



The Insurance Engagement Gap and its Impact on Perception and Innovation

Guidewire Insurance Consumer Survey 2024 – UK



Executive Summary

The past twelve months were challenging for the insurance industry, as claims for climate change events mounted, reinsurance markets hardened, and increasing losses in the motor insurance sector put pressure on profits. New regulations, like the Financial Conduct Authority's Consumer Duty rules, also came into play, giving insurers even more to think about.

Against this backdrop, insurers need to work to improve their standing with UK customers. Or, to be more precise, to improve their standing with customers who have not submitted a claim in the last twelve months. Interestingly, the results of this year's survey show that when UK policyholders have made a claim, this has had a positive impact on their view of the insurance industry, as well as their relationship with their insurer, and leads them to be more accepting and trusting of insurance innovation. Amongst those who have not made a claim, or indeed have never spoken to their insurer, negative opinions of the industry prevail.

This engagement gap is not new, having been present in 2023, but closing it is of critical importance and technology has a role to play. With advances in technology and the advent of Generative AI, insurers are keen to explore ways in which they can use this technology to better serve their insureds. However, the degree to which insurers' customers are willing to accept these technologies, and the associated data collection and processing that is fundamental to their being able to function, is highly contingent on customers having a positive opinion of the insurance industry in the first place. Better communication and more touchpoints with customers that add value are needed to help make this a reality.

As the insurance industry competes with other sectors for talent to improve how it engages with customers, it needs to demonstrate how it is an inclusive environment, with a focus on solving pressing societal needs using innovative technology, if it wants to succeed. So it is positive news that this year's report also finds that people generally regard the industry as an exciting and diverse place to work, with this view being particularly prevalent amongst younger age groups.

Showing the w-AI

This year we asked UK insurance customers about their attitudes towards how insurers use Artificial Intelligence (AI) to improve the delivery of products and services. The findings suggest that comfort with AI does vary and is dependent on how much customers are already using AI and Generative AI tools themselves. Nonetheless, overall, there appears to be a greater acceptance of insurers using AI to support customers and less acceptance of it being used in a decision-making capacity.

It is still the case that the majority of those surveyed in the UK (55 percent) have never used an AI tool, such as OpenAI's ChatGPT or Google Bard. Only 5 percent of those surveyed use one every day and only a further 7 percent do so once to a few times a week.

This unfamiliarity with AI tools shows through in people's level of overall comfort with AI's use in the insurance industry. Almost half of UK respondents (49 percent) say that they are uncomfortable¹ with the idea of AI being used to make decisions about the price of their insurance without human intervention, with 26 percent indicating they are very uncomfortable. In contrast, 23 percent of respondents say that they feel comfortable² with AI making decisions on price without human intervention, and only 7 percent of these saying that they are very comfortable.

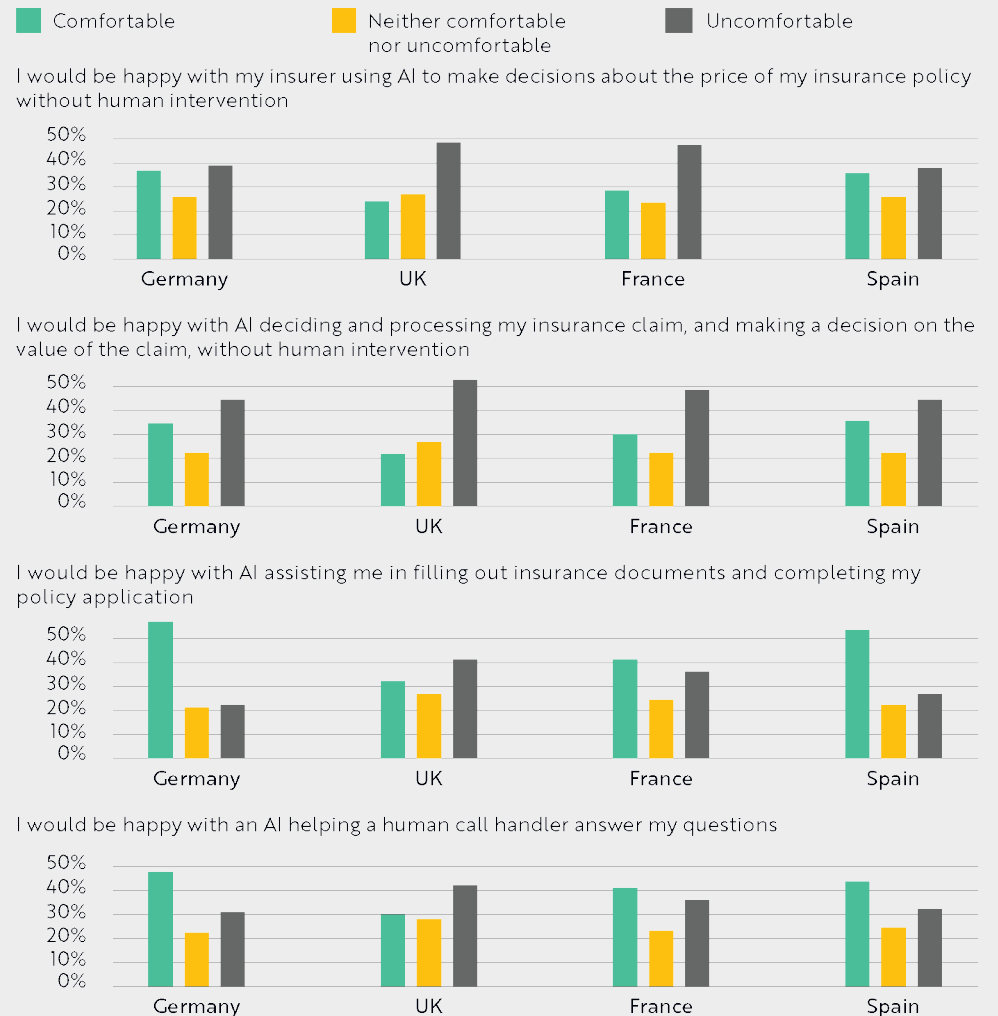
When asked about AI being employed to process a claim and decide on its value without human intervention, people are similarly uncomfortable: over half (53 percent) of those surveyed say that they would be uncomfortable¹, with 28 percent being very uncomfortable. Conversely, just over a fifth (21 percent) say that they are comfortable² with AI processing a claim without human intervention, and only 5 percent are very comfortable.

