The Outreach Blueprint: How consumers want to be engaged by their carrier

Boost retention by reaching out at the right time with the right message.
Executive Summary

Auto insurance consumers are shopping more than ever before, and that’s not surprising. A competitive environment combined with easy access to online quotes and an informed shopping audience has led to a shopping bonanza, even among loyal policyholders.

Carriers find themselves caught in a conundrum of taking advantage of the opportunity to acquire new customers while also retaining valuable existing policyholders. How can you do both? It takes knowledge and outreach.

The results from our spring 2020 auto insurance consumer shopping study provide key insights that can help you reach out to customers at the right time with the right message to keep their business.

These insights include:

• Your policyholders want to hear from you, but on their terms.
• When they don’t hear from you, they could be tempted to shop another carrier.
• Price is king, but it’s not everything.
• Active shopping creates competitive opportunities.

By understanding policyholder outreach preferences as well as which important events are taking place in your policyholders’ lives—including when they’re shopping auto insurance, you can be armed with the knowledge to reach out at the right time.

There are resources that can help you do this. LexisNexis® Active Insights provides timely notifications about specific life events that could impact a policyholder’s insurance needs. The solution also lets you know when your policyholders are shopping. This information is essential in keeping valuable policyholders on your book of business.
Are you caught in the auto insurance shopping quandary?

**It’s now easier than ever for consumers to shop for auto insurance…and shop they do.**

Enabled by user-friendly websites, mobile apps and always-on call centers, consumers are actively shopping around—both on and off policy cycle. In fact, our 2019 internal shopping analysis showed that 62% of consumer auto insurance shopping occurs off-cycle or outside the traditional renewal window.¹ We know from our 2019 consumer research that 72% of consumers are aware they can switch their policy at any time.² As if all this weren’t enough, that same research indicates that even the most loyal policyholders are shopping.

**SHOPPING RATE OVER TIME (percent of policies shopped in past 12 months)**

Despite the COVID impact on shopping, the annual shop rate remained flat at 41%.

Shopping rate is calculated by the percent of policies in force on Jan. 1st that had at least one driver shop in previous year.

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But there’s more to the auto insurance shopping story. Consumers’ lives are constantly changing. These changes can affect their insurance needs. Our 2019 consumer research also highlights the impact of life events on consumer shopping and why that information is so crucial to carriers. For example, it can pinpoint cross-sell and up-sell opportunities and help your policyholders view you as a trusted advisor.

In that same study, more than 60% of our respondents experienced a life event, such as a move to a new home or the death of a family member, within the previous year of taking the survey. Of that group, half claimed that the event affected their decision to shop their auto insurance. Yet carriers are often the last to know about life changes that affect their policyholders. This is a knowledge gap that can result in significant missed opportunities to expand coverage.

All this shopping activity, and the motives behind it, creates a dichotomy for carriers. On the one hand, increased shopping offers more chances for you to actively attract new prospects away from other carriers. On the other hand, you have to balance your own potential attrition by retaining your valuable policyholders, who could be shopping, too.

So you may be left wondering how you can harness this shopping activity to benefit your business. Should you reach out to your policyholders? Would your outreach be welcomed?

The answers are yes and yes…with some important caveats.

Based on what we heard from policyholders, we have some suggestions for how you can turn insights about shopping behavior and policyholder preferences to your advantage. Our hope is that these suggestions can help you create better relationships with your customers and boost business performance.
Effective outreach is a balancing act

Our position in the insurance market offers us unparalleled insights into the “what” and “why” behind consumer shopping behavior, which we shared with you in our Insurance Shopology 2019 white paper—along with recommendations for how to get the information you need to create a closer touch with your policyholders.

Which leads to the question, how do policyholders feel about their carrier’s outreach? To answer it, in early 2020 we commissioned an online survey of 2,014 U.S. auto policyholders who had actively shopped for auto insurance within the past year.

