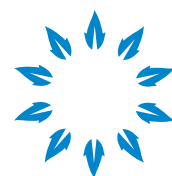




Asteron Life Insurance Index 2022

Issue 1



**Asteron
Life**



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Introduction

Welcome to the 2022 Asteron Life Insurance Index.

As we enter a third year of uncertainty, protecting what matters to people has never been more important. Life and disability insurance is uniquely placed to provide reassurance and peace of mind, but understanding of the scope of life insurance is inconsistent. So how can life insurance advisers use their expertise to help people make informed choices and feel reassured that they have the right life insurance for their needs?

To understand the role that life insurance advisers can play, in 2022 Asteron Life is launching the Asteron Life Insurance Index. This Index builds on earlier Asteron Life research with SMEs, but this year includes a broader sample of life insurance customers in the general population to provide life insurance advisers with a society-wide view of how people view life insurance and advisers.

In this launch edition we explore how people start their life insurance journey and the role that advisers can play in informing and educating customers. We also explore adviser relationships and uncover ways that advisers can build effective relationships and strong customer satisfaction levels.

The insights in this report are designed to shed light on the attitudes and behaviours of people towards life insurance. By better understanding life insurance customers, those involved in life insurance will be able to better meet the needs of this diverse, complex and important audience.

We hope that you find these insights helpful as you plan for the year ahead.

“ To understand the role that life insurance advisers can play, in 2022 Asteron Life is launching the Asteron Life Insurance Index. This Index builds on earlier Asteron Life research with SMEs, but this year includes a broader sample of life insurance customers in the general population to provide life insurance advisers with a society-wide view of how people view life insurance and advisers. ”

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The findings



The first issue of the 2022 Asteron Life Insurance Index concentrates on insights advisers can use to help build stronger, sustainable businesses through fostering greater client satisfaction, focusing on:

- Adviser usage and satisfaction
- The role of collaborative relationships
- The importance of education
- Advisers' expertise is a key benefit
- The power of reviewing insurance-needs regularly
- The claims experience
- Building business through referrals

These topics will be explored in detail in this report.

Executive summary

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

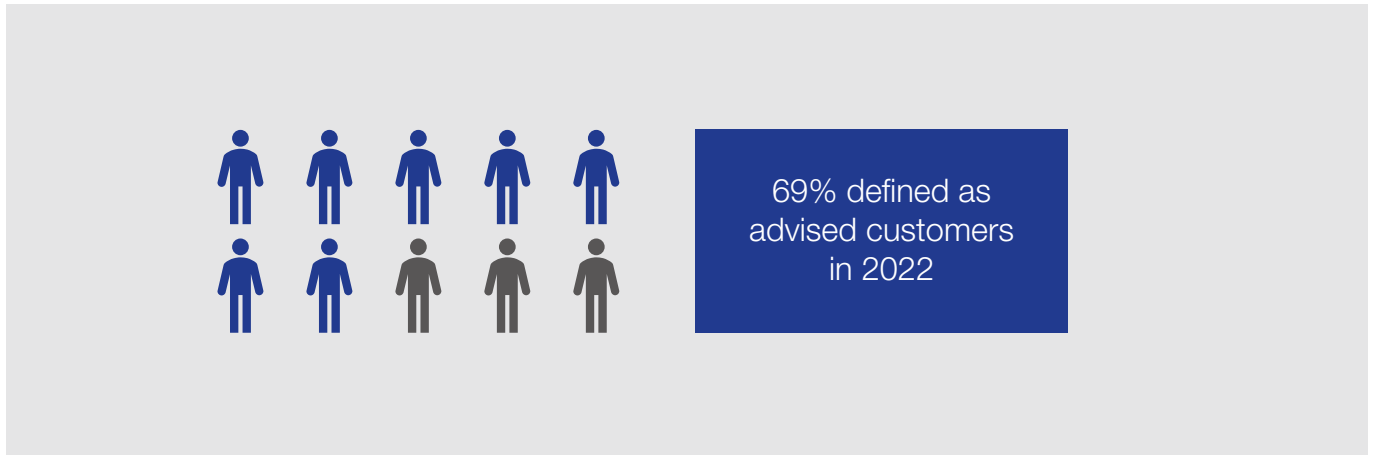
- There is a significant lack of understanding of specific covers, especially IP, TPD and Trauma, even amongst those who have the cover, which means there is a strong need for advisers to educate people about these important covers.
- Expertise is a key benefit of using an adviser, and therefore advisers can benefit from demonstrating their expertise by providing regular, relevant information and in-depth analysis and explanations for their recommendations.
- Providing regular advice and guidance can build satisfaction and provide demonstrable evidence of the ongoing value that advisers deliver.
- Claims are an opportunity for advisers to work with customers to make the process run smoothly and build satisfaction.
- Recommendations play a major role for people when looking for an adviser, meaning advisers could consider developing referral strategies to encourage existing customers and partners to recommend them.

ADVISER USAGE AND SATISFACTION

Insurance is complex, and this is particularly true for the suite of life and disability covers which tend to not be well known or understood by many customers. This complexity means that there is an important role for advisers to provide guidance and support to customers when they buy and make decisions about their insurance. So how many

New Zealand customers are actually receiving this advice? Our data suggests that over 2 in 3, or 69%, of life insurance policyholders receive some form of advice, whether through specialist advisers or advisers in banks or insurance companies (see Figure 1.1).

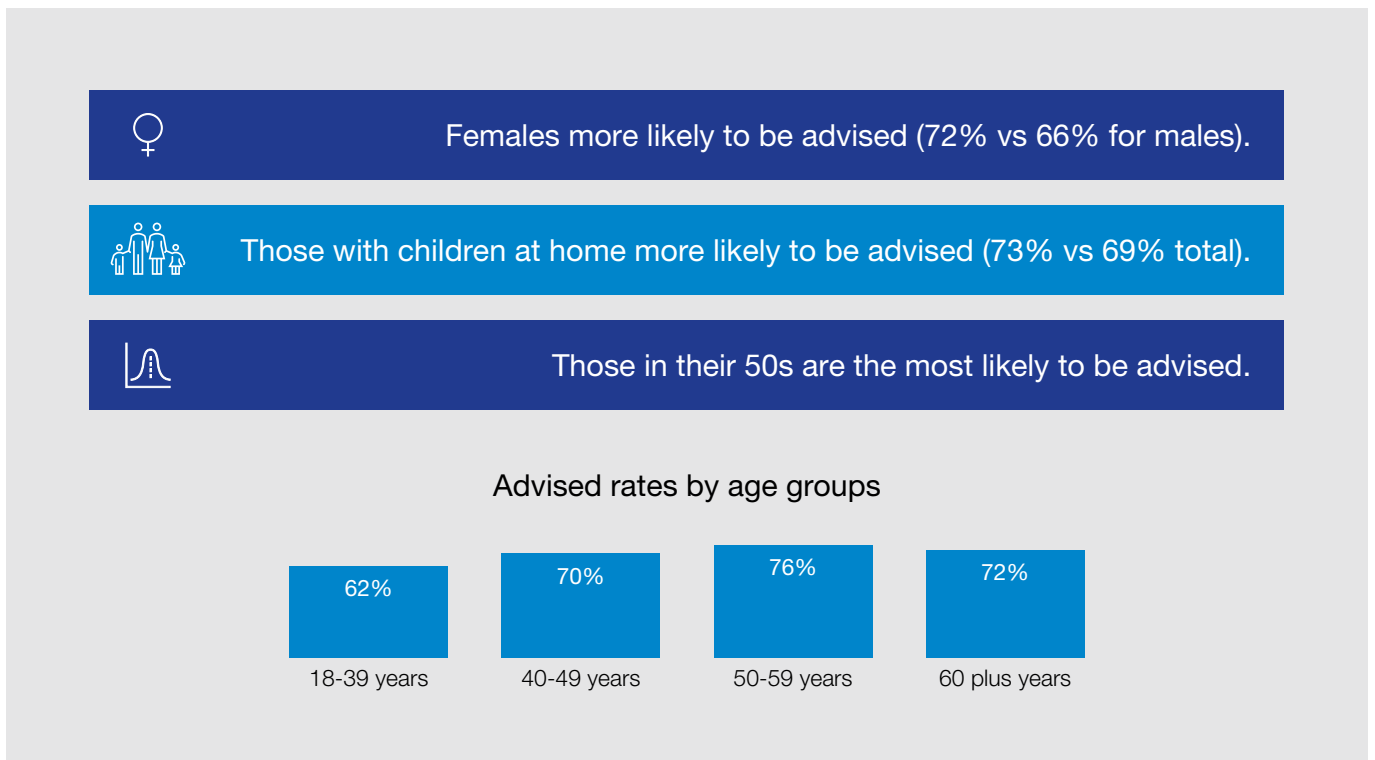
Figure 1.1: Rate of those receiving advice when buying life insurance



Advice levels vary slightly by demographics: females are more likely to be advised, as are those with children at home and those in their 50s (see Figure 1.2). This suggests that

while advice is widespread, there is scope to increase advice levels, particularly for younger customers who are in the process of setting up their insurance.

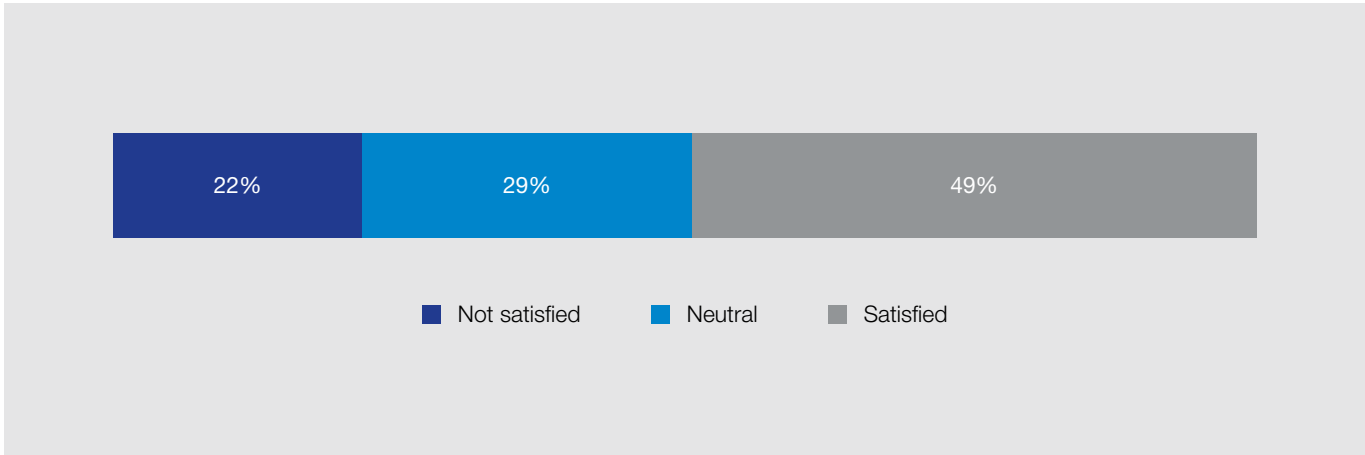
Figure 1.2: Demographic profile of those advised



Around half of advised customers claim to be satisfied with their adviser, while just over 1 in 5 are dissatisfied (see Figure 1.3). While it is positive that a sizeable proportion of advised customers are satisfied, there is scope to further improve satisfaction.

To further understand how advisers can cultivate more satisfying relationships, we have explored different measures that appear to influence satisfaction with advisers.

