



# An Industry United

## Working Together to Address the Life Insurance Coverage Gap

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In these unimaginable times — which have brought a more heightened sense of the vulnerability of human life — the industry has taken action. As outlined in the President's Page on page 1, seven U.S. life insurance trade associations have banded together in a new effort focused on closing the coverage gap. In February, LL Global launched a year-long campaign intended to create awareness and drive education to help our industry support the millions of uninsured and underinsured Americans. For this article, we interviewed leaders of the organizations working together in this critical initiative — *Help Protect Our Families*.

### Timing Is Everything

While the need to help more Americans obtain life insurance coverage is certainly not new, there are clear reasons that this campaign is so important in the current moment.

Finseca CEO Marc Cadin expresses that “the American people need our help more today than ever before. Our industry believes in financial security for all individuals, families, and businesses. Protection products, such as life insurance and annuities are critical to that security.”

Susan Neely, president and CEO of the American Council of Life Insurers (ACLI), agrees, noting that “life insurance is an essential tool for providing middle-income families with financial protection should the unthinkable happen.” With the campaign’s efforts to raise awareness among the industry nationwide, she believes “we can identify ways to close the gap and expand financial certainty for American families.”

In addition, people’s financial priorities have shifted due to the pandemic, LIMRA, LOMA, and LL Global president and CEO David Levenson points out. While in past years, consumers viewed paying down debt or saving for retirement as more urgent needs, COVID-19 has changed that. According to LIMRA research, 6 in 10 Americans say the pandemic has heightened their awareness about the



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importance of having life insurance. Twenty-nine percent plan to purchase coverage within the next 12 months, due to the pandemic. Also, 68 percent of those who recently purchased it intend to buy more.

When asked how this awareness effort differs from other campaigns, Cadin responds, “This is the first time I am aware of that the professional trade organizations, life insurance companies, and distribution partners have joined forces with a unified voice and singular goal.”

Kevin Mayeux, CEO of the National Association of Insurance and Financial Advisors (NAIFA), also notes a key distinction: “*Help Protect Our Families* aims to raise awareness and empower insurance and financial professionals and insurance carriers rather than directly targeting consumers. This is an important approach now ... as many people have heightened awareness of the value of life.” He speaks to the campaign’s value in empowering agents and advisors to review clients’ coverage and then reach out to them.



Levenson reiterates the purpose of the initiative as “designed to bring our industry together — carriers and financial security professionals — to focus on engaging their customers to make sure they are adequately protected.”

### Disconnect Drivers

One challenge the industry will continue to face, even with heightened consumer awareness, is the disconnect between perceived need and ownership. LIMRA has tracked life insurance ownership trends since 1960. Our 2021 study shows just 52 percent of American adults have life coverage — a notable decline from 63 percent just a decade ago. Despite these numbers, our research shows that 84 percent of Americans believe most people should have coverage.

We asked industry leaders what they feel causes this situation. Levenson reiterates that the top reason people give for not buying life insurance is that they have other financial priorities. He suggests, “People are more worried about the expense of living rather than dying too young and leaving their families financially at risk.”

Cadin states that consumers mistakenly believe life insurance is unaffordable and their group coverage is sufficient, or they may work with a financial professional who does not understand or recommend the product. Levenson agrees that this lack of knowledge can be an issue. LIMRA research reveals that half of consumers overestimate the cost of life insurance by as much as three times its actual cost. He notes that “many consumers also say they just don’t know where to start.” The amount of information available can be overwhelming, and it can be difficult to know if it is credible.

Another driver, Cadin notes, is the media’s portrayal of the industry, which may cause distrust instead of awareness and education regarding the value of life insurance in a financial plan. He states, however, that “this campaign hopefully will start to change that line of thinking.”

Mayeux adds that, while people may (at a fundamental level) understand life insurance is necessary, it may not ever be top-of-mind for them. He notes that “it’s often seen as a ‘nice to have’ purchase” and different from property/



casualty insurance, which is usually legally required. Also, the conversation about life insurance is a difficult one for families, according to Mayeux. He suggests that advisors can play a meaningful role in facilitating this dialogue and providing trusted guidance. Levenson agrees, noting that 82 percent of consumers believe the information they receive from a financial professional is the most helpful. However, just 26 percent of Americans say they actually have an advisor or agent.

### A New View

While COVID-19 has disrupted essentially every aspect of daily routine, its difficult realities also have heightened consumer awareness about the fragility of human life itself. This change has affected how people view the importance of life insurance — and represents a shift likely to endure, even once the pandemic subsides.

