

ReAffirm
Living with
the Pandemic *Life.*

GCS2020-21

ReMark's Annual Global Consumer Study



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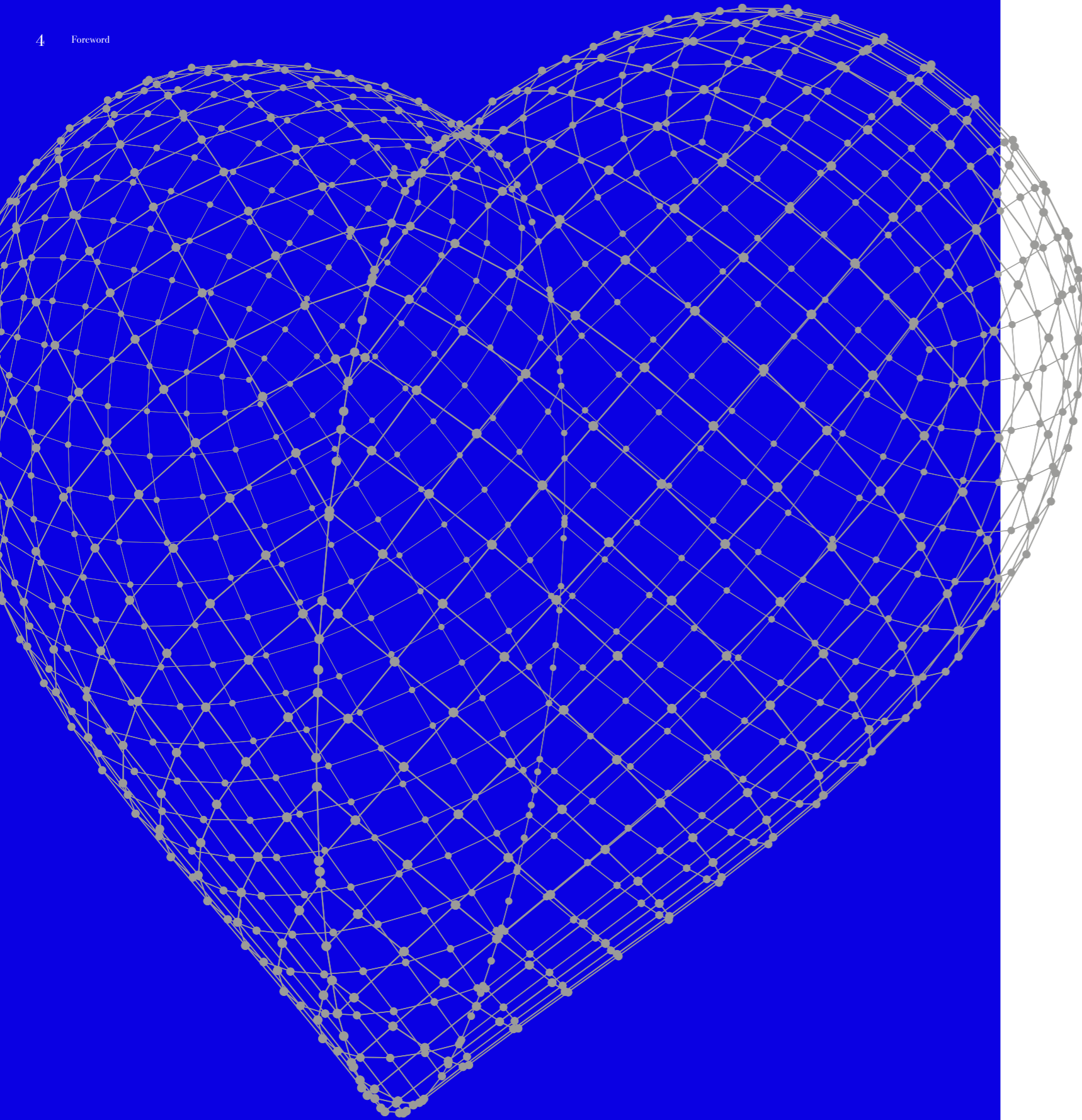
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“Covid-19, coronavirus, pandemic”. All obscure words that now dominate our everyday vocabulary in a way that would have been unthinkable just a year ago.

We live in an unprecedented time. *Unprecedented* — another word that’s never seen so much use, now mentioned in every circumstance, be it about the economy, job market, medicine, theatres, aviation, restaurants, sports, or even insurance. So, in these unprecedented times, the findings of our 7th Global Consumer Study, backed by six years of comparative data, have an even greater significance. We’ve also added two new countries in this year’s study — Sweden, made famous this year for its unorthodox way of managing Covid-19, being one of them.

Something remains reassuringly stable. Our consumers continue to come across educated and tech-savvy, their awareness of insurance high and their desire for technology intact, in exchange for a better price or experience.

Yet other aspects show an unparalleled shift. It ought to offer no surprise to anyone that the majority of consumers said Covid-19 will permanently change their perspectives on social distancing, personal hygiene and travel. The already celebrated phenomenon of “health is new wealth” has received a major boost. The importance of health, or rather, the appreciation of life, is now the main focus of our consumers’ minds. The number of consumers who choose “exercise” as their main target lifestyle improvement, and who would use health and wellness apps to help them stay fit and healthy, has increased significantly this year.

The year 2020 is a harsh reality education course for many of us on ‘how things can go horribly wrong’. While we digest the numbers (over 31 million Covid-19 cases and over 971,000 deaths globally at the time of writing), we have also seen floods, forest fires, bankruptcies, protests and political conflicts all unfold one by one in front of us. More than ever, as we appreciate the preciousness of our own lives, we become equally aware of just how uncertain life has become — acutely so. Consumer interest in seeking insurance, such as term life and critical illness to protect themselves and loved ones against uncertainties, has unsurprisingly risen as a result.

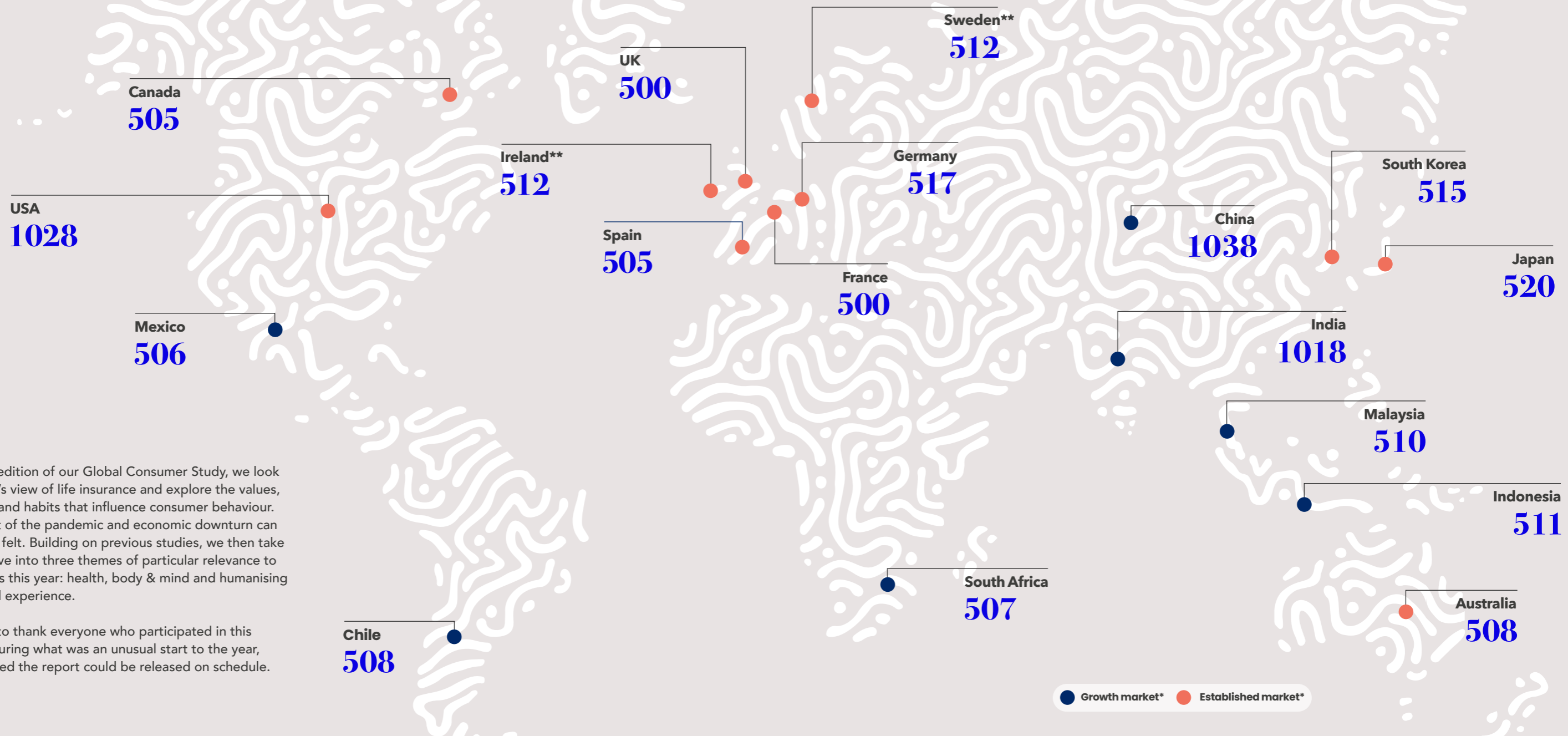
But things aren’t always so straightforward in such times. Paradoxes are present, too. Although it’s widely established that senior citizens are more vulnerable to the coronavirus, they appear, for the most part, reasonably calm during the storm of this pandemic. It is actually the millennials who are more mentally stressed. The lockdowns, social distancing, bleak job market, loss of income and the uncertainties of the post-pandemic world are no doubt all contributors. In this year’s study, mental health is one aspect that we put a particular emphasis on — we seek to better understand the mental health of our consumers, and their comfort in disclosing such information with their insurers.

Another paradox is our desire for human contact despite rapid digitalisation. Globally it is incredible just how effective the coronavirus (and resulting lockdowns) has been at catalysing rapid digital transformations, both personal and corporate. Insurance is no exception. Our consumers acknowledge they have become much more open to technology and automation than before the pandemic. But intriguingly the trend for trust in automation of customer services or claims is reversed — we crave human contact more than ever, even as — or because — we live in an increasingly virtual world in which we stay in touch with colleagues, family or friends. Somewhat expectedly, the highly isolated older generation showed a far more pronounced preference for dealing with a fellow human being instead of a machine. Human empathy, human touch, human dialogue. These words are comforting, bringing warmth — something that’s never been so important.

“Crisis” in Chinese consists of two words: *wēi* and *jī* (危机). *Wēi* means “danger”, *jī* means “opportunity”. It implies that for every danger that tragedy or hardship brings, there is an opportunity. Presently we still have a chance to turn this pandemic into a value accelerator rather than a wealth destroyer. Our consumers have spoken to us through this survey — it is now up to us to turn the heightened awareness of risk, the universally accepted virtue of good health, the openness to technology, to create our own game.

Na Jia
ReMark CEO

FOREWORD



In the 7th edition of our Global Consumer Study, we look at people’s view of life insurance and explore the values, priorities and habits that influence consumer behaviour. The effect of the pandemic and economic downturn can be clearly felt. Building on previous studies, we then take a deep-dive into three themes of particular relevance to consumers this year: health, body & mind and humanising the digital experience.

We want to thank everyone who participated in this process during what was an unusual start to the year, and ensured the report could be released on schedule.

ABOUT THE STUDY

Methodology

This study is based on the responses to an online survey conducted by ReMark with our partner Dynata of 10,720 consumers, drawn from 18 key life insurance markets around the world. Fieldwork was conducted between 12th and 20th May 2020. The sample and methodology for each market aim to be representative of consumers or potential consumers of life insurance, based on national sets of demographic parameters (age, gender and region). Results are analysed by ReMark’s GCS committee, which consists of a broad range of profiles from data analysts to independent insurance experts.

* The breakdown is made according to the latest available figures from the OECD on insurance spending per GDP and ReMark market analysis.

** Ireland and Sweden are new countries included in this year’s study.

<https://data.oecd.org/insurance/insurance-spending.htm>

CONSUMER VIEW OF THE LIFE INSURANCE MARKET

Life insurance provides a classic demonstration of the difference between what we want and what we need. It's fair to say that, while many could benefit from insurance products – this year perhaps more clearly than ever – few would express a burning desire to engage with insurers.

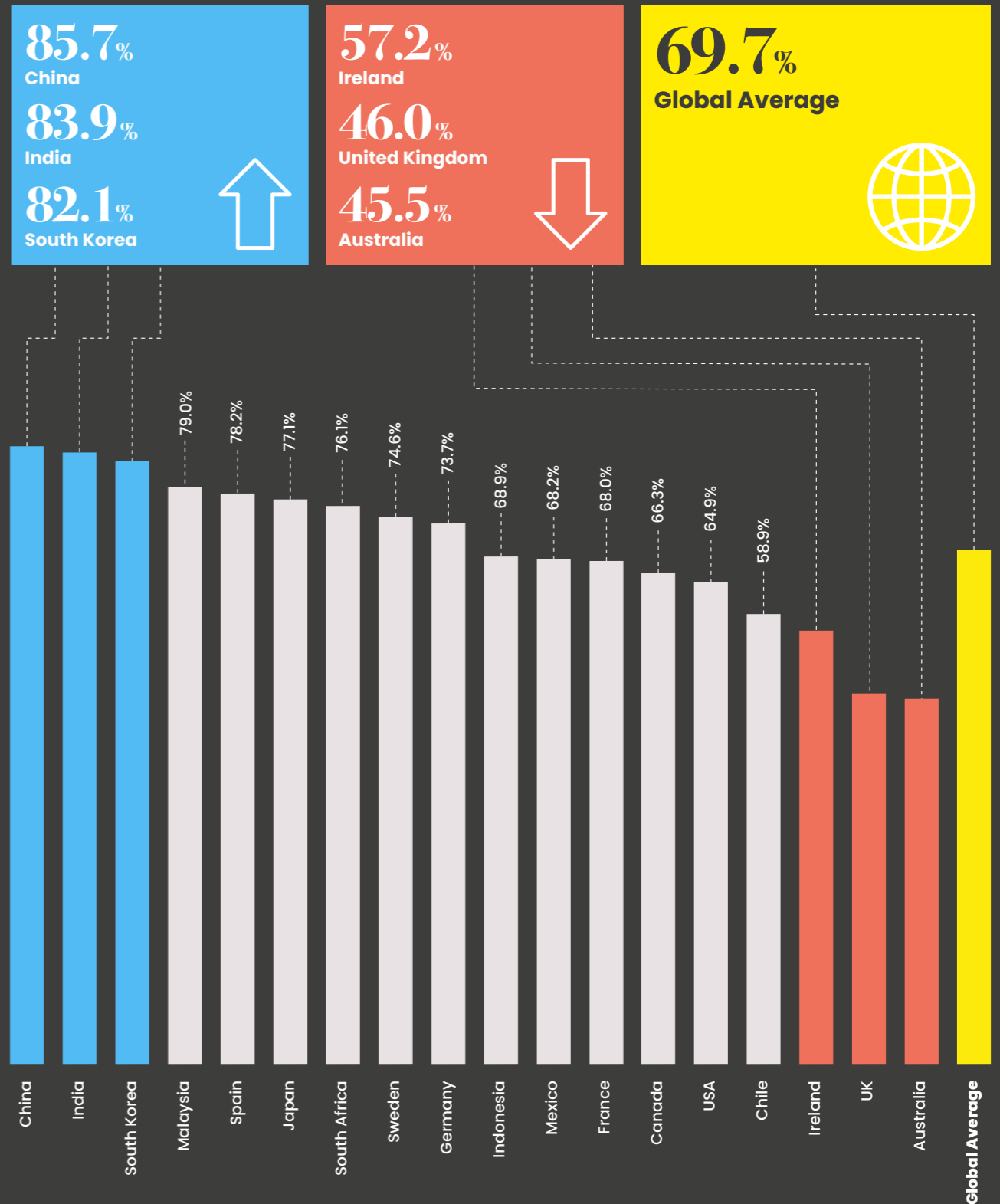
Given this presumption, we can take some encouragement from the fact that 7 out of 10 respondents to our survey, one designed to be representative of the target market for life insurers, have some form of life insurance cover. But this headline number tells us little of the adequacy of that cover, or of the scope for future expansion.

In this section we look at global insurance product mix and penetration. We study attitudes to risk, consumer expectations, from insurer communication to time to purchase, and ask where they get their information on what to buy.

Market snapshot

A quick examination of insurance penetration rates reveals the seemingly paradoxical fact that a number of the so-called 'growth' markets have very substantial proportions of respondents claiming to have life cover, either in the form of pure protection or savings with protection components — China (85.7%), India (83.9%) and Malaysia (79.0%). This contrasts starkly with the much lower rates of penetration in a number of the 'established' markets — Ireland (57.2%), UK (46.0%) and Australia (45.5%). (Fig. 1).

Certainly, there are a number of differences in demographic structure between the samples drawn from the different markets, which may be a contributing factor. Taking the growth market sample, 90% of respondents were under 55 — the peak target sector for life insurance — compared with just 65% in established markets. Eighteen percent of respondents in established markets were retired, compared with just 3% of those from growth markets. Though retirees are legitimately included as potential insurance customers there's no denying that, in general, their need for cover has diminished.



Q: Do you currently have insurance covering life, accident, death, illness or disability?
 Fig. 1: Insurance ownership – % Yes

It appears that the respondents from growth markets are drawn, very largely, from the educated elite, with 77% having at least an undergraduate degree. This is even higher than in our sample from established markets (68%).

On first glance the exceptionally high penetration rate in some growth markets will mean that future expansion will depend upon a combination of economic development and demographic changes that bring more of the population within the target market. With the

fallout from Covid-19 in the short term at least putting a severe damper on economic growth, it would be easy to take a pessimistic view of the future for insurance in growth markets, at least based on our survey. But even though these markets have clearly been successful in reaching their potential client bases, there is little doubt that substantial scope exists to address gaps in both the breadth and adequacy of life insurance cover.

What products are people buying?

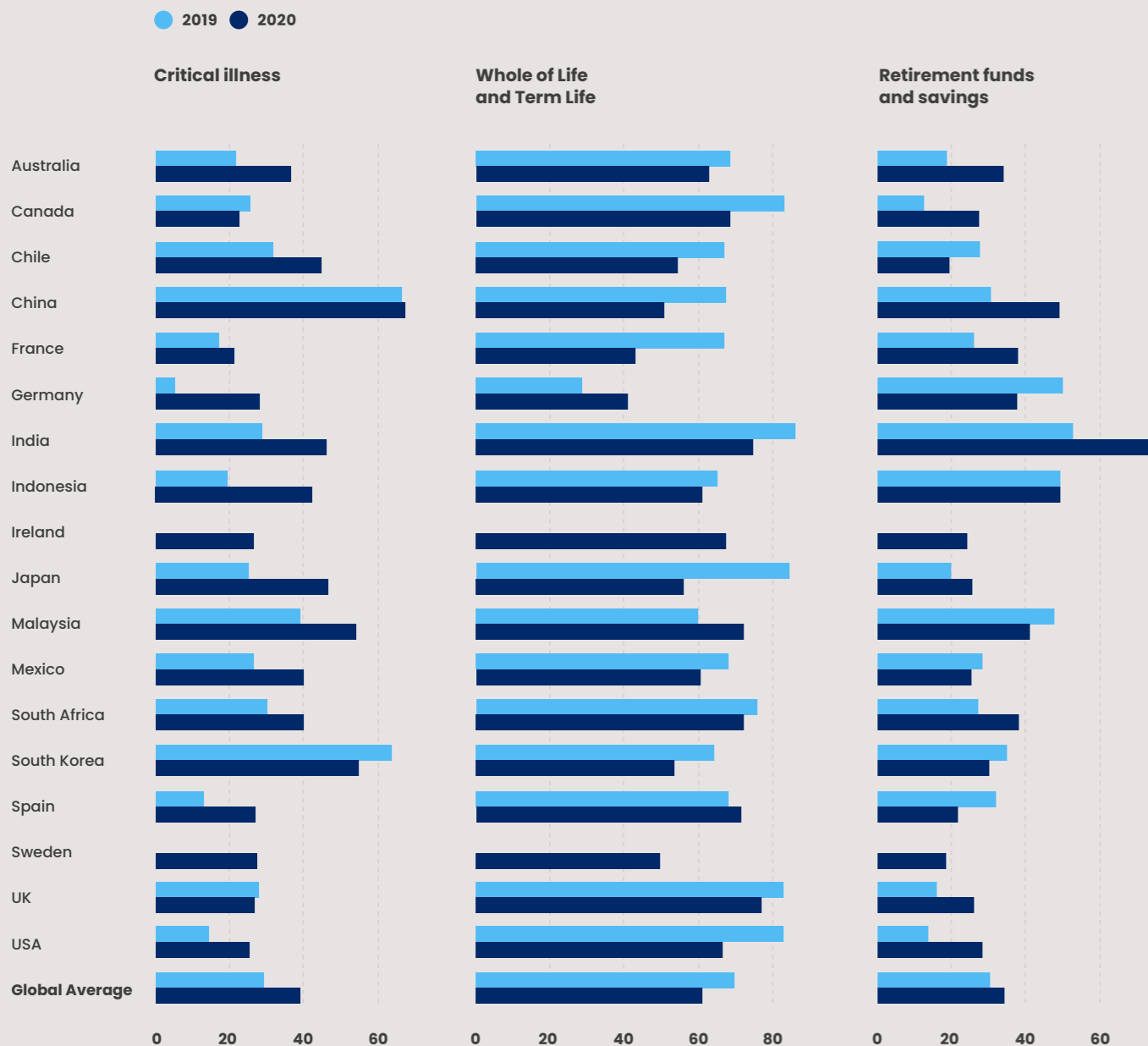
Which life insurance products people within each market own — critical illness, savings, whole life etc. — will be influenced by a combination of context-specific factors. Foremost among these is regulation. Regulation dictates everything from solvency requirements to agent remuneration, and fiscal policy that may confer special tax privileges. The extent of state- and/or employer-sponsored benefits will be another factor that shapes demand for personal insurance.

Competition for the savings dollar from outside of the insurance industry is more highly developed in some markets. The relatively low rates of penetration in Australia, Ireland and the UK may be explained, in part,

by the incursion of the fund management industry upon insurers' traditional savings markets. New business in those markets is now focused very largely, if not exclusively, on pure protection.

And then, of course, history plays its part. The more established markets have a longer legacy of past business that means the in-force portfolio has a very different mix to that of the newly generated business.

Consumer responses this year suggest that life insurance remains a significant medium for savings in a number of markets, most notably in India, China and Indonesia (Fig. 2). Critical illness cover clearly finds increasing favour in many of the growth markets. And it's also proved to be a popular product with the Indians and Japanese.



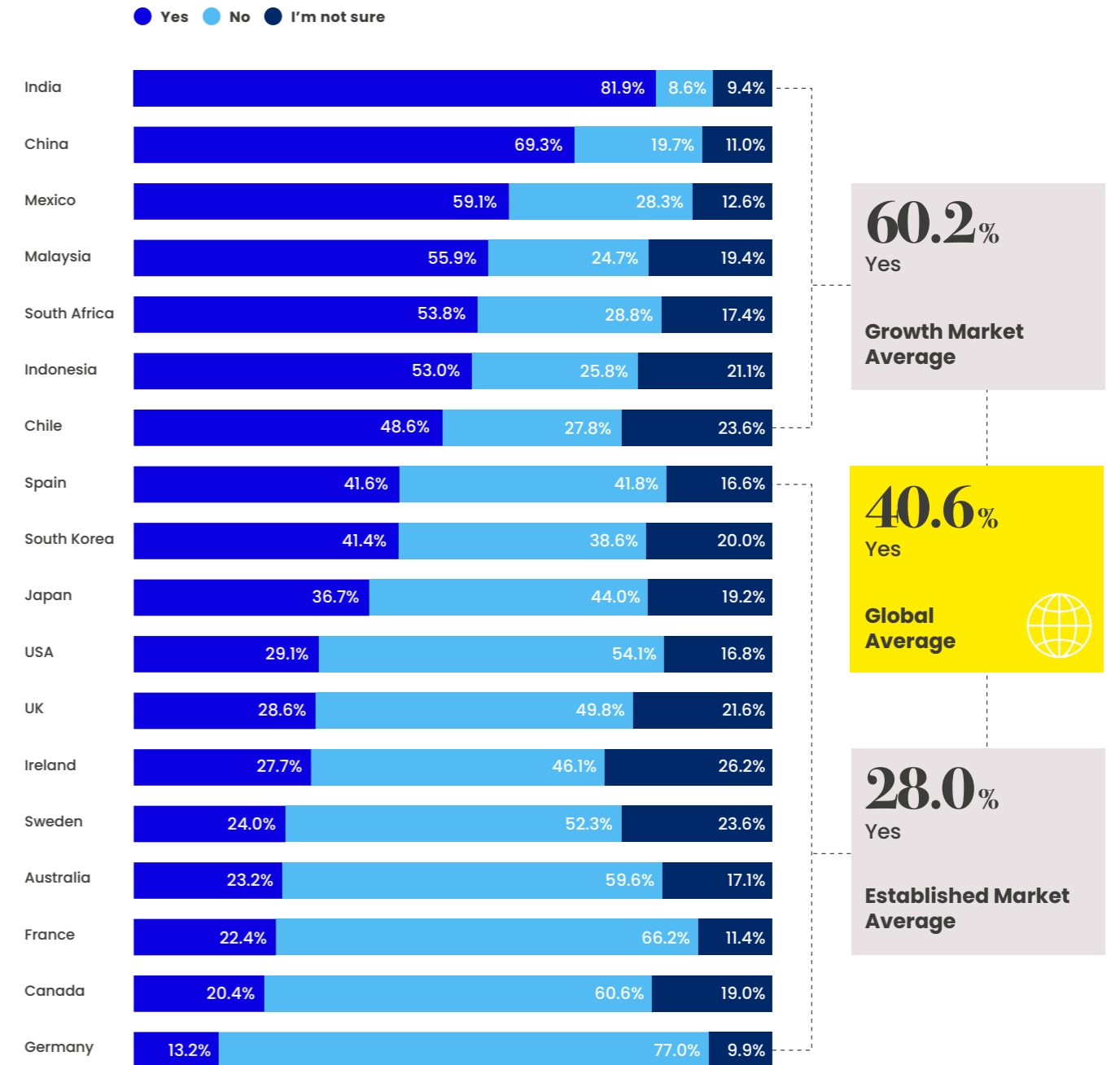
Q: Do you currently have insurance covering life, accident, death, illness or disability?

Fig. 2: Insurance ownership

Moreover, more effort has been made this year to ensure respondents understand the insurance product questions more clearly by avoiding insurance jargon and using consumer friendly expressions. For instance, instead of asking respondents to simply tick a box for "critical illness", those that said they owned a life insurance product, were asked to indicate whether they own a product protecting themselves against critical illnesses, such as cancer or heart attack. This may explain the more noticeable swing observed in an established market such as Japan — presumably with the benefit of greater accuracy.

The data relating to past purchases is a snapshot of historical fact rather than an indicator of future demand or intentions. At the time when the survey was conducted, none of the countries included in this project had been entirely immune from the impact of Covid-19. Not all countries were at the same stage of development of the pandemic. Some were past the worst of the initial wave of infections, others were having record daily case numbers, while some had yet to feel its full effects.

Despite this, the pandemic has had a profound influence upon public attitudes to many facets of daily life.



Q: Has Covid-19 (Coronavirus) changed your attitude to risk and the value of insurance?

