

Why Consumers Are Looking To
**FINANCIAL INSTITUTIONS
FOR INSURANCE**

June 2024 Report



Why Consumers Are Looking To FINANCIAL INSTITUTIONS FOR INSURANCE

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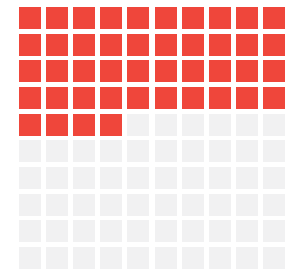
Why Consumers Are Looking To Financial Institutions for Insurance was produced in collaboration with Franklin Madison, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

Although most consumers currently get their insurance from a range of insurance providers — employers, insurers directly and agents, among others — data shows they want simplified insurance shopping. In particular, Gen Z consumers, who are new to buying insurance and could become lifetime clients, prefer a one-stop shop for their insurance options. The best solution to the current complexity might be hiding in plain sight: the humble financial institution (FI).

Consumers have a growing interest in purchasing insurance from an FI, with 44% now keen on doing so, PYMNTS Intelligence data finds. The interest is particularly prevalent among younger consumers — nearly two-thirds of Gen Z consumers have interest in purchasing insurance from an FI in the coming year. Consumers with higher incomes, who may have more money to spend on insurance — including specialized insurance — also exhibit interest at an above-average rate. FIs have consumers' trust, but they will need to embolden their awareness campaigns to engage consumers with insurance offerings.

44%



of consumers are **interested in buying insurance from an FI**, including 63% of Gen Z and 60% of millennials.

They may soon have greater word of mouth on their side. Fifteen percent of consumers already have some type of insurance from their FI, but the corresponding share among younger consumers is more than twice as high: 32%. In addition, FIs have been sought out for insurance at above average rates by consumers with high incomes and those who use national banks as their primary FI. And, among consumers who have already purchased insurance from an FI, three-quarters have interest in doing so again this coming year.

These are just some of the findings detailed in Why Consumers Are Looking To Financial Institutions for Insurance, a PYMNTS and Franklin Madison collaboration. This edition examines the role of FIs as insurance providers and consumer preferences for insurance and draws on insights from a survey of 2,195 U.S. consumers conducted from March 22 to March 28.

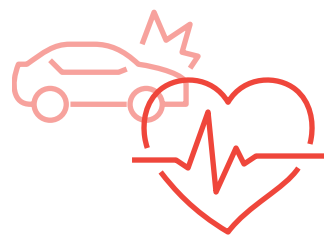
This is what we learned.

KEY FINDINGS

01

EASY ACCESS

Consumers need insurance — and prefer to get all of their insurance offerings from convenient and easy-to-access sources.



75%

Share of consumers who at least have auto and health insurance

02

NEW INSURANCE DESTINATION

Younger consumers and those with high incomes are especially interested in buying insurance from an FI.



44%

Portion of all consumers interested in purchasing insurance from an FI

03

IN FIs WE TRUST

Trust is a key factor in influencing a consumer's decision to purchase insurance from an FI.



24%

Portion of consumers who cite trust in an FI as the most important factor in an insurance provider

04

ONE-STOP SHOP

Younger consumers tend to seek a single provider for their insurance needs.



2X

Younger consumers are twice as likely to want a one-stop shop for their insurance needs than older consumers

THE FULL STORY

Young consumers and high-income consumers want to purchase insurance more easily, and they are particularly enthusiastic about obtaining insurance from FIs.

Consumers prefer to get their insurance from convenient sources, which is critical, as most consumers have several different types of insurance.

The baseline for insurance for most consumers is health and auto insurance. Beyond these must-haves, a smaller number choose to opt in to other insurance policies, such as life insurance, travel insurance or pet insurance. On average, our data shows consumers have 3.7 different types of insurance. Gen Z and millennial consumers tend to have less: just 2.8 and 3.4 different kinds of insurance, on average, respectively. Wealthier consumers — who may have more items to protect — have more insurance products than average, at 4.4. In contrast, some members of Gen Z are purchasing insurance for the first time and may prefer sticking to what is legally mandated.

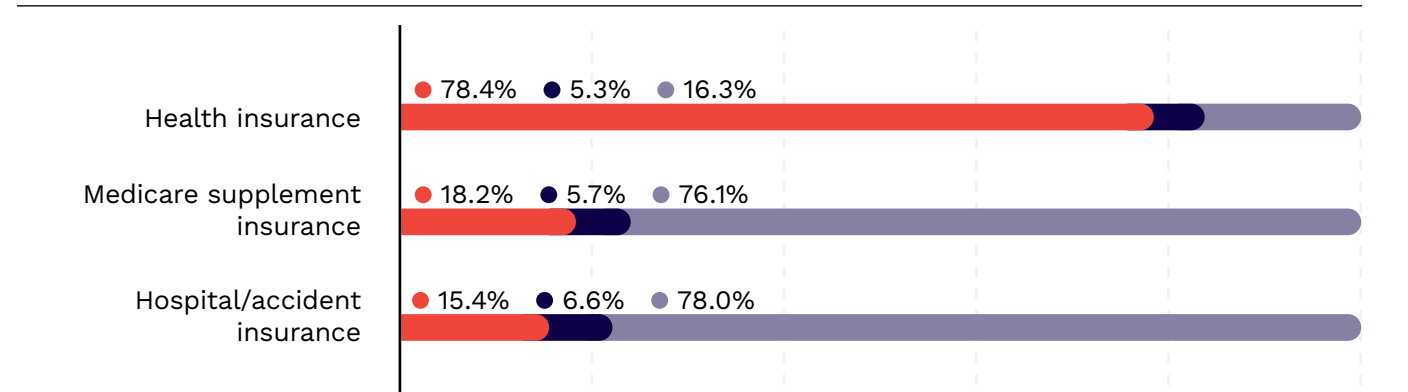
Some consumers who do not yet have any specialized insurance are nonetheless interested in obtaining alternatives. Pet insurance, for instance, stands out as popular, with 12% of consumers saying they would be interested in purchasing it in the coming year.

FIGURE 1:

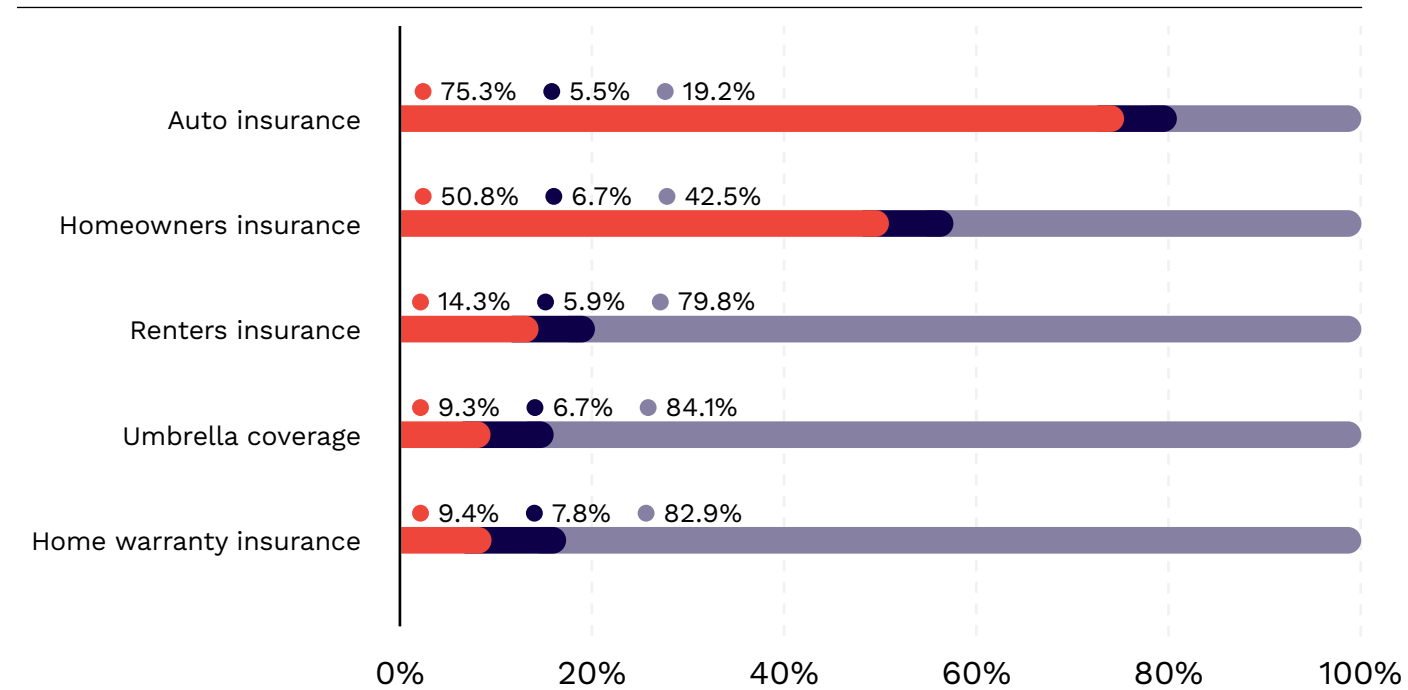
More insurance? Sure.

Share of consumers who own insurance and say they are interested in additional insurance products

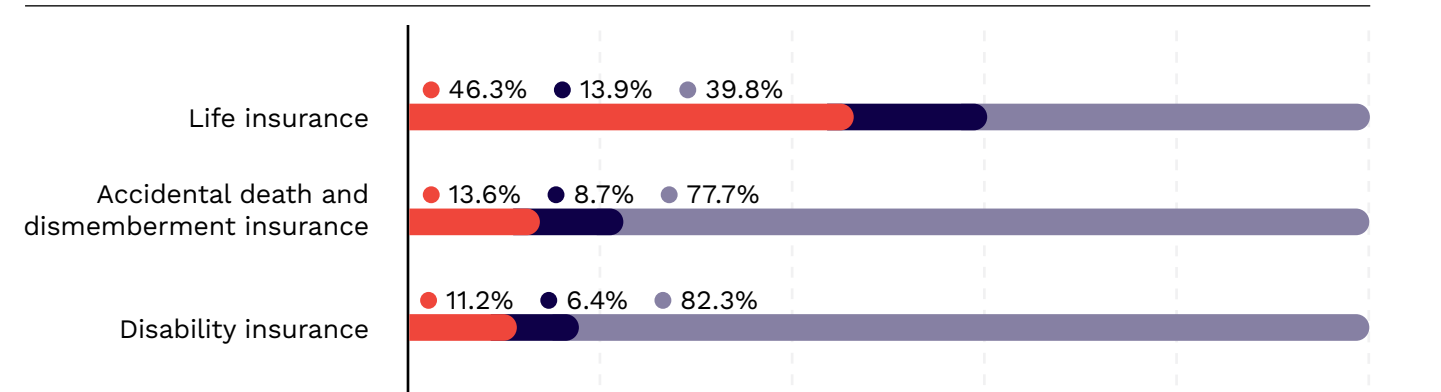
HEALTH INSURANCE



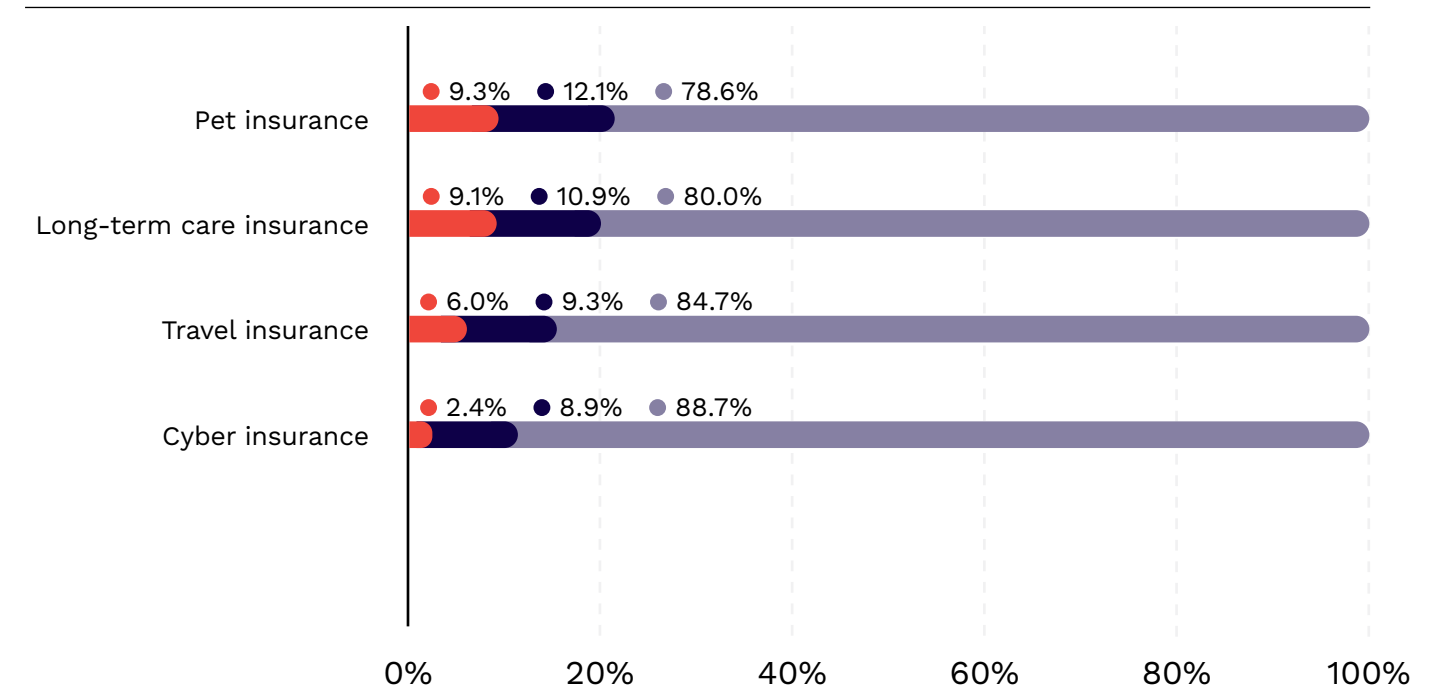
PROPERTY AND CASUALTY INSURANCE



LIFE AND DISABILITY INSURANCE



SPECIALIZED INSURANCE



- Currently own this type of insurance
- Would be interested in obtaining in the next 12 months
- Do not own and would not be interested in obtaining in the next 12 months

Source: PYMNTS Intelligence
Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 2,195: Complete responses, fielded March 22, 2024 — March 28, 2024