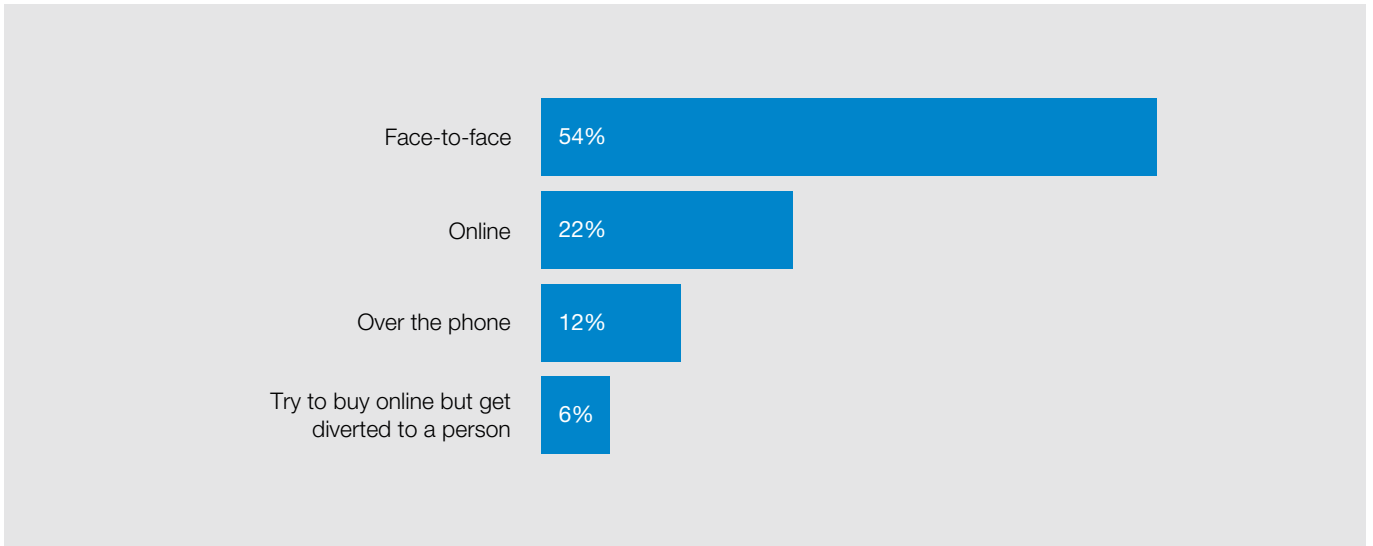
Figure 1.3: Satisfaction with current adviser



THE ROLE OF COLLABORATIVE RELATIONSHIPS

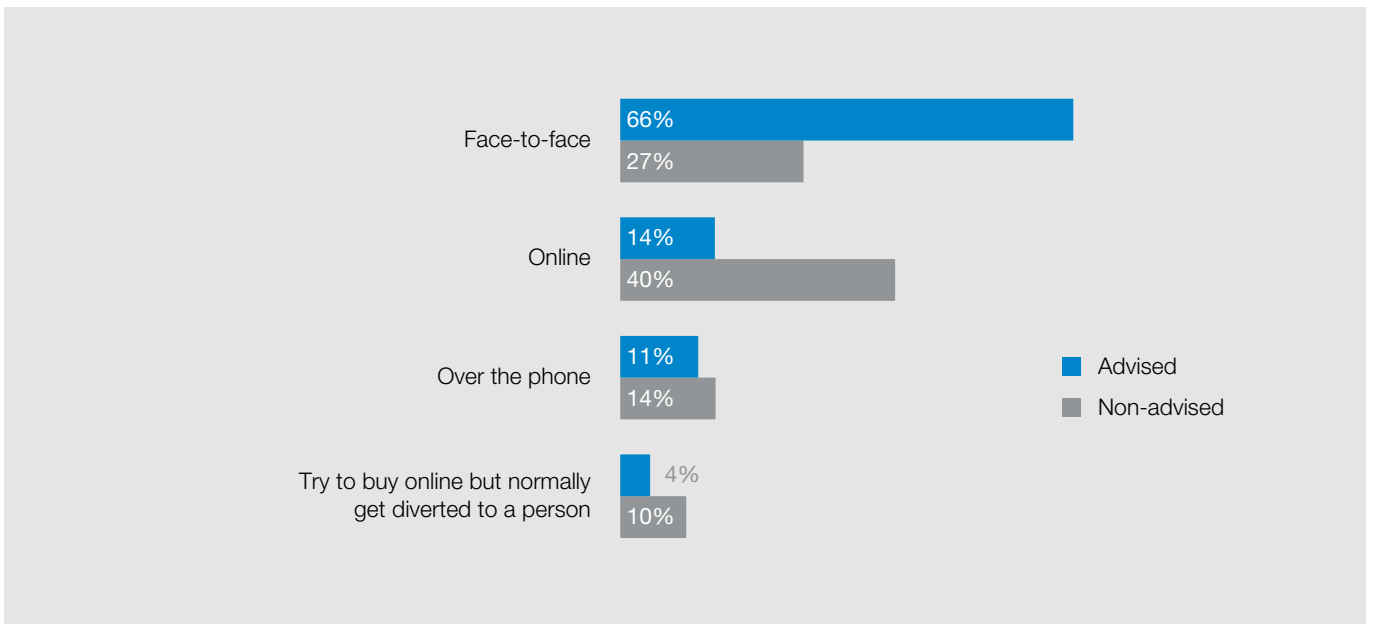
A clear majority of customers want personal contact when they buy life insurance, with 54% saying they buy face-to-face and 12% buying over the phone. Only 22% buy online (see Figure 2.1).

Figure 2.1: Purchase channel used



Looking at purchase channels used by those who consider themselves advised or non-advised, advised customers are significantly more likely to report having purchased their policies face-to-face (66% compared to 27% of non-advised customers), while only 14% have purchased online, compared to 40% of non-advised customers (see Figure 2.2).

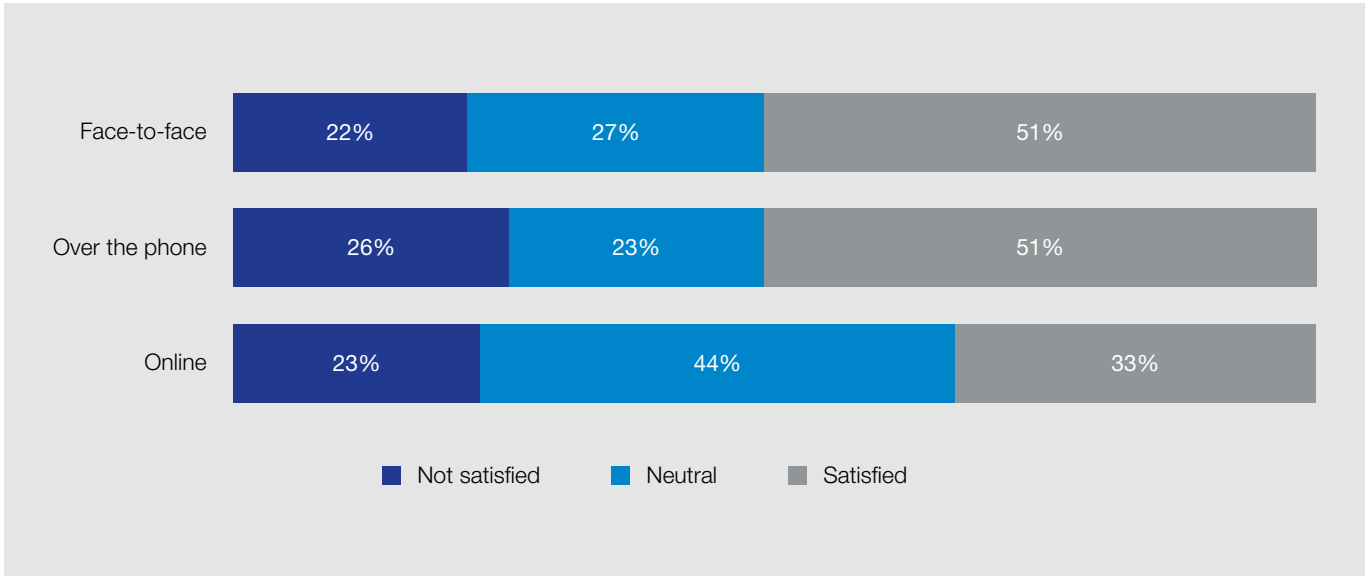
Figure 2.2: Purchase channel used by adviser use



This personal interaction appears to have an impact on overall experience, with only 33% of advised customers who bought online saying that they are satisfied with their adviser, compared to 51% of those who buy either face-to-face or on the phone (see Figure 2.3). The fact that face-to-face

and phone have similar satisfaction levels suggests that it is the personal interaction that is most important in building satisfaction. This means that distance is no barrier to good service, as phone appears to be working as well to build satisfaction as face-to-face contact.

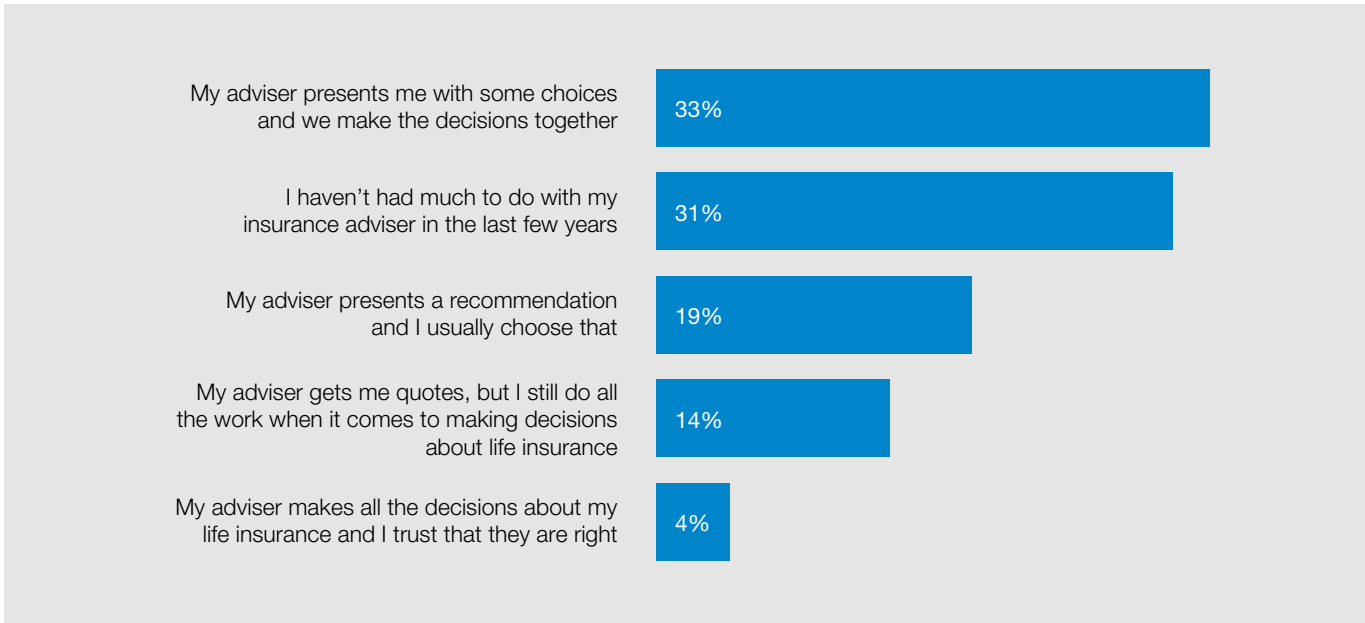
Figure 2.3: Satisfaction with current adviser by purchase channel used



Advised customers report having a range of different relationship styles with their adviser. Around 1 in 3 have a collaborative relationship, claiming that they work together

to make decisions. A similar number report the opposite, saying that they haven't had much to do with their adviser in recent years (see Figure 2.4).

