



The Power of Predictive Moments:

How digital distribution of life insurance must evolve to pick the right moment as much as the right message

By Peter Hovard
Lead Behavioral Scientist
RGA UK

December 2021

RGA

Executive summary

Background

Digital distribution models typically aim to make it easy for consumers to buy life insurance, focusing on slick design and conversion optimization to compete for market share. The bigger challenge for the insurance industry's market growth, however, is capturing consumers' attention and awakening their recognition of the need for life insurance in the first place.

Marketing life insurance online can be challenging. Not only is every brand vying with a huge array of information for consumers' attention, psychological research has shown that people may actively avoid messages that force them to consider their own mortality.

We tested the idea that marketers can benefit from positioning products and messages to align with certain times in consumers' lives when they are likely to be more receptive. Such times, known as **predictive moments**, occur when:

- Life events such as marriage, having a child, or buying a first home create or awaken the understanding of a need for life insurance.
- Immediate context, such as the information they are looking at online, brings that need near to top of mind.

Study method

We conducted an experiment that randomly placed 2,852 U.K. participants into hypothetical predictive moment scenarios. We then measured how effectively a predictive moment was created, using a neuroscience testing technique called **Implicit Reaction Time**, which assesses the conviction behind participants' answers to attitudinal questions by the time it takes them to respond.

Findings

- People who had relevant life events were more receptive to life insurance, even if the event did not change their underlying risk (e.g., experiencing bereavement). Those individuals were also more likely to own a policy and to have made a change to their policy at the time of the life event.
- The predictive moment simulations influenced people's receptiveness to life insurance if they had previously experienced the particular predictive context presented. Contexts that reminded people of parenting responsibilities or of bereavements were associated with greater receptiveness to insurance.
- Even if a predictive moment was created by the context, people still needed to be reminded that life insurance was relevant for them.

Predictive Moments

When life events combine with an immediate context that make risks and responsibilities salient (more likely to be top of mind) in that moment.

Implicit Reaction Time Test

A test that measures how quickly participants respond to attitudinal questions. Faster reaction times imply stronger associations between mental concepts and hence more strongly held beliefs and higher conviction in participants' responses to questions.

Implications for insurance marketers

Marketing that engages consumers at moments when life events and mindsets align could be powerful means for insurers to help people make important choices about financial protection. Such models could include embedding insurance within relevant digital experiences that bring these risks top of mind. Leveraging predictive moments with truly persuasive messages will always be important when it comes to awakening consumer need for life insurance.

Strategies incorporating predictive moments may enable insurers to focus on effectively targeting new customer sets in their markets, rather than competing for existing market share, which may reduce acquisition costs. However, more research is needed to understand exactly which online experiences may provide the most effective predictive moments. Novel audience research techniques that explore participants' conviction in their responses can be valuable for furthering our understanding of human attitudes and insurance purchasing behavior.

Predictive moments and the digital distribution challenge

How do you convince a frightened horse to go down a staircase? That was a problem a preacher was said to have faced many years ago, after winning a bet that he could get a horse to climb up the stairs of his house. The horse was happy to go up, but no amount of tempting, cajoling, or even shouting could lure the terrified animal back down. Eventually, the preacher realized that if he partially blocked the horse's vision so it could only see forward, the horse could be successfully tempted to come back down the stairs. Thus, the story goes, the idea for horse blinkers was born.

The preacher also discovered something applicable to life insurance marketers in today's very active digital world: with so much information now available at a glance or a click, people sometimes need help in order to focus on a single item or goal, even when that goal is objectively useful for them. It might not be the message itself that's important, but the way the message's visual and semantic environment focuses attention.

Life insurers are increasingly exploring digital distribution models that focus on enabling policies to be easier to buy. Focusing on the prospect-to-buyer conversion, however, misses a major challenge: that of actually **awakening** the need for life insurance. To do this, insurers need to capture consumers' attention and successfully persuade them that they have a need for protection products. The adage "life insurance is sold, not bought" is testament to the fact that people in general will not readily consider the financial consequences of their own mortality without prompting.

