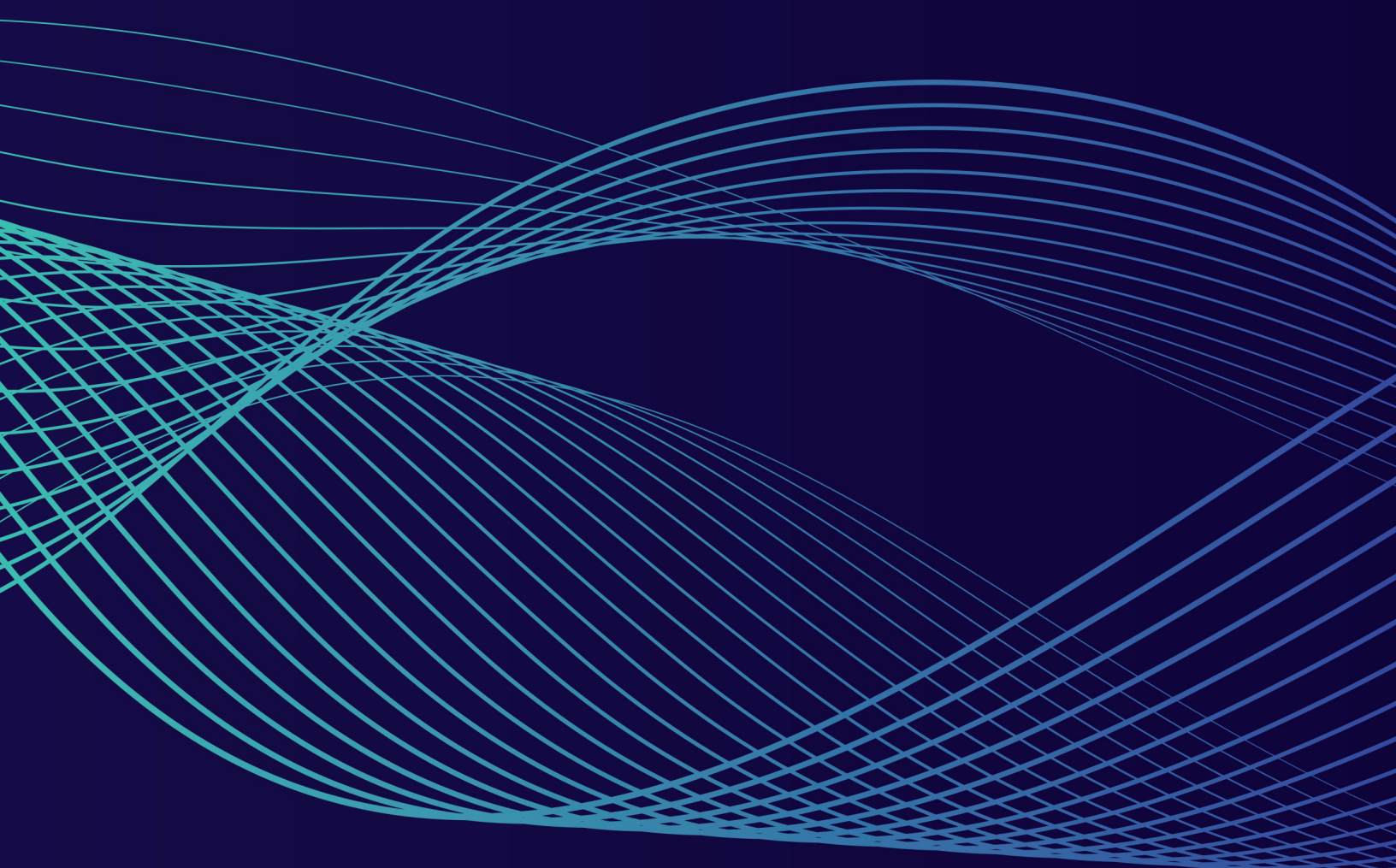


agent for the future™

UNDERSTANDING MILLENNIAL INSURANCE CONSUMERS





This year, **millennials overtook baby boomers** as the largest generation of adults in the U.S.

According to Pew Research Center, as of 2019, there are roughly 73 million millennials in the U.S.

This means that as the populations of older generations decline, millennials (born between 1981 and 1997) will make up the largest section of consumers for the next few decades.

Every company that wants to survive must learn how to attract millennial customers. Independent insurance agencies are no exception.

