

PROTECTION SURVEY REPORT



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INTRODUCTION

The insurance industry looks nothing like it did just a decade ago. With Singapore's youngest millennials now members of the workforce, expectations shift again for financial solutions to accommodate modern lifestyles with its ever-growing list of commitments. Given growing spending power, millennials are emerging as a significant target segment in mass affluent markets.

Correspondingly and as millennials progress through life, their protection needs continue to evolve. The challenge remains to structure financial planning options that take these growing demands into account, while empowering millennials with the literacy to make sound financial decisions and ensure they are sufficiently protected.

The Age of the **MILLENNIAL**

Millennials

[/mi'leniəl/] **noun**

An individual born from 1981 to 1996, aged 25 to 40 in 2021.





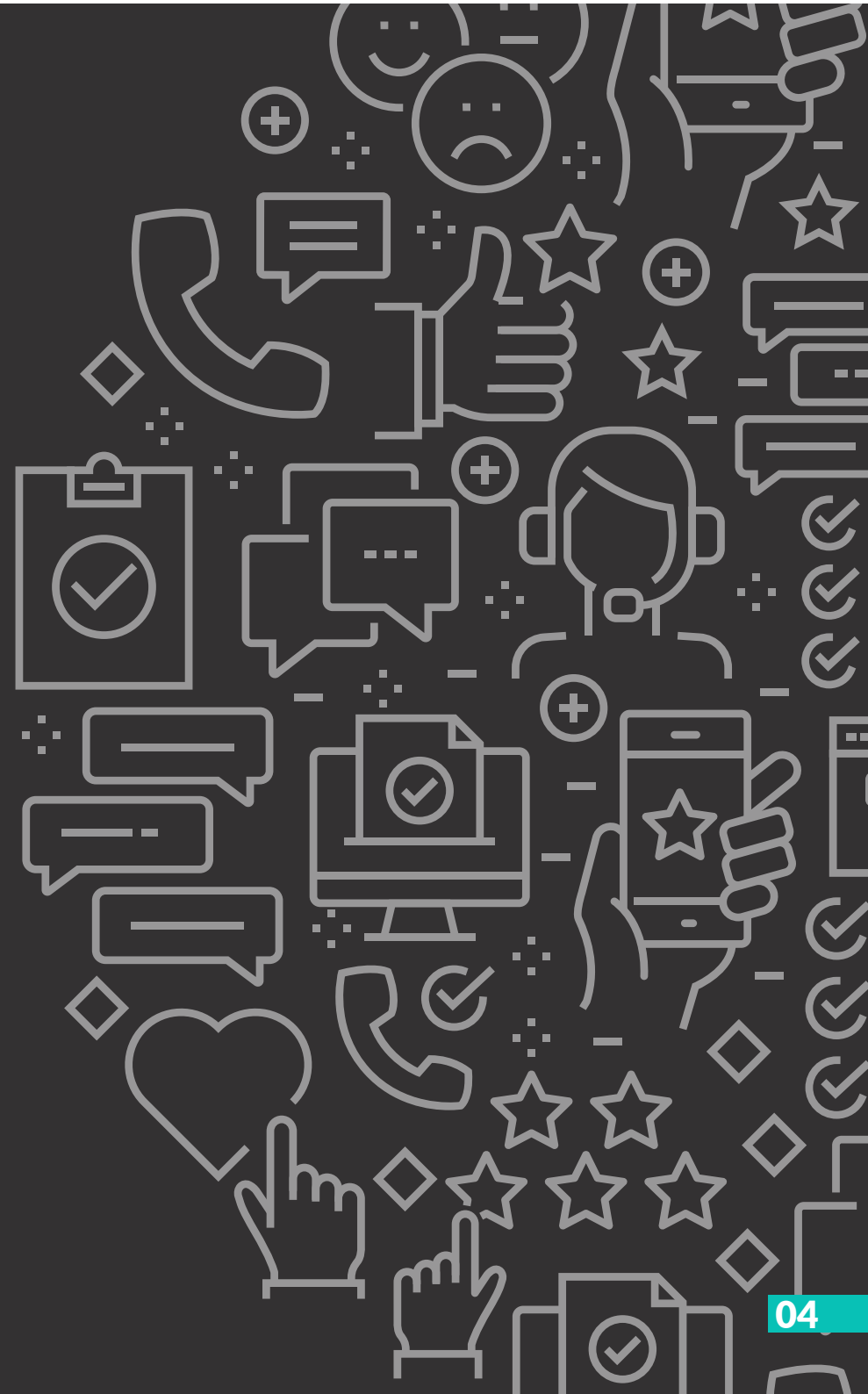
Look beyond the rainbow cake and the avocado toast, and you will find a generation steeped in perpetual transition, always ready for the next big thing. Millennials came of age in a time of rapid technological transformation, witnessing in their youth the advent of the internet, the rise of the smart device and the birth of the Information Era.

