



2025 LIFE INSURANCE AND ANNUITY CONFERENCE

Reimagine Tomorrow

Life Insurance Decision-Making: Key Factors and Consumer Insights





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Overview



Study Context

- How can life insurance carriers increase product appeal?
- What can the industry do to help consumers make better coverage decisions (and reduce the need gap)?

Study Goals

- To better understand the context of consumer decision-making around life insurance
 - Including consumer characteristics and product attributes that drive product choice
- To determine what matters most and to whom
 - Annual cost, face amount, application/underwriting method, brand reputation, personal recommendation
- To determine the tradeoffs consumers are willing to make and why
- To provide guidance in leveraging tradeoffs

Who?

- 2,015 U.S. decision-makers
- Between the ages of 18 and 72
- Minimum household income of \$35,000
- Sample targeted and weighted to be representative of the U.S. population
 - Household income, race/ethnicity, age, gender, region

What?

- Choice-based conjoint task
 - Simulates real-world buying behavior
- Respondents choose their most preferred product
 - Product menus varying in terms of annual cost, face amount, application/underwriting method, consumer star ratings, personal recommendation
- A simulator based on respondents' choices
 - Predicts preference shares by product attribute and market segment

Product Attributes & Levels

Attributes	Levels				
Application/Underwriting Method	Full	Simplified	Simplified/ Accelerated	Guaranteed	
Price	Preferred	Standard	High	Very High	
Face Amount	\$50,000	\$100,000	\$250,000	\$500,000	\$1,000,000
Brand Reputation/Star Rating	2.5 stars	3 stars	4.5 stars	5 stars	
Personal Recommendation	None	Close friend or family member	Insurance agent	Financial advisor	

Underwriting Descriptions

Full	Simplified	Simplified/Accelerated	Guaranteed
<ul style="list-style-type: none">• Full physical• Detailed medical history• Issued in weeks• Some applicants rejected	<ul style="list-style-type: none">• 6 – 10 medical history questions• Issued in hours/day• Some applicants rejected	<ul style="list-style-type: none">• Some medical history questions• Third-party data [e.g., driving record, credit history]• Issued in days• Some applicants rejected	<ul style="list-style-type: none">• No medical questions• Issued same day• No applicants rejected

Pricing

- Participants viewed prices in dollar amounts derived from actual pricing data
 - 10-year level term life policy
 - 35- to 39-year-old females
- Prices bear no direct relationship to those from any individual company

Choice-Based Conjoint Trials

For this section, we'd like you to consider different life insurance products. We will present you with several sets of options. For each set we'd like you to pick the one option that seems the best to you.

The options will vary on 5 different factors:

- The application process
- The amount of life insurance coverage
- The annual cost
- Consumer ratings of the insurance company (out of 5 stars)
- Personal recommendations

Select Respondents

Gender <input type="checkbox"/> Male <input type="checkbox"/> Female		Relationship status <input type="checkbox"/> Married <input type="checkbox"/> Civil union or domestic partnership <input type="checkbox"/> Living with a partner <input type="checkbox"/> Single, never married <input type="checkbox"/> Divorced or separated <input type="checkbox"/> Widowed	
Race/Ethnicity <input type="checkbox"/> Hispanic <input type="checkbox"/> White, Non-Hispanic <input type="checkbox"/> Black, Non-Hispanic <input type="checkbox"/> Asian, Non-Hispanic <input type="checkbox"/> All Others		Age <input type="checkbox"/> 18-24 <input type="checkbox"/> 25-34 <input type="checkbox"/> 35-44 <input type="checkbox"/> 45-54 <input type="checkbox"/> 55-64 <input type="checkbox"/> 65-72	
Generation <input type="checkbox"/> Gen Z: 1997-2012 <input type="checkbox"/> Millennial: 1981-1996 <input type="checkbox"/> Gen X: 1965-1980 <input type="checkbox"/> Baby Boomer: 1946-1964		Children Under 18 <input type="checkbox"/> Yes <input type="checkbox"/> No	
Household Income <input type="checkbox"/> \$35,000 to \$49,999 <input type="checkbox"/> \$50,000 to \$74,999 <input type="checkbox"/> \$75,000 to \$99,999 <input type="checkbox"/> \$100,000 to \$124,999 <input type="checkbox"/> \$125,000 to \$149,999 <input type="checkbox"/> \$150,000 to \$249,999 <input type="checkbox"/> \$250,000 or more			
Life insurance ownership <input type="checkbox"/> Yes, own now <input type="checkbox"/> Not now, but owned in the past <input type="checkbox"/> No		Current Conditions <input type="checkbox"/> Hypertension <input type="checkbox"/> A stroke <input type="checkbox"/> Cancer <input type="checkbox"/> Obesity <input type="checkbox"/> Heart condition <input type="checkbox"/> Diabetes <input type="checkbox"/> Smoker	
Condition Check <input type="checkbox"/> At least one condition <input type="checkbox"/> No current conditions		Decision State <input type="checkbox"/> Pre-aware <input type="checkbox"/> Aware <input type="checkbox"/> Interested <input type="checkbox"/> Capable-already chosen <input type="checkbox"/> Capable-choose now <input type="checkbox"/> Capable-choose later <input type="checkbox"/> Capable-choose never	
Life Insurance Knowledge Score <input type="checkbox"/> 0 <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5		Financial Literacy Score <input type="checkbox"/> 0 <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6	
N = 2,015			

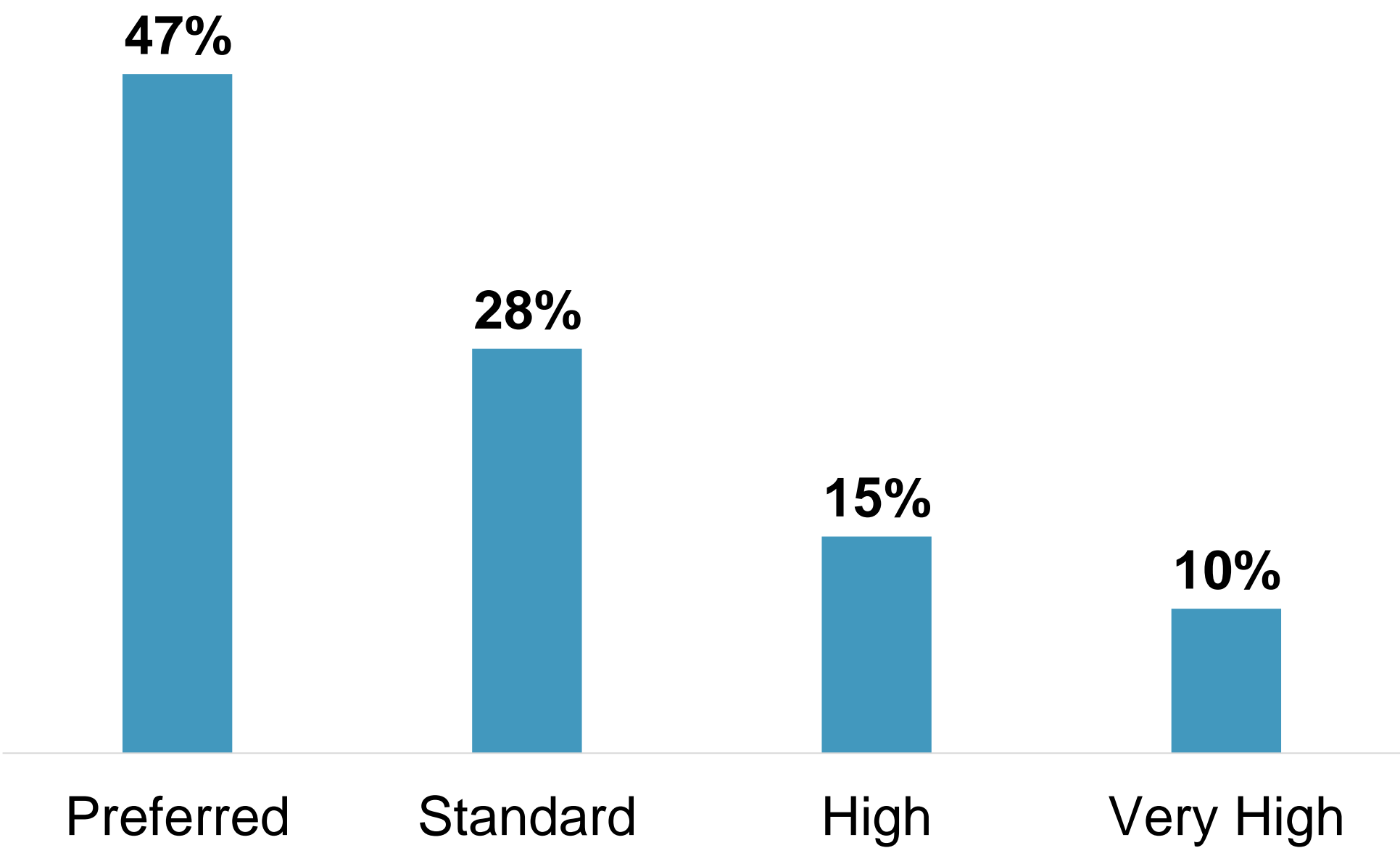
Simulate Market						
	<input checked="" type="checkbox"/> Product 1	<input checked="" type="checkbox"/> Product 2	<input checked="" type="checkbox"/> Product 3	<input checked="" type="checkbox"/> Product 4	<input type="checkbox"/>	<input type="checkbox"/>
	Run Sensitivity	Run Sensitivity	Run Sensitivity	Run Sensitivity	[Click on the checkbox above to enable the configuration]	[Click on the checkbox above to enable None]
Share of Preference	47.3%	27.7%	14.7%	10.3%		
Application Process	[Full]	[Full]	[Full]	[Full]		
Consumer Ratings of Insurance Company (Out of 5-stars)	5-stars	5-stars	5-stars	5-stars		
Recommended by	None	None	None	None		
Amount of Coverage	\$250,000	\$250,000	\$250,000	\$250,000		
Annual Cost	Preferred \$252	Standard \$336	High \$504	Very High \$588		

