

**PROJECT
UMBRELLA**

Report
03.08.2018



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1

Objectives & Approach

Business & Research Objectives



Business Objectives

- Develop targeted initiatives to effectively help Singaporeans bridge their own protection gap in terms of Mortality Insurance and Critical Illness Insurance
 - Identification of the knowledge gap
 - Identification of perception gap
 - Opportunities and barriers



Research Objectives

- Uncover the consumer rationale towards the protection amount for both mortality and critical illness, that leads to the gap
- Understand consumers' perception around life insurance in general and of the quantum of the protection for critical illness and mortality in specific

Approach



FGDs

N=5

	20 – 29 yrs.	30–39 yrs.	40– 49 yrs.	50–59 yrs.	60– 69 yrs.
	1	1	1	1	1
Mix of optimal and low coverage users					



Ethnographic Immersions

N=10

	20 – 29 yrs.	30–39 yrs.	40– 49 yrs.	50–59 yrs.	60– 69 yrs.
Consumers with optimal coverage	1	1	1	1	1
Consumers with low coverage	1	1	1	1	1



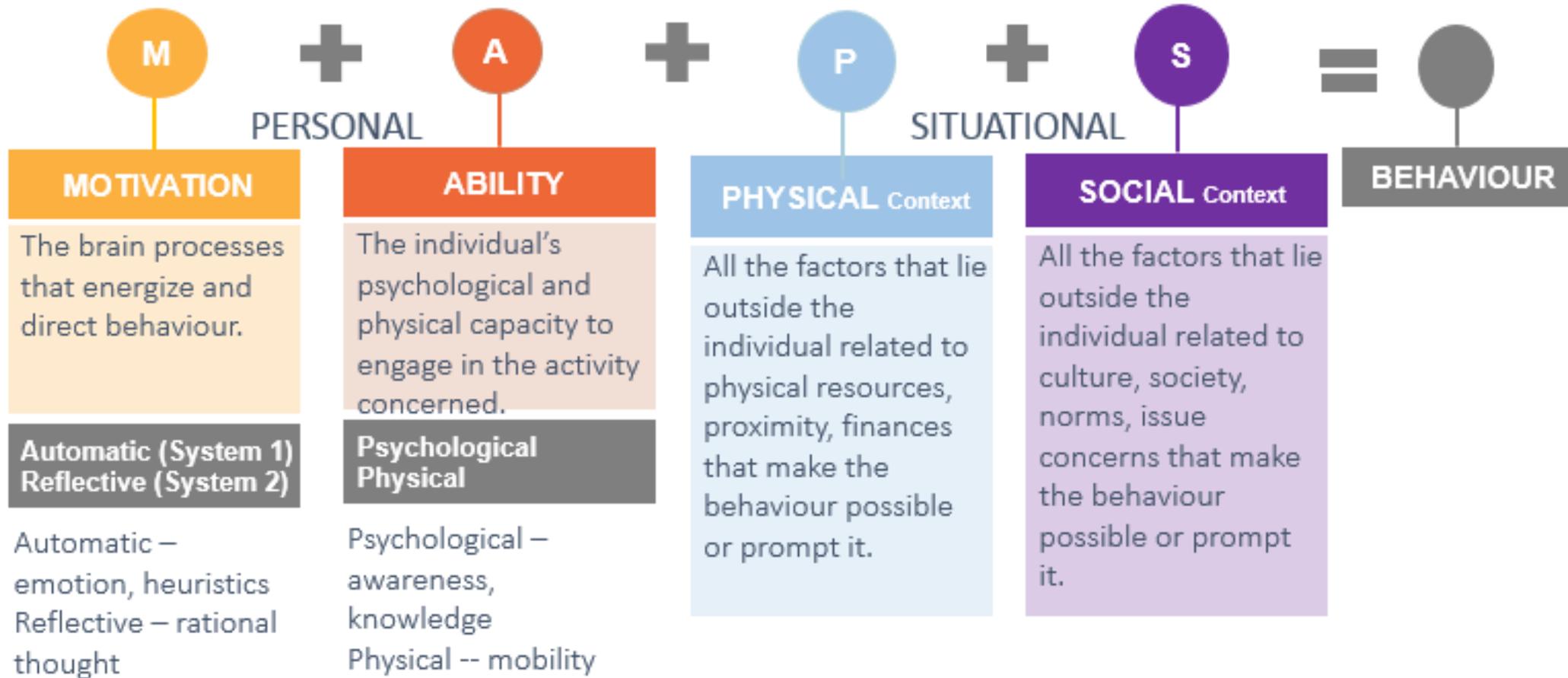
Agent Interviews

N=3

	NTUC	Tokio Marine	AIA
	1	1	1

MAPS Framework

We have use Ipsos' behavioral science framework (MAPS) to identify the barriers to optimal coverage and develop potential interventions



2

Cultural Context

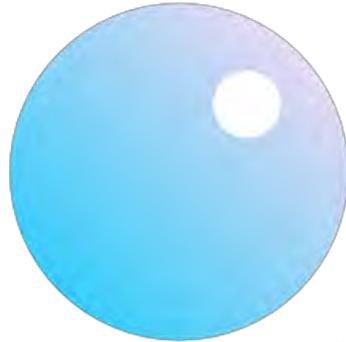
Overview

Risk awareness and protection seeking have multiple drivers (physical; economic; life stage; socio-cultural), and these shape attitudes towards insurance

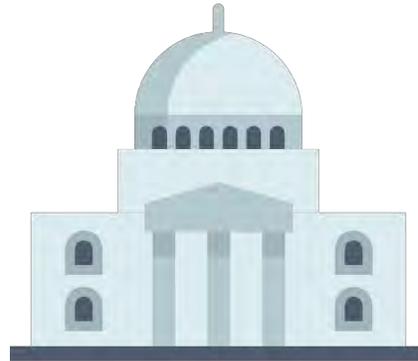
For Singapore, there are 5 key cultural dimensions to take into consideration when understanding the consumer's perception of risk and drives of attitudes towards insurance



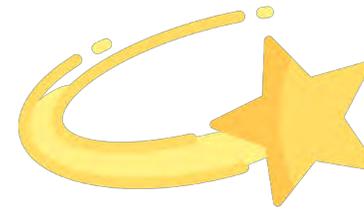
Cash is King



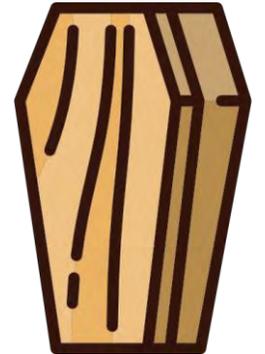
Living in a Bubble



Social Safety Net



Financial (Over-) Confidence



Funerals & 'White Gold'

Cash is King



“It is definitely good to have cash on hand, I mean like you can spend everything on, insurance, but it is not going to cover you of any kind of situation that can occur. Nothing beats having hard cash on your hand. So that can cover for some rainy days.” – Consumer Quote

Liquid assets and high spending power are core aspirations in Singaporean culture, and provide flexible protection

- The 5 C's, even today in a nutshell, are the stereotypical short-hand for the material aspirations of Singaporeans – with **cash being a pillar of this (i.e. liquidity)**
- The importance attributed to liquid assets translates into huge amount of cash savings. According to the [CEIC Global Economic Data](#), Singaporean's gross saving rate was measured at 48.2% in 2017, almost three time more than the US / UK
- **Cash savings are seen as a key protection solution** . They are more flexible than insurance policies (i.e. can cover any circumstance and not prescribed ones), and can also be diverted towards other financial aspirations aside from protection

Insurance may not have the same importance as it might in countries which have fewer liquid assets to fall back on in times of need, and insurance must compete against liquid assets as a protection solution

Living in a Bubble



“Singapore is a very safe country and people here feel very safe so there is no need to plan for what if there is an earthquake tomorrow or anything” – Insurance agent

Singapore is one of the safest countries in the world with very low crime rates and low risk of natural disasters

- According to the [World Justice Project Rule of Law Index 2017-2018](#), Singapore is ranked as the safest country in the world, in terms of order and security
- Singapore is also encased by Indonesia, Borneo and Malaysia, effectively shielding the country from major disasters
- Singapore was largely insulated from the global economic recession which wiped-out savings and eroded trust in financial institutions in many other countries
- Overall, this **creates a unique climate in which Singaporeans need not be overly concerned with their personal safety** and protecting against the random misfortune which can strike in other countries

On the one hand, expectations of stability help Singaporeans feel comfortable planning for the long-term, which may drive consideration of insurance. On the other, low perceived risk may negate the perceived need

Social Safety Nets



“There is always social services, the government won’t let you die one, but you must make sure you have no more savings left” – Insurance Agent

Singaporeans expect the government or their families will take care of them in times of crisis.

- Asian culture emphasizes filial piety and **taking care of one’s family**, which drives expectation among Singaporeans that their family will support them in the event of insufficient coverage
- There is also a widespread belief that, in the worst case scenario, the **government will step in and provide support via various programs** (e.g. MediSave; CareShield; Silver Support; etc)
- Beyond that, Singaporeans can turn to social workers or even their MPs for assistance, such as negotiating with the medical establishment or waiving expenses

Expectation of support from family / government further weakens perceived need to strive for optimal coverage levels

Financial (Over-) Confidence



There is a group of people, they feel that they are smart enough, I don't need to listen to you. I can do my own planning, like the leave me alone kind of thing" – Insurance agent

Singaporeans broadly perceive themselves as financially savvy, which may in fact create barriers to optimal coverage

- Financial literacy is relatively high in Singapore when compared to other countries, even if awareness and understanding of insurance may be low
- **The general feeling of confidence in financial literacy may compound a number of biases and actually create barriers to optimal coverage**
- In particular, the Dunning-Kruger Effect indicates that those with lesser ability may over-estimate their competence, leading those in need to eschew professional guidance

There may be a risk of Singaporeans rejecting guidelines which they do not agree with / cannot understand, and we should carefully consider how these are presented (i.e. not as direct contradictions to prior knowledge)

Funerals & ‘White Gold’



“We Chinese, we normally have this contribution from friends and family for funerals, if do a simple one doesn’t cost much” – Consumer Quote

While incorporated within LIA’s coverage guidelines, funerals are not seen as a major expense in Singapore because of gifting culture

- LIA guidelines include a provision for covering funeral costs, and this feeds into optimal coverage calculations (around SG\$10,000)
- However, most Singaporean cultures and religions practice a form of cash contributions (referred to as ‘white gold’ in the Chinese tradition), where relatives give envelopes of cash to cover the cost of the funeral
- This helps **off-set the cost of funerals** and Singaporeans may not perceive funerary expenses as a major concern

While incorporating funeral costs into coverage calculations may be a safe option (i.e. ensuring those without such support can still achieve coverage), it may not be relevant to the majority of Singaporeans

Implications

Therefore, given that perception of risk is limited and Singaporeans have access to other ways of securing protection, insurance is seen as a lower order need



Lack of Need

Low perceived risk of danger and expectation of government / family support both combine to reduce the perceived need for optimal coverage



Range of Protection Tools

Singaporeans also have a variety of well-established options for providing protection beyond insurance policies (i.e. cash savings; family support; government programs)

Both of these create barriers to Singaporeans to optimal coverage and drive them to question the necessity of paying high premiums when more affordable options are available

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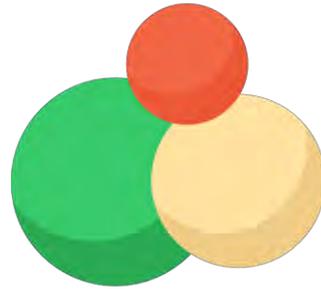
Industry Context

Overview

We have identified 7 industry trends which impact coverage levels



Wider Financial Context



Domain Confusion



Meaning / Symbolism



Intangible & Long-Term Benefits



Tortoise & The Hare



Agent Incentivization



Industry Reputation

Wider Financial Context

Insurance and coverage levels are not considered in isolation, and must compete with many other purchase decisions that happen within a fixed budget.