Insurers often focus on the content of their messaging in order to capture consumers' attention and show them they have a need. Some have even resorted to basing their marketing messages on emotionally jarring and sometimes even shocking scenarios. Not only is this sort of fear-based tactic unpalatable to many brands, it may even be counterproductive: Neuroscience studies show that overly shocking communications can cause people to disengage and distance themselves from such messaging (Kessels et al., 2014).¹

Similarly, behavioral scientists have shown that people decide whether to seek out or engage with information based on how they think it will impact several practical and psychological outcomes. Notably, it is not only the objective impact the information makes on decisions that is important; people might even choose to seek or avoid information simply based on how it makes them feel (Sharot and Sunstein, 2020).² Hence, people will choose to avoid otherwise useful information if it makes them feel bad, a phenomenon known as **the Ostrich Effect** (Karlsson et al., 2009).³ Figuratively (or even literally) burying one's head in the sand to avoid danger signals may be a useful strategy for mollifying emotions, but it is less so when it comes to making practical decisions.

Unfortunately for life insurers, convincing consumers they have a need for protection means engaging them, at least to some degree, with the financial consequences of their own mortality. This can be emotionally fraught, therefore such messages are strong candidates for avoidance. This is clearly a challenge in online marketing, where competition for eyes and clicks is fierce. It is definitely more fun to scroll through pictures of friends' holidays (or cat videos) or search for a new pair of sneakers than it is to contemplate the financial consequences of one's own demise.

But perhaps online insurance marketing has not focused enough attention on another aspect of messaging: when in a person's life the pertinent messages are delivered. Certain life events are important drivers of life insurance purchases (Deloitte, 2015),⁴ as they either create a need for protection (for example, when someone purchases a property with a mortgage) or simply remind people that their need exists. These moments set the stage for effective persuasive messaging by making those messages relevant and natural to consumers at the right time. Traditional insurance salespeople, when working face to face, are often able to connect with prospects at those pivotal moments, such as when a house buyer discusses homeowner and loan protection with a mortgage adviser. The question, however, is this: are digital models doing enough to target the important life events at times when consumers may be more receptive to marketing messages?

The Ostrich Effect

Avoiding emotionally threatening or unpleasant information even if paying attention to it could be useful.

As well as life events, consumers' immediate contexts may also be important in awakening life insurance needs by bringing those needs to the forefront of their minds. The psychology of **pre-suasion**, a concept developed by social psychologist Dr. Robert B. Cialdini and explained in his 2016 book "Pre-Suasion: A Revolutionary Way to Influence and Persuade,"⁵ argues that creating the right mindset in consumers by careful context formulation is vital for setting the stage to deliver persuasive messages. This is due to psychological principles such as **priming** (Tulving and Schacter, 1990),⁶ in which activating mental representations subconsciously activates associated representations which can influence thought and behavior. For example, discussing a mortgage may subconsciously activate concepts related to financial risk in consumers' minds, potentially making the latter seem more relevant.

A related influence is **salience** (Bordalo, Gennaioli, and Shleifer, 2012),⁷ which refers to the extent to which pieces of information stand out in people's attention and influence decisions. Essentially, more salient information is more likely to direct our decisions. Hence if the risks a consumer needs to protect are top of mind, he or she might be more likely to appreciate the need for insurance in that particular moment. Even if a life event may create a need for protection, consumers don't necessarily have that need top of mind all the time. However, immediate contexts that remind people of risks could make their needs more salient.

Can a model focused on partnering with or providing digital experiences that naturally engage consumers following relevant life events and also brings the need for life insurance top of mind apply to online sales, and help to grow the market through digital channels? Embedded insurance products are certainly an example of this model, where insurance cover is bundled with relevant non-insurance products such as mortgages. This idea may extend further to relevant digital experiences outside of traditional insurance purchase journeys, where introducing insurance messaging could be effective.

About the study

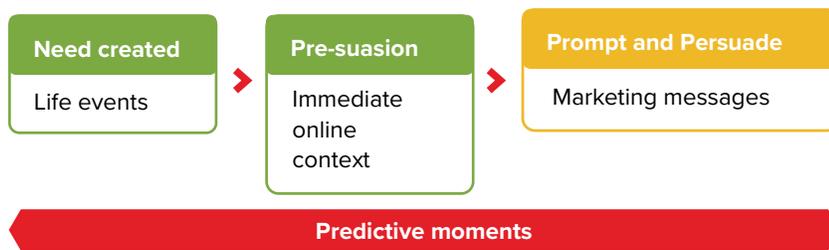
In our study we tested such a model (Figure 1), using neuroscience techniques to assess customers' receptiveness to insurance-related messaging in different contexts. These methods go beyond traditional market research, which relies on consumers' understanding and being able to articulate their own attitudes or predict their own future behavior. Instead, we created hypothetical scenarios, which we were able to compare in a controlled way, and then used a technique for understanding people's underlying conviction in their answers to assess receptiveness.