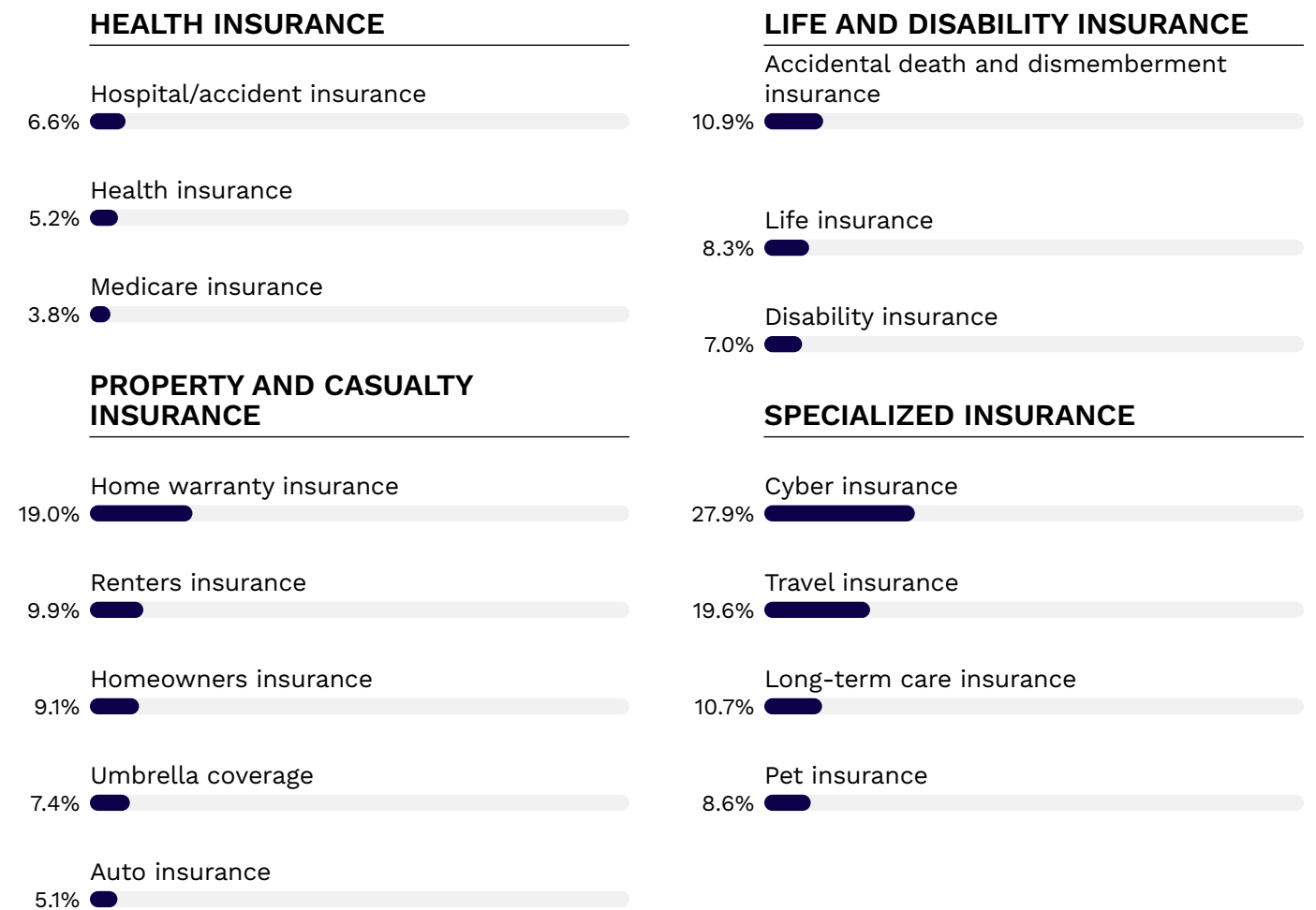
Consumers want to get their insurance from sources that offer ease of use and convenience. The most common insurance sources for consumers are traditional and not exactly renowned for customer experience: their employers, the government and insurance providers directly. FIs have risen in the ranks of nontraditional insurance avenues.

Fifteen percent of consumers already have some type of insurance from their FIs. Consumers are most likely to purchase home warranty and cyber insurance from their FIs, likely because consumers are already engaged with their FI when it comes to buying a home — and, perhaps, because FIs have such an association with cybersecurity that it may make more sense for some to go to an FI over an independent agent.

FIGURE 2:

Insurance sources

Share of insured consumers who report obtaining their insurance from their FI, by insurance type



Source: PYMNTS Intelligence
 Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N varies based on insurance type, fielded March 22, 2024 — March 28, 2024

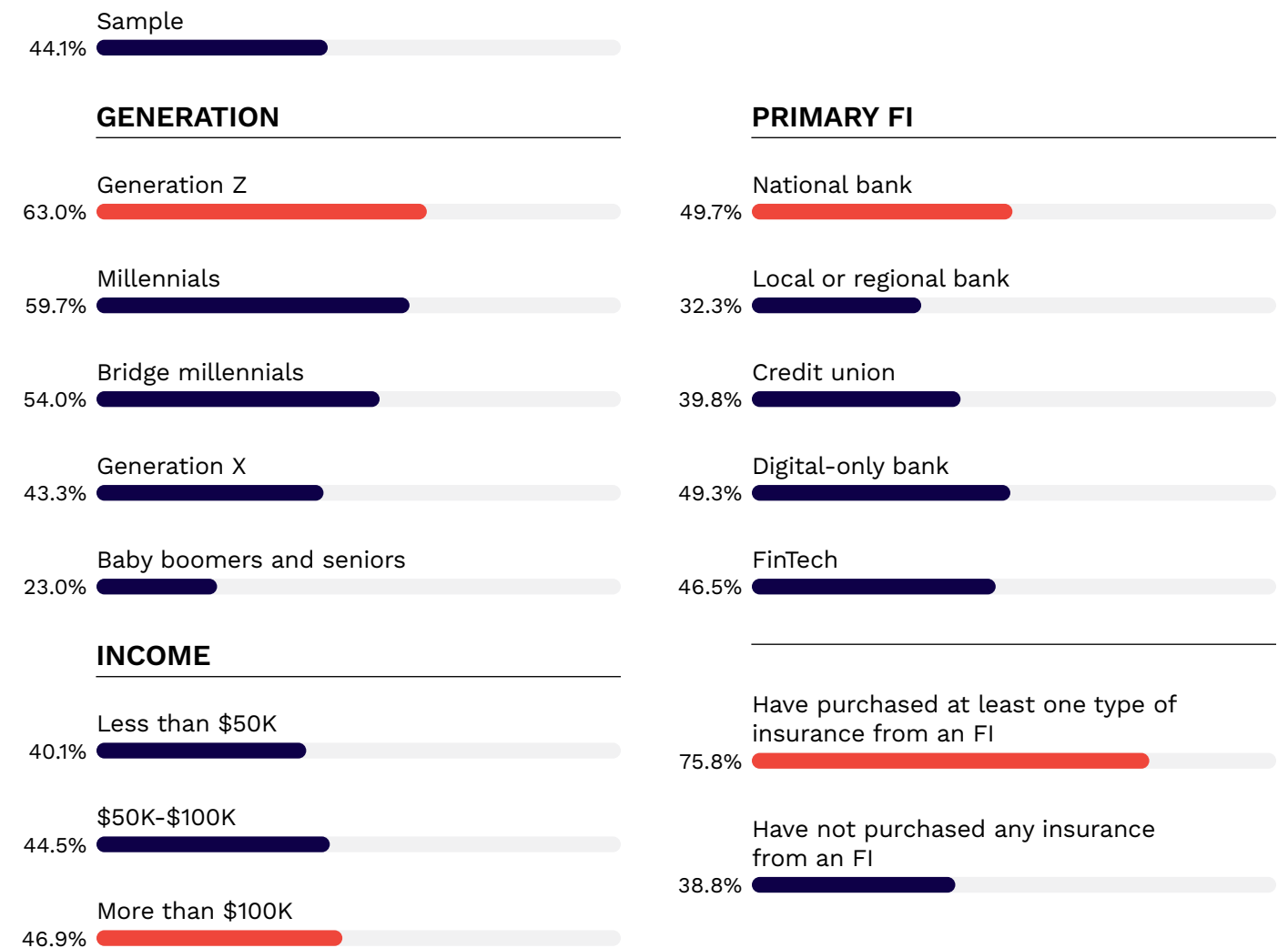
Almost half of consumers are interested in purchasing insurance from an FI, and this sentiment is particularly prevalent among younger consumers and those with high incomes.

