



World Insurance Report 2020



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The World Insurance Report 2020 offers leading insights into the global insurance industry



13th
Year of
publication



Produced with Efma

150+
Executive insurance
interviews

32
Insurance markets covered
(VoC survey + Executive interviews)

8,000+
Customer responses
data points

3 Report themes

- "Almost" everyone is digital
- The new trust equation
- Have it your way – Hyper-personalized, experience-led engagement

The report's findings draw on data from 32 markets



Argentina
Australia
Belgium
Brazil
Canada
China
Columbia
Denmark
Finland
France
Germany
Hong Kong
Hungary
India
Italy
Japan



Malaysia
Mexico
Morocco
The Netherlands
Norway
Philippines
Portugal
Saudi Arabia
Singapore
Spain
Sweden
Switzerland
Turkey
UAE
UK
US



- **Its not about tech-savviness, it is about social behavior and shopping preferences**

"Almost" everyone is digital now

The new trust equation

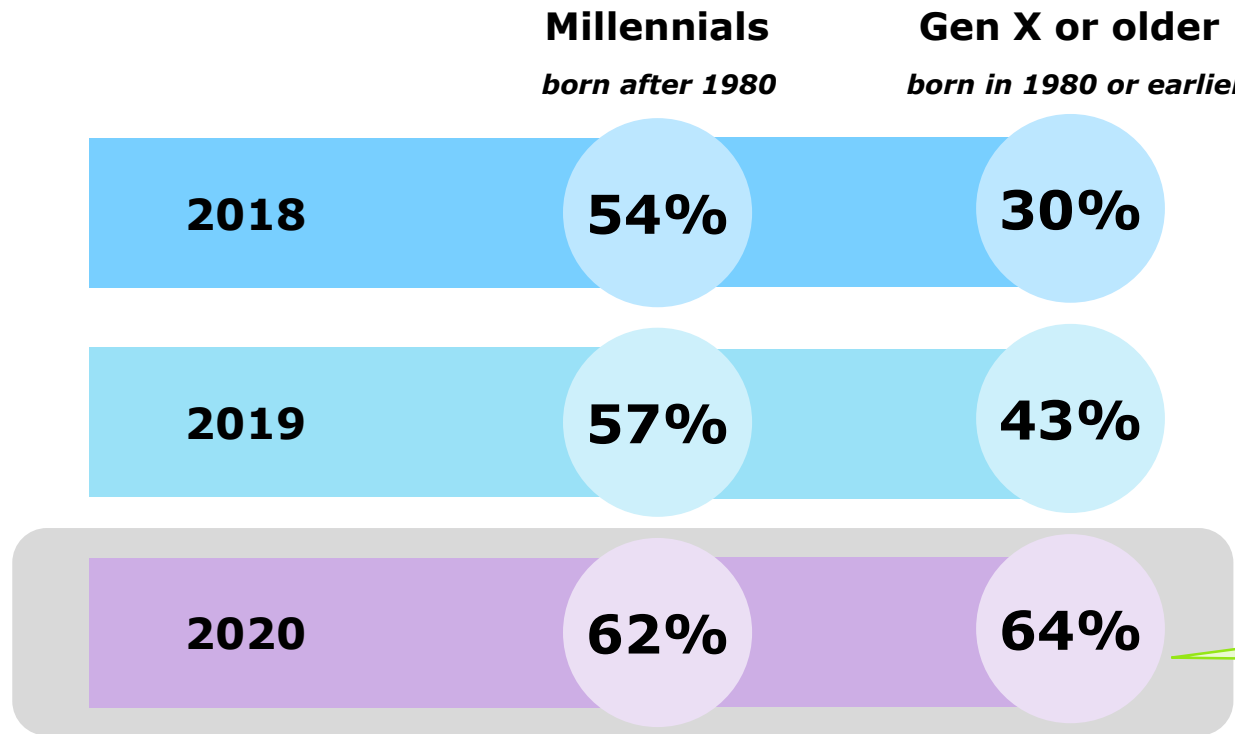
- **Customers trust themselves**
- **They are willing to buy insurance from BigTechs and product manufacturers**

Way forward

- **Provide hyper-personalized, experience-led engagement to all customer segments**



Customers frequently doing transactions* online or via mobile app (%), 2018–2020



What is interesting:
Gen X and older are increasingly using digital channels for day-to-day transactions

The digital divide between age groups has eroded

“Almost” everyone is digital now. Tech-savviness no longer a differentiator.