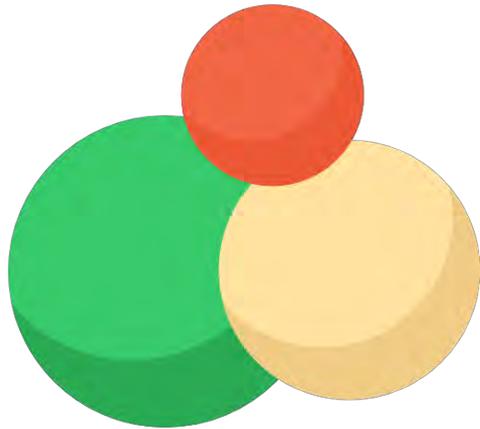


“But tomorrow somebody forward you a new iPhone something... we are all competing for the same source of fund. So iPhone win or I will win? It’s all these things.”
– Insurance agent

- Insurance is just **one of many other purchase decisions** competing for consumer attention, including all other financial products and all other expenses (e.g. holidays; kid’s schooling; etc) – it may therefore be low in the list of priorities
- As we saw in the cultural context, insurance **competes directly with several other means of providing financial protection:**
 - **Liquid assets** – provide a flexible form of financial protection
 - **Investments** – are less flexible, but passive income still competes with critical illness as a form of support

We must keep this in mind when exploring attitudes towards insurance and low coverage levels, and ensure we deliver a strong value proposition which can compete against other ways of spending money

Domain Confusion



“I know how much my CI coverage is by calculating the cost for chemo and such, and it is very expensive, every treatment is few thousands and few thousands.” - Consumer

Quote

Market categories do not match consumer domains - the industry's product delineations does not exist in consumer's mind

- A current mismatch between the way consumers perceive insurance vis a vis the way insurance industry professionals do
- While insurance categories may appear clear and well-defined for the industry, this is not the case for consumers
- They instead lump most products together into a single 'insurance' domain, **failing to accurately differentiate between policies** for wealth accumulation / risk management or critical illness / health coverage
- Therefore, may determine adequate cover based on amount spent vs coverage received, and calculate adequate medical bill coverage based on expected medical bills (vs living expenses)

Simplifying communication of the category is essential so Singaporeans can properly manage their insurance portfolio and ensure they are optimally covered

Meaning / Symbolism



“To me, life insurance is regarding life and death. So I see it as the sun setting, and I feel sad. Probably I am linking it with death.” -
Consumer Quote

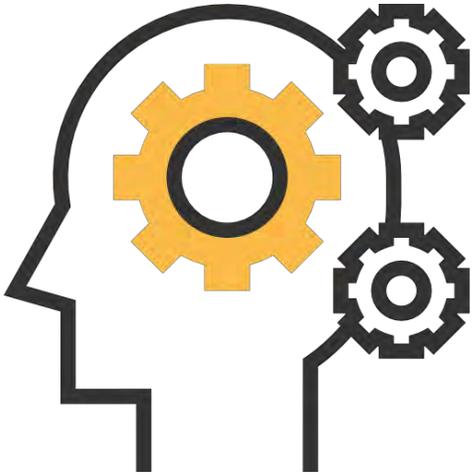
Scratch below the rational surface and we quickly find deep negative associations with the insurance industry

- On the surface, insurance is considered in rational terms of cost / benefit
- However, begin to look deeper and we see strong negative associations with insurance driven by fear of death, misfortune, illness, etc
- **Planning for one’s own death or critical illness therefore entails the confrontation of one’s own mortality and frailty**, something which few are eager to do
- Therefore, it is natural for consumers to show resistance towards giving too much consideration to mortality / critical illness

We need to shift underlying emotional associations with mortality / critical illness insurance and do our best to give them a more positive spin which can reduce barriers to engagement

Intangible & Long-Term Benefit

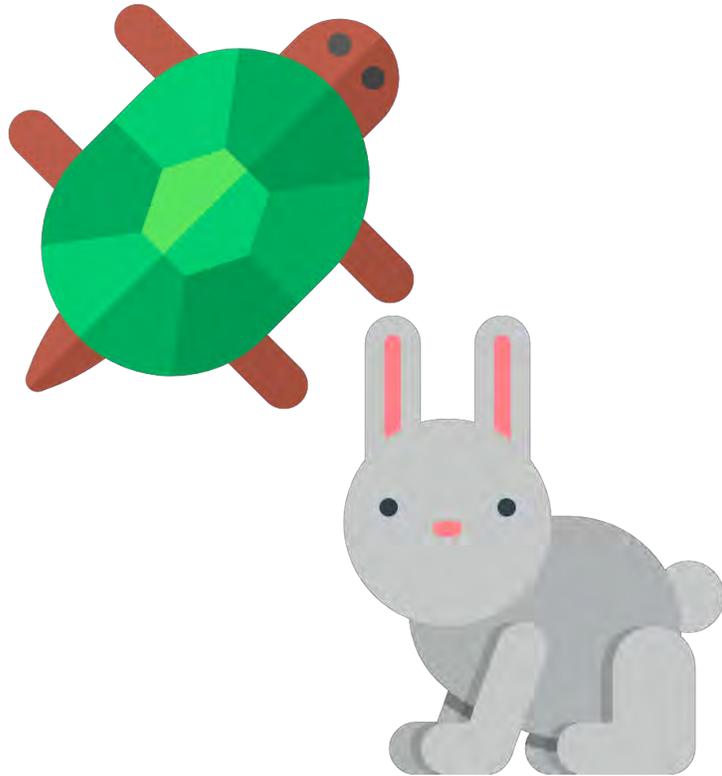
The intangible and long-term nature of insurance interacts with key heuristics to drive biases which create barriers to coverage levels



- The benefits of mortality / critical illness are by definition long-term and it also involves money locked away for a long period of time
- **Consumers are seeking short-term gratification** as well as more flexible funds that can be accessed, when in need
- All insurance is **relatively intangible** due to the theoretical protection it provides and it's conceptual nature (vs physical), with many consumers not making claims and therefore receiving very little tangible reward in return. **Mortality insurance is particularly intangible**, since you won't be around to receive the benefit.
- Consumers as a result tend to **see insurance payments as a loss rather than a gain** and tend to de-prioritize it

We must be mindful of these biases which create barriers to achieving optimal coverage levels and work to make the benefits of mortality / critical illness more tangible and shorter-term (i.e. gifts)

Tortoise & The Hare



Consumers are tortoises (move slowly) but the industry is a hare (developing fast), and it's hard for consumers to keep up

- **Consumers have a very slow engagement** with both mortality and critical illness – decades may pass between them choosing a policy and deciding to review the coverage level
- In contrast, the **insurance industry moves at (relatively) break-neck speed**, with new policies and guidelines being introduced regularly
- This can help explain a portion of the coverage gap, with consumers simply moving much slower than industry guidelines and not having the opportunity to catch up
- For instance, old critical illness policies may only cover 27 ailments, whereas newer ones cover 43. Also, LIA's new guidelines are very new and have not had time to trickle-down

We must be mindful of the timescales involved in closing the coverage gap and make efforts to bring consumers up-to-speed with the latest industry developments

Agent Incentivization



“ILP is a very popular product in market right now and generally, to agent, they earn high commission based on ILP. So they have more motivation to sell the plans to the customers as compared to advisory – life plans” – Insurance agent

Agents are a key influencer in setting coverage levels but are incentivized to focus on other policies and short-term wins

- Mortality and Critical illness are morbid subjects that agents find hard to broach compared to **savings and investment plans which are simple, sexy, and easier to sell**
- The **benefits of savings / healthcare plans are also much more tangible** than mortality / critical illness (the importance of which is exacerbated by key heuristic biases)
- Savings and investment plans also have **better commission structures** vs mortality / critical illness policies
- When it comes to setting coverage levels, agents are inclined to focus on what **premiums are affordable in the short-term**, rather than long-term planning to achieve optimal coverage levels

We must try and find ways of encouraging insurance agents to help address the coverage level shortfall, whether that comes from adjusting their incentive structures / simplifying sales materials / providing more tangible rewards for mortality and critical illness

Industry Reputation



“The industry itself with all these agents going around malls and trying to force you to listen to their talks and giving a free gift and all that, sort of spoils the whole image making it more gimmicky rather than a necessity” – Consumer

Quote

Negative perceptions of the insurance industry (particularly agents and claims processes) create further barriers to coverage

- Consumers recognize that insurance agents are incentivized and may not offer impartial financial advice, and a few bad apples can damage reputation of whole profession
- Similarly, experiencing / hearing about difficult claims processes will undermine trust in insurance and weaken the motivation to achieve optimal coverage
- While we must deliver short-term rewards, marketing techniques which are perceived as gimmicky or overly-aggressive (e.g. MRT intercept) may in fact create further barriers by undermining trust

Insurance is based on trust, and it is vital we retain that trust in order for consumers to feel comfortable increasing their coverage levels

Implications

Insurance is complex, fast-moving, and associated with negative emotions

We need to simplify the category to help educate consumers

How can we clarify the role of different insurance policies?

Insurance is intangible and long-term, leading to being de-prioritized over more tangible, short term needs

Insurance agents do not have strong incentives to deliver optimal coverage

How can we work with agents and leverage them to increase coverage levels?

Trust is essential but difficult to maintain

Trust is essential if consumers are going to increase coverage levels

How can we address concerns about biased agents / complex claims?

Insurance is only one of many possible ways of spending money / seeking protection

How can we strengthen the value proposition for mortality / critical illness?

There are deep-rooted emotional barriers to engaging with mortality / critical illness

How can we reframe insurance to focus on the positives instead ?



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Key Personas

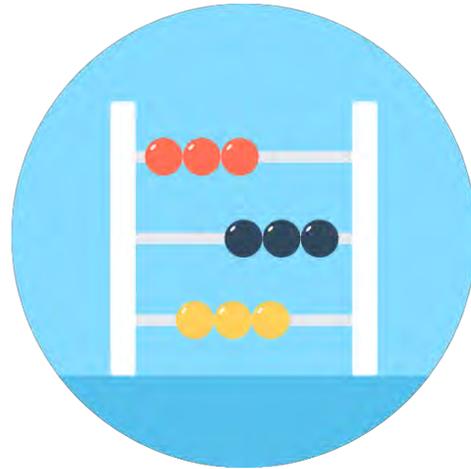
Persona Framework

We have profiled consumers in line with the MAPS framework, with slight adjustments to fit this particular context



Motivations

Needs & aspirations



Ability

Skills & resources



Policy Context

Attitudes towards the mortality / critical illness



Social Context

Relationships with family, friends, and insurance agents

Overview

We have identified 5x key personas which incorporate both life-stage and attitudinal differences



Aspiring Dreamers

Looking to acquire wealth and prepare for future whilst enjoying life



Protection Seekers

Seeking financial protection due to crisis (e.g. death in family), but limited means



