


June 2021

One year on: how COVID-19 has impacted consumer views on insurance in Asia Pacific

Findings from 2021 survey

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Executive summary

Consumers in APAC have become more concerned about their health and financial security during the pandemic.

The public health and economic crisis induced by COVID-19 has exposed shortfalls in consumers' insurance protection needs. During the pandemic period, Swiss Re conducted two consumer surveys across the Asia-Pacific (APAC) region, the first in April-June 2020 and the second in January-February 2021. The results provide valuable insight into the impact of the pandemic for life and health (L&H) insurance businesses. Almost two thirds (64%) of respondents to the 2021 survey expressed heightened concern about their personal health because of the virus outbreak, and close to half (48%) said they most need more medical insurance. Many also felt overwhelmed about the impact of the pandemic on their finances: a third (33%) of respondents felt under-insured for potential income protection loss resulting from disease, long-term disability or death of a main household breadwinner. Worries about financial security are most serious for those aged from 18 to 29 years, the cohort with the lowest employment rate among the working age group and also lowest insurance ownership.

They would like to have more medical reimbursement, critical illness and income protection coverage.

The areas of perceived protection shortfall reflect current market dynamics, as demand for health and income protection insurance has risen notably across the region over the period of the pandemic. Of all L&H lines of business, medical reimbursement, critical illness and income protection are the three for which consumers feel least adequately protected, and where they would like more protection in future. This is an opportunity for insurers to provide targeted solutions to close apparent protection gaps.

Coverage scope and premium rates are the most important purchasing-decision factors.

The responses provide further insights to which insurers can respond. While price remains an important consideration in insurance-purchasing decisions, scope of coverage could be an important differentiating factor. Consumers indicated that they are willing to sacrifice other elements such as duration of coverage and long-term guarantee premiums in exchange for a comprehensive, affordable product. These preferences reveal most prominently among survey respondents living in the emerging economies of the region, and within younger generations.

Insurers in APAC can develop online platforms and distribution capabilities to harness the momentum of digital purchasing.

In sum, insurers should seek to provide comprehensive coverage with affordable premiums. Importantly, they also need to develop their digital presence and online distribution capabilities. The pandemic experience has catalysed a paradigm shift in this area across all industries, including insurance. Consumers' interaction with the digital world has increased, with restrictions on mobility during periods of lockdown the driving force. Our survey results reveal that consumers across APAC have become more proactive in reaching out to insurers for their protection needs and that the expectation is more and more for ease of online access. With the entrance of non-traditional players into the insurance market and surging demand for online transactions, it is imperative that insurers offer digital engagement across all distribution touchpoints. The survey results also offer insight into what consumers expect of insurers in the future. When asked what areas of improvement could be, the most often-cited were acceleration of claims processing and payment, more flexible cover and easy digital access.

Insurers can expand their existing and new risk pools by leveraging insights from the consumer survey.

The Swiss Re survey provides useful information on how insurers can expand their existing and new risk pools, by studying consumer preferences with detailed segmentation breakdown. The more open-minded consumers among the younger and higher-income segments in emerging Asia markets should be a key target subgroup when insurers expand into these low-penetrated markets. In other cases, the heightened risk concerns on mental well-being and growing interest on non-traditional distribution channels may give rise to more innovative product offerings across the region.

Key takeaways

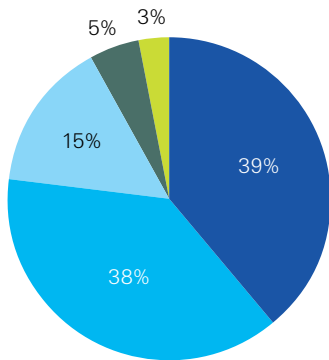
COVID-19 has exposed areas of insurance protection shortfall. Consumers want more medical, income protection and critical illness insurance.

Lines of insurance shortfall		Priority for additional cover	
1	Income protection (48%)	1	Medical insurance (48%)
2	Critical illness (31%)	2	Income protection (41%)
3	Medical insurance (30%)	3	Critical illness (40%)
4	Old age-related (29%)	4	Life insurance (34%)
5	Investment-related (25%)	5	Investment-related (33%)
6	Life insurance (23%)	6	Old age-related (29%)
7	Personal accident (22%)	7	Personal accident (24%)

Source: Swiss Re Institute

The pandemic has instigated a paradigm shift. COVID-19 has been a catalyst for online purchasing of insurance

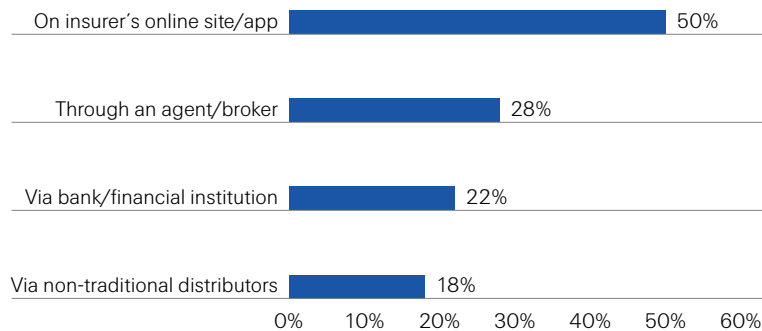
Past six months



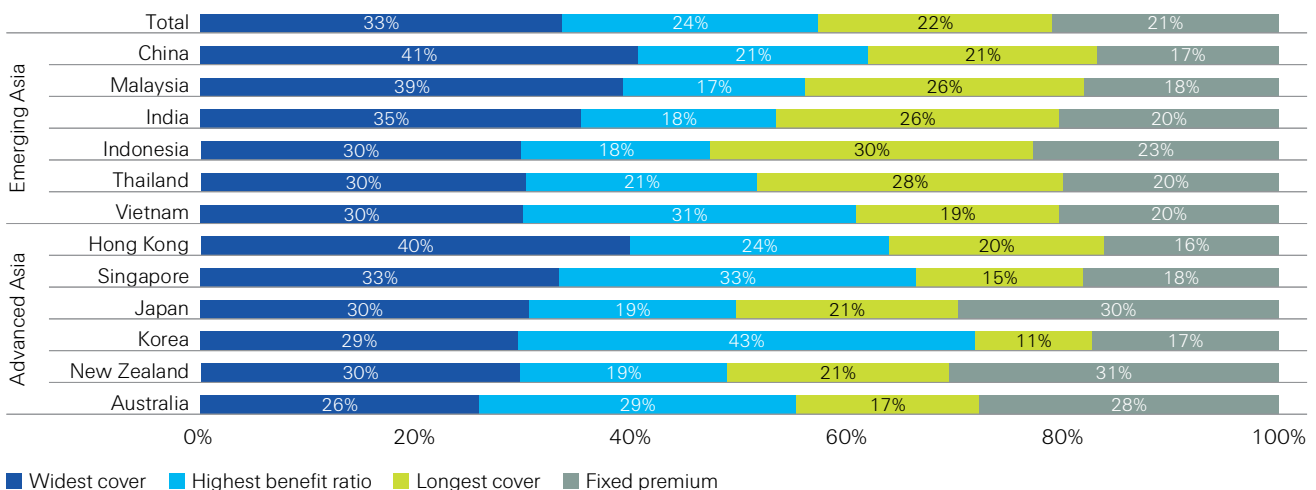
■ On insurer's online site/app
 ■ Through an agent/broker
■ Via bank/financial institution
 ■ Via non-traditional distributors
■ Other

