

SIR 2025 Annual Conference

CHICAGO, IL
Fairmont Hotel in Chicago

May 4-6, 2025



SIR | SOCIETY OF
INSURANCE
RESEARCH

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A Behavioral Perspective on the Insurance User Experience

Katy Davis, Design Director

United Services Automobile Association (USAA)

While I may reference information from outside sources, the views and opinions expressed in this presentation are my own and do not necessarily reflect those of USAA.



Case Study: Microinsurance in Africa



Awareness / salience

✗ *But is it “for me”?*

Understanding / clear benefits

✗ *But how much coverage do I need?*

Affordable pricing

✗ *But is it worth the trade-offs?*

✗ *Can I trust this?*

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Closing the Life Insurance Gap

Almost half (45%) of American adults report that they would experience financial hardship within 6 months if their primary wage earner were to pass away

Wood & Leyes (2024). 2024 Insurance Barometer Study, Report 1: The Generational Shift Has. Arrived – The Path Forward for Life Insurers. LIMRA. [Web](#).

70% of working-age individuals in America with less than one week of savings have no life insurance coverage

Berdie & Greene (2024). Life Insurance in America: Understanding and Closing Coverage Gaps. *Financial Health Network*. [Web](#).

42% of American adults say they need life insurance – or more of it

Wood & Leyes (2024). 2024 Insurance Barometer Study, Report 1: The Generational Shift Has. Arrived – The Path Forward for Life Insurers. LIMRA. [Web](#).



Intention-action gap?



Life Insurance: A Tricky Behavioral Challenge

Behavioral Barriers



- Not a visible norm
- Not required by law
- Benefits uncertain
- Unfamiliar, opaque pricing and complex application process
- Involves trade-offs against saving / investing / urgent needs
- Unpleasant future to imagine

Agent Interactions

- Active outreach and engagement
- “Lead with the need”
- Advice in context
- Relationship-based
- Supportive and action focused

*Opportunity for an
omni-channel approach?*



Three Areas to Leverage Behavioral Design

1. Make the Need Vivid
2. Meet Users Where They Are
3. Build Trust



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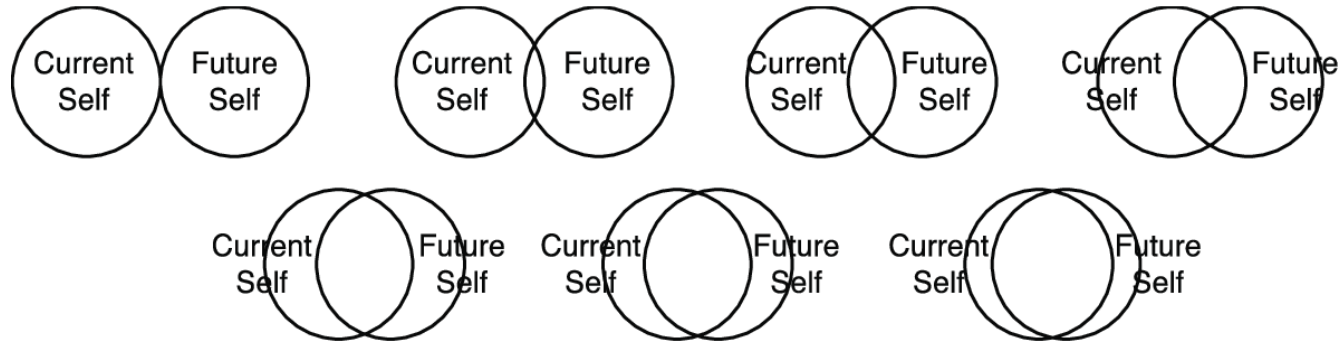
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1. Make the Need Vivid

A Divide Between Current and Future Self



- Present bias / time discounting
- Empathy gap
- Affective forecasting



Ersner-Hershfield, H., Wimmer, G. E., & Knutson, B. (2009). Saving for the future self: Neural measures of future self-continuity predict temporal discounting. *Social Cognitive and Affective Neuroscience*, 4(1), 85-92.
[Article link.- https://www.halshershfield.com/considering-the-future-self](https://www.halshershfield.com/considering-the-future-self)



Framing the Decision

"I want to leave my sons with something."

"I want to make sure that if something were to happen with me or my husband that my kids are okay."

Tap into Vivid Aspirations

- Leaving a legacy for my family
- Paying for a child's schooling
- Building generational wealth
- Test with caution: triggering avoidance

"[I want] less worry and stress for my family."

Consumer Interviews. 2024.



Make Needs Vivid...But Not Too Complex

I _____ plan to ensure I'm financially prepared for:
 your name

Please check one option below. (If you would like to plan for more than one individual, complete a separate form for each person.)

