

Embracing disruption

The future of the insurance industry



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What is disruption?

dis·rup·tion

dis'rəpSH(ə)n/

noun

noun: **disruption**;

plural noun: **disruptions**

disturbance or problems that interrupt an event, activity, or process.

"The schedule was planned to minimize disruption."



What are some examples of companies that have caused disruption?

The Google logo, featuring the word "Google" in its signature multi-colored font (blue, red, yellow, blue, green, red).

Google

The Amazon logo, featuring the word "amazon" in a black, lowercase, sans-serif font, with a curved orange arrow underneath it pointing from the 'a' to the 'z'.

Amazon

The Netflix logo, featuring the word "NETFLIX" in a bold, red, uppercase, sans-serif font.

Netflix



TESLA

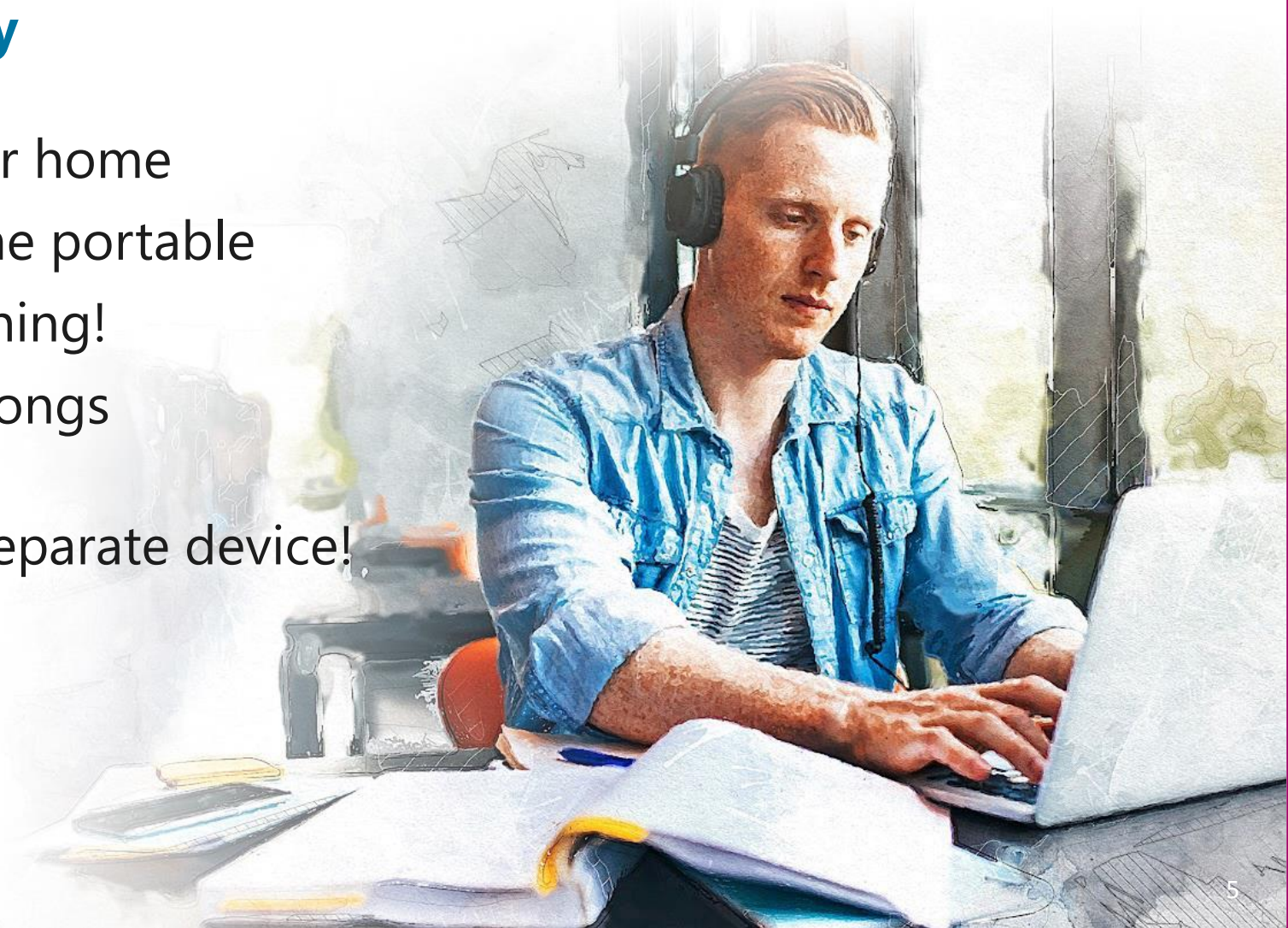
Tesla

Can you think of any others?

Disruption is all around us!

Think about the music industry

- Music went from live to in your home
- With the 8-track, music became portable
- The Walkman changed everything!
- The iPod meant hundreds of songs with you at all times
- Now – we don't even have a separate device!





So why is the
insurance industry
so slow to adapt?

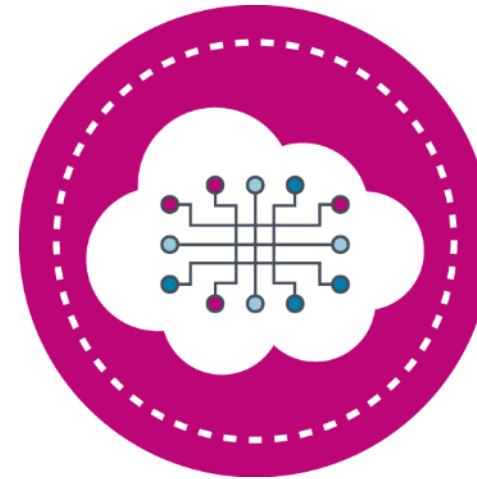
Forces disrupting our industry



Demographics



**Customer
experience**



Technology



Regulation

Let's set the stage

- Life insurance ownership continues to be low in Canada
- In a recent research study:
 - Only about half (56%) of respondents hold at least one life insurance policy*
 - About half (48%) believe they lack adequate life insurance coverage*
- The total life insurance need gap now encompasses over 8 million adults in Canada
 - According to LIMRA, the insurance needs gap is the total level of insurance need**
- These numbers are compared to life insurance ownership of 78% in 1989***



But why?

