



EMBEDDED INSURANCE

SURVEY: A GLOBAL COMPARISON

A consumer-focused case for transaction-based offers from Banks, Neobanks and Fintechs.

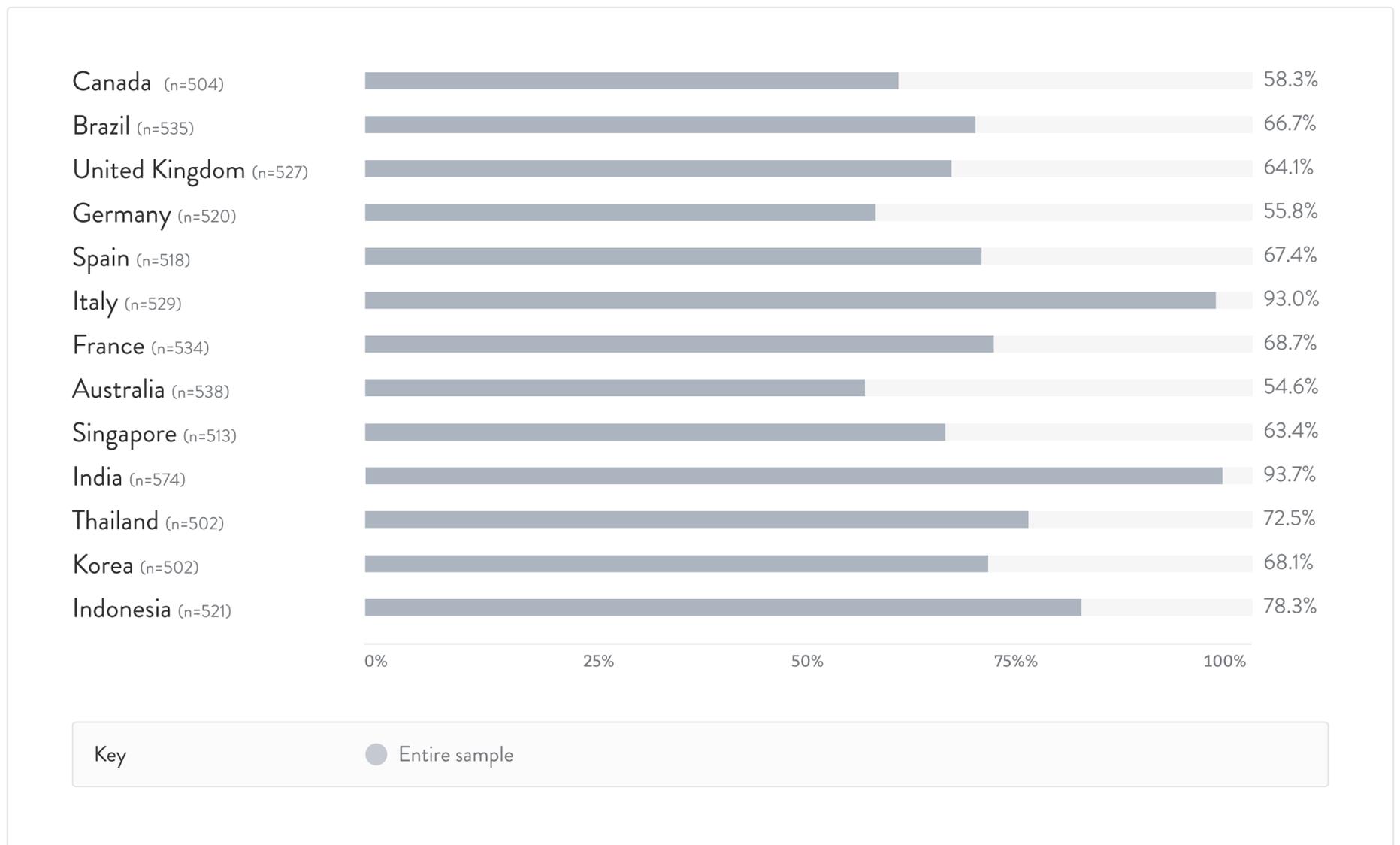
This report from embedded insurance leader Cover Genius and Momentive.ai (the research company of SurveyMonkey) examines consumer interest in a new model of insurance distribution where banks, neobanks and other fintechs offer insurance based on transactional data. The report is based on a survey conducted in May-June 2021 of 500 census-balanced bank customers in each of Canada, Brazil, UK, Germany, Spain, Italy, France, Australia, Singapore, India, Thailand, Korea and Indonesia.

