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Moments of Truth – the role of life insurance in Kiwis lives revealed

New research commissioned by the Financial Services Council (FSC) has revealed New Zealanders views of life insurance and the vital role it plays in their lives.

Moments of Truth takes a deep-dive look at exactly what Kiwis think of the sector, their experiences of it, and how they engage with life insurance products. The research is the second in a series on life insurance following the release of the *Risking Everything* report by the FSC earlier in the year.

“This research, by utilising both qualitative and quantitative research methods, gives us unique insights and a rich understanding of New Zealanders life insurance experiences, especially around the critical claim process,” said Richard Klipin, CEO of the Financial Services Council.

“From personal experience I know just how invaluable life insurance can be at a time of need and trauma. *Moments of Truth* tells us that this is the case for many people and that the sector delivers peace of mind for thousands of Kiwis every day.

“*Moments of Truth* also finds though that too many of us are making a risk trade-off when considering life insurance. People are weighing-up the likelihood of an event happening, and the likelihood of a successful claim, versus the cost of premiums.

“We know that tackling life insurance is complex and the research shows clearly that consumers who seek face-to-face advice are more confident that they have the right policy and are supported.

“This reinforces the importance of the adviser relationship and getting good advice when making decisions on insurance.

“Building education and awareness of life insurance and the claims process will be critical to ensuring that people take a more informed approach to deciding on life insurance cover. As an industry we’re completely up for that challenge.

“*Moments of Truth* also finds that Kiwis views of life insurance tend to change after they have had first-hand experience of the industry. People who have actually gone through a claims process are much more positive about life insurance than those who haven’t.

“This is really encouraging because it indicates that perceptions on how insurance companies act is not the same as reality.

“The research does reinforce though that there’s still work to be done to improve Kiwis understanding of and confidence in the life insurance industry.

“Perhaps most concerningly, despite a high rate of awareness of life insurance, only 8% of those without a current policy had considered purchasing life insurance in the last two years.

“Unfortunately, bad things and traumatic events happen to all of us at some stage in our lives and it’s vital that you have the protection you and your loved ones need.

“The New Zealand life insurance industry pays out around \$4 million a day or \$1.47 billion per year in claims supporting Kiwis when they most need it.

“Over the last year the sector has been undergoing a sea change in culture and conduct. We welcome this and the extra scrutiny it brings. *Moments of Truth*, in revealing the essential role that life insurance plays in New Zealanders lives, reinforces how important it is that consumers have confidence in the life insurance industry.

“The challenge is now set for us as industry to double down on our efforts to improve consumer outcomes and show Kiwis that life insurance is a vital investment that they can have trust in”, concluded Klipin.

The full report, *Moments of Truth – Key Insights into the New Zealand Life Insurance Industry*, can be found [here](#).

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Note to editors:

FSC 'Moments of Truth, – Key Insights into the New Zealand Life Insurance Industry' Research

Research methodology

The research was undertaken in two stages of quantitative and qualitative stages which were undertaken in December 2018 and May 2019. The quantitative research carried out by Horizon Research reached a sample of 2,061 people and the qualitative research carried out by UMR consisted of two focus groups of respondents who had been through a life insurance, critical illness or income protection product claims process.

Spotlight - Industry Key Statistics – Life Insurance (2019)

- \$1.47 billion claims paid each year, that's around of \$4 million everyday
- \$2.61 billion in-force premiums, around 4 million life insurance contracts/benefits
- \$9.3 billion assets managed by the life insurance industry

About the Financial Services Council (FSC)

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 50 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$57.3bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver, professional services and technology providers to the financial services sector.

www.fsc.org.nz, twitter: [@FSC_NZ](https://twitter.com/FSC_NZ)

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