

CUSTOMER BEHAVIOR AND LOYALTY IN INSURANCE: GLOBAL EDITION 2017

Building connections—and profits—with
ecosystem services

BAIN & COMPANY 



Acknowledgments

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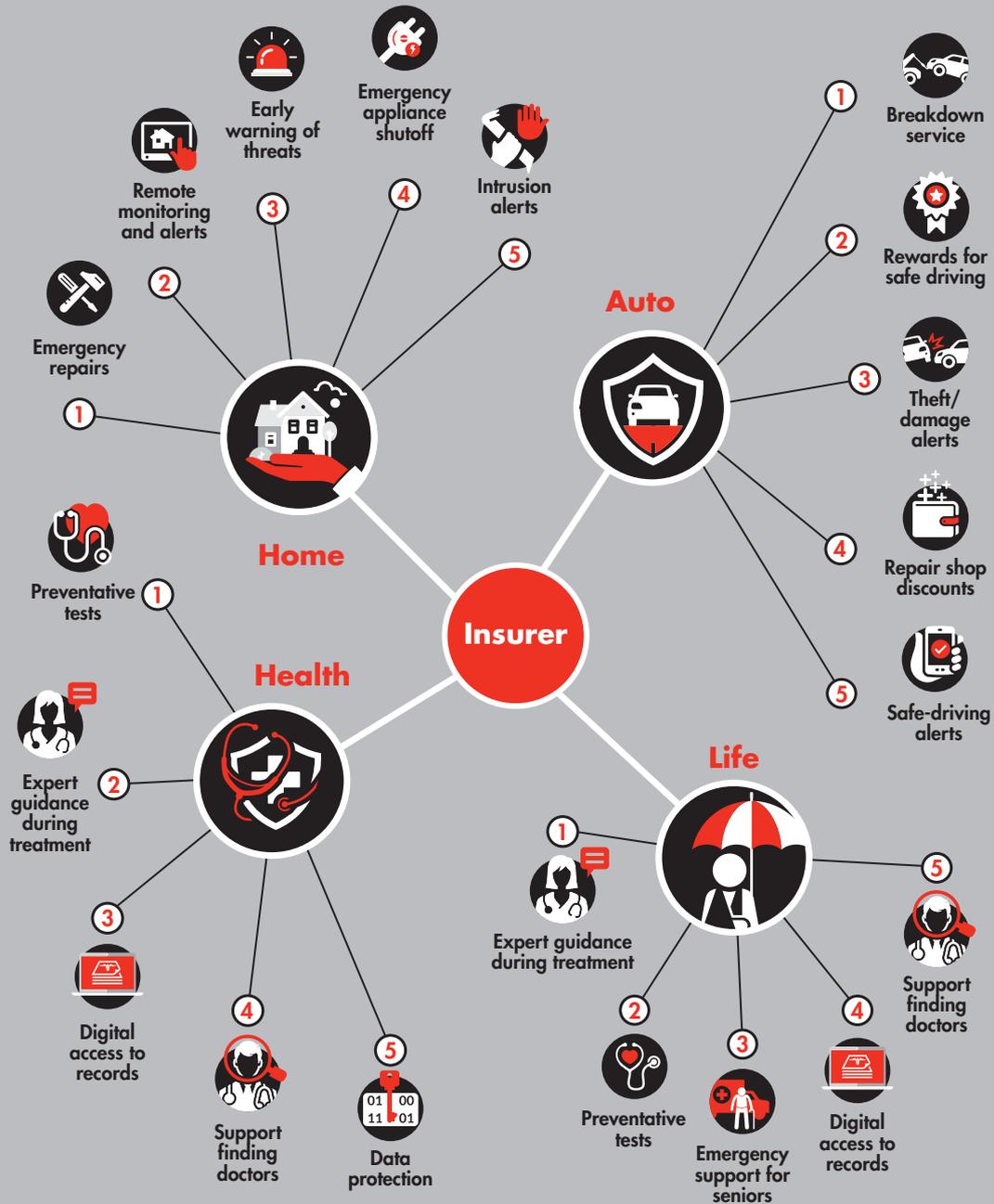
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The ecosystem services customers want most

Insurance customers around the world show strong preferences for services that help them stay healthy and safe. Top five preferred services by product ecosystem:



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Executive Summary: Breaking the Gordian knot of commoditization

Insurers have long struggled to attract and retain customers. They do business in a highly competitive marketplace, and they sell a product that many consumers consider to be a commodity. Customers often cite price as their main reason for buying an insurance policy—particularly in property and casualty (P&C). Many consumers now buy insurance through aggregator sites, rarely connecting directly with the carrier or its agents.

Insurers find it challenging to differentiate themselves in the eyes of their customers, especially when they interact so irregularly with them. In an era when consumers across markets expect high-touch, personalized service, insurance, by its very nature, remains a low-touch industry. Worldwide in the product categories of home, auto, life and health insurance, most customers purchase an insurance product only every three to six years. In developed markets, just half of the customers have had any contact with their insurers for any reason in the past 12 months.

These are among the findings of Bain & Company's third global survey of retail insurance customers. Working with Research Now, we canvassed more than 172,000 insurance policyholders in 20 countries to gauge how loyal they are to their carriers. This year's survey shows strong momentum behind a significant trend: the growth of ecosystem services. Insurers are discovering new ways to build loyalty by offering their customers an interconnected array of services that extend beyond insurance.

Loyalty is good for business. Carriers that win the loyalty of their customers find that they stay longer, buy more products and recommend the company to their friends and colleagues. Higher loyalty means lower churn, and that can help companies reduce costs and expand margins.

Insurers have made concerted efforts in recent years to build customer loyalty. They've embraced digital platforms, retrained employees and started to redesign customer episodes. These initiatives can pay off. Our survey shows that insurers that concentrate on building loyalty can gain considerable ground—as much as 20 percentage points in Net Promoter Scores over a three-year period. Conversely, insurers that lose focus can find their loyalty scores slipping by similar margins.

On the whole, though, insurers are making only slow progress in differentiating their products and services, and delighting their customers. In many markets, the loyalty leaders have successfully defended their positions, particularly in P&C. Not only are the leaders in many countries the same as they were in prior years, but the gap between the laggards and the leaders remains wide.

How can insurers break the Gordian knot of commoditization and consumer indifference that is stymying their efforts to generate and sustain consumer loyalty?

To begin with, companies need to master the basics of customer relations. They must be accessible, accurate, fair, fast, empathetic and reliable—for every customer in every encounter. Successful companies think in terms of complete customer episodes. They take a holistic view of the customer, one that reaches across the company's divisions, departments, disciplines and channels.

But getting the basics right, even with the help of the latest digital tools, isn't sufficient to solve the fundamental problem at the heart of insurance: the lack of touch. Insurers that do nothing more than sell conventional insur-

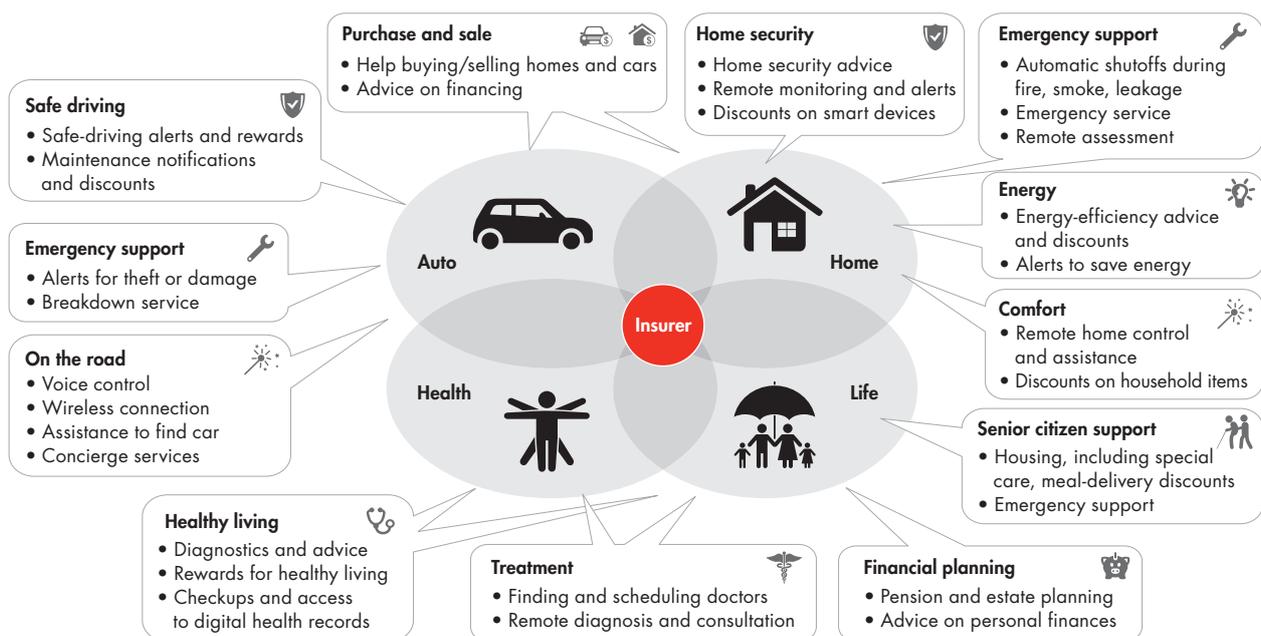
ance policies will continue to be hobbled by infrequent contact with their customers. It's hard to build loyalty when you connect with your customers once a year—or less. The correlations are clear: More interactions, provided they are high-quality interactions, lead to more loyalty.

Insurers are discovering that the best way to get more quality time with their customers is to offer them non-insurance services—such as home security, car maintenance, health monitoring, financial planning and much more—that are natural extensions of their core products. No longer merely isolated providers of a low-touch product, insurers can become the key players in ecosystems of interconnected services for home, auto, health and life (see Figure 1).

Our survey shows that customers are ready and willing to hear from their insurers about services that reach beyond core insurance. In some major markets—Australia, China, France, Germany, Switzerland, the UK and the US—customer interest in ecosystem services has grown significantly in just the past year. Customers say they're prepared to pay higher premiums to carriers that offer them desired services beyond insurance. And, if their own insurer doesn't provide the services they're looking for, they'll consider switching to one that does.

Ecosystem services have the potential not only to build loyalty, but also to increase profits. Policyholders who use these services are likely to be safer and healthier, meaning they're apt to file fewer claims—and that can be a boon to their carrier's bottom line. Insurers that offer services beyond insurance gain access to a rich stream of customer data, which can help them hone their offerings further, as well as become more efficient delivering them. Given these benefits, it's no wonder that many insurers are looking at expanding their role in the ecosystem.

Figure 1: Ecosystems—insurers are beginning to deliver these kinds of value-added services to their customers



Source: Bain & Company

The digital imperative

The digital revolution has lent new urgency to insurers' need to reimagine what they do and how they do it.

Across industries, the bar has been raised on customer expectations. Digital pioneers such as Amazon and eBay have set new standards for convenience, speed, value and ease of use. Consumers, particularly younger ones, now want an Amazon-like experience whether they're buying a car, opening a bank account or shopping for an insurance policy.

In some markets, insurers have made strides in delighting their customers through digital channels, particularly mobile. In China, Malaysia and South Korea, for example, P&C and life insurance customers who use mobile channels are more delighted than customers using other channels.

Overall, however, insurance customers who rely exclusively on digital channels tend to be less loyal than those who use multiple channels, including agents and call centers. Compared with multichannel customers, digital-only customers give their insurers lower marks in the areas of personalization, understanding their needs and trust in the company's ability to resolve an issue.

Those relatively poor ratings may help explain why insurance customers are only slowly increasing their use of digital channels, and why the share of customers who use only digital channels remains quite small—ranging from just over 2% in Mexico to 23% in the UK. Throughout the world, the largest and fastest-growing segment of customers consists of so-called hybrids, those who use both online and offline channels. Generally speaking, customers use digital channels to supplement, not replace, other channels.

These trends present a twofold challenge to insurers: They must learn how to delight their digital customers, while continuing to please those who use conventional channels. With hybrid users, a customer episode can begin online and end offline, or vice versa, meaning insurers need to work on providing a seamless experience across channels.

Within digital, the biggest opportunity lies in personalization—an area where insurance lags behind other industries, such as online retail. By collecting data systematically, making it accessible across the organization and applying artificial intelligence, carriers can emulate retailers and create bespoke offerings. By knowing more about their customers, insurers can better target them at the moment when they are ready to buy. In the US, for example, Progressive's Name Your Price program offers customers individualized proposals based on how much they are willing to pay.

Insurers face an imperative to get digital right. Established carriers must now contend with digital rivals from both inside and outside the industry. In recent years, insurtechs such as Lemonade and Oscar have risen up as insurgent challengers. While it's unclear whether any of these upstarts will reach the critical mass necessary to dislodge incumbents, they have already had an impact on customer expectations.

The bigger digital threat to traditional insurers may come from tech giants such as Alibaba. In China, these companies have created vast digital financial platforms that include banking, payments and insurance—and they plan to take this approach to other markets. Alibaba, Tencent and Ping An are among the backers of Zhong An, China's first all-digital insurer. Founded in 2013, Zhong An announced in June that it planned to go public. And it's not just tech companies that are encroaching on insurers. Automaker Volkswagen, for example, has expanded into insurance, and Tesla is testing a package that offers customers an insurance contract with the purchase of a new car.

