



Asteron Life Insurance Index 2023



Supporters for life

Introduction

Welcome to the 2023 Asteron Life Insurance Index.

As we navigate through challenging times, the importance of protecting what matters most to individuals cannot be overstated. Life and disability insurance offers a unique opportunity to provide individuals with reassurance and peace of mind. However, there is inconsistent understanding regarding the scope of life insurance coverage, particularly in a challenging economic environment. This presents an opportunity for life insurance advisers to leverage their deep expertise in helping individuals make well-informed decisions and feel confident about their life insurance choices.

To empower life insurance advisers in their role, Asteron Life has conducted dedicated research for the second consecutive year to develop the 2023 Asteron Life Insurance Index. This comprehensive Index draws upon a nationally representative sample of life insurance customers in New Zealand. It aims to provide life insurance advisers with a holistic perspective on how individuals perceive life insurance and the role of advisers in this context. By leveraging the insights from this Index, advisers can better serve their clients and address their unique needs.

This report examines the impact of the economy on insurance behaviors and attitudes, provides strategies for advisers to increase client satisfaction and engagement, and highlights opportunities for advisers to offer proactive advice during life changes. It also offers insights on building client recommendations.

The purpose of this report is to provide valuable insights into the attitudes and behaviors of individuals regarding life insurance. By gaining a deeper understanding of life insurance customers, industry professionals can effectively cater to the diverse, complex, and significant needs of this audience.

We trust that these insights will be beneficial to you.

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The Findings



The 2023 Asteron Life Insurance Index explores consumer decision factors and potential adviser strategies for growth in life insurance, focusing on:

- Economic Impact on Insurance Behaviour
- Enhancing Adviser Satisfaction
- Optimising Client Engagement
- Supporting Insurance Decision Making
- The Role of Advice and Expertise
- Encouraging Referrals and Recommendations

These topics will be explored in detail in this report.

Key Findings Summary

This year's research results uncovered many opportunities for advisers to grow their business and this report explores these findings:

Economic Impact on Insurance Behaviour

Key learning:

Cost pressures are on clients' minds, and it is likely that they have concerns about maintaining financial stability and meeting their expenses.

Implication for advisers:

By addressing clients' concerns about cost pressures and offering personalised guidance, advisers can play a vital role in helping clients navigate the challenges of managing living expenses. In particular, open and transparent communication with clients regarding premium increases and any changes in their insurance policies is important. Clearly explain the factors driving the cost adjustments, emphasising the value and benefits they receive in return.

Key learning:

Due to the impact of economic events, 31% of policyholders are reconsidering their insurance coverage.

Implication for advisers:

To effectively support clients during difficult economic conditions, it is crucial for advisers to maintain regular communication, understand how clients are coping with these challenges, and offer guidance to assist them in making informed decisions regarding their insurance coverage.

Key learning:

Satisfied advised clients are more likely to have advisers who prioritise delivering the best value policies.

Implication for advisers:

Advisers can enhance client satisfaction by showcasing how the policies they offer deliver value for money, rather than solely focusing on the cheapest price available. This approach shifts the focus from price alone to the overall value proposition, enabling clients to make informed decisions based on the benefits and suitability of the policies offered.

Enhancing Adviser Satisfaction

Key learning:

Client satisfaction with their adviser shows a slight decrease, from 49% in 2022 to 46% this year.

Implication for advisers:

Considering the turbulence experienced in the last year, the decline in client satisfaction with their adviser may be attributed to external factors. As a result, it is important to monitor this data in the coming years to identify any clear trends that may emerge. Advisers may need to put in extra effort to meet client expectations and address the challenges posed by the changing landscape.

Key learning:

Clients who maintain regular contact with their advisers and have collaborative relationships demonstrate significantly higher levels of satisfaction.

Implications for advisers:

Proactively reaching out to clients on a regular basis, ideally annually, and actively collaborating with them to identify their insurance needs and address any changes is an excellent approach for advisers to foster and encourage high levels of client satisfaction.

Key learning:

Satisfied clients highly value their advisers for their expertise and personalised support.

Implications for advisers:

To enhance satisfaction levels, advisers could explore strategies to provide warm and personalised service to clients. It is crucial for advisers to demonstrate their knowledge and expertise, showcasing the value they bring to clients. By delivering tailored experiences and demonstrating their competence, advisers can effectively build satisfaction among their clientele.

Optimising Client Engagement

Key learning:

The quality of client contact plays a crucial role in client satisfaction. When clients have discussions with their adviser that they find helpful, they are significantly more likely to be satisfied with their adviser.

Implication for advisers:

Advisers should carefully consider how to effectively deliver conversations that become significant "moments of truth" in building strong and enduring relationships with their clients. These moments of truth refer to pivotal interactions that have a lasting impact on the client-adviser relationship.

Key learning:

The most helpful discussions between advisers and clients are typically those that centre around specific and relevant insurance topics, and changes in personal circumstances, rather than mere casual conversations. These discussions are particularly effective when they are proactively initiated by the adviser.

Implications for advisers:

In order to make client conversations valuable and impactful, advisers can approach them with careful planning and consideration. By proactively planning the contact, advisers can ensure that the discussions revolve around relevant topics that help clients feel confident in their insurance coverage.

Supporting Insurance Decision Making

Key learning:

Clients who are considering increasing their insurance are far more likely to have advisers who have proactively contacted them and provided information on alternative or new policies.

Implications for advisers:

Proactive contact and providing relevant, useful information about insurance can help advisers to develop supportive relationships that are more likely to lead to clients being open to increasing their insurance when appropriate.

Key learning:

It is concerning that 41% of advised clients who are considering decreasing their insurance cover plan to do so without seeking their adviser's guidance. This highlights a missed opportunity for clients to benefit from the expertise available to them when making important decisions.

Implications for advisers:

Advisers should actively engage in their clients' decision-making processes, especially when those decisions impact their protection. By providing guidance, expertise, and personalised support, advisers can ensure that clients make informed choices that align with their needs and priorities.

The Role of Advice and Expertise

Key learning:

Individuals are increasingly determining their insurance coverage levels on their own without seeking professional advice. This shift is reflected in the increasing number of people who claim to be working out their insurance coverage on their own.

Implication for advisers:

This approach is risky, as individuals may not possess the same level of knowledge and expertise as insurance advisers. Without professional guidance, there is a higher likelihood of making suboptimal coverage decisions or overlooking important aspects of insurance planning. By effectively communicating the benefits of working with an expert, advisers can encourage individuals to seek professional guidance and ensure they are adequately protected.

Key learning:

While there has been an increase in the number of individuals who are unsure about their insurance coverage (7% in 2022 to 10% this year), it is noteworthy that advised clients, particularly those who worked with an adviser to determine their coverage, are more likely to report feeling completely covered.

Implications for advisers:

This demonstrates the positive impact of professional advice in helping individuals make informed decisions about their insurance needs. Advisers play a crucial role in assessing clients' specific requirements, identifying potential coverage gaps, and recommending appropriate insurance solutions to help clients achieve a higher level of confidence in their coverage.

Key learning:

Despite a total of 67% experiencing life changes that could have implications for their insurance, it appears that many are not utilising the opportunity to discuss these changes with their adviser.

Implications for advisers:

Advisers should educate clients about the importance of updating their insurance to reflect life changes and consider the need to proactively reach out to them rather than relying on clients to initiate contact.

Encouraging Referrals and Recommendations

Key learning:

While 53% of clients are willing to refer their adviser, only 22% of clients have been approached for referrals.

Implication for advisers:

Advisers should actively engage their clients and request referrals to expand their client base. They could also consider developing user-friendly websites and providing business cards to facilitate referrals. While incentives can be appreciated, they are considered less crucial in the referral process.

Key learning:

68% of clients who are satisfied with the services provided by their adviser are likely to recommend their adviser to others.

Implication for advisers:

A crucial aspect of attracting recommendations is cultivating strong service relationships that prioritise client satisfaction.

Key learning:

Advisers who maintain regular and proactive communication with their clients are more likely to receive recommendations.

Implication for advisers:

This emphasises the significance of maintaining regular contact with clients, particularly when it comes to reviewing insurance needs.

Please note not all sets of data will equal 100% due to the fact that some questions allowed multiple responses to be selected.

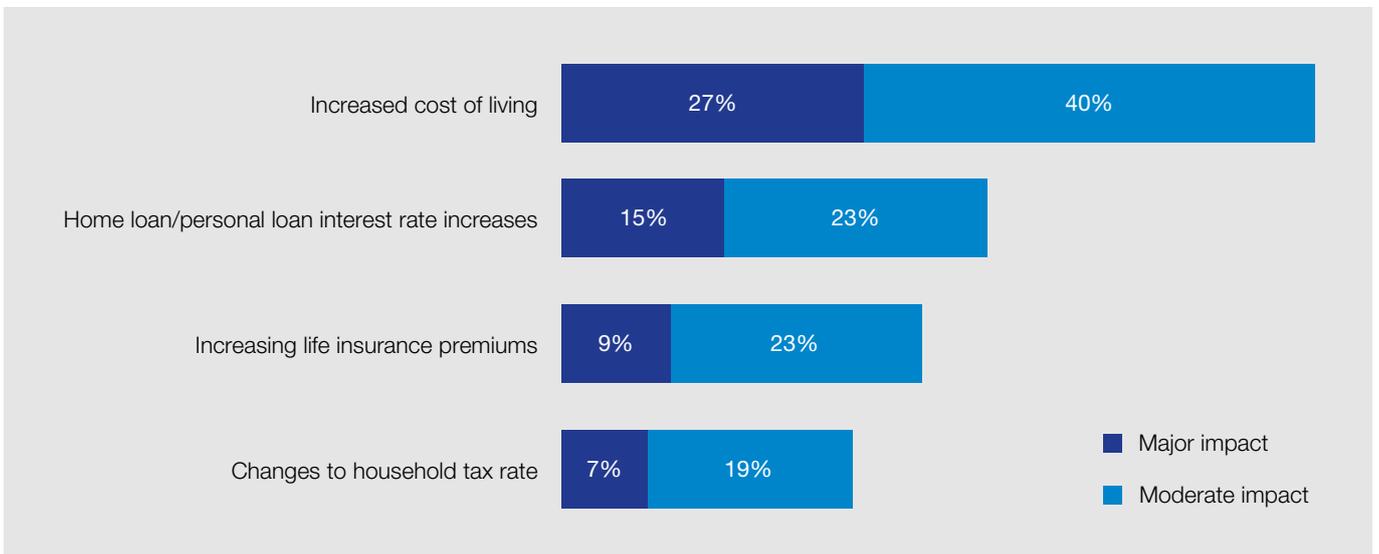
ECONOMIC IMPACT ON INSURANCE BEHAVIOUR

Understanding the economic influences on consumer decision making is important for advisers. By recognising how economic factors shape consumers' choices, advisers can tailor their strategies and offerings accordingly. This knowledge enables advisers to better cater to consumer needs, including identifying concerns, anticipating behaviour patterns, and making well-informed decisions to assist clients in optimising their insurance choices.

Our data reveals that nearly 70% of life insurance policyholders experience moderate to major impacts from rising living expenses, with 38% affected by interest rate hikes and 32% affected by escalating life insurance premiums (refer to Figure 1.1).

During these turbulent times, advisers can provide valuable support to clients trying to manage their financial risks and responsibilities. This could involve engaging in personalised discussions with clients about their unique circumstances and addressing any concerns they may have. Advisers should also ensure transparent communication regarding the reasons for any premium increases, providing clients with a clear understanding of the factors impacting their policies. By engaging in these conversations and providing valuable insights, advisers can guide clients through uncertainty and empower them to make well-informed decisions about their insurance needs.

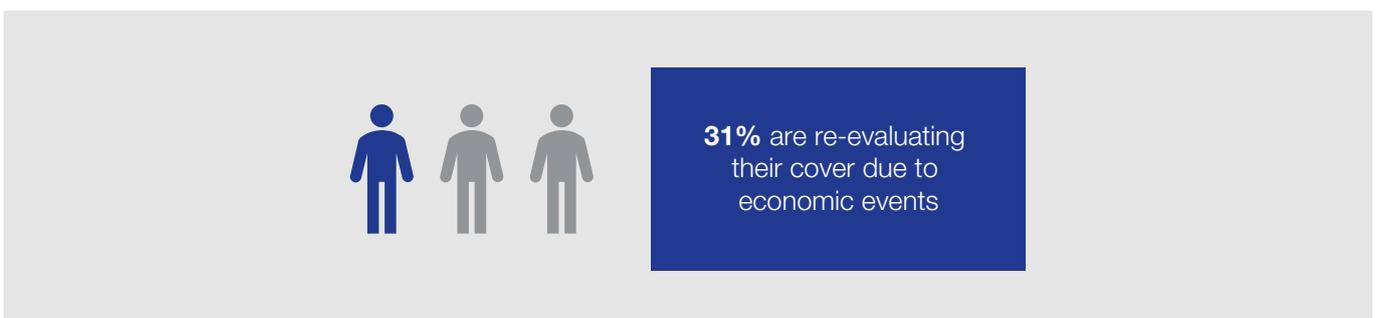
Figure 1.1: Top 4 economic impacts



The influence of current economic conditions and concerns stemming from economic events is directly impacting individuals' decisions regarding life insurance, affecting both the purchase and retention behaviour. Specifically, as economic events unfold, 31% of individuals are re-evaluating their life cover (refer to Figure 1.2).

This is a significant increase compared to the previous year when 22% considered re-evaluating their insurance due to the impact of COVID-19. By staying engaged and providing valuable advice, advisers can support clients in navigating the evolving economic landscape and ensure their insurance decisions align with their changing needs.

