

# MILLENNIALS AND THE 22ND CENTURY LIFE INSURER

Adapting your life insurance methodologies to the changing Millennial market

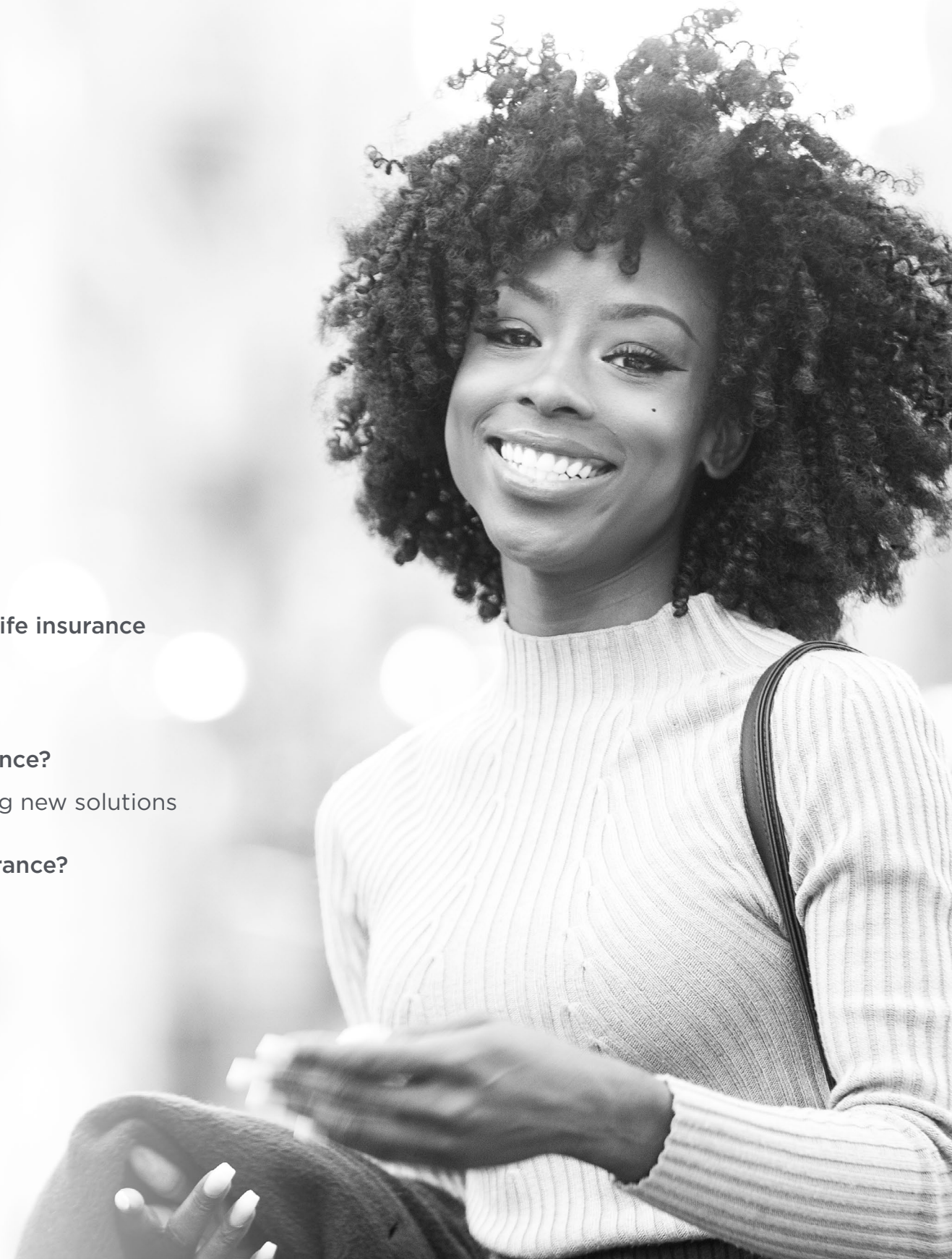




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# Introduction

There is a \$16 trillion gap in U.S. life insurance coverage, according to LIMRA, a worldwide insurance industry research, learning and development organization. No matter how you slice it, that is a huge number.

A lot of that falls at the feet of Millennials, those born between 1981 and 1996 (ages 23 to 38 in 2019). They are least likely to carry life insurance, even if they are married with children.

Why? Hyland surveyed more than 300 Millennials from across the United States\* to find out more. We wanted to know how many Millennials carried life insurance, and if they didn't, why not. More than that, we wanted to know what would compel them to engage with a life insurer.

