

GENERATION Z AS INSURANCE CONSUMERS: TRUST, HOMEOWNERSHIP BARRIERS, AND PATHWAYS TO ENGAGEMENT IN THE UNITED STATES AND AZERBAIJAN

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PUBLICATION

DATE:

Date of acceptance:

16.06.2026

Date of publication:

28.09.2026

KEYWORDS:

Generation Z,
insurance, trust,
homeownership,
digital insurance

ABSTRACT

Background: Generation Z, the first fully digital-native cohort, is entering adulthood as an under-insured and notably skeptical group of consumers, raising a strategic question for insurers about how to engage a generation that is simultaneously under-protected and unconvinced. This article examines why homeownership and the property insurance it requires have become harder for Gen Z, why trust in insurance has eroded, what insurers can do to attract young customers, and how these dynamics appear in Azerbaijan. Methods: The study is a desk-based synthesis of secondary evidence, drawing on industry surveys and reports published between 2024 and 2026 and on demographic and digital indicators for Azerbaijan, organized thematically around four research questions. Results: The evidence shows a generation that values homeownership and intends to insure yet faces record affordability barriers, a deep trust deficit, and an uncompromising expectation of digital, transparent experiences; life insurance ownership has fallen to roughly 36 percent, and digital friction directly drives switching. Conclusion: The gap between Gen Z and insurance is one of trust, relevance, affordability, and experience rather than need; insurers who rebuild credibility, embed coverage in digital journeys, and invest in financial literacy can convert latent demand, and Azerbaijan's young, highly connected population offers a comparable opportunity.

INTRODUCTION

Every generation meets the insurance industry on its own terms, and Generation Z- the cohort born roughly between 1997 and 2012 is meeting it warily. Raised through the aftermath of the 2008 financial crisis, a global pandemic, and sustained economic uncertainty, Gen Z has developed a distinctive consumer profile: digitally native, value-conscious, skeptical of institutions, and attentive to authenticity. As the oldest members of this generation move into their late twenties and confront the decisions that have historically driven insurance demand, buying a home, starting a family, protecting income, the industry faces a strategic question: how to engage a generation that is simultaneously under-insured and unconvinced.

This question matters because Gen Z is the emerging core of the consumer market, and the long-term health of insurers depends on converting young prospects into lifelong policyholders. Yet the early signals are concerning. Life insurance ownership among young adults has fallen sharply (LIMRA & Capgemini, 2026), trust in carriers is low (Cake & Arrow, 2025), and the life events that once drew people into the market are arriving later, if at all. At the same time, the largest insurance purchase most households ever make, the homeowner's policy required to close a mortgage, sits behind a homeownership threshold that has become historically difficult for young buyers to cross (National Association of Realtors, 2025).

This article addresses four connected questions: why homeownership, and the property insurance attached to it, has become harder for Gen Z; why trust in insurance has eroded; what insurers can do to attract young customers; and how these dynamics appear in Azerbaijan, a young and highly digital but under-penetrated emerging market. The aim is to synthesize recent evidence into implications for insurers in both a mature and an emerging market. A growing academic literature examines the determinants of insurance purchase intention and the role of insurance literacy in

whether consumers hold coverage at all (Bongini et al., 2023; Zheng et al., 2024); this article extends that discussion to the specific position of Generation Z as a digital-native, low-trust cohort.

MATERIALS AND METHODS

This article is a desk-based synthesis of secondary evidence rather than an original empirical study. It draws on industry surveys, market reports, and demographic datasets published primarily between 2024 and 2026, selected for recency, relevance to Generation Z, and the credibility of the issuing organization. The principal sources fall into three groups: insurance-behavior research from organizations such as LIMRA and Capgemini, Cake & Arrow, Insurity, and Majesco; housing and affordability data from the National Association of Realtors, Redfin, Realtor.com, and Harvard's Joint Center for Housing Studies; and Azerbaijani demographic and digital indicators from DataReportal alongside national insurance-market data (Report.az, 2025).

The evidence was organized thematically around the four research questions, and the findings are presented in the Results section with supporting figures, then interpreted in the Discussion. Two limitations of the method should be stated at the outset. First, most of the behavioral evidence derives from the United States, the market in which such research is most fully developed. Second, dedicated and reliable data on the insurance attitudes of Azerbaijani Gen Z specifically are scarce; the Azerbaijani analysis therefore reasons from the country's demographic and digital profile together with the general behavioral patterns established in better-studied markets, and the resulting expectations should be read as hypotheses for local primary research rather than as established local findings.

