

The State of Australia's *Safety Net*

Exploring workers' resilience
and wellbeing in 2024



Contents

Foreword	5
Executive summary	6
Overview	7
About this report	
About the Council of Australian Life Insurers	8
Methodology	8
Community insights	
Financial resilience	10
The voice of Australian workers	14
Mental health and wellbeing	16
Safety net	20
Advice and planning	22
Where to next?	26



Acknowledgement of Country

The Council of Australian Life Insurers acknowledges the Traditional Owners of the many lands on which we work and recognises their ongoing connection to culture and country. Our head office sits on the land of the Gadigal people of the Eora Nation. We pay our respects to them and their Elders past and present.





Foreword

The way we live and work is changing, influenced by advances in medicine, technology, and economic shocks brought about by climate change and global conflicts. At the same time, many Australians are feeling financial pressure due to rising living costs, alongside increasing mental health challenges.

These factors are reshaping how we think about financial security, retirement plans, and safety nets.

Millions of Australians rely on life insurance for peace of mind during life's significant milestones—having a baby, buying a home, starting a business, or planning for retirement.

Independent research commissioned by the Council of Australian Life Insurers (CALI) shows that more than 90% of Australians are satisfied with the service they receive directly from their life insurer. Yet two-thirds of Australians say they are concerned that cost of living pressures will impact their ability to afford life insurance in the future.

There is a clear need for accessible and reliable financial advice among Australian consumers and a growing underinsurance problem that is leaving 3.4 million people* with inadequate protection when times get tough.

As the trusted voice of life insurers in Australia, CALI works closely with industry partners, governments and the broader community to ensure Australians view life insurance and the industry as accessible, understandable and trusted.

CALI has invested in a quarterly *Life Insurance Sentiment Tracker* to provide a pulse check of people's behaviours, opinions and perspectives in relation to life insurance.

The research highlights the fact that all Australians, regardless of their life stage, need access to affordable advice in a way and at a time that suits them, so they can make informed decisions about securing their future.

Understanding the protection and wellbeing needs of working Australians guides our work and ensures that we're advocating for the millions of people we serve and meeting their evolving expectations.

In a spirit of transparency and our commitment to genuine stakeholder engagement, we are pleased to release our inaugural report on community sentiment.

We hope you will find the insights in this report useful.

Christine Cupitt
Council of Australian
Life Insurers — CEO



*Deloitte (previously Rice Warner), Underinsurance in Australia, 2020

Executive *summary*



92%

of Australians are satisfied with services received from their life insurer directly



23%

would consider cancelling their life insurance cover if affordability was to become an issue



68%

are concerned that cost of living pressures will impact their ability to afford or continue paying for life insurance



88%

think it's important that life insurers can provide financial assistance in the event of mental health challenges



75%

of Australians are unaware that life insurance can include mental health cover



45%

choose life insurance for financial protection and a sense of security for their loved ones



28%

have considered seeking financial advice in relation to life insurance in the past three months



59%

agree that life insurance offers peace of mind and a safety net



62%

agree that life insurance through superannuation provides a suitable level of cover that meets their individual needs



Many Australians today are struggling with higher living costs and increasing mental health challenges. They worry about burn out and not saving enough for retirement. The research shows that there is a growing demand for affordable and reliable financial safety nets that people can access throughout their lives.

More than half of working Australians aged 18-64 years own a life insurance product to help protect their financial futures. Life or death cover is the most common life insurance product followed by income protection, total & permanent disability (TPD) cover, and trauma or crisis recovery insurance.

Just over a third of Australian workers report that they do not have any life insurance cover, with women far less likely to have any form of life insurance products compared to men. Women are also more likely to face financial insecurity due to lower rates of emergency savings.

Workers in the midlife career segment (aged 35-54 years) are more likely to hold a life insurance product, while Australians approaching retirement (aged 55-64 years) are the least likely to have a life insurance product. Among those Australians without a life insurance product, 20% are lapsed customers who have previously held a policy.