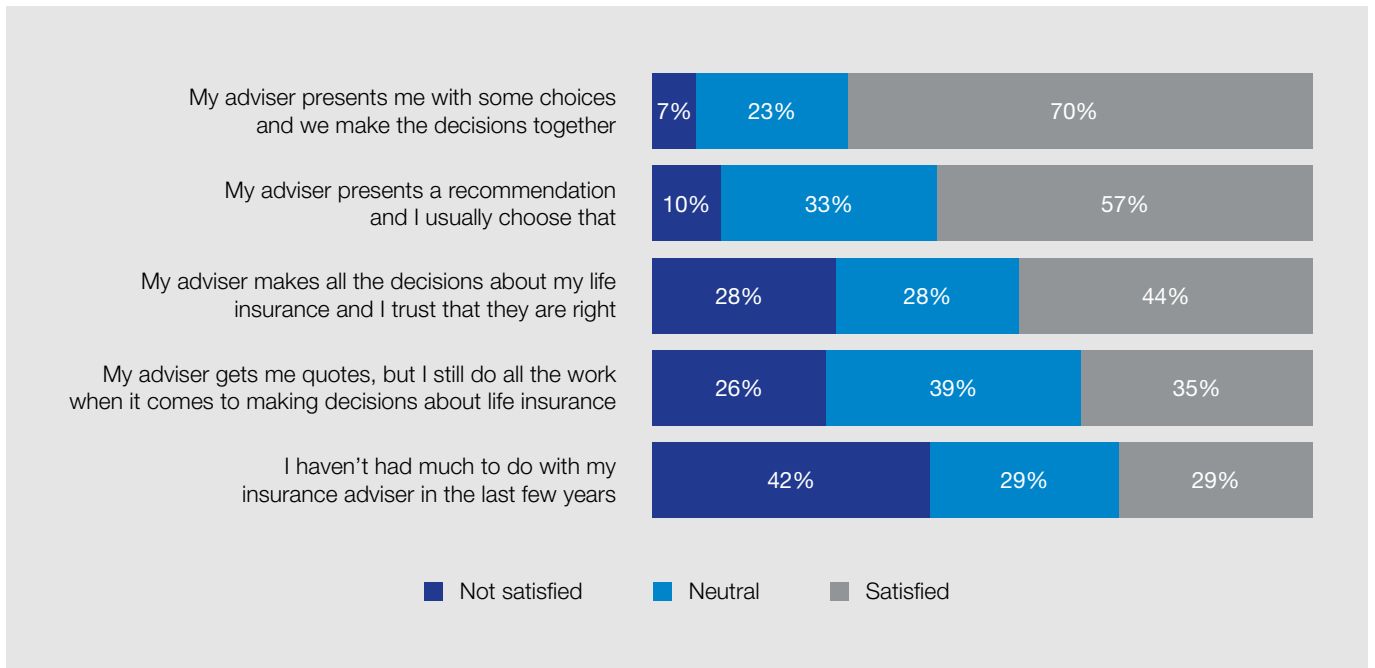
Figure 2.4: Adviser relationship types



The style of relationship matters because there is a strong correlation between levels of engagement and satisfaction. Specifically, 42% of those who say that they haven't had much to do with their adviser in recent years are dissatisfied with their adviser, compared to only 7% of those who work collaboratively with their adviser. Conversely, 70% of those

with collaborative relationships are satisfied with their adviser compared to only 29% of those who aren't in contact with their adviser (see Figure 2.5). Unsurprisingly, keeping in contact and working collaboratively with customers is strongly associated with higher levels of satisfaction.

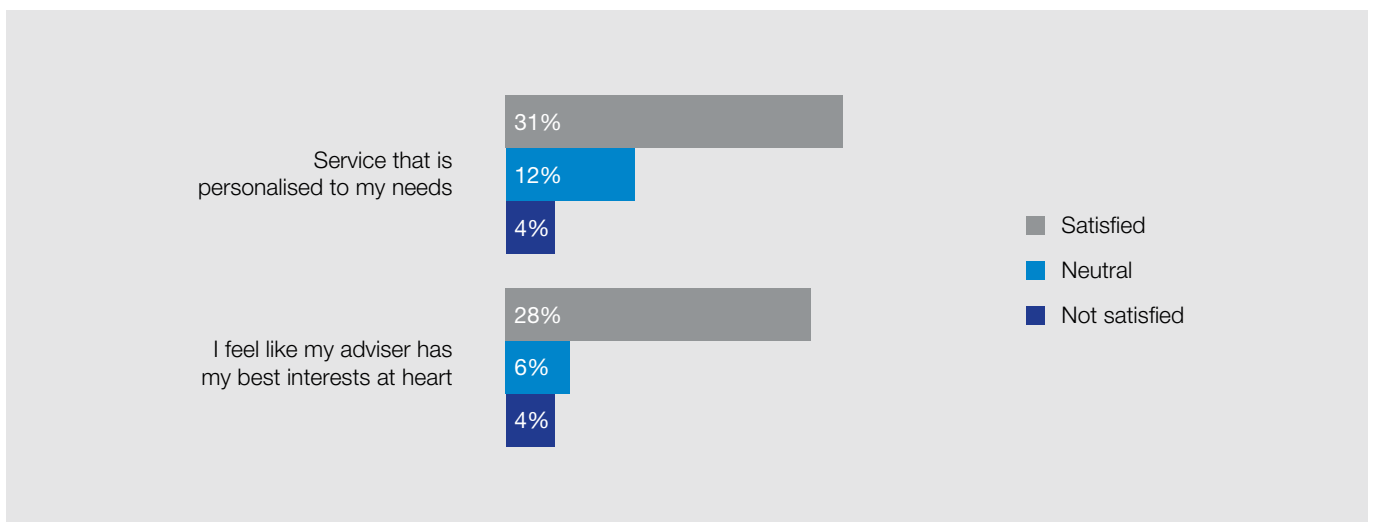
Figure 2.5: Satisfaction with current adviser by relationship types

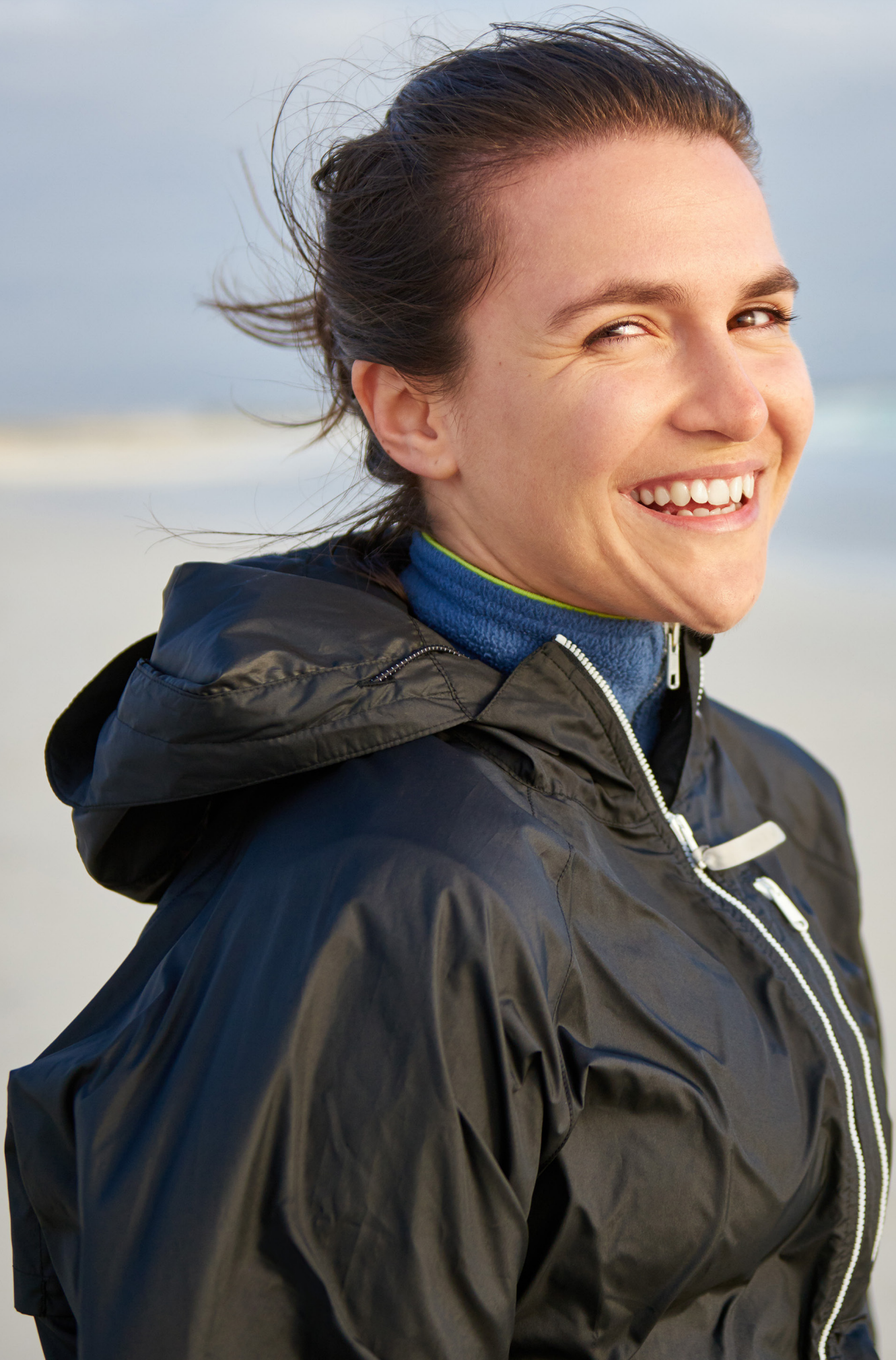


When exploring reasons that people choose to work with life insurance advisers, personalised service emerges as a clear differentiator between those who are satisfied and dissatisfied with their adviser. 31% of satisfied customers say that they work with an adviser because they provide service that is personalised to their needs, compared to only 4% of

dissatisfied customers (see Figure 2.6). Along similar lines, 28% of satisfied customers say that their adviser has their best interests at heart, compared to only 4% of dissatisfied customers. This suggests that engaging with customers by taking the time to understand their individual needs and delivering personalised service drives higher satisfaction.

Figure 2.6: Reasons to use an adviser – ‘service style’ by satisfaction levels



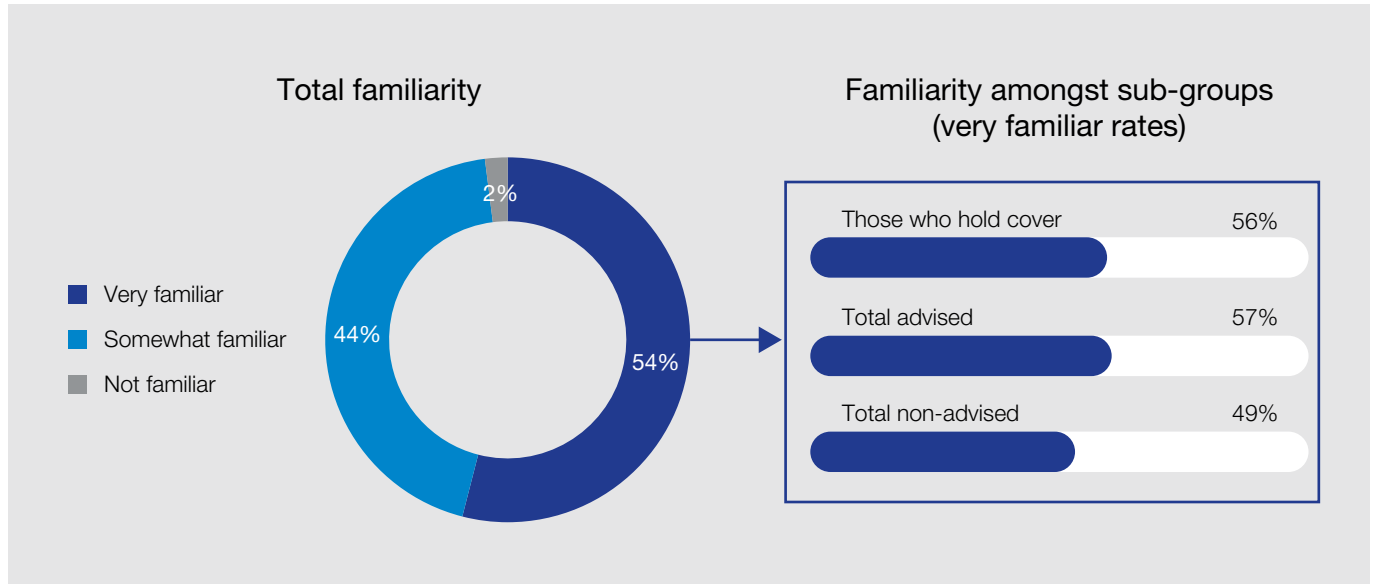


THE IMPORTANCE OF EDUCATION

The data from the Asteron Life Insurance Index confirms what many in the industry suspect: that familiarity levels with Life Insurance, particularly the less common covers, is very low. Life Insurance is reasonably well known, with 54% claiming

to be very familiar with the cover. This rises to 56% for those who hold Life Insurance and 57% for advised customers, illustrating the value that advisers can play in helping customers understand their insurance (see Figure 3.1).

