

REPORT



Application acceleration: Prefill and Automation

Part One: Consumers and home insurance providers understand the potential benefits of using data prefill and more automation, but terms and conditions apply

AUGUST 2018



Introduction

On average, home insurance providers ask their customers over 50 questions as they go through the process of applying for cover, including some questions that are difficult to answer on the spot. Clearly, if it were possible to prefill some of the answers to these questions, drawing on information about the property to be insured and about the consumer themselves, this would speed up the process significantly. It would also minimise the chances of homeowners making mistakes or omitting key information, thus reducing opportunities for fraud and increasing the accuracy of policy pricing.

But with use of personal data currently a much-debated subject, how do consumers feel about their data being used by insurance providers for this purpose? In an attempt to gain a clearer picture of consumer attitudes towards use of specific types of information to enable data prefill, LexisNexis Risk Solutions commissioned a survey of 1,500 UK homeowners who had owned their current residence for two or more years. We also commissioned a survey of home insurance providers asking for their views on use of prefill and contributory databases. LexisNexis Risk Solutions was not identified as the sponsor of either of these pieces of research, which were conducted during January 2018 and in December 2017 respectively.

Executive summary and key findings

The results of this research reveal the willingness of consumers to allow data prefill in the home insurance application process; and an appetite among home insurance providers to use this technology. Each would gain as a result: greater use of prefill data would result in a faster, more user-friendly application process, while home insurance providers could price risks more accurately, reduce fraud; and increase efficiency and productivity.

Our research shows that more than eight out of ten consumers think that using data prefill would make the application process easier. More than three-quarters would be very or somewhat comfortable with their personal information, property information or past home insurance claims data being shared between insurers to assist prefilling.

But our findings also show that younger consumers are much more comfortable than are older people with insurance providers using data related to their credit histories, previous insurance claims and social media activity.

While our research reveals the potential gains for home insurance providers and consumers if the former make greater use of data prefill, our findings also show the need for insurance providers to tread carefully when seeking to use different types of consumer information and when dealing with consumers of different ages. For more details of the differing attitudes towards information sharing that our research reveals, see part two of this report, *A Delicate Balance*.

Any home insurance provider that fails to take these issues into account will alienate some consumers. But if they are able to exercise good judgment in the way they use personal data to enable prefill and other automated processes, they will succeed in enhancing the services they provide, improving customer experience and will be able to grow market share.

Key findings



More than eight out of ten consumers think use of prefilled answers related to property information would make the home insurance application process easier

Almost three-quarters of consumers would allow insurance providers to share property information with each other to enable use of prefilling during the application process



More than three quarters of consumers would be very or somewhat comfortable with the use of personal, property and past home insurance claims information to enable prefilling

45% of consumers think increased automation will improve their experience of using an insurance provider's services



63% of insurance providers say it would be extremely or very helpful to use a contributory database for property information to use in prefilling home insurance application answers

More than three-quarters of home insurance providers (77%) believe prefilling half the answers in a home insurance application would be valuable; slightly less (73%) say prefilling 85% of fields would be valuable