Fig. 3: Attitude change as a result of Covid-19 by country

2020: year of risks

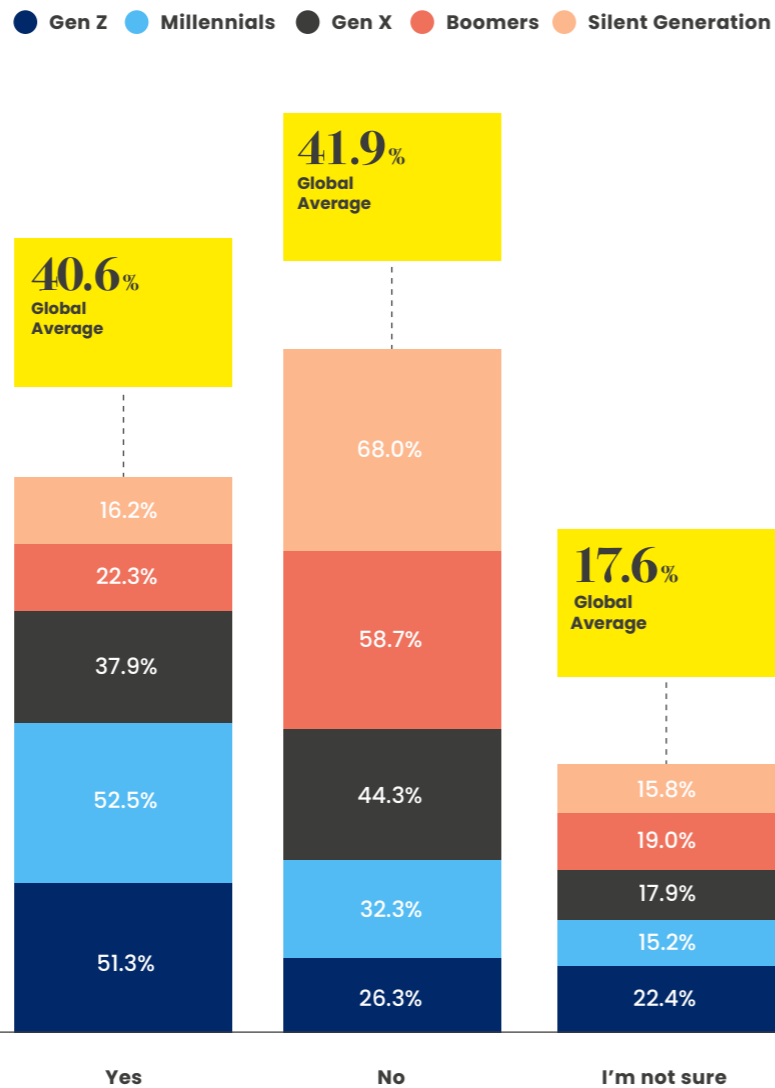
In perhaps one of the most interesting questions in our survey this year respondents were asked whether Covid-19 had changed their attitudes to risk and the value of insurance.

The responses show that the experience of living through the pandemic has brought about a fundamental change in thinking with 40.6% of respondents acknowledging that their attitudes to risk and insurance had indeed shifted (Fig. 3).

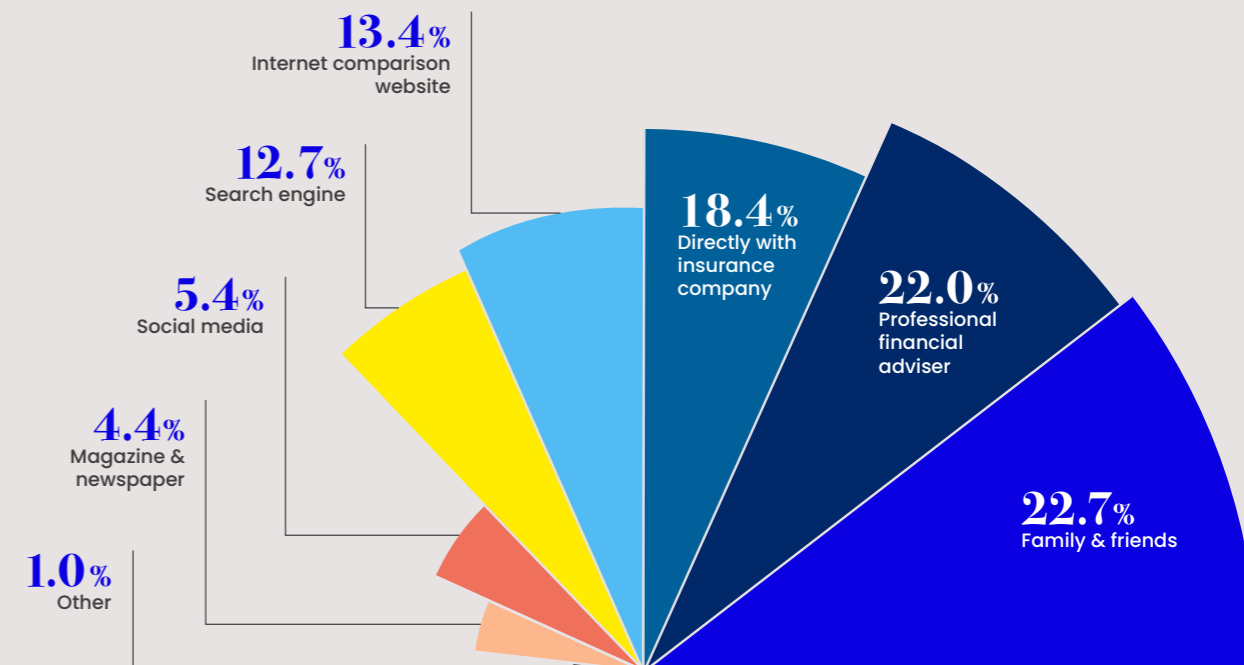
As the results show however, the global average masks a vast difference between countries in the degree to which those attitudes have changed. As a general observation, respondents from growth markets were more than twice as likely as their counterparts in established markets to have had a change of thinking about the merits of insurance. In all likelihood, this is a reflection of the fact that the scope and adequacy of their existing cover falls short of their needs — though even in the most sophisticated of markets, commentators still bemoan a ‘protection gap’ that leaves a significant majority with inadequate cover.

It is interesting to see that the reputation of the pandemic had reached Latin America before its effects had been truly felt at the time of the survey. The attitudes of a significant proportion of the respondents in Chile and Mexico were already changing at a time when local infections were still at a relatively modest level. This may point to the speed and reach of news and information in today’s globalised, connected world. Coronavirus was front-page news and trending on social media for much of the second quarter.

The analysis of responses by age group shows that Gen Z and millennials were very much more likely to have had a change in their approach to risk than the older generations (Fig. 4). Millennials in particular are reaching a stage in their lives when they are taking on more responsibilities, yet ordinarily wouldn’t have given much thought to their mortality — it appears that the pandemic has led to a reappraisal.



Q: Has Covid-19 (Coronavirus) changed your attitude to risk and the value of insurance?
 Fig. 4: Attitude change as a result of Covid-19 by generation



Q: What sources of information, if any, did you use before you bought your most recent product?
 Fig. 5: Most trusted source to research about life insurance products

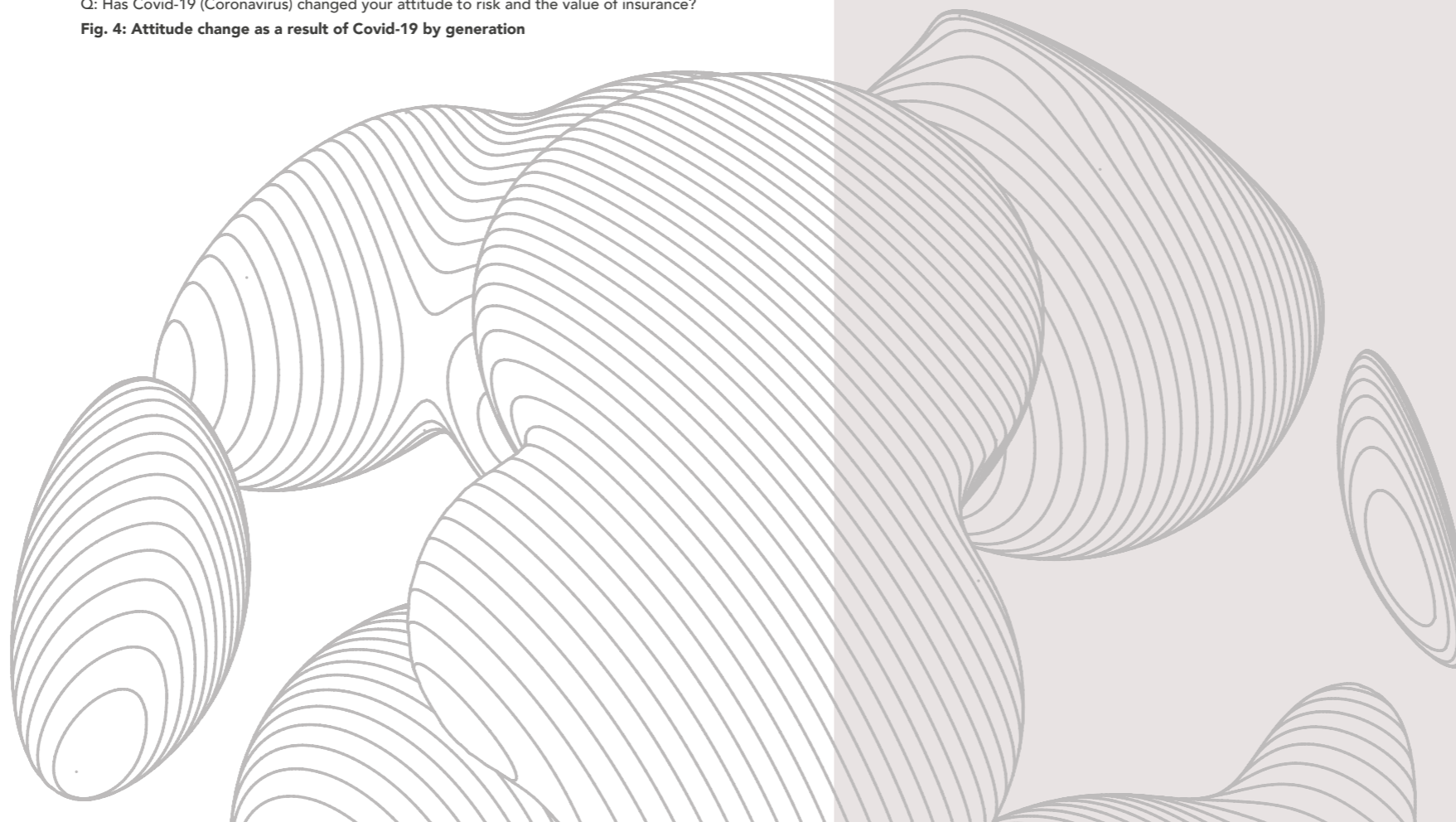
Who do you trust?

Respondents were asked to rank three sources of information they would rely on the most when researching what life insurance products to buy.

It seems that in this area old habits are resilient to change. In all markets and at all age groups the traditional sources of information, like Professional Financial Advisers (PFA) and advice from friends and family, remain by far the most trusted (Fig. 5).

It is noticeable that few appear to place much faith in social media, despite its widespread use by both brands and consumers. Overall, just 5.4% of respondents nominated social media to be their preferred source of information. Even the most avid users — Generation Z and millennials — appear to be very much more inclined to put their faith in the traditional sources of information. Has the abundance of advertising, meaningless information, and ‘fake news’ on social media started to take a toll?

Internet comparison websites gained a little more support this year, with around 13% favouring them as a means of research. The popularity of comparison websites increases with age until one reaches the silent generation, with nominations from just 9% of Generation Z respondents, compared with over 15% of boomers.



Customer priorities

The top customer priority this year is still price. No surprises there. And yet there is evidence that brand reputation, as we identified back in our 2014 survey, is assuming much more importance. The proportion of respondents this year citing brand reputation as a reason they decided to buy life insurance leapt nearly 10% from last year (Fig. 6).

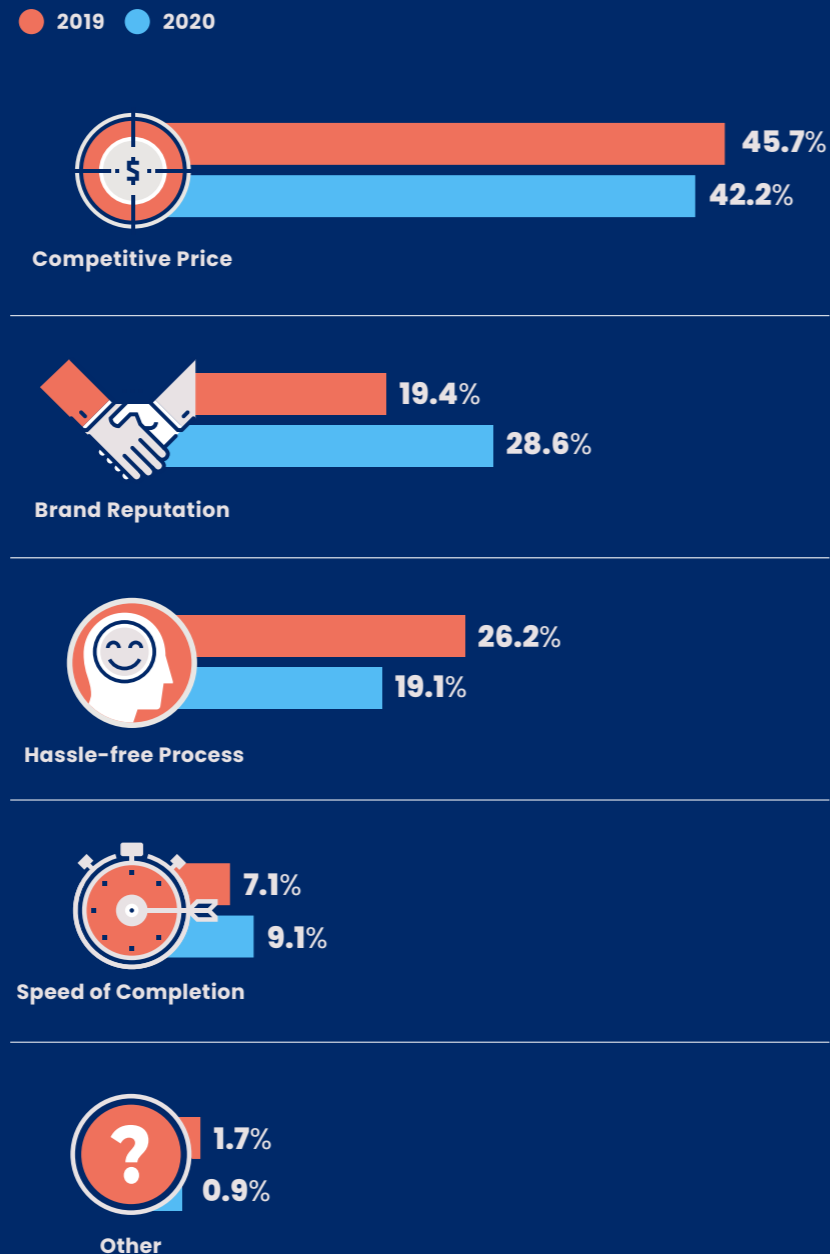
Dipping satisfaction

Overall, almost 7 in 10 respondents said that they were either happy or very happy with their insurance product(s) — a satisfaction rating that is somewhat lower than in 2019.

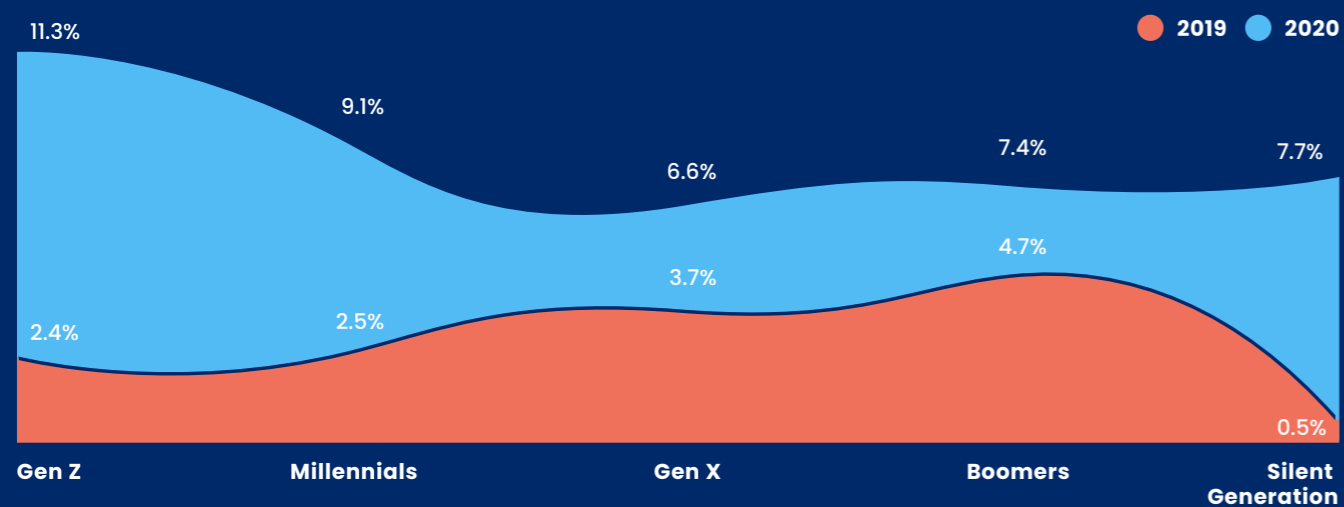


More people were explicitly dissatisfied with their life insurance products this year, too — 8.2%, up from 3.3% in 2019.

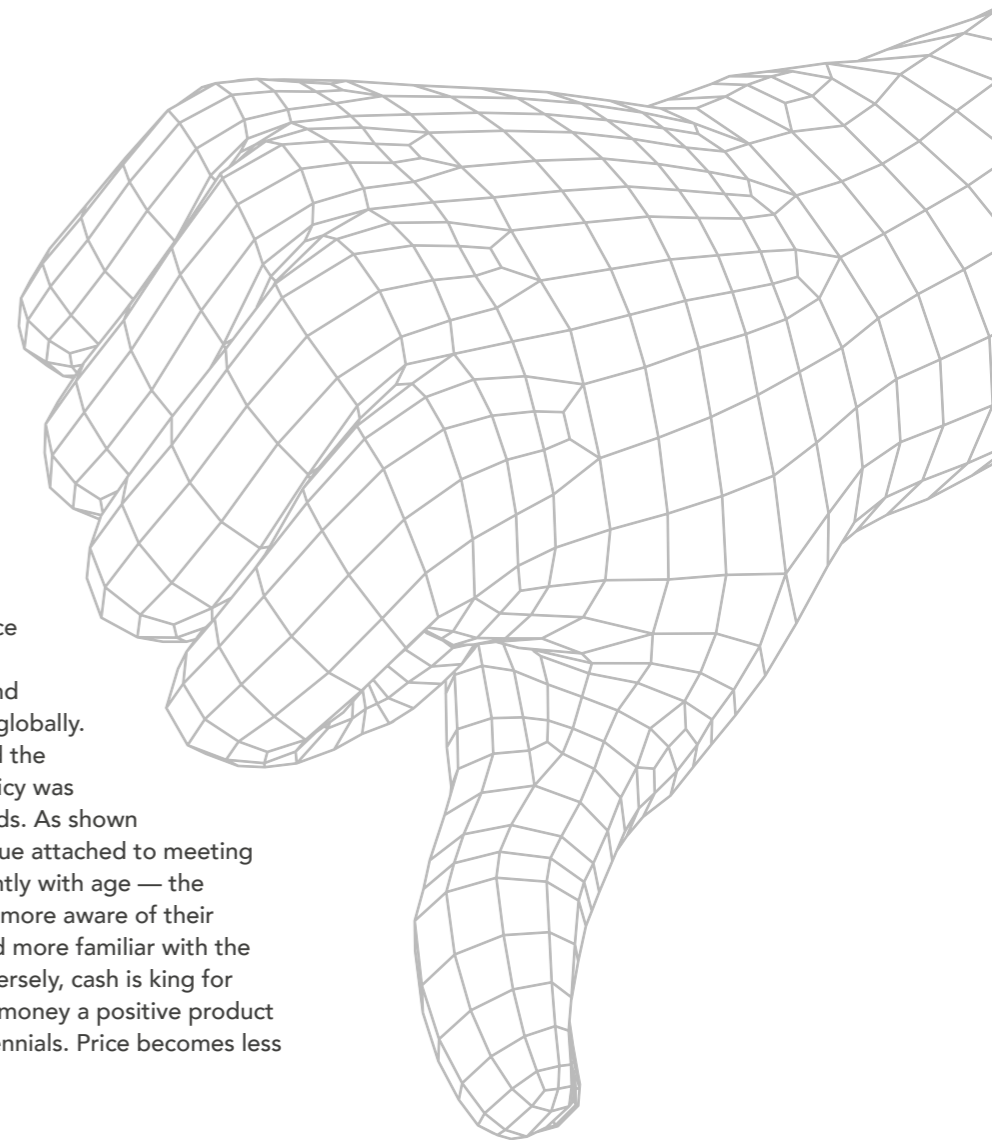
The expressed unhappiness is more pronounced among the younger generations, with both Gen Z (2019 — 2.4%, 2020 — 11.3%) and millennials (2019 — 2.5%, 2020 — 9.1%) notably higher than 2019 (Fig. 8). This increase among younger generations means they're now less happy with their insurance products than older respondents, which was the reverse in 2019.



Q: What is important to you in the purchase of life insurance?
Fig. 6: Life insurance features



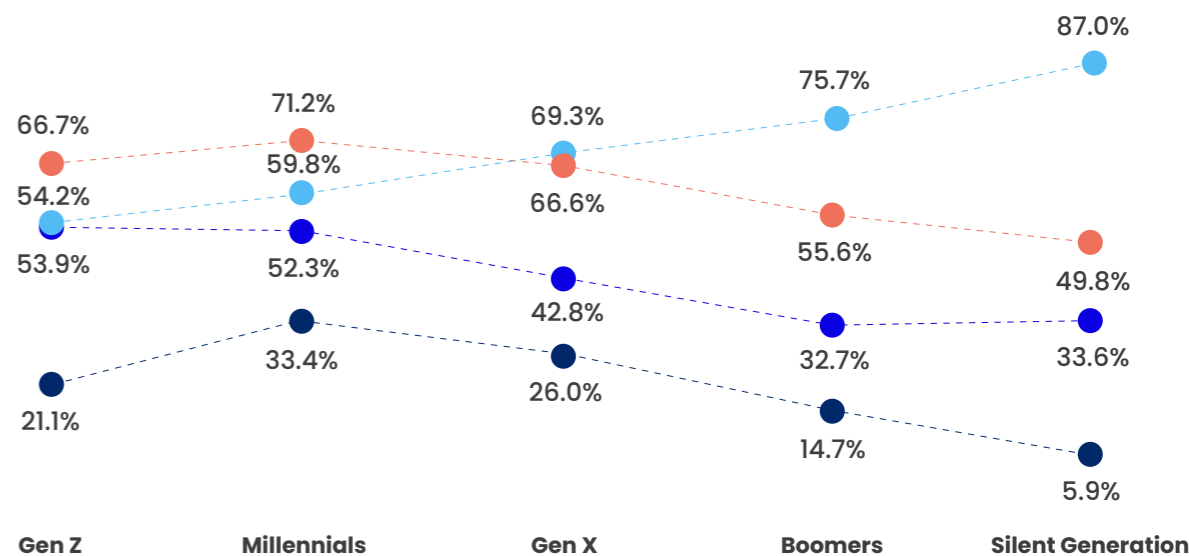
Q: How happy are you with this insurance product?
Fig. 8: % Very unhappy and unhappy with insurance products



Make me smile

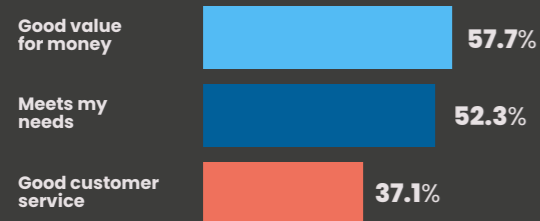
Again, the primary cause of consumer satisfaction in an existing life insurance product this year is value for money, cited by around two-thirds of consumers globally. A similar proportion cited the fact that they felt the policy was appropriate for their needs. As shown in Figure 9 below, the value attached to meeting needs increases significantly with age — the older generation may be more aware of their specific health needs, and more familiar with the terms of insurance. Conversely, cash is king for the youth, with value for money a positive product feature for 71.2% of millennials. Price becomes less important over time.

● Good customer service ● Good value for money ● Innovative features ● Meets my needs

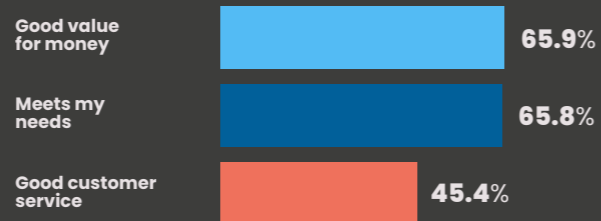


Q: If you are happy with any of your current life insurance products, which of the following are the positive features?
Fig. 9: Positive product features

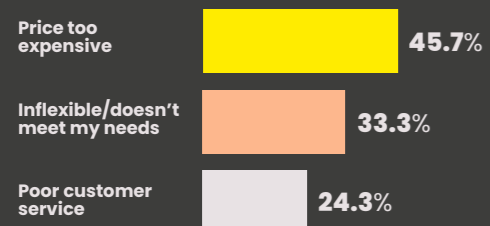
Positive Product Feature (2019)



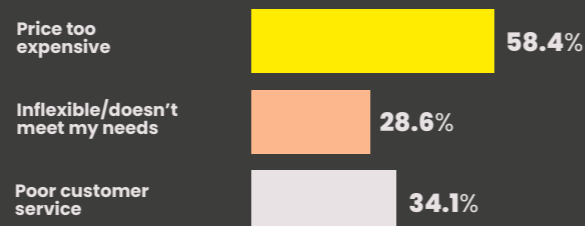
Positive Product Feature (2020)



Negative Product Feature (2019)



Negative Product Feature (2020)



Q: If you are happy with any of your current life insurance products, which of the following are the positive features?
 Q: If you are you unhappy with any of your current life insurance, which of the following give cause for concern?

Fig. 10: Positive and negative product features 2020 vs 2019

Customer service was mentioned as a reason for satisfaction by nearly half of respondents. Yet Figure 10 shows that among those who were unhappy with their policy, customer service was cited as a cause for dissatisfaction by just 34.1%. That customer service is neither a major cause for satisfaction nor dissatisfaction is perhaps a reflection of a relatively low level of customer-insurer interaction once the policy has been signed. Apparently, there just isn't much customer service experience to be happy or unhappy about. We cover customer engagement elsewhere in this report but this underscores the potential dividends to be gained from more frequent contact with customers. Though bear in mind, the content of that communication matters — customers want information that's valuable and relevant to them.

Once again, the importance of price is mirrored by the fact that poor value for money was mentioned as a cause by nearly 60% of those expressing dissatisfaction with their insurance policies. That's up from 45.7% in 2019, which may be an indication that consumers are monitoring their spending habits more closely this year.

Policyholder expectations

As we said earlier contact between life insurers and their customers is generally infrequent once a policy is in place. The purchase process is a rare opportunity to stand out — or to disappoint. It's therefore critical to understand the service standards that consumers expect of life insurers. Meeting or exceeding those expectations should be the bare minimum for insurers wanting to deliver a good customer journey.

