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GENERATION Z REDEFINING INSURANCE DEMANDS



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INTRODUCTION

The insurance industry is undergoing a significant transformation with the emergence of Generation Z (Gen Z) as a new cohort of consumers. Gen Z possess unique characteristics, expectations and preferences different from their predecessors. Born between the mid-1990s and early 2010s, Gen Z is the first generation to grow up entirely in the digital age and is poised to revolutionize the insurance industry. They are currently the most populous generation in Kenya, Africa and the world at large representing 33.4%, 31.20% and 22.64% respectively. As Gen Z enter the job market in increasing numbers, they are becoming an important market for different insurance products. Their distinct expectations and attitudes are reshaping various sectors and insurance is no exception. This generational transition may force insurance companies to adapt or risk losing out on a crucial demographic.



DIGITAL EXPECTATIONS

Growing up with technology at their fingertips, these digital natives crave and expect seamless, intuitive digital experiences in all their interactions. This generation prefers to handle most of their transactions online or through mobile apps, expecting quick, efficient, and user-friendly interfaces. Reports have shown that 58% of Gen Z prefers to purchase products online rather than in-store, and 71% of them believe that the availability of an app is crucial for a business.

For insurance companies, this means investing in advanced digital platforms that offer comprehensive online services, from obtaining quotes and undergoing underwriting, to managing policies and filing claims. The traditional Paper work and endless phone calls are a huge turn off for this generation.



ATTITUDE TOWARDS RISK

Unlike previous generations, Gen Z tends to have a more cautious approach to risk. They are highly aware of the uncertainties in the world, from economic instability to health risks, largely influenced by growing up during the 2008 financial crisis and the covid-19 pandemic. This cautiousness translates into a greater interest in insurance products that offer comprehensive coverage and peace of mind.

However, Gen Z's attitude towards insurance is nuanced. While they prioritize security, they also value flexibility and customization in their policies. This generation is characterized by its embrace of the gig economy and freelance work, favoring dynamic, adaptable insurance solutions over traditional ones tailored for fixed careers. They seek policies that can adjust to their evolving lifestyles and varying risk profiles, reflecting their entrepreneurial spirit and diverse employment arrangements. Thus, insurers must innovate to offer products that resonate with Gen Z's preferences for personalized, adaptable coverage that meets their specific needs and circumstances.



ENVIRONMENTAL CONCERNS

Environmental sustainability is a significant concern for Gen Z. According to a research carried out by the Pew Research Center, 76% of U.S. Gen Z consider climate change a top concern, with 37% considering it their foremost worry. Being environmentally conscious, they are more likely to support and engage with companies that demonstrate a commitment to environmental responsibility. In the context of insurance, this means that Gen Z are more interested in policies and practices that promote sustainability. A study by Deloitte showed that close to two thirds (64%) of Gen Z consumers say that they would be willing to pay more to purchase environmentally-sustainable products. Insurers that incorporate green initiatives, such as offering discounts for electric vehicles, are more likely to attract and retain Gen Z customers.



IMPACT OF SOCIAL MEDIA ON DECISION-MAKING

Social media plays a crucial role in Gen Z's decision-making processes. According to a study by GlobalWebIndex, 54% of Gen Z uses social media to research products before purchasing. They rely heavily on reviews, testimonials, and social proof when choosing products and services, including insurance. A strong online presence, positive reviews and active engagement on social media platforms can significantly influence Gen Z's perception of an insurance company.



Collaboration with online influencers who have a strong following among Gen Z can effectively promote insurance products and services through their authentic endorsements, reviews and personal stories. A survey by Morning Consult found out that 72% of Gen Z follow influencers on social media, and their recommendations hold significant sway.

Insurers need to prioritize building a robust online reputation and engaging with customers through social media to gain their trust and loyalty.

ADAPTING INSURANCE OFFERINGS FOR GEN Z

To effectively cater to the needs and preferences of Gen Z, insurance companies must innovate and adapt their offerings. Here are a few strategies:

Personalized and Flexible Policies

Gen Z values personalization and flexibility. They aren't interested in generic coverage. Insurers can attract this generation by offering customizable policies that allow them to choose coverage options that best suit their needs. Usage-based insurance models, which adjust premiums based on the policyholder's behavior or lifestyle, can also appeal to Gen Z's preference for tailored solutions.

Moreover, this generation is more open about discussing mental health issues and prioritizes mental well-being. Insurance companies that provide robust mental health benefits and support services are more likely to attract and retain Gen Z customers.

Embracing Technology

Investing in cutting-edge technology is crucial. Insurers should focus on developing intuitive digital platforms and mobile apps that provide a seamless user experience. Automating processes and implementing AI and machine learning can enhance customer service by offering personalized recommendations, reduced turnaround time, streamlined claims processing and proactive risk management advice. Companies that prioritize a robust digital presence and insurtech will be better positioned to attract and retain this tech-driven generation.

Moreover, with Gen Z's heavy reliance on digital technologies, there is a growing need for Cyber insurance to protect against Cyber threats and data breaches. Insurers should expand their offerings in this area, providing comprehensive coverage and proactive risk management services.

Promoting Sustainability (Values beyond Coverage)

To align with Gen Z's environmental values, insurance companies should integrate sustainability into their core operations. This could include offering Eco-friendly insurance products, supporting green initiatives and maintaining transparent communication about their environmental impact. Demonstrating a genuine commitment to these causes can help build trust and loyalty among Gen Z customers.

Furthermore, gen z values clear communication and transparent pricing. They want to understand exactly what they're paying for and how their coverage works and are therefore wary of hidden fees and complex jargon. Companies should prioritize clear communication, data privacy and build trust through educational resources.

Leveraging Social Media

Active engagement on social media is essential. Insurance companies should leverage these platforms to share valuable content, respond to customer inquiries and gather feedback. They should run targeted social media campaigns that highlight the unique benefits of your insurance products and use hashtags, challenges and contests to engage Gen Z and increase brand visibility. Building a positive online presence and fostering a sense of community can enhance brand perception and influence Gen Z's insurance choices.



CONCLUSION



Generation Z is redefining the landscape of insurance demand with their unique characteristics and preferences. Their digital

expectations, cautious attitude towards risk, environmental concerns, and reliance on social media are driving significant changes in the insurance industry. By understanding and adapting to these evolving needs, insurance companies can effectively meet the demands of the next generation of policyholders, ensuring long-term growth and success in an increasingly digital world.

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