

MEDIA RELEASE

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Australians are apathetic towards life insurance – FSC MetLife report

Apathy to Action – understanding consumer barriers to adequacy in life insurance in Australia

Australians are apathetic when it comes to taking action to insure their lives according to new research report from the Financial Services Council and the world's largest life insurer, MetLife.

The report provides new insights into what motivates people to take out life insurance and more importantly, what prevents them from taking it out. It shows Australian consumers are willing to insure their visible assets such as their house or car, but most do not consider protecting their lives and their health as a priority.

John Brogden, CEO of the Financial Services Council said: "The research is clear – Australians don't understand the benefits of taking out life insurance."

"This is a significant challenge for the industry," he said. "As an industry, we need to change the way we talk to Australians about life insurance if we are to close the \$1.1trillion death and disability underinsurance gap."

Damien Green, CEO of MetLife said: "The research shows that most consumers don't understand life insurance terms such as total permanent disability and income protection. It found most consumers only think of life insurance as 'death cover' rather than the range of protection solutions available." "We want Australians to become actively engaged with life insurance so they can make informed decisions about the right products for their specific needs throughout life."

"The industry needs to work together to develop life insurance products that consumers want and will benefit from," Mr Green said.

Mr Brogden also said consumers would be most motivated to purchase life insurance if the government provided a tax incentive or disincentive like the current private health insurance arrangements.

"This would increase the uptake of life insurance and replace the need for public expenditure in the long term," he said.

KEY FINDINGS

- 3 in 4 Australians think life insurance is only "death cover";
- Most Australians don't understand what life insurance coverage is, or should be;
- Australians overestimate the cost of life insurance and underestimate the value;
- Consumers think the average life insurance premium will cost around \$1,500 per year – the average cost of life insurance for a non-smoking Australian male aged 35 is \$600 per annum;
- Only 48% of those surveyed own, or know they own, a life insurance product;

- 1 in 10 of those do not have the minimum recommended life insurance cover;
- Two thirds of those who own a life insurance product don't know how much they are covered for;
- Most working Australians don't know how they would decide to choose a life insurance product;
- Life insurance is just as likely to be acquired by default through superannuation than through active purchase;
- Top three reasons why consumers say they don't buy life insurance and income protection:
 1. Too expensive;
 2. Waste of money/poor value; and
 3. No spare money.
- The top three things that would most motivate consumers to purchase life insurance are:
 1. A tax incentive from the government
 2. Purchasing through superannuation without a drop income
 3. Taking out a minimum level of insurance to avoid extra tax.

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.3 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

About MetLife

MetLife Insurance Limited (MetLife), an affiliate of MetLife, Inc., is a specialist provider of life insurance to affinity partners, superannuation trustees and employers in Australia.

MetLife has expertise in designing and executing both direct insurance programs for partners' customers and insurance solutions to meet the needs of specific member groups. MetLife has been a specialist provider of life risk insurance products in Australia since 2005.

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