Struggling Stretchers

Need to save for kids education, but face many competing responsibilities



Wealthy Provider

Striving for financial independence, but unsure as to best strategy for this

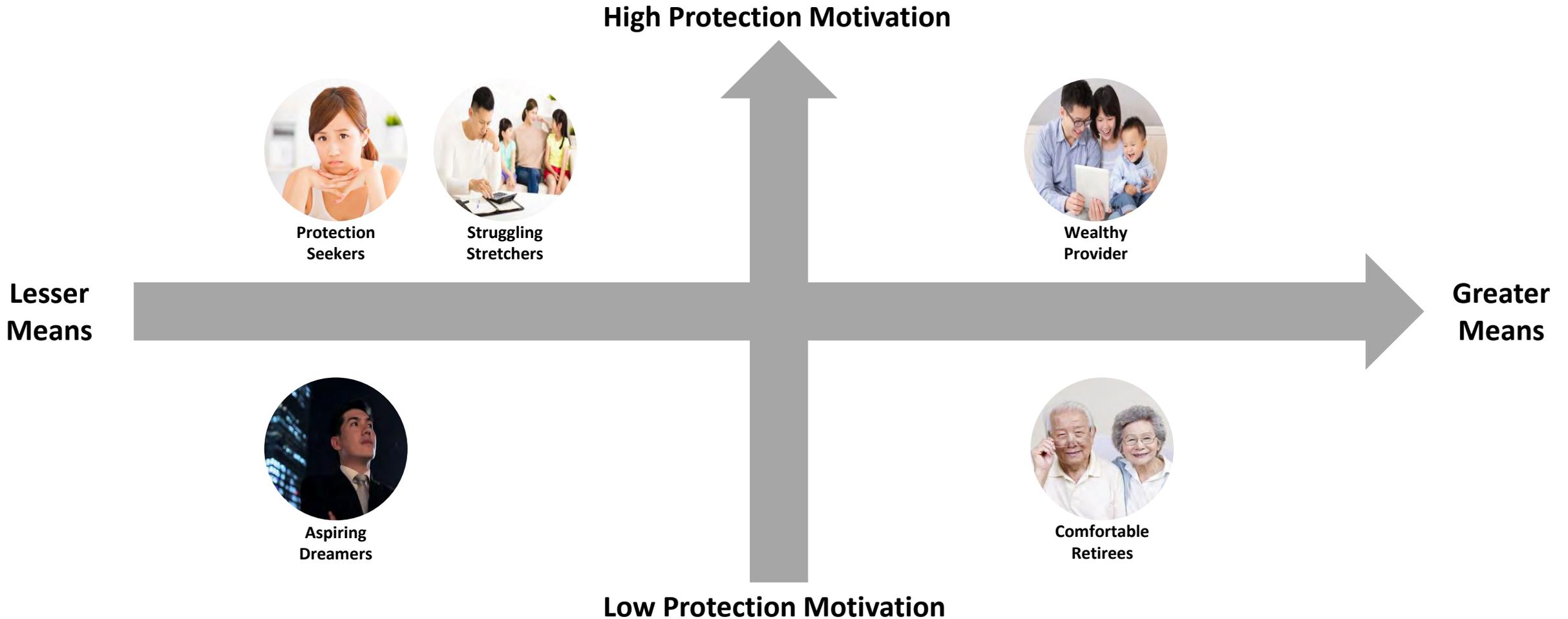


Comfortable Retirees

Trying to enjoy retirement without risking their lifestyle

Persona Dynamics

Only Wealthy Providers sit within the 'sweet spot' of being both motivated to seek protection and having the means to achieve it



Persona Dynamics

We can see that the middle-aged participants have the highest number of dependents, which drives a strong need for protection

Many Dependents



Wealthy Provider

Struggling Stretchers

- Wealthy Providers and Struggling Stretchers represent the 'sandwich generation' who may have both dependent children / parents
- Note that our participants in these segments did not have wholly dependent parents and therefore caring for them did not emerge as a key theme
- However, this is certainly widespread within Singapore, and should be taken into consideration when targeting these segments



Aspiring Dreamers



Protection Seekers



Comfortable Retirees

Few Dependents

Persona Profiles

Personas	Age	Life stage	Coverage
Protection Seeker	25	Single, living with parents	Sub Optimal
Aspiring Dreamers	29	Single, living with parents	Sub Optimal
Aspiring Dreamers	29	Single, living with parents	Sub Optimal
Wealthy Provider	33	Married, no kids	Sub Optimal
Wealthy Provider	39	Married, no kids	Optimal
Wealthy Provider	39	Married, with kids	Optimal
Struggling Stretcher	33	Married with kids	Sub Optimal
Struggling Stretcher	38	Married with kids	Sub Optimal
Struggling Stretcher	43	Married with kids	Optimal
Comfortable Retirers	61	Married, with kids	Optimal
Comfortable Retirers	60	Married, with kids	Optimal



ASPIRING DREAMERS

Aspiring Dreamers: Overview

Looking to acquire symbols of success and lay foundations for their future whilst also enjoying life - insurance does not align with their aspirations



Age: 27

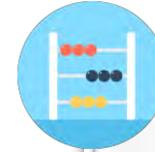
Life stage: Single, early jobber

Coverage level: Low



Motivations

- Planting seeds for their future
- Desire for a life with heightened experiences
- In the prime of youth – feeling of invulnerability



Abilities

- Limited budget, many needs.
- Low awareness and understanding.



Policy Context

- Low value perception
- Pre-existing family coverage
- Opaque category



Social Context

- Live for self – No dependents
- No life event trigger
- Image of agents not positive

Aspiring Dreamers: Motivations

Main priority is saving for imminent big life milestones while also enjoying life to its fullest



Planting Seeds for their future

- They see a number of important and expensive life-stage events on their horizon (marriage; first homes; etc) and are therefore focused on saving for these
- As such their priority is minimizing unnecessary expenses in order to maximize savings

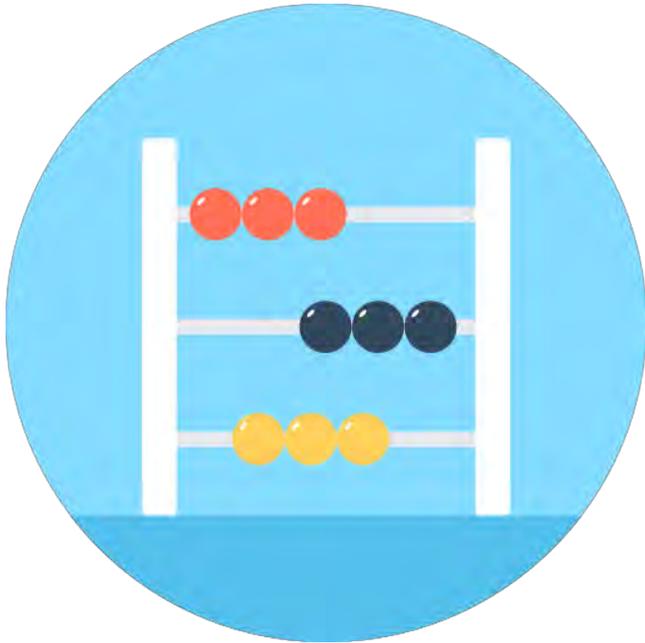
Desire for a life with heightened experiences.

- However, life can't be all work and no play, and Investment Seekers also want to enjoy their youth before taking on responsibilities. Given limited means, they prioritize their spending on experiences that are more desirable and enjoyable.
- Coupled with this is a sense of invulnerability – they are in their youth and have no/ little immediate experience of death / major illness which leads to low need for protection.

Insurance is not only a low priority, but is perceived to be in direct opposition to their main goal of securing tangible returns on their investments

Aspiring Dreamers: Abilities

Tight budgets limit scope for considering insurance, which is compounded by lack of experience and understanding



Limited Budgets, Many wants

- Being early in their careers, they have limited access to funds, particularly in light of their desire to direct disposable income towards savings and investments as well as to spending on lifestyle markers.
- They therefore prioritize savings / investments over protection products

Inexperienced & Unfamiliar

- They have poor understanding of insurance products, both their importance and also the range of products available, which further limits their ability to access insurance
- Also unaware of how much coverage they might need in the event of mortality / critical illness and consistently under-estimate the amount required (e.g. 50–100K in case of cancer)

The interplay between limited budgets and poor understanding prevents them from identifying which insurance products would best suit their budget / aspirations

Aspiring Dreamers: Policy Context

Do not perceive the need or value, and it's difficult for them to learn more



Low Value perception

- Perceive mortality / critical illness as a waste of money (black hole) - they see little value in paying high premiums with only small chance of seeing payout
- Mortality is perceived as particularly wasteful, since they have no dependents and will not be around to receive the payout

Pre existing Family Coverage

- Parents may have bought insurance which covers them – expect this will provide sufficient coverage and see little reason to purchase more

Opacity of Information

- They find information about insurance to be fragmented and complex which, coupled with their relatively poor financial understanding, makes it hard for them to enter the category

Engaging this persona will rest heavily on providing a stronger value proposition to justify the expense of insurance premiums and providing a clear introduction to the category

Aspiring Dreamers: Social Context

Absence of dependents and lack of crisis also reinforces the low need for insurance. Distrusts of agents also creates barrier to coverage



Live for Self/ No dependents

- They do not have young children / non-working spouses / parents-in-need, which particularly undermines the perceived value of mortality insurance

No life event trigger

- Have not yet experienced mortality / critical illness in the family which would prompt them to re-consider the importance of insurance

Image of Agents not positive

- Constantly bombarded by insurance agents due to high number of friends who enter the industry – this undermines trust and creates perception of agents looking to hard-sell
- Aggressive sales techniques make them intimidated to approach an agent

Engaging this persona will rest upon driving a perceived need for mortality / critical illness insurance, and considering how best to communicate (e.g. perhaps helping them pull info vs aggressively pushing)

Aspiring Dreamers: Implications

We need to align protection solutions with their financial goals and enhance the value proposition

Driven more by tangible benefits – like home, car than by intangible benefit of protection

Limited money to spend.

Seek easier access to money in the short term.

Need to align protection solutions with their future goals –

Would ILPs or other hybrid solutions be more suitable for them?

Plans that take into account their tight budgets

Could we develop entry-level policies which evolve to provide optimal coverage?

Plans that take into account their need for easy access to liquidity

Policies with no claim bonus?

Need to simplify online sources of information to help educate them about the category and appreciate it's value

How can we deliver clear and simple explanations for mortality / critical illness?

We need to address their distrust of insurance agents

How can we leverage online channels to build trust and drive conversion?





PROTECTION SEEKERS

Protection Seekers: Overview

Seek protection due to past experience of crisis, but conflicting goals and limited means create barriers to optimal coverage



Age: 25

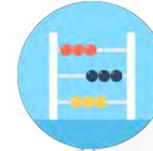
Life stage: Single, early jobber

Coverage level: Low



Motivations

- Conflicting priorities
- Savings / liquidity as protection



Abilities

- Limited resources
- Unsure of long term monetary commitments
- Inexperienced & unfamiliar



Policy Context

- Critical illness – rider only?
- Unaffordable premiums
- Opacity



Social Context

- Crisis trigger (e.g. family death) need for protection.
- Isolated among peers
- No dependents – low need for protection
- Distrustful

Protection Seekers: Motivations

They experience a tension between desire for protection and saving towards goals, and cash savings help resolve this



Conflicting Priorities

- Having had direct experience of mortality / critical illness (e.g. father died from cancer) they are more motivated to purchase insurance with higher coverage levels
- However, they experience a tension between the desire for insurance and the desire for saving towards upcoming life event expenses (e.g. home; marriage; kids) – they are careful not to over-insure and potentially limit their short- / medium-term expenses

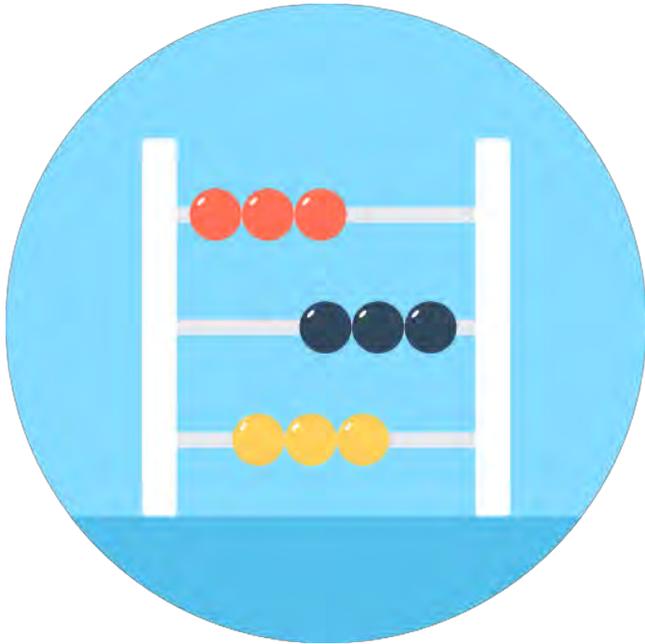
Cash Savings As Protection

- Cash savings are seen to offer a good balance between protection and liquidity, allowing them to save for rainy days alongside achieving their goals

This persona needs products which can help them achieve a balance between protection and liquidity, allowing them to enjoy protection whilst working towards their goals

Protection Seekers: Abilities

Limited and insecure income limits coverage levels and long-term planning, whilst low understanding creates barrier to finding best products



Limited means

- Being early in their careers, they have limited access to funds, particularly in light of their desire to direct disposable income towards savings and investments – coverage levels are determined by available funds, rather than ideal

Unsure of long term monetary commitments

- In addition, they are concerned about the security of their income in competitive market, and their ability to pay premiums over the long-term

Inexperienced & Unfamiliar

- They have poor understanding of insurance products, both their importance and also the range of products available, which further limits their ability to access insurance
- Despite personal experience of mortality / critical illness, they still underestimate the level of coverage needed and believe their current coverage level is sufficient

Alongside increasing their understanding of insurance and it's importance, is there an opportunity to bring them into the category through income protection or flexible / short-term policies?

