



INSURANCE TRENDS SURVEY

SOUTH AFRICA Q2 2024

TransUnion's Insurance Trends Survey, conducted in H1 2024 with 1,000 South African consumers holding active vehicle and homeowners insurance policies, explores evolving consumer attitudes toward insurance shopping, obtaining quotes, telematics and policy servicing. The findings shed light on how these trends are transforming the automotive and property insurance sectors. In this report, we delve into these transformative trends, providing insights that help insurers prepare for the future of the industry.

MACROECONOMIC OUTLOOK

In Q2 2024, South Africa's economic landscape showed mixed signals impacting the insurance sector. While household income levels improved slightly due to bonuses and increased salaries, inflation remained a concern, especially food inflation which rose 17% YoY. Additionally, electricity costs surged – with Johannesburg residents facing a new minimum payment policy, further straining household budgets.

Consumer confidence was affected as 82% of respondents worried about inflation and 50% deterred from applying for credit due to high interest rates. Despite these challenges, there was growing demand for credit, particularly in the retail sector which increased 13% compared to pre-pandemic levels. However, the high cost of vehicle financing and rising vehicle prices slowed growth in asset finance.

Telematics-based car insurance policies have gained traction, especially among younger drivers, offering a potential avenue for cost-effective, personalised solutions. Additionally, enhancing online and mobile services will be crucial as digital platforms become more popular for managing insurance needs.

KEY INSIGHTS FROM RECENT DATA

Credit health and growth:

- Consumer scores remained relatively stable – with a slight increase in the subprime segment as more new-to-credit consumers entered the market
- The significant YoY increase in bank personal loans (29%) and non-bank personal loans (18%) signified higher credit demand
- Retail revolving and instalment accounts grew, with origination volumes increasing 5% and 10%, respectively

Delinquency trends:

- Unsecured lender portfolio management efforts, improved delinquency performance over the past two years
- However, home loan borrowers struggled with prolonged high interest rates, reflected in a 140bp increase in delinquencies

Vehicle finance:

- Unsecured lender portfolio management efforts, improved delinquency performance over the past two years
- However, home loan borrowers struggled with prolonged high interest rates, reflected in a 140bp increase in delinquencies

By leveraging these insights, insurers can better navigate the complexities of the current economic environment and address the evolving needs of consumers.

KEY TAKEAWAYS

DATA PRIVACY CONCERNS:



Top concerns:
Misuse, fraud, data sharing and identity theft

Solution:
Enhance data protection and provide transparent privacy policies

CAR INSURANCE SHOPPING TRENDS:



Main reason for switching:
High premiums due to the cost of living crisis

Preferred methods:
Comparative quotes online, agents/brokers and insurance company websites

Common method used:
Call centres

CUSTOMER RETENTION FACTORS:



Drivers for switching:
Cost, better coverage and improved service

Key offerings:
Competitive pricing, robust coverage and exceptional customer service

Innovative solutions:
Usage-based insurance and coverage for essential possessions

TELEMATICS ADOPTION:



Opt-in rate:
57%, especially among younger drivers

Recent offers:
64% received telematics options

HOMEOWNERS INSURANCE INSIGHTS:



Influence of homebuying:
Significant interest among 25-45-year-olds

Shopping trends:
Comparative quote websites preferred for convenience; agents/brokers for personalised service

Digital platforms:
Insurance websites and mobile apps popular among 25-35-year-olds

CONSUMER LOYALTY AND SWITCHING:



Current providers:
Most prefer staying for continuity

Switching motivations:
Cheaper premiums, better coverage and improved service

Cost of living impact:
Insurers must balance premiums with coverage and customer needs



GENERAL

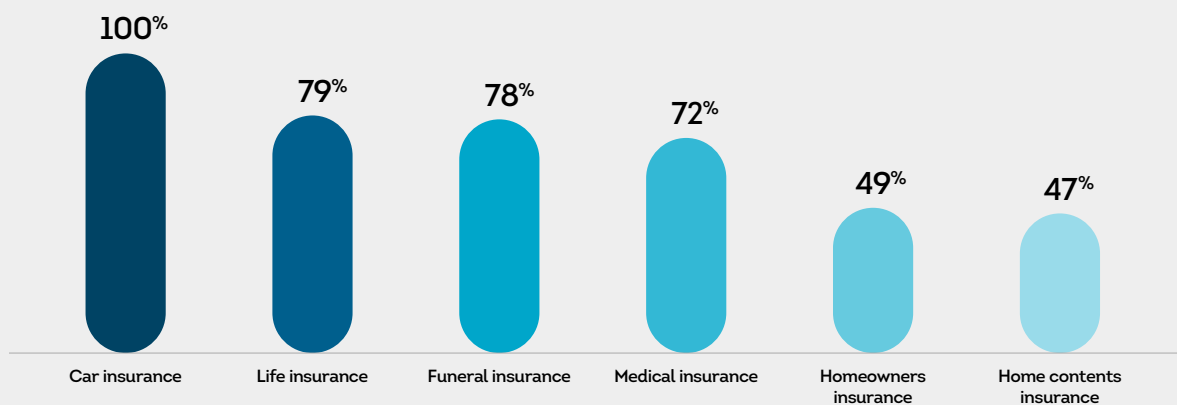
INSURANCE PRODUCTS

All respondents were required to have car insurance. Additionally, slightly under 80% also had life and funeral insurance, indicating a strong awareness of financial planning for end-of-life expenses.

The data revealed a generational divide in life insurance coverage with 83% of Millennials having life insurance compared to only 65% of Baby Boomers. This suggests younger people may be more proactive about securing life insurance early on, while older individuals might either have different financial priorities or believe it's less necessary at their stage of life.

Furthermore, 72% of all respondents had medical insurance, highlighting the importance placed on healthcare coverage across the board.

