

PRESS RELEASE

Affinity insurance markets: the UK and US compared

- *Affinity insurance in the US is only about a half as developed as it is in the UK;*
- *a variety of structural reasons cause this but there is scope for these to evolve in future;*
- *rapid expansion of the gig economy is throwing up new opportunities in both countries.*

London, 18 November 2019 – A series of research studies released by Finaccord over the course of 2019 allows for comparisons of the environment for affinity and partnership marketing of insurance products in the UK and the US. The research is wide-ranging as it covers not only personal auto (motor) and home insurance but also life insurance and retirement products plus commercial P&C (non-life) insurance.

In general, the evidence points to a greater development of sales of insurance through affinity and corporate partners in the UK than in the US. For instance, for auto and home insurance, around 30% of new policy sales are achieved through affinity programs in the UK but that falls to around 15% in the US. Likewise, for life insurance, the importance of affinity and partnership marketing for new business in the UK runs at around twice the rate that it does in the US, at around 20% and 10%, respectively.

Commented Alan Leach, Managing Director of Finaccord: *“Reasons for the lesser development of affinity business in the US include the strength of the traditional insurance agency channel there, the fact that insurance is regulated on a state-by-state basis there which acts as an impediment to the launch of nationwide schemes, and the lower propensity of customers to buy insurance online. In relation to this last point, consumers in the UK are around twice as likely to acquire auto insurance online than their counterparts in the US and around three times as likely to do so for home insurance. This is itself driven in part by the greater propensity of insurance buyers in the UK to make use of comparison sites.”*

The interest of affinity partners in distributing insurance is another factor that contributes to the difference between the UK and the US. In the UK, the concept of ‘brandassurance’, as evidenced by the involvement of commercial entities such as auto manufacturers, media entities and retailers, is much further advanced. Moreover, while Finaccord’s research shows 47% of professional and trade associations in the UK to have an affinity scheme for commercial P&C insurance, the equivalent percentage in the US is around a half of that at 24%.

On the other hand, certain types of affinity partner such as alumni associations, credit unions (which have a combined membership of around 120 million in the US as opposed to around 1.35 million in the UK) and labor (trade) unions are more active as distributors of insurance in the US than they are in the UK. Furthermore, growth in the gig economy in both countries is creating important new opportunities for affinity insurance with entities operating in areas such as personal mobility (e.g. Uber), property sharing (e.g. Airbnb) and freelance contractors / tradespeople (e.g. TaskRabbit). Indeed, there are believed to be around 60 million individuals working in the gig economy in the US and around 5 million in the UK.

The research also identifies the insurance providers classifiable as leaders in affinity schemes in each country on account of their number of partnerships and the nature of them. In the UK, it highlights BGL Group, Aviva and Legal & General as respective leaders for auto, home and life insurance plus Marsh (among brokers) and Hiscox (among underwriters) for commercial P&C insurance. The equivalents in the US are Markel (due to its strength in the classic vehicle sector), GEICO (namely, its own captive agency), Life Quotes (because of its partnership with GEICO), Aon and The Hartford.

Concluded Alan Leach: *“Looking ahead, affinity and partnership marketing will continue to be a key battleground in the insurance distribution landscape of both countries. Indeed, as evidenced by our comparative research, it seems that there is still plenty of potential for it to grow in the US, in particular.”*

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Notes to editors:

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Finaccord’s series of reports about affinity and partnership marketing of insurance in the UK and the US includes the following six studies:

[Affinity and Partnership Marketing in Commercial Non-Life Insurance in the UK](#)

[Affinity and Partnership Marketing in Life Insurance, Retirement Products and Financial Advice in the UK](#)

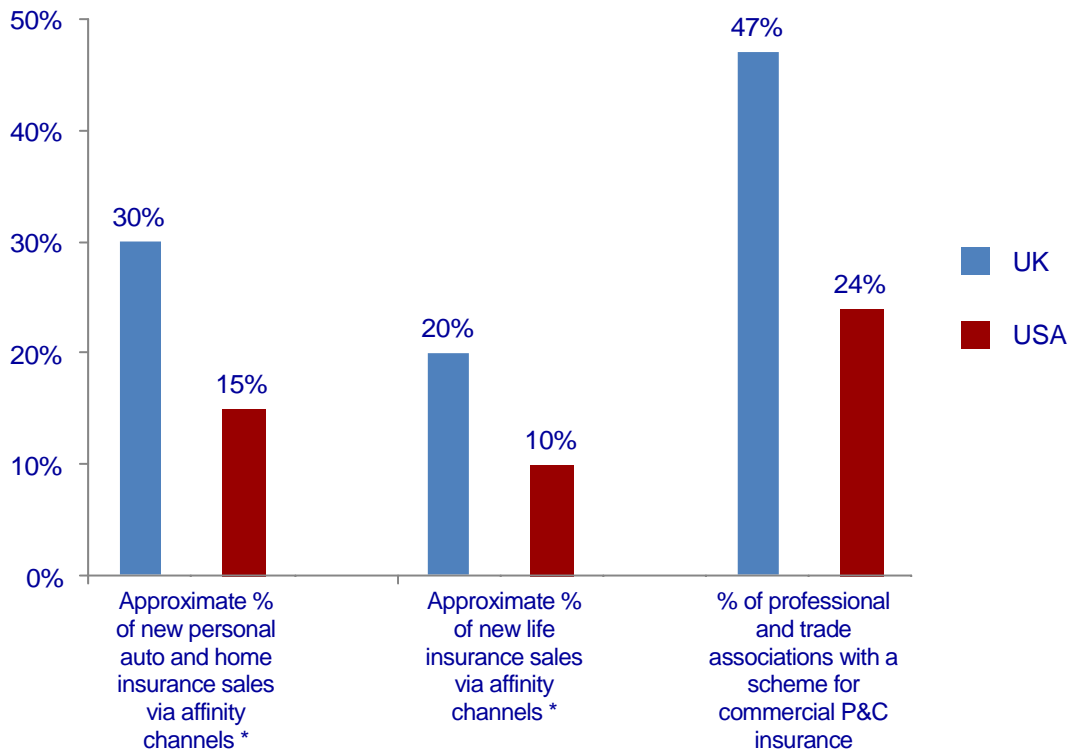
[Affinity and Partnership Marketing in Personal Motor and Household Insurance in the UK](#)

[Affinity and Partnership Marketing in Commercial P&C Insurance in the USA](#)

[Affinity and Partnership Marketing in Life Insurance and Retirement Products in the USA](#)

[Affinity and Partnership Marketing in Personal Auto and Homeowners Insurance in the USA](#)

Key metrics concerning affinity insurance markets in the UK and the US, 2019



Note - % of new sales via affinity channels excludes comparison sites

Source: Finaccord