

*PULSE survey conducted on March 24, 2020  
(Distributed 27 March, 2020)*

# INSURANCE DURING COVID-19

## *Consumer attitudes and perceptions*

Kyle Schmitt

*Vice President and Managing Director  
Insurance Intelligence and Solutions*

# A message from J.D. Power

27 March, 2020

Dear J.D. Power insurance clients:

I hope that this message finds you, your families and colleagues healthy and safe.

We want to share with you some consumer insights that we are developing during these extraordinary times. We do not seek to sensationalize nor make future predictions, but we hope to provide you with insights on the current perceptions and emotions of insurance consumers. Many of them are restricted in their social and physical mobility. Many will be impacted economically. They face a hill of uncertainty and are likely to have fluid views on their relationships with their insurance carrier as situation develops. We hope that this brief report will help you better understand how they are looking to their carriers today for support during these challenging times and how they may look to them for help in the future.

We want to ensure that you and your leadership teams are as informed as possible. Please reach out to discuss any of these insights at your convenience. We are more than happy to provide additional detail or discuss how we believe this insight may impact interpretation of syndicated data. We hope that we do our part to help ensure your business continuity and crisis management protocols are a success.

Kind regards,



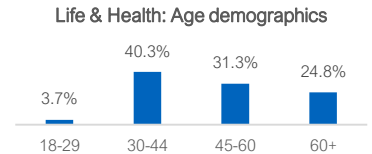
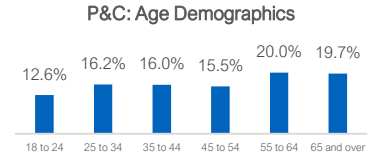
Kyle Schmitt

*Vice President and Managing Director, Insurance Intelligence and Solutions*

# J.D. Power PULSE Survey details

27 March, 2020

- All surveys were fielded on 24 March, 2020 in the evening
- Total respondents:
  - P&C 1,021
  - Life & Health 1,006
- Respondent demographics:
  - P&C 49% Male / 51% Female
  - Life & Health 37% Male / 63% Female
- Respondents regional spread slightly favor Southern regions
- Surveys will be fielded on a weekly basis for trending and longitudinal analysis



# EXECUTIVE SUMMARY

27 March, 2020

## P&C Auto Insurance

- As of 24 March, 2020 (survey date), consumers are generally satisfied with carriers response in the context of COVID-19
  - 43% of consumers noted that there *no further action is required at this time* from their carriers
- Consumers continue to seek a price / quality balance with a slight leaning towards better rates; a status quo position
- While all seems good now, there is potential underlying premium angst. Should this angst materialize into action, consumers don't appear prepared to take action or don't recognize their options

## Life Insurance

- COVID-19 does not appear to have driven people to consider life insurance purchases significantly
- Price remains a hurdle for most persons that have not purchased life insurance

## Health Insurance

- It is safe to say that health insurance companies are generally failing their customers with Private Health payors leading the way in lack of communication and perceived concern for consumers
- Low communication and information provision coupled with a low perception of acting in the best of the interest of the customer may create a powerful combination for eventual public backlash

The background is a dark blue gradient. In the center, there is a faint, dotted world map. The map is composed of small, light-colored dots that form the outlines of continents. The overall aesthetic is clean and professional, with a focus on global and scientific themes.

# MARKET CONTEXT

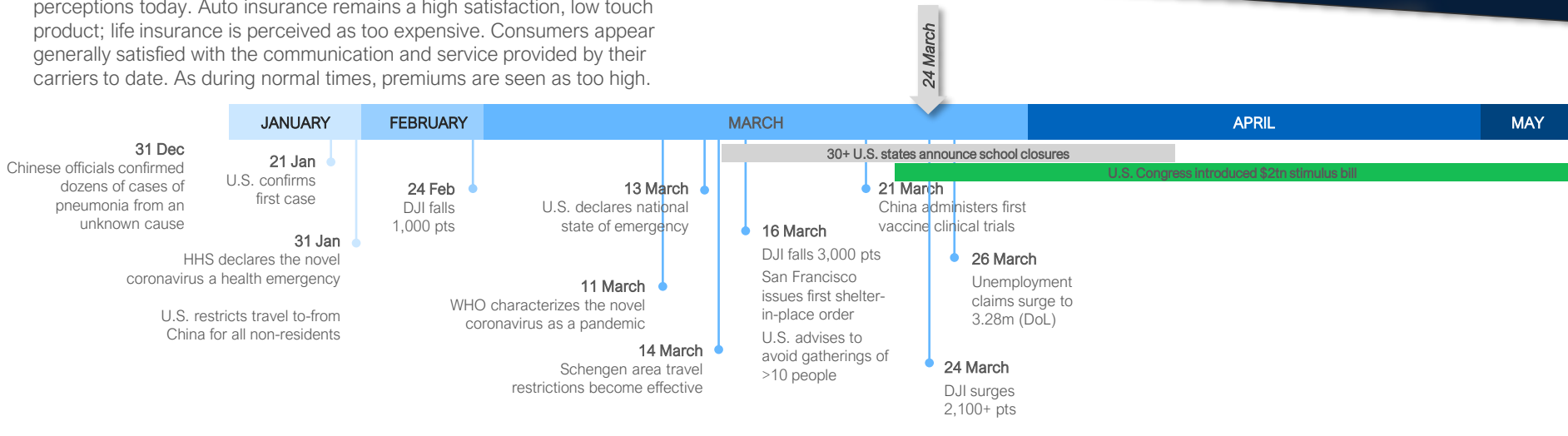
COVID-19

# Insurance during COVID-19

Consumer attitudes and perceptions with their insurances remain little changed since the onset of COVID-19. We will continue to track current events and consumer perceptions to assess the rapidly evolving situation

27 March, 2020

COVID-19 does not appear to have impacted auto and life insurance perceptions today. Auto insurance remains a high satisfaction, low touch product; life insurance is perceived as too expensive. Consumers appear generally satisfied with the communication and service provided by their carriers to date. As during normal times, premiums are seen as too high.



