

THE LIFE INSURANCE JOURNEY

What triggers life insurance policyholders to get cover?

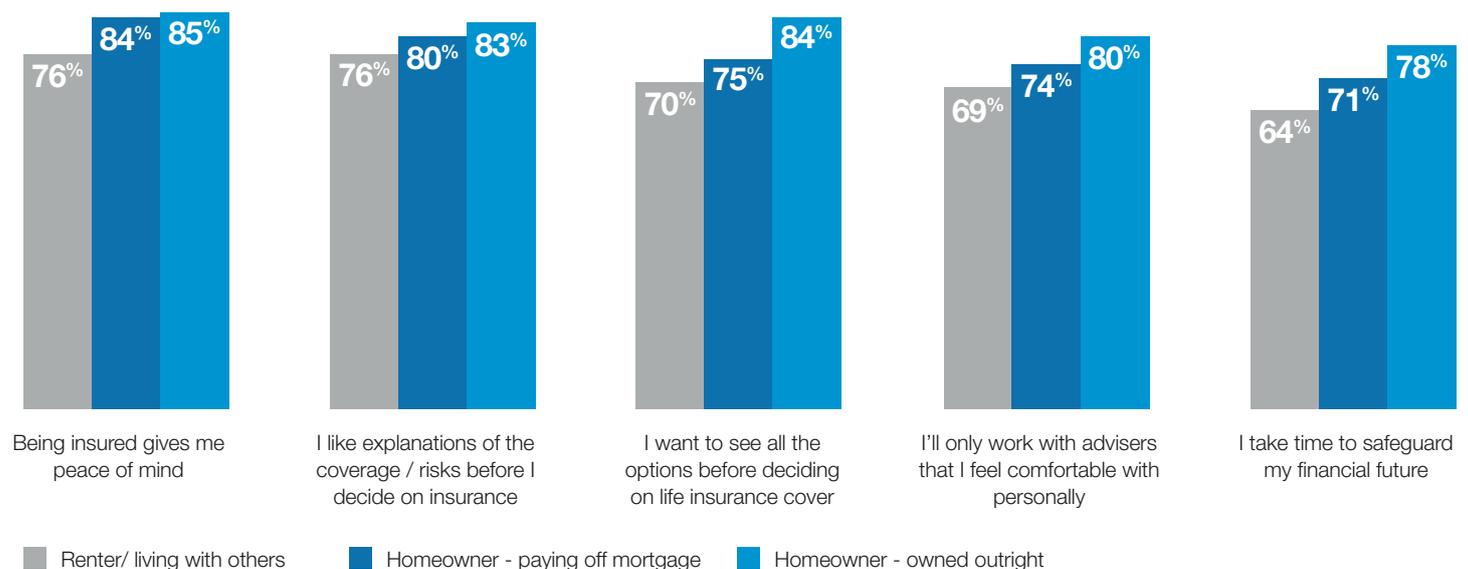
Mortgages feature as the most common trigger with 35% of respondents saying that they first took out life insurance when they got a mortgage, while 29% said that generally safeguarding their financial future prompted them to get life insurance. This suggests an opportunity for advisers to partner with mortgage brokers or other providers to attract recent mortgagees.

Top three triggers to get life insurance



Understanding homeowner attitudes provides growth opportunities.

With mortgages being the top trigger to take out life insurance cover, having an understanding of homeowner attitudes can provide advisers with insights on prospective clients' motivations for purchasing life insurance and then allow them to tailor their communication plans to increase engagement.