Salience

The extent to which information stands out in people's attention. Salient information may not necessarily be the most useful information for making long-term and considered decisions but being spotlighted makes it more likely to influence behavior.

Figure 1: Awakening the need

Catching consumers at predictive moments sets the stage to make persuasive digital messages about insurance more powerful.



Using neuroscience to test attitude strength

We recruited 2,895 participants for this study. Participants were from the U.K. and were a nationally representative sample that included people experiencing a variety of life events relevant for life insurance needs. This meant we could compare whether insurance purchasing behaviors and attitudes toward insurance differed, depending on whether people had experienced those events.

The life events we recorded were:

- Whether the participant had children, and how old the children were
- Whether the participant owned property, and when they purchased it
- Whether the participant had experienced a bereavement in the previous 12 months or knew of a close friend or relative who had. We also measured whether the bereaved individuals had dependents.

Simulating online mindsets

The experiment presented hypothetical situations that contained the types of information consumers could be browsing online that might create a predictive moment. These situations varied in their potential to bring risks top of mind and awaken people's awareness of their life insurance needs.

Participants were put randomly into six groups. Four were potential need-awakening context groups, and two were control groups – one an irrelevant context group and one that provided no specific context. The groups were:

- Choosing a mortgage
- Donating to a bereavement charity
- Reading information about the health risks of COVID-19
- Choosing items for a new baby wish list (registry)
- Using social media (irrelevant context control group)
- No specific context control group

Each group was first asked to recall or imagine events in their lives with related online activity by writing down answers to a series of questions. Participants in the mortgage group, for example, were asked:

Please describe what you think the most important aspects are when it comes to choosing between mortgage products.

Please think of your own experience and include as much detail as possible on the context in which you selected/are currently selecting the mortgage product.

For example, who was the property for? How did you research different mortgage options? Who did you speak to about the options? Who would be paying the mortgage, and how? What features of a mortgage were most important to you? How long was the mortgage for? What, if anything, worried you about taking out a mortgage? What do you think the risks involved in taking out a mortgage are?

We then asked participants to choose among three fictional online products related to their context. Mortgage group participants, for example, were shown fictional mortgage products and asked to select one, simulating an online action.

We also asked whether participants had been in these situations before, as memory of the situation may be important for creating a realistic-feeling moment in these simulations.

Measuring receptiveness

We measured whether the simulations impacted participants' receptiveness to life insurance using neuroscience techniques, collaborating with research agency [Walnut Unlimited](#) to administer the techniques. These methods are based on the principle that when an attitude is stronger, it is more accessible in memory and therefore more likely to guide behavior (Fazio, 2001).⁸

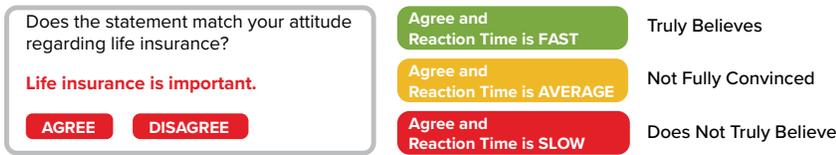
After the online activity simulation, we first tested whether life insurance was top-of-mind for participants by asking them to list types of financial services relevant to them without prompting. We then gave them a list of types of financial services, including insurance, and asked which were relevant for them.

Next, we assessed the participants' attitudes toward insurance by using a series of questions with "yes" or "no" answers. We also tested the implicit strength of participants' attitudes by measuring how quickly they responded (Figure 2). Responding faster indicated that the view was held more strongly, showing more conviction and belief in the answer given.

Finally, we asked some behavioral and contextual questions, to understand the participants' real-life insurance purchase choices.