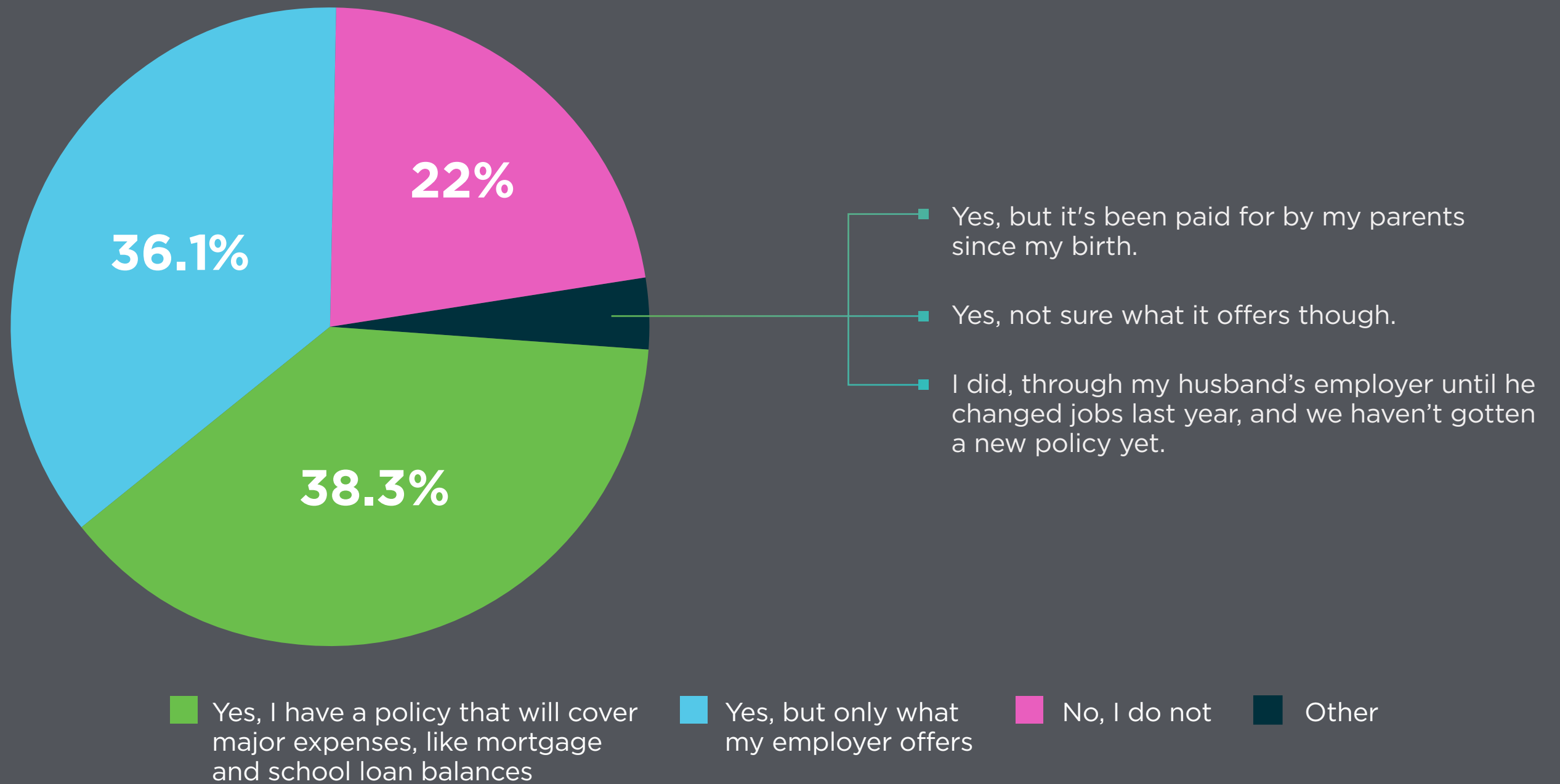
We also wanted to find out why more Millennials aren't pursuing a career in life insurance. With nearly 400,000 insurance employees retiring over the next few years, according to *Insurance Journal*, and fewer employees entering the workforce, insurers face an employment gap that could cause overall disruption, regardless of technology advances.

**Here's what we learned — and the steps you can take to meet those challenges.**

*With nearly 400,000 insurance employees retiring over the next few years, according to Insurance Journal, and fewer employees entering the workforce, insurers face an employment gap that could cause overall disruption, regardless of technology advances.*

*\* Our survey was independently conducted across multiple social media channels, targeting Millennials in varied fields with varied interests. Survey participation was voluntary and age was self-reported. More than 315 respondents participated.*

# Do you carry life insurance?





Nailing the digital experience involves more than providing extraordinary customer service online. It's using social media and technology in ways that create delightful experiences across all touchpoints — from design to content to customer support to creating a seamless offline-to-online experience.

