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The Life Insurance Glass is More Than Half Full

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Findings in a newly released study by Acxiom on life insurance shopping reinforce other studies we have seen over the last few years. Namely, 50% of the population is uninsured, and 80% of those with insurance likely don't have enough. These are rather disheartening statistics.

As insurance professionals, we could latch on to this data to predict that the life insurance business has peaked and it's going to be all downhill from here. However, the eternal optimist that I am, I'd like to suggest just the opposite. These statistics, in my view, suggest that the glass is more than half full. Along with reviewing existing customers to see if they need to add to their coverage, which is a priceless opportunity, the study suggests:

- Insuring just 10% of uninsured Millennial and Gen X consumers may represent more than $5 billion in sales
- Converting just 10% of uninsured Baby Boomers may b worth as much as $3 billion in annual premium.

2012 marks my 25th year in the life insurance business. Although a lot has changed within that time frame, one major consideration has not: the key triggers that drove life insurance purchases then are the same ones driving them today. People are still getting married, buying (and refinancing) houses, having children, starting businesses, losing loved ones, taking care of parents, getting divorced… and the list goes on.

These life events create risks for the individuals and their loved ones that life insurance products can mitigate. I really don't think people love their families any less today than they did 25 years ago either. So, why are they subjecting themselves to more risks than we have seen in the past by remaining uninsured or underinsured? I'd like to discuss two possible explanations: 1) We're lagging technologically, and 2) We're not checking in.

We're lagging technologically

Even though the triggers driving the need for life insurance remain the same, the way people engage in the purchase of life insurance has changed drastically — and the industry hasn't kept pace with the change.

We have a whole generation of Millennials (roughly 30 and under) who have grown up with technology. Their lives revolve around connecting with friends and families via their smart phones and iPads, using email, text messaging, Facebook and Twitter. They search online for information and education, read blogs, join groups, etc. The Gen Xers (roughly 30-45 years old) aren't far behind in their use of technology.

Even the Boomers (45-64 years old) are using technology more and more every day. And with 10,000 Boomers turning 65 every day for the next 20 years, it's not hard to see that, soon, even the senior population (65-plus) will be more comfortable with modern and, in some cases, fad technologies. These technologies are here to stay (at least until they are replaced by something newer and cooler).

To be more relevant with prospects and customers, carriers must do the following:

- Examine attitudes, behaviors, motivations and beliefs about insurance shopping.
- Understand channels, interactions and new technology.
- Interact and communicate in a meaningful way.

In other words, we, as insurance professionals, need to engage with our customers and prospects where they are engaging. If they're online, searching the web, reading blogs and joining in group discussions, we have to be there too, if we want to have impactful interactions. If they're searching online for local agents, you need to make sure your information shows up. If they're getting opinions from friends and family on Facebook, you want your name to be referenced as someone to contact.

Acxiom's research puts forth clear evidence that 68% of Millennials used social media as part of their life insurance shopping process, and 43% of Gen Xers conducted searches online to find information about life insurance. These groups are still open to traditional methods, such as direct mail and one-to-one contact with agents, but digital channels, such as email and website interactivity, are part of their everyday life.

Marketers in general, but especially life insurance marketers and sellers, should embrace (not fear) life in the age of the empowered consumer. After all, we live at a time when sophisticated technology solutions that, when teamed up with a great marketing strategy, can help us better connect with our target audience and gain the maximum value from our marketing budgets.

By supplementing broadcast advertising and traditional direct marketing strategies with digital engagement strategies, life insurance marketers and sellers can essentially offer increasingly addressable channels to deliver relevant, individualized messaging to specific target audiences as they pursue research and information about life insurance. *Relevant, individualized marketing in the right channel will be noticed*.

We're not checking in

Is your life insurance keeping up with your life? We don't ask this question enough of our clients and prospects. Unlike purchasing car insurance, life insurance is a discretionary purchase. It's not mandated to own life insurance in order to get married or to have a child. It's not necessarily a purchase that people like to think about, and when they finally purchase their coverage, the tendency is to put the policy in the drawer and forget about it.

It's really up to those of us in the business to connect with our clients each year and ask the important questions. If you ask them if anything significant has happened in their lives over the past year or two (back to those triggers I mentioned earlier), many will answer in the affirmative, especially in this day and age, when change seems to be more frequent. They might mention losing a job, having another child, refinancing their home, the loss of a loved one, starting a second career. Any and all of these changes provide an opportunity to revisit the individual's coverage to assure it is adequate. And in most cases, it won't be — hence, the opportunity.

For instance, if a client's life insurance coverage available from their job has been eliminated or cut by their employer as a result of the economy, this will need to be assessed. If not, the term policy he bought from you two years ago quite possibly won't sustain the family's lifestyle when risk comes lurking. Perhaps it's time to reel in another term policy or exercise the option to convert that term policy to whole life.

Or what about the client whose family is now out of the nest and is approaching retirement in a couple years? Now may be the time to discuss long-term care insurance and/or Medicare Supplement insurance. Per the study, among current life insurance policyholders, 20% have long-term disability, 15% have long-term care and 12% have Medicare Supplement. On average, half of survey respondents report having an open mind about considering one or more of these specialized policies. We just have to remember to ask.

I hope you are now convinced the glass is way more than half full, and potential for industry growth is great. Just remember: engage where your clients are engaging and help them keep up with their lives. Drink up.

Rose Cahill is vice president, Life Insurance Industry, for Acxiom Corp. Rose and her team collaborate with senior marketing executives to drive effective multi-channel direct marketing programs using data and data base solutions, analytics and other leading-edge marketing technology solutions. She holds an M.B.A. from Michigan State University and lives with her husband in Franklin, Mass.

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