




Guide insurance customers to safety and well-being

What consumers want in personal digital marketplaces

A photograph of a woman with short brown hair, wearing a bright yellow long-sleeved shirt and large green hoop earrings. She is looking upwards with her head tilted back, standing on a curved concrete ledge. The background is a modern building with large, curved concrete panels and a clear blue sky.

Accenture's Global Insurance Consumer Study 2021

A mature and historically stable industry, insurance has operated on established, reliable business strategies and methods. But when digital technology really began to take hold with consumers, it upended traditional insurance models.

The good news is that the same technology disrupting insurers can be used to grow their business, ensuring relevance and the personalized insurance experience consumers want.




As noted in our preview report, [Three ways COVID-19 is changing insurance](#), our bi-annual study of insurance consumers reveals how attitudes and behaviors are shifting—and point toward actions insurers can take.¹

About the study

47,810
respondents

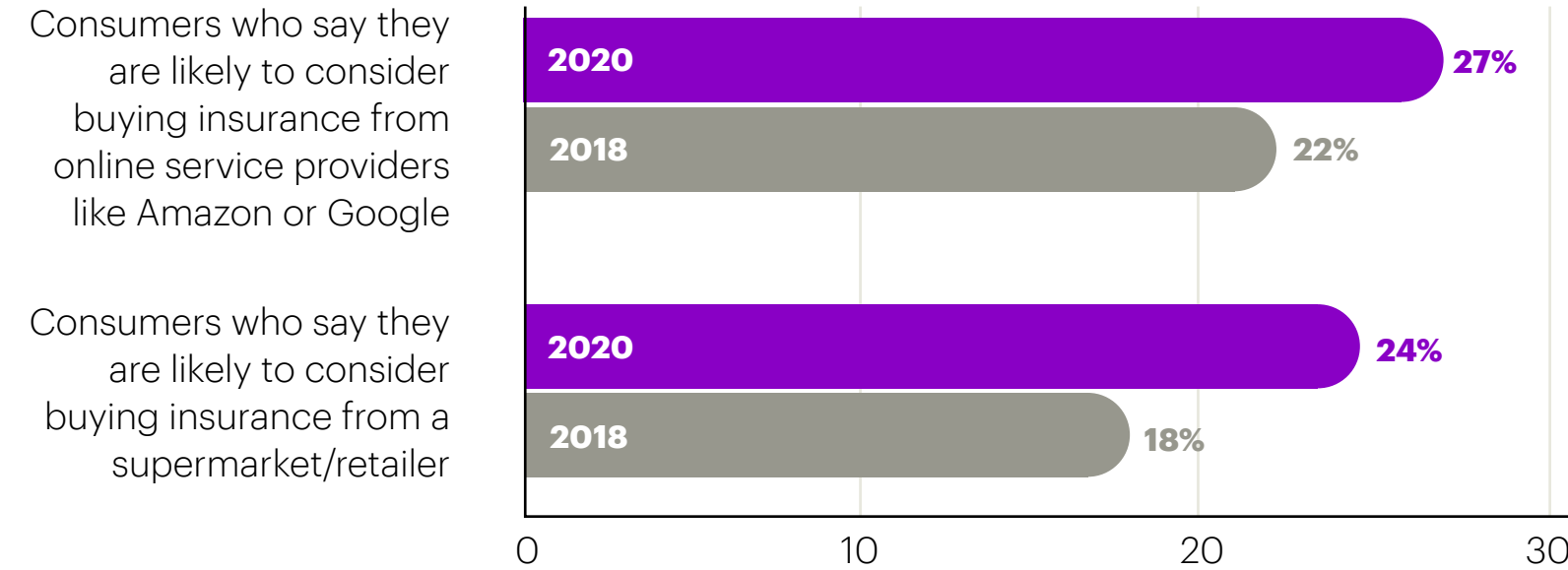
28
global markets

Exploring new models of doing business—models that capitalize on the benefits technology can bring while meeting a changing set of consumer demands—will help insurers remain relevant and grow, particularly:

-  Taking a fresh look at how to meet the needs of generational segments, who have differing views on technology-enabled insurance services
-  Offering usage- and behavior-based insurance to better personalize and target offerings, meeting consumer demand for better value
-  Re-evaluating the role humans play in a digital ecosystem to restore trust and better engage consumers

Proactively rethinking their business strategy along these vectors allows insurance companies an opportunity to get closer to their consumers at a time when many show increased willingness to consider alternative providers and methods of purchasing insurance (Figure 1).

