

The wefox
Global
Safety
Report

2023
2023

wefox

The wefox Global Safety Report

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Introduction

From food prices to energy costs, consumers around the world are paying more as inflation continues to soar.

Insurance is no exception. Nearly half (47%) of the 12,859 adults we polled in the US and Europe have faced higher premiums in the past year; leading seven in 10 to claim their policies are too expensive.

Yet unlike many financial commitments, consumers know insurance is a must-have. wefox's inaugural Global Safety Report reveals nearly eight in 10 (78%) people stuck with existing policies in the last year. In addition, just 13% say they would cut back on insurance, even if they were struggling to afford their bills.

Insurance can justifiably claim it's a crisis-resistant industry. But that also explains why the sector has been reluctant to modernise. And it's leaving customers with a dim view of providers.

Our report reveals widespread dissatisfaction with the insurance industry. Nearly half (47%) of respondents feel their insurance provider penalises them for factors outside their control – such as postcode or profession – while a quarter (26%) claim they don't get a good deal on their premiums.

Meanwhile, negative terms used by thousands of consumers to label the industry include 'complicated', 'unfair' and 'old-fashioned'. Only around one in 10 (11%) describe the sector as 'innovative', and even fewer (9%) as 'digital first'.

That's why wefox is on a mission to move the dial on the customer experience.

wefox is investing in the development of products that will transform the insurance industry, from pay as you go pricing models to technology that will help prevent accidents happening in the first place.

It's impossible to make insurance better without embracing technology.

Which explains why there's a clear demand for the insurance industry to modernise with 56% in favour of insurers using their personal data to tailor premiums to their needs, and a similar proportion (54%) keen to access digital and mobile services similar to those already offered by banks.

The report confirms our suspicion that insurance has been slow to keep up with the increasing challenges of matching tech innovation and changing demographic demands. Society and technology are moving faster than legacy insurance institutions can match. They risk becoming irrelevant in a world that demands real-time relevance.

It needn't be this way.
The time to act is now.

7/10

claim their policies are too expensive

47%

of respondents feel their insurance provider penalises them for factors outside their control

8/10

people are stuck with existing policies in the last year

1/10

describe the sector as 'innovative'

Foreword:

Protect and Support

by wefox CEO Julian Teicke

The purpose of the global insurance industry is to protect people against unforeseen events and support them in their times of need.



Yet this isn't how consumers see insurance. This report – the first in a series of Global Safety Reports from wefox – confirms what wefox has known for a long time: the customer experience sucks.

The current model for insurance is broken and in urgent need of radical reinvention, delivered at scale.

Why? Because the industry has failed to embrace the opportunities that technological change has

given us. At wefox, we can see that by harnessing the power of technology to drive innovation we can revolutionise the way people think about insurance. We make insurance simple. And better. Ten times better.

The founding principle of our ancient industry – to provide protection – is as important today as it has always been. However we believe that insurance can do more. It needs to go beyond protect and support. Today we have the power to help keep people safe and to prevent risk. That's the responsibility of our industry today. Or it should be.

By ignoring what insurance could do, the industry is failing its customers. In focusing exclusively on profits, the sector has become complacent and lost sight of its original purpose – to protect people in their time of need. Failure and complacency have created distrust and scepticism.

The words used by the thousands of consumers we spoke to in compiling this report were that insurance is 'unfair', 'complicated' and 'a waste of money'. That's a long way from 'protect', 'support' and 'keep me safe'.

Technology is transforming industries. Yet the greater part of the insurance industry has ignored the advantages and opportunities that technological change can bring.

The result of this is that insurance businesses are struggling to meet the rapid shifts in society's needs. Consumers are still simply sold to; what they really

want is for firms to listen, to understand and respond to how their needs change today and in the future.

It's revealing that despite these issues, consumers in the main are happy to stick with their policies because they understand the value and protection they provide at a time of rising prices.

What's really needed now are a new breed of policy that works for their individual circumstances. They'd like to be heard properly and to have their needs met in a dynamic and flexible way. They only want to pay for what they use.

In short, they want insurance companies to behave like modern tech companies – responding to their needs exactly when they're needed and in real time.