What Matters Most?



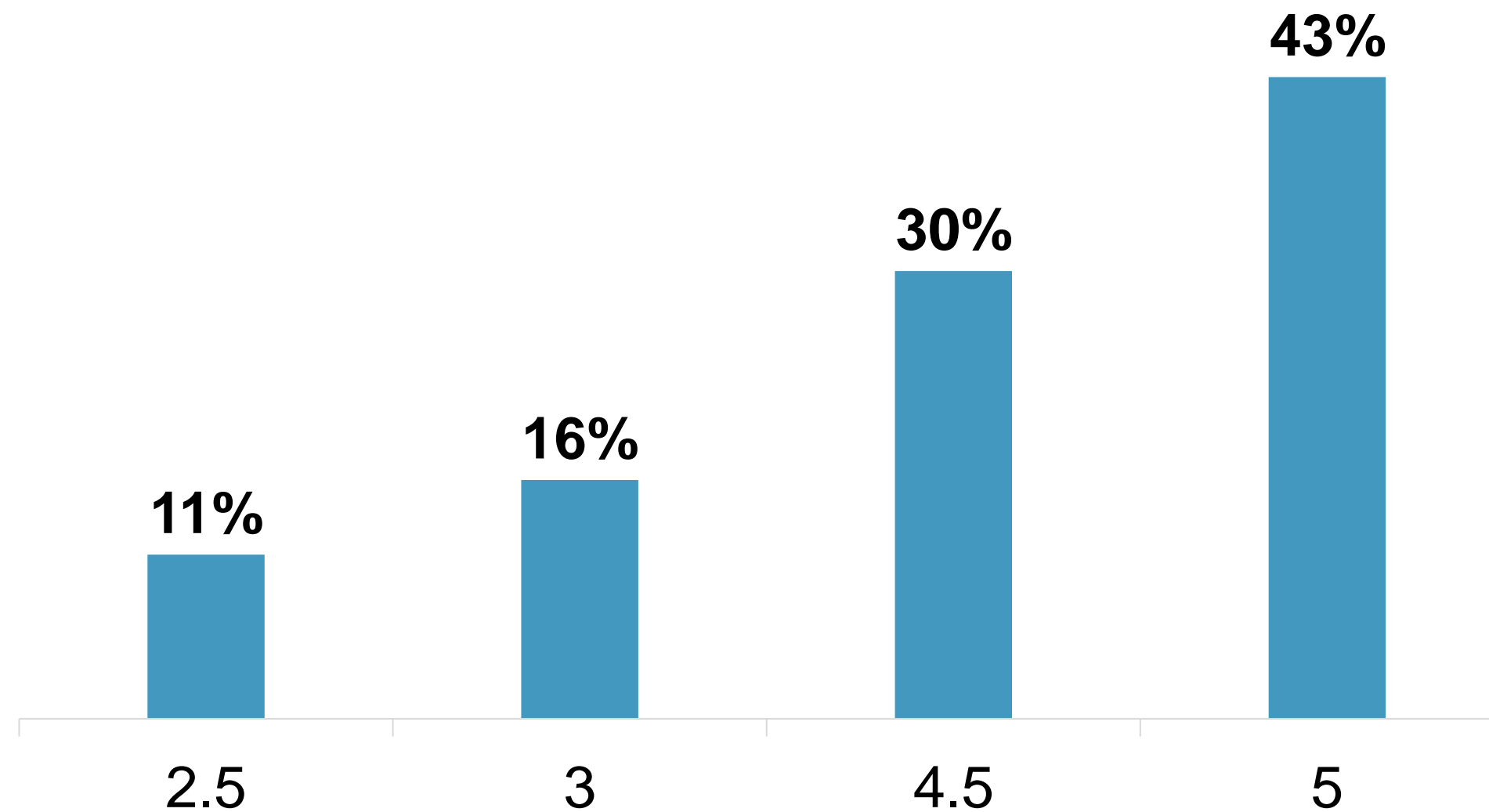
Annual Cost – Most Important

Preference Share by Annual Cost



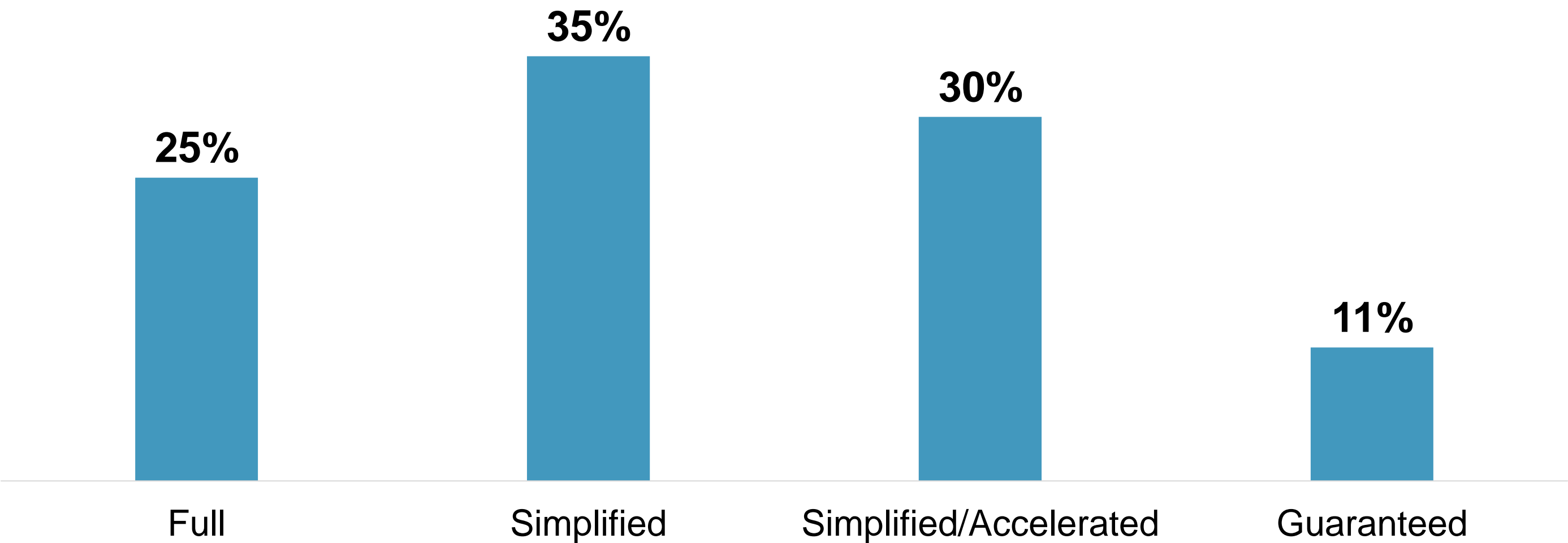
Brand Reputation – 2nd Most Important

Preference Share by Brand Reputation/Consumer Star Rating



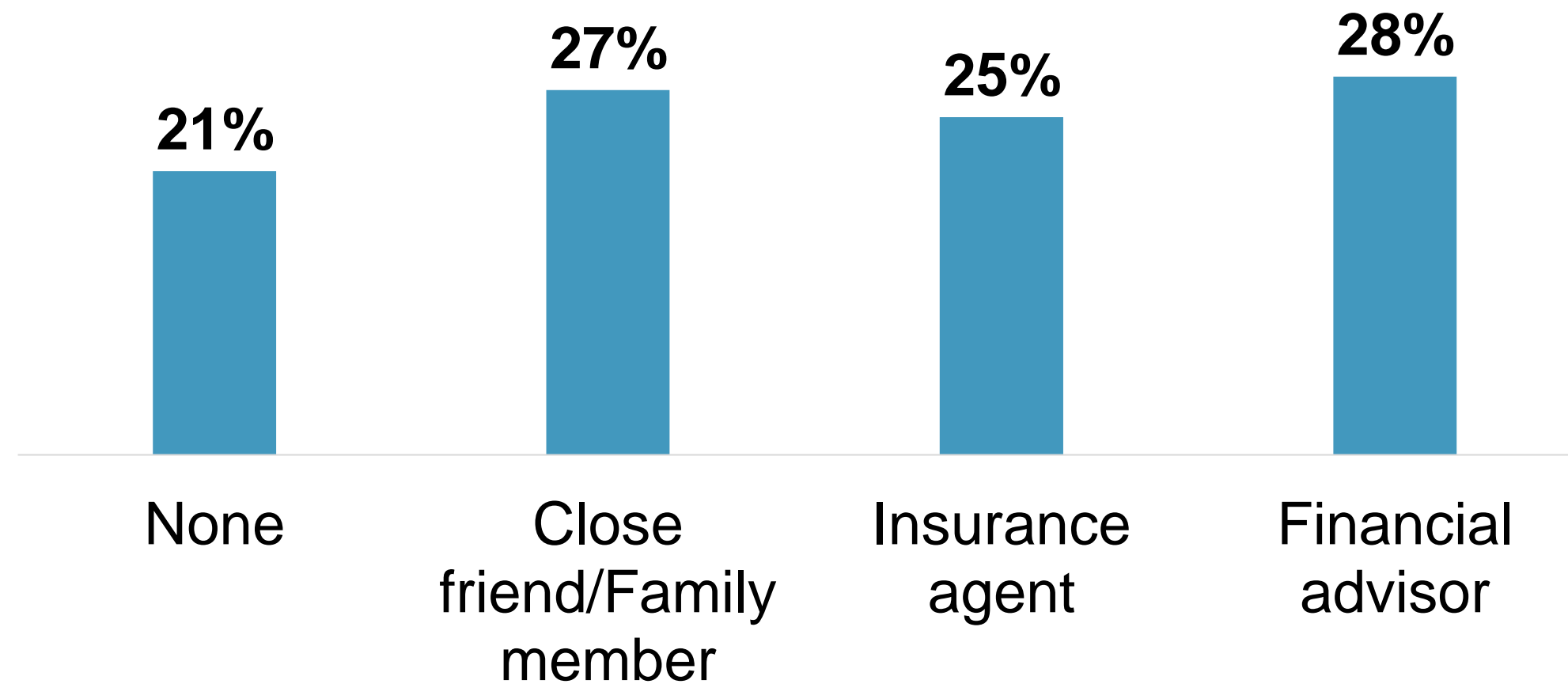
Application/Underwriting Method – 3rd Most Important

Preference Share by Application/Underwriting Method



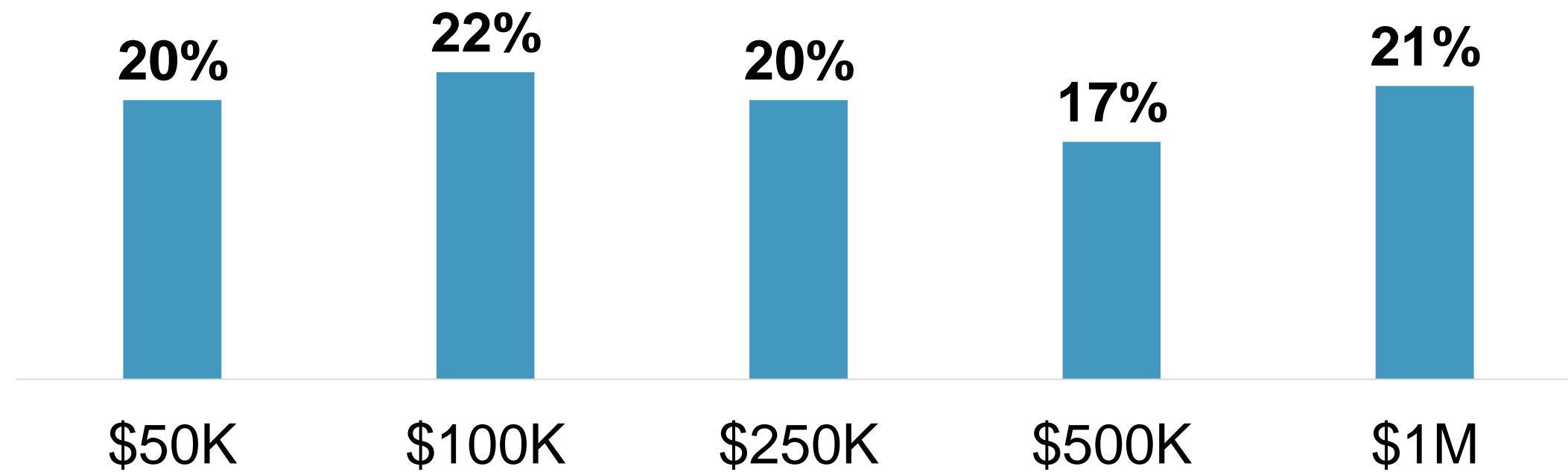
Personal Recommendation

Preference Share by Personal Recommendation



Face Amount

Preference Share by Face Amount



Key Insights

- Annual cost is most important, brand reputation comes in a very close 2nd, while application/underwriting method is 3rd most important
- Personal recommendation and face amount are *less important*, overall
- Consumers place high value on brand reputation and are 13-percentage points more likely to choose a product from a 5-star company than from a 4.5-star company indicating even already *very highly* rated companies can significantly increase market share by further improving customer experience
- Consumers value *ease of process* and are willing to pay a premium for it

Key Insights

- However, consumers show a slight preference for simplified underwriting over simplified/accelerated underwriting suggesting they may have concerns about insurance companies accessing third-party data to support accelerated underwriting, especially when the need is not transparent
- Consumers do not show very strong preferences, overall, when it comes to personal recommendations or face amount. However, products that come with a recommendation from a financial advisor are most preferred as are those that come with a face amount of \$100K

The “ideal” product?

