LIFE INSURANCE CUSTOMERS TELL ALL

A Revealing Round-Up of Buyer Expectations

EXECUTIVE SUMMARY

Consumers have come to expect ultimate convenience in every business interaction—especially the sales process. Life insurers understand that buying life insurance should be easier. They're constantly under pressure to deliver smooth digital experiences to their customers. For insurers, the problem is how. Navigating legacy IT and integrating old and new systems is the biggest hurdle. In this white paper, we take an in-depth look at customer expectations of buying life insurance. We've conducted first-hand research by going straight to the consumers, as well as industry insiders. In this white paper, you'll learn how to transform the buying experience in a matter of months without overhauling legacy systems.

THE NEW REALITY FOR LIFE INSURERS IN THE DIGITAL AGE

In the digital age, new choices give consumers the upper hand. More people are discovering they no longer have to follow the tedious sales process most insurers continue to offer. As innovators like Ladder Life, Ethos, and Haven Life gain traction, form strategic partnerships, and expand to new markets, consumers will no longer tolerate subpar experiences.

The ideal life insurance buying experience is simple and easy. Imagine this: Instant approval. Coverage in minutes. No medical exam. No phone calls. A few taps on a smartphone is all it takes.

That's what people expect, and more than a dozen life insurers in the U.S. are already making that happen for their customers.

The future belongs to those that keep up with changing customer expectations. To do that, insurers must examine consumer perspectives.

THE DISCONNECT IN PERSPECTIVES

CUSTOMER V. LIFE INSURER

All life and annuity insurers know they need to improve customer experience and IT systems. In the recent A.M. Best Special Report, the majority of respondents believed innovation was necessary in those two areas, among many others. However, in the same report, a surprisingly high percentage of insurers are reportedly satisfied with innovation efforts related to customer experience (41% slightly satisfied, 40% moderately satisfied, 6% very satisfied).[1]

Given that most established life insurers offer the same customer experience they did 20, even 30 years ago, most people haven't benefited from their innovation efforts. If the majority of life insurers truly believe they need to innovate the customer experience, why aren't more of them actually giving customers what they want? To answer that question, we must first delve deeper into the experience customers are getting and what they really want.

EVERYTHING THAT'S WRONG WITH BUYING LIFE INSURANCE TODAY

Sureify surveyed 1,200 through an online survey about life insurance and their purchasing habits, and conducted qualitative research interviews with 10 individuals who were shoppers, new policyholders, and industry insiders. The goal was to better understand (1) their expectations, and (2) how their actual experiences turned out.

WHAT PEOPLE EXPECT FROM LIFE INSURERS

74% expect to buy life insurance on a website or mobile app

78% expect their life insurance company to offer a mobile app

79% are open to personalized coverage recommendations

85% expect to pay for their policy on a website or mobile app[2]

