



2017
Insurance
Barometer
Study



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LIMRA

2017 Insurance Barometer Study

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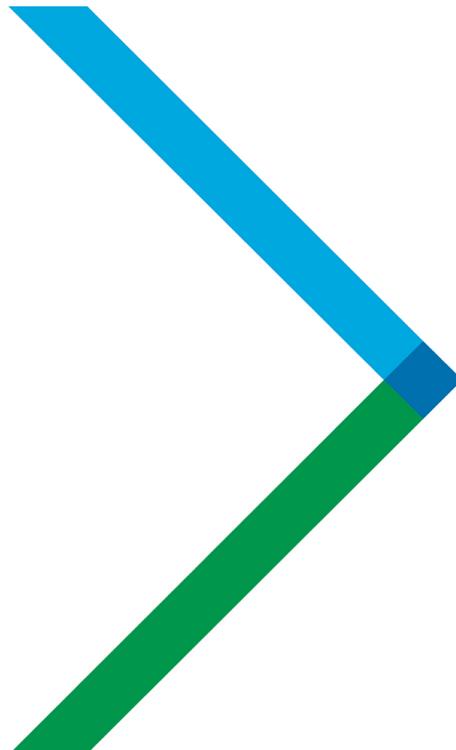
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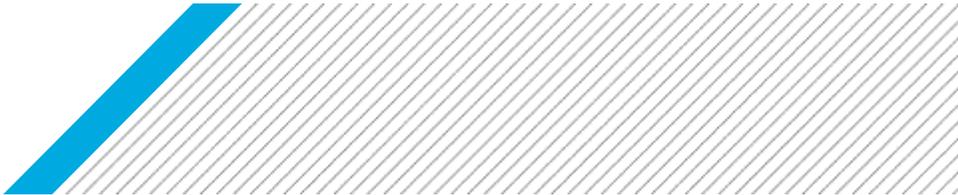
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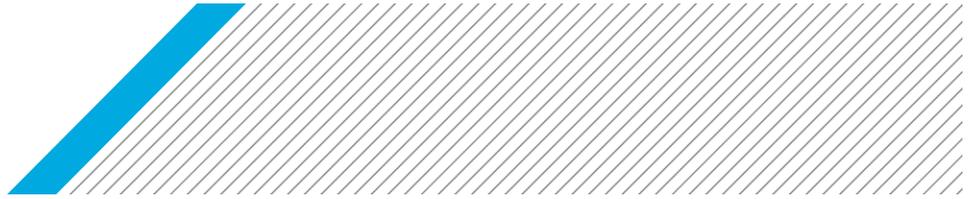


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Key Findings

The Insurance Barometer is an annual study that tracks the perceptions, attitudes, and behaviors of consumers in the United States. It seeks to understand their financial concerns and how they think and act with regard to financial products, with a particular focus on life insurance.

New this year are insights into consumers' feelings toward simplified underwriting and peer-to-peer business platforms. For additional trend data, including results by year and demographic segments, check out [The 2017 Insurance Barometer: Tables Supplement](#).

- **The most common financial concern is the ability to afford a comfortable retirement.** Retirement has remained the top concern for the seven years we have been tracking financial concerns.
- **Though healthcare concerns are consistently the top group, concerns are shifting.** The gap between estate/legacy concerns and healthcare concerns has decreased, suggesting there is more room for life insurance in the minds of consumers.
- **Some financial concerns “stick” in a consumer’s financial mindscape.** There are a number of financial concerns that remain consistent for consumers, including long-term care, financial security of dependents, credit card debt, and having a comfortable retirement.
- **People see the need for life insurance, particularly for parents with young children.** Eight in 10 say that a married person with one or more young children needs life insurance.
- **Consumer demand for life insurance is greater than actual ownership.** Seventy percent say they need life insurance, yet only 59 percent own life insurance. The same holds true for disability (48 percent need, 20 percent own) and long-term care insurance (57 percent need, 14 percent own).
- **Life insurance owners are more interested in other financial products.** Individuals who have both individual and group life own between four and five additional insurance products, and between two and three types of product warranties.
- **More people are using life insurance as a way to save for retirement.** Retirement is now a top-five reason for owning life insurance; over half of life insurance owners cite saving for retirement as a reason to own.
- **The need for more life insurance coverage remains.** Over 20 percent of life insurance owners say they don’t have enough coverage.
- **People wish their spouses or partners had more life insurance.** Thirty-nine percent of respondents wish their spouses or partners had more life insurance, an increase of 10 percentage points, since the Barometer study was first conducted in 2011.
- **People recognize their own dependence on a financial wage earner.** Sixty-nine percent of owners would have trouble paying living expenses in two years or less if they were to lose their primary wage earner.

- **Brand image matters.** Almost two-thirds of respondents report that buying from a well-known company is an important factor in the purchase process of life insurance.
- **Online purchase attempts are increasing.** Purchase attempts via this method have tripled since the Barometer's inception in 2011.
- **Simplified underwriting is appealing to consumers.** Seven in 10 indicate they would be likely to purchase life insurance priced by using data without a physical exam.
- **Millennials overestimate the cost of life insurance.** Four in 10 believe a term-life policy costs more than \$1,000 a year (which is more than five times the actual cost).
- **Peer-to-peer insurance is a nascent segment of the insurance industry.** Thirty percent of respondents would be very or somewhat likely to purchase life insurance via a peer-to-peer platform if available.

Methodology

The Insurance Barometer is an annual study that tracks the perceptions, attitudes, and behaviors of consumers in the United States. We seek to understand their financial concerns and how they think and act with regard to financial products, with a particular focus on life insurance.

In January 2017, LIMRA employed an online panel to survey adult consumers who are financial decision makers in their households. Responses were received from 2,031 individuals.

The data were weighted by age, gender, education, race, region, and income to be representative of the general population. A propensity score adjustment was added to correct for biases inherent in Internet panels. The margin of error in this study is +/- 3 percentage points.

The age groups are defined as follows:

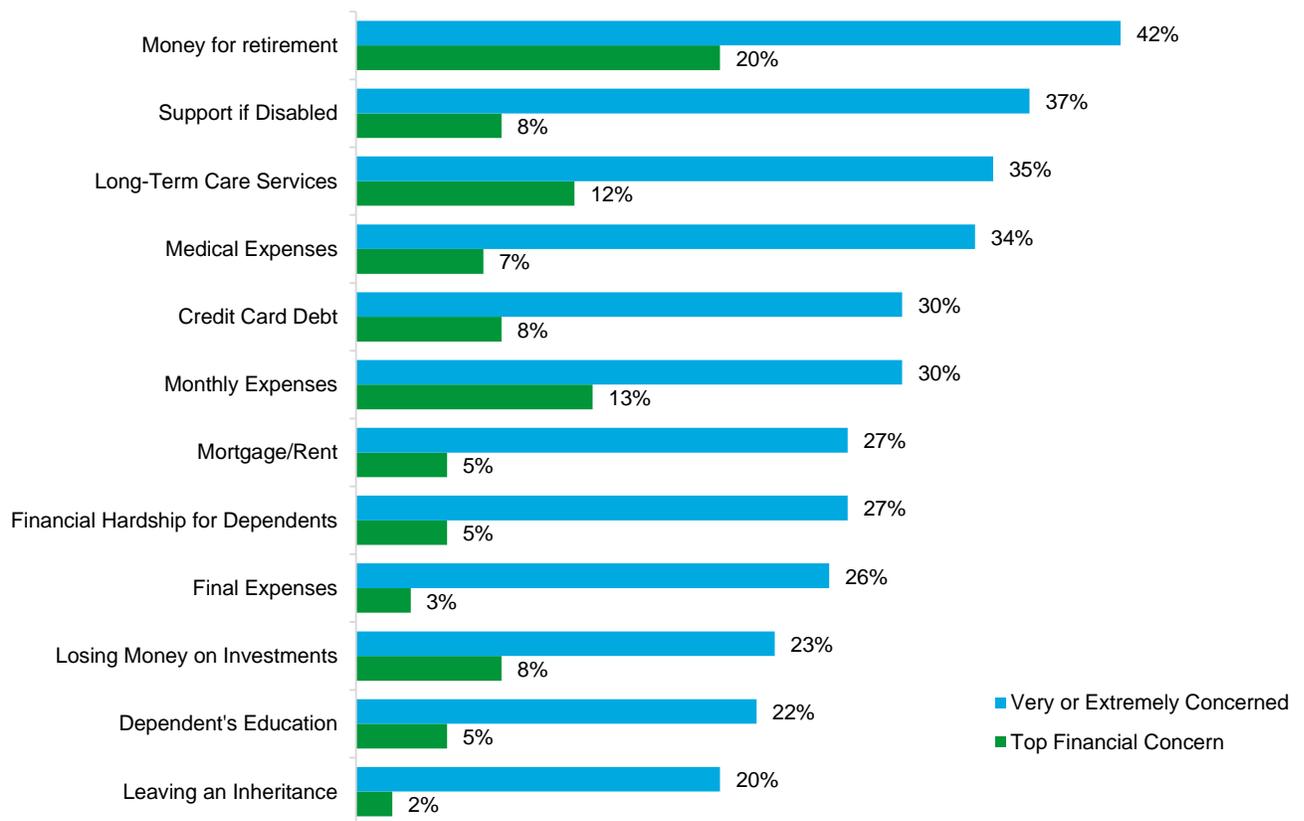
- **Seniors** — born before 1952 (aged 65 or older)
- **Baby Boomers** — born between 1952 and 1964 (aged 53–64 years)
- **Generation X** — born between 1965 and 1980 (aged 37–52 years)
- **Millennials** — born between 1981 and 1998 (aged 18–36 years)

Financial Concerns

Consumers allocate their household budget across a number of competing financial priorities. When they become more concerned about a financial issue, that issue gets more attention and a larger share of the budget. To understand how American consumers weigh their life insurance needs relative to other financial priorities, it is important to see what’s happening inside their “*financial mindscape*.”

The mental space where consumers deliberate their money matters is a “financial mindscape,” or the place where financial concerns compete for attention.

