



NOBLEOAK

*The smarter way to insure your life*

# Life Insurance in Australia

## Consumer Behaviour Transformation



Research Whitepaper  
January 2018

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The research referred to in this Whitepaper was conducted independently by PureProfile in December 2017 from a survey completed by over 1,000 Australians, as well as expert source material drawn from recently published papers and articles.

## Synopsis - Key findings

For the second year running, NobleOak has commissioned independent research to identify customer trends and behaviour in the Life Insurance and wider financial services industries, with a focus on the impact digital technology is having. Some key findings outlined in this paper are below.

### 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.*

## Contents

Introduction	3
New ways to address underinsurance	5
How technology is changing behaviour	8
Increasing digital interaction	10
The digital decision making process	11
1. Needs awareness	12
2. Consideration	13
3. Purchase	17
4. Retention	21
The impacts of underinsurance	24
Conclusion	26
Appendix – Methodology	27

## Introduction

### The digital revolution is empowering customers

For the second year running, NobleOak has commissioned research to identify customer trends and behaviour in the Life Insurance and wider financial services industries. Surveying over 1,000 Australians – including a mix of those who have Life Insurance and those who don't – our findings show an industry that continues to be reshaped by digital disruption. This is in addition to the fundamental regulatory and structural changes it is facing. Underinsurance also remains a significant problem with many Australian families vulnerable should an unfortunate event take place.

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

With greater use of the internet and digital devices, information about Life Insurance and supporting calculators and tools have never been more accessible. This accessibility is at the forefront of a shift in power from business (including the Life Insurers and financial advisers) to the consumer. This shift is impacting the longer-term viability of many Life insurers and adviser groups.

*This accessibility is at the forefront of a shift in power from business to the consumer.*

### Losing the personal touch

As consumers embrace the digital world, inevitably there is less human touch and interaction with insurers and financial advisers. Use of online tools, IVRs (interactive voice response systems) and automation of customer communication (e.g. emails and letters that are automatically generated) are all contributing to a "low human touch" customer experience. This is at odds with the aim of many of these businesses to deliver a more personalised customer experience. Everything is 'just a click away' for consumers and some people are being replaced with machines.

This increasing distance between insurers and consumers means companies now have less opportunity to convey the value and benefits of their products in a compelling way. This results in reduced brand differentiation.

The empowerment of customers through digital solutions means consumers can tune out and turn off anything that doesn't interest them. The power is in their hands.

### Leaving the old world behind

Australia's first Life Insurance policy was written in 1833. More than 180 years later, the old adage that "Life Insurance is sold, not bought" continues to be the accepted wisdom by some. However, the way Life Insurance and more recently Income Protection Insurance is sold has evolved a great deal, especially since the birth of the internet.

The research in this paper illustrates that Life Insurance and Income Protection cover are both sourced and "bought" by consumers - who are empowered with access to digital resources, as well as "sold" by financial advisers. The consumer is empowered with more choice and ability to access information and is taking control.

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## Empowered customers are changing the rules

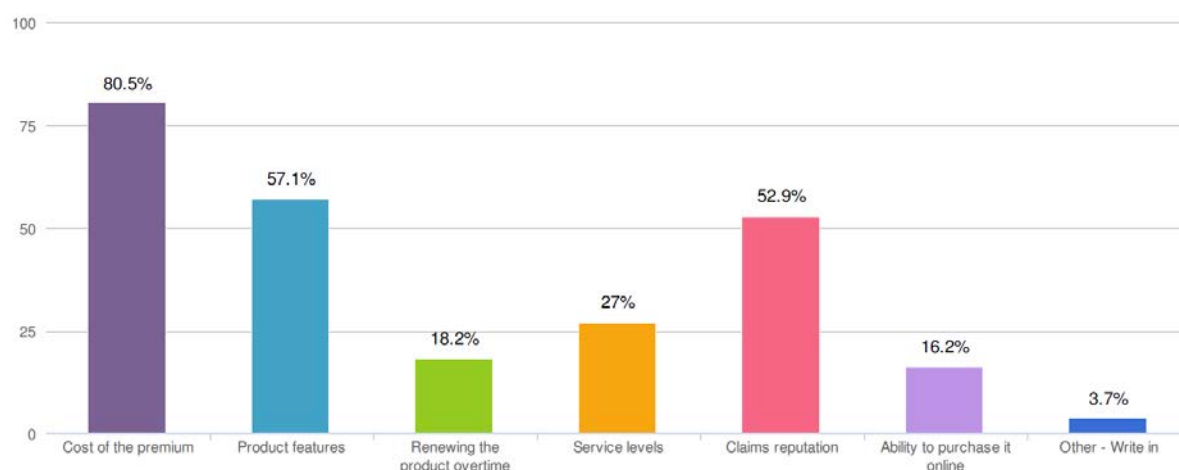
The Forrester Predictions 2018 Report, 'A Year of Reckoning', highlighted that 'empowered' customers are changing the rules, and power has shifted away from organisations.

For Life Insurance, this shift is translating into price as the pre-dominant decision criteria, rather than a high number of features deemed important by insurers that may add too much cost to premiums.

Table 1 below shows the relative importance given to factors considered when buying Life Insurance from the answers to the Pureprofile survey of over 1,000 respondents conducted in December 2017.

**Table 1**

What things are or would be most important to you when purchasing Life Insurance?



Mr Duncan Tait, Fujitsu's SEVP and Head of Americas and EMEA, said at the Fujitsu 2017 Conference: "Digital disruption is becoming the defining theme of the 21st century. And if it continues at the current rate, then by 2025, 30% of global business revenue will be redistributed to brand new players."

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then by 2025, 30% of global business revenue  
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Digital technology is transforming buyer behaviour.

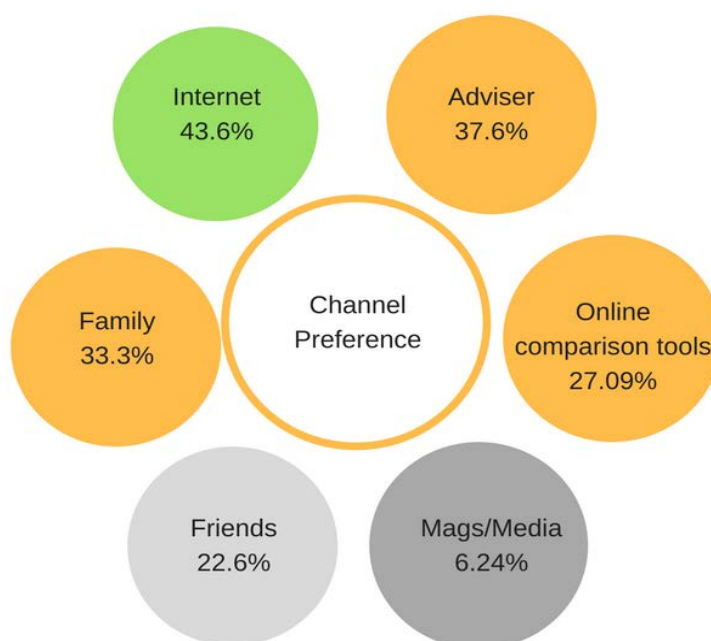
## New ways to address underinsurance

### The challenge in influencing consumers

Mirroring last year's survey results, customers continue to choose the internet as their preferred source of advice for Life Insurance, as shown below.