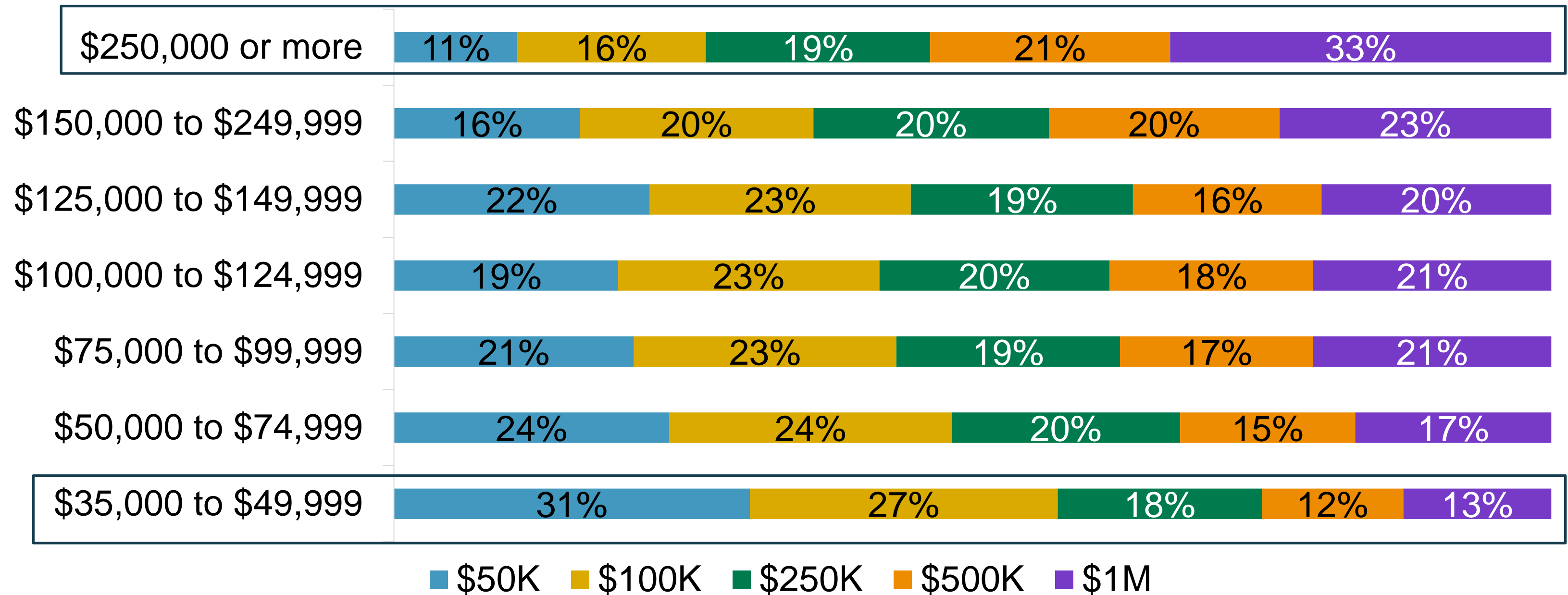
- The results suggest the “ideal” product is offered:
 - At a “preferred” pricing level
 - By a 5-star company
 - Through a simplified underwriting process
 - With \$100K of coverage
 - With a recommendation from a financial advisor

Importance by Market Segment

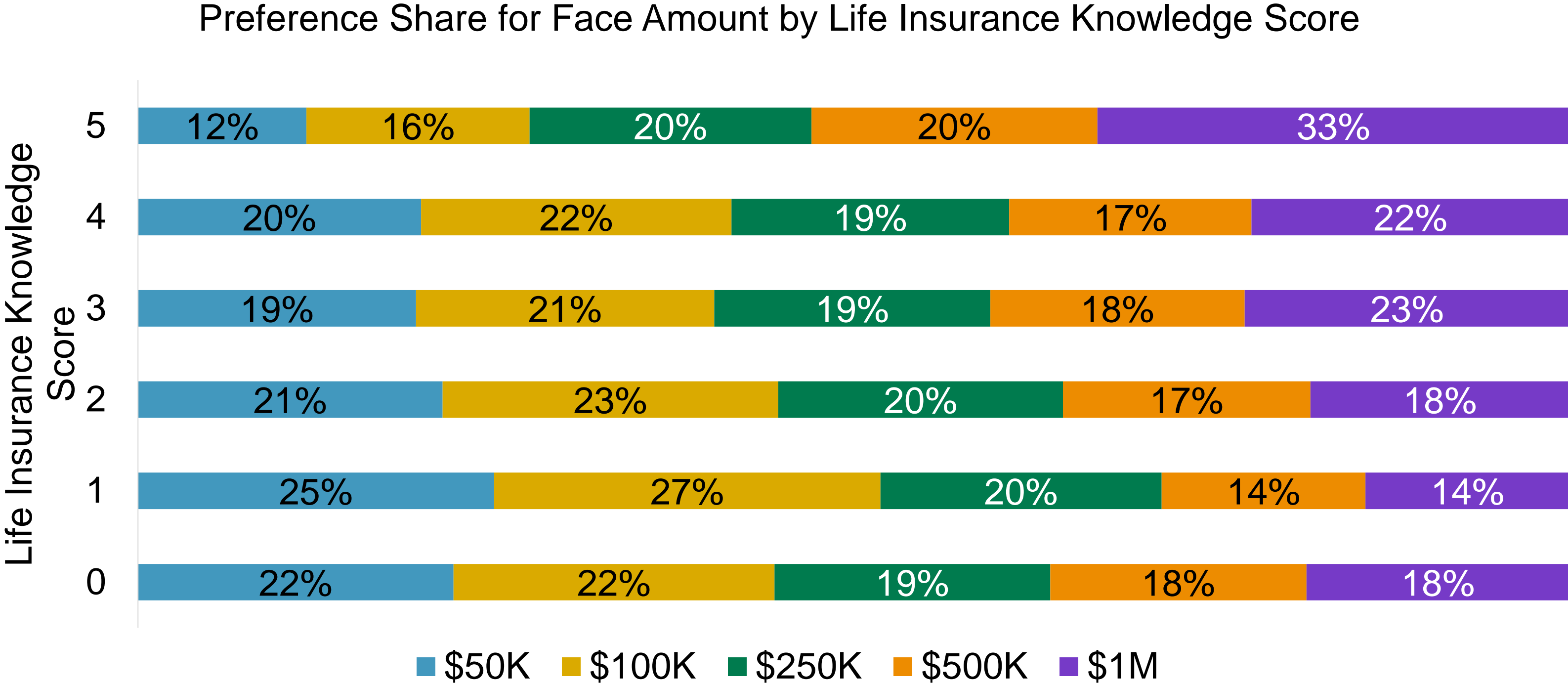


Face Amount Preference by Household Income

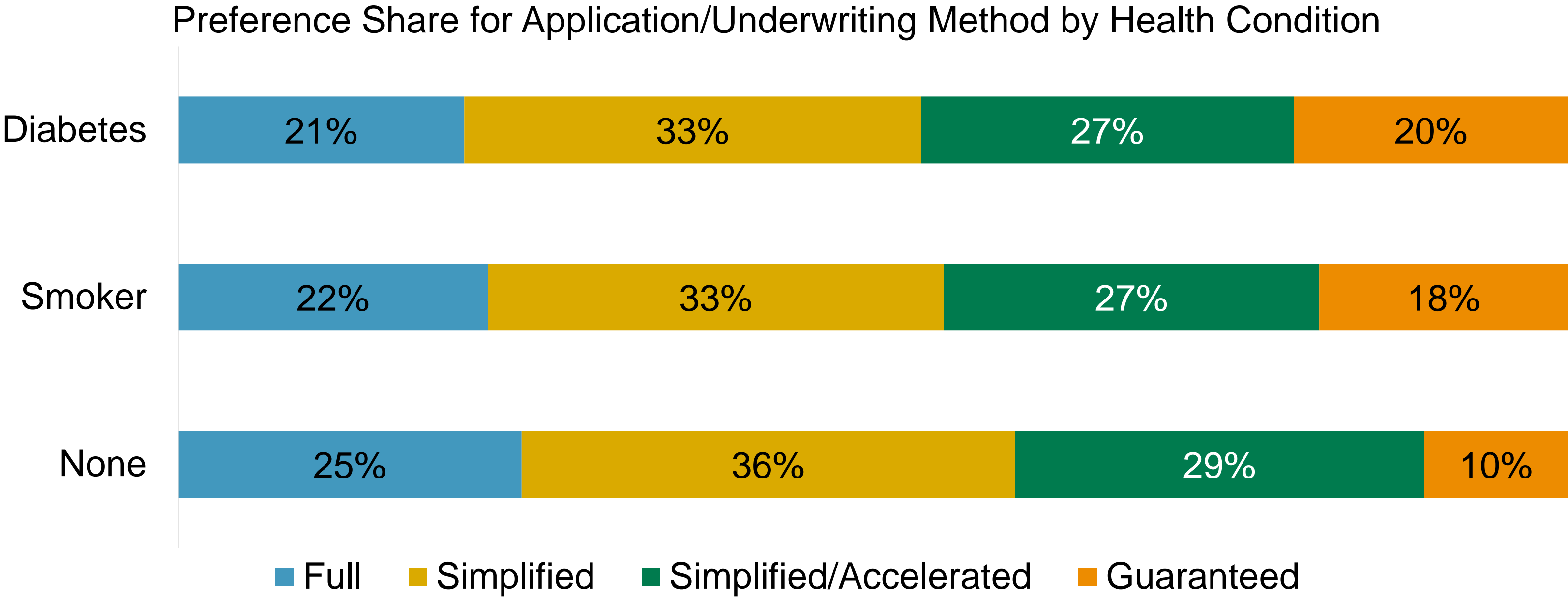
Preference Share for Face Amount by Household Income