Figure 1 — Financial Concerns



THE FINANCIAL CONCERN INDEX

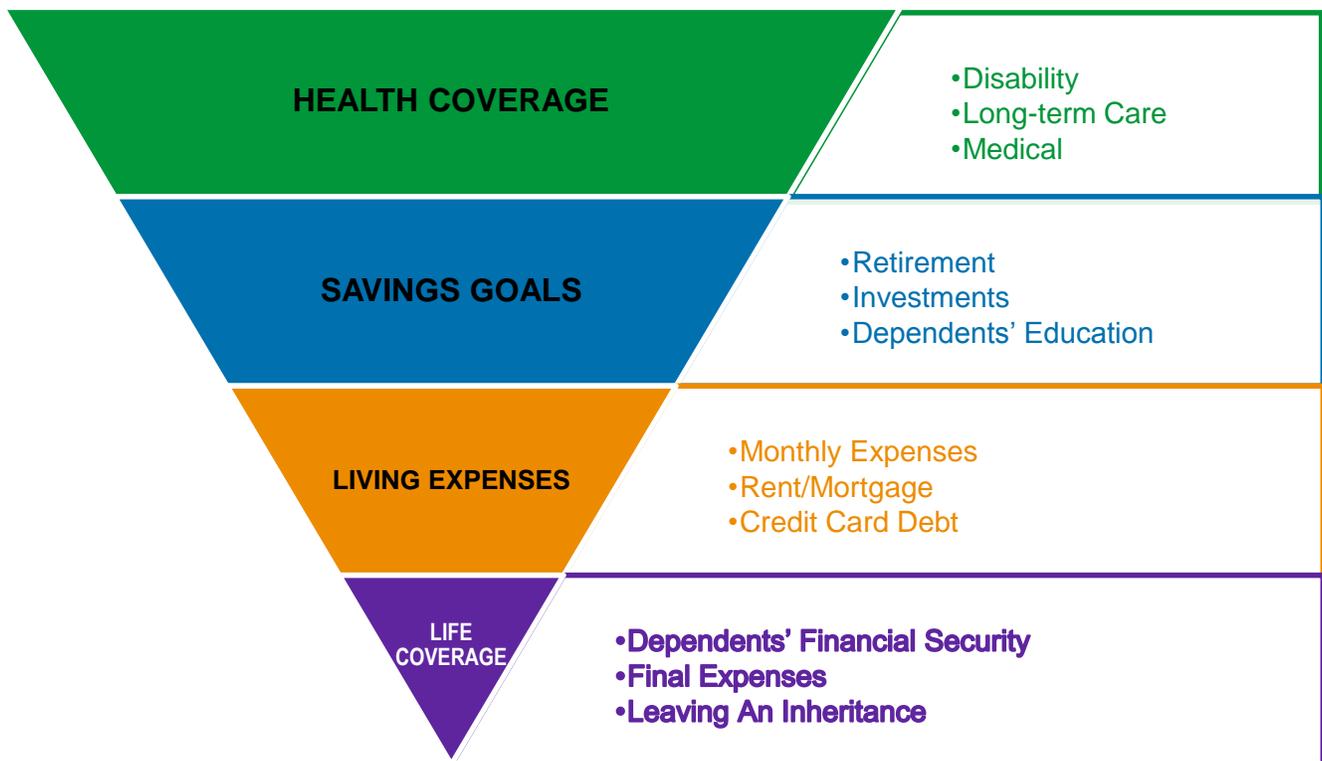
Each year, the Insurance Barometer tracks concern levels on the 12 financial issues in Figure 1. The Financial Concern Index [FCI] is a single metric that combines data on all 12 items. The base year is 2011, the first year of the survey. At that point in time, 3 in 10 Americans were concerned (“very concerned” or “extremely concerned”) about these 12 financial issues. The FCI uses 2011 as the basis for calculating percent change in financial concern from year to year.

The Financial Concern Index [FCI] estimates the level of financial pressure inside the financial mindscape of American consumers.

Data from 2011 to 2017 suggest the financial mindscape of American consumers contains a stable hierarchy of financial concerns. Figure 2 illustrates how some concerns occupy more space inside the financial mindscape; those items at the top get the most attention.

- **Health Coverage** — When combined, concern over disability, long-term care, and medical expenses consistently occupy the top tier of this hierarchy.
- **Savings Goals** — Concern over savings occupy the second tier, primarily due to concern over a comfortable retirement.
- **Living Expenses** — Everyday expenses occupy the third tier; the level of concern on these items is roughly equal with savings goals.
- **Life Coverage** — These concerns occupy the lowest tier, which implies they get the least amount of attention and share-of-wallet.

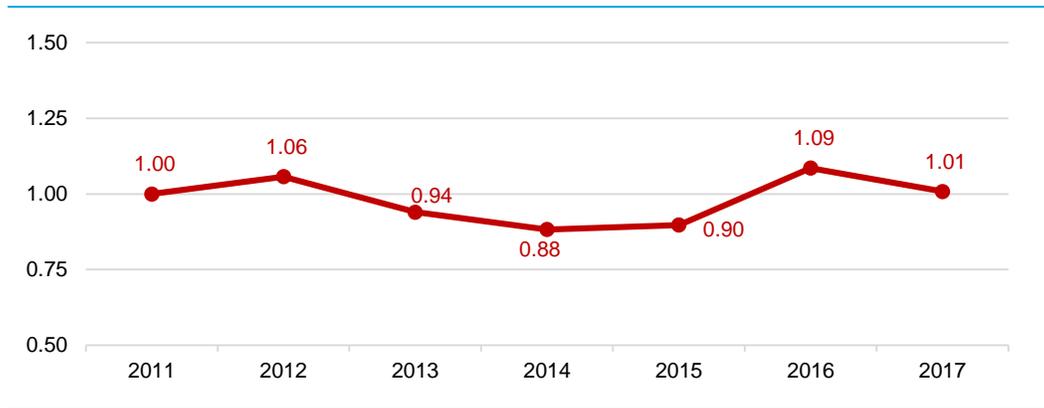
Figure 2 — Financial Concerns Hierarchy



How much financial pressure are Americans feeling?

The FCI indicates that financial pressure has dropped by 7 percent in the past year (Figure 3). This is good news for consumers and the insurance industry, because lower financial pressure suggests consumers are in a better economic position.

Figure 3 — Financial Concerns Index [FCI]

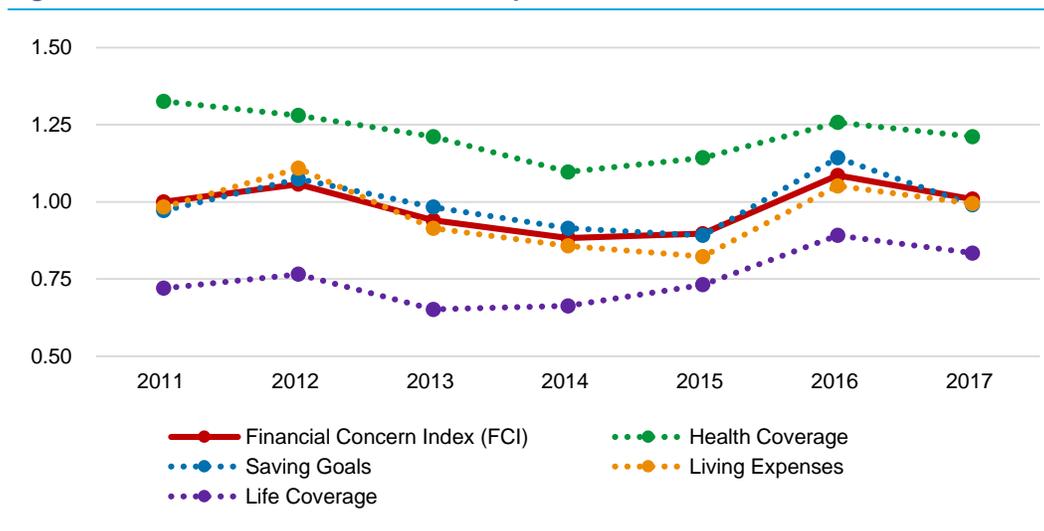


The fall in the FCI follows two years of mounting financial pressure, including a significant spike last year. One reason for the turnaround in 2017 may be the recent performance of equity markets. At the start of 2016, the S&P 500 lost over 180 points — almost 10 percent of its value. The market decline contributed to a rise in financial pressure; the FCI spiked 21 percent in 2016, the largest one-year change to date. However, over the last 12 months the S&P 500 has gained almost 22 percent, which may be contributing to the current drop in financial pressure.

What financial concerns are driving the decline?

The fall in the FCI is broad-based; all four components (Health Coverage, Saving Goals, Living Expenses, and Life Coverage) declined by at least 4 percent. However, not all concern levels declined equally (Figure 4).

Figure 4 — Financial Concerns Index Components



Of the four FCI components, only one — saving goals — registered a significant decline in concern.

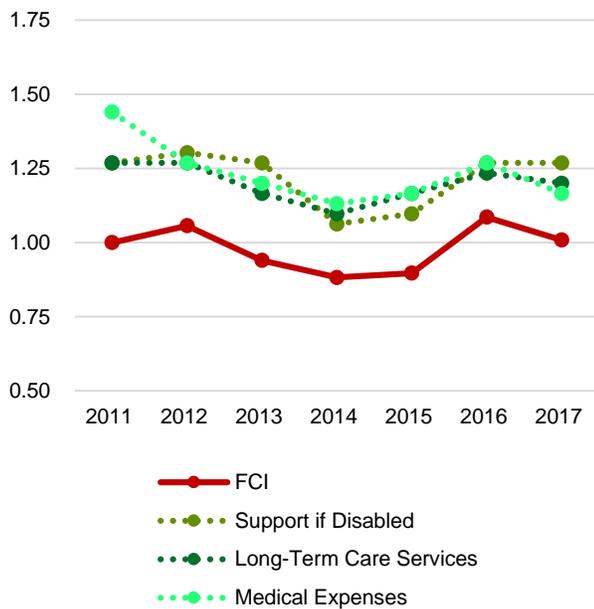
- **Concern over saving goals declined significantly (13 percent)** — which suggests American consumers are devoting significantly less attention to these items.
- **Concern over life coverage had the next largest drop (6 percent)** — While this implies that consumers are paying less attention to these items, they are not losing significance.
 - By examining the trend on life coverage since 2011, it's clear the relative importance of these items is increasing.
 - The difference in concern levels between Health Coverage and Life Coverage has narrowed by 38 percent over the past seven years, suggesting the items under Life Coverage are receiving more attention on a relative basis.
- **Concern over Living Expenses is down slightly (5 percent)** — which implies household budgets are in better shape, and consumers probably have more disposal income.
- **Concern over Health Coverages declined the least (4 percent)** — while these items still register the highest level of concern, this trend implies they are currently commanding less of the consumers' attention.