Liberty Mutual and Safeco recently surveyed more than 2,800 insurance consumers, including 1,600 millennials. This report provides our first look at new Liberty Mutual and Safeco® research into millennial insurance consumers.

As older millennials head into their peak earning years, they are starting families, purchasing homes and making more complex buying decisions.

Our research found that **80 percent** own a car, **45 percent** own a house and **78 percent** plan to buy a house in the next nine years.



73 million

millennials in the U.S. in 2019

While many people in insurance assume that younger buyers always shop online and only care about price, our research shows otherwise. Contrary to some predictions, the rise of the digital-savvy millennial consumer does not spell doom for independent agents (IAs); rather, it presents a huge opportunity. Our research found that millennials want help understanding insurance, and most of them are open to working with an independent agent.



45%

of millennials own a house

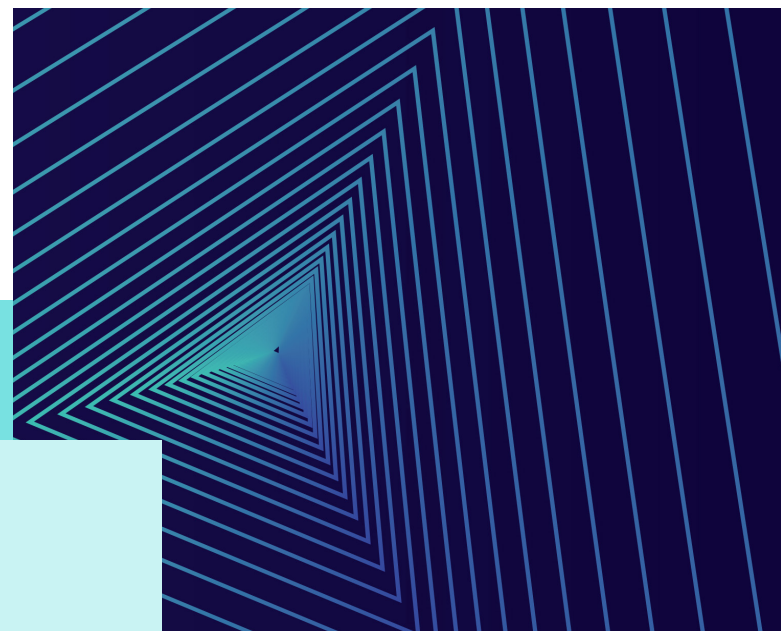
However, competition for millennial consumers is fierce, with insurtech startups and direct-to-consumer carriers focusing much of their marketing efforts toward younger consumers.



80%

of millennials own a car

To compete and thrive in the future, independent insurance agencies need to attract millennial consumers by demonstrating the unique value of IAs. This starts with understanding how younger consumers view insurance and how they make purchasing decisions.





OUR

RESEARCH

As more millennials enter the insurance market, independent agencies must **learn how to reach younger consumers** and meet their service needs.

We at Liberty Mutual and Safeco's Agent for the Future™ program want to help IAs adapt to meet the needs of millennial customers. This report is the first of a three-part series that aims to shed light on how millennials view insurance and what they are looking for in an agent.

In this and future reports, as well as in expert insights and case studies on AgentForTheFuture.com, we'll share strategies and practical advice for how IAs can attract more millennial customers.

This report provides our first look at new Liberty Mutual and Safeco research into millennial insurance consumers.

Our research team surveyed roughly **1,600 millennials, 600 Gen-Xers and 600 baby boomers**. Survey questions covered topics such as:

- How consumers view insurance and agents
- The key factors considered when buying insurance
- The ideal characteristics consumers look for in an agent
- Why consumers do or do not work with an IA



KEY

FINDINGS



1

Millennials are more likely than older generations to buy insurance online, but half of millennials bought insurance through an exclusive or independent agent.

2

Millennials are not more price-focused than Gen-Xers and baby boomers. They have similar priorities when purchasing insurance, such as looking for the most comprehensive coverage.

3

Millennials want their agent to be a seasoned insurance professional who can help them understand insurance and become informed consumers.

4

Millennials are more likely to research and connect with agents through digital channels such as online reviews and social media, but they still value the input of an expert advisor.

Unsurprisingly, millennials are more likely than older generations to buy insurance online. However, fewer millennials are making online insurance purchases than many might expect. **36 percent** of millennials reported buying auto insurance online, and **30 percent** bought homeowners insurance online. Meanwhile, **52 percent** of millennials purchased auto insurance, and **58 percent** bought home insurance, through an exclusive or independent agent.

