

fs viewpoint

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Life insurance is “sold” and not “bought”— for how long?

A perspective
on direct-to-
consumer life
insurance



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Point of view

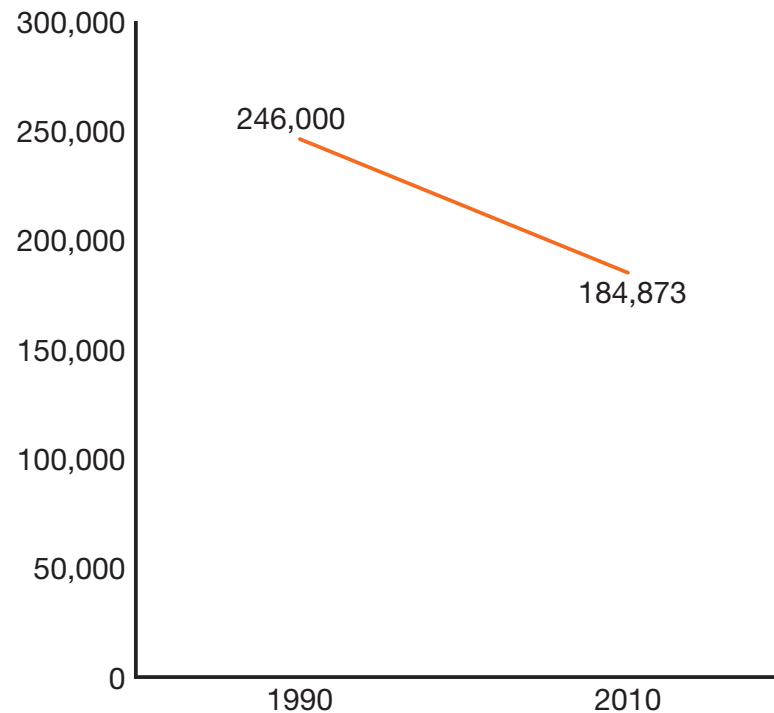


As more consumers turn to the Web for insurance and the number of life insurance agents continues to decline, it's critical for life insurers to take action now to meet the unmet needs of consumers.

Sixty-one percent of consumers from the ages of 18 to 54 find purchasing life insurance online attractive.¹

Seventy percent of American households with children under 18 are at risk if the primary bread-winner dies.²

Over the last two decades, affiliated life insurance agents have steadily declined.

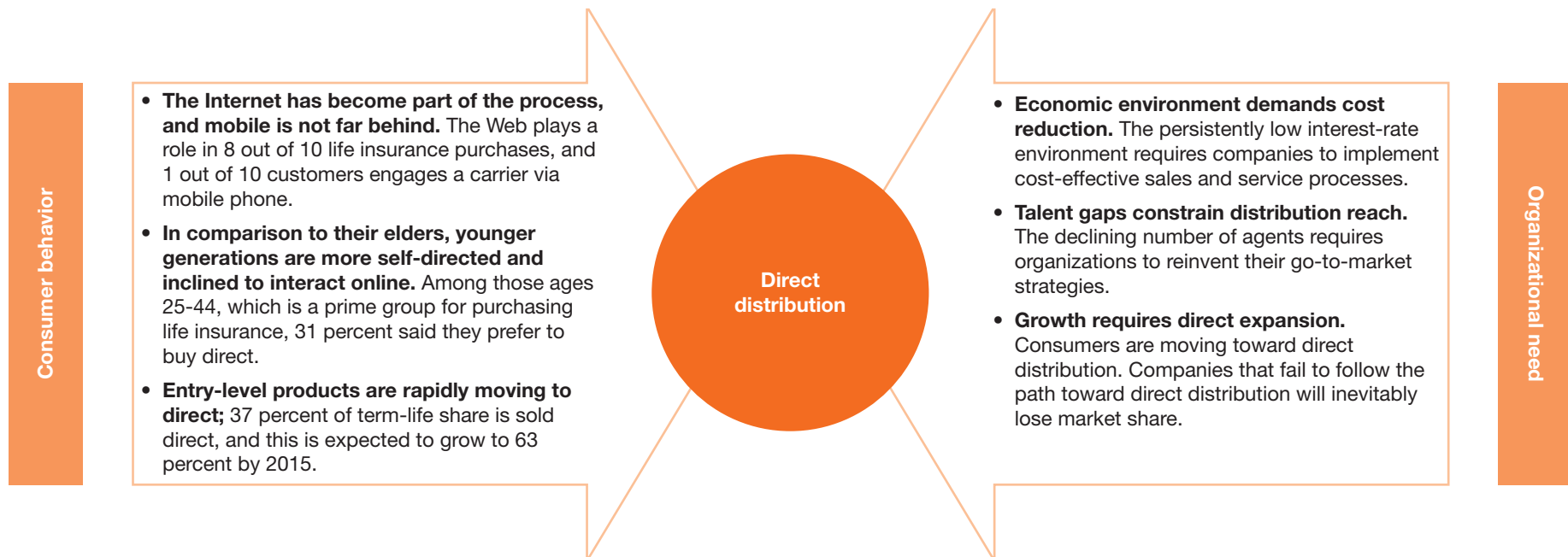


Source: Sandra Block, "Households with life insurance hits lowest level in 50 years," *USA Today*, December 2010.

¹ PwC analysis.

² LIMRA, "Facts About Life," September 2010, p. 1, www.limra.com, accessed July 3, 2012.

Direct distribution is not only important to meeting consumer needs, but also to the survival of traditional life insurers.



Sources: LIFE and LIMRA 2011 Insurance Study, www.limra.com, accessed February 2012; PwC Analysis.

At a time when life insurance ownership is plummeting, life insurers are waking up to an inconvenient truth: Decades of relying on an agency distribution system have left them woefully unprepared to survive in today's consumer-driven economy.

From 2004 to 2010, the percentage of US households without life insurance increased significantly.¹

And yet, studies show that consumers need life insurance now more than ever. Half of the US population is underinsured,² and 70 percent is at risk if the primary bread-winner dies.³

Insurers are realizing that they need to do a better job of reaching the underinsured and gaining their trust.

