

# CAPCO

## THE FUTURE OF INSURANCE: PERSONALIZED, DIGITALIZED & CONNECTED

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CAPCO GLOBAL INSURANCE SURVEY 2021



a wipro company

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# INTRODUCTION

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Individuals, companies, industries, and governments globally are currently confronting many changes, some of which look set to alter the nature and tenor of our daily lives in fundamental ways. COVID-19, in particular, has clearly been profoundly disruptive, and the reshaped landscape of the post-pandemic world has yet to fully reveal itself. However, at a time when our physical proximity and interactions have been significantly curtailed, new opportunities and avenues to connect and build relationships continue emerging via technological innovation and digitalization.

New realities in insurance are coming to the fore as part of this evolutionary shift that will benefit service providers and consumers alike. Our survey of 13 key global markets captures a diverse range of today's consumer sentiments, alongside the key trends, challenges, and opportunities that will shape the industry tomorrow.

Many of the world's insurance markets are growing beyond the bounds of what was thought possible just 10 years ago. Large, traditional market players are coexisting and even partnering with new entrants, including niche insurtechs and other companies whose original business focus is far removed from the insurance world.

Innovation is everywhere. Robots are competing with your trusted insurance broker or agent to serve complex customer needs. Insurers are integrating environmental, social and governance (ESG) factors within their core business operations, as part of underwriting, investing and risk management decisions, and developing tailored ESG products and services.

If our survey highlights that there is no one-size-fits-all customer – and therefore no one-size-fits-all solution in the future of insurance – our data does confirm the future will be personalized, digitalized, and connected.

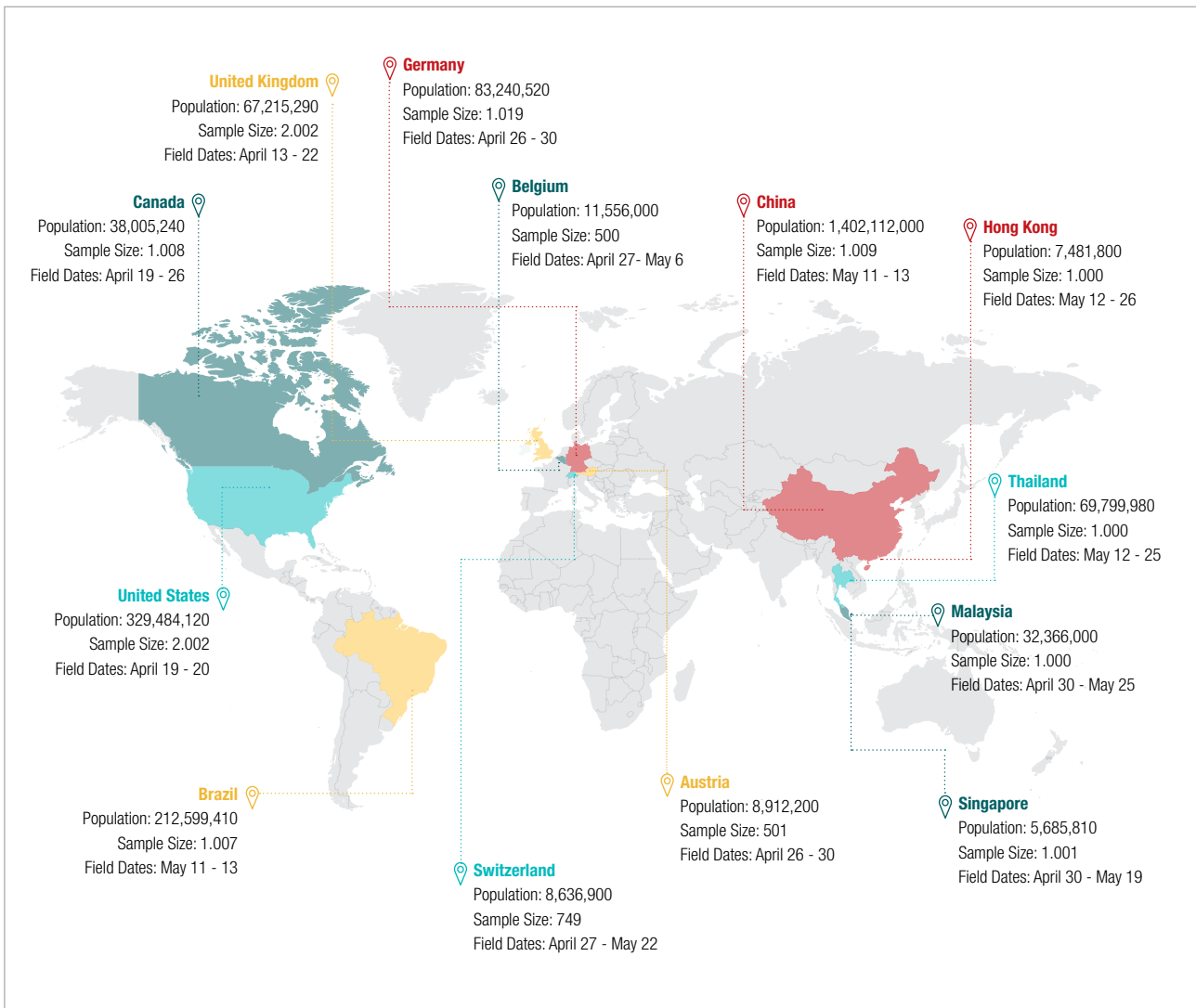


# METHODOLOGY

Our survey was conducted online between April and May 2021 and collected responses from a total of 13,798 individuals.

The markets surveyed were the UK, US, Canada, Brazil, Germany, Austria, Switzerland, Belgium, Hong Kong, China, Singapore, Thailand, and Malaysia. Country representative quotas were followed.

Survey respondents were drawn from six age demographics: 18-24, 25-34, 35-44, 45-54, 55-64, and 65+. 49% of respondents identified as male, 50% identified as female, and 1% identified as other.



Source: [data.worldbank.org](https://data.worldbank.org)

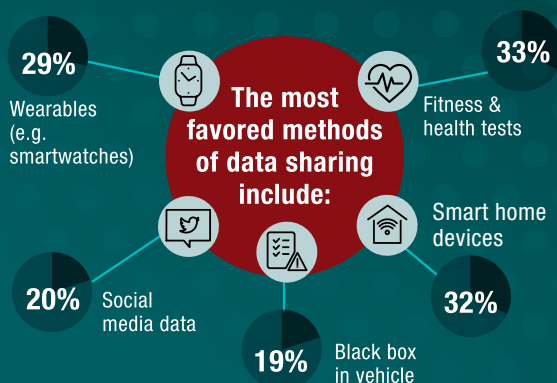
# EXECUTIVE SUMMARY

Capco surveyed nearly 14,000 consumers across 13 markets globally to gain a better understanding of public attitudes toward personal lines of insurance, the key products and services used, and emerging trends.

## BASED ON OUR FINDINGS, INSURERS SHOULD FOCUS ON THESE FOUR AREAS:

### 1 HYPER-PERSONALIZATION

**72%** of insurance holders\* surveyed are willing to share **personal data** to get cheaper insurance premiums



### 2 EDUCATION

**37%** of consumers surveyed **do not feel well informed** about insurance and the products available today



**WOMEN FEEL LESS CONFIDENT** about the insurance offerings in 12 out of 13 countries

### 3 CROSS-SELLING

Only

**40%**



of insurance customers surveyed **have multiple policies with the same provider**

### 4 DIGITALIZATION



of policyholders surveyed want a better **online experience** from their insurer

**65%**



of all respondents, including uninsured customers, would use **an app that offers better transparency** across all financial products (bank accounts, pensions, insurance policies) in addition to providing personalized insights

\*i.e. insurance holders this year and last year.

# FOUR OPPORTUNITIES FOR INSURERS



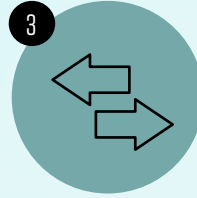
## EDUCATION

Education is needed to increase consumer knowledge and engagement



## HYPER-PERSONALIZATION

Hyper-personalization could drive better customer outcomes for certain demographics



## CROSS-SELLING

Insurers can boost brand awareness, repeat business and retention through cross-selling



## DIGITALIZATION

There is the demand for more sophisticated online services and tools



Our global survey findings reveal that trust in the insurance industry is strong, despite the claims and servicing challenges posed by the COVID-19 pandemic. The way many firms have quickly responded and adapted to customers' needs in these most trying of times will prove valuable as insurers look to deepen existing relationships and broaden consumer engagement more generally.

It is certainly a positive that 63% of survey respondents consider themselves to be well informed about the range of insurance products available today. However, our research shows there remains a clear opportunity to drive a further uplift both in regards to the levels of financial education and the transparency of policies. Knowledge is power and leads to heightened confidence, more tailored protection and a greater appetite among consumers to explore additional insurance options.

That sort of empowerment dovetails with the fact that the majority of respondents also want more digitalized, personalized, and connected customer experiences. From a consumer's perspective, it is too easy for financial services products – past the point of initial engagement or need – to feel separate or disconnected from everyday life. Yet, despite sometimes feeling like a safeguard for tomorrow's problems, insurance is in reality offering protection for the here and now. Technological innovation and digitalization present insurers with the tools to make this truth more tangible, to the benefit of both sides in terms of the depth, breadth, and relevance of cover.



**Matthew Hutchins**  
Global Insurance Lead, Capco

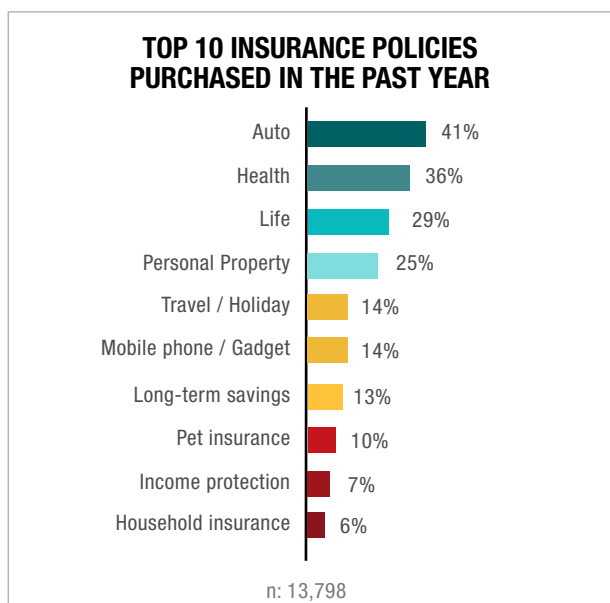


# GLOBAL OVERVIEW: THEMES & TRENDS

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# TOP 10 INSURANCE POLICIES PURCHASED

We asked our survey respondents which insurance policies they had bought in the last year.



Auto, health, and life were the most common insurance policies owned. It should be noted of course that in certain European and APAC markets, certain forms of insurance, such as health, are mandatory. Auto had particularly high ownership in the Americas, while health and life policies were most prevalent in APAC.

Personal property insurance came in fourth place, with high ownership in the UK, Belgium, and Canada.

Despite COVID-19 lockdowns and travel restrictions around the world, which saw global travel and tourism revenues plummet by nearly 60% year on year,<sup>1</sup> travel/holiday insurance came in at fifth place, in joint position with mobile phone/gadget insurance – a product truly born of the digital age. UK respondents in particular were big spenders in both categories.

Long-term savings products were particularly popular with APAC and Belgium-based respondents.

UK and Hong Kong respondents were the biggest buyers of pet insurance. The pet care market in APAC is expected to see a 10% compound annual growth rate to reach US\$132 billion in 2027,<sup>2</sup> and in the UK, pet insurance offers providers a potential £2.5 billion opportunity in untapped premiums, due to an estimated 48% of dogs and 69% of cats remaining uninsured.<sup>3</sup>

Thailand and Hong Kong respondents were the biggest buyers of income protection insurance. In June 2020, a survey by the Asia Foundation estimated that 70% of Thailand's workforce had seen their monthly income fall by an average of 47%.<sup>4</sup> Hong Kong's economy also suffered greatly in 2020, with GDP shrinking to a record 6.1%.<sup>5</sup>

Austria, Switzerland, and Germany were the biggest buyers of household insurance.

*\*For the purposes of simplicity, Health included: medical insurance, health insurance through employer, disability insurance, critical illness insurance, or similar. Life insurance products included: Life & savings insurance, term, whole, universal life products.*

- <https://www.theportugalnews.com/news/2021-08-18/travel-industry-still-in-massive-hole/61795>
- <https://petsdaily.top/oven-to-expand-digital-pet-insurance-platform/>
- <https://www.actuarialpost.co.uk/article/pet-insurance-market-worth-potential-%C2%A32--5bn--856.htm>
- <https://documents1.worldbank.org/curated/en/260291626180534793/pdf/Thailand-Economic-Monitor-The-Road-to-Recovery.pdf>
- <https://hongkongfp.com/2021/01/30/hong-kong-economy-shrank-a-record-6-1-percent-in-2020/>



# CLAIMS

## RESPONDENTS ARE STILL EXPERIENCING AGE-OLD CLAIMS ISSUES

Despite generally high satisfaction with the claims process across the markets surveyed, consumers complain about insurance response times and too much paperwork.

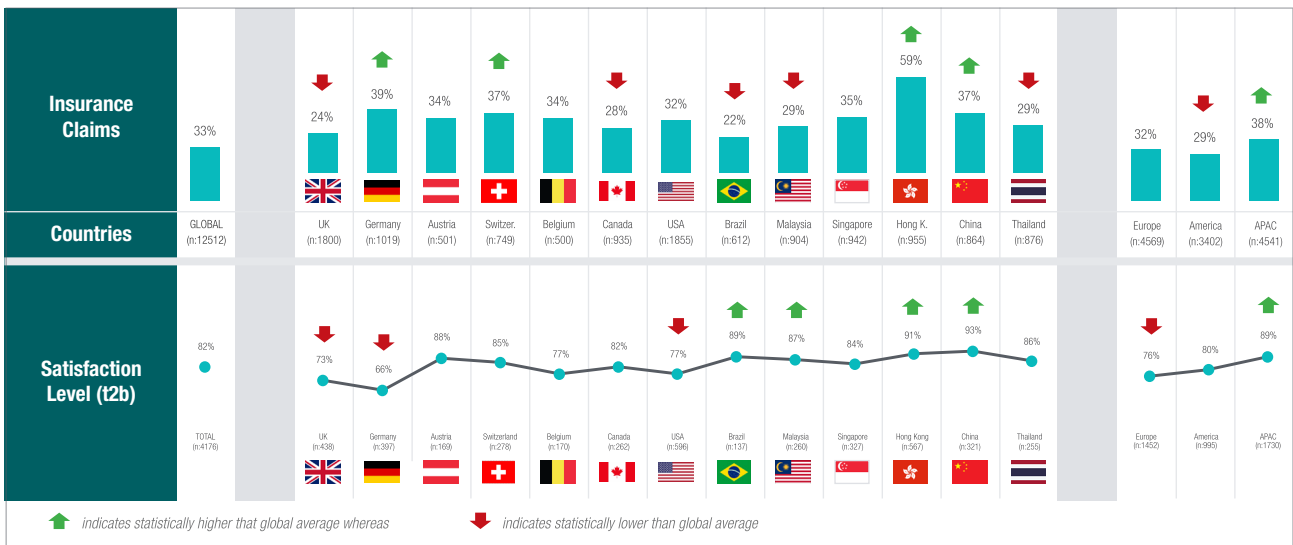


Figure 1: Responses to “Have you made an insurance claim in the past two years?” and “How satisfied were you with the claims process?”

Claims play a critical part in a customer’s experience and interaction with their provider. A claim can strengthen an individual’s relationship with the insurer, potentially extending it for many years and driving recommendations to family and friends; or, if poorly handled, it can trigger a swift move to another provider.

As seen in Table 1, our survey identifies health, auto, and life insurance as the most claimed insurance products over the past two years across our respondents globally. Interestingly, Gen Y (25-34) were the biggest health claimants (43%), whereas second-generation Baby Boomers (55-64) submitted the most auto claims (49%). Older Baby Boomers (65+) made the most personal property insurance claims (31%) and Xennials (35-44) made the most life insurance claims (33%).

Top 10 types of insurance claims submitted in the past two years	%
Health (e.g. Medical insurance, Health insurance through employer, Disability insurance, Critical illness insurance, or similar)	34%
Auto	32%
Life (e.g. Life & savings insurance, Term, Whole, Universal life products)	19%
Mobile/gadget	17%
Personal property	16%
Travel/holiday	15%
Long-term savings	13%
Pet insurance	12%
Income protection (e.g. Credit)	10%
Household	6%

Table 1

The acceleration in digitalization and smartphone use (48% of the world own one<sup>6</sup>) has catapulted mobile/gadget from being a relatively niche form of insurance into the survey's fourth most claimed product (and fifth most popular insurance). The leading claimants are respondents from Germany (30%) and Brazil (28%), and perhaps predictably, digital native generations – Gen Z (18-24) and Gen Y Millennials (45%) – who are also the leading purchasers of mobile/gadget insurance.

The most satisfied region was APAC, with all countries surveyed registering satisfaction levels in excess of 80%. As many as 93% of China-based respondents selected either 'highly satisfied' or 'satisfied' in response to our question about their last claims experience. The least satisfied region was Europe, with 66% of German respondents selecting either 'highly satisfied' or 'satisfied'; 30% rated their experience as 'neutral' and 4% were 'highly unsatisfied' or 'unsatisfied.'

Top five issues encountered during claims process	%	Top issues by generation surveyed
Slow to respond to process	42%	Gen Y Millennials (25-34), Gen X (45-54), Xennials (35-44), Baby Boomers (65+)
Too much paperwork to complete process	28%	Gen Z (18-24)
Slow to payout	27%	
No payout	24%	Baby Boomers (55-64)
Insurance premium rose significantly after claiming	24%	

Table 2

Pet insurance similarly features prominently, both as a purchased and claimed-for product. Like mobile/gadget insurance, it is most favored by younger generations (13% of Gen Z, 11% of Gen Y, 10% of Xennials). The younger generations also made the most claims on this type of insurance (22% of Gen Z claimed on their pet insurance). The level of claims was higher in the UK (24%) than in other markets: as mentioned in the previous chapter, the pet insurance market in the UK is long-established. 45% of UK residents are pet owners (with over 3 million getting a pet since the pandemic struck<sup>7</sup>), and UK pet insurance claims have almost doubled in the past six years, from £452 million in 2012 to £815 million in 2019, with the average claim totaling £793.<sup>8</sup>

Our respondents were generally positive about recent claims experiences, but there is evidently room for improvement.

Looking at the reasons for dissatisfaction with a claim, three of the top five cited touch upon elements that could be supported by technology (see Table 2). Innovations, such as machine learning and AI, are improving the customer experience via digital claims handling capability, speeding up tasks, and reducing fraud and forms of data leakage. Blockchain is also starting to be used for managing claims as part of Know Your Customer (KYC) assessments and automated claims submission and processing.

From a customer perspective, the issues cited by respondents reinforce the importance of both financial literacy and simplification when it comes to insurance. The digital era has eroded customers' willingness to engage in deep reading, meaning they are less disposed to thoroughly check through paperwork. It has also changed expectations on how quickly key

information can be accessed and claims issues solved.

The events of 2020, which led to exceptionally hefty claims, have demonstrated the capacity of 'black swan' occurrences – such as COVID-19 – and more predictable developments (like climate change) to expose the often complex and cumbersome nature of claims processes. While we do not know the full cost of the pandemic, some data can shed light on the magnitude of its effect. Lloyds of London priced industry costs from 2020 at £6.2 billion,<sup>9</sup> making it the market's most expensive year for three centuries. Similarly, Swiss Re quantified the natural and man-made catastrophes from 2020 at \$89 billion, naming it the fifth costliest year for insurers since 1970.<sup>10</sup> 2021 is similarly already looking like an expensive year for insurers.

However, there is a clear opportunity for additional innovation to enhance the claims process. Customer pain points can also be reduced by keeping them informed at every stage of their claim. This is not just a case of creating digital products, but ensuring help and support is provided in a number of different forms to support all consumer needs throughout the policy term.

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6. <https://www.bankmycell.com/blog/how-many-phones-are-in-the-world>
  7. <https://www.thisismoney.co.uk/money/bills/article-9821087/Should-save-vet-bills-pet-insurance.html>
  8. 'Is pet insurance worth it?', Financial Times, July 10, 2020
  9. <https://www.insurancejournal.com/news/international/2021/03/30/607715.htm>
  10. <https://www.swissre.com/institute/research/sigma-research/sigma-2021-01.html>

# DIGITALIZATION

## 6 OUT OF 10 POLICYHOLDING RESPONDENTS WANT A BETTER ONLINE INSURANCE EXPERIENCE

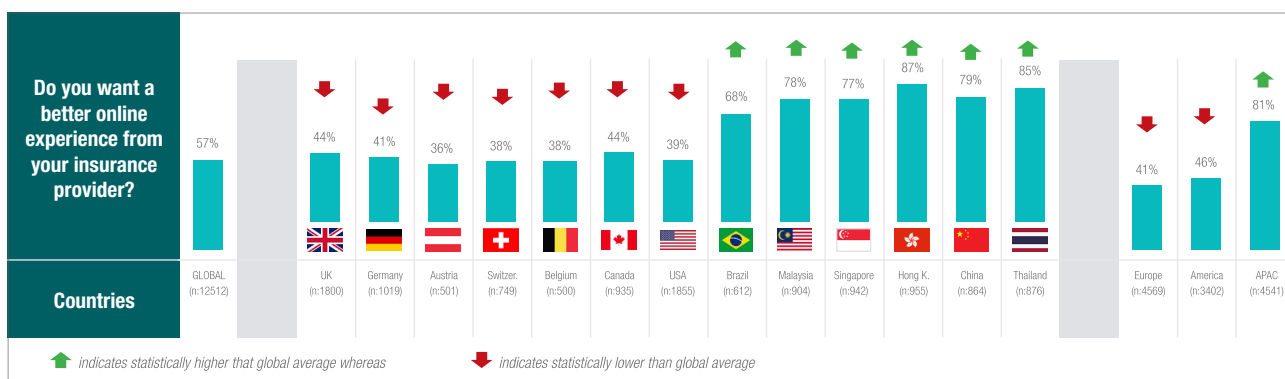


Figure 1: Question was asked to policyowners

While in the past insurance was considered to be less digitally advanced than some industries, the accelerating digitalization of daily experiences and activities, coupled more recently with the COVID-19 pandemic, has challenged convention and is increasingly driving customer journeys down digital paths. For example, Lemonade Inc., a US and Europe-serving insurtech, tells its website visitors to ‘forget everything you know about insurance’ and ‘get insured in seconds’.<sup>11</sup> ‘Insurance, but simple,’ says European digital insurer WeFox. Tesla urges consumers to ‘get a quote with Tesla Insurance for competitive rates in as little as one minute’.<sup>12</sup> Convenience and transparency have become vital in insurance, and digitalization is allowing industry players to significantly enhance both.