Protection Seekers: Policy Context

They see the current range of offerings as inaccessible and unaffordable despite their motivation to engage with insurance



Critical Illness – Rider Only?

- Perceive that critical illness coverage is only available as a rider and not a stand-alone policy, limiting their ability to fulfill motivation for critical illness coverage as a result of directly experiencing critical illness in family

Unaffordable Premiums

- While they do appreciate the value of mortality / critical illness insurance, they have limited means to purchase policies and it's not feasible for them to achieve optimal coverage

Opacity

- They find information about insurance to be fragmented and complex which, coupled with their relatively poor financial understanding, makes it hard for them to enter the category

We need to help this persona access the types of policy they desire – both in terms of affordability and in terms of accessing the right information

Protection Seekers: Social Context

Crisis drives motivation to seek protection, but other social factors weaken their resolve



Crisis Trigger

- Have had direct experience of family member suffering from mortality / critical illness (e.g. father dying from cancer)
- This will drive motivation to seek out protection (but seeing family member struggle to receive payout will create a barrier)

Isolated among peers

- Most of their friends have not had a similar experience, which can weaken their resolve to seek out financial protection and focus on saving / spending instead

No dependents

- They do not have young children / non-working spouses / parents-in-need, which particularly undermines the perceived value of mortality insurance

Image perception of agents – not positive

- Constantly bombarded by insurance agents due to high number of friends who enter the industry – this undermines trust and creates perception of agents looking to hard-sell
- Aggressive sales techniques make them intimidated to approach an agent

We should endeavor to normalize protection-seeking amongst younger cohorts and help reassure this persona as to the ease / reliability of making claims

Protection Seekers: Implications

We need to offer protection solutions which balance protection with flexibility, and normalize protection-seeking behavior

Open to protection and actively seek it

However limited money to spend.

Also see savings as protection

Need to work within their tight budgets

Could we develop entry-level policies which evolve to provide optimal coverage?

We need to help normalize protection-seeking and overcome the barrier created by cultural norms which tell customers to focus on savings / investments

Can we develop a communication campaign to tell the stories of other young people

We need to balance protection against flexibility – particularly liquidity and ‘break clauses’ which may address unpredictable income levels

Can we promote short-term policies which offer pay-outs / option to continue long-term?

We need to simplify online sources of information to help educate them about the category and appreciate it's value

How can we deliver clear and simple explanations for mortality / critical illness?

We need to address their distrust of insurance agents

How can we leverage online channels to build trust and drive conversion?





STRUGGLING STRETCHERS

Struggling Stretchers: Overview

Must prioritize their children (daily expenses; saving for education) but their resources are stretched very thin



Motivations

- Prioritize kids needs over self
- Desire to avoid/ minimize hospital bills
- Age catching up, vulnerability sets in

Abilities

- Thinly stretched resources
- Less financially savvy

Policy Context

- Overwhelmed by choices and info.
- Few suitable policies
- Notices on payments heighten anxiety regarding resources

Social Context

- “Life event” trigger
- Multiple dependents

Age: 38

Life stage: Married, mid career

Coverage level: Low

Struggling Stretchers: Motivations

Main motivation is to be a good provider and ensure a bright future for their children – via kids' education and by avoiding unforeseen circumstances – planning for self is a lower priority



Prioritize kids over self

- Driven by a strong desire to provide a better future for their kids future, especially via their children's higher education
- Must also manage regular expenses for their children (enrichment classes; etc)
- They must also save towards their own goals and expenses, but these are a secondary priority

Desire to avoid/ reduce hospital Bills

- Due to overriding desire to provide for children, their main protection motivation is to avoid hefty bills which may undermine their efforts to save

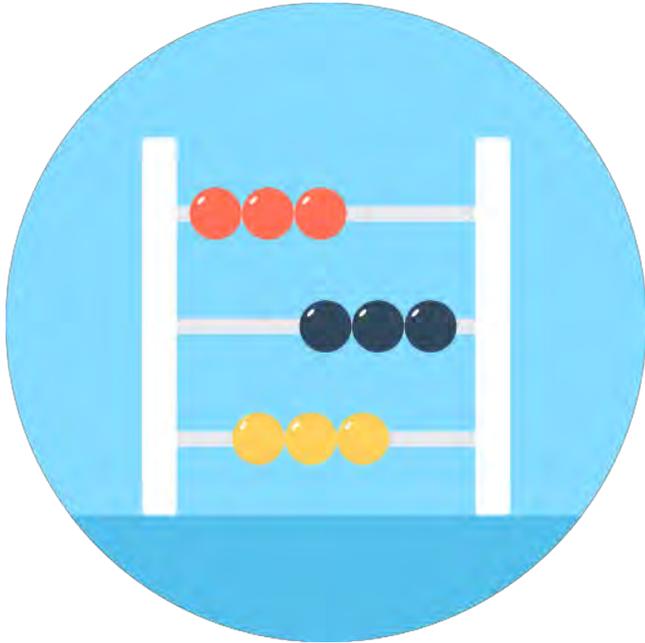
Age catching up, a feeling of vulnerability sets in

- Starting to feel older which undermines sense of youthful invulnerability, helping them appreciate the importance of financial protection

We must engage this persona by focusing on their children and emphasizing the importance of sufficient mortality / critical illness coverage in light of their kids

Struggling Stretchers: Abilities

Combination of multiple financial responsibilities alongside low financial savviness reduces their capacity to achieve or even consider optimal coverage levels



Thinly Stretched Resources

- Despite having higher income than their younger counterparts, they also have higher expenses as a result of more dependents
- As such they are struggling to fulfill a variety of competing financial responsibilities, placing hard limits on the amount of coverage they can afford

Less Financially Savvy

- They are also less financially savvy than Wealthy Providers and do not have the skills to fully understand the mortality / critical illness insurance category (i.e. range of products available)
- This also limits their ability to monitor and analyze their financial portfolio and identify when coverage levels may need to be increased
- Low financial savviness makes them heavily reliant on professional advice – the quality of their agent will have a major impact on the suitability of policies / coverage levels

We must help ease the cognitive burden for this persona and give them the support they need to both identify and address coverage gaps

Struggling Stretchers: Policy Context

Overwhelmed with info and cannot find suitable policies; they feel resentful spending each month for little gain



Overwhelmed

- Being less financially savvy they quickly become overwhelmed when research online and are reliant on the professional advice of insurance agents to recommend policies / coverage levels

Few Suitable Policies

- Feel that the current range of available policies is not well-suited to their needs – just as they feel the need to increase coverage levels, the premiums also start to rise

Continuous payment notices add to their worry regarding juggling resources

- Regular communications from their existing policies simply remind them of the expenses paid, thereby making insurance seem like an additional burden rather than a necessity

We need to ease the cognitive burden for this persona to help them identify the most suitable policies, and emphasize benefits at every point of communication (especially post-purchase)

Struggling Stretchers: Social Context

Having multiple dependents and indirectly experiencing mortality / critical illness both drive importance of insurance



Crisis Trigger

- Have had direct experience of family member suffering from mortality / critical illness (e.g. father dying from cancer)
- This will drive motivation to seek out protection (but seeing family member struggle to receive payout will create a barrier)
- They may actively seek out insurance agents in such circumstances

Multiple Dependents

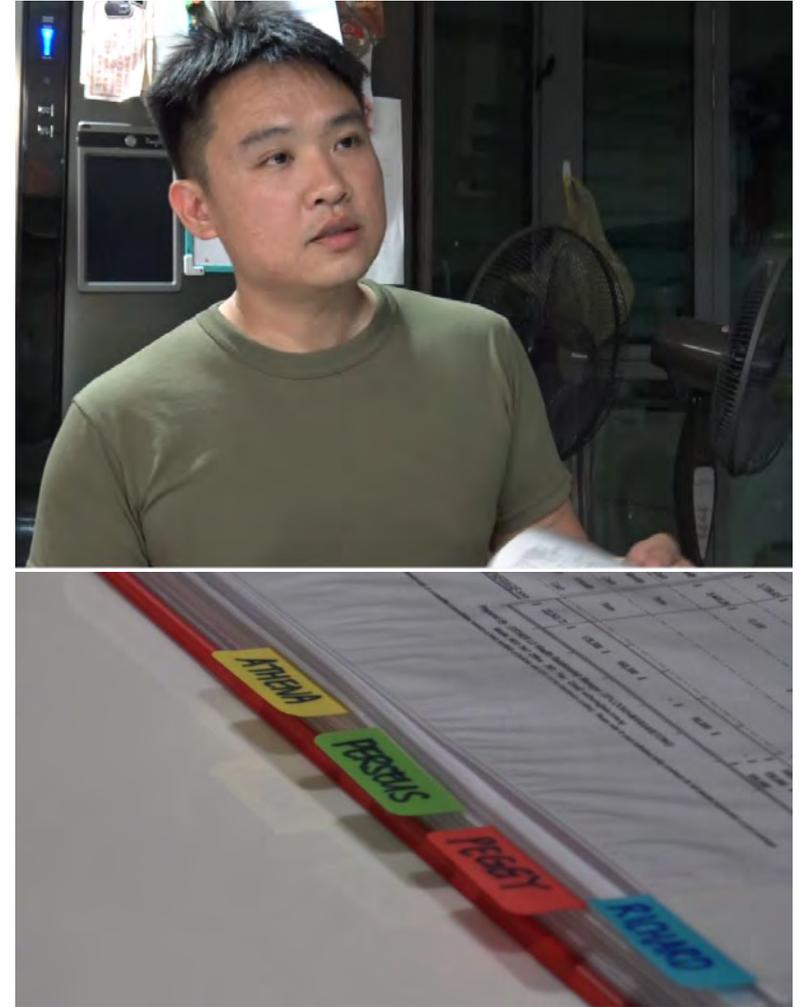
- They have multiple dependents (kids; non-working spouse) which drives the importance of securing financial protection for the family

This persona has strong motivation to seek optimal coverage levels, but needs assistance achieving this

Struggling Stretchers: Optimal Coverage

Despite the challenges faced, we did speak to a Struggling Striver who managed to achieve optimal coverage and can learn from him

- **Strong motivation:** Seeking protection as a result of experiencing father's bankruptcy when young
- **Accessibility:** Served in the Singapore Armed Forces and received high levels of coverage from military policies
- **Proactive Agent:** Has an agent who reviewed his financial portfolio and organized all key information about policies into a single binder, including a 1-page summary with an overview of expenses / coverage levels
- The combination of strong motivation to seek protection as a result of experiencing crisis, the accessibility of affordable policies with high coverage, and the ease of comprehension facilitated by a proactive agent all drove his optimal coverage



Struggling Stretchers: Implications

We need to help this persona identify coverage gaps and offer them appropriate solutions to encourage the prioritization of protection

Increasingly aware of the need for protection

However, limited money to spend

Also prioritize children and their future over insurance

Need to recognize the multiple competing demands placed on this persona's finances and help them prioritize protection

Can we tie-up protection solutions with other relevant products, such as promoting mortality / critical illness as a rider on endowment plans?

