

The background is a solid red color. Overlaid on this are several thin, white, overlapping circles of varying sizes, creating a geometric pattern. The text is centered in the upper half of the image.

There's  
never been  
a better time  
to market  
insurance.

# The Age of Opportunity

America is experiencing its greatest age wave in history – which means the market potential is staggering. LIMRA estimates that one quarter of Baby Boomers do not yet own any life insurance at all. Of those who do have a life policy, almost half have only group coverage. As these Boomers retire, those who don't have any coverage except through their jobs will need to replace their group policy with individual insurance. Literally millions of households, across all age groups, still need to prepare and protect their families from the expenses and financial reversals that death can bring.

The need for protection has never been more evident. Americans are being bombarded by more risks coming from more sources than ever before. With the Great Recession, globalization, climate change, sudden outbreaks of diseases, and other forces beyond their control, Americans have more reasons to feel more insecure than ever before. Everything they hold dear is under threat, from their livelihoods to their retirement security to their health, homes and possessions.

## A Time of Challenges

At this time when insurance marketers should be benefiting from these heightened anxieties, too many insurers find themselves struggling with slow growth, increasing marketing costs and reluctant consumers.

**On a daily basis, insurance marketers have to figure out how to:**

- **Help people stop avoiding “end of life” issues and conversations**
- **Shake consumers out of their apathy and drive demand for life insurance**
- **Identify insurance shoppers that are actively in the market and ready to buy**
- **Breathe new life into mature, low consideration insurance products**
- **Revitalize demand and drive an increasing flow of leads to agents**
- **Redesign an insurance marketing program from outbound to inbound**
- **Reduce marketing expense and increase ROI**

As if this list weren't enough, it has to be acknowledged that there are fewer people actively buying insurance than ever before. According to recent research, individual life insurance ownership is at the lowest levels in 50 years. Some 95 million Americans do not have coverage.

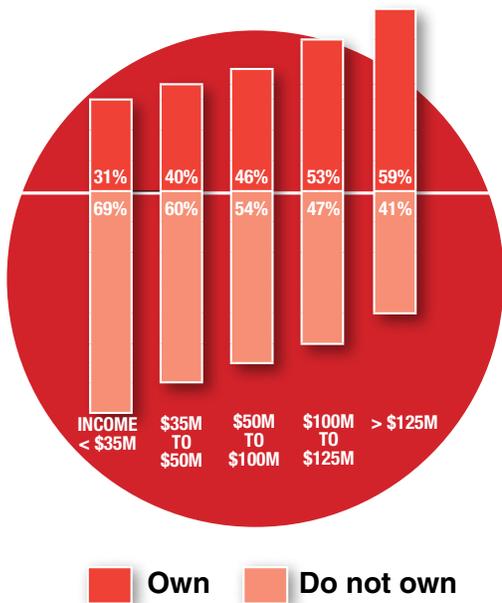
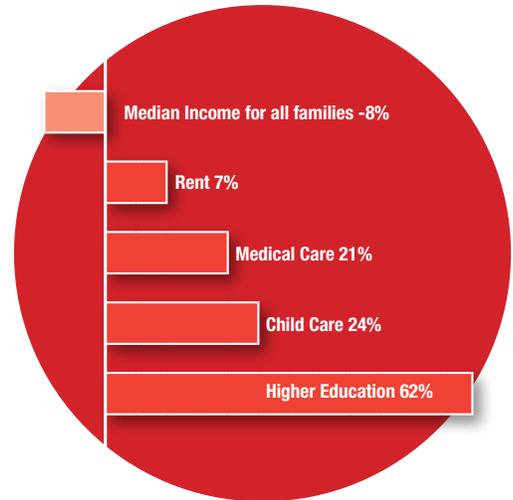
Looking across the  
marketing landscape,  
we see **exciting**  
**possibilities**  
— and great challenges.

# The Economic Landscape

A recent report from the Census Bureau showed the country's median household income edged up just \$180 last year, to \$51,939, a gain deemed statistically insignificant. Income at the median, meaning half the country earned more and half earned less, has declined nearly \$5,000 since 2007 when the nation fell into a deep downturn.

## Income vs. Expenses 2000-2012

While real incomes have been stagnant or declining in recent years, the other side of the story is the increase in the costs of various items that define a middle-class standard of living. Not only have families' costs for things from higher education to health care increased rapidly relative to overall consumer inflation, but these costs are also consuming a growing share of family budgets, leaving less and less room for discretionary spending and saving.