The research shows that attitudes towards life insurance vary widely among Australian workers, depending on their age and other factors. Younger workers generally see it as important but struggle to find the right information, while older workers approaching retirement see less need as they're more financially established.

There is an emerging underinsurance challenge for people who are starting out in their careers (18 to 34 years) who are likely to have lower home ownership rates and be even more focussed on preserving their accumulated superannuation savings for retirement.

This report gives a detailed look at how Australians across different ages view and interact with life insurance. It sheds light on why some people choose to have it and why others don't, offering insights into how these decisions impact people's peace of mind and financial security at different stages of life.

About the Council of Australian Life Insurers

CALI is the trusted voice of life insurers in Australia. We support Australians to make informed choices about their future and help them live in a healthy, confident, and secure way.

Our members represent all life insurers and all reinsurers in Australia.

We advocate for national policy settings that expand Australians' access to the life insurance protection that suits them when they need it most.

Our members' products and services give people peace of mind when making important decisions and provide a financial safety net during life's biggest challenges.

The life insurance industry is central to the *financial wellbeing* and *resilience* of Australians and the broader community.

It provides jobs, protects families and contributes to the national economy.

Methodology

This research is designed to provide an in-depth understanding of Australians' feelings and perceptions throughout different life stages.

It looks into personal wellbeing and mental health, financial resilience and safety nets, and the potential correlation with life insurance.

Six focus groups, lasting approximately 90 minutes each, were conducted over the course of two weeks. Participants were divided into groups by age and gender. Each group intentionally featured participants from different states and geographic areas across Australia. The same discussion guide was used for all groups. Focus group participants were recruited by Country Opinions. The statistics mentioned in this report stem from a quantitative research survey with a length of 5-8 minutes, with survey quotas on age, gender and location.

The sample is weighted to reflect ABS proportions in the population by age, gender and location.

The aggregate sample across the four waves conducted between July 2023 and April 2024 represents n=5,013 respondents, providing a statistically valid and representative sample of the Australian workforce.

This research was conducted independently by agency 89 Degrees East, led by one of Australia's most respected social researchers, Dr Rebecca Huntley. Dr Huntley conducted the focus groups and led the analysis of the research report.



The six focus groups conducted included:

- Men and women**
18-34 years old
- Men and women**
35-54 years old
- Men and women**
55-64 years old

This report spotlights differences by gender and workforce groups:

- Career starters**
18-34 years old
- Midlife career**
35-54 years old
- Approaching retirement**
55-64 years old

COMMUNITY INSIGHTS



Financial *resilience*

Financial resilience, best characterised by Australian workers as the ability to bounce back from unexpected circumstances, is more important than ever, with workers seeking information and advice to secure their futures.

Our research shows that most Australians, regardless of age group or gender, aspire to have greater financial resilience in their own lives, and this sentiment is increasing as a result of the cost of living crisis.

Focus group participants repeatedly mentioned the importance of having extra money saved away and expressed significant worry about how cost of living pressures impacted their ability to save the way that they would like to. Fears over unexpected expenses was prevalent across the country.

For some, financial resilience was viewed as career stability and job security through upskilling or future-proofing their role. For others, financial resilience was about thinking through what they would do in a scenario where they couldn't work anymore, and how they could still have money coming in.



We recognise that within the context of government policy and programs 'financial resilience' relates to people who are considered financially vulnerable. We are using the term more broadly in the context of this report, as an individual's ability to draw on both internal and external capabilities to manage any economic or other challenges they might face.

Some participants clearly recognised the importance of having life insurance as a safety net, but they questioned how much insurance they really needed and where to turn to for information they could trust.