Need to frame policies in terms of benefits rather than costs to reduce feeling of insurance being an additional burden and ensure long-term commitment

How can we re-design regular monthly statements to emphasize gains vs losses?

Need to make it easy for this persona to review their portfolio and understand what's available

Can we provide high-level summaries of their portfolio and current coverage levels? Can we automate any of the processes?





WEALTHY PROVIDER

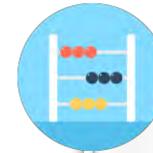
Wealthy Providers: Overview

This persona is unique in having both the motivation and the means to achieve optimal coverage levels



Motivations

- Consolidating current means to achieve financial freedom
- Safeguarding family's future
- Growing older – more aware of own mortality



Abilities

- Financially savvy
- Have access to resources and wealth



Policy Context

- Sophisticated insurance portfolio
- Topping-up current portfolio
- Seek specialized information



Social Context

- Abundance of resources → confident about adequate protection
- Seek advisor rather than agent

Age: 39

Life stage: Married, mid career

Coverage level: Optimum

Wealthy Providers: Motivations

Main motivation is to enjoy early retirement through passive income



Consolidating current means to achieve financial Freedom

- Main focus is on consolidating capital and investments in order to retire early and live off passive income
- This makes them relatively risk-averse – they are looking for safe bets that will pay-off over the long-term, rather than taking risks which may threaten their hard work

Protect their and Family's future

- They also want to ensure their family is protected in case of any unforeseen circumstances – however, fewer dependents and higher levels of protection make this less urgent
- However, even without kids they may still try and get a head-start on providing for their future with endowment / education fund plans

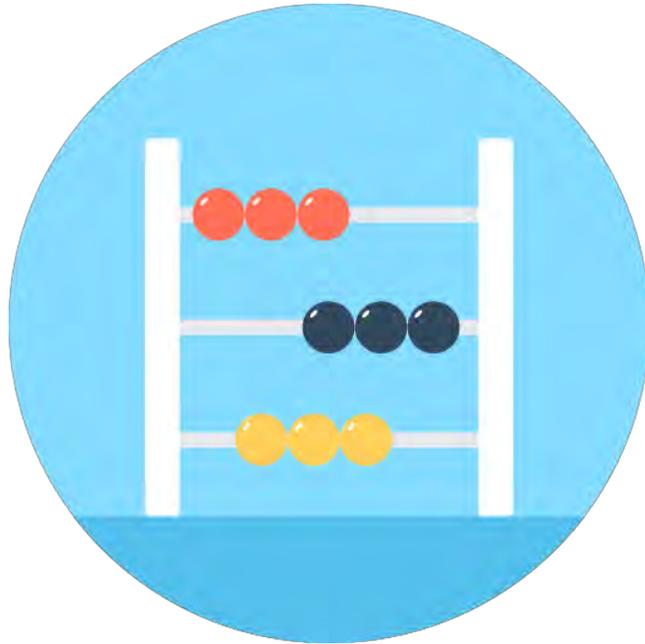
Getting Older – more aware of their mortality

- Starting to feel older which undermines sense of youthful invulnerability, helping them appreciate the importance of financial protection

While this persona is focused on achieving financial freedom, their desire to protect capital and their family drives strong motivation to engage with mortality / critical-illness insurance and try to optimize coverage levels

Wealthy Providers: Abilities

This persona is both financially savvy and wealthy, making them unique in having both the means and the motivation to seek ideal coverage levels



Financially Savvy

- They are well-versed in financial products and actively managing their portfolio of investments and various policies (e.g. have a global portfolio; able to recall by memory the returns on different policies)
- This allows them to reach their own relatively accurate conclusions as to optimal coverage levels

Access to resources and means

- High income allows them to dedicate a large proportion of their income to savings (i.e. 50-70%) – also expect their income to grow in future

Financial savviness and availability of funds allows them to work towards an ideal portfolio – for instance, identifying any coverage gaps (e.g. cancer) and plugging them accordingly – this makes them a key target persona for the insurance industry

Wealthy Providers: Policy Context

Financial savviness drives a more complex relationships with insurance – they purchase more sophisticated policies, actively review and top-up their coverage, and seek out specific info



Sophisticated Insurance Portfolio

- They own more complex insurance products than other personas, focusing on hybrid policies that balance protection against growing wealth (i.e. ILPs) and allowing them to achieve a balance between two competing goals (financial independence vs protection)

Topping-Up

- May purchase policies with the explicit intention of plugging gaps in their coverage – for instance, reviewing their critical illness coverage and realizing that cancer protection is not included, therefore purchasing a cancer rider to address this issue

Specific and more specialized queries

- They may have very specific queries about the insurance industry and its policies (e.g. what percentage of people actually make a claim during coverage period for a particular mortality insurance policy), and may struggle to find such information online or via professional sources

Is there an opportunity for ILPs to strengthen the value proposition for other personas?

Wealthy Providers: Social Context

Having few dependents increases the disposable income for this persona and their financial savviness helps them place insurance within a broader perspective



“I approached my insurance agent to discuss policy options, he didn’t have to approach me first” Wealthy Provider

A sense of security from their current financial status

- Either have no children or live in dual-income household with spouse also working – parents also wealthy and not needing support

Actively seeking specialized Advisors Not Agents

- Financial savviness gives them greater independence from insurance agents than other personas, allowing them to do their own research / make own decisions – they may also trigger these discussion themselves by seeking out agents / advisors
- They also have the means to access financial advisory services which take a broader long-term view of their portfolio and give more trustworthy advice (vs hard-selling agents)

Insurance agents may play a less important role for this persona and they may be better served by other channels, such as online information or financial advisory services

Wealthy Providers: Implications

We need to drive relevance by emphasizing the importance of optimal coverage to secure financial freedom

Seek growth and consolidation of current finances

Have resources, are savvy and seek specialized solutions

Seeking advisors who can offer specialized solutions

Need to connect protection solutions with this persona's desire to achieve financial freedom and protect their family

Can we emphasize the role of mortality / critical illness protection in consolidating hard-won freedom?

Can we highlight the importance of mortality / critical illness in ensuring the family continues enjoying financial freedom in face of hardship?

Need to take advantage of this persona's desire to optimize their coverage levels

Can we identify customers in this persona, review their coverage levels, and actively suggest solutions?

When engaging this persona, we may need to shift focus away from insurance agents towards more general financial advisors

How can we work with financial advisors to target this persona?





COMFORTABLE RETIRERS

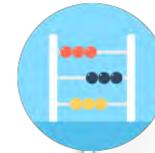
Comfortable Retirees: Overview

Want to enjoy retirement and maintain their income levels, therefore less interested in mortality / critical-illness insurance (although more interested in annuity)



Motivations

- Make the most of their twilight years
- Avoid dependence/situations that can upset retirement plans



Abilities

- Fixed Income
- Struggle to keep-up with new offers
- Hard to monitor



Policy Context

- Unsure about CI
- Favor annuity
- Agents lose touch



Social Context

- Family as a safety net
- Health insurance norm
- Existing health care infrastructure lowers risk concerns

Age: 60

Life stage: Married, semi-retired

Coverage level: Optimum

Comfortable Retirers: Motivations

Want to enjoy and protect the fruits of their labor in order to avoid becoming a burden on family members



Make the most of the Twilight Years

- Main priority is to enjoy their retirement and maintain high-quality of life - they are no longer striving to achieve specific goals, but to maintain the rewards of their careers
- As such they want to minimize unnecessary expenses and also splurge on luxuries where possible (e.g. cruises; holidays; etc)

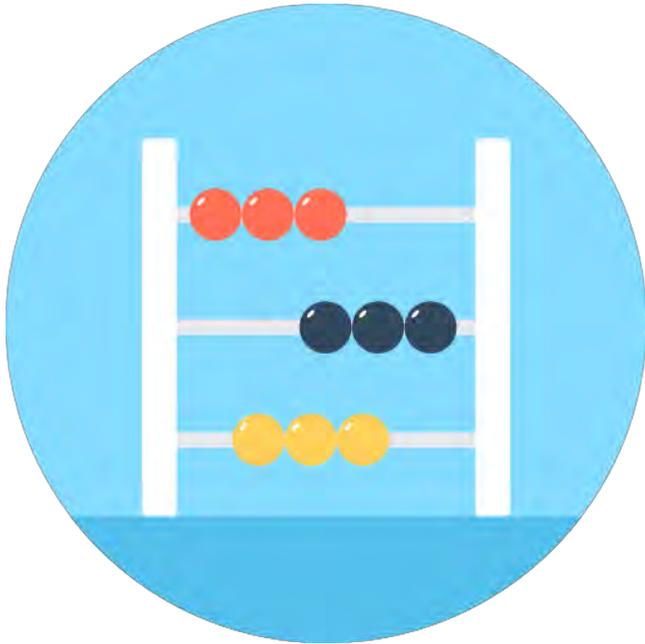
Avoid dependence / crisis that can upset retirement plans

- They are aware there's a high chance of being hospitalized or being diagnosed with a critical illness, and are therefore keen to avoid high hospital bills which may upset their retirement plans and cause them to become a burden on family members

We can leverage the fear of burdensomeness to drive relevance, but must offer policies which take into consideration the fixed resources of this persona (i.e. low premiums)

Comfortable Retirees: Abilities

They have financial resources but these are fixed and must be maintained; they also struggle to follow industry trends and monitor their own portfolio



Fixed Income

- Financial resources are fixed and they are no longer able to generate additional income through work
- Therefore, they are highly sensitive to any additional expenses and turn to less resource-intensive means of managing risk than insurance (e.g. exercise)

Struggle to Keep-Up with newer, more complex offers

- Products have become increasingly complex over the years and this persona may struggle to understand the nuanced differences between different policies

Hard to Monitor

- Many of their insurance policies were purchased when much younger, and it's hard for them to keep track of these over time

We need to help this persona close coverage gaps whilst minimizing impact on capital reserves, and help them monitor / update their portfolios

Comfortable Retirers: Policy Context

This persona has mixed feelings towards critical illness insurance, instead favoring annuity



Unsure About CI

- On the one hand, they recognize the importance of having good critical illness coverage due to high chance they'll be diagnosed at some point during their retirement
- However, critical illness was not promoted by agents during their youth and it's now very expensive to increase coverage. Similarly there are many exclusions and feel they would rather die than prolong their suffering, both of which undermine value of CI

Favor Annuity

- This persona has high opinions of annuity insurance, which is tailored directly to their life-stage and concerns about not having a comfortable retirement

Lose Touch with Agents

- Their insurance agents may have retired or passed away, making it harder for them to monitor policies and receive advice on their portfolio

We need to strengthen the value proposition for critical illness insurance to this persona, or emphasize alternative means of closing the coverage gap (e.g. annuity)

Comfortable Retirers: Social Context

Socio-cultural structures and Govt. infrastructure reinforce a sense of security and remove the feeling of risk



Family as a safety net

- Own children are financially independent and do not need protection
- In fact, this persona believes their family will be able to support them in a worse-case scenario where they themselves become dependents

Confident of health care infrastructural safeguards

- They have an underlying sense that the government will take care of them in the worse-case scenario, even if coverage levels are not sufficient

Health Insurance Norm

- They generally feel that critical illness insurance is not important – insurance agents did not promote it heavily when they were younger, and their peers recommend health insurance over CI for covering medical expenses

We need to emphasize the importance of critical illness insurance and highlight the reality that family support may in fact be more limited than they assume

Comfortable Retirees: Implications

We need to make mortality / critical illness policies relevant to this persona, or else offer them more appropriate solutions

Want to make most of the remaining years

Limited resources, limited awareness

Favor other types of insurance (hospitalization; annuity)

Critical illness is also not seen as relevant (particularly vs hospitalization insurance)

Can we make critical illness more relevant to this persona, or should we shift focus to other solutions (e.g. annuity)?

