

Digital Insurance Metrics:

Consumer Approaches to Emerging Distribution and Servicing Models in Selected Global Markets

Series Prospectus

February 2020

Prospectus contents

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What is the research?

Finaccord's *Digital Insurance Metrics* series of reports offers detailed insights into consumer behaviour concerning emerging digital distribution and servicing models for insurance in ten countries: Australia; Brazil; Canada; China; France; Germany; Italy; Spain; the UK; and the US. As well as providing perspectives around the extent to which consumers acquire insurance digitally as at 2019 – which includes not only online purchase but also take-up rates for different types of telematics-based vehicle insurance) – the research additionally investigates other related factors that will shape the environment for digital insurance in future.

These include the 'digital infrastructures' that consumers have established in their lives already such as the following:

- the extent to which they already have 'virtual assistants' (e.g. Amazon's Alexa) and / or intelligent sensors in their homes at present or are interested in doing so in future;
- their ownership and utilisation rates for wearable devices (given the potential for tying these in to innovative health and life insurance propositions);
- the regularity with which they play online games (given the potential for increasing engagement by 'gamifying' aspects of insurance ownership).

continued overleaf

What is the research? (cont.)

They also comprise forward-looking data points that could shape how personal lines insurance may evolve digitally in future such as:

- the rates of awareness of and interest in acquiring insurance in alternative formats made possible by insurtech such as all-in-one policies and apps, P2P / social insurance and health / life insurance that rewards healthy lifestyles;
- the degree to which consumers would be open to acquiring insurance recommended by or branded in the names of Amazon, Apple, Facebook, Google, Microsoft and Samsung *;
- the extent to which consumers are willing to submit and manage personal insurance claims entirely via digital means.

Where relevant and valuable, results are segmented by gender, age group, annual household income and other socio-demographic elements to illustrate behavioural differences between particular clusters. Hence, the knowledge afforded by the *Digital Insurance Metrics* series provides parties that have an interest in the future of personal insurance distribution and servicing with unprecedented and unique multi-country insights into not only consumer behaviour as it currently stands but also how it is likely to alter in future.

** Amazon, Apple, Baidu, Huawei, Microsoft and QQ / WeChat are the organizations researched in China*

Which titles are available?

The *Digital Insurance Metrics* series is composed of 11 separate publications, namely: an overview study providing comparisons for the metrics gathered across all ten countries as well as all of the results for each country; and ten country-specific titles providing the results of the investigation for a single country. The titles in question are as follows:

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Selected Global Markets](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Australia](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Brazil](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Canada](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in China](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in France](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Germany](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Italy](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in Spain](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in the UK](#)

[Digital Insurance Metrics: Consumer Approaches to Emerging Distribution and Servicing Models in the USA](#)

What is the rationale?

The ways in which consumers acquire insurance have probably changed more in the first 20 years of the 21st century than they did in the whole of the previous century. Rapid advances both in technologies used generally by consumers in their everyday lives and technologies related specifically to insurance are the drivers of this.

However, looking ahead, will change occur at the same rate in the next 20 years or are technological advances now outpacing the speed at which human behaviour can evolve? Or put another way, is personal lines insurtech getting too far ahead of what is actually needed by the majority of individual insurance buyers? And, either way, what do insurance providers need to do to be the winners in what is likely to be a fast-changing world for digital insurance from 2020 to 2040?

Based on its survey, Finaccord's *Digital Insurance Metrics* series provides detailed, relevant and reliable data that will help to answer these questions in each of Australia, Brazil, Canada, China, France, Germany, Italy, Spain, the UK and the US. These results illustrate the degree to which the rate of change is not only faster within particular consumer groups, as defined by age, annual household income and adoption of new technologies, but also how it varies by country.

What methodology has been used?

The research for this study, which covers over 12,500 consumers across ten countries, was carried out in the second and third quarters of 2019 using the online consumer research panel of mo'web research (www.mowebresearch.com). At least 1,000 respondents were surveyed in each of Australia, Canada, France, Germany, Italy, Spain and the UK, over 1,500 in Brazil and around 2,000 in each of China and the US. In all cases, quotas were set in order to ensure representative survey samples by gender, age, annual household income and geographical location of respondents. The specific composition of each country sample can be obtained from Finaccord if required.

What is the report structure (for the overview report)?