Figure 2: Participant agreement with statements and speed of response

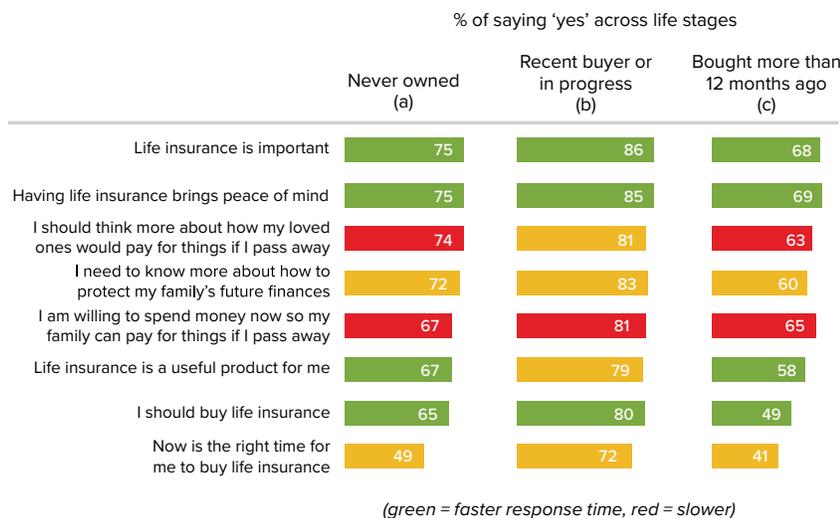


Findings: How do life events create/awaken the need for insurance?

Supporting our initial hypothesis, people who had bought a house within the past year were significantly more likely to own a life insurance policy than those who had never owned property. Those in the process of buying or who had bought a house in the past year were also more likely to have made a change to their coverage in that time, suggesting that the change in their circumstances may have been a trigger to buy insurance or alter their existing insurance policies.

Recent home buyers, as is evident in Figure 3, were also more receptive to the concept of life insurance, more likely to agree with statements about its importance, and answered more quickly (green = faster reaction time and higher level of conviction; red = slower reaction time and less conviction), indicating a more strongly held belief (the effect was significant for all but the first two attitude statements). On the other hand, those who bought their homes more than 12 months ago were less receptive, perhaps because the emotional resonance of the risks of paying a mortgage had dampened over time, leading to complacency.

Figure 3: Recent homebuyer receptivity to the idea of life insurance



The picture was similar for parents. Those with children under age 18 were found to be significantly more likely to have life insurance and significantly more receptive to it than those without children under 18.

We also found that people over the past year who had either themselves experienced the loss of a loved one, or had a close relative or friend who had, were significantly more likely to own life insurance, to have changed their policy recently, and to be receptive to the idea of life insurance. This result was even stronger if the bereaved individual had dependents. The result wasn't influenced by the age of the participants in the group.

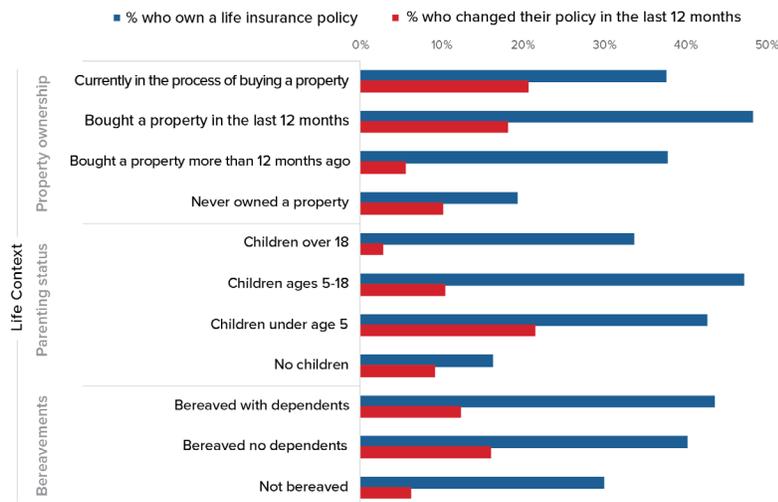
Bereavements do not objectively increase a need for life insurance, but they do bring top of mind the financial consequences of a death, awakening (rather than creating) the need. There are similar examples in the insurance industry. One example is the increase of sales of flood insurance in unaffected areas after high-profile floods (Gallagher, 2014).⁹ Another is the assertion by True Blue Life Insurance founder Brian J. Greenberg in an interview that life sales increased substantially just after Kobe Bryant's death in 2020.¹⁰ In both cases, events did not change the actual risk, but they did make the risk easier for consumers to imagine. This relates to a decision-making shortcut that behavioral scientists call **the availability heuristic**, whereby events that are easier to imagine are judged to be more likely to occur (Tversky and Kahneman, 1973).¹¹ Hence while these analyses are associative, meaning that they do not show causality *per se*, it is possible that personal contexts that remind people of risk can create predictive moments for life insurance.

