



Press Release

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First baby equals first life insurance policy **Survey reveals over half of those who take out life insurance do so due to worry over family affairs**

A new survey of Financial Brokers throughout Ireland, commissioned by protection specialist Royal London has revealed that for many Irish people having a baby is the number one trigger to take out life insurance cover (excluding their mortgage protection).

Daragh Feely, Head of Sales at Royal London commented on the findings, *“Two out of five (41%) Financial Brokers said that having a baby is one of the primary drivers behind why people buy life insurance. As we all experience major events throughout our lives, for some there’s none as life changing as starting a family or the birth of a first child. For many people this marks the beginning of a new stage in their life – uncharted territory and a time when lifestyle changes must be made. Having a baby triggers protective instincts and it could be the first time in a person’s life when they have to consider the financial security of their future and the future of those they’ll be providing for. So it’s not surprising people take out life insurance when they start a family as it is most likely the first time they believe they have a real need to purchase it.”*

Royal London asked Financial Broker respondents nationwide:

What is the principal driving force for people taking out life insurance (excluding mortgage protection)?

They answered as follows:

| | |
|-----------------------------|-----|
| Birth of first child | 41% |
| Death of relative or friend | 22% |
| Buying first home | 20% |
| Marriage/civil partnership | 11% |
| Other | 7% |

The Royal London survey also revealed that the death of a relative or friend often prompts people to consider taking out a life insurance policy.

Daragh continued, *“On a more sombre note the second highest driver behind the purchase of life cover was the death of a relative or friend. When someone close to us passes away, it’s obviously a sad and challenging time and it can also make us think about our own mortality and financial security of loved ones. During these times it can be a small comfort to put some reassurance in place in the form of life cover so that if the worst were to happen to us, our family would at least be financially secure.”*

Experts at Royal London have described life insurance as often the “forgotten financial protection” – it’s not like mortgage protection which is a prerequisite when taking out a mortgage or car insurance which is a legal requirement. However, they contend that the consequences of not having life cover in place can be far more severe.

Daragh explained, *“Uptake of life insurance is completely at the discretion of the consumer and with a variety of other personal finance responsibilities to look after it is understandable how its non-compulsory nature means it could slip down the priority list. It’s most likely that the first real pressing need to purchase life insurance presents itself when people enter into a new life stage, like starting a family. This is when life insurance becomes more relevant as it could be the first time in a person’s life when they have to consider the financial security of their future and the future of those they’ll be providing for.”*

Daragh went on to say, *“All of the respondents to this Royal London survey were Financial Brokers, who advise people on financial protection planning and security on a daily basis, so the results provide an invaluable insight into consumer behaviours.”*

Some interesting comments from respondents included:

- Life insurance was one of the first ‘discretionary expenditures’ to go when people were hit by the recession. Now that some people are seeing their finances steady they are considering getting cover.
- My experience when someone sees a person close to them fall ill or pass away is that, it’s often a time when they take stock of their own financial situation.
- The age profile of those taking out life cover is getting older – due to the ‘delayed adulthood’ trend currently in Ireland. For that reason it’s important that awareness is raised amongst the general public from an early age – so that they give due consideration to it when they need it.
- There’s so much discussion in the public domain around the Pensions time bomb which is warranted as this is a huge issue. However given that there’s a 24% chance that in a firm with two key people one will die before the age of 65*, this also deserves attention and the industry has a responsibility to educate consumers as to its importance.

The Royal London survey also asked respondents:

In terms of making financial decisions which emotion has the biggest bearing on a client’s decision to apply for life insurance (excluding mortgage protection)?

| | |
|------------|-----|
| Worry | 52% |
| Fear | 27% |
| Pragmatism | 12% |
| Love | 9% |
| Guilt | 0% |

Daragh concluded, *“The vast majority of respondents (79%) say that worry and fear play the biggest role in people’s decision making process to purchase life insurance. Obviously while having life cover won’t eliminate a person’s worries around their own or their partner’s mortality, it can provide some relief in the knowledge that the financial impact on their family will be reduced.”*

* CSO Table 15 on Irish Life 2005/07; all assumed to be aged 40 and males

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About Royal London:

Royal London is the largest mutual Life, Pensions and Investment company in the UK and Ireland with Group funds under management of over €113 billion. Group businesses serve around 5.3 million policy holders and employ 2,965 people (figures quoted are as at 30 September 2015).

Royal London’s Irish office is based at 47-49 St. Stephen’s Green, Dublin 2.

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