



AROUND THE GLOBE

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Managing and Growing Your International Business in Opportune, Yet Uncertain, Times

When I was asked to contribute a commentary for this issue, I enthusiastically agreed—especially because it represents an opportunity to share a perspective on some questions I am often asked during my travels to different markets around the world.

One frequent question tends to center around what strategies companies can use to differentiate themselves on an international scale. I believe companies that operate internationally have great potential to grow their businesses in their chosen markets — provided they select the best strategies for the short and medium term.

We know consumers today are used to and expect a wide choice of products and services at a low perceived price. They do not have much time and patience during the purchase process, and insurance companies need to be aware of this when they set their strategies for growth. Never before has the customer been such a “king,” with instant information — and immediate access to the global marketplace — available via smartphone.

A key strategy for future success in the international marketplace should include a consumer acquisition approach. Understanding the consumer’s real insurance and risk needs and preferred purchasing style will give companies valuable insights into how they develop, distribute, and service their products. “Product push” strategies have worked in the past, but they are not as effective today because consumers are far more aware and have much more information at their fingertips. However, they still can remain confused when it comes to purchasing life insurance products.

Technology has played a critical role in helping companies meet these dynamic needs. Tablet point-of-sale interactive engagement helps insurance advisors and brokers select the most appropriate products and services for their customers. Tech-savvy consumers like

to see technology included in their purchasing journey. Collecting customer information in real time allows insurers to make policy underwriting decisions quickly and improve service standards. Technology also helps them reduce operating costs and achieve better product pricing and shareholder value in the longer term.

I am also asked which issues are top of mind in various markets. Following two recent visits to India, for example, I am keenly aware of the major changes set to occur in that life insurance market. With regulation now allowing increased foreign ownership up to 49 percent, new companies may enter this market, and existing companies may change their ownership pattern and management structure. Traditional career agency remains the preferred distribution channel, but a lot of work is required to develop a sustainable and profitable model for the channel to survive in the interests of the company, customer, and advisor.

LIMRA research shows that insurance penetration is low in India, which has a growing middle class of around 350 million. And our 2014 joint consumer preferences study conducted with Swiss Re clearly highlights opportunities for our member companies to engage with Indian consumers. As the Indian economy continues to expand and liberalize, I am pleased that LIMRA and LOMA can provide the consumer research, education, and development products and services that will help our members make the most informed strategic decisions in this market.

And certainly, everyone would like to know what the future might hold for different regions of the world. I predict that five years from now we will see companies in Asia taking advantage of the economic growth prospects of the region. This is especially likely to occur in the emerging markets of Indonesia, Vietnam, Cambodia, Myanmar, India, and — of course — China, where insurance penetration is still low compared to other Asian markets.

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At present, only half of the companies interviewed that have customer-focused initiatives in place are attempting to determine the benefits and cost-effectiveness of these programs. Of that group, approximately half say they are seeing some improvement on their return on investment measures. However, less than one third indicate they have experienced significant improvement.

What Will 2015 Bring?

2015 promises to be yet another active, interesting year as these and other trends play out around the world. Our research agenda will keep pace and bring global insight to industry leaders in key areas including retirement, a life market assessment in Latin America, and the path to profitable growth in China. We also plan to update LIMRA's Market Maturity Model, which identifies different phases of development for financial services markets around the world — especially in emerging economies. 🌐

¹ As cited in *The New Marketing Paradigm: Integrated Marketing Communications* (1996) by Don E. Schultz, Stanley I. Tannenbaum, and Robert F. Lauterborn.



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business persistency in these regions. Goodenow began her career at LIMRA in 1998, serving as project director for several benchmarking studies, including those covering field compensation plans, agent retention, and distribution system costs for companies in the home service marketplace. In her tenure, she also had research responsibilities in the independent financial planner and bank broker-dealer arenas. Prior to joining LIMRA, Goodenow was a senior compensation specialist with Phoenix Home Life, where she began her financial services career in 1986. She can be reached at 860-285-7835 or igoodenow@limra.com.

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I predict technology will be widely deployed to enhance company profitability and improve the consumer experience of owning insurance. Face-to-face distribution will remain the most consumer-preferred choice for making the final purchase decision, as people's needs become more specific in terms of insurance, retirement planning, and health care. As consumer regulation becomes more important to insurance regulators in various markets, companies also will focus more and more on improving the knowledge and professionalism of their distribution channels.

To help our members succeed in this dynamic and challenging global environment, LIMRA's research

team is dedicated to quickly gaining consumer perspectives from around the world. We have partnered with two consumer-focused organizations to deliver groundbreaking consumer preferences research studies focused on life and health insurance. As I mentioned earlier, the first of these partnerships was with Swiss Re in Asia. Currently we are also working with Fasesolda in four major Latin American markets. These studies reveal consumer preferences for product, channel, experience, and what would motivate them to purchase insurance. I look forward to sharing more of these findings — in particular, those that will guide insurers in accessing “Disinterested” or nonbuyer consumer groups — with you in the coming months. 🌐

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