Source: Swiss Re Institute

Intended channels in future



When making insurance-purchasing decisions, consumers value the widest coverage at an affordable price



Source: Swiss Re Institute

Introduction

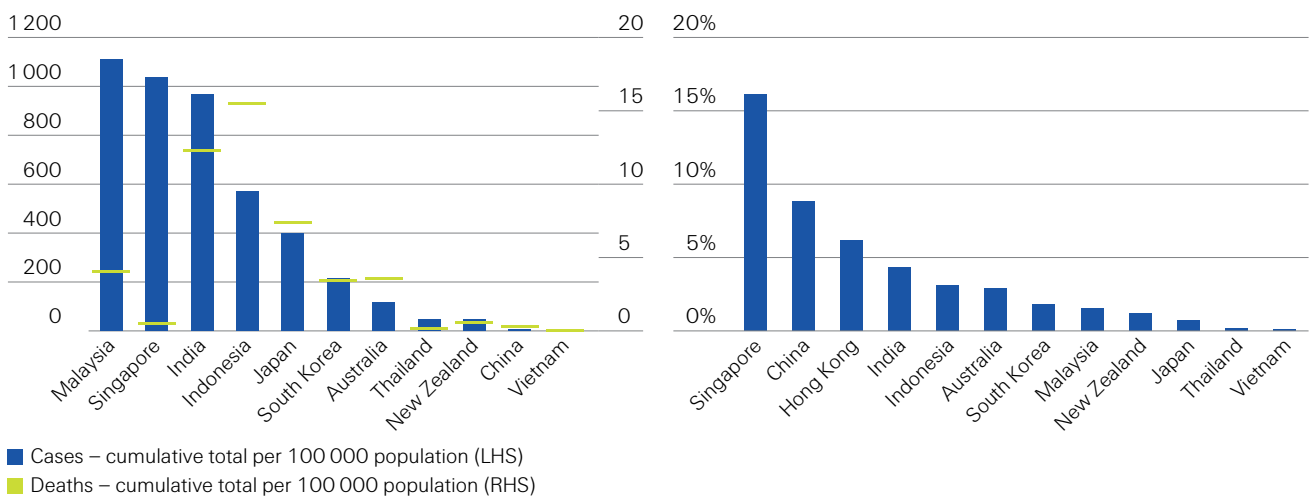
Lockdown measures facilitated stronger economic performance in APAC in 2020 than in other regions.

Consumer behaviours in pandemic times

The COVID-19 pandemic has taken a heavy toll on the global economy. In Asia Pacific (APAC), real GDP growth shrank by 1.4% in 2020. That was less than the global contraction of 3.7%, with early imposition of border closures and social distancing rules to curb virus spread facilitating the region's relative outperformance given earlier resumption of economic activity than in other regions. In early April 2021, the number of confirmed COVID-19 cases in APAC stood at 16 million (see Figure 1 (LHS)), 12% of global total.¹ Of the total population in the 12 markets covered in this study, 5.6% had received a first dose of a COVID-19 vaccine by that time.² Vaccination rate varies, with Singapore, China and Hong Kong in the lead.

Figure 1

COVID-19 cases (cumulative) and deaths per 100 000 population in APAC (LHS), and % of population receiving at least one dose of vaccine (RHS); both as of early April 2021



Source: WHO, Our World in Data, Swiss Re Institute

Our survey investigates the implications for L&H insurers of changes in consumer behaviours on account of the pandemic.

Survey: impact of COVID-19 on consumer preferences for L&H insurance

The pandemic experience has led to changes in consumer behaviour and sentiment with respect to health status and financial security. To better understand the changes, and their associated implications for Life & Health (L&H) insurance, Swiss Re conducted two surveys across the across APAC region. The first was done during the early peak of COVID-19 outbreak in 2020 (April to June) and covered 10 markets (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Thailand, Singapore and Vietnam). The second was conducted in early 2021 (January to February), covering 7 000 respondents across the same 10 markets plus two more: New Zealand and South Korea.

¹ WHO, statistics as of early April.

² Our World in data, statistics as of early April.

COVID-19 and concerns about health and financial security

The COVID-19 pandemic has prompted many consumers in Asia to reconsider their L&H insurance protection needs.

Respondents expressed slightly less concern about financial security in the 2021 survey than in 2020.

Younger age groups appear more stressed about their finances.

Survey findings

COVID-19 has impacted peoples' lives in many ways. An immediate area of concern has been health and financial stress, with the global economic downturn resulting from the pandemic having led to income loss/insecurity for many. Certain types of L&H insurance can help ease both concerns by protecting consumers' finances when adversity strikes. For example, health insurance can cover the costs of medical treatment, and income protection insurance can compensate for loss of income in case of disease or disability. Life insurance can secure household income streams when a main bread-winner dies. The findings of our 2021 survey indicate that the COVID-19 experience has prompted consumers in APAC to re-think their protection needs with respect to personal wellbeing and financial security. The findings also provide insights into what consumers expect from insurers in a post-COVID-19 era.

Consumers' financial sentiment has improved, but varies across countries

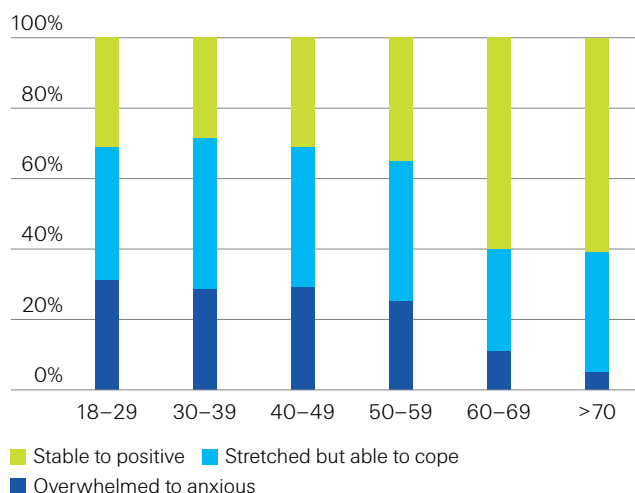
The health and mortality shocks triggered by COVID-19 have led many to re-assess their financial security, how well they and their families are set up to cover unforeseen medical expenses in the future, and possible income loss in the case of disease, disability or if a household breadwinner passes away. In the 2020 survey, around 33% of respondents across APAC expressed feeling overwhelmed or anxious about financial security on account of the pandemic. That ratio dropped slightly to 28% in the 2021 survey (see Figure 2, LHS), likely reflecting an upturn in economic conditions in many countries this year. In a few markets – Indonesia, Malaysia, Thailand and Japan – more respondents expressed concern this year than in the 2020 survey, but only in Thailand and Japan was the change more than 5%. These two markets were the region's underperformers in economic growth terms before the onset of COVID-19 and experienced slowdown in 2019. As such, increased concern about finances as indicated in the 2021 survey results may not be directly COVID-19 related but instead reflect general worries about the economy's longer-term growth prospects.

A common pattern observed for all markets is that the working-age group (18 to 59 years old) tended to express more concern over financial security (see Figure 2, RHS). Younger age groups, between 18 to 49 years, expressed most concern, with about 30% feeling overwhelmed or anxious. Those closer to or in retirement were most sanguine.