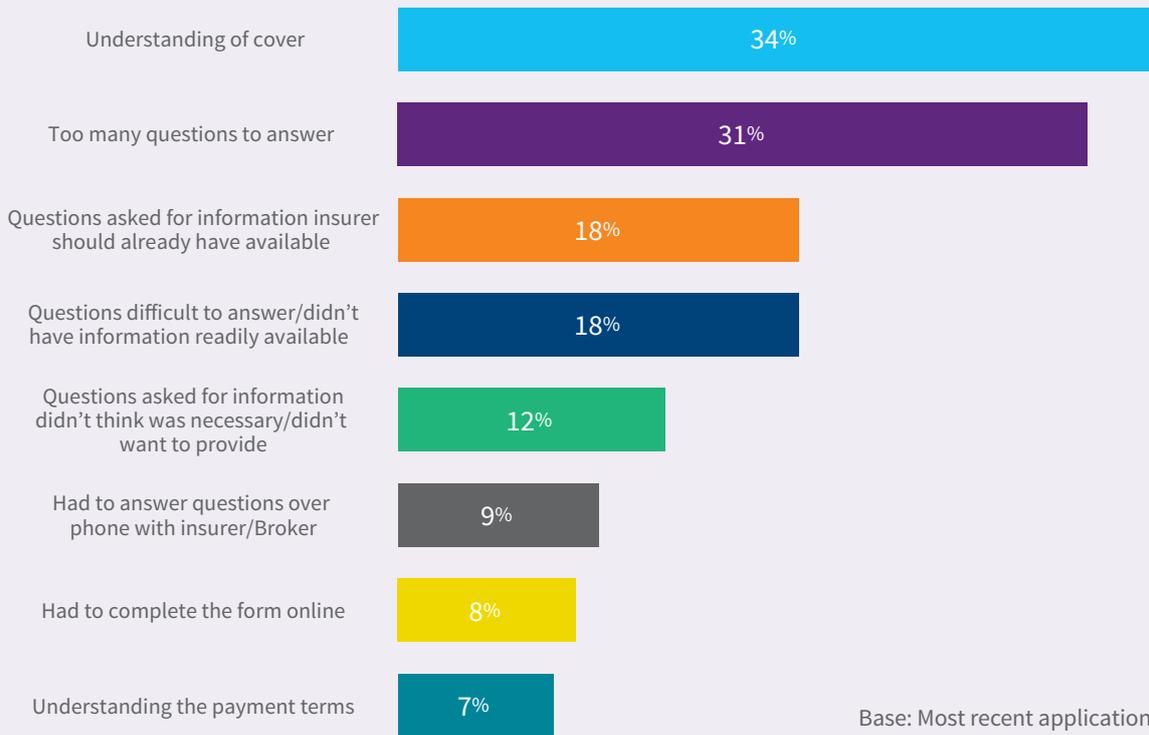
A faster home insurance application process would be welcome

Our research suggests many consumers would welcome a faster and easier home insurance application process. **When asked which aspects of the current process were difficult, almost one in three (31%) said there were too many questions to answer – up from the 26% who cited this as a problem when surveyed in 2016.**

Increasing levels of irritation at having to answer a lot of questions may reflect diminishing patience among the general public when interacting with organisations. Other research studies provide some evidence of this. For example, a 2017 survey of US consumers showed that almost two-thirds would wait no longer than two minutes on hold.¹ Another survey showed that 11% of consumers who had abandoned online shopping carts had done so because the website was too slow, while 12% had done so because they felt they were being asked to provide too much information.²

Such statistics demonstrate the potential danger of allowing processes to become long-winded – and the value of a swift, efficient process. **In our own findings, 18% of consumers cited having to provide information that they felt the insurance provider should already have as a difficulty during the application process.** Clearly, greater use of data prefill could reduce or eliminate these problems.

Aspects of Application Process That Were Not Easy

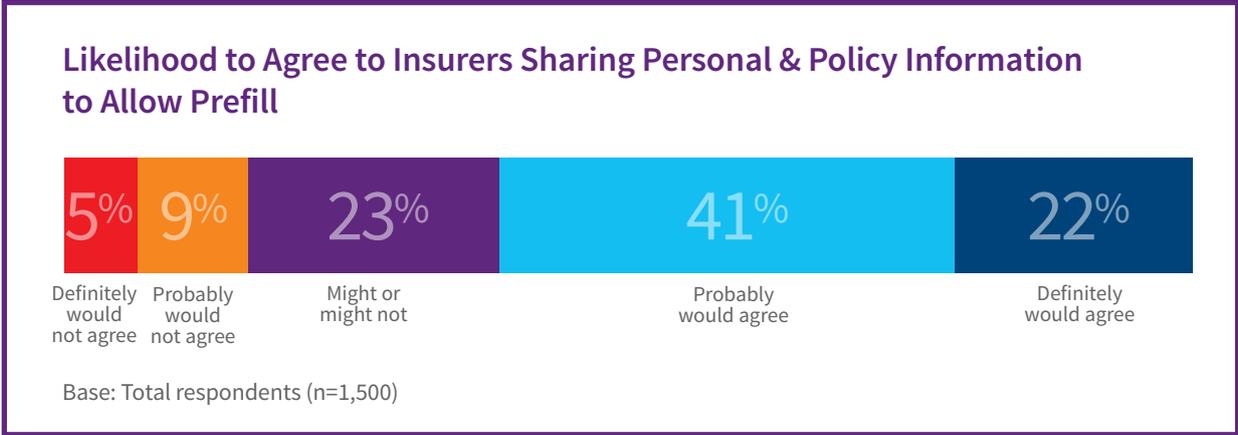


Base: Most recent application process was not 'very easy' (n=678)

The value in sharing some personal data to enable prefill

Consumers were asked whether they thought the home insurance application process would be easier if the application form were prefilled with property information such as the type, size and age of a property, its roof type, number of floors, bedrooms and so on. More than eight out of ten (82%) thought that it would.