This change didn't happen overnight

People changed, and we didn't

Life insurance has always been based on human interaction

- Sold, not bought



How has our industry responded?

- When less people were buying life insurance, companies and advisors focused on high-net-worth individuals
- Many chose to do the same things and get more revenue for each transaction

**EACH SALE WAS HIGH TOUCH FOR THE ADVISOR
AND REQUIRED MULTIPLE MEETINGS:**



HOW DID THAT WORK OUT?

Overall ownership declined and the mass market was largely ignored.
We're leaving customers behind!

Now, we're leaving customers behind!

Especially the following demographics

Households earning under \$50,000 per year

Millennials and Gen Z (ages 18 to 42)

Women

The life insurance need-gap demographics – 2024

Demographic group	Percent with need		
	Owners	Non-owners	Total
GENDER			
Male	12%	26%	38%
Female	11%	34%	45%
GENERATION			
Gen Z*	6%	43%	49%
Millennials	9%	37%	46%
Gen X	16%	29%	45%
Baby boomers	11%	16%	27%
LANGUAGE			
English	10%	23%	33%
French	10%	8%	18%
HOUSEHOLD INCOME			
Under \$50K	9%	47%	56%
\$50-\$149K	12%	28%	40%
\$150K or more	14%	14%	28%

*Small sample size. Note: Owners + non-owners do not equal total due to rounding. Source: LIMRA 2024 Insurance Barometer Study.

The industry is ripe for disruption



A large underserved market

A significant genuine need

Dissatisfaction with the "status quo"

Well-funded, new entrants to the market

Millennials and Gen Z

But consumers lack knowledge

More than half (55%) state they don't know how much life insurance they need

More than half (52%) don't know or understand what type of life insurance they should get

More than 1/3 (38%) don't know where to get the info

Source: 2023 ivari and Leger research study.



Shift in generations?

Top reasons for not having insurance



Boomers, Gen X & Millennials

Too expensive
(50%)



Gen Z

Haven't got around
to it (38%)



Gen Z, Millennials

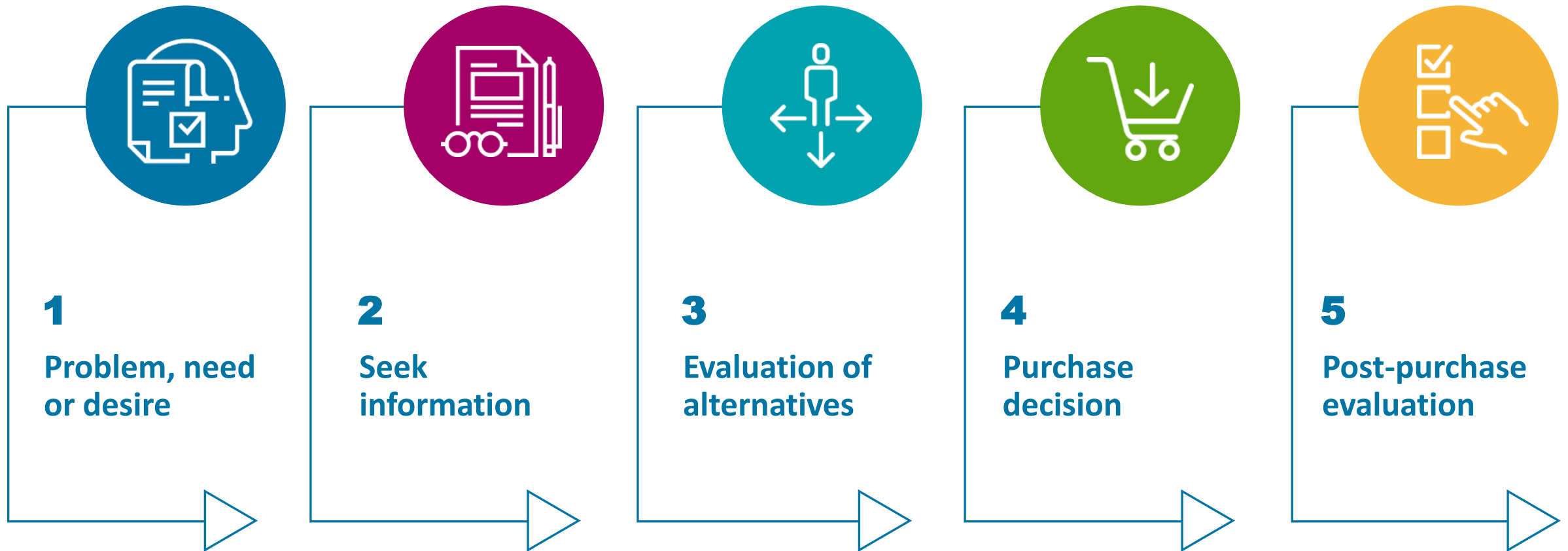
1/4 of the younger
generations are not aware
that life insurance can
personally benefit them

What else is going on right now?