0. Executive Summary: providing a concise evaluation of the principal findings of the report.

1. Introduction: offering rationale and definitions.

2. Consumer Overview: this chapter analyses the results of Finaccord's survey of over 13,000 consumers regarding their attitudes and behaviour in respect of emerging digital distribution and servicing models for insurance. Structured across three main sections – namely 1) digital homes and habits, 2) digital insurance: current trends, and 3) digital insurance: likely future behaviour – insights are provided in a variety of relevant fields. In the first section, these insights concern the utilisation of and latent interest in both virtual assistants (e.g. Apple's Siri) and wearable devices (e.g. devices that measure the rate at which calories are being burned) plus propensity to play online or video games. The second section tackles trends in online researching and purchasing of insurance, acquisition rates for telematics-enabled motor (auto) insurance and prospects for digital policy administration. Finally, the third section covers topics such as attitudes towards sharing of personal data, acquisition rates for emerging insurance and insurtech concepts (e.g. all-in-one insurance policies, all-in-one insurance apps and P2P / social insurance), plus the extent to which respondents stated that they would be open to acquiring insurance recommended by or branded in the names of each of Amazon, Apple, Facebook, Google, Microsoft and Samsung (or, in the case of China, Amazon, Apple, Baidu, Huawei, Microsoft and QQ / WeChat).

3. Australia: this chapter presents the same information as described above exclusively as it pertains to consumer approaches to digital insurance in Australia.

4 - 12: Brazil, Canada, China, France, Germany, Italy, Spain, the UK and the US (all contents as for Australia).

11. Appendix: including a full transcript of the online questionnaire used for the research.

What are the key features of the research?

Key features of the reports in this series include:

- data depicting the distribution share of online sales for personal motor (auto) and home insurance in each of the ten countries plus how these break down by device used between laptop / desktop computers, tablets and mobile (cell) phones;
- insights into the penetration rates for telematics-enabled insurance differentiating between cover based purely on distance driven, cover based on driving behaviour (i.e. how, where and when) and cover based on both factors;
- results concerning the willingness of consumers to share personal data about themselves with insurance providers (e.g. about their driving behaviour, health or lifestyle) in return for potentially paying less for their insurance or earning other rewards;
- analysis of respondents' current awareness and willingness to acquire emerging digital propositions such as all-in-one insurance policies, all-in-one insurance apps and P2P / social insurance concepts, and how this varies by customer group including not only gender, age group and annual household income but also other potentially relevant factors such as whether they use virtual assistants or not.

How can the research be used?

The reports in this series can be used in one or more of the following ways:

