CORONATION

IMPROVING LEVELS OF MILLENNIAL ADOPTION OF INSURANCE

Encouraging millennial and gen Z adoption of insurance

For most Nigerians, buying insurance is something that is done reluctantly. Apathy or lack of interest for insurance products amongst younger generations of Nigerians is even more pronounced. While younger people globally are generally less likely to see the value of insurance when compared to older generations, insurance remains one of the most effective mechanisms to preserve and build wealth.

It is important that the younger generation understand early in their careers the important role that insurance plays in their journey of wealth preservation and accumulation.

Nigerian insurance companies have their task cut out for them in making insurance more relatable and relevant to Nigerian millennials and generation Zs. They need to ensure that products are designed to match the lifestyles of these customer segments. This will include pricing, scope of coverage, delivery of policy documents, payment plans, payment options, sales channels, claims process, speed of claims fulfillment and other critical aspects of the customer experience journey.

Seamless digital customer journey

Younger Nigerians enjoy the ease of shopping online and digitally and thus, expect seamless digital customer journeys when interacting with product and service providers online. Many insurers in Nigeria still operate traditional analog purchase, sale and administration systems. Simply having a website that directs prospective clients to a standard call center is not enough.

Millennials appreciate channels that are 100% interactive with an appealing digital user experience that allows them to explore, ask questions and learn independently at their own pace and in accordance with their unique needs and interests.

Products built around what millennials need and want

Many millennials and most generation Zs don't have the responsibility of children or big homes, therefore Life Insurance covers and extensive home and household contents insurance products are not high on their list of needs. Most have, only recently started working or are beginning to own their personal businesses. As such, insurance protection against loss of income is more appealing to them. Because these customer segments value technology, innovative insurance coverage that provides replacement and repair benefits for technology gadgets that allows individuals to design their cover to match their individual needs are attractive to them.

Since many millennials are mostly leasing their own apartments as they live away from home for the first time,

this segment offers Nigeria's insurance industry an opportunity to experiment with simplified contents cover or all-risks policies targeting entertainment systems, tablets, laptops and other items which these customer segments view as essential to modern apartment living. In addition, many millennials might also be driving their first cars so there is also a compelling case for developing simple and affordable motor insurance for them.

Insurance partnerships and purchase packages

With millennials displaying limited interest in insurance, packaging insurance products within the sales contracts of technology-related and electronic appliances is a channel for Nigerian insurers to sell replacement or repair protection and cover.

As millennials enjoy the benefits of having gadgets repaired or replaced at little to no costs to them, they start to better appreciate the importance of insurance in a real way.

Demonstrate value and build trust

Instant gratification and trust are important selling points to millennials. When things go wrong, having the capability to quickly and conveniently report losses in addition to getting quick claims payout are critical.

Simple mobile phone protection plans that pay out quickly and efficiently online, for example, will build the trust and confidence to cross-sell and upsell more sophisticated products and product packages to this segment. There is a huge opportunity for the Nigerian insurance industry to showcase the value of insurance through quick and easy digital payout processes. Once trust is created with the purchase of simple gadget covers, this customer segments are likely to consider more general or traditional covers.

Loyalty and lifestyle packages

Millennials are attracted to cash back and other lifestyle-linked rewards that provide experiences in return for loyalty. In many other product categories, targeted cash-back and lifestyle experience-linked loyalty packages and reward systems have proven to be attractive to this segment. Insurance companies can do more in this area to draw more millennials to insurance through properly constructed and targeted loyalty packages.

Culture of insurance

The process of getting older, having kids and thinking more about the future and the need to provide for retirement is a natural driver of insurance take up. Nonetheless, the earlier millennials begin to see the practical value of insurance in their lives - through simple and quick payout lifestyle and technology products - the sooner they will start purchasing insurance for other aspects of their lives.

Insurance works

The key message that Nigeria's insurance industry needs to demonstrate to millennials is that insurance works. For a very small amount of money, valuable possessions that have taken a lot of work and time to accumulate can be quickly and easily replaced – at almost no cost. When accidents or mistakes happen, insurance is a far more reliable – and cheaper – option than having to borrow from friends or family, or repurchase, repair or rebuild things from scratch.

Insurance companies in Nigeria can achieve this paradigm shift by building simple and effective policies that speak directly to millennial lifestyles and aspirations. Once trust is demonstrated by quick, effective and reliable payout processes, the industry will build the trust and confidence to create interest with this segment in the much broader range of financial services products available to assist in preserving and build wealth throughout life's journey.

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