

# The Fight for Future Markets Report.

Attracting Millennials to advice  
and insurance.



integrity.

## Introduction.

Public perception of millennials isn't always positive: they're entitled, avocado toast-eating twenty-somethings. However, the reality is that the oldest millennials have hit 40. Many have families and established solid careers founded on a high level of education.

In fact, millennials are one of the largest demographic groups in the labour market, and by 2025, those born after 1982 will represent about 75% of the global workforce<sup>1</sup>. On top of this, Australians aged 40 and under make up the majority (66%) of direct life insurance customers<sup>2</sup>. Because of this, understanding the expectations of this demographic will only increase in importance for Advisers and insurers in securing new business.

Whether or not you subscribe to demographic modelling as a basis for marketing and acquisition, the reality is that today's consumers have expectations that smart players are seeking to understand, and exploit.

This report focuses on understanding the modern consumer, how they see the life insurance category and financial advice. It seeks to understand what they care about, and how you can speak to them in a way that is authentic and engaging. Many businesses (naturally) focused on their existing customer base during the initial stages of COVID, but as we emerge and seek new customers to drive growth, it's time to reimagine how best to do that, in a world full of irrevocable change.



---

<sup>1</sup> *Future of Life Insurance in Australia: Profitable Growth in Challenging Times*, PwC Strategy&, 2017

<sup>2</sup> *ASIC Report 588: Consumers' Experiences with the Sale of Direct Life Insurance*, ASIC, 2018



**Who are the first-time buyers of life insurance?**

It's no secret that first-time purchasers of life insurance are a key opportunity for Financial Advisers and Insurance Brokers. So, what do these first-time buyers look like? They largely fall into a cohort widely known in the media as Millennials – those born between 1980 and 1995 who have a unique set of characteristics to generations before them. Although the cohort is diverse in age, and there are nuances in the way they think about, value and engage with life insurance at different stages along this age continuum, in this paper we choose to focus on millennials as a whole, as they represent the biggest future market segment of first-time buyers for Advisers.

**Population size and growth by generation**

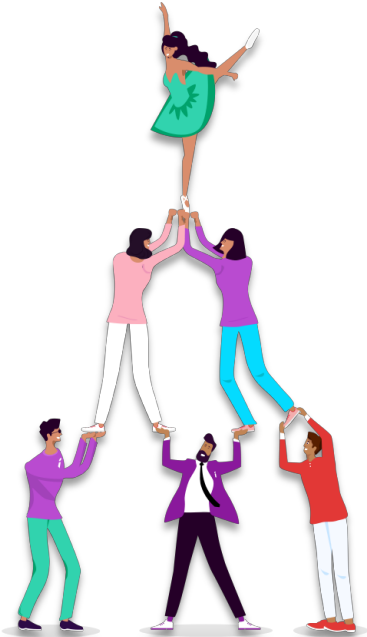
Benchmark Year and Cohort	Raw No.	Raw Growth	Prop. of Population
2020 Pre-Boomers Actual (75+)	1,809,196		7.05%
2030 Pre-Boomers Projection (85+)	719,494	-60.23%	2.40%
2020 Baby Boomers Actual (55-74)	5,306,415		20.69%
2030 Baby Boomers Projection (65-84)	4,696,069	-11.50%	15.69%
2020 Gen X Actual (41 to 54 y/o)	4,518,300		17.62%
2020 Gen X Projection (51 to 64 y/o)	4,461,795	-1.25%	14.91%
2020 Millennials Actual (26 to 40 y/o)	5,616,807		21.90%
2030 Millennials Projection (36 to 50 y/o)	6,066,340	8.00%	20.27%
2020 Gen Z Actual (25 y/o and below)	8,399,267		32.75%
2030 Gen Z Projection (10 to 35 y/o)	9,701,576	15.51%	32.41%

In this paper, we invite you to open your mind to new ways of marketing life insurance to young prospective first-time buyers. We break down:

- What you need to know about who millennials are,
- What they know about life insurance, and
- What they want, both from a policy and from you.

The intention is to equip you with the knowledge and insights to prepare your business for the “fight for this future market”, but the reality is this market is already here.

This research paper draws on data and information from a wide variety of public sources, as well as qualitative insights garnered by a 10-person online consumer focus group.