FIGURE 1.1
Respondent income

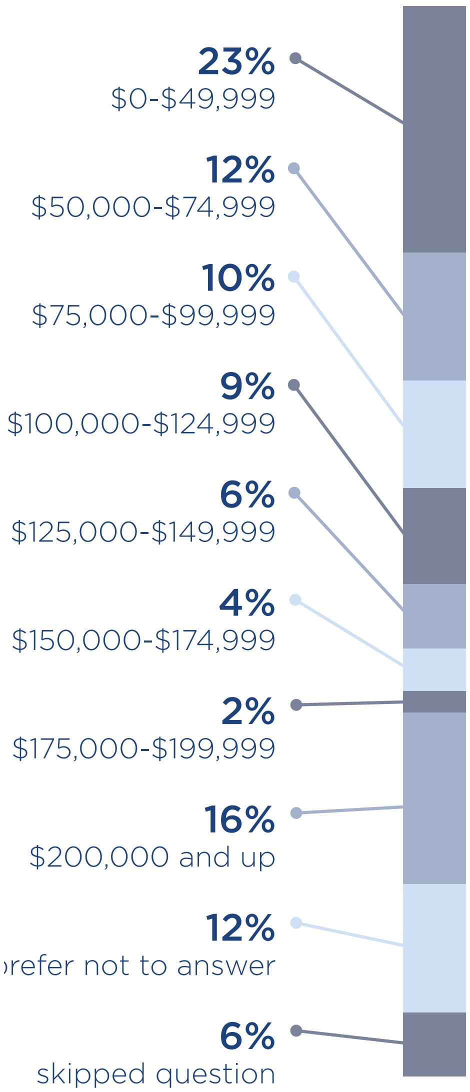


FIGURE 1.2
Respondent age

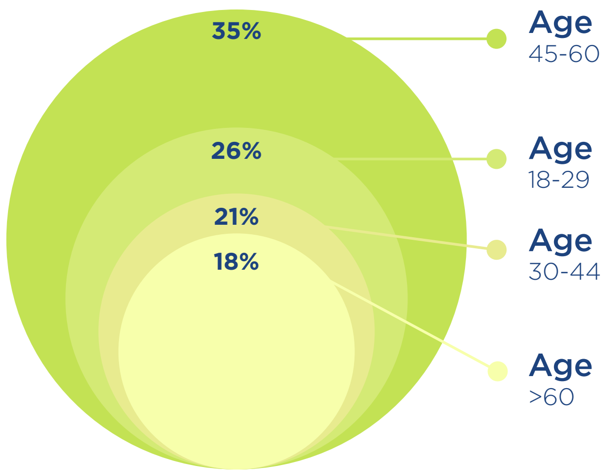
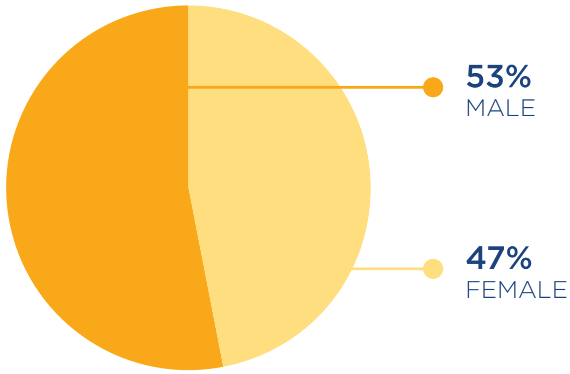


FIGURE 1.3
Respondent gender



GIVE ME CLEAR ANSWERS ON DEMAND

"I work full-time and spend time with our baby once I am home," says Emory Gibbons, who filled out an online form only to receive random calls from agents. "Super simple information online would be helpful to me right now. I feel overwhelmed."[4]

WHY TALK TO PEOPLE AT ALL?

Consumers in the digital age are adamant about doing their due diligence online—even if they ultimately purchase from a live human. Most people start their search online, but find few options to complete the purchase online.

WHY AREN'T LIFE INSURERS LISTENING TO CUSTOMERS?

THE TECHNOLOGY CONUNDRUM AND STUBBORN RESISTANCE TO CHANGE

The common complaints about buying life insurance have been the norm for decades. Insurers understand that new technologies are critical to competing with new market entrants, which explains why life and annuity is spending more aggressively on innovation than the insurance industry as a whole. Whereas more than half of the insurance industry allocates 1%-5% of their annual budgets to innovation initiatives, life and annuity insurers are allocating 6%-10%, according to A.M. Best.

Most life insurers, however, remain stuck despite budget allocations or ongoing dialogue about tech innovation. Their IT departments may have explored options to improve the customer experience with new technologies. Yet, they're in a holding pattern for many reasons. More specifically:

• Their legacy back-end IT systems make changes very difficult to manage, but they're not ready to replace those systems for many reasons. They assume they need to replace their legacy systems first.

• They're concerned that changing their technology systems could disrupt daily operations.

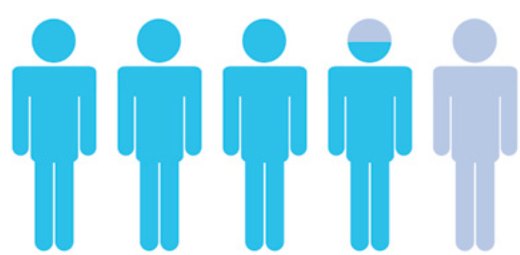
• They're hesitant because a high proportion of digital transformation projects fail. They've had too many initiatives take too long and diminish budgets.

• They lack in-house IT expertise to develop front-end, consumer-facing solutions.

The list of roadblocks goes on. At the root of the problem is the industry's deep-rooted resistance to change. Insurers tend to take a waterfall approach to software

79%

are open to personal coverage recommendations



development, where projects take years to make headway. IT decision-makers may not be aware of agile rapid deployment options through SaaS. And although they may be familiar with some of the latest technologies that could drastically improve customer experience, most life insurers lack the technical expertise to connect new systems with old systems.