Figure 1. Types of insurance held currently or in the past six months



SHOPPING FOR INSURANCE PRODUCTS

In the past six months, 59% of respondents shopped for car insurance, 49% for medical insurance, 44% for both funeral and life insurance, and 38% for home contents insurance. Millennials were the most active shoppers in each category with 65% shopping for car insurance, 52% for medical insurance, 49% for funeral and life insurance, and 44% for home contents insurance.

Looking ahead to the next six months, most respondents expected to shop for car insurance (41%) and medical insurance (37%). Once again, the younger generation showed the highest intention to shop for these insurances with 44% of Millennials planning to shop for car insurance, 41% for home contents insurance and 40% for medical insurance.

Homeowners insurance is among the least frequently shopped categories of insurance.

Figure 2. Shopped in past six months

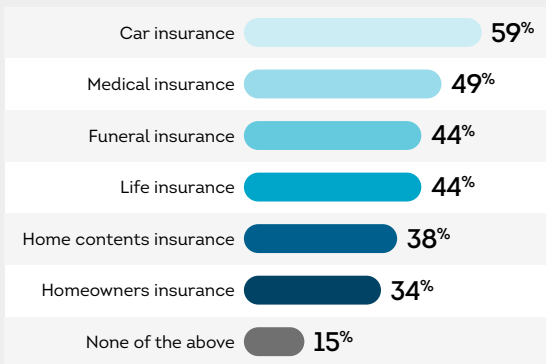
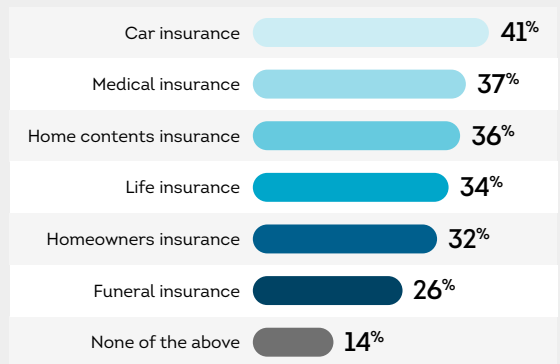


Figure 3. Intend shopping in next six months

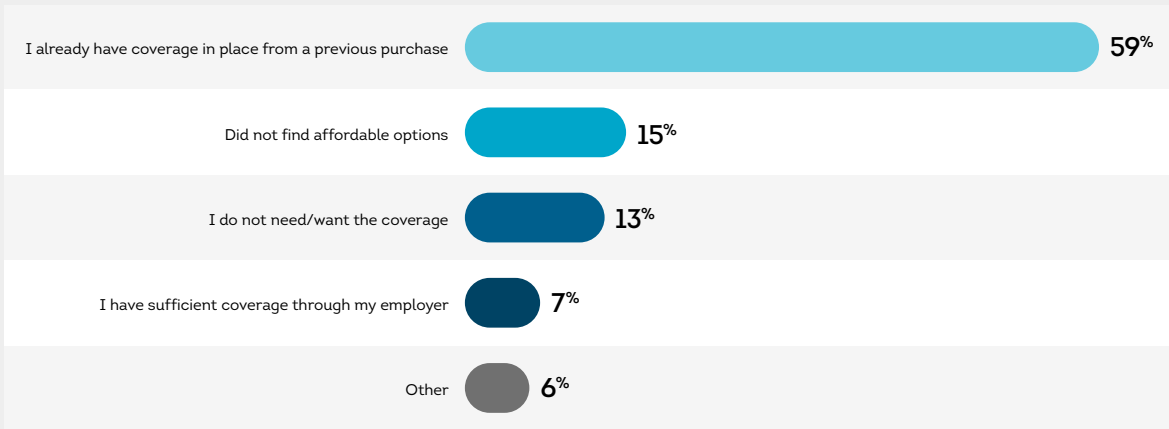


REASONS FOR NOT SHOPPING FOR LIFE/FUNERAL/HEALTH INSURANCE PRODUCTS

The primary reason respondents did not shop for life, funeral or health insurance over the past year was they already have coverage (59%). The second most common reason was the inability to find affordable options (15%), particularly among Millennials (20%) and Gen X (16%).

The inability to find affordable options indicates a notable barrier to accessing additional or alternative coverage. This highlights a potential strategy for insurers to implement: offering more affordable and accessible options to meet the needs of these age groups.

Figure 4. Reason for not shopping life/funeral/health insurance



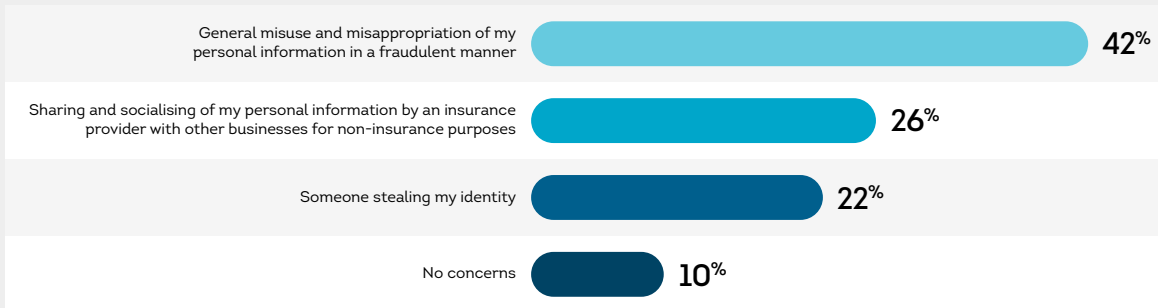
CONCERNS REGARDING SHOPPING FOR LIFE/FUNERAL/HEALTH INSURANCE PRODUCTS

Respondents' primary concerns (42%) regarding the request for and capture of personal identity information by an insurance provider was the potential misuse and misappropriation of such data in a fraudulent manner.