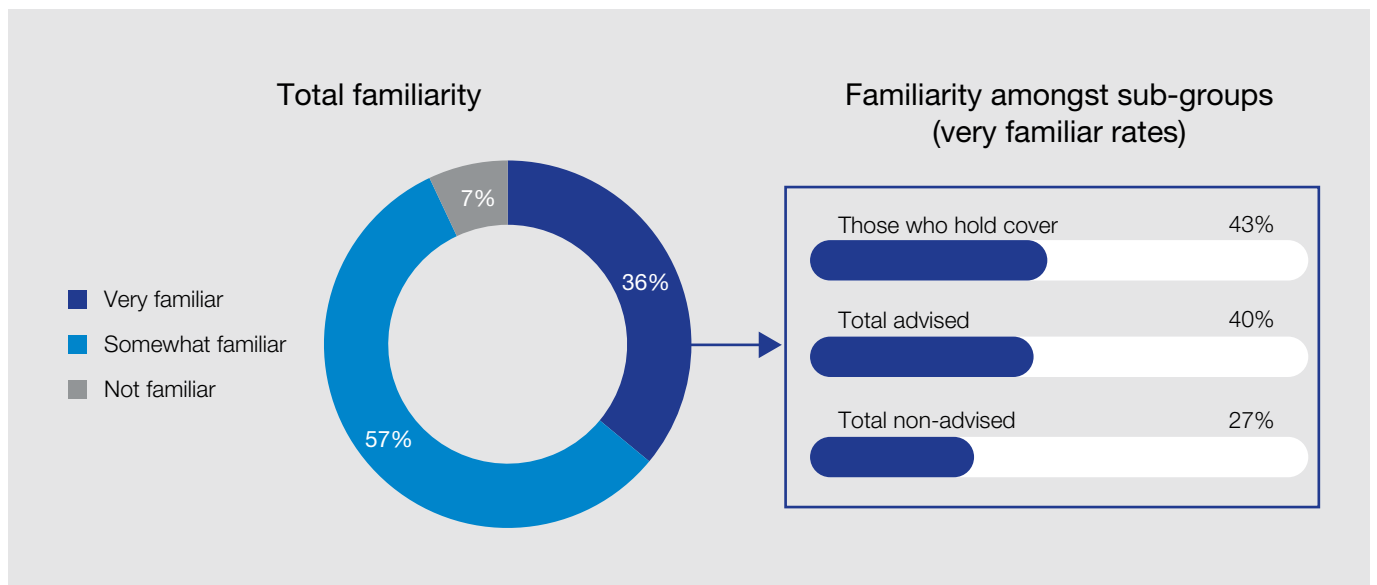
Figure 3.1: Familiarity rates with Life Insurance



Income Protection is the next best-known cover with 36% claiming to be very familiar with Income Protection. This rises to 43% for those who have the cover and 40% for those who are advised (see Figure 3.2). However, this means that there

are still a substantial majority of people who are not familiar with Income Protection insurance, suggesting an opportunity to raise awareness of this valuable cover.

Figure 3.2: Familiarity rates with Income Protection



Familiarity with Trauma and TPD drops considerably. Only 27% claim to be very familiar with Trauma cover, including just 35% of those who actually have the cover and 30% of advised customers (see Figure 3.3). Less than a quarter, or 23% are very familiar with TPD, including 34% of those who

have the cover and 25% of advised customers (see Figure 3.4). There is a wide gap in familiarity and a need for both the insurance industry and advisers, to educate customers more about these misunderstood covers.

Figure 3.3: Familiarity rates with Trauma, Illness and Cancer

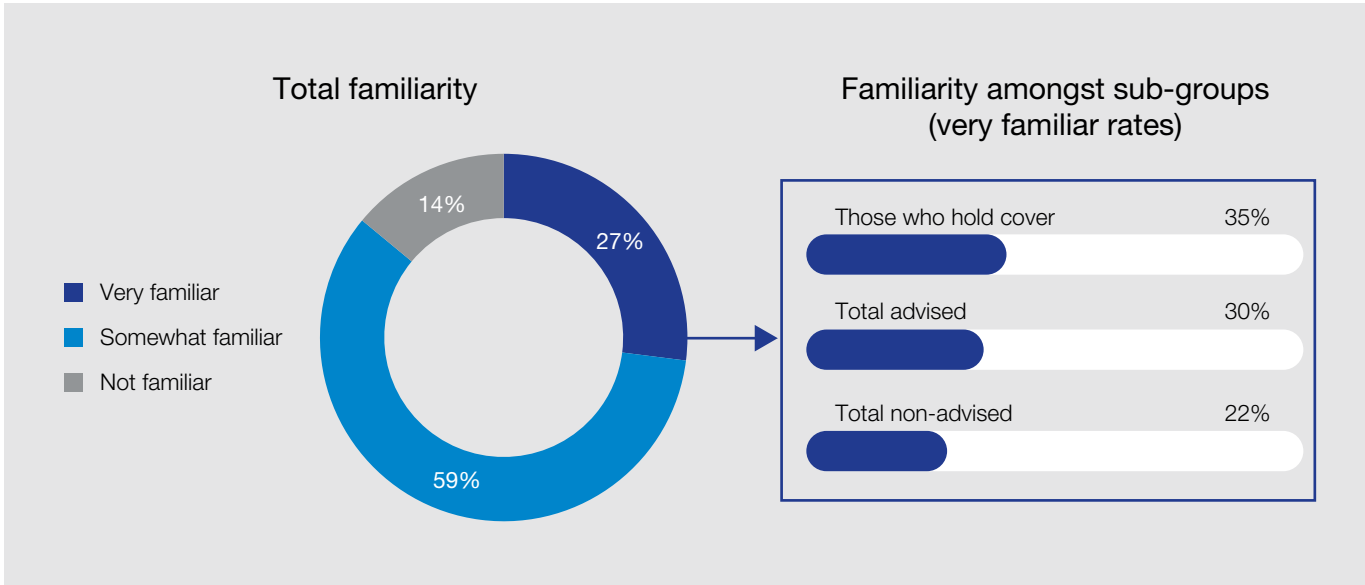
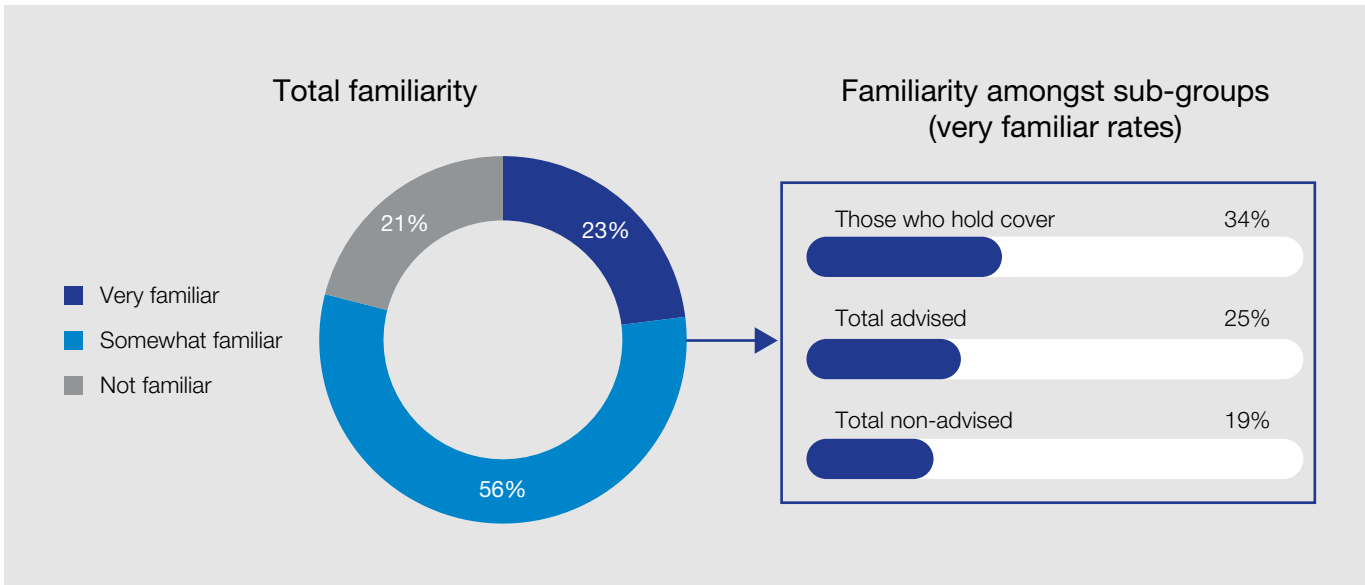


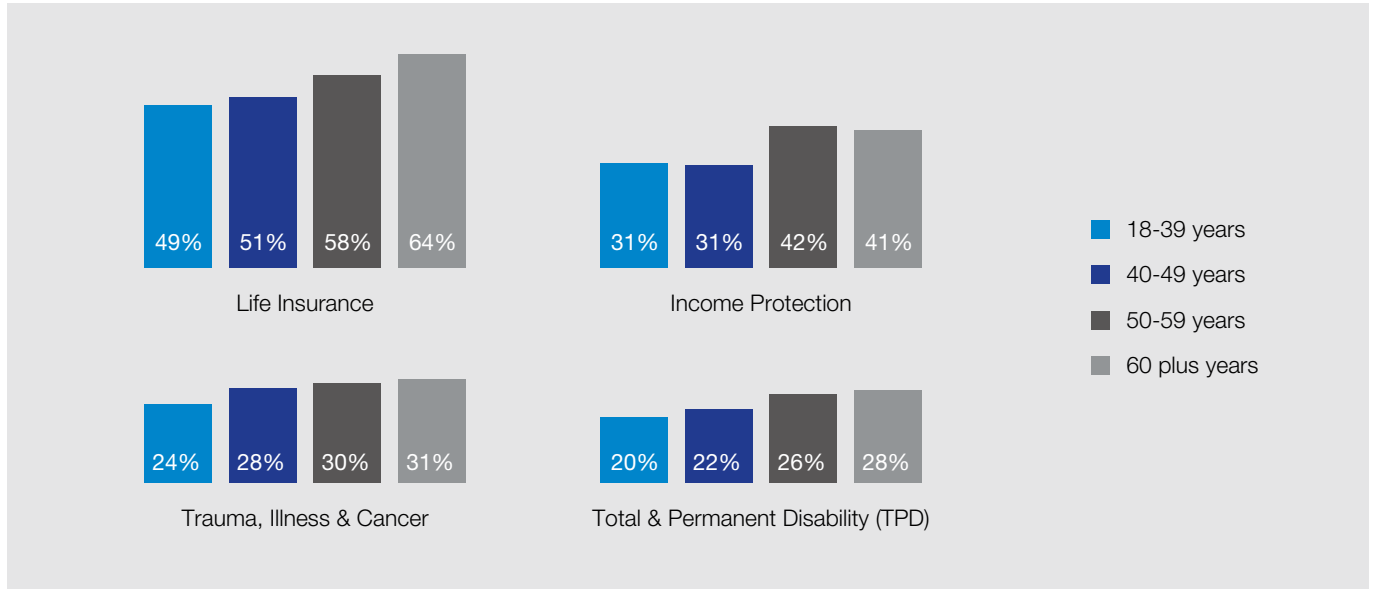
Figure 3.4: Familiarity rates with Total Permanent Disability (TPD)



Lack of familiarity with these covers is relatively widespread across demographics. Familiarity with most covers, especially Life Insurance and Income Protection, tends to increase with

age, but remains relatively low across all age groups (see Figure 3.5). This means that the need for increased education applies to all people.