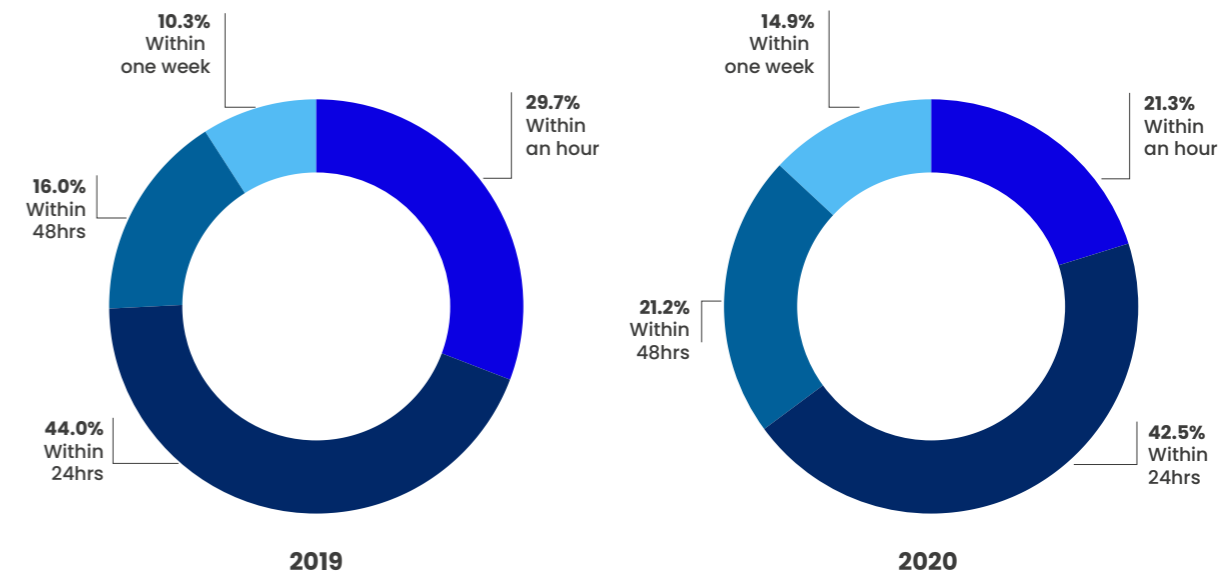
Respondents were asked what they thought was an acceptable length of time to complete a purchase. We found that 21.3% of respondents this year expect everything to be wrapped up within an hour, which is down from 29.7% last year. The more relaxed approach to time was also evident in the numbers that would be willing to wait up to a week for completion — 14.9% compared with 10.3% in 2019 (Fig. 11).

In a year that accelerated our online migration, why the lower expectations? It could well be because people recognise the pandemic has disrupted working practices — in every industry — and things take longer. Think back to the beginning of the crisis when the whole supply chain was disrupted. It may also be the case that with consumers becoming more conscious of the importance of protection, it's seen to be more acceptable to give more time to ensure one has the right cover.

Despite this, there's no room for complacency. It's still the case that 85.1% of respondents expect to have everything completed in under 48 hours.

Keeping in touch

As with any business, a satisfied and engaged customer is a valuable source of new business, whether by repeat purchase or recommendation to family and friends. Given what we said earlier about word of mouth being a trusted source of advice, this is all the more important. The practical challenge for life insurers is that there can be a rather large gap — years if not decades — between purchase and claim (if a claim is even made). Life insurers cannot therefore rely on these touch points, but must find other ways to find ways to engage with policyholders more regularly.



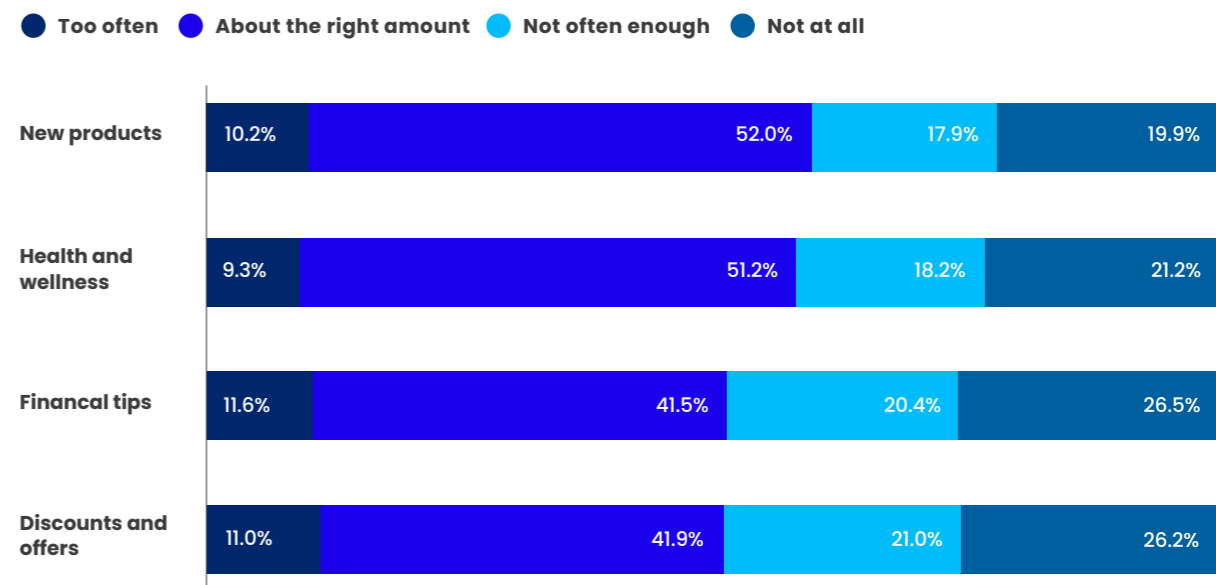
Q: What length of time would be acceptable for an insurance company to complete the purchase process?

Fig. 11: Acceptable time for purchase completion

To assess whether or not insurers are striking the right balance with their communications, consumers were asked for their views on the frequency with which their insurer contacts them. We asked about four categories of information: new products, health and wellness, financial tips and discounts and offers.

This year more than half of respondents were comfortable with the amount of information they received on new products (52.0%) and health and wellness (51.2%), and a little over 40% felt that they received an appropriate level of communication on financial tips and discounts and offers. Only a small minority thought they were contacted too often (Fig. 12).

Interestingly though, around a quarter of respondents said they had not received information whatsoever in any of the four categories. For those that specifically asked to hear more from their insurers, financial tips, and discounts/offers, were the top categories. What we take from this is that there is definitely an opportunity to contact customers more often — a fifth of respondents are even asking for it. Lifestyle information, financial advice and discounts/offers are good topics to start with, provided it's relevant and helpful to customers.



Q: How would you assess the frequency with which your insurer has contacted you about the following, since you purchased your policy?

Fig. 12: Assessment of communication frequency

KEY TAKEAWAYS

- With just over 3 out of 4 of respondents claiming that Covid-19 has encouraged them to be more proactive towards managing their health, it's clear the pandemic has led consumers to reconsider life priorities. This year, health is at the top of the list. 37.2% believe exercising more is the #1 goal to manage their health, up from 27.3% from last year.
- No surprises that digital natives (Gen Z and millennials) will be the most receptive to great online experiences. They are by far the most connected, and ready to use personalised and self-managed health & wellness apps. They also have less hang-ups about sharing their data in return for premium discounts.
- There is a strong correlation between wearable ownership and self-reported level of fitness. 65.2% of wearable-using respondents exercise for more than 20 minutes at least three times a week — compared to only 41.7% for those who don't intend to get a device.

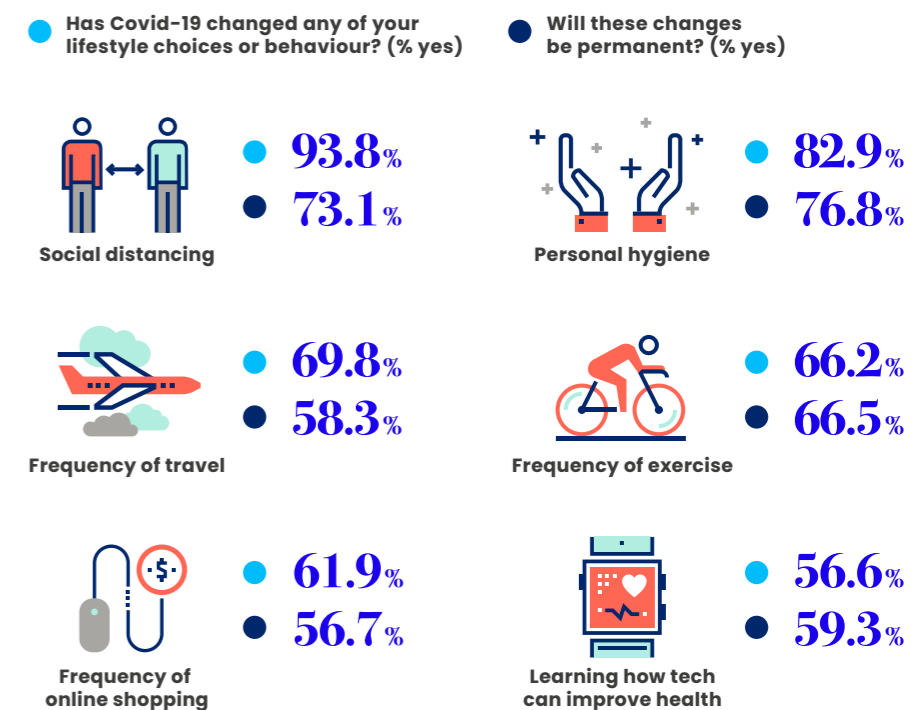
There are few good things that one can say about living in the shadow of a pandemic. If there's a silver lining in the otherwise gloomy skies, it's that many around the world have come to appreciate what is so often taken for granted – the gift of good health.

Our survey results show that more than three quarters of respondents (76.4%) say the virus has encouraged them to be more proactive about managing their health, of which 69.1% profess they would like to exercise more and stay more active.

There's been an evolution of mentalities and attitudes towards risk and death

because of coronavirus. A majority of consumers surveyed claimed Covid-19 had changed their lifestyle choices or behaviour — and for good (Fig. 13). While a shift in attitudes toward social distancing and personal hygiene is expected, we also see permanent changes in how receptive consumers are to learn how technology could improve their health, and in people's familiarity with buying online.

Health is certainly more important than ever, but it's also talked about in a different way. It's almost become a public good, a right — we see this in the balance between saving lives and the economy that many countries are finding it hard to strike. Insurers have a chance to respond to people's new priorities as a result of Covid-19, and contribute to the global 'movement' to be healthier and stay that way.



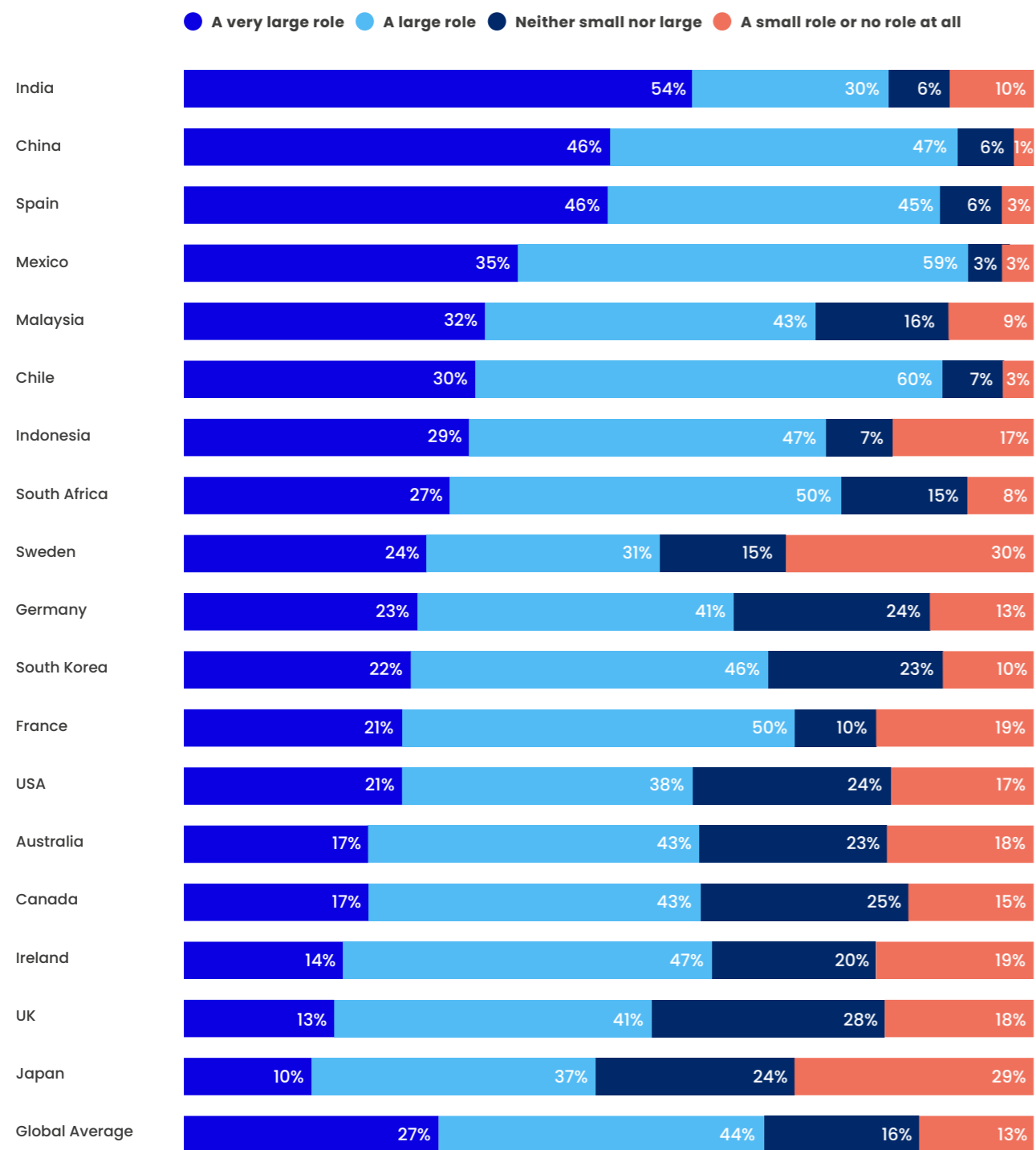
Q: Has Covid-19 (Coronavirus) caused you to change any of your lifestyle choices or behaviour?
 Fig. 13: Impact of Covid-19 on lifestyle or behaviour

THEME 1 – FITNESS FOR LIFE

Health is still the new wealth

Seventy-one percent of those surveyed said healthy living played either a very large role (26.6%) or a large role (44.4%), in their lifestyle. The most enthusiastic devotees of healthy living appear to be the Mexicans, with 94.1% claiming that health plays a significant part in their lifestyles. The Chinese, with 92.4%, and the Spanish, with 91.0%, appear to be similarly committed (Fig. 14).

Other countries appear to be less convinced. Over 13% of respondents claimed that healthy living plays little or no role in their lifestyle choices. This is a view held by just under a third of Swedish and Japanese respondents, and as low as 18.6% of French consumers.



Q: How large a role does healthy living play in your lifestyle?

Fig. 14: Role of healthy living in lifestyle

But appearances may be deceptive. If one takes obesity levels as a very approximate surrogate measure of a population's lifestyle, a different picture emerges. Mexico, whose respondents were the most likely to claim a healthy lifestyle, has an obesity rate that, according to OECD figures¹, is second only to the United States among countries included in the survey. On the other hand, the Japanese, who claim

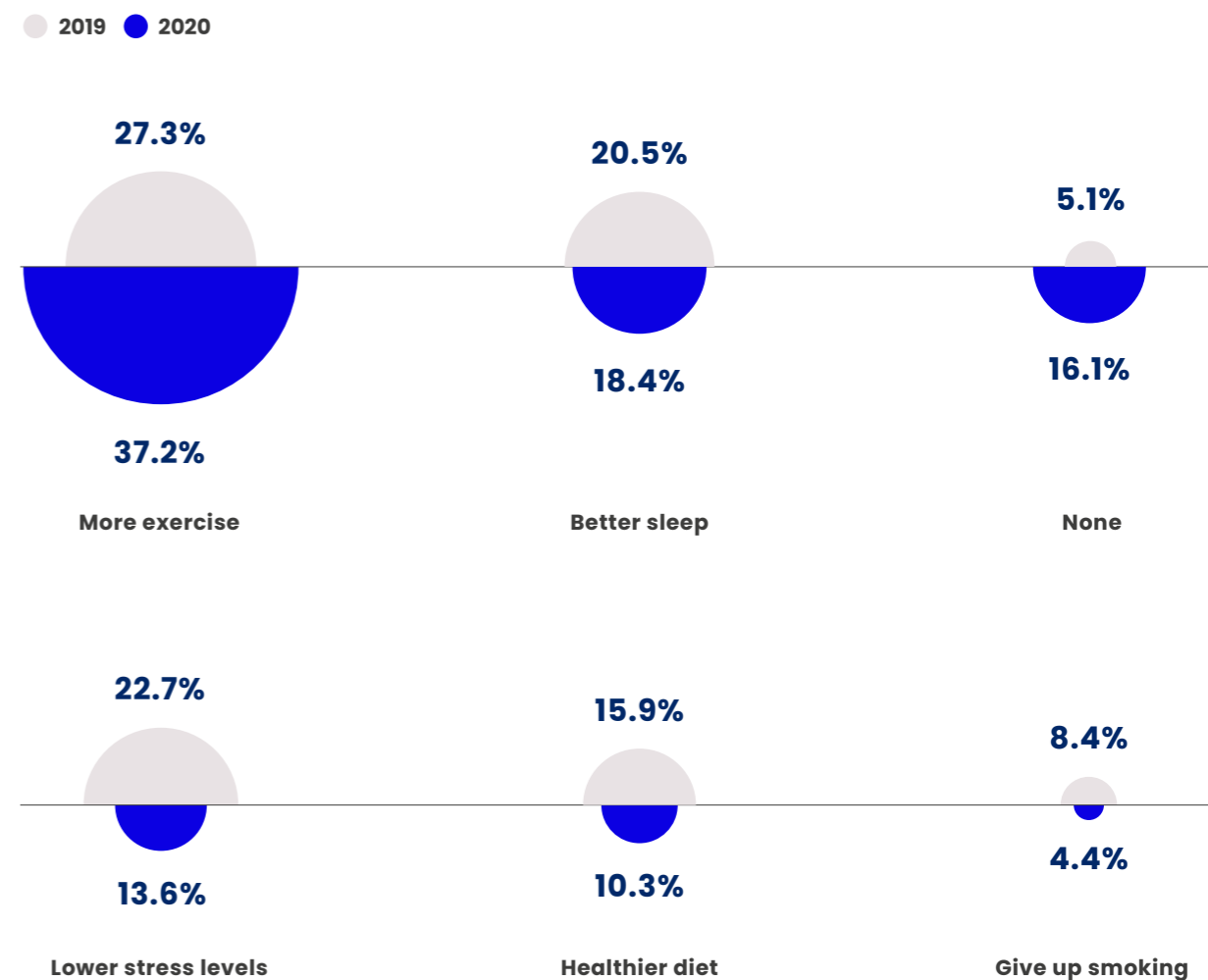
relatively little interest in healthy living, have the lowest rate among OECD members.

One plausible explanation for this is that perceptions are often set by what we know and what we see around us. This includes the very idea of "healthiness". A very healthy lifestyle in one culture could be normal in another, and not worth any emphasis.

Fitness first

It's clear that the most significant changes in lifestyle this year have been in relation to activity levels. This is in keeping with the priorities expressed by our respondents. Last year 27.3% of respondents said exercise was the area that they would most like to improve. If the results of this year's survey are truly representative, then it seems that some, at least, have met their goal. In 2020, exercise is an even clearer priority, with 37.2% targeting this above diet, sleep and other lifestyle goals we see in Figure 15.

With many countries in lockdown and people staying home for extended periods this year, unable to go outside to jog or go to the gym, the results are understandable. Furthermore, exercise is regarded as having a positive effect on the immune system, which given the focus on personal health this year may be another contributing factor to the increase.



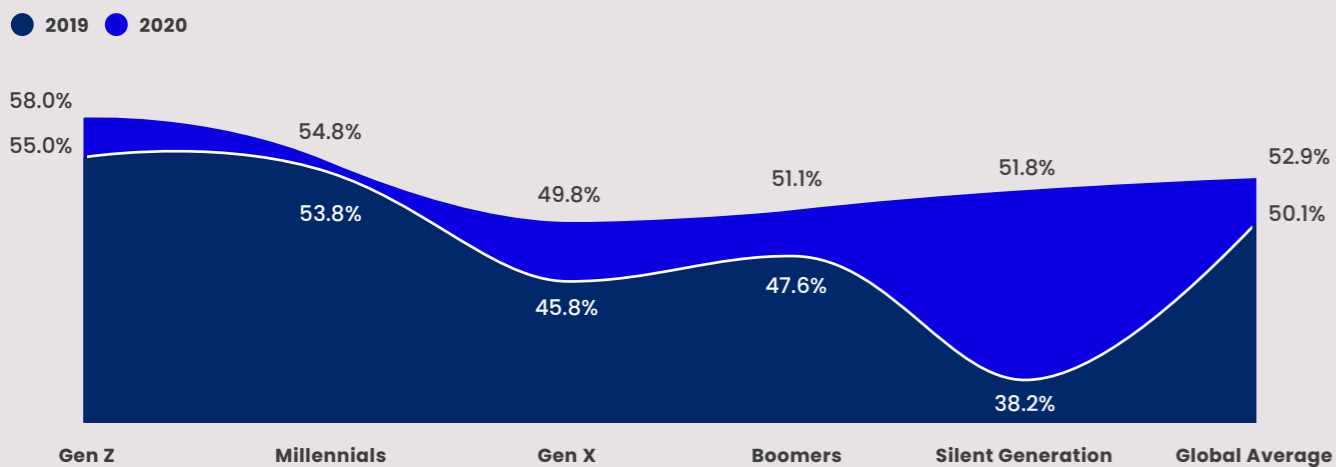
Q: Which of the following aspects of your lifestyle would you like to improve?

Fig. 15: Lifestyle improvement wishes

¹ OECD. 2020. Obesity Update 2017. [online] Available at: <https://www.oecd.org/els/health-systems/Obesity-Update-2017.pdf> [Accessed 18 August 2020].

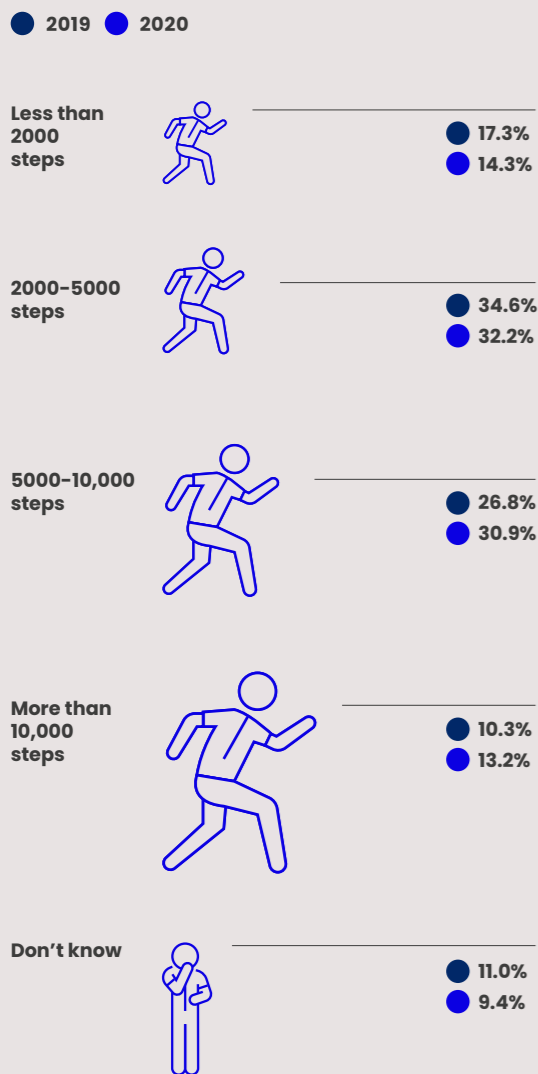
Health and fitness levels

This year's Global Consumer Study found evidence that respondents are taking steps to increase the amount of exercise that they take. More than half of respondents (52.9%) are exercising for 20 minutes or more at least three times a week, with 18.8% claiming to do so more than once per day. Unsurprisingly the amount of exercise taken varies by age, with Gen Z and millennials more likely to work out three times or more each week than the older generations (Fig. 16).



Q: How often do you exercise for more than 20 minutes?

Fig. 16: Exercise more than 3 times a week



Q: On average, how many steps do you walk per day? (e.g. 10 mins of walking is roughly 1,000 steps)

Fig. 17: Self-evaluation of step count

One of the most notable findings was the increase in exercise frequency among the silent generation. In 2019, 38.2% said they exercised three or more times a week. This year, that figure has increased to 51.8%. We must be careful, though, to jump to any major conclusions. Only around 250 people from the silent generation were surveyed, and most are from Sweden (newly added to the study this year).

This is also consistent with a recent wearable activity study published by Garmin. Logged activities for physical exercise in April 2020 were up 24% worldwide year-on-year, in spite of restricted movement due to lockdowns. Consumers appeared to be rather creative at converting their gym-based workouts to home-based exercise.²

On a more general front, we see a further indication of increased levels of activity in the reported number of steps taken (Fig. 17).

The data reveals another paradox in that the Japanese appear to be the least active. Only 8.1% of Japanese achieve a daily step count greater than 10,000, yet the UK — the obesity centre of Europe — had the greatest proportion of respondents in this category (17.6%).

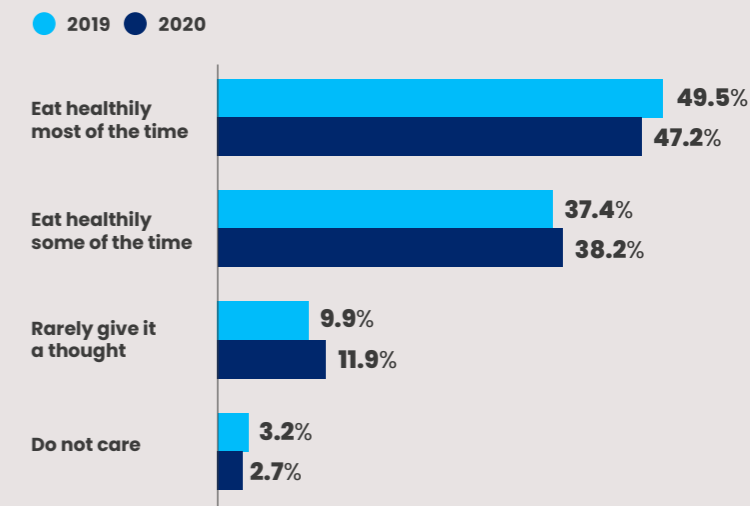
There is inevitably some doubt about the accuracy of self-reported step-counts. But 57.5% of respondents said these numbers come from their wearable device or smartphone. The numbers of people who based their activity report on estimates, or guesswork, increased with age after millennials.

Food for thought

Answers to questions on diet show most people take a health-conscious approach to what they eat. Just under half of consumers say they eat healthily most of the time and a further 38.2% say that they do so some of the time (Fig. 18). Just 2.7% have no interest at all in the health benefits of changing their diet. This is broadly similar to the findings of our 2019 report, though this year there is a marginal increase in the numbers paying little or no attention to their diet.

