



# Insurance Survey 2020

Surveying Finnish insurance customers' coverage, risks, claims experience, views on social security, and opinion of insurance companies and products.

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## 1 Background

The FFI Insurance Survey interviewed Finns on their

- insurance policies
- opinions on insurance companies and products
- risk awareness and risk management
- use of insurances and claims experience
- views on the division of responsibilities in the society.

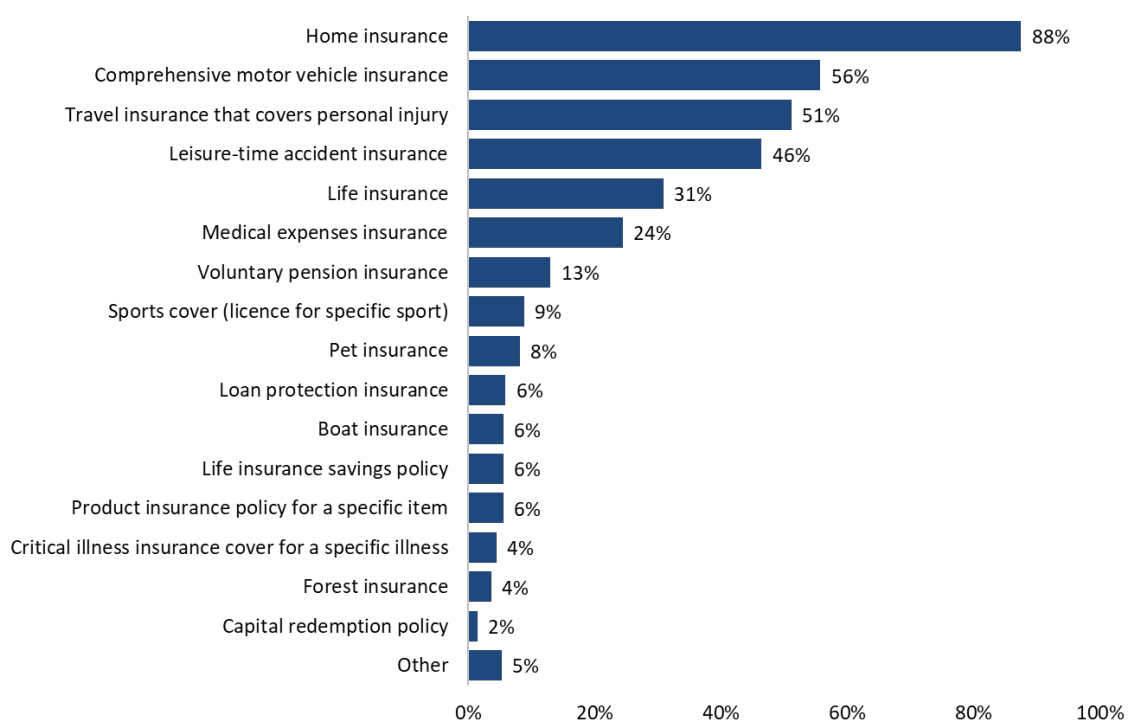
The survey is part of a follow-up study that has been regularly conducted since 2000. Target group of the survey covers continental Finns aged 18 to 79 years. Number of respondents was 1,000.

This year's survey was carried out in April by Norstat Finland.

The survey questions have been translated into English only for the purposes of this report and therefore may not be identical to the original questions in terms of word choices and phrasing.

## 2 Voluntary insurances

Finnish households have fairly good insurance cover for themselves and their property. The average Finnish household has 3.6 different insurance policies. High-income households, families, and persons employed in executive positions have more objects of insurance and consequently the highest number of insurances per household.



**Figure 1. Voluntary insurances.**

*Which of the following insurances do you or your underage children have?*

The most common voluntary insurance is home insurance, which was held by 88% of the respondents. The second most common insurance was comprehensive motor vehicle insurance, held by 56% of the respondents. These are followed by leisure time insurances: travel insurance (51% of the respondents), and leisure-time accident insurance (46%).

Life insurance and medical expenses insurance were the next most common insurance types. About 31% of the respondents had a life insurance policy, and 24% had medical expenses insurance.

Individual, tailored insurance policies have become more popular compared to the 2018 survey. The proportion of respondents with specific sports cover, pet insurance or product insurance had grown.