Life insurance is a complex financial product. Many US consumers don't clearly understand how life insurance works and how it should be prioritized among their other financial investments. Others simply want their options clearly laid out before them in a way that is not only fast and easy to understand, but also enables them to compare products among different insurers.

Consumer expectations have been conditioned by exposure to customer-oriented industries such as retail and air travel, where the user experience is insightful, predictable, and convenient. The popularity of life insurance has declined in the last decade—not because families no longer need it, but because the insurance industry has failed to keep up with changing consumer buying habits and behaviors.

1 LIMRA, "Household Trends in Life Insurance Ownership," 2010, www.limra.com, accessed July 3, 2012.

2 Cheryl D. Retzliff, "Trillion Dollar Baby—Growing Up: The Sales Potential of the US Underinsured Life Insurance Market," LIMRA, August 2011, p. 3, <http://media.hbwinc.com>, accessed July 3, 2012.

3 LIMRA, "Facts About Life," September 2010, p. 1, www.limra.com, accessed July 3, 2012.

Consumers still need help understanding life insurance.

A 2011 LIMRA report summarized the top reasons why the underinsured have not bought more life insurance, as highlighted in the table below.

Top reasons for not buying more life insurance		
	Underinsured	Likely to buy
Competing financial priorities:		
Other financial priorities	79%	77%
Can't afford	79	68
Prefer to put money in other financial products	37	42
Lack of knowledge:		
Difficult to know what type to buy	47	56
Difficult to know how much to buy	44	56
Worry about making the wrong decision	39	50
Procrastination:		
Haven't gotten around to it	40	54
Haven't received information relating to my needs	28	39
No one has approached me	25	35
Unpleasant to think about dying	23	34
Avoid high pressure sales	44	53

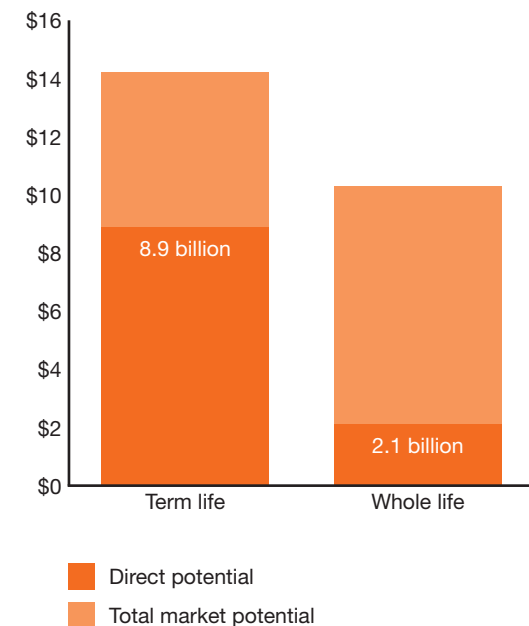
Source: Cheryl D. Retzliff, "Trillion Dollar Baby—Growing Up: The Sales Potential of the US Underinsured Life Insurance Market," LIMRA, August 2011, p. 9, <http://media.hbwinc.com>, accessed July 3, 2012.

Many insurers consider the direct-to-consumer channel to be a vital addition to their strategy—one that will enable them to survive and effectively compete in the 21st century. Based on our research, growth in the direct market is set to explode by 2015.¹

External factors	Internet, mobility, and social networking	<ul style="list-style-type: none"> Almost all 18-to-54 year-olds are active Internet users,² and 61 percent view purchasing life insurance online as attractive.³ Web 2.0 has created a new generation of tech-savvy customers with a preference for simplicity, speed, and convenience in their purchases.
	Growing consumer independence	<ul style="list-style-type: none"> Increasingly, consumers are relying on their own networks to obtain information to inform their purchasing decisions; they feel more empowered to purchase policies without the guidance of a financial advisor. Gen-X and Gen-Y consumers are demanding greater transparency and speed in the form of self-service channels.
Internal factors	Shrinking agent sales force	<ul style="list-style-type: none"> The insurance sales force has been shrinking over the past 20 years. Over the next decade—as agents retire, fewer agents enter the industry, and others move on to different career opportunities—the workforce will be significantly reduced.
	Cost reduction	<ul style="list-style-type: none"> Persistently low interest rates have cut into investment income, leading many companies to aggressively seek ways to reduce expenses in order to stay afloat. Technology advancements are delivering cost-effective sales and service operations by streamlining underwriting and enabling straight-through processing of applications.

Similar to changes that were adopted by auto and property and casualty insurers several years ago, changing market conditions are pushing life insurers to integrate direct-to-consumer distribution into their channel strategies:

Total market and direct distribution potential



Source: PwC analysis.

¹ PwC analysis.

² ComScore, "Next-Generation Strategies for Advertising to Millennials," January 2012, p. 1, www.comscore.com, accessed July 6, 2012.

³ PwC analysis.

In our view, to address changing market dynamics while innovating through analytics, the next generation of life insurance leaders will turn to direct.

Leadership focus

- Life insurers were slow to invest in the direct channel over the past 10 years out of fear of channel conflict.
- Attractive return on earnings (ROE) levels in the early part of the last decade lessened the need to focus on developing new channels, while the financial crisis of the last few years has consumed all of leadership's attention.
- Compared to other generations, the next generation of life insurance leaders will be more responsive to consumer needs and will position themselves to seize these growth opportunities.

