



Media Release  
6 April 2016

## The Transformation in Buying Behaviour

### Life Insurance and Income Protection

*This media release outlines key findings from a comprehensive research study of 1,111 people completed in March 2016 by independent research firm, PureProfile.*

#### The Surge of Self-Directed Decision Makers

There is an accelerated growth in the number of people who can confidently evaluate, research and make financial decisions independently, without advice. According to the results of a comprehensive research with over 1,100 respondents commissioned by NobleOak Life Limited (NobleOak) in March 2016,

- 30% of respondents use the Internet to obtain advice with respect to their financial needs. *Refer to Figure 1 below.*
- Over 50% use technology weekly to make financial transactions. *Refer to Figure 2 below.*
- The “Internet” and “Family” are the two main channels used to obtain advice with respect to financial needs, again showing more Australians are becoming confident enough not to use professional advisers. *Refer to Figure 1 below.*

**Figure 1. Where do you obtain advice with respect to your financial needs?**

NobleOak Life Limited: PureProfile Survey – March 2016

Value	Percent	Count
Financial adviser	24.5%	272
Accountant	20.3%	226
Family	31.5%	350
Friends	21.2%	235
Internet	30.0%	333
Magazines/Media	8.4%	93
None of the above	3.4%	38
I do not seek financial advice	32.0%	355
Other (please specify)	1.0%	11
Total		1,111

**Figure 2. How often do you use technology to make financial transactions? Eg. Banking, bill payments or purchase.**

NobleOak Life Limited: PureProfile Survey – March 2016

Value	Percent	Count
Daily	28.5%	317
Weekly	50.3%	559
Monthly	13.1%	146
Annually	2.1%	23
Not at all	3.9%	43
N/A I don't make financial transactions	2.1%	23
Total		1,111

With such strong intentions to take financial matters into their own hands, it is of little surprise that interaction with financial product providers such as Banks and Insurers has dramatically increased over the last 3 years.

- 42.5% of respondents indicated that technology has changed their interactions with banks a lot in the last 3 years. *Refer to Figure 3 below.* This is significant when compared with the second highest score attributable to General Insurance, where 16.7% of respondents indicated that technology changed their interactions a lot in the last 3 years.
- Life Insurance and Income Protection insurance remain the laggards at 6% and 5.1% respectively. *Refer to Figure 3 below.* This however, is likely to change very quickly.

**Figure 3. How much has technology changed your interactions with (in the last 3 years)**  
 NobleOak Life Limited: PureProfile Survey – March 2016

	A lot	A little	Not at all	Responses
Banks	472 42.5%	372 33.5%	267 24.0%	1,111
Investment Managers	89 8.0%	198 17.8%	824 74.2%	1,111
Your Super fund	140 12.6%	365 32.9%	606 54.5%	1,111
Motor/Home/Contents Insurance provider	185 16.7%	392 35.3%	534 48.1%	1,111
Health Insurance provider	174 15.7%	307 27.6%	630 56.7%	1,111
Life Insurance provider (Including Death/Life cover, TPD, or Trauma cover)	67 6.0%	183 16.5%	861 77.5%	1,111
Income Protection Insurance	57 5.1%	161 14.5%	893 80.4%	1,111
Travel Insurance provider	146 13.1%	286 25.7%	679 61.1%	1,111

NobleOak CEO, Anthony R Brown said:

*"This change represents an evolution in buying behaviour. While a majority of customers previously outsourced their financial affairs, we are moving to a new state where people are taking more control and insourcing these decisions. The growth in SMSFs (self managed superfunds) illustrates this trend."*

### Where the Opportunity Lies

Life and Income Protection insurance up until now seemed largely immune from the impacts of consumer-facing technology with 88.5% of respondents saying they had not used technology to buy Life Insurance products and 90.5% had not used technology to buy Income Protection products. *Refer to Figure 4 below.*

