

China's Middle Market for Life Insurance

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METHODOLOGY

- This report presents the results of research conducted by Greenwald & Associates on behalf of WZ Research + Consulting, LLC and the Society of Actuaries.
- The purpose of this study is to gain insights about financial situations and needs among a specific segment of Chinese consumers:
 - How confident they are in their insurance and finances and how knowledgeable they are about insurance and financial products;
 - What types of insurance they have and where they purchased it;
 - How they have purchased life insurance and how they would be likely to purchase it in the future;
 - How important it is for them to have protection-oriented life insurance and whether they feel the role of life insurance is evolving.
- To qualify for the study, respondents or their spouses had to be between 25 and 50 years old, be married with at least one child under age 18, and have an annual household income between RMB 60,000 and 360,000.
- Data were gathered through an online survey of consumers across sixteen Chinese cities, conducted in Standard Chinese by Horizon E-Lab from December 6-15, 2013.
- A similarly-sized random sample of 1,989 respondents would have a margin of error at the 95% confidence level of plus or minus 2.2 percentage points. Subgroups will have larger margins of error depending on their size: the smaller the group, the larger the margin of error.
- Key findings, a discussion of the survey findings, and a demographic profile of survey respondents follow this section. Percentages in the tables and charts may not total to 100 due to rounding or missing categories.



SEGMENTS PROCESS

Using K-Means clustering, this study found a set of segments in the data that can help the industry better understand and target the middle market in China. The cluster solution that proved most effective used the following solutions: The variables that produced the most distinct, actionable set of segments were:

Q39b - Life insurance serves only a temporary need until such time as the kids leave the house or the mortgage is paid off (agree or disagree)

Q39g - There is little need for death benefit life insurance past age 55 or so (agree or disagree)

Q39h - You would rather buy permanent death benefit life insurance that lasts a lifetime, even if it costs more (agree or disagree)

Q39i - At your age, it is more important to put money toward retirement savings than death benefit life insurance (agree or disagree)

Q39j - Everyone with someone depending on their income should have some form of death benefit life insurance (agree or disagree)

Q39m - I am likely to consider purchasing a death benefit life insurance policy to protect my family (agree or disagree)

Q39n - The purpose of death benefit life insurance is to provide for one's family in the event of a parent's premature death (agree or disagree)

Q39o - Life insurance companies are financially more secure than other financial institutions (agree or disagree)

Through an iterative process, each respondent was assigned to the segment whose mean values for these variables most closely matched the respondent's own answers.



SEGMENTS PROCESS

The following scoring formula was used.

Scoring:

$$\text{dist1} = (\text{q39b} - 2.3121)^2 + (\text{q39g} - 1.8613)^2 + (\text{q39h} - 3.8998)^2 + (\text{q39i} - 2.6609)^2 + (\text{q39j} - 4.0116)^2 + (\text{q39m} - 4.3198)^2 + (\text{q39n} - 3.9904)^2 + (\text{q39o} - 3.7283)^2.$$

$$\text{dist2} = (\text{q39b} - 3.0262)^2 + (\text{q39g} - 2.9846)^2 + (\text{q39h} - 2.8364)^2 + (\text{q39i} - 3.0895)^2 + (\text{q39j} - 3.0494)^2 + (\text{q39m} - 3.0864)^2 + (\text{q39n} - 3.1327)^2 + (\text{q39o} - 3.0015)^2.$$

$$\text{dist3} = (\text{q39b} - 4.0024)^2 + (\text{q39g} - 3.6010)^2 + (\text{q39h} - 4.0401)^2 + (\text{q39i} - 4.0973)^2 + (\text{q39j} - 4.0122)^2 + (\text{q39m} - 4.0754)^2 + (\text{q39n} - 4.0912)^2 + (\text{q39o} - 4.0523)^2.$$

IF ((dist1 ≤ dist2) & (dist1 ≤ dist3)) testcl = 1 (Life Protectors).

IF ((dist3 ≤ dist1) & (dist3 ≤ dist2)) testcl = 3 (Life Investors).

IF ((dist2 ≤ dist3) & (dist2 ≤ dist1)) testcl = 2 (Uninterested).



SUMMARY OF SEGMENTS

The cluster solution that proved most effective involved the following groups:

The Life Protectors Segment

The Life Protectors segment is formed based on appreciating the value of life insurance and its role throughout life. Life Protectors are most likely to consider owning a death benefit life insurance policy very important. Life Protectors are slightly more likely to be women, and a large proportion hold college degrees.

The Life Investors Segment

The Life Investors segment is formed based on seeing life insurance as a temporary need and viewing retirement savings as more important than life insurance. Life Investors are slightly more likely to be men and tend to be somewhat younger than Life Protectors.

Uninterested Segment

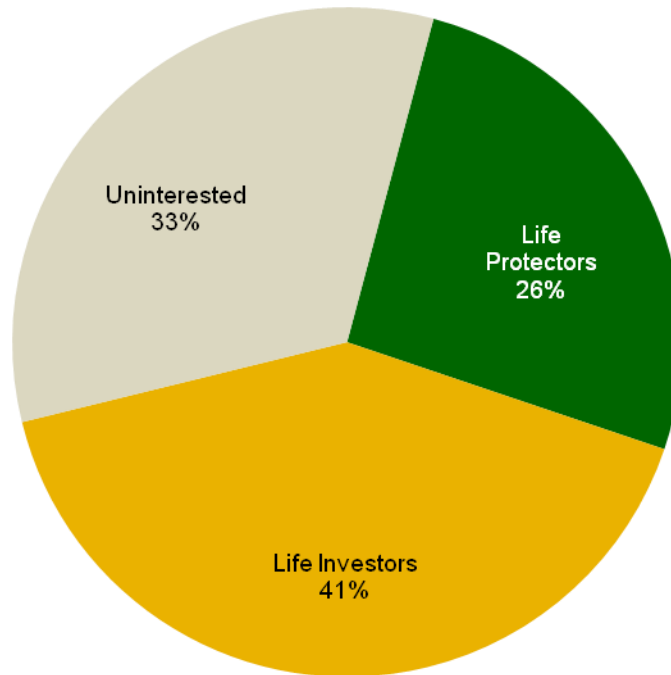
The Uninterested segment is formed based on a lower interest in death benefit life insurance and a diminished belief in the premise that everyone with financial dependents should have life insurance. The Uninterested segment tends to be lower income than the other two segments and is less likely to have college degrees.



Segment Composition

Total Respondent Breakdown by Segment

(Total n=1,989)



SUMMARY OF FINDINGS – BROAD DATA

Financial Situation and Knowledge

- Around 2 out of 3 Chinese middle market consumers feel somewhat secure about their financial situations and an additional 1 in 5 are very secure.
- In general, most consumers are at least somewhat confident in their retirement preparations, life insurance, and health coverage, and that they won't run out of money or be impoverished by a critical illness. However, of those who say they are confident, most are only somewhat confident.
- Most Chinese middle income consumers say they are at least somewhat knowledgeable about mutual funds, life insurance, health insurance, auto insurance, and annuities, but no more than one-third say they are very knowledgeable. They are least knowledgeable about annuities.
- When it comes to insurance, Chinese middle income consumers are most knowledgeable about critical illness, auto, and property insurance with over 3 in 4 saying they know each of these at least somewhat well. They are less knowledgeable about long-term care insurance with 4 in 10 saying they understand it somewhat well and fewer than one in five understanding it very well.

Life Insurance Knowledge and Information

- Among life insurance products, consumers are most knowledgeable about par endowments with 3 in 10 reporting a high level of familiarity, compared to 1 in 4 who know term life and roughly 2 in 5 who are very knowledgeable about permanent, unit-linked and non-par endowments.
- This population talks quite a bit to family and friends about financial products, with over two-thirds saying they talk at least fairly often about mutual funds and various types of insurance. Only slightly more than half discuss annuities at least fairly often.
- The Chinese middle market is most likely to get information about life insurance online, through a life insurance agent, or through a friend. They are less likely to get it from a banker and far less likely to get it from an insurance company or financial advisor.



SUMMARY OF FINDINGS – BROAD DATA

General Life Insurance Ownership

- The workplace is an important source of life insurance for the Chinese middle market consumer. Close to 7 in 10 get life insurance as an employee benefit at work. However, when it comes to purchasing life insurance, half do so on their own through an agent or advisor. Over a third purchase life insurance through a bank and a quarter purchase it directly.
- Among individually-purchased products, par endowment policies are by far the most commonly-owned with three-quarters reporting ownership. The next most commonly-owned product is also par – more than 4 in 10 own participating universal or unit-linked insurance. In contrast, only a quarter each own non-par whole and term life.
 - As many endowment owners plan to renew coverage once their policies mature, this type of product may be viewed by Chinese consumers as a longer-term investment.

Endowment Life Insurance Ownership

- Many endowment owners have more than one policy, though most own only one or two.
- Half of endowment owners have a total death benefit under RMB 1,800,000 and one-quarter have policies of RMB 1,800,000 to 3,600,000. Only a quarter have coverage over RMB 3,600,000.
- The most common product-related reasons that endowment owners purchase life insurance include trust in the institution selling it, investment return, safety, and the death benefit if they die during the term. Close to 9 in 10 find these reasons to be somewhat important and more than 4 in 10 find them to be very important.
- Two-thirds feel that the endowment policy is somewhat better than other investments, and another 1 in 5 feel it is much better.
- When they receive the lump sum, 7 in 10 plan to buy another life insurance policy with it. Interestingly, slightly more plan to buy a death benefit policy than another endowment policy. Fewer than 1 in 10 plan to put the money into a bank account or spend it. Thus, most endowment life insurance dollars are put back into life insurance when the policy endows.
- Half report buying an endowment policy from a life insurance agent, compared to 1 in 5 each who bought it from a bank manager or over the counter at a bank.



SUMMARY OF FINDINGS – BROAD DATA

Death Benefit Life Insurance Ownership

- Among those who own death benefit life insurance policies, more than 4 in 10 own one policy and over 4 in 10 say they own two, similar to endowment policy ownership.
- More than 4 in 10 owners of death benefit policies have under RMB 1,800,000 in coverage and 3 in 10 have over RMB 3,600,000 in coverage.
- About 9 in 10 owners of death benefit life insurance feel that owning this policy is at least somewhat important to them, with one-third feeling that it is very important.
- The most common product-related reasons that death benefit life insurance owners purchase life insurance are trust in the institution, the death benefit, and safety. Similar to endowment insurance, over 4 in 10 find each of these to be very important.
- More than 8 in 10 of those with a whole life policy say it is at least somewhat likely that they will tap the cash value of the policy, but only a quarter say it is very likely they will do so. Over three-quarters of those open to tapping the cash value plan to put it into another investment.
- Half report buying a death benefit policy from a life insurance agent, compared to 1 in 4 who bought it from a bank manager and 1 in 7 who bought it over the counter at a bank. These purchase behaviors are similar to those found with endowment coverage.
- When asked why they purchased term, close to half say obtaining a larger amount of coverage was the top reason. One-third each say a major factor was that it was more affordable and that they could invest the difference.
- Close to 3 in 4 say they have as much or more coverage than they need, roughly split between those who have enough and those who have too much (mostly a little more than they need).



SUMMARY OF FINDINGS – BROAD DATA

- The most common reasons why this market buys death benefit life insurance are unrelated to life events. Half buy it as part of a financial plan, over 4 in 10 do so because it is something they think they should do, and one-third because they are feeling older. Far smaller shares buy because of marriage (17%), a new job (17%) or the birth of a child (24%). About 1 in 5 each say purchase was triggered by hearing about it from an agent, an ad, or a work opportunity, or a spouse or relative telling them to do so.

Future Purchase

- Of those who would like more coverage (1 in 5), nearly 9 in 10 say that is at least somewhat likely that they will buy another death benefit life insurance policy – 2 in 10 say they are very likely to do so.
- The amounts that middle income consumers plan to buy are relatively consistent with what they have now. Only a quarter plan to buy over RMB 1,500,000 of coverage. Accordingly, a quarter say the ideal coverage for themselves and their spouses would total more than RMB 1,500,000.
- About 1 in 5 of those unlikely to buy more coverage each say they either have checked the cost and know they cannot afford it or have not checked the cost and think they cannot afford it – a total of 4 in 10. Around 1 in 4 say they don't have someone they trust to advise them on buying.

Attitudes towards Life Insurance

- Two-thirds of middle market Chinese consumers feel that it is very or extremely important for a family to purchase death benefit life insurance to protect loved ones.
- While close to 6 in 10 feel their parents found this coverage to be more important, close to 7 in 10 feel that this coverage is becoming more important in their community and close to 6 in 10 feel that it will be more important to their children.



SUMMARY OF FINDINGS – BROAD DATA

- Chinese middle market consumers value the death benefit that life insurance offers, at least to some extent. More than two-thirds agree that it is important to have the death benefit of life insurance throughout your life, that it is more important now than in the past to purchase death benefit life insurance, that death benefit life insurance is an integral part of one's planning, and that everyone with a dependent should have some form of death benefit life insurance. Six in ten at least somewhat agree that life insurance is as much of a necessity as food, shelter, and clothing. In contrast, only one-third agree that there is little need for death benefit life insurance (8% strongly so).
- Chinese consumers do have some interest in permanent life insurance. Six in 10 at least somewhat agree that they would rather buy permanent death benefit life insurance that lasts a lifetime even if it costs more. Fewer than half agree that life insurance serves only a temporary need (only 1-10 strongly so). Furthermore, only half believe it is more important to put money towards retirement savings than death benefit life insurance (1-7 strongly so).
- Channel preferences are somewhat mixed. While more than half at least somewhat agree that death benefit life insurance is best purchased through an agent, close to half believe it is best purchased from a bank, and over a third feel it is best purchased over the phone.

Values

- Chinese middle income consumers are concerned about their families, both in terms of security and fulfillment. Three-quarters agree that their most important goal is increasing their family's financial security, but just as many believe that it is important to give their family everything they want.
- More than half agree that they will never be able to accumulate enough money to feel financially secure, though few strongly agree.



SUMMARY OF FINDINGS -- THE SEGMENTS

The Life Protectors Segment

Purpose of Life Insurance

- One of the key differentiators of the Life Protectors group is the reason for buying life insurance. Life Protectors are more likely to value the importance of death benefit life insurance, see the product for this purpose, and consider buying it for this purpose in the future.
- They are more likely to believe that the product is becoming more important to the community.
- Life Protectors are far more likely than other groups to buy life insurance for security. They buy it to protect their families and for peace of mind far more than any other segment. They are less likely to purchase life insurance for financial goals such as protecting a business or a mortgage or for borrowing money against the policy. However, Life Protectors are more likely to buy life insurance to save for retirement.
- They are far less likely to buy life insurance to meet a temporary need.

Financial Knowledge and Security

- Life Protectors fall in the middle of the segments when it comes to financial security. They are less likely than Life Investors to feel financially secure about their retirement and that they have adequate health, life and critical illness coverage. However, they score higher than Uninterestededs on these dimensions.
- Life Protectors claim to know more about and discuss mutual funds, term life insurance, health insurance, critical illness, auto insurance, and property insurance more than any other group. They know less about annuities, long-term care insurance, and non-par life insurance than Life Investors.



SUMMARY OF FINDINGS -- THE SEGMENTS

The Life Protectors Segment (Continued)

Purchasing

- Life Protectors are more likely to purchase both endowment and death benefit life insurance through an agent or advisor than any other group, and are more likely to go to an agent or look online to get information.
- Life Protectors are equally likely to have par endowment and par universal as Life Investors but less likely to have various types of non-par policies – endowment, whole, and term.
- They are more likely than Life Investors to buy what they need rather than what they can afford, to trust the institution they buy it from, to appreciate the return, and to value product safety for both endowment and death benefit policies.
- When using the proceeds from an endowment, Life Protectors are more likely than others to buy another endowment policy.
- Life Protectors are far more likely than any other group to buy a death benefit policy they can hold for ten years or more, with about half doing so.

Values

- When it come to finances and insurance, Life Protectors are highly concerned with their families' financial security and overall well-being – far more so than any other group.
- However, Life Protectors are less likely to be conservative investors than any other group, less likely to be savers, and are more likely to focus on preparing for tomorrow at the expense of enjoying it today than Life Investors.



SUMMARY OF FINDINGS -- THE SEGMENTS

The Life Investors Segment

Purpose of Life Insurance

- One of the key differentiators of the Life Investors group is the reason for buying life insurance. Life Investors are likely to see life insurance as part of a financial plan. They are more likely than other groups to see it as a commodity they can use to borrow against, or to protect a business or a mortgage, or to pay for a child's education. They are less likely to find the death benefit to be very important than Life Protectors.
- Life Investors are more likely to see life insurance as serving a temporary need, and are more likely to believe that their spouses can manage their finances without them. Accordingly, they are most likely to say they use life insurance primarily for saving money.
- They are more likely to believe that the product will become more important to the next generation.

Financial Knowledge and Security

- Life Investors are the most financially secure of any segment. They are more likely than other segments to feel financially prepared for retirement, that they have adequate life and health insurance, and that they are prepared for the possibility of critical illness.
- Life Investors fall between Life Protectors and Uninterestededs when it comes to knowing about and discussing mutual funds, term life insurance, health insurance, critical illness, auto insurance, and property insurance. They know more about annuities, long-term care insurance, and non-par life insurance than Life Protectors.



SUMMARY OF FINDINGS -- THE SEGMENTS

The Life Investors Segment (Continued)

Purchasing

- Life Investors are the most likely to get life insurance through the workplace either as a benefit or by purchasing coverage. They are also the most likely to buy direct or from a bank and to seek out information from a banker. They are less likely than Life Protectors to buy from an agent, almost as low as Uninterested on this dimension.
- Life Investors are more likely than any other segment to have various types of non-par policies – endowment, whole, term. They are just as likely as Life Protectors to have a par endowment policy.
- They are more likely to buy what they can afford rather than what they need. They are less likely than Life Protectors to emphasize trust in the institution they buy it from, to highly appreciate the return, and to greatly value product safety, but they are most likely to find life insurance easy to buy for both endowment and death benefit policies.
- Life Investors have more endowment and death benefit policies than the other two segments with close to three-quarters having multiple endowment policies and close to two-thirds having multiple death benefit policies.
- Life Investors have somewhat higher life insurance endowment coverage than Life Protectors and quite a bit higher death benefit coverage.
- They are far less likely to buy a policy they can hold ten years or more. In fact, close to half buy a policy they can keep 6-10 years.

Values

- When it come to finances and insurance, Life Investors fall in the middle of the three clusters when it comes to concern with their families' financial security and overall well-being. On most measures they tend to be closer to the Life Protectors than to the lowest group – the Uninterested.
- Life Investors are far more likely to be conservative investors than any other group, the most likely to be savers, and the most concerned about not being able to accumulate enough. However, they are more likely to focus on enjoying today than any other segment and are slightly less focused on their family's financial security.



SUMMARY OF FINDINGS -- THE SEGMENTS

The Uninterested Segment

Purpose of Life Insurance

- Uninterestededs are far less likely than any other group to care about using life insurance to protect their families against premature death. They are far less likely to believe that people need life insurance. The only area where they believe in life insurance more than another group (Life Protectors) is that life insurance serves a temporary need.
- Uninterestededs are by far the least likely of any segment to buy life insurance to protect a family member or provide peace of mind. They are more likely than Life Protectors and less likely than Life Investors to purchase life insurance for financial goals such as protecting a business or a mortgage or for borrowing money against the policy. They are the least likely to buy it to save for retirement.
- Uninterestededs are far less likely than any other group to see life insurance being more important to the next generation or growing in importance to the community.
- They are far less likely to buy a policy they can hold ten years or more. In fact, almost half buy a policy they can keep 6-10 years.

Financial Knowledge and Security

- The Uninterestededs are the least confident in all aspects of their financial well-being, including confidence in being prepared for retirement and confidence in having enough life insurance, health coverage, and financial preparation for critical illness.
- Uninterestededs report far lower levels of knowledge than any other group for all the various financial products tested here, including mutual funds, life insurance, health insurance, auto insurance, mutual funds, and annuities. They also report discussing products far less with family and friends than either of the other two segments.
- Uninterestededs also report far lower levels of knowledge about all of the various types of life insurance tested here including par endowment, non-par endowment, permanent life insurance, term life insurance, and unit-linked life insurance. They also report knowing less about critical illness coverage and long-term care insurance.



SUMMARY OF FINDINGS -- THE SEGMENTS

The Uninterested Segment (Continued)

Purchasing

- The Uninterested group does not show a distinct purchasing pattern. They tend to less often report buying life insurance from an agent or bank, or receiving it as a benefit from work. They are more similar to other segments when it comes to buying direct. They tend to be less interested in soliciting information through various channels.
- Uninteresteds are less likely to have par policies than either of the other segments. They are about as likely to have various non-par products as Life Protectors, but far less likely to have them than Life Investors.
- They are less likely than Life Investors to buy what they can afford rather than what they can need, but are similar to Life Protectors in this area. They are less likely than any other group to trust the institution they buy it from or to value the product's safety.

Values

- When it come to finances and insurance, Uninteresteds are the least concerned with their families' financial security and overall well-being – far less than any other group.
- Uninteresteds fall in the middle when it comes to being conservative investors and when it comes to saving money from their paychecks. They are more likely than Life Protectors and much less likely than Life Investors to value enjoying money today over saving for tomorrow.

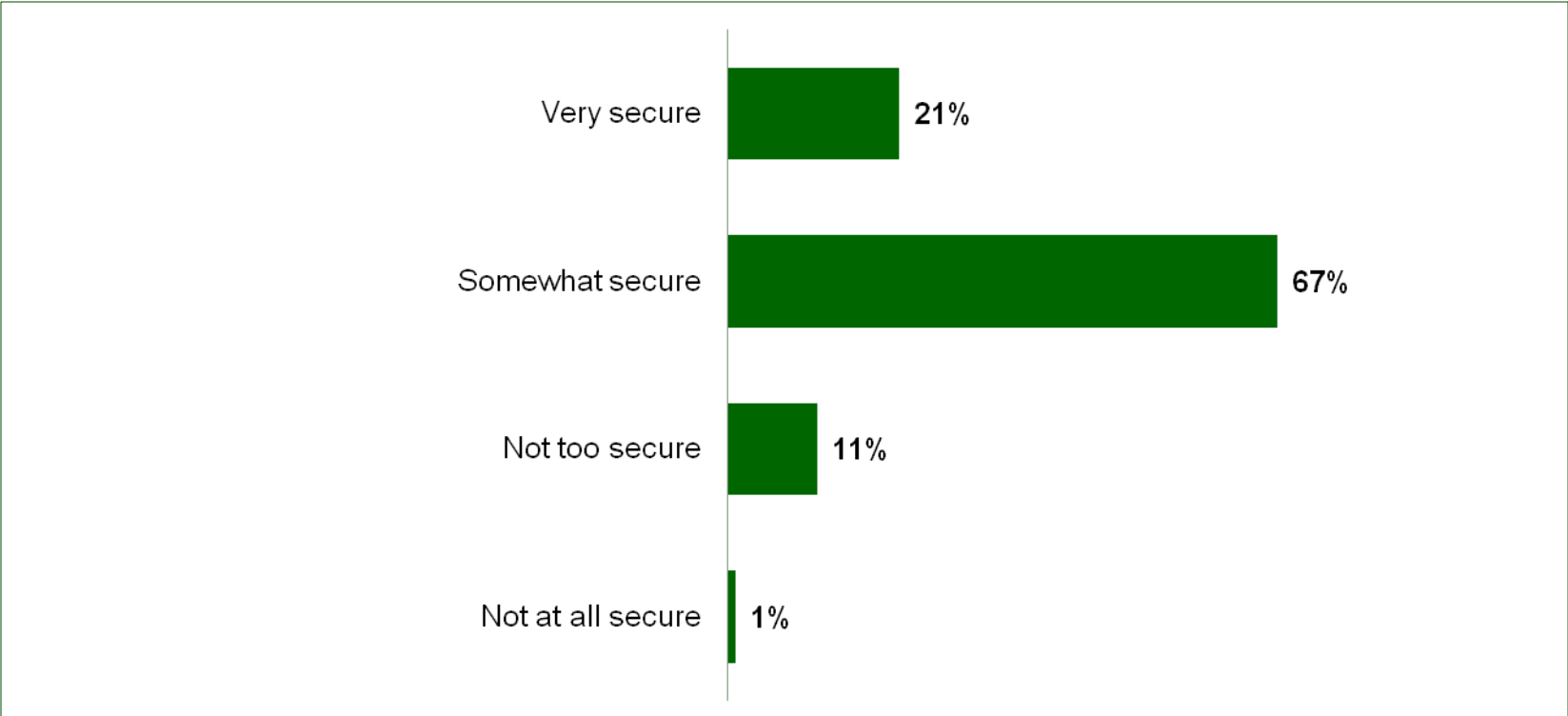


CONSUMER FINANCIAL SITUATIONS AND PRODUCT FAMILIARITY

Most Chinese middle market consumers feel financially secure.

Overall, how secure do you feel about your financial situation?

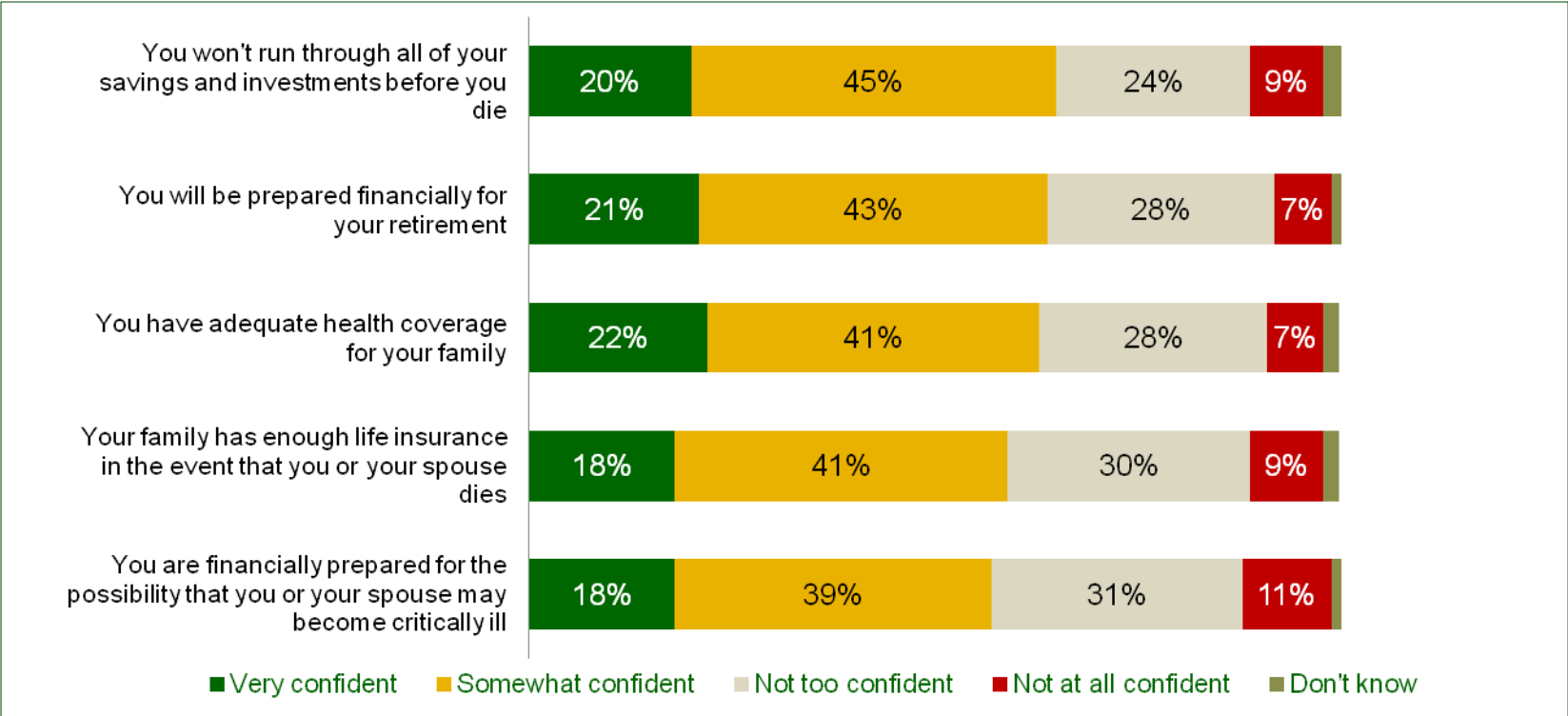
(Total n=1,989)



More than half are at least somewhat confident about retirement planning and insurance coverage for their families.

How confident are you about the following aspects related to your finances?