Most funerals need to cover the following nine categories of expenses:

coffin	food/catering	venue	undertaker	transport (coffin)	transport (family)	the grave	flowers	tombstone

	Low	Middle	High	Your Choice
Coffin	<input type="checkbox"/> R 700	<input type="checkbox"/> R 8,000	<input type="checkbox"/> R 40,000	
Food/Catering	<input type="checkbox"/> R 3,000	<input type="checkbox"/> R 10,000	<input type="checkbox"/> R 20,000	
Venue	<input type="checkbox"/> R 500	<input type="checkbox"/> R 5,000	<input type="checkbox"/> R 10,000	
Undertaker	<input type="checkbox"/> R 4,000	<input type="checkbox"/> R 4,000	<input type="checkbox"/> R 6,000	
Transport (coffin)	<input type="checkbox"/> R 3,000	<input type="checkbox"/> R 5,000	<input type="checkbox"/> R 10,000	
Transport (family)	<input type="checkbox"/> R 3,000	<input type="checkbox"/> R 5,000	<input type="checkbox"/> R 10,000	
The grave	<input type="checkbox"/> R 1,000	<input type="checkbox"/> R 4,000	<input type="checkbox"/> R 10,000	
Flowers	<input type="checkbox"/> R 200	<input type="checkbox"/> R 2,000	<input type="checkbox"/> R 5,000	
Tombstone	<input type="checkbox"/> R 1,500	<input type="checkbox"/> R 3,000	<input type="checkbox"/> R 7,000	

Add up your expenses to get your total PLAN TOTAL: _____

Simplify the calculation

- Auto-fill / personalization
- Leverage predictive analytics and “smart” defaults
- Use illustrative stories and scenarios

“Didn’t know funerals were so expensive...it’s like \$3,500.”

Davis & Desai (2017). Insurance for the Underserved: Lessons About Human Behavior From the Field. *Society of Actuaries, News Direct*. [Web](#).

Consumer Interviews. 2024.



Make Needs Vivid...And Intuitive

INCOME

Provide income for your loved ones for 5+ years.



MORTGAGE

Ensure housing security for your loved ones.



OTHER DEBT

Make sure any debts will be paid off.



For illustrative purposes only.

Shape mental models

- Calculation steps drive understanding of the product
- Connect back to the motivator: family
- Consider including other family-related costs (schooling, childcare)
- Rules-of-thumb



Summary: **Tactics** for Making the Need Vivid

Frame the conversation and experience around **vivid aspirations**



Simplify the calculation using smart defaults

Find the right life policy for you.

Answer a couple questions, and we'll help you choose a policy that best fits your needs.

[Get started](#)

Shape understanding of the product within the experience

To replace my income

To pay off debts

To pay college expenses for my kids



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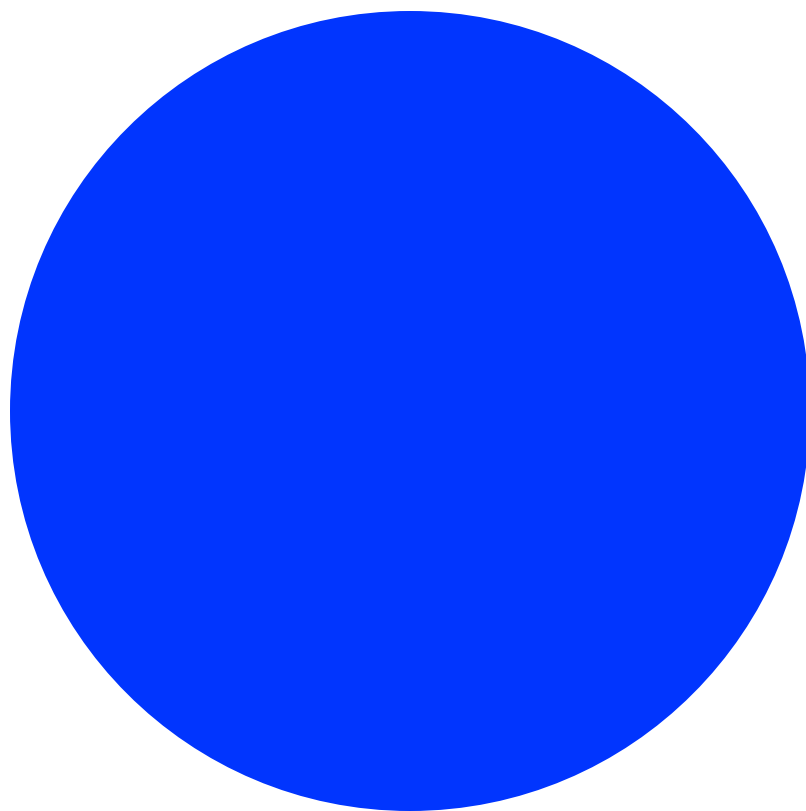


2. Meet Users Where They Are

Let's play a quick game.