What does the fall in the FCI mean for different product markets?

HEALTH COVERAGE

The three items related to health coverage consistently register higher-than-average levels of concern. Yet, there is effectively no difference in the concern levels between these items. It is important to realize that consumers express as much concern over disability and long-term care coverage as they do over medical coverage (Figure 5).

Figure 5 — Healthcare Services Component

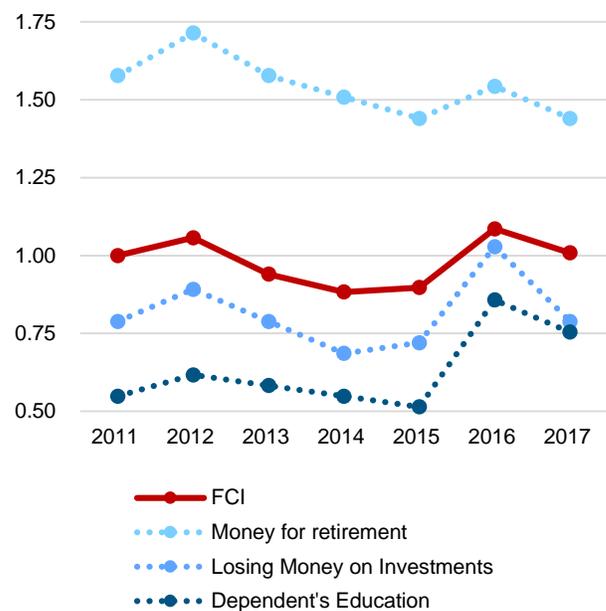


- Concern over medical expenses declined by 8 percent. Concern about this item is at its second-lowest level to date.
- Concern over disability expenses did not change over the past year. This suggests the environment for marketing disability products has improved, relative to medical and long-term care coverages.
- Concern over long-term care dropped by 3 percent. This is one of the “stickiest” concerns; ratings do not change much year-to-year.

SAVING GOALS

Saving goals are the second highest FCI component, because one of the items it includes is retirement. Saving for a comfortable retirement consistently registers as consumers’ top individual financial concern. It ranks number one each year, and it maintains its number one ranking across demographic segments.

Figure 6 — Saving Goals Component



- Concern over retirement savings declined by 7 percent. It remains the top overall concern, but it now demands less attention from consumers.
- Concern over losing money on investments dropped 23 percent, the largest change of any individual item. This result stems from the state of equity markets at the beginning of 2016, when they took a nosedive. Healthier equity markets since February of last year appear to have many investors breathing easier.
- Savings related to a child’s college education has also dropped 12 percent in the past year. This may indicate that consumers have more income available to devote to this item.

- According to the *Survey of Consumer Finance*, credit card debt has been rising steadily since the second quarter of 2015. Mean credit card debt equals \$5,700 per household. However, for those with revolving credit card payments, the mean amount of debt equals \$16,000.
- Credit card debt remains a significant concern for a large segment of American consumers, which are more likely to be in younger age groups (under 35) and lower income groups (under \$50,000).

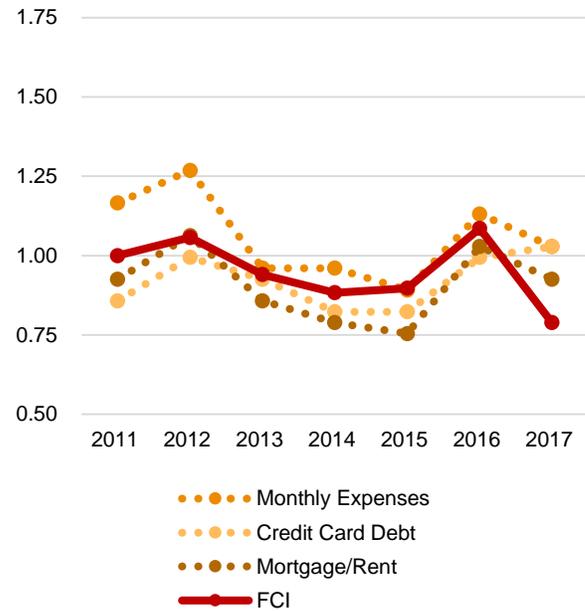
Saving for an Emergency

- This year a new question was tested concerning “saving for an emergency”. It registers a very high level of concern (1.30), the second highest of any item.
- This item is not part of the FCI calculation for 2017, more than one year of data is required to calculate change over time.

LIVING EXPENSES

Living expenses are the third ranked component in the FCI since 2013. This has positive implications for the insurance industry, as lower concern over living expenses suggests consumers have more income available for their remaining financial priorities.

Figure 7 — Living Expense Component

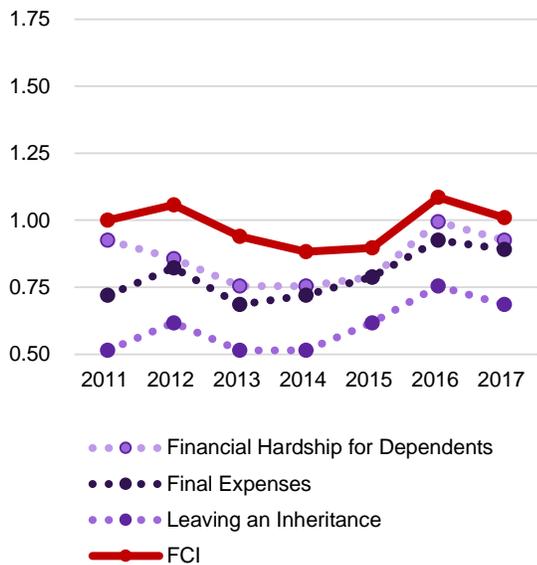


- Concern over rent/mortgage declined by 10 points, which roughly equals the 10 point drop in concern over monthly expenses.
- However, concern over credit card debt increased by 3 points (3 percent) this year. This is the only item in the FCI registering an increase in concern over 2016.

LIFE COVERAGE

Concern over life coverage dropped slightly this year. Concern over leaving an inheritance declined the most of these three items, suggesting the market for wealth transfer policies may be less robust than last year.

Figure 8 — Life Insurance Component



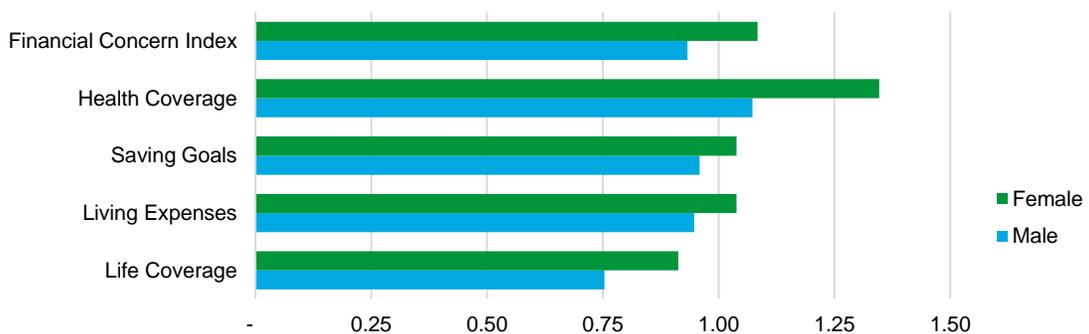
What Demographic Differences Exist in the FCI?

Women express significantly higher levels of financial concern than men (Figure 9).

- There are significant differences between genders on all three health coverage items.
- Large differences also exist on the retirement and emergency fund items.
- Among living expenses, there are differences related to monthly bills.
- On the life coverage items, women are more concerned about the financial security of dependents and final expenses

- The top-rated concern in this area is the thought of leaving dependents with financial hardship due to a premature death. Concern on this item dropped by 7 percent this year.
- The second highest life coverage concern is for final expenses and burial costs. Several LIMRA studies indicate this is the most commonly cited reason for owning life insurance.
- Leaving an inheritance is the lowest-rated concern among all 12 items in the FCI.

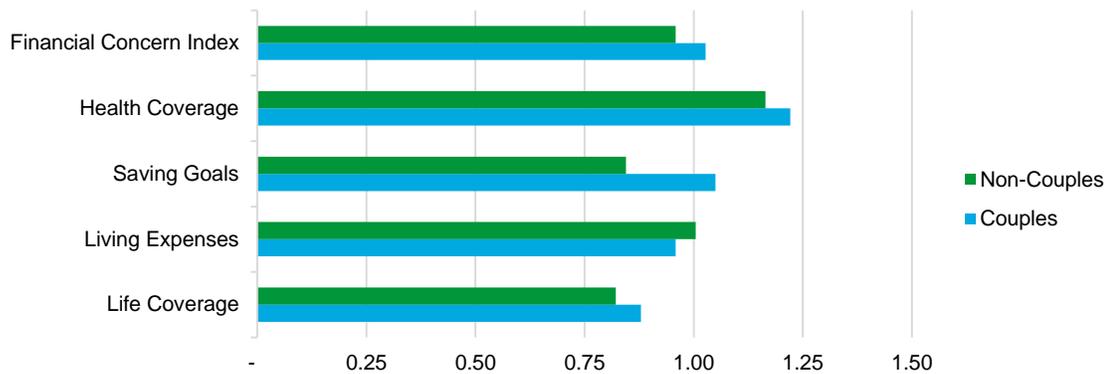
Figure 9 — Financial Concerns by Gender



Couples express higher levels of financial concern than non-couples do (Figure 10).

- The largest difference is among saving goals, where couples express significantly more concern over their dependent’s education expenses and investments.
- In health coverage, couples express more concern over long-term care expenses.
- Among life coverage, couples have more concern over leaving their dependents with a financial hardship due to premature death.
- Couples are less concerned about living expenses; in particular, they are significantly less concerned about monthly bills.

