Nationwide Life Insurance Quantitative Research Study

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LIFE INSURANCE CONSUMER ADVOCACY CENTER

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About the Life Insurance Consumer Advocacy Center

The Life Insurance Consumer Advocacy Center (LICAC) is a non-profit, social welfare organization formed under Section 501(c)(4) of the Internal Revenue Code.

Mission Statement

The mission of the Life Insurance Consumer Advocacy Center (the Center) is:

- to alert the public, including consumers and policymakers, about the potential risks of certain types of life insurance policies, particularly life insurance investment schemes falling within the category of universal life, and about unfair practices in how such policies are sold; and
- to advocate for reasonable and essential consumer protections for these types of products.

LICAC's Work

LICAC Achieves this mission by:

- Collecting and sharing consumer stories about failed policies and unfair practices
- Advocating for consumer protections through legislative and regulatory action
- Working with the National Association of Insurance Commissioners to promote consumer interests
- Raising public awareness of current legislation
- Partnering with other advocacy groups
- Acting as an industry authority in legal cases, legislative hearings, and more.

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Background and Methodology

Study Background: This study was commissioned by the Life Insurance Consumer Advocacy Center (LICAC) to investigate consumer experiences, understanding, satisfaction, and the role agents play in shaping informed decisions.

Research Objectives: This research was designed to…

- Identify opportunities to improve consumer awareness, strengthen transparency and inform future consumer advocacy efforts.
- Explore the role agents play in helping consumers make informed decisions.
- Identify opportunities to improve consumer education, transparency and confidence for the purchasing and ownership process.

Key Finding: The survey found that most consumers do not understand that the life insurance agent represents the insurance company and mistakenly believe that agents are legally required to act in the best interest of the consumer. Consumers have little understanding of how their agents are compensated.

Methodology: A 10-12 minute online survey was conducted between March and April 2026 among nationally representative purchasers of life insurance policies within the last 10 years. The study has a margin of error of ±6.8% at the 95% confidence level, meaning the results provide a reliable directional view of consumer perspectives. The study includes 203 nationally representative consumers who were sourced from Research America's online research panel. Recruitment was conducted via email invitation to panel members, and data quality was ensured through screening, attention checks and ongoing monitoring.

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Key Findings

Data percentages have been rounded for clarity; combined totals may not equal 100%

Key Finding: Best Interest Obligations

At the time they bought their policy, most policy owners incorrectly believed their agent had a legal obligation to act in their best interest. Only 7% knew that no such obligation existed. The remaining 27% had no understanding one way or the other.

Consumers Were Asked: As you understood things when you bought the policy, did your agent have a legal obligation to act in your best interest?

Consumer Responses:

Yes	65.5%
No	7.3%
Don't Know/Not Sure	27.1%

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Key Finding: Agent Priority

Very few policy owners understood that the agent represented the insurance company. 41% incorrectly believed that the agent represented the policy owner, and another 36% incorrectly believed that the agent represented them and the insurance company equally. 3% believed the agent represented only the agent, and the remainder were unsure.

Consumers Were Asked: At the time of purchase, who did you feel your agent was primarily looking out for?

Consumer Responses:

Themselves	3.4%
Both me and the insurance company equally	36%
The insurance company	10.3%
Me, the customer	41%
Don't Know/Not Sure	9.4%

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Key Finding: Agent Compensation

Most consumers do not know how their agent is compensated, with only 35% understanding that the agent's compensation is commission determined as a percentage of the premium paid by the policyholder.

Consumers Were Asked: Which of the following best describes how you think life insurance agents are paid?

Consumer Responses:

Salary (paid by insurance company)	13.3%
Commission (a percentage of the premium paid by the policy holder)	35%
A combination of both salary and commission	37.4%
Compensation comes directly out of my policy's value	3.4%
Other	0.5%
Don't Know/Not Sure	10.3%

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Key Finding: Agent Commission

Agent commission rates can often exceed 100% of the first-year premiums paid. Most consumers either had no idea about what the commission rate could be, or believed the rate was 50% or less.

