



# Automotive Retail & Auto Insurance Trends

Presented by Polly



\*Study conducted by DealerPolicy, Inc.

## In an effort to better understand the role of auto insurance in the car-buying process, we conducted two surveys in the latter half of 2020.

One targeted dealers and asked them about their experience with auto insurance in their dealership. The other survey focused on car-buyers and their journey.

In the final analysis, it's clear that there is room for improvement for both audiences when it comes to auto insurance. After all, 100% of car buyers must purchase it, but most dealers don't currently benefit from it. Likewise, many car buyers are missing out on a more streamlined experience that could offer them savings.

- ▶ *Most dealers aren't benefiting*
- ▶ *Most customers are missing out on a streamlined experience that could offer them savings*
- ▶ *100% of car buyers must purchase auto insurance*



# We commissioned a nationwide survey of 300 dealership executives across the United States.

Responses were collected from dealership executives throughout the U.S., and respondents were given multiple-choice answer options as well as the ability to add additional thoughts on certain topics relating to auto sales trends, F&I options for car shoppers, as well as the implication of auto insurance rates on the sale of new cars and trucks.

## Respondent Profile

**33%** Owner/Principal

**24%** Partner

**20%** General Manager

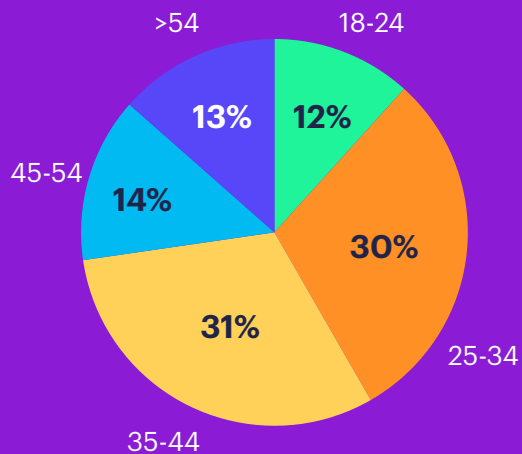
**11%** Finance & Insurance Manager

**12%** General Sales Manager

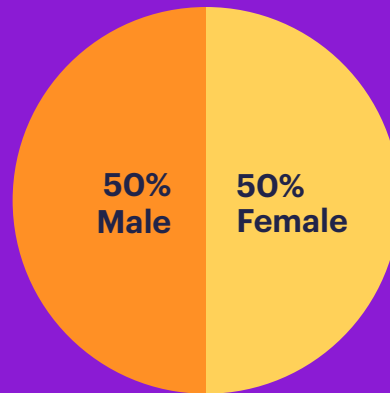
**1%** Other

We conducted a nationwide survey of 1,000 people who purchased a car within the past six months.

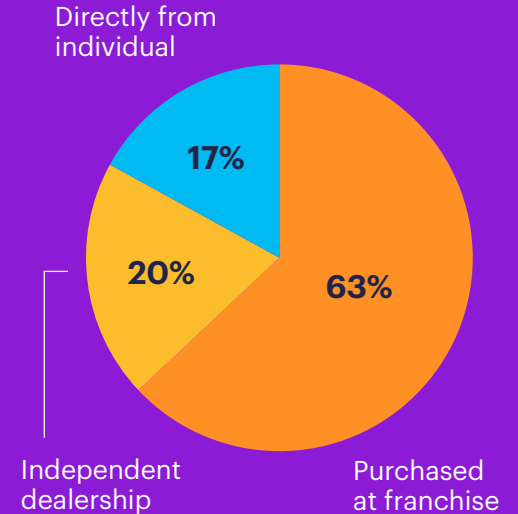
### AGE



### GENDER



### FRANCHISE/INDEPENDENT/INDIVIDUAL %





# The Results



# Car shoppers believe auto insurance is inseparable from the car buying experience.

For most people, insurance consideration begins before the vehicle is purchased. Nearly half of car buyers indicated that the cost of auto insurance influenced their vehicle decision.

72% consider the cost of auto insurance before purchasing their new vehicle

45% factor the cost of insurance into their vehicle decision.

- Car Buyer Survey: When did you start considering the cost of auto insurance on your new car? 716 /1000 answered before selecting the vehicle or after selecting the vehicle but before purchasing it.
- Car Buyer Survey: Did the cost of auto insurance factor into your vehicle purchase? 452/1000 answered yes.





The idea that insurance rates will go up on a new car is a self-fulfilling prophecy.

