

MINTEL

# Insurance Marketing Trends

2020

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# Introduction



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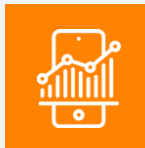


Long averse to change and innovation, the insurance industry is finally embracing the digital revolution. As we look ahead, this transformation is challenging insurance companies to rethink business models, investment strategies, partnerships and — most importantly — their relationship with customers. Based on comprehensive market and consumer data, in-depth analysis and brand examples, Mintel Comperemedia expects to see the following four Insurance Marketing Trends rise to the forefront of this industry's long-overdue evolution:



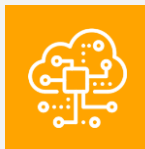
Trust Funding

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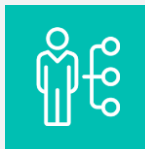
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Insurance as a Service (IaaS)

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# Trust Funding

In a post-truth world, insurance consumers are seeking out — and rewarding — carriers that deliver simple, transparent products and services.



# Trust Funding

## What's Happening

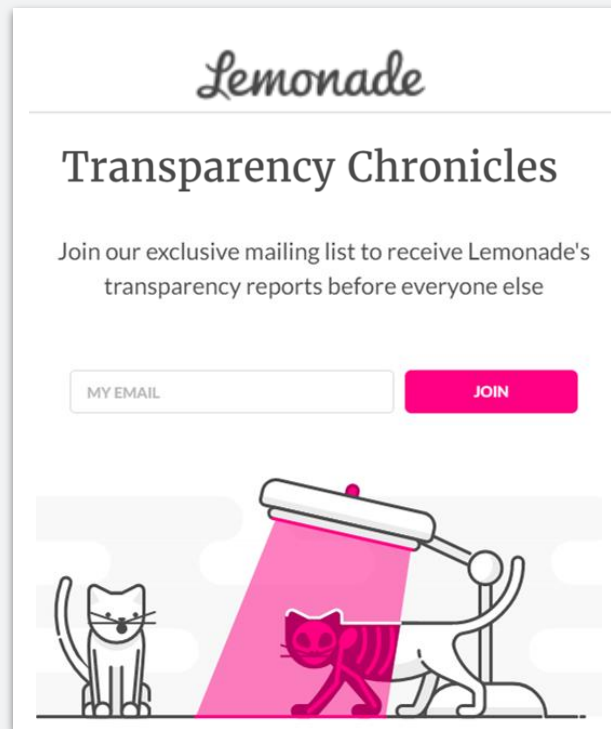
Rising tribalism and partisan infighting have triggered a cynical public afterclap, emboldening people to challenge the government, news media and each other at a fever pitch. This heightened consumer scrutiny and **distrust will manifest as one of the insurance industry's greatest challenges.**

## Consumers Looking for Alternatives

For many customers, it will no longer be enough to just offer basic insurance policies at reasonable prices. Instead, **consumers will seek out morally grounded companies** who provide high-touch, transparent service. Insurtech, Lemonade, has seized upon this call from consumers by publishing an unusually transparent blog that includes data on customer growth, bank account balances and more.

## Looking Ahead

Insurers will focus on new marketing efforts, underscoring corporate social responsibility, increased transparency and the development of simplified, self-service tools.







# Trust Funding



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## Why Marketers Should Care

Many consumers see insurance as an important product, but one that has become prohibitively complex and rife with industry jargon. Few insurers have effectively addressed these pain points over the years. As a result, trust in brand is eroding as **customers feel overwhelmed and undereducated.**

## Consumers Express Frustration

- **Less than half (45%)** of US consumers say they trust insurance companies to do what's right for their customers.
- Fewer than half (41%) of US P&C consumers find insurance products easy to understand, and **only 48% believe companies do a good job** educating people about them.
- In Canada, **50% of consumers express distrust** in insurance brokers due to perceived conflicts of interest regarding compensation practices.





# Scope Creep

As many consumers see insurance as little more than a commodity, competing industries aim to redefine and repackage insurance.





# Scope Creep

## What's Happening

For a large portion of consumers, insurance is little more than a compulsory product — protection they need — but not necessarily a purchase they enjoy. Leaders in neighboring industries are exploring opportunities **to repackage and redefine risk protection for their own customer journey.**

## Industry Lines Blur

Just as insurance companies are trying to find their footing amid **rapidly evolving technology and shifting consumer demand**, so too are other industries. Google, Tesla, Amazon and Waymo have been active in the insurance industry in the last few years.

## Looking Ahead

**Expect more outsiders to enter the insurance space.** Meanwhile traditional insurers will compete for strategic partnerships and offer new, competitive services of their own.

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Bundle multiple policies for one low price.

### InsureMyTesla Insurance designed for you.

InsureMyTesla is a tailor-made insurance plan underwritten by Liberty Mutual, focusing on convenience, enhanced protection, and increased value, rewarding your choice with benefits catered to Tesla drivers.