Respondents were then asked how willing they would be to allow insurers to share information about their property to allow prefilling. Almost three-quarters (74%) would definitely (32%), or probably (42%) be willing to allow this. Willingness to share this data has increased since 2016, when the percentage of consumers definitely or probably willing to do so was 68%.



Consumers were asked to what extent the application process would be improved if 50% or 85% of application answers were prefilled using a broader range of information types. In both cases, more than eight out of ten consumers thought prefilling would improve the process.

Impact of Prefilling 50% of Questions on Home Insurance Application



Base: Total respondents (n=1,500)

Impact of Prefilling 85% of Questions on Home Insurance Application



Base: Total respondents (n=1,500)

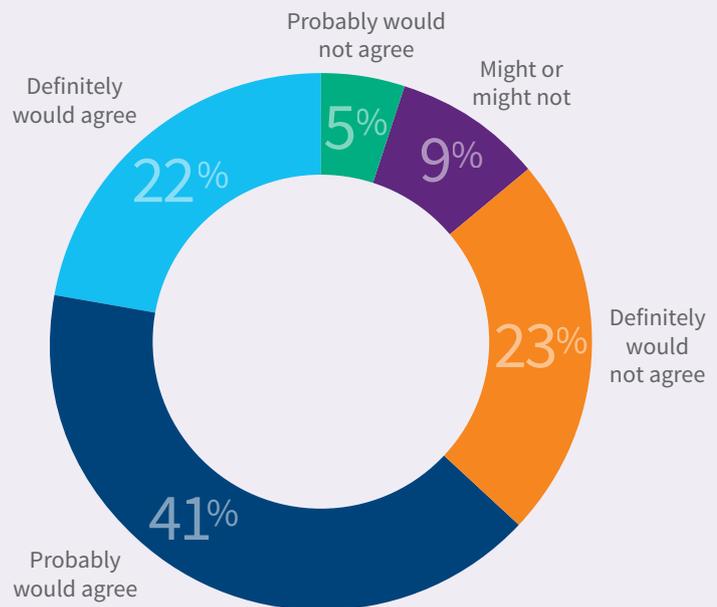
Younger people are more relaxed about sharing personal and policy information

We asked how likely consumers would be to agree to share personal and policy information with insurance providers to enable data prefill. Just over one in five (22%) said they would definitely agree, with a further 41% saying they would probably agree.

Younger age groups were noticeably more likely to let insurers share personal and policy information to enable prefill: 35% of 25 to 34 year olds would definitely agree to this, compared to about 22% of all those aged 35 to 54 and 19% of those aged 55 or over. The fact that in the space of two generations the comfort level of consumers to share personal and policy information has doubled is no coincidence. The younger generation expect a quicker, smoother, digitised application process, and are willing to share their information in order to achieve an improved experience.

Likelihood to Agree to Insurers Sharing Personal & Policy Information to Allow Prefill

Base: Total respondents (n=1,500)



Insurers using different types of personal information should tread carefully

The survey then sought to establish how comfortable consumers would be about insurance providers being able to share other types of information to inform data prefill.

Consumers were generally sanguine about property information and basic personal data being shared for this purpose. Almost nine out of ten (86%) were comfortable with property information being shared, including 60% who were very comfortable with the idea. Almost eight out of ten (79%) were comfortable with basic personal information being used to enable prefilling. Just over three-quarters (76%) were comfortable with their old home insurance data being used in this way.

It is interesting to note that more people aged 55 or over were ‘very comfortable’ with insurance providers using these three types of data – perhaps because people in the oldest age groups have more confidence that if insurance providers could access this information it will not have an adverse effect on insurance pricing.

Consumers of all ages were noticeably less comfortable with using other types of information to inform prefill. Broadly speaking, people from younger age groups were more comfortable than older people with insurers using or sharing four other types of data: publicly available personal data, data related to their credit histories, to previous motor insurance claims, or to behaviour on social media.