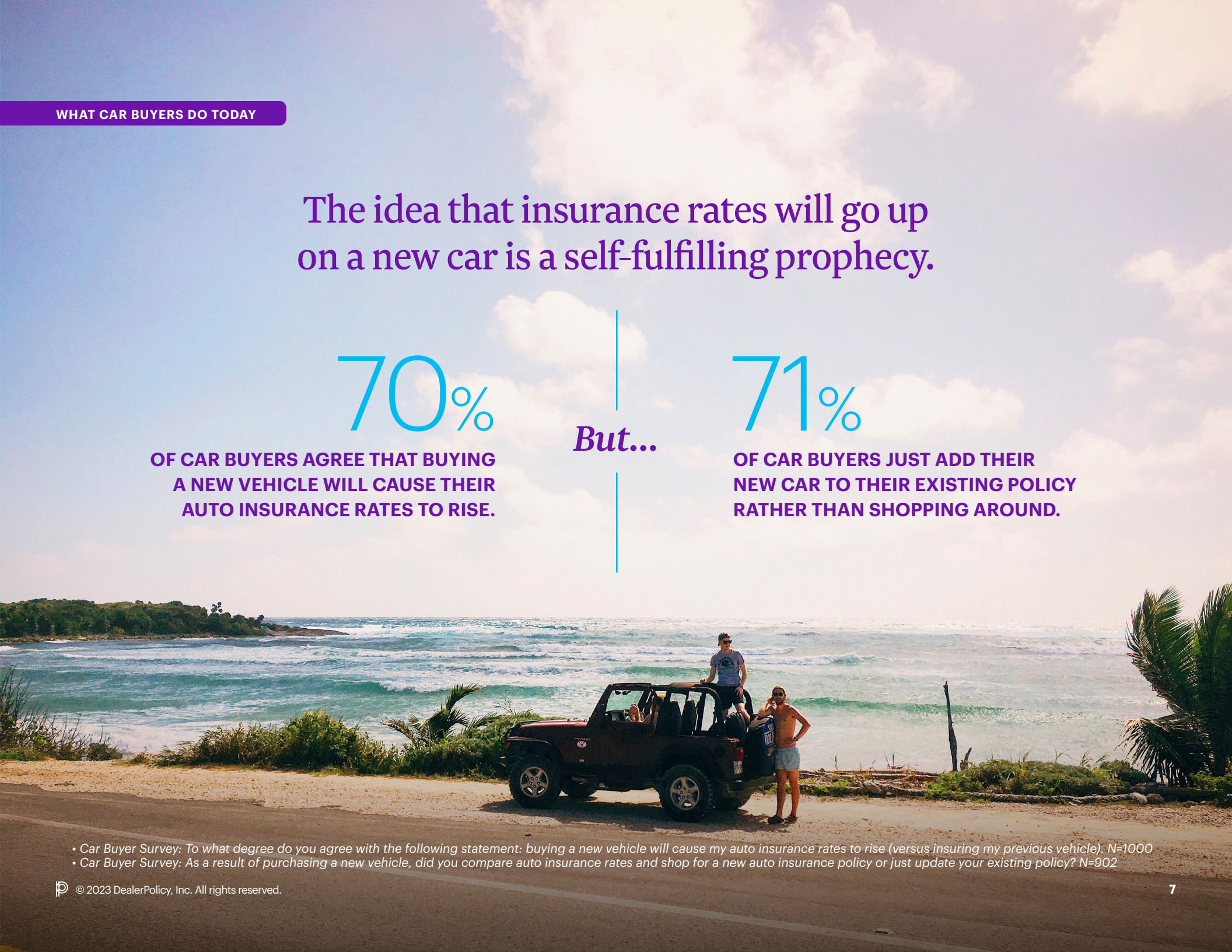
70%

OF CAR BUYERS AGREE THAT BUYING A NEW VEHICLE WILL CAUSE THEIR AUTO INSURANCE RATES TO RISE.

*But...*

71%

OF CAR BUYERS JUST ADD THEIR NEW CAR TO THEIR EXISTING POLICY RATHER THAN SHOPPING AROUND.

- 
- Car Buyer Survey: To what degree do you agree with the following statement: buying a new vehicle will cause my auto insurance rates to rise (versus insuring my previous vehicle). N=1000
  - Car Buyer Survey: As a result of purchasing a new vehicle, did you compare auto insurance rates and shop for a new auto insurance policy or just update your existing policy? N=902





35%

**OF PEOPLE PURCHASE AUTO  
INSURANCE WHILE AT THE  
DEALERSHIP BUYING THEIR CAR**

93%

**OF DEALERS SAY  
THEY HELPED  
THE CUSTOMER**

Yet...

