Session 11 PD, Life Insurance Distribution Trends Part 1

**Moderator:**
Patrick T. Leary

**Presenters:**
Patrick T. Leary
Carol McManus
Life Insurance Distribution Trends

Patrick Leary
Corporate Vice President
Distribution Research

SOA Life & Annuity Symposium
May 4, 2015
Agenda

• Consumer Engagement
• Distribution Expansion
• Aligning for Tomorrow
“The balance has shifted... In the world of information parity, the new guiding principle is *caveat venditor*—seller beware.”

*To Sell is Human*

Daniel H. Pink
Engaging Our Industry

Perspectives

“I am actually pretty technologically literate, but I would not have done this online; I did not know what I wanted and I wanted someone to explain all the options to me.”

“I’d like a hybrid. I want to start the process based off of information I just learned about online…then I want to talk to someone in person.”

“Online, absolutely. You have kids…you are at a baseball game…who has time to set up for two hours in the evening to sit with an agent?”
The Engagement Gap

20th Century       Today

How the industry is prepared to engage consumers

How consumers want to engage
The Coverage Gap

Source: *Drivers of Sales*, LIMRA, 2012; US Census Bureau
The Coverage Gap

Source: *Drivers of Sales*, LIMRA, 2012; US Census Bureau
Implications

“The industry as a whole needs to modernize by streamlining product offerings, access points, and service convenience.”

Shopping for Life Insurance: The Uneasy Path to a Decision
LIMRA, 2013
Life Insurance Sales

How do we expand the opportunity here?

Can we bolster existing channels?

For illustrative purposes only. Not to scale.
Bolstering Existing Channels

Change in Number of Insurance Sales Professionals

-2%  4%  2%

Direct sales force  Independent  Total

Emphasis on improving productivity
Emphasis on increasing numbers

Direct sales force includes agency-building, home service, and MLEA. Independent insurance sales force includes brokerage and PPGA.

Source: U.S. Census of Sales Personnel, LIMRA, 2014
Channel Expansion
Direct-to-Consumer (D2C)

“It would be nice if you could sit in a park, be on your tablet, and just get your life insurance...”

Seeking the Ideal Experience:
How Gen X and Y Want to Buy Life Insurance
LIMRA, 2014

Stuck Online-Why?

- Consumers accustomed to going online for everything else
- Countless insurance web sites
- Few places to transact online
- Life insurance is a complex product
- Confusing terminology
Channel Expansion
Investment Channels

Bank Advisor Life Insurance Placement Rates

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Placement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one per year</td>
<td>63%</td>
</tr>
<tr>
<td>At least five per year</td>
<td>36%</td>
</tr>
<tr>
<td>At least one per month</td>
<td>13%</td>
</tr>
</tbody>
</table>

Keys to Success

- Secure Management buy-in
- Establish definitive goals, incentive compensation, and related job requirements
- Provide appropriate training and support
- Arm reps with a conversation-starting life insurance question
- Utilize multiple distribution methods
- Leverage technology that simplifies the sales and application process
- Wholesaling
Closing the Gap: Today’s Young Advisors

“Can understanding the experiences of today’s young advisors help companies recruit and retain more Gen Xers and Yers?”

Young Advisor Snapshot
Research Highlights
LIMRA 2015
Onboarding Support is Critical

I would not still be in the business without my firm’s support. The training I received, senior advisors who took an interest in my practice, my mentor, the lead program, and the case support and joint case work that instilled confidence.

I had a strong foundation with my coach and manager. It started with time management. Although at times it seemed a little overbearing, it taught me to keep track of my appointments set, calls made, lunches, referrals, etc.
Teaming and Collaboration

44% plan to partner more in the future

15% Do not partner
16% Occasionally partner
38% Regularly refer
13% Regularly partner
18% On a formal team

Source: Young Advisors Series, LIMRA, 2015
Drivers of Success

- Financial planning tools and software: 81%
- Technology tools to provide service to clients: 80%
- Selling skills/sales ideas: 77%
- Mobile technology (i.e., tablets, smartphones): 73%
- Technology tools to help manage my practice: 72%
- New business processing support: 65%
- Product training: 62%
- Practice management/support running a business: 61%
- Investment support (e.g., fact sheets, research): 55%
- Marketing services (e.g., lead generation): 55%
- In-person support (e.g., product specialists): 40%
- Remote sales support (e.g., advanced markets): 40%
- Social media: 39%
- Remote media tools support (e.g., Skype): 28%
- Licensing support: 28%

Source: Advisors rating item 4 or 5 on a 5 point scale. Affiliated insurance professionals only.
Source: Young Advisors Series, LIMRA, 2015
## Drivers of Success

