



Media Release

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What Gets Axed First in Times of Crisis – Now Revealed!

Introduction

When money is tight, Australians appear to be most likely to ditch entertainment and holidays, dip into their savings, and cut down on Life Insurance – while hanging onto their mobile phones!

These are the findings of a comprehensive survey¹ commissioned by NobleOak and conducted in December 2017.

More than 1,000 Australian adults, aged between 30 and 60, took part in the survey, asking how they would prioritise expenses in the event of losing some or all of their income for an extended period of time.

The findings

Respondents were asked to rank the expenses they would cut back on in order from most likely to least likely.

The results show savings/investment and Life Insurance were ranked four and five respectively in the list of items to cut when the squeeze is on.

The full results are below.

Table 1 - Research Question

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?

¹ Research conducted by Pureprofile in December 2017 with 1,006 Australian resident respondents.



	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

Total Respondents 1006

Total respondents 1006 (2017): Source info: Pureprofile Pty Ltd

Entertainment, mobiles and income protection

As in our 2016 survey, respondents in 2017 prioritised payment of mortgage or rent and energy bills as absolute essentials when it comes to household expenses.

And, while savings, investment and Life Insurance are among the first things to go in hard times, there is interesting news for another kind of insurance.

Our 2017 figures show more respondents are prioritising Income Protection insurance than in 2016, citing income protection as more important than transport expenses.

Entertainment has also pushed out holidays in the top slot as the item most likely to be cut back when necessary.

We still can't do without our mobile phones though. Our mobiles remain as the fifth most important household expense behind mortgage or rent, energy bills, car and home insurance and grocery costs.

This is not surprising as the 'Mobile Consumer Survey 2017 – The Australian Cut' by Deloitte shows that Australia remains one of the leading global adopters of smartphones with 88 percent of Australians now owning one. The Deloitte survey also revealed that our phones are a major part of our daily lives as 'thirty-five percent of us check our phone within five minutes of waking up in the morning, with 70 percent using phones during mealtimes with family and friends'.



Likelihood of Adverse Event

We also asked respondents to rate 11 traumatic events in the order of likelihood they would happen. The results showed that respondents nominated the top four as cancer (1), heart attack (2), car accident (3) and stroke (4).

Table 2 - Research Question.

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)

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	Score*	Overall Rank
Cancer	8078	1
Heart attack	8023	2
Car accident	7766	3
Stroke	7339	4
Premature death through a health issue	6728	5
Parkinsons disease, Alzheimer's or Dementia	6337	6
Angioplasty (surgical repair or unblocking of a blood vessel)	6282	7
Plane crash	4434	8
Terrorist attack	4308	9
Lightening strike	3816	10
Shark attack	3285	11

Total Respondents 1006

*Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

NobleOak’s CEO, Anthony R Brown, said, “These results show that people are concerned about the possibility of something adverse happening to them in the future. It’s not surprising that people already have an idea of what they would give up if they suddenly didn’t have an income.

“They also reinforce that the life insurance industry still has work to do to outline the true value of Life cover and Income Protection insurance in helping people to better manage risks and plan for the uncertainties that the future holds,” he said.

Mr Brown continued, “While the emotional implications of a family tragedy or major illness are often devastating, many of us don’t contemplate the lasting financial implications to our families. It is for this reason that Australians are more likely to cut



back on Life Insurance premiums, than car or home insurance premiums, or even mobile phones.

“Though it’s good to hear that Income Protection Insurance is being taken more seriously by this year’s respondents.”

APPENDICES

Source:

Deloitte ‘Mobile Consumer Survey 2017 – The Australian Cut’

<https://www2.deloitte.com/au/mobile-consumer-survey>

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



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