

# We grilled our insureds to find out their vision of PPI for personal loans

## # 1 THE INSURED

### PREAMBLE

We have noticed new consumption trends on the market -hence purchasing possibilities: crowdfunding, leasing or second-hand purchase... Driven by the fast pace of digital technology, personal loans need to adapt to new practices, which will inevitably imply a change in the distribution methods used for these loans.

This insurance available on the French market, made to protect the insured against life-threatening events (death, interruption or loss of employment, disability), has changed little in recent years. Some wonder about its use, cost and presentation. It is in this context that Oney Insurance, convinced of this product's historical importance, wishes to introduce new elements of the discussion to the market, even innovative approaches in order to better meet the expectations of customers.



### SUSTAINED GROWTH IN PERSONAL LOANS

After decelerating in recent years, growth in retail personal loans continued apace in France in 2017: + 4.7% in June, after + 5.8% in March.

At the end of June 2017, the increase in personal loans in France (+ 5.2%) was slightly lower than that of the Euro zone (+ 5.9%).

- Source Banque de France, 09/2017

### METHODOLOGY

In September 2017, our research on "customer needs and expectations regarding Payment Protection Insurance (PPI) for personal loans", was conducted in the form of an online forum for a period of three days.

We brought together a representative sample of the consumer credit market. Participants from all walks of life, holders of personal loans of different types, duration and amounts - with or without insurance - were invited to answer various questions regarding their understanding and needs for payment protection insurance.

### À LA CARTE

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- P. 2. Introduction
- P. 3. Requirement: customising the product
- P. 4. Insuring and reassuring
  - The right price?
- P. 5. Opting for personal loan in an connected approach
  - Giving back to the customer
- P. 6. For a perfect recipe



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## INTRODUCTION

At Oney Insurance, partners and customers are at the heart of our development.

We want to build products that cover and meet the needs of our customers. Our credibility only makes sense when taking into account their daily lives and this approach can only be implemented with the guidance of the insureds themselves. Discussions with consumers allows us to co-develop various aspects of the topic and build a new vision of payment protection insurance. The comments and feedback collected from the insureds participating in our research are presented here.

We would like to thank all participants, who spoke freely and honestly, allowing us to make this presentation.

We would also like to thank all our partners and stakeholders, including Cbp France for their support and assistance throughout this project.



## NUMBERS ON PERSONAL LOAN INSURANCE



**75% of personal loan holders** are not property owners



For personal loans, the **bank distribution channel** accounts for **53.7%** of the market share



The total average of **insured loans in the market today** amounts to **52%**



**70%** of the loans are insured through an **agency**, **30%** were insured online

- Sources: Banque de France, 09/2017 and Cbp research on a selection of 26,000 external files, 03/2017

*Payment protection insurance: security, mutual trust, **extra charges** and **inflated expectations**.*



**Hervé, 52 years old**

*"I prefer to buy the insurance, although it is more expensive because, **in this way**, I feel calmer and know that I protect my family."*