Enjoying unprecedented access to digital resources, millennials are digital natives who primarily seek information and entertainment online. Tellingly, 72%¹ of millennials in Singapore believe they cannot live without their mobile phones. To communicate effectively with this generation, more financial institutions are forfeiting their ivory towers in favour of a more personable approach, such as social media outreach.

On the family front, fewer millennials are getting married, and those who do, choose to marry later. In Singapore, the average age of marriage was at about 29² for women and about 30² for men in 2020. Millennials are also having fewer children, later in life with a median age of 31³ for first-time mothers here in 2020. While building families and raising children, millennials also anticipate having to care for their parents, who are approaching retirement age and will soon depend on them financially. With lengthening lifespans, and medical and living costs at an all-time high, the burden grows. All this, while millennials grapple with the burgeoning need to begin retirement planning.

RESEARCH METHODOLOGY

In a bid to better understand millennials and their attitude and perception towards life insurance protection, we surveyed 815 individuals aged 25 to 40 in Singapore in July 2021. Conducted in collaboration with YouGov, the online questionnaire focused on attitudes toward and perceptions of life insurance. The results shed light on the considerations millennials may have concerning purchasing life insurance.

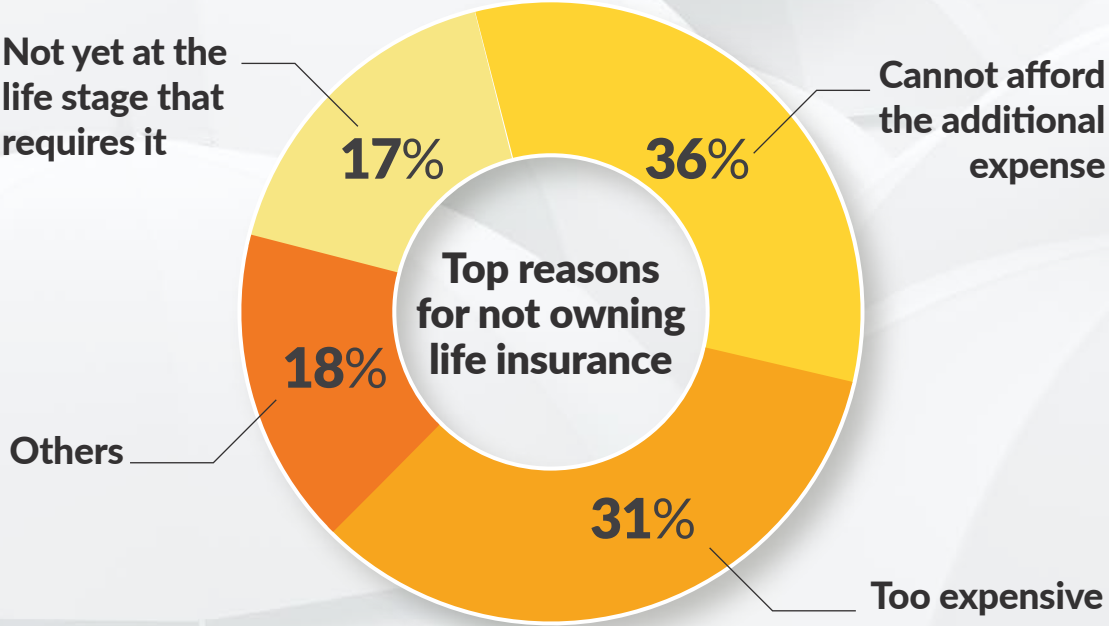


LIFE INSURANCE OWNERSHIP

3 in 4 millennials hold life insurance policies purchased by their parents when they were young, or purchased during adulthood.

