

A light blue world map is visible in the background, showing the outlines of continents and oceans. The map is centered on the Atlantic Ocean.

# Insurance Literacy around the Globe: Insights from the 2021 ReMark Global Consumer Study

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# Financial Literacy and Insurance Literacy

“Financial literacy” may not be identical to or sufficient for insurance literacy

## **Definition of insurance literacy Lin et al. (2019):**

Understanding of insurance concepts

Knowledge of risks insured

Knowledge of insurance coverage

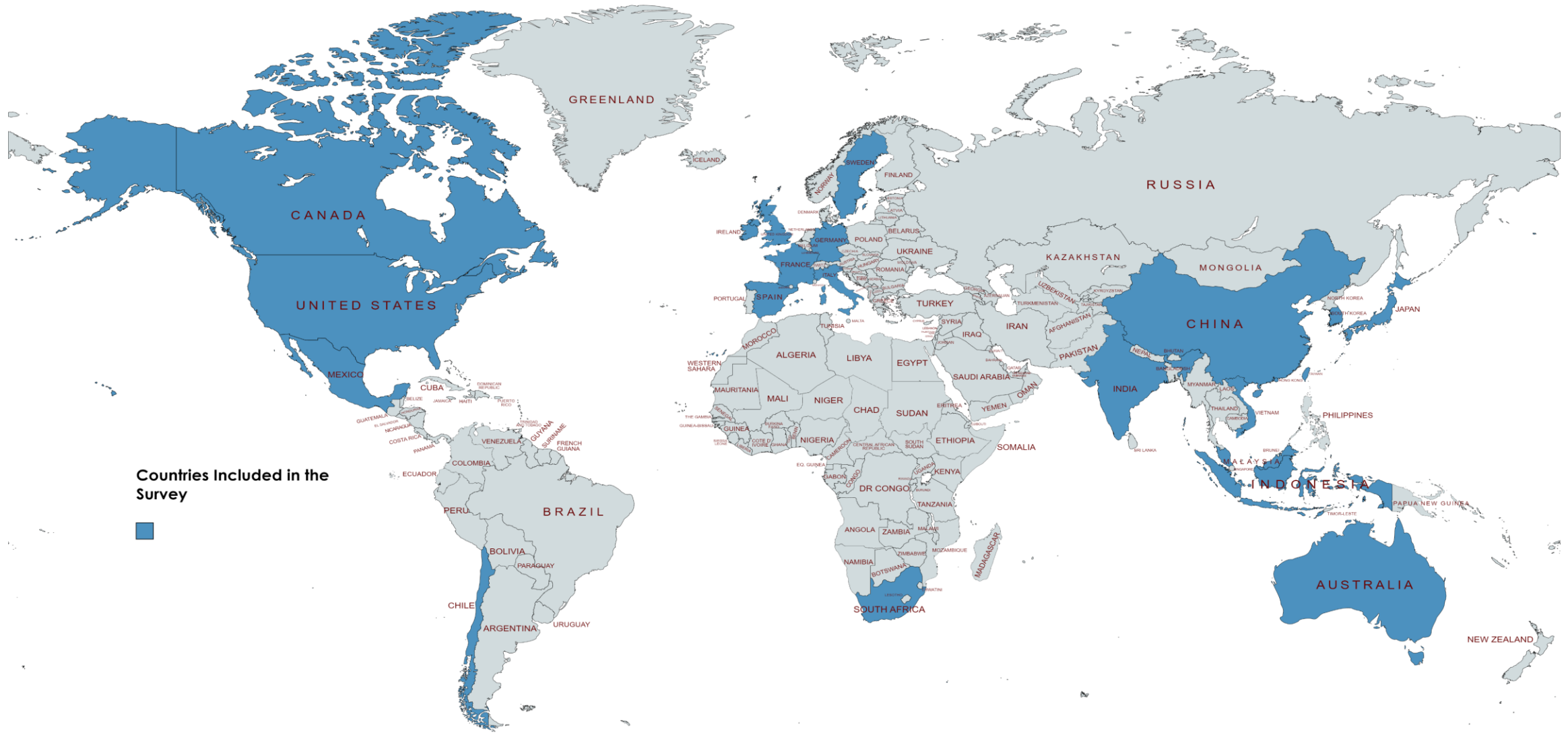
Ability to apply insurance knowledge to make appropriate decisions