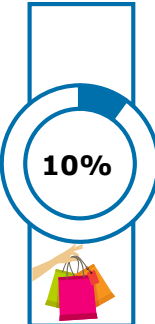


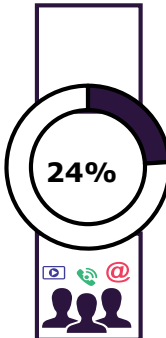
*: Customer response was captured for use of website or mobile app for purchasing electronics, clothes, food or groceries, entertainment or travel services, paying bills, transferring or investing money, etc.
Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey 2018, 2019, 2020.

It's not about age ... it's about social behavior and shopping preferences



Differentiating social behavior: Customers' preference for connecting via social media channels and their review-seeking mindset

Differentiating shopping preferences: Customers' convenience-seeking behavior and their readiness to explore new things in the market

Shopping preference	Early adopters	 <p>Experimental</p> <ul style="list-style-type: none"> Actively seek information – Moderate Propensity to buy new things – High Willingness to pay for services - Moderate Propensity to switch – Moderate 	 <p>Pioneer</p> <ul style="list-style-type: none"> Actively seek information – High Propensity to buy new things – High Willingness to pay for services - High Propensity to switch – High
	Late movers	 <p>Follower</p> <ul style="list-style-type: none"> Actively seek information – Low Propensity to buy new things – Low Willingness to pay for services - Low Propensity to switch – Low 	 <p>Inquisitive</p> <ul style="list-style-type: none"> Actively seek information – High Propensity to buy new things – Moderate Willingness to pay for services - Moderate Propensity to switch – Moderate
		Late movers	Early adopters
Social behavior			

Information availability drives shopping conversion

Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2020.

Trust has changed owners ...



Traditional insurance purchase



Loyal to insurers; purchase via branch/agent/broker

Insurance research and purchase now



Customers trust their own research over an agent/broker's advice for purchasing a policy

Insurance purchase – future?