## Five key takeaways

- 1.** **They consider themselves financially literate but unconvinced on life insurance:** Australian millennials feel confident in their financial literacy and security but tend to have a limited understanding of life insurance. They don't understand that the term 'life insurance' encompasses more than just death cover and haven't made the connection between the importance of taking out cover now to maintain their financial security while they are still alive. We need a new way to talk about the category and new modes of engagement.
- 2.** **It's time to ditch the jargon:** As the first generation to grow up with the internet, millennials are fiercely independent and accustomed to doing their own research before making big decisions. They want to be empowered to make informed decisions, but the industry jargon and complex terms used in life insurance product descriptions and product disclosure statements are off-putting and unrelatable.
- 3.** **It's time to broaden the relevance:** Millennials more strongly identify with the benefits of life insurance when they have kids, a mortgage or are married. However, this means that those who are single, childless or don't own a home think that life insurance isn't relevant to them.
- 4.** **Social and digital media trump traditional advertising:** New social and communication trends are re-shaping how we connect and engage with others, and financial services is no exception. Television, radio and newspaper only advertising won't cut it with millennials. We need to meet them where they're at by adopting communication practices pioneered by their generation.
- 5.** **One size doesn't fit all:** While some millennials might be ready to take on full-service advice, or have you comprehensively assess their financial situation and need for life insurance, others are not willing or able to take the plunge. Ensuring your offering is flexible and has low-touch, low-cost options available will help increase your appeal to the younger generation.



## Who are millennials?

Millennials are liberal, open to change, and they care about social impact. They are diverse, highly educated, and grew up alongside the internet and modern technology – they're digital natives. They expect high quality online transactions because they frequently transact online.

As a result of globalisation and online retail, they're global citizens and buy from large international brands (think Apple, Netflix, Google, Amazon, Nike, etc.). When it comes to insurance, they prefer shopping online (or at least beginning their journey there) and seek out online and mobile interactions. They value the opportunity to research their choices, making independent comparisons and reading reviews. They want comprehensive cover and to get their money's worth. Our primary research suggests they perceive the world as a more complex, confusing and scary place than it was when their parents were young. They view themselves as organised, socially conscious and optimistic.<sup>34</sup>



<sup>3</sup> *Millennials: Confident. Connected. Open to Change*, Pew Research Center, 2010

<sup>4</sup> *Generation Why? Engaging Young Customers*, The Australian and New Zealand Institute of Insurance and Finance, 2020

## What do millennials know about life insurance?

It's generally accepted that Australians with an ongoing relationship with a Financial Adviser ('advised Australians') are more financially knowledgeable and literate than their unadvised counterparts. They know more about their level of cover, the premiums they pay, the tax deductibility of their life insurance, and the events that qualify them for payouts on insurance claims.

“

*...The term 'life insurance' threw me off in the context of this study and made me think we were talking specifically about death cover until I read this response. It's really a bit of a misnomer! 27yo female, advised*

”

Top tip: Millennials feel financially literate and secure, but don't understand the purpose or benefits of life insurance. Link the benefits of life policies for young singles, couples and families to financial security – something they tell us they value.

Unfortunately, too few Australians of any generation understand the value of financial advice, or even where to find it. And, while most Australians have a basic level of default life insurance through their superannuation fund, many overestimate the breadth of cover it provides<sup>5</sup>. Millennials in particular tend to overestimate the cost of seeking additional insurance outside of their super<sup>6</sup>.



<sup>5</sup> *The Life Insurance Literacy Gap*, Zurich and the Financial Planning Association of Australia, 2016

<sup>6</sup> *The Life Insurance Literacy Gap*, Zurich and the Financial Planning Association of Australia, 2016

Many of our focus group participants felt confident in their financial literacy and security, and a few demonstrated a nuanced understanding of life insurance. However, others reported feeling confused and unsure about what is covered by life insurance policies, and thus unmotivated to purchase.

“

*For me, younger Australians wouldn't have enough information about what life insurance is and how it could benefit them in the long run*  
40yo male, unadvised

”

The research revealed a number of tensions between what young Australians think they know, and the reality. This may be leading to overconfidence in some cases, with perceptions of strong literacy providing a false sense of security and negating the need to consider the valuable role that life insurance might play in their lives.



## Making advice and life insurance relevant.

### The challenge

A number of factors contribute to millennials' reluctance to take out life insurance, ranging from issues of relevance to perceived cost and complexity.

