

NBCUniversal

2023

# Insurance Industry Assessment



# Welcome!



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## Introduction

Explore NBCUniversal's latest perspectives and insights into the Insurance industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Insurance brands and marketers as they navigate what's next.

## Our Approach

At NBCUniversal, we have a legacy of working with a diverse range of Insurance partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Evaluation
  - Conversations with Insurance Advertisers and Agencies
  - Continual Marketplace Analysis
  - Examination of Consumer Attitudes towards the Insurance Industry
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# NBCUniversal Has a Unique Perspective

In 2023, NBCU worked with:  
**30+ Insurance Industry Advertisers**



Property  
& Casualty



Insurtech



Life



Travel



Business



Health

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# Looking Back

2023 IN REVIEW



Battling inflation,  
higher claims volume,  
& environmental  
catastrophes,  
the Insurance Industry  
**Prioritized  
Profitability**  
in 2023, as external  
headwinds forced  
internal changes



# Insurance Brands Re-Assess their overall Strategy & presence in Key Markets in 2023

## Increasing Cost Of Loyalty



Looking to cut costs where possible, consumers increased policy switching behavior in 2023, even placing cost above convenience / bundling

## Elusive Profitability



Inflation, continued supply chain & labor challenges, higher claims volumes, and record payouts for environmental catastrophes resulted in many brands being unprofitable in 2022 despite rate increases

## More Selective Coverage



Brands continue to pull back from more climate-vulnerable areas (CA, FL) and be more selective with who they insure (older, less risky drivers) to drive profitability