U.S. Reported Cases (cumm.)	75	4.6k	53.7k
U.S. Reported Deaths (cumm.)	1	85	703

Source: Johns Hopkins CSSE, WHO, Kaiser Foundation

# Insurance during COVID-19

Stock market fluctuations provide a background for broader market sentiment during while weekly unemployment claims are a leading indicator of underlying consumer financial health

27 March, 2020

## S&P 500 Index (.SPX:INDEX)

Real Time Quote | Exchange | USD

Last | 2:45:52 PM EDT

2,568.50 **-61.57 (-2.34%)**

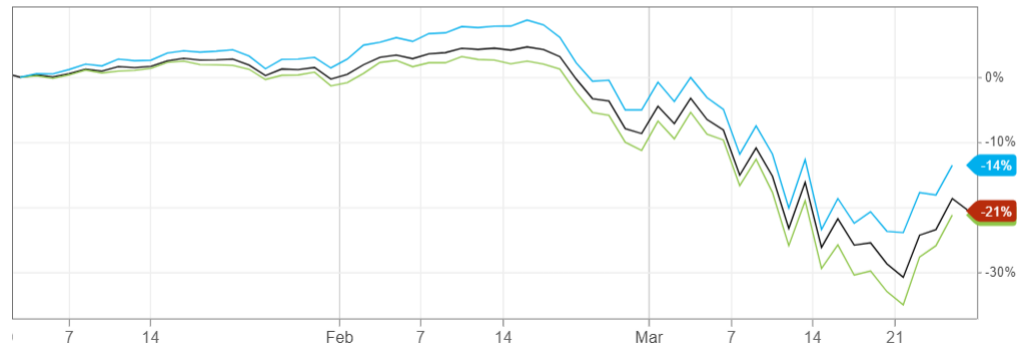
52 week range

2,191.86 - 3,393.52

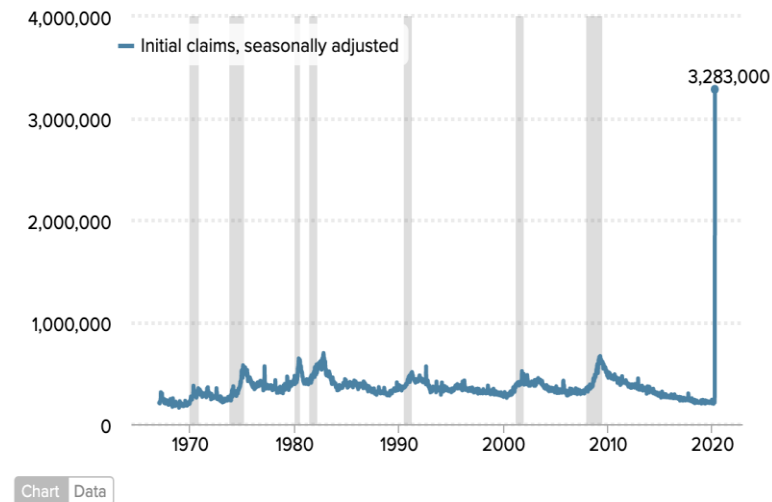
1D 5D 1M 3M 6M **YTD** 1Y 5Y ALL

+ Comparison .DJI .IXIC

1D Display Studies + ✎ ↗



## Initial weekly unemployment claims, 1967-present



Source: U.S. Employment and Training Administration, Initial Claims [ICSA], retrieved from Department of Labor (DOL); <https://www.dol.gov/ui/data.pdf> & <https://oui.doleta.gov/unemploy/claims.asp>, March 26, 2020





# AUTO INSURANCE

Impact of COVID-19 on the auto insurance consumer

---

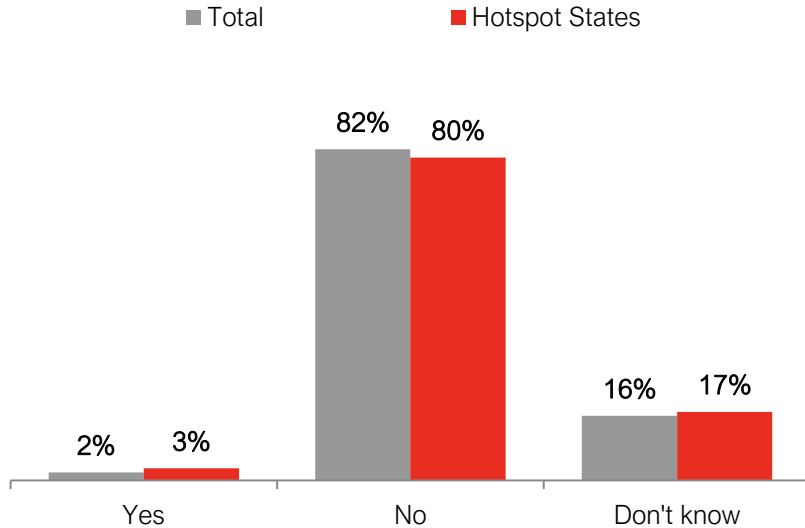
COVID-19

# Auto insurance during COVID-19

Consumer attitudes and perceptions with their auto insurance remains little changed since the onset of COVID-19. We will continue to track current events and consumer perceptions to assess the rapidly evolving situation

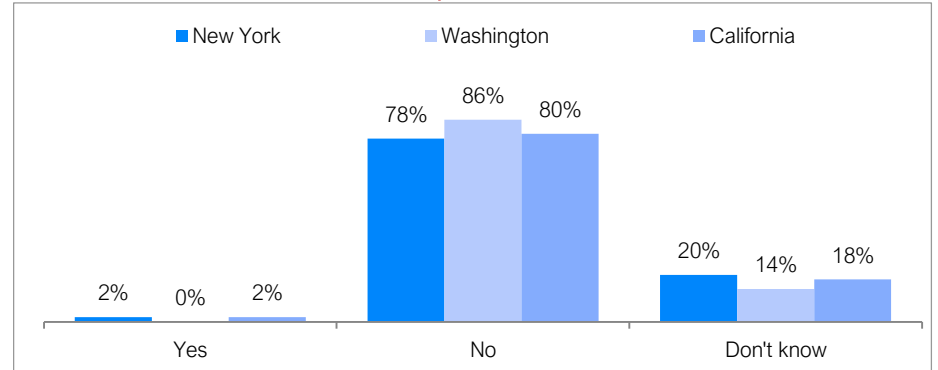
27 March, 2020

Do you think that COVID-19 will change your opinion on auto insurance?