### 3 Home insurance

Home insurance was held by 88% of all respondents. Having home insurance was most strongly related to owner-occupied living and age of the respondent. Most lease agreements also require the tenant to take out home insurance.

About 91% of the respondents living in their own homes had home insurance, whereas only 82% of those living in rental housing had such a policy. The prevalence of home insurance was also influenced by the following three factors:

- **Income.** High-income respondents were more likely to carry a home insurance policy. Home insurance was most common among households with an annual income of €50,000 or more.
- **Age.** The older the respondent, the more likely they were to have home insurance. In the age group of 60–79 years, 91% of the respondents had home insurance.
- **Education.** Highly educated respondents were more likely to have home insurance.

### 4 Medical expenses insurance

About 24% of the respondents had voluntary medical expenses insurance cover. The survey data showed this was strongly linked to the respondents' level of education. Compared to the rest of the population, medical expenses insurance was much more common among those who had graduated from a university of applied sciences (29%) or an institute of higher education (32%).

Of all the respondents, 19% had taken out a medical expenses insurance for themselves and 10% had taken it out for their child. About 3% of the policyholders had been insured by their employer.

Families with underage children (<18 years) had also insured themselves much more commonly than other households. Nearly half (49%) of the respondents with underage children and living with their spouse (married or common-law) had taken

out medical expenses insurance for themselves or their children. This percentage was 36% for single-parent households.

The household's income also played in the decision to take out insurance. Medical expenses insurance had been taken out by 39% of the households with the highest income (€70,000/year or more) and by 18% of the households with the lowest income (€30,000/year or less).

## 5 Travel insurance

In the survey, 51% of respondents said they had taken out travel insurance that also covers personal injury. Travel insurance was the most popular in respondent groups that travel a lot: people with high income and education without underage children.

Continuous travel insurance is the most popular type of policy. It was carried by 78% of the respondents with travel insurance. Other travel insurance types, e.g. those provided with credit cards, were held by 15% of the respondents, while 7% had taken out insurance for one-time travel.

Travel insurance was considered a necessity: 95% of all respondents either fully or partially agreed with the statement "Travel insurance that covers the costs of an illness or accident during travel is necessary to have whenever travelling." Age was a determining factor in this question. Older respondents generally considered travel insurance more necessary and important than younger respondents.

On the other hand, the statement "If necessary, the State of Finland will arrange for my transport home in the event of a serious illness or accident during travel" caused the respondents' opinions to divide. Of all respondents, 21% fully agreed, 20% partially agreed, 19% partially disagreed, 26% fully disagreed, and 16% did not know how to answer.

Compared to previous years' surveys, the results did not indicate much of a change. The importance of travel insurance was slightly higher with an increase of 2% in the number of respondents who either fully or partially agreed with the statement. Belief that the State would arrange repatriation if necessary had also slightly increased. The proportion of those fully agreeing with the statement had remained level (21%), but the proportion of partially agreeing respondents had climbed from 14% to 20% compared to the survey in 2018.