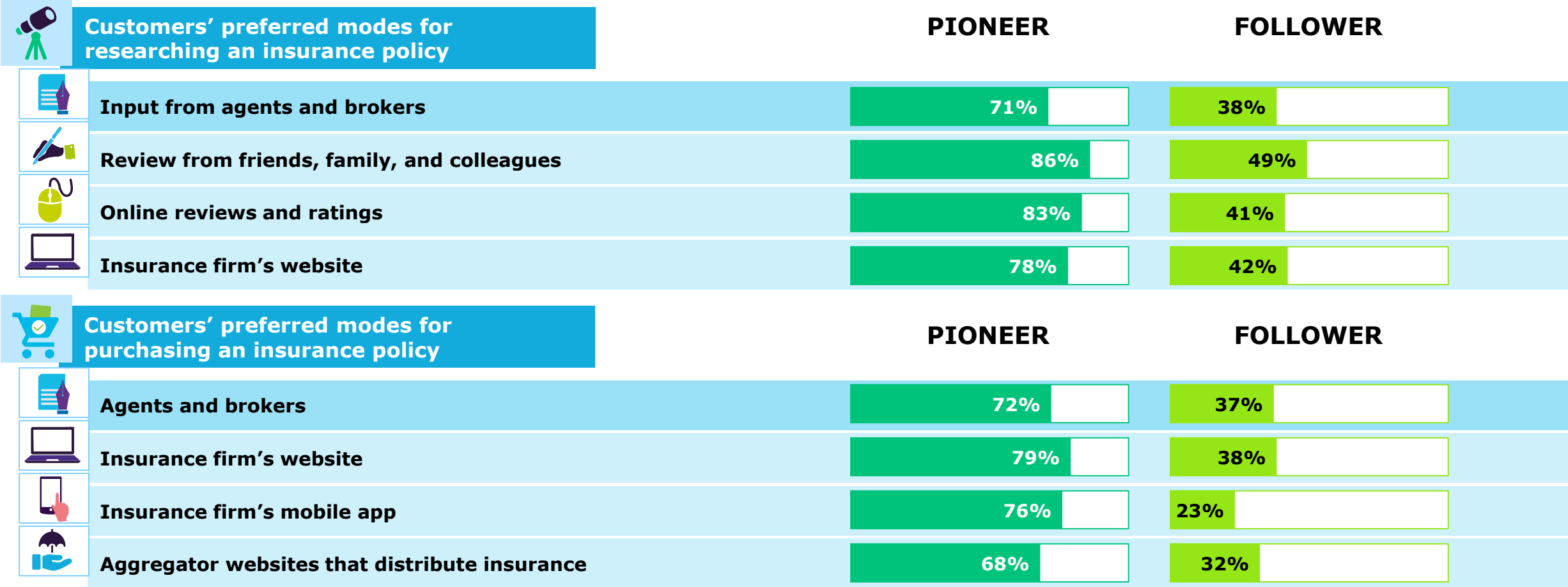
Customers' willingness to engage with BigTechs and product manufacturers is on rise

Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2020.

Trust has changed owners as customers back their own research ...



Insurance is now being “bought,” not only sold





While traditional channels have not lost relevance, customers place more trust in their own research

Questions: 1. Indicate your preference for using following channels to understand/research an insurance policy. Rate on a scale of 1 to 7, where 1 = Do not prefer, and 7 = Highly prefer. Responses above 4 are shown in the figure.
 2. Indicate your preference for using the channels listed below for purchasing an insurance policy. Rate on a scale of 1 to 7, where 1 = Do not prefer, and 7 = Highly prefer. Responses above 4 are shown in the figure.
 Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2020.

Trust has changed owners as the competitive landscape continues to evolve



I look for the best experience

	Customer willingness to purchase insurance from non-traditional firms, by segment (%), 2020	Pioneer	Inquisitive	Experimental	Follower
	BigTech	68%	37%	29%	13%
	Product manufacturers (such as Tesla)	62%	34%	25%	12%

Customers' willingness to purchase insurance from BigTech firms is rising fast



Long-standing advantage of "customer trust" is seemingly changing owners now

Question: The following entities have already launched or may launch insurance offerings in the future. Would you consider buying insurance from the following entities? Rate on a scale of 1 to 7, where 1 = Highly unlikely, and 7 = Highly likely. Responses above 4 are shown in the figure.

Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2016, 2018, 2020.

Right offerings, Right channels, and at the Right time are essential to engage => *Significant gap in customer expectations and insurer offerings*



3 Rs of experience-led engagement	Do most insurers understand the criticality?	Are insurers in line with customer preferences?
Right products	No (50%)	No
Right time	Yes (75%)	No
Right channels	Yes (84%)	No