49%

**OF CUSTOMERS SAY DEALERS  
DID NOTHING TO ASSIST WITH  
FINDING INSURANCE OPTIONS**

- Car Buyer Survey: When did you purchase or update your auto insurance policy? Filtered by respondents who earlier reported purchasing their car at a dealership. N=629
- Car Buyer Survey: If you went to a dealership to purchase your car, did the dealership offer you any assistance with your auto insurance policy? Filtered by respondents who earlier reported purchasing their car at a dealership. N=629
- Dealer Survey: How does your dealership help customers if they need auto insurance during their car buying process? N=229 Answer option "other" not shown.



# Dealers think they are twice as helpful as consumers report.

Car buyers and dealers both indicate that customers receive very little assistance with auto insurance while at the dealership, but car buyers are much more likely to report the dealership did nothing to help them.

49% | 7%

Dealership did not do anything



What Car Buyers Reported



What Dealers Reported

• Car Buyer Survey: If you went to a dealership to purchase your car, did the dealership offer you any assistance with your auto insurance policy? Filtered by respondents who earlier reported purchasing their car at a dealership. N=629

• Dealer Survey: How does your dealership help customers if they need auto insurance during their car buying process? N=229 Answer option "other" not shown.

21%

13%

Provided business card of a local insurance agency rep

19%

12%

Connected the customer via phone to some insurance companies

16%

10%

Dealership had a franchised insurance agency on the showroom floor where customer could buy insurance

13%

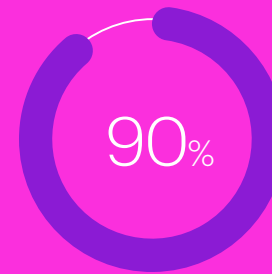
5%

Dealership had an independent insurance agency or agent on site



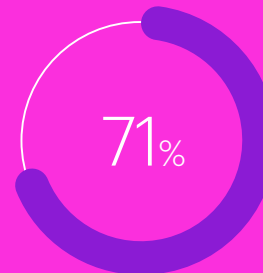


## The current sales process isn't working for dealers...



say insurance sometimes negatively affects their ability to sell a car, a feature or add-on, or an F&I product at least some of the time.

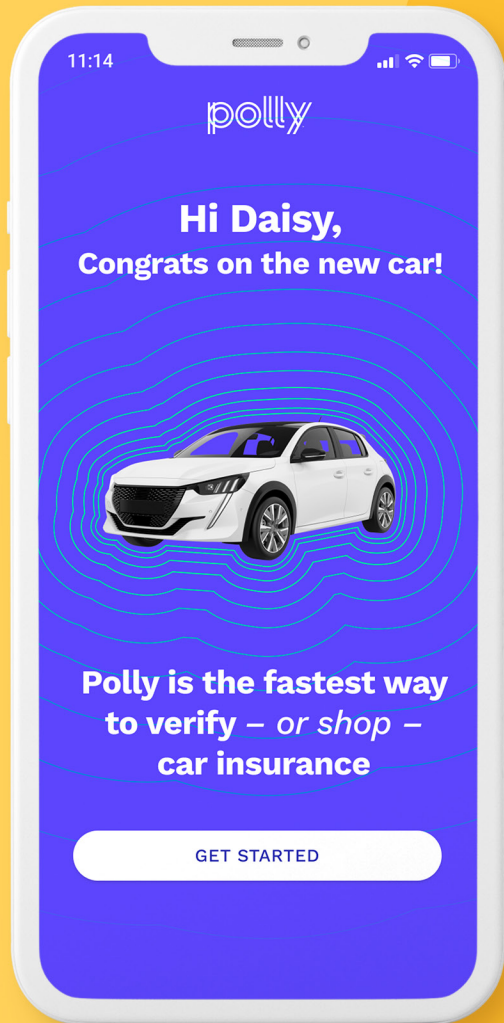
## or customers...



of car buyers say they would like the opportunity to get auto insurance at the dealership while purchasing their car

- Dealer Survey: What percent of the time does a customer's auto insurance rate negatively affect your ability to sell a car, a feature or add-on, or an F&I product? 90% answered something other than "never". N=300
- Car Buyer Study: If you were to shop for a car again and visit a dealership, would you like to have the opportunity to get auto insurance while purchasing your car? 71.3% answered yes. N=1000





There is a new option now available called embedded auto insurance; it allows customers to:

- ▶ *Compare auto insurance rates*
- ▶ *Speak to a licensed agent*
- ▶ *Get a policy bound in a matter of minutes, right from their phone while at the dealership.*

66

You know, it's kind of like winning the lottery. You can't win if you don't play. If you don't introduce people to Polly, then they may not save money. There's so many times when I've been the hero for introducing Polly. I'm a customer myself and saved \$2,600 a year.