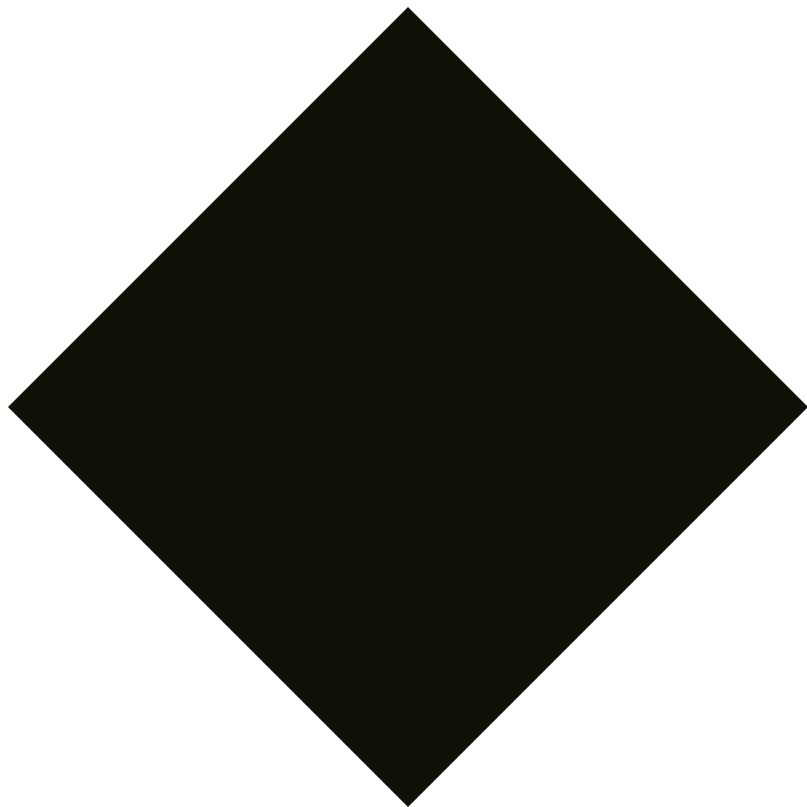
Say out loud the **color**
of the shape you see.