Beyond insurance: Building loyalty with ecosystems

To thrive in this rapidly changing environment, forward-looking insurers are redefining the very nature of what it means to be an insurance company. Global insurer AXA, for example, has embarked on a multiyear effort to change the way it relates to its customers, transforming itself from a “payer” into a “partner.” Insurers that position themselves at the hub of an ecosystem can do much more than assess risk, sell policies and process claims. No longer simply allocators of capital, they can provide comprehensive and innovative solutions to their customers’ everyday needs, helping them protect their health, wealth and personal property.

As insurers expand into the ecosystem, they can enter a virtuous circle with their customers. The more insurers can leverage what they know about their policyholders—where they live, what kind of cars they drive, how many children they have, whether they smoke, how often they exercise—the better they can offer those customers insurance products and noninsurance services tailored to their specific needs. As customers use more services, insurers will be able to gather more information about their consumption habits and behavior, enabling carriers to further refine their offerings.

As industries become increasingly interconnected in ecosystems, the winners are likely to be companies that control customer interactions. Those that command the customer interface will have access to the data that comes with it. As the battle for the interface intensifies, insurers face an almost existential challenge. Insurers who can maintain—and expand—control of customer interactions can build a constellation of value-added services at the center of an ecosystem. Companies that cede power run the risk of becoming marginalized as narrowly defined utility players at the edge of the system.

As insurers develop ecosystems, it’s crucial that they think through which services are most relevant to each customer segment, develop a comprehensive strategy for managing data and come up with a clear plan for making money. The industry has just started on this journey, and not all players are equipped to win the competition.

Companies that succeed in ecosystem services will be those that redefine their missions. In an ecosystem, automotive insurers don’t just cover motorists when they have an accident, they help prevent crashes from occurring in the first place, with telematic sensors that monitor vehicles and motorists. Such telematic services are on the rise around the globe. Canadian cooperative Desjardins, for example, offers Ajusto, an app that tracks driving behavior and calculates discounts based on how safely motorists operate their vehicles. Some auto insurers are taking ecosystem services even further. In Brazil, P&C loyalty leader Porto Seguro helps customers finance cars, maintain them and enjoy them.

Residential insurers operating in an ecosystem don’t just come to the rescue of homeowners when the basement floods or the stove catches fire; they offer an array of digital monitors and sensors as part of what’s becoming known as the smart home. AXA’s smart-home applications in France, for example, connect homeowners remotely to sensors and cameras that can spot intruders, control lighting, detect smoke and monitor water leaks.

Health insurers that become lead actors in an ecosystem still cover people when they get sick, but also offer services that help them stay well, including remote medical diagnostics, fitness club discounts and expert nutrition advice. German health insurer AOK Nordost recently launched digital loyalty program FitMit AOK, which gives policyholders incentives to live a healthy lifestyle.

Interestingly, our survey shows that customers want their life insurers to provide similar health-related benefits. In an ecosystem, life insurers don’t just make payments when clients die; they provide advice on healthy living,

Demand for ecosystem services is strong ...

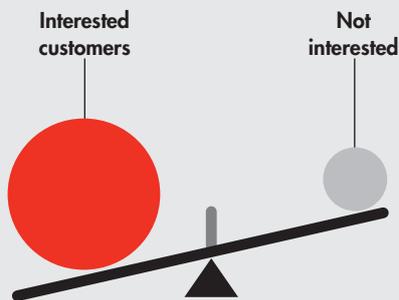


In large markets, insurance customers across major product groups are open to or interested in ecosystem services.



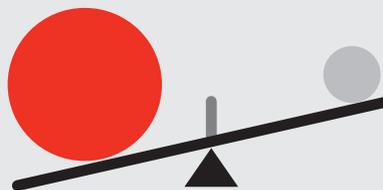
Auto

87%



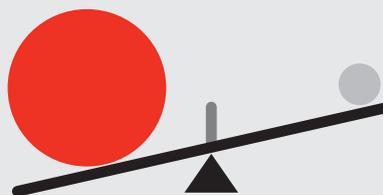
Home

89%



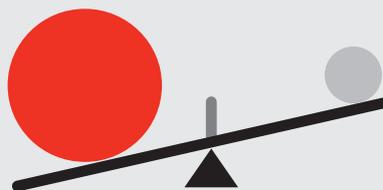
Health

94%



Life

89%



... strong enough to prompt customers to switch insurers

Many customers say they'll consider moving to a new insurer if theirs doesn't offer the services they want.

61%



of UK insurance customers interested in ecosystem services are ready to switch providers



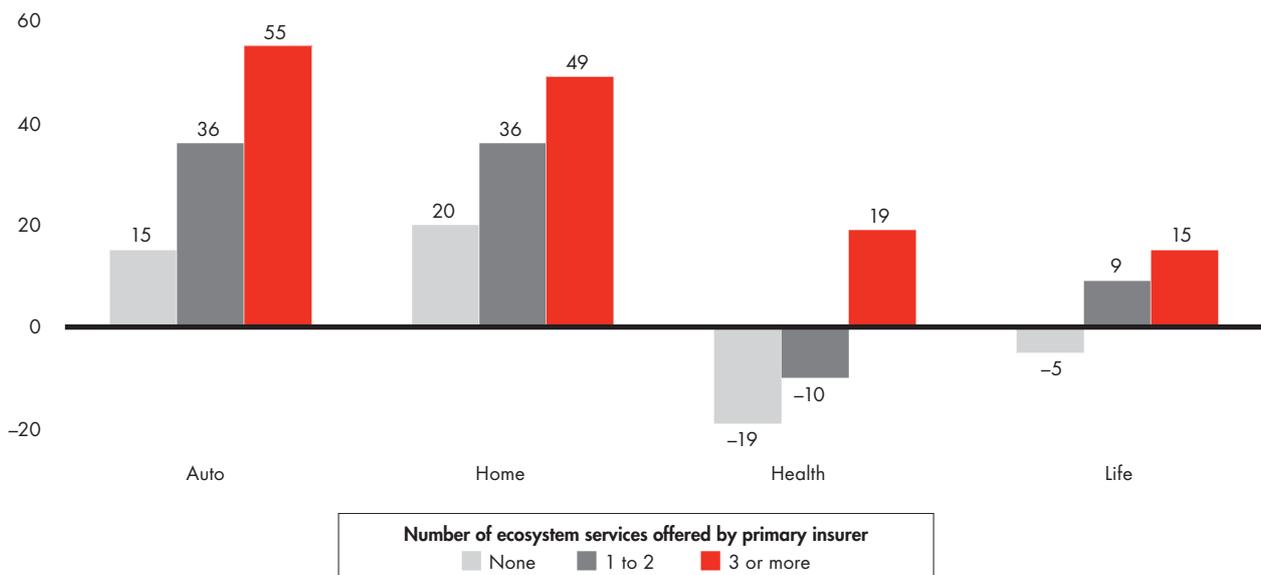
along with financial planning and personal data protection. South African insurer Discovery is an early mover on health services for life insurance customers. The company’s health rewards program, Vitality, which Discovery offers globally in partnership with local insurers such as AIA in Asia and Generali in some European countries, is linked with life as well as health insurance policies.

With ecosystems, insurers can significantly increase the opportunities they have to connect with their customers. Our survey shows that engaging in more interactions with customers strongly correlates with higher loyalty scores. Not all encounters are created equal. Customers don’t want to be pestered; they don’t want to receive repeated, multichannel reminders to renew their policies, for example. But they do want to be contacted about services that help them live healthier, safer and more productive lives.

Because this trend is just beginning, insurers that move quickly and creatively to establish leadership in their ecosystem have a huge opportunity. Done right, ecosystem services can help insurers break the Gordian knot of commoditization. Ecosystem services can boost loyalty (see Figure 2). They can also attract new customers and reduce price sensitivity. Not every insurer will want to adopt an ecosystem strategy. Discount carriers that already compete effectively on cost and price may not want to move up the value chain. Many companies, though, will see ecosystem services as the best way to boost revenues, improve margins and, most important, sustain the loyalty of their very demanding customers.

Figure 2: Offering services beyond insurance leads to higher customer loyalty

Net Promoter Scores for US insurers, 2017 (by product ecosystem)



Source: Bain/Research Now NPS survey, 2017



1.

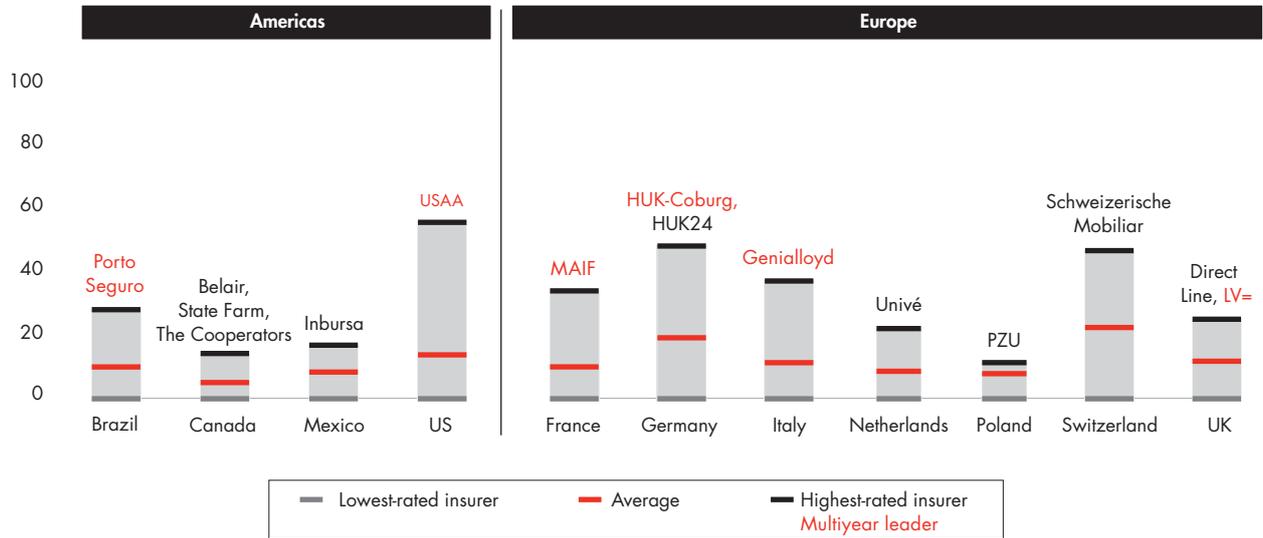
The basics of loyalty:

Connecting with
the customer

- Large gaps persist between loyalty leaders and loyalty laggards. In the US, perennial leader USAA is 55 percentage points ahead of the last-place company in P&C and 42 points better than the market average.
- Since 2014, there has been little change at the very top of the rankings, but below that, some carriers have gained—or lost—considerable ground. In Germany, for example, one life insurer bettered its Net Promoter Score by 18 points, showing that companies that make concerted efforts to improve the quality of their customer interactions can see a measurable impact on loyalty. By the same token, carriers that become complacent and fail to innovate can see their scores plummet.
- Customers who interact with their insurers are more likely to be loyal. That presents a challenge for companies because insurance, by its very nature, is a low-touch industry. There is a huge difference in Net Promoter Scores between customers who had at least one interaction with their carrier in the past year and those who did not; in China, the spread is 59 percentage points in P&C and 57 points in life insurance.
- The quality of an interaction matters. Customers who are delighted by an interaction reward their carriers with positive Net Promoter Scores. But when customers are annoyed by an encounter, their displeasure shows up in negative scores.

Figure 3: In the P&C sector, there is a large gap between loyalty leaders and laggards in the Americas and Europe...