Figure 3.5: Familiarity rates by age

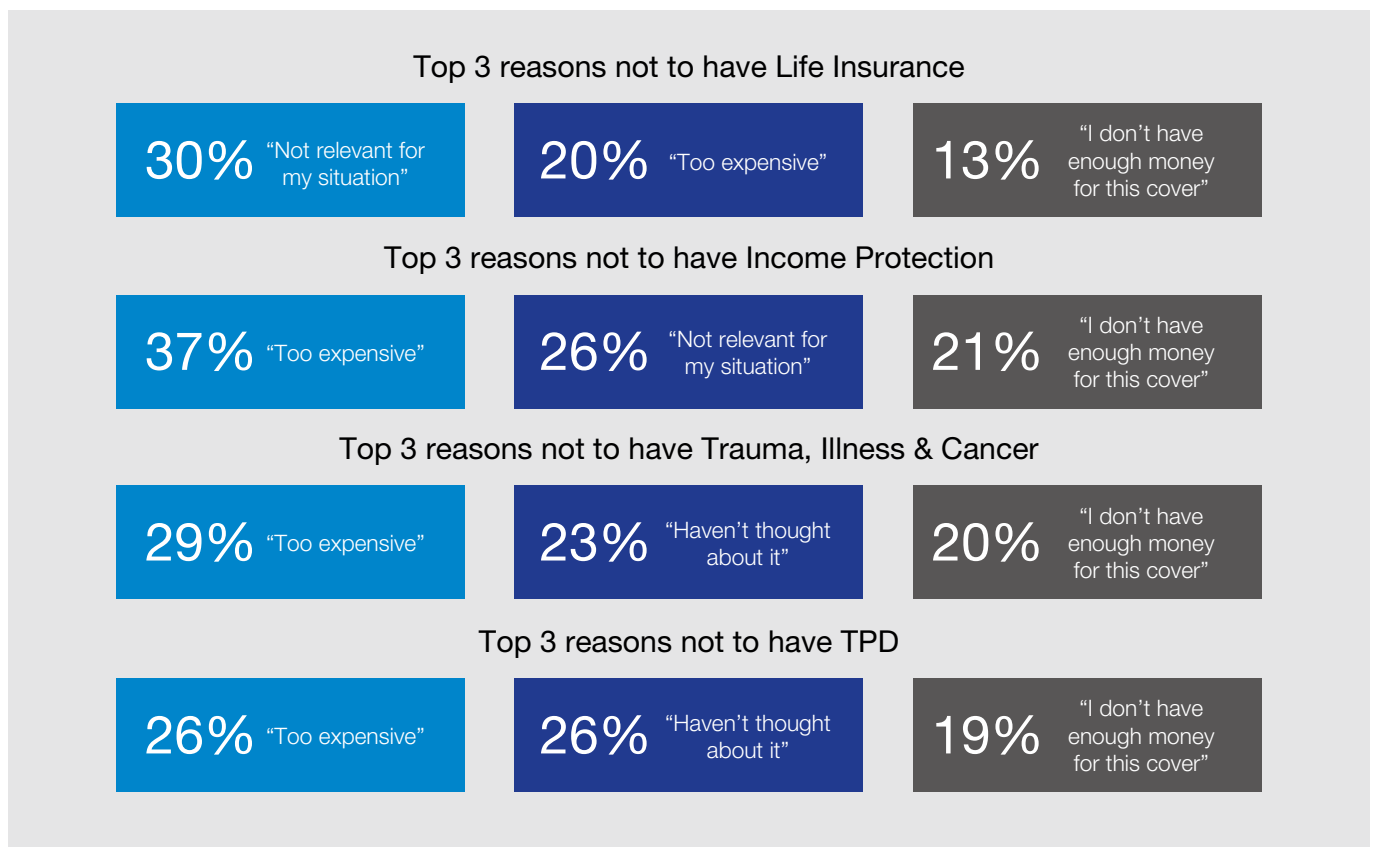


The need for education and increased understanding of the range of life insurance products is further reinforced when looking at reasons not to have these products.

30% of those who don't have Life Insurance say that this is because it's not relevant for their situation, suggesting a potential lack of understanding of the benefits of the

cover. Cost also plays a role, with 20% saying they see the cover as too expensive and 13% saying they don't have enough money (see Figure 3.6). While life insurance can be expensive, especially for those on lower incomes, a greater understanding of the covers could help more people see value in the cover and therefore override concerns about price.

Figure 3.6: Top 3 reasons not to have life insurance products



Similar trends can be seen when looking at reasons not to have Income Protection, Trauma and TPD covers. “Too expensive” is the top reason not to have each of those covers, and others cite not having enough money for the cover. Awareness plays a big role for both Trauma and TPD: 23% say they don’t have Trauma cover and 26% don’t have TPD cover because they hadn’t thought of it, highlighting the importance in raising awareness of these covers.

Ultimately, the data shows that a lack of understanding means many people who could benefit from life insurance are missing out. For example, 25% of people who worry about being unable to keep up with ongoing living expenses if they were unable to work, do not have Income Protection insurance. Similarly, 20% of those who are concerned about a family history of serious illness do not have Trauma cover and 34% of those who are concerned about having an accident that leads to a physical disability do not have TPD.

Income Protection

25%

Do NOT have Income Protection

BUT are concerned about being unable to keep up with ongoing living expenses if they were unable to work

Trauma, Illness & Cancer

20%

Do NOT have Trauma, Illness & Cancer cover

BUT are concerned about a family history of serious illness

TPD

34%

Do NOT have TPD

BUT are concerned about having an accident that leads to a physical disability

What this means for advisers

- There is a significant lack of understanding of specific covers, especially IP, TPD and Trauma, even amongst those who have the cover, which means there is a strong need for advisers to educate people about these important covers.



ADVISERS' EXPERTISE IS A KEY BENEFIT

Advised customers cite a range of reasons for using an adviser, with expertise playing an important role. 37% say that their adviser provides them with expert knowledge and

advice, while 30% say they work with an adviser because they trust them to get the right insurance (see Figure 4.1).

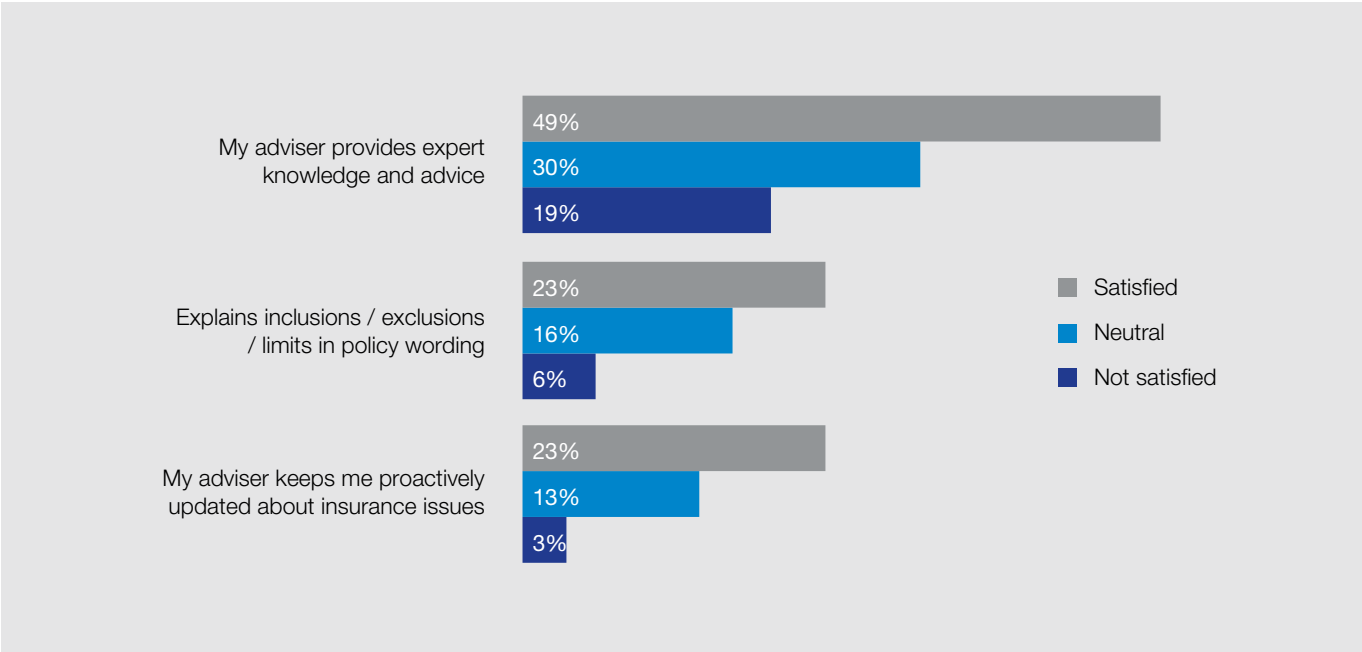
Figure 4.1: Top 5 reasons to use current adviser



Valuing an advisers' expertise is associated with higher rates of satisfaction. 49% of those who are satisfied with their adviser say their adviser provides expert knowledge and advice, compared to only 19% of dissatisfied customers. 23% of satisfied customers say their adviser explains policy

wordings and 23% say their adviser keeps them proactively updated about insurance issues (see Figure 4.2). This suggests that demonstrating expertise and taking time to explain insurance can drive higher satisfaction.

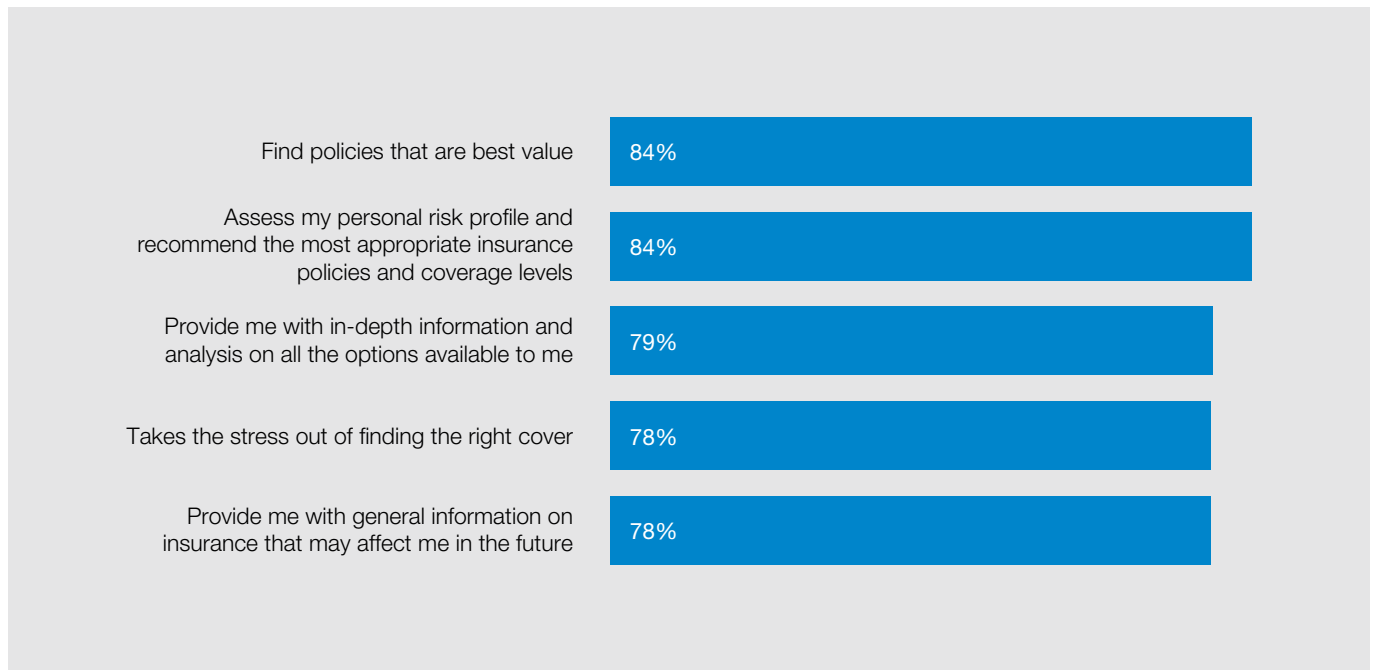
Figure 4.2: Reasons to use current adviser – 'perceptions of expertise' by satisfaction levels



Advisers undertake a wide range of tasks for their customers, and customers place high importance on tasks that demonstrate expertise, as well as value and ease. 84% say it is important that their adviser finds policies that represent the best value, and the same number want their adviser to provide assessment of their personal risk profile. Information

is highly valued, with 79% saying that they want their adviser to provide in-depth information and analysis and 78% saying that it is important that their adviser provide them with general information about insurance that may affect them in the future (see Figure 4.3).