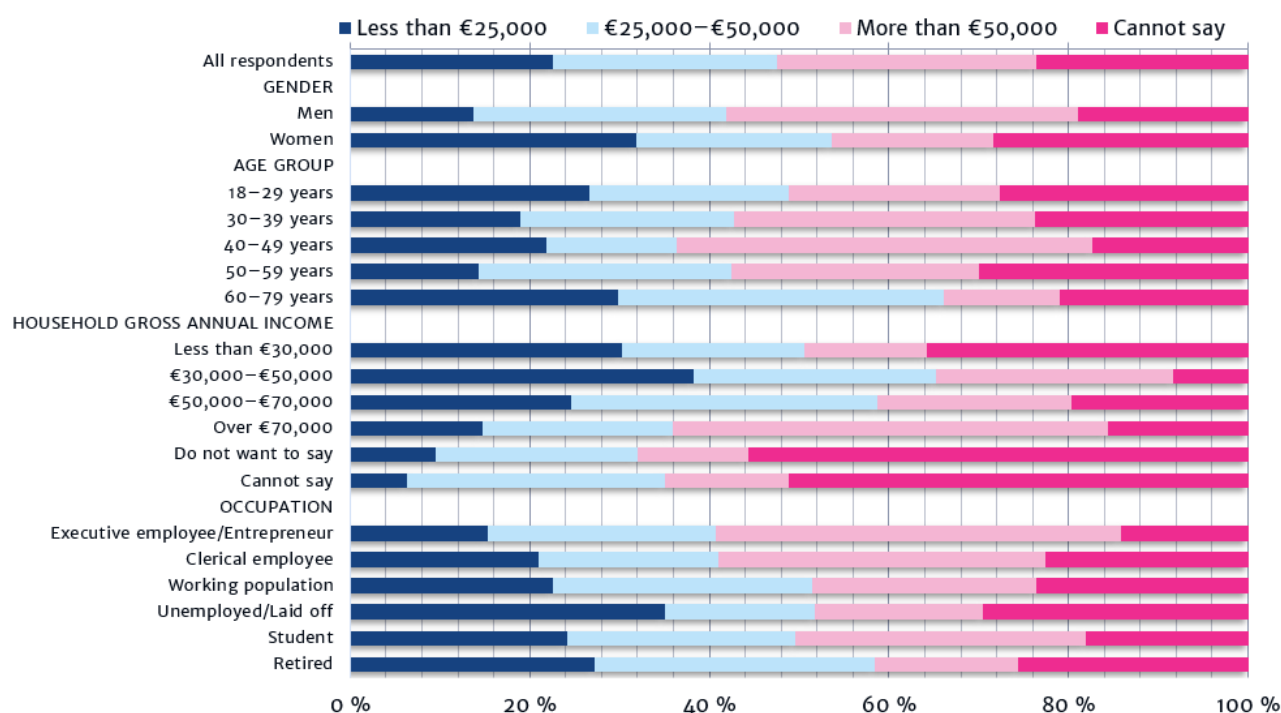
## 6 Life insurance

About 31% of the respondents had taken out a personal life insurance policy. This is 4 percentage points less than in 2018. The respondents' income, working life status and family status influenced the prevalence of life insurance.

Families with underage children (<18 years) had insured themselves much more commonly than other households. More than half (53%) of the respondents living with underage children and a spouse (married or common-law) had taken out life insurance. The household's income also correlated with the decision to take out insurance. In the highest income group (€70,000/y or more), life insurance was held

by 47% of the respondents, whereas in the lowest income group (€30,000/y or less) the percentage was 20%.

The amount of the assurance payable at death was clearly linked to occupation and household income. In the highest income group, 48% of the respondents had a life insurance amount of more than €50,000. About 45% of the respondents in executive positions carried life insurance. Men had insured themselves for a much higher amount than women.



**Figure 2. Voluntary life insurance payable at death.**

*Should you die, what is the amount of the assurance your beneficiaries would receive?*

## 7 Voluntary pension insurance

About 13% of the respondents carried a voluntary pension insurance policy. This is one percentage point less than in 2018. The respondents' income, working life status and family status influenced the prevalence of pension insurance.

Families with underage children (<18 years) had insured themselves much more commonly than other households. Roughly a third (30%) of the respondents living with underage children and a spouse (married or common-law) had taken out life insurance. The household's income also correlated with the decision to take out insurance. In the highest income group (€70,000/y or more), voluntary pension insurance was held by 25% of the respondents, whereas in the lowest income group (€30,000 or less) the percentage was 6%.