According to Cadin, more people see the need to protect their families and loved ones: “Consumers have not only been made more aware of their own mortality, but they [also] have developed a greater willingness to discuss it.”

In fact, a new Life Happens survey reveals that the pandemic has driven more of these types of discussions.<sup>1</sup> CEO Faisa Stafford shares that, for 55 percent of respondents, “this past year was the first time they had talked to their loved ones about life insurance.”

Moving forward, leaders agree that this shift in mindset should have a lasting impact on consumer perception of life insurance. The shared experiences of lockdowns and widespread loss are likely to underlie people's future decision making. Stafford believes this represents "a unique opportunity for life insurance carriers to rise and meet this new interest and demand."

Mayeux adds that one of the few positive outcomes of the crisis is that Americans may be thinking more about protecting their family's financial security. He suggests, "It's up to all of us to ensure that they understand these risks are not unique to COVID-19" — that solid financial planning and insurance protection are always important.

### **Obstacles Overcome**

It goes without saying that the industry has faced significant operational challenges, presented by social distancing requirements, in its efforts to serve consumers throughout the pandemic. However, companies and financial professionals still have found ways to deliver the life insurance coverage that so many families need. Technology-based approaches and innovation, as well as a general focus on outreach and communication, have made this possible. Both companies and their distribution networks built on the advanced technologies — such as social media and e-applications, e-signatures, e-notarization, and e-delivery — they already were using, to engage consumers.

At the home office level, companies expanded efforts to help people obtain coverage in the absence of face-to-face meetings. Cadin believes that the pandemic also expedited progress in the area of accelerated underwriting — which he feels "was the greatest impediment to delivering life insurance coverage." He also references other creative industry solutions, such as minimizing physical exams by relying on predictive modes, that have benefitted consumers and simplified the application process.

Levenson adds that LIMRA research has found "more than a third of U.S. life insurers expanded their automated underwriting practices and postponed or waived paramedical requirements." Some carriers also accept electronic health records and allow historical exam and lab data to take the place of a new exam.

From the advisor perspective, Mayeux says NAIFA's members have adjusted well to conducting meetings via video technologies, and that financial professionals have been even more inspired to personally connect with their clients. He offers, "Moving to virtual meetings has allowed many advisors to provide more comprehensive care, as they can meet with multiple family members at once and visit with more families each day." Cadin echoes this sentiment, as pivoting to a virtual world gave advisors "more opportunities to connect with families they had not spoken with for some time — exactly the type of outreach this campaign is encouraging."

Levenson cites LIMRA research supporting these concepts: "We know 8 in 10 financial professionals shifted the way they communicated with their clients" to using video conferencing and other digital tools. This interaction played a critical role in easing people's anxieties, as "consumers were very concerned about the financial impact of the coronavirus on the economy and their own financial security."

Neely shares the unique ways ACLI helped eliminate barriers for business to continue, as "there was an explosion of new priorities that required rapid response." ACLI worked for life insurers to be deemed "essential businesses," sought prudent accommodations from regulators, and secured a number of provisions in the CARES Act. Neely believes that "this quick action allowed our industry to continue to deliver the life insurance that families needed" during a crucial time.

### **A Team Effort**

To advance this campaign, it is critical that the associations work together. As Dan LaBert, NAILBA CEO, notes, "There is incredible depth and weight within our industry to impact the financial security of American families. It is of paramount importance that associations unify our efforts and bring both awareness and coverage to those who need it." In addition, part of strengthening the collective effort is leveraging the specific role and vantage point of each participating organization.



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Levenson states that each association offers “unique expertise and value to our members and the industry as a whole... We also all have distinct relationships within the industry. Working in tandem, we hope this will expand the campaign’s reach and amplify the campaign’s impact. It will take all of us to leverage our strengths to change the trajectory of life insurance coverage in the United States.”

Life Happens is in the specific space of connecting the industry with the consumer. Stafford notes that the association is uniquely positioned because “Life Happens educates the consumer about what life insurance is and its importance in a sound financial plan.” This then primes Americans to purchase coverage when the industry reaches out to them. In another example, NAIFA’s community of agents and advisors across the nation are an important element of this initiative. Mayeux notes, “Engaging with financial professionals and keeping them connected to their industry and each other is one of the things we do best.” NAIFA has helped to spread the word about the campaign through multiple channels and in its work with other like-minded organizations.

