

*PULSE survey conducted on March 31, 2020
(Distributed April 02, 2020)*

INSURANCE DURING COVID-19

Consumer attitudes and perceptions

Kyle Schmitt

*Vice President and Global Managing Director
Insurance Intelligence and Solutions*

A message from J.D. Power

April 02, 2020

Dear J.D. Power partners:

I hope that this message continues to find you, your families and colleagues healthy and safe.

We are building on our insights developed last week by tracking consumer sentiment weekly. The uncertainty faced continues to grow and, as we are beginning to see in this second wave of data, carrier relationship expectations are evolving rapidly. We partnered with Cambridge Mobile Telematics to provide greater context with a real-time, longitudinal view of auto insurance utilization. We hope that this helps to provide additional context into how rapidly and completely the US consumer has been transformed. Price has always been a high concern—it will become even more so as consumers refrain from driving, limit interactions and face growing economic uncertainty.

We want to ensure that you and your leadership teams are as informed as possible. Please reach out to discuss any of these insights at your convenience. We are more than happy to provide additional detail or discuss our views on what this data means for markets and for consumers. We hope to do our part to help ensure your business continuity and crisis management protocols are a success.

Kind regards,



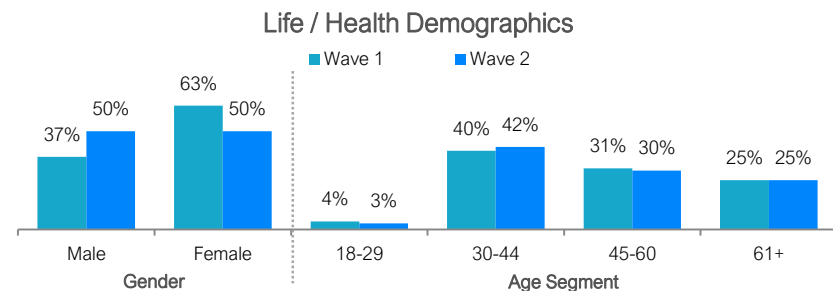
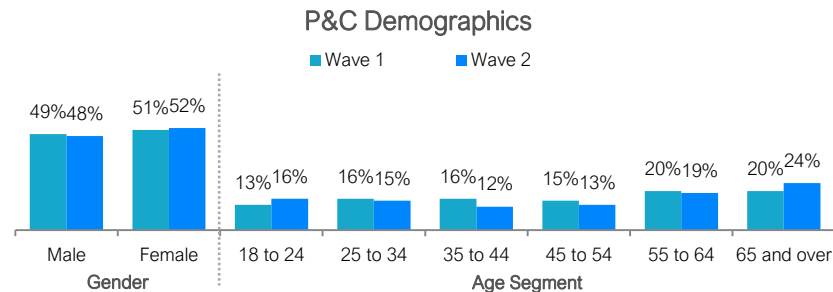
Kyle Schmitt

Vice President and Global Managing Director, Insurance Intelligence and Solutions

J.D. Power PULSE Survey details

April 02, 2020

- Wave 1 surveys were fielded on March 24, 2020
- Wave 2 surveys were fielded on March 31, 2020
- Total respondents:
 - P&C W1 1,021 | W2 1,006
 - Life & Health W1 1,006 | W2 1,011
- Respondent demographics:
 - P&C regional spread slightly favor Southern regions
 - Life & Health data were Gender balanced in Wave 2
- Respondents regional spread slightly favor Southern regions
- Surveys will be fielded on a weekly basis for trending and longitudinal analysis
 - P&C Survata (random)
 - Life & Health SurveyMonkey (random)



EXECUTIVE SUMMARY

April 02, 2020

P&C Auto Insurance

- As of March 31, 2020, consumers appear satisfied with carriers response, but underlying premium angst is growing rapidly. Carriers should already have a communication plan, call center and agent talk tracks and a premium relief plan in place
 - All customer's need to know how to reach their carrier's call centers or agents quickly and easily
 - Auto insurance may not be a top priority at the moment, but as consumers get to it they are already considering ways to save—shopping as a savings option increased since last week—recall, shopping / switching is much easier than
- Younger consumers may be showing a propensity to change behaviors during and following COVID-19 as their openness to UBI programs appears to increase

Life Insurance

- COVID-19 still does not appear to have significantly driven people to consider life insurance purchases
- Price remains a hurdle for most persons that have not already purchased life insurance

Health Insurance

- Health insurance plans have reached out with greater frequency than last week, but the public is still concerned with the level of information needed to address questions on COVID-19
- Screening and testing remain the top areas of urgency according to US health insurance consumers
- Awareness of Telehealth jumped 10% over the prior week
- 53% of health insurance members still struggle with understanding if Telehealth is part of their benefit offering



MARKET CONTEXT

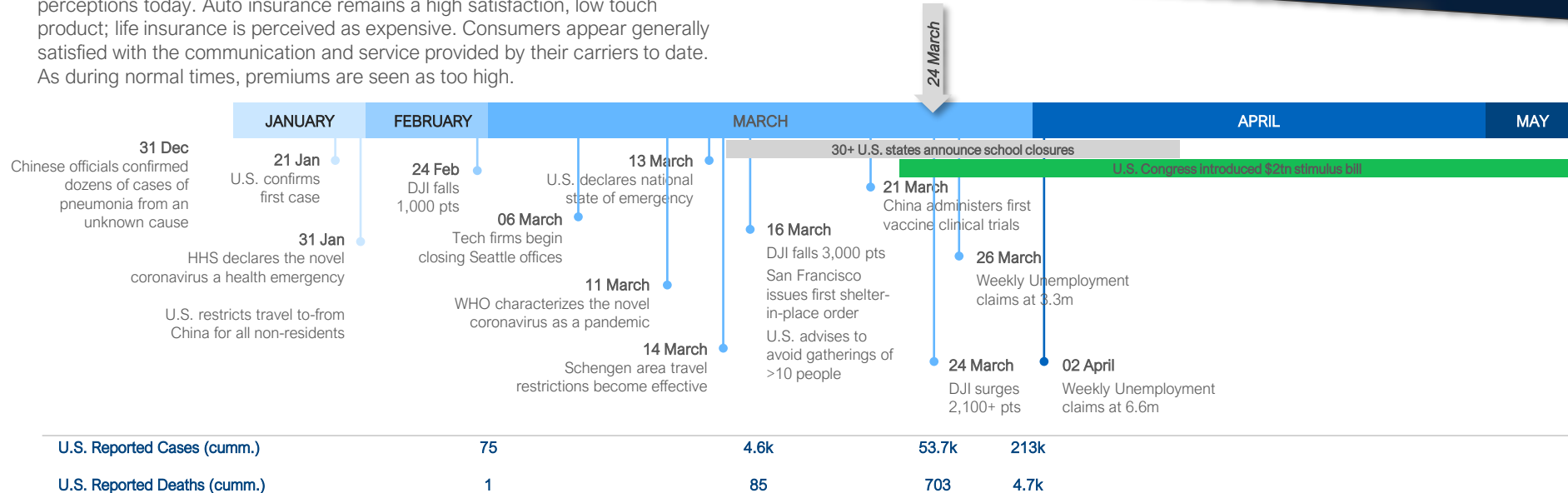
COVID-19

Insurance during COVID-19

Consumer attitudes and perceptions with their insurances remain little changed since the onset of COVID-19. We will continue to track current events and consumer perceptions to assess the rapidly evolving situation

April 02, 2020

COVID-19 does not appear to have impacted auto and life insurance perceptions today. Auto insurance remains a high satisfaction, low touch product; life insurance is perceived as expensive. Consumers appear generally satisfied with the communication and service provided by their carriers to date. As during normal times, premiums are seen as too high.



Source: Johns Hopkins CSSE, WHO, Kaiser Foundation

Insurance during COVID-19

Stock market fluctuations provide a background for broader market sentiment during while weekly unemployment claims are a leading indicator of underlying consumer financial health

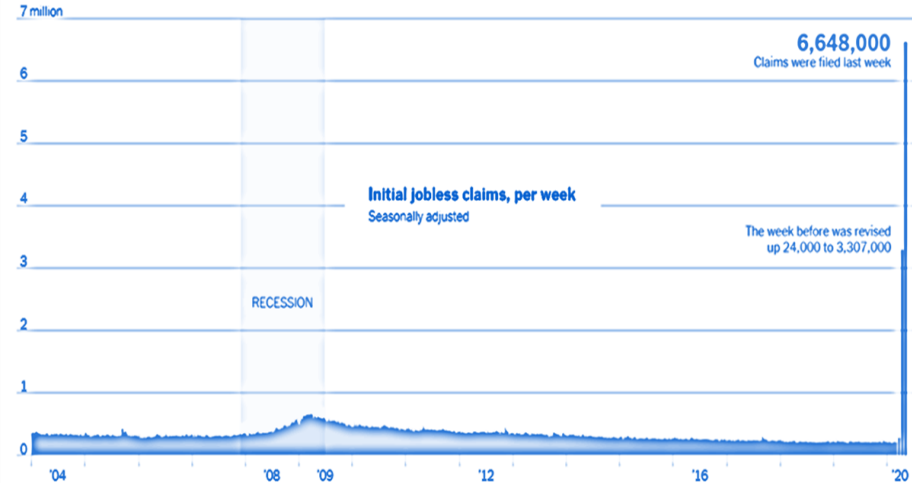
April 02, 2020

Major stock market indices are trying to battle back...