## Life Insurance Ownership

A recent McKinsey study confirmed that the less people earn, the less likely they are to own life insurance. The impact of the financial squeeze can clearly be seen across purchases in every category. Strapped consumers are reluctant to spend on anything but debt repayment and daily living expenses. In households earning \$50,000 or less, six in ten families have no life insurance at all. By some estimates, **every day** over a thousand people die without leaving any life insurance benefits behind for their family and loved ones.

# The Value Proposition

**D**espite the hard economic times many are experiencing, we can conclude that low insurance ownership is not due to financial pressures alone. Take the case of term life insurance, for example. Already the least expensive way to get coverage, term life has gotten to its lowest price ever because mortality rates have proven that people are living longer. This means that the policies that insurers are issuing today are being targeted at a population with a lower probability of death within the “sweet spot” of the term insurance market – ages 30 to 45. In addition, mortality tables were extended out to age 120, instead of 100, meaning that term policies could be positively affected.

Prudential Insurance recently conducted an extensive set of consumer research that highlighted key reasons why consumers place a low priority on purchasing life insurance.

- **Consumers believe that life insurance has a limited role.** Many consumers view the role of life insurance as a resource to support their family in the immediate aftermath of a death, not as a means to permanently replace lost income. In a series of focus groups, 63% of insureds said that they purchased life insurance to cover funeral costs and final expenses; only 53% viewed their policy as a means to replace a lost income.
- **Consumers perceive high face amounts of coverage as excessive.** Prudential found that most consumers believe that “adequate” individual life insurance coverage is two to three times their incomes, well below the industry-recommended eight to ten times ratio. Based on this perception, and given that the median household income in the U.S. is approximately \$50,000, the typical consumer appears to believe that \$100,000 to \$150,000 of life insurance coverage is sufficient. Industry statistics show that the median amount of individual life insurance coverage owned in the U.S. is \$115,000.
- **Consumers believe that they are already adequately protected.** Some consumers choose not to purchase individual life insurance because they participate in a group life insurance program. Consumers may also believe that their families are self-insured in the event they died. For example, as the number of dual income households continues to increase, families may refrain from purchasing adequate coverage due to the assumption that the second wage earner will be able to provide for the family in the event one of the wage earners passes away.

Consumers overestimate the cost of life insurance by nearly three-fold.



Bodden Partners  
thrives in this

**challenging  
environment**

filled with barriers to  
your success.

# The Key to Breakthrough Marketing

**T**hese are the challenges that face insurance marketers – economic pressures and misconceptions. Bodden Partners specializes in creating marketing plans and materials to overcome these barriers, combining proprietary consumer research methodologies, social media listening, and careful interpretation and application of customer experience data to uncover not only the root cause of the problem, but what it would take to turn consumer behavior around.

Marketers need to go beyond figuring out what is stopping the sale. For decades now insurance marketers have been studying why people buy and don't buy life insurance. Agents have been lecturing people, shaming them, guiltting them and coercing them to buy, but to no avail. At the same time, we have been using our insights-driven process to successfully unlock the secrets of going beyond understanding consumer behavior to actually changing it. The remarkable fact is that we continue to break records on sales on products that have not been upgraded, revised or re-priced.

## How to create more demand for insurance

Powerful, actionable insights resulting from our patented research process leads to the development of creative assets which focus on demand creation fueled by data-driven marketing strategies. These insights have resulted in a string of breakthrough successes for many of our insurance clients across not only their portfolios, but also among their life insurance offerings. We have decades of successful insurance product development, launches, and marketing turnarounds for clients in every category of the insurance industry, from life insurance to supplemental health, Medsupp, property and casualty, long-term care, travel and accident, and beyond.

Our client experience includes some of the largest, most innovative marketers in the business, such as Prudential, Transamerica, Mutual of Omaha, The Hartford, Nationwide Insurance, American Fidelity, California Casualty, Horace Mann, and others.



**Custom solutions have the power to change consumer behavior.**



We've learned some  
**important**  
**lessons**  
over the years,  
and we're willing  
to share.

## Here's what our experience tells us:

- **Fear paralyzes. Hope motivates.** Industry research shows potential life insurance consumers are being hindered by fear. Fear of death and avoidance of even thinking about it. Fear of discussing it with loved ones. Fear of sales pressure. Fear of making the wrong decision. Instead of reinforcing fear by confronting it head on, present your product as the key that unlocks the life your customers want for themselves. The better you understand their aspirations, the more you can tailor your product to those goals. Remember, they're not so different from you and me – we all enjoy a sense of security.