We discovered there’s an opportunity for you to be proactive in reaching out and engaging with your policyholders across the entire policy lifecycle—perhaps more than you’re currently doing. However, we discovered that policyholders want that outreach to be meaningful, and they want it to be on their terms.

It’s all about finding the right balance.

About the study

To better understand attitudes toward carrier outreach, between March and April of 2020, LexisNexis Risk Solutions commissioned a third-party research firm to conduct an online survey of 2,014 U.S. auto insurance consumers who had researched or shopped for auto insurance in the previous 12 months. Respondents in this blind study were between the ages of 25 and 70, were currently covered by auto insurance and had been for a period of at least one year.
If you’re too quiet too often, your customers might quit

Your policyholders want to hear from you. Across every age group in our survey, 74% or more of our respondents reported they want to hear from their carrier at renewal in addition to the renewal notice. Slightly over half (57%) are open to outreach anytime during the policy term. Almost one-third of policyholders would like to have that outreach both at renewal and during the policy term. Only 13% or fewer are happy with only a renewal notice.

Policyholders want outreach

Here’s the problem. Only 46% of respondents reported they were contacted by their carrier at any point during their policy term, even though many are receptive to it. This includes any contact beyond an automatic renewal notice at renewal, the time when the vast majority of policyholders most want to hear from you. That’s a significant disconnect between what customers want and what they’re getting in terms of carrier outreach.

Even the smallest effort to close that gap could yield big returns when it comes to understanding what customers want from their coverage and meeting those needs, before they decide to leave for another carrier.

What do they want to hear? Though most policyholders are eager to talk about pricing and discounts, they have other things on their minds, too. Nearly 4 in 10 want to discuss additional coverage. Approximately 3 in 10 want to talk to you about bundling (31%) and have feedback they want to share with you (29%). And this is even more apparent for millennials, as 33% wish to provide feedback.

It’s much more profitable to retain a customer than to acquire a new one. Knowing what your customers want and how their needs are changing can lead to cross-sell and up-sell opportunities you might otherwise miss—not to mention preventing the loss of that customer to another carrier.

What happens when your customers don’t hear from you? This could cause some consumers to leave. While nearly one third of our respondents switched to a new policy when they shopped, 47% of those who did said that their carrier’s failure to reach out to them either somewhat or very much influenced their decision to switch.
Almost half of consumers (48%) are reluctant to contact their current carrier before switching to a new carrier; with 18% of those policy switchers believing that it’s the carrier’s responsibility to contact them instead.

Here’s another alarming statistic: 19% of policyholders who did not contact their carrier before switching thought that contacting them wouldn’t make a difference. In other words, they didn’t think their carrier would be responsive to their needs. This is lost business that could have had a chance to renew.

Your policyholders want to hear from you, in the right way at the right time

It’s very good news that policyholders overwhelmingly want to hear from their carriers on their terms and it seems that you just cannot go wrong with email. The second most preferred method of contact was mobile app (43%) among Millennials, and a phone call for Gen Xers (41%) and Baby Boomers (55%).

Through LexisNexis® Active Insights, carriers have access to information about their policyholders’ shopping activity. The vast majority (73%) of policyholders feel it’s appropriate to contact them within one to five days after they’ve received a competitor’s quote. But they don’t want to be pestered. Across the board, the majority (68%) believe one contact post-quote is enough. Only 21% welcome two contacts, and only one in 10 welcome three contacts.

The message is, reach out, but make sure you first understand your target audience’s preference. Then tailor your outreach to match those preferences.
Shopping is easy for policyholders. Use that to your advantage.

When it comes to shopping ease, our study confirmed what we already knew. Auto insurance shopping is easy and convenient. Because of this, policyholders are doing it with greater frequency—especially younger policyholders. Across the board, 47% of our respondents had shopped their auto insurance more than once per year.

That’s concerning, because more frequent shopping can lead to more frequent switching. Overall, 39% of our respondents reported switching auto insurance once in the past 12 months. Ten percent switched two or more times. For the most part, that shopping and switching is taking place online, either through a personal computer or mobile device.

