

The Life Insurance Engagement Report: Consumers, FIs And The Life Insurance Digital Path To Purchase, a PYMNTS and Franklin Madison collaboration, examines survey responses from 2,326 consumers to examine their purchasing behaviors and attitudes toward life insurance. The Report reveals how and why consumers purchase insurance, how life insurance brands can increase consumer engagement and measures consumers' interest in seeking life insurance from their financial institutions.

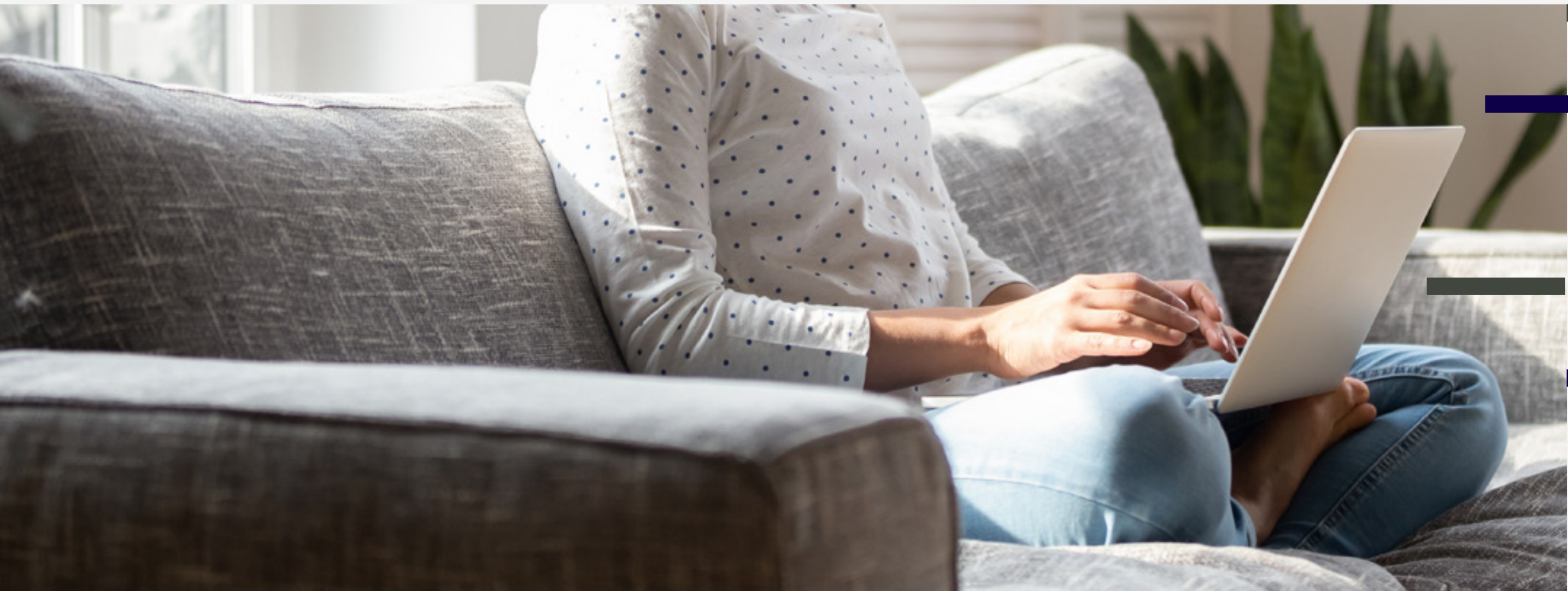
Life Insurance Engagement

REPORT

Consumers, FIs And The Life
Insurance Digital Path To Purchase

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Introduction



A new generation of consumers is in the market for life insurance. They are surprisingly young, open to life insurance product messaging and vocal about what would inspire them to purchase. PYMNTS research reveals that consumers are also becoming open to acquiring policies from sources other than their employers or insurance brokers: 26 percent would consider purchasing policies through their primary financial institutions (FIs). Approximately 50 percent of those consumers who had already purchased life insurance through their FIs would do so again, in fact, but only 7 percent of consumers have purchased life insurance from their FIs. Consumers who look to their FIs, financial advisers or FinTechs to seek life insurance product information and gain access to new policies are most likely to be younger — millennials (18 percent) and Generation Z (20 percent) — with incomes over \$100,000.

