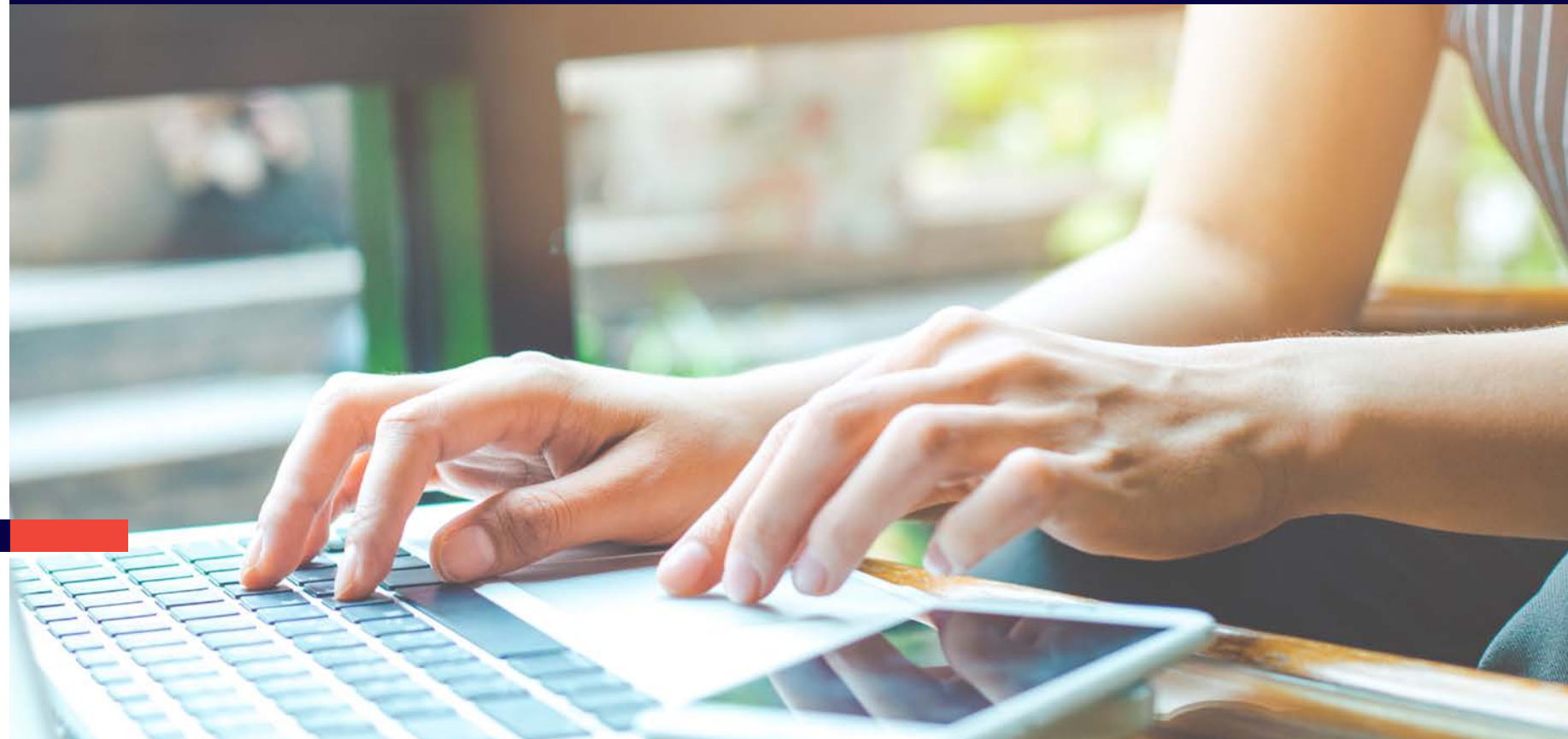


Franklin Madison 2021 Survey Report

2021 Survey Report: How Americans view insurance today and why financial institutions are missing out on an **untapped opportunity**. Franklin Madison examined survey responses from 551 consumers to examine their purchasing behaviors and attitudes toward insurance. The report highlights how various demographics view insurance, and what motivates them in the purchasing process.

How Americans View Insurance Today and Why Financial Institutions are Missing Out on an **Untapped Opportunity**





Introduction

In times of challenge, consumers have often sought stability and flocked to products like insurance. During the unprecedented times of the past year, this was no different. Franklin Madison wanted to understand more about these behaviors, so we took a look into the consumers' mindsets. Our goal was to find out what attributes different groups of Americans have when it comes to financial security.