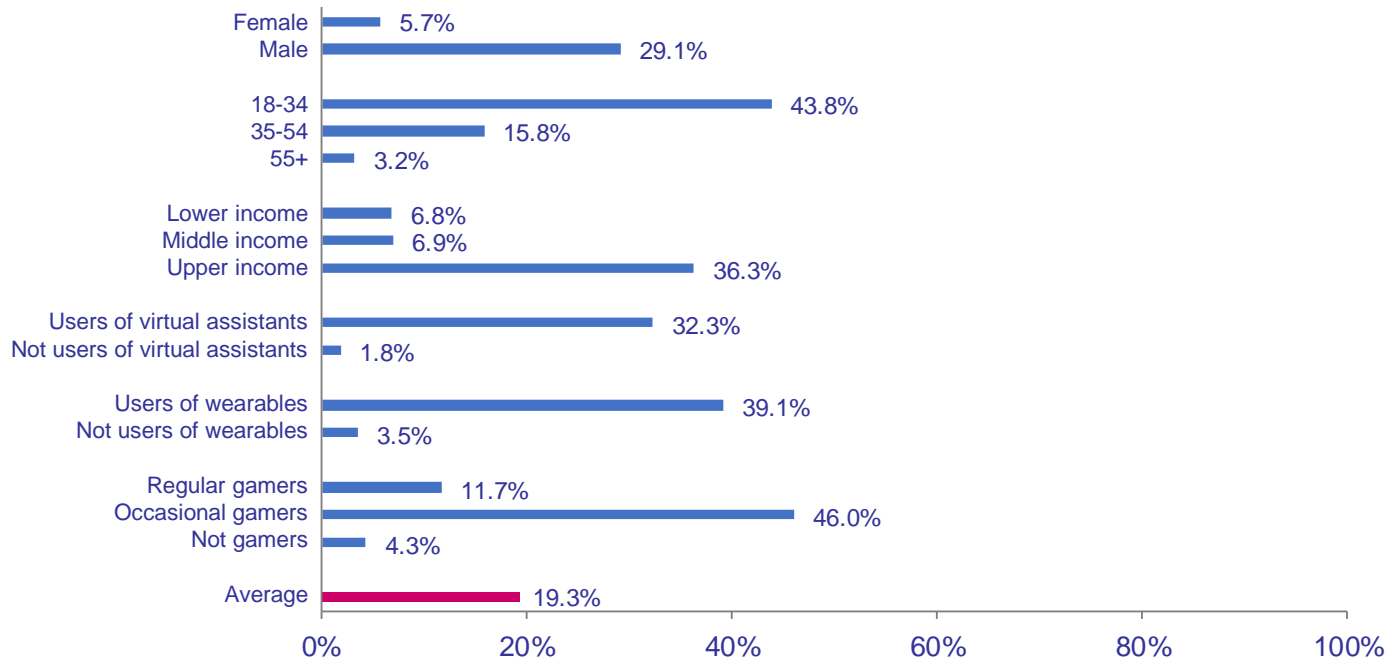
- to understand the ‘digital infrastructures’ that consumers have established in their lives already including their use of virtual assistants, ownership of different types of wearable device and propensity to engage in online or video games, and how these impact on the ways in which insurance can be marketed digitally;
- to further adjust marketing strategy in line with the devices utilised by respondents who buy motor (auto) or home insurance online and how use of those devices for this purpose appears to have evolved in recent years;
- to appreciate the extent to which consumers are willing to share personal data with insurance providers in return for potentially paying lower premiums or earning other rewards and how this varies across the ten countries in scope;
- to quantify the percentage of customers who are willing to manage motor (auto) and home insurance claims online segmenting between those open to managing the whole process online and those who prefer to file the initial claim offline before then managing it online.

Who can use the research?

1. *Insurance underwriters*: the results of the *Digital Insurance Metrics* research will help underwriters of insurance to modify their offering so that it is in line with the emerging digital needs of a new generation of consumers;
2. *Insurance intermediaries*: digital insurance is creating opportunities not only for enterprises focused on developing insurtech-driven solutions for specialised customer segments but also for traditional intermediaries that are seeking to reach a new audience;
3. *Other parties active in the insurance supply chain*: many other types of organisation (e.g. automotive manufacturers, banks, retailers, sharing economy entities, technology firms etc.) are involved in or have the potential to be involved in the supply chain for digital insurance;
4. *Management consultancies*: are you helping an insurance provider to adjust elements of its strategy to suit the emerging environment for digital insurance, or are you advising a distributor in respect of opportunities arising from digital insurance in one or more of these territories? If so, this research will provide you with unique insights into consumer behaviour in these markets.

What are some of the key findings?

1. In Country X, the percentage of respondents with motor (auto) insurance that has a telematics-enabled policy is skewed strongly towards particular customer segments

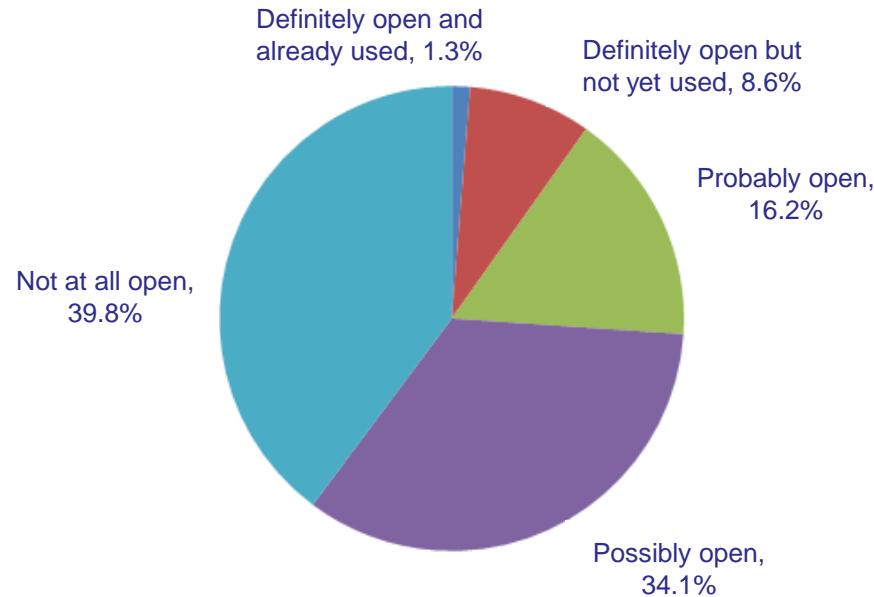


Note – the identity of Country X is revealed in the overview and relevant country-specific report