For more detail on what our research revealed about the differences between consumers of different ages towards insurance providers using or sharing different types of personal information, see part two of this report, *A Delicate Balance*.

Can more automation be a selling point?

We also tested the perceptions consumers had about the extent of automation within insurance providers' processes. A majority of consumers (57%) thought insurance providers' operations were either very or somewhat automated. Just under half (45%) thought that more use of automation would improve their experience of using an insurance provider's services.

Across all age groups 35% of consumers said that knowing a home insurance provider was highly automated would make them more likely or somewhat more likely to choose to buy home insurance from that provider. With under half (48%) saying it would have no impact on their choice.

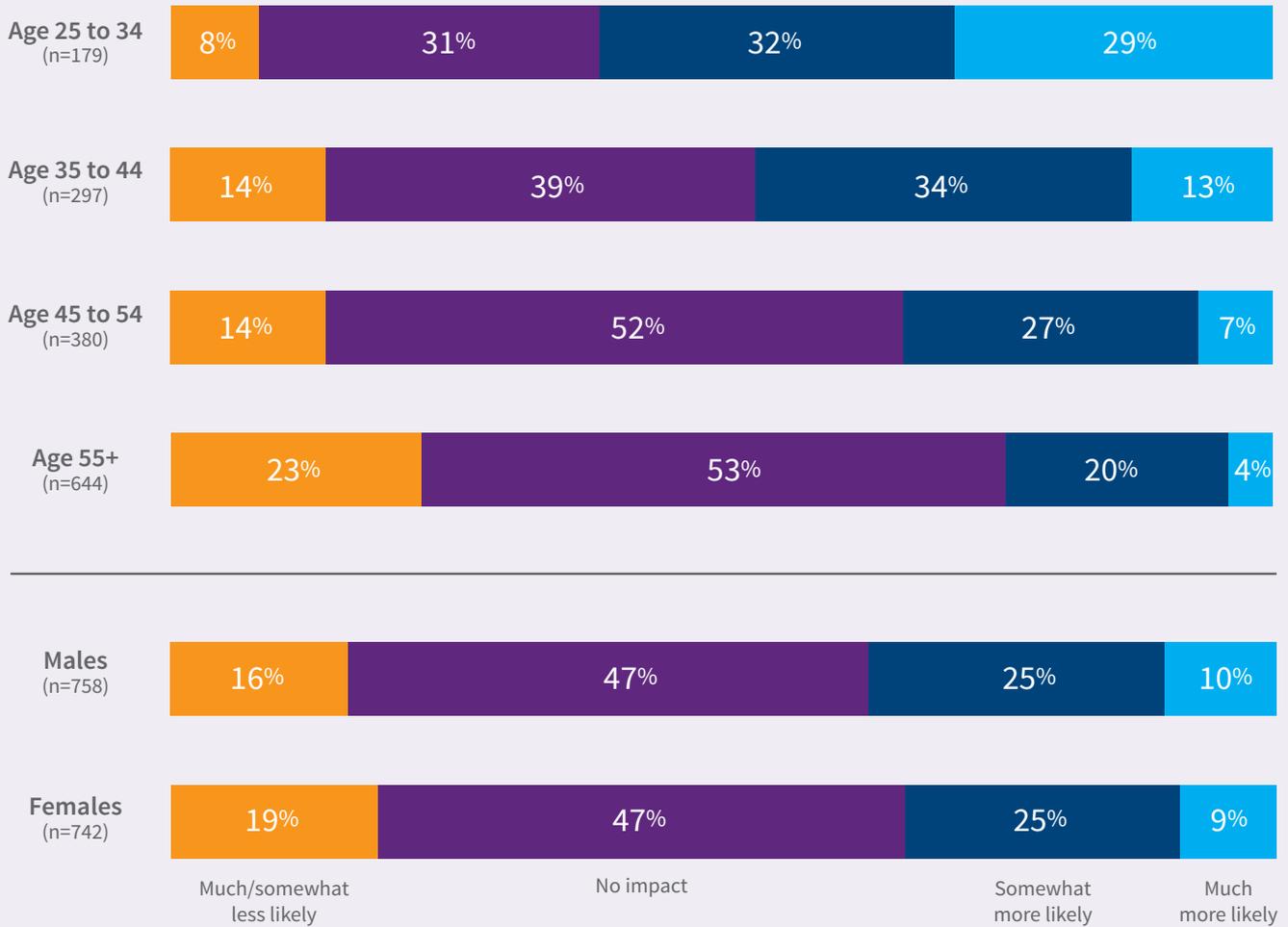
However, if those figures are broken down by age group, a clear difference in attitudes is visible. 29% of 25 to 34 year olds would be much more likely to buy insurance from a highly automated insurer, a far bigger figure than in all the other age groups. This appears to reflect a generally positive attitude among this age group towards the use of technology by service providers, as has been revealed in previous research by LexisNexis Risk Solutions looking at purchasing behaviour among consumers buying motor insurance.³