Overall, 44% of consumers are interested in purchasing insurance from an FI, and this interest is prevalent among younger insurance customers — those representing Generation Z and millennials — and those with high incomes. The data suggests that people who buy insurance from FIs are likely to become repeat customers: 76% of consumers who previously purchased insurance from their FI are interested in the prospect of buying further insurance from their FI in the coming year. For FIs, the first purchase is paramount, as just 39% of consumers who have not purchased insurance from an FI share that interest — almost exactly half the share.

FIGURE 3:

Interest in FI-provided insurance

Share of consumers who are at least somewhat interested in purchasing insurance from an FI in the coming year, by demographic



Source: PYMNTS Intelligence
 Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 2,195: Complete responses, fielded March 22, 2024 — March 28, 2024

Consumers are showing growing interest in buying insurance from an FI. Compared to just three years ago, more than 1 in 4 consumers express greater interest in buying insurance from an FI. The demographic most likely to buy insurance for the first time, Generation Z, is also the most interested in purchasing insurance from an FI — and given the tendency to repeat purchasing insurance from FIs, that means that Gen Z consumers are especially lucrative for FIs.

Just as overall interest in FI-offered insurance wanes with age, so does the share who has become more interested of late. One simple explanation is that consumers become more set in their ways as they grow older and may be less likely to change their insurance-purchasing mindset.

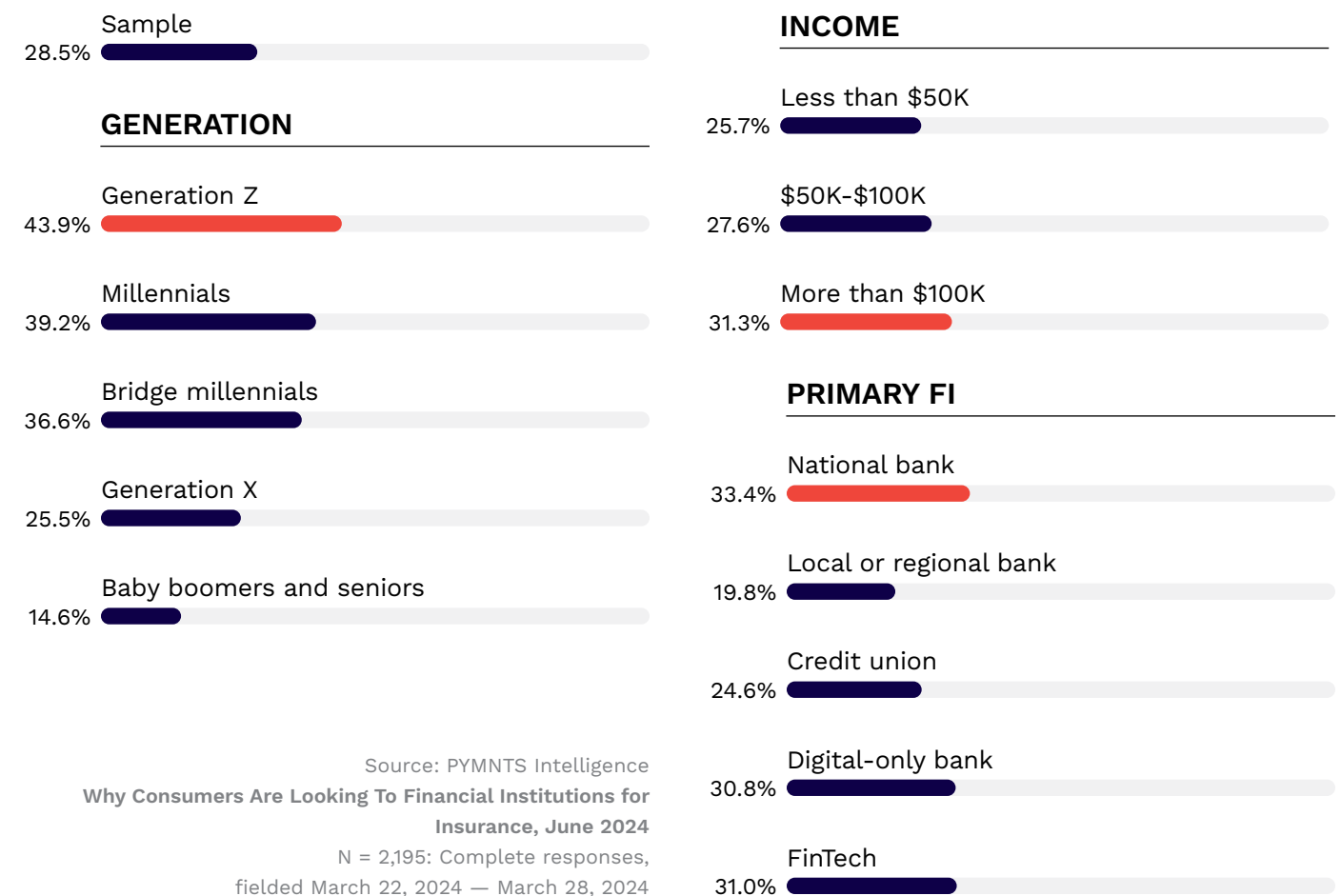
Familiarity manifests in other ways. For example, another group whose openness to purchasing from an FI has grown over the last three years are those who use national banks — and by virtue of being national banks, these FIs are well known and familiar. When buying insurance for the first time, consumers are most likely to purchase directly from the source that has perhaps generated most awareness about insurance: an insurance company. We also found above-average rates of growing interest among consumers whose primary FI is a FinTech or digital-only bank; by nature of primarily banking with these newer players, it is likely that these consumers are used to innovation and may be more willing than most to apply that predilection to insurance.