Source: CNBC.com, Bureau Labor Statistics, NYTimes

amidst more than 10m initial jobless claims filed in the past 14 days



As the spread of coronavirus has continued across the country, more and more states are issuing some form of social distancing orders to their citizenry

As of April 01, almost 80% of the U.S. population is on some form of remain at home order



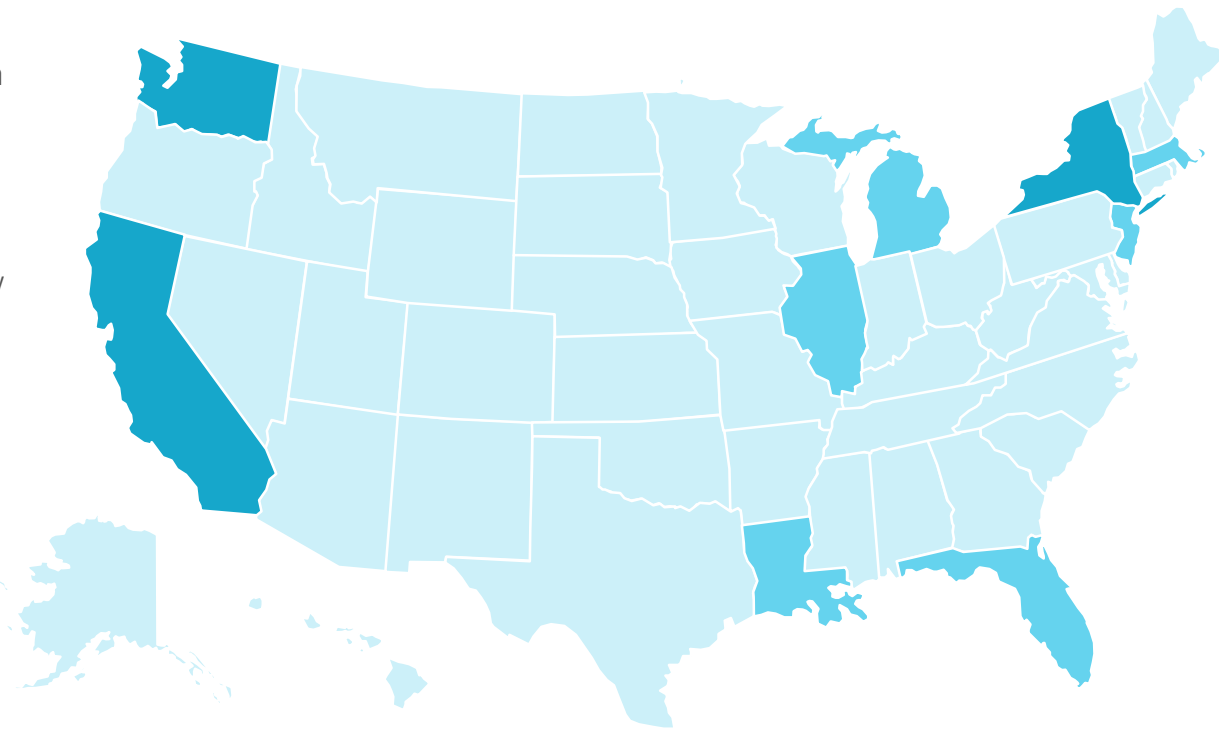
Insurance during COVID-19

Certain areas have seen infections and hospitalizations rise rapidly over several weeks. Throughout our analysis we refer to these areas as 'hotspots' and monitor them for changes in consumer sentiment

April 02, 2020

- Since Wave 1, 5 additional states have been added as "Hotspot States" for analysis purposes
- States with greater than 5,000 cases on March 31st were designated as Hotspots
- Pennsylvania and Georgia are likely to follow in Wave 3

Hotspots by Wave	States
Wave 1	CA, NJ, NY, WA
Wave 2	MI, FL, IL, MA, LA



Source: <https://www.worldometers.info/coronavirus/country/us/> (March 31, 2020)

Insurance during COVID-19

Driving behaviors have changed dramatically in a matter of weeks—US total miles driven is down by more than 55%

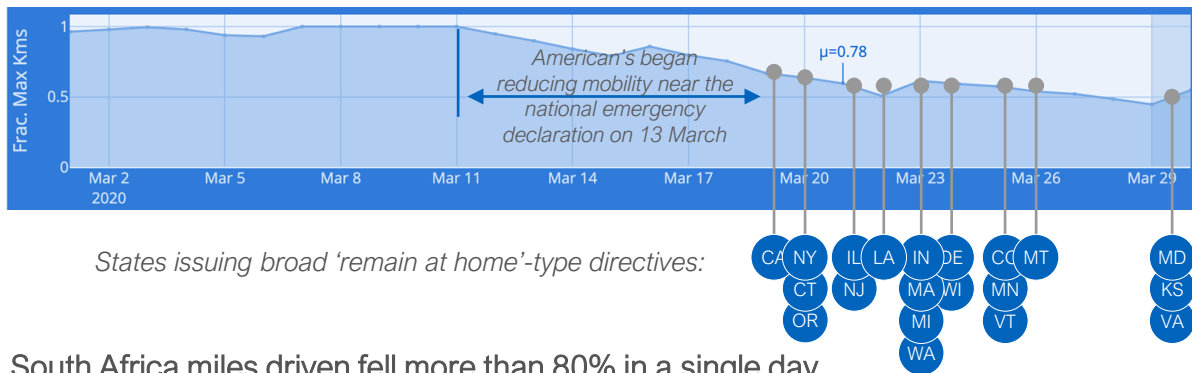
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In partnership with:



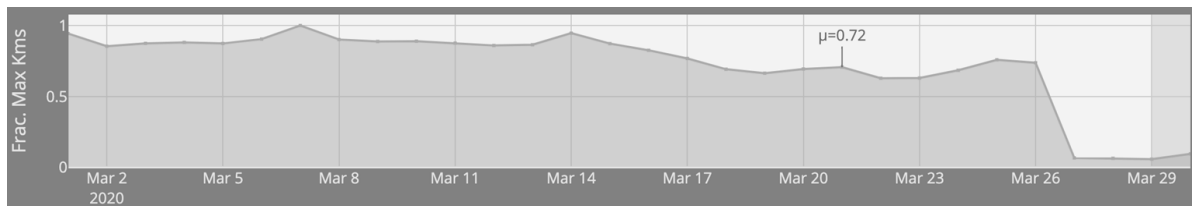
CAMBRIDGE
MOBILE TELEMATICS

US miles driven per day is down more than 55% since early March



- The plot left shows how U.S. driving has dropped off over the past month
- The plot shows fraction of daily driving relative to the maximum number of miles driven on the same day (avg.) during the pre-COVID period
- As of March 30, driving in the US is at about 55% of its peak kilometers / day, with a precipitous drop starting around Mar 11

South Africa miles driven fell more than 80% in a single day...



- South Africa recently enacted a total countrywide lockdown, resulting in driving dropping from about 80% of peak to just 5% of peak in one day

Source: Cambridge Mobile Telematics

Insurance during COVID-19

While driving miles are down, less congested roads have increased risky driving behaviors

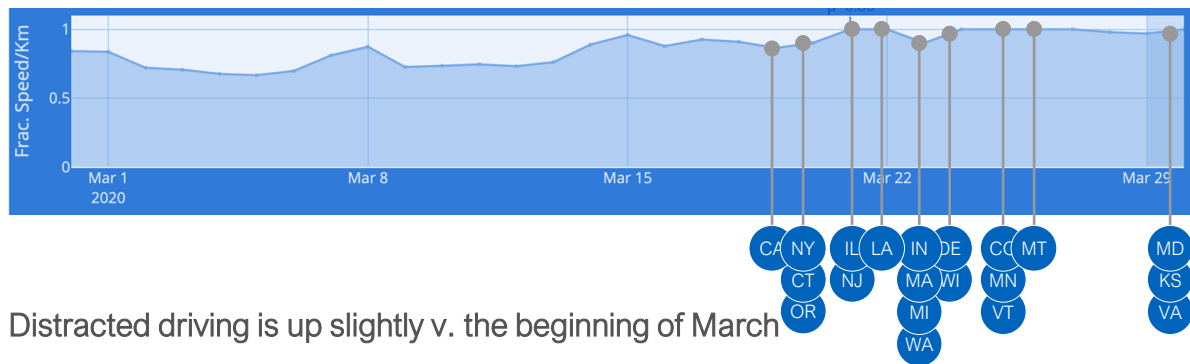
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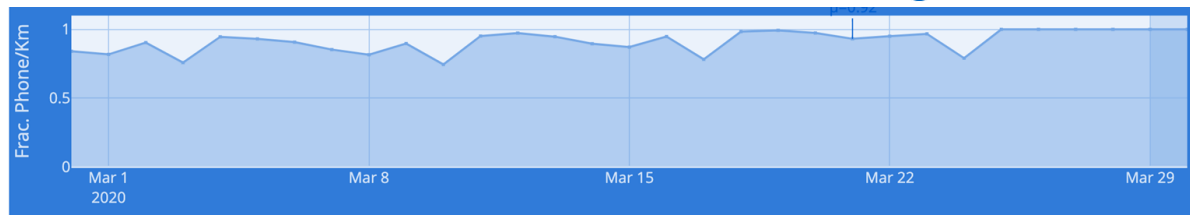
CAMBRIDGE
MOBILE TELEMATICS

