

Insurance Customers Want Convenience and Climate Action, but It Must Be Built on Trust

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Data-driven future of insurance will only become reality if insurers can convince customers on data collection benefits

DUBLIN & LONDON--(BUSINESS WIRE)--Dec. 13, 2022-- Consumers are beginning to look for the same convenience from their insurance companies as they are in other areas of their lives. That is according to a [report](#)* published by Guidewire (NYSE: GWRE) which has also found that insurance customers are open to new services that mitigate risks and believe that insurers should be tackling climate change proactively.

Insurance customers are starting to think about how their insurance policy fits with their lifestyle. Whilst only 12 percent of those surveyed had a Usage-Based Insurance (UBI) policy, 54 percent of people could see the value of one. Of those that did have a UBI policy, the fact that the policy fitted with their lifestyle was the main reason (37%) they had chosen it.

When it comes to proactive services that mitigate risks, such as leak detection, more than six out of ten (61 percent) people surveyed, said that they would want access to such a service if their insurer offered it. In terms of other types of risks that might be mitigated, having access to real time data about plumbing to detect leaks (21 percent), driving (20 percent), and home heating systems (19 percent), rose to the top. Customers would feel most comfortable sharing their data with their insurer regarding these risks.

Notwithstanding this, the issue of data collection will be a tricky one for the insurance industry to manage with the growth of more proactive services and UBI. On this point, insurance customers in the UK are far more conservative than their counterparts elsewhere in Europe. Less than a quarter (24%) of those surveyed believe that insurers collecting more data will be a good thing that improves services and reduces prices, with 28 percent unable to understand why insurers feel that they need this level of data on their customers; regarding this as an invasion of privacy. Over a third (36%) can see why insurers might want to collect the data but would rather they not do so. Insurers need to earn the trust of consumers on the fence about data collection if they are to be successful. Whilst many (44%) believe UBI represents too big a loss of privacy for them, 46 percent neither agree nor disagree as to whether it does.

René Schoenauer, Director, Product Marketing - EMEA, Guidewire, said, "Consumers are far better educated now on their privacy and how data about them is being collected, which means that insurers need to build trust fast if they want to maintain and grow their business. Insurers are looking at new services or tighter segmentation to improve profits, but without the permission to collect the data needed to underpin these services they will not be truly successful. Helping customers understand how collecting and using their data will help them and educating them on the benefits, such as personalisation, is as important an investment as developing advanced AI models or IoT solutions. You cannot have one without the other."

Insurance customers expect insurers to play their part on climate

Insurance customers are also beginning to think that insurers should be acting on climate change, but consumers in the UK are less willing to assume increased costs as opposed to their counterparts in other European countries:

- UK insurance customers are most likely to believe that insurers should invest more of their profits into supporting environmental projects and sustainable start-ups (33 percent).
 - This is also the most popular option in Spain (37 percent), whereas in Germany insurance customers are most likely to think that insurers should use their position in global markets to influence the actions of polluting companies but not disassociate from them (31%).
- In France, focusing on repairing damaged goods instead of replacing them is thought to be the best course of action (33%).
- UK consumers are at least twice as likely to think that combatting climate change is not the responsibility of insurers, with 30 percent of UK respondents holding this view compared to the next highest, France, at 15 percent, with Germany (14 percent) and Spain (13 percent) lower still.
- In the UK, this translates to a lower willingness to assume increased costs themselves.
 - France (44 percent), Spain (44 percent) and Germany (53 percent), are far more likely to buy an eco-insurance policy – whereby the policy is more expensive, and the extra money is used to offset carbon emissions incurred during the insured activity.
 - This falls to 31 percent amongst insurance customers in the UK.

"With severe weather events across Europe and the world in the past twelve months, insurers clearly need to play a role in combatting climate change. Whatever course of action insurers take, they should be clear and transparent about it and show the difference they are making. In this way they can demonstrate the positive role insurance companies play in our lives, something that all too often goes largely unnoticed", added Schoenauer.

*Guidewire commissioned market research agency Censuswide to survey a representative sample of 1,000 insurance customers aged 18 to 55+ years old about their insurance preferences. The survey took place in May 2022. The aim of the survey was to provide the latest insights into how UK general insurance customers view insurers, their products, and services. Guidewire commissioned simultaneous, parallel reports, in the UK, France, Germany and Spain.

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