WORLD
INSURANCE
REPORT
2020

Contents

Preface

We have been exploring insurer-customer relationships, market dynamics, and business models for more than a decade. In 2020, the 13th year of the World Insurance Report, let's add global, cross-generational digital adoption – as well as the impact of pandemic – to the list of compelling reasons why established insurers must transform their modus operandi, now!

Digital adoption is no longer a function of age but has become mainstream across generations. As the digital divide crumbles, all age groups have begun adopting a millennial mindset, relying more on friends and digital channels than traditional information sources to learn and buy. And, as prolonged COVID-19 virus lockdowns force everyone to learn and more extensively use digital channels, adoption will accelerate further.

In our Insurance Report surveys, policyholders told us that internet research and various digital channels had empowered them to make independent decisions about insurance purchases. They also said that the convenience offered by digital touchpoints had convinced them to buy insurance from non-traditional firms such as BigTechs or product manufacturers (think auto insurance from Tesla).

After being virtually pampered by online retailers that personalize every aspect of the online shopping experience, today's policyholders want hyper-personalized coverage via the channels they use the most. Yet, to our surprise, half of the insurance executives interviewed said product fit was not necessarily critical to experience-led engagement, and fewer than 30% said they considered websites and mobile applications to be worthwhile sales drivers.

We analyzed customers' personality dimensions and purchasing behavior to classify insureds into four segments with clear-cut preferences based on their tendency to adopt different social media behavior and shopping practices quickly or to take a cautious, late-mover approach. Meaningful data mined from all policyholder touchpoints can help insurers to enhance products and services, and to create a hybrid digital and emotional connection for balanced and personalized engagement.

From escalating policyholder demands to competition from bold newcomers, from omnichannel ultimatums to the unknowns of a post-COVID-19 virus world, we understand that near-term challenges may appear daunting. Subsequently, now is not the time to work unilaterally.

Instead, draw upon your ecosystem partners. Leverage the brains and unique capabilities of knowledgeable and tech-prepared third-party specialists. Tear down internal silos. Become an inventive insurer that develops innovative solutions and takes them to market quickly.

The World Insurance Report 2019 said that superior customer experience had become table stakes, and product innovation and experience development were the new competitive battleground. In 2020, we urge you to take an evolutionary path that begins with an honest assessment of your firm's readiness to collaborate with ecosystem partners at scale. Reach out for tech-powered solutions to help close competency gaps – no matter how wide they may currently appear. Within today's sharing economy, you are not alone.

Anirban Bose
Financial Services Strategic Business Unit CEO
& Group Executive Board Member,
Capgemini

John Berry
Secretary General,
Efma

Executive summary

Almost everyone is digital

- Digital adoption is no longer a function of age but is now mainstream across generations.
  - Prolonged coronavirus lockdowns in 2020 are forcing universal learning and extensive use of digital channels for day-to-day transactions. Everyone is digital may soon become a global slogan

- Two overarching factors define customer behavior when it comes to buying insurance – social media behavior and shopping preferences.

- The new trust equation
  - Today's customers trust online research and social media testimonials from friends over broker/agent advice and feel prepared to make independent policy purchase decisions
  - Customers are increasingly willing to buy insurance from non-traditional firms such as BigTechs or product manufacturers (eg., Tesla)

Have it your way – hyper-personalized, experience-led engagement is critical

- To effectively engage with today's knowledge-empowered policyholders, insurers must prioritize:
  - **The right products** that suit evolving needs and preferences across the customer lifecycle
  - **Timely communication** when customers are likely to perceive insurance to be valuable; predict customers' life situations and offer coverage when they need it most
  - **The right channels** that customers prefer and access most

- Do insurers offer experience-led engagement based on what customers want?
  - Surprisingly, half of the insurance executives interviewed said product fit was not necessarily critical to experience-led engagement
  - Most firms lack adequate tools and techniques to help them understand and predict when to push appropriate products
  - Less than 30% of insurers consider online channels – website and mobile apps – to be effective sales drivers, while more than 60% said agent/broker channels sell policies

Super-charged, real-time data can fuel insurer lift off

- Real-time customer data is packed with valuable details to help insurers gain actionable insight into policyholder preferences that can propel engagement to the next level.

- Based on customer data, insurers can revisit their portfolios with a keen eye on products that accommodate customers' current needs and high demand for usage-based insurance.

- Meaningful data mined from all policyholder touchpoints can help firms map the customer journey to enhance offerings and promotional timing.

- A hybrid blend of digital and emotional connection offers a balanced approach to personalized engagement.

- Although today's challenges may appear daunting, incumbents are not alone. Now is the time for insurers to embrace the open ecosystem and to collaborate at scale with mature InsurTechs and third-party specialists to develop innovative solutions and enable quick market launches.

Almost everyone is digital

When you hear the term *social media*, what do you envision? Young people using smartphones to post selfies and share comments? Or 80-somethings dominating Instagram as senior influencers?

Around 70% of baby boomers in the United States used smartphones in 2019, and about 60% used social media. For Gen X and millennials, the numbers were 90% and 93% for smartphone use and 76% and 86% for social media, respectively.[1]

So, what does this mean? It means that digital adoption is no longer a function of age but has become mainstream across generations.
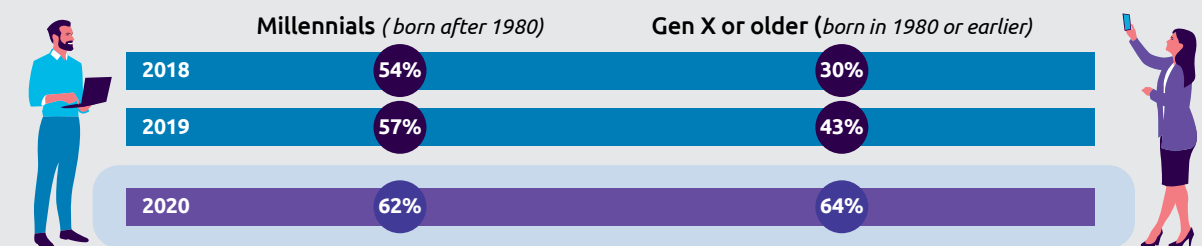
Responses to Capgemini customer surveys (as part of recent World Insurance Reports) illustrate this phenomenon. While it's not surprising that more and more millennials use digital channels as part of daily life, it is noteworthy that preceding generations have now caught up (Figure 1).

Gen X and previous generations have realized that digital channels are convenient and easy to operate – and have broadly embraced their use. The irresistible appeal of conveniently accessing services 24/7 eroded the generational digital divide and drove mobile apps and online channels mainstream for day-to-day engagement by just about everyone.

The crumbling of the digital divide and critical events in the past few decades that have shaped the socio-economic scenario of today are the key reasons why all age groups have begun to adopt a millennial mindset (personality dimensions including use of digital channels, online shopping, a penchant for the sharing economy). In short, the millennial mindset has transcended age.

Moreover, as prolonged COVID-19 virus lockdowns force people to learn about and extensively use digital channels for day-to-day transactions – irrespective of

Figure 1. Customers frequently doing transactions online or via mobile app (%), 2018–2020

	Millennials (*born after 1980*)	Gen X or older (*born in 1980 or earlier*)
2018	54%	30%
2019	57%	43%
2020	62%	64%

Note: We analyzed customers' use of websites/mobile apps to purchase electronics, clothes, food/groceries, or travel-related or entertainment services, or to pay bills, transfer money, or make investments.

Source: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2018, 2019, 2020.

> *The needs and preferences of customers today are shaped by the tough challenges they have faced — the global financial crisis, high education costs, the burst of the housing bubble, and recession."*
>
> **— Souheil Badran**
> *COO, Northwestern Mutual*

> *Millennial needs and preferences are not unique. Today, customers across all age groups expect a digital experience from insurance firms."*
>
> **— Greg Tacchetti**
> *Chief Information and Strategy Officer, State Automobile Insurance Co.*

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[1] 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/.

> *We believe special needs and preferences attributed to millennials also apply to a broader range of customers."*
>
> **— Albert Spijkman**
> *CEO, Centraal Beheer*

age or tech-savviness – the digital divide will narrow even further. *Everyone is digital* may soon become a global slogan.

If age and tech-savviness are no longer consumer differentiators, will the customer preference curve be flattened? Not likely. While online reviews and ratings influence around 60% of purchase decisions, about 40% of shoppers still seek input from traditional sources such as sales staff, agents, and brokers. Around 40% of customers are willing to pay more for a firm's brand name, but approximately 60% prefer value-for-money and will buy from a lesser-known brand.

And that's why it is essential for insurers to determine policyholders' distinguishing characteristics, beyond tech-savviness, to segment accordingly, and to more fully understand the dynamics of the customer base.