- Millennials and Gen Z have grown up in a world of constant disruption
- We need to know more about them, their needs and habits to meet them where they are!
- The traditional ways of selling insurance will no longer work for the younger generations

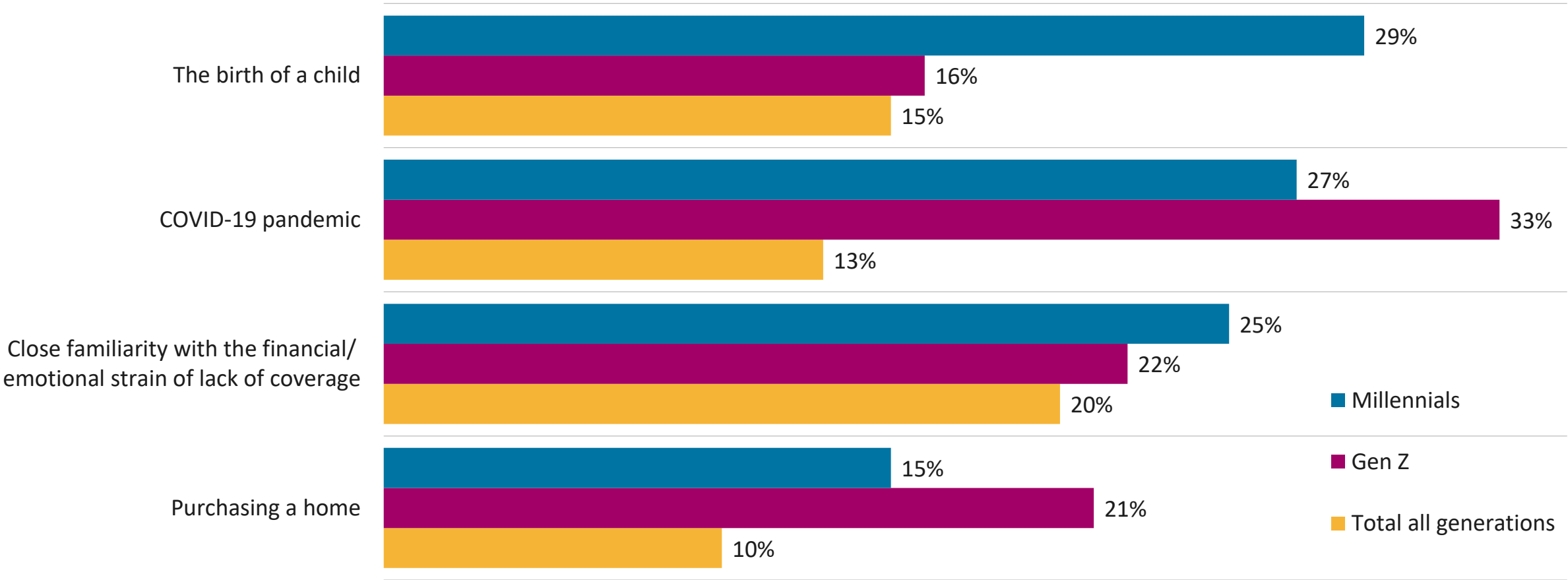


The traditional customer journey



Triggers (mostly) haven't changed

Reasons to buy individual life insurance



Source: LIMRA 2023 Barometer Study.

But motivators can be different

1



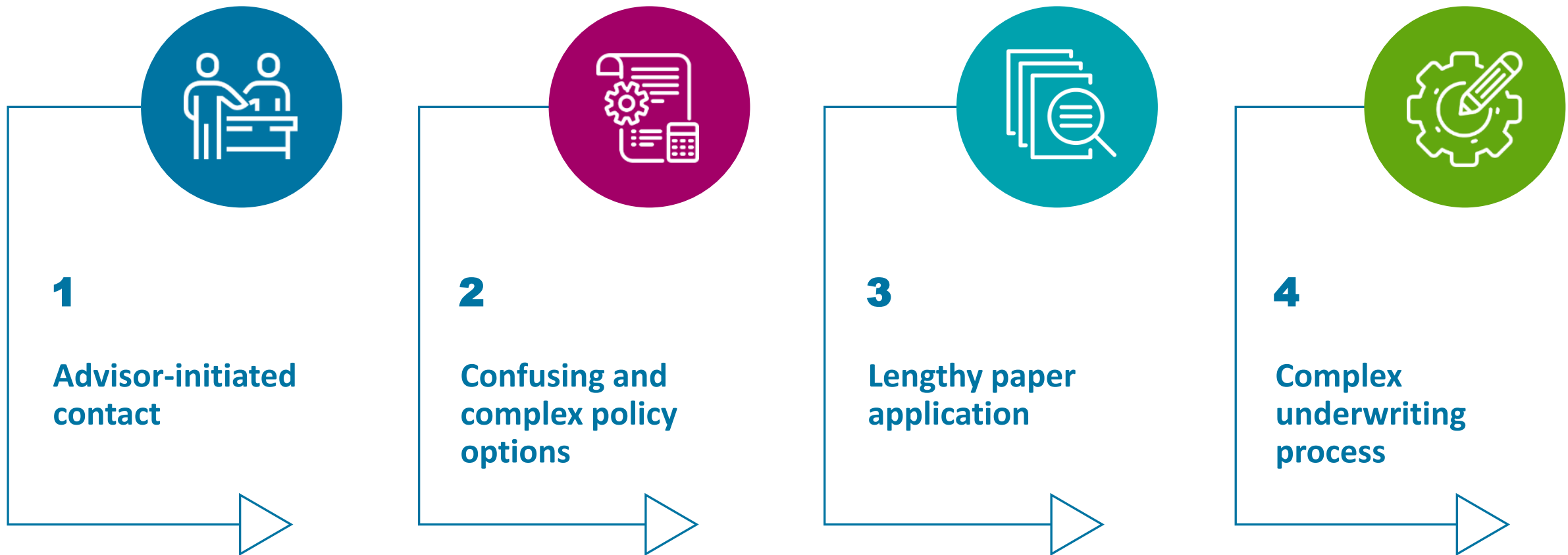
**I don't want that to
happen to my family**