“

*Younger Australians have enough to worry about, setting up their... life, e.g. houses, relationships, jobs, study, debt...*

*29yo male, advised*”

Top tip: Young Australians' perception of life insurance is that it isn't for them right now. Nonetheless, many admit they would consider it in the future. Broaden young people's mindsets about life insurance and make them aware that there is a policy to suit their circumstances and the value of life insurance, no matter what their life stage.

Some of the millennials in our focus group cited low debt and being single as reasons not to purchase life insurance, and according to available literature, a huge perceived barrier to life insurance for millennials is lack of dependents<sup>7</sup>. Even when they do have children, many young Australians are concerned about competing financial priorities, feeling preoccupied with day-to-day family expenses and paying their bills<sup>89</sup>.



<sup>7</sup> *Why aren't Millennials Buying Life Insurance? Confusing and Complicated Policies Stymie Young Consumers*, IBM, 2020

<sup>8</sup> *Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market*, Deloitte, 2015

<sup>9</sup> *The Millennial Life Insurance Gap*, Legal & General, 2019



“

*... [I am] under 40 and [have] no children, I honestly... do not feel the need for an added expense like life insurance... I have no children that the money would go to... so what would I be doing it for? 33yo female,*

**unadvised**

”

Additionally, the sheer volume of policies available<sup>10</sup>, their complexity and their lengthy application processes<sup>11,12</sup> act as a deterrent for many would-be customers. While current literature suggests millennials make up one of the two rapidly growing segments of life insurance customers<sup>13</sup>, many feel the benefits of life insurance aren't clear<sup>14</sup>, and may be overwhelmed by the number of options available and the amount of information they are required to share about their health and medical history<sup>15</sup>. However, they feel reluctant to seek help from 'pushy salespeople' or Financial Advisers, towards whom there is a level of scepticism.

Furthermore, lack of understanding of what life insurance is, and the types of cover it can provide, makes them reluctant to purchase it<sup>16</sup>. Amongst our focus group participants, the misperception that life insurance is exclusively synonymous to death cover was rife. Many millennials overestimate the true cost of insurance, creating a barrier to take up, while others are unclear on the range of cover available. According to research by Legal & General<sup>17</sup> in the United Kingdom, nine in 10 millennials overestimate the cost of life insurance for a 30-year-old.

We asked: Did you know life insurance includes trauma, total and permanent disability (TPD) and income protection insurance?

“

*This would definitely change my perception [of] life insurance! I don't think this knowledge about life insurance and what it can cover is widely known. If people knew these policies could also [cover] trauma, disability and income protection I believe more people would take out insurance so they are covered in all circumstances that would impact their lives...*

**28yo female, unadvised**

”

<sup>10</sup> ASIC Report 588: Consumers' Experiences with the Sale of Direct Life Insurance, ASIC, 2018

<sup>11</sup> Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market, Deloitte, 2015

<sup>12</sup> Why aren't Millennials Buying Life Insurance? Confusing and Complicated Policies Stymie Young Consumers, IBM, 2020

<sup>13</sup> Future of Life Insurance in Australia: Profitable Growth in Challenging People, PwC Strategy&, 2017

<sup>14</sup> Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market, Deloitte, 2015

<sup>15</sup> ASIC Report 588: Consumers' Experiences with the Sale of Direct Life Insurance, ASIC, 2018

<sup>16</sup> Insurance Literacy in Australia: Not knowing the Value of Personal Insurance, Driver, T. et al., Financial Planning Research Journal, 2017

<sup>17</sup> The Millennial Life Insurance Gap, Legal & General, 2019

## Big life events are common triggers for purchasing life insurance policies

While purchase barriers exist for millennial first-time buyers, they do value the peace of mind that a policy offers. As a result, big life events often nudge fence-sitting potential customers to take the leap and buy life insurance. These triggers include marriage (or entering into a long-term relationship), having children, purchasing a home or other property, personal tragedy or switching jobs<sup>1819</sup>. The reassurance that if something were to happen to them, they would be taken care of and their loved ones would not be left financially stranded, is a safety net that appeals to Australians young and old<sup>20</sup>.