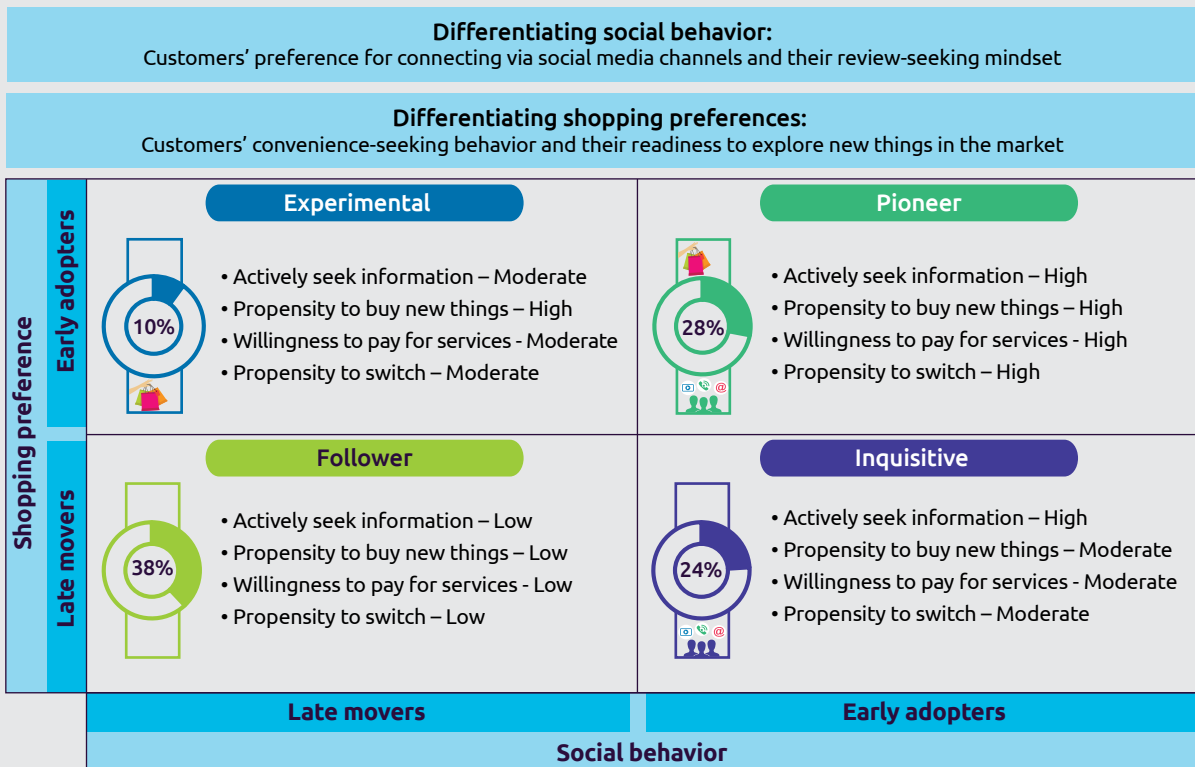# What's age got to do with it?

Online activity, shopping preferences indicate insured behavior

We analyzed customers' personality dimensions and purchasing behavior and identified two overarching parameters that shape insurance-buying actions.

- **Social media behavior:** Policyholders connect online with friends, family, and colleagues for advice and recommendations.
- **Shopping preferences:** Customers seek convenience, and to get it, they remain vigilantly on the lookout for new market offerings and options.

Next, we classified customers into four segments with clear-cut preferences based on their proclivity to adopt a differentiating social- or shopping behavior early or to take a cautious late-mover approach (Figure 2).

Figure 2. Customer segments based on their distinct 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

Experimental — 10%
- Actively seek information – Moderate
- Propensity to buy new things – High
- Willingness to pay for services - Moderate
- Propensity to switch – Moderate

Pioneer — 28%
- Actively seek information – High
- Propensity to buy new things – High
- Willingness to pay for services - High
- Propensity to switch – High

Late movers

Follower — 38%
- Actively seek information – Low
- Propensity to buy new things – Low
- Willingness to pay for services - Low
- Propensity to switch – Low

Inquisitive — 24%
- 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

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

Above all others, those in the Pioneer segment are enthusiastic early adopters of differentiating social and shopping behavior. Pioneers actively seek information – they research online product reviews and consult friends, family, and colleagues – before making a purchase decision. They are open to trying new insurance offerings. They value service quality and are willing to pay more for an excellent post-purchase support experience.

However, more than 85% of Pioneers say they would drop an insurer that did not offer convenient connectivity and a personalized and consistent cross-channel experience.

At the other end of the spectrum, those in the Follower segment are more cautious and wait, watch, and follow the direction of the market. Followers (38%) made up the largest segment among our survey respondents. These insureds are not very likely to access product/service information proactively, and less than 40% seek either online reviews or advice from their friends, family, or colleagues before making a purchase decision. Followers like a good deal, and, more than other customer segments, they prioritize price.

Followers are less willing to try new products or pay extra for additional services. However, these customers make a loyal policyholder base because they are less likely to switch their insurer if they believe they are getting value for their investment.

Inquisitive customers are social media savvy and have a review-seeking mindset, but they are not likely to try new offerings. Moreover, they prefer value over convenience. Their quest for information helps members of this segment understand more about products and services, and they may end up trying new products (32%) and additional services at a premium (36%) if they perceive value.

Customers within the Experimental segment, on the other hand, are not particularly active on social media

and are only mildly interested in guidance from family, friends, or online reviews before making a purchase decision. While these customers lack information, they are not afraid to experiment and try new products. Members of this customer segment also are somewhat willing to pay for additional services (47%).

Our analysis makes two points clear:

- The availability of information can have a profound impact on purchase decisions (across all customer segments).
- The number of customers influenced by online reviews and guidance is growing dramatically (across all customer segments).

Therefore, the information channels customers use to guide their policy purchase decisions are chock full of critical indicators. Do customers still prefer traditional agent/broker channels to gather information? Or, because nearly everyone is tech-savvy these days, do they only access digital channels? Or do they prefer a hybrid approach that includes traditional support and touch-enabled technology? Thoughtful consideration of these questions will help insurers to engage policyholders more meaningfully.

The new trust equation

Before the internet was ubiquitous, anytime, anywhere, data, statistics, and commentary were inconceivable. Insurance agents and brokers were the primary information source for most policyholders. Agents owned their relationships and knew success relied on first-hand knowledge of a customer's habits, family, income, and life-event needs. Hand-signed birthday and holiday cards were elements of doing business. As a result, effective agents and brokers earned policyholders' unwavering trust. Moreover, customers sought the most seasoned institutions to entrust with their financial services-related decisions.

Fast forward to 2020: Social media behavior and research-backed shopping have upended the homespun traditional trust equation.

Online research and social media testimonials have empowered customers to trust themselves to make policy decisions without agent/broker input

Today's informed consumers examine insurance products via multiple channels and often opt to buy policies without direct input from a firm. For insurance research and comparison, all customer segments preferred methods that empowered them to review relevant information autonomously (Figure 3).

When it came to policy purchases, branch/agent/broker channels retained their importance in the overall scheme of things. However, for most customer segments, channels such as mobile apps and aggregator websites that allow customers to buy a policy personally either exceeded or matched the importance of a branch/agent/broker. Surprisingly, a higher percentage of customers also prefer to access the company's website for research as well as policy purchase.

Figure 3. Customers' preferred mode for insurance research and policy purchase, by segment (%), 2020

Customers' preferred modes for researching an insurance policy	Pioneer	Follower
Inputs from agents and brokers	71%	38%
Review from friends, family, and colleagues	86%	49%
Online reviews and ratings	83%	41%
Insurance firm's website	78%	42%
Customers' preferred modes for purchasing an insurance policy		
Agents and brokers	72%	37%
Insurance firm's website	79%	38%
Insurance firm's mobile app	76%	23%
Aggregator websites that distribute insurance	68%	32%

Question to customers: Indicate your preference for using the following channels for understanding/researching 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.