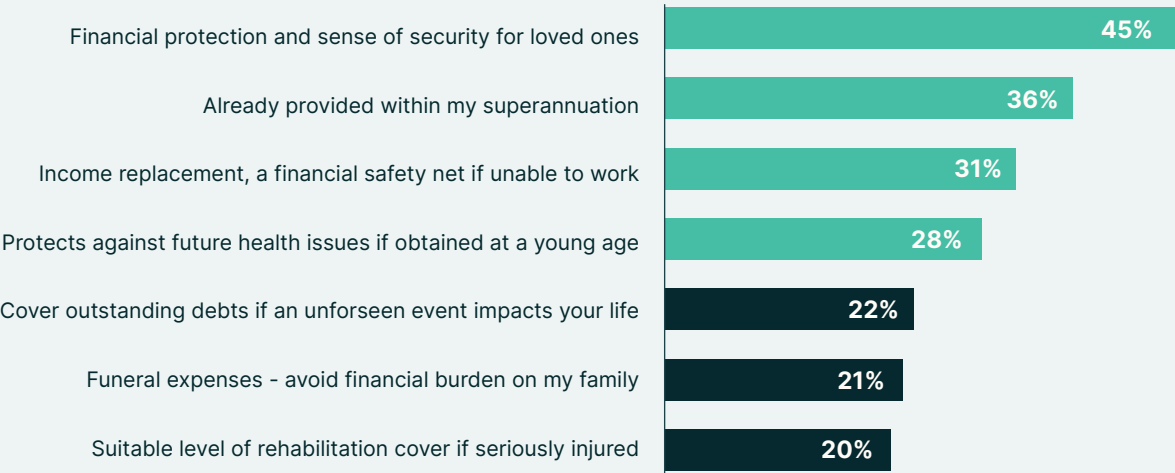
“ Financial resilience is having enough funds for when an emergency thing happens, whether that be a busted pipe or a broken leg.”
— Female 55-64, NSW

Many participants had concerns about being underinsured, but were more likely to ask friends and family for help rather than turning to a professional financial adviser or their life insurer directly. Mid-career men and those approaching retirement were the most likely cohorts to invest in life insurance as a means of protecting their family.

“ My dad refers to it as having his slush fund to be able to pay for unexpected things. And it is my goal to be able to have a slush fund.”
— Female 18-34, ACT



What are the main reasons behind your decision to obtain life insurance?



A *safety net* when times get tough

Last year 91,658 Australians or their loved ones received \$12.2 billion in financial support, as well as rehabilitation and return to work support from Australia's life insurers.

Millions of Australians are protected by life insurance through their superannuation. This default protection ensures that people have somewhere else to turn to in the event of death, illness or injury that cuts their working life short. It helps protect people's retirement savings and reduces the pressure on Government safety nets such as social security payments, the National Disability Insurance Scheme and Medicare. Our quantitative research found that the ability to access life insurance through superannuation is valued highly by Australian workers, particularly among those aged 35-54 years, as a means of providing peace of mind for unforeseen events at every stage of life.

“ You don't plan on being single, or a single mum or a widow at 40. So, it can come as a big surprise.”
— Female 55-64, NSW

Similarly, our qualitative research shows that many participants believe that their insurance cover through superannuation is reasonably affordable. This is particularly the case with young female workers aged 18 to 34 years.



COMMUNITY INSIGHTS



Financial *resilience*

Cost of living pressures are coming from every direction.

Younger Australians are experiencing significant pressure due to the ongoing cost of living crisis in Australia. These concerns are broad and are not tied to only one area of expenditure.

Our focus groups found that there is rising frustration about how expensive everyday essentials have become, a sense of hopelessness about housing affordability, and alarm at the increasing cost of everything.

While there is near universal acceptance of the cost of living crisis, there is a clear generational gap in terms of how people are affected by it in their daily lives. Younger and mid-career workers are far more likely than older Australians to say they feel acute and continuing impacts from the rising cost of living.

For some, it has reached a point where they have considered moving house to a cheaper area or accepting a higher paying job despite knowing that the cultural and work-life fit is not quite right and is likely to impact their overall physical and mental wellbeing.

Among those nearing retirement, the effects of inflation and higher interest rates are sometimes negligible and they feel that they are still able to do the things they want to do, including holidays.

