CAPCO

RISKS

The future of insurance:
Personalized, digitalized
and connected

MATT HUTCHINS **I** ERNST RENNER

INSURANCE

THE CAPCO INSTITUTE

JOURNAL OF FINANCIAL TRANSFORMATION

CONTENTS

RISKS

TECHNOLOGY

REGULATION

DEAR READER,

Welcome to edition 54 of the Capco Institute Journal of Financial Transformation.

In this edition we explore recent transformative developments in the insurance industry, through Capco's Global Insurance Survey of consumers in 13 key markets, which highlights that the future of insurance will be personalized, digitalized, and connected. Other important papers cover topics high on global corporate and political agendas, from ESG and climate change to artificial intelligence and regulation.

The insurance industry has been undergoing transformation in recent years, with insurers responding to the needs and expectation of tomorrow's customers, for products that were tailored, flexible, and available anytime, anyplace, and at a competitive price.

COVID-19 has accelerated such change, forcing insurers to immediately implement programs to ensure they can continue selling their products and services in digital environments without face-to-face interaction. New entrants have also spurred innovation, and are reshaping the competitive landscape, through digital transformation.

The contributions in this edition come from a range of world-class experts across industry and academia in our continued effort to curate the very best expertise, independent thinking and strategic insight for a future-focused financial services sector.

As ever, I hope you find the latest edition of the Capco Journal to be engaging and informative.

Thank you to all our contributors and thank you for reading.

Lance Levy, **Capco CEO**

THE FUTURE OF INSURANCE: PERSONALIZED, DIGITALIZED AND CONNECTED

MATT HUTCHINS | Partner, Capco
ERNST RENNER | Partner, Capco

ABSTRACT

Even before the advent of COVID-19, the insurance industry was undergoing rapid transformation, with many firms putting plans in place to meet the needs and expectations of tomorrow's customers. There was already growing demand for insurance products that are tailored, flexible, and available anytime, anyplace at a competitive price. As for so many industries, COVID-19 has proved an accelerator, forcing insurers to escalate change programs to ensure they can continue selling their products and services in an environment where face-to-face interactions have been significantly curtailed. New entrants are further spurring innovation, establishing new paradigms for customer experiences, and reshaping the competitive landscape. In this article we highlight the key findings of Capco's 2021 survey of consumers in 13 major markets globally, which confirms that the future of the insurance will be personalized, digitalized, and connected.

1. INTRODUCTION

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

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

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

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

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

UNITED KINGDOM
Population: 67,215,290
Sample Size: 2.002
Field Dates: April 13 - 22

GERMANY
Population: 83,240,520
Sample Size: 1.019
Field Dates: April 26 - 30

CANADA
Population: 38,005,240
Sample Size: 1.008
Field Dates: April 19 - 26

BELGIUM
Population: 11,556,000
Sample Size: 500
Field Dates: April 27- May 6

CHINA
Population: 1,402,112,000
Sample Size: 1.009
Field Dates: May 11 - 13

HONG KONG
Population: 7,481,800
Sample Size: 1.000
Field Dates: May 12 - 26

THAILAND
Population: 69,799,980
Sample Size: 1.000
Field Dates: May 12 - 25

UNITED STATES
Population: 329,484,120
Sample Size: 2.002
Field Dates: April 19 - 20

MALAYSIA
Population: 32,366,000
Sample Size: 1.000
Field Dates: April 30 - May 25

BRAZIL
Population: 212,599,410
Sample Size: 1.007
Field Dates: May 11 - 13

AUSTRIA
Population: 8,912,200
Sample Size: 501
Field Dates: April 26 - 30

SINGAPORE
Population: 5,685,810
Sample Size: 1.001
Field Dates: April 30 - May 19

SWITZERLAND
Population: 8,636,900
Sample Size: 749
Field Dates: April 27 - May 22