Source: Capgemini Financial Services Analysis, 2020; Capgemini Voice of the Customer Survey, 2020.
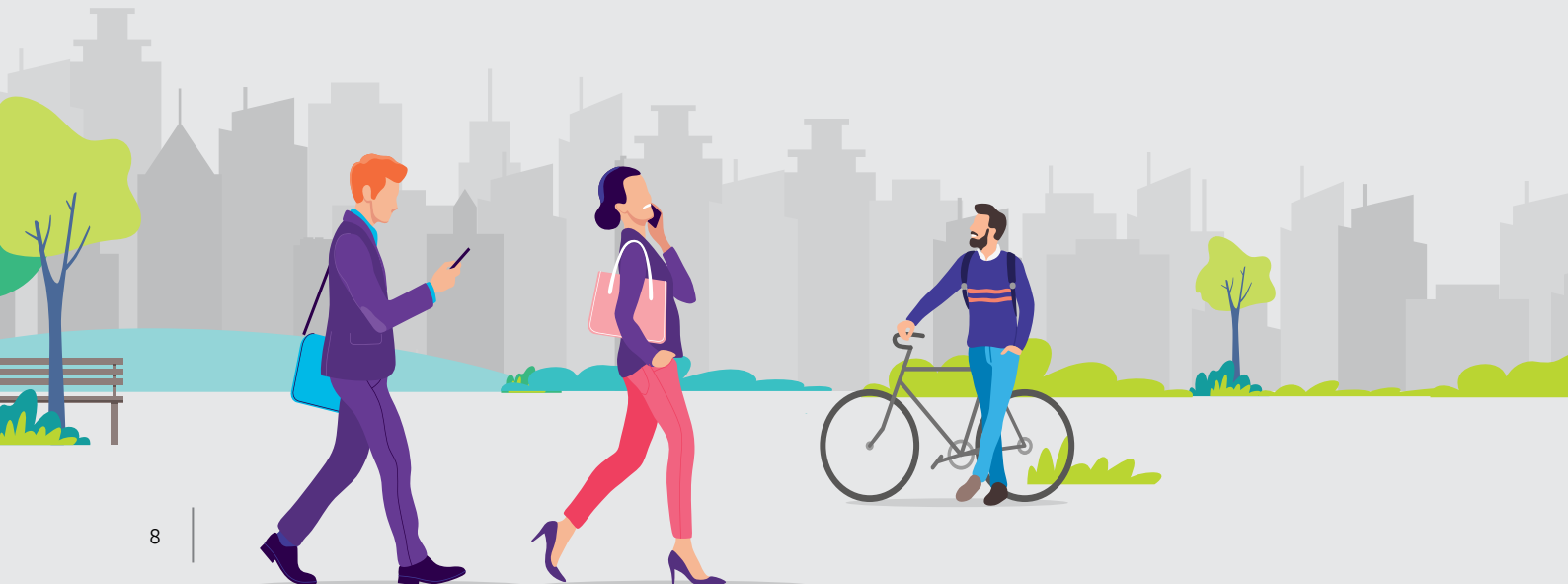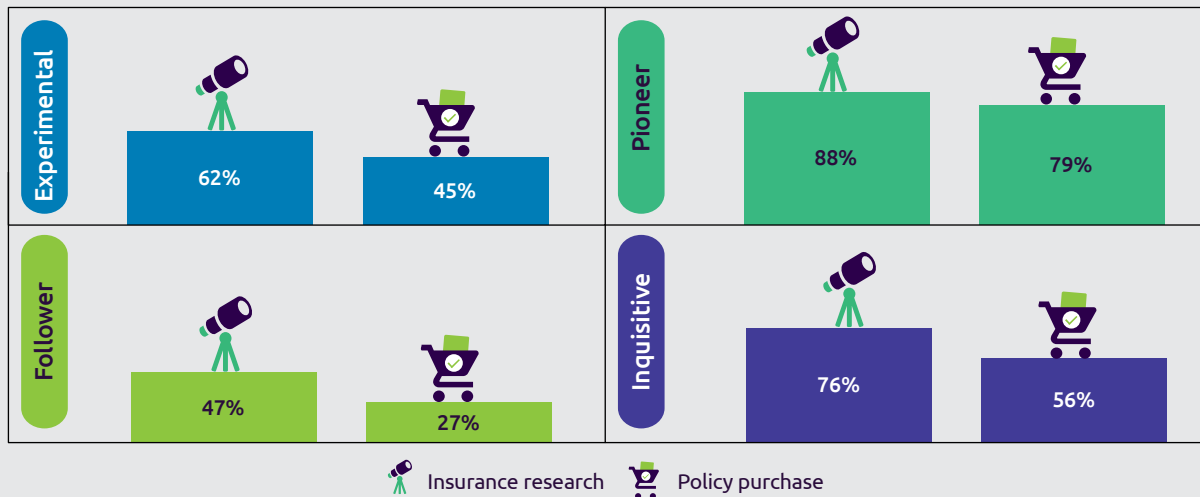
Figure 4. Customers preferring three or more channels for insurance research and purchase, by segment (%), 2020

Channels: For insurance research: Policy comparison websites/aggregators; mobile app; interactive games based on insurance; company website; online reviews and ratings; review from friends, colleagues, and family; and inputs from branch/agent/broker.
For policy purchase: Aggregator websites; company website; mobile app; partner websites; banks offering insurance products; branch/agent/broker.

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

Gone are the days when agents were the primary or exclusive source of information, and insurance was *sold* to customers. Today, customers *buy* specific policies in the manner they prefer. Customers across age and demographic groups rely on a variety of channels to research custom-fit insurance and to purchase policies (Figure 4).

What's more, the trend affects all geographies – from mature European and North American markets to developing Asia-Pacific and Latin American regions.

A high preference for omnichannel communication (including traditional and digital channels) illustrates that customers continue to value emotional connection.

Sharing the love: Trust in non-traditional insurers is growing exponentially

Purchasing attitudes are changing. In the past, trust was the paramount indicator, and customers accepted slight inconveniences from the firms in which they had faith. A little wait seemed to be worth it! Today, policyholders demand superior experience in terms of ease of purchase and convenience. When non-traditional firms such as digitally agile BigTechs or product manufacturers offer top-notch customer experience (CX), consumers are often eager to take a chance (Figure 5).

Figure 5. Customer willingness to purchase insurance from non-traditional firms, by segment (%), 2020

Non-traditional firms	Pioneer	Follower
BigTechs (such as Amazon, Tencent)	68%	13%
Product manufacturers (such as Tesla)	62%	12%

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.

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

Policyholders may perceive that product manufacturers are prioritizing their needs by following a human-centric design approach.

Since 2018, The World Insurance Report series has examined how global BigTechs such as Amazon, Apple, and Google have been staking a claim within the insurance space.[2] What's more, Chinese BigTechs Tencent and Alibaba also are making insurance waves by attracting a massive customer base.

Tencent launched insurance platform **WeSure** in November 2017, and by the end of 2019, it had insured more than 25 million customers.[3] **Xiang Hu Bao**, an online mutual-aid platform owned by Ant Financial, attracted 100 million users within a year of its October 2018 launch; insurers on Alipay's platform increased health policy revenues by 60%. [4]

The entry of product manufacturers, such as Tesla, into insurance, may mark a critical juncture for the industry. Product manufacturers have a keen understanding of their products and their customers – details an insurer might not have. What's more, product manufacturers collect real-time customer data using IoT devices or mobile apps. Leveraging this asymmetric information, product manufacturers could aggressively price insurance offerings and put incumbents at a severe disadvantage.

> *In my opinion, customers who frequently interact with BigTech firms have a higher propensity to purchase insurance from them. The days when customers inherited an insurer from their parents are long gone."*
>
> **— Ylva Wessén**
> *President and CEO, Folksam*

Customer appetite for BigTech insurance is becoming ravenous. While only 19% of our World Insurance Report 2016 survey respondents said they would consider purchasing insurance from a BigTech, the 2020 number has nearly doubled (Figure 6).

So, now what? Incumbent insurers' long-standing hold on customer trust can no longer be assumed. Alarm bells are sounding. Insurers seeking to retain or jump-start customer stickiness, loyalty, and confidence must shift their experience-led engagement efforts into high gear.

Figure 6. Customers willingness to purchase insurance from BigTech firms is rising fast
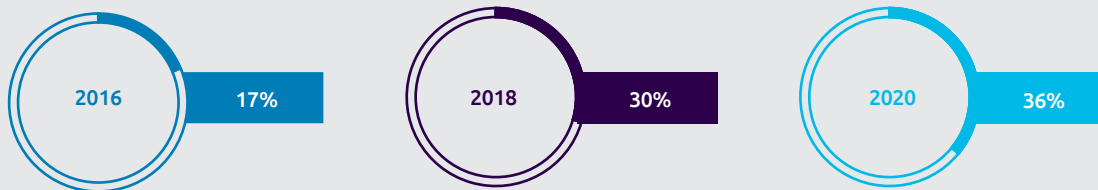
2016 — 17% 2018 — 30% 2020 — 36%

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

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[2] Capgemini | Efma, World Insurance Report 2018, May 13, 2019, https://worldinsurancereport.com.

[3] PR Newswire, "Tencent's insurance platform WeSure celebrates its 2nd anniversary; 55 million users within WeChat ecosystem," December 12, 2019, https://www.prnewswire.com/news-releases/tencents-insurance-platform-wesure-celebrates-its-2nd-anniversary-55-million-users-within-wechat-ecosystem-300973842.html.

[4] South China Morning Post, "Ant Financial's mutual-aid platform Xiang Hu Bao attracts 100 million users, boosts insurers' sales by 60 per cent in first year," Georgina Lee, November 27, 2019, https://www.scmp.com/business/companies/article/3039554/ant-financials-mutual-aid-platform-xiang-hu-bao-attracts-100.

High-profile auto manufacturer makes presence known among insurers

California-based Tesla Motors launched an insurance offering in August 2019,[5] for now, only available for Tesla vehicles in some US states. The company leverages the advanced technology, safety, and serviceability of its electric cars to provide personalized pricing that traditional insurers simply cannot offer.

Tesla accesses its extensive real-time vehicle data as well as information about driver behavior (including camera recordings and sensor readings) to develop highly personalized, value-added services for the future. It can estimate the risk of accidents and repair costs accurately. Tesla's strategy to insure its own vehicles is a strong differentiator to its clientele. It reinforces the feeling of belonging to a unique community and, thus, exponentially increases customer retention.

While traditional insurers would charge a relatively high premium for Tesla cars because they don't have much historical information about electric vehicle repair costs, Tesla knows it all! By vertically integrating insurance into its offering, Tesla brings down its products' price of ownership.[6]

[5] Tesla, "Introducing Tesla Insurance," August 28, 2019, https://www.tesla.com/blog/introducing-tesla-insurance.

[6] The Conversation, "Why is Tesla selling I nsurance and what does it mean for drivers?" Alex Zarifis, January 31, 2020, http://theconversation.com/why-is-tesla-selling-insurance-and-what-does-it-mean-for-drivers-130910.

Have it your way

Customers want personalized engagement; make that hyper-personalized engagement

As customer behavior and attitudes evolve, traditional engagement approaches are falling flat. And not unlike the finicky burger lovers that TV's vintage fast-food commercials used to target, contemporary policyholders want to hear their insurers say, *have it your way.*

Personalized, experience-led, and convenient engagement is capturing the attention of information-overloaded insurance shoppers as well as those who may need information but turn a blind eye to *same-old/ same-old* product-centric communication (Figure 7).