Figure 1. Insurance consumers go shopping.



A uniform “indemnity model” (collect premiums and process claims if necessary) isn’t enough; our research makes it clear consumers now expect more help from their insurance provider. Our three areas of action can help ensure they get it.



ACTION #1:

Accommodating varying generational appetites for digital services.

Technology is a lifeline to increasingly digital insurance consumer segments.

Digital capabilities are now essential for insurers, connecting them to an increasingly digital consumer. COVID-19 accelerated the transition to digital in 2020 across all demographic groups. However, clear differences in generational appetites for digital offers emerged.

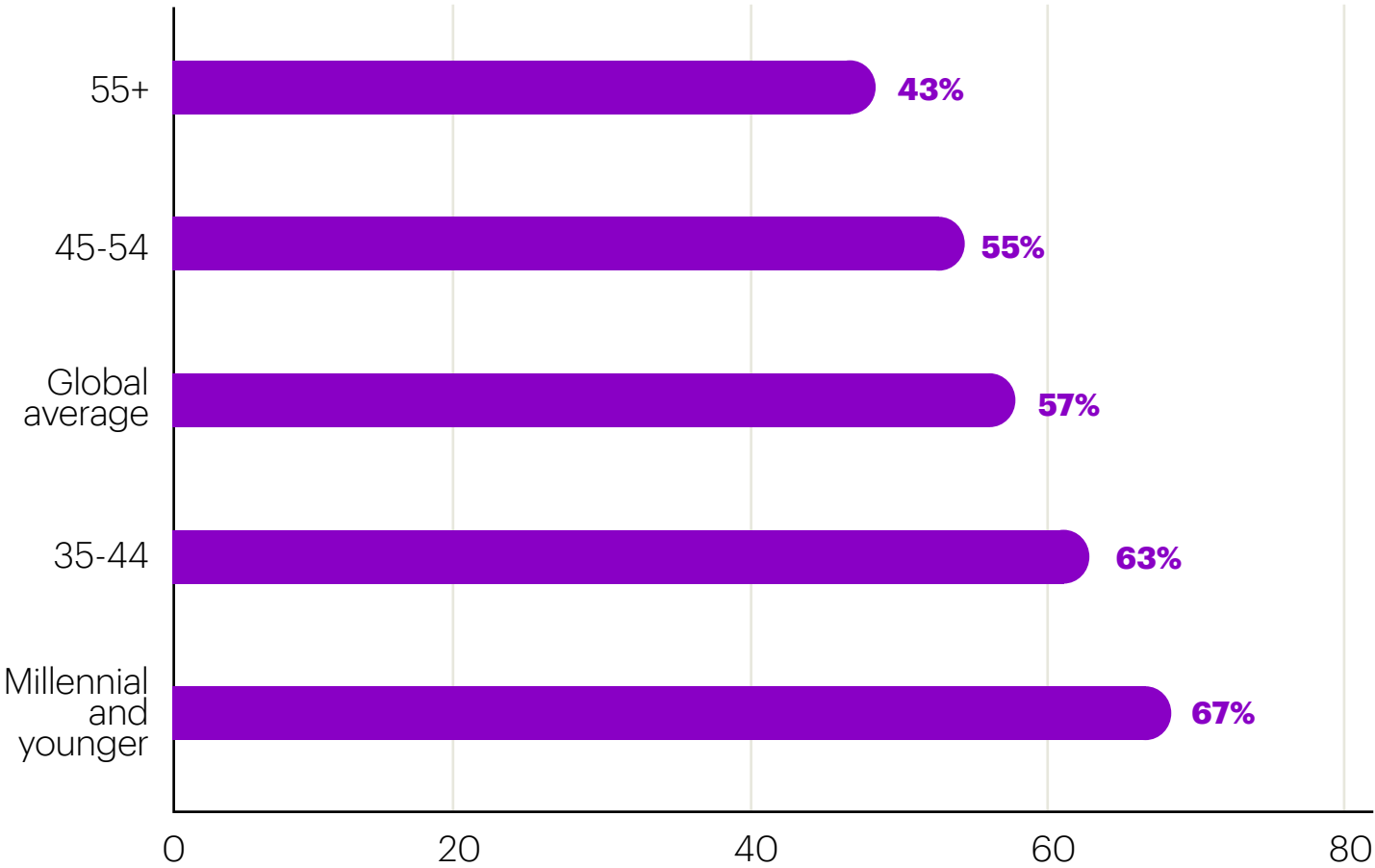
Millennial and younger consumers (18 – 34) express greater interest in digital offerings that help them make safer, healthier, and more sustainable choices. For example, 61% of Millennial and younger consumers say they would be interested in home cybersecurity insurance where premiums are tied to using the latest virus protection software. Among consumers aged 55+ less than half (42%) say the same.