Where do you typically look to find insurance products? (multiple choice question)	Total
Base	12443
From an insurance agent	38%
Direct from an insurer	38%
Through a price comparison or review aggregator website	32%
Through an insurance broker	24%
My bank	23%

Table 1

When buying insurance what is your most important decision factor?	Total
Base	12512
Value for money	30%
Ability of offer to meet your needs	19%
Trust in brand	18%
Advice	14%
Ease of doing business (e.g. application process, ability to purchase digitally and managing my policy online)	11%
Rewards/points/free gift or extra services (wellness platform, telehealth)	6%
None of the above	3%

Table 2

Globally, six out of 10 have access to the internet,<sup>13</sup> and according to our survey, six out of 10 people want a better online experience from their insurance provider (Figure 1). This desire was strongest in APAC markets, where respondents are also most in favor of personal data sharing and using apps. However, this does not mean face-to-face advice is going away any time soon. As shown in Table 1, our respondents indicated that they look to source insurance products from a range of sources, and that the most important decision factor when buying insurance was ‘value for money’ (30%) across every generation, gender, level of industry knowledge, and educational background (Table 2).

- 
11. <https://www.lemonade.com/fr/en/?f=1>
  12. [https://www.tesla.com/en\\_GB/insurance](https://www.tesla.com/en_GB/insurance)
  13. <https://www.statista.com/statistics/617136/digital-population-worldwide/>

# HYPER-PERSONALIZATION

**Our survey reveals the potential for hyper-personalization to demonstrate value for money and product relevance to consumers, especially in a time of rising premiums and claims.**

Personal data sharing is a key method to enable hyper-personalization of insurance products and services. The more widely established conduits for personal data sharing in most insurance markets today are fitness and health tests and telematics (black box technology).

Globally, 72% said they would share some form of personal data with their insurer (Table 1). However, personal data sharing can vary greatly depending on the respondent's gender, age, country, and industry knowledge-level, as well as the personal data asset in question. For example, globally we found that 75% of men surveyed would share some form of personal data, compared to 68% of women surveyed. On the other hand, in the APAC region, data sharing in exchange for a more personalized insurance product or premium was more enthusiastically embraced. In Hong Kong, for example, 92% of female respondents selected one of the personal data sharing options listed.

Would you consider one of the following methods to get a more personalized insurance product or premium?	%
Having a fitness or health test	33%
Using a smart device in my home	32%
Wearing a smart watch or another wireless wearable technology	29%
Sharing my social media data	20%
Putting a black box in my vehicle	19%
None of the above	28%
<b>TOTAL: 12,512 (Policy-owning respondents)</b>	

Table 1



**Howard Taylor, a Global Regulatory**

**Delivery Lead** based in Capco's London office and

a newly appointed Commissioner at the UK Financial Inclusion Commission, notes that while there are benefits to be gleaned from the personalization of insurance products for both insurers and consumers, there are risks;

“

*Pre-existing health conditions often mean a disadvantage when it comes to accessing a cheaper premium; this is exacerbated by an often poorly-tailored customer journey. In the UK, 3 million people with disabilities have been turned down for insurance or have been charged extra. Citizen's Advice research found that only 1 in 3 people with severe mental health problems have home insurance or a savings account.*

*Financial institutions need to make sure that vulnerable customers are not an afterthought but considered throughout the whole product and customer experience lifecycle. When designing and implementing a new product, firms should apply a 'vulnerability lens', assessing on a rolling basis whether their offering is accessible to all.*

”

## APPS

There was a greater alignment of attitudes across the 13 countries surveyed when it comes to using personalized apps that provide transparency and insights into all financial products owned, such as savings, bank accounts, pensions, and insurance policies. 66% of policy-owning respondents responded in the affirmative – although just 8% answered 'I already use one,' highlighting the scope of this industry opportunity in this area (Figure 1).

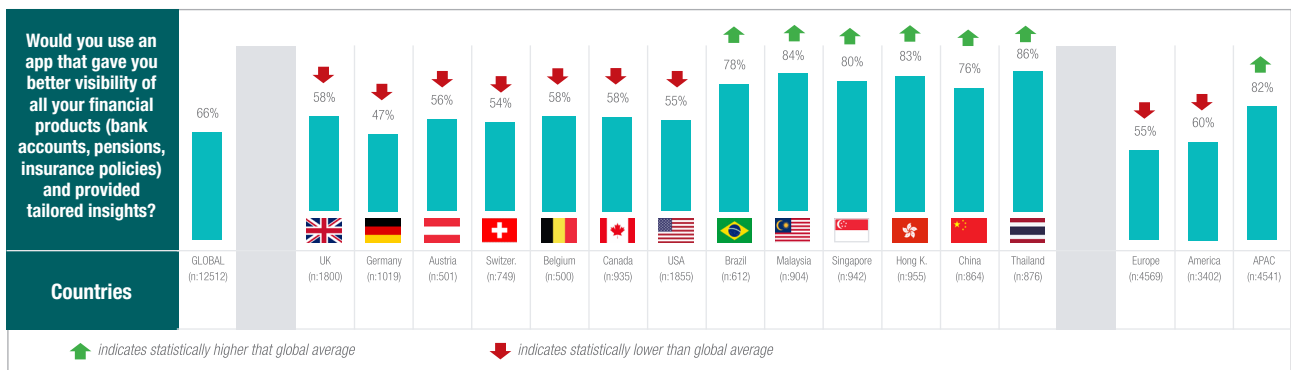


Figure 1: Question asked to policyholders. These respondents answered in the affirmative.

Demand for personalized apps was strongest in the APAC countries in surveyed, and typically amongst those that were male-identifying; and among respondents based in Europe and the Americas, the young. Conversely, older generations of policyholder in APAC were keener on such apps than their juniors (Figure 2).

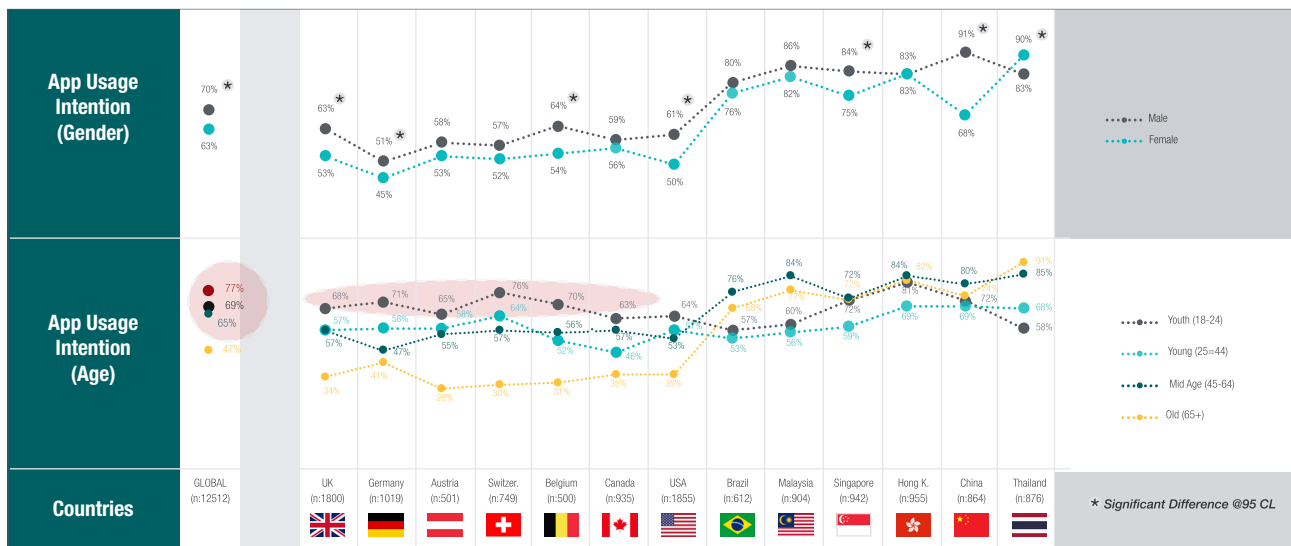


Figure 2: Responses to “Would you use an app that gave you better visibility of all your financial products (bank accounts, pensions, insurance policies) and provided personalized insights?”



**Matthew Hutchins, Capco Partner and Global Insurance Lead, says:**

“

*The data from our survey shows that respondents want a more connected customer experience that goes beyond the insurance space into other areas of financial services. Insurers can achieve this by developing digitally focused tools that educate the customer, provide personalized support and financial information.*

*Different customer segments have different needs and preferences when it comes to the sharing of personal data, however. Insurers could devise ‘two-way contracts’ to better understand the extent of customer willingness to share data in exchange for more unique usage-based products while providing reassurances regarding the privacy and fair use of data.*

*As the insurance industry becomes increasingly data-centric, we could see the emergence of more niche insurance offerings to cater for consumers.*

”



# EDUCATION

## OVER A THIRD OF RESPONDENTS DO NOT FEEL WELL-INFORMED ABOUT INSURANCE

Insurance by its very nature is a complex industry. Our survey demonstrates that many people worldwide outsource their policy decision making to a professional, such as a broker (24%) or agent (38%). Others visit a price comparison website (32%) or go direct to the insurer (38%) where they only need to consider a limited range of options without a need for deeper industry knowledge. Once their payment schedule is set up, most consumers rarely think about their policy again until they encounter an issue, must make a claim, or need to renew.

Our survey found 37% of respondents do not feel well-informed about insurance and the products available today (Figure 1). This level of uncertainty is particularly pronounced among women/female identifying respondents (41%), single policy holders (42%), the 18- to 24-year-old Gen Z demographic (43%) and the uninsured (71%).

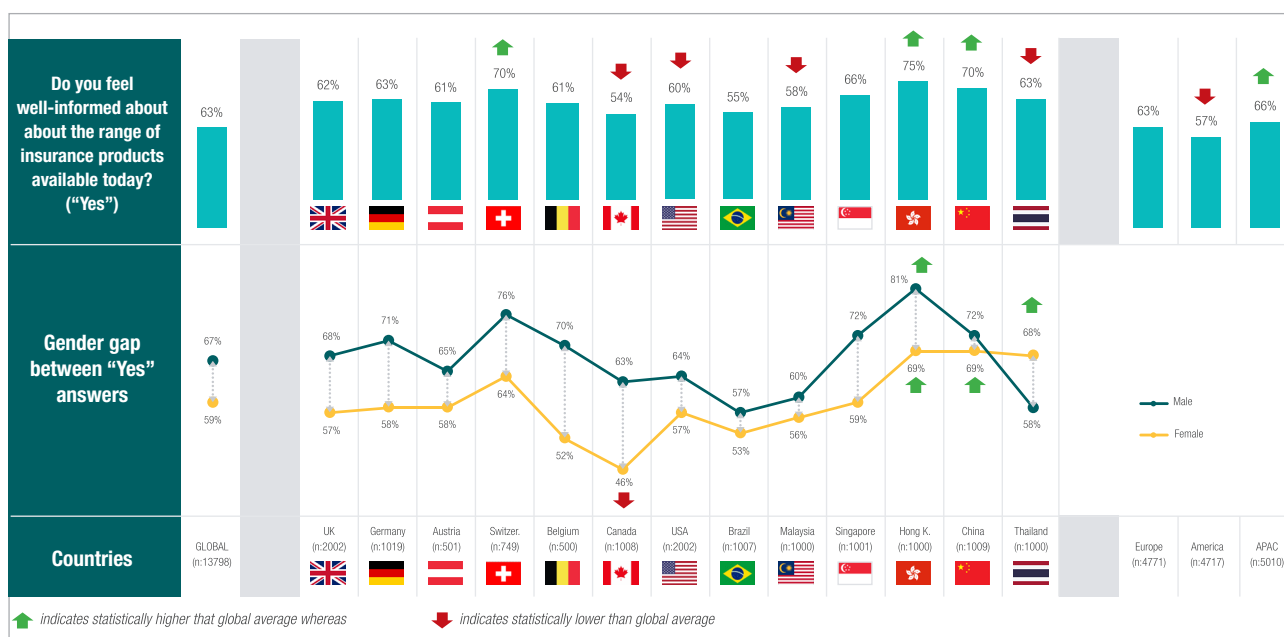
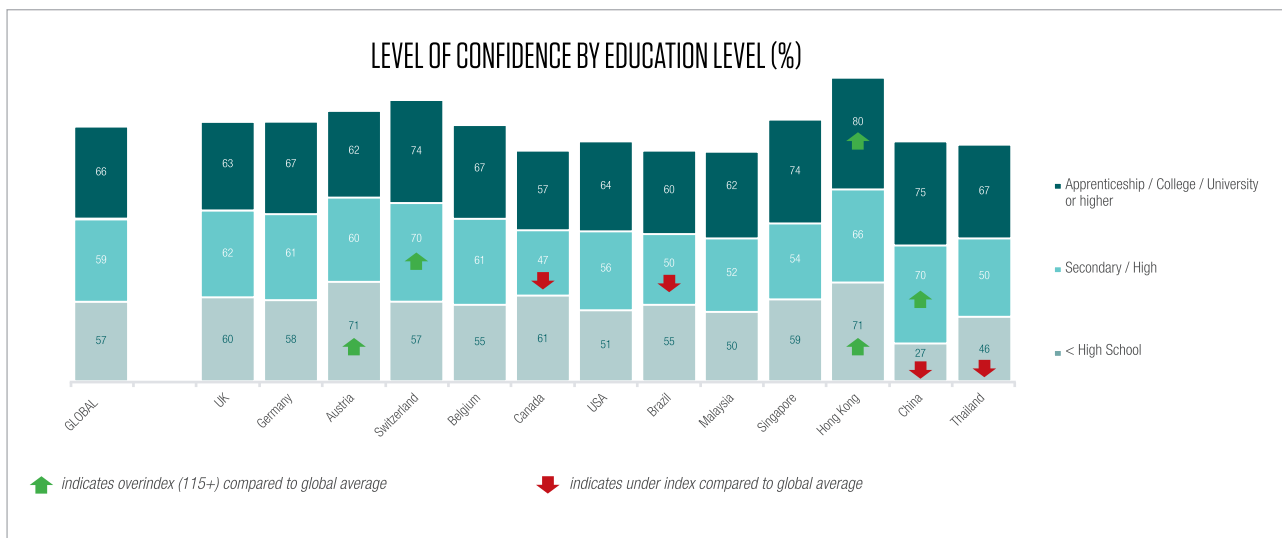


Figure 1: Question asked to all survey respondents

APAC respondents considered themselves the best informed, although Swiss respondents were also highly confident. In Thailand, women were more confident than men – the only country surveyed where we found this to be the case. While we believe insurers should take this gender confidence gap with a pinch of salt (studies have found that women display lower ‘self-rates’ and unfavorable attitudes to their ability or performance than men<sup>14</sup> – and studies have also found that compared with women, men are more prone to displaying optimism bias, considering themselves less threatened by the risks<sup>15</sup>), there is nevertheless a gap, which could be hindering women’s engagement with insurance and therefore their overall insurance coverage protection. A US report by Life Happens and LIMRA in 2021 found that just 47% of women have life coverage versus 58% of men.<sup>16</sup> We have also heard that women’s careers and finances have been disproportionately affected by the pandemic.<sup>17</sup>

When assessing the responses to our question “Do you feel well-informed about the range of insurance products available today?”, on the basis of education-level, self-assurance tended to be more evident among the higher-educated respondents. Two-thirds (66%) of university-educated respondents felt well-informed about the industry in comparison to 57% of high-school graduates (Figure 2).



**Figure 2:** ‘Yes’ answers to “Do you feel well-informed about the range of insurance products available today” question that was asked to all surveyed

However, 25% of those who participated in further education (apprenticeship/college/university or higher) selected ‘don’t know’ when asked the question “As a result of COVID-19, do you feel that your existing insurance products provide the appropriate amount of protection?”.

Our survey has revealed there is a big incentive for insurers to provide additional guidance around insurance policies; regardless of their country or origin, respondents who feel more confident about their knowledge level tend to buy more insurance than those who lack confidence. 74% of respondents owning four or more policies felt well-informed about the range of insurance products today, compared to 58% with a single policy. Just 29% of uninsured respondents felt well-informed.

14. Ross, A. J, Scott, G., and Bruce, C. D (2012). The Gender Confidence Gap in Fractions Knowledge: Gender Differences in Student Belief Achievement Relationships. *School Science and Mathematics*, Vol 12 (5), <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1949-8594.2012.00144.x>
15. Tali Sharot, “Optimist bias”, *Current Biology*, Volume 21, Issue 23, 6 December 2011, Pages R941-R945, <https://www.sciencedirect.com/science/article/pii/S0960982211011912>
16. <https://www.forbes.com/advisor/life-insurance/what-women-should-know/>
17. <https://www.independent.co.uk/money/women-insurance-health-income-job-independent-money-b1814462.html>

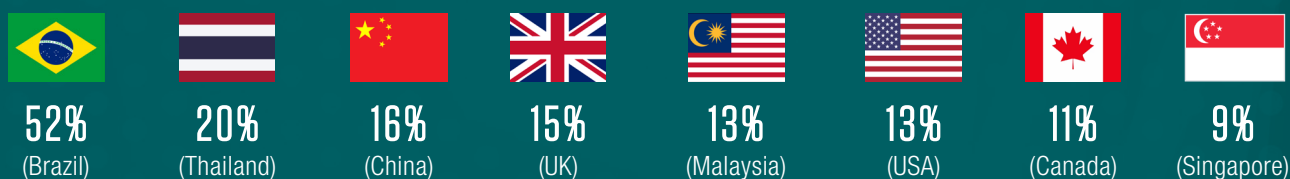
# THE UNINSURED

## LACK OF FINANCIAL LITERACY IS A KEY BARRIER TO POLICY OWNERSHIP

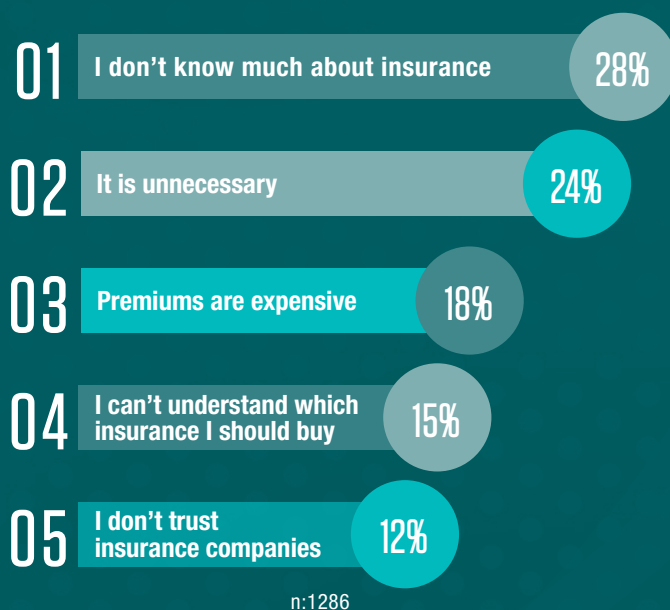
After answering some basic background questions, such as age, gender and education, respondents were asked whether they currently owned an insurance policy.<sup>18</sup> 1,286 respondents answered in the negative. 71% of these respondents had never had an insurance policy before, and 71% answered 'no' or 'not sure' to the question "Do you feel well-informed about the range of insurance products available today?".

While cost is a significant factor in policy ownership, the results of our survey suggest that insurance education and financial literacy could shift perceptions around the value of insurance, and in turn prompt a positive reassessment of the costs involved – and hence drive increased engagement and uptake.

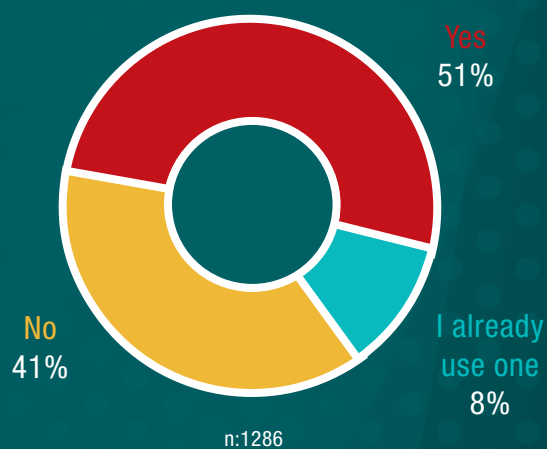
### PERCENTAGE OF UNINSURED RESPONDENTS IN COUNTRIES SURVEYED



### TOP FIVE REASONS WHY RESPONDENTS ARE UNINSURED



### WOULD YOU USE AN APP THAT GAVE YOU BETTER VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED PERSONALIZED INSIGHTS?