There is greater acceptance of the idea of using AI in a supporting capacity, instead of decision-making. Whilst it is still the case that four in ten (41 percent) say that they are uncomfortable¹ with AI assisting them to fill out insurance documents, just under a third (32 percent) say that they would be comfortable². Similarly, three in ten (30 percent) say that they would be comfortable² with AI helping a human call handler to answer their questions, whilst 42 percent say that they would be uncomfortable¹ with this.

Those who have claimed have more confidence in AI

It should be noted that there is a clear link between those who have made, or have not made, claims and their acceptance of AI that cuts across demographic groups. Of those who have claimed in the past twelve months, 41 percent say that they are comfortable² with AI making decisions about price with no human intervention versus a fifth (20 percent) of those who have not made a claim who say that they would be comfortable² with it. Moreover, more than six in ten (62 percent) of those who have claimed say that they would be comfortable² with AI being used to help fill out insurance documents, versus 28 percent of those who have not made a claim, who say that they would be comfortable² with this. This is not biased by the fact that claimants are likely to be younger, as only 43 percent of 18 to 24-year-olds are comfortable² with AI assisting with filling out insurance documents, whilst 46 percent of 25 to 34-year-olds surveyed say that they are comfortable² with it.

To what extent are you comfortable or uncomfortable with the following statements?



AI adopters more likely to want more AI use

With the use of AI tools not yet so widespread, insurers should be careful in how and where they leverage this technology to avoid putting off their customer base. There are, however, those who are early adopters of these tools, and amongst these customers, insurers will find much more willing proponents for the use of AI.

Amongst those surveyed who use an AI tool every day, more than six in ten (64 percent) say that they would be happy² with their insurer using AI to make decisions about the price of their insurance policy without human intervention. More than half (55 percent) of those who use AI tools once to a few times a week would also be happy² with AI being used to make pricing decisions without human intervention, as would 38 percent of those who use AI tools once to a few times a month. Even amongst those who only use AI tools once to a few times every six months, the level of acceptance is higher, with 34 percent saying that they feel comfortable² with the idea of AI making pricing decisions.

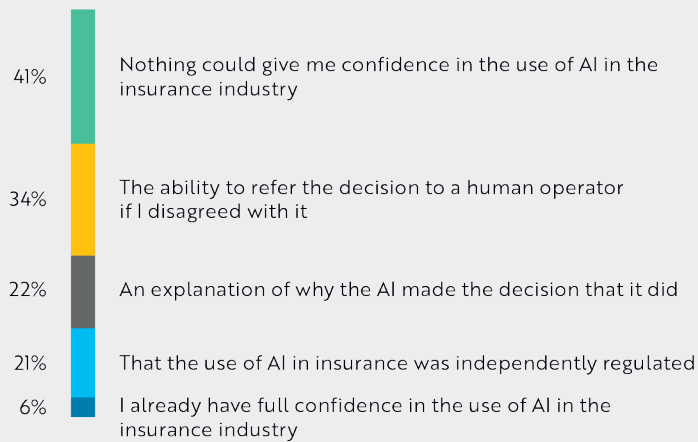
When AI is used to process claims and decide the value of payout without human intervention, the levels of comfort displayed by people largely mirror those set out above. Just under seven in ten (68 percent) of those surveyed who use AI every day say that they would be comfortable² with this. Almost six in ten (58 percent) of those who use AI once to a few times a week also say that they would be comfortable² with AI processing their claim, with the number dropping to 32 percent for those who use AI tools once to a few times a month.

These AI early adopters are also more keen on the use of AI in a supporting role. Almost eight in ten (79 percent) of respondents who use AI every day; 65 percent of those who do so once to a few times a week; and 58 percent of those who use AI tools once to a few times a month; say that they would be happy² with AI assisting them to fill out insurance documents and complete a policy application. When it comes to the use of AI to assist a human call handler in answering a customer's questions, those who use AI tools every day are the most comfortable² (64 percent), followed by those who do so a few times a week (58 percent), and once to a few times a month (52 percent).

If insurers want to deploy AI in their operations to test and learn how best to use it, they need to pick the right channels through which to leverage its capabilities. For example, 36 percent of those surveyed who would use a website chatbot to contact their insurer about a claim would be happy² with AI being used to make policy pricing decisions without human intervention. Likewise, 45 percent of those who would employ a social media platform to contact their insurer about a claim would be happy² with AI processing a claim and making a decision about the level of the payout without human intervention. The key to AI success and customer loyalty for insurers will be thinking carefully about how they segment their customer base and provide them with the communication channels and innovation that allow them to manage their insurance on their terms.

Gaining their trust will require implementing robust safeguards so that customers can query and understand why AI-driven decisions have been made, as well as better communication with customers to close the engagement gap.