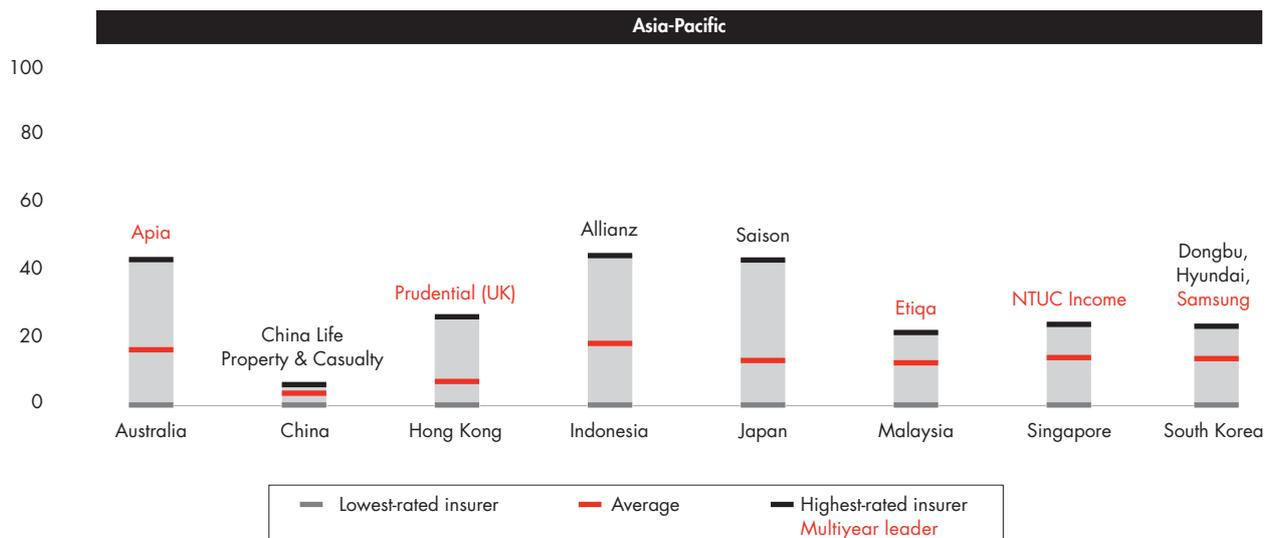
Primary P&C insurers' Net Promoter Scores relative to loyalty laggard (indexed to zero), 2017



Note: Scores reflect respondents' ratings of their primary P&C insurer
 Source: Bain/Research Now NPS survey, 2017

Figure 4: ...and similar gaps exist between P&C leaders and laggards in most Asia-Pacific markets

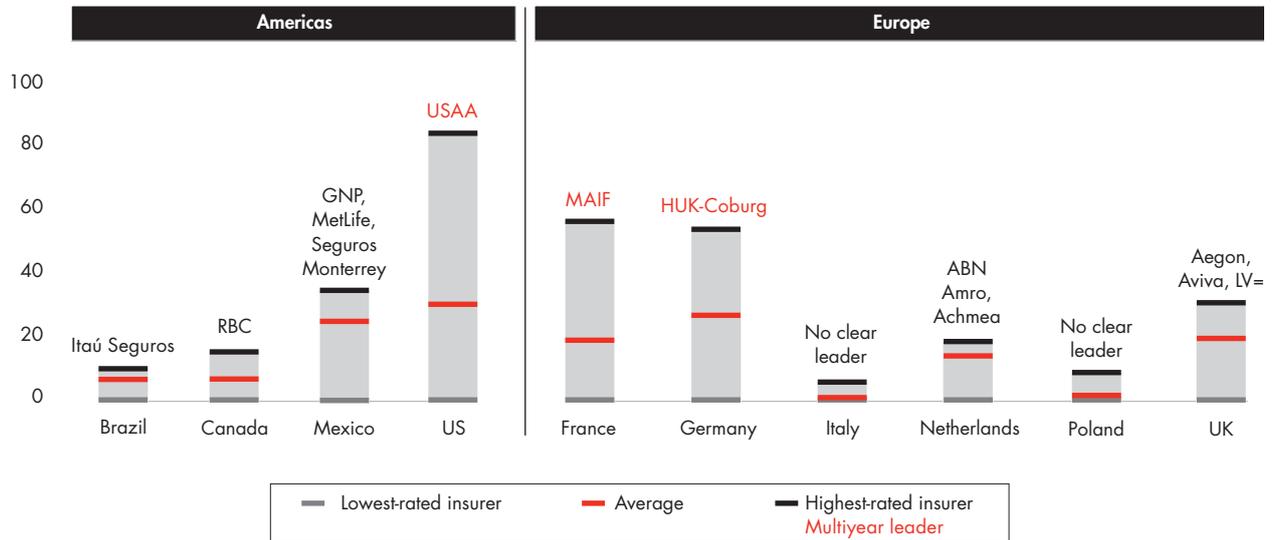
Primary P&C insurers' Net Promoter Scores relative to loyalty laggard (indexed to zero), 2017



Note: Scores reflect respondents' ratings of their primary P&C insurer
 Source: Bain/Research Now NPS survey, 2017

Figure 5: In life insurance, there are big gaps between leaders and laggards in the Americas and Europe...

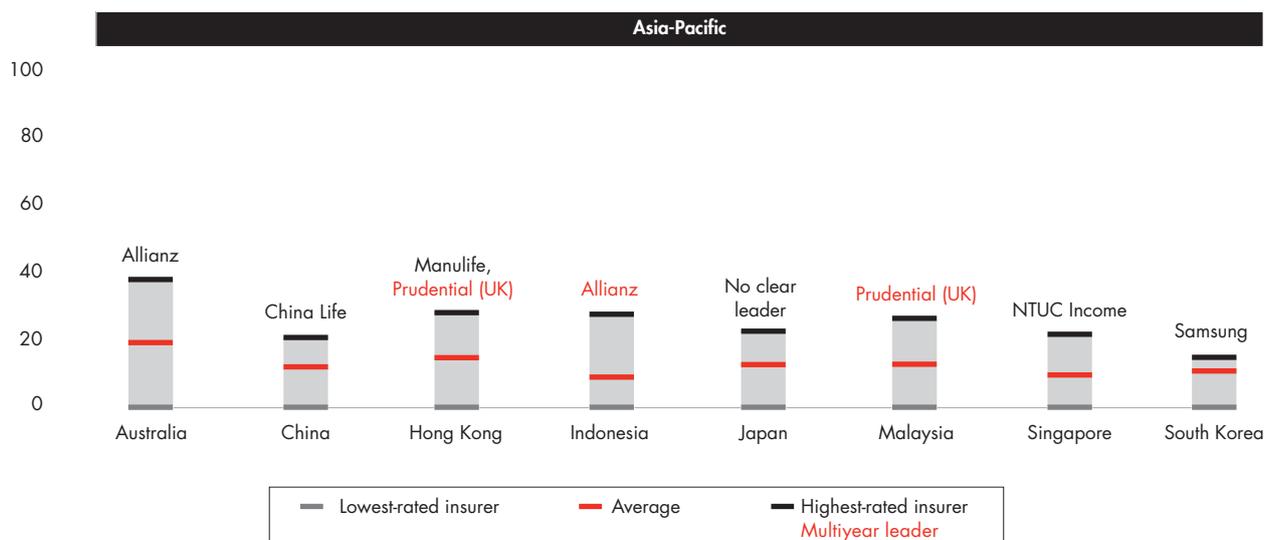
Primary life insurers' Net Promoter Scores relative to loyalty laggard (indexed to zero), 2017



Note: Scores reflect respondents' ratings of their primary life insurer
Source: Bain/Research Now NPS survey, 2017

Figure 6: ...and also in Asia-Pacific

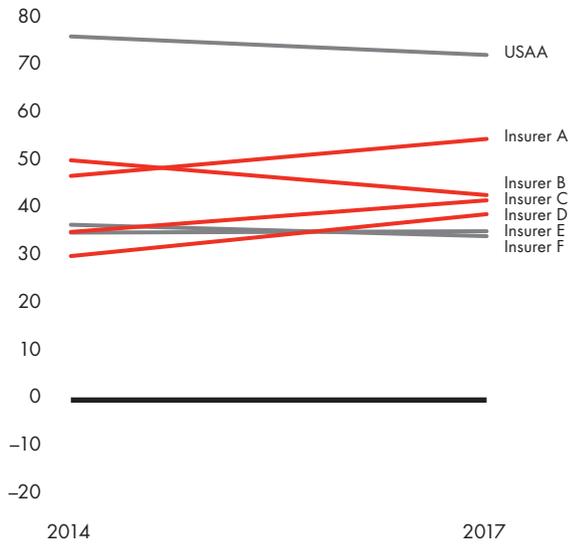
Primary life insurers' Net Promoter Scores relative to loyalty laggard (indexed to zero), 2017



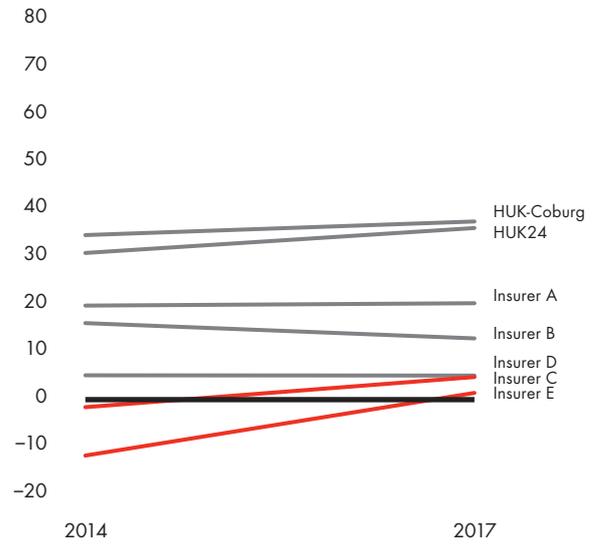
Note: Scores reflect respondents' ratings of their primary life insurer
Source: Bain/Research Now NPS survey, 2017

Figure 7: While many P&C loyalty leaders maintain their positions over time, some insurers gain (or lose) considerable ground

Net Promoter Scores of leading US P&C insurers



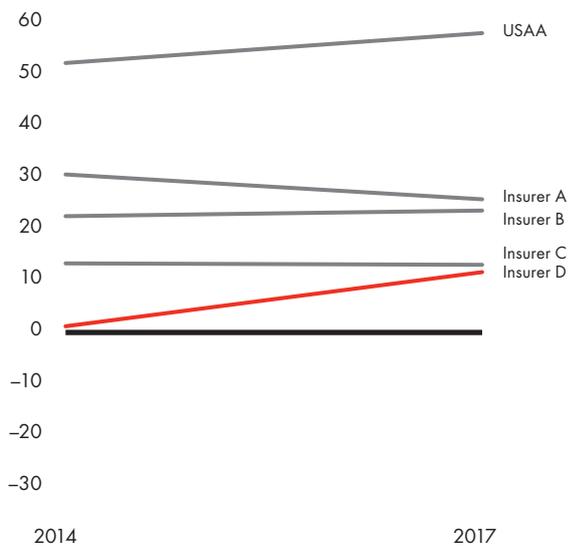
Net Promoter Scores of leading German P&C insurers



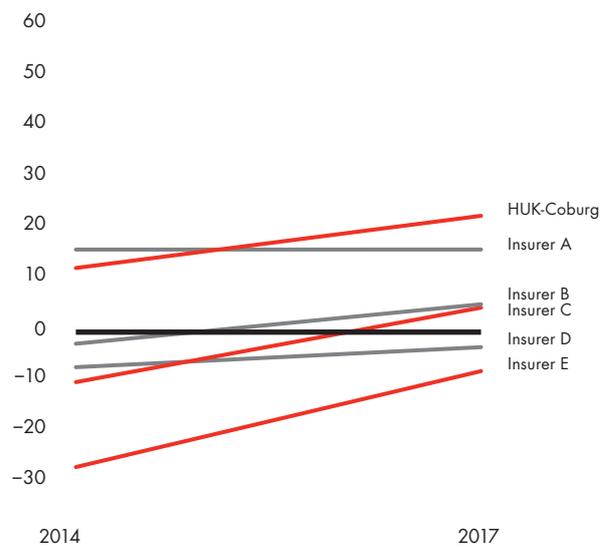
Sources: Bain/Research Now NPS survey, 2017; Bain/Research Now and Bain/SSI NPS surveys, 2013–14

Figure 8: For life insurers as well, there have been some big moves over the last three years

Net Promoter Scores of leading US life insurers



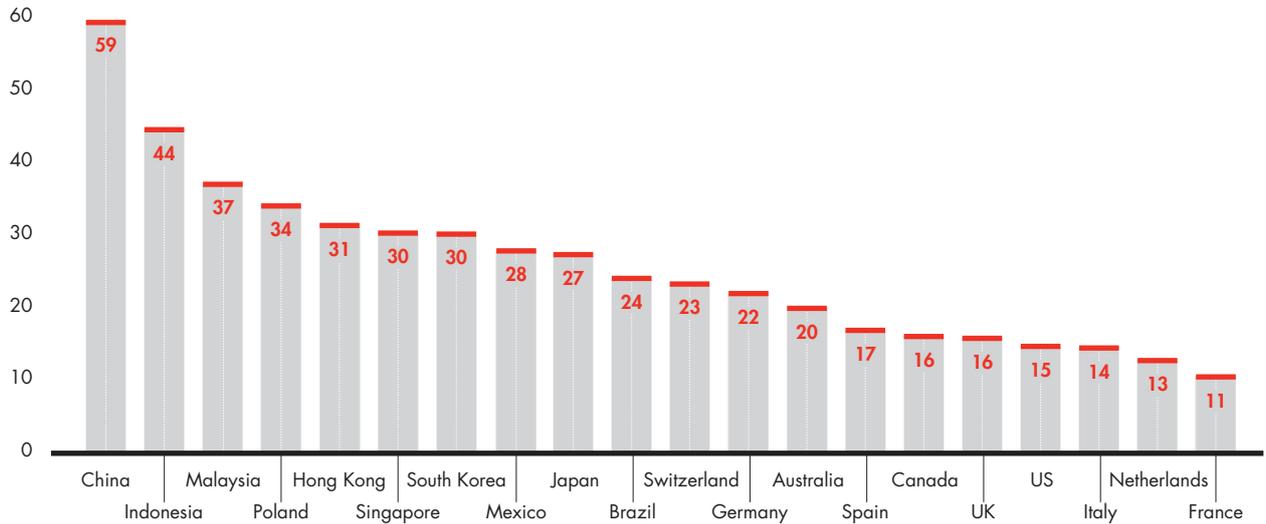
Net Promoter Scores of leading German life insurers



Sources: Bain/Research Now NPS survey, 2017; Bain/Research Now and Bain/SSI NPS surveys, 2013–14

Figure 9: Touch matters—P&C customers who interact with their insurers are more loyal