It's no wonder that people are sceptical of ponderous insurance practices and demanding new models to suit their needs. As Albert Einstein famously said: insanity is doing the same thing yet expecting different results.

We created this report – the inaugural The wefox Global Safety Report – to shed light on consumers' appetite for change.

We've checked the pulse of policyholders and consumers seeking cover, helping insurance professionals to get a handle on how people feel when it comes to:

- Policy affordability
- Trust in insurance
- Modernising the industry

wefox is committed to what the customer wants and needs – an insurtech leader striving to deliver insurance that is 10x better. We are listening to customer concerns and we intend to go on doing so by providing the report biannually.

We hope the insights provided in these pages galvanise the industry and provide a much-needed sense of urgency to our industry.

We must place customers at the heart of the decision-making process by ensuring technology works intelligently to greatly improve their lives.

Snapshot of insurance across six countries

wefox surveyed more than 12,850 consumers in the UK, US, Poland, Italy, Switzerland and Germany in March 2022. Across all markets surveyed:

48%

of consumers say the cost of their policies has increased in the past 12 months.

70%

state some of their insurance policies are too expensive.

29%

of respondents have encountered problems paying for policies in the past year.

22%

have cancelled a policy in the past year.

26%

are willing to risk not having insurance policies.

69%

worry about being able to pay for policies in the future.

33%

of policyholders say an insurance company has refused to pay out on their claim.

15%

don't trust any providers. Car and health policies are trusted the most; critical illness cover and income protection the least.

31%

don't understand the policy pricing process.

29%

of consumers describe the insurance industry as complicated, 13% as unfair and 12% as a waste of money.

47%

feel their premium penalises them for factors outside their control, such as postcode or profession.

57%

would like insurers to use personal data to tailor premiums to their needs.

15%

of respondents feel the insurance industry is not fit for purpose; only 10% think it's digital-first.

55%

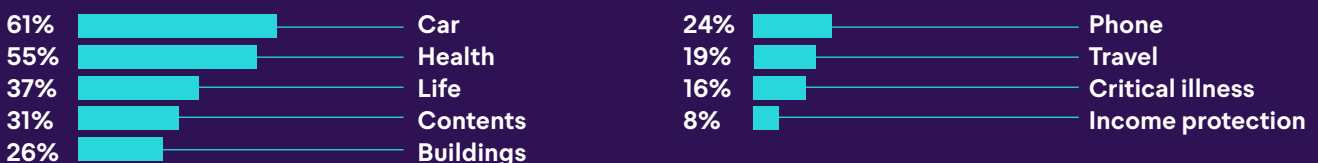
want the sector to offer digital and mobile services as banks do.

50%

are keen on insure-as-you-go options; 43% would use an app to increase or decrease cover as needed.

Insurance snapshot

Current policies held by all respondents (Tick all that apply)



Key Findings

Section one: Affording insurance

Cost of living crisis

Consumers around the world are feeling the pinch of global financial issues. Conflict in Europe, soaring energy costs and rapid inflation are just some of the issues making household bills bite.

These difficulties are unlikely to dissipate anytime soon. As a result, consumers are understandably reviewing regular costs – and that includes insurance policies.

Across all markets surveyed, 48% of consumers revealed the cost of their policies has increased in the past 12 months, compared to 38% who said the price had not gone up.

Rises were most prominent in Germany, where 55% of respondents stated their premiums now cost more than they did a year ago. In the US, however, more people (45%) claimed there had been no price increase overall, eclipsing the 43% who said this has happened.

While it is difficult to state average price rises due to local currency differences, the following table indicates which types of policy prices are most likely to have increased; with health, income protection, buildings and car insurance the categories most affected:

Policy types where consumers claim prices have not increased in the past 12 months:



% consumers claiming policy prices have not risen

A crisis-resistant industry?

Against the backdrop of a cost of living crisis, 70% of consumers in the six markets surveyed have decided that at least some of their insurance policies are too expensive. Around a third (33%) of respondents agreed with this statement – and just 8% overall disagreed.

It's interesting to note that consumers in age groups that are most likely to have young families were the most stressed by policy prices. Three quarters (75%) of those aged 25 to 34 stated some of their policies were priced too steeply, with 74% of 35- to 44-year-olds agreeing. In contrast, 68% of people aged 16 to 24, and 64% of those aged 55 and over said the same.