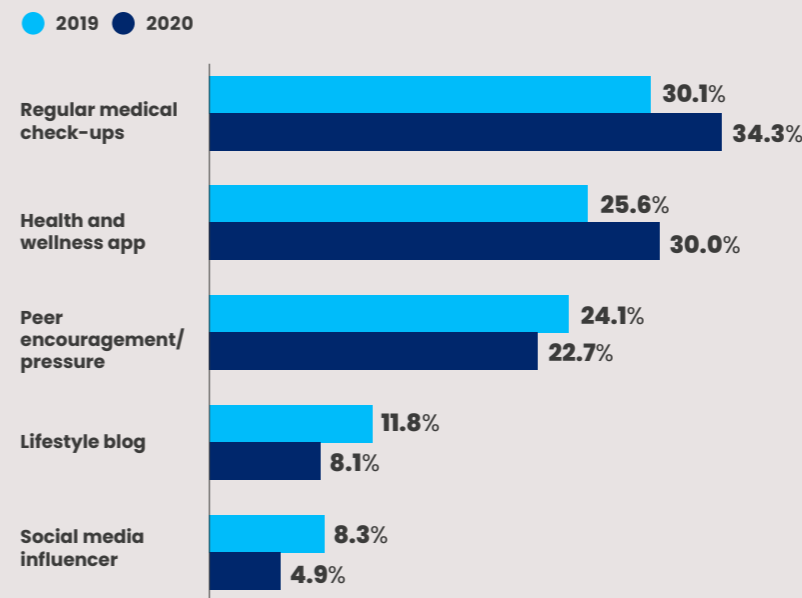
Similar to how people perceive the idea of "healthiness", the perception of a healthy diet may differ from culture to culture. Japanese and Koreans are the least likely to claim that they try to eat healthily, but what they consider a normal diet may well be viewed as "very healthy" by consumers in other countries.

This year 61.6% of respondents are getting the recommended 7 to 9 hours of sleep. The global average is 7.1 hours — much the same as reported last year. The average reported hours of sleep were within the recommended range in almost all countries and in every generation except the baby boomers (6.9 hours). Japan was, again, an exception, with respondents reporting an average of just 6.4 hours of sleep per night.



Q: How much does health consciousness play a part in your diet?

Fig. 18: Healthy consciousness in dietary choice



Q: Which of the following might encourage you to improve your general health?

Fig. 19: Lifestyle improvement tool

Getting proactive with health

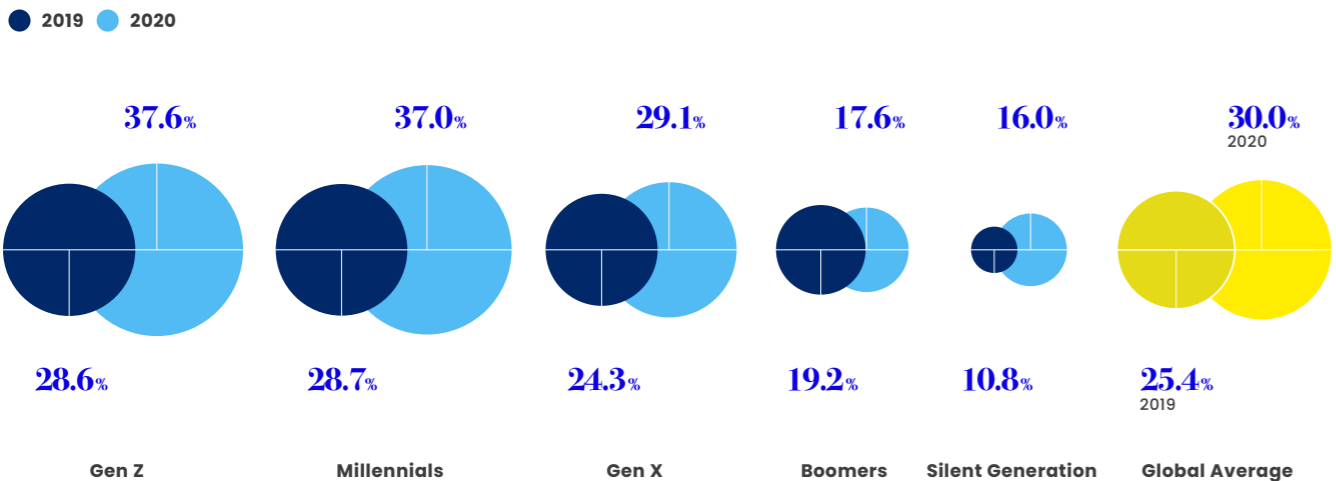
Setting lifestyle goals can be easy, but keeping up the motivation is a different challenge altogether (did someone mention New Year's resolutions?).

The survey respondents identified medical check-ups as a key motivator. Whether or not they are effective in maintaining consistent improvement, and seeing marked behavioural change, is more questionable. Nevertheless, more than a third (34.3%) of consumers think health check-ups are the most effective tool in their arsenal (Fig. 19).

² Garmin. 2020. *The Impact Of The Global Pandemic On Human Activity: A Global Perspective* [online] Available at: <https://www.garmin.com/en-GB/blog/the-impact-of-the-global-pandemic-on-human-activity-a-global-perspective/?utm_source=linkedin&utm_medium=post> [Accessed 19 August 2020].

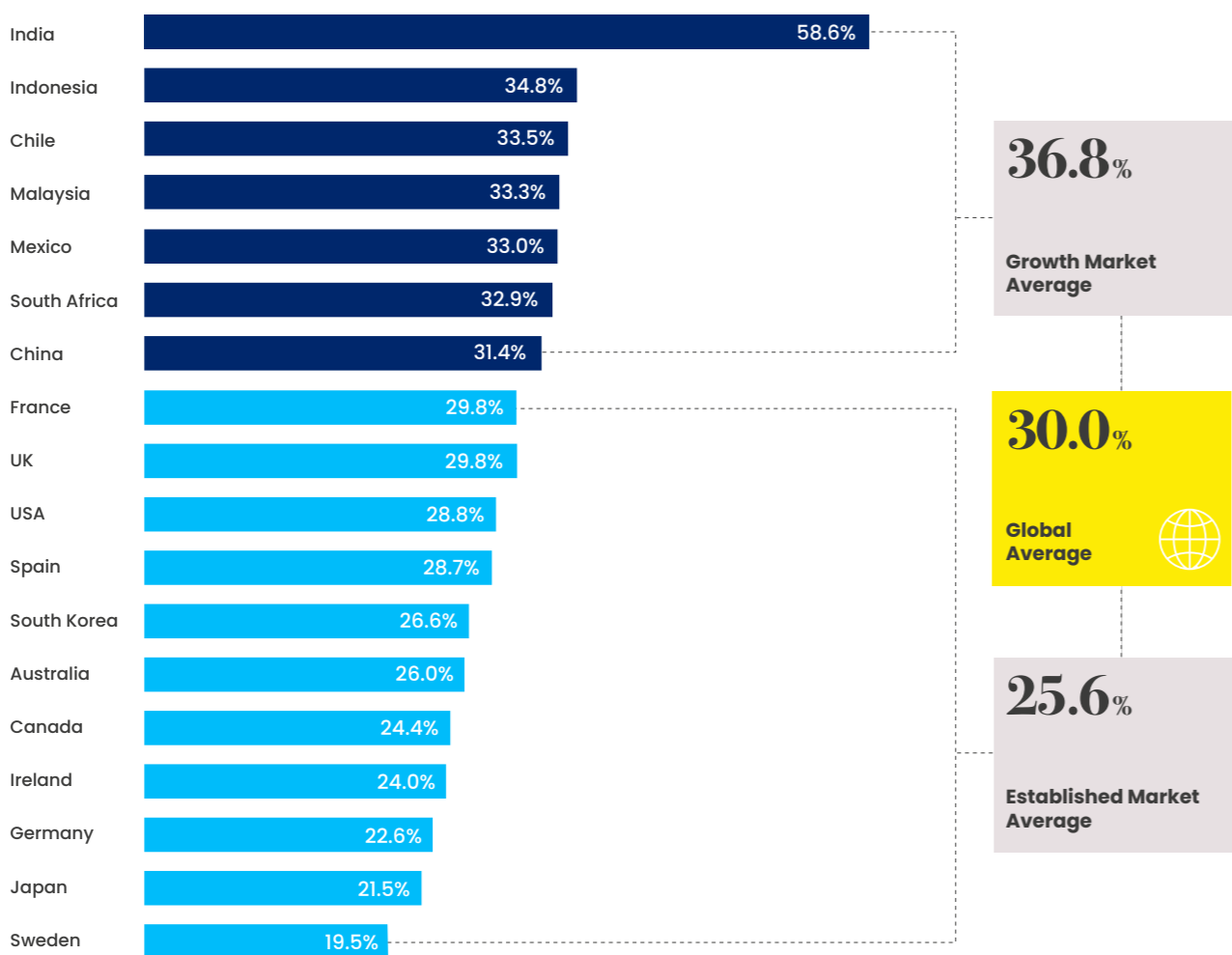
We must mention the generational divide. Gen Z and millennial respondents are very much more inclined to look to health and wellness apps to improve their general health (Fig. 20). Digital natives are a significant consumer group for the insurance sector. Insurers need to be mindful to

design products and platforms made for a consumer group who are used to digital self-service tools to fulfil their needs. This is a generation that grew up with an app for everything, be it for banking, delivery or even dating.



Q: Which of the following might encourage you to improve your general health?
Fig. 20: Health and wellness app as No. 1 tool to improve general health by generation

In this year's Global Consumer Study, health and wellness mobile apps are particularly popular in India (58.6%), Indonesia (34.8%), Chile (33.5%), Malaysia (33.3%) and South Africa (32.9%) — all growth markets (Fig. 21).



Q: Which of the following might encourage you to improve your general health?
Fig. 21: Health and wellness app as No. 1 tool to improve general health by country

Wearing it well

Moving on to wearables, a theme we've followed for the past few years, we see consumers who own wearable devices perform better across a range of health metrics, after correlating answers from different questions. (Fig. 22).

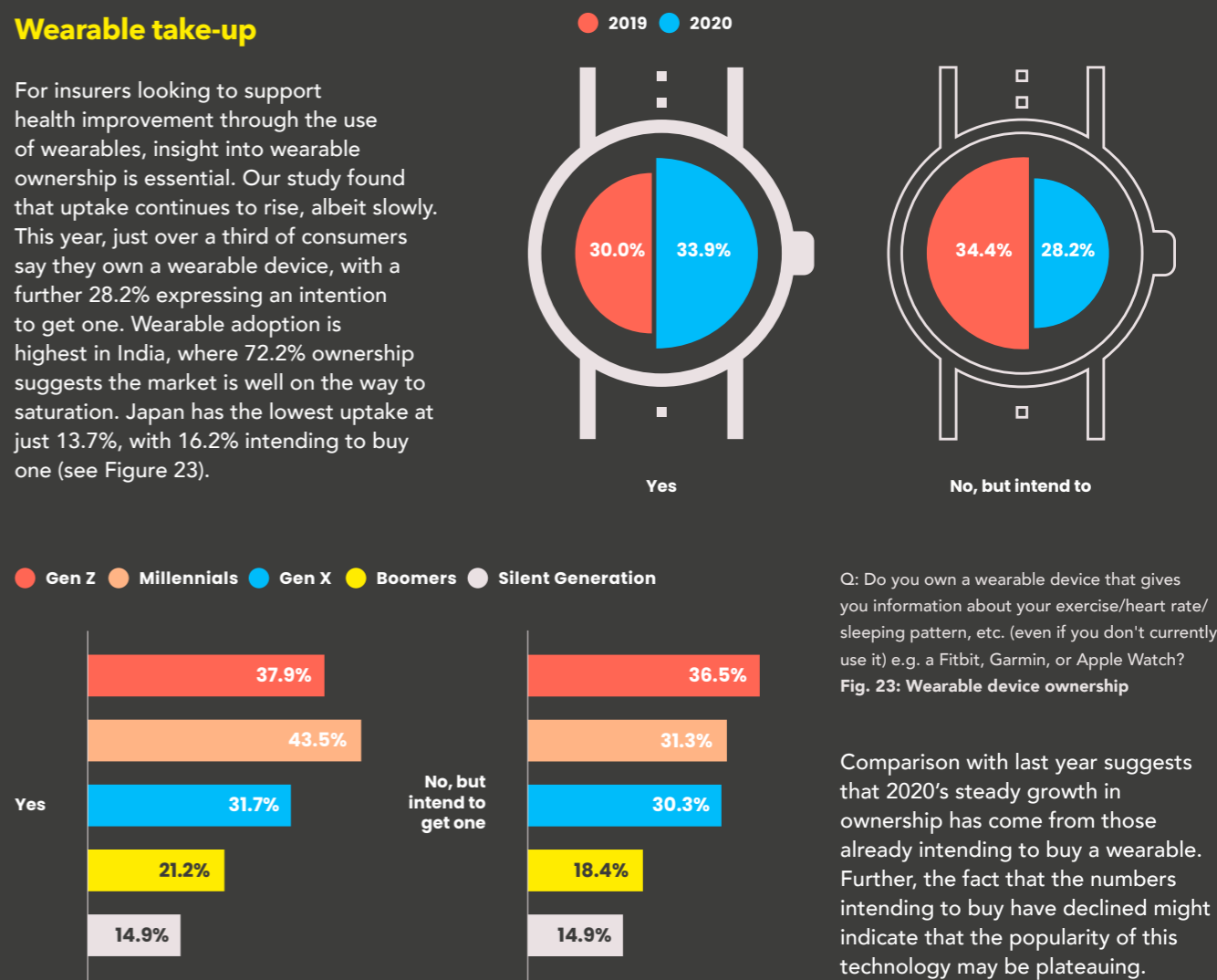
	Wearable owner	Used to have one	Plan to have one	Don't intend to get one
% exercise for more than 20 mins at least 3 times a week	65.2%	54.0%	51.0%	41.7%
% take more than 10,000 steps a day	18.6%	16.7%	10.3%	9.7%
% feels always and often energised when waking up	36.3%	31.3%	32.5%	24.8%

It's not entirely clear if owning a wearable motivates the user to walk and exercise more, or whether it's that these devices appeal more to those that lead an active lifestyle, but nonetheless there appears to be a clear correlation between their use and self-assessed levels of exercise. The Garmin study we mentioned before also proved that fitness-minded Garmin wearers adequately found ways to increase their activity levels during the April lockdowns, in spite of gym closures.

Q: How often do you exercise for more than 20 minutes? / Q: On average, how many steps do you walk per day? / Q: In general, when you wake up in the morning do you feel...
Fig. 22: Health metrics vs wearable ownership

Wearable take-up

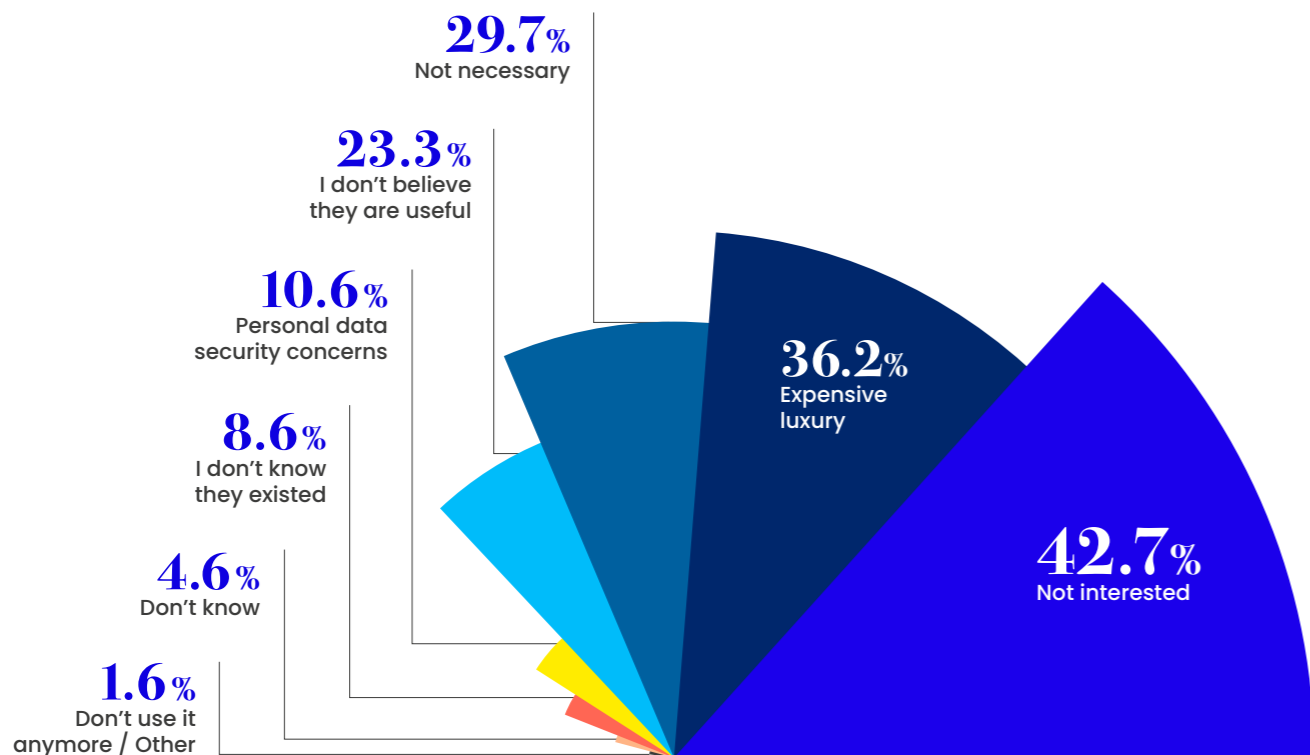
For insurers looking to support health improvement through the use of wearables, insight into wearable ownership is essential. Our study found that uptake continues to rise, albeit slowly. This year, just over a third of consumers say they own a wearable device, with a further 28.2% expressing an intention to get one. Wearable adoption is highest in India, where 72.2% ownership suggests the market is well on the way to saturation. Japan has the lowest uptake at just 13.7%, with 16.2% intending to buy one (see Figure 23).



Q: Do you own a wearable device that gives you information about your exercise/heart rate/sleeping pattern, etc. (even if you don't currently use it) e.g. a Fitbit, Garmin, or Apple Watch?
Fig. 23: Wearable device ownership

Comparison with last year suggests that 2020's steady growth in ownership has come from those already intending to buy a wearable. Further, the fact that the numbers intending to buy have declined might indicate that the popularity of this technology may be plateauing.

When respondents were asked why they do not have a wearable device, 36.2% described them as an expensive luxury — price is a key concern, yet again (Fig. 24). With so many put off by the cost, there could be an opportunity for life insurers to offer policyholders a free or subsidised wearable device as a means to encourage and support healthier lifestyles.



Q: If 'no' (No and I am not intending to get one), what are the reasons why you do not own one of these devices?

Fig. 24: Reason for not owning and not intending to own a wearable device

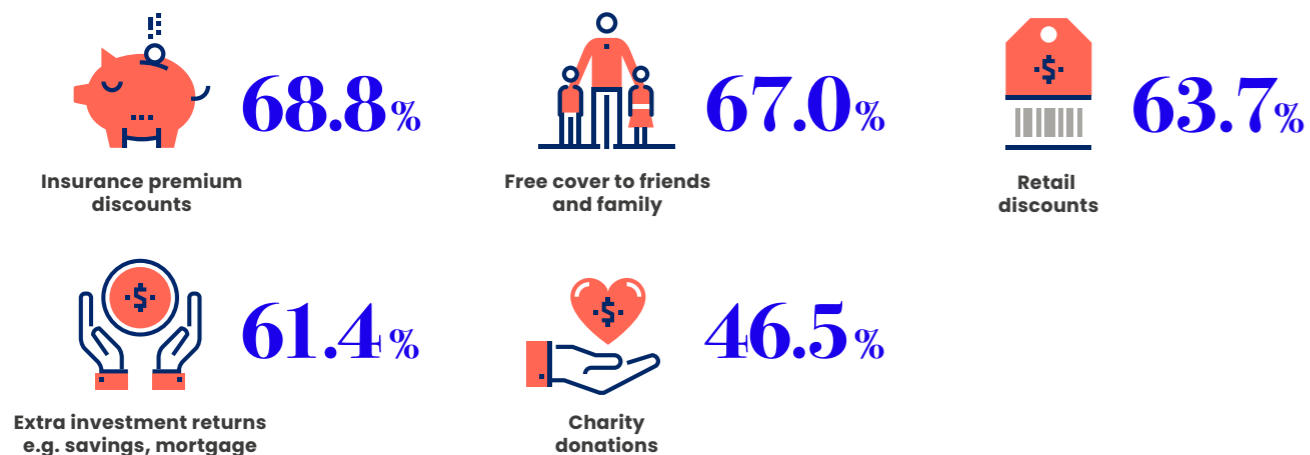
Rewarding healthier lifestyles

As well as providing finding ways to support policyholders looking to make healthier lifestyle decisions, insurers can — and do — also use rewards to provide incentives for healthy behaviour. The nature of these rewards can vary from free coffee and cinema tickets to insurance premium discounts.

The effectiveness of these motivators will differ from person to person. This makes it essential to offer a variety.

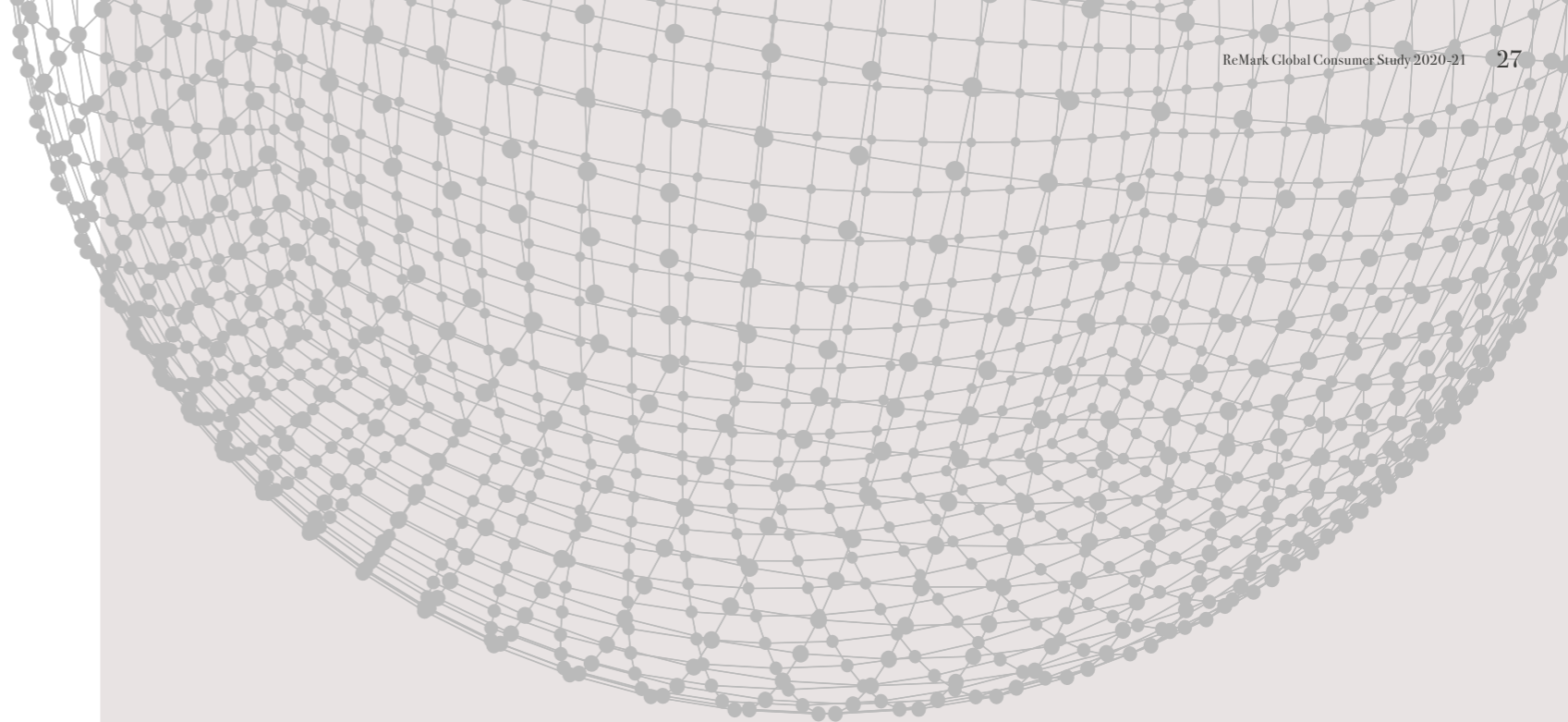
Understanding what is and isn't valued is key to providing a compelling proposition. To gauge consumer opinion globally, we asked which of a range of incentives would be appealing as a potential reward for physical activity.

Most are regarded as attractive or very attractive by at least 60% of respondents. The exception is charity donations, cited by less than half of respondents (Fig. 25).



Q: How appealing are the following as a potential reward from your insurer for physical activity?

Fig. 25: Reward attractiveness (attractive and very attractive)



Health-adjusted premiums

The most popular option is, handily, the one over which insurers have the greatest control — discounted insurance premiums. This is favoured by 68.8% of respondents. Growth markets tend to top this chart, with consumers from India (84.5%) and South Africa (81.0%) showing the strongest preference for premium discounts (Fig. 26).

As the application of health technology in the insurance sector becomes increasingly sophisticated, the possibility of recognising a policyholder's lifestyle improvements through a

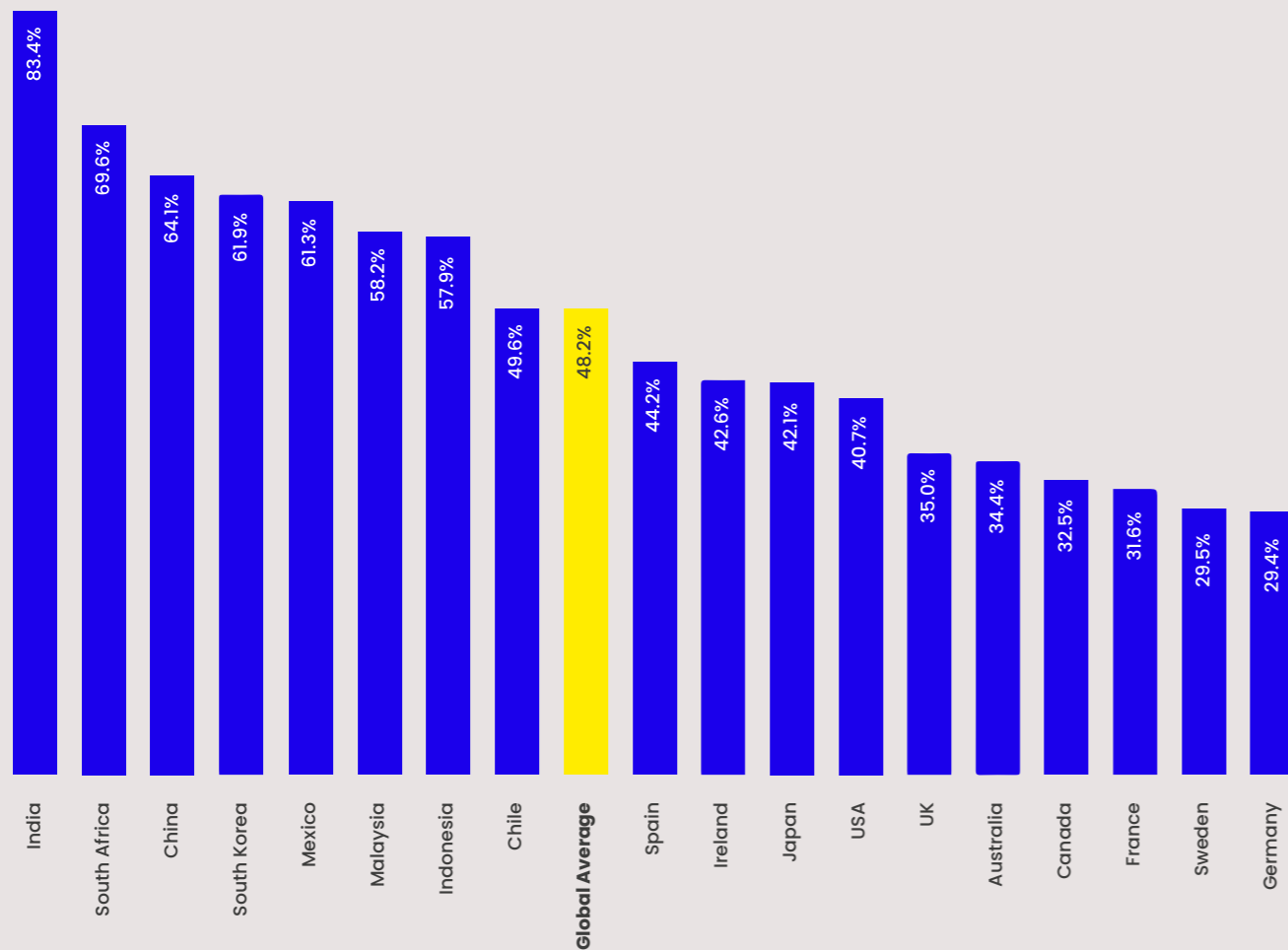
reduced premium is becoming a viable option in principle — though needless to say it must be done in the right way.