**Lauren Friedman**

*Millennials and The Digital Experience: Getting Your Digital Act Together*



# Life insurance?

## Most don't know where to start

Only 38 percent of the Millennials we asked said they carried a life insurance policy that would cover all major expenses, including a mortgage and outstanding debt. Around 62 percent of those surveyed were either uninsured or only carried the life insurance offered by their employer (36 percent). At least one respondent didn't know if he or she had a policy and several said they didn't have a policy of their own, but were covered by their spouse's employer.

Those numbers line up with a number of national surveys, including one conducted by Life Happens, a nonprofit organization dedicated to helping Americans take personal financial responsibility through the ownership of life insurance and related products. Its recent survey of Millennials found that only 52 percent own life insurance.

Similarly, Bestow, an online life insurance platform, discovered that 75 percent of Millennial parents are without life insurance coverage. For life insurers, this is often a conundrum. We live in an age when information is readily available, from digital channels (social media, email, presentations, and so forth) to traditional and robo-financial advisors. Millennials should be fully equipped for what the future has in store.

### MILLENNIALS ARE LOOKING FOR HELP

But they're not. And they are not, in part, because they don't know where to start and no one is helping them. At least not in the ways and through the channels Millennials are accustomed to. For example, a recent article by Policygenius, an online insurance broker dedicated to making insurance buying simple and easy, encourages Millennials to purchase life insurance and, if it is their preference, to seek out carriers who accommodate customers digitally.

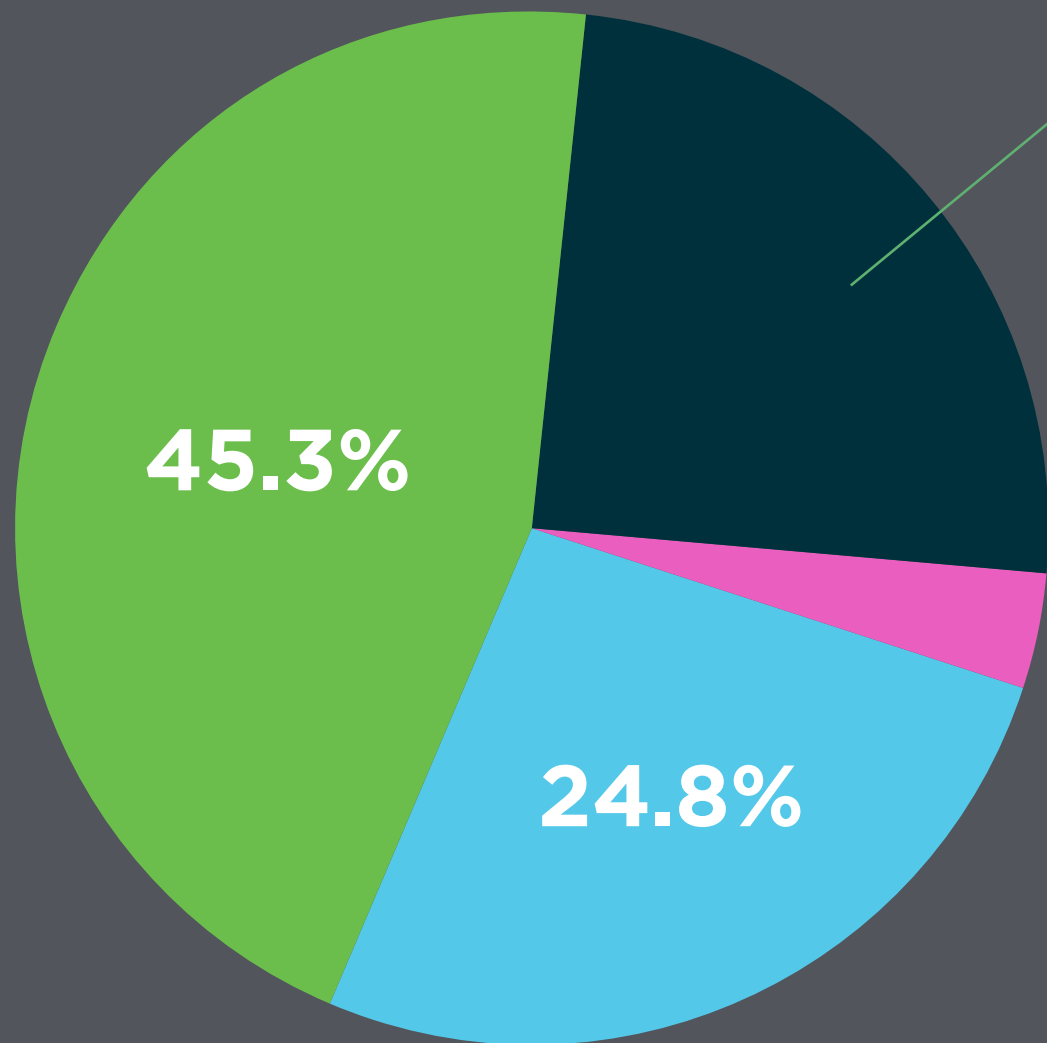
And Millennials like to do things digitally. They are digital natives and are the first to make consumer decisions based on a company's digital footprint. "To be clear," says Lauren Friedman, in her Forbes article, "Millennials and The Digital Experience: Getting Your Digital Act Together," "nailing the digital experience involves more than providing extraordinary customer service online. It's using social media and technology in ways that create delightful experiences across all touchpoints — from design to content to customer support to creating a seamless offline-to-online experience."