Although the oldest Gen Z consumers just turned 24, the pandemic's onset brought the importance of life insurance into clear

view for many Americans, including younger adults. The pandemic made questions about longevity — and the catastrophic financial impact of family loss — top-of-mind for many young Americans. PYMNTS' research indicates that Gen Z consumers were the most likely of all demographics to seek information on life insurance products independently in 2020.

Leading insurance providers leveraged Gen Z's interest to drive a significant surge in life insurance applications that encompassed other younger adults, including millennials. In 2020, life insurance applications for those 45 and under showed the highest year-over-year annual growth on record.¹

The rise in the number of newly insured, younger consumers and an increased general interest in life insurance products among younger demographics has had a significant impact on the insurance industry landscape. Opportunities now abound for insurance providers to engage new audiences and build enduring customer relationships over

time. PYMNTS' research indicates that many of these coveted Gen Z and millennial consumers have a keen interest in engaging with insurance providers and learning about new insurance options, even when they already have insurance. That interest comes with a caveat: Consumers want to comparison shop, pay and interact with their providers how they want and when they want. Our latest research indicates that robust digital strategies that encompass marketing and payments management are essential for insurers seeking to reach these new high-value customers.

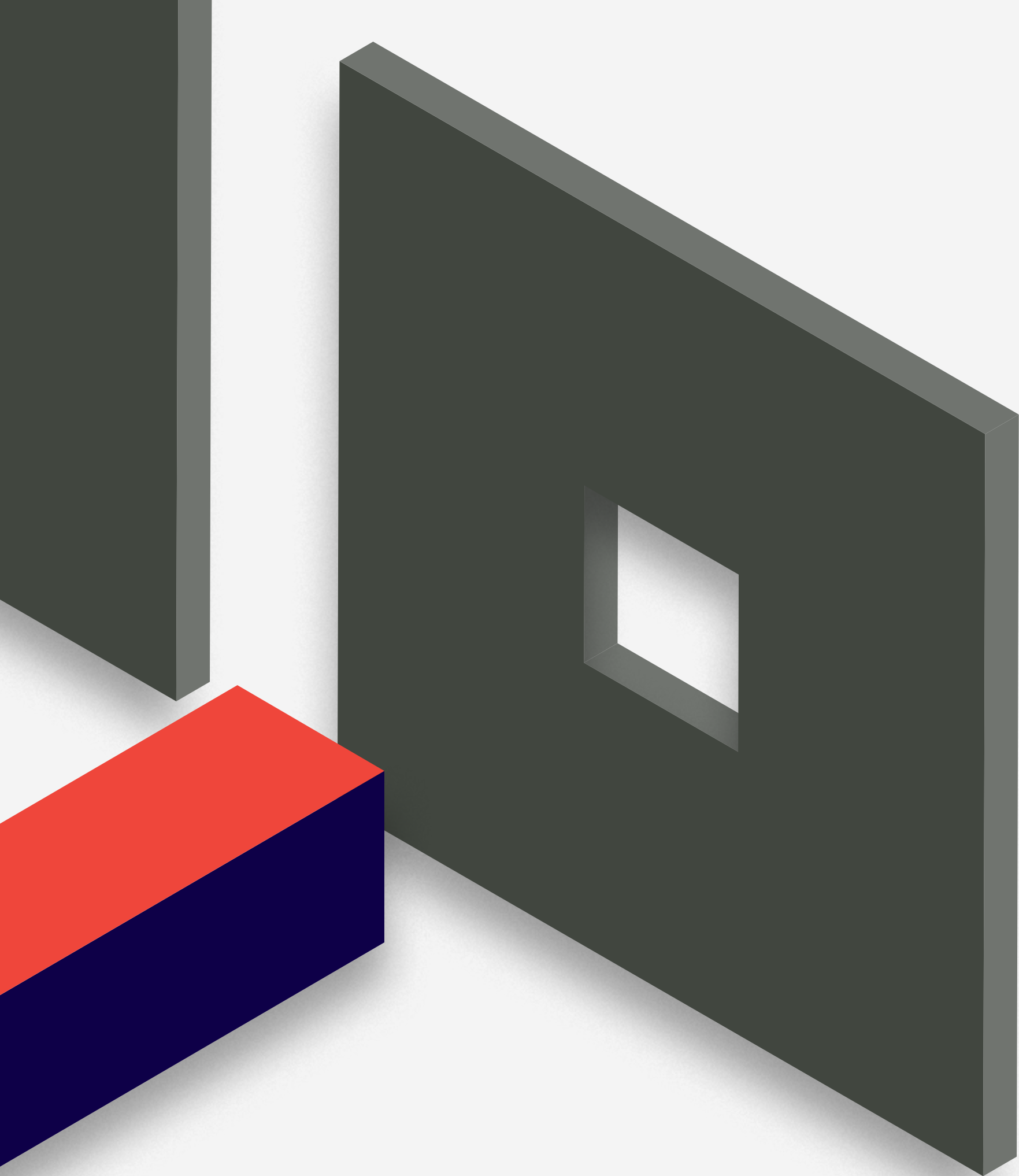
Today's life insurance shoppers are empowered, value-focused consumers who are adept at shopping and online research while also being highly receptive to the input of their social circles on their life insurance product choices. Digital channels have become the primary avenues through which consumers research, assess, compare, discuss and select life insurance products.

