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Title:
'Fledgling Financial Needs', Affordability and Attitudes as Drivers of Noninsurance Among Young Australians

Date:
2024-06

Citation:
Bourova, E., Ramsay, I. & Ali, P. (2024). 'Fledgling Financial Needs', Affordability and Attitudes as Drivers of Noninsurance Among Young Australians. Economic Papers, 43 (2), pp.145-168. https://doi.org/10.1111/1759-3441.12411.

Persistent Link:
https://hdl.handle.net/11343/345450

ECONOMIC PAPERS

ECONOMIC PAPERS, VOL. ●●, NO. ●●, ●●, 1–24

'Fledgling Financial Needs', Affordability and Attitudes as Drivers of Noninsurance Among Young Australians*

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Building, home contents and comprehensive car insurance promise protection against loss or damage from fire, flooding, accident and theft. In Australia, young people aged 18–24 are among the groups most likely to forego these insurance products. Yet research on the reasons for this remains limited, as noninsurance among young people is attributed to their dependent or 'fledgling' life stage, with minimal income and assets warranting protection. In this article, we argue that noninsurance may have serious consequences for young people, particularly if they have limited savings and cannot count on financial assistance from their families. Drawing upon survey findings, we undertake an in-depth investigation into the role of asset levels, affordability and attitudes in driving young people to forego insurance. Our findings suggest that young people are not especially predisposed to distrust insurers, to consider insurance inessential or to oppose insurance on principle. However, other attitudes—including lesser risk aversion, higher confidence in their capacity to mitigate risks and perceptions of insurance as irrelevant to their circumstances or 'not for them'—may be more prevalent in this age group, driving them to remain uninsured even when they have assets warranting protection and sufficient income to offset affordability concerns.

Keywords: microeconomics, household behaviour and family economics, financial economics, behavioural finance, health, education and welfare, welfare, well-being and poverty, other special topics, general – other special topics.

*This research was partially funded by the Australian Government through the Australian Research Council's Discovery Projects funding scheme (project DP180100771). The researchers are grateful to Dr Malcolm Anderson for his statistical analysis of the data that is the subject of this article. The researchers also thank the anonymous reviewer for their helpful comments.

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Accepted date: February 19, 2024

doi: 10.1111/1759-3441.12411

1. Introduction

Building, home contents and comprehensive car insurance enable consumers to accumulate important assets while protecting them against loss or damage caused by disasters and isolated events including house fire, accident and theft. In Australia, these insurance products are considered 'essential' to full financial inclusion, alongside a transaction account and 'a moderate amount of credit' from a mainstream lender (Connolly, 2013).[1] Home contents and comprehensive car insurance are identified in the empirical research on poverty and deprivation as 'essentials of life… that no one in Australia should have to go without' (Saunders, 2011, 14). Building and home contents insurance have only risen in importance as the warming global climate drives increases in the frequency and intensity of floods, bushfires, cyclones and other disasters (BOM & CSIRO, 2022). The Australian government's neoliberal market approach to climate adaptation relies heavily upon private insurers to spread the costs of recovery from such events, leaving individual householders to bear primary responsibility for managing disaster risks by insuring their property (Lucas & Booth, 2020). Meanwhile, car insurance is relied upon to manage and spread the financial costs of car accidents in Australia, where in an average year between 2015 and 2020, there were approximately 966,000 road crashes involving 1.7 million vehicles (Steinhauser & Lancsar, 2022, 17), and where 64.0% of drivers licence holders have been involved in at least one car accident (Budget Direct, 2021).

Yet substantial rates of 'noninsurance' in the population contribute to a growing 'protection gap'—around $US113 billion in 2020—between the financial losses being incurred in disasters worldwide, and the proportion of those losses covered by insurance (Bevere & Weigel, 2021). Estimates of noninsurance rates in Australia vary, but according to Booth and Tranter (2018), 4.0% of Australian homeowners lack building insurance, while 7.0–12.0% of homeowners and 67.0–74.0% of renters lack home contents insurance. Around 13.3% of Australian vehicles are only covered by third-party car insurance; 10.6% are only covered by compulsory third-party ('CPT') insurance; and 1.3% are unregistered and lacking even CTP insurance, adding up to a total of 25.2% of vehicles that are not comprehensively insured (Robinson, 2017).[2] National surveys measuring financial exclusion in the population have drawn strong links between lack of building, home contents or comprehensive car insurance and other indicators of socio-economic disadvantage (NRMA Insurance & MJ Powling ('NRMA & MJ Powling'), 2001; ANZ Banking Group ('ANZ'), 2004; Tooth & Barker, 2007; Connolly, 2013). In particular, amidst increasing attention on reduced home ownership, rising underemployment and stagnating wealth among young people in Australia (Dhillon & Cassidy, 2018; Parkinson *et al.*, 2019; Wood *et al.*, 2019), such surveys identify 'emerging adults' aged 18–24 among the groups most likely to be uninsured (NRMA Insurance & MJ Powling, 2001; Tooth & Barker, 2007; Connolly, 2013; Muir *et al.*, 2016; Marjolin *et al.*, 2017). In 2012, the noninsurance rate among Australians aged 18–24 was 176.0% higher than the national average (Connolly, 2013), and more recent surveys suggest that access to insurance among young people remains 'significantly lower' than the average for Australians as a whole (Marjolin *et al.*, 2017, 14).

Despite the evidence that young people are foregoing insurance at significantly higher rates relative to other age groups, there has, to date, been no research into the reasons for this and limited research into the factors rendering young people more vulnerable to other

[1]Financial inclusion requires access to the mainstream financial products and services essential for people to 'lead a normal social life in the society in which they belong' (European Commission, 2008, 4). In Australia, private health insurance is not considered essential due to the availability of the publicly funded healthcare system, Medicare.

[2]Third-party car insurance covers damage to someone else's cars or property, but, unlike comprehensive insurance, it does not cover loss or damage to the policyholder's own vehicle if it is stolen or involved in an accident. Meanwhile, compulsory third-party insurance only provides compensation for bodily harm caused by a vehicle in an accident.

forms of financial exclusion, such as lack of access to mainstream credit (OECD, 2020). Rather than prompting studies into its causes and implications, noninsurance and other forms of financial exclusion among young people aged 18–24 have generally been dismissed as a 'temporary'—and thus relatively unconcerning—outcome of their not having completed the transition towards financial independence from their families (Xiao *et al.*, 2014). In the United Kingdom, the Financial Conduct Authority ('FCA') (2017, 28) described young people as having 'fledgling financial needs': they 'have yet to form households and are not driven to think about ... financial protection for themselves or their families'. Until recently, the over-representation of young people among those with low, irregular incomes and minimal assets warranting protection has also been portrayed as a temporary phase (see, e.g. ANZ, 2004; OECD, 2020) rather than evidence of a 'growing generational wealth gap' (Wood *et al.*, 2019, 11). The assumption has been that '[m]oving into employment and a rising income stream can quickly lead to financial inclusion' (ANZ, 2004, 83).

