

Media release

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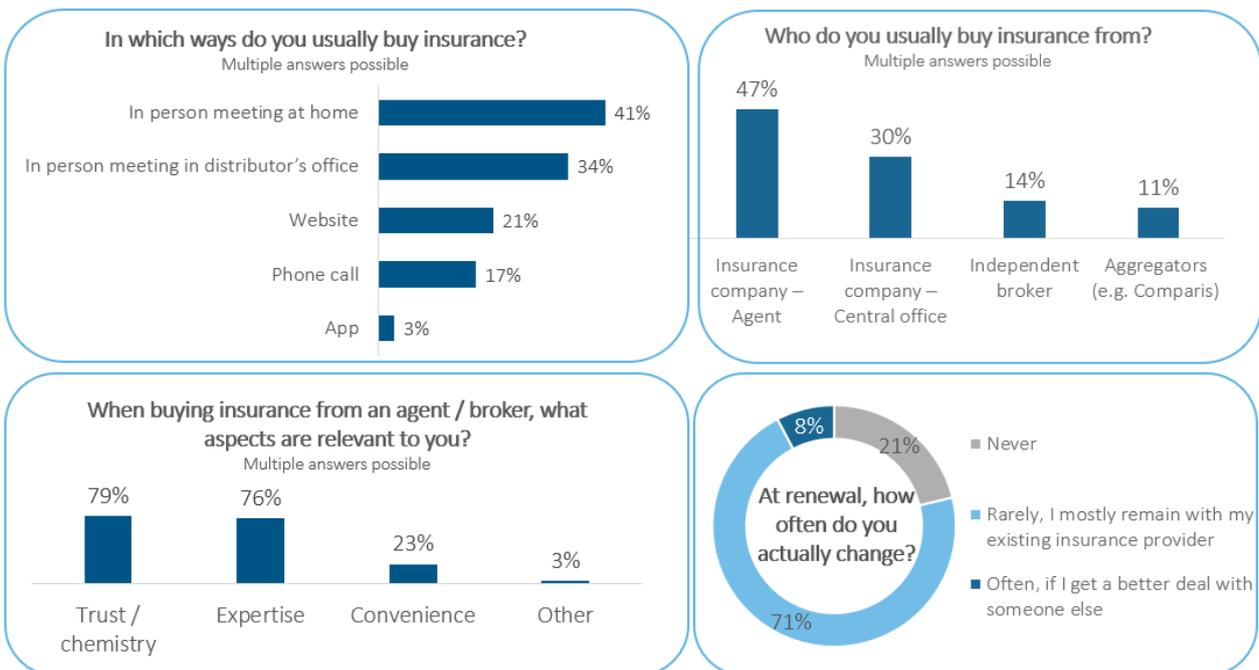
Private insurance: Customers still not interested in change – but the industry is feeling great pressure to digitalise

According to the [Deloitte Insurance Consumer Survey](#), consumers in Switzerland rarely change their insurance. Most of the 1,000 survey respondents tend to take a negative or critical view of trends such as more extensive data collection, individualised policies or situation-dependent insurance offers. However, especially among young customers, more than half our respondents are open-minded: they would also buy insurance from alternative providers such as technology companies or agree to insurance that is built into a product they buy. The industry is feeling pressure for change, but is moving cautiously and somewhat uncertainly towards digitalisation.

Consumers consider it very important to understand their insurance products. Above all, they value the expertise of insurance agents (76%) and place great trust in them (79%). Agents therefore still play a central role in the purchasing process today: about one-half (47%) of respondents buy insurance from an agent, just under a third (30%) through a central contact person in the company, and 14 per cent independent insurance consultants or brokers for this purpose.

A personal consultation is also the most important source of information for buying insurance (41%) across all age groups, even if it is becoming increasingly less important for young people. Even so, a good quarter of those surveyed (27%) say they mostly obtain information themselves via various sources, primarily online.

“Insurance agents are not going to die out. Customers do not want to replace their advisors with algorithms and robots – but in the future they expect them to use these tools during consultations. In ten years’ time, digitally savvy consultants will be at the heart of the most successful insurers in Switzerland,” says Simon Walpole, Head of Insurance at Deloitte Switzerland.

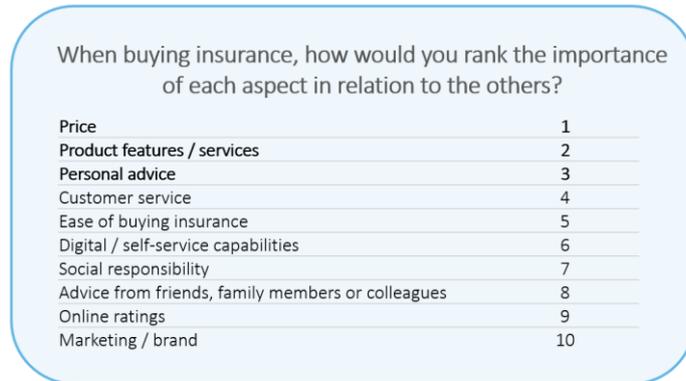


Graph 1: Selected study results. Survey of 1,000 Swiss residents between the ages of 18 and 69. The results of the top two charts refer to complex products such as life insurance.