Figure 2

Sentiment on financial security by country (LHS), and by age group cross-region in 2021 (RHS)

Anxious/overwhelmed		Change from 2020
South Korea	46%	n.a.
Japan	46%	9%
Thailand	43%	5%
Indonesia	37%	1%
Malaysia	33%	3%
Hong Kong	32%	1%
All markets	28%	-5%
India	23%	-8%
Singapore	23%	-7%
China	19%	-7%
Vietnam	18%	-4%
Australia	16%	-6%
New Zealand	14%	n.a.



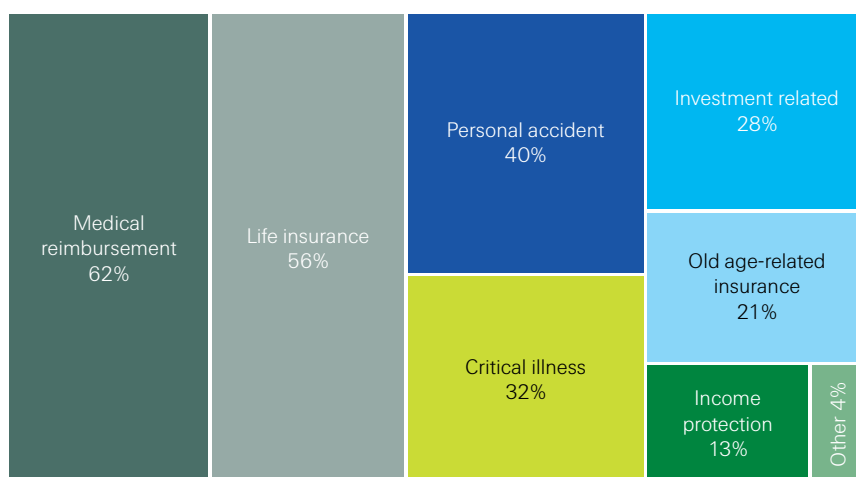
Source: Swiss Re Institute

Many people own medical and life insurance but lack cover in other areas...

Many people own medical and life insurance, but ...

Among the 7000 respondents to the 2021 survey, the majority said they already owned medical reimbursement (62%) and life (56%) insurance. However, ownership of other types such as personal accident, critical illness (CI), investment and old-aged cover was much lower (see Figure 3), and only 13% said they had income protection insurance.

Figure 3
L&H insurance ownership among 2021 survey respondents



Source: Swiss Re Institute

...and see themselves as under-insured.

...still have a feeling of being under-insured

When asked whether, with existing levels of cover, they felt financially secure to manage occurrence of an adverse life event, less than a quarter (23%) of respondents said they felt mostly secure, 32% said moderately secure, 32% were slightly secure and 13% said they were not secure at all. Income protection, CI and medical reimbursement were the three areas where respondents said they felt most inadequately protected (see Figure 4).

Figure 4
Areas of perceived insurance shortfall

Lines of insurance shortfall	
1	Income protection (48%)
2	Critical illness (31%)
3	Medical insurance (30%)
4	Old age-related (29%)
5	Investment-related (25%)
6	Life insurance (23%)
7	Personal accident (22%)

Source: Swiss Re Institute

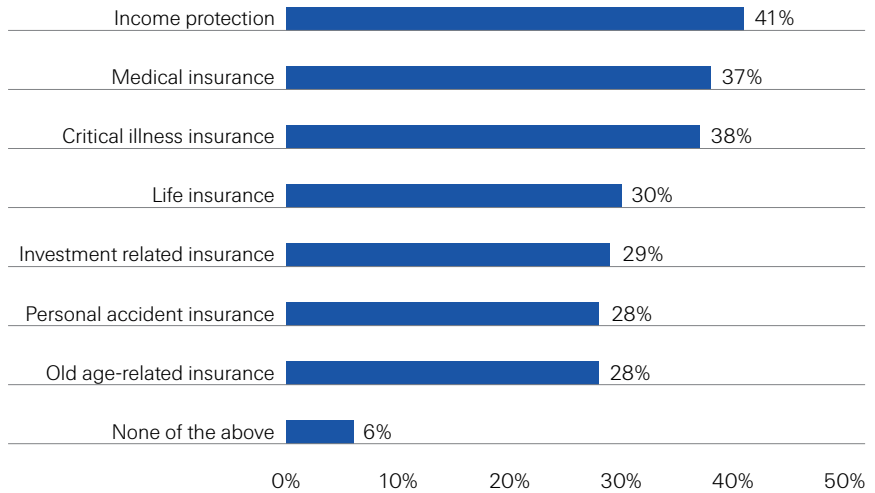
The COVID-19 crisis has stressed incomes and many consumers likely want more insurance for peace of mind.

Perceived shortfall has triggered more active insurance purchases

Consumers with perceived shortfall in coverage tend to be more active in turning need into actual purchase. Around 30-40% of survey respondents who expressed fear of insufficient L&H protection of some form indicated that they had purchased new or additional life and health insurance in the previous six months (see Figure 5). Given the financial stress inflicted by the pandemic, it is likely many consumers have not been able to purchase the level of protection that they would like to have for peace of mind. Hence, there is still a high percentage of perceived shortfall. This is an opportunity for insurers to fill a protection gap by providing easily accessible, affordable, and attractive policies to increase consumer uptake and cross-sales of different lines of L&H business.

COVID-19 and concerns about health and financial security

Figure 5
% with perceived inadequate protection (by areas of shortfall) who bought additional L&H cover in last six months



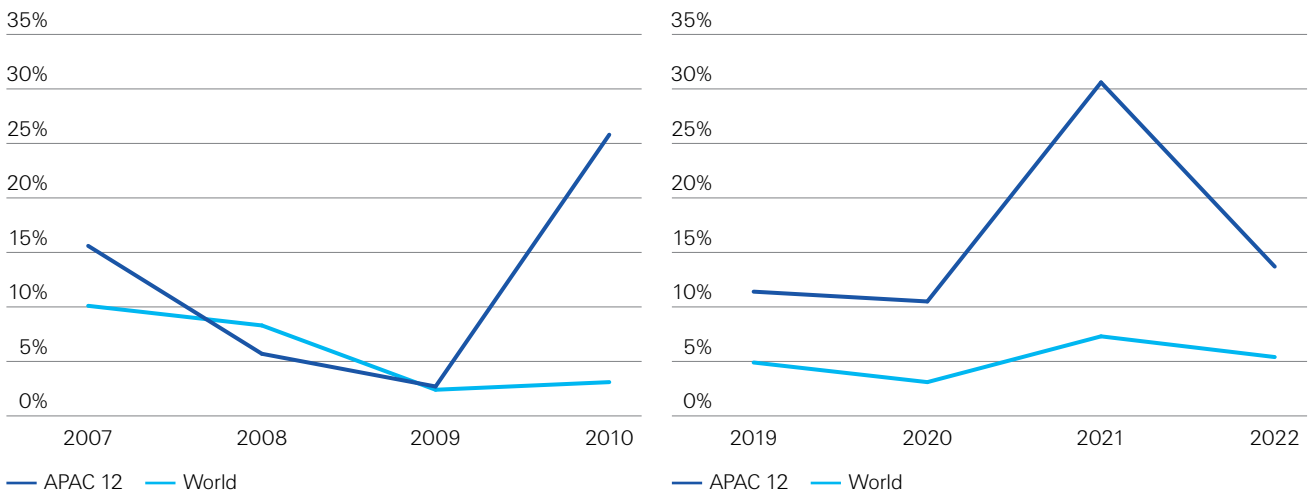
Source: Swiss Re Institute

This has shown through in strong growth in demand, particularly for short-term health insurance in certain markets.