A successful experience-led engagement strategy offers:

- **Products** that suit evolving customer needs and preferences across the lifecycle
- Outreach to customers during the **times** they are likely to perceive insurance coverage to be the most valuable
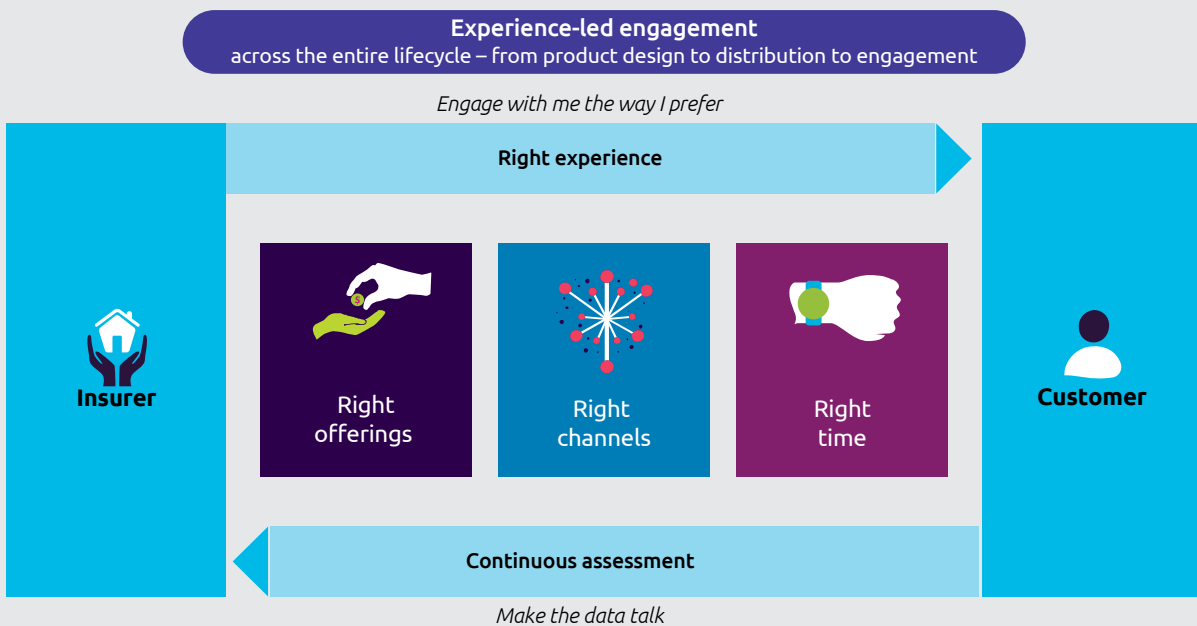
> *Customers today demand a hyper-personalized offering through unique consumer experience. In simple terms, they demand it 'right here right now' while valuing the corporate purpose and contribution to a greater good. Assertively addressing this new demand is not only imperative but also a demonstration of corporate intelligence."*
>
> **— António Bico**
> *CEO, Zurich Portugal*

- Interaction via the **channels** that customers prefer and access the most

Keep in mind also that customer preferences are evolving more quickly than ever. Therefore, continuous assessment – through substantial, real-time data management – should be baked into any customer engagement strategy so initiatives may be modified on the fly as needs and preferences evolve.

Figure 7. Experience-led engagement model

Experience-led engagement
across the entire lifecycle – from product design to distribution to engagement

Engage with me the way I prefer

Right experience

Insurer | Right offerings | Right channels | Right time | Customer

Continuous assessment

Make the data talk

Source: Capgemini Financial Services Analysis, 2020.

Are insurers delivering what policyholders want?

Surprisingly, half of the insurance executives we interviewed said product fit was *not* necessarily critical to experience-led engagement.

The right products

Results from Capgemini's 2020 Voice of the Customer Survey decidedly indicate that traditional products promoted through digital channels will *not* serve up experience-led engagement. Customers are hungry for new, innovative, and more personalized offerings to cater to their needs du jour.

Meanwhile, our 2019 World Insurance Report found a significant percentage of customers to say they felt a coverage gap in their current insurance policies. Yet, only around 50% of P&C personal-line insurers and less than 40% of life and health insurers reported a developmental pipeline of new products that would offer more comprehensive coverage.

This year, we found that demand for usage-based insurance had skyrocketed, and now more than 50% of customers request it. Additionally, its adoption potential is high because customers across all four segments (Pioneer, Follower, Inquisitive, and Experimental) say they prefer it.

> " *Insurance product portfolios must align with today's new requirements such as coverage for individuals riding in a vehicle (that of a friend, his or her own, or car-sharing) or coverage for a remote-visit medical exam."*
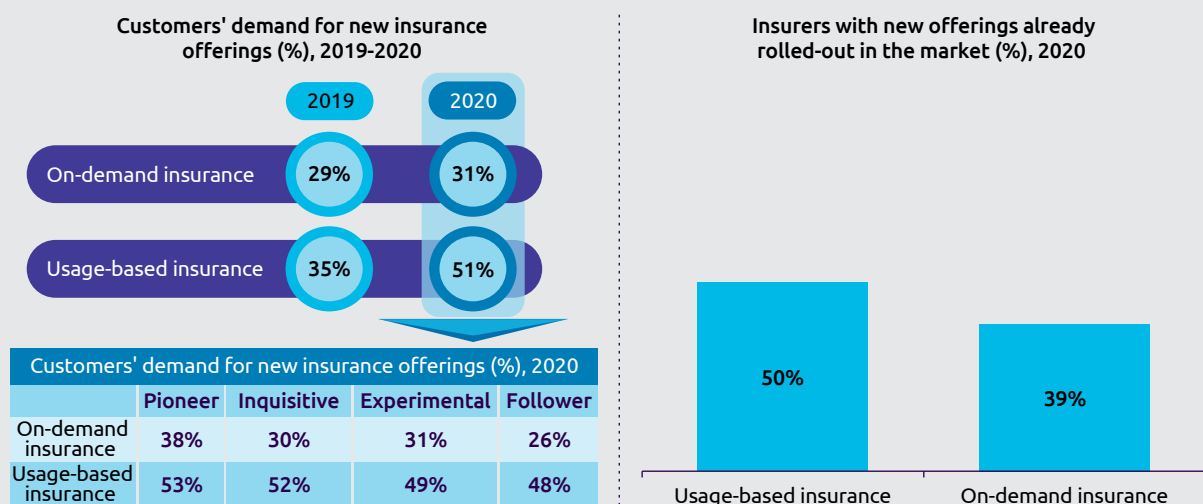>
> **— Andrea Veltri**
> *Deputy CEO - Digital Transformation, Cardif Italia S.p.A.*

Survey respondents across segments like usage-based insurance because it is the best expression of a hyper-personalized approach, which also offers a sense of value for money.

However, only half of the insurers we interviewed said they had rolled out usage-based insurance options (Figure 8).

Insurers must evolve quickly from one-size-fits-all products to offering experiences that align with policyholders' specific and individual preferences. For example, discounts to customers who maintain healthy behavior are now a popular CX improvement tactic across segments.

Figure 8. Usage-based insurance is now mainstream

Customers' demand for new insurance offerings (%), 2019-2020

	2019	2020
On-demand insurance	29%	31%
Usage-based insurance	35%	51%

Customers' demand for 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

Usage-based insurance	On-demand insurance
50%	39%

Question to customers: Of the following offerings, which would influence you to purchase a policy from an insurance firm? Select all that apply.

Question to insurers: 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.

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

"Underwriting risk for small-to-medium enterprises (SMEs) with industrial, relatively risky activities and low fixed capital is an insurance challenge. Case-by-case examination by an underwriter is not cost-effective, and delegating risk evaluation to the sales team can impact the loss ratio. To mitigate the problem, Allianz Portugal now offers SMEs innovative segmented product packages in which pre-evaluated risk classes are based on global claims history. The new product gives Allianz a competitive edge within a high number/ low-medium premium segment. As a result, Allianz Portugal's sales increased, and operational efficiency improved." [7]

The right time

Traditionally, most customers would purchase insurance because the law required it, or to realize tax benefits, or because agents/brokers/firms convinced them that coverage was prudent. However, with information at everyone's fingertips these days, many insurance shoppers have a review-seeking mentality that is influencing the timing paradigm.

More than 70% of customers surveyed suggested that they understand the need to insure their life and possessions. For members of the Pioneer segment, the number jumped to 85%.

However, customers don't usually wake up one morning and decide to buy an insurance policy. Instead, these scenarios are likely to influence a purchase.

Is Generation Y unique while facing the risk? Perhaps not quite. When millennials' parents and grandparents were aged 25 to 40, their behavior towards risk was not very different from that of today's Gen Y. They changed gradually as they experienced life events like a new job, marriage, or the birth of a child. So, it could be anticipated that millennials' will also change along their life cycle."

— Ângelo Guerra Vilela
Country Head of Digital, Grupo Ageas Portugal

- When they assess their finances and consider the personal and monetary losses that would be caused by the theft or damage of existing possessions

- When they purchase a high-value item that could potentially be stolen or damaged

- During a significant life event that makes the customer more sensitive to risk

- During a catastrophe or global health crisis such as the COVID-19 virus pandemic.