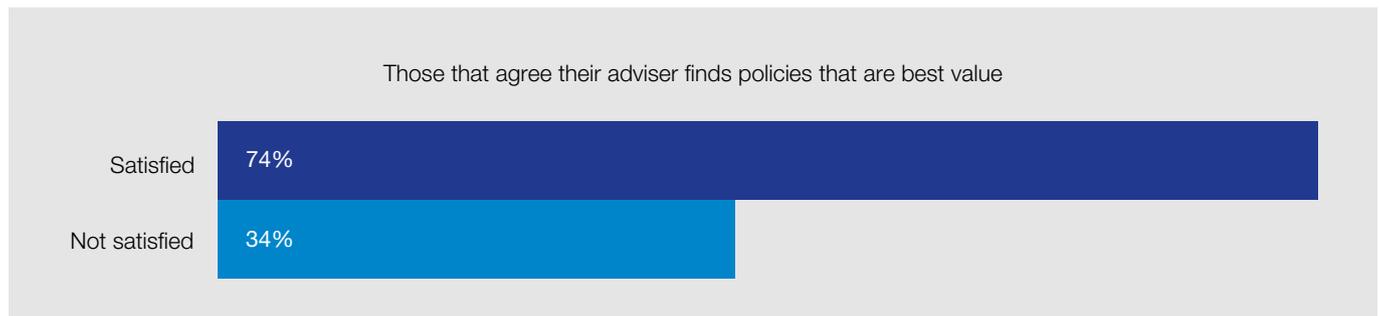
Figure 1.2: The impact of economic events on insurance decisions



As inflation starts to bite, data from the Index is starting to show that life insurance buyers are becoming increasingly price conscious. For example, clients who are satisfied with their advisers are more likely to say that their advisers find the best value policies for them. Specifically, 74% of satisfied clients say their adviser finds policies that are best value as opposed to only 34% of clients who are not satisfied (refer to Figure 1.3). As clients face financial

pressures, advisers can enhance their satisfaction levels by showcasing how the policies they recommend deliver value for money, rather than solely focusing on the cheapest price available. By emphasising the benefits, coverage, and overall value of the policies they offer, advisers can help clients feel more confident in their insurance decisions and ensure their needs are effectively met.

Figure 1.3: Tasks adviser performs by satisfaction levels



What this means for advisers

Key learning:

- Cost pressures are on clients' minds, and it is likely that they have concerns about maintaining financial stability and meeting their expenses.

Implication for advisers:

- By addressing clients' concerns about cost pressures and offering personalised guidance, advisers can play a vital role in helping clients navigate the challenges of managing living expenses. In particular, open and transparent communication with clients regarding premium increases and any changes in their insurance policies is important. Clearly explain the factors driving the cost adjustments, emphasising the value and benefits they receive in return.

Key learning:

- Due to the impact of economic events, 31% of policyholders are reconsidering their insurance coverage.

Implication for advisers:

- To effectively support clients during difficult economic conditions, it is crucial for advisers to maintain regular communication, understand how clients are coping with these challenges, and offer guidance to assist them in making informed decisions regarding their insurance coverage.

Key learning:

- Satisfied advised clients are more likely to have advisers who prioritise delivering the best value policies.

Implication for advisers:

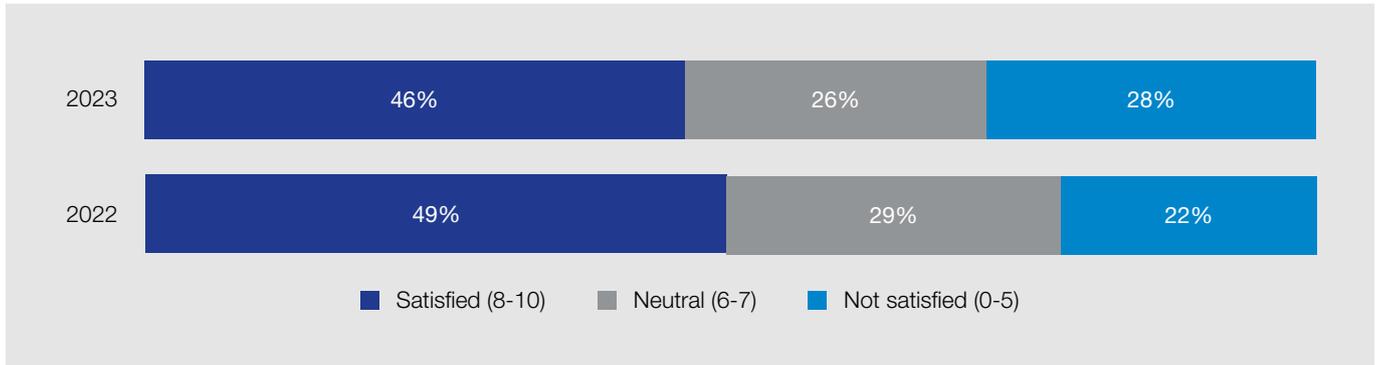
- Advisers can enhance client satisfaction by showcasing how the policies they offer deliver value for money, rather than solely focusing on the cheapest price available. This approach shifts the focus from price alone to the overall value proposition, enabling clients to make informed decisions based on the benefits and suitability of the policies offered.

ENHANCING ADVISER SATISFACTION

This year, a lower proportion of clients expressed satisfaction with their adviser (refer to Figure 2.1). This decrease would normally be a cause for concern; however, it is possible that some of the discontent arises from the substantial changes occurring in the insurance industry.

These changes include regulatory adjustments and the general uncertainty stemming from economic conditions and natural disasters. It will be important to monitor this data in the coming year to determine if a discernible long-term decline emerges.

Figure 2.1: Satisfaction with current adviser

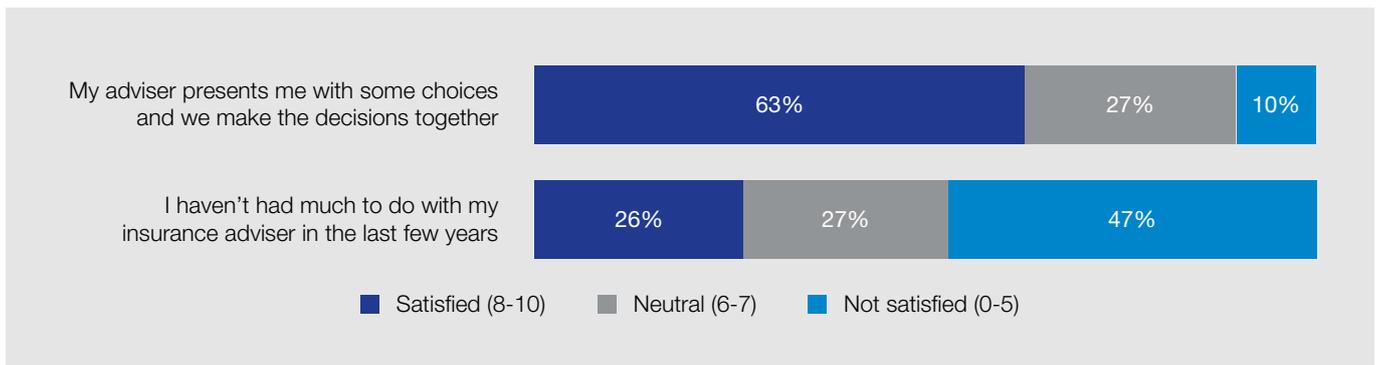


To gain a deeper understanding of how advisers can foster more fulfilling relationships, we have examined various factors that appear to have an impact on how satisfied clients are with their advisers.

Collaborative relationships play a significant role in cultivating high levels of satisfaction. Notably, 63% of individuals who say that their adviser presents them with options and involves them in decision making express satisfaction.

In contrast, only 26% of those who report having minimal interaction with their adviser in recent years express satisfaction (refer to Figure 2.2). This data establishes a clear correlation between client satisfaction and adviser involvement. Advisers could consider increasing their active engagement with clients to further enhance satisfaction levels.

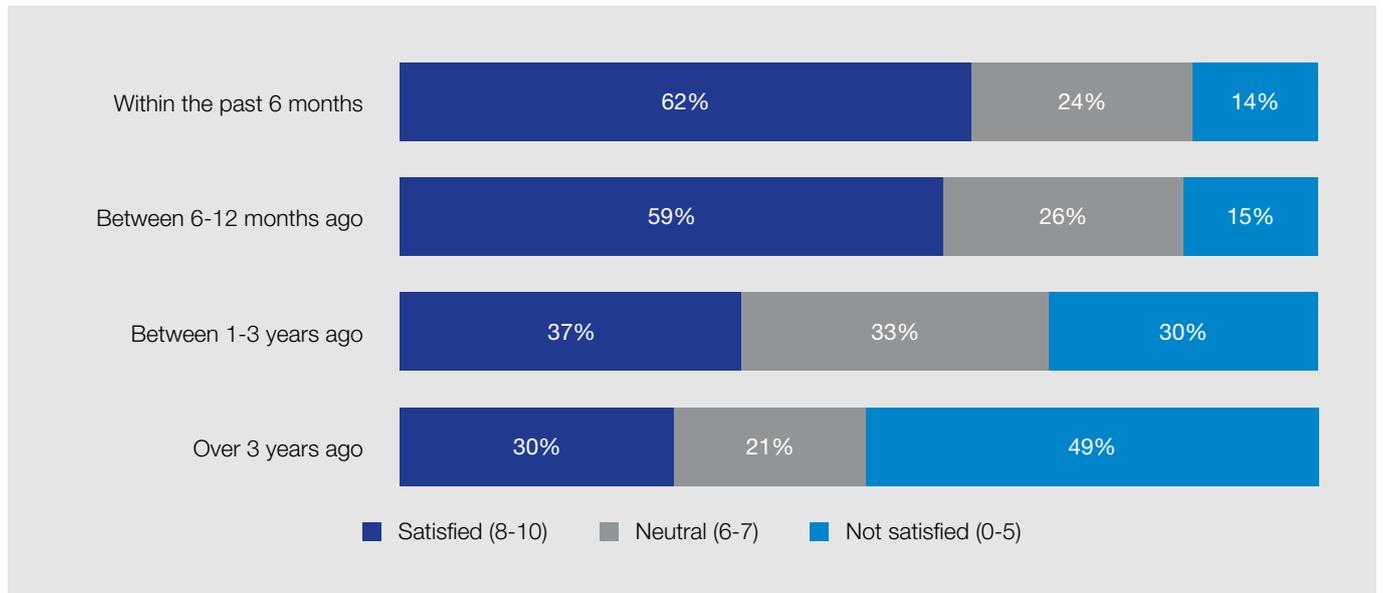
Figure 2.2: Satisfaction with current adviser by type of relationship



The frequency of contact with advisers has a direct impact on satisfaction levels. Regular contact, preferably on an annual basis, is strongly associated with higher satisfaction. Conversely, individuals who have not received any communication from their adviser in the past 12 months are

considerably more likely to express dissatisfaction with their adviser (refer to Figure 2.3). This highlights the importance of maintaining consistent and proactive communication with clients to ensure their satisfaction.

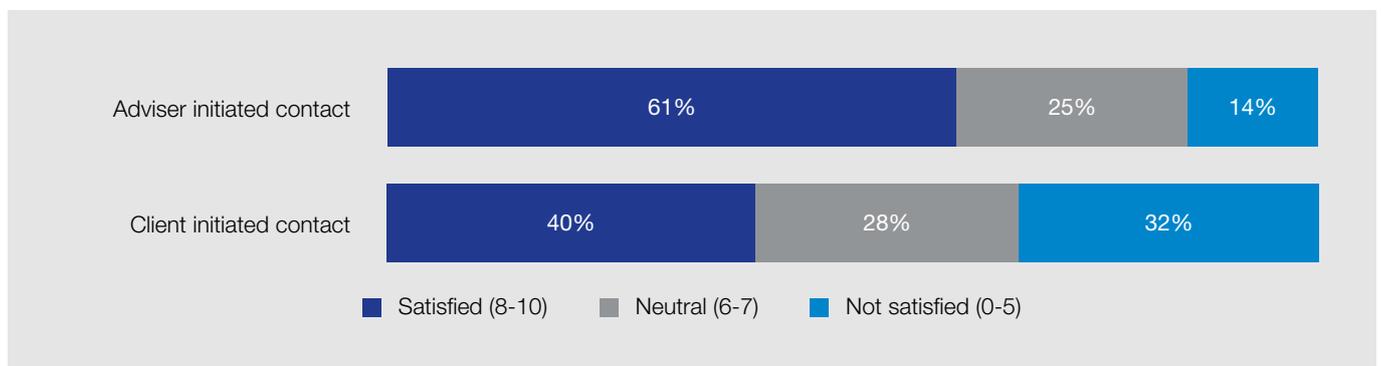
Figure 2.3: Satisfaction with current adviser by last contact with adviser



The way the last contact with an adviser is initiated has a significant impact on satisfaction levels. When advisers take the initiative to reach out to clients, satisfaction tends to be higher. Specifically, 61% of individuals who indicate that their adviser initiated the last contact express satisfaction. In contrast, only 40% of those who report being the ones to initiate contact express satisfaction (refer to Figure 2.4).

These findings emphasize the importance of pro-active contact from advisers to cultivate satisfaction among clients. By taking the lead and reaching out to clients, advisers can contribute to building stronger levels of satisfaction.