Millennials are an untapped market for life insurers. And innovative, digital-first life insurers are in a position to both help Millennials avoid a retirement crisis and create a roadmap to their future success.





## If not, why?



- Spouse is primary breadwinner and has good life insurance policy.
- The amount I have through my employer covers all debt and costs.
- I used to have it through work and now freelance and stay home with the kids. I will get it after my baby is born!
- As a student I don't have the funds to put towards it. I have other bills I have to pay.
- My dad worked in life insurance, so I was educated about it from a young age. Most of my friends don't know much about life insurance and don't see the need for it. The few who have life insurance get it through work.
- Don't see any reason for it now — I don't have a family.

■ I haven't thought about it

■ I have prioritized other financial goals and tools above it

■ I feel like the process is too outdated and intrusive

■ Other

# If you don't carry life insurance, why?

A little over a third of our respondents, 117, chose to answer this question. Most, 45 percent, said they'd prioritized other financial goals above life insurance, such as saving for a home or paying off student loans. Nearly 25 percent haven't even considered purchasing a policy, and 6 percent think the process is too outdated and intrusive to bother. Another 24 percent choose to answer us directly, with many indicating that they:

- Can't afford the premium
- Aren't insured because their spouse is insured
- Don't have a financial need great enough to require a life insurance policy
- Don't have a family, so see no need for a policy

Millennials believe life insurance premiums are far more expensive than they actually are, up to five times more expensive, according to Life Happens' report. Millennials guessed the average annual premium to be about \$1,000, when some annual premiums come in around \$150.

## NO PATIENCE FOR THE PROCESS

Another big reason? No patience for the process. Across surveys, Millennials lamented about what they perceived as a long, intrusive process.

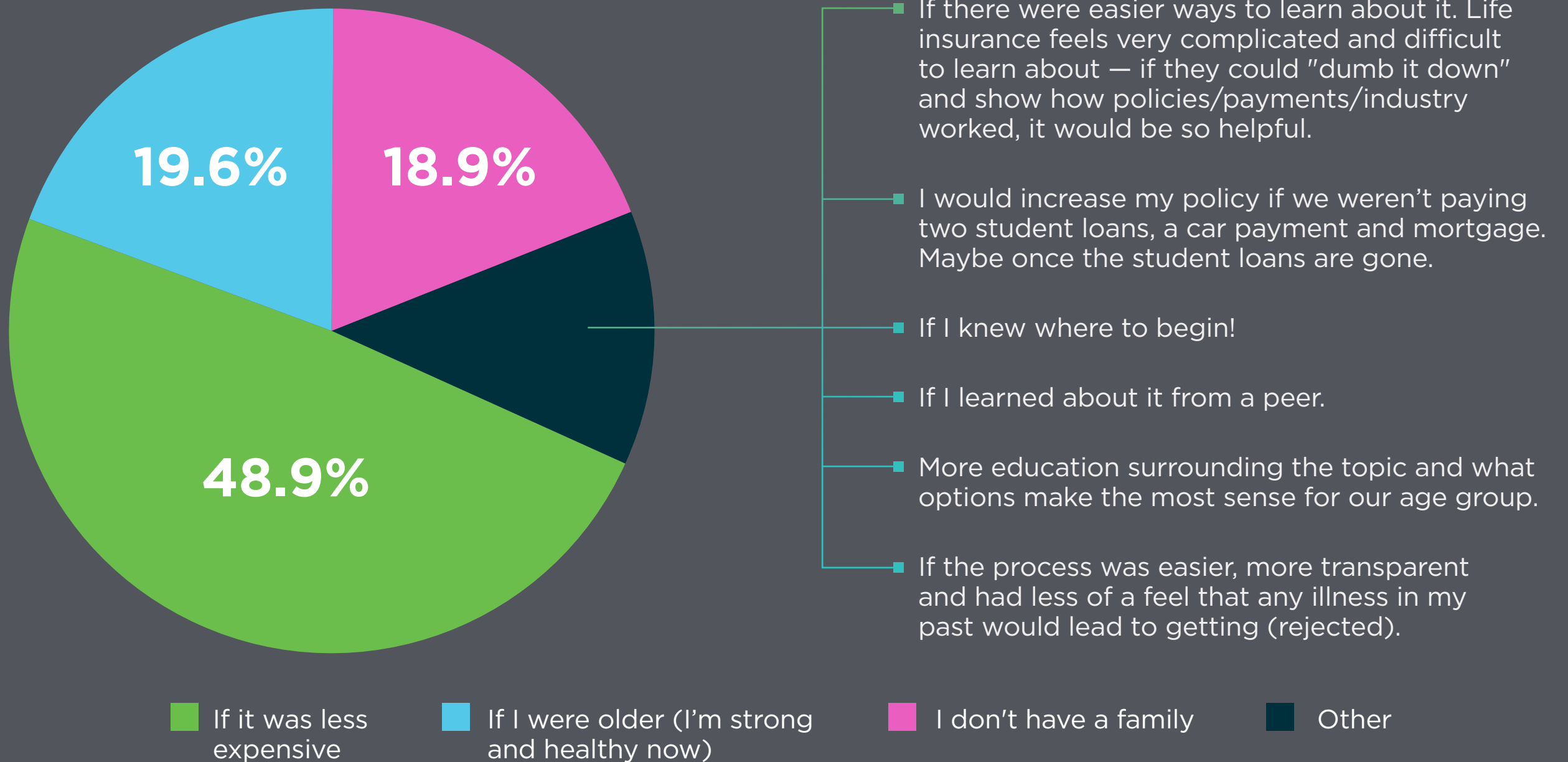
In both cases, Millennials lacked the right information (life insurance isn't expensive and it's not that intrusive), a pain point many InsureTech start-ups are working hard and fast to address. And, as you will soon read, Millennials are craving that information.

