



# PRESIDENT'S PAGE

## Are We Creating the Right Products for Today's Consumers?

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The makeup of today's consumers has changed dramatically over the past 20 years, and, based on demographic projections, this will continue well into the future. In my last column, I discussed the "Age Dichotomy" that exists — where Millennials and Baby Boomers and their distinct needs are driving business decisions across all industries. I believe this "Age Dichotomy" requires us to think differently about the products we create and how we market them to consumers.

LIMRA Secure Retirement Institute research finds that 84 percent of U.S. assets are held by Boomers and older retirees. That amount equals \$26 trillion. While the industry has been very creative in developing products to serve the investment and income needs of these consumers, there are many risks and concerns these individuals have that go unaddressed.

Studies show that more than half of Americans are most worried about Alzheimer's. Perhaps surprisingly, this concern is much higher than their level of fear of cancer, heart disease, and stroke. Have we really developed products that could provide a financial safety net that would provide some peace of mind? I am not talking about the comprehensive long-term care (LTC) products of the past, but rather some new type of product that provides affordable limited benefits.

Our research has shown that consumers across all generations are very interested in life/LTC combination products. They like the idea of having protection in case they need long-term care, but also the guarantee of a life benefit in the event they don't. Our sales data proves this point: Sales of these types of products have increased 500 percent since 2008.

Have we leveraged what we have learned from the success of LTC riders to develop other products?

What kinds of new riders could help increase the demand for permanent insurance in the future?

On the other end of the "Age Dichotomy" are Millennials. Our research shows that these consumers view insurance quite differently than past generations do. They are very interested in on-demand insurance, which offers coverage only when they think they need it. There are a slew of InsurTech startups — like Tröv, Slice, and Cuvva — that offer on-demand insurance coverage for their cars and travel, as well as the products they own and the services they use.

While some may be concerned that this represents the "death of insurance as we know it," I think it's encouraging. It shows that these young consumers are interested in protecting the things that are important to them. We need to find ways to make life insurance and our savings products more relevant to them. We have seen some success for insurers that are rewarding life insurance policyholders for healthy behavior. Others are helping their policyholders achieve additional goals, like saving for a vacation or losing weight, through gamification and competition with their social community.

We need to accept that if we want to reach the consumers of tomorrow, we will have to change our products and our marketing. We must engage people in new ways and on their terms. Life insurance and investment products will have to be more flexible to adapt to consumers' changing needs throughout their lives. *This will require developing new products that protect what they want to protect, when they want to protect it.*

If you look back at our industry's history, there has been a strong correlation between growth in the life and annuity business and product innovation. We must expand our thinking and build new and different products to capture people at both sides of the "Age Dichotomy." 🌐