

CAKE & ARROW

Insurance & Millennials: A Coming of Age



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More than the "Me Me Me" Generation



Executive Summary

Millennials have been labeled lazy, entitled, and narcissistic. But as they age into later adulthood and eclipse Baby Boomers as the largest living generation, it's time we ask: do these labels hold true?

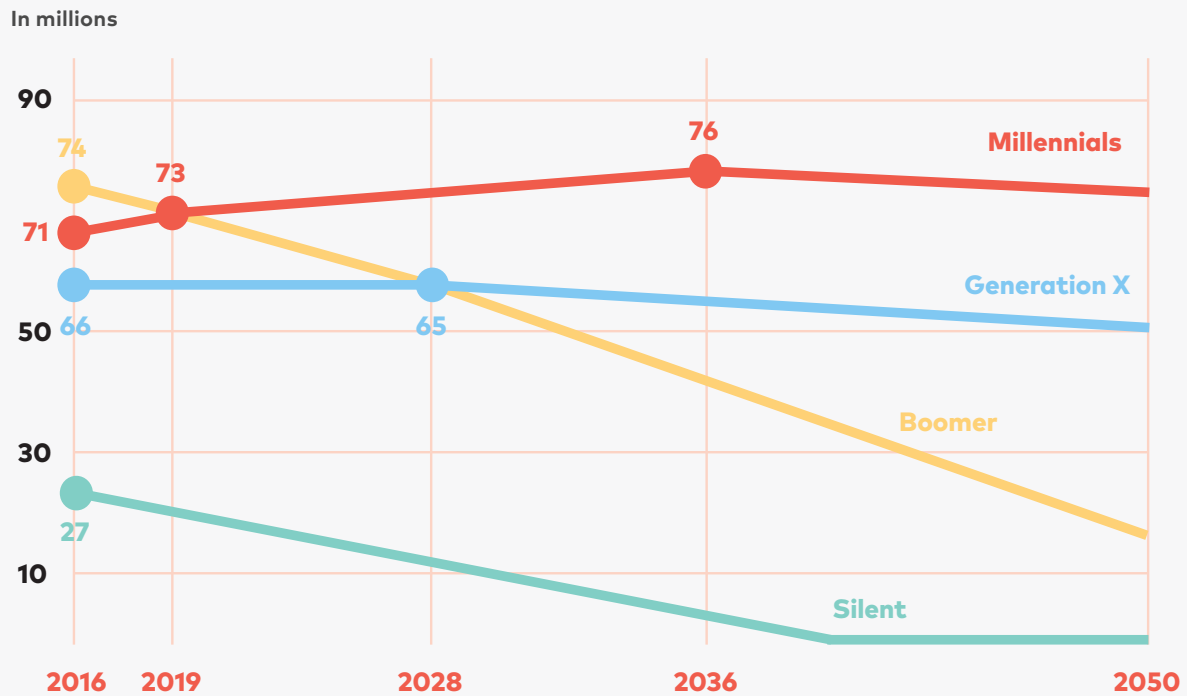
In this white paper we seek to answer this question, and in doing so, analyze what the answers mean for the insurance industry and how it must adapt for a future in which Millennials are the industry's primary customer. We surveyed over 300 Millennials to get to the bottom of this question, and here, offer up our learnings about Millennial mindsets as a thought starter for innovation in insurance. We conclude the white paper with a series of practical applications of our learnings – product recommendations driven by our findings for how insurers can innovate and adapt to better reach Millennials.

By 2019, Millennials will number 73 million, and will have taken over Baby Boomers as America's largest living generation ([Fry, 2018](#)). Meanwhile, in 2016 Millennials became the largest generation in the U.S. Labor Force and will soon surpass Baby Boomers as comprising the majority of the U.S. electorate ([Fry, 2018](#)). In short, Millennials are about to take over the world.

Yet, even as Millennials surpass Boomers in their sheer numbers (not to mention contributions to the economy), they continue to be treated by many industries and institutions as a niche market, whose values, beliefs and behaviors are at best inscrutable and at worst despicable. And like any other generation, they have been vulnerable to stereotyping and even derision.

In 2013, *Time* featured a story about Millennials on the cover of their iconic magazine, entitled "Millennials: The Me Me Me Generation" ([Stein, 2013](#)), thus inscribing the perception of Millennials as "lazy, entitled, narcissists who still live with their parents" into the annals of history. It's a perception that has solidified over time, perhaps leading Tim Gurner, a 35-year-old Australian multi-millionaire, to famously blame low home ownership amongst his Millennial peers on their penchant for avocado toast ([Horowitz, 2017](#)).

Projected Population by Generation



Source: Pew Research Center tabulations of U.S. Census Bureau population projectors released December 2014 and 2016 population estimates.

In recent years, however, the stereotype of the lazy, entitled Millennial who prefers avocado toast to property ownership has been challenged, notably by a Millennial himself, Malcolm Harris, who, late in 2017 published his book *Kids These Days: Human Capital and the Making of Millennials*. In it, he scrupulously employs data to show how, far from lazy and entitled, Millennials are in fact the most productive and educated generation in recent history, and, despite their expensive educations and unprecedented capacity for productivity, also work more hours for lower pay than their Baby Boomer parents and are saddled with exorbitant amounts of student debt—which, as our research confirms, they were obligated to take on if they wanted to have a fighting chance in today’s economy (Harris, 2017).

Furthermore, while recent data and analysis suggest that Millennials are perhaps neither as lazy or as entitled as once assumed, it’s also true that Millennials are not all the same. Numbering around 73 million, Millennials are not only the largest living generation, but they are also the most diverse generation in history (Frey, 2018), and in recent years their numbers have continued to swell as more and more Millennial-aged immigrants move into the country (Frey, 2018). Finally, what exactly constitutes a Millennial is not at all agreed upon.

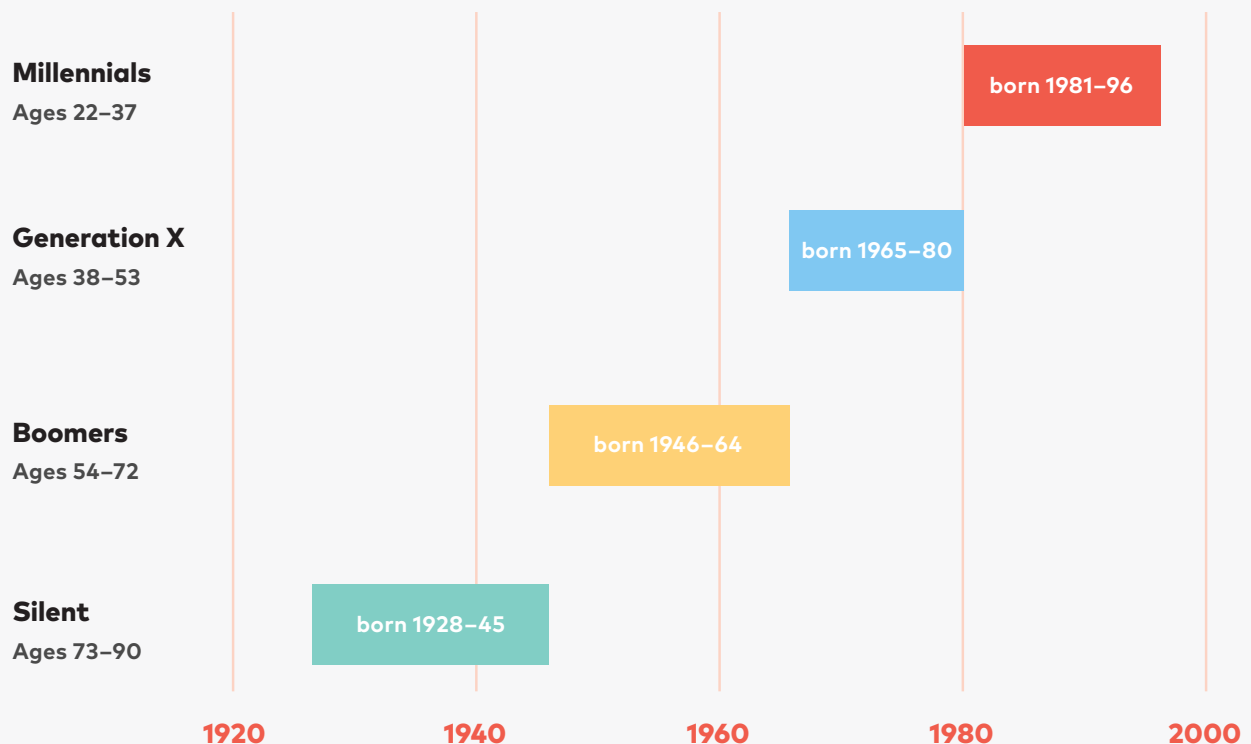
They are sometimes considered to be those born between the years 1980–2000 and the floating definition of 18–35 year-olds has been employed loosely for years now. Which is all to say, that to even begin to talk about Millennials and what they mean to the insurance industry, it's important to first establish a definition of what we mean when we talk about Millennials.

WHAT IS A MILLENNIAL?

Earlier this year, the Pew Research Center published new research on Millennials. Their research defines Millennials as those born between the years of 1981–1996, which is the range we have adopted for our research. While identifying a clear beginning and end point is important for the purposes of research, such hard lines are artificial; more important in understanding Millennials are the historical events and cultural shifts which have shaped them growing up and into adulthood.