In their heart, Millennials know life insurance is important, but they don't necessarily understand its purpose. Understanding that life insurance delivers peace of mind and offers financial protection for loved ones may be enough to compel Millennials to learn more and endure the process.

Technology can help. Insurers should reimagine business processes and models to create new sources of customer value and revenue, and nurture innovation as a competitive differentiator.



# What would make you more inclined to either purchase life insurance or increase your policy?





Life insurance feels very complicated and difficult to learn. If they could ‘dumb it down’ and show how policies/payments/industry worked, it would be so helpful.

**Survey Respondent**



# Millennials yearn for less complexity

Cost was the overwhelming driver for Millennials in our survey. Nearly 49 percent said a less expensive product would lead them to purchase. Another 38.5 percent were living in the present, responding that they would consider life insurance when they were older (19.6 percent) or if and when they have a family (18.9 percent). Another 24 percent choose to answer individually, though most cited reasons similar to the above, i.e. once there's room in the budget or when a child arrives. But many also cited a lack of education around the topic.

"If there were easier ways to learn about it," said one respondent. "Life insurance feels very complicated and difficult to learn. If they could 'dumb it down' and show how policies/payments/industry worked, it would be so helpful."

It's an interesting response, especially when you consider it against Life Happens' survey results. It found that 50 percent of its respondents had never discussed life insurance with a parent, peer or life insurance representative.

## TIME TO UP YOUR EDUCATION GAME

For modern life insurers this means it's time to up their education and engagement game. It means moving beyond cold calls, mailers and health benefits booths. It is talking to Millennials in the channels where they chat. This isn't easy, but it's worth it, according to consultant firm Bain & Company.

Millennials will turn to peer networks to better understand the experience of friends and colleagues, but they will also turn to trusted service providers to learn more. Leveraging technology can help insurers engaged in these channels.

"Chatbots driven by AI and integrated with social media platforms or retail websites can help insurers facilitate discussions with customers to determine their needs," writes Thiru Sivasubramanian, who sits on the Forbes Technology Council. "Chatbots leverage natural language processing to engage with the consumer while applying needs analysis algorithms based on available products to provide personalized options."

One financial institution, Swedbank, is freeing up time for employees to focus on more important, customer experience calls. Its virtual assistant, a chatbot named Nina, converses in a human-like fashion, enabling customers to make self-service selections and find quick and easy access to information. The tool is used by both customers and agents.

It's something Microsoft is calling Conversations as a Platform.