“

*In my experience people tend to be more receptive to [life insurance] when they have kids* 27yo female, advised

*... I would want to make sure my partner is secure should anything happen to me. If we bought a house, took on a high level of debt or had children, this would also further prompt me to review my cover* 39yo male, advised

*... When I one day have children, then [life insurance] is a completely different story as I wouldn't want the financial burden to land on their shoulders* 33yo female, unadvised

*... I think financial conversations are really foundational to a healthy relationship. For me, a trigger for this conversation would be moving in, marriage, or combining assets...* 36yo female, unadvised

”

Understanding these triggers and how they relate to millennial first-time buyers at various life stages is one of the keys to ensuring your proposition is relevant to them.

<sup>18</sup> *Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market*, Deloitte, 2015

<sup>19</sup> *ASIC Report 588: Consumers' Experiences with the Sale of Direct Life Insurance*, ASIC, 2018

<sup>20</sup> *ASIC Report 588: Consumers' Experiences with the Sale of Direct Life Insurance*, ASIC, 2018

## One size doesn't fit all

Messaging targeted at those with kids will vary considerably from messaging targeted at those without kids, as it will for those with and without mortgages, spouses and other dependents (e.g. elderly parents).

When designing solutions for first-time buyers, recognise that the solution looks different for those with kids, and those without.

If you're marketing to people who don't have kids, shift the focus away from the risk of death and towards peace of mind when living life to the fullest, such as while travelling or partaking in adventure activities. Focus on 'what's in it for me' right now and make the risk of injury or illness tangible through real-life examples.

## Cutting through: positioning for relevance

While millennials are sceptical of sales-focussed approaches, research suggests young Australians are not opposed to receiving financial advice. They value the perspective of a trusted Adviser when it comes to more complex purchases<sup>21</sup>. They just don't necessarily understand the full extent of its benefits in everyday life, and they want to know that it's worthwhile before engaging an Adviser.

### What do millennials value when it comes to life insurance?

- Affordability
- Trusted brand
- Ease of purchase
- Insurers that align with their values
- Coverage and exclusions that are easy to understand
- Policies that cover their needs without mandatory inclusions
- Low premiums
- Best value protection

<sup>21</sup> *Generation Why? Engaging Young Customers*, The Australian and New Zealand Institute of Insurance and Finance, 2020

## Perceptions about engaging with a Financial Adviser or Insurance Broker



*I feel like Financial Advisers and Insurance Brokers [are] a 'rich person' thing and it is just an added cost that your average person can't really afford, or [couldn't afford] 33yo female, unadvised*

*I think for younger Australians, being able to communicate a sense of value and an idea of pricing upfront would be quite important 27yo female, advised*

*Once I look at making some financial moves, I'll look at engaging [with a Financial Adviser] 29yo male, unadvised*

*I don't really think financial advice is worth paying for, from my experience, as there is a lot of free information out there now 36yo female, unadvised*



### What do millennials look for in Financial Advisers and Insurers?

- An ethical mindset and business
- Giving back to the community
- Value for money and low fees
- Facilitation of full-service and online transaction capabilities
- Flexible payment options
- Australian-owned
- Excellent reputation
- High-quality personalised service
- Capability to operate outside of business hours when necessary
- Simple, user-friendly online platform/website
- Free initial consultation
- Broad range of offerings and knowledge that is easily understood/digestible
- High level of education/qualification

The key for Advisers looking to work with millennial first-time buyers is knowing how and when to engage with them. Our qualitative research found that while millennials want to be in the driving seat when purchasing life insurance, they would like support to select the right policy for them, re-evaluate whether it is suitable for them, and switch between policies. However, capturing the millennial market requires a deep understanding of the type of communication and marketing that resonates.

## Capturing the Millennial market.

### Reaching them

The first step to capturing the millennial market is to make sure you and your business are on their radar. While traditional television, newspaper and radio advertising has proved effective for insurers and Advisers in the past, these methods are less likely to appeal to younger audiences – if they even reach them at all<sup>22</sup>. When it comes to millennials, research suggests authentic online engagement via social media, podcasts, review sites and YouTube is much more likely to generate leads<sup>23</sup>.

Top tip: The key to capturing the millennial market is understanding the emerging social and communication trends that this generation of digital natives have pioneered. Effective marketing must transmit easily into social and online platforms, and be sharable, relevant and useful.

The key to this approach is authenticity: each platform has its own nuanced communication style, and a young audience will be quick to notice when a brand is not hitting the mark. Even if you're not doing proactive advertising per se, it is important that what you offer and why you offer it translates into the digital/social realm. One example of this is finding ways to do visual testimonials that can be shared, liked and commented on – as the predominate social media networks largely favour visuals over text.