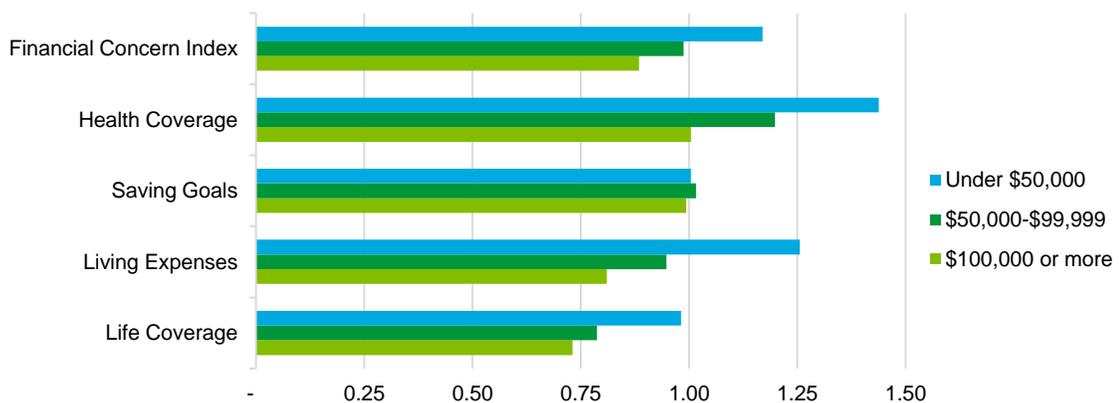
Figure 10 — Financial Concerns by Marital Status



Financial concerns tend to decline as household income increases (Figure 11).

- The one area where financial concerns increase with income is on saving goals.
- When household incomes reach \$50,000 and over, consumers become significantly more concerned about their investments.
- In households earning under \$50,000, consumers express significantly more concern over saving for a comfortable retirement.

Figure 11 — Financial Concerns by Household Income



Financial concerns tend to decline as people get older.

- Seniors (ages 65 and over) generally have the lowest level of financial concern.
- The one area where seniors express significantly higher concern is for long-term care expenses.
- Millennials have the highest levels of concern, presumably because they are becoming aware of these issues but have not had time to solve many.

STICKY VERSUS ELASTIC CONCERNS

Ratings for some financial concerns vary more than others from year to year. The items for which concern levels remain steady are “sticky concerns,” or the type that demand consistent attention from consumers (Figure 12).

Elastic concerns are the items for which concern levels vary more frequently or more widely. It’s important to understand when concern levels on these items are changing, as they will dominate more of the consumers’ attention when they rise.

Figure 12 — Sticky Financial Concerns



Protection Against Loss

LIFE INSURANCE

Close to 60 percent of respondents have some form of life insurance protection (Figure 13). Most owners have either individual insurance or group insurance obtained through their employer; only 20 percent have both.

People generally see a need for life insurance, particularly for individuals with young children or disabled family members (Figure 14).

Respondents deem life insurance more necessary for married individuals than for single individuals, even when we present respondents with identical life scenarios for each. Perhaps we need to reconsider how we present life insurance, identifying the ways in which single people are using life products, and use these in marketing messages.

Figure 13 — Life Insurance Ownership

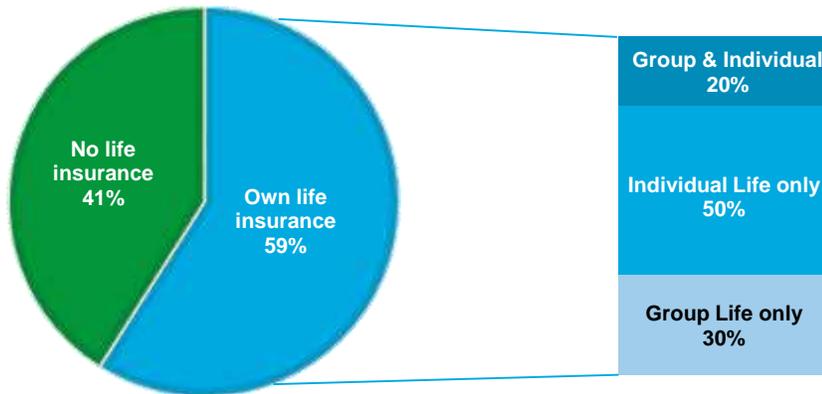
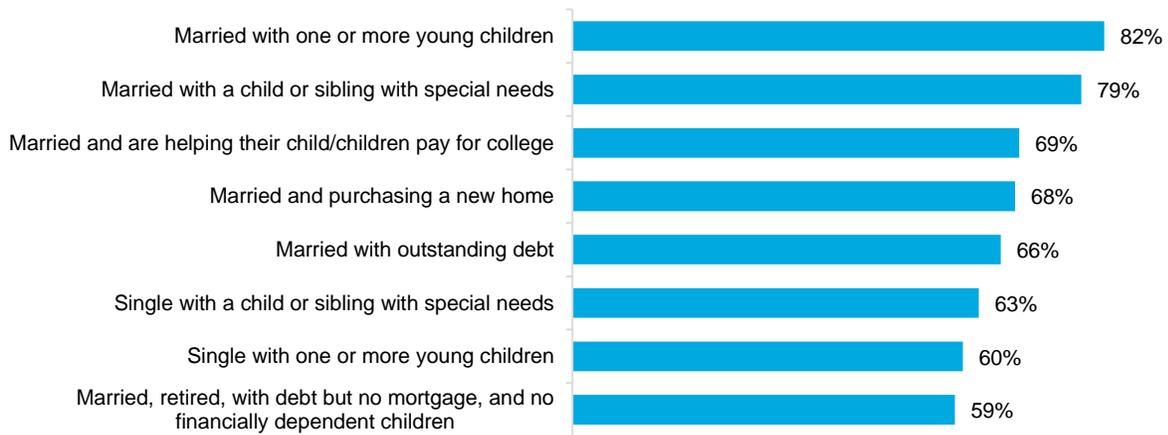


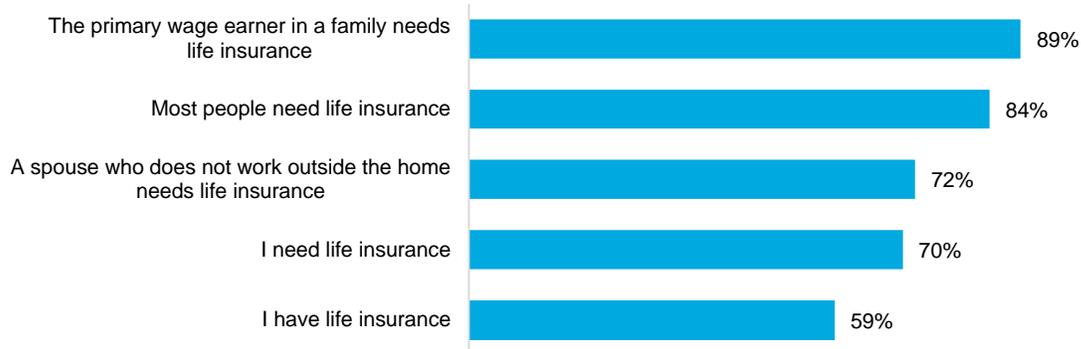
Figure 14 — Who Needs Life Insurance?

Respondents Say Someone Who Is...



Though people recognize the life insurance need for a variety of individuals, **there are some inconsistencies when they examine the need for themselves** (Figure 15).

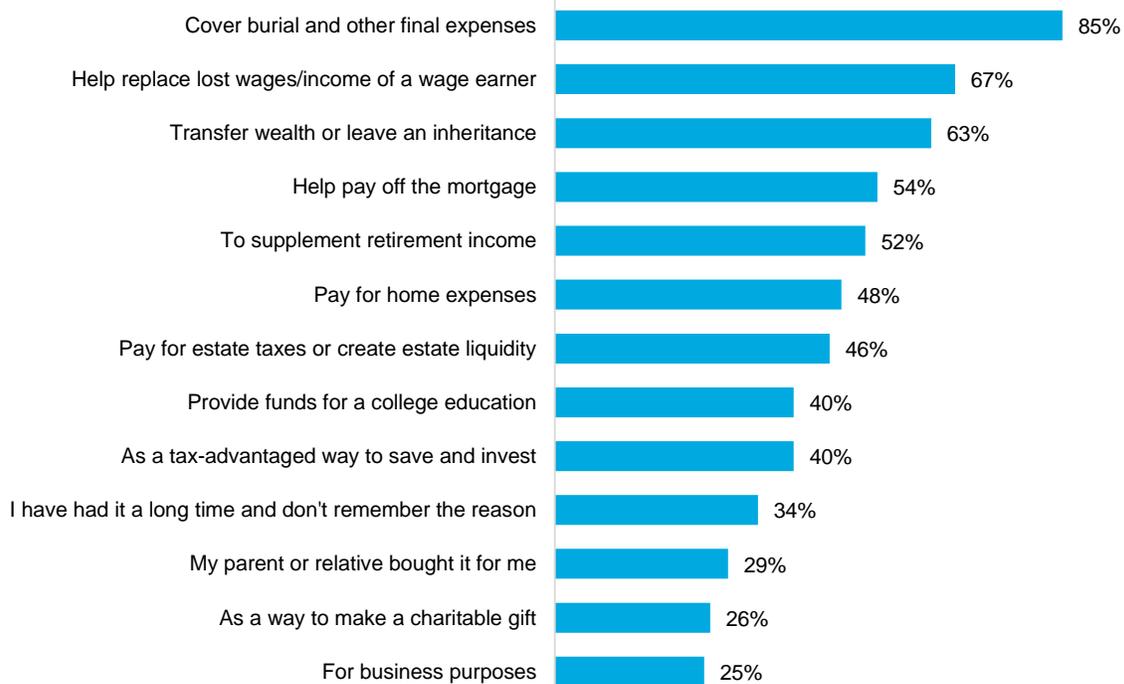
Figure 15 — Life Insurance Attitudes and Ownership



REASONS FOR OWNING LIFE INSURANCE

Year after year, **respondents who own life insurance continue to say a major reason they have it is to cover their funeral and final expenses** (Figure 16). The top five reasons for owning life have remained consistent until this year. **The new member of the fab five? Purchasing life insurance to supplement retirement income.** Given the space that retirement concerns occupy in a consumer’s financial mindset, the connection between life insurance and retirement is a good sign for the industry.

Figure 16 — Reasons for Owning Life Insurance



PROTECTION PRODUCTS

People who own life insurance are more likely to own other financial products that protect against loss (Table 1).

Most respondents own health and auto insurance. Homeowners insurance is a distinguishing factor between those that own any type of life insurance, particularly for those who own both group and individual life. This group of individuals that own both group and individual life are the most covered by other types of protection products.