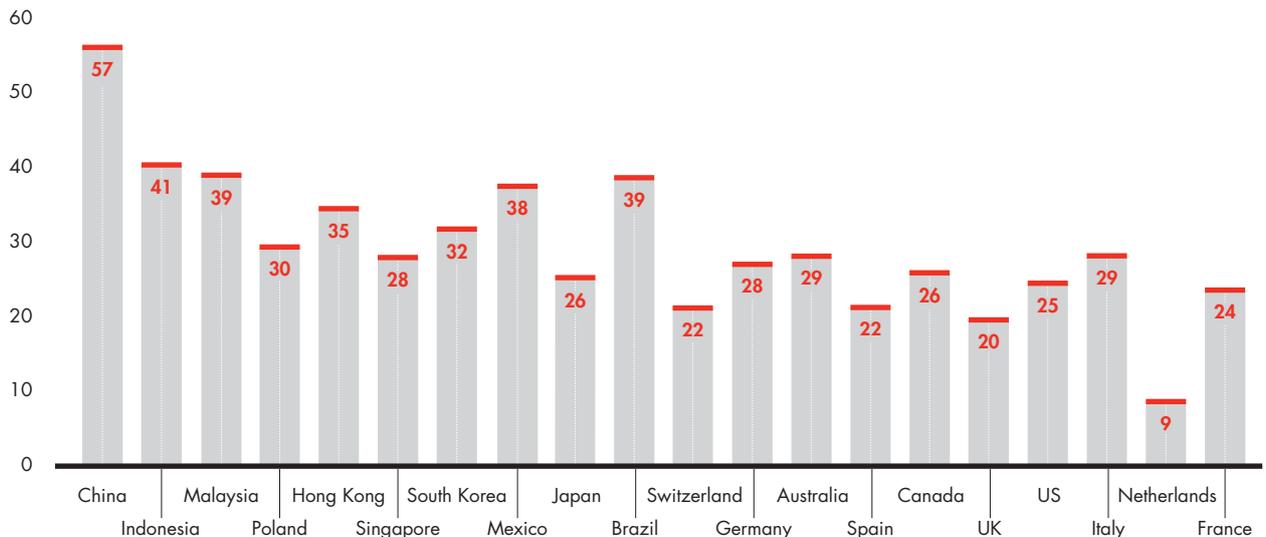
Percentage-point difference in Net Promoter Scores between customers who had an interaction in the previous 12 months and those who did not, 2017



Note: Interactions include information search, personal advice, purchasing, service and claims
 Source: Bain/Research Now NPS survey, 2017

Figure 10: The same holds true for life insurance customers

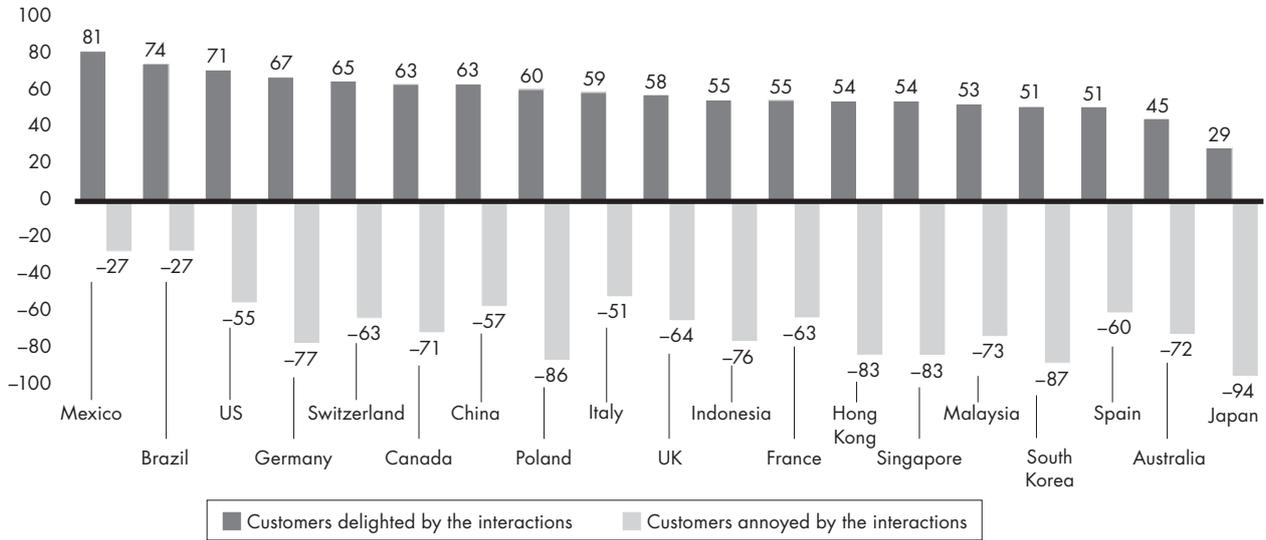
Percentage-point difference in Net Promoter Scores between customers who had an interaction in the previous 12 months and those who did not, 2017



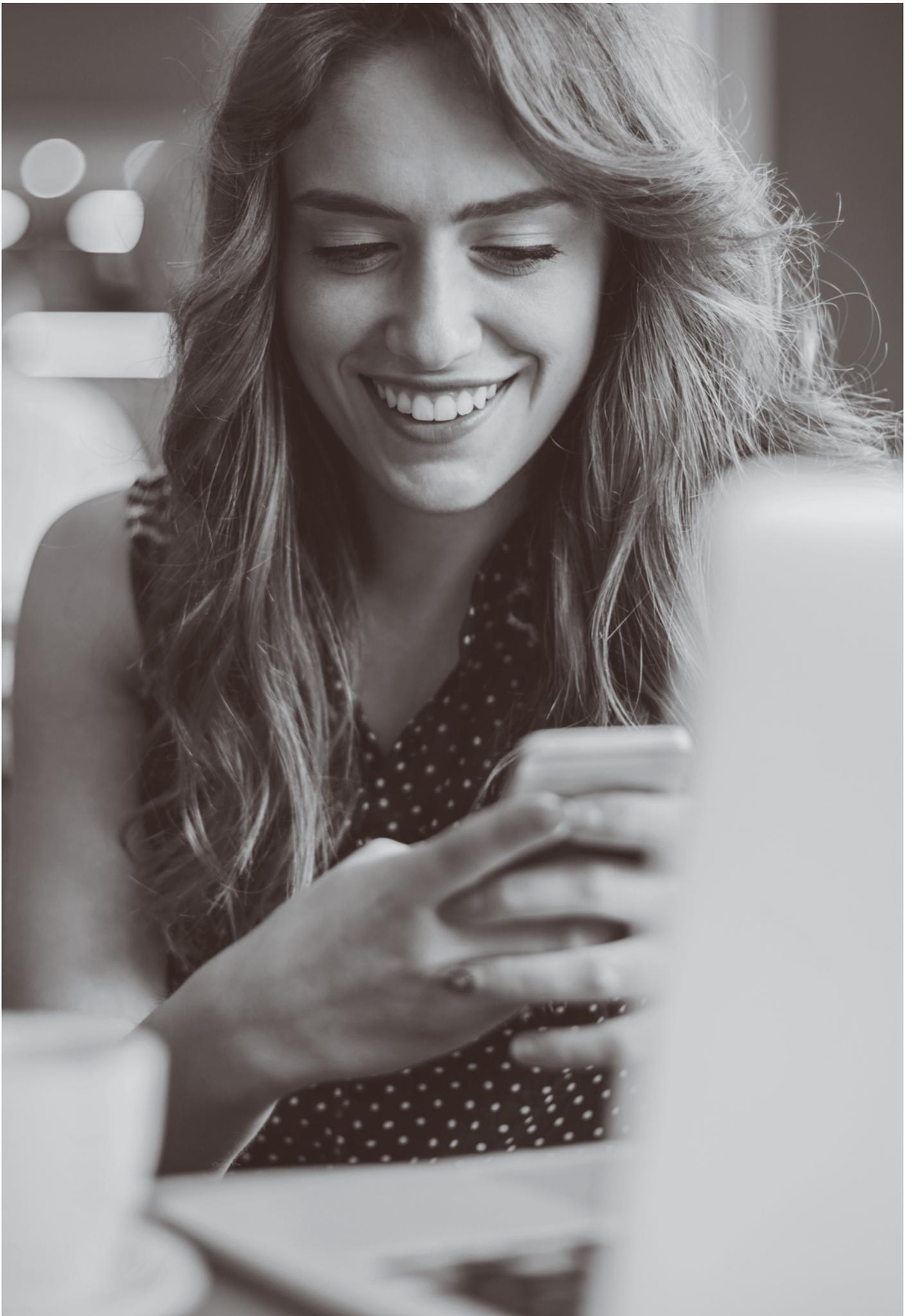
Note: Interactions include information search, personal advice, purchasing, service and claims
 Source: Bain/Research Now NPS survey, 2017

Figure 11: There is a huge loyalty gap between life insurance customers delighted by interactions and those annoyed by them

Net Promoter Scores of life insurance customers who interacted in the previous 12 months, 2016



Note: Interactions include information search, personal advice, purchasing, service and claims
 Source: Bain/Research Now NPS survey, 2016



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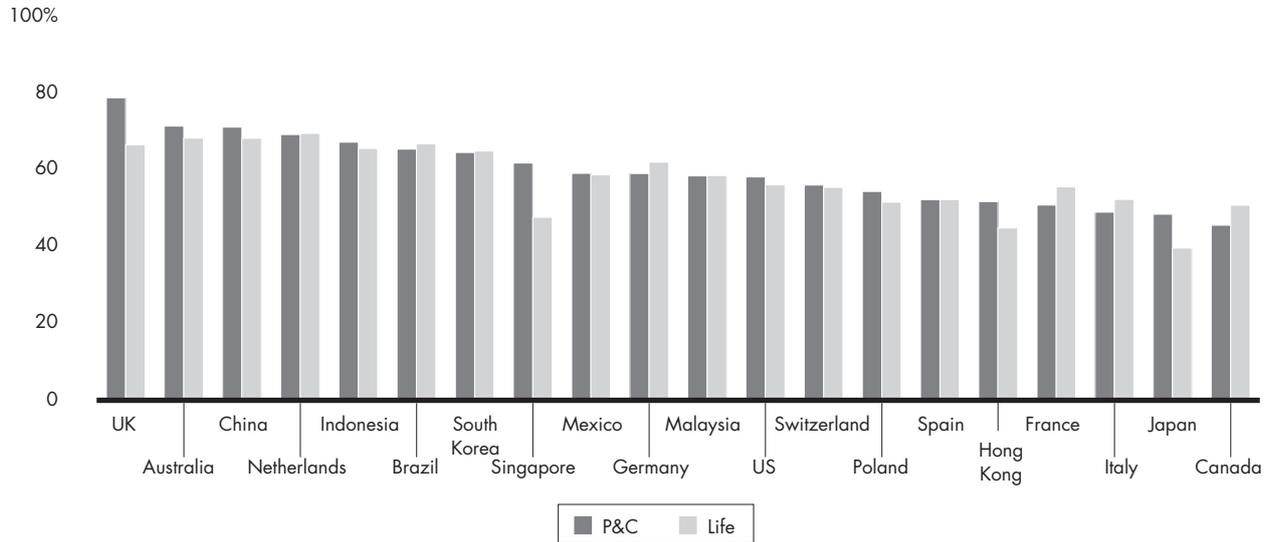
Delighting through digital:

Make it personal

- In most countries, more than half of all insurance customers are digitally active, meaning they go online to research products and/or conduct important interactions with providers.
- Customer usage of mobile channels, while growing, has remained at low levels, particularly in developed countries. In Germany, for example, only 3% of P&C and 6% of life insurance customers use a mobile channel (defined as a browser or app viewed on a phone or tablet) to conduct their most important transactions.
- While usage numbers may be low, mobile channels show significant potential to delight, particularly in some Asian markets. In most other countries, though, in-person and phone interactions still generate higher loyalty scores, suggesting insurers have room for improvement in mobile.
- Throughout the world, most customers continue to conduct at least some of their interactions through traditional channels. The largest and fastest-growing group of customers is made up of hybrid users, who do business both online and offline. Customers are using digital channels to complement, not replace, traditional channels.
- In major markets, P&C and life insurance customers who use only digital channels give their carriers lower loyalty scores than do multichannel customers. The good news is that the gap in scores between digital-only and multichannel users has shrunk since 2014.
- The biggest challenge insurers face with digital-only customers is finding a way to personalize their offerings. Digital-only customers give their carriers relatively low marks for personalization, understanding of needs and ability to resolve an issue.