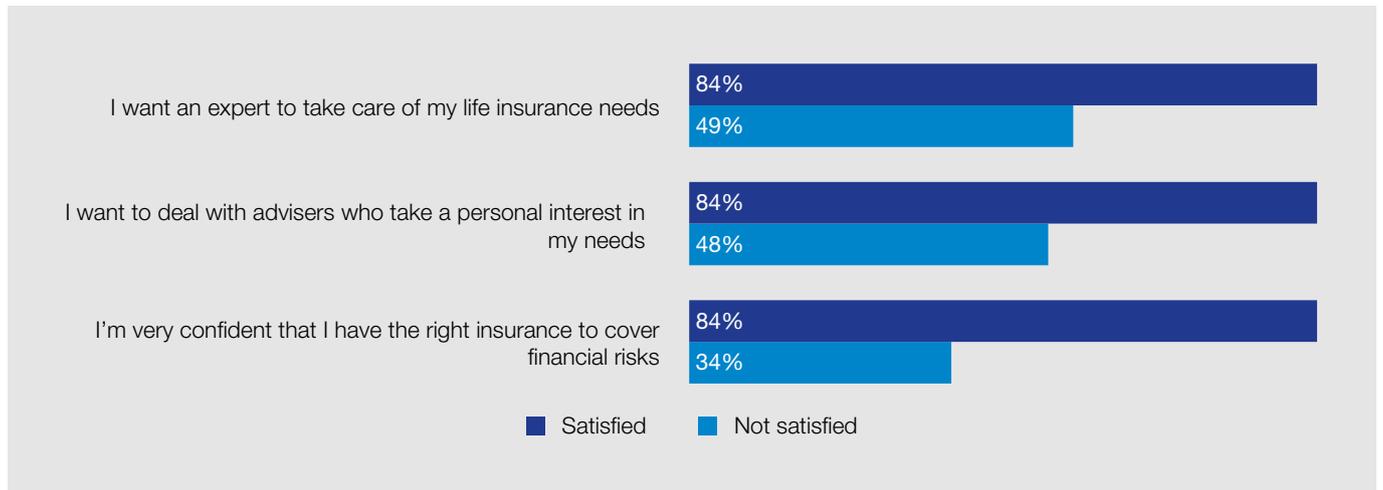
Figure 2.4: Satisfaction with current adviser by who initiated last contact



Satisfied clients are found to hold certain key characteristics that link to their overall satisfaction with their adviser. They tend to have a higher interest in receiving expert assistance, value personalised support and exhibit greater confidence in their insurance decisions (refer to Figure 2.5). This implies

that to foster satisfaction, advisers could focus on delivering a warm and tailored service experience. Additionally, it is crucial for advisers to demonstrate their expertise and knowledge to clients, reinforcing the value they bring to the relationship.

Figure 2.5: Key characteristics of those who are satisfied with their adviser



What this means for advisers

Key learning:

- Client satisfaction with their adviser shows a slight decrease, from 49% in 2022 to 46% this year.

Implication for advisers:

- Considering the turbulence experienced in the last year, the decline in client satisfaction with their adviser may be attributed to external factors. As a result, it is important to monitor this data in the coming years to identify any clear trends that may emerge. Advisers may need to put in extra effort to meet client expectations and address the challenges posed by the changing landscape.
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Key learning:

- Clients who maintain regular contact with their advisers and have collaborative relationships demonstrate significantly higher levels of satisfaction.

Implications for advisers:

- Proactively reaching out to clients on a regular basis, ideally annually, and actively collaborating with them to identify their insurance needs and address any changes is an excellent approach for advisers to foster and encourage high levels of client satisfaction.
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Key learning:

- Satisfied clients highly value their advisers for their expertise and personalised support.

Implications for advisers:

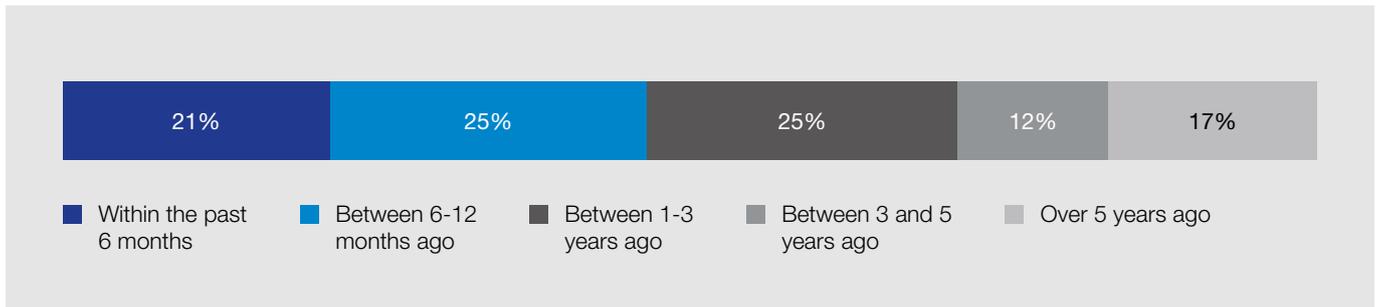
- To enhance satisfaction levels, advisers could explore strategies to provide warm and personalised service to clients. It is crucial for advisers to demonstrate their knowledge and expertise, showcasing the value they bring to clients. By delivering tailored experiences and demonstrating their competence, advisers can effectively build satisfaction among their clientele.

OPTIMISING CLIENT ENGAGEMENT

When considering the significance of maintaining regular contact with clients, the question arises: is it the quantity or quality of contact that matters most? To shed light on this matter and determine what constitutes effective client engagement, we explored both the frequency of contact and the helpfulness of discussions, as well as the most effective topics for discussion.

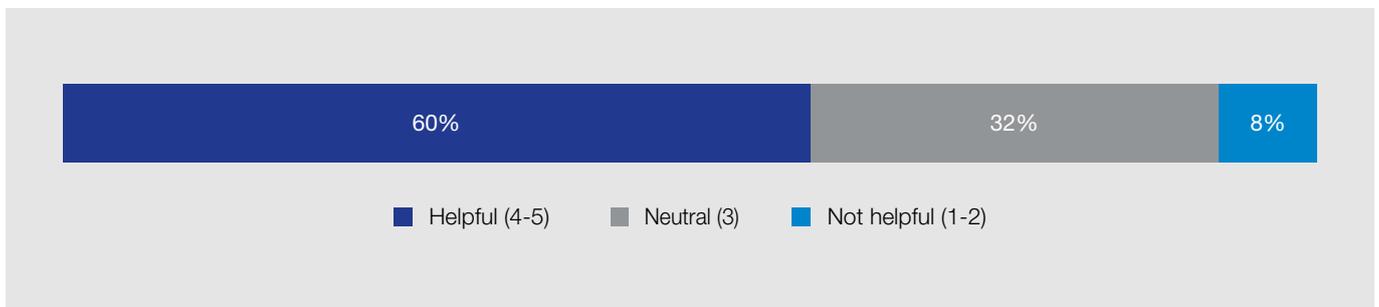
According to the data, 46% of clients have had conversations with their adviser in the past year, while nearly 1 in 5 clients (17%) have not had any discussions with their adviser for over 5 years (refer to Figure 3.1). These findings provide valuable insights into the current state of client-adviser communication.

Figure 3.1: Last discussion with adviser



Among the clients surveyed, 3 out of 5 (60%) reported that their discussions with their adviser were helpful while only 8% reported the discussion was not helpful (refer to Figure 3.2). This indicates that a majority of clients find value and benefit from engaging in conversations with their adviser.

Figure 3.2: Helpfulness of last discussion with adviser

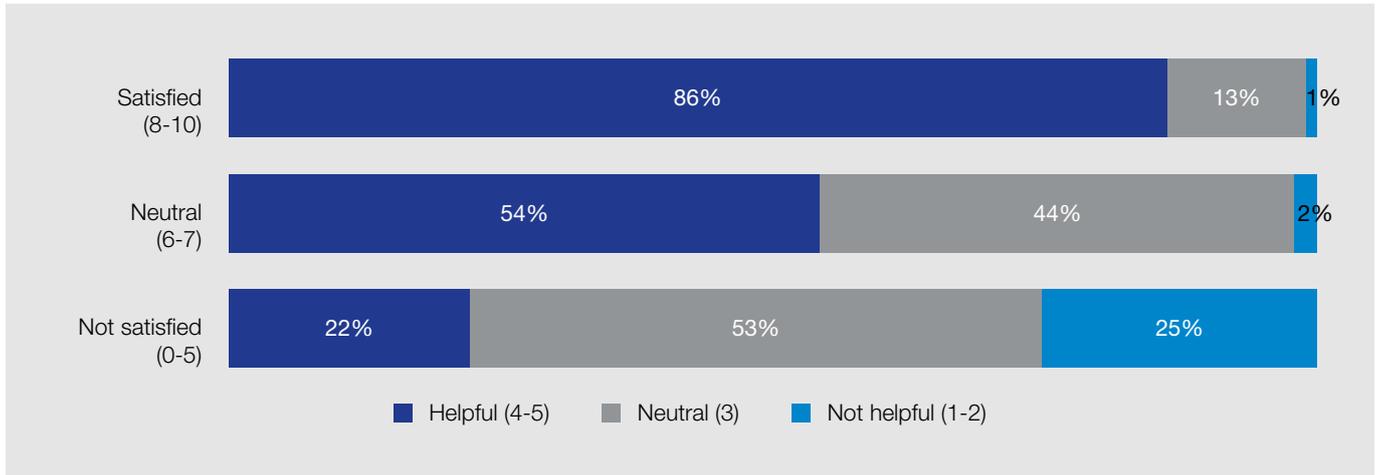




Clients who rate their discussions with their adviser as helpful are four times more likely to express satisfaction with their adviser (refer to Figure 3.3). This highlights the significant impact that quality conversations have on overall satisfaction levels. Consequently, advisers should recognise

the importance of planning and prioritising these discussions as crucial "moments of truth" in their client interactions. By ensuring that these conversations are valuable, advisers can greatly enhance client satisfaction and strengthen the client-adviser relationship.

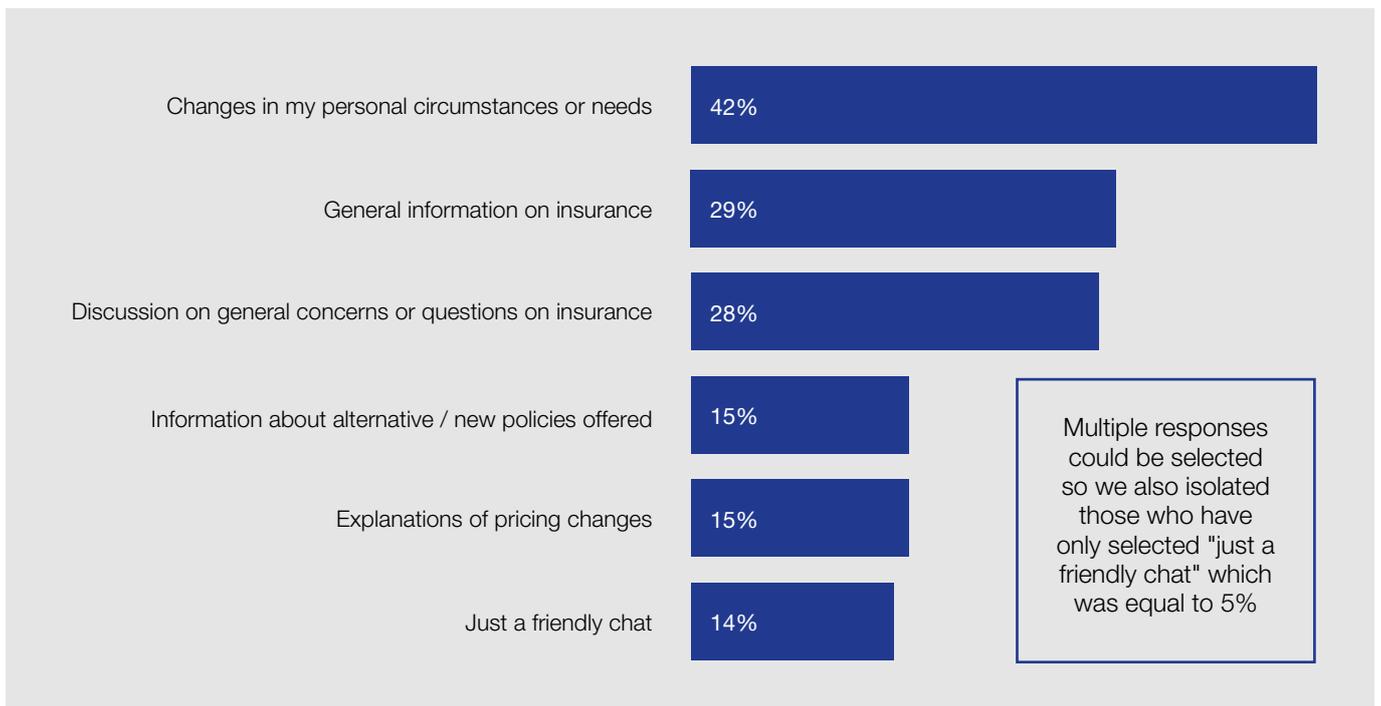
Figure 3.3: Helpfulness of last discussion with adviser by satisfaction with current adviser



So, what is being discussed and more importantly, what topics are seen as most helpful to clients? When clients were asked about the topics discussed with their advisers, changes in personal circumstances emerged as the most frequent discussion topic (refer to Figure 3.4). However, it is important to note that there is a wide range of topics that advisers can address when engaging with clients. While changes in personal circumstances are commonly discussed, all these topics can be relevant and valuable

depending on the specific needs of individual clients. It is also important to highlight that most clients selected multiple topics when responding to this question. Only a small percentage (5%) of clients reported that their discussions with their adviser were solely "just a friendly chat." This indicates that the majority of discussions focus on substantive and meaningful topics, providing clients with value and support.

