


Eckstein | Liebetrau | Nolte (Hrsg.)



# 2023 Insurance & Innovation

Ideen und Erfolgskonzepte  
von Experten aus der Praxis

Verlag Versicherungswirtschaft 

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# Inhaltsverzeichnis

|   |    |
|---|----|
| Vorwort.....  | V  |
| Die innere ESG-Haltung als Erkennungszeichen des zukünftigen Erfolgs.....   | 1  |
| <i>Axel Liebetrau/Christian Reinhard</i>  |    |
| Nachhaltigkeit – vom Projekt in die Unternehmens-DNA.....   | 5  |
| <i>Daniel Geisendorf</i>  |    |
| Das Internet der Dinge in der Maschinenversicherung.....  | 15 |
| <i>Thorsten Ramus/Dr.-Ing. Carl Robert Brand</i>  |    |
| Has 2022 been a Turning Point for Insurtech? A Future Facing View on Current Challenges and Partnership Potential .....   | 25 |
| <i>Lucinda Chow/Sven Trautner</i>   |    |
| Der Lebensversicherer wird zum (digitalen) Lebensbegleiter .....  | 33 |
| <i>Frank Genheimer</i>  |    |
| ... Daten lügen nicht!.....   | 41 |
| <i>Roger Cericius /Prof. Dr. Christian Lehmann</i>  |    |
| Mit (Big-)Data basiertem Vorgehen Innovationsvorhaben vor Managementfehlern bewahren! Rückblickende Analyse einer erfolgreichen Innovationschallenge der Union Reise- und Krankenversicherung ..... | 49 |
| <i>Jens Heydenreich</i>   |    |
| „Kuscheldecke und Kakao“ – wie Unternehmen eine gute Mischung aus Digitalisierung und persönlicher Ansprache im Kundenservice finden können.....  | 61 |
| <i>Rebecca Hartung</i>  |    |
| Das dritte Standbein in der digitalen Beziehung mit Kund:innen: Wallet-Pässe als Engagement-Tool .....  | 69 |
| <i>Axel Eppenstein/Anja Bojic</i>   |    |

|  |     |
|--|-----|
| Embedded Insurance – Annex-Vertrieb 2.0 . . . . .  | 79  |
| <i>Maria-Helena Hansen</i>   |     |
| Erste Schritte zur Anwendung von behavioral economics in der<br>VersicherungswirtschaftDie Zukunft des Kundenverstehens. . . . .   | 87  |
| <i>Dr. Thomas Rodewis/Stefan Unterbuchberger</i>   |     |
| Prozessautomatisierung und -digitalisierung im Inputmanagement<br>eines Sachversicherers: Erkenntnisse einer Case Study . . . . .  | 97  |
| <i>Theresa Eden/Marco Brandt</i>   |     |
| What determines the Usage of Mental Health Applications? –<br>A Quantitative Investigation . . . . .   | 105 |
| <i>Hai Nhi Bui/Oliver Werth</i>  |     |
| Risikobewusstsein als Vertriebsansatz – Wie wir der dunklen<br>Seite der Digitalisierung die Stirn bieten und dadurch Cyber-<br>Versicherungen kalkulierbar halten . . . . . | 113 |
| <i>John Braun</i>  |     |
| Innovatives Schadenmanagement – Wie Technologie die Wert-<br>schöpfungskette bei Versicherungsunternehmen revolutioniert . .   | 123 |
| <i>Dr. Sebastian Schoenen/Dr. Andreas Witte</i><br><i>Schoenen/Witte</i>   |     |
| Der datengetriebene Versicherer –<br>Transformatorische Notwendigkeit? . . . . .   | 141 |
| <i>Dr. Stefan Ebener/Dr. Ranja Reda Kouba</i>  |     |
| Insurers Need to Better Support Gen Y and Gen Z Goals. . . . .   | 151 |
| <i>Dr. Carlo Pugnetti/Ulrich Moser</i>   |     |
| Leben Sie bereits Ambidextrie? Innovationswege für Versicherer .   | 159 |
| <i>Dr. Sandra Kaltenbacher</i>   |     |
| Die neue Tugend der Manager heißt Neugier. . . . .   | 167 |
| <i>Erika Krizan</i>  |     |
| Vergütung, Nachhaltigkeit, ChatGPT:<br>Was bewegt den FDL-Vertrieb nach Corona? . . . . .  | 177 |
| <i>Lars-Georg Volkmann</i>   |     |

