



Unlocking the Mysteries of Life Insurance Sales Success

By Elaine Tumicki, CLU, ChFC, LLIF

Corporate Vice President, Insurance Research, LIMRA

An article in *MarketFacts* a few years ago — “[What Matters Most in Life?](#)” — outlined successful strategies for life insurance sales after the Great Recession. Much has happened since then, from regulatory changes to a global pandemic. How have the strategies held up? Are there new success factors? An analysis of recent individual life sales data provides some clues.

Given the variability of the external environment over the last few years, it helps to look at each period separately. The years 2016 to 2018 were more “normal” from a life insurance sales perspective. No extraordinary factors had an impact on sales. The year 2019 stands out because of the impending deadline for the implementation of the 2017 Commissioners Standard Ordinary (CSO) table and Principles-Based Reserves (PBR). A fire sale of products

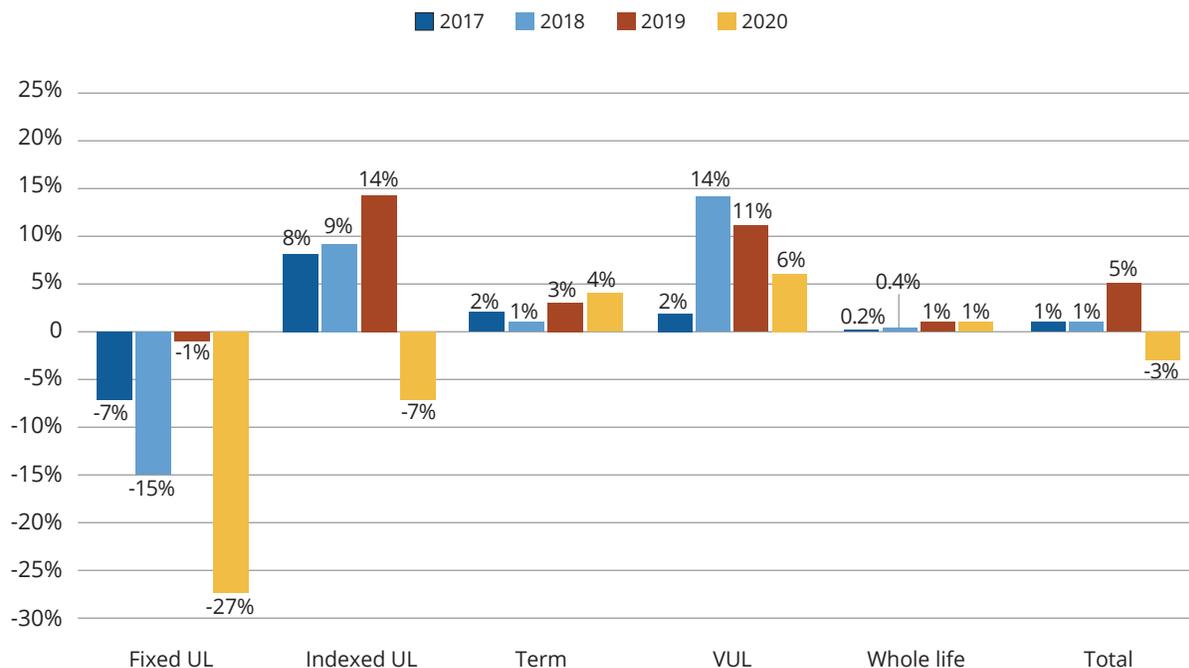
based on the old CSO table — which in some cases were more favorable for consumers — caused dramatic growth in sales toward the end of 2019. And then 2020 arrived. There were positives and negatives for life insurance sales during the pandemic, depending on the product, the target market, and the distribution method. Full-year premium sales for 2020, however, could not match the 2017-CSO-fueled growth in 2019.

Analysis of sales by product since 2016 reveals some shifts from 2010 to 2016, post-Great Recession (Figure 1). Whole life maintained steady growth through 2016. Since then, it is barely positive. Fixed UL has steadily declined, while indexed UL has mostly increased. Term has risen steadily, especially during the pandemic. While VUL shows the most growth, it has the smallest market share and a small number of companies drive sales.