Source: data.worldbank.org

2. METHODOLOGY

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

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

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

3. EXECUTIVE SUMMARY

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

Based on our findings, insurers should focus on these four areas:

1 HYPER-PERSONALIZATION

72%

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

The most favored methods of data sharing include:

29%
Wearables (e.g. smartwatches)

33%
Fitness & health tests

20%
Social media data

19%
Black box in vehicle

32%
Smart home devices
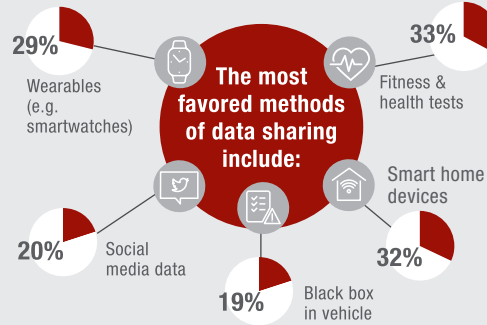
2 EDUCATION

37%

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

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

3 CROSS-SELLING

Only
40%

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

4 DIGITALIZATION

57% of policyholders surveyed want a better **online experience** from their insurer

65% of all respondents, including uninsured customers, would use **an app that offers better transparency** across all financial products (bank accounts, pensions, insurance policies) in addition to providing personalized insights

FOUR OPPORTUNITIES FOR INSURERS

1 EDUCATION
Education is needed to increase consumer knowledge and engagement

2 HYPER-PERSONALIZATION
Hyper-personalization could drive better customer outcomes for certain demographics

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

4 DIGITALIZATION
There is the demand for more sophisticated online services and tools

4. GLOBAL OVERVIEW: THEMES AND TRENDS

4.1 Top 10 insurance policies purchased

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

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

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

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

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

U.K. and Hong Kong respondents were the biggest buyers of pet insurance. The petcare market in APAC is expected to see a 10% compound annual growth rate to reach U.S.$132 billion in 2027,[2] and in the U.K., pet insurance offers providers a potential £2.5 billion opportunity in untapped premiums, due to an estimated 48% of dogs and 69% of cats remaining uninsured.[3]

Figure 1: Top 10 insurance policies purchased in the past year

n: 13,798
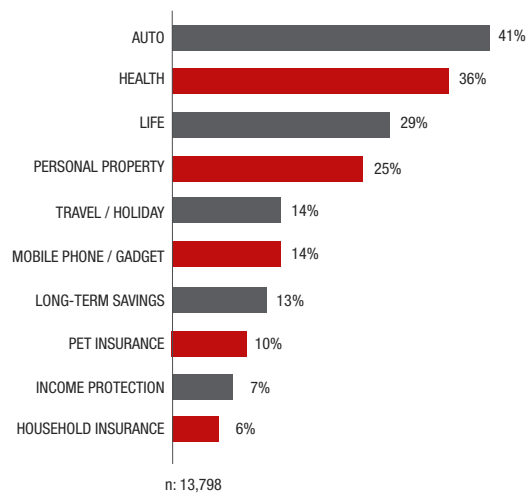
For the purposes of simplicity, Health included: medical insurance, health insurance through employer, disability insurance, critical illness insurance, or similar. Life insurance products included: life & savings insurance, term, whole, universal life products.

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

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

1 https://bit.ly/3mLFsvB
2 https://bit.ly/2YKd2dr
3 https://bit.ly/3aK9jz7
4 https://bit.ly/3FHXlnU
5 https://bit.ly/3lxQjdf

Figure 2: Responses to "Have you made an insurance claim in the past two years?"
and "How satisfied were you with the claims process?"

