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# ENSIGHT 2021 INDUSTRY PROJECTIONS: WHAT TO EXPECT IN THE LIFE INSURANCE SECTOR

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Be on the lookout for these three major shifts.

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To say that 2020 has been a transformational year is an understatement. We've seen entire industries completely dismantled and recreated, forcing change that under different circumstances would have taken years. There's almost no sector of our economy that hasn't been affected.

While the repercussions of a pandemic and subsequent economic paralysis have touched many industries, changes within the field of insurance are among the most widespread. Some of these changes were underway before 2020 and were just accelerated, while some caught the industry completely by surprise. Regardless, life insurance is shaping up to look very different beginning in 2021 than it has in the past.

Below are a few of the biggest observations we are seeing, based on our work with leading national carriers and distributors across the country, and the changes we expect to see next year as a result.

## Increased Regulations

Under the incoming Biden administration, there will likely be increased pressure to evolve regulation in many specific areas for the financial services sector. One way this shift in government regulation will affect the insurance sector will be an increased focus on consumer best interest protection. Much of this has been done at the state level before, and while we expect that to continue, there will be increased appetite among federal regulators to extend certain requirements.

The best example is New York's Reg 187, which requires insurers to act in the best interest of the consumer—meaning more simplicity and transparency need to be offered within the annuity and life insurance sales experience. The past four years have seen trends toward a “consumer mindset” that's rooted in transparency—we expect this to increasingly become the regulatory standard across the United States starting in 2021. For the life and annuity sector, this means digital comparison of products and their benefits will increasingly become not only the norm—but also the requirement. Carriers and distributors with a strategic growth agenda should seek to maximize this trend, rather than ignore it until it's too late.

Lastly, annuity and life insurance sales have traditionally relied on in-person relationships, but with COVID-19 forcing the industry into virtual selling, regulators will want more auditability and transparency over how consumers are treated during the virtual sales process.

## Consumer Expectations

Another trend that's now come to the forefront is the shift in mindset among consumers. With so much of our lives going online and technology being able to provide answers to questions almost instantaneously, consumers now have little to no patience for a static, complex PDF illustration as the only presentation of a permanent life insurance quote. This is one of the main reasons that life insurance sales haven't kept up with general population growth. Younger generations have new digital expectations and want to compare policy options dynamically and interactively "on the spot." This has affected consumer interest in life insurance and the ability to effectively sell it.

Creating an interactive visual illustration experience is increasingly popular among carriers and distributors to address this challenge. Virtual sales meetings are another. Increasingly, consumers don't want to feel pressured for a one-on-one, in-person sales meeting and want more flexibility in the sales engagement.

enough (both for emergencies and for retirement), but 2020 has exposed some of the risks for remaining uninsured or underinsured as well. Years of shifting cultural priorities along with an outdated digital experience have left many Americans without adequate life insurance. Unfortunately, this past year has given a glimpse of how dangerous that can be.

People realize how vulnerable they and their families have become without sufficient savings and insurance. With new insurtech platforms making the purchase of life insurance easier, we expect an accelerated shift in tech adoption that wouldn't have otherwise happened. For example, we saw a [155% rise in virtual life and annuity insurance sales](#) meetings in the spring, and that trend only increased throughout the year. People are taking more advantage of technology platforms to deliver a "hybrid" sales experience, where the advisor or agent blends expertise with a consumer-oriented digital experience.

Overall, while this year has been full of surprises, we're starting to see how things will shake out in 2021. Regulations that are reflective of our new reality as well as cultural shifts that have only now come to fruition are shaping up to make insurance look very different by this time next year.

**"...consumers don't want to be pressured for a one-on-one, in-person sales meeting and want more flexibility..."**

Bill Unrue, CEO, Ensign

Additionally, for better or for worse, we've all come to expect immediate gratification and a quick transaction. This same expectation carries into insurance, especially when it comes to term life. We expect the growing shift to "instant issue" capabilities will continue at a compounding rate in 2021. We also believe many innovators will seek to apply the instant issue model into select product classes and target audiences in the permanent life space.

## The Dangers of Underinsurance

Much has been said about the risks of not saving

## About Ensign™

Ensign™ is the leading cloud-based insurance sales acceleration platform for more than 500 Life and Annuity distributors, thousands of financial professionals, as well as many of the largest North American insurance carriers. Headquartered in San Diego, California, Ensign helps drive sales growth and productivity, while addressing the entire sales lifecycle experience – from prospect to policyholder, new business to inforce.

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