“ Consumers are showing growing interest in buying insurance from an FI. ”

FIGURE 4:

Growing interest in FI-offered insurance

Share of consumers expressing more interest in purchasing insurance from an FI than they were three years ago, by demographic



Source: PYMNTS Intelligence
 Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 2,195: Complete responses, fielded March 22, 2024 — March 28, 2024

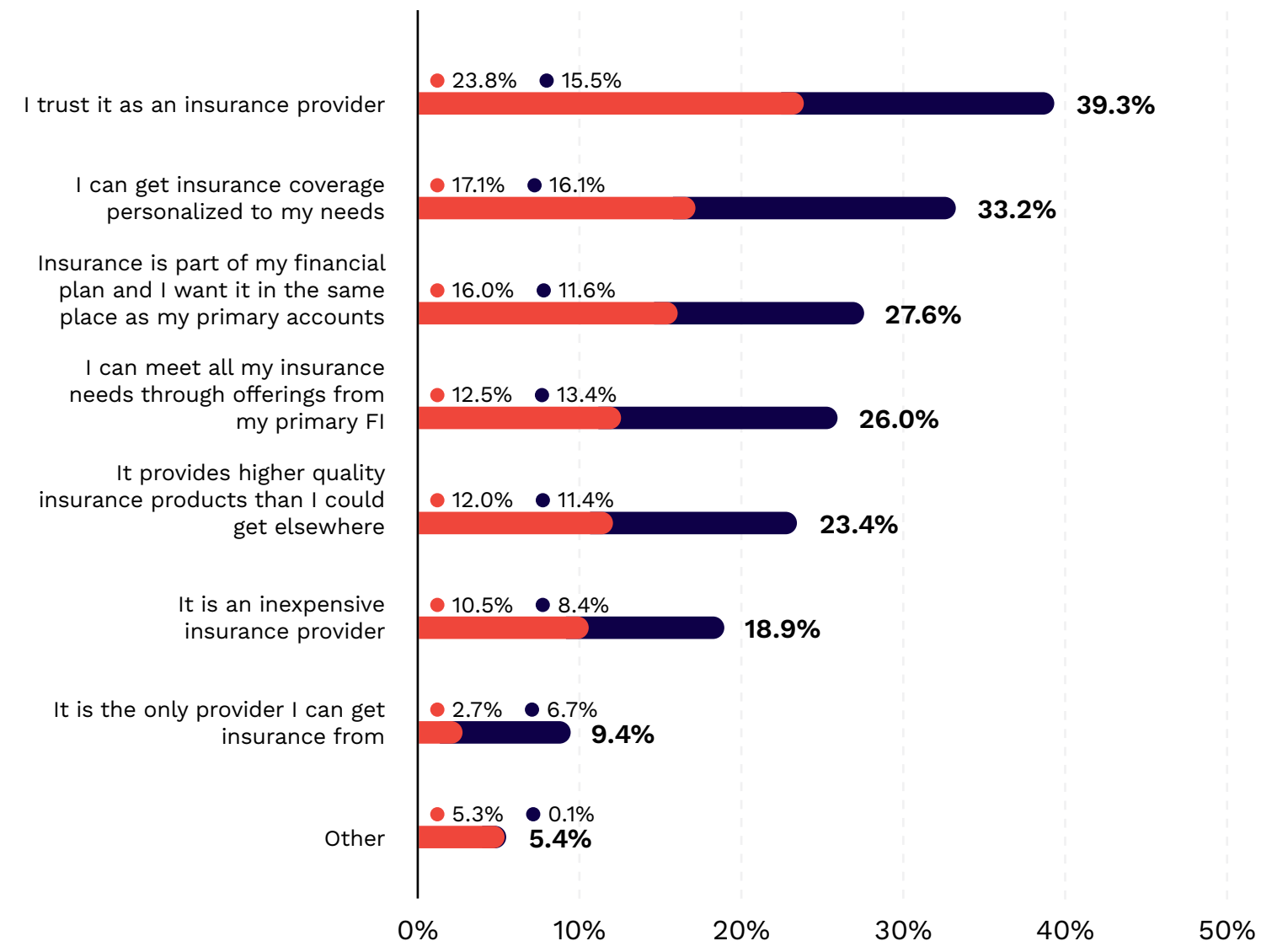
Trust in an FI is the main reason consumers are interested in purchasing insurance from an FI, above even cost.

Trust emerges as the key factor for consumers of all age groups determining their interest in purchasing insurance from an FI. Even compared to the cost of the insurance, more consumers cite trust. Among all consumer groups, those who use national banks and who have loyalty toward their FI value trust the most. Therefore, it makes sense that the main hurdle FIs face in engaging new insurance purchases from consumers is a lack of familiarity.

FIGURE 5:

The trust factor

Share of consumers citing select factors making them more interested in purchasing insurance from their FI, by level of importance



Source: PYMNTS Intelligence

Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 961: Respondents who are at least somewhat interested in purchasing insurance from their primary FI, fielded March 22, 2024 — March 28, 2024

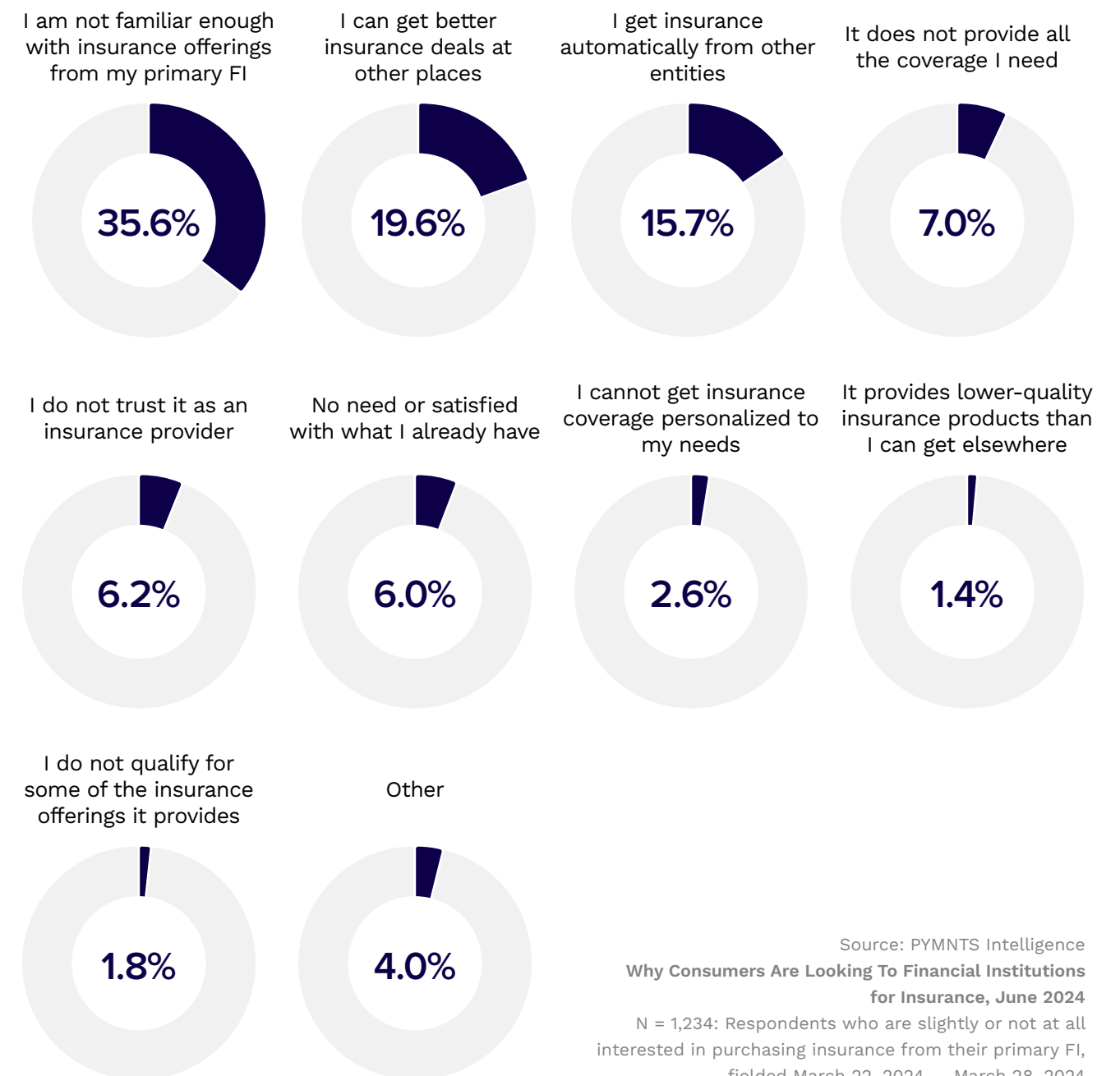
- Most responsible factor
- A factor, but not most responsible

We know what makes consumers interested in purchasing insurance from an FI, but what might hinder that purchase? Consumers report that a lack of awareness is a key deterrent keeping them from purchasing insurance from an FI. Well over half of consumers (61%) did not know if their primary FI even offered insurance, suggesting that FIs really need to increase consumer awareness. In addition, 20% of consumers who are disinterested said they can get better deals on insurance directly from insurance companies instead of their FIs. This suggests that FIs need to be competitive with the price of their insurance offerings, even if price is not the top concern for consumers.