Speeding risks have increased while miles driven are down



- The plot left shows how U.S. speeding compares to its maximum levels on a per kilometer basis over the last month
- The past few days have experienced the maximum amount of speeding / km
- Overall speeding is as much as 45% more prevalent per km v. the first part of the month

Distracted driving is up slightly v. the beginning of March



- The plot left shows the effect on distracted phone use
- Distracted phone use has also risen, by about 15% v. the first part of the month
- Potential key drivers may include: drivers with lots on their mind, changes in the types of trips taken and/or the type of roads driven upon
- There is little change in the rate of harsh braking

Source: Cambridge Mobile Telematics



AUTO INSURANCE

Impact of COVID-19 on the auto insurance consumer

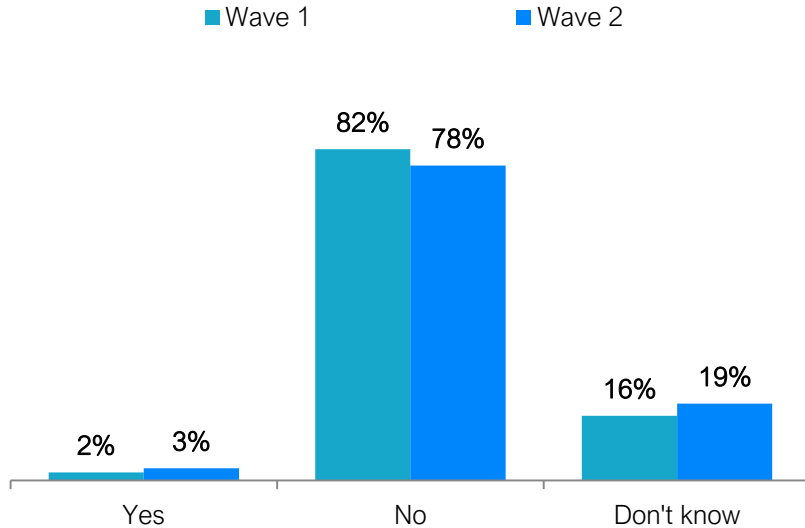
COVID-19

Auto insurance during COVID-19

Consumer attitudes and perceptions with their auto insurance remain little changed since the onset of COVID-19. We will continue to track current events and consumer perceptions to assess the rapidly evolving situation

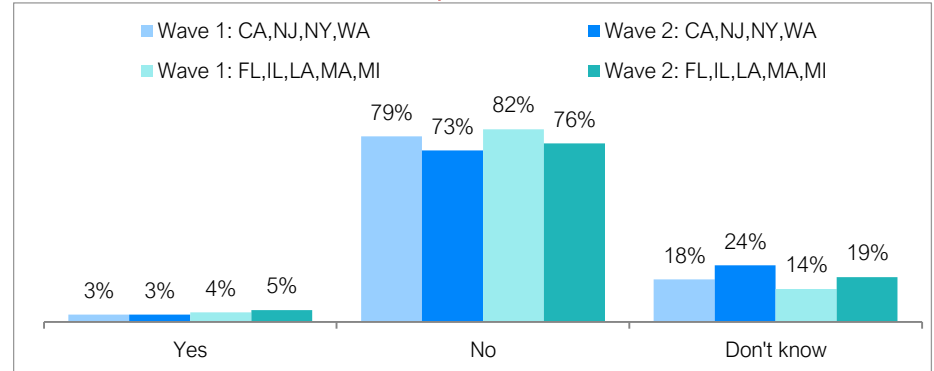
April 02, 2020

Do you think that COVID-19 will change your opinion on auto insurance?



- Auto insurance is still not top of mind for 'things that may be changed' by COVID-19, but consumers views continue toward increased uncertainty
- Among states most impacted by COVID-19, we see a rapidly increasing uncertainty among consumers
- Rapid increase in consumers who 'don't know' is likely to manifest in seeking ways to reduce premiums given current economic uncertainty

Hotspot States

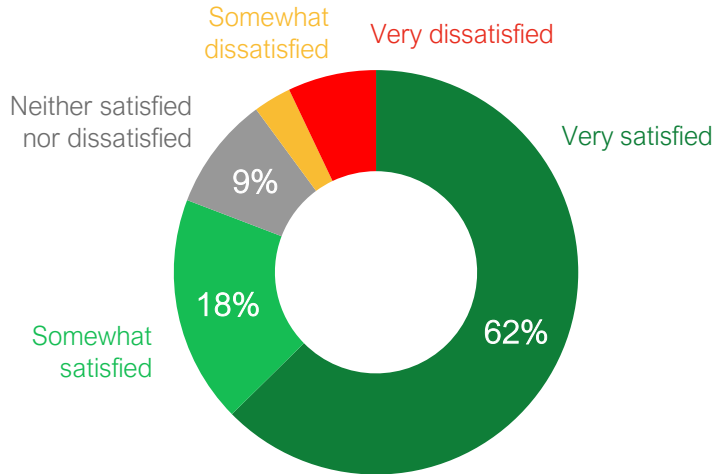


Auto insurance during COVID-19

Customers remain satisfied with how their insurers have thus far handled communication, but confidence in their ability to continue to pay premiums is falling rapidly

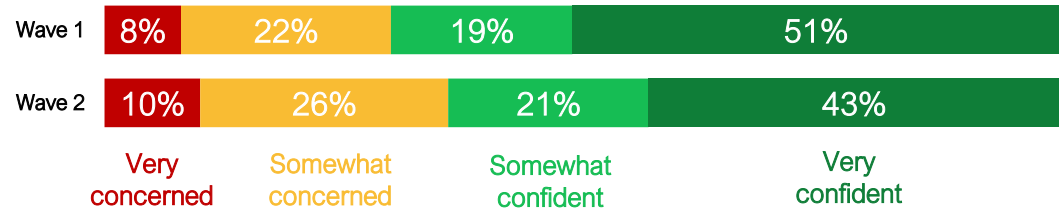
April 02, 2020

How satisfied are you with how your auto insurance carrier is living up to their reputation during COVID-19?



- Auto insurance carriers have continued to respond well with communications to their customers
- Despite overall satisfaction there is a rapid drop in confidence that the next auto insurance payment can be made
- Given the spread of COVID-19 and growing economic uncertainty, it is reasonable to expect consumer confidence will continue to deteriorate rapidly
 - Carriers must be prepared to provide their customers options to avoid large shopping events

Due to COVID-19, how concerned are you about making your next auto insurance payment?

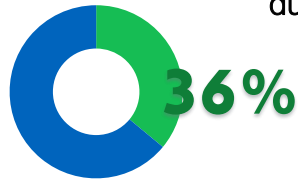


Auto insurance during COVID-19

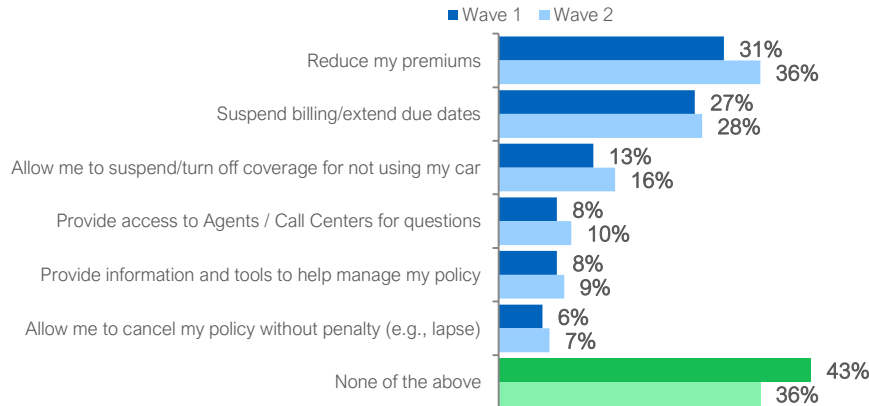
Consumers expectations of actions to be taken by their carriers is evolving rapidly. Reduced rates, payment management options and coverage suspensions are top of mind and growing rapidly in importance

April 02, 2020

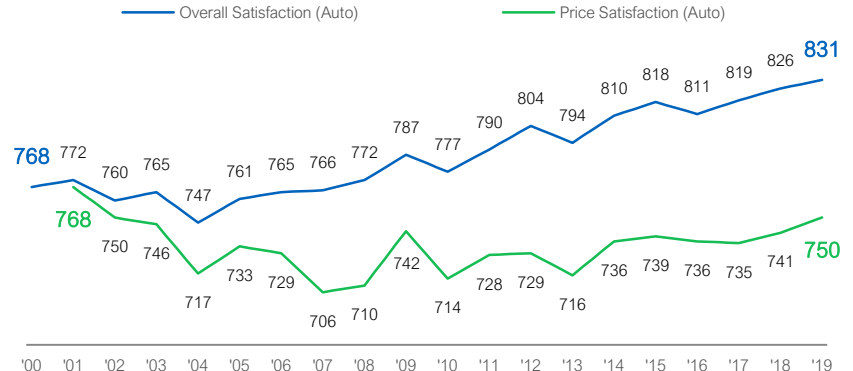
What action(s) would you like to see from your insurer during COVID-19?



