South African Insurance Sentiment Index

2021

In collaboration with BrandsEye

pwc

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1 Key insights

Operational complaints detracted from reputational wins

- Reputational conversation was net positive at 2.7%, whereas operational conversation stood at -10.9%.
- While brands created positive sentiment through marketing content, unhappy customers deterred potential clients from signing up with insurers.
- Top performing insurers scored high on operational Net Sentiment.

COVID-19 shaped industry trends

- COVID-19 and the resulting lockdown forced insurers to work differently, often highlighting challenges in operational systems.
- Loss of work and financial strain saw customers seeking out cheaper deals and payment holidays.
- Non-payment of business interruption claims and resulting legal cases pushed the insurance industry into the spotlight.

Hellopeter was an influential feedback platform

- King Price achieved the highest Net Sentiment score through compliments on Hellopeter.
- A similar strategy was seen across the industry, with 35.2% of positive sentiment posted on this platform.
- Hellopeter was used as a platform for customer feedback (positive and negative). When excluding Hellopeter as a data source, the industry operational Net Sentiment decreased by 29.5 percentage points.

The claims process was a major pain point

- The funeral insurance industry had the lowest Net Sentiment of -53.2% because of unpaid or late claim payments. This was a key issue across the industry but was most acute among funeral claims where expectations of a quick turnaround time have been created by insurance brands.
- The overall claims process across the industry was rated -64.3% and was driven by customer complaints around not knowing the status of their claim.

Turnaround was a profound and pervasive issue

- Turnaround time complaints were seen across all products, brands and channels, and along all customer journey points.
- Turnaround time complaints drove cancellation requests as well as TCF risk.

Digital platforms hindered customer experience

- Digital experience was an additional source of customer dissatisfaction across the insurance industry.
- This differs from findings in the banking industry where digital platforms contributed to positivity for the leading brands.

Customer complaints were rich with TCF outcomes

- No less than 67.8% of priority complaints related to one or more of the Treating Customers Fairly (TCF) framework outcomes.
- The bulk (60.5%) of these complaints spoke to Outcome 5: Performance and Service.
- These complaints often included accusations of unethical behaviour.

Engaging experiences drove positivity according to PwC's experience framework

PwC's Growth Through Experience framework indicates that an experience needs to deliver on four key dimensions to drive growth:

1. Coherent — connected, effortless and effective
2. Engaging — multisensory and emotionally considered
3. Personal — anticipatory, inclusive, tailored and rewarding
4. Distinctive —differentiated, relevant, memorable and purposeful

When mapping these dimensions against Net Sentiment for the industry, the lack of Personal experiences was highlighted as the biggest drawback for consumers, followed by Coherent and Distinctive experiences.

Foreword

In the last 18 months, the impact of COVID-19 has dominated business decisions, leaving many consumers in a vulnerable position. As insurers continue to settle claims to the best of their ability, their conduct and governance structures are coming under more scrutiny from regulatory supervisors who are reviewing them for effectiveness and fairness beyond the pandemic.

South Africa's adoption of the Twin Peaks model of financial regulation impacts significantly on this regulatory review as there is now a distinction between market conduct and prudential supervision. This has allowed the Financial Sector Conduct Authority (FSCA) to be a regulator that is solely dedicated to supervising how financial firms conduct their business and interact with their customers. The Twin Peaks reforms also allow the FSCA to have oversight over financial products and services that were not previously overseen by its predecessor the Financial Services Board (FSB).

Protecting customers and ensuring they are treated fairly by financial institutions is the essence of market conduct policy and law. The core component of this market conduct framework in South Africa is the Conduct of Financial Institutions Bill (COFI), which is aimed at implementing the Treating Customers Fairly (TCF) principles.

For insurers, these principles should be nothing new. Several conduct standards have already been implemented in terms of the Financial Advisory and Intermediary Services (FAIS) Act, as well as the Policyholder Protection Rules (PPRs) under the Insurance Act. These legislative changes have brought into effect the requirements and obligations in respect of accountability and fair treatment standards toward policy holders.

The law that underpins the work of the FSCA, however, is becoming more principles-based, as opposed to rules-based. This means that instead of having to prove that a rule was broken, the FSCA will only have to show that something has – or is likely to – prejudice consumers before it takes regulatory action. As such, rather than applying rules in a tick-box manner, insurers must move towards the outcomes-based approach of TCF.

Insurers are therefore expected to demonstrate that they deliver the six TCF outcomes to their customers throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling.

In today's digitally-savvy world, social media plays a critical role in the way customers engage with brands and share feedback. It is therefore concerning, from a regulatory perspective, to see that almost 40% of priority conversations on social media went unanswered by brands. Insurers should also be concerned at this finding, considering that 67.8% of high-priority complaints referenced potential TCF infringements.

With social platforms proving to be a useful indicator to gauge whether insurance brands are being fair in their conduct, the FSCA has adopted a data-driven strategy that will enable the identification of behavioural patterns at both an individual insurer and industry-wide level. Part of this strategy includes the monitoring of TCF conversation on social media.

As the financial sector gears towards the full implementation of the Twin Peaks framework, insurers must be able to prove that they are indeed putting the customer first. This includes having the right setup and solutions to effectively manage and accurately report on their complaints – both on and off social media. They also need to demonstrate that they are proactively addressing customers on their relevant social media channels.

Over the years, regulators have tried a myriad of ways to change the conduct of financial institutions in the interest of all South Africans. We believe that the COFI Bill, when passed into law, will further solidify this change, as it renders TFC principles legally binding and enforceable.

Kedibone Dikokwe

Divisional Executive: Conduct of Business Supervision
The Financial Sector Conduct Authority

Introduction

The COVID-19 pandemic has accelerated the digitisation of South Africa's insurance industry and created an evolving shift in consumer behaviour patterns and expectations. The industry has seen a significant increase in claims across most products and segments and there have been major fluctuations in the volumes of new business over this period.

It is against this tumultuous backdrop that the 2021 South African Insurance Index, conducted by PwC in collaboration with BrandsEye, offers insight into consumer sentiment towards 15 of the country's major insurers. The index tracked over 450,000 public non-enterprise posts on social media platforms such as Facebook and Twitter, as well as other online platforms, between 1 April 2020 and 31 March 2021.

The data is therefore based on unsolicited feedback from consumers — customers and non-customers alike — which offers insurers a unique view of what people perceive about them and where they're falling short. When it comes to customer service, consumers' lives have become filled with choice. They can call, email, WhatsApp, tweet and even chat to a robot to resolve queries. Accelerated by COVID-19, digital and physical worlds are blending into what we've come to call a 'phygital' landscape.

But what about customer experience?

With ever-evolving service channels and customer needs, comes an increased expectation for organisations and employees to deliver around-the-clock, real-time service. While challenging, these high expectations offer the opportunity for exceptional service providers to delight, innovate and grow.

The rising level of digital engagement also presents an opportunity for insurers to leverage new insights on social sentiment, consumption habits, and trends to personalise their approach. Furthermore, an increased dependency on digital channels offers a solution to capacity constraints on traditional channels, allowing insurers to repurpose staff for higher-value activities and reduce the cost to serve.

Critical to the success of this growth path is the transition from traditional, transactional performance indicators to more experience-focused measurements, supported by data that integrates multiple customer feedback sources. The collection and analysis of ongoing, actionable insights can deepen the understanding of what drives customer value and key behaviours, protecting and driving future revenue streams.

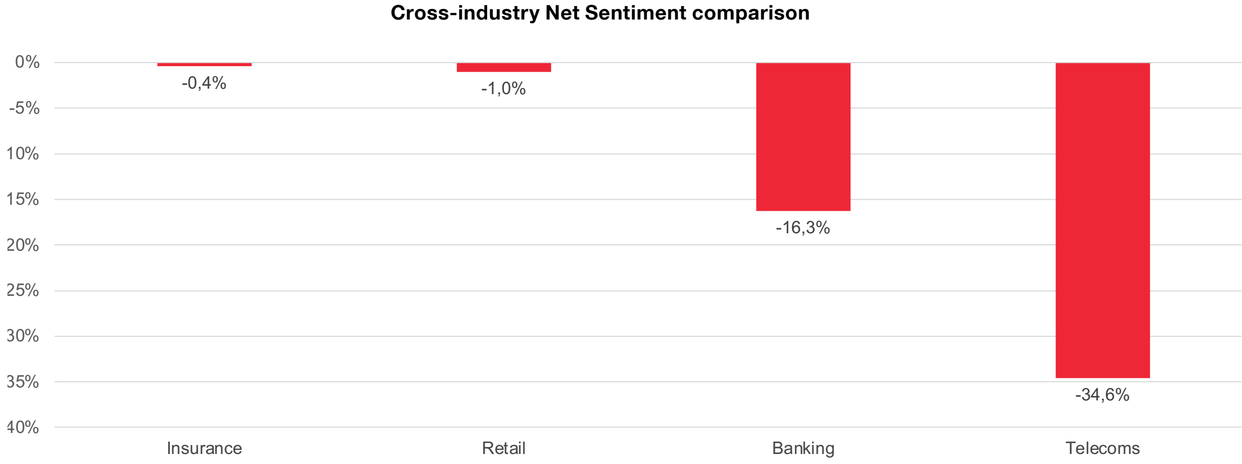
A data-driven strategy will become increasingly important as insurers strive to create more meaningful, coherent, and relevant experiences, with personal content at the right time. The insurers that prosper and win in the future will most likely be the ones that adopt a data-driven strategy to successfully navigate the many factors driving the future of advice and engagement, as illustrated in the table that follows.

Elements of future success

Source: PwC, *The Future of Advice and Engagement in Insurance*
https://www.pwc.co.za/en/publications/future-of-advice-and-engagement-in-insurance.html

2 Industry overview

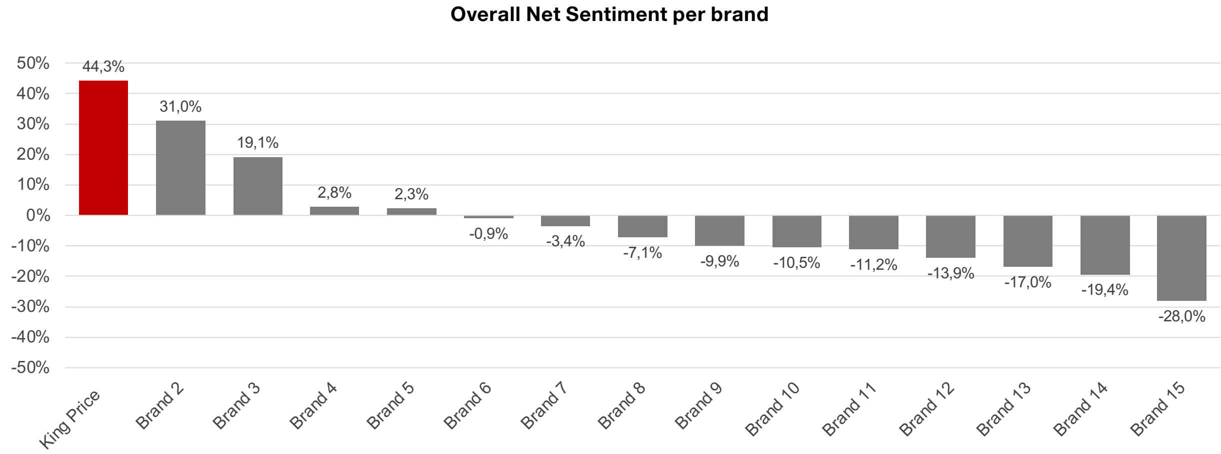
Despite a challenging operational environment, a cross-industry Net Sentiment comparison saw South Africa's insurance sector emerge as the industry with the lowest level of negative conversation.