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[7] Source: Capgemini Financial Services Analysis, 2020, World Insurance Report 2020, Executive Interviews, 2020

> *It is essential to offer insurance when a customer makes a major high-value purchase. Buying coverage should seamlessly blend into the process of purchasing the item for superior customer experience."*
>
> **— José Manuel Inchausti**
> *CEO, MAPFRE ESPAÑA*

There is no doubt that insurers that reach out to customers at critical moments earn their loyalty. However, most firms lack adequate tools and techniques to help them understand and predict when to push appropriate products.

Only about 35% of insurance executives said they empower their agents with digital tools that offer a heads up about policyholder life events (Figure 9).

Around half of insurers said the most impactful promotions were those timed at a policyholder's life stage – marriage, a new child, home purchase, etc. However, capturing information the policyholder doesn't provide, but the firm can access via external sources, can enable a better understanding of

customers' critical life events. Insurers that do not leverage external data limit their ability to act at the right time.
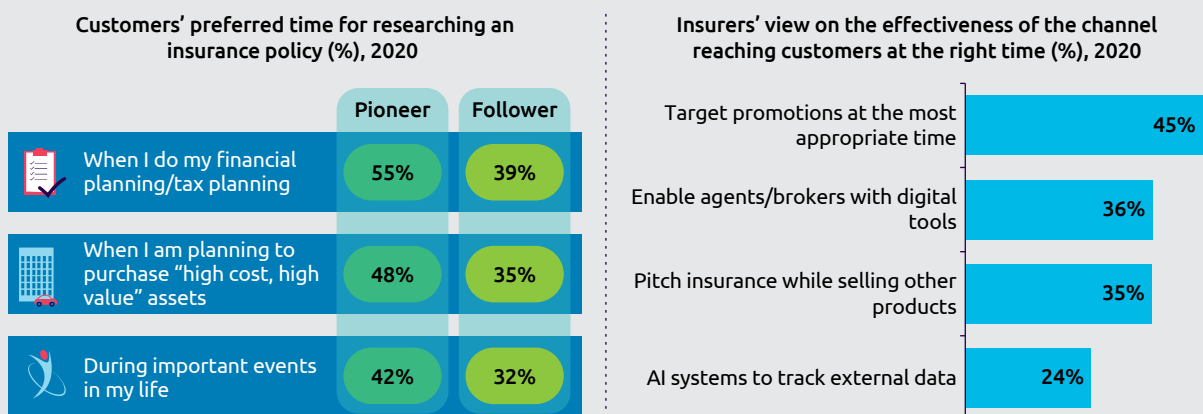
Remarkably, only about 25% of insurers said external data tracking is useful. If airlines and aggregator websites (MakeMyTrip) analyze travelers' journeys via data management tools to gain insight into customer travel plans, why can't insurers conduct similar analysis? Airlines and aggregators make educated predictions about the needs of current and prospective customers and offer personalized and real-time value propositions, such as promotions and discounts through a range of channels.

Insurers can take their cue from these best practices and capture policyholder data from a variety of sources – within the realm of data privacy regulations. For instance, membership in an integrated open API ecosystem can help insurers to obtain customer viewpoints, preferences, and recent purchases. Only the right data can accurately signal the right time to reach out to customers.

The right channel

New-age customer behavior – socially connected, review seeking, willing to explore new things, and convenience focused – significantly influences their channel preferences.

Figure 9. Reaching customers at the right time

Customers' preferred time for researching an insurance policy (%), 2020

	Pioneer	Follower
When I do my financial planning/tax planning	55%	39%
When I am planning to purchase "high cost, high value" assets	48%	35%
During important events in my life	42%	32%

Insurers' view on the effectiveness of the channel reaching customers at the right time (%), 2020

Target promotions at the most appropriate time	45%
Enable agents/brokers with digital tools	36%
Pitch insurance while selling other products	35%
AI systems to track external data	24%

Question to customers: When do you prefer researching the details related to your insurance needs? Select all that apply.

Question to insurers: What techniques do you use to reach out to customers at an appropriate/advantageous time? If you already leverage/invest in a technique, how effective is it? 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.

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

> "In addition to their preferences for digital and self-service options, customers today are open to personalized advice from specialists via bricks (a broker at his office) or clicks (a video chat with an insurance representative). We call it, 'digital by default when possible, and human when needed."
>
> **— Alain Theys**
> *CIO, Allianz Benelux*

With another nod to travel services, informed consumers often visit travel aggregator sites/apps (TripAdvisor) or hotel websites to collect information about the quality of a hotel or sightseeing destinations before finalizing a booking.

Similarly, more and more customers are taking advantage of insurance policy comparison websites, firm websites, and other channels to gather information before making an insurance purchase decision. (Figure 10).

Customers who seek first-hand, valid information prefer company websites and mobile apps over other sources of online information. Despite the

popularity of digital channels, agents/brokers remain essential information resources. However, they must be equipped with the right real-time data to further sharpen their customer knowledge.

Less than 30% of insurers said they believe their websites are useful for sharing policy information with customers. And, only 37% said comparison websites help educate customers about insurance and policy details. Both of these responses signal a gap in insurers' understanding of their customers, and a failure to realize the power of online platforms for sharing information.

Although agent/broker channels have been around for a long time, only 50% of insurance executives said they are practical for providing personalized advice to customers. Why? Traditional channels have not kept pace with innovation. Numerous opportunities exist for insurers to empower agents and brokers with digital tools that can help them to offer customers better advice and more up-to-date information.

Considering that customers value online channels when seeking coverage, insurers should beef up investments in online channels to enable digital straight-through processing and reach to a stage where customers can get their work done in a single click of button.

When it comes to policy sales and distribution, all customers say insurers' websites and mobile apps (and

Figure 10. Channels for educating customers
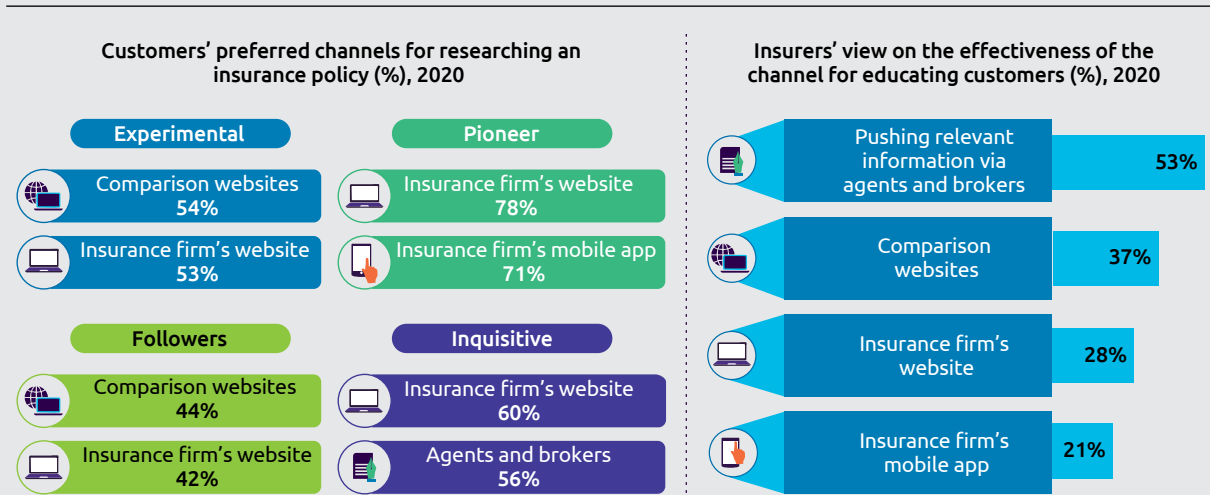
Question to customers: Indicate your preference for using the following channels for understanding insurance/researching an insurance policy. Rate on a scale of 1 to 7, where 1 = Do not prefer, and 7 = Highly prefer. Responses above 4 are shown in the figure.

Question to insurers: In your experience, how effective are the following channels to educate customers about the need for insurance and making aware of your policy details? 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.

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

Innovative leak-detection solution changes the claim assessment paradigm

Company overview: Ageas Portugal Group launched Ageas Repara in late 2019 to offer individual and commercial policyholders leak detection, water damage claim's assessment, and repair solutions.

Business challenge: Up until now, the firm assessed water damage through assumptions or conclusions supported by visual observation and the expertise of evaluators – with little customer interaction. Finding the source of leaks could be invasive, destructive, and messy. Policyholders voiced dissatisfaction with claims file handling and decision making. The insurer sought to improve customer experience through a holistic approach – prevent, prepare, protect, and assist.

Solution: Non-intrusive leak detection executed by specialists and supported by a service methodology and high-tech equipment to assure the discovery of the leak spot and to limit the repair intervention area. On site, during the inspection, the technician demonstrates and explains the findings to the customer. And if the policy covers repairs, Ageas Repara works with the customer through restoration.

Implementation: Ageas Repara development began in the summer of 2019, and launched in Portugal within three months. Working within what it calls startup mode, the firm is a flat organization with nine employees (of whom five are technical staff) and one manager who handles all functions in house. Equipment includes a thermography camera, moist meter, electric acoustic gauge, a detector to track pipes, video inspection sewer cameras, endoscopy camera, smoke generator, gas sniffer, and various gas mixtures.

Results: It is too early to determine an exact cost impact in claims. However, some KPIs indicate claim acceptance efficiency and a decrease in repair costs of about US$309 per claim. The average time for claim service and report delivery shrank to five days from the standard 10-day timeframe. Customer experience tracked after each site visit is significantly up measurably from similar results a year prior.