Of customers said no further action is required at this time—
Down from 43% in Wave 1



- Consumers are increasingly clear on what next steps they feel that their auto insurance carriers need to take during COVID-19
- There is likely to be a growing concern with carriers if they are not able to respond to consumer expectations / needs in these extraordinary times
- Ways to suspend or mitigate non-use cases is likely to be a problem that carriers will need to solve for very quickly as more of the country goes into remain at home-type situations

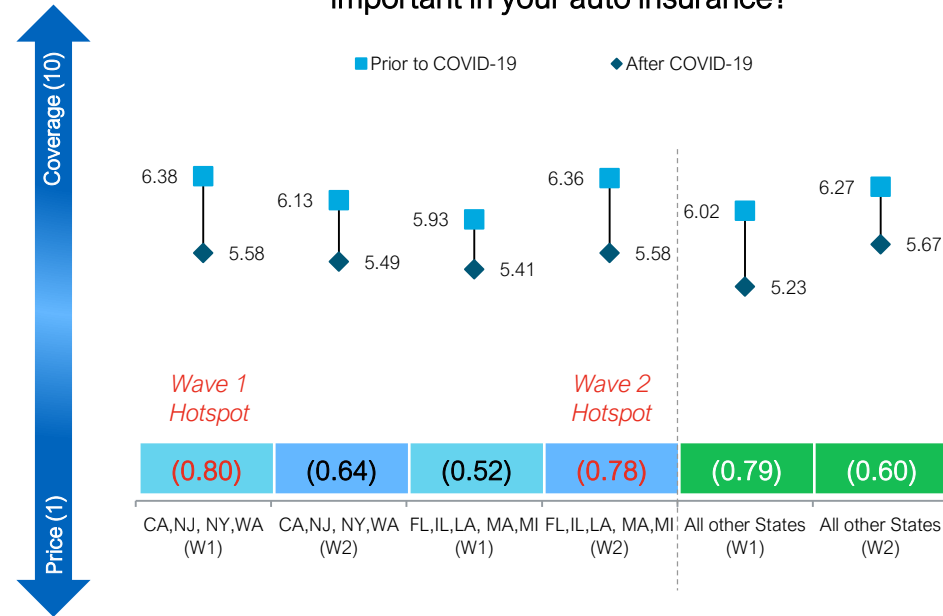


Auto insurance during COVID-19

Customers balance both price and quality when making auto insurance decisions. We notice a shift towards price in both less and more affected regions during COVID-19

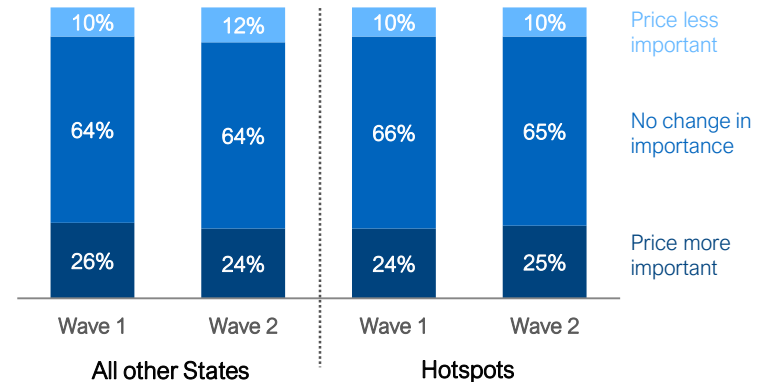
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Has COVID-19 changed your opinion of what is most important in your auto insurance?



- The shift towards price since before the onset of COVID-19 remains prevalent
- Rate-based messaging and options will continue to be important for customers should financial hardship beset

Change in Price-Quality rating before and after COVID-19

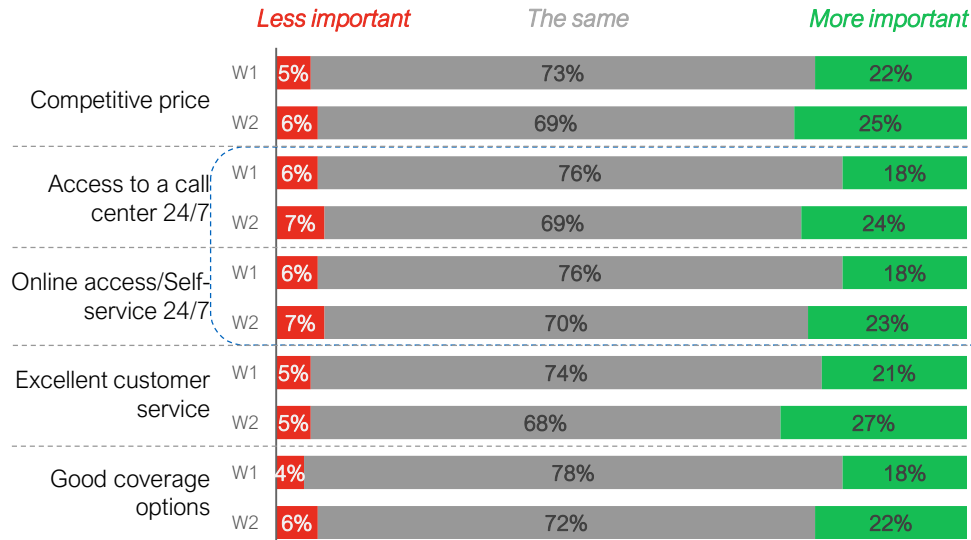


Auto insurance during COVID-19

Lower premium and excellent service are expected from a brand during difficult times for customers along with options that enable servicing at a distance—maintaining service levels during high call volumes will be key

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Due to COVID-19, has the importance of your insurance relationship changed due to any of the following...?



- Rates and customer service continue to rank as top areas of importance for the customer to their carrier relationship
- We see a noticeable increase in importance of all factors, especially those involving pro-active outreach by the customer
 - Customers need to know how to get in contact with their carrier / agent easily—prominent webpage displays and direct communications will make this easier
 - High call volumes, wait times and call-back options are likely to play well in the current environment

Note on Claims Processes

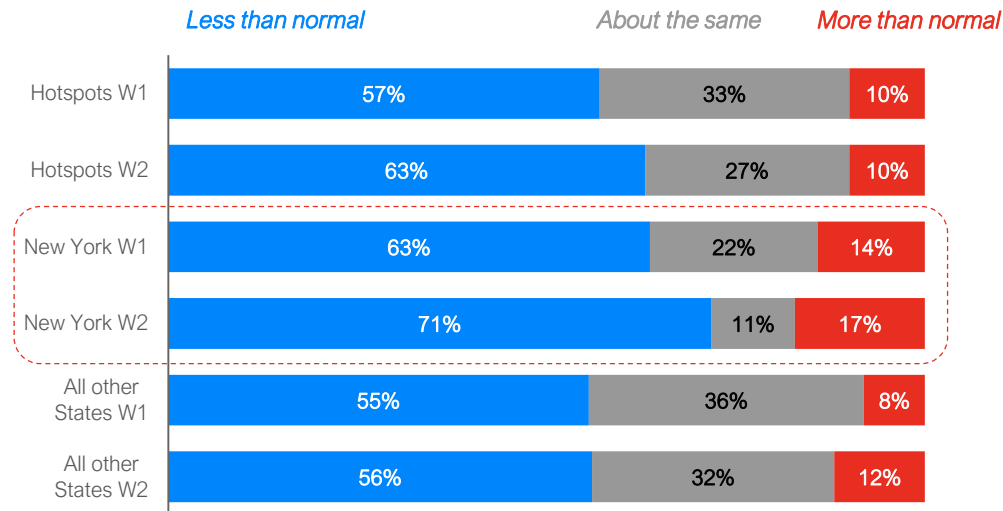
- We did not attempt to capture claims processes, however, it is one of the few remaining that requires face-to-face interaction
- It is likely that customers will expect heightened levels of no-touch processes (payment screens, signatures, etc.), facility cleanliness and assurances of staff health status

Auto insurance during COVID-19

Consumers continue to report significant changes in driving behavior. While there is a jump in willingness to consider UBI among younger consumers, older consumers remain unconvinced

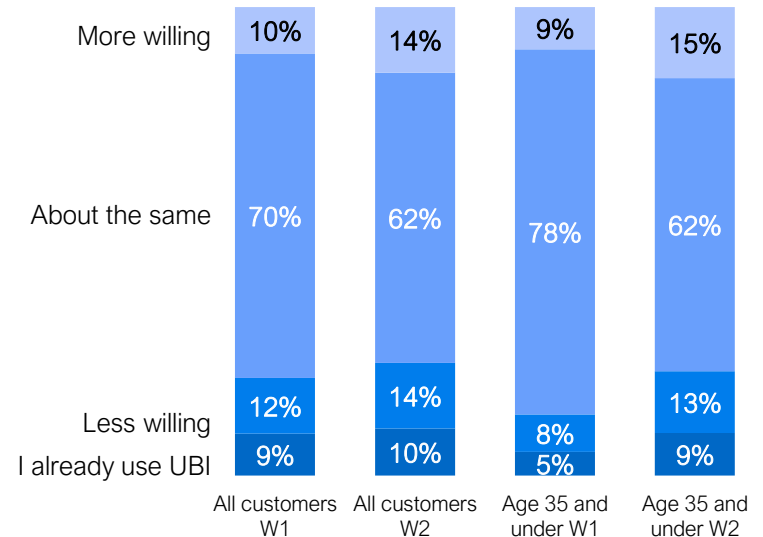
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How has COVID-19 impacted the average number of miles driven within your household?