*Diagram 1*

Where do you obtain advice with respect to your Life Insurance?



(Excludes people who do not seek advice.)

We have also seen an increase in the impact of technology on people's Life Insurance interactions. This could be attributed to the increased availability of online tools, calculators, use of comparison sites, online quote engines and straight through processing, and online chat, to name a few.

As Chart 1 below shows, we saw a marked increase in the purchase of Life Insurance or Income Protection online or through a mobile device in the 2017 survey compared to the 2016 results.

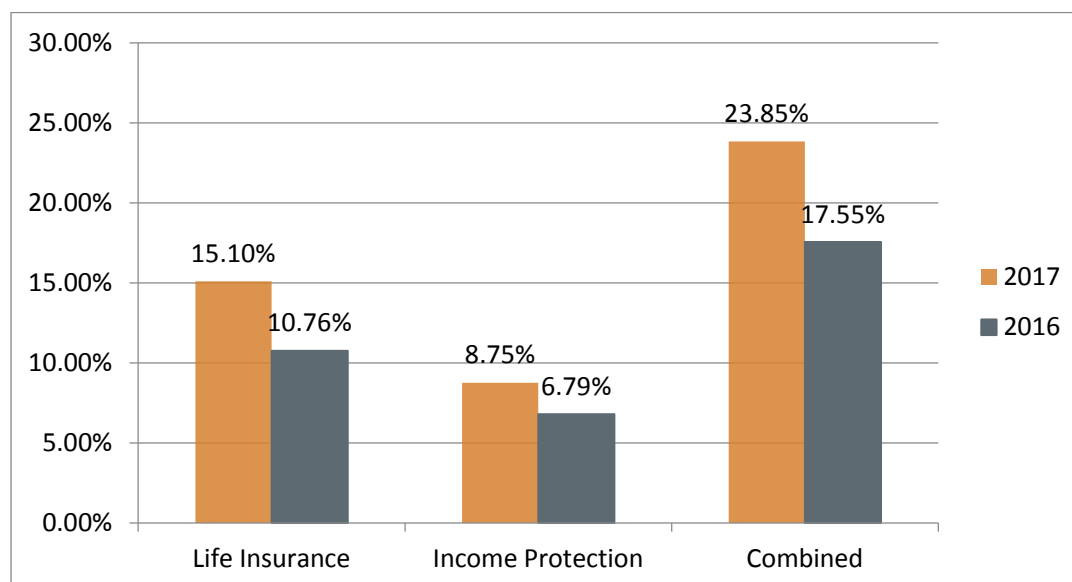
On a combined basis, 35% more respondents purchased Life Insurance or Income Protection insurance online or through a mobile device in 2017 compared to 2016.

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This trend is further distancing consumers from advisers and insurers and reducing the opportunity for them to influence consumer decisions.

Chart 1

What insurance product have you purchased online or through a mobile device?



Interestingly, the survey data revealed that the use of digital resources and online purchases are least pronounced among women than men. This group continues to lag behind men when it comes to confidence in using the internet to search for information online as well as buying Life Insurance online.

## Implications for underinsurance

### The problem remains

Underinsurance remains a long standing problem in Australia.

Research conducted by Rice Warner and outlined in their report, *Underinsurance in Australia 2015*, highlights the critical and relentless gap between the level of insurance needed and the level of insurance cover in place. It illustrates that the median level of life cover Australians have meets only 61% of their basic needs, defined as the minimum required to pay all non-mortgage debt and sustain the current living standard until age 65 or until their children reach age 21. In addition, the median life cover is only 37% of the income replacement level, the level required to replace the expected net income of the insured and maintain current living standards until the insured would have reached age 65.

The median level of life cover Australians have  
meets only 61% of their basic needs.

Further, median levels of Total and Permanent Disability (TPD) cover and Income Protection cover meet only 13% and 16% of their respective needs

### More resources required

While the customer is more compelled to take out Life Insurance and Income Protection without an adviser, some still feel that there is not enough information, or the right type of information, available online. If this gap isn't filled, the underinsurance problem could be exacerbated.

The decision process has changed considerably, becoming increasingly complex. This reflects the more involved nature of the purchase and the proliferation of new channels that consumers can obtain information from. For some groups, this plethora of information can be overwhelming, so price and convenience become the criteria on which to base a purchase decision.

The survey results illustrate that there is a strong appetite for the right information, and that people will purchase Life Insurance online if they're provided with appropriate resources to do so.

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The challenge for insurers is to ensure customers are provided the right information to be able to make an informed decision and get the cover they need at the right time.



# How technology is changing behaviour

## Multiple sources of advice

When it comes to obtaining advice about financial needs, our survey found a high reliance on family, friends and the internet, followed by financial advisers.

## Sourcing advice on financial needs

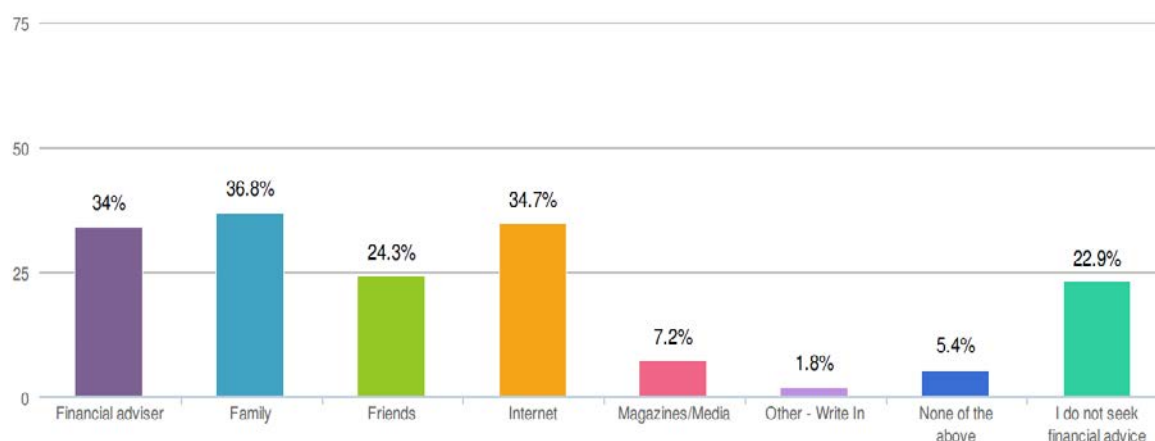
When questioned about where they prefer to obtain advice about their financial needs (see Chart 2 below), **36.8%** of respondents listed the family as their primary source, closely followed by the internet at **34.7%**. What's notable about these results is that people will use multiple sources to obtain advice before committing to a course of action. For instance, many people who relied on family and friends also used the internet to support their decision.

Advice from a financial adviser is still an important source of advice, but no longer the main point of reference for Australians, with **34.0%** of respondents choosing to seek professional advice for their financial needs (down from 36.4% in 2016).

The use of financial advisers was most prevalent amongst women (**39%**) and people aged 45-54 (**37%**), while the internet was most prevalent among people aged 30-34 (**46%**).

Chart 2

Where do you obtain advice with respect to your financial needs?



## Sourcing advice on Life Insurance needs

Where people obtain advice on Life Insurance specifically, they are more inclined to use the internet and family and friends.

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 (see Chart 3).