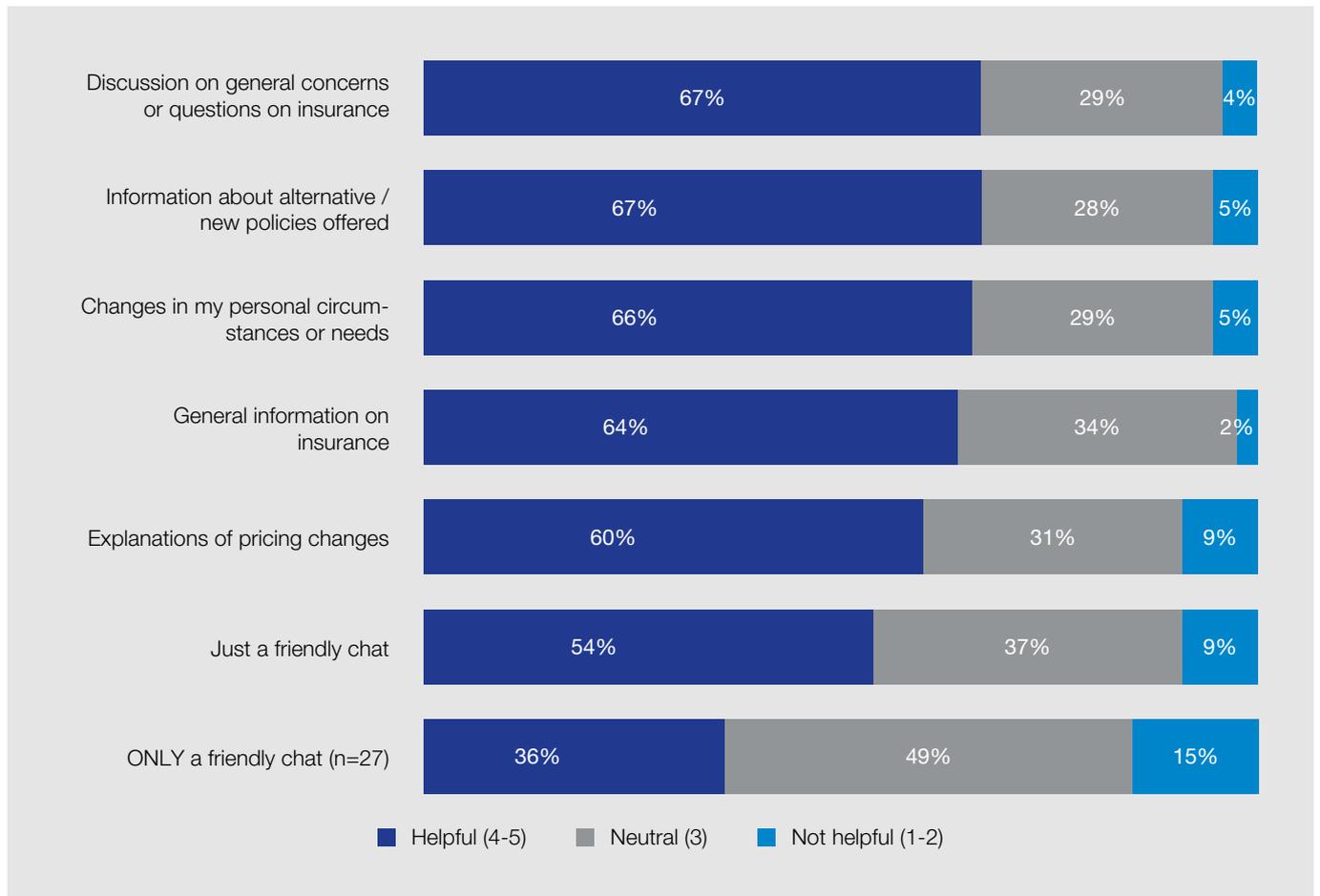
Figure 3.4: Topics of discussion with adviser



Clients are more likely to find a discussion helpful when relevant insurance issues are discussed. For instance, 67% rate the discussion with their adviser as helpful if general concerns or questions on insurance were discussed or if information about alternative or new policies was offered, but only a third saw the discussion as helpful if the discussion was just a friendly chat (refer to Figure 3.5).

Therefore, when advisers meet with clients, it is important for them to consider sharing pertinent information or asking specific and relevant questions about life changes, rather than simply engaging in casual conversation. By focusing on meaningful and relevant topics, advisers can enhance the perceived value and effectiveness of the discussion, leading to a higher likelihood of clients finding it helpful.

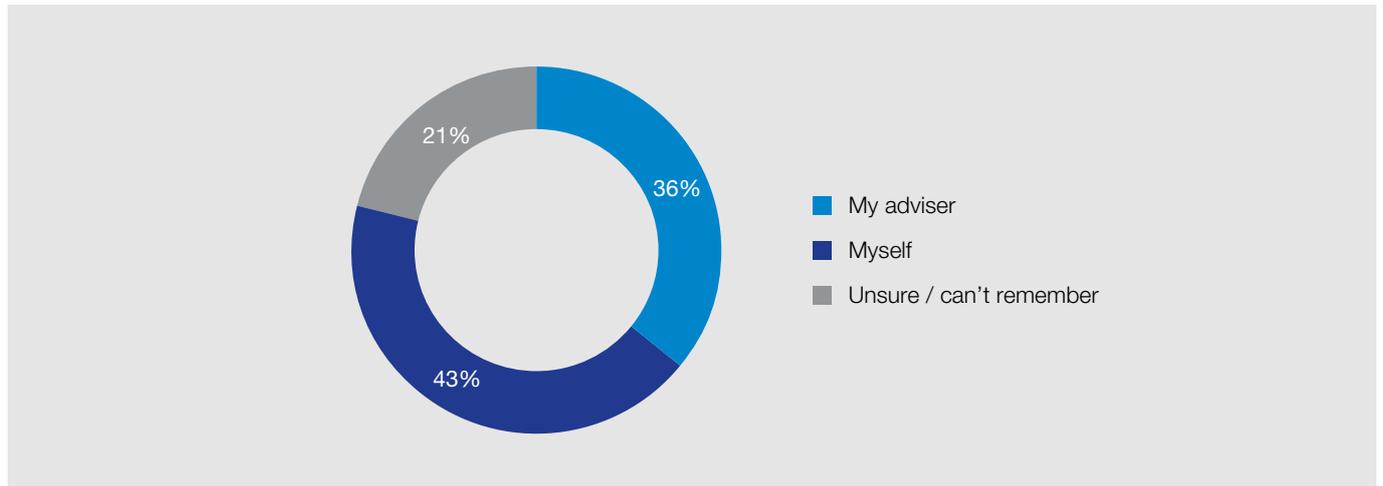
Figure 3.5: Helpfulness of last discussion with adviser by topics of discussion



The data also reveals that only 36% of clients reported that the contact was initiated by their adviser, while 43% stated that they had to personally initiate contact (refer to Figure 3.6). These rates highlight the discrepancy between clients who experience advisers taking the initiative to reach out

and those who have to take the initiative themselves. This suggests that there is room for improvement in terms of advisers proactively initiating contact with their clients, which has been associated with higher satisfaction levels.

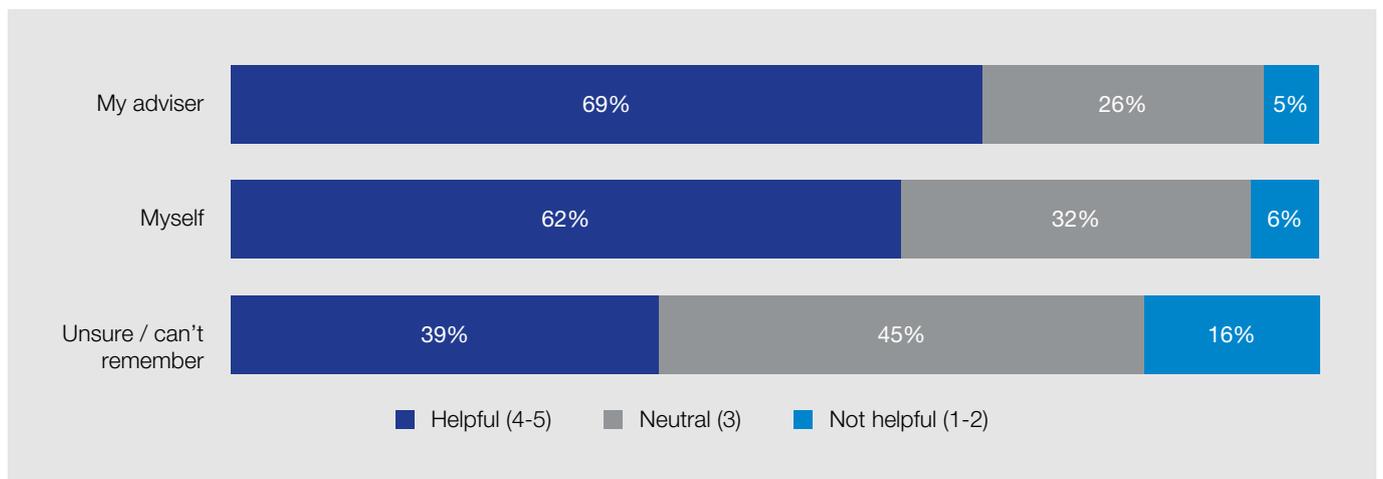
Figure 3.6: Who initiated most recent contact



Clients are more likely to find discussions helpful when their adviser is the one who initiates the contact. Specifically, 69% of clients find the discussion helpful when their adviser takes the initiative to reach out, compared to 62% when they themselves initiate the contact (refer to Figure 3.7). Moreover, when clients cannot recall who initiated the contact last, the percentage of clients who find the discussion helpful drops to 39%. This suggests that not only does the act of initiation matter, but the recency of proactive contact also plays a significant role.

Advisers should consider the significance of being seen as proactive in contacting their clients. By taking the lead in initiating contact, advisers can enhance the perceived value and effectiveness of the discussion, ultimately contributing to higher levels of client satisfaction.

Figure 3.7: Helpfulness of last discussion with adviser by who initiated contact most recently



What this means for advisers

Key learning:

- The quality of client contact plays a crucial role in client satisfaction. When clients have discussions with their adviser that they find helpful, they are significantly more likely to be satisfied with their adviser.

Implication for advisers:

- Advisers should carefully consider how to effectively deliver conversations that become significant "moments of truth" in building strong and enduring relationships with their clients. These moments of truth refer to pivotal interactions that have a lasting impact on the client-adviser relationship.

Key learning:

- The most helpful discussions between advisers and clients are typically those that centre around specific and relevant insurance topics, and changes in personal circumstances, rather than mere casual conversations. These discussions are particularly effective when they are proactively initiated by the adviser.

Implications for advisers:

- In order to make client conversations valuable and impactful, advisers can approach them with careful planning and consideration. By proactively planning the contact, advisers can ensure that the discussions revolve around relevant topics that help clients feel confident in their insurance coverage.

SUPPORTING INSURANCE DECISION MAKING

To optimise client engagement, it is crucial to understand the choices clients are contemplating and, more specifically, the potential decisions they may be on the verge of making regarding their insurance. The data reveals that a significant number of advised clients, approximately 22%,

are considering increasing their insurance coverage within the next 12 months (refer to Figure 4.1). Clients who are contemplating such increases are more likely to have proactive advisers who take the initiative to instigate contact.

Figure 4.1: Adviser clients considering increases to life insurance



Compared to overall adviser clients, clients considering increases in their insurance coverage are more likely to report that their adviser was the one to initiate the last contact (47% vs. 36% among the total). Furthermore, their most recent discussion with their adviser was more likely to revolve around information regarding alternative or new policies being offered (23% vs. 15% among the total). Additionally, these clients are more likely to state that they work with their current adviser because they believe their adviser has their best interests at heart (25% vs. 16% of the total).

By regularly reaching out to clients and providing genuine support and advice, rather than focusing on sales pitches, advisers can establish a trusting relationship. This, in turn, ensures that clients are more inclined to consider increasing their insurance coverage when it aligns with their needs.

Advisers who demonstrate their commitment to a client's best interests and provide authentic support can effectively influence a client's willingness to make appropriate increases to their insurance coverage.

Our data also reveals that 38% of individuals are considering reducing their insurance, with both advised and non-advised clients showing similar levels of consideration (refer to Figure 4.2). Furthermore, among advised clients, less than a third (29%) intend to consult their adviser during this decision-making process (refer to Figure 4.3).

These findings suggest that many advised clients are not fully utilising the expertise available to them through their adviser when making significant and potentially risky insurance decisions.

Figure 4.2: Rates considering decreases to life insurance

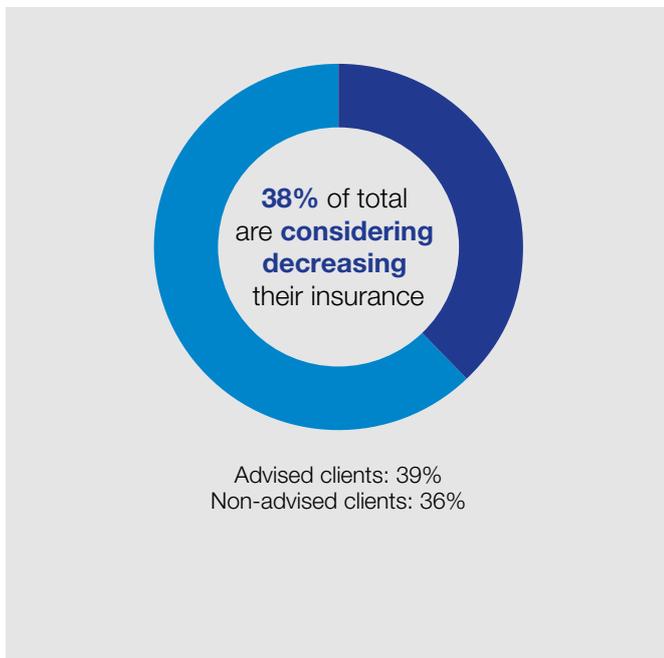
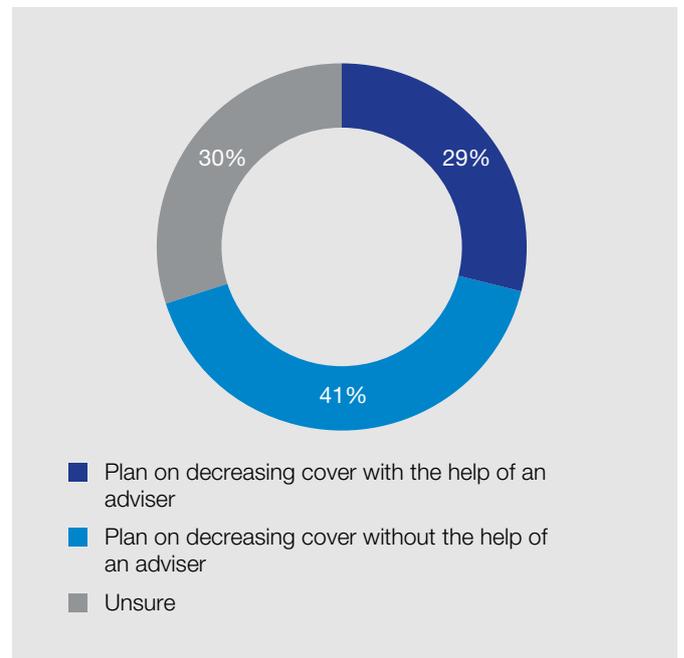