- *ReMark is a leading insurance consultancy firm that delivers insights, marketing campaigns and tech solutions for some of the world's most ambitious banks and insurers.*
- *ReMark is a subsidiary of SCOR SE, one of the leading reinsurers in the world.*

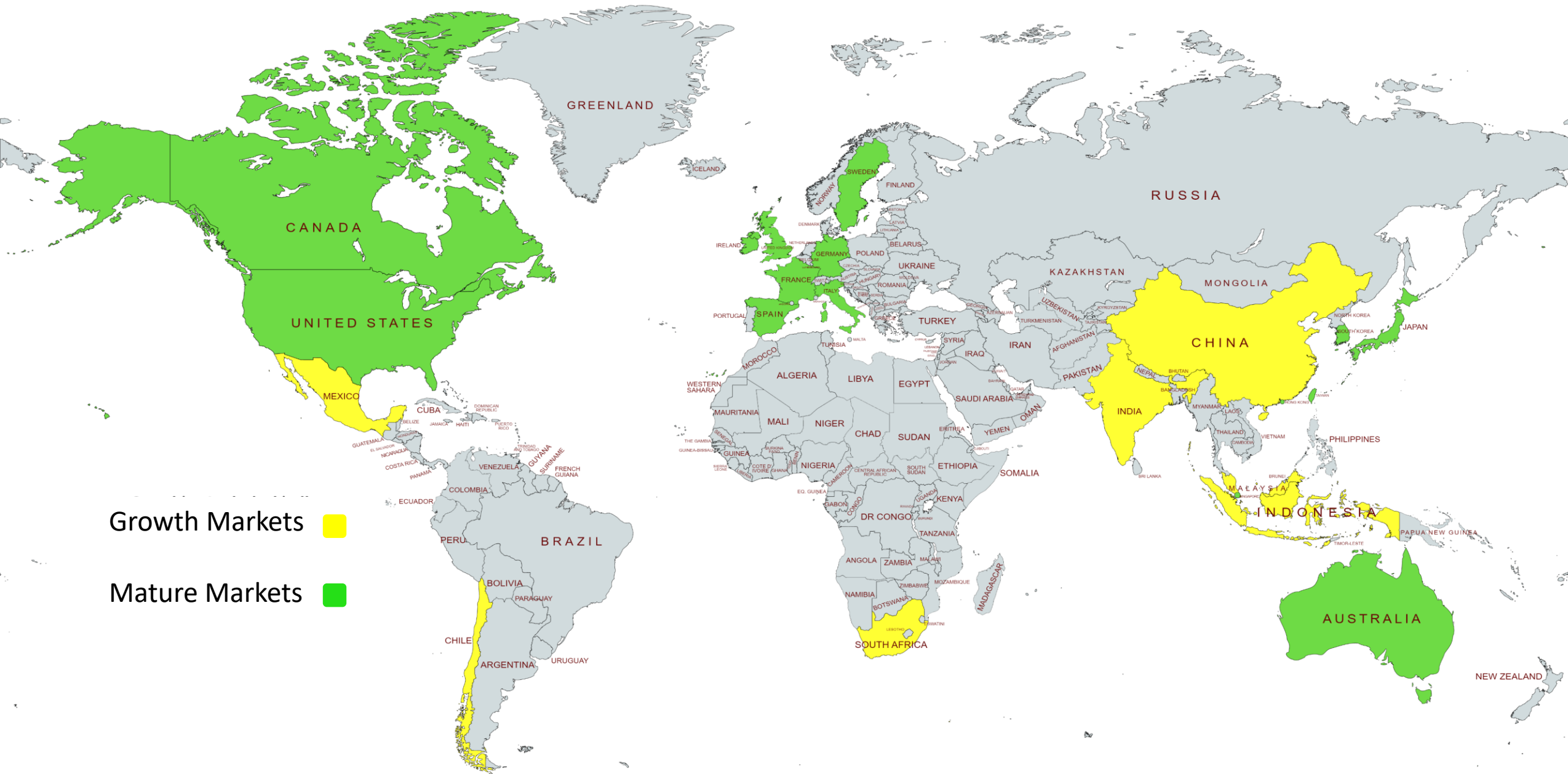
ReMark's Global Consumer Study (GCS), undertaken annually since 2014, is the largest global survey on life insurance consumers.

