



Buying habits in Swiss Insurance

Executive Summary

Content

Foreword	03
Methodology	04
Implications for Swiss insurance providers	05
1. Help customers understand what they buy	06
2. Be present wherever your customers are	07
3. Maximise the potential of agents	08
4. Provide digital services as well	09
5. Be open to change	10
Contacts and authors	11

Foreword

The Swiss insurance sector is in a healthy condition – for now: Switzerland can pride itself on its robust insurance sector with a high number of successful local and global insurance providers. The domestic market for personal insurance policies has been stable, with insurers capitalising extensively on their network of agents and brokers for sales.

There has been only limited investment in digital technology, and although some alternative providers have entered the market with new product features and sales channels, they have not yet become a serious threat to the market incumbents. But there are indications that change is on the way and that disruption will come, just as it has in other industries such as banking.

With the recent advances in digitalisation across the economy, customer expectations are evolving. The coronavirus pandemic has also challenged the efficacy of the agent networks for insurers, by restricting face-to-face interaction with customers.

These twin developments are accelerating a major shift towards digitalisation, which may also lead to non-traditional insurers becoming a reality in the Swiss market sooner than many people anticipated.

To find out more about how attitudes and behaviour may be changing, Deloitte conducted a survey of customers for personal insurance in Switzerland. We wanted to better understand how customers inform themselves about insurance products and reach their purchasing decisions.

Additionally, we sought to gauge their satisfaction with the insurance market as it currently operates, and whether they might be open to change. If customer needs are changing, insurance companies must respond in order to remain relevant.

Methodology

Switzerland-wide survey of 1,000 customers for private insurance:

To analyse and understand customer behaviour and preferences for insurance products in Switzerland, Deloitte conducted a survey in December 2020 of 1,000 participants between the ages of 18 and 69 from the German and French speaking regions. It focused solely on insurance for individuals, excluding small and medium sized companies (SMEs). Participants across all age and income groups were sampled to provide a representative picture.

The survey was aimed at understanding the drivers behind how policyholders choose their insurance and the value of digital capabilities or human interaction in both the initial purchase and the policy renewal processes. In addition, it investigated the openness of customers towards alternative providers and innovative insurance offerings.

Participants answered questions about both simple insurance products (such as motor, home and travel insurance)

as well as more complex products (such as life assurance and personal pension/retirement policies). They were asked to disregard mandatory health insurance contracts and occupational pension contracts (mandatory BVG).

Taking this into account more than 70% of all participants held between 1 and 4 insurance policies with 28% holding 5 or more. Two-thirds reported that the majority of their policies, or even all of them, were with the same provider.

The survey was designed by Deloitte and conducted through a specialist external research agency who identified the respondents and collected the data.

Implications for Swiss insurance providers

The results of the survey were analysed, and we have derived five main implications for the Swiss insurance market. The entirety of our research including findings can be found in our research report.



[Read here](#)

1 Help customers understand what they buy

Insurance companies and their agents have an opportunity to improve the quality of their customer service and experience for those seeking information about products and services to reach a buying decision.



70% of respondents

feel adequately insured when it comes to simple products.

! However, less than half feel the same way for complex products.



33% of respondents

say that their level of understanding of insurance coverage for complex products is low.

! Only **34%** of respondents rate their level of understanding of complex products as 'profound' or 'good'.



More than 8 in 10

are uncomfortable with purchasing insurance products only on trust.

! Only **8%** of survey respondents think that it is not important to better understand their insurance contracts.

Customers want to be well informed about insurance products, and in general are not comfortable with purchasing only on trust. Many customers do not feel sufficiently informed or confident about their current insurance cover – especially for complex products. Our research indicates that there is a clear need for better advisory services from insurance providers, who need to recognise the gap that exists between customers' desire to understand and their actual understanding.

They need to look at both the quality and suitability of information, and how it is delivered to customers (for example through a direct advisory service, published knowledge content, advertising, and so on). Getting this right and giving customers a good level of understanding is a significant advantage in the purchasing process.

Insurance is an 'experience good'.

Customers cannot fully assess the quality of any given insurance product before or even at the time of purchase. The most critical 'moment of truth' is after the point of purchase, when they make a claim and

discover whether the cover provided by the policy is as good as they thought or find out how quickly and smoothly a claim can be settled.