The Availability Heuristic

A cognitive shortcut humans use to make judgements about probability which substitutes the question "how likely is this event?" for "how easily does it come to mind?" The implication is that easily imaginable events are judged to be more likely even when this has no real relationship with their actual likelihood. Hence insurance risks that are easier to imagine may be seen as more important.

Figure 4: Life insurance ownership depending on life events

Life events that remind people of risk are associated with higher likelihood of life insurance ownership even if they don't objectively change risk.



Findings: Do online predictive moments matter?

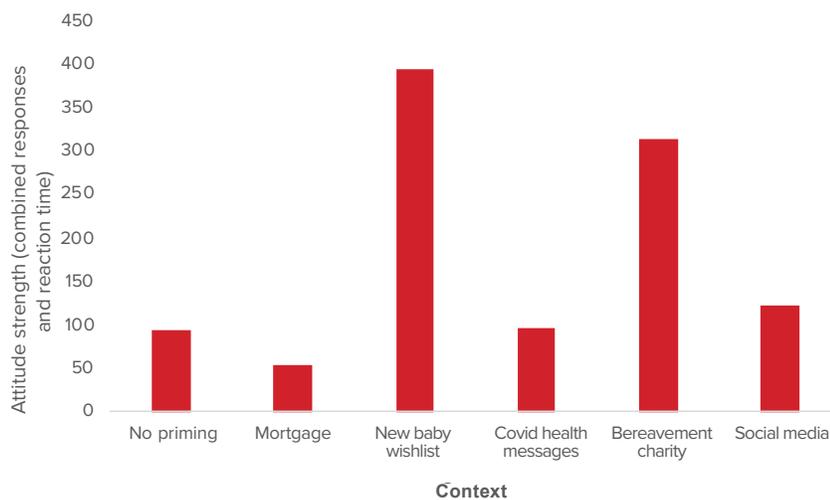
We also found that the information seen online in a moment could be important, depending on circumstances, in directing online users toward insurance. The online context simulation alone did not change how receptive participants were to life insurance. However, the combination of being put in the simulation and having had previous experience of that context did influence how receptive participants were to insurance.

When participants had previous experience with baby wish lists (registries) or had donated to a bereavement charity, they were more receptive to life insurance in those contexts (Figure 5). However, if they lacked previous experience with these scenarios, they did not become more receptive.

This may be because in these cases, the simulations were more effective because they evoked real memories. Information that put participants back in the mindset of being parents to a new baby or of reaching out to help others who have been bereaved made them more receptive to life insurance. Thus, simulated online context alone may not be strong enough to increase receptiveness, but if a previous experience created a strong connection to that context, it can be important for creating predictive moments.

Interestingly, participants in the mortgage context group who had had some previous experience applying for a mortgage online were less likely to be receptive than participants without that particular previous experience. We did not analyze how long ago people had that experience, so it is likely that the group contained many who had applied for mortgages some time in the past. If so, this is consistent with our finding described above that only recent house buyers were more likely to own life insurance and have favorable attitudes toward it.

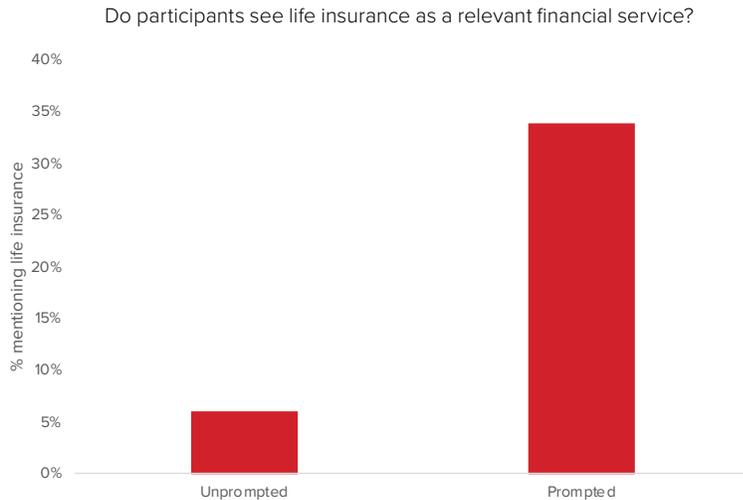
Figure 5: Priming contexts and agreement index scores for participants with previous experience in that context



Findings: Life insurance is still sold, not bought

Directly after putting the study participants into the six contexts, we asked them which financial services were relevant for them. Overall, only 6% of people mentioned life insurance, but when prompted to select from a list of financial services, 34% selected life insurance (Figure 6).