Among those without life insurance, almost 1 in 4 have insurance for their cell phones. In fact, there are two distinct groups for those without life insurance. One group of individuals are less likely to own any of the insurance products shown in Table 1, whereas the other group is likely to own appliance warranties, computer warranties, and cell phone insurance. The industry may access some of this market via messages about the value of life insurance.

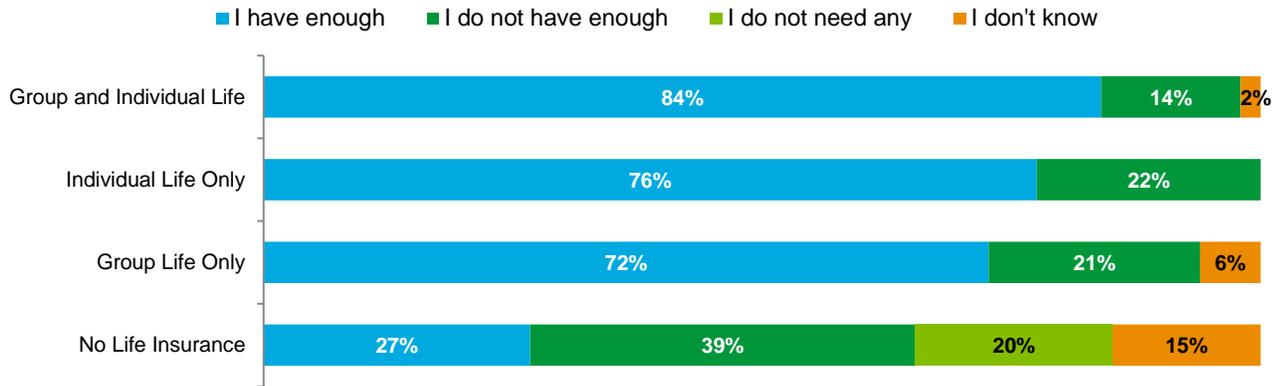
Table 1 — Protection Product Ownership by Life Ownership

	No life insurance	Individual life only	Group life only	Individual and group life
Auto insurance	79%	89%	93%	98%
Health/medical insurance	74%	88%	90%	95%
Homeowners	43%	65%	66%	88%
Disability insurance	7%	16%	36%	52%
Insurance for Mobile Device	24%	30%	35%	45%
Appliance warranties	21%	29%	34%	39%
Computer warranties	20%	23%	29%	36%
Long-term care	5%	14%	20%	35%
Travel insurance	7%	10%	18%	23%
Kitchenware warranties	10%	12%	16%	21%
Pet insurance	7%	11%	15%	21%
Renters insurance	11%	10%	12%	6%

FEELINGS ABOUT OWNERSHIP

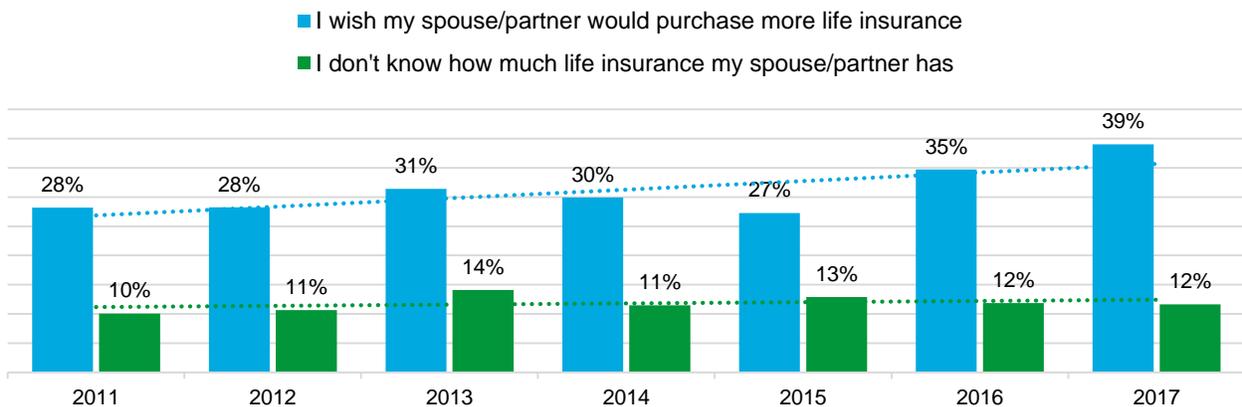
Almost one in three respondents indicate that they do not have enough life insurance. LIMRA research shows that this number is actually higher, and many consumers are not accurately estimating their life insurance need.¹

Figure 17 — Perceptions of Life Insurance Coverage



Thirty-nine percent of people wish their spouse or partner would purchase more coverage. Figure 18 shows a 10-point increase from 2011. Also of concern, yet more stable, are the additional 12 percent who aren't sure how much life insurance protection their spouse or partner has.

Figure 18 — Adequacy of Spouse/Partner's Life Insurance



¹ [U.S. Individual Life Ownership Trends](#). LIMRA, 2016.

LONG-TERM CARE AND DISABILITY INSURANCE

Life insurance is not the only protection product where perceived need does not align with consumer behavior. In fact, the need versus ownership gap is even more pronounced for long-term care insurance (Figure 19) and disability insurance (Figure 20).

Long-term care products have become less and less common due to the cost of these products for companies and therefore, consumers. Though these products may not be popular, the need for long-term care protection remains. The industry is faced with the challenge of designing and marketing attractive combination products so that the vast long-term care needs can be addressed.

Figure 19 — Long-Term Care Insurance Attitudes and Ownership

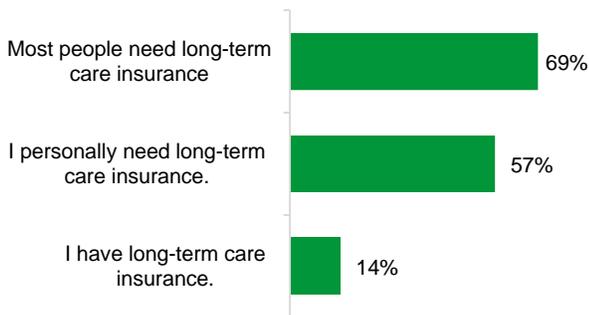
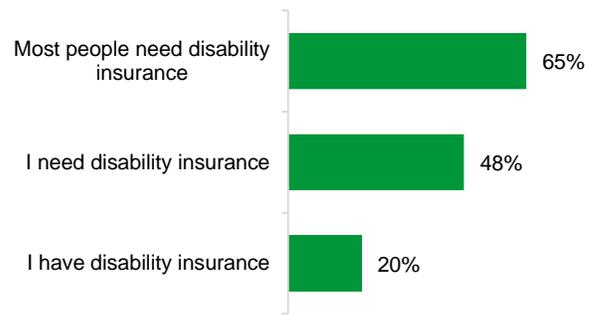


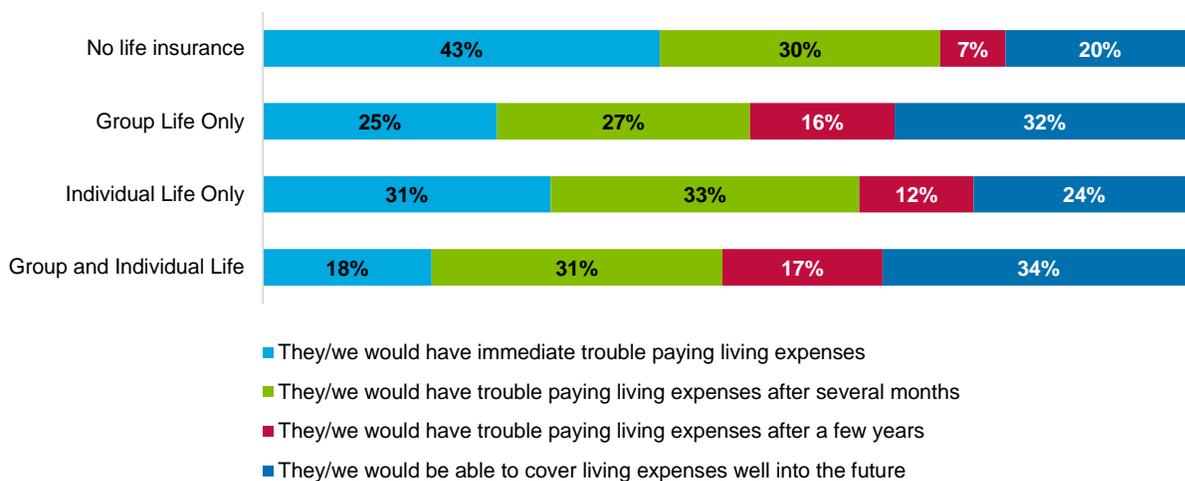
Figure 20 — Disability Insurance Attitudes and Ownership



FINANCIAL IMPACT OF LOSS

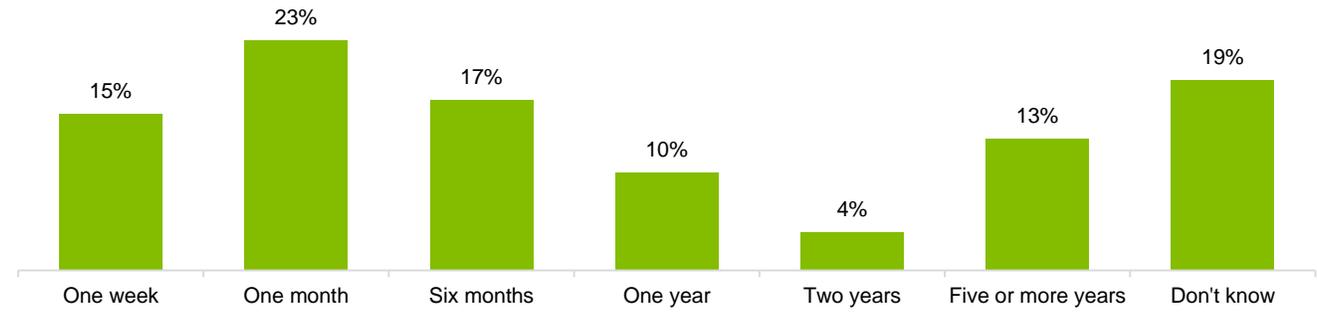
Figure 21 shows that **4 in 10 households without any life insurance would have immediate trouble paying living expenses if they were to lose their primary wage earner.**

Figure 21 — Time Before Surviving Members of a Household Have Trouble Paying Living Expenses



More than half of respondents would feel the financial impact from the loss of their primary wage earner in just six months, and more than a third would feel the impact in a month or less (Figure 22). People without life insurance are twice as likely to feel the impact in one week. Otherwise, ownership does not have a significant impact on results, indicating that many with coverage either need more, or don't understand the benefits of their policy.