However, elevated noninsurance among people aged 18–24 may be more concerning than previously thought. In Australia and other developed countries, many young people make complex financial decisions soon after entering adulthood, when life events such as buying a car, travelling and moving out of the family home may require them to choose between complex financial products such as car and travel insurance and credit cards. While 66.0% of Australian 18–24 year-olds still live in the family home, significant proportions *are* living independently, either as a couple or single-headed household (17.0%) or in a group household such as a share house (17.0%) (Parkinson *et al.*, 2019). Within this age group, a minority—as evidenced by 10.4% of Australian households with a reference person aged 15–24 in 2019–20 (ABS, 2022)—are already homeowners, and thus require building insurance. While most do not own a home, they may have other assets warranting the protection of a home contents or car insurance policy. These may include essential household appliances, electronics and other valuables which would be extremely difficult to replace if damaged, stolen or destroyed, particularly for young people who have limited savings and cannot count on financial assistance from their families in an emergency. The loss of computers and mobile phones may jeopardise access to employment and education, as would the loss of even a low-value car for young people in areas with poor public transport infrastructure. Even if noninsurance is a fairly temporary phenomenon for many young Australians, its impacts—whether they include interruptions to work and study, social isolation and difficulty accessing essential health and other services or credit card debt and high interest for those forced to borrow from fringe lenders to cover the costs of repairing or replacing essential items—may have long-term repercussions.

As documented in Section 2 of this article, the literature provides strong evidence for the role of affordability as the primary driver of noninsurance among consumers of all ages (NRMA & MJ Powling, 2001; ANZ, 2004; Tooth & Barker, 2007; Connolly, 2013). However, empirical research on consumer decision-making has identified other factors that may motivate some consumers to forego insurance, including distrust of insurers (Booth & Harwood, 2016); and low levels of insurance ownership within their social circles, which may reduce their perceived sense of obligation to insure their property (Lo, 2013a, 2013b). Yet there has been no investigation of whether and how such driving factors might be more present in young people and, as such, may be contributing to higher noninsurance rates among this group. Other potential drivers of financial exclusion specifically among young people have been explored only to a limited extent. These include lower levels of financial literacy and capability relative to other age groups (ANZ, 2015; Xiao *et al.*, 2015); higher impulsivity and lesser aversion to risk-taking in financial matters (ANZ, 2015); and the perception that young people do not need financial services such as insurance (OECD, 2020). However, none of these studies have looked specifically at noninsurance rates, focusing more generally upon rates of access to financial services (Marjolin *et al.*, 2017).

Despite its limitations, this research suggests that elevated noninsurance rates among young Australians cannot be dismissed solely as a consequence of their dependent or 'fledgling' life stage (FCA, 2017), characterised by minimal assets warranting the protection of an insurance policy. Noninsurance among young Australians constitutes a gap in the research that requires further investigation given the potentially serious consequences of noninsurance for young people, particularly if they lack the 'safety nets' of savings or access to financial assistance from their families. There is scope to investigate whether and to what extent (i) young people aged 18–24 forego insurance at higher rates relative to other age groups even when they have assets warranting protection; (ii) affordability remains the driving cause of noninsurance for people in this age group; and (iii) attitudes associated with noninsurance—such as distrust of insurers, lower levels of perceived social obligation to insure and lesser risk aversion—are especially prevalent in this age group, contributing to their tendency to forego insurance at higher rates. As detailed in Section 3, we sought to address this gap in the research by carrying out two surveys targeting (i) 'insured' Australians who had purchased a building, home contents or comprehensive car insurance policy; and (ii) 'uninsured' Australians who did not have any of these three insurance products.[3]

In Section 4, we outline our survey findings, comparing the results for uninsured respondents aged 18–24 against all other age groups. In Section 5, we analyse these findings, examining three categories of reasons for foregoing insurance: (i) lack of need due to insufficient assets warranting protection; (ii) inability to afford the cost of premiums; and (iii) attitudes to insurance and risk-taking. While our study supports earlier research identifying affordability as the primary driver of noninsurance, our findings indicate that young people aged 18–24 forego insurance at higher rates relative to other age groups even when they have achieved some markers of financial independence from their families and acquired assets warranting protection. While young people do not appear especially predisposed to distrust insurers, to consider insurance inessential or to oppose insurance purchase on principle, other attitudes—including lesser risk aversion, higher confidence in their capacity to mitigate risks and perceptions of insurance as irrelevant to their circumstances or otherwise 'not for them' personally—may be more prevalent in this age group. This is evidenced by the fact that relative to other age groups, 18–24-year-olds taking part in our study were especially likely to indicate that they had never thought about taking out insurance; or that they assumed they would not have been approved for an insurance policy, whether due to their age, asset levels, employment situation, credit history or other factors. Such factors may cause young people to forego coverage even when they have sufficient assets warranting protection and income to cover premium costs, suggesting a need for further empirical investigation into the underlying drivers of young people's insurance decision-making beyond affordability concerns. Our findings also have implications for policy development, indicating that any financial literacy education initiatives targeting young people need to incorporate the benefits of insurance and address potential misconceptions about eligibility for its protection.

2. Literature Review

Data on noninsurance in Australia remains limited, particularly insofar as identifying those who actually need building and car insurance—that is, home and car owners. However, noninsurance appears to be a fairly common phenomenon strongly linked to indicators of socio-economic disadvantage, including renting; being born in a non-English-speaking country; lower education levels; and lesser levels of paid employment (NRMA & MJ Powling, 2001; ANZ, 2004; Tooth & Barker, 2007; Connolly, 2013). Young people aged under 35

[3]For convenience, we refer to participants in this second survey as 'uninsured respondents', even though some had other types of insurance, including private health and life insurance. In particular, 28.9% had third-party car insurance.

—and particularly those aged 18–24—are another group identified in national surveys as having higher rates of noninsurance and financial exclusion generally (NRMA & MJ Powling, 2001; ANZ, 2004; Tooth & Barker, 2007; Connolly, 2013). While the most recent of these surveys was carried out over a decade ago, it nonetheless shows Australians aged 18–24 as having a noninsurance rate 176.0% higher than the national average (Connolly, 2013). An earlier study shows that even when restricted to homeowners with a mortgage, noninsurance rates are substantially higher for those aged 18–24 relative to other age groups, with over 10.0% and nearly 14.0% of homeowners in this age group foregoing building and home contents insurance respectively (compared to just over 5.0% and just under 8.0% of those aged 35–49) (Tooth & Barker, 2007). The over-representation of young people among those lacking insurance is not limited to Australia: survey findings in the United Kingdom show that only 34.0% of 18–24-year-olds have car insurance, and just 14.0% of renters in this age group have home contents insurance (FCA, 2017).

The primary driver of noninsurance among young people may, similarly to other age groups, be affordability (NRMA & MJ Powling, 2001; ANZ, 2004; Tooth & Barker, 2007; Connolly, 2013). Young people enter higher education at increasing rates, but at the cost of rising student debt and a longer period of transition to financial independence (Xiao *et al.*, 2014; Wood *et al.*, 2019). Young people are increasingly working in part-time and casual jobs (Dhillon & Cassidy, 2018), and in the ‘gig economy’ (OECD, 2020). In Australia, 23.0% of 16–24-year-olds receive a social security income from Centrelink—the government organisation responsible for distributing social security payments (AIHW, 2021). Some of these payments—particularly JobSeeker (formerly the Newstart Allowance) and the Youth Allowance—are widely criticised as inadequate to allow recipients to cover basic living needs such as food, let alone insurance premiums (ACOSS, 2012; Saunders & Bedford, 2017).[4]

Another much-cited reason for noninsurance among young people is that many of them have not yet accumulated valuable assets warranting the protection of an insurance policy. Across all age groups, an important factor influencing consumers’ willingness to pay for insurance is the value of the assets they stand to lose if an event causing loss or damage occurs. Homeowners in lower-value housing are less likely to hold building or home contents insurance (Tooth & Barker, 2007). Older, lower-value cars are less likely to be covered by comprehensive car insurance (NRMA & MJ Powling, 2001). Young people and others with minimal, low-value assets may assume they do not need insurance or that their assets are not worth the minimum amount of cover prescribed in most insurance policies (Sheehan & Renouf, 2006; Collins, 2011).