High premiums are a major barrier for this persona increasing coverage levels

How can we help this persona reduce their premiums? Perhaps offering reductions in return for healthy lifestyles?

Mortality is not seen as relevant due to lack of dependents and high premiums at an advanced age

Can we re-position mortality as a form of endowment? Shifting the conversation from *needs* to *wants* (i.e. want to leave a gift)?



5

Customer Journeys

Overview: Mortality



Trigger

- Crisis (e.g. death in family)
- National Service (men only)
- Life-stage changes (first job; marriage; new baby; change job)
- Insurance agents (pro-actively approaching, often around key life stages)
- Family / friend recommendation
- **Aspiring Dreamers / Investment Seekers:**
 - Advertising campaigns for specific programs (e.g. AIA Vitality; GE Live Great)
 - Reviewing parents coverage
- **Struggling Stretchers / Wealthy Providers:**
 - Seeking investment
 - Ageing



Research

- Back-and forth between online sources and seeking out professional advice
- Discussing with other influencers (family and friends)



Consideration Factors

- Budget (**most important**)
- Vs other types of insurance / alternatives
- Front-loaded vs ongoing
- Premiums and coverage
- Supplementary benefits (e.g. promotions)
- **Struggling Stretchers:**
 - Flexibility
 - Payment terms (e.g. lump sum vs monthly)
- **Wealthy Providers:**
 - Returns



Coverage Levels

- Budget (**most important**)
- Arbitrary rule of thumb (e.g. random number like 100K etc)
- Agent recommendation
- Requirement to **cover expenses** (not match income)



Post-Purchase Review

- Insurance agent follow-up
- **Otherwise, few triggers**

Overview: Critical Illness



Trigger

- Pre-disposition to certain medical conditions
- Health screening
- Health scares
- High medical bills from separate ailment
- Insurance agent (pro-actively approaching, often around key life stages)
- **Aspiring Dreamers / Investment Seekers :**
 - Insurance from parents becomes obsolete



Research

- Back-and forth between online sources and seeking out professional advice
- Discussing with other influencers (family and friends)



Consideration Factors

- **Budget (main consideration)**
- Number and type of ailments covered
- Pay-out levels (especially for recurring)
- Stages covered (early vs late)
- Premiums vs coverage
- Rider / stand-alone
- Evolution (e.g. going from 27 to 37 ailments)
- Relative value vs hospitalisation / cash savings
- Flexibility RE evidence of health
- Perceived likelihood of contracting specific ailments
- Age (i.e. if too old to afford premiums or enjoy any value)



Coverage Levels

- **Budget (main consideration)**
- Arbitrary figure
- Family history with CI
- Estimating coverage with a variety of benchmarks (e.g. family coverage)
- Estimating based on **medical costs** due to misperception that it will cover treatment costs (e.g. 100K to cure cancer)
- Ambiguity effect
- Projection bias

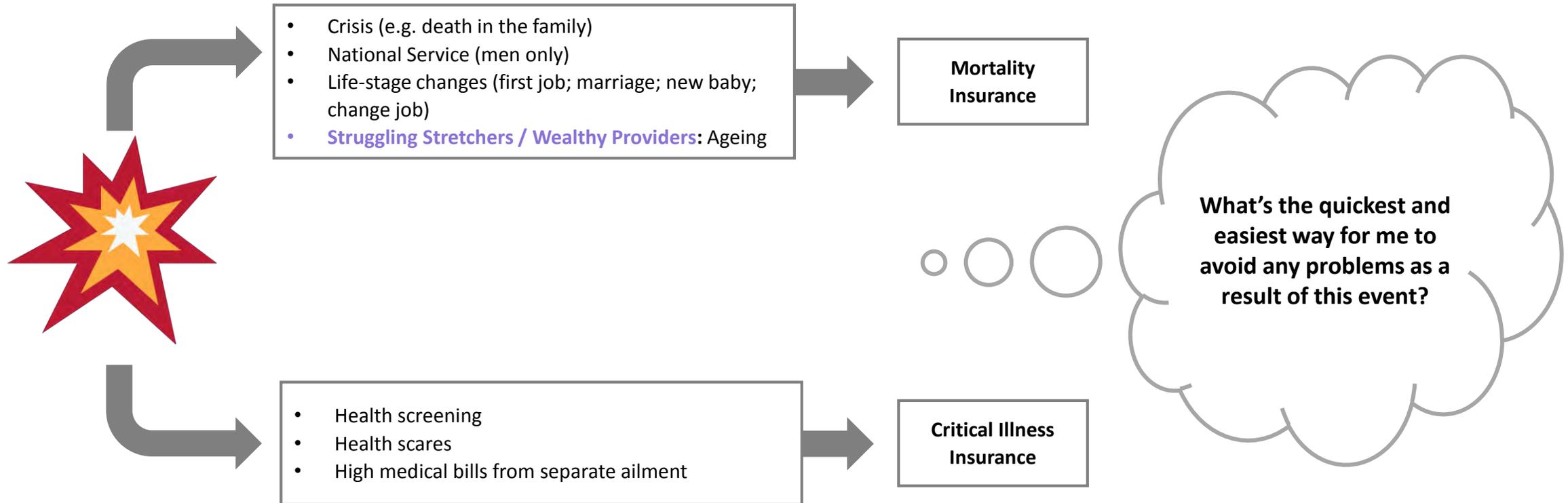


Post-Purchase Review

- Insurance agent follow-up
- **Otherwise, few triggers**

Triggers

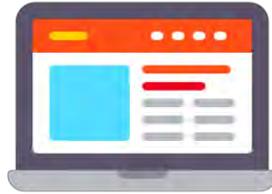
Triggers are highly reactive which helps establish a satisficing mind-set versus an optimizing one



How can we shift the mind-set and help customers become more proactively optimizing? Perhaps focusing on long-term financial planning or integrated policy portfolios, vs individual policies?

Research

Customers want to conduct their own research but are quickly overwhelmed and forced to go back-and-forth between agents and online sources



Online Sources

- Strong desire among all personas to conduct own research
- Will visit the website of well-known companies and use their online tools to explore appropriate policies / coverage levels
- However, quickly become overwhelmed by complexity of information

Developing a POV to be discussed with agents

Insurance Agents

- Will (reluctantly) approach agents for a professional POV on range of suitable policies available, and to explain the jargon
- Agents may also have to re-educate customers and correct misperceptions they've developed from online research
- However, do not trust the agents unequivocally, and want to check what they've been told

Checking info from agents and using that info to refine their search

We must simplify online information sources and help customers educate themselves (if they cannot understand policies, how can they hope to understand coverage levels?)

Research: Online Sources

Hardware Zone and social media are key online information sources, alongside dedicated comparison websites

“On Hardware Zone people will discuss what policies they have, and what coverage levels they got” - Consumer Quote



Consideration Factors

Budget is the dominant consideration for all personas bar the Wealthy Providers



Aspiring Dreamers

“Coverage is balance between benefit and cost. Higher coverage will end up paying more. I want to keep it not more than 10% of my pay”



Protection Seekers

“My coverage is 75K and it was decided on my budget”



Struggling Stretchers

“If you earn 2000 dollars and you spend 1000 dollars on insurance, you’ll have all this coverage but can’t afford anything else”



Wealthy Provider

“Coverage is the most important thing... premium comes second”



Comfortable Retirees

“When you reach 55 the premiums become very high, it’s expensive”

Budget and affordability is the lens through which customers perceive the entire category, including coverage levels, and we must keep this in mind when trying to encourage optimization

Coverage Levels

Budget and expenses underpin coverage decisions, and critical illness in particular is defined by profound ambiguity



Budget & Expenses

- Budget and **affordability is the primary consideration**, and they will select whatever coverage falls within that
- Suitability is gauged by ability to **cover expenses** rather than match income, since they only need to cover expenses to maintain basic lifestyle

Rules of Thumb

- May refer to arbitrary rules of thumb they have picked up from various sources (e.g. 100K coverage)

Agent Recommendation

- May simply follow whatever the agent recommends

Ambiguity Effect (Critical Illness)

- CI coverage is defined by profound ambiguity and guesstimates about lifespan after diagnosis (i.e. will I live 5 years or 10 after cancer?)
- This creates barrier to engaging with critical illness, since people favor options which are known vs those which are unknown

Projection Bias (Critical Illness)

- Project Bias = Customers are also unable to paint a realistic picture of their future mindset and needs
- This encourages them to downplay the importance of critical illness coverage (e.g. I would prefer to die rather than keep living anyway)

1. We need to align guidelines with customer's perspective (i.e. expenses / budget vs income)
2. We need to acknowledge deep ambiguity for estimating critical illness coverage
3. We need to address key heuristic biases and help customers better appreciate their future needs

Post-Purchase Review

Insurance agents are the key trigger for re-evaluating coverage levels, and policies being framed as an expense creates barriers



Agent-Prompted Coverage Evaluation

- Agents may pro-actively approach customers to review their policies and advise if adjustments are needed – agents themselves will be prompted to do so when noticing shift in life-stage or crisis
- Their advice may then lead to an increase in coverage levels and a shift towards (more) optimal coverage



Forgetting Value

- However, if there is no prompt by the agents, customers are likely to forget about their policies and not actively monitor coverage levels. Only communication will be monthly statements
- Instead, they will forget the benefits of the policy and focus on the expenses mentioned in regular updates, driving resentment and creating a barrier to (more) optimal coverage



1. How can we reduce reliance on external triggers to prompt coverage level reviews? Perhaps automating shifts in coverage level (e.g. using CPF data)?
2. How can we re-frame regular communications in terms of benefit vs cost?

Implications

We need to align the conversation around coverage levels with the customer's POV, and reduce reliance on external triggers

We need to shift the mind-set from satisficing (searching for what's 'good enough') to optimizing

Can we shift focus from individual policies towards long-term financial planning or integrated policy portfolios?

Customers view coverage levels through the lens of budget / affordability and ability to cover expenses (vs matching income)

Can we re-orient guidelines away from matching income-levels towards budget levels and covering expenses?

Customers want to do their own research but are overwhelmed and confused by complexity of the industry

How can we simplify online sources and make info more accessible?

Customers focus on the expense of their policies vs the benefits

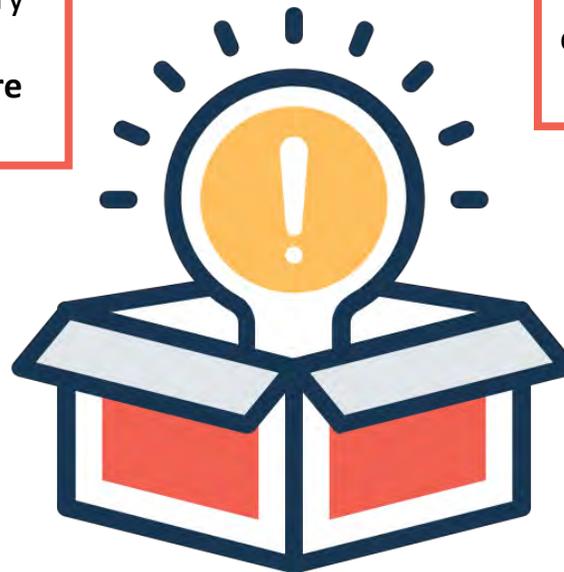
How can we reframe regular communications and remind them of the benefit?

