

Survey — Consumer Insurance Buying Habits

Here's a scary thought. Some \$400 billion in insurance purchase dollars could end up in the hands of banks and other outlets and not in insurance coffers. This is a conclusion from a survey done by management consultant Accenture. It found:



- 67% are open to purchasing insurance from firms that are not insurers.
- 23% think they might buy from online service providers like Google or Amazon.

Accenture's Michael Lyman put the survey in perspective and insurers need to know that competition is likely to quickly intensify. "Overall, there is a significant switching risk and we estimate that up to \$400 billion in insurance premiums could change hands within the insurance industry over the next 12 months. The switching risk is important in western markets but even more so in emerging countries such as China and Brazil, where insurance customers are even more likely to change providers."

Breaking the survey down, Lyman said:

- 43% will consider buying insurance from banks.
- 23% from online providers — as noted earlier.
- 20% from home service providers.
- 12% from car dealers.

People are definitely in a shopping mood:

- 40% will likely switch auto or home carriers in the next year.
- 25% will likely cancel life insurance contracts in the same time period.
- 35% will take out a new contract with a new provider in the next year.
- 87% cite lower prices as the reason for considering change.

Here is some good news for independent insurance agents:

- 80% like more personalized service.
- 41% are willing to pay more for that personalized insurance service.

"Personalization clearly emerges as a key driver in retaining existing customers and attracting new ones. Innovation in pricing strategy and the ability to make their

customers feel that they are unique are thus critical to capturing share within the switching economy,” Lyman said.

Here are a few other pieces from the Accenture survey:

- 67% are interested in using mobile devices when using insurance services like pictures of their vehicle after an accident or to display proof of insurance.
- 46% have and use tablets.
- 37% have smartphones.
- 35% are open to sharing more personal information and travel information with insurers to get a better insurance rate.

On that thought, Lyman said, “The mobile channel offers insurers the opportunity to take customer experience to the next level, enabling them to become partners of their customers’ everyday life by tailoring offers and interactions to the physical context, as location-based services can be highly relevant in insurance. For example, travel insurance-suggested offers can be sent to customers’ mobile phones when landing in an airport abroad, or a claim can be submitted from an accident scene with supporting photos. Also, as consumers become more open to providing access to their personal data, adoption of usage-based insurance enabled by telematics technology will accelerate.”