With an average Net Sentiment score of -0.4%, the insurance industry is followed closely by retail (-1.0%) but outperformed both the banking (-16.3%) and telecoms (-34.6%) industries significantly. This means that while the overall Net Sentiment shown towards insurers is negative, South Africans appear to be far more critical and dissatisfied with banks and telecommunication companies.

King Price leads the pack in overall Net Sentiment

Aggregate Net Sentiment for the insurance industry was -0.4%, indicating an almost equal balance of positivity and negativity. Of the 15 insurance providers included in the index, King Price obtained the highest Net Sentiment of 44.3% and was one of only five insurers to get a positive Net Sentiment.



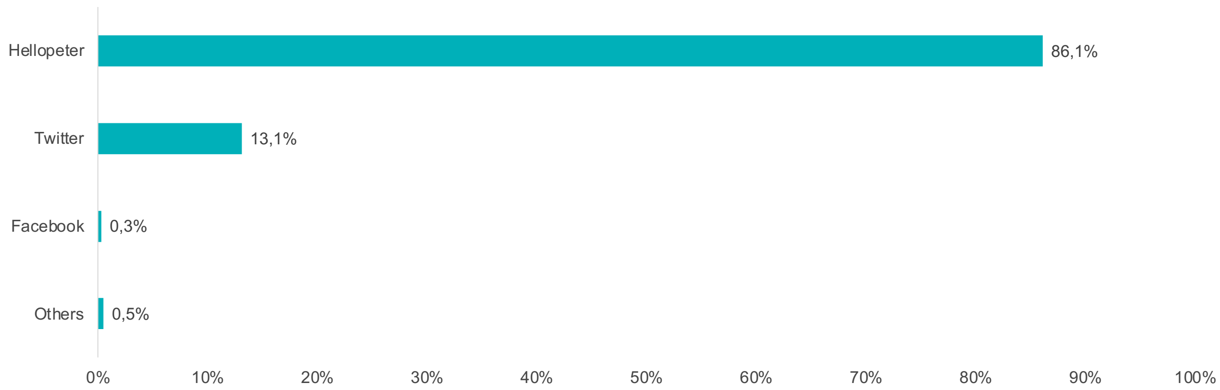
Enterprise mentions excluded, direct mentions excluded.

King Price's staff were praised for their competency and conduct, while on the other end of the spectrum, customers of brands 13, 14 and 15 complained about slow service and a lack of response. The lowest ranking insurance brand had a Net Sentiment of -28.0%.

Compliments on Hellopeter made up 86.1% to King Price's positive sentiment

King Price owes the majority of its achievements in Net Sentiment to customer compliments posted on Hellopeter.com. The insurer successfully leveraged this platform to boost Net Sentiment and cement a top ranking.

Contribution to King Price's positive conversation per platform



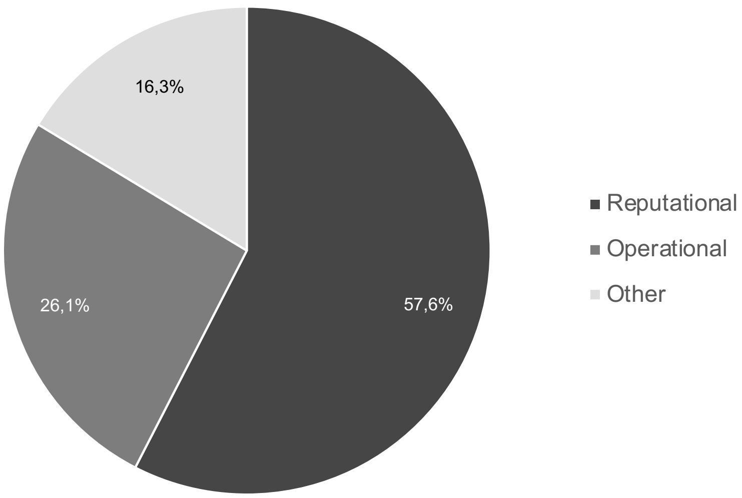
Enterprise mentions excluded, direct mentions excluded.

A similar strategy was seen across the industry, with 35.2% of positive sentiment posted on this platform. Interestingly, when removing Hellopeter data altogether the average Net Sentiment for the industry falls from -0.4% down to -5.6% , a total of 5.1 percentage points lower.

Industry-wide, reputational mentions outweighed operational mentions

Most conversation (57.6%) was reputational in nature. Reputational conversation is not related to customer experience and comprises of posts that are relevant to PR, marketing, sponsorships, and general perceptions about an insurer. Reshares are not included.

Conversation category breakdown



Negative reputational conversation largely centred around insurer's reactions to COVID-19 and the extent of cover given to customers. That said, COVID-19 was also used to create positive sentiment through campaigns, charity programmes and payment holidays.

What drove reputational conversation for the industry?

Topics driving negative reputational sentiment

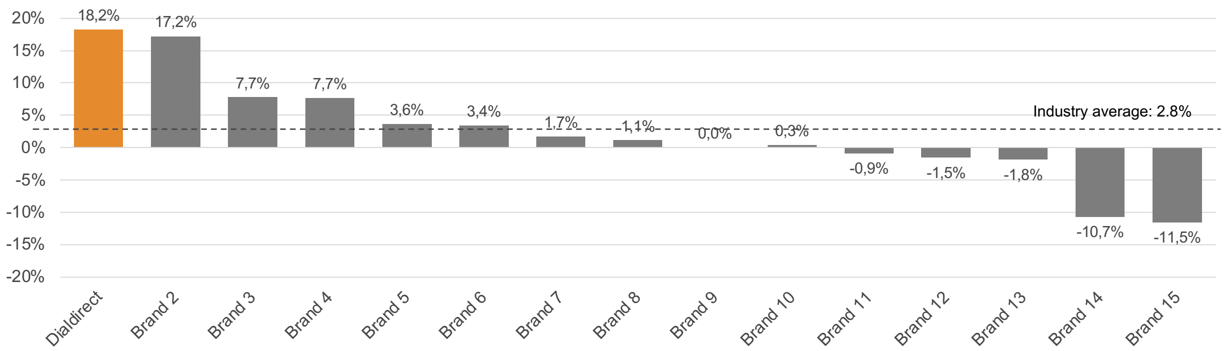
Enterprise mentions excluded, direct mentions excluded.

Topics driving positive reputational sentiment

Dialdirect led in reputational Net Sentiment

Dialdirect ranked highest in terms of reputational Net Sentiment, achieving 18.2% — well above the industry average of 2.8%.

Reputational Net Sentiment per brand

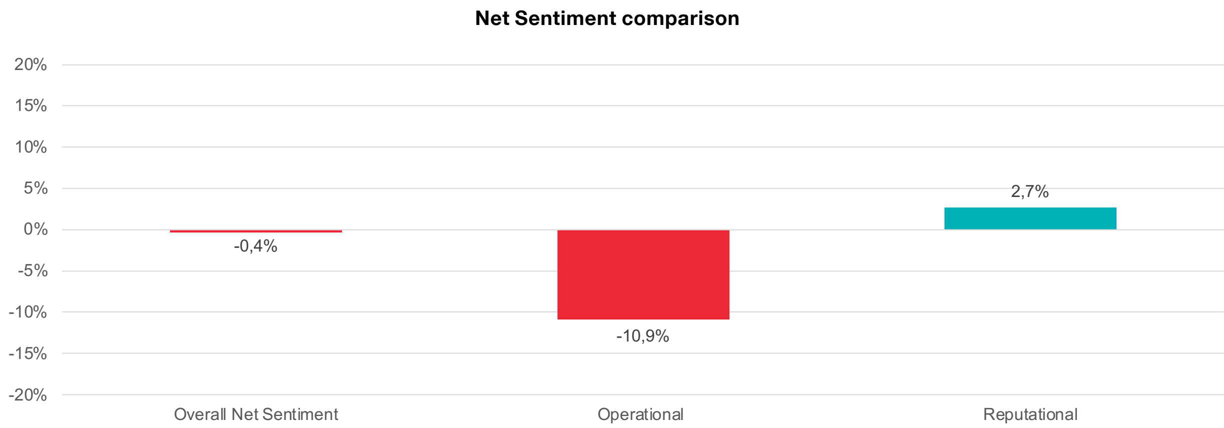


Enterprise mentions excluded.

Dialdirect's reputational positivity was driven predominantly by the #DialUpChing campaign, which included premium discounts and a webinar hosted by ProVerbMusic. The brands with the lowest reputational scores were hampered by negative PR incidents as well as complaints associated with COVID-19 claims.

Operational complaints detracted from PR and marketing efforts

While only around a quarter (26.1%) of all mentions spoke directly about customer experience, operational conversation was significantly more negative than reputational conversation. Operational conversation consists of unique customer experience mentions — mentions from someone on the insurance customer journey. Reshares are not included.

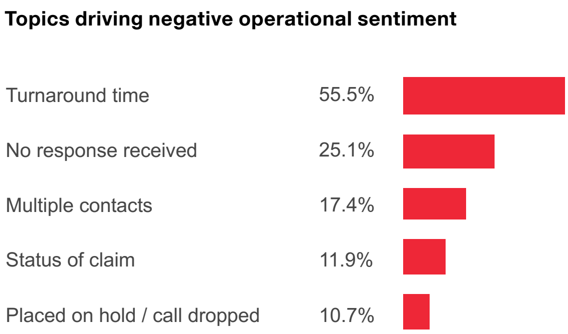


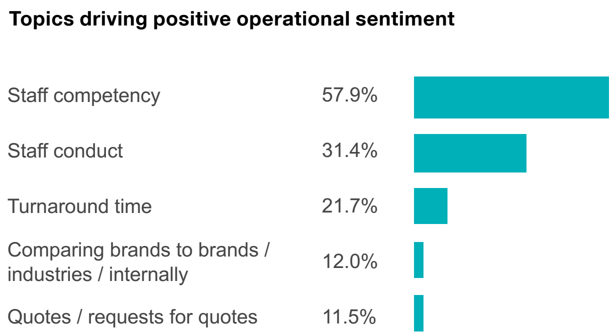
Operational conversation excludes reshares of customer mentions.

Operational conversation (excluding reshares) measured a Net Sentiment of -10.9%. This shows that customers spoke more negatively than positively about their experiences with their insurers. When including reshares, operational conversation drops further to -12.6%. This is because customer experience complaints were often reshared, posing reputational risk for insurance brands.

Customer service complaints drove negativity across the industry

Customer service was a key feature across the industry, with customer service topics driving customers to post, either positively or negatively about their experience.