Consumers Were Asked: What do you think was the approximate commission rate your agent earned on the first-year premium when you purchased your policy?

Consumer Responses:

Less than 50%	34%
50%	23.1%
Approximately 100%	5.9%
More than 100%	0.5%
Don’t Know/Not Sure	36.5%

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Additional Findings

Data percentages have been rounded for clarity; combined totals may not equal 100%

Additional Finding: Consumer Understanding

Most consumers felt their agents explained the benefits and costs of their policies at least somewhat well, showing an information gap between consumer understandings of their specific policies and consumer understanding of their agent's roles and responsibilities.

Consumers Were Asked: How well did your agent initially explain the benefits and costs of the policy you purchased?

Consumer Responses:

Not well at all	2.5%
Not very well	7.4%
Somewhat well	29.6%
Very well	39.9%
Extremely well	20.7%

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Additional Finding: Overall Experience With An Agent

Consumers rated their overall experiences with an agent as primarily ”good”, “very good”, or “excellent”. However, most consumers incorrectly believed their agent was primarily looking out for the consumer’s best interest.

Consumers Were Asked: How would you rate your insurance agent for each of the following attributes? – Overall experience.

Consumer Responses:

Poor	0.5%
Fair	7.9%
Good	25.6%
Very Good	31%
Excellent	31.5%
Don’t Know/Not Sure/Can’t Rate	3.4%

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Additional Finding: Agent Trustworthiness

In general, consumers believed their agents were trustworthy. However, this perception may be affected by consumers' incorrect understanding of their agent's obligations. Consumers incorrectly believed the agent had an obligation to act in the consumer's best interest.

Consumers Were Asked: How would you rate your insurance agent for each of the following attributes? – My agent is trustworthy.

Consumer Responses:

Poor	1%
Fair	6.4%
Good	24.1%
Very Good	31.5%
Excellent	30.5%
Don't Know/Not Sure/Can't Rate	6.4%

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LICAC's Public Policy Suggestions

LICAC's Suggestions

The survey demonstrates a significant gap between what consumers believe about their relationship with their life insurance agent and the legal obligations that actually exist. Closing that gap, through stronger consumer protections and clearer disclosure requirements, should be a priority for policymakers and the insurance industry.

1. **Establish a best interest obligation for agents or, at a minimum, require disclosures explicitly informing consumers that the agent represents the insurance company and has no obligation to act in the best interest of the policy owner. Establish that insurance companies have an obligation to supervise appointed agents regardless of their employment status.**
2. **Expand consumer education on agent compensation and require disclosure explaining agent compensation as part of the policy purchase process.**