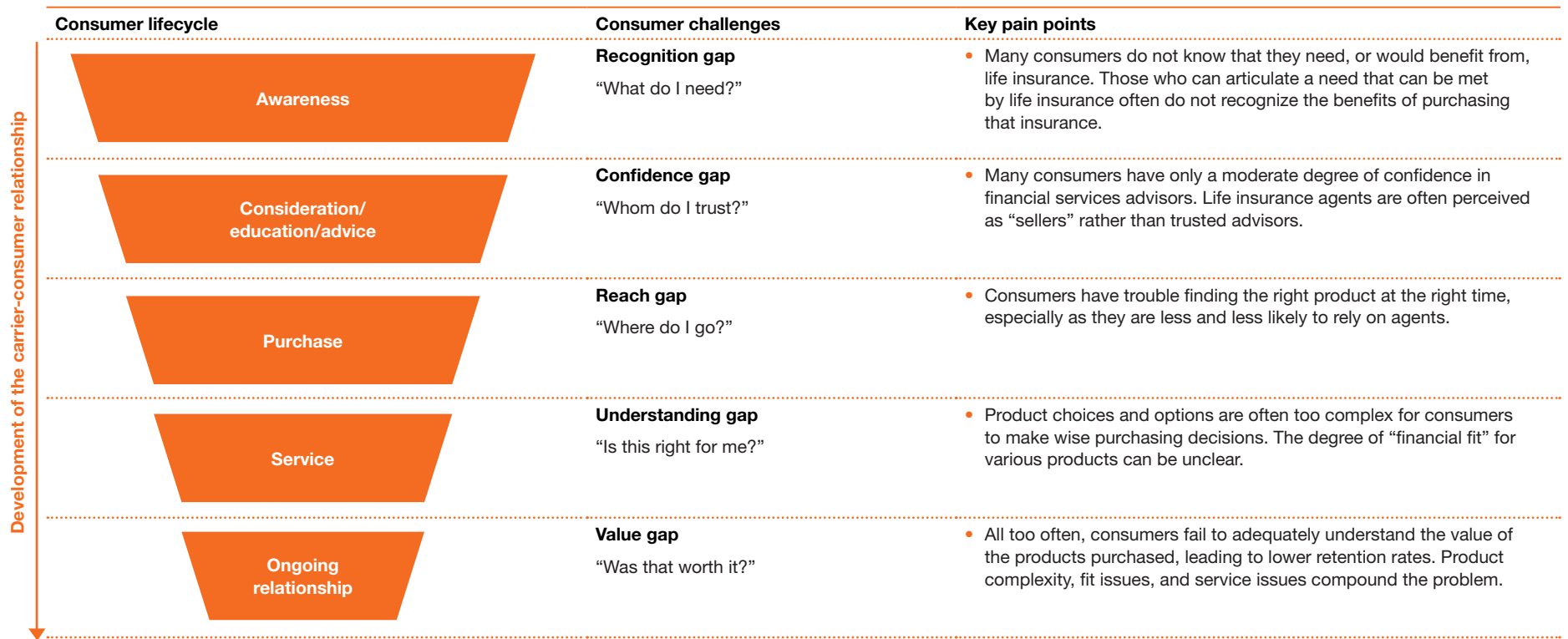
Changing market dynamics

- The increasing accessibility and ease of use of digital channels will drive both companies and consumers to direct.
- As the pressure to grow accelerates, life insurers will follow the growing direct-market segments and invest in this business.
- The maturing P&C direct business will attack the life cross-sell opportunity to improve household penetration and retention.
- Ten years ago, a supply of experienced insurance agents made it possible to grow through an agency distribution system.
- As agents begin to retire, companies will turn to direct in order to maintain and expand their distribution reach.

Electronic health records and advanced analytics

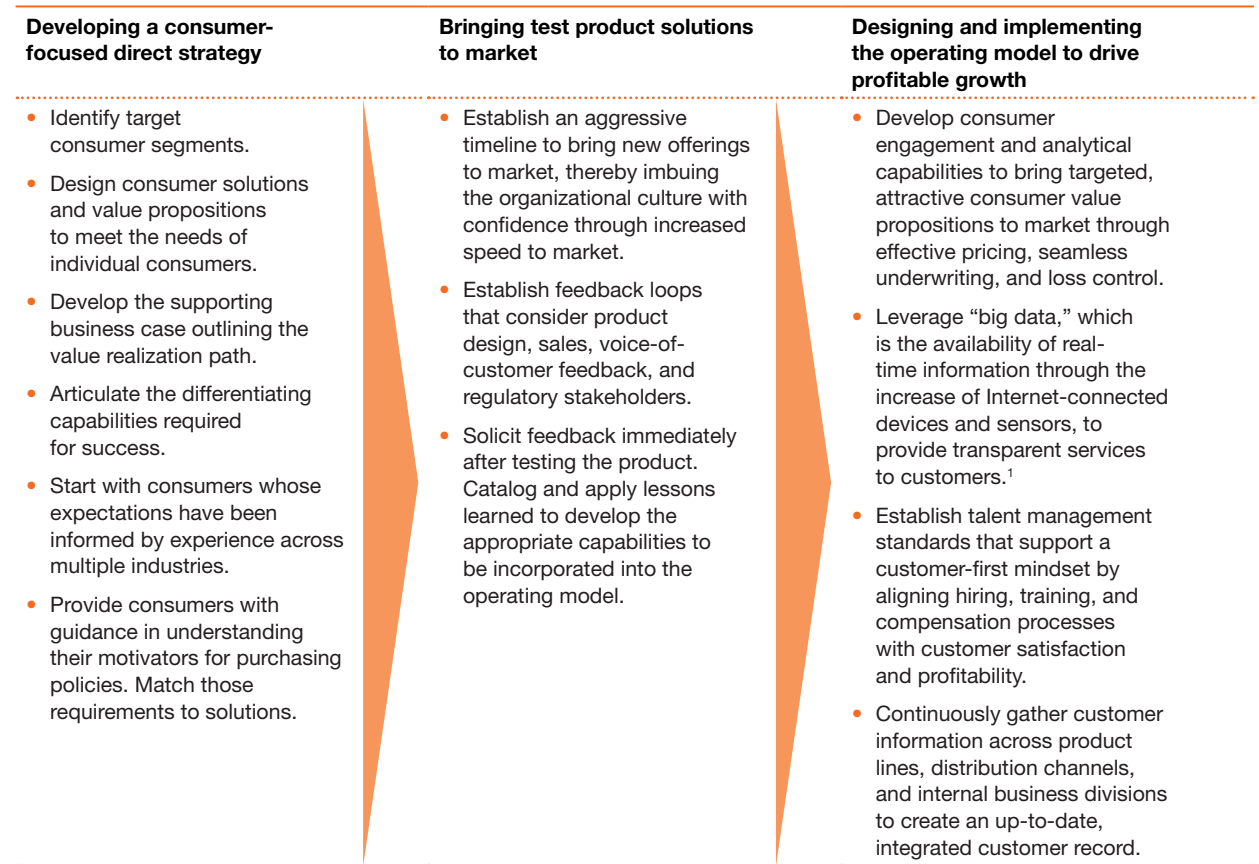
- With the given permission and access rights associated with healthcare reform, insurance companies will be accessing individuals' electronic health records (EHR) via a standardized cloud that captures a person's medical history.
 - Insurance companies can begin leveraging EHR and developing a review system that can analyze a person's records, potentially streamlining an automated underwriting process and enabling straight-through processing of applications.
 - Advanced data analytics will be leveraged to simplify and automate the underwriting process—this is in contrast to the current direct business model that largely applies traditional underwriting processes to the direct channel.
-

Direct distribution is not expected to displace traditional channels—but it will help insurers to reach consumers by addressing multiple consumer challenges in a simple, fast, and trusting environment.