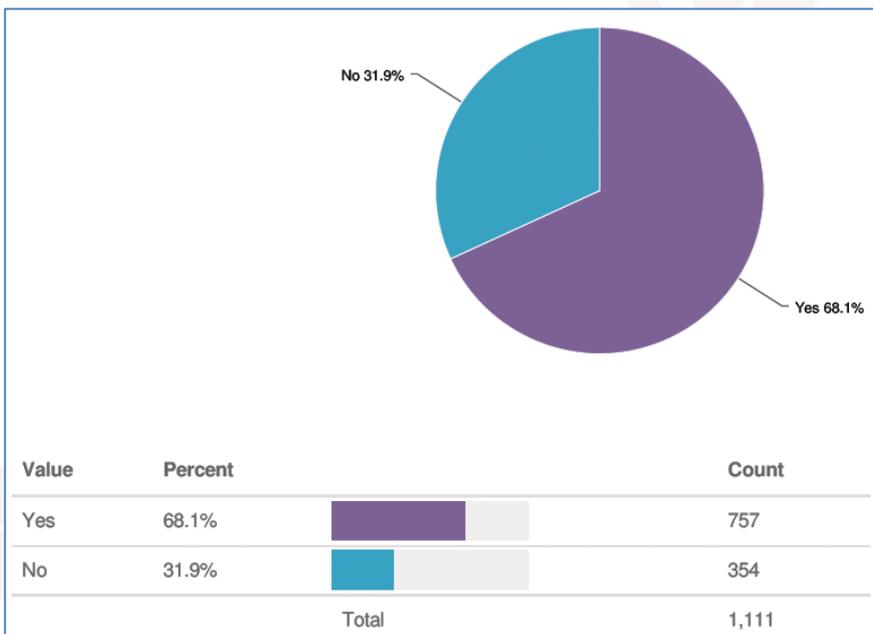
However their strong online engagement with general insurance products, such as car and home insurance, and their very strong intention to purchase these Life and Income Protection products online in the future, shows an imminent behavioural transformation. With the right resources, 68.1% of respondents would be confident in purchasing Life and Income Protection online without a Financial Adviser. *Refer to Figure 5 below.*

With behaviour not yet reflecting this strong intention, it seems better tools and information could be provided by Life insurers to make this online purchase easier.

**Figure 4. Have you ever used technology to purchase the following products?**  
 NobleOak Life Limited: PureProfile Survey – March 2016

	Yes	No	Responses
Banking products	592 53.3%	519 46.7%	1,111
Mortgage products	183 16.5%	928 83.5%	1,111
Shares/Investments	325 29.3%	786 70.7%	1,111
Superannuation	220 19.8%	891 80.2%	1,111
Motor / Home / Contents Insurance	579 52.1%	532 47.9%	1,111
Health Insurance	383 34.5%	728 65.5%	1,111
Life Insurance (Including Death/Life cover, TPD, or Trauma cover)	128 11.5%	983 88.5%	1,111
Income Protection Insurance	106 9.5%	1,005 90.5%	1,111
Travel Insurance	485 43.7%	626 56.3%	1,111

**Figure 5. With the right resources, would you be confident in purchasing a Life insurance or Income Protection product online without a financial adviser?**  
 NobleOak Life Limited: PureProfile Survey – March 2016



NobleOak CEO, Anthony R Brown, said it was clear that *“People are willing and able to purchase Life insurance online. They do however need better online information and tools to help them understand and calculate their Life insurance needs.”*

*“Life insurance seems to be a laggard compared to other financial services products, but its inevitable buying behaviour will quickly change. Life insurance will be bought online far more often within the next 5 years. The number of people purchasing general insurance products online increased more than 10 fold*

*from about 2008 - 2013. There is no reason why this trend won't be replicated with Life insurance. The survey results support this. Australians have a very strong intention to purchase online."*

*"This trend is consistent with other developed economies, including the United Kingdom, where over 30% of Life insurance policies are now bought directly online."* Mr Brown said.

## **Understanding of Risk and Insurance Cover**

There is a growing awareness and understanding of the types of insurance covers available. The PureProfile research highlighted that the cover respondents are most likely to have in place is Life insurance - at 44% of respondents. *Refer to Figure 7 below.*

An intriguing finding in the research was uncovered when the respondents were asked to rate the likelihood of certain risk events taking place in their future. The 3 highest health related events were "Cancer", "Heart Attack" and "Stroke". *Refer to Figure 6 below.*

Although, when asked to rate whether they had Trauma insurance cover in place, only 15% agreed, most likely this is attached to their Life insurance cover. *Refer to Figure 7 below.* Trauma insurance provides the insured with a lump sum payment if they suffer from a medical condition or trauma that impacts their lifestyle to pay for treatment, expenses and offset debt. Trauma insurance (often called critical illness insurance) usually covers such conditions as Cancer, Heart Attack and Stroke outlined in the survey.