This was closely followed by concerns regarding an insurer sharing personal information with non-insurance businesses (26%) and identity theft (22%), reflecting ongoing concerns about the vulnerability of personal information in digital transactions and communications.

Addressing these concerns through robust data protection measures and transparent privacy policies could help bolster consumer trust in insurance providers.

Figure 5. Concerns regarding shopping for life/funeral/health insurance products





VEHICLE INSURANCE

VEHICLE VALUE AND FINANCE

Approximately two-thirds of primary vehicles (owned or most driven) are currently valued between R100K and R600K. The largest segment (29%) falls within the R200K-R400K price range. Additionally, 21% of vehicles are valued above R600K, predominantly owned by Millennials. Conversely, only 11% of vehicles are valued below R100K, mainly owned by Boomers.

This distribution indicates a concentration of vehicles in the mid-range price bracket, with a significant number of high-value vehicles. This reflects respondents' economic capacities and preferences for mid- to high-value cars.

Financing was common with 70% of vehicles being financed. However, this rate significantly decreased across generations with 82% of Millennials reliant on financing compared to 29% of Boomers. This shift suggests older individuals are less reliant on financing, possibly due to greater financial stability or a preference for outright ownership.

Figure 6. Vehicle value

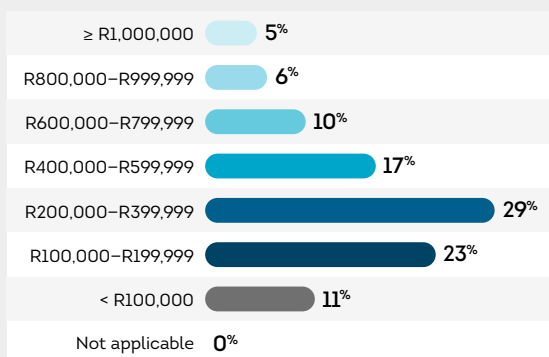
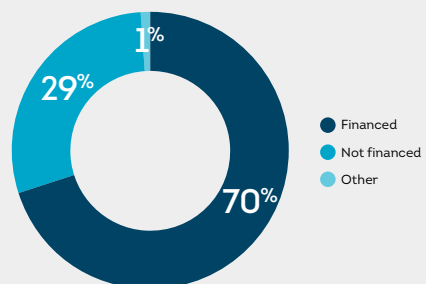


Figure 7. Percentage financed



MAIN REASONS FOR SHOPPING FOR CAR INSURANCE

In the past six months, 59% of car insurance consumers shopped for new car insurance options, and 41% planned to do so in the next six months (see Fig 2 and 3).

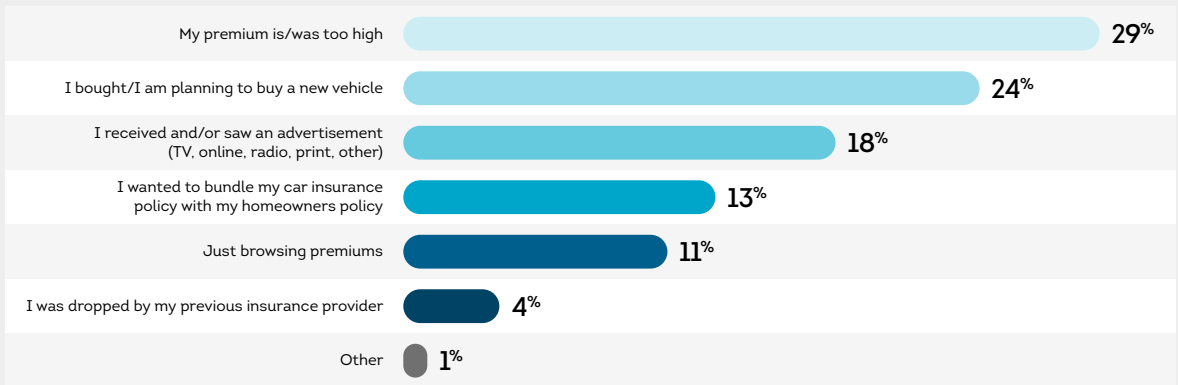
In Q2 2024, 24% of respondents cited purchasing a new vehicle as one of the main reasons for shopping for car insurance, while 18% pointed to the impact of advertising.

However, the majority (29%) of respondents stated high premiums were the primary reason for seeking new car insurance. This was particularly significant among Baby Boomers (47%). Additionally, 11% stated they were “just browsing premiums,” further indicating dissatisfaction with their current premiums.

From Q3 2021 to Q1 2024, South Africa has endured its most protracted and severe cost of living crisis in the past 15 years. This period has been marked by surging prices of essential goods¹ (averaging 11%), outpacing wage growth (estimated at 4.8%²) and leading to decreasing real incomes. Rising interest rates, vehicle and housing expenses, and reduced household cash flow have intensified financial constraints.

As living costs surpass income growth, consumer spending has shifted, reducing discretionary spending on items like insurance. Although many view insurance as essential, it remains a reluctant purchase for most. Economic pressures have heightened concerns about the affordability of insurance premiums, prompting consumers to shop around for savings on insurance premiums and cheaper quotes before renewal, with some opting out of purchasing insurance altogether. This pressures insurers to provide tangible value in an already competitive market where product differentiation is challenging and profit margins are tight.³

Figure 8. Reasons for shopping for insurance



¹ CPI inflation rate for food, electricity & other fuels and petrol. Source: Stats SA.

² Remuneration per worker, nominal prices, including public and private sector wages; Source: SA Reserve Bank.

