

LTC

Being the Chief of Expectations

Success will not be measured by what we promise, but what we deliver.



Dennis Martin is President of Individual Life and Financial Services at OneAmerica. Previously he served as the senior vice president of Product and Business Development, overseeing insurance operations and product development for life, annuity and asset-based long-term care solutions, as well as broker-dealer operations for OneAmerica®.

We've seen many innovations in insurance over the years. But to what end? Stagnant industry growth indicates our innovation efforts have failed to increase the understanding, appeal, and reach of our products. We have continued to innovate what we can sell, competing over existing market share, but have yet to crack the code on what will help more people buy.

In many cases, innovation has made products more complex and harder to purchase, usually in the name of driving higher illustrated values (not real value) or lower prices. However, we are beginning to see more forward-looking innovation take root in both product and process. By looking into the future, we create products that are easier to buy and simpler to understand, which is crucial to reaching more consumers and narrowing the insurance gap. Necessary complexity in products will remain, but how we develop, design, and convey our products and solutions to customers must improve.

Increasing close rates

Advancements that improve speed and ease of underwriting are evolving rapidly, focused on using technology and increasingly available data solutions to reduce barriers and expand our industry. While we still have a ways to go, the industry is making important strides in becoming easier to do business with. Over the next three years, a significant shift in the underwriting paradigm is anticipated as companies mature in their understanding and ethical use of consumer and medical data. These innovations will be forward-looking, helping to grow the market through more rapid and less invasive underwriting processes. This will benefit producers through a faster, reliable, predictable process, reducing time and increasing close rates.

While these process improvements are critical, forward-looking innovation in product design is another key component of growing the market. Too often, product innovation has been narrowly focused on enhancing the illustrated performance of an existing product, devolving into a chase for illustration supremacy. This is more engineering than innovation and can be based on fair-weather assumptions or assumptions that the past repeats itself. These designs may perform differently than expected in many real-world conditions that may emerge.

Improving performance innovation

With the economic realities and pull for transparency, this "performance innovation" has come under increasing pressure. There is a host of commentary and various debates on the topic, but the reality is that responsibly navigating product innovation is more complex and nuanced than many simplified arguments present it to be.

Helping consumers reach their financial goals requires an integrated strategy using both insurance and investment products. In a world full of competitive pressures, in and outside of our industry, there's an understandable propensity to design products that will illustrate attractively. Everyone wants to put their best foot forward, and customers deserve good solutions.

Finding the right balance is the trick. Demonstrating the financial value of the promises made in an insurance contract usually requires running illustrations. These illustrations rely on making assumptions about the future, including unpredictable economic environments the product will be operating within.

Chasing superlatives

The "value" of products is falsely measured when we primarily focus on this idea of chasing superlatives — the higher illustrated cash value or death benefit; the lower premium; the higher current dividend rate; the higher rate of return. These are all temporal values, based on forward-looking assumptions, that are not consistent from carrier to carrier.

Necessary complexity should remain where it makes sense for purpose-driven innovation, but we must refrain from over-engineering.

Our opportunity is to look ahead, and design products that help our policyholders adapt to an ever-changing landscape of financial scenarios and help them navigate their future, not predicated or designed to perform in the past.

Improving outcomes

Economics-based strategies — a belief that a holistic financial strategy needs to work in every scenario — are powerful for companies and clients. It means embracing a clearer line between risk acceptance and insurer promises when policyholders are pursuing cash value growth inside of the policy. For most individuals, life insurance and asset-based LTC protection can be valuable components of an integrated financial game plan, improving both outcomes and resilience when things don't go as expected.

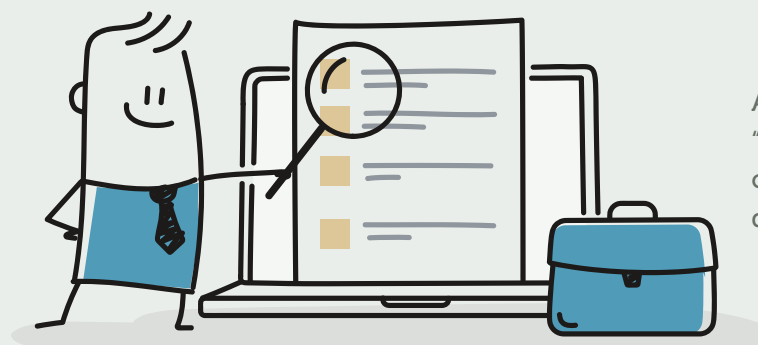
Increasing the understanding and demand for these resilient insurance solutions will help drive long-term success. And resilience is not illustrated, but proven over time by products that offer compelling value at the outset, are understood, and "do what they say they will do" over time.

Exceeding expectations

Success in business is fundamentally based on meeting or exceeding customer expectations. As the financial professional, you are the "CEO," the Chief Expectations Officer, in charge of setting those expectations and increasing demand for responsible product innovation. Setting them unrealistically high, especially on things that are outside of your control, invites failure. Providing insight and clarity into your products help clients cut through the noise and have clear expectations to better understand and manage their financial security.

We have an incredible opportunity in front of us. People want what our products can provide — stability, certainty, peace of mind. Innovation to make our products easier to acquire, and purpose-driven product innovation are critical to reaching more people. We deliver true value through trusted guidance and products that stand the test of time.

After all, success will not be measured by what we promise, but what we deliver.



As the financial professional, you are the "CEO," the Chief Expectations Officer, in charge of setting expectations; increasing demand for responsible product innovation.