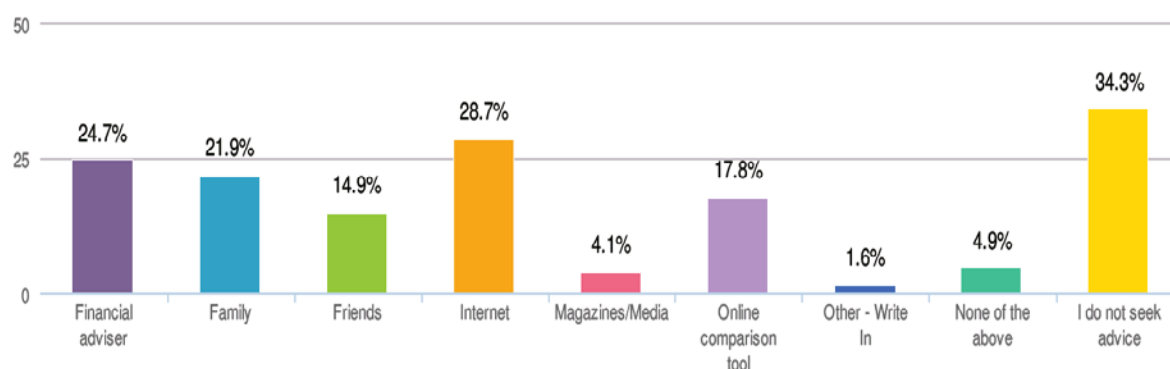
When looking for advice on Life Insurance 28.7% prefer using the Internet, 24.7% use a financial adviser, 21.9% use family members and 14.9% use friends.

Online comparison tools have also become an important resource for consumers looking to purchase Life Insurance, with **17.8%** of respondents saying they use them to obtain advice.

Again, women are more likely to use a financial adviser (**29%**) compared to men (**20%**), while men and women use the internet to a similar degree (**29%** and **28%** respectively). People aged 30-34 years rely more on the internet (**37%**).

**Chart 3**

Where do you obtain advice with respect to your Life Insurance needs?



Excluding the 34.3% of people who don't seek advice about Life Insurance, **43.6%** of people seeking to obtain financial advice for Life Insurance use the internet to do so.

*43.6% of people seeking to obtain financial advice for Life Insurance use the Internet to do so.*

The internet has become a dominant channel for Life Insurance advice.

## Increasing digital interaction

As noted in the 2016 research report, technology is having a significant impact on our interactions with financial service providers. This continues and is particularly true of banks, with **45.2%** of people saying their interactions had changed 'a lot' in the last three years.

Whilst still a long way behind the banks in the impact of technology, **41.7%** of respondents believe technology has changed their interaction with Life Insurance 'a lot' or 'a little', and **36.9%** believe that to be true for Income Protection.

The biggest group of respondents who said technology had impacted them 'a lot' when it came to Life Insurance was the 30-34 age group (**24%**). Refer Chart 4 below.

### Chart 4

How much has technology changed your interactions with (in the last 3 years):

	A lot	A little	Not at all	Responses
Banks	455 45.2%	318 31.6%	233 23.2%	1,006
Investment Managers	120 11.9%	213 21.2%	673 66.9%	1,006
You Super fund	234 23.3%	374 37.2%	398 39.6%	1,006
Motor/Home/Contents Insurance provider	258 25.6%	384 38.2%	364 36.2%	1,006
Health Insurance provider	247 24.6%	344 34.2%	415 41.3%	1,006
Life Insurer (Including Death/Life cover, TPD, or Trauma cover)	151 15.0%	269 26.7%	586 58.3%	1,006
Income protection Insurer	137 13.6%	234 23.3%	635 63.1%	1,006
Travel Insurance provider	212 21.1%	289 28.7%	505 50.2%	1,006

**41.7%** of respondents believe technology has changed their interaction with Life Insurance 'a little' or 'a lot' in the last three years.

## The digital decision making process

The traditional decision making models of 'needs awareness', 'information search', through to the 'purchase decision' (refer Diagram 2 below) is fast becoming outdated in the new era of digital consumption. Online companies such as Alibaba, Amazon, AirBnB, and Kogan have created a major shift in purchase behaviour. The process is no longer linear and can be accelerated.

*Diagram 2*

Traditional linear purchasing decision process



Traditional sources of advice have been supplemented by online resources, and our research shows that people are more prepared than ever to make online purchases without the benefit of personal financial advice, instead using comparison sites, and multiple information sources for all stages of the purchase funnel.

The new digital decision making process is much more fluid, involving information and advice sources beyond the traditional channels. These include community forums, chat rooms, websites, social media, wikis and blogs.

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beyond the traditional channels

An insurance company cannot simply rely on its sales team, website and brochures to convert a prospect into a sale. All channels play a role, and increasingly, online and mobile is where the sale may be won or lost.

Diagram 3  
The new buying journey



(Image: sourced from: thinking.edynamic.net <http://thinking.edynamic.net/yes-revenue-is-imperative-technology-marketers>)

According to the Forrester Research, 'buyers might be anywhere from two-thirds to 90% of the way through their buying journey before they even reach out to a vendor. The customer goes through the buying journey and engages with the vendor during the consideration and selection processes'.

Mobile is the new frontier for all industries, including Life Insurance, where there has been a shift to the use of mobile for both search and purchase.

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## 1. Needs Awareness: Stage of life drives need for Life Insurance

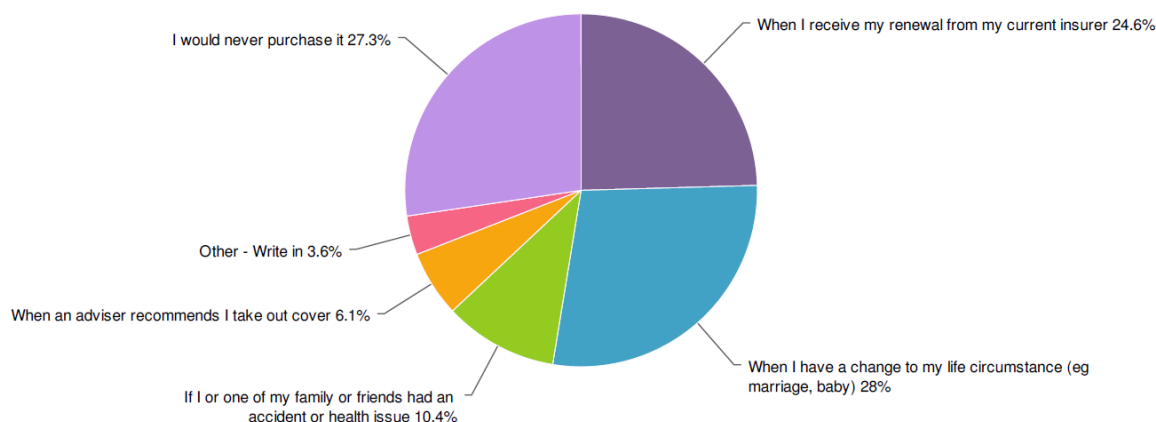
Our research continues to show that major changes in life circumstances are the key drivers to the purchase of Life Insurance or Income Protection.

