REPORT

Under Cover: Insurance Buying Report 2024

FOREWORD

When SAP Fioneer commissioned this survey at the end of 2023, our aim was simple: to understand how consumer behaviors in insurance purchasing are changing globally.

The world is always changing but in the last year or so, it's hard not to feel that it's changing much faster than before. Amidst that acceleration, we wanted to see how insurance buying habits were being altered. As well as achieving that, we got a rich snapshot of a world in the midst of a seismic transformation, where different countries and demographics are adapting to change at all manner of different speeds. In developed markets, younger consumers are over four times more likely to purchase an embedded product than their elders, while in emerging markets older consumers - many first-time policy buyers themselves - are taking to digital insurance with ease.

Within the answers, you can map the developments and disruptions of the last few years: for example, a rise in health insurance awareness following the pandemic, coupled with a rise in digital purchasing as previously uninsured individuals enter the market; or in the face of an uncertain future, a generation of new policyholders are increasingly willing to leave their current provider for one offering data-backed personalized policies.

Above all, what became clear is that while the pace of change differs from country to country, insurers that don't adapt will quickly get left behind. Across the world, younger consumers are buying insurance in an entirely different way to previous generations and as they age, their purchasing preferences will become the norm. The time to adapt is now.

As you delve into these insights, we invite you to rethink your approach to insurance and ensure your strategies align with this new world of insurance.

We look forward to working with the industry to help shape a resilient and responsive future.

Nikola Djokic
Managing Director, Insurance
SAP Fioneer

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METHODOLOGY

The aim of this survey was to paint a global picture of how consumers purchase insurance and interact with insurers. We spoke to 1,750 respondents, composed of 250 consumers from Brazil, Germany, India, Indonesia, Mexico, Singapore, and the US. Respondents were aged 18 to 74, and there was a 50/50 gender split.

Key findings

The next generation of consumers are taking a different approach to buying insurance.

18-34 year olds are

54%

more likely than over 35s to prefer buying embedded vs standalone insurance.

52%

of 18-34 year olds typically find out about insurance products from social media – compared to just **33%** of those over 35.

The embedded insurance age gap differs drastically from country to country.

In Singapore, people under 35 are

57%

more likely than those over 35 to prefer buying embedded vs standalone insurance.

By contrast, in Germany, they're over

4x

more likely.

Personalization is key for consumers of all ages.

94%

of 18-34 year olds would consider switching to an insurance provider that uses advanced data analytics to offer personalized policies.

Over

50%

of consumers have purchased personalized insurance.

Digital policy management is becoming the norm.

75%

of 18-34 year olds have used a mobile app to manage their insurance.

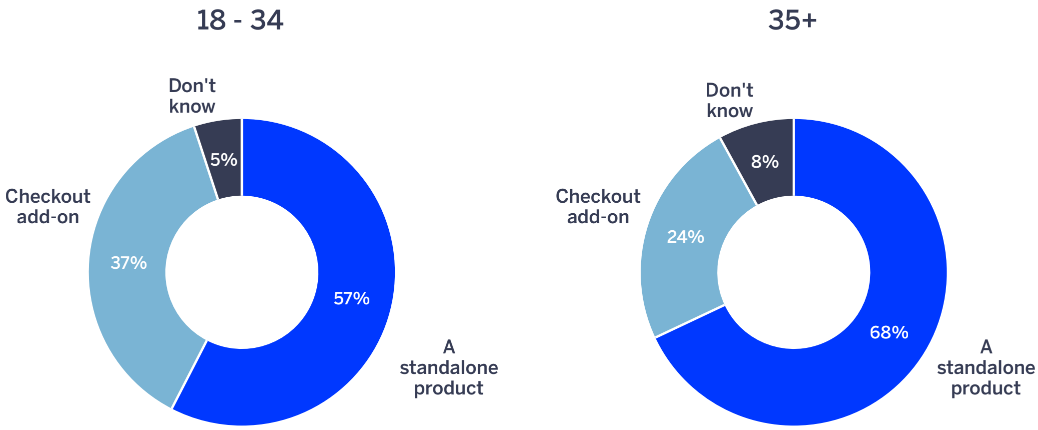
69%

agree that the availability of a digital platform is crucial when choosing an insurance company.

1. Buying habits
18-34s driving the change

Younger demographics are driving demand for embedded insurance

When buying insurance, do you prefer to buy it as a standalone product or alongside the purchase you're looking to insure?



When we asked where in their purchasing journey consumers prefer to buy insurance – i.e. embedded alongside the purchase they're looking to insure or as a standalone product – there was a notable shift between our younger and older respondents. 18-34 year olds are 54% more likely than those over 35s to prefer buying embedded vs standalone insurance.

What this means for insurers

For insurers, meeting the needs of 18-34 year olds is essential. The majority of this group will only just be entering the insurance world, making it easier to convert and providing a considerably larger and higher lifetime value.

This jump is even more pronounced in some countries. In Germany, for example, under 35s are over four times as likely (33% vs 6%) to choose an embedded product as over 35s. By contrast, the difference in APAC is much smaller, with 18-34 year old consumers in Indonesia, India, and Singapore 57%, 48%, and 47%, respectively, more likely than those over 35 to choose an embedded product.

In addition, we also found consumers who use technology to buy insurance are more receptive to innovative products and ways of buying. For example, there is a high penetration of mobile app usage for managing policies amongst those who also bought insurance as a check-out add-on (75%) or who bought customized insurance products (74%).

What this means for insurers

The use of embedded insurance is expected to accelerate as purchasing and policy management via digital channels become the norm. It is important to capture this valuable and growing tech-savvy group of consumers early on in their insurance lifecycle. Offering seamless, integrated insurance options can significantly enhance appeal and conversion rates among this demographic.

Social media is changing how insurance should be marketed

How do you typically find out about new insurance products?

	All respondents	18 - 34	35+
Insurance agents / brokers	54%	46%	57%
Social media	39%	53%	33%
Online insurer portals	35%	37%	33%
Word of mouth	32%	32%	32%
Advertisement	32%	40%	28%
Comparison sites / search	29%	26%	30%
Online forums or communities	18%	23%	15%
Other online platforms / search	2%	1%	2%

Overall, the majority of consumers still discover new insurance products via the more traditional routes of an agent or broker. However, there's a groundswell of change driven by younger consumers -– 53% of whom typically find out about insurance from social media – compared to just 33% of those over 35s.

Online insurance portals, adverts and word of mouth were also popular, with roughly a third of all respondents discovering products via those routes.

What this means for insurers

Building a social media presence takes time and as social media continues to evolve, it is vital for insurers to strategically leverage this channel to build a community centered around awareness, trust, and loyalty.