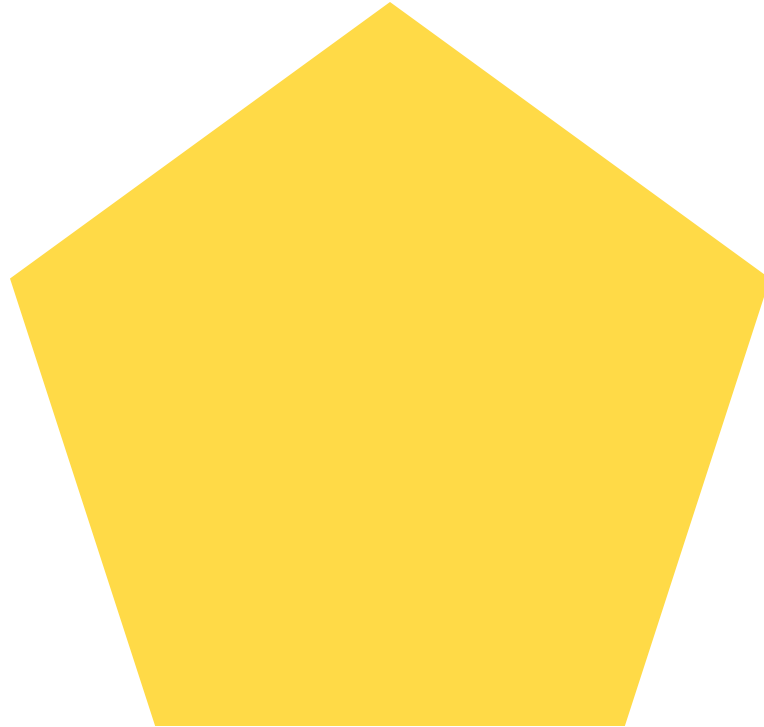


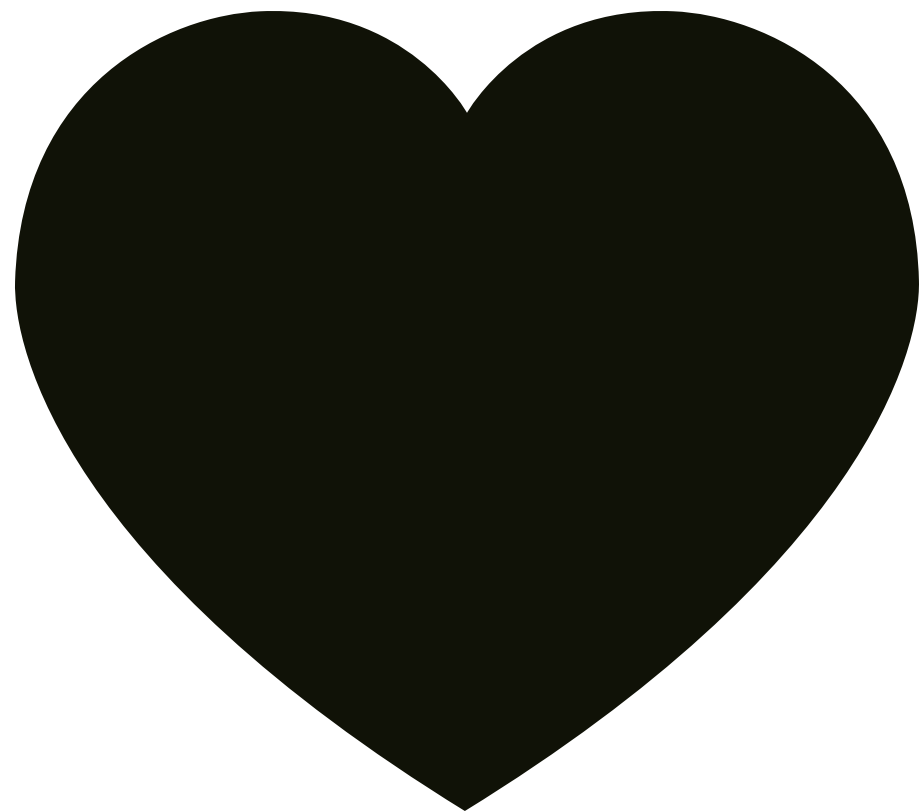












BLUE



Two Modes of Thinking

System 1

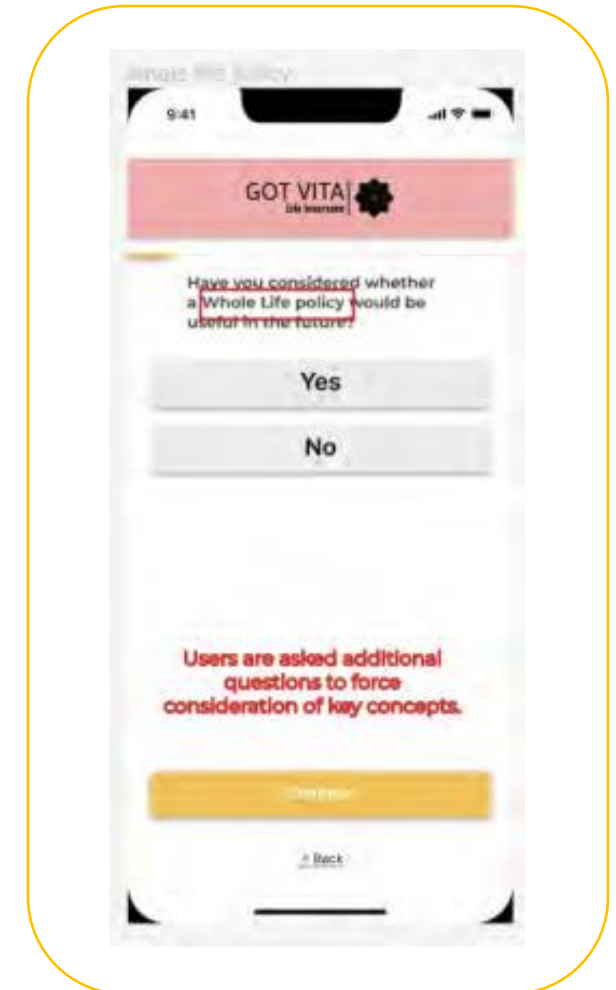
- Automatic, quick

System 2

- Slower, deliberative

“Positive Friction” can force consideration of key concepts

Purposefully encouraging customers to engage deeply and deliberately with key information significantly improves overall comprehension of all content by 28%.



Kahneman, D. (2011). *Thinking, Fast and Slow*. Macmillan.

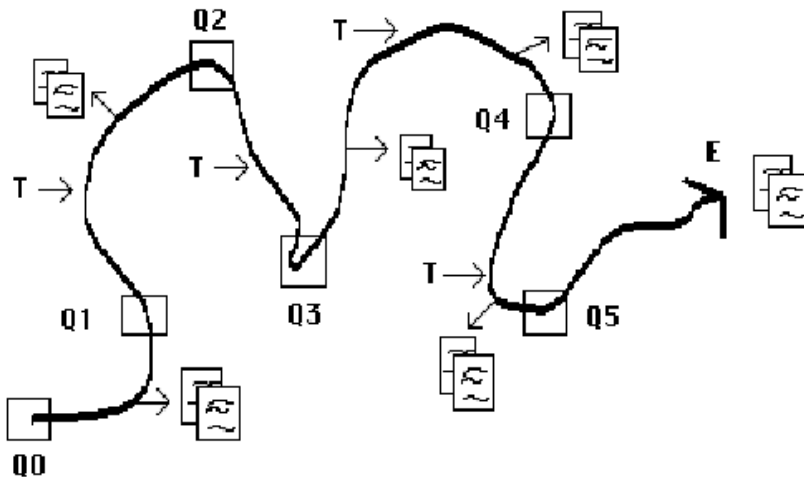
Cruz, R (2024). Searching for Simplicity: Improving customer comprehension in life insurance through behavioral science. Society of Actuaries Research Institute. [Web](#).