³ Insurance Service Ecosystems: The New Key to Loyalty and Profit | TransUnion South Africa

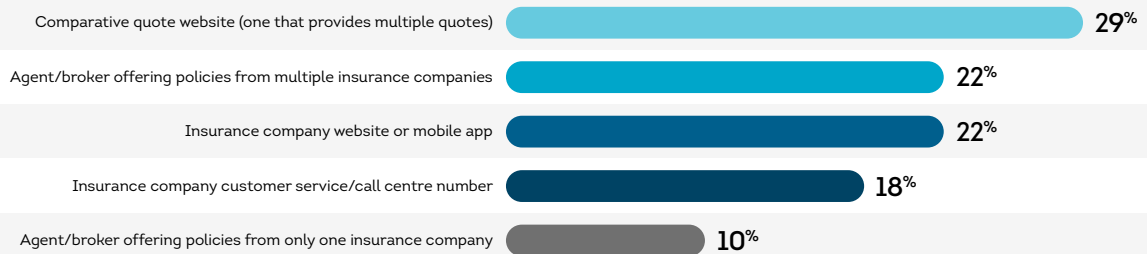
PREFERRED METHOD FOR CAR INSURANCE SHOPPING

Sourcing comparative quotes online was the most preferred method respondents used when shopping around for car insurance (29%).

This was followed by using an agent/broker offering policies from multiple companies and insurance company websites or mobile apps (22% each).

It must be noted although insurance company customer service/call centre number was the second least preferred method of shopping for insurance (18%), it was the most used method for obtaining quotes.

Figure 9. Preferred method for car insurance shopping



REASONS FOR SWITCHING AND NOT SWITCHING

The follow-through rate was high with over half (55%) of respondents switching providers after shopping around for insurance, posing a significant risk for providers.

Respondents primarily switched car insurance providers in search of cheaper premiums (41% cited this motive). This trend was particularly pronounced among Gen X (55%) and Baby Boomers (67%), indicating a strong cost sensitivity among older customers.

Additionally, 23% of respondents switched for better coverage, reflecting a significant demand for more comprehensive insurance options.

Improved customer service, cited by 15%, underscored the importance of service quality in retaining customers.

These insights highlight the critical areas insurers must focus on to attract and retain policyholders: competitive pricing, comprehensive coverage and exceptional customer service. Insurers should recognise the financial pressures consumers face and seize the opportunity to engage with them through innovative products tailored to their needs. Introducing flexible offerings, such as coverage for essential possessions or usage-based insurance, can help address these challenges and prevent insurance gaps that expose individuals to risks.

Figure 10. Switched providers

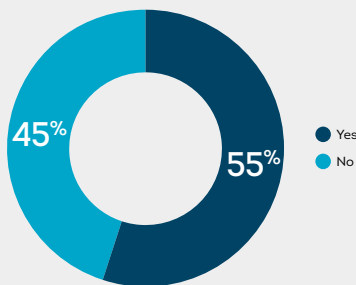
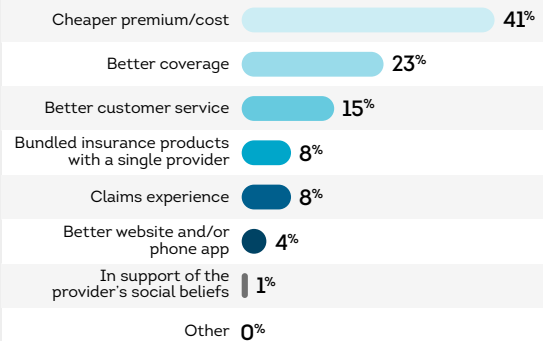


Figure 11. Reasons for switching insurance



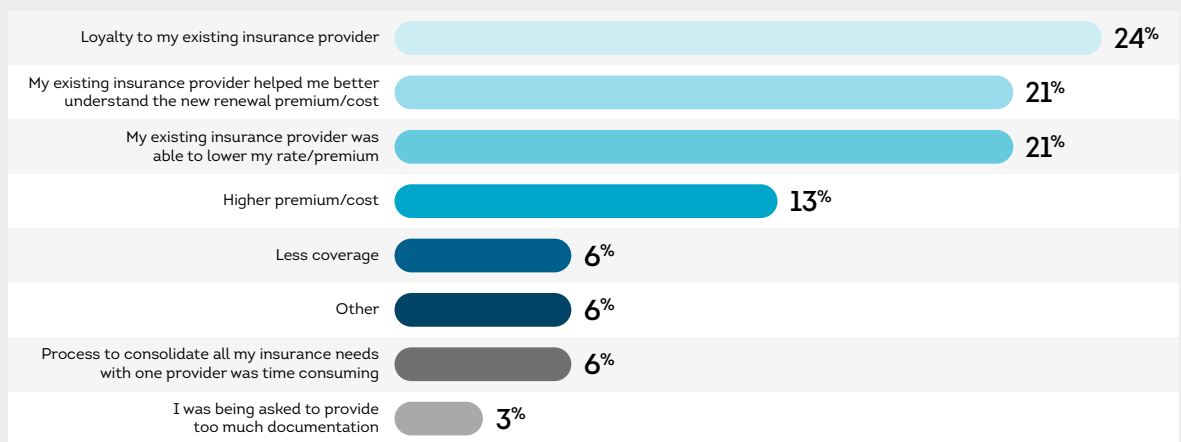
Loyalty was the primary reason 24% of respondents chose not to switch car insurance providers, particularly among Gen X where the rate was 38%. This indicates a strong sense of brand allegiance within this age group, likely due to long-term relationships and satisfaction with their providers.

Additionally, 21% of respondents stayed with their existing providers because of lowered premiums, suggesting competitive pricing strategies effectively retain customers. This factor was particularly crucial in the highly price-sensitive car insurance market.

Moreover, 21% of respondents valued assistance in understanding new costs; this reason was significant for 25% of Millennials. This highlights the importance of clear communication and customer support, particularly for younger customers who may prioritise transparency and guidance when making financial decisions.

Overall, these findings underscore the multifaceted nature of customer retention in the car insurance industry where loyalty, competitive pricing and excellent customer service play pivotal roles.