Yet going without home contents and comprehensive car insurance may have serious consequences for young people even if their assets are comparatively minimal. This applies particularly to the 34.0% of Australians aged 18–24 who are living independently (Parkinson *et al.*, 2019). Also vulnerable are young people who fall among the one in eight Australians with ‘no savings’ (Marjolin *et al.*, 2018, 20), or who ‘do not receive the needed support from parents or other family members’ in the course of their ‘transition to adulthood’ (Xiao *et al.*, 2014, 394). In case of an emergency, the cost of replacing household appliances, furniture and other essentials—such as mobile phones, laptops or personal computers required for work or study—can stretch into the thousands of dollars, and as noted by Sheehan and Renouf (2006) in their study on noninsurance among low-income earners, even items acquired secondhand or through low-cost retailers may still be beyond their owners’ means to replace if damaged or destroyed.

[4]In Australia, the JobSeeker Payment is paid to unemployed people aged between 22 years and the Age Pension age. The Youth Allowance is paid to full-time students or apprentices aged up to 24, or unemployed people aged up to 21.

Foregoing comprehensive car insurance, too, may be financially devastating for young people whose car is severely damaged or written off in an accident. Between 2017 and 2021, the average repair cost following a collision for passenger cars and light commercial vehicles in Australia was $5761 (Steinhauser & Lancsar, 2022). Young people living in outer urban or regional areas of Australia characterised by 'transport disadvantage'—comprising poor public transport infrastructure and the need to travel longer distances to reach essential services (Rosier & McDonald, 2011)—being left unable to repair or replace even an older, low-value car may jeopardise access to education and employment. If the car is still under finance, young people may also be left owing thousands of dollars to a bank or car finance company even if the car itself has become worthless (Fraser, 2009). Finally, if they even lack third-party car insurance and are at fault in an accident, they may also be left liable to pay the 'reasonable cost' of damage to the property of third parties, which can amount to tens of thousands of dollars in repair costs, towing and storage, hire car costs and even lost wages if the other driver's vehicle is used to earn an income (Financial Rights Legal Centre, n.d.). Disputes over property damage caused by at-fault drivers without third-party car insurance frequently progress to court, incurring court and legal fees, adding up to levels where the driver at fault may have little choice other than to declare bankruptcy (Robinson, 2017).

The literature suggests that elevated noninsurance among young people aged 18–24 is not fully explained by their asset levels or their capacity to afford premiums. There is scope to investigate whether other factors identified in the limited research on noninsurance are more prevalent among young people, contributing to their tendency to forego insurance at higher rates relative to other age groups. One such factor is distrust of insurers (Sheehan & Renouf, 2006; Collins, 2011; Booth & Harwood, 2016), which appears fairly widespread in Australia (Tooth, 2012; Hutchens, 2013). Young people's levels of trust in insurers are the lowest compared to other Australian institutions including the government, banks, courts and the police (Tranter & Booth, 2019). Foregoing insurance may also reflect the lack of a norm for insuring in young people's social circles: in the context of flood cover, consumers are less willing to insure if they do not expect people with similar characteristics to do the same (Lo, 2013a, 2013b). Low financial literacy—and more specifically, insufficient understanding of insurance—have also been suggested as potential drivers of noninsurance in Australia (ICA, 2015; Senate Economics References Committee, 2017). Young people aged 18–25 consistently score lower in studies measuring financial literacy in the population, and perform particularly poorly at choosing financial products including insurance (Lusardi *et al.*, 2010; ANZ, 2015; Xiao *et al.*, 2015), raising the possibility that they may have lower levels of awareness of the benefits of insuring their property and the risks that accompany going without coverage.

Yet consumers' insurance purchase decisions are not solely driven by rational utilisation of the information available to them—for example, about their income and asset levels, the benefits of insurance or the potential consequences of foregoing coverage—but are subject to psychological biases and non-rational outcomes (Tversky & Kahneman, 1974). Particularly relevant to insurance is the overconfidence bias, whereby consumers overestimate their cognitive abilities and their degree of control over outcomes (Van den Steen, 2004; De Meza *et al.*, 2008). Stereotypes portray young people as 'reckless and overconfident' (Prims & Moore, 2017, 29), suggesting they may forego insurance because they underestimate their chances of being affected by disasters, car accidents and other negative events or overestimate their capacity to mitigate or avoid risk. Youth is associated with a propensity for risk-taking (Balogh *et al.*, 2013), and people aged below 45, particularly males, exhibit higher impulsivity and are more likely to self-identify as risk-takers in financial matters (ANZ, 2015). Meanwhile, other studies suggest young people are no more overconfident than older ones (Prims & Moore, 2017), and that young people today save more and spend less on non-essential items than they did three decades ago (Wood *et al.*, 2019). These contradictions leave scope to investigate whether young people may be less risk averse than older ones, and thus more tolerant of the risks associated with remaining uninsured.

There is currently insufficient research determining whether such differences in attitudes reflect what Doherty *et al*. (2015, 4–5) term 'life cycle' effects, where differences between age groups can be attributed to temporary stages in the life cycle; 'period effects', when events such as social movement and economic crises affect attitudes in the population across different age groups; or 'cohort effects' indicating broader generational shifts in attitudes and behaviours. For example, it is possible that most young people will go on to place a higher value upon insurance when entering a different stage in the life cycle characterised by greater financial responsibilities and asset ownership. On the contrary, higher noninsurance rates among young people may also be attributable to more lasting impacts of historical developments—such as increasingly frequent and intense disasters and subsequent stories of survivors whose insurance claims resulted in vastly insufficient payouts or were subject to lengthy delays (e.g. see Wainwright, 2019; Moore, 2020; Houlbrook-Walk, 2021)—on trust in the industry. Such developments 'can have an outsize effect on members of one generation, particularly if it occurs during a key point in the life cycle, such as adolescence and young adulthood, when awareness of the wider world deepens and personal identities and value systems are being strongly shaped' (Doherty *et al*., 2015, 5).

What is clear is that some of the socio-economic factors associated with higher noninsurance rates—such as precarious housing and employment—disproportionately affect younger generations, suggesting that many young people will not 'outgrow' their inability to afford coverage or their sense that their assets are too minimal to warrant insuring. For example, homeownership rates among Australians aged 30 years have declined from 65.0% among those born in the late 1950s to around 45.0% among those born in the 1980s, and even by the age of 50–54 years, their rates of homeownership remain lower than those of older Australians (Whelan *et al*., 2023). Linked to this trend is the growth in irregular, temporary and otherwise insecure work, with more Australians now engaged in casual, part-time or fixed-term employment (Senate Select Committee on Job Security, 2022, chap. 2). Income fluctuations associated with such work arrangements make it difficult for young people to move into more secure housing, and increasing the proportion of those forced to live with others in shared accommodation into their 30s and beyond (Parkinson *et al*., 2019). If lack of housing and employment security increasingly affect Australians across the life cycle, this may drive broader generational trends in insurance ownership that may be less temporary than previously supposed.