- Auto insurance is not top of mind for 'things that may be changed' by COVID-19 at the moment. Furthering monitoring is required
- Even among states most impacted by COVID-19 as of 26 March, consumers do not think there will be an impact on their auto insurance
- Consumers who 'don't know' the impact may shift with time

## Hotspot States

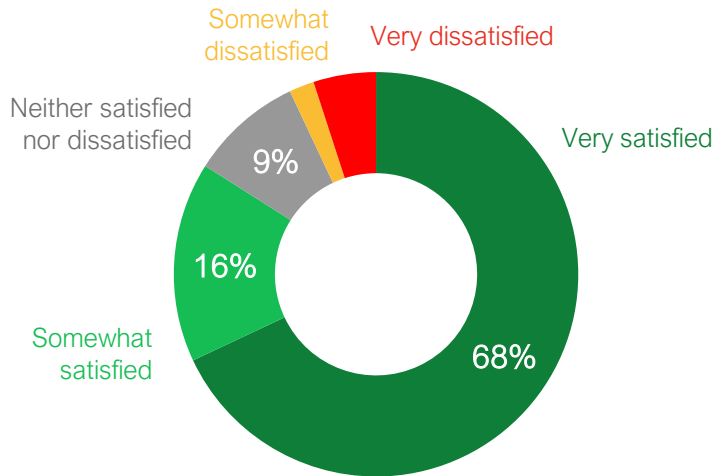


# Auto insurance during COVID-19

Customers are satisfied with how their insurers have thus far handled communication and remain generally confident about their ability to pay their premiums

27 March, 2020

## How satisfied are you with how your auto insurance carrier is living up to their reputation during COVID-19?



- Auto insurance carriers have generally responded well with their communications to their customers
- Those that are not satisfied that their carrier living up to their reputation are also those customers that are not satisfied with their carrier overall
- Despite overall satisfaction with their carriers and current state of communication, only half of survey respondents are confident they will make their next auto insurance payment

## Due to COVID-19, how concerned are you about making your next auto insurance payment?

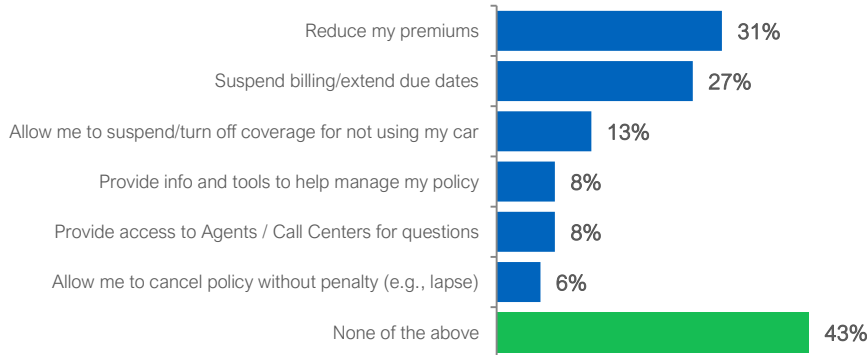


# Auto insurance during COVID-19

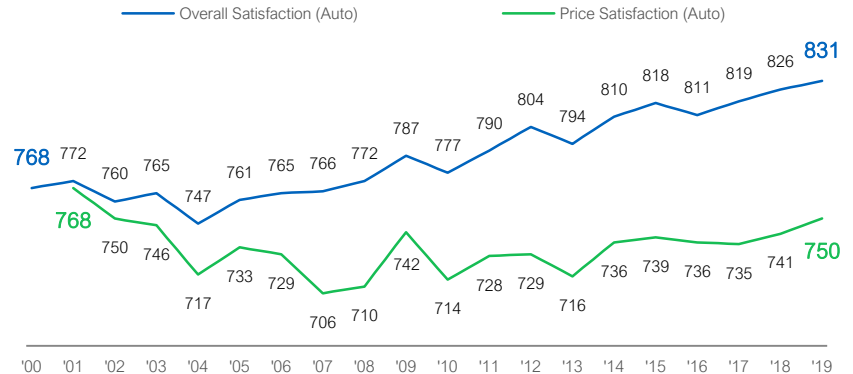
Nearly half of customers report their isn't a reason for their carriers to take further action at this time, however, better rates and ability to manage payments (presumably in case of financial hardship) are prevalent

27 March, 2020

## What action(s) would you like to see from your insurer during COVID-19?



- A plurality of consumers don't see clear next steps they feel that their auto insurance carriers need to take during COVID-19
- This appears an indicator that current actions and communications are aligned with consumer expectations
- As will almost all auto insurance surveys, when given a choice, reducing premiums is always high on the list—**this is likely an indicator of where consumers minds will be should the crisis have larger financial implications**

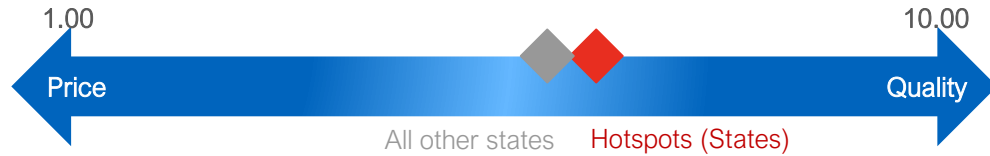


# Auto insurance during COVID-19

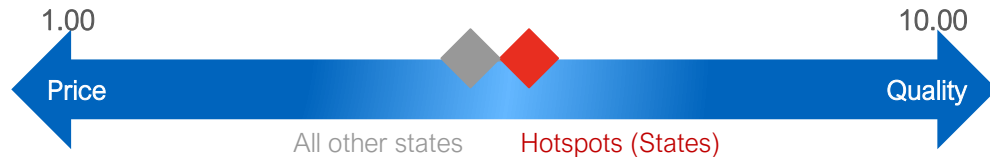
Customers balance both price and quality when making auto insurance decisions. We notice a slight shift towards price in both less and more affected regions during COVID-19

27 March, 2020

### What was most important to you when purchasing auto insurance prior to COVID-19?

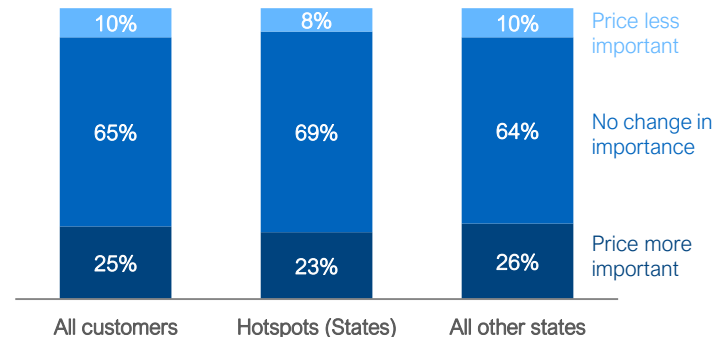


### Has COVID-19 changed your opinion of what is most important in your auto insurance?



- There is again a slight shift in importance towards price v. quality since the onset of COVID-19
- The perhaps affirms that rate-related messaging and options will become important for customers should financial hardship beset
- We will monitor the changes toward price importance as the economic situation develops further