The report is part of a series that also includes the US. To qualify for the survey, respondents had to have a primary bank account. The respondents answered up to 20 questions concerning 14 types of life events, activities or major purchases experienced in the last 12 months and asked about related insurance decisions and their interest in novel embedded insurance offers. In-depth country studies of 13 different insurance product lines are also available at covergenius.com/resources.

INTEREST IN BANK-EMBEDDED INSURANCE OFFERS, BY COUNTRY

A range of factors including digitization within banking and insurance and industry structures help explain the range of responses. As a tariffed market with a competitive and diffuse banking/building society sector, lower levels of interest (45%) in the US (not shown) may not be surprising*. Consumers in intermediated and/or under-digitized markets trend higher, such as India, as do oligopolistic industry structures such as Italy where trust issues with banks also permeate (see overleaf‡).

“If your bank offered insurance based on your transaction activity, how interested would you be in allowing your bank to make these offers?”



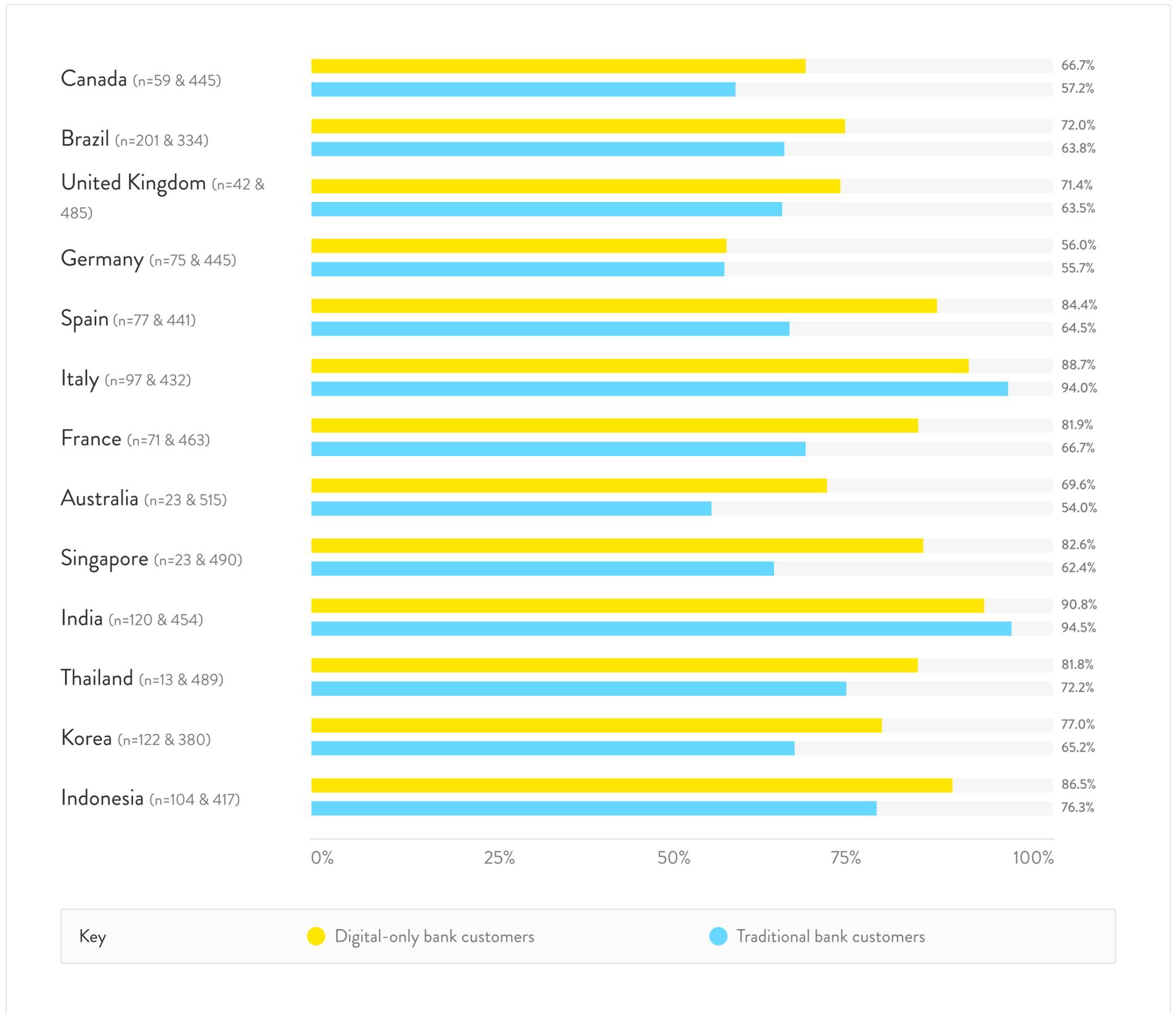
*The US survey (sample 3,551) by Cover Genius and PYMNTS.com was released in June 2021.