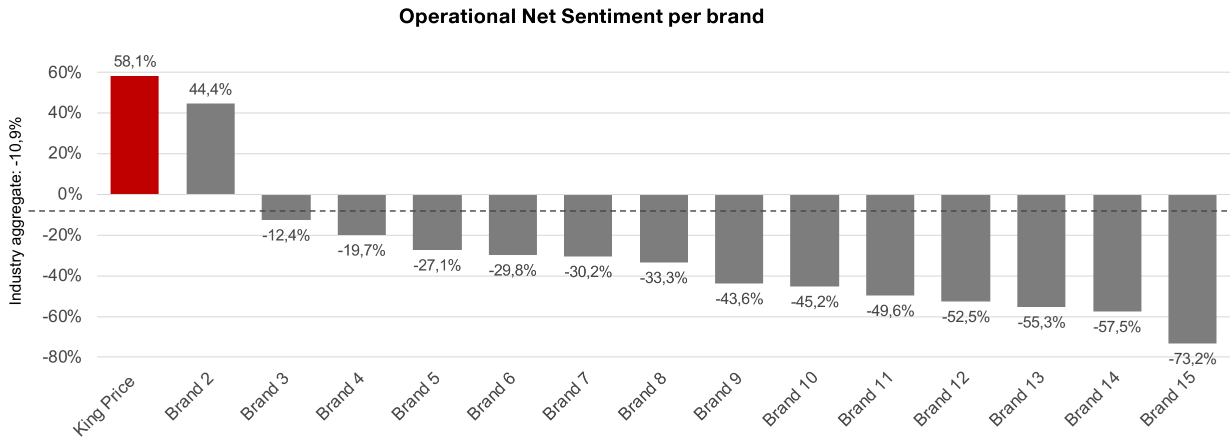


Enterprise mentions excluded, direct mentions excluded.

Turnaround time was the most widespread complaint, making up 55.5% of all negative operational mentions. This, combined with complaints around *no response received*, and speaking to *multiple contacts*, highlights customer communications as an important area for improvement.

The importance of staff and customers having a good relationship was further reflected in the compliments received about *staff competency* and *conduct*. Satisfied customers wrote about their experiences on platforms such as Hellopeter and Facebook, frequently mentioning the name of the individual who assisted them. Some insurance brands proactively promote this kind of customer behaviour more than others.

King Price topped operational Net Sentiment



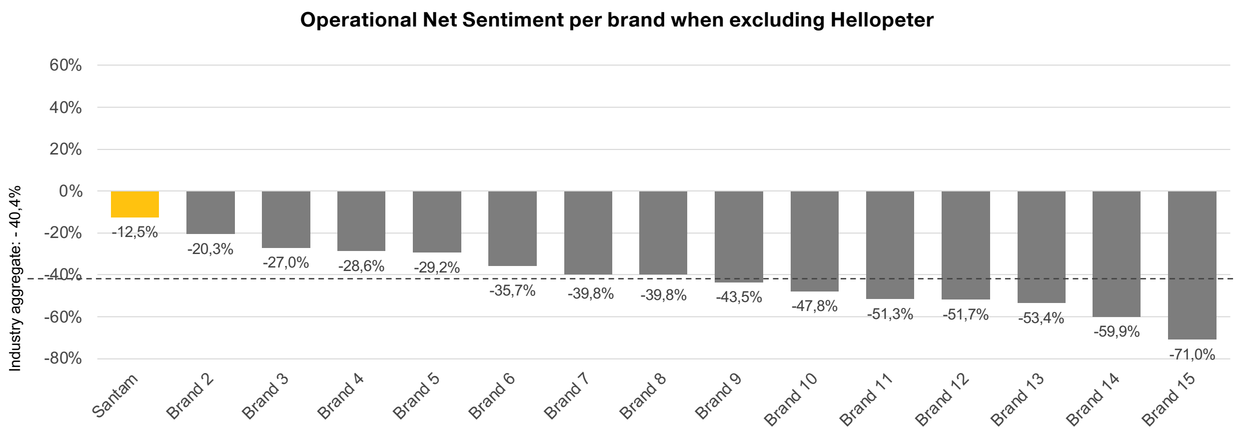
Enterprise mentions excluded.

King Price had the highest Net Sentiment for operational conversation, with 87% of positive mentions complimenting *staff competency*. Additional positive drivers included *staff conduct* (47.7%) and *turnaround time* (22.1%).

Brand 15 had the lowest operational Net Sentiment of -73.2%. *Turnaround time* was the biggest operational issue for the insurer, contributing 65.7% to negative conversation. Other key complaints included *no response received* (30.9%) and *status of claim* (28.2%).

Excluding Hellopeter dropped operational Net Sentiment

Hellopeter was an unexpectedly influential feedback platform across the insurance industry, particularly for compliments driving positive sentiment. So much so, that when excluding Hellopeter, industry operational Net Sentiment worsened by 29.5 percentage points.



The above chart shows Net Sentiment for operational mentions excluding data from Hellopeter. This excludes reshares and reputational mentions. Enterprise mentions excluded, direct messages excluded to ensure comparability.

When excluding conversation from Hellopeter, the average Net Sentiment for operational conversation drops from -10.9% to -40.4%. If Hellopeter mentions were removed, Santam would have topped operational Net Sentiment, suggesting that Hellopeter is not an important channel for the insurer since it only impacted Operational NS by – 0.1 pp.

Business interruption claims drove COVID-19 complaints

COVID-19 was a significant topic in insurance conversation during the reporting period, from an operational and reputational perspective. The largest topic among COVID-19 complaints was *insurance features / coverage*, followed by *approved / rejected claims*.

Negative topics in COVID-19 conversation

	Volume
Insurance features / coverage	29.8%
Approved / rejected claims	24.0%
Turnaround time	20.8%
Affordability	12.3%
Comparing brands to brands / industries / internally	12.3%

This above chart shows conversation about COVID-19. Data was surfaced through a content match.

These two topics predominantly speak to the business interruption claims made mainly by restaurants and hotels. The claims were initially rejected by insurers, however, court action by a number of policyholders culminated in a Supreme Court of Appeal judgment, which ruled that the claims must be paid.

CSI and premium relief drove positive conversation

Positive topics in COVID-19 conversation

	Volume
Charity / outreach programmes (CSI)	21.6%
COVID-19 relief	16.6%
Comparing brands to brands / industries / internally	16.0%
Staff competency	15.9%
Insurance features / coverage	14.3%

This above chart shows conversation about COVID-19. Data was surfaced through a content match.

Charity / outreach programmes (CSI) and *COVID-19 relief* had considerable overlap. Both topics included mentions around premium relief as well as COVID-related programmes and donations. Brands were often compared on these characteristics, specifically with customers leveraging what one insurer was doing to pressure another. The topic of *staff competency* was driven by staff being praised for assisting clients in getting premium deductions or processing claims.

PwC insight: A consumer-led recovery

> **"Overall, the survey found rising consumer optimism about the economy, positive household income and spending forecasts, expectations of employment growth, as well as consumers having a positive outlook on their finances."**
>
> – PwC's June 2021 Global consumer insights pulse survey

PwC's June 2021 *Global consumer insights pulse survey* found that 41% of South Africans were optimistic about the economy: This was ahead of the recent escalation of national lockdown restrictions as well as the riots which took place in July 2021.

While the 41% figure might not appear high, it is better than the 36% recorded in the March edition of the survey. South Africa's June reading is also above the global average of 36%, based on the 8,681 consumers polled across 24 of the world's largest economies, including 503 in South Africa.

Overall, the survey found rising consumer optimism about the economy, positive household income and spending forecasts, expectations of employment growth, as well as consumers having a positive outlook on their finances.

In a *consumer-led economic recovery*, it is important for consumer-focused companies to consider how purchasers are making buying decisions. The survey found that brand loyalty in South Africa is driven by reliability (48% of respondents ranking this in their top three attributes), loyalty programmes (36%), widespread availability of the brand's products (35%) and exceptional customer service (30%). In addition, PwC's newly-released *What's next: How consumer goods leaders envision tomorrow* report found that many consumers will continue to be highly attuned to what brands stand for and they want words to be backed up with sincere actions. This is especially true for today's younger, more socially conscious consumers.

The Pulse Survey found that three out of four (73%) South Africans identify as being price oriented compared to a global average of 56%. Even though there are signs of recovery in the local economy, with employment recovering and interest rates at a multi-decade low, consumers' money anxiety has certainly not yet eased. Unsurprisingly, seven out of ten local respondents in the June survey said they are more focused on saving than they were previously.

The recent survey results show the level to which brands are being impacted by key differentiators such as reliability, availability, customer service and competitive pricing.

This has also been borne out by BrandsEye's data, which highlights the key impact of operational complaints, claims processing challenges and turnaround times on the brand perception of insurers.

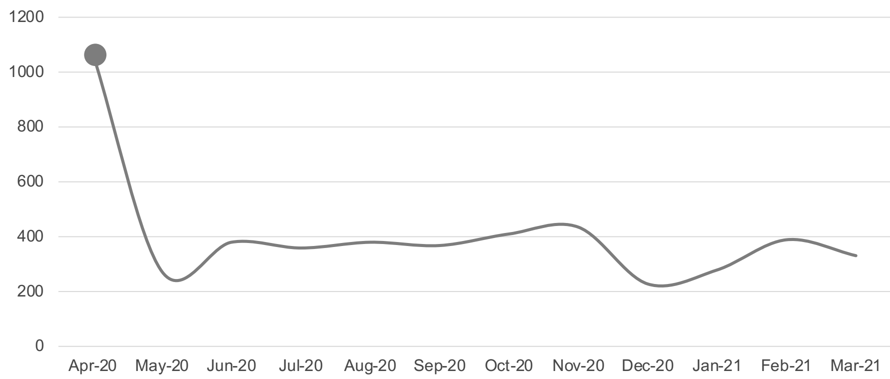
Consumers are no longer differentiating between traditional retail or financial services brands when passing comments on social media: They expect the same level of customer service and experience and are vocal about this.

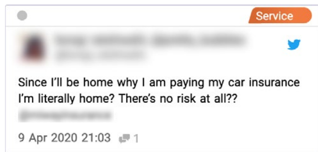
3 Insurance products

Lockdown drove conversation around car insurance

Conversation around car insurance peaked during Level 5 lockdown in April 2020, with many consumers demanding payment holidays and premium reductions during this period. Insurers responded promptly, resulting in the car insurance landscape becoming more competitive during this time.

Car insurance monthly volume

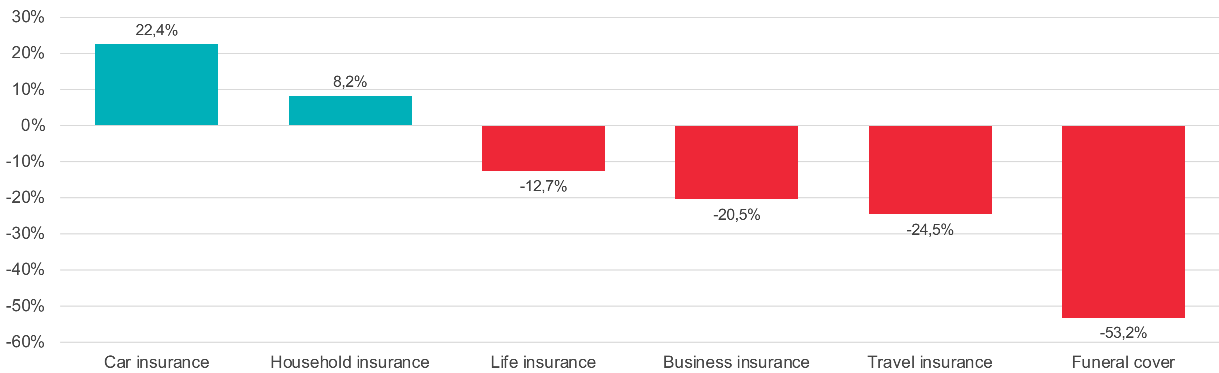




Car insurance mentions were sourced using phrase matching on phrases relevant to each product type. It includes enterprise mentions and unverified mentions.