But despite these affordability concerns, most consumers recognise insurance is a must-have.

70%

state some of their insurance policies are too expensive

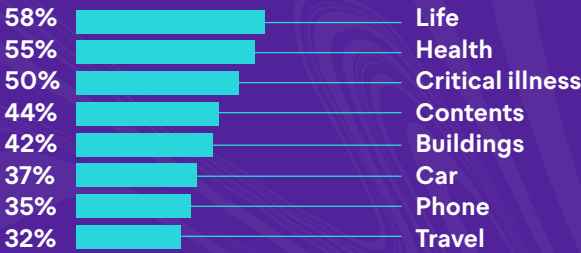


Key Findings

Section one: Affording insurance

More than three quarters (78%) of respondents did not cancel a policy in the past year. The table below reveals the types of policy which respondents are most likely to stick with – life and health insurance tending to be retained the most:

Respondents who say they never switch policy providers, by insurance type



While finding a better deal topped the reasons respondents cancelled an insurance policy in the past year, with 49% claiming this as their justification, people’s propensity to stay put marks insurance as a crisis-resistant industry. Rather, it’s up to providers to offer more cost-effective – including flexible – policy models that suit increasingly anxious consumers’ needs.

Help is at hand. New technology will enable people to not only improve their premiums but also to save money. Tech will identify risk, creating a better-informed consumer who makes better decisions. This in turn can lower premiums and identify cheaper products to meet needs.

There is an opportunity to create a simpler and more effective process; artificial intelligence (AI)-enhanced tech to identify risks; and smarter policy management that shifts with the consumer’s life circumstances, to ensure they always receive the right deal at the right time without the burden of being locked into annual policies.

49%

cancelled a policy and switched provider in the past year after finding a better deal

There is an opportunity to create a simpler and more effective process.



Key Findings

Section two: Trusting insurance

Frustration reigns

Fewer than half (45%) the respondents across all markets surveyed said they're getting a good deal from their insurance premiums.

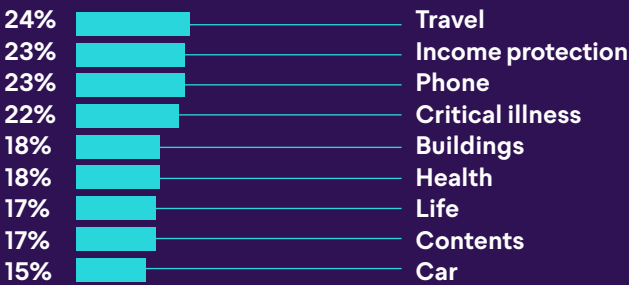
In fact, more than a quarter (26%) thought the opposite, increasing to 41% of consumers in Switzerland and 33% in Germany who felt their premiums weren't fair. A further 29% in all markets surveyed were unsure whether their policy represented a good deal or not.

The insurance sceptics

Added to concerns about fair pricing of policies and value for money, there's a large dose of scepticism about claims payouts being completed.

More than a fifth of respondents expressed a lack of confidence in several types of policy providers settling claims in their favour:

Policy types where consumers lack confidence of making a successful claim:



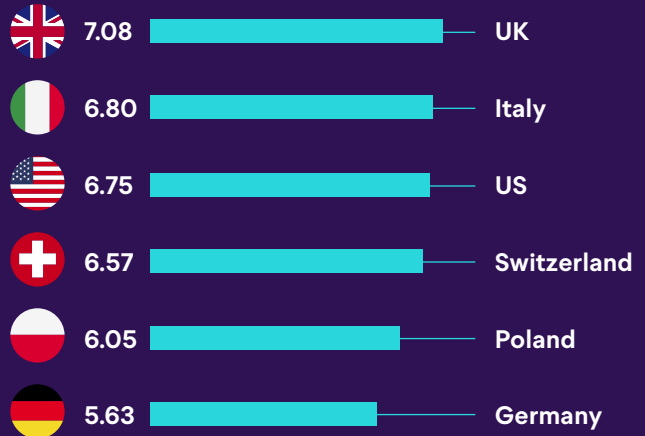
% consumers stating they are not confident their insurance company would pay out if they claimed

Attitudes varied widely by policy type and in each market surveyed. For example, 30% of respondents in Poland were suspicious of travel insurers, while 23% of consumers in Switzerland believed they would encounter problems if claiming on their life insurance.

