



# Customer complaint volumes during COVID-19

How to prevent and manage a potential complaints increase during and after COVID-19

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**Insurers have responded to COVID-19 by implementing a range of actions to maintain core business services.**

They are preparing their business operations in anticipation of increased enquiry volume for cover and claims on products such as travel, business interruption and income protection.

As enquiries and claims increase, insurers may also experience a relative increase in complaint volumes.

Whilst looking to prevent and manage the possible increase in complaint volumes, insurers need to consider significant regulatory, social and political pressure to treat customers fairly.

The Central Bank of Ireland (CBI) wrote to insurers in March setting out its expectation that Boards and Senior Management would take appropriate measures in light of the difficult and challenging situation facing customers and develop *“consumer-centric solutions”* to the handling of insurance payment breaks and policy rebates in light of the COVID-19 emergency as a matter of urgency. The CBI also reminded firms of their ongoing obligations under the Consumer Protection Code to act honestly, fairly and professionally in the best interest of consumers.

This focus is consistent with the position adopted by European Insurance and Occupational Pensions Authority (EIOPA) in recent communications.

Whilst the approach will vary depending on customer base, product portfolio and distribution mix, the CBI has highlighted the following imperatives:

- ▶ **Handling of insurance claims** - Claims must be appropriately assessed and, where accepted, paid promptly. Where there is a doubt about the meaning of a term, the interpretation most favourable to customers should prevail. CEOs are required to take responsibility for the oversight of how their firm is managing determinations of whether claims are covered or not in the context of COVID-19.
- ▶ **Engagement with customers** - communications should reflect sensitivity to changes in customers' circumstances, including potential financial vulnerability. Key relevant information pertaining to policy coverage and COVID-19 should be maintained on websites.

## What else do insurers need to consider?

As well as more complaints due to increased enquiries and claims, complaint volumes can be driven by:

- ▶ **Customers questioning the value of their existing cover or level of rebates and refunds offered in return**- such as health insurance and annual travel insurance policyholders, given that private healthcare facilities are being utilised by the HSE and overseas travel is not currently possible.
- ▶ **Customers misunderstanding the level of existing cover** - for a range of products such as travel insurance, income protection and business interruption insurance where the policyholder may expect or think that they are covered for losses arising from COVID-19 but are not.
- ▶ **Disruption to normal service standards** - including longer wait times for help requests or less communication, as firms struggle to maintain normal service standards.

# How can insurers manage the potential complaints surge post COVID-19?

Insurers need to develop and document an approach to customer treatment during COVID-19, to meet regulatory and existing customer service expectations. Through effective management, the rise in complaints, and any subsequent CBI intervention or remediation for customer treatment, can be mitigated. There are two key actions to consider:

## 1. Prevention - mitigating the overall volume of complaints by:

- ▶ Agreeing and implementing a clear position on cover, aligned to CBI guidance and your own position on what is and is not covered by each policy
- ▶ Communicating to front line staff, who may now be working from home, to maintain a consistent approach
- ▶ Moving sufficient resources to “hot” claims areas to reduce the risk of delay in handling complaints (e.g., moving resource from motor, as there is reduced car usage, to travel claims)

## 2. Management - preparing for a complaints surge by:

- ▶ Ensuring complaints handlers have a good understanding of cover including why some claims were rejected (re-drafting call scripts where required)
- ▶ Generating suitable Management Information (MI) to track complaint volumes and numbers outstanding, including root cause analysis data for visibility of Executives, Boards and the CBI
- ▶ Planning communication with the CBI to give clarity on the actions being taken to address any issues highlighted by the MI
- ▶ Undertaking detailed resource planning, to include training where necessary, to ensure the right resources with the right knowledge are aligned to handle the complaint volume

### What action can insurers take now?

- ▶ Review your definition of fair outcomes and customer vulnerability across your value chain, putting any changes through appropriate governance
- ▶ Assess and document the impact of decisions on customer outcomes and customer experience
- ▶ Review and refresh your customer communication strategy
- ▶ Scenario plan for increased complaint volumes and how you will maintain appropriate resource levels
- ▶ Communicate with your front line staff and retrain in line with needs identified in your scenario analysis
- ▶ Revise MI where required and report changes to your Executive Committee and / or the Board

### How EY can help

EY has market leading experience in supporting insurers with their remediation and complaints programmes. In the current fast evolving environment, we believe we can provide most value by supporting our clients with:

- ▶ The development of complaint handling strategy, policies and processes
- ▶ Revisions to complaint MI and detailed trigger analysis
- ▶ The independent review and Quality Assurance of complaints handling across product sets
- ▶ Complaints processing technology (including workflow, voice analytics, data analytics)
- ▶ Complaints process or resource augmentation

### EY Insurance contacts



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