Product Management in Today's Life Insurance Companies

Simplicity and Clarity

SoundStep Consulting Services

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Introduction

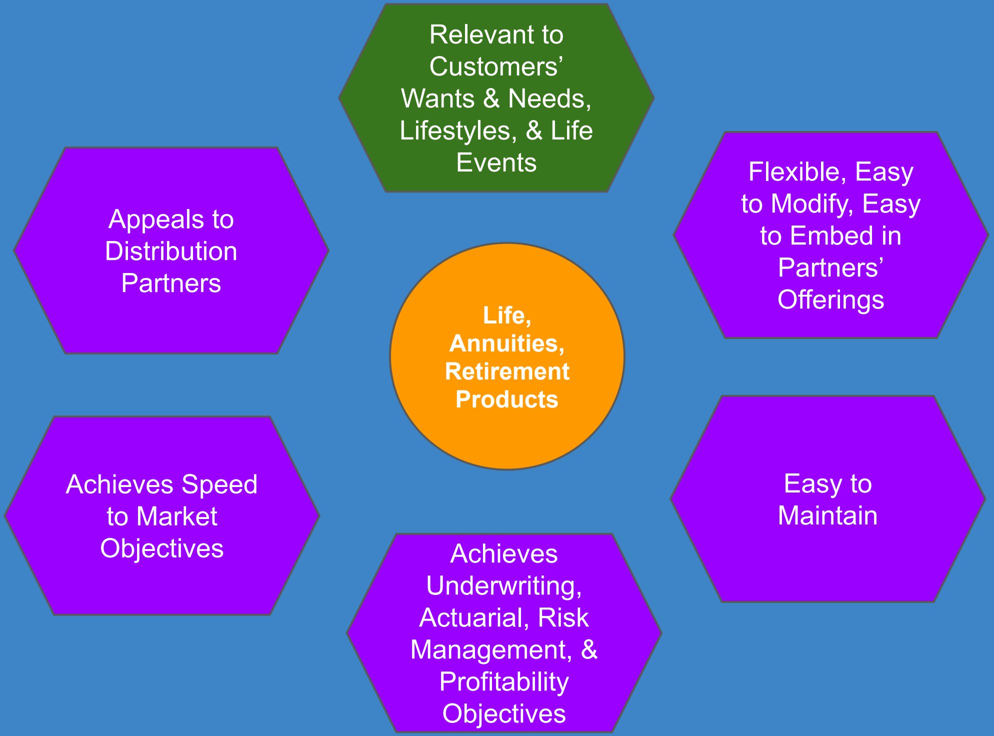
Today, there are more opportunities to transform Product Management in Life Insurance companies. This is primarily because of the transformative power of digital technologies. This document provides a holistic yet condensed view of what's truly important for life insurance product managers as they embark on their respective digital transformation journeys. It also provides a foundation for insurtech/fintechs, technology services consultants, and potential partners of life insurance companies who are interested in embedded insurance products.

This document includes a condensed view of the *Product Requirements* for life, annuities, and retirements (aka pensions), the *Sought-after Attributes* for these products, and a table to serve as a reminder of what constitutes an *Insurable Risk* - a crucial concept that's often missed by those who are new to the insurance industry. The document ends with a high-level view of the *Typical Challenges the Life Insurance Product Management* function faces today.

The insurance industry will significantly benefit from the transformative power of digital technologies, and an influx of 'new' players who can bring their talent, skills, competencies, and energy for the overall benefit of insurance policyholders.

A word of caution for those who are new to the industry - insurance is a risk-assuming business; and the full cost of each product in not known for many years - a concept that remains difficult for many to fully comprehend.

Figure 1: Overall Requirements for Creating Life, Annuities, & Retirement Products



