

COVID-19, THE U.S. LIFE SECTOR AND LONG-TERM GROWTH

as seen in
ThinkAdvisor

Insurtech executive makes the case that pandemic-related changes will lead to long-term growth.

By Bill Unrue | CEO, Ensign™

The COVID-19 pandemic will accelerate the way life and annuity insurance carriers and brokerage firms' wholesale products.

Over the past year, many sectors in the economy have been significantly impacted by COVID-19. Some will recover, some will adapt, and some will not return. For the U.S. life and annuity sector, the COVID-19 pandemic is rapidly forcing transformative change.

Having faced flat to declining sales for over a decade, the pandemic is now accelerating sector adaptation at an unprecedented rate. Electronic application submissions are up 20% year-over-year, and e-policy deliveries by 52% year-over-year, according to recent insight from [iPipeline](#).

At Ensign, we have seen a dramatic shift towards the virtual sales experience with growth of 155% in just the last three months. This agile response to COVID-19 bodes well for returning the sector to long-term growth and wider

financial protection in society.

When we take a step back, COVID-19 could very likely drive three transformations — each bringing dramatic significance to the life insurance sector:

- Greater carrier investment and focus on transformation of the sales experience
- A broader, accelerated shift to more holistic financial planning by financial advisors
- Increased consumer understanding of the importance of life insurance and subsequently higher adoption

It is worth noting that after a few initial months of decline during the pandemic quarantine, U.S. life insurance application activity is up dramatically and jumped 14.1% year-over-year in July in what appears to be expansive year-over-year growth, according the [July 2020 MIB Life Index](#). The year 2020 may therefore represent the long-awaited inflection point for the U.S. life industry.

CROSSING THE CHASM

In 1991, Geoffrey Moore wrote 'Crossing The Chasm' which quickly became the bible for entrepreneurial technology marketing. It focused on how to drive the introduction of new innovative products from early adoption to finding product market fit — and ultimately wider adoption.

To truly cross the chasm and reignite significant sector growth, broader understanding and belief in the value and application of insurance products, life and annuity carriers should sharpen their focus on three critical areas:

The sales experience, technology platform plays, and, e-wholesaling.

DIGITALIZATION OF THE SALES (LIFECYCLE) EXPERIENCE

Even with e-app growth, the permanent life insurance point-of-sale experience continues to be rooted in paper. Whether it is printed, glossy PDF product brochures heavy on the compliance language or a 40-page illustration, the point-of-sale experience has simply not adapted to meet the modern, digital expectation threshold.

Financial professionals and advisors today sell through digital experiences and platforms, such as eMoney, MoneyGuidePro and RightCapital. With the fintech movement transforming everything within banking, investing and mortgages, digitally savvy consumers now expect an intuitively visual and seamless experience that clearly explains product and service benefits. In the world of Amazon, digitalization is now table stakes for selling products successfully.



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Bill Unrue, CEO, Ensign

Life and annuity carriers need to holistically transform the entire sales experience lifecycle, not just the application pain point. This means addressing everything from the digital presentation of the product by financial professionals, to an interactive training and a consumer-oriented inforce web experience. Gone are the days of sending policy statements via USPS or through a large email attachment.

Additionally, financial professionals, of whom [36% plan to use virtual tools](#) for client engagements for the rest of the year, should be enabled with an interactive, digital experience to virtually explain products to clients. Clients should be able to "interactively play" with products online to better understand how they might perform under different market scenarios.

TECHNOLOGY PLATFORM PLAYS & A NEW DISTRIBUTION STRATEGY

Silicon Valley Venture Capitalist Ben Horowitz said, "Software is eating the world." A corollary in financial product distribution could certainly be "technology platforms are eating distribution."

Life and annuity distribution have historically focused on relationships and traditional distribution partner platforms (i.e. people plus services). There is an unprecedented shift happening today — the introduction of distribution technology platforms and the elevated importance of the platform experience.

Insurance carriers need to open their distribution mindset and strategy to prioritize this concept of "platform plays". This means not only re-evaluating whether they are delivering a modern, Intuit-like illustration quoting user experience for different types of personas and users, but also consider how they enable new, third-party technology platforms to drive premium growth. Increasingly, the platform plays will drive premium growth.

E-WHOLESALE & THE COMING ARMS RACE

The future of the U.S. life insurance is e-wholesaling. It is the next no-brainer approach for the life and annuity sector. Focusing sales organizations on the shift to e-wholesaling can help firms survive and thrive in the emerging, post-COVID-19 economy.

So, what is the blueprint to build an e-wholesaling focused business? Start with prioritizing the following areas:

- Virtual and interactive sales engagements.
- Digital platform-based training, education and sales enablement.
- Real-time data insight to drive proactive and targeted wholesaler follow-up.

Like telemedicine and the virtualization of higher education, experimentation starting as a response to COVID-19, is only set to dramatically and rapidly shift current expectations of producer servicing. The rise of the millennial generation as the dominant financial professional and consumer target audience will further buttress this speed of change.

To clarify, when I say e-wholesaling is the future, I am advocating for a melding of human and technology: a cyborg model. It makes sense for so many reasons. Higher productivity for internal and external wholesalers, better agency and producer / advisor servicing, more engaging product education, and stronger client relationships.

One insurance carrier, Pacific Life, and several brokerage general agencies (BGAs) have already started down this road. Now more than ever, this should be a priority for every insurance carrier and distributor.