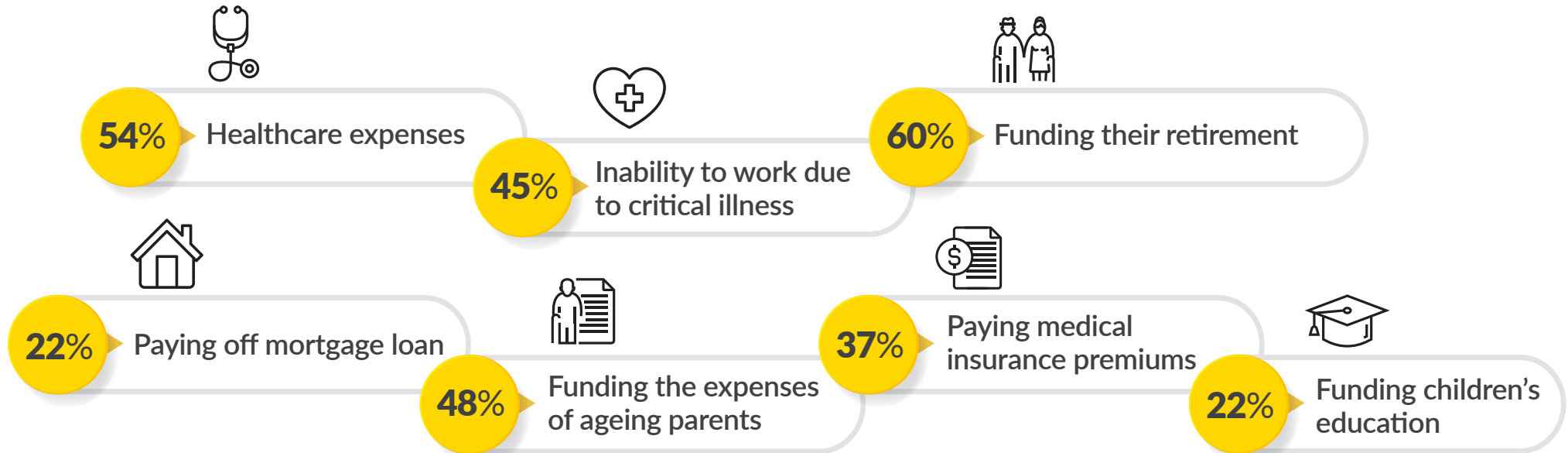
For those who reported not having life insurance, the most common reasons being that they could not afford the additional expense (36%) and that life insurance is too expensive (31%).

These responses demonstrate that most without life insurance assume the coverage is too expensive and not worthwhile for the price. Further findings on the perception of insurance cost will be discussed in page 8 of this report.