In Germany, Austria, Switzerland and Belgium, insurance is mandatory.

## PREVIOUS INSURANCE ISSUES ENCOUNTERED BY UNINSURED

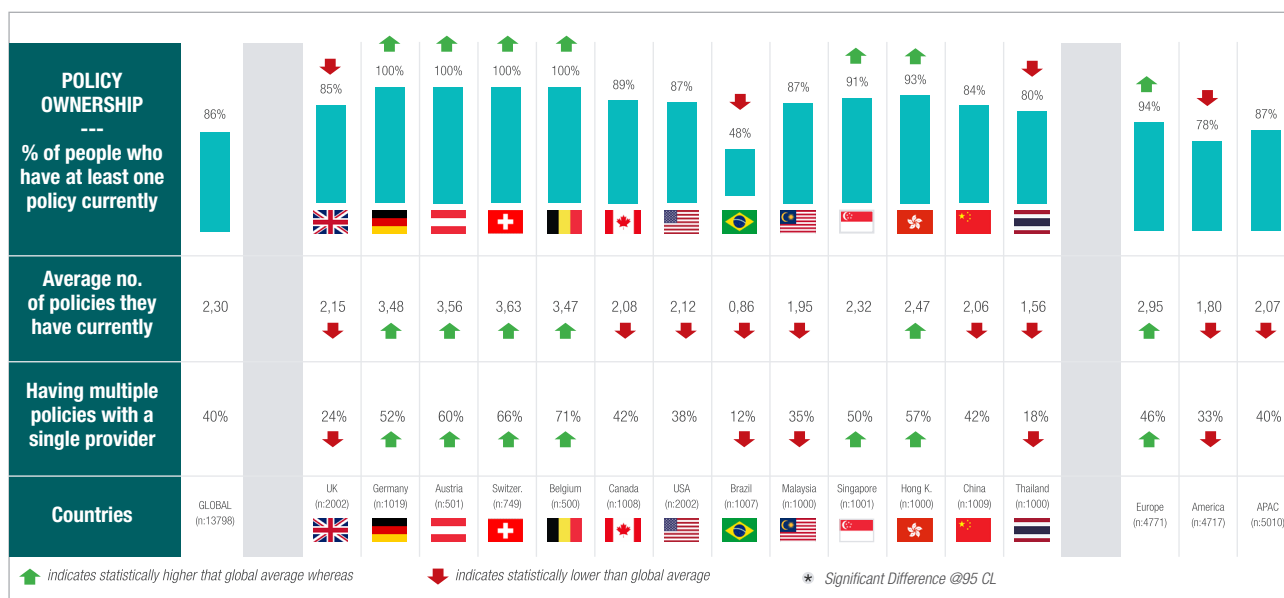
SAMPLE SIZE: 1286	
The specific terms and conditions didn't fully cover my claim	25%
Insurance premium rose significantly after claiming	23%
Difficult to reach agents / call center customer representative	22%
I received less money than expected when I claimed	21%
Slow to respond and pay out	18%
Too much paperwork to complete the claims process	16%
My insurance documents never arrived	16%
My payout was refused	16%
Insurer's website or app was too complicated to use	9%
Other	7%

## WHAT WOULD CONVINCING YOU TO HAVE INSURANCE?

More affordable premiums	37%
Finding a service that met my specific needs	29%
More detailed information about the benefits, terms & conditions, etc.	28%
Trust in the company and services provided	26%
More accessible services (apps, customer support via phone or internet)	22%
Receiving the policy quicker and making amendments more easily	15%
Other	4%

# CROSS-SELLING

## VALUE FOR MONEY AND CROSS-SELLING DO NOT ALWAYS GO HAND-IN-HAND



**Figure 1:** Responses by geography to questions “How many insurance policies do you have currently?” and “Do you have multiple insurance policies with one provider?”

Less than half of policyowners told us they have multiple policies with the same provider (40% globally). We also found that 22% of global respondents have multiple policies, but each with a different insurance provider. This is the segment where the cross-selling opportunity lies. However, this is easier said than done.

Insurers are faced with a number of challenges in this field:

- In times of economic crisis and uncertainty, value for money is key. This was our respondents’ biggest decision factor when buying insurance today (30%).
- Furthermore, in certain markets where customer disintermediation is high, it is harder to cross-sell. In the UK, 63% of respondents looked for insurance through a price comparison or review aggregation website; and in Brazil, 46% of respondents bought insurance through their bank.
- Customers look at different products during different time horizons, and not all policies are renewed at the same time.
- Cross-selling can be complex when a client’s insurance risk profile differs between products.
- Regulation in certain markets means that insurers are only able to use their customer data for a specifically stated purpose.
- A substantial number of insurance companies are still operating on age-old platforms that are not agile enough to use the innovative tools, such as AI/machine learning, that go hand in hand with dynamic pricing and cross-selling.
- Many insurers’ data repositories are not large enough to capture customer data, to analyze their customer base and then to leverage cross-sell opportunities.

Despite these challenges, cross-selling is an opportunity to boost brand awareness, repeat business and improve retention and is worth pursuing. But how?



**Somnath Ghosh, UK Insurance Partner  
at Capco, says:**

“

*To be successful in cross-selling, the power of data has to be unlocked. Up to this point, the insurance industry has not been as successful at cross-selling as the banking industry, for example, which has for a longer period prioritized digitalization and the concept of data as an asset.*

*While customer data has always been key to assess risk and determine premiums in an analogue world, digitalization is now unlocking further potential to create better insurance products and services at new price points and provide greater transparency and ease of access in a complex market.*

*By identifying the right stage of a customer journey where insurance is most needed and policy decisions are made, insurers could catch the best opportunities to bundle and cross-sell insurance products. In order to make this a success, providers must harness the data they have and find additional opportunities to collect more, then present it back to the customer in a meaningful way. For example, well-timed push notifications in apps or email alerts could help capture a specific need when intent to purchase is stronger.*

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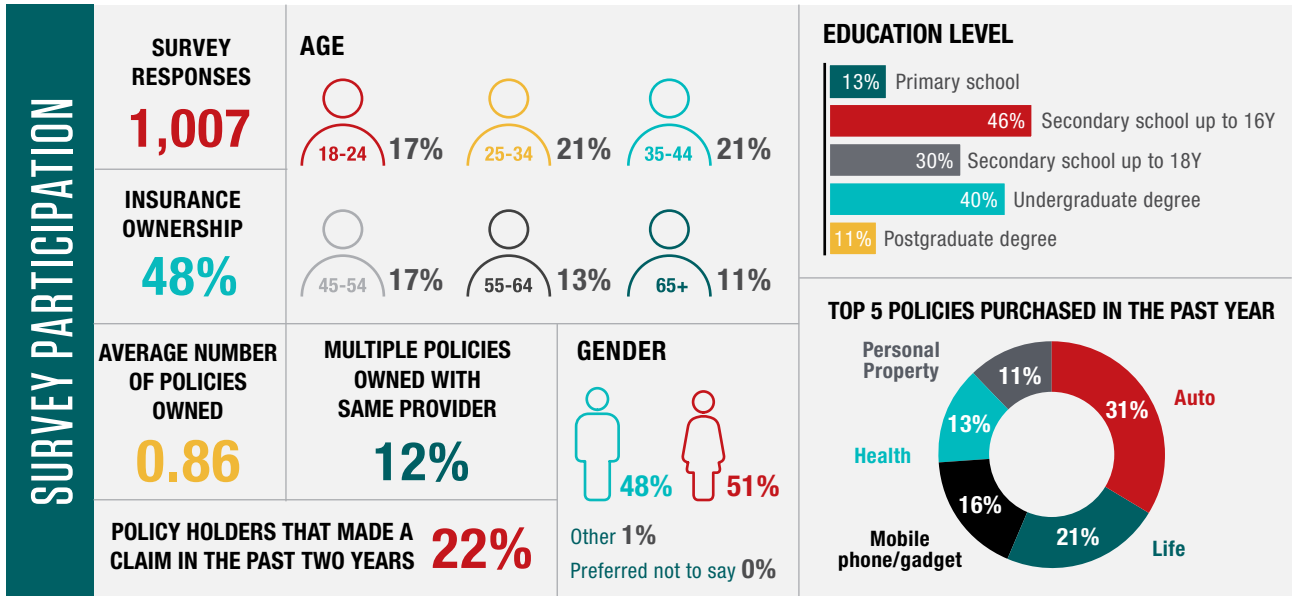
# COUNTRY COMMENTARIES

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## AMERICAS



# BRAZIL



## INCREASING DIGITALIZATION POSES A STRONG OPPORTUNITY FOR GROWTH

**Personalization through enhanced data gathering, notably via wearables, presents insurers with an opportunity for expansion – and may also offer a potential route towards greater democratization of insurance ownership across wider society.**

The ongoing COVID-19 pandemic has had a catastrophic effect on many aspects of everyday life in Brazil. At the time of writing, Brazil has suffered from the second highest COVID-19 mortality rate in the world, unemployment rates have risen to 14.7%,<sup>1</sup> and educational poverty has increased from 48 to 70%. The World Bank has said the effect of COVID-19 is expected to reverse a decade-long steady improvement in the Human Capital Index in the country.<sup>2</sup> While it has been estimated that 34 million people have no access to financial services,<sup>3</sup> on a positive note financial inclusion<sup>4</sup> and life insurance adoption have risen significantly<sup>5</sup> over the past year.

The pandemic has additionally accelerated the roll-out of insurance contracts, especially in respect of life, health, and car insurance. Furthermore, most companies moved to digital channels for issuing new policies. Car revisions, for example, have been negotiated through digital channels, such as

mobile, and telemedicine was recently introduced by the main health insurers.<sup>6</sup>

### OPPORTUNITIES

While our Brazil findings do reaffirm that insurance is a luxury few can afford (and largely optional), our survey also shows the market is growing. Over half of respondents (53%) said they were extremely likely or likely to purchase additional insurance products over the next year. The demand for increased digitalization is also strong. As Figure 1 shows, 68% of respondents want better online insurance services, notably via apps (78%, Figure 2). Given rapid smartphone and internet adoption,<sup>7</sup> it is little wonder that mobile and gadget insurance is the third most popular insurance product of the past year (16%).



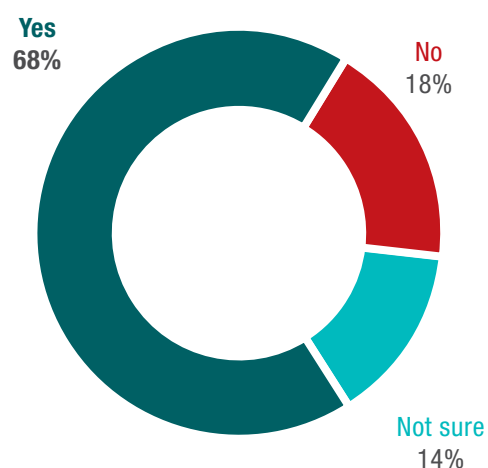


By contrast, it may seem surprising that auto was the top insurance purchased by respondents over the past year (31%) given that an estimated 70 to 80% of cars are without protection against material damages or loss in Brazil.<sup>8</sup> Furthermore, last year only 58.6%<sup>9</sup> of car and motorbike owners took out DPVAT (Personal Injuries Caused by Land-based Automotive Vehicles), Brazil's mandatory car insurance that is paid to the government along with annual car fees by road users.

Given these inconsistencies, it is pertinent to mention that we recognize our survey is representative of a more affluent segment of Brazilians: our survey was conducted online, and accordingly we expected that a significant percentage of responses might come from more highly educated consumers than the national average.<sup>10</sup> As we have found in other countries surveyed, policy ownership is positively correlated with age and education level in Brazil.

Similarly, our survey reveals 'increase in income' is the leading factor that triggers interest in purchasing an insurance product or increasing the coverage of existing policies; and 'value for money' is of utmost importance (for the insured and uninsured alike) when deciding on an insurer.

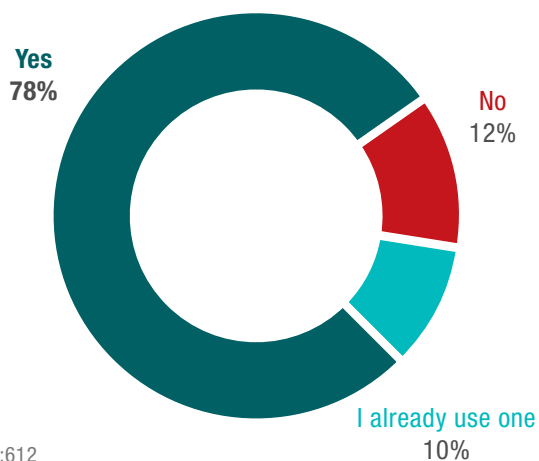
### DO YOU WANT A BETTER ONLINE EXPERIENCE FROM YOUR INSURANCE PROVIDER?



n: 612

Figure 1: Question asked to insurance holders

### WOULD YOU USE AN APP THAT GIVES YOU BETTER VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED PERSONALIZED INSIGHTS?

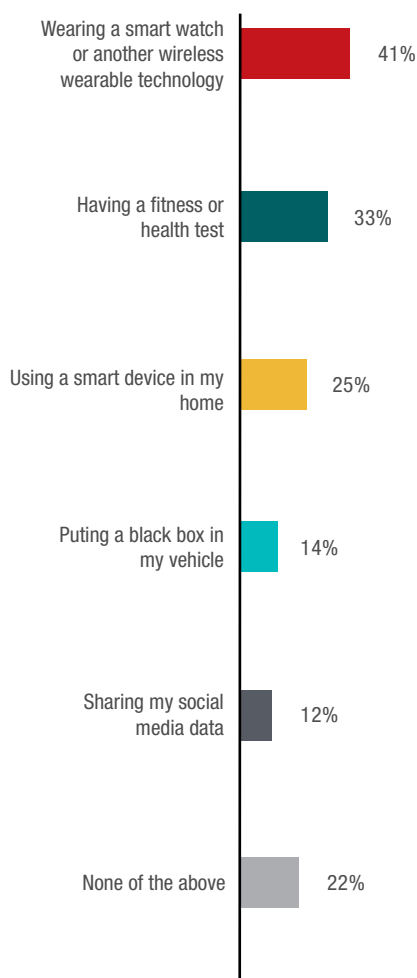


n:612

Figure 2: Question asked to insurance holders



### WOULD YOU CONSIDER ONE OF THE FOLLOWING METHODS TO GET A MORE PERSONALIZED INSURANCE PRODUCT OR PREMIUM?



n:612

Figure 3: Question asked to insurance holders

## RECOMMENDATIONS

Like education, insurance is seen as a financial privilege in Brazil. Insurers must therefore continue demonstrating the benefits arising from insurance and exploring different modes of payment, such as PIX and other instalment-based and pay-per-use models.

Greater awareness of the benefits of insurance and further digitalization could help break down some consumer barriers to entry and drive further adoption. The majority of our uninsured Brazil-based respondents (77%) have never held an insurance policy. Almost a third of uninsured respondents consider insurance products unnecessary (31%), whereas another 30% stated they 'did not know much about insurance products.' A further 12% could not understand which insurance to buy.

Despite this, there is a clear interest among the uninsured to broaden their understanding of financial services and products. 70% of uninsured respondents said they were open to using an app to track all their financial products, so partnerships with other providers to create digital propositions look to be a potentially fruitful area for further exploration. It is worth highlighting that the most popular way of finding insurance products among our Brazilian respondents is through their bank (46%).

For current insurance owners, there are also opportunities for further engagement and increased insurance policy ownership. 78% are happy with personal data sharing in exchange for more personalized insurance premiums and products, especially via wireless wearables (41%). We believe personal data sharing may provide new customer entry points for uninsured segments too.



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*The Brazilian insurance market is changing rapidly due to COVID-19, digitalization, and regulatory trends. As ever, we recommend insurers stay closely tuned to the latest industry news and developments. SUSEP, the Brazilian insurance market regulator, is pushing ahead with Open Insurance<sup>11</sup> and reinforcing cybersecurity regulation. These initiatives represent both opportunities and challenges for insurers. New products and business models can be created, increasing convenience for prospects and clients. Contact us to find out how we are developing digital propositions to drive education, engagement, and cross-selling in Brazil.*

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**Luciano Sobral**

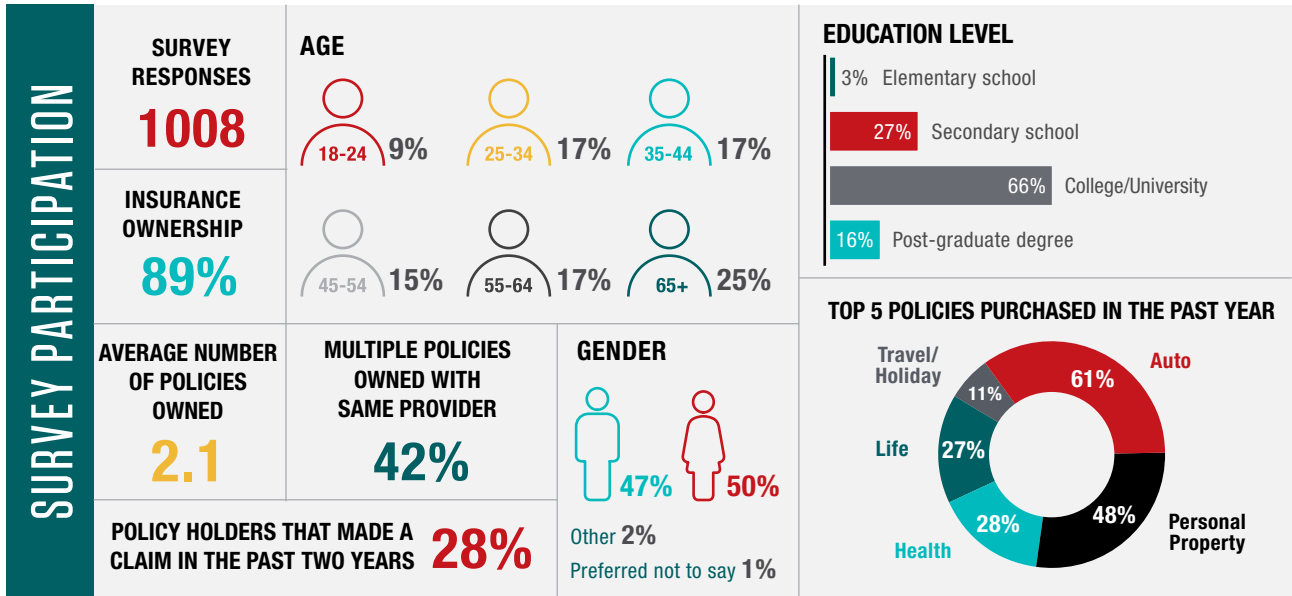
Partner, Brazil

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1. <https://g1.globo.com/economia/noticia/2021/05/27/desemprego-atinge-147percent-no-1o-trimestre-diz-ibge.ghtml>
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4. <https://brazilian.report/newsletters/brazil-daily/2020/10/07/pandemic-brought-millions-brazil-banking-system/>
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10. [https://www.oecd.org/education/education-at-a-glance/EAG2019\\_CN\\_BRA.pdf](https://www.oecd.org/education/education-at-a-glance/EAG2019_CN_BRA.pdf)
11. <https://www.bnamericas.com/en/news/brazil-regulator-pushes-ahead-with-open-insurance-project>



# CANADA



## 90% OF GEN Z RESPONDENTS WOULD SHARE THEIR DATA TO GET A PERSONALIZED PRODUCT OR PREMIUM

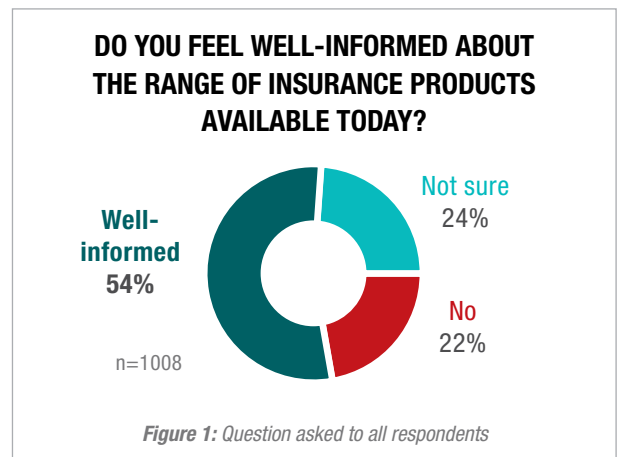
**Our survey reveals a high number of Canadian respondents are not well informed about insurance products and services. Could digitalization and personalization be the panacea?**

Canada's insurance industry has grappled with numerous challenges throughout the ongoing pandemic, such as poor underwriting performance and struggles to maintain premium levels. While the full effects from COVID-19 are yet to be understood, Canadian markets are stabilizing, and insurers are focused on growth.<sup>1</sup>

We have seen personal lines insurers become more digitally focused on their sales and servicing channels. In property and casualty, we have also seen a strong digital presence, with the influx of new players who are focusing on direct-to-consumer and Managing General Agent (MGA) offers.

We have also seen an increase in the MGA model in the life insurance market, with the introduction of PolicyMe, PolicyAdvisor and Emma looking to simplify the purchasing experience for Canadians with a focus on needs-based advice.