Face Amount Preference by Life Insurance Knowledge Score

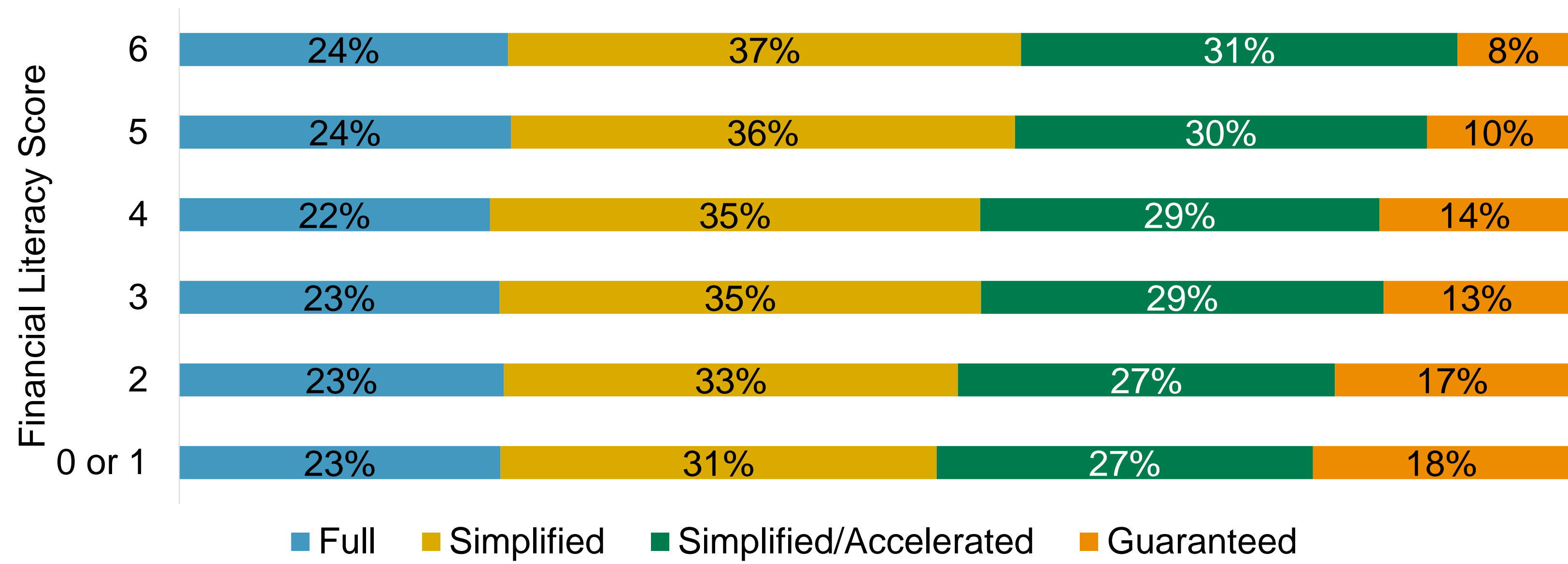


Application/Underwriting Method Preference by Health Condition



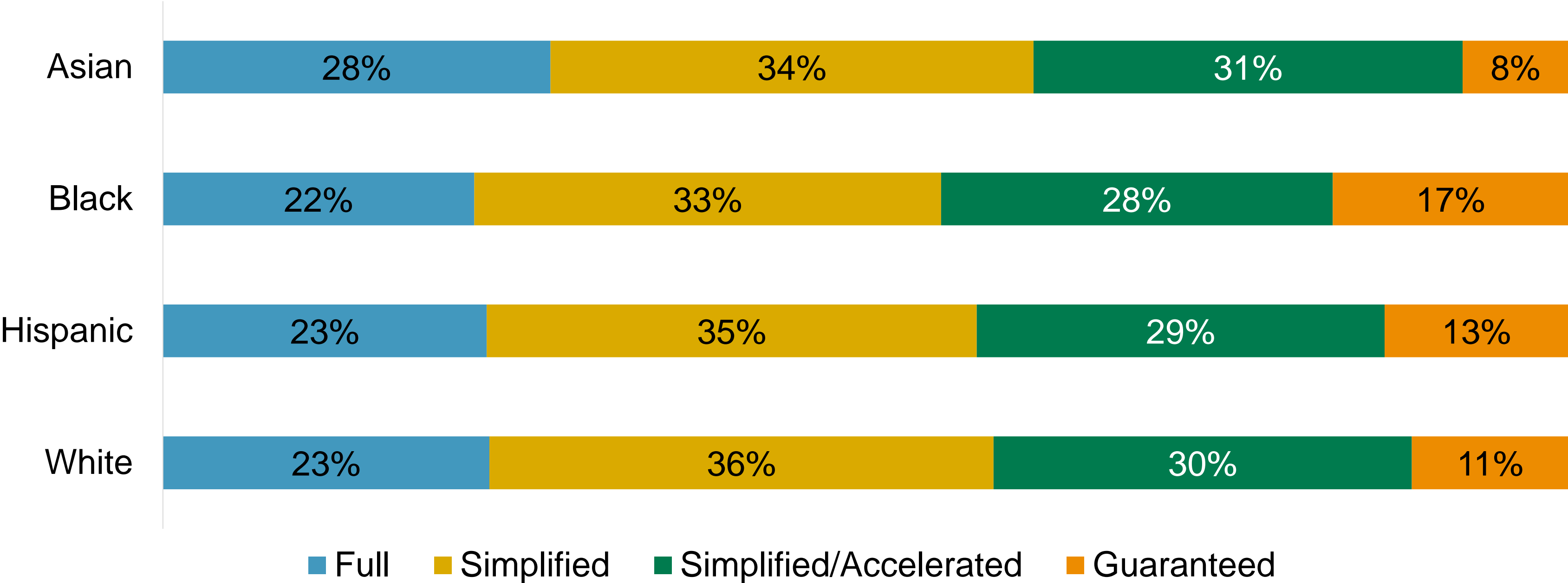
Application/Underwriting Method Preference by Financial Literacy

Preference Share for Application/Underwriting Method by Financial Literacy Score



Application/Underwriting Method Preference by Race/Ethnicity

Preference Share for Application/Underwriting Method by Race/Ethnicity



Key Insights

- Face amount is most important to consumers within the lowest and highest household income bands examined – perceived affordability and perceived need likely underlie these preferences
- Face amount is more important to those consumers more knowledgeable about life insurance – these consumers are most likely to understand the value of added protection afforded by higher coverage levels
- Guaranteed issue is most appealing to those with health conditions such as diabetes or smoking who may be concerned about their ability to obtain coverage and are more likely to accept its much higher price tag