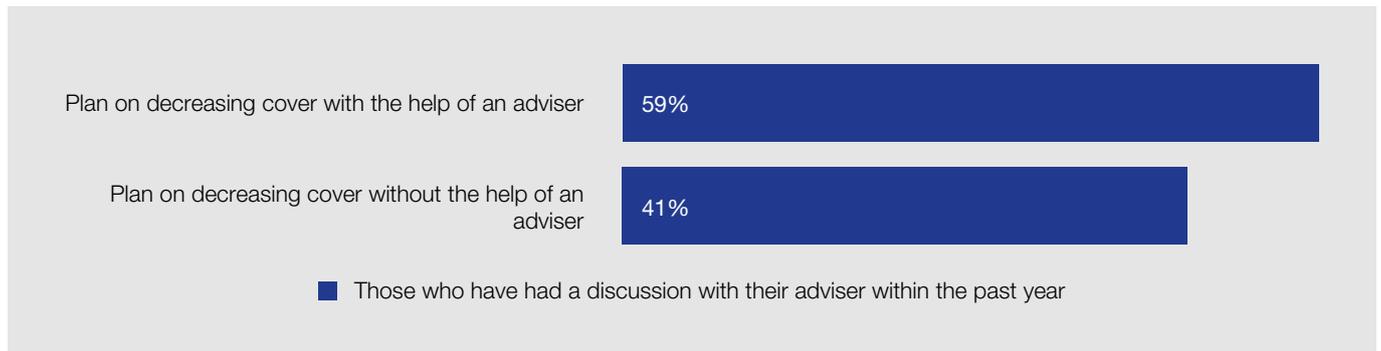
Figure 4.3: Plans to decrease insurance with adviser assistance



Clients who are considering making reductions in their insurance coverage with the assistance of an adviser are more likely to have been in contact with their adviser within the past 12 months. Specifically, 59% of those who plan on seeking their adviser's assistance have had contact with them in the last year, compared to only 41% of those who do not plan to use their adviser's help (refer to Figure 4.4). This highlights the importance of advisers maintaining regular contact with their clients.

Regular contact between advisers and clients not only helps build a stronger relationship but also increases the likelihood that clients will seek their adviser's guidance and expertise when making important decisions. By proactively reaching out to clients on a consistent basis, advisers can demonstrate their commitment and value, fostering a sense of trust and making clients more inclined to involve their adviser in their decision-making process to maximise the protection they receive.

Figure 4.4: Last discussion with adviser by plans to decrease insurance with adviser assistance



What this means for advisers

Key learning:

- Clients who are considering increasing their insurance are far more likely to have advisers who have proactively contacted them and provided information on alternative or new policies.

Implications for advisers:

- Proactive contact and providing relevant, useful information about insurance can help advisers to develop supportive relationships that are more likely to lead to clients being open to increasing their insurance when appropriate.

Key learning:

- It is concerning that 41% of advised clients who are considering decreasing their insurance cover plan to do so without seeking their adviser's guidance. This highlights a missed opportunity for clients to benefit from the expertise available to them when making important decisions.

Implications for advisers:

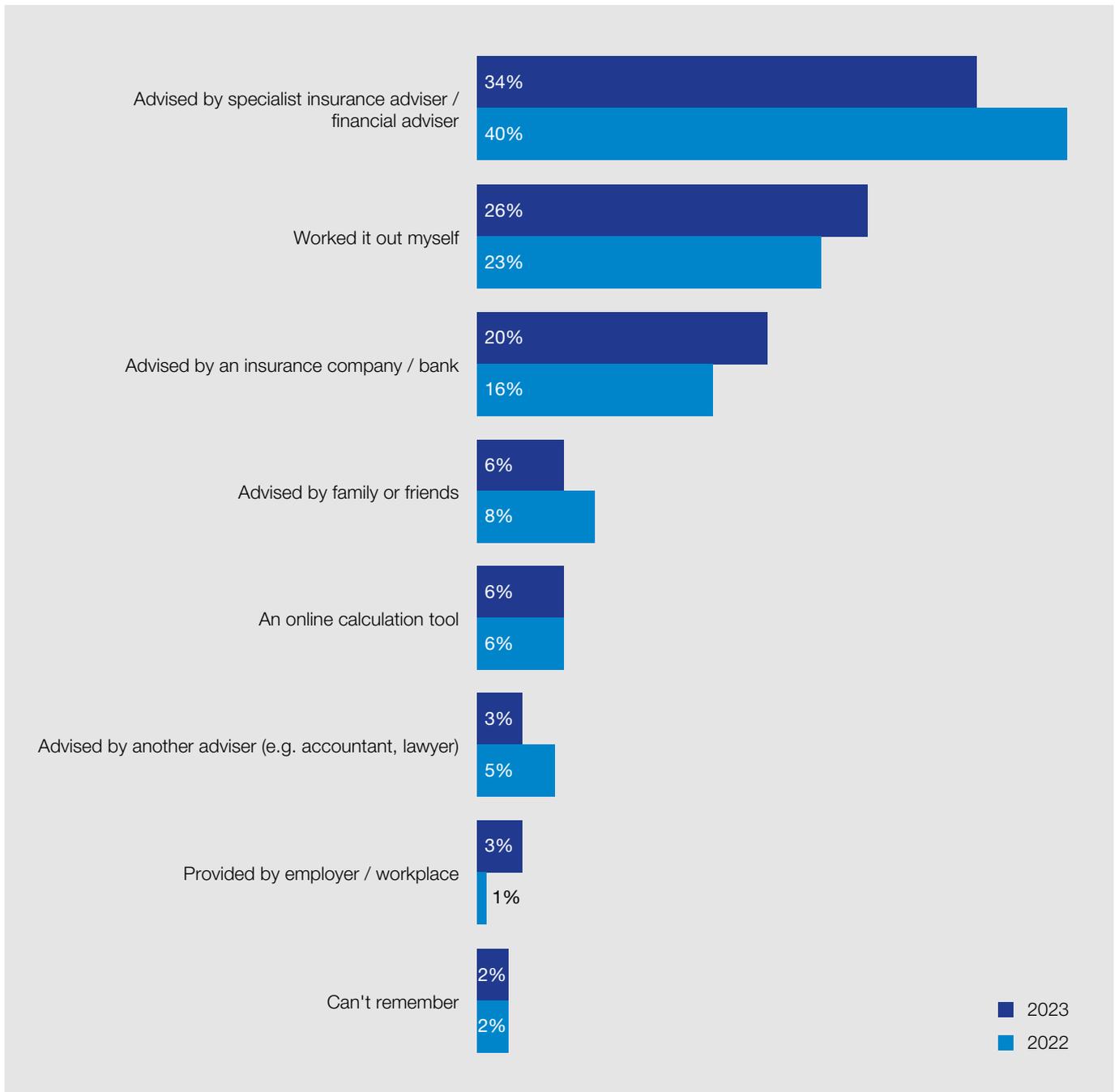
- Advisers should actively engage in their clients' decision-making processes, especially when those decisions impact their protection. By providing guidance, expertise, and personalised support, advisers can ensure that clients make informed choices that align with their needs and priorities.

THE ROLE OF ADVICE AND EXPERTISE

Insurance advisers possess extensive knowledge and expertise in assisting individuals with their coverage decisions. However, the data shows that the percentage of people seeking guidance from specialist insurance advisers has decreased since last year, while more individuals are determining their coverage levels independently. Specifically, only 34% currently receive advice from a specialist insurance adviser, compared to 40% last year, while the number of individuals working out their cover levels themselves has increased from 23% to 26% (refer to Figure 5.1).

This trend poses a risk as it suggests that an increasing number of individuals may not be benefiting from expert advice when making important insurance decisions. It is crucial to raise awareness about the value of professional guidance from specialist advisers to ensure that individuals make informed choices and obtain appropriate coverage for their needs.

Figure 5.1: Methods to decide on coverage levels

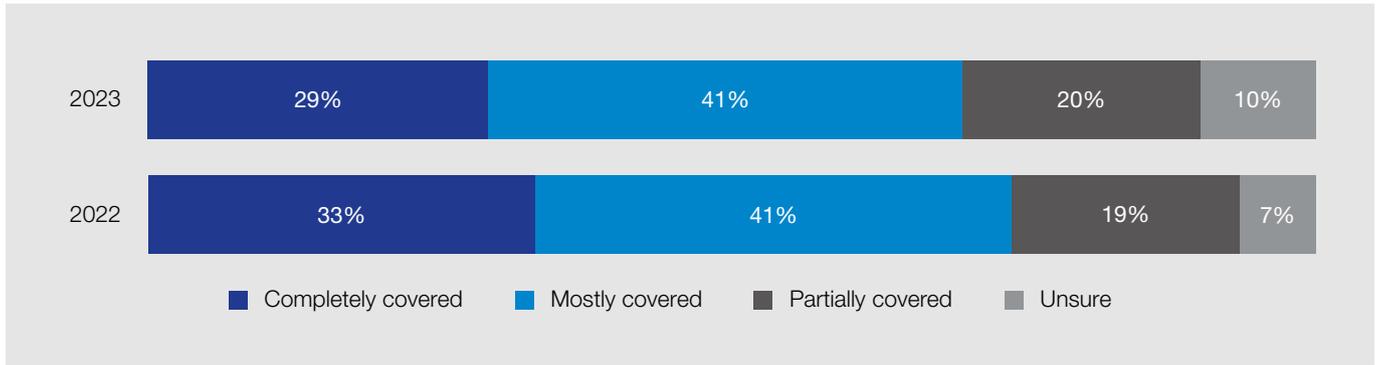




This year, 29% of individuals consider themselves completely covered, compared to 33% last year (refer to Figure 5.2). This shift may be influenced by current economic circumstances and reduced advice levels. Advisers have a crucial role in helping consumers feel more confident by providing expert guidance, personalised assessments, and

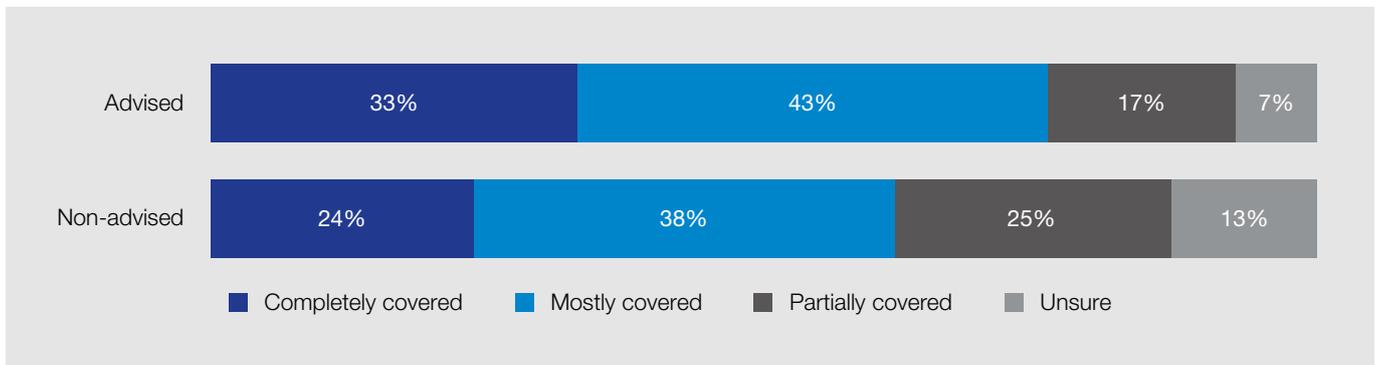
tailored recommendations. Regular reviews and proactive communication can help individuals understand their insurance needs and ensure that they have appropriate coverage in place. Advisers can also educate clients about the different policy options available, explain the terms and conditions, and clarify any areas of confusion or uncertainty.

Figure 5.2: Perceived insurance coverage levels for financial liabilities



Advised clients are significantly more likely to say that they feel completely or mostly covered by their insurance. 33% of advised clients think they are completely covered compared to only 23% of non-advised clients (refer to Figure 5.3). This highlights the valuable role that advisers play in assisting clients and instilling confidence in their coverage.