What, if anything, would give you more confidence in the use of AI in the insurance industry?



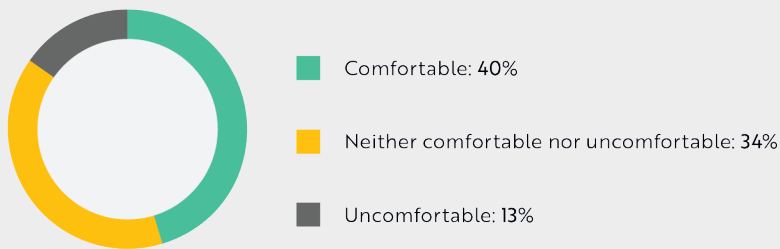
When respondents were asked whether they have confidence in the use of AI in the insurance industry, only 6 percent say that they have full confidence but this rises to 45 percent amongst those who use AI tools every day. More than four in ten (41 percent) say that nothing could give them greater confidence in AI decision-making in the insurance industry. However, more than a third (34 percent) say that the ability to refer a decision to a human operator in the event they disagreed with the AI’s decision would give them greater confidence. A fifth (22 percent) say that if they were provided with an explanation about why the AI tool made the decision that it did this would improve their level of confidence, and a further one in five (21 percent) say that AI decision-making being independently regulated would be what gave them greater confidence.

The findings show that while there is consumer interest in AI in the insurance industry, insurers will have to earn the right to deploy it in the ways that they wish. Whilst trust in AI is higher amongst those who use it already, the level of penetration is not such that insurers can simply rely on people to become familiar with it in their daily lives, and there is a significant cohort of insurance consumers that is still unsure about its use. Gaining their trust will require implementing robust safeguards so that customers can query and understand why AI-driven decisions have been made, as well as better communication with customers to close the engagement gap.

Embedded insurance not quite embedded in people’s preferences

When it comes to attitudes towards embedded insurance, insurance consumers appear to have largely remained the same. Like last year, 40 percent of people say that they are comfortable² with the idea of buying insurance from companies such as IKEA, Amazon, or Tesla when making another purchase from those brands. Those who are more digitally inclined, are more likely to feel comfortable doing so. For example, 66 percent of those who would process a claim via a social media platform say they would be comfortable² buying insurance from IKEA, Amazon, or Tesla, whilst 53 percent of those who would file their claim via website chatbot say the same². Comfort levels amongst those who would use a mobile app (49 percent), are also well above the average².

Companies such as Tesla, IKEA, and Amazon are now offering their own insurance policies to protect goods bought from them. The next time you make a major purchase (e.g. a car, bicycle, sofa, laptop) how comfortable, or uncomfortable, would you be with the insurance being delivered by the company from which you purchased the product?



Prevention is better than cover

When asked if they would be interested in proactive services from insurers that sent warnings to prevent losses before they happened, UK policyholders surveyed are largely unchanged in their opinion compared to 2023, with 68 percent saying that they would be interested in 2024, compared to 66 percent in 2023. Whether people have a positive view of insurers or not influences their interest, with those who say that insurers understand them and that they value their products more likely (76 percent) to want a warning service than those who think insurers sell overpriced products and are reluctant to pay out claims (67 percent). Those surveyed who have made a claim are also more likely to want such a service (85 percent). Those who are very worried about the rising cost of living (72 percent) would also be interested in a service to prevent damages, with only slightly fewer (70 percent) of those who are somewhat worried saying the same. However, amongst those who are not at all worried, this number drops to just over half (51 percent). Given prevailing cost pressures, insurers should consider whether there is an opportunity to better understand and support their customers through proactive, preventative services.

Interest in UBI grows but adoption stays the same

When it comes to Usage-Based Insurance (UBI) it appears that consumers are becoming less interested in such policies. The number of respondents with UBI has dropped from 14 percent in 2023 to 10 percent in 2024. However, there was a 5 percent increase in the number of people who said they could see the value in such a policy despite not having one themselves (57 percent).

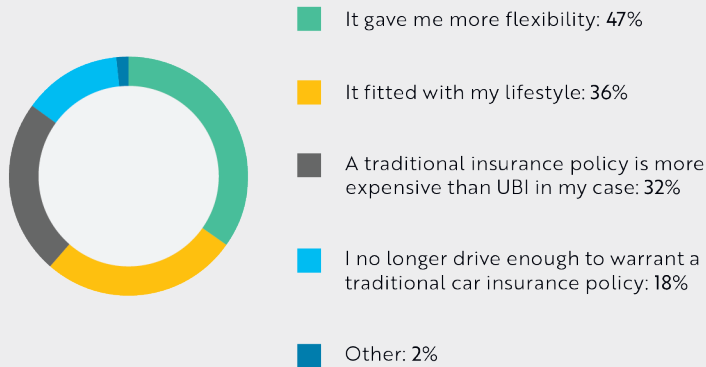
Perhaps the reason behind this drop lies in the changing motives that people give for choosing a UBI policy. These have become far more lifestyle-led instead of being used as a money-saving exercise. Greater flexibility (47 percent) is cited as the top reason for choosing a UBI policy by those who have one in 2024, representing a 17 percent increase since 2023. That UBI fits better with people’s lifestyle is the second most popular choice, rising 6 percent from 2023 to 36 percent this year. Whilst cost increases in relevance as a factor amongst those who are more worried about the rising cost of living, it is still the case that providing more flexibility is the top answer amongst those who have a UBI policy and are very worried about the rising cost of living (56 percent), and those that are somewhat worried (50 percent). Amongst these groups, a traditional insurance policy being more expensive than UBI was the reason behind the switch for 37 percent and 25 percent of people respectively.