The outlook is good for the future of the independent agent channel.

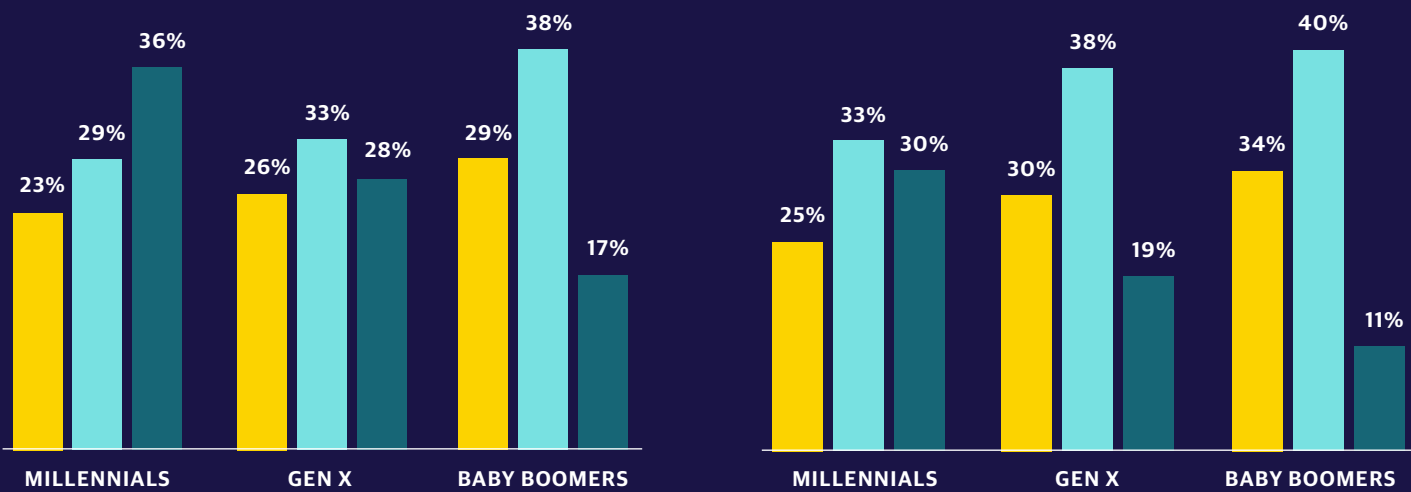
The majority of millennials are open to working with an IA, and those who do report high levels of satisfaction. Independent agents can offer millennials the ease, choice and advice they need to make wise insurance decisions, but IAs may need to adopt new tactics to reach younger consumers and demonstrate the unique value of independent agents.

Insurance channel purchase

INDEPENDENT AGENT EXCLUSIVE AGENT ONLINE

Auto

Home & Renters



In their own words

In Liberty Mutual focus groups, millennials who worked with IAs cited expert advice and plan comparisons as some of the reasons they chose to purchase through an IA.

"The person is informed on different plans and probably has more knowledge than I can find online, making my experience a lot easier."

"They are not biased toward a particular company, so they can truly find the best option by comparing different companies based on more than just price."

Price isn't the primary selling point

It's a common belief in the insurance world that since millennials have fewer assets and less wealth than older generations, they look for the cheapest insurance and buy online through large, direct-to-consumer carriers.

But our research shows that millennials are not more price-sensitive than older generations. While all generations listed price as one of the key factors

when purchasing insurance, millennials gave it slightly less weight than Gen-Xers and boomers.

Millennials' views of insurance line up with older generations in many ways, and they have similar priorities when purchasing insurance. **More than half** of millennials care most about getting comprehensive coverage for good price. Only **31 percent** want the lowest price even if it means a basic policy (compared to **29 percent** of Gen-X and **18 percent** of baby boomers).

Purchasing factors



52%
the most comprehensive
coverage for a good price



50%
understanding my coverage



49%
reputation for good service



40%
price comparisons from
competing insurance companies



36%
easy purchase process



31%
lowest price, even if it means
a basic policy

And while millennials do want easy access and time savings when purchasing insurance, they place just as much value as older customers on expert advice and a recommendation from someone they trust. In fact, millennials were twice as likely as boomers to say they don't mind if others make a decision for them if that person seems better informed.

