

COVID-19 DIGITAL LISTENING for

PROPERTY & CASUALTY

Group and Individual Benefits Insights and Competitor Trends

5.22 – 6.04 BRIEFING



MARKETBRIDGE



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May 22 – June 4

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1 While P&C insurers have improved the digital UX, consumers still struggle with information overload.

WHAT IS HAPPENING

- According to the J.D. Power 2020 U.S. Insurance Digital Experience Study, P&C insurers have made across-the-board improvements in clarity of information, but many still struggle with balancing enough information and a minimalist approach.
- According to J.D. Power, 'the COVID-19 pandemic has thrust digital shopping and customer self-service solutions into the spotlight,' underscoring the importance of thinking through the information presented to customers and *how* that information is displayed digitally.

WHAT ARE THE DETAILS

J.D. POWER

Key Findings:

- Overall customer satisfaction with P&C insurance customer service experience:
 - +9 points year over year
 - +18 points with the overall satisfaction with the shopping experience
- However, customer expectations continue to rise, with shoppers consistently accessing more information than they have in the past, across more channels than ever before.
- Finding the right balance when it comes to information density has been a challenge for insurers, with many providing too much complex and expansive information.

WHY THIS IS IMPORTANT

COVID-19 has forced insurers to fast-track a digital-first customer experience.

IMPLICATION

Insurers need to continue to push resources into improving their digital experiences for two reasons – to meet their customers where they are and to compete with modern insurtechs who lead with a superior digital experience.

2 Auto insurers are continuing to reduce rates as states demand more relief for residents.

WHAT IS HAPPENING

- American Family Insurance is increasing premium relief for personal auto insurance customers to \$425 million as people continue to drive less because of the pandemic.
- Both Travelers and Allstate are extending their premium refunds into June.
- These extensions are coming as the Michigan Department of Insurance and Financial Services is ordering all auto insurers in Michigan to issue refunds and premium waivers because of their reduced risk during the pandemic.

WHAT ARE THE DETAILS



- Extending its 10 percent credit on personal auto premiums from July to December.
- This is following the return of \$200 million in premiums in April.



- Adding a 15 percent credit to members' June premiums, which is in addition to the credits received on April and May premiums.



- Giving credits to members' June premiums.
- While most members will be receiving a 15 percent credit, the amount will be officially determined by Allstate's disciplined analysis of available driver data.



Michigan

- Demanding insurers to submit filings including the refund or premium waiver amount, information on how the amount was determined, how consumers will receive payments, and customer communication plans by June 10.

WHY THIS IS IMPORTANT

Auto

As the pandemic is prolonged, insurers are extending premium relief to members.

IMPLICATION

Because consumers are driving less due to COVID-19, price sensitivity for auto insurance has increased. Insurers should continue to recognize this consumer behavior and provide premium relief to maintain membership levels.

3 Agents acknowledge that COVID-19 has forced them to adapt to new challenges.

WHAT IS HAPPENING

- Recently, Nationwide surveyed a sample of 400 independent P&C insurance agents to get an understanding of their experiences as a result of COVID-19 and its impact on their business.

WHAT ARE THE DETAILS

Survey Findings:



Biggest challenges facing agents:

- Driving new business to keep their agency strong for the future (69 percent)
- Maintaining their portfolio of clients due to the economic impact of COVID-19 (62 percent)
- Maintaining normal business operations in a working from home model (61 percent)
- To overcome some of those challenges, 72 percent of agents agree they are more likely to use a larger insurance carrier for customers' insurance needs because of concerns about the financial instability of smaller carriers

Adapting to changes:

- 80 percent report they have had to change the way they sell to clients because of COVID-19
- 60 percent admit they are struggling to shift their agency's marketing to a more 'digital-based approach'
- However, despite these challenges, 83 percent of agents indicate they have the proper devices and technology to work from home and they have the proper channels in place to effectively communicate with their insurance carriers

WHY THIS IS IMPORTANT

Agents are struggling to drive business and adapt to a digital-leading marketing approach.

IMPLICATION

Larger carriers in particular should provide agents with guidance and support about how to reinvent their businesses to weather the storm and beyond. Advise agents of digital marketing best practices to attract prospects and engage their current portfolio of clients.

4 COVID-19 has increased the likelihood of consumers purchasing or expanding life insurance policies.

WHAT IS HAPPENING

- According to ValuePenguin.com's new survey, 1 in 4 Americans (about 83M adults) are now considering buying life insurance or increasing their coverage because of the pandemic.
- This has been a continuing trend as more people are anxious about protecting their families in case they get sick due to COVID-19.

WHAT ARE THE DETAILS



Survey Findings:

- 25 percent of Americans say COVID-19 has increased their interest in life insurance.
- Looking deeper, 38 percent of men report that COVID-19 has made them more interested in life insurance in comparison to just 14 percent of women.
- However, 40 percent of all respondents claim they are not very familiar with or do not know what life insurance does.
- Furthermore, over 30 percent of Americans do not know how much life insurance they should get.

WHY THIS IS IMPORTANT

Life

Despite the increased interest in life insurance due to COVID-19, consumers are largely uneducated about what it does and how much they need.

IMPLICATION

To move consumers through the buyer journey, insurers and market leaders must first arm prospects with a basic education about what life insurance is and why it might be a good fit. From there, the insurer may be considered a trusted source of guidance for purchasing life insurance.

Industry News Related to Coronavirus

As of June 4, 2020

MORE AMERICANS TRAVELING ABROAD ARE PURCHASING TRAVEL INSURANCE

- Travelers are taking fewer chances with their travel because so many people lost money earlier this year due to the travel bans.
- As a result, vacationers booking travel for later in the year are paying about 40 percent more for travel insurance, which includes P&C and accident insurance.
- Data from Squaresmouth, a U.S. comparison website, shows purchases of 'any reason' travel coverage has increased by 680 percent since this time last year.