Despite digital's impact on the way consumers research insurance, the last mile of their customer journey involves traditional conversations on the phone and in person. Our research shows that consumers prefer to discuss their life insurance choices in person before purchasing, even when the decision process that brings them to a particular insurance product runs through digital channels.

The Life Insurance Engagement Report, a PYMNTS collaboration with Franklin Madison, is based on PYMNTS' analysis of 2,326 survey responses collected in January. Our research highlights how consumers' attitudes toward their life insurance purchasing processes vary online and offline, how and why they choose to buy life insurance and the best ways FIs that offer life insurance products can encourage consumer engagement.

This is what we learned.

¹Author unknown, U.S. Life Insurance Activity Hits Record Growth in 2020 Reports the MIB Life Index. PR Newswire, 2021. <https://www.prnewswire.com/news-releases/us-life-insurance-activity-hits-record-growth-in-2020-reports-the-mib-life-index-301208070.html>. Accessed March 2021.



Market Penetration: Good, Not Great

Our research revealed that approximately 60 percent of consumers have life insurance. That is where the good news stops. Those who report not having life insurance, including baby boomers and older seniors (38 percent), Generation Z (40 percent) and Generation X (36 percent), represent significantly under-tapped audiences for insurers.

Consumers who chose not to purchase a policy gave reasons that were essentially the result of exposure to poor — if any — marketing messages, such as a lack of clarity on their life insurance options or concerns about premium costs. Most of these consumer concerns could be resolved by insurance providers implementing effective marketing and consumer education plans that address key consumer concerns about life insurance.

FIGURE 1:
Life insurance ownership
Share of consumers who own life insurance policies

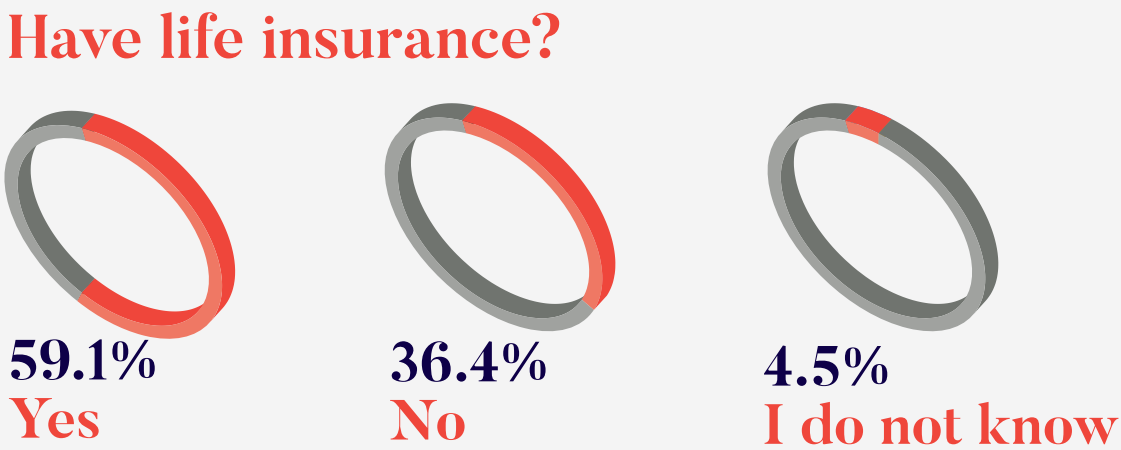







TABLE 1:
Consumers who have purchased life insurance
Life insurance ownership, by generation

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
• Yes	41.2%	62.4%	61.7%	62.0%	60.3%
• No	40.3%	33.7%	34.5%	35.7%	38.0%
• I do not know	18.5%	4.0%	3.7%	2.2%	1.7%

Source: PYMNTS | Franklin Madison Life insurance Engagement Report



Demographics: The Generation Gap Is Not What You Think

Younger consumers are motivated to learn about life insurance.