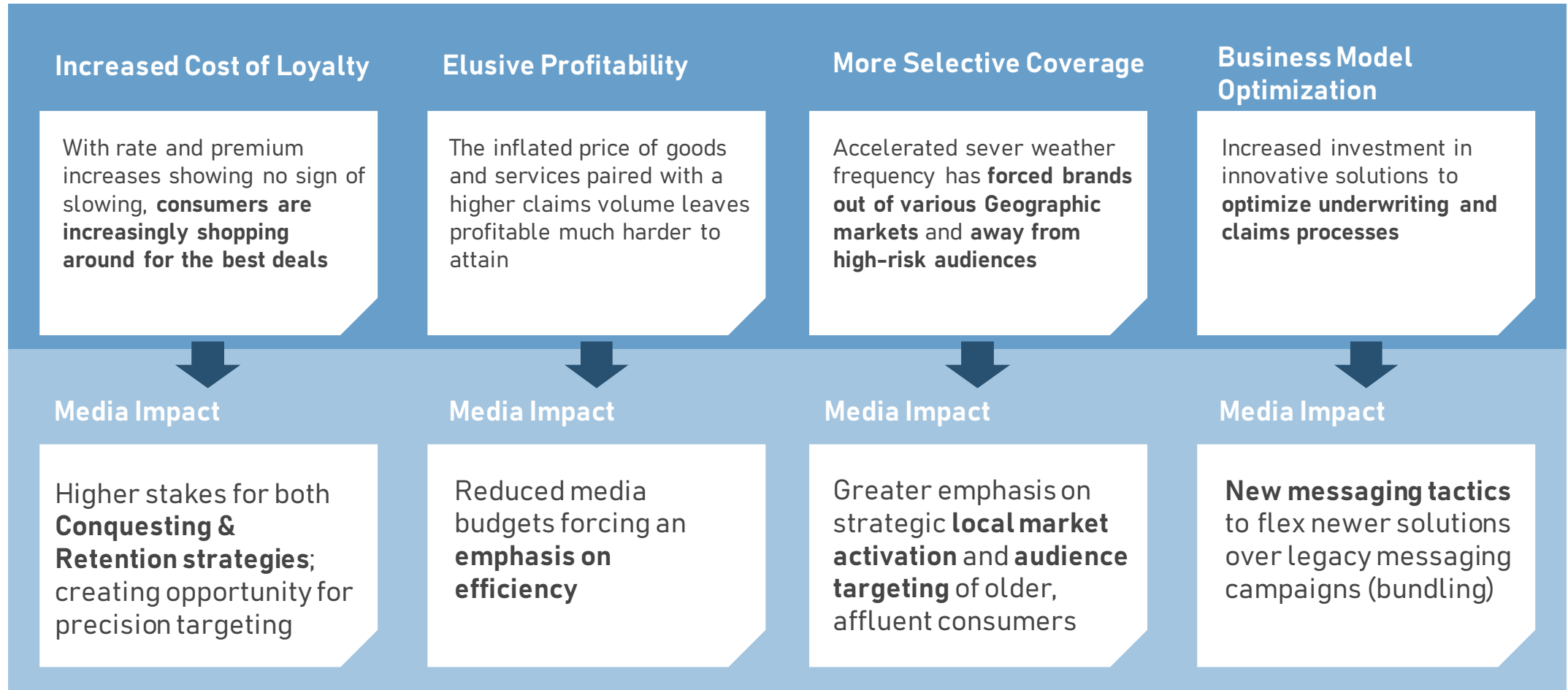
## Business Model Optimization



Insurers continue to invest in technology, including telematics and generative AI, to more effectively and efficiently / profitably serve customers

## Current Landscape

# Business Challenges Force Insurers to Re-evaluate Approaches



## 12.4%

Auto insurance shopping grew to 12.4% in Q1 2023<sup>1</sup>

## 23%

Auto repair prices have surged 23% this past year<sup>2</sup>

## \$120B

Insured losses due to extreme weather hit \$120B in 2022<sup>3</sup>

## 18.7%

CAGR for telematic-based Auto Insurance Market over next 10 years<sup>4</sup>



## MARKETPLACE PARTNERSHIP EXAMPLES

# How Our Partners Are Evolving Their Media Strategy & Storytelling

**Barbie** PROGRESSIVE



## Brand Partnerships

Progressive partnered with Warner Bros. & Mattel for a custom creative that placed Progressive mascots into Barbieland

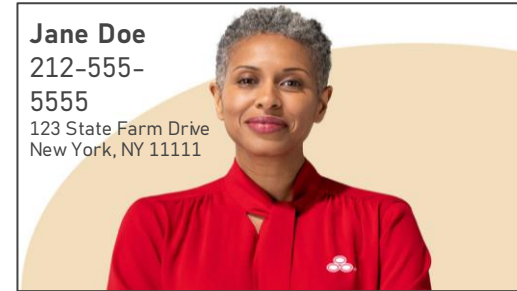
**max** State Farm



## Brand Partnership

In partnership with MAX, State Farm created a custom, 80s-themed creative spoofing a basketball trivia to air before episodes of *Winning Time's* second season

**peacock** State Farm



## Supporting Local Agents

State Farm leveraged the power of premium video on Peacock (Premier and AX) to highlight their brand and local messaging using a zip code targeted campaign

**Family Matters** PROGRESSIVE



## Leveraging Nostalgia

Progressive's "TV Dad" spot adds a new mascot to the brands portfolio, TV Dad, featuring Reginald Vel Johnson as a spoof of his character from the hit 90s show *Family Matters*

# Looking Ahead

KEY INDUSTRY TRENDS TO WATCH



LOOKING AHEAD

# Key Insurance Trends We Expect to Influence Marketing & Media Strategies



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Balancing Brand  
**Image With Business Decisions**



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Addressing Climate  
**Change & Sustainability**



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Evolved Media  
**Mixes & Markets**



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Education  
**& Entertainment**

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# Balancing Brand Image With Business Decisions


As brands enforce new profitability measures, these decisions may impact consumer's perceptions of trust, support & reliability

As insurance companies exit unprofitable markets and become more selective with who or what they insure, they will need to focus on maintaining trust and a positive brand image to counteract any consumer backlash from these decisions.


## We're Here For You, Unless You Live In...



The Florida property insurance crisis: **Why home insurers are leaving Florida**



California's **largest homeowner insurance provider no longer writing new policies** due to wildfire risks



More insurance companies pull out of Louisiana: **'We are in a crisis'**

“ I get companies need to make money. I have no problem with that. But to just drop people — you know, **it's scary. It leaves us feeling extremely vulnerable.**

Beth Path<sup>1</sup>

Former Allstate Client of 31 Years, California

## In Which Case, You May Need To Go Bare

**+200%** \$

increase in average home insurance premium in Florida over past five years<sup>2</sup>