2

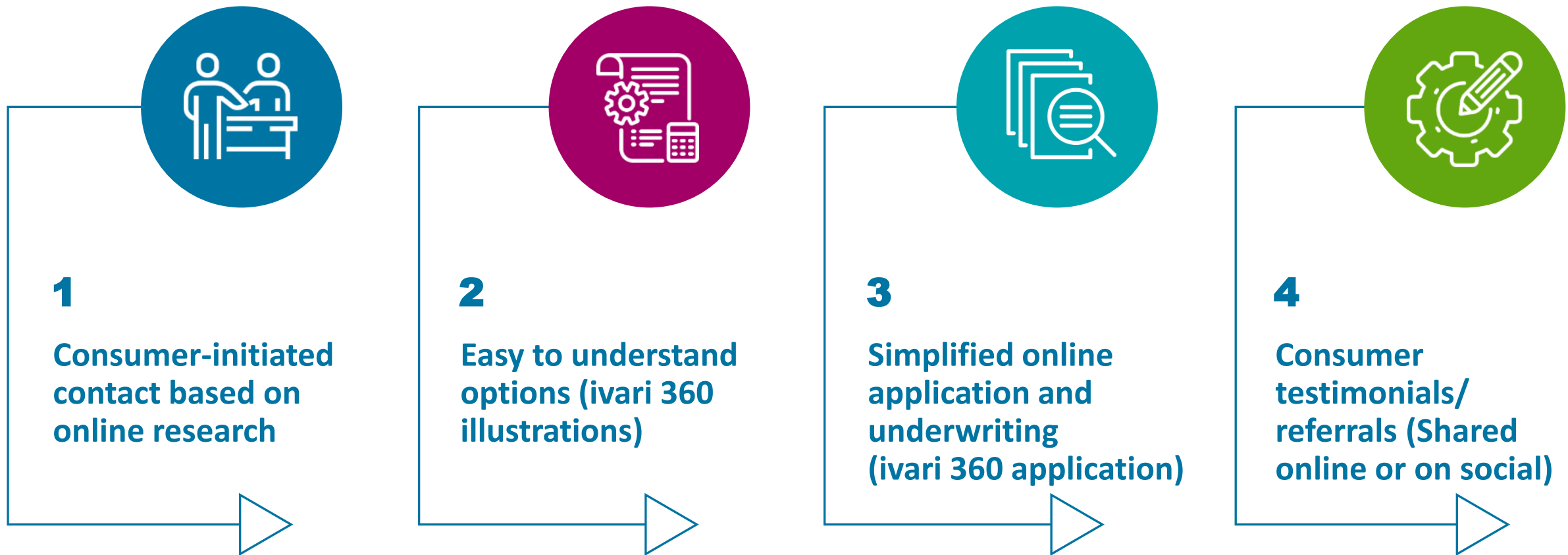


I got this

Traditional customer journey for insurance



Tomorrow's (or today's) customer journey for insurance



What can you do?



Understand the opportunities

- Millennials aren't kids anymore (many have families of their own) and have insurance needs
- Gen Z is also growing up – they know what they want (and need!) but might be unsure how to get it



You need to be where they are looking!

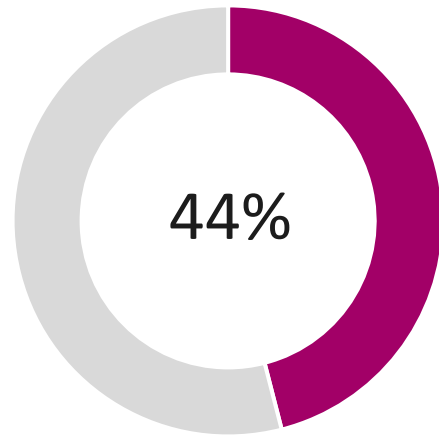
82%

of Canadian adults would use the internet at some point during their life insurance purchase process

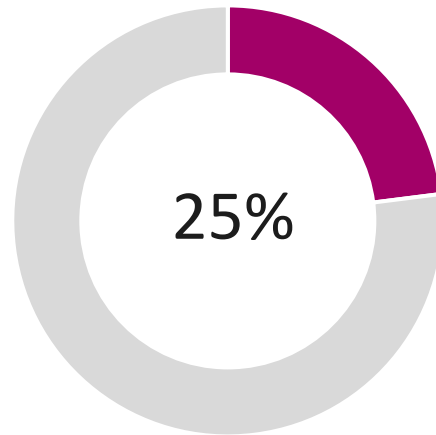


Life insurance purchase preferences

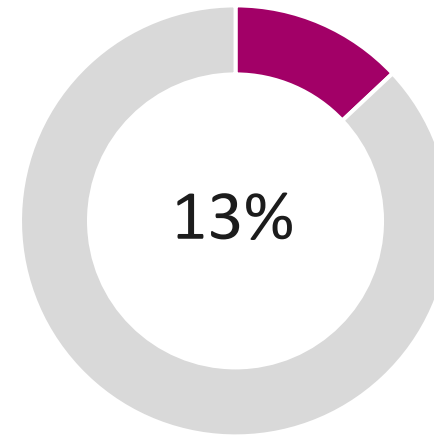
How do people want to purchase life insurance?



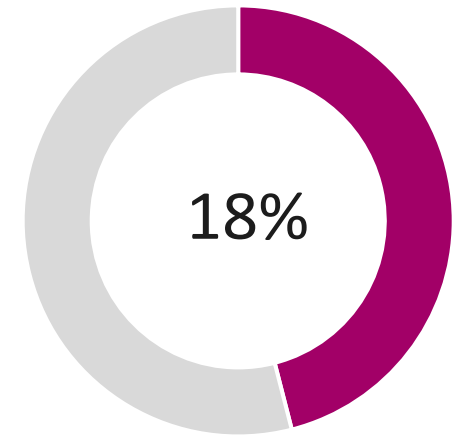
Research life insurance online, but ultimately buy from an insurance agent or other financial professional in person



Research online, but purchase directly from a company over the phone or through the mail, or via an online live video service