Insurers already have the capability to take data from policyholders' wearable devices to assess the impact of their lifestyle activity on risk. Whilst this insight is primarily used to engage with a policyholder and provide motivation to lead a healthier life, the availability of this data makes it possible to offer greater fluidity around premiums, giving policyholders a financial incentive to improve their lifestyle.



Q: How appealing are the following as a potential reward from your insurer for physical activity?

Fig. 26: % of respondents very attracted or attracted to premium discount



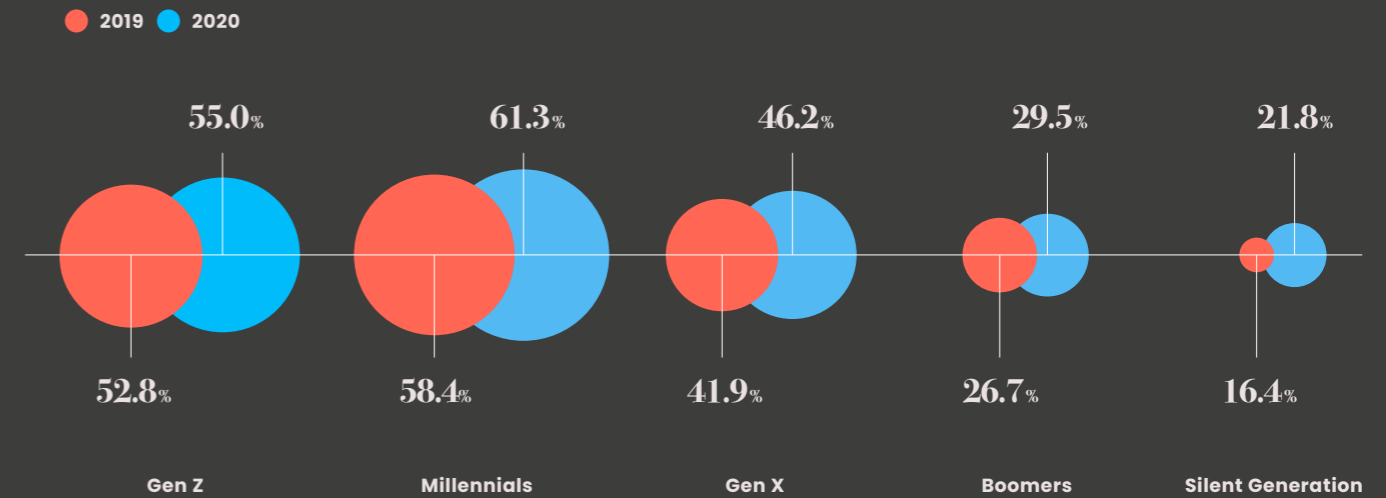
Q: If an insurer were able to monitor your wearable data (steps, heart rate, sleep) and discount your policy premium based on your activity, would you like to try this feature?

Fig. 27: % of respondents willing to share wearable data for premium discount by country

Time to share

We understand that this represents a significant shift away from the traditional ‘transactional’ role of the insurer. It raises the question of how comfortable policyholders feel about entering into an unfamiliar relationship — and even with an unfamiliar entity, depending on how much contact they’ve had with their insurer. In order to gauge consumer sentiment, the study asked whether respondents would be willing to allow an insurer to monitor their wearable data if it offered the possibility of a discounted premium, based on their activity.

Just under half of respondents (48.2%) support the idea — a slight increase on last year (45.8%). Notably India (83.4%), South Africa (69.6%) and China (64.1%) seem to be more willing to share data. Others — for the most part established markets — are more resistant. Interest in the concept among German respondents is only 29.4%, and there is a similar lack of support in Sweden and France (Fig. 27).



Q: If an insurer were able to monitor your wearable data (steps, heart rate, sleep) and discount your policy premium based on your activity, would you like to try this feature?

Fig. 28: % of respondents willing to share wearable data for premium discount by generation

Looking through a generational lens, younger generations are more open-minded about the possibility, with 61.3% of millennials and 55.0% of Gen Z in favour. The silent generation is more conservative with just 21.8% happy to share data in return for the possibility of premium discounts. As disappointing as this may be, it is a significant increase on the 16.4% reported by this segment from last year (Fig. 28).

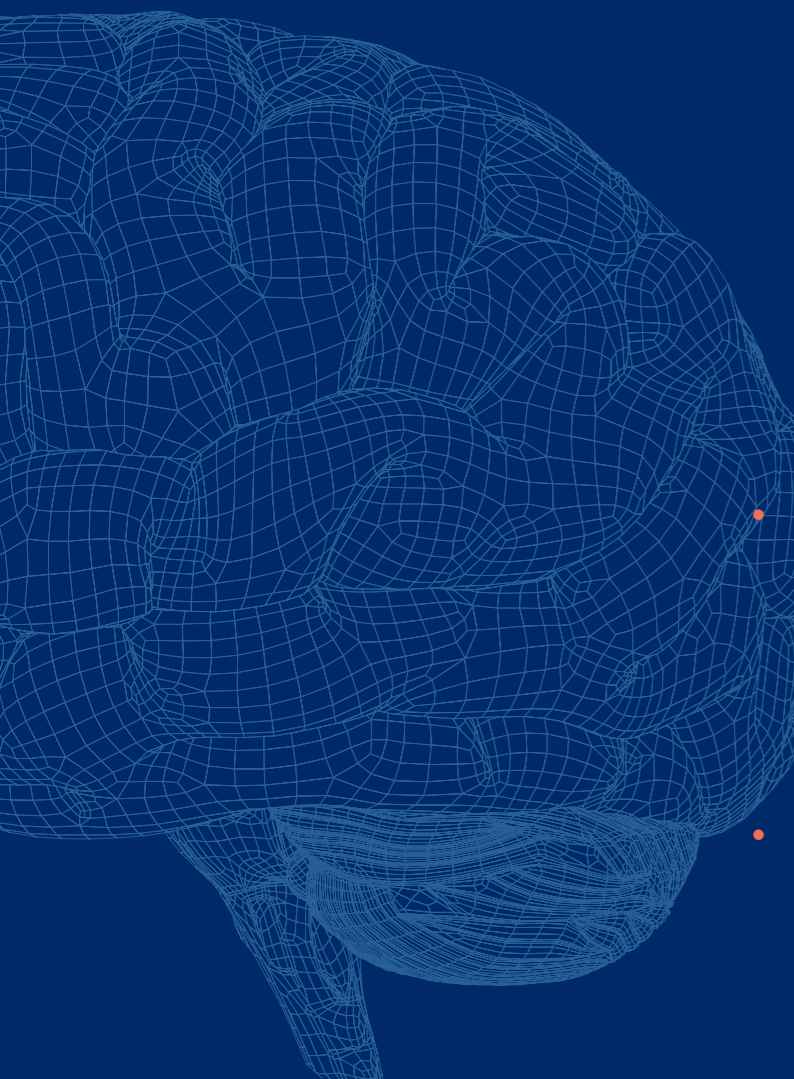
Twinking the question to ask about sharing data with insurers in return for ongoing financial or health rewards such as cashback, wellness education and coaching or financial education, rather than premium discounts, we found much more support among our respondents. Around two-thirds of consumers answered positively to this question (Fig. 29).

This may be due to the fact that some insurers are already offering this type of support. It may also be that consumers are accustomed to the certainty of a fixed insurance premium — and could be nervous that if they didn’t stick to a healthy regime, their premium would increase.



Q: How willing would you be to share your wellness or wearable information with a life insurance company in return for possible ongoing financial or health rewards (e.g. cashback, wellness education and coaching, financial education and coaching)? Even if you do not have a life insurance policy, we are still interested in your response.

Fig. 29: Data sharing willingness



KEY TAKEAWAYS

- 40.4% of respondents said they have suffered a period of mental distress or anxiety that prevented them from doing their usual activities. While 86.1% of respondents believe physical and mental health are linked, there's still a long way to go for people to be open about mental health conditions with 66.6% believing there is a stigma around mental health.
- This year we see very fluid stress levels in our survey compared to 2019 — perhaps as the pandemic itself has been so dynamic. The younger generations are notably more stressed in 2020. The causes of stress remain stable with one obvious exception: health is cited as a source of stress for 19.2% of respondents, up from 13.9% in 2019.
- 60.7% of respondents would be happy to disclose mental health data to their insurers. Insurers need to respond to the main concern of those who are uncomfortable to do so. A third of respondents fear disclosure may result in more expensive premiums. The preferred method of disclosure is through the anonymity of an online questionnaire (cited by 36.5% of consumers).

Amid rapid urbanisation in the past half century, the number of people with mental health issues has increased dramatically. In 2019, according to Mental Health First Aid (MHFA), it is estimated one in four people in the UK (and 792 million worldwide) are experiencing mental health problems.³

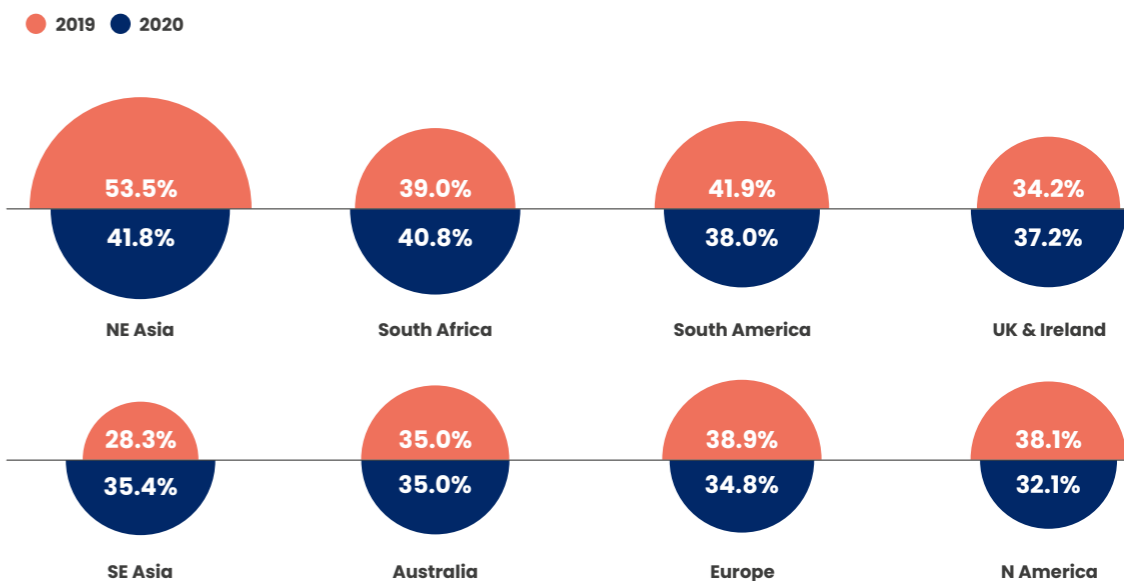
There is widespread recognition that fitness of mind is as critical to our overall wellbeing as physical fitness. That there is a link between physical health and mental health is a belief shared by 86.1% of our survey participants.

It is a significant contributory factor to mortality and morbidity, a fact that makes it a matter of relevance and concern to life insurers. Mental health was the most common cause of claim on

income protection policies in the UK in 2017, according to the Association of British Insurers.⁴ Aside from the human cost, the WHO estimates that poor mental health costs developed countries between 3% and 4% of gross national product in expenditure and lost productivity.⁵

Mental health in lockdown

Very few of our survey respondents will have been immune to the assault of the Covid-19 pandemic on the routines of normal life. Many would have been in lockdown conditions with severe restrictions on movement and social interaction at the time we conducted our fieldwork. In this alien environment, we might well expect to find signs of increased levels of stress. The result of the survey are counter-intuitive in that the proportion of respondents reporting that they were often or always feeling stressed was 7% lower than in last year's survey (Fig. 30).



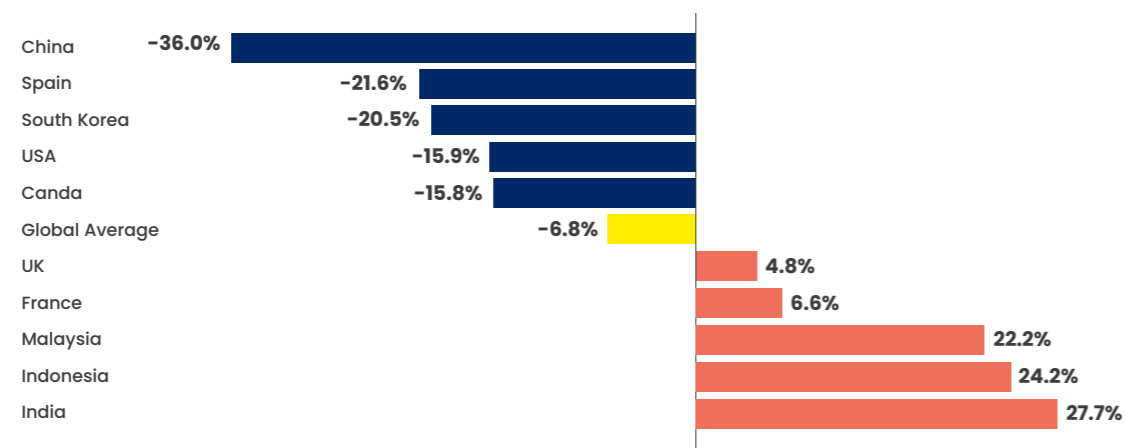
Q: Generally speaking, how stressed you feel?
 Fig. 30: Self-assessment of stress level – % of always stressed and often stressed by region

THEME 2 – PEACE OF MIND

³ MHFA England. 2020. *Mental Health Statistics*. [online] Available at: <https://mhfaengland.org/mhfa-centre/research-and-evaluation/mental-health-statistics/> [Accessed 24 August 2020].
⁴ Association of British Insurers. 2020. *Mental Health and Insurance*. [online] Available at: https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/health-insurance/mental-health/ [Accessed 2 September 2020].
⁵ World Health Organisation. 2013. *Investing In Mental Health: Evidence For Action*. [online] Available at: https://apps.who.int/iris/bitstream/handle/10665/87232/9789241564618_eng.pdf;jsessionid=B3129B812A3FF26141961F03EAE007B2?sequence=1 [Accessed 24 August 2020].

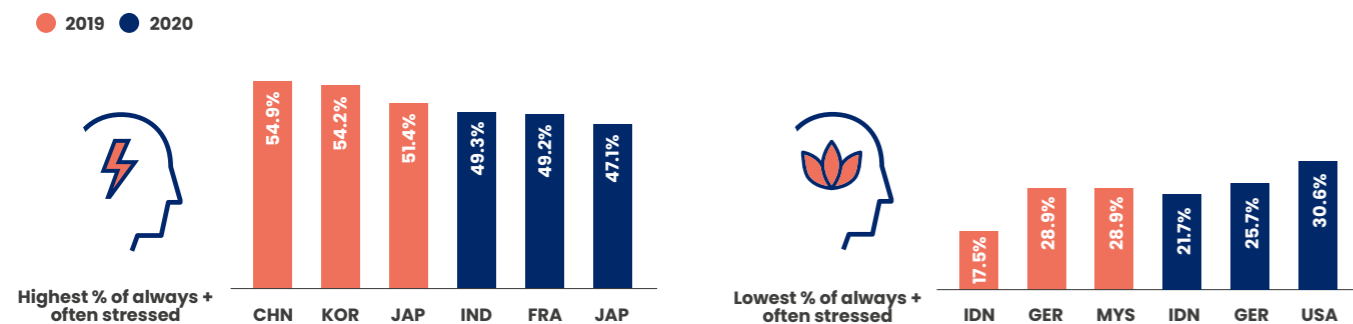
Not all countries followed this downward trend. France, India, Indonesia, Malaysia, South Africa and the UK all saw an uptick in the 'often or always' stressed category (Fig. 31). Notable among these is India, with a 28% increase. But, at the other end of the spectrum, the Indian responses also revealed a 22% increase in those claiming to be mostly or always calm. It seems that the Indian consumers we surveyed have become more decisive, with a marked drop in the neutral category who were neither calm nor stressed.

The above changes by country also altered the global landscape of stress levels. China and South Korea, which both appeared in our 2019 list of the most stressed countries, were notably more relaxed this year and not among our most stressed consumers. Conversely India and France are included



Q: Generally speaking, how stressed you feel?
 Fig. 31: Changes to self-assessed stress level compared to 2019 – % always stressed and often stressed by country

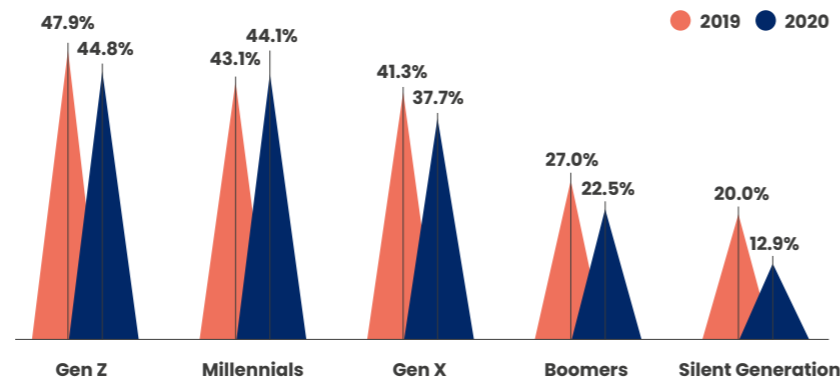
on the list this year due to significant increases in stress levels (Fig. 32). It is somewhat interesting to observe that consumers in the USA fall into the least stressed category. It should be noted that the fieldwork for this survey was conducted in May. Given the rapid development of the pandemic in the USA over the summer, consumers may now have a different mindset.



Q: Generally speaking, how stressed you feel?
 Fig. 32: Self-assessment of stress level – top 3 most and least stressed (always stressed and often stressed) countries

A challenging year for millennials

Analysis of the responses by age group shows it is only millennials who reported an increase in stress, though minor. This is understandable given concerns about the impact on employment prospects this year; juggling demands of work and home life (home-schooling of children) and further compounded by severe restrictions on their levels of social activity (Fig. 33).



Q: Generally speaking, how stressed you feel?
 Fig. 33: Self-assessment of stress level

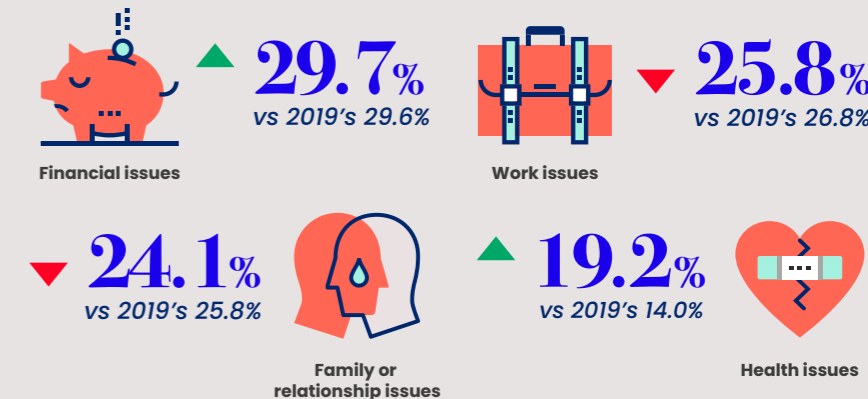
What is less easy to explain is the 35% fall in the proportion of respondents from the silent generation who reported being often or always stressed. By far the greatest risk factor for serious complications of Covid-19 infection is age. It would not have been surprising to see this reflected in increased stress levels reported by the older age groups, yet this is emphatically not the case. It may be that the impact of the pandemic has triggered an unusual emotional response, but discussion of the possible causes is beyond the scope of this report.

Causes of stress

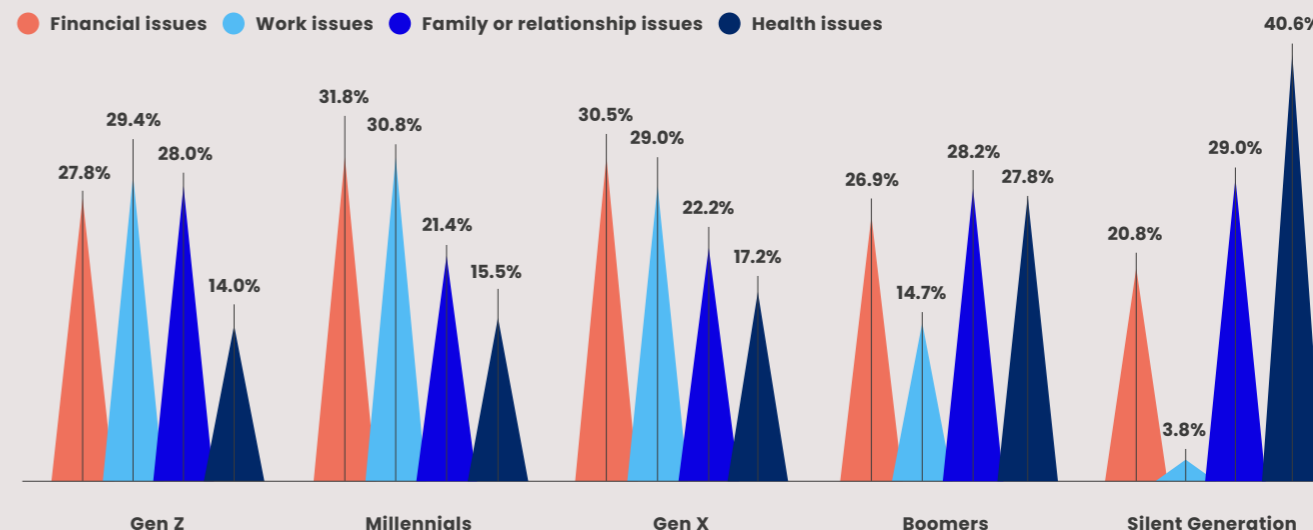
Survey participants were asked which issues from daily life are more likely to induce stress. The results are very largely consistent with the findings from last year's survey. Money worries were identified as the most likely potential cause of stress, followed by work issues and problems with family or relationships (Fig. 34).

However the 'Covid-19 effect' is evident in the significant increase in the numbers citing health issues as the most significant potential cause. As one might expect, health as a cause of anxiety assumes greater significance with age.

Health is much less of an issue for the under 55s. At this stage in life it is, unsurprisingly, financial and work issues that are potentially of greater concern (Fig. 35).

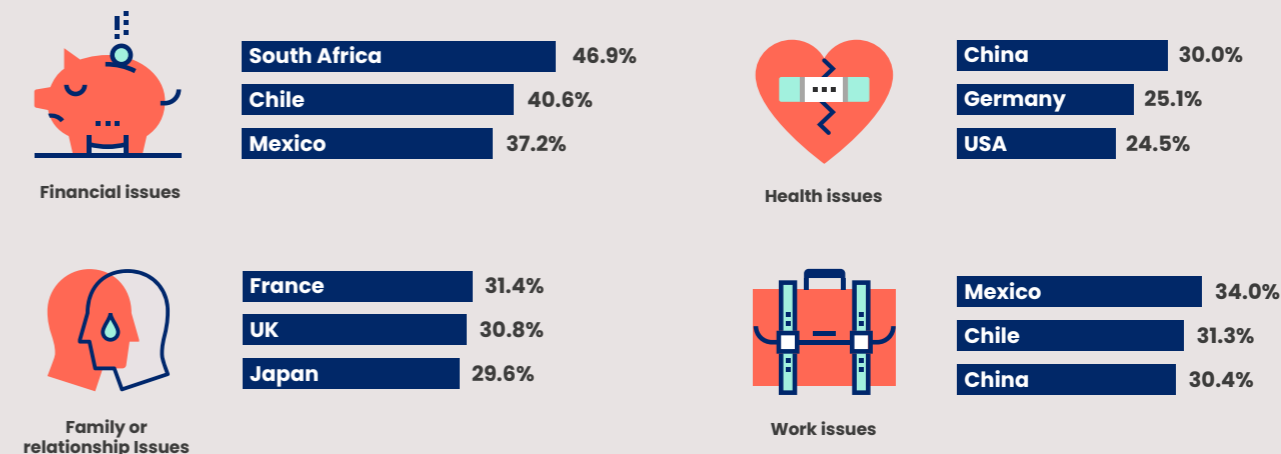


Q: Which of the following are potential causes of stress for you?
 Fig. 34: Stress causes



Q: Which of the following are potential causes of stress for you?
 Fig. 35: Potential causes of stress by generation

Analysis of the responses by country shows that for North America and most of Europe it is family and relationships — rather than financial worries — which are thought to be most likely to induce stress (Fig. 36).