<sup>22</sup> *Generation Why?* Engaging Young Customers, The Australian and New Zealand Institute of Insurance and Finance, 2020

<sup>23</sup> *Generation Why?* Engaging Young Customers, The Australian and New Zealand Institute of Insurance and Finance, 2020

## How can Advisers win over millennials?



*I would suggest... a powerful marketing story instead of generic terms like 'competitive', 'value-for-money', etc. The benefits [of life insurance for policy holders] ... should be highlighted and [compared] to those who missed out on getting such products earlier in their life 40yo male, unadvised*

*... With a well-targeted campaign and messaging, an **influencer** could make younger people think more about life insurance and different types of cover available. The right type of influencer would have to be personable, trustworthy and relatable... a real-life example will help to reinforce the messaging 39yo male, advised*

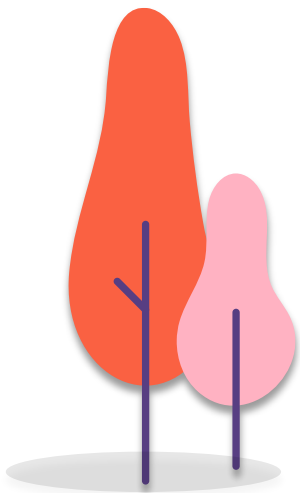


## Empowering them to make decisions

It is not enough to just capture their attention. In 2021 and beyond, a strong digital backing is essential to drive engagement<sup>24</sup>

As digital natives – people who have grown up in the digital age, where computers and the internet have almost always been readily available – millennials want and have come to expect easy access to real-time information through high-quality digital channels<sup>25,26</sup>. Not only does this mean having a strong social media presence, it also means having a high-quality website<sup>27,28</sup> where prospective customers can visit, in their own time, and find everything they need to know to make a decision about whether to progress to a meeting.

While a strong online presence is crucial, it cannot replace interpersonal relationships – digital might be the preferred starting point for the journey, but it's not the ultimate goal. Millennials place high value on human connection, with interpersonal interactions valued more than digital alone<sup>29</sup>. Those who experience authentic, trustworthy personal interaction (such as neutral, accessible advice) show a higher propensity to retain their policies<sup>30</sup>.



<sup>24</sup> *Future of Life Insurance in Australia: Profitable Growth in Challenging People*, PwC Strategy&, 2017

<sup>25</sup> *Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market*, Deloitte, 2015

<sup>26</sup> *Future of Life Insurance in Australia: Profitable Growth in Challenging People*, PwC Strategy&, 2017

<sup>27</sup> *Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market*, Deloitte, 2015

<sup>28</sup> *Generation Why? Engaging Young Customers*, The Australian and New Zealand Institute of Insurance and Finance, 2020

<sup>29</sup> *Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market*, Deloitte, 2015

<sup>30</sup> *Life Insurance Consumer Purchase Behaviour: Tailoring Consumer Engagement for Today's Middle Market*, Deloitte, 2015

## Connecting with the younger audience

Young Australians desire clear terms and product descriptions written in plain English<sup>31</sup>. While regulation creates some limitations, where possible, Advisers and insurers should ditch industry jargon. Consider opting instead for reader-friendly language that cuts straight to the point – including when it comes to hard-to-discuss topics like death<sup>32</sup>.

Millennial first-time buyers are likely to find solely transaction-based interactions distasteful. Explicitly emphasising in your messaging that your interest is coaching clients towards financial health may help assure potential customers that you are a dependable and trusted partner. In fact, millennials want to hear regularly from an Adviser that they view as a confidant who can support them in feeling confident, secure and in control of their finances.



<sup>31</sup> *Why aren't Millennials Buying Life Insurance? Confusing and Complicated Policies Stymie Young Consumers*, IBM, 2020

<sup>32</sup> *The Millennial Life Insurance Gap*, Legal & General, 2019

## Where to from here?

### 1. Broaden the relevance of life insurance for those without kids by highlighting the benefits and need for TPD and Income Protection

One of the biggest barriers to getting millennials on board with life insurance is their belief that it isn't relevant to them. While many are interested in learning more about life policies and even open to purchasing them, there is a common perception that if you don't have children, large debts or a spouse, then life insurance isn't for you.

Millennials without children need support in understanding that the range of life insurance on offer includes policies appropriate for their individual circumstances, and that there is a cost benefit in taking these out early. Make sure your value proposition stresses that life insurance can be and is relevant to young, single and childless Australians too.

