



PRESIDENT'S PAGE

An Industry Embracing Change

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By any definition, this has been a year of profound change. Nearly 30 million people around the world have been infected with COVID-19, and nearly 1 million people have died from the disease.¹ It's hard to grasp how quickly this pandemic has changed our lives from so many perspectives: economically, socially, politically, and financially.

Economically, the United States contracted at a 32.9 percent annual rate in the second quarter, its worst drop on record.² Unemployment reached a record peak of 14.7 percent in April; and, as I write this, initial unemployment claims are still four times higher than they were pre-pandemic. Government stimulus totaled \$3 trillion, a record that pushed debt to GDP ratios over 100 percent — levels not seen since World War II.

Socially, we are also seeing massive change. The physical distancing required to slow the pandemic has resulted in a new way of living and a new way of working. We are seeing a greater division between the “haves” and the “have-nots,” with those at lower wealth levels more likely to be jobless and more likely to contract COVID-19. In addition to both challenges, there is a call for racial justice unlike anything we've seen since the 1960s, including mass-scale protests and boycotts by athletes in all major professional sports.

Politically, our country is extremely divided, and the pandemic has escalated tensions beyond core civility. Each party is fighting with the other at all levels — the White House, senators, governors, and mayors. To most people it's numbing and unproductive, and certainly exacerbated by the elections just weeks away.

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Finally, let's remember the fall-out in the financial markets. The equity market experienced three of its largest daily point drops in history³ and then formed one of the fastest recoveries on record with all-time highs set in all major indices. The Treasury bond yields also fell to historic lows, and it will be a challenge to get back to pre-pandemic levels.

If there were ever a time to convey the importance of life insurance to protect families, it is now. Today, only 54 percent of Americans have life insurance, compared to 63 percent a decade ago.⁴ And, for those who do have insurance, there is a coverage gap average of almost \$225,000 per household.⁵

Fortunately, there are many positive signs that consumer awareness and understanding of the value of life insurance are increasing. A recent survey of those who purchased life insurance in the last 2 years indicates that 68 percent are

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likely to purchase more life insurance because of COVID-19. Similarly, of those who have *not* purchased life insurance in the last 2 years, almost 22 percent say they are more likely to purchase life insurance because of COVID-19. Combined, 29 percent of adults report that they are more likely to buy life insurance in the next 12 months, a market opportunity of 75 million adults.⁶

Despite these significant propensity-to-buy statistics, our industry's ability to help existing and prospective customers has been challenged, with social distancing requiring new and different ways to do business. Fortunately, this is changing. We are now seeing an increased focus on the direct-to-consumer channel. And advisors are becoming more proficient at using different types of technology to connect with their current clients and prospects. For the first time in 2020, we saw an increase in policies sold in the 2nd quarter, up 2 percent. This was the first quarterly growth for total policy sales since 2016.

And in August, life policies increased 8 percent over August 2019, continuing a positive growth streak.

So, while life insurance remains top-of-mind for consumers, let's be creative and diligent in reaching out to those who can benefit, by showcasing the tremendous value that our industry provides to so many. While there are many challenges in the world today, let's take comfort in the opportunity for our industry to improve the financial security of so many people during this pandemic and beyond. 🌐

- ¹ *Global Tally*, Johns Hopkins University, August 30, 2020.
- ² U.S. Gross Domestic Product, Bureau of Economic Analysis, 2nd quarter 2020.
- ³ Dow Jones 2,013-point drop March 9; 2,353-point drop March 12; and 2,997-point drop March 16.
- ⁴ *2020 Insurance Barometer Study*, LIMRA and Life Happens, 2020.
- ⁵ *Turn up the Volume: \$12 Trillion Sound Opportunities*, LIMRA, 2017.
- ⁶ *Likelihood to Buy: COVID-19 Consumer Impact*, LIMRA, August 2020.

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