Insurers need to be mobile and desktop ready

When purchasing online insurance, which device do you use? Select all that apply

	Brazil	Germany	India	Indonesia	Mexico	Singapore	US
Smartphone	79%	44%	69%	93%	62%	63%	71%
Laptop	41%	33%	66%	52%	48%	61%	53%
Desktop computer	36%	38%	33%	23%	28%	25%	41%
Tablet	13%	15%	18%	18%	10%	22%	33%

Among those consumers who purchase insurance online, smartphones are the device of choice. The extent of this varies from country to country, topping out at 93% for Indonesian consumers and 44% for German. As well as the ease of purchasing insurance on a smartphone, this is likely also associated with ownership figures. In many emerging markets in particular, smartphone ownership is much higher than laptop or computer ownership.

What stands out here is that in many markets, there are two preferred devices.

- Germany: Smartphone (44%) and Desktop computer (38%)
- India: Smartphone (69%) and Laptop (66%)
- Singapore: Smartphone (63%) and Laptop (61%)

What this means for insurers

Insurance products must be accessible and user-friendly on all fronts.

2. Apps and platforms
The new normal

Insurance apps are becoming the norm

62% of the respondents reported using a mobile app to manage their insurance policies. Among 18-34 year olds, this surges to 75%, again highlighting to insurers of all sizes that it's essential to design insurance products with the next generation in mind.

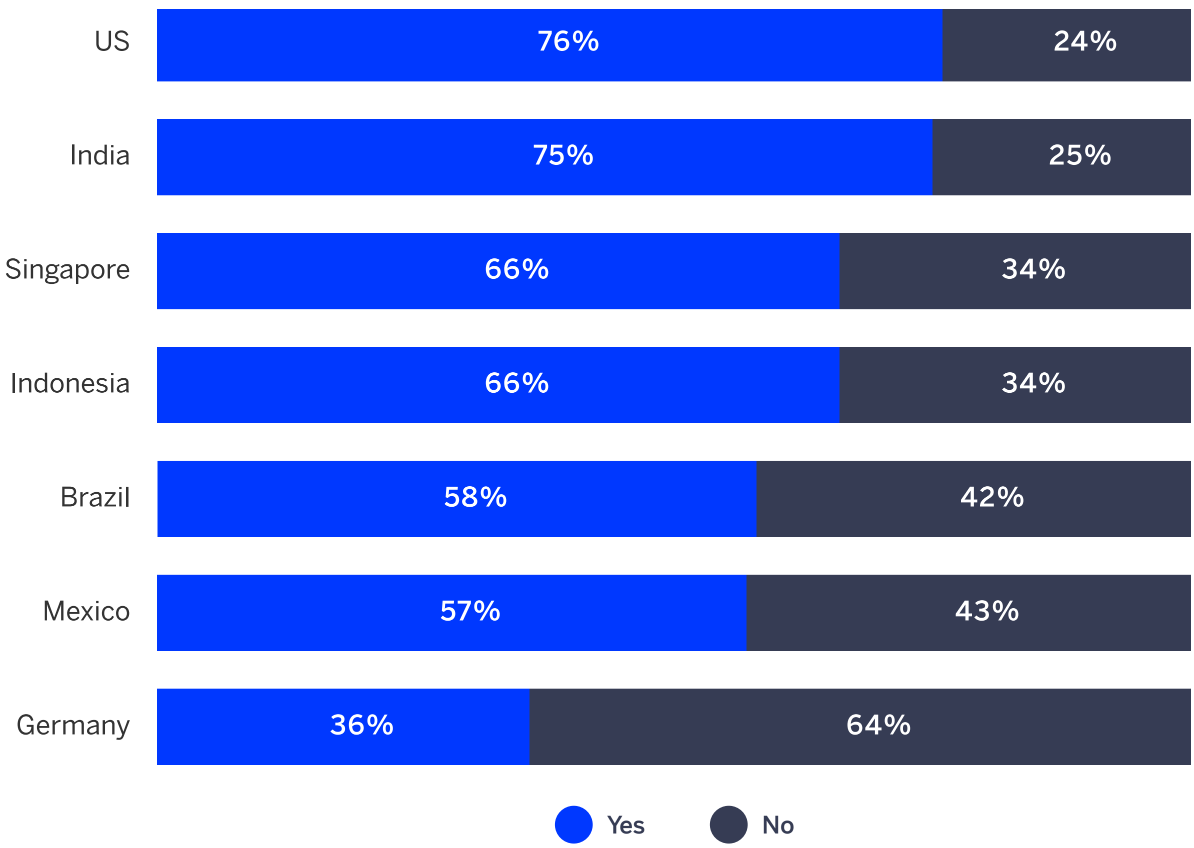
It's not just the AXAs and the Allianzs of the world that are driving this change. A new breed of insurtech startups have also entered the space. In emerging markets in particular, this trend is even more pronounced and is not just changing the way that insurance is purchased but also widening the pool of people that can purchase it.

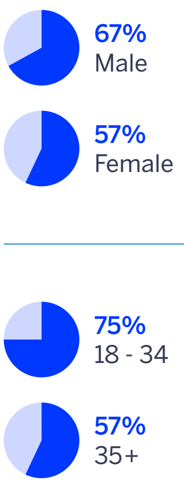
In India, for example, digitalization of insurance has been a major factor in the industry's growth which has seen insurance sales surge in recent years, with insurance apps becoming the preferred choice for purchases. In Brazil and Mexico too, there are a number of insurance apps entering the space, backed with millions of VC capital. In India, Singapore and Indonesia, this is also being driven by super-apps like Grab which consumers are increasingly turning to for all purchases, including insurance.