### Change in Price-Quality rating before and after COVID-19



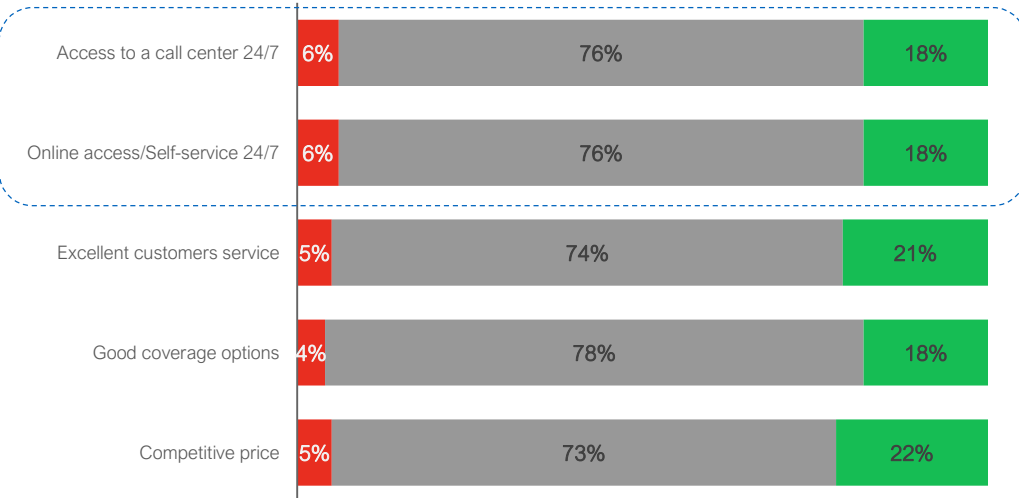
# Auto insurance during COVID-19

The auto insurance industry has been 'social distancing' for years as more processes require less face-to-face interaction. Again, rates and excellent service are expected from a brand during difficult times for customers

27 March, 2020

Due to COVID-19, has the importance of your insurance relationship changed due to any of the following...?

*Less important*      *The same*      *More important*



- Rates and customer service again rank as top areas of importance for the customer to their carrier relationship
- While not directly asked, personal agent office or in-home visits may not be as welcomed as prior to COVID-19
  - The 'value of the agent' may need to adapt rapidly and radically to new paradigms—watching trends will be critical
- TBU

### Note on Claims Processes

- We did not get into the claims process, however, it is one of the few remaining processes that require face-to-face interaction
- It is likely that customers will expect heightened levels of no-touch processes (payment screens, signatures, etc.), facility cleanliness and assurances of staff health status

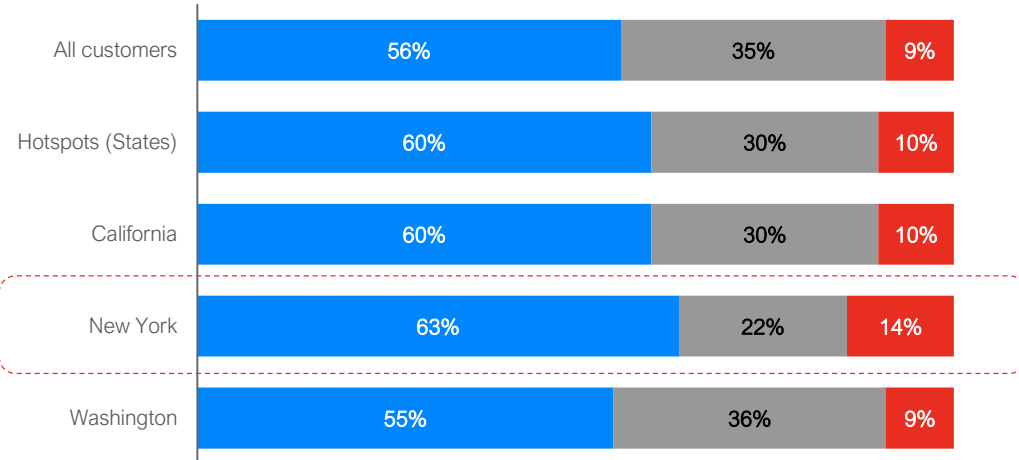
# Auto insurance during COVID-19

Consumers are reporting reasonably significant changes in driving behavior. The vast majority are driving less than normal—frequency implications are likely also going to be significant during these periods

27 March, 2020

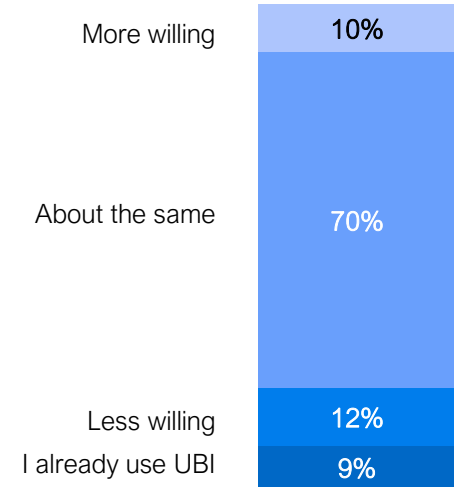
## How has COVID-19 impacted the average number of miles driven within your household?

*Less than normal*      *About the same*      *More than normal*



## How has COVID-19 impacted your willingness to use Usage Based Insurance (UBI)?

Premiums more impacted by your driving behavior and miles driven

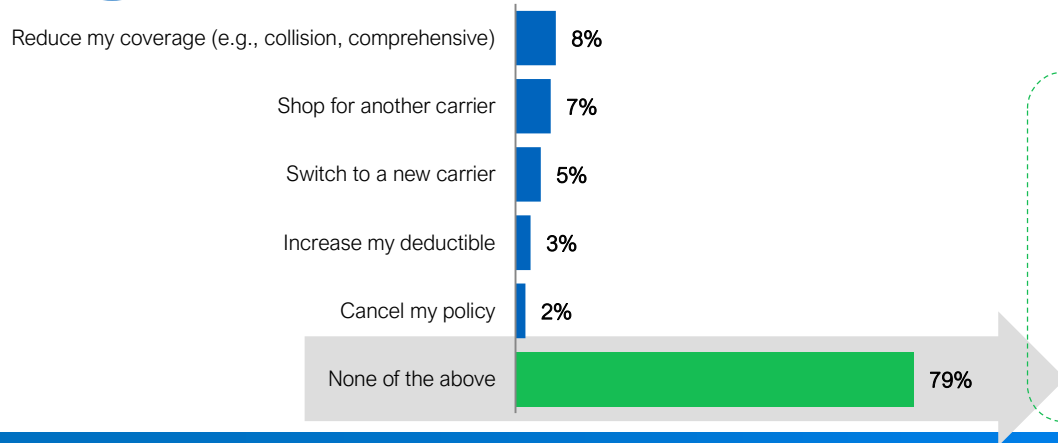


# Auto insurance during COVID-19

While not showing any clear signs of agitation with their insurance brands, consumers are slightly concerned about rates, but don't seem prepared to take action should it be required

27 March, 2020

What, if any, methods do you plan to use to manage the cost of your auto insurance?