Multiple Modes of Shopping

Berry-Picking: Learning as They Go

- Give space to explore and offer digestible tidbits along the way



Committed and Ready

- Aid navigation with direct pathways, shortcuts, and “high information scent” language

TERM LIFE INSURANCE
Coverage that shows you care
Protect your loved ones in 3 easy steps.
Get a term life quote

Search usaa.com
term life Search Cancel
Search results
"term life"
Term Life Insurance
Term life insurance provides temporary coverage that lasts from 10 to 30 years with a fixed monthly payment.

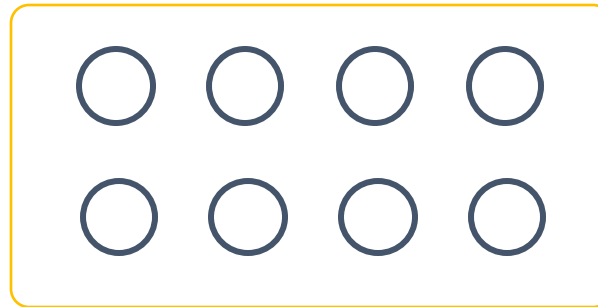
Bates, M. J. (1989). The design of browsing and berrypicking techniques for the online search interface. Online review, 13(5), 407-424. [Web](#).



Perceived Progress Encourages Action



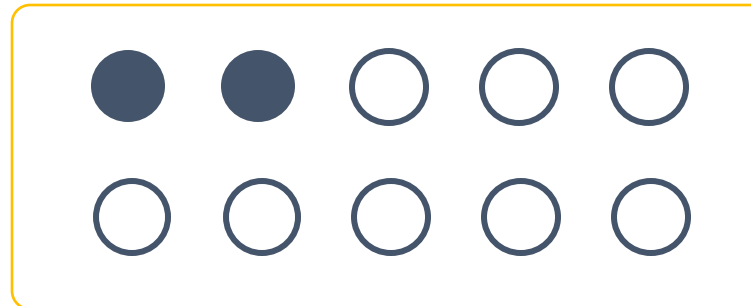
8 purchases to go



19%

redemption
rate

Still 8 purchases to go



34%

redemption
rate



Nunes, J. C., & Drèze, X. (2006). The endowed progress effect: How artificial advancement increases effort. *Journal of Consumer Research*, 32(4), 504-512. [Web..](#)



Summary: **Tactics** to Meet Users Where They Are

Be intentional about
**productive vs.
unproductive** friction

Let's help you determine a coverage amount.

Answer a few financial questions so we can help you find the coverage that's right for you.

[Continue](#) [< Back](#)

Engage “berry-pickers”
with **bite-size, just-in-
time** education

We'll multiply this number to provide five years' of income replacement. You'll be able to adjust this amount before you apply for coverage.

[Why do we need this?](#)

Yearly income

\$

Maintain momentum
with **endowed progress**
and encouragement

Health and history questions

Health conditions

Health changes

Medical care

Procedures and tests

Family history

Life insurance history



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3. Trust

Trust: It's Complicated

- Integrity
- Competence
- Stability
- Benevolence

The Context

- Observations
- Reasoning
- Social Stereotypes
- Communication
- Spreading of Reputation
- Signs

**Trust
Beliefs**



Van Dalen, H. P., & Henkens, K. (2018). The making and breaking of trust in pension providers: An empirical study of pension participants. *The Geneva Papers on Risk and Insurance-Issues and Practice*, 43(3), 473-491. [Web.](#)

Castelfranchi, C., & Falcone, R. (2000, January). Trust is much more than subjective probability: Mental components and sources of trust. In Proceedings of the 33rd annual Hawaii international conference on system sciences (pp. 10-pp). [Web.](#)



Negative Experiences Loom Large

More than 63% of individuals surveyed in the US report to have had or known someone who has had a bad experience with insurance.

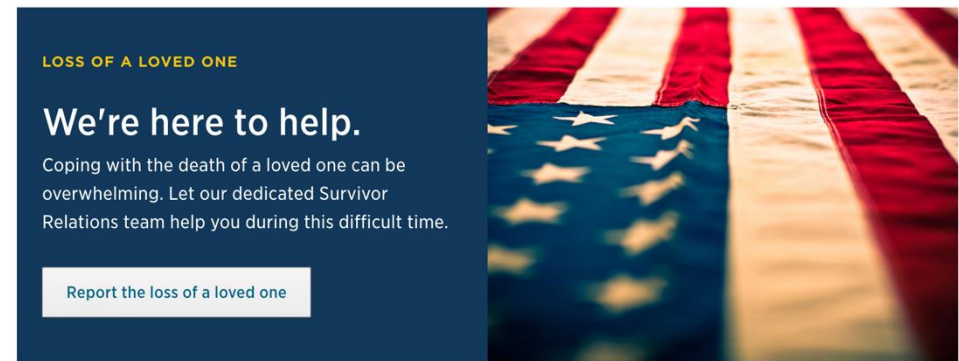
Interesting, bad experience with insurance seems more detrimental to trust than good experience is beneficial to trust.