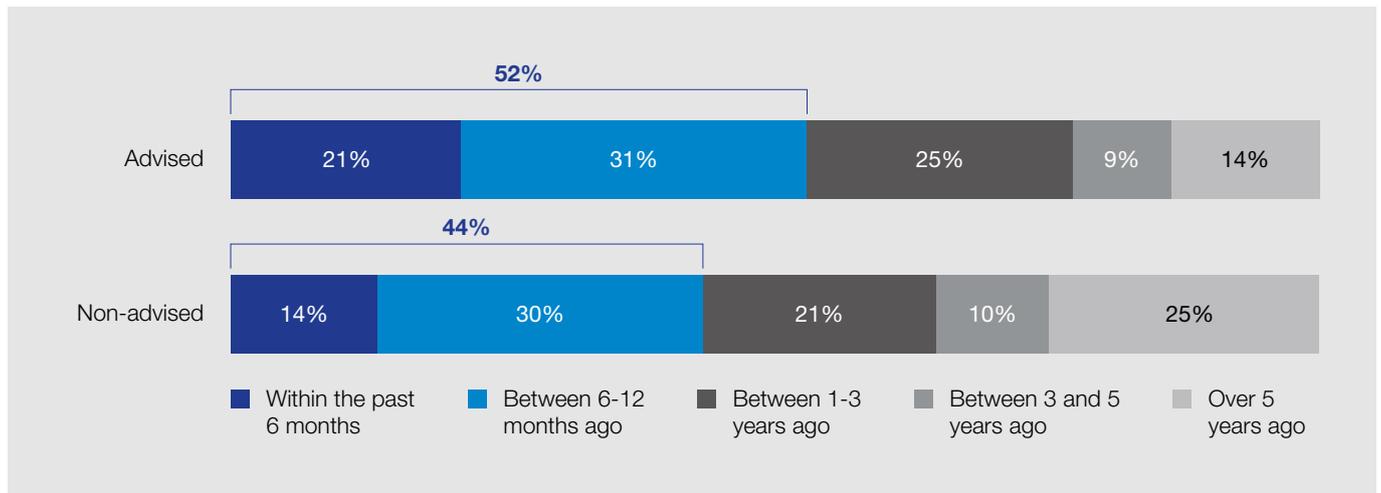
Figure 5.3: Perceived insurance coverage levels for financial liabilities by purchase channel used



When it comes to reviewing insurance, advised clients are more active compared to non-advised clients. According to the data, 52% of advised clients have reviewed their insurance within the last 12 months, whereas only 44% of non-advised clients have done the same (refer to Figure 5.4).

Although advised clients are more likely to have regular insurance reviews, it is important to note that almost half of them have not reviewed their insurance in at least a year. This indicates an opportunity for advisers to reach out to clients and ensure that their insurance is up to date and aligned with their current needs.

Figure 5.4: Last time insurance was reviewed by purchase channel used



When individuals were asked about the reasons for reviewing their insurance, the most common trigger was an annual automatic review, while changing personal circumstances were rarely mentioned as a reason. Results were similar regardless of whether the individuals were advised clients or non-advised (refer to Figure 5.5). This raises the question of whether consumers fully understand the importance of reviewing their insurance when their personal circumstances change.

Advisers play a crucial role in educating clients about how changing life circumstances can impact life insurance and the importance of regular reviews that consider these changes. By providing educational resources and guidance, advisers can help clients understand the necessity of keeping their insurance coverage up to date and aligned with their evolving needs. This proactive approach can empower clients to take action and seek advice when their personal circumstances change, ensuring that they have adequate protection in place.

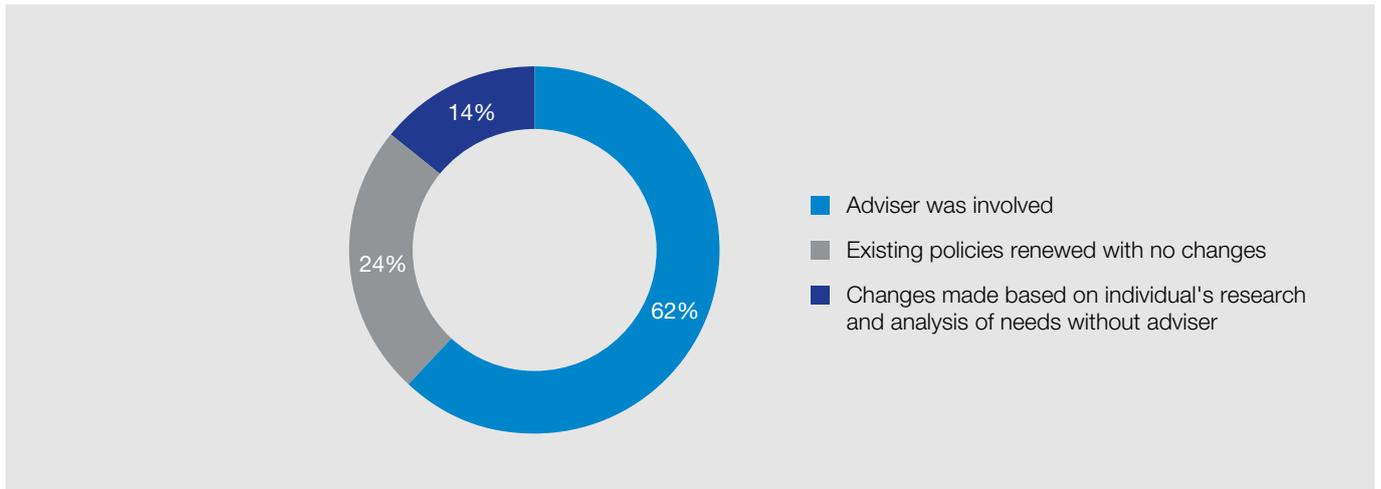
Figure 5.5: Most common prompts to review insurance

	Total	Advised	Non-advised
Annual automatic review	23%	23%	24%
Premium increase	7%	9%	5%
Changes in mortgage status	7%	7%	6%
Adviser or broker prompted	6%	11%	0%
Increased living expenses	6%	6%	6%
Work mandated / driven by changes in employment	6%	2%	11%
Change in circumstances (divorce, retirement, job loss)	5%	7%	2%
Self initiated / had the time	4%	5%	3%
Death or illness family / friends	3%	3%	3%

While it is encouraging that a majority of advised clients (62%) received guidance from their adviser during their last insurance review (refer to Figure 5.6), there is still a portion of advised clients who are not engaging in reviews with their adviser. More specifically, over a third of advised clients choose to either simply let their existing policies roll over or make changes on their own without seeking guidance from their adviser.

By proactively reaching out and providing ongoing support, advisers can encourage clients to engage in a thoughtful review process for their insurance. This leads to better-informed decisions, optimised coverage, and greater peace of mind.

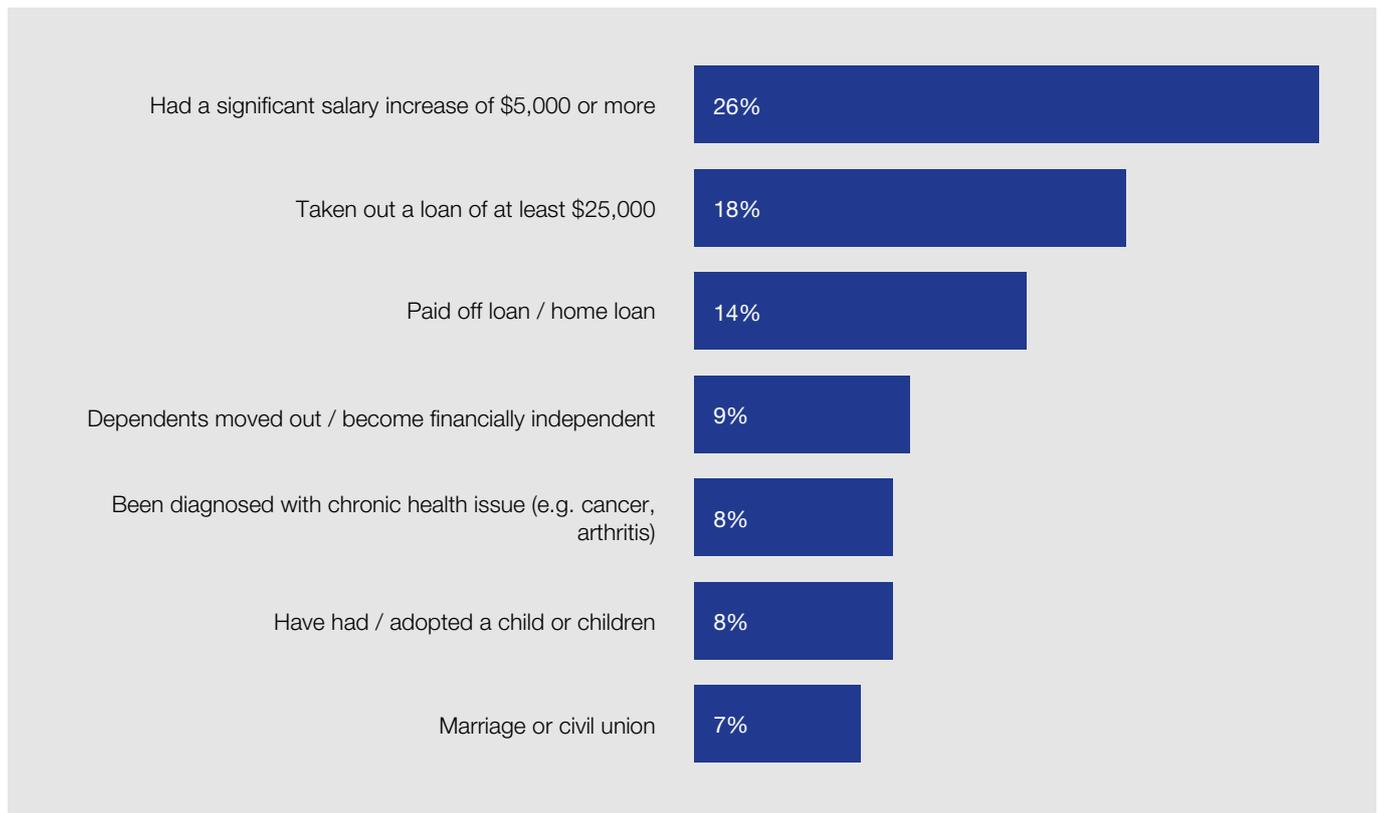
Figure 5.6: Advised clients last review experience



This year, we asked about changes individuals have encountered in recent years, particularly those that may have direct implications for life insurance. The findings revealed a total of 67% of respondents have experienced circumstances that could either increase or decrease their financial responsibilities. For example, 26% reported a salary

increase of at least \$5,000, and 18% have taken out a loan of at least \$25,000 (refer to Figure 5.7). These findings underscore the importance of regularly reviewing and updating insurance coverage to align with changing needs and circumstances.

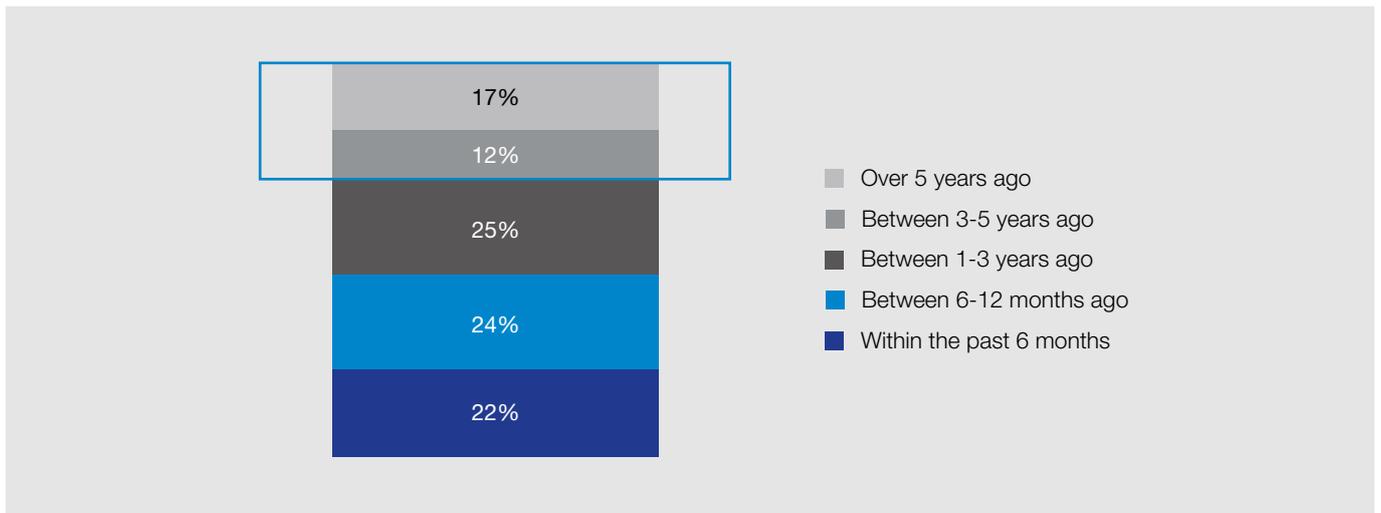
Figure 5.7: Top life changes commonly experienced in the past few years



Among advised clients, a significant 69% have encountered changes in their personal circumstances that are relevant to their life insurance in the last few years. However, it is concerning to note that out of this group, 29% have not had any recent discussions with their adviser (refer to Figure 5.8). This suggests a potential lack of awareness among advised clients regarding the importance of updating their insurance to align with changing life circumstances. To address this

gap, advisers can prioritise educating their clients about the impact of life changes on their life insurance and help them understand when seeking advice is necessary. By emphasising the value of regular communication and providing guidance during significant life events, advisers can empower their clients to make informed decisions and ensure their insurance coverage adequately meets their evolving needs.