This means IAs shouldn't assume that younger customers simply want the lowest price. Though millennial customers may not yet have as many assets as older clients, they have different needs and concerns about coverage. Our survey found that millennials are more worried about future risks than boomers, with **38 percent** saying they constantly worry about what-if scenarios (versus **12 percent** of boomers).

To attract and keep younger consumers, IAs can listen to their concerns and walk them through policy options, helping ease the stressful "what-ifs" of potential disasters. Agents can share stories of how insurance coverage has saved their other clients from losses, as a way of demonstrating their expertise and selling their value.

A desire to be informed consumers

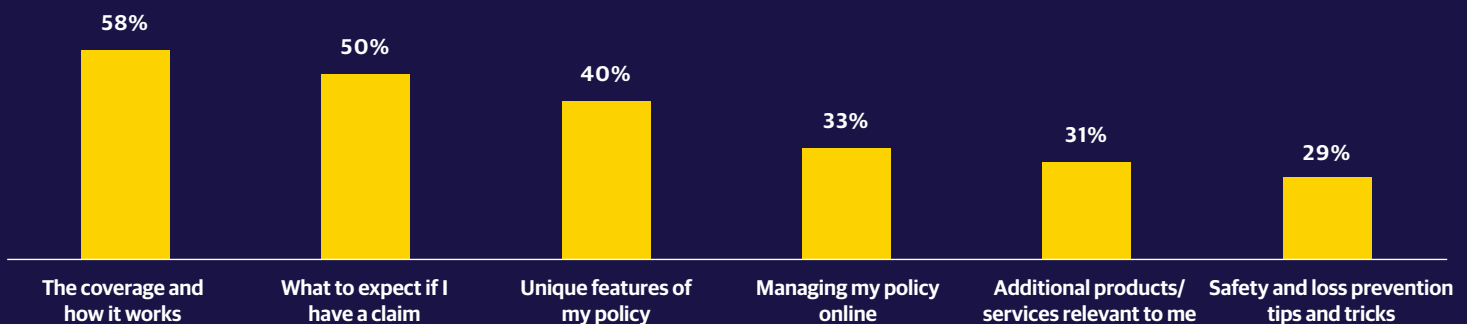
Naturally, millennials have not had as much experience with insurance as older generations and therefore have less knowledge of insurance. This is compounded by the fact that millennials tend to get married and buy homes later in life than previous generations. While **52 percent** of baby boomers describe themselves as insurance-savvy, only **34 percent** of millennials see themselves as insurance-savvy. Our survey found that millennials want to be well-informed consumers and recognize that they have a lot to learn.

Some insurance professionals assume that millennials don't pay much attention to policy details. But in our survey, **more than half** of millennial respondents said they need to know all the details about their policy. And, of those who worked with agents, **80 percent** said they want their agent to help them understand insurance – talking them through their coverage, what to expect if they have a claim and the unique features of their policy.

80%

of millennials surveyed want an agent to help them understand insurance.

What millennials want to know about insurance



This shows that millennials want to dig in and make good decisions. They desire the expert advice that IAs can offer. If IAs can demonstrate their knowledge and explain insurance terminology and policy details, they will be in a better position to attract millennial clients.

Taking time now to talk younger clients through their first policies will show them they can trust you for advice when they start buying homes and making more complex purchasing decisions in the future.