It is clear the insurance industry is waking up to the benefits of digitalization.<sup>2</sup> Our survey demonstrates that consumers, especially younger generations, are already awake and ready to fully embrace it.





Our survey revealed only 54% of respondents from Canada feel well-informed about insurance products today. 24% are not sure and 22% class themselves as not informed (Figure 1). This confidence level is the lowest of all 13 countries surveyed (63% average), some of which have less mature economies and insurance industries than Canada.

We also found Canada has the largest gender gap in terms of knowledge, and women consider themselves the least well-informed demographic globally (43%). That is not to say the results from Canadian men, are particularly high; they are below the global average as well (Canadian men: 63%; male global average: 67%). This, along with other data points in the survey, demonstrates there could be a disconnect between Canadian consumers and the insurance industry, and education is needed.

The results also reveal just 56% of respondents feel confident about their level of product protection after COVID-19 (less than the global average of 58%). Additionally, one in 10 respondents are uninsured and the most common reasons for this are because 'insurance is unnecessary' (36%) and 'premiums are expensive' (36%). While the latter reason may be true, we believe there are ways this knowledge gap can be reduced, as can uninsured numbers.

But how did things come to this point? Our survey demonstrates that, as in many of the other global markets surveyed, 'value for money' is the top decision factor when buying insurance (38%). We believe customers have become reliant on brokers (36%), insurers (33%), and insurance agents (32%) to assess their needs and make key decisions on their behalf.

## OPPORTUNITIES

It seems that as insurance (and other financial services) becomes more expensive and complex, customers want greater transparency of the products and services. It is not just a matter of making services digital (although 61% of Gen Z (18-24) and 61% of Gen Y (25-34) policy-owning respondents want a better

### WOULD YOU USE AN APP THAT GAVE YOU BETTER VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED PERSONALIZED INSIGHTS?

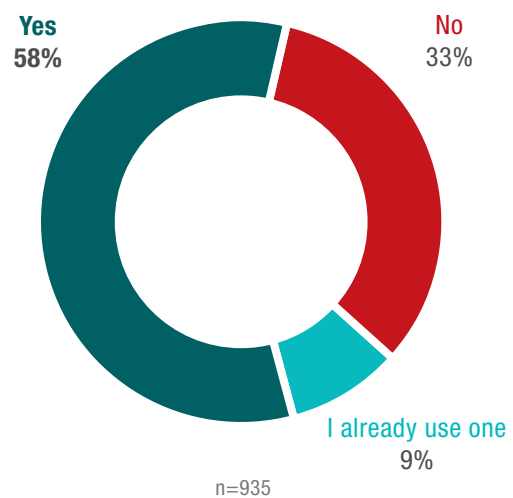


Figure 2: Question asked to policyholders

digital experience from their insurer), as making them accessible and easy to understand. However, digital tools can play a part.

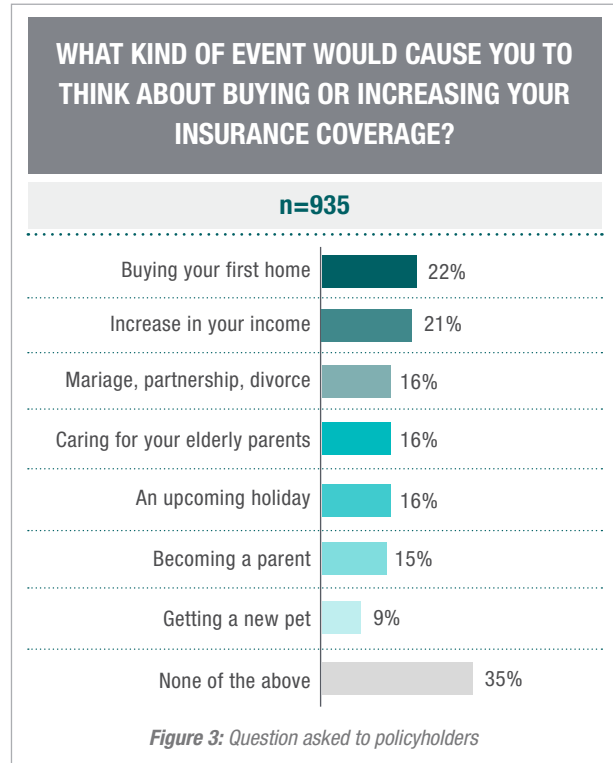
We asked respondents who are insurance owners if they would use an app that gives them better visibility of all their financial products (bank accounts, pensions, insurance policies) and provides personalized insights (Figure 2). While 58% of current policyholders answered 'Yes', when we sliced the data by age, this demand becomes far greater, with 86% of Gen Z (18-24) responding in favor of apps. While this tends to decrease as the age of respondents increases, almost half (45%) of Baby Boomers aged 65+ responded positively to the question. When asking our uninsured respondents the same question, 58% responded positively (48% said yes, 10% said they already used an app).



We also asked current policyholders if they would share their personal data to receive a personalized premium or product. 90% of Gen Z respondents, 75% of Gen Y respondents, and 65% of Xennial respondents said they would share their data in some shape or form. Smartwatches and smart devices are the most favored methods across the generations. Personalized data sharing may also help the uninsured access insurance products at a cheaper price. After all, when asking the uninsured respondents “What would convince you to have insurance?”, the leading answer is ‘more affordable premiums’ (58%).

## RECOMMENDATIONS

From our conversations with clients and the results from this survey, we believe insurers can deliver exceptional customer experiences that create more customer touchpoints over the policy term. Consumers are not engaging with their financial products as well as they might and, as a result, many will not feel empowered to increase their insurance coverage. Our global data reveals confidence, availability of information, and education levels have a dramatic effect on the number of policies owned, and our Canada-specific data also affirmed this. We therefore advise insurers to make customer education a priority, and one of the ways they can do this is by giving consumers reasons to engage and by demystifying insurance, for instance through apps and providing personalized insights.



Our survey also revealed different life stages may require differentiated policies. While younger policy holders may prefer trading personal data for cheaper premiums, insurers must be mindful that not everyone will be comfortable or even benefit from this; this makes great omnichannel experiences for everyone even more important.



“

*Insurers should look to see where they can partner with other industries to provide more embedded services. We noticed that very few respondents bought insurance in this way. We also noticed that interest in some insurance products is correlated with specific important life events: for example, an increase in income with income protection insurance, an upcoming holiday with travel/holiday insurance, having a new pet with pet insurance. Contact us to find out how Capco is helping insurers to generate new customer touchpoints and balance efficiencies through capability and technology enablement.*

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**Joanna Lewis**

Partner, Capco Canada

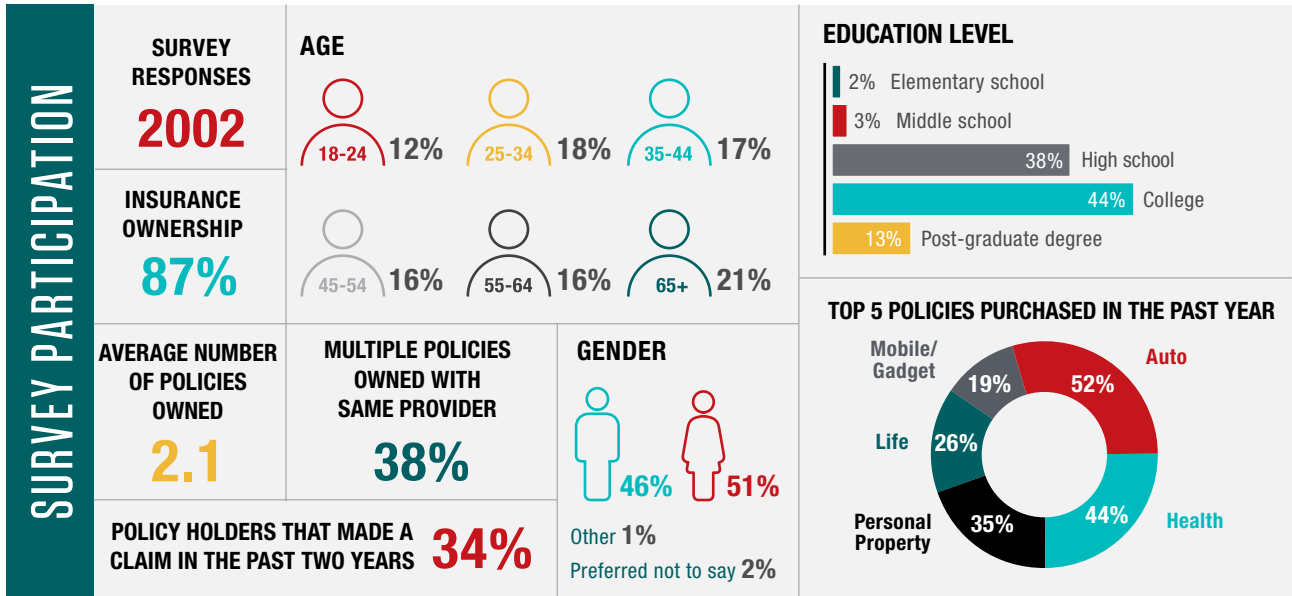
[Joanna.Lewis@capco.com](mailto:Joanna.Lewis@capco.com)

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  2. <https://www.canadianunderwriter.ca/insurance/brokerages-accelerating-digital-transformation-in-face-of-covid-19-1004210967/>



# USA



## ALMOST HALF OF GEN Z POLICYHOLDERS SURVEYED WOULD SHARE THEIR HOME SMART DEVICE DATA WITH THEIR INSURER

As changes in consumer lifestyles shift due to the pandemic and digitalization, the increasing importance of value for money and all-round excellent customer service will continue intensifying for the US insurance industry.

As with other large and mature markets, insurance in the US – and its customers – are transforming fast. It has long been recognized that Americans are generally independent people and, as such, understand the basics of investing and insurance (auto, home, life), and why they might need them. This independence of thought and action has increased with the advent of social media and ever more sophisticated digital tools.

Because of the industry’s general complexity, professional insurance advice has always mattered to consumers. As a customer, using an agent was seen as a way to ensure a good deal. However, as echoed in our survey results, the digital era has disintermediated advisors due to online comparison sites and do-it-yourself approaches. Many consumers recognize that shopping around pays off, potentially knocking off hundreds of dollars per insurance purchase.

As face-to-face interaction was discouraged across many states from March 2020, insurers were forced to further digitize and streamline their services – from buying and enrollment to advice and claims – which has increased customer satisfaction. However, our survey shows there is still work to be done...

### OPPORTUNITIES

When we asked all US respondents if they feel well-informed about the range of insurance products today, 60% said ‘yes’ (Figure 1). These respondents tend to have a higher level of education, identify as male, and own at least one insurance policy.

On average, insurance owners hold 2.1 policies. 40% have multiple policies with the same provider, 55% have policies with multiple carriers, and 5% responded they are ‘unsure’ whether they have multiple policies with the same provider.





### DO YOU FEEL WELL-INFORMED ABOUT THE RANGE OF INSURANCE PRODUCTS AVAILABLE TODAY?

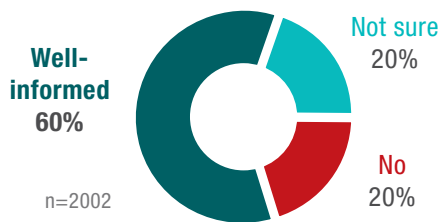


Figure 1: Question asked to all US respondents

**Opportunity:** Seek to arm pre-issue prospects with data and material in the manner they can best consume it – build a robust “shopping experience”. Carriers must continue leaning heavily into their data and digital experience initiatives going forward. Those that execute this best will dominate their respective markets.

Baby Boomers (55+) tend to have more policies compared to all other age groups and are most likely to buy through an insurance agent. Baby Boomers are also more resistant to online and app-based experiences in the future and the idea of personal data sharing for cheaper premiums or personalized insights. This reluctance is in keeping with previous industry studies<sup>1</sup> and what we continue hearing from our clients.

Nevertheless, there is a strong demand for apps among all other generations. 70% of Gen Y-aged policy holders surveyed (25-34) would use an app that provides personalized insights and gives them better visibility of all their financial products (bank accounts, retirement plans, insurance policies). Interestingly, only 8% of the respondents in this cohort are already using one. It is not surprising that Gen Z (18-24s) and Xennials (35-44s) have similar demands of integration of protection and wealth products.

**Opportunity:** Demand for digital access and function across insurance, retirement, and wealth management will become table stakes. The need between carriers, financial partners,

advisors, and agents to bring appropriate data to one point will drive integration technology, security, and regulation necessities, and data normalization between parties across the evolving digital frontier.

### DO YOU TRUST THE INSURANCE INDUSTRY MORE OR LESS SINCE COVID-19?

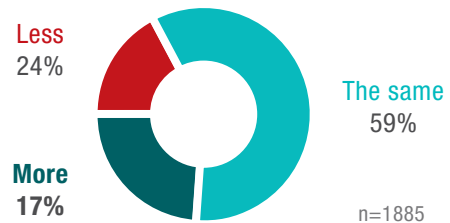


Figure 2: Question asked to current policyholders

We also asked current policyholders of all insurance types whether they trust the insurance industry ‘more,’ ‘less,’ or ‘the same’ since the onset of COVID-19. Most policyholders report no change in the level of trust (59%) nor concern. However, in another question, we asked ‘As a result of COVID-19 do you feel that your existing insurance products provide the appropriate amount of protection?’ and collectively, 41% of policyholders are doubtful about their existing level of insurance protection (Figure 3).

### AS A RESULT OF COVID-19, DO YOU FEEL THAT YOUR EXISTING INSURANCE PRODUCTS PROVIDE THE APPROPRIATE AMOUNT OF PROTECTION?



Figure 3: Question asked to current policyholders



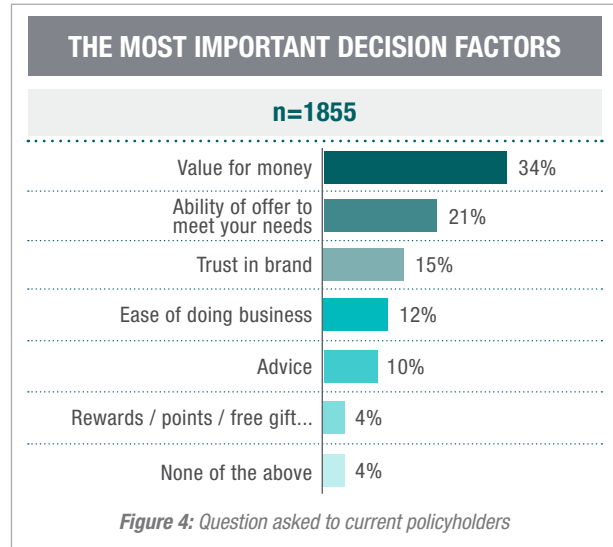
This suggests insurers could be doing more to reassure customers through this continued period of uncertainty. One of the most critical points of measuring client satisfaction is when filing and resolving claims. Of the 32% of respondents who made a claim in the past two years, 77% say they were satisfied with the process overall. The most common types of claims were auto (36%), health (34%), and personal property (22%).

**Opportunity:** The pandemic raised awareness in contact centers for the importance of not only human resiliency in policyholder support, but that service be delivered with empathy, as well. Continuing to drive personalization into an end-to-end policyholder experience, from initial quote to claim, will address both the reassurance point above as well as continue to push forward satisfaction at point of claim. As an example, AI-based telephony tools are already being used to recognize and measure consumer satisfaction during live calls (known as artificial empathy) which equip the call center reps with approaches they can use in real time to enhance customer experience.

## RECOMMENDATIONS

It is hardly a surprise that our survey respondents see ‘value for money’ as the top decision-making factor when buying insurance (34%, Figure 4). This was the top reason for all ages of respondent surveyed. As shoppers across all insurance product lines hunt for the best deal, the need for dynamic, flexible, and personalized insurance products becomes more paramount. From automated, fluid underwriting in life to smart-device attenuated premium for auto and home in personal, demands continued innovation in digital and data.

For younger customers and the uninsured, there is also the option to offer personalized products and premiums in exchange for their personal data. Almost half of Gen Z (47%) and Gen Y (40%) policyholders surveyed would share their home smart device data with an insurer. Leveraging this exchange could be an effective way to help the uninsured become covered. The top reason uninsured respondents do not have insurance is not because they do not see the value in it, it is because ‘premiums are expensive’ (44%).



However, insurers must be mindful that some consumers will not want to share personal data with their insurer or will not benefit from doing so. While nearly 50% of respondents are open to smart devices, the numbers drop dramatically depending on the type of device. Consumers could be reluctant to share devices that monitor their personal health habits. Among those surveyed, only 34% of 25-44 year-olds would wear a smartwatch or another wireless wearable technology, and even less would have a fitness or health test (30%). With 74% of Americans either overweight or obese,<sup>2</sup> many would be concerned about higher premiums in sharing their health data.

There is also limited acceptance of devices that monitor driving habits (braking, acceleration, etc.). Just 19% of policy-holding respondents said they would put a black box in their vehicle to get a more personalized insurance product or premium. However, auto insurance devices that simply measure miles driven could be more accepted.

Cameras in homes that share information with the insurance company may not be welcome but devices to monitor water leaks or window breakage or smoke could be. Consumers say they are open to automated monitoring devices, but they are selective to which ones they are willing to use. 33% of policy-holding respondents said they would share home smart device data.



As personal data in insurance is embraced, a highly secure architecture to protect the policyholder and carriers from cybercrime becomes a necessity. As we build personalization, we must also build information security maturity. Additionally, regulation like the CCPA will continue evolving, driving data management standards within the carrier ecosystem.

Previously, we identified an opportunity that focuses on integration between carriers and partners. This adds an additional lens to data privacy and consistent levels of security along those fronts.

The effect of the proposed Infrastructure Plan will spur additional innovation in insurance products, as well as investment opportunity for carriers. The plan, as proposed, will incentivize electric vehicle use, driving sales ahead, which in turn will fund advancement and mass rollout of driverless vehicles, charging stations and more. Therefore, carriers need to be prepared to cover what will be a quickly evolving landscape of transportation. This is simply one example, but it is important: our landscape will change yet again, and as an industry, across all lines, we must be ready to adapt.



*The power of digitalization has increased the demand for immediate satisfaction. Consumers don't want to submit information and wait for a decision or provide a callback number for a customer representative to get back to them; they want the answers right away, so online systems (websites or apps) and call center operators must be enabled with the information for immediate responses. Contact us to find out how we are helping insurers to digitalize front to back-office processes, and use data analytics and AI to support sales, marketing, and product development.*



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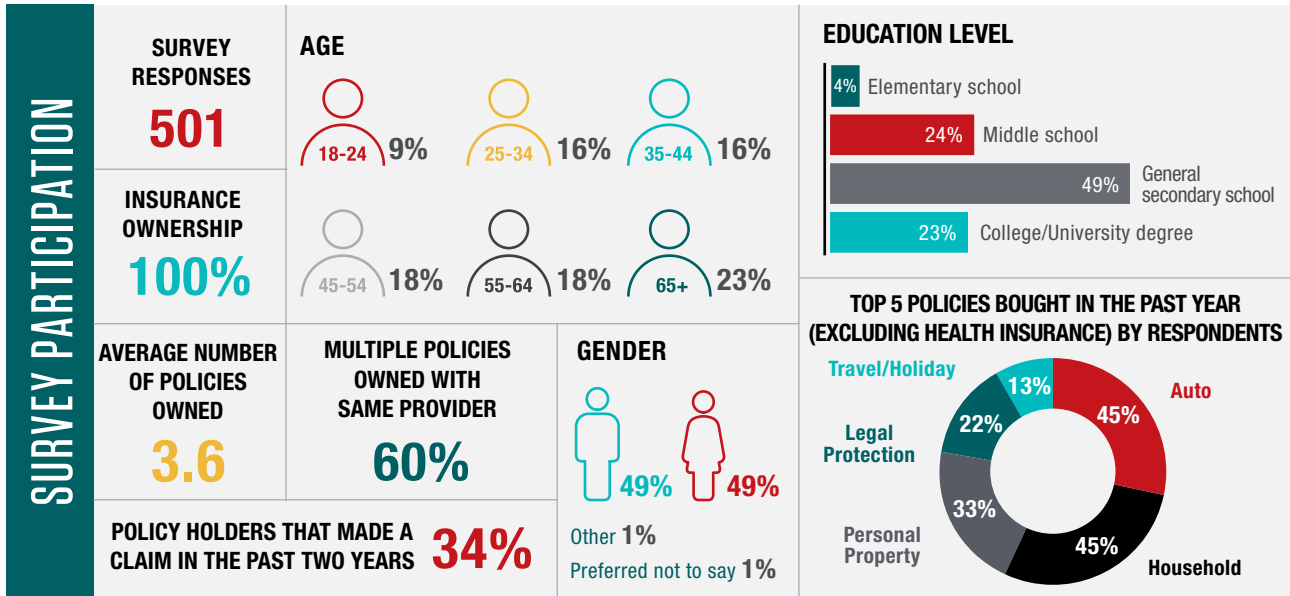
1. <https://www.propertycasualty360.com/2021/06/15/how-digital-insurance-tools-affect-generational-brand-loyalty/>
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# COUNTRY COMMENTARIES

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## EUROPE

# AUSTRIA



## DIGITALIZATION PROMISES INCREASED INSURANCE ENGAGEMENT WITH YOUNGER CONSUMERS

Satisfaction levels are notably high among Austrian insurance customers, but clear opportunities for innovation – and knowledge enhancement – exist among younger age groups.

Austria's insurance market has been affected by the ongoing COVID-19 pandemic in a myriad of ways. It has been a major catalyst for heightened awareness of health and financial concerns among consumers. In both life and health business lines, the shock has boosted risk awareness and perceptions of insurance's role in mitigating unpredictable life events.