Figure 22 — Time it Would Take to Feel Financial Impact from Loss of Primary Wage Earner



Purchase Barriers

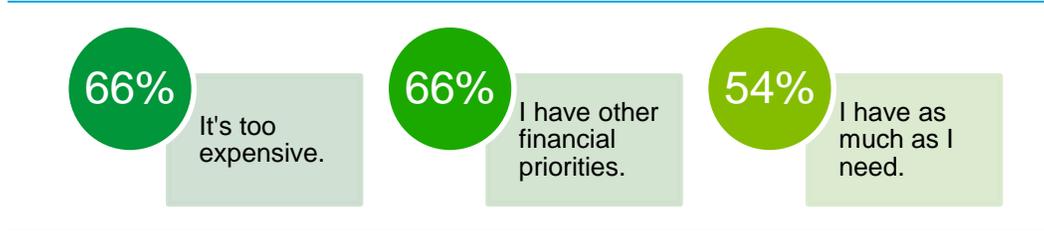
There is a gap between the life insurance need and ownership rates. What is preventing people from purchasing life insurance in general, or from purchasing more life insurance to fill their coverage gap?



REASONS PEOPLE DON'T PURCHASE LIFE INSURANCE

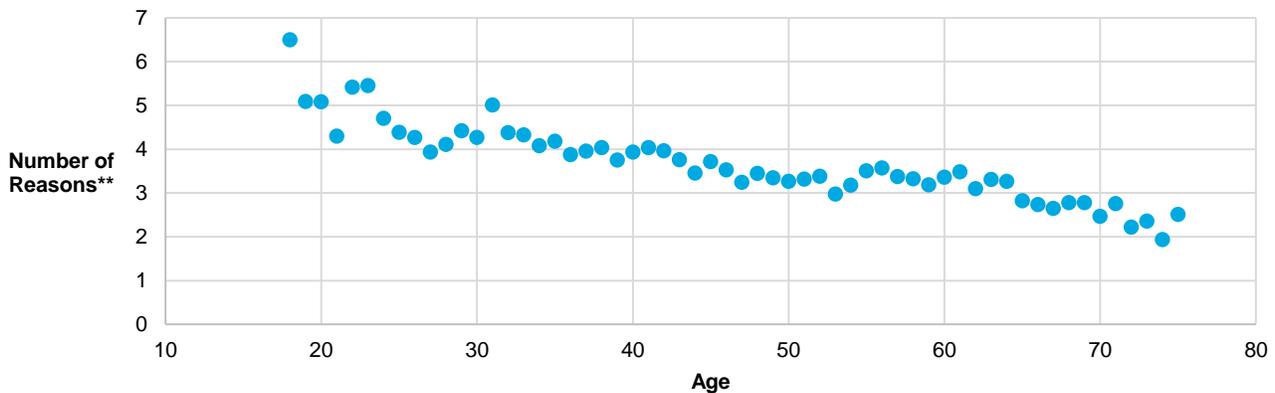
There are **only three reasons consistently reported by more than half of respondents each year regarding why people don't purchase life**. They think life insurance is too expensive, they have other financial priorities, or they believe they already have enough (Figure 23).

Figure 23 — Reasons People Don't Purchase Life Insurance



The number of reasons preventing individuals from purchasing more insurance decreases as consumers age and, most likely, become more financially secure.

Figure 24 — Reasons Preventing Respondents from Buying Life Insurance/More Life Insurance*

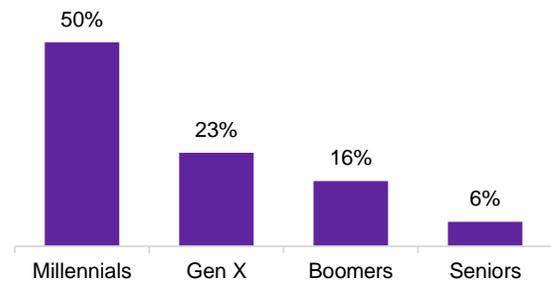


*Includes data from all respondents from 2011 through 2017
 **Includes both major and minor reasons

The extent that individual barriers contribute to the negative relationship between age and purchase barriers varies. However, there are some pronounced differences across age groups on the reasons behind their hesitation to purchase life insurance.

Figure 25 shows that almost half of millennials indicate that lack of approach by life insurance agents is a contributing factor to why they don't have any life insurance or more life insurance.

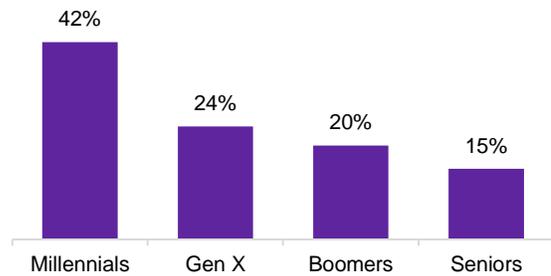
Figure 25 — No One Has Approached Me



Another age-based difference — regarding concern for qualifying as a barrier to purchasing life insurance — implies the low level of understanding many younger consumers have (Figure 26).

Younger individuals are actually much more likely to qualify for lower rates of coverage. However, age-based concern for this item does not reflect this reality. The industry needs to correct the inaccurate perceptions of individuals to fill the life insurance coverage gap.

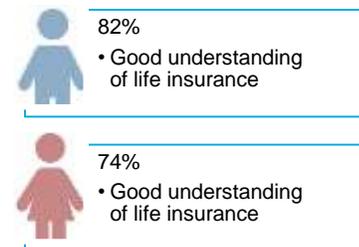
Figure 26 — Would Not Qualify for Coverage



The unrealistic doubts millennials have about qualifying for coverage shows us that consumers maintain inaccurate perceptions about the feasibility of life insurance purchase.

Another gap in life insurance awareness and understanding exists between men and women. Men consistently rate their own understanding of life insurance higher each year (see 2017 findings in Figure 27).

Figure 27 — Gender Differences in Life Insurance Knowledge and Comprehension



As mentioned previously, nearly two-thirds of respondents say they have other financial priorities that prevent them from purchasing life insurance (or more life insurance). Table 2 shows the specific financial priorities that serve as life insurance purchase barriers.

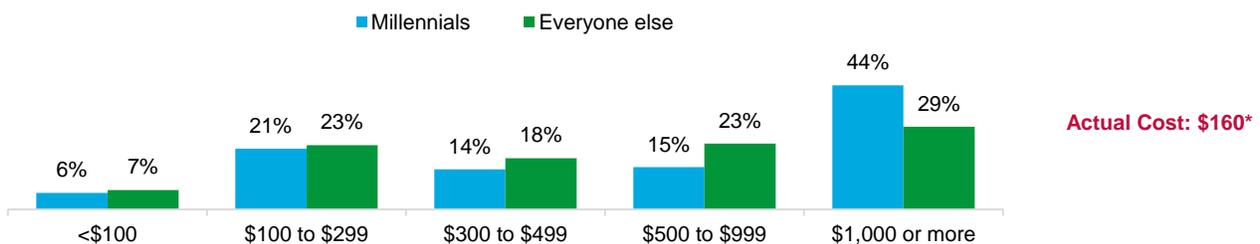
Table 2 — Financial Priorities Keeping Consumers from Buying Some or More Life Insurance by Age

	Age Group				
	Total	Millennial	Gen X	Boomers	Seniors
Cost of living expenses (rent, mortgage, groceries, electricity, etc.)	62%	61%	60%	65%	64%
Additional living expenses (internet, cable, cell phone(s), etc.)	50%	57%	48%	45%	38%
Building savings account(s) or emergency fund(s)	39%	46%	36%	36%	22%
Managing accumulated debt (credit card, other loans, etc.)	38%	40%	40%	39%	28%
Saving for retirement	34%	37%	33%	37%	20%
Health expenses	32%	30%	32%	36%	27%
Day-to-day recreational activities (going out to eat, movies, shopping, etc.)	26%	38%	20%	15%	11%
Saving or paying for a new car, boat, or home	25%	37%	20%	14%	10%
Saving or paying for college or student loans	21%	32%	26%	4%	1%
Vacation(s)	17%	23%	16%	9%	7%
Other	11%	5%	12%	11%	32%

ESTIMATED COST OF TERM INSURANCE

Many have put off buying life insurance based on the belief that it costs too much, but consumers tend to overestimate the price. For instance, when asked how much a \$250,000 term life policy would be for a healthy 30-year-old, the median estimate was \$500 — more than three times the actual cost.² Millennials, in particular, offer high estimates of the cost of life insurance (Figure 28).

Figure 28 — Estimated Yearly Cost for a \$250,000 Term Policy for a Healthy, Non-Smoking 30-Year Old



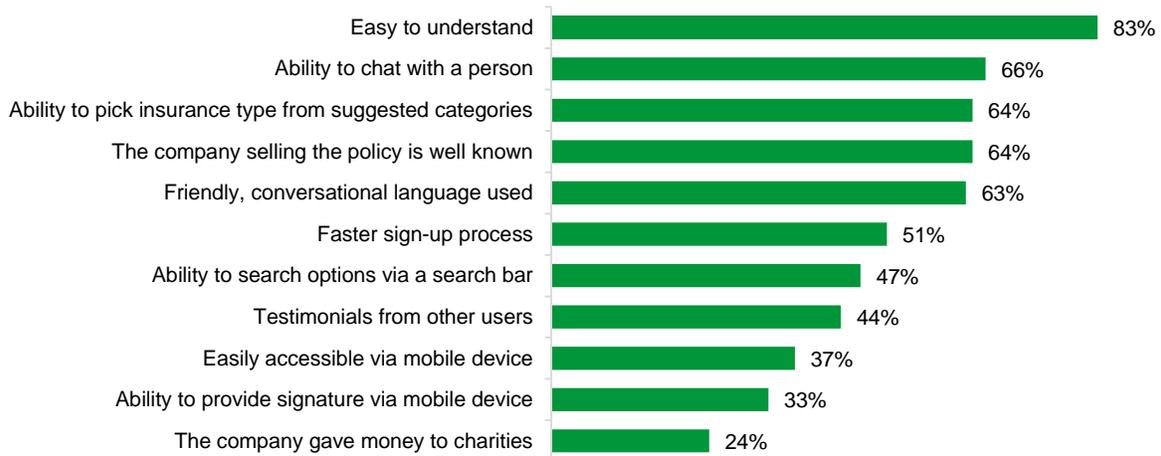
*Best annual cost of a 20-year, \$250,000 level-term policy for a healthy, non-smoking 30-year-old consumer, as quoted by Quick Life Center

² Estimated cost based off of the median response of all respondents.

