



Understanding the Demographic Trends Shaping the Critical Illness Insurance Market

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Critical Illness Insurance has become increasingly important in today's environment, as it provides financial security to individuals and families when they face severe health challenges. This form of insurance has gained prominence due to rising healthcare costs and the unpredictable nature of critical illnesses. Additionally, with a lump sum paid upon a diagnosis of a covered critical illness, the need to dip into savings or retirement funds can be avoided.

According to MetLife's 21st Annual U.S. Employee Benefit Trends Study, 51% of employees surveyed see Critical Illness Insurance as a must have benefit. Within EOI's book of business, Critical Illness ranks second in terms of premium written, just below permanent life with long-term care insurance and just above accident insurance.

Demographic buying patterns play a crucial role in understanding how different segments of the population recognize the importance of and purchase Critical Illness Insurance. In this article, we will explore demographic trends shaping the Critical Illness Insurance market.

51%

Percentage of employees that indicate Critical Illness is a must have benefit.¹



Age

One of the most significant factors influencing the purchase of Critical Illness Insurance is age. Typically, individuals in their 30s and 40s are more likely to consider this insurance. As people age, their vulnerability to critical illnesses increases, making them more inclined to invest in a policy that can provide financial support. Additionally, people in their 30s and 40s are often in the midst of their careers and have significant financial responsibilities, such as mortgages and children's education, making them more aware of the need for financial protection.

Income and Socioeconomic Status

Income and socioeconomic status are critical determinants of Critical Illness Insurance buying patterns. Individuals with higher incomes and a more comfortable financial standing are more likely to purchase comprehensive policies. These individuals often have a higher risk tolerance and can afford higher premiums, which provide greater coverage. On the other hand, those with lower incomes may opt for more basic policies or may not consider Critical Illness Insurance due to budget constraints.

Family Structure

Family structure plays a pivotal role in influencing the purchase of Critical Illness Insurance. Families with dependent children are more likely to consider this insurance as a means to secure their children's future in case of a critical illness diagnosis. Single individuals or couples without children may be less inclined to purchase such insurance, as they may not have the same level of financial responsibility.

Gender

Gender can also impact the buying patterns of Critical Illness Insurance. Historically, women have shown a higher interest in this type of insurance, primarily because they tend to live longer and face a higher risk of certain critical illnesses like breast cancer. However, with changing societal roles and increasing awareness, men are increasingly recognizing the importance of Critical Illness Insurance and are actively purchasing policies.



Health History and Pre-existing Conditions

An individual's health history and pre-existing medical conditions significantly affect their eligibility for Critical Illness Insurance and the cost of premiums. Those with a family history of critical illnesses or pre-existing conditions may be more motivated to purchase this insurance as they perceive a higher risk of developing such illnesses themselves.

Geographic Location

Geographic location can also impact buying patterns. In countries with a robust public healthcare system, individuals may be less motivated to purchase Critical Illness Insurance compared to those living in regions with limited healthcare coverage. Cultural factors and local insurance regulations can also influence buying decisions.

What is Critical Illness Insurance?

Health insurance can provide coverage for many of the costs associated with treating a critical illness like cancer or heart attack. But what about the other out-of-pocket costs that you incur when you or a loved one is battling a major illness and is unable to work? There's lost income — even if you have disability coverage, which only pays a portion of your regular earnings — along with co-pays, deductibles, family and living expenses, and even transportation costs to and from treatment. Many of these additional costs can contribute to the pressure you are already under at the worst possible time. Critical Illness Insurance can help to cover some of those gaps in your financial plan that you may not have even known existed.





Understanding the demographic buying patterns of Critical Illness Insurance is essential for insurance providers to tailor their offerings and marketing strategies effectively. While age, income, family structure, gender, health history, and geographic location are key factors that influence purchasing decisions, it's important to note that individual motivations and circumstances vary widely. As healthcare costs continue to rise, and people become more aware of the financial risks associated with critical illness, the demand for Critical Illness Insurance is likely to continue growing across various demographic groups. Insurance providers must continue to adapt and innovate to meet the evolving needs of their diverse customer base.

Insurance providers have taken notice and due to these buying trends, an increase in demand, and the pandemic, many have expanded their list of covered conditions to include categories such as infectious diseases, childhood conditions, and chronic conditions. To remain competitive, many will now offer plans with no pre-existing condition limitations and no maximum benefit limitations including benefits for recurrence, typically subject to a separation period between claims.

Now is the ideal time to evaluate a client's existing plan to ensure they are providing the most competitive and comprehensive plan available or recommend they offer a Critical Illness plan if one is not being offered.