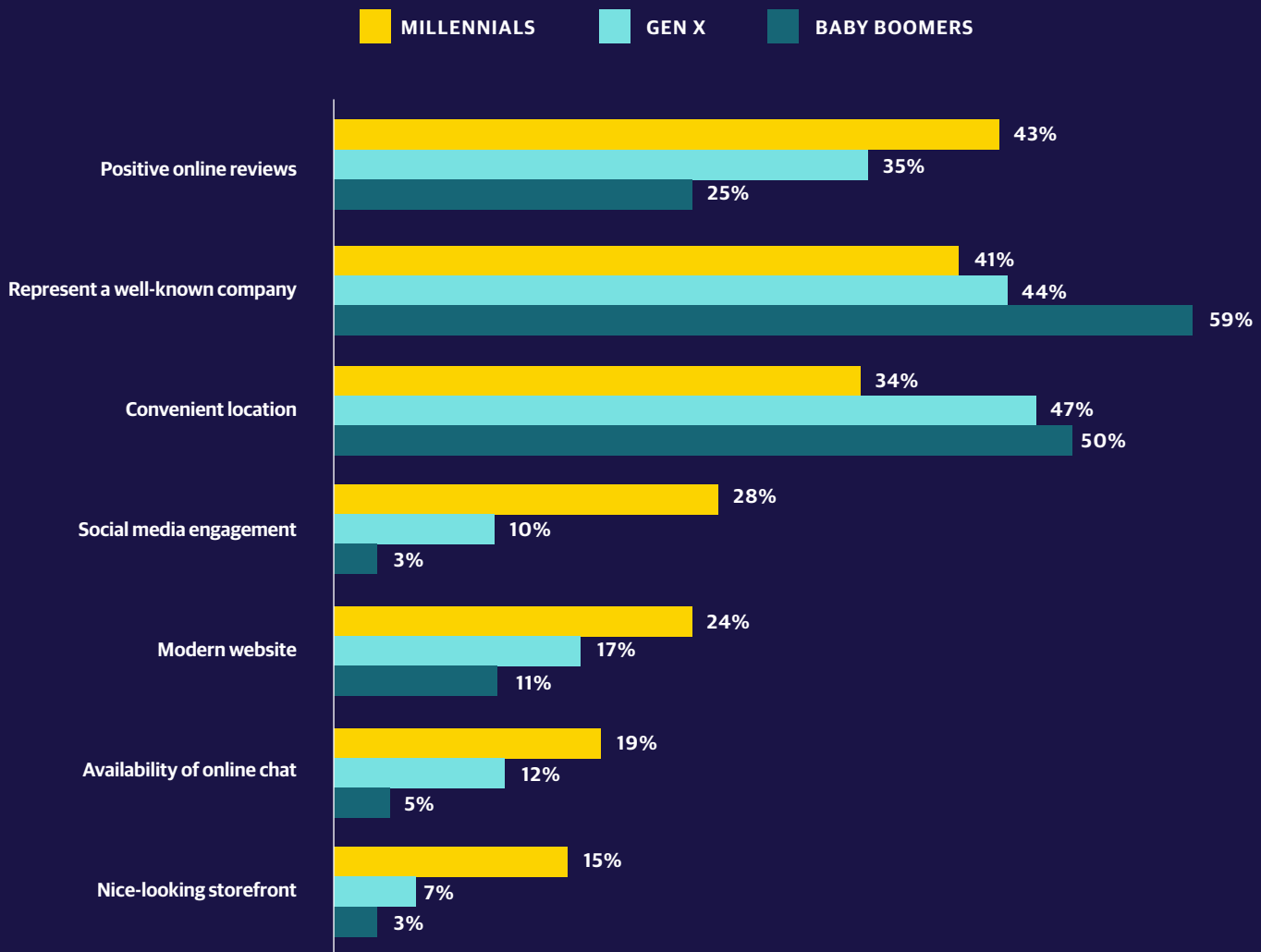
Digitally engaged, but still value human touch

Unsurprisingly, millennials are almost **three times** as likely as baby boomers to describe themselves as tech-savvy, and they are twice as likely as boomers to buy insurance online.

However, our research found that online channels are simply a route to connect with a human insurance agent. When it comes to learning about and choosing an agent, millennials ask family and friends for recommendations, but are also far more likely than previous generations to turn to the internet. More than **27 percent** of millennials said they learned about an agent through digital engagement such as online search, reviews and

social media (compared with **18 percent** of Gen-Xers and **12 percent** of boomers). And while baby boomers choose an agent based mostly on the agent's location and which companies they represent, millennials put more stock in online reviews, social media engagement, the agent's website and online chat capabilities.