Leading insurers are focused on understanding customer value propositions and building scalable operating models to support new channels and evolving products.

We have observed leading insurers set out clear, consumer-oriented strategies—supported by disciplined approaches to executing strategies. We see that those insurers are better positioned for successful direct life insurance businesses. Leading practices include:



¹ PwC, “Insurance 2020: Turning change into opportunity,” January 2012, p. 5, www.pwc.com/insurance, accessed July 6, 2012.

The transition to direct isn't easy. Before embarking on the journey, insurers should carefully consider their value propositions and how direct distribution will complement their strengths.

The traditional agency model relied on face-to-face relationships to understand customer behaviors and preferences. The direct model, however, will force insurers to rethink how they market and provide service to customers.

Building a direct distribution channel is a significant undertaking that will test any insurer's organizational, leadership, and technological capabilities. But each obstacle also presents a valuable opportunity to outshine competitors. The top four challenges that we see for insurers are:

1. Difficulty in understanding customer needs

Decades of reliance on agents to build customer relationships have left many insurers unsure of how to manage a variety of segments and prioritize them efficiently and effectively. This leaves insurers unable to deeply understand customer needs and expectations, which can result in higher sales costs and lower future profitability.

The direct channel will give carriers the opportunity to observe and test customer behavior and attitudes directly, rather than rely on producers to cultivate relationships. It also gives carriers the freedom to seamlessly create customized selling experiences for different segments.

2. Managing multi-channel integration and channel conflict

Consumers want the “best of both worlds”—personalized service combined with on-the-go convenience. Complex operational improvements are needed to provide well-coordinated delivery to consumers across all channels. But many insurers will struggle with the challenge of transforming from a product-centric to a customer-centric organization that operates across multiple channels.

Channel conflict is an ongoing threat, as insurers continue to fear that direct sales will cannibalize sales from traditional channels.

Implementing a direct channel drives significant progress toward a homogeneous, multi-channel model by building the direct channel to integrate with and complement other channels, such as those provided by producers or worksites.

By focusing direct sales on segments underserved by the producer channel and by implementing smooth transitions between the two channels, conflict can be minimized or even replaced by synergistic effects.

The transition to direct isn't easy. Before embarking on the journey, insurers should carefully consider their value propositions and how direct distribution will complement their strengths. (continued)

3. Cumbersome, product-centric operating procedures and systems

Legacy products, processes, and systems of insurers often become significant inhibitors of success in the direct-to-consumer business. The application and underwriting process is lengthy in the traditional model (six weeks, on average, until placement) and drives abandonment, thus dampening profitability. Manual data entry and error-prone batch cycles introduce defects and increase risk.

Investment in a robust direct channel will have positive effects across the operational environment of the carrier as legacy processes and systems are improved to accommodate straight-through processing and online customers. This will improve the effectiveness and cost structure of all channels, resulting in wins across the organization, and generate lower levels of operational risk.

4. Overly complex products

While customers in the traditional agency model may have appreciated a wide variety of offerings, in the direct channel many products may lead to confusion and frustration.

There are too many products, and customers have trouble understanding which ones are right for them. Often, buyers do not feel good or knowledgeable about what they bought, leading to buyer's remorse or decision paralysis.

Products in the direct channel can be presented as a handful of discrete choices or packages that give the consumer a manageable amount of customization. Those products can be structured using principles from behavioral economics to direct consumers toward choices that are optimal both for the consumer and the carrier.

To overcome these challenges, life insurers should focus on four key levers of an effective direct strategy: 1) analytics, segmentation, and targeting; 2) distribution and new business; 3) simplified product offerings; and 4) technology and operations.

There is no “one-size-fits-all” approach to entering the direct-to-consumer market. Insurers that invest the time and resources up front to explore these four areas and to plan strategies that align the target state with the right operating model are far more likely to succeed.

Areas of focus	What is it?	Key benefits
Analytics, segmentation, and targeting	Analyze customer demographics, transactions, and behaviors to understand customer preferences and improve targeting efforts.	<ul style="list-style-type: none"> Enables a more comprehensive marketing strategy based on customer data—not simply “gut feel.” Provides an understanding of customer preferences, profitability, and price sensitivity. Makes it possible to predict profitable product and pricing strategies.
Distribution and new business	Develop an integrated, multi-channel strategy that creates value for the direct customer and complements existing channels.	<ul style="list-style-type: none"> Provides customers with options for interacting with insurers. Maximizes retention and cross-selling opportunities. Enables insurers to provide a differentiated customer experience.
Simplified product offerings	Develop targeted, intuitive products that make it easy for customers to understand the value proposition and to compare features and pricing.	<ul style="list-style-type: none"> Helps customers make informed choices that fit their needs. Provides transparent information that builds customers’ confidence in their decisions.
Technology and operations	Implement technology and operations improvements that enable more cost-effective operations and a differentiated customer experience.	<ul style="list-style-type: none"> Creates a positive, user-friendly, online customer experience. Improves the ability to respond quickly to market changes through adaptable product designs and service offerings. Streamlines processes to better manage operational costs.

