

## U.S. Consumers Prefer to Buy Insurance through Agents Despite Ability to Buy Products Online, Accenture Survey Finds

ORLANDO, Fla.; May 19, 2009 – Three-quarters of U.S. consumers prefer buying insurance products through agents and other trusted sources, but younger and higher-income consumers are more inclined to purchase products via the Web than through an agent and are more inclined to switch insurers, according to findings of a survey of more than 1,000 U.S. consumers by Accenture (NYSE: ACN).

### Overall key findings include:

- Consumers prefer to buy insurance products through an agent rather than online. Nearly three quarters (73 percent) said they prefer to buy auto and home insurance products from an agent, and three-quarters (75 percent) prefer to buy life products from an agent or another trusted source, such as an employer or financial advisor.
- Younger and more affluent customers were more inclined to purchase products via the Web versus purchasing products through an agent. The survey showed that 39 percent of consumers aged 18 to 24 and 28 percent of consumers in the higher-income bracket with incomes above \$60,000, said they would prefer to buy insurance products online versus with an agent. Even more were inclined to purchase auto and home products online; 43 percent of consumers aged 18 to 24 and 39 percent of consumers aged 25 to 34 said they are more likely to buy auto and home products online.
- Two-thirds (68 percent) of auto and home consumers said they do not have sufficient income to pay the bill, and more than half (53 percent) said they feel they are paying too much for their policies.
- One quarter (25 percent) of consumers said they do not feel they have adequate information about the impact that the economy will have on their life policies, and the same number said they are interested in receiving more information regarding their life insurance. Of the more than three-quarters of respondents (79 percent) who said they are not considering purchasing a new life insurance product in the next 12 months, 80 percent said they see the benefit of purchasing a new product but don't plan to purchase.
- One in six (17 percent) respondents are "in play," meaning they are considering purchasing an auto or home insurance policy with a new insurer over the next twelve months with the primary goal of cost savings (46 percent). Younger and more affluent customers were more inclined to switch insurers. Consumers aged 18 to 24 (29 percent) and 25 to 34 (27 percent) were more likely to switch when compared with elder groups. Additionally, consumers with incomes above \$60,000 (22 percent) were more likely to switch compared with consumers who had incomes below \$60,000 (13 percent).
- Consumer confidence in auto and home insurance carriers was found to vary by age with younger consumers questioning their insurance companies' ability to provide sufficient coverage for them during the current economic times. Of individuals aged 18 to 24, 43 percent either had some concerns or didn't have confidence in their carriers' ability to provide coverage, compared with just one quarter of those (26 percent) in the 45+ age groups.

"Product complexity and customer service appear to be a driving force behind consumers' preference for agents and their resistance to new insurance purchases," said Michael Costonis, director of Accenture's Insurance practice in North America. "The promise of the Internet is strong, yet insurers have lagged behind other industries in harnessing it to improve customer acquisition and retention. Insurers have an opportunity to attract younger and higher-income consumers to more straightforward products via the Web. Distribution needs to match customer's needs and insurers need to take a targeted approach for younger and higher-income consumers."

"Customers are looking for advice and guidance on how the economic crisis affects them individually, but they don't seem to be getting the right information from their agents," said Pierre-Louis Seguin, managing director of Accenture's Life Insurance practice in North America. "Products are simply too complex for customers to understand. Insurers need to enhance agent training to ensure proper explanation of the coverage, benefits and value of their products. Insurers have an opportunity to capture the 18 to 34 year- old market, the next generation

of insurance buyers, by simplifying products for online sales.”

### **Methodology**

Accenture commissioned a survey of 1,005 U.S. citizens at least 18 years of age who own at least one insurance product. The online survey was designed by Accenture and conducted by Lightspeed Research in April 2009. Respondents were representative of the U.S. population in gender, age, income and region.

### **About Accenture**

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### **Contact**

Mary Flynn  
Accenture (New York)  
+1 (310) 283-4700  
[mary.k.flynn@accenture.com](mailto:mary.k.flynn@accenture.com)

François Luu  
Accenture (Paris)  
+33 1 53 23 68 55  
+33 6 60 53 84 28  
[francois.luu@accenture.com](mailto:francois.luu@accenture.com)