Conversely, mid-life career workers are facing significant financial pressures including higher mortgage payments, higher interest rates, and increased household expenses, which affects their ability to seek and maintain life insurance coverage.

Younger people are trying to find cost savings by cancelling streaming services, scaling back on groceries, and accessing meal discounts as often as they can.

In addition to contrasts between different age groups and generations regarding the cost of living crisis, our quantitative and qualitative research showed a significant difference between male and female perceptions regarding pressures from increased cost of living.

In our quantitative research, women were more likely to be concerned about cost of living pressures particularly when it comes to their ability to pay for life insurance.

In focus groups, single women of all ages, especially those with children, noted their fear and concern over their ability to deal with rising costs in all aspects of their lives.

Men, especially those who were older, were less financially anxious, regardless of their situation in terms of marital status and children.

Women *disproportionately feel* that cost of living has impacted their ability to maintain life insurance cover compared to men.



COMMUNITY INSIGHTS



The *voice* of Australian workers

Giving Australians peace of mind

 MEN

“ I didn’t look into it [life insurance] until I had a little one... when you’re young, you don’t really think you need it and you’re invincible.”
— Male 18-34, QLD

“ Financial resilience for me is just sort of, you’ve got enough behind you to weather the storms.”
— Male 35-54, SA

“ You’ve just got to have that backing there for sanity... your peace of mind if something went wrong.”
— Male 35-54, SA

 WOMEN

“ You never know what’s around the corner and you don’t want to be up for a large sum of money if something happens.”
— Female 55-64, NSW

“ It’s peace of mind should something happen.”
— Female 35-54, NSW

“ If something major happens, you know you’re going to be ok.”
— Female 55-64, NSW

 MEN

“ I probably should have started saving money when I was 11 years old instead of going to school.”
— Male 18-34, NSW

“ It’s definitely getting tough with our cost of living... I’ve got some stuff saved away and then something random happens and you’re like, oh well, there it goes.”
— Male 18-34, VIC

“ I’m watching the impact that it’s having on younger people and it’s pretty devastating. It’s really tough out there, but not for us.”
— Male 55-64, QLD

 WOMEN

“ If you don’t have multiple streams of income, say investments or a side hustle business, then you will fall behind.”
— Female 18-34, VIC

“ Basically if you don’t laugh you’ll cry if you think about all the things that will be skewed less in our favour than someone born in 1964.”
— Female 18-34, VIC

“ It feels like everything is going up... there’s just this constant pressure with the financial part of everything.”
— Female 35-54, VIC



Mental health and wellbeing

Maintaining good mental health and personal wellbeing is a growing priority.

Given that many Australians are struggling with higher living costs, our focus groups show that stress levels and concern over mental health and wellbeing continue to increase. People feel they are working too hard, that their employers don't care enough about their wellbeing, and they worry about losing their jobs in a tough economic environment.

Many Australians have either experienced mental health challenges themselves or know someone who has. They know that these events can have a lasting impact on personal finances due to time off work, job losses, and the cost of accessing treatment and support.

Life insurers are the largest private sector provider of financial support to people experiencing mental health concerns, second only to the Federal Government. The industry knows it has a significant role to play in supporting Australians experiencing mental health challenges.

Despite this, only a third of Australians say they would turn to their life insurance provider for financial assistance in the event they were unable to work due to a mental health challenge. This stems from a lack of awareness about what's covered by their life insurance policy.

Despite low awareness, people value being able to get financial help from their life insurer in the event of mental health challenges that affect their ability to work. Women are more likely to report that income protection during periods of mental health challenges is important to them, compared to men.

Australian males at the mid-career stage (34 to 54 years) and approaching retirement (55 to 64 years) made it very clear that their key concern for their future wellbeing was the status of their health and any unforeseen impacts to their health.

Secondly, they worry about the challenges that come with ageing parents who require additional support and medical attention. In comparison, young Australian men (18-34 years) are more concerned about their overall financial security, especially the challenge of buying a house in an overheated property market.