### Most likely time to purchase Life or Income Protection Insurance

According to our survey, the most likely time for someone to look to purchase Life or Income Protection Insurance is when they have had a change in their life circumstances (refer to Chart 5 below). These 'trigger' events included getting a new job, getting a mortgage, getting married, having a baby, if someone close becomes seriously ill or is dying, and the purchase of a business. These trigger events often result in the reassessment of Life Insurance needs.

Chart 5

When is the most likely time you would look to purchase Life or Income Protection Insurance?



We have seen a major increase in people choosing to shop around when their cover is up for renewal from the 2016 results. **24.6%** of respondents in 2017 would consider reviewing their cover and/or insurer, compared to 19.5% in 2016 (a 26% increase).

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This change in buyer behaviour may have been fuelled by the significant amount of press during the 2017 year highlighting some poorer examples of financial adviser behaviour and examples of claims being declined by some of the larger insurers. This creates both a problem and opportunity for insurers. They need to increase trust and retain customers over the long term.

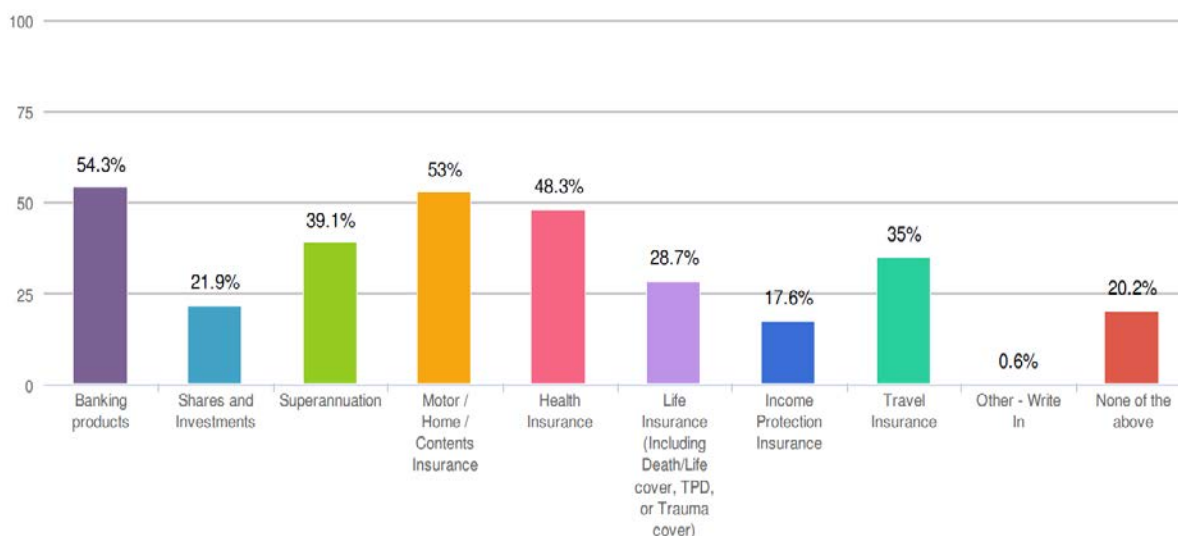
With the increasing ease of shopping online, it is usually not difficult to switch insurers. The addition of more tools and resources, and the growth of comparison tools available through sites such as Canstar and Finder, are further enablers that help customers confidently switch.

## 2. Consideration: Searching for information and evaluating alternatives

The survey results show that a significant number of consumers rely on technology to research financial products online prior to making a purchasing decision, particularly banking products, health insurance and motor/home/contents insurance (see Chart 6).

Chart 6

Do you use technology (e.g. a website or app) to research these financial products?



The use of technology to research Life Insurance has increased from 2016, with **28.7%** in 2017 compared to 24.0% in 2016, and **17.6%** in 2017 compared to 15.5% in 2016 for Income Protection Insurance.

While this is still lower than banking products (**54.3%**) and Motor/Home Contents insurance (**53%**), it is important to consider that only **55%** of survey respondents have Life or Income Protection Insurance, so many respondents may be looking to buy their first ever Life Insurance cover.

## Evaluating alternatives

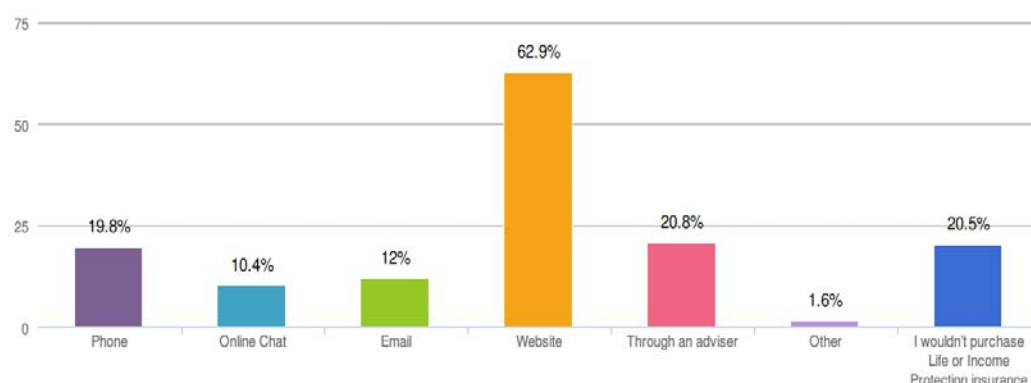
When comparing the different Life and Income Protection products that are available, the internet remains the main channel of choice. People aged 30-34 and women were the most prolific users of websites for comparing options.

**62.9%** of respondents use websites as a way of comparing Life Insurance and Income Protection policies; compared to an adviser at **20.8%** (see Chart 7).

*62.9% of people use the web to search for and compare alternatives when considering Life Insurance.*

**Chart 7**

What source would you use to compare Life Insurance or Income Protection policies before purchasing?



When people who wouldn't purchase Life Insurance are excluded from these numbers, this figure increases to **79.1%** of people who would buy Life Insurance use the internet to shop around (see Chart 7).

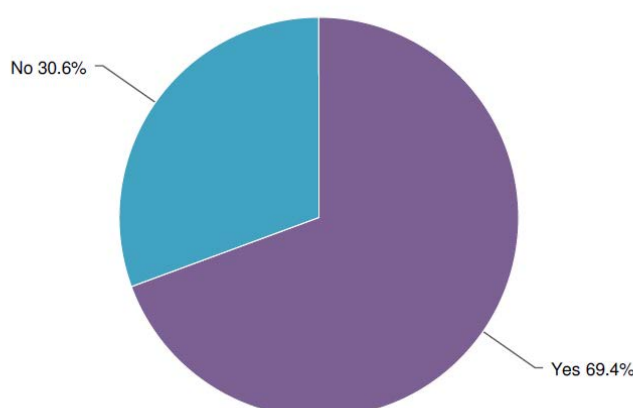
## Understanding different types of Life Insurance

In our 2016 survey, we identified that many respondents are self-directed in making financial decisions at every stage of the purchasing cycle. For these people to make informed purchase decisions, they need to be able to determine the right type and level of cover they need.

Encouragingly, **69.4%** of people surveyed this year believe there is enough information available online to help them understand the different types of Life Insurance or Income Protection (see Chart 8).

**Chart 8**

Do you believe there is enough information available online to help you understand the different types of Life Insurance or Income Protection cover you need?