Figure 12: In most countries, a majority of insurance customers have used digital channels at least once in the past year

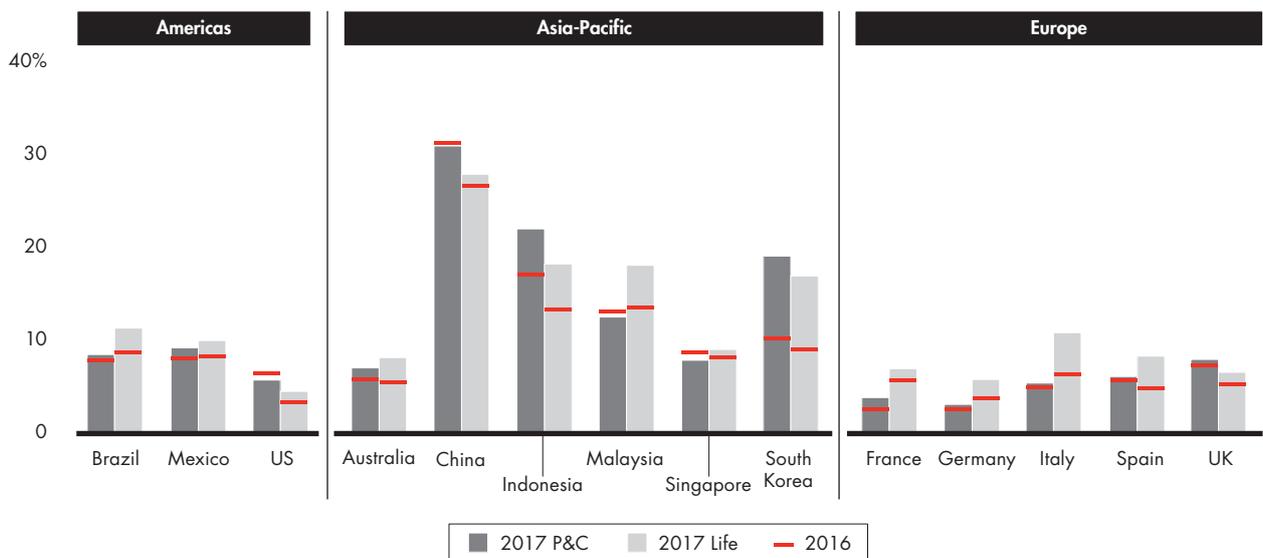
Share of digitally active customers, 2017



Note: Numbers reflect respondents who used digital channels for their most recent research to find insurance-related information and/or for their most important interaction with their insurance providers in the previous 12 months
 Source: Bain/Research Now NPS survey, 2017

Figure 13: Mobile usage is rising, but few customers use smartphones or tablets for their most important interaction

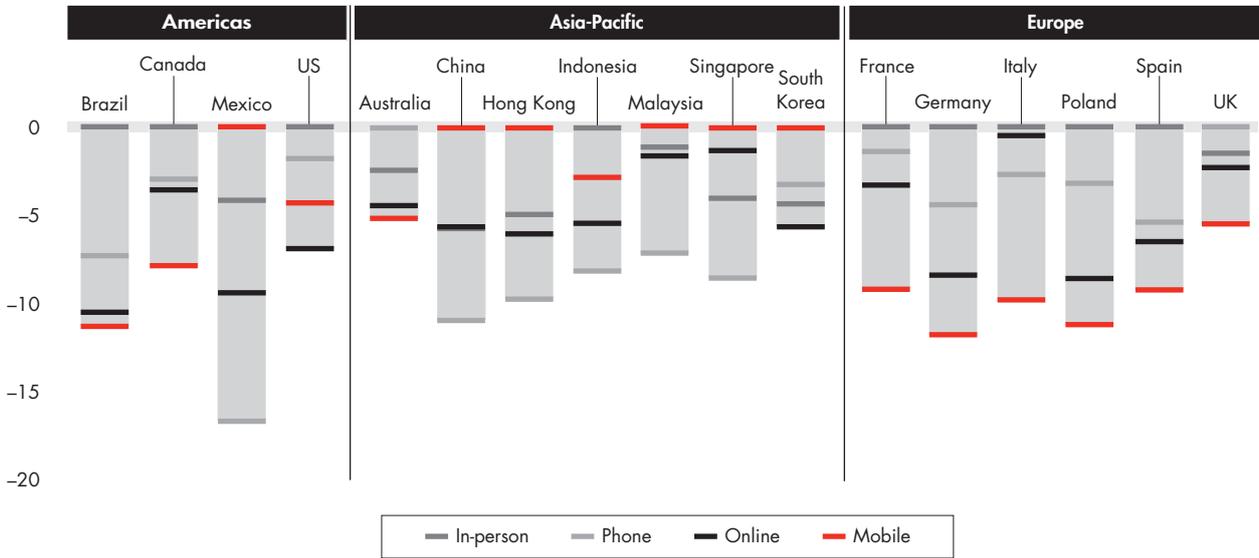
Share of all customers who used a mobile device for their most important interaction with their insurance provider, 2016 and 2017



Note: Includes respondents who used browser or app on smartphone or tablet
 Source: Bain/Research Now NPS surveys, 2016 and 2017

Figure 14: Mobile interactions delight P&C customers in some countries, but they lag behind offline contacts in most of the world

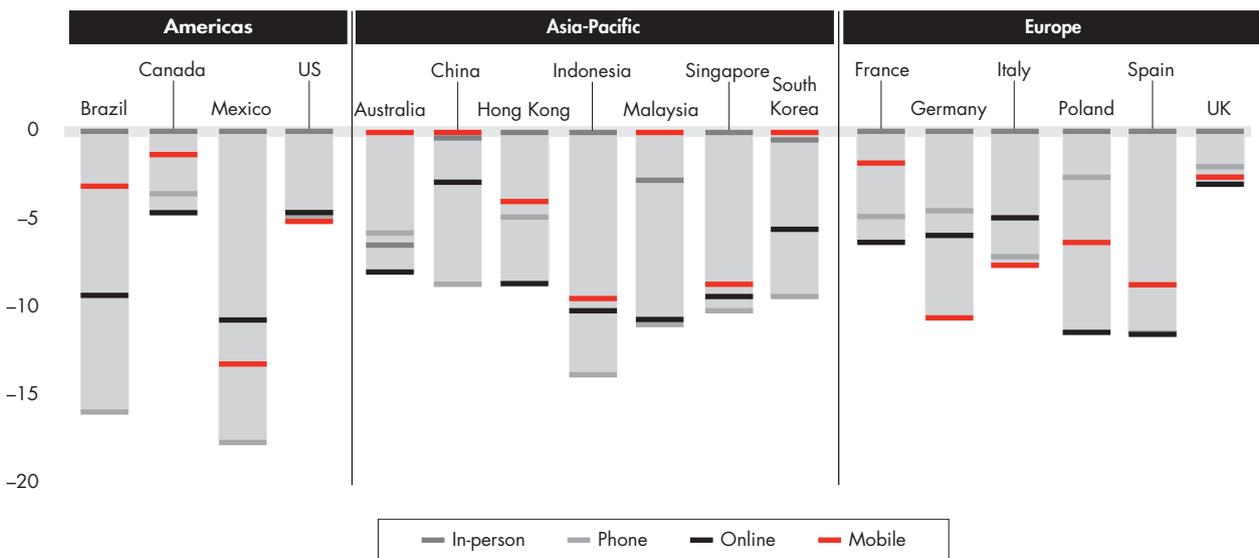
Channel experience score for P&C relative to leading channel, 2017 (indexed to zero)



Note: Channel experience score is defined as share of delighted customers minus share of annoyed customers
Source: Bain/Research Now NPS survey, 2017

Figure 15: For life insurance customers as well, mobile delights the most only in a few countries

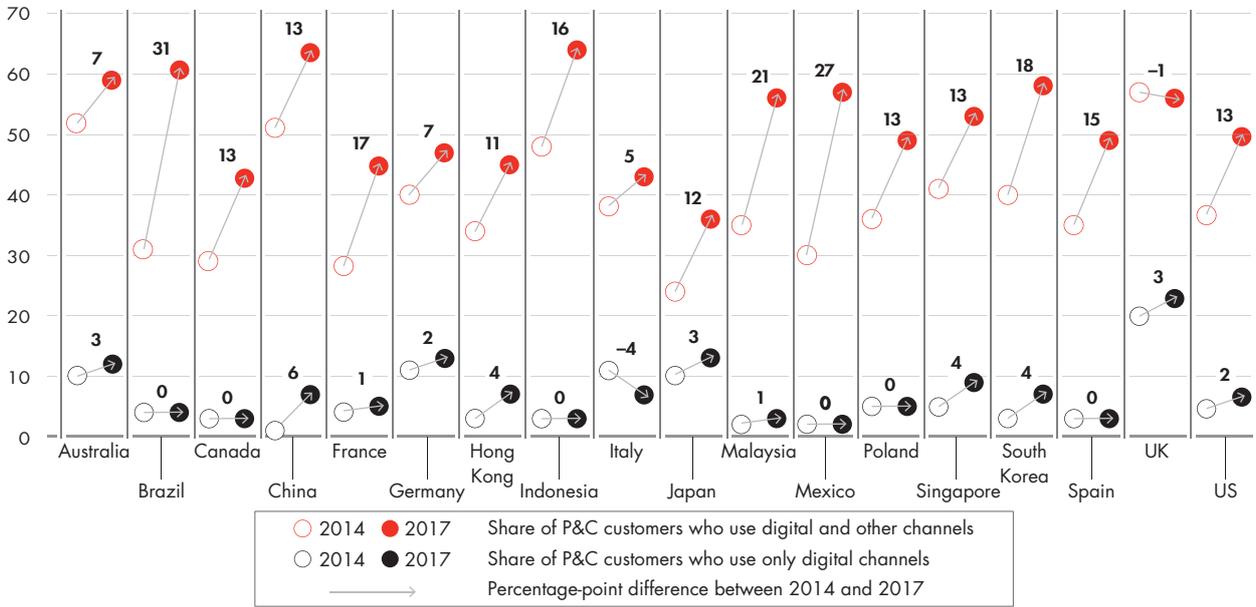
Channel experience score for life insurance relative to leading channel, 2017 (indexed to zero)



Note: Channel experience score is defined as share of delighted customers minus share of annoyed customers
Source: Bain/Research Now NPS survey, 2017

Figure 16: The largest and fastest-growing group of insurance customers use both online and offline channels

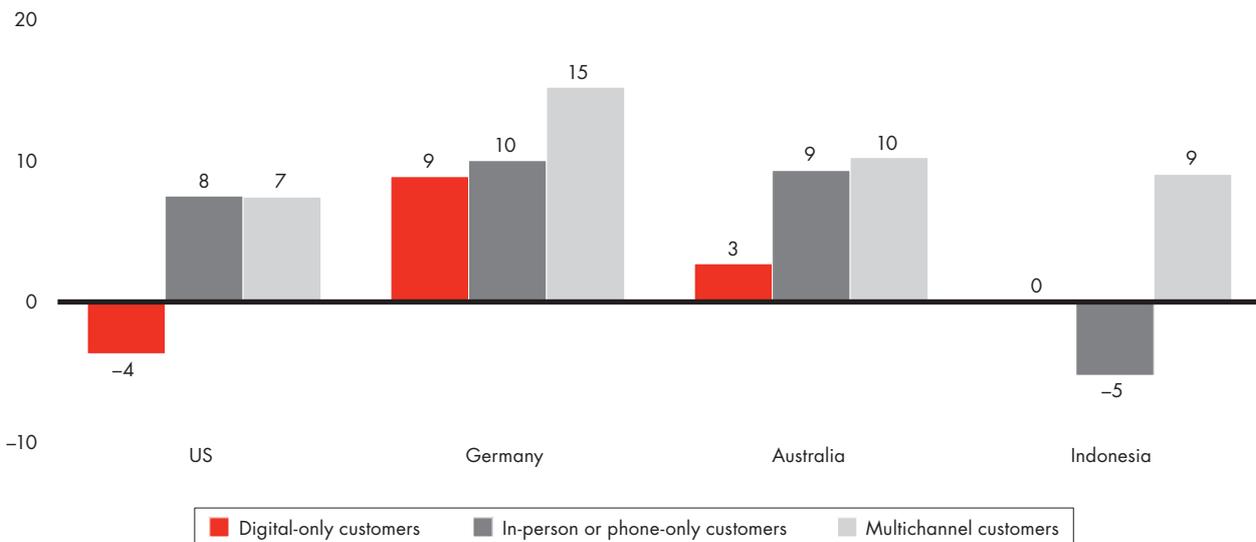
Share of P&C customers by channels used, 2014 and 2017



Sources: Bain/Research Now NPS survey, 2017; Bain/Research Now and Bain/SSI NPS surveys, 2013-14

Figure 17: P&C customers who interact only through digital channels give lower loyalty scores to their insurers...

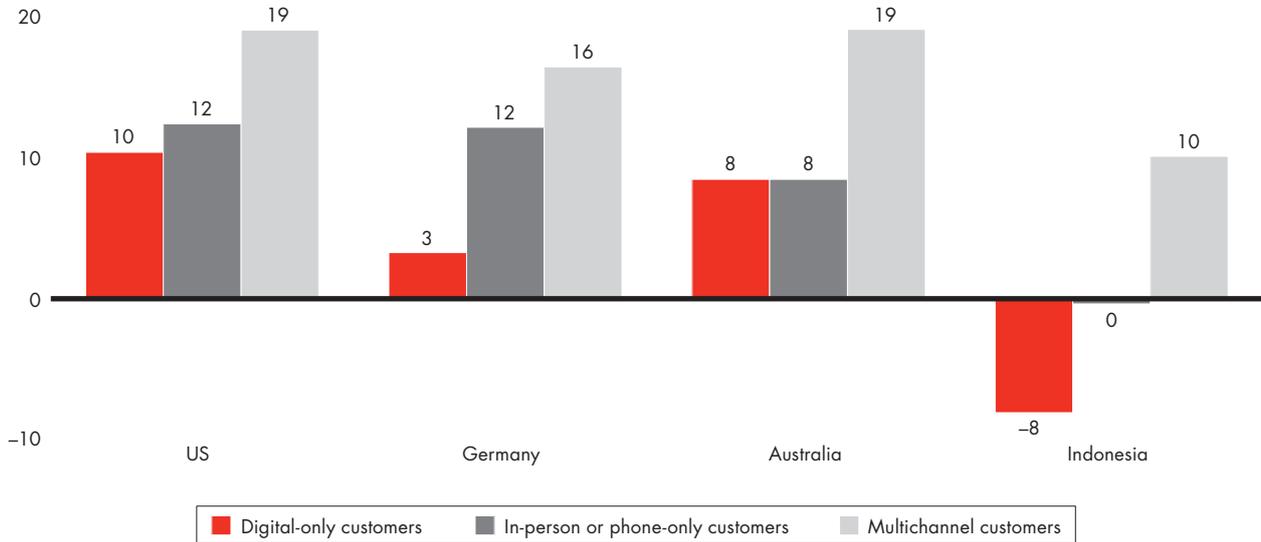
Net Promoter Scores of P&C customers who interacted with insurance companies in the previous 12 months, 2017 (indexed to average score in each country)