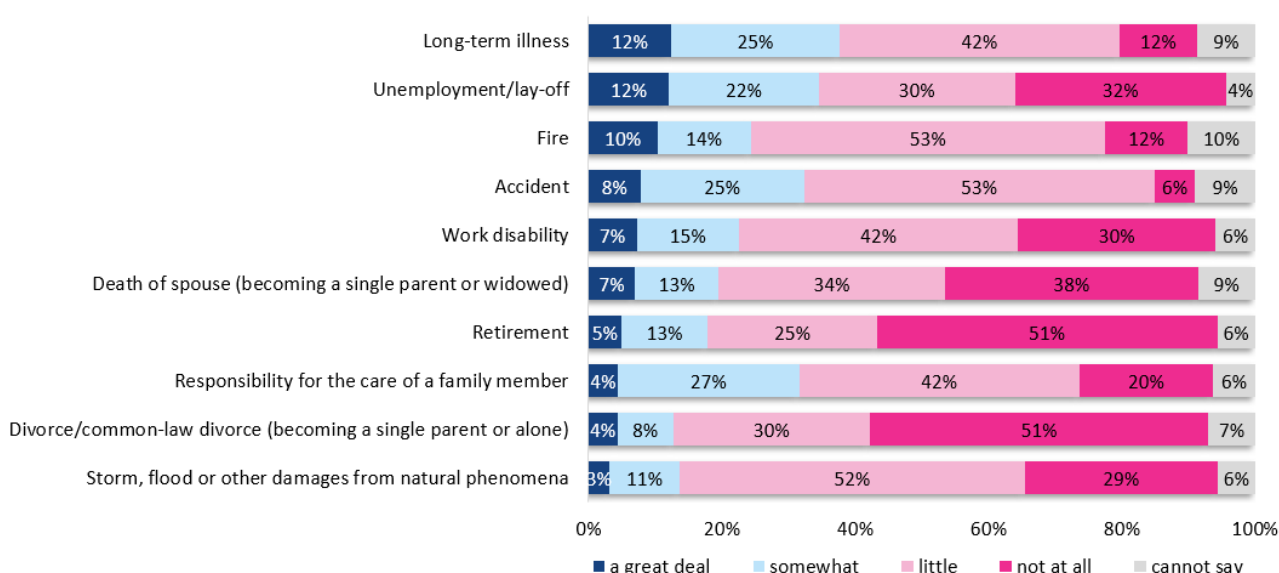
Voluntary pension insurance was the most popular among executive employees and entrepreneurs. About 28% of them had either been insured by their employer or had taken out the insurance on their own.

## 8 Risk awareness

The respondents were asked to weigh a number of risks in terms of how much the respondents felt these would threaten their financial well-being. Unemployment and lay-offs were considered much bigger risks than in previous years, with 34% of the respondents picking their risk level as “a great deal” or “somewhat”. This stood out especially among the working-age respondent groups.

Like before, the respondents’ biggest fear was long-term illness, which was considered a threat to financial well-being by 38% of the respondents (40% in 2018). On the other hand, the perceived risk of fire (24%, down from 30%) as well as storm, flood and other natural phenomena (14%, down from 19%) were clearly smaller than in the previous study.

Retirement was perceived as a bigger risk than before (18%, up from 15% in 2018).



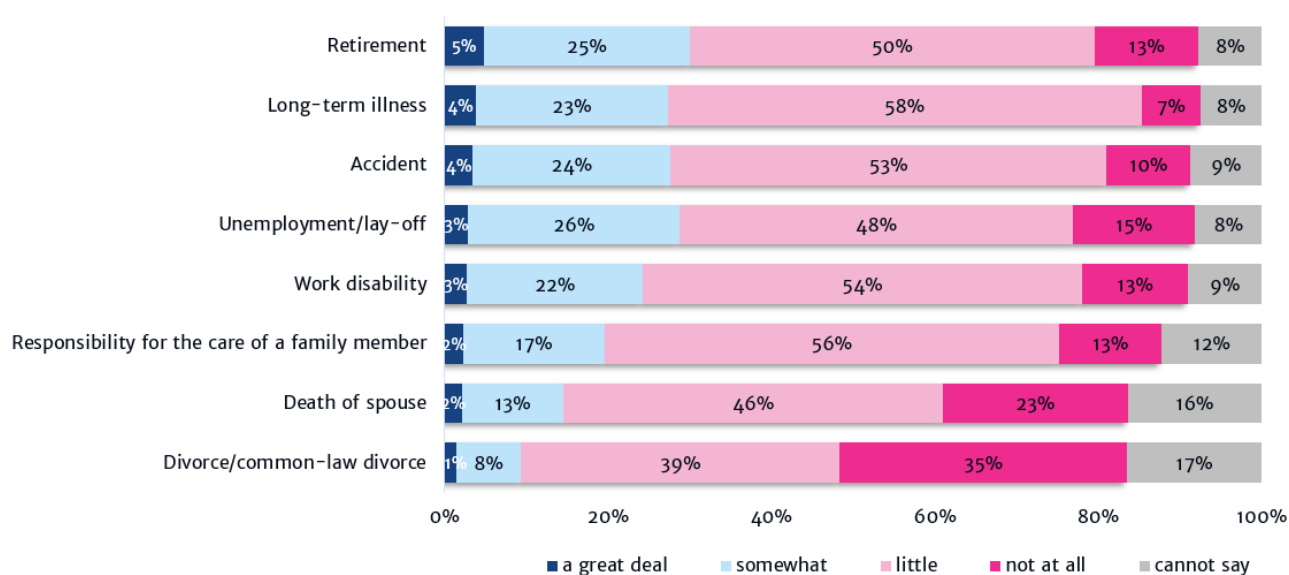
**Figure 3. Experienced risk exposure.**