Figure 12. Reasons for not switching



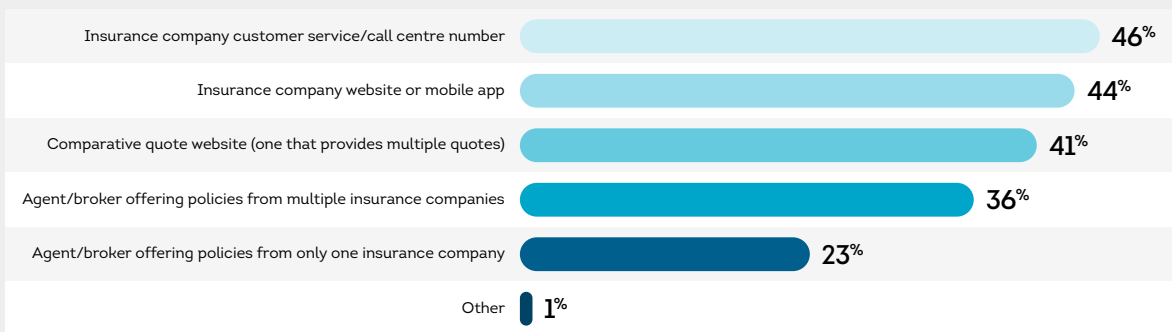
PREFERRED METHOD FOR OBTAINING A QUOTE

Among those who indicated they were shopping for insurance in Q1 2024, the method of obtaining car insurance quotes varied significantly. Customer service/call centres emerged as the most utilised channel with 46% of respondents opting for this option. Interestingly, this method was particularly favoured by older Boomers aged 66–75, with a notable 53% preference rate among this demographic, indicating a preference for personalised assistance and guidance in insurance matters.

Insurance company websites or mobile apps were also common with 44% of respondents reporting using this method. This method was predominantly popular among Millennials where the adoption rate soared to 47%, reflecting their comfort with digital platforms for managing insurance needs and seeking information independently.

Comparative quote websites secured the third position at 41%, highlighting their appeal among Millennials was an adoption rate of 43%. This demographic preference suggests a shift toward online platforms that facilitate comparison shopping for car insurance policies with transparency and ease. It highlights a growing preference for digital convenience in the insurance shopping process.

Figure 13. How insurance quote was obtained



TELEMATICS

In the past six months, 64% of respondents were offered a car insurance policy featuring telematics – which involves an in-car tracking device or smartphone app to monitor driving habits. This offer was particularly prevalent among Millennials and Gen X with 73% and 55%, respectively receiving it.

The follow-through rate was notably high with 57% of all respondents opting in, especially among Gen X where the opt-in rate was 60% and Millennials was 59%. This high acceptance rate among younger drivers suggests a growing comfort and willingness to adopt technology-driven solutions for potentially lower premiums and personalised coverage.

Figure 14. Telematics offered

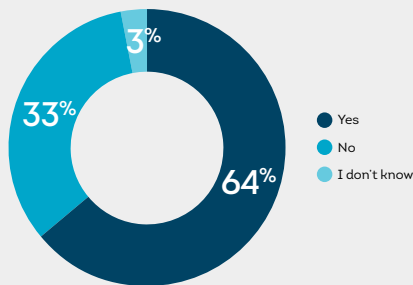
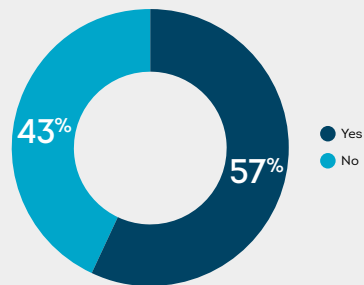


Figure 15. Telematics accepted/opted-in



USAGE OF CAR WITHOUT INSURANCE

In the past six months, nearly a quarter of respondents did not have car insurance while using or owning a car.

Among these respondents, 23% chose not to renew their insurance coverage. Additionally, 23% believed insurance was unnecessary after paying off their cars, a view that was particularly widespread among Gen X at 29%. This indicates a significant opportunity for insurers to educate consumers about the ongoing benefits of maintaining insurance coverage, even after major financial milestones like paying off a vehicle. Providing targeted information and resources to highlight the risks of being uninsured and the long-term benefits of continuous coverage could help address these misconceptions and improve renewal rates.

Twenty-two percent of respondents could not afford insurance; this financial strain was evident in all age categories, particularly among Gen X (31%) and Baby Boomers (27%). The latter reason was particularly concerning as it highlights the impact of high premium costs and the ongoing cost of living crisis, suggesting financial strain is a significant barrier to maintaining car insurance coverage.

Figure 16. Owned/used without insurance

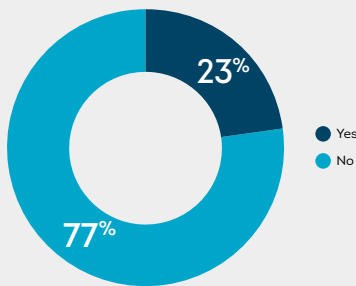
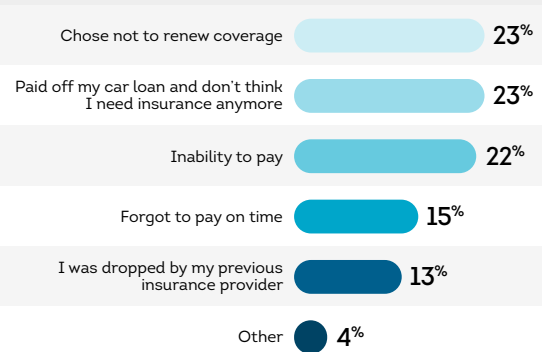