Consequently, car insurance received the largest volume of conversation (29.0%) and obtained the highest Net Sentiment of 22.4%. King Price and MiWay both drove positivity for car insurance — a notable campaign was MiWay's MiWheels At Home Cover in which customers who work from home were given up to 20% off their premiums.

Net Sentiment per product



Insurance product mentions were sourced using phrase matching on phrases relevant to each product type. It includes enterprise mentions and unverified mentions.

Delayed funeral payouts caused stress and disappointment

The funeral insurance industry had the lowest Net Sentiment of -53.2% as a result of dissatisfaction about unpaid or late claim payments. This was a key issue across the industry, but was most acute among funeral claims where an expectation for quick turnaround had been created by insurance brands.

Customers complained about turnaround time, often citing difficulties getting money in time to prepare and pay for funeral arrangements. Communication issues were also cited in complaints, with customers receiving delayed or no response to claims lodged, in addition to instances where claims were rejected.

PwC insight: Being there in the claims moment of truth

Claims are the most important customer engagement stage for both an insurer and the policyholder — this is the outcome that insurance propositions are built around and, depending on the product and event, can often be an emotional experience for customers.

There is ever-increasing pressure to transform the claims function in response to changing customer expectations and the availability of disruptive technology and data-driven insights. Coupled with this, the COVID-19 pandemic has driven a significant increase in claims volumes across both long- and short-term product offerings, placing added pressure on the claims functions in all organisations.

A key driver of a poor claims experience is often the lack of clarity on the status of a submitted claim, rather than a perception of a slow turnaround time. This is reflected in the BrandsEye data.

4 Customer experience

Turnaround time complaints were seen across all insurance products, brands and channels, and along all customer journey points. Interestingly, *turnaround time* was also among the top three drivers of positive conversation, showing that it can make or break customer experience.

Topics driving positivity

	Volume
Staff competency	57.4%
Staff conduct	31.2%
Turnaround time	21.5%
Comparing brands to brands / industries / internally	11.9%
Quotes or requests for quotes	11.4%
Affordability	11.0%
Vehicle insurance	10.5%
Roadside assistance	8.7%
Feedback given by a brand representative	7.1%
Changes in pricing	6.3%

Topics driving negativity

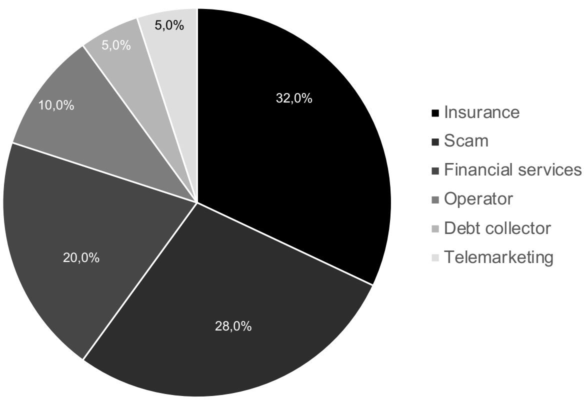
	Volume
Turnaround time	52.8%
No response received	23.9%
Multiple contacts	16.5%
Status of claim	11.3%
Placed on hold / call dropped / not answered	10.2%
Feedback given by a brand representative	10.1%
Comparing brands to brands / industries / internally	9.2%
Approved or rejected claims	8.4%
Affordability	8.4%
Vehicle insurance	7.0%

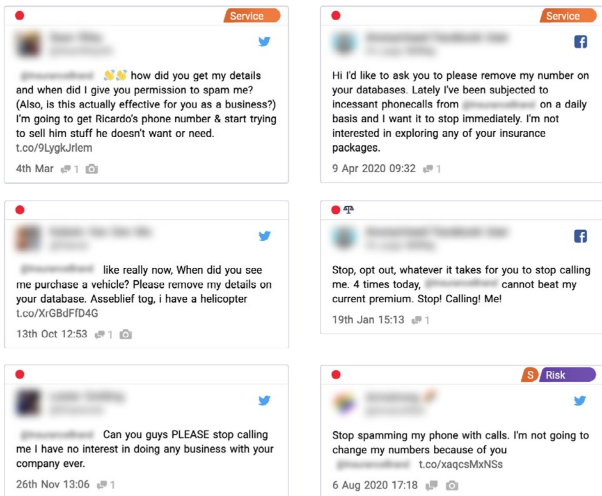
The above graphs show the top 10 topics driving positive and negative customer experience drivers.

In terms of positive customer experiences, *staff competency* was the largest conversation driver. This topic was largely driven by compliments for MiWay, King Price and Discovery posted on Hellopeter.com. Many of these compliments also thanked staff members for quick turnaround times.

6.1% of non-customer complaints related to unsolicited communications from insurers

Complaints about unsolicited communication from insurers were common, especially among non-customers. The communications mentioned were mostly advertising or promotional messages, which consumers considered to be spam.

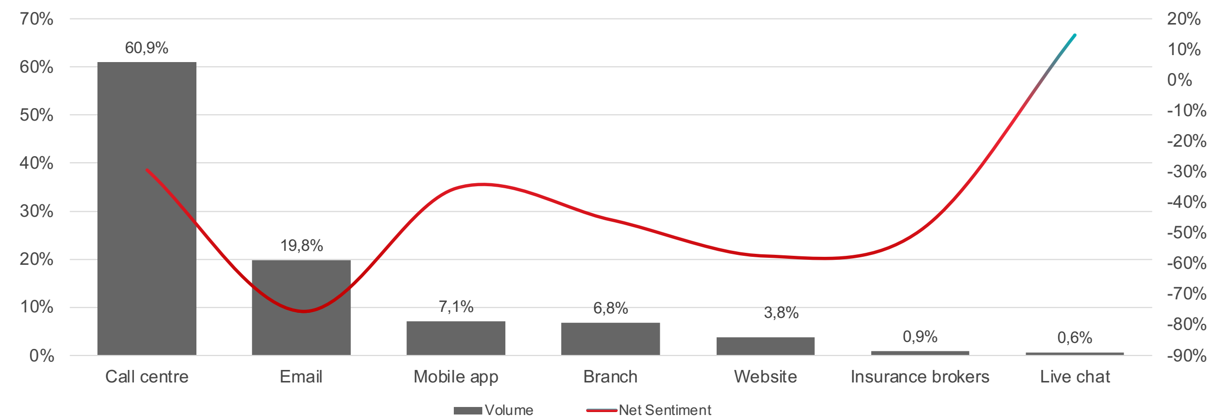




As of 1 July 2021, regulation of these kinds of communication has changed and there is more awareness of the Protection of Personal Information Act (POPI) and consumers' rights not to be contacted. Brands may now not make unsolicited marketing contact with a consumer more than once without their consent.

Communication a key weakness in the customer experience

Channels Net Sentiment and volume



The above graphs volume and Net Sentiment for customer experience channels.

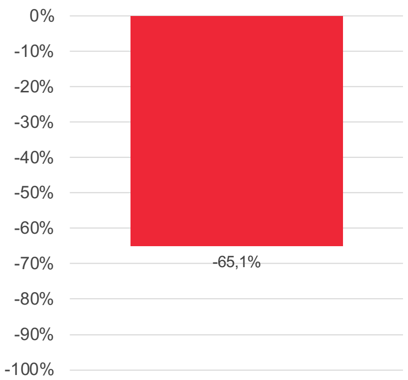
Of all communication channels, *live chat* was the only channel to achieve a positive Net Sentiment, and this was largely driven by compliments for MiWay and King Price on Hellopeter.

All other communication channels were discussed negatively (as indicated by a negative Net Sentiment score), with turnaround time cited as the main area of complaint.

Digital platforms hindered customer experience

Apps and websites typically aim to improve the customer experience and are designed to promote speed and efficiency. However, digital experience was an additional source of customer dissatisfaction across the insurance industry. This differs from findings in the banking industry, where digital platforms were contributors to positive sentiment towards the leading brands.

Net Sentiment for digital experience across the industry



Digital experience topics

	Volume	Net Sentiment
Speed / responsiveness of platform	27.5%	-93.7%
Platform navigation (digital experience / UI / UX)	25.3%	-44.2%
Login process	3.5%	-87.1%
Ease of use	0.9%	28.0%
Information quality / availability	0.8%	-81.8%
Customer data security	0.5%	-66.7%
Feature requests / suggestions	0.3%	-55.6%
Third party purchases	0.3%	-71.4%
App activation	0.1%	-100.0%

The above graph shows Net Sentiment for the topic Digital Experience. The associated table shows volume & Net Sentiment for the sub-topics that fall under the Digital Experience topic.

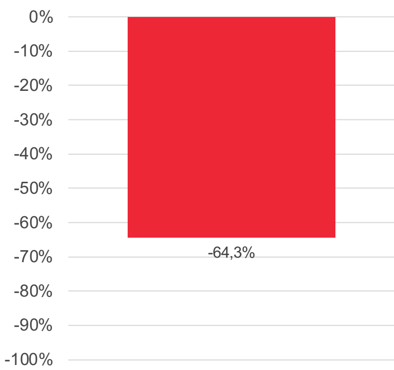
Overall, *speed of platform* was the leading cause of negative sentiment. However, this may be related to connectivity issues and not the app or website. *Platform navigation* was also mentioned frequently, and most often in a negative way. Usability is an important feature in digital experience, especially for those who are less digitally savvy.

The *login process* arose as highly problematic, but among a small percentage of posts. Nevertheless, this is an important area as it is the first step in the digital experience and can be a prominent deterrent or barrier. Local insurers will need to prioritise alignment with digital trends and the use of technology to facilitate the customer experience. PwC's *Humanity and innovation: The new tomorrow for insurers*, highlighted that while local insurers have been relatively slow to embrace digital avenues, the transition to online insurance sales and service is expected to accelerate over the next few years.

The claims process was major a pain point

The overall claims process across the industry was rated -64.3% in terms of Net Sentiment, driven primarily by customers' complaints about not knowing the status of their claim.

Net Sentiment for claims across the industry



Claims topics

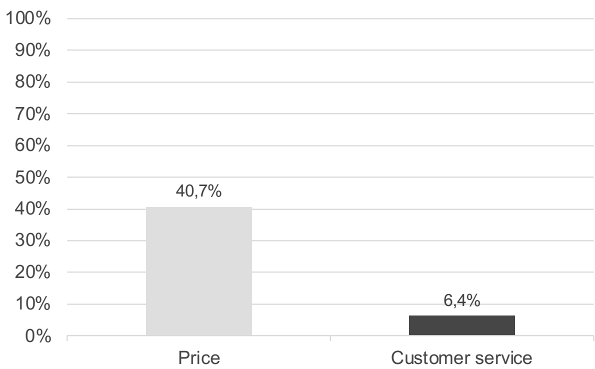
	Volume	Net Sentiment
Approved / rejected claims	38.5%	-66.1%
Status of claim	35.8%	-96.6%
Paying out / replacing items	13.7%	-30.1%
Repair / installation workers	11.9%	-37.6%
Assessors / investigative staff	6.7%	-67.7%

The above graph shows Net Sentiment for the topic Claims. This only considers customer posts and excludes reshares. The associated table shows volume & Net Sentiment for sub-topics tht fall under the Claims topic.