The 2021 GCS is the first to include questions about consumers' life insurance literacy.



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The 2021 GCS includes data nearly 13,000 consumers in 22 countries.



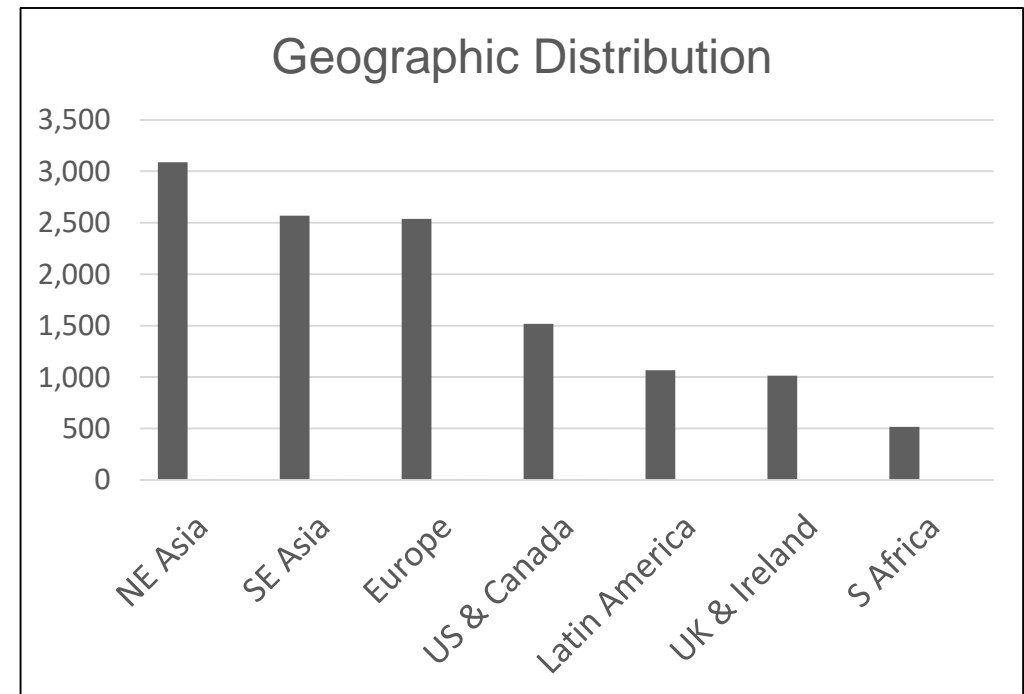
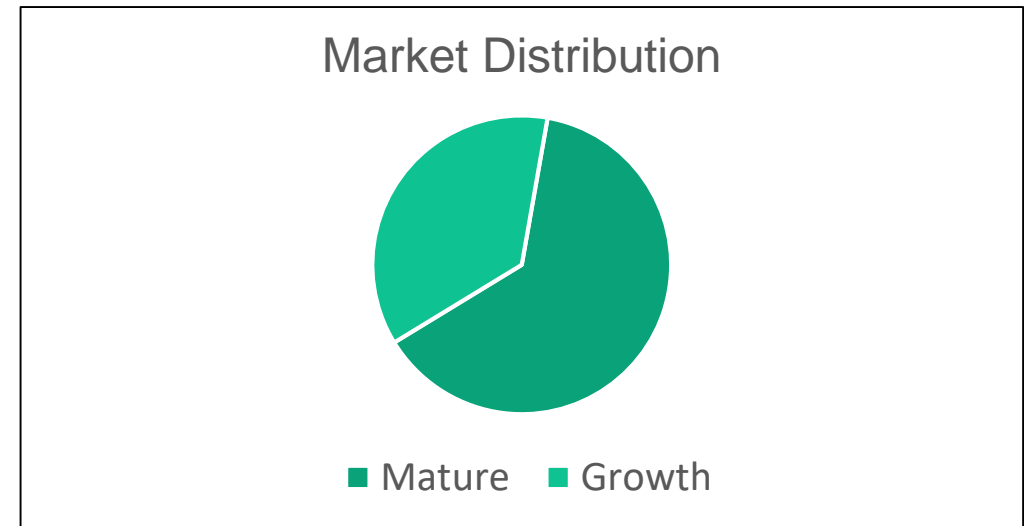
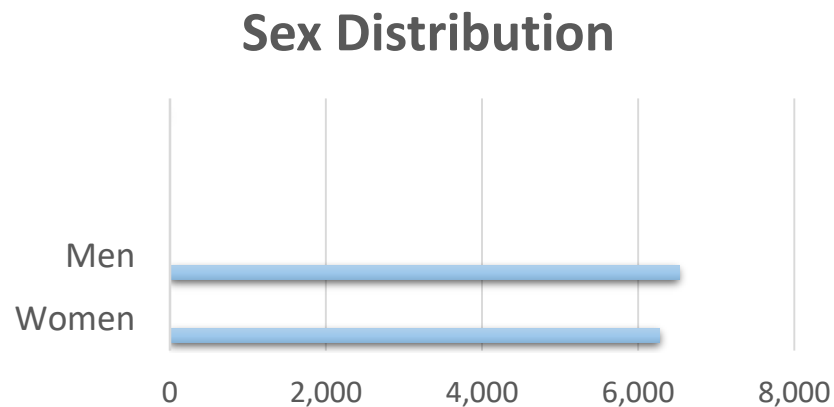
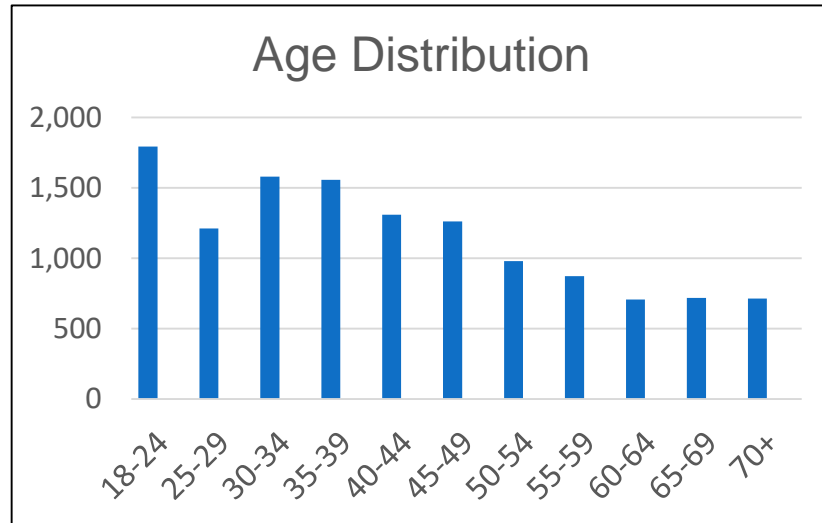
Growth Markets