RESULTS AND DISCUSSIONS

Perceptions and trust

Two characteristics distinguish Generation Z as insurance consumers: they are the first cohort to come of age entirely within a digital, mobile, and social-media environment, and they carry a pronounced skepticism toward institutions. These traits collide with an industry whose product is intangible and whose reputation among the young is poor. A 2025 study by the design agency Cake & Arrow, based on a survey of 519 Gen Z adults aged 18 to 28, found that while 55% held a generally positive view of the industry, 67% described it as “boring,” 79% had never considered a career in it, and 49% expressed no interest in it at all (Cake & Arrow, 2025; Figure 1). The same research surfaced a deeper trust problem: among interview participants, eleven of twelve agreed that insurance companies “will do whatever they can to deny claims” (Cake & Arrow, 2025). Although that figure derives from a small qualitative sample, it captures a perception that shapes how young consumers approach the category.

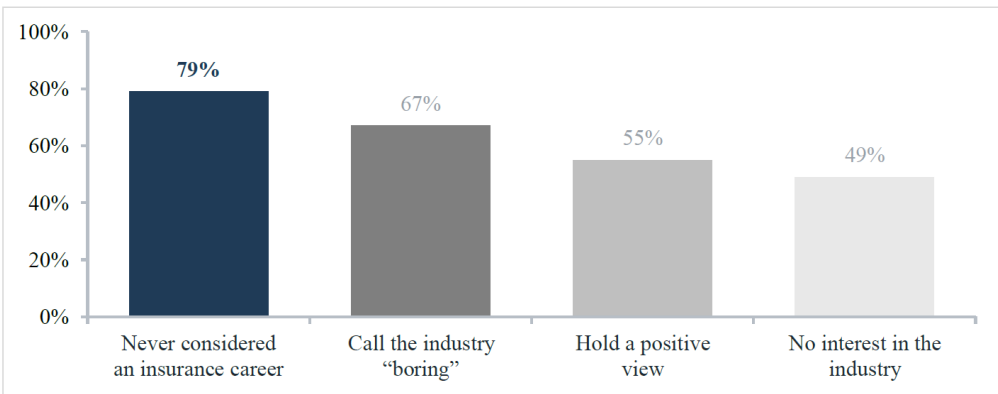


Figure 1. Gen Z perceptions of the insurance industry (Cake & Arrow, 2025; n = 519, ages 18–28)

The consequence is visible in ownership data. According to the World Life Insurance Report 2026, life insurance ownership among Gen Z had fallen to roughly 36% by 2025, more than twenty

percentage points below Baby Boomers and fourteen below Millennials (LIMRA & Capgemini, 2026). This is not indifference: the same research found that a higher share of Gen Z than of the general population intends to purchase life insurance, indicating substantial latent demand the industry has not converted (LIMRA & Capgemini, 2026).

Homeownership and the insurance barrier

For most households, the first encounter with insurance as a large, non-negotiable commitment comes with a mortgage, since no lender will close a loan without a homeowner's policy. Homeownership is therefore the gateway into the property insurance market, and that gateway has narrowed. In 2025 the share of first-time buyers in the United States fell to a record-low 21% of the market- the lowest since the National Association of Realtors began tracking it in 1981 while the median age of a first-time buyer reached an all-time high of 40 years, up from 29 in 1981 (National Association of Realtors, 2025).

The barrier is fundamentally one of affordability. Home prices were roughly 60% higher in 2025 than in 2019 (Joint Center for Housing Studies, 2025), pushing the ratio of median home price to median income from about 3.1 to 5.2 over the longer run. Mortgage rates that sat near 3% during the pandemic rose to around 6.5–7%, and the income required to afford a median-priced home climbed to roughly \$112,000, about \$25,000 above the median household income (Redfin, 2026). Early-career wage stagnation and student debt, which averaged nearly \$23,000 for Gen Z as of 2024, further constrain down-payment saving (Radian, 2025).

Gen Z is acutely aware of this. In an October 2025 survey of 1,000 Gen Z adults aged 18 to 27, 67% described homeownership as an important life goal and 73% had begun saving for a down payment, yet 82% believed buying was harder for their generation, 51% expressed high concern about future affordability, and respondents estimated needing an average of \$54,546 for a down payment (Realtor.com, 2025; Figure 2).

