

# Client truths during turbulent times

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

CHUBB®



Research and strategy guide

# How have new risks affected the state of mind of insurance shoppers?

The COVID-19 pandemic compounded uncertainty created by local and world events, such as severe weather, economic uncertainty, and civil unrest, altering consumers' attitudes, perceptions, and behaviors across all product and service categories.

As the world moves toward the next "normal," businesses fully reopen, and as a society, we engage and socialize again, the pandemic and other recent events will continue to impact consumer behaviors for the foreseeable future—maybe even indefinitely.

Like others, successful families and individuals are now more aware of and anxious about the risks they face.

As recent events drive them to assess their lives more carefully, how have their views of insurance and insurance agents and brokers changed? To help our agents and brokers succeed in this environment, we sought to understand the new consumer mindset of successful families and individuals.

## Partnering with Peter Noel Murray, PhD

Peter Noel Murray, PhD is a consumer psychologist, research-based consultant, and advisor to dozens of companies, including many in the hospitality, retail, financial services, and technology industries. He has developed innovative emotion research methodologies, adapting and applying techniques used in clinical psychotherapy to model behavior and behavior change based on perceptions, emotions, and emotional end-benefits.

## The research

As a premium insurer and a leader in the industry, Chubb continues to provide the latest insights and tools to our independent agents and brokers, helping them service their clients better and grow in our changing world.

To help us better understand how the pandemic and other recent events have affected successful families and individuals and their feelings about risk—specifically related to insurance-purchasing decisions and independent insurance agent and broker relations—we conducted a nationwide survey of insurance consumers and partnered with Peter Noel Murray, PhD, a leading consumer psychologist focused on how emotion drives consumer behavior.

## Research methodology

Our findings in this paper draw on quantitative research conducted by Chubb, in which we surveyed more than 600 individuals in the United States and Canada, as well as qualitative research conducted in partnership with Peter Noel Murray, PhD. The research was conducted in March-April 2021, and all research participants had a household income of \$250,000 or more, were insurance decision-makers, and were currently working with an independent insurance agent or broker.

In the qualitative research, we partnered with Peter Noel Murray, PhD, who applied a research method, based on an interview technique widely used in clinical psychotherapy, to elicit and understand underlying emotions. Twenty individual, in-depth psychological interviews were conducted to identify how changes taking place in the socioeconomic environment are affecting the successful family and individual segment of consumer insurance and triggering emotions that influence buying behavior among our prospective clients.

# What are clients looking for now?

Overall, we learned that at the time of the research, prospective clients felt:

- Vulnerable and anxious as a result of the pandemic, social unrest, severe weather, and other recent events.
- That the insurance they purchase is not just a transaction anymore, but a part of their overall financial wellbeing in a world that has become increasingly precarious.
- Stressed, because the purchase of a home, auto, or other high-dollar asset for which insurance is needed is a stressful event in itself—one that compounds the anxiety they already feel.
- A need for stability as an antidote to the emotions associated with pandemic and other events and a desire to make sure they get the “right” insurance.

However, trust in insurance companies, agents, and brokers is at a low.

Our research showed that trust in insurance companies, agents, and brokers is at a lower level compared to previous years. This issue of trust is compounded by the rising cost of insurance 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.

Yet trust is more important than ever to insurance buyers. And to earn that trust, prospects and clients expect more throughout the insurance-buying process than they have in the past.

## How will this affect 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. This presents an opportunity for insurance agents and brokers. In today’s world, agents and brokers will be poised to win the trust of prospects and clients and enjoy a competitive advantage if they can deliver the following:

- Higher levels of transparency and engagement
- A client experience that acknowledges and emphasizes the emotional end-benefits clients associate with core insurance products

The following pages take you through our research findings, provide insights into what clients are really thinking, and offer strategies to help meet their evolving needs.

# 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*

# The new risk paradigm

Since the beginning of 2020, people's perceptions of risk have changed in profound ways. Specifically, their reactions and responses to the pandemic have progressed from:



fear of COVID-19 disease (death), to...



fear and anxiety about exposure to other people, to...



increased anxiety (uncertainty and vulnerability) about the future.

As a result of an increased awareness of risks, we're seeing a new paradigm, or way of thinking, about insurance and insurance agents and brokers.

## Old paradigm:

- Client comes to an insurance agent or broker for new policy or renewal.
- Agent or broker is knowledgeable about insurance needs and provides information about companies and policies.
- Focus is on product and carrier alternatives—and pricing.



## New paradigm:

- Client has a heightened awareness of the risks they face.
- Client needs insurance, but in the context of financial wellbeing in a world that has become increasingly precarious.
- Client expects agent or broker to understand their new feelings toward risk and deliver an experience and solutions that provide piece of mind.

# Insurance in the context of socioeconomic changes

Through our research, we've identified three questions insurance consumers are asking themselves these days.

1

What is going on, and when will this end?

The fear of COVID-19 has been replaced by anxiety caused by personal isolation, social deprivation, and socioeconomic change. Many people feel anxious about the future, overwhelmed by the disruption that surrounds them, and vulnerable to factors that affect them but over which they have no control. They want to return to a more stable social and economic environment.

Our research revealed that this drive toward stability influences judgment and behavior, leaving people with a strong desire for less disruption and a future that is more predictable.

This presents an opportunity for insurance agents and brokers to communicate the role of insurance—and a wide range of products—as a stabilizing factor in turbulent times.

2

How is all this change affecting my financial wellbeing... now and in the future?

People traditionally think of financial wellbeing as financial security and freedom to choose how you enjoy your life. However, according to our research, recent events have shifted the focus of financial wellbeing to a darker side, emphasizing fear, uncertainty, vulnerability, and risk.

Our research indicates that people are willing to spend more time exploring insurance solutions that address their financial wellbeing and are asking questions such as the following:

- “What should I have done before this?” They are concerned that previous approaches to financial matters are no longer sufficient.
- “What should I do now?” They are looking for new solutions and new approaches.

This suggests that clients will be more open to new approaches to their insurance needs, including insurance reviews and reevaluation of insurance coverages such as for their homes, autos, and personal liability risks.

3

What have I learned from this?

This powerful question affirms that the “old paradigm” has changed and acknowledges that potential clients are open to new ways of protecting their family, home, or valuables in an uncertain world.

This question often leads to, “What is happening to all that I worked for?” That unlocks opportunities for agents and brokers to present insurance as a solution, as insurance purchases are often motivated by the feeling and pride of being “responsible”—and are associated with emotional end benefits of calmness or being free of worries.

By leading with positioning insurance as an act of personal responsibility to oneself and family, you can add a compelling emotional component to basic financial discourse.

# New client expectations

Our research illuminated negative emotional effects created by recent events and showed a lack of trust in insurance companies, agents, and brokers. However, those who are able to create positive connections and deliver an improved client experience will enjoy a competitive advantage and long-term client relationships.

The following describes components of the client experience and what is important about transparency and engagement—especially in today’s current environment—as the primary ingredients of trust between a client and their agent or broker.

Many agencies and brokerages may already be implementing these strategies but can reinforce them with colleagues and staff to elevate the client experience.

*When making insurance decisions,*

**73%**

*want expert, personally tailored options and*

**70%**

*want guidance to the best products and services.*

## Clients are looking for transparency.

According to our research, successful families and individuals want more interaction with their agents or brokers, including in these three areas associated with the idea of transparency:

- **Reviews.** They’re looking for their agents or brokers to review their policy initially, then perform a detailed review of their entire insurance portfolio as needed, at least annually. They want to know what they have and what they should have, and they generally feel like they are not getting that overview.
- **Explanations.** Clients feel that insurance is complicated and expensive. They want to know more about the details of their coverage and be educated by their agent or broker so they understand exactly what is insured under their policies. With the price of insurance increasing industry-wide, this includes an explanation of factors and trends affecting their premiums.
- **Accessibility.** They want a relationship with their agents or brokers—meaning an agent or broker that is accessible to them.

*“The agent [or broker] is responsible for communicating exactly what’s in the policy. That’s part of his or her job. If they’re good, that’s what they’ll do.”*

*- Research participant*



## Clients want higher levels of engagement.

Successful families and individuals also want higher-quality interactions with agents and brokers. This does not mean just spending more time together. They are looking for agents and brokers to engage with them personally, related to insurance. Specifically, clients would like them 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 want their agent or broker to make them feel that they can rely on him or her.
- Express empathy and understanding in their interactions.

***“Like most things in life, insurance boils down to personal connection. Trust in the person. If you have faith in their integrity and their honesty, you’re more inclined to listen to what they say.”***

*- Research participant*

# 83%

***agree that their insurance agent could provide service beyond their expectations by explaining how they can protect themselves from different risks.***

# 92%

***expect to speak to their agent or broker on the phone at least once during a crisis.***



# Understanding existing perceptions

Similar to other direct sales interactions, when consumers work with an insurance agent or broker, their experience influences their propensity to buy coverage, become a long-term client, be less price sensitive, and recommend others as potential clients. Therefore, it's important for you to understand what an emotion-based client experience is and how to create it for your prospective clients.

As consumers begin their relationship with an agent or broker, they bring along their existing perceptions about insurance—which are now influenced by the pandemic, other recent events, and an increased lack of trust in the insurance-buying process. It is important to understand these perceptions to anticipate possible obstacles to overcome when speaking with prospects.

## Most have negative perceptions of insurance.

In the mind of a client, the meaning of insurance (what it is, how you buy it, and how it works) is a result of a complex combination of beliefs and experiences. While our research showed that people may understand the importance of insurance, in many cases, they don't like it, and they do not trust that they will get what they paid for.

*“There’s nothing pleasant about it ... I don’t want to have it—but have to have it.”*

*- Research participant*

This overall view of insurance is also affected by clients' negative perceptions of insurance companies, agents, and brokers. While these perceptions may seem extreme to insurance professionals, they nonetheless represent the top-of-mind attitudes and beliefs held by research participants.

*“You hear a lot more about bad experiences people have—almost nothing about good experiences.”*

*- Research participant*



## But they understand that not all insurers are alike.

It is important to consider, however, that this overall negative view was expressed while discussing insurance companies on an aggregate level. When probed more deeply about whether this was true for all companies, prospective clients qualified their statements by saying that there was a top-tier segment of a few companies that are honest and conscientious and work with agents and brokers of that same caliber.

*“[With a] higher quality insurance company, like Chubb, I imagine their agents were going to go into more detail. I would assume they have more knowledge.”*

*- Research participant*

Regardless of negative attitudes about insurance generally and about some companies specifically, our research revealed that a positive client experience with agents and brokers can change negative perceptions about insurance on a broad basis.

## The basic client experience issue: *emotions matter.*

Clients’ actual or projected personal circumstances related to insurance products evoke significant emotions. That means agents and brokers will need to understand that:

- Their interactions with each client have as much to do with the clients’ emotions as the financial need for the insurance product they’re selling;

- Successful families and individuals are now more aware of and anxious about the risks they face as a result of the pandemic and other recent events;
- Factors such as inflation, increases in severe weather, and loss trends are causing the cost of insurance to rise, which is fueling the distrust clients already feel toward insurance companies, agents, and brokers; and

- By simply making the effort to acknowledge and understand these emotions, you can transform the client experience from potentially negative to very positive.

On the following pages, we’ve delved into the specific emotions evoked by individual insurance products and what you can do to help make the most of sales opportunities, turning negative emotions into positive ones, and potentially turning prospects into clients.

# Emotion-based selling

In addition to understanding the existing perceptions about the insurance category as a whole that clients may bring when working with an agent or broker, the following describes the emotions that individual insurance products evoke in consumers. We've examined the deeper emotional end-benefits associated with core insurance products and provided suggestions for our agents, brokers, and their teams to leverage in their sales practices.



## Homeowners

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### 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 engaging with these clients and managing the insurance process with that in mind.*

### They don't understand the insurance policy details

Research participants stated that their lack of understanding of insurance policy details—what's included 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 or renewal process.*

### Insurance as a 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 understand that income and other assets are vital to their future as they age as well as to their children's future, and talked about their power in providing 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

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### Driving is perceived as a big risk

Of all the insurance types, clients perceive driving their car to have the greatest risk and thus the most tangible need for insurance. They believe that every day, they are exposing themselves and their automobile to unknown, seemingly imminent danger from other drivers on the road.

*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

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### Clients have two types of connections with their valuables

**Financial value:** Refers to the dollar value associated with the object. For valuables that have financial meaning, the emotion from their loss is one of anger.

**Personal value:** Refers to psychological factors such as how much they cared about a specific object. For example, a painting that has been handed down through generations. 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

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### It's protection against future events

Unlike other types of insurance, liability insurance is 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.*

The COVID-19 pandemic and other recent events have brought with them lots of uncertainty and, for many, a heightened awareness of risk. Successful families and individuals are feeling greater urgency to make sure they have the right protection in place for themselves and their loved ones.

Our research provided insights into what prospects and clients are really thinking about related to their insurance-purchasing decisions and relations with independent insurance agents and brokers. By taking steps to build trust through more transparency and engagement and appeal to clients' emotions, you and your colleagues can successfully navigate a new, post-pandemic environment.

## 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 risk paradigm, visit our website at

[www.chubb.com/clienttruths](http://www.chubb.com/clienttruths)

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