Sources of financial concern

Millennials' largest sources of financial concern



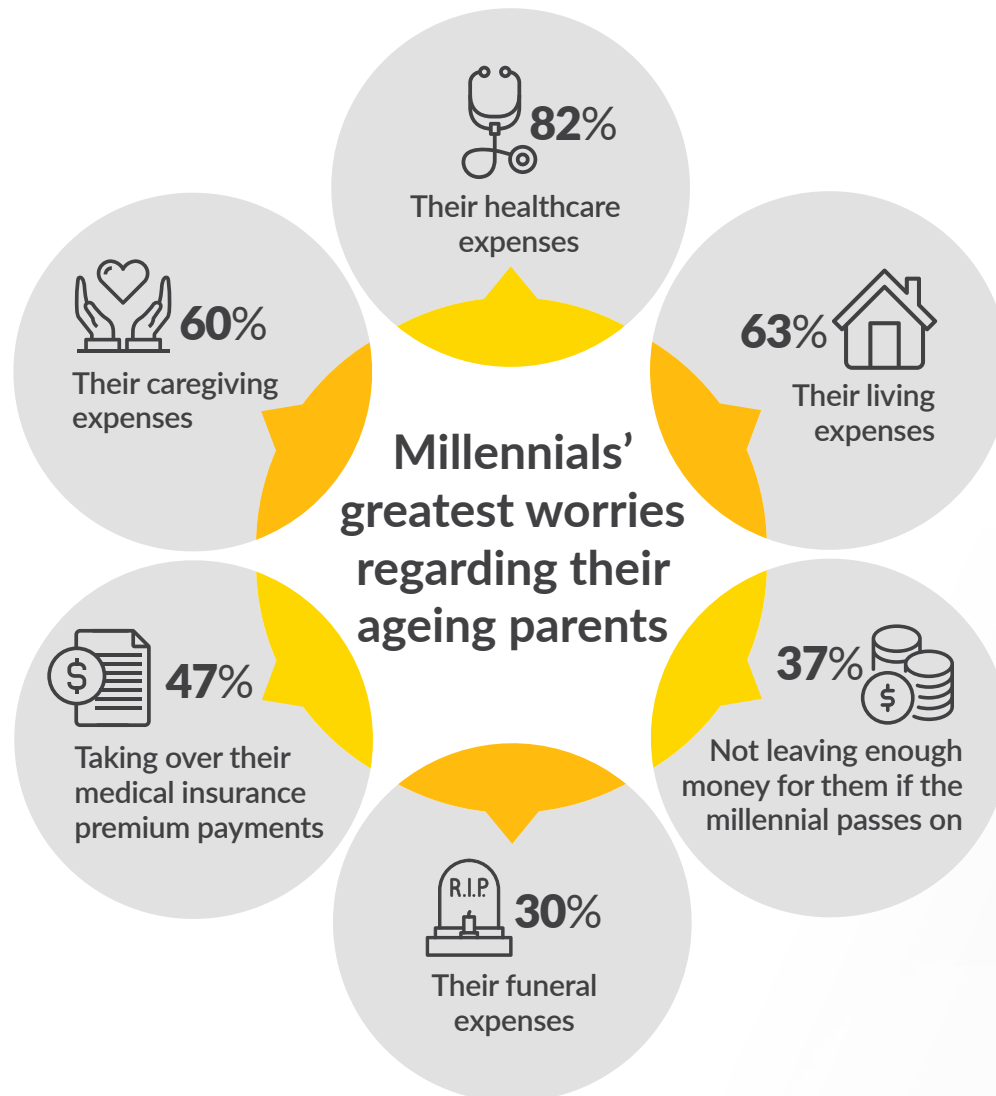
With retirement planning being the top financial concern for millennials, it is clear that our target group already understands the need for planning. This finding opens an opportunity space to educate millennials and provide solutions for their long-term planning needs.

Healthcare expenses and critical illness are listed among the other sources of worry. The immediate solution to these concerns is protection, designed to cover contingencies like illness and injury.

Meanwhile, supporting ageing parents, mortgage debt and funding their children's education also bear associations with life protection, by invoking the burden of providing for someone else financially such as paying for the family home or saving for a child's future. These are also inevitably linked to the fear that one's loved ones would be rendered helpless should one lose their income or pass away.

A final observation is that over 1 in 3 millennials expressed concerns about paying medical insurance premiums, potentially due to rising premium costs in recent years.

Sources of financial concern



These results reveal a fear among millennials of being unable to afford their parents' healthcare expenses. In Singapore, the Confucian emphasis on filial piety prevails, placing the burden of supporting ageing parents on their already-busy adult children. Furthermore, the ranking indicates a suspicion that parents of millennials may be under-insured and otherwise ill-prepared to fund their retirement lifestyle and healthcare.

The primary opportunity that remains is conveying to millennials the importance of planning for life's many milestones, such as when their parents retire and require support. More obliquely, factoring the financial needs of parents into ones' life insurance coverage will ensure their loved ones' lives can go on, regardless of any unforeseen tragedy.



Cost Perception of Insurance

TERM LIFE INSURANCE

Actual premiums cost **S\$57⁴** annually.

- 3 IN 4** overestimate the cost of term life insurance
- 1 IN 2** think premiums cost more than S\$200 annually
- 1 IN 2** think premiums cost 4 times the actual cost

CRITICAL ILLNESS (CI) INSURANCE

Actual premiums cost **S\$190⁴** annually.

- 7 IN 10** overestimate the cost of CI insurance
- 1 IN 3** think premiums cost more than S\$800 annually
- 1 IN 2** think premiums cost 3 times the actual cost