There's evidence to support this widespread scepticism. An eye-opening 33% of all respondents claimed they'd experienced an insurance company refusing to pay out, with this happening to 14% – roughly one in seven people polled – on more than one occasion.

A staggering 51% of policyholders in Switzerland stated they've had a claim turned down, along with 37% of respondents in Germany.

It also takes a while for insurers to pay out:



Mean months taken for insurance company to pay a claim

33%

of policyholders say an insurance company has refused to pay out on their claim

Key Findings

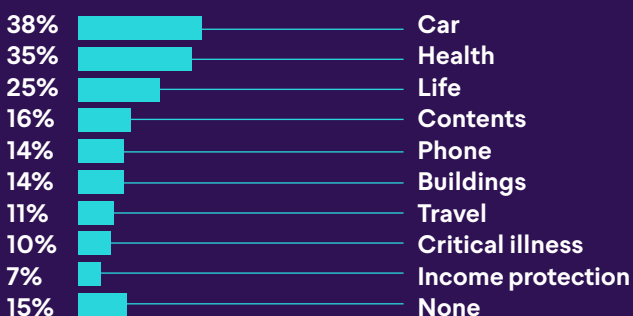
Section two: Trusting insurance

Transparency and trust

With the above findings in mind it's perhaps unsurprising that trust is in relatively short supply for all types of insurance provider.

While car, health and life insurance were named among all respondents as the most trustworthy type of cover, none of these received affirmation from a majority of consumers. In fact, 15% of respondents actively agreed that they don't trust any providers.

Types of insurance policy providers respondents trust



% consumers stating they trust this type of provider (up to three chosen by each respondent)

A good insurance movement

There is clearly a need for the industry to demonstrate a desire to change. Positive actions will be well received by consumers who presently think poorly of the sector.

Perhaps policy providers would do well to heed the level of confusion people revealed with regard to how premiums are calculated: nearly a third (31%) of respondents in all markets said they don't understand the process at all. Only 22% claimed they completely understood the number-crunching behind policy pricing.

Furthermore, 29% of respondents – increasing to 37% in the UK – went on to describe the insurance industry as 'complicated'. Another 13% felt the sector was 'unfair' and 12% labelled it 'a waste of money'.

Still, more than a fifth (22%) actively described the insurance industry as 'trustworthy', which is at least a foundation to build on. Those in the UK were the least likely to use this term (18%) while respondents based in Germany cited it the most (27%).

29%

of consumers describe the insurance industry as complicated, 13% as unfair and 12% as a waste of money

There is clearly a need for the industry to demonstrate a desire to change. Positive actions will be well received by consumers who presently think poorly of the sector.

Key Findings

Section three: Digitising insurance

Unfair penalties

It's interesting to note a similar level of respondents described the insurance industry as 'innovative' (11%) and 'old-fashioned' (10%).

As investment and technology arrive to shore up the sector, opportunities abound to present a slicker, more satisfying and trustworthy offer to people seeking policies. That will be a major driver of competitive advantage for decades to come.

For now, there's still much work to do to change many consumers' perceptions of the industry. Nearly half (47%) across all markets felt their premium penalises them for factors outside their control – such as postcode or profession – with 57% in the UK and 52% in the US stating this as a factor.

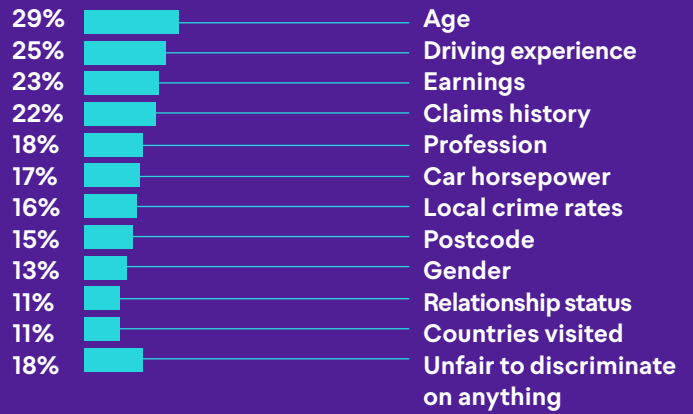
This is where technology will play an important role in understanding the circumstances and context of a customer rather than categorising them based on clumsy datasets such as postcodes, which can unfairly penalise some customers.