The Generations Defined

Generation Age
in 2018



Pew Research Center, 2018

Pew Research identifies a number of factors they consider to be the defining events and cultural shifts that have shaped Millennials:

01. Millennials remember the 9/11 terrorist attacks

The youngest being five and the oldest being 20 when the Twin Towers were attacked, most Millennials were old enough to remember 9/11, and many were able to see and understand its historical significance. The terrorist attacks had a enormous impact on American foreign policy and shaped the political world in which Millennials came of age. From the wars in Iraq and Afghanistan, which contributed to the polarization of American politics, so profound today, to the eventual 2008 election of Barack Obama, the first African American president, the political world Millennials inherited and became a part of looks very different than that of previous generations ([Dimock, 2018](#)).

02. Millennials came of age during the 2008 recession

Among the labels of lazy, entitled, and narcissistic, Millennials are also frequently derided as immature, thanks in part to their tendency to delay what previous generations consider to be the hallmarks of adulthood. Millennials are less likely (and able) to buy homes, more likely to live with their parents into young adulthood, and are delaying marriage and children into their late twenties and thirties. This trend is at least in part due to the great recession, which occurred as Millennials were coming of age, either immediately before they graduated from college, or after. This accounts for their slow entrance into traditional adulthood. For those who graduated from college during or after the recession, the recession made landing the kind of career job that would make the more traditional things, like getting married and having children, much less feasible than it was for their parents. And for those who had not yet graduated from college when the recession began, it shifted expectations of what would happen after college, leading many to consider continuing their educations or moving back in with parents and families rather than starting their careers and families of their own. The recession facilitated this “slow start” and has fundamentally changed how Millennials behave in their twenties and thirties ([Dimock, 2018](#)).

03. Millennials came of age with the Internet

While Millennials are not typically considered “digital natives”– those born into the age of the iPhone and the Internet, they can be defined by their familiarity with digital technology. While it was the dawn of the television age that defined Boomers, and the

rise of the home computer that shaped Gen Xers, for Millennials, it was the Internet–email, Google, and social media–which were introduced to most Millennials during adolescence. They are old enough to know a world without an iPhone–the youngest Millennials were entering middle school when the first iPhone came out while the oldest were already well out of college. For Millennials, the digital age isn’t something that always was, but rather something which they have, as a generation, profoundly influenced ([Jiang, 2018](#)).

These historical events and cultural shifts are what define the Millennial, not the precise years in which they were born, and provide us with the necessary context to move beyond a definition of Millennials based simply upon their moral qualities (i.e. lazy, entitled, etc.) and rather upon the beliefs, mindsets, and characteristics which make them unique from other generations. For example, we know that:

01. Millennials are highly educated

Raised by Baby Boomer parents, many of whom were able to go to college at a time when a college education was affordable, Millennials were told by their parents, teachers, and society at large that getting a good education and going to college would be key to their success and future happiness. And many of them listened. Millennials are the most highly educated generation in recent history, with approximately four out of 10 millennial workers now possessing a four-year college degree ([Graf, 2017](#)). And while the rising cost of a college education has raised the question of whether a college degree is worth the money, 2014 data shows that the economic disadvantages of not going to college continue to outweigh those of student debt ([Pew Research Center, 2014](#)).

02. Millennials are more productive than any other generation

Since 1973, worker productivity has gone up by nearly 74 percent, with a steep incline in productivity taking place between 2008–2010, making Millennials (contrary to popular belief) one of the most productive generations in living history. Meanwhile, 21 percent of Millennials say they work more than 1 job to make ends meet ([Manpower Group, 2016](#)), and 75 percent report working more than 40 hours a week. Coming of age alongside the Internet and the kind of technology that made 24/7 availability possible, Millennials are well equipped and well trained by their devices, software, and other gadgets for productivity.

21% *of Millennials say they work more than 1 job to help them make ends meet*

In his book on Millennials, Harris writes:

“The growth of growth requires lots of different kinds of hard work, and Millennials are built for it. While cell phones and PDAs (remember when Personal Digital Assistants existed as a separate device) used to be for business people who billed for their time in minutes, now the average teenager has the tools to stay plugged in 24/7, and the training to use their gadgets better than business people can. Social media schools young people in communication and the emotional skills--as well as quick thinking and constant availability--that make them exceptionally productive. ... No one puts their whole self into a job like a Millennial who never learned to separate work and life enough to balance them ...”

03. Millennials are uniquely burdened with student debt

Millennials, who, more than any other generation were expected to go to college, have also paid significantly more for it. Over the past thirty years, the cost of attending college has risen 220 percent ([College Board, 2014](#)). And, as the interest in college education rose throughout the recession, the cost of college went up to cover losses in state funding. By 2016, the average cost of college tuition nationally (in both private and public universities) had jumped 28 percent since the recession hit in 2008, with some states hit harder, like Arizona, where tuition rose 72 percent over seven years. So while Millennials may be more educated than previous generations, they have paid dearly for it, and are likely continue to do so.

Student loan balances have increased by

457%
since 2003

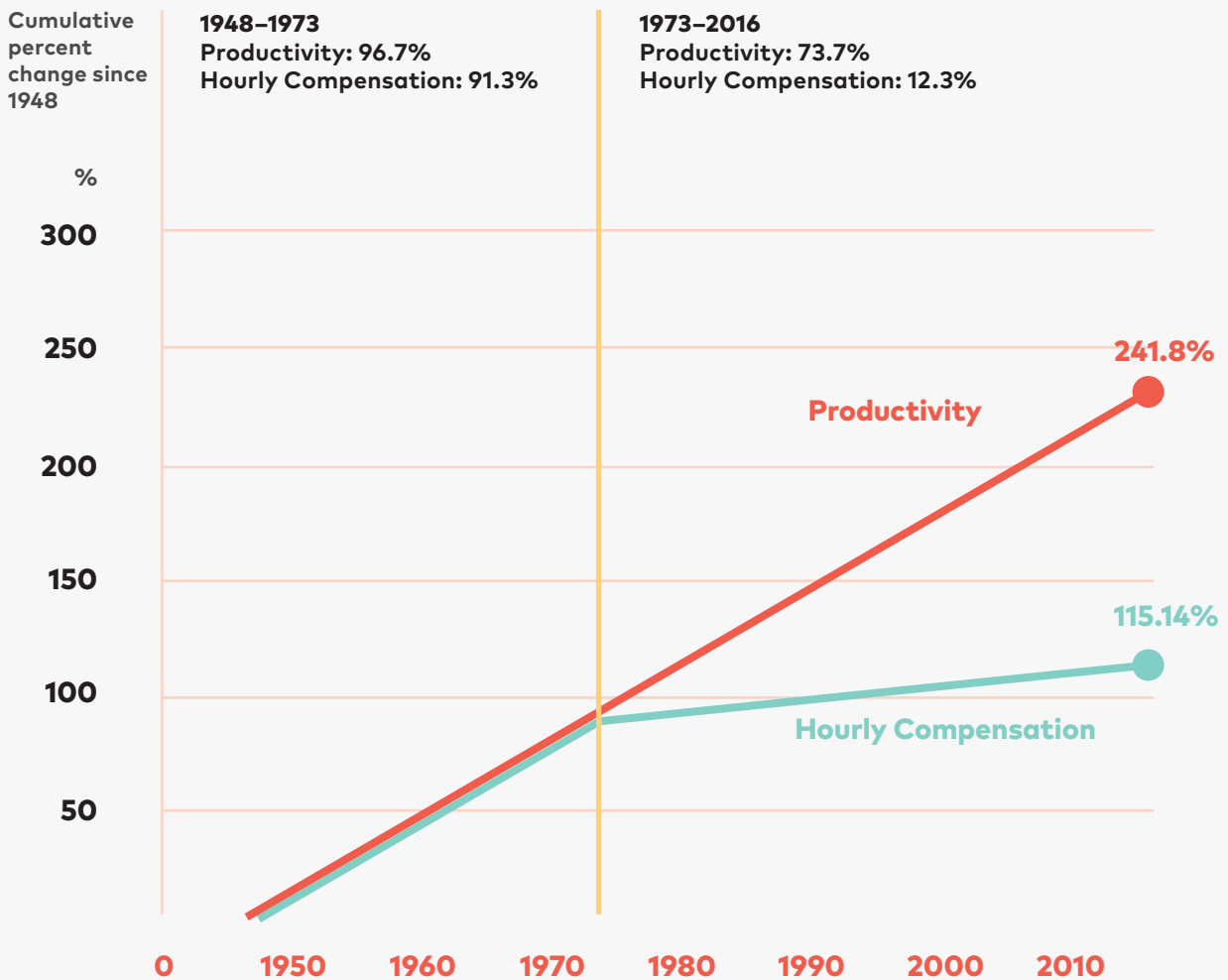
Since 2003, outstanding student loan balances have increased by more than 457 percent ([De Lea, 2017](#)) and Americans now owe \$1.5 trillion in student debt, the majority of which is owned by Millennials. This figure now exceeds what Americans owe in auto debt (\$1.1 trillion) and credit card debt (\$977 billion) ([Federal Reserve, 2018](#)).

04. Millennials make less money than previous generations and are more likely to live in poverty

Even while Millennials are more productive and more educated than previous generations, they also earn less money. As productivity has increased by 74 percent and the cost of going to college by 220 percent over previous decades, hourly wages have risen by only 12.5 percent since 1973.

This has made Millennials one of the poorest generations living today, with more U.S. households headed by a Millennial in poverty than any other generation and more single Millennial mothers living below the poverty line ([Pew, 2017](#)).