This leads us to believe that there is a gap in understanding the need for a particular insurance cover and the event in which it would pay out.

Overall, people seem knowledgeable about the likelihood of things happening to them, correctly placing "Plane Crash", "Terrorist Attack", and "Shark Attack" at the bottom of the list, despite a lot of ongoing press about these types of events. *Refer to Figure 6 below.*

**Figure 6. Rank the following events in order of likelihood to happen to someone like you in the future (1 is most likely to happen, 10 is least likely to happen).**

NobleOak Life Limited: PureProfile Survey – March 2016

	Score*	Overall Rank
Cancer	8283	1
Heart attack	8017	2
Car accident	7786	3
Stroke	7231	4
Premature death through a health issue	6487	5
Angioplasty (surgical repair or unblocking of a blood vessel)	6416	6
Parkinsons disease, Alzheimer's or Dementia	6303	7
Plane crash	4120	8
Terrorist attack	3584	9
Shark attack	2878	10

Total Respondents 1111

**Figure 7. What type of Life insurance cover are you most likely to have in place?**

NobleOak Life Limited: PureProfile Survey – March 2016

Value	Percent	Count
Life/Death cover	44.2%	491
Income Protection cover	33.8%	375
Total & Permanent Disability cover	35.1%	390
Trauma cover	15.3%	170
None of the above	40.1%	446
Total		1,111

### Evaluating the need for cover

Life insurance isn't perceived as an immediate need among a number of respondents, but those respondents who do have cover in place, value it highly.

When asked which expenses they would be willing to cut back on if they were to lose some or all of their income, "Savings/Investment Plans" and "Education costs" were short listed ahead of "Life Insurance". Refer to Figure 8 below.

Incidentally, the respondents valued keeping their mobile phones and car and home insurance ahead of "Income Protection Insurance", which doesn't quite weigh up, given that loss of income could have a far more detrimental impact on them and their family. Refer to Figure 8 below.

**Figure 8. If you lost some or all of your income or financial support for an extended period of time, in which order would you cut back your expenses? (Rank from 1 to 13 where 1 would be the first expense dropped and 13 would be the one you'd do the most to retain)**

NobleOak Life Limited: PureProfile Survey – March 2016

	Score*	Overall Rank
Holidays	11549	1
Entertainment costs	11538	2
Health & Beauty expenses	10452	3
Savings/Investment plans	8517	4
Education costs	8200	5
Life Insurance (Including Death/Life cover, TPD, or Trauma cover)	8134	6
Income Protection Insurance	7770	7
Transport expenses	7340	8
Mobile phone usage	6931	9
Grocery costs	6179	10
Car/Home insurance premium	5337	11
Gas/electricity bills	4985	12
Mortgage/rent payments	4169	13

### A price driven market

Unfortunately Life insurance is still deemed to be costly, and the market is clearly cost conscious. The main reason the respondents gave for not having purchased Life or Income Protection insurance is due to price – 33.8%. *Refer to Figure 9 below.*

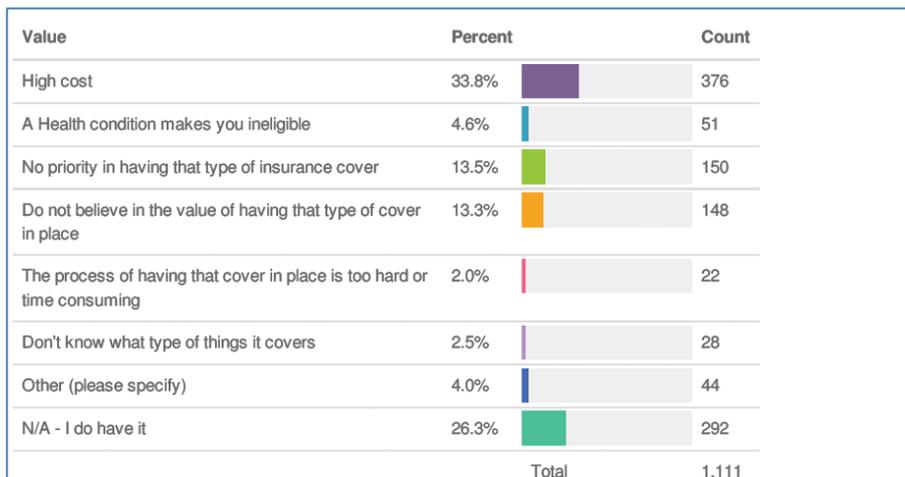
Consistently, the main reason someone would switch to another provider is “Lower premiums”, at 31%. *Refer to Figure 10 below.* This is almost half of all respondents who currently have Life or Income Protection insura

nce. (I.e. This excludes respondents that indicated “I don’t have Life Insurance or Income Protection”).

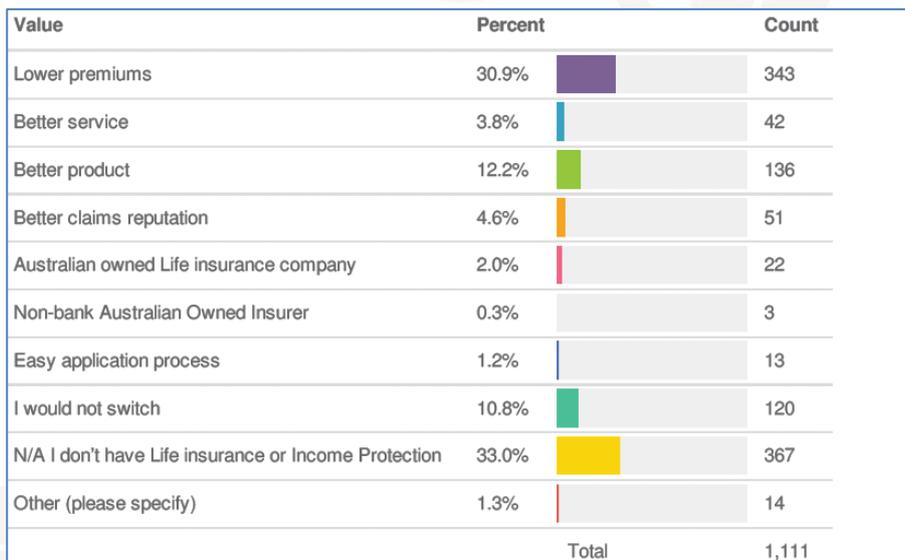
Overall, brand loyalty seems quite low these days, with only 10.8% of respondents indicating they would not switch to another provider. *Refer to Figure 10 below.*

*“Our experience is that customers are now very comfortable in switching from other insurers to NobleOak, if they can clearly see that the product stacks up and the premiums are competitive. Great service and claims experience is however essential, as it should be.”* Anthony R Brown – NobleOak CEO.

**Figure 9. If you do not have Life insurance or Income Protection insurance, what is the main reason?**  
NobleOak Life Limited: PureProfile Survey – March 2016



**Figure 10. What would be the main reason you would switch to another Life insurance or Income Protection provider?**  
NobleOak Life Limited: PureProfile Survey – March 2016



### In summary

The findings above show an imminent transformation in the way Australians will purchase Life and Income Protection insurance in the near future – as they become more self-directed and web savvy.

*“If we are going to address the significant problem of underinsurance in the community, we need to start giving people better online information, so they can make more informed decisions when protecting their families with Life and Income Protection insurance,”* Mr Brown said.

*"It is clear from this research that Australians would benefit from more comprehensive and self-directed sources of information to help them consider their Life insurance needs, including what type of insurance and what level of cover they require, and importantly with minimal or no cost" Mr Brown said.*

*"If they have the right tools to help them understand their insurance needs, they can buy the correct amount of insurance directly from a range of providers that offer products and matches their cost expectations. And it's clear from the research they are comfortable with switching from their current providers."*

*"Life insurance and income protection are more complex products than car and home insurance, so it's logical that it has taken a bit more time for behaviour to change. We think in the next 3-5 years this behaviour will transform as quickly as general insurance did previously. "*

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<sup>i</sup> Accenture Survey of UK Life & Pension Customers – (March 2014)

## **APPENDIX I – Who Is NobleOak?**

NobleOak is an award winning APRA regulated Australian life insurer and public unlisted company that has been protecting Australians for nearly 140 years. Our vision is to better protect Australians and their families, by providing more affordable and accessible Life insurance. We keep our costs low by avoiding expensive mass advertising and large upfront commission payments to third parties, and pass savings back to our clients through reduced premiums.

NobleOak was established in 1877 our products are backed by a top three global reinsurer for extra security. We provide Life, TPD, Trauma, Income Protection and Business Expenses insurance.