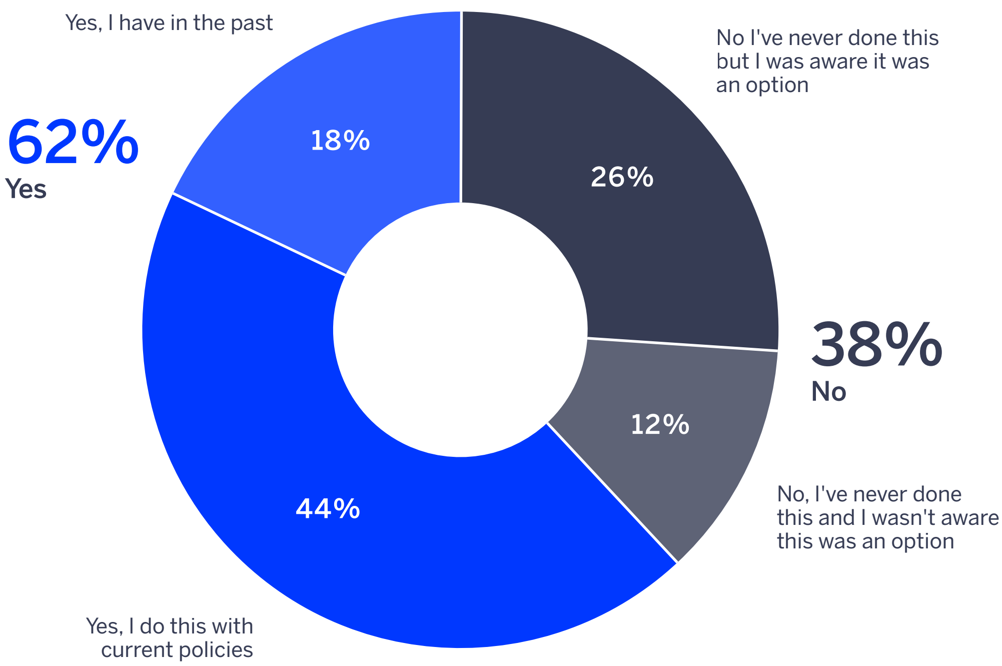
What this means for insurers

For insurers of all sizes, an app is vital to stay relevant in an increasingly crowded market -. not only for policy management but also as an acquisition channel - with app-only insurtech products increasingly commonplace.

Have you ever used a mobile app to manage your insurance policies?



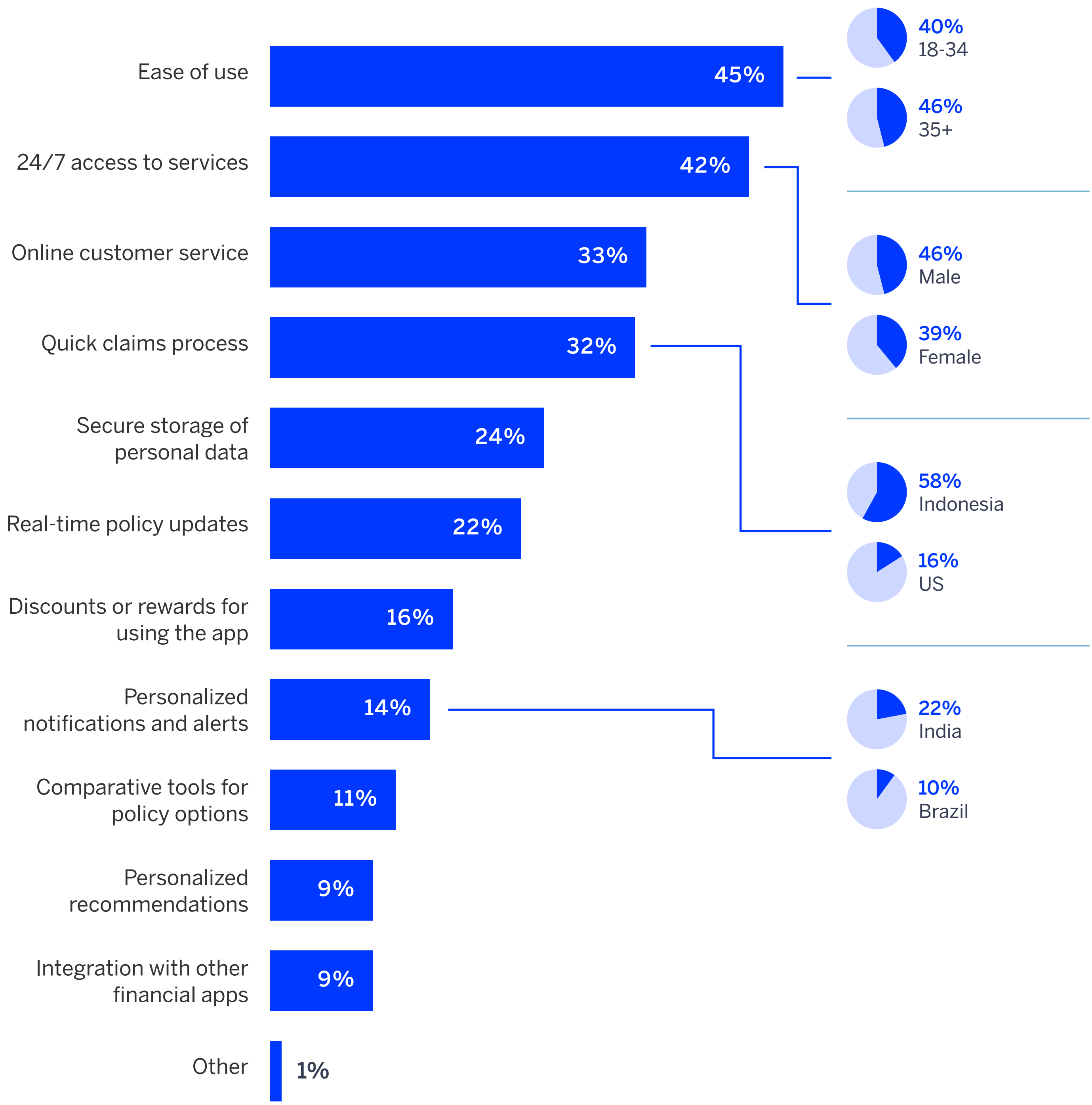




User comfort crucial for users to transition to app

Across all respondents, two app characteristics were particularly valued: ease of use (45%) and 24/7 access to features (42%).

What features do you value most in an insurance mobile app or online platform?



Interestingly for Indonesia, quick claims processes was the most valuable feature (58%). Given that the country is prone to natural disasters such as earthquakes and floods, speed is vital for supporting customers in their time of need.

Germany, too, was an exception with secure storage of personal data the second most important feature. This is in line with findings across the survey and wider research that shows that German consumers are particularly cautious about data and privacy.

What this means for insurers

Insurers must offer apps that are not just easy to use but provide round-the-clock access to their features and address the unique needs of different consumer segments.

Top 3 features by country

	1.	2.	3.
Brazil	Ease of use **46%**	24/7 access to services **45%**	Online customer service **37%**
Germany	Ease of use **45%**	Secure storage of personal data **33%**	Quick claims process **31%**
India	24/7 access to services **43%**	Ease of use **38%**	Quick claims process / Online customer service **36%**
Indonesia	Quick claims process **58%**	Ease of use **46%**	24/7 access to services **45%**
Mexico	24/7 access to services **52%**	Ease of use **44%**	Online customer service **37%**
Singapore	24/7 access to services / Ease of use **48%**	Quick claims process **38%**	Online customer service **26%**
United States	Ease of use **46%**	24/7 access to services **40%**	Online customer service **36%**

Data security the number one concern

What concerns, if any, do you have about purchasing insurance through a mobile app or online platform?

When asked about their concerns relating to in-app insurance purchases, data security stood out for all regions and ages. This, however, isn't a concern that's unique to users of insurance apps. A recent Deloitte survey found that consumers are increasingly concerned about being "hacked and tracked" through their devices.

