

Why millennials don't buy insurance like their parents

Here's why Millennials are significantly different from their parents in the way they purchase insurance.

I was sitting with one of my friend's a few days ago and he was sharing some of his life woes with me. He has a son who recently started his first full-time job, and was refusing to listen to his father's insurance advice. "He's been taking advice from strangers on the internet and refuses to take my advice. I mean, I'm his father," my friend complained. "You know how it is with kids these days, they will research anything for days before committing to it."

I smiled and told my friend he was lucky to have a son who was so financially aware and responsible. You see, millennials today, do not buy insurance the same way their parents used to. With the advent of digitalisation of the insurance industry combined with increased financial literacy, changing structures of the modern Indian family, the way insurance is bought and sold has changed dramatically.

By 2022, [India is expected](#) to be the youngest country in the world, with an average age of 29. Millennials (people born between 1980-2000) are in their "big spending phase" in their economic life cycle, due to which their spending patterns, demands and attitudes are having a huge impact on businesses around the world, and particularly in the insurance industry. One of the key reasons for this transformation are the changes in the financial mindset of millennials. Due to the changing societal structure, [millennials have increased financial independence](#) and literacy which prompts them to be more detail oriented and analytic when purchasing insurance.

This hands on approach of millennials varies vastly from their parents, and has pushed the insurance industry to [provide analytical services beyond](#) just premium evaluation and comparison.

Similarly, just as my friend mentioned, "technologically savvy" millennials have a penchant for discussing and reviewing policies through digital channels before making any financial decisions. In business-speak such customers are described as being "[omni-channel](#)", where they research products online, then talk about it with friends and other contacts on social media channels and then proceed to buy them through online services or mobile applications.

While parents may recall the days when buying insurance meant shuffling through hours and hours of paperwork and spending time on the phone trying to understand

the jargon blurted out by insurance agents, those days are long gone. A recent [report published](#) by PricewaterhouseCoopers and the Indian Chamber of Commerce about the insurance industry highlights 25% of the new customers now use digital channels and models to “understand and compare insurance products”. There is an increasing confidence in millennials in purchasing and researching insurance policies online, which makes it pivotal for insurance companies to develop digital platforms and networks, where customers can get advice about sales, premium comparisons, risk mitigating calculations and coverage comparisons.

Once known to be rigid, traditional and hard to navigate, the insurance industry is now adapting to suit the demands of the new age Indian millennial. Millennials, who are more independent than their parents at a younger age and move away to distant cities want to be more in control of their finances and do not like to waste time with lengthy contracts and jargon.

Other changes in societal structures, including the rise of nuclear and smaller families, are also prompting the Indian millennial to have demands that are very different from their parents. They have pushed the insurance industry in a different direction, whereby, companies use big data analytics and user dashboards to make the process of buying and maintaining insurance policies easier and in-line with specific customer demands. While my friend was worried about his son, he forgot a simple factor: “the times they are a-changing” and with good measure.