Accenture recently surveyed financial services executives about the biggest obstacles keeping them from achieving their desired results from technology investments[3]. The top three responses highlighted both the siloed organizational culture and IT integration struggles:

- 47% lack of systems integration or compatibility
- 47% lack of collaboration with the IT function
- 43% lack of change management expertise

APPLICATION PROCESSING AND THE LONG WAIT

Michele Quilici, office manager at Paine Financial and Insurance Services, has the insider's view of the frustrating wait times that can stretch for several weeks. She says the biggest slowdown is before underwriting, getting the attending physician statements (APS). After that, the underwriting process simply depends on the underwriter's workload.

"On the other side, there's a human being sitting with paper," she says. "The systems are very, very archaic."[7]

COMPLEX FINANCIAL SERVICES OFFERINGS ARE NO LONGER AN EXCUSE

Amy Buitenhek says filing her tax return was easier than getting life insurance. She simply emailed her paperwork to her CPA and e-signed from her phone.[5]

Danae Pearce, who had just closed escrow on a home the previous week, echoed those sentiments. She says securing her home loan was much easier than upgrading her current life insurance coverage.[6]

LONG PHONE CALLS, INVASIVE QUESTIONS

Susan Tate secured coverage after two hour-long phone calls, answering questions about her medical history and health conditions. "The questions felt very invasive. I didn't particularly like it," she says. "They were asking me, 'Are you in menopause? What are your symptoms?' I'm not there yet, folks!"[8]

BUYING LIFE INSURANCE SHOULD BE A SMOOTH DIGITAL EXPERIENCE

RAPID TRANSFORMATION WITHOUT REPLACING LEGACY SYSTEMS

For most established life and annuity insurers, total legacy system overhauls are out of reach in the near future. Digital sales enablement doesn't have to be a multiyear, multimillion dollar initiative to deploy. Many leading insurers have already proven that partnerships with emerging insurtechs are powerful catalysts. Instant quoting, e-applications, and automated underwriting are possible without having to replace legacy systems.

Life insurers need a cost-effective one-stop shop with rapid digital sales enablement. Competitors are snatching up market share and life insurers don't have the luxury to develop new tech capabilities in-house. To scale partnerships and deploy new technologies quickly, insurers need a solution that integrates with their partner's technologies seamlessly. They should have the flexibility to swap systems as new systems arise. The ideal solution is a digital platform that enables third-party integrations, complete with microservices and APIs.

HIGH-PRESSURE SALES TACTICS

Jen Hansen recalls feeling manipulated by "dirty car salesmen tricks," after meeting with two life insurance agents in her home one evening. The agents pressured her into making a decision on the spot, claiming her rates could go up the next day.

78%

expect their life insurance companies to have an app

OUTDATED PAYMENT METHODS

Once Susan Tate secured her life insurance policy, she expected to be able to pay her first month's premium online. Instead, she had to mail a voided check with her bank account information. After the first payment, her insurer allowed automated payments.

A DIGITAL BRIDGE THAT CONNECTS CONSUMERS WITH THE INSURANCE ECOSYSTEM

LifetimeAcquire by Sureify and hr | ReFlex by Hannover Re

The digital sales and automated underwriting solution brings together the best of both worlds in agile development and life insurance industry expertise. Hannover Re is a global top-tier provider of risk reinsurance and financial solutions, offering mortality and underwriting expertise in the life and health market. In the U.S., Hannover Re works with clients to implement innovative accelerated underwriting programs that meet the demands of today's consumers in the life market. Sureify is the leading life insurance platform for white-labeled digital acquisition, self-service, engagement and analytics. Sureify is widely recognized among industry insiders for its ability to take a 100-year-old company and turn it into a fast-growth insurtech.

TOP FEATURES

Third-party data API configuration. Different carriers have different strategies when it comes to when they want to secure approvals from applicants to make third-party data calls. That's why Lifetime Acquire's third-party data calls can be configured to meet your company's needs. This includes everything from the Google Places API for address drop down selection to the more common APIs such as Lexis Nexis, MVR, Rx, and MIB.

Forms configuration. With forms configuration, sequencing and attaching PDFs based on variables such as state and channel are made simple. We support both HTML and PDF form generation, along with e-sign integrations. Alternatively, we are finding many carriers are comfortable doing away with PDF generation altogether and allowing their customers to use our simple review, edit, and sign interface in the application process.