Elsewhere, it's clear that many consumers are still concerned about a lack of human contact. Even among 18-34 year olds, 30% of respondents cited "limited human interaction or customer support" as a concern.

What this means for insurers

The challenge here isn't just about making sure that their digital offering is as secure as it can possibly be but communicating that clearly to potential policyholders.

Top 3 concerns by country

	1.	2.	3.
Brazil	Data security **45%**	Trustworthiness of online transactions **34%**	Reliability of the app or online platform **30%**
Germany	Data security **39%**	Limited human interaction or customer support / Unwanted marketing or spam messages **27%**	Reliability of the app or online platform **24%**
India	Understanding policy details **50%**	Data security **47%**	Trustworthiness of online transactions **43%**
Indonesia	Data security **54%**	Limited ability to negotiate or customize policies **41%**	Limited human interaction or customer support **38%**
Mexico	Data security **39%**	Understanding policy details **36%**	Making informed choices without an agent **31%**
Singapore	Data security **49%**	Understanding policy details / Trustworthiness of online transactions **38%**	Reliability of the app or online platform **35%**
United States	Data security / Understanding the policy details **33%**	Trustworthiness of online transactions **32%**	Limited human interaction or customer support / Making informed choices without an agent **31%**

3. Personalized policies
Essential for the next generation

Over 50% of consumers have purchased personalized insurance

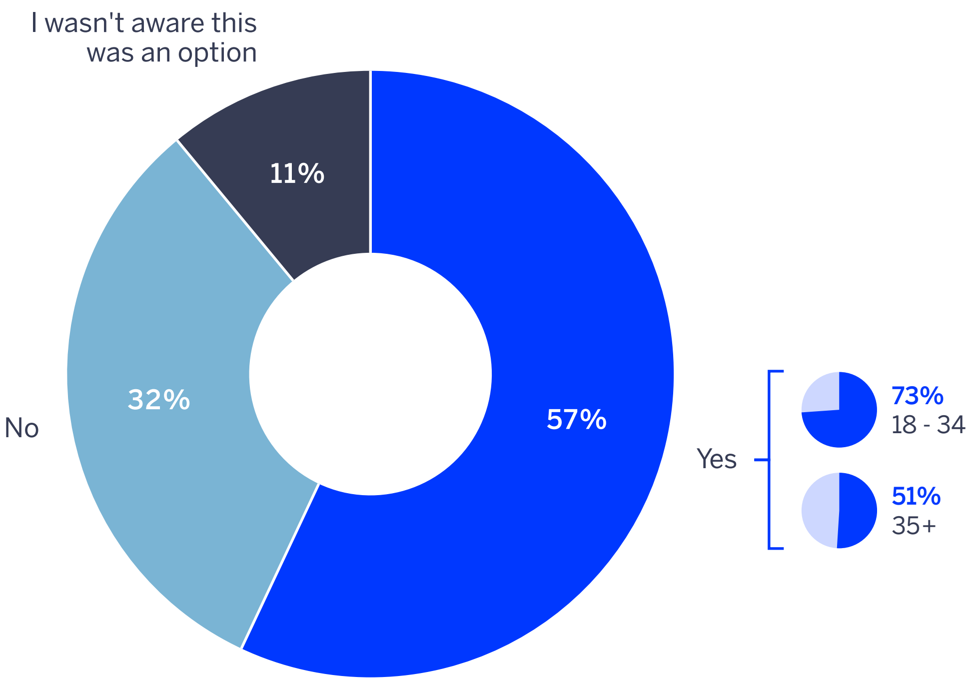
Over half of recent insurance buyers (57%) preferred insurance policies tailored to their lifestyle, a trend that is being driven by the wider ubiquity of embedded insurance, open finance and Internet of Things data.

These personalized products are particularly popular among consumers aged 18-34, with 73% having purchased one. Even among over 35s, that figure is 51%.

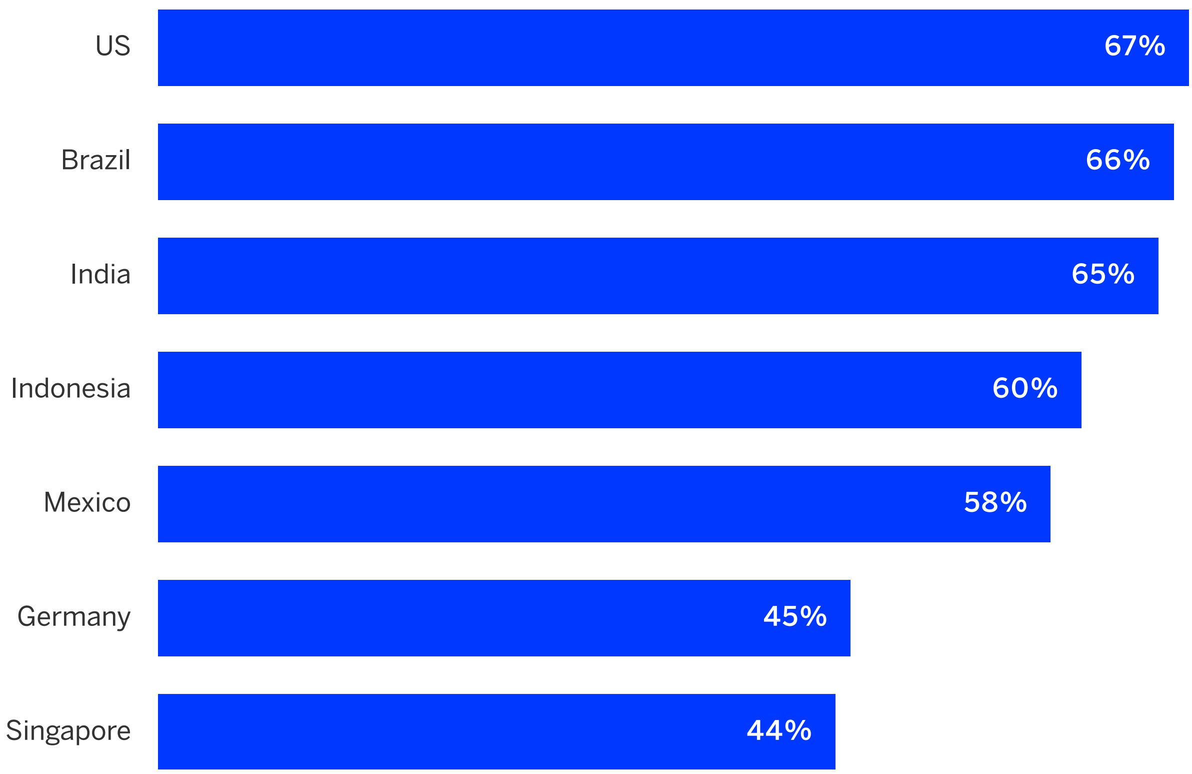
What this means for insurers

Personalized policies are here to stay. Insurers need to focus on developing flexible, lifestyle-aligned offerings that meet the evolving needs of their customers.

