

5 Life Insurance Game Changers to Benefit Consumers in 2019

Special to Senior News

Submitted by Stephanie Fisher

by BRIAN GREENBERG

The year 2018 laid the groundwork for big shifts in the life insurance landscape that will decidedly benefit consumers in the New Year. And it seems shifts are sorely needed with more than 40 percent of Americans not having any type of life insurance, according to Foresters Financial. While the industry is shifting at a rapid pace, consumers can take advantage of some notable game changers poised to impact the insurance industry in 2019:

Variable Rates and Fitness Trackers

With the pervasiveness of fitness trackers and health apps, it was only a matter of time before the data they produce made its way into the underwriting process. Policies with variable rates based on fitness data were brought to the forefront of the industry back in 2016 by a forward-thinking provider, using the data from insureds' fitness trackers to adjust rates and premiums accordingly to benefit consumers. While the program started out voluntary, it is now standard with all life insurance policies written by this particular provider.

The program even offers perks such as a “free” Apple Watch (subsidized by premiums and participation in the program), discounts on other fitness trackers, and deals for healthy lifestyle publications. On the downside, the program requires a lot of upkeep to submit data through the company's proprietary app, and premiums can increase for those people who don't realize improved health based on submitted data.

My own company, True Blue Life Insurance, ran a 2018 survey finding that most insurance consumers were not receptive to sharing fitness data, even if it meant getting better premiums. Despite these results, programs have reported successful results. As a result, this trend will continue to grow, as new policy players their hat into the ring.

Agentless Solutions

While some life insurance purveyors use fitness information to try and offer better rates, others in the industry are looking for ways they can cut out the middlemen—even within their own companies.

Many of these companies are turning to agentless solutions, which utilize information available from other sources, such as financial, medical and prescription history to accelerate the underwriting process. This move toward automated underwriting is great for insurance companies looking to streamline their workflows and trim the amount they are paying in commissions. This operational efficiency can factor into consumer-side savings.

The downside to this automation is that it makes life insurance much harder to get for unhealthy people. These agentless solutions are more likely to reject applicants because there isn't a human agent trying to make things work and they only want to accept insureds who aren't as risky.

Similar to interactive policies, True Blue's survey found that consumers weren't comfortable sharing any of their information in exchange for a quote or with using AI when it came to their life insurance purchasing experience. Even so, there is so much investment going into these solutions that it is hard to see it slowing down anytime soon.

Innovation is Driving Higher Coverage Maximums Without Medical Exams

There was a time, not so long ago, where maximum coverage limits topped out at \$500k, but now maximums are on the rise. As a direct result of heavy investment in innovation, insurance companies can now offer maximums as high as \$1 million, with the potential to go even higher in the future.

In 2017, only one company was able to offer this a \$1 million maximum, but now at least three others are able to match that.

Up ahead, yet more insurance companies will be able to start matching maximums at this level because they are investing in solutions that help them cut out unnecessary spending and accelerate the underwriting process. Many have created incubators where they can focus on investing in innovations that can help automate and accelerate the underwriting process.

These innovations are powered by information that insurance companies can get through background checks. Specifically, they can now use financial, medical and prescription information. This is without mentioning the potential that DNA information could offer. The availability of this information cuts out the need for medical exams, accelerating the approval process and saving insurers money on the front end.

As noted above, some consumers are reluctant to make health information gleaned through Fitbit and other smart wearables, which can track everything from heartrate and steps taken, to quality of sleep and stress levels. This is further spurring the popularity of no medical exam policies, with some consumers overwhelmingly opting for this option even when the policies are more expensive than traditional medical exam options.

While it is yet to be seen if consumers will be apprehensive to using these innovations, like with agentless solutions, the positive effects are already manifesting themselves in the industry at large.

Group Coverage for Individuals

As noted in the point about agentless solutions, unhealthy people and their difficulty to access life insurance coverage is part of a much bigger problem in America than some may realize. According to a 2017 survey conducted by LIMRA, more than a quarter of Americans thought they wouldn't qualify for life insurance if they applied for a policy.

To remedy this, groups have begun establishing themselves online to make basic life insurance easier to attain for people who don't think they qualify. For a small membership fee, people can join these groups and receive the life insurance benefits that they wouldn't otherwise receive outside of an employer's plan.

Without these groups, many Americans would be stuck with expensive guaranteed issue policies that wouldn't be worth their time. This way, they're getting the coverage they want without being rejected by agentless innovations.

New Big Players Entering the Market

As we look toward the future of life insurance, there are some major new competitors entering the field in the form of Walmart, Costco, and Amazon.

Here's what we know so far: Costco is working on its own proprietary product with Protective life insurance; Walmart has an affiliation with MetLife and are working on their own product; and Amazon has been working on getting an insurance license and they plan to start testing out their own quote engine in the European markets as soon as 2019.

The entrance of these "market killers" bears many similarities to the way major booksellers took out mom and pop bookstores, and are understandably concerning to independent insurance agencies. Companies like Amazon, Costco, and Walmart can operate on low margins and afford to put customers and revenue over profits. That, plus the exclusivity and perks they can offer makes it more difficult for independents to compete.

That's why this entrance is so radical in the insurance industry. It stands to completely change the way the game is played.

Thankfully for consumers, with this much lead time, current players have time to adapt and prepare for these new competitors, with consumers reaping the benefits of local agents increasingly offering incentives and thinking "outside the box" to win business.

In fact, the True Blue survey found that life insurance consumers still prefer to buy from a local agent versus a big box retailer or even an online agent. Nearly eight out of ten people surveyed stated they felt more confident buying insurance from a local agent. There may be an emotional aspect to this. Buying life insurance has ramifications that car insurance or homeowners insurance doesn't because it forces people to consider their mortality. So it's more personal. Having a local agent that the client can talk to face-to-face over matters of life and death can make clients feel less vulnerable. Also, in developing an in-person relationship, the agent becomes an ad hoc personal adviser and advocate who takes the time to listen and find out your individual needs.

Even as the landscape stands to change quite a bit, consumers can secure better deals than ever from insurance companies focused on adaptation, growth and change in adherence with the evolving technologies in 2019 and beyond.

Brian Greenberg is a multi-faceted entrepreneur who owns and operates True Blue Life Insurance—an independent, online life insurance agency representing more than fifty of the best life insurance companies nationwide. He may be reached online at <https://www.TrueBlueLifeInsurance.com>.

Source: <https://www.foresters.com/en/about-foresters-financial/newsroom/news-releases/40-percent-of-americans-dont-have-any-form-of-life-insurance>.