Rising awareness of health and mortality risk has underpinned insurance premium growth during the pandemic

The perception of being under-insured reflects in the observed growth in health insurance premiums during the COVID-19 crisis. Rising awareness of health and mortality risks have been a key driver of strong growth in health insurance premiums globally and in many Asia markets, while many other lines had experienced a decline. In 2020, health insurance premiums in APAC grew by 10.5%³ (see Figure 6). The increase contrasts with previous crises during which health-related premium growth has slowed sharply. The broad-based elevation of risk concerns also helped sustain positive growth in life protection insurance premiums last year, with volumes up 6.6% in APAC and 2.5% globally in 2020 (see Figure 7).

Figure 6
Health insurance premium growth, APAC and world during the global financial crisis (LHS), and during the COVID-19 pandemic (RHS)

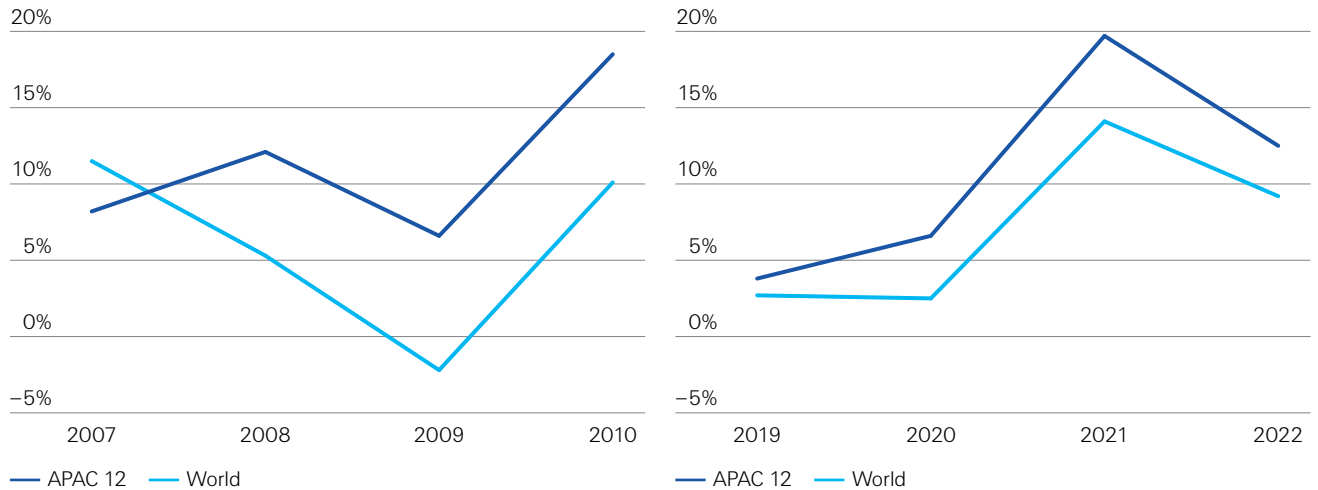


Note: Forecast by Swiss Re Institute for 2021 and 2022.
Source: Swiss Re Institute

³ Refers to health and medical insurance by L&H insurers.

Figure 7

Life protection types insurance premium growth, APAC and world during the global financial crisis (LHS) and during COVID-19 pandemic (RHS)



Note: Forecast by Swiss Re Institute for 2021 and 2022.
Source: Swiss Re Institute

Almost half of respondents said the COVID-19 crisis has increased the importance of medical insurance.

Medical insurance tops the priority for future additional cover

When survey respondents were asked what their priorities in terms of buying additional insurance with the hindsight of the COVID-19 experience would be, medical insurance was top of the priority list for additional covers in the future (see Figure 8). Consumers also see need for additional income protection coverage, which currently has low ownership of 13%. Ownership of income protection policies is common only in Australia and New Zealand.

Figure 8

Priority areas to buy for additional cover in the future (% of respondents)

Priority for additional cover	
1	Medical insurance (48%)
2	Income protection (41%)
3	Critical illness (40%)
4	Life insurance (34%)
5	Investment-related (33%)
6	Old age-related (29%)
7	Personal accident (24%)

Source: Swiss Re Institute

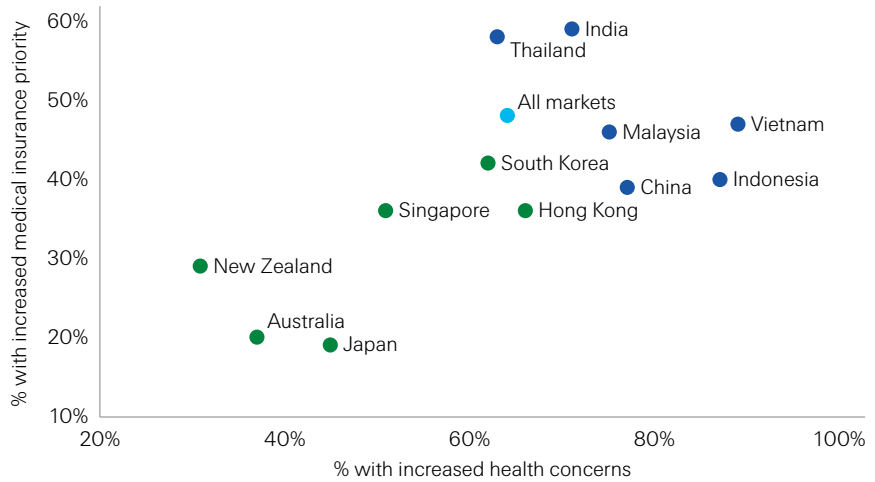
Respondents in emerging Asia tend to have higher health concerns and prioritise medical insurance

Emerging markets see higher priority for medical insurance

How the respondents see the priority of getting additional medical insurance in the future is associated with their health concerns. Of the 2021 survey respondents, 64% said the COVID-19 experience has made them more concerned about their health. The percentage was highest in Vietnam (89%) and Indonesia (87%). Consumers in Australia and New Zealand appeared least concerned with 37% and 31% showing increasing health concerns, respectively. By country, the results indicate that since COVID-19, respondents in the region's emerging economies tend to have higher health concerns and prioritise medical insurance needs more so than their peers in advanced APAC markets (see Figure 9).

