

The millennial-dollar question

More than 60% of the population in South Africa is under the age of 30. This generation is not only technically savvy, they are knowledge-hungry digital natives and are sceptical of financial services in general, especially life insurance.



Image source: Getty/Gallo

"The circumstances that drive life insurance needs have not changed significantly over the years. Most people, whether millennials, Xers or boomers need a product or service to protect or preserve income, wealth or health. However, with more millennials entering into the phase of needing insurance cover of some type, things are changing and the values and communication channels that financial institutions have traditionally used will need to adapt to this change," says Craig Baker, CEO of MiWay Life insurance.

Who's not listening?

Also, there's this: millennials aren't listening to insurers – or maybe insurers aren't listening to millennials. Either way, at the end of last year, New York Life brought out their annual [Life Insurance Gap Survey](#) findings, with some grave results. The survey found that only 10% of millennials have enough life insurance to cover all their needs. The average millennial had \$100,000 worth of cover in place, only enough for 22% of their self-reported coverage needs (\$452,000). And that's the USA. With South Africa's insurance gap currently at more than R2trn according to ASISA, things are likely even more dire for millennials here. Let's also keep in mind that technically millennials now cover age ranges up to 38 years old!

Interestingly, in the same survey, 81% of the millennials interviewed said that they felt financially secure, versus the 75% from all other age groups. This is perhaps not too surprising – younger people are always more confident and less worried about finances or the future than those who've seen more of life, or perhaps they have simply worked out how to get by or less. In the USA, nearly 14-million millennials are still staying at home with their parents, while we do not have the exact numbers for South Africa, the trend seems to be similar. A recent LIMRA study also confirms that millennials seem to be fairly homogenous in their behaviour the world over.

"Figures from across the world have shown that millennials are not saving all they should be, especially for retirement. With life expectancy increasing across the world this implies that the provision people will need to make for their post working years will need to be significantly higher if they want to enjoy a quality life. In a country and indeed continent of predominantly younger people, it's the life insurance industry's duty to ensure these groups are educated on the risks and supported with information, products and tools to ensure that they do not reach the stage where they are unable to live independently and with dignity later down the road," says Baker.

So, how do we warn millennials of the danger they're in. They may not yet have any dependents (although they may also have yet have thought of their parents as future dependents), the threat of critical illness seems like a pipe dream and retirement decades away. And how do we communicate to a generation that is so vastly different from all the others that have gone before?

Talking about the future is good

The good news is that, in millennials, we have a more future-conscious generation of young'uns than ever before. One of the first signs was Nielsen's Global Corporate Sustainability Report a few years back, which found a whopping 81% of millennials expected their favourite brands to announce public declarations of corporate citizenship and commit to other social good causes - a far higher number than any other age group surveyed.

Where teens and twenty-somethings in the '80s and '90s (and pretty much every decade) were characterised by instant gratification and an immortality complex, Gen Y and the upcoming Gen Z have been raised hearing about greenhouse gasses, mass extinction of species and the #MeToo movement. All their life thus far, we have been talking about 'someone needing to fix 'all this', and they have internalised it. They are those 'someones'. And this makes the conversation about abstract future concepts like retirement and life insurance pay outs very, very different.

Talking about duty also works

Another interesting offshoot to millennials' high sense of personal responsibility is the type of citizens they are shaping into. Millennials are typically young in that they mistrust the state, big corporates, organised religion and almost any other big entity that could be classified as 'the system', yet unlike others they are receptive to ideas on how they can help fix societal malaise.

They're also big information vacuums. Things would change if more millennials could be taught, amid their compulsive TED Talk and Medium.com info binges, that the average savings rate of a country and its growth rate are directly correlated. If every millennial believed that R100 more saved each month could affect South Africa's GDP indirectly, that's more than six percent of South Africa actively adding to the country's overall savings every month.

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