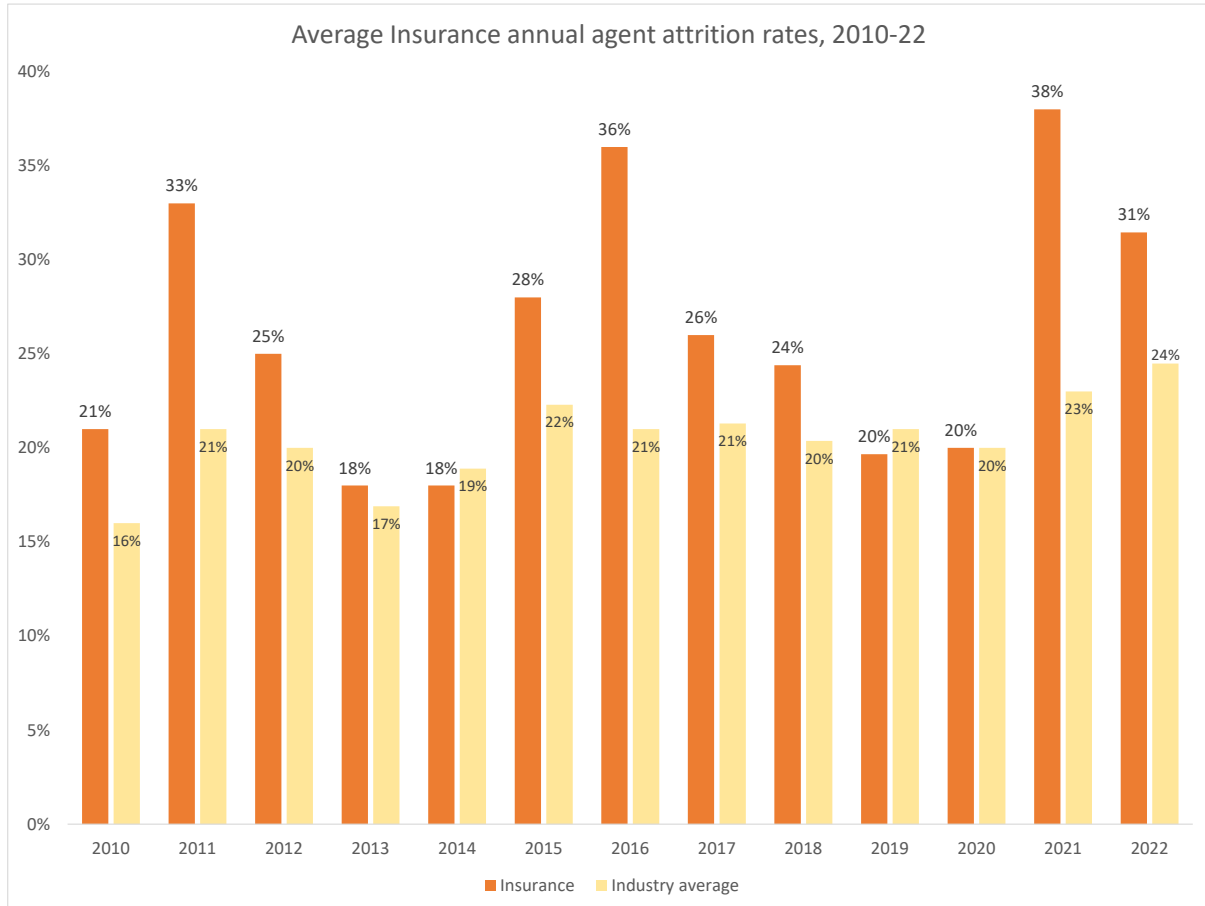
AGENT ABSENCE

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

Average Insurance agent absence rates, 2010-22

Year	Insurance	Industry average
2010	5.5%	5.3%
2011	5.3%	5.2%
2012	6.6%	6.5%
2013	6.5%	5.5%
2014	6.2%	5.8%
2015	5.3%	6.4%
2016	7.0%	6.7%
2017	10.3%	6.9%
2018	8.3%	6.6%
2019	5.0%	6.0%
2020	6.2%	5.7%
2021	9.4%	7.6%
2022	4.6%	5.8%