Productivity growth and hourly compensation, 1948-2016



05. Millennials wait longer to have children

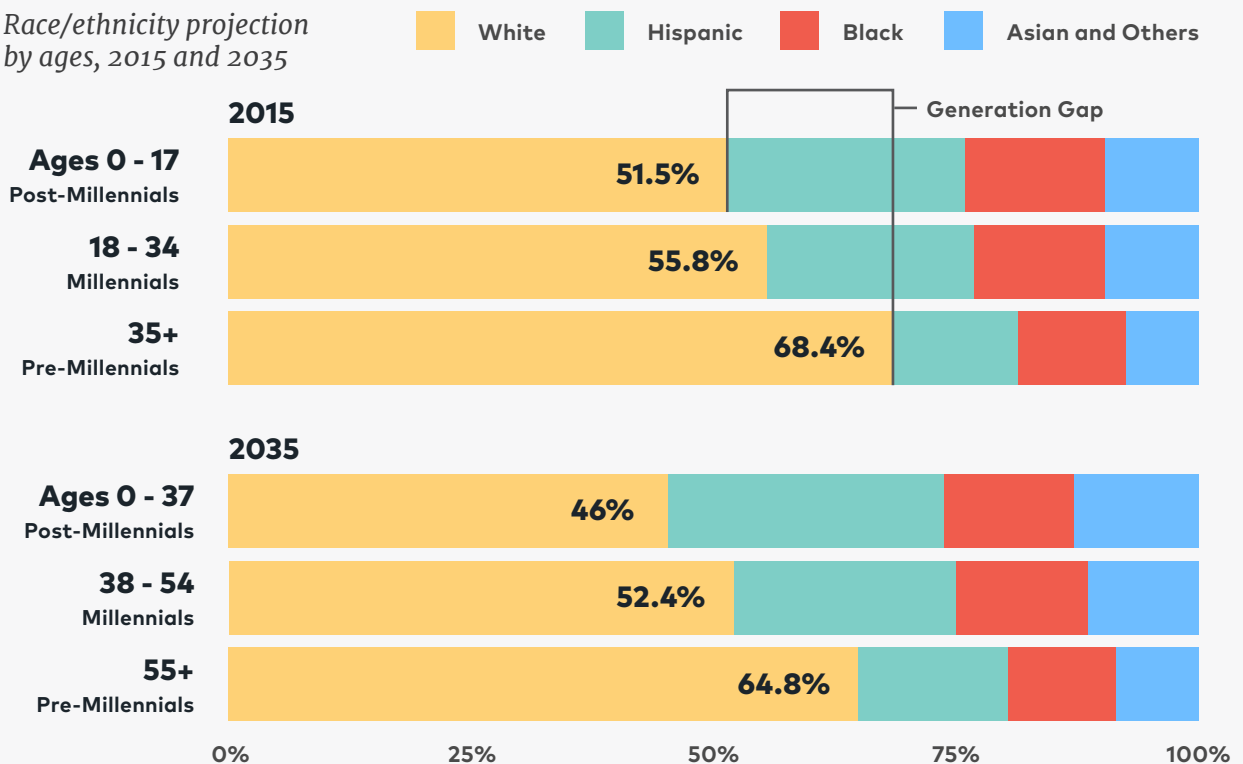
The fact that Millennials came of age during the recession, that they are more likely to go to college and more likely than any generation to be burdened with student debt combined with the changing roles of women in society and even the role the Internet is said to have been played in sexual behavior are all contributing factors to why Millennials wait longer and longer to have children. Although Millennial women account for 82 percent of mothers in the U.S., as of 2016, only 48 percent of Millennial women were mothers (compared with 57 percent of GenX women at the same age), and 2016 marks the first time that the data shows more women in their 30s having babies than women in their 20s ([Livingston, 2018](#)).

06. Millennials are the most diverse generation in American history

Finally, Millennials are now known to be the most diverse adult generation in American history, with minorities making up 44 percent of Millennials. The generation which follows them will be even more diverse. Large waves of immigration to the U.S. in the 80s and 90s have led to this increase in diversity, which will permanently change the ethnic and racial composition of America. A recent report by the Brookings Institute found that “the most consequential characteristic embodied by the members of this unique generation, as the country evolves demographically, is their racial and ethnic diversity” ([Frey, 2018](#)).

Cultural generation gap:

Race/ethnicity projection
by ages, 2015 and 2035



While Blacks/African Americans and Hispanics make up the majority of minorities in the U.S., they are also more economically disadvantaged than other racial and ethnic groups. They are more likely to be in poverty, were disproportionately affected by the financial crisis in 2008, yet they remain optimistic, the Brooking Institute study finding that “Hispanic, Asian, and black Millennials are more likely than whites to say that they will do better financially than their parents and that the life of their generation will be better than that of their parents” ([Frey, 2018](#)).

INSURANCE & MILLENNIALS

Even as industry after industry have fundamentally transformed to accommodate and adapt to Millennials and their changing mindsets, values, risks, and behaviors, the insurance industry and its behemoth (and in many ways archaic) infrastructure has remained rigid. Legacy technology has stalled innovation and an aging workforce that lacks in diversity continues to become more and more alienated from Millennials, whom, in increasing numbers, are becoming their chief customer.

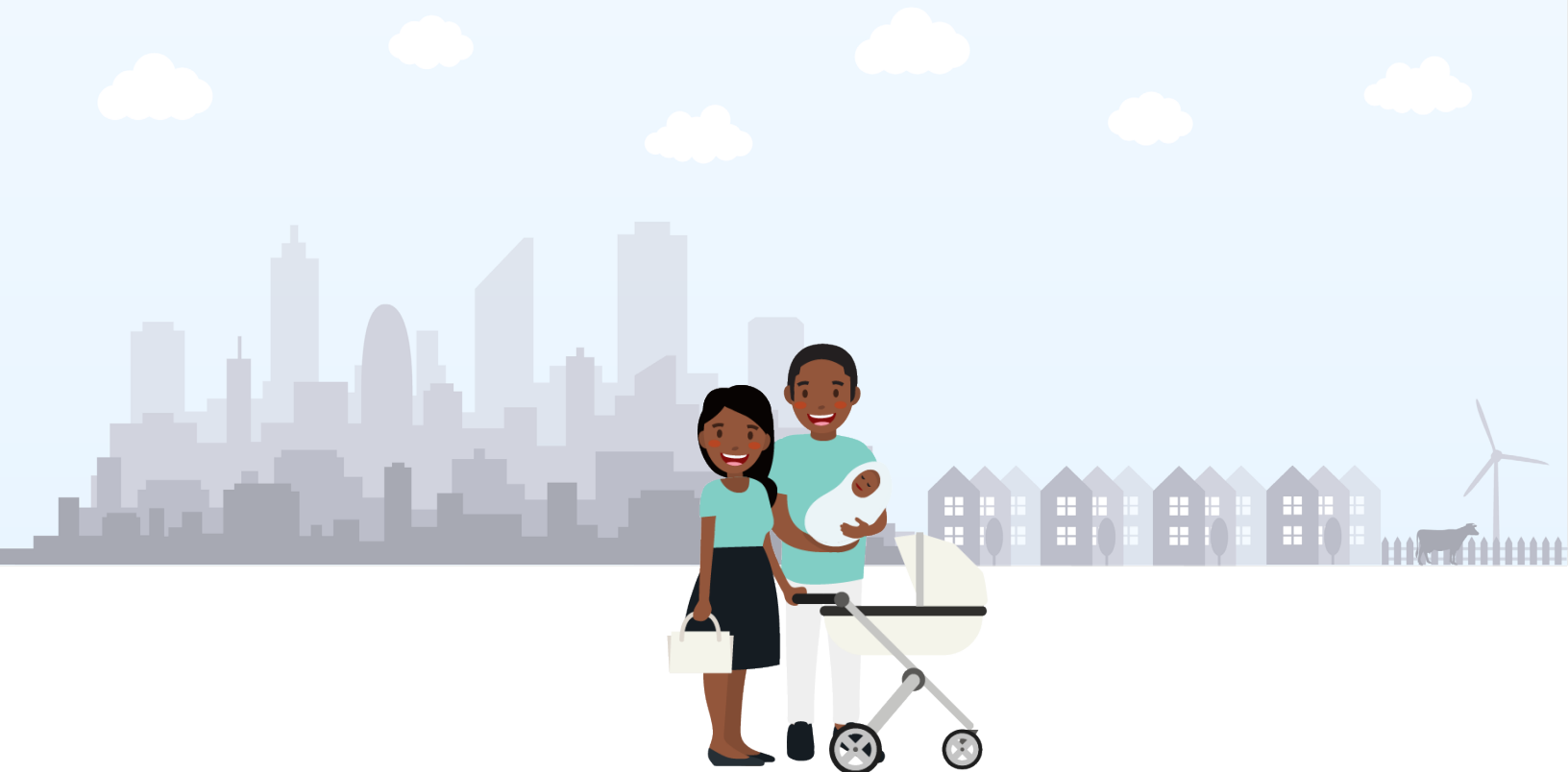
Like its infrastructure, both technological and human, the composition of insurance products remains rigid and structured along hard lines that are ceasing to exist for Millennials: business vs. personal, digital vs. physical, online vs. offline etc. The way that products are sold and marketed often does not align with how Millennials shop and research and is instead driven by assumptions, like the idea that Millennials want to do everything online or that Millennials are lazy and won't do their research. Attitudes in insurance toward Millennials and toward change in general are slowly shifting, but still pervasive within the industry is the perception that it's not the industry that needs to change, but Millennials themselves.