Questions configuration. No need for expensive change requests, downtimes, or technical support. Our questions configuration ensures rapid updating of application questions. We support end-to-end application questionnaires, including uncommon question types and reflexive question logic. We are also integrated with the hr | ReFlex underwriting rules engine platform and can render the front-end questions regardless of origin.

Quote integration engine. Our generalized front-end integration with carrier quote APIs greatly speeds the implementation process. Our back and front-end architecture supports multiple products, product comparisons, riders, and automated lead nurturing through text, email, and push notification follow-ups.

Simple, intuitive UX. Reflexive questions, web and mobile optimization, modern white-labeled page design, and configurable menu navigation all make an applicant's experience as smooth as possible.

New business data feed configuration. This includes everything from ACORD tc103 mapping to bundling and transmitting all other required data

CASE STUDY:

MIDSIZE LIFE INSURER OFFERS CUSTOMERS A TRUE DIGITAL BUYING EXPERIENCE USING

Lifetime Acquire and hr | ReFlex

Whole life insurance online sales success in the first five months

GOAL: Increase average face amount to $600,000

RESULTS: 100% increase from $200,000 to $400,000

GOAL: Increase policyholders approved without medical tests

RESULTS: About 33% approval rate

FORECAST: Up to 60% before the end of the year

74%

expect completely digital purchasing

A 75-year-old life insurance company had followed the traditional distribution channel through licensed agents at partner banks. As banks began to prioritize selling investment products over insurance products several years ago, the insurer began exploring the possibility of expanding distribution to consumers directly. Company leaders believed that if it could offer a smooth, user-friendly digital experience for both consumers and agents, the transformation could drive major growth.

In early 2019, the life insurer released its mobile-friendly direct-to-consumer distribution channel using Lifetime Acquire and hr | ReFlex. In the first five months, online sales of whole life insurance jumped to more than 10% of its total business. About one-third of its policyholders have been approved without medical tests. The insurer forecasted the figure to increase to 60% that year.

As company leaders monitor sales from their new customer-facing tool, they're also exploring the platform's strong capabilities in customer lifetime engagement. The life insurer plans to add a fixed deferred income annuity online this fall.

LAUNCH DIGITAL SALES IN SIX MONTHS OR LESS

Life and annuity insurers now have a practical game plan to catapult their companies as digital leaders.

LifetimeAcquire by Sureify and hr | ReFlex by Hannover Re

BUSINESS BENEFITS:

Deliver the personalized, omnichannel experience digital natives expect

Give people what they want, when they want it, and how they want it. Not only does the new standard reduce friction, it shortens the sales cycle and paves the way to major growth.

Accelerate speed to market

The Sureify platform enables the fastest launch time of any full stack solution. With technical expertise from Sureify and life insurance expertise from Hannover Re, life insurers can easily launch digital sales in a fraction of the time.

Respond to market changes

The joint solution is fully configurable, giving life and annuity insurers maximum flexibility. hr | ReFlex can underwrite any product and easily adapt to any product or new business process. Insurers can leverage the platform to extend their reach through new sales channels and distribution partners.

High ROI, major cost savings

The Sureify platform offers the most ROI of any solution on the market. Its automation and integration capabilities help life insurers significantly reduce labor and technology costs.

Hassle-free IT

Designed for maximum flexibility to adapt to changing market conditions, the platform offers out-of-the-box integration with common vendors such as e-signature providers and payment processors. Open architecture driven by APIs eliminates the need for heavy IT management after implementation.

THE DIGITAL EXPERIENCE PEOPLE ALREADY EXPECT

Customers have spoken, and the technology is ready. Buying life insurance can finally be easy for customers. And IT decision-makers now have a cost-effective solution they can implement in six months or less. Now is the time for life and annuity insurers to design and launch the ultimate digital experience.

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ENDNOTES

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2 Sureify, “Customer Expectations in Life and Annuity Insurance 2019,“ 2019
3 Accenture, “Insurance: Digital Transformation Remaking an Industry,” 2019, https://accntu.re/2NE4QFh
4 Emory Gibbons, Interviewed by Millie Lapidario, 18 June 2019
5 Amy Buitenhek, Interviewed by Millie Lapidario, 17 June 2019
6 Danae Pearce, Interviewed by Millie Lapidario, 19 June 2019
7 Michele Quilici, Interviewed by Millie Lapidario, 28 May 2019
8 Susan Tate, Interviewed by Millie Lapidario, 25 May 2019