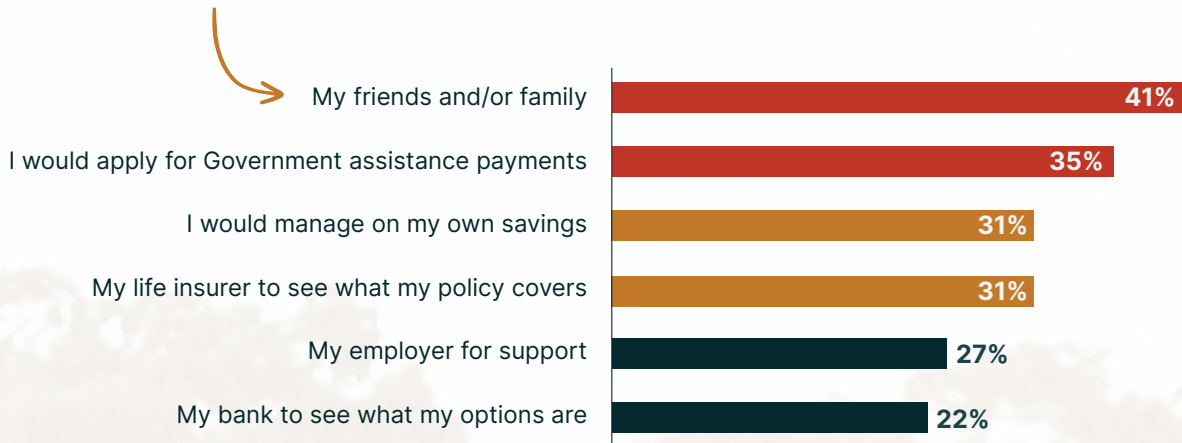
“ I would say in my industry, mental health is the biggest issue that we tend to face. There is absolutely no camaraderie in my business. Nobody's checking out for our wellbeing. Nobody's asking any questions.”

— Male 35-54, NSW

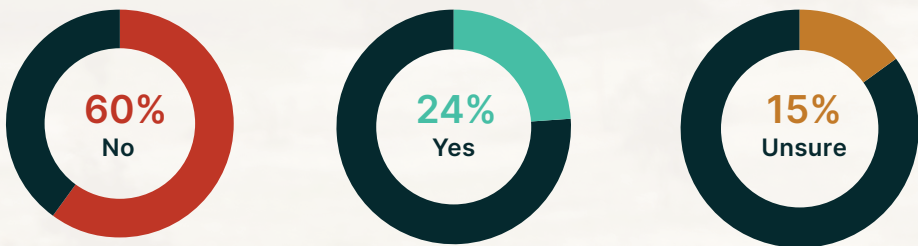
“ My mum took stress leave for three months. And my partner's mum took two years of mental health leave... It's something I would consider if you get to that breaking point.”

— Female 18-34, QLD

Who would Australians turn to for financial help if mental health challenges left them unable to work?



Are you aware that life insurers can provide you with financial assistance in the event you experience mental health challenges and are unable to work over an extended period?



63% of Australians would be *more likely* to have life insurance if they were able to access financial help in the event of mental health challenges.



COMMUNITY INSIGHTS



Mental health and *wellbeing*

The Covid-19 pandemic has made people more aware of the risks of burning out, whether from work, caring for others, money worries, or health issues.

These days, many Australians are taking a proactive approach to achieving a better work life balance, and trying to prioritise their wellbeing.

Some Australians are changing jobs or professions to safeguard their mental health and wellbeing over the long-term. However early-career entrants feel increased pressure to stay in their jobs because of the cost of living crisis. They also feel that work satisfaction and the ability to earn a suitable wage play a critical part in their overall wellbeing.

With the potential for mental health challenges due to difficult and stressful workplace environments front of mind for many Australians, research participants noted the necessity of finding ways to cope.