In this way, an insurance policy is not a 'product' but rather access to a commitment to deliver a future service. In practice this service is not always delivered, and customers have little personal experience themselves – they need to build trust through other means. Consequently, it is still up to providers and their agents to create a compelling customer experience and build trust through advice and during the purchasing process. One way of building trust is to deliver a great advisory experience.

2 Be present wherever your customers are

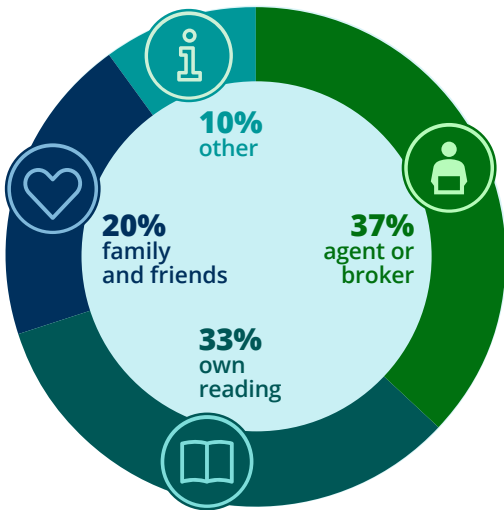
All distribution channels need to be served, particularly to cater to younger customers.



More than 2 in 5

survey respondents rely on agents or brokers to obtain information on insurance matters.

! Customers younger than 30 years are up to **25%** less likely to reach out to an agent or broker for information than those aged 65 or older.



People below the age of 30

use all available channels to research insurance matters.



The majority of respondents

still prefer to buy insurance in person. However, **39%** prefer to purchase simple insurance over the phone (**19%**) or via a website (**20%**).

! Against popular assumptions, this also holds true for customers below the age of 30 – the majority of which still prefer to buy in person.

While most customers still interact mainly with an agent or broker, increasing numbers of customers are also turning to other channels: It is important for insurance providers to understand which channels are used by key target customer groups, and what kind of information and sales service they need. For example, to help older customers, the focus may need to be on delivering ‘high touch’ options and giving extensive information about complex insurance products, whereas it might be more appropriate to provide easily accessible information about simple insurance (mainly online) to reach younger individuals, with less agent or broker interaction.

Customers under the age of 30 interact differently, but not as much as one might think: Among our survey respondents below the age of 30, a range of different channels were used to source information and conduct purchases. There is a strong implication that the use of online or digital channels will continue to grow, a trend that can be seen in other countries¹.

In the UK for example, customers make extensive use of independent online platforms known as ‘aggregators’, which provide consolidated information across a range of insurance products from different providers so that individuals can make an informed choice. In China, where customers are more likely to share their personal data, apps with a personalised push approach are becoming more prevalent.

However, increasing the number of channels and customer touchpoints inevitably adds to operational complexity, making it ever more important for insurance providers to make strategic decisions about their investments in processes, including customer journeys, and technologies.

¹ “The future of home and motor insurance” report from [Deloitte](#).

3 Maximise the potential of agents and brokers

Agents and brokers are currently the dominant channel for sales and advisory, but results indicate they can be even better equipped to address customer needs more effectively.



More than 3 in 5

survey respondents rely on agents or brokers to purchase any complex or simple product.

! In fact, most respondents planning to buy insurance want to speak with a trained salesperson – even for simple insurance products, such as motor (**93%**), legal protection (**87%**) and home insurance (**84%**).



79% of respondents

rate trust as an important factor when buying insurance from an agent or broker. **76%** rate expertise whereas only **23%** rate convenience as an important factor.

! Around one-third of customers under 30 see convenience as a value proposition for agents.



Price (50%), product (24%) and personal advice (13%)

are considered the most important aspects when buying insurance.

! Surprisingly, brand is consistently ranked as the least important aspect by Swiss customers.

Agents and brokers are still key players in the sales and advisory process for new policies and products: In most cases the relationship between insurer and client continues to be via a salesperson, rather than directly with providers themselves or their brand. More customers currently interact with agents and to a lesser extent with brokers than via any other channel, valuing the expertise provided. After pricing and product features, personal advice and relationships are the main concern for customers, where they are looking for trusted advisors, rather than simply an outlet for buying insurance policies.