Critical illness coverage is particularly impacted by heuristic biases (ambiguity effect & projection bias)

How can we address the ambiguity of estimating optimal coverage levels, and help customers better appreciate their own future mindsets?

Review of coverage levels is highly dependent on external triggers (i.e. agent proactivity)

How can we reduce reliance on external triggers? Can we automate the process?



6

Interventions

Persona Recap



Aspiring Dreamers

Looking to acquire wealth and prepare for future whilst enjoying life

Seeking tangible returns



Protection Seekers

Seeking financial protection due to crisis (e.g. death in family), but limited means

Seeking protection at affordable price



Struggling Stretchers

Need to save for kids education, but face many competing responsibilities

Seeking protection at affordable price



Wealthy Provider

Striving for financial independence, but unsure as to best strategy for this

Seeking specialized investment solutions



Comfortable Retirees

Trying to enjoy retirement without risking their lifestyle

Seeking relevant protection at affordable price

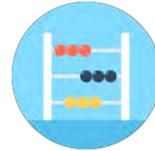
Overview

Our proposed interventions can be organized according to MAPS to clearly differentiate the types of barrier being addressed



Motivations

- Aligning with persona aspirations
- Giving a positive spin
- Focusing on benefits



Ability

- Enhancing comprehension
- Aligning guidelines with consumer POV
- Addressing heuristics (critical illness)



Policy Context

- Aligning with persona resources / life-stage
- Automating coverage adjustments



Social Context

- Partnerships with financial institutions



Motivation: Aspirations

We must align our policies and communications with the aspirations of each persona



**Aspiring
Dreamers**



**Protection
Seekers**



**Struggling
Stretchers**



**Wealthy
Provider**



**Comfortable
Retirees**

Mortality	Promote policies with pay-outs or returns (ILPs)	Highlight affordable policies and emphasize that some protection is better than none, even if not optimal	Highlight importance for protecting family and ensuring their aspiration for kids can be fulfilled (i.e. university)	Highlight importance of optimal coverage for well-secured financial independence	Consider framing mortality as a form of endowment
Critical Illness	Highlight role in protecting hard-won wealth and being able to continue enjoying life				Consider framing as a form of annuity

This will help strengthen the value proposition for each persona and drive relevance of both mortality and critical illness for them



Motivation: Positive Spin

We need to creatively address the negative associations with mortality / critical illness insurance and give these a positive spin



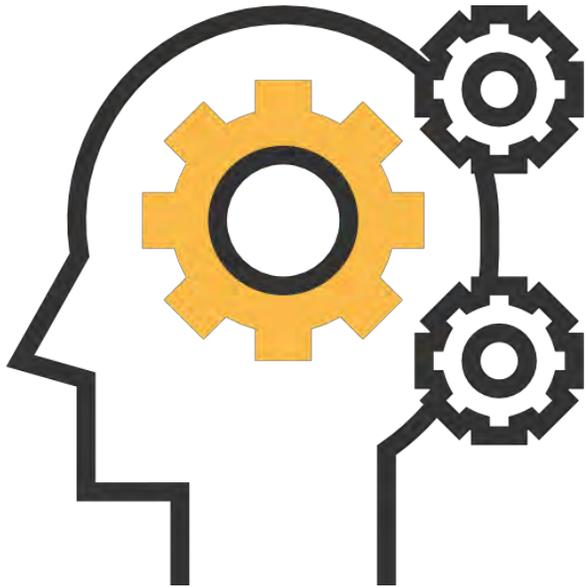
- In many Asian cultures, growing older is associated with becoming wiser / more respected / more powerful
- Could we leverage this to give a more positive and aspirational spin to mortality and critical illness insurance, rather than focusing on death / illness?
- Perhaps position the strive for optimal coverage as equivalent to the striving towards wisdom / expertise? No longer for the overly-cautious but for bold strategists planning their future

Focusing on the positives of ageing (or an alternative approach along the same lines) will help overcome the negative associations which are creating a barrier

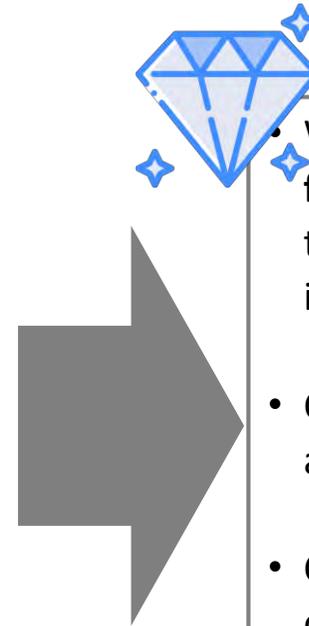


Motivation: Benefit Focus

We need to strengthen value perceptions of mortality / critical illness insurance and address key heuristic biases which impact this



- The benefits of mortality / critical illness are long-term and intangible, but consumers favor short-term rewards:
- People have a preference for more immediate pay-offs than later ones



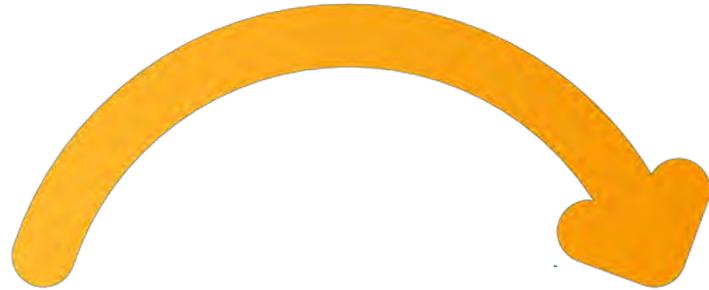
- We need to give **short-term, tangible, flexible** benefits to consumers to help them appreciate the value of both insurance types
- Could we offer 'no claims bonuses', such as prizes / rewards / vouchers / etc?
- Could we reward consumers for getting closer to optimal coverage? Perhaps incremental premium discounts, or gifts?

The delivery of short-term, tangible benefits will strengthen the value proposition for mortality / critical illness, and will be particularly impactful if tied directly to coverage levels (i.e. rewards for getting closer to optimal)



Ability: Aligning POV

We should consider re-orienting our guidelines away from a focus on matching income levels to covering expenses



Currently, the LIA guidelines for optimal coverage levels are framed in terms of matching income levels



However, consumers approach coverage levels from the POV of available budget and being able to cover expenses

Therefore, we should reframe optimal coverage in terms of covering expenses (e.g. allows a 3-person household to live comfortably for 5 years)



This will help consumers appreciate the relevance of these guidelines, apply them to their own lives, and ultimately work towards optimal coverage levels



Ability: Comprehension

We must provide clear information and straightforward tools to help consumers understand and engage with the category



- **Calculators:**

- Online calculators are very useful for consumers thinking about coverage levels
- To maximize their value, they must be **transparent, precise, and realistic** (please see appendix for more details on the current LIA calculator)

- **Coverage Guidelines:**

- These will help consumers understand their coverage gaps, but only if they are **transparent / connected to expenses and budget / tailored to different needs (i.e. life-stages)** (please see appendix for more details on the new guidelines)
- Insurance agents could provide individual consumers with 1-page overview of their policies, to help them gain a comprehensive overview of their coverage levels and any gaps

This will help consumers both identify any coverage gaps and determine how they can best begin addressing these



Ability: CI Biases

We must address the key heuristic biases which are plaguing critical illness coverage in particular

Ambiguity

- It will not be easy to address the ambiguity at the heart of any estimates around optimal critical illness coverage
- However, perhaps transparency around the calculations can address this, alongside showcasing the stories of real people to bring the numbers to life

Projection Bias

- Anti-smoking campaigns have long used make-up or AR to show smokers what they will look like in future in order to address this
- Perhaps similar activations could be considered – making consumers look old, and asking whether or not they would want to enjoy the benefits of good critical illness coverage



Make-up artists show smokers what they will look like if they don't give up smoking

Note that these heuristic biases are more challenging to address than most, and it's likely we can only manage their influence rather than negate it completely



Policy Context: Affordability

We must endeavour to make optimal coverage as accessible and affordable as possible to different personas



CPF Payments

Could we consider allowing consumers to pay for mortality / critical illness coverage through CPF?



Growth / Evolution

Could we develop / promote policies which grow and evolve over time, starting off small and affordable and following the consumers progress through life?

Developing alternative payment models and policies with low initial premiums will both overcome the barrier created by tight budgets



Policy Context: Automation

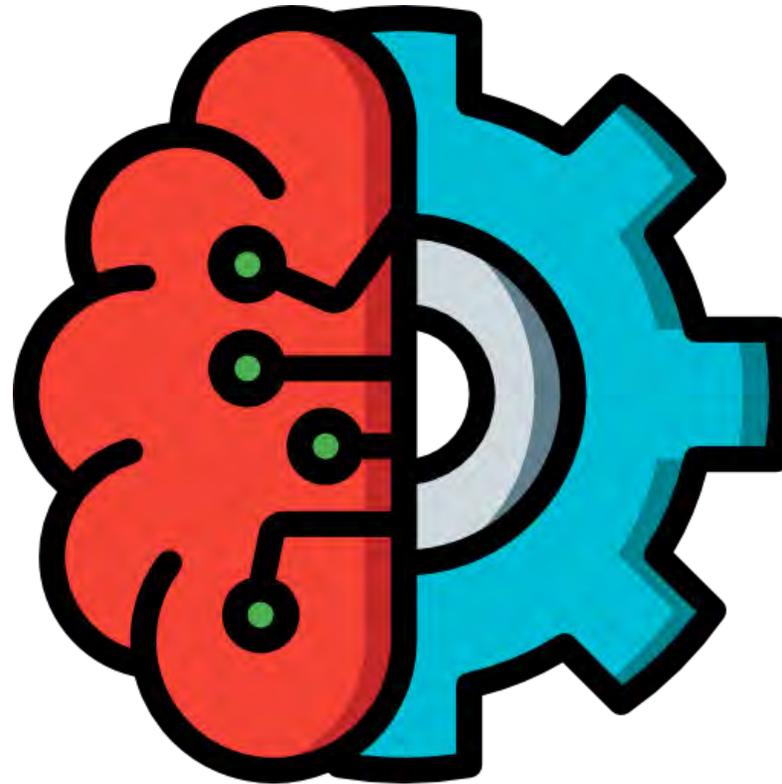
We must endeavour to make optimal coverage as accessible and affordable as possible to different personas

Reliant on External Triggers

Coverage level reviews are currently heavily reliant on external triggers

This could be at the very start of the journey, or post-purchase from agents

It is unlikely that consumers will take the proactive initiative to review and increase their coverage levels



Automation?

Can we reduce the reliance on external triggers / proactive evaluation through automation?

For example, a **policy for which the coverage levels are pegged to CPF payments**, and increase / decrease in according with changes in income? Or even pegging to data from bank accounts?

Automating this process will overcome major barriers to reviewing / increasing coverage levels and might have a major impact on achieving the core business objective



Social Context: Partnerships

Partnering with high-profile financial institutions has helped drive engagement with insurance in the past, and could be done again

- Partnerships with local banks have increased the visibility of incoming insurance (e.g. Manulife)
- Partnerships between AIA and Golden Village have also raised the profile of their insurance offerings
- Could we explore a similar strategy for mortality / critical illness? Perhaps linking up with gyms or healthy restaurants (and connecting with need to offer short-term, tangible rewards)?