Figure 17. Reasons owned/used without insurance





HOMEOWNERS INSURANCE

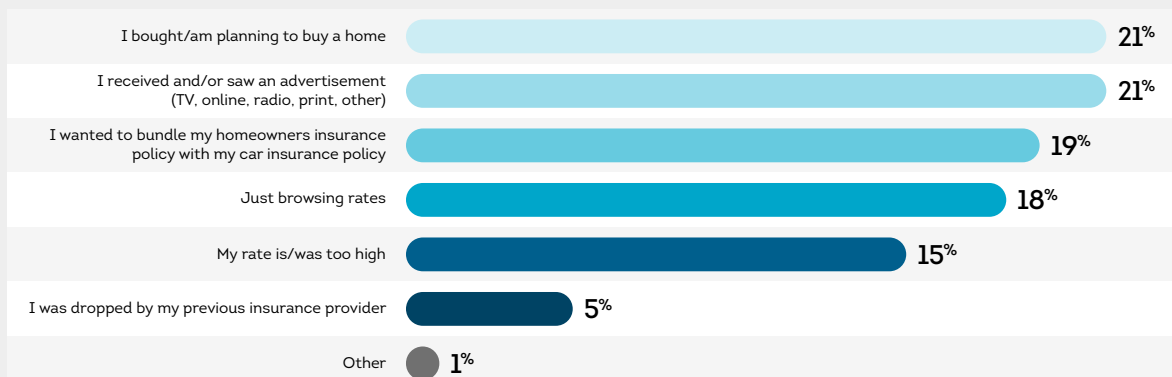
MAIN REASONS FOR SHOPPING FOR HOMEOWNERS INSURANCE

Buying a home (21% of respondents), particularly among Millennials (29%), was one of the top reasons for shopping for homeowners insurance. This indicates a strong correlation between new home purchases and the search for suitable insurance policies, especially among younger to middle-aged adults.

Receiving or seeing advertisements also played a significant role (21%), suggesting marketing efforts are effectively reaching potential customers. The desire to bundle homeowners and car insurance was another key factor (19%), especially among Baby Boomers (36%), highlighting the appeal of consolidated insurance packages for older adults.

Additionally, 18% of respondents were just browsing rates, indicating a proactive approach to finding better deals. However, 15% of respondents (particularly Boomers at 55%) were motivated by their current rates being too high. This underscores the impact of premium costs on insurance shopping behaviour, suggesting financial considerations are a significant driver in seeking new insurance options.

Figure 18. Reasons for shopping for insurance



PREFERRED METHOD FOR HOMEOWNERS INSURANCE SHOPPING

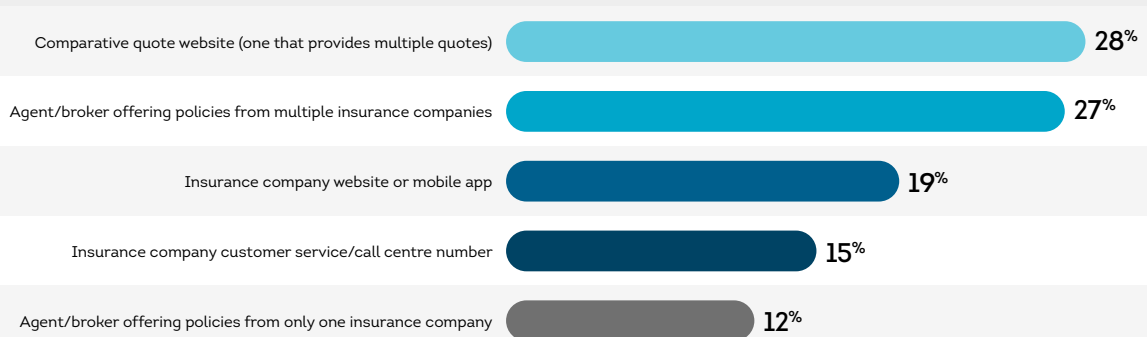
Comparative quote websites were the most preferred method for shopping for homeowners insurance – utilised by 28% of respondents. This preference reflects a trend toward online platforms that allow for easy comparison of insurance policies. This shift is likely driven by the need for convenience and ability to find competitive rates quickly.

Following closely, 27% of respondents opted for agents or brokers offering policies from multiple companies. This method, particularly favoured by Baby Boomers (31%), suggests a preference for personalised service and expertise in navigating insurance options.

Insurance company websites and mobile apps were also popular among 19% of respondents. This trend was most evident among Millennials (with a usage rate of 20%), indicating comfort with digital platforms for managing insurance needs.

These findings underscore the diverse preferences in how individuals shop for homeowners insurance, with a clear inclination toward digital and personalised service channels. Insurers should consider enhancing their online presences and providing robust comparison tools to effectively cater to these consumer preferences.

Figure 19. Preferred method for homeowners insurance shopping



REASONS FOR SWITCHING

The majority (57%) of respondents who shopped for homeowners insurance ultimately decided not to switch providers. This indicates a strong inclination toward maintaining existing insurance arrangements, possibly due to factors like satisfaction with current coverage or reluctance to navigate the complexities of switching.

Of the 43% who switched providers, the primary motivation was the pursuit of cheaper premiums as cited by 37% of respondents across all generations. This highlights the critical role cost plays in consumer decision-making within the insurance market, especially during a cost of living crisis marked by reduced household income growth, rising inflation and increased debt stress. It reflects a widespread desire to alleviate the financial burdens associated with homeownership.

Following cheaper premiums, 31% of switchers prioritised obtaining better coverage, suggesting a preference for policies that offer comprehensive protection and peace of mind. Meanwhile, 11% opted for better customer service, highlighting the importance of quality interactions and support from insurance providers.

Overall, these findings highlight the nuanced considerations of consumers when evaluating homeowners insurance options (i.e., balancing cost savings with coverage adequacy and service quality in their decision-making process). Insurers can leverage these insights to refine their offerings and enhance customer satisfaction and retention strategies.