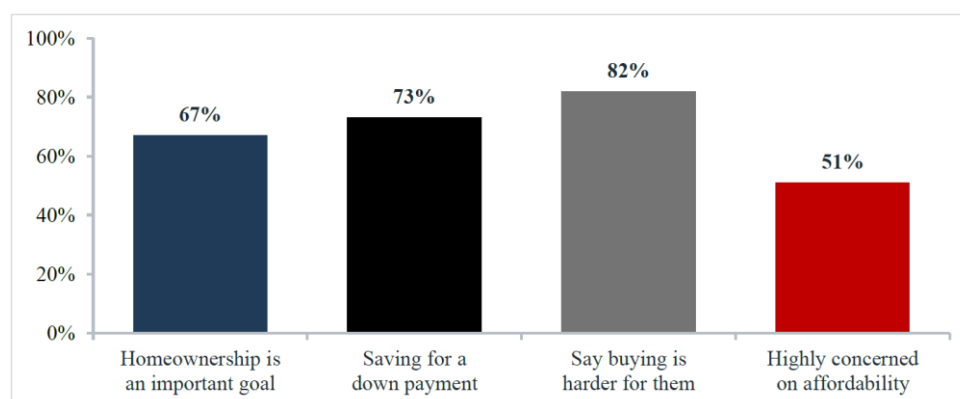


Figure 2. *Gen Z homeownership: aspiration vs. perceived reality (Realtor.com, 2025; n = 1,000, ages 18–27)*

The picture is not uniformly bleak. As affordability and inventory improved marginally, the Gen Z homeownership rate rose to 27.1% in 2025 from 26.1% a year earlier, and buyers aged 19 to 29 accounted for 18.5% of homes sold, up from 14.4% (Redfin, 2026). Gen Z is entering the market, but as a trickle. The relevance for insurers is twofold: each delayed purchase postpones entry into the property insurance market, and rising premiums are themselves now part of the affordability barrier, raising the total cost of ownership in exposed regions and compounding the squeeze that keeps young buyers out.

Life insurance and delayed milestones

Beneath the affordability story lies a problem of changing life patterns. The historical triggers for insurance purchase, marriage and parenthood, are arriving later or not at all. LIMRA found that 63% of consumers under 40 have no immediate plans to marry and 84% have no immediate plans to

have children (LIMRA & Capgemini, 2026; Figure 3). Without these milestones the felt need for life and related coverage weakens, even as the underlying financial vulnerability remains, producing a generation that owns less protection not because it has rejected the idea but because the social scaffolding that once prompted the purchase has shifted.

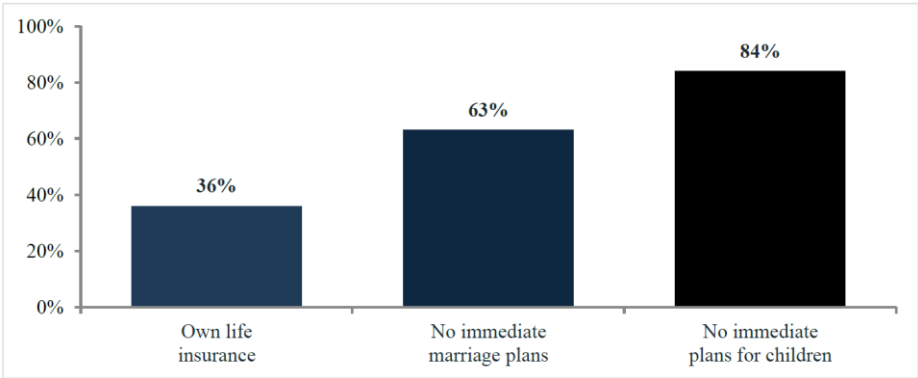


Figure 3. Gen Z life insurance ownership and delayed life milestones (LIMRA & Capgemini, 2026; under-40 consumers)

Digital expectations and switching behavior

For a generation that judges organizations by their digital experience, friction is read as disrespect. Insurity's 2025 Digital Experience Index found that 28% of Gen Z policyholders had switched insurers because of a frustrating online or mobile experience, a higher rate than any other generation, making digital quality a direct driver of loyalty and churn (Insurity, 2025). Young consumers also begin their journeys in digital spaces: 80% of adults under 45 use social media to research financial or insurance products (LIMRA & Life Happens, 2025), and academic evidence similarly finds that social-media engagement significantly shapes Generation Z's purchase intentions (Roy et al., 2025). At the same time, concerns about data privacy temper the behavioral and telematics-based models insurers increasingly favor, with a substantial share of consumers citing security concerns about sharing personal data, which means such models must be introduced with unusual transparency (Majesco & Capgemini, 2025).