They mentioned prioritising physical fitness, maintaining a strong routine, setting firm workplace boundaries, working reasonable hours, keeping a healthy diet, taking significant rests and breaks, and doing activities like meditation and mindfulness exercises.

For younger Australians who can afford to do so, this preservation of wellbeing can even extend to accepting jobs that pay less than their usual wage expectations but ensure a good work life balance and overall cultural fit.

But even with these coping mechanisms, the fear of burn out was significant, and interest in some sort of financial safety net was prevalent.

“ I guess watching my parents as well, like with burnout in their jobs and everything, I’m very, very aware that the job that I’m about to go into is going to be very stressful. So going into work knowing you need to prioritise your wellbeing.”

— Female 18-34, QLD

“ In my 20s, it was all about work. Now, overwork has impacted me. So now it’s about looking after myself.”

— Female 35-54, VIC

“ I went through periods in my working career where I wasn’t having my lunch breaks, I was doing 60 hours a week when I should have been doing 40, I’d be on call on my holidays. So I then switched careers because that was not sustainable and it was impacting me.”

— Female 35-54, VIC

“ Wellbeing for me is no stress, and being financially secure.”

— Female 55-64, NSW





Safety *net*

Millions of Australians recognise that income protection offered through life insurance acts as a safety net when unexpected events arise.

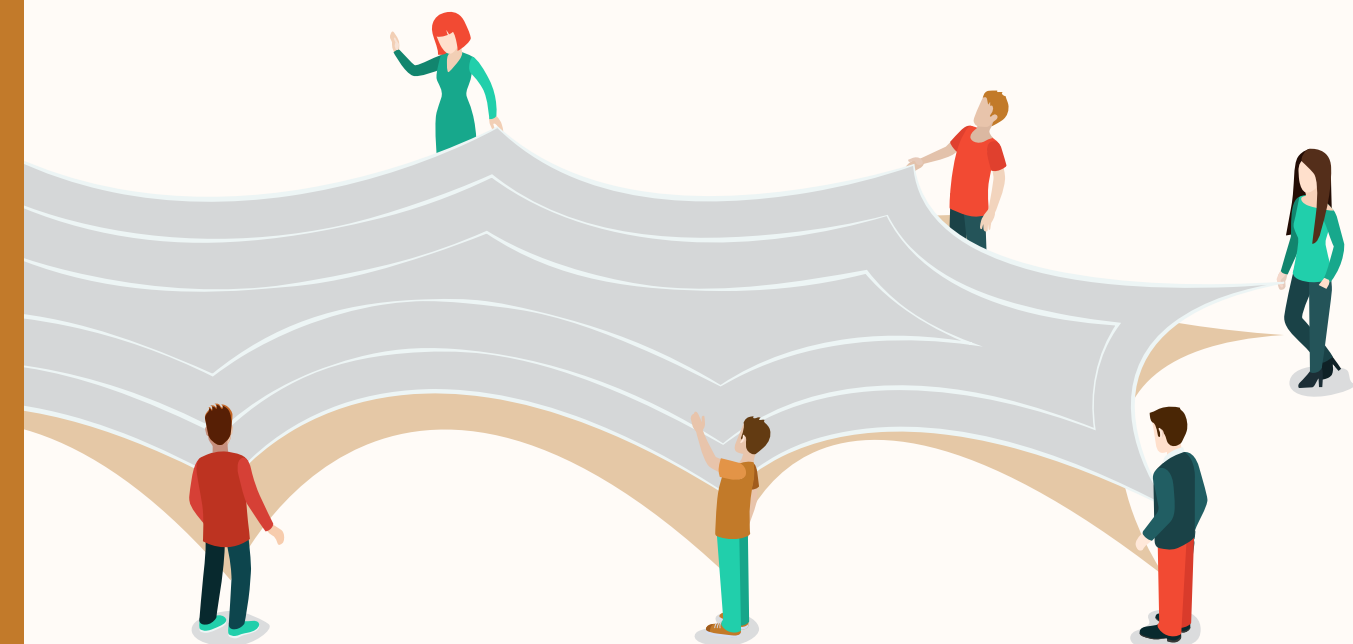
Income protection gives people the confidence to navigate life's challenges and make major decisions.