Cadin adds, “By combining voices and ideas from every area of the industry, we can harness the impact of the entire profession.” He notes that Finseca’s membership has been asked to engage with the campaign in the effort to bring financial security to more Americans.

According to Neely, “Our individual associations have unique areas of focus, and, together, we can achieve more on behalf of the American families who rely on life insurance for certainty and peace of mind.” ACLI’s efforts throughout this year include a focus — via their website and social media channels — on featuring resources and information to help the industry reach more families. Also, via their *Protecting Every Future* initiative, ACLI will provide consumers tools that help them access financial protection.


### **Success Measures**

As with any meaningful goal, it is imperative to outline what defines progress toward it. When asked what success looks like for this campaign, industry leaders’ responses span concrete metrics to a more pervasive sense of dialogue and collaboration.

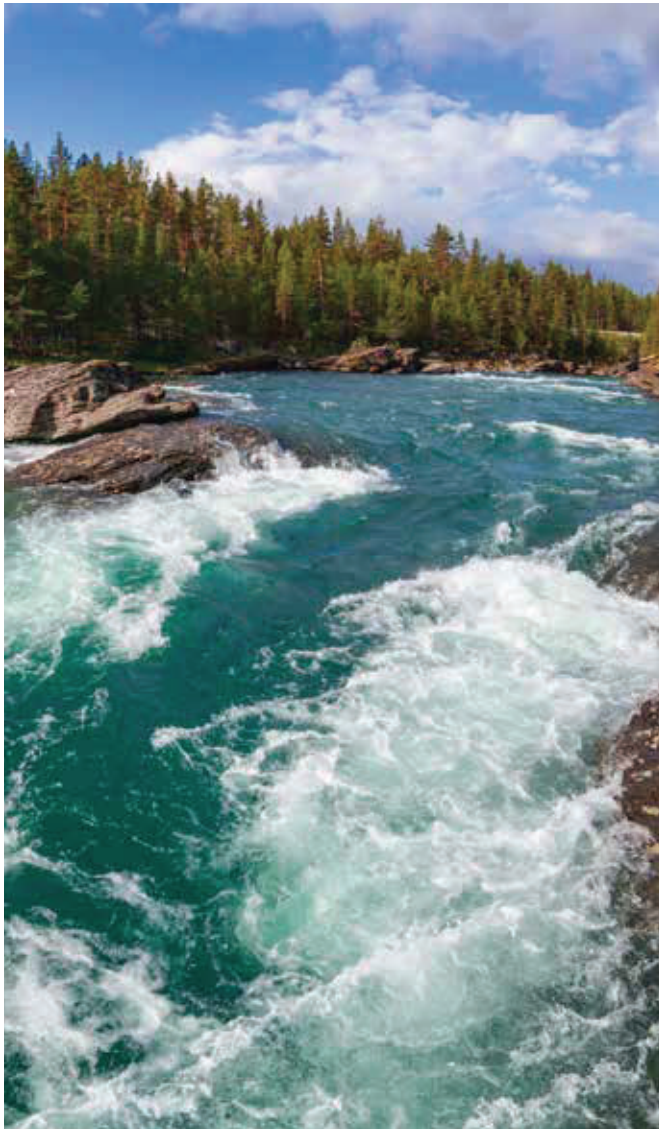
Cadin suggests encouraging Americans to aim for having a specific multiple of their annual income in life insurance coverage. While this may not be a realistic possibility for everyone, it can contribute to success if efforts “make a significant dent in our \$12 trillion protection gap.” Levenson references the goal of this campaign — directed toward the industry — as helping to protect the “estimated 30 million underinsured and the 30 million uninsured Americans” who comprise this collective gap.

Mayeux offers a view of success that includes “a healthy exchange of ideas and increased cooperation within our industry to identify underinsured segments of society.” This would result in reaching more families who need the products, services, and advice our industry offers — “moving the needle” in both number of lives covered and Americans having sufficient coverage.



Ultimately, as Neely describes, the goal is to raise awareness that the coverage gap exists and persists. “Working together,” she says, “we can identify ways to close it and expand financial certainty for American families. Life insurers’ most critical mission is helping people take care of the things that matter most.” 

<sup>1</sup> “Traditional Milestones Continue to Shift as Americans Enter 2021 With a New Outlook on Life, Love, and Life Insurance,” Life Happens news release, February 2, 2021.



## Thank You to Our Contributors

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