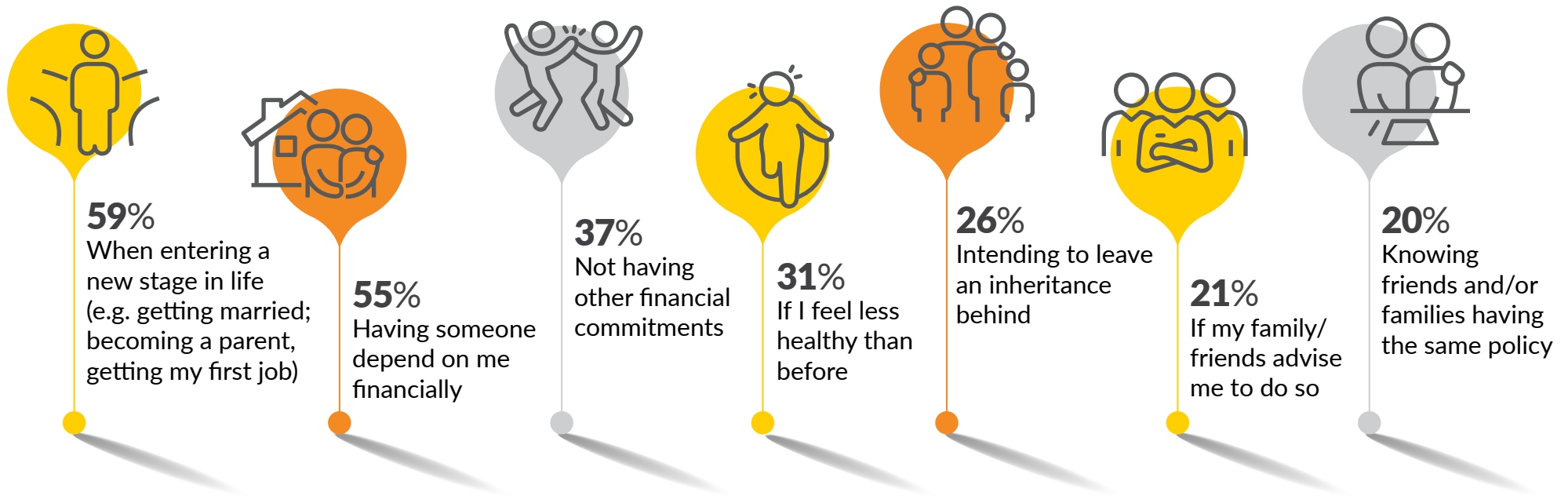
The above describe millennials' cost perceptions of term life and advance-stage critical illness coverage for a healthy 30-year old (born on 1 Jan 1991, with sum insured of S\$100,000 for a policy term of 20 years).

It is clear from these figures that millennials generally overestimate the cost of term life insurance and critical illness protection. While costs do vary with the applicant's age, the average cost of insurance remains below expectation.

Thus, to help millennials ensure they get the sufficient protection they need, it will be imperative to correct these perceptions and drive the recognition that many millennials are, in fact, able to afford the protection they need.

Life stages for considering life insurance

What would influence millennials to consider purchasing or increasing their life insurance coverage?



The top factors that would prompt millennials to consider life protection were entering a new stage in life and having someone depend on them financially.

Another reason was the lack of other financial commitments, granting them higher ability to afford premiums, and lastly, feeling less healthy than before. We note, however, that the latter consideration stems from the misconception that insurance should be purchased in older age, when health problems have begun to surface. This points to a need for reminding millennials that protection is best purchased and most affordable in youth and good health.

Many respondents also indicated that they will explore purchasing or increasing their life insurance plans upon the advice of family or friends, and knowing friends or families hold the same plans. It appears that friends and family play an important role in prompting millennials to purchase and review their life insurance coverage.

Start of purchase journey

What triggers millennials to start thinking about insurance?



We explored millennials' triggers to begin the purchase journey. The results show that most start with searching for insurance-related information online. 2 in 5 start when their family and friends are talking about it and another 2 in 5 start when an insurance agent proactively reaches out to them.

This supports our understanding that the Internet, friends and family, and insurance agents play an important part in educating and influencing this generation to purchase insurance. As a result, readily accessible information online and word-of-mouth are good ways to reach this generation with education on insurance.