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial planning tools and software</td>
<td>81%</td>
</tr>
<tr>
<td>Technology tools to provide service to clients</td>
<td>80%</td>
</tr>
<tr>
<td>Selling skills/sales ideas</td>
<td>77%</td>
</tr>
<tr>
<td>Mobile technology (i.e., tablets, smartphones)</td>
<td>73%</td>
</tr>
<tr>
<td>Technology tools to help manage my practice</td>
<td>72%</td>
</tr>
<tr>
<td>New business processing support</td>
<td>65%</td>
</tr>
<tr>
<td>Product training</td>
<td>62%</td>
</tr>
<tr>
<td>Practice management/support running a business</td>
<td>61%</td>
</tr>
<tr>
<td>Investment support (e.g., fact sheets, research)</td>
<td>55%</td>
</tr>
<tr>
<td>Marketing services (e.g., lead generation)</td>
<td>55%</td>
</tr>
<tr>
<td>In-person support (e.g., product specialists)</td>
<td>40%</td>
</tr>
<tr>
<td>Remote sales support (e.g., advanced markets)</td>
<td>40%</td>
</tr>
<tr>
<td>Social media</td>
<td>39%</td>
</tr>
<tr>
<td>Remote media tools support (e.g., Skype)</td>
<td>28%</td>
</tr>
<tr>
<td>Licensing support</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Advisors rating item 4 or 5 on a 5 point scale. Affiliated insurance professionals only.

Source: Young Advisors Series, LIMRA, 2015
Technology Support is Critical

Time is money with these clients and this is where the efficiencies of technology really matter. If I can speed up the process by using electronic [options]—emails, e-signatures—it gets me more business.

Technology is very important to me and my biggest complaint is that they don’t invest a dollar in technology. It’s the future! Technology can streamline your business.
Up Close, Remote, and Personal

Over 80%:

Want access to “cutting-edge technologies”

47%

This company is on “the cutting edge of technology”

42%

Potential supervisors are “tech savvy”

* Based on interviews and surveys of 900 applicants from 39 companies, LIMRA, 2012
### Where Companies and Firms Can Help

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning tools &amp; support</td>
<td>81%</td>
</tr>
<tr>
<td>Service technology</td>
<td>80%</td>
</tr>
<tr>
<td>Selling skills &amp; ideas</td>
<td>77%</td>
</tr>
<tr>
<td>Mobile tech</td>
<td>73%</td>
</tr>
</tbody>
</table>

**Source:** Young Advisor Series, LIMRA 2015; affiliated insurance professionals only
# The Use of Mobile Technology

<table>
<thead>
<tr>
<th>Feature</th>
<th>Smartphone</th>
<th>Tablet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently use</td>
<td>Would like to use</td>
<td>Do not use/want</td>
</tr>
<tr>
<td>Real-time account info</td>
<td>52%</td>
<td>27%</td>
</tr>
<tr>
<td>Real-time quoting tool</td>
<td>45%</td>
<td>30%</td>
</tr>
<tr>
<td>Client presentations</td>
<td>42%</td>
<td>29%</td>
</tr>
<tr>
<td>E-learning</td>
<td>39%</td>
<td>18%</td>
</tr>
<tr>
<td>Client transactions capability</td>
<td>32%</td>
<td>44%</td>
</tr>
<tr>
<td>Real-time chat w/sales support</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td>Online app submission</td>
<td>26%</td>
<td>46%</td>
</tr>
<tr>
<td>E-Signatures</td>
<td>23%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Source: *Young Advisor Series, LIMRA 2015; affiliated insurance professionals only*
The challenge with social media is that everything is still regulated and needs approval from compliance. I see myself using a lot more social media in the future. You have to go where the people are or you get left behind.

Source: Young Advisor Series, LIMRA 2015
In Conclusion…

“There is a new distribution landscape, one that organizations have the opportunity to leverage to their advantage.”

*Distribution: Past, Present, and Future*

LIMRA
Your Trusted Source for Industry Knowledge

Connecting Members To
People • Best Practices • Solutions
Life Insurance Distribution Trends – Part I

Carol McManus
America’s LinkedIn Lady
Tools of the Trade

• 1985 – presentation manuals
• 1995 – email & fax machines
• 2005 – websites & newsletters
• 2015 – smart phones, tablets, social media
• Future – wearables, DIY options
Sales Cycle

Know You

Like You

Trust You

Buy from You

add Social Media

YES!

YES!

YES!
• Live and in Person
  – Chamber, Rotary, BNI, Social Interests, etc.

• Virtual
  – LinkedIn & Facebook Groups
  – Twitter live chat
  – Skype, Google Hangouts

• Personal
  – Email & eNewsletters
Look Familiar?

Sales Funnel

- Lead Capture
- Nurture Relationship
- Present
- Close
Capture

Nurture

Present

Close

Social Media
Website
Referrals
Networking
Marketing
eMail
In person
Social Media
Newsletters
Phone
In person
Virtual tools
Self-guided

Keep it moving!
Don’t Assume

• Age is a Guide – not an Absolute!
• Ask for preference
• Adapt your style
• Analyze what works
• Anticipate next steps
Social Engagement

• Define ideal connections
  – Client prospects
  – Referral partners
  – Colleagues
  – Thought leaders
  – Resources
Social Engagement

• Choose appropriate platforms
Social Engagement

• Serve...don’t Sell
  – Answer
  – Educate
  – Question
  – Inspire
  – Direct
Thank You!
LinkedinLady.com
Carol McManus  
America’s LinkedIn Lady  
203-286-8760  
carolmcmanus@linkedinlady.com