	New Car Replacement <sup>1,2</sup>		Rental Car Reimbursement <sup>3</sup>		Genuine Replacement Parts <sup>4</sup>
	12-Month Rate <sup>5</sup>		Roadside Assistance <sup>6</sup>		Multi-Car Discount <sup>7</sup>



# Scope Creep



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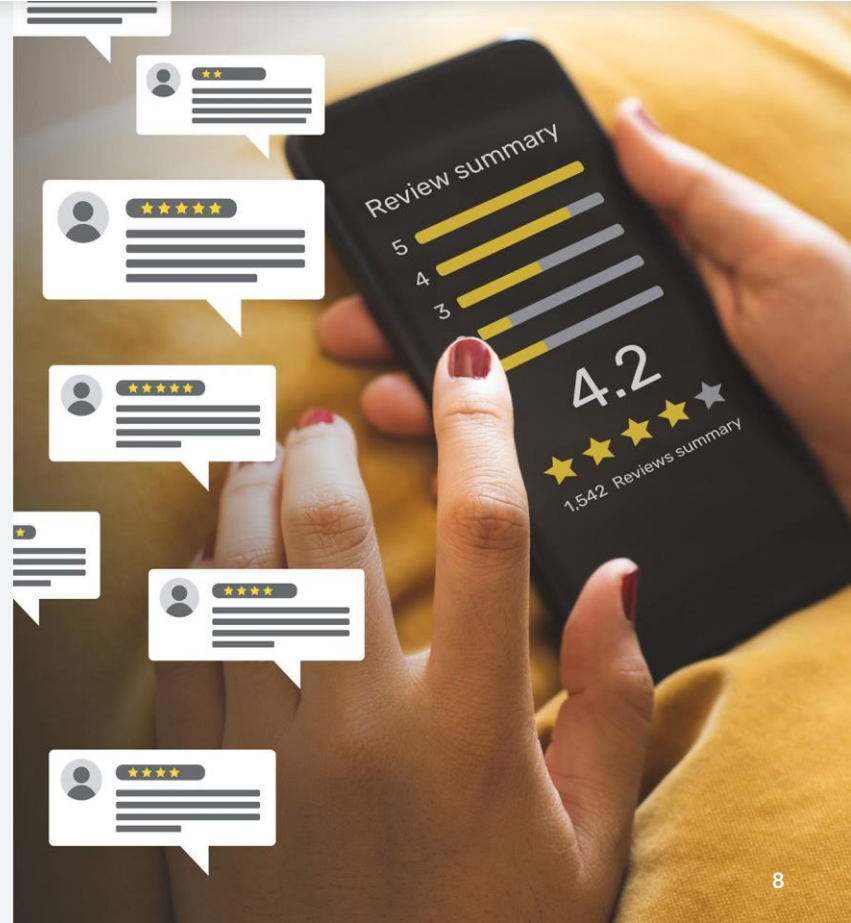


## Why Marketers Should Care

As many consumers see insurance as little more than a commodity, **brand loyalty is scarce**. The business model is partly to blame — by design, insurance is fundamentally linked to negative life events — but insurance companies have done themselves no favors in expanding or broadening their value proposition to customers.

## Looking for Better Options

- **Almost a third of US consumers (30%)** think insurance companies are all the same.
- Showing a **willingness to explore other options**, 43% of consumers would consider purchasing insurance from a company such as Amazon or Google.
- **Less than half of Canadian P&C policyholders** (43% of auto policyholders and 41% of home policyholders) would recommend their insurance company to others.







# AI Arms Race

Seeing the promise of increased speed, improved accuracy and significant cost savings, insurers race to incorporate AI into underwriting, customer engagement and beyond.



# AI Arms Race



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## What's Happening

Insurance companies are starting to bet big on artificial intelligence. Beyond promising increased speed and improved accuracy, insurers are especially enticed by the promise of near real-time cost savings.

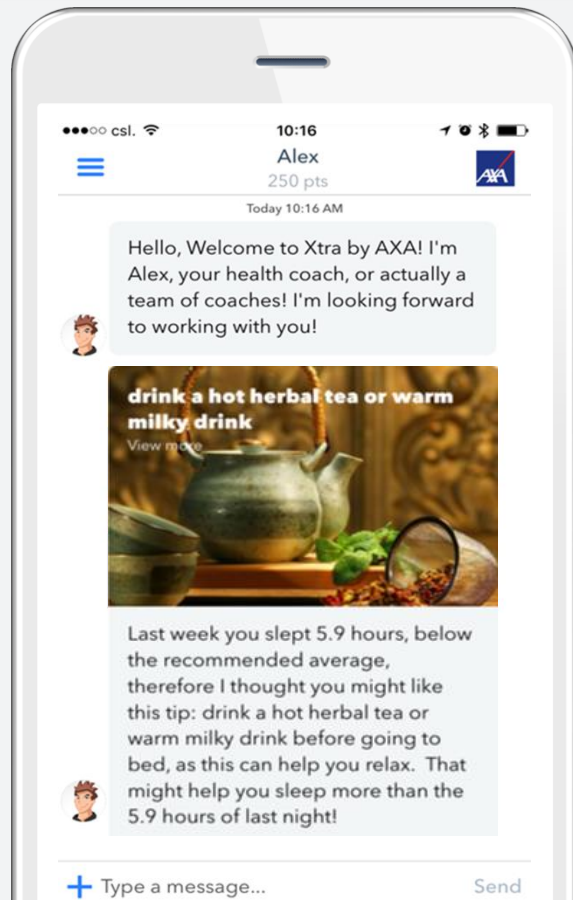
## Multiple Application Areas

Early industry use cases reveal opportunities within improving claims management, fraud detection, marketing (including custom product offerings) and customer engagement. AXA Insurance, for example, is using an AI-powered wellness “coach-bot” to encourage healthy behavior in Hong Kong customers.