3. Methodology

The literature analysed in Section 2 suggests noninsurance among young Australians cannot be dismissed solely as a temporary consequence of their dependent life stage, characterised by 'fledgling financial needs' and minimal assets warranting the protection of an insurance policy. Based upon this literature, we developed three research hypotheses that formed the basis for our study: (i) that young people aged 18–24 forego insurance at higher rates relative to other age groups even when they have assets warranting protection; (ii) that affordability remains the driving cause of noninsurance for people in this age group; (iii) that attitudes associated with noninsurance—such as distrust of insurers, a lack of perceived social obligation to insure and lesser risk aversion—are especially prevalent in this age group, contributing to their tendency to forego insurance at higher rates alongside asset levels and affordability concerns. We tested these hypotheses by comparing the data from two online surveys delivered through the research company Pureprofile, which maintains a database of panellists who complete surveys for a small cash payment, and which has been used extensively in previous studies to carry out surveys on consumer behaviour and decision-making regarding retirement planning, debt and life insurance purchase (Agnew *et al*., 2013; Bourova *et al*., 2019; Bateman *et al*., 2023). Survey 1 targeted 'insured'

Australians who had purchased a building, home contents or comprehensive car insurance policy. Survey 2 targeted 'uninsured' Australians who did not have any of these insurance products.

3.1. Surveys

Survey 1 comprised 107 questions. The survey employed screener questions to ensure respondents had purchased and, within the previous 3 years, claimed on a building, home contents or comprehensive car insurance policy.[5] Survey 2 comprised 52 questions and also used screener questions to ensure respondents (i) did not have a building, home contents or comprehensive car insurance policy; (ii) drove a car owned or paid off by them or someone in their household (as car insurance is irrelevant to people who do not own a car).

Screener questions employed in Surveys 1 and 2 also ensured respondents (i) were aged over 18 and (ii) had some responsibility for making household financial decisions. Respondents who said all financial decisions were made by 'someone else' were excluded from the survey. This screener question eliminated young people who did not need insurance because they were still fully reliant on their families for housing and financial support, as well as others who left all financial decision-making to another person, such as their partner. Such respondents would have lacked the requisite knowledge about their household finances to answer the survey questions.

Both surveys comprised primarily quantitative multiple-choice questions. They began with a set of demographic questions and asked respondents to provide commonly used measures of financial well-being such as their annual household income and the value of their financial assets including savings. The role of attitudes to financial matters—including trust in and value for insurance and propensity for risk-taking—was assessed by requiring respondents to respond to the statements listed in Table 4 in section 4.3 of this article in a five-point Likert scale format.[6] Uninsured respondents were also asked to self-evaluate their

[5]These surveys formed part of a broader research project covering themes of financial exclusion, insurer claims handling practices and consumer protection. Survey 1 was designed to investigate consumers' reasons for purchasing a building, home contents or comprehensive car insurance policy and thus to provide a point of comparison for Survey 2, which examined the reasons of those who chose to forego these insurance products. Survey 1 was also intended to provide insights into policyholders' experiences with making an insurance claim and, in some cases, pursuing a complaint in relation to their claim through the available internal or external dispute resolution mechanisms, although those findings of the survey are not relevant to this paper. For this reason, the sample of insured respondents from Survey 1 included only those who had recently made a claim on such policies.

[6]In Surveys 1 and 2, Questions 24 and 32 asked respondents, 'To what extent do you agree with the following statements?' with possible responses being 'strongly disagree', 'disagree', 'neither agree or disagree', 'agree' and 'strongly agree'. Some of these statements—including 'Building insurance is an essential financial product for all homeowners', 'Home contents insurance is an essential financial product for all homeowners and renters' and 'Comprehensive car insurance is an essential financial product for all drivers'—were developed by the research team to invite respondents to self-assess to what extent they perceived building, home contents and comprehensive car insurance to be necessities for Australians generally. Other statements were adapted from previous studies involving surveys of and interviews with consumers. The statement 'I have trust in the insurance industry' draws upon studies asking respondents to self-assess to what extent distrust caused them to forego or to lack confidence in home or car insurance specifically (NRMA & MJ Powling, 2001), or to experience difficulties accessing financial products and services generally (Marjolin *et al.*, 2017, 2018). The statement 'When it comes to financial matters, I consider myself a bit of a risk-taker' was adapted from an Australian study on financial literacy to test respondents' levels of risk aversion (ANZ, 2015). Another statement—'Most of my friends and family have building, home contents and comprehensive car insurance'—was adapted from a study highlighting the influence of social circles on insurance purchase behaviour (Lo, 2013a, 2013b).

reasons for foregoing insurance by responding to the statements listed in Tables 5 and 6 in a similar Likert scale format.[7]

3.2. Delivery and Analysis

Both surveys were launched in August 2019 following the receipt of ethics approval. We asked Pureprofile to impose quotas based on the latest data from the Australian Bureau of Statistics ('ABS') Census (ABS, 2017) to ensure the sample for Survey 1 was nationally representative in terms of age, gender and geographic location. In order to enable a comparison of the claims experiences of building, home contents and comprehensive car insurance policyholders, we delivered Survey 1 in three waves, obtaining quotas of approximately 500 completed surveys from people who had claimed on a home contents insurance policy; a building insurance policy; and a comprehensive car insurance policy. Because comprehensive car insurance is the most commonly held insurance product in Australia (Connolly, 2013), without the use of quotas, our sample for Survey 1 would have consisted overwhelmingly of comprehensive car insurance policyholders. Quotas were not imposed to ensure that the sample for Survey 2 was nationally representative in terms of age, gender or geographic location. This was because one of the aims of this survey was to identify demographic groups who were over-represented in the sample relative to the general Australian population, and who were thus more likely to be uninsured. The survey data was analysed by a statistician using the software platform SPSS Statistics. Differences between sub-groups within the samples were tested for statistical significance using chi-square tests of independence.

4. Results

In Tables 1–6 below, we combine the three waves of Survey 1 into a single sample of insured respondents (n = 1507) and compare these results against the final sample of uninsured respondents (n = 897) from Survey 2.[8] There is also a breakdown of uninsured respondents into those aged 25–34 (n = 259); 35–44 (n = 209); 45–54 (n = 104); 55–64 (n = 100); and 65 plus (n = 60) against those aged 18–24 (n = 165). In Tables 2–6, statistical

[7]In Survey 2, Questions 41 and 42 asked respondents, 'To what extent do you agree with the following statements about why you did not take out building, home contents or comprehensive car insurance (or allowed your policy to lapse)?' Some of these statements—including 'I can't afford it', 'Insurance is not available or too expensive in my area (due to high flood risk)' and 'Insurance is not available or too expensive in my area (due to high bushfire risk)'—were adapted from earlier studies by NRMA and MJ Powling (2001) and Connolly (2013) to gauge the perceived role of affordability in driving respondents' decision-making. Others—including 'I prefer to carry the risk myself', 'My risk of a car accident is low (e.g. because I drive rarely or carefully)' and 'My home is secure (e.g. because I live in a safe area)'—were adapted from the study by NRMA and MJ Powling (2001) or developed by the research team to evaluate respondents' levels of risk aversion and confidence in their own ability to avoid or mitigate the risks posed by their uninsured status. The statement 'I don't believe in insurance' was adapted from the study by NRMA and MJ Powling (2001) to identify respondents who chose to forego insurance on principle. Other statements alluded to additional barriers to insurance purchase identified in small-scale surveys of and focus groups with low-income earners experiencing broader forms of social exclusion (Sheehan & Renouf, 2006; Collins, 2011) and also used in some of the aforementioned national surveys (NRMA & MJ Powling, 2001; Connolly, 2013). Such statements included 'Insurance policies are too hard to understand', 'I can't provide the necessary identity or other documents', 'My car is not worth insuring' and 'My home contents are not worth insuring'. The statement 'Insurance companies wouldn't want to deal with me' was included based on the finding in some earlier studies that some low-income earners may self-exclude from seeking out insurance on the assumption that they would not be approved for a policy, whether due to their age, asset levels or other factors such as credit history or lack of a prior insurance record (Sheehan & Renouf, 2006; Collins, 2011).