Advances in the Internet of Things are ushering in a data revolution that will see consumers connected to at least 15 devices by 2025 – and this will likely double by 2030. The opportunities to deliver innovative solutions that serve customers better are enormous, ranging from on-demand pricing based on the customer's real-time circumstances through to predicting risk.

These developments will enable customers to keep their premiums lower while ensuring that insurance companies maintain better loss ratios, thereby delivering a financial win-win to each party and enhancing the relationship between the two.

The opportunities to deliver innovative solutions that serve customers better are enormous, ranging from on-demand pricing based on the customer's real-time circumstances through to predicting risk.

Which of the following would it be fair for insurance companies to discriminate on while pricing policies?



% respondents agreeing

Personalised policies

A majority of respondents were keen for insurance companies to use their data to create bespoke deals for them, indicating they would happily accept a better value exchange.

In all, 57% of respondents responded positively to the idea of insurers making more use of their personal data to tailor premiums to their needs. This proportion rose to 59% in Germany, 60% in the UK and 61% in Italy.

The appeal of policies targeted at the individual was also highlighted when respondents were asked whether they thought insurers could do a better job of considering people's specific budgets while setting premiums. Overall, 64% of respondents agreed, increasing to 71% in Italy and 67% in the US.

Key Findings

Section three: Digitising insurance

Insurance innovation

Just 10% of respondents in all markets described the insurance industry as 'digital-first'. Policyholders in Poland were most likely to use this term (14%), while the figure dropped to 6% in Italy, and 8% apiece in the UK and the US.

Moreover, 15% of respondents felt the insurance industry in its current state is 'not fit for purpose', including 18% of UK-based consumers. Of those who responded this way, nearly half (47%) claimed policies are too expensive and 34% said the industry doesn't focus on customer needs.

There was a big appetite among consumers for the insurance industry to make more of an attempt to join the technological revolution. A total of four in 10 (40%) respondents who claimed the sector is not fit for purpose declared insurers must be modernised or digitally led.

More than half (55%) of all respondents wanted the sector to offer digital and mobile services in the same way banking is being transformed. Policyholders in Poland (59%) and Italy (also 59%) were most eager for this revolution to take place.

Respondents were also keen for insurers to adopt new, agile models of policy provision that would fit more neatly with modern, changing lifestyles and financial requirements.

Half of all consumers surveyed (50%) stated a preference for 'insure as you go' options – similar to pay as you go mobile phone network access – with just a fifth (20%) believing this would not be beneficial.

There was a big appetite among consumers for the insurance industry to make more of an attempt to join the technological revolution.

One-stop policy shop

The research demonstrated the wide range of insurance products people across the world are buying. The technology is there to make a simpler customer experience by creating just one policy for all needs. This could be amended as needed, providing the best value-for-money for a consumer.