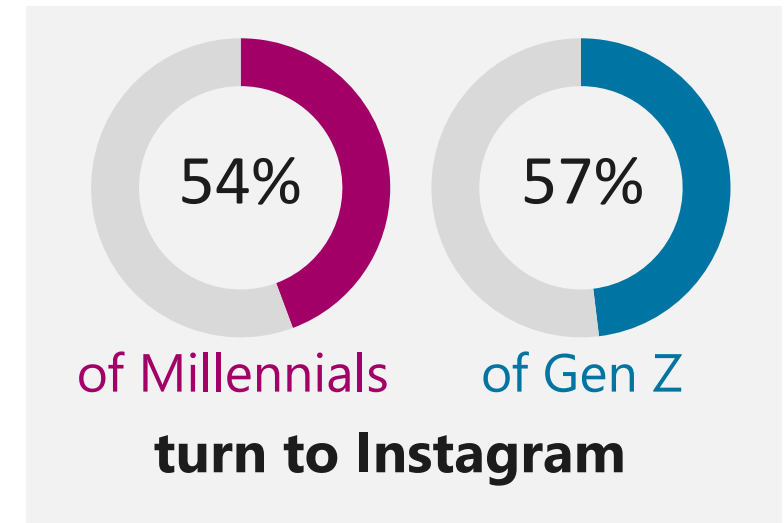
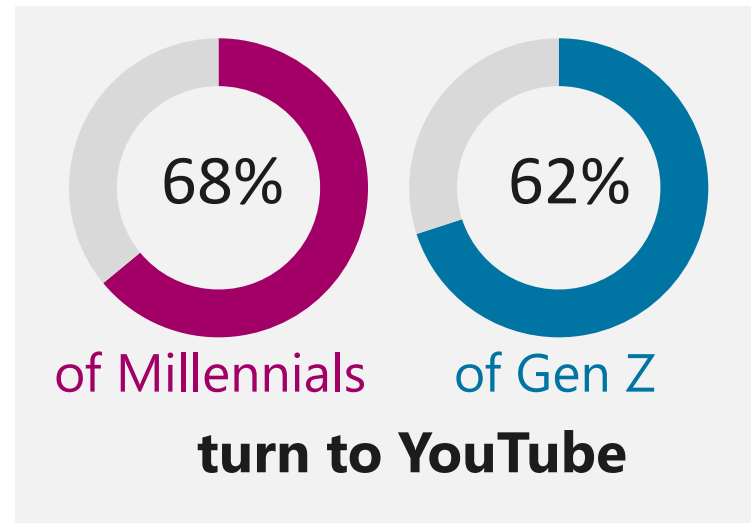
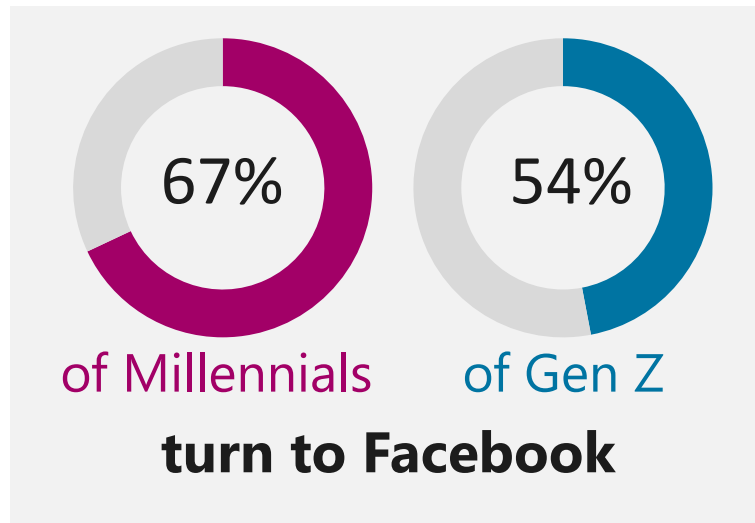
Research and complete the purchase entirely online without interacting with a professional agent



Wouldn't use the internet at all

Don't forget about social media!

Social media is the go-to place for younger generations to get not only information, but specifically financial information



Connecting with your target market



OBJECTIVE ► AWARENESS

THE OLD WAY

Newspaper ads, referrals (awkward!), trade shows, in-person networking, other non-targeted advertising

THE NEW, VIRTUAL WAY

Social media, blog posts, **targeted** social media ads, organic referrals through your current client base (not awkward), online networking, connect by offering **value for free...**

Social media and web-based marketing allow you to be present even when you aren't physically there

Connecting with your target market



OBJECTIVE ► EDUCATION/ENGAGEMENT

THE OLD WAY

3 or more meetings (sometimes in the home) – one to introduce, one to gather information, one to present the solution, print copies of materials in the office or car

THE NEW, VIRTUAL WAY

Get to know you on social media, Zoom introduction call, email or message relevant materials directly, run illustrations in ivari 360 based on initial information gathered

Connecting with your target market



OBJECTIVE ► ~~MOTIVATION~~ **EMPOWERMENT!**

THE OLD WAY

Cold sale, but possibly motivated by events or life changes

THE NEW, VIRTUAL WAY

Productive in-person meeting – Prospects may **already know** how much insurance they need before they meet with you

Connecting with your target market



OBJECTIVE ► ACTION

THE OLD WAY

A meeting to complete the application and make the purchase decision



THE NEW, VIRTUAL WAY

Use ivari 360 to act on a purchase decision, stay in touch through social media platforms and digital content

YOU are still the key

- Insurance advisors are key for both information and purchasing, compared to insurance companies
- Online research is the most popular method for initial information gathering about life insurance
- Digital platforms and websites are significantly less popular for actual purchases
 - Around half (46%) will do their initial research online
 - About 1/3 (32%) will turn to family and friends
- 40% of Gen Z will purchase through an advisor, while 17% would purchase online



Don't forget about referrals! Especially with the younger generations.

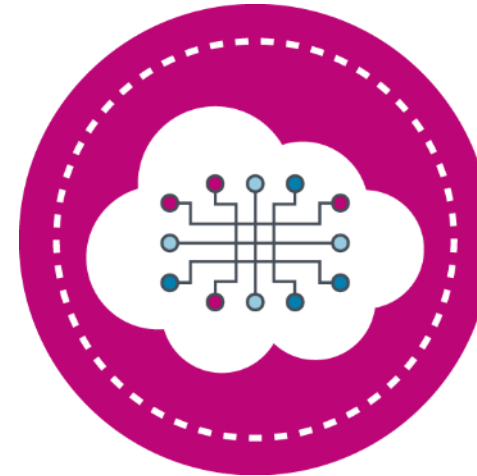
Remember the industry disruptors?