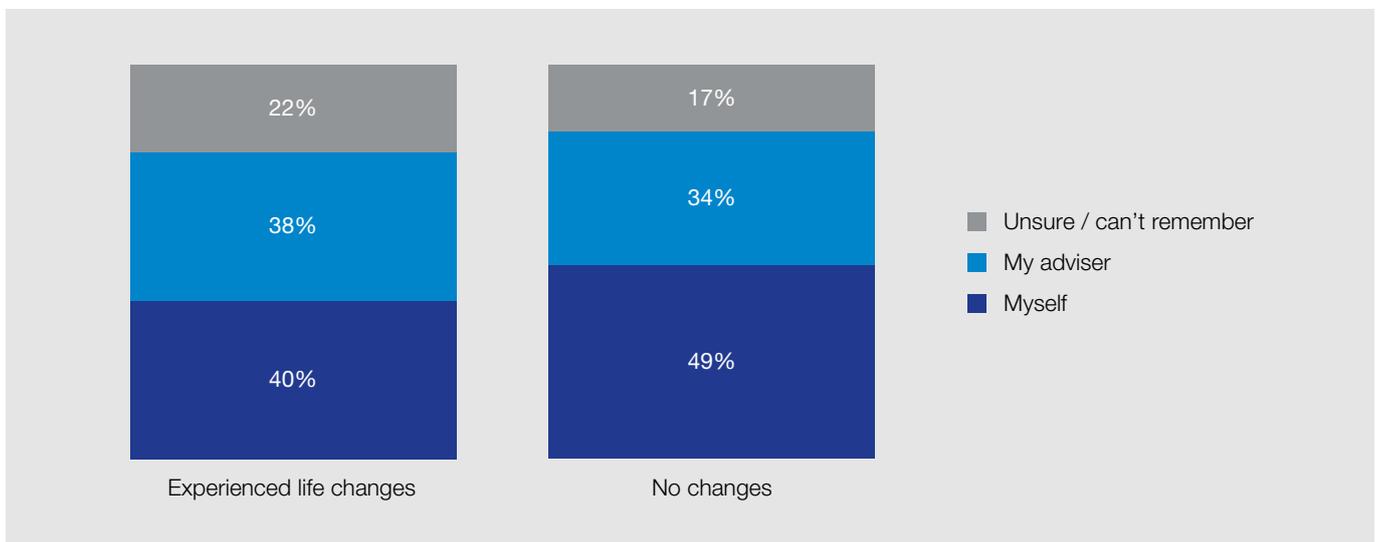
Figure 5.8: Last discussion with adviser amongst clients who have reported changes in personal circumstances



Interestingly, our findings reveal that advised clients who have experienced life changes are less likely to initiate contact with their advisers compared to those who haven't experienced any changes. Specifically, 40% of clients who have experienced life changes reported being the ones to initiate the last contact with their adviser, while 49% of clients without any changes initiated the contact (refer to Figure

5.9). This suggests that many advised clients may not fully grasp the importance of updating their insurance to align with their evolving life circumstances. Advisers can consider taking proactive measures to educate their clients about the impact of life changes on their life insurance and help them understand when they should seek advice.

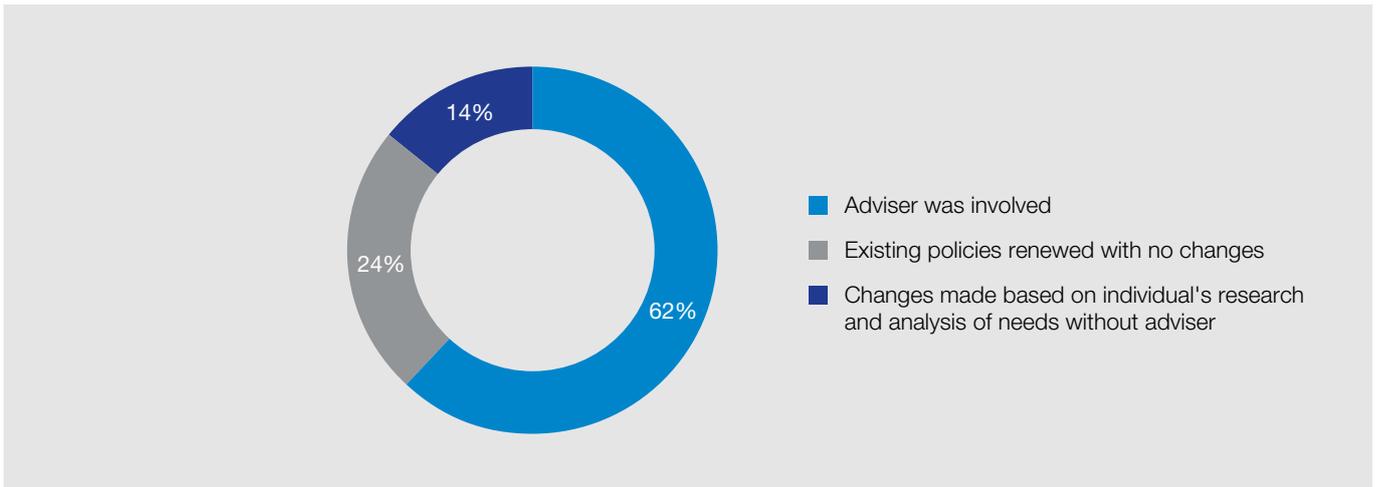
Figure 5.9: Who initiated contact most recently amongst clients who have reported changes in personal circumstances



Our analysis further supports the notion that many advised clients do not fully grasp the significance of updating their insurance to accommodate changing life circumstances. Specifically, when examining the last review experience, 38% of advised clients who have experienced life changes did not engage in a discussion with their adviser during their

last insurance review (refer to Figure 5.10). This aligns with the overall figures, indicating a broader trend. These findings underscore the importance of advisers taking proactive steps to educate their clients about the impact of life changes on their life insurance.

Figure 5.10: Advised clients last review experience amongst clients who have reported changes in personal circumstances



What this means for advisers

Key learning:

- Individuals are increasingly determining their insurance coverage levels on their own without seeking professional advice. This shift is reflected in the increasing number of people who claim to be working out their insurance coverage on their own.

Implication for advisers:

- This approach is risky, as individuals may not possess the same level of knowledge and expertise as insurance advisers. Without professional guidance, there is a higher likelihood of making suboptimal coverage decisions or overlooking important aspects of insurance planning. By effectively communicating the benefits of working with an expert, advisers can encourage individuals to seek professional guidance and ensure they are adequately protected.

Key learning:

- While there has been an increase in the number of individuals who are unsure about their insurance coverage (7% in 2022 to 10% this year), it is noteworthy that advised clients, particularly those who worked with an adviser to determine their coverage, are more likely to report feeling completely covered.

Implications for advisers:

- This demonstrates the positive impact of professional advice in helping individuals make informed decisions about their insurance needs. Advisers play a crucial role in assessing clients' specific requirements, identifying potential coverage gaps, and recommending appropriate insurance solutions to help clients achieve a higher level of confidence in their coverage.

Key learning:

- Despite a total of 67% experiencing life changes that could have implications for their insurance, it appears that many are not utilising the opportunity to discuss these changes with their adviser.

Implications for advisers:

- Advisers should educate clients about the importance of updating their insurance to reflect life changes and consider the need to proactively reach out to them rather than relying on clients to initiate contact.

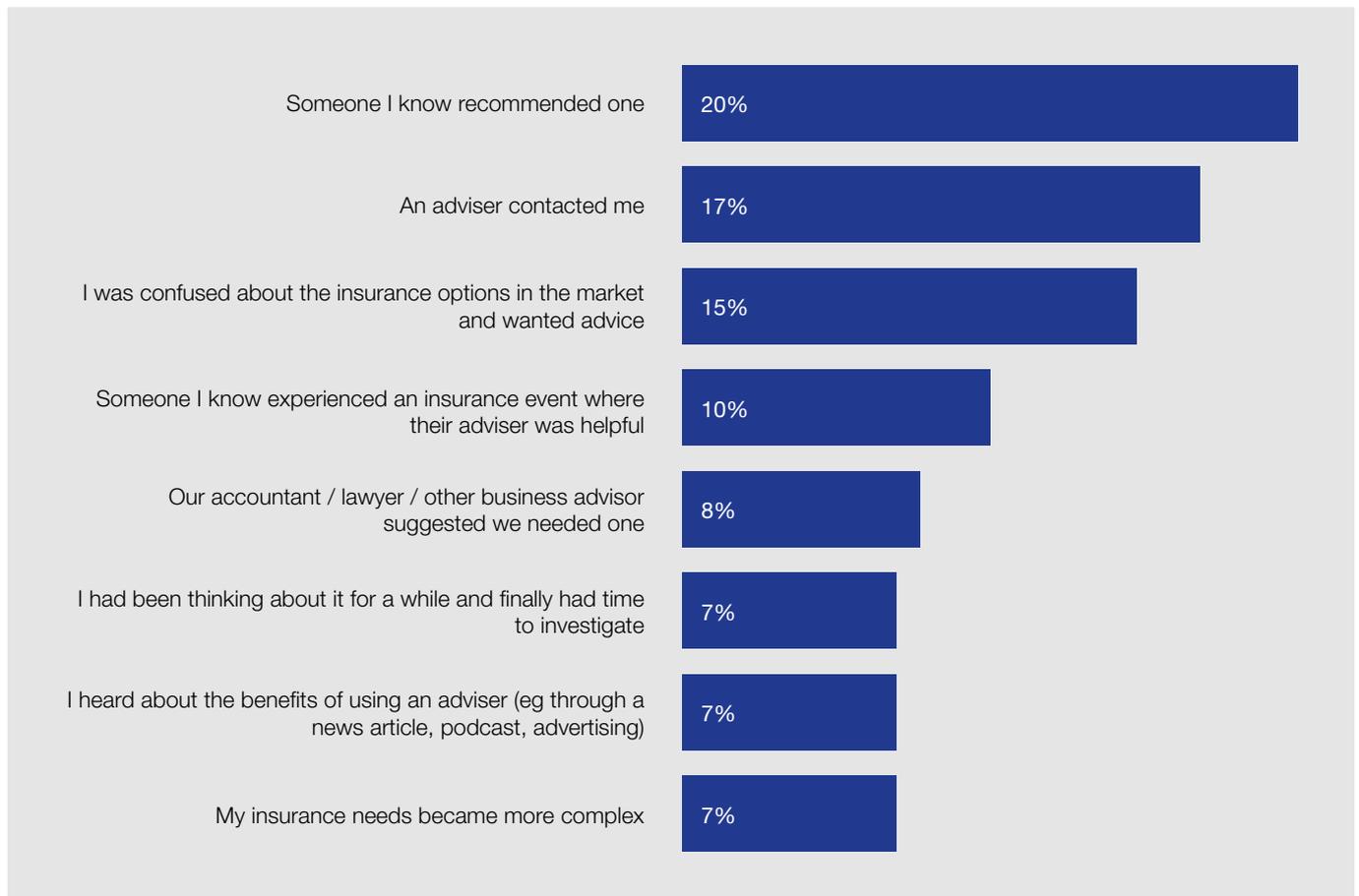


ENCOURAGING REFERRALS AND RECOMMENDATIONS

Word of mouth plays an important role in helping people discover service businesses, and insurance advice is no exception. In fact, 20% of individuals cite the recommendation of an acquaintance as the primary reason for engaging with an adviser (refer to Figure 6.1).

This suggests that advisers could consider devising referral strategies aimed at motivating existing clients to recommend their services to their family and friends, particularly those who have personally benefited from their assistance during insurance-related events. By fostering positive word-of-mouth recommendations, advisers can expand their client base and enhance their reputation.

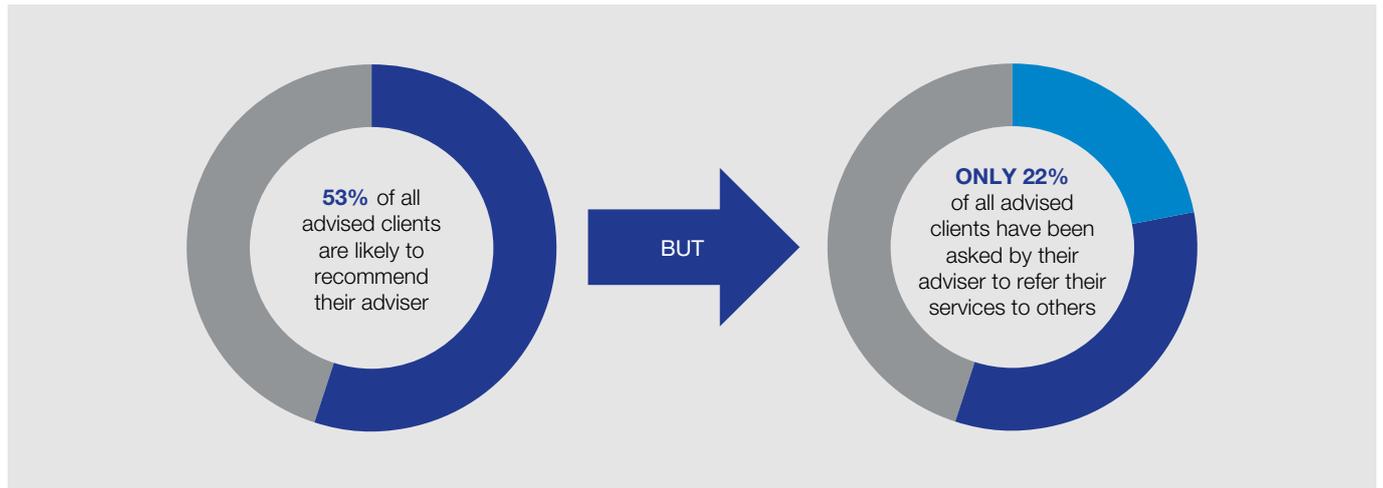
Figure 6.1: Initial prompts to start using an adviser



To enhance the number of client referrals, it is crucial to address the fact that although 53% of advised clients are willing to recommend their adviser, only 22% have actually been approached for referrals (refer to Figure

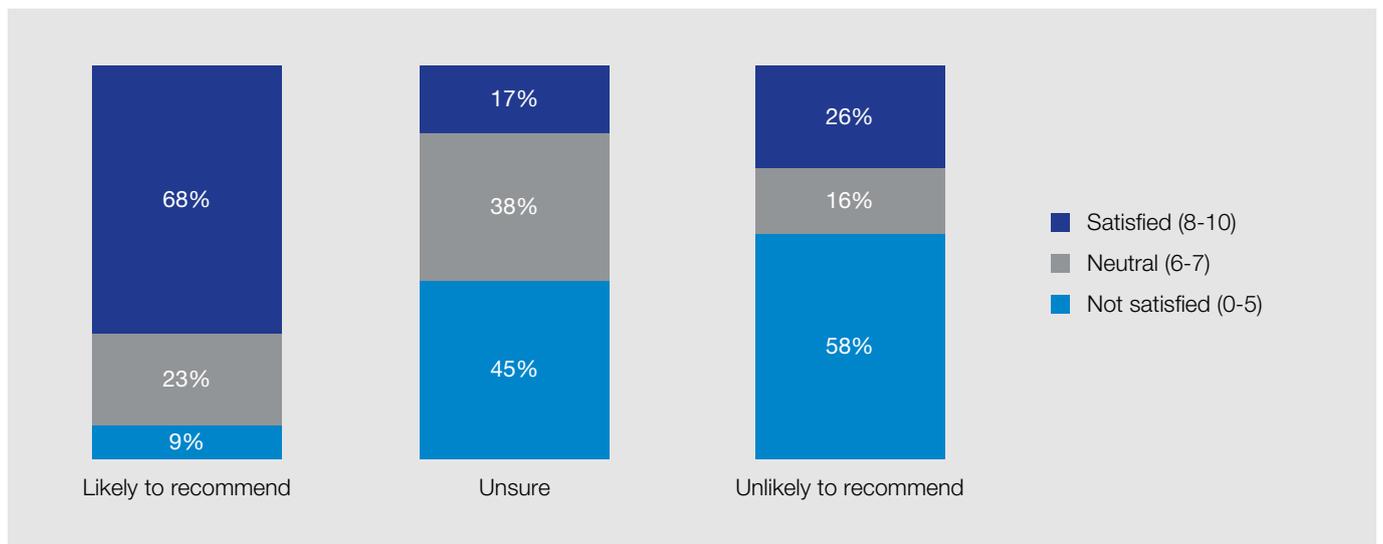
6.2). By proactively seeking referrals from satisfied clients, advisers can tap into the untapped potential of their existing customer base and capitalise on the positive experiences and trust they have developed.