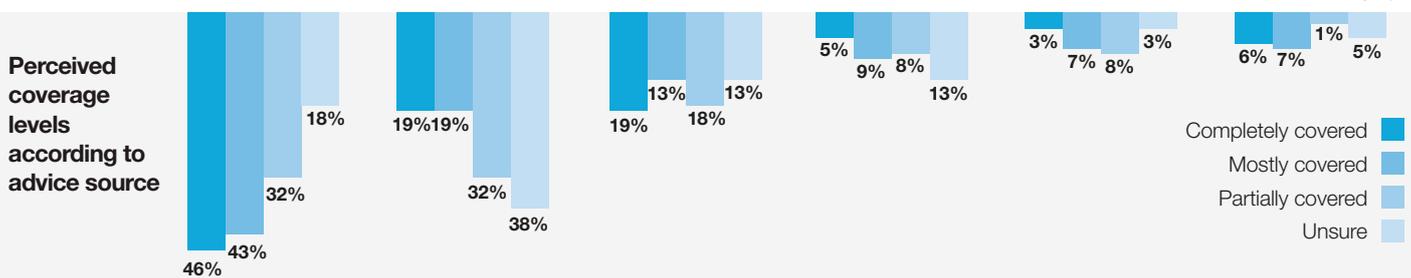
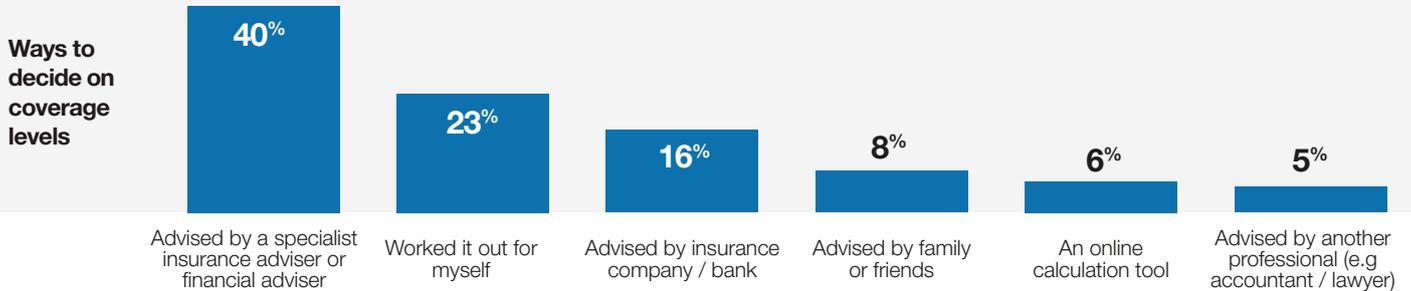


With mortgages being the top trigger for life insurance purchase, setting up a referral program with a mortgage broker could assist advisers to grow their business. Targeted social media communications and advertisements are other options advisers could consider to reach this group of potential clients.

DECIDING ON COVERAGE LEVELS

How do life insurance policyholders decide what cover they need?

40% decide what cover they need based on expert advice, but almost 1 in 4 are working this out by themselves, which means they are missing out on the expert advice an adviser can offer.

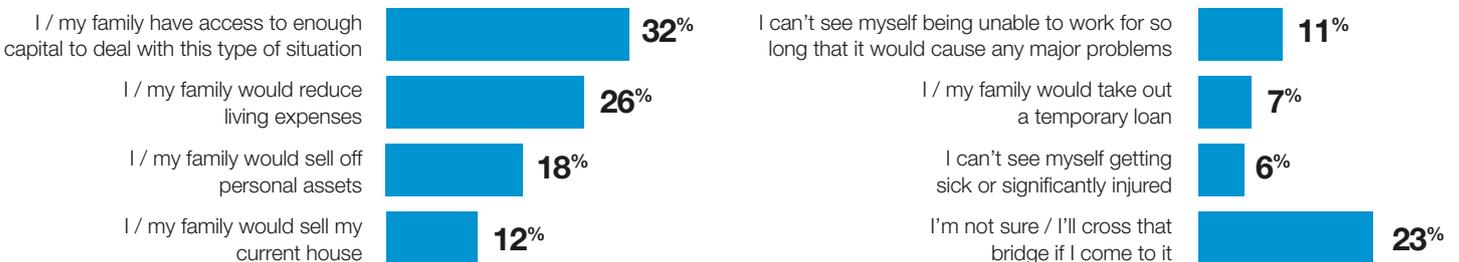


Advised policyholders feel more covered than non-advised.

There is a strong correlation between getting expert advice and feeling completely covered. 46% of those who decided their coverage levels with the advice of an adviser feel completely covered, more than double the rate of those who worked it out for themselves. Conversely, 38% of those who worked it out themselves are unsure how well they are covered.

Those not fully covered are taking on the risk of self-insurance.

Many of those who aren't completely covered are effectively self-insured. 32% say that they would have access to enough capital to deal with the situation, and others say they would either reduce expenses or sell assets. However, a significant number have no clear plans, with 23% saying they aren't sure and 11% saying that they just can't see it happening to them.



It's not surprising that advised clients are more inclined to believe they are fully covered, as advisers provide expert advice to address clients' concerns. Recommendations from clients like this would be valuable to advisers in their referral programmes. There is also the opportunity to educate those who aren't completely covered, in the benefits of other covers that would lessen any potential future financial impacts.

Visit asteronlife.co.nz/sme-index to access the full report for more insights.

Disclaimer

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