Different industries and professions attract different degrees of mental, physical and emotional strain and these factors play into people's decisions about how long they can stay in their jobs and what level of financial security they need to achieve their goals.

Today, Australia's life insurers offer health and wellbeing support to their customers. There is great potential to further develop new products and offerings that help people recover from illness or injury and return to work.

Enabling life insurers to play a greater role in proactively supporting people's health and wellbeing would help create a more complete support system for people who have an injury or illness that impacts their ability to work.

Financial security and protection for dependents are among the primary motivations for obtaining life insurance among Australian workers. There is a particularly noticeable prevalence for young Australian women to feel that life insurance isn't relevant to them until they decide to have children, at which point they would be more likely to consider obtaining or increasing their cover.



Mid-career Australians (35-54 years) are the most likely age cohort to decide to obtain life insurance because they want a *financial safety net* if they are *unable to work*

With rapid technological advancements and the rise of artificial intelligence, many Australians are increasingly uncertain about their future job security. This uncertainty adds to their need for robust financial planning and support systems.

Overall, Australians see life insurance not just as a financial safeguard but as a means to navigate life's uncertainties and maintain peace of mind in unpredictable times.

These insights are useful in guiding future innovations that prioritise customer satisfaction and better meet consumer expectations in the life insurance sector.

“ Making sure that I am not dipping into my long-term savings when unexpected events happen. How do I make sure I'm not taking away from my long-term goals?”

— Female 18-34, NSW

“ Knowing that, you know, you've sort of got all the bases covered.”

— Male 35-54, SA



Advice and *planning*

Australians want advice to help secure their future, especially on retirement solutions and protecting their loved ones, but they're often turning to friends and family instead of professional advisers.

Fewer Australians hold a life insurance policy compared to other types of insurance products. Many seek out basic information about life insurance, compare prices, and think about whether the benefits are worth the costs.

Some people prefer to save money 'for a rainy day' or are satisfied with the level of protection offered through their superannuation fund.

The availability and affordability of life insurance advice is essential to ensuring Australians can make informed decisions about the life insurance products that best suit them.

Right now, five million Australians are either in or preparing for retirement. It's important for them to have access to affordable advice and financial products to help manage their money during this next phase of their lives.

“It's hard to know what that future holds especially without a regular income at this age.”

— Male 55-64, NSW

Our research has found that most Australians are worried about how long they'll have to work before they can retire. Some are concerned that they won't have enough money to live on once they stop working, especially if they can't rely on the age pension or their superannuation balance isn't adequate.

For others, the concept of working from home means they feel they can work for longer and semi-retire instead.

There was also a feeling among several young to mid-career Australians that the age pension would no longer exist by the time they retire.

Focus group participants consistently emphasised the importance of having trust in those who provide them with financial advice.

“I don't think the aged pension will be available when I retire. I think I'll have to do it myself. It scares me. Because I don't think I'll have enough.”

— Female 35-54, NSW

Australians are accessing advice regarding life insurance products from a diverse range of sources with 31% seeking advice from family and friends and up to 45% turning to online searches, social media, and price comparison sites.

Younger workers (18-34 years) in particular tend to rely on informal advice sources and free online tools.

“I would go straight to my parents [for advice] and to be honest, anything they had I would just copy because that's what I've done my whole life.”

— Female 18-34, QLD

How important is it to you that you're able to access life insurance through your superannuation?





Advice and *planning*

Trust is the most significant factor in determining where people get their financial advice.

Midlife career workers (35-54 years) are more likely to seek advice from their superannuation fund and less likely to seek advice from family and friends or social media.

The majority of workers approaching retirement (55-64 years) show a strong preference for consulting a financial adviser or planner or directly contacting their insurer.

This is consistent with a need for tailored advice that is specific to their circumstances to better secure their retirement savings and manage existing assets effectively before leaving the workforce.