Filling the Gap

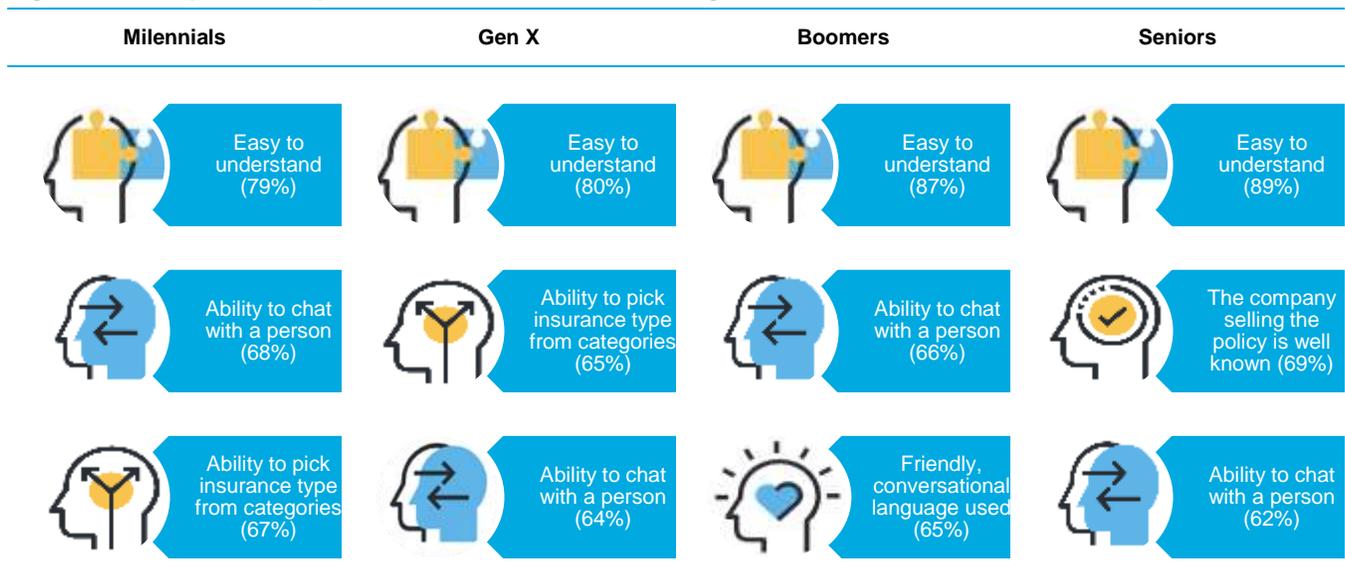
In addition to educating consumers, the industry needs to align with consumers' preferences for making purchases. We asked consumers to indicate the importance of various factors for buying life insurance. As you can see in Figure 29, **an overwhelming majority consider “easy to understand” very or extremely important.**

Figure 29 — Factors Considered Very or Extremely Important When Buying Life Insurance



In general, respondents who own life insurance consider more factors to be important than those who do not. Factors deemed most important in the purchase of life insurance vary by age group (Figure 30).

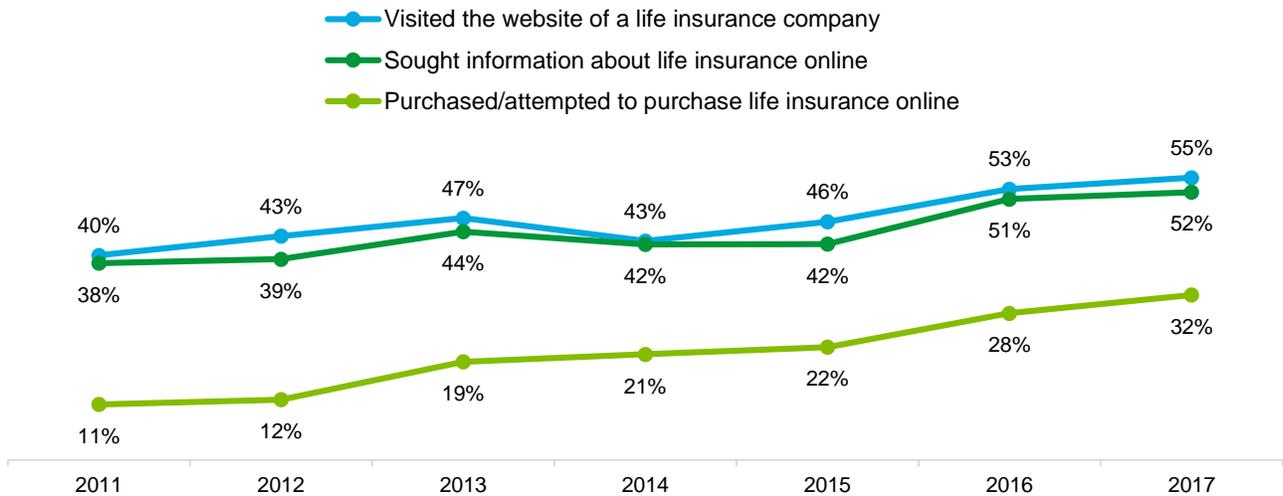
Figure 30 — Top Three Important Factors When Purchasing Life Insurance



The idea of simplicity dominates the consumer’s world in today’s technology-driven dynamic times. It is no surprise that there is an increased desire to purchase financial products like life insurance online. Though, simplicity is something the life insurance industry struggles with, online engagement with life insurance is increasing.

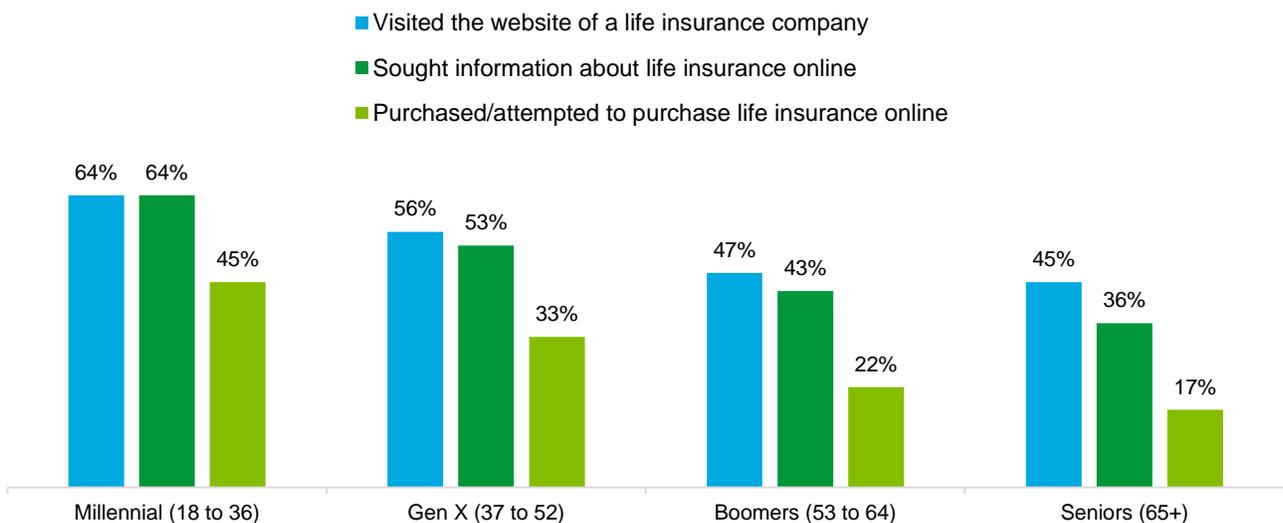
Online purchase attempts have tripled since the Barometer’s inception in 2011.

Figure 31 — Online Activities Related to Life Insurance



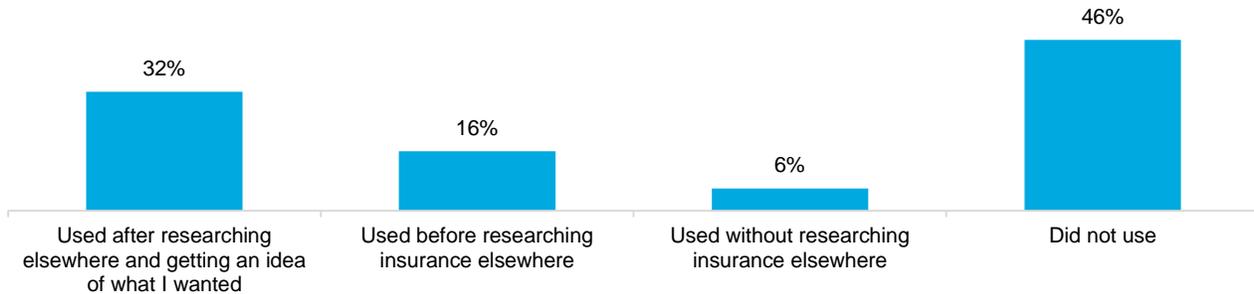
Online engagement with life insurance varies by age (Figure 32).

Figure 32 — Online Activities Related to Life Insurance by Age



Half of individuals that have sought life insurance information or attempted to purchase life insurance online indicate use of insurance comparison/quoting sites like selectquote.com or accuquote.com. The ways in which respondents use quoting sites are shown in Figure

Figure 33 — Use of Insurance Comparison/Quoting Websites



Among younger age groups, the use of insurance comparison/quoting sites is more common (Table 3).