Source: Finaccord Digital Insurance Metrics survey

What are some of the key findings? (cont.)

2. In Country Y, over a half of respondents are potentially open to using an all-in-one insurance app although very few have used one already

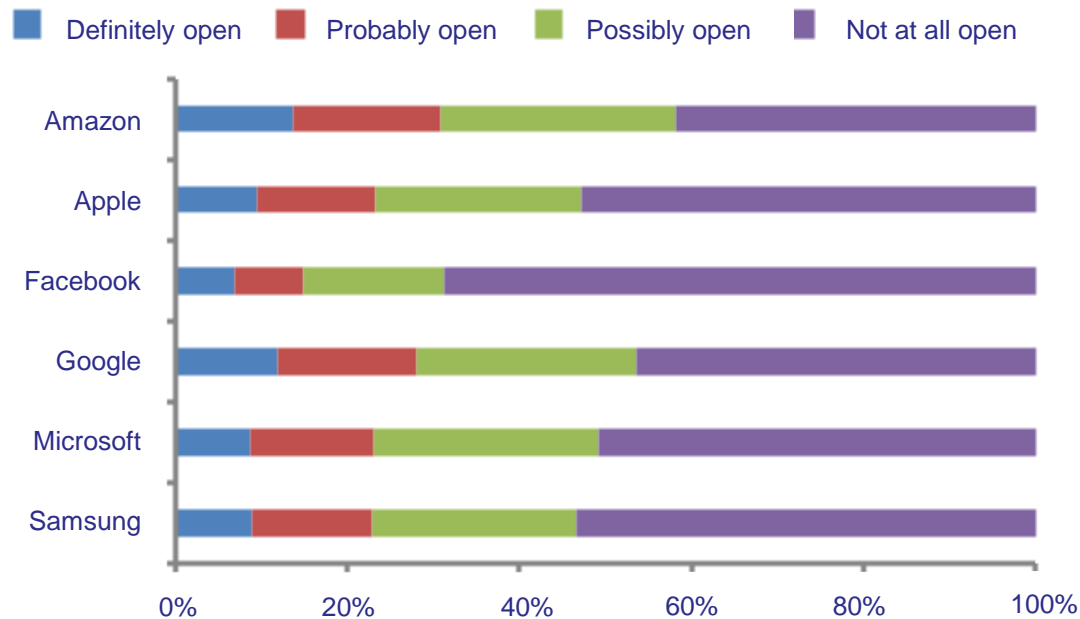


Note – the identity of Country Y is revealed in the overview and relevant country-specific report

Source: Finaccord Digital Insurance Metrics survey

What are some of the key findings? (cont.)

3. In Country Z, out of six major technology brands investigated, Amazon is that which respondents are most likely to be open to acquiring insurance from



Note - the identity of Country Z is revealed in the overview and relevant country-specific report
Source: Finaccord Digital Insurance Metrics survey

What are some of the key findings? (cont.)

Key findings from executive summaries in this series include the following:

- younger respondents are almost invariably more likely than older ones to behave in a manner that is conducive to the development of digital insurance;
- hence, the shift from one generation of insurance buyers to the next is naturally causing an expansion in the market for cover that is acquired and managed digitally;
- 46.4% of all respondents stated that they had a virtual assistant (such as Amazon's Alexa) in their home, rising to 60.3% among those aged between 18 and 34:
- there are examples in several countries of virtual assistants being utilised already by consumers as a means of finding and acquiring insurance, and a significant shift towards greater usage of them for this purpose may undermine other distribution channels, both offline and online;
- however, there are limitations to the speed with which more advanced digital models may evolve because, notwithstanding the existence of the requisite technology, there remains a lack of awareness and readiness among many insurance buyers.