## Looking Ahead

Over the next year, look for insurers to not only automate and augment behind the scenes tasks, but to competitively apply AI in heightened roles in the advisory space — analyzing and anticipating user needs through capabilities such as machine learning, event/geolocation targeting and inter-app communication.

Source: [axa.com.hk](http://axa.com.hk)





# AI Arms Race



## Why Marketers Should Care

The insurance industry has been notoriously slow to innovate and improve upon its products and basic customer experience. Advances in technology — and the successes seen by early adopters — are quickly **shaking up the status quo**. Now, insurers face the mandate of “evolve or be left behind.” Consumers will gladly welcome this power shift as **the injection of competitive urgency will drive carriers to transform the business** to suit user needs.

## Customers Seek Innovation and Speed

- Eager for insurers to invest in seamless experiences, 87% of Canadians think insurance companies should make the claims process **as hassle-free as possible**.
- When choosing an insurance provider, 39% of US consumers say **innovative product offerings are more important** than a long history of experience.
- **Less than half (48%)** of US consumers think insurance companies offer innovative products.







# Insurance as a Service (IaaS)

As competition intensifies, insurance companies will expand their role to include supplementary service provider and risk mitigator.





# Insurance as a Service



## What's Happening

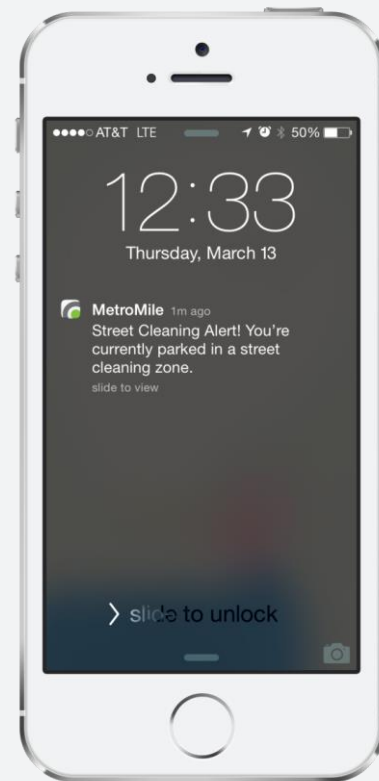
Rife with digital disruption and competition spanning from savvy start-ups to auto and retailer juggernauts, traditional insurers face a crossroads. In order to compete and win in this new marketplace, carriers will **expand their role to service provider and risk mitigator**.

## The New Age of Insurance

In an effort to rewrite outdated service models and develop products that offer more value, insurers are **experimenting with concierge models, advocacy roles and real-time policies** in an effort to become increasingly relevant. Insurtech, Metromile, was an early adopter of this trend as its app sends auto customers real-time street cleaning alerts to help them avoid tickets or towing.

## Looking Ahead

Expect insurance companies to step out of their comfort zones even more. While recent years have been dedicated to quietly investigating innovative technologies in small trials or behind closed doors, **the mainstream will soon get a glimpse of what modern insurance can do**.





# Insurance as a Service



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## Why Marketers Should Care

Companies like Amazon, Apple and Google have shown consumers what tech-savvy, customer-centric organizations can deliver. In doing so, they inevitably raised the bar for all industries – including insurance. It is now up to insurers to catch up in time, otherwise **they risk losing not only customers but the opportunity to proactively redefine themselves in the digital era.**

## Connected Devices Will Open New Doors

Boding well for prevention/advocacy-focused insurers, **US and Canadian consumers show significant interest in a wide array of data-monitoring, connected devices** (many of which are already incorporated into current policy offerings):

- Thirty percent of Canadians are open to using **a device that tracks driving habits** to get a better auto insurance rate.
- A “smart” **thermostat that will automatically adjust the temperature** in the home interests 46% of US consumers.
- Over a third (36%) of US consumers express interest in a device that would **track health-related behavior** (e.g., calorie intake, medication compliance, etc).



**NEVER FORGET  
A PILL AGAIN**



# Key Takeaways



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Insurance companies are at a crossroads.

02

Consumer distrust is spiking, resulting in a call for increased transparency — especially from financial institutions such as insurance.

03

Industry lines will continue to blur as companies like Tesla and CVS pave the way for a new age of partnerships and mergers.

04

Disruptive technology and increased competition offer brands the opportunity to deliver a new, stronger value proposition.

05

In the new age of insurance, carriers will expand their role to service provider and risk mitigator.





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Thank You

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