Figure 6: Choosing life insurance, prompted vs. unprompted



Interestingly, we also found participants felt more strongly that life insurance is important than they felt a need to buy it now. This was shown in that they were more likely to agree with statements such as “life insurance is important” and “I should think more about how to protect my loved ones financially if I pass away” than with statements such as “I should buy life insurance” or “now is the right time for me to buy life insurance” (Figure 7).

Figure 7: Strength of participant feeling by context

	% of saying 'yes' across each group					
	Control	Mortgage	Charity	Health	New baby	Social media
Having life insurance gives peace of mind	74	75	75	73	72	75
Life insurance is important	74	73	76	72	72	73
I should think more about how my loved ones would pay for things if I pass away	70	71	74	65	68	70
I am willing to spend money now so my family can pay for things if I pass away	70	68	71	66	68	67
I need to know more about how to protect my family's future finances	70	66	70	65	68	69
Life insurance is a useful product for me	65	65	68	62	64	64
I should buy life insurance	61	59	62	58	58	59
Now is the right time for me to buy life insurance	52	50	51	46	49	49

(green = faster response time, red = slower)

The bottom line: Consumers still need to be persuaded to buy life insurance. Even in relevant contexts consumers need to be prompted to see life insurance's particular relevance to their lives. And even when individuals feel strongly that it has value, they might still be reluctant to make the short-term sacrifice to buy it.

A well-known behavioral challenge is that people are more swayed by prospective short-term losses and gains than long-term losses and gains; a concept described by a model called **hyperbolic discounting**. The adage "life insurance is sold, not bought" continues to be true, even when people are reminded of the risks they face if they are without it. It still takes quite a bit of persuasion to remind people of the value of insurance, and to turn the attitudes inspired by those reminders into purchases.

Setting the stage with predictive moments

In today's busy online world, life insurance marketers need a model that can capture a consumer's attention and awaken in them the need for life insurance. Successfully accomplishing this will enable insurers to grow their market bases, rather than competing for market share of already engaged consumers. Both the moment and the message are important components.

The hypothesis we set out to test was that consumers are more receptive to insurance marketing when their life events create, or remind them of, a need for protection, and their immediate context brings that need top of mind.

The three key insights from this research are:

- As predicted, life events that remind people of the risks they face are associated with life insurance purchases, even if they do not objectively change risk. We found that being a recent house buyer, a parent to a child under age 18, or being recently bereaved (or knowing someone who was recently bereaved) were particularly powerful triggers.
- Information seen online can influence people's receptiveness to life insurance if the information is evocative enough. In using simulations to create context, we found participants needed to have prior experience with the context for it to make a difference in their receptiveness.
- Even when predictive moments are created, marketers still need to prompt consumers with persuasive messaging to awaken the need for life insurance.

Hyperbolic Discounting

A model that describes how people overweigh immediate rewards in their decisions. Specifically, when asked to make immediate choices people may be likely to choose a smaller reward sooner instead of a larger later reward (for example "would you prefer \$100 now, or \$110 in one month"). But when the same tradeoff is deferred to the future people tend to weigh the higher reward more strongly ("would you prefer \$100 in a year, or \$110 in a year and one month?"). An implication for insurance is that the potential payoff from a claim is a future reward, whereas paying a premium is an immediate punishment. The former would be underweighted and the latter overweighted in consumers' assessment of value.

Harnessing the moments

How can insurers harness predictive moments to bring new customers into the market digitally? Insurers need to focus not just on targeting markets, but also on creating the right predictive contexts that will enable engagement with online consumers. This involves more than focusing on market demographics and customized messages. It is also pinpointing and understanding the predictive moments that can make consumers receptive to life insurance and using that understanding to create an effective digital model that can awaken the consumer need.

Embedded insurance models that bundle life insurance with sales of other relevant digital products, such as online mortgage applications, are potentially effective applications of the psychology underlying our findings. Insurers may be able to take this further by partnering with, or creating, relevant digital experiences outside of traditional sales journeys. For example, online communities exist for health discussions, choosing future college options for children, and so on. We have not explicitly tested these scenarios, but the key insight from our research is that the context of life events and immediate information reminds people of their own needs for financial protection. Finding and communicating about or embedding life insurance within relevant digital experiences will target customers when they are most receptive, potentially reducing acquisition costs through effective targeting, which will grow the overall market as opposed to competing for market share.