Demographics



**Customer
experience**



Technology



Regulation

Can you think of any others?

The big one – Technology

We are more connected than ever before!

Smartphones, watches and tablets

Cars

Smart TVs and appliances

Doorbell cameras

What are some other examples?

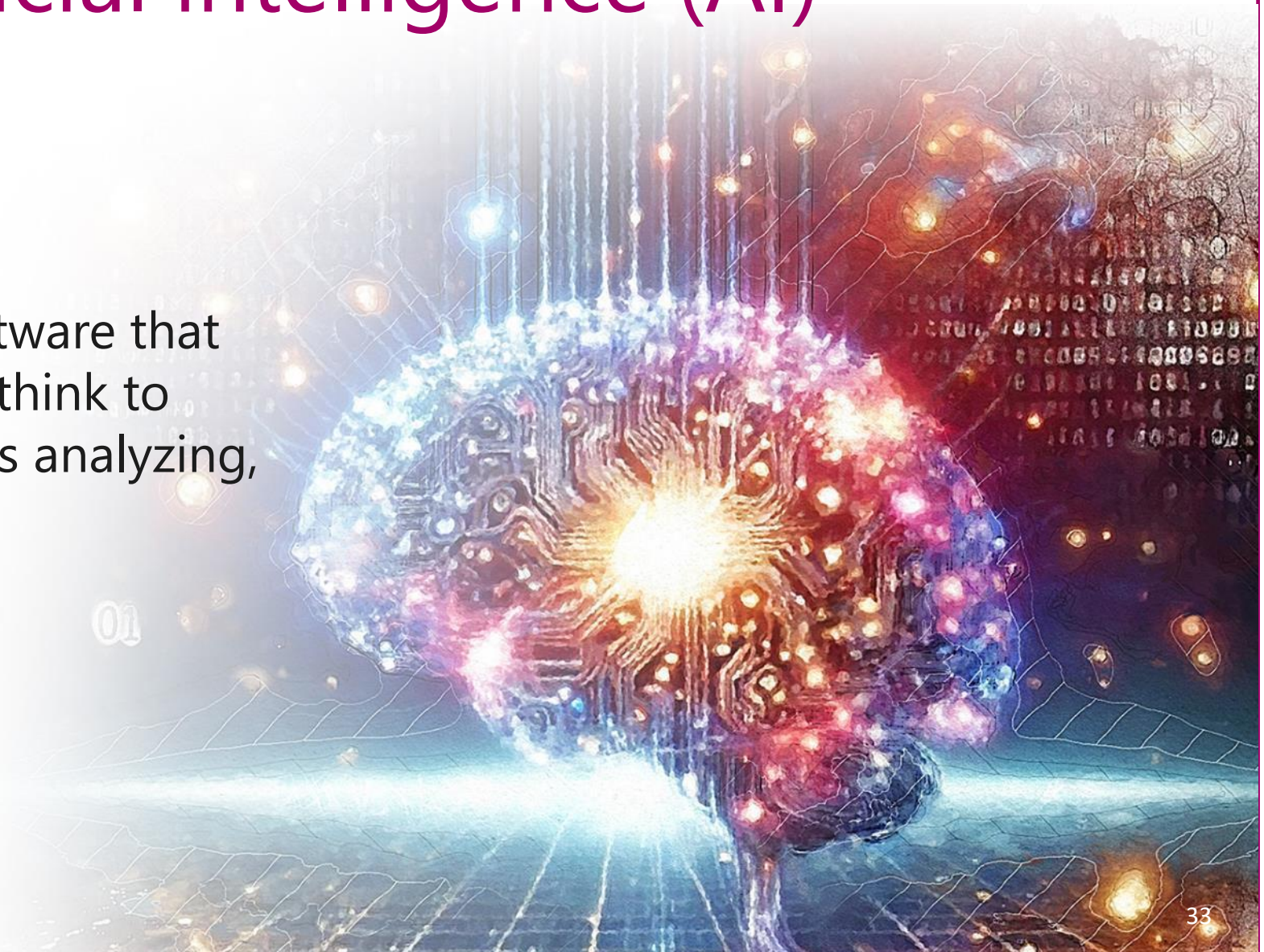


Experts estimate there will be up to 40 billion connected devices by 2030

What about artificial intelligence (AI)

What is it exactly?

Simply put, AI is computer software that mimics the ways that humans think to perform complex tasks, such as analyzing, reasoning and learning