At Franklin Madison, we've long supported our financial institution clients in their efforts to positively impact their customers. In fact, one of our core company values of focusing on **financial well-being** underscores how critical insurance is to consumers' overall financial health. It adds the protection piece of their financial plan that helps ensure that in times of need, they may have the additional funds to help guard their assets and pay key expenses without depleting their savings.

Over the last year, we've seen consumer behavior validate this premise with the purchasing and researching of insurance policies happening at an all-time high rate. For example, Google searches of life insurance policies were up 15-30% across 2020 and most of the topline insurance companies cited a 15% jump in life insurance policy sales.¹

The Franklin Madison **2021 Survey Report** is based on our analysis of 551 survey responses. Our research highlights how various demographics view insurance, and what motivates them in the purchasing process.

This is what we learned.

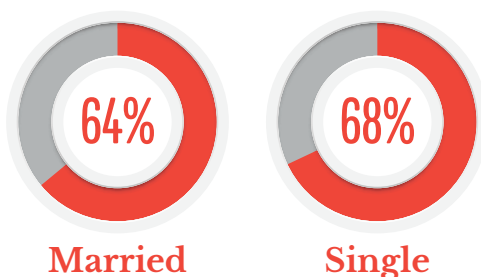
¹ CNBC article: <https://www.cnbc.com/2020/10/14/life-insurance-sales-increase-due-to-coronavirus-pandemic.html>

Some surprising (and not so surprising) results from married vs. single respondents

Overall, we saw similar responses from married vs. single individuals. For example, **64%** of married individuals define financial wellness as having insurance programs in place to protect against unexpected or catastrophic events, while **68%** of single respondents felt the same way. **58%** of married respondents purchased insurance to make sure their family would have financial protection should something happen to them, while **57%** of single respondents agreed. One could surmise that the reason the percentage for single respondents is so high is that they may have dependents that rely on them for care-giving, thus the need for insurance is potentially greater than for those who are married. In fact, **62%** of married respondents already have life insurance, compared to a very close **61%** for single individuals.

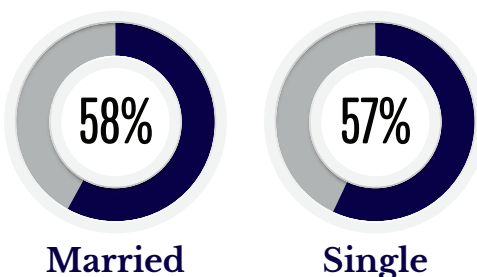
Financial Wellness

Who defines financial wellness as having insurance?



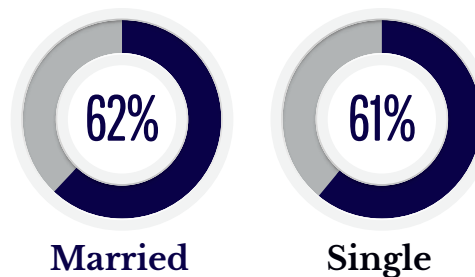
Financial Protection

Who would purchase insurance?



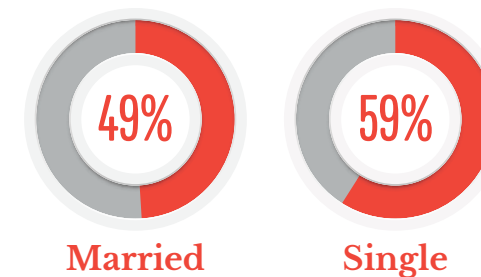
Life Insurance

Who has life insurance?



Establish Financial Wellness

Who values the importance of insurance?



Where we saw a variance gap between married and single respondents was in how they correlate insurance with financial wellness. Only **49%** of married individuals said insurance would help establish financial wellness for them and their families, whereas single individual responses were significantly higher at **59%**. It could be concluded that single individuals overall value the **importance** of insurance more.

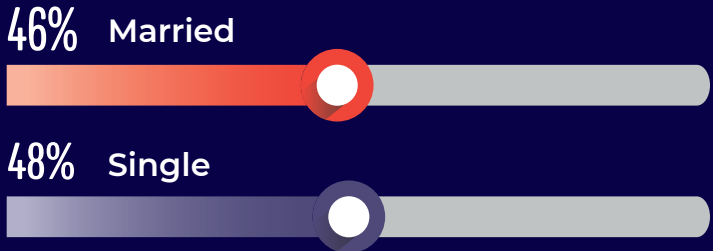
How marital status impacts what channels are most popular for purchasing insurance

We did not see a large variance in popularity among channels for the purchase journey based on marital status. Not surprisingly, the most popular method was an agent — **46%** of married individuals would consider an agent vs. **48%** of single respondents. The next most popular method was using a trusted insurance website, with **40%** of married individuals agreeing with this statement and **41%** of single respondents agreeing.