Consumer engagement

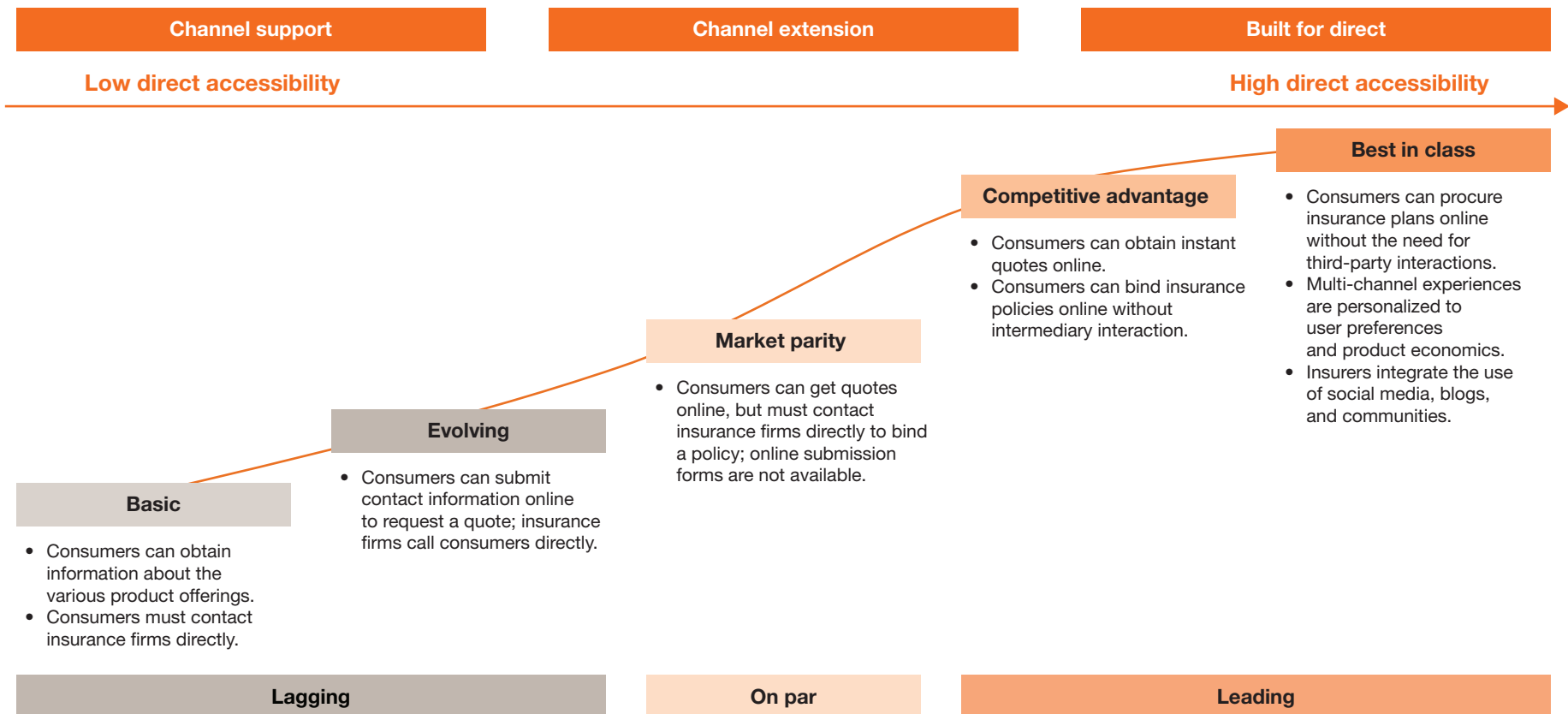
Competitive intelligence















*Our observations of
industry practices.*




All insurers require multi-channel capabilities, but the winners will create value propositions tailored for the direct-to-consumer business (also referred to as direct business).

Increased direct accessibility not only extends the distribution reach of competitors, but also serves as a key differentiator among insurers.



The direct channel has been implemented successfully by a number of life insurance carriers and financial institutions.

Focus area	Financial institution A	Financial institution B	Financial institution C
Simplified product offerings	 Offers term-life quotes and online purchases for certain coverage levels.	 Offers checking and savings accounts, mortgages, and consumer finance products online, as well as through call centers.	 Offers up to \$25,000 in whole-life coverage, as well as supplemental products such as children's, cancer, and accidental death insurance—all without medical exams.
Analytics, segmentation, and targeting	 Segments its customers with a customized data mart to optimize direct marketing spend.	 Uses voice-analysis technology to analyze calls in an effort to improve retention strategies—which resulted in a 48 percent increase in retention.	 Marketing strategy incorporates online and TV vignettes for different demographics to appeal to different customer segments.
Technology and operations	 Implemented an electronic underwriting system for 48-hour underwriting for term products.	 Developed extremely efficient operations in which more than 80 percent of customers use online or phone channels.	 Utilizes flexible online account-management technology that allows for extremely efficient account administration.
Consumer engagement	 Created a mobile app using mixed digital with physical media to interface with a sponsorship exhibit at a stadium.	 Created an online game Web site, directed at kids and teens, to educate them about financial management and savings.	 Developed online vignettes, mobile apps and games, robust online tools, and multi-channel integration to improve consumer engagement.