How has COVID-19 impacted your willingness to use Usage Based Insurance (UBI)?

Premiums more impacted by your driving behavior and miles driven

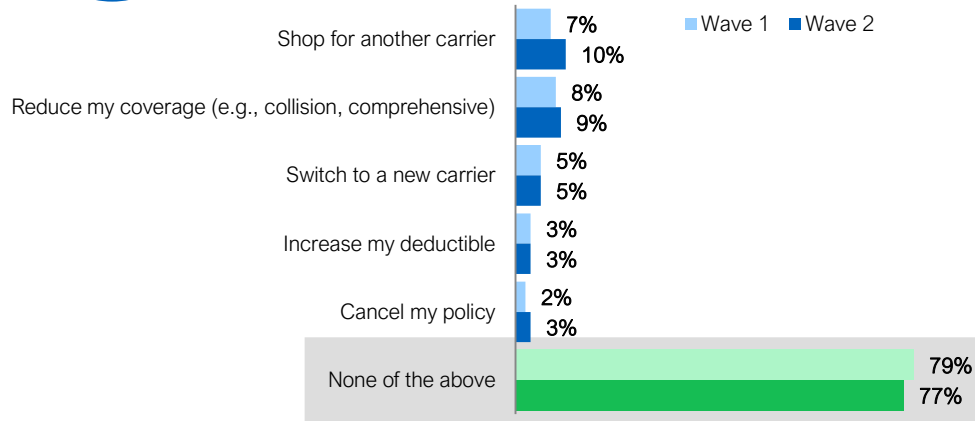
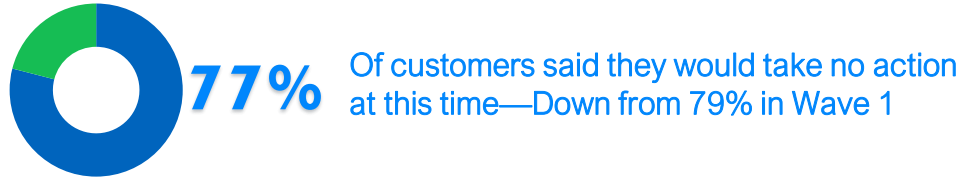


Auto insurance during COVID-19

While generally satisfied with their insurance brands today, growing rate concern is evident. Consumers remain unclear on what actions to take and will likely be looking to their brands to present several options on their behalf

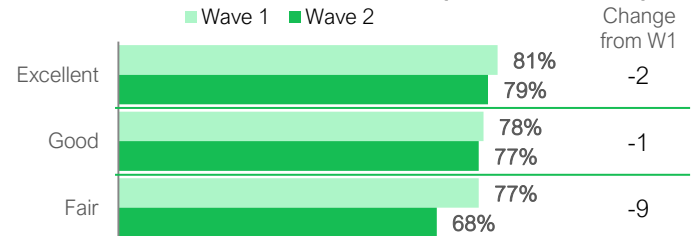
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What, if any, methods do you plan to use to manage the cost of your auto insurance?



- In the absence of carrier-provided options, consumers appear increasingly likely to resort to shopping
- Given the ease of online shopping, those carriers that are less able to help their customers find solutions may encounter retention challenges on certain customer profiles
- Given the large amount of 'none of the above' responses, it appears that consumers are not fully aware of their options to manage premiums

Percent not taking action to manage auto insurance costs at this time by Credit History





LIFE INSURANCE

Impact of COVID-19 on the life insurance consumer

COVID-19

Life insurance during COVID-19

Current events still have not had a significant impact on the consumer's overall perceptions of life insurance—it remains a lower priority product for many that is viewed as expensive

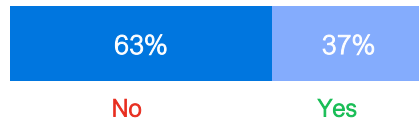
April 02, 2020

Do you have Life Insurance?



Have you ever considered purchasing Life Insurance beyond what may be available through work?

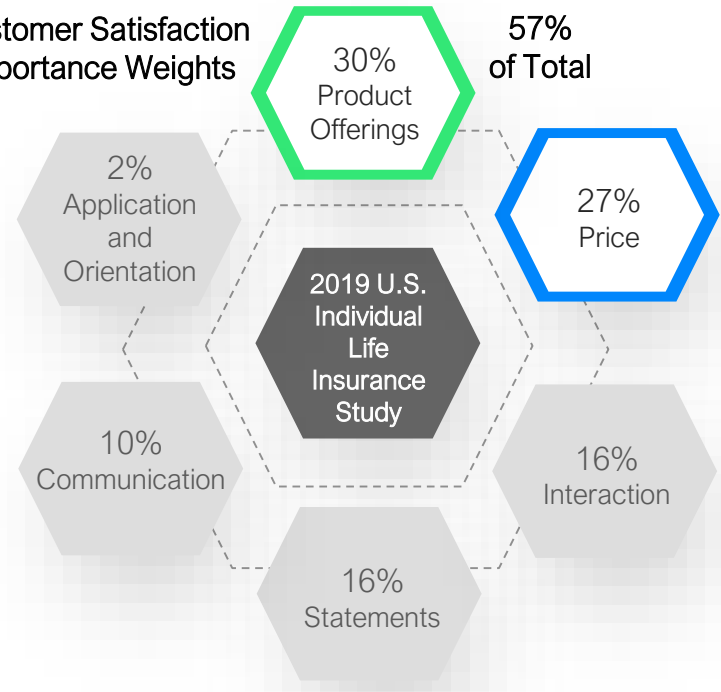
Of those that don't currently have life insurance



Of those that get life insurance through work



Customer Satisfaction Importance Weights

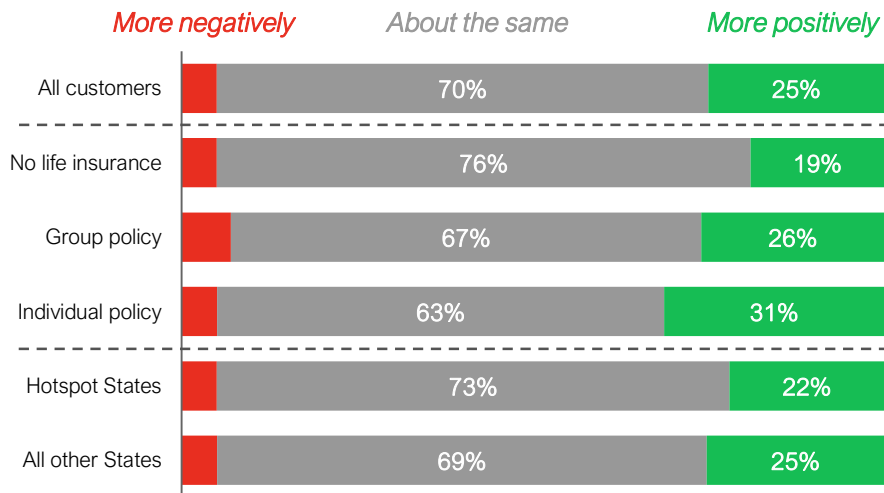


Life insurance during COVID-19

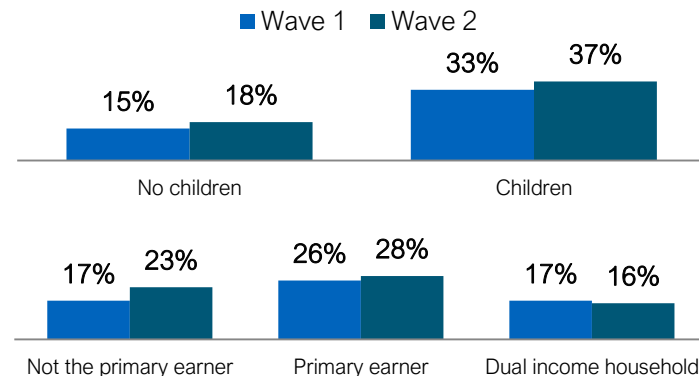
There is some growing positive perception of life insurance among those that are already insured and who have dependents. Little has changed for other groups as of this week

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How has the COVID-19 pandemic changed your perception of Life Insurance?



