

THE AUSTRALIAN

Life insurance faces disruption as consumers go online

ELI GREENBLAT | THE AUSTRALIAN | APRIL 18, 2016 12:00AM



NobleOak chief executive Anthony Brown. Picture: Hollie Adams

The nation's \$44 billion life insurance industry, which wrote its first policy in 1833, is likely to be the next financial services area to face disruption as consumers start to buy life insurance online rather than through an adviser.

A new paper from unlisted insurer NobleOak has revealed a third of those questioned relied on family members for advice about financial needs while 30 per cent said they sought advice online. Interestingly, NobleOak found only 24.5 per cent of respondents choose to seek professional advice.

Given advisers have traditionally distributed life insurance, the results appear to contradict the old mantra "life insurance is sold, not bought".

"Many people only take out life cover, without considering the other types of cover that they may need to consider, depending on their life-stage or their occupation. These other covers include: trauma, total and permanent disability, accidental death, accidental injury, income protection," Noble Oak said.

"This has traditionally been where the financial adviser has provided the 'expertise', undertaking a needs analysis and providing a professional recommendation to the client. However, it is clear from the survey results this is changing."

The survey says this signals an imminent transformation in the way Australians purchase life and income protection insurance as they become more digitally savvy.

"Buying behaviour is quickly evolving. 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," said NobleOak chief executive Anthony Brown. "The growth in self-managed super funds illustrates this trend."

The life insurance sector has come under considerable criticism following scandals involving leading provider CommInsure and investigations into the system by ASIC.

Assistant Treasurer Kelly O'Dwyer has ordered the investigation alongside a wider review of practices in the life insurance industry and is due to receive a report from ASIC within weeks.

FROM THE HOMEPAGE

DD-Day for Turnbull as Labor leads ◆



PHILLIP HUDSON

The Coalition heads into today's critical recalled sitting of Parliament and a likely July 2 election trailing Labor.