Perceived Impact of Insurer Automation on Likelihood to Choose Insurer



Base: Total respondents (n=1,500)

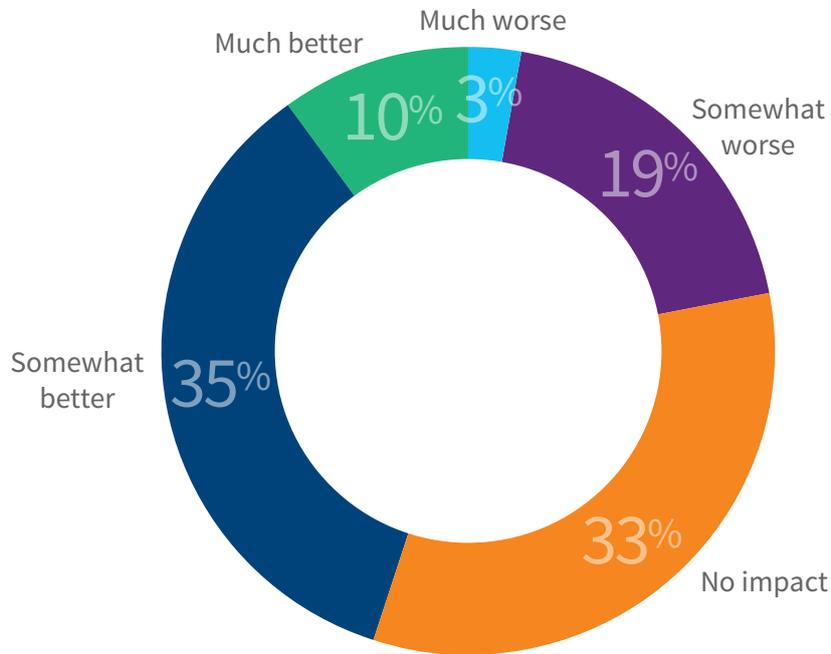
Perceived Impact of Insurer Automation on Likelihood to Choose Insurer



Automation messages could help drive new business

The research suggests insurance providers would be wise to base marketing messages on boasts about use of automation. 45% of those surveyed said they thought buying home insurance from a highly automated insurance provider would involve an experience that was ‘somewhat better’ than using a less automated process.

Perceived Impact of Insurer Automation on Customer Experience



Base: Total respondents (n=1,500)