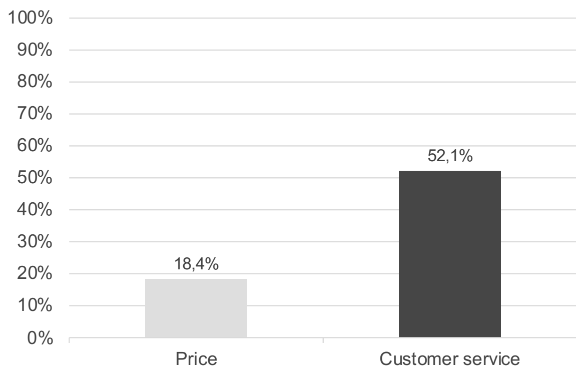
Insurers won customers on price, but lost on customer service

A recent article about avoiding an *insurance price war* observed that 'the South African insurance industry has become largely fixated on selling on price'. BrandsEye's social data corroborates this and showed that customers care most about getting quotations when looking for a new insurer.

Topics in purchase conversation



Topics in cancel conversation



The above graphs show the proportion of *price* and *customer service* conversation found in Purchase conversation (yellow/left) and Cancel conversation (red/right). *Price* and *customer service* mentions were isolated using main topics.

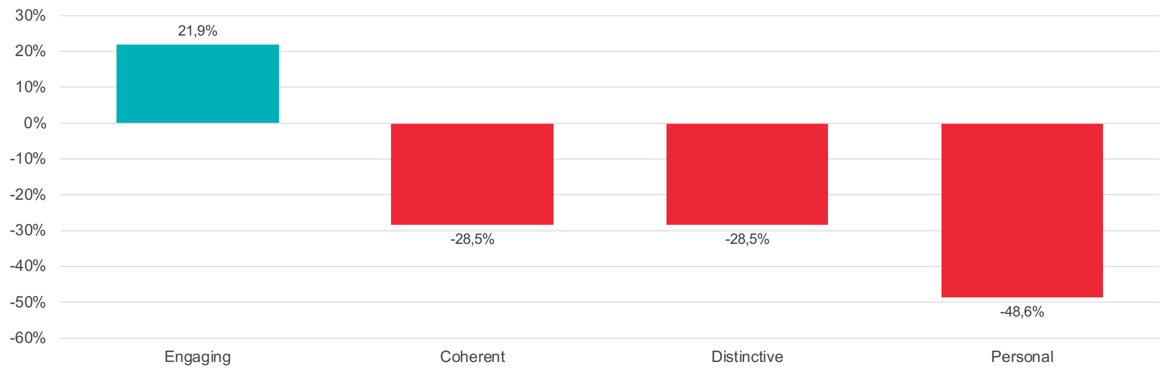
Engaging experiences drove positivity

PwC believes that a customer experience needs to deliver on four key dimensions to drive growth:

- Coherent — connected, effortless and effective
- Engaging — multisensory and emotionally considered
- Personal — anticipatory, inclusive, tailored and rewarding
- Distinctive — differentiated, relevant, memorable and purposeful

When mapping these dimensions against Net Sentiment for the industry, lack of *Personal experiences* was highlighted as the biggest drawback for consumers, followed by *Coherent* and *Distinctive experiences*.

Net Sentiment of customer experience conversation per category



The PwC customer experience model was mapped according to BrandsEye's sub-topics. Only customer experience mentions were included – this excludes reshares or enterprise mentions

Staff played a key role in ensuring a coherent and engaging customer experience, while customers often compared brands to one another in terms of their offering and pricing.

What drove customer experience compliments?

Category	Co-occurring topic	% of total conversation
Coherent	Staff competency	91.3%
	Turnaround time	34.6%
	Approved or rejected claims	5.8%
Personal	Requests for quotes	38.2%
	Affordability	36.8%
	Brand feedback	22.5%

Category	Co-occurring topic	% of total conversation
Distinctive	Comparing brands	48.0%
	Vehicle insurance	33.6%
	Insurance features / coverage	12.9%
Engaging	Staff conduct	70.2%
	Customer referral	32.5%
	CSI	22.8%

The above tables show three main topics co-occurring with positive customer experience conversation.

Experiences were viewed as impersonal when customer communications went unanswered.

Customer experiences become disjointed and incoherent when *turnaround times* are too long and customers have to speak to multiple contacts.

What drove customer experience complaints?

Category	Co-occurring topic	% of total conversation
Coherent	Turnaround time	82.9%
	Multiple contacts	25.7%
	Approved or rejected claims	15.9%
Personal	No response received	46.3%
	Status of claim	22.0%
	Brand feedback	19.4%

Category	Co-occurring topic	% of total conversation
Distinctive	Comparing brands	31.0%
	Insurance features / coverage	22.7%
	Vehicle insurance	21.4%
Engaging	Customer dissuasion	42.5%
	Staff conduct	30.1%
	CSI	16.0%

The above tables show three main topics co-occurring with negative customer experience conversation.

PwC insight: Human-led and tech-powered

> **"Leading insurers are increasingly investing in digital technology with the aim of ultimately providing a fully-integrated omnichannel offering."**

Insurers have continued to invest in the customer and intermediary experience, focusing on building capabilities such as end-to-end digitised processes, a single view of holdings, better practice management for intermediaries, 24/7 self-service availability, and rationalising tools and touchpoints. Insurance customers, however, see these as minimum requirements based on their experiences in other industries. Similarly, customers expect faster response times, efficient complaints resolution, and products that are more reflective of their individual behaviour instead of generalised to a risk group.

Added to this complexity, the COVID-19 pandemic has also disrupted business for the insurance industry. Overnight, insurers have had to change their product terms and conditions, augment their offerings to be more tailored to changing customer needs, and reconfigure their digital channels to be more responsive, while upskilling their staff in new ways of working from home.

BrandsEye's data revealed that staff conduct and competency were the top two drivers of a positive experience with an insurer, followed by fast turnaround time. This suggests that having knowledgeable staff who are empowered to make decisions to serve the customer will likely yield positive results and improve customer engagement. Furthermore, in this digital age, staff must be able to serve customers both physically and digitally, as customers are expecting insurers to provide a consistent experience across all channels.

Approximately 70% of South Africans can be classified as belonging to the Millennial, Gen Y, Gen Z or younger generations. Customers in this segment are largely comfortable switching across devices and communicating digitally with friends and family.

Providing an omnichannel or cross-channel experience for this segment of the population isn't a luxury — it's a necessity.

As such, leading insurers are increasingly investing in digital technology with the aim of ultimately providing a fully-integrated omnichannel offering, which in turn will leave customers feeling more empowered and engaged. Having a strong omnichannel presence also enables insurers to capture customer data at multiple touchpoints across the customer journey. Insurers can leverage this data to predict and recommend products suitable for customers' life stage and needs.

According to research in 2020 by Gartner, customers who encounter a low-effort experience in resolving their service issues are 61% more likely to stay with a service provider. A high-effort customer service experience drops that probability to only 37%. Similarly, in a survey conducted across four markets by Facebook, over 60% of respondents said messaging is the easiest, most convenient way to contact a business.

This presents an opportunity for insurers as the lack of proactive, personalised customer service was highlighted as a key pain point.

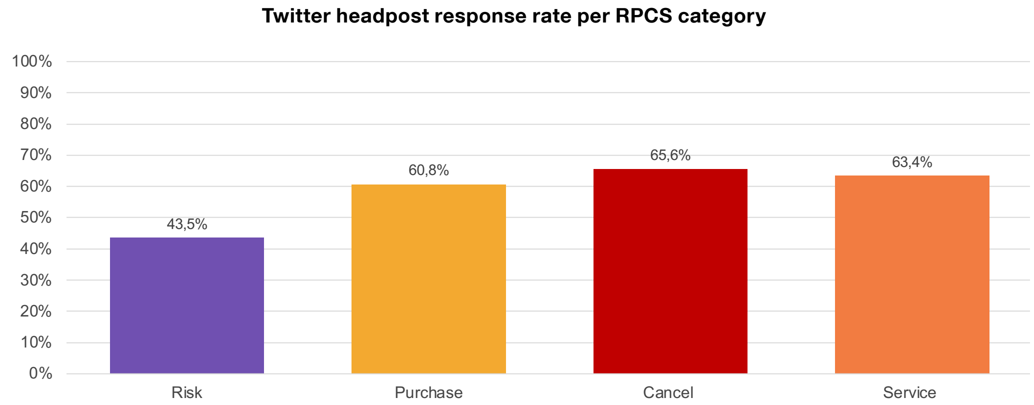
5 RPCS: High priority conversation

Over a third of mentions (37.6%) in the insurance industry posed a risk or consisted of a service request, an acquisition opportunity, or a cancellation threat — all of which should be reviewed by the brand and responded to when deemed necessary.

This, however, means that nearly two-thirds of online conversation about insurers was noise for customer service teams, hindering their ability to prioritise the mentions that could warrant a reply.

Almost 40% of priority conversation went unanswered

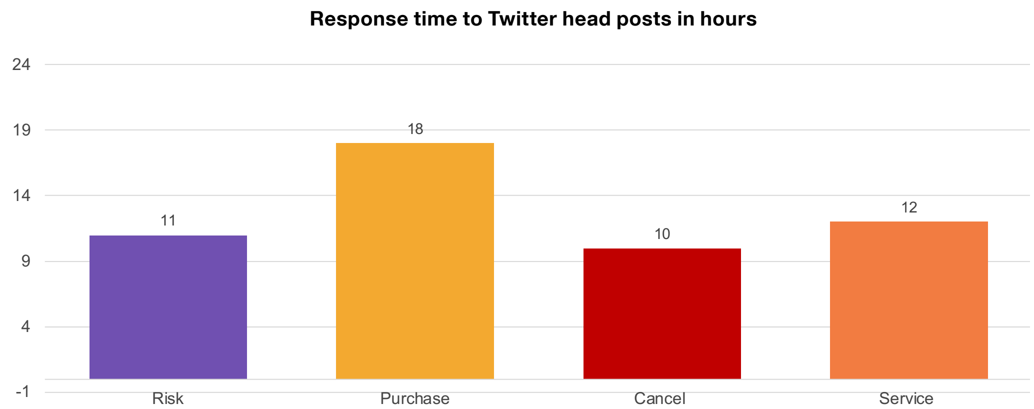
Despite the large volume of online noise, an average of 60.8% of priority conversation on Twitter did receive a brand response.



Limited to Twitter head posts (does not include mentions posted as replies in a thread)

Cancel mentions had the highest response rate of 65.6%, while *risk* mentions had the lowest response rate of 43.5%. It stands to reason that *risk* mentions would receive the least brand replies as many times the best strategy during a PR crisis is to let the dust settle and not feed the social media fire.