Source: Capgemini Financial Services Analysis, 2020, World Insurance Report 2020 Executive Interviews, 2020
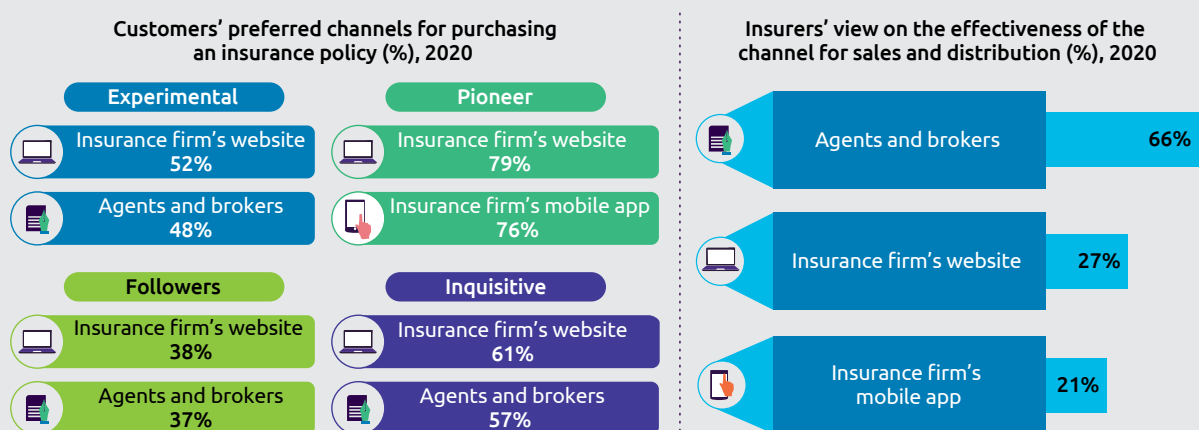
agents/brokers for three customer segments) are their preferred means of purchasing a policy (Figure 11).

While insurance executives trust agents and brokers to drive sales effectively, they are yet to ramp up their website and mobile channels to enable direct sales.

Less than 30% of insurers say that online channels – website and mobile apps – drive sales effectively. Customer preferences were mixed when it came to policy service channels – a balance of digital and traditional channels. Pioneers prefer to connect

Figure 11. Channels for policy sales and distribution

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

Experimental
- Insurance firm's website 52%
- Agents and brokers 48%

Pioneer
- Insurance firm's website 79%
- Insurance firm's mobile app 76%

Followers
- Insurance firm's website 38%
- Agents and brokers 37%

Inquisitive
- Insurance firm's website 61%
- Agents and brokers 57%

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

- Agents and brokers 66%
- Insurance firm's website 27%
- Insurance firm's mobile app 21%

Question to customers: 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.

Question to insurers: 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.

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

digitally with their insurers for policy service, while Followers favor call centers or agents/brokers (Figure 12).

Not surprisingly, insurers are confident in traditional channels because they realize that engagement through call centers and agents/brokers is a must for post-purchase support. However, they struggle to make websites and mobile apps more useful for service-related interactions.

Seamless omnichannel delivery is essential because as many as 75% of surveyed customers say they would switch if seamless policy servicing options were not available across all channels.

However, maintaining a consistent digital connection with policyholders has been problematic. Throughout the customer lifecycle, from policy research to post-purchase support, insurers are not able to establish reliable omnichannel communication. Firms also lag behind when it comes to optimizing support from agents and brokers.

The good news is that insurers appreciate the criticality of omnichannel communication, and around 70% say they are willing to invest more in traditional channels (call center, branch/agent/broker) and 80% say they are prepared to invest in digital channels (website, mobile app, social media).

However, when it came to policy-comparison websites, only around 45% of our respondents said they were willing to invest. In the information era, not investing in policy-comparison websites may be shortsighted

> *A debate going on for years is around which channels will eventually disappear, such as independent agents. The fact is, no channel will ever disappear. All will continue to be relevant, and customers will opt for various channels based on their personal tastes or needs. This is why insurers must support all channels without prejudice, which includes providing a consistent experience across channels and enabling clients to change channels without having to start over."*
>
> **— Tom King**
> *Industry Go To Market Director, Salesforce*

because most customers say they want to compare before making a policy purchase. Therefore, a presence on comparison websites is critical.

Although insurers realize the importance of an omnichannel experience, they must also ensure consistency of information quality and messaging within whichever channel customers use for research or post-purchase support. No matter where an insurance policy is purchased, the experience should be seamless.

Figure 12. Channels for policy servicing

Customers' preferred channels for post-purchase support (%), 2020

Experimental
- Insurance firm's call center 55%
- Insurance firm's website 54%

Pioneer
- Insurance firm's website 82%
- Insurance firm's mobile app 80%

Followers
- Agents and brokers 44%
- Insurance firm's call center 43%

Inquisitive
- Insurance firm's call center 65%
- Insurance firm's website 62%

Insurers' view on the effectiveness of the channel for policy servicing (%), 2020

- Insurance firm's call center — 67%
- Agents and brokers — 56%
- Insurance firm's mobile app — 42%
- Insurance firm's website (chat options) — 41%

Question to customers: Indicate your preference for using the channels listed below for interacting with the insurance firm for resolving issues, updating information, or filing claims. 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.

Question to insurers: In your experience, how effective are following channels for policy servicing? 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.

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

German mutual insurance company leverages the cloud to improve CX across channels

Company overview: HUK-Coburg is one of Germany's ten largest insurers, serving more than 11 million policyholders with a combined team of about 10,000 employees. The firm is also Germany's largest insurer of public sector workers (3.5 million) and motor vehicle insurer, providing coverage for more than 10 million vehicles.

Business challenge: The company sought to unify its content management systems (disparate web presence with more than 3000 pages) and offer customers cross-channel communication. The insurer also needed a faster way to create and publish forms, particularly in Q-4, when it receives around four million requests for auto policy quotes. The reduction of manual labor and process animation were also among the project's goals.

Solution/implementation: HUK-COBURG partnered with Adobe and selected the software provider's web content management system to manage its numerous corporate websites, cross-device digital enrollment processes, and corporate blog. The solution enabled complex approval workflows to be triggered automatically as soon as a new page, campaign, or landing page is to be published, which streamlined the process. A forms management tool enabled users to build and publish form pages with drag-and-drop simplicity and in real-time.

Results/benefits: The new solutions and processes enabled efficient management of all online assets - processes were faster, and errors reduced. Internal web service interfaces were seamlessly integrated with HUK-Coburg back-end systems so that new forms could be created within a few minutes. The release cycle went from two weeks to two minutes. The insurer said the enhanced solutions and its new cohesive web presence supports its customer-centricity goals. The firm expects to gain even more traction with policyholders and prospects because as many as 50% of German consumers already turn to the internet for researching insurance products.

Source: Capgemini Financial Services Analysis, 2020, World Insurance Report 2020 Executive Interviews, 2020

Engaging customers during a major global crisis

As with most businesses, insurers are facing significant challenges related to the COVID-19 virus. Enterprises everywhere are struggling to maintain business continuity while working to ensure employee safety. And nervous policyholders are looking to their insurers for active and confident engagement that will eventually be critical for their long-term retention.

The first impact of the crisis has been a surge in online research about policies, requests for details about coverage, and extensively about claims submissions, related to canceled travels. In the absence (or limited functionality) of traditional channels (agents/call centers/etc.), digital channels have practically become THE ONLY go-to modes of interaction.

Preparedness checklist:

- Do life and health insurers have coverage details for the COVID-19 virus posted on their social media channels, their website?
- Do insurers – including P&C – have fully digital claims solutions?
- Are preconfigured chatbots ready to augment call centers inundated with general inquiries and claims across multiple different lines?
- Can insurers handle the surge in online claim submissions on time and in a customer-friendly/focused way?

Successful customer engagement throughout this unfolding and unprecedented global scenario primarily, if not exclusively, depends on the effectiveness of online channels, as customers might not be able to reach a call center. Some insurers might have realized late that quick adoption of emerging technologies is the need of the hour – and is dependent on immediate, collaborative, scalable, and effective partnerships with third-party specialists.

Super-charged real-time data is fueling insurer lift off

Actuaries are no longer the only insurance team dependent on data. These days, advanced data is a high-impact commodity that powers the productivity of all insurance functions.
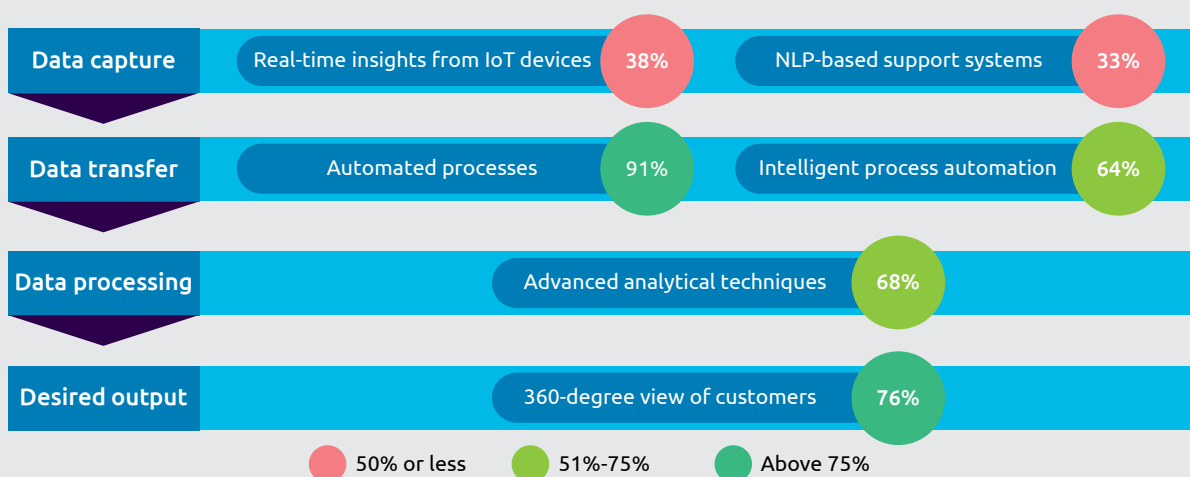
How does advanced data handling boost efficiency?

