

Implications of COVID-19 on the Insurance Sector

Online investment is the key to supporting consumers in a time of crisis and beyond



The pandemic has accelerated comfort with online transactions

Amidst an insular year or more of limited in-person activity and interaction compared to pre-pandemic times, online platforms have been critical points of connection for people, both personally and professionally. During this time the digital economy has soared and businesses have scrambled to improve and enhance the way they can better serve the demands of a 24/7 audience.

A year of interaction primarily online and/or from a remote location has helped to pave the way for growing acceptance of digital interactions. All indications suggest that this behaviour will remain strong post-pandemic (although not necessarily to the same degree). While the convenience of being able to access services, order products and fulfill certain needs and responsibilities online has proven largely positive, live interactions with insurance representatives are **still** preferred.

■ The pandemic is accelerating comfort with online interactions

23%

Say they are more comfortable with online transactions involving money*

(More comfortable or much more comfortable)

24%

Say they are more comfortable with online insurance interactions as a result of the pandemic

(More comfortable or much more comfortable)



🔍 Study Snapshot

In collaboration with a number of US insurance companies, the Angus Reid Group (ARG) undertook two online surveys (March 8-12, 2021; April 13-16, 2021) to help gauge the current environment and trends related to the insurance sector. The sample targeted American insurance policy holders (respectively, 1,014 in March, 852 in

April) and was balanced on age, gender and region.

Overall, the findings indicate some subtle but notable shifts in consumer activities and related behaviors concerning insurance priorities, research and decision making.

* Margin of error of +/- 3.1 and +/- 3.4 percentage points respectively, 19 time out of 20

The pandemic was a wake-up call for insurance consumers

This period has also given many people the time to not just take stock of their lives and priorities (and even mortality), but also take the time to revisit their insurance policies. Our research indicates that one-in-ten consumers (11%) made changes to their insurance coverage due to the pandemic. This activity includes:



Bought a new policy or increased coverage



Considered a new policy (strongly enough to speak with an agent)



Cancelled or did not renew

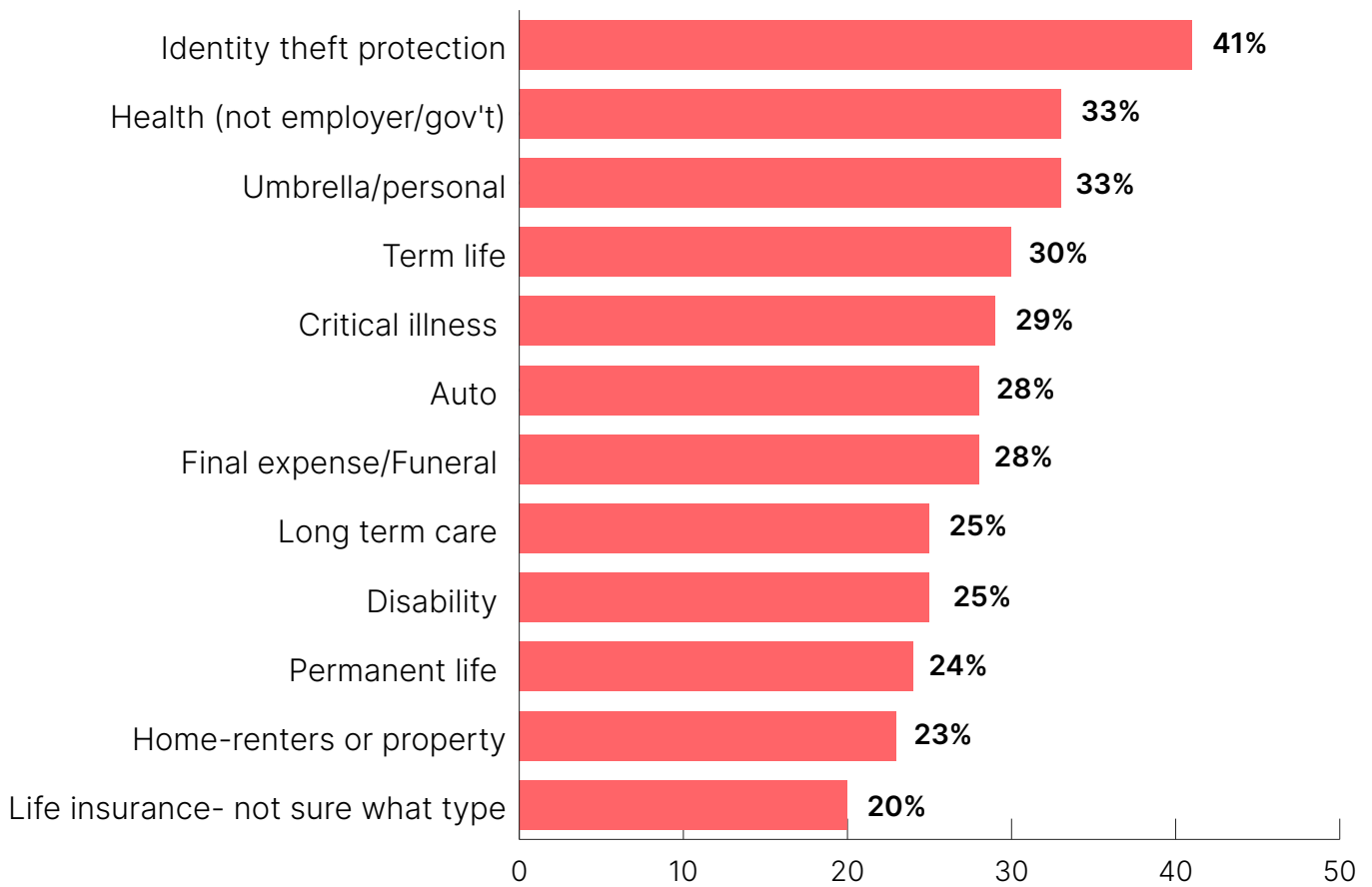
It is important to note that this reported activity is directly associated with the pandemic (i.e. these changes would not have been made if it hadn't been for the pandemic).

