

# PRICE ELASTICITY OF DEMAND FOR LIFE INSURANCE



Price is an important factor influencing consumers' decision to purchase life insurance. LIMRA brought together a consortium of 11 member companies that were interested in learning how consumers value the features and benefits of their life insurance: For the price they pay in premium, what are the disparate elements that consumers value? What trade-offs are they willing to make?

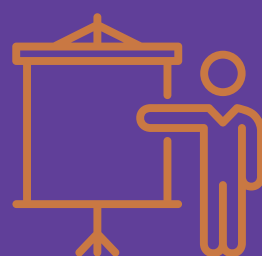


## BACKGROUND

The global pandemic served as an inflection point for both prospective and existing life insurance consumers — either by exacerbating the awareness of an insurance need or increasing the appetite to purchase more coverage.

The sustained low-interest rate environment fundamentally changed companies' financial management, product, and distribution strategies, putting a continued strain on product guarantees and causing life insurers to emphasize other benefits to help drive sales.

## BUSINESS OBJECTIVE



Assess the relative value consumers attribute to items like coverage amount, product features, death benefit riders, living benefit riders, brand, company ratings, experience, and financial advice.

Gauge the impact of variables like household income, size, and location on the perceived value of life insurance attributes.

Uncover the trade-offs consumers are willing to make when choosing product features.



## METHODOLOGY

An online quantitative survey of over 1,000 life insurance consumers segmented by generation and annual household income.

LIMRA separated the study into two phases — a MaxDiff analysis followed by a Conjoint analysis.

## RESULTS



- Based on this in-depth analysis, the participating companies were positioned to:
  - Better understand consumer preferences among various life insurance product attributes and determine the relative value of those attributes
  - Estimate the value and quantify the level of desirability of various features and services of a life insurance product
- LIMRA also provided an interactive tool that allowed member companies to adjust various life insurance product features and predict customer preferences for different combinations.

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