- Consumers are not considering taking action to manage their auto insurance rates at this time
- Hotspot states are even more likely to indicate they will take no action at this time (CA 78%, NY 90%, WA 82%)
- The proportion of customers not taking action is most closely associated with income / credit history
- We find this interesting given that only 51% responded that they were very confident that they would be able to afford their premiums in the coming billing cycle...

## Percent not taking action to manage auto insurance costs at this time by Credit History





# LIFE INSURANCE

Impact of COVID-19 on the life insurance consumer

---

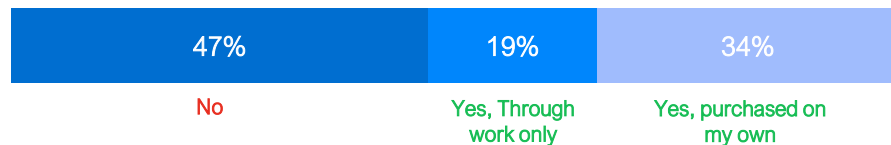
COVID-19

# Life insurance during COVID-19

Current events have not had a significant impact on the consumer's overall perceptions of life insurance—it remains a lower priority product for many that is viewed as too expensive

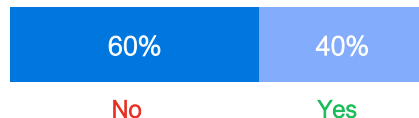
27 March, 2020

## Do you have Life Insurance?



## Have you ever considered purchasing Life Insurance beyond what may be available through work?

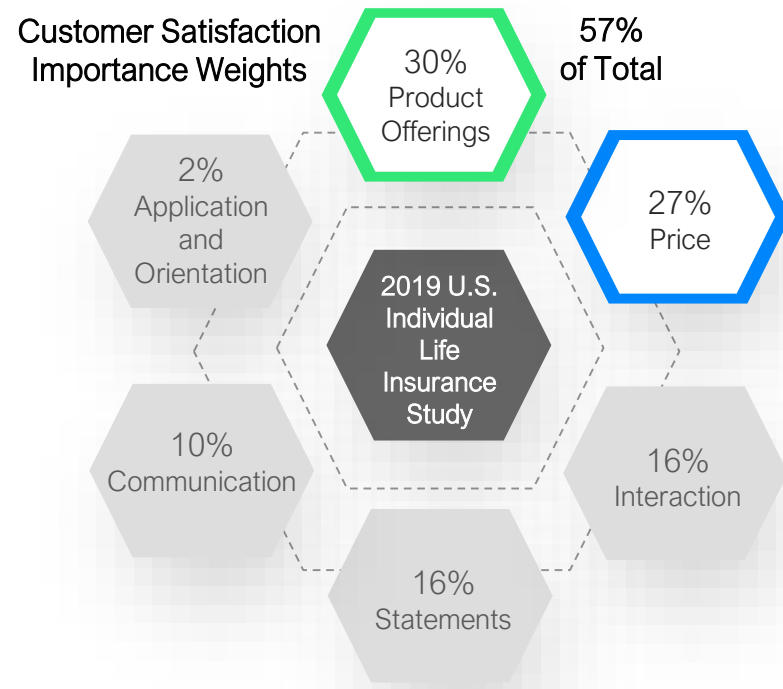
*Of those that don't currently have life insurance*



*Of those that get life insurance through work*



## Customer Satisfaction Importance Weights

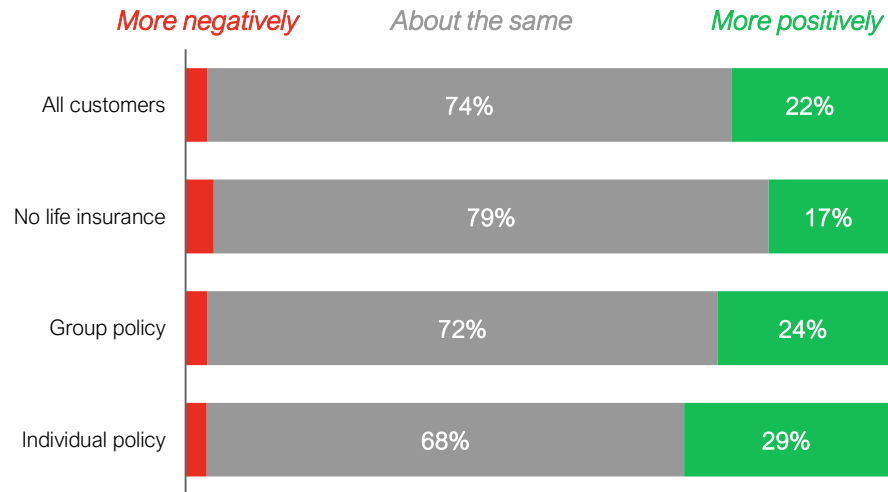


# Life insurance during COVID-19

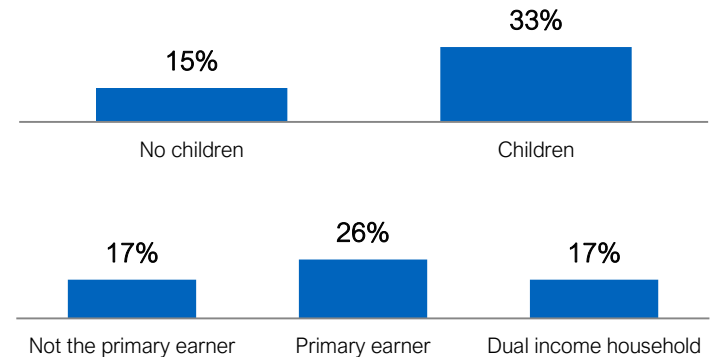
Consumers who already own an Individual Life policy have a slightly more positive perception of the product; among those, primary household earners and those with dependents have the most positive perception

27 March, 2020

How has the COVID-19 pandemic changed your perception of Life Insurance?



