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Life insurers under pressure: 42% of consumers are confused and unconvinced by policies

- ***Technical language (37%), affordability concerns (35%), and lack of relevance to life stage (25%) among top barriers to purchasing life insurance***
- ***Half of consumers plan to use generative AI tools to discover and compare life insurance products***
- ***Nearly 40% of policyholders rarely hear from their life insurer after purchasing a policy, while half of those who discontinue coverage do so within the first three years***
- ***Best-in-class life insurers, representing 10% of the industry, achieve 41% higher revenue growth and 12% lower lapse rates by combining consumer-led strategies with intelligence-powered operations***

Paris and Windsor, CT, September 10, 2026 – The life insurance industry is facing a relevance challenge. While consumers recognize the importance of financial protection, many struggle to see how life insurance fits into their lives, preventing insurers from building lasting customer relationships. The World Life Insurance Report 2027, researched jointly by the Capgemini Research Institute and LIMRA, finds that 47% of consumers say they are considering purchasing a life insurance policy, yet more than 40% of those feel confused, uncertain, or unconvinced with the information they find. As a result, one in four drop out of the purchase journey before completion.

The report, which surveyed more than 6,100 consumers worldwide, discovered that younger people are especially prone to this pattern. While 54% of 18-to-40-year-olds consider buying life insurance, they are also more likely to abandon the process (28%) before completing it. Overly technical language (37%), affordability concerns (35%), and a perceived lack of relevance to life stage (25%) rank as some of the most common reasons people walk away altogether.

Consumers embrace AI tools, but still lean on human guidance
While more than half (51%) of consumers plan to use generative AI tools to research and compare life insurance products, human guidance continues to play a pivotal role in decision-making. Two-thirds of consumers prefer working with a human advisor when finalizing coverage decisions, and 85% want advisor interaction at some point during their journey, whether to validate research, answer questions, or provide reassurance.

Consumers increasingly expect advisors to understand their circumstances and experiences. Half of respondents say they prefer working with advisors who share similar demographic characteristics, believing they are better equipped to relate to their needs and life situations. However, fewer than a quarter of insurers can match advisors in this way.

"Consumers have high standards for their personal financial services products. When it comes to life insurance, they recognize its importance, but complexity at the point of purchase and post-sale silence undermine policy ownership - putting customer relationships at risk and triggering exits that cost the industry billions," said Samantha Chow, Global Leader for Life Insurance, Annuities and Benefits Sector at Capgemini. *"Best-in-class insurers demonstrate what's possible when consumers sit at the heart of every decision. They build the data foundations to turn customer intelligence into proactive, lifelong engagement that has a real commercial impact. The top 10% are orchestrating an ecosystem of advisors, partners, and AI-enabled channels to create a consistent journey between automated and human touchpoints."*

Coverage without ongoing engagement leaves policyholders in the dark
The report finds that many life insurers lose momentum once a policy is issued. Nearly 40% of policyholders say they rarely hear from their life insurer after purchase. At the same time, half of consumers who discontinue policies do so within the first three years, before insurers have an opportunity to build durable, long-term relationships. Notably, 48% say they'd be more likely to stick with an insurer that offers proactive guidance before, during, and after their purchase.

Group life insurance, which is usually purchased through an employer, follows a similar pattern. Guidance tends to focus squarely on logistics and transactional matters with only 25% of people sharing that they receive support in finding coverage that fits their needs. The report also reveals that more than half (57%) of employees feel generally confident in their employer-provided coverage but admit to never formally assessing or validating whether it suits their needs, leaving them at risk of insufficient protection and a false sense of security.

"Our research shows affordability is often a perception problem - consumers believe life insurance costs far more than it does - and that makes education the industry's biggest opportunity. We need to bring consumers into the fold and guide them through the entire process, keeping it simple, embracing tools like AI, but never losing sight of how essential human advisors are. When insurers nurture the relationship with ongoing support, consumers respond," said Bryan Hodgens, Senior Vice President and Head of LIMRA Research.

A small group of leading insurers are pulling ahead
The report finds only 18% of insurers have a unified strategy and customer journey roadmap, underscoring the need for a plan to address those relevancy gaps. Best-in-class insurers[i], representing only 10% of all carriers, have set a clear standard of how life insurance is designed, communicated, and delivered at scale. They distinguish themselves against mainstream peers by:

- **Transforming consumer engagement:** Best-in-class insurers are nearly twice as likely to tailor advice to a consumer's life stages, communicate in plain language and proactively engage around key life milestones. They use short-form content and relatable stories and AI-based conversational guidance to resolve queries.
- **Evolving the advisor workforce:** High performing insurers are modernizing advisor experiences by improving compensation structures, automating workflows, and equipping them with real-time insights. These insurers are more than twice as likely to match consumers to advisors based on age, gender, language and cultural background.
- **Building intelligence through enhanced data foundations:** Best-in-class insurers are almost three times more likely to unify consumer data into a single view and deploy agentic AI capabilities that execute tasks autonomously.

The payoffs are measurable: best-in-class insurers achieved 41% higher revenue growth over the past three years and 12% lower lapse rates than mainstream peers. For an industry searching for ways to convert consumer interest into lasting relationships, these results demonstrate that a high-functioning model exists among the industry's top performers.

Read the full report: World Life Insurance Report 2027: The Relevance Premium

Methodology
The World Life Insurance Report 2027 draws on two primary research sources conducted in collaboration with Phronesis Partners. The Global Voice of the Customer Survey, conducted from April to June 2026, polled 6,175 consumers across 18 countries in the Americas, Europe, and Asia-Pacific. The Global Insurance Executive Interviews, conducted over the same period, featured 198 senior insurance executives from leading life insurers spanning the same three regions. Best-in-class insurers were identified based on self-assessments across seven dimensions, including consumer-centric investment priorities, lapse and surrender management practices, advisor demographic matching, and technology maturity in data unification and agentic AI.

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[i] These figures reflect Capgemini's analysis of insurers' self-assessed maturity across a range of dimensions, including consumer engagement, advisor enablement, and data and technology capabilities, combined with self-reported financial performance from 2022-2025. Best-in-class insurers represent the top-performing 10% of all carriers surveyed.

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