



COVID and Its Impact on the Life Insurance Sales Process

By Bruce Fuller

As a part of my research for the SOA COVID-19 Symposium that was held earlier this year, I interviewed independent distribution life insurance agents in order to get a better understanding of what it has been like to sell life and annuity insurance products in the middle of a pandemic. In short, the consensus was that it has been challenging. However, the agents that I spoke with ultimately felt like they could adapt and thrive in this new sales environment. I focused my time with them on a few key questions, which I have summarized below.

What has changed about the sales process that has made it either more challenging or perhaps easier?

Similar to all of us, virtual meetings have become the norm for insurance agents as they interact with their clients. When the pandemic became widespread in the U.S. in March, face-to-face client meetings disappeared from everyone's calendars. No agent clients wanted to meet in person, so virtual meetings became the norm. This shift created challenges for them because their ability to meet new people and build new relationships with them was greatly limited. Most have opted to take this time to get back to the basics and focus on the need for insurance protection in financial planning. They have also embraced social media as an opportunity to showcase their personalities and make those initial connections that have been lost in recent times. Selling insurance can be an intimate experience, and it usually involves the client having to reflect on future events that can be uncomfortable or are simply avoided. Making that personal connection can be key to having a client open up during these discussions.

Another sales challenge that impacted the agents that I interviewed was the pace at which product offerings changed in the market during the COVID months. Increases in prices, tempo-



rary suspensions of products being issued, and volatility in caps related to index products were among the primary challenges noted. In their opinion, clients cannot be pressed into buying insurance due to deadlines on product changes, so this volatility likely led to some missed or delayed opportunities to make sales.

One final item to note is the underwriting process. At the outset of the pandemic, their clients obviously had no interest in seeing anyone, including doctors or other outside examiners. Carriers made accommodations during this time by focusing more on digital solutions and relaxing the need for an exam. As time passed, clients became comfortable visiting doctors, but their expectation is that a well-documented set of medical records can be as effective as an exam in a number of cases.

What has changed about the sales process that you think will never go back to pre-COVID methods?

All of the agents agreed that virtual meetings are here to stay, though they also believe that in-person meetings will eventually return. They must learn how to effectively manage the different forms of meetings to optimize the client experience. For them, integrating the personal engagement, a standard facet of their face-to-face meetings, into the video meeting arrangement while keeping its efficiency will be a key to success. In addition, they must work to ensure minimum disruptions or distractions that a virtual meeting can bring. Not being in the same room as a client during the virtual meetings requires all parties to be focused so that key details are not overlooked by either party.

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The other item that they believe will experience a permanent change is the underwriting process. With the frequent ability to utilize robust medical records in lieu of an exam, especially during the beginning months of the COVID period, agents believe that the industry discovered that these records can effectively provide a picture of individual being underwritten. They feel that the added efficiency of removing the exam is worth the potential additional cost to their clients, which they feel is very little when ample medical records are utilized.

How do you feel about the remainder of 2020 and 2021?

The responses to this question were surprisingly consistent. Everyone that I interviewed noted that the first half of 2020 had not been materially impacted. They had clients that were going through the sales process or that were in the “pipeline” throughout the beginning of 2020, and that momentum carried them through the first half of the year.

However, there is some trepidation regarding the remainder of 2020 and 2021. The inability to make new connections and meet new prospects for a number of months in 2020 could have a negative impact on new business sales in the near term as they adapt to the changing sale environment.

In addition to the lack of new meetings, there is also a large amount of uncertainty in the world today. The spread of the COVID-19 disease has made some clients think about how quickly life can change, which has led to them wanting to be better prepared for the uncertainty. However, there are more individuals that have been “frozen” by the fast-changing environment. With the presidential election, COVID challenges in the U.S., economic volatility, and social unrest, many potential insurance purchasers are delaying their decisions until there is more stability and certainty with some of these key issues.

In closing, I wanted to share a quote from one of the agents that sums up the positive outlook that the individuals in life insurance distribution shared with me when speaking with them. “The general ambient forces of concern about mortality, taxes and financial/social/political uncertainty also create an environment where our planning processes and our products can be a big part of what helps our clients to find more comfort and security. We just need to persevere and succeed at finding ways to help them continue with their insurance planning.” ■



Bruce Fuller, FSA, MAAA, CFA, is vice president at M Financial. He can be contacted at bruce.fuller@mfin.com.