*Bad experiences with **claim management** have the strongest negative impact on trust in insurance.*

Courbage, C., & Nicolas, C. (2021). Trust in insurance: The importance of experiences. *Journal of risk and insurance*, 88(2), 263-291. [Web](#).

Highlight proof points

- Provide average estimated pay-out times
- Offer stories and testimonials demonstrating responsiveness and care



LOSS OF A LOVED ONE

We're here to help.

Coping with the death of a loved one can be overwhelming. Let our dedicated Survivor Relations team help you during this difficult time.

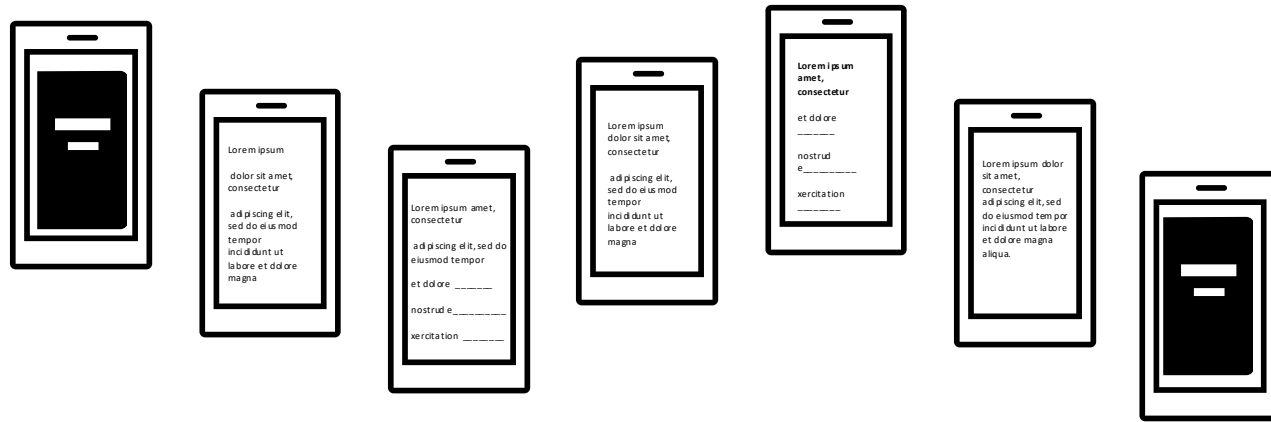
[Report the loss of a loved one](#)



Complex Experiences Erode Trust

Having experienced a complicated and lengthy process to purchase insurance is another element of bad experience strongly and negatively affecting trust in insurance.

Courbage, C., & Nicolas, C. (2021). Trust in insurance: The importance of experiences. *Journal of risk and insurance*, 88(2), 263-291. [Web](#).



Reduce hassles

- Set expectations: What do I need? How long will it take?
- Use plain language and eliminate jargon
- Eliminate repetition
- Provide help and make it sincere



Details Matter



Bundle for more comprehensive coverage

Level Term life
Most coverage
\$35.50
Estimated monthly price
Policy amount: \$500,000
Term length: 30 years
Add to cart

Level Term + Simplified Whole life bundle
\$75.00
Estimated monthly price
Level Term life: **\$32.50**
Estimated monthly price
\$450k Coverage amount, 20 years Years of coverage
Simplified Whole Life: **\$42.50**
Estimated monthly price
\$50k Coverage amount, Pay for life Payment duration
Add to cart

Simplified Whole life
Lifetime coverage
\$51.80
Estimated monthly price
Policy amount: \$100,000
Payment duration: Pay for life
Add to cart

Illustrative mock-ups created for research purposes only.

Proactive transparency

- Connect pricing to my specific needs
- Clarify what value any higher priced option would offer
- Be ready to explain any changes to me in human terms

"I feel like I'm being upsold."

"Honor the initial quote."

"Rate was much higher than anticipated and originally quoted."

Consumer Interviews, 2024.