For some millennials, the perception of lack of relevance arises because they simply aren't aware that 'life insurance' encompasses so much more than 'death cover'. Just as private health insurance isn't all about critical illness and injury – it also enables people to maintain their health through dental, optical, and many other services – life insurance isn't all about death. People with life insurance aren't just taking out protection in the event that they die, they are maintaining their financial health by ensuring that if they are suddenly unable to work due to illness or injury, they will have the funds to cover life's daily expenses.

Many people don't think twice about private health insurance. The benefits are clear and immediate when we claim on visits to the GP or dentist, and we like having a safety net if we need specialist medical attention or a hospital stay. While life insurance can't offer the same immediate benefits, our qualitative research suggests that if you highlight that purchasing life insurance when you're young could result in lower premiums for the same benefit, millennials would be more inclined to purchase it earlier.





Communicating the relevance of life insurance products like TPD and income protection is a great opportunity to incorporate case studies or influencers into your marketing communications. Millennials want to see themselves reflected in your products and marketing, so look for influencers whose public personas and lifestyles are similar to those of your target audience, or construct case studies based on past clients whose circumstances are most likely to match your target audience.

## **2. Consider experiments in low-cost advice as referrers (e.g. help them validate their research)**

Millennials want premium advice, but the challenge is they're not willing to pay for it. One way to bring forward the benefit and help them see how financial advice could assist them, is to help them dip their toe in the water through low-touch, low-cost interactions.

Offering robo-advice, supplemented by a short in-person discussion to walk through the recommendations and make adjustments where necessary, could be a good way to start building a relationship and help embed yourself as a trusted partner who's there for them – on their terms. Alternatively, you might consider the possibility of offering 'validation consultations', whereby young Australians with a desire to be independent and self-sufficient can independently compare policies and then come to you for questions or support before making the final decision themselves.

Focus on the experience and encouraging reviews, not trying to lock them in for the long-term. They may be saying 'no' to the model, not the value.

## **3. Project-based selling and financial coaching**

While traditional full-service financial or risk advice may not be right for millennials right now, this doesn't mean the door is closed altogether.

You might choose to provide low-cost financial or risk 'coaching' to young clients who are simply interested in improving their financial literacy, and progress to fully-fledged advice and product recommendations as the client progresses through life stages. What if the initial focus was solely on coaching them to achieve their goals? It's the lawyer equivalent to "if we don't win, you don't pay".



Fixed-cost packages for 'Becoming an Adult', 'Getting Married' and 'Having Children' with premiums and payouts tailored to life stage are an opportunity to offer transparent, simplified options for younger customers who are looking to get started with life insurance but aren't ready to commit to a more complex decision-making processes. Build relevance by meeting your first-time buyers where they're at; are they changing jobs? Simplifying their life? A 'Mid-life Crisis' pack and other quirky ways to package up your offer are likely to resonate more than yearly reviews, and also become more easily 'giftable' like this.

To increase fee transparency, it's worthwhile thinking about adopting a pay-as-you-go advice model. While some clients are after medium- to long-term advice relationships, those who are dipping their toe in the water may appreciate fixed-price one-off advice to help them decide whether ongoing financial advice is right for them.



## Methodology.

To create this report, CoreData conducted a review of existing publicly available literature on young Australians ('millennials') and their attitudes and behaviours when it comes to life insurance. This research was supplemented by an online focus group with 10 participants, conducted over two days on the 19<sup>th</sup> and 20<sup>th</sup> of October 2020.

Age	Gender	Employment	Life insurance status	Adviser status
Our participants were aged 27 – 40 years.	6 female participants 4 male participants	9 full-time workers 1 self-employed participant	4 have insurance 5 do not have insurance 1 was unsure	3 have a Financial Adviser  7 do not have a Financial Adviser
Relationship status	Parenting status	Housing type	State	
3 in a de-facto relationship 3 married 2 single 1 engaged to be married 1 divorced	5 do not have children 4 have one or more children 1 is an expectant parent	5 own the home they live in 2 rent 1 owns one or more investment properties 1 intends to purchase a home in the next two years 1 lives at home with their parents	2 live in New South Wales 2 live in Victoria 2 live in South Australia 1 lives in Western Australia 1 lives in Queensland 1 lives in the ACT 1 lives in Tasmania	