Mature Markets



# GCS Respondents



# GCS Respondents and Life Insurance

- Respondents are age 18 or over and are responsible for household financial decisions.
- Do you have insurance covering life, accident, death, illness or disability?

All	Men	Women	Mature Mkt	Growth Mkt
61.9%	64.1%	59.7%	57.7%	69.2%

# Consumers' Self-Rated Knowledge of Insurance\*

Product	All	Men	Women	Mature Mkt	Growth Mkt
Life-Health Ins	56.7%	61.1%	52.2%	48.6%	70.9%
Property-Casualty Ins	58.8%	65.8%	51.6%	54.8%	65.9%
Banking	62.5%	67.8%	56.9%	57.5%	71.1%
Investments	45.8%	53.0%	38.4%	38.7%	58.2%
Pensions	45.2%	51.4%	38.8%	37.6%	58.5%
Saving	67.6%	72.6%	62.4%	61.1%	78.8%

Ranking order is identical for all groups:

Savings > Banking > Insurance > Pensions & Investments

\* Percent of respondents who state that they have “good” or “very good” knowledge of the financial product category (other possible responses are “some knowledge” and “no knowledge”).



# Measuring Life Insurance Literacy

## Definition of insurance literacy:

- Understanding of insurance concepts
- Knowledge of risks insured
- Knowledge of insurance coverage
- Self-efficacy to apply insurance knowledge

## First try at operationalizing using GCS:

- 1 question about life insurance purpose
- 1 question about mortality risk
- 1 question about life insurance coverage
- 2 questions about life insurance pricing
- 1 question about confidence life insurance decisions
  - Simple summation of 5 correct “scores”
  - Simple summation of 5 correct “scores” + confidence indicator

# 5 Insurance Knowledge Questions:

*“Literate” if 3 or more correct*

Which type of person needs life insurance the most?

- A) **Single working parent with 2 children**; B) Single working person with no dependents;  
C) Wealthy couple with no dependents D) Elderly couple, both retired from work

For an average 40-year-old, the risk of dying in a year is

- A) 1-2 per 100; **B) 1-2 per 1,000**; C) 1-2 per 10,000

Do you need to be related to be a life insurance beneficiary?

- A) Yes; **B) No**

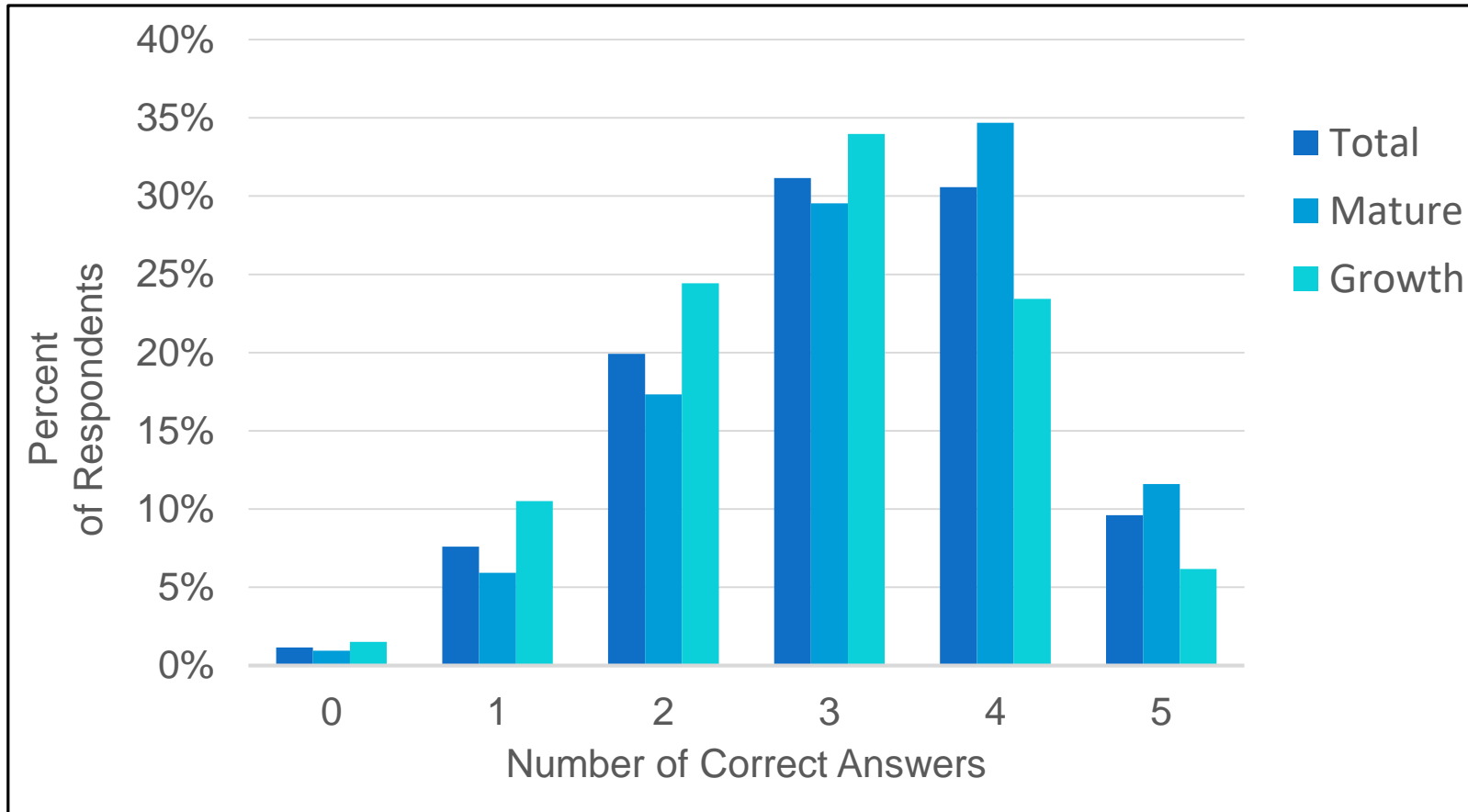
Can your age affect the price of your life insurance?