**15%**



of Floridians have no home insurance (most in the U.S.)<sup>3</sup>

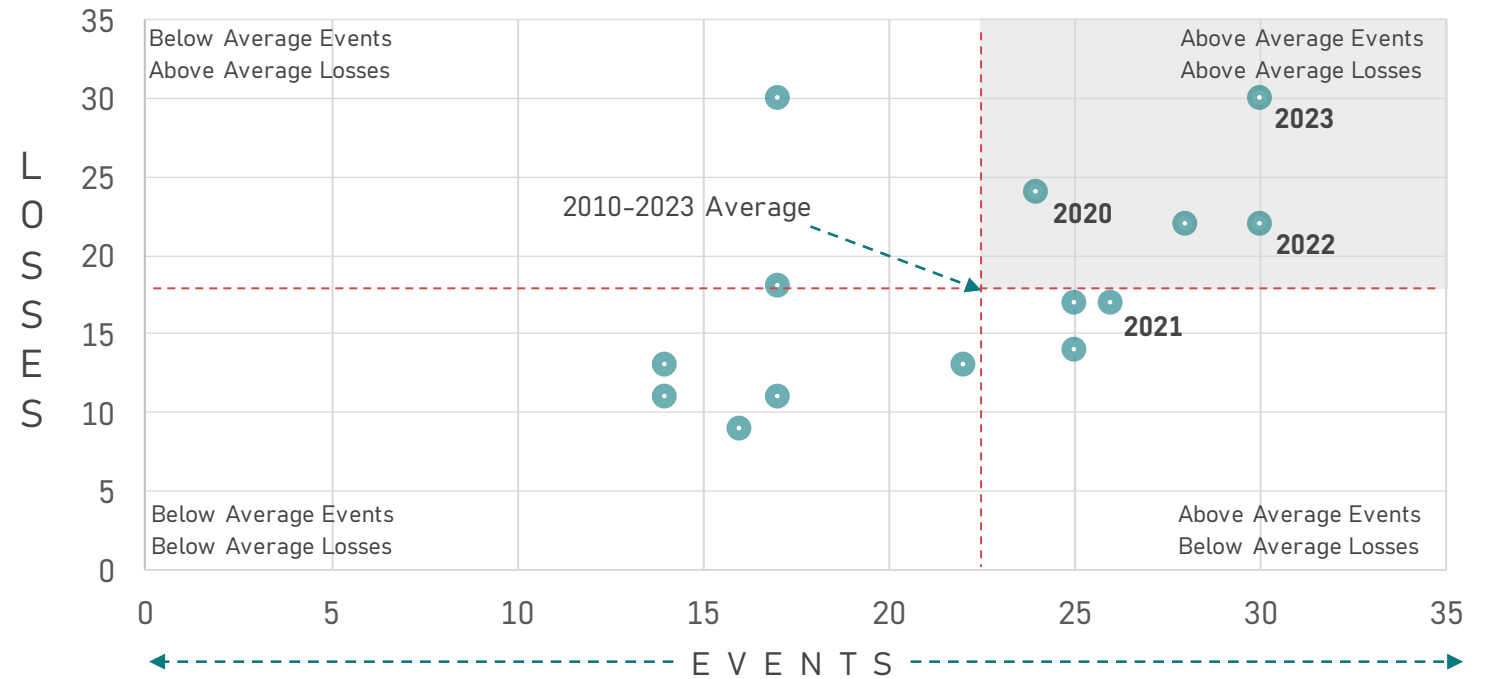
# Addressing Climate Change & Sustainability

As natural disasters continue to hurt profitability, insurers will be more active in highlighting the need to combat climate change

2022 marked the second year in a row in which insured losses from natural disasters surpassed \$100B, globally.<sup>1</sup>

As climate change and sustainability become increasingly important issues for the younger generations, brands will need take stances on them to win-over new consumers and save their bottom-line.

## Severe Weather Events and Insurance Industry Losses 1H 2010-2023



[Insurers] **expect catastrophe losses to remain elevated** for all the climate-risk reasons we and scientists and everybody else has talked about



Insurance Information Institute

## Education & Entertainment

As brands need to communicate the reasons for price increases and leaving certain markets, they need to find the balance between educating consumers on these issues while humanizing a commoditized product.

They will continue to leverage humor, original IP and find other ways to ensure their creative is both informative and entertaining.

Recognizing the opportunity today's landscape presents, **Lemonade** rolled out its first ever brand campaign, focused on 3 core consumer pain points:



Customer Service



Confusing Paperwork



Speed of Filing



We think insurance companies should act like it's 2023, starting with the customer experience.