RV RENTAL INSURANCE PREDICTED TO INCREASE AS MORE PEOPLE LOOK TO SOCIAL DISTANCE WHILE TRAVELING

- According to RVShare, an RV sharing platform, there has been a 650 percent increase in its web traffic since the start of April.
- The same company surveyed its users and found 93 percent who are going on vacation want to avoid crowds, a 70 percent increase from before the pandemic.
- As a result of the spiked interest in renting recreational vehicles and campers, the need for RV rental insurance has increased as well.

VERISK OFFERS INSURERS FREE ACCESS TO DIGITAL VERIFICATION PRODUCT DURING THE PANDEMIC

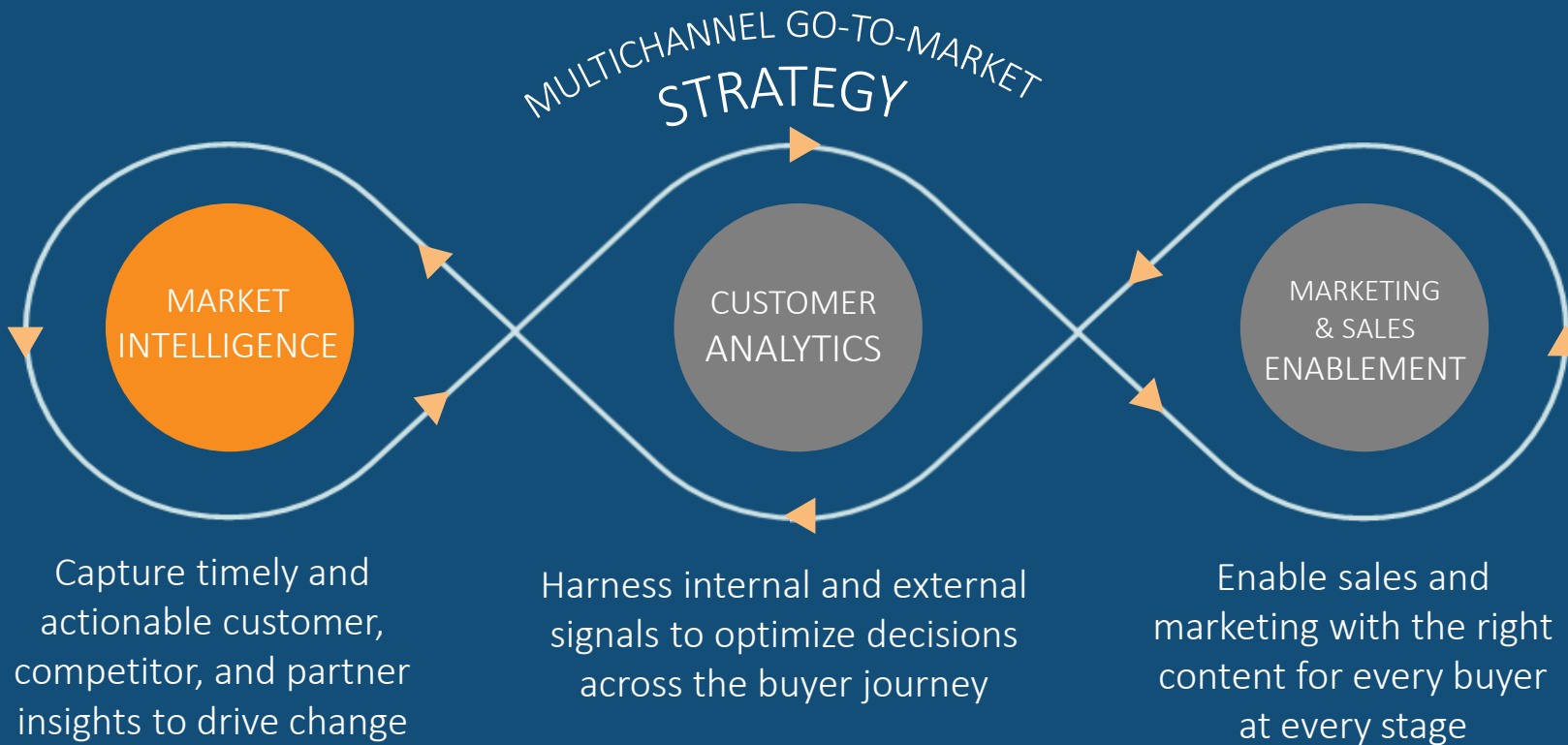
- Verisk is offering insurers complimentary access to Coverage Verifier-Verification as a Service (CV-VaaS), a digital platform that delivers the insurance information lenders need to process loans with increased efficiency, during the pandemic.
- Lenders can simply enter the borrower's information into CV-VaaS and quickly receive verification of coverage, which saves insurers time and hassle.
- Through the platform, CV-VaaS will enable participating insurers to establish a lender portal to automate and digitize the verification process.

CONSUMERS ARE MORE LIKELY TO ENGAGE WITH CUSTOM LIFE INSURANCE AND P&C INSURANCE CONTENT

- Hearsay System's 2020 Social Selling Content Study found that modified content, or content written by local P&C agents, shows a 3X engagement rate over unmodified content. However, only 22 percent of content published was modified.
- Additionally, modified life insurance content shows a 2X engagement rate over unmodified content, but 98 percent of all content was unmodified.
- While the data is from 2019, the pandemic has made it more crucial than ever for agents to recognize the need to personalize content to drive engagement.

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