Source: Bain/Research Now NPS survey, 2017

Figure 18: ...as do digital-only life insurance customers

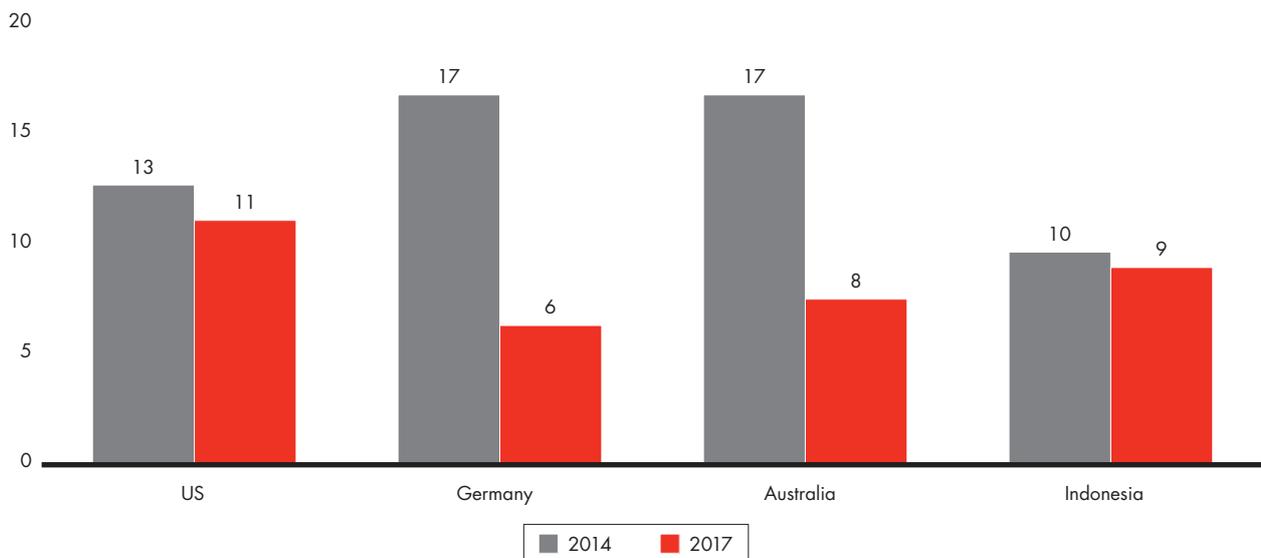
Net Promoter Scores of life insurance customers who interacted with insurance companies in the previous 12 months, 2017 (indexed to average score in each country)



Source: Bain/Research Now NPS survey, 2017

Figure 19: The loyalty gap between digital-only and multichannel interactions is closing in P&C

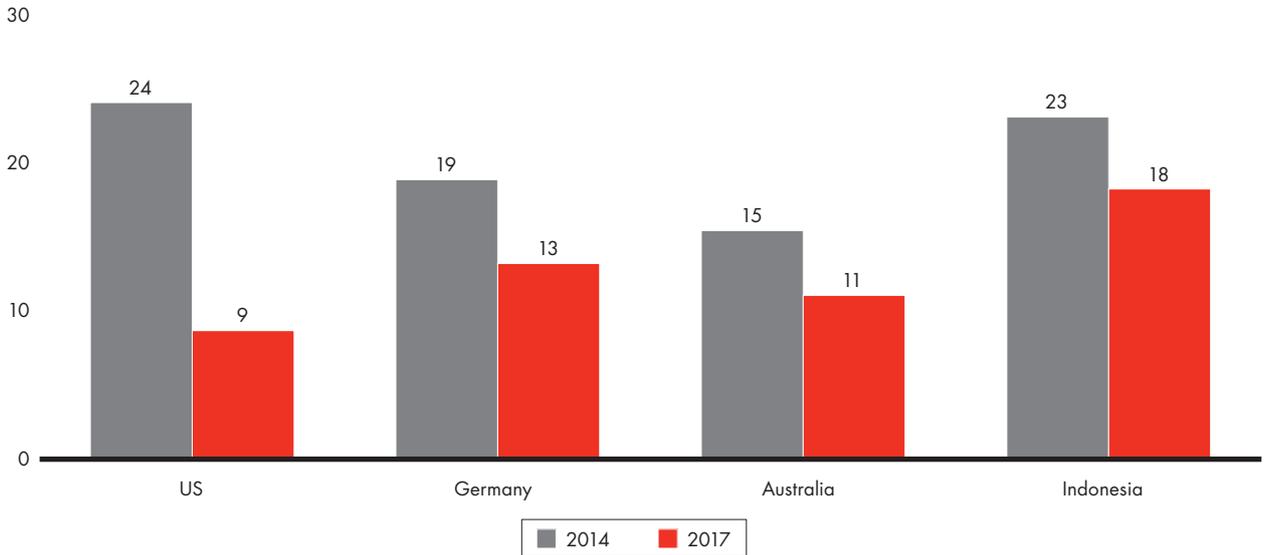
Percentage-point difference between Net Promoter Scores of multichannel and digital-only customers, 2014 and 2017



Notes: Numbers calculated by subtracting Net Promoter Scores of digital-only customers from scores of multichannel customers; totals are rounded
Source: Bain/Research Now Global Insurance Customer Centricity Surveys, 2014 and 2017

Figure 20: The loyalty gap between digital-only and multichannel interactions is also closing in life insurance

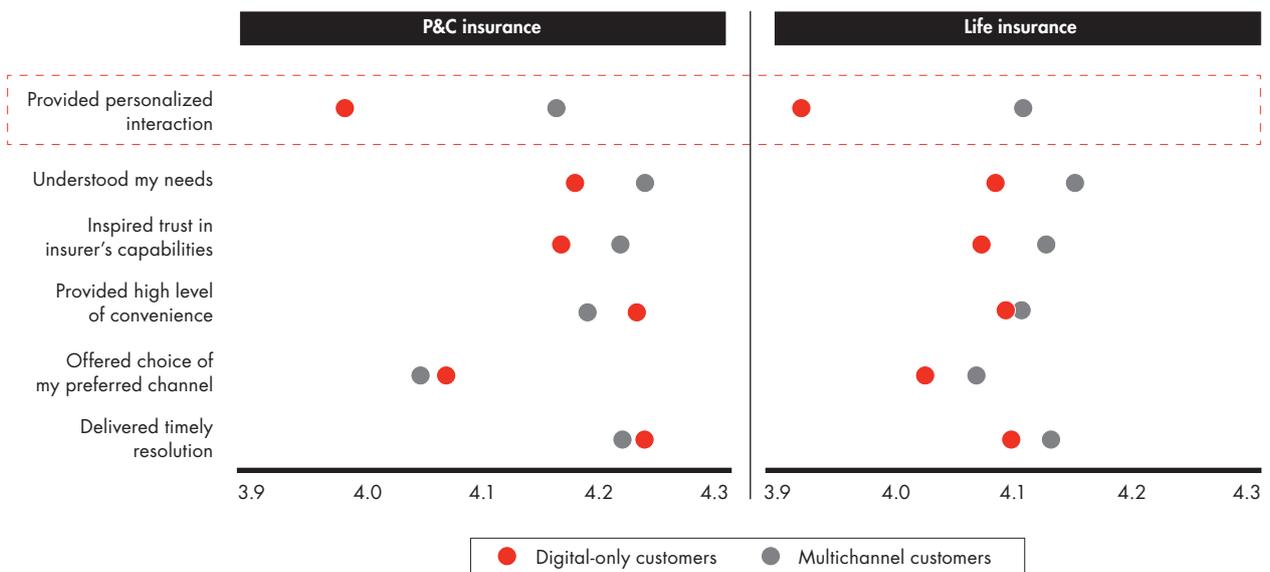
Percentage-point difference in Net Promoter Scores of multichannel and digital-only life insurance customers, 2014 and 2017



Notes: Numbers are calculated by subtracting Net Promoter Scores of digital-only customers from scores of multichannel customers; totals are rounded
 Source: Bain/Research Now NPS survey, 2017; Bain/Research Now and Bain/SSI NPS surveys, 2013–14

Figure 21: Digital-only customers give their insurers relatively low marks for providing personalized interactions

Customers' sentiment regarding their most important interaction in the past 12 months, global average 2017 (on a scale of 1 to 5)



Source: Bain/Research Now NPS Survey, 2017



3.

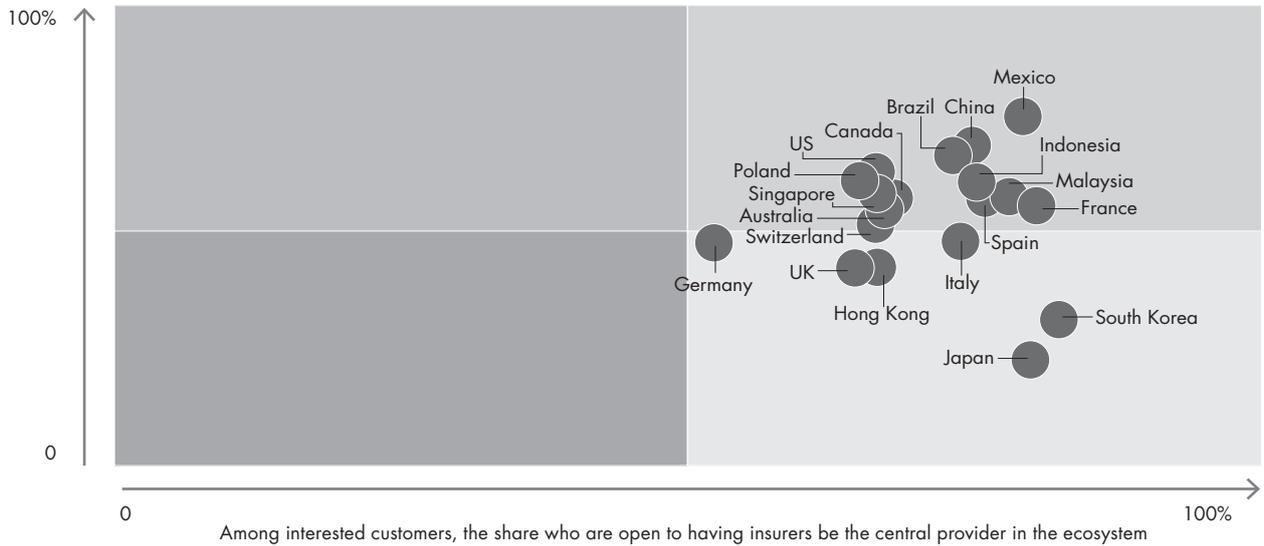
Ecosystems:

Customers want more than insurance from their carriers

- In the countries surveyed, insurance customers are open to having their insurers provide services beyond insurance. In major markets, interest in ecosystem services has grown since 2016.
- In automotive, the services that customers are most interested in include roadside assistance; rewards for safe driving; sensors that alert them when their unoccupied car is damaged and that help them locate it when it's stolen; discounts at repair shops; and safe-driving alerts.
- For their homes, customers want emergency repair services, remote monitoring, alerts about intrusion and damage, and automatic shutdowns of appliances during fires and floods.
- In health, customers are looking for wellness exams, disease screening and online diagnostics; expert guidance during treatment and recovery; digital access to medical records and protection against their unauthorized use; and help finding doctors and scheduling appointments.
- Life insurance customers would like the same sorts of services as health insurance customers: expert guidance during treatment; checkups, preventative tests and diagnostics; digital access to records; and help finding medical providers. In addition, they want support for senior citizens.
- Ecosystem services are just starting, especially in developed markets. In most of the countries surveyed, only a small minority of insurance customers use three or more ecosystem services; in Japan, just 2% do. In many countries, usage rates are highest in auto and health.