Liron Smadja  
Head of Brand Marketing, Lemonade



To shed some light on depreciation for cost-sensitive consumers, a recent **Farmers Insurance campaign spotlights** that “a new car loses ~10% of its value the minute you drive off the lot”

## Evolved Media Mixes & Markets

Brands will continue to prioritize efficiency and flexibility in spend as media budgets remain in flux in response to profitability challenges while also being targeting key geographic markets

In recent years, brands have continued to focus on programmatic spend (increasing from 9% share in 2019 to 20% in 2023).<sup>1</sup>

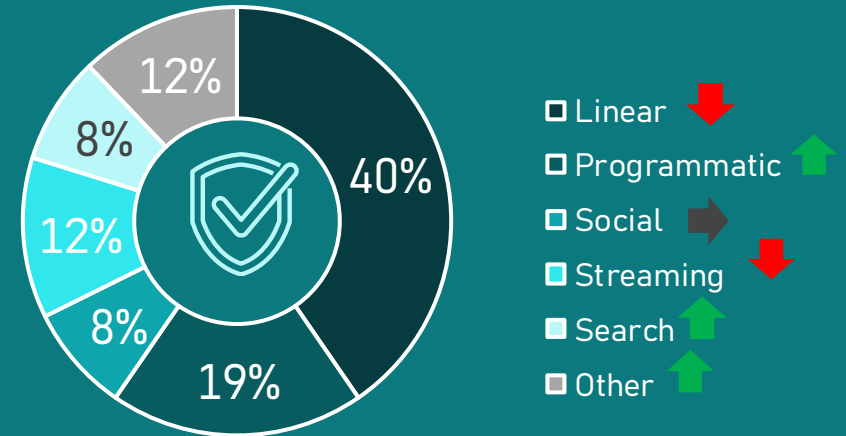
While this trend will not decrease, a new avenue of importance for brands is heaving up on core markets, each of which brings about distinct nuances brands will need to navigate.

Source: 1. SMI 2. AdAge

## Insurance Spend By Platform (2023)

↑ Share Increased YoY    ↓ Share Decreased YoY

Brands are capitalizing on programmatic's inherent efficiency and flexibility as well as other cost-efficient channels like search



## Market Specific Nuances To Keep In Mind

### “Language Access In Insurance Documents” Legislation

Recent legislation introduced in Colorado would require all insurance documents be supplied in the native language of the applicant



Brands will likely lean more into Spanish & other language creative



[GEICO] is leveraging TV on a state-by-state basis to target customers in different local areas.

Damon Burrell<sup>2</sup>  
Chief Marketing Officer, GEICO

SUMMARY

# Key Insurance Trends We Expect to Influence Marketing & Media Strategies



## Balancing Brand Image & Business Decisions

As brands enforce new optimization measures, their image of “security” may fall into combat with a feeling of “unreliability”



## Addressing Climate Change & Sustainability

As natural disasters continue to hurt profitability, insurers will be more active in highlighting the need to combat climate change



## Evolved Media Mixes & Markets

Brands will emphasize efficiency and flexibility as media budgets remain in flux while also being more explicit in targeting core geographic markets



## Education & Entertainment

Brands will need to balance educating consumers on recent pricing issues while maintaining entertaining creatives



# The Power of Advertising

& MEDIA TRENDS TO WATCH



# The Power of Advertising

## Insurance Brand A

**-44%**



Ad Dollars

**-18%**



Ad Awareness

## Insurance Brand B

**4x**



Ad Dollars

**+39%**



Ad Awareness

# Media Trends to Watch

After significantly cutting spend these past two years, Insurance brands are returning to market with slight trepidation, being more explicit on the markets, audiences, and programming they align with,

## THE DOMINANCE OF Sports

Over the past 3 years, brands have shifted spend out of traditional entertainment and news in favor of Basketball, Football, and Soccer<sup>1</sup>

Entertainment/News Share: **-22%**

Basketball/Football/Soccer Share: **+22%**

## Cutting Off UNPROFITABLE MARKETS

Brands are shifting spend across markets, which is reflective of states that they have left due to profitability<sup>1</sup>

California Spend: **-5% YoY**

## FUMBLING The Bundle

As bundles become less valuable, messaging about them will dwindle

**31%**

of bundlers would drop the bundle due to individual rate hikes<sup>2</sup>

## Hispanic Audience CONQUESTING OPPORTUNITY

More than half of the Hispanic auto insurance market is captured by only 4 insurers