 Leading
  On par
  Lagging

A framework for response

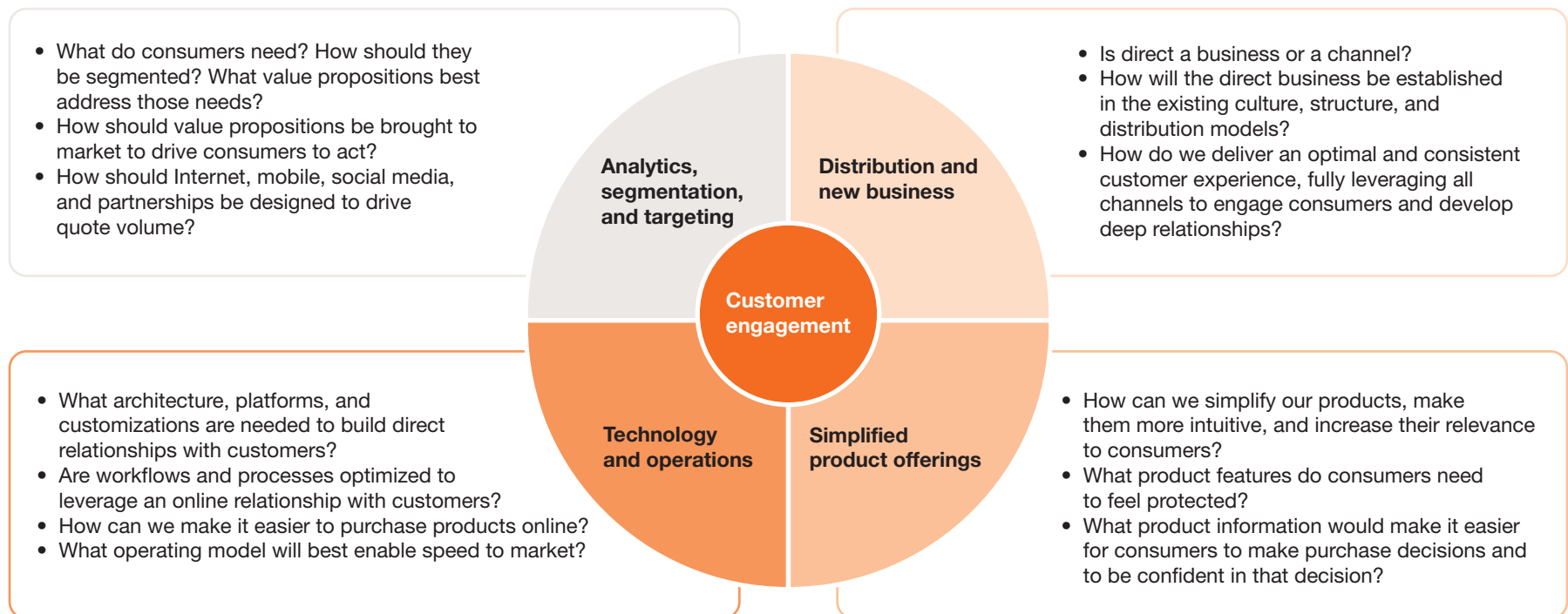


*Our recommended approach
to the issue.*

Life insurers can increase their likelihood of success by strategically addressing the value chain in direct business development.

As insurers assess and refine their operating models to support their business strategies for direct business, the answers to some key questions should guide their effort. Responses to the following questions can help insurers deliver compelling value propositions to

consumers by addressing all four of the key dimensions of the value chain—analytics, segmentation, and targeting; distribution and new business; simplified product offerings; and technology and operations.





***Analytics, segmentation, and targeting—
Use analytics to build a forward-looking, growing, direct life insurance business. Analytics can ultimately help insurers better understand and meet the needs of their consumers.***

Direct insurers can better meet the needs of their consumers by reorienting their business model to address consumer challenges.

Insurers can use advanced analytics and segmentation to understand consumer challenges and improve business performance by:

- Capturing consumer insights by mining data from social media sites and analyzing leads from online, mobile, and third-party sources

- Constructing an integrated customer profile by capturing the interaction history, preferences, and household information to educate and cross-sell protection and financial products
- Using behavioral analytics to improve the sales process in call centers and on the Internet by identifying key behaviors to improve quote completion and conversion.

The marketing process should use the better insights gained from analytics to attract customers and drive sales volume.

Insurers can no longer rely on agents to drive volume. Rather, they need to create demand by investing in digital marketing capabilities (Internet, mobile, email, social media, etc.) to grow volume. Since customers often choose a provider without speaking to someone, the process of testing the customer value proposition in a smaller field before initiating a full-fledged rollout becomes even more critical. Latent demand can be identified by leveraging social media and partnerships to educate and address unmet consumer needs.

Consumer challenges	Samples of recommendations to close gaps
Recognition gap “What do I need?”	<ul style="list-style-type: none">• Segmentation: Use marketing analytics and demand modeling to enable a more focused and relevant dialogue with consumers.
Confidence gap “Who do I trust?”	<ul style="list-style-type: none">• Marketing: Enhance digital marketing competency to rebuild consumer perceptions through specific, interactive, engaging, and actionable content—including social media—to build confidence through trusted communities.
Reach gap “Where do I go?”	<ul style="list-style-type: none">• Marketing: Take a leadership position on reaching new prospects who are concerned about the safety and security of long-term investments, but who do not view life insurance as a viable solution.
Understanding gap “Is this right for me?”	<ul style="list-style-type: none">• Products: Help consumers cut through the clutter and overcome perceptions of complexity using behavioral economics techniques.• Distribution: Codify the most successful agents’ approaches and tactics for reuse across channels to improve conversion.
Value gap Is that worth it?	<ul style="list-style-type: none">• Products: Create product innovation by designing solutions for the direct consumer segment, rather than by re-purposing agency-developed products that have been based on producer input instead of consumer input.



Distribution and new business—Create value propositions tailored for the direct life insurance business. All insurers require multi-channel capabilities, but the winners will go beyond simply supporting the direct channel—they will create something “built for direct.”

To differentiate their direct offerings, insurers need to go beyond just providing access to existing products through the direct channel. Leading insurers offer consumers a differentiated value proposition tailored to, and built for, the direct channel. This includes delivering a simple, fast, and trust-fostering customer experience with targeted product offerings. Consider the following steps:

- **Provide simple applications** with as few questions as possible, and enhance the application process with consumer education and needs-assessment tools.
- **Leverage behavioral economics** to improve conversion rates. This approach uses behavior analytics to improve the sales

process—both in the call center and on the Internet—by identifying key behaviors to improve quote completion and conversion.

- **Educate consumers** using needs-assessment tools to provide transparency and help customers feel more confident and in control.
- **Keep customers informed** through automated, rules-based underwriting with status updates to let customers know where they stand in the process.
- **Provide choices to customers** by offering preference management and electronic fulfillment.