While the appeal of digital channels and services is higher among younger demographic segments, desire and preference for digital among older consumers is growing. Fifty-eight percent of consumers aged 55+ say they would share significant data for personalized services to help them prevent injury and loss—an increase of 24% from two years ago. Older consumers also show increasing preference for digital claims with 71% saying they would like the internet chat/video insurance claim process to replace the traditional in-office claim process—an increase of 3%.

Sustainability represents a win-win for insurers and Millennial and younger consumers. Our survey shows that younger segments want digital experiences that encourage sustainable travel and shopping practices. More than two-thirds of Millennial and younger consumers (67%) consider such help appealing. By contrast, 43% of consumers aged 55+ say the same (Figure 2).

With younger consumers showing a stronger interest in sustainability, insurers have the opportunity for a double benefit in achieving sustainability targets. In addition to the risk management benefits, messaging related to the insurer’s sustainability efforts demonstrates to younger consumers that sustainability is a shared value.² Insurers are already well positioned on this with 71% of Millennial and younger consumers saying they see their insurers delivering on ethical and sustainable business practices.

Figure 2. Younger consumers favor experiences that encourage sustainability.



ACTION #2:

Offering consumers quid pro quo: Value for data.

Personalization, per habits and behaviors, takes center stage.

Consumers say they are more willing to offer personal data in exchange for more personalized pricing, offers, and discounts. They are increasingly demanding to be charged based on behavior and habits—and they're willing to allow insurers to collect and use their data in exchange for that value. Consumers are being pragmatic and protective with their data, however. They say they will only share data for incentives; they show no increased willingness to share data without those incentives.

Our study shows consumer willingness to share data in exchange for enhanced value in health-related insurance products, such as life, long-term care, and disability. Approximately 7 out of 10 consumers (69%) say they would share significant data on their health, exercise and driving habits in exchange for lower prices, an increase of 19% from two years ago. As the market value of global health and wellness is expected to rise to \$1.3 trillion by 2024, an increasing number of insurers are concurrently developing behavioral insurance offerings that promote wellness.³

A woman with blonde hair, wearing a grey blazer over a white top and dark pants, stands on a dark stage. She is looking upwards. Several large, circular, golden-yellow spotlights are shining on the floor around her, creating a series of concentric circles that recede into the background. The overall atmosphere is dramatic and focused on the individual.

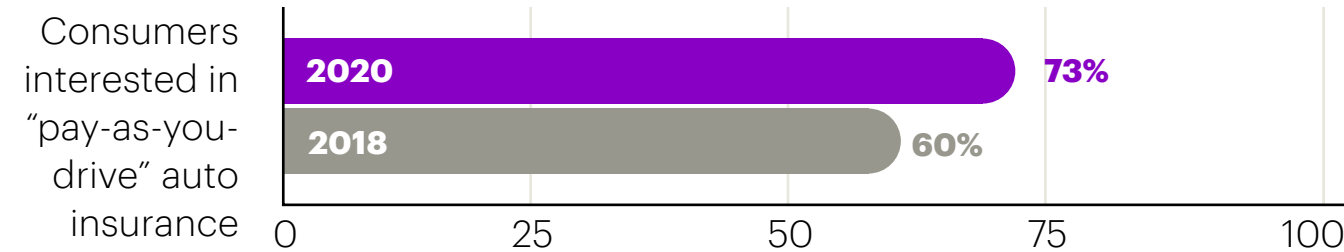
19%

more consumers now say they would share significant data on their health, exercise, and driving habits in exchange for lower pricing.

Global health and wellness company Vitality and its parent company, Discovery, won two Efma-Accenture Innovation in Insurance awards in 2020 for their pioneering shared-value business model, which has been scaled globally to 25 markets with over 20 million members.⁴ The program, which guides and rewards better health behavior, has been adopted by leading insurance organizations around the world, with the aim of making people healthier. Sumitomo Life’s Vitality program, for example, acquired over 450,000 members in less than two years, with 84% engaging in some form of exercise because of the program.⁵

In the auto insurance space, consumers look for personalized offers in the form of usage-based or “pay-as-you-drive” auto insurance. Almost three out of four consumers (73%) express interest in this model, up from 60% just two years ago (Figure 3). Twenty-nine percent of consumers who can drive expect to drive less in the long-term than they did before the pandemic. They will expect their rates and plans to reflect their new habits.

Figure 3. Consumer interest in personalized pricing and service increases.



The right partners can help the insurer reach new customers with personalized offers based on behavioral data and analytics. Whether the insurer is the platform owner or the platform partner, a customer-centric experience can help drive revenue and maximize customer lifetime value.

Partnering to increase awareness and engagement

Insurers are devising innovative ways to increase awareness of insurance offerings and engagement with consumers, often partnering to better embed themselves into people’s daily lives.

In Singapore, NTUC Income and Visa have launched SNACKUP, which allows consumers to build insurance coverage when they spend with their Visa cards. Funds are contributed in the form of rebates from merchants and participating brands.⁶ Consumers can choose to build coverage in term life, critical illness, or personal accident insurance—or all three.

Insurance providers Marmalade and Metromile offer examples of personalized, usage-based auto insurance. Both use smartphone telematics that allow drivers to pay for insurance based on miles driven. Metromile recently partnered with a U.S. automaker to access data directly and provide personalized coverage.⁷

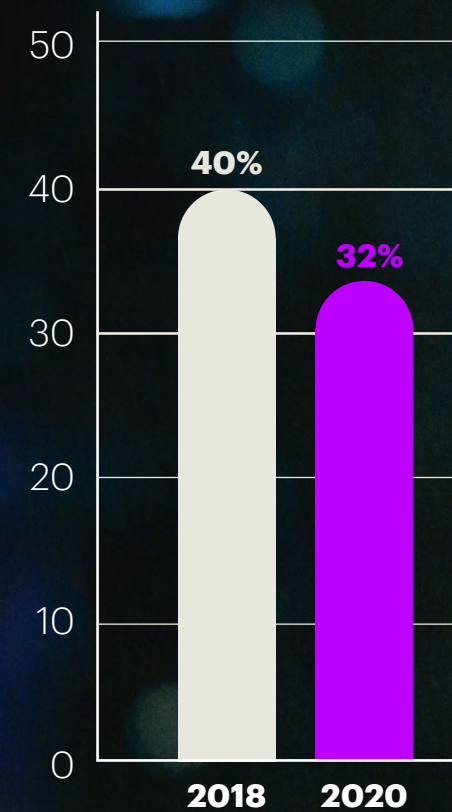
ACTION #3:

Restoring trust: The delicate balance between human and digital interaction.

A Human + Machine model provides the best of all worlds.

Despite consumer willingness to share data in exchange for personalization and value, their level of trust is down. Just under a third (32%) of consumers say they put a lot of trust in their insurers to look after their data, a decrease of 8 percentage points from two years ago (Figure 4). This is not surprising, as we've seen the number of cyberattacks against insurers double in the past two years.⁸ Although successful data breaches in the insurance industry are down 42% since 2018, insurers face both an increasing cyber threat and a consumer trust problem.⁹

Figure 4. Consumer trust is down.



Consumers who say they put a lot of trust in their insurers to look after their data.

Beyond data breaches, 38% of consumers (45% of those aged 55+) say they are reluctant to give up personal data because they consider it too intrusive, up from 25% two years ago. This may be less about insurers and their trustworthiness and more to do with consumers' growing concerns about maintaining control of their data.¹⁰

The result is a consumer in conflict. Despite a growing concern about data privacy and security, the consumer wants personalized pricing and service and is increasingly willing, however reluctantly, to share data in order to get it.

Achieving the right balance between digital and human interaction makes a difference. For example, while consumers are interacting more and more in the digital realm, particularly during COVID-19, they still view human touchpoints as more trustworthy than digital touchpoints when they are in need. Almost half (49%) say they place a lot of trust in a human advisor in an office when making an insurance claim, while only 12% say the same of automated service over phone/web/email, and just 7% say the same of a chatbot.



Humans, machines, and consumer trust

The research shows clearly that consumer trust is down. And consumers have varying levels of trust in humans versus machines. Strategizing on the right Human + Machine mix will be key to restoring trust and offering insurance consumers the array of options they want for service.

Training and skilling an insurance workforce that works well with digital tools will be essential for success. Insurance can be an emotionally complex business for consumers—they need the freedom to choose methods of interaction most comfortable for them. Those methods may change depending on the type of interaction they require at any given moment. Context matters more than ever when personalizing service.

Magnitude of risk also matters. A Millennial or GenZ customer buying a small renter's policy online may do so because it's a low-risk proposition, but someone buying home, auto, and umbrella policies in a bundle may desire more human advice.

A 360-degree view of each customer needs to be available so next-best-actions and suggestions are on target. That can only be provided through comprehensive, integrated front- and back-office digital capabilities. A digitally enabled human provides the best of both worlds and can help grow customer trust.

Overall, consumers open insurance accounts and interact with their insurer via mobile and online channels much more frequently than two years ago. For example, 37% contact their insurer via a mobile app or website at least once a month. Two years ago, just 23% did. There's a perceived trade-off between convenience and trust. If insurers can show consumers there doesn't have to be, it will go a long way toward enhancing the relationship.

While some of the increased online activity was forced due to lockdowns, we don't expect any significant decrease in digital engagement. When asked how they would ideally like to open a new account or product with a new insurer—something typically in the past done in-person—48% of consumers say online via their desktop or laptop, and 34% say online via a mobile app or website.

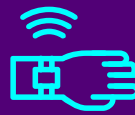
What matters to your insurance customer?

There's no doubt that the effects of technology are disruptive. But insurers can harness that disruption to better connect with consumers for positive business impact.

New models of doing business that capitalize on how technology helps insurers meet changing consumer demands are essential. Consider with your team how those models may be applied based on your existing book of business and unique market positioning.



Focusing on the insurance lines where your business has competitive advantage, invest strategically in digital capabilities to meet the needs of key generational segments. Those investments may include new relationships with insurtechs or adjacent industry players.



Knowing consumers expect value in exchange for their data, re-invent usage- and behavior-based insurance offerings for greater personalization. Decide in which instances you need to be the platform owner and when you might better perform as the platform partner. And cultivate data and analytics capabilities that would integrate personalized pricing and incentives into holistic loss prevention, mitigation, and restoration offers.



Finally, with consumer trust trending downward, re-evaluate the need for human touch in your digital services. The right mix of Human + Machine can help reverse the consumer trust trend and better engage customers. If your business relies on agents as a distribution channel, consider how you can enable their personal connections with customers and prospects in digital channels. Explore the strategic opportunities in intelligent data signals, dynamic personalized content, social engagement, and automated marketing capabilities that support an always-on agent/customer relationship.

Delivering in a digital world, on-demand, while achieving that critical balance between human touch and the ease of technology is both art and science. Every day our team helps insurers retain their relevance in consumers' lives and position themselves for growth in this new risk landscape. We would appreciate the opportunity to talk with your team about how to better connect with your customers.

Authors



Kenneth Saldanha
Global Lead - Insurance,
Accenture



Todd Staehle
Insurance Lead - Interactive,
Accenture



Contributors

Andre Schlieker
Global Insurance Research Lead
Accenture Research
andre.schlieker@accenture.com

MariaFrancesca Mecca
Insurance Survey Research Lead
Accenture Research
mariafrancesca.mecca@accenture.com

Gabe Schmittlein
Research Analyst
Accenture Research
gabriel.schmittlein@accenture.com

References

- ¹ All data cited come from Accenture’s bi-annual global study of insurance consumers unless otherwise noted.
- ² [“Act now to become a sustainable insurer,”](#) Accenture Insurance Blog (November 27, 2020).
- ³ Technavio, Accenture COVID-19 Consumer Research (2020).
- ⁴ [“Efma-Accenture Innovation in Insurance Awards,”](#) Accenture (June 17, 2020).
- ⁵ [“Discovery annual report, audited results for the year ended June 30, 2020,”](#) (p.75)
- ⁶ [“Spend on your card to build free insurance cover, a new way of getting protection,”](#) Life Insurance International (December 14, 2020).
- ⁷ [“Say hello to connected car insurance,”](#) Metromile (2021)
- ⁸ [“Cybersecurity at a premium,”](#) Accenture (July 10, 2020).
- ⁹ Ibid.
- ¹⁰ [“Americans and Privacy: Concerned, Confused and Feeling Lack of Control Over Their Personal Information,”](#) Pew Research Center (November 15, 2019).

About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services—all powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. Our 514,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at www.accenture.com.

Accenture Research

Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients’ industries, our team of 300 researchers and analysts spans 20 countries and publishes hundreds of report articles and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations such as MIT and HBS—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients. Visit us at www.accenture.com/research.