indicates statistically higher than average   indicates statistically lower than average
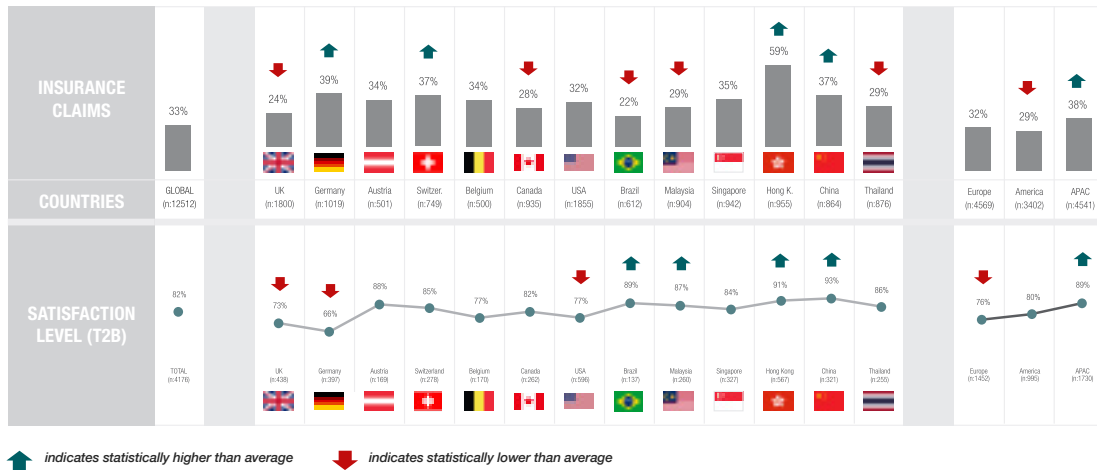
4.2 Claims

4.2.1 RESPONDENTS ARE STILL EXPERIENCING AGE-OLD CLAIMS ISSUES

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

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

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

The acceleration in digitalization and smartphone use (48% of the world own one)[6] has catapulted mobile/gadget from being a relatively niche form of insurance into the survey's fourth most claimed product (and fifth most popular insurance).

Table 1: Top 10 types of claims

TOP 10 TYPES OF INSURANCE CLAIMS SUBMITTED IN THE PAST TWO YEARS	%
Health (e.g., medical insurance, health insurance through employer, disability insurance, critical illness insurance, or similar)	34%
Auto	32%
Life (e.g., life & savings insurance, term, whole, universal life products)	19%
Mobile/gadget	17%
Personal property	16%
Travel/holiday	15%
Long-term savings	13%
Pet insurance	12%
Income protection (e.g., credit)	10%
Household	6%

---

6   https://bit.ly/3oQRc2A

The leading claimants are respondents from Germany (30%) and Brazil (28%), and perhaps predictably, digital native generations – Gen Z (18-24) and Gen Y Millennials (45%) – who are also the leading purchasers of mobile/gadget insurance.

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

Our respondents were generally positive about recent claims experiences, but there is evidently room for improvement. The most satisfied region was APAC, with all countries surveyed registering satisfaction levels in excess of 80%. As many as 93% of China-based respondents selected either "highly satisfied" or "satisfied" in response to our question about their last claims experience. The least satisfied region was Europe, with 66% of German respondents selecting either "highly satisfied" or "satisfied"; 30% rated their experience as "neutral" and 4% were "highly unsatisfied" or "unsatisfied".

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

From a customer perspective, the issues cited by respondents reinforce the importance of both financial literacy and simplification when it comes to insurance. The digital era has eroded customers' willingness to engage in deep reading,

Table 2: Top five issues with claims

TOP FIVE ISSUES ENCOUNTERED DURING CLAIMS PROCESS	%	TOP ISSUES BY GENERATION SURVEYED
Slow to respond to process	42%	Gen Y Millennials (25-34), Gen X (45-54), Xennials (35-44), Baby Boomers (65+)
Too much paperwork to complete process	28%	Gen Z (18-24)
Slow to pay out	27%	
No payout	24%	Baby Boomers (55-64)
Insurance premium rose significantly after claiming	24%	

meaning they are less disposed to thoroughly check through paperwork. It has also changed expectations on how quickly key information can be accessed and claims issues solved.