*At your current stage of life, how much would the following risks impact your own and/or your family's financial well-being?*

## 9 Sufficiency of statutory social security in the event of risks

Trust in the sufficiency of statutory social security in the event of risks is still fairly weak, although it has clearly improved compared to the previous survey in 2018. The change has been most noticeable in services and benefits related to retirement (+5%), treatment of long-term illness (+3%), injury (+2%) and unemployment (+7%).

Finland’s current government has prioritised these matters in its government programme. The respondents’ confidence in the society’s capacity and the adequacy of services and benefits has clearly improved.



**Figure 4. Perceived sufficiency of statutory basic services and benefits.**

*In your opinion, how well will the statutory services and benefits provided by the society support your financial well-being in the event of the following risks?*

## 10 Adequacy of statutory social security

Of all respondents, 42% did not believe their statutory pension would be enough to cover all the services they need after reaching 80 years of age. About 29% of the respondents believed their statutory pension would suffice, and 29% did not know how to answer.

Confidence in the adequacy of statutory pension was the highest among the mostly retired age group of 60–79 years (42%) and among the young, aged 18–29 years (27%). Statutory security was perceived as sufficient by 44% of respondents already in retirement. 29% did not believe it was sufficient and 27% did not know what to answer.

Many respondents assumed they would have to personally cover a growing amount of the costs of their health care and medical expenses in the future. This was stated by 73% of the respondents. The proportion is 6% less than in 2018 (79%).

Furthermore, 82% of all respondents also believed they would have to personally cover the costs related to their elderly care in the future. This is 3% less than in 2018 (85%).

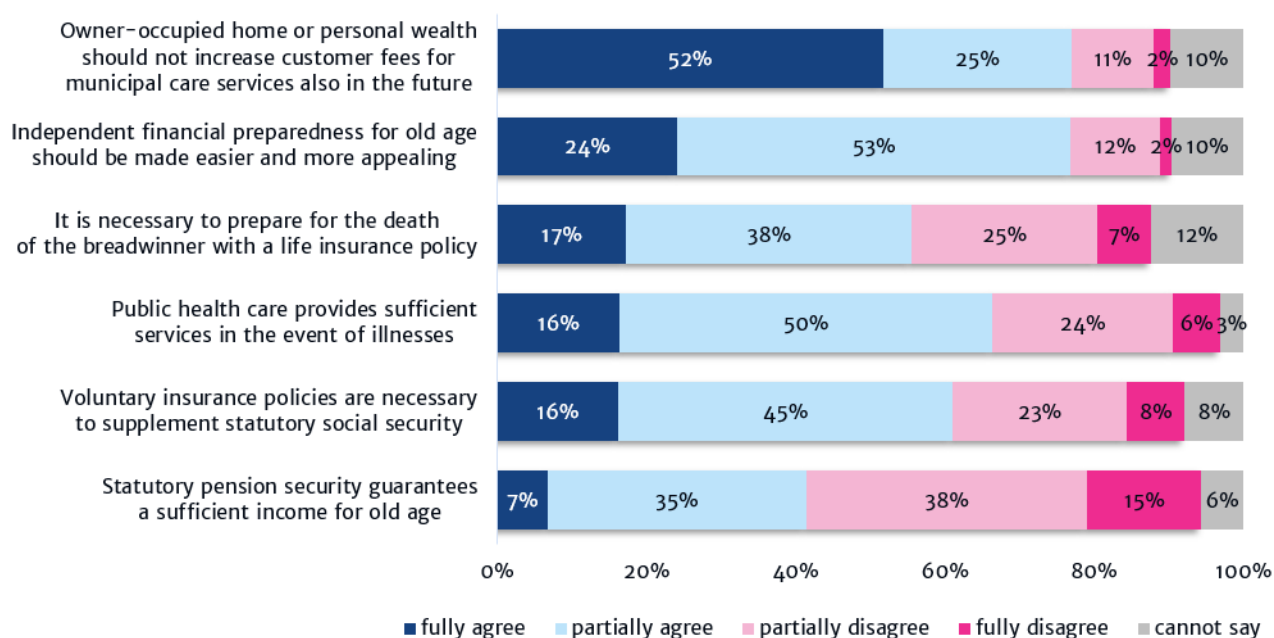
## 11 Division of responsibilities in the society