Leveraging Consumer Preferences

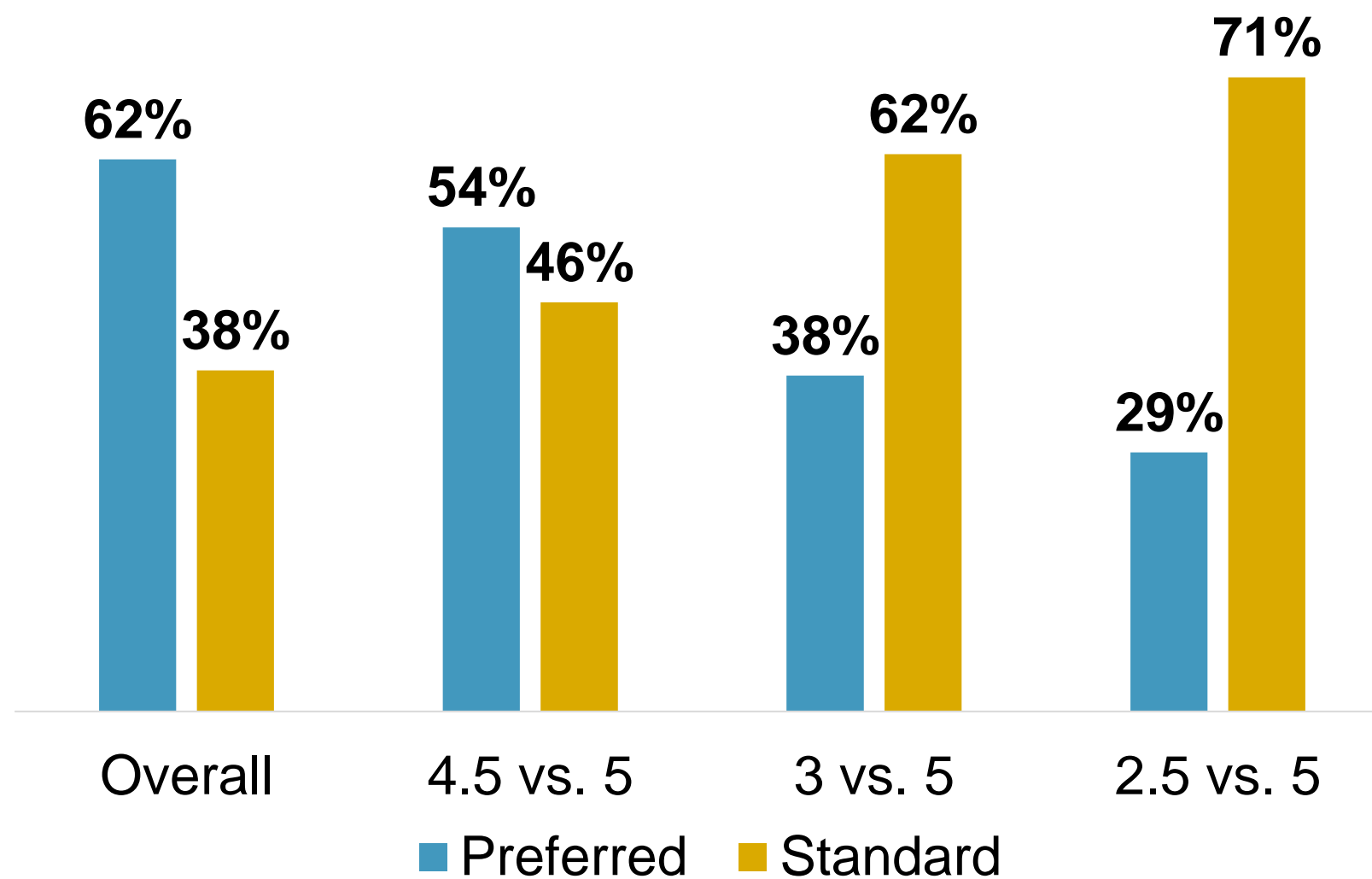


Reduce Price Sensitivity & Improve Coverage Choices

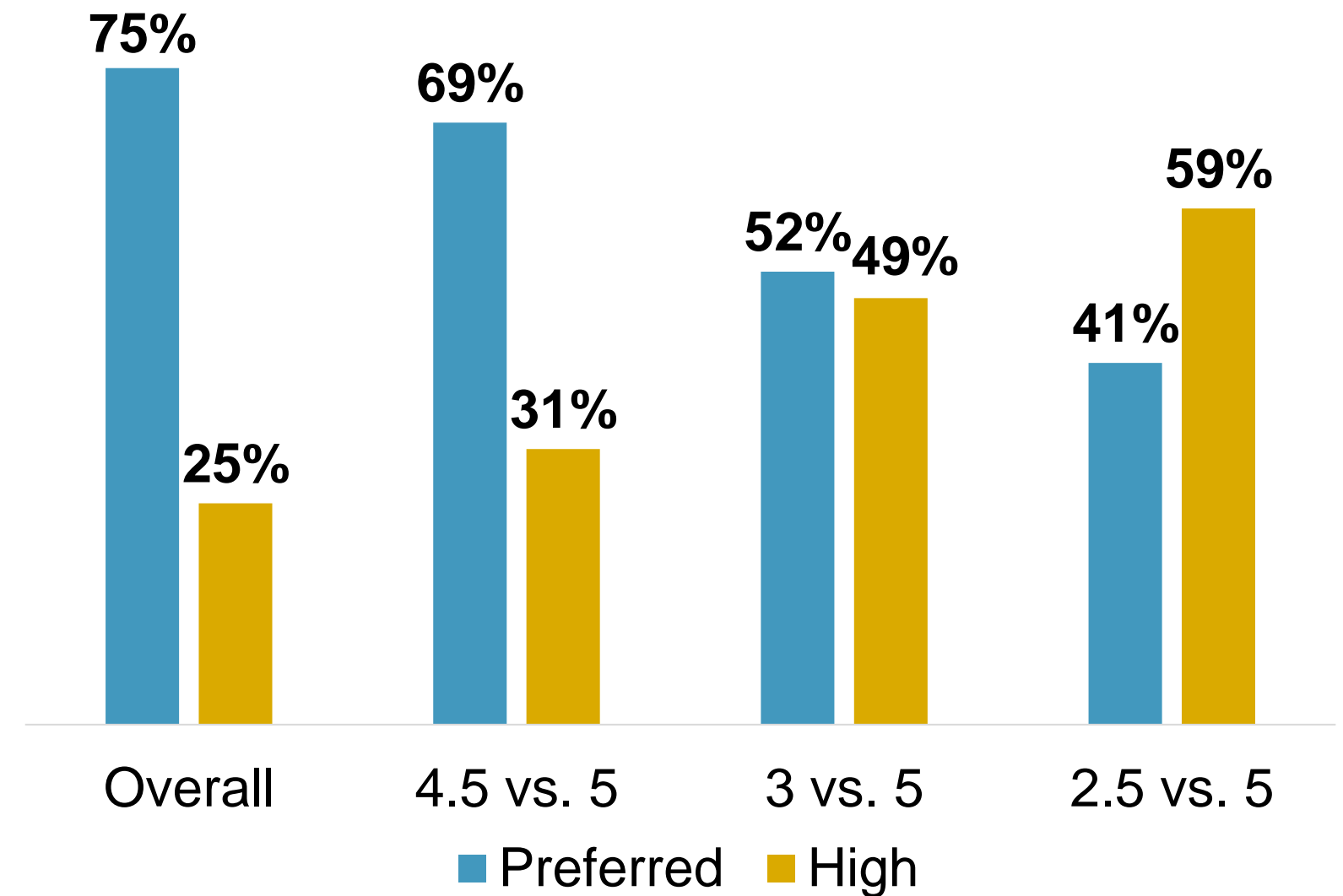
- Providing greater value
 - Brand reputation driven by customer experience
 - Ease of process driven by application/underwriting method
- Educating consumers
 - Consumers with greater life insurance knowledge are willing to pay more for policies that are “right for them”