50% or less
Low



51%–75%
Medium



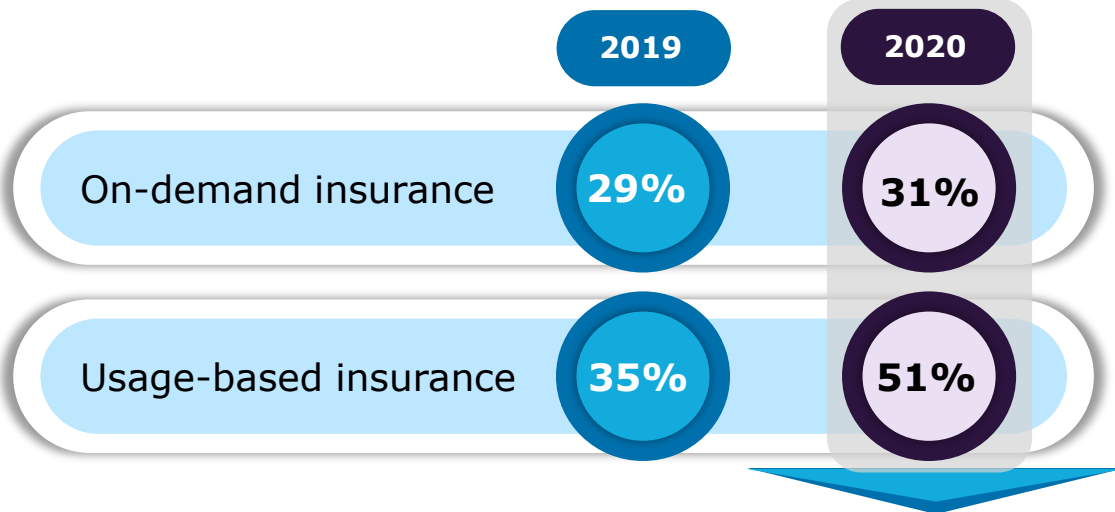
Above 75%
High

Warning! Traditional products via digital channels do NOT ensure “experience-led engagement”

Source: Capgemini Financial Services Analysis, 2020.

The right product: Usage-based insurance is now mainstream – are you aligned?

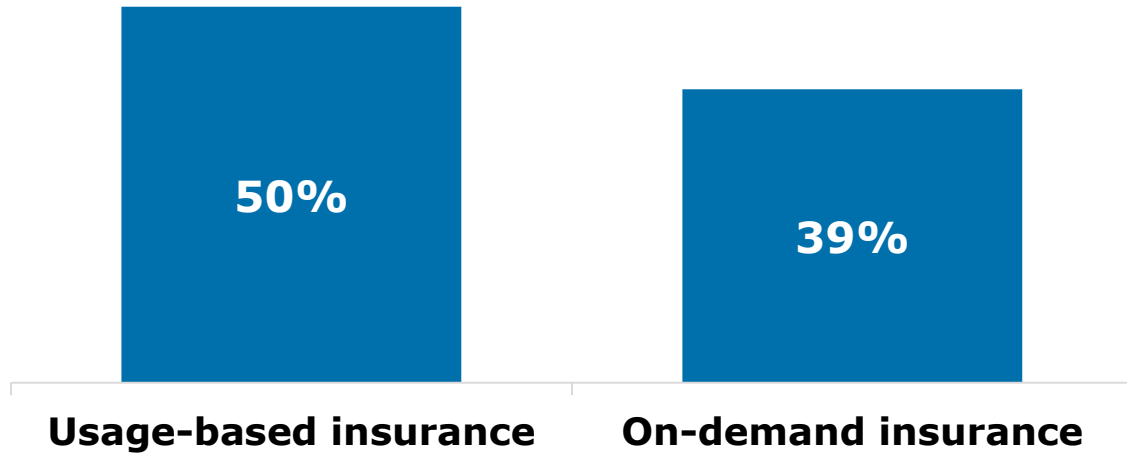
Customer demand for new insurance offerings (%), 2019–2020



Customers' interest in new insurance offerings (%), 2020

	Pioneer	Inquisitive	Experimental	Follower
On-demand insurance	38%	30%	31%	26%
Usage-based insurance	53%	52%	49%	48%

Insurers with new offerings already rolled out in the market (%), 2020



The new offerings, which are personalized and provide value for money, are likely to be welcomed across customer segments

Usage-based insurance is the future! *And what's next? Hint: Discounts for healthy behavior*