Percent had a more positive perception of Life Insurance



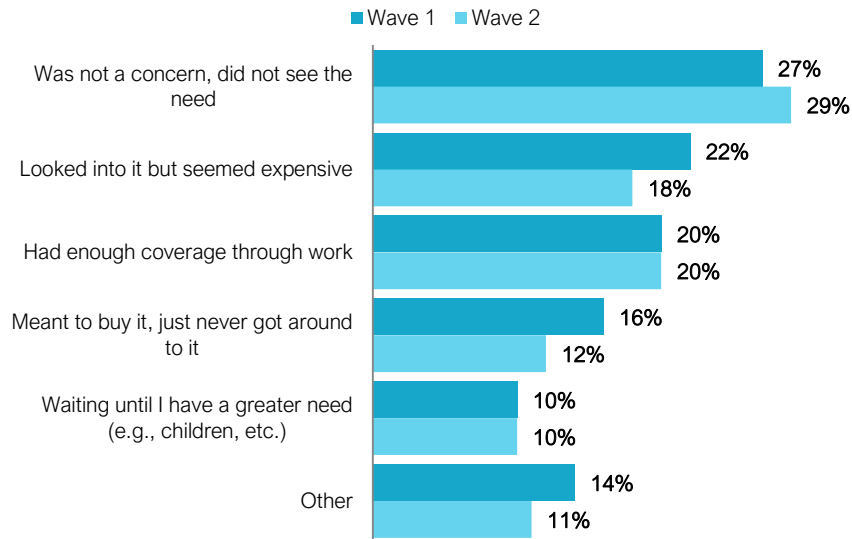
44% of customers who are *Married*, with *Children*, and are the *Primary Earner* in the household had a more positive perception of Life Insurance post the COVID-19 pandemic—**up from 41% in Wave 1**

Life insurance during COVID-19

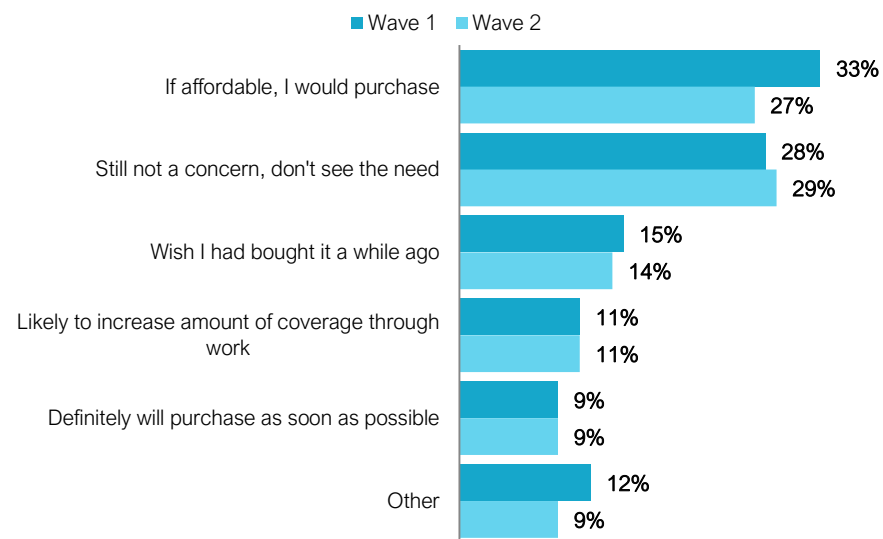
Overall, there could be a shift in consideration if customers perceived the product to be more affordable; however, current perceptions leave few customers indicating they definitely intend to purchase as a result of COVID-19

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What was your perception of Life Insurance prior to the COVID-19 pandemic?



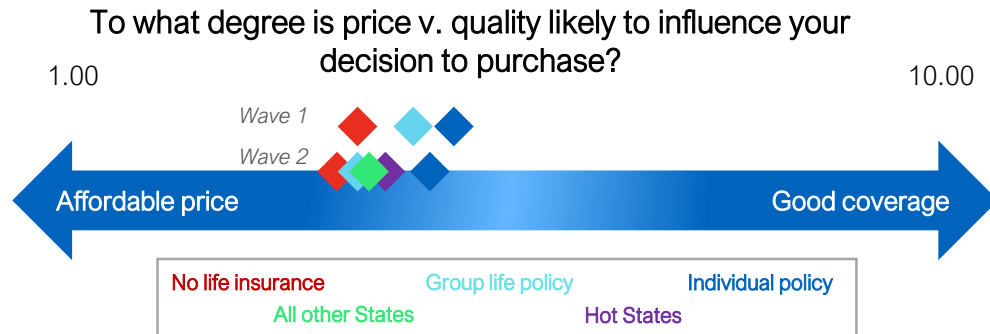
How has your perception of Life Insurance changed since the COVID-19 pandemic?



Life insurance during COVID-19

Customers seek to balance both an affordable price and quality of coverage when making life insurance decisions with price being slightly more important v. P&C insurance. COVID-19 has not significantly altered this balance

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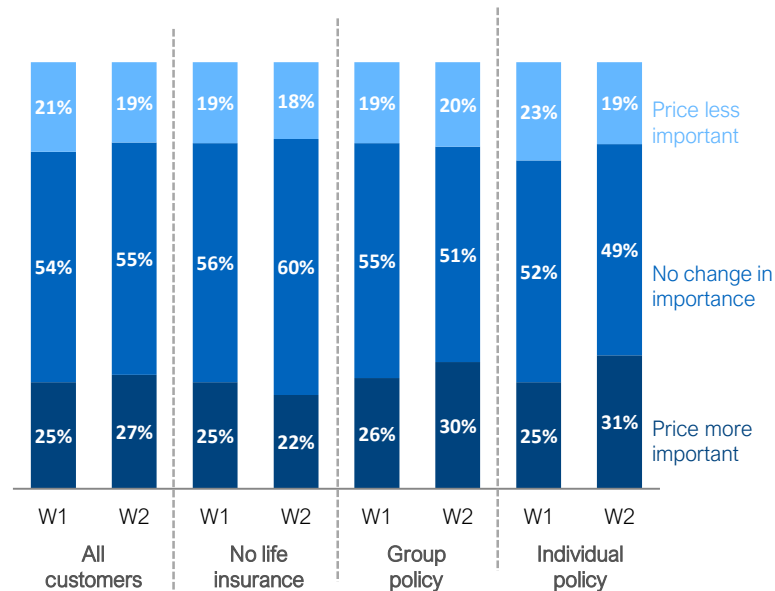


In the context of COVID-19, to what degree is price v. quality likely to influence your decision to purchase?

1.00 10.00



Change in Price-Coverage rating before and after COVID-19



Life insurance during COVID-19

Common barriers to purchasing a life policy remain unchanged—a simple, online acquisition process with reasonable prices would almost certainly increase demand

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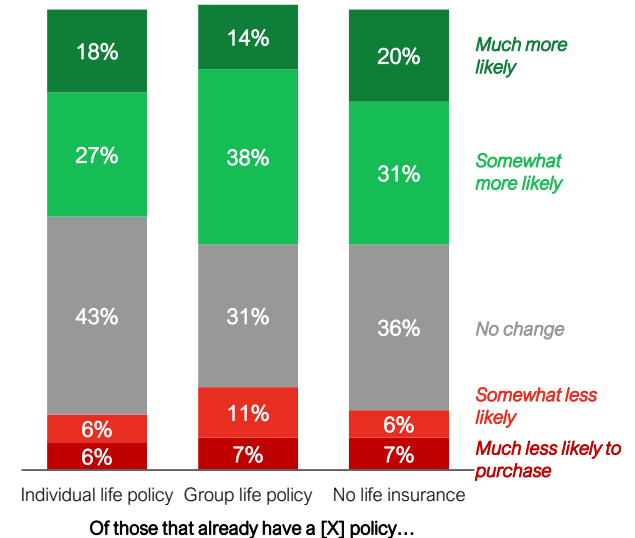
How likely would a requirement of having a physical exam (e.g., blood, fluids, etc.) cause you to abandon purchasing Life Insurance?



How much more likely would a simple online process, without the need for a physical exam, influence your purchase of Life Insurance?



How much more likely would a simple online process, without the need for a physical exam, influence your purchase of Life Insurance?