Figure 20. Switched providers

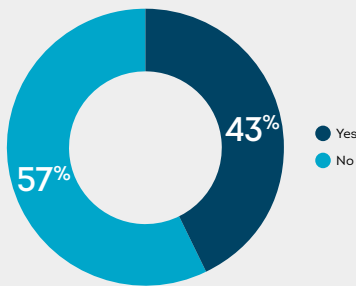
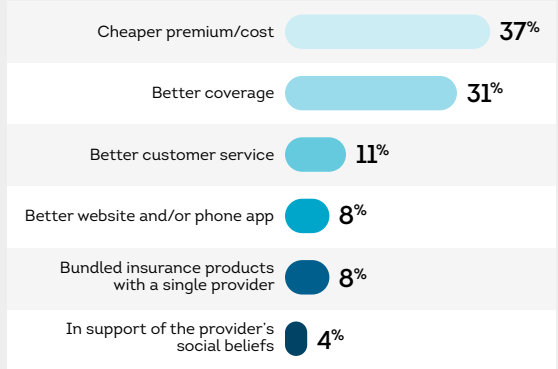
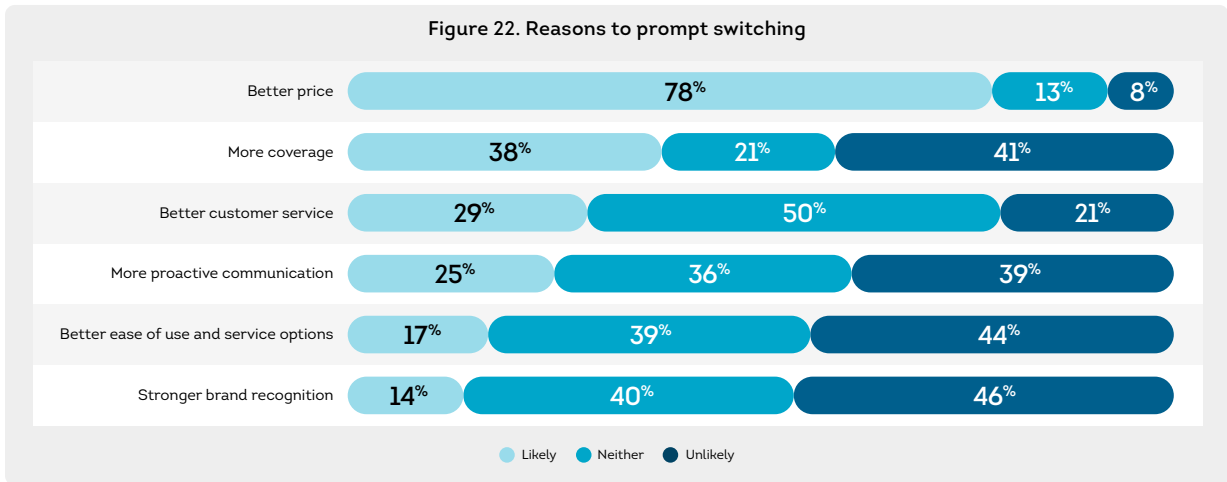


Figure 21. Reasons for switching insurance



REASONS THAT WOULD PROMPT SWITCHING

The vast majority (78%) of respondents indicated a better price would most likely or likely prompt them to switch homeowners insurance providers. This was followed by 38% who would most likely or likely switch for increased coverage, 29% for better customer service, and 25% for more proactive communication.



The cost of living crisis is reshaping consumer spending habits and significantly impacting the insurance sector in South Africa. Rising insurance premiums during these periods have led many customers to worry about their abilities to continue making payments. To manage escalating expenses during inflationary and low-growth periods, insurers often raise premiums, which can further reduce the spending power of policyholders. Consequently, consumers with already tight budgets may scale back on non-essential insurance coverage or switch to providers with lower premiums. Insurers must balance necessary price increases with the risk of losing customers, carefully managing premium adjustments to mitigate customer attrition.

PREFERRED METHOD FOR OBTAINING A QUOTE

Among those who indicated they were shopping for homeowners insurance in Q1 2024, most respondents showed a diverse preference for obtaining quotes through different channels, reflecting varying preferences and comfort levels with technology and personal interaction.

Forty-five percent of respondents (particularly Millennials and Gen X) favoured customer service/call centres. This suggests a significant reliance on direct communication and assistance when navigating insurance options, indicating a preference for personalised service and advice.

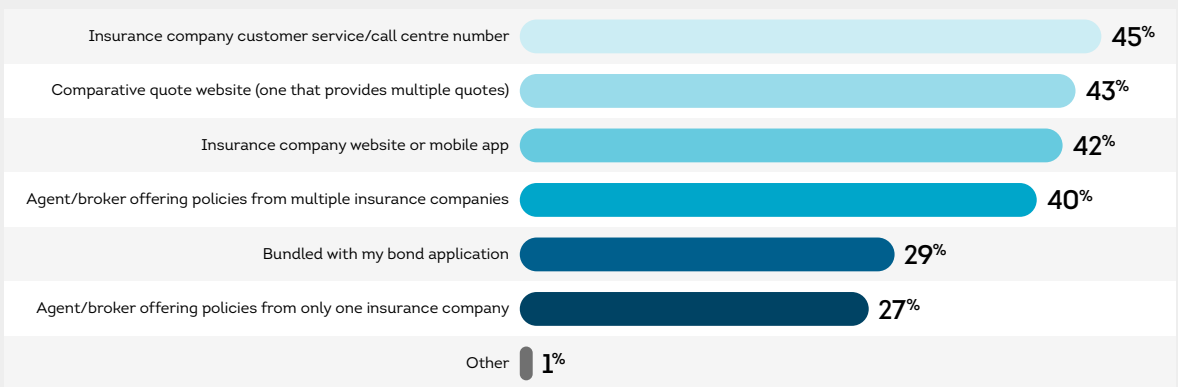
Comparative quote websites were popular among 43% of respondents, especially Millennials (48%). This highlights the convenience and transparency these platforms offer in comparing multiple insurance policies quickly and efficiently, catering to tech-savvy consumers looking for competitive rates.