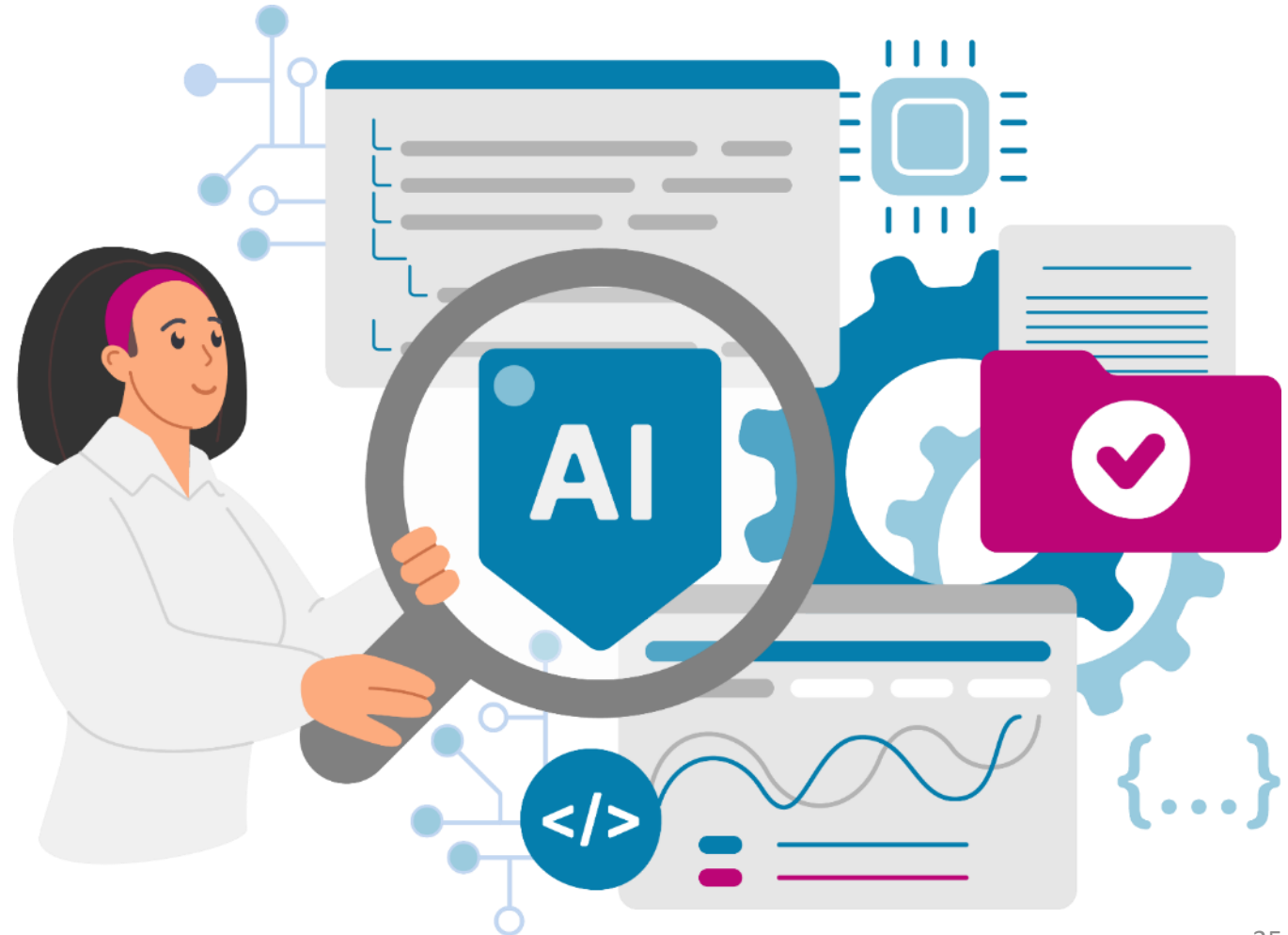
What could **you** use AI for right now?

- Helping you to **summarize complicated descriptions** in very clear language so that you can explain it to your clients
- Facilitating communication by **translating complicated terms of jargon to a policy holder's native language** much better than apps like Google translate or other search-based translations



What should you **not** use AI for?

- Ensuring that your client understands the details of their insurance policy
- Answering questions that are specific to your client's situation or providing advice
- Helping your client navigate the claims process



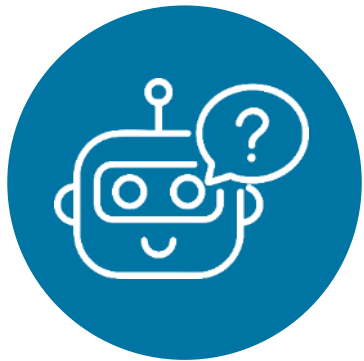
The human touch

- Think of AI as your personal assistant, rather than some sort of autopilot application
- The information that it presents back to you must always be verified for accuracy and completeness
- Don't just take it at face value. Review it before relying on it.



Always remember Fair Treatment of Customers!

What could **the industry** use AI for?



AI-powered chatbots

Answering quick and simple customer or advisor questions



Streamlined processes for insurers

Contracting, underwriting, claims



Wider distribution

Faster purchase time*



Fraud detection and prevention

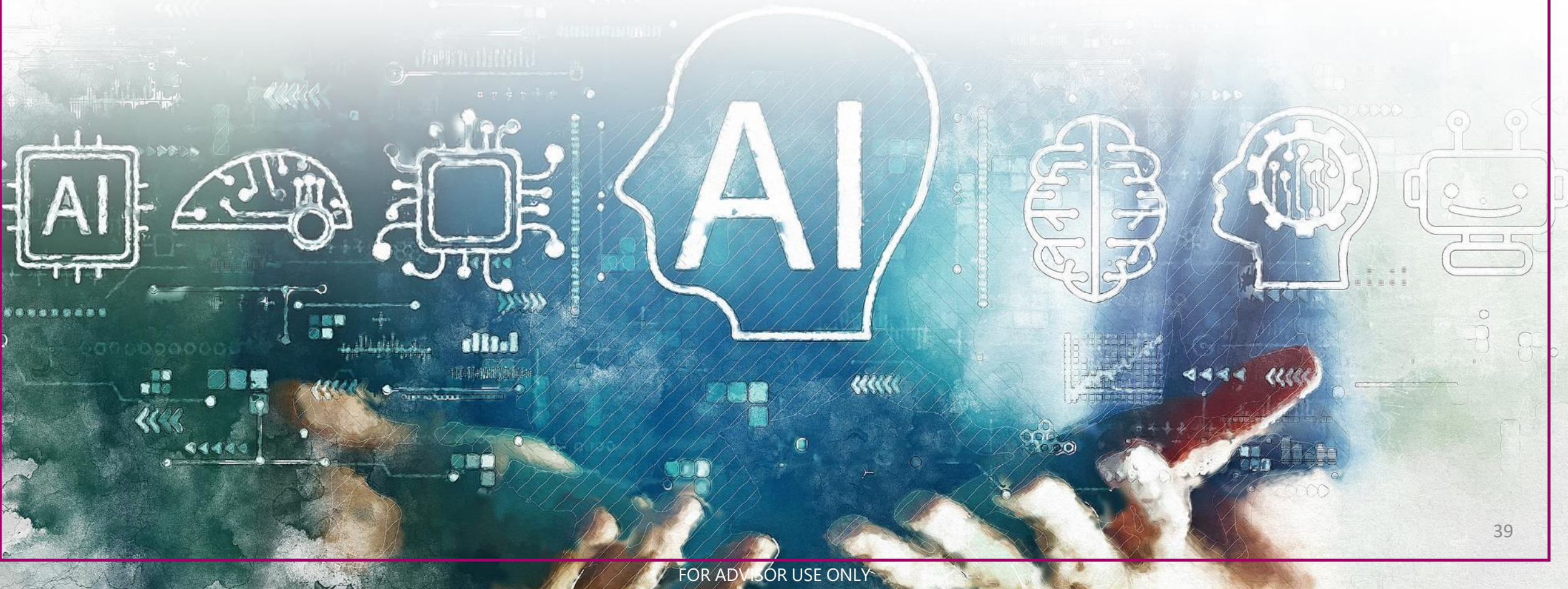
Large amounts of data could be analyzed to identify patterns that may indicate fraudulent activity