Willingness to change is very low

Customers for private insurance in Switzerland like to stay with their traditional provider: one-fifth (21%) renew an expiring contract without in-depth examination, and almost three-quarters (71%) usually stay with their existing insurer. Only eight per cent say they often switch when they see a better deal. Almost half (48%) of the reasons for switching are due to price or service, and one-fifth (21%) were dissatisfied with their current provider.

Unsurprisingly, price and product features are also the most important criteria for the purchase decision, followed by the



consultation and customer service. Customers in general are not very impressed by a company's marketing initiatives or brand image. According to the respondents, these two aspects play a very small part in their decision to buy. "From the customer's point of view, the brand does not appear to be important when it comes to purchasing decisions. But we know from experience that customers hardly ever buy insurance from companies that they have never heard of. Insurance companies have to be visible and well known so that they are present in people's minds when it comes time to renew their policy, and this can influence the purchase decision," says Roger Lay, Director and Expert for Insurance Marketing at Deloitte Switzerland.

Figure 2: Decision criteria for purchasing insurance. Survey of 1,000 Swiss residents between the ages of 18 and 69. The results refer to simple insurance products.

Majority would buy from industry outsiders

In addition to the insurance companies themselves, many technology groups can also score points with a strong brand and they are in regular contact with customers. More than half (57%) of all respondents would buy insurance from such a non-traditional provider or purchase insurance that is directly linked to a product purchase, such as auto or travel insurance within the price of a car or holiday. The willingness to do this, however, decreases sharply with age: while 78 per cent of respondents under 30 would consider an alternative provider, this figure drops to only 29 per cent for those over 65.

Customers are generally open to pricing based on behaviour they can influence. This can include factors such as driving style, fitness level or lifestyle. Overall, 31 per cent of all respondents consider insurance premiums based on such factors to be fair, and 46 per cent would consider buying such a policy if it were good value for money.

However, if the pricing depends on factors that cannot be influenced or are not obvious, such as the nationality of the person insured, acceptance rates drop significantly. Almost half (43%) flatly reject such models. Respondents also show little interest in receiving specific insurance offers via smartphone based on their behaviour or their location. Only customers under the age of 30 are a little more open to this.

Intelligent claims app becomes standard

Despite a low rate of purchase completions via digital channels, customers nonetheless want to file claims, change coverage or complete similar transactions online and as easily as possible. Our survey revealed that in contrast to personal advice, simplicity, comprehensibility and convenience are the most important aspects of digital channels. "The services must be integrated as seamlessly as possible into people's digital everyday lives. To date, very few companies in the industry have understood what a fully digitalised sales process entails," explains Simon Walpole.

"We know from other countries and sectors that digital technologies will also transform the Swiss insurance market. However, simply translating existing processes into online offers is not successful. What is needed is less complexity and an intuitive user interface that is geared towards customer needs. Intelligent apps that collect relevant data about a claim and process it using AI, providing customers with information and additional services at the right time, will soon be a requirement for insurers. For customers, the claim is the moment of truth as it shows what insurance is worth. It is the point when most customers decide whether or not to continue the contractual relationship," explains Daniel Schlegel, partner responsible for technology strategy and transformation at Deloitte.

Integration into ecosystems is vital

The example of auto insurance shows another key challenge for insurers. Vehicle manufacturers are increasingly selling auto insurance policies themselves. Their offers are often based on products from established insurers, which can thus contribute to a digital ecosystem. These ecosystems provide a wide range of products and services, are clearly geared to customer needs and are mostly available via apps or an Internet browser.

“For established insurance companies, it will be crucial in the coming years to participate in emerging ecosystems or, even better, to be at the centre of them themselves. At the same time, they have to secure strong technology partnerships. The pandemic-induced surge in digitalisation is fundamentally changing the way people purchase services. I expect the rate of change in the industry to accelerate rapidly, and I think we will see a race for the best partners and ecosystems with regard to insurance issues such as housing, mobility, ageing and health,” says Simon Walpole, Head of Insurance at Deloitte.

Contact: Michael Wiget
Head of External Communications
Phone: +41 58 279 70 50
Email: mwiget@deloitte.ch

Contact: Adrian Zebib
External Communications Specialist
Phone: +41 58 279 61 42
Email: azebib@deloitte.ch

About the study: [Deloitte Insurance Consumer Survey](#)

In order to analyse the behaviour and preferences of Swiss customers for insurance products, Deloitte carried out a survey in December 2020 among 1,000 participants between the ages of 18 and 69 from the German and French-speaking parts of Switzerland. The online survey focused solely on insurance for individuals. It was designed by Deloitte and carried out by a specialised external research agency which identified the respondents and collected the data.

You might also like to read the [analysis of the insurance industry](#) as part of our studies on the financial services industry 2030 “Insurance on the way into the digital revolution” or take a look at this [video with our insurance experts](#).

Deloitte Switzerland

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