The implication for insurers offering UBI policies is that they need to adjust their marketing strategies to focus less on the pounds saved, although that is still important, and more on the lifestyle of someone who would use a UBI policy. The findings suggest that such marketing should be targeted at those aged 45 to 54 and 55 and over, as these are amongst the most likely demographics to not have a UBI policy but see the value in one (45-54, 57 percent; 55+, 57 percent).

Concerns about privacy remain

What many of these digital insurance solutions entail, including the wider use of AI, is the collection of data to help improve pricing accuracy and the relevance of the services offered to the policyholder. Unfortunately, customer attitudes towards data collection by insurers are hardening, with the number of respondents who say that they cannot understand why insurers would feel the need to collect policyholder data having increased from 18 percent in 2023 to 24 percent in 2024. This swing has largely come from those who say that they can understand why insurers would want to collect data but would prefer for them not to, which has fallen from 41 percent in 2023 to 35 percent in 2024. Meanwhile, the number of people who say that insurers collecting data from connected sensors is a good thing, as it will improve services and reduce prices for those with low-risk behaviours, is similar, at 28 percent this year (27 percent in 2023).

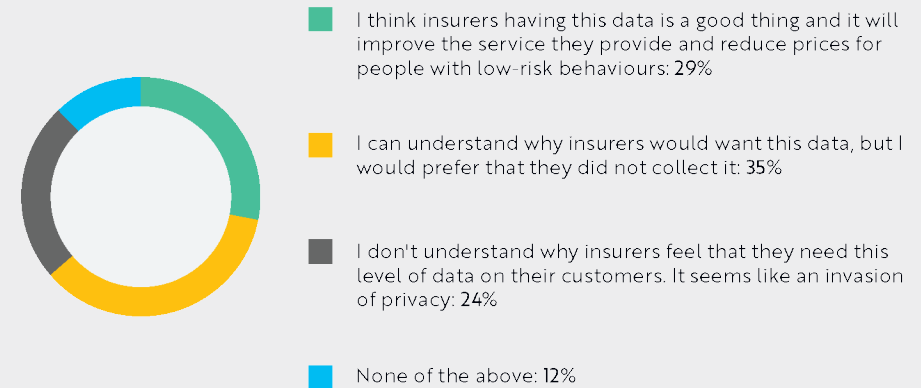
Why did you choose a usage-based insurance policy?



Those aged 18 to 24 are the most likely to think that insurers collecting data is a good thing (42 percent) but they are also the most likely to understand why insurers would want to collect more data whilst preferring that they did not (47 percent). Three in ten (29 percent) respondents aged 35-44 also say that they think insurers collecting data is a good thing, but this age group is as likely as their younger counterparts to prefer that insurers did not collect such data, even if they can understand the reasons for doing so (47 percent). Unsurprisingly, those who already have a UBI policy are more likely to think data collection is a good thing and that it will improve services and pricing (54 percent). The same applies to those who are very comfortable with the idea of buying insurance from IKEA, Amazon, or Tesla (55 percent). There is also a higher level of comfort for insurers collecting data from those who have claimed in the last twelve months, with 45 percent saying that they think it is a good thing that will improve services and pricing, whilst the equivalent number amongst those that have not made a claim is 26 percent.

When it comes to the data that people would feel comfortable for insurers to collect, the trend in 2024 remains in keeping with that of 2023. Monitoring real-time data about home plumbing is again the most popular choice (23 percent), followed by real-time data about home heating (21 percent), and real-time data about driving (19 percent). When people feel that their insurer understands them and they value their products and services, they are more likely to be comfortable with other types of data being collected. For example, almost a fifth (19 percent) say that they would be comfortable with data being collected on movements around their home, and they are also more likely to be willing for data to be collected on the real-time location of their possessions, such as a mobile phone (22 percent).

From car to home insurance, insurers increasingly integrate data points from sensors and connected devices to better understand risks select which option you agree with most.



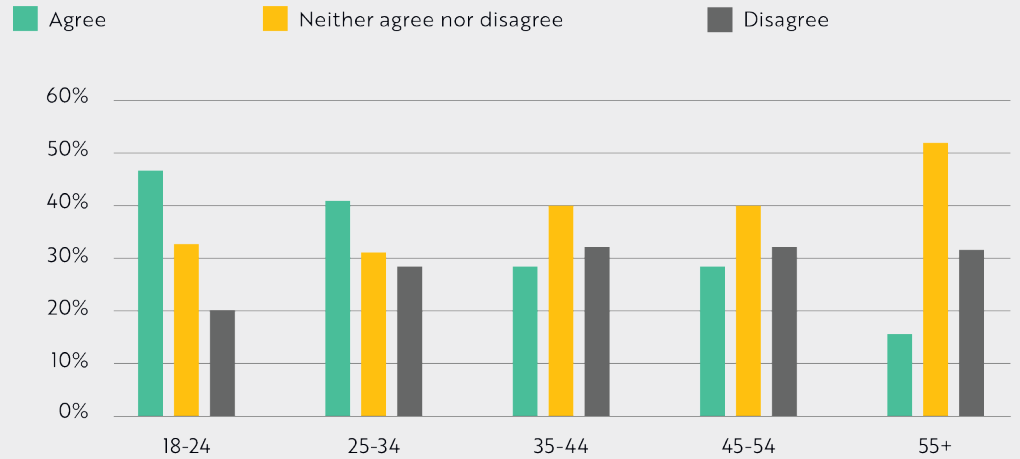
Once again, we can see the correlation between the engagement gap and the willingness of customers to engage with and adopt better services. If insurers want to support their customers through new technologies and improve their loss ratios through better customer understanding, segmentation, and risk avoidance, then they need to build stronger relationships that allow them to better engage their customers.