Choosing one agent over another



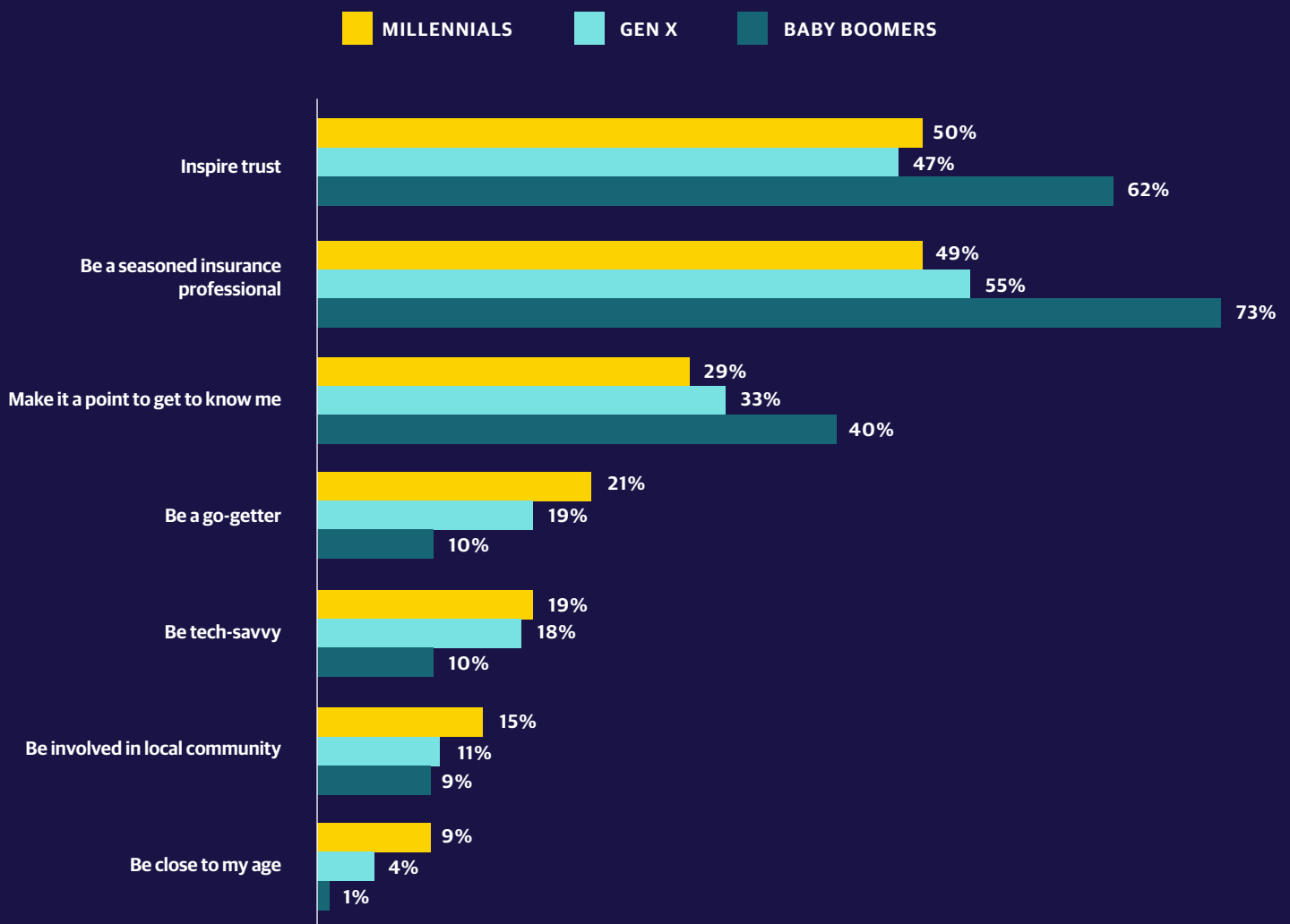
These numbers highlight a need for IAs to engage in a number of different digital channels to attract millennial buyers. Millennials still want the personalized expertise that an IA can offer, but may need to be engaged through digital means.

Millennials also reported wanting easy access and time savings, and while they want engagement and advice during the insurance buying process, they are less concerned about service after they buy. This points to a need to offer streamlined digital service and use carriers who can deliver online account management for routine tasks.

The outlook for independent agents

Millennials' desire to be educated consumers comes through in what they want from their agents, though their opinions are not as strong as those of previous generations. Millennials are looking for someone older and wiser who can guide them through insurance decisions. **49 percent** say they want to work with a seasoned insurance professional, while just **9 percent** want to work with someone close to their age. They also want someone who inspires trust (**50 percent**) and makes it a point to get to know them (**29 percent**).

Ideal agent characteristics



In their own words

Millennials who use IAs are happy with their decision. **Two-thirds** of millennials say they are satisfied with their agent, and **83 percent** say they trust their agent.

"He is very helpful and explains the policies. He has even made suggestions to help us lower policy costs."

"This gives me more options from different companies, not just what one company offers. It's the best of all the worlds."

"Everything always goes exactly how they tell me it is going to be. I trust their advice and knowledge."

Most millennials – whether they currently use an agent or not – are open to working with an IA in the future. Only **16 percent** said they were unlikely to do so.