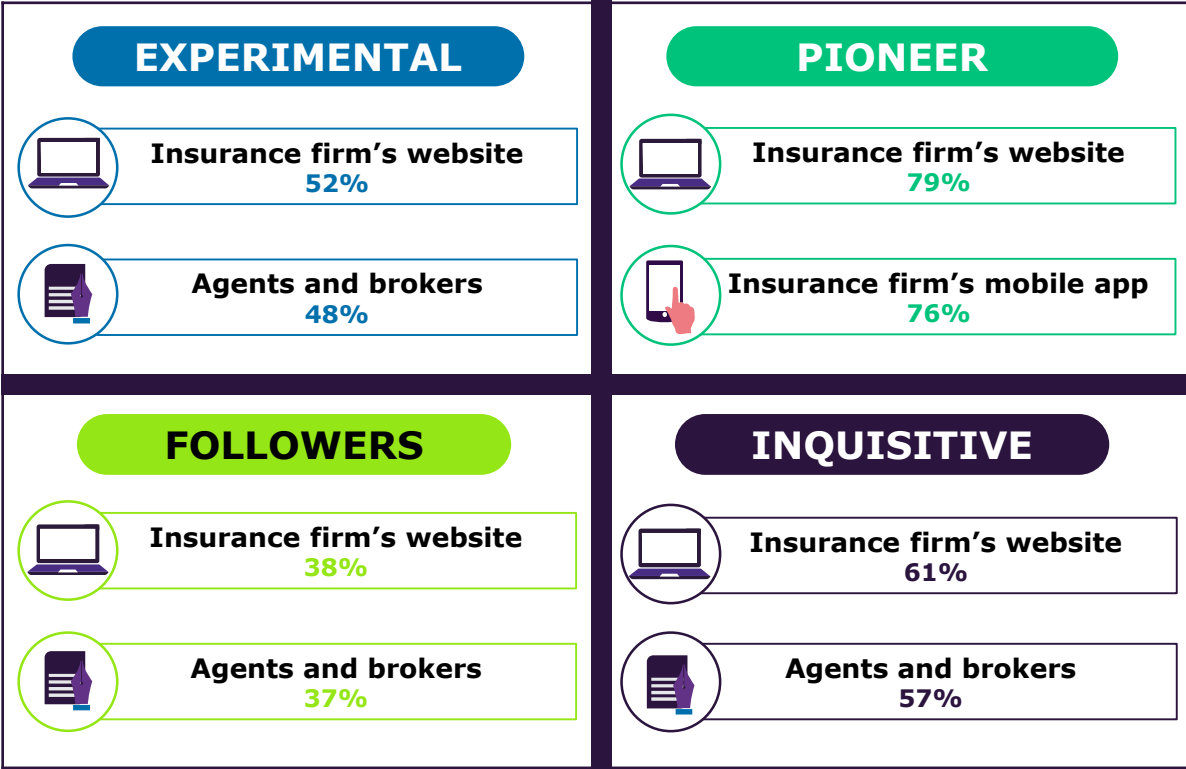
Questions: 1. Of the following offerings, which would influence you to purchase a policy from an insurance firm? Select all that apply.
 2. Please rate your firm's progress when it comes to rolling out the following offerings. Use a scale of 1 to 4, where 1 = Already rolled out, 2 = Planning to roll out in the short to medium term (3–5 years), 3 = Planning to roll out in the long term (>5 years), and 4 = Not relevant for us. Only answer 1 is shown in the figure.

Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2020; World Insurance Report 2020 Executive Interviews, 2020.