Insurers took an average of 12 hours to reply to priority mentions



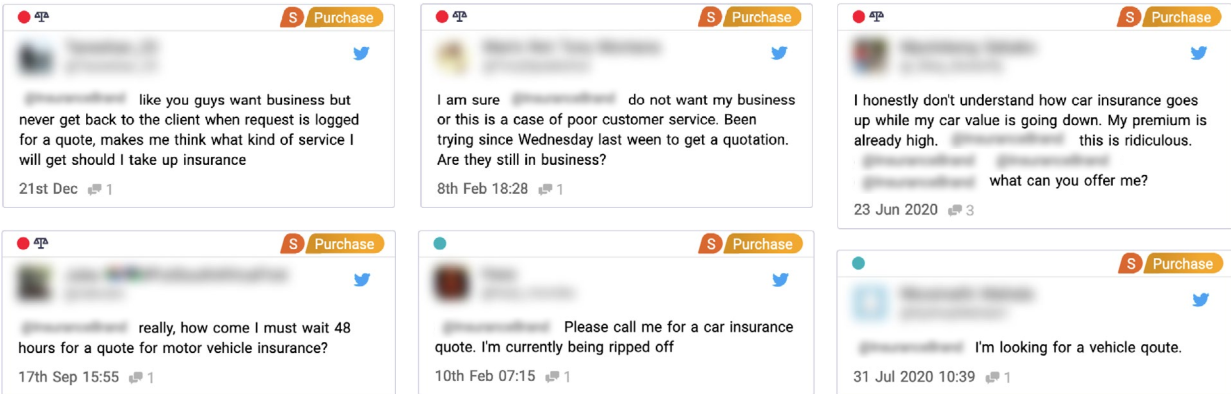
Limited to Twitter head posts (does not include mentions posted as replies in a thread)

On average, insurers responded most promptly to *cancel* mentions and took the longest to reply to *purchase* mentions. While indirect posts (those that did not tag the insurer) were generally responded to less frequently and with longer turnaround times, responses to indirect *purchase* requests took significantly longer than any other category. This highlights opportunities for improvement from an acquisition perspective.

Quotation request responses serve as first impressions

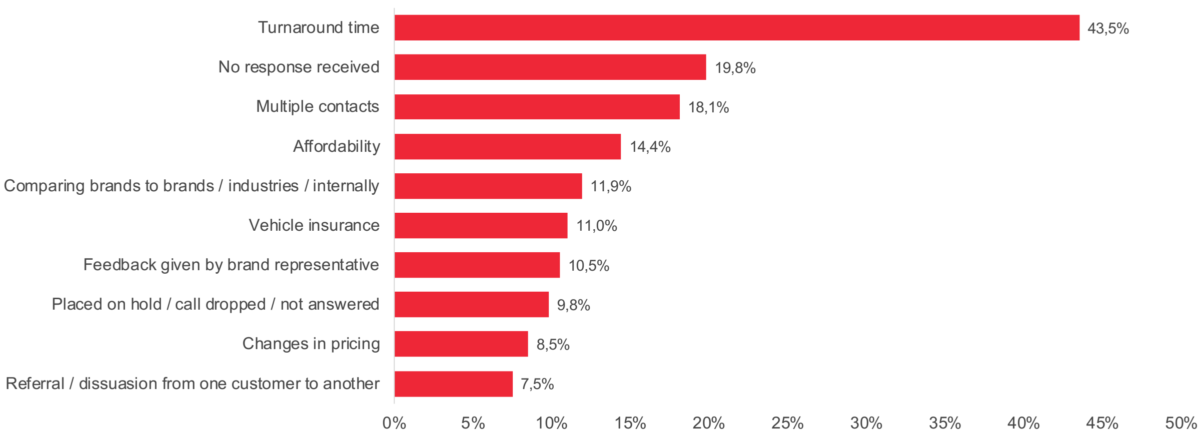
Looking more closely at purchase mentions, it becomes clear that customers expect to get quotes quickly on social media since most purchase mentions requested a quotation from the insurer. Consumers often view this first interaction with a potential insurer as a prelude to the kind of service they will receive. Fast, efficient responses help ensure a great first impression.

Examples of purchase mentions



Slow turnaround drove cancellation requests

Topics driving cancel conversation



Turnaround time has been mentioned frequently throughout this report. It is clearly a weakness in many people's customer experience — ranging from first interactions when looking for a quote all the way through to cancelling a policy. Customers complained about slow turnaround times across different insurance products, companies and communication platforms. Turnaround time complaints often relate to communications such as requests and complaint resolution — both of which commonly take place on social media. This highlights that social media isn't just a place to complain, but is also used as a communication channel.

Examples of cancel mentions

Cancel

I'm still waiting either you call or I cancel my insurance now

28th Jan 16:37 1

Cancel

But you ignoring my request to cancel my policy and if you deduct this month I will reverse it and take further actions

29 May 2020 06:02 1

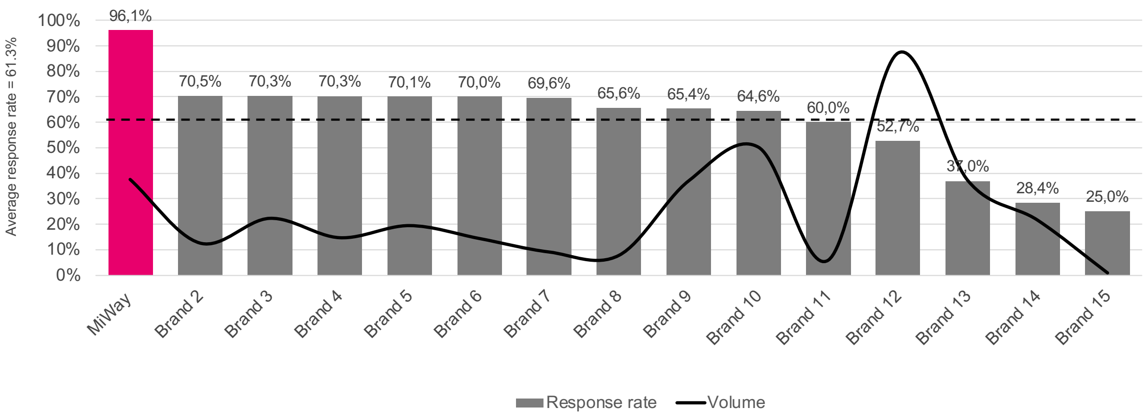
Cancel

Been trying to cancel my insurance with for three days now - they ignore my emails completely - just like when I had to claim from them. It became the most drawn out and incompetent process ever - hence why I'm canceling! Wouldn't recommend them to anyone!

12 Aug 2020 18:12 1

MiWay had the best average response rate

Response rate and volume for prioritised conversation

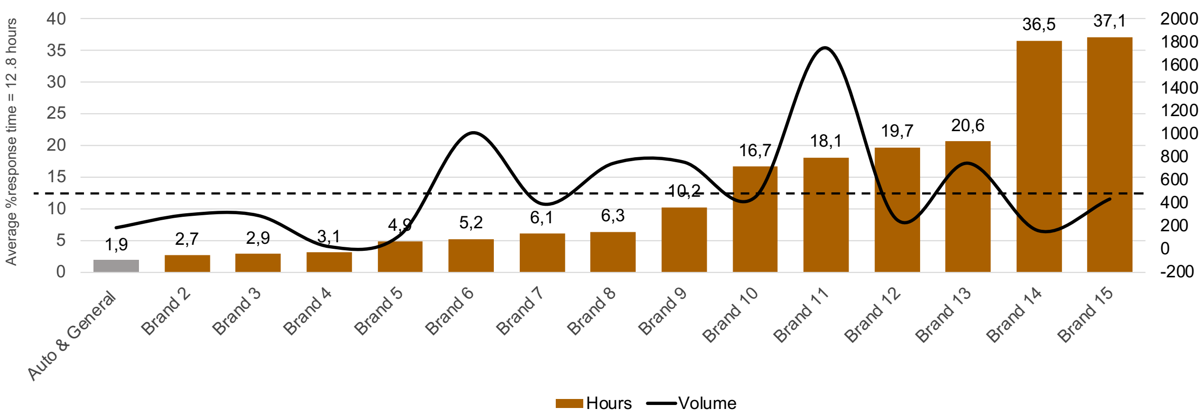


The above graph shows the average response rate and total RPCS volume for Twitter headposts only. Response rate = total tweets tagged as RPCS or those that received a brand reply.

As can be seen in this chart, MiWay responded to 96.1% of prioritised posts. Response rate is affected by different variables, such as the number of mentions, the nature of mentions and the number of agents working. Brand 12 stood out with the largest volume of prioritised conversation — double that of MiWay — but only responded to just over half the proportion that MiWay did.

Auto & General had the quickest average response time

Response time and volume for prioritised conversation



The above graph shows the average response time to first reply and total RPCS volume for Twitter headposts only.

Auto & General responded fastest to priority mentions, however, it is important to note that the insurer also received the smallest volume of priority mentions. With fewer mentions to respond to, it stands to reason that the insurer would be able to respond quickly.

PwC insight: Balancing the need for speed, efficiency and excellence

In a recent analysis, PwC found that many South African insurers are still highly dependent on voice and human interaction due to limited investment in their digital customer service capabilities. A reimagination of service capabilities will therefore drive greater efficiencies and experiences. Technology, service centre structures and skills development can all contribute to ensuring that a new hybrid model can be embraced to automate routine simple tasks and drive the right balance between hi-tech and high-touch.

Hybrid models include developing multi-skilled agents who fluidly move from voice to text channels as the volumes of high-priority conversations escalate and change, minimising the impact on response rate and maximising agents' time.

PwC's servicing model suggests layering services across four levels to balance excellence with efficiency:

- **Proactive service**: Build trust and avoid worry by contacting customers before they contact you, pushing critical information to customers and directing them towards digital options.
- **Self service**: Customers access self-service channels (IVR, Web, chatbot) to fulfil requests or access communities with unauthenticated access for generic or new queries.
- **Intelligent query management and case ingestion for high-volume, low-complexity queries**: Route queries to the self-service channels or service teams via the right channels, including live chat, self-service, or through digital forms.
- **Intelligent query management and case ingestion for urgent, high-complexity queries**: Live chat routing to available skilled agents, based on behaviour and value.

As the BrandsEye data suggests, social media is fast becoming a key service delivery channel. If your service execution provides a positive experience, you will not just have one brand advocate, but the reach of thousands. The real-time nature of digital channels enables insurers to mitigate many of the risks arising from public perception, as well as from a regulatory perspective. A customer at risk of cancelling can be more easily identified and retained. Equally, with the right capabilities, a new customer can be onboarded through the channel of their choice.