A study conducted by the website *insurancequotes.com* in 2015 revealed that Millennials are severely misinformed about insurance, finding that while the majority of Millennials rent, most do not have renters insurance, and are the group most likely to lack knowledge about renters insurance, with 29 percent believing renters insurance costs more than \$1,000 a year ([Johnson, 2015](#)). The common industry response to such findings (and indeed the general tone of this particular study) has been to blame Millennials for their ignorance, relying on the old adages—that Millennials are naive, selfish, and irresponsible—rather than the industry's own failures.

As an industry that will increasingly rely on Millennials to buy its products, it is on the industry to understand, empathize and find innovative ways connect with Millennials, not the other way around. If what the research shows is true, Millennials are not lazy, and they definitely aren't stupid. It's the insurance industry that has become opaque, complicated and disconnected from the people it exists to serve.

The purpose of our research is neither to confirm nor negate common stereotypes of Millennials, but to provide a layer of complexity, nuance and humanity to how Millennials are perceived within the insurance industry. As a customer experience agency, all of our work is driven by real human insights—by what people tell us about how they feel, what they want and what they are worried about—and by what we can observe in their behavior. Millennials are people, too. And like any people, they can only be understood through a complex and interwoven set of values, priorities, and general characteristics that exist within particular economic, historical, and cultural circumstances.

The Millennial Makeup



Scope & Methodology

This research was designed to paint a more nuanced, human, and holistic picture of Millennials than that which is generally assumed. We were interested in digging deep into Millennial behaviors, values and mindsets and the circumstances in which these have taken shape, bringing into focus a conception of Millennials based not upon assumptions and stereotypes, but upon data, both empirical and anecdotal. With the insights gleaned from our research, we hope to drive transformation in the insurance industry, and help insurers re-imagine products, services, and insurance models that can provide more value to Millennials—not just by protecting them from unforeseen catastrophes, but by proactively helping them achieve their goals for the future and providing them peace of mind and tangible value in the present.

INSURANCE & MILLENNIALS

Our survey aimed to gain insights into the mental models of Millennials and understand how these result in observable behaviors, particularly in relation to what might concern the insurance industry. We paid specific attention to how specific demographic factors influence values, lifestyles, mindsets, and opportunities (economic, educational etc.) available to Millennials. While we were interested in how Millennials relate to insurance, we generally steered away from asking specific insurance-related questions, as we wanted to garner broader insights that might encourage the industry to think beyond its specific products and consider Millennials as people with particular qualities, characteristics and problems that are in need of solutions.

Our goal was to understand more about:

- How specific demographic factors, i.e. age, education level, geographic location etc. influence values, mindsets, and behaviors;
- How optimistic Millennials are about the present and about the future, and what their biggest worries are both short and long term;

- The values held by Millennials: what do they care about, what are their goals for the future, what determines how they feel about their lives?;
- How Millennial behaviors, mindsets, and values vary, and what factors can explain these differences;
- How Millennials perceive the role of insurance in their lives.

METHODOLOGY

Using Pew Research’s recent definition of Millennials as those born between the years 1981–1996, we surveyed 304 Millennials, recruited primarily through Survey Monkey, our individual networks, and via social media. Using Survey Monkey’s recruiting tools, we aimed to recruit a survey panel representative of the Millennial population in the U.S., particularly concerning race and ethnicity, age, and gender.

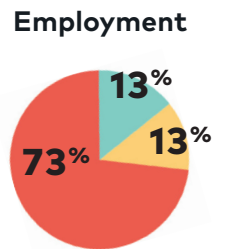
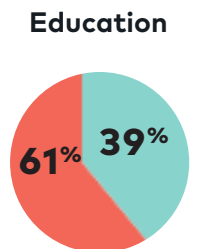
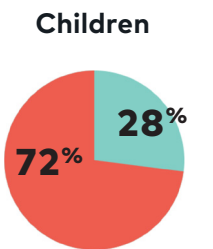
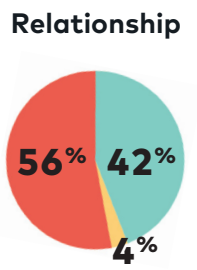
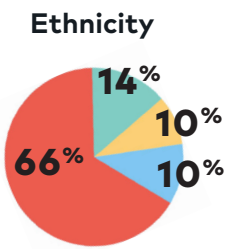
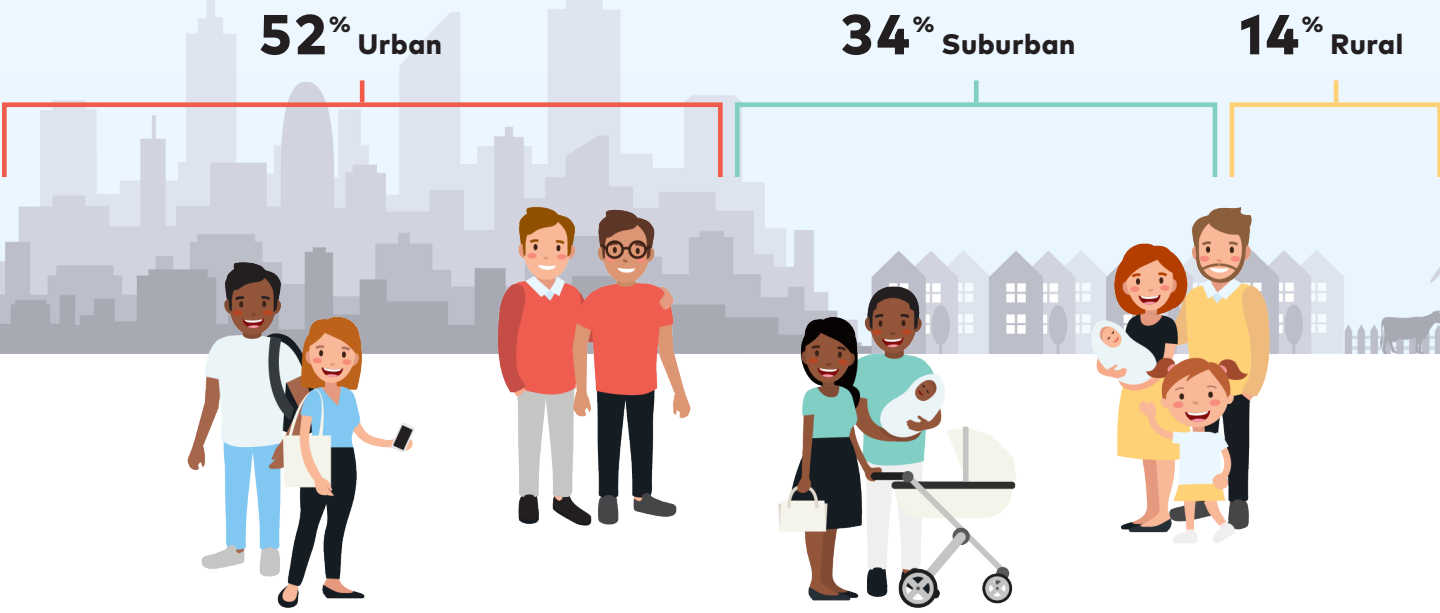
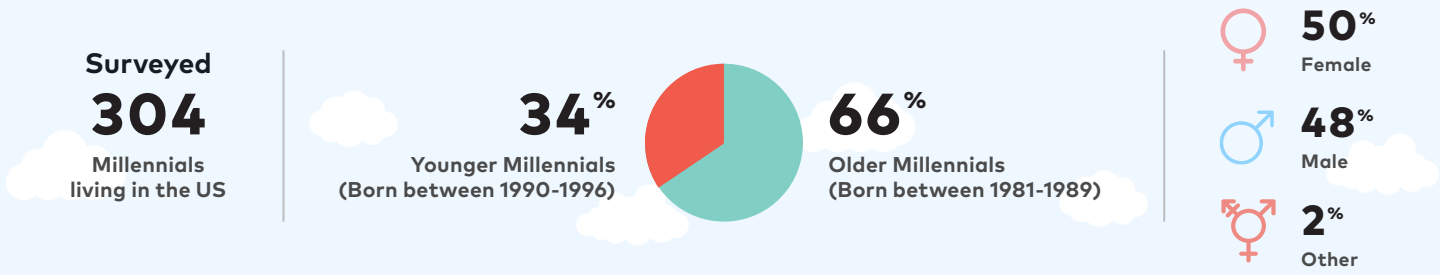
Once recruited, the survey panel was invited to take a four-part, 35-question survey that asked questions relating to:

- Demographics
- Values and lifestyle
- The future
- Attitudes about insurance

PANEL

Our panel included 304 racially diverse Millennials (born between the years 1981-1996) of all genders:

Survey Demographics



- White
- Black
- Asian
- Other
- Single
- Married
- Divorced
- No Children
- Have Children
- 4-year college or more
- No college degree
- Employed Full-time
- Employed Part-time
- Unemployed

The Many Faces of Millennials



Key Findings

Going into our research, we expected to find that Millennial values, behaviors, and mindsets are far more varied than they are often assumed to be. Indeed our research confirmed that while there are certainly observable patterns in Millennial behavior, Millennials possess a wide range of values, priorities, and mindsets and engage in a range of different kinds of behaviors related to various demographic factors that are at times predictable, but often not so much.

01. For Millennials, a college education can be a catch-22

Growing up, Millennials were told that if they worked hard and went to college, they would have access to good jobs and financial success. For many Millennials, things haven't worked out this way. For those who graduated from college during or around the recession, finding a full-time, well paying job wasn't possible, and even as the economy recovered and unemployment has gone down, wages have remained stagnant and, to boot, many Millennials got a late start in their careers and were saddled with student debt and bereft of the incomes to start paying off their debt immediately. While the Millennials we surveyed who received a four-year college degree tended to fair much better financially than those who did not, the majority of Millennials across age groups reported struggling financially.

