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The "protection gap" is a market condition that life insurers have studied widely and are making significant efforts to close. But it is an intractable challenge, especially in the Millennial market (generally defined as those born between the early 1980s and the late 1990s), which is now the largest generation in the U.S. According to the 2018 LIMRA Insurance Barometer Study, 58 percent of this generation do not know how much or what type of insurance they need, and 43 percent say they have not been approached by anyone to purchase life insurance. Millennials understand the need for insurance, even acknowledge that they should have it, yet they are more likely to prioritize savings, college debt and vacations over life insurance purchases according to the LIMRA study. Grim as this seems, Millennials present a tremendous prospecting opportunity.

Reaching Millennials and closing the protection gap requires a deeper understanding of what appeals to this growing segment and how to approach them. In its fifth annual Global Consumer Study, ReMark focused on how consumers of all generations prefer to interact with insurers.

The global study of 9,760 consumers conducted during 2018 by ReMark shows that consumers want to interact with insurers in the ways that work for them at a particular time and in specific ways, moving across online and offline channels. Insurers must do more than market products. They must understand how customers feel and behave as well as their attitudes about life and health. And today's consumers expect an easy buying experience.

DIFFERENCES AMONG CONSUMERS

The study segmented respondents into four demographic and economic categories in 16 key life markets throughout the world. Generational groups identified were Millennials (born after 1985), Generation X (born 1970–84), Boomers (born 1950–69) and the Silent Generation (born before 1950). Consumers in all categories value adviser experience and specialized knowledge, as well as the speed and consistency of technology and its ability to iron out confusing and time-consuming processes. They want access to online channels for a range of needs—but when it comes to the purchase decision, they value the human touch.

The 2018 study demonstrates that consumer use of technology varies greatly and changes frequently. At one end, consumers embrace social media and quickly adopt applications that save time and make life easier, even interacting with their insurance company. At the other extreme, consumers are suspicious about technology that digs into their lives, creating possible exposure to unexpected risks. The study's findings show that responsible use of consumer data and delivery of clear benefits improve customer relationships—and entice the elusive Millennial generation to engage.

Innovative applications of technology lie at the heart of Millennial engagement. ReMark's study shows that all Millennials, especially those in developed markets, are more motivated by happiness and related goals. They want to live well. Health and wellness motivate them far more than fears. Wellness and loyalty programs, together with wearable technology that enables the sharing of data, bring benefits that speak to both insurer and consumer.

DIFFERENCES AMONG CHANNELS

While generational segments have different engagement preferences, all have an appetite for online engagement at some point in the purchase journey. Some variance may be attributed to the differing complexity of products purchased by each generation. Younger generations may purchase simple term products online with little or no personal interaction, while the older generation who is buying complex retirement products may require specialist advice after initial online research.

The number of information channels used for research prior to policy purchase has grown steadily in all categories of consumers except for the Silent Generation, where use of information channels has decreased slightly. Direct online channels are favored for research, and these channels often supplement information from offline intermediaries such as agents or bank advisers. In fact, some 66 percent of direct policies were finalized by Millennials, Generation X and Boomers through online channels, according to the 2018 study.

ReMark's study discovered variation in consumer trust of different direct channels, with direct-to-consumer insurance company websites getting highest trust scores among all generations. Direct bank websites have slightly lower trust scores in all generations, with direct comparison websites (such as SelectQuote, PolicyGenius and Insurify among a host of others) coming in third. Ranking lowest among channels were direct non-financial-service channels such as social channels like WeChat or websites that offer insurance via third parties to customers who have purchased noninsurance goods such as flights or car rentals.

WILLINGNESS TO SHARE AND WEAR

Insurance companies must be realistic about the data they are likely to obtain. Historical evidence shows that consumers frequently do not disclose alcohol or tobacco use accurately (or at all). Having accurate and complete information is, of course, key to pricing risk appropriately for individuals. In the study, ReMark sought to identify how consumers perceive their own health status and how comfortable they are in sharing health data.

Most respondents believe they are healthier than average (42 percent) or are in average health (49 percent). Fewer than 10 percent reported being less healthy than average. The study further shows correlation between perceived health status and consumers' comfort in answering questions about their health. A strong majority of respondents (86 percent) who believed they are healthier than average reported being comfortable about answering health questions while only two-thirds of those who believed they are less healthy than average were comfortable doing so.

As for data from wearables, ReMark shows that 40 percent of respondents in the U.S. currently own a wearable device that gives information on exercise; between 20 percent and 25 percent of respondents in Canada and Latin American countries report owning such a device. Therefore, in order to benefit from wellness or underwriting programs that incorporate data from wearables, insurers will need to encourage further adoption of these devices in order to achieve critical mass.

Insurers desiring to move consumers to wellness platforms and to integrate wearables data into their underwriting and pricing should be aware of these findings. Some consumers—particularly those who believe they are less healthy than most other people—may not be attracted to those new products and interactive programs tracking health and fitness data. Engaging this consumer segment and influencing them to change behaviors to improve their health status, without being intrusive, will be key to success.

Biological Age Models (BAM) offers incentive for consumer and insurer alike. Consumers learn how the simplest form of exercise (that is, steps) can have a strong effect on their mortality risk. Their personal health intelligence also includes real-time coaching on diet, exercise, sleep and stress management based on simple activity data. Furthermore, the programs reward consumers for taking responsibility for their personal health management.

And insurers benefit from continuous risk assessment from a simple dataset—dynamic underwriting that minimizes risk, facilitates competitive pricing, speeds the purchase cycle and enhances the customer experience.

The shift in focus from providing death benefits to encouraging healthier living resonates across all categories of consumers in the ReMark study. For developed-market Millennials in particular such programs can be a gateway to engagement with direct companies.

Joining customers on their journey means tapping into their interests and serving those interests to become a valued part of their efforts to get fit, stay fit and protect the lives they love. Insurers must support customers' desire for lifestyle-based protection with a dynamic data-driven approach designed to encourage, acknowledge and reward positive behavioral change. And for dynamic underwriting to flourish, creative long-term engagement strategies that will sustain partnerships of value with customers are vital.

Richard De Sousa, MBA, FLMI, is SVP—Strategic Partnerships for SCOR Global Life Americas. He can be contacted at *rdesousa@scor.com.*