While all this shopping activity can be a little unnerving, it can also be a competitive advantage—as long as you know your policyholders are out in the marketplace. Solutions like LexisNexis® Active Insights, which notifies contributing carriers when a policyholder is shopping, allows you to reach out with the right message at the right time to proactively engage and help retain your policyholders.

The messaging is your medium

Anecdotally, we know that some carriers are concerned about over-communicating with their policyholders—not wanting to “poke the bear” for fear they may prompt a policyholder to shop and perhaps switch to another carrier.

Based on the results of our survey, it's very clear your customers welcome your outreach. That outreach can make the difference between keeping and losing a valuable customer. We also know a lot more about when and how policyholders want to be reached. The question is, what will you say to them when you make that outreach that will be engaging rather than off-putting?
Of course, there are overarching messages that will let your policyholders know that you value their business and that they have options when it comes to getting coverage that meets their needs. These messages include:

We care about you as a customer.

We welcome your feedback.

How can we better fit your policy to your needs?

But there are many more topics that can lead to meaningful outreach. Recall our data shows that quite a few policyholders are interested in discussing additional coverage and bundled packages, or simply want to provide feedback—which can help you improve your business and the customer experience.

Given the data point that 19% of policyholders are concerned they won’t hear what they want to hear if they contact their carrier regarding a policy change, you have a clear opportunity to use outreach to show your policyholders that you’re listening.

Craft your retention strategies based on knowing your customers

Crafting the right retention strategies is based on understanding your customers’ insurance needs along with their outreach preferences. Insight into the insurance-related events that take place in your policyholders’ lives can be a valuable tool for extending fruitful outreach at the right time.

LexisNexis® Active Insights provides participating carriers with timely notifications about important policyholder life changes that can impact insurance coverage. The solution also lets you know when a policyholder shops their insurance. Equipped with this knowledge, your outreach at the right time with the right message and the right offerings can make all the difference between keeping and losing a valuable customer.

We invite you to reach out to us to start a conversation about how we can help you improve your retention programs. As a leader in insurance industry insights, we see over 90% of the U.S. auto insurance shopping transactions. Our extensive data resources and contributory databases provide an unrivaled perspective, particularly with regard to insurance shopping. Let’s talk.
About the author

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Ian Griffin is Director, Product Management Insurance, for LexisNexis Risk Solutions. He joined the organization in 2014 and is responsible for the management of existing products and for developing new data solutions for the insurance industry. His area of expertise is centered around active risk management and acquisition and retention solutions. These solutions help carriers identify and attract business as well as retain, cross-sell and improve the loss ratios of their current policyholders. Prior to joining LexisNexis, Ian spent 10 years within the insurance industry holding positions in sales, analytics, strategy and management. Ian earned a bachelor of business administration in finance degree from Georgia State University and a master’s degree in business administration from the University of Georgia.

Notes:

LexisNexis® Active Insights is not provided by “consumer reporting agencies,” as that term is defined in the Fair Credit Reporting Act (15 U.S.C. § 1681, et seq.) (“FCRA”) and does not constitute “consumer reports,” as that term is defined in the FCRA. Accordingly, Active Insights may not be used in whole or in part as a factor in determining eligibility for credit, insurance, employment or for any other eligibility purpose that would qualify it as a consumer report under the FCRA. Due to the nature of the origin of public record information, the public records and commercially available data sources used in reports may contain errors. Source data is sometimes reported or entered inaccurately, processed poorly or incorrectly, and is generally not free from defect. This product or service aggregates and reports data, as provided by the public records and commercially available data sources, and is not the source of the data, nor is it a comprehensive compilation of the data. Before relying on any data, it should be independently verified. LexisNexis and the Knowledge Burst logo are registered trademarks of RELX Inc. Other products and services may be trademarks or registered trademarks of their respective companies. © 2020 LexisNexis Risk Solutions. NXR14545-00-0820-EN-US