**Aurore, 51 years old**

*"Haven't found it useful considering the credit duration and price"*



**Karim, 26 years old**

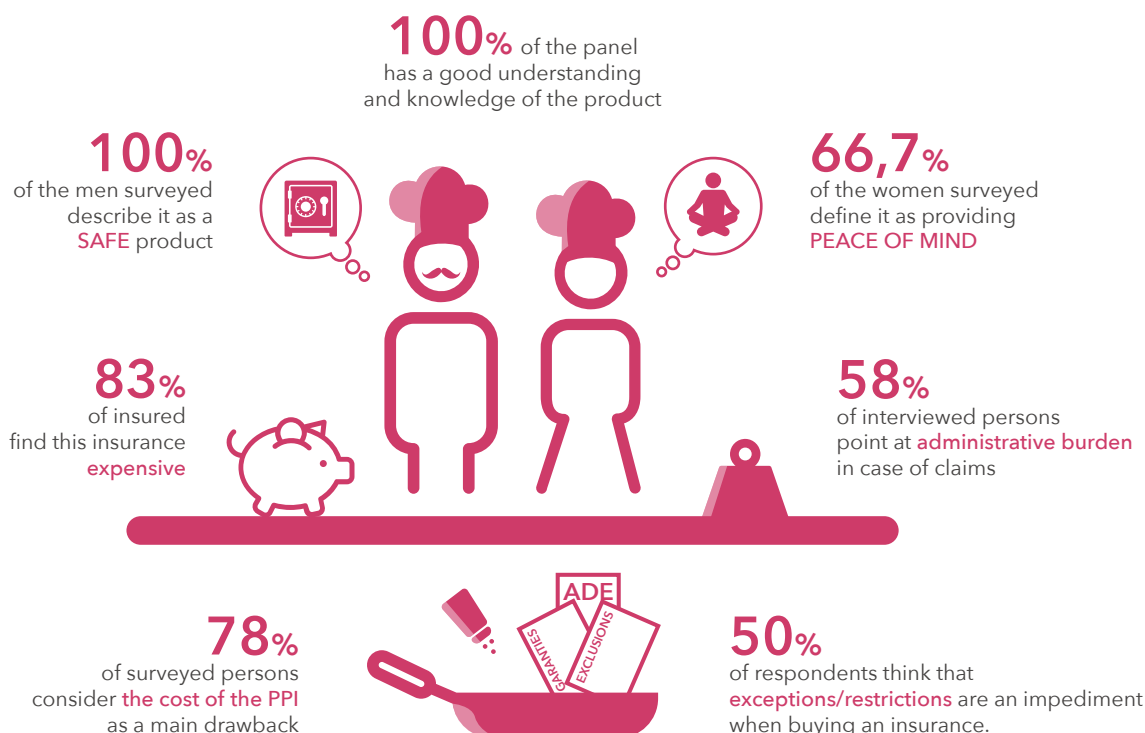
*"The disadvantages are **limited flexibility** and at times unclear terms."*



**Isabelle, 37 years old**

## PRODUCT UNDERSTANDING

Infographic based on declarations from the insureds surveyed during our research



OUR ANALYSIS

During the workshops, participants presented their expectations and fears about payment protection insurance. A prominent finding is a broad customer consensus regarding the product.

In general, clients like the product but have the tendency to confuse it with the loan. By asking them about the areas of improvement, we found that the insureds’ aspirations are divided between highly personalised insurance and product simplification. To a lesser extent, they are also interested in human contact and facilitation, and this entails taking into account the upcoming digital wave.

“When thinking about taking a guarantee extension, we sometimes neglect insurance underwriting for personal loans; protecting our family before the good is top priority! In case of disability, incapacity for work or death, the monthly payments are taken care of and your savings are safe.”

Charles BERKOVITS

Brokerage and Solutions Manager, Member of CoDir Cbp France

REQUIREMENT: CUSTOMISING THE PRODUCT

RECIPE

A MORE CUSTOMISED / À LA CARTE PRODUCT

- 1. Offering optional insurance, with coverage levels depending on the personal situation and status of the insured or selecting the benefits and paying only for what is actually subscribed:

Personal coverage Insured status	Death	Invalidity	Employment Loss	Long illness
Employee	Included	Option	Option	Option
Freelancer	Included	Option		Option
Retired	Included	Option		
Unemployed	Included	Option		
Student		Included		

Example of a guarantee table available to the insured

- 2. Proposing a system per age bracket, with progressive contributions according to age
- 3. Eliminating a maximum of exemptions to limit lack of support
- 4. Taking into account all disability rates
- 5. Offering protection in the event of loss of income due to the interruption of employment in case of illness of a child or a parent of the insured



REQUESTED  
BY 64%  
INSURED

Preparation time  
Long term  
Difficulty  
★★★★

ADD TO MY SHOPPING LIST

SHARE THIS RECIPE

# INSURING AND REASSURING

*It would be nice to be provided with an insurance **with clear terms of use**.*



Marc, 26 years old

*Banks fail to explain the product well, summarising all the details in less than one page.*



Karine, 43 years old

## RECIPE



**One out of every two insured expresses the need for further clarifications and more concise and clear information in contracts**

- 1. Simplify contracts:** make them shorter with more accurate and more accessible information
- 2. Specify exemptions and/or include actual information** of guarantees and exemptions in the presentation
- 3. Explain how unemployment cases are handled** in the case of job loss
- 4. Include a glossary** and comprehensive FAQ



Preparation time

Intermediate

Difficulty



ADD TO MY SHOPPING LIST



SHARE THIS RECIPE



## Insurance Distribution Directive: the law helps improve the customer/insurance relationship

The IDD (EU 2016/97) is part of an effort to standardise the regulation on insurance product distribution in Europe. The European Union has taken this initiative to ensure homogeneous protection of customers in relation to insurance distributors. This wish has been expressed and repeated by those interviewed in our workshops.