However, some people in this cohort did still mention trusting family and friends most when it came to getting advice on life insurance.

“ I would ask family first, that’s the first place I would go for advice.”
— Female 55-64, NSW

More choice on where to obtain financial advice is required to give Australian workers the confidence they need to access reliable, affordable advice to plan for their future.

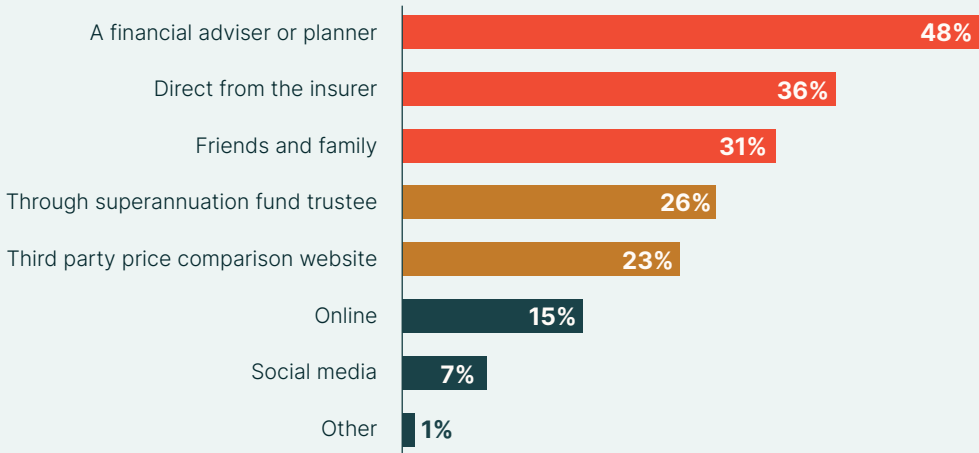
Lack of knowledge and misconceptions about life insurance products result in reduced consumer awareness and lower levels of trust among some cohorts.

People without dependent children are less likely to seek out life insurance products than people with children. Similarly, those who still have a mortgage are less likely to invest in life insurance than those who own a home outright.

Men tend to have a higher trust in life insurance compared to women. People working full-time are also more likely to have a positive perspective on life insurance products.

“ I don’t have dependents, so it isn’t relevant to me. I’ll take my chances.”
— Female 55-64, NSW

Who do Australian workers turn to for information and advice on life insurance?



Australia’s life insurers recognise that more can be done to ensure women have access to suitable, affordable life insurance that protects them and their families when they need it most.

For example, CALI is focused on working on reforms to financial advice to improve women’s access to life insurance advice, as well as working to better understand how life insurance can support specific women’s health and disability issues.



Where to *next?*

The findings in this report provide a wide range of valuable and important insights for our industry, the Australian community and the Federal Government.

Through both the qualitative and quantitative research conducted, there is one message in particular that is most clear. The financial advice needs of Australians are not being met, particularly those who can't afford to pay for a financial adviser in a cost of living crisis.

Our findings underpin the critical need for the swift passage of tranche two of the Federal Government's Delivering Better Financial Outcomes legislation, which would allow life insurers to provide simple advice on their own products when customers ask them to.

Young Australians, mid-career workers and women in particular want to learn more about life insurance and how it can benefit them throughout their working lives. They're under pressure at work and at home, they are worried about the cost of living, and they are intrigued by the possibility of safety nets to increase their financial resilience and overall wellbeing.

The key barriers are the cost of advice and knowing where to get it.

Our research shows that the views and needs of different cohorts in our community may vary but the universal need for access to affordable advice remains the same.

Through the passage of tranche two of the Federal Government's Delivering Better Financial Outcomes package, Australia's life insurers can provide the peace of mind, wellbeing and financial resilience so many Australians seek.





cali.org.au



Council of Australian Life Insurers Limited
ACN 659 620 998
PO Box R1832 Royal Exchange | NSW Australia 1225