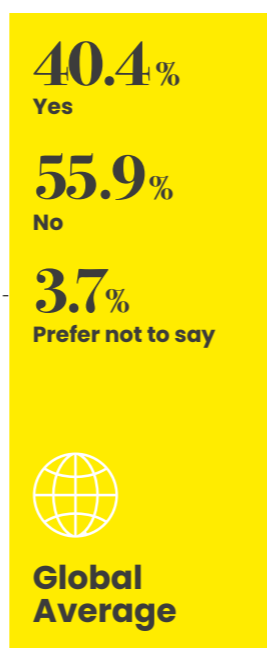
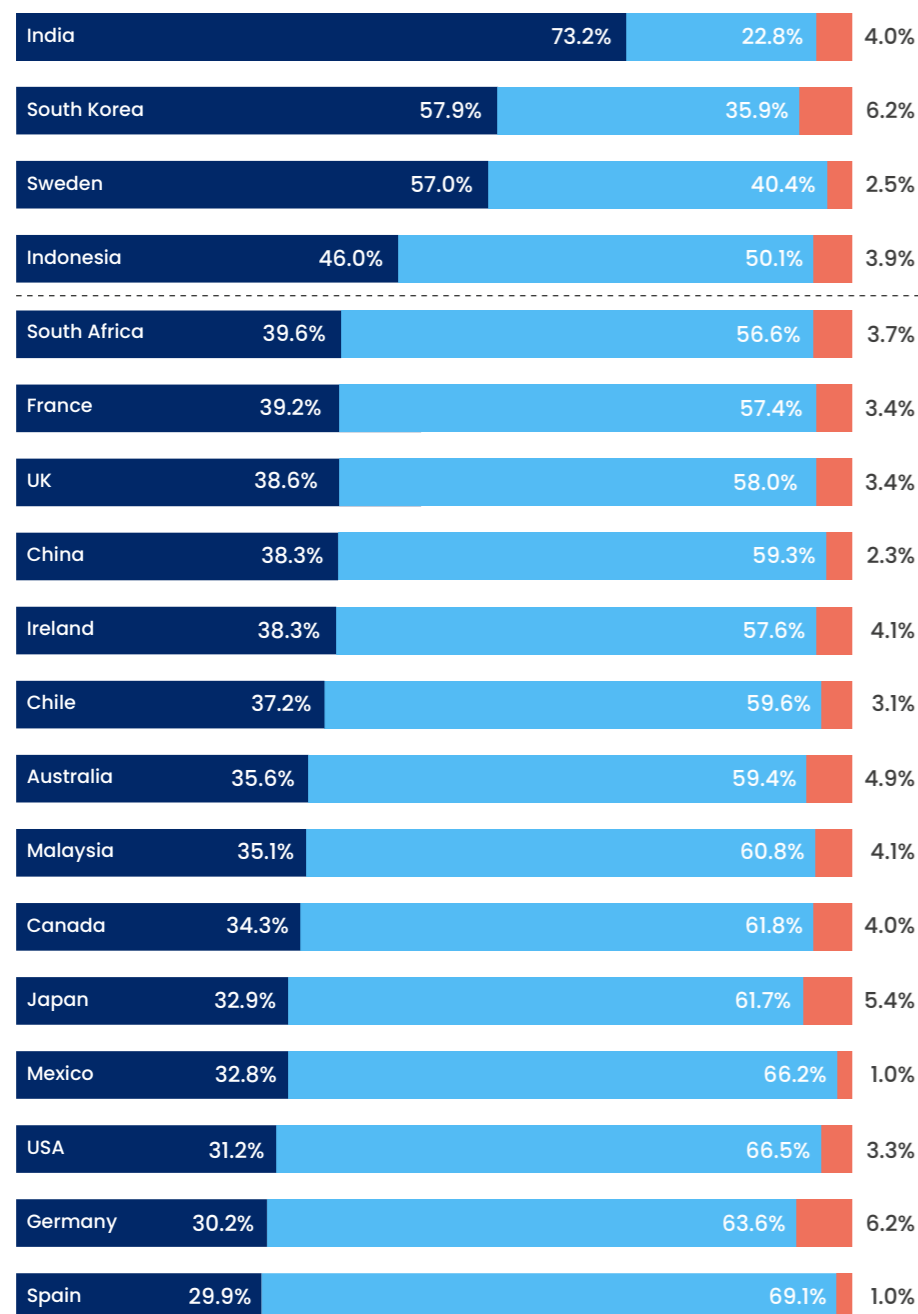
Q: Which of the following are potential causes of stress for you?
 Fig. 36: Top 3 stress causes by country

A common complaint

For the first time, our survey asked respondents whether they had suffered a period of mental distress, stress or anxiety that prevented them from following their usual routine. An astonishing 40.4% acknowledged that they had. Even more surprising was the results from India,

where 73.2% of respondents said that they had suffered from such an episode. The numbers from both South Korea (57.9%) and Sweden (57.0%) pale by comparison, but nevertheless suggest an extraordinary prevalence of self-reported mental health concerns (Fig. 37).

● Yes ● No ● Prefer not to say



Q: Have you ever suffered from a period of mental distress, stress or anxiety that prevented you from doing your usual activities?

Fig. 37: Mental distress

There were marked differences between the generational groups with Gen Z (55.1%) and millennials (48.9%) nearly four times more likely than the Silent Generation (13.8%) to have experienced severe stress or anxiety.

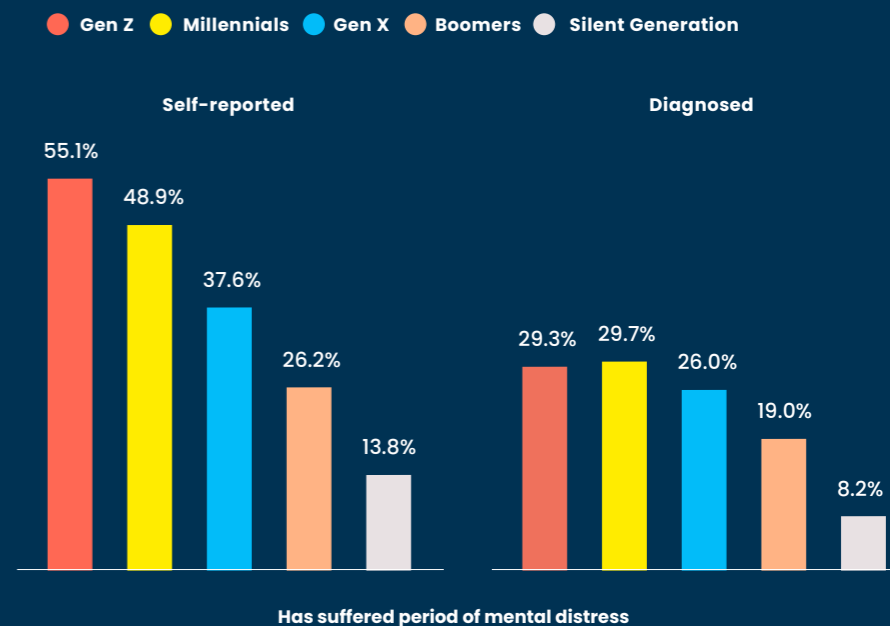
In answer to a separate question, a quarter of all respondents claimed to have been formally diagnosed with a mental health disorder. Again, respondents from India (63.3%) and Sweden (34.8%) were the most likely to have had such a diagnosis but, paradoxically, South Korea — with just 13.2% — had the lowest incidence of diagnosed mental disorder of all of the countries included in this survey.

The picture of diagnosed mental health issues among the different age groups shows, once more, a higher prevalence among the younger generations. The difference between successive generations is much less marked. Put another way, it appears that Gen Z and millennials, in particular, are significantly more likely to have — or claim to have had — periods of mental stress and anxiety that go undiagnosed (Fig. 38).

Silence of stigma

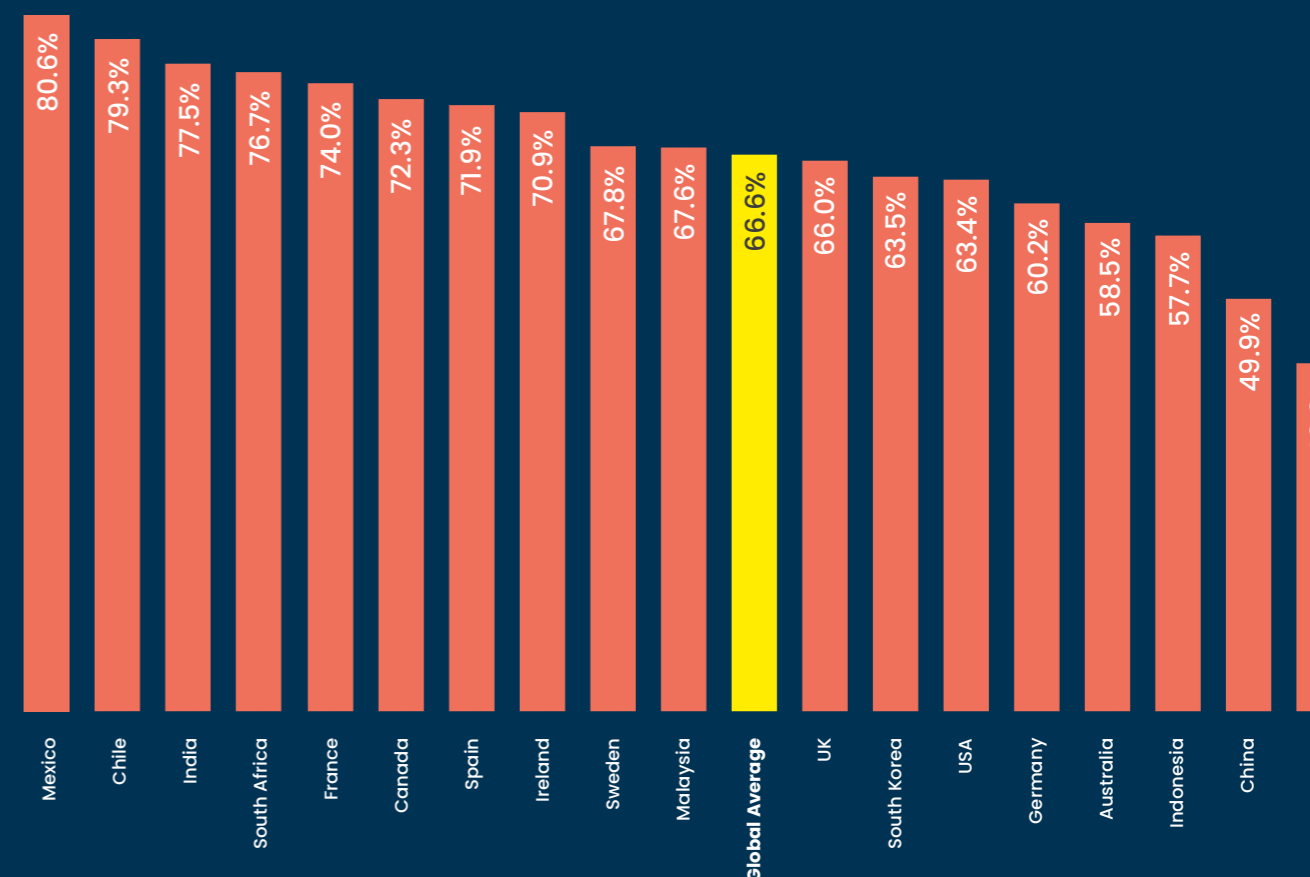
A principal barrier to seeking diagnosis is the fear of the stigma that is attached to mental illness. In nearly every country, a significant majority of respondents have the perception that there are stigmas attached to issues of mental health (Fig. 39).

The exceptions are Japan and China, where 59.2% and 50.1% of respondents respectively said there weren't any stigmas. Low rates of diagnosis in these two countries — 16.5% in Japan and 19.5% in China — may be an indication that the reverse is actually true, and that people are fearful of accessing the healthcare system for support with anxiety or depression.



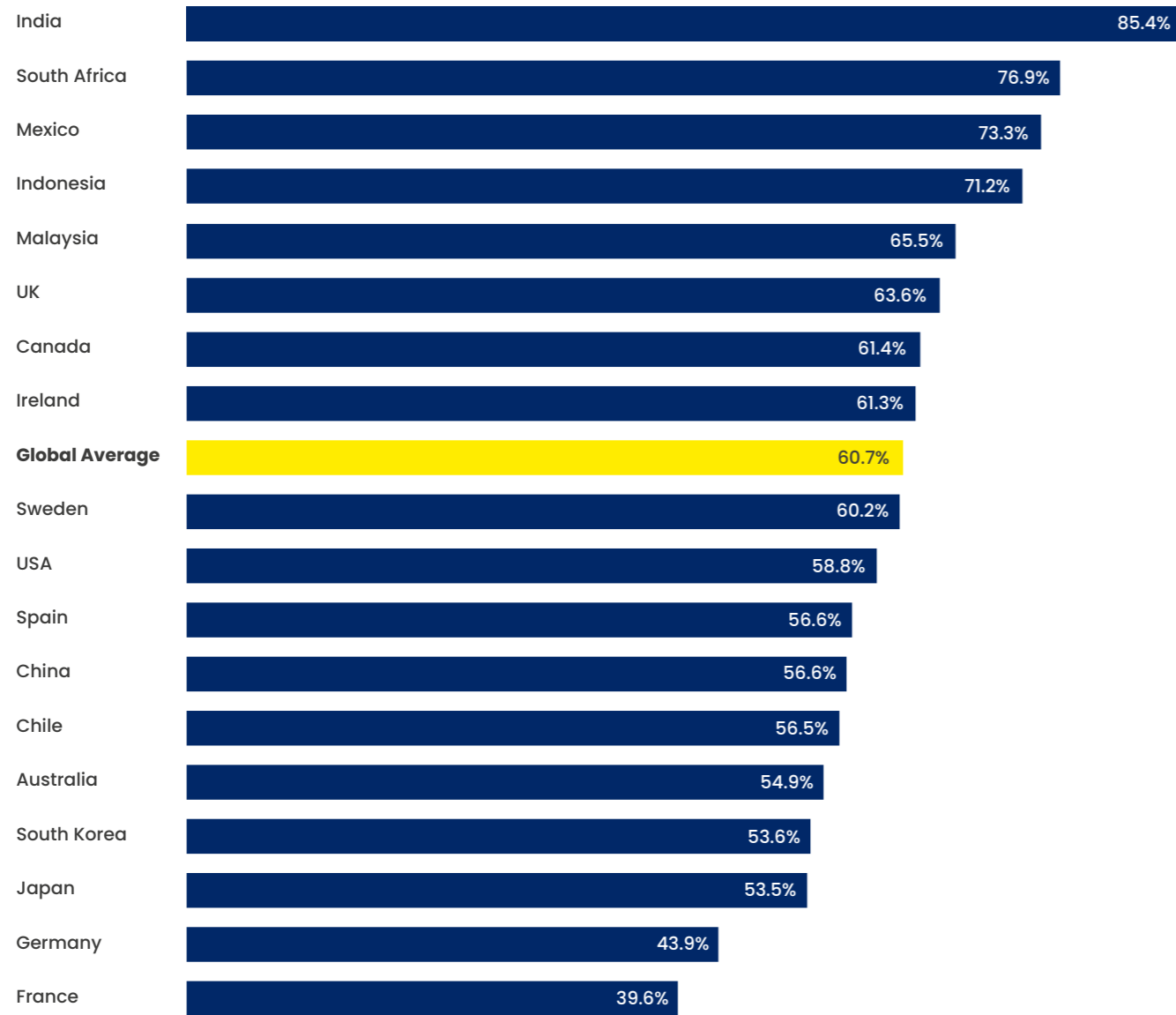
Q: Have you ever suffered from a period of mental distress, stress or anxiety that prevented you from doing your usual activities?

Fig. 38: 'Self-reported' stress vs 'diagnosed' stress



Q: Do you feel there is a stigma around mental health disorders in society today? Yes or No

Fig. 39: Stigma of mental health disorders – % Yes



Q: If purchasing insurance, would you feel comfortable in sharing any mental health issues you have, or have had, during the application process?
 Fig. 40: Mental health issues disclosures during the application process (answered yes)

Opening up to the insurer

If concerns about stigma associated with mental health are a barrier to diagnosis, they will certainly be a cause of anxiety for those seeking life insurance. There will be concerns that the need to disclose a mental health condition will either disqualify the applicant from cover or make it unreasonably expensive. This is by no means the case but, nonetheless, perceptions persist. Approximately

40% of respondents claimed they would not feel comfortable sharing details of mental health issues in an insurance application (Fig. 40). The remaining consumers surveyed who are willing to share mental health issues is a higher proportion than those willing to share wearable data and slightly lower than those willing to share health and wellness data (Fig. 41).

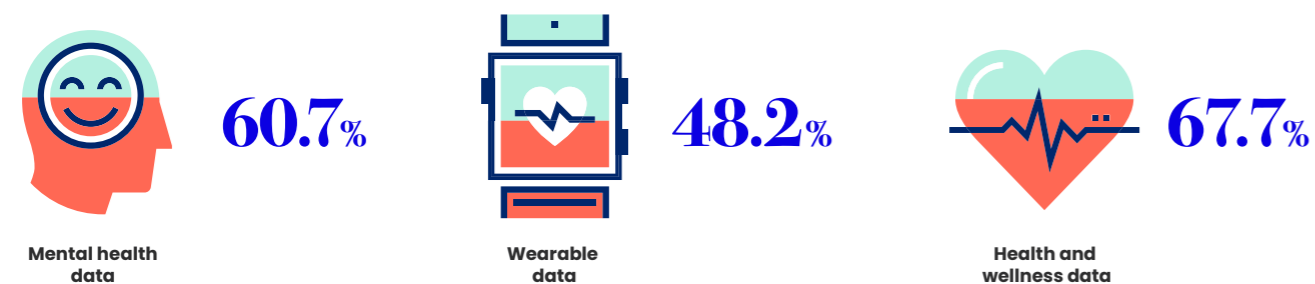
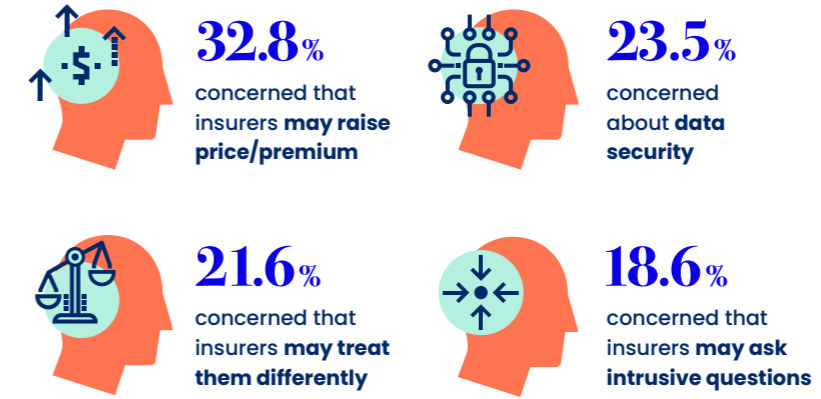


Fig. 41: Willingness to share mental health data vs. wearable data and health and wellness



The most common concern, shared by 32.8% of respondents, was the fear that insurers might raise premiums to reflect a mental health condition (Fig. 42). Another significant cause for concern was the security of the information disclosed. For the Chinese, Indonesians, Indians and Japanese this was a more common concern than the fear of paying more for the insurance policy.

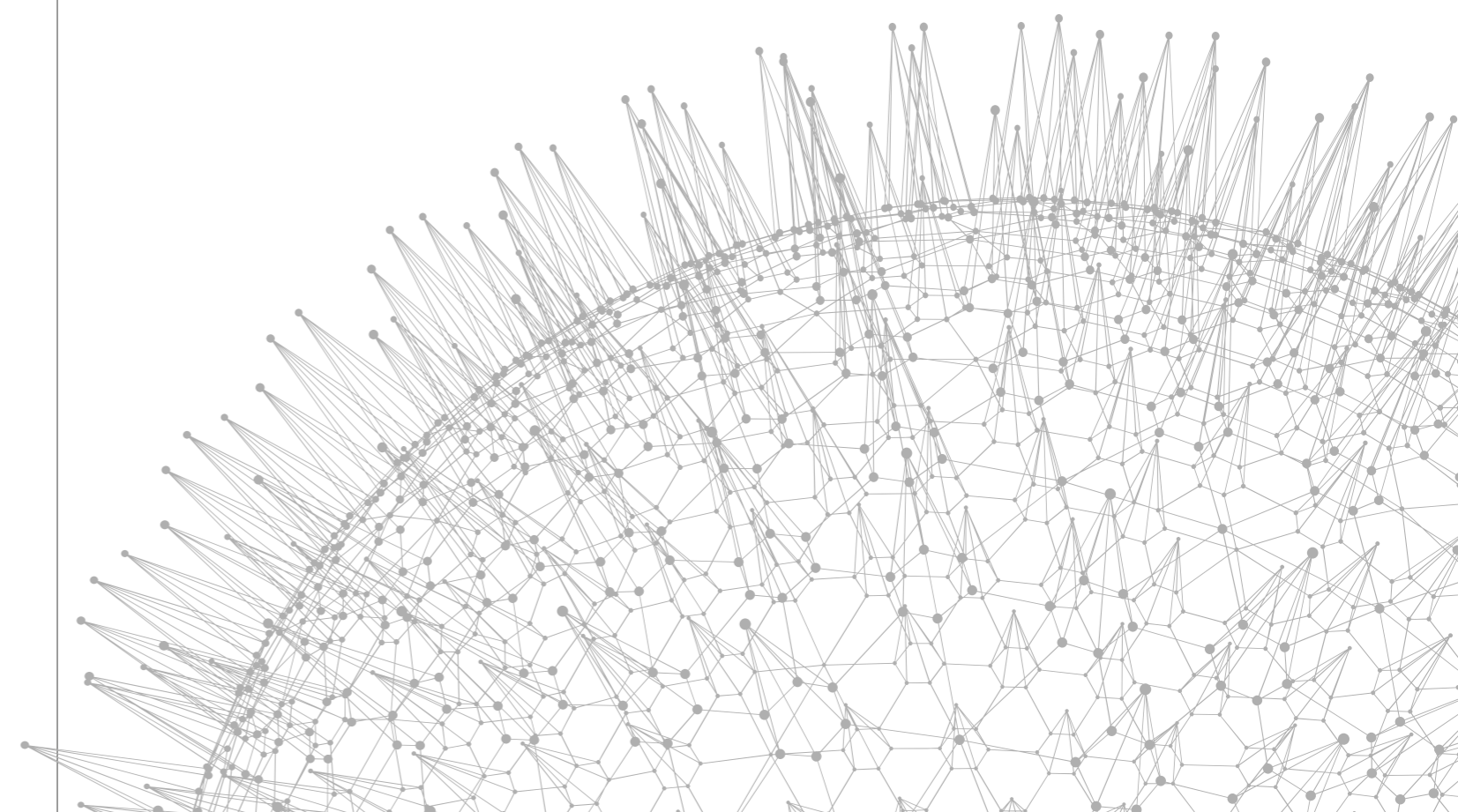
Q: Why would you not feel comfortable in sharing information about previous or current mental health issues during the application process?
 Fig. 42: Reason for not feeling comfortable to share mental health issues during the application process

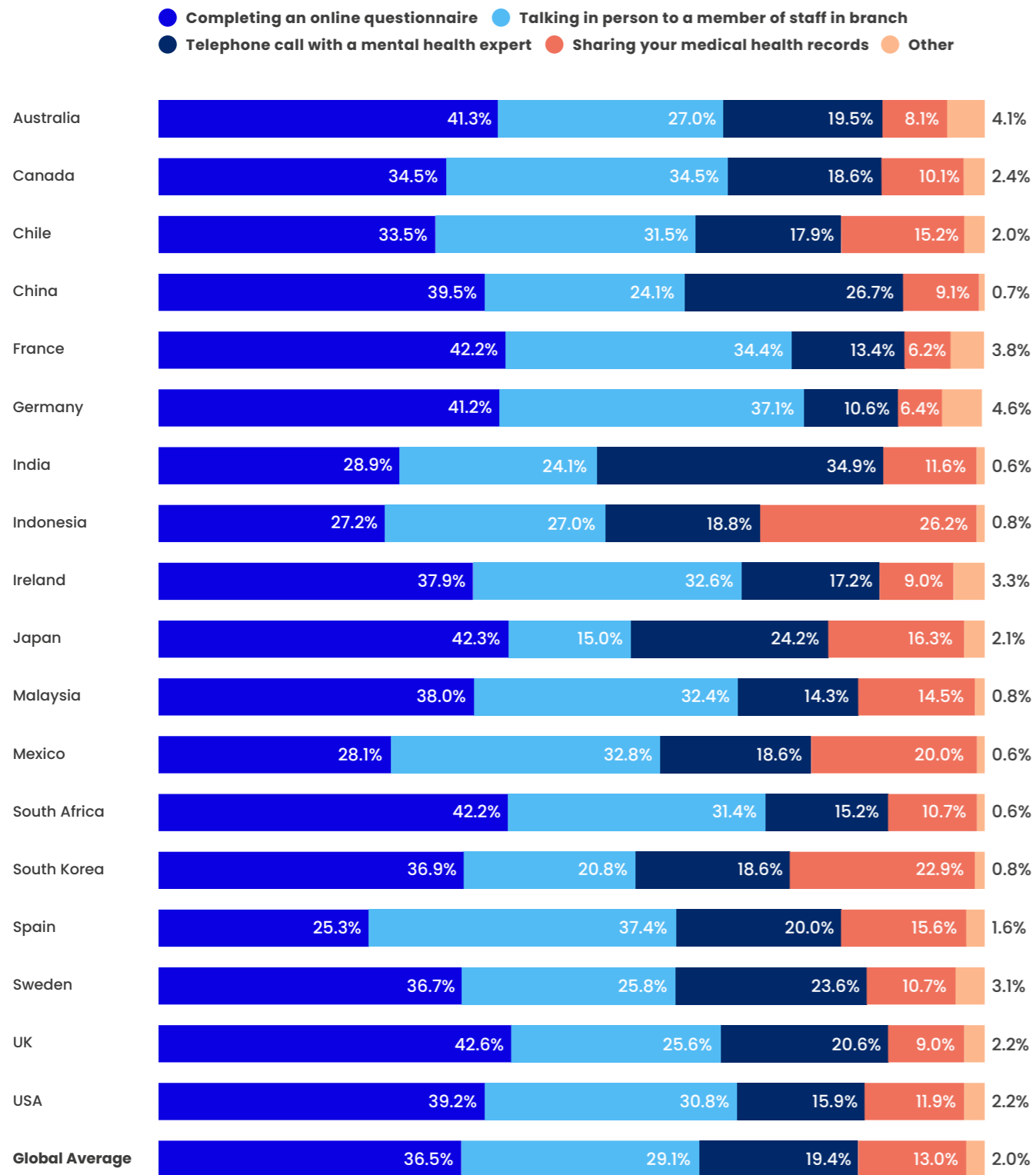
Sharing preferences

Given the sensitivity of this data (on an applicant's history of mental illness) it is helpful to gain an understanding of what approaches might best mitigate those concerns (Fig. 43).