Summary: **Tactics** for Building Trust

Make **positive proof points** especially salient



Get off on the right foot by **reducing complexity**

Personal information
Current step

Coverage needs
Incomplete

Results
Incomplete

Attend to the **details**: consistent, transparent, relevant

Your life insurance estimate

\$96.32

Estimated monthly price

Policy amount

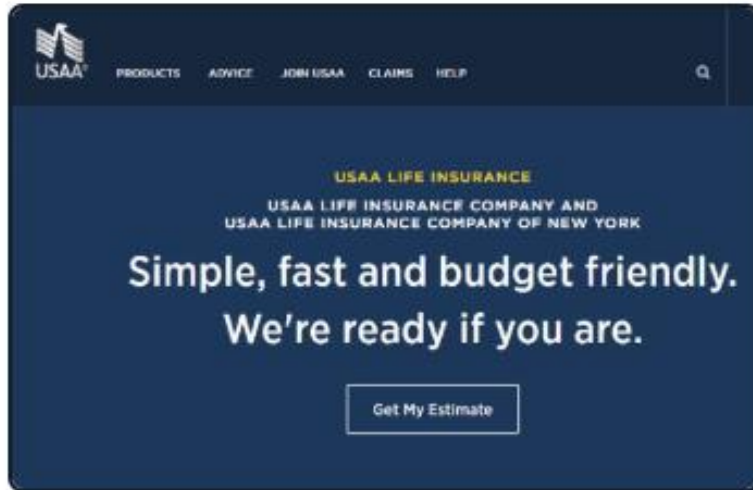
\$100,000

How long do you want to pay?

Pay for life



Pop Quiz: What Worked?



Get My Estimate

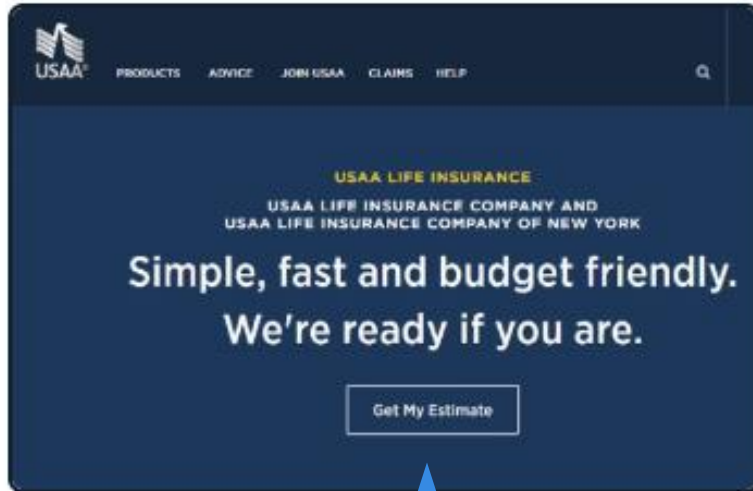
Get My Quote

Get Started

Illustrative mock-ups created for research purposes only.



Pop Quiz: What Worked?



Get My Estimate

Get My Quote

Get Started

Illustrative mock-ups created for research purposes only.



Resources for Further Learning



[Behavioral Scientist](#)



[ideas42](#)



[Behavioral Evidence Hub \(B-Hub\)](#)



[Center for Advanced Hindsight \(CAH\)](#)



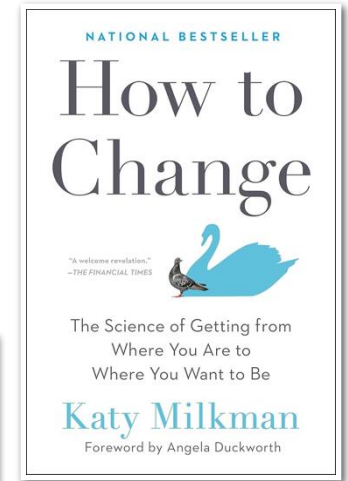
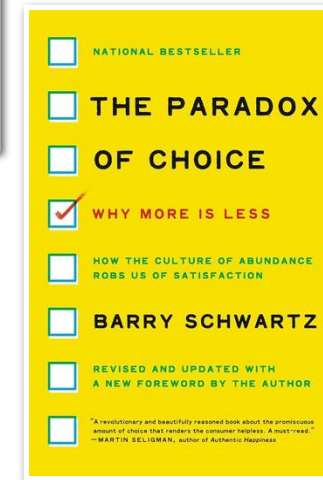
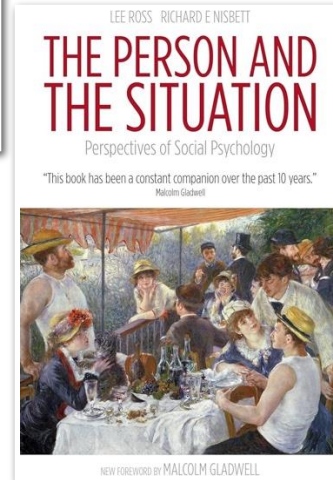
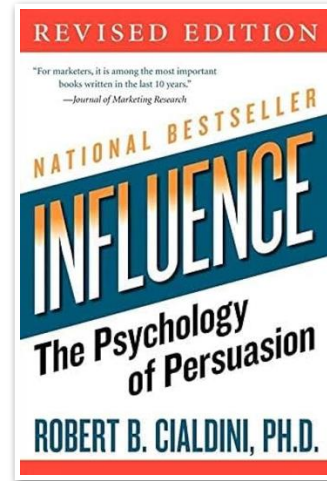
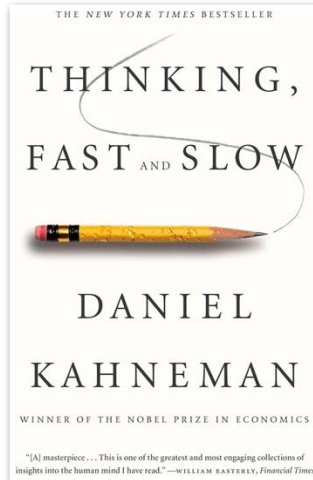
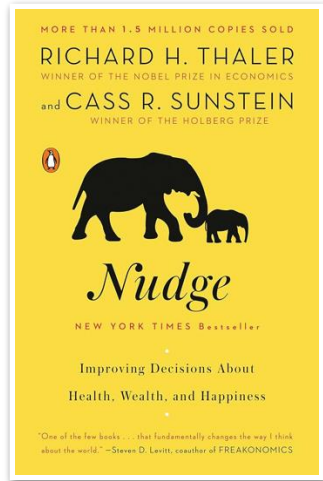
[Behavioral Science & Policy Association \(BSPA\)](#)



