



Media Release

Monday, 8 January 2018

Life Insurance in Australia Consumer Behaviour Transformation NEW 2018 Whitepaper launched!

Introduction

NobleOak has just released its 2018 version of “Life Insurance in Australia – Consumer Behaviour Transformation” research paper, which includes the results from a comprehensive research study conducted in December 2017 by independent research firm Pureprofile.

This study asked over 1,000 Australian adults aged between 30 and 60 years old about their research and buying behaviour with respect to financial service products, including Life and Income Protection insurance, with a focus on the impact digital technology is having. Some key findings outlined in this paper are below.

Key Findings

1. Life Insurance advice is predominantly sourced from the internet.

The internet has become the predominant source of Life Insurance advice by Australians, with a heavy reliance on family and friends, and advisers still playing a role for many.

- **43.6%** of respondents use the internet when seeking financial advice for Life Insurance.
- **35%** more respondents purchased Life Insurance or Income Protection online or through a mobile device in 2017 compared to 2016.
- When looking for advice on Life Insurance **28.7%** prefer using the Internet, **24.7%** use a financial adviser, **21.9%** use family members and **14.9%** use friends.

2. Customers are less willing to pay for financial advice.

Greater access to online information and calculators has led to a more empowered consumer and is challenging people’s willingness to pay for financial advice.

- **55.9%** of respondents are unwilling to pay anything for Life Insurance advice.



3. Technology is making it harder for insurers to differentiate.

With the increasing use of digital technology when purchasing Life Insurance and as human interactions with insurers and advisers decline, products are becoming more commoditised. This diminishes the opportunity for insurers to differentiate.

- *64% of respondents who would consider buying Life Insurance and Income Protection would buy it online or through a mobile device - if they needed it.*

4. Price is the key decision driver – in the absence of differentiation.

Poorly differentiated products has resulted in price being the key decision driver.

- *Cost of premiums was cited by 80.5% of respondents as one of the most important factors when purchasing Life Insurance.*
- *The key reason around 50% of respondents that have Life Insurance do not plan to renew their policy with their current insurer, is because it is “too expensive”.*

5. Switching behaviour is now more prevalent.

With greater product commoditisation and a more empowered consumer, there has been a major increase in people choosing to switch Life insurers.

- *24.6% of respondents in 2017 would consider reviewing their cover and/or insurer, compared to 19.5% in 2016.*

6. Certainty at claim time is more important than speed.

The benefits of underwriting a policy upfront is valued by consumers, with a majority preferring to conduct a full health assessment than answer a few questions when applying for cover.

- *39% of people think it's better to do a full health assessment, compared to 30% who say it's better to only answer a few questions.*

7. Underinsurance continues to be a problem, with many Australians exposed.

Many Australian families are underinsured and highly vulnerable if the worst should happen.

- *29.1% of respondents would rely on friends and family, 22.1% would sell off assets and 15.2% would even sell their family home to help them cope financially if they contracted a major illness and couldn't go back to work.*

Our findings show an industry that continues to be reshaped by digital disruption.



NobleOak’s CEO, Anthony R Brown said:

“The challenge for Life Insurers in the future is to stand out and differentiate in a mature industry where the consumer is taking more control with better digital access to information and tools.”

“In the past, most Australians would outsource their insurance requirements to financial advisers and banks. This world continues to change and is driven by more savvy consumers as well as increased digital resources.”

“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. The Pureprofile results clearly support this change.”

“Price continues to gain momentum as the determinant of choice for many consumers when it comes to Life Insurance and Income Protection cover. It’s harder to simply sell on features and service – the whole value equation must work for the increasingly discerning consumer.”

APPENDICES

About NobleOak Life Limited

NobleOak Life Limited (NobleOak), is one of Australia’s most established life insurers, and has been in the Australian market for over 140 years. NobleOak is an independent insurer providing Life, TPD, Trauma, Income Protection and Business Expenses insurance.

NobleOak keeps costs low by avoiding mass marketing and large upfront commission payments to third parties. They are able to pass savings back to their customers and clients through reduced premiums, supported by outstanding personal service.

NobleOak has a client satisfaction rating of 95.5% (2017 client survey) and is the winner of the ‘2016 Direct Life Insurance Overall Excellence Award’ issued by Strategic Insight and the 2017 and 2016 Canstar 5 Star Awards for ‘Life’ and ‘Income Protection’ cover. NobleOak was also awarded the Gold Trusted Service Award from Feefo in 2017.



NobleOak is an Australian public unlisted company regulated by APRA, with products backed by a leading global reinsurer, Hannover Life Re. For more information visit www.nobleoak.com.au

Media contacts

1. **Sanjay Balakrishnan**
Chief Marketing Officer
(612) 8123 2631
sanjayb@nobleoak.com.au

2. **Anthony Brown**
CEO
(612) 8123 2612
anthonyb@nobleoak.com.au

NobleOak Life Limited
ABN 85 087 648 708, AFS Licence AFSL 247302
Level 7, 66 Clarence Street, Sydney, NSW, 2000