



The Elusive Opportunity

By ROBERT A. KERZNER, CLU, ChFC

President and Chief Executive Officer, LIMRA, LOMA, and LL Global, Inc.

Forty-one percent of Americans, representing 50 million households, say they need more life insurance. Despite that — less than 10 percent will actually buy the coverage they say they need in the next 12 months.

How do we motivate more people to shop and, more importantly, how do we get more people to finish the process and buy the life insurance they know they need?

LIMRA research finds there are almost 19 million “stuck shoppers” — people who start to shop for life insurance but hit a roadblock and never finish. Many believe if the process was quicker, or online, more people would buy. In fact, our research shows that 24 percent of people say they would buy life insurance if it were easier. It’s important to understand what people say and do are often very different.

Based on all of this research though, I am not surprised that senior executives tell me one of their top priorities is to improve the underwriting process. We see more innovation and investment around this issue than any other. In fact, a recent LIMRA survey of carriers finds that almost every company has some type of initiative underway to reduce underwriting times or enable them to issue larger face amounts on a simplified issue basis.

Whether it is carriers trying to improve their existing systems or disruptive forces looking to reinvent the space, everyone is trying to reach those elusive consumers. Some of these initiatives are focused on operations — creating efficiencies and lowering costs. Others are leveraging affinity groups, SEO, or social media to reach new markets and customers that they may not have been able to get to in the past.

No one should think, however, that simply expediting the process alone will create materially larger growth rates for the life business.

We just did a study that looked at online messaging to see what resonated best with consumers. Despite the fact that consumers say they would buy life insurance if the process was easier, we found messaging like “quick and easy” alone does not convince people they need life insurance. The study found that making it quick and easy will only engage those people already ready to buy life insurance.

At the same time, while more people are using the Internet to get information — there is a risk that they will get too much information, become overwhelmed, and disengage. This underscores the value of working with an agent. Consumers working with an agent can ask questions and get reassured on their decision. But the number of life insurance agents in the United States has declined 47 percent over the past 30 years. As a result, fewer Americans have access to an agent. In fact, half of Millennials say they don’t buy life insurance because they have never been approached.

Companies are looking to artificial intelligence to solve this conundrum. Will chat-bots and personal assistants like Siri or Alexa provide the answers consumers need 24 hours a day? Possibly.

But again — it’s not that simple.

Consumers’ top financial priorities don’t involve life insurance. They worry about paying for long-term care and medical expenses, paying their bills and existing debt, and saving for retirement and their children’s education. Life insurance is number seven. We need to do a better job of explaining why consumers need life insurance. We need to leverage affinity groups — people and groups they trust — to help us get our message to them. Once people are convinced they need life insurance, the process, while important, becomes secondary.

I believe, to grow the market, we are going to have to focus on three groups:

- Stuck shoppers who have expressed an interest in buying,
- People who just haven’t thought much about life insurance, and
- People who have medical or other issues that require special pricing or a special product.

In the end, making it easier or faster alone will not be the silver bullet. If we are going to increase life insurance sales, we must change the way we market and engage with consumers. I’m excited that so many are trying innovative approaches, but this may remain an elusive opportunity if we don’t gain a variety of new skill sets. 🌐