An exciting place to work

While the insurance industry is often painted as being less exciting to work in than some others, it would appear that this is misplaced and that the industry should be confident in how it talks about itself as an employment sector.

When UK insurance customers were asked if a variety of sectors was innovative and exciting to work in, engineering was the top choice with 57 percent. This was followed closely by working in Big Tech (56 percent³) whilst almost a quarter (24 percent³) chose insurance. However, this number rises to 47 percent amongst those that are 18 to 24 years old, and 41 percent amongst 25-to-34-year-olds³. Moreover, seven in ten (70 percent) of those surveyed who use AI every day think that insurance is an exciting and innovative industry to work in³, and just under half (49 percent) of those who use AI once to a few times a week say the same³. The findings are good news for insurers who want to attract talent with experience in cutting-edge technology as they move to utilise AI and other innovative technology to help solve customer problems. However, this will still need to be tempered against customers' comfort with its use as discussed already.

To what extent do you agree or disagree with the following statement?
 "The insurance industry is innovative and exciting to work in"



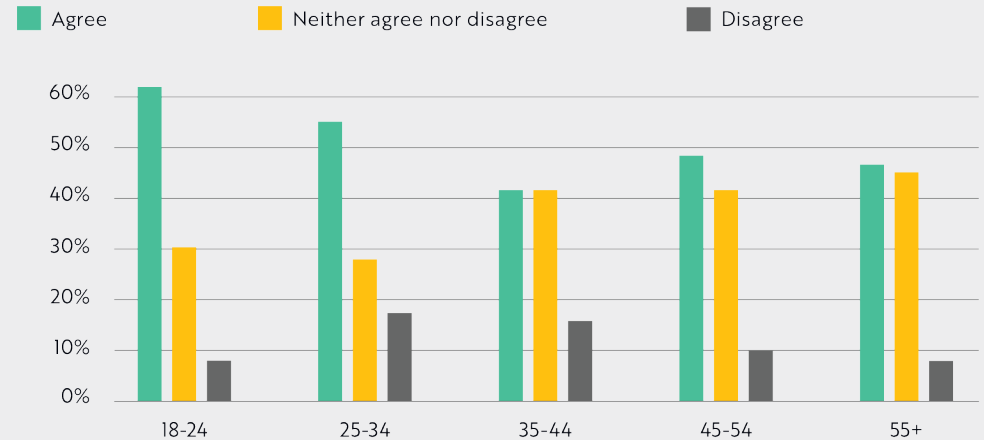
The findings are good news for insurers who want to attract talent with experience in cutting-edge technology as they move to utilise AI and other innovative technology to help solve customer problems.

Perceptions of diversity in the insurance industry are also reasonably strong, another positive for the industry. When asked about the extent to which they believe that the insurance industry is a diverse industry where you work with lots of different people, just under half (48 percent) of respondents say that they agree³. This rises to more than six in ten (63 percent) of 18 to 24-year-olds, which is higher than any other industry except retail (70 percent³). It should be noted that more than half (55 percent) of 25 to 34-year-olds surveyed also agree³ that insurance is a diverse industry, and the view is widely held amongst 45 to 54-year-olds (48 percent³) as well as those aged 55 and over (47 percent³). As insurance competes with other industries for talent, it is important that it talks about the stories of its diversity to demonstrate the opportunities that are available to all.

Where there's a claim, there's less blame

Consumer opinion about insurance products and services continues to slide. More than a third (36 percent) of respondents say that they are necessary but inconvenient, representing an 11 percent increase on our 2020 survey. Meanwhile, almost three in ten (29 percent) say that insurers sell overpriced products and are reluctant to pay out in the event of a claim, a 7 percent increase since 2020. Opinions concerning how insurers are supporting people have also hardened, with a third (33 percent) saying that their opinion of insurers has not changed in the last twelve months and was a negative one, whilst almost one in five (19 percent) already held a positive view, and 12 percent said that their view had changed to positive owing to the actions of insurers to support people.

To what extent do you agree or disagree with the following statement?
 "The insurance industry is a diverse industry where you work with lots of different people"



As insurance competes with other industries for talent, it is important that it talks about the stories of its diversity to demonstrate the opportunities that are available to all.

However, amongst those who have submitted a claim in the past twelve months, insurers perform better. Just over three in ten (31 percent) of those surveyed who have made a claim say that they are necessary but inconvenient, yet on the other hand the same number say that insurers understand them and that they value their products – almost double the UK average of 16 percent. Similarly, four in ten (40 percent) of respondents who have claimed in the last twelve months say that their view of insurers has changed to a positive one. This compares to 36 percent of those who did not make a claim saying that their view was already negative, and 24 percent saying that their view has changed to negative after feeling that the industry did not do enough to support people. Amongst this group, only 8 percent said that their view had changed to a more positive one due to the actions of insurers to support people.

The findings suggest that the support and value that insurers deliver in the claims process is helping to change policyholder sentiment toward them. For general insurers in the UK, this opportunity is far less often than in other European markets, with 32 percent of insurance customers surveyed in Spain, 35 percent in France, and 46 percent in Germany having made a claim in the past 12 months. This comparative lack of interaction is affecting perceptions of the industry - for example, 30 percent of those surveyed in Germany already had a positive opinion of insurers, whilst 26 percent said that they had changed to a positive opinion in the past twelve months. Insurers in the UK, if they want to reset people's view of the industry, need to find new ways of offering support and guidance in relevant ways on a more regular basis.