57%

would like insurers to use personal data to tailor premiums to their needs

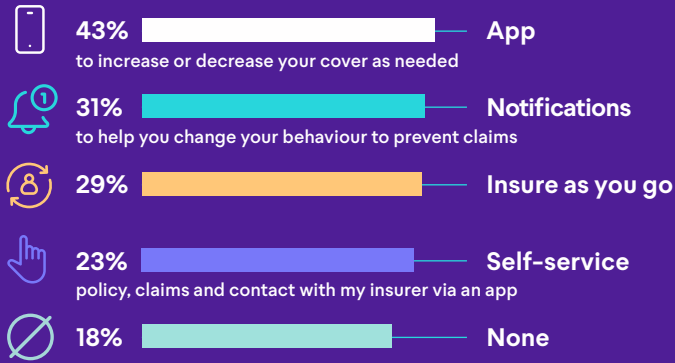
55%

want the sector to offer digital and mobile services as banks do

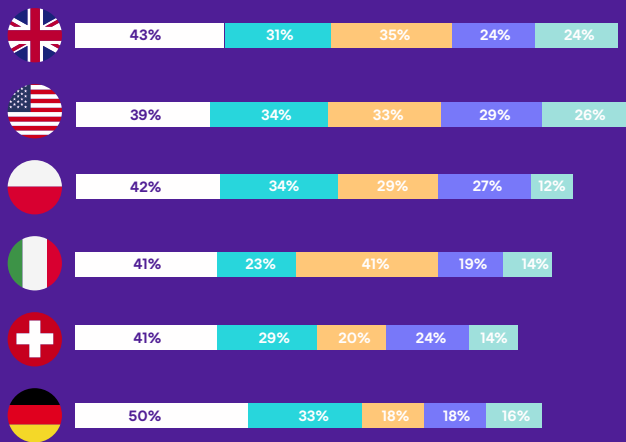
Key Findings

Section three: Digitising insurance

Would you be interested in your insurance policy offering you any of the following services?
(Tick all that apply)



Appetites for these policy innovations varied by market:



% of respondents interested

Many respondents were also pleased with the idea of a range of options

Customers driving change: A focus on car insurance

A total of 61% of our respondents across all markets have car insurance, making it the most widely held policy in this study.

However, annual car insurance costs £500 or more according to 28% of all respondents, so it's also one of the costlier premiums. That explains why this type of policy was also most frequently cited as among those respondents have had trouble paying for in the past year (41%), far ahead of the next-highest response (28%).

Car insurance policyholders aren't particularly loyal, with just 37% saying they never switch insurer in this space.

Meanwhile, motor insurance is deemed relatively trustworthy, with only 15% of respondents claiming they weren't confident about getting a payout after making a claim.

Furthermore, with 38% response across all markets, car insurance topped the table when people were asked which type of provider they trusted the most.

How much on average do you spend on car insurance?

🇬🇧 £300

🇺🇸 \$363

🇵🇱 245zł

🇮🇹 €357

🇨🇭 381 CHF

🇩🇪 €325

41%

of respondents have had trouble paying for their car insurance policy in the past year



Conclusion

Is there a future where the customer experience doesn't suck?

Consumers are confused and unconvinced by the insurance industry to the extent that some are cancelling policies, preferring to risk being without cover against possible calamity.

Our findings in the first wefox Global Safety Report will sting providers that collectively see fairness, honesty and transparency as being the cornerstones of our profession.

But there's also lots here to excite forward-looking firms. It appears insurance can claim with justification to be a crisis-proof industry, as a large majority of consumers refuse to cancel policies even in the face of a cash crisis. They understand the value of their policies, especially during tough times.

At wefox we will achieve this by making insurance ten times better through technology by keeping people at the heart of everything we do.

But consumers are crying out for insurers to join the tech revolution, and to find new ways to serve their needs with policies that suit their busy and complex lives.

wefox wants to see the industry utilise technology to deliver greater transparency and trust to the customer. It is time that the insurance industry restores its original purpose – to keep people safe.

Methodology

12,859 Respondents in the UK, US, Poland, Italy, Switzerland and Germany between 16.03.2022 and 22.03.2022.

Surveys are conducted online with respondents sourced via online access panel.

All respondents are double opted-in (with an opt-in and validation process) and complete a profiling questionnaire when joining the online access panel. Their data is then stored so specific sectors and demographics can be targeted easily.

Respondents are invited to participate in surveys via email. All surveys are incentivised according to the specialism of the panel. Rewards include points for prizes, cash and air miles, all of which vary in value depending on the survey length.

Data monitoring

Data is monitored to remove any 'career respondents'. We pay special interest to any respondents who are seen to be completing surveys at speed or are entering contradictory data; they will be removed from the panel if they are found to be giving false data.

We also include geo-IP checks to ensure respondents are completing from the right country; cookie checks to ensure the same respondent isn't completing the research more than once; and Re-captcha to block bots from surveys.

Ethical considerations

Opinion Matters abide by and employ members of the Market Research Society, which is based on the ESOMAR principles and GDPR.



wefox

Insurance. But **simple.**

We make insurance 10x better: for individuals,
brokers and insurers.

To find out more about how we are driving
forward a tech-enabled revolution in the
insurance sector, follow us:

