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# Insurers need rethink as customers go digital, PwC says

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Traditional insurers are losing market share to new entrants as more insurance products are bought online.

- 71% of consumers use digital research before buying insurance.
- 26% of respondents buy their insurance policies online.
- Half of those surveyed would hand over personal and lifestyle data to their insurer to find the best deal.

Insurers worldwide must increase digital engagement with customers and invest more in technology to attract consumers who are increasingly making purchases online with tablets and smartphones, PwC says.

Some 71% of insurance buyers globally say they now use digital sources, such as price comparison websites, insurance sites, and social media to research insurance choices, according to PwC's Insurance 2020: The digital prize – Taking customer connection to a new level.

The findings, which are based on a survey of 9,281 consumers in 16 markets, show that consumers in the insurance market are transforming digitally connected, data-rich customers.

By 2017, 'digital natives' will dominate the market. This has prompted insurance businesses to make it easier for customers to find and buy products online in a move to boost sales and profitability.

Vilaiporn Taweelappong, a Partner of PwC Consulting (Thailand), said that insurers around the world must adjust as digital transformation continues to shape the way companies and consumers interact and behave.

"What we're seeing is digital technology reshaping buying habits in the insurance market," Vilaiporn said.

"The immediate challenge is for businesses to keep pace with ever-changing expectations. Existing players will find new entrants a major threat over the long term if they fail to respond to changes."

About a quarter (26%) of the global survey respondents have purchased general insurance online using web or mobile devices. Social media and Internet comparison websites are strengthening customers' ability to discover and compare products and services.

Vilaiporn said that today's consumers have limitless ability to access and compare information based on their own criteria. As such, many are getting better deals on their insurance purchases.

"Increasingly, people want insurers who offer them simplicity and accessibility. They want quotes, prices, and access to help when they need it and on the platform they choose. They only want to interact when renewing or making a claim.

"More importantly, they want policies tailored to their requirements and to pay only for what they really need."

To cope with challenges, insurance businesses need to improve customers' e-commerce experience, use customer information to tailor products to customer lifestyles and increase customer loyalty, and safeguard customers' personal data.

Half of the respondents were willing to provide extra personal and lifestyle information so that insurers could enhance service offerings.

Two-thirds (67%) of participants said they were willing to have a sensor fitted to their car or home if it resulted in lower premiums, with people aged between 25 and 34 being the most willing (76%). At 38%, car insurance was the most popular type of coverage customers managed online.

#### Personalised insurance products

When asked what would encourage them to purchase insurance online, participants said that telephone support (35%) and online advice from professional advisors (30%) were particularly important.

Nearly 70% would be willing to download and use an app from their insurance provider.

As the digital trend strengthens, it's vital that insurers find ways to interact with customers on an individual level. Web chatting, co-browsing, and video chatting can be used to help to customers when they need it and to enhance their digital experience, Vilaiporn said.

Looking at Thailand, Vilaiporn said that social media is playing bigger roles for key players in the insurance business as a channel for marketing and promotional campaigns.

Thailand, home to 18 million Facebook users, is among the fastest-growing market in Asia. Line, a smartphone messaging app, has also become of the most popular in the country.

The industry is expected to grow steadily when the Asean Economic Community comes into effect at the end of 2015 despite concerns that insurance liberalisation would force small insurers to seek strategic partners to reduce operating costs.

A multi-channel distribution strategy, diverse product offerings and digital marketing should help frontrunners stay ahead of the game, Vilaiporn said.

"This is how executives can win more customers in the digital age," Vilaiporn said. "Without these digital tools, they might as well surrender to the competition."

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