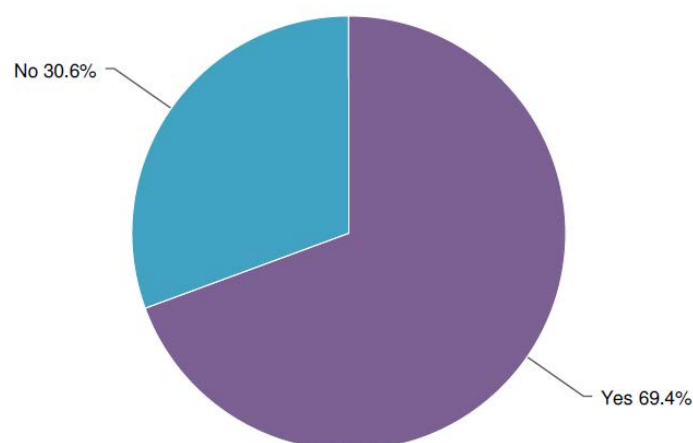


## Understanding how much cover is needed

When asked if there was enough information available online to understand how much cover respondents might need, **30.6%** said 'No'. This is slightly higher compared to last year's survey result of 27.2% (see Chart 9).

Chart 9

Do you believe there is enough information available online to help you understand how much Life Insurance or Income Protection cover you need?



People without insurance were more likely to think there was not enough information (**34%**) compared to people with existing cover, **28%**. These perceptions may be contributing to underinsurance, as a segment of people aged 30-55 do not believe there is sufficient information for them to ensure they have adequate cover outside of using a financial adviser.

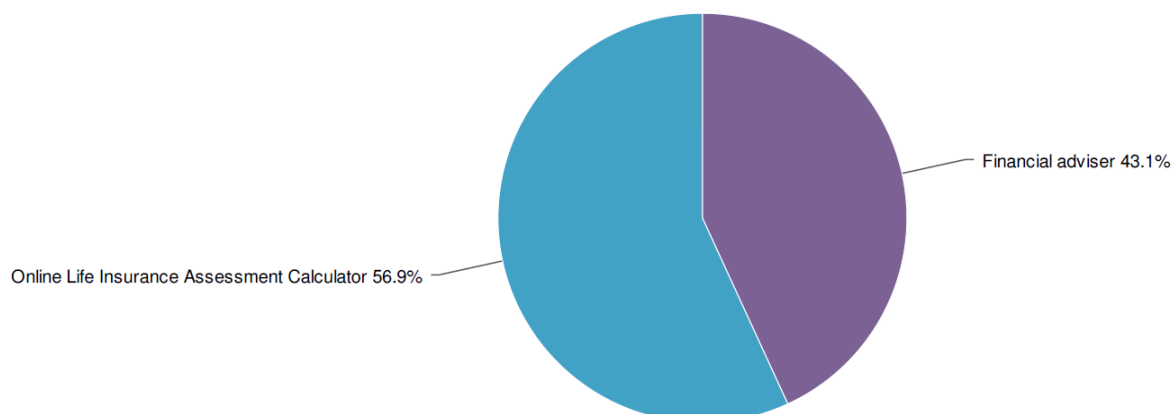
There is clearly an opportunity for insurers to provide better online tools to help customers assess their Life and Income Protection insurance needs.

There is clearly an opportunity for insurers to provide better online tools to help customers assess their Life and Income Protection insurance needs.

This is highlighted in a response to a new question added in this survey. New findings found that over half (**56.9%**) of all respondents would use an online assessment calculator compared to **43.1%** opting to use a financial adviser (see Chart 10) to help them buy Life Insurance.

**Chart 10**

If you had a choice between using a financial adviser to buy Life Insurance or using an online assessment calculator which would you choose?



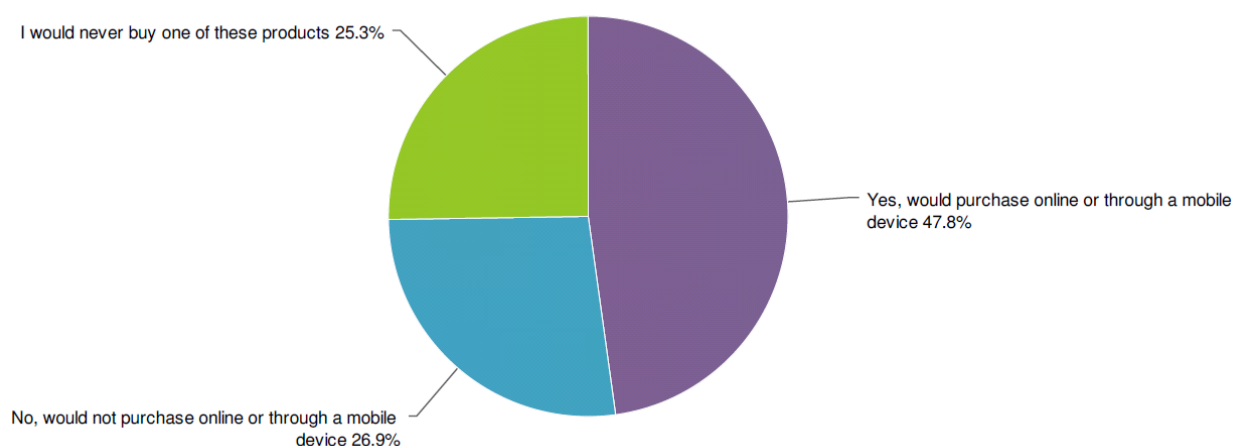
### 3. Purchase: Preferred pathway to getting covered

#### Use of technology to purchase financial products

When respondents were asked would they purchase Life Insurance or Income Protection online or through a mobile device if they needed it, **47.8%** said 'Yes' compared to only 26.9% who said 'No' (see Chart 11).

**Chart 11**

If you needed Life Insurance or Income Protection cover, would you purchase this online or through a mobile device?



These figures are even more compelling when people who would never buy these products are excluded from the results. In this case, **64%** of respondents would purchase Life Insurance or Income Protection online or through a mobile device if they needed it.

*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.*

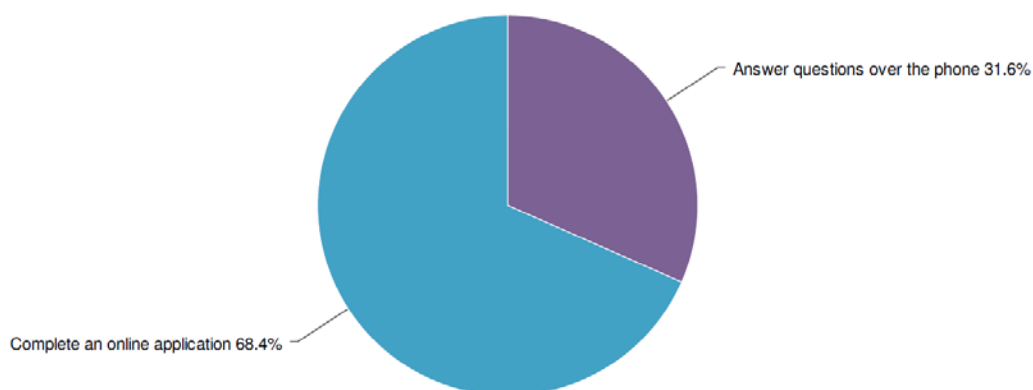
## A strong preference for online applications

When we asked people about their preferred method of applying for Life Insurance, an online application was by far the preferred method at **68.4%** compared to over the phone at **31.6%**.

