

MetLife



Protecting a Diverse Workforce

**Steps to Address
the Life Insurance Gap:
Women as a Key Segment**

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Introduction

Much of today's diverse workforce is significantly underinsured despite the crucial role life insurance can play in providing a layer of income protection. Since women make up just under half of the U.S. workforce,¹ employers that embrace a more thoughtful approach to engaging working women by addressing their preferences and concerns can have a meaningful impact on closing the underinsured gap.

A growing body of research suggests that customized education materials and decision-support tools tailored to women can help raise benefits program awareness and participation and increase overall benefits satisfaction.² Given the increasing importance of women in the diverse employee population, their utilization of and satisfaction with benefits can have a positive impact on an employer's benefits program. Communications that better engage working women can improve their loyalty and, ultimately, help attract and retain talent.³ At the same time, this strategy can help create a model for worksite education that can be used for segmentation across products and employee populations.

A Tendency to Underinsure

While all Americans worry about what will happen to their loved ones if they should die prematurely, women could be exposing their families to more of the associated financial risk. This is supported by studies that show they are less likely than men to have adequate life insurance coverage.⁴

Differences in workplace compensation aside, women are less insured with **only twice** their income in life insurance coverage compared to men, who are covered for nearly **three times** their earnings.⁵ Surprisingly, although aware that they might be underinsured, they do not take adequate steps to protect themselves (50% of women who earn \$50,000 or more in income believe they don't have as much coverage as they need, versus 39% of their male counterparts).⁶ These differences are enough to warrant a more targeted approach to educating working women about the merits of income protection through life insurance.

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The Underinsurance Challenge

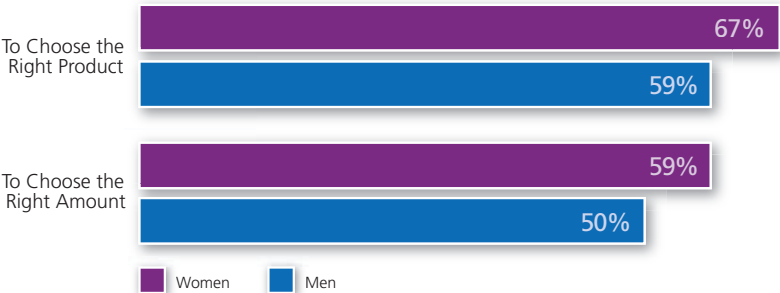
Why are women with essentially the same financial responsibilities as men less insured? The answer may be found by looking at three areas that play an important role in the life insurance purchasing process:



Industry research suggests that many women find at least some aspects of the financial decision-making process complex. In fact, 67% believe that selecting the right life insurance product is a complicated process compared with 59% of their male peers—to a degree, this extends to the issue of selecting the right amount of coverage (59% and 50%, respectively).⁷ Providing the resources and tools that can help women make the right decisions is a great way for employers to support them with the assistance they need.

It's Complicated

The Decision Around Life Insurance: Percentage of Respondents Who Feel It Can Be A Complicated Process



Another key point to consider is the difference in the perceived purpose of life insurance among men and women. Men who are primary wage earners for their family place a higher value on insuring their income and protecting their financial security than their women counterparts (more than 80% and 65%, respectively);⁸ while about half of women view life insurance primarily for burial and final expenses compared to 40% of men. This presents the opportunity to educate and reinforce the income protection role of this product, especially with women.

Despite the fact that women tend to view life insurance as a means to cover more immediate expenses, women do acknowledge that life insurance products can play a role in helping to achieve long-term financial security. However, a majority of these women are not taking any action even though 77% believe that in addition to general income protection, permanent life insurance can be an effective savings and growth vehicle, one key objective of permanent life insurance in addition to general income protection, compared with 67% of men.⁹

While there is perceived value to permanent life insurance products, permanent products, such as group universal life or group variable universal life, are not widely available at the workplace. In fact, 70% of employers offer term life for their employees, but few offer some form of permanent life insurance - 25% offer group universal life and only 15% offer group variable universal life.¹⁰

While the role of life insurance as an income protection vehicle seems clear, the reality is that not enough working women are taking action to adequately protect themselves. To help them determine the right type and amount of life insurance, women can benefit from better support to help facilitate decision-making, communications that highlight the value of life insurance with messaging that resonates with them, and access to a mix of products that will help them meet their needs.