COVID-19 and concerns about health and financial security

Figure 9
Health concern and medical insurance priority



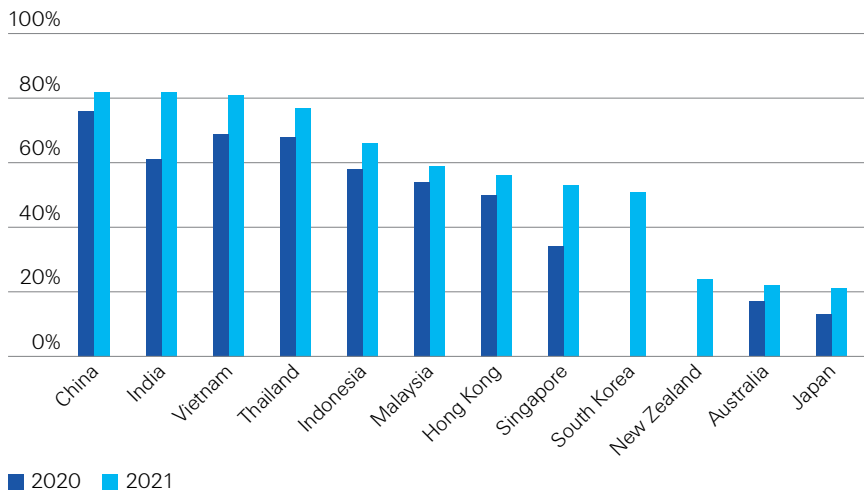
Source: Swiss Re Institute

Consumers contacted by insurers have been more likely to make a purchase.

Proactive client engagement boosts insurance purchase

Increasing health awareness and financial concerns on account of the pandemic have led to more interest in insurance as a mean to mitigate unpredictable life events. Of the respondents to our 2021 survey, across APAC 54% indicated that they have proactively reached out to an insurer, and 60% said they had been contacted by at least one insurance company during the past six months. And across all markets, insurers have become more active in reaching out to consumers (see Figure 10). The results of the 2020 and 2021 surveys indicate that consumers contacted by insurers are more likely to purchase cover. Whether buyer- or seller-initiated/driven, phone and email/text remain the most popular communication channels. New channels like video calls are not widely used yet. Generally, the respondents to our survey agreed that insurers have been more proactive in offering support than other financial service providers such as banks.

Figure 10
% consumers contacted by an insurer, 2020 and 2021



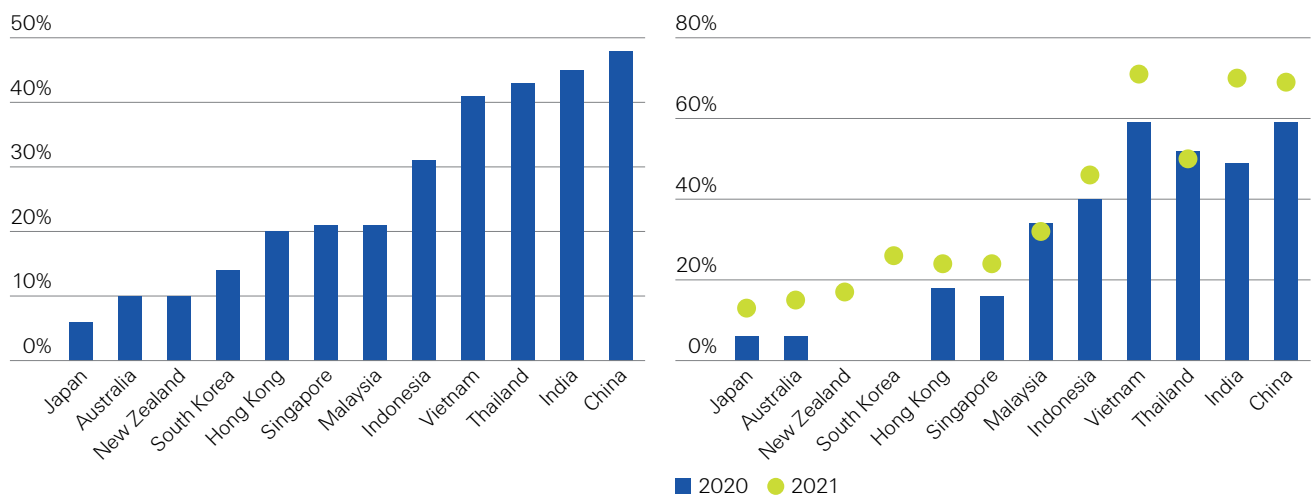
Source: Swiss Re Institute

Consumers in emerging economies in Asia seem to be the most pro-active in researching and buying insurance.

The 2021 survey findings suggest consumers in emerging Asia have been more proactive in researching and purchasing insurance than their peers in the region's more advanced markets. At least 21% of respondents from emerging Asian countries said they have bought a new insurance policy in the past six months. Consumers in China, India, Thailand and Vietnam have been the most active, with more than 40% having purchased a new policy (see Figure 11, LHS). A similar response shows when asking whether consumers intend to make a purchase in the coming six months. Again, consumers in India, China and Vietnam show the greatest intention to do so. That intention strengthened across nearly all markets in the region between the time of the 2020 and 2021 survey. Only in Thailand and Malaysia did the intention decline marginally.

Figure 11

% respondents making insurance purchase in past six month (LHS), and change in insurance purchase intention, 2020 vs 2021 (%), (RHS)



Source: Swiss Re Institute

COVID-19 has led to increased use of online purchasing channels...

Distribution channels move towards digital and applications

Since the start of the COVID-19 outbreak, many more consumers in Asia have gone online for insurance purchase and health management, especially in the region's emerging economies. In the past six months alone, 40% of the 2021 survey respondents in the emerging, and 13% in the advanced economies of the sample markets said they had purchased at least one new insurance policy. Of those transactions, 39% were completed on insurers' online websites and apps, with another 38% purchased through agents and brokers (see Figure 12, LHS). This marks a notable shift to greater digital interaction as traditionally, agents and bancassurance have been the clear dominant distribution channels across the region.⁴ In addition, on average 38% of respondents in our surveys said they have used health and wellness apps for health management since the start of pandemic, and among them, 66% expressed strong intention to continue to do so.

...including those offered by non-traditional players. We expect this momentum to continue.

We expect online purchasing of insurance will continue to rise. About 50% of all 2021 survey respondents indicated interest to make purchases through insurers' online websites and apps in the future (see Figure 12, RHS). This will be made easier given that more traditional insurers have rolled out online purchasing options. Banks and agencies are also digitising their customer services, and many non-incumbent digital platforms such as WeChat in China and Grab in southeast Asia are extending their reach into the insurance space by providing customised products leveraging Big Data analytics technology. E-commerce and e-payment platforms are increasingly gaining traction, and 18% of the survey respondents showed openness

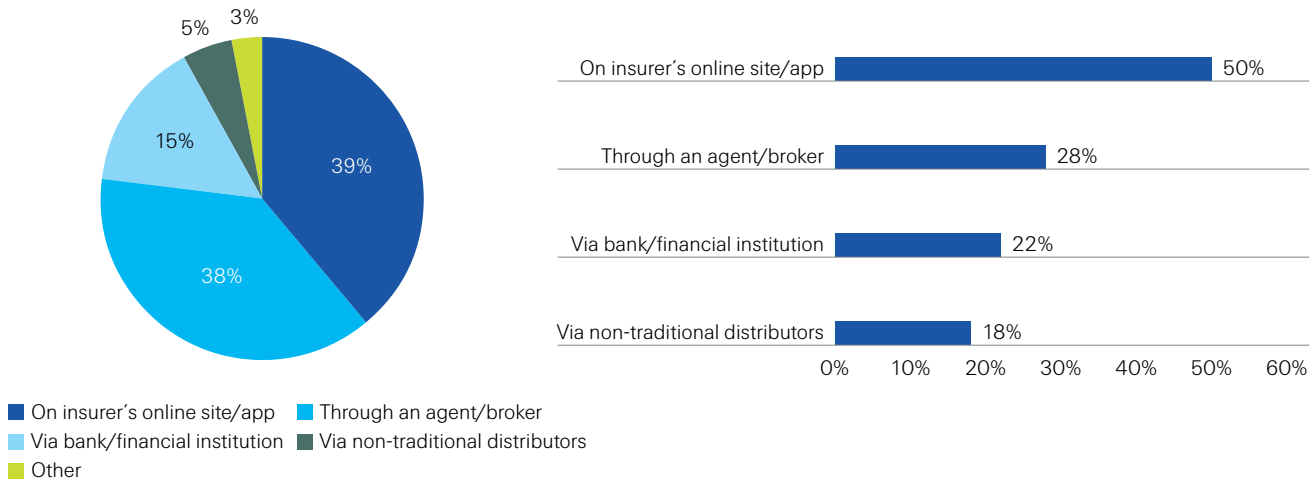
⁴ For example, digital distribution channel only accounts for less than 5% of total new life insurance premiums sales in Japan, Hong Kong and Singapore in 2019. Source: AXCO and national regulators.