Figure 22: In all markets, a majority of customers interested in ecosystem services are open to having insurers provide these services

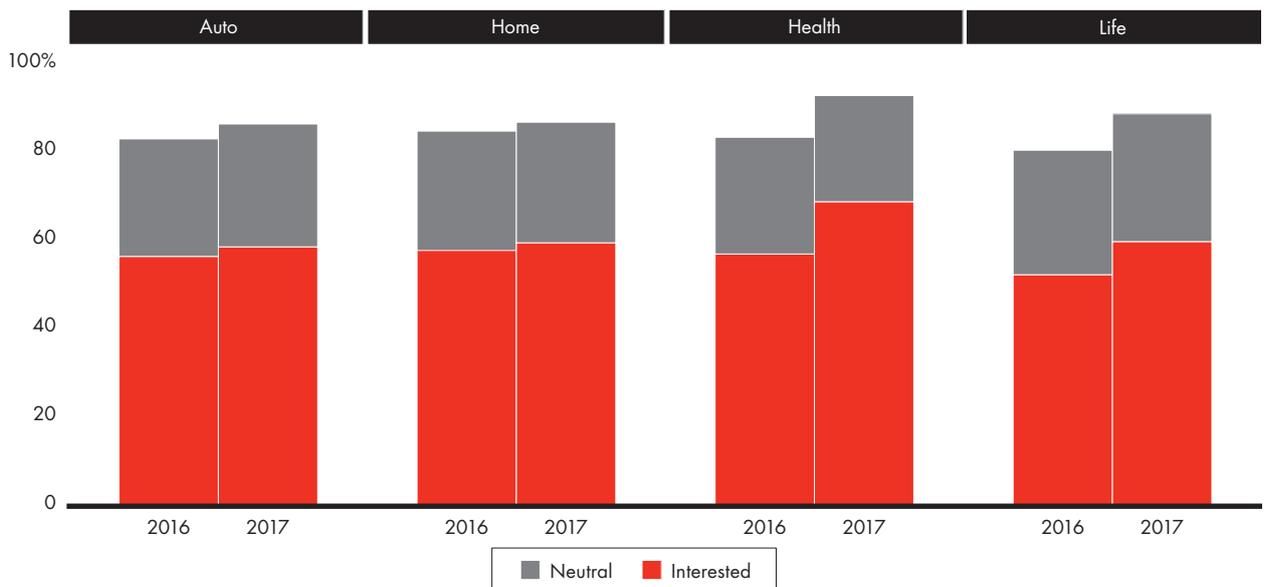
Share of customers interested in an ecosystem of services, 2016



Note: Data displayed shows averages for car, home, health and life ecosystems
Source: Bain/Research Now NPS survey, 2016

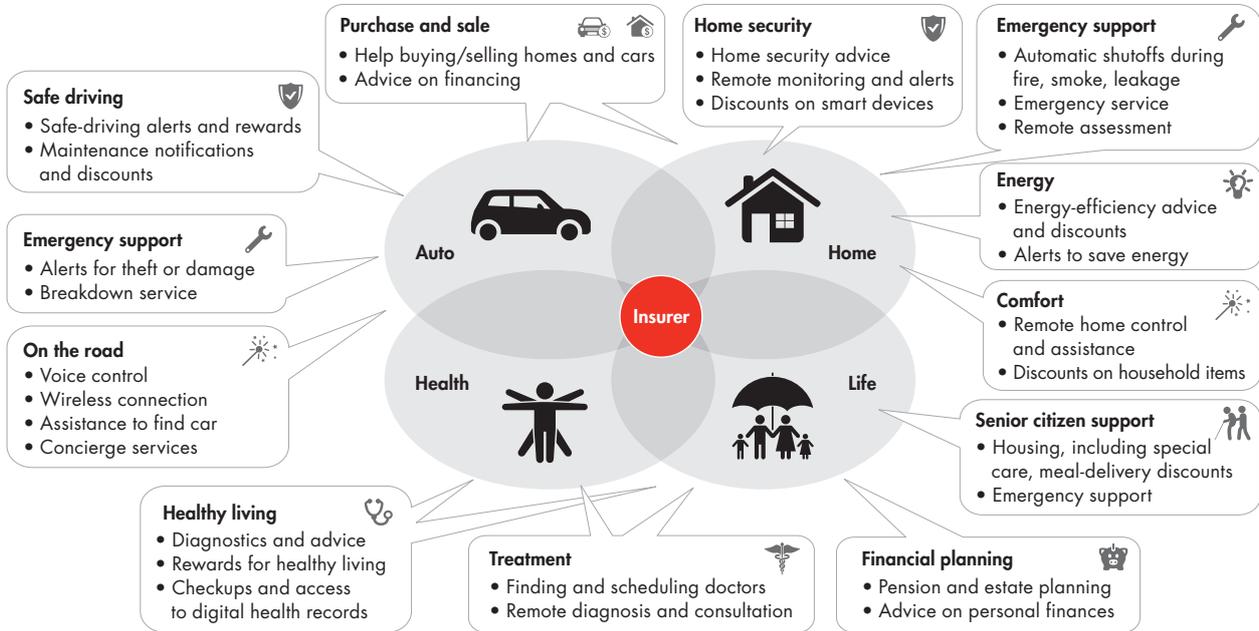
Figure 23: Customer interest in ecosystem services has increased since 2016, especially in health and life insurance

Share of customers interested in an ecosystem of services, 2016 and 2017



Note: Consists of customers from Australia, China, France, Germany, Switzerland, US and UK
Source: Bain/Research Now NPS surveys, 2016 and 2017

Figure 24: Ecosystems—insurers are beginning to deliver these kinds of value-added services to their customers



Source: Bain & Company

Figure 25: Customers have clear preferences for ecosystem services in auto, home, health and life

Top five services per ecosystem	
<p>Auto</p> <ol style="list-style-type: none"> Emergency/breakdown service and support to get car repaired and payment settled Rewards for safe driving Alerts for theft or damage of parked car; help finding stolen car Discounts at car maintenance shops and booking of appointments Safe-driving alerts 	<p>Home</p> <ol style="list-style-type: none"> Emergency service and support to get home repaired Remote home monitoring and alerts for damage Early-warning alerts for threats to the home Automatic appliance shutoff due to fire, smoke, water leakage, etc. Remote home monitoring and alerts of unusual activity
<p>Health</p> <ol style="list-style-type: none"> Health checkups, preventative tests or personal online diagnostics Expert guidance during treatment and recovery Digital access to all personal health records and option to share with health providers Support to find doctors/clinics and scheduling of appointments Protection against unauthorized use of electronic data 	<p>Life</p> <ol style="list-style-type: none"> Expert guidance during treatment and recovery Health checkups, preventative tests or personal online diagnostics Emergency support for senior citizens Digital access to all personal health records and option to share with health providers Support to find doctors/clinics and scheduling of appointments

Notes: Global ranking of services based on customer preferences in Australia, China, France, Germany, Switzerland, US and the UK; follow-on health survey was not conducted in UK, France and Switzerland

Source: Bain/Research Now NPS survey, 2017

Figure 26: Home insurance customers in different countries express similar preferences for ecosystem services...

Services beyond insurance—Home	Service ranking based on customer preferences			
	China	Germany	UK	US
Emergency service and support to repair home	5	1	1	1
Remote home monitoring and alerts of damage	1	4	3	2
Early-warning alerts for threats to home	4	3	5	5
Automatic appliance shutoff for fire, smoke, water leakage, etc.	2	2	2	4
Remote home monitoring and alerts for unusual activity	3	5	4	3
Protection against unauthorized use of electronic data	6	6	7	6
Energy-efficiency advice and discounts for heating and other systems	8	7	6	7
Remote home control and assistance	7	10	9	8
Home security advice and discounts at security firms	9	9	8	9
Notifications to save energy	11	8	11	10

Source: Bain/Research Now NPS survey, 2017

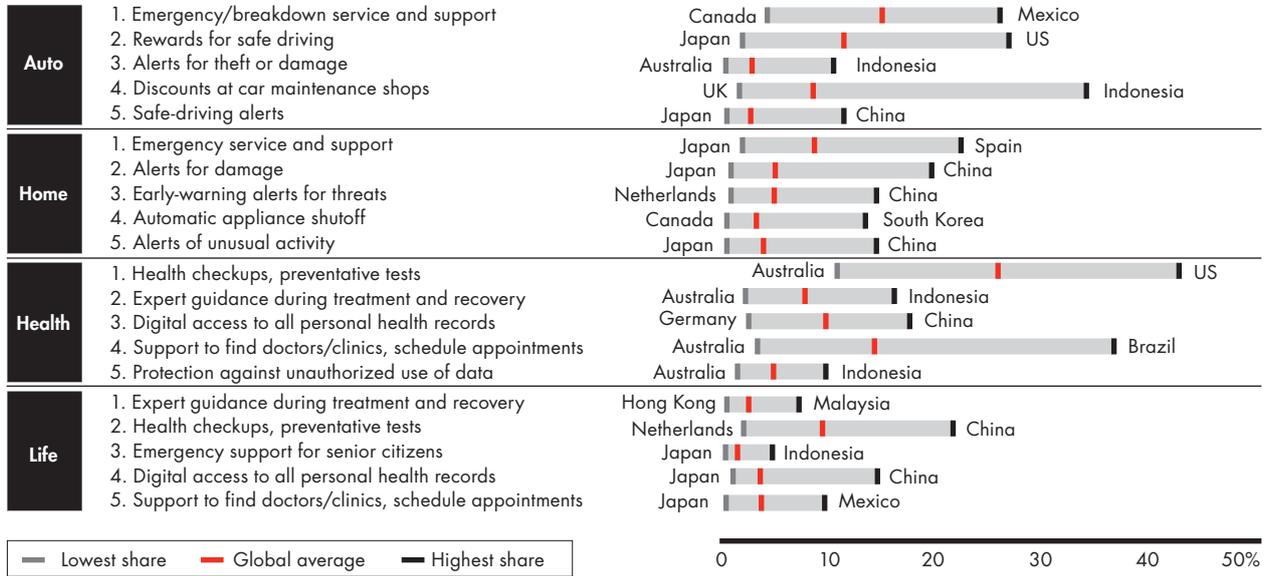
Figure 27: ...as do life insurance customers

Services beyond insurance—Life	Service ranking based on customer preferences			
	China	Germany	UK	US
Expert guidance during treatment and recovery	1	1	1	1
Health checkups, preventative tests or personal online diagnostics	2	2	2	2
Emergency support for senior citizens	3	3	4	6
Digital access to all personal health records and option to share with health providers	4	8	3	3
Support to find doctors/clinics and scheduling of appointments	5	4	6	8
Advice on pension planning, financial safety, etc.	16	5	5	7
Guaranteed spot in special-care home or hospice	7	7	10	13
Support with legal, organizational and administrative issues for senior citizens	15	6	9	10
Protection against unauthorized use of electronic data	14	10	7	4
Reminder of preventative measures	6	9	8	9

Source: Bain/Research Now NPS survey, 2017

Figure 28: Insurers in developing markets have the highest usage rates for most of the services preferred by customers

Share of customers using each of global top five preferred services per ecosystem, 2017



Source: Bain/Research Now NPS survey, 2017

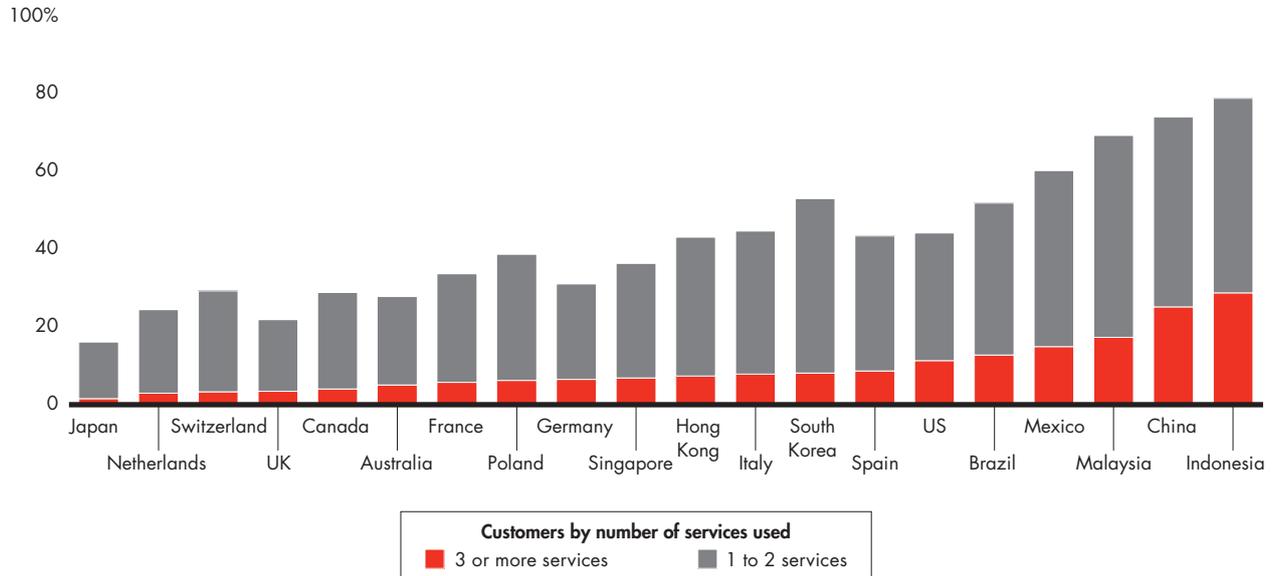
4.

Building loyalty with ecosystem services

- Offering ecosystem services leads to higher loyalty. In the US, for example, the Net Promoter Scores for auto insurers that offer three or more ecosystem services is about 40 percentage points higher than the score for insurers that offer no ecosystem services. Customers who use ecosystem services and like them give their insurers the highest loyalty ratings.
- Among customers interested in ecosystem services, many will consider switching to another insurer if their current carrier doesn't offer the services they want. Customers interested in ecosystem services are likely to be lured away by companies that offer the right services. These findings signal that insurers that move early into ecosystem services have an opportunity to win new customers and gain market share.
- Customers are willing to pay higher premiums to insurers that offer desired ecosystem services. Customers now are essentially getting these services for free because companies aren't charging what customers are willing to pay.