Key success factors

- **Be proactive in managing channel conflict.** Reacting to, rather than anticipating, channel conflict forces organizations to make emotional short-term decisions. By engaging stakeholders in the process, insurers are better able to understand channel economics from all perspectives.
- **Establish strong sales call centers.** While building online marketing and sales capabilities is essential for the lead generation, success in the near-term will hinge upon establishing strong sales call centers for conversion. Share leading practices by codifying the most successful agents' approaches and tactics for reuse across channels to improve conversion.
- **Focus on the customer experience.** Consumer focus on price and product simplicity serves as an indicator that a market is moving toward commoditization. To compete effectively, today's insurers should aggressively manage costs while increasing consumer engagement.



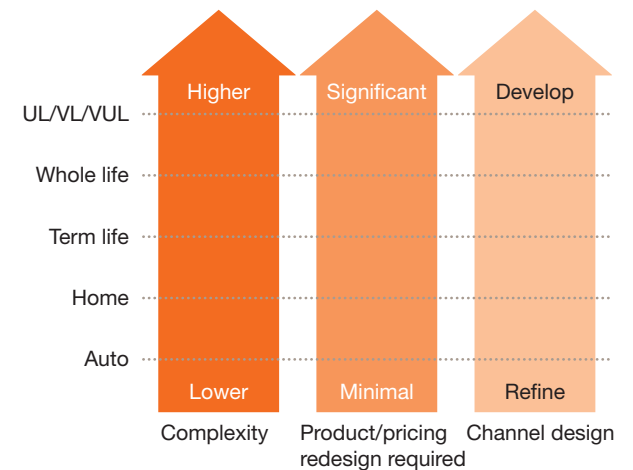
***Simplified product offerings—
Implement products and
solutions that are intuitive
and predictable with a
behavioral economics-
based approach.
The product design
process should analyze,
deconstruct, and address
key consumer barriers.***

The following steps can help insurers differentiate themselves through product innovation:

- **Redesign development processes**, from initial inquiry to quote to bid, with a consumer-oriented focus that establishes transparency, trust, convenience, and personalization.
- **Employ predictive modeling** using innovative risk variables to assess the market size and potential product opportunity. Refine new product offerings based on both internal and external feedback from pilots.
- **Simplify products with fewer options**, such as limited exchanges or replacements, at the point of sale to provide peace of mind to consumers. Provide a manageable number of product features and increase the speed of execution, quote, price, underwriting results, and policy delivery so that consumers can make easy and effective comparative decisions.

- **Guide consumers throughout the decision-making process** by providing education, interactive advice, and situation analysis based on customer profiles and needs, thereby creating a sense of predictability and confidence for customers.
- **Build customer convenience** by providing multiple channel options—such as Internet, call center, mobile, or agent—making them available any place, any way, any time. Customize information and interactions across all channels.

Product spectrum with direct distribution context





*Technology and operations—
Develop targeted technologies—such as electronic applications, automated underwriting, and e-signatures—to provide a seamless consumer experience and drive business performance.*

Technology

- **Leverage advancements in policy-administration system flexibility** and related technologies for process optimization to enhance the efficiency of internal and customer-facing processes. Develop a unified policy platform to support different product offerings and lines of business as well as to reduce costs.
- **Implement straight-through processing** that leverages enhanced data—such as electronic health records—through advanced analytics, so as to streamline and automate the underwriting process.
- **Simplify Web and mobile content publications**, making it easy for customers to receive and compare quotes.
- **Facilitate service interactions** by enabling Internet and interactive voice response self-service, thereby minimizing service frustration and enabling escalation. Create billing and payment options that are flexible and easy to understand.
- **Use a rules-based system architecture** to improve speed to market. Save costs by leveraging technologies and tools that allow business users to manage rules engines and configurators.

Implement technology and operations improvements that will help insurers to
(a) compete effectively on cost and efficiency and
(b) provide a differentiated customer experience.

Operations

- **Develop active customer-management processes** through post-sale follow-up and regular contact to drive retention. Gather and analyze voice-of-the-customer data to continually improve customer relationships and capture cross-sell opportunities.
- **Build speed into the claims process** to reinforce customer satisfaction and manage losses. Online status updates and ease of escalation are essential for reassuring customers of your commitment to their care. Where possible, agency engagement can also improve satisfaction.
- **Make employees accountable** for achieving customer-related goals by linking compensation and rewards with the realization of those goals. Develop employee performance metrics that include measures of customer satisfaction and profitability.
- **Develop a communications and reporting strategy** that reinforces the customer culture. Leadership's messaging about customer focus should be consistent, straightforward, and frequently heard by both front-line and back-office employees.

How PwC can help



*Our capabilities and
tailored approach.*

What makes PwC's Financial Services practice distinctive.

Integrated global network	PwC's Financial Services practice consists of more than 34,000 industry-dedicated professionals worldwide, including more than 4,500 in the United States. They serve large and multinational banks, insurance companies, investment managers, broker-dealers, hedge funds, and payments organizations. The US Financial Services practice is part of the PwC global network of firms, which has clients in more than 150 countries.
Extensive industry experience and resources	PwC serves more of the largest and most complex financial services companies than any other firm. We understand from personal experience the wide variety of business issues that affect the industry, and we apply our knowledge to our clients' individual circumstances. Moreover, our large, integrated global network of industry-dedicated resources enables us to apply this knowledge on our clients' behalf whenever and wherever they need it.
Multidisciplinary problem solving	The critical issues that financial service companies face today affect their entire business. Addressing these complexities requires both breadth and depth, and PwC service teams include specialists in risk management, compliance, technology, business operations, finance, change and program management, data and business analytics, economics and analysis, internal audit, tax, forensics, and investigations.
Practical insight into critical issues	In addition to working directly with clients, our practice professionals and PwC's Financial Services Institute (FSI) regularly produce client surveys, white papers, and points of view on the critical issues that face the industry. These publications—as well as the events we stage—provide clients with new intelligence, perspective, and analysis on the trends that affect them.
Focus on relationships	PwC's size, financial stability, and 150-year history all contribute to our long-term view of client relationships. We help clients translate strategy into action by helping them address their challenges in finance, tax, human resources, operations, technology, and risk and compliance.

PwC can assist life insurance companies in addressing the four key dimensions of the direct business value chain.