– **Luke Mattern**

*WAWECO Auto Sales, NH*



## Dealers and car buyers agree: digital insurance would improve the customer experience.

Dealers and shoppers agree that a digital insurance marketplace would improve the customer experience if car buyers could easily shop for competing car insurance from their smartphone while in the dealership showroom.

79% OF CAR BUYERS AGREE

72% OF DEALERS AGREE

*Dealer Survey: If car buyers could easily shop for competing car insurance from their smartphone, bind insurance while in the showroom, and the majority ended up saving an average of \$60/month in just a few minutes, how much do you think it would improve the car buyers experience? 72% answered it would make their experience somewhat or significantly better. N=299*

*Car Buyer Survey: If there was a service where you could easily shop for car insurance from your smartphone, see competing quotes and connect to a licensed insurance agent in just a few minutes, and you knew that the majority of people using it ended up saving an average of \$60/month, would this improve your overall car buying experience? 78.8% answered yes.*

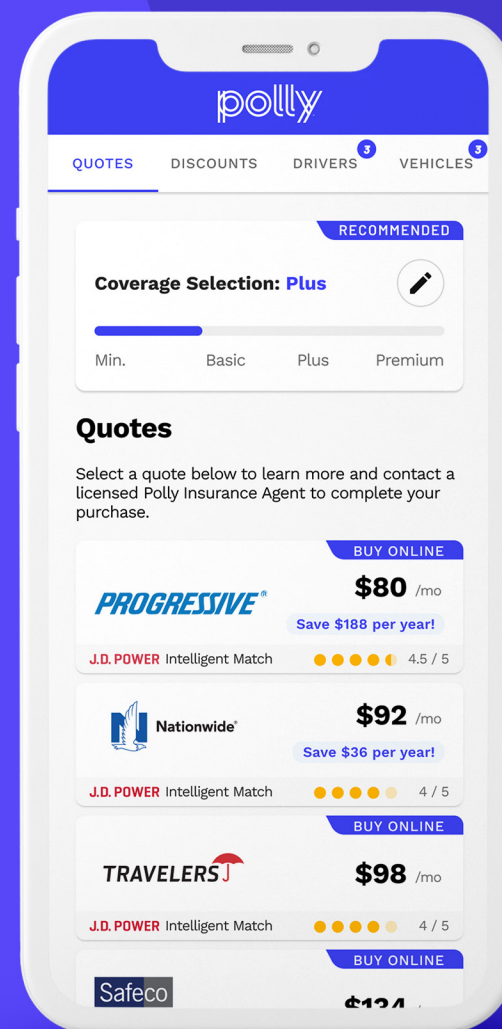


# 76%

would like to shop for insurance on their smartphone during their car buying process

- ▶ *“I think it would make things a lot more convenient.”*
- ▶ *“It would help a lot and remove a lot of hassle.”*
- ▶ *“It would save me a lot of headaches at the dealership.”*

Car Buyer Survey: If there was a service where you could easily shop for car insurance from your smartphone, see competing quotes and connect to a licensed insurance agent in just a few minutes, and you knew that the majority of people using it ended up saving an average of \$60/month, how likely would you be to use it? 75.9% answered very likely or likely. N=1000





Customers would use insurance savings to afford a nicer car or F&I protection products.

69%

of car buyers say they are likely to purchase a nicer car if they were able to save \$60 per month on their auto insurance

64%

of car buyers say they are likely to buy extra protection for their new vehicle

*Car Buyer Survey: If you were able to save about \$60 per month on your auto insurance while purchasing your car, how likely would you be to do the following? Respondents rated their likelihood on a 5-point scale for "Purchase a nicer vehicle" and "Buy extra protection for my new vehicle". N=1000*



*What's Holding Dealers Back from the Benefits  
of an Embedded Insurance Platform?*

# Insurance Misconceptions & Myths







## Myth

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Insurance hurts sales.

