

Client truths during turbulent times

and the lasting effects of a new risk
paradigm on insurance consumers

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Quick reference guide



A new risk paradigm

The COVID-19 pandemic and other recent events have ushered in so much change—big and small. And, their impact on the personal risk landscape is no exception.

Through our research conducted in March-April 2021, we dug deeper into the impact that the COVID-19 pandemic and other recent events, such as severe weather, economic uncertainty, and civil unrest, have had on successful families' and individuals' perceptions of risk and what they want and need from their insurance now.

Like others, successful families and individuals are now more aware of and anxious about the risks they face. Our research showed that many no longer view insurance as a transaction, but as part of their overall financial wellbeing in a world that has become increasingly precarious.

Yet prospective clients' trust of insurance companies, agents, and brokers is at a low. This issue of trust is compounded by the rising costs of insurance industry-wide due to many factors, including more frequent and severe weather events, supply chain issues for automobile parts, and increasing costs of litigation and home construction materials and labor.

The opportunity for insurance agents and brokers

While prospective clients are feeling uncertain and distrustful, they are also interested in looking at new solutions to prepare for an uncertain future and are more open to insurance reviews and reevaluation of insurance coverages. Additionally, a desire for a better experience means a tremendous opportunity for growth—for those agents and brokers who can make it happen.

Clients are looking for higher levels of transparency and engagement

According to our research, today, successful families and individuals want more interaction with and increased transparency from their insurance agents and brokers, including through:

- Initial and ongoing detailed policy reviews
- Detailed explanations of what their policy includes and will do for them, including factors and trends influencing their premiums
- Accessibility to their agent or broker

They also want higher-quality interactions, specifically for their agent or broker to:

- “Guide” them through the insurance process by communicating the what, why, and when of the insurance-purchasing or renewal process
- Be an insurance “partner” they feel they can rely on
- Express empathy and understanding in their interactions

80%

agree that current events in the world impact their feelings about risk and are more aware of risks faced a year or two ago.

Nearly half

of clients say their insurance purchasing decisions were affected by:



The need for increased security



Concern for the future



Increased awareness of perceived risks

Emotion-based selling

The experience that consumers have when engaged with an insurance agent or broker influences their propensity to purchase, become a long-term client, be less price sensitive, and recommend others as potential clients. Thus, understanding clients' existing perceptions—which are now influenced by the pandemic, other recent events, and an increased lack of trust in the insurance-buying process—and the practice of an emotion-based client experience are especially important in the consumer segment of insurance.

The following describes the emotions that individual insurance products evoke in consumers and suggests tips for approaching the initial sale or renewal.



Homeowners

Buying a home is a life-changing purchase

Whether they're buying a secondary home, moving to a more open space, or renovating their current home due to the pandemic, the purchase of a home is a unique occurrence in one's life and emotionally overwhelming for many.

Client experience tip:

Clients believe there is a disconnect between their emotional state and the sales focus of the insurance agent or broker. Agents or brokers would benefit from acknowledging that they understand what the client is feeling and managing the insurance process with that in mind.

They don't understand the policy details

Research participants stated that their lack of understanding of insurance policy details—what's insured and what's not—created emotions of frustration and anxiety, making them feel vulnerable and uncertain.

Client experience tip:

Clients strongly believe they should share the responsibility of understanding what is and is not insured under the policy they are purchasing. They want their agents or brokers to guide them and be a "partner" in their insurance-buying and renewal process.

Insurance as part of their financial wellbeing

Clients perceive insurance in the context of overall financial wellbeing, which is now influenced by a heightened awareness of the risks they may face in the future. Research participants talked about the power of income and other assets to provide them the emotional end benefits of comfort and peace of mind.

Client experience tip:

Agents and brokers should consider how they can position insurance products to clients beyond risks and coverages to the broader context of financial wellbeing.



Auto

Driving is perceived as a big risk

Clients believe that every day they are on the road, they are exposing themselves and their automobile to unknown, seemingly imminent danger.

Client experience tip:

Agents and brokers should acknowledge this fear to help build a positive relationship with the client and show the client that they understand their needs.



Valuables

There are two types of connections with valuables:

Financial value: For valuables that have financial meaning, the emotion from their loss is one of anger.

Personal value: For valuables that have personal meaning, the emotion from their loss is one of grief.

Client experience tip:

When discussing valuables, agents and brokers have an opportunity to engage with prospects and clients to identify the deeper associations and then engage the client with understanding and empathy.



Personal Excess Liability

It's protection against future events

Unlike other types of insurance, liability insurance was seen as forward looking, protecting against future events that may present a risk to existing assets. For example, participants saw this type of insurance as protecting assets needed for a child's future education.

Client experience tip:

Agents and brokers should consider focusing not just on the policy features, but rather on emphasizing the personal circumstances that will benefit from a liability policy.

Learn more

To find out more about how the pandemic and other recent events have altered clients' views of risk and how to build your business by providing an emotion-based client experience in light of this new paradigm, visit our website at

www.chubb.com/clienttruths

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