BUILDING TRUST IS KEY TO ADDRESSING UNDERINSURANCE IN MATURE MARKETS, REVEALS A GENEVA ASSOCIATION CUSTOMER SURVEY

ZURICH, 26 June 2019 – Insurance protection gaps in mature markets could be narrowed by reinforcing trust in insurers, finds a customer survey of The Geneva Association, the global organisation of chief executive officers of insurance and reinsurance companies.

The Geneva Association commissioned a survey of 7,000 people in seven countries – France, Germany, Italy, Japan, Switzerland, the U.K. and the U.S. – in order to identify the main reasons and potential remedies for underinsurance in mature markets.

Underinsurance in Mature Economies: Reasons and remedies, the latest research report by The Geneva Association, distils a number of takeaways from the survey’s results and proposes a framework of five factors that influence underinsurance: institutions, sociodemographics, economics, behaviour and culture.

Jad Ariss, Managing Director of The Geneva Association, said: “Contrary to general belief, protection gaps are not limited to emerging countries. They are also common in advanced economies. It is encouraging that, according to the survey’s results, people widely understand what insurance is about and its vital role in the economy and society. However, the research also reveals misperceptions of insurers and their products. Addressing this mismatch will be essential to encouraging a wider adoption of insurance in mature economies.”

More than 60% of respondents believe that insurance offers an important service to people and provides peace of mind to those who are covered. Fifty-seven percent agree that insurance plays a vital role in the economy.

Less than 30% of respondents report a positive opinion of the industry, and 53% state having had a ‘negative experience with insurance’, with customer dissatisfaction attributable mostly to experiences with claims settlement and product complexity.

More than 50% of participants prefer to purchase insurance from an insurance agent or a sales representative, highlighting the importance of human relationships and advice.

The survey’s results further suggest there is strong potential for financial and insurance education, as 46% wish they had learned more about insurance at school.

Based on these findings, the research paper proposes four recommendations to insurers:

- Clarify and simplify the presentation of insurance products;
- Enhance customer experience at significant ‘moments of truth’, most importantly in the claims process;
- Build an omnichannel proposition for distribution that capitalises on the agency channel rather than trying to bypass it; and
- Respond to customers’ need for financial education and financial literacy.
Kai-Uwe Schanz, Director of the Socio-Economic Resilience research stream at The Geneva Association and author of the report, commented: “The survey highlights the continued relevance of long-standing customer ‘pain points’, first and foremost in claims. In this age of digitalization and advanced analytics, the insurance industry has a unique opportunity to address its historical weaknesses and build a more attractive customer experience and proposition.”

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Download the full report
Download the four-page research brief
Visit the research hub: Reasons and Remedies for Protection Gaps in Mature Markets
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