Figure 6.2: Likely to recommend rates compared to adviser requests for recommendation



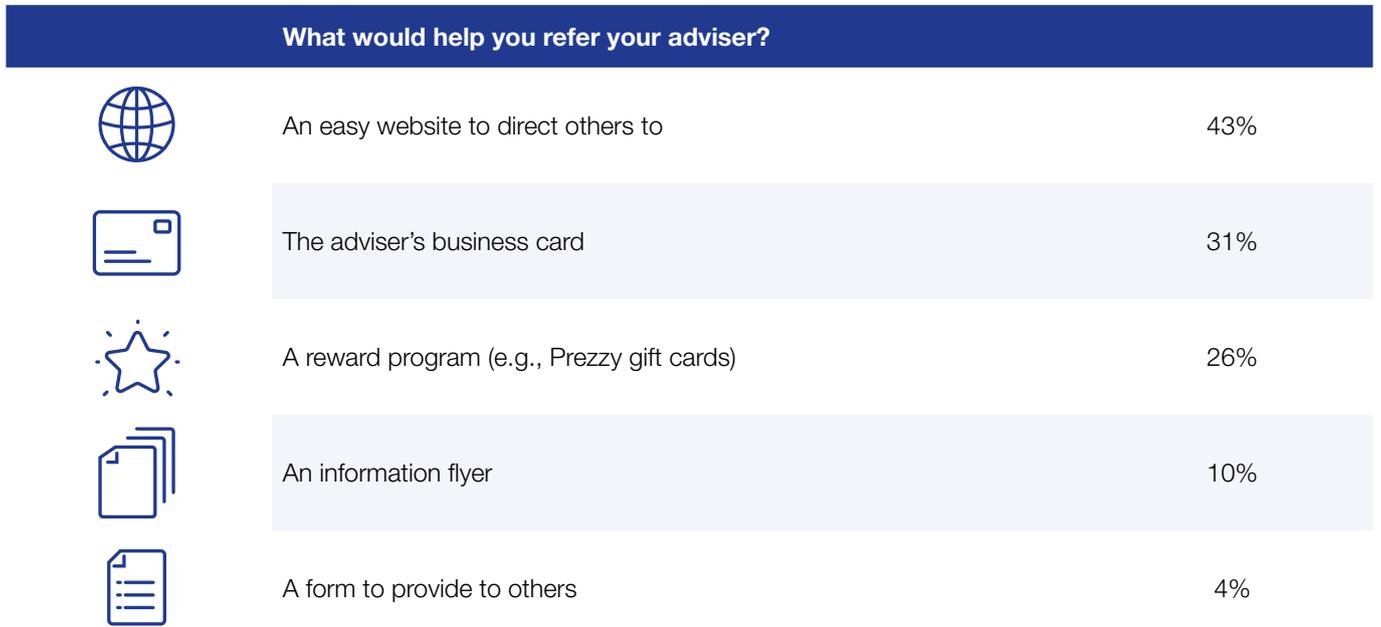
Findings show that satisfied clients are more inclined to recommend their adviser to others (refer to Figure 6.3). By prioritising and enhancing client satisfaction, advisers can effectively raise the chances of receiving recommendations from their clients.

Figure 6.3: Likelihood to recommend current adviser by satisfaction rates



It is important to provide clients who wish to refer their adviser with appropriate tools and resources. Clients most commonly select websites and business cards as useful elements that would help them make these referrals, including options that would provide them with personal gain, such as reward programs (refer to Figure 6.4).

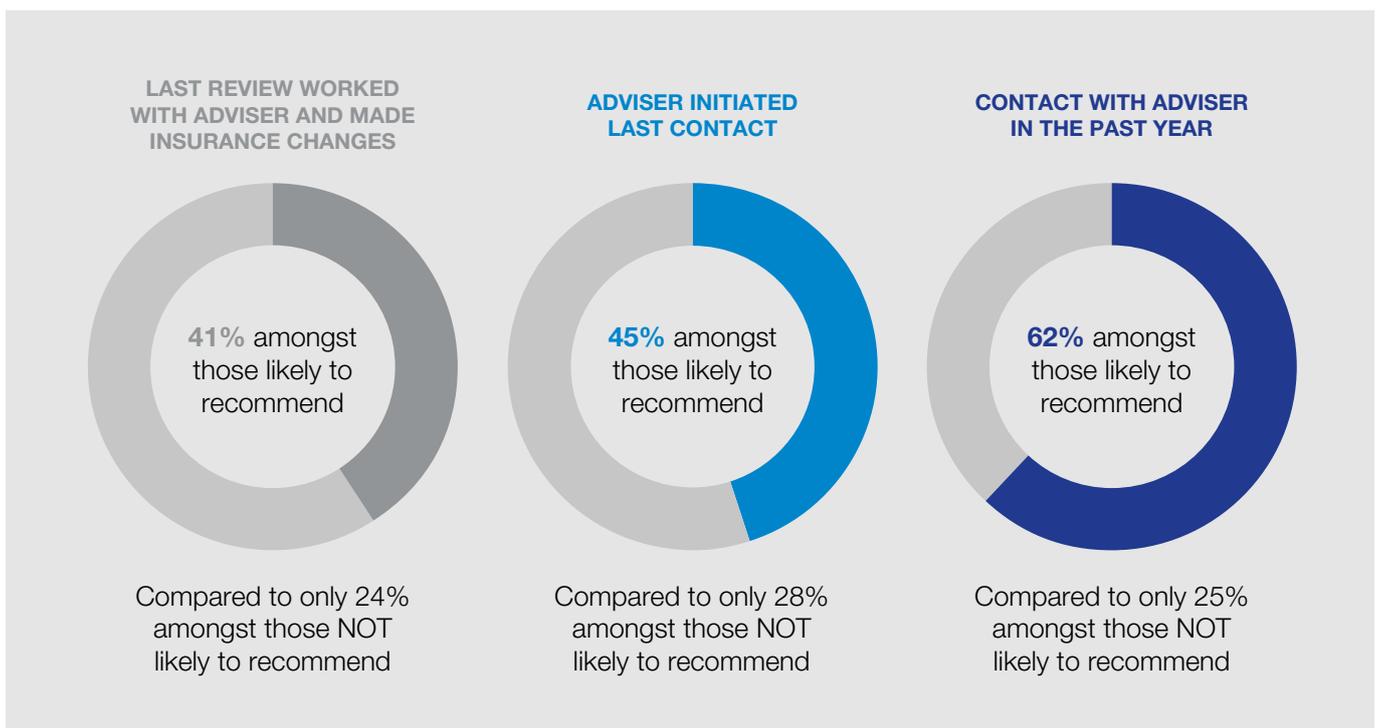
Figure 6.4: Tools to assist clients recommendations



* Question allowed for multiple responses so the results sum to more than 100%

Clients are more likely to recommend their adviser if they have advisers who have reviewed and adjusted their insurance coverage and have initiated their most recent discussion. They are also more likely to have advisers who are in regular contact (refer to Figure 6.5).

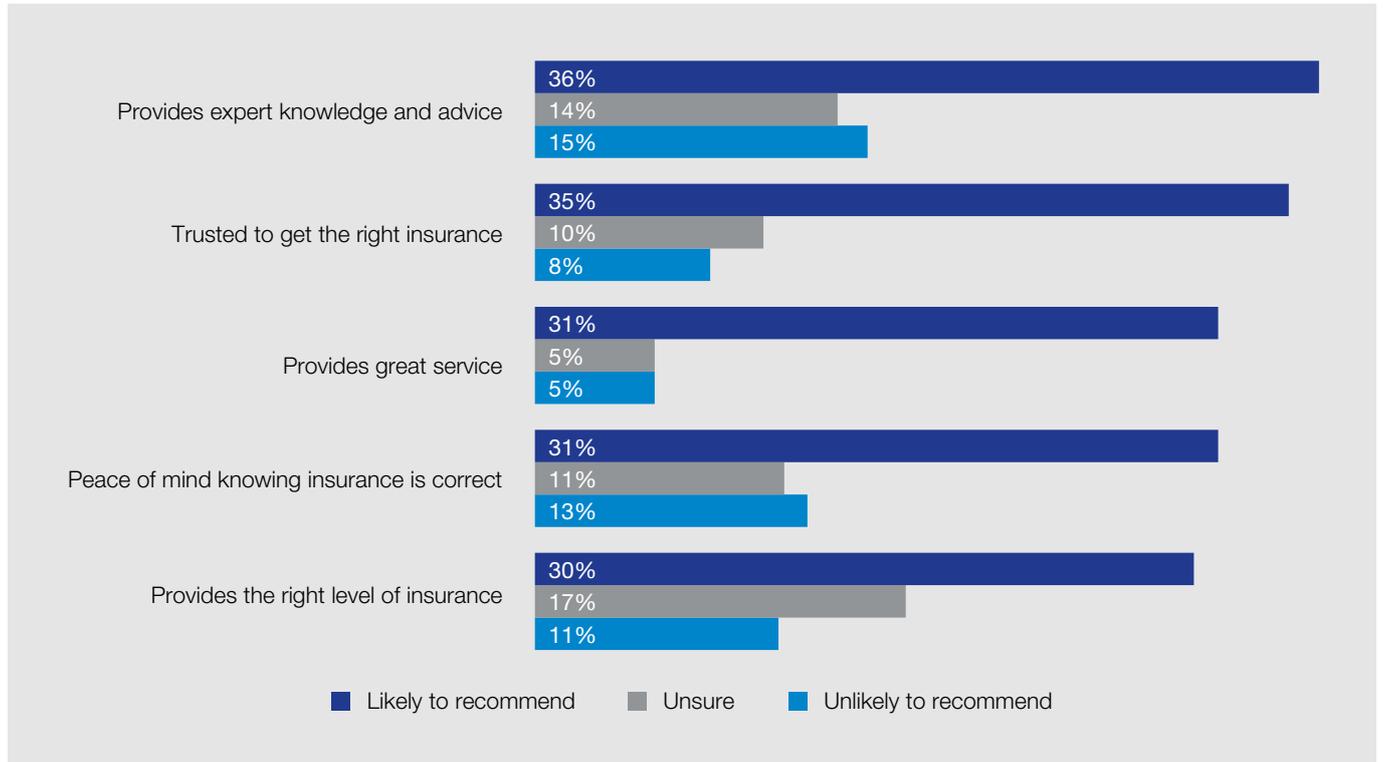
Figure 6.5: Client engagement levels



Clients who are more inclined to recommend their adviser often attribute their decision to various key factors. For example, 36% of those who are likely to recommend their adviser mention that they rely on them for their expert knowledge and advice, whereas only 15% of those who

are unlikely to recommend do so. Additionally, about 35% of those who are likely to recommend their adviser express trust in their ability to secure the right insurance, while only 8% of those who are unlikely to recommend share the same sentiment (refer to Figure 6.6).

Figure 6.6: Reasons to use an adviser by likelihood to recommend



What this means for advisers

Key learning:

- While 53% of clients are willing to refer their adviser, only 22% of clients have been approached for referrals.

Implication for advisers:

- Advisers should actively engage their clients and request referrals to expand their client base. They could also consider developing user-friendly websites and providing business cards to facilitate referrals. While incentives can be appreciated, they are considered less crucial in the referral process.
-

Key learning:

- 68% of clients who are satisfied with the services provided by their adviser are likely to recommend their adviser to others.

Implication for advisers:

- A crucial aspect of attracting recommendations is cultivating strong service relationships that prioritise client satisfaction.
-

Key learning:

- Advisers who maintain regular and proactive communication with their clients are more likely to receive recommendations.

Implication for advisers:

- This emphasises the significance of maintaining regular contact with clients, particularly when it comes to reviewing insurance needs.

THE RESEARCH

This report is based on research involving 600 respondents from around New Zealand. The research was independently* conducted using an online quantitative survey. The survey was conducted during March 2023. The survey covered:

- Lifestyle concerns
- Economic impacts
- Insurance purchase process
- Communication levels
- Last insurance review experience
- Attitudes towards insurance / advisers
- Demographics

Respondents were screened to ensure that they held some form of life or disability cover (including Income Protection, Total and Permanent Disability cover, Critical Illness, Trauma or Cancer insurance or standard Life Insurance). Data checks on gender, age and region ensured that representative samples were obtained.

* This research was conducted by BrandMatters. See www.brandmatters.com.au.

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