Generation Z showed surprising interest in learning about their life insurance options as opposed to seniors and baby boomers, who were the least likely to seek out information on life insurance products. This may be due in part to the overwhelming majority of Gen Z consumers (73 percent) facing student loan debt with an average repayment period of 20 years.² About 8 percent of these loans are privately held and not dischargeable upon the borrower’s death. That means the borrower’s estate or their loved ones would have to pay the balance of their loans — a significant motivation for purchasing a life insurance policy. Millennials, like Generation Z, have practical reasons for their interest in life insurance policies. PYMNTS research shows that millennials and bridge millennials, who are likely to have very young to nearly teenaged children, are the most motivated of all generations except for Generation Z to seek out an insurance policy to protect their loved ones. Only 25 percent of millennials and 20 percent of Generation Z consumers stated that they had made no effort to learn about new life insurance options.

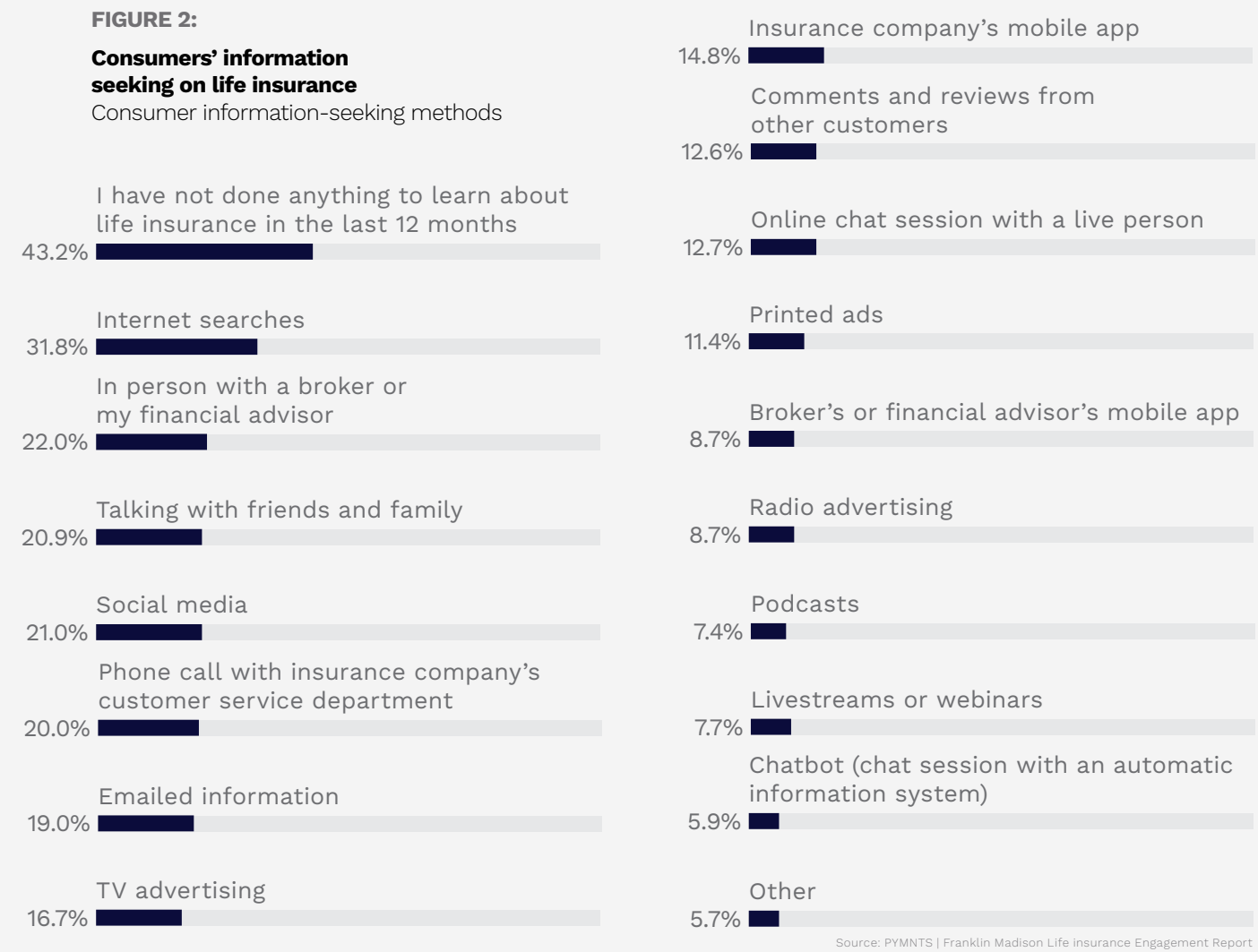







TABLE 2:

Why consumers in different generations prefer merchants with digital capabilities

Shares in different generations who would choose merchants with digital capabilities for select reasons

	 Generation Z	 Millennials	 Bridge millennials	 Generation X	 Baby boomers and seniors
Done nothing to learn about life insurance in past 12 months	19.6%	24.5%	31.1%	47.8%	62.1%