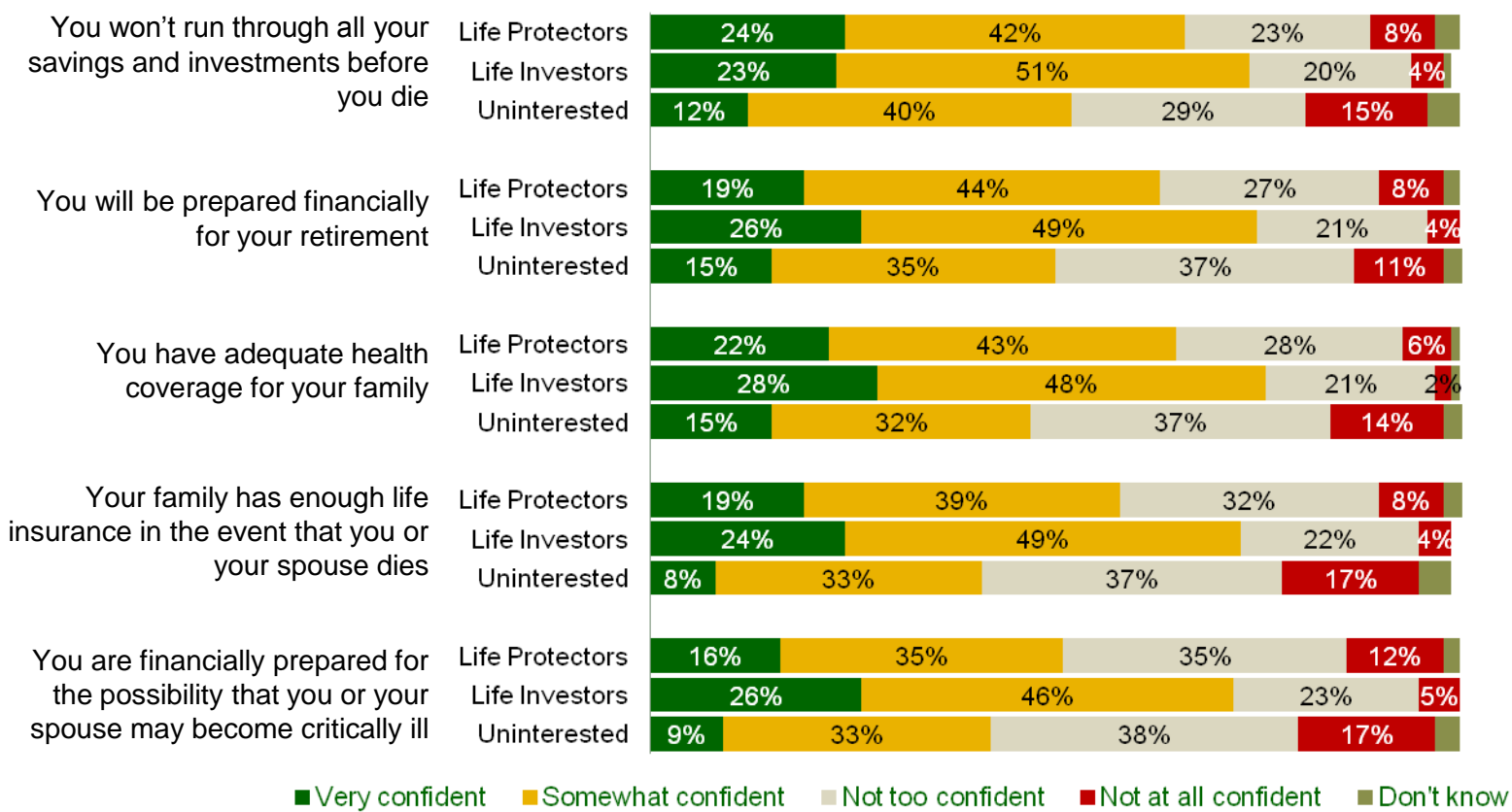
(Total n=1,989)



Life Investors are most confident about their families' financial planning and insurance coverage, while the Uninterested segment feels less so.

How confident are you about the following aspects related to your finances?

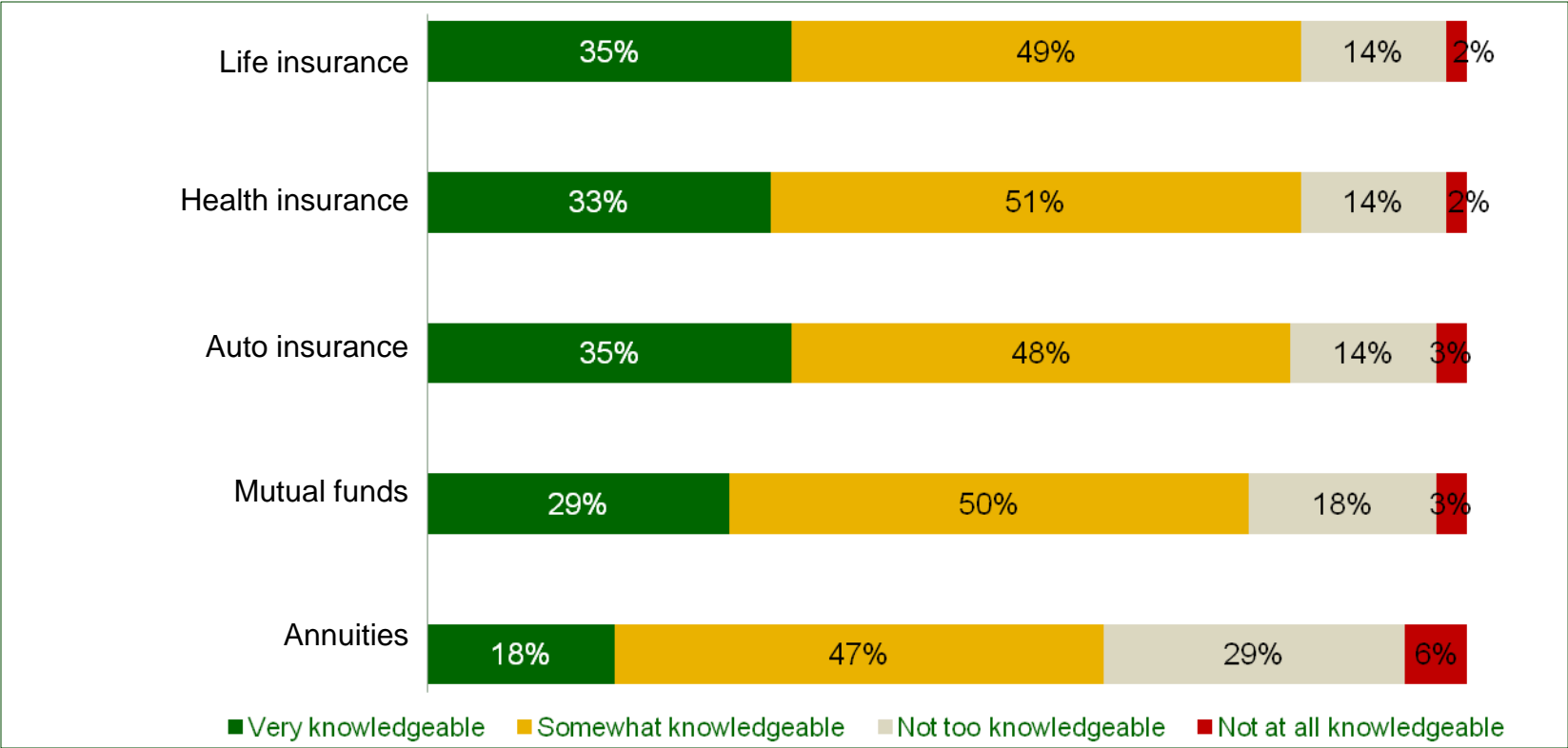
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



Chinese consumers report fairly high levels of knowledge about life insurance.

How knowledgeable would you say you are about each of the following?

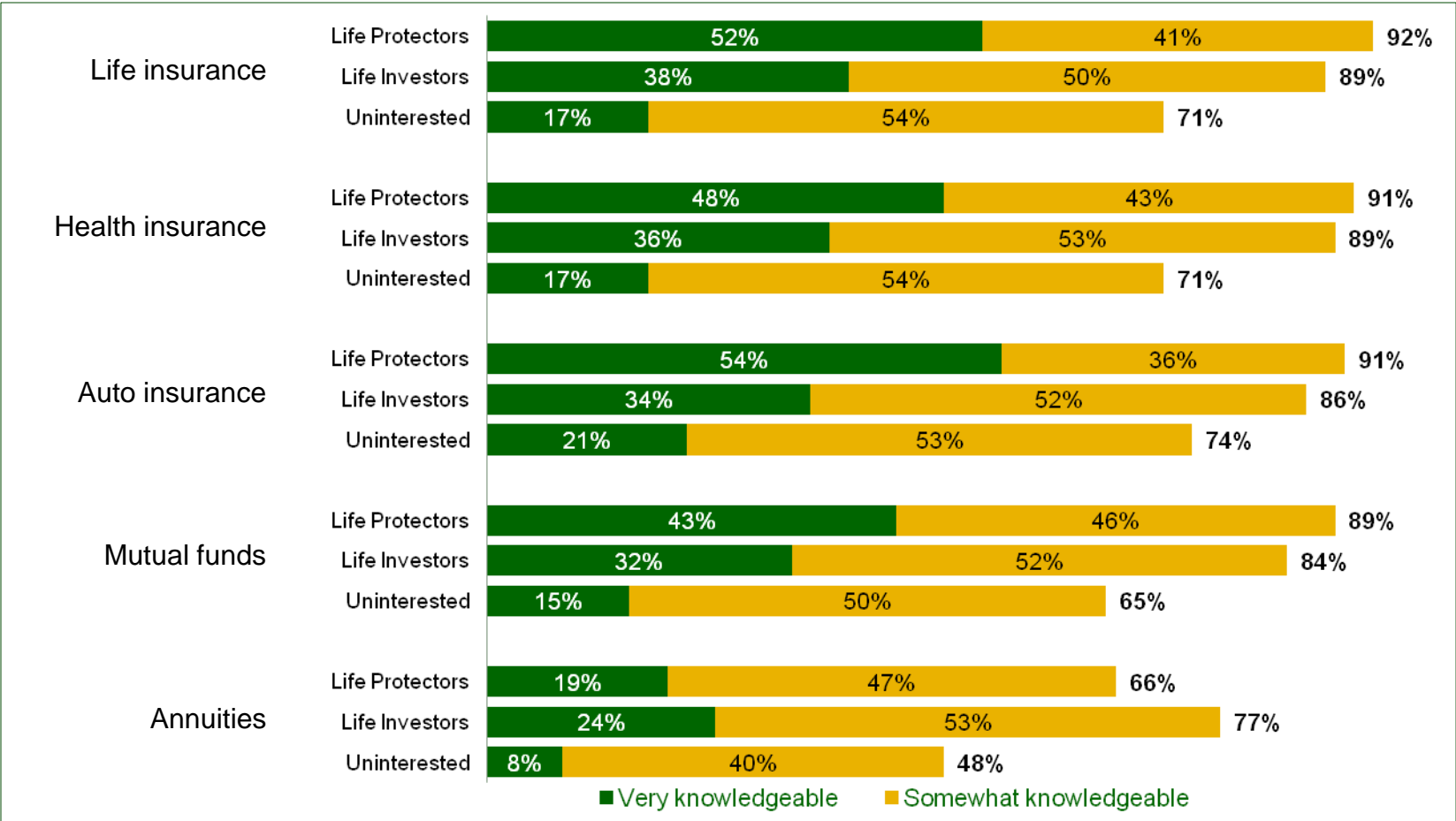
(Total n=1,989)



The Uninterested segment reports significantly less familiarity with each financial product, while the Life Protectors group shows the most for all products except annuities.

How knowledgeable would you say you are about each of the following?

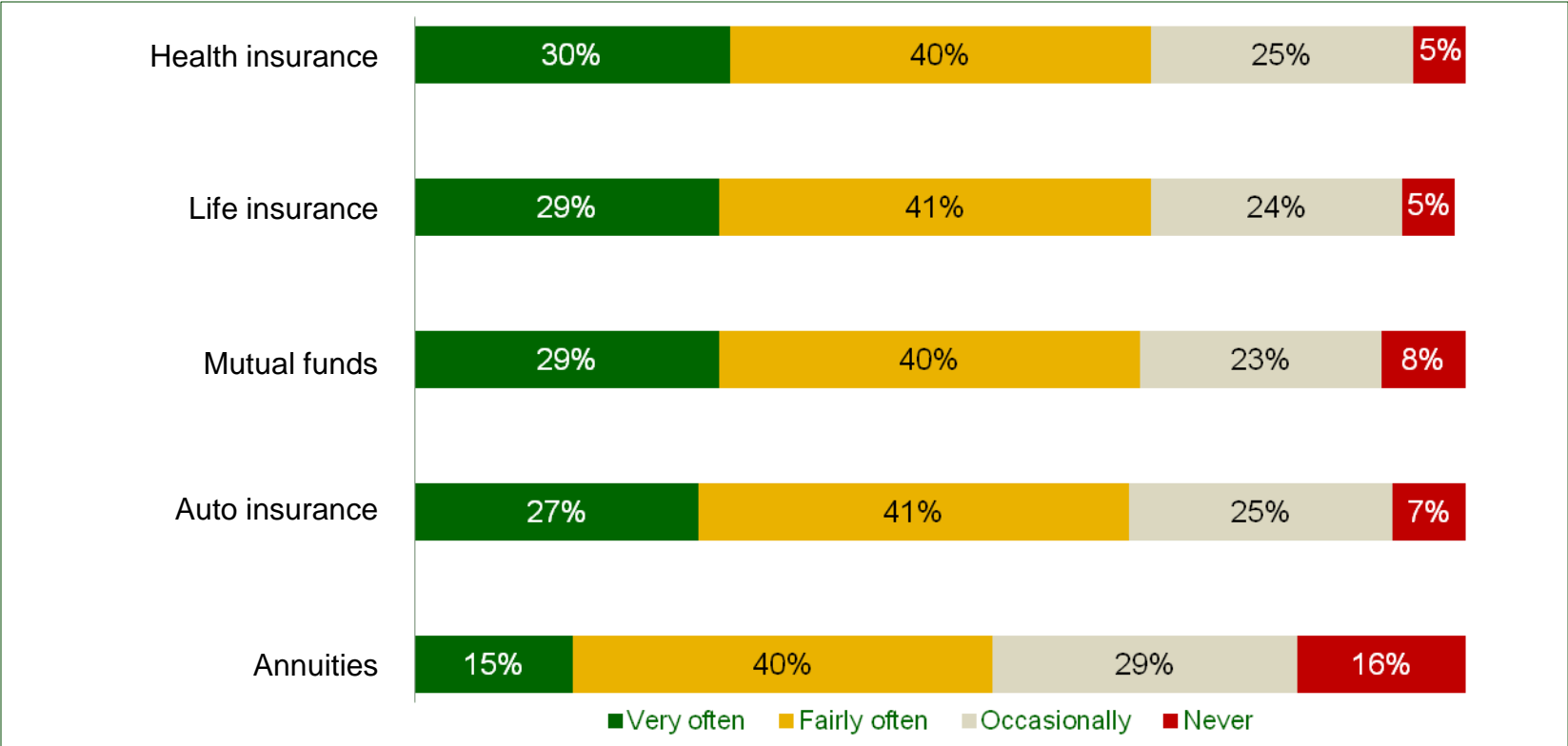
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



A substantial percentage of Chinese consumers report discussing insurance coverage and mutual funds with friends and family.

How often have you talked to friends or family about each of the following?

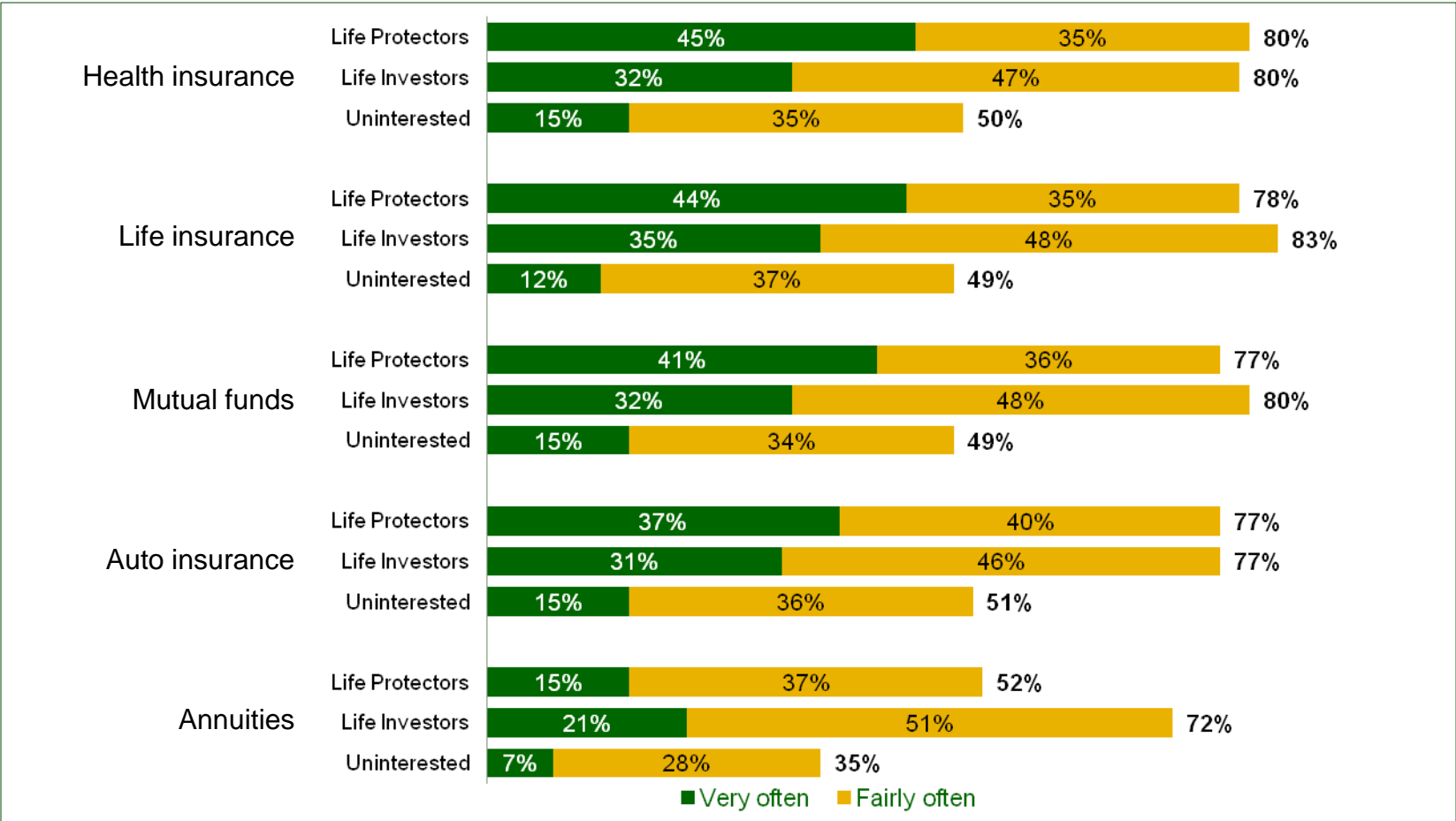
(Total n=1,989)



Few among the Uninterested consumers regularly discuss financial products with friends or family.

How often have you talked to friends or family about each of the following?

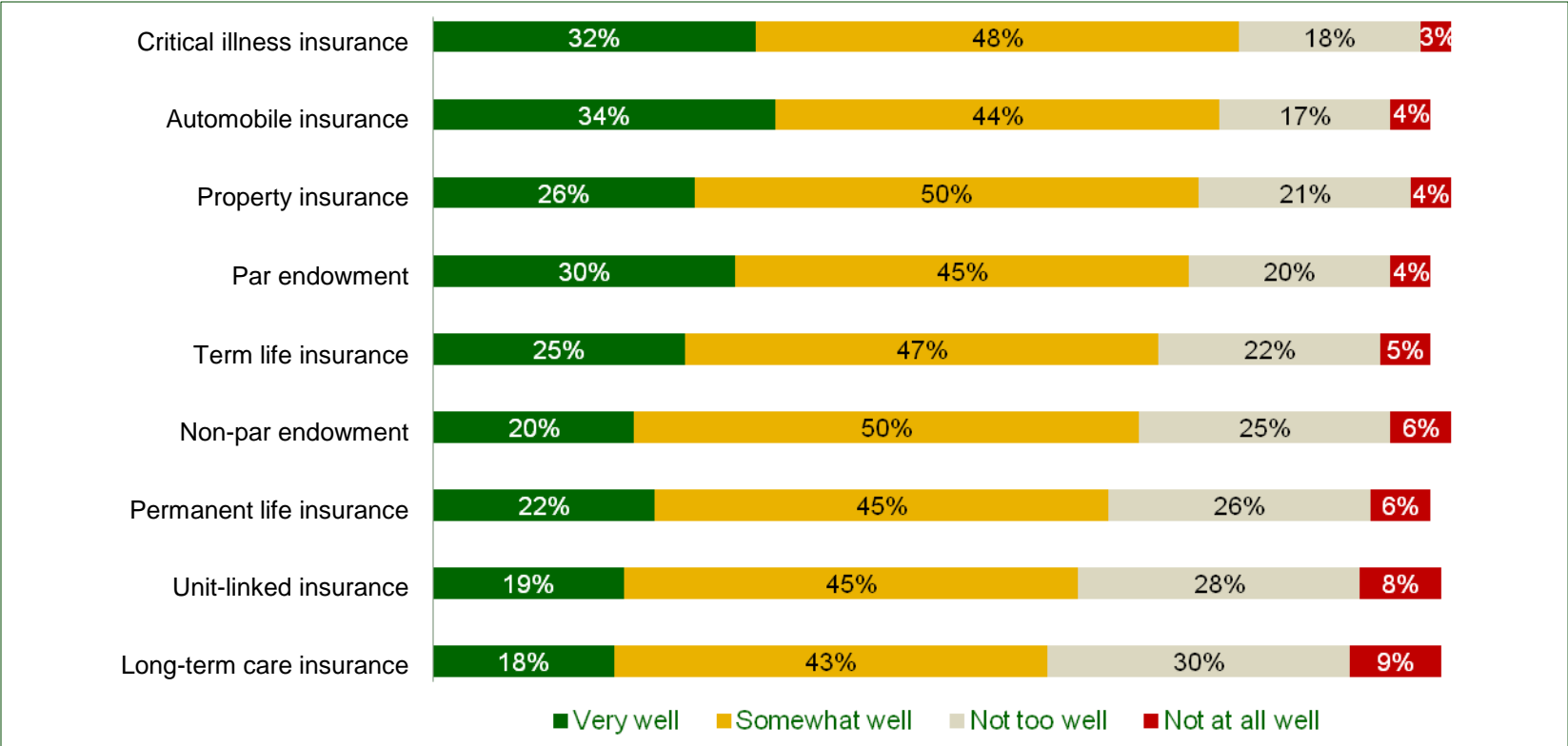
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



A majority claims to understand each insurance product tested.

How well would you say you understand each of the following types of insurance?

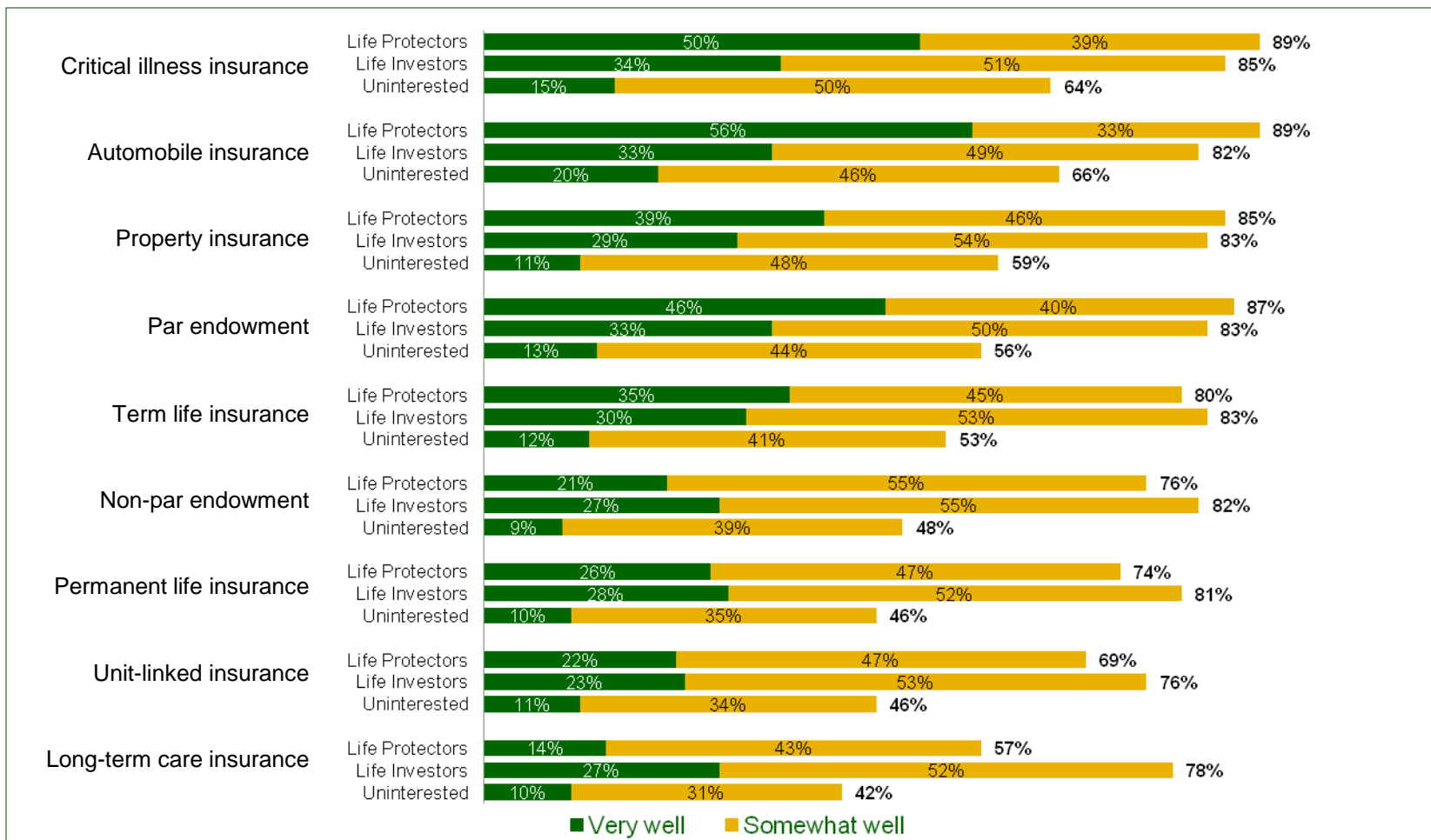
(Total n=1,989)



Life Protectors know more about critical illness, P&C products and Par endowments than Life Investors. Life Investors know more about long-term care insurance.

How well would you say you understand each of the following types of insurance?

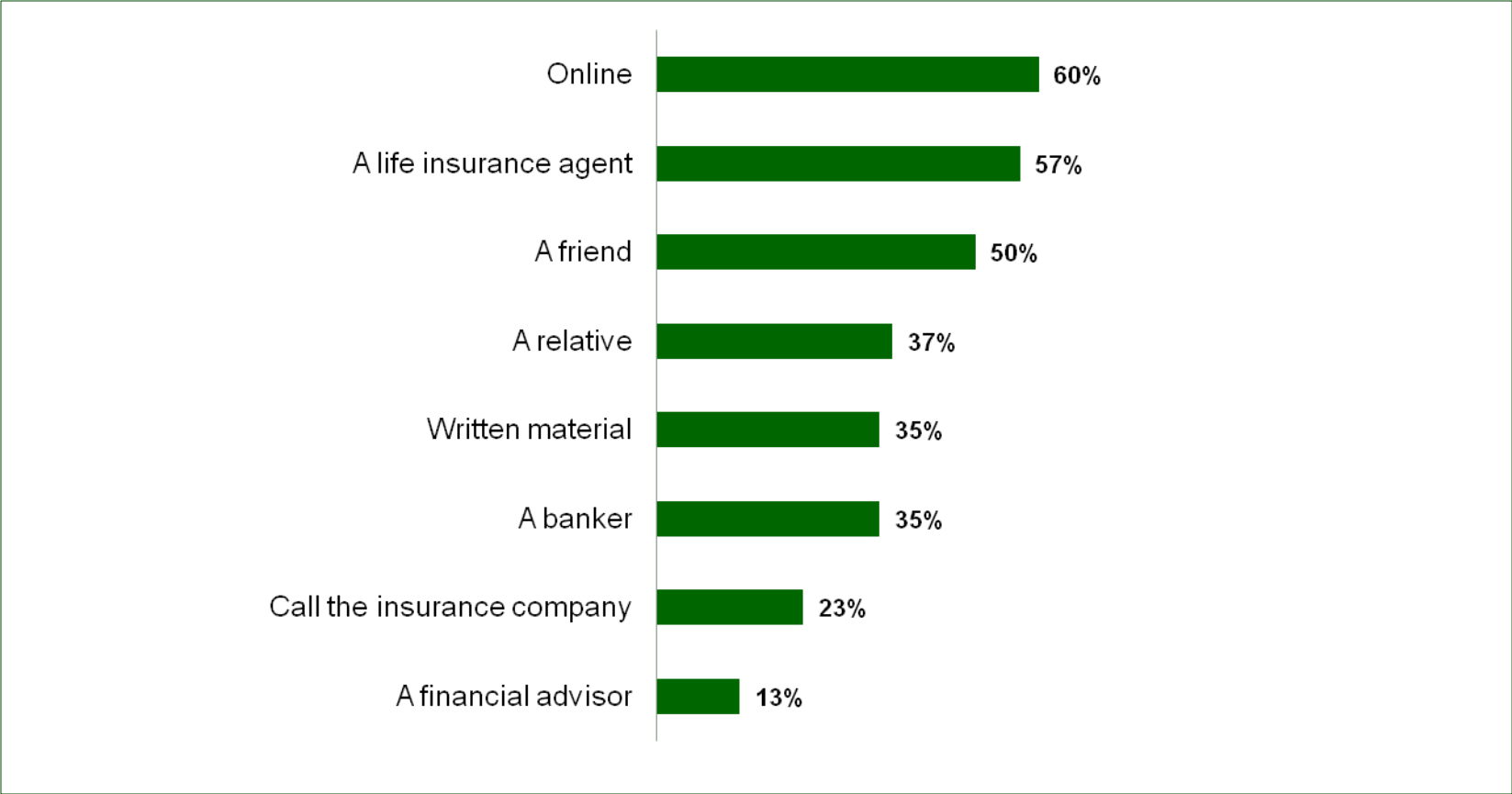
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



Chinese consumers are most apt to rely on the internet or an agent for information on life insurance. They are also likely to rely on friends.

Where would you go to get information regarding life insurance products and costs?