Cost of living pressures continue to bite

When it comes to policyholders' loyalty to their insurer, the picture is largely unchanged from last year. Over four in ten (43 percent) UK respondents say that they are likely⁴ to cancel their current insurance policy and switch to a different insurer in the next 12 months, the same number as in 2023.

Unfortunately for insurers, we do not see a loyalty dividend from those who have made a claim in the same way that having made a claim gave them a more positive view of insurers. Amongst those who have made a claim, 63 percent say that they are likely⁴ to cancel and switch in the next twelve months, representing a significant increase on the average.

Cost of living pressures appear to be at least partly responsible for this. Concern about the rising cost of living continues to be very high, with more than eight in ten (81 percent) of UK policyholders surveyed saying that they are worried⁵ about rising bills and food costs. However, it is also true that the more concerned people are about the cost of living, the more likely they are to change their insurer. Amongst those who say they are very likely to cancel and switch their insurer, 48 percent say that they are very worried about the cost of living. Meanwhile, amongst those who are somewhat unlikely to cancel and switch their insurer, just 29 percent are very worried about the cost of living, with most (51 percent) saying they are only somewhat worried.

Concerns about the cost of living also continue to influence the amount of money people are considering spending on insurance cover. As was the case in 2023 (42 percent) more than four in ten people (46 percent) say that they are likely⁴ to cut their spending on insurance because of increases in the cost of living. The types of insurance most likely to be cut in 2024 also remain the same as in 2023, with home contents (18 percent), travel (18 percent), and pet (13 percent) insurance as the policies most likely to be cut.

Competent customer service

Insurers continue to appear to perform fairly well in customer service, although there has not been any improvement from last year. Just under half (49 percent) of those surveyed say that when they have contacted their insurer the customer service agent had all the information that they needed to help them, the same number as last year. The data also suggests that in the event of a claim, insurers are doing particularly well, as seven in ten (71 percent) of those who have made a claim say the customer service agent had all the information needed to help, whilst only 17 percent say that they did not. For those that have not made a claim, insurers also seem to be doing well. Only 14 percent of the UK policyholders surveyed say that the insurer customer service agent did not have the information needed to help them when they last contacted them.

Given the rising cost of living, if you were to cancel non-mandatory types of insurance cover – such as home contents insurance – to save money for essential purchases, which of the following policies are you most likely to cut?

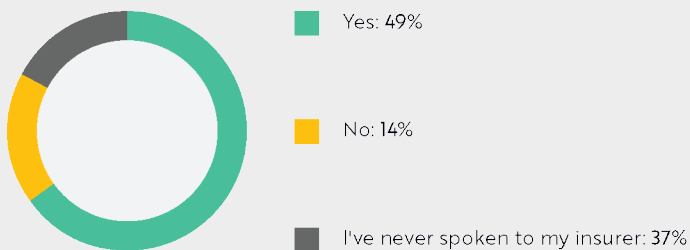


Whilst it is true that insurers have much to celebrate in terms of ensuring that their customer service agents are able to fully support their customers, this is still something that they need to maintain focus on, or else they will suffer the consequences. More than four in ten (43 percent) of those who say that the correct information was not available believe that insurers sell overpriced products and are reluctant to pay out in the event of a claim. Moreover, half (50 percent) of those surveyed in this group say that they are likely to cancel their current insurance policy and switch to another provider, and are the most likely to cut their spending on insurance to contend with the rising cost of living (65 percent).

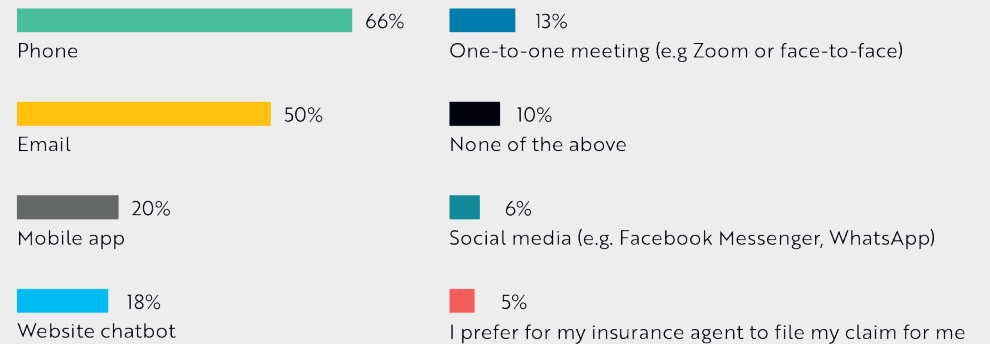
Of further concern is that the data shows that just under four in ten (37 percent) of UK policyholders surveyed have never spoken to their insurer, almost the same as last year (39 percent). This engagement gap is impacting the perception of insurers, with 40 percent of those who have never spoken to their insurer believing that insurers sell overpriced products and are reluctant to pay out a claim. Those who have not spoken to their insurer are the most likely to feel either apathetic or negative toward insurers. More than half (57 percent) say that they do not have an opinion about insurers and almost half (48 percent) say that they already had a negative opinion of insurers, which is three times higher than those who say that their insurer’s customer service agent did not have the information that they were after (15 percent).