In person with a broker/my financial advisor	30.4%	38.3%	39.0%	30.5%	23.0%
Talking with friends and family	10.7%	25.0%	26.3%	22.7%	21.8%
Social media	28.6%	23.2%	21.2%	22.3%	12.2%
Phone call with insurance firm's customer rep	33.4%	30.5%	30.5%	14.8%	5.7%
Emailed information	24.6%	22.2%	21.0%	17.0%	17.1%
TV advertising	20.9%	21.3%	22.3%	18.5%	14.8%
Insurance company’s mobile app	18.3%	20.8%	21.4%	14.8%	10.9%
Comments and reviews from other customers	14.0%	20.2%	21.8%	15.6%	5.5%
Online chat session with a live person	18.0%	17.2%	18.7%	10.6%	4.2%
Printed ads	8.3%	21.3%	22.6%	8.0%	5.1%
Broker’s or financial advisor’s mobile app	15.8%	13.0%	9.6%	8.1%	10.0%
Radio advertising	8.9%	14.3%	12.2%	6.2%	1.9%
Podcasts	12.9%	13.0%	12.6%	6.8%	1.3%
Livestreams or webinars	12.0%	12.3%	10.1%	3.9%	0.5%
Chatbot	9.2%	11.6%	10.1%	6.1%	1.9%
Other	8.5%	9.4%	9.1%	4.8%	0.0%
	0.0%	1.3%	2.0%	5.5%	16.0%

Source: PYMNTS | Franklin Madison Life Insurance Engagement Report

²Author unknown. Survey: Student Loan Debt Is a Key Factor for Gen Z When Making Career Decisions. 2020. <https://apnews.com/press-release/pr-prnewswire/7e782b25f7d78ef56b3b05b4fc6a0b27>. Accessed March 2021.

The background features two large, three-dimensional geometric shapes. One is a large red cube-like shape with a dark blue top face, positioned in the upper right. The other is a smaller, similar shape in the lower left. A thin red horizontal line is located just above the title text.

Consumer Attitudes: The Fear Factor

Many consumers see life insurance as too expensive. Others believe it does not work.