Q: If sharing mental health information with an insurance company, what would be your preferred method?
 Fig. 43: Preferred method to share mental health information



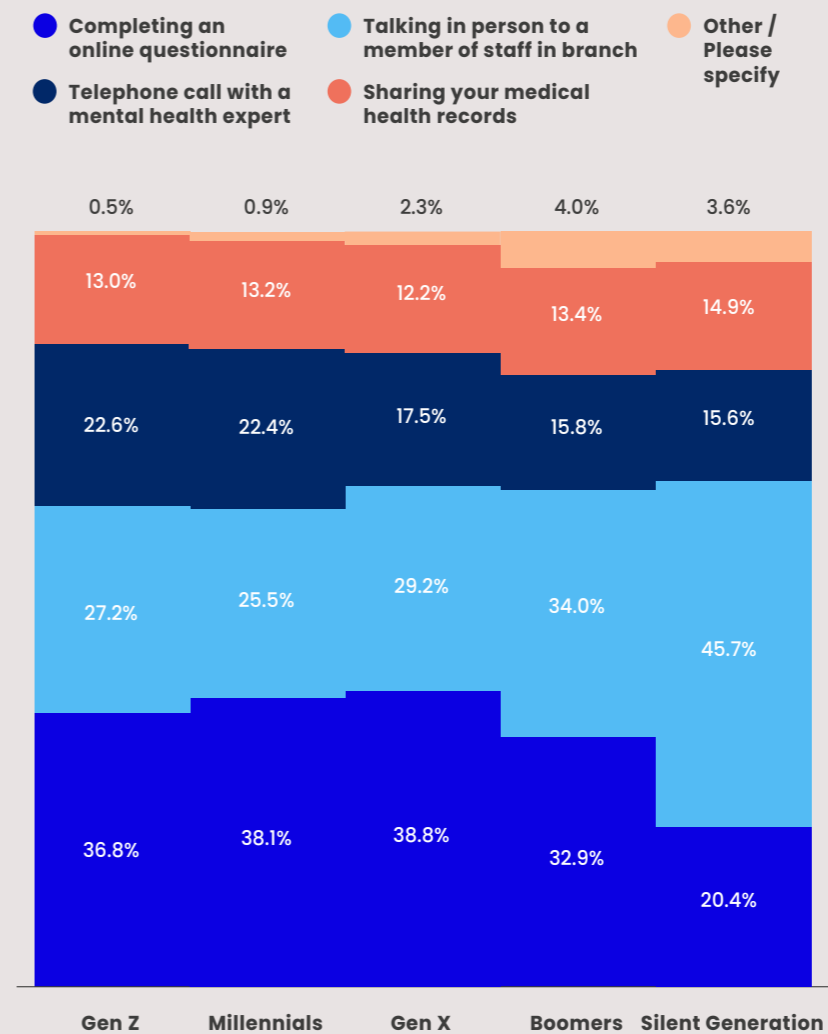
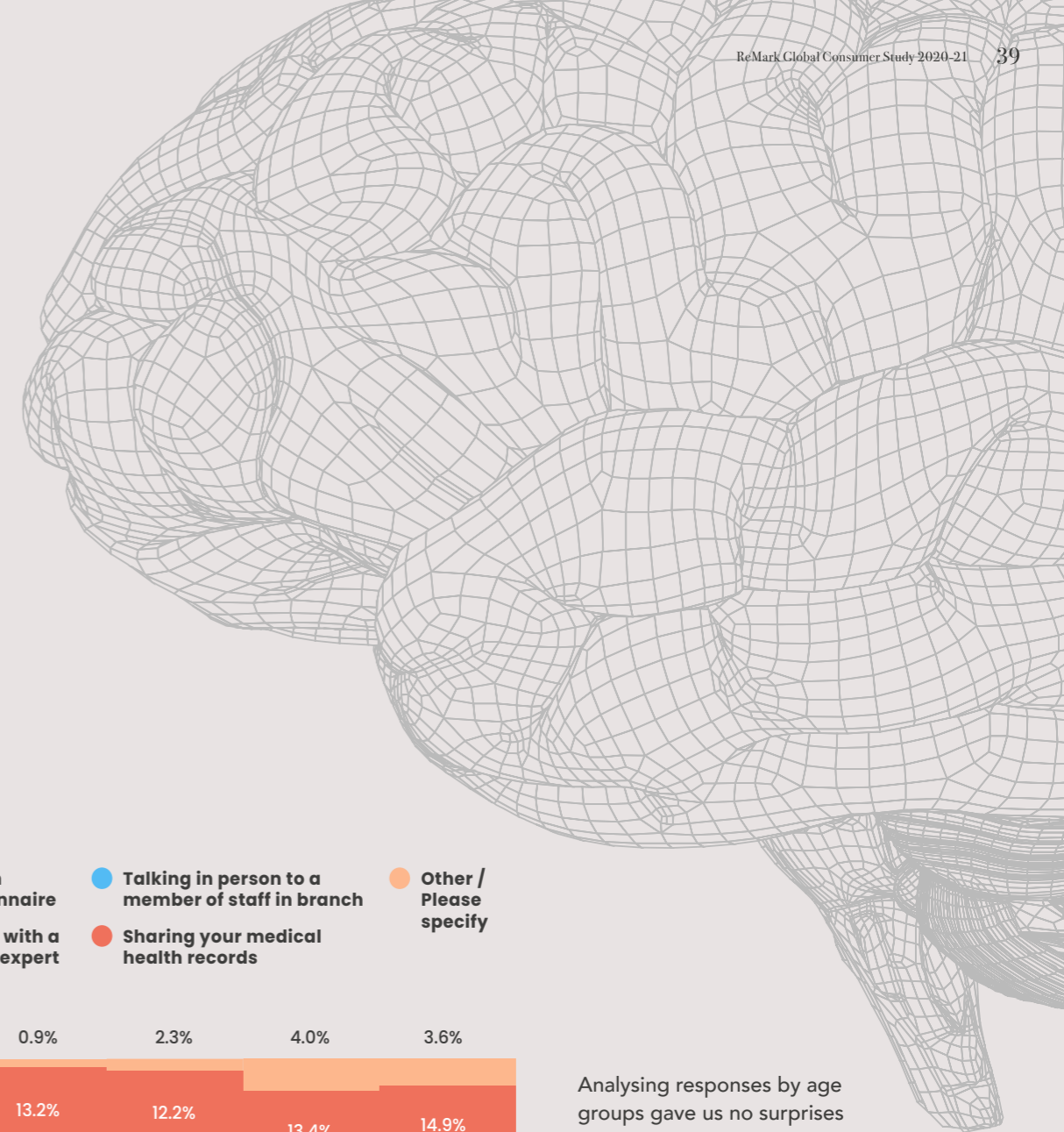


Q: If sharing mental health information with an insurance company, what would be your preferred method?

Fig. 44: Preferred method to share mental health information by country

Completing an online questionnaire was the method preferred by just over 1 in 3 respondents. Within individual countries, this percentage varied from 25.3% among Spanish respondents to 42% in France, Japan, South Africa and the UK — mostly established markets (Fig. 44).

The next most popular choice was to talk, in person, to a member of staff. This was favoured by 29.1% of respondents. Once again there was some variation in individual market responses — from 15.0% in Japan to 37% in Spain and Germany.



Q: If sharing mental health information with an insurance company, what would be your preferred method?

Fig. 45: Preferred method to share mental health information by generation

Analysing responses by age groups gave us no surprises (Fig. 45). The responses were reasonably consistent through most of the generational groups. The main differences were at the older age groups where there is a drop in the proportion favouring an online questionnaire and a corresponding increase in those preferring to speak to a member of staff. This is consistent with the fact younger generations are more tech-savvy in general, and used to digital customer journeys.

With so much sensitivity around the subject of mental health, and the fact that there is no single method of sharing information that stands out as a consumer favourite, it would seem prudent to offer customers a choice. Offering a variety of options may help individuals overcome a natural reluctance to share relevant information about their mental health.

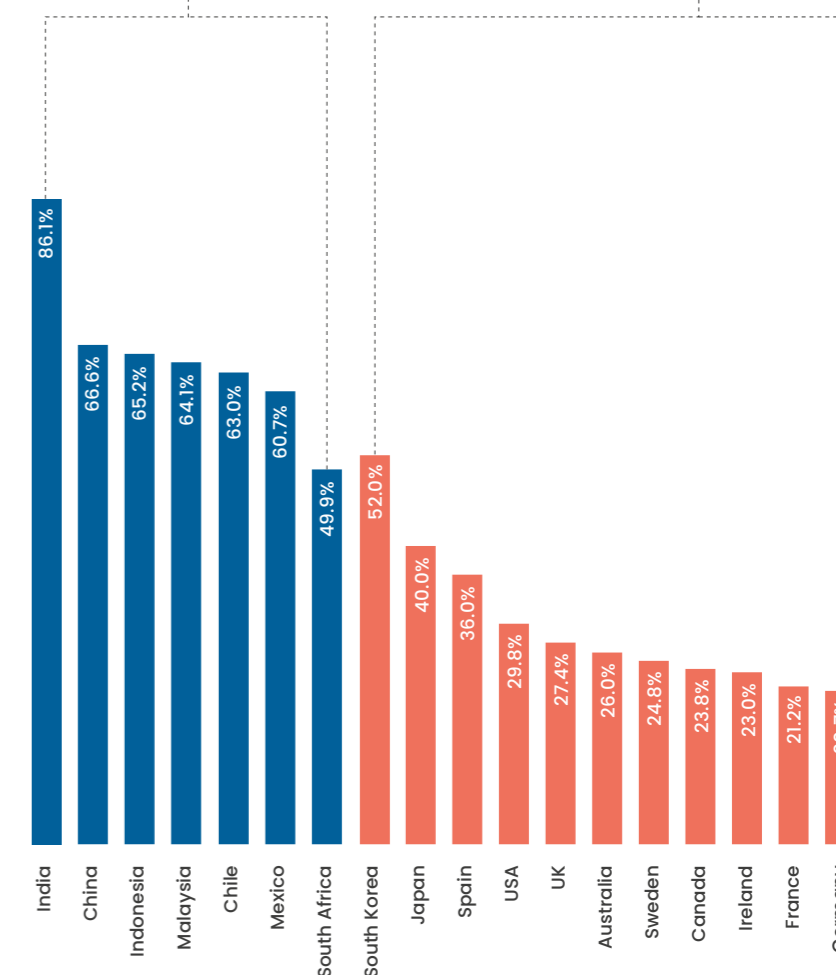
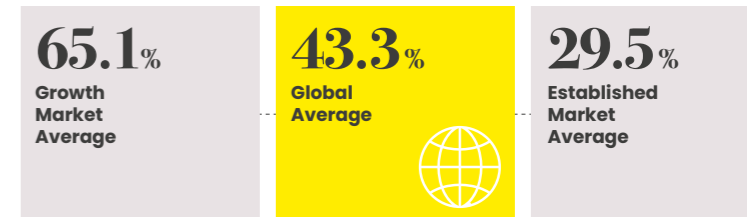
KEY TAKEAWAYS

- 42.3% of consumers prefer contactless channels in 2020, a huge leap from 24.3% in 2019. However, we need to be reminded that this was not necessarily by choice as much as by necessity. Covid-19 triggered a wide digital migration by shifting offline habits to online — be it work, school, social circles or services.
- However, the contactless world is a new realm where consumers are craving for the familiar. As screen fatigue kicks in, people want human contact. And while automated solutions can definitely deliver a better service and often save costs, insurers need to integrate a new 'phygital' dimension that brings the reassuring 'faces' of offline services online.
- Two thirds of respondents are happy to share their electronic health records with a life insurance company if it would speed up the purchase process. Intelligent data processing is simplifying consumer journeys and whilst giving consent is often only one click away — consumers need to understand the benefits from sharing their data.

We've been looking at digital transformation in the insurance industry for some years now, but Covid-19 has undoubtedly caused an epochal shift to a contactless way of life.

The pandemic, and social distancing measures, has been a catalyst for services and companies to go digital. With 60% of pupils and students unable to attend school⁶, medical practices being disrupted and a vast majority of the population having to shield or self-isolate, screens became our means of talking to the 'outside' world. Our study this year highlights that our tech-savvy consumers are more than ready to embrace screen-to-screen services, but with one paradoxical condition: they need to feel the human touch.

It's a topic of particular interest to the life insurance industry because of the importance of compelling customer journeys. And, given the younger, technophile generations are starting to grow into the prime purchase segments for life insurance, digital experiences that don't meet consumer expectations will struggle to win them over.



Q: Has Covid-19 (Coronavirus) changed the level of your comfort with automated digital services?
 Fig. 46: Effect of Covid-19 on level of comfort with automated digital services

Switched on

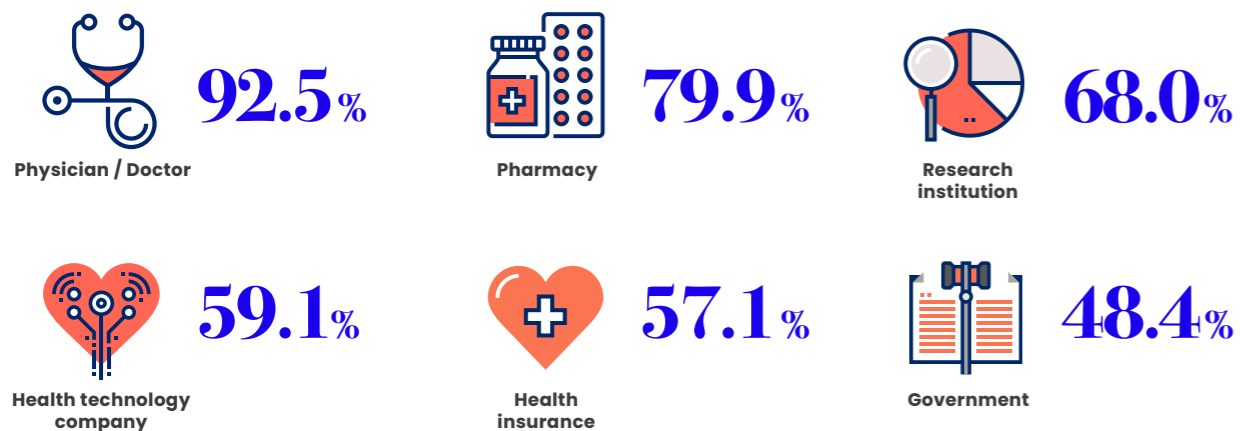
For some, using online services, perhaps for the first time, has been a welcome experience that's changed consumer perceptions of just how many advantages technology can bring. Others, perhaps out of necessity, have been dragged more unwillingly into the digital world. Just over forty percent of survey respondents claimed that they have a more positive view of digital services due to the pandemic. Respondents from India (86.1%), China (66.6%) and Indonesia (65.2%) appear to be the most enthusiastic converts (Fig. 46). By contrast the pandemic changed little for consumers from Germany, France and Ireland.

The preference for digital vs human service is not a binary option measured in black and white. There's certainly shades of grey. Even the staunchest of technophobes will admit to making the occasional purchase online or will acknowledge the merits of straightforward transactional services, like automated bill payment. Equally there will be some technophiles who, given the choice, may nonetheless prefer a human touch when it comes to more personal services like medical consultations or financial advice.

THEME 3 – CONTACTLESS BUT HUMAN

Moving trust online

Trust is a hard-earned currency, and the handling of data as sensitive as health data for medical underwriting, for example, needs to take into account consumer preferences. An overwhelming 92.5% of respondents would put their trust in their doctor to handle their health data (Fig. 47). As in-person medical examinations and check-ups became impossible earlier this year, online medical diagnosis has proven to be a safe alternative made for the contactless world.



Q: Do you trust the following organisations/professional bodies with your health data?

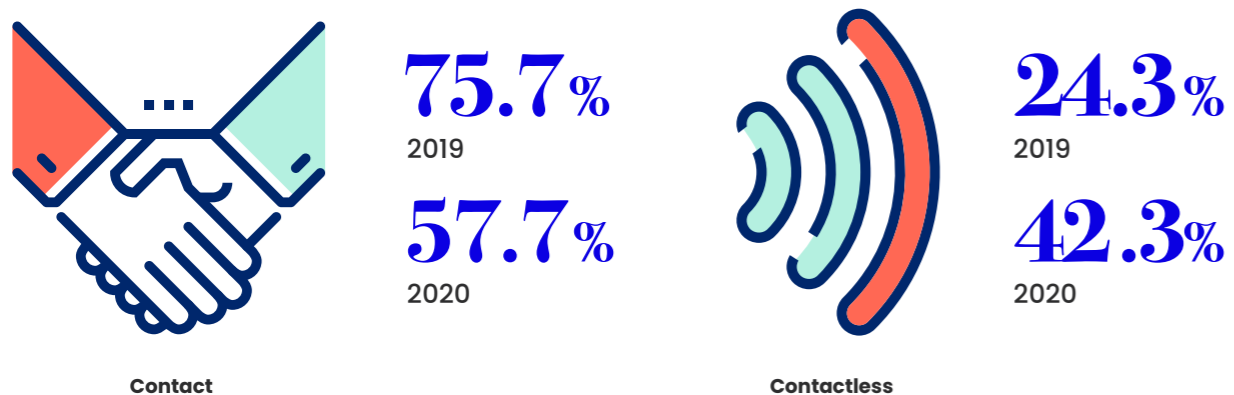
Fig. 47: Consumers' trust in institutions

The French online medical appointment platform Doctolib reported a thirty-fold increase in the number of online medical appointments taken during the pandemic, with 1.41 million patients having at least one video consultation⁷. Similarly, in the UK, the Royal College of General Practitioners has reported an exact reversal of figures: 71% of medical consultations were remote in March and April 2020 compared to 71% in-person at the same time last year⁸. Covid-19 may have prevented direct contact, but there is interesting evidence that consumers are looking for familiar faces, even if they're online. We aren't yet ready to lose human connection — something the pandemic made abundantly clear. Striking the right balance between technology and human interaction will help to secure consumer trust.

The road to completion

Similarly, the insurance industry has also had to adapt and rethink how contactless channels can become a compelling 'phygital' (physical + digital) experience.

When it comes to purchasing insurance, many more people are going contactless this year. A significant 42.3% of respondents to our survey, up from 24.3% in 2019, nominated one of the contactless channels — insurance company websites, online search engines, social media and more traditional options such as mail and phone — as their most trusted to purchase insurance (Fig. 48).



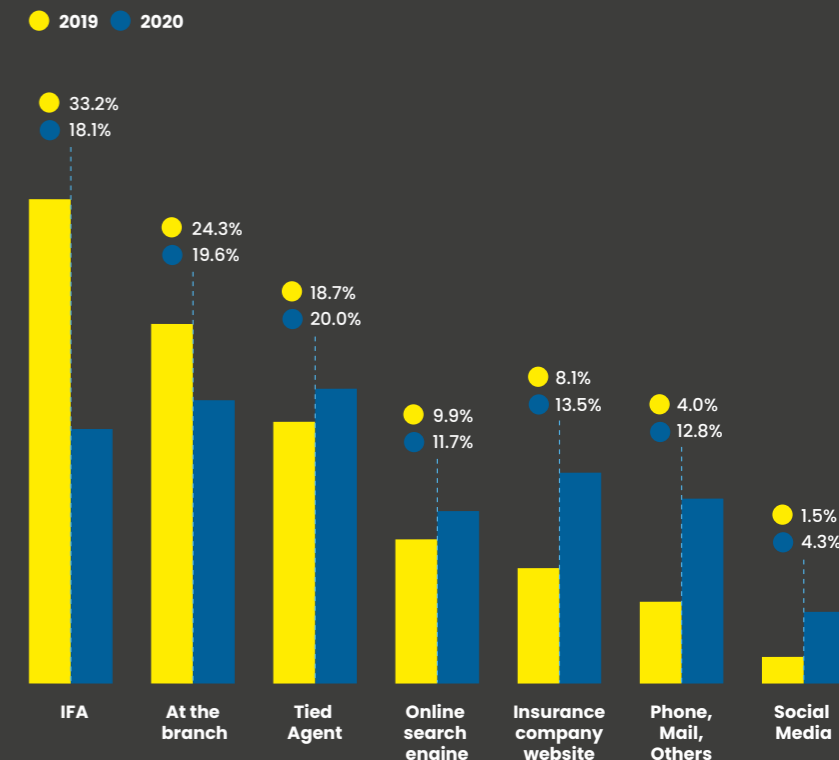
Q: Which of the following would you trust to purchase life insurance?

Fig. 48: Contact vs contactless channels

⁷ Doctolib. 2020. *Encore 30 Fois Plus De Consultations Vidéo Qu'Avant L'Épidémie : Comment Pérenniser Cette Pratique ?*. [online] Available at: <https://cdn2.hubspot.net/hubfs/5479688/B2B%20-%20Press/CP%20200608%20-%20L'E2%80%99usage%20de%20la%20consultation%20vid%C3%A9o%20reste%20beaucoup%20plus%20C3%A9lev%C3%A9%20qu'E2%80%99avant%20la%20crise.pdf> [Accessed 26 August 2020].
⁸ Neville, S., 2020. *More Innovation By NHS Could 'Save 20,000 Lives A Year'*. [online] Ft.com. Available at: <https://www.ft.com/content/6aeaf4d6-d465-4510-96dd-d8e18933156e> [Accessed 26 August 2020].

This may not be so much a question of 'trust' per se, but of practicality. Covid-19 has made face-to-face contact less appealing and, in some countries, it's prohibited altogether. But while there has been a drop in the number favouring to complete their purchase at a branch, the company tied agent was the most trusted channel for 20.0% of consumers — a figure marginally higher than in 2019 (Fig. 49).

Figure 49 shows a significant decline in trust in IFAs in 2020 alongside a threefold growth in direct channels such as phone or mail. It may be that the context in which Independent Financial Advisers (IFAs) typically operate has been particularly affected by the restrictions imposed by the pandemic. Market regulation in many countries has moved IFAs to a fee-based remuneration system. The transparency of the fee makes it increasingly likely that IFAs will be involved in more complex cases, that demand more extensive personal contact.



Q: Which of the following would you trust to purchase life insurance?

Fig. 49: Channels of trust for purchasing life insurance

It could also be a matter of visibility.

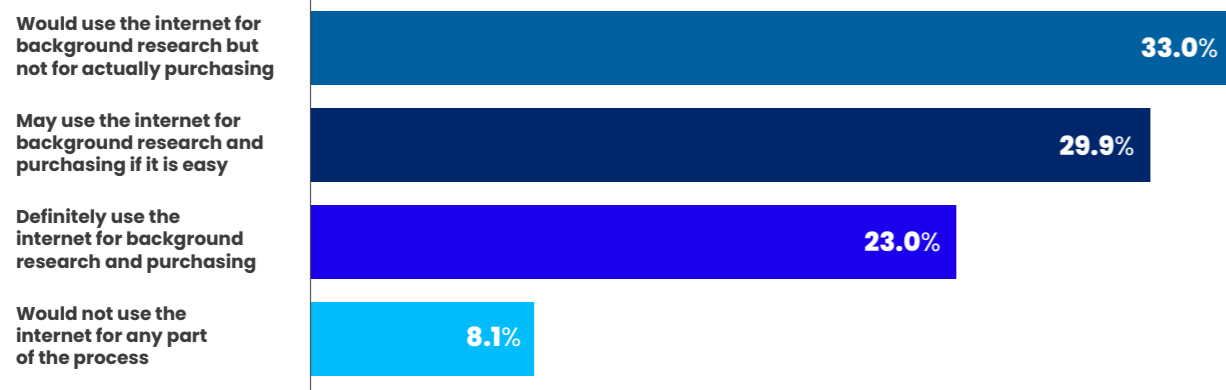
It's unlikely that an IFA will be any less assiduous than a company agent in maintaining contact with existing customers, but the approach to seeking new customers is perhaps more dependent upon personal contact. Company agents often operate under the umbrella of a highly visible brand. Individual IFAs and small corporate IFAs do not have that same luxury. They often depend upon tax and retirement planning seminars as a means of generating new business. These will have been difficult or impossible to arrange given the constraints of Covid-19.

It remains to be seen whether trust in independent financial advisers returns once the pandemic, and all of its restrictions, has been consigned to history.



Digital decisions

Despite this year's upheavals, consumer preference for a human touch in the research and completion of life insurance purchases has been remarkably resilient (see the first section of this report). Nevertheless, the survey has shown that digital mediums are very widely used. A third of respondents say that they would use the internet for background research, but not to purchase insurance cover (Fig. 50). One in four respondents would use it for both background research and purchase. A further 29.9% gave the more qualified response that they would use the internet for research and also purchase so long as it wouldn't be overly complicated. This gives a total of 52.9% of respondents who would be prepared to research and purchase online. This is marginally higher than the 51.9% from our 2018 study when the same question was asked.



Q: Which of the following best describes your views towards using social media for investigating and purchasing life insurance?

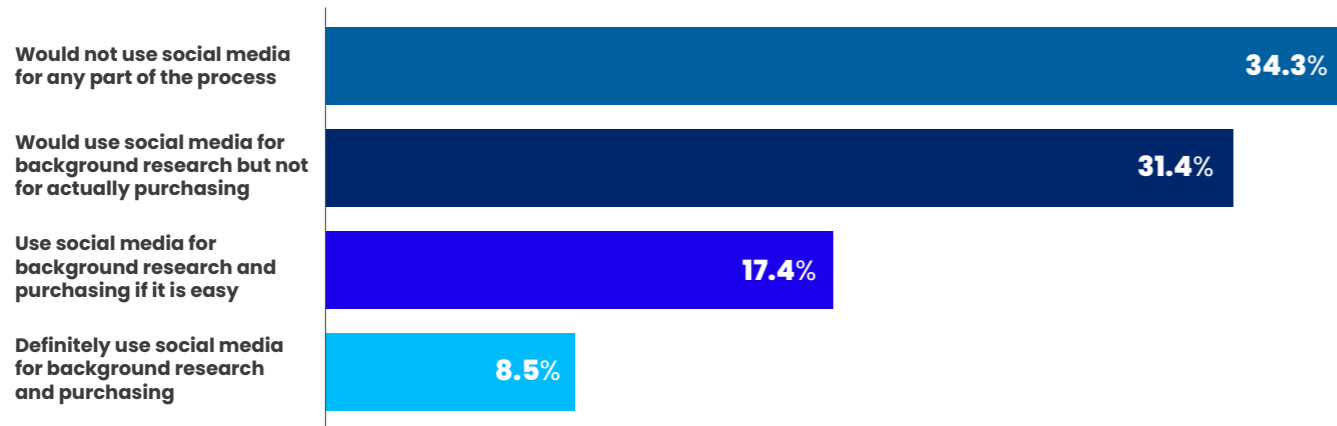
Fig. 50: Approach to online resaearch

A small minority — 8.1% of surveyed consumers — say they would avoid the internet entirely for insurance advice and to make a purchase, up from 4.8% in our 2018 study.

Our study this year also gives an insight into how respondents use the internet in their search for information. The results are broadly consistent across countries and generations, and similar to the findings from last year's survey. The use of comparison websites has marginally increased — 25.8% of respondents compared with 21.9% in 2019. Consumers from the UK (39.5%), Germany (37.7%) and Japan (36.0%) are the most likely to use this as starting point for their internet search.

Social standoff

Social media remains an unattractive option for consumers when it comes to the research and purchase of life insurance. More than a third (34.3%) of respondents said they wouldn't use it for research nor to buy cover (Fig. 51). With social media under the spotlight in recent years over misinformation — or information overload — it's unsurprising that some countries show even higher levels of resistance. Over half of the respondents in Australia, Canada, Ireland, the UK and the USA would prefer not to use social media at any stage of the process.



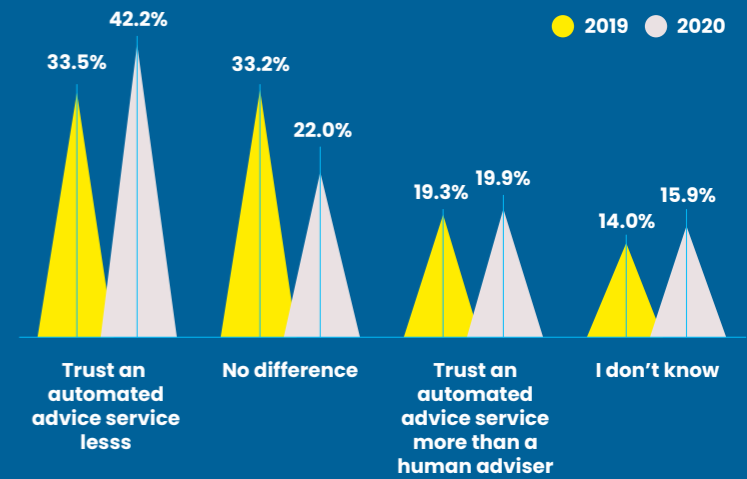
Q: Which of the following best describes your views towards using social media for investigating and purchasing life insurance?

Fig. 51: Approach to social media

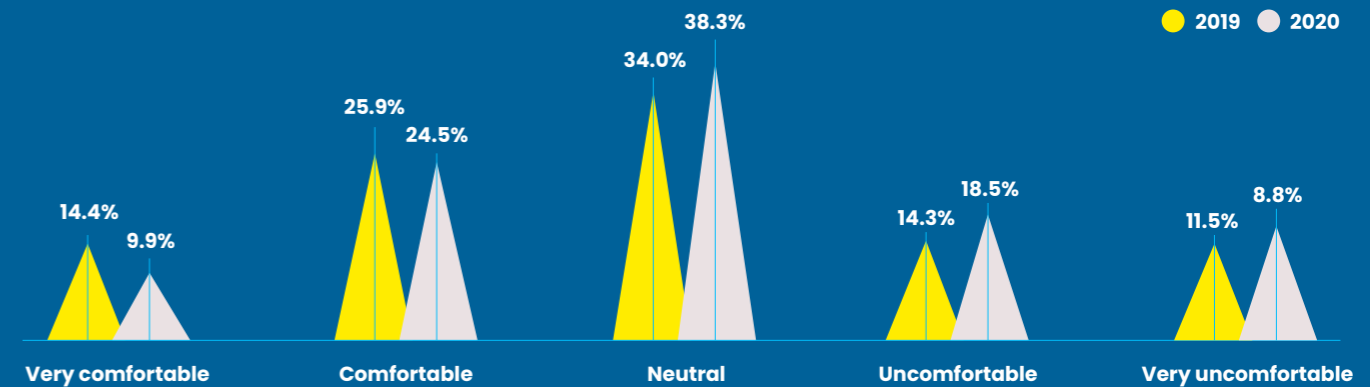
A role for automated technology

While it is possible for insurers to automate every stage of a life insurance customer journey, from quote to claim, the realm of highly automated customer experiences tends to be ruled by newer, more tech-savvy and adaptable players — the InsurTechs — who are looking to carve out a particular niche.