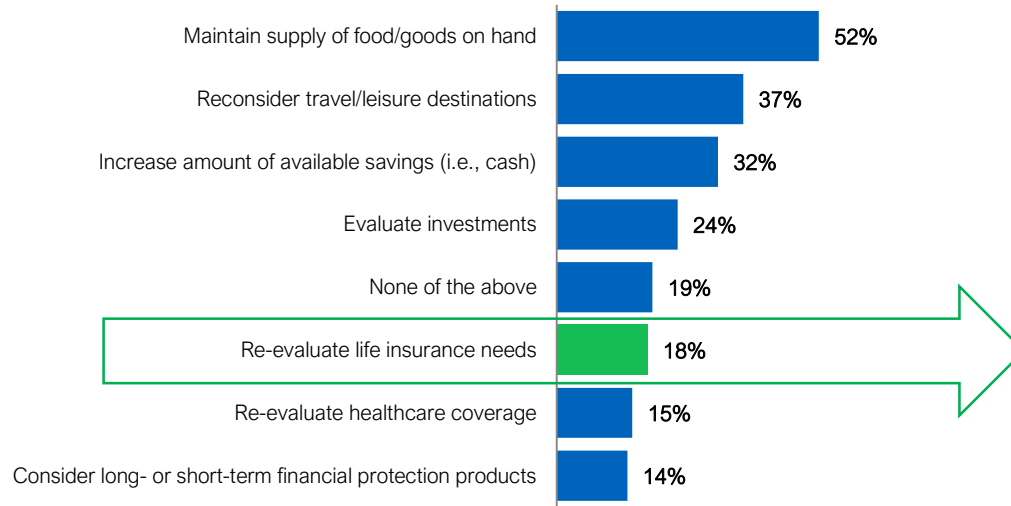


Life insurance during COVID-19

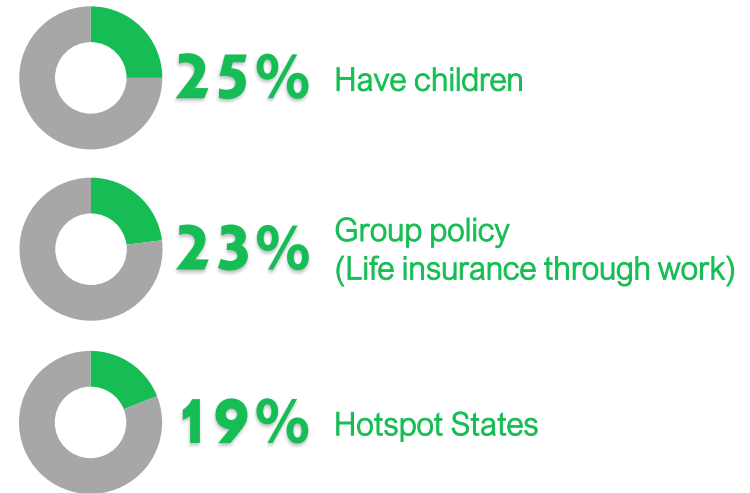
While there are select group that are more likely to re-consider their Life insurance needs in the next 12 months it is largely based on their current needs / gaps in coverage rather than a result of COVID-19 or living in a Hotspot State

April 02, 2020

How, if at all, do you anticipate your household priorities will change over the next 12 months?



Individuals most likely to re-evaluate their Life Insurance needs in the next 12 months





HEALTH INSURANCE

Impact of COVID-19 on the health insurance consumer

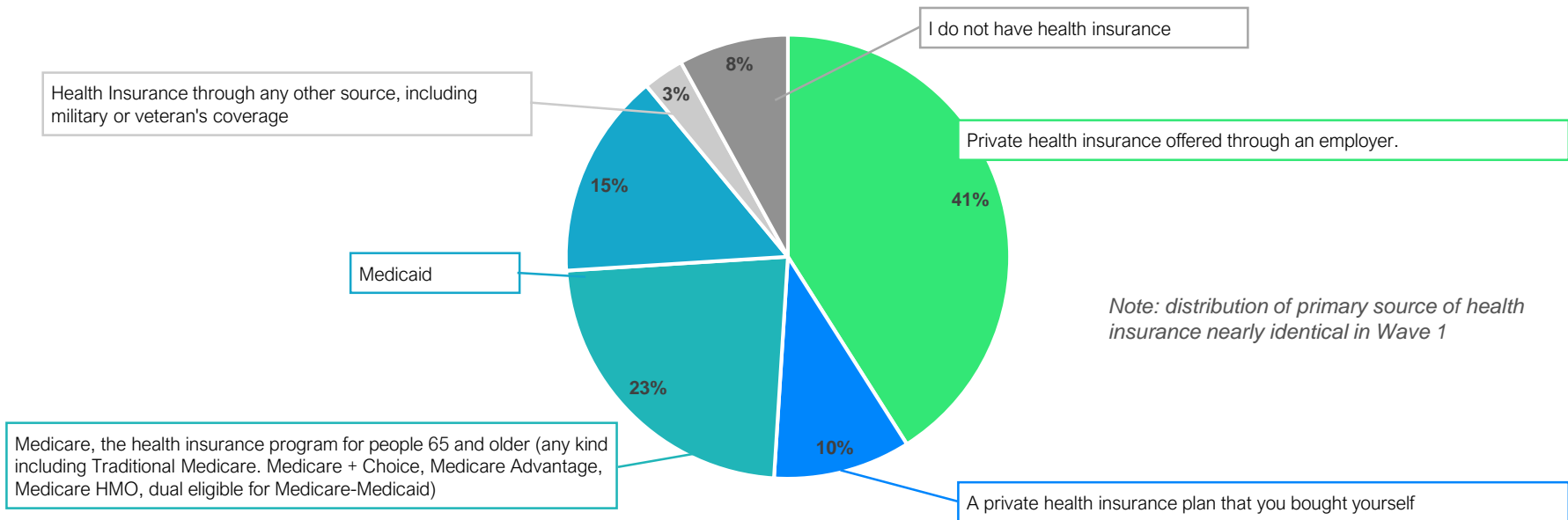
COVID-19

Health insurance during COVID-19

Americans largely depend upon their employers for access to health insurance--Medicare and Medicaid cover the majority of the remaining. High unemployment will likely alter these proportions going forward

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What is your primary source of health insurance?

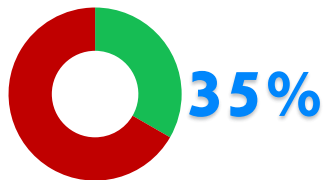


Health insurance during COVID-19

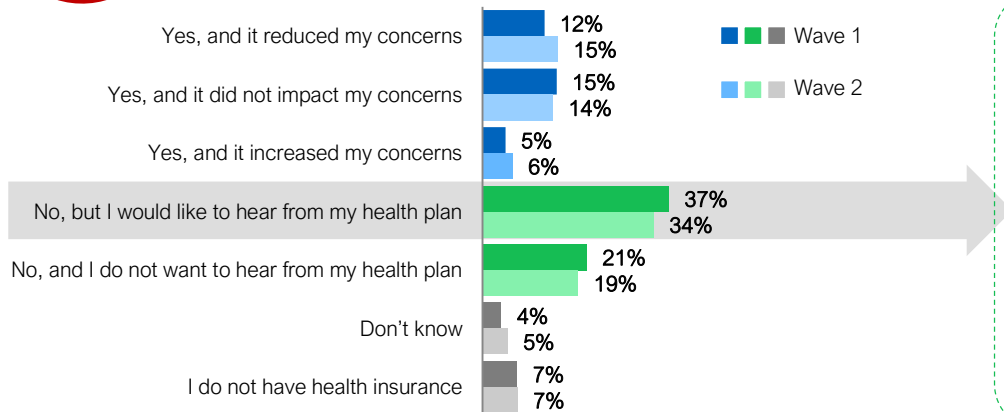
Health insurance has among the lowest consumer satisfaction of all industries evaluated by J.D. Power. Poor communication is a large reason for this—health insurers still are not communicating with their customers

April 02, 2020

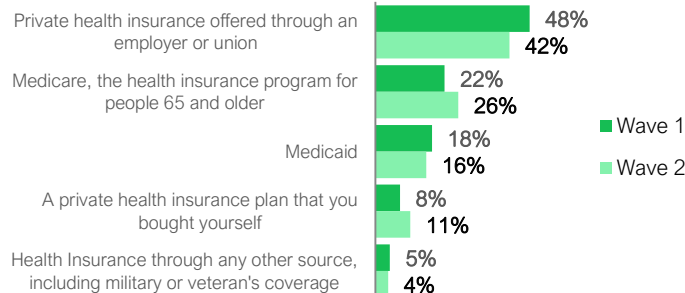
Have you been contacted by your health insurance plan about direction related to the coronavirus (COVID-19)?