- A) Yes; B) No

Can your medical history affect the price of your life insurance?

- A) Yes; B) No

# Life Insurance Knowledge Scores



**Percent “literate: (score  $\geq$  3 out of 5)**

Total	71.3%
Mature Markets	75.8%
Growth Markets	63.6%

# Confidence and Expanded Measure of Insurance Literacy

- How confident or confused to you feel about applying for or choosing a company for life and health insurance?

- A) Very confident
- B) Somewhat confident
- C) Somewhat confused
- D) Very Confused

} Code respondent  
as “confident”

“Literate” if 3 or more knowledge questions correct *and* feel “confident” about choosing life insurance

# Life Insurance Confidence

Percent of respondents who feel “somewhat” or “very” confident in applying for or choosing a company for a life or health insurance policy:

Total	Mature Markets	Growth Markets
64.57%	56.74%	78.19%

Percent of respondents who feel that they have “good” or “very good” knowledge of life and health insurance:

Total	Mature Markets	Growth Markets
56.71%	48.56%	70.90%

# Life Insurance Literacy by Geography

Country Group	% Literate (Knowledge)	% Confident	% Literate (Combined)
Australia	77.9%	54.7%	62.8%
Europe	78.1%	57.0%	64.3%
UK & Ireland	80.2%	59.7%	68.8%
US & Canada	78.1%	65.9%	70.7%
Latin America	68.2%	65.6%	57.7%
NE Asia	66.0%	59.4%	53.3%
SE Asia	63.1%	78.5%	56.2%
South Africa	74.0%	76.7%	68.7%

# Literacy and Insurance Shopping

- Respondents who own LH insurance were asked about shopping behaviors in recent purchases\*:

	All LH Owners	LH Owners with Knowledge Score $\geq 3$	LH Owners with Knowledge Score 0-2	LH Owners who feel "Confident"	LH Owners who feel "Confused"
Compared policies of several insurers	43.12%	41.80%	46.25%	48.95%	24.91%
Compared alternative policies of one insurer	19.49%	18.29%	22.32%	21.20%	14.14%
Only followed advice that was given	19.98%	18.55%	16.65%	15.60%	25.43%
Responded to an unsolicited offer	3.46%	3.69%	2.90%	3.21%	4.21%
No alternatives considered	9.03%	10.21%	6.22%	6.89%	15.70%

\*Table omits respondents who "did not remember" their behavior

# First Impressions and Conclusions

- Knowledge of basic tenets of life insurance is encouraging
- Differences across markets and geography may reflect market and regulatory characteristics as well as population characteristics
- Confidence in life-health insurance purchasing is generally lower than insurance knowledge
- Those who lack confidence are less likely to comparison shop
  - Differences in shopping behavior appear more related to confidence than knowledge



# Future Research Opportunities

- Today's presentation provides just a small snapshot of the study data available.
  - Additional data permits analysis of life insurance literacy and relationship to consumers' attitudes toward insure-tech and other.
  - Analysis of data by age, income band, rural versus urban, education and occupational status is possible.
  - Data on consumers' health behaviors, COVID-19 experiences, and other topics are available.
- The 2022 version of the GCS includes a broader questionnaire about insurance literacy and covers additional topics about consumers' insurance attitudes.