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WORLD INSURANCE REPORT 2020

There is a new trust equation in insurance.

Where do insurers fit in?

All customers are adopting the "millennial mindset"[1]

Smartphone usage[2]		Social Media usage[2]
93%	Millennials	86%
90%	Gen X	76%
70%	Baby Boomers	60%

Daily transactional online and mobile app usage for Gen X and older has doubled in 2 years from 30% (2018) to 64% (2020)

This extends to researching and purchasing products on their own

Social behaviors

Shopping preferences

Drive four types of customer profiles

Pioneer[3] **Inquisitive[4]** **Experimental[5]** **Follower[6]**

Today, consumers trust online research and social advice more than their insurance agent/broker

for researching insurance

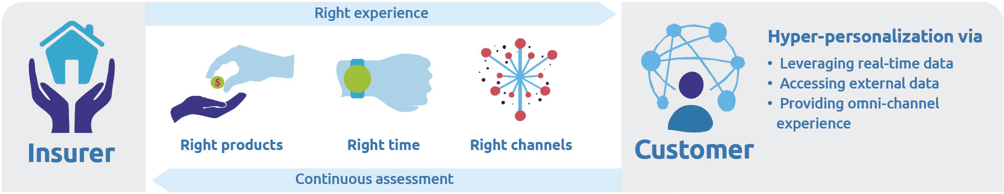
Pioneer		Follower
Pioneer 86%	trust online reviews	Follower 49%
Pioneer 71%	trust agent/broker	Follower 38%

Consumers are increasingly attracted to digitally-agile, data-driven BigTechs[7] and product manufacturers

More than 6 out of 10 Pioneers are ready to purchase insurance from BigTechs

Willingness to purchase insurance from BigTechs has doubled from 17% in 2016 to 36% in 2020

Insurers now need to connect with customers via hyper-personalized, experience-led engagement



Insurer

Right experience

Right products

Right time

Right channels

Continuous assessment

Customer

Hyper-personalization via

- Leveraging real-time data
- Accessing external data
- Providing omni-channel experience

Currently, insurers aren't fully meeting customer demands

Right Products

More than 50% of customers want hyper-personalized usage-based insurance, but **only half of insurers** offer it

Right Time

Only 25% of insurers say external data tracking is useful

Only 35% of insurers provide agents with digital tools for determining customer life events

Right Channels

All types of customers prefer insurer's website for purchasing policies but **less than 30% of insurers** think websites and mobile apps effectively drive sales

Seamless omnichannel engagement is essential

75% of customers willing to switch insurers if seamless policy servicing is not available across all channels

Transforming into Inventive Insurers[8] will enable insurers to provide hyper-personalized experiences

Most insurers are using new technologies to leverage data to understand customer needs…

76% have single view of customer

65% use advanced analytics

64% utilize AI and intelligent automation

…but they fail to provide hyper-personalization because they are still missing the "right data"…

only **38%** use real-time IoT and smart devices

only **33%** use natural language processing-based systems/chatbots

…while BigTechs have the "right data"

BigTechs mine real-time data through voice assistants, wearables, interactive chatbots and more to provide customers with a hyper-personalized experience

As customers become more digital and self-reliant, insurers can leverage data, new technologies, and adopt open platforms as they join open ecosystems and partner to improve customer experience.

Footnotes:

1- Millennial mindset – use digital channels, shop online and participate in the sharing economy

2- Source for Smartphone usage and social media usage: Pew Research Center, "Millennials stand out for their technology use, but older generations also embrace digital life," Emily A. Vogels, September 9, 2019, https://www.pewresearch.org/fact-tank/2019/09/09/us-generations-technology-use/

3- Pioneer – actively seek information through online reviews and consult with friends/family before purchasing a product. They welcome new insurance offerings and are willing to pay more for an excellent post-purchase support experience

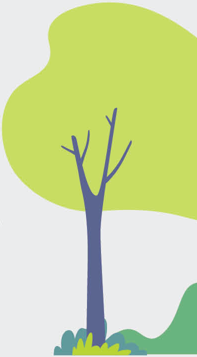
4- Inquisitive – are social media-savvy and seek online reviews, but are ready to try new products and extra services at a premium only if they perceive value

5- Experimental- not very active on social media or much interested in family/friend guidance but are ready to try new products

6- Follower – unlikely to access product/service information proactively, seek online reviews or family/friends' advice, or try new products and/or pay more for extra services

7- BigTechs are technology giants that dominate their respective sectors such as Amazon, Ant Financial, Apple, Facebook, Google, and Tencent

8- Inventive Insurer - adopt open platforms approaches to embrace customer centricity and a culture of innovation. The result will be to personalize customer engagement with a hybrid blend of digital and emotional connection



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