Of customers said they had been contacted by their health plan about COVID-19—up from 32% in Wave 1



Primary Source of Health Insurance

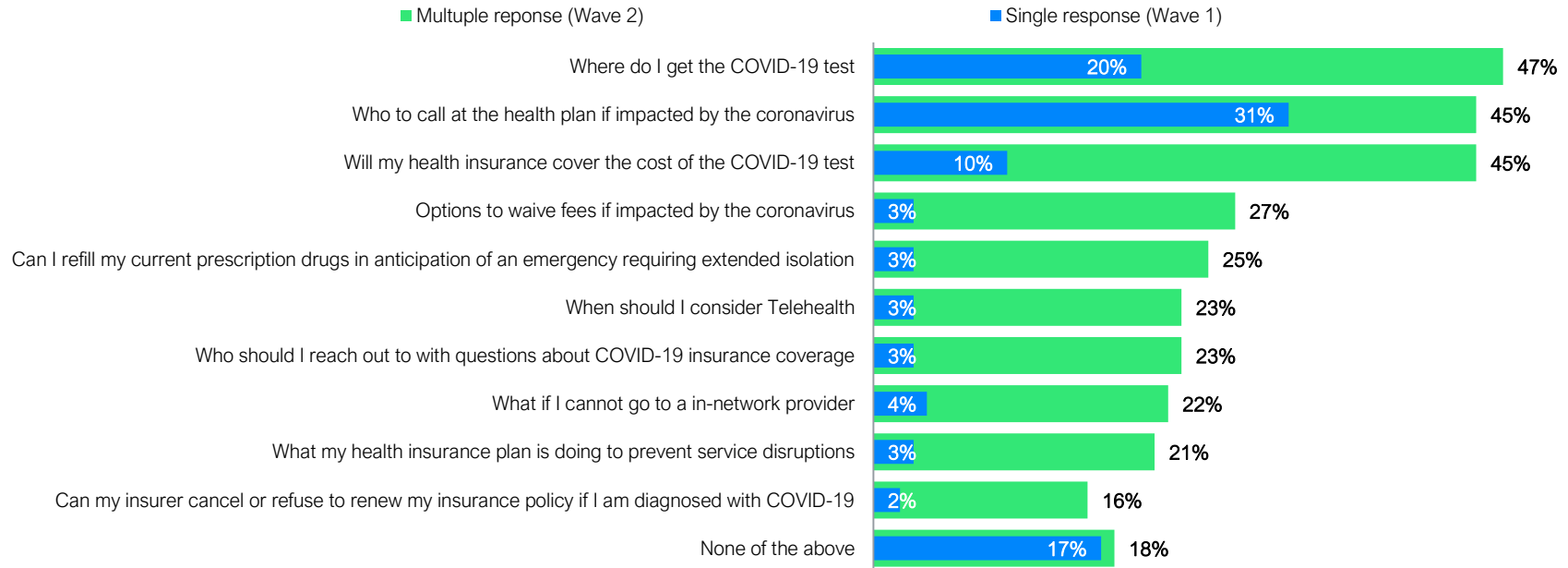


Health insurance during COVID-19

Consumers are not receiving the type of information from their health insurance providers that they would like to have. There appears to be a dearth of information related to COVID-19 being passed along to customers

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What information about the coronavirus pandemic would you like to receive from your health insurance plan?



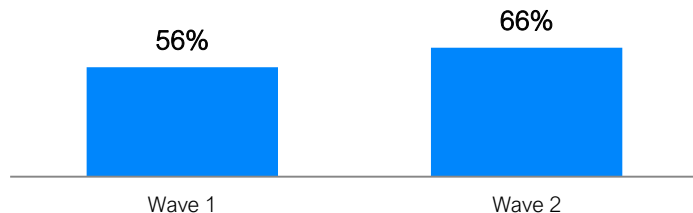
Health insurance during COVID-19

While American's are rapidly growing aware of Telehealth options, they remain woefully unaware of their availability through their own insurance plan. Again, poor communication drives low industry satisfaction.

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Are you familiar with Telehealth?

■ Percent familiar with Telehealth

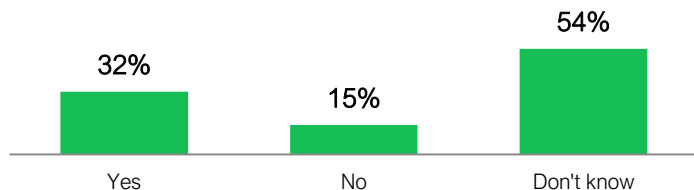


66% Of customers said they are familiar with Telehealth—Up from 56% in Wave 1

However,

69% Said Telehealth is either not available or they do not know if it is available through their health plan

Does your health plan offer Telehealth?



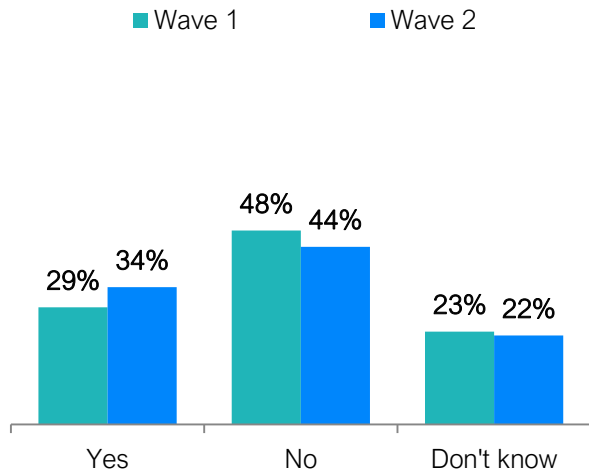
- During COVID-19, many health insurance companies are waiving the co-pay to see your doctor if you use telehealth.
- However, public awareness on engaging with a telehealth provider is mixed.

Health insurance during COVID-19

Health plans are not highly perceived as showing concern or having their customers best interest in mind. Given the gravity of COVID-19 and the potential impact on public health, payors should address this critical issue

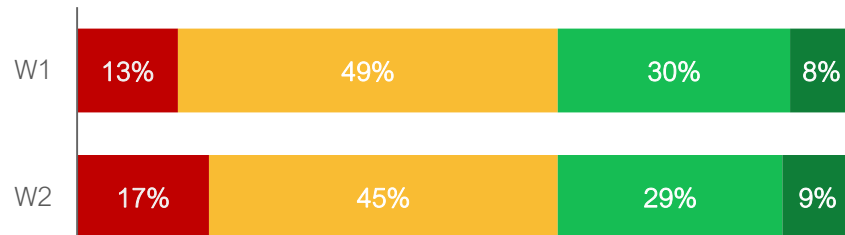
April 02, 2020

Has your health insurance plan shown concern for your personal health during the coronavirus pandemic?

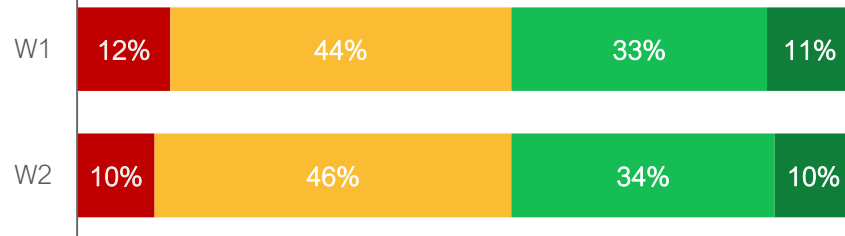


Hardly ever Some of the time Most of the time Just about always

How often do health insurance plans do what is in the best interest of their customers?



How often do health insurance employees do what is in the best interest of their customers?

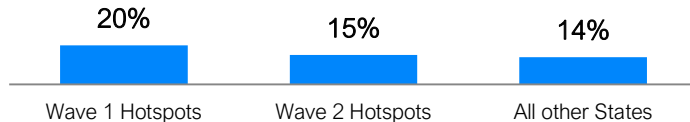


Health insurance during COVID-19

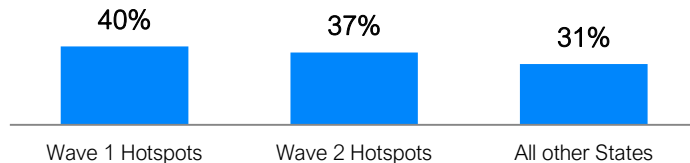
Consumers appear to learn on the fly when their local situation becomes challenging, however, overall communication and plan offering awareness rates remain low given the public health challenges of COVID-19

April 02, 2020

Health insurance plan contacted me and it reduced my concerns

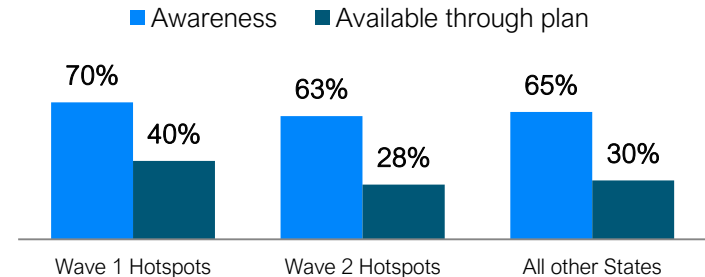


Health insurance plan has shown concern for your personal health during the coronavirus pandemic

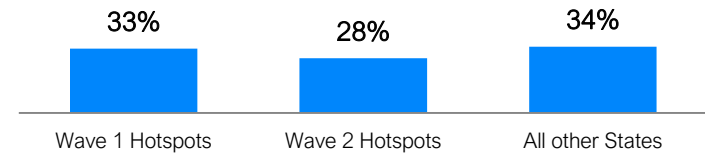


Note: Wave 1 Hotspots include CA, NJ, NY, WA; Wave 2 Hotspots include MI, FL, IL, MA, LA

Awareness of Telehealth



High sentiment score: Health plans/employees do what is in the best interest of their customers



Note: High sentiment score is derived from the sum of "How often do health insurance [plans] and [employees] do what is in the best interest of their customers?"

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COVID-19

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