90%

say insurance sometimes negatively affects their ability to sell a car, a feature or add-on, or an F&I product at least some of the time.

## Reality

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PVR actually increases with a digital insurance marketplace.

21%

Average increase in dealership's back-end gross when car buyers purchase insurance through Polly Insurance\*

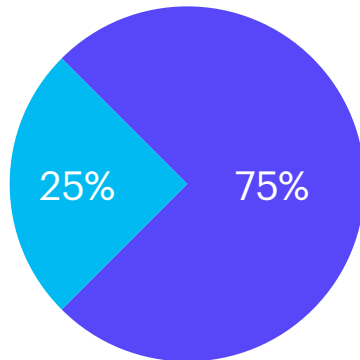
*Dealer Survey: What percent of the time does a customer's auto insurance rate negatively affect your ability to sell a car, a feature or add-on, or an F&I product? 90% answered something other than "never". N=300*

*\*Based on 33,246 vehicle transactions between July 2022 and February 2023, comparing deals in which car buyer purchased insurance from Polly to non-Polly deals.*

## Myth

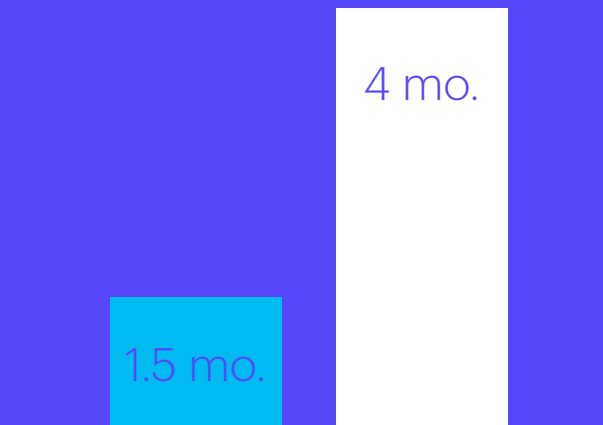
It takes nearly half a year to obtain a property and casualty insurance license.

**75%** of dealers believe that it takes 4+ months to obtain a license to sell property and casualty insurance.



## Reality

In some cases, a license can be obtained in a little over one month.



Dealer Survey: How long does it take to complete the training and exams to obtain a license to sell property and casualty insurance such as auto, boat, RV, motorcycle, renters' and homeowners' insurance? N=299

*Once the benefits are clear,*  
dealers are interested



# 83%

of dealers say they would be likely to sell additional vehicle upgrades if they knew a customer was saving on their auto insurance.

# 79%

of dealers say they would be likely to sell additional F&I products if they knew a customer was saving on their auto insurance

*Dealer Survey: If car buyers could easily shop around for competing car insurance from their smartphone while in the showroom and the majority ended up saving an average of \$60/month in just a few minutes, how likely do you think you / your team would be to sell additional vehicle upgrades since you know the customer is saving elsewhere? N=299*

*Dealer Survey: If car buyers could easily shop around for competing car insurance from their smartphone while in the showroom and the majority ended up saving an average of \$60/month in just a few minutes, how likely do you think you / your team would be to sell additional F&I products since you know the customer is saving elsewhere? N=299*





# 3/4

of dealers say they would be likely to put a digital insurance marketplace program in place if they knew back-end profits increased by 21% on average.

*Dealer Survey: If you knew from your own observations and experience that the average F&I deal profit increased by 21% when a customer saved money on their auto insurance through a digital insurance marketplace, how likely would you be to implement such a program in your dealership? N=299*

The sentiment of car buyers is backed up by real data: when customers save on their insurance, dealerships report higher back-end profits.

#### REPORTED SAVINGS

\$69

Average monthly savings for customers who purchased from Polly and saved\*

*\*Average auto insurance savings based on new Polly auto policyholders nationwide in 2022 who reported savings. Potential savings will vary.*

#### F&I PROFITS

21%

Average increase in back-end gross\*\*

*\*\*Based on 33,246 vehicle transactions between July 2022 and February 2023, comparing deals in which car buyer purchased insurance from Polly to non-Polly deals.*

# Are you interested?

*Dealers nationwide are  
seeing the benefits of Polly.*

**BOOK A DEMO**



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Polly's embedded insurance programs operate strictly as lead referral programs  
and are designed to be compliant with state insurance laws. Soliciting, selling, or  
negotiating insurance products without a proper license is a violation of state law  
and the terms of our program. Not all Polly programs are available in all states.