Of those we surveyed, 61 percent had at least a four-year college degree, 58 percent indicated they were either struggling to pay their bills or just breaking event, and 57 percent of the Millennials we surveyed were making less than \$50 thousand a year. And, at 17 percent, those making less than \$10 thousand per year represented the largest income bracket.



It was then not surprising to learn that for Millennials, two of the biggest short-term concerns are work-life balance and saving for retirement. Millennials feel that making enough money to pay their bills, save for retirement, and find time to enjoy their lives—travel, pursue hobbies, and spend time with family and friends—is a challenge. And income and student debt present the largest obstacles to Millennials achieving their goals.

02. Millennials value work-life balance above material and career success

Millennials are generally well-educated, hard working, and productive, and while their behavior may suggest otherwise, our research suggests that Millennials are not career obsessed. In ranking what they are most concerned about in the short term, career success trailed behind work-life balance, which ranked the highest, suggesting that while Millennials care about their careers, especially as a means to financial stability, they are reluctant to sacrifice their happiness and well being at the expense of a career.

Similarly, when asked to identify what values were most important to their quality of life, mental and physical health and stability and security ranked highest, followed by having a sense of meaning and purpose in life, fun and enjoyment, and interpersonal relationships—all of which ranked higher than career satisfaction and status. The only things that ranked below career were thrill and excitement and “material success,” which came in dead last on their list of priorities.

“Life is about experiences, not things”

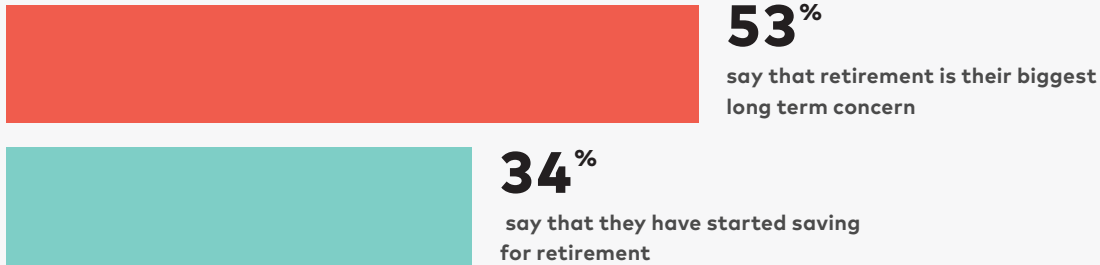
Survey Respondent

03. Millennials are struggling to balance the demands of the present with those of the future

While their preferences for experiences over things may suggest that Millennials value the present over the future, our research suggests otherwise. For Millennials it is not one or the other; much of what they are grappling with in their everyday lives is how to enjoy the present while preparing for the future—mentally, physically, emotionally, and financially.

When asked what they would spend their money on if they had more disposable income, 36 percent said saving for the future (followed most closely by travel at 18 percent). 33 percent ranked saving for the future in the top three of what they currently spend the majority of their disposable income on.

The Savings & Retirement Intention Gap



Commensurate with what we learned about how Millennials feel about their financial health, our research found that Millennials are very concerned about retirement. 53 percent say that saving for retirement is their biggest long-term concern, while only 34 percent of the Millennials we surveyed actually have retirement savings.

Meanwhile, Millennials are evenly split on their confidence in their own ability to ever retire. 50 percent say it is not at all likely, somewhat likely, or that they are unsure while another 50 percent say that is likely or extremely likely.

04. Millennials are more traditional than you think

Stereotypes of Millennials suggesting that they are lazy, selfish and more interested in going out to eat and maintaining their social lives than in more traditional things like marriage, family, and home ownership contradict what we found in our research. While it may be true that Millennials are waiting longer to get married, have children, and own homes, it is not because they don't value these things.

In fact, 66 percent of our survey respondents listed marriage and family among their top three priorities in life and many already own homes or plan to some day—and, as discussed above, most Millennials we surveyed highly value security and stability in their lives and are doing what they can to plan for the future. Decisions to delay family may simply be that Millennials feel less confident in their financial health and well being now and in the future, and are therefore more cautious when it comes to making major life decisions and/or unable to do so financially. When asked what the biggest barriers to achieving their goals in life were, the highest percentages named student loan debt and income, suggesting that the reasons to delay these decisions may be less about convention (or a lack thereof) and more about financial stability and uncertainty about the future.

05. Millennials define themselves in terms of differences from their parents

Although Millennials share in many of the same values as previous generations, not only are the ways in which these values play out in their lives different, but Millennials perceive themselves as very different than their parents. While, like their parents, they may value marriage and family or owning property, these things may not yet be a reality of their lives or may look different for them than they did for their parents.

One of the most common areas of difference identified by Millennials between themselves and their parents was where Millennials live. Nearly 50 percent identified where they live as a key difference between themselves and their parents. With the highest percentage of the Millennials we surveyed (over 50 percent) saying they live in urban areas, this was not surprising, but revealed to us that not only are Millennials more likely to live in cities than their parents, but they consider where they live to be an important part of their identity, and how they understand their lives as unique from their parents. Our research also indicated that marriage and family as well as education levels were perceived by Millennials as key differentiators between themselves and their parents, especially amongst women.

06. Age and Education have the biggest impact on Millennial values, behaviors, and mindsets

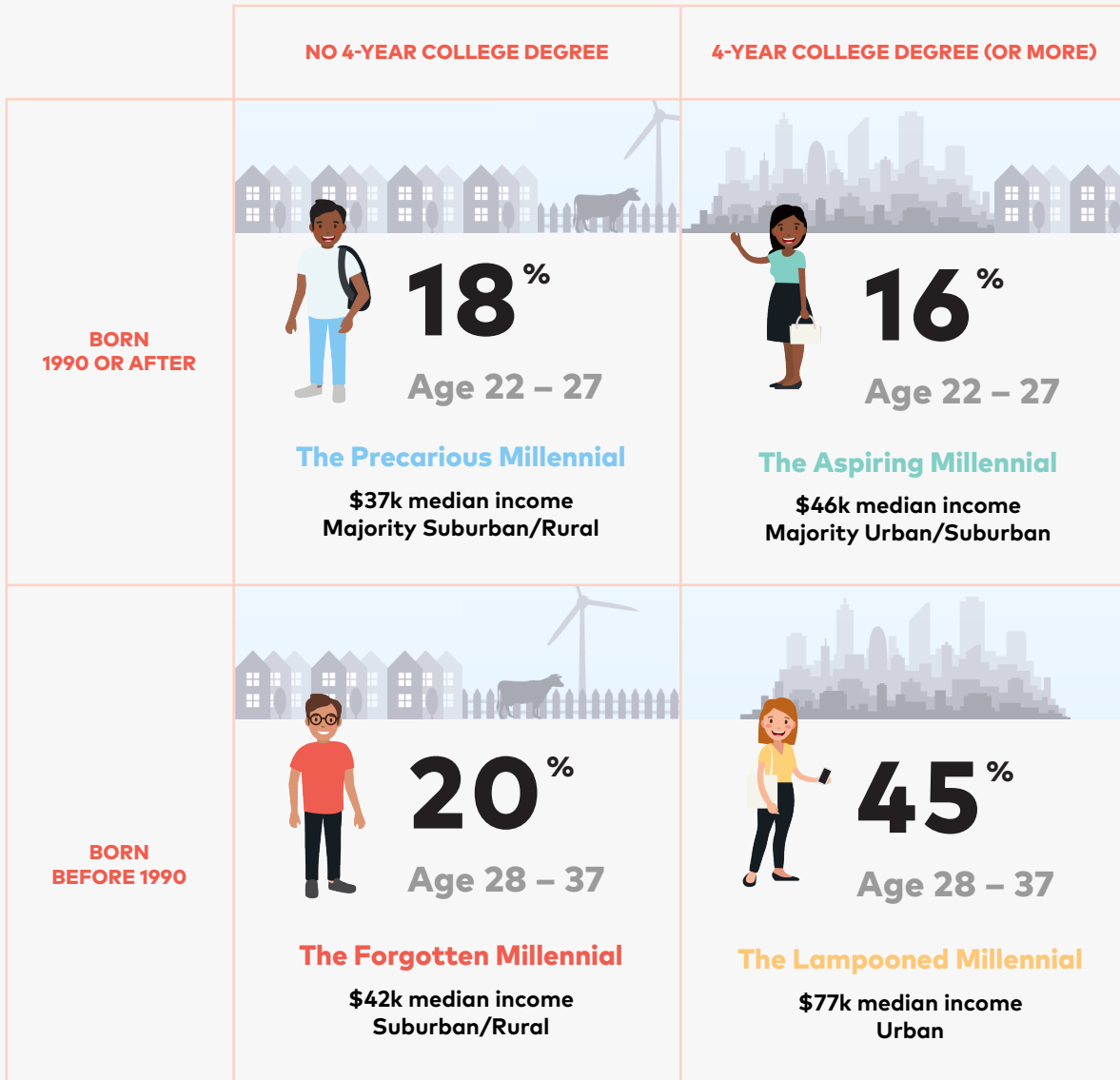
Although education can be no guarantee of financial freedom or career success for Millennials, we found that it makes a tremendous difference in their economic situations. One of the most prominent patterns that we observed in our data was the difference between Millennials of different age groups (those born before 1990 and after) and of those with and without a four year college degree.