This strong preference was evident amongst people both with Life Insurance and without (see Chart 12).

**Chart 12**

What would be your preferred method of applying for Life Insurance?

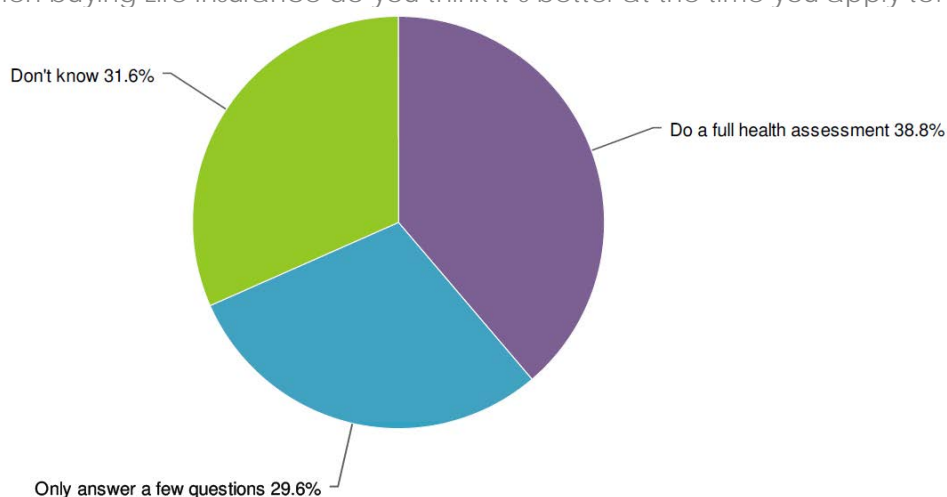


## Tailored cover more important than speed

A key benefit of technology is that it enables a fast and easy application process. However, the survey showed that **38.8%** believed a full health assessment is better than answering just a few questions (**29.6%**) at the time you apply (see Chart 13).

**Chart 13**

When buying Life Insurance do you think it's better at the time you apply to:



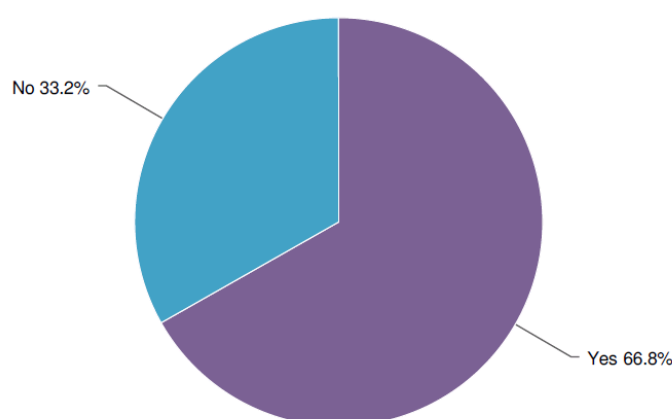
This results in some tension between the aim of applying quickly online (Chart 12) with minimal questions and being well covered with all relevant health questions asked up front (Chart 13).

## Confidence in purchasing without advice

Around two thirds (**66.8%**) of respondents are confident purchasing Life Insurance online without financial advice and with the right resources. Those who were most confident in buying online were aged 35-44 and had Life Insurance already, while those who were less confident were aged 45-54 and did not have Life Insurance.

**Chart 14**

With the right resources, would you be confident in purchasing a Life Insurance or Income Protection product online without a financial adviser?



***66.8%** of respondents would be confident in purchasing a Life Insurance or Income Protection product online, without financial advice, if the right resources were available.*

## Not willing to pay for advice

One of the reasons the market is so attracted to purchasing Life Insurance online may be their lack of willingness to pay for financial advice. Clearly illustrating value to clients has always been a challenge for many advisers, and with the increasing access to online information and resources that consumers have, this is getting even harder.

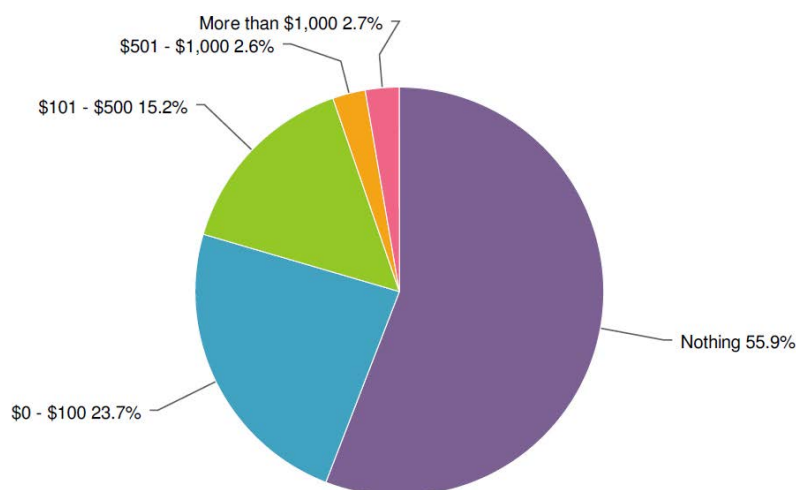
Over half of respondents (**55.9%**) were unwilling to pay anything for financial advice with respect to Life Insurance, while a further **23.7%** of respondents say they'd only be willing to pay up to \$100.

These findings infer a problem with the perceived value of financial advice in relation to Life Insurance. This presents a significant challenge for financial advisers who often need to fund high upfront advice costs to provide the right advice under strict compliance rules to their clients.

***55.9%** of respondents stated that they were unwilling to pay anything for Life Insurance advice.*

**Chart 15**

How much would you be willing to pay for financial advice with respect to Life Insurance, from a financial adviser?



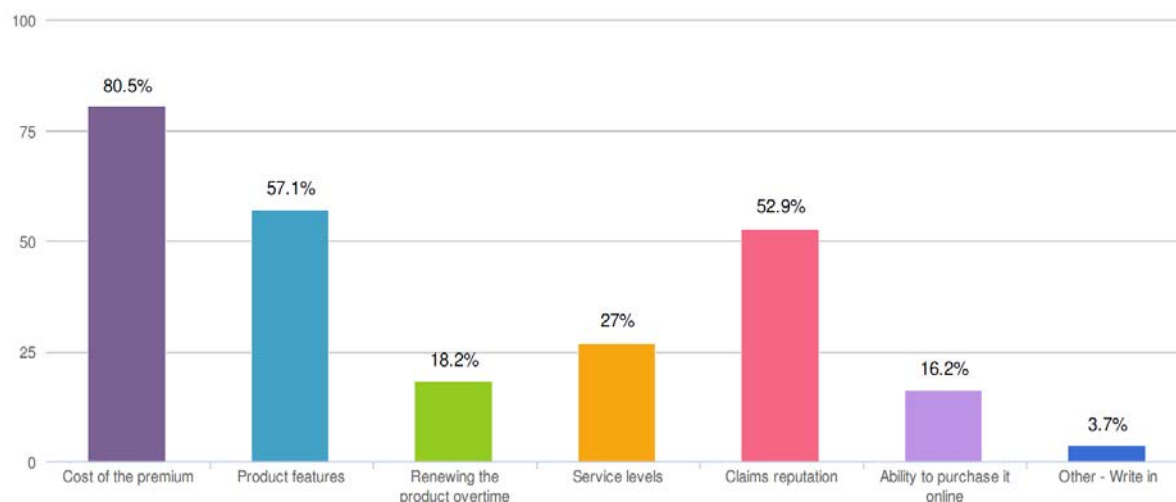
## Price drives purchase

Throughout the purchase cycle, it is evident that price continues to dominate the decision process for most buyers - starting with the initial purchase decision.