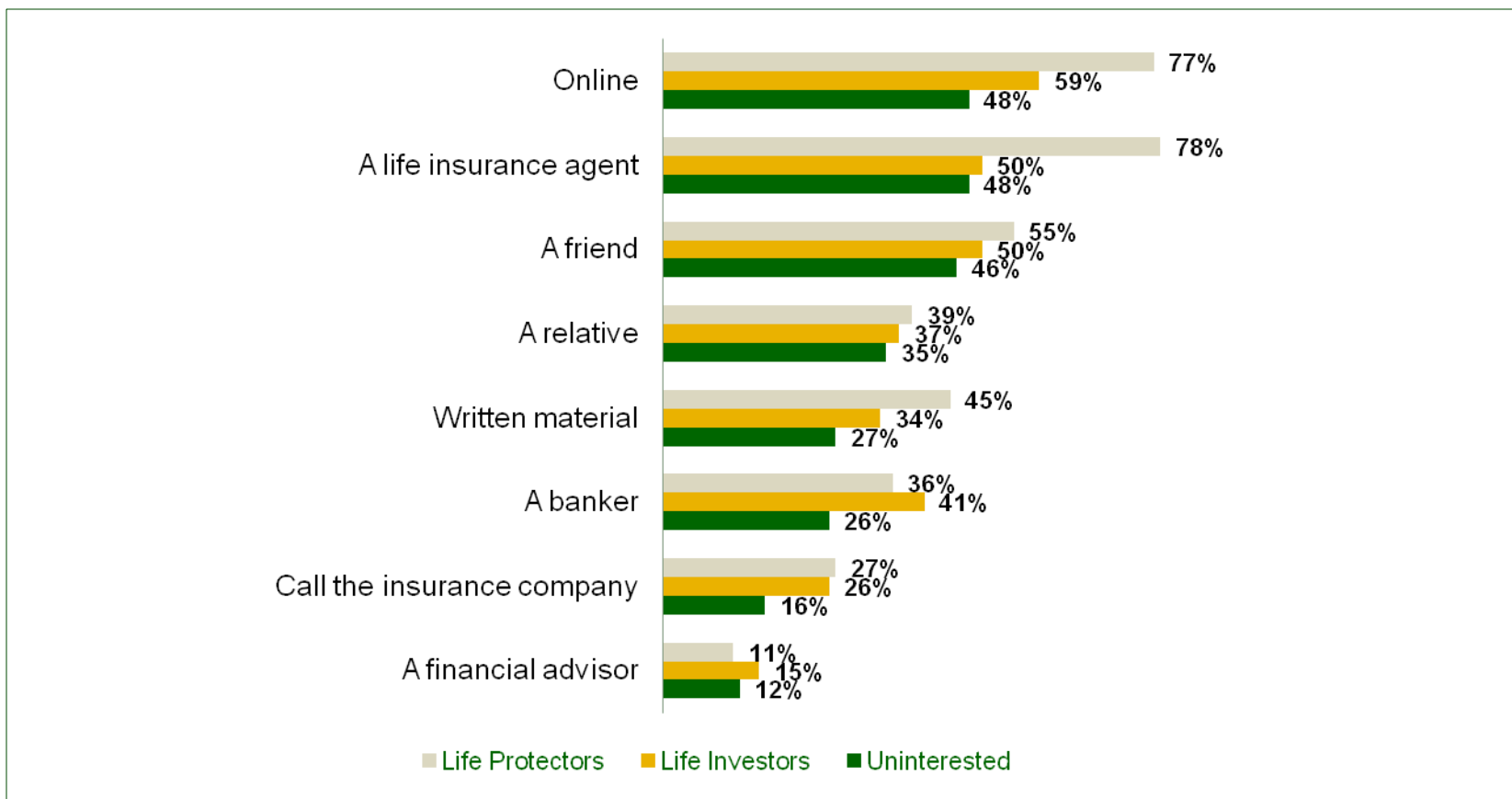
(Total n=1,989)



Life Protectors are most likely to consult online resources or a life insurance agent to find information on products and costs. Life Investors are most likely to get information from a banker.

Where would you go to get information regarding life insurance products and costs?

(Life Protectors n=519; Life Investors n=822; Uninterested n=648)

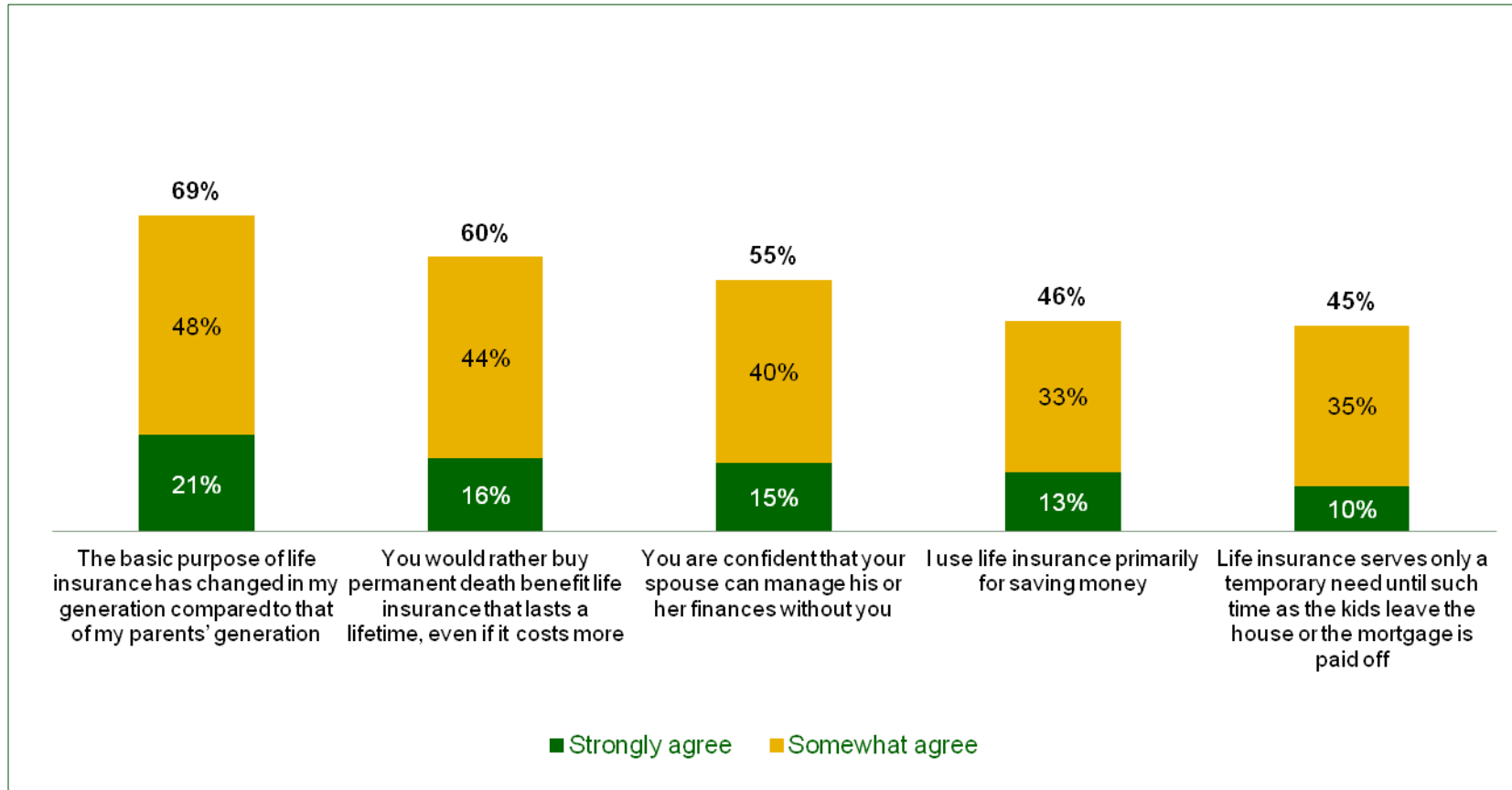


VALUES AND BELIEFS ABOUT LIFE INSURANCE

Most agree that the role of life insurance is changing. Fewer than half see it as serving a temporary need.

Please indicate how much you agree or disagree with each of the following statements:

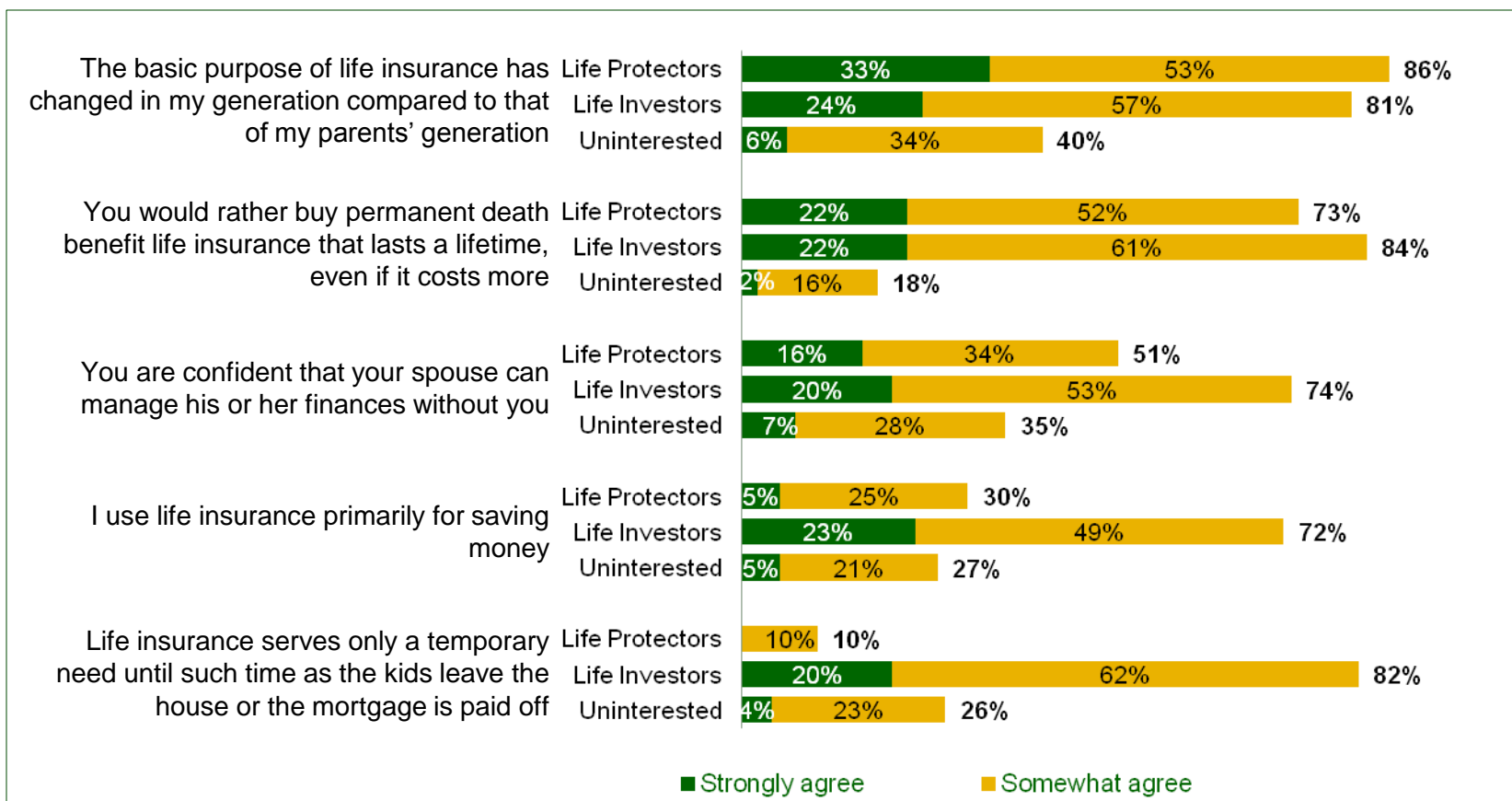
(Total n=1,989)



Life Investors are most likely to use life insurance primarily for saving money and to think it serves only a temporary need. Accordingly, they are also most confident that their spouses can manage financially without them.

Please indicate how much you agree or disagree with each of the following statements:

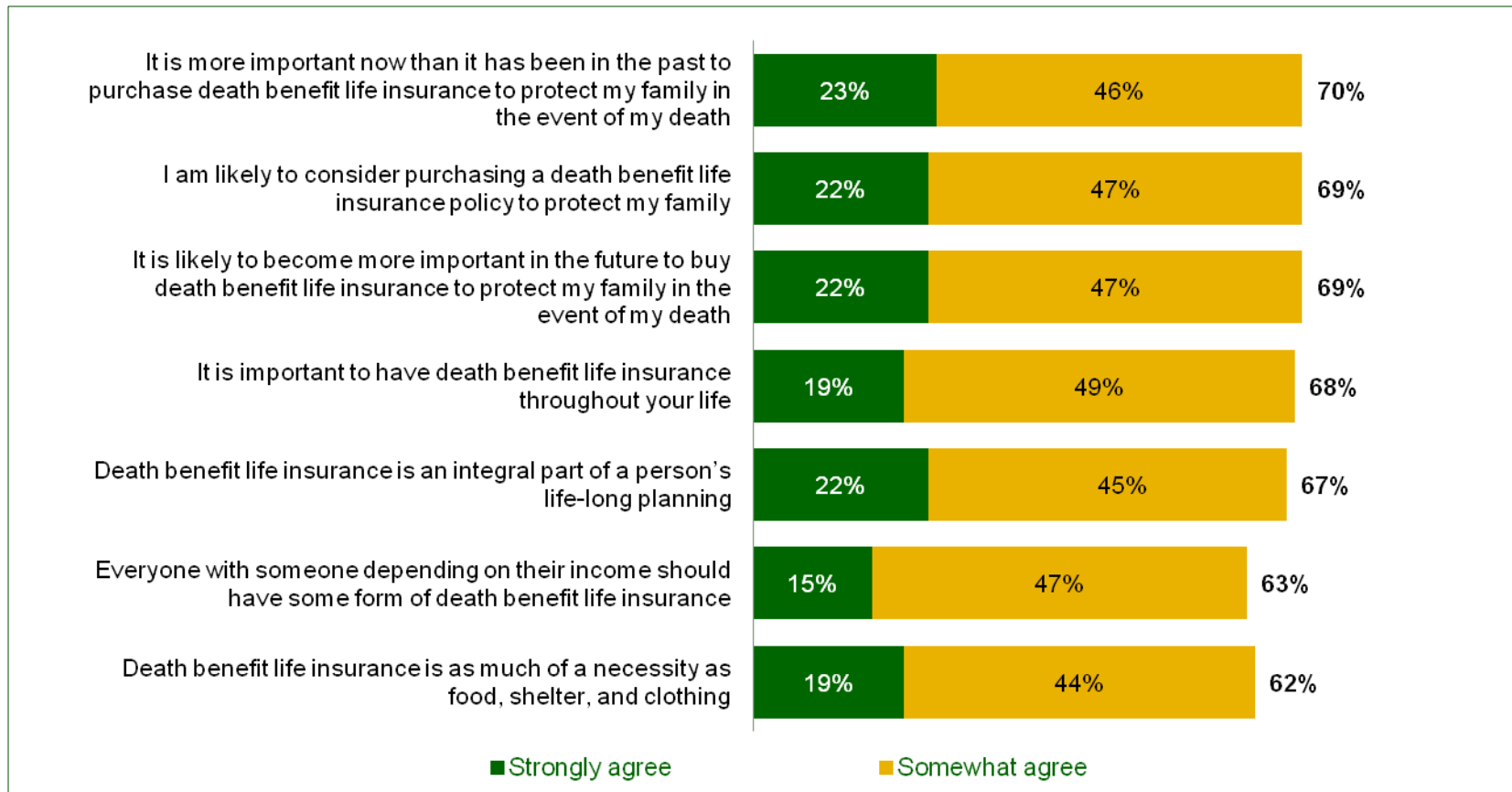
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



Most agree that death benefit life insurance is important, close to a quarter strongly so.

Please indicate how much you agree or disagree with each of the following statements:

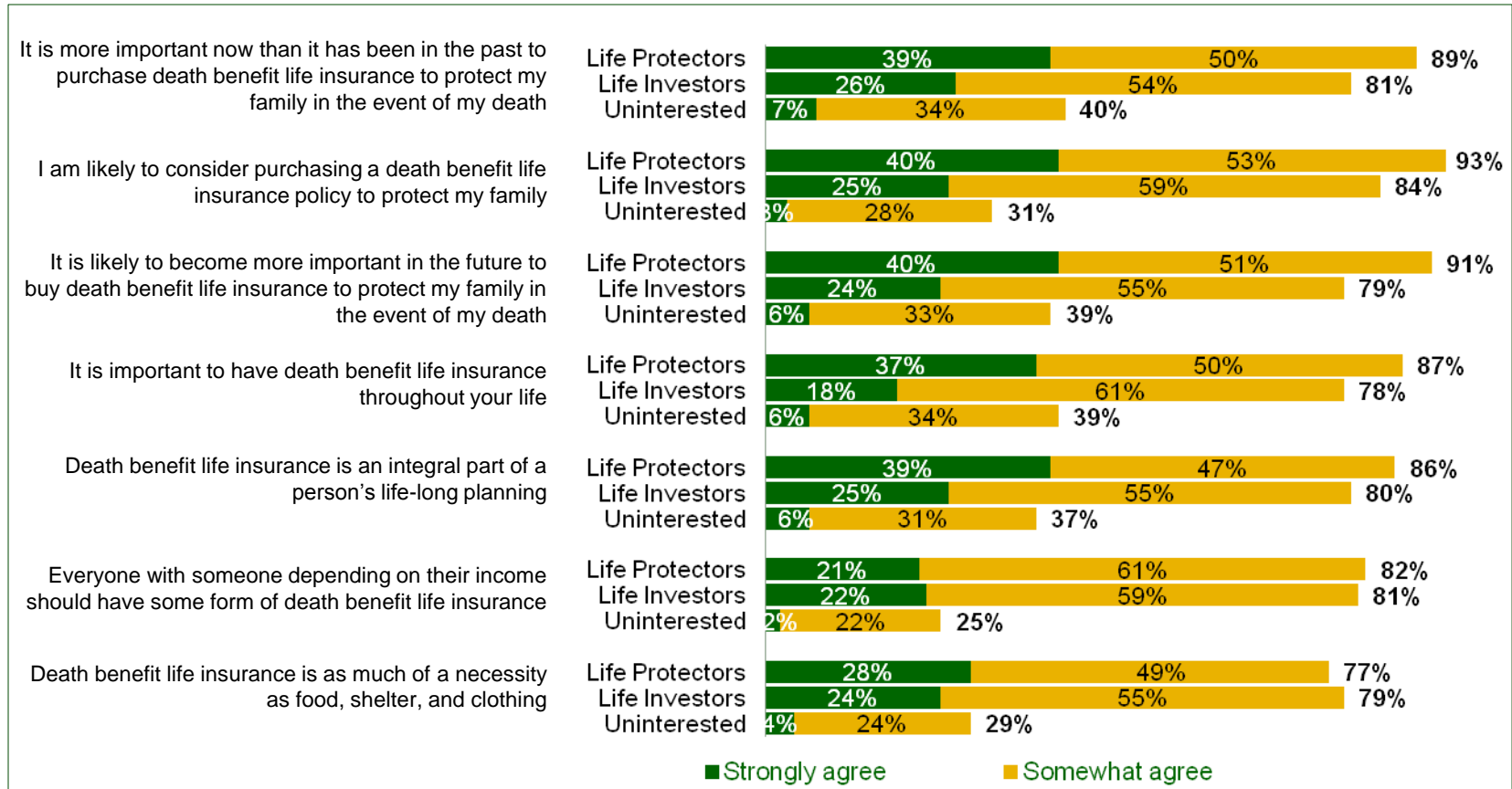
(Total n=1,989)



Life Protectors are more likely than any other group to highly value death benefit life insurance.

Please indicate how much you agree or disagree with each of the following statements:

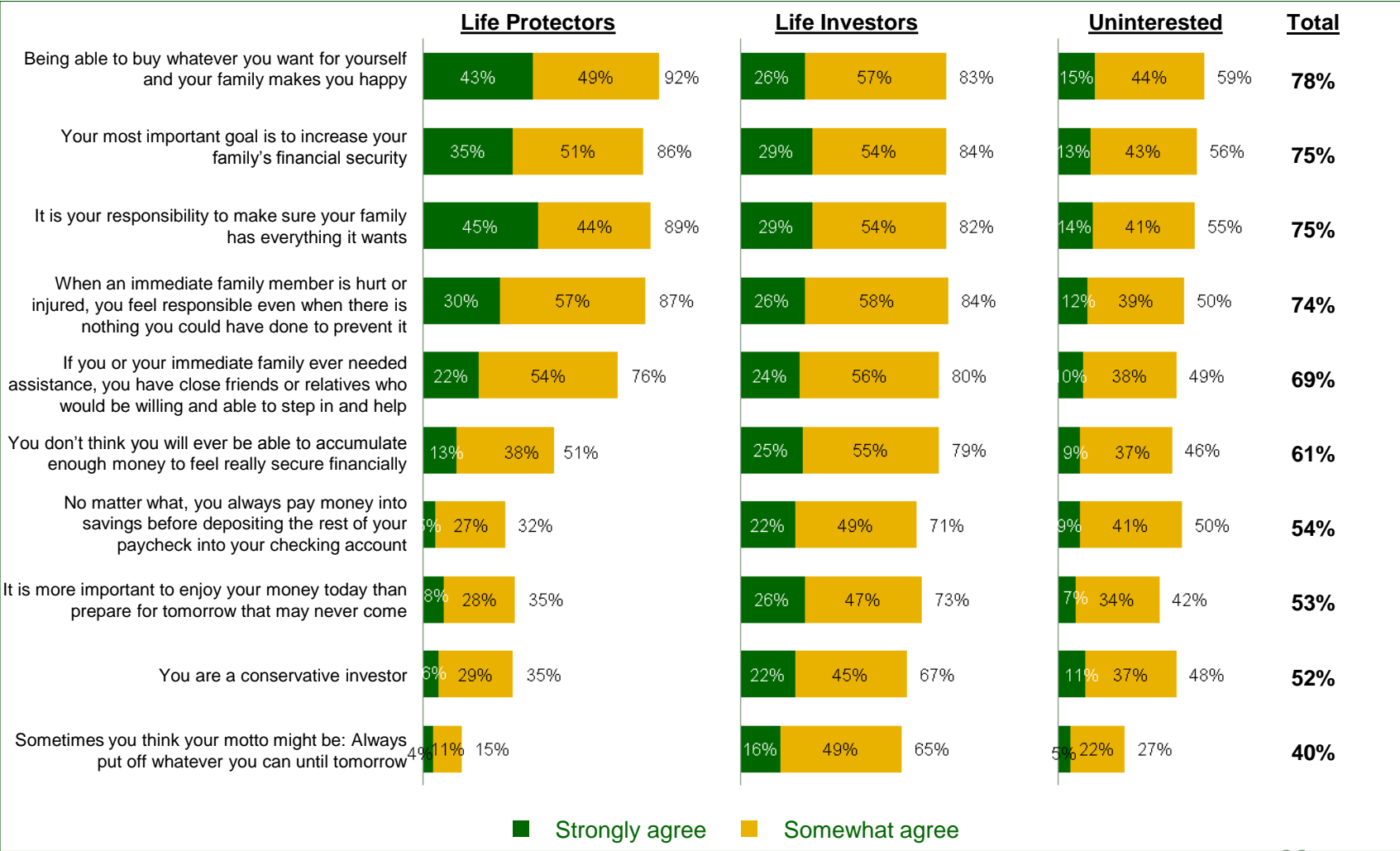
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



Life Protectors prioritize financial security for their families, while Life Investors are more today-oriented.

Please indicate how much you agree or disagree with each of the following statements:

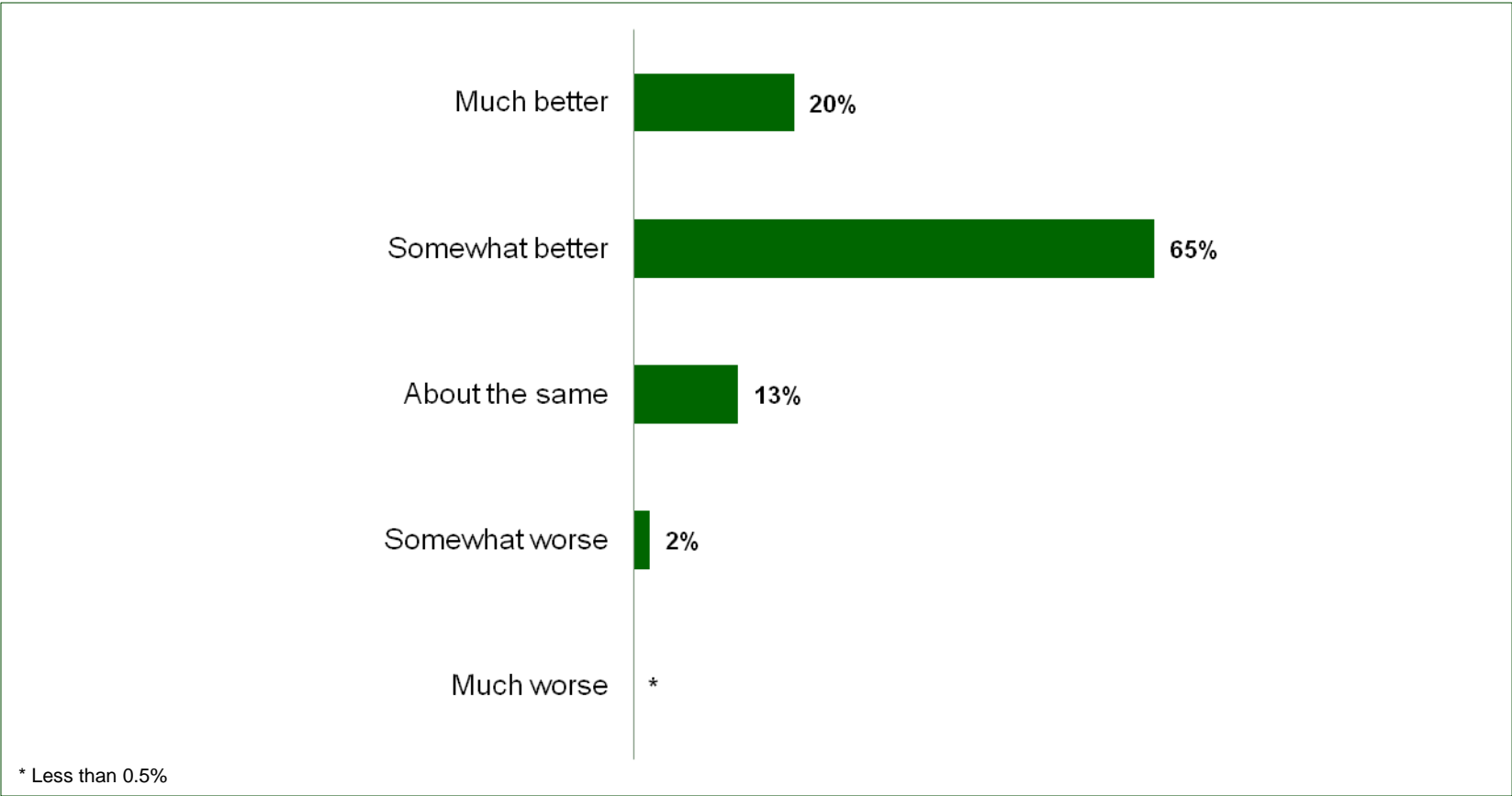
(Total n=1,989; Life Protectors n=519; Life Investors n=822; Uninterested n=648)



ATTITUDES TOWARD LIFE INSURANCE

Endowment owners feel that product is generally superior to other products available to them.

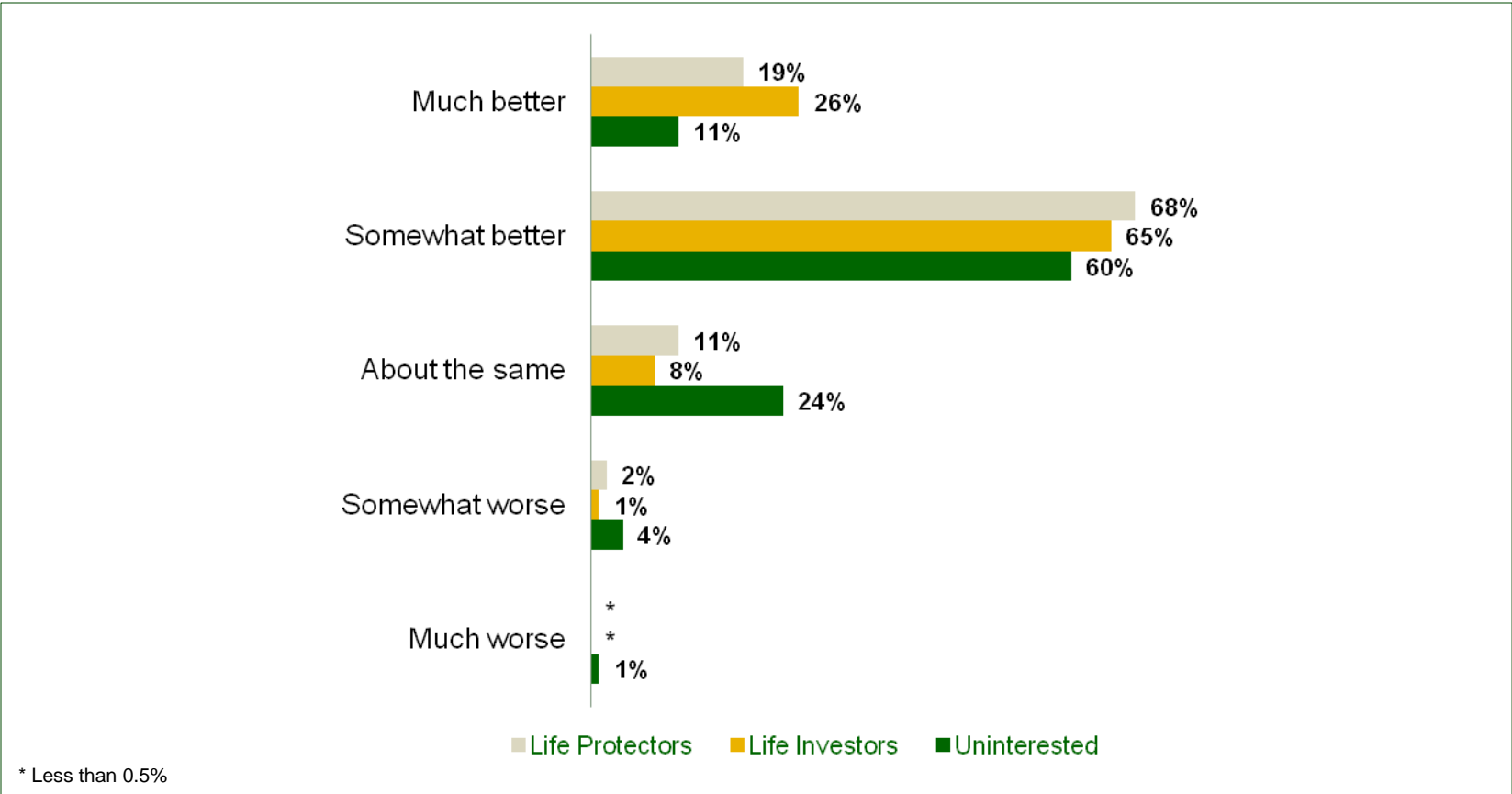
Relative to other products available to you, how would you rate a life insurance endowment policy?
(Endowment owners n=1,237)



The Uninterested value life insurance endowment products the least.