COVID-19 and concerns about health and financial security

to explore new ways of purchasing insurance via non-traditional distribution channels, although current market penetration of these is still low.

Figure 12

Purchase channel in last six months (LHS), and intended channel in future (RHS); % respondents



Source: Swiss Re Institute

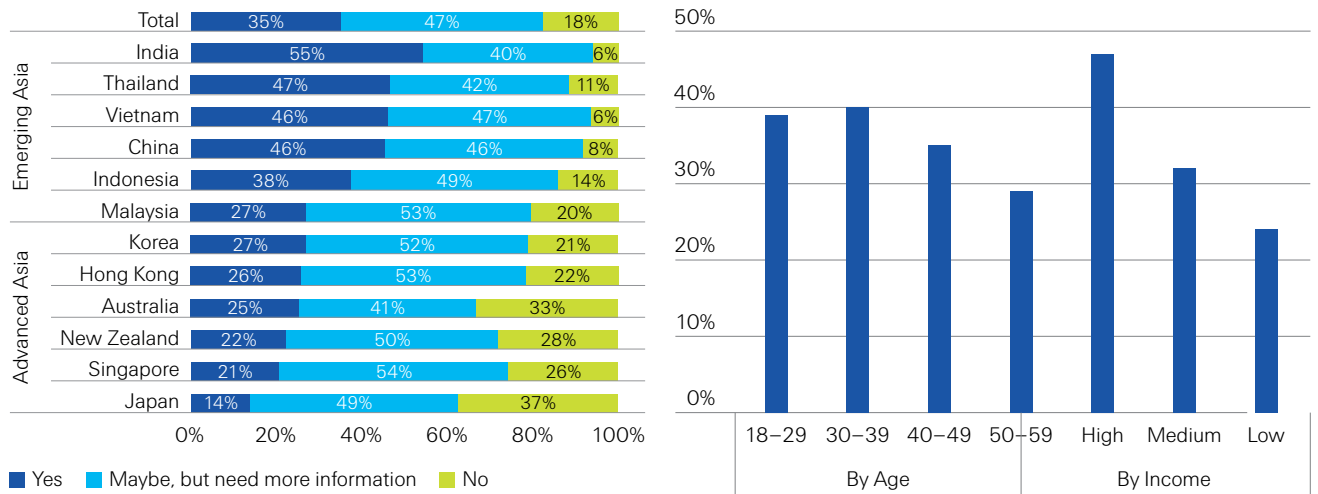
Openness to share personal data is more evident in emerging Asia, among younger generations and higher earners.

Emerging Asia, higher earners and the younger more open to data sharing

While insurance providers are increasingly making use of personal data to improve their underwriting capability and innovate the insurance value chain, they face concerns over data privacy. In the context of L&H underwriting, personal data collected can range from age and occupation, to more detailed health information like height, weight, heart rate, travel history, sleep, diet or past in-app purchase records. In our survey, on average 35% of respondents indicated openness to share personal data in exchange for additional personalised health advice, while only 18% of them say no. The remaining 47% expressed hesitation, saying they would want to know more about how their personal data is used. Respondents in emerging Asia countries seem more willing to share personal information, more so among younger generations (aged 18-39) and higher earners. It's also interesting to note that among those who have researched into/bought new policies in the past 6 months, they have shown higher openness to share their personal data in exchange for personalised advice and health services.

Figure 13

Willingness to share personal data, by country (LHS) and by age and income level (RHS), % of survey respondents.



Source: Swiss Re Institute

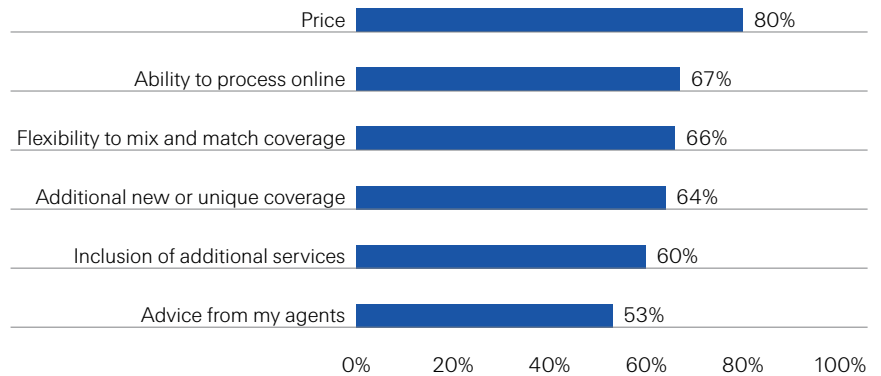
Price is the dominant decision-making considerations for consumers.

Consumers look for affordable, shorter-term, comprehensive coverage

The unprecedented public health and economic crisis brought by COVID-19 has made insurance customers more price-sensitive. Across all the markets, in the 2021 survey 80% of respondents said price was the most important decision factor in choosing an insurance provider, up from 75% in the 2020 survey (see Figure 14). Other key factor affecting consumer decisions is insurers' ability to support online processing (67%), suggesting an increase importance placed on digital platforms and efficiency when it comes to consumer journey.

Figure 14

Important factors in insurance purchase decisions, % respondents in surveyed markets

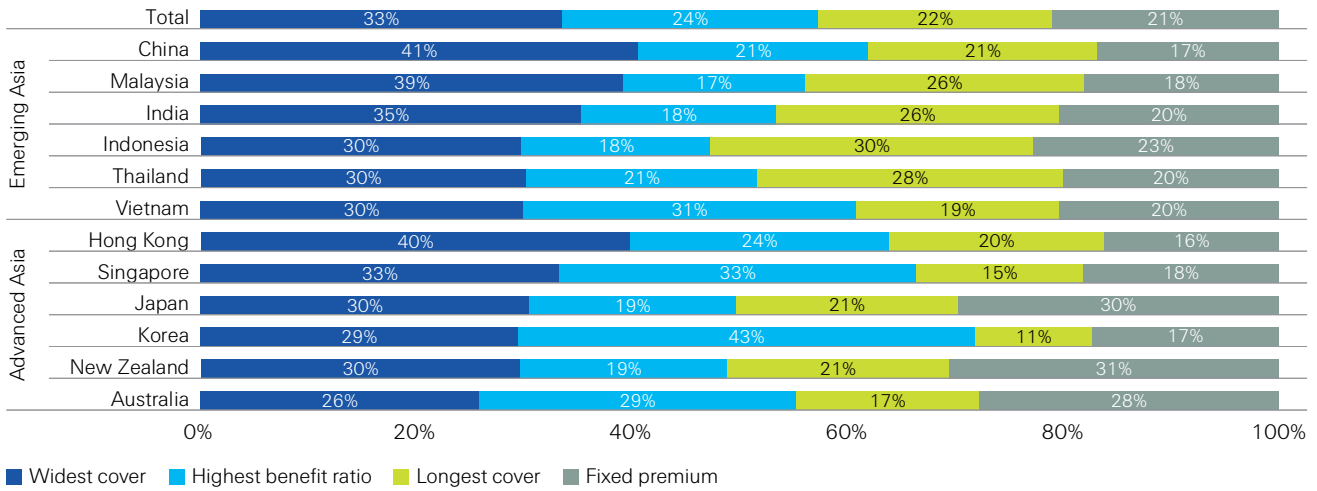


Source: Swiss Re Institute

Consumers are looking for peace-of-mind with insurance that provides widest coverage of diseases/life events.

