



POINT OF VIEW

Taking the pain out of property claims

Managed repairs are a way to delight homeowners – and cut costs



Millennials are now the largest demographic group in the U.S. – and as they enter their prime home-buying years, their changing attitudes toward insurance have carriers on their toes. Managed repair programs offer a way for property insurers to keep this generation happy.

Customer service reigns

All service providers are working hard to tap into the huge millennial market, which means figuring out how to please this group of young people. True – their customer service expectations are higher than those of previous generations. But the general population is expecting more from insurers, too. Impressed with what they have seen at insurtech start-ups and knowing what technology can deliver, customers want better communication and quicker settlements.

It's not just about digital. Although internet, mobile, and social media are the obvious customer service channels for a generation that has grown up in the digital age, millennials are also looking for specialized and personalized services.

A home of their own

Millennials are a hugely important market for property insurers. For the last four years, as the largest group of home buyers, millennials have powered the housing market, according to the latest [National Association of Realtors report](#). But once they're on the property ladder, they want more assistance with property claims. The [JD Power 2016 U.S. property claims satisfaction study](#) found that 31% of millennials sought help selecting a contractor, presumably because they have less experience in home ownership.

Every insurance client wants trusted providers to make repairs in short order and at a convenient time. The challenge for insurers is to meet these customer expectations while dealing with cost and operational pressures.

The property claim challenge

Once a client makes a property claim, many processes and parties swing into action. Claimants, insurers, adjustors, and contractors must all work in sync for the customer to be happy and for the insurer to manage costs effectively.

But several issues make it hard to keep everything on track:

- Often, there aren't enough claims adjustors to complete field inspections, scope the damage, and provide loss estimates quickly
- Once an adjustor does make an estimate, a contractor must inspect the damage and agree to do the repairs for the estimated cost. Without contractor involvement at the start of the process, the risk of supplements, negotiation points, and conflicts of opinion increases
- An adjustor can spend a lot of time managing different parties, but still not have a clear idea of the repair's progress. And the more people involved, the more opportunity there is for service inconsistency, slower communication, and delayed settlement

A simplified approach

A managed repair program can help address these challenges because it reduces the burden of a property claim on both the insured and the adjustor. Under this system, the service provider assigns a qualified contractor based on the repairs needed. The contractor then inspects the damage and provides an estimate to the insurer. Once the insurer approves the estimate, the work can start.

This simplified approach means:

- The customer knows the insurer has vetted the contractor for quality and service and that a warranty will cover the work
- Normally the same contractor can carry out both emergency and general repairs, filing inspections and loss estimates from day one. This reduces multiple hand-offs as well as the scope for supplements and negotiations
- Insureds have less people to deal with and they can schedule repairs at their convenience
- There is a single point of contact for the insured, the carrier, and the adjustor

In this way, insurers boost customer satisfaction, and they can improve loss adjusting expenses by up to 10%”

The future of property claims?

Managed repair programs are gaining popularity. A relevant industry survey conducted by The Ward Group showed:

- 32% of insurers are currently using a contractor network
- 25% are considering using a managed repair program in the near future
- 18% of property claims go to a contract network. Such networks handle 80% of these claims – with a high

acceptance rate from insureds. (Using a managed repair program is a choice given to homeowners, who decide whether to opt in and use the contractors.)

Property insurers want to keep younger customers happy by improving communication and simplifying the system. Managed repair programs offer a way to remove some of the stress that comes with a property claim.

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