+50 %

say that education is their most important financial investment to date

Everything from where Millennials live (i.e. in urban, suburban, and rural locations), how much money they earn, their attitudes about the future, how likely they are to have children, their views on everything from career to marriage and family—all of these things can largely be predicted by education level and age. Using this information we divided Millennials into four key personas:

Millennial Personas



1. The Lampooned Millennial (45%)



28-37, Urban, \$77k, 4 year college degree

The oldest, most educated, and most employed of the Millennials we surveyed, these Millennials most closely resemble the stereotype of the millennial depicted in the media and popular culture. They are highly educated, they live in cities, they rent, they have careers, they have higher incomes, and spend a lot on going out to eat and entertainment. And with more disposable income, they are better equipped

to save for retirement and plan for the future. They are also highly likely to define themselves by where they live and identify stark contrasts between themselves and their parents. Contrary to popular belief, however, they care about traditional things. Top on their list of priorities are family, retirement, and career advancement. And while the majority rent, many own homes or would like to in the future. These Millennials are trying to balance the concerns of the future (i.e. retirement, providing for family etc.) with enjoying their lives in the present. While they want to have meaningful careers and families, they also want to travel, pursue their hobbies, and invest in self improvement. In the long term they place health and well being above career or material success.

2. The Aspiring Millennial (16%)



21-27, Urban/Suburban, \$46k, 4 year college degree

Equipped with a college education and substantial student loan debt, these Millennials are early in their careers and live in or near urban centers, with some still living at home while they get their careers off the ground. They don't have children, they are unlikely to be married, and aren't thinking much about the long-term future yet. They are primarily concerned with work-life balance, career advancement and their mental health. And while these Millennials may still be living paycheck to paycheck, they are generally optimistic about the future, and are working hard to become more established in their careers before making long-term commitments to family, property ownership and retirement planning.

3. The Forgotten Millennial (20%)



28-37, Suburban/Rural, \$42k, high school diploma/some college

Unlike the “Lampooned Millennial” these Millennials do not fit the Millennial stereotype. They lean more suburban/rural than they do urban/suburban and are a mixed bag when it comes to traditional norms. They are less white than Lampooned Millennials and less likely to be married, to own homes, and to have full time employment, but are more likely to have children and to be religious. They are also generally less concerned with advancing their lives and careers, and more concerned with getting by in the present, the majority claiming they are struggling to pay their bills or are just breaking even. Forgotten Millennials are immediately concerned with work-life balance and providing for their families, and while they are trying to save for the future and would like to do things like travel and spend more time on their hobbies, they are doubtful even about their ability to ever afford retirement (42 percent claiming it is very unlikely they will ever retire).

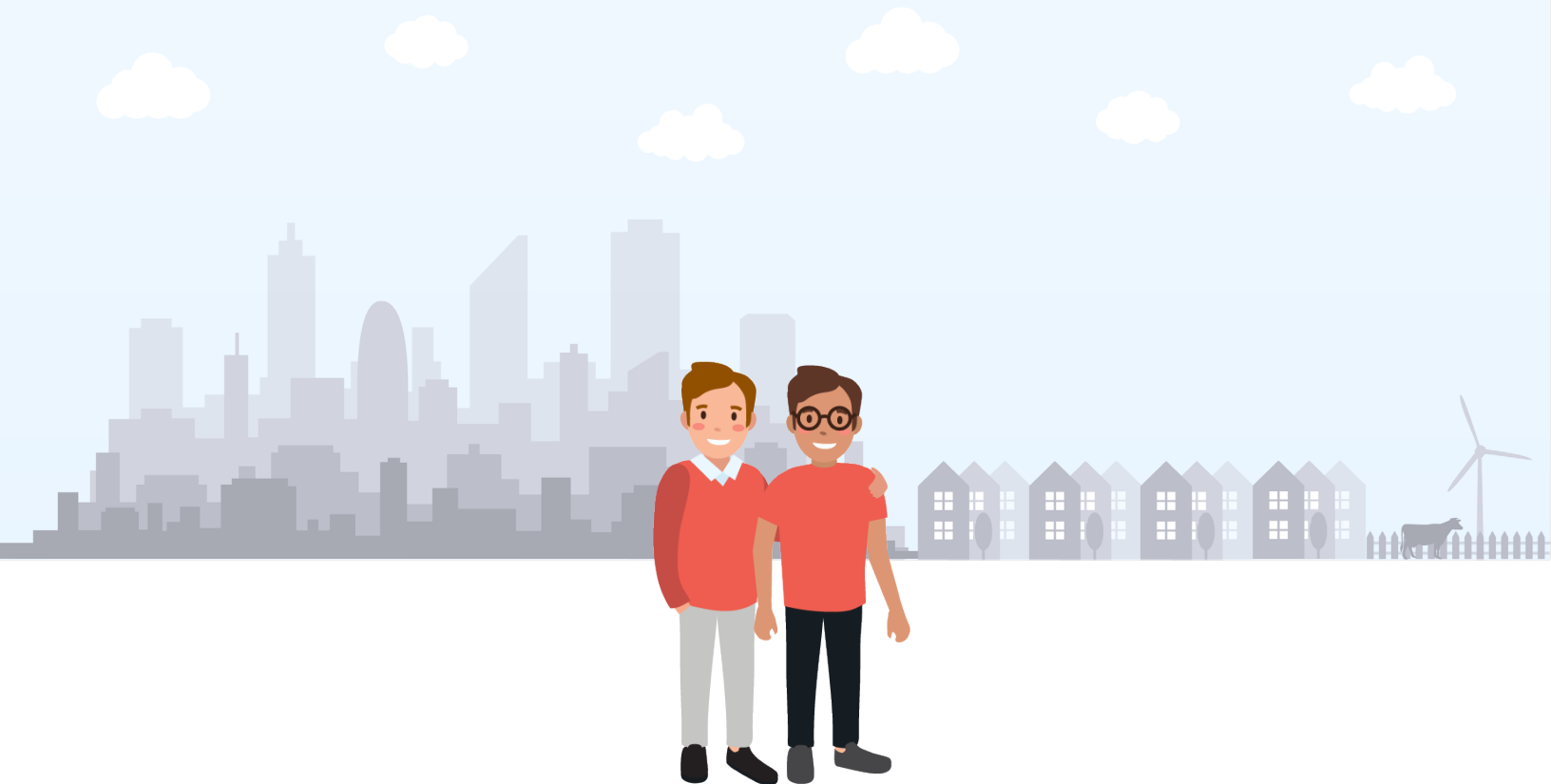
4. The Precarious Millennial (18%)



21-27, Suburban/Rural, \$37k, high school diploma/some college

Less educated, more financially strapped, and much more likely to have children than aspiring Millennials, this group also skews suburban/rural rather than urban/suburban and is more male than any other group. Unlike the more educated Millennials their age, they rate education and career before family as their top priorities, with religion coming in last. Many consider their educations their most valuable investment to date. While they are struggling to get by, and are concerned about things like affording basic expenses and mental health, they are hopeful about their futures, with many feeling that more education is key to their future success. The majority plan on someday getting married, having children, owning homes, and retiring.

Filling in the Value Gap



Recommendations

When the insurance industry talks about Millennials, a degree of hostility is often assumed: Millennials don't like the insurance industry, and therefore the insurance industry isn't crazy about Millennials. In fact, our research painted a different picture about the relationship between Millennials and insurance. Rather than hostility, we observed ambivalence, particularly when it comes to the value insurance offers.

42 percent of the Millennials we surveyed agreed with the statement: "insurance protects me and my family," while an almost equal number (38 percent) agreed with the statement "I buy insurance because I have to, not because I want to." Finally, only four percent agreed with the statement: "insurance is worth every penny." These figures suggest that by leaving Millennials feeling like they have to buy insurance, rather than wanting to buy insurance, the industry is almost certainly leaving value on the table, for themselves and for Millennials.

Part of the problem is of course the industry's inability (and sometimes unwillingness) to understand and connect with Millennials. 65 percent of the Millennials we surveyed believe insurance companies understand their risks and concerns only "a little" or "not at all." In contrast, only three percent say completely. The value gap lies in this disconnect between what Millennials perceive to be their unique risks and needs and what the insurance industry is actually offering. In order to fill this gap, insurance companies must stop relying upon their assumptions about Millennials, and actually get to know them.

If our research is any indication, all is not lost. When asked whether the insurance industry has the ability to improve their quality of life 32 percent said yes, while 38 percent felt neutral, meaning that insurance is not completely lost on Millennials; the industry needs to determine how they might learn to better understand Millennials and in doing so, deliver more value.

Based on our findings, below are our recommendations for how the industry might provide more value to Millennials:

01. Tap into Millennials' penchant for experiences and find ways to make them better

Travel Better

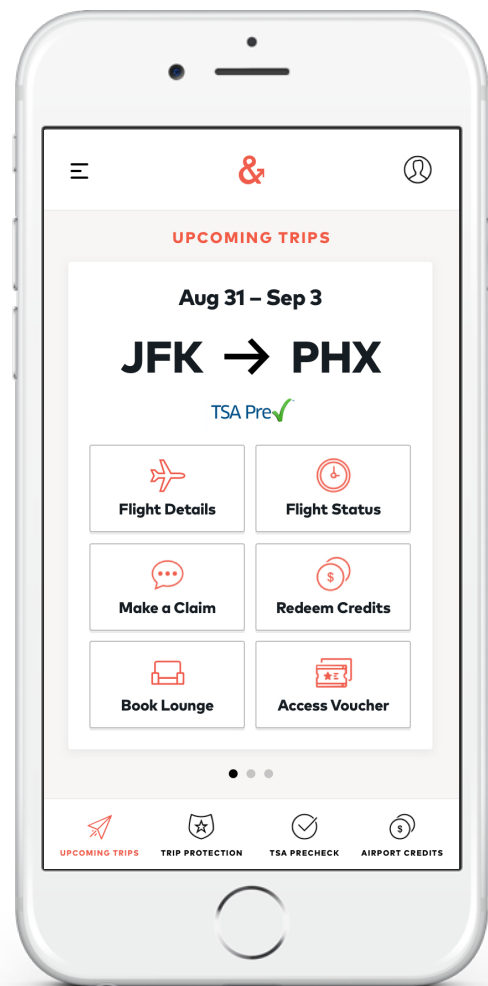
Lampooned Millennials

Our research indicated that most Millennials, and particularly those who fall into the category of the Lampooned Millennial, value experiences above things. This means they'd rather spend money on experiences like travel, going out to eat, and entertainment than on cars, electronics, etc.. In fact, for the Lampooned Millennial, travel is one of the primary things they desire to spend their discretionary income on, offering an obvious touchpoint for insurers. Travel insurance is nothing new to insurance companies and is surely considered a market of interest. Notably, AIG recently partnered with Expedia to offer travel insurance to customers booking trips through Expedia. But what if travel insurance was more than just the guarantee of a refund if you cancel your trip?