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

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

---

[7] https://bit.ly/3oW3GGa
[8] https://on.ft.com/3Dxyxgd
[9] https://bit.ly/2YDZbW9
[10] https://bit.ly/3aK9CKh

Figure 3: Question was asked to policyowners

↥ indicates statistically higher than global average whereas ↧ indicates statistically lower than global average
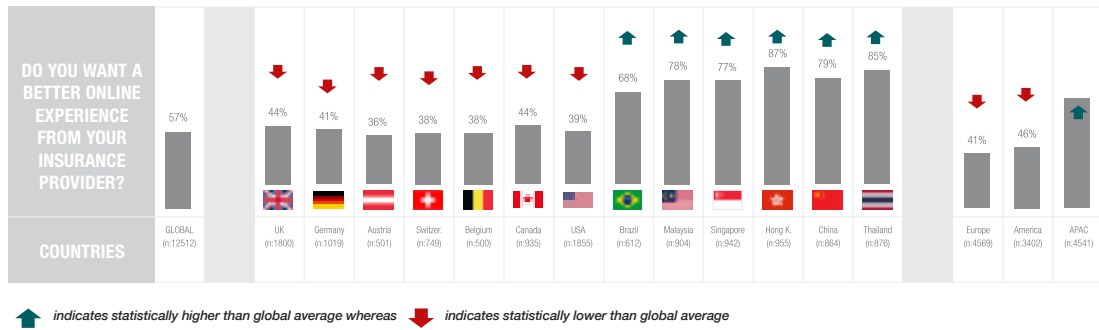
5. DIGITALIZATION

5.1 Six out of 10 policyholding respondents want a better online insurance experience

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

Table 3: Source of products

WHERE DO YOU TYPICALLY LOOK TO FIND INSURANCE PRODUCTS? (multiple choice question)	TOTAL
BASE	12443
From an insurance agent	38%
Direct from an insurer	38%
Through a price comparison or review aggregator website	32%
Through an insurance broker	24%
My bank	23%

Table 4: Decision factors for buying products

WHEN BUYING INSURANCE WHAT IS YOUR MOST IMPORTANT DECISION FACTOR?	TOTAL
BASE	12512
Value for money	30%
Ability of offer to meet your needs	19%
Trust in brand	18%
Advice	14%
Ease of doing business (e.g., application process, ability to purchase digitally and manage my policy online)	11%
Rewards/points/free gift or extra services (wellness platform, telehealth)	6%
None of the above	23%

Globally, six out of 10 have access to the internet,[13] and according to our survey, six out of 10 people want a better online experience from their insurance provider (Figure 3). This desire was strongest in APAC markets, where respondents are also most in favor of personal data sharing and using apps. However, this does not mean face-to-face advice is going away any time soon. As shown in Table 3, our respondents indicated that they look to source insurance products from a range of sources, and that the most important decision factor when buying insurance was "value for money" (30%) across every generation, gender, level of industry knowledge, and educational background (Table 4).

---

[11] https://bit.ly/3lyX1zD
[12] https://bit.ly/3ltuRWF
[13] https://bit.ly/3oYswFl

6. HYPER-PERSONALIZATION

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

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

Globally, 72% said they would share some form of personal data with their insurer (Table 5). However, personal data sharing can vary greatly depending on the respondent's gender, age, country, and industry knowledge-level, as well as the personal data asset in question. For example, globally we found that 75% of men surveyed would share some form of personal data, compared to 68% of women surveyed. On the other hand, in the APAC region, data sharing in exchange for a more personalized insurance product or premium was more enthusiastically embraced. In Hong Kong, for example, 92% of female respondents selected one of the personal data sharing options listed.

While there are benefits to be gleaned from the personalization of insurance products for both insurers and consumers, there are risks.