The approach of insurance providers should continue to expand the focus of their agents, incentivising them to provide risk advisory and personalised services, particularly for complex products, alongside their product sales activities.

Digital channels are not yet mature enough to offer an alternative sales channel, but they can complement the agent experience: The sales process for insurance in Switzerland continues to be driven by

personal contact. Especially when it comes to active outreaches – which only some customers would always welcome – our research shows that customers are more open to accepting offers pushed by an agent rather than by a digital application. However, we see that younger customers feel more comfortable in engaging with insurance matters through online channels compared to older generations. Insurers need to prepare for this shift.

Firstly, it is important to improve their understanding of digital touchpoints along the customer journey. Secondly, providers also need to define a strategy that leverages the strength of their agents – expertise and trust building – in new ways, and most importantly digitally. Harnessing the advantages of digital technology should be a part of this.

4 Provide digital services as well

Insurance providers should start by meeting customers' basic digital expectations and provide simple digital services as a matter of course, before offering more advanced digital features.



97% of respondents

rate an "easy to understand policy contract" as an important digital capability followed by the ability to renew / adjust existing contracts (95%) and the ability to sign up online and activate policies quickly (87%) when buying insurance.



87% of respondents

value the ability to handle claims online as the most important digital capability followed by access to a digital customer portal (82%) and to an online premium calculator when selecting an insurance provider (81%).



On average, digital capabilities are up to **20%** more important for customers aged below 30 than customers who are 50 or older.

Customers want ease and convenience first, before advanced digital capabilities: Customers for insurance products prioritise simple digital solutions globally, above more sophisticated digital capabilities². In fact, the overwhelming majority of Swiss customers rank an "easy to understand policy contract" as their number one priority when purchasing insurance digitally. Going forward, the expectation of digital services is likely to expand beyond product research, into the purchase, renewal and modification of existing contracts online.

However, simply translating existing offline procedures into an online journey is unlikely to result in success, as this often leads to an overly complex process in the digital world. This, alongside the limited number of insurers offering fully digital sales, could be a reason why relatively few customers make online purchases.

We find evidence of this in our data: while only 40% look for a personal interaction during the process of information gathering, over 60% still turn to an agent or broker to purchase insurance.

Make simplicity a business imperative, because in today's digitalised world a simple and usable digital experience is an important hygiene factor: Customers respond negatively if they do not get the service they expect.

They do not compare rival products but rather the quality of their experience with service providers – and the insurance provider with the 'least effort' experience wins. The digital experience should aim at making the process of buying or renewing insurance policies feel smooth and trouble-free.

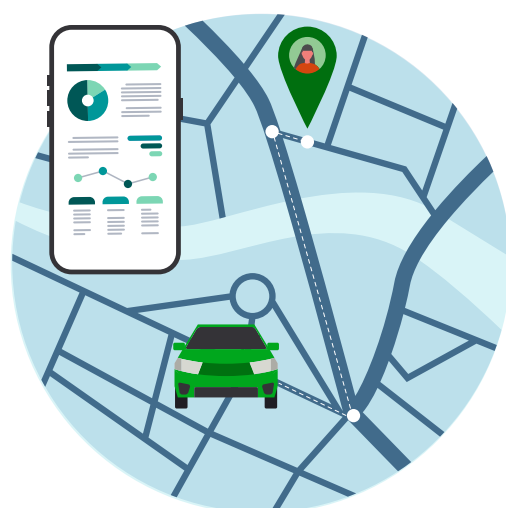
When it comes to insurance, the best experience is often the one that is the most intuitive for the customer. Ideally clients should feel that they are being guided towards the best decisions for them, without having to invest much effort themselves. However, although it should be possible to buy simple insurance products easily online, this is not yet happening across the board.

Often, there still is too much complexity in the information provided about products, and lengthy risk assessments, even for simple policies, and this limits the efficacy of the digital aids to selling.

² "The future of home and motor insurance" report from [Deloitte](#).