A travel insurance product for Millennials offers value now, *and* in the future. This means a product that covers the expense of a cancelled trip, but that also makes travel a more enjoyable experience. And what's the least enjoyable aspect of most travel experiences? The airport.

In addition to trip protection, a travel insurance product for Millennials would, through a uniquely calculated monthly premium that uses real customer data, offer things like automatic TSA Precheck, access to airport lounges, discounts at airport restaurants and stores, access to free in-flight drinks and wifi through airline partnerships and, using data integration with airlines, instant cash deposits or even hotel bookings when a flight is delayed or cancelled or a bag is lost.

By offering a more holistic travel product that provides immediate tangible value, not just potential future value, insurance companies can build trust with Millennials, and create meaningful relationships outside of the more traditional channels of home and life insurance.



02. Draw a line between the present and the future by designing products that add value now, and later on.

Live Better

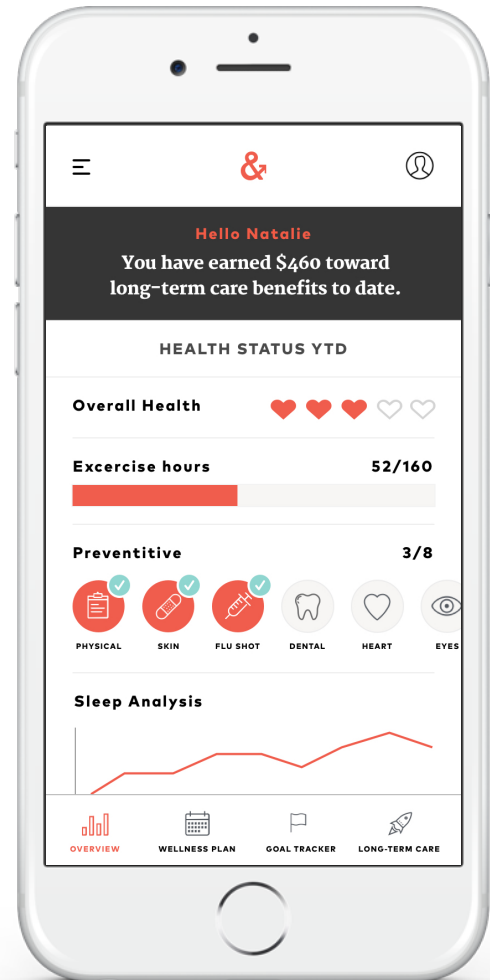
Forgotten Millennials

Generally, Millennials think of life insurance as something they buy when they have children, or possibly when they get married as an assurance that if they die, the people they leave behind will be taken care of. While whole life and permanent life insurance policies can, especially if bought young, have a cash value and be used as a financial instrument, they are seldom marketed this way and the perception of life insurance as something to be used only when a person dies predominates.

One of the key issues that came to light in our research surrounding Forgotten Millennials – older Millennials without a college degree – was a higher level of concern in the immediate when it comes to health and wellness combined with a sense of helplessness when it comes to planning for the future.

Insurance companies need to reconceive of life insurance as something that doesn't just protect your family if you die, but as something that helps you live better now, and in the future. As we discussed with travel insurance, life insurance too should aim to offer an immediate benefit, as well as protection in the future. A life insurance product for Forgotten Millennials should empower consumers to take care of their health and wellness in the short term, while helping them save and protect themselves and their families in the long term.

By offering consumers things like discounted gym memberships, health monitoring tools, and incentives (ie. lowered premiums) for healthy behavior, life insurance can offer immediate value. Meanwhile, life insurance can also offer future securities. For example,



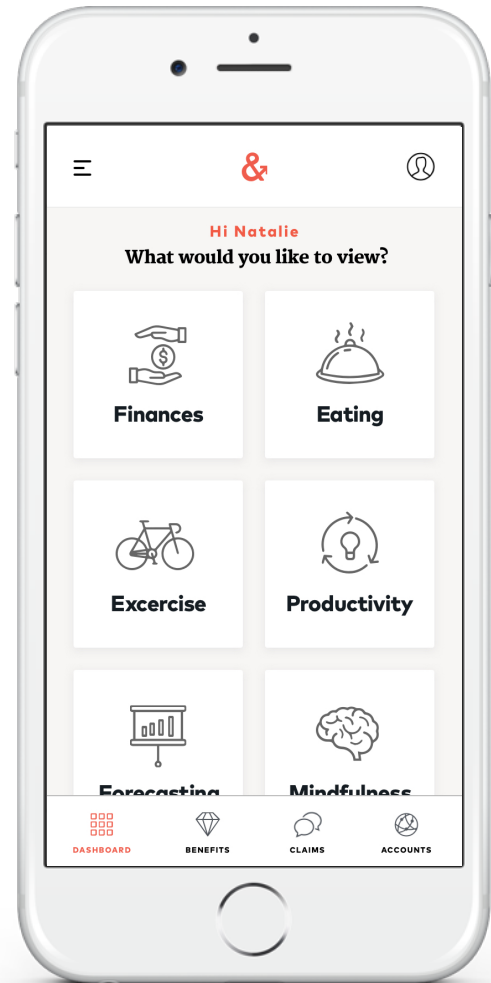
as consumers age, they may be able to forgo payouts upon death to help them cover expenses like home care and assisted living, or even health insurance, and earn points or rewards toward these things for engaging in healthy behavior now.

03. Expand your definition of wellness

Live Your Best Life

Lampooned Millennials

For Millennials, wellness doesn't just mean physical wellness. Mental wellness, financial wellness, and even spiritual wellness, along with a general sense of meaning and satisfaction in life are all encompassed in the idea of wellness for Millennials. As highly productive individuals who tend to work a lot but also want to enjoy their lives, maintaining a sense of wellness, particularly in this broad sense, can prove to be a difficult balancing act. Similar to a life insurance product that helps Forgotten Millennials take charge of their health in the short term while planning for the long term, a life insurance product for the Lampooned Millennial who is highly educated, highly productive, and who also wants to enjoy their lives would offer them both immediate and long-term benefits.



Such a life insurance product would be behavior based, providing Millennials tools and incentives to engage in the kinds of behaviors that make them feel as if they are “living their best life.” Beyond life insurance, this insurance product would give Millennials access to digital tools that encourage them not only to increase productivity at work, but also in life, helping them carve out more time to spend exercising, pursuing hobbies,

eating well and giving them access to tools to better manage their money and forecast for both the short and long term, so they can budget for the lives they want to live now and in the future. Access to savings apps like Acorn and Digit, which help consumers save incrementally might be a part of such a product, as might access to fitness apps that generally promote healthier life habits –the key being to promote an overall level of wellness that helps Millennials feel like they are taking charge of their future but also taps into their desire for better a better life now.

“Wealthfront gives me a better understanding of all of my assets versus my liabilities, and projections for the future. Helps me know what I need to do and plan for. ”

Survey Respondent, when asked "What digital product has tangibly improved your quality of life?"

04. Give Millennials a leg up, and help them get off to a strong start

The Great Equalizer

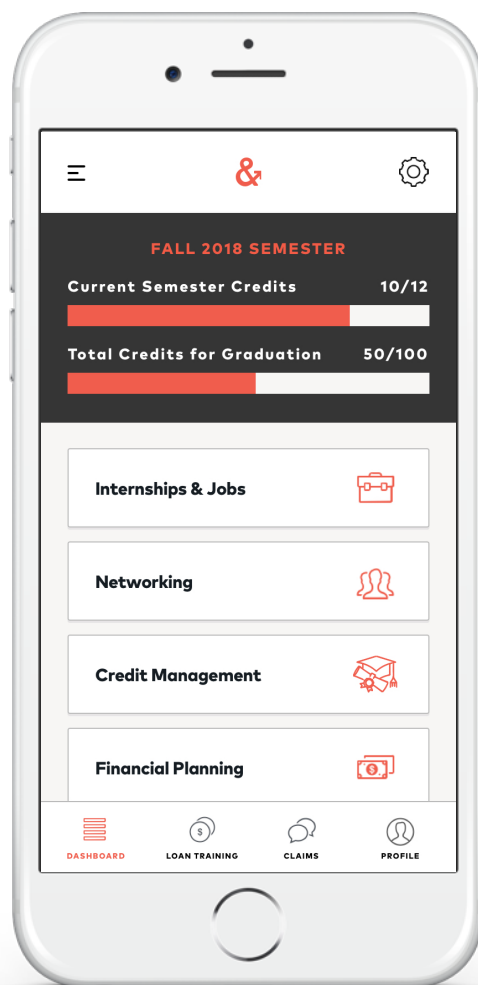
Precarious Millennials

Precarious Millennials are one of the most important groups for the insurance industry to reach – and time is of the essence. As younger Millennials without college degrees, they are a group whose futures are, as their label suggests, precarious. If their future looks anything like the older Millennials who preceded them, their ability to complete their education will largely determine their path. Designing insurance products that encourage this will at once earn their loyalty early, while also making them better customers in the future—less risky and with more access to more disposable income.

