

A photograph of a sunset or sunrise over a vast expanse of white clouds, viewed from an elevated perspective. The sun is a bright, glowing orb on the horizon, casting a warm orange and yellow light across the sky and the tops of the clouds. The sky transitions from a pale blue near the horizon to a deeper blue at the top. The clouds below are thick and white, creating a textured, undulating surface.

Brighter futures on the horizon

The future of life insurance in the United States



A letter from Mark Holweger

Life insurance can serve as a safety net for millions of families across the United States. It can keep the bills paid. It can fund college educations. It can replace a lost salary. Yet, **102 million Americans are underinsured or uninsured**, according to the [2024 Insurance Barometer Study](#), conducted by the Life Insurance Market Research Association and Life Happens.

As we continue striving to create brighter financial futures for more people, Legal & General America (LGA) commissioned The Harris Poll to conduct a survey of more than 2,000 U.S. adults to understand how they perceive life insurance and what shapes those views. Ultimately, the survey revealed three imperatives for our industry as we work to close the life insurance gap:

1. Education

2. Value

3. Innovation

There's a profound impact on consumers when we bring these elements together. Since the advent of LGA's digital platform Horizon in 2019, we have grown from the 8th largest term life insurance carrier to the third¹, