

Exploring drivers of loyalty among younger insurance policyholders



Executive Summary

Digital tools have become the new normal for everything from [picking up food curbside](#) to [digital banking](#) and everything in between. But how has the shift to digital impacted the [insurance industry](#)?

As more consumers move to digital tools to meet their needs, Mobyquity set out to understand how digital customer experience impacts loyalty and attrition. We surveyed more than 1,000 insurance customers in the US about their current habits, how they predict these habits will change in the future, and what will influence those changes. We learned that insurance carriers face a significant challenge in reducing attrition among younger policyholders. Focusing on digital tools will be an important part in securing their loyalty into the future.

“Insurance companies are in a bind. On the one hand, their older customers are overall more satisfied, loyal, and profitable. On the other hand, younger customers are less loyal and therefore harder to sustain, despite this group offering the biggest opportunity to insurers due to their age and potential longevity with a company. The way forward, as you’ll see in our research, is to offer digital solutions to the customers who seek these tools for a more convenient, effortless experience.”



Brian Levine
VP of Strategy and Analytics, Mobyquity

We found that younger policyholders are...



less satisfied and less loyal - those under 55 are almost 3x more likely than older consumers to switch



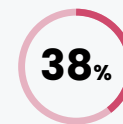
more likely to have increased their usage of digital tools to manage their policies in the past 12 months



less influenced by lower rates and significantly more likely to switch to a carrier with better digital tools or with positive online reviews



52% say switching insurers is easier than it used to be



38% agree that once they've downloaded their insurer's mobile app, they are less likely to switch



30% would switch insurers for better digital features



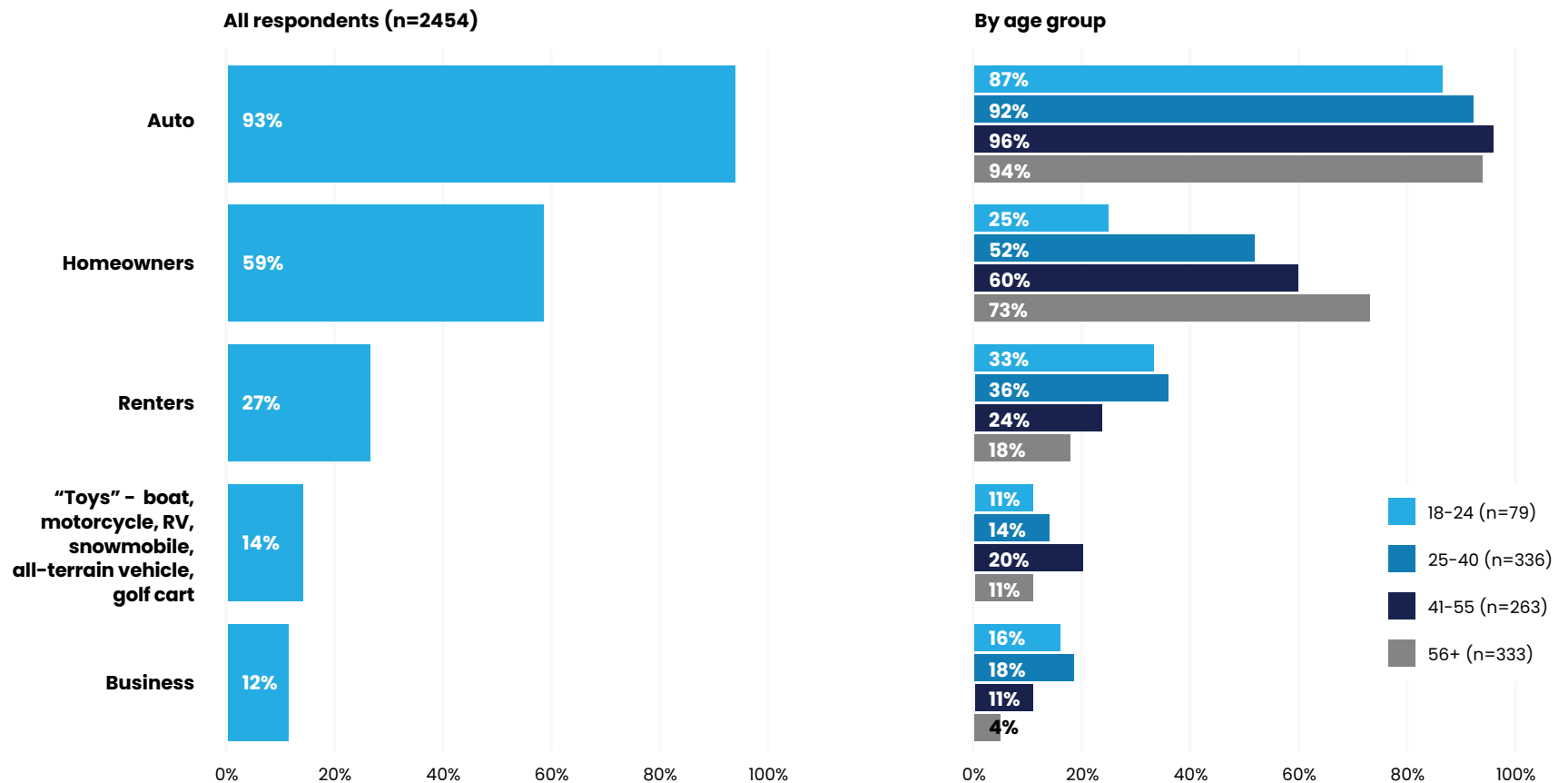
40% would consider switching providers to one with better reviews

Let's dive into the research!

Auto insurance was the most widely held policy among the consumers we surveyed

Both by age group and overall, most of our survey respondents held auto insurance policies, with homeowners insurance being the second most held policy and then others thereafter.

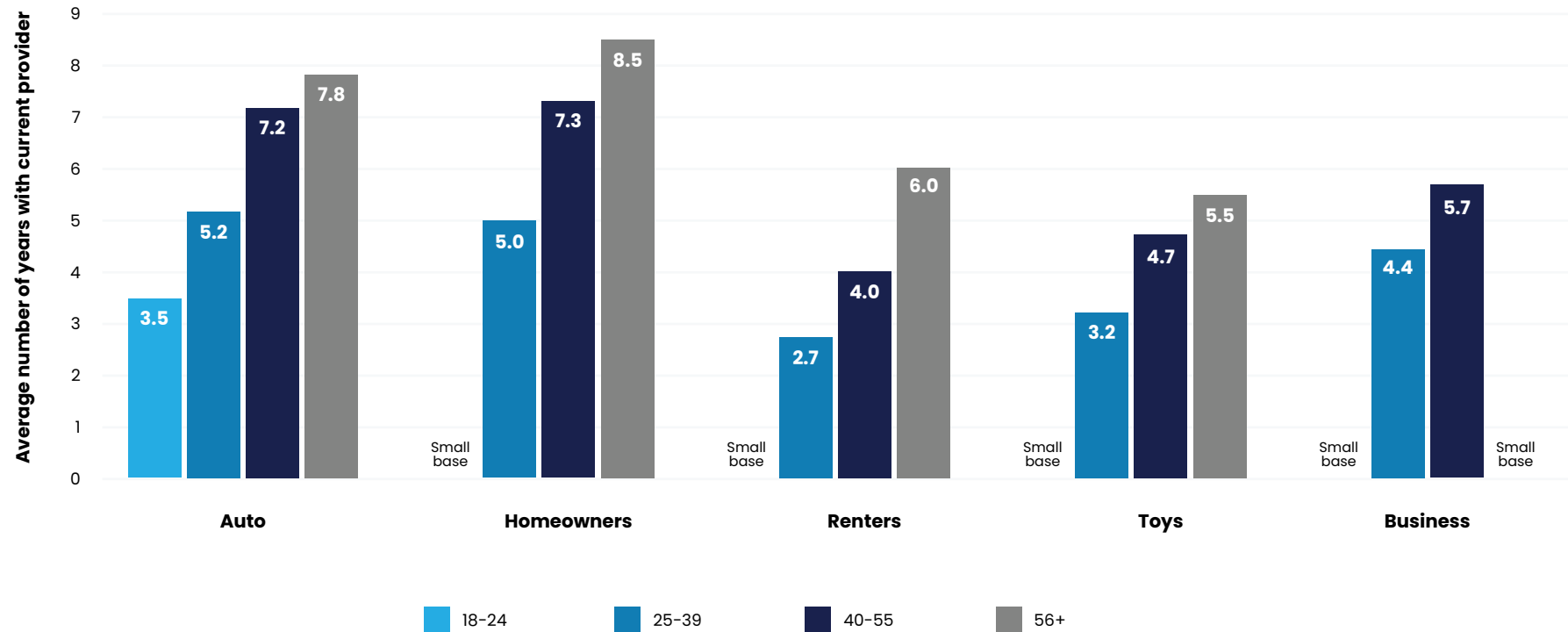
Please tell us which types of insurance you currently have.



Older consumers tend to be more loyal

While not surprising, across the board, older customers have held their policies longer than younger consumers. In some cases, the oldest respondents in our survey, baby boomers, held their policies for an average of more than twice as long as the youngest respondents.

How long have you been with your current insurance provider for each of the following?

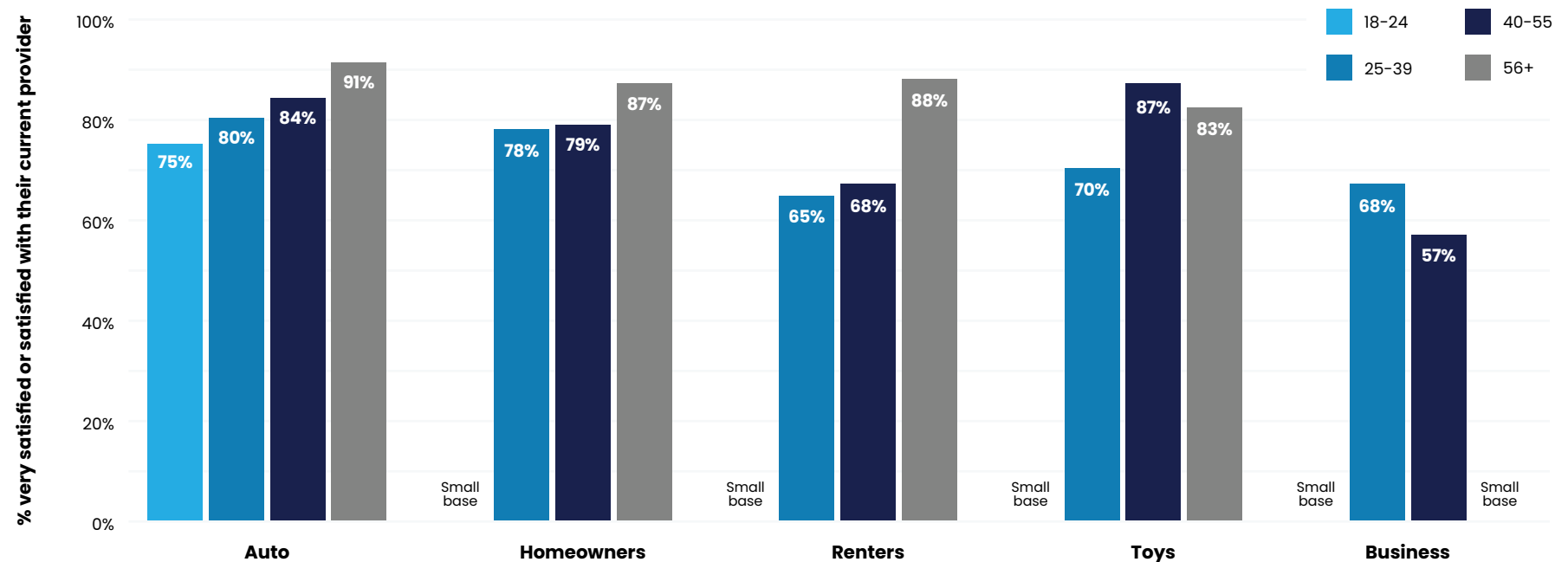


There's an inverse relationship between overall satisfaction with insurance providers and age

Younger consumers express less satisfaction than their older peers.

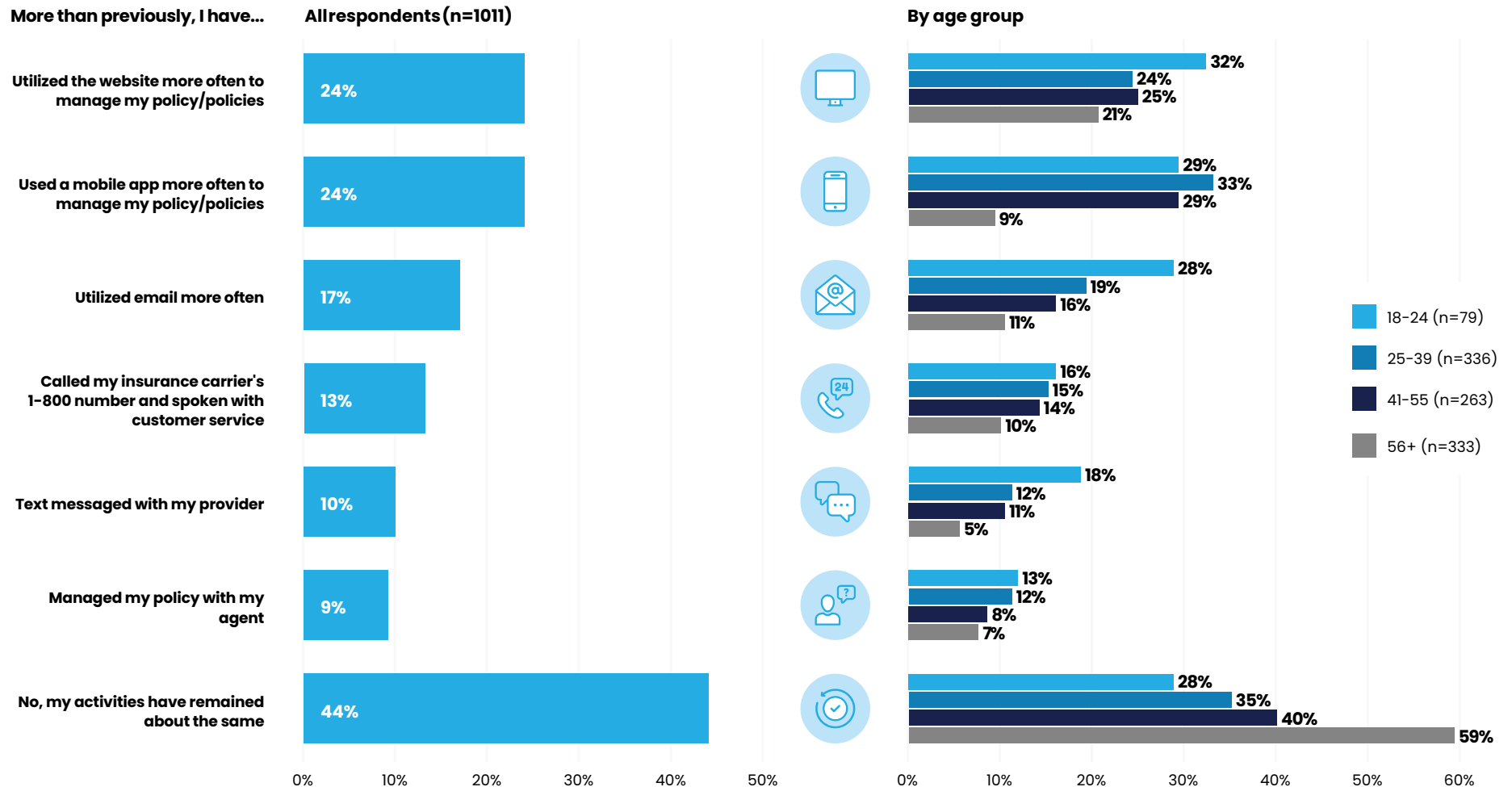
There is a big opportunity for insurance providers to bridge the gap between their older and younger customers by investing in digital tools to create a more convenient insurance experience. While today insurers can rely on the steady payments of their older customers, the days of ignoring younger policyholders are numbered. Millennials have recently surpassed baby boomers to become the largest demographic in the US. However, even despite this demographic difference, baby boomers are still less likely to switch, making younger policyholders the most opportunistic place for insurance company growth. Insurers who evolve to create compelling digital customer experiences will be the ones who succeed with this generation and those who follow into the future.¹

Please rate your overall satisfaction with insurance provider(s).



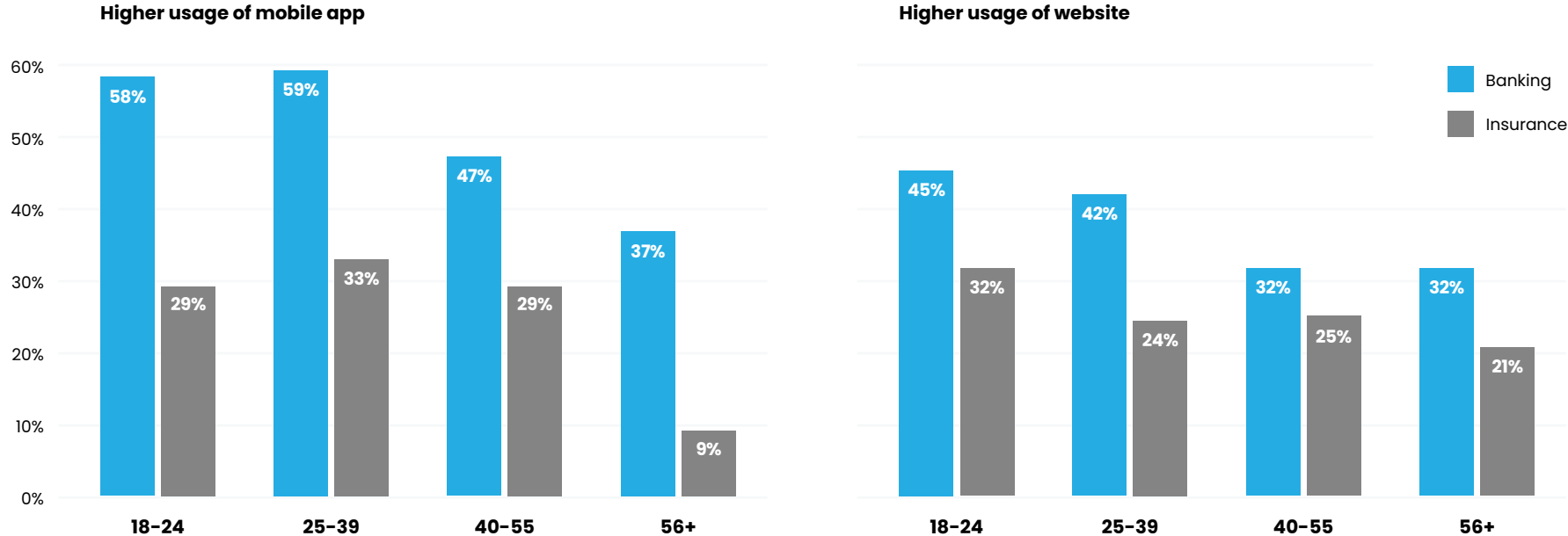
Younger policyholders are more likely to have increased use of digital tools

Have you changed the way that you manage your insurance policies in the past 12 months?



While usage of digital tools has increased, it lags behind similar industries

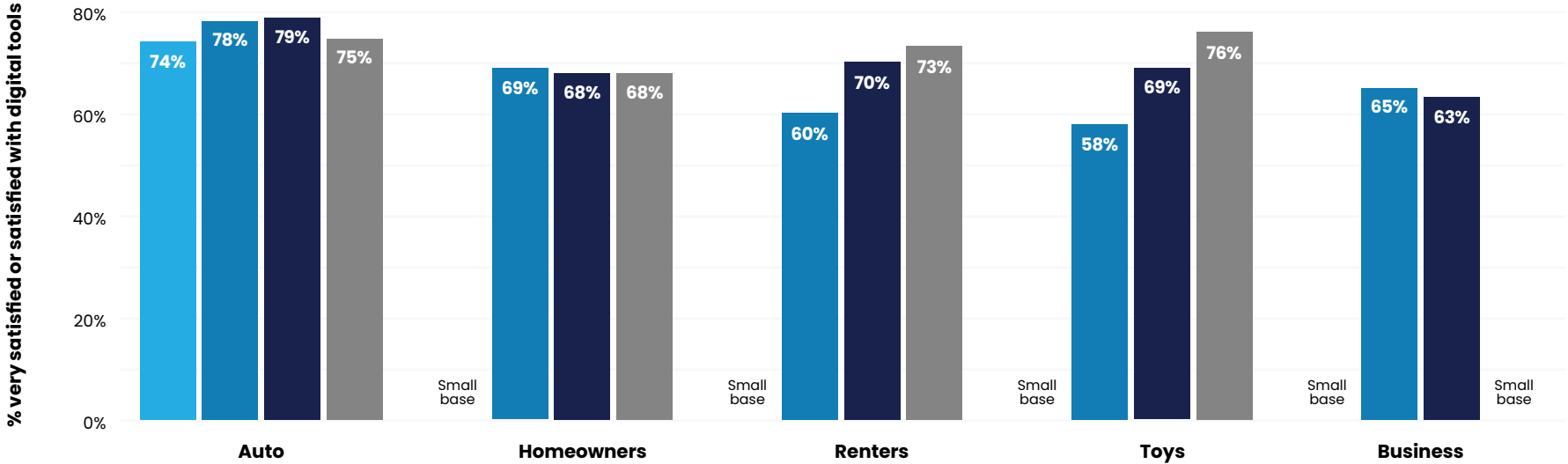
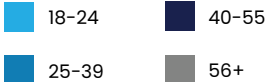
We saw an increase in usage of digital tools to manage insurance policies across the board, particularly among younger demographics. However, when compared to previous research we conducted in the banking space, we see that changes in policy management were not as dramatic as changes in account management in the banking space.



While satisfaction with digital tools is somewhat consistent across age groups, there is room for improvement

With even the highest satisfaction scores not hitting above 79%, there is room for improvement when it comes to digital customer experience in insurance. If you're not already in active dialogue with consumers of all demographics about where improvements would increase satisfaction, primary research is always a great first step. There's also much you can learn from secondary sources like ratings in the app store. The [Mobiquity Friction Report](#) is another tool that can help you make sense of reviews across the insurance industry and give you a starting place to prioritize improvements in your mobile app.

Please rate your overall satisfaction using digital tools to manage your insurance policy(s). Digital tools include a mobile app, website portal, chatbot, video chat.



Getting clarity around customer satisfaction

It can be difficult to know how to improve customer satisfaction if you don't have clarity around where customers are experiencing challenges. The [Mobiqity Friction Report](#) is a proprietary tool that uses artificial intelligence/machine learning (AI/ML) to analyze thousands of customer reviews on mobile apps, websites, and similar tools to help businesses see what they're doing well and where they could use some help. The Friction Report can also summarize how these digital touchpoints, such as mobile apps, are performing across an industry. Check out the [Insurance Industry Friction Report](#) to see how some of the best mobile apps stack up. Our most recent report analyzed the following mobile apps: Allstate, AmFam, Farmers, Geico, Liberty Mutual, Progressive, State Farm, and The General. Users reviewed the following features most frequently, indicating their importance for a seamless mobile app experience.



Billing is one of the most reviewed features, with customers looking to understand when their bill is due, how much they owe, and when autopayments are scheduled.



Negative reviews mentioning login have increased. This remains a key opportunity for insurance companies looking to improve user experience.

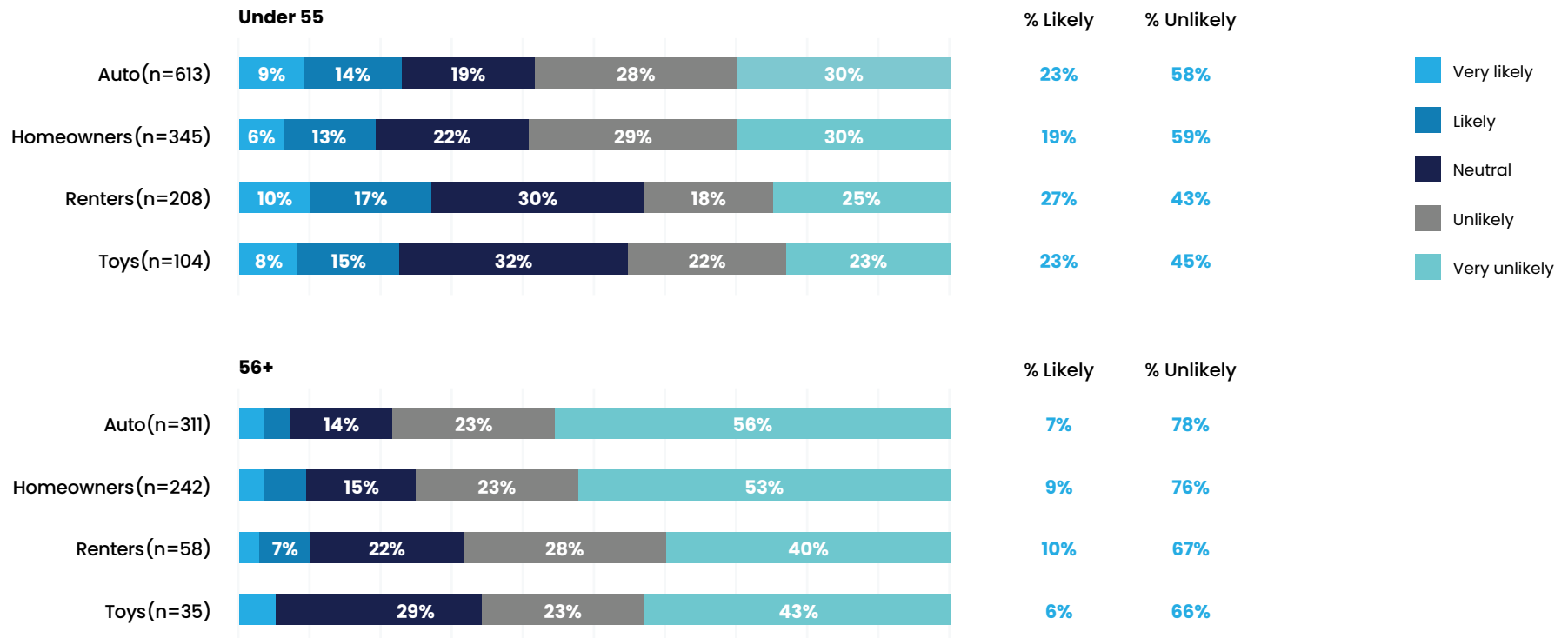


Policy visibility is important. Some users report not having transparency around their policies. Insurance companies should work to simplify the policy view so that key elements are easier to comprehend.

Younger consumers express much greater likelihood to switch providers in the next year

While it's not surprising to see less likelihood to switch from older consumers, the vast difference between baby boomers versus younger generations is striking. Homeowners insurance policies, which are usually associated with higher financial stability, appear to experience less switching among younger consumers in the next 12 months. Providers of renters insurance, however, should anticipate attrition in the next year.
















How likely are you to switch your provider for each of these types of insurance in the next 12 months?




Let's dig into why →

Drivers of switching varied significantly between those over and under 55 years of age

Thinking about the type of insurance you are the most likely to switch in the next 12 months, please select the top 3 things that would be most likely to cause you to switch.

	Under 55 (n=678)	Over 55 (n=333)	Highest among
 Lower rate for equivalent coverage	77%	 92%	56+
 An insurance company who helped reduce risk of getting into an accident/claim	40%	40%	18-24
 Easier to use mobile app	 39%	21%	25-40
 More digital options to manage my policy or handle claims	 37%	21%	25-55
 Easier to use web portal	29%	27%	18-24
 An agent closer to where I live	21%	 32%	56+
 An insurance company with better online reviews vs my current company	 27%	19%	18-24
 A better in-person experience	19%	 29%	56+
 Policy integration with voice assistants	6%	5%	18-55

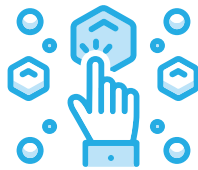
 significantly higher at 95% level

When it comes to what would cause consumers to shop around, older, more loyal policyholders were more influenced by improvements in stalwarts of the insurance experience: in-person engagement and agent accessibility. Younger policyholders, on the other hand, were seeking improvements in virtual experiences.

The top digital improvements younger consumers were seeking included:



Better mobile app



More digital options for changing their policy or handling claims



Easier to use web portal

It's striking to note that for younger consumers, an easier to use mobile app and better digital options ranked very close to the desire for decreased accident/claim risk. Up and coming generations are redefining the expectations of the insurance experience.

"We have found that creating a better mobile app simply means consumers want their experience to be just as effortless as any other mobile app on their smartphone. Providing a level of accessibility that makes adding or changing policies and obtaining coverage easier can make a world of difference for customers."



Mike Welsh

Chief Creative Officer, Mobiqity

"Web experiences have to feel as easy to use as your mobile application. It has to not only feel like a natural extension of your app, but it needs to be an extension of your app. Using an omni-channel compliant architecture will let you create several experiences using the same data and services, optimizing the differences in the platforms while unifying the experience into a seamless flow from mobile application to web. Creating this kind of digital product is an investment in the entire infrastructure, from the mobile app, to the website, and the system that supports it, enabling a self-service experience that your customers demand."



Dominick Profico

Chief Technology Officer, Mobiqity

Did you know?























Insurance companies with Guidewire have the underlying framework to [kickstart a mobile application](#). Mobiqity can help you quickly and easily roll out or revise a mobile app cost effectively.


Consumers desire similar things from their insurer, but younger generations place greater importance on digital innovation

Please indicate how important each of the following attributes is to you in continuing to do business with an insurance provider.

% Very/quite important
(Under 55 n=678)

% Very/quite important
(Over 55 n=333)

	Proactively offers me the best value	93%	 98%
	Tailors my policy to my actual needs so that I have all the coverage I need and I'm not paying for anything I don't need	93%	 98%
	Clearly explains what my policy does/does not cover	92%	 98%
	Recommends the best coverage for my needs	93%	 97%
	Proactively adjusts my policy when major events happen (like COVID-19)	91%	92%
	Offers an easy to use website	 89%	79%
	Provides me with an agent I can visit or call with questions	80%	 88%
	Has positive online reviews	 86%	74%
	Is socially responsible and acts in the best interest of my community	 79%	71%
	Provides me with innovative offerings	 79%	73%
	Offers an easy to use mobile app	 85%	57%
	Makes regular updates to the mobile app that make it easier to use	 81%	58%

 significantly higher at 95% level

Younger consumers are redefining value



It's not surprising that among the most important drivers of loyalty were attributes around value. Younger consumers, however, define value in a way that includes the ability to self-service and social responsibility. Attributes connected to insurance mobile apps showed the most discrepancy by age. Eighty-five percent of those under 55 rated an easy to use mobile app as important, a 27% increase versus the rating from older consumers. Similarly, 81% of younger consumers rated regular app updates as important, which was 22% higher than older consumers.

Younger policyholders also placed more importance on online reviews. Did you know that about 50% of your customers or potential customers won't even consider downloading a mobile app with less than four stars? When an app has fewer than three stars, the likelihood that a person will download your app drops to 20%. Ratings and reviews play a huge role in your mobile app's success, so it's important to create an app that delivers on the customer's wants and needs.



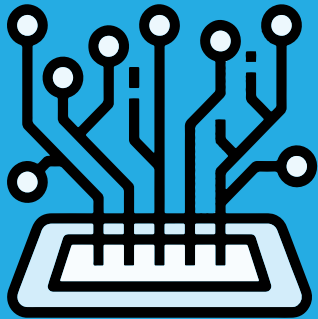
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Conclusion: digital tools drive loyalty among young policyholders

The biggest revenue opportunity for many businesses lies in their ability to attract and retain younger customers. Millennials and Generation Z are becoming a more vitally important demographic for insurers. They offer the potential for long-term loyalty to insurers that help them protect the things that matter most as they continue to build their lives. The insurance companies that take this opportunity seriously and work to implement digital solutions that better serve the needs of these younger customers will win.



Digital solutions that you can implement today to satisfy younger customers



Mobile apps

Give your users the ability to interact with you quickly and efficiently via your mobile app. Provide them with the tools they need to keep them safer in the car and at home, like access to their accounts, the ability to manage claims, and an easy way to view their insurance portfolio when they need it.



Contactless payments

Contactless payments are on the rise, so much so that there have been shortages of cash and coins reported around the world. Giving your customers the ability to autopay their bill or pay via mobile app are two examples of how you can alleviate friction for customers while also reducing your carbon footprint and the manual effort required by your staff.



Conversational AI

Voice capabilities, such as Amazon Alexa, Google Assistant, as well as website chatbots can reduce the burden on your staff by answering simple customer questions with smart technology.



Digital onboarding

The first step in building a lasting relationship with your customer is to make sure their first engagement goes smoothly. Especially for younger customers who want to sign up or switch insurance providers digitally, having a digital onboarding strategy is a must.



Website and customer portals

For insurance companies, the importance of considering digital channels is compounded by the fact that more than [50% of traffic to customer portals comes from mobile devices](#). Many of these portals are not optimized for a smartphone. This can lead to friction-filled experiences for customers trying to access their account from their mobile devices. Consider optimizing your website and customer portals for easier digital experiences.



Are you ready to explore all the ways that your organization can attract and retain younger customers? Let's talk.

Our work in insurance



Amica was struggling with customer engagement through their web portal and mobile app. The company was seeking a partner to help them increase touch points across these digital channels. Mobyquity developed a plan to help Amica remain competitive and meet its digital goals. Together, we spent several months conducting extensive market research, interviewing stakeholders, and developing a comprehensive competitive analysis to better understand Amica's digital landscape. Mobyquity then used this data to build a roadmap to take Amica through the stages of maintaining, competing, and ultimately leading the market in digital. From building a customer community to predictive analytics, Mobyquity continues to help Amica hone its innovative strategy.

[Learn more](#) →

Prominent Northeast insurance company

Customers of this Mobyquity client were only using a web portal to view information related to policy, agent, billing, and claims. The company wanted to engage customers for policy-related activities through a mobile app. Mobyquity created the mobile app, deploying the existing consumer portal functionality, and extended functionalities by providing the ability to take and upload pictures while submitting a claim. We also embedded application authentication and security features appropriate to support a secure user experience.

[Learn more](#) →

One of the top writers of US commercial property and casualty insurance

The challenge with this Mobyquity client was the disconnect between the insurance company and its customers. Customers are focused on the items they insure, such as their home or car, but the existing mobile app was not organized this way. Rather, the focal point of the old mobile app was all about policies, which created a gap between what the customers considered important and how the insurance company was presenting that information. To resolve these challenges, Mobyquity designed and built a brand new mobile app that enabled a more seamless digital customer experience.

[Learn more](#) →

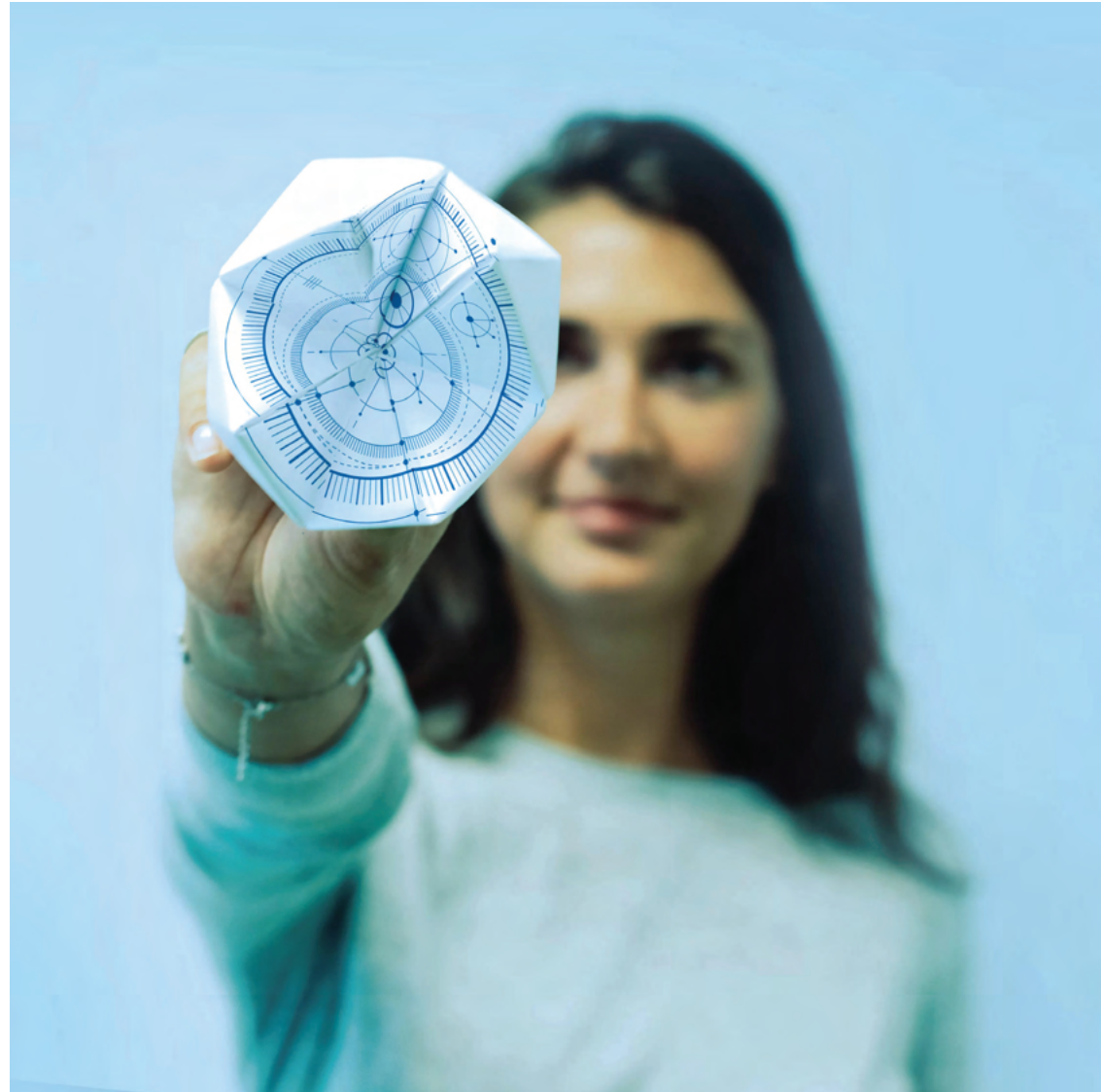
What are you waiting for? Get started on the path to a better digital experience for your customers today. [Contact Mobyquity](#) →

About Mobiquity

Mobiquity is a digital consultancy that partners with the world's leading brands to design and deliver compelling digital products and services for their customers. Its approach balances human needs with usefully applied technology, unbound creativity with research and analytics, and agile development with strict engineering and security standards.

Mobiquity's end-to-end services consider every dimension of a digital business from marketing to IT, providing strategy, experience design, product engineering, cloud services, and analytics. Mobiquity is an AWS Partner Network (APN) Premier Consulting Partner and has worked with AWS since 2011 to deliver 100% cloud-based innovation to its clients.

To learn more, visit www.mobiquity.com. →



Resources

1. <https://www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/>