Figure 29: Use of ecosystem services is low as insurers are just getting started

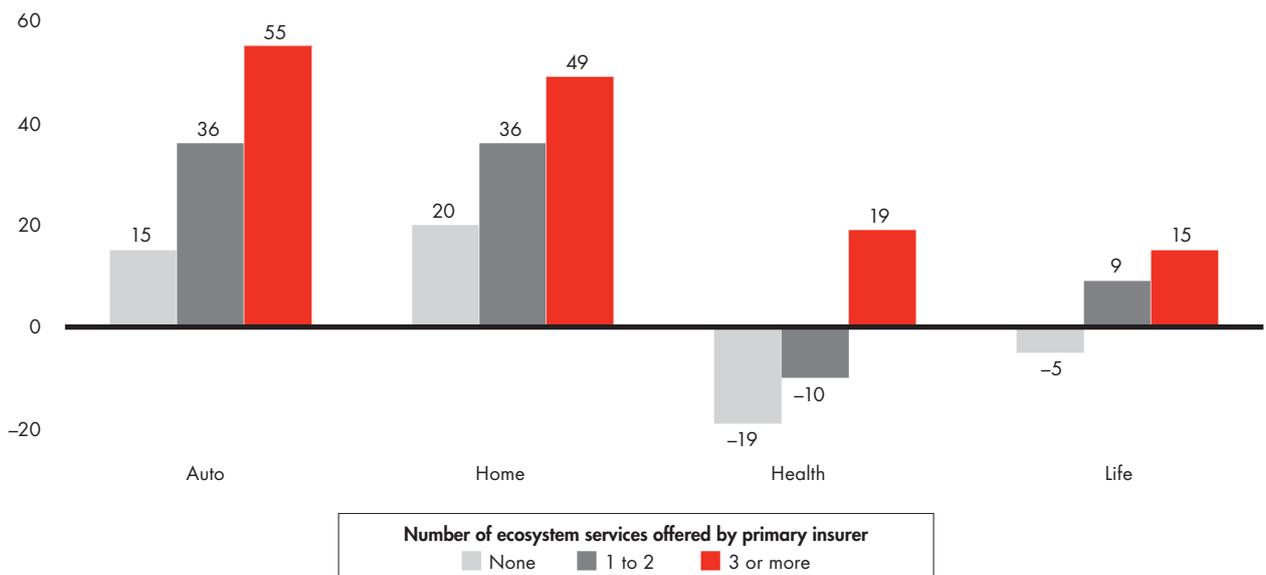
Share of insurance customers who use ecosystem services provided by their insurer, 2017



Source: Bain/Research Now NPS survey, 2017

Figure 30: Offering services beyond insurance leads to higher customer loyalty

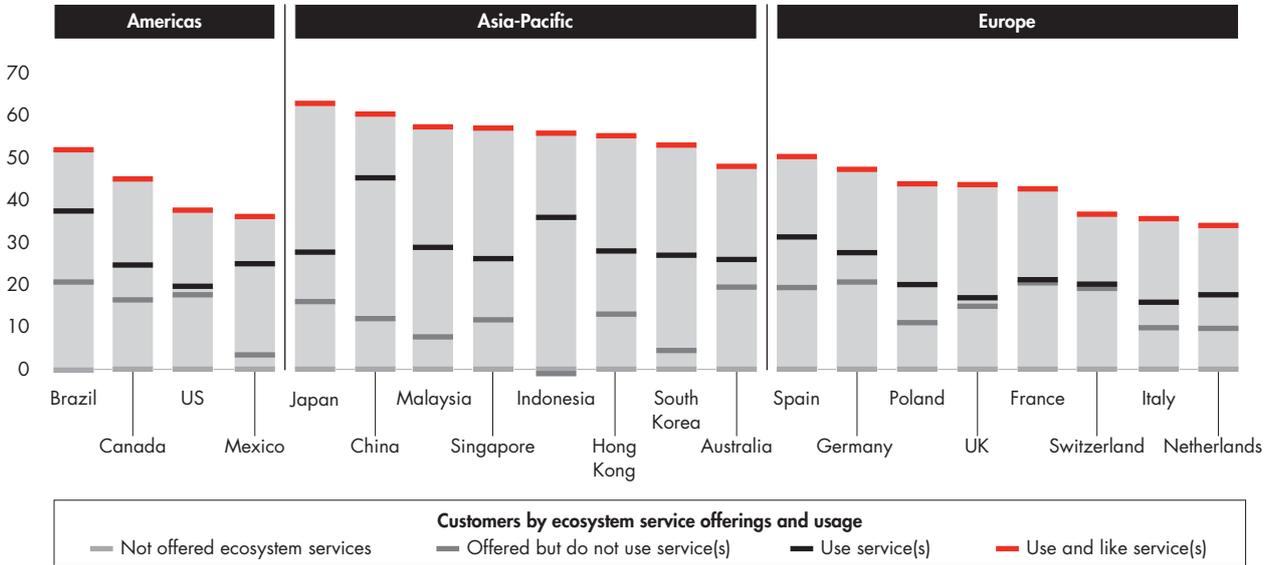
Net Promoter Scores for US insurers, 2017 (by product ecosystem)



Source: Bain/Research Now NPS survey, 2017

Figure 31: Customers who use and like ecosystem services give their insurer the highest loyalty ratings

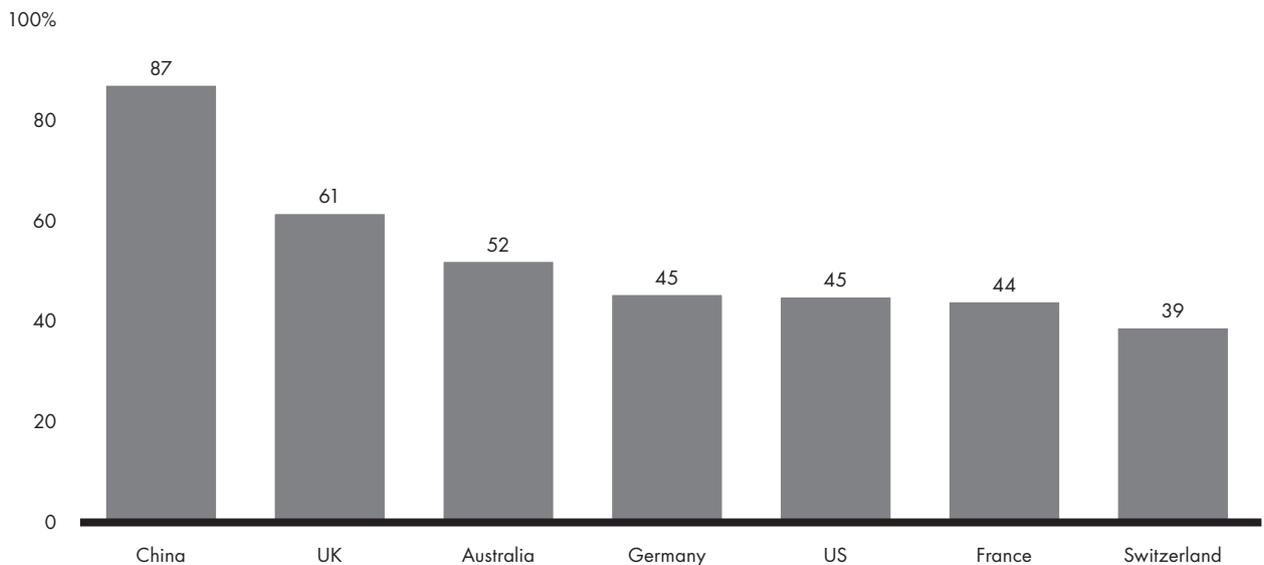
Net Promoter Scores of insurance ecosystem customers relative to customers who are not offered any ecosystem services, 2017 (indexed to zero)



Source: Bain/Research Now NPS survey, 2017

Figure 32: Among customers interested in ecosystem services, many are willing to switch providers if their desired services are offered

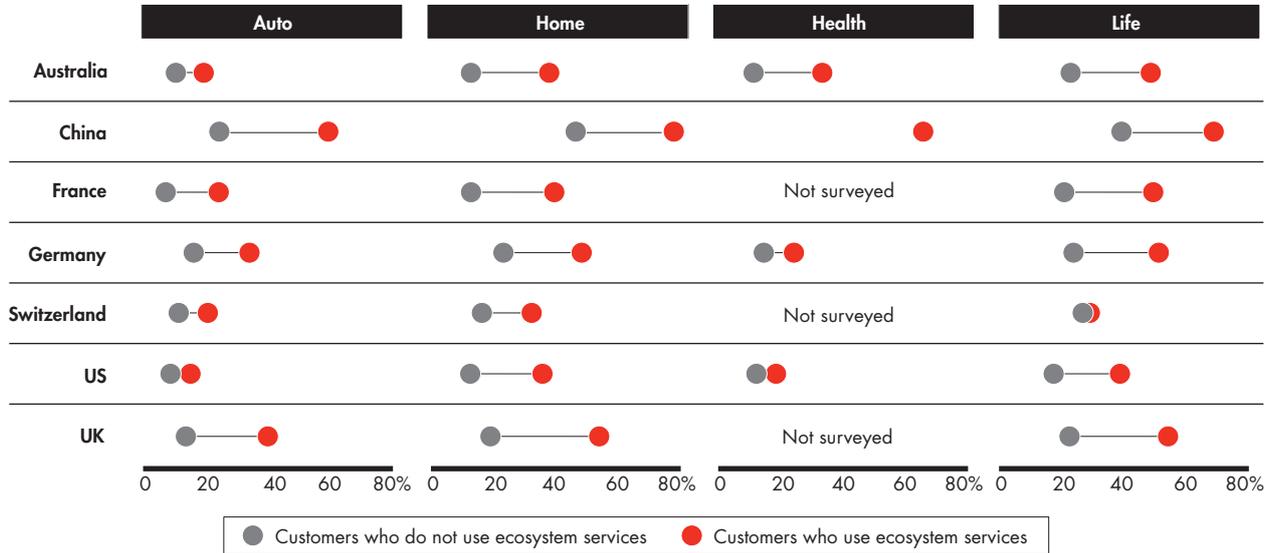
Share of insurance customers who are interested in ecosystem services and willing to switch provider for those services, 2017



Source: Bain/Research Now NPS survey, 2017

Figure 33: Customers using ecosystem services are willing to pay higher premiums if those services are included

Share of customers willing to pay higher premiums to benefit from preferred ecosystem services, 2017



Note: Excludes China's health nonusers due to small sample size
 Source: Bain/Research Now NPS survey, 2017

Appendix: Methodology

Bain & Company partnered with Research Now, an online global market-research organization, to survey consumer panels in Australia, Brazil, Canada, China, France, Germany, Hong Kong, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Singapore, South Korea, Spain, Switzerland, the UK and the US. The survey's purpose was to gauge customers' loyalty to their main insurance provider in life insurance and P&C insurance and the underlying reasons they hold the views they do. Conducted from April to July 2017, the survey polled 172,377 consumers of insurance providers.

In the Americas, Australia and Europe, for the individual insurance provider analysis, we included only companies for which we received at least 200 valid responses. In Asia, Mexico and Poland, we included providers with at least 100 responses. In many instances, sample sizes exceeded these thresholds.

Survey questions

This year's research consisted of two surveys: a core survey and a follow-on survey. The core survey was launched in all 20 markets, and a follow-on survey was conducted in seven markets (Australia, China, France, Germany, Switzerland, the UK and the US).

Core survey

The core survey was split into three parts: loyalty and interaction channels, services ecosystems and demographics.

In the first part, respondents were asked to list the insurance products they purchased and name the corresponding insurance provider. They were asked to select their main insurance provider both in P&C and life insurance. They were then routed to either the P&C or life insurance questionnaire. They were asked the following two questions to assess their loyalty to their main insurance provider (either P&C or life insurance):

- On a scale of zero to 10, where zero represents "not at all likely" and 10 represents "extremely likely," how likely are you to recommend your main insurance provider to a friend or colleague?
- Why did you give your main insurance provider the score you did?

Ratings of zero to 6 signified detractors, 7 and 8 signified passives, and 9 and 10 signified promoters. Net Promoter Scores were calculated by subtracting the percentage of detractors from the percentage of promoters. A positive score indicates advocacy and support, while a negative score shows the opposite.

We asked which channels respondents currently use to gather information about an insurance provider or insurance products, learn about products, seek advice, purchase a product, seek service, and submit and settle a claim.

We also asked about how respondents' channel experience affected their likelihood to recommend their main insurance provider. Survey participants were asked, "To what extent did the interaction increase or decrease your likelihood to recommend your main P&C provider?" Responses were scored on a scale from negative 5 to 5; respondents who gave scores equal to or greater than 4 were considered delighted, and respondents giving scores equal to or less than negative 1 were considered likely annoyed. Channel experience scores were defined as the share of delighted customers minus the share of annoyed customers. Lastly, we asked respondents how "simple and digital"

their most important interaction was along six dimensions, including level of personalization, timely resolution and understanding of needs.

In the second part of the survey, we asked respondents to provide details on services beyond insurance in one of four ecosystems—auto, home, health or life insurance. Detailed questions on auto, home and life insurance products were included in all 20 markets, and details on health only for selected markets (i.e., Australia, Brazil, China, Germany and the US). We asked each respondent about his or her likelihood to recommend the product provider on a scale of zero to 10, and the reason for the score. We asked about key purchasing criteria, switching behavior, premiums paid, ecosystem services offered and used, and the level of satisfaction with the use of these services.

Follow-on survey

The follow-on survey was an extension of the second part of the core survey (service ecosystems), with the aim of understanding customer preferences for these services in detail. We asked respondents to prioritize their interest in services beyond insurance in car, home, health or life, using a maximum difference approach. We also asked about their willingness to switch to another insurer and willingness to pay a higher premium if their preferred ecosystem services are included.

Statistical significance

On the question of statistical significance, the results of our data analysis are robust both for the measurement of insurance providers' Net Promoter Scores in the different countries and for respondents' Net Promoter Scores for each demographic category. The score measured for each insurance provider is statistically significant to an 80% confidence level, with a one-tailed test ranging from plus or minus 1.4% for a sample size of 4,495 to plus or minus 10% for a sample size of 101. 

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