Relative to other products available to you, how would you rate a life insurance endowment policy?

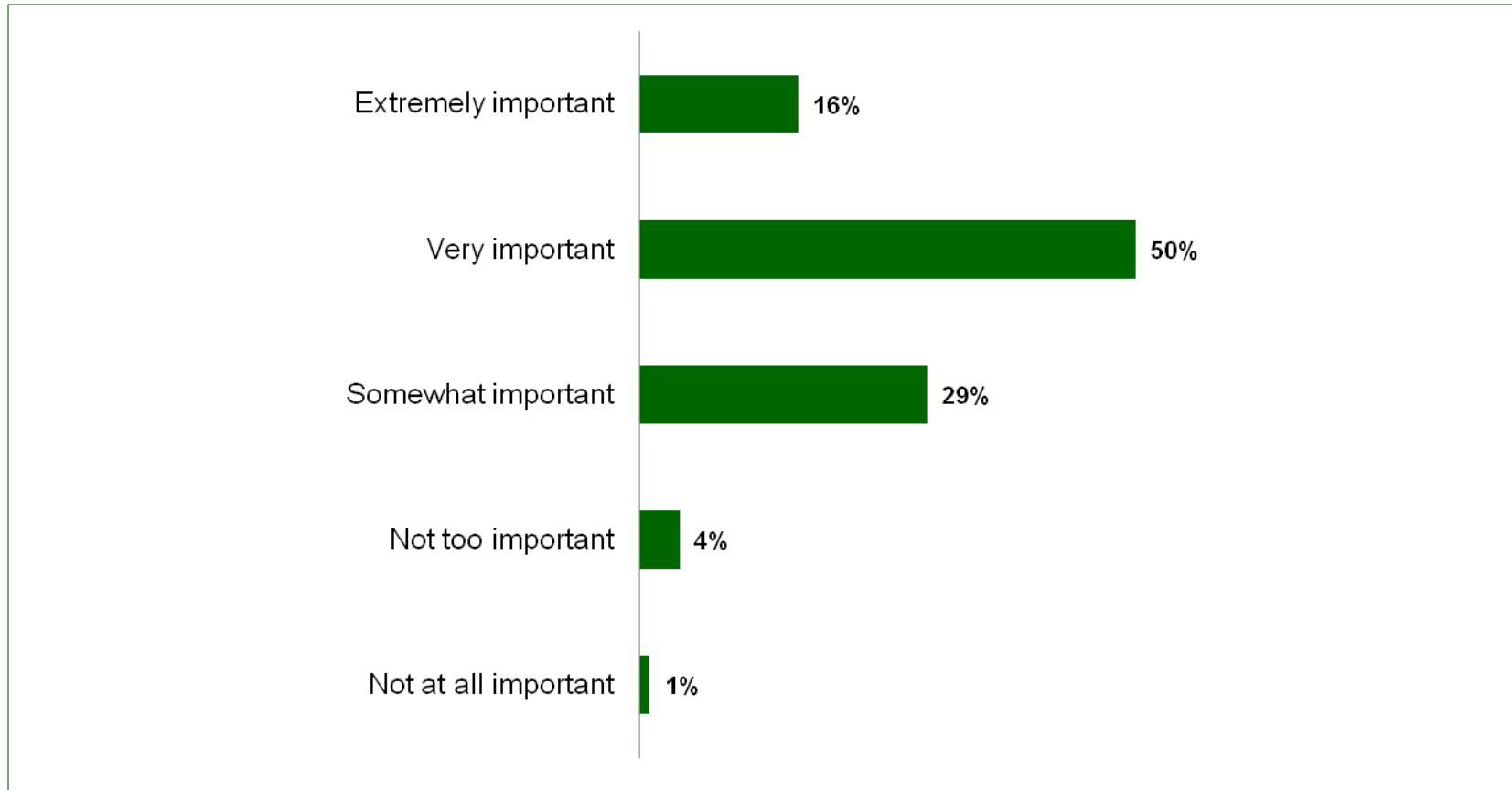
(Endowment owners: Life Protectors n=392; Life Investors n=528; Uninterested n=317)



Two-thirds of Chinese consumers feel it is very or extremely important to protect one's family with death benefit life insurance.

Overall, how important do you think it is for a family to purchase death benefit life insurance to protect loved ones in the event of the insured's death?

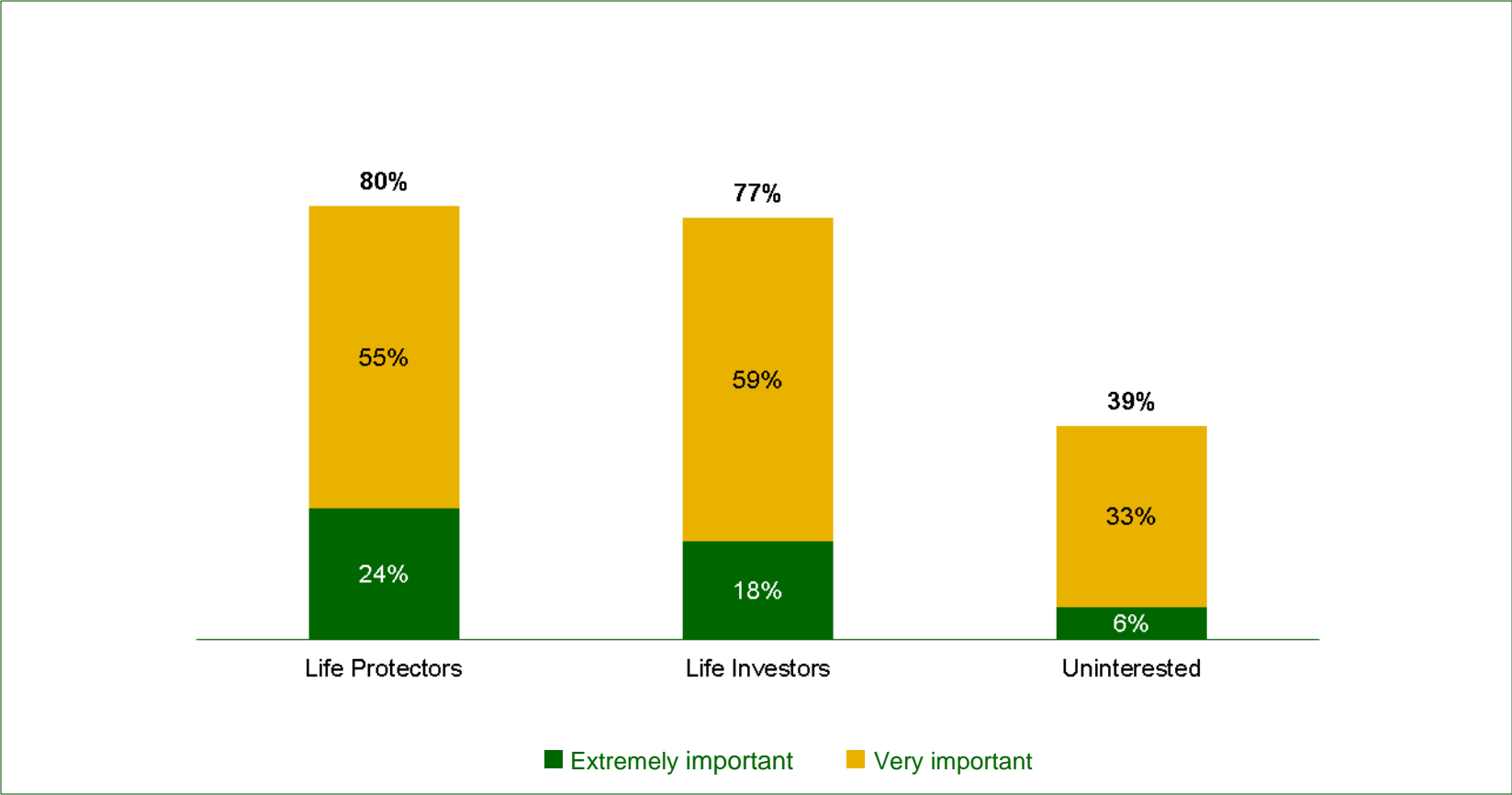
(Total n=1,989)



Life Protectors express stronger views on the importance of death benefit life insurance for protection than do Life Investors.

Overall, how important do you think it is for a family to purchase death benefit life insurance to protect loved ones in the event of the insured's death?

(Life Protectors n=519; Life Investors n=822; Uninterested n=648)

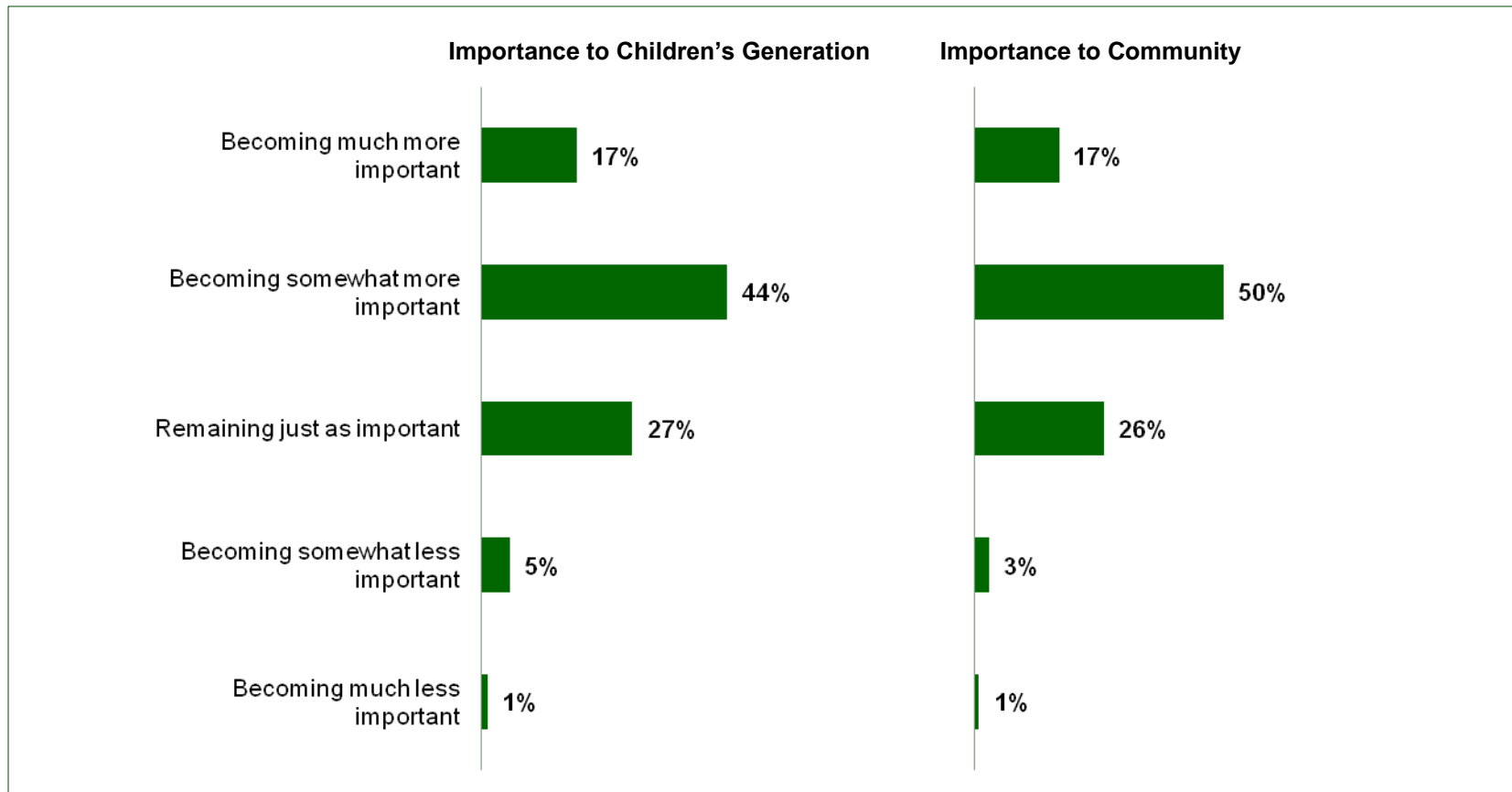


Most feel that death benefits will be more important to the next generation, and that products with death benefits are becoming more important within their communities.

Do you think that purchasing death benefit life insurance coverage will be more or less important for your children to do than it is for you?

Do you think that purchasing death benefit life insurance coverage is becoming more or less important in your community?

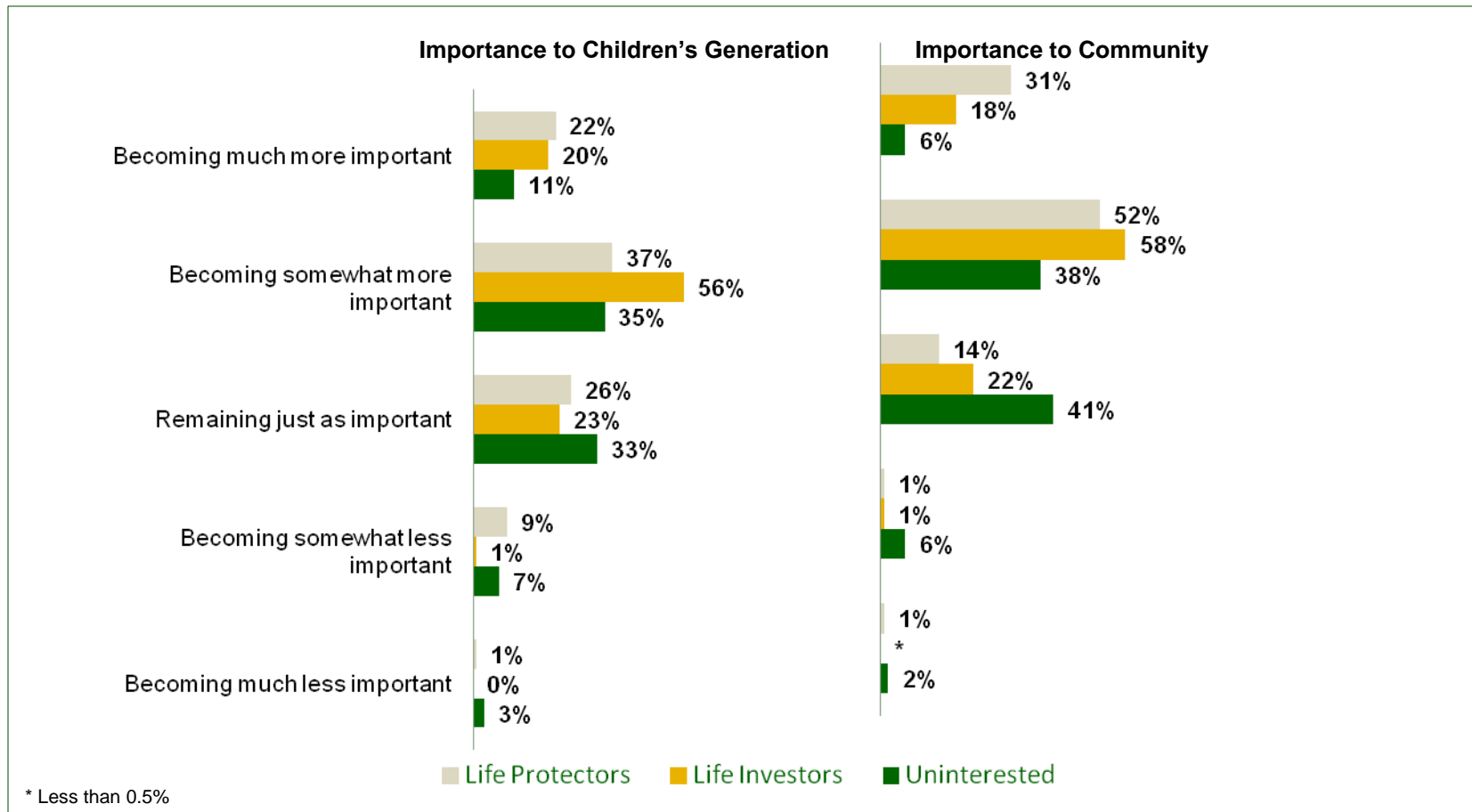
(Total n=1,989)



Life Investors are most likely to identify changes in the role of death benefit life insurance over time.

Do you think that purchasing death benefit life insurance coverage will be more or less important for your children to do than it is for you?
Do you think that purchasing death benefit life insurance coverage is becoming more or less important in your community?

(Life Protectors n=519; Life Investors n=822; Uninterested n=648)

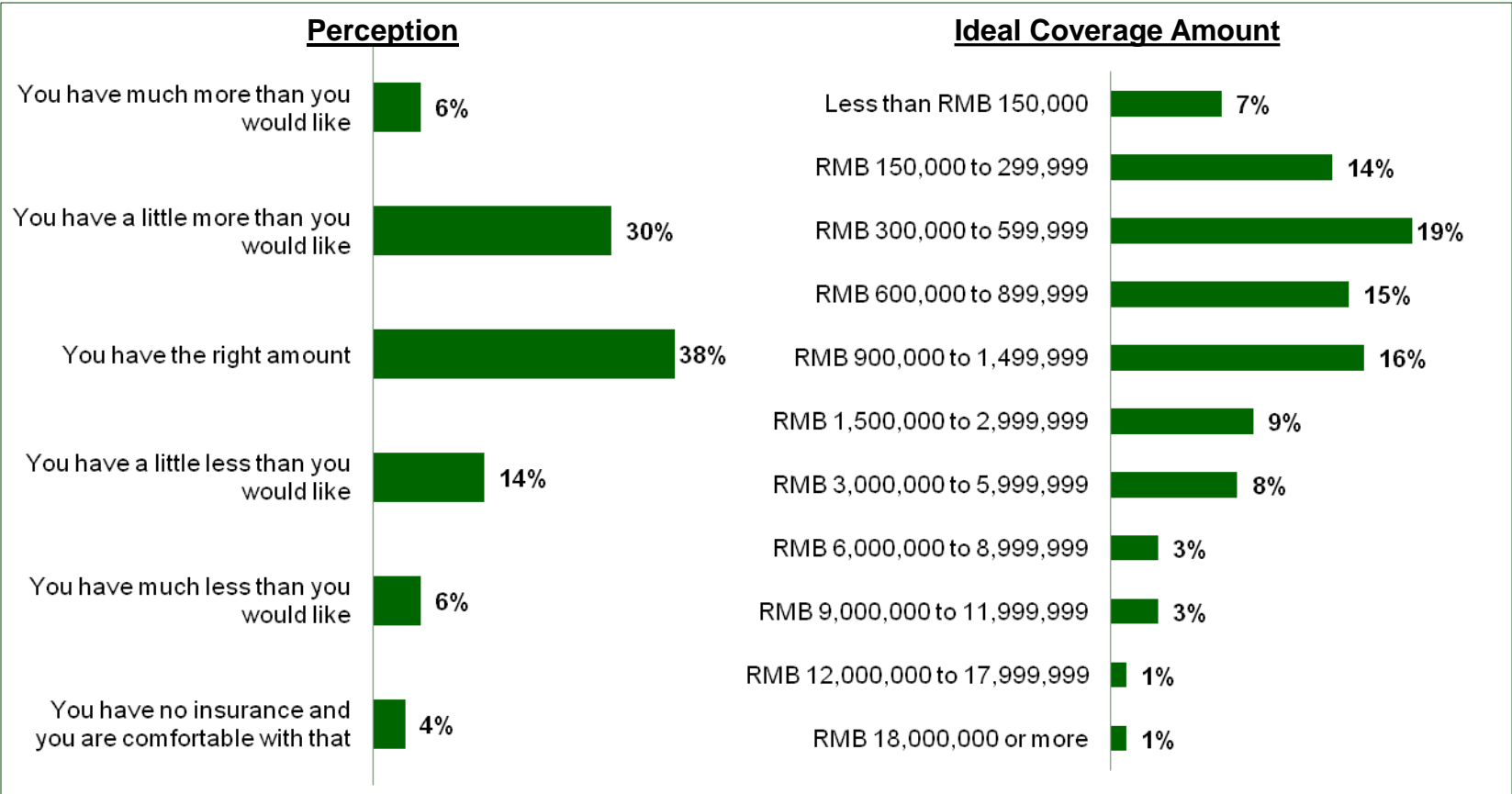


Almost three-quarters of Chinese consumers feel that they have enough life insurance.

Which of the following best describes how you feel about the total amount of death benefit life insurance coverage your household currently has?

Ideally, about how much death benefit life insurance do you feel you should have combined on both your life and that of your spouse?

(Total n=1,989)



Despite reporting having enough, a large majority say they will likely purchase more.

How likely are you to purchase more death benefit life insurance coverage in the near future?

(Would like more coverage n=391)

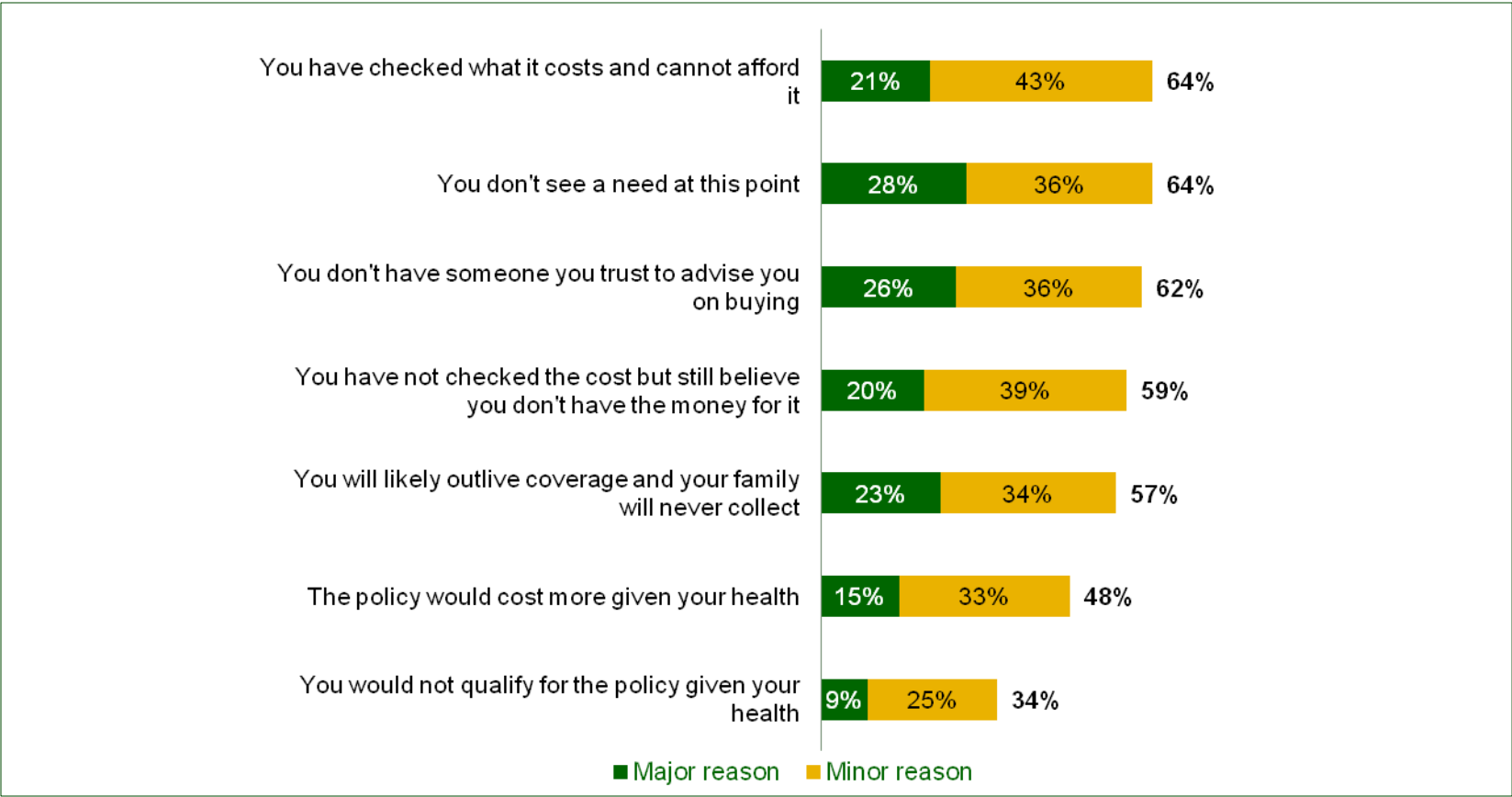
Ideally, about how much coverage will you be likely to purchase?

(Likely to purchase more coverage n=333)



Lack of need and cost of additional coverage are top reasons that Chinese consumers do not purchase more life insurance.

To what extent are the following reasons why you might not buy death benefit life insurance in the near future?
(Unlikely to purchase more coverage n=302)



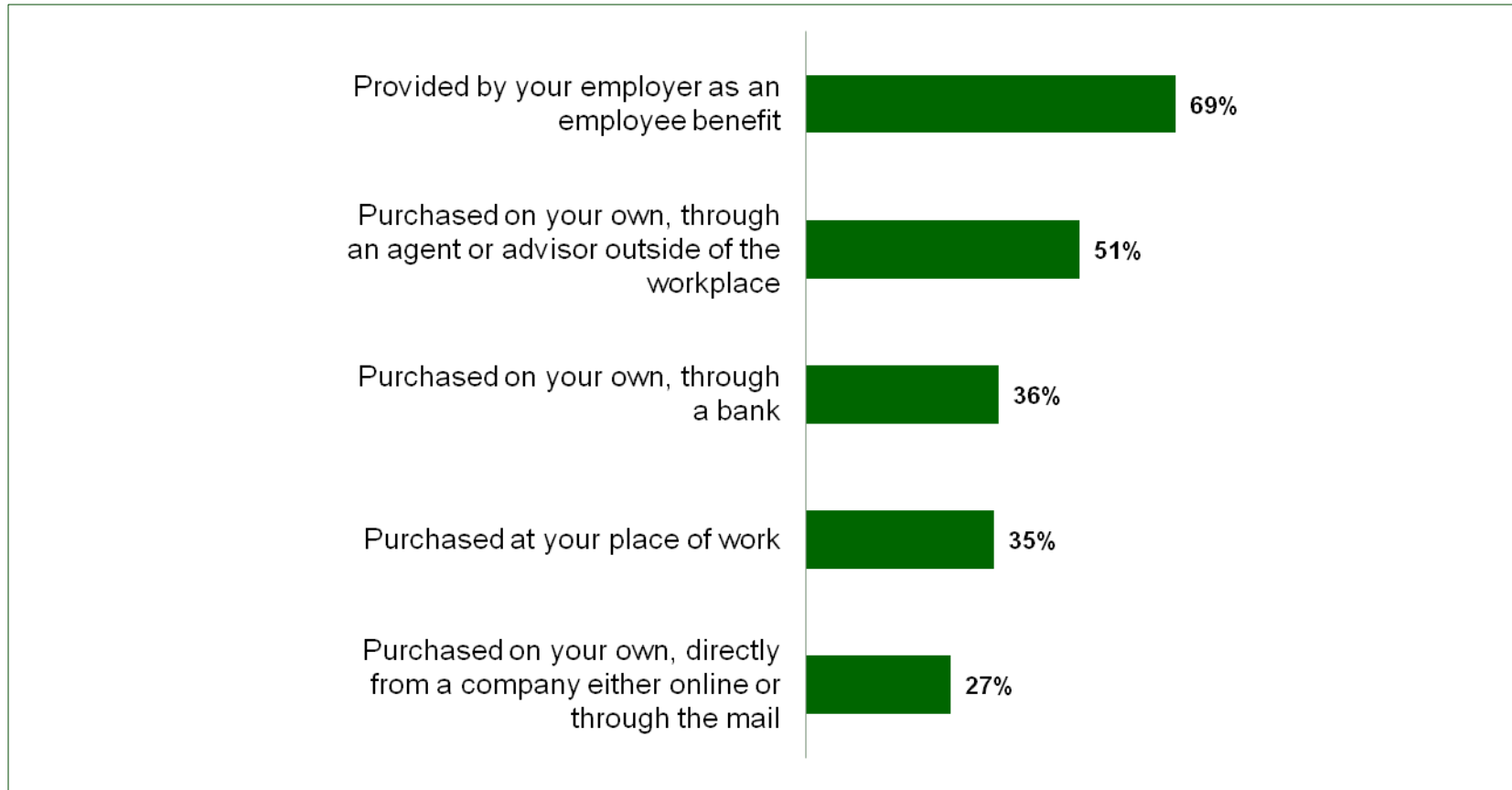
LIFE INSURANCE OWNERSHIP

While most consumers have coverage through an employer, half report purchasing life insurance through an agent or advisor.

Are either you or your spouse covered by one or more life insurance policies that were...?

% Saying "Yes"

(Total n=1,989)



Life Investors are most likely to have coverage through work or purchased on their own through a bank, while Life Protectors are most likely to purchase through an agent.