[8]While Survey 2 was initially closed with 1000 completed responses, we excluded 103 respondents who owned apartments and units and would have purchased building insurance indirectly through their body corporate.

Table 1. *Demographics of Insured and Uninsured Respondents.*

	Insured respondents (Survey 1)	Uninsured respondents (Survey 2)						
	All (n = 1507)	All (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%							
Age								
18–24	9.0	18.4	100.0	0.0	0.0	0.0	0.0	0.0
25–34	24.6	28.9	0.0	100.0	0.0	0.0	0.0	0.0
35–44	21.0	23.3	0.0	0.0	100.0	0.0	0.0	0.0
45–54	15.0	11.6	0.0	0.0	0.0	100.0	0.0	0.0
55–64	14.1	11.1	0.0	0.0	0.0	0.0	100.0	0.0
65 and over	16.3	6.7	0.0	0.0	0.0	0.0	0.0	100.0
Current living situation								
Own home outright	35.9	10.5	9.1	13.1	5.7	10.6	11.0	18.3
Own home with a mortgage	43.0	15.1	20.0	12.4	17.7	12.5	16.0	6.7
Renting privately	15.1	57.0	52.7	64.5	61.7	52.9	44.0	48.3
Renting in public or community housing	2.5	10.9	6.7	4.2	8.1	20.2	25.0	21.7
Living rent-free with family or friends	3.1	5.4	10.3	5.4	4.8	1.9	3.0	3.3
None of the above	0.5	1.2	1.2	0.4	1.9	1.9	1.0	1.7
Main source of income in household								
Wages paid by employer	57.6	55.3	55.8	71.4	67.5	38.5	32.0	10.0
Earnings from own business	10.0	5.4	6.1	4.6	5.3	6.7	7.0	1.7
Centrelink payment	18.0	30.9	17.5	13.9	24.4	54.8	53.0	85.0
Other income (e.g. superannuation, savings, investments)	14.3	8.5	20.6	10.0	2.9	0.0	8.0	3.3
Employment situation								
Employed (permanent full-time)	46.6	35.1	44.8	44.8	44.0	14.4	17.0	1.7

Table 1. (*Continued*)

	Insured respondents (Survey 1)	Uninsured respondents (Survey 2)						
	All (n = 1507)	All (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%							
Employed (permanent part-time)	12.9	8.5	6.1	11.2	8.6	8.7	9.0	1.7
Employed (casual full-time)	3.0	3.2	3.6	5.4	1.9	2.9	2.0	0.0
Employed (casual part-time)	6.5	8.7	12.1	8.5	8.1	10.6	6.0	3.3
Self-employed or working in family business	5.9	6.0	6.1	1.5	6.2	9.6	11.0	10.0
Studying	4.7	10.6	27.9	8.5	6.7	7.7	3.0	3.3
Unemployed	2.3	9.4	3.0	4.6	12.4	21.2	18.0	1.7
Looking for work or extra work	1.7	6.7	7.3	5.0	7.7	10.6	5.0	5.0
Retired	16.9	8.5	0.6	0.0	1.0	2.9	19.0	85.0
Caring for a child or another person	3.5	7.8	6.1	12.0	8.6	4.8	5.0	1.7
Home duties	5.4	12.0	7.3	12.7	15.8	18.3	11.0	0.0
None of the above	0.7	1.9	0.0	2.7	1.0	3.8	4.0	0.0
Household composition[†]								
Single person living alone	N/A	26.2	26.7	19.7	17.2	24.0	42.0	61.7
Single with dependent child(ren)	N/A	9.6	9.1	10.0	11.5	12.5	7.0	1.7
Single person living with parents	N/A	3.5	11.5	1.9	1.9	2.9	0.0	0.0
Couple with no dependent children	N/A	19.7	16.4	23.2	12.4	23.1	27.0	21.7
Couple with dependent child(ren)	N/A	27.6	13.9	35.5	48.8	21.2	8.0	1.7
Group household (e.g. share house)	N/A	10.9	20.6	8.9	7.7	8.7	10.0	10.0
None of the above	N/A	2.5	1.8	0.8	0.5	7.7	6.0	3.3

[†]This question was only asked of uninsured respondents (n = 897).

Table 2. *Income and Asset Levels of Insured and Uninsured Respondents.*

	Insured respondents (Survey 1)	Uninsured respondents (Survey 2)						
	All (n = 1507)	All (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%							
Annual household income before tax of $74,999 or less	40.1**	56.0	41.8	44.8	50.2	79.8**	75.0**	90.0**
Annual household income before tax of $75,000 or more	54.5**	38.3	49.1	51.4	42.6	18.3**	17.0**	8.3**
Total home contents valued $4999 or less†	8.6**	23.1	18.2	18.5	19.6	31.7*	35.0**	33.3*
Total home contents valued $5000–$19,999	26.1**	44.6	56.4	49.4	40.2**	36.5**	34.0**	38.3*
Total home contents valued $20,000 or more	59.6**	25.2	20.0	25.5	28.7	27.9	23.0	25.0
Low financial assets of $999 or less‡	N/A	34.1	17.6	29.0**	32.5**	52.9**	51.0**	46.7**
Financial assets of $1000–$19,999	N/A	37.1	55.8	43.6*	34.4**	24.0**	21.0**	16.7**
High financial assets of $20,000 or more	N/A	18.6	17.6	19.3	19.1	15.4	17.0	25.0
Do not know	N/A	10.1	9.1	8.1	13.9	7.7	11.0	11.7

†While this question was answered by all uninsured respondents (n = 897), it was only answered by insured respondents who had made a home contents insurance claim (n = 498).; ‡This question was only asked of uninsured respondents (n = 897). When estimating the value of their financial assets, uninsured respondents were asked to include savings, shares, managed funds or investment properties, but not superannuation or their residential home.; *Note*: One asterisk (*) indicates that the difference is statistically significant at the 0.05 level. Two asterisks (**) indicate significance at the 0.01 level (Chi-Square test). In the columns comparing uninsured respondents in different age groups, statistical significance for each age group is measured compared to respondents aged 18–24.