The Azerbaijan context

Azerbaijan offers an instructive emerging-market case. At the start of 2025 the median age of its population was 33.6 years, internet penetration stood at approximately 89% with some 9.2 million users, mobile connections were equivalent to 118% of the population, and social media reached roughly 65% of the country (DataReportal, 2025) (Figure 4). Yet the insurance market remains shallow, with total penetration around 1.1% of GDP, roughly a tenth of the level in advanced economies, even as it grows at a double-digit annual pace and the Central Bank pursues a deliberate agenda of digital distribution and market development (Report.az, 2025). A digitally fluent young population thus sits atop a market in which the habit of insurance is not yet formed.

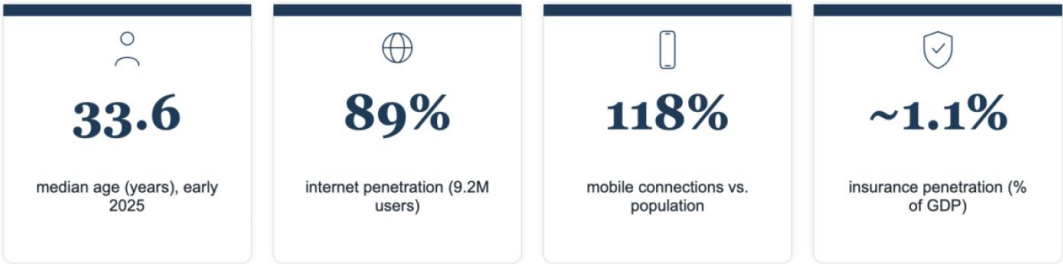


Figure 4. The Azerbaijan context: young, digital, under-insured. (DataReportal, Digital 2025: Azerbaijan; Report.az / Central Bank of Azerbaijan (2025)

Taken together, the evidence describes a generation whose distance from insurance is not a distance of need but of trust, relevance, affordability, and experience. Gen Z values homeownership and intends to insure, yet faces the steepest affordability barriers in decades, approaches the industry with deep distrust, and expects digital, transparent, purpose-driven experiences. Each of these is something insurers can act upon.

Four levers follow directly. The first is to meet young consumers in the digital and social spaces where they already form opinions, since a generation that begins its journey on a phone cannot be reached through legacy channels alone (LIMRA & Life Happens, 2025). The second is embedded insurance- offering coverage at the moment of relevance within journeys the customer is already undertaking; insurers have begun distributing coverage through trusted digital platforms rather than as a separate, effortful purchase (eMarketer, 2026). The third is transparency and demonstrated purpose, aimed squarely at the trust deficit: plain-language policies, transparent pricing, and fast, visible claims handling directly address the suspicion that claims will be denied, while the industry's underlying mission of protecting people resonates with a generation drawn to purpose if that mission is made visible (Cake & Arrow, 2025). The fourth is financial literacy, since much of Gen Z's hesitation reflects genuine unfamiliarity, and insurers that lead with education rather than sales pressure position themselves as trusted guides. Academic research reinforces these levers: insurance literacy is associated with whether individuals hold insurance at all (Bongini et al., 2023), and insurance literacy, brand reputation, and risk attitude have been shown to jointly shape purchase intention (Singh & Shah, 2024).

The industry recognizes the direction of travel: in NTT Data's InsurTech Global Outlook 2025, 74% of surveyed executives named digital transformation as their top strategic priority (NTT Data, 2025). The challenge is execution- personalization, on-demand and parametric products that pay quickly against clear triggers, mobile-first servicing, and genuinely transparent claims are the concrete forms these priorities must take to convert a skeptical generation.

For Azerbaijan and other young, digital, under-penetrated markets the opportunity is sharper. The absence of an entrenched way of buying insurance is as much an opportunity as an obstacle, because distribution can be built directly in the mobile, social, and embedded forms Gen Z already prefers, without first dismantling a legacy of branches and paper. Several expectations follow for emerging-market Gen Z: affordability and mobile accessibility are likely to weigh even more heavily given lower average incomes; trust-building is likely to be even more decisive where insurance culture is thin; and the leapfrog opportunity is correspondingly larger. These expectations, however, remain hypotheses: the scarcity of dedicated research on Azerbaijani Gen Z insurance behavior means the local analysis rests on demographic and digital indicators together with patterns observed elsewhere, and closing that evidence gap through primary survey research is the most valuable next step.