FIGURE 6:

Not interested, thanks

Share of consumers not interested in purchasing insurance from an FI who identify select factors as most responsible for their disinterest



Source: PYMNTS Intelligence
 Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 1,234: Respondents who are slightly or not at all interested in purchasing insurance from their primary FI, fielded March 22, 2024 — March 28, 2024

Younger and high-income consumers each want convenient insurance offerings from their FIs. Younger consumers want a one-stop shop for insurance and financial products, while high-income consumers want more types of insurance.

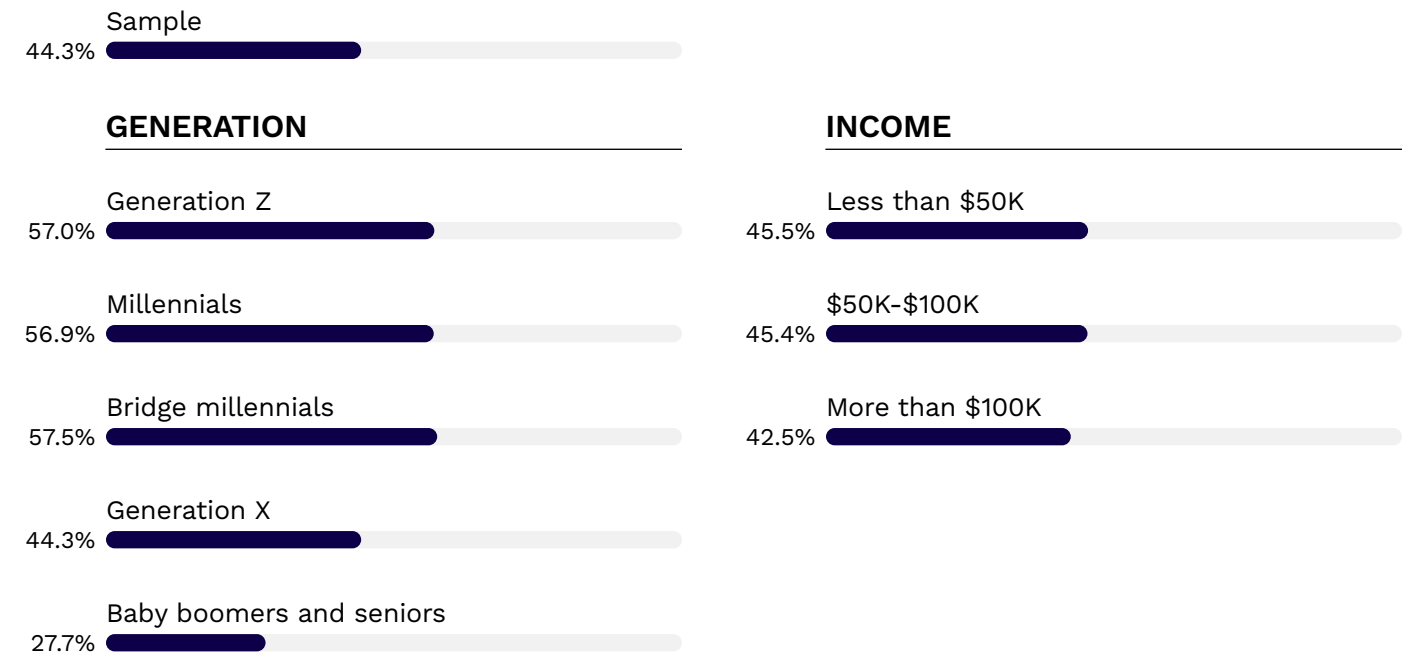


Gen Z and millennial consumers view the potential of their FIs as an insurance provider differently than older consumers. Instead of shopping around for insurance, Gen Z and millennial consumers want their FIs to provide both financial services and insurance products. In fact, younger consumers are twice as likely to want a one-stop shop — meaning they can purchase insurance and take care of financial needs in one place — for their insurance needs than baby boomers and seniors. When it comes to consumers with high incomes — those earning more than \$100,000 annually — they expect their FIs to provide a wide variety of insurance products.

FIGURE 7:

One-stop shop

Share of consumers who agree that their FI should provide for their financial and insurance needs, by demographic



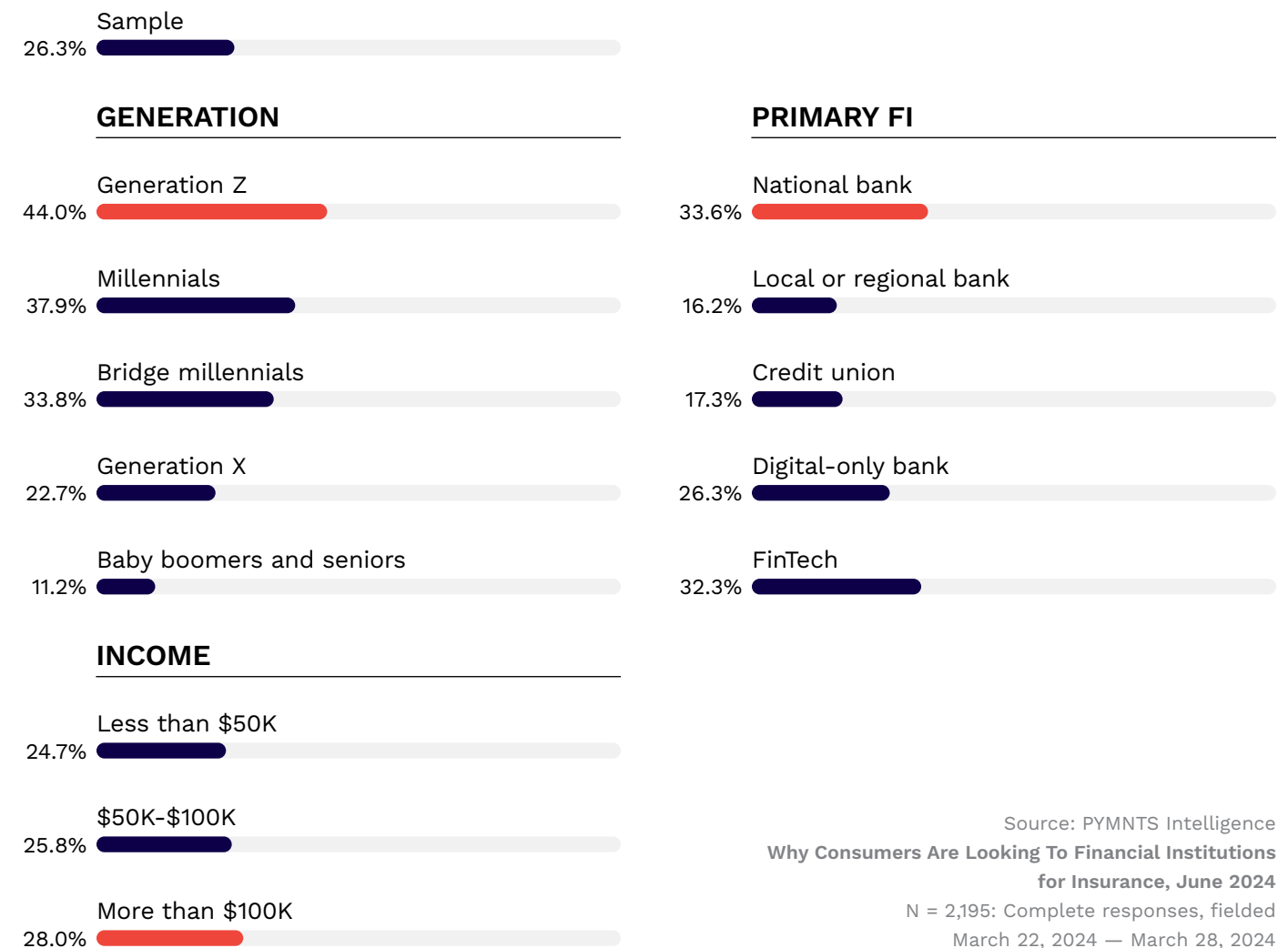
Source: PYMNTS Intelligence
 Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 2,195: Complete responses, fielded March 22, 2024 — March 28, 2024