5 Be open to change

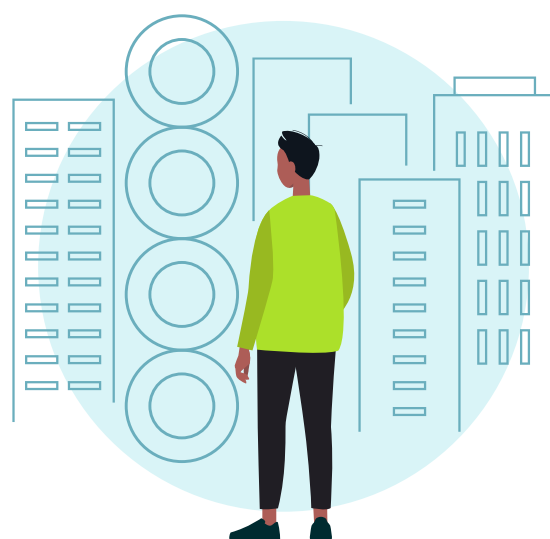
Openness to new approaches by insurance providers is modest overall, but more significant among emerging customer segments. Insurance providers need to start thinking about how to position themselves successfully going forward.



Only 17% of respondents

would consider buying a policy where the premium depends on personal factors that are not easily observable and cannot be changed (such as DNA) to be fair. However, **77%** would consider buying insurance where the premium depends on factors that can be influenced (e.g. driving behaviour).

- Older customers above 65 are **40%** more likely to reject insurance offerings where premiums depend on DNA and similar factors.



More than 57%

of survey respondents would consider buying insurance from a non-traditional insurance provider.

- 23%** of customers under 30 would never buy from a non-traditional insurance provider – compared to **72%** of customers above 65.



71% of respondents

would consider buying products such as cars or a concert ticket with directly embedded insurance.

- The preference to buy insurance from a dedicated insurance provider rather than embedded within another product is three times higher in customers aged 65 or older than in customers aged below 30.

So what will the insurance provider of the future look like? Customers for insurance still want many basics, such as the human touch of experienced agents and brokers when buying insurance, and convenience and simplicity of services when buying online.

But looking across age groups, we predict a progressive shift in demand over time towards more personalised and active risk advisory and sales approaches, which could include alternative channels rather than the use of agents. Younger Swiss customers are not seeking change but are the most open to it; and they will be drivers of change in the future.

Our research shows greater openness – mainly from younger generations – to accepting new approaches to insurance, for example behavioural-based premiums or product-embedded offerings. Alternative providers are also more widely accepted among younger customers – this could be important, as tech giants have a history of entering into new markets with a distinct advantage in digital capability and data collection.

This can give them a competitive advantage by allowing them to leverage their size to undercut competition and meet customer needs with compelling and highly personalised experiences. What we already see unfolding in other industries, such as banking, could also become a reality in insurance sooner rather than later.

Insurance providers need to start thinking about how to act on these signs of change and how to position themselves successfully for the future:

- Will they be able to digitalise insurance successfully on their own – but without removing the essential human touch? What will be their differentiator in a digitalised world?
- Will they turn to the opportunities provided by emerging ecosystems? What role will insurance providers play in these and what will be their power relative to other participants?
- Can insurers in Switzerland successfully partner with 'big tech' or other alternative players – and not battle against them?

Contacts and authors



Simon Walpole
Partner & Insurance Leader
Tel: +41 58 279 7149
Email: swalpole@deloitte.ch



Dr. Daniel Schlegel
Partner
Tel: +41 58 279 6770
Email: daschlegel@deloitte.ch



Morgan Schaeffer
Partner
Tel: +41 58 279 6663
Email: moschaeffer@deloitte.ch



Roger Lay
Director
Tel: +41 58 279 7138
Email: rolay@deloitte.ch



Bashar Qadiri
Senior Manager
Tel: +41 58 279 7848
Email: bqadiri@deloitte.ch



Sergio Beer
Manager
Tel: +41 58 279 7503
Email: sergiobeer@deloitte.ch



Lisa Peyer
Consultant
Tel: +41 58 279 6319
Email: lpeyer@deloitte.ch

Acknowledgements: We are grateful to Damian Rohr and Dennis Brandes for their valuable inputs to this report.



This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte AG accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte AG is an affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/ch/about to learn more about our global network of member firms.

Deloitte AG is an audit firm recognised and supervised by the Federal Audit Oversight Authority (FAOA) and the Swiss Financial Market Supervisory Authority (FINMA).