Analytics, segmentation, and targeting	PwC's analytics and direct marketing professionals work with insurance companies to help them understand their customers' needs, segment their markets, and develop a strategy for targeting customer segments using an appropriate mix of direct channels, including Internet, mobile, and social media.
Distribution and new business	Our professionals assist clients in creating value propositions that are tailored to the direct life insurance business. Our solutions are built with consideration of the client's existing structure, culture, and distribution models. The end goal is to deliver consistent, high-quality customer experiences that build loyalty and differentiate the client in the marketplace.
Simplified product offerings	Applying a proven design process that is based in behavioral economics, we work with life insurance companies to help develop simplified, intuitive products and solutions that are relevant to customers. The process translates customer needs into design features and product information that make the purchase decision easier.
Technology and operations	PwC's IT specialists work closely with clients to help develop targeted technologies that support the direct life insurance business—such as automated underwriting, online applications, and e-signatures. Our professionals explore the architecture, the platforms, the customization required to build a strong direct relationship with customers, and the operating model that will enable speed to market. The overall objective is to provide a seamless consumer experience that delivers better business results.

Appendix



Select qualifications.

*Developing a microsite
to build consumer
awareness—
Fortune 100 life
insurance company*

Issues	A major life insurance company with an established financial crisis center wanted to get the word out to consumers about its customized insurance-based solutions to help those who were deeply affected during the financial crisis of 2008. To reach the most consumers and strengthen its brand, the client wanted to build a microsite to showcase its guaranteed products and consumer-based solutions.
Approach	<p>The PwC team collaborated with the insurance company to develop a microsite that offered new and innovative ways to reach consumers who stood to benefit most from the company's guaranteed products.</p> <p>The client worked with PwC to build a site that would:</p> <ul style="list-style-type: none">• Provide a single place for consumers to go to for reliable advice.• Emphasize the company's promise to support its customers through the toughest times.• Allow consumers to explore and learn about the high-impact solutions, personalized messages, and holistic options offered by the financial crisis center.
Benefits	<p>The microsite distinguished the insurance company from others in its industry, strengthening its reputation with consumers and solidifying its brand in the marketplace. This ultimately increased the company's sales.</p> <p>The initial goal of attracting 10,000 visitors per month to the site was exceeded within the first few months, drawing more than 30,000 visitors.</p> <p>The microsite received recognition through numerous awards.</p>

Direct distribution strategy and planning— Large US insurance company

Issues

A leading US insurance company was losing market share to tough competition. At the same time, its operating expenses were increasing. To stand up to the competition and contain its operating expenses, the client wanted to target a new market segment of consumers who would value price, convenience, and speed over relationships with traditional agents. The client's analysis of consumer segments confirmed that its products and services were failing to attract a growing segment of the market.

Approach

PwC worked with the client to refine the insurer's value proposition and coached the sales force on targeting younger consumers who are more concerned with value than with being loyal to traditional brands.

The team also helped the client develop a comprehensive direct distribution strategy and operating model.

The major components included:

- Direct-sales growth scenarios and options.
- Competitive analysis and business case.
- Recommendations on future-state capabilities for business and technology.
- Two- to three-year implementation road map.

Benefits

The client identified significant revenue-growth opportunities by improving its e-commerce capabilities, creating a multi-channel distribution model, and improving its sales and service techniques. Consequently, its market share for auto and home insurance lines increased substantially.

*Growth strategy and implementation—
Global life insurance company*

Issues	<p>A global insurance company needed assistance to better penetrate life insurance consumers in the middle market. Research showed that this segment of customers did not have relationships with agents, and the buying-process challenges represented one of the largest barriers to market penetration. In order to implement a direct-sales approach to reach these consumers, the client sought assistance in assessing and refining its e-commerce strategy and road map for implementation.</p>
Approach	<p>The PwC team collaborated with the client to develop a direct-sales approach through e-commerce. Our team included specialists in business architecture design, IT and business project management, and underwriting. PwC facilitated discussions on the governance process, change-management strategies, and gaining the buy-in of all relevant stakeholders.</p> <p>The PwC team also helped the client:</p> <ul style="list-style-type: none">• Design a new e-commerce framework and define the targeted market.• Develop end-to-end business processes covering all channels, and identifying specific business requirements.• Conduct an in-depth analysis of the current-state technology framework and develop a model for the future-state technology framework.• Develop an implementation plan and change-management strategy.
Benefits	<p>The client was able to offer consumers a quick, user-friendly experience in which they could learn about the products offered and receive quotes for life insurance. The e-commerce experience also assisted in enrollment, underwriting, and policy issuance. This innovation strengthened the company's brand recognition and reputation as an innovator in the middle market, thereby reducing the cost of winning over consumers. In addition, the user-friendly experience improved time to market of new product offerings and enabled reusability of the insurer's existing business processes and technology infrastructure.</p>

Direct-sales contact center— Global insurance company

Issues

The performance of a global company's direct-sales contact center was lagging behind the competition. The client wanted to assess the capabilities of its sales force and establish a long-term, sustainable plan to make its center more competitive.

Approach

PwC worked with the client to assess the current state of its direct-sales contact center and determine what its sales force needed to successfully compete with industry leaders. The team helped the client focus on:

- Creating the ideal customer experience in the direct-sales environment.
- Facilitating workshops to discuss the vision, and integrating a capabilities model for a customer-centric direct-sales environment.
- Identifying major initiatives, phases, milestones, and developing a benefits-realization plan.
- Drafting business requirements for the direct-sales platform and selecting the appropriate software.

Benefits

The client's sales force at the direct-sales contact center improved its overall performance. Its members adopted a more customer-centric view and improved its strategy for receiving and handling warm leads. The sales force also improved its capabilities in marketing, prospecting, lead generation, and selling.

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***To have a deeper conversation,
please contact:***

Jamie Yoder	jamie.yoder@us.pwc.com +1 (312) 298 3462
Gene Boehm	gene.boehm@us.pwc.com +1 (312) 298 2274
Marie Carr	marie.carr@us.pwc.com +1 (312) 298 6823
Thomas Kavanaugh	tom.kavanaugh@us.pwc.com +1 (312) 298 3816
Anand Rao	anand.s.rao@us.pwc.com +1 (617) 530 4691
Paul McDonnell	paul.h.mcdonnell@us.pwc.com +1 (646) 471 2072

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