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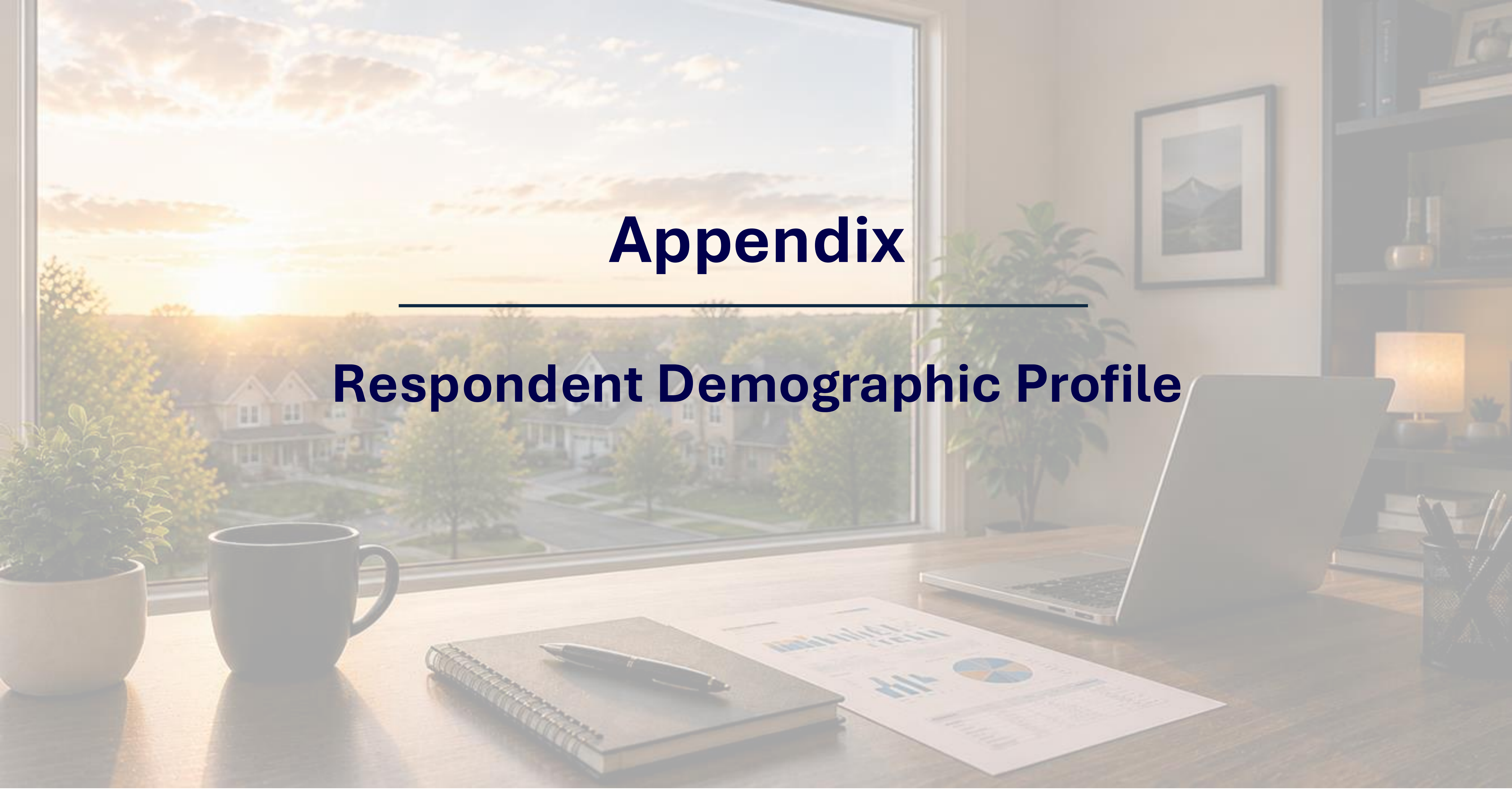
Appendix

Respondent Demographic Profile



Respondent Demographic Profile

Gender	n=203	%
Male	99	49%
Female	104	51%
Non-Binary	0	0%

Household Income	n=203	%
Less than $50,000	68	33%
$50,001 to $100,000	73	36%
$100,001 to $200,000	50	25%
More than $200,000	8	4%
Prefer not to say	4	2%

Ethnicity	n=203	%
Latino/a or Hispanic	17	8%
White or Caucasian	143	70%
Black or African American	40	20%
Asian/Pacific Islander	13	6%
Native American	3	1%
Some other ethnic or racial background	0	0%

Age	n=203	%
Silent Generation (1928–1945)	21	10%
Baby Boomers (1946–1964)	57	28%
Gen X (1965–1980)	45	22%
Millennials (1981–1996)	56	28%
Gen Z (1997–2012)	22	11%

Education	n=203	%
Less than high school	2	1%
High school diploma or equivalent	31	15%
Some college	44	22%
Vocational/technical school	14	7%
Associate’s Degree	22	11%
Bachelor’s Degree	66	33%
Master’s Degree	15	7%
Post-Graduate Degree	9	4%

Employment	n=203	%
Full time	100	49%
Part time	14	7%
Not employed/seeking employment	4	2%
Full-time student	2	1%
Part-time student	1	0%
Homemaker/stay-at-home parent	11	5%
Retired	69	34%
Prefer not to say	2	1%

Thank You

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