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

Table 5: Personalization methods

WOULD YOU CONSIDER ONE OF THE FOLLOWING METHODS TO GET A MORE PERSONALIZED INSURANCE PRODUCT OR PREMIUM?	%
Having a fitness or health test	33%
Using a smart device in my home	32%
Wearing a smart watch or another wireless wearable technology	29%
Sharing my social media data	20%
Putting a black box in my vehicle	19%
None of the above	18%
TOTAL	**12512**

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

6.1 Apps

There was a greater alignment of attitudes across the 13 countries surveyed when it comes to using personalized apps that provide transparency and insights into all financial products owned, such as savings, bank accounts, pensions, and insurance policies. 66% of policy-owning respondents responded in the affirmative – although just 8% answered "I already use one," highlighting the scope of this industry opportunity in this area (Figure 4).

Figure 4: Question asked to policyholders. These respondents answered in the affirmative

WOULD YOU USE AN APP THAT GAVE YOU BETTER VISIBILITY OF ALL YOUR FINANCIAL PRODUCTS (BANK ACCOUNTS, PENSIONS, INSURANCE POLICIES) AND PROVIDED TAILORED INSIGHTS?	GLOBAL (n:12512)	UK (n:1800)	Germany (n:1019)	Austria (n:501)	Switzer. (n:749)	Belgium (n:500)	Canada (n:935)	USA (n:1855)	Brazil (n:612)	Malaysia (n:904)	Singapore (n:942)	Hong K. (n:955)	China (n:864)	Thailand (n:876)	Europe (n:4569)	America (n:3402)	APAC (n:4541)
COUNTRIES	66%	58%	47%	56%	54%	58%	58%	55%	78%	84%	80%	83%	76%	86%	55%	60%	82%

🔼 indicates statistically higher than global average   🔽 indicates statistically lower than global average

Figure 5: Responses to "Would you use an app that gave you better visibility of all your financial products (bank accounts, pensions, insurance policies) and provided personalized insights?"
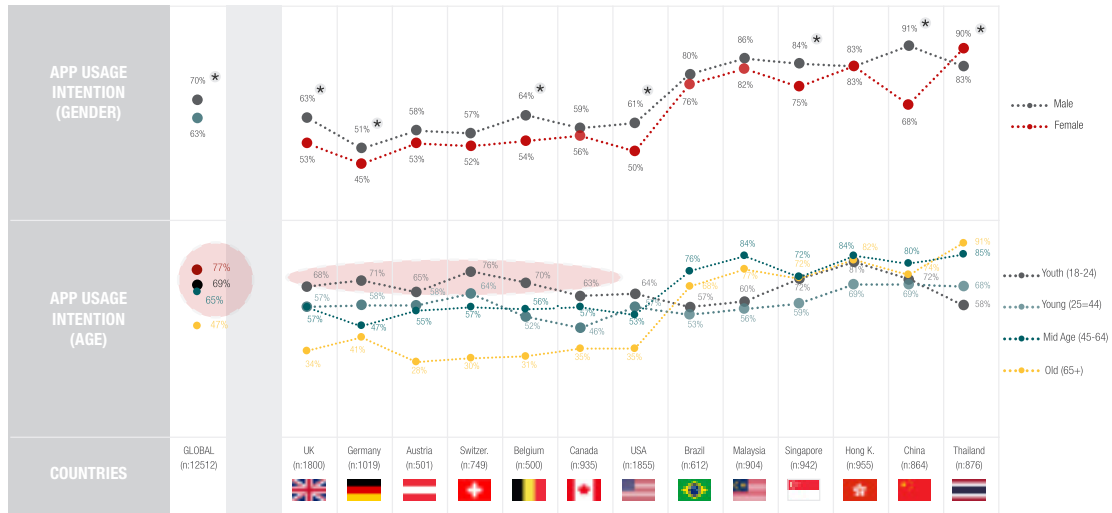
*Significant difference at 95% CL

Demand for personalized apps was strongest in the APAC countries surveyed, and typically amongst those that were male-identifying; and among respondents based in Europe and the Americas, the young. Conversely, older generations of policyholder in APAC were keener on such apps than their juniors (Figure 5).