6 Market conduct

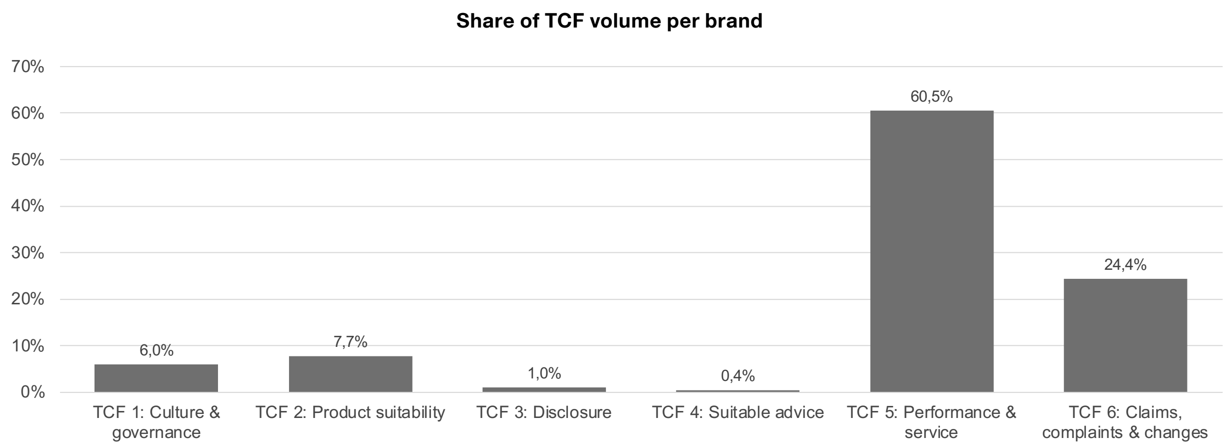
The FSCA defines TCF as 'an outcomes-based regulatory and supervisory approach designed to ensure that regulated financial institutions deliver specific, clearly set out outcomes for financial clients'. Insurers must demonstrate to the regulator that they deliver and can report on the six TCF outcomes. This includes the insurers' behaviour and interactions with their customers online.

Market conduct TCF outcomes

TCF Outcomes	Outcome definition
Outcome 1: Culture & governance	Customers can be confident they are dealing with firms where TCF is central to the corporate culture
Outcome 2: Product suitability	Products & services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly
Outcome 3: Disclosure	Customers are provided with clear information and kept appropriately informed before, during and after point of sale
Outcome 4: Suitable advice	Where advice is given, it is suitable and takes account of customer circumstance
Outcome 5: Performance & service	Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect
Outcome 6: Claims, complaints & changes	Customers do not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim or make a complaint

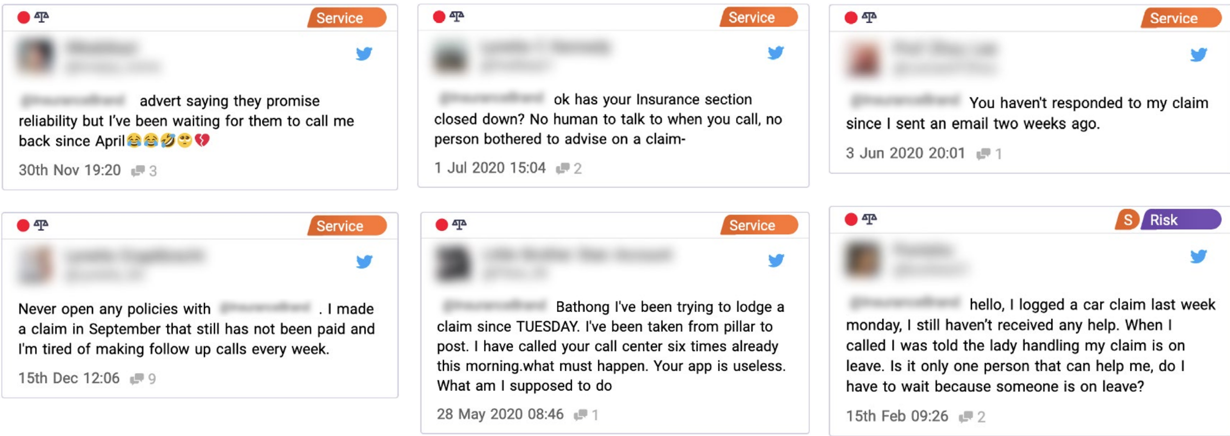
67.8% of priority complaints linked to TCF outcomes

More than two-thirds of priority complaints directed at insurers related to one or more of the TCF framework outcomes. The bulk of these complaints (60.5%) spoke to *Outcome 5: Performance and service* — this follows the thread of findings already seen in this report, with customer experience being a significant area of complaint among insurance clients.



Not only can these kinds of complaints negatively impact an insurer's reputation and customer retention, but with the new market conduct legislative framework in place, these complaints can also land insurers in trouble with the regulator. In the past, insurers could weigh up the pros and cons of these risks internally, but now there are external parties to answer to, and a much stricter level of accountability.

Examples of market conduct mentions



Turnaround time requires immediate attention

Turnaround time was a key driver of complaints across five of the six TCF outcomes.

What drove TCF-related complaints?

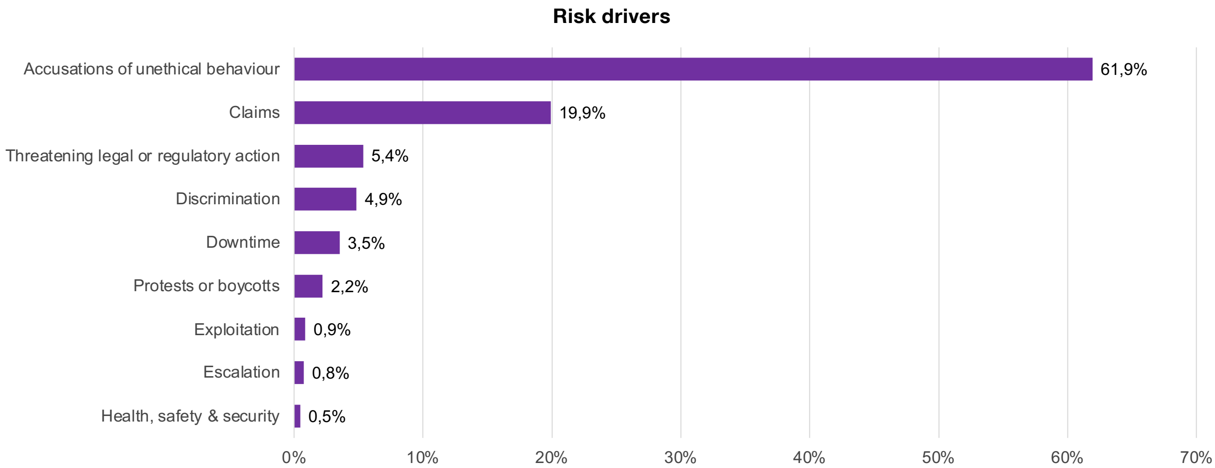
Complaint category	Co-occurring topic	% of total conversation
Outcome 1: Culture and governance	Approved / rejected claims	28.0%
	Turnaround time	27.1%
	Insurance features / coverage	12.2%
Outcome 2: Product suitability	Affordability	63.0%
	Changes in pricing	34.8%
	Brand comparisons	23.4%
Outcome 3: Disclosure	Turnaround time	35.0%
	Alerts or notifications	34.6%
	Affordability	23.7%

Complaint category	Co-occurring topic	% of total conversation
Outcome 4: Suitable advice	Feedback from brand	82.2%
	Turnaround time	68.3
	No response received	33.7%
Outcome 5: Performance & service	Turnaround time	70.2%
	No response received	32.5%
	Multiple contacts	22.8%
Outcome 6: Claims, complaints & changes	Turnaround time	65.1%
	Status of claim	30.1%
	No response received	26.3%

The above tables show 3 main topics co-occurring with negative TCF outcome conversation.

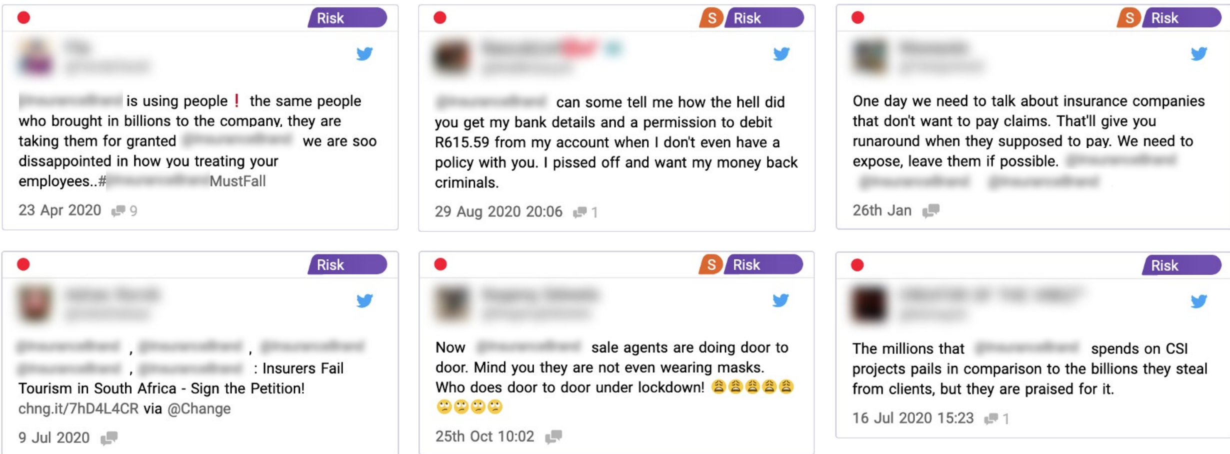
Turnaround time was the main source of TCF complaints relating to *Disclosure*; *Performance and service*; and *Claims, complaints and changes*, while also having a major contribution to complaints around *Culture and governance*; and *Suitable advice*. Improved responsiveness would therefore not only boost consumer sentiment, but also assist insurers in reducing the TCF risk they'll face when the framework is fully implemented in the insurance industry.

Some risk complaints posed reputational threats beyond the TCF framework



Not all *risk* mentions were directly related to the TCF framework, despite large overlaps. Oftentimes, these *risk* mentions included *accusations of unethical behaviour*, with many of these accusations relating to unpaid claims. Other complaints concerned spam calls and messages (referenced sometimes as harassment), and increasing premiums without telling clients.

Risk mention examples



PwC insight: Using the conduct risk agenda to build trust and sustainable growth

> "It is important to note that accusations of unethical behaviour concern behaviours deemed unethical by the public, which may be different to what specific brands deem to be unethical."

The loss of stakeholder trust, especially following accusations of unethical behaviour, should be considered equally as critical as public perception. Like poor public perception, a loss of stakeholder trust can lead to long-term brand damage, media interest and pressure, as well as increased costs and regulatory scrutiny.

It is important to note that accusations of unethical behaviour concern behaviours deemed unethical by the public, which may be different to what specific brands deem to be unethical. Against the backdrop of the COVID-19 pandemic, where should insurers be focusing their efforts, as they simultaneously deal with increasing wealth disparities, demographic pressure, heightened competition, increased costs of compliance and a sluggish local economy?

Those that choose to see this as an opportunity to listen to their customers, align their long-term strategic intent to customer needs, and then set out to achieve their objectives through measures that they report on in a transparent manner, are likely to achieve true value creation across stakeholders (including regulators, customers and broader society). This will also enable the achievement of sustainable outcomes underpinned by improved levels of trust. Putting the customer at the heart of their strategy requires more than paying lip service in a tag line or brand promise and organisations will be judged by what they do and not what they say.

The conduct risk agenda will have fundamental implications for how organisations reconfigure their businesses to succeed in a post-pandemic world.