Percent had a more positive perception of Life Insurance



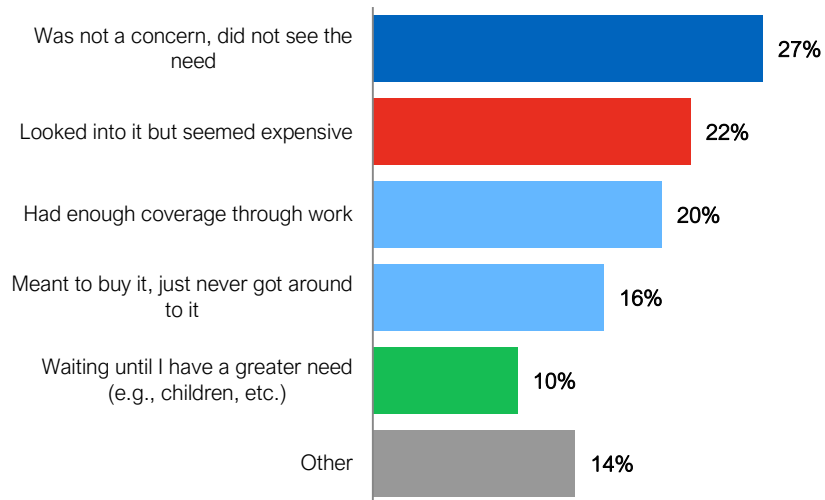
**41%** of customers who are *Married*, with *Children*, and are the *Primary Earner* in the household had a more positive perception of Life Insurance post the COVID-19 pandemic

# Life insurance during COVID-19

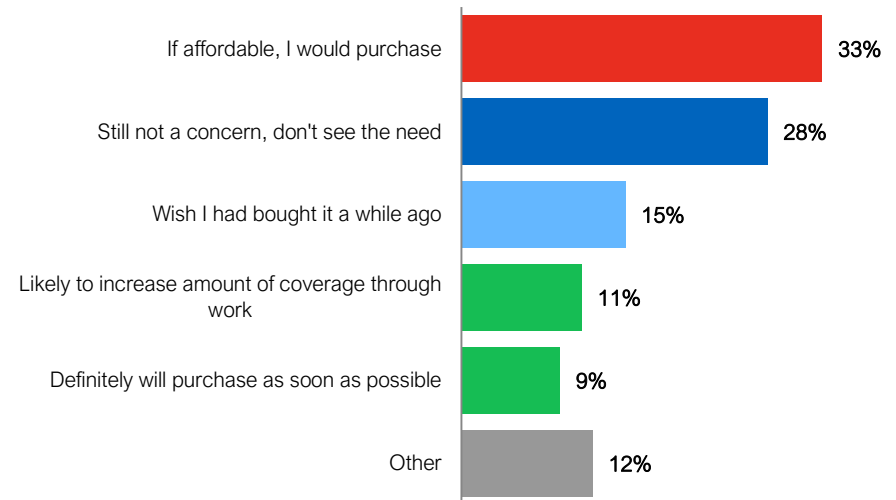
Overall, there would be a shift in consideration if customers perceived the product to be more affordable; however, current perceptions leave few customers indicating they definitely intend to purchase as a result of COVID-19

27 March, 2020

## What was your perception of Life Insurance prior to the COVID-19 pandemic?



## How has your perception of Life Insurance changed since the COVID-19 pandemic?



# Life insurance during COVID-19

Customers seek to balance both an affordable price and quality of coverage when making life insurance decisions with price being slightly more important v. P&C insurance. COVID-19 has not significantly altered this balance

27 March, 2020

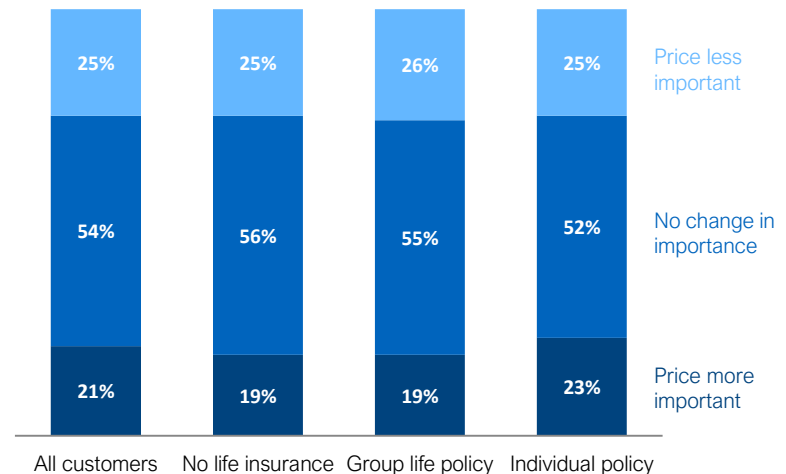
To what degree is price v. quality likely to influence your decision to purchase?



In the context of COVID-19, to what degree is price v. quality likely to influence your decision to purchase?



Change in Price-Coverage rating before and after COVID-19



# Life insurance during COVID-19

Common barriers to purchasing a life policy remain unchanged—a simple, online acquisition process with reasonable prices would almost certainly increase demand

27 March, 2020

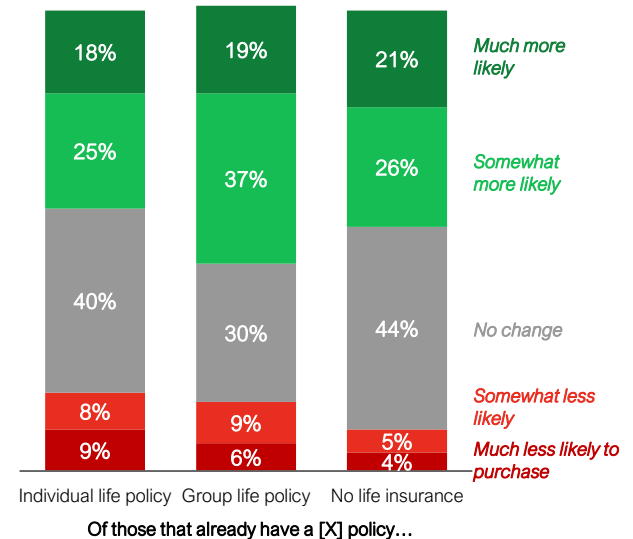
How likely would a requirement of having a physical exam (e.g., blood, fluids, etc.) cause you to abandon purchasing Life Insurance?



How much more likely would a simple online process, without the need for a physical exam, influence your purchase of Life Insurance?



How much more likely would a simple online process, without the need for a physical exam, influence your purchase of Life Insurance?