Forty-two percent of respondents, particularly Millennials at 47% and Gen X at 43%, use insurance company websites and mobile apps. This trend underscores the increasing adoption of digital platforms for managing insurance needs, driven by accessibility and ease of use.

Forty percent of respondents preferred agents or brokers offering policies from multiple companies, especially Millennials (50%). This preference suggests a desire for expert guidance and the ability to explore various insurance options tailored to individual needs, reinforcing the value of personalised advice in insurance decision-making.

These findings highlight the importance of offering diverse channels and personalised approaches to meet consumers' homeowners insurance preferences and needs across different age groups. Insurers can leverage these insights to enhance customer engagement and satisfaction by optimising their service delivery through both traditional and digital platforms.

Figure 23. How insurance quotes are obtained



BACK-UP ALTERNATIVES

About a third of respondents with power or water backup alternatives did not update their homeowners insurance policies to reflect these changes. This suggests a potential gap in coverage as these respondents may not be taking advantage of possible discounts or adjustments in premiums insurers might offer for such upgrades. It also highlights a lack of awareness or perceived importance in updating policies to ensure accurate coverage and potentially better rates.

Figure 24. Alternative water/power back-up

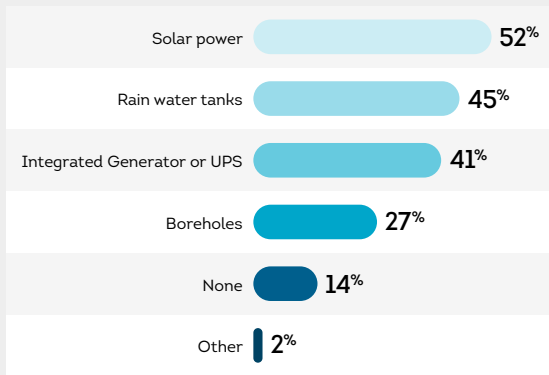
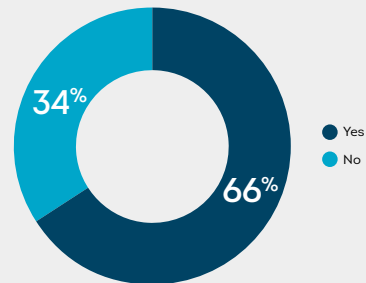


Figure 25. Updated insurance



NON-INSURED HOMEOWNERS

Of the 64% of respondents who own homes but do not have homeowners insurance, almost half (particularly Millennials) cited the inability to find insurance that meets their requirements as the reason for not having it. Additionally, 24% believed they don't need insurance and 18% said they can't afford it – with the affordability issue being prevalent among Gen X (25%) older Baby Boomers aged 66–75 (40%).

This data highlights significant barriers preventing homeowners from obtaining insurance, particularly among younger adults who struggle to find policies that meet their needs. The perception of not needing insurance among a quarter of respondents suggests a potential gap in understanding the risks and benefits of coverage.

Affordability remains a substantial concern, particularly for middle-aged and older adults, indicating a need for more accessible insurance options tailored to different age demographics. Addressing these barriers could improve overall insurance coverage rates among homeowners.

Figure 26. Home ownership

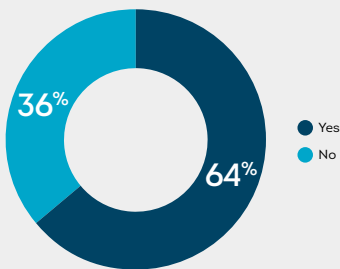
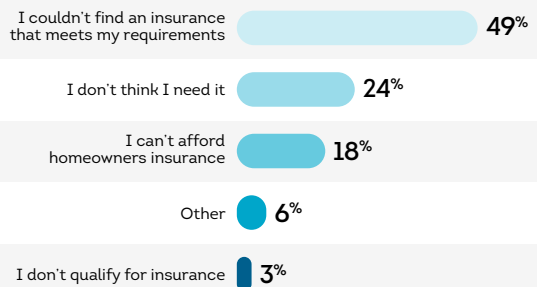


Figure 27. Reasons for not having homeowners insurance



RESEARCH METHODOLOGY

TransUnion's Insurance Trends Survey is an online survey conducted from 7 to 15 May 2024 among 1,000 South African respondents 25+ years old, screened for ownership of vehicle insurance (current or in the six months prior to the survey), and who have shared or sole insurance decision-making responsibilities. TransUnion partnered with a third-party research provider, Dynata, using an online research panel method across a combination of desktop, mobile and tablet devices. These research results are unweighted and statistically significant at a 95% confidence level within ± 3.1 percentage points based on a calculated error margin for a sample size of 1,000. To increase representativeness across resident demographics, the survey included quotas to balance responses to the census statistics dimensions of age, gender, household income and region. Generations are defined in this research as follows (and may differ slightly from "official definitions"): Millennials: 25–45 years old; Gen X: 46–55 years old; Baby Boomers: 56–75 years old. Those not included in this report didn't have adequate base size. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

Enhancing Understanding Through Actionable Data Insights

We trust you found this content valuable

At the core of TransUnion's products, services and initiatives is the belief that information can change people's lives.

We provide actionable insights that help consumers understand their credit and personal finances better, fostering financial literacy and empowering them to take control of their economic destinies.

For businesses, our data insights help streamline operations, mitigate risk and enhance customer relationships through personalised offerings.

These are part of TransUnion's commitment to empower economic opportunities and enrich understanding through actionable data insights.

We call this Information for Good®.

For more information about TransUnion's insurance solutions
visit transunion.co.za/industry/insurance