According to UNIQA, premium revenues in Austrian property and casualty insurance were strong in 2020, growing 2.6% to €10.2 billion. Health insurance performed even more strongly in 2020 than in 2019, with growth in premiums of 3.9% to €2.4 billion.

However, the trend towards premium attrition continued in life insurance, with premiums shrinking by around 1.4% year-on-year to just under €5.4 billion. Single-premium insurance, on the other hand, rose by 2.7% to €0.7 billion in 2020.<sup>1</sup>

More recently, in June and July 2021, the industry was left with loss events caused by natural impacts. While the costs of the damage and insurance claims have yet to be fully quantified, existential challenges for insurers around the topic of climate change are ongoing.<sup>2</sup>

## OPPORTUNITIES

Our survey findings suggest that customers are seeking greater reassurance during the pandemic. While the level of trust has largely remained the same as pre-pandemic (79%), 41% of respondents are not confident their current level of insurance policy protection is sufficient. Due to the growing number of Delta cases,<sup>3</sup> and the effect of the severe summer storms,<sup>4</sup> confidence levels can be expected to have taken another hit since we conducted our survey.



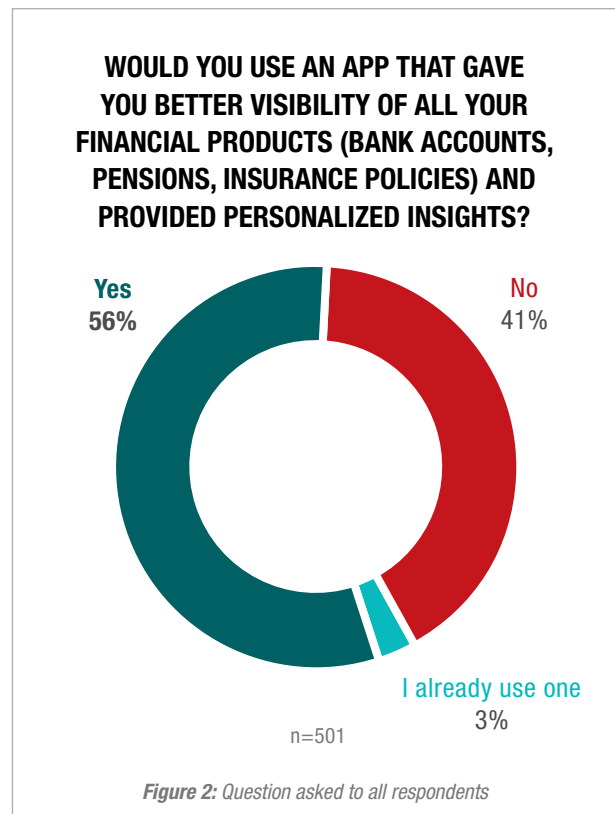
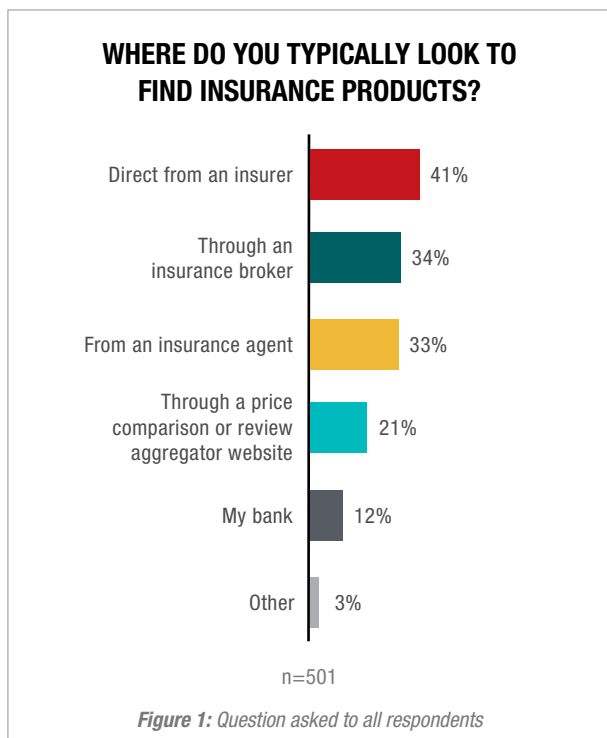
This is not to say insurers have not been providing excellent service. Claims satisfaction is high (88%) – indeed, not only the highest of all European countries surveyed but also well above our global average for claims satisfaction (82%). This would seem to explain why over half of Austria-based respondents (53%) are not seeking better online services. However, from analyzing customer demographics closely, we believe there are clear opportunities for insurers to explore.

Initially considered an aid to convenience in property and casualty business lines, digitalization is now transforming sales and service for both life and non-life insurers. Consumers have quickly adapted to online channels and increasingly prefer to transact digitally at a number of insurance touchpoints.

When it comes to technology innovation at point of sale, however, Austria is seen as a conservative consumer market. As our survey reveals, 67% of policy-holding respondents prefer a single point of contact to find insurance products. While the most prominent source for getting policy information or buying

insurance is direct from an insurer (41%), brokers (34%) or agents (33%) are close behind (Figure 1).

Our survey suggests insurers need to pay attention to a sizeable customer base that is shopping around online and demanding increased digitalization in insurance. One-fifth of respondents prefer taking the price comparison route in buying or researching insurance (21%). As expected, these tend to fall within the younger and middle-aged demographics, as do those who want a better online experience in general. Indeed, around



half (51%) of Gen Y (25-34) want a better online experience from their insurance provider while 71% also favor apps.

Given the increasing presence of mobile banking, insurtechs, and embedded finance solutions in Austria, to see these preferences displayed in our data set was expected. Almost 60% of all policy-owning respondents answered positively to our question about apps [“Would you use an app that gave you



better visibility of all your financial products (bank accounts, pensions, insurance policies) and provided personalized insights?]", suggesting that digitalization of services will continue gaining traction (Figure 2).

In fact, as many as 71% of Gen Z (18-24) and more than three-quarters of respondents in the Xennial (35-44) age group (76%) said they would use an app. Even for Gen X (45-54) there is still a strong demand (62%), but for the second-generation Baby Boomers (55-64), this drops to just below half (49%). Among the 65+ group, just 28% say yes to an app.

Attention should also be paid to product and industry knowledge among certain demographics. Only 44% of 18-24-year-old respondents in Austria feel well-informed. This figure is significantly lower than in the other 12 countries surveyed. However, as we have seen across almost all other countries, confidence-levels increase with age. In fact, Austrian respondents aged 45 and above tended to meet or slightly exceed the global averages in terms of confidence levels.

This leads us to consider what Austrian respondents look for from an insurer or insurance product today. Our survey shows value for money (38%) and advice (22%) to be consumers' priorities (Figure 3).

### WHEN BUYING INSURANCE, WHAT IS YOUR MOST IMPORTANT DECISION FACTOR?

n=501



Figure 3: Question asked to all respondents

## RECOMMENDATIONS

Our survey has found that Austrian customers desire products and services that provide good value for money as well as advice. It has also found there is room for a greater degree of product transparency and sharing of personal insights. We accordingly believe insurers should look at options to simplify the customer experience and encourage a more proactive relationship. A key method could be through the development of apps. In addition to customer benefits, insurers would have new digital opportunities along the whole value chain, from acquiring new consumers and providing consulting advice to underwriting, generating insurance policies, processing payments, and after-sales services.

Insurers will have to be careful to manage concerns regarding personal data sharing, however. 43% of Austrian consumers would not hand over any form of personal data in exchange for more personalized offerings. That said, 31% of respondents would share data from home smart devices such as Echo or Alexa, and over a quarter would share data from a fitness or health test (27%). This traditionally paper-based industry is ripe for change.



“

*The lack of industry confidence displayed amongst the 18-24s, while a cause for concern, is also an opportunity. Insurers must consider how they are engaging – or not engaging – with this Gen Z demographic. In these increasingly digital times, we do not expect these customers to read through 30-pages of policy document small print for each of their insurance products. More modern solutions, such as apps, must be found to keep them informed in a clear, concise and accessible fashion. All the while, older and less digitally minded customer demographics must continue to be supported. Given that 41% of respondents do not feel confident about their level of insurance coverage since COVID-19, now is the time to re-engage and understand their needs.*

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**Thomas Zwack**

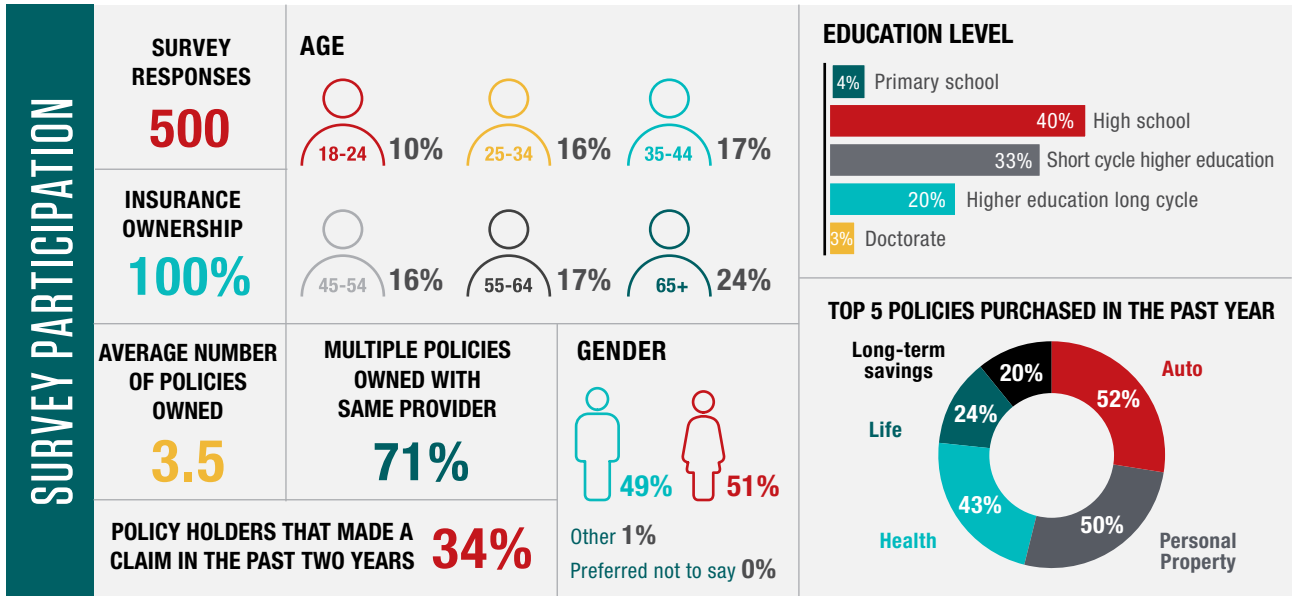
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# BELGIUM



## LESS THAN HALF OF RESPONDENTS FEEL THEIR INSURANCE PROTECTION IS ADEQUATE AFTER COVID-19

Under Belgian law, individuals are only legally required to have liability car insurance. However, our survey shows that most respondents own multiple policies, many with the same provider, which suggests loyalty. With recent floods and the ongoing pandemic, the months ahead could be testing.

Over the past few years in Belgium, there has been an increased focus on digitalization and the general customer experience in financial services. We have seen the acceleration of mobile banking usage, which is significantly higher than EU averages (an estimated 69% of Belgians use online banking and ecommerce<sup>1</sup>). Having said that, it is fair to say insurance has always been slightly behind the curve when it comes to tech – and this was certainly backed up in our survey data. Not all Belgian banks and insurance companies have digital claims journeys yet. Online underwriting is still in its infancy, and online journeys sometimes end with a premium indication and a message to contact an agent to underwrite the policy.

### WHERE DO YOU TYPICALLY LOOK TO FIND INSURANCE PRODUCTS?

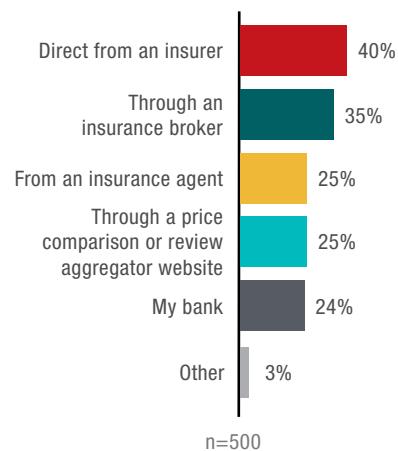


Figure 1: Question asked to all respondents



Nevertheless, since COVID-19 most large players have launched strategic digitalization projects and are slowly catching up. The increased focus on digital has also led to changes in the broker market. Brokers are not renowned for embracing digitalization, but this could change as more consumers continue to choose a more streamlined digital offering, for instance through their bank.

## OPPORTUNITIES

As evidenced in this survey, embedded insurance is growing. 40% of Belgium-based respondents choose to insure through their bank, demonstrating the continued value of such financial services partnerships (Figure 1).

From a consumer perspective, value is of utmost importance to the majority of our Belgian survey respondents.



Price is key: over double the respondents selected 'value for money' rather than 'trust in brand' or 'advice', the second and third most popular decision factors when buying insurance (Figure 2). As we expect insurance costs to rise considering the ongoing pandemic and the worst flooding in 100 years<sup>2</sup> in July 2021, businesses won't necessarily be able to demonstrate value for money through cost-cutting alone. Accordingly, innovation will be a key determiner.

Which brings us back to the topic of digitalization. While only 38% of respondents want a better online experience from their insurer (and a further 22% are undecided), 65% responded positively to the idea of an app that would give better visibility of all their financial products (bank accounts, pensions, insurance policies) and provide personalized insights. Among Gen Z respondents (18-24) the demand for such apps rises to 76%.

Consumer data sharing for a more personalized premium or product, on the other hand, is for a large percentage of our respondents a click too far. Almost half of respondents (45%) selected 'none of the above' when we asked this question. That is not to say insurers should disregard the idea entirely; a quarter of our respondents were happy to share smart device data, and 48% of Gen Z were happy to wear a smart watch or another wireless wearable technology. As mentioned in our global findings, personal data sharing is indeed personal, and as insurance becomes more data-centric, this could give rise to customer exclusion (as not all consumers will benefit from sharing it).



## RECOMMENDATIONS

In addition to catering to more digitally savvy customers, our survey also reveals a need for insurers to reconnect with their customer base in these difficult times. 61% of our Belgium-based respondents feel well-informed about industry products, but in another question 20% said they trust insurers less than before the pandemic. Worrying still, only 44% of respondents feel their existing insurance products provide the appropriate amount of protection, and a further 23% are unsure (Figure 3).

Coupled with the recent news that six out of 10 young Belgians had faced anxiety and depression during the pandemic,<sup>3</sup> now seems a good time to engage and educate on products and services, and the positive work insurers have taken to support customers in recent months. For example, medical apps can now be submitted for reimbursement in Belgium,<sup>4</sup> and from September 1, 2021, a visit to a psychologist or remedial educationalist will be reimbursed by health insurers.<sup>5</sup>

**AS A RESULT OF COVID-19, DO YOU FEEL THAT YOUR EXISTING INSURANCE PRODUCTS PROVIDE THE APPROPRIATE AMOUNT OF PROTECTION?**

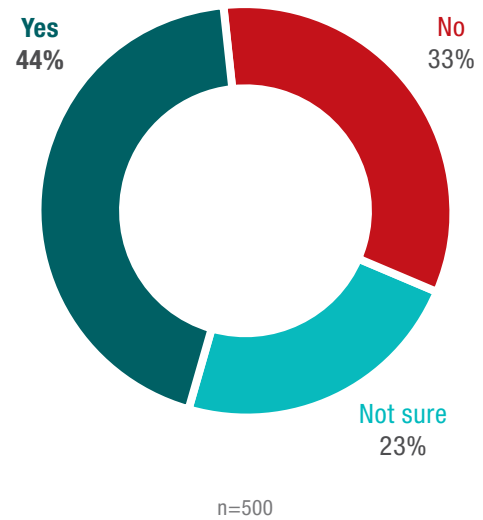


Figure 3: Question asked to all respondents



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*On many counts, the results of our survey are positive for the Belgium insurance market. On the whole, respondents feel up-to-speed about industry products, multi-policy ownership is high, and claims satisfaction is at 77%. However, the number of consumers taking advantage of modern innovation such as apps or price comparison websites is very low. We believe insurers should look to partner with tech-savvy third parties. The survey shows that digital could be a way of attracting younger and more digitally-minded customers, as well as increasing the speed of reimbursement during the claims process. Contact us to discover more findings from this survey.*

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**Gunter Geysen**

Executive Director, Belgium

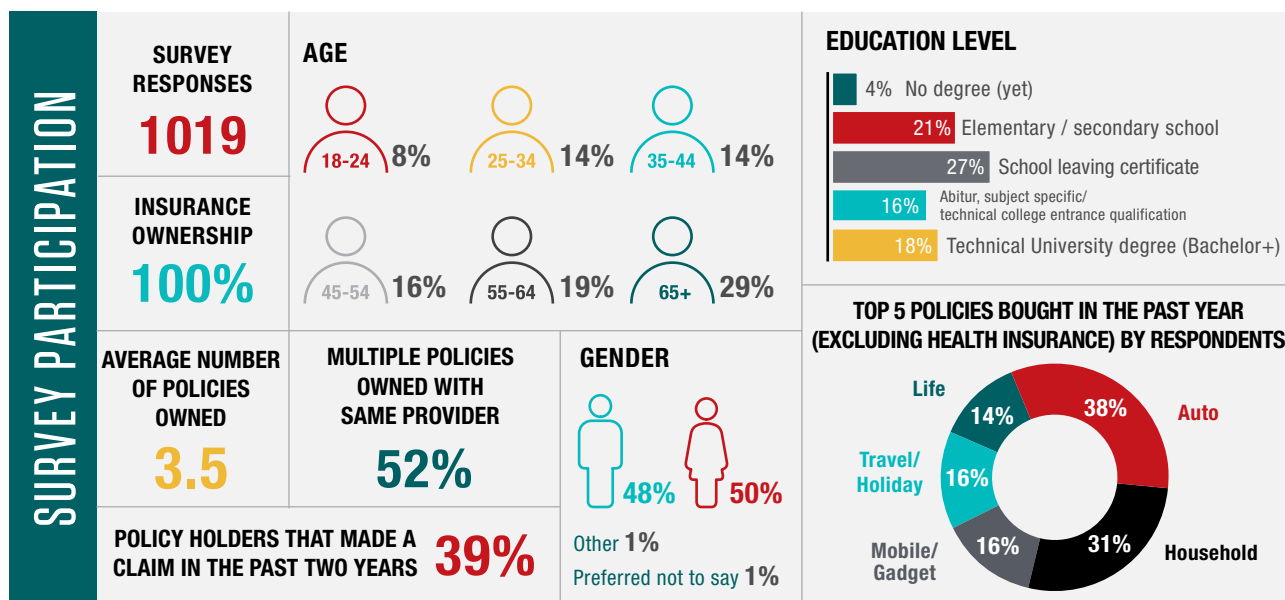
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# GERMANY



## MIXED ATTITUDES TO DIGITAL EXPERIENCES AND A SIGNIFICANT RELUCTANCE TO SHARE PERSONAL DATA

Insurance is tightly woven into the fabric of everyday life in Germany and customer loyalty is strong, but the legacy of ‘Corona’ and this year’s devastating floods mean difficult times may lie ahead for German insurers.

Similar to Austria, Switzerland, and Belgium, insurance is mandatory for certain aspects of everyday life in Germany. All long-term German residents must have health insurance, drivers must have auto, and if employed, residents will also be paying for various ‘social insurances’ (Großschreibung) such as unemployment, pension and statutory accident cover.

With the ongoing effects of COVID-19, and the more recent news of homes flooding across the country [and beyond] in mid-July,<sup>1</sup> German insurers and customers have had a lot to contend with in 2021.

A mixture of market innovation and necessity born out of the pandemic has continued to drive the digitalization of the German insurance experience. Telehealth, which was banned until 2018,<sup>2</sup> has risen in popularity (and significantly so during COVID-19<sup>3,4</sup>) as have insurtechs, embedded insurance

experiences and cross-industry partnerships. Indeed, in April 2021, N26 – one of the world’s most successful digital banks – announced it would be offering smartphone insurance, and that they are also working on private liability insurance, home insurance, life insurance, pet insurance and coverage for bikes, electronics and large purchases through Berlin-based Simpleurance’s digital insurance platform.<sup>5</sup>

## OPPORTUNITIES

Highlighting the ongoing digitalization of consumer’s lives, mobile and gadget insurance was the fourth most popular product (excluding health). 39% of Gen Z and 27% of Gen Y respondents bought this insurance in the past year. The number of smartphone users in Germany has increased steadily in



recent years and is expected to keep rising until at least 2024, where there will be an expected 75.6 million smartphone users.<sup>6</sup>

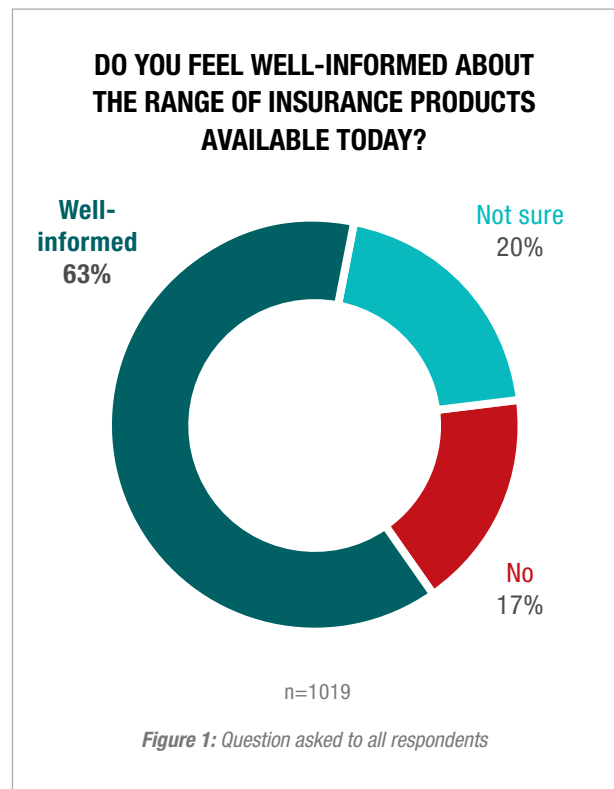
However, German consumers are split when it comes to a more digital insurance experience. Our survey found that 40% of respondents want a better insurance experience online (40% don't and 20% are undecided). This desire for a better online experience rises to 53% amongst those aged 25-34.