All of this is good news for independent agents. If IAs can demonstrate their value and attract millennial insurance customers early on, those clients are likely to stick with them. **81 percent** of millennials said they plan to use their current agent again.

Reaching millennial consumers requires taking a long view. Millennials may not currently be the most profitable customers – with only **45 percent**

owning a house today. But a [Pew analysis of census data](#) found that young adult households today are earning more than previous generations did at the same age. And while millennials have [taken longer to marry and settle down](#) than older generations, our data found that **78 percent** of them plan to buy homes within the next nine years.

It can be easy to dismiss younger consumers who are only looking for auto insurance. But if IAs can provide great advice and service with an auto policy, millennial customers will likely come back to them for home insurance and other insurance needs for years to come.



A partner for the future™

Though competition is fierce, Liberty Mutual and Safeco believe that independent agents will win with consumers. No other distribution channel offers the combination of ease, choice and advice that IAs can provide millennial customers. We work hard every day to be the carrier champion of the independent agent. We're developing technology platforms, innovative products and services to help IAs thrive and better serve customers of all ages.

Our commitment to independent agents is reflected in four core investments we're making. We believe these initiatives will help IAs compete effectively today, prepare for the future and further strengthen our partnership.



Agent first

Independent agents are at the heart of everything we do. From underwriting and growth programs to compensation and a groundbreaking quoting and issuing platform – we pledge to keep agents first. We are committed to making it easy to do business with us and quickly delivering the expertise IAs need to be successful.



Customer-centric

Being customer-centric requires carriers and IAs to adapt to customers' rapidly changing preferences for how and when they want to do business. How do we do that? By providing easy, time-saving digital tools that enable customers to complete simple tasks, request roadside assistance or even submit a claim. We can also provide your customers with 24/7 service, acting as a natural extension of your agency. This allows your customers to speak to an expert immediately if needed.

We believe IAs are strategic advisors who can help consumers protect many aspects of their lives – not just their car or home. That belief guides our research, and the new ideas we bring to market open up more possibility for the future and ensure that as the market transforms, the business can evolve with it.



Deeply digital

Strengthening our digital capabilities is key to our promise to provide agents and their customers with a first-class experience. Our deep investments in technology will bring the next generation of digital tools to life for agents and their customers.



Innovation always

It's not a question of if the insurance industry is being disrupted, it's a question of when and by how much. Regardless of how insurance evolves over the next few years, We believe agents will continue to play a critical role helping consumers protect what matters most.



About Agent for the Future

Liberty Mutual Insurance and Safeco Insurance believe in the enduring value of independent agents, and the Agent for the Future™ platform was born out of that belief. Agent for the Future exists to help independent insurance agents succeed and thrive now and into the future. On the Agent for the Future website, you'll find original research, actionable insights from insurance experts, and case studies highlighting the tactics winning agents are using to grow and thrive.

For more information about Agent for the Future, visit www.AgentForTheFuture.com.

About Liberty Mutual Insurance

In business since 1912, and headquartered in Boston, Mass., Liberty Mutual Insurance is a leading global insurer with operations in 30 countries around the world. Liberty Mutual is the third-largest property and casualty insurer in the

U.S. based on 2017 direct written premium data as reported by the National Association of Insurance Commissioners. The Company also ranks 68th on the Fortune 100 list of largest corporations in the U.S. based on 2017 revenue. \$41.6 billion in annual consolidated revenue in 2018.

For more information about Liberty Mutual Insurance, go to www.LibertyMutual.com.

About Safeco Insurance

In business since 1923, Safeco Insurance sells personal automobile, homeowners and specialty products through a network of more than 10,000 independent insurance agencies throughout the United States. In a survey conducted in 2019 by

Channel Harvest, independent agents named Safeco as the carrier that does more than others to support the overall growth of agencies, and be a champion of the independent agent. Safeco is a Liberty Mutual Insurance company, based in Boston, Mass.

For more information about Safeco Insurance, go to www.Safeco.com.

About the survey

Findings in this research are based on a Safeco/Liberty Mutual survey among 2,860 consumers conducted in March 2019 throughout the United States. The survey was conducted online, in partnership with Qualtrics, a subsidiary of SAP. Respondents for this survey were selected from among those who have volunteered to participate in online surveys. Because the sample is based on those who initially self-selected for participation in the panel rather than a probability sample, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error and measurement error.