Stop to think critically about what you know about your audience

- **To get somewhere you've never been, you have to follow a different path.** Mimicking industry ads and refreshing previous controls won't dramatically lift results or set you apart from your competition. The historic decline in sales shows there is a mismatch between what the industry is saying and what consumers want to hear. The key to breakthrough results is to shift your thinking from the selling process to the buying process. Put yourselves in your customers' shoes. Understand the context of their lives, their aspirations and their goals and you will be better equipped to show them how you can help them.

- **Recognize that demographics and insights are two different things.** Often when we ask companies to tell us about their target audience, they describe their customers only in terms of demographics and fields on a database (gender, age, income, etc.). Strategic one-to-one prospecting and post-purchase research, coupled with insightful data analysis and contextualization, can affordably make pure data much more useful in determining what actually motivated someone to become an insurance buyer and why he or she chose your product over a competitor's.

- **Move beyond simply reacting to life event triggers.** Yes, people buy insurance when they get married, have a child, buy a home, etc. But the path each buyer takes and the length of time from the trigger to the purchase is all over the map. Once you dig deeper so as to discern the complete buyer journey and what they need from you each step of the way, you have a better chance of being there at the right time to offer them the kind of help they are looking for.

# Success stories - for the old and the new

## Case Study: New life for an old offer

**The background:** An Association client needed to sell a 20-year-old insurance product the membership had been exposed to repeatedly and was no longer buying.

**The challenge:** The product could not be updated or refreshed. We had to devise a new way to sell an old product that had reached its saturation point.

**The solution:** For years, the Association had researched the Association's relationship with the member, but we turned that question around and studied the member's relationship with the Association. We discovered a disconnect between the member's actual experience and the drivers the Association felt were most important. We re-designed the insurance marketing campaign accordingly and unleashed the most successful marketing program the Association had ever experienced.



**Sales lift over control: 280% on response and 286% on conversion**

## Case Study: Launching a new category of coverage

**The background:** Our client, a major financial services provider, asked our help with naming, positioning and launching a new and very complex insurance product to a highly-targeted demographic.

**The challenge:** The product actually defined a new category of coverage, one that combined many essential protections into a single product.

**The solution:** Our patented research methodology requires that those who actually develop the marketing hear directly from the targeted consumers about their fears and hopes in regards to the offering. This kind of empathetic connection is essential as the basis for developing our insights-driven branding for such an unknown product.

In this case, it emerged that educating our target was imperative due to the complexity and new nature of the product. By devising a positioning never before used to sell insurance, and just offering the right information without pushing aggressively for sales, consumers quickly understood the relevance of the category. Despite being informed that the product was only in development, the research pool overwhelmingly requested the chance to purchase the product once it hit the market.

**The result:** At the time of this writing, a fully-integrated campaign from research through on and offline marketing execution has been produced and enthusiastically endorsed by our client.

## ROI: Return on Insights

The key to insurance marketing success is to truly and deeply understand your target audiences. While you may think that's stating the obvious, actually defining the different audiences and figuring out where your offer fits in the context of their lives is no small feat. It requires a different way of thinking, and a different process for developing successful marketing communications across the board in insurance sales.

Today, developing successful marketing communications for insurance sales requires:

- **Shifting focus away from the selling proposition and immersing yourself in the buying proposition.**
- **Understanding, internalizing and championing customer needs.**
- **Taking a new approach to creative development, combining research expertise with marketing expertise.**

But the effort is well worth the investment. We have seen time and again that insurance marketers who know how to leverage deep consumer insights can successfully market even the most challenging products. Our process is designed in such a manner that people actually help you help them. By correctly translating the research insights into marketing, we let your customers tell us what to say and do in order to sell them the products they need at the time they need it.

Despite the words of wisdom we have shared, a generalized approach won't give you a path to your customers. Time and again, we've seen that the situation, problem and solution varies by product and by company. When an affiliate marketer simply versions mailings for each group, they can't beat a tailored approach.

## What's your toughest problem?

**Put our insurance team to work.**

**Contact Mark Silverman for a free, custom consultation.**

**Mark Silverman**

**VP, Account Director**

**[msilverman@boddenpartners.com](mailto:msilverman@boddenpartners.com)**

**212-328-5165**

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LIMRA 2014.