‡ Response options: 'Extremely', 'Very', 'Somewhat', 'Slightly' & 'Not at all'. The charts within this report aggregate 'Extremely' and 'Very'.

INTEREST IN BANK-EMBEDDED INSURANCE OFFERS, BY BANK TYPE & COUNTRY

Inherently digital given the real time coupling of offers with purchases and activities, embedded insurance can be expected to attract digital consumers first and foremost (other early adopters are examined later in the report).

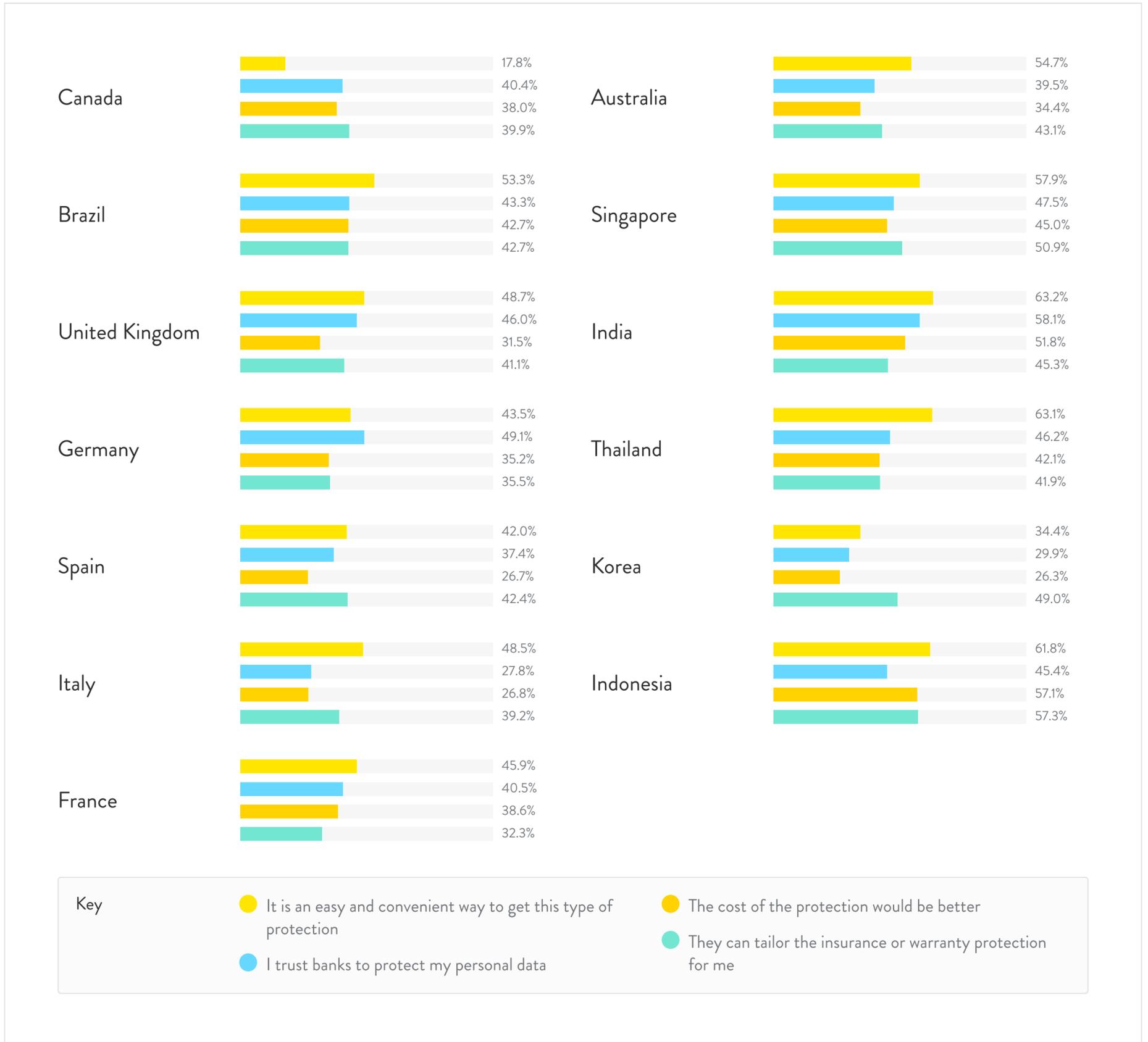
[Type of financial institution where you have your primary banking account] “If your bank offered insurance based on your transaction activity, how interested would you be in allowing your bank to make these offers?”



REASONS FOR INTEREST IN BANK-EMBEDDED INSURANCE OFFERS

'Convenience' is the primary motivator in all but Canada (where restrictions on banks cross-selling insurance may cause some dissonance), Germany (saturated bank branch networks) and Korea (low digitization), while well-documented trust issues are evident among Italian, Korean and Australian respondents.

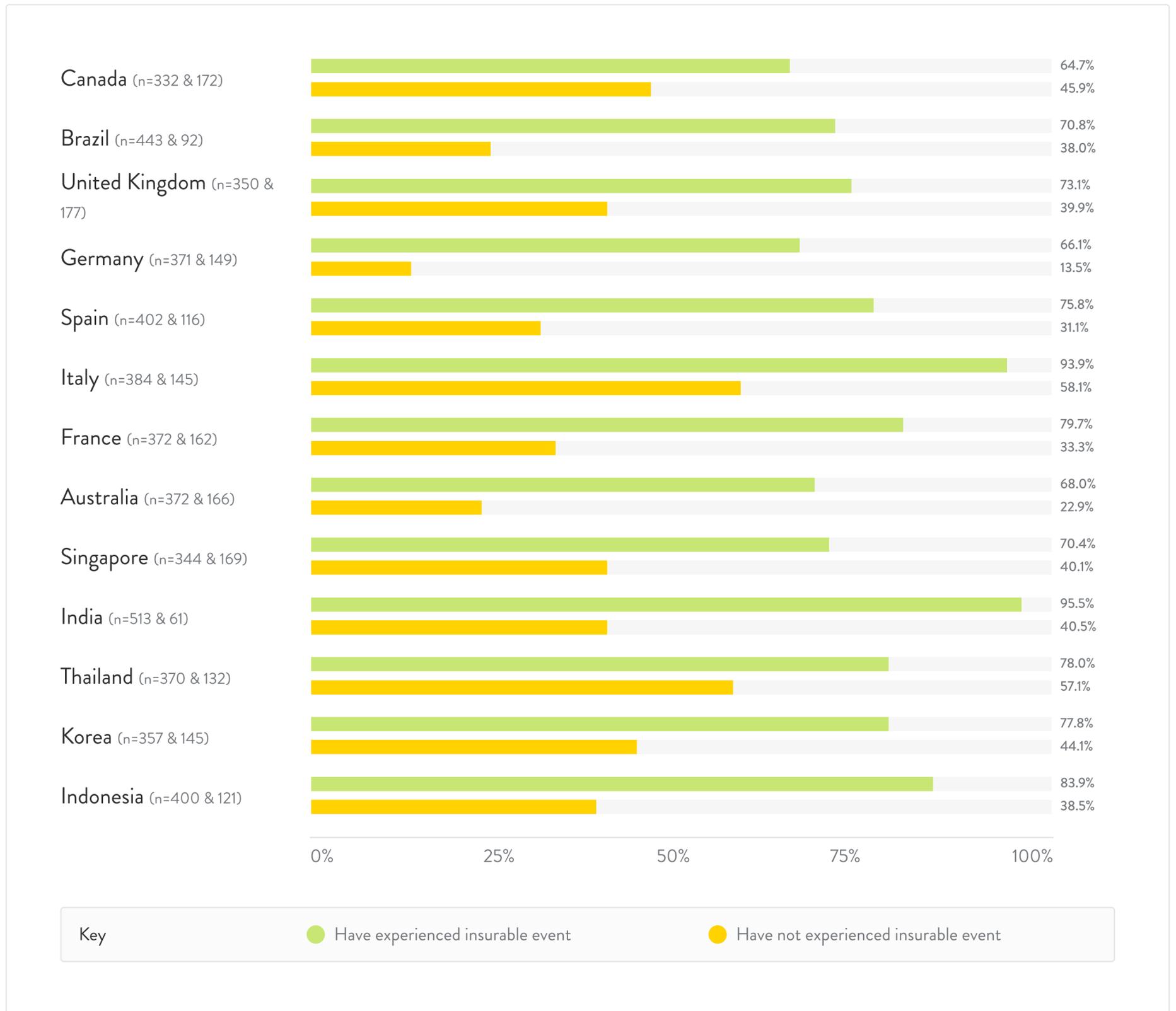
[Extremely or very interested] "Why would you be interested in allowing your bank to make these offers?"



THE EXPERIENCE FACTOR IN BANK-EMBEDDED INSURANCE OFFERS, BY COUNTRY TYPE

Any marketer would attest that recency bias makes for dependable targeting. Multiple reasons help explain the dichotomy, chiefly that insurance is perceived as an inconvenient 'second step' after the underlying event or asset is procured. The samples shown includes those who did and didn't take the extra step, a potential source of frustration for both.

[Experienced any of the major life events during the last 12 months‡] “If your bank offered insurance based on your transaction activity, how interested would you be in allowing your bank to make these offers?”

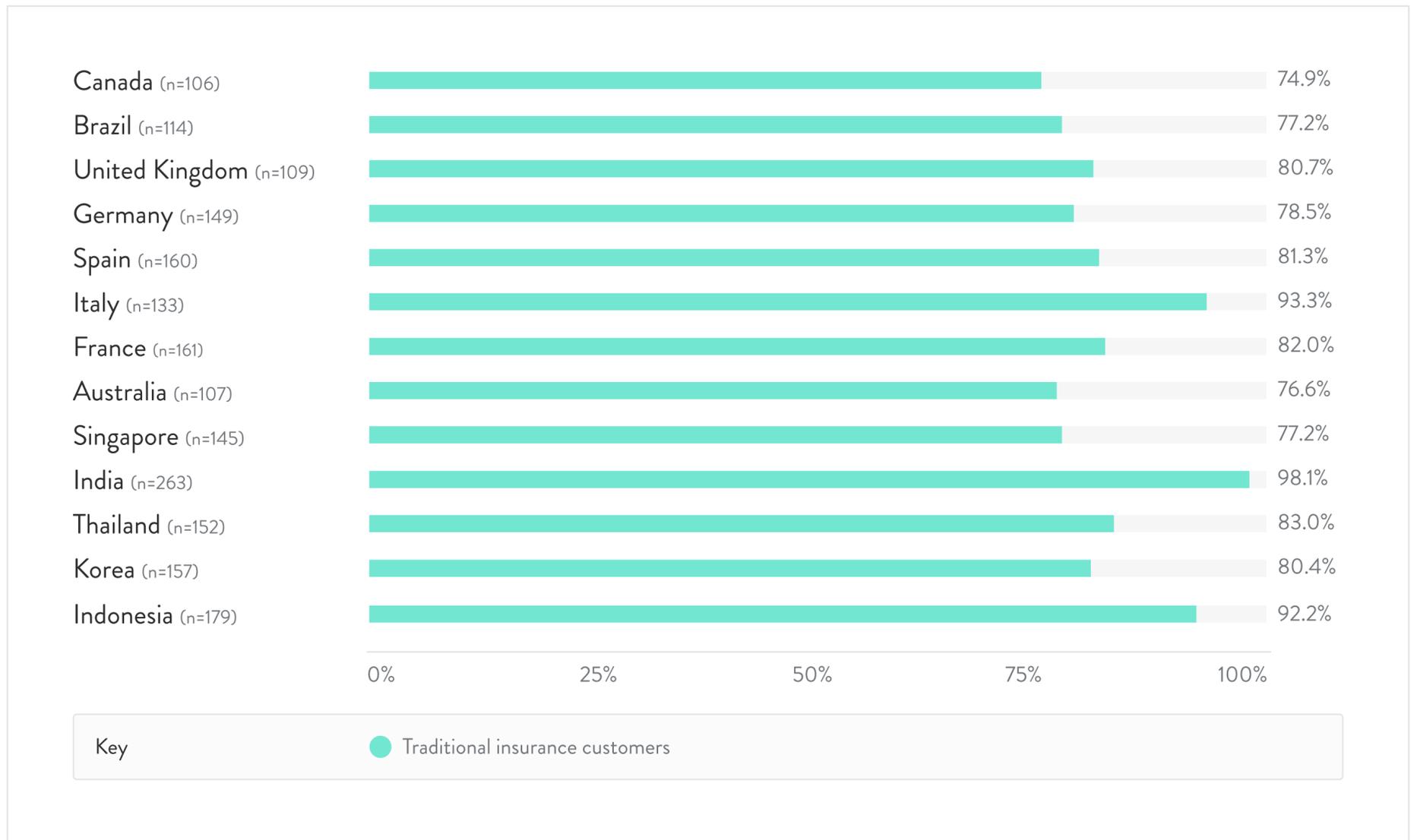


‡ I had a child; I bought a car or vehicle; I bought a property; I bought or adopted a pet; I traveled internationally; I renovated or remodeled a home or apartment; I signed a long-term lease as a landlord; I signed a long-term lease as a tenant; I made money as a landlord on a short-term rental site (e.g. Airbnb); I did work as a freelancer, short term contractor or worked in the "gig" economy (e.g. Uber, 99, iFood and Rappi etc.); I purchased expensive home furnishings such as furniture or appliances; I purchased expensive personal electronic products like large televisions or home theater equipment; I purchased expensive personal products such as jewelry; I purchased expensive artwork.

TRADITIONAL INSURANCE CUSTOMERS' INTEREST IN BANK-EMBEDDED OFFERS, BY COUNTRY

This segmentation of the sample on the prior page shows the overrepresentation of customers who used a traditional insurer in the last 12 months. Customers who purchased via banks and digital insurers are excluded. Traditional insurers often suffer from issues with communication (legalese, weak digitization, contact centers, paperwork), claims apprehension (traditional insurers' NPS range from -15 to +10) and the aforementioned problem of the 'second step', leading to the highest levels of interest in bank-embedded offers of any group examined, including millennials (not shown)**.

[Purchased insurance from a carrier or agent in last 12 months*] “If your bank offered insurance based on your transaction activity, how interested would you be in allowing your bank to make these offers?”



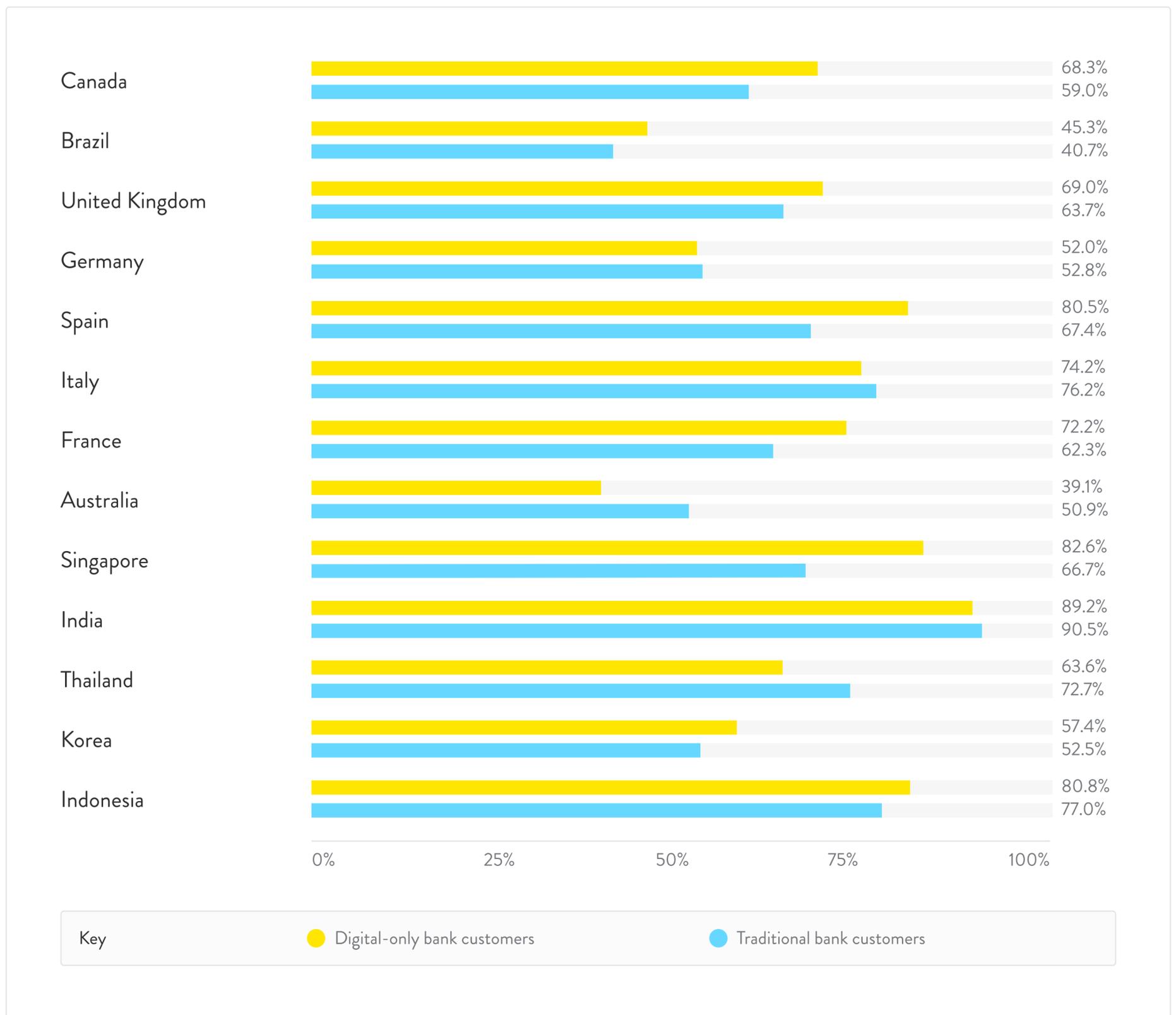
*An insurance carrier, insurance broker or personal financial advisor.

**View the [US Survey](#) for a deep dive into Millennial behavior.

OVERALL PREFERENCE FOR BANK-EMBEDDED OFFERS VERSUS TRADITIONAL INSURANCE, BY BANK TYPE & COUNTRY

This question sought to understand the preferences of the entire sample: bank-embedded offers based on transaction data vs traditional insurers (carriers and brokers) and regional forces like the different stages of transition away from hyperlocalized incumbents in Germany and Brazil, relatively high digitization among oligopolies in Australia and strong demand for innovation and liquidity elsewhere, in particular Italy, Spain and France, which share similar industry structures and demography, and for overlapping reasons in high growth economies with high mobile penetrations in South East Asia and India.

[Type of financial institution where you have your primary banking account] “In future, would you prefer to receive insurance offers from your primary bank, based on your transactions, as opposed to externally sourcing coverage from an insurance carrier, insurance broker, or personal financial advisor?”



OVERALL PREFERENCE FOR BANK-EMBEDDED OFFERS VERSUS TRADITIONAL INSURANCE, BY INSURANCE SOURCE & COUNTRY

While the earlier chart examines 'interest', the same segment demonstrates clearer intent when asked for their 'preference' between bank-embedded offers and traditional insurers.