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

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

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

7. EDUCATION

7.1 Over a third of respondents do not feel well-informed about insurance

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

Our survey found 37% of respondents do not feel well-informed about insurance and the products available today (Figure 6). This level of uncertainty is particularly pronounced among women/female identifying respondents (41%), single policy holders (42%), the 18- to 24-year-old Gen Z demographic (43%) and the uninsured (71%).

APAC respondents considered themselves the best informed, although Swiss respondents were also highly confident. In Thailand, women were more confident than men – the only country surveyed where we found this to be the case. While we believe insurers should take this gender confidence gap

Figure 6: 'Yes' answers to "Do you feel well-informed about the range of insurance products available today?" question that was asked to all surveyed

LEVEL OF CONFIDENCE BY EDUCATION LEVEL (%)

indicates over index (115+) compared to global average   indicates under index compared to global average

■ Apprenticeship / College / University or higher   ■ Secondary / High   ■ < High School
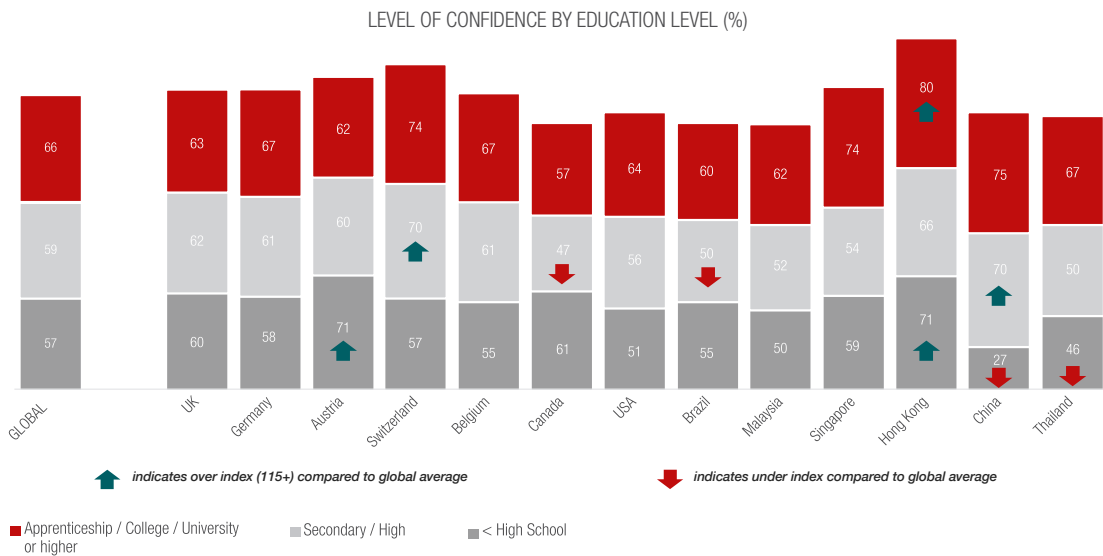
with a pinch of salt (studies have found that women display lower "self-rates" and unfavorable attitudes to their ability or performance than men[14] – and studies have also found that compared with women, men are more prone to displaying optimism bias, considering themselves less threatened by the risks[15]), there is nevertheless a gap, which could be hindering women's engagement with insurance and therefore their overall insurance coverage protection. A U.S. report by Life Happens and LIMRA in 2021 found that just 47% of women have life coverage versus 58% of men.[16] We have also heard that women's careers and finances have been disproportionately affected by the pandemic.[17]

When assessing the responses to our question "Do you feel well-informed about the range of insurance products available today?", on the basis of education level, self-assurance tended to be more evident among the higher-educated respondents. Two-thirds (66%) of university-educated respondents felt well-informed about the industry in comparison to 57% of high-school graduates (Figure 6).