There was a high degree of consensus among the respondents regarding whether owner-occupied living should affect the care fees charged for public services. As many as 77% of the respondents thought that the calculation of customer fees for municipal services should remain like it is at present so that owning a home or having wealth in some other form does not raise the fees.



At the same time, the respondents thought that preparing financially for old age should be made easier and more appealing than it now is. About 77% of all respondents either fully or partially agreed with the statement About 61% of the respondents considered voluntary insurances a necessary supplement to statutory social security.

On the other hand, the results indicate that confidence in the public sector's cover is fairly high. Some 66% of the respondents agreed with the statement "Public health care guarantees sufficient services in the event of illnesses". Trust in the adequacy of statutory pension provision was the lowest compared to the other services: 42% of all respondents either fully or partially agreed it was adequate.



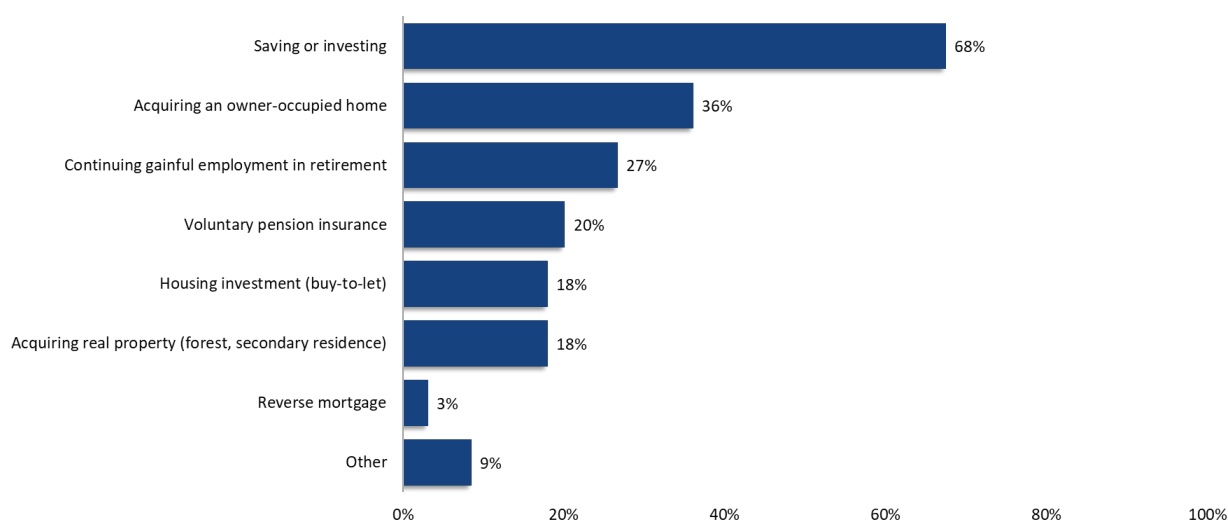
**Figure 5. Division of responsibilities in the society.**

*To what extent do you agree with the following statements concerning the division of responsibilities between the society and the individual?*

## 12 Supplementing pension income

Of all respondents, 42% believed that should they reach 80 years of age, they would not be able to cover all the services they need with statutory pension alone. Many (73%) assumed they would have to personally cover a growing amount of the costs of their health care and medical expenses in the future. Furthermore, 82% of all respondents also believed they would have to personally cover the costs related to their elderly care in the future.

The respondents were asked how they had prepared or how they were planning to prepare to personally supplement their pension income. The most popular ways to do this were saving and investing. Of all respondents, 68% had or were planning to financially prepare for old age with either one or both ways. Acquiring an owner-occupied home was the next most popular way with 36%. Continuing work during retirement was the third most popular choice.