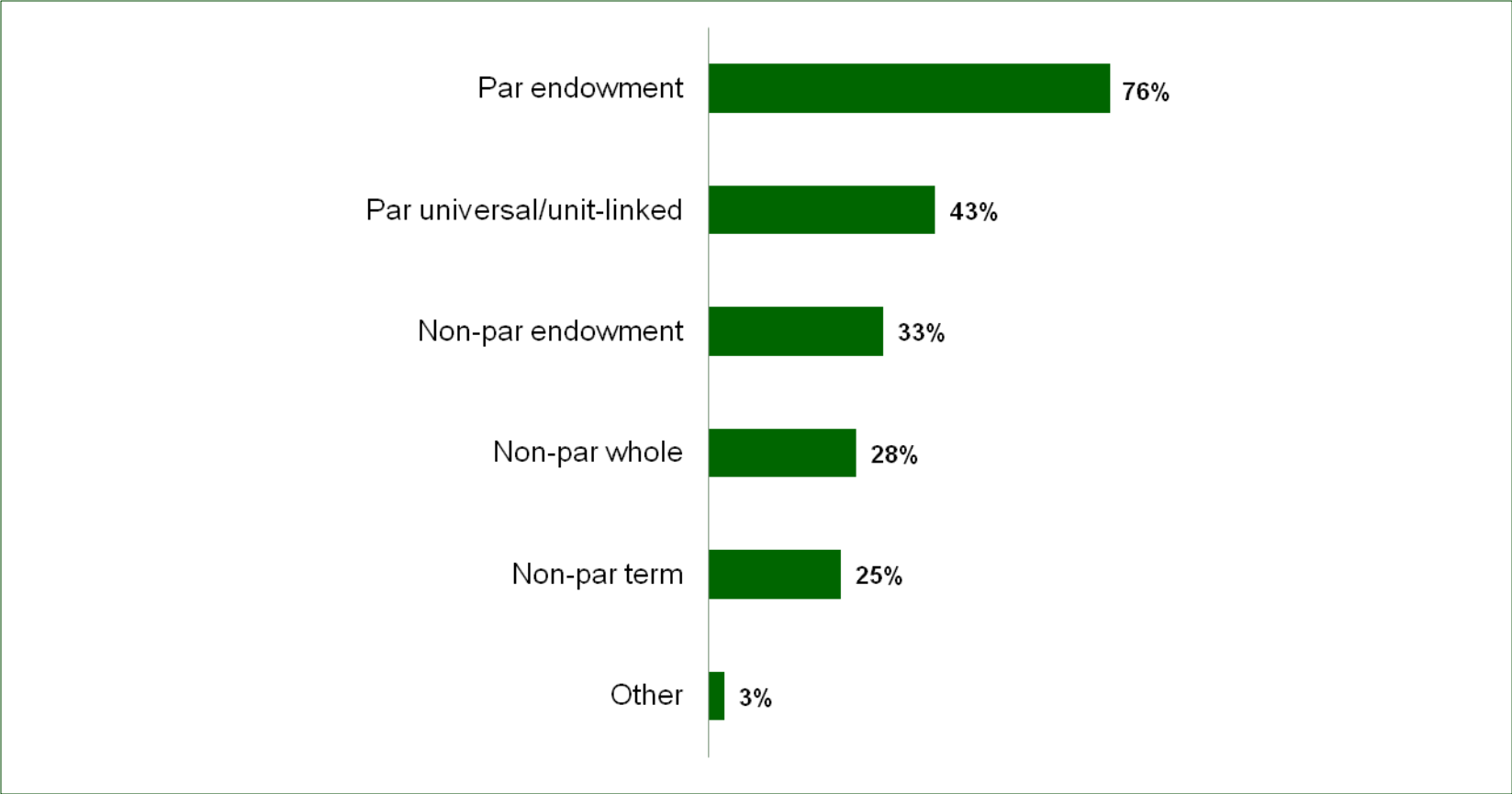
Are either you or your spouse covered by one or more life insurance policies that were...

(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



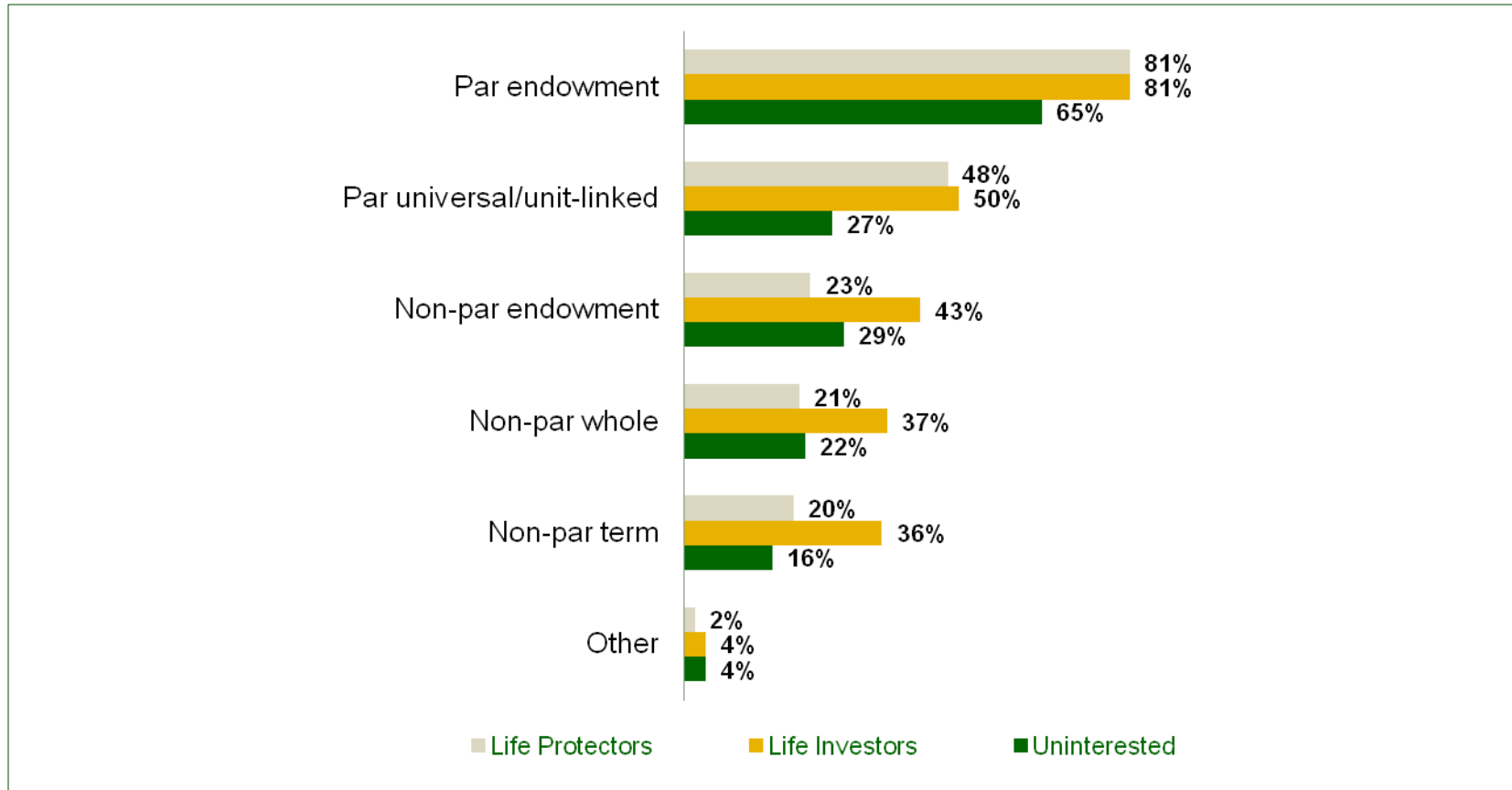
Par endowments are the most commonly-held products among consumers with individual life policies.

What type(s) of life insurance do you and your spouse have that you purchased on your own?
(Individual life insurance owners n=1,437)



While Life Protectors and Life Investors show similar ownership patterns for participating life products, non-par products are most popular among Life Investors.

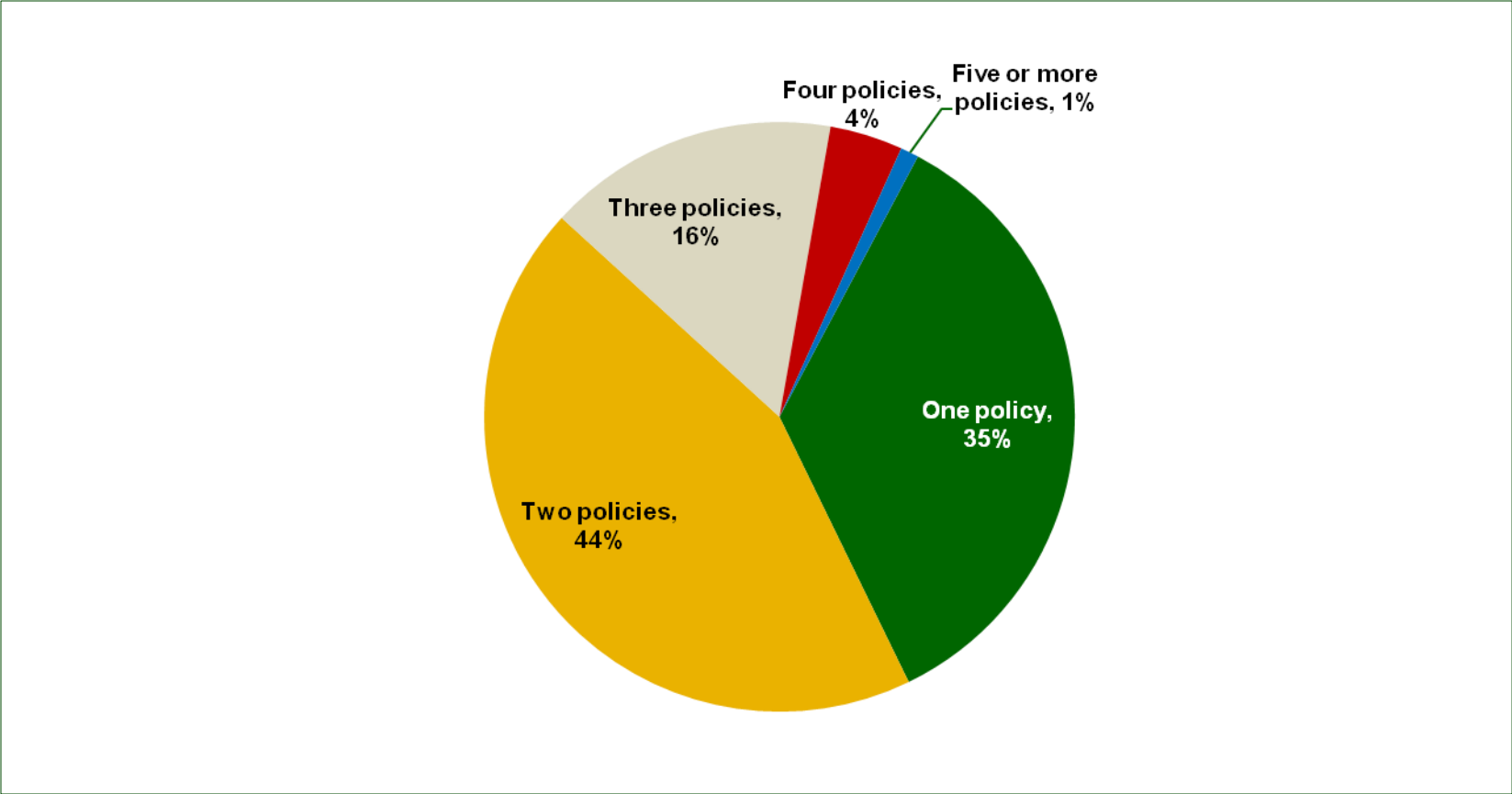
What type(s) of life insurance do you and your spouse have that you purchased on your own?
(Individual life insurance owners: Life Protectors n=448; Life Investors n=585; Uninterested n=404)



A majority of all life insurance endowment owners hold more than one policy.

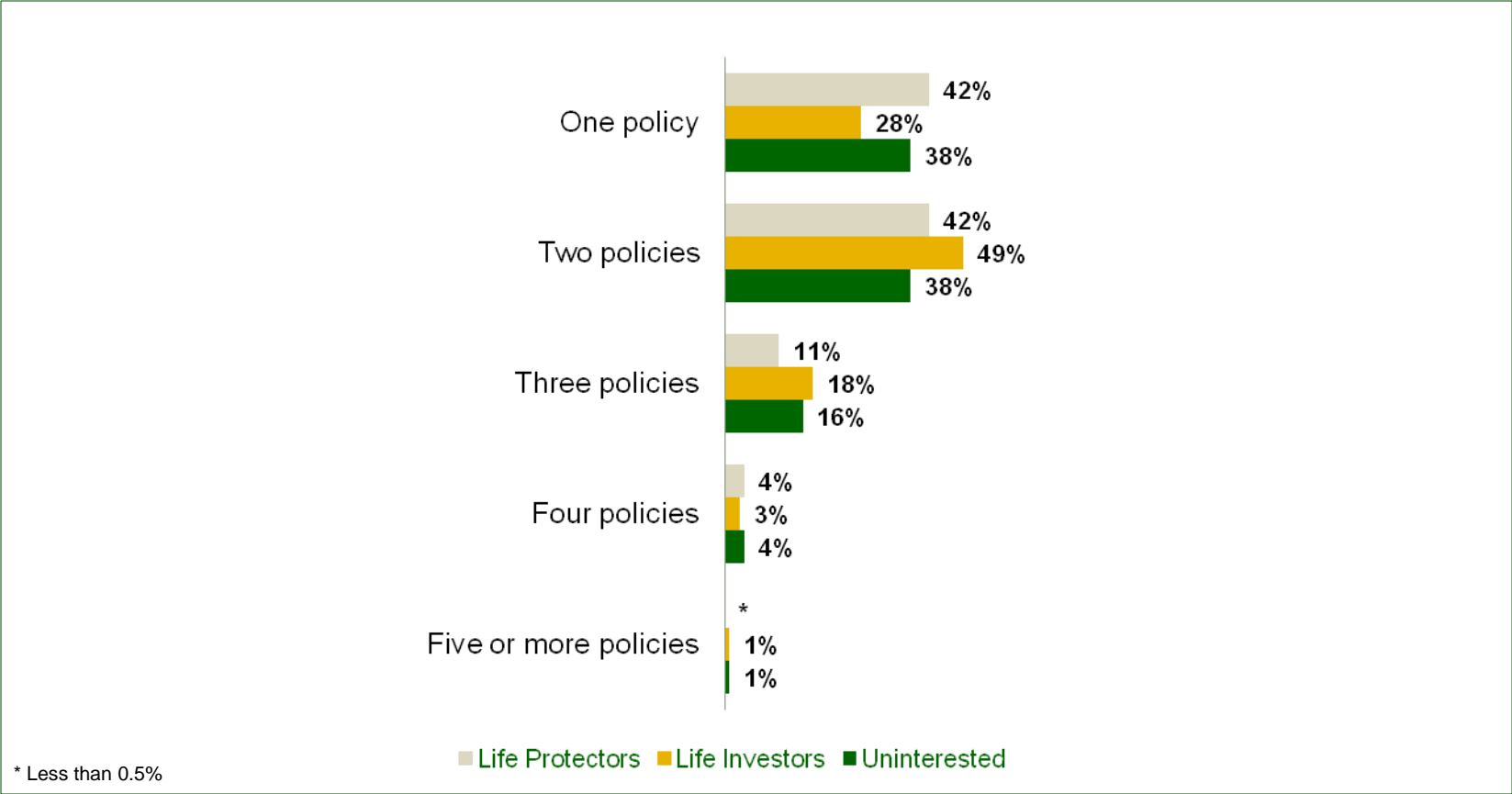
How many life insurance endowment policies do you currently own?

(Endowment owners n=1,237)



Life Investors are most likely to hold more than one endowment policy.

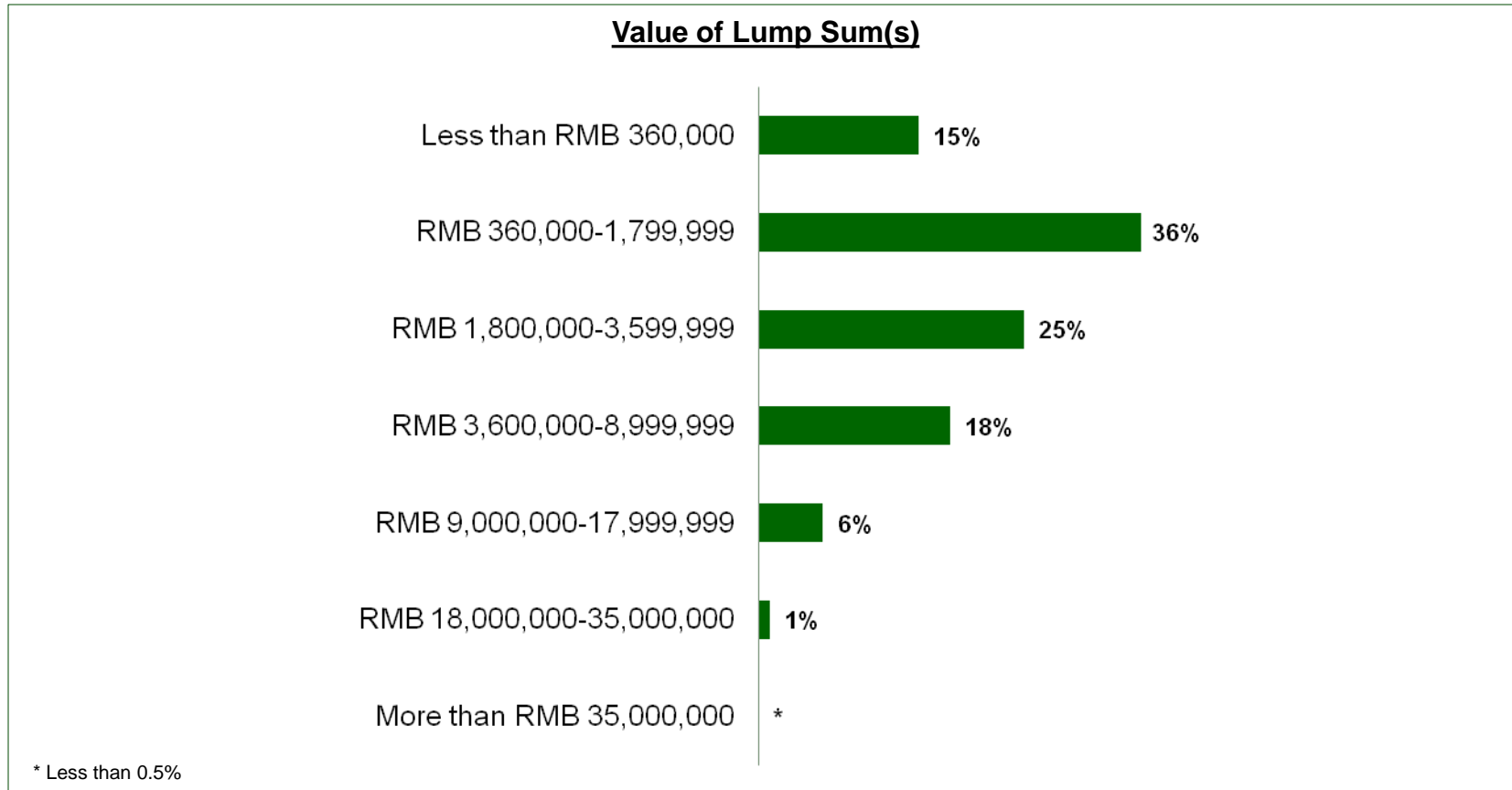
How many life insurance endowment policies do you own?
(Endowment owners: Life Protectors n=392; Life Investors n=528; Uninterested n=317)



Three in four endowment owners expect a lump sum payment under RMB 3,600,000. A majority says they will put that money toward another life insurance policy – either another endowment or a death benefit policy.

What is the financial value of the lump sum(s) you can expect from the life insurance endowment policies you currently own?

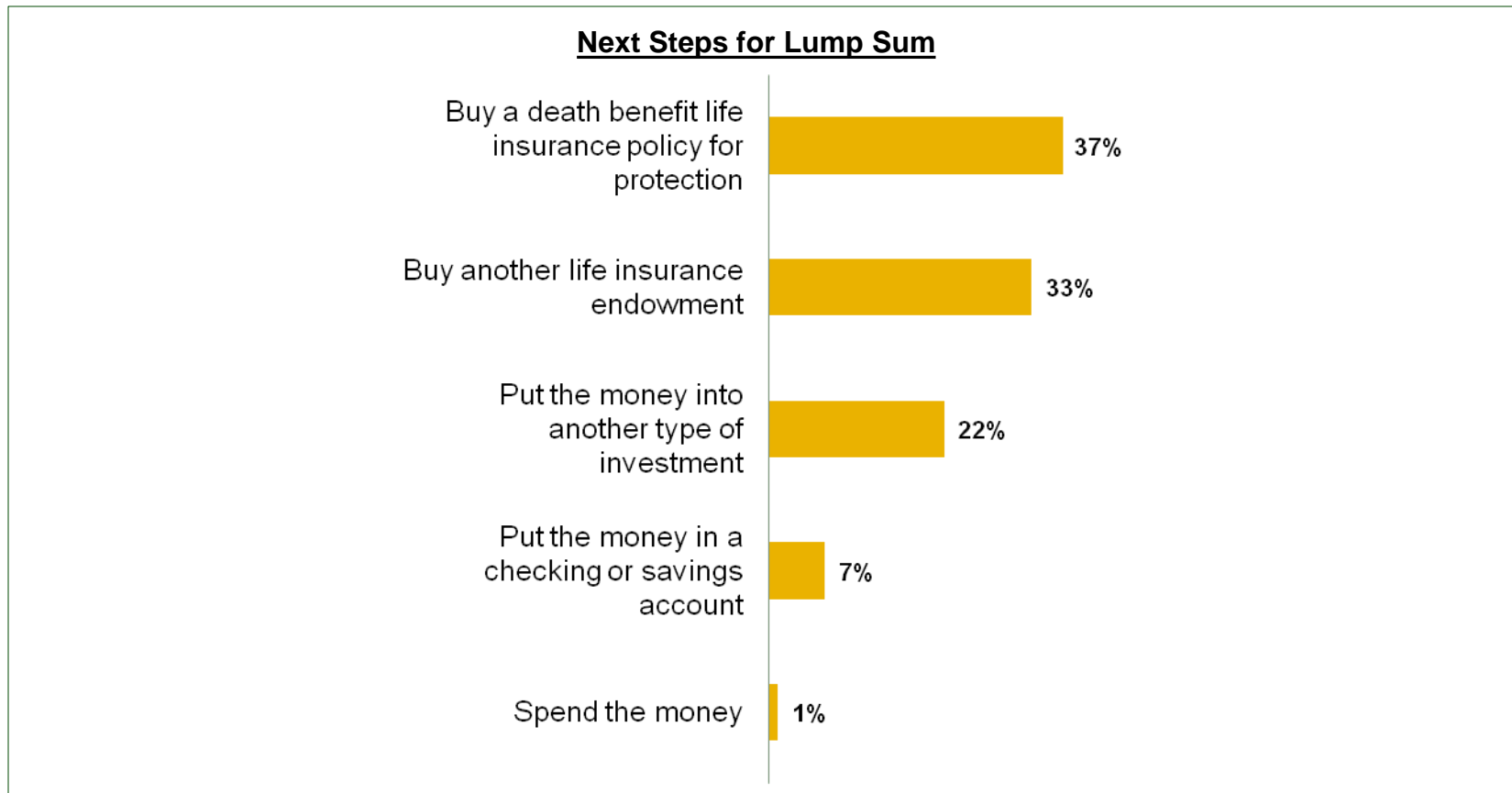
(Endowment owners n=1,237)



Most endowment life insurance owners will purchase another life insurance policy when their current policy endows.

When you receive the lump sum payment, what are you most likely going to do with it?

(Endowment owners n=1,237)



Life Investors anticipate the largest lump sums, totaling RMB 3,600,000 or more. Few indicate that they intend to spend that money or convert it to savings.

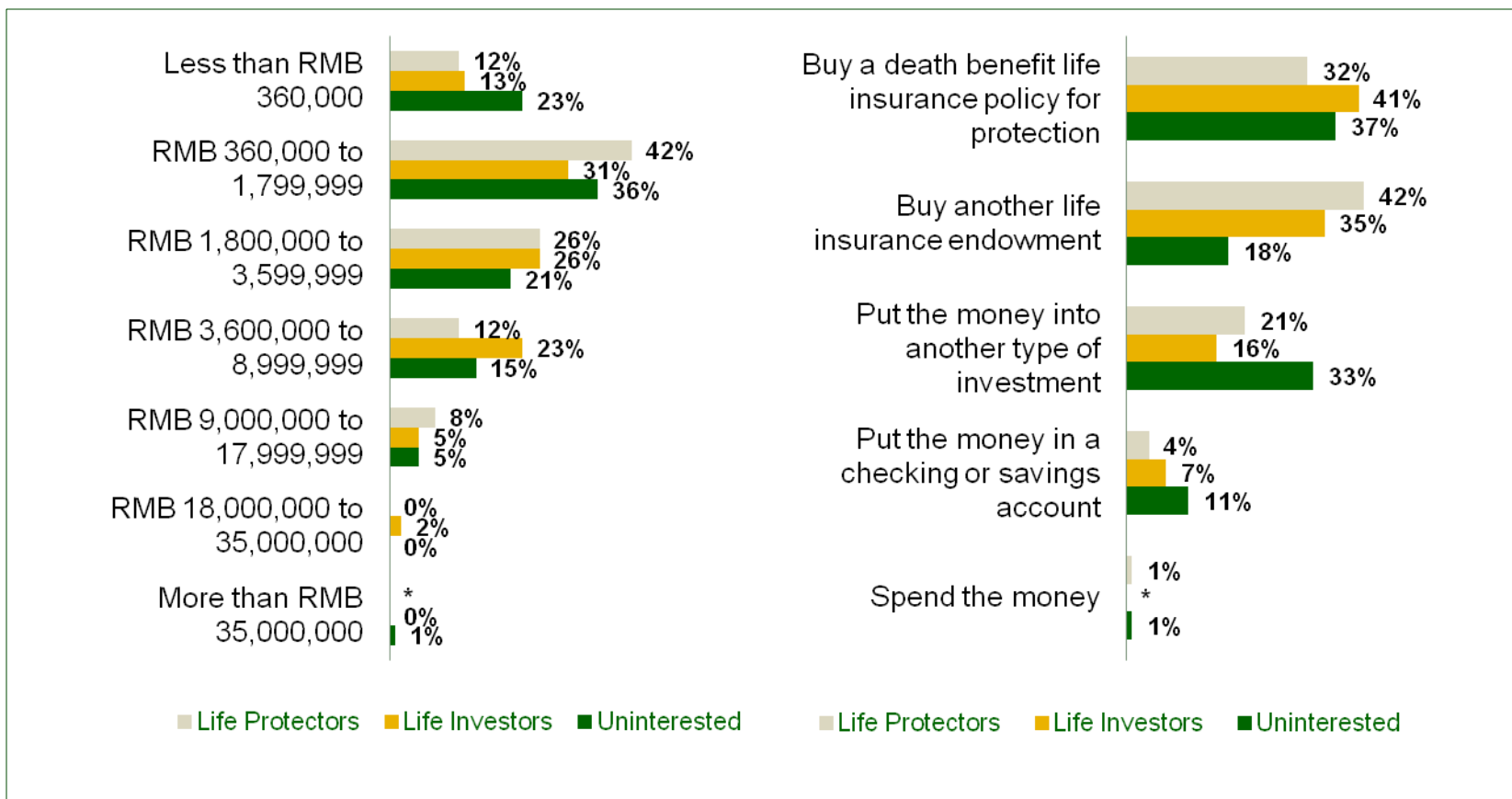
What is the financial value of the lump sum(s) you can expect from the life insurance endowment policies you currently own?

When you receive the lump sum payment, what are you most likely going to do with it?

(Endowment owners: Life Protectors n=392; Life Investors n=528; Uninterested n=317)

Value of Lump Sum(s)

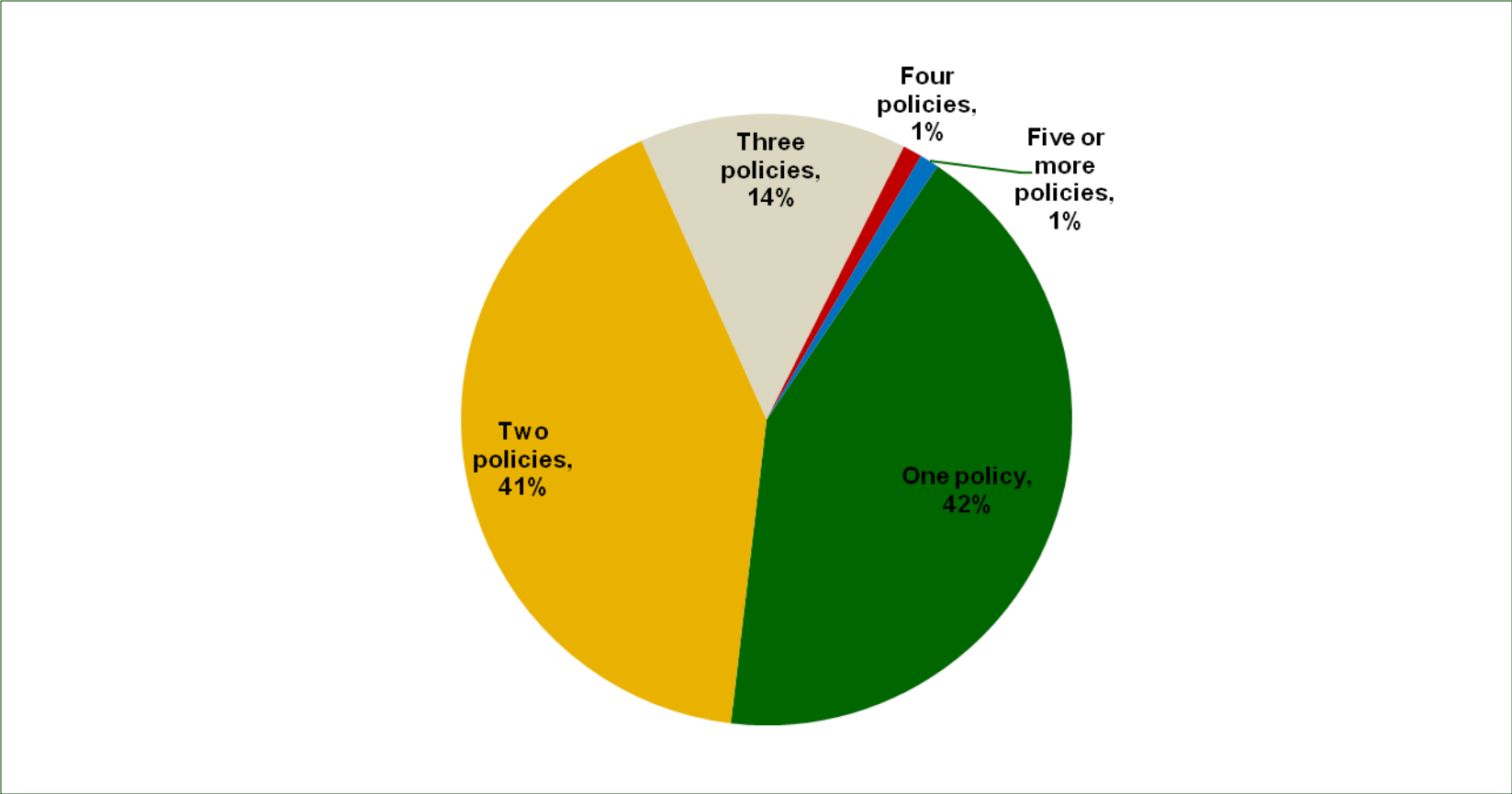
Next Steps for Lump Sum



Most death benefit life insurance owners have either one or two policies.