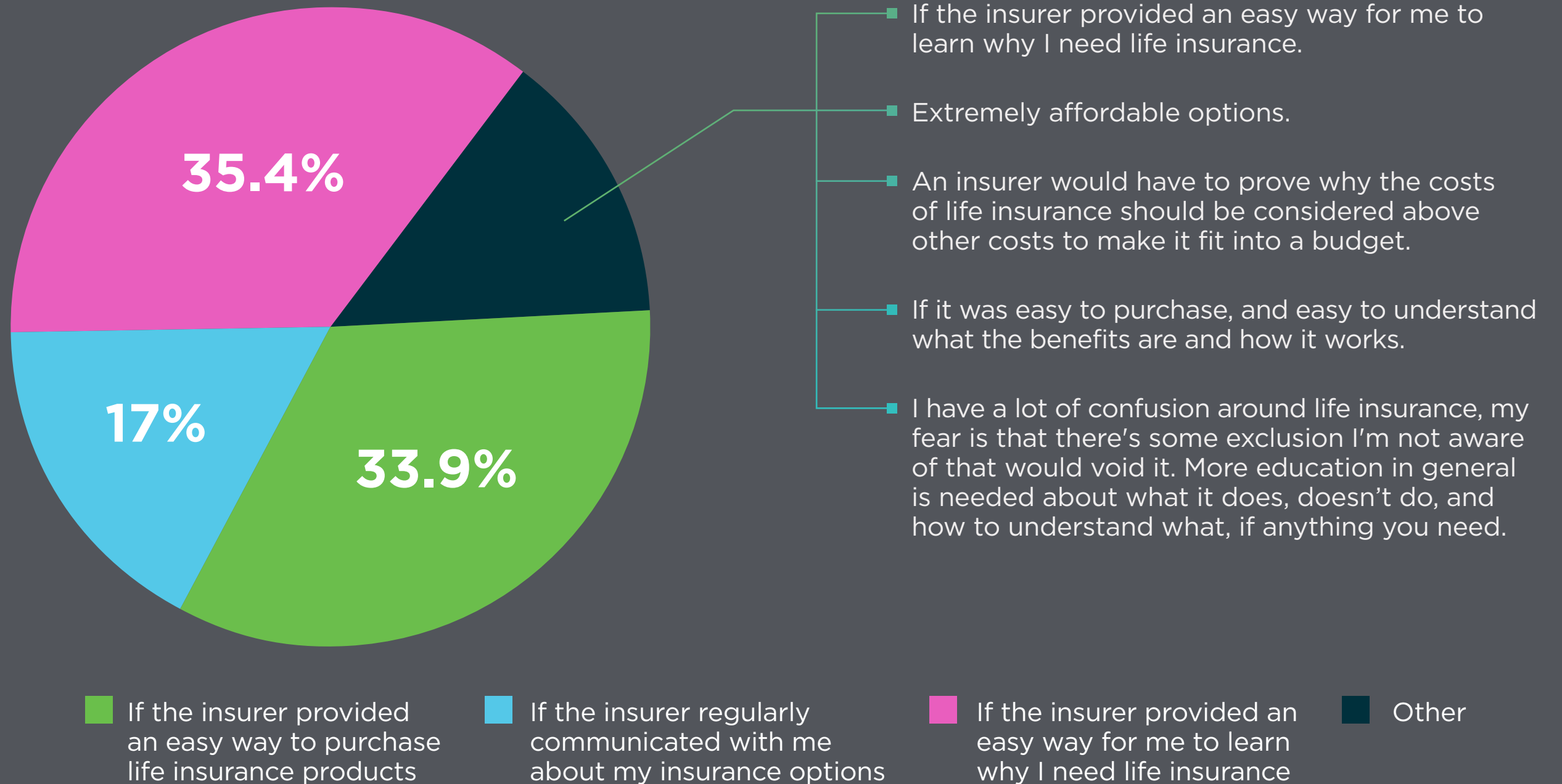
"Bots are the new apps," Microsoft CEO Satya Nadella said during one Microsoft BUILD Developers conference. "People-to-people conversations, people-to-digital assistants, people-to-bots and even digital assistants-to-bots. That's the world you're going to get to see in the years to come."

In other words, digital transformation is fueling life insurers' ability to engage with the customer, to learn more about their needs, and to provide them with the products and services they want faster than ever before. By harnessing innovative and intelligent automation technologies that anticipate the needs of users and customers, those insurers who can embrace this technology will help their employees focus on high-value tasks to develop more meaningful, relevant connections with the people they serve.

***Chatbot:** A computer program designed to simulate conversation with human users, especially over the Internet.*



# How could an insurer change your mind about life insurance?





Insurers that excel emphasize flawless execution in their core business, offer an ecosystem of services that go beyond insurance and make customer-centric innovation a top priority.

**Bain & Company**



# Building customers relationships is as important as building new solutions

Without question, Millennials in our survey are looking for an open and transparent relationship with any potential insurer. The majority — nearly 70 percent — are looking for an easy way to both learn about life insurance (33.9 percent) and to purchase a policy (35.4 percent). Another 17 percent are hoping for better communication with their insurer. Those who responded individually talked about price, but also talked about value. “If it was easy to purchase and easy to understand what the benefits are and how it works,” wrote one respondent.