Perceived Impact of Insurer Automation on Likelihood to Choose Insurer

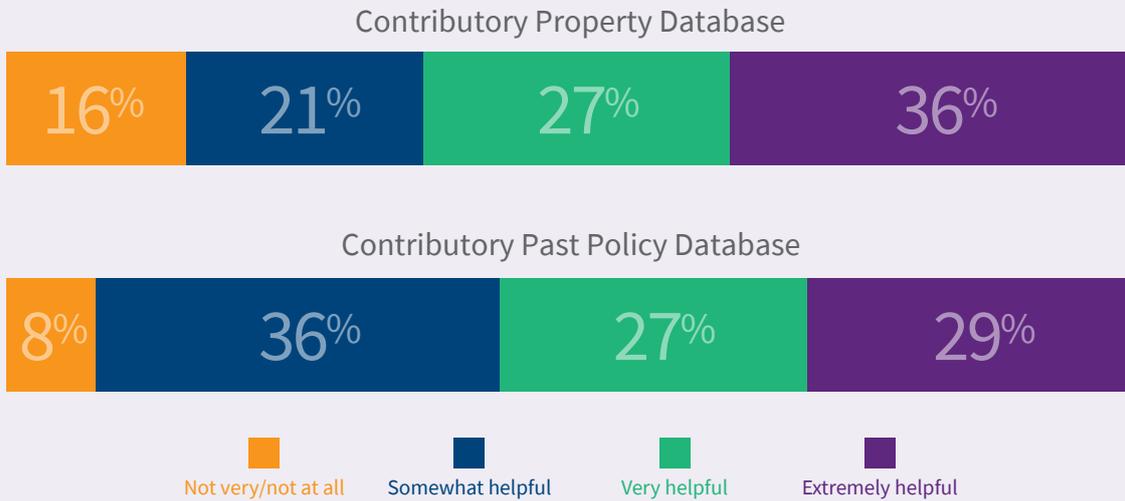


Base: Total respondents (n=1,500)

Insurance providers see value in contributory databases and data prefill

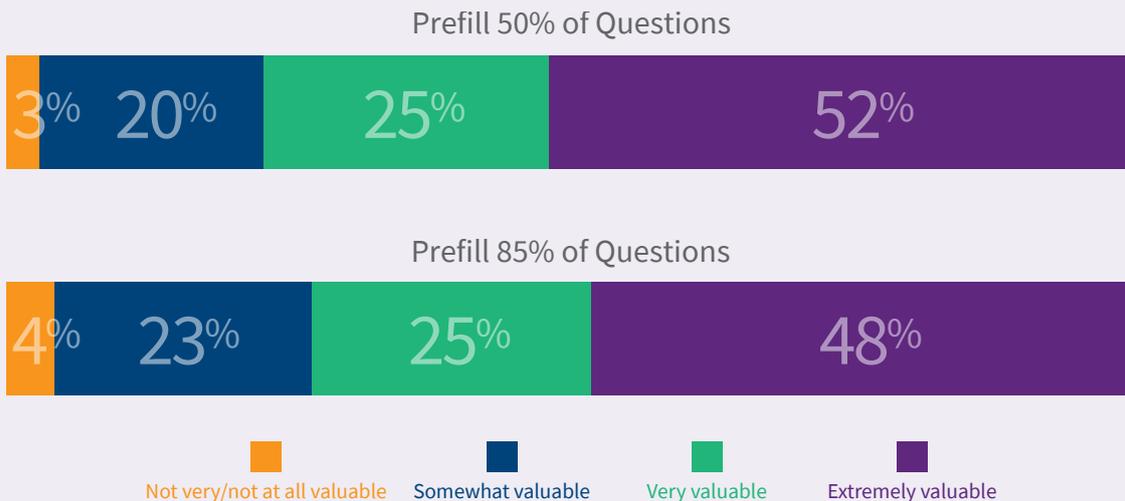
Additional research commissioned by LexisNexis Risk Solutions suggests that a majority of home insurance providers can see the potential value of using contributory databases holding property information and past policy information to inform prefilling. 63% of insurance providers said it would be extremely or very helpful to use a contributory database of property information; 56% thought a past policy contributory database would be extremely or very helpful.

Helpfulness of Database in Enabling Automatic Prefill



Base: Total respondents (n=77)

Value of Prefill Using Contributory Databases and External Data



Base: Total respondents (n=77)



Conclusion

A significant majority of both home insurance providers and their customers understand the value of using data prefill to streamline the home insurance application process. There is very clear support from consumers for the use of prefill – particularly in relation to property information.

It is also clear that younger consumers would be willing to let insurance providers have access to a broader range of information to enable use of prefill, but those insurance providers that use this information might need to tread carefully, as many older consumers are much less comfortable with the use of other types of data for this purpose. The differing attitudes prevalent among consumers of different ages towards insurers' use and sharing of various types of personal information are examined in more detail in part two of this report, *A Delicate Balance*.

Our findings illustrate consumers' ambivalence towards technology: they want the benefit of accelerated processes, but they are unsure about the extent to which they want some types of personal information to be shared, in return for receiving those benefits.

We suggest that while home insurance providers should certainly be seeking to make greater use of data technology, prefill and automated processes, they should plot their strategies; and they must not lose those elements of their business that help to differentiate their products and services on a human level.

References

1. Research from Arise. See: <https://www.arise.com/resources/blog/arise-2017-customer-service-frustration-series-phone-hold-times>
2. Research from Invesp. See: <https://www.invesp.com/blog/shopping-cart-abandonment-rate-statistics-infographic/>
3. [Direct to motor insurance purchasing behaviour report]

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