Have you ever purchased customized insurance based on your lifestyle or specific needs?*



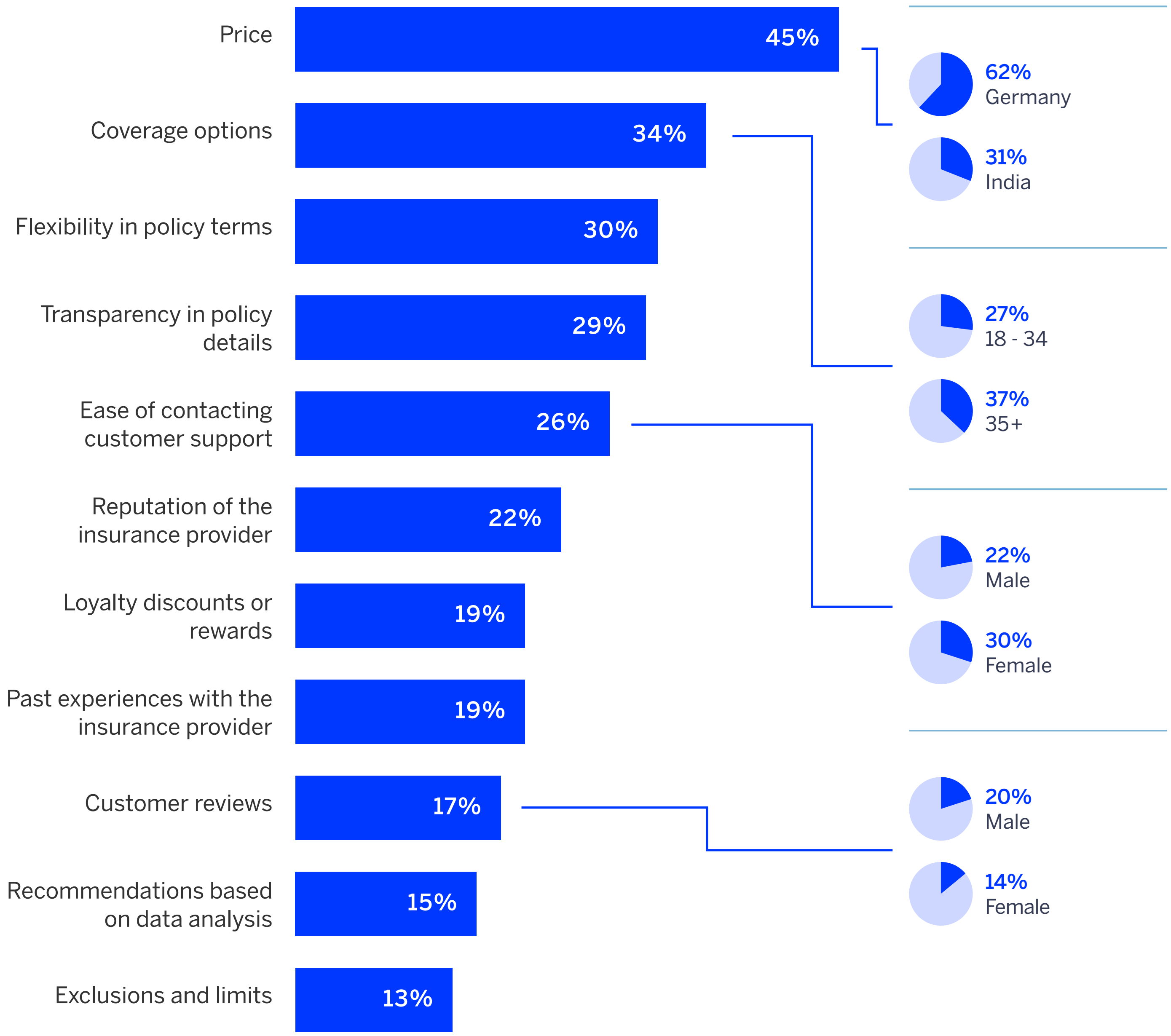
Yes by country



*Asked to those who have purchased insurance in the last 12 months

Price is the deciding factor for personalized policies – but flexibility, choice and transparency are important too

What factors would you consider when purchasing a customized insurance policy?*



*Asked to those who either have purchased customized insurance or were not aware that this was an option

When asked about which factors they would consider when purchasing a customized policy, price was number one overall. Driven by rising inflation amongst other things, the cost of insurance has skyrocketed. In Germany, for example, where 62% cited it as the number one factor, car insurance costs have risen by around 9% in the last year, with more increases expected.

Elsewhere, a range of options, flexibility and transparency were also important factors. Interestingly, among 18-34 "customer reviews" were notably more important, with 57% being more likely than over 35s to use customer reviews as a factor in the purchase decision.

What this means for insurers

In a time where customer reviews and digital reputations have significant influence on buying decisions, insurers must be wary of getting into a race to the bottom on price at the expense of the quality of the insurance products on offer.

Top 3 factors individuals consider when purchasing a customized insurance policy

	1.	2.	3.
Brazil	Price 53%	Coverage options 37%	Ease of contacting customer support 28%
Germany	Price 62%	Ease of contacting customer support 32%	Coverage options / Flexibility in policy terms 24%
India	Flexibility in policy terms 36%	Transparency in policy details 33%	Coverage options 32%
Indonesia	Transparency in policy details 38%	Flexibility in policy terms 37%	Price 35%
Mexico	Coverage options 45%	Price 42%	Transparency in policy details 39%
Singapore	Price 51%	Coverage options 41%	Transparency in policy details 33%
United States	Price 43%	Coverage options 33%	Flexibility in policy terms / Ease of contacting customer support 29%

Consumers happy to share data for better cover and pricing

Despite clear concerns about data security, overall we found that consumers are happy to share data in exchange for improved services. Almost six in ten (59%) would be comfortable sharing their health records, followed by their lifestyle habits, with an insurance provider to receive personalized offerings.

What type of data would you be comfortable sharing with an insurance provider to receive personalized services? Select all that apply

	Brazil	Germany	India	Indonesia	Mexico	Singapore	US
Health records	59%	40%	77%	77%	47%	64%	51%
Lifestyle habits	50%	34%	60%	67%	52%	57%	50%
Financial information	40%	25%	57%	44%	46%	44%	55%
Driving behaviour	48%	34%	38%	23%	46%	24%	56%

Respondents in Indonesia and India were particularly willing, reflecting the current public health situations in both countries. In India, for example, more than 55 million people are pushed back into poverty every year because of "catastrophic" health expenses, which affect some 17% of households.