When it comes to how people want to contact their insurer in the event of a claim it would seem that, despite the widespread digitalisation in their lives, policyholders are trending toward legacy forms of communication. The number of people who would prefer to contact their insurer via phone in the event of a claim has gone up by 10 percent, compared to 2023, to 66 percent. Email remains the next most popular option, and has also increased from 39 percent in 2023 to 50 percent in 2024. Amongst those who have made a claim, phone (79 percent) and email (56 percent) are even more popular than the average. However, those who have made a claim are also more likely to be comfortable with using a mobile app (29 percent versus the average of 20) and a website chatbot (23 percent versus an average of 18 percent).

When you last spoke to your insurer, did you feel as though the customer service agent had all the information about you that they needed in order to help you?



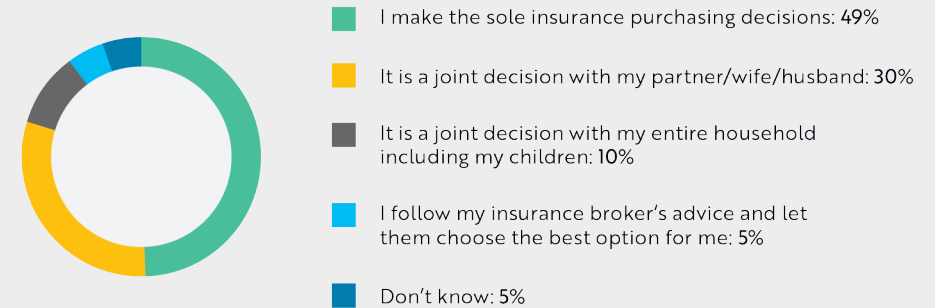
Think about when you contact your insurer for a claim, which of the following options, if any, would you feel comfortable using?



Climate change is not top of mind for customers

When it comes to the role of insurers in combatting climate change, UK policyholders surveyed are still most likely to say that insurers have no role and that it is not their responsibility (35 percent). Amongst those who do think insurers should take action, 27 percent say that insurers should invest more of their profits into environmental projects (29 percent in 2023), whilst 26 percent say they should focus on repairing instead of replacing damaged goods (28 percent in 2023), and 27 percent say that they should use their position in global markets to influence the actions of polluting companies (25 percent in 2023). Worth noting is that this rises to 40% for 18 to 24-year-olds, a key customer segment for the future. Meanwhile, just under a fifth (17 percent) say that insurers should stop insuring fossil fuel projects and divest any holdings they have in them. 23% think that insurers should design policies to encourage more sustainable behaviour.

Who makes the insurance purchasing decisions in your household?



Whilst customer concern about the climate remains low in the UK, insurers should take heed from consumers across Europe. Spanish policyholders surveyed are the least likely to say insurers have no role in addressing climate change (14 percent), followed by those in France (19 percent), and Germany (20 percent), which is a whole 15 percentage points lower than in the United Kingdom. This may be because mainland European losses from climate change have so far been higher than in the United Kingdom. For example, last year Storm Ciarán caused \$2.1 billion of losses⁶, the highest loss attributed to a storm in France since Xynthia in 2010. Meanwhile, the General Association of the German Insurance Industry⁷ reported that damage caused by extreme weather events in the country totalled €4.9 billion of damage. As climate losses continue to increase, reinsurance markets harden, and people find it harder or more expensive to get cover for natural catastrophes, general insurers in the UK can expect climate change to rise up the agenda.

What is clear is that, instead of being drawn to exciting new insurance brands, younger customers are more likely to go with tried and true insurers that are also trusted by friends and family.

Customers go their own way on insurance purchasing

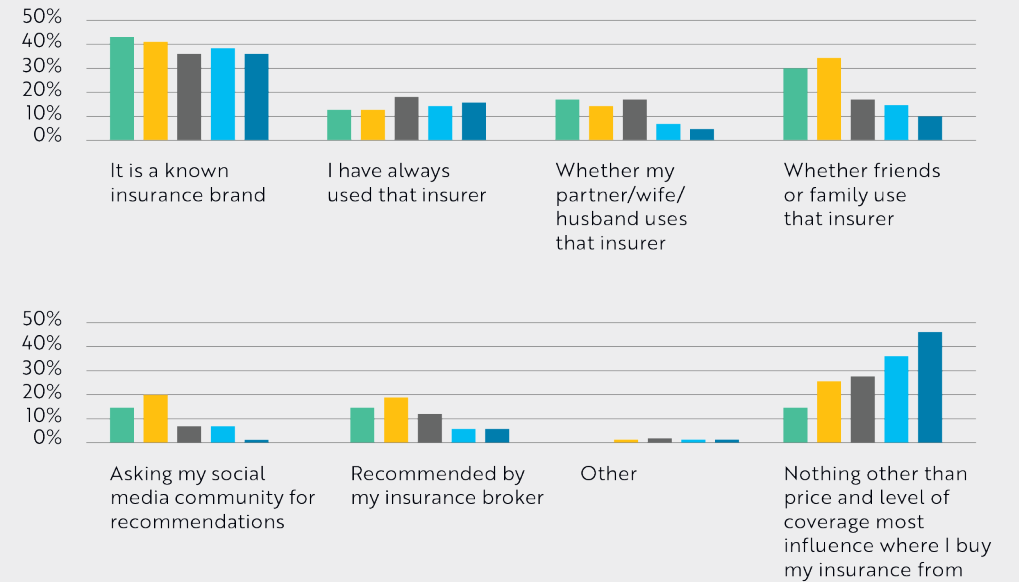
When it comes to how people choose an insurer, and who else they consult in making this decision, the findings suggest that in the UK most people go it alone. Just under half (49 percent) of those surveyed in the UK say that they are the sole decision-maker, 54 percent amongst men and 46 percent amongst women. Only 5 percent of those surveyed say that they take the advice of their insurance broker on which insurance provider to go with, although it should be noted that this rises to 13 percent amongst those who have made a claim.