Advantages of the Workplace

Employers are in an ideal position to help close the gaps in life insurance coverage for their employees. And while it is true that working women tend to be more underinsured than men, they are more likely to obtain their coverage through the workplace. For example, women are more likely than men to have some employer-based life insurance (80% vs. 70%) and are significantly less likely to buy their own policy elsewhere than male primary wage earners (58% vs. 71%).¹¹

The benefit for employers that can demonstrate the value of the life insurance they offer through the workplace is clear – employee satisfaction and loyalty. Research shows that employees who feel their employer communicates effectively and often are usually more satisfied with their benefits, especially working women; in fact, 70% of all employees who consider their benefits communications to be effective report a strong sense of loyalty to their employer compared with 47% of employees overall.¹² It's worth noting that working women tend to feel a stronger sense of loyalty to their employer and desire to remain on the job than men (52% to 45%).¹³ In addition, 65% of women say that non-medical benefits are an important driver of loyalty compared with 56% of men.¹⁴ This bodes well for organizations that “go the extra mile” in helping women obtain the right amount of life insurance.

The Quest for Meaningful Messaging

Much has been written about how women's perspectives differ from men, but many of these claims are over-inflated and run counter to scientific data.¹⁵ In fact, the sexes are nearly identical on most psychological variables.¹⁶ However, a few notable differences can be emphasized to help tailor communications among women about financial products and services – such as a greater risk aversion and less concern about wealth accumulation.¹⁷

When deciding whether to purchase life insurance, women and men are both motivated by the pride that comes with taking care of their families and having the right amount of coverage to provide for them when they are no longer around. Women looking for life insurance tend to respond to messaging around the peace of mind and relief that comes with having the right amount of life insurance; while men gravitate toward messages of feeling smarter financially and leaving behind a legacy.¹⁸ Therefore, it's important for employers to be mindful of how each gender responds when tailoring educational outreach on life insurance or other employee benefits.

Steps to Success

Employers who take strategic steps toward ensuring their investment in a well-rounded employee benefits package pays off can help reduce the number of working women who are underinsured.¹⁹ One step is to focus on the benefits of these products with an eye toward what resonates best with their employee population. Many obstacles that prevent women from attaining the right amount of financial protection when it comes to life insurance can be eliminated by carefully considering **messaging, communication preferences**, and assembling a more meaningful arsenal of **decision-support tools** that help employees understand their options.

Employers Need to Consider the Following Important Factors When Communicating to Their Diverse Workforce

- 1** MESSAGING
- 2** COMMUNICATION PREFERENCES
- 3** DECISION-SUPPORT TOOLS

Many of these insights and suggestions are not limited to women. Employers can leverage their overall employee benefits investment across the board by clearly articulating the value of life insurance as a critical part of every employee's income protection plan.

The following strategies can not only help close any coverage gaps, but also improve employee benefits understanding and appreciation.

Step 1: Dial up key messaging to address unique concerns.

It's critical to recognize that working women have varying perceptions about life insurance's purpose and benefits but shouldn't be treated differently when explaining key facts about life insurance, which could be construed as condescending. Working women tend to gravitate to certain benefit messaging as detailed previously – many of which have strong “emotional” components like the peace of mind and relief that comes from knowing their families will be well protected upon their death.²⁰ Targeted employee communications can help achieve better results by emphasizing critical messaging points, such as the key differences among types of life insurance.

Step 2: Factor in communication preferences.