In terms of product features, width/scope of coverage is the most preferred when choosing an insurance policy. In the survey, many respondents said that because of the pandemic, they will look more closely at cover details when they purchase insurance in the future. When asked which product feature is most favoured than others, widest cover of diseases and life events is the clear winner across APAC markets (See Figure 15). Other features such as long coverage period and fixed premium are less important. In some countries, these are the factors that people would be willing to sacrifice in exchange for more comprehensive cover. However, dive deeper into country-specific cases reveal patterns within each market. For example, Koreans and Vietnamese rank price ratio as the most preferred feature. Indonesians like longest possible coverage rather than broad cover scope, whereas in Japan, consumers would like fixed premium for all years of coverage alongside with widest coverage.

Figure 15
Preferred product features



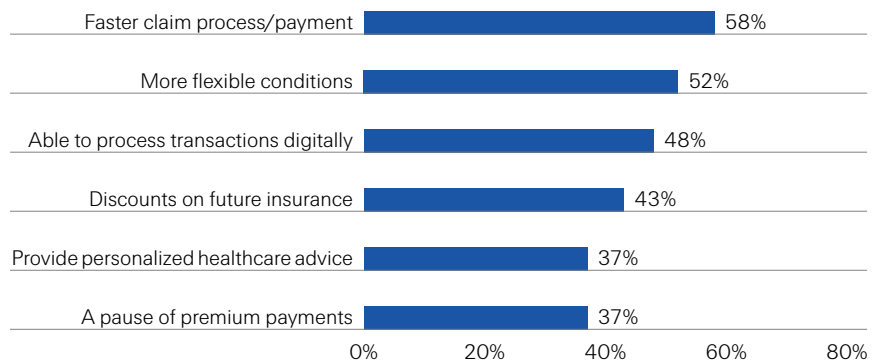
Source: Swiss Re Institute

The main area of improvement for consumers is faster claims processing and payment.

Consumers look for improvements in claims processing and payment

The survey results also provide insights into how consumers across Asia would like to see insurers improve service in the future if similar health crisis event occurred again (see Figure 16). The most oft-cited area of desired improvement was to speed up claims processing and payment, followed by more flexible coverage conditions and easier digital access to process transactions. Faster claim process/payment saw the biggest increase in Singapore and Indonesia in the 2021 compared to the 2020 survey (26% and 14% of answers, respectively). On the other hand, more flexible coverage conditions were down from last year, with the exception of in Singapore and Australia where there were notable increases (18% and 8%, respectively). Discounts on future insurance for a set period of time and a pause in premium payments ranked lower on the service improvements wish list.

Figure 16
Expected future improvement in insurance service



Source: Swiss Re Institute

COVID-19 has prompted consumers to take a more holistic view of health as being both physical and mental well-being.

Pandemic promotes more proactive management of personal health

Across APAC, respondents reported having become more proactive in maintaining good health, include practicing stricter personal hygiene, choosing healthier food, doing more exercise, forming better sleep habits and increasing nutritional supplements intakes. These measures correspond to the Big 6 lifestyle risk factors

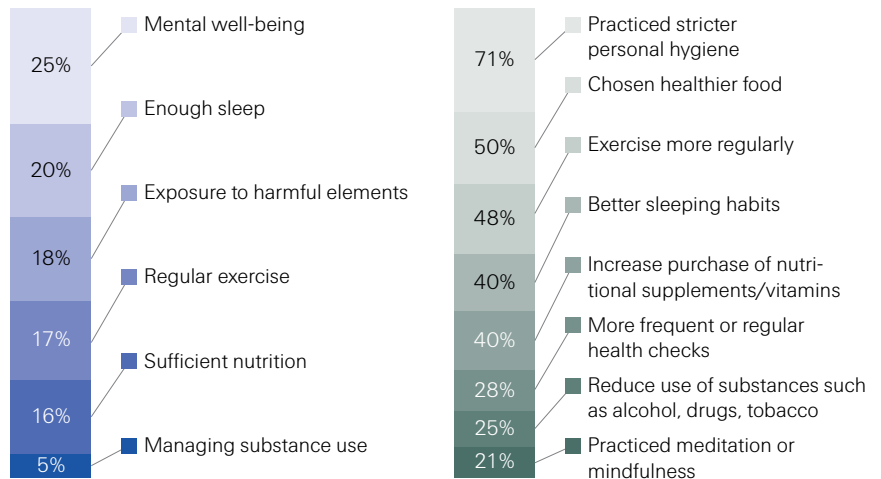
identified by Swiss Re.⁵ In recognition of the shortfalls in using traditional clinical parameters such as age and personal medical records to evaluate health and mortality risks, in 2020 Swiss Re identified the "Big Six" lifestyle factors: physical activity, sleep, nutrition, mental wellbeing, substance (ab)use and the environment. By capturing heterogenous behavioural traits to supplement traditional measures, these factors can help insurers improve the accuracy of risk assessment in L&H.

Many respondents to our survey said preserving mental health during the pandemic has been a main concern.

To better understand the factors from the consumer perspective, our survey respondents were asked how concerned they have been about the Big Six during the COVID-19 pandemic (see Figure 17). In all markets except Indonesia, mental wellbeing was cited as the main concern, suggesting that prolonged periods of social distancing and isolation have disrupted normal human interactions to a degree possibly previously overlooked. Not getting enough sleep and exposure to harmful substances in the environment, not least the COVID-19 virus, were the next two main concerns.

Figure 17

Respondents' ranking of Big Six health concerns due to COVID-19 (LHS); Respondents who have established routines to manage health during COVID-19 (RHS)



Source: Swiss Re Institute

Others have upped that usage of health and fitness apps..

The pandemic has changed consumers' attitude towards active physical health management. With concerns about being in enclosed public spaces during the pandemic, for example fitness centres, home gyms enabled by health/fitness apps have become more popular. Data covering 1.5 billion mobile users shows that during the first half of 2020, downloads of fitness apps grew by 46% worldwide, and daily active users grew by 24%.⁶ The increasing use of health apps offers an opportunity for insurers to play a more important role in engaging consumers, for example, by offering premium discounts to encourage healthier lifestyles through tracking personal fitness via apps or wearables.

The pandemic experience appears to have lessened the stigma attached to mental health issues.