The results suggest that for brokers, reaching current or prospective customers with insight and advice through social media channels could prove to be an effective way to grow their business. Those insurance consumers who are more willing to use a social media platform to file an insurance claim are also the most likely to take the advice of their insurance broker (16 percent). Those who would use a social media platform to file a claim are also the most likely to listen to their social media community (25 percent) on the best insurer to choose, with it being the second most important factor behind whether it is a known insurance brand (46 percent).

More generally, whether it is a known insurance brand (39 percent) is the greatest determinant in choosing an insurer. This rises even further amongst younger generations, being highest amongst 18 to 24-year-olds (43 percent) and only slightly lower amongst 25 to 34-year-olds (41 percent). The extent to which family and friends influence where people buy their insurance is low on average (16 percent), but again this rises amongst younger cohorts. The recommendation of friends and family is the second most influential factor for those aged 18 to 24 (30 percent), and those aged 25 to 34 (34 percent).

Other than factors like price and the level of coverage, what factors, if any, most influence where you buy your insurance from?

18-24 25-34 35-44
45-54 55+



The level of insurance coverage and its price is the second most influential factor in choosing an insurer (37 percent), but this is driven by older age groups. For those aged 18 to 24, only 13 percent say that it is in the top three factors that influence their decision. However, amongst those aged 35 to 44, the level of cover and its cost is the second most influential factor (28 percent) behind whether it is a known insurance brand (38 percent). This is also true of those aged 45 to 54, although the gap between the level of cover and cost (38 percent) and its being a known brand (39 percent) is tiny. For those aged 55 or over, the level of cost and cover becomes the most important factor (46 percent), overtaking it being a known brand (38 percent).

What is clear is that, instead of being drawn to exciting new insurance brands, younger customers are more likely to go with tried and true insurers that are also trusted by friends and family. This may be connected to the fact that they are more likely to have made a claim in the last twelve months - two in five (40 percent) of 18 to 24-year-olds surveyed in 2024 had made a claim, whilst a quarter (25 percent) of 25- to 34-year-olds had. Whilst this is good news for insurers on customer acquisition, it also means that they have to be more exacting in their pricing strategies for these groups. It is worth remembering that these younger consumers are amongst the most likely (18-24 years old: 77 percent; 25-34 years old: 67 percent), to be interested in warning services that prevent damage, so insurers may want to think about how they use this technology amongst younger policyholders to reduce loss ratios.

Methodology

Guidewire commissioned market research agency, Censuswide, to survey a representative sample of approximately 1,000 UK insurance consumers aged 18 to 55-plus years old. They were asked about how they view insurers, insurance products and services, as well as their perspective on data privacy, cost of living, climate change, GenAI, and the insurance sector as an employer. While the primary focus of this report is the UK, this is one of four parallel studies, in France, Germany, Spain, and the UK. The survey took place in February 2024 and is part of an annual consumer sentiment survey that has been running since 2019.

1. 'Somewhat uncomfortable' and 'Very uncomfortable' answers combined.
2. 'Somewhat comfortable' and 'Very comfortable' answers combined.
3. 'Somewhat agree' and 'Strongly agree' answers combined.
4. 'Somewhat likely' and 'Very likely' answers combined.
5. 'Somewhat worried' and 'Very worried' answers combined.
6. PERILS: [PERILS releases second loss estimate for Windstorm Ciarán](#)
7. Reinsurance News: [GDV reports €4.9bn of insured losses from extreme weather in Germany in 2023](#)



A perspective from PwC

It is clear that the insurance industry still faces a number of challenges, with many of these being called out in the Guidewire Consumer Survey. These are especially acute in some of the personal insurance lines, such as motor, which means the trading and performance in this sector is particularly challenging. While technology can, and does, clearly play a role in resolving these challenges, it is the opportunities that advancing technology presents that will deliver greater benefits to insurers, the industry, and most importantly their customers.

Whilst the survey results indicate that consumers are becoming increasingly comfortable with AI being used in their insurance transactions, technology and automation are not new trends for the industry. Insurance was an early adopter of computer power back in the 1960s and 70s. However, we are now in a world of computing power that was unimaginable 50 years ago, equipped with technologies that enable us to completely redefine or reinvent the businesses we operate. The two changes that have enabled this change are cloud computing and AI. The combination of the two is hugely powerful and will enable the total reinvention of how we do things in the next 10 to 20 years.

This will mean that insurers can finally move into offering more services to their customers, providing industrialised risk prevention and mitigation, and redefining their value proposition. This has the potential to go beyond offering an indemnification, by preventing the insured event from happening in the first place. We are already seeing this in the Life and Health sectors and while it cannot be done for all risks, the possibilities to improve customers' lives are vast. With the survey results revealing that up to 85% of consumers who have made a claim would value such a service, those insurers that can react fastest to meet evolving expectations will win. The investments insurers make now in data, technology, and people will be key to them being able to shape and build their future, no matter what is ahead of us.

**Thanks to Michael Cook, Insurance Partner and Guidewire Lead,
PwC UK**

Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and machine learning to deliver our platform as a cloud service. More than 540 insurers in 40 countries, from new ventures to the largest and most complex in the world, run on Guidewire. For more information, please visit www.guidewire.com.