How many life insurance policies do you currently own other than life insurance endowment policies?

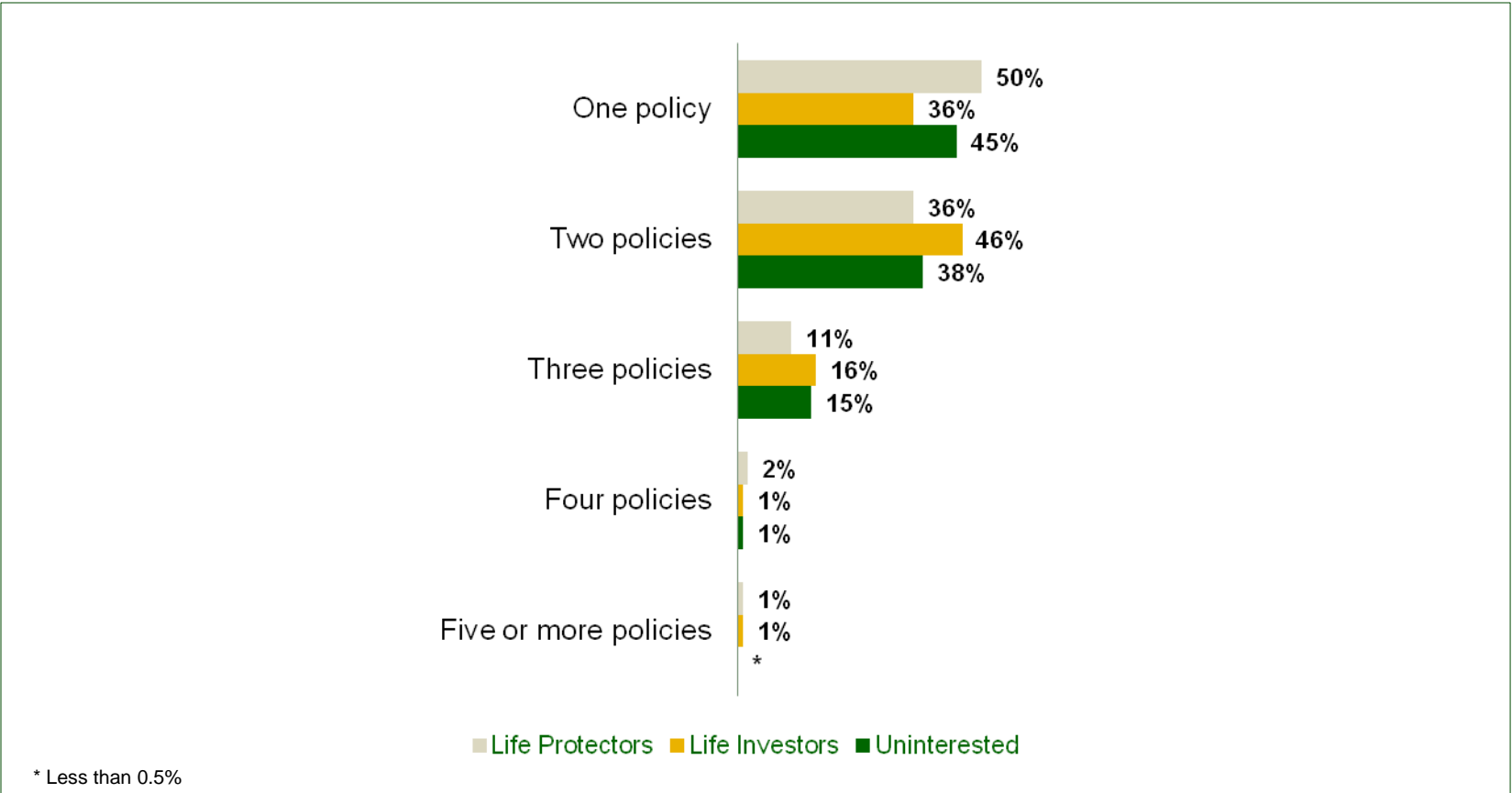
(Death benefit policy owners n=933)



The Life Protectors group is most likely to own only one life insurance policy with death benefit coverage.

How many life insurance policies do you currently own other than life insurance endowment policies?

(Endowment owners: Life Protectors n=298; Life Investors n=433; Uninterested n=202)

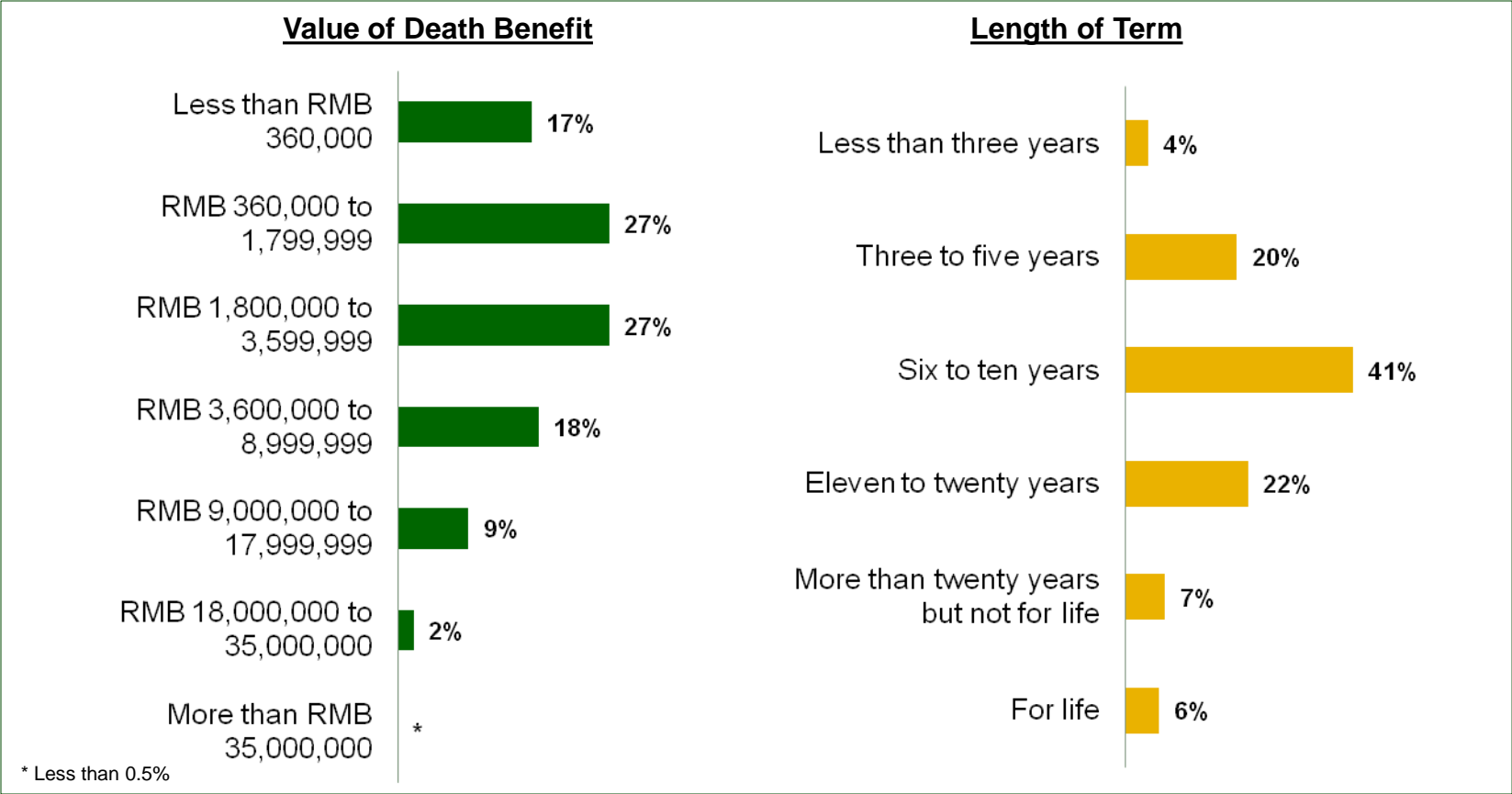


A majority of death benefits are valued between RMB 360,000 and 3,600,000, and many policies last between six and ten years. Lifetime coverage is uncommon.

What is the financial value of the death benefit you can expect from the death benefit life insurance contract(s) you currently own?

For how many years can you keep the policy as long as you pay the premium?

(Death benefit owners n=925/933)

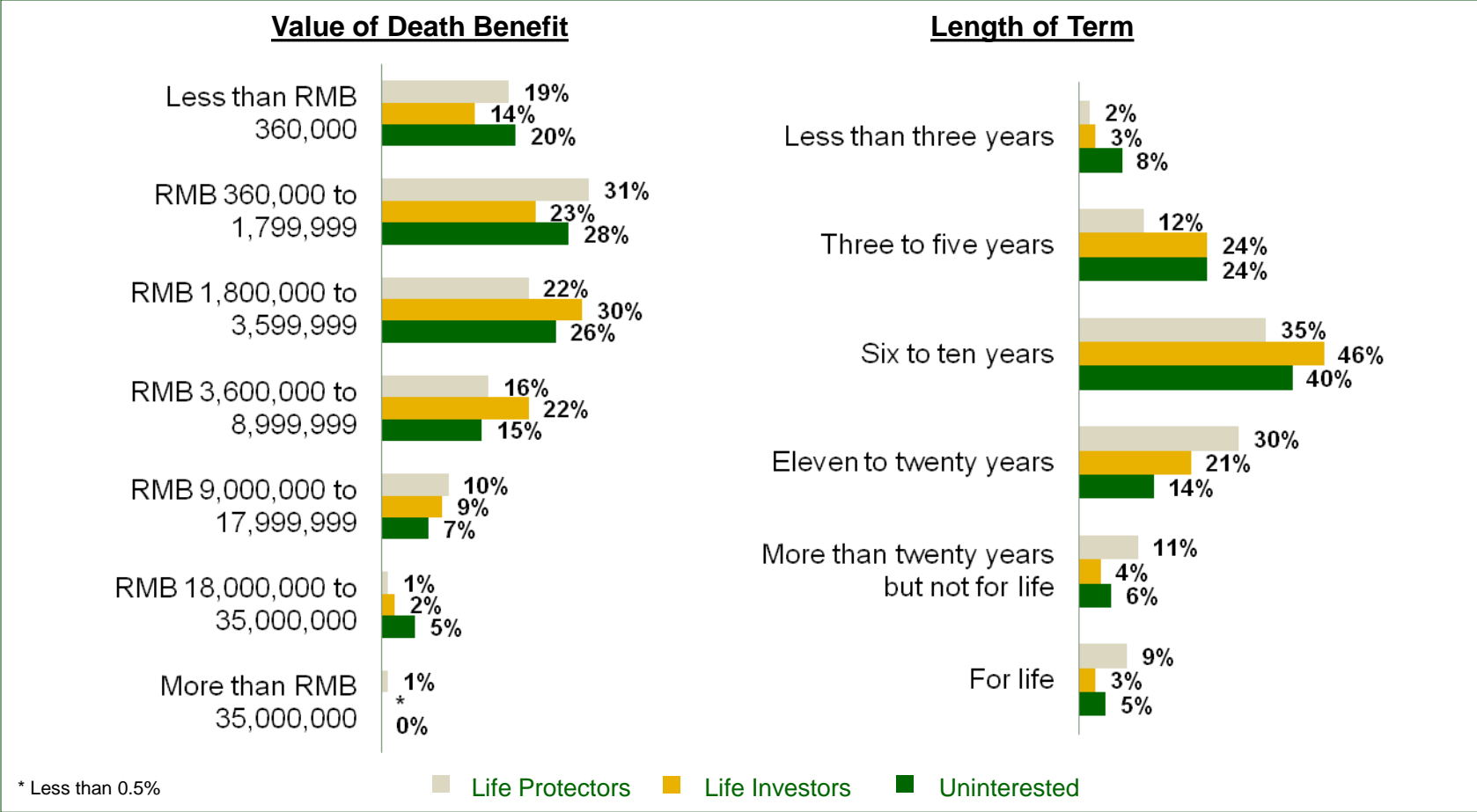


Life Investors often hold policies with slightly higher death benefits, but their terms are generally shorter than those of Life Protectors.

What is the financial value of the death benefit you can expect from the death benefit life insurance contract(s) you currently own?

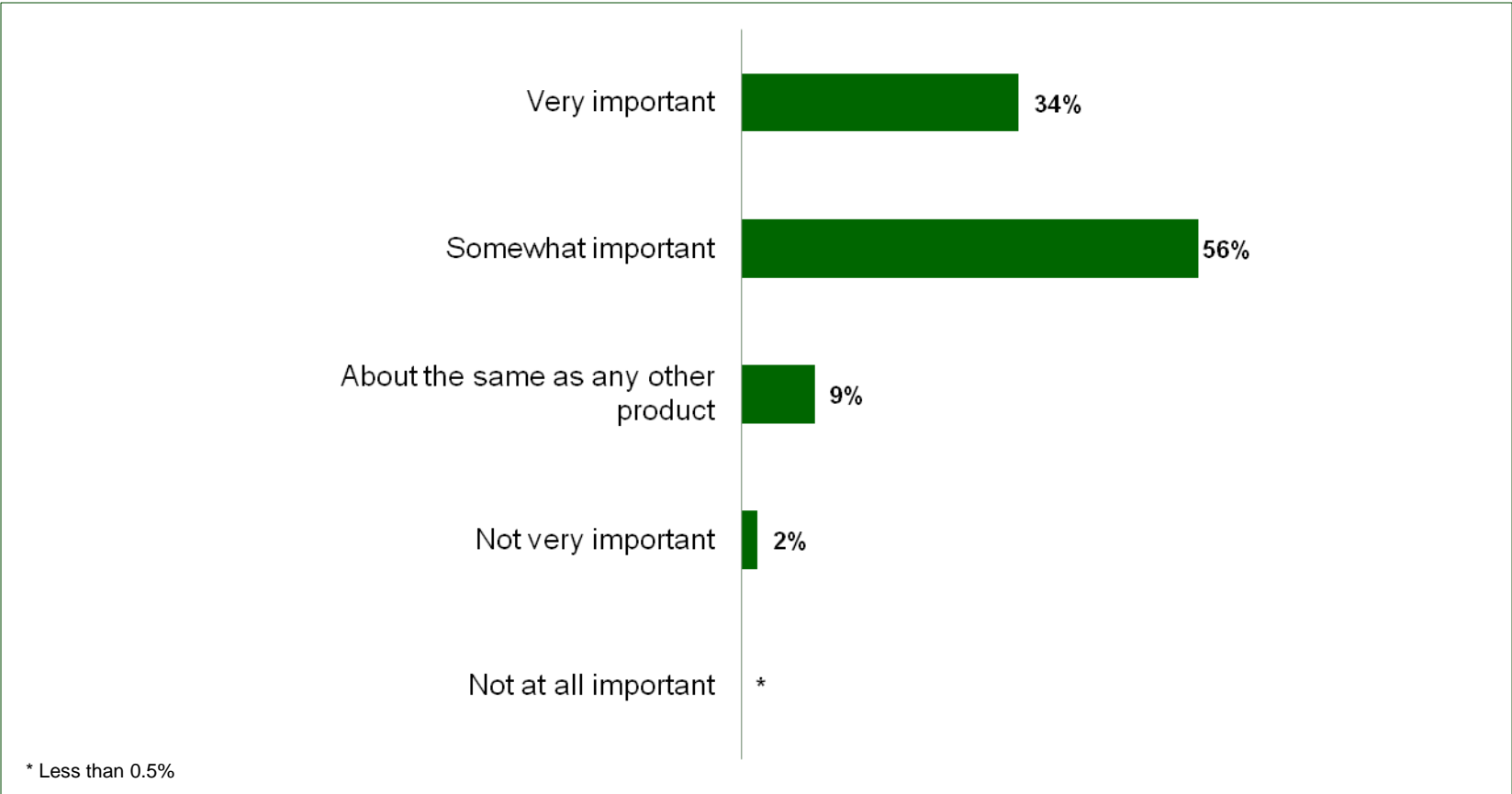
For how many years can you keep the policy as long as you pay the premium?

(Death benefit owners: Life Protectors n=295/298; Life Investors n=432/433; Uninterested n=198/202)



Most consumers feel it is at least somewhat important to own a life insurance policy with a death benefit.

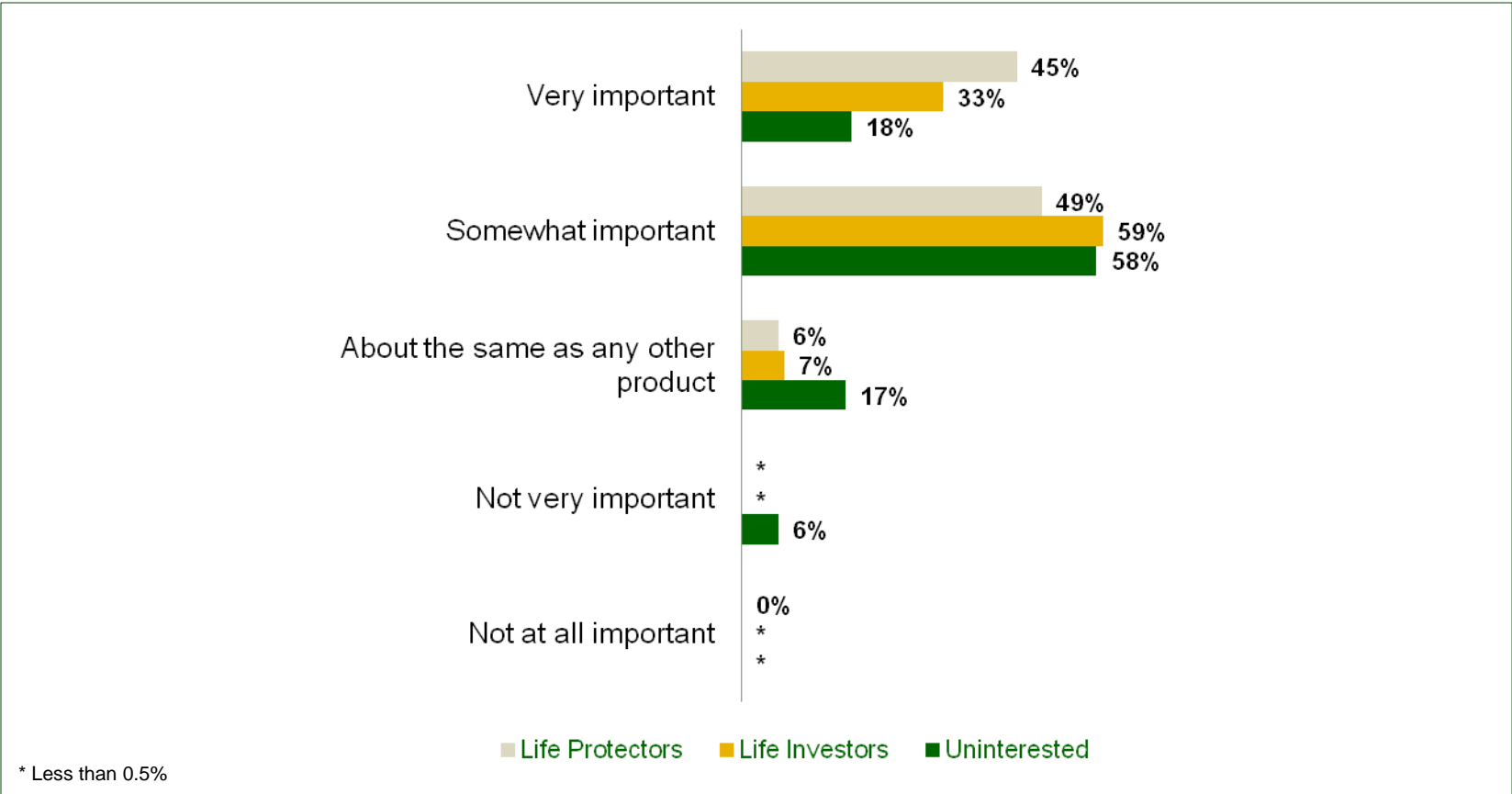
Relative to other financial products available to you, how important is it to have a death benefit life insurance policy?
(Death benefit owners n=933)



Life Protectors feel most strongly about the importance of owning death benefit life insurance.

Relative to other financial products available to you, how important is it to have a death benefit life insurance policy?

(Death benefit owners: Life Protectors n=298; Life Investors n=433; Uninterested n=202)

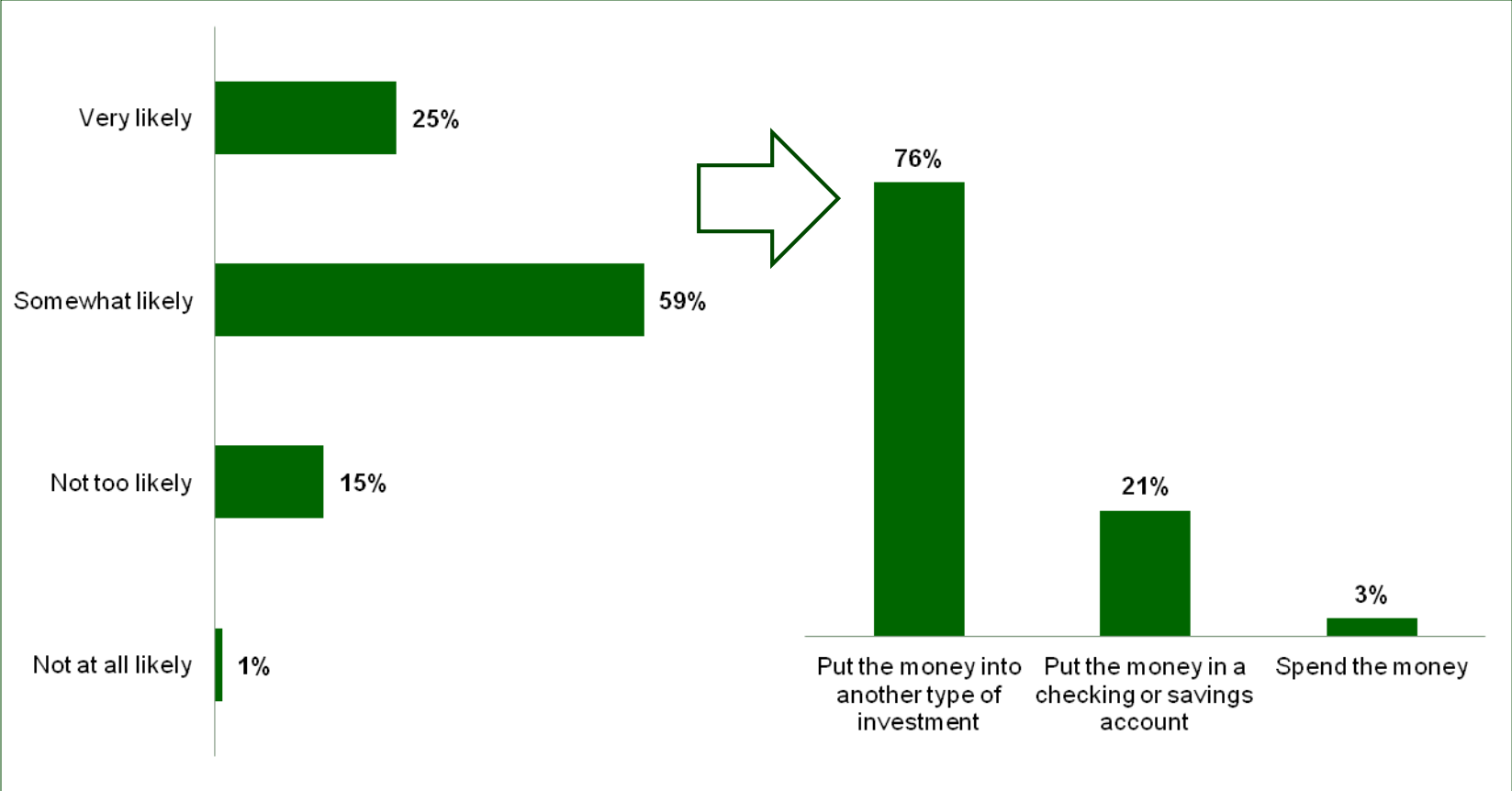


Most whole or universal life insurance owners are at least somewhat likely to use the policy's cash value for other purposes, especially putting it toward another investment.

How likely is it that you will use some of the cash value from a death benefit life insurance policy for other purposes?

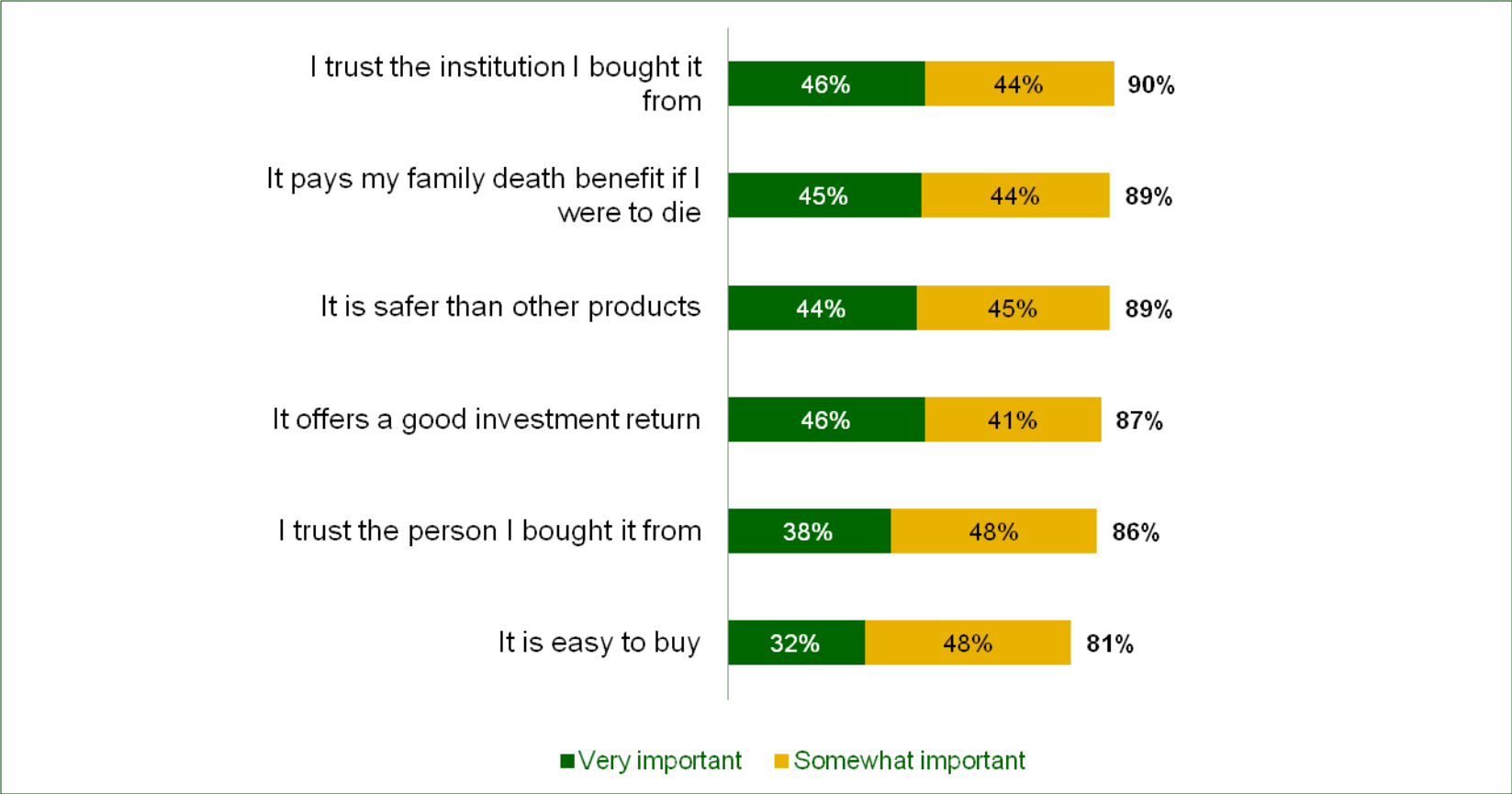
When you take this money, what are you most likely going to do with it?

(Whole or Universal owners n=834; Likely to use money for other purposes n=704)



There are also high levels of agreement with each proposed reason for buying death benefit coverage.