As shown in Chart 16 below, the cost of premiums was cited by **80.5%** of respondents as one of the most important factors when purchasing Life Insurance. Features and claims reputation are also high at 57.% and 52.9% indicating that people won't purchase an important product like Life Insurance on price alone.

**Chart 16**

What things are or would be most important to you when purchasing Life Insurance?



While most consumers are able to identify when they need Life Insurance and have access to the online tools and resources they need to determine what type and level of cover they need, the value delivered remains an issue.

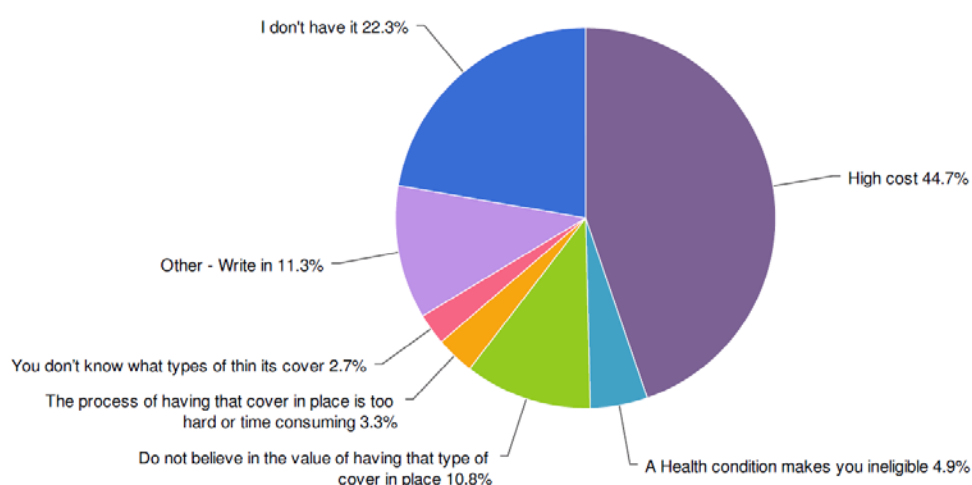
Given the nature of Life Insurance in particular, where the person who takes the policy out will often never witness the claim, the pressure on demonstrating value for money is constant.

## Price drives decision not to purchase

Our survey also showed that people don't buy Life Insurance due to perceptions of high cost. When asked why people don't have Life Insurance, 44.7% cited cost as the main reason (see Chart 17).

Chart 17

If you do not have Life Insurance or Income Protection Insurance, what is the main reason?



## 4. Retention: Price is key to loyalty

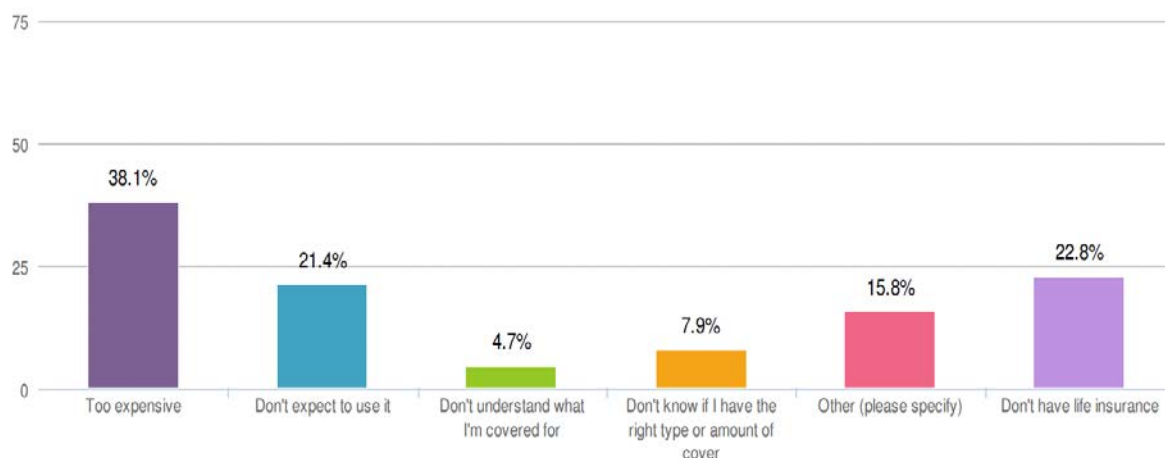
For respondents that don't plan on renewing their Life Insurance next year, price appears to be a major driver (refer Chart 18).

The key reason that around 50% (**49.4%**) of respondents that have Life Insurance, do not plan to renew their policy with their current insurer, is that it is "too expensive" (calculated as 38.1% / (100% - 22.8%) - Chart 18).

The key reason that around 50% of respondents that have Life Insurance,  
do not plan to renew their policy with their current insurer,  
is that it is "too expensive".

Chart 18

Why don't you plan on renewing your Life Insurance this year?

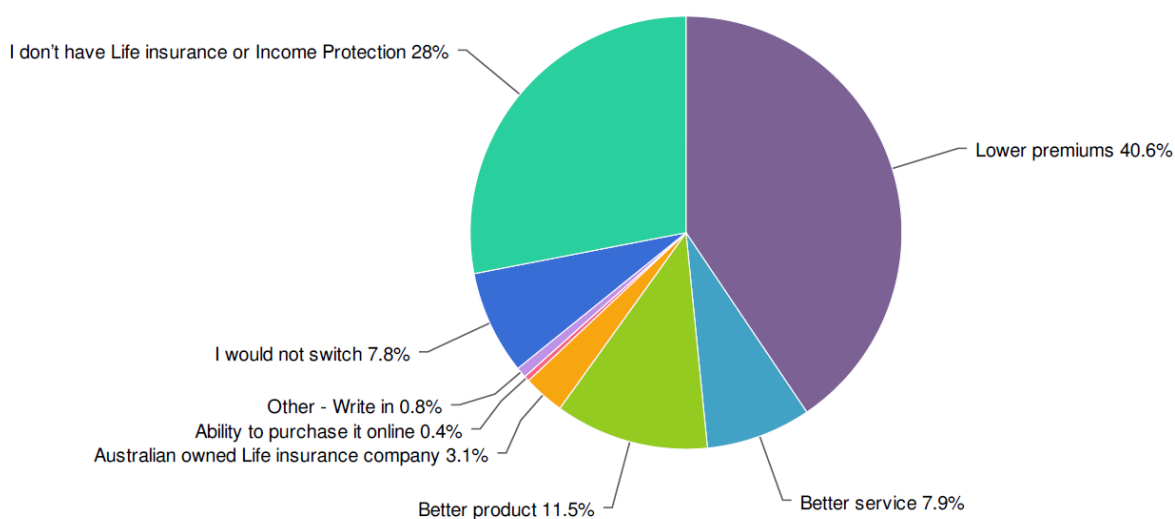


### Price drives switching

When asked the main reason why they would switch their Life Insurance or Income Protection cover, cost was again the main reason – cited by **56%** of respondents (calculated as 40.6% / (100% - 28%) - Chart 19). Interestingly, a better product was only nominated by **16%** (calculated as 11.5% / (100% - 28%) - Chart 19) of respondents, highlighting the issue the industry has with product differentiation.