Eight in 10 Life Happens respondents agreed, saying they wanted information that was easy to understand. And seven in 10 simply wanted to talk to someone about their life insurance needs.

“It’s kind of a morbid and scary thing to think about,” said one Hyland survey respondent. “It’s one of those things that seems far off and like something I’ll ‘get around to someday.’ I am not sure how to overcome that and make it more of a priority for me right now.”

So what do they want? For most, they expect immediate access to insurance services, any time and every time. That could be crowd-sourced peer-to-peer insurance pools or life insurance built for and customized to their demographic.

Or they may want easy to use tools that walk them through the process quickly and allow them to learn more about the process as they go.

## ROBUST SOLUTIONS AND DIGITAL TRANSFORMATION LEAD THE WAY

To achieve this, life insurers need robust solutions that can deliver information to customers in the way they expect to see it, whether that’s via mobile, tablet, desktop or, for some, good old-fashioned mail.

If that sounds a lot like digital transformation, that’s because, in many respects, it is.

Insurers need to improve cross-office, departmental productivity by breaking down information silos, supporting collaboration and streamlining processes across the distributed enterprise.

Rather than put off transformation, life insurers can bridge the gap between today’s core systems and the 22nd century digital insurer. A solution that integrates with modern core systems and business applications while extending legacy systems can accelerate digital transformation.

To accomplish this, insurers need a way to manage the content, cases and processes that core systems can’t. This requires filling gaps in core systems with comprehensive content services capabilities such as enterprise content management, intelligent capture, document management, secure file sharing, workflow and customer communication management.

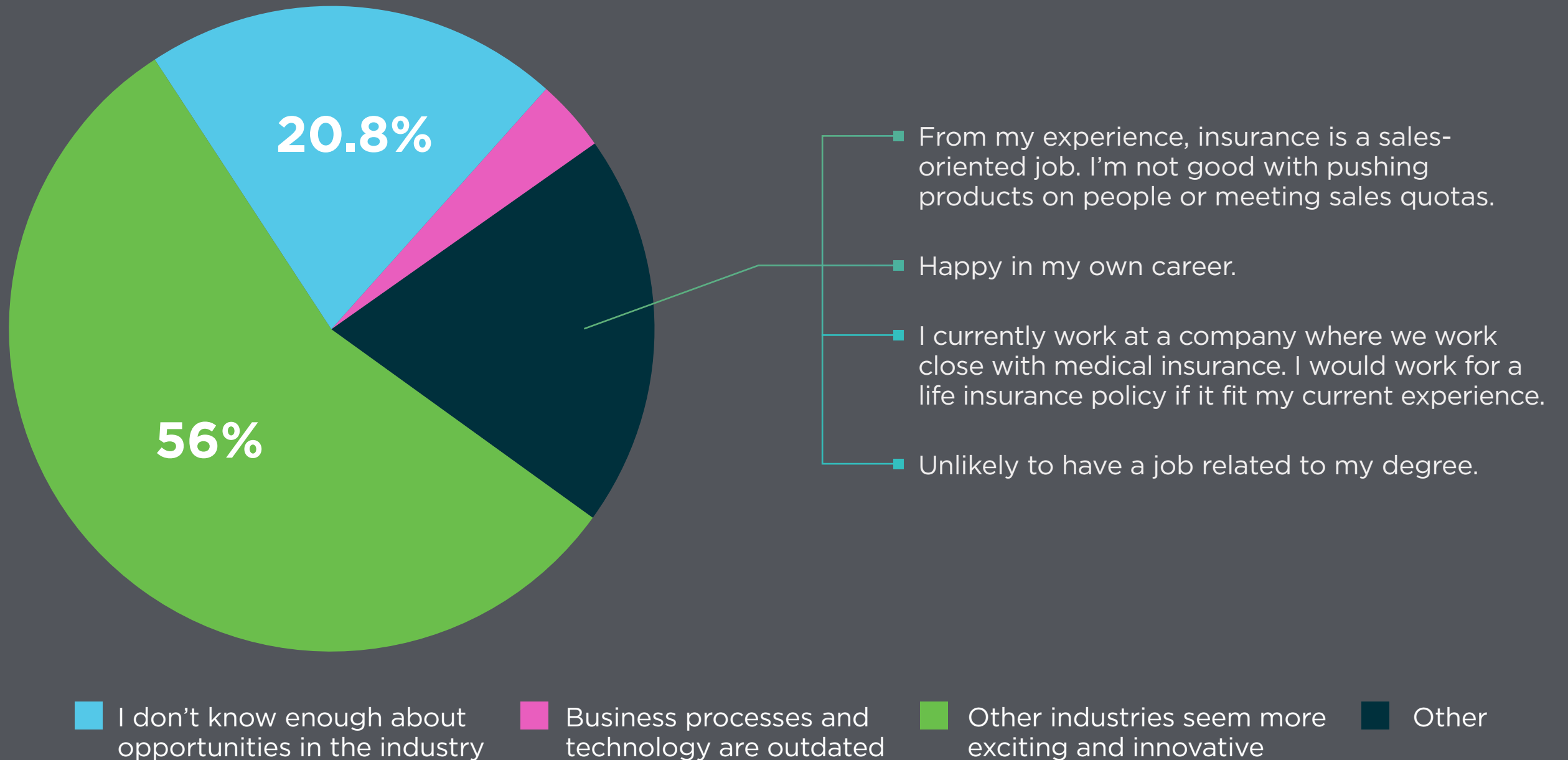
“Insurers that excel emphasize flawless execution in their core business, offer an ecosystem of services that go beyond insurance and make customer-centric innovation a top priority,” reports Bain & Company.