# HEALTH INSURANCE

Impact of COVID-19 on the health insurance consumer

---

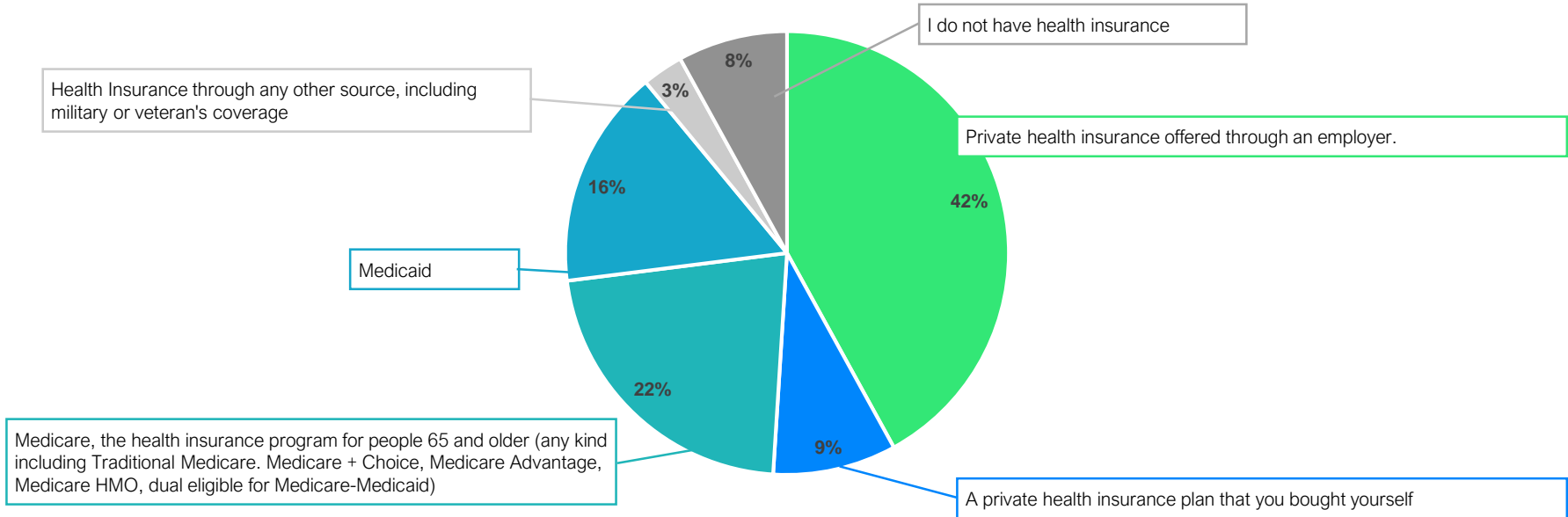
COVID-19

# Health insurance during COVID-19

Americans of working age by and large depend upon their employers for access to health insurance. Medicare and Medicaid cover the majority of the remaining—watching the impacts of job loss will be critical to understanding health outcomes during COVID-19

27 March, 2020

### What is your primary source of health insurance?



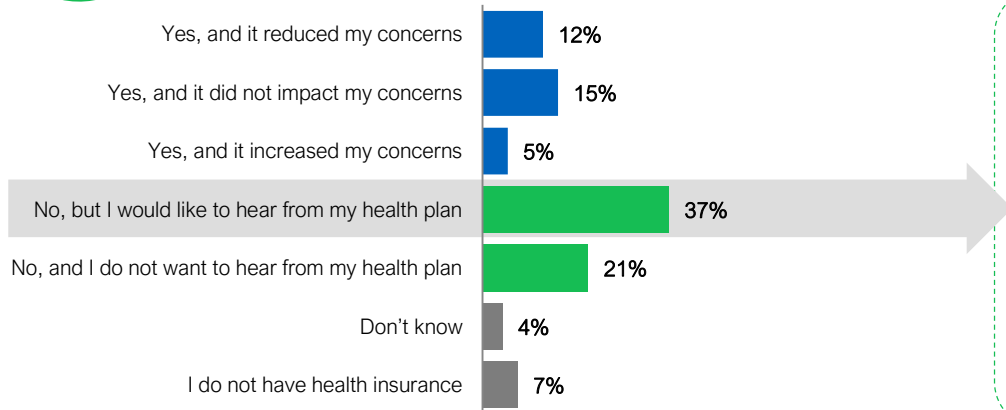
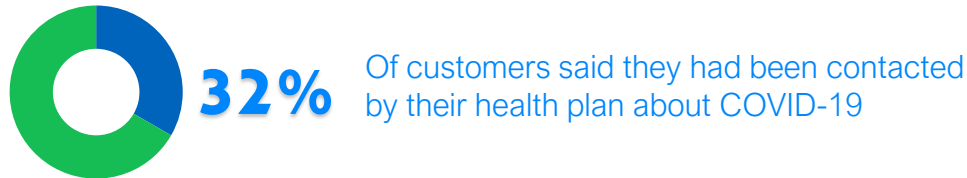


# Health insurance during COVID-19

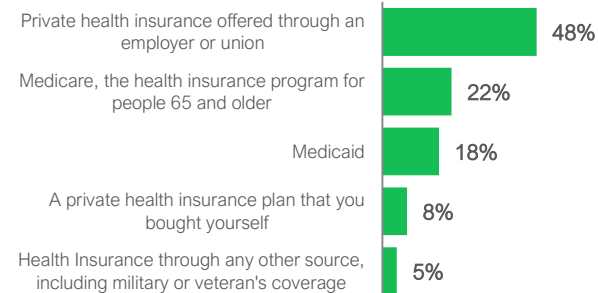
Health insurance has among the lowest consumer satisfaction of all industries evaluated by J.D. Power. Poor communication is a large reason for this; during COVID-19, over 1/3 of consumers want to engage with their plan

27 March, 2020

Have you been contacted by your health insurance plan about direction related to the coronavirus (COVID-19)?