The logo for AIA Vitality, featuring the letters 'AIA' in a bold, red, sans-serif font, followed by the word 'Vitality' in a red, cursive script font. The entire logo is set against a light grey horizontal bar.The logo for Golden Village, featuring the words 'GOLDEN VILLAGE' in a bold, gold, sans-serif font. To the left of the text is a gold-colored square icon with a stylized 'G' shape, and to the right is a gold-colored triangular icon with a stylized 'V' shape.

High-profile partnerships may help make mortality / critical illness top-of-mind and encourage consumers to consider their coverage levels

7

Stimulus Evaluation

Protection Gap Calculator

Page 1 of 3 - Personal Information

(Enter only numbers i.e. no commas, no texts, no dollar signs)

Personal Particulars

Your Age:

Annual Income:

Retirement Funding For Spouse:

Page 2 of 3 - Dependent Information

(Enter only numbers i.e. no commas, no texts, no dollar signs)

Dependent Children

Select the ages of your children plus any other dependent children.

	Age	Cost
Child 1:	<input type="text" value="n/a"/>	<input type="text" value="0"/>

Child 2:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
----------	----------------------------------	--------------------------------

Child 3:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
----------	----------------------------------	--------------------------------

Child 4:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
----------	----------------------------------	--------------------------------

Child 5:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
----------	----------------------------------	--------------------------------

Dependent Parents

Select the ages of your parents and your spouse's parents.

	Age	Cost
Father:	<input type="text" value="n/a"/>	<input type="text" value="0"/>

Mother:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
---------	----------------------------------	--------------------------------

Spouse's Father:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
------------------	----------------------------------	--------------------------------

Spouse's Mother:	<input type="text" value="n/a"/>	<input type="text" value="0"/>
------------------	----------------------------------	--------------------------------

Page 3 of 3 - Financial Information

(Enter only numbers i.e. no commas, no texts, no dollar signs)

Outstanding Loans

Housing Loan:

Personal Loans:

Disposable Assets

CPF Savings:

Bank Deposits:

Other Assets:

Protection gap calculator

Coverage calculator is useful as a basic gauge for estimating coverage gaps, but should also calculate CI gaps



Strengths

- A useful guide that helps to put things into perspective as consumers are unsure of what financial parameters to consider
- Useful as a trigger to get Singaporeans to consult their agents to bridge the coverage gap
- Personalised and easy to use

Weaknesses

- Calculation derived is vague
- Lack of transparency on how coverage amount is derived
- Calculation does not take into account inflation or interest rate, leading to inaccurate amount calculated



Improvements

- Incorporate inflation, interest rate and other expenses into the calculation to give a more accurate representation.
- Assumptions for calculations should be explained
- Clear instructions on the values to be keyed into the calculator (e.g. monthly or annual expenses)
- Provide benchmarks on some expenses to allow for better estimation of values (e.g. average cost for university education)
- Website should come in different languages

Comfortable Retirers perceive the calculator to be catered specifically for determining the gap for mortality insurance, which is less relevant for them – we should include health insurance / CI to drive relevance

Industry wide digital Calculator



INTRODUCE STANDARD INDUSTRY-WIDE DIGITAL CALCULATOR

Introduce Singaporeans to take
charge of their health and
protection needs

Industry wide digital Calculator

The industry wide digital calculator instils confidence in consumers because recommendations made will be standardised among all agencies



Strengths

- Avoids bias from agents who are commission driven
- Can act as a guideline for optimum coverage, removes ambiguity on what is optimum as there is no standard way of calculating now
- Promotes transparency and allows comparisons to be done across agencies and products



Weaknesses

- Sounds good in theory, but unsure how it will be able to allow individualised customization.

Improvements

- Consider inflation when calculating the optimum coverage to make it more realistic
- Calculator needs to be publicised by a credible organisation

Industry wide digital calculator will help to standardise the calculation of the optimum coverage and allow both agents / consumers to align their perceptions of the coverage gap

Coverage Guidelines

MORTALITY PROTECTION GAP

The mortality protection gap represents the financial gap to cover needs of dependents over a defined period in the event of death.

MORTALITY PROTECTION GAP		MORTALITY PROTECTION NEEDS	
	AVG. PER EA ADULT		AVG. PER EA ADULT
2017	2017	2017	2017
S\$355BN (20%)	S\$169,673	S\$1,547BN (100%)*	S\$738,783
2012	2012	2012	2012
S\$262BN (20%) [^]	S\$137,520	S\$1,193BN (100%)	S\$654,870

EA = Economically Active; as individuals employed and contributing to the production and distribution of goods and services.

RULE OF THUMB

Approximately
9x - 10x annual income
 Avg. mortality protection coverage amount required for an economically active adult in Singapore

CRITICAL ILLNESS (CI) PROTECTION GAP

INAUGURAL STUDY

The CI protection gap represents the financial gap to cover family needs during the assumed CI recovery period of five years, until the insured is able to return to work, or to adjust his or her lifestyle needs.

CI PROTECTION GAP		CI PROTECTION NEEDS	
	AVG. PER EA ADULT		AVG. PER EA ADULT
2017	2017	2017	2017
S\$538BN (80%)	S\$256,826	S\$663BN (100%)	S\$316,603

RULE OF THUMB

Approximately
3.9x annual income
 Avg. CI protection coverage amount required for an economically active adult in Singapore

Coverage Guidelines

Useful in getting Singaporeans to pay attention to their own coverage levels, but do not provide a solution to address the gap



Strengths

- Informative and reflective of standard of living in Singapore
- Brings focus onto insurance that Singaporeans are lacking, in particular CI



Weaknesses

- Does not address how consumers can overcome the coverage gap
- The higher amount of money needed to bridge the gap seems unattainable to many
- Lack of clarity on how optimum coverage is derived
- Do not take into account the different needs that individuals at different life stages have

Improvements

- Standardise optimum coverage levels industry wide
- Provide more information on how to bridge the gap

Guideline should have a call to action to help customers address their coverage gaps

1. WHAT BASIC NATIONAL HEALTH INSURANCE COVER DO I HAVE?

MediShield Life (No need to apply)



Hospitalisation insurance designed to pay for large hospital bills in Class B2/C wards and selected costly outpatient treatments in Singapore's public hospitals

Managed by CPFBS



Compulsory cover for life, regardless of pre-existing medical conditions



Has deductible and co-insurance²

ElderShield (No need to apply)



Severe old age disability insurance scheme, designed to provide a monthly cash payout if I am severely-disabled

Automatically covered under ElderShield at age 40 if I have a Medisave account



For Singapore Citizens and Permanent Residents only
Premiums fully payable by Medisave

2. WHAT IF I WANT MORE COVERAGE?

Integrated Shield Plan (IP)³ (Optional)

If I want to stay in higher class wards in public hospitals or private hospitals, choose my own doctor, and can afford the increasing premiums over the long run, I can consider buying an IP which has two parts:

Part 1 of IP (No need to apply)

MediShield Life (Refer to box on left for more information)

Part 2 of IP (Optional)

Additional private insurance coverage



Designed to pay for hospitalisation in Class B1/A wards in public hospitals or private hospitals in Singapore



Managed by a private insurer



Has deductible and co-insurance²



Additional private insurance coverage premiums are on top of MediShield Life premiums and can be paid by Medisave up to the Additional Withdrawal Limits

IP Rider (Optional)

If I also want to cover for the deductible and/or co-insurance:



Can be purchased on top of an IP



Designed to cover the deductible and/or co-insurance not covered by IP and other ancillary benefits⁴



Managed by a private insurer



Premiums are not payable with Medisave and must be paid for in cash

ElderShield Supplements⁴ (Optional)



Can be purchased on top of the basic ElderShield



Offers higher monthly payouts or payouts for a longer period or a combination of both



Managed by a private insurer



Premiums payable up to the applicable Medisave Withdrawal Limits

3. WHAT OTHER OPTIONS CAN I CONSIDER?

Depending on whether there are other risks you would like to be insured against, there are more options to consider:

If I am worried about the financial impact of critical illness...

If I am worried that I do not receive an income when I cannot work...

If I need extra cash for costs not covered when I am hospitalised...



Critical Illness Policy

Pays a lump sum for a defined illness covered by the policy

Different Types of Coverage

- Critical Illness
- Early Critical Illness
- Multiple Critical Illness
- Gender/Age Specific Critical Illness



Disability Income Policy

Pays a fixed monthly amount in the event of a disability due to an accident or illness

*"Disability" is precisely defined in the contract



Hospital Cash Policy

Pays a fixed amount for each day that I am hospitalised

Please refer to "Your Guide to Health Insurance" for more information on the various policies available and what to look out for before you buy any health insurance policy. Visit www.lia.org.sg or www.moneysense.gov.sg to obtain a copy of the guide.

Whatever you choose, be mindful to commit to only what you can afford. The amount of the premiums may increase as you grow older.

¹This infographic is tailored for Singapore Citizens and Permanent Residents.
²A deductible is a fixed amount I have to pay out-of-pocket before the policy pays for my medical claim.
 Co-insurance is the amount I have to pay, which is a percentage of the bill after the deductible (where applicable) is removed.
³Currently, IPs and IP riders are offered by six insurers - AIA, Aviva, AXA Life, Great Eastern Life, NTUC Income and Prudential.
⁴Currently, ElderShield supplements are offered by three insurers - Aviva, Great Eastern Life and NTUC Income.
⁵Ancillary benefits may differ, depending on insurers.

Evaluating Health Insurance

Top-up riders, especially for CI, are very attractive because Singaporeans expect riders to be cheaper



Strengths

- Understanding that basic coverage of these policies is insufficient, therefore look to using top up schemes to ensure comprehensive protection
- Perceive riders to be cheaper, therefore would purchase CI rider when available
- Perceive CI rider to be able to help them with reaching the optimum coverage

Weaknesses

- Topping up by cash may be a barrier to purchasing product

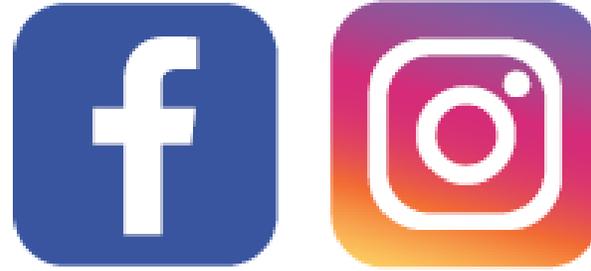


Improvements

- To be clear if Medisave can be used to contribute to CI plan
- To integrate CI plan as a rider to motivate purchase as it is perceived to be cheaper and more convenient (one plan covers all)

All personas are interested in increasing CI coverage as part of a top-up rider, and we should explore this as a key tool to increase coverage levels

Direct online Engagement



**ENHANCED EDUCATION EFFORTS
THROUGH DIRECT ENGAGEMENT
ONLINE**

Continue driving awareness
through educational initiatives

Online Engagement

Enhanced education efforts through direct engagement online is more relevant to younger customers and less so for older ones



Strengths

- Ability to reach out to the younger customers who are more technologically savvy and are active users of social media
- Constant exposure through social media can trigger thoughts on insurance coverage levels



Weaknesses

- Customers are sceptical about online education because insurance requires financial commitment and LIA may not be able to communicate in detail policies and information in a few sentences/graphics.
- Bombardment of advertisements may lead to advertising fatigue

Improvements

- Online engagement should complement offline strategies (e.g., roadshows, seminars, referral to a consultant) to ensure effectiveness

Younger customers find social media relevant, but older customers still prefer traditional media channels (e.g. TV and print media), and we should tailor the choice of channel accordingly



Thank You