Rising awareness and openness around mental health

The pandemic has increased awareness of mental health, as the above results indicate. A separate Swiss Re consumer survey across seven advanced markets conducted during the peak of COVID-19 in 2020 also found that nearly 50% of consumers had become more concerned about mental health, and 23% said they would not be worrying about their mental status if it were not for the pandemic.⁷ On top of rising awareness, openness about mental health issues has improved as a result of the pandemic. Since late last year, Swiss Re Institute has published three mental health-dedicated research reports for Hong Kong, Japan and South Korea.⁸

⁵ *Lifestyle factors: the new frontier for risk assessment*, Swiss Re, March 2020..

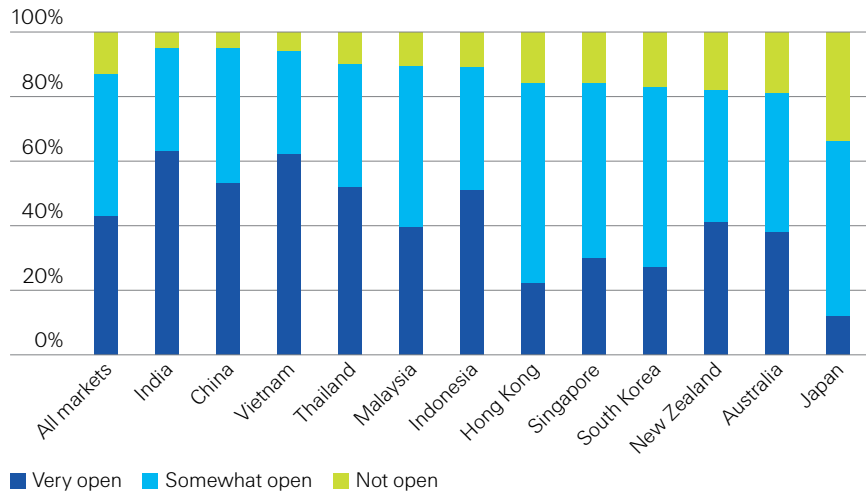
⁶ *Fitness apps grew by nearly 50% during the first half of 2020, study finds*, WEF, 15 September 2020

⁷ *Swiss Re Catalyx mental health study*, covering Australia, Canada, France, Germany, Japan UK and US.

⁸ *Mental health in Hong Kong: an opportunity for insurers to close the protection gap*, Nov 2020; *Mental health in Japan: an opportunity for insurers to close the protection gap*, Jan 2021; *Mental health in South Korea: an evolving market offers long-term promise for insurers*, March 2021, Swiss Re Institute.

The reports show that insurance for mental health conditions is an under-developed segment and that historically, consumers in these markets have not been comfortable openly discussing mental health issues. This may well be changing. In the 2021 survey, 87% of respondents across APAC showed some openness towards having insurance also provide cover for mental health (see Figure 18). Respondents in the emerging markets were most open; those in Japan, Hong Kong and South Korea least so. In Japan specifically, more than a third said they were not open to the idea at all. Across all markets, younger generations and higher earners appear more open.

Figure 18
Openness to mental health issues being part of insurance offerings



Source: Swiss Re Institute

Recommendations for insurers

Insurers should provide affordable and flexible coverage options.

The COVID-19 pandemic will have long-lasting repercussions on peoples' lives. With the heightened risk awareness around personal health and financial security that the experience of pandemic has generated, the insurance industry is in a unique position to help households strengthen their resilience at this difficult time. The findings from our 2021 consumer survey provide insights on how L&H insurers in APAC can best respond. First, providing affordable insurance products with comprehensive coverage remains key. Across all markets, price remains one of the most important factors for consumers when making insurance purchase decisions. This partly reflects the financial stress that households have experienced during the COVID-19-induced global economic recession, but also comes as a result of increasing competition, with more digital players and non-incumbents (eg. WeChat in China and Grab in southeast Asia) entering the insurance space. In addition, with more options to compare products across platforms, the survey responses indicate that consumers are looking for products that offer wide scope of cover. Insurers should look to offer products that cover illnesses of both body and mind, another finding of the survey. Products with shorter terms and flexible premium structures have also become more popular during the pandemic

Insurers should accelerate digital transformation across the whole insurance value chain...

Second, insurers should continue to engage in digital innovation and strengthen data analytics across the insurance value chain. During the COVID-19 period, consumers in APAC have made a significant shift to online purchasing, a trend that insurers can capitalise on by developing their digital distribution capabilities. Moreover, insurers have an opportunity to revamp their entire value chain from product design, underwriting, distribution, claims and after-sales management. Traditional underwriting models rely on risk assessment at the point of customer entry. With expanded data sources and engagement models, insurers can now access policy holders' lifestyles and risk profiles more frequently, while still complying with data privacy regulations. We have observed an increasing trend of sharing of lifestyle and activities data through wearable connected devices or through e-commerce purchase history, allowing insurers to provide personalised offers/services to consumers. It also allows insurers to engage with customers more frequently. With the right incentive/reward programmes, they can reach higher retention while helping customers to achieve healthier life outcomes, a win-win for both parties.

...and adopt different strategies for the advanced and emerging markets in the region.

Lastly, there are notable differences in consumer sentiment in the advanced and emerging markets of the APAC region. The emerging economies have a relatively younger demographic profile but lower level of financial services available. Consumers in these markets have demonstrated more interest in insurance during the pandemic. Their responses to the survey questions show emerging economy consumers as more open to discuss mental health issues, to try new digital distribution channels and to share personal data than their peers in the more advanced markets of the region. Insurers should cater to these high-growth markets with digital interaction points. In contrast, in advanced Asia markets where ageing populations are prevalent and insurance penetration is already high, traditional distribution channels such as broker and agencies still play important roles. Here an omni-channel mix of digital and physical touchpoints will likely reap most rewards.

Conclusion

Insurance can help build resilience in the post-pandemic era.

Insurers have a key role to play in strengthening household and societal resilience in the post-COVID-19 era. There are many areas of improvement, some prompted or accelerated by the pandemic, that insurers could reflect on to better serve their customers. Examples include digitalisation of the end-to-end customer journey, more comprehensive coverage that includes both body and mind, and more frequent engagement with incentives to encourage healthier lifestyles. In our survey, consumers have communicated their needs for today and for the future. We hope the insights help the industry develop easy-to-understand, comprehensive, affordable and accessible products to address those needs.

Appendix

Survey design: respondent profile by country

Countries	Sample	Languages	Gender	Age	Location
Australia	500	English	50:50	18–75	National
New Zealand*	500	English	50:50	18–64	National
Singapore	500	English	50:50	18–59	National
Hong Kong	500	English, Mandarin	50:50	18–65	Hong Kong
Mainland China	1 000	Simplified Mandarin	50:50	18–65	Tier 1, 2 and 3 cities
Japan	500	Japanese	50:50	18–59	National
South Korea*	501	Korean	50:50	18–59	National
India	1 000	English	50:50	18–59	Mumbai, New Delhi, Bangalore
Indonesia	501	Bahasa	50:50	18–59	Jakarta, Surabaya, Bandung, Medan and Bali
Malaysia	500	English, Traditional Chinese, Malay	50:50	18–59	Klang valley central
Thailand	500	Thai	50:50	18–59	Greater Bangkok + Central, NE, North, South
Vietnam	500	Vietnamese	50:50	18–59	HCMC + Hanoi

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