It is a similarly polarized picture when it comes to apps. Over 50% of the under 54 year-olds surveyed would use an app that gave them better visibility of all their financial products; however, clearly there is a substantial demand for more digitalized insurance experiences.

Personal data sharing is, by contrast, a harder red line. The importance of privacy among German people is well documented. At the time of our fieldwork, the German government was mulling over changes to personal data protection standards, which would have made mobile phone providers hand over GPS data to health authorities. This was scrapped at the last minute.<sup>7</sup> Our German survey also captured a general unwillingness to share most forms of personal data in exchange for a more personalized premium whatever the demographic – 34% would not share any form of personal data available today.

## RECOMMENDATIONS

While key global trends such as digitalization, personalization and connected experiences are less pronounced in our German datasets, there is evidence of education and knowledge gaps across different demographics that insurers should seek to address. When asking all the respondents how well-informed they felt about the range of products available today, over a third said they were not well-informed or 'not sure' (37%, Figure 1).



Respondents who identified as women were significantly less confident in their insurance knowledge (58%) than male-identifying respondents (71%), as were younger generations surveyed. This confidence gap lessens as the age and educational level of the respondent increases.



### DO YOU TRUST THE INSURANCE INDUSTRY MORE OR LESS SINCE COVID-19?

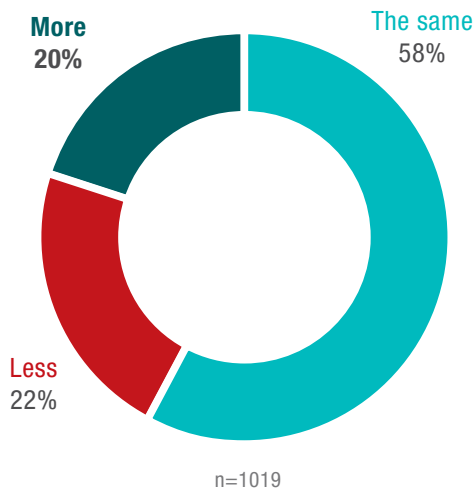


Figure 2: Question asked to all respondents

COVID-19 has additionally had a slightly negative effect on the perception of trust in the insurance sector. While most respondents report no change in their level of trust (58%, Figure 2), less than half of respondents believe their existing policies provide adequate protection against the risks brought by COVID-19 (48%, Figure 3).

### AS A RESULT OF COVID-19, DO YOU FEEL THAT YOUR EXISTING INSURANCE PRODUCTS PROVIDE THE APPROPRIATE AMOUNT OF PROTECTION?

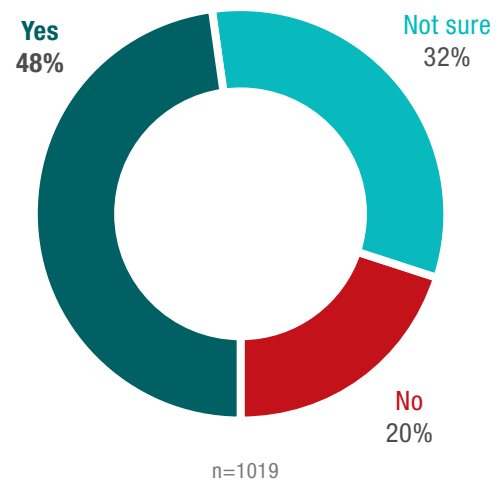


Figure 3: Question asked to all respondents

We believe insurers should look to reach out and reassure their customers during this continued period of economic and environmental instability. After all, as well as the pandemic, there are added concerns about climate change.

When buying insurance, the top three decision factors for all German respondents surveyed were 'value for money' (30%), trust in brand (22%) and ability of offer to meet their needs (12%). These were also the top three global decision factors. Insurers should therefore be focusing on ways to keep these factors at the heart of their offerings.

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*For many years, customer loyalty has been strong in the German insurance market. However, new digital trends, coupled with recent unforeseen events such as the ongoing pandemic and July's storms and floods<sup>8</sup>, could give rise to a whole host of pressures. This year is on course to be the most expensive for German insurers since 2002<sup>9</sup> and, in turn, consumers. Given this is a highly competitive landscape, insurers will have to work even harder to demonstrate value for money – and support – to both existing and prospective clients. As demonstrated in these results, more sophisticated online or app-based tools could hold the key to new models of value creation with certain customer segments. Contact us to find out more.*

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& Slovakia Insurance Lead

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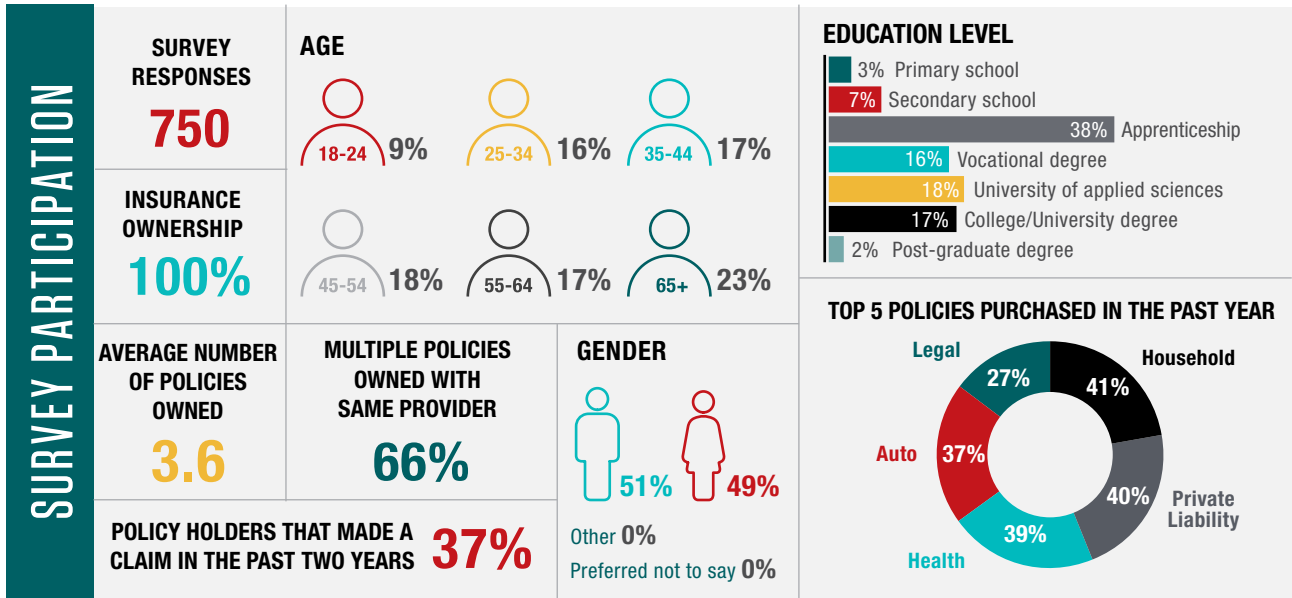
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# SWITZERLAND



## SWISS INSURERS MUST STILL EMBRACE DIGITAL TO FULLY SUPPORT CUSTOMERS

Almost two-thirds (63%) of Swiss respondents would consider a form of personal data sharing in exchange for personalized insights and premiums.

The Swiss reputation for being prepared for every eventuality<sup>1</sup> is certainly reflected in the numerous social security provisions and obligatory insurance policies required of citizens. Everyone must have insurance coverage for health (basic provision), old age, accident, and disability, and auto (for vehicle owners). As indicated by the results of our survey, household and private liability insurance is also common (and often purchased together), although not mandatory; and sometimes, these policy agreements will run for multi-year terms.

With Switzerland being a more ‘insured’ population,<sup>2</sup> insurance is seen as important – but it is also something that runs in the background, as opposed to being a topic consumers actively think about in great detail or discuss socially (except perhaps to complain about the high costs). Individuals rarely change their insurance provider unless they have had to make a claim and suffered a negative experience.

### WHAT TYPE OF CLAIM(S) DID YOU SUBMIT MOST RECENTLY?

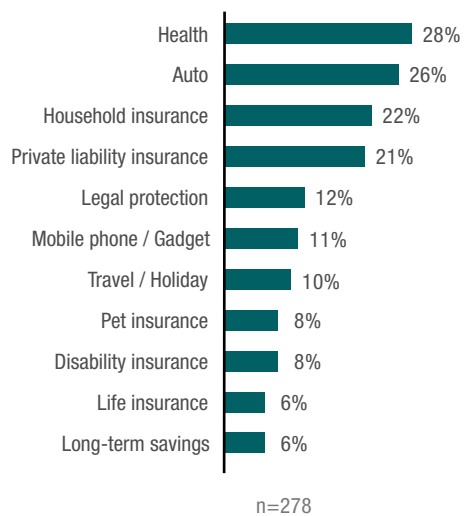


Figure 1: Question asked to those who had submitted a claim within the past two years



Indeed, while 37% of our respondents had submitted a claim in the past two years (Figure 1), only 12 out of that cohort of 279 people encountered an issue. 88% of claimants were happy with the service they received, which is good news for insurers.

However, in this continued period of economic uncertainty, we believe insurers will need to keep demonstrating good value for money – and in new ways. While advice will always be a key part of the service provided, ‘value for money’ was our survey respondents’ top decision-making factor (35%). ‘Advice’ (19%) and ‘trust in brand’ (16%) followed. So, how can insurance providers combine all three?

## OPPORTUNITIES

We believe three of the key global themes identified in our wider survey – digitalization, education and staying connected to customers – need to be more deeply entrenched within the insurer relationship lifecycle in Switzerland. While 70% of respondents classed themselves as ‘well-informed’ about the range of insurance products available today, over a quarter did not feel their existing insurance products provided the appropriate level of protection after COVID-19 (26%), and an additional 15% were ‘not sure.’

These findings suggest 41% of these customers do not understand the implications of their policy. Studies have shown that few consumers read through the terms and conditions of any products or service.<sup>3</sup> Not reading insurance terms and conditions, however, can lead to nasty surprises. While some customers may still favor an insurance agent (33%) or broker (19%) when looking for insurance products, if there is a problem with their policy (or they need to claim) their needs can be met faster (even automatically) and more transparently via online tools or portals.

### DO YOU WANT A BETTER ONLINE EXPERIENCE FROM YOUR INSURANCE PROVIDER?



### WOULD YOU USE AN APP THAT GAVE YOU BETTER FINANCIAL VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED PERSONALIZED INSIGHTS?



### WOULD YOU CONSIDER ONE OF THE FOLLOWING METHODS TO GET A MORE PERSONALIZED INSURANCE PRODUCT OR PREMIUM??

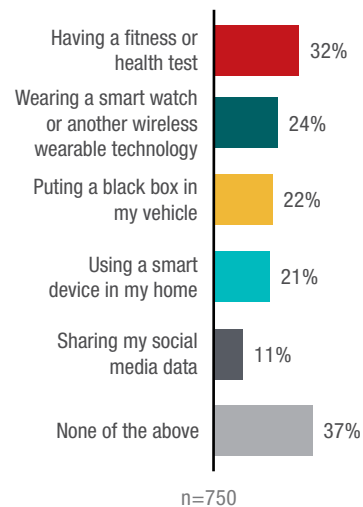
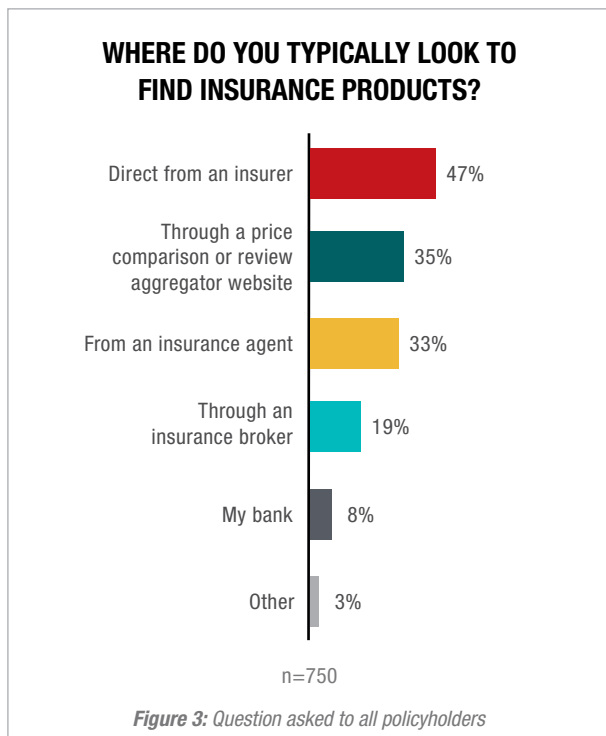


Figure 2: Question asked to all policyholders



While for the majority it is not about a better online experience per se (51% did not want a better online experience), 55% of respondents said they would use an app that offers better visibility of their financial products (bank accounts, pensions, insurance policies) and provides personalized insights. However, only 4% are already using such an app, highlighting the scale of this so-far unseized opportunity (Figure 2).

For the customers who are happy to share their data in exchange for a more personalized insurance product or premium (63% in some shape or form), there is also opportunity to create added value for customers. Overall, younger customers were happiest to do this. We found that 39% of respondents aged 18-44 would take a fitness test, and 32% would wear a smartwatch or another form of wearable technology. We know this level of personalization is already offered by some Swiss health insurers, and they are no doubt benefitting from the data to understand their customers even better.



We also see opportunity in insurers providing more embedded insurance. Only 8% of respondents looked for insurance through their bank and only 3% use another third-party, such as a travel agency, car dealership, tech partner or mobile/gadget insurance provider (Figure 3). However, mobile gadget insurance is certainly increasing, it was the eighth most popular insurance bought in the past year by respondents, and the sixth highest in terms of claims submitted. The popularity of this relatively recent (and voluntary) insurance type reflects the increasingly digital world we live in. Insurtech start-up Kasko2Go has embraced digitalisation with the launch of its purely mobile-based PHYD (Pay How You Drive) car insurance<sup>4</sup> application, as well as the use of the OBD2 connector offered by Mobililar based on new PAYD (Pay As You Drive) technology.

Besides digitalization, there are also embedded insurance opportunities in the wider retail space. For example, SwissRe start-up iptiQ provides household and private liability insurance through IKEA. Insurance providers can find new distribution partners by identifying key life events of customers, such as moving house or car purchases, to act as a channel for their insurance products.

## RECOMMENDATIONS

The increasing digitalization of businesses has demonstrated the value in improving omnichannel experiences. This has been especially apparent during difficult times, such as the pandemic and recent flooding in Switzerland. Every day, we are seeing technology innovation unlocking new revenue streams and allowing customers to buy and manage their products in more convenient ways. Our survey has revealed that many respondents view industry innovation positively, and moreover this does not have to be a threat to one-to-one advice for insurers or brokers; many are still going direct for advice. A more omnichannel based approach simply gives the insurer and customer the best of both worlds.



“

*Digitalization doesn't only help the customer. Besides providing tech-savvy customers with more readily available information, faster onboarding and claims, it is also helping insurers to understand their business and customers better. We recommend insurers seek to partner with firms that can help them keep up with rapid industry innovation, take new products to market quickly, and manage bigger and more detailed data pools. To discover how to maximize your insurance propositions, please contact us.*

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**Andrea Hoffmann**

Partner, Switzerland

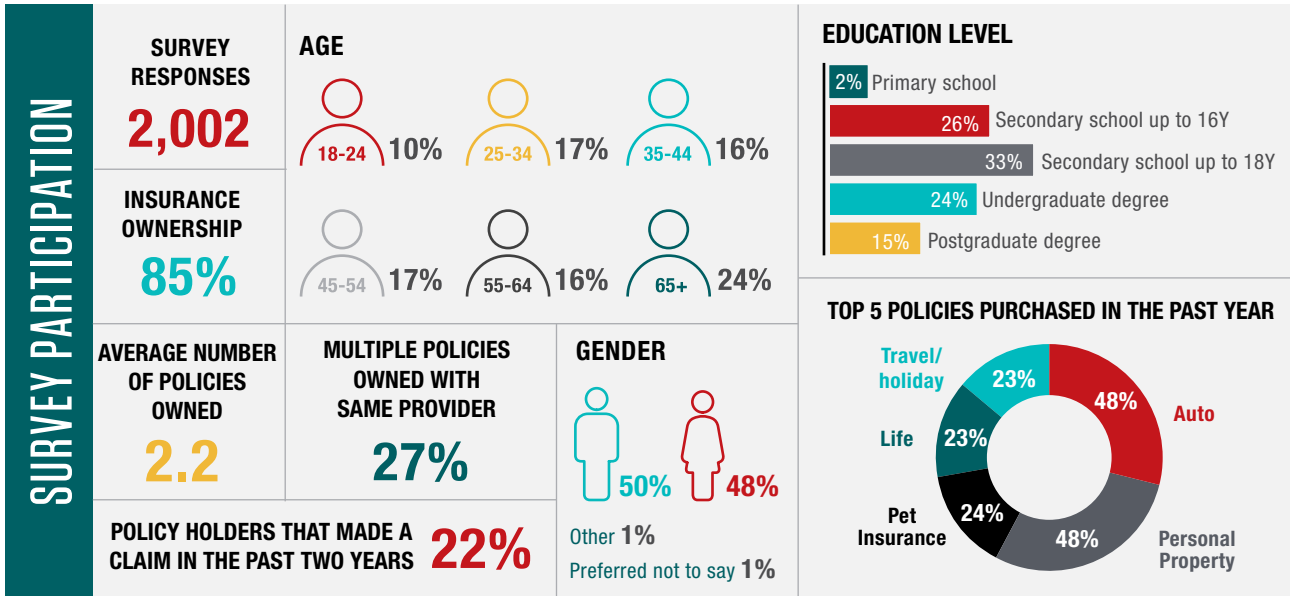
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# UNITED KINGDOM



## APPS AND CROSS-SELLING ARE MISSED OPPORTUNITIES FOR GROWTH

The UK is regarded as the birthplace of modern insurance, having first established fire, accident, and life insurance during the 1700s.<sup>1</sup> Fast forward to the present day and the industry had to think on its feet with the onset of COVID-19, which closed many offices and call centers overnight, pushing insurance companies to embrace more digitalized ways of working.

Over a year on from the start of the pandemic, and evidently trust has not faltered dramatically due to the crisis. UK insurers have responded well to customer demands, with a record number of claims paid out in 2020.<sup>2</sup> Our survey affirms a general satisfaction among consumers, particularly in terms of claims (73%). Despite this, our research demonstrates that not all insurance firms are capitalizing on opportunities to innovate, cross-sell and meet differing customer preferences.

In our UK survey, we found that 84 percent of our respondents owned at least one insurance policy (2.2 on average) at the time of the survey, and auto and personal property were the most popular types of insurance owned in the past year (each 48%). Health insurance accounted for just 17% of UK insurance holders, as opposed to 36% global average, which highlights the reliance on the National Health Service, the UK's publicly funded healthcare system.

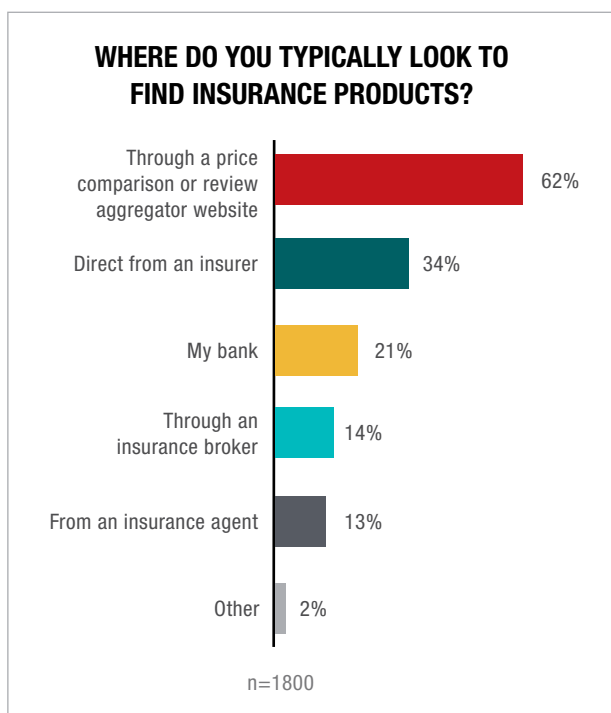
As a nation of pet lovers, and with the steady growth of the pet insurance market over the past few decades, we were not surprised that UK respondents were the biggest buyers out of the 13 countries surveyed. We expect it to become a more popular product as pet ownership continues to rise significantly<sup>3</sup> - as do veterinary bills and dog theft.<sup>4</sup>

The famous British love of a bargain is also evident. According to our survey, price comparison and aggregator review websites are the preferred way to choose an insurer today (62%). With the convenience that these sites bring, is it any wonder that value for money was seen as the number-one decision factor (41%) by UK respondents?

