



# PRESIDENT'S PAGE

## Growth Is the Imperative — How Do We Get There?

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For almost a decade, our industry has faced significant economic challenges with sustained low interest rates. Increased regulatory pressure and advances in technology have compelled companies to spend more on IT and compliance. As a result, many companies have spent the past several years cutting costs to balance their budgets.

The problem is you can't just keep cutting costs. Companies have done so much over the last decade to reduce expenses — at some point we need to focus on growth. I believe growth is the imperative today. In my remarks at the 2017 LIMRA Annual Conference, I discussed how new technologies and alternative business models have the potential to increase consumer engagement and spur growth.

The question is how and where to invest? Some will focus on day-to-day solutions that will create efficiencies and improve their existing business model. Others will look at how to leverage technology to create new business models. It is likely there will be a lot of money invested in FinTech that won't get traction; but companies must experiment and try new things, or risk falling too far behind.

One of the biggest opportunities is through artificial intelligence (AI). Interest and investment in AI has exploded with the number of InsurTech start-ups focused on AI tripling since 2014. Why? It offers solutions in back-room operations, underwriting, and detecting fraud. It creates opportunities to improve customer engagement through enhanced marketing and more personalized customer service, leveraging Big Data and company data to provide a better experience for policyholders and prospective clients.

Today's consumers have come to expect to be delighted in their interactions with companies. Firms like Apple® and Amazon® have set the bar high, requiring others to follow suit. While many believe the life insurance industry is a staid, boring industry — I found many examples of how insurers are using AI to change and improve the customer experience.

Haven Life, Protective, Ladder, and many more life insurers are using AI to simplify or automate life underwriting, allowing consumers to purchase term policies online in a matter of minutes. AI is enabling companies to reach consumers who may have been deterred by the inconvenience of medical exams or waiting weeks or months for apps to be approved.

AI-powered chatbots are becoming more sophisticated and able to do more tasks. For example, a bot can view a photo of a vehicle involved in an accident and assess — based on past claims — how much the claim should cost.

These bots can accomplish many tasks once done by people — often at lower costs and with fewer mistakes. In Japan, a life insurer replaced 34 customer service reps using Watson, increasing productivity by 30 percent. AI is not only replacing people but also empowering people, helping them be more efficient and do a better job. In areas like underwriting and complex claims, AI will be another tool to identify patterns that may have been missed otherwise. It will also help producers be more productive.

AI is creating new opportunities for affinity relationships through online platforms. Reinsurers Swiss Re and Munich Re have collaborated with tech start-ups to target specific markets, like those interested in running and cycling, or vegetarians and vegans. I believe this new digital affinity marketing will become an important component of our growth. Companies will be better able to target people who may not be looking for life insurance and retirement products and send them a very specific message that will resonate with them.

Despite the seismic changes occurring around us, I believe your companies will continue to play an important role in helping families achieve financial security. To find greater growth we will need to leverage technology to help us run the business more efficiently, build ongoing relationships with consumers, and reach new target audiences with very specific messages. Technology and AI will make it possible. 🌐

To view Bob Kerzner's full speech from the 2017 Annual Conference, please visit [www.limra.com](http://www.limra.com).