Top 3 benefits individuals expect from insurers that use data to create bespoke packages

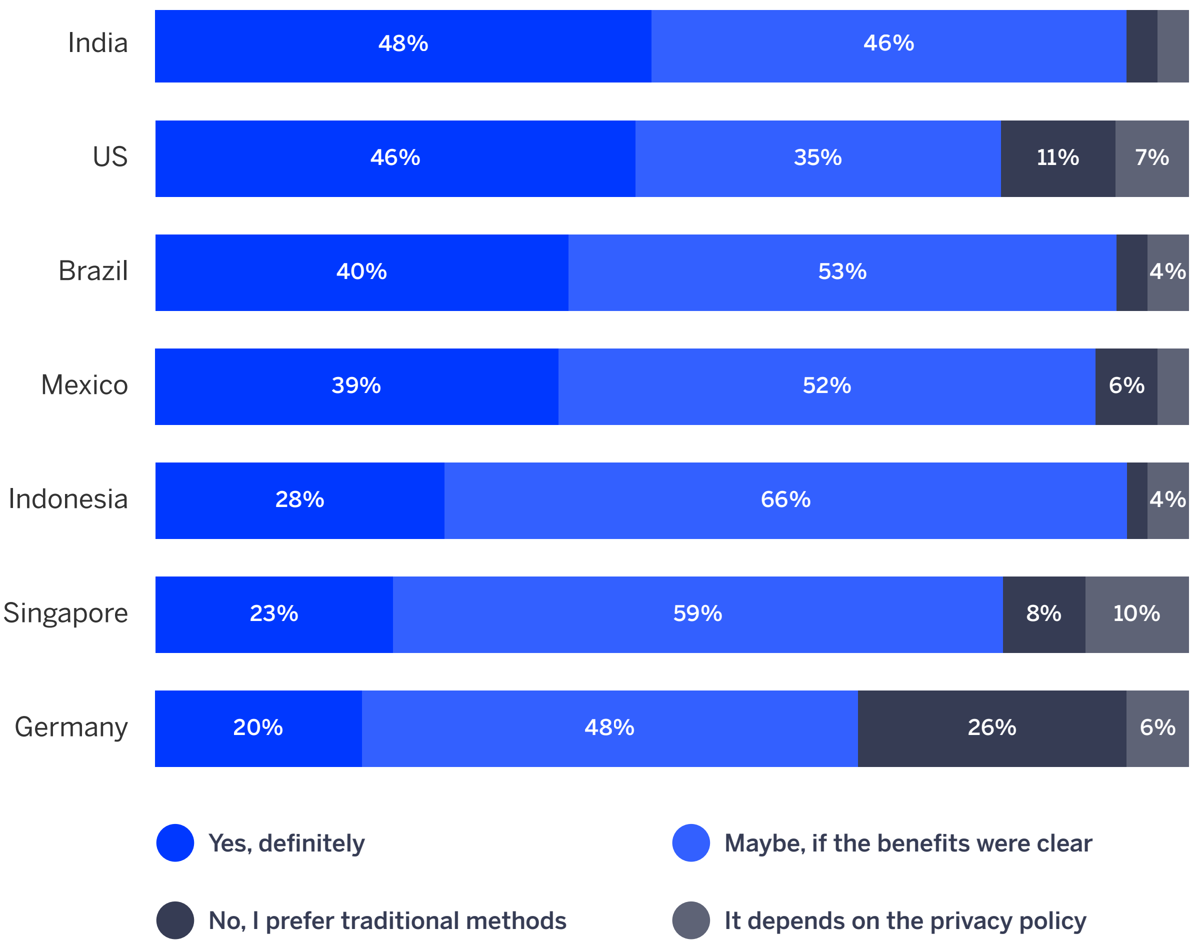
	1.	2.	3.
Brazil	Better pricing **59%**	Better coverage **56%**	Faster service **46%**
Germany	Better pricing **54%**	Discounts or rewards **41%**	Faster service **36%**
India	Better coverage **59%**	Faster service **52%**	Better pricing / Flexibility in adjusting coverage as circumstances change **49%**
Indonesia	Better coverage **57%**	Better pricing / Flexibility in adjusting coverage as circumstances change **56%**	Faster service **55%**
Mexico	Better coverage **49%**	Faster service **47%**	Better pricing **46%**
Singapore	Better pricing / Better coverage **56%**	Discounts or rewards **46%**	Flexibility in adjusting coverage as circumstances change **44%**
United States	Better pricing **48%**	Better coverage **42%**	Discounts or rewards **40%**

Consumers happy to switch in search of personalized policies

When asked if they would consider a switch to a provider who uses advanced data analytics to offer personalized policies if the benefits were clear, a resounding 86% said they would. Among 18-34 year olds, this jumps to 94%.

However, many of these respondents will still need convincing with a sizable chunk only considering a switch "if the benefits are clear."

Would you switch to an insurance provider that uses advanced analytics to offer personalized policies?