Pricing Preference by Consumer Star Rating

Preference for **Preferred vs. Standard** Pricing by Consumer Star Rating

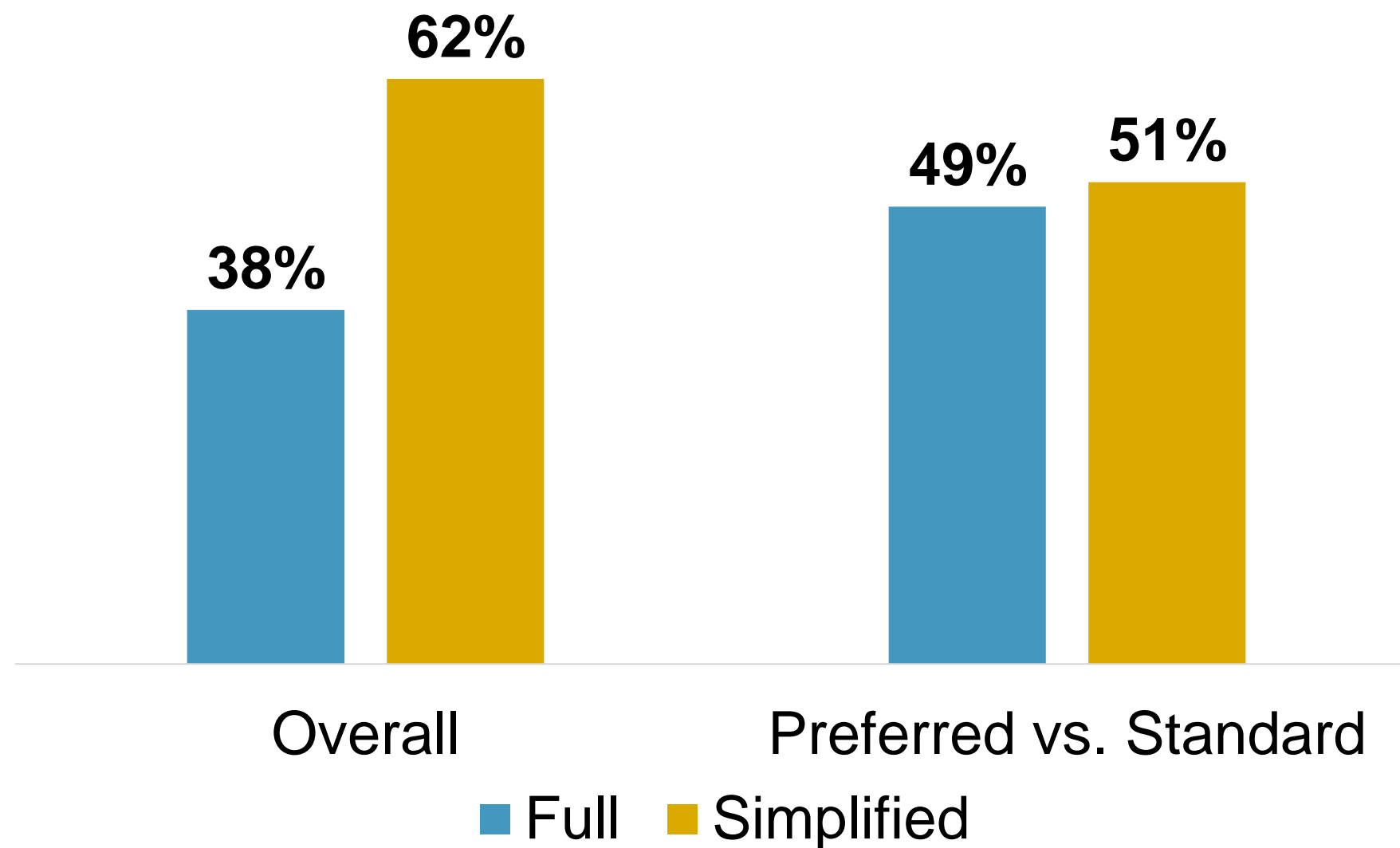


Preference for **Preferred vs. High** Pricing by Consumer Star Rating



Application/Underwriting Method Preference by Pricing Level

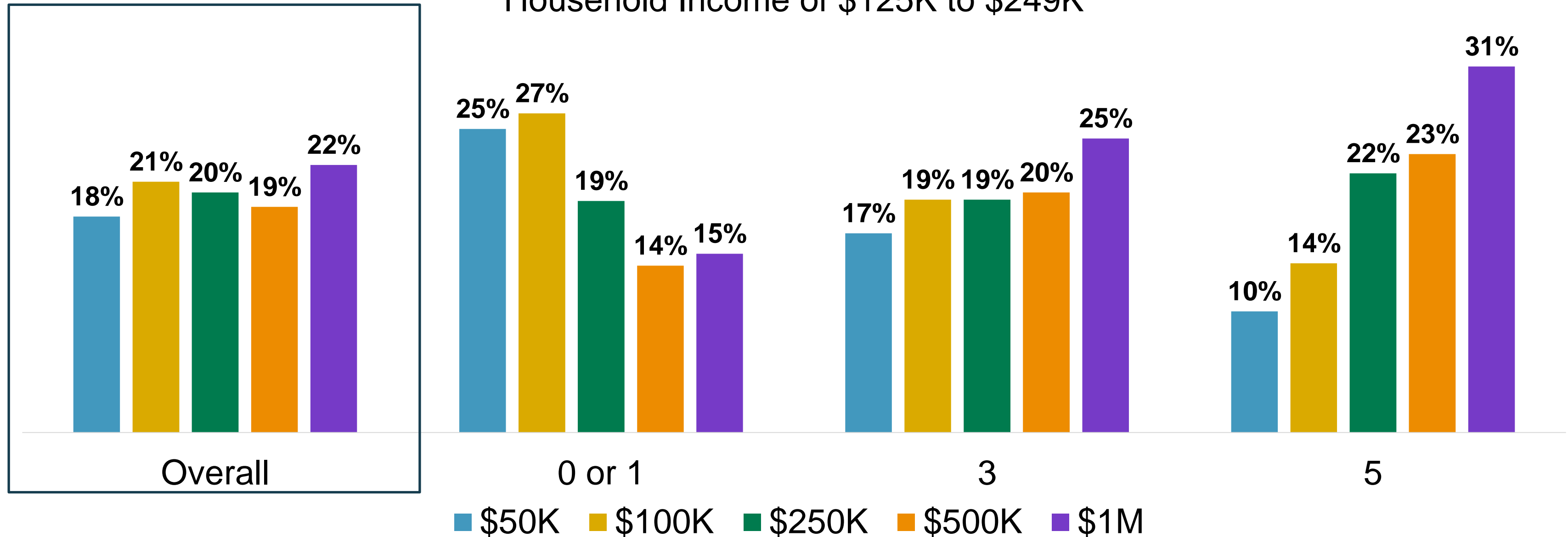
Preference for **Full vs. Simplified** Underwriting
by Pricing Level



- In the overall simulation, a product offered through simplified underwriting is approximately \$30 more than one offered through full underwriting
- Products offered through full underwriting at a “preferred” pricing level have a price tag of \$252
- Products offered through simplified underwriting at a “standard” pricing level have a price tag of \$373

Face Amount Preference by Life Insurance Knowledge Score

Preference Share for Face Amount by Life Insurance Knowledge Score -
Household Income of \$125K to \$249K



Conclusion

- Increase the value of product offerings and reduce price sensitivity by
 - Continuing to strive for exceptional customer experience – even already highly-rated companies can significantly increase market share through further improvements
 - Increasing ease of the application process – consumers prefer simplified and simplified/accelerated underwriting methods and are willing to pay more for them
 - Increasing transparency to consumers when it comes to accessing third-party data to support accelerated underwriting