# Insurers Need to Better Support Gen Y and Gen Z Goals

Dr. Carlo Puggnetti/Ulrich Moser

Insurers are not well positioned to support the achievement of life goals of Gen Y and Gen Z customers. A recent study in Switzerland shows preference for insurance support to be generally low and undifferentiated among goal types. Besides pairing up with more accepted providers, insurers have a window of opportunity to target self-fulfillment goals with risk education and mitigation, as well as high-conscientiousness customers. Mobiliar is developing services to address this window of opportunity.

## 1 Introduction

Insurance companies have been evolving their business model to take advantage of technological developments and changes in customer expectations. Technology can impact the way insurers and customers interact, they can improve the effectiveness and efficiency of business processes, and they create opportunities for new products and services (Eling and Lehmann, 2018). Swiss customers are generally open to new services from their insurance company, and are open to sharing their personal data in order to receive these services (Puggnetti and Elmer, 2020). However, they are also open to services from new entrants if these companies can provide sufficient value (Puggnetti and Seitz, 2021). Swiss insurers do not generally show a good understanding of younger customers (Puggnetti and Bekaert, 2018). Personal goals are a fundamental aspect of human behavior, providing structure to an individual's behavior as they meet the requirements of daily life (Austin and Vancouver, 1996). Service providers are better able to meet their customers' implicit and explicit requirements if they better understand the personal goals pursued. This situation, therefore, leaves incumbents open to external threats. Understanding the goals of younger customers is of great importance to increase the relevance and acceptance of insurers among newer customers in the near future.

The ongoing expansion of the traditional core business of insurance with services from related industries requires an in-depth knowledge of young potential customers in order to be able to design offers and services according to their expectations. This is particularly true for younger customers, whose needs may differ substantially from those of core insurance customer. New products, services, and partnerships, can be targeted and designed according to the goals of the young clientele based on the results of the study. This development is particularly significant for Mobiliar, who has forged several partnership, both nationally and at a local level, in order to deliver additional services ancillary to the core insurance products. This effort is central to their strategy to forge and grow meaningful relationships with their customers.

## 2 Methodology

We surveyed 1,781 Millennials (Gen Y) and Generation Z (Gen Z) in the Summer of 2021 to understand their goals and their view of how different service providers may support the achievement of these goals. We analyzed the results age cohort, gender, goal type and personality type (for a more in-depth discussion, see Pugnetti et al., 2022). Respondents provided a free-text description of two important goals they were pursuing at the time of the survey and the research team classified these goals according to the taxonomy of goals developed by Talevich et al. (2017). A summary is provided in Table 1. Because of the age group and potentially the experience with Covid, the goals are tightly clustered, with Health accounting for 32 % of responses, Ambition and ability for another 29 % and Self-fulfill for 16 %. None of the other goal types are above 5 % of the responses.