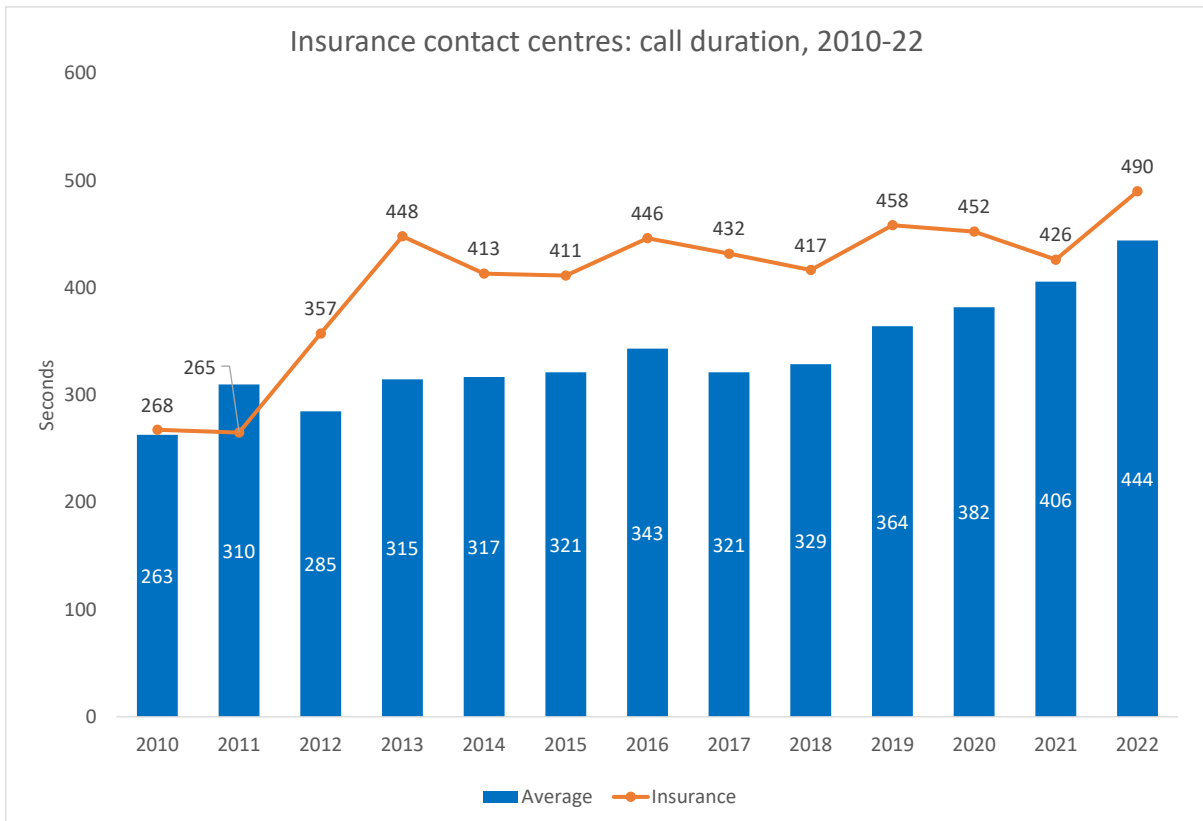## CALL DURATION

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.

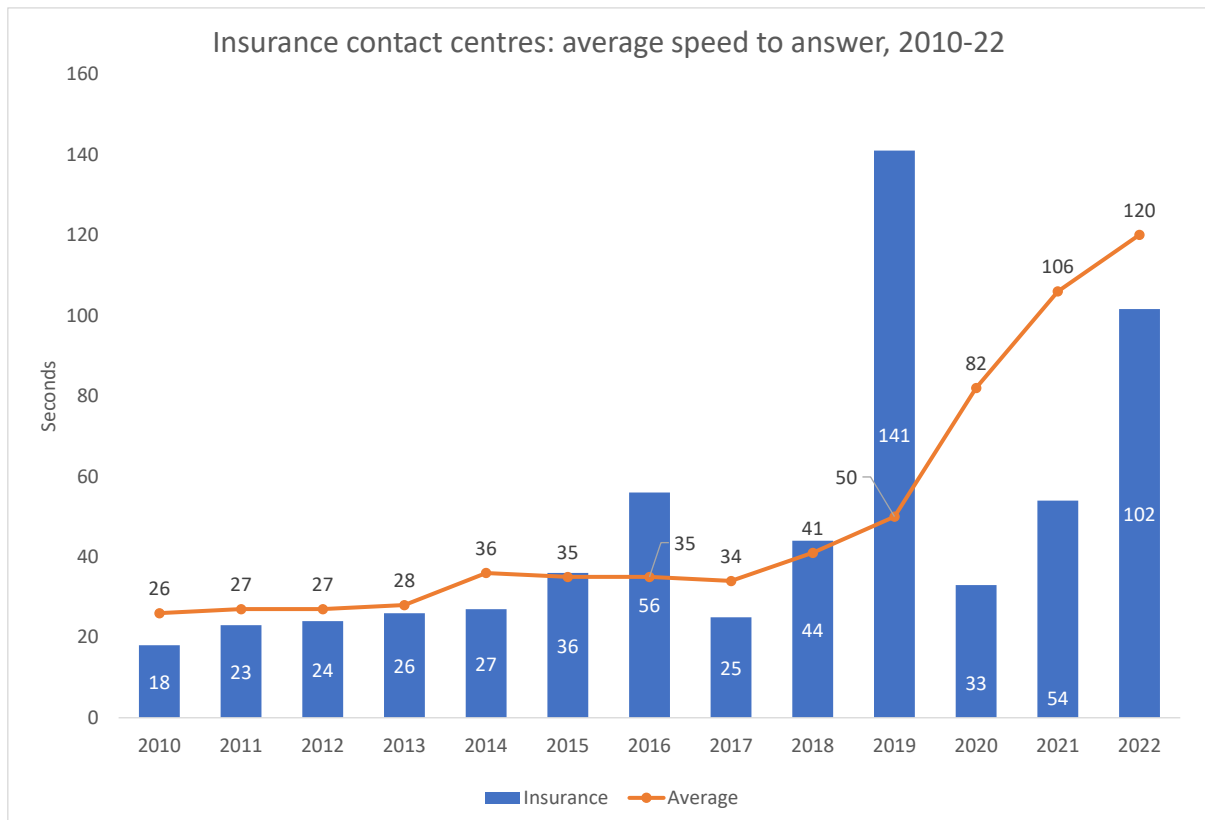**Figure 15: Insurance contact centres: call duration, 2010-22**