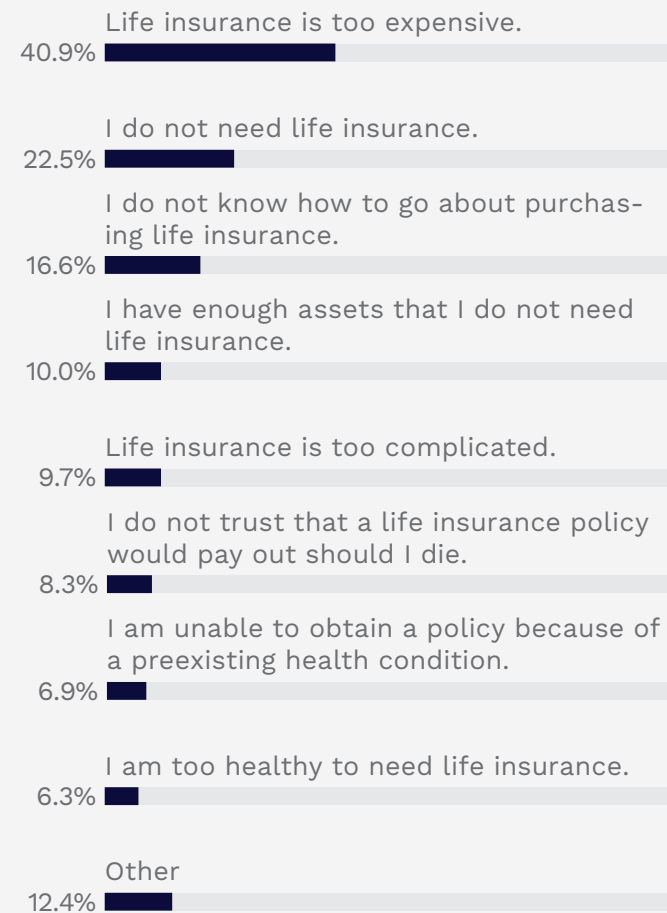
The reason why consumers choose not to purchase life insurance varies greatly. There is a common thread through most of their responses, however: Insurance providers need to do a better job at making the benefits of life insurance clear and relevant to their customers. Forty-one percent of consumers say that buying life insurance is too expensive while 8 percent say that they do not know how to purchase it or are afraid that it would not “work” or provide benefits to their loved ones if they passed away. The good news is that accurate product information and a comprehensive marketing strategy can debunk many of the myths surrounding life insurance that prevent consumers from considering a purchase.

Offering clear marketing messaging is not the whole story when it comes to why consumers choose not to purchase life insurance, however. Our findings show that information access is a crucial determinant in the life insurance purchase journey of a significant number of consumers. Just over 37 percent of consumers do not know if their FIs offer life insurance. Thirty-two percent of consumers want more information about their FIs' life insurance product offerings. The opportunity for insurance providers to “get it right” is clear: Life insurance product information should be readily available, easy to understand and unambiguous about affordability, product function and relevance to the unique needs of each audience.

FIGURE 3:

Consumers' reasons for not purchasing life insurance

Reasons consumers hesitate to purchase life insurance



Source: PYMNTS | Franklin Madison Life Insurance Engagement Report

The Digital-Social Influence: Consumers Look To Social Circles During Their Purchase Processes

Our research shows that consumers rely heavily on a collection of social and online sources, such as friends and family (25 percent), customer comments and reviews (19 percent) and social media (10 percent) when seeking information about life insurance.

Insurance providers can leverage these connections by creating a 360-degree marketing strategy that is data-driven and content-focused. Consumers may not respond to an ad in isolation, but they overwhelmingly trust their friends and family. Making insurance product information easily accessible online and available as shareable content and in ads helps consumers find the information they are looking for and share it with friends and family through digital channels.



The Human Touch: Consumers Prefer Technology-Enabled Live Human Help

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**A significant number
of consumers
prefer in-person
interactions when
purchasing life
insurance.**

Our research shows that 35 percent of life insurance customers have a preference for in-person consultations with insurance brokers or financial advisers over other means of finding out about life insurance options. Self-directed internet searches were the second-most popular method of learning about life insurance at 31 percent, but in-person help was a meaningful component in consumers' searches for information. That is not surprising as consumers tend to seek advice from trusted in-person and online influencers, such as friends and family, when making major life decisions. Purchasing life insurance is one of the most critical components of a consumer's long-term financial plan. Insurance providers can support a frictionless purchasing process by providing a combination of in-person sales help and easily accessible online information.



The Generational Perspective: Missed Opportunities And Digital Inroads

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Generation Z is a valuable new audience for life insurance marketing

Generation Z is the most motivated to learn about insurance options of all generations given that they are facing adulthood and under pressure from millions of dollars in private student loans that would pass to their loved ones upon their deaths. Connecting with this generation requires a deep understanding of what motivates these consumers to purchase life insurance and how best to reach them. Our survey found that Gen X and bridge millennials are the most motivated to care for their loved ones while Gen Z sees life insurance as part of an overall plan for financial security.