Table 3. *Other Indicators of Financial Well-being of Uninsured Respondents.*

	All uninsured respondents (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%						
Over the last 12 months, how much did your income vary week to week?							
A lot	20.5	28.5	20.8	20.1	20.2	17.0*	5.0**
A bit	44.9	50.3	49.8	49.3	42.3	29.0**	25.0**
Not at all	34.6	21.2	29.3	30.6*	37.5**	54.0**	70.0**
How would you describe your ability to make ends meet?							
Managing 'very well' or 'quite well'	36.2	52.7	44.8	33.0**	14.4**	24.0**	23.3**
'Just getting by'	39.6	32.7	33.2	46.4**	45.2*	39.0	53.3**
'Some' or 'a lot of' financial difficulties	24.2	14.5	22.0	20.6	40.4**	37.0**	23.3
Could you raise $2000 within a week in an emergency?							
Yes	34.8	28.5	35.9	44.0**	22.1	37.0	33.3
No	53.1	57.6	53.7	44.0**	70.2*	48.0	48.3
Do not know	12.2	13.9	10.4	12.0	7.7	15.0	18.3

Note: One asterisk (*) indicates that the difference is statistically significant at the 0.05 level. Two asterisks (**) indicate significance at the 0.01 level (Chi-Square test). In the columns comparing uninsured respondents in different age groups, statistical significance for each age group is measured compared to respondents aged 18–24.

Table 4. *Proportions of Insured and Uninsured Respondents who said 'Agree' or 'Strongly Agree' to Statements About Their Attitudes to Financial Matters Including Insurance.*

	Insured respondents (Survey 1)	Uninsured respondents (Survey 2)						
	All (n = 1507)	All (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%							
I have trust in the insurance industry	53.1**	17.1	18.8	25.1	17.7	9.6*	4.0**	10.0
When it comes to financial matters, I consider myself a bit of a risk-taker	30.2**	25.3	27.9	32.0	28.2	13.5**	16.0*	15.0*
Building insurance is an essential financial product for all homeowners	83.0**	45.4	45.5	44.8	43.5	54.8	38.0	50.0
Home contents insurance is an essential financial product for all homeowners and renters	82.6**	36.0	45.5	38.6	31.6*	42.3	20.0**	30.0*
Comprehensive car insurance is an essential financial product for all drivers	83.3**	36.8	42.4	41.7	35.4	41.3	21.0**	23.3**
Most of my friends and family have building, home contents and comprehensive car insurance	79.0**	47.6	53.3	47.1	46.9	54.8	44.0	30.0**
I don't believe in insurance†	N/A	20.0	19.4	19.7	19.6	14.4	26.0	23.3

†This question was only asked of uninsured respondents (n = 897).; *Note*: One asterisk (*) indicates that the difference is statistically significant at the 0.05 level. Two asterisks (**) indicate significance at the 0.01 level (Chi-Square test). In the columns comparing uninsured respondents in different age groups, statistical significance for each age group is measured compared to respondents aged 18–24.

Table 5. *Proportions of Uninsured Respondents who Answered 'Agree' or 'Strongly Agree' to Reasons Indicating Inability to Access Insurance.*

	All uninsured respondents (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%						
I can't afford it	67.5	50.3	62.0*	70.6**	83.3**	80.4**	79.3**
Insurance policies are too hard to understand	35.1	40.4	34.3	35.0	31.1	29.2	41.8
I couldn't find a suitable policy	29.0	34.7	33.9	31.1	22.2*	16.1**	17.3*
Insurance is too expensive in my area (due to high crime rate or insecure housing)	25.2	34.2	27.3	21.0**	25.5	17.9**	16.0*
Insurance is not available or too expensive in my area (due to high flood risk)	20.9	28.7	21.3	22.4	14.9*	13.8*	10.9*
Insurance is not available or too expensive in my area (due to high bushfire risk)	20.5	31.1	26.4	15.0**	7.5**	17.3*	12.2**
Insurance companies wouldn't want to deal with me	19.3	32.0	21.2*	17.3**	13.3**	10.5**	6.1**
I can't provide the necessary identity or other documents	11.9	20.4	16.1	9.6**	5.1**	3.5**	3.8**

Note: One asterisk (*) indicates that the difference is statistically significant at the 0.05 level. Two asterisks (**) indicate significance at the 0.01 level (Chi-Square test). In the columns comparing uninsured respondents in different age groups, statistical significance for each age group is measured compared to respondents aged 18–24.

Table 6. *Proportions of Uninsured Respondents who Answered 'Agree' or 'Strongly Agree' to Reasons Indicating Perceived Lack of need for Insurance.*

	All uninsured respondents (n = 897)	Aged 18–24 (n = 165)	Aged 25–34 (n = 259)	Aged 35–44 (n = 209)	Aged 45–54 (n = 104)	Aged 55–64 (n = 100)	Aged 65 plus (n = 60)
	%						
I'm a renter	64.7	55.3	69.7**	64.8	65.3	69.3*	60.8
My third-party car insurance provides enough protection	44.8	44.6	46.6	49.8	34.3	40.4	46.3
My risk of a car accident is low (e.g. because I drive rarely or carefully)	44.5	55.4	44.0*	40.5**	31.1**	44.2	55.4
My home is secure (e.g. because I live in a safe area)	42.2	58.9	45.2**	39.0**	23.5**	34.8**	40.0*
My car is not worth insuring	40.9	42.2	39.1	41.8	37.3	43.6	43.9
My home contents are not worth insuring	40.9	39.0	43.3	42.9	39.2	40.2	32.8
I prefer to carry the risk myself	31.5	41.1	30.4*	28.6*	22.3**	32.6	35.8
I've never thought about taking out home or car insurance	21.0	28.7	28.7	19.2*	9.8**	9.7**	11.1**

Note: One asterisk (*) indicates that the difference is statistically significant at the 0.05 level. Two asterisks (**) indicate significance at the 0.01 level (Chi-Square test). In the columns comparing uninsured respondents in different age groups, statistical significance for each age group is measured compared to respondents aged 18–24.

significance is indicated by asterisks and is measured in relation to the group that is the focus of this article, being respondents aged 18–24. The main findings from these tables are analysed in Section 5 with a focus on three categories of reasons for foregoing insurance: (i) lack of need due to insufficient assets warranting protection; (ii) inability to afford the cost of premiums; and (iii) attitudes to insurance and risk-taking.

4.1. Demographics

The demographics of insured and uninsured respondents are compared in Table 1. Statistical tests were not carried out in relation to this data as it is used only to provide an overview of the groups being compared in the article.

4.2. Income, Assets and Other Indicators of Financial Well-being

The incomes and assets of insured and uninsured respondents are compared in Table 2.

Uninsured respondents (n = 897) were asked additional questions about their financial well-being. Their responses are shown in Table 3.

4.3. Attitudes to Financial Matters Including Insurance

Insured and uninsured respondents were asked to what extent they agreed with statements concerning their attitudes to financial matters. Their responses are compared in Table 4.

4.4. Reasons for Foregoing Building, Home Contents or Comprehensive Car Insurance

Uninsured respondents were asked to self-assess their reasons for foregoing insurance by indicating to what extent they agreed with statements falling into two categories: (i) inability to access insurance; and (ii) perceived lack of need for insurance. Their responses to these statements are compared in Tables 5 and 6.

5. Discussion

Our findings in Section 4 strongly support the proposition that elevated noninsurance rates among young people aged 18–24 cannot be dismissed solely as a consequence of their dependent life stage, characterised by 'fledgling financial needs' and minimal assets warranting the protection of an insurance policy. Below, we analyse these findings, examining three categories of reasons for foregoing insurance: (i) lack of need due to insufficient assets warranting protection; (ii) inability to afford the cost of premiums; and (iii) attitudes to insurance and risk-taking.