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

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

[14] Ross, A. J, G. Scott, and C. D. Bruce, 2012, "The gender confidence gap in fractions knowledge: gender differences in student belief achievement relationships," School Science and Mathematics 112, 278-288

[15] Sharot, T., 2011, "Optimist bias," Current Biology 21:23, R941-R945

[16] https://bit.ly/3v7ydlA

[17] https://bit.ly/3AyKWyG

Figure 7: Percentage of uninsured respondents in countries surveyed
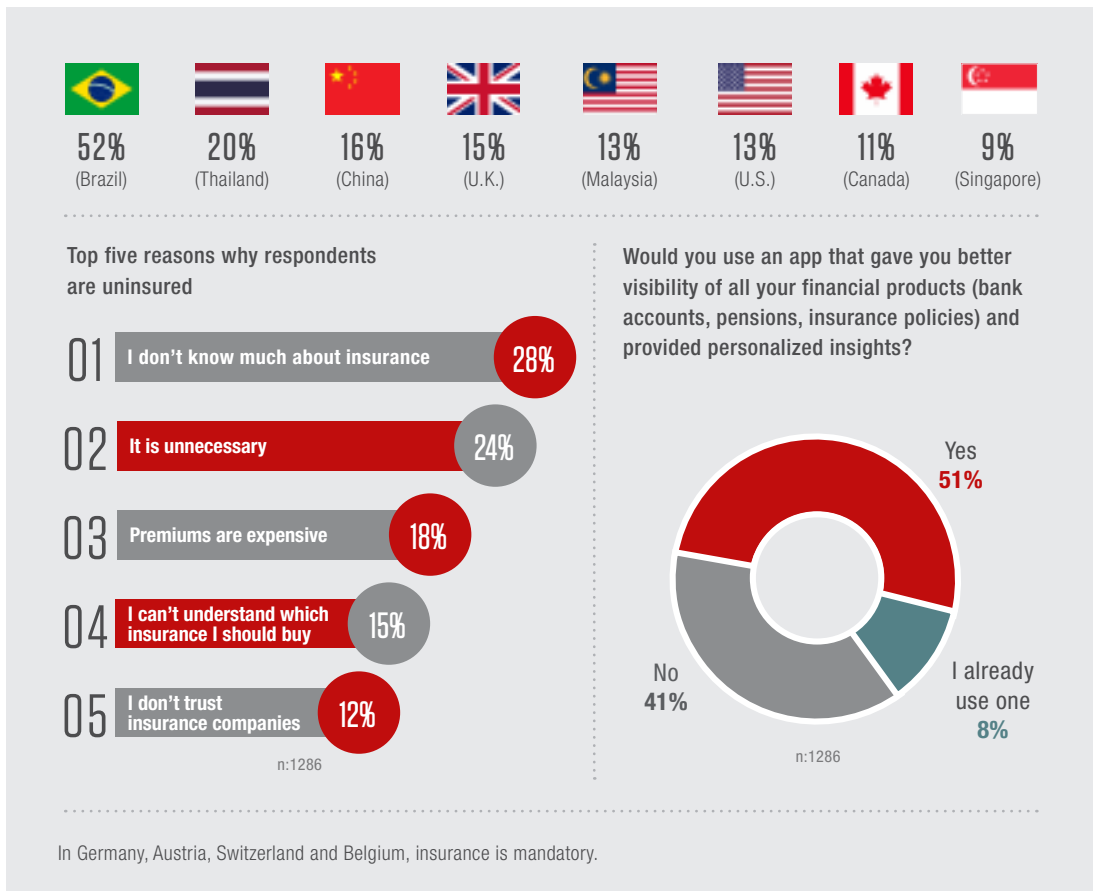
8. THE UNINSURED

8.1 Lack of financial literacy is a key barrier to policy ownership

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

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

Table 6: Previous insurance issues encountered by uninsured

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

Table 7: What would convince you to have insurance?