**Figure 6. Preparedness to personally supplement pension income.**

*Have you prepared or are you planning on preparing to personally supplement your retirement income in any of the following ways?*

Men made financial preparations to supplement pension income much more frequently than women. The biggest difference was in saving, which was picked by 71% of the men and 64% of the women responding to the survey. On the other hand, women were slightly more prepared to continue gainful employment in retirement (27% compared to 26%).

Younger respondents aged 18 to 29 were fairly enthusiastic about financial preparedness for retirement. In their respondent group, saving and investing were picked by 81% (all respondents 68%), acquiring an owner-occupied home was picked by 45% (36%), and acquiring a buy-to-let apartment was picked by 26% (18%). The younger respondents were not very interested in pension insurance, however.

<b>1. Saving or investing all 68%</b>			
+ student	81%	- rural municipality resident	58%
+ executive employee	80%	- 50–59 years old	52%
+ household income over €70,000/y	78%		
<b>2. Acquiring an owner-occupied home all 36%</b>			
+ 30–39 years old	50%	- income less than €30,000/y	26%
+ clerical employee	49%	- 50–59 years old	29%
+ household income over €70,000/y	48%		
<b>3. Continuing gainful employment in retirement all 27%</b>			
+ executive employee/entrepreneur	42%	- pensioner	17%
+ working population	33%	- 30–39 years old	24%
+ income €30,000–70,000/y	32%	- income more than €70,000/y	24%

Respondents who were unemployed or temporarily laid off stood out as a group. On average, they were unwilling to supplement their pension income in any way. This may be partially attributable to their financial situation, which does not have much room for saving or investing.

### 13 Conducting insurance matters

Customer service has changed tremendously over the years. In just a decade, the primary service channel has changed from insurance companies' offices over to the internet. In 2010, the office was the primary service channel for 38% of the customers, with only 10% favouring online services. In 2020, the numbers have become reversed: now only 10% will typically visit the office and 49% primarily use the services on the internet.

Contact between policyholder and insurer did not differ much among the respondent groups. Among all respondents, 49% said they typically managed their insurance matters online, 40% said they only sometimes used online services, and only 12% said they never used insurers' online services.

The age group of 30–39 years more frequently (49%) picked the option “typically” for online service use, compared to the age group 60–79 years, who picked it least (40%). Visiting the insurance company's office in person was favoured more than average among the respondents aged 60–79 years. They would typically go to the office for matters related to their insurances (15%).

Banks, insurance brokers as well as car dealerships and travel agencies have all but lost their relevance as a channel for insurance services. They were only occasionally approached for insurance matters by the respondents.

### 14 Claims handling

Of all respondents, 30% had claimed compensation from one of their insurance policies over the last year. This is an increase of 2% compared to 2018. The claims were not evenly distributed and there were even notable differences between different respondent groups. Compensation had been most frequently claimed by respondents living in families with children, with a household income of more than €70,000/y, and employed either as executives or entrepreneurs. These were also the same groups that had taken out the most insurances.

Compensation was most often claimed from home insurance (27%), comprehensive motor vehicle insurance (22%), medical expenses insurance (15%) and travel insurance (12%).

Home insurance claimants were typically aged 18–29 years (38%) or 30–39 years (35%). Car insurance claims, on the other hand, were more frequent in the age group 50–59 years (38%).

Respondents were very satisfied with the claims process with only 10–15% saying they were unsatisfied. Some were unable to answer the question due to their claims handling process being incomplete.

The table below combines the proportions of respondents who either fully or partially agreed/disagreed with the statement:

	agree	disagree
Amount of compensation was in line with the insurance terms	87%	9%
Amount of compensation corresponded to the damages	83%	13%
I received good customer service from the insurance company when filing the claim	86%	13%
My claim was handled without delay	86%	12%
I was clearly informed of the available channels of appeal	72%	10%

Satisfaction in the different parts of the claims process had slightly fallen compared to 2018. The table below combines the proportions of respondents who either fully or partially agreed with the statement:

	2020	2018	Change
Amount of compensation was in line with the insurance terms	87%	89%	- 2%
Amount of compensation corresponded to the damages	84%	89%	- 6%
I received good customer service from the insurance company when filing the claim	86%	85%	+ 1%
My claim was handled without delay	86%	86%	-
I was clearly informed of the available channels of appeal	72%	63%	+ 9%

The proportion of rejected insurance claims had remained level with earlier years. A total of 7% of the respondents' claims made in the last 12 months had been rejected (2018: 6%).