5.1. Lack of Need for Insurance Due to Insufficient Assets Warranting Protection

Our study design, and our first hypothesis identified in Section 3, drew upon research indicating that consumers' asset levels influence whether they will purchase building, home contents and comprehensive car insurance (NRMA & MJ Powling, 2001; Tooth & Barker, 2007). Consumers with minimal, low-value assets—such as young people fitting the 'fledgling financial needs' description (FCA, 2017)—frequently assume they do not need insurance. They are yet to own a home or, in some cases, a car and their valuables are likely limited to computers, mobile phones and similar personal effects, some of which may be covered by their parents' insurance policies. As outlined in Section 3.1, we, therefore, excluded from our study young people who were yet to own a car or make financial decisions, and for whom noninsurance was an easily-explained consequence of their dependent life stage.

Our findings indicate that people aged 18–24 forego insurance at higher rates relative to other age groups even when they have achieved markers of financial independence from their families and own assets warranting protection. As shown in Table 1, 18–24-year-olds were over-represented among uninsured respondents participating in our study, making up 18.4% of uninsured respondents, compared to 9.0% of insured respondents and 9.4% of

Australians generally (ABS, 2021). Likely due to our use of screener questions, most uninsured respondents aged 18–24 had left the family home. Only 11.5% described themselves as a 'single person living with parents', compared to 47.9% of Australians aged 18–24 (Parkinson *et al*., 2019). All owned a car and 29.1% even owned their home, either outright or with a mortgage. As shown in Table 2, only 18.2% estimated their home contents to be worth '$4,999 or less', and 20.0% selected '$20,000 or more', indicating ownership of appliances, electronics and other valuables warranting the protection of an insurance policy.

5.2. Inability to Afford the Cost of Premiums

Our study also drew upon research identifying affordability—as determined by the financial resources available to the consumer, and the actual size of premiums in their geographic area—as the primary driver of noninsurance (NRMA & MJ Powling, 2001; ANZ, 2004; Tooth & Barker, 2007; Connolly, 2013). As per our second hypothesis in Section 3, we expected young people to forego insurance primarily because they could not afford it while living on low or irregular incomes from part-time and casual jobs, or 'woefully inadequate' student and unemployment payments from Centrelink (Saunders & Bedford, 2017, 103). We expected minimal savings to be an additional barrier to accessing insurance for this group, as premiums are typically payable in lump sums on a yearly, half-yearly or quarterly basis, presenting difficulties for low-income-earners and others with limited savings (Sheehan & Renouf, 2006).

Yet respondents' self-assessed reasons for foregoing insurance yielded a complicated picture of the role of affordability in their decisions. As shown in Table 5, only 50.3% of uninsured respondents aged 18–24 agreed with the statement 'I can't afford it' as a reason for foregoing insurance, compared to higher proportions of those aged 35–44 (70.6%), 45–54 (83.3%), 55–64 (80.4%) and 65 plus (79.3%). However, 18–24-year-olds had higher levels of agreement with statements indicating insurance was unavailable or too expensive in their area because of crime rates or insecure housing (34.2%), bushfire risk (31.1%) and flood risk (28.7%). This could reflect younger Australians being more concerned about climate change and its impacts (Quicke, 2021), and thus more aware of climate change-driven disasters as factors influencing premium prices. However, it could also reflect the fact that for reasons of housing affordability, young people are over-represented in peri-urban areas prone to bushfire, flooding and other disasters (Booth & Tranter, 2018).

The fact that higher proportions of older uninsured respondents attributed their noninsurance to their personal capacity to afford premiums—as opposed to the actual size of premiums in their geographic area—is unsurprising given their financial circumstances. As shown in Table 3, far higher proportions of older uninsured respondents—especially those aged 45–54 (40.4%) and 55–64 (37.0%)—reported 'some' or 'a lot of' financial difficulties. As shown in Table 1, over half of those aged 45 and over (and 85.0% of those aged 65 plus) identified Centrelink payments as their main income source. The financial circumstances of younger uninsured respondents appeared comparatively secure, with 52.7% of those aged 18–24 'managing "very well" or "quite well"' financially. As shown in Table 1, around 44.0% of uninsured respondents aged 18–24, 25–34 and 35–44 were in permanent full-time employment, well above older age groups. As shown in Table 2, the proportion of uninsured respondents with annual household incomes of $74,999 or less was lowest (41.8%) for those aged 18–24, and highest (90.0%) for those aged 65 plus. Only 17.6% of those aged 18–24 had very low levels of financial assets, including savings, of $999 or less, compared to 46.7% to 52.9% of those aged 45 plus.

5.3. Attitudes to Insurance and Risk-Taking

These findings suggest that young people aged 18–24 experience elevated noninsurance even when they have assets warranting protection and income to cover premium costs. As per our third hypothesis in Section 3, we sought to investigate to what extent attitudes associated with noninsurance—including distrust of insurers, lower levels of perceived social obligation to insure and lesser risk aversion—were more prevalent in this age group, contributing to their tendency to forego insurance at higher rates relative to other age groups.

Overall, our findings support research linking noninsurance with distrust in insurers (Booth & Harwood, 2016), and lesser perceived social obligation to insure (Lo, 2013a, 2013b). As shown in Table 4, agreement with the statement 'I have trust in the insurance industry' was significantly higher for insured respondents (53.1%) compared to uninsured respondents (17.1%). Insured respondents were significantly more likely to see building insurance (83.0%), home contents insurance (82.6%) and comprehensive car insurance (83.3%) as 'essential', and to be surrounded by friends and family who have insurance (79.0%). However, neither distrust in insurers nor a lack of perceived obligation to insure was particularly prevalent in young people. In fact, trust in insurers was considerably higher among uninsured respondents aged 18–24 (18.8%), compared to those aged 45–54 (9.6%) or 55–64 (4.0%). While only 42.4% of uninsured respondents aged 18–24 agreed that comprehensive car insurance was 'essential', agreement rates were even lower for older age groups, particularly those aged 55–64 (21.0%) and 65 plus (23.3%). While only 45.5% of uninsured respondents aged 18–24 felt home contents insurance was 'essential', this percentage also exceeded that of other age groups, particularly those aged 55–64 (20.0%) and 65 plus (30.0%). Agreement with the statements 'Most of my friends and family have building, home contents and comprehensive car insurance' and 'I don't believe in insurance' did not differ significantly by age. Some indications of distrust and reduced perceived obligation to insure increased for older age groups, but mostly lacked a pattern by age, indicating that younger respondents were not more disposed to distrust insurers, to consider insurance inessential or to oppose insurance purchase on principle.