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

9. CROSS-SELLING

9.1 Value for money and cross-selling do not always go hand-in-hand

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

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

- In times of economic crisis and uncertainty, value for money is key. This was our respondents' biggest decision factor when buying insurance today (30%).

- Furthermore, in certain markets where customer disintermediation is high, it is harder to cross-sell. In the U.K., 63% of respondents looked for insurance through a price comparison or review aggregation website; and in Brazil, 46% of respondents bought insurance through their bank.

- Customers look at different products during different time horizons, and not all policies are renewed at the same time.

Figure 8: Responses by geography to questions "How many insurance policies do you have currently?"
and "Do you have multiple insurance policies with one provider?"

	GLOBAL (n:13798)	UK (n:2002)	Germany (n:1019)	Austria (n:501)	Switzer. (n:749)	Belgium (n:500)	Canada (n:1008)	USA (n:2002)	Brazil (n:1007)	Malaysia (n:1000)	Singapore (n:1001)	Hong K. (n:1000)	China (n:1009)	Thailand (n:1000)	Europe (n:4771)	America (n:4717)	APAC (n:5010)
POLICY OWNERSHIP — % OF PEOPLE WHO HAVE AT LEAST ONE POLICY CURRENTLY	86%	85% ▼	100% ▲	100% ▲	100% ▲	100% ▲	89%	87%	48% ▼	87%	91% ▲	93% ▲	84%	80% ▼	94% ▲	78% ▼	87%
AVERAGE NO. OF POLICIES THEY HAVE CURRENTLY	2,30	2,15 ▼	3,48 ▲	3,56 ▲	3,63 ▲	3,47 ▲	2,08 ▼	2,12 ▼	0,86 ▼	1,95 ▼	2,32 ▲	2,47 ▲	2,06 ▼	1,56 ▼	2,95 ▲	1,80 ▼	2,07 ▼
HAVING MULTIPLE POLICIES WITH A SINGLE PROVIDER	40%	24% ▼	52% ▲	60% ▲	66% ▲	71% ▲	42%	38%	12% ▼	35% ▼	50% ▲	57% ▲	42%	18% ▼	46% ▲	33% ▼	40%

▲ indicates statistically higher than global average whereas ▼ indicates statistically lower than global average

*Significant difference at 95% CL

- Cross-selling can be complex when a client's insurance risk profile differs between products.
- Regulation in certain markets means that insurers are only able to use their customer data for a specifically stated purpose.
- A substantial number of insurance companies are still operating on age-old platforms that are not agile enough to use the innovative tools, such as AI/machine learning, that go hand-in-hand with dynamic pricing and cross-selling.
- Many insurers' data repositories are not large enough to capture customer data, to analyze their customer base and then to leverage cross-sell opportunities.

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

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

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

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

10. CONCLUSION

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

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

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

ABOUT CAPCO

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

To learn more, visit www.capco.com or follow us on Twitter, Facebook, YouTube, LinkedIn Instagram, and Xing.

WORLDWIDE OFFICES

APAC	EUROPE	NORTH AMERICA
Bangalore	Berlin	Charlotte
Bangkok	Bratislava	Chicago
Gurgaon	Brussels	Dallas
Hong Kong	Dusseldorf	Hartford
Kuala Lumpur	Edinburgh	Houston
Mumbai	Frankfurt	New York
Pune	Geneva	Orlando
Singapore	London	Toronto
	Munich	Tysons Corner
	Paris	Washington, DC
	Vienna	
	Warsaw	**SOUTH AMERICA**
	Zurich	São Paulo

FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC® C001648

WWW.CAPCO.COM

CAPCO
a *wipro* company