**59%**

is captured by Allstate, GEICO, Progressive, and State Farm<sup>3</sup>

# Partnering with NBCU

CATEGORY PERFORMANCE, STRATEGIC CONSIDERATIONS  
& PARTNERSHIP EXAMPLES





# Insurance Proven Impact: Across Brand KPIs

## BUSINESS OUTCOME

## NBCU INSURANCE CAMPAIGNS – *Test vs. Control*

Brand  
(Upper Funnel)

Brand  
Familiarity  
**+8%**

Ad  
Recall  
**+17%**

Brand  
Favorability  
**+5%**

Brand  
Consideration  
**+3%**

Performance  
(Lower Funnel)

Search  
Engagement  
**+24%**

Purchase  
Intent  
**+8%**

# Campaigns Across More Than One Platform Are More Effective

NBCU Campaigns: Multi-Platform vs. Single Platform  
% Lift



**+25%**

Ad Recall



**+23%**

Brand  
Favorability



**+34%**

Brand  
Consideration



**+22%**

Brand  
Recommendation

Strategic  
Consideration for

# Driving Growth for Insurance Brands

## Sports & Live Events



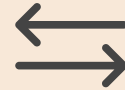
### Why

Insurers need to be top of mind when insurable moments occur, and despite prioritization & exclusion of certain markets, they still serve a wide audience

### How

Leverage sports & live events to maximize reach and drive brand metrics

## Maintain Flexibility & Efficiency In Media Buys



### Why

As economic uncertainty and environmental events continue to impact profits, brands will need flexibility to accommodate changes in messaging strategy and overall investment

### How

Programmatic investment across linear and digital

## Execute Seamless National & Local Campaigns



### Why

An increased focus on profitable geographic markets requires more explicit geotargeting without neglecting national messaging

### How

Amplify a national campaign through complimentary local activations to drive local awareness (agents) at scale

## Leverage Data To Understand & Reach Key Audiences



### Why

Identifying profitable audiences can assuage incurred claims losses during times of high inflation

### How

Maximize the potential of 1<sup>st</sup> & 3<sup>rd</sup> party data to identify and target the most profitable consumer segments

SCALE

NBCU solutions for delivering

# Brand & Business Impact for Insurance Brands

## Sports & Live Events



SNL50



bravo CON



PARIS PARIS 2024



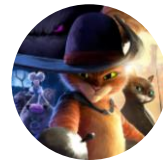
BIG



SUNDAY NIGHT FOOTBALL



HALLOWEEN FANDEMONIUM



peacock

## Maintain Flexibility & Efficiency In Media Buys

### Flexibility & Automation Across One Platform

- ✓ NBCU Streaming
- ✓ Data-Driven Linear (DDL)
- ✓ Cross-Platform (XP)
- ✓ Managed Service
- ✓ Programmatic
- ✓ Fandango360
- ✓ Anzu
- ✓ Commercial Innovation

## Execute Seamless National & Local Campaigns

- National Goal
- Mass Reach
- Geo-Targeting
- Singular Messaging



- Market Goals
- Grassroots Connections
- Zip Code Targeting
- Localized Messaging

PRECISION

## Leverage Data To Understand & Reach Key Audiences



## Potential Audiences

- Car Purchase Intenders
- New Pet Owners
- Current Bundlers
- New Homeowner



## NBCUNIVERSAL PARTNERSHIP EXAMPLES

# How Our Partners Are Evolving Their Media Strategy & Storytelling



## Small Business Spotlight Partnerships

Tailored to both Hispanic Heritage Month and Women's Small Business Month, State Farm & NBCU built a unique visual Open Doors story for each cultural month that included QR codes, driving to the Open Doors website that featured a virtual marketing and creative playbook



## Custom Content

Leveraging fan favorite brand mascot Flo, we partnered with Progressive to transform Flo into a WWE wrestler whose name, "The Bundle Maker," promoted Progressive's current bundle messaging



## Commercial Innovations

With customized ad innovations like tune-in and in-show pause ads that spoke authentically to fans, GEICO aligned with "The Office" on Peacock



## Live Event Activations

State Farm and Bravo connected with superfans through an immersive, meaningful experience, The BravoHood Presented by State Farm, along with activations across all screens to reach 30K on-site visits and 27K total virtual interactions

# 2023 Insurance Industry Assessment

**NBCUniversal**

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