Table 3 — Use of Insurance Comparison/Quoting Websites by Age

	Millennial	Gen X	Boomers	Seniors
After researching insurance elsewhere and getting a good idea of what I wanted	46%	26%	18%	17%
Yes, before researching insurance elsewhere	22%	13%	15%	3%
Yes, without researching insurance elsewhere	4%	5%	12%	3%
No	29%	56%	55%	77%

The Barometer's 2017 Hot Topics

THE HERE AND NOW: SIMPLIFIED UNDERWRITING

Today, insurance companies are focused on two components of underwriting:

1. Faster time from application to issue
2. Synthesizing the most relative and predictive data

To do this, some companies are selling simplified issue products through simplified underwriting. Simplified underwriting makes use of publically available data for risk classification decisions used for life insurance pricing. This approach would allow individuals to purchase life insurance without providing blood and fluids for medical testing.

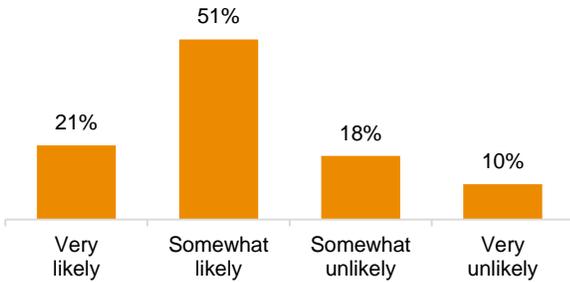
Table 4 — Clarifying Key Terms

Simplified Underwriting	Makes use of publically available data for risk classification decisions for life insurance pricing, enabling purchase without requiring blood and fluids for medical testing.
Accelerated Underwriting	The process of gathering non-medical and medical information, customized to individuals.
Simplified Issue	Rather than undergoing a medical exam, the individual answers a few questions about medical history for a life insurance application.
Guaranteed Issue	Insurance coverage obtained without answering any medical questions or going through a medical exam. Individuals qualify for coverage, regardless of health.

Consumer Interest

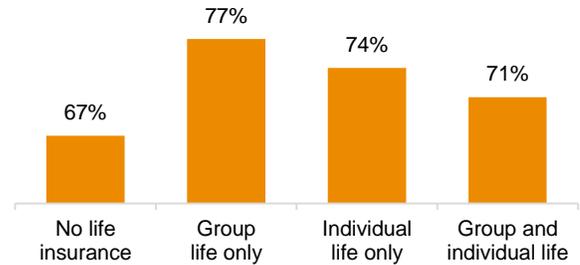
Seven in 10 respondents indicate they would be likely to purchase life insurance priced by using data and without a physical exam (Figure 34).

Figure 34 — Likelihood to Purchase Life Insurance Priced Without a Physical Exam



If we take a closer look at this question by life insurance ownership status, we can see there may be a valuable opportunity to target individuals with group insurance only (Figure 35).

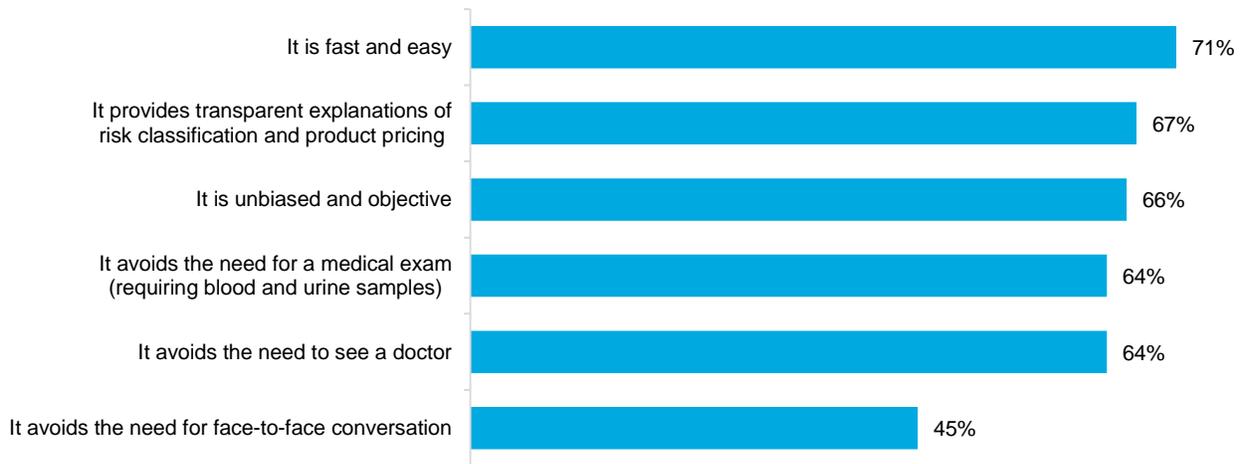
Figure 35 — Likelihood to Purchase Life Insurance Priced Without a Physical Exam by Life Insurance Ownership



To understand consumer interest, we asked consumers to indicate how appealing they find the benefits of simplified underwriting. These results are shown in Figure 36.

Figure 36 — Benefits of Simplified Underwriting: Appeal to Consumers

Respondents who indicated the benefit was extremely or very appealing



The goal of simplified underwriting is to help agents target individuals with lower household income. However, it is actually respondents with higher incomes that are most comfortable purchasing life insurance without submitting to medical testing.

Table 5 — Benefits of Simplified Underwriting: Appeal to Consumers

Respondents who indicated the benefit was extremely or very appealing

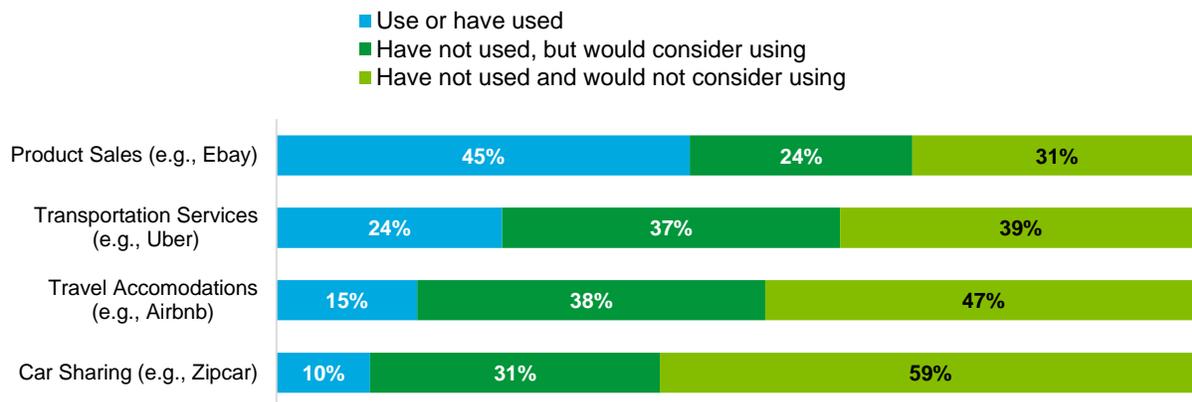
	Total	<\$50K	\$50K to \$99.9K	\$100K+	Millennial	Gen X	Boomers	Seniors
It is unbiased and objective	66%	61%	66%	72%	67%	69%	65%	61%
It eliminates the need for face-to-face conversation	45%	40%	45%	52%	53%	46%	41%	33%
It eliminates the need to see a doctor	64%	62%	65%	65%	65%	65%	64%	60%
It eliminates the need for a medical exam	64%	62%	65%	66%	65%	65%	64%	60%
It is fast and easy	71%	67%	72%	75%	74%	72%	70%	61%
It provides transparent explanations of risk classification and product pricing	67%	64%	64%	73%	70%	68%	64%	63%

NOW FOR SOMETHING COMPLETELY DIFFERENT ... P2P BUSINESS MODELS

Peer-to-peer — or P2P — are decentralized business models where two individuals interact to buy or sell goods and services directly with each other without intermediation by a third party company or business. The buyer and the seller transact directly with each other.³

Figure 37 shows respondents' interactions with P2P business models.

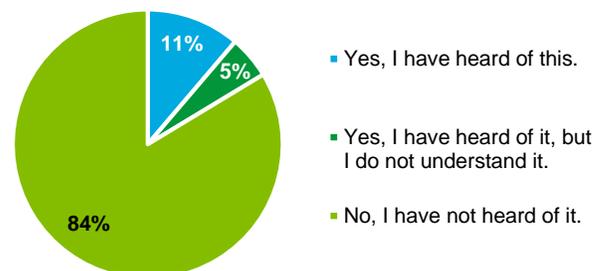
Figure 37 — Use of Peer-to-Peer Business Models



Peer-to-Peer (P2P) insurance is an emerging trend in the insurance industry using peer-to-peer business models to provide various types of insurance coverage. Individuals form groups based on coverage type needed, and buy into insurance coverage on a monthly basis. Unused money in the pool is considered the policyholders', and a percentage is either returned to policyowners or donated to the group's preferred charitable causes. These ventures provide an experience that is easy, fast, transparent, and geared towards online/mobile applications.

Lemonade is a P2P program for renters and homeowners insurance for residents in New York City. We asked respondents if they had heard of this program (Figure 38).

Figure 38 — Consumer Familiarity with Peer-to-Peer Insurance



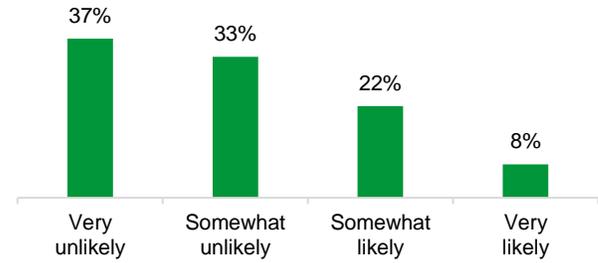
³ <http://www.investopedia.com/terms/p/peertopeer-p2p-economy.asp>

Some argue that P2P models have been around in the insurance industry for over a century, in the form of mutual fund companies. Part of the P2P model is the inclusion of a simple, user-friendly digital platform. The fact that consumers can opt into insurance plans on their own in these online communities, removes the company's overhead costs, allowing savings to be passed on to individuals.

Friendsurance in Berlin, Germany is a pioneer of the P2P insurance model, striving through innovation to simplify insurance and provide a transparent and seamless process for individuals. Through this program, individuals form groups based on similar coverage needs, and receive payments for losses that do not occur during that year. The sense of community they provide is the innovative part of the P2P insurance story.

We asked respondents how likely they would be to purchase life insurance via a peer-to-peer platform if available (Figure 39). Insurance companies should pay attention to the design of P2P insurance platforms, as they are likely going to drive innovation, transforming customer experience in the industry.

Figure 39 — Willingness to Purchase Life Insurance Using a Peer-to-Peer Method



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