Our findings showed that people were unlikely to spontaneously acknowledge that life insurance is relevant for them, even after contexts were created to remind them of risks. However, after prompting with a list of financial services, many acknowledged that life insurance was relevant. This shows that persuasive messages will always be an important for awakening customers' needs for insurance. An increasingly popular model is a hybrid online-offline approach to the sales journey which takes advantage of the persuasive powers of human salespeople to increase conversion. To take full advantage of predictive moments for market growth, marketers must find ways to engage consumers in the contexts where they are most receptive either to in-person or digital messages. Using a hybrid model alongside a strategy for targeting customers at predictive moments would take advantage of salespeople's persuasive skill as well as appropriate contexts to maximize the chance of receptive customers.

This research has started an exploration of the role of context and how it can enable the discovery of predictive moments in the life insurance sphere. However, more research is needed to establish exactly what those best moments might be. Behavioral science methods can help to understand this dynamic. Real-life experiments such as A/B or multivariate tests would allow researchers to compare consumer responses to situations in a real environment against those of a control group and then measure the actual consumer behavior. We also encourage the use of methods for example, those outlined in this paper, such as simulation experiments, and attempts to measure deeper aspects of consumers' psychology, such as their conviction in their responses, as a faster testing solution than live experiments using actual products in market. This will move the research framework beyond relying strictly on consumers' fallible assessments of their own attitudes or their predictions of their future behaviors.



References

1. Kessels LTE, et al. Neuroscientific evidence for defensive avoidance of fear appeals. *International Journal of Psychology*. 2014 Apr; 49(2): 80-8. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4286019/>
2. Sharot T, Sunstein CR. How people decide what they want to know. *Nature Human Behaviour*. 2020 Jan; 4(1): 14-9. <https://pubmed.ncbi.nlm.nih.gov/31932690/>
3. Karlsson N, Loewenstein G, Seppi D. The ostrich effect: Selective attention to information. *Journal of Risk And Uncertainty*. 2009 Feb; 38: 95-115. <https://link.springer.com/article/10.1007/s11166-009-9060-6>
4. Life Insurance Consumer Purchase Behavior: Tailoring Consumer Engagement for Today's Middle Market. Deloitte. 2015 Sept. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/strategy/us-cons-life-insurance-consumer-study.pdf>
5. Cialdini R. Pre-suasion: A revolutionary way to influence and persuade. 2016, Simon & Schuster. <https://www.simonandschuster.com/books/Pre-Suasion/Robert-Cialdini/9781501109805>
6. Tulving E, Schacter DL. Priming and human memory systems. *Science*. 1990 Jan; 247(4940): 301-6. <https://www.science.org/doi/abs/10.1126/science.2296719>
7. Bordalo P, Gennaioli N, Shleifer A. Salience theory of choice under risk. *The Quarterly Journal of Economics*. 2012 Aug; 127(3): 1243-85. <https://academic.oup.com/qje/article-abstract/127/3/1243/1922202>
8. Fazio RH. On the automatic activation of associated evaluations: an overview. *Cognition & Emotion*. 2001 Mar; 15(2): 115-41. <https://www.tandfonline.com/doi/abs/10.1080/02699930125908>
9. Gallagher J. Learning About an Infrequent Event: Evidence from Flood Insurance Take-up In the United States. *American Economic Journal: Applied Economics*. 2014 July; 6(3): 206-33. <https://www.aeaweb.org/articles?id=10.1257/app.6.3.206>
10. Herron J. "Anything Can Happen to Anybody": Kobe Bryant's Tragic Death Led to a Life Insurance Boom. *Yahoo! Money*. 2020 Mar 5. <https://money.yahoo.com/kobe-bryant-life-insurance-172357104.html>
11. Tversky A, Kahneman D. Availability: A Heuristic For Judging Frequency And Probability. *Cognitive Psychology*. 1973 Sept; 5(2): 207-32. <https://www.sciencedirect.com/science/article/abs/pii/0010028573900339>

©2021 RGA. All rights reserved.

No part of this publication may be reproduced in any form without the prior permission of RGA.

The information in this publication is for the exclusive, internal use of the recipient and may not be relied upon by any other party other than the recipient and its affiliates, or published, quoted or disseminated to any party other than the recipient without the prior written consent of RGA.