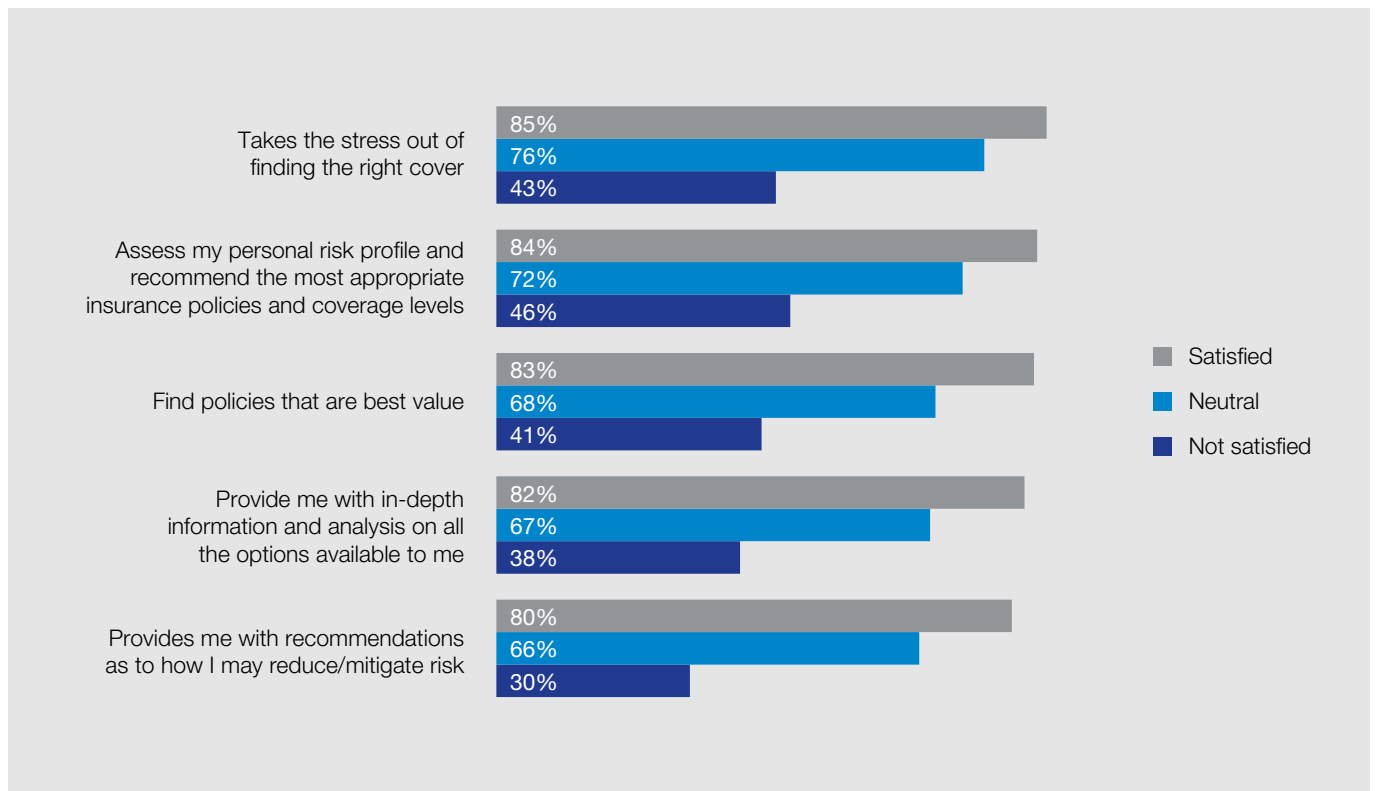
Figure 4.3: Top 5 adviser tasks considered important



Advisers with satisfied customers undertake a greater range of tasks for their customers, highlighting their higher levels of involvement. Significantly higher proportions of these advisers undertake more value-added tasks that demonstrate their expertise. For example, 84% of satisfied customers say that their adviser assesses their risk profile, compared to only

46% of dissatisfied customers, and 82% provide in-depth information and analysis. There is also value in advisers who demonstrate their role as risk advisers who think holistically about risk, with 80% of satisfied customers saying that their adviser provides recommendations on mitigating risk (see Figure 4.4).

Figure 4.4: Tasks adviser does by satisfaction levels



What this means for advisers

- Expertise is a key benefit of using an adviser, and therefore advisers can benefit from demonstrating their expertise by providing regular, relevant information and in-depth analysis and explanations for their recommendations.

THE POWER OF REVIEWING INSURANCE-NEEDS REGULARLY

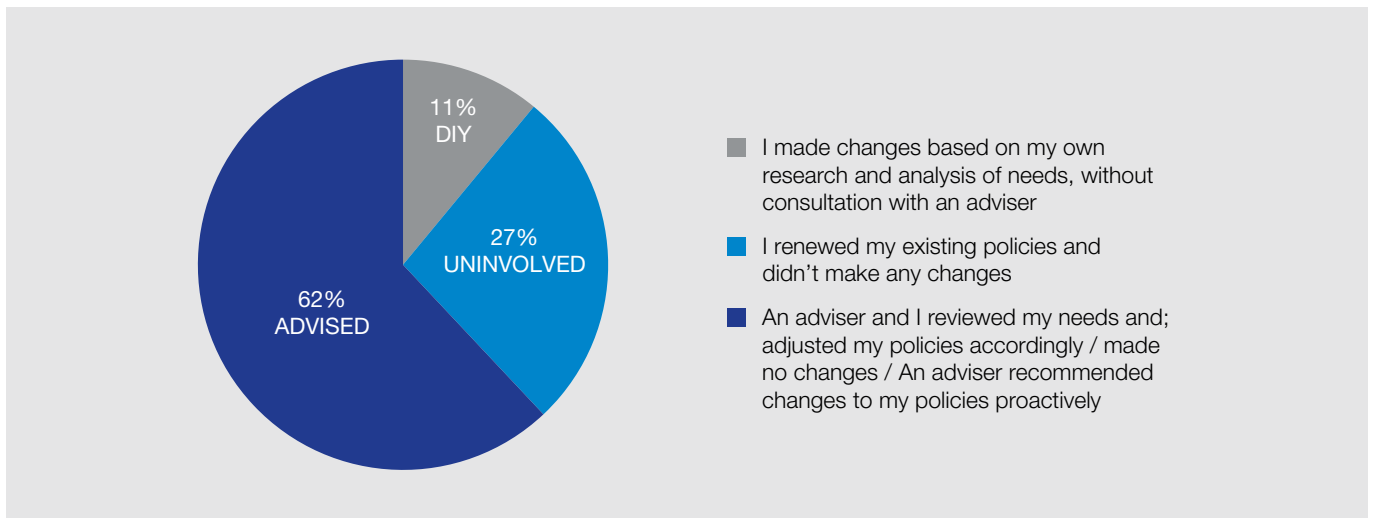
While life and disability insurance claims are thankfully infrequent experiences for most people, an insurance anniversary provides an important opportunity for people to review and reflect on their lifestyle, risks, and insurance needs. But a surprising proportion of people miss the chance to be actively involved with their adviser for a regular review process.

Continually reviewing and updating insurance is critically important for people to ensure that they are appropriately covered, particularly as their life circumstances evolve. Therefore, to understand the process that people go through to review their life insurance we asked advised customers about their most recent insurance anniversary experience.

Most advised customers appear to be benefiting from expert advice at this time, with 62% saying that their adviser reviewed their insurance and either recommended changes or decided to keep the insurance unchanged (see Figure 5.1).

However, a further 10% did their own review, without consulting their adviser, and 26% simply renewed their insurance as is, with no review. This suggests that there is a substantial proportion of advised customers who have renewed their insurance without the benefit of expert analysis and advice and highlights an opportunity for advisers to interact with their customers when their insurance anniversary occurs to help them make better decisions.

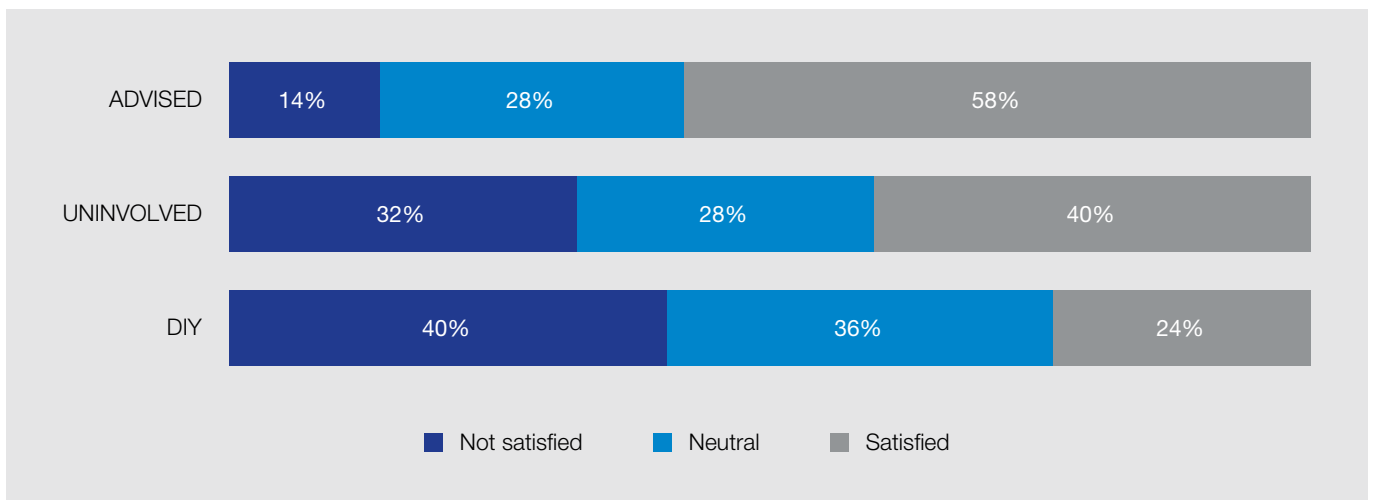
Figure 5.1: Advised customers experience last insurance anniversary



Regular reviews are important not only for customers, but also for advisers, as those advised customers who were provided advice for their insurance anniversary show they are significantly more satisfied than those who didn't receive

advice (see Figure 5.2). Outside of claims, an insurance anniversary is a key opportunity for advisers to demonstrate their value to customers.

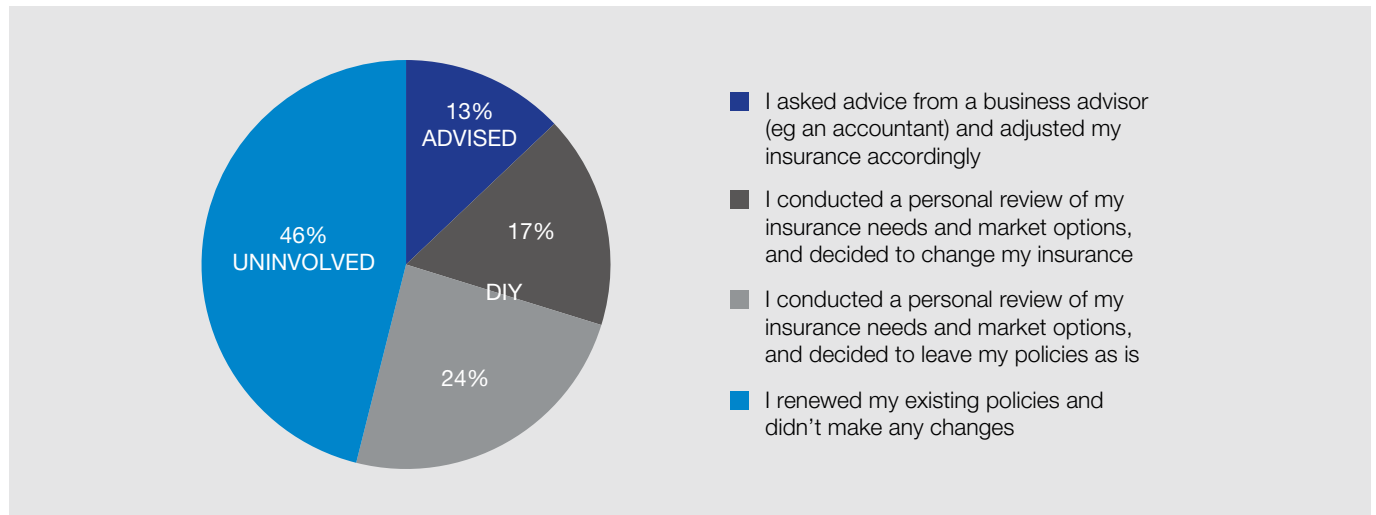
Figure 5.2: Satisfaction with current adviser by experience last insurance anniversary



While advised customers have access to an expert adviser to help them review their insurance, what happens to those non-advised customers without the same level of advice? Our data shows that almost half (46%) of non-advised customers are simply renewing their insurance as is with no review (see Figure 5.3). 41% conduct their own review and research

for their insurance anniversary, while 13% seek advice from other business advisors such as accountants. This highlights that many non-advised customers could be at risk of under-insurance or inappropriate insurance for their needs without the benefit of expert analysis and review.