| Goal Clusters                         | Examples  |
|---------------------------------------|---|
| 1 Morals and values                   | Social values, Personal morals  |
| 2 Virtues                             | Social giving, Interpersonal care, Respected, Inspiring   |
| 3 Religion and spirituality           | Religion and spirituality   |
| 4 Self-fulfill                        | Wisdom and serenity, Self-knowledge, Happiness  |
| 5 Openness to experience              | Appreciating beauty, Exploration, Pursue ideals and passions, Enjoy life  |
| 6 Self-protect                        | Avoid stress and anxiety, Avoid harm, Avoid rejections, Avoid conflict  |
| 7 Avoid hassle                        | Avoid socializing, Avoid effort   |
| 8 Security and belonging              | Interpersonally effective, Social life and friendship, Liked, Sexual intimacy, Emotional intimacy, Fastidious, Stability and safety |
| 9 Power                               | Better than others, Control of others, Leadership   |
| 10 Health                             | Health  |
| 11 Family                             | Good family life, Close to parents' family  |
| 12 Ambition and ability               | Mastery and perseverance, Avoid failure, Confidence and autonomy, Self-regulated, Smart and rational, Organized and efficient       |
| 13 Intellectual competence            | Analysis and technical know-how, Intellectual growth  |
| 14 Financial and occupational success | Money and wealth, Financial freedom, Occupational success   |

Table 1: Goal types (Talevich et al., 2017)

Respondents were asked to rate how much specific types of companies and services providers (Automotive, Banking, Education, Utilities and Telecommunication, Entertainment and Culture, Healthcare, Technology, Insurance, Retail, and Local Services) could help in supporting their goal achievement on a scale from one to five. Two to three representative examples of company names were provided for each category.



In order to understand how personality may impact the result we scored the respondents across six personality types. These include the five factors described by the Big-5 model of personality (John et al., 2008), as well as the Honesty-Humility factor from the HEXACO model of personality (Lee and Ashton, 2013). These personality types are summarized in Table 2.

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| <b>Personality Traits</b> | <b>Definition</b>  |
|---------------------------|--|
| Openness/Intellect        | Cognitive exploration and engagement with information.   |
| Conscientiousness         | Protection of non-immediate or abstract goals and strategies from disruption.                          |
| Extraversion              | Behavioral exploration and engagement with specific rewards (i.e., goals to approach).                 |
| Agreeableness             | Altruism and cooperation; coordination of goals, interpretations, and strategies with those of others. |
| Neuroticism               | Defensive responses to uncertainty, threat, and punishment.  |
| Honesty-Humility          | Assist in coordinating goal pursuit when deceit/guile is involved.                                     |

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Table 2: Personality traits (John et al., 2008; Lee and Ashton, 2013)

### 3 Results

Respondents showed a marked affinity for support by educational establishments, followed by providers in Healthcare and Entertainment/Culture (Figure 1). Technology companies also scored above the midpoint of the range. Insurance companies and other traditional product-based companies (e.g., Banking or Automotive) score at the lower end of the spectrum. These results highlight how poorly positioned insurers are to play a relevant role in the lives of their younger customers. While the importance of education and health is not surprising, the relatively high score of technology companies confirms the potential threat they pose to enter different markets, including insurance. Conversely, the position of insurance companies shows the strategic challenge and danger of substitution insurers face in their core business.



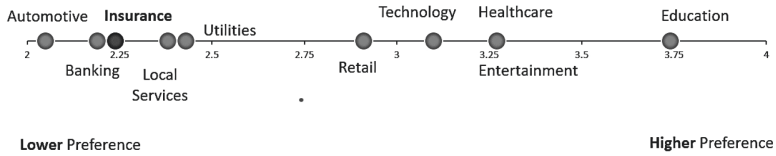


Figure 1: Preference of support by provider type

The poor positioning of insurers is consistent across goal types, with insurance scoring significantly below average in all categories. However, some differences exist across categories, as shown in Table 2. Relatively speaking, insurers scored well in goals pertaining to Health, Financial and occupational success, Ambition and ability, and Self-fulfill. This highlights a potential role for insurers to begin establishing approaches to support these goals. These goals relate to financial freedom, technical know-how, autonomy and peace of mind. Thus insurers could leverage their risk mitigation and risk transfer core products and know-how to further gain significance with younger customers in these areas.