[Behavioral Insights Team \(BIT\)](#)



Resources for Further Learning



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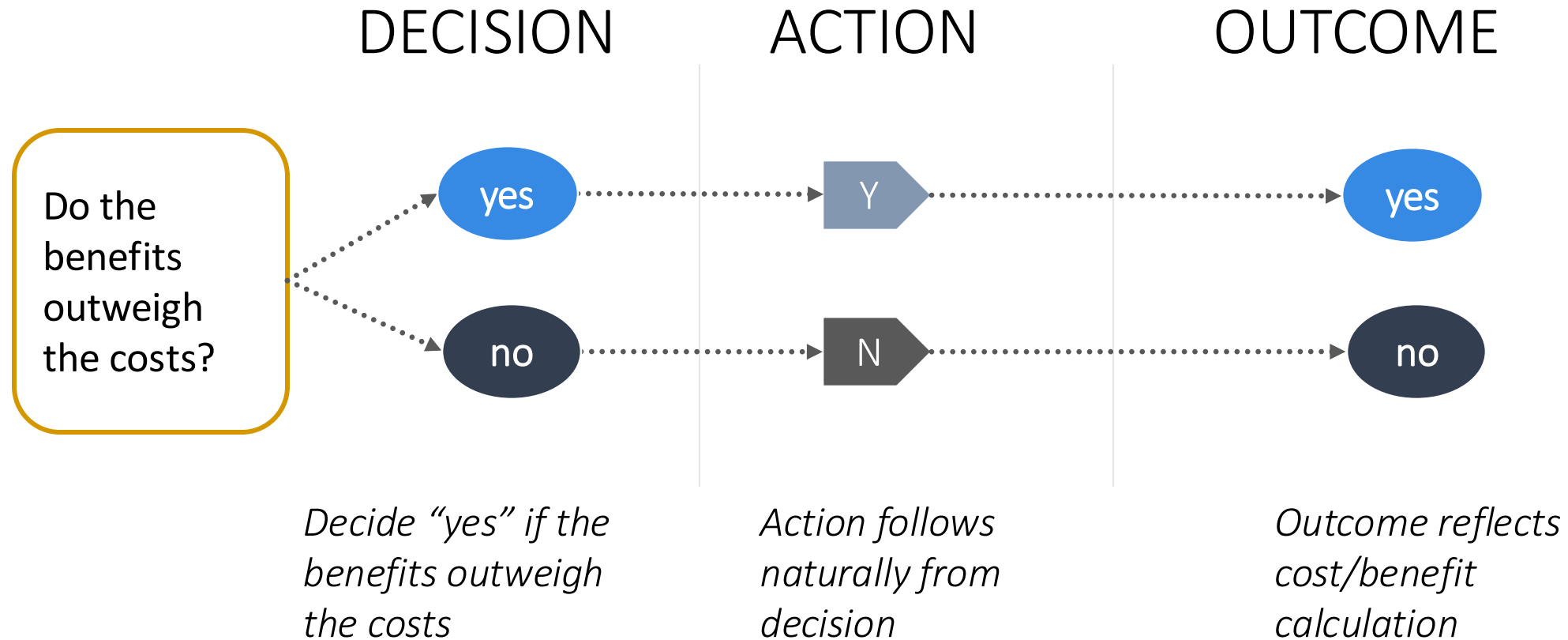


Thank you!

Katy Davis, Design Director, USAA

Katy.Davis@usaa.com

An Economic Model of Decision-Making



Sometimes Reality Feels Closer To...

DECISIONS

ACTIONS

OUTCOME

Is there something more urgent?

Am I in the mood?

How long will it take?

What is everyone else doing?

How difficult is it?

Can I do it tomorrow?

Can I do it next week?



A Behavioral Model of Decision-Making