In addition, to typical year-over-year changes, this represents a seismic shift in insurance industry.

While many still didn't make changes over the last year, we still see widespread reflection of insurance policies:

FIG 1.0

Because of the pandemic, I spent time reviewing my insurance needs related to...



Re: source?

Preferred channels to access research about policies revealed a notable trend for insurance companies. Only 32% of respondents indicated they would go to their insurance provider’s website as a primary source of information. Direct access to agents (47%) to explore policy changes or request new services was the more prominent point of access while general online research - not including insurance company websites (45%) followed close behind.

FIG 2.0

Perception of insurance websites providing information in aid of purchase decision

(among all respondents)



What am I missing?

When asked to rank the type of information that they need from an insurance company website in order to make a purchase decision, the top items are related to coverage and cost.

“The most important thing missing from insurance website – is addressing the idea of ‘What am I missing?’” says Demetre Eliopoulos, Senior Vice President of Public Affairs at the Angus Reid Group, “Americans are looking to understand their coverage and associated costs in a way that mitigates any surprises for them when they really need their insurance policy to come through for them.”



Data, with benefits

With greater acceptance of online interactions has come the tendency to share data online more openly. Still, the study reveals that there are differing comfort levels with sharing data, based on the demographic and the principles respondents maintain. For example, it appears the younger demographic accepts that their personal data is effectively part of an exchange for available incentives provided by the company.

Within that give-and-take relationship there is a push-pull dynamic at play. There are those who are reluctant to share too much information with the insurance industry, citing an intrusion of privacy by wanting so much personal information (70%). Still, a slight majority of respondents (52%) recognize that the company will be better able to serve their specific needs by having this information on hand.

Three-in-five of the study's respondents acknowledged their comfort with sharing data regarding day-to-day lifestyles in a very general sense. However, people were largely split between 'comfortable' and 'not comfortable' with incentives to lower premiums at the expense of providing health information (e.g., via Fitbits) or driving information (sent directly from vehicle). Notably, millennials (18-34) indicated a greater openness to incentives provided they are priced properly.



The younger demographic accepts that their personal data is effectively part of an exchange for available incentives provided by the company.

FIG 3.0

Sharing health information from wearables
(e.g. Fitbit, Apple Watch)