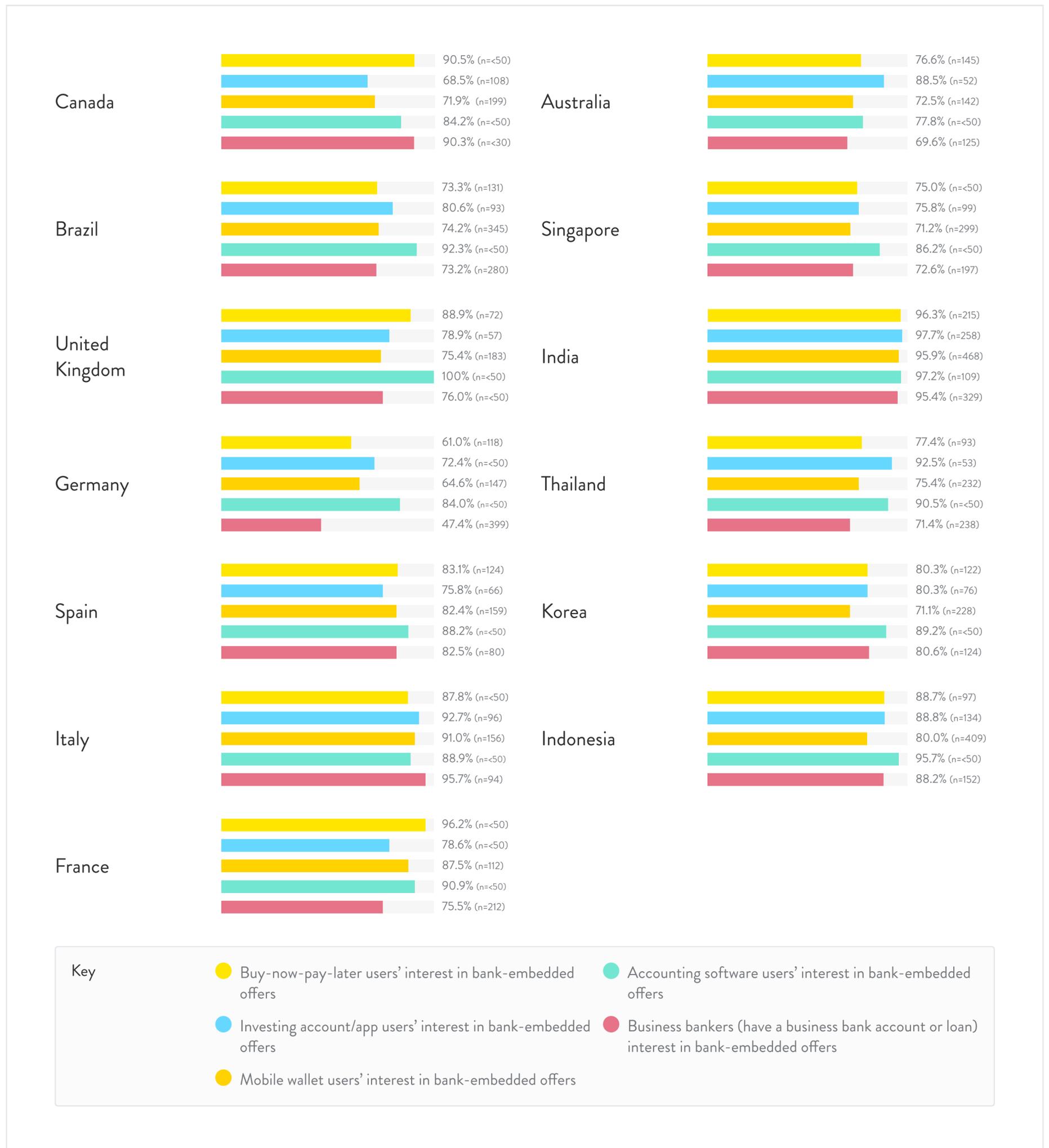
[All respondents incl. purchased insurance from traditional source in last 12 months] “In future, would you prefer to receive insurance offers from your primary bank, based on your transactions, as opposed to externally sourcing coverage from an insurance carrier, insurance broker, or personal financial advisor?”



INTEREST IN BANK-EMBEDDED OFFERS FROM BUSINESS BANK USERS AND USERS OF FINTECH APPS

Of the 4 types of fintechs examined — each of whom have access to transactional data — users of online trading apps, Buy Now Pay Later schemes, accounting software and mobile wallets all show exceptionally high interest (>80%) in bank-embedded offers, as do business bankers (ave. 78%)*.

[Uses fintech apps at least once per month or have business bank accounts] “If your bank offered insurance based on your transaction activity, how interested would you be in allowing your bank to make these offers?”



*Sample sizes for some countries are below 100.