## Primary Source of Health Insurance

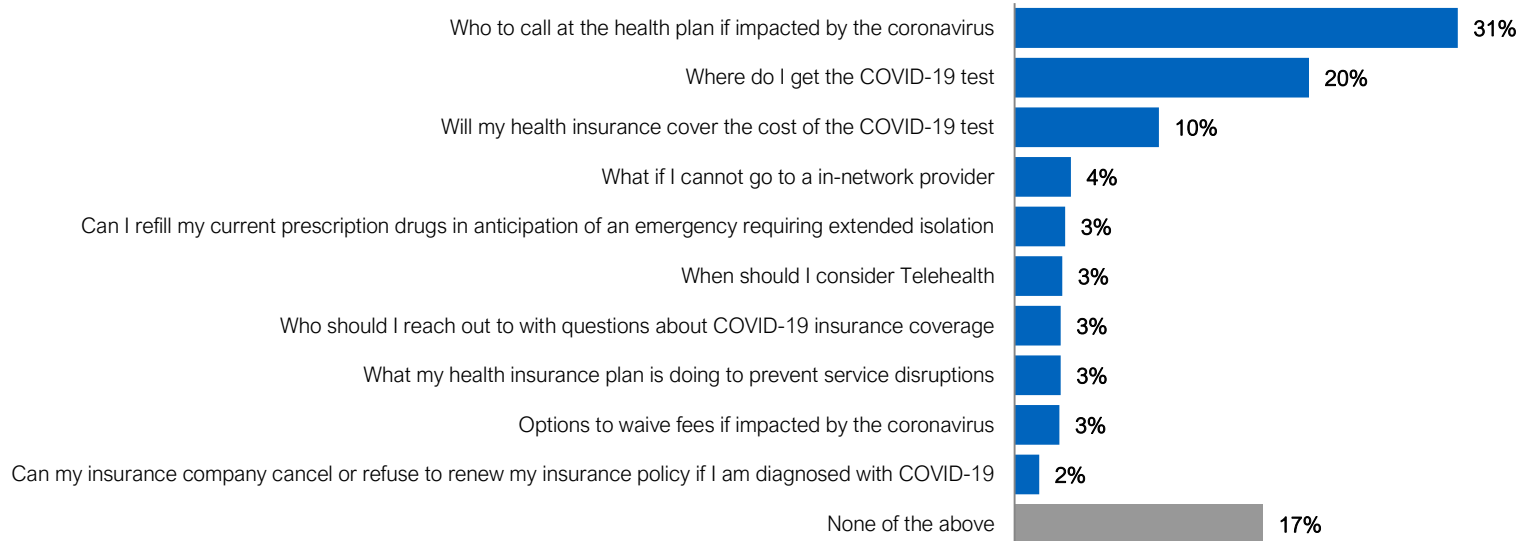


# Health insurance during COVID-19

The plurality of healthcare consumers are focused on receiving information from their health plan seeking direction on screening and testing for COVID-19

27 March, 2020

What information about the coronavirus pandemic would you like to receive from your health insurance plan?



# Health insurance during COVID-19

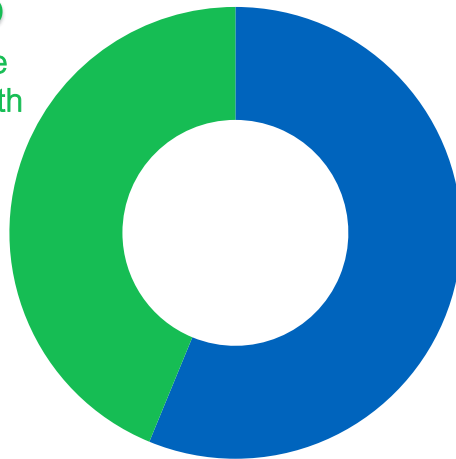
While the record-breaking \$2 trillion stimulus package has far-reaching implications for the overall economy, it also reportedly includes specific language that could trigger significant change throughout the home-based care landscape moving forward

27 March, 2020

## Are you familiar with Telehealth?

**44%**

Of customers said they are NOT familiar with Telehealth



**56%**

Of customers said they are familiar with Telehealth

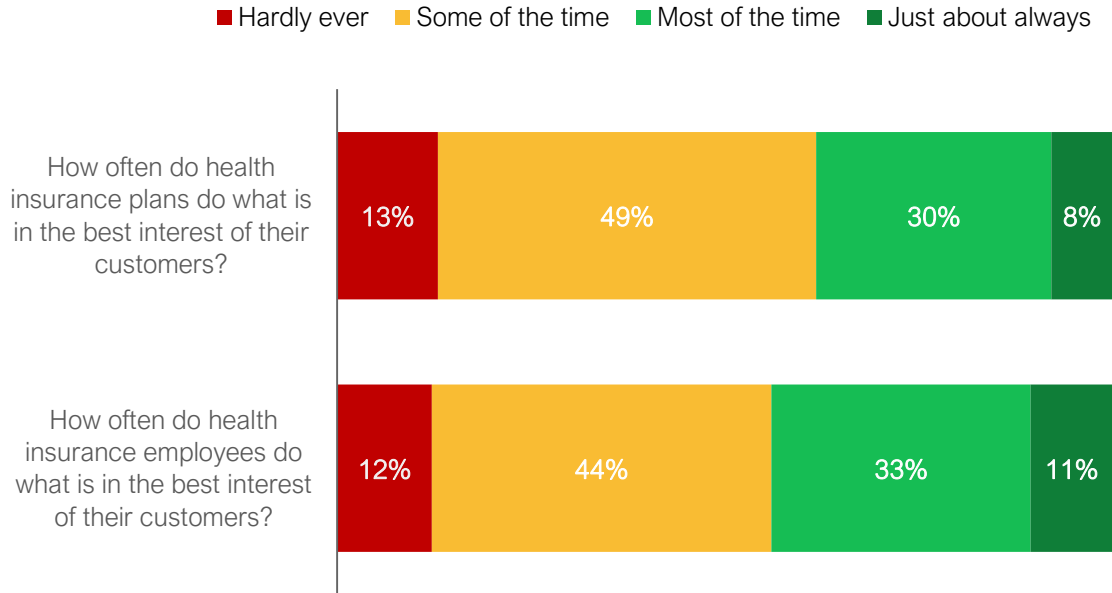
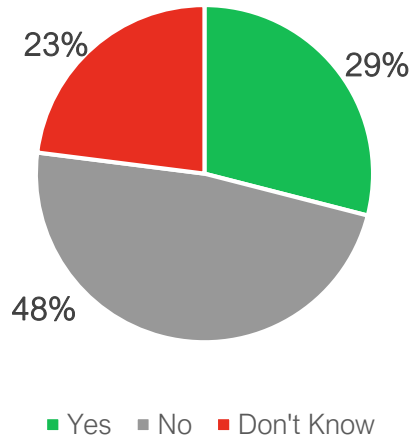
- During COVID-19, many health insurance companies are waiving the co-pay to see your doctor if you use telehealth.
- However, public awareness on engaging with a telehealth provider is mixed.

# Health insurance during COVID-19

Health plans are not highly perceived as showing concern or having the insured best interest in mind. Given the gravity of COVID-19 and the potential impact on public health, payors should find simple ways to address customers concerns

27March, 2020

Has your health insurance plan shown concern for your personal health during the coronavirus pandemic?



# J.D. POWER

---

**Kyle Schmitt**

*Vice President and Global Managing Director  
Insurance Intelligence and Solutions*

Contact Information:

+1 309 826 7958

[kyle.schmitt@jdpa.com](mailto:kyle.schmitt@jdpa.com)

**James Beem**

*Managing Director, Health Insurance  
Health Intelligence*

Contact Information:

+1 734 218 3925

[james.beem@jdpa.com](mailto:james.beem@jdpa.com)

COVID-19