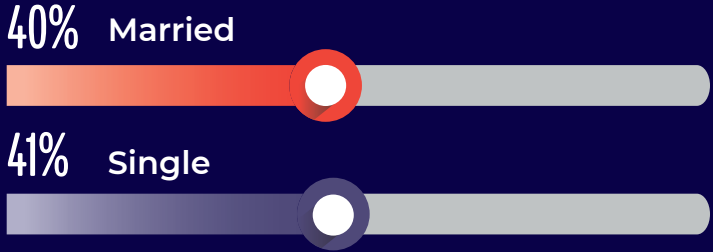
The good news for financial institutions is that **31%** of married and **33%** of single respondents would consider their bank or credit union for any future insurance purposes, which is nearly 1 in 3 of all respondents. This signals a **big opportunity** for financial institutions to provide a valuable offering to their customers in order to help them with their financial security.

Methods for purchasing insurance

Using an agent



Using a trusted website





Underbanked vs. Financially Secure: Who values insurance more?

Our survey identified 107 respondents as most financially secure and another 122 respondents as “most likely underbanked”. Financially secure is defined as having enough money to cover expenses, emergencies, and retirement without fear of running out. The underbanked population typically has a bank account but often relies on alternative or non-traditional financial services rather than loans or credit cards.

A large percentage of both (**69%** of financially secure individuals vs. **68%** of underbanked) define financial wellness as having insurance programs in place to help protect against an unexpected or catastrophic event. However, **63%** (almost two-thirds) of the underbanked population purchased insurance to make sure their families would have financial protection should something happen to them vs. **53%** of financially secure individuals (roughly half). This demonstrates that insurance is a valuable component to how the underbanked populations view the **financial protection** of their families.

Our study showed that **64%** of financially secure individuals currently have life insurance compared to **60%** of the underbanked population, which showcases that income level does not inhibit the purchase of insurance.



Financially Secure



Underbanked

Who defines financial wellness as having insurance?

69%

68%

Who purchased insurance?

53%

63%

Who has life insurance?

64%

60%



How financial stability impacts which channels individuals would use to purchase insurance

Regardless of financial stability, using an agent to purchase insurance ranked the highest (49% for financially secure and 47% for underbanked). The next most popular method is using a trusted insurance website, but there is a wide variance based on financial stability. While 34% (or 1 out of 3) of financially secure individuals would use a trusted website, 48% (nearly half) of the underbanked population would consider it.

Financial institutions have a big opportunity to offer the underbanked insurance solutions. While only 25% (1 out of every 4) of the financially secure respondents would consider buying insurance from their bank or credit union, 48% (nearly half) of the underbanked would. By offering insurance products to the underbanked, financial institutions would be helping this group manage an untapped need.

City vs. Rural: How do these different demographics define financial wellness?

Overall, we did not see much difference in how city and rural populations define financial protection. 65% of city dwellers define financial wellness as having insurance programs in place to protect them against unexpected or catastrophic events vs. 64% of the rural population. While 52% of city dwellers believe having insurance would help establish financial wellness for them, 61% of rural dwellers believe the same. Interestingly, more city dwellers (65%) purchased insurance to make sure their families would have financial protection should something happen to them vs. 52% of the rural population.

Methods for purchasing insurance

Using an agent



Using a trusted website



Using their bank or credit union



Defining financial wellness by demographics

Who defines financial wellness as having insurance?



Who values the importance of insurance?



Who has insurance?



Big differences in what channels city vs. rural dwellers would use to purchase insurance

Apart from using an agent to purchase insurance (45% of city dwellers vs. 44% of the rural population), we saw big differences in the next two most popular channels for purchasing insurance.

We saw a discrepancy in using trusted insurance websites for purchasing behavior. While 51% of city dwellers would consider this channel, only 38% of rural dwellers would. 47% (nearly half) of city dwellers would consider buying insurance from their bank or credit union vs. only 32% (one-third) of rural dwellers. If financial institutions would use their customer data to target city dwellers for insurance products, they could generate an untapped revenue stream for non-interest income.

Methods for purchasing insurance

Using a trusted website



Using their bank or credit union





Conclusion

“Americans are becoming more aware of how planning for the future is important for their overall financial health, including the role insurance can play,” according to Sarah Parker, Senior Director of the Financial Health Network. They are aware that insurance can help fill a major financial gap should something unexpected happen.

Financial institutions can play a major role in closing this financial gap. Our study showed that several key demographics — such as the **underbanked** and **city dwellers** — are open to learning more about insurance offerings. Your financial institution can provide a holistic solution for financial wellness to your consumers while you generate incremental non-interest income.

Learn more at franklin-madison.com