

# Introduction

Digital innovation within insurance distribution is



## Products and Channel Marketing

For existing product offerings, term products fully underwritten garnered the most responses and are currently marketed by 19 (out of 25) carriers<sup>1</sup>. Annuities ranked as the second most popular product, marketed by 17 respondents. Next came whole life fully underwritten products (16) and universal life (14). Less than half of respondents indicated marketing any one of the remaining products, which included digital distribution: final expense simplified issue (11); final expense whole life (11); term: simplified issue (9); accidental death and disability insurance (5); variable universal life (3); and long-term care products (1). Nine respondents indicated marketing a product other than the types listed here.

Figure 1: Current Products Marketed by Carriers



#### Data and Risk Selection

Despite WKH FRQWLQXRXV pEX]]q DURXQG XVLQJ GDWD WR HQKDQFH LQV findings did not yield a high number of respondents currently using data with a customer focus, suggesting this may be an area for growth. Respondents to this question indicated a broad range in WKH QXPEHU RI VWUDWHJLHV WKH\ DUH HPSOR\LQJ 0HDQZKLOH RQF ZH IDOO VKRUWq DQG DQRWKHU LWKpLWXQRVZVqWDUWLQJ WR WDON DERX

The use of only one data strategy was reported by 46% (of 26 responses), while 15% reported using two and three strategies respectively. 8% reported implementing four data strategies with a customer focus, while 4% of insurers use five types. Another 12% (three respondents) reported using eight strategies for data to drive sales.

Upselling and cross-selling was the most utilized application of customer data with 39% (of 26 respondents) reporting use of this strategy. Customer segmentation overall and by product was next at 36% utilization.

As the importance of accelerated underwriting gains traction in the U.S. and abroad as a means to



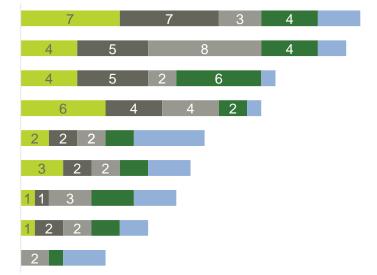
Customer Campaigns and Outreach



Customer Engagement and Loyalty Plans or Campaigns

Thirteen survey respondents reported that they currently have engagement or loyalty plans in place, or are planning to implement these plans or campaigns in the future to increase customer engagement. As illustrated, below, in Figure 12, life and legacy planning programs are the most popular, with nine respondents having a program in place and four planning to implement one. These programs allow customers to digitally organize, store, and share vital documents or policies with beneficiaries.







## Conclusion

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The majority of carriers predominantly market fully underwritten term products, annuities, fully underwritten whole life, and universal life products. The concentration of distribution tended to be through independent agents, with the integration of digital marketing.

Advertising, D2C websites, online quoting, and risk selection scoring are the digital marketing areas that are currently enabled, are being expanded or built out in 2018, or are planned for implementation within the next three years. Carriers continue to partner with startups, insurtechs, and other third parties for further development of D2C channels, accelerated underwriting platforms, and mobile delivery options to increase customer satisfaction.

The use of strategies to leverage data is an area for improvement, with less than half of respondents using customer data for upselling and cross-selling, models for accelerated underwriting, or customer segmentation. Another area of development is administration capabilities, including policy e-delivery, do-it-yourself service processing (in an e-portal), and online policy transactions completed by a policyholder.

Engagement and loyalty programs represent a growing opportunity, with the majority of respondents implementing life and legacy planning programs, identity protection programs, and/or health programs and apps.

While the cost of allocating resources and the expense of introducing/expanding digital marketing efforts remains high, many survey participants still felt that it is worthwhile and may be a recoverable cost, if done correctly.

The largest challenges to implementing a digital marketing capability to improve customer experience are: lack of resources and expertise, followed by organizational challenges and a lack of strategy. 52% of respondents reported partnering or using vendors to advise them on their digital marketing strategy. These partners or vendors included advertising agencies, marketing firms, consultants, reinsurers, lead generation partners, and tech vendors.

It is our hope with emerging tools, technology, and data-driven analytics, we can make the digital marketing space a bit more accessible for U.S. carriers and produce a better customer experience for consumers.



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5 Star Life Insurance Company	Kansas City Life
American Family Life Insurance Company	Liberty Bankers Life/American Benefit Life
Americo	Lincoln Heritage Life Insurance Company
Baltimore Life	Mutual Trust Life Insurance Company
Dearborn National	Ohio National
EMC National Life	Ohio National Financial Services
Farm Bureau Insurance of Michigan	Oxford Life Insurance Company
Farm Bureau Life Ins Co of MO	Pekin Life Insurance Company
Federated Insurance	Sagicor Life Insurance Company
Fidelity Life	Tennessee Farmers Life Insurance Company
Guarantee Trust Life Insurance Company	The Cincinnati Life Insurance Company
Horace Mann	USAA Life
IAC/Individual Assurance Company	

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