This Directive aims to improve customer information provided by insurance product distributors. Today, via the standardised information document and the obligation to seek advice, the law makes it possible to reverse the current insurance image and assign legitimacy to these products, while changing the customer relationship paradigm.

## THE RIGHT PRICE ?

*I would like to **be rewarded** for being a good insured.*



Antoine, 55 years old

There are great disparities between the insureds. For identical risk exposure the insureds can pay between **€ 6 and € 17.54 per month**:

	Insured A	Insured B	Insured C
Monthly expiry date	429.65 €	424.04 €	449.73 €
PPI	1.4%	2.4 %	4.2 %
Monthly average of contributions	6 €	10.38 €	17.54 €

*Comparison of premiums for payment protection insurance linked to an unallocated credit of € 10,000 over 24 months, as of 13th November 2017*

## REQUEST OF THE SURVEYED INSURED



**50% of respondents would like to be rewarded for not using their insurance**



**One in four mentions the idea of a bonus-malus (partial refund in case of non-use of insurance), or at least:**

- » An insurance covering several loans at once with a fixed price
- » Reducing the rate for a second loan for people not facing refund issues or propose a loyalty system

## OPTING FOR PERSONAL LOAN IN AN CONNECTED APPROACH

### RECIPE



In our representative sample, six out of ten would like this connected approach through a general distribution channel

1. Declare your **claim 100% online** to facilitate proceedings
2. Gain access to an internet platform with a **chatbot to receive real-time information**
3. Develop an **application or a website for users to subscribe and follow their contract** or payment schedule
4. Have tools to modify one's insurance in order to make changes in price and create a **customised insurance**
5. Eliminate use of **paid hotlines**



ADD TO MY SHOPPING LIST



SHARE THIS RECIPE



Preparation time

Intermediate

Difficulty



### EXAMPLE OF AN INTERNATIONAL DIGITAL EXPERIENCE



[www.policygenius.com](http://www.policygenius.com)

### EXAMPLE OF DIGITAL EXPERIENCE IN FRANCE

Huguette app  
of the Banque Populaire



## GIVING BACK TO THE CUSTOMER

*A free phone number to facilitate claim management.*



Anaïs, 29 years old

*We are being asked to call them for more information. And not to enter any information on their site !!!!*



Louis, 43 years old

### EXPRESS RECIPE

#### ONLINE INSURANCE MONITORING

Although digital methods are becoming more and more present, some users still wish to have access to a more traditional customer experience where human contact is prominent. Here is a recipe proposal for quality support when counselling is digital:

ASKED  
BY **58%**  
INSURED  
INDIVIDUALS

1. Offer an **easy simulation** for users (involving three clicks maximum)
2. Develop a **modern and elegant** interface (with photos, pictograms, etc.)
3. Add insightful **information**, such as three key pieces of information about family protection
4. Include **details on guarantee levels** that do not require the need for an information notice, the latter not constituting a means of communication during the sale
5. Find a **solution that stems from clients' expectations**: listening and creating customised solutions, it is more than just a trend!
6. Systematise a **simplified argument** with a simulation of insurance to help the insured to understand the guarantees and terms of his/her contract



ADD TO MY SHOPPING LIST



SHARE THIS RECIPE




Difficulty



# FOR A PERFECT RECIPE

## SUMMARY OF THE INSURED'S EXPECTATIONS

The basis of your action plan:

-  **1 Acknowledge the historical importance of PPI products**
-  **2 Provide the customer with the means to choose their level of protection**
-  **3 Dare to introduce more accessible and instantaneous modes of communication**



## CONTACT

If you wish to discuss the perfect recipe with us, do not hesitate to contact us:



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IN PARTNERSHIP WITH



As the insurance brokerage arm of the CEP Financial Group, Cbp is the leader in payment protection insurance in Europe, recognized by credit institutions, insurance companies and reinsurers. Having become the number one broker in France for payment protection insurance in the course of the last 26 years and managing almost a quarter of the market, Cbp is also present in the individual provident market.