But as consumer acceptance of technology shifts, insurers have much to gain by increasing the level of automation in their services. And it's not just about offering a slicker service — automation can bring cost savings and reputation benefits for companies that excel.



Q: If you were looking for a life insurance product recommendation, would you trust an automated advice service any more or less than a human financial adviser?
Fig. 52: Attitude to automated services for product recommendations



Q: How comfortable are you/would you be with your life insurance company using automated technology to interact with you in the application process and to address enquiries?

Fig. 53: Attitude to automated technology during application process

Stay human

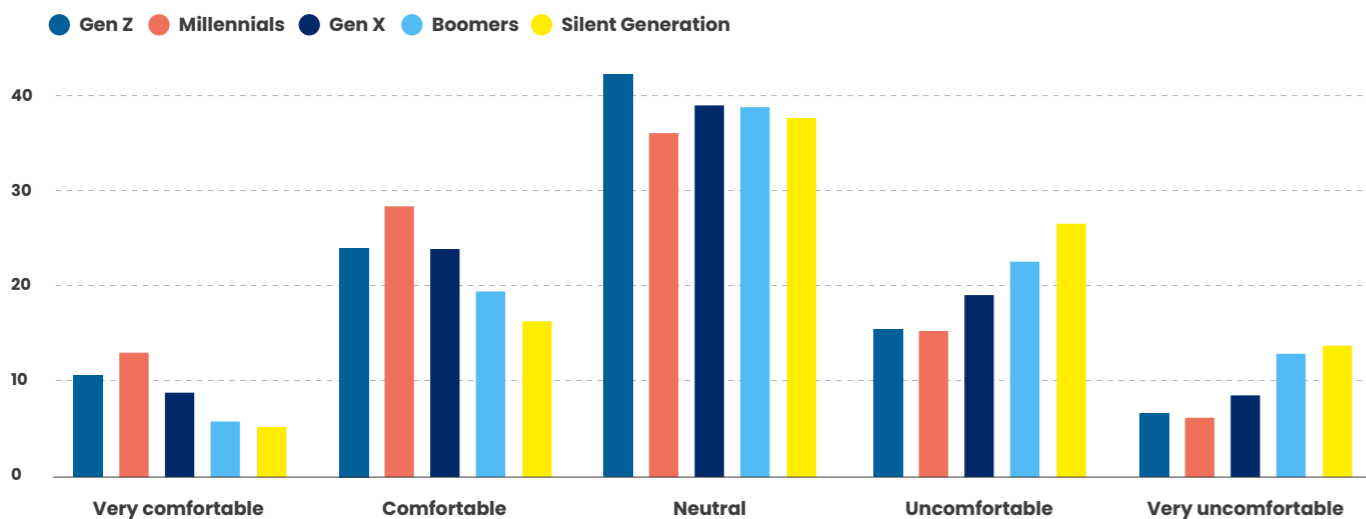
In order to gain a better understanding of consumers' perceptions and acceptance of automated technology, our survey gathered people's views on its use at different points in their relationship with an insurer.

There is clear evidence that, for advice and product recommendations, respondents have greater faith in humans than automation. Over 42% place more trust in the advice from a human financial adviser than an automated service. That is over double the number who take the opposite view. Only in China and India did respondents express greater trust in an automated service. In a sense these results aren't particularly surprising, and yet they say nothing about the future potential for such trust, if insurers can find ways to keep automated services still personalised and relevant (Fig. 52).

When asked just about the insurance application process, just over a third of respondents (34.4%) said they were either comfortable (24.5%) or very comfortable (9.9%) with the use of automated technology. This shows a surprising backward step in consumer comfort when compared with our 2019 survey. However, the fact that over 38% expressed a neutral view suggests that there is at least widespread acceptance of automated processes (Fig. 53).

The exceptions, once again, were respondents from India (71.7%) and China (56.3%), who took a positive view of the merits of automation when applying.

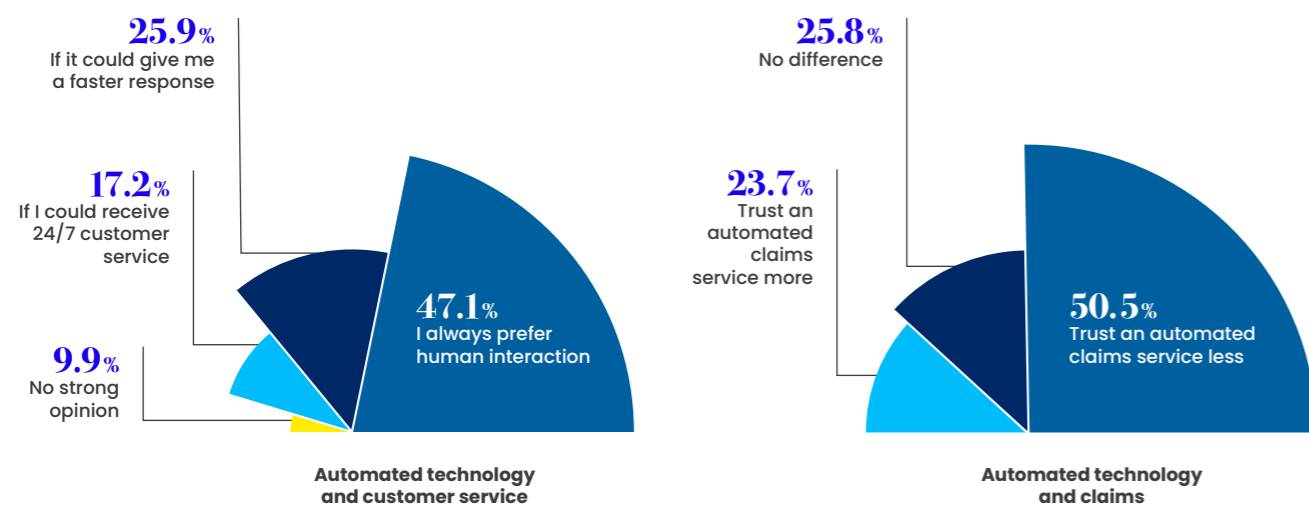
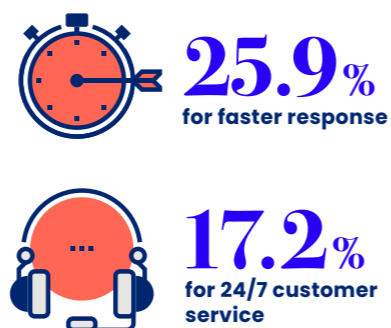
As one might expect the degree of comfort is greatest among the younger generations, but even with these age groups, the response can best be characterised as one of acknowledgment rather than enthusiasm (Fig. 54).



Q: How comfortable are you/would you be with your life insurance company using automated technology to interact with you in the application process and to address enquiries?

Fig. 54: Attitude to automated technology during application process by generation

There is also little appetite for abandoning the human touch in either customer services or in claims administration (Fig. 55). Only 43.1% of respondents gave a qualified acceptance of automated customer service, if it would result in a faster response or were available 24/7. Just under half of global consumers surveyed were unequivocal in their preference for human interaction. While our definition of 'automated' and 'human' in this survey is a general one, the possibilities are in a sense, endless. From mobile apps to human-like chat bots, video and virtual reality — and whatever new technology is to come in the future — there many creative ways of keeping automated/digital services human.



Q: What is your attitude towards the use of automated technology in the provision of customer services?

Q: If you made a claim on your life insurance, would you trust an automated advice service any more or less than a human claims adviser to accurately assess your life insurance claim?

Fig. 55: Attitude on automated technology for customer service and claims

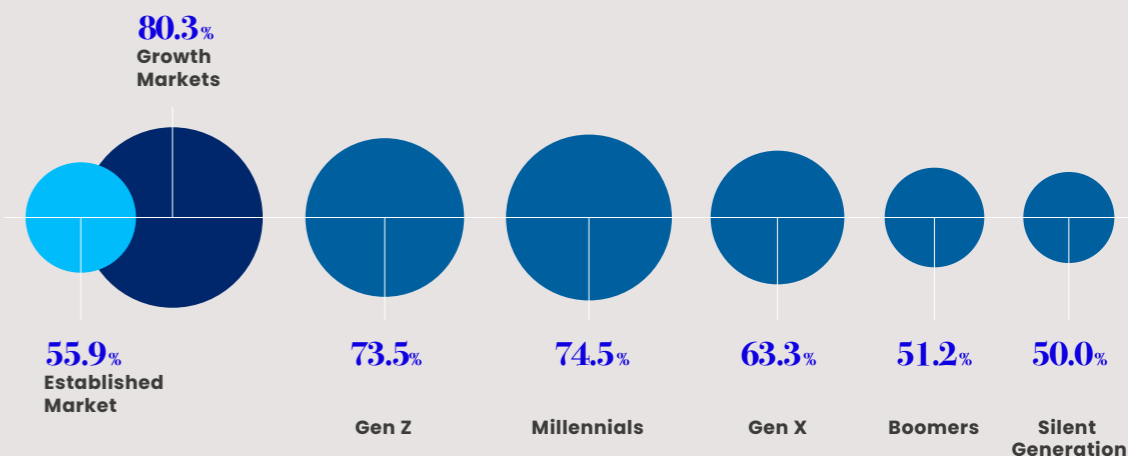
More than half of respondents say they would trust an automated claims service less than a human claims adviser. While the pandemic may have increased the number of contactless interactions, as expected, we haven't seen a significant leap in popularity for automation. It's likely that under Covid-19 such automated services are under the spotlight, being exposed and tested in a way they weren't before (from the quality of servers to the customer experience itself), and consumers still crave human contact.

Automation with a human face

While this study suggests that customer enthusiasm for interacting with automated technology is, at best, lukewarm, it's probably the case that the majority have little objection to automation per se. Where it's done well, consumers may even be unaware of the extent to which their enquiries are handled by an automated process. For many, perceptions may be coloured by the frustrations of poorly designed customer service systems that fail to address the specific issue that the customer wishes to raise.

For the most part people readily accept using technology for straightforward transactional functions, especially if it leads to a faster, error-free service. Few of us — if we use cash at all — would prefer to queue at the bank cashier counter than use an ATM. But when handling more complex or more sensitive personal information, it is clear that the desire for a human touch, or the option of one, is still strong. Our survey suggests that the road to successful customer relationships will be to reap the efficiencies of automation while keeping a human face.

The acceptability of technology when it brings a tangible and obvious benefit to consumers was also seen in other areas. Almost two thirds (65.4%) of respondents said they would be happy to share their electronic health records with a life insurance company if it would speed up the purchase process, with that figure rising to 74.5% for millennials and 80.3% for growth markets (Fig. 56).



Q: If sharing your electronic health records with a life insurance company would speed up the purchase process, would you be willing to do so?

Fig. 56: Willingness to share electronic health records

In previous editions of the Global Consumer Study, we saw people become more health conscious, placing value on their wellbeing, and prepared to pay a premium for it. We followed consumers as they became not only tech-savvy, but aware. Aware of the value of their personal data and open to sharing it, for the right service.

We tracked the influence of digital brands and apps on consumer experience, as people became more demanding, expecting a flawless and instant experience in every interaction with their insurers, especially online. At the same time, we've seen big generational shifts, with millennials in particular are living a far less linear life than their predecessors. They care more about purpose and are focused on the social impact of their actions.

Then, in 2020, the world turned upside down.

The collective experience of living through a global pandemic will leave long-lasting marks on us. The magnitude of the shock caused by the virus — though invisible to the human eyes — has made our consumers and societies feel more vulnerable, exposed. But we can also detect a greater appreciation of life, with encouraging signs of resilience from our consumers. This study is released at a time when the world is collectively trying to control the virus. In the heat of the crisis, this study can be a first comprehensive, global look at what consumers feel about risk, health and protection.

As we conclude the study, we've seen that Covid-19 has served to rapidly accelerate the trends we've observed over the past 6 years of research. We now look forward to the future, uncertain though as it is, with the knowledge that we are, in fact, entering a new era.

The relevance of insurance

Life insurance — famously 'sold, not bought' — has become ever more relevant and desirable as mortality graphs dominate our newsfeeds. We see increased demand for protection and peace of mind that life insurance gives. We also see that consumers now have a lower appetite for risk than they had before. This year 40.6% of people have changed their minds on life insurance as a direct result of Covid-19, which could have significant future implications. The impact is even more pronounced in growth markets, where 60.2% of respondents said they changed their view on insurance because of the pandemic.

Rising demand leads to heightened expectation. Consumers are now 8.1% less satisfied in their insurance products than before. This is particularly noticeable among Gen Z and millennials, where unhappy customers have tripled. The shift calls for an in-depth re-examination and reflection on how insurers can serve our consumers — especially the younger generations — better in the post-pandemic future.

The essence of being

Covid-19 has led to many human tragedies, profoundly changing people's life priorities. Our consumers have redefined the concept of 'essential'. From essential workers to what's essential in life. Health is a clear winner for our risk-aware consumers this year. This is even more prominent for the younger generations and growth market respondents who have embarked on a fast-track course on the value of protection and long-term planning.

People want to be at the top of their game. When it comes to their health, exercising is a number one priority. Consumers are also looking to take control of their own health matters — 76.4% of people say that Covid-19 has caused them to be more proactive about managing their own health. Giving attention to health is certainly a lesson for our on-demand society. The same way vaccines cannot be found overnight, insurers can align with their policyholders with a long-term vision for the future to live healthier. In addition to regular medical check-ups, the convenience of highly personalised health & wellness apps seems to have made a breakthrough, especially among the younger generations, with 30.0% of people believing them to be the best way to get healthier. Wearable device owners have consistently scored higher when it comes to fitness and activity and energy levels in this survey.

CONCLUSION

In tune with ourselves

Covid-19 is a physical fight for those infected, and a real mental journey for everybody as we are bombarded with social media and news on lockdowns, school closures, unemployment and uncertain global landscape. A significant 86.1% of our respondents believe physical and mental health are linked. The rising emphasis in physical exercise as highlighted in the study demonstrates that our consumers are fighting back. But it should be noted that Gen Z and millennials are more stressed than the older generations. Furthermore, we've also seen this year that a higher percentage of mental health issues among the younger generation goes undiagnosed. Globally, 66.6% of respondents acknowledge that there is a stigma associated with mental health issues.

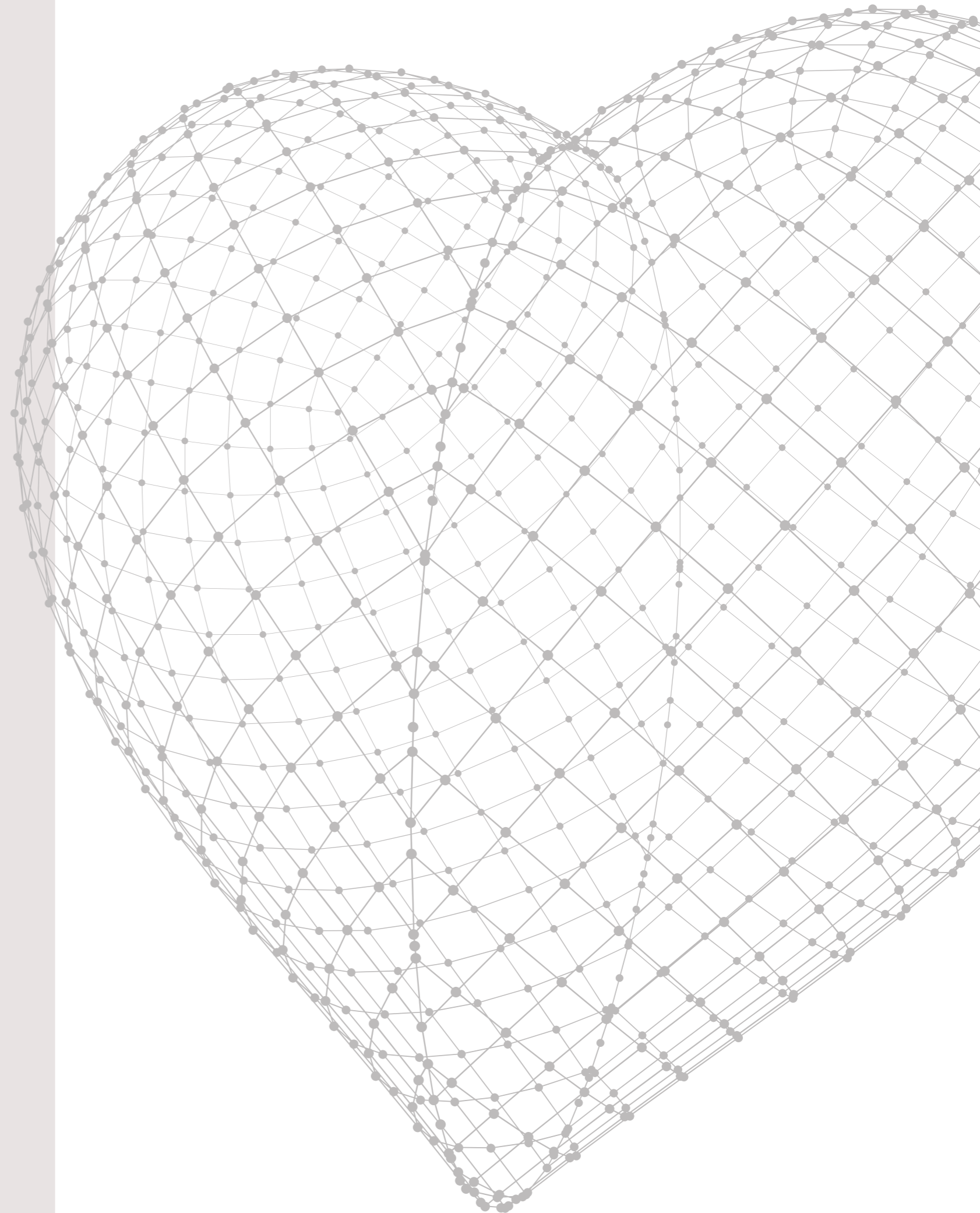
When it comes to insurance, encouragingly 60.7% of respondents expressed their willingness in disclosing mental health data with their insurers, so long as they feel comfortable with data security and fairness in assessing their situation. With online questionnaires, the preferred method for disclosure, consumers are also asking for a choice — flexibility is key for the future. We're all different and rightly want to choose the option we're most comfortable with — a point insurers can certainly improve upon.

Online does not always mean connected

In 2020, digital transformation was not a matter of choice, but of necessity. People converted their offline habits to online and connected to their peers digitally. Be it a classroom, workspace or living room, the safety of contactless platforms have proved to be effective at getting the job done. This also drives the need for a similar transformation in the life insurance industry — and quickly. We've observed more acceptance of digital channels, a change that is likely permanent. Tied-agency has been adaptable in making a digital switch compared with IFAs, who are scrambling to find ways of conducting business in a contactless way. Direct channels like phone or mail have also surged in popularity. Meanwhile, medical underwriting is being reshaped. In the entry phase of the pandemic, traditional underwriting was disrupted as healthcare workers were not able to complete medical examination and consumers were uncomfortable going to a medical practice or hospital. Now there is an expectation that this seamless business acceptance without a need for medical examinations should continue — we see 65.4% of respondents (74.5% for millennials) globally are happy to share their electronic health records to speed up their purchase process.

As brands and services make the online migration, insurers need to be mindful about the human dimension. In challenging times, consumers want to deal with companies that they can trust. There is a unique opportunity now for the life insurance industry to re-invent the insurance experience into a more consumer centred, caring proposition with a more personal, human touch — at the same time as we cultivate the power of data and automation.

The pandemic is a true marathon, and as we look to the future, its full effects on our society remains to be seen. But after this year's study our belief in what our consumers want has been reaffirmed — we are more aligned than ever with our consumers in health and wellbeing. In the insurance industry we have a great role to play in creating solutions that will truly benefit our consumers, and to collectively aspire for a tomorrow that isn't just normal, but better.



APPENDIX I: GENERATION DEFINITION AND SURVEY CONFIDENCE INTERVALS

Generation definition

Generational classification is based on the Pew Research Center definition:⁹

Generation Z	Born after 1996 Ages 18-23
Millennials	Born 1981-96 Ages 24-39
Generation X	Born 1965-80 Ages 40-55
Boomers	Born 1946-64 Ages 56-74
Silent Generation	Born before 1945 Ages 75+

Confidence intervals

The table below outlines the Confidence Intervals based on the sample size and percentage of responses to a specific question. They are used in the report as a guidance to identify underlying trends or changes which cannot be attributed to the statistical margin of survey errors.

Sample size	30%	50%	80%
500	± 4.0%	± 4.4%	± 3.5%
1000	± 2.8%	± 3.1%	± 2.5%

APPENDIX II: PROFILES OF RESPONDENTS BY COUNTRY

Generation distribution

	Gen Z	Millennials	Gen X	Boomers	Silent Generation
Australia	10.2%	31.7%	26.6%	28.1%	3.3%
Canada	7.1%	20.0%	29.1%	37.4%	6.3%
France	10.0%	27.2%	32.8%	28.4%	1.6%
Germany	8.3%	29.4%	26.3%	32.9%	3.1%
Ireland	10.5%	33.6%	28.5%	25.0%	2.3%
Japan	3.7%	25.4%	27.5%	40.6%	2.9%
South Korea	8.5%	33.8%	32.8%	23.7%	1.2%
Spain	7.3%	27.5%	31.9%	30.1%	3.2%
Sweden	8.2%	27.1%	24.0%	34.0%	6.6%
UK	7.6%	29.2%	27.8%	30.2%	5.2%
USA	11.1%	27.1%	24.6%	33.0%	4.2%
Established market average	8.4%	28.4%	28.4%	31.2%	3.6%

	Gen Z	Millennials	Gen X	Boomers	Silent Generation
Chile	8.1%	46.5%	34.1%	10.2%	1.2%
China	9.3%	41.5%	32.7%	16.0%	0.5%
India	19.0%	51.4%	23.7%	6.0%	0.0%
Indonesia	17.2%	58.7%	22.1%	2.0%	0.0%
Malaysia	12.0%	51.2%	25.5%	11.2%	0.2%
Mexico	19.2%	45.3%	24.7%	9.7%	1.2%
South Africa	9.5%	53.5%	25.4%	10.5%	1.2%
Growth market average	13.5%	49.7%	26.9%	9.4%	0.6%
Global average	10.4%	36.7%	27.8%	22.7%	2.5%

⁹ Pew Research Center. 2020. *The Generations Defined*. [online] Available at: <https://www.pewresearch.org/st_18-02-27_generations_defined/> [Accessed 12 September 2020].

Employment distribution

	Working full time	Working part time (8-29 hours pw)	Working part time (under 8 hours pw)	Self employed	Unemployed and seeking work	Semi-retired	Retired	Not in paid work
Australia	40.4%	15.0%	2.6%	3.7%	8.7%	1.2%	15.9%	12.6%
Canada	42.8%	10.3%	1.6%	6.9%	4.8%	1.6%	23.8%	8.3%
France	53.0%	8.0%	0.6%	5.0%	7.2%	0.4%	18.6%	7.2%
Germany	44.5%	12.8%	2.7%	5.8%	2.5%	0.4%	25.5%	5.8%
Ireland	44.5%	15.2%	1.2%	5.1%	6.8%	0.8%	12.7%	13.7%
Japan	40.8%	13.7%	4.2%	11.0%	6.3%	0.6%	8.3%	15.2%
South Korea	54.2%	8.3%	2.9%	8.0%	8.9%	1.6%	5.6%	10.5%
Spain	51.1%	9.1%	1.8%	6.3%	7.9%	2.2%	16.2%	5.3%
Sweden	37.1%	10.0%	3.3%	5.3%	10.9%	0.8%	26.0%	6.6%
UK	41.8%	14.8%	1.8%	5.2%	4.2%	1.0%	22.2%	9.0%
USA	43.9%	10.5%	1.8%	5.3%	7.5%	1.8%	21.7%	7.6%
Established market average	44.9%	11.6%	2.2%	6.1%	6.9%	1.1%	17.9%	9.3%

Chile	51.2%	11.8%	2.6%	9.3%	15.4%	2.0%	2.0%	5.9%
China	77.9%	5.1%	2.6%	1.7%	1.7%	1.1%	8.4%	1.4%
India	69.4%	7.5%	3.4%	9.8%	5.8%	0.4%	0.5%	3.2%
Indonesia	52.6%	16.8%	5.9%	9.8%	9.4%	0.4%	0.4%	4.7%
Malaysia	62.2%	6.5%	2.5%	13.1%	5.5%	1.4%	4.9%	3.9%
Mexico	54.5%	13.8%	3.4%	11.7%	7.3%	1.8%	2.0%	5.5%
South Africa	54.0%	8.7%	2.8%	15.0%	9.7%	1.2%	4.9%	3.7%
Growth market average	60.3%	10.0%	3.3%	10.1%	7.8%	1.2%	3.3%	4.1%
Global average	50.9%	11.0%	2.6%	7.7%	7.3%	1.1%	12.2%	7.2%

Education distribution

	Left school before 14	Left school between ages 14 – 16	Left school between ages 17 - 18	Undergraduate degree	Post-graduate degree	Professional qualification	Prefer not to say
Australia	0.4%	12.6%	22.8%	29.7%	16.7%	15.2%	2.6%
Canada	0.6%	2.4%	17.0%	40.8%	18.4%	15.2%	5.5%
France	0.0%	6.0%	21.6%	21.2%	32.4%	16.0%	2.8%
Germany	1.2%	9.5%	17.4%	15.3%	17.0%	36.2%	3.5%
Ireland	0.4%	6.4%	23.0%	31.8%	18.0%	17.4%	2.9%
Japan	0.6%	1.7%	28.7%	54.2%	5.0%	5.2%	4.6%
South Korea	0.0%	0.6%	11.5%	61.4%	13.0%	7.4%	6.2%
Spain	2.2%	6.7%	23.4%	37.2%	12.7%	16.6%	1.2%
Sweden	1.0%	6.3%	27.3%	34.0%	3.5%	24.4%	3.5%
UK	1.4%	19.8%	22.0%	27.6%	12.8%	13.4%	3.0%
USA	0.7%	1.8%	12.7%	43.1%	22.7%	13.1%	5.9%
Established market average	0.8%	6.7%	20.7%	36.0%	15.7%	16.4%	3.8%

Chile	0.4%	0.0%	10.8%	45.5%	8.5%	27.4%	7.5%
China	0.9%	1.6%	9.2%	70.6%	10.2%	5.8%	1.6%
India	4.9%	7.6%	8.3%	22.7%	36.1%	18.8%	1.7%
Indonesia	2.0%	2.3%	24.9%	52.1%	6.8%	3.9%	8.0%
Malaysia	1.0%	1.4%	16.7%	46.5%	17.6%	14.1%	2.7%
Mexico	0.6%	2.0%	17.2%	56.9%	9.3%	12.1%	2.0%
South Africa	0.2%	1.4%	21.9%	36.9%	16.6%	19.3%	3.7%
Growth market average	1.4%	2.3%	15.6%	47.3%	15.0%	14.5%	3.9%
Global average	1.0%	5.0%	18.7%	40.4%	15.4%	15.6%	3.8%

APPENDICES

Want more?

Explore our 2020-2021 Global Consumer data dashboard.



Discover our consumer profiles and filter all the insights by country, market, age and gender.

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As a team, we welcome insights and would love to hear your take on these results, whether you're from the insurance industry or not. We encourage you to get in touch to discuss these findings as we seek to understand consumer behaviour together.

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