Indeed, UK consumers are digitally savvy and advertising works – 95% of UK households have a TV license,<sup>5</sup> and 97% have internet access.<sup>6</sup> Upon asking respondents who was the



most trustworthy insurance provider today, there were many who simply named aggregator sites such as Confused.com, CompareTheMarket or GoCompare rather than an insurance business.



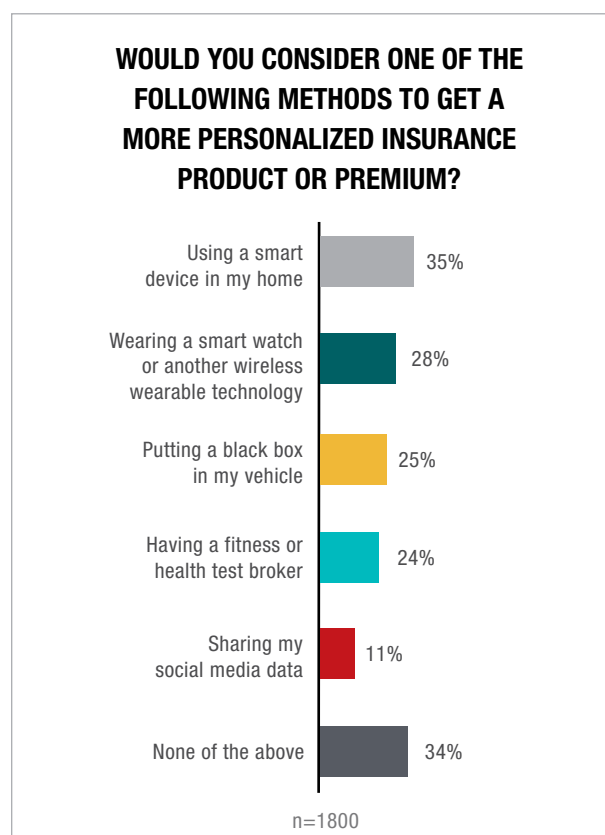
**Figure 1:** Respondents could choose a maximum of three answers, but 68% selected one answer. Question not asked to uninsured respondents.

## OPPORTUNITIES

Our findings call into question traditional insurers' brand recognition and their ability to cross-sell and take on a more proactive role engaging with the consumer. Only just over a quarter (27%) of UK respondents have multiple insurance policies with the same provider, which is far below the global average of 40%. This is a missed opportunity. Furthermore, with the Financial Conduct Authority recently confirming its proposals to tackle price walking,<sup>7</sup> we may see insurers more incentivized commercially to cross-sell to existing customers.

## RECOMMENDATIONS

Digitalization, personalization, and interconnected customer experiences are global trends. Within the UK market, digital adoption by consumers and insurers is clearly already prevalent. This is reflected in our finding that 30% of UK respondents do not want a better online insurance experience and 27% are undecided (Figure 2). However, apps that offer a more unified picture of insurance and other financial products are seen to be valuable (58% would use this, 9% already have this).



**Figure 3:** Question not asked to uninsured survey respondents.

However, if insurers choose to engage with these trends, they must be careful to manage diverse customer wants and needs. As Figure 3 shows, a third of respondents do not want to share their data to gain a cheaper premium (34%), and people over the age of 65 are especially reluctant in this regard. A drive toward greater personalization cannot come at the expense



### DO YOU WANT A BETTER ONLINE EXPERIENCE FROM YOUR INSURANCE PROVIDER?

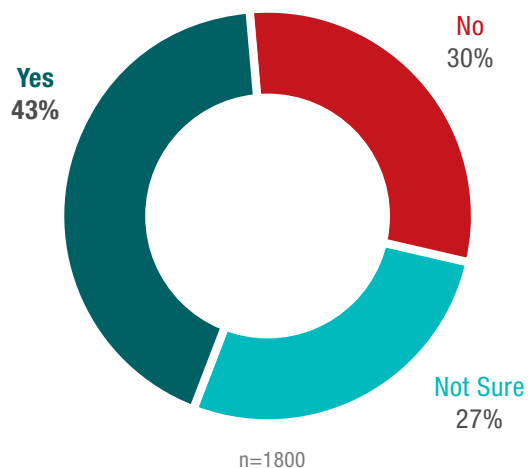


Figure 2: Question asked to current policy owners and insurance owners from the last year.

### WOULD YOU USE AN APP THAT GAVE YOU BETTER FINANCIAL VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED PERSONALIZED INSIGHTS?

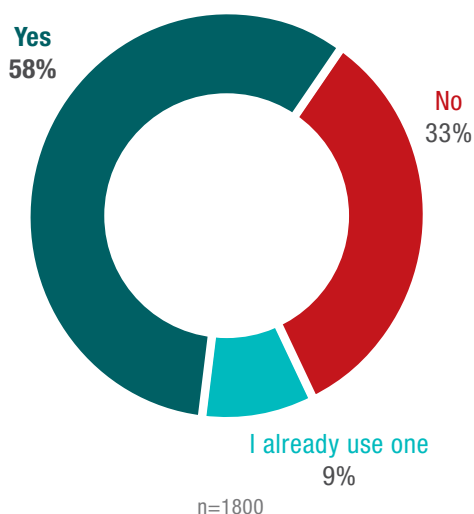


Figure 4: Responses from current policy owners and insurance owners from the last year

of damaging customers' trust in their providers. Insurers will need to navigate concerns about personal data being used in a discriminatory fashion with care.

When it comes to digitalization, it must be recognized that the streamlining of customer journeys has its limits. For more complex products – like life event insurance for example, where people may require more empathy and reassurance from the provider – far fewer people are comfortable with an online experience compared to more general products, such as auto insurance, where customers will embrace a fully automated process.

Our survey has demonstrated that UK consumers are receptive to insurance in principle and this, coupled with high levels of trust in the industry, suggests there is plenty of opportunity for insurers to engage successfully. When asked about the COVID-19 pandemic, almost half of UK respondents said they felt unsure about their existing product coverage and level of protection (43%). On the bright side, most UK consumers feel well informed about the industry (62%) and trust the industry the same (64%) or even more (14%) than before COVID-19.

### WHEN BUYING INSURANCE, WHAT IS YOUR MOST IMPORTANT DECISION FACTOR?

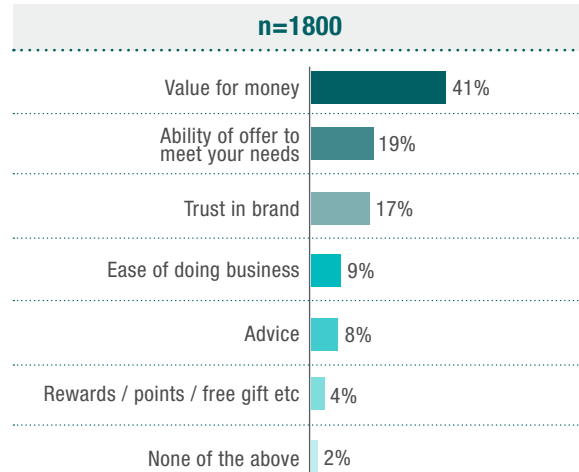


Table 1

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*There is a strong demand for digitally focused tools that educate the customer, provide personalized support and financial information. We believe if insurers invest in these tools - created in-house or with a trusted third-party - they can enhance their customer relationship, retention levels and drive repeat business. Given continued COVID-19 uncertainty, its impact on trust (22% trust insurers less) and the confusion it has had on customer policies (43% of respondents are not confident about their level of product protection), tools that promote proactive engagement and cater to specific customer needs will surely be welcome. Contact me to find out more.*

”

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1. [https://www.swissre.com/dam/jcr:e8613a56-8c89-4500-9b1a-34031b904817/150Y\\_Markt\\_Broschuere\\_UK\\_EN.pdf](https://www.swissre.com/dam/jcr:e8613a56-8c89-4500-9b1a-34031b904817/150Y_Markt_Broschuere_UK_EN.pdf)
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3. <https://www.statista.com/statistics/308235/estimated-pet-ownership-in-the-united-kingdom-uk/>
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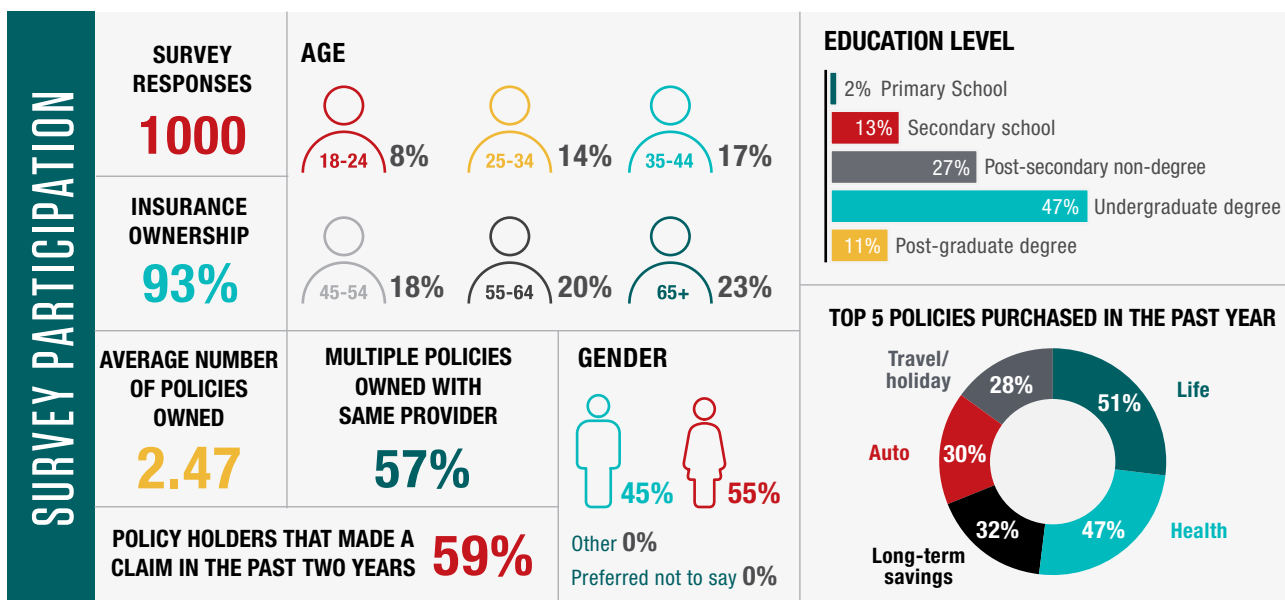
# COUNTRY COMMENTARIES

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## APAC



# HONG KONG



## WHILE SATISFACTION LEVELS ARE HIGH, RESPONDENTS WANT A BETTER ONLINE EXPERIENCE FROM PROVIDERS

92% of Hong Kong policyholders surveyed would share their data to receive a more personalized product or premium.

The effects of the pandemic have been wide-ranging in Hong Kong. In 2020, the Hong Kong Government imposed social distancing measures and went through phased closures of government offices, schools, gyms, and bars. There were major losses to air travel, inbound new business and visitors fell significantly, and exports of services posted a record decline. The Hong Kong Government has rolled out an unprecedented three rounds of relief measures, totaling US\$24.6 billion, to save the economy, in addition to the US\$15.4 billion relief package under 2020-2021 budget.<sup>1</sup> Despite the economic challenges faced by Hong Kong, the insurance industry has shown tremendous resilience with rising underwriting profits.

### DO YOU TRUST THE INSURANCE INDUSTRY MORE OR LESS SINCE COVID-19?

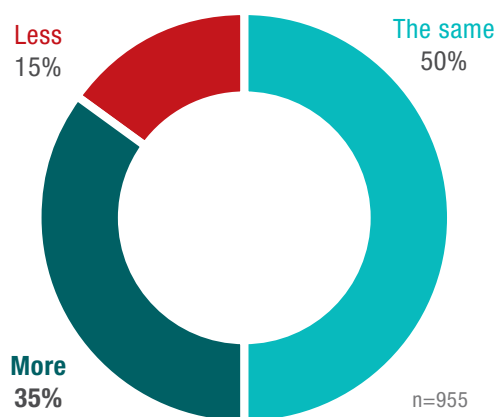
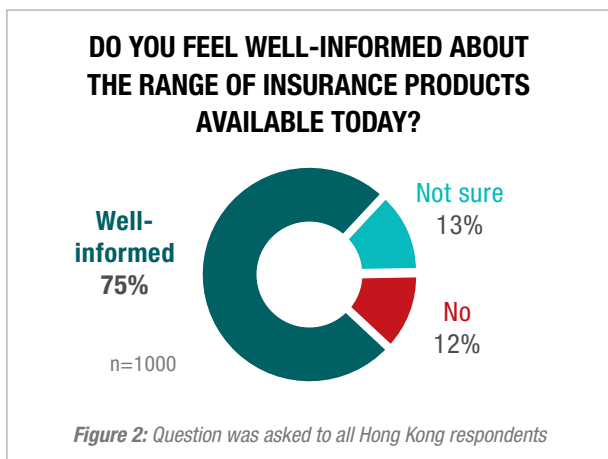


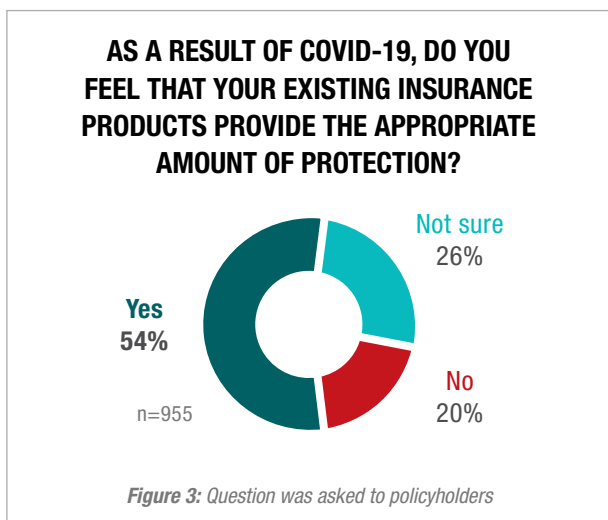
Figure 1: Question asked to policyholders



Our survey reveals that trust in the Hong Kong insurance industry has remained strong since the onset of COVID-19. Only 15% of consumers surveyed trusted the industry less (Figure 1). 75% felt well informed about insurance products (Figure 2) – the highest level of confidence found amongst respondents globally (global average: 63%). As we have seen in other regions, confidence levels rose considerably with the age.



However, when it comes to products and coverage needs, the results were less positive, with as many as 46% of respondents indicating a need to purchase additional coverages to feel adequately protected. (Figure 3).



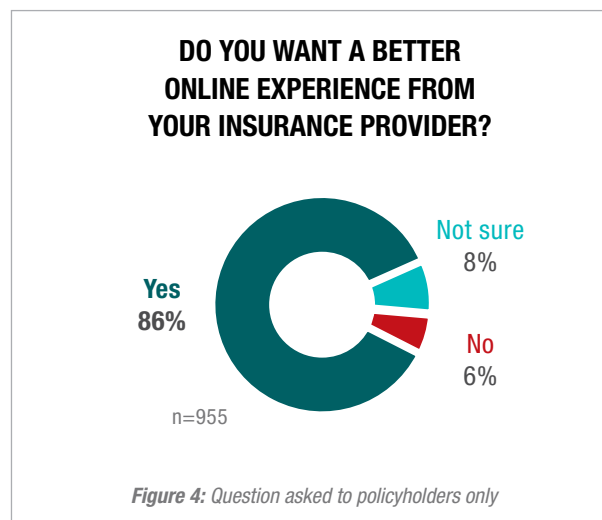
Regarding coverage uncertainty and future purchase intent, 72% of current policyholders surveyed responded positively to the idea of purchasing a new policy or increasing their existing coverage amount in the next 12 months.

Top factors influencing the consumer's choice of insurer when purchasing insurance products include 'value for money' (21%) and 'advice' (20%).

It was also noted that consumers in Hong Kong are more likely to shop with one provider, with 57% of respondents having multiple policies with one single provider, which is 17% higher than the global average.

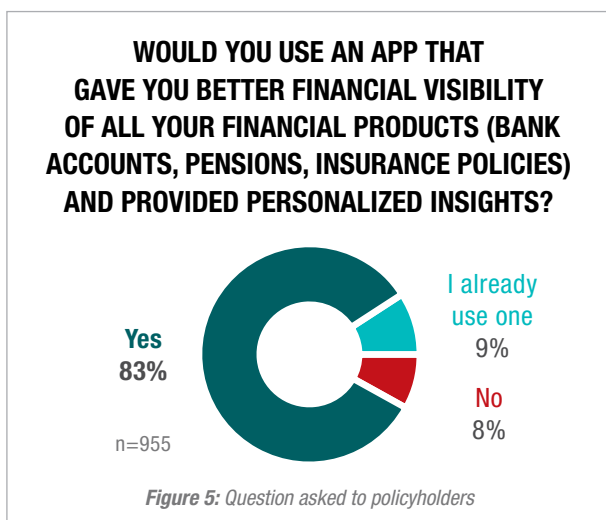
## OPPORTUNITIES

While consumers surveyed seem generally positive about their existing insurers and the wider industry today, insurance carriers undoubtedly need to start rethinking their customer service models in order to adapt their business strategies in the post-COVID world. Seamless digital interactions, omnichannel engagements, straight through underwriting processing and personalized offerings will enable insurance carriers to transform the way they present themselves to the consumers of tomorrow.

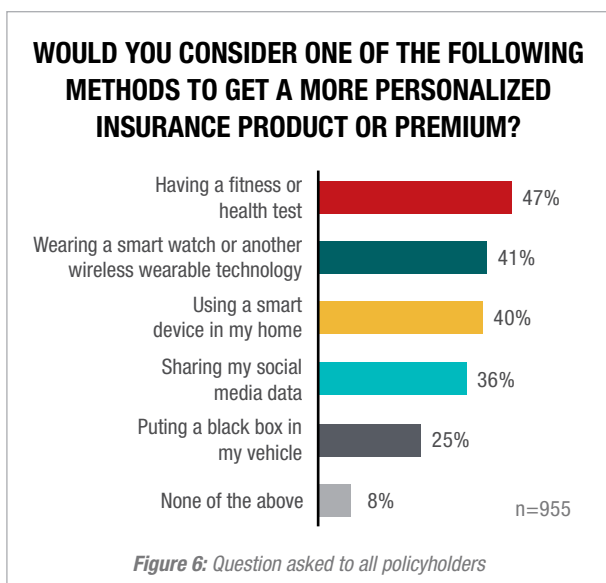




As many as 86% of policyholders surveyed in Hong Kong wanted a better online experience from their insurance provider (8% answered 'not sure', 6% answered 'no'; Figure 4). This was the highest level of demand for a better and simpler online customer experience recorded across all markets surveyed.



There is also a strong demand in Hong Kong for apps to provide a more holistic view (e.g. integration with banking and asset management) of customers' insurance and financial products for greater personalized insights (Figure 5).



Greater still was policy holders' appetite for more tailored coverage and personalized offerings. When we asked our 1000 consumers (drawn from a broad demographic spectrum) their preferred ways of engaging with insurers to receive a more personalized offering, we found only 8% of policyholders would not share their personal data to achieve this (Figure 6). Consumers are warming to the idea of data sharing depending on the benefits they will get in return, and from a carrier's perspective, this is becoming possible to achieve through Big Data analytics.

## RECOMMENDATIONS

Our survey also revealed that 72% of policyholders are likely to purchase additional insurance coverage in the coming months (43% said they were 'likely, 29% said 'extremely likely'). This presents a large opportunity for insurance carriers to proactively engage and support their customer base. Carriers should discover new ways to bring value-added services to customers during many activities traditionally performed by local agents. This can be achieved through seamless digital interactions, omnichannel engagements, straight through underwriting processing, personalized offerings and digital claims management.

Consumers' willingness to share their data in exchange for personalized offers or discounts presents opportunities for insurers to deliver more tangible and customized benefits to consumers. This can be achieved through leveraging open-source technologies and data analytics capabilities. However, insurers must ensure greater transparency about the use of customer data to clearly outline its uses and benefits to the customers.