Typical Products Offered by Life, Annuities, Retirements, & Health Insurers

Term Life Insurance

- Individual
- Mortgage Life Insurance
- Group Life Insurance

Permanent Insurance

- Whole Life Insurance
- Universal Life Insurance
- Endowments

Accidental Death & Dismemberment

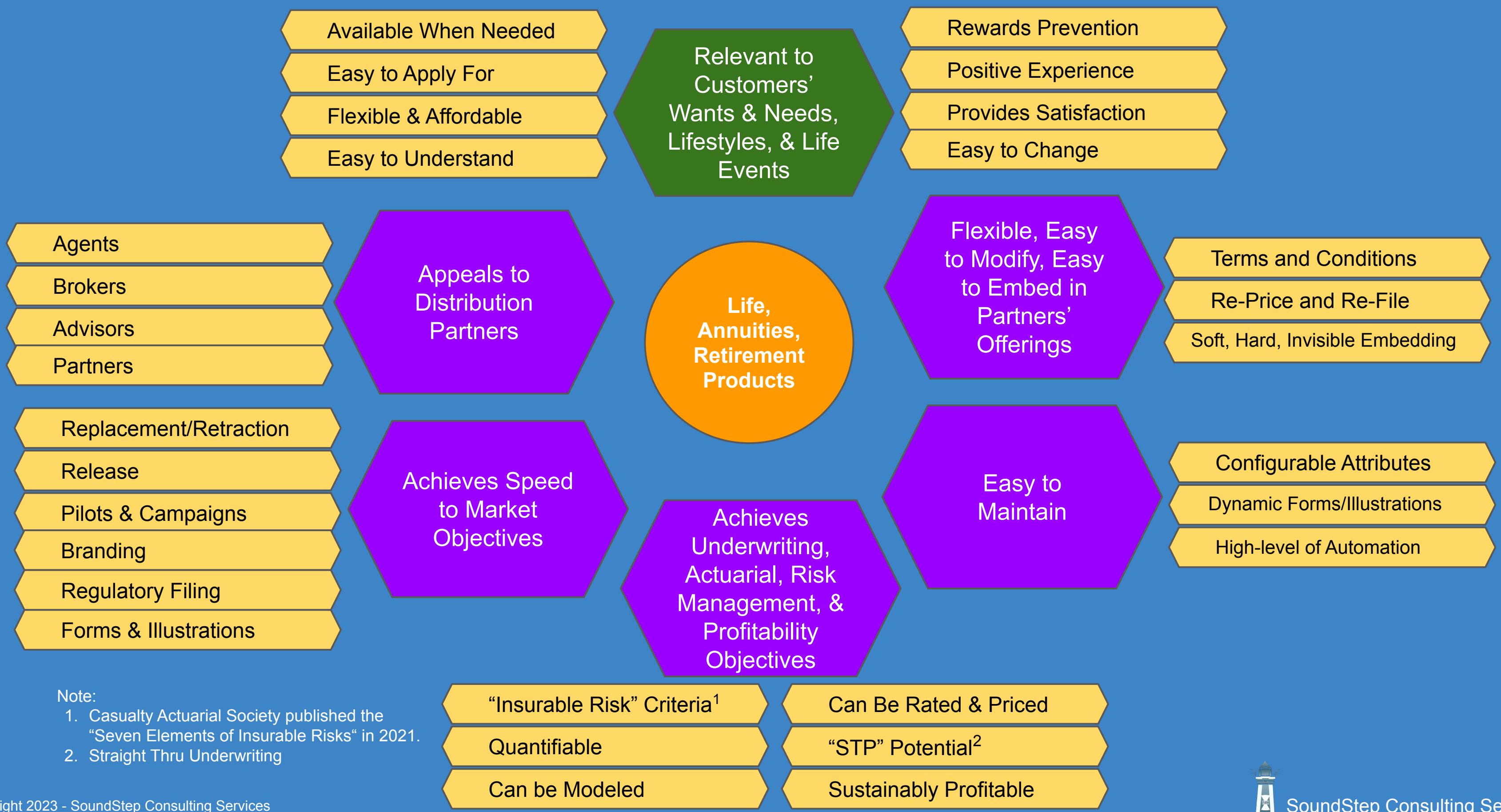
Annuities

- Immediate Fixed
- Deferred Fixed
- Fixed Index-Linked
- Immediate Variable
- Deferred Variable
- Registered Index-Linked
- Long-Term Care Annuity
- Secondary Market Annuity
- Medicaid Annuity

Health Insurance

- Medical
- Dental
- Vision
- Long Term Care
- Critical Illness

Figure 2: Sought-After Attributes for Life, Annuities, & Retirement Products



Note:
1. Casualty Actuarial Society published the "Seven Elements of Insurable Risks" in 2021.
2. Straight Thru Underwriting

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Table 1: Seven Elements of Insurable Risks 1

Criterion	Criterion Type	Detail
Fortuitous	Actuarial	Timing and location of future events must be uncertain and accidental.
Measurable	Actuarial	Losses must be well-defined and verifiable upon occurrence.
Independent	Actuarial	There must be weak or no correlation within a portfolio of insureds.
Market- Bearable	Actuarial	Maximum possible losses in an accident year from the insured event must not be excessive for insurance markets to absorb.
Predictable	Actuarial	Ideally, costs must be estimable, which requires a sufficient number of insureds across a sufficiently large number of historical events to be used as sample data.
Fair	Economic	There should be no potential for adverse selection or moral hazard in the policy portfolio, and the contracts should not be unfairly discriminatory to individual insureds.
Affordable	Economic	The transfer price must be attractive to both the insurers and the insureds.

Challenges in Today’s Life Insurance Product Management

- Creating product strategies that’s suitable in the current post-pandemic and inflation/recession environment that will meet the changing demands of the customers in a highly competitive marketplace.

- Gathering, modeling, and analyzing customers’ and prospects’ data in real-time which includes their coverage needs, preferences, risk appetite, changing life events, financial planning and buying behavior.

- Developing new products or enhancing existing ones that address the insurance coverage needs of the life insurer’s customers which include individuals, groups, business owners, gig economy workers, and others).

- Dynamic customer segmentation and the capability to quickly launch products that are relevant to each segment.

- Selecting the appropriate distribution channel(s) for each product including third party partners for selling embedded insurance, white label, and/or co-branded products).

- Developing communication strategies and materials tailored to each distribution channel and target customer segment.

Additional Challenges in Today's Life Insurance Product Management

- Providing an easy way for customers and prospects to complete an application for new products.
- Delivering a hyper-personalized customer persona and customer journeys.
- Delivering a truly omni-channel experience across all customer distribution points, and the underlying portals, platforms, systems, and devices.
- Developing the capability to create relevant and highly appealing content by customer segment.
- Building digital technologies-based capabilities that support the attributes described in Figure 2.
- Developing the capability to deliver a seamless experience between the insurer's customer portal, and the customer service agents, and the financial planning advisors for complex products.
- Maintaining a consistent look & feel across all portals, platforms, systems, and devices.
- Maintaining a consistent brand image.
- Creating products that appeal to the younger generation.

Thank You!

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