We also see that offering insurance can serve as a motivating factor for these convenience-seeking consumers looking for a primary FI. For younger consumers, the option of getting insurance products is more important for their affiliation with an FI than it is for older consumers. Gen Z consumers in particular are four times as likely as baby boomers and seniors to think insurance offerings are an important part of choosing an FI. Similarly, consumers who choose national banks are also likely to consider insurance a significant part of their choice of an FI.

FIGURE 8:

Consumers' affiliation with FIs

Share of consumers who agree that insurance offerings are an important part of their affiliation with an FI



Source: PYMNTS Intelligence
Why Consumers Are Looking To Financial Institutions for Insurance, June 2024
 N = 2,195: Complete responses, fielded
 March 22, 2024 — March 28, 2024

DATA FOCUS

Almost half of consumers did not receive any information regarding insurance offerings from an FI in the last year, even though consumer awareness is key to attracting them to FIs' insurance products.

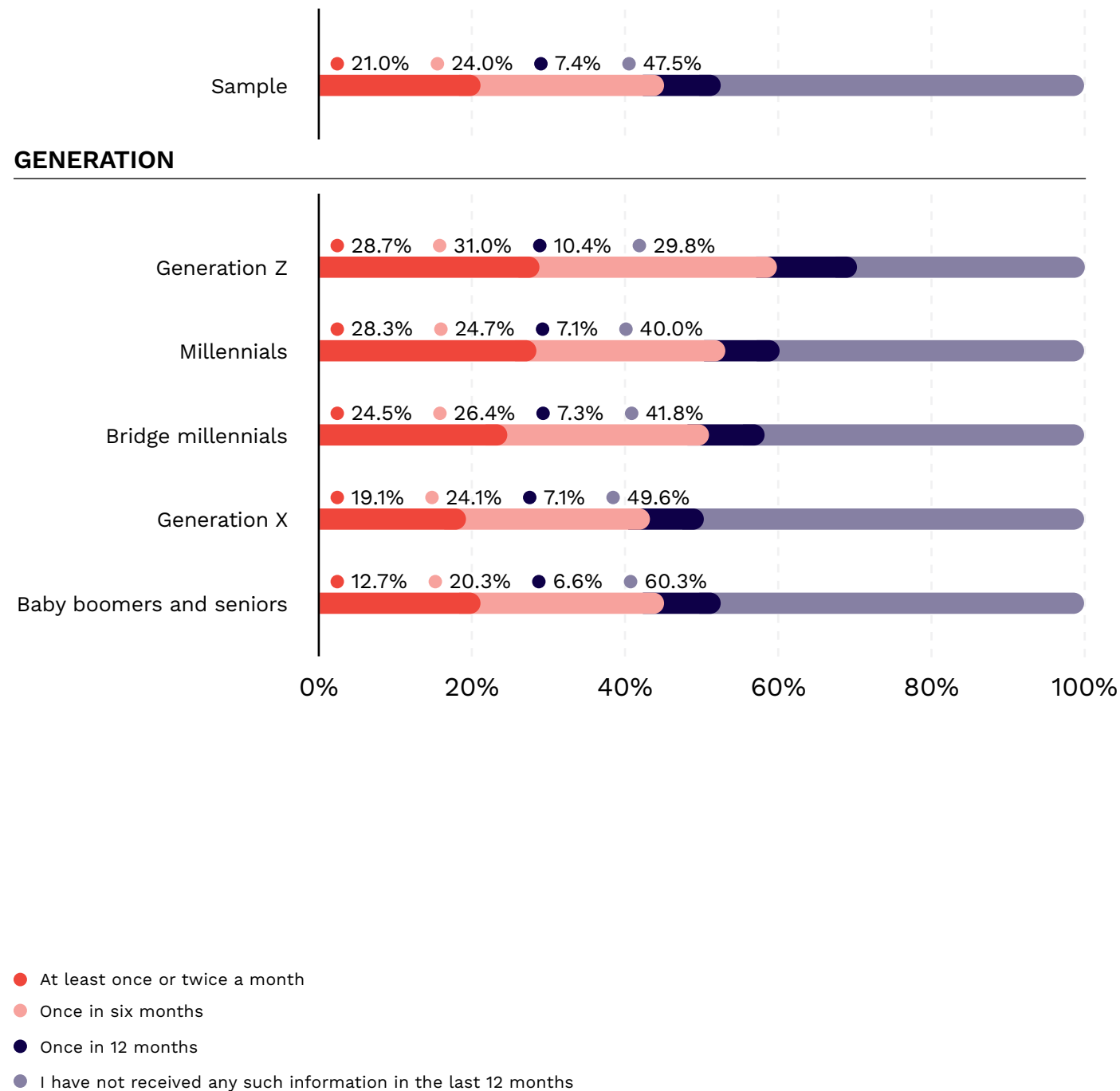
FIs will need to find ways to increase consumers' awareness about their insurance offerings. In the last year, 48% of consumers said they have not received information from their FIs about insurance products. Younger consumers, however — who exhibit the most interest, our data found — were the most likely to report receiving frequent information about FIs' insurance offerings. They are also the cohort to be most likely to purchase new insurance in general.

Conversely, the least likely to receive information on insurance offerings are local or regional bank customers. They are also the least likely to purchase insurance from an FI, suggesting that receiving insurance information may make them more likely to purchase it.