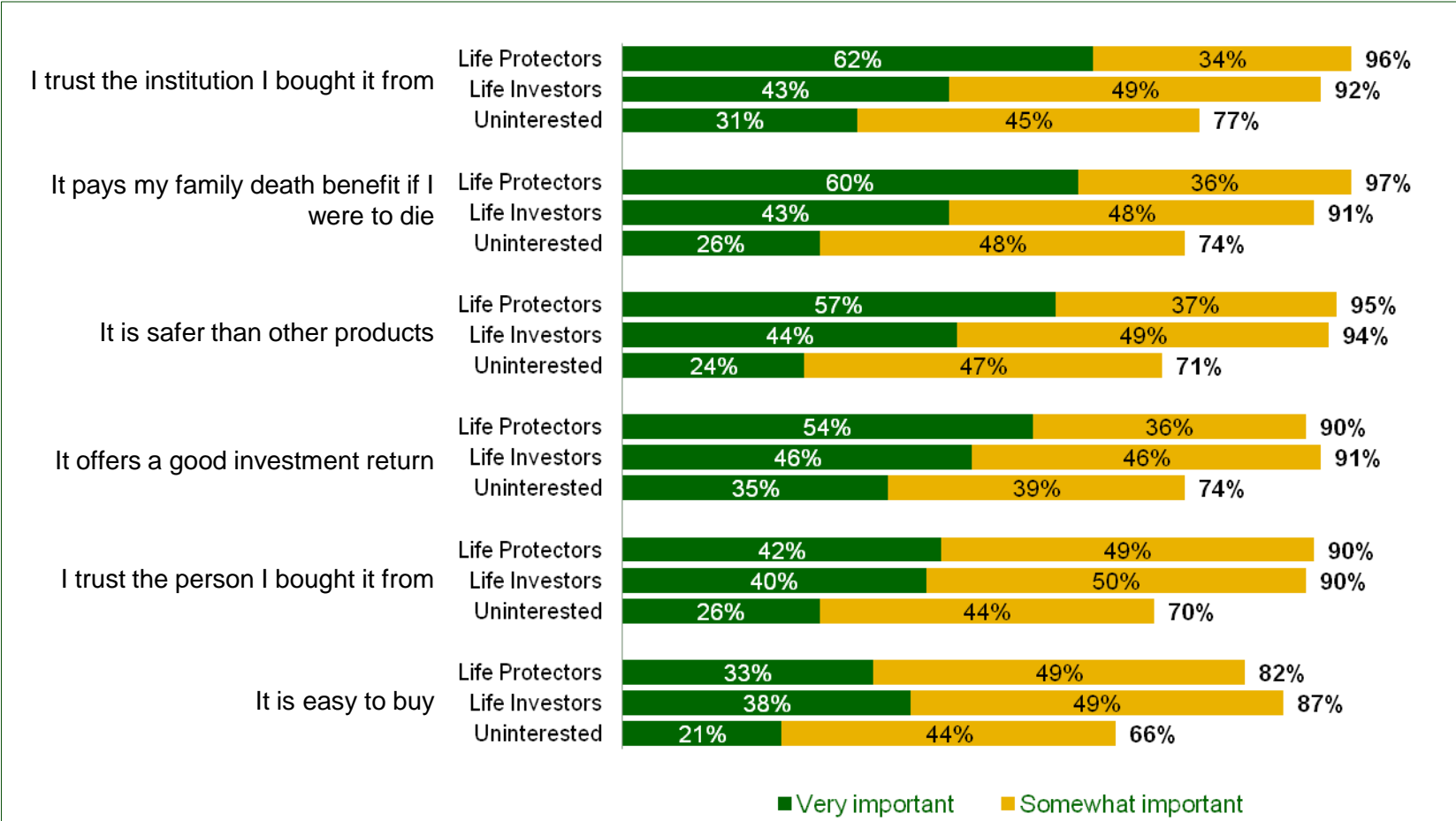
How important is each of the following reasons for you to purchase death benefit life insurance?
(Death benefit owners n=931)



As with endowment insurance, Life Protectors are more apt to find most reasons to buy life insurance more important than do other groups.

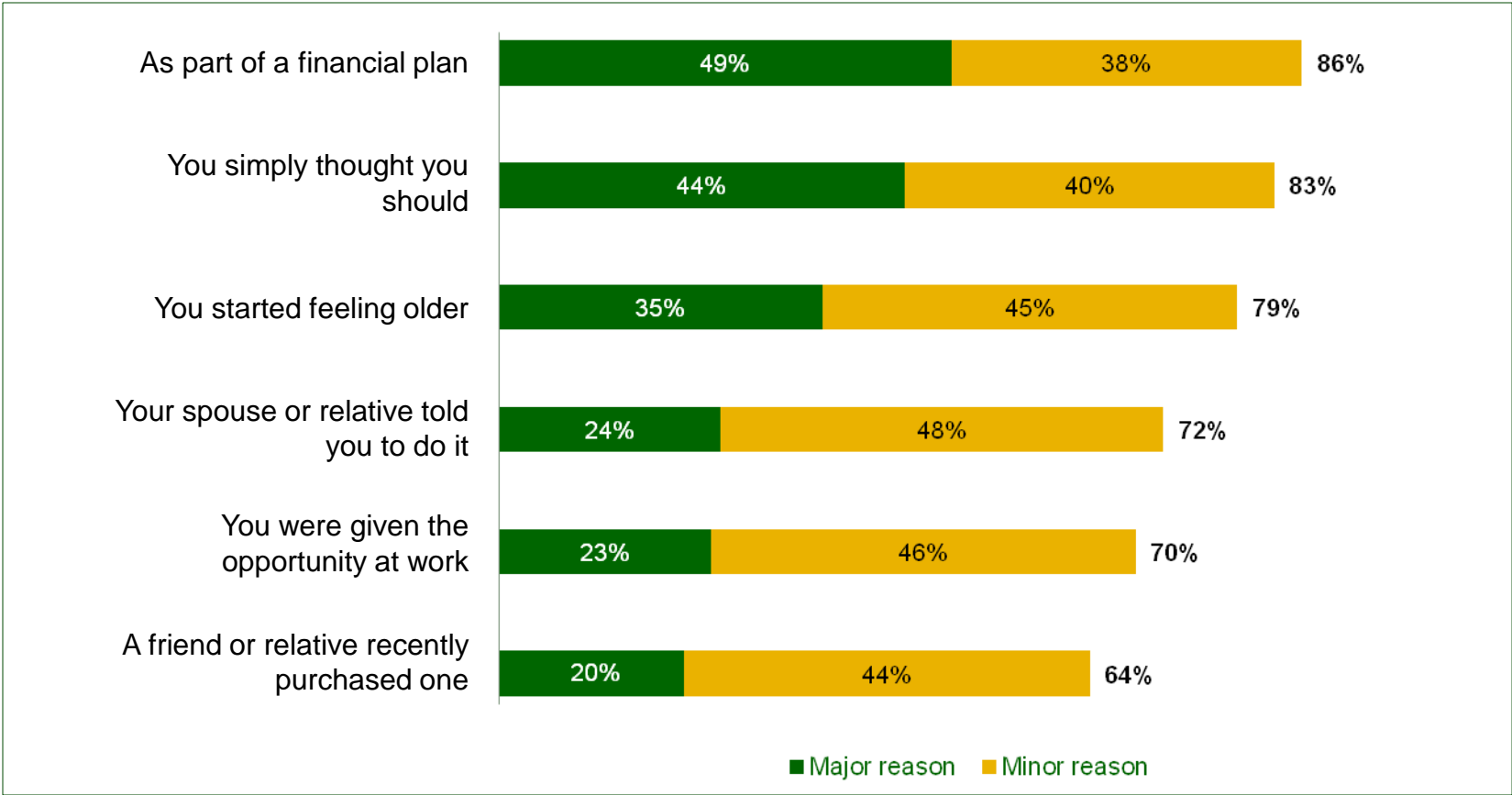
How important is each of the following reasons for you to purchase death benefit life insurance?

(Death benefit owners: Life Protectors n=298; Life Investors n=432; Uninterested n=201)



Chinese consumers are most likely to attribute the purchase of life insurance to being part of a financial plan.

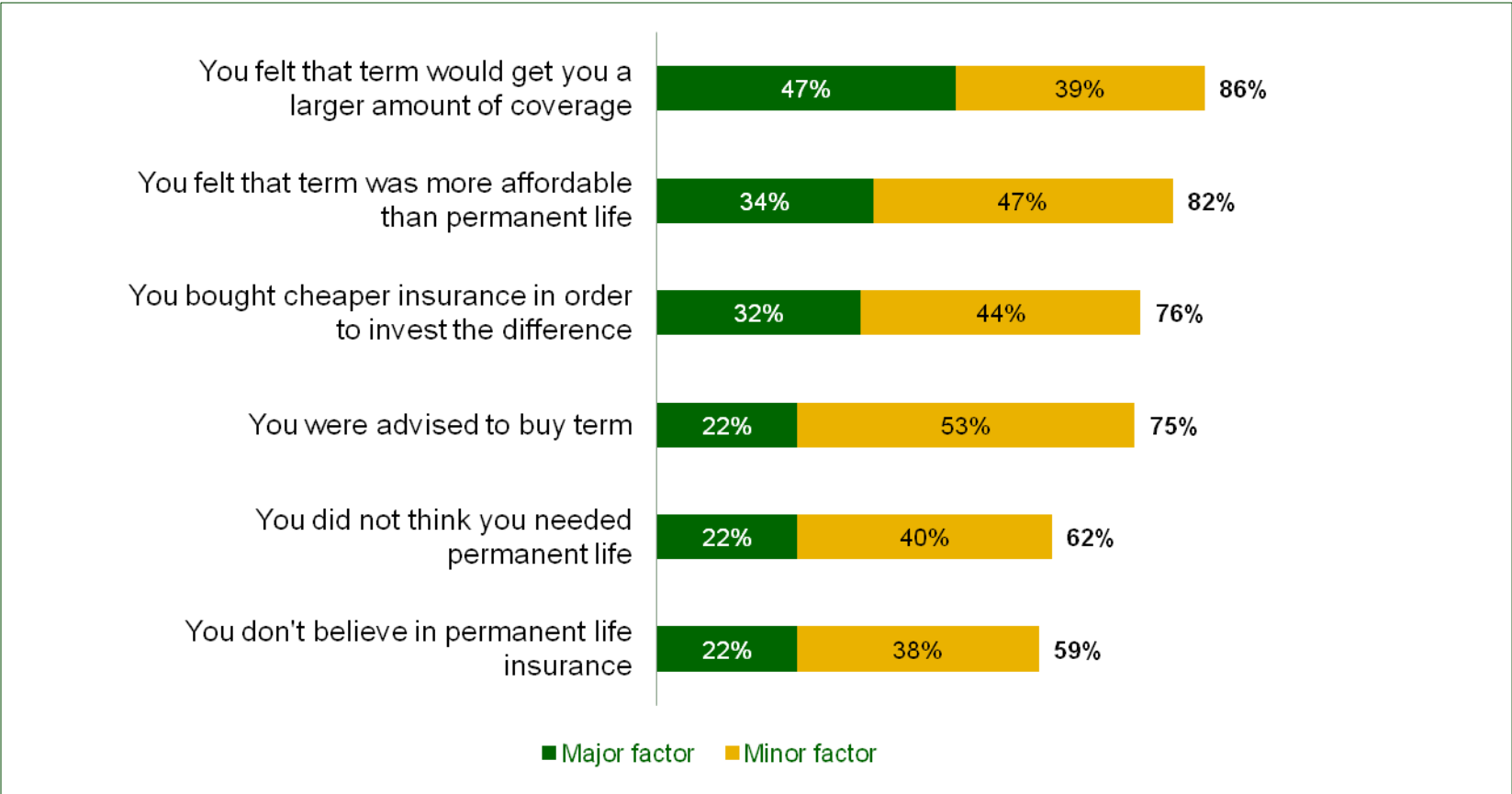
To what extent were each of the following ever reasons that motivated you to purchase death benefit life insurance?
(Death benefit owners n=933)



A belief that term provides more coverage is the biggest driver of the decision to purchase among term life insurance owners.

How big of a factor were each of the following in your decision to purchase term life insurance?

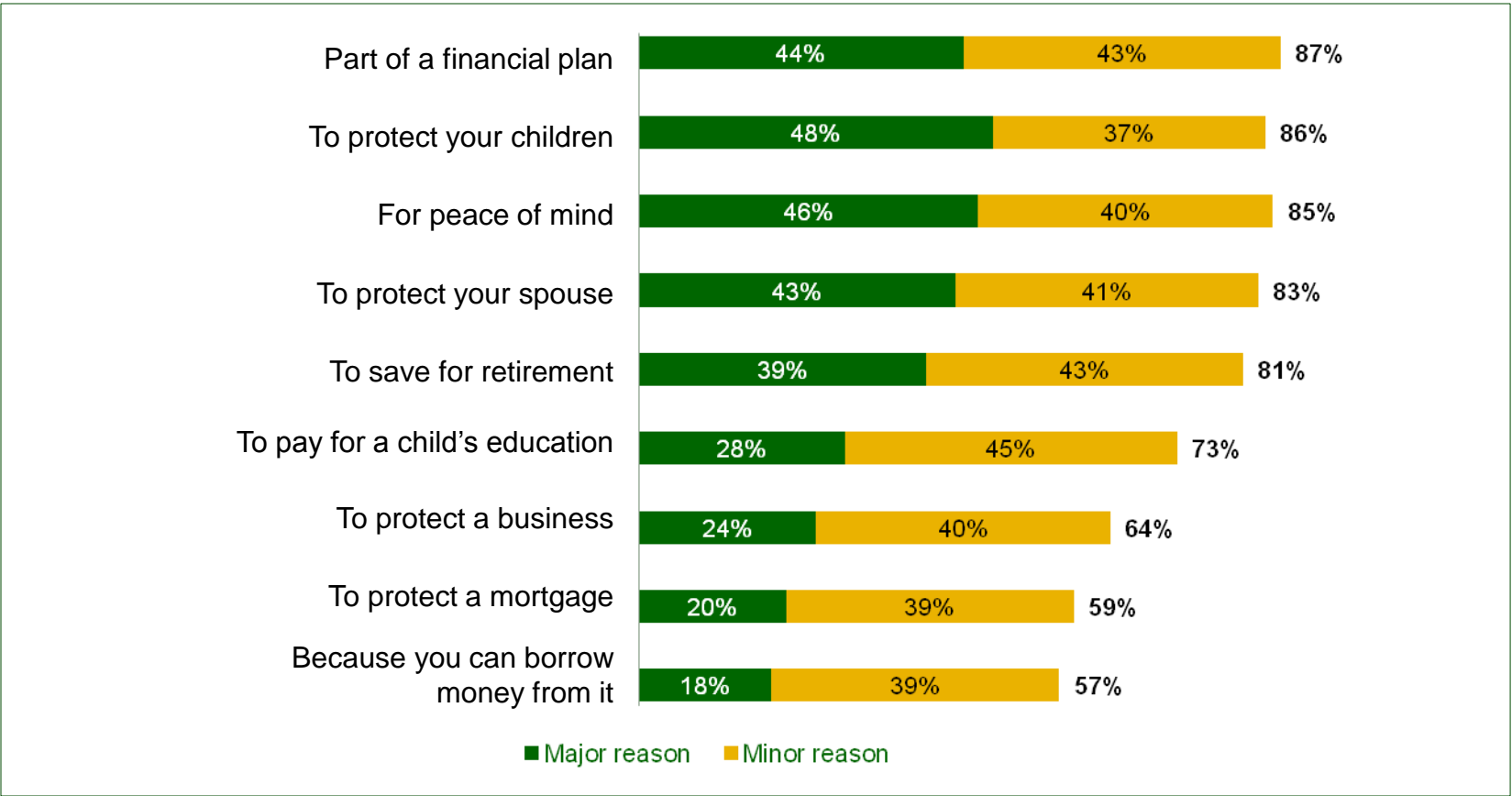
(Term life insurance owners n=366)



Chinese consumers are as likely to attribute their life insurance ownership to a financial plan as they are to protecting loved ones.

To what extent are each of the following reasons why you own life insurance?

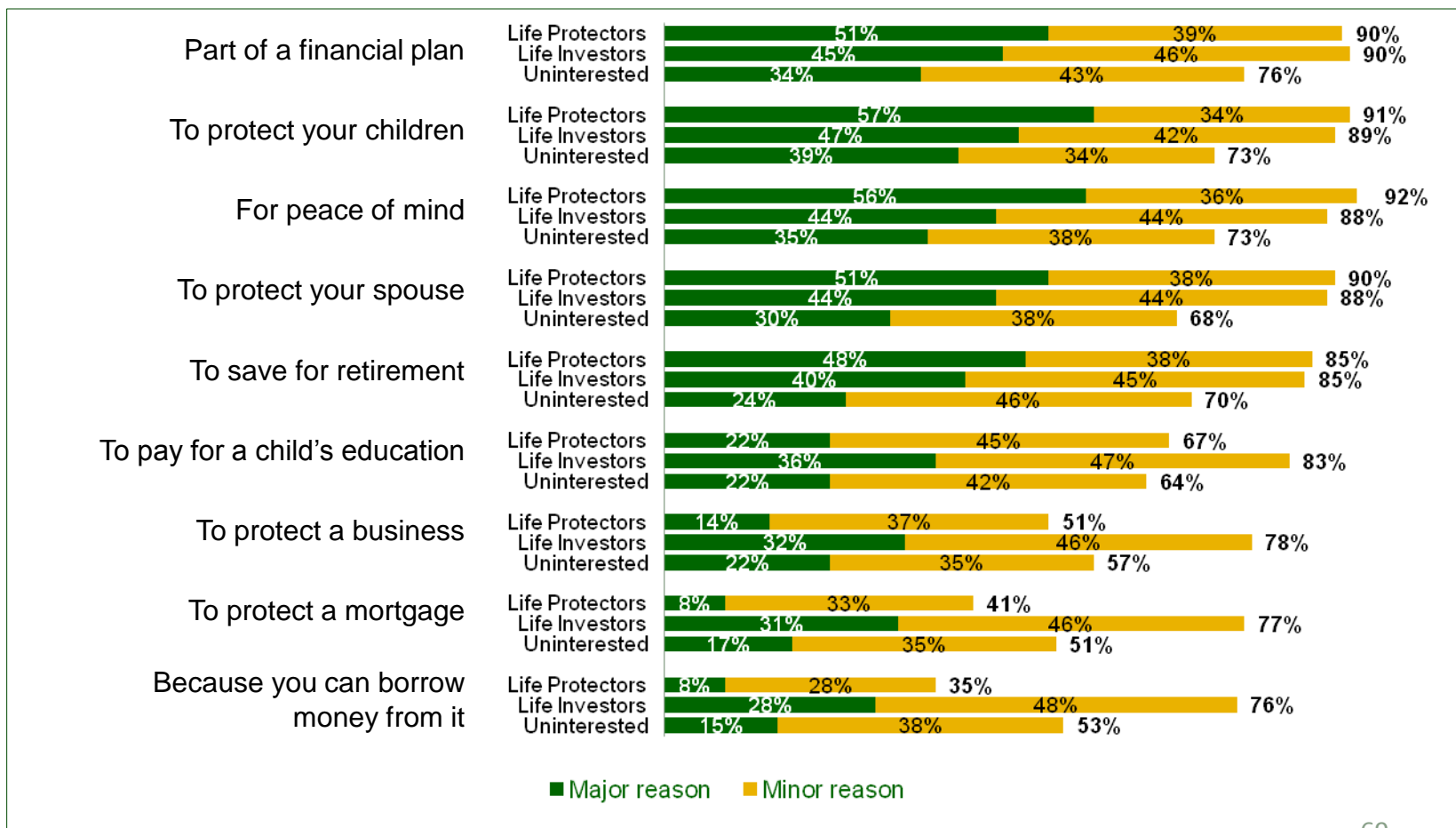
(Individual life insurance owners n=1,374)



While Life Investors are most likely to attribute their life insurance ownership to a financial plan, Life Protectors are highly concerned with protecting family members and enhancing peace of mind.

To what extent are each of the following reasons why you own life insurance?

(Individual life insurance owners: Life Protectors n=440; Life Investors n=577; Uninterested n=357)



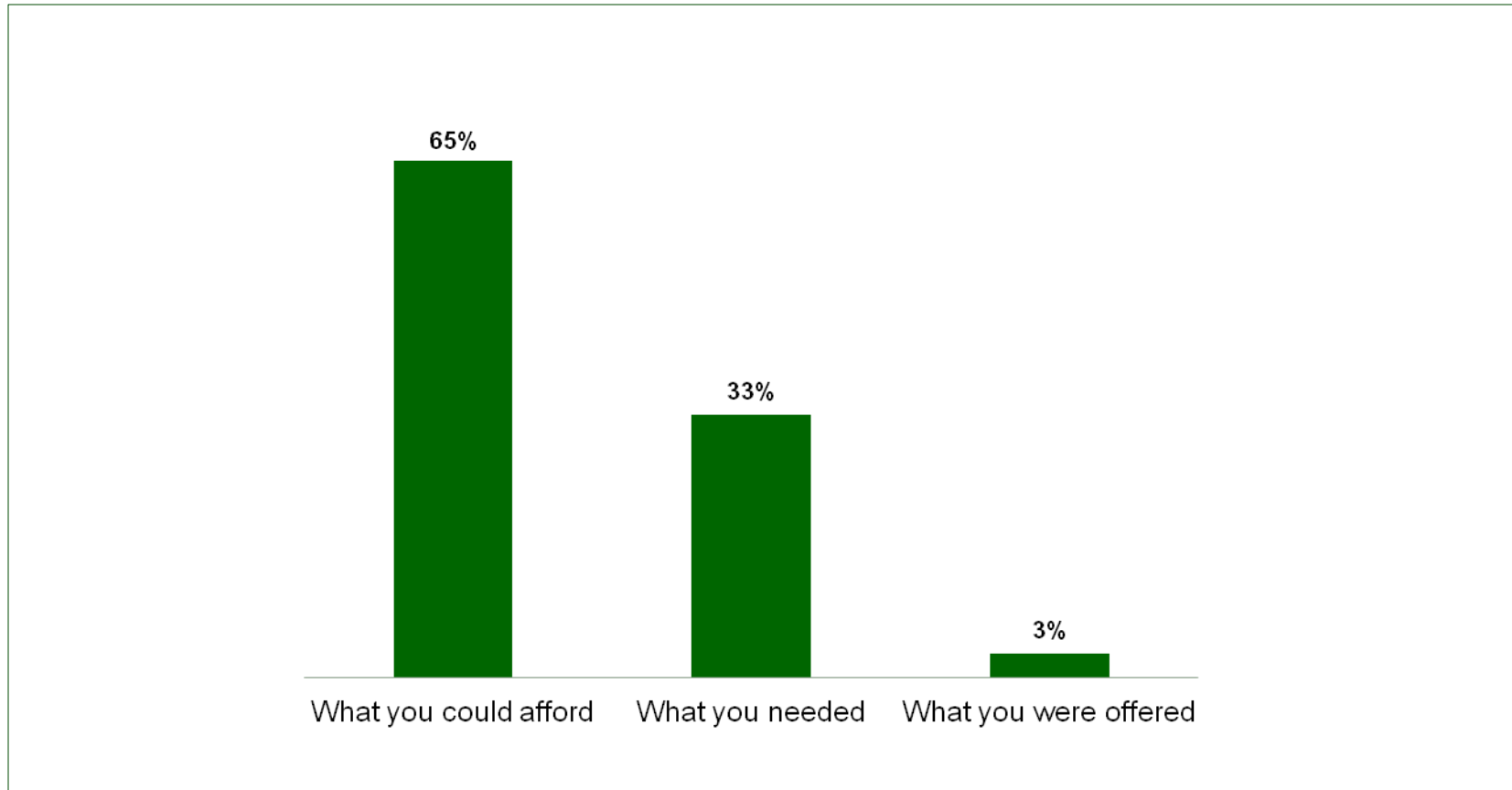


LIFE INSURANCE PURCHASE BEHAVIOR

In China's individual life insurance market, affordability tends to trump coverage needs in purchase decision-making.

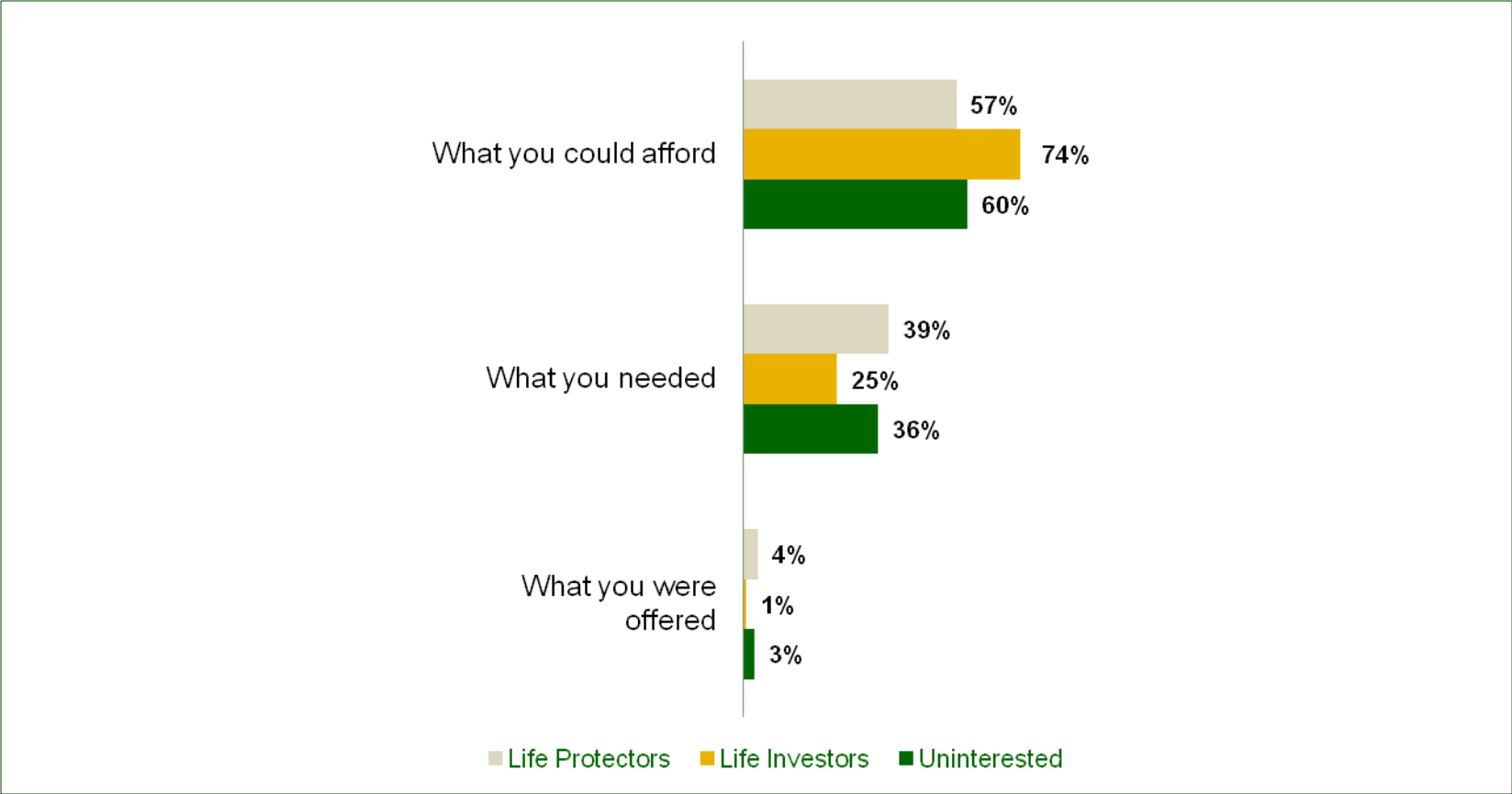
Thinking about the last time you purchased life insurance, was the amount you purchased based primarily on...?

(Individual life insurance owners n=1,437)



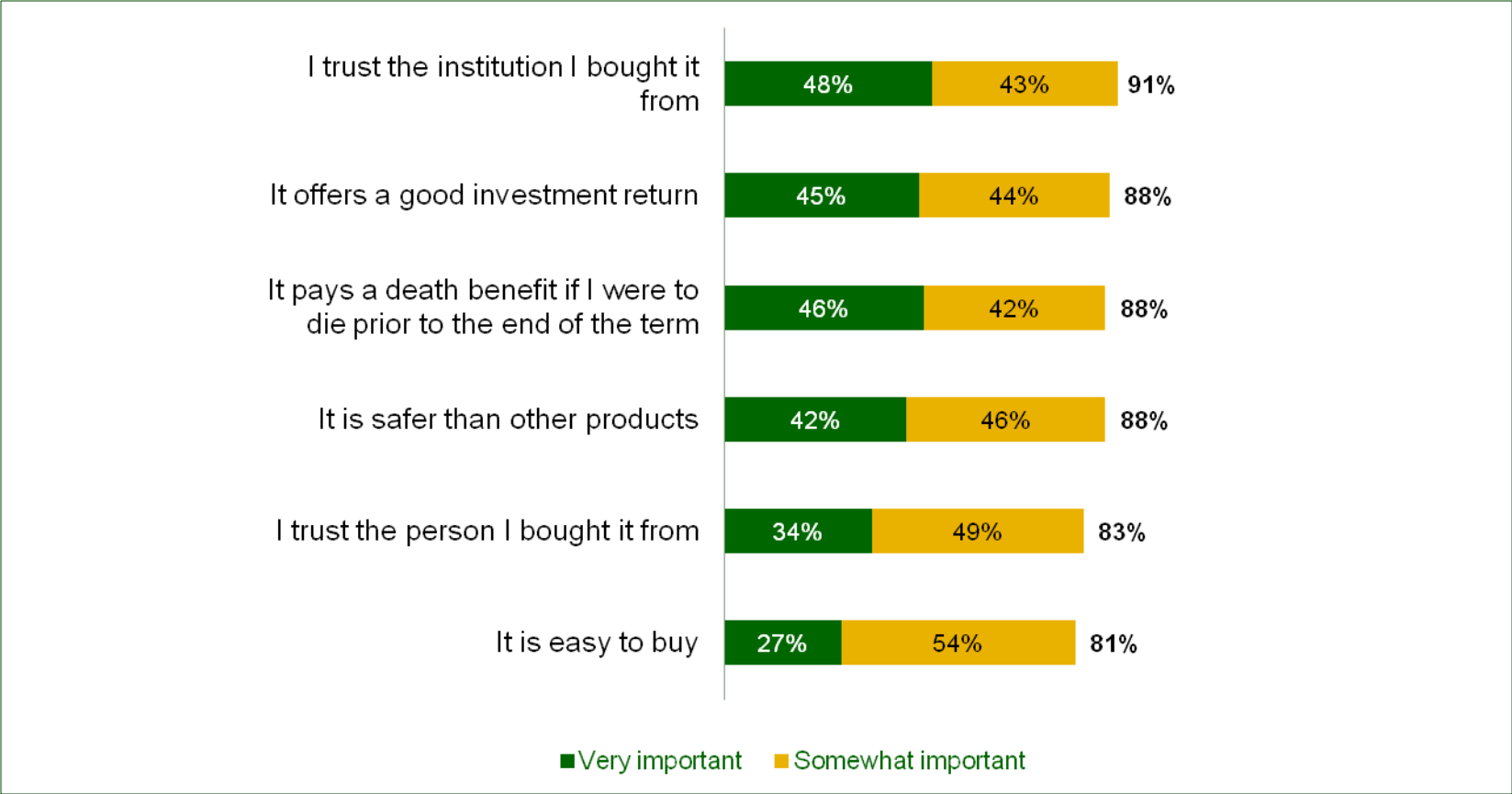
Life Investors are most likely to purchase based on affordability.