- It captures previously unavailable real-time data sources such as those from IoT (smartwatches and telematics devices) and natural language processing-based (NLP) support systems such as chatbots.

- Automated processes and intelligent process automation enable proficient internal data transfer and external sharing with ecosystem partners.

- Techniques such as predictive analytics boost data processing, performance management dashboards, and sales/renewals forecasting.

- It can help to harmonize customer data across business units and subsidiary firms to create a 360-view of policyholders, which can bolster upselling and cross-selling.

Customer preferences are dynamic, and a 360-degree single view of the customer enables predictive insight into their needs and preferences, so all touchpoints are met with seamless CX and personalized service. A single view offers an aggregated, consistent, and holistic look at policyholder data.

For example, German insurer Allianz uses continuous monitoring processes through social media and telephonic touchpoints to convert customer feedback into innovation and ongoing improvement. Allianz analyzes data from thousands of policyholders each week using a Qualtrics software program, and, Verint, a speech analytics tool.[8]

Figure 13. Insurers' implementation of tools/techniques for capturing customer preferences (%), 2020

Data capture	Real-time insights from IoT devices	38%	NLP-based support systems	33%
Data transfer	Automated processes	91%	Intelligent process automation	64%
Data processing	Advanced analytical techniques	68%		
Desired output	360-degree view of customers	76%		

● 50% or less   ● 51%-75%   ● Above 75%

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.

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

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[8] Allianz Worldwide Partners: thought leadership article, "Customer Experience is Your Competitive Advantage," https://www.allianzworldwidepartners.com/usa/thought-leadership/customer-experience-your-competitive-advantage, accessed March 2020.

> *Effective communication requires understanding customer needs through transparent dialogue that mitigates product complexity and helps policyholders understand their purchases. Leveraging technologies such as AI and NLP, engagement can be mobile, intelligent, and guided."*
>
> **— Christopher Young**
> *Director of Industry Strategy for Financial Services, Adobe*

> *To improve customer experience, we are enhancing our social media presence, increasing customer listening, and focusing on a mobile-first strategy."*
>
> **— Dr. Alexander Bernert**
> *Head of Innovation & Market Management, Zurich Group Germany*

Nearly 76% of insurers leverage a single view of customer to strengthen engagement. And, more than 65% of the insurers we interviewed said they use advanced analytical techniques to generate deeper insights from captured data. Moreover, they focus on efficient data handling via rules-based automation techniques (91% of firms) or AI-infused intelligent automation (64%).

In summer 2018, Manulife became the first Canadian life insurance provider to adopt an AI decision algorithm (AIDA) for underwriting. The algorithm uses artificial intelligence to simplify and speed up the policy application process while reducing manual intervention and allowing potential and current customers to get answers more quickly.[9]

For customer data to produce actionable insights, however, insurers must leverage a variety of tools to ensure data mining effectiveness. The *right* data is necessary to yield insights that lead to a better understanding of customers' needs and a proper 360-degree view of customer.

Only 38% of insurers capture insights from real-time IoT devices and only 33% mine data via NLP-based support systems. In contrast, BigTech companies mine real-time customer data through voice assistants or wearables, or via interactive chatbots that record customer needs and sentiments through frequent interactions across multiple touchpoints.

Real-time customer data and interactive chatbots can spur opportunities to engage customers effectively.

With real-time IoT data, insurers can provide real-time advice for drivers, on-the-spot health advice, immediate accident assistance, and even trigger claim payments. Chatbots can centrally capture all customer inquiries and data to strengthen the single view of customer – and they are programmed to react to human emotions. More importantly, chatbots can be scaled-up during times of crisis.

Considering how much BigTechs leverage chatbots, it's no wonder they can provide superior CX and engage customers with hyper-personalized precision. Anyone who has shopped online understands how tech giants use real-time customer purchasing history to personalize product recommendations, bundle products, and offer frequent-shopper incentives.

However, not all insurers have ignored actionable insights opportunities. Some frontrunners have implemented real-time data capturing systems and are realizing multiple benefits. For example, US insurer MetLife uses an AI system to help its contact center staff improve engagement by tracking and monitoring customer emotions during conversations and then prompting agents to strengthen responses based on those emotional needs. The system also monitors the emotions of staff and provides insight to those who sound tired or detached.[10]

Ping An, China's second-largest insurer, introduced the **healthkonnect** cloud platform in 2019 to help health managers control costs and identify fraud scenarios by leveraging NLP.[11]

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[9] Manulife, press release: "Manulife Growing Canadian Insurance Business: Re-enters Participating Whole Life Insurance Market and the first in Canada to underwrite using artificial intelligence," June 19, 2018, http://manulife.force.com/Master-Article-Detail?content_id=a0Qf200000Jq4krEAB&ocmsLang=en_US.

[10] USA TODAY, "AI at work: Machines are training human workers to be more compassionate," Frances Yue, August 23, 2019, https://www.usatoday.com/story/tech/2019/08/23/ai-training-human-employees-to-have-more-empathy-work/2070002001/.

[11] MarketScreener, "Ping An Insurance of China: Annual Report 2019," March 18, 2020, https://www.marketscreener.com/PING-AN-INSURANCE-GROUP-1412620/news/Ping-An-Insurance-of-China-Annual-Report-2019-30182330/.

> *Data management and data quality are critical levers in reaching out to customers. We cannot build the foundation of the house at the same time as we build the walls; the foundation must be there first."*
>
> **— Fredrik Bergström**
> *CEO, Länsförsäkringar AB*

Insurers must begin capturing the *right* data and leveraging advanced data processing systems for deep analysis that delivers actionable insights. Without the *right* input (data) and the *right* output (a 360-degree customer view), incisive insight is improbable.

The Inventive Insurer's playbook: An evolutionary success path

As we have illustrated, customers have become increasingly digital and self-reliant. They trust themselves to make purchasing decisions, and they are willing to forego past loyalties to buy coverage from new insurance entrants.

This sweeping behavioral shift – evident among all age groups – is not a change, but an evolution of preferences that demands immediate action. Relevance within this evolutionary paradigm requires insurers to reevaluate their portfolios with a keen eye on products that accommodate customers' current needs and preferences, and that can scale to meet

French firm leverages iot to develop agile, mass-market smart-home monitoring services

Company overview: Nexecur, a subsidiary of Groupe Crédit Agricole since 1986, specializes in alarm systems and remote surveillance and assistance for homes, businesses, and the banking industry. Nexecur serves more than 145,000 customers throughout France.

Business challenge: The company sought to develop an agile new offering that would strengthen its role as an everyday life partner by alerting policyholders about potential hazards. The new IoT-based offering would support Crédit Agricole Groupe's growth strategy.

Improving operational efficiency and security alert accuracy was essential to the new mass-market product. Nexecur aimed to leverage its presence in the safe-home market to enter the fast-growing smart-home domain – and outpace the competition.

Objective: The firm was determined to offer clients agile, on-demand monitoring while also enhancing remote surveillance to reduce false alarms such as those caused by animals or fallen objects. The goal was to create an innovative, reliable, scalable, and secure safe-home platform. In support of the Groupe's plan to grow its client base by several hundred thousand from 2020 to 2023, the new offering would boost Nexecur capabilities. It would help reduce operational costs and lay the groundwork for a scalable IoT platform road map from which to launch additional smart-home services related to safe-home and traditional insurance and banking services. Examples include capabilities to anticipate domestic flood potential, fires, or other climate or weather disturbances.

Implementation: A transversal team (horizontal management that cuts across all elements/components) is guiding end-to-end, agile-mode development of the platform. Nexecur mobilized experts from various domains (hardware, UX/UI, architecture, IoT). The team mapped the omnichannel customer journey (web and mobile), and it designed, developed, and tested appropriate screens. Implementation includes the development of a continuous integration platform.

Results: With a launch scheduled for the second half of 2020, early indications are that the innovative IoT platform will speed up Nexecur's time-to-market capacity while improving customer experience globally with new on-demand service options particularly popular with Millenials.

Source: Capgemini Financial Services Analysis, 2020, World Insurance Report 2020 Executive Interviews, 2020

> *We believe in collaboration. We offer a standardized library of products that align with our partners – ranging from banks to bicycle manufacturers. In parallel, we partner with InsurTechs to learn, experiment, and test new things."*
>
> **— Jeroen Meijers**
> *Managing Director, NN Non–Life Belgium*

any future demands. Take usage-based insurance as an immediate action area. Predicting the offerings of the future – and creating a development pipeline and go-to-market strategy – also are critical.

It all starts by capturing pertinent customer data. Insurers should prioritize meaningful data mining from all customer touchpoints and then leverage analytics to map the customer journey. Relevant data empowers insurers to positively influence the customer journey, to boost CX, and to earn policyholder loyalty. Observing and adapting best practices from other industries is critical when it comes to providing a superior customer experience!