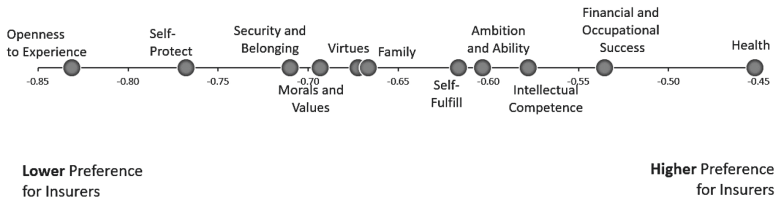


Figure 2: Preference for insurers by goal type

Personality plays a role in the preference for support by insurers, with customers displaying higher level of Conscientiousness, Neuroticism, and Honesty being more open than average to support, as shown in Figure 3. This dynamic could allow insurers to further refine their approach above by targeting these categories in particular with tailored approaches and messaging.

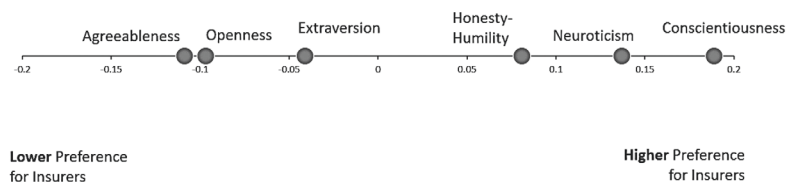


Figure 3: Preference for insurers by personality trait

Somewhat unexpectedly, there were very few differences between the two age cohorts and between men and women in our sampled responses.

## 4 Conclusions

The overall results are not positive for insurers as customers score their potential support low overall and consistently low among different goal types. A more detailed view, however, reveals the potential for several differentiated approaches to start addressing these issues.

The first approach is to concentrate on the goal types where insurers score relatively higher – Financial and occupational success and intellectual competence – and address these by developing partnerships with established educational providers. Here insurers can work to develop their customers’ understanding of risk management and mitigation, leveraging their traditional core expertise. This would also alleviate the issues with onboarding new customers found in other studies. Similar, but more complicated, would be supporting health goals through assistance services provided by telemedicine companies. These are common solutions in Switzerland and the role of insurers could be further emphasized.

The second approach is to concentrate on high-frequency goals – Health, and Ambition and ability. The first is of course very close to the role of health insurers; the link to P&C and Life companies is more tenuous. However, they can clearly contribute to clients’ being confident and in control as well as making rational decisions, again with their core expertise in risk management, mitigation and transfer. Especially customer segments with high Conscientiousness, Neuroticism and Honesty can be targeted with these offerings.

These insights can be used to become relevant as an insurer in areas of life that are not directly associated with insurance. Building a long-term successful customer relationship can be supported in more emotionally moving activities such as entertainment, sports, or education. For example, early access to exclusive concert tickets or sporting events can build an emotional bond over a life goal. An activity that has been central to Mobiliar's efforts to build relevance towards customers' goals is the support and collaboration of ICT Scouts, a non-profit organization that promotes young talent in STEM professions. This engagement succeeds in addressing multiple dimensions and generations. On the one hand, support and promotion of personal education and professional development for the youth; on the other hand, support and security for the parents as they work for the economic and professional advancement of their children. Furthermore, Mobiliar is involved in topics of current and future social relevance.

The realization that the insurance industry today can contribute little to the achievement of personal goals compared to other industries is strategically important new information. Until now, it was known that insurance was not an interesting or important topic for the younger generations. The fact that the reason for this perception among young customers is a low contribution to the achievement of personal goals is important. The perception of younger customer, on the one hand, the perception in the market of young customers can be changed with targeted partnerships and threats can be turned into opportunities together with companies from other industry sectors.

In spite of a difficult overall environment, and the strategic challenge from new entrants potentially locking up customer relationships, insurers should be able to leverage their core risk management expertise to educate and support customers in their goals to be more confident, rational and in control of their lives. Thus, they can become more relevant and a better long-term partner to younger insurance customers.

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