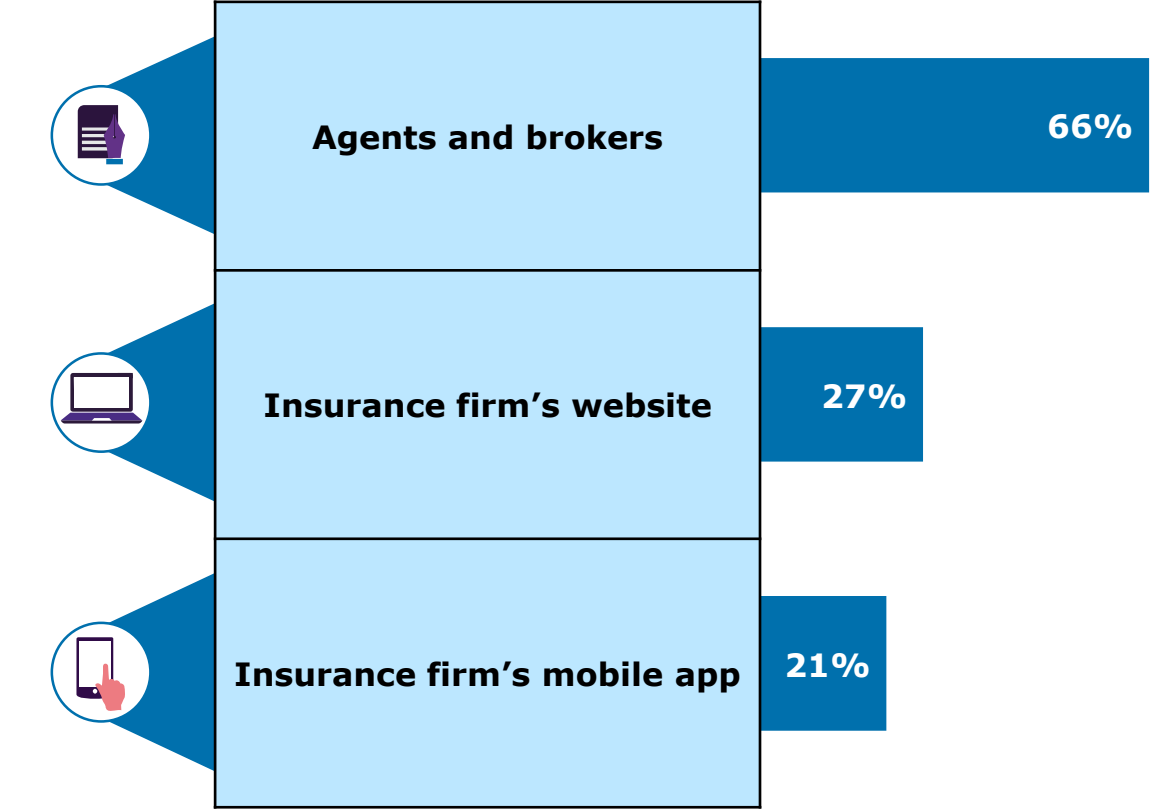
The right channel: Is your point of sale close to your customer?



Customers' preferred channels for purchasing an insurance policy (%), 2020



Insurers' view on the effectiveness of the channel for sales and distribution (%), 2020