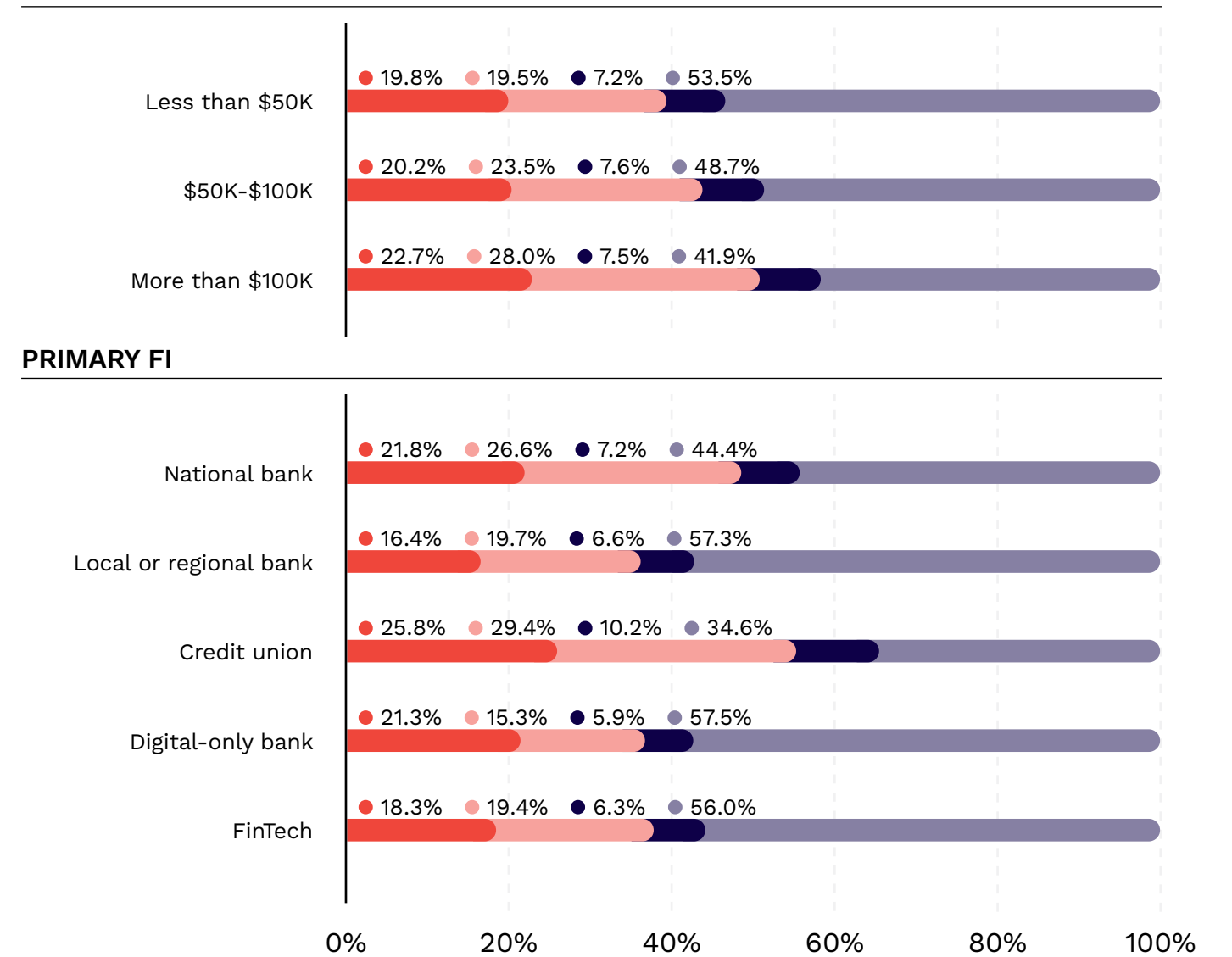
FIGURE 9:

The information problem

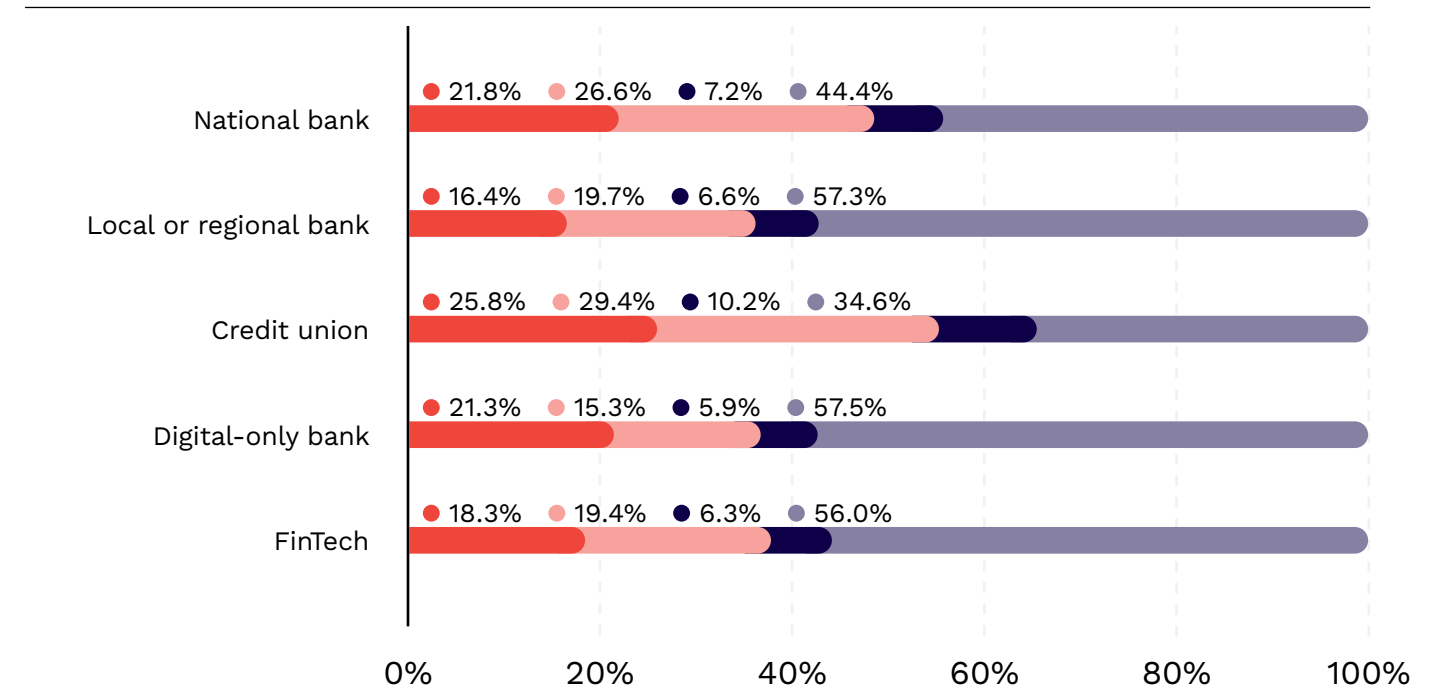
Share of consumers citing how frequently they receive information from their FI about the types of insurance products provided, by demographic



INCOME



PRIMARY FI



Source: PYMNTS Intelligence

Why Consumers Are Looking To Financial Institutions for Insurance, June 2024

N = 2,195; Complete responses, fielded March 22, 2024 — March 28, 2024

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METHODOLOGY

Why Consumers Are Looking To Financial Institutions for Insurance, a PYMNTS Intelligence and Franklin Madison collaboration, is based on a survey of 2,195 U.S. consumers conducted from March 22 to March 28. The report examines how consumers make purchasing decisions concerning insurance. Our sample was balanced to match the U.S. population: 51% were female, 33% were college-educated and 38% of respondents earned more than \$100,000 per year. The average age was 48.

THE PYMNTS INTELLIGENCE TEAM THAT PRODUCED THIS REPORT

Scott Murray
SVP and Head of Analytics

Lauren Chojnacki, PhD
Senior Analyst

Anna Sofia Martin
Senior Writer

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