TABLE 3:
Why consumers purchase life insurance
Reasons why consumers purchase life insurance, by income and generation

	It was part of my overall financial plan.	I wanted to make sure others were cared for.	My employer provides life insurance as a free benefit.	I just got married.	My spouse or partner insisted I get it.	I had a new baby.
ANNUAL INCOME						
• Less than \$50K	32.5%	46.1%	12.4%	8.2%	14.7%	8.9%
• \$50K to \$100K	35.4%	50.2%	29.3%	7.5%	13.9%	8.8%
• More than \$100K	51.5%	52.8%	31.9%	10.8%	16.5%	10.5%
GENERATION						
• Generation Z	43.6%	41.5%	14.5%	9.8%	24.3%	14.4%
• Millennials	46.7%	50.0%	32.1%	16.5%	24.7%	20 %
• Bridge millennials	43.5%	53.8%	34.3%	9.9%	19.5%	13.9%
• Generation X	38.3%	53.8%	33.8%	6.1%	10.5%	6.2%
• Baby boomers and seniors	38.8%	50.0%	17.7%	4.6%	8.2%	1.6%
AVERAGE	41.5%	50.3%	26.1%	9.1%	15.2%	9.5%

Source: PYMNTS | Franklin Madison Life Insurance Engagement Report



The Access And Affordability Factor: How Consumers Want To Buy Life Insurance

Consumers want life insurance to be more affordable and easier to understand.

Today's life insurance consumer is accustomed to the simplicity of eCommerce when it comes to making purchasing decisions. As digital payments innovations make it easier for consumers to afford items through tiered pricing and simple payment plans, consumers' expectations for their experiences rise. Our research shows that consumers have clear ideas about what would make them purchase life insurance.

Thirty-eight percent of consumers believe that life insurance should be more affordable and 30 percent believe that the purchasing process should require less effort. Thirty-two percent of respondents also state that they want more information on insurance providers' available insurance products, with 29 percent of customers who had already purchased insurance from their primary FIs reporting that they wanted better information from their providers. That means insurance providers have an open invitation to deliver meaningful marketing messages to consumers motivated to hear about new life insurance products and payments solutions that make those products more affordable. **Here are five simple ways to engage life insurance consumers in the digital age:**

1.

Target demographics with high levels of interest in life insurance products with clear, succinct product information through digital ad campaigns and on social media. Generation Z customers and millennials are especially motivated to learn about insurance products.

2.

Offer consumers frictionless digital payment options and succinct information on the affordability of yearly, quarterly and monthly payment options. Provide clear directives on coverage amounts and premiums with information on consumers' options to increase coverage as their needs change over time.

3.

Develop an FAQ section to address common myths about life insurance. Consumers who do not purchase life insurance because they believe it "does not work" likely do not understand the purchasing process.

4.

Include live help options on homepages for consumers with product questions. Many consumers still want to speak with a representative before purchasing a policy. Remove friction from the process by providing chatbot, text and phone help options for customers online.

5.

Make consumer-facing product information on homepages simple, direct and focused on the life insurance purchasing process. Consumers who believe that buying life insurance is too confusing might be converted with a simple self-help section that provides them with a clear path to purchase.

Conclusion

The digital shift in life insurance product purchasing is mitigated by consumers' desire for human input in their decision-making processes. Insurers and FIs seeking to engage these consumers must provide an effective hybrid model of customer service — one that blends clear product information with live or text chat help for self-directed customers interested in a human-focused insurance-buying experience. Building these bridges between customer service and motivated consumers will not be hard, but it requires insurance providers to place customer experience and consumer education at the center of every marketing strategy.



About

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



An industry pioneer with over 50 years of experience, Franklin Madison builds financial security for individuals and families by delivering industry-leading insurance products and marketing services through our brand partners. We help generate increased loyalty and incremental revenue for more than 3,500 financial institutions.

Franklin Madison’s primary investor is Mill Point Capital, a New York-based private equity firm focused on investing in strong, established businesses looking to grow. Based in Franklin, Tennessee, Franklin Madison has approximately 200 employees. For more information, visit www.franklin-madison.com.

Acknowledgment

The Life Insurance Engagement Report was done in collaboration with Franklin Madison, and PYMNTS is grateful for the company’s support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

We are interested in your feedback on this report. If you have questions or comments, or if you would like to subscribe to this report, please email us at feedback@pymnts.com.

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