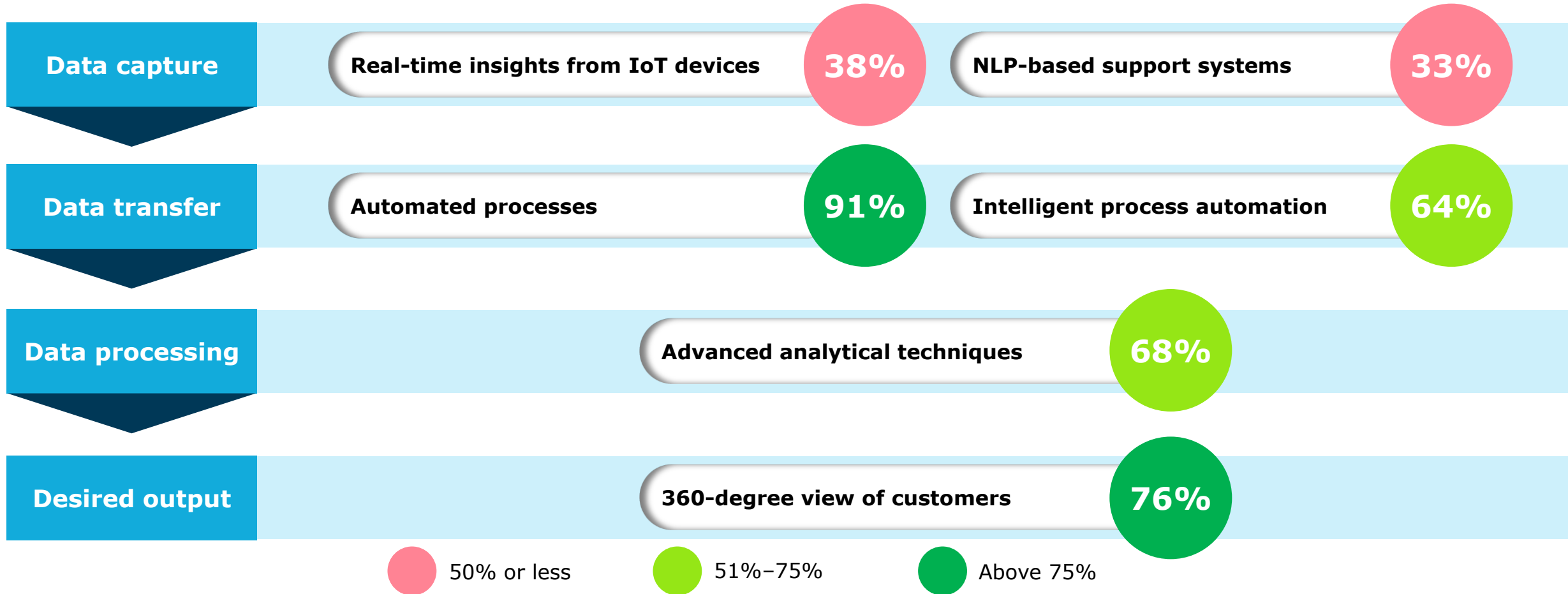
Website and mobile app: From information to purchasing! Are you ready?

Questions: 1. Indicate your preference for using the channels listed below for purchasing an insurance policy. Rate on a scale of 1 to 7, where 1 = Do not prefer, and 7 = Highly prefer. Responses above 4 are shown in the figure.
 2. In your experience, how effective are the following channels for Policy Distribution? Rate on a scale of 1 to 7, where 1 = Not effective at all, and 7 = Highly effective. Responses above 5 are shown in the figure.
 Sources: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2020; World Insurance Report 2020 Executive Interviews, 2020.

Data: The hardware is ready but the RIGHT data is missing



Insurers' implementation of tools/techniques for capturing customer preferences (%), 2020



Feed your systems with the right data

Question: Please indicate at which stage your organization is when it comes to using the following tools and techniques. Use a scale of 1 to 4, where 1 = In progress, 2 = Plan to implement in the short to medium term (3–5 years), 3 = Plan to implement over the long term (> 5 years), and 4 = No plans to implement. Only answer 1 is shown in the figure.

Sources: Capgemini Financial Services Analysis, 2020; World Insurance Report 2020 Executive Interviews, 2020.



Immediate call to action for insurers

The right product

- Immediate focus on usage-based insurance is critical.
- Create pipeline for offerings of tomorrow.

The right time

- Focus on customer journey analytics.
- Capturing the “right data” is critical for reaching customers at the right time.

The right channels

- A blend of digital connect and emotional connect is key for a better experience.

Key enablers for this journey

The right partnership

- InsurTechs – for technology expertise and innovative solutions
- Other businesses – to create an insurance marketplace of the future

Customers trust themselves now ...

Customers trust BigTechs now ...

It's time to act NOW



People matter, results count.



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