In today’s rapidly changing environment, customers and employees demand access to pertinent information when they need it, and where they need it. Creating an omni-channel experience is no longer an option. It is an expectation.





# What would keep you from pursuing a career in life insurance?



# How digital transformation builds a Millennial workforce

There's a shortage of new talent in the life insurance industry. It is an exceptionally interesting fact when you line it up against the 2.5 billion Millennials in the world today. By 2025, Millennials will make up 75 percent of the global workforce, reports Brown & Joseph, a leading debt recovery company.

As an aging workforce moves into retirement, taking with them years of experience and expertise, Millennials have an opportunity to close the information gap, using their technical expertise to bring forth new age innovation that will evolve the way life insurers do business.

Why aren't they, then, choosing the life insurance industry, we wondered. So we asked. The answer? Life insurance has a brand issue. More than half our respondents, 56 percent, find other industries to be both more exciting and more innovative. A solid 20 percent don't know enough about available opportunities, but likely would love to know more, and nearly 5 percent are avoiding the industry because of outdated processes and technology.

Those who answered individually cited happiness in their current industry. But many said they were shying away from life insurance because of perceived views on industry practices, many not so positive. Others felt like the bulk of opportunities in life insurance were sales-oriented, not knowing that there's a place for technological skills and more.

## ATTRACTING TOP MILLENNIAL TALENT

Attracting top talent factors into digital transformation as well. Successful companies that display a 22nd century employee culture — solid benefits, job flexibility, work-life balance, career advancement — are sure to raise eyebrows among digital natives.

To get there, insurers must focus on product innovation and speed to market. Improved product modeling and management capabilities are key to revenue growth in a highly competitive market, according to Novarica research.

It also builds marketing reputation; a key factor Millennials look for when choosing a workplace. In fact, 40 percent of Millennials place the most importance on a company's brand and reputation, according to the 2017 Millennial Hiring Trends Study by MRI Network.

That only scratches the surface of what Millennials are looking for, but it underscores the need for life insurers to engage in true digital transformation. To rethink the ways in which they communicate with Millennials and how they can engage them in the life insurance process.

***Digital native:** Those born and raised during the digital age. Most Millennials are considered digital natives. Baby boomers and Gen X, both born before the digital age and who digital literacy during adulthood, are considered digital immigrants. Both terms were coined in 1996.*

# Conclusion

Millennials offer life insurers a rich market of interested buyers — but buyers with no roadmap toward purchase or a helping hand to guide the way. Insurers who are innovative and quick to market have an advantage over the competition, but only if they reach out to Millennials through the channels they like to communicate through. That goes for both engaging them as new insureds and recruiting them as new industry professionals.

It's a noble challenge, but one worth taking, as most Millennials are simply waiting for someone to guide them through the process and make it easy to purchase when the time is right. Embracing and investing in digital transformation can help fulfill that wish. According to Gartner, insurers who increase their investments in digital modernization strategies are 63 percent more profitable on average than their industry peers who keep their IT budgets constant or reduce them.

Hyland insurance solutions accelerate life insurers' digital strategy by providing a complete view of the right information to the right people, where and when they need it. Serving as a content services hub, we smartly surface content in context by connecting data and systems across the insurance enterprise.

By providing users with easy, secure access to complete information — anytime, anywhere, on any device — we enable insurers to digitally transform and facilitate more responsive, meaningful interactions. Hyland provides a platform to capture, clarify, share and secure the information that people need to deliver better service. The configurable and scalable Hyland platform easily integrates, wraps and extends legacy systems with new modern core systems. Streamlining processes, lowering costs, increasing security and improving the customer experience, Hyland insurance solutions are a vital component and proven enabler of digital transformation.

**Content services:** a set of services and microservices, embodied either as an integrated product suite or as separate applications that share common APIs and repositories, to exploit diverse content types and to serve multiple constituencies and numerous use cases across an organization.



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