“

*Our survey shows that customers want more personalized insurance experiences, yet few - if any - are delivering insurers this experience today. There is a large opportunity to expand the insurance marketplace through ecosystem partnerships and enhanced digital distribution capabilities, facilitating access to insurance for uninsured and underinsured populations. Contact us for a deeper dive into this surveys' insights and for information on how we are working with insurers in APAC and beyond to help them capitalize on new global and country-specific trends.*

”

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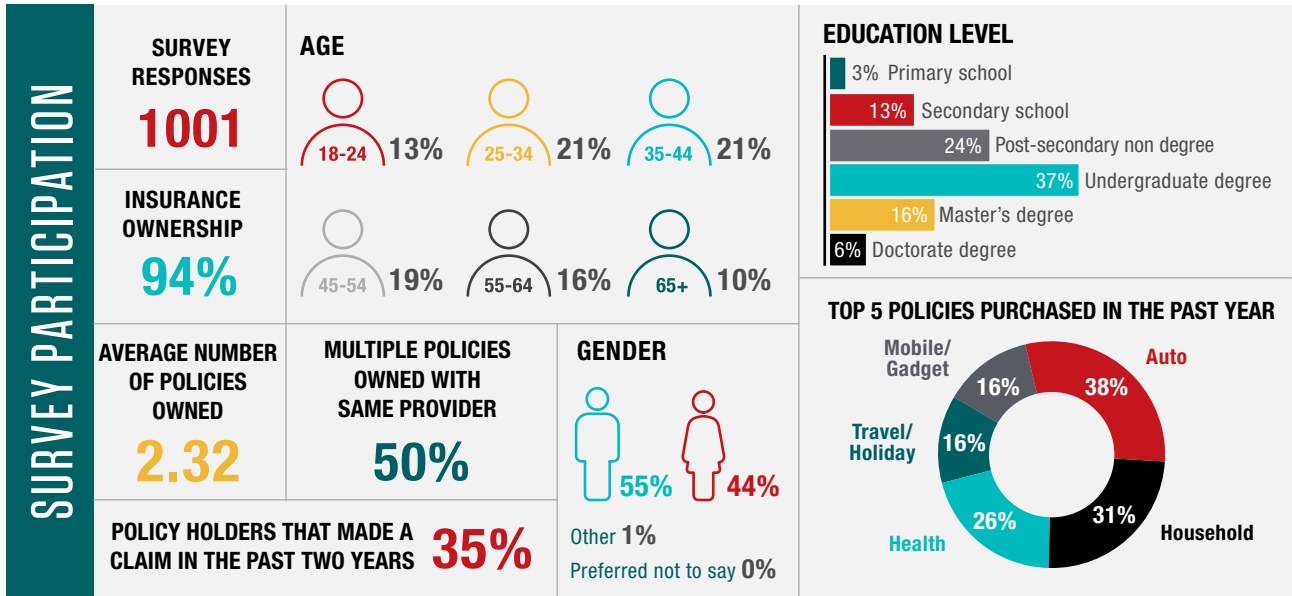


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1. <https://www.legco.gov.hk/research-publications/english/2021rb01-challenges-and-economic-impacts-arising-from-coronavirus-disease-2019-20201214-e.pdf>



# SINGAPORE

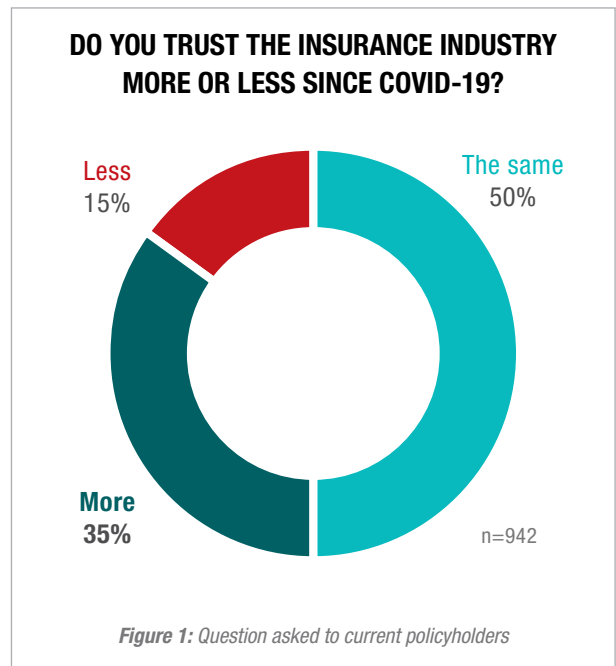


## SURVEY RESULTS SHOW GENERATIONAL PREFERENCES FOR INSURANCE TYPES, PURCHASING AND PERSONAL DATA SHARING METHODS

Our Singapore findings highlight that trust in the industry is high and consumers would welcome more personalized experiences from providers.

The past two years have been difficult for Singapore. The city-state has shifted away from its initial 'COVID-zero' plan to a phased re-opening of its economy backed by mass vaccination. At the time of writing this, Singapore is proceeding on to its next phase of 'transition towards Covid resilience' with 77% of the population fully vaccinated<sup>1</sup>. While motor and travel insurance have been greatly affected due to the ongoing pandemic,<sup>2</sup> life insurance grew by 61% for first half of 2021 compared to same period in 2020.<sup>3</sup>

Despite the challenges that consumers have experienced during this continued period of uncertainty, the insurance industry has been quick to step up and find solutions. Government bodies such as the Monetary Authority of Singapore, the General Insurance Association of Singapore and the Life Insurance Association are working with numerous insurers to implement flexible solutions to ensure uninterrupted insurance coverage for financially struggling customers.<sup>4</sup>



From our Singapore results, it seems that such initiatives were warmly received (Figure 1). 35% of respondents who were current policyholders trusted the insurance industry even more than before the onset of COVID-19. However, while 20% felt their existing insurance products provided the appropriate amount of protection, a further 15% were unsure about their current level of coverage.

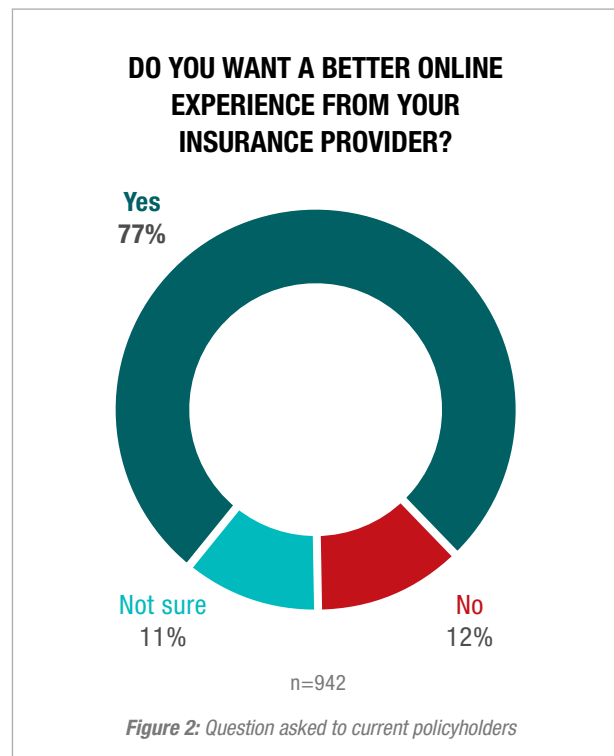
Looking to the future, over half of respondents who own policies said they would be increasing or purchasing additional insurance coverage in the coming 12 months (52%). Of all generations surveyed, Baby Boomers aged 65+ were most likely to increase their insurance (64%), followed by 58% of Gen Y (25-34), 57% of Gen X (45-54), 52% of Xennials (35-44), and just 42% of Gen Z (18-24).

Our survey has also revealed trends in the types of insurance bought by different age demographics over the past year. Gen Z respondents were the biggest buyers of mobile/gadget insurance (18%), whereas Gen Y were the biggest buyers of travel/holiday insurance (23%) and health-related policies (63%). Xennials bought the most life insurance policies (55%) and income protection (16%), and Baby Boomers aged 65+ bought the most long-term savings (50%), personal property protection (25%), auto (31%) and pet insurance (11%) policies.

When it comes to looking for insurance, most respondents of all ages choose an insurance agent (70%), except Baby Boomers aged 65+, who preferred to go direct to an insurer (50%) or broker (44%). As expected, younger generations surveyed, such as Gen Z (39%) and Gen Y (31%), were most likely to use a bank to find insurance than other generations. Gen X were the age group most favoring price comparison or review websites to assist in their insurance purchase (43%).

## OPPORTUNITIES

Regardless of where insurance was purchased, or age or gender, most policyholders surveyed (77%) desired a better online experience from their insurer (Figure 2).



Policyholders were also strongly in favor of an app that gives better visibility of all financial products and provides personalized insights (81%, Figure 3). The smallest appetite for such an app was amongst the Baby Boomers aged 55-64 (62%), although an additional 10% of this group is already using one.

**WOULD YOU USE AN APP THAT GAVE YOU BETTER VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED PERSONALIZED INSIGHTS?**

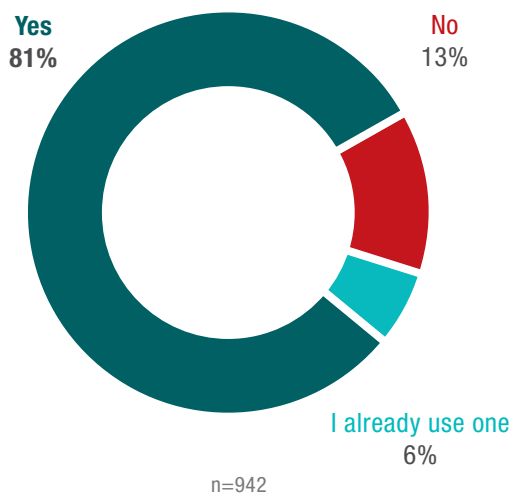


Figure 3: Question asked to current policyholders

The survey results about sharing personal data in exchange for a more tailored product or premium also offer food for thought. 77% of policyholders embraced this idea. Again, different age demographics favored different types of personal data sharing. Home smart devices were most popular among Gen Y (47%) and Boomers aged 55-64 (31%). Interestingly, the youngest and oldest participants in this survey were most keen about taking a health or fitness test (Gen Z, 42%; Boomers aged 65+, 41%). Smartwatches or other wearable tech were preferred by Xennials (46%) and Gen X (39%). Of all generations, the eldest respondents were most open to social media sharing (34% of Baby Boomers aged 65+). In contrast, only a small proportion of respondents across all age groups were open to putting a black box in their vehicle (17%).

## RECOMMENDATIONS

Our survey reveals that Singapore policyholders place 'value for money' and 'ability of offer to meet needs' as the top decision factors when choosing an insurance policy (both 25%) today. We believe insurers have an opportunity to further enhance the value and suitability of their offerings by developing exciting new digital propositions, such as app-based experiences that are closely attuned to the needs of the user.



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*The sharing of personal data could help insurers design better insurance products that are more tailored to the needs of consumers. Contact us for a discussion and more information about how we are working with insurers in APAC and beyond to help them capitalize on new global and country-specific trends.*

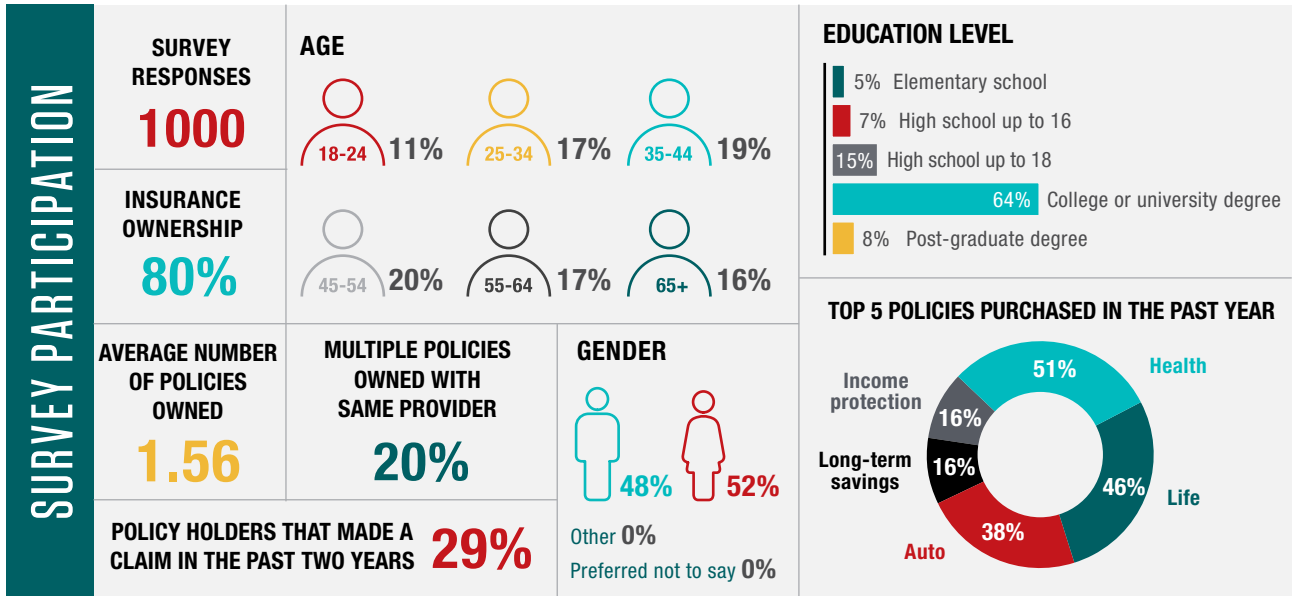
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1. <https://www.moh.gov.sg/news-highlights/details/next-steps-in-our-transition-towards-covid-resilience>
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# THAILAND



## 89% OF THAILAND-BASED RESPONDENTS WOULD SHARE THEIR PERSONAL DATA TO GET MORE PERSONALIZED PRODUCT OR PREMIUM

Our survey reveals that the appetite for insurance services – and trust in providers – is strong in Thailand, and the majority of policyholders surveyed are keen to embrace new digital trends.

Over the past few years, Thailand’s government has focused on promoting innovation and technology under the ‘Thailand 4.0’ economic model.<sup>1</sup> Then came COVID-19 and containment measures, and GDP fell by 6.1% in 2020.<sup>2</sup> At the same time, insurers saw opportunities for distribution of non-life COVID-19 protection policies, for which premiums have already surpassed 10 million Baht as of February 2021.<sup>3</sup> However, this also gave rise to fraud risks.

### OPPORTUNITIES

With such market developments, it is little wonder that digitalization has become a prominent consumer trend, and the results of our survey confirm this. As many as 85% of Thailand-based policy-owning respondents said they would like a better

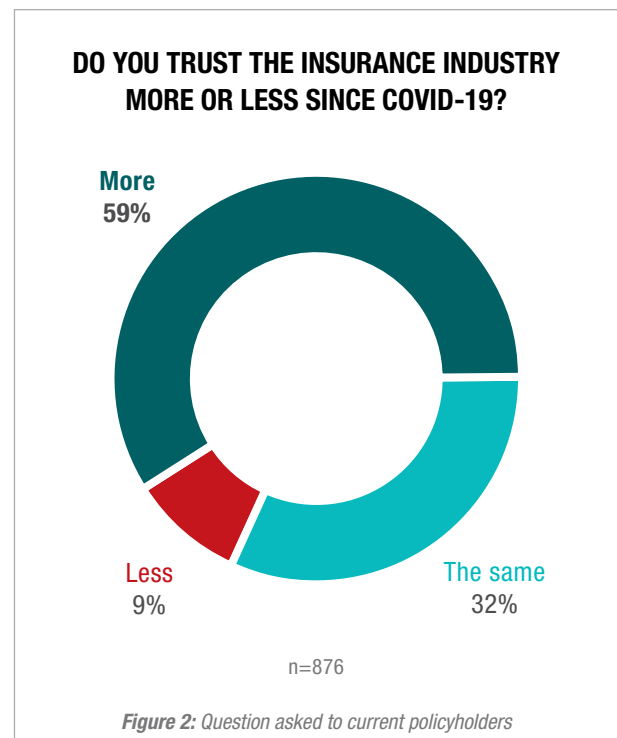
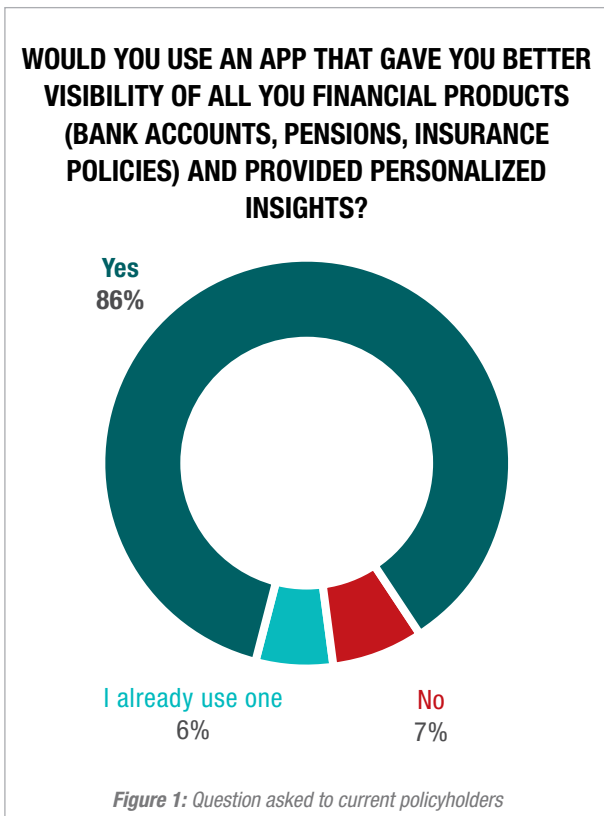
online experience from their insurance provider. Interestingly, this number rose to 91% among Baby Boomers aged 55 and above.

An even higher number of policy-owning respondents would share their personal data to get a more personalized insurance product or premium (89%). For Baby Boomers aged 55 and above, the most popular choice was to have a health or fitness test (70%), and for everyone else below that age (and above 18) the strongest preference was to share social media data (54% overall). Over 89% of Baby Boomers used social media in 2020,<sup>4</sup> which demonstrates the pervasiveness of digitalization in Thai society. Conversely, outside of APAC, our respondents showed little willingness to share social media data in exchange of gaining a more personalized insurance product or premium.



However, the most desired digital product/experience of all was for apps (Figure 1). 86% of policy-owning respondents answered 'Yes' to the question "Would you use an app that gave you better visibility of all your financial products and provided tailored insights?" Among owners of multiple policies, this desire was strongest (91%), followed by women policyowner respondents (90%). Clearly, financial transparency and service aggregation is a much-desired want and need of Thai consumers today. At the same time, with increased digital customer touchpoints, insurers can understand their customers better through data-driven insights and create higher customer value by offering personalized products.

Moreover, the appetite for insurance services is strong. 78% of policy-owning respondents answered that they were "Likely" or "Very likely" when asked, "What is the likelihood of you increasing or purchasing additional insurance coverage in the coming 12 months?" Additionally, our survey also demonstrates Thai consumers are even more receptive to new products and services than before the pandemic. 59% of respondents said they trusted the industry even more than before COVID-19 (Figure 2), and of the 29% who claimed in the past two years, 86% were happy with the claims process. On the other hand, a third of respondents seem doubtful about their existing level of policy protection since COVID-19 (Figure 3), which highlights an opportunity for insurers to proactively engage with their customers throughout the policy term.





### AS A RESULT OF COVID-19, DO YOU FEEL THAT YOUR EXISTING INSURANCE PRODUCTS PROVIDE THE APPROPRIATE AMOUNT OF PROTECTION?

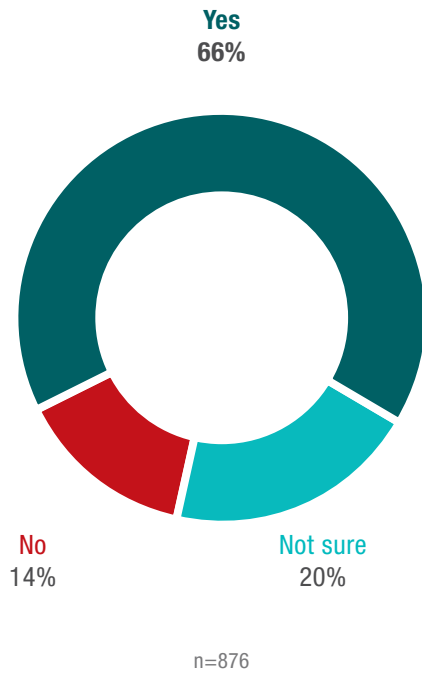


Figure 3: Question asked to all respondents

## RECOMMENDATIONS

Our results showed that the majority of our respondents are well-informed about insurance products available today (63%) and look to find insurance from a variety of sources (Figure 4).

### WHERE DO YOU TYPICALLY LOOK TO FIND INSURANCE PRODUCTS?

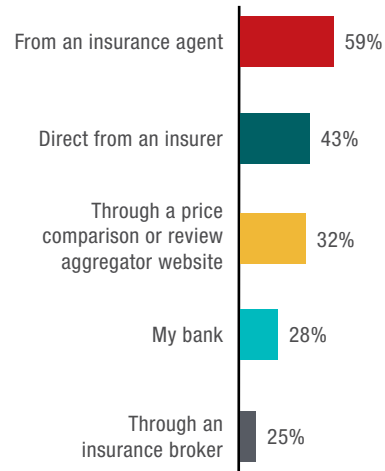


Figure 4: Question asked to all policyholders



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*In line with our global results, leading insurers in Thailand are finding ways to innovate and digitize their products to meet current consumer behaviours as the country is impacted by worsening COVID-19 infections, which have surged since April 2021. For example, some insurers have introduced COVID-19 vaccine insurance and policies to cover work from home related syndromes, while others repackaged their non-life products to cover both home and car in the same package, or are using telematics to personalize motor insurance premium based on usage and driving behavior. Most of these can now be purchased online. Contact us for a deeper dive into this survey’s insights and for information on how we are working with insurers in APAC and beyond to help them capitalize on new global and country-specific trends.*

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1. [https://www.boi.go.th/upload/content/TIR\\_Jan\\_32824.pdf](https://www.boi.go.th/upload/content/TIR_Jan_32824.pdf)
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4. <https://www.statista.com/statistics/1181552/thailand-share-popular-online-activities-baby-boomers/>

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## ABOUT CAPCO

Capco, a Wipro company, is a global technology and management consultancy specializing in driving digital transformation in the financial services industry. With a growing client portfolio comprising of over 100 global organizations, Capco operates at the intersection of business and technology by combining innovative thinking with unrivalled industry knowledge to deliver end-to-end data-driven solutions and fast-track digital initiatives for banking and payments, capital markets, wealth and asset management, insurance, and the energy sector. Capco's cutting-edge ingenuity is brought to life through its Innovation Labs and award-winning Be Yourself At Work culture and diverse talent.

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