Conclusion

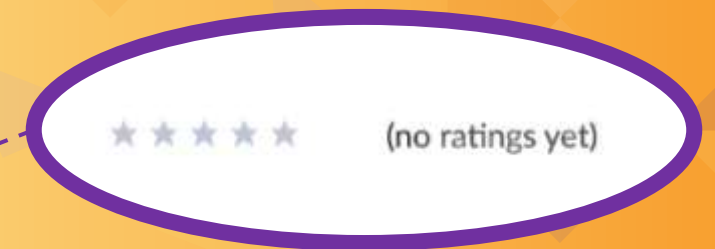
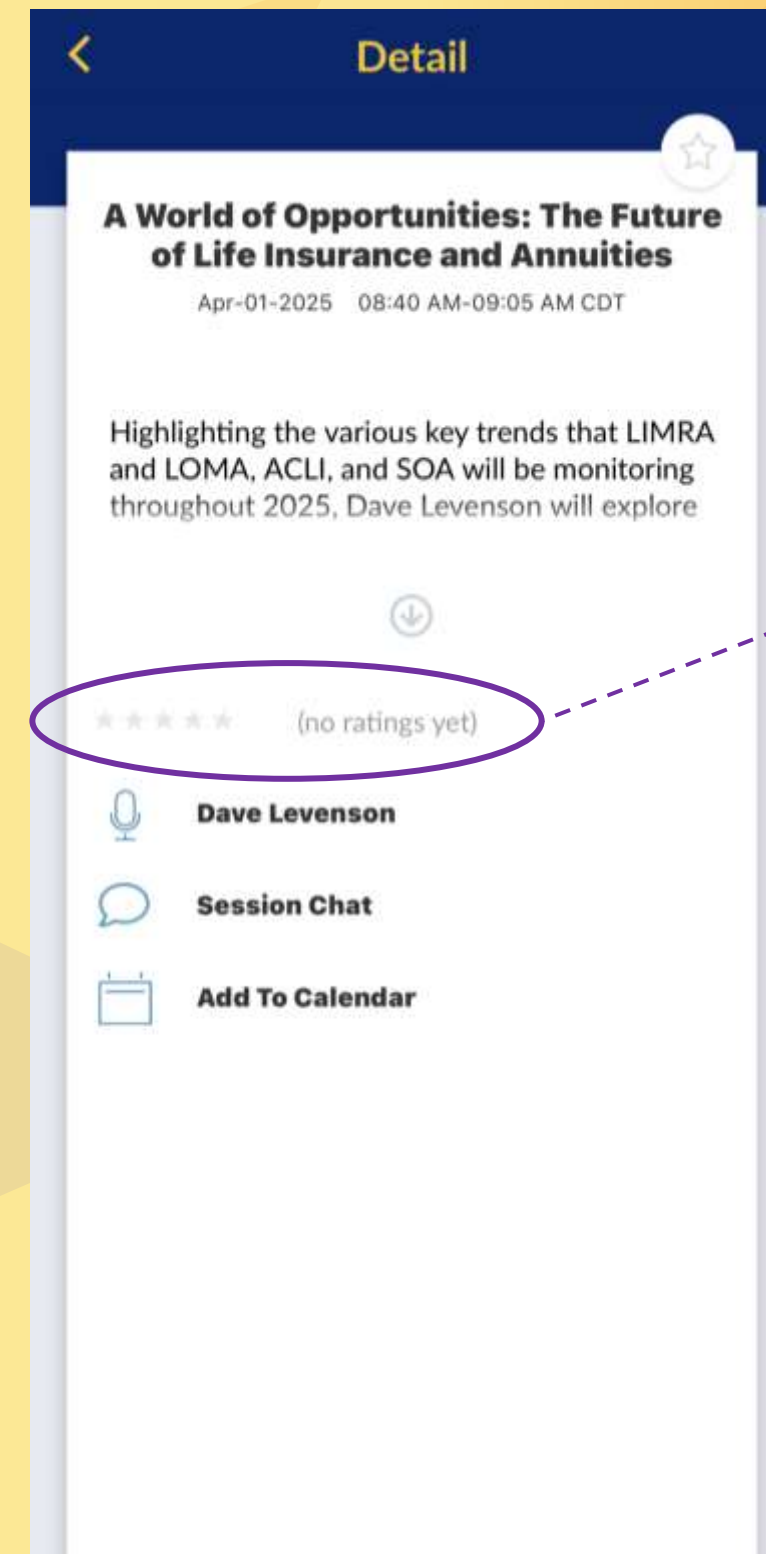
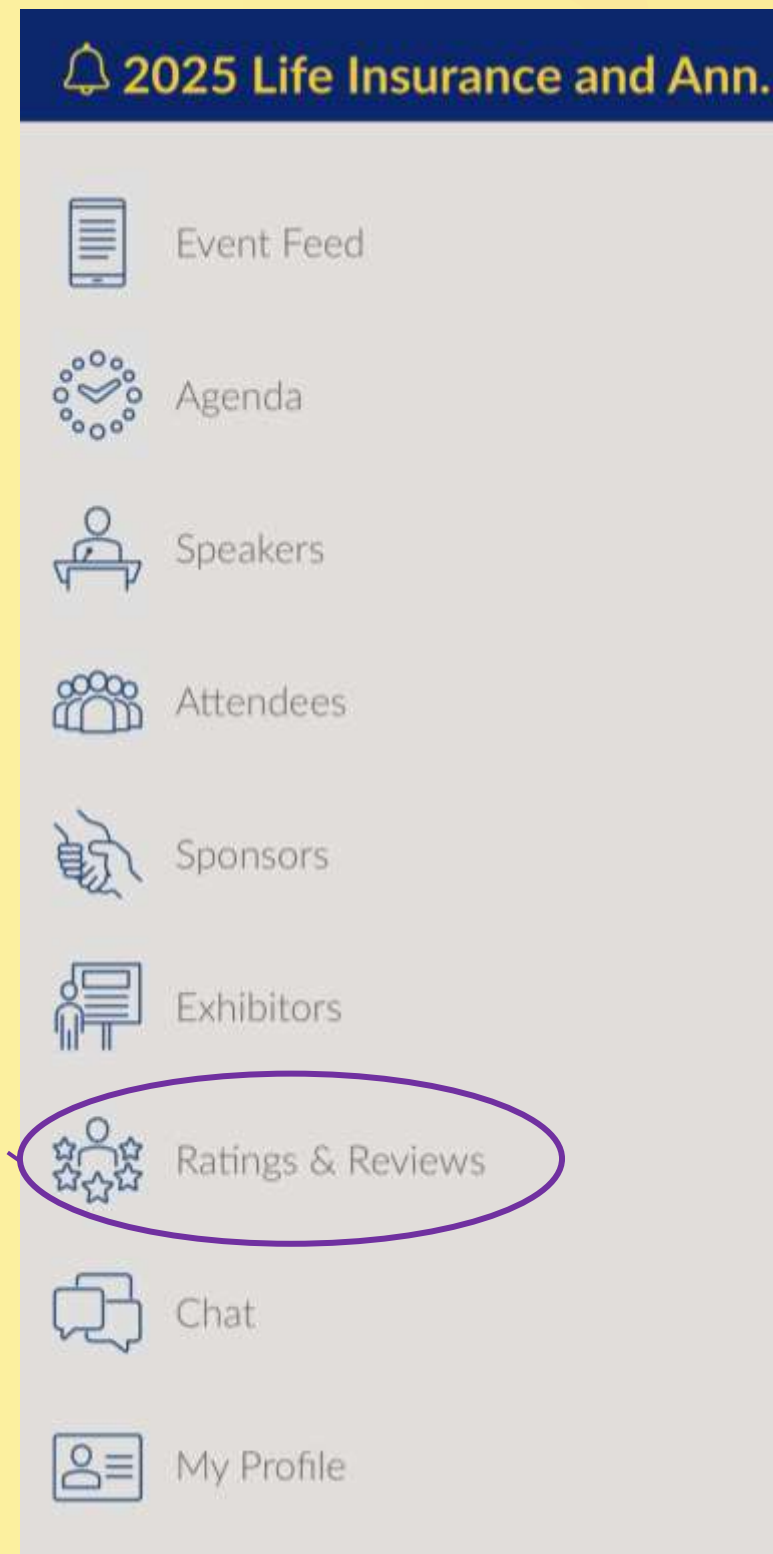
- Help consumers make coverage decisions that are “*right for them*”
 - Continue to focus on consumer education – those consumers scoring higher on a life insurance knowledge quiz are more likely to favor higher coverage amounts (and are *less sensitive* to higher prices)
 - A referral to an independent financial advisor can also boost consumer confidence and help them find the product that is “right for them”
 - These consumers also may be more likely to leave a 5-star review for the company that helped them feel confident in their life insurance decisions and in the knowledge that their family’s financial future is protected, driving even more consumers to consider their products

Insights on the Consumer Decision-Making Process for Life Insurance:

What Matters Most (for Whom)?



Please Provide Your Feedback on the Conference App



Thank You