Indeed, one of the groups that is most at risk amongst Millennials are those who finance their educations with student loans, but never complete their degrees. Like the Millennials who graduate with a four year college degree, these Millennials will be saddled with debt, but will far less likely to access the financial and professional opportunities of those who complete a four year degree.

But why would students, who already cannot afford college, pay extra for insurance on their loans? A student loan product like this would essentially help students who are at risk of defaulting on their loans by partnering with banks and the federal government to pay their payments for them (or a negotiated portion of the amount they owe) while also protecting their credit until they are in a position to pay their monthly payments. Such a product could incentivize students to complete their degrees by offering them rewards for every semester of their degree they complete (for example a lowered premiums once their degree is complete).

A product like this could also do things like partner with banks to negotiate lower rates for student loans, facilitate the creation of a network for students to make connections in their industry and find jobs and internships, offer workshops, training, and counseling to help prepare students for life after college and learn how to manage their finances. Such a product could provide real protection for young Millennials while simultaneously providing them access to the resources they need to finish their degrees and start their careers.



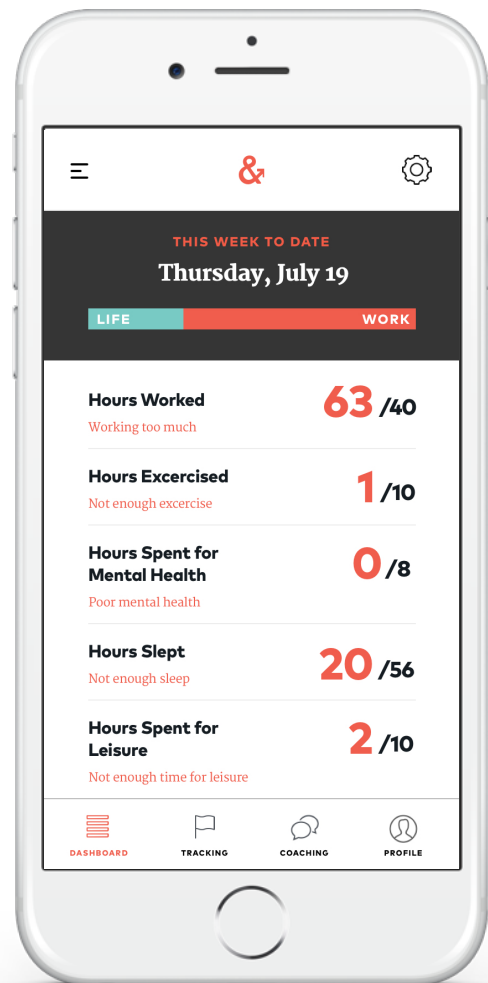
05. Find ways to tangibly improve the quality of life for Millennials, not just protect them

Work-Life Balancer

Aspiring Millennials

While work-life balance was a shared concern amongst all the groups of Millennials we surveyed, the expression it took was different for each persona. For example, when it came to the aspiring Millennials, many of whom are early in their careers, work long hours, are unlikely to be married and have children, and often earn low salaries, they tend to be far more preoccupied with career advancement than other groups, and tend to struggle with mental health. In short, the pressure to advance in their careers may be leading to a lack of work-life balance, and in turn to mental health issues.

An insurance product appropriate to this group may take the form of a life insurance product that provides busy, anxious Millennials access to on-demand services like life coaching and mentoring as well as tracking tools and integrations with health apps to monitor their work-life balance, helping at once with career advancement, work-life balance, and mental health. Beyond providing access to these types of services, the monthly premium might also contribute to a kind of safety net, providing Millennials who may want to go back to school, start a business, or make a career change access to capital. As with the kind of whole life products that exist now, they would be able to borrow against their life insurance policy.



The difference would be in how the product is marketed—not as something that can only pay out upon death, but again as a kind of safety net that at once allows Millennials to navigate the stresses of career advancement and survival in their mid-to-late-twenties while also providing a level of agility and financial freedom that enables the kind of pivoting that can be critical to career advancement and life fulfillment down the road.

“Credit Karma has helped me realize what my credit score was, and what I could do to improve it. Now that I have a good credit score, I have been able to lower my interest rates and make more purchases.”

Survey Respondent, when asked "What digital product has tangibly improved your quality of life?"

In our research, we asked the Millennials we surveyed which digital products they feel have tangibly improved their quality of life. Answers varied, with many naming companies like Google and Apple and others offering more cynical responses. But two other lesser known digital products came up repeatedly: SoFi, which gives student debtors a chance to consolidate their loans and lower interest rates to lower their monthly payments, and Credit Karma, which helps users monitor their credit scores, offering them advice and insight on how to improve their credit. These answers suggest that when it comes to an insurance product for Millennials, basic protection won't cut it. Millennials are looking for insurance to do what the other products they buy and use help them do: get ahead in life and more effectively plan for the future while also advising them on how to make decisions that will improve their lives in the immediate.

“Sofi. My husband and I refinanced our student loans, saving us thousands of dollars in the long-term plus shaving years off our repayment. They also have an engaged community on Facebook and valuable services (career advisement, etc) that I look forward to using when I get ready to return to work.”

Survey Respondent, when asked "What digital product has tangibly improved your quality of life?"

Living Your Best Life in the Shadow of an Uncertain Future



Conclusion

The personas we developed through our research suggest that Millennials are not a monolith –they have different characteristics, qualities, and needs depending upon various demographic factors, including education level, gender, and age. But we also found that there are several insights about Millennials that hold true across these personas.

For example, we found that Millennials tend to care equally about the present as they do about the future. Their desire for safety and security in the future is balanced carefully with the desire for work-life balance and a sense of meaning and fulfillment in the present. While they are highly productive and spend much of their lives working, they are reluctant to sacrifice a sense of happiness, enjoyment and fulfillment in the present to secure future stability. This attitude can perhaps be attributed to the tumultuous times in which they have been raised, the precarious state of political affairs, and general uncertainty about what’s in store for the future. This is not to say that Millennials don’t care about the future. Many are saving for retirement and express concern about whether they will ever be able to retire, but Millennials are simply reluctant to place their future happiness above their present happiness given the uncertainty of the future.

This emphasis upon balancing the needs of the present with those of the future may be related to another pattern we observed in our research: the preference for experiences above material things and belongings. Many of the Millennials we surveyed would rather spend their money traveling the world now or on their present day health and wellness, for example, than on paying down a mortgage on a house. For these Millennials, traveling, hobbies and leisure, and spending time with friends and family ranked higher than material possessions. The only problem with this, of course, is that a trip to Europe is not a financial investment in the same sense that a house or piece of property is, offering no return on investment (financially speaking) and thus little to cash in on in the future.

Finally, as discussed earlier in this white paper, the fact that most Millennials we surveyed ranked marriage and family amongst their top priorities suggests that Millennials may be more “traditional” than they are typically perceived to be. This pattern plays into the other patterns we observed. Millennials want to live rich and meaningful lives, spending quality time with

friends and family and experiencing everything the world has to offer. For Millennials, family fits into this world view, it doesn't compete with it. Family is not so much a right of passage or even an expectation, as it is something that can, especially when pursued at a certain phase in life, deepen and enrich their life experience. When Millennials have children, they want to be able to spend time with them, provide for them, and enjoy life with them. Similarly, they want to get married when they feel ready to get married, not when they are "supposed" to get married, and they want to have strong and healthy relationships with their spouses that, like the rest of their lives, they enjoy.

What do all of these emerging behavioral patterns mean for the insurance industry? The shift from acquiring property and assets to participating in experiences means that the insurance industry needs to identify new life events and triggers for when and how to reach Millennials and sell them insurance. If Millennials aren't buying homes, what lifestyle choices are they making that can be an opportunity for insurers? Similarly, if Millennials are delaying having children, and this has traditionally been a trigger for buying life insurance, how can life insurance be repackaged and sold to Millennials at earlier stages in their lives to create loyalty, and to ensure that when they do decide to have children and their risk profiles change, they know where to turn.

While the future has always been uncertain, it seems uniquely so for Millennials. They have come of age in a volatile economy and political environment characterized by extreme bipartisanship, the erosion of the social safety net, ballooning health care costs, and a diminishing chance of ever receiving the social security benefits that have been a promise of previous generations. But indeed, uncertainty is the very currency in which insurance trades. The fact of an uncertain future is why insurance exists. It's the unique quality of this uncertainty and how it plays out in the daily lives, psyches, and behaviors of Millennials that the insurance industry has yet to grasp.

Adapting products for a new generation can be intimidating and scary, especially when you don't understand the mindsets and behaviors of the people who comprise it. But what we do know about Millennials should be encouraging rather than disheartening: Millennials are productive, adaptable, technologically savvy, highly educated and they are quick learners with serious financial risks, all of which are qualities which should, in a way, make selling insurance to them—assuming it's the right insurance product—easier than ever. Now it's just a matter of spending the time and the effort on developing the kind of empathy and understanding needed to design insurance products that will deliver real value to Millennials.

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**Insurance & Millennials
A Coming of Age**

By Emily Smith

July 2018