Figure 1

Life Sales Shifts 2017 to 2020

Annual premium growth by product



Source: LIMRA's U.S. Retail Individual Life Insurance Sales Survey.

Within each product line, however, some companies have seen consistent growth, and some have not. What success factors did we see, post-Great Recession? Have those carried forward in recent years, and have new factors emerged?

Size and Structure Matter

Company size and structure still matter. Since 2016, large companies have had the most success, with more mixed results for midsize and small companies. Two thirds of large companies had positive compound annual growth rates (CAGR) for annualized premium from 2016 to 2020, compared with less than half of midsize and small companies. Similarly, nearly 6 in 10 mutual companies had positive CAGR for 2016 to 2020, compared to just over 4 in 10 stock companies. While mutual companies with affiliated agents did best post-Great Recession, mutual

companies selling through independent channels have had more success in recent years.

While affiliated distribution saw steady growth post-Great Recession (through 2016), independent distribution has had more success recently, with growth in most product lines from 2016 to 2020. Independent channels drove term insurance growth in 2020, most likely a result of internet-assisted sales. Direct-to-consumer sales have also been strong, particularly for whole life in 2020, with strong growth in smaller policy sales.

Consistent Strategy and Focus Are Key

These overall trends and tendencies, however, mask an underlying reality. The truth is, there is no key product, structure, or distribution formula that unlocks success in individual life insurance sales. Companies with the strongest growth over the last few years sell a wide range



of products to a variety of markets, from those selling mostly indexed UL in more affluent markets to those selling small whole life policies in older markets, and many combinations in between. The common thread among companies that saw success in recent years is their consistent strategy and focus, and avoiding major disruptors to that strategy.

The lessons are rooted in sound marketing practices:

- Understand your potential customers — how to find them, how to determine their needs, and how they want to interact with your company or advisors.
- Design products that meet the needs of your target market(s).
- Align distribution to best reach that target market(s), whether that means partnering with independent distributors to sell IUL to affluent markets, working with an affiliated field force to serve the middle market, using direct mail to sell final expense policies, or using online portals to sell term insurance.
- Pay attention to, and continue to improve, the purchase process. Historically, life insurance has been difficult and time-consuming to buy. More companies today are using technology to improve that process. But today's latest technology tool may be obsolete by next year. Process improvement is not "one and done."
- Take advantage of the vast amount of data available. A robust data analytics program can provide a competitive advantage in developing customer segmentation and distribution strategies.

In some cases, it helps to have good timing, and a little luck. Companies that had processes in place before the pandemic (or pivoted quickly) to sell life insurance — whatever the product — with little or no face-to-face contact were more likely to see success. Some companies had launched automated underwriting for a segment of their business by early 2020 and were able to expand the scope

of their efforts. Others had field advisors who were willing and able to move quickly to remote client meetings.

What is the outlook for individual life sales? LIMRA's life sales forecast suggests a return to more "normal" trends for most products by 2022. What is clear, though, is that there is opportunity *now* to expand life insurance coverage. Nearly 30 million Americans have been infected by COVID-19, and more than half a million have died. Those are sobering numbers and they have heightened consumer awareness of mortality. According to recent LIMRA research, 29 percent of adults are more likely to purchase life insurance in the next 12 months than they would have been before the pandemic. That sentiment holds more true for recent buyers — two thirds say they are more likely to buy life insurance in the next 12 months.¹ Providing protection for the risk of premature death is what we do in our industry. This is our moment to reach more consumers, and improve the life insurance sales forecast. 🌐

¹ *Likelihood to Buy: COVID-19 Consumer Impact*, LIMRA, 2020.



Elaine Tumicki, CLU, ChFC, LLIF

directs the team responsible for research on insurance products — individual life, disability, critical illness, and long-term care. The team conducts ongoing surveys on sales, persistency, and product design, as well as market-

ing studies and company practices studies that respond to the needs of member constituencies. Tumicki also serves as a resource on industry performance measures to staff, member companies, and the media. She is staff representative to the Individual Life Insurance Study Group, Product Development Study Group, and Supplemental Health, DI & LTC Committee, and is a liaison to various other committees and study groups. She can be reached at etumicki@limra.com.