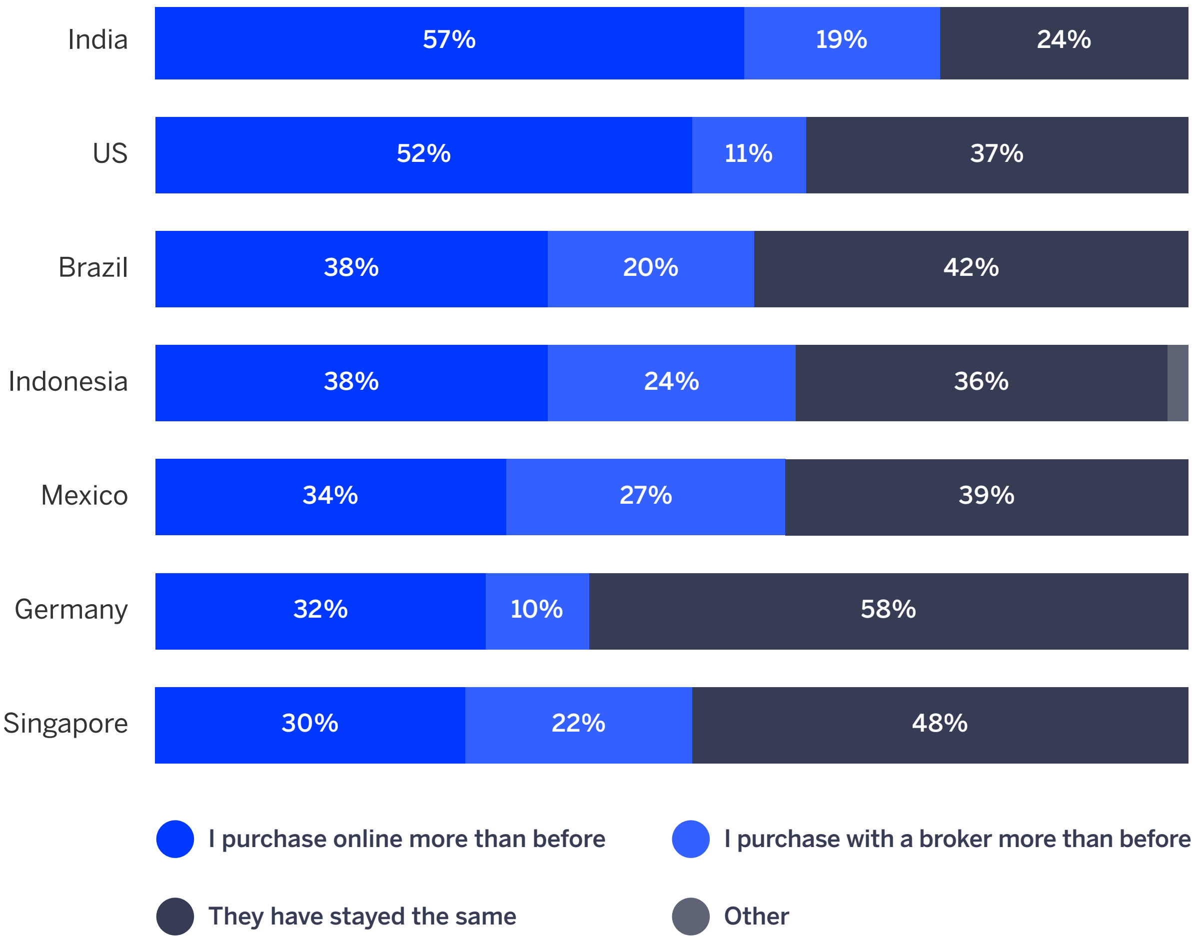
What this means for insurers

Adopting advanced data analytics is a great first step but it won't be enough. Insurers must clearly communicate the benefits.

4. The future of insurance
Quickfire questions on the changing face of the industry

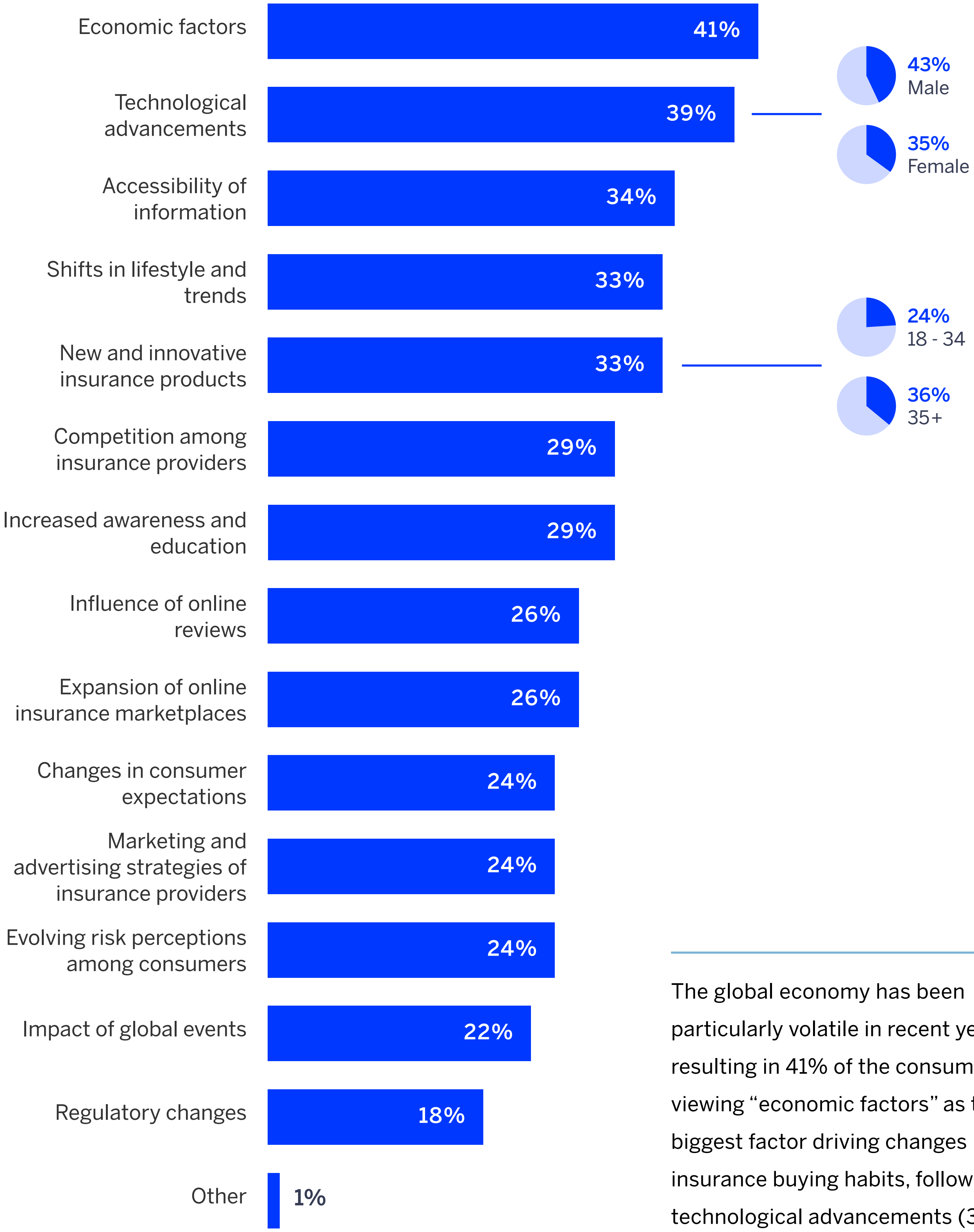
Overall, two in five respondents are buying more insurance online, while a similar number (41%) state their purchase habits remained the same over the past five years.

How have your insurance buying habits changed over the past five years?



The overall numbers are slightly skewed, however, by market differences. The relative stable insurance buying habits in Germany and Singapore are in stark contrast to India and the US, where over 50% of respondents have increased the amount they are buying online.