Figure 5.3: Non-advised customers experience last insurance anniversary



What this means for advisers

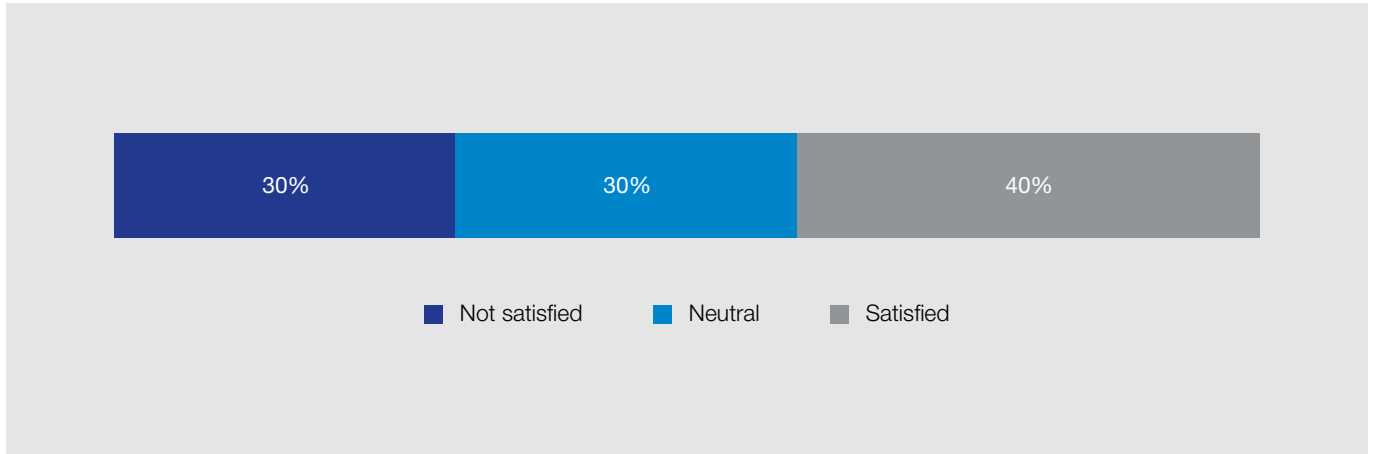
- Providing regular advice and guidance can build satisfaction and provide demonstrable evidence of the ongoing value that advisers deliver.

THE CLAIMS EXPERIENCE

The incidence of claims for life and disability insurance is relatively low, with only 9% of our sample having made a personal claim and 7% having claimed for a family member.

Of these, only 40% were satisfied with the claims experience and 30% were dissatisfied (see Figure 6.1).

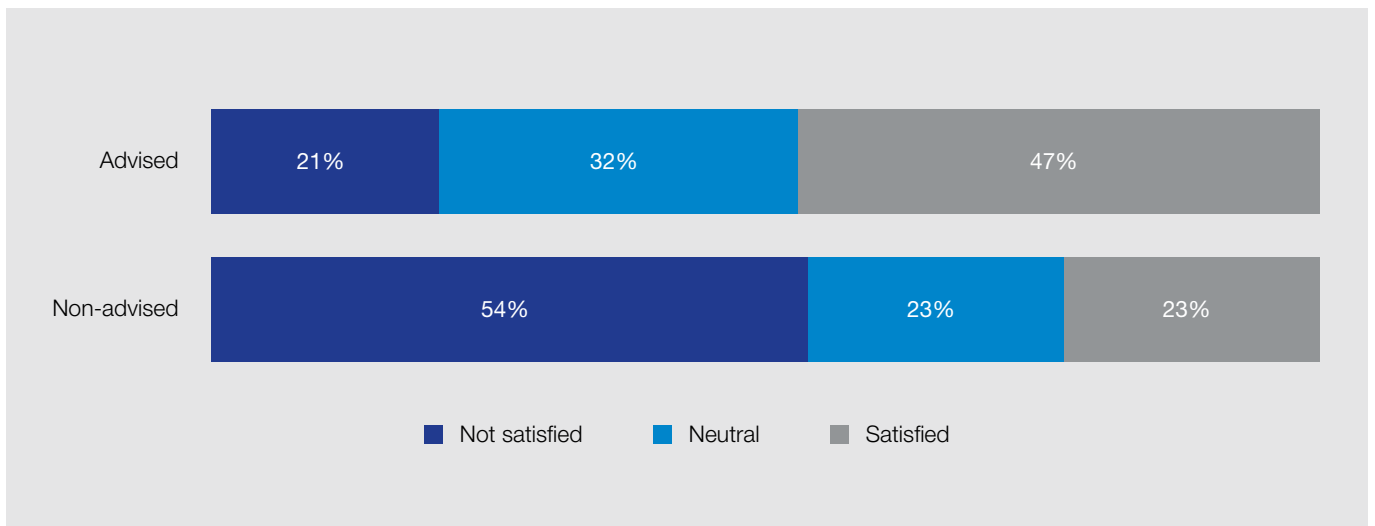
Figure 6.1: Satisfaction levels with last claim



The role of the adviser in the claim appears to make a significant difference to the claims experience. 47% of advised customers were satisfied with their claims experience, compared to only 23% of those who aren't advised (see

Figure 6.2). This is strong evidence of the value that advisers bring to the claims process, and a clear benefit to explain to prospective new customers.

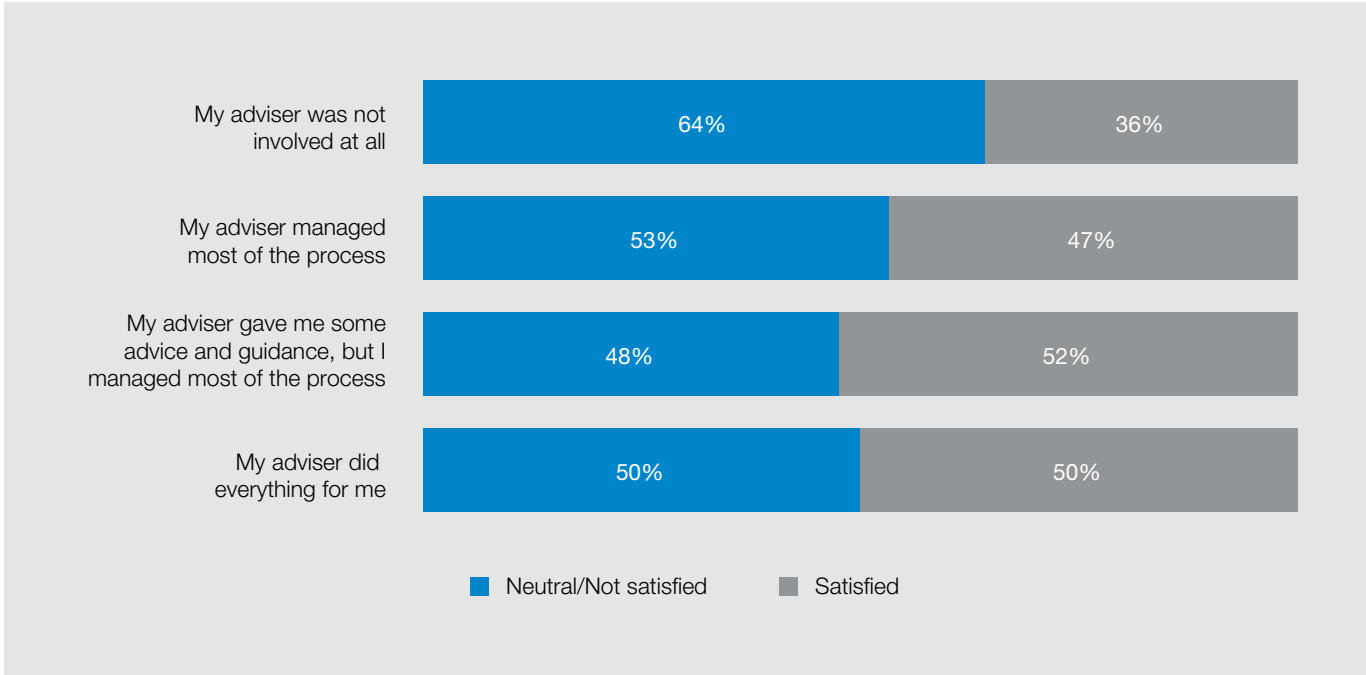
Figure 6.2: Satisfaction levels with last claim by adviser use



Most advisers are involved in their customers' claims, with 48% saying that their adviser managed all or most of the process and only 21% saying that their adviser wasn't involved at all. While the base sizes are low, due to the low rate of claims, the data indicatively suggests a strong degree

of correlation between adviser involvement and claims satisfaction. Only 36% of those who managed the claims themselves were satisfied with the process, compared to 50% of those whose advisers did everything (see Figure 6.3).

Figure 6.3: Satisfaction levels with last claim by adviser involvement



What this means for advisers

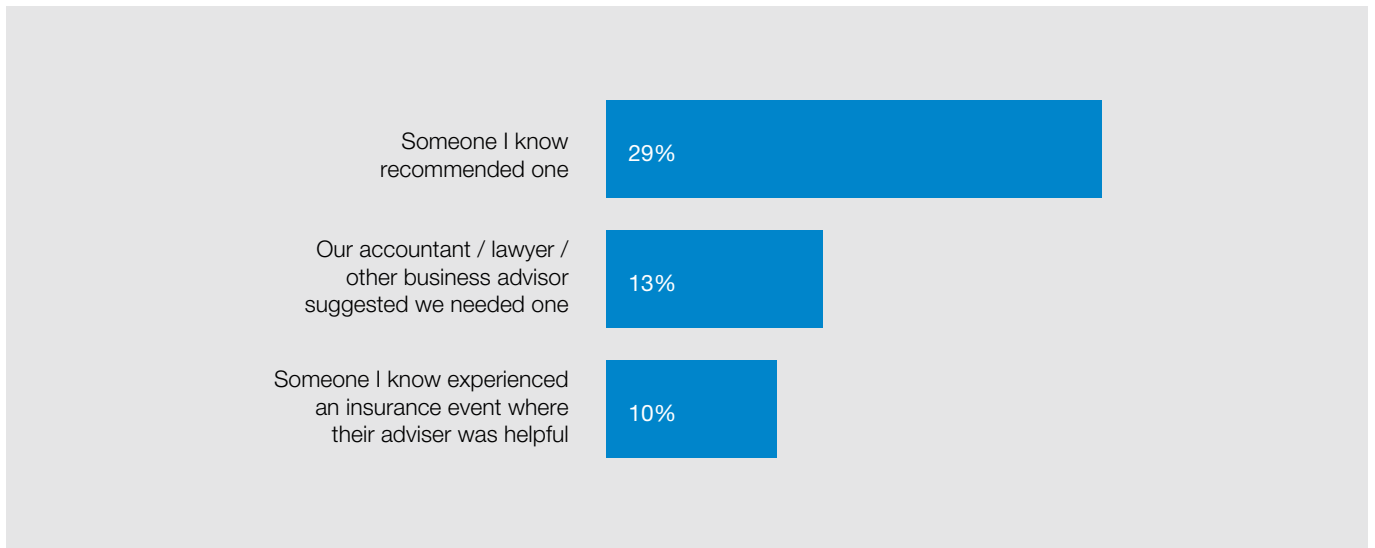
- Claims are an opportunity for advisers to work with customers to make the process run smoothly and build satisfaction.

BUILDING BUSINESS THROUGH REFERRALS

Word of mouth is one of the most common ways for people to find service businesses and insurance advice is no different. When thinking about why they started using an adviser, 29% of people say that the recommendation of someone they know was their first prompt. Accountants or other business advisors encouraged 13% to think about using an adviser, while the experience of others was influential for 10% (see

Figure 7.1). This suggests that advisers could think about developing referral strategies to encourage current customers to recommend them to family and friends, especially those who have experienced help during an insurance event. Additionally, other professional advisors like accountants and solicitors can be valuable referral partners.