Thinking about the last time you purchased life insurance, was the amount you purchased based primarily on...
(Individual life insurance owners: Life Protectors n=448; Life Investors n=585; Uninterested n=404)



Endowment owners cite various reasons for purchasing their policies, including trust in the institution, return, and death benefit.

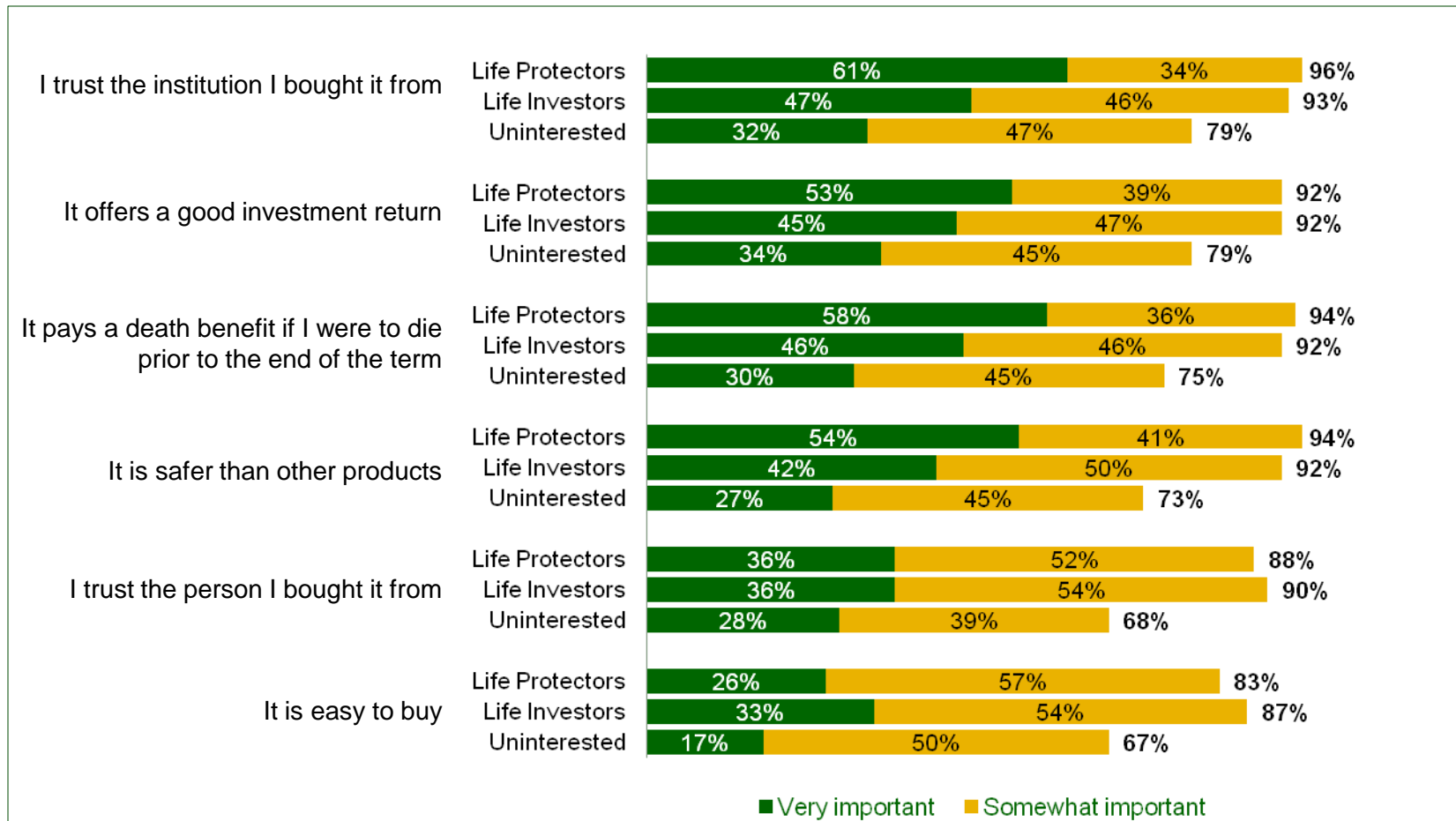
How important is each of the following reasons for you to purchase endowment life insurance?
(Endowment owners n=1,237)



Life Protectors are more likely to cite trust in the institution, return, death benefit, and safety as reasons to buy.

How important is each of the following reasons for you to purchase endowment life insurance?

(Endowment owners: Life Protectors n=392; Life Investors n=528; Uninterested n=317)

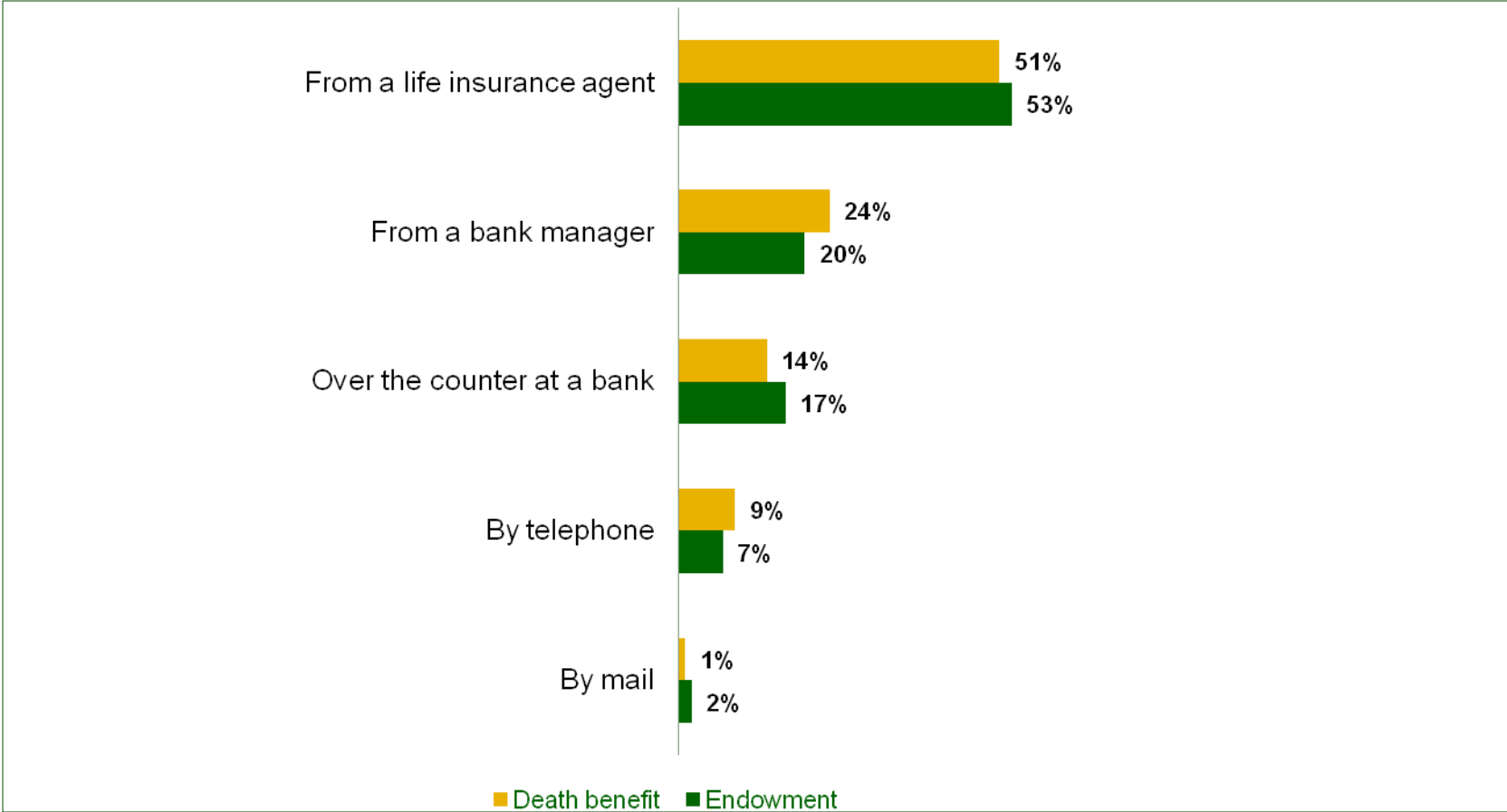


A majority of recent endowment and death benefit policies were sold by a life insurance agent.

How did you purchase the most recent life insurance endowment policy you bought?

How did you purchase your most recent death benefit life insurance policy?

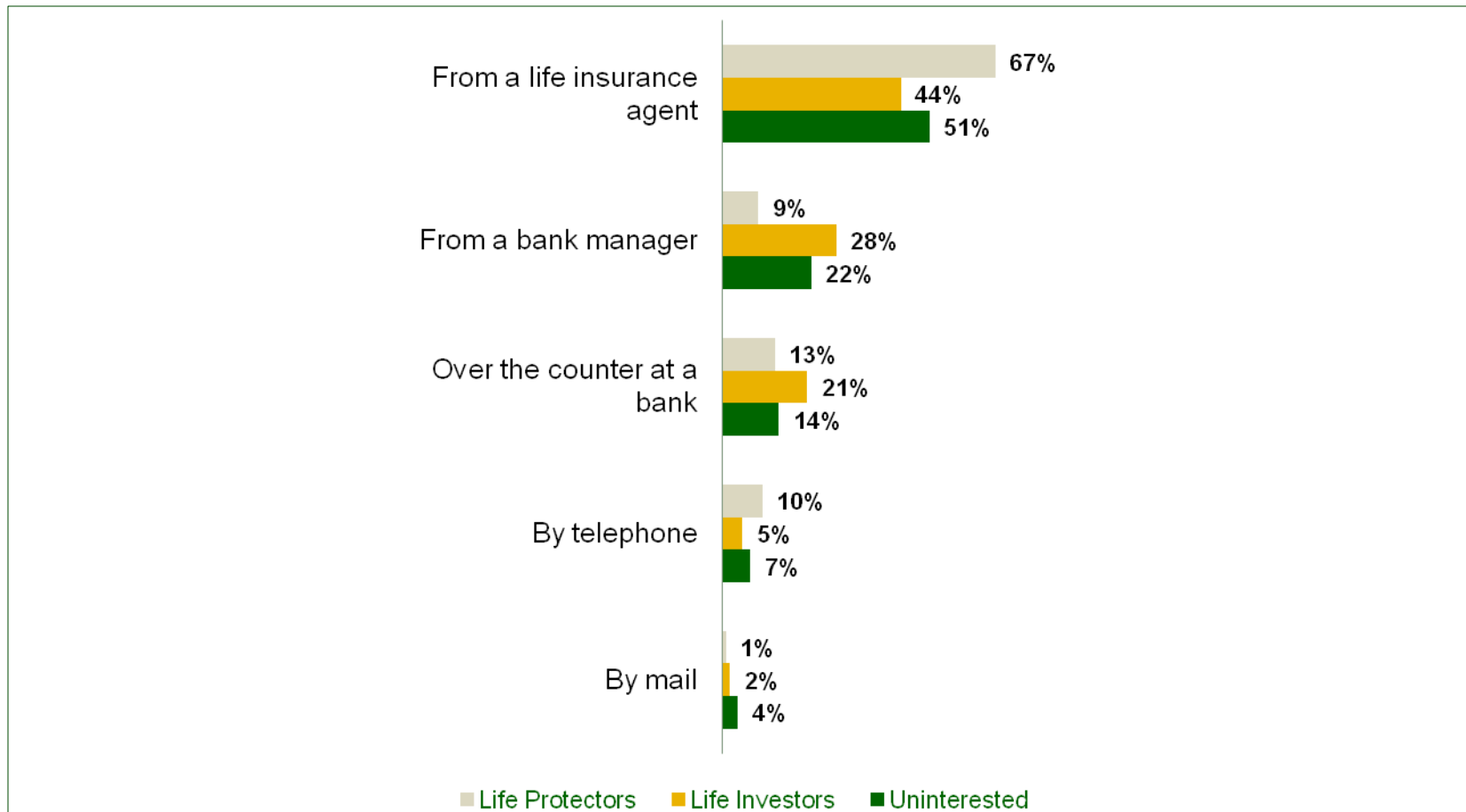
(Death benefit owners n=933; Endowment owners n=1,237)



Life Investors are more likely than Life Protectors to buy endowment policies at a bank. Life Protectors often consult a life insurance agent.

How did you purchase the most recent life insurance endowment policy you bought?

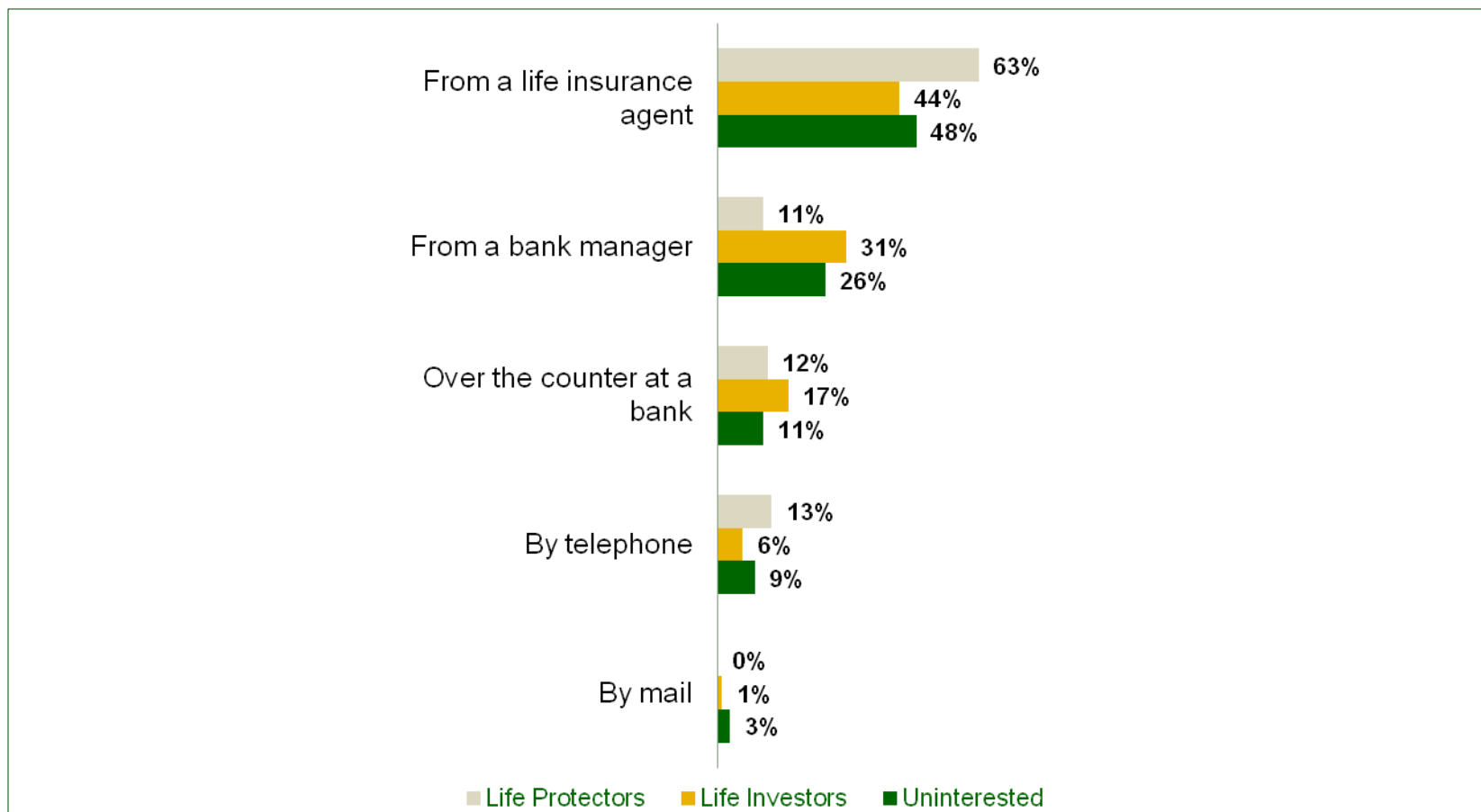
(Endowment owners: Life Protectors n=392; Life Investors n=528; Uninterested n=317)



Life Protectors are most likely to purchase death benefit policies from life insurance agents.

How did you purchase your most recent death benefit life insurance policy?

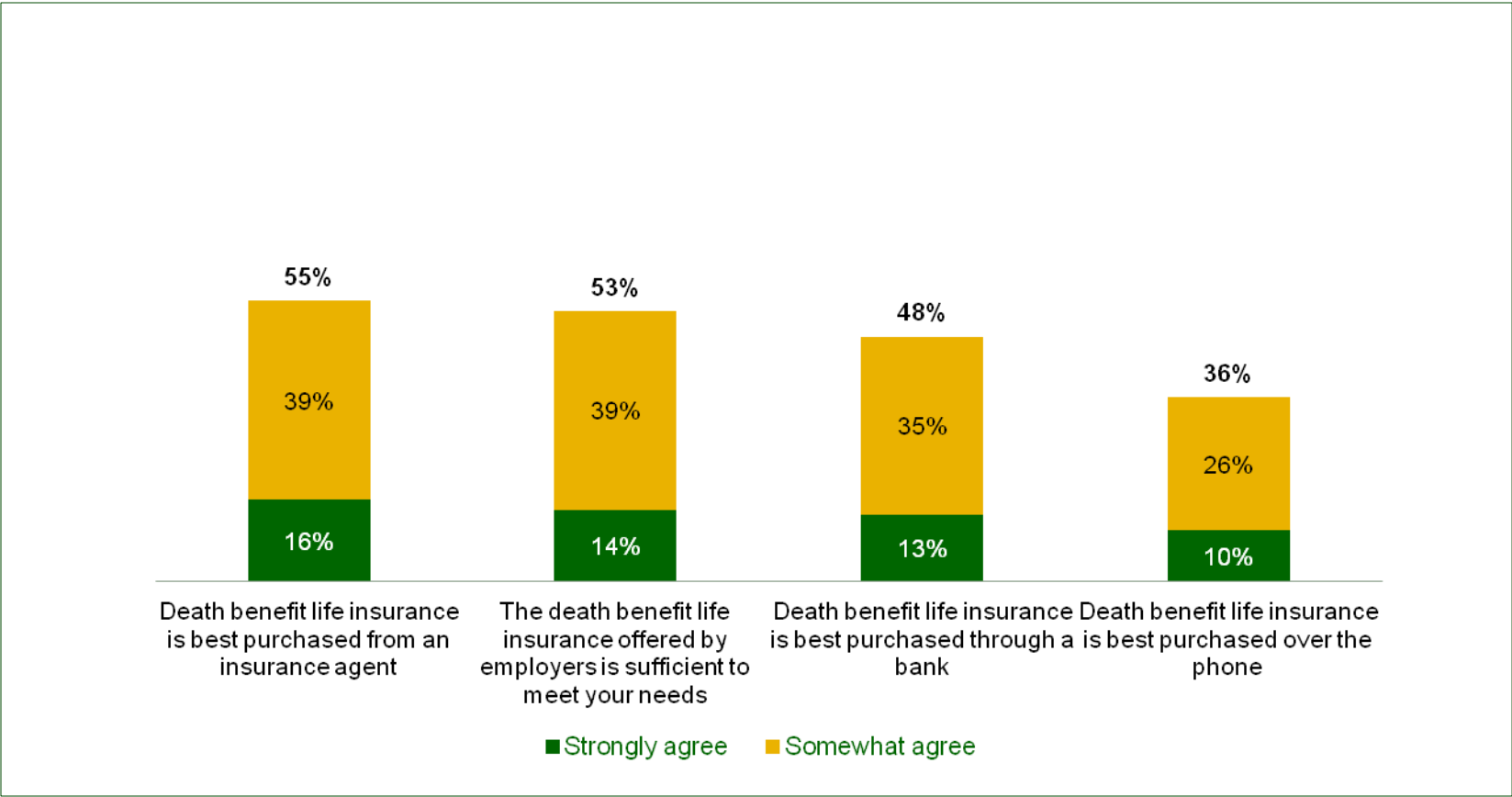
(Death benefit owners: Life Protectors n=298; Life Investors n=433; Uninterested n=202)



Chinese consumers tend to prefer purchasing through an agent or bank rather than by phone.

Please indicate how much you agree or disagree with each of the following statements:

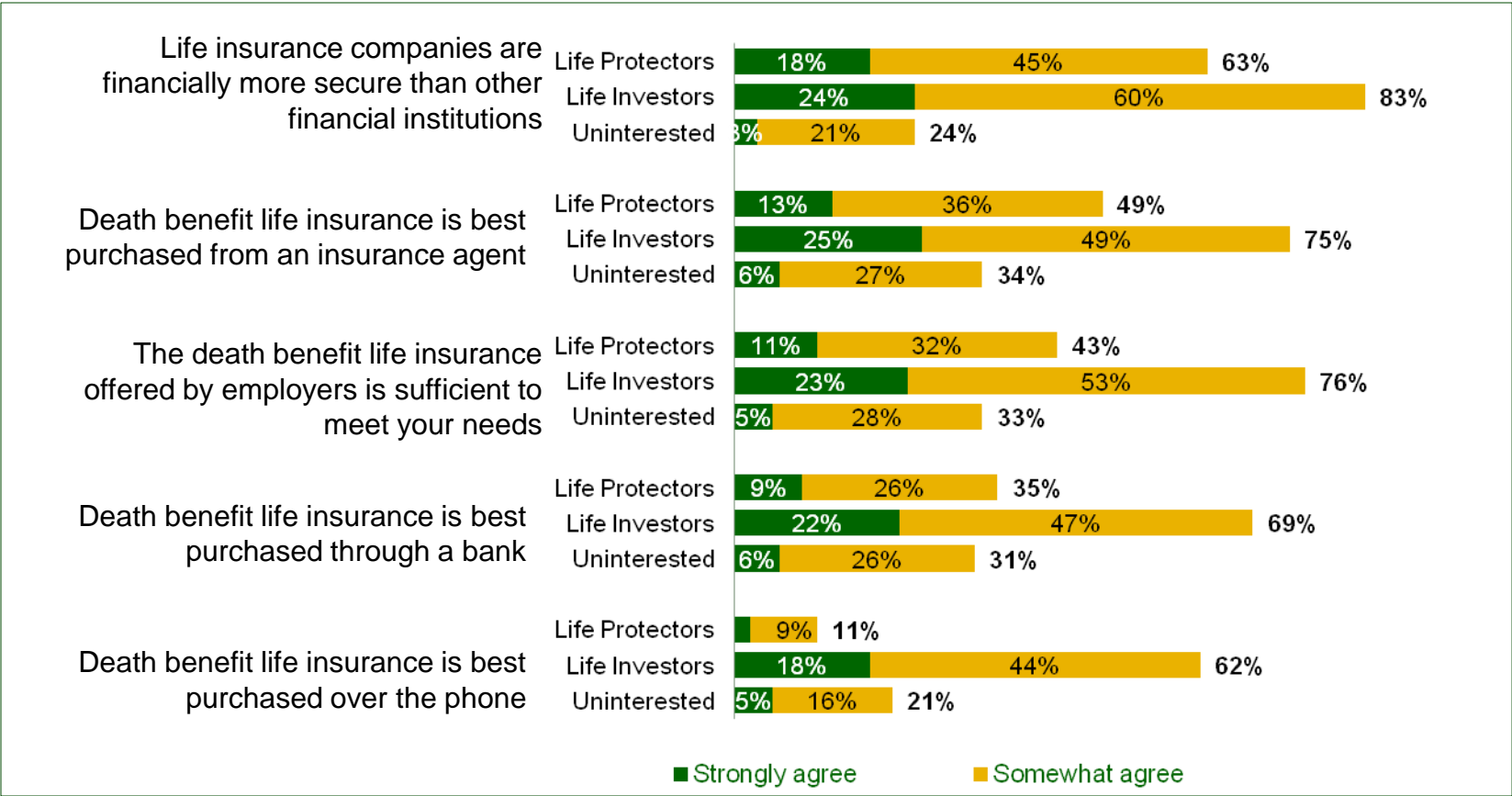
(Total n=1,989)



Life Investors feel that all three channels are appropriate for purchasing death benefit life insurance.

Please indicate how much you agree or disagree with each of the following statements:

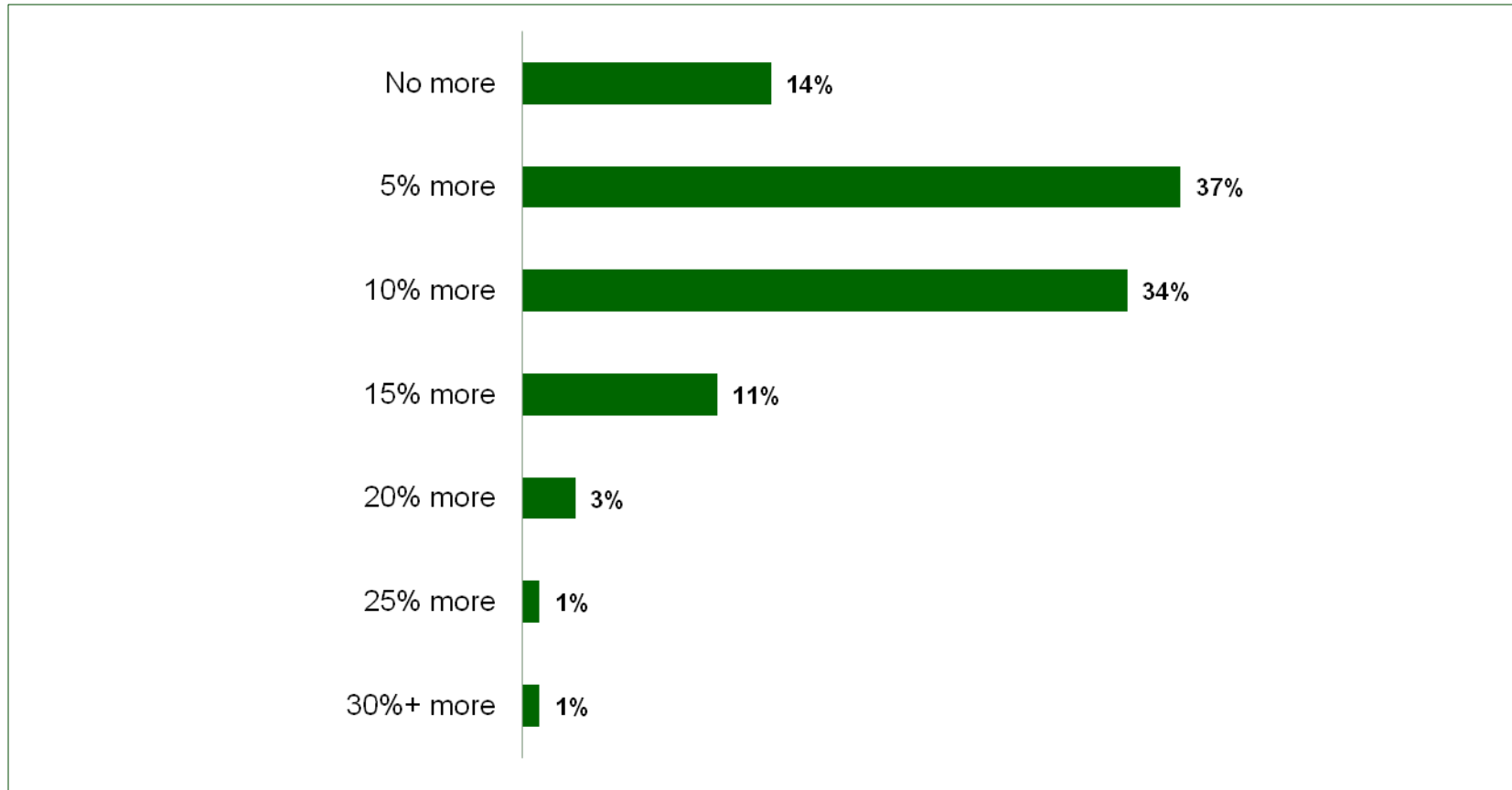
(Life Protectors n=519; Life Investors n=822; Uninterested n=648)



Consumers find advice from an insurance agent or financial advisor appealing, as long as the associated premium increase would not exceed 10 percent.

How much more annual premium would you be willing to pay for a policy in order to receive advice from an insurance agent or financial advisor?

(Total n=1,989)



RESPONDENT PROFILE

Respondent Profile

	Total (n=1,989)	Life Protectors (n=519)	Life Investors (n=822)	Uninterested (n=648)
Gender				
Male	52%	46%	54%	53%
Female	48	54	46	47
Age				
Under 25	1%	1%	*	1%
25 to 29	16	14	17	17
30 to 34	34	26	38	36
35 to 39	28	31	27	25
40 to 44	18	23	14	18
45 to 50	3	6	3	3
Over 50	*	--	*	*
Education				
High school graduate or less	2%	1%	*	3%
Trade or technical school	5	2	3%	10
Some college	20	13	24	21
Bachelor's degree	65	74	65	56
Master's degree	8	9	7	9
Doctoral degree	1	*	1	*
Professional degree such as medicine or law	*	--	*	*

* Less than 0.5%



Respondent Profile

	Total (n=1,989)	Life Protectors (n=519)	Life Investors (n=822)	Uninterested (n=648)
Annual Household Income				
RMB 60,000 to 119,999	20%	13%	16%	29%
RMB 120,000 to 179,999	26	18	27	32
RMB 180,000 to 239,999	22	20	25	20
RMB 240,000 to 299,999	22	33	23	13
RMB 300,000 to 360,000	10	16	9	6
Number of Children				
One child	94%	94%	96%	93%
More than one child	6	6	4	7
Financial Classification				
Lower income	4%	3%	3%	7%
Lower middle income	19	13	17	25
Middle income	56	56	59	53
Upper middle income	19	25	20	13
Upper income	2	3	1	2



Respondent Profile

	Total (n=1,989)	Life Protectors (n=519)	Life Investors (n=822)	Uninterested (n=648)
Residence (by region)				
Eastern China	70%	71%	72%	66%
Western China	30	29	28	34
City Status				
Special Economic Zone	38%	40%	40%	33%
Not Special Economic Zone	62	60	60	67