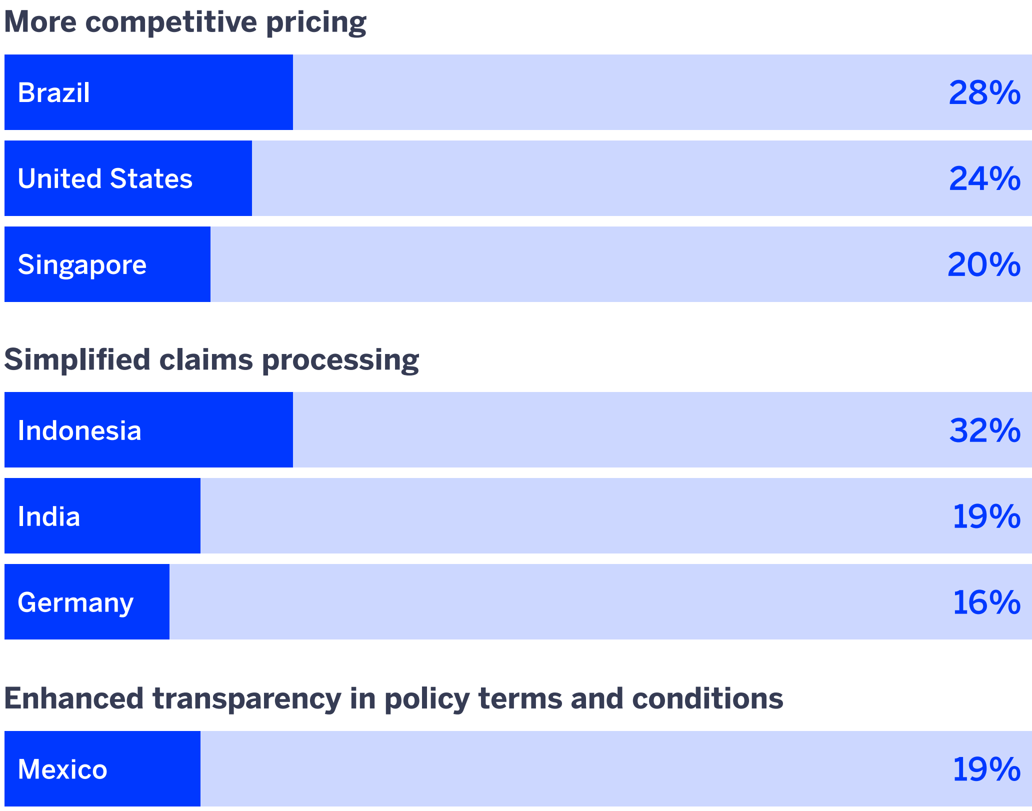
What do you believe is the biggest factor driving changes in how consumers buy insurance today?



The global economy has been particularly volatile in recent years, resulting in 41% of the consumers viewing "economic factors" as the biggest factor driving changes in insurance buying habits, followed by technological advancements (39%).

Looking forward, what is one feature or service you'd like to see from insurance providers?

Nearly a fifth of respondents would like to see more competitive pricing from insurance providers, particularly in Brazil (28%), the US (24%) and Singapore (20%). Meanwhile consumers in Germany, India and Indonesia expect simplified claims processing.



Building insurance for tomorrow's generation today

How consumers buy insurance is changing. This transition, driven by the preferences of younger millennials and Generation Z, is not just a trend but a clear indicator of the future direction of the insurance industry. As these younger consumers age, their preferences are set to become the norm, necessitating a considered response from insurers to accommodate this generational shift.

This shift doesn't necessitate an overhaul of existing core systems; rather, insurers can adapt by integrating flexible, open architecture solutions. These adjustments enable the provision of embedded insurance and digital-first policies, aligning with the preferences of younger consumers who favor managing their insurance needs via mobile apps and are more receptive to innovative, customized insurance products discovered through modern channels like social media.

The trend towards personalization and digital accessibility is clear, with a significant portion of consumers expressing a preference for insurance products that are tailored to their lifestyles and can be managed with ease and security online. Insurers have the opportunity to meet these demands through strategic enhancements to their existing systems, leveraging technology to offer competitive, user-friendly services without the need for extensive system replacements. By embracing this shift, insurers can ensure their offerings remain relevant and appealing to a new generation of consumers, positioning themselves effectively in a rapidly changing market.

Future-proofing your insurance business with SAP fioneer

In the face of rapid digitalization and evolving consumer habits, insurers have to change with the times. This means embracing emerging technologies and finding their place in the emerging ecosystems that will play a larger role in supporting, distributing, and enhancing their products.

To make the most of this opportunity, technology and strategy must work together. As we've discussed, connection and integration are key to driving value throughout the modern insurance chain—but collaboration is only possible with the right tools.

SAP Fioneer is a global leader in building next generation financial capabilities, helping firms be fast, agile and open to the ecosystems around them, no matter their core insurance system. With advanced technologies like cloud computing, alternative data analytics, and artificial intelligence included out of the box, SAP Fioneer's solutions empower insurers to move with the times and take their customers with them.

SAP Fioneer's Cloud for Insurance

With cloud-native features, this platform offers unparalleled scalability and flexibility, allowing insurers to innovate and adapt swiftly to market changes.

- Fully managed service for reliability, scalability, enhanced security
- Ecosystem enabled to new partners
- Intuitive UX and easy-to-use
- Enhanced visibility and financial reporting
- A cloud native, modular, service-based architecture
- Pre-configured Insurance Products & Processes
- Cloud based Document Management Solution
- Real time Payment Integration with 3rd party
- Conversational AI based Virtual Agent Chat bot

SAP Fioneer's Engagement Hub

A modern platform for managing insurance distribution, the Engagement Hub streamlines the coordination between insurers, agents, and customers.

Tailored product packages

Curate a unique range of insurance packages (Standard, Premium, Ultimate) to offer concise, customer-centric digital insurance propositions for the end-customer.

Customizable coverages

Selectively include, exclude or make coverages optional, with the added granular capability to fine-tune various coverage attributes.

Versatile system integration

Embrace flexible distribution, with use-case-driven APIs, widgets, or microsites for seamless integration with distribution partners.

Consistent, connected brand

Configure proposition aesthetics and flow with distributors' corporate identity while retaining full control over your brand representation.

Bundle products with services

Bundle insurance products with insurance and non-insurance products and services of your distribution partners to create holistic propositions.

Live preview editor

Shape your customer experience in real time with our WYSIWYG (what-you-see-is-what-you-get) editor at each stage of the proposition design journey.

Data-driven insights

Leverage lightweight analytics tools to craft more profitable insurance offerings and make fully-informed business decisions.

Integrated KPI dashboard

Clear visualization of historical data, key performance indicators, and vital ecosystem insights.

To find out more about SAP Fioneer's solutions, get in touch with our team today.

GET IN TOUCH

Nikola Djokic

Managing Director, Insurance

nikola.djokic@sapfioneer.com

Nikola offers over 15 years of IT implementation expertise within the insurance sector, including General, Life, and Reinsurance. As the former Co-CEO of Hedwell, recently acquired by SAP Fioneer, he brings a rich background in market trends and digital transformation strategies.

Nikola is devoted to fostering synergies, ensuring win-win outcomes by marrying SAP Fioneer's innovative technologies with his extensive insurance knowledge to spearhead significant industry progress. His leadership is pivotal in integrating cutting-edge solutions with a nuanced understanding of the insurance industry, facilitating transformational initiatives across EMEA, APJ, and the Americas.