A variety of other important factors like the manner and method through which women like to receive communications are also critical considerations. Women have a preference for receiving advice on financial products and services from people they feel closest to, such as family, friends or co-workers. And while they're less inclined to shop for coverage on the Internet,²¹ social networking with peers to whom they relate can serve as another effective means of obtaining the information needed to secure the right amount of life insurance coverage. Additionally, 43% of women would like access to benefits information online, 39% would like information tailored to their life events or stages, another 39% want access to someone who can explain more about their benefits coverage and 30% want more frequent communication—all of these findings can help shape employee educational campaigns.²²

Employers may also want to consider a separate enrollment for life insurance outside of their open enrollment. An off-cycle enrollment provides the opportunity to tap increased employee mindshare and leverage an employer's investment in this important product line. The idea is to communicate with employees at different times of the year to reinforce ongoing messages and keep them more engaged in the decision-making process. This approach can help employees make an initial benefits selection and know that they can always fine-tune their decision at a later date.

Step 3: Expanded toolkit.

With **all** employees increasingly looking to the workplace for guidance on selecting financial products and services that provide adequate protection based on their unique set of circumstances,²³ employers must do more than simply provide educational materials. They also need to provide benchmarks for the right type of life insurance product and amount of coverage, just as they would do for other employee benefits. With a variety of in-depth calculator and education tools, employees can better understand their need for life insurance, choose the right product and coverage amount, and enroll or apply easily. Side-by-side comparisons that present the pros and cons of various life insurance products are helpful, along with recommendations based on an individual's age, marital status, earnings and debt.

Conclusion

Closing the underinsured gap is a worthwhile endeavor for today's employers. A strategic approach that takes the preferences of a diverse workforce into account – those of women, for example – can pay off by providing employers with a competitive edge. Employers that identify and address their employees' purchasing barriers can help solve the problem and reap benefits – goodwill from employees, greater employee retention, a higher level of benefits understanding, appreciation and overall job satisfaction.²⁴

With women becoming an increasingly significant force in the workplace, it is important to look at the differences that drive their benefits decision-making. If the unique benefits communications needs of working women are not properly addressed, the result could be a missed opportunity for employers to maximize the value of benefits programs and help their employees secure adequate income protection.

- ¹. U.S. Department of Labor's Bureau of Labor Statistics; Current Employment Statistics Survey, women accounted for 49.8% of total nonfarm payroll for the full year 2010.
- ². MetLife's 9th Annual Study of Employee Benefits Trends.
- ³. Ibid.
- ⁴. MetLife's 7th, 8th and 9th Annual Study of Employee Benefits Trends.
- ⁵. MetLife's 9th Annual Study of Employee Benefits Trends.
- ⁶. Nielsen/Claritas Re-Contact Survey, 2010. Based on consumers who own life insurance and have one or more household members that are employed full-time earning \$50,000 or more in income.
- ⁷. Nielsen/Claritas Re-Contact Survey, 2010.
- ⁸. Nielsen/Claritas Re-Contact Survey, 2010. Primary wage earners are defined as those individuals who make 25% or more than their spouse/partner's income.
- ⁹. Nielsen/Claritas Re-Contact Survey, 2010.
- ¹⁰. MetLife's 9th Annual Study of Employee Benefits Trends.
- ¹¹. Nielsen/Claritas Re-Contact Survey, 2010.
- ¹². MetLife's 9th Annual Study of Employee Benefits Trends.
- ¹³. Ibid.
- ¹⁴. Ibid.
- ¹⁵. LIMRA International, "Financial Styles of Affluent Women," July 2010 Research Briefing.
- ¹⁶. Ibid.
- ¹⁷. Ibid.
- ¹⁸. MetLife, "Maximizing Life Sales within the Employee Benefits Channel," June 25, 2010. Based on employees who had access to life insurance through their employer or through their spouse/partner's employer and were interested in purchasing life insurance.
- ¹⁹. MetLife's 9th Annual Study of Employee Benefits Trends.
- ²⁰. MetLife, "Maximizing Life Sales within the Employee Benefits Channel," June 25, 2010.
- ²¹. MetLife's 9th Annual Study of Employee Benefits Trends.
- ²². Ibid.
- ²³. Ibid.
- ²⁴. Ibid.

The information in this update is not intended to constitute legal advice and should not be relied upon in lieu of consultation with appropriate legal advisors in your own jurisdiction.

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