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

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

Year	Insurance	Average
2010	18	26
2011	23	27
2012	24	27
2013	26	28
2014	27	36
2015	36	35
2016	56	35
2017	25	34
2018	44	41
2019	141	50
2020	33	82
2021	54	106
2022	102	120

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

Insurance contact centres: talk time, 2010-22
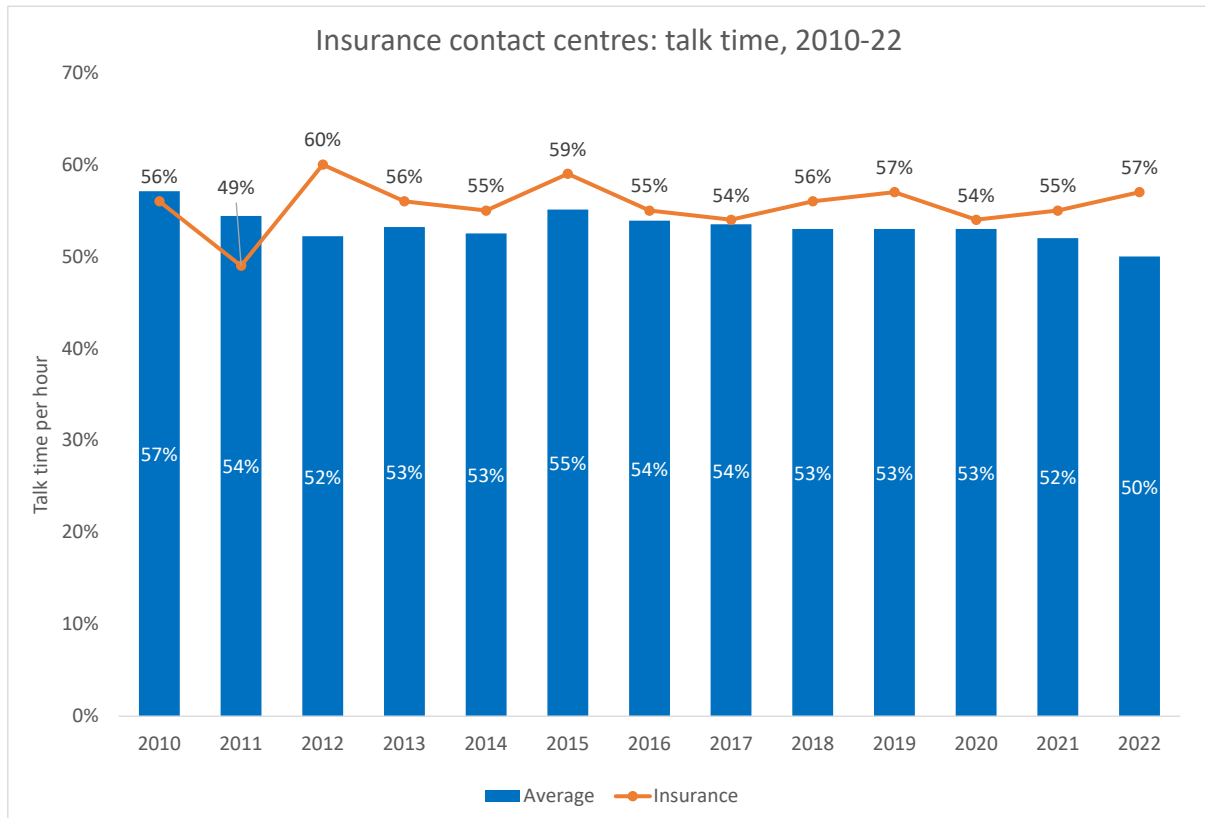
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