Sources of information



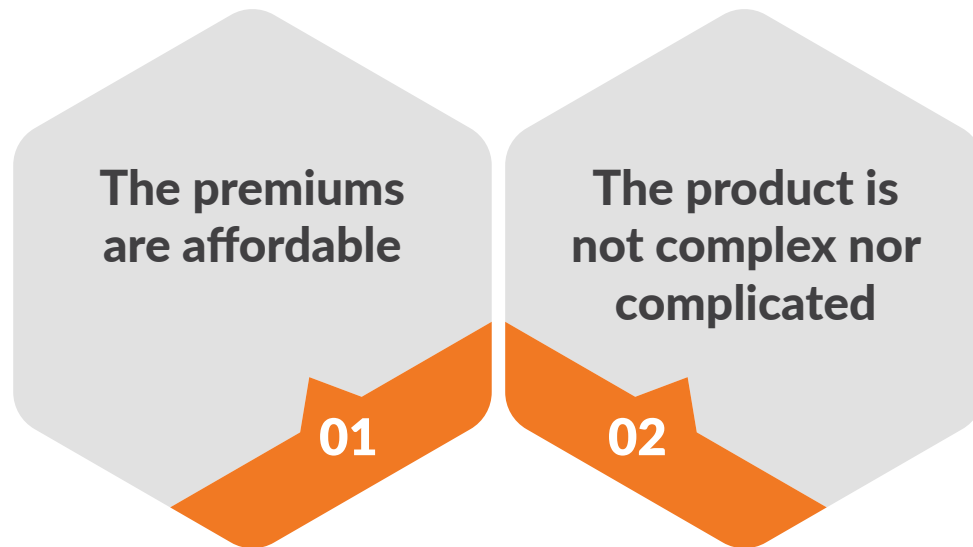
Family and friends were again found to be heavily influence millennials' decisions and journey to getting protection. A significant number also voted that they get their information on products from their parents. This could be attributed to their parents being more seasoned with financial planning, and encouraging their children to purchase insurance.

Unsurprisingly, online information - insurers' websites and social media - are important sources of information for millennials.

Life Insurance Product Design

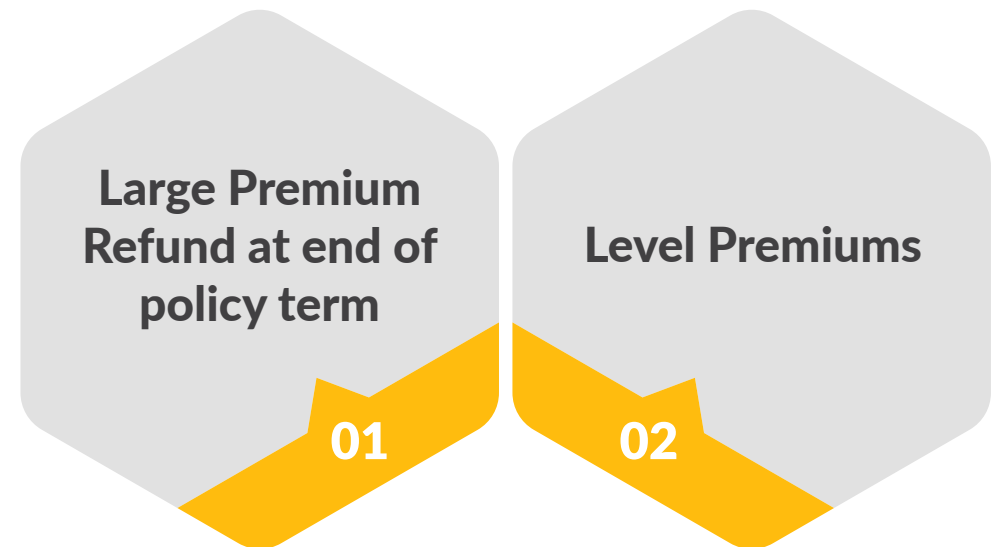
Important Design Attributes

The important design attributes of insurance products to millennials are:



Desired Plan Features

Top 2 features millennials are willing to pay higher premiums for:



Choosing an insurer

Top 3 factors influencing choice of insurer:



When invited to rank their considerations when choosing an insurer, most selected transparency on terms and conditions, with easy access to information and personalised financial advisory the runners-up.

As digital natives, millennials value clarity of communication and access to the right information, when they want it. In providing this clarity and access, the insurer has a chance to establish itself as trustworthy and customer-centric with its millennial prospective clients.

Additionally, while millennials are gradually migrating to online purchase insurance, the majority still places preferential trust in financial advisors to review their insurance portfolio and recommend any suitable products.



CONCLUSION

Our findings indicate that millennials would benefit from a reminder on the importance of reviewing their existing life insurance and critical illness coverage, to ascertain they are sufficiently protected while correcting their perceptions of insurance cost. This ensures future medical bills will not come at an expense to the individual's other financial goals.

These efforts should also extend to uninsured individuals, emphasising the importance of securing insurance coverage before it is too late – when higher costs in older age and health conditions may get in the way.

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If you would like to talk to us about the insights in this research, we are keen to hear from you. Please contact us at marketing@etiqa.com.sg.

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