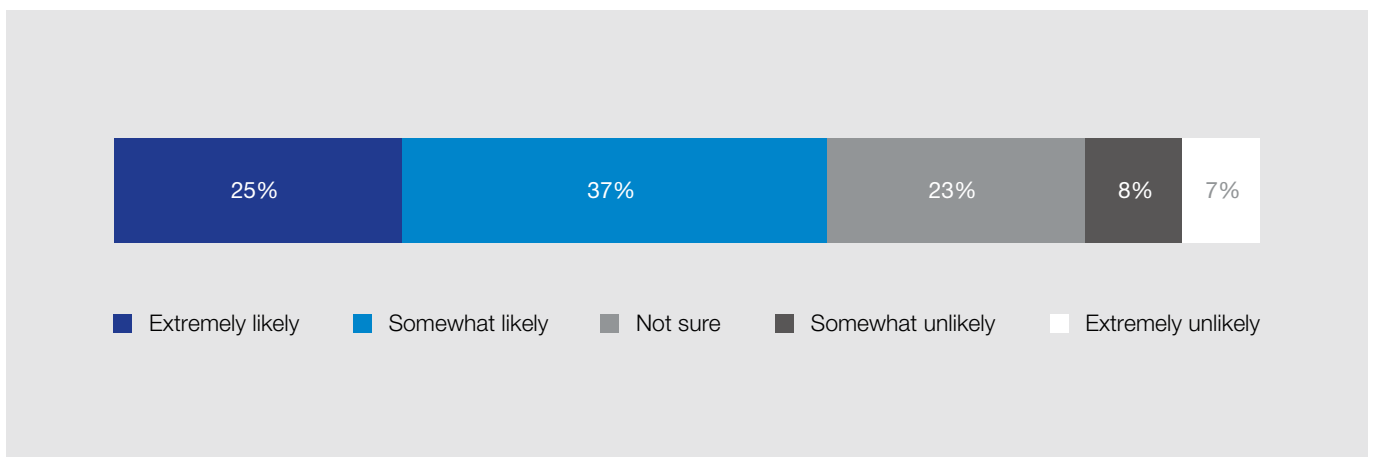
Figure 7.1: Initial referral prompts to start using an adviser



Developing a referral strategy is made easier by the fact that almost 3 in 5 advised customers say that they are willing to recommend their adviser to others (see Figure 7.2). How can advisers leverage this willingness to recommend? Once again, developing a referral strategy can help advice businesses

think about the ways they can encourage their customers to provide recommendations. Given the willingness of customers to provide recommendations, sometimes just simply asking satisfied customers to provide recommendations can be highly effective.

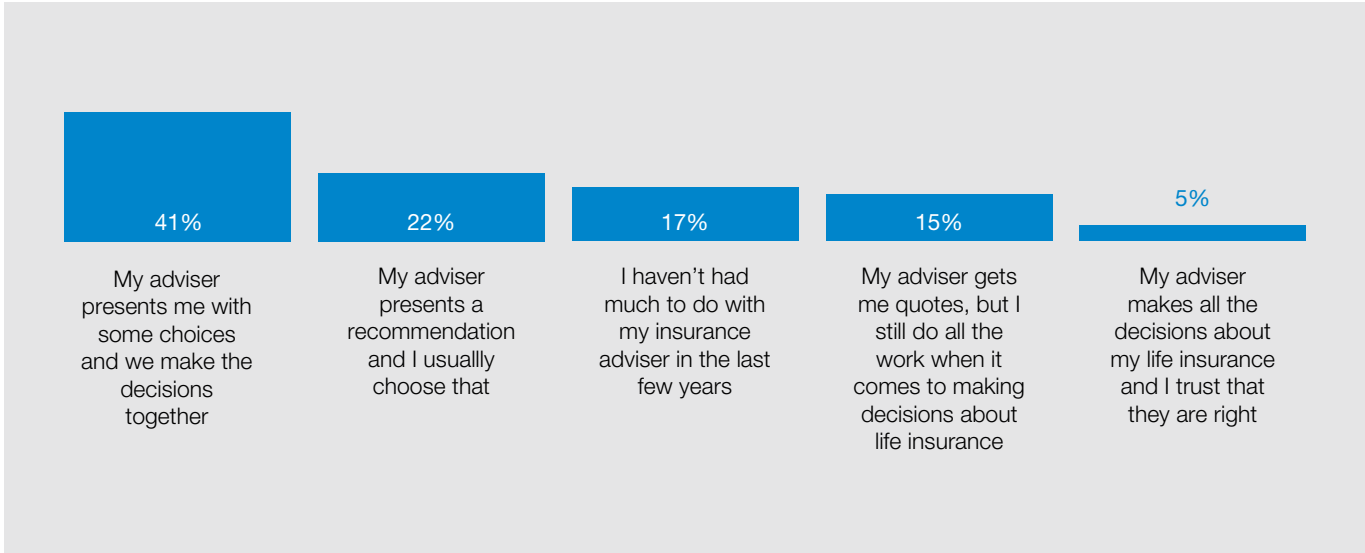
Figure 7.2: Likelihood to recommend current adviser



Unsurprisingly, the quality of the relationship an adviser has with their customers is correlated with the likelihood to recommend. 41% of those who work collaboratively with

their adviser are likely to recommend their adviser, compared to only 17% of those who don't have much to do with their adviser (see Figure 7.3).

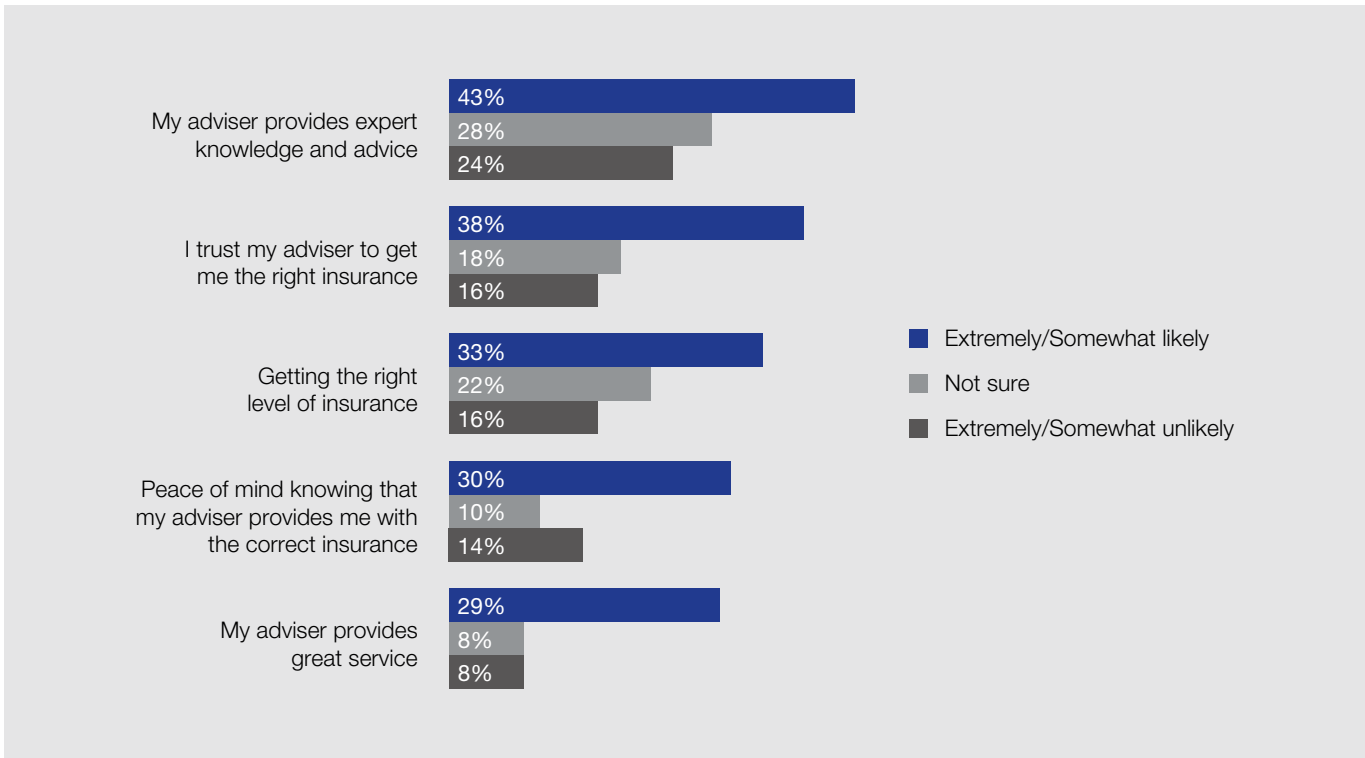
Figure 7.3: Adopting a collaborative approach increases the likelihood to recommend



Similarly, customers who value their adviser for their expertise and trustworthiness are more likely to recommend their adviser. Specifically, 43% of those who say that they use an

adviser because they provide expert knowledge and advice are likely to recommend their adviser, as are 38% of those who trust their adviser to get the right insurance (see Figure 7.4).

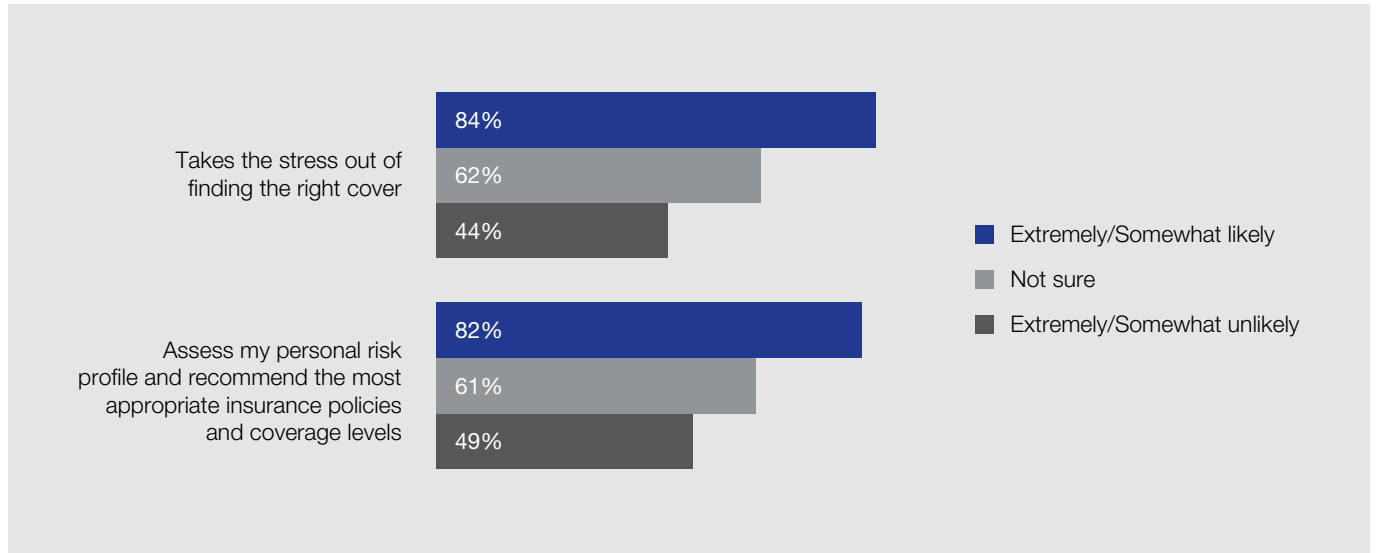
Figure 7.4: Reasons to use an adviser by likelihood to recommend



The types of tasks that advisers undertake for their customers can impact the likelihood of recommendation, with tasks that make the experience less stressful and deliver more in-depth analysis and information having a particularly strong impact.

84% of those who are likely to recommend their adviser say their adviser takes the stress out of finding the right cover, while 82% say their adviser assesses their personal risk profile (see Figure 7.5).

Figure 7.5: Tasks adviser does by likelihood to recommend



What this means for advisers

- Recommendations play a major role for people when looking for an adviser, meaning advisers could consider developing referral strategies to encourage existing customers and partners to recommend them.

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 December 2021. The survey covered:

- Lifestyle concerns
- Initial prompts to seek insurance
- Sources of information
- Insurance purchase process
- Attitudes towards insurance / 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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