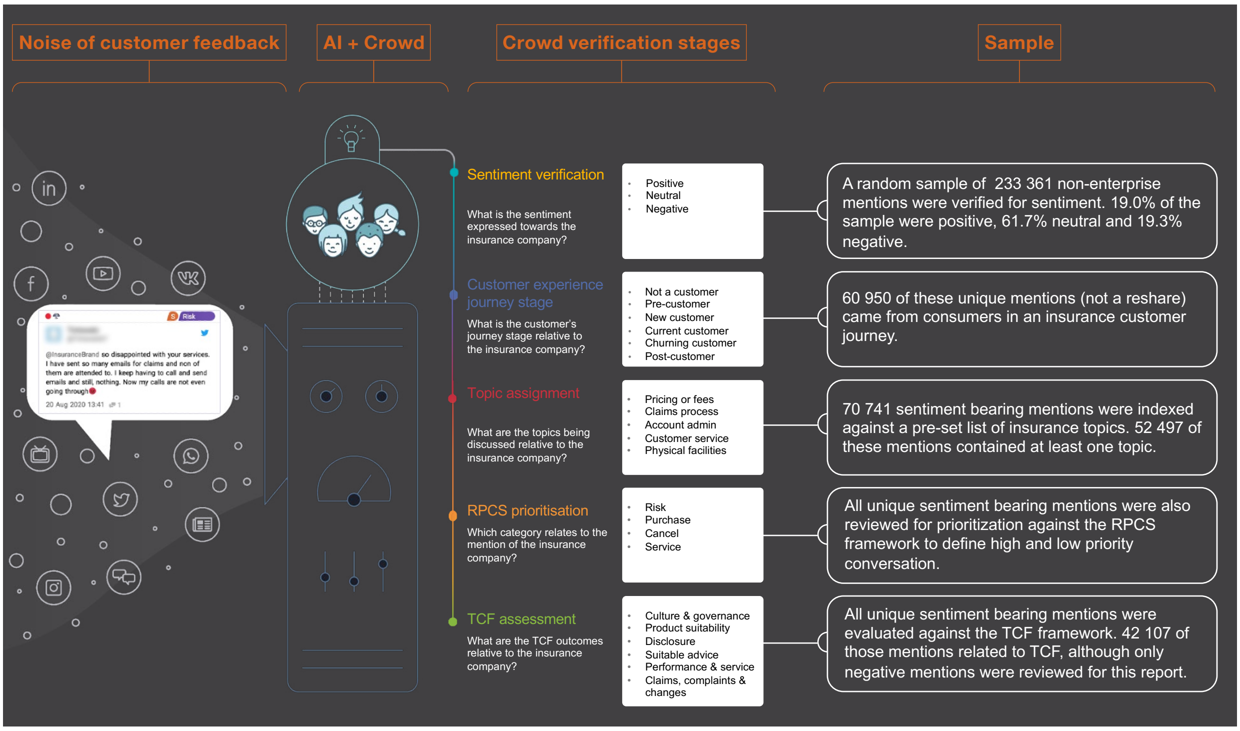
So how can insurers leverage the conduct risk agenda to be a strategic advantage? Firstly, they can embed conduct into their business models and strategies, and realign organisational success metrics. Rather than being exclusively linked to financial success, these metrics should be defined by qualitative and quantitative measures that are linked to creating value for all stakeholders. Key areas of focus should be measuring performance and service standards specifically relating to managing and improving turnaround times.

The BrandsEye data revealed that risk complaints relating to reputational matters consist mostly of accusations of unethical behaviour (61.8%) and claims queries (19.8%). Insurers could benefit from analysing social media data to identify factors that could prevent conduct risks from occurring.

Most importantly, insurers have an opportunity to form collaborative relationships with customers by bringing them into the heart of the end-to-end customer journey. This includes considering the customer view in the product design process to support product innovation and differentiation.

Finally, ensuring that ownership and accountability for conduct risk is entrenched in every aspect of the organisational DNA and culture can deliver significant benefits. This entails entrusting ownership of conduct risk to the broader organisation — the board, senior management and every staff member — and not only to the compliance team.

7 Methodology



BrandsEye's methodlogy process.

BrandsEye collected 462,299 public non-enterprise posts for the period of 1 April 2020 to 31 March 2021 from the main social media platforms such as Facebook and Twitter, as well as news sites and other online platforms.

For this study, 93 search phrases pertaining to South Africa's 15 major insurance providers were used to collect data about the insurance industry.

Key definitions

Glossary term	Definition
Net Sentiment	Negative sentiment is subtracted from positive sentiment. This results in a net value. This value is useful as the sentiment at a specific point in time can be understood as a whole value.
Net promoter score (NPS)	A customer experience metric that typically involves a single survey question asking respondents to rate the likelihood that they would recommend a company, product, or service to a friend or colleague.
Reputational Net Sentiment	This pertains to consumer or press conversation that does not directly relate to being in a customer journey with a brand. This includes sponsorship, campaign and other reputational content.
Operational Net Sentiment	Refers to the sentiment score of a consumer's current relationship with the brand. Includes six stages: not a customer, pre-customer, new customer, current customer, churning customer, and post-customer.

Sampling for sentiment verification

	Volume	Sentiment sample	Sentiment margin of error
1 LIFE Insurance	1 994	1 906	0.6%
Auto & General	4 070	3 568	0.9%
Budget Insurance	21 461	13 501	0.6%
Dialdirect	5 208	4 370	0.9%
Discovery	36 845	22 126	0.7%
First for Women	302	298	1.3%
Hollard Insurance	13 844	11 635	0.6%
King Price	10 468	8 706	0.7%
Liberty	13 952	10 695	0.7%
MiWay	25 917	17 926	0.7%
Momentum	55 442	31 817	0.4%
Old Mutual	138 392	44 139	0.6%
OUTsurance	76 452	22 466	0.8%
Sanlam	39 898	26 108	0.4%
Santam	18 054	14 100	0.7%
Industry	462 299	233 361	0.2%

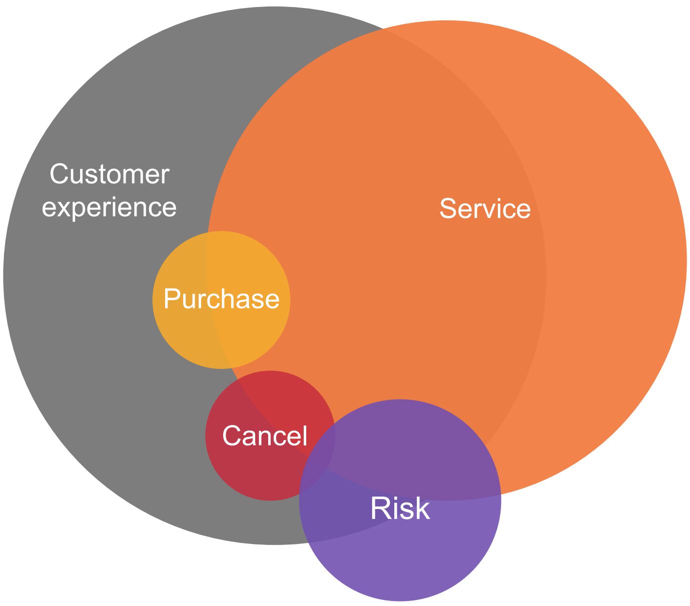
Sentiment methodology

To achieve a 95% confidence level and a margin of error of 0.2%, a randomised sample of 233,361 mentions were sent through BrandsEye's Crowd of human contributors for evaluation and verification. Each post was coded and verified by multiple Crowd members who assessed the sentiment in the post (positive, negative or neutral).

Priority conversation methodology

All verified mentions, except reshares, were then assessed to identify priority conversation, which includes mentions relating to *Reputational or operational risk (R); Acquisition opportunities (P); Retention improvement or churn risk reduction (C)*; and *Customer service delivery (S)*.

Sampling for sentiment verification



All verified mentions except reshares were assessed for BrandsEye's RPCS tagging system which identified mentions relating to:

- Reputational or operational risk (R)
- Acquisition opportunities (P)
- Retention improvement or churn risk reduction (C)
- Customer service delivery (S)

Topics methodology

Topic analysis enables a granular understanding of the specific themes driving consumer sentiment.

Of a total 89,441 sentiment-bearing (i.e. positive and negative only) mentions, 70,741 were sent to the Crowd for topic analysis, allowing for a margin of error of below 1%. Of these mentions, 52,497 contained at least one topic.

For the insurance industry, BrandsEye has eight broad topics encompassing 81 predefined subtopics to help understand the drivers of sentiment.

Insurance industry topic wheel

The broad topics are customer service; reputation; digital experience; insurance products; physical facilities; pricing or fees; account admin; and claims process.

Mentions can be assigned more than one topic, enabling detailed analysis of issues influencing consumer sentiment. This means that totals on topics analyses can exceed 100%.

Market conduct methodology

A random, representative sample of negative conversation was verified by the BrandsEye Crowd to identify market conduct complaints. These complaints were segmented according to the six outcomes of the TCF regulatory framework, which governs the financial services industry. In order to segment the complaints into the six TCF outcomes, a total of ten possible labels were applied to the data.

Market conduct TCF outcomes

TCF Outcomes	Outcome definition
Outcome 1: Culture & governance	Customers can be confident they are dealing with firms where TCF is central to the corporate culture
Outcome 2: Product suitability	Products & services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly
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Conclusion

As South African insurers are still dealing with the ongoing impact of the COVID-19 pandemic, macroeconomic conditions remain tough, operational challenges persist and changing customer behaviours mandate rapid industry-wide digitisation.

Prior to the pandemic, many insurers were already employing tools and processes to handle the increasing demand for digital customer service — this shift has just been accelerated by the pandemic. This study, however, makes it clear that insurers are not always meeting customer expectations in this regard.

To make matters worse, operational challenges faced by insurers are being compounded as they adapt to a new way of working. So, while brands have created positive sentiment through their marketing content, unhappy customers detract from these efforts. This was evident in the study, with reputational conversation being net positive at 2.8%, whereas operational conversation stood at -10.9%.

A major factor driving this operational disappointment among customers was turnaround time, with turnaround time complaints being made across all insurance products, brands and channels, and along all customer journey points.

One way to improve the issue of turnaround time lies in the continuous monitoring of digital feedback platforms such as social media and Hellopeter. The need to improve customer outcomes and ensure fair treatment is a matter of regulatory compliance and insurers must be able to prove that they are indeed putting the customer first across their journey.

As the financial sector prepares for full implementation of the Twin Peaks framework, the proposed Conduct of Financial Institutions (COFI) Bill looks to ensure that the TCF principles are legally binding and enforced.

Given this scenario, insurers would do well to pay close attention to their online conversation and ensure they are equipped to identify through all the noise, the priority conversation that requires attention and action. Doing this not only improves outcomes for consumers, but also mitigates reputational risk while ensuring regulatory compliance.

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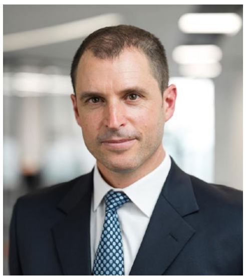

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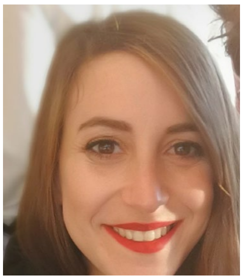

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