Our findings do, however, suggest younger people may be less risk averse than older ones, consistently with studies indicating higher impulsivity, or 'a self-image as a risk-taker' around financial matters, among younger people (ANZ, 2015). As shown in Table 4, significant proportions of uninsured respondents aged 18–24 (27.9%), 25–34 (32.0%) and 35–44 (28.2%) agreed with the statement 'When it comes to financial matters, I consider myself a bit of a risk-taker', compared with 13.5% to 16.0% of older respondents. Young people may also be more confident in their ability to mitigate or avoid risks by making optimal choices or modifying their behaviour, although such confidence declines towards middle age before rising again for older respondents. As shown in Table 6, agreement with the statement 'I prefer to carry the risk myself' was highest for uninsured respondents aged 18–24 (41.1%), falling to 22.3% for 45–54-year-olds before rising to 35.8% for those aged 65 plus. Agreement with the statement 'My risk of a car accident is low (e.g. because I drive rarely or carefully)' was equally high (55.4%) for those aged 18–24 and 65 plus. Agreement with the statement 'My home is secure (e.g. because I live in a safe area)' was highest for 18–24-year-olds (58.9%), falling to 23.5% for those aged 45–54 before reaching 40.0% for those aged 65 plus.

Our findings also indicate some self-exclusion from insurance ownership among younger people, who may see insurance as a social norm for Australians in principle, but ultimately consider it irrelevant to their circumstances or 'not for them' personally. This may be due to what Collins (2011) and Sheehan and Renouf (2006) identified as a tendency towards self-exclusion from insurance purchases among those who assume home contents and comprehensive car insurance products to be intended for homeowners with valuable assets and high-value motor vehicles, and not, for example, low-income earners employed on a casual or part-time basis, or renters with low-value home contents. As shown in Table 5, levels of agreement with the statement 'Insurance companies wouldn't want to deal with me' (32.0%) were highest for 18–24-year-olds, falling to 6.1% for those aged 65 plus. Some of the young people who agreed with this statement may have actually sought a quote from an insurer in the past and been denied coverage. Having a history of previous claims on their home insurance policy—or having a previous policy cancelled because they misrepresented their circumstances, or failed to disclose important information when entering the contract—are among the reasons why some people may find themselves repeatedly refused insurance. However, for the majority of young people who have not had time to build up an extensive history of engagement with financial service providers, it is more likely that their agreement with this statement reflects their own assumptions about the pre-requisites and target market for insurance products. As Sheehan and Renouf (2006, 24) note when analysing assumptions about the requirements for insurance ownership among low-income earners, 'it appears that the concern about the need to have a satisfactory record is based on a perceived requirement rather than the reality. No Australian general insurers undertake credit checks. Yet, even if this perception is incorrect, it shows something about the power of myths and misunderstandings'. That is, younger people may be more likely to mistakenly assume they would not be approved for an insurance policy—whether due to their age, assets or other factors such as credit history or lack of a prior insurance record—even when such factors would not have been an automatic barrier to securing coverage.

Levels of agreement with the statement 'I can't provide the necessary identity or other documents' (20.4%) were also highest (20.4%) for respondents aged 18–24, compared to only 3.8% for those aged 65 plus. Some of the young people agreeing with this statement may have previously had difficulty accessing financial services such as a bank account or a credit card because they could not 'access or obtain standard identification documents' or had 'inconsistent personal details across their documents, such as name or date of birth' (AUSTRAC, 2024). Groups especially prone to financial exclusion due to such difficulties include Aboriginal and Torres Strait Islander peoples; people living in remote areas; people who have lost important documents in disasters such as floods and bushfires; survivors of family violence; intersex, transgender and gender diverse people; people who have recently been in prison or experienced homelessness; and refugees, asylum seekers and recent migrants (AUSTRAC, 2024). It is possible that members of these groups were more highly represented among young people in our sample. It is also possible that some of the young people agreeing with this statement did so because of mistaken assumptions that accessing insurance would require them to provide detailed documentation of matters such as assets, credit and insurance records that they lacked due to their limited history of engaging with financial service providers.

Relevant to these findings are studies measuring financial literacy and capability, where, as noted in Section 2, young people aged 18–25 have consistently scored lower relative to other age groups (ANZ, 2015; Xiao *et al*., 2015). As shown in Table 6, alongside uninsured respondents aged 25–34, those aged 18–24 had equally high levels of agreement with the statement 'I've never thought about taking out home or car insurance' (28.7%). This finding could be interpreted as evidence of a broader tendency to avoid thinking about financial matters, particularly insofar as they concern future risks and benefits rather than everyday budgeting. However, it could also be interpreted more narrowly as indicating a lack of awareness of the uses and benefits of insurance and the risks of foregoing such coverage. Certainly, the finding by ANZ (2015) that young people perform particularly poorly at choosing appropriate financial products—including insurance—suggests that young people may lack knowledge about the types of insurance that may be relevant for them, such as 'renters' insurance', or home contents-only policies designed especially for renters. More research is required to distinguish between the areas where young people may lack financial knowledge and capabilities and those where their assumptions about the relevance of insurance are grounded in other factors, such as prior experiences of age discrimination and exclusion when applying for financial products and services.

6. Conclusions

Noninsurance among young people is easy to dismiss as a 'temporary' and relatively unconcerning outcome of their dependent or 'fledgling' life stage (FCA, 2017). However, our findings suggest young people aged 18–24 forego insurance at higher rates relative to other age groups even when they have achieved some markers of financial independence from their families and acquired assets warranting protection. While affordability remains a major driver of noninsurance for this age group, young people appear more inclined than older people to forego insurance even when their financial position is relatively secure.

Our findings indicate that some attitudes associated with noninsurance may, to varying degrees, be more prevalent in younger people, contributing to their tendency to forego insurance at higher rates relative to other age groups. While our study supports previous research linking noninsurance with distrust in insurers (Booth & Harwood, 2016), and lower levels of perceived social obligation to insure (Lo, 2013a, 2013b), young people do not appear especially predisposed to distrust insurers, to consider insurance inessential or to oppose insurance purchase on principle. Our findings do, however, suggest that other factors—including lesser risk aversion, higher confidence in their capacity to mitigate risks and perceptions of insurance as irrelevant or 'not for them'—may drive young Australians to forego insurance even when they have assets warranting protection and sufficient income to cover premium costs. This is evidenced by the fact that relative to other age groups, 18–24-year-olds taking part in our study were especially likely to indicate that they had never thought about taking out insurance; or that they assumed they would not have been approved for an insurance policy, whether due to their age, asset levels, employment situation, credit history or other factors.

More research focusing specifically on other age groups is needed to assess the relative importance of the various drivers of noninsurance for consumers at various stages of life. Research is also needed to determine to what extent lower financial literacy levels (Xiao *et al.*, 2015)—and inadequate knowledge about financial products (ANZ, 2015)—may contribute to higher noninsurance rates among young people. People lacking such knowledge may forego important types of insurance such as home contents due to not understanding its importance. They may also choose a less-than-optimal policy, such as third-party car insurance instead of comprehensive car insurance, without understanding that this will not cover loss or damage to their own car if it is stolen or involved in an accident.

Ultimately, young people who remain uninsured despite living independently with a car and other valuables of their own risk exposure to financial hardship in case of loss or damage to their property. Further investigation of noninsurance among young people should not ignore the role of attitudes to insurance and risk-taking in driving insurance purchase decisions alongside asset levels and affordability concerns. Our findings also have implications for policy development, indicating that any financial literacy education initiatives targeting young people need to incorporate the benefits of insurance and address potential misconceptions about eligibility for its protection.

Conflict of Interest

The authors have no conflicts of interest to declare that are relevant to the content of this article.

Acknowledgement

Open access publishing facilitated by The University of Melbourne, as part of the Wiley - The University of Melbourne agreement via the Council of Australian University Librarians.

Data Availability Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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