Meaningful touchpoints lead to better results. And as we identified in the World InsurTech Report 2019, insurers can develop significant connections through relationships with ecosystem partners (brokers, platform providers, professional services firms) and other businesses to establish an insurance marketplace that provides end-to-end customer solutions.

> *In the coming years, insurers and bancassurers should be able to take on new roles in ecosystems. The key challenge is to be closer to the customer needs, providing an interconnected set of products and services with a seamless experience."*
>
> **— Eric Féron**
> *Deputy CEO P&C Insurance, Crédit Agricole Assurances*

"Spanish insurer MAPFRE collaborated with Vodafone Spain in 2019 to launch Moto Conectada coverage for connected motorbikes. Policyholders install a discreet GPS device on their motorcycle that allows users to monitor their vehicle's GPS position at all times and track it via smartphone in the event of theft. The corresponding app can even detect an impact before it happens and automatically make an emergency services call alerting of a possible accident." [12]

"Netherlands-based Centraal Beheer (CB) offers P&C and life insurance, and pensions and annuities. Leveraging strong relationships with other industry players, CB launched a sustainability initiative for homeowners. Policyholders can purchase solar panels home via the CB platform. By collaborating with InsurTech partners, executives said CB developed a solution within six months. The insurer expects the initiative to drive cross-sell opportunities and increase customer retention." [13]

A blend of digital and emotional connections is critical for superior engagement – be it creating awareness, selling policies, or providing support. The unique dynamics of today's ongoing NAT CAT scenarios underscore the criticality of digital/emotional communication as agents work to process claims efficiently while calmly and assuredly keeping policyholders up to date. Digital tools can augment traditional channels while feeding emotional intelligence modules (self-awareness, self-management, social awareness, and relationship

> *Omnichannel presence is critical for insurers. As we invest heavily in digital channels, we also want to offer customers the human touch when they need it. When it comes to customer engagement, digital is the hub but not always the only solution!"*
>
> **— Ida Guldberg**
> *SVP Accident @ Health Nordic, Product & Price, Gjensidige Forsikring ASA*

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[12] Source: Capgemini Financial Services Analysis, 2020, World Insurance Report 2020 Executive Interviews, 2020
[13] Source: Capgemini Financial Services Analysis, 2020, World Insurance Report 2020 Executive Interviews, 2020

management) to digital channels. Similarly, automation is essential to delivering on these expectations as is the capacity to innovate fast to develop meaningful products that serve customers' needs.

Evolutionary survivors will be Inventive Insurers that have worked to understand customers' current needs and preferences and have created efficient processes to nimbly deliver personalized, time-sensitive products as part of an open ecosystem based on a seamless connection with sharing-economy partners.

Not there yet? You are not alone.

Insurer action is critical and requires immediate and focused attention. However, the deployment of a time-sensitive Inventive Insurers' playbook requires agility and a risk-taking mindset that are not in the DNA of traditional players. The 2019 edition of the World Insurance and World InsurTech reports raised the flag about the challenges (new risks, new needs, new players) and strongly encouraged incumbents to shore up their capabilities through collaborative partnerships with nimble, new-age players.

Today's competitive and fast-changing environment, which has been inexorably altered by the COVID-19 pandemic, has abruptly eliminated the luxury of drawn-out decision making. Subsequently, many strategically-savvy frontrunners are ramping up collaboration with mature InsurTech firms to develop innovative solutions – now – for speedy market rollout. Let's observe and measure its real impact on customer, adoption, retention, engagement, and overall satisfaction.

Also, prolonged lockdowns due to the COVID-19 pandemic are forcing people across age groups to

> *Today, InsurTechs are great partners for insurance firms - They enable insurance firms to close the technology gaps and enhance the speed of innovation, time to market and build innovatve digital solutions. By collaborating with each other, both insurers and InsurTechs can reap success and enjoy positive outcomes."*
>
> **— Stephen Barnham**
> *Asia CIO, MetLife*

use digital channels extensively for their day-to-day transactions, motivating everyone to become digitally savvy.

Yes, it's a lot to unpack. And while we recommend prompt and decisive action, a winning playbook requires strategy. Now is no longer the time to work unilaterally. Draw upon ecosystem partners. There is strength in numbers. Pick the brains, the skills, the capabiliites of third-party specialists and consultants. Tear down internal silos. Take risks. The first step on an evolutionary path begins with a frank discussion about your firm's strengths and weaknesses, and an honest assessment about the readiness to collaborate at scale. Then, reach out to experts to help close the gaps – no matter how wide they may currently appear. Within an ecosystem, you are never alone.
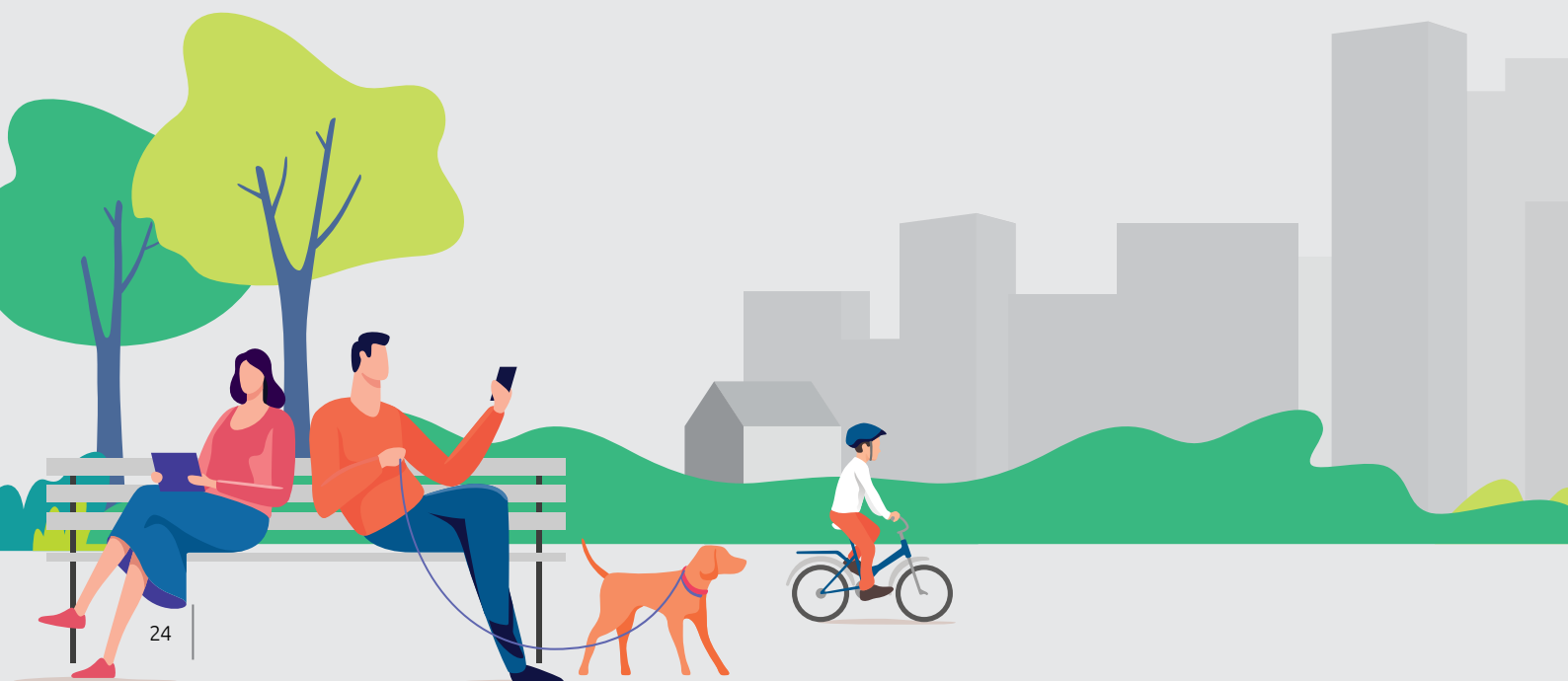
Methodology

The World Insurance Report 2020 draws on insights from two primary sources – the 2020 Global Insurance Voice of the Customer Survey and the 2020 Global Insurance Executive Interviews. Together, these primary research sources cover insights from 32 markets: Argentina, Australia, Belgium, Brazil, Canada, China, Colombia, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Italy, Japan, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Norway, Philippines, Portugal, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

2020 Global Insurance Voice of the Customer Survey

Our comprehensive Voice of the Customer Survey, which was administered in January and February 2020 in collaboration with Phronesis, polled more than 8,000 insurance customers in 22 countries. The survey sought to gain deep insight into the general behavior and preferences of customers and how these shape their attitude towards insurance. The survey questioned customers on their personality dimensions such as lifestyle, education and work, social behavior, financial behavior, shopping preferences, and technological affinity; and insurance purchase behavior for their product, channel, and time preferences. Participants were also asked questions covering factors that may influence their decision to switch their current insurer, their interest in adopting new insurance models, and their willingness to purchase policies from non-traditional insurance firms.

2019 Global Insurance Executive Interviews

The report also includes insights from interviews of over 150 senior insurance executives of leading insurance companies across 29 markets. These markets together represent all the three regions – Americas (North America and Latin America), EMEA (Europe, Middle East, and Africa), and Asia-Pacific (including Japan).

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