## 15 Opinions on insurance companies and products

Opinions on insurance companies and their operations have changed in a positive direction since the previous survey in 2018. The biggest positive change is in the respondents' satisfaction with mobile services and the ease and coverage of online services.

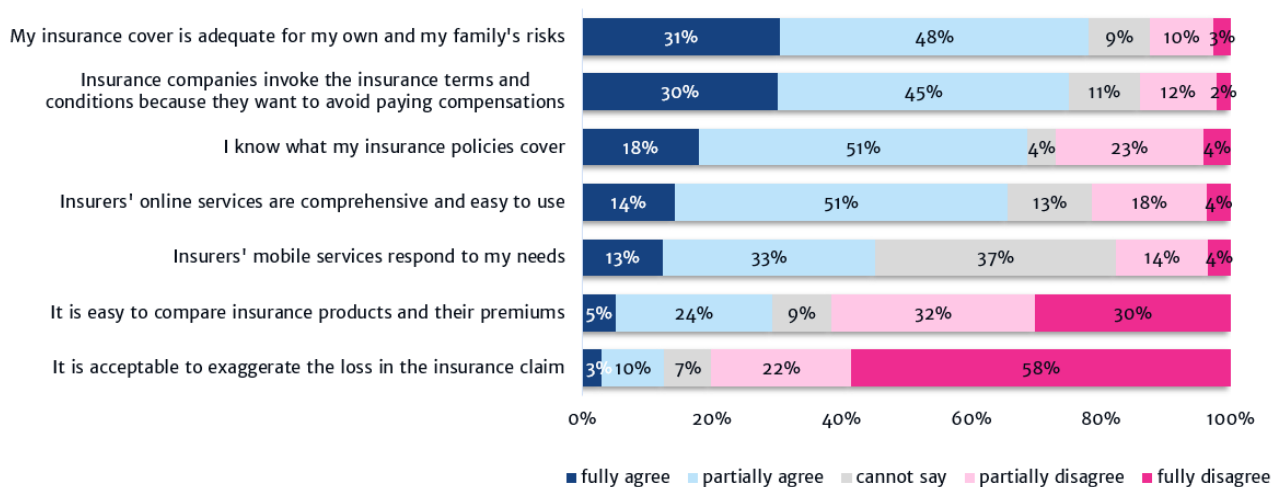
The following table combines the proportions of respondents fully/partially in agreement with the statement:

	2020	2018	Change
Insurance companies invoke the insurance terms and conditions because they want to avoid paying compensations	75%	72%	+ 3%
Insurers' online services are comprehensive and easy to use	65%	55%	+ 10%

I know what my insurance policies cover	69%	65%	+ 4%
Insurers' mobile services respond to my needs	46%	28%	+ 18%
It is easy to compare insurance products and their premiums	29%	25%	+ 4%
It is acceptable to exaggerate the loss in the insurance claim	13%	11%	+ 2%
My insurance cover is adequate for my own and my family's risks ( <i>new</i> )	79%		

The proportion of respondents who thought it was acceptable to exaggerate the loss in an insurance claim had grown (+2%), as had the proportion of respondents who thought insurance companies invoke the insurance terms and conditions because they want to avoid paying out compensations (+3%).

About 79% of the respondents considered their current insurance cover sufficient for their household's risks. Only 13% thought their insurance cover was inadequate. Nine percent did not know what to answer.



**Figure 7. Opinion of insurance companies and products.**

*To what extent do you agree with the following statements concerning insurance companies and insurance products?*

Roughly 15% of the respondents personally knew someone who had defrauded an insurance company; the same proportion as in 2018. There were no notable difference between the respondent groups of the survey.

Of all respondents, 39% said they had received safety guidelines and instructions from their insurance company. In 2018 this figure was 33%, but direct comparison is not possible because the 2020 survey did not give the option "cannot say". In 2018, 22% of the respondents picked the option. Men and respondents aged 60 or older more frequently recalled receiving such guidelines than other respondent groups.

Nearly all (98%) of the respondents who did remember receiving safety guidelines had also complied with them.