Where could we go in the future?

- We may not know where AI is going to take us in the future, but we do know it is here to stay
- It is going to become more and more a part of our daily lives at home and at work



Any other ideas?



ivari continues to invest in and develop digital tools to help you succeed!



**New mobile
experience**



**Online
change forms**



**Secure send
documents tool**



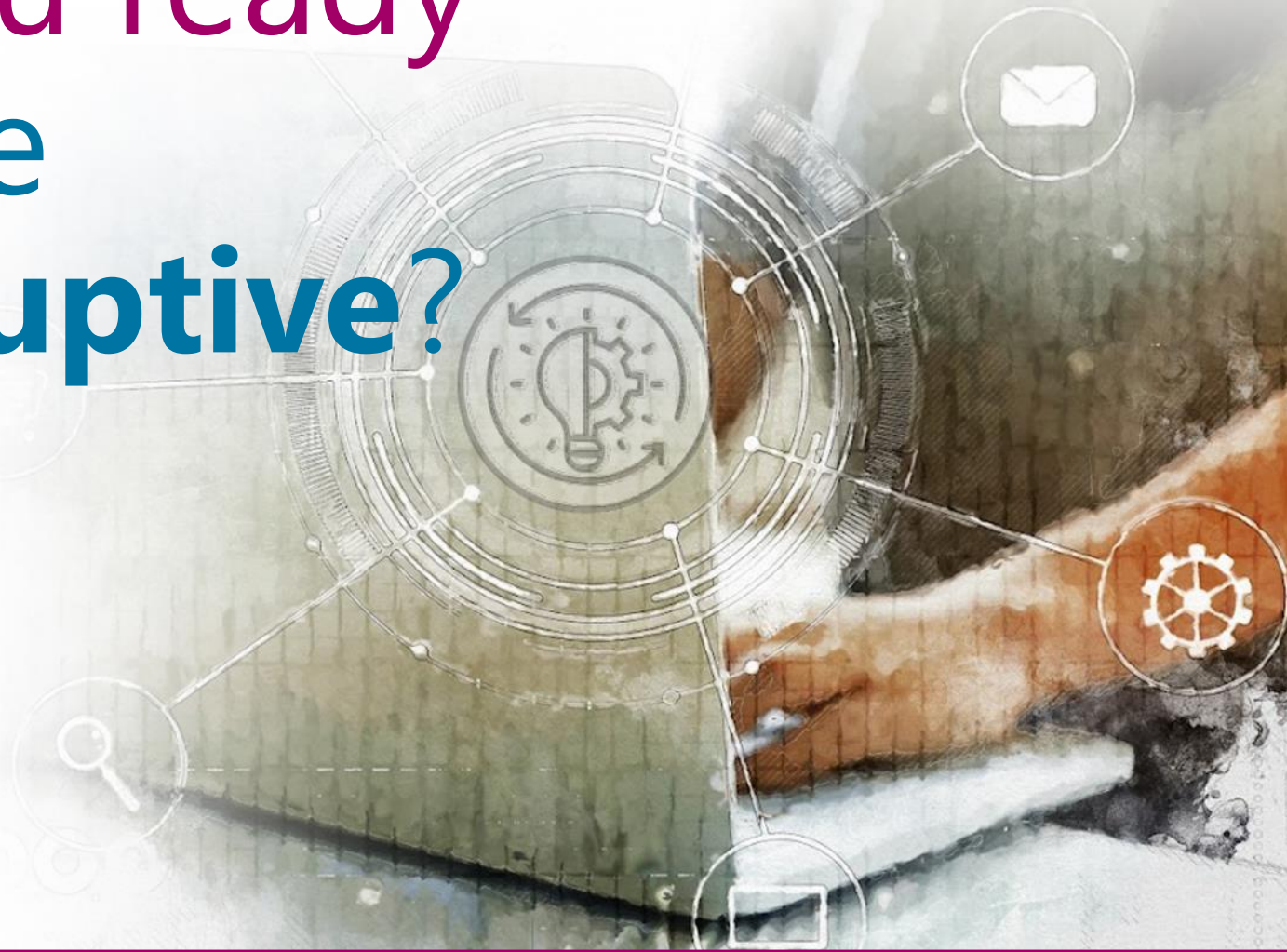
ivari 360
Our seamless,
web-based platform
for illustrations
and applications

Additional tools

- Practice management for a Compliant Advisor web page
 - Tools and resources to help you stay on top of compliance best practices
- Good Reads articles
- Advisor articles & insights
- Continuing education courses (Learning centre)
- Online and in-person training with your ivari Sales Team
- Spark live webinars and on demand content
- Spark...On the go podcast



Are you ready
to be
disruptive?



Thank you!



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