CONCLUSION

Generation Z is not lost to insurance; it is unconverted. The generation values homeownership and intends to protect itself, yet faces historic affordability barriers and a deep trust deficit, and it judges insurers by the quality, transparency, and purpose of the experiences they offer. Carriers that rebuild credibility through transparent claims, distribute coverage where young people already make decisions, lead with education, and deliver genuinely digital experiences can convert the latent demand the data already reveal. For Azerbaijan and other young, highly connected, under-penetrated markets, that opportunity is sharper still- provided insurers build for it directly and the local research needed to understand this generation is undertaken. In both settings the conclusion is the same: the generation that will define the insurance customer base for the next half-century is ready to be served, but only on terms it trusts.

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XÜLASƏ

Z NƏSLİ SİĞORTA İSTEHLAKÇISI KİMİ: ETİBAR, MƏNZİL ƏLDƏ ETMƏ MANEƏLƏRİ VƏ ABŞ İLƏ AZƏRBAYCANDA CƏLBETMƏ YOLLARI

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Aktuallıq: İlk tam rəqəmsal nəsil olan Z nəslə yetkinlik dövrünə kifayət qədər sığortalanmamış və nəzərəcarpacaq dərəcədə şübhəçi istehlakçı qrupu kimi daxil olur; bu, sığortaçıları üçün gənc nəslə necə cəlb etmək sualını qaldırır. Məqalə mənzil əldə etmənin və onunla bağlı əmlak sığortasının nə üçün çətinləşdiyini, sığortaya etibarın nə üçün azaldığını, sığortaçıların gəncləri cəlb etmək üçün nə edə biləcəyini və bu meyillərin Azərbaycanda necə təzahür etdiyini araşdırır. **Metodlar:** Tədqiqat 2024–2026-cı illərdə dərc olunmuş sahə sorğularına və hesabatlarına, habelə Azərbaycanın demoqrafik və rəqəmsal göstəricilərinə əsaslanan, dörd tədqiqat sualı ətrafında təşkil olunmuş ikincili məlumatların sintezidir. **Nəticələr:** Bu nəsil mənzil sahibliyini dəyərləndirir və sığortalanmaq niyyətindədir, lakin rekord əlçatanlıq maneələri və dərin etibar çatışmazlığı ilə üzləşir, eyni zamanda tam rəqəmsal, şəffaf təcrübələr gözləyir; həyat sığortası sahibliyi təxminən 36 %-ə düşmüşdür. **Nəticə:** Z nəslə ilə sığorta arasındakı uçurum ehtiyac deyil, etibar, aktuallıq, əlçatanlıq və təcrübə uçurumudur; etibar bərpa edən, sığortanı rəqəmsal proseslərə inteqrasiya edən və maliyyə savadlılığına sərmayə qoyan sığortaçıları gizli tələbi reallaşdırma bilər.

Açar sözlər: Z nəslə, sığorta, etibar, mənzil sahibliyi, rəqəmsal sığorta.

РЕЗЮМЕ

ПОКОЛЕНИЕ Z КАК ПОТРЕБИТЕЛЬ СТРАХОВАНИЯ: ДОВЕРИЕ, БАРЬЕРЫ ПРИ ПОКУПКЕ ЖИЛЬЯ И ПУТИ ВОВЛЕЧЕНИЯ В США И АЗЕРБАЙДЖАНЕ

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Актуальность: Поколение Z, первое полностью цифровое поколение, вступает во взрослую жизнь как недостаточно застрахованная и заметно скептически настроенная группа потребителей, что ставит перед страховщиками вопрос о привлечении молодёжи. В статье рассматривается, почему покупка жилья и связанное с ней имущественное страхование стали труднее, почему снизилось доверие к страхованию, что могут сделать страховщики и как эти тенденции проявляются в Азербайджане. **Методы:** Исследование представляет собой кабинетный синтез вторичных данных на основе отраслевых опросов и отчётов, опубликованных в 2024–2026 годах, а также демографических и цифровых показателей Азербайджана, организованный вокруг четырёх исследовательских вопросов. **Результаты:** Данные показывают, что это поколение ценит домовладение и намерено страховаться, но сталкивается с рекордными барьерами доступности и глубоким дефицитом доверия, ожидая полностью цифрового и прозрачного опыта; владение страхованием жизни снизилось примерно до 36 %. **Вывод:** Разрыв между поколением Z и страхованием — это разрыв доверия, актуальности, доступности и опыта, а не потребности; страховщики, восстанавливающие доверие и инвестирующие в финансовую грамотность, могут реализовать скрытый спрос.

Ключевые слова: поколение Z, страхование, доверие, домовладение, цифровое страхование.