

UK consumers demand real interactivity and personalisation from Internet - says Swiss Re Life & Health Insurance Report

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Reluctant acceptance of retreating State provision of welfare in the UK

Consumers are looking for real interactivity, more personalisation and advice from financial services portals - claims the latest Swiss Re Life & Health UK Insurance Report.

There is clear evidence that 'unrewarding experiences' from existing sites and 'receiving irrelevant or incomprehensible information' is leading users of the web to shop around and get informed on-line and then buy elsewhere.

"The real barrier to purchasing financial services through the net," says Russell Higginbotham, UK marketing and development, "is the design and functionality of the company sites and portals currently available. Respondents describe their experience as 'giving out a lot of personal information and getting little of value back.' However, on the positive side, we found in discussion groups that customers are very comfortable with the concept of receiving advice over the net."

The Insurance Report also highlights a wide if grudging acknowledgement of a future decline in state provision across the health and welfare sector. Only 21% of respondents believed that government will have the main responsibility for pensions in ten years time and 45% for long term and nursing care.

The feeling that the State cannot take full responsibility for all health and welfare is more acute amongst the younger and more affluent consumers, additionally there is a clear preference (53%) for public/private partnerships built around the central core of the NHS.

Consumer research for the Insurance Report is based on over a thousand face-to-face interviews as well as focus groups. This year its scope has widened greatly to take into account the views of not only consumers but also providers, regulators and government. The Insurance Report 2000 has evolved away from being an annual compendium of consumer research to a publication that challenges thinking about the future of the life and health industry.

Other key findings include:

1. Health and welfare

- there is a surprising reversal this year in the growing trend of greater acceptance of self-provision. Only 28% (1999: 42%) believed individuals should have the main responsibility for retirement provision
- however, this is contradicted by the belief of 68% of the sample that the individual will have responsibility for retirement provision in ten years. Only 21% believe that Government will have the main responsibility for pensions in ten years time and 45% for long term and nursing care
- overall there is least satisfaction with State provision of pensions (62% not very or at all satisfied) and long term sickness benefit (58%). Those areas where self-provision is most acceptable are where government has already pushed the boundaries

2. Distribution and e-commerce

- the breakthrough in B2C technology will come with the ability to link compelling TV content with electronic information and service delivery. 50% of homes will have digital TV within three years
- there is a big regional divide in internet penetration. At the end of 1999 25% of homes in London were connected to the net and 24% in the South East, compared to 11% in Northern Ireland

3. Issues for Government

- there is clear evidence that any ambiguity around a proposition that entails paying twice, for example, forcing people to pay for care in old age, is seen as akin to taxation and will be resisted
- consumers want choice not compulsion
- IFAs feel generally that regulation has gone too far and lost its customer focus

Adds Russell Higginbotham, "A strong message emerges from this year's Report that digital TV and telephony will rewrite the rules of distribution, shifting control of search and selection to the fingertips of the consumer. That means the role of the provider and the adviser will change as the new informed, financially educated consumer looks for more specialist expertise and the means to achieve customised solutions.

Though a final destination is still unclear, we know with some certainty that e-commerce will be the way we do business in future."

The Swiss Re Life & Health Insurance Report is produced for major cedant clients. Otherwise, it is available at a cost of £650.

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