Chart 19

What would be the main reason you would switch to another Life Insurance or Income Protection provider?



## The growing importance of price

Price continues to gain momentum as the determinant of choice for many consumers when it comes to Life Insurance and Income Protection cover. In the absence of any significant innovation, products are becoming commoditised as consumers' increasingly opt to deal directly with insurers online rather than seek financial advice.

Price continues to gain momentum as the determinant of choice  
for many consumers when it comes to Life Insurance  
and Income Protection cover.

It appears that legislative and regulatory parameters have limited the ability for Life Insurers to differentiate their products in a way that is truly meaningful to the customer. So the customer is attracted to value, comprising largely of low price, good reputation and some product features.



## The impacts of underinsurance

To help assess the impact of not having sufficient Life Insurance or Income Protection, the survey asked respondents to think about what would happen if they suffered a major illness or injury. The results show the real-life impact such an event can have on a family.

### Savings is the primary back-up plan

When asked how respondents would cope if they contracted a major illness or suffered an injury **41.7%** said they would use their Life Insurance. This would include covers such as Income Protection, TPD and Trauma. However, over half said they would use their savings (**58.9%**) and nearly **50%** citing reliance on private health cover or Medicare (see Chart 20).

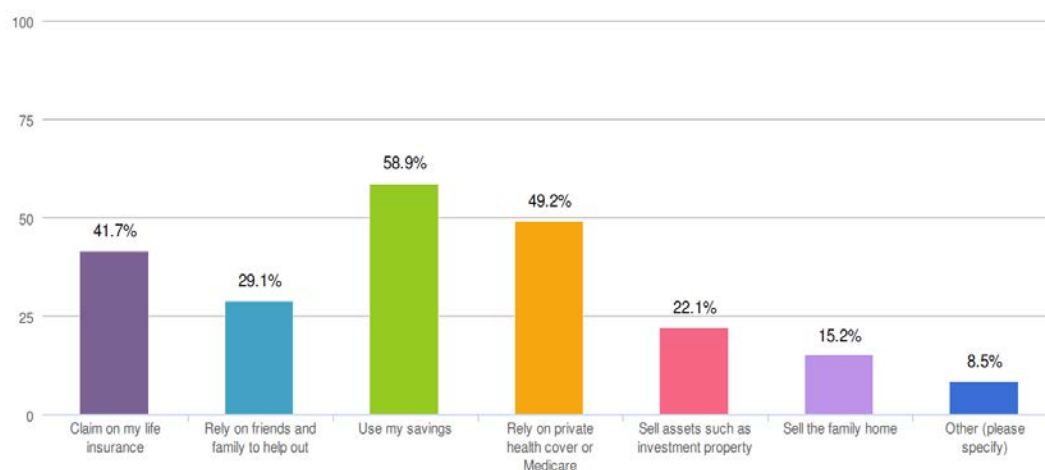
A clear sign of how unprepared some households are for a serious illness, selling the family home was nominated by **15.2%** of respondents.

The vulnerability of many Australian families is highlighted by the fact that **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 (see Chart 20).

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**Chart 20**

How would you cope financially if you contracted a major illness such as cancer or suffered an injury and couldn't go back to work?



## Entertainment and holidays most likely to suffer

Overall, the results shown in Chart 21 indicate Australians are pretty pragmatic when it comes to budgeting. Loss of income or financial support for an extended period is most likely to impact a household's budget for entertainment and holidays. Other expenses people are likely to cut back on include savings/investment plans and Life Insurance – which highlights the potentially damaging impacts on a family's long-term financial security.

Other key observations from this question are:

- Respondents would forgo their savings plan before forgoing Life insurance.
- Respondents would cut down on grocery costs before cutting back mortgage/rent repayments.
- Health and beauty products are a higher priority to entertainment and holidays.
- Respondents rate car and home insurance as one of their highest priorities.

### Chart 21

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.)

	Score*	Overall Rank
Entertainment costs	10263	1
Holidays	10223	2
Health & Beauty expenses	9375	3
Savings/Investment plans	7707	4
Life Insurance (Including Death/Life cover, TPD, or Trauma cover)	6929	5
Education costs	6923	6
Transport expenses	6879	7
Income Protection Insurance	6702	8
Mobile phone useage	6347	9
Grocery costs	5951	10
Car/Home insurance premium	5425	11
Gas/electricity bills	5013	12
Mortgage/rent payments	3809	13

## Conclusion

### The differentiation challenge

Price continues to increase in importance when purchasing Life Insurance and income Protection cover. The most competitive Life Insurers in the future will be the ones who have a well priced, differentiated product that is valued by their target market and can meet their online information needs.

### An opportunity for innovative insurers

While technology is presenting some challenges for Life Insurers, it also presents opportunities. Digital technology offers the ease and convenience that people now look for when buying any product.

Customers will be the big winners in the future as insurers and comparison sites offer more information, resources and tools during the purchasing process.

NobleOak has recently launched a comprehensive online Life Insurance Assessment Calculator to help people assess and calculate their Life Insurance needs without the help of a financial adviser. This tool incorporates Life insurance, TPD cover, Trauma cover and Income Protection cover in one, so a user can assess their entire portfolio of requirements. By addressing one of the most common questions we have from customers – ‘what type of cover should I have and how much do I need?’ – our goal is to help users understand their needs and overcome one of the biggest barriers stopping people from getting covered.

### Demonstrating the real value of Life Insurance

Like any product, price will always be a key factor in whether people decide to take up Life Insurance, but technology has a role to play in elevating this conversation.

By educating and connecting with customers in more meaningful ways online, Life Insurers can better demonstrate the value of the products and services they offer clients. This in turn will help reduce the focus on price and make it an easier decision for customers to take up or renew their cover.

“The challenge for Life Insurers in the future is to stand out  
and differentiate in a mature industry where innovation is slow  
and consumer behaviour is shaped by digital innovation.”

NobleOak CEO, Anthony R Brown

The Pureprofile research again illustrated a shift in the way Australians will purchase Life and Income Protection insurance – as they become more self-directed and digital savvy.

“ 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 customers as well as  
better digital resources. We are now moving to a new state  
where people are taking more control and insourcing these decisions.  
The Pureprofile results in this report support this change.”

NobleOak CEO, Anthony R Brown

## APPENDIX - METHODOLOGY

### Research methodology

The national research study referred to in this Whitepaper was conducted independently by Pureprofile Australia Pty Ltd in December 2017 from a survey completed by over 1,000 Australians between the ages of 30 and 60 years old. More than half of the respondents have a current Life or Income Protection policy in place with a mix of occupations and relationship statuses.

Sources:

Expert source material drawn from recently published papers and articles has also been incorporated.

[Mr Duncan Tait, Fujitsu's SEVP and head of Americas and EMEA, Fujitsu Conference](#)

[Forrester Predictions 21018 A Year of Reckoning](#)

[Rice Warner – Underinsurance in Australia 2015](#)

### 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.



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End of Report

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