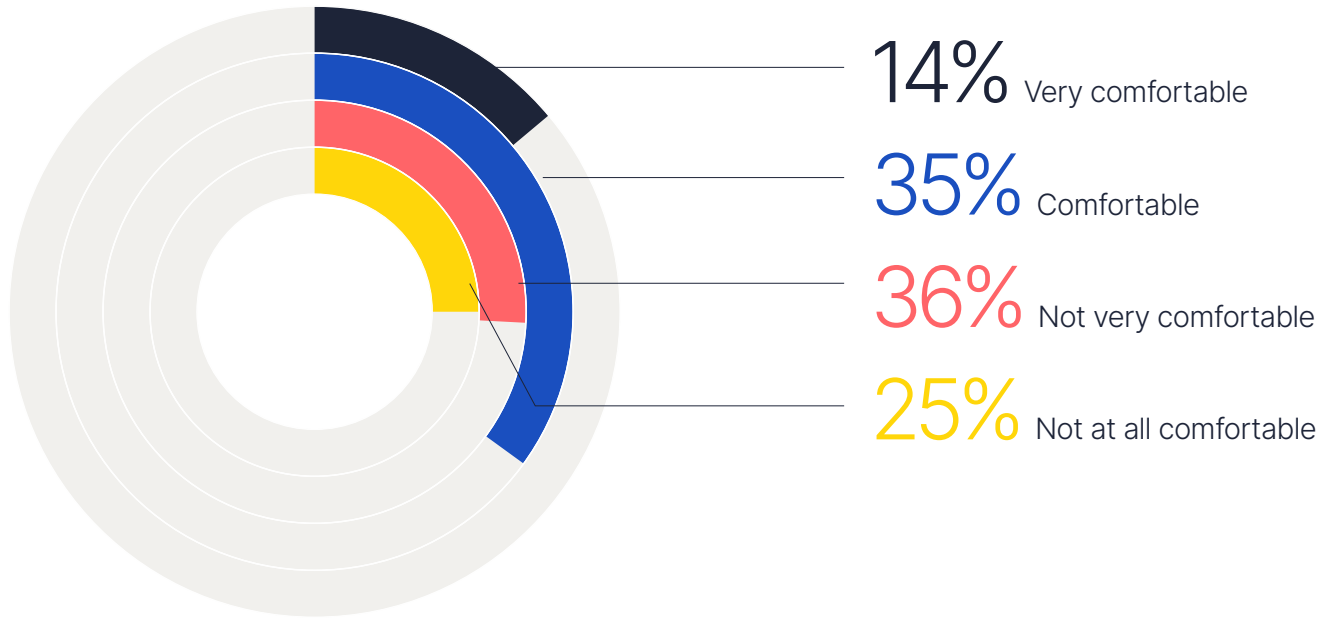
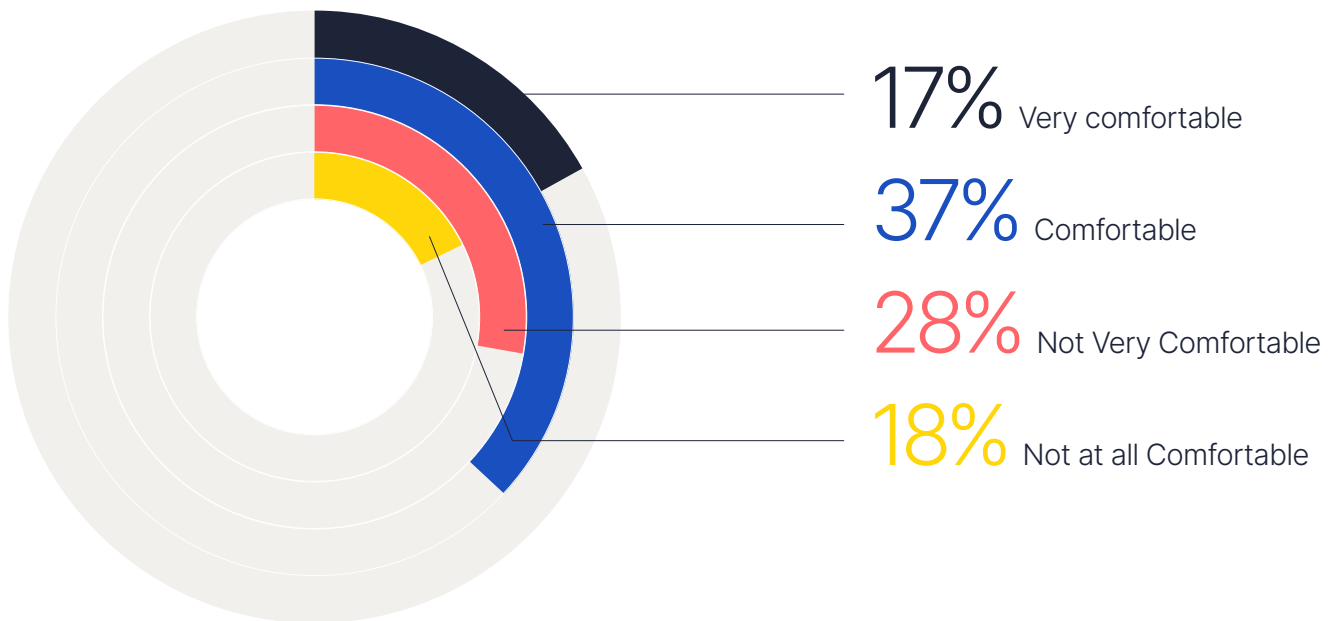


FIG 4.0

Driving information sent from your vehicle



The Takeaway

The key findings of this study are that the past year has prompted Americans to revisit their insurance policies. They are in the midst of weighing their opportunities and want quality information that can help them make decisions. They'd prefer to access that information in a live conversation, but reliable, relevant web resources are important, too. As well, roughly half of Americans are willing to share wearable/vehicle data, but companies have to demonstrate a clear benefit for this to attract interest.

Chalk it up to the pandemic to accelerate the move towards greater digital engagement, but it has also exposed some shortcomings in terms of how insurance companies are currently serving their clients. There's room for companies to improve online services, but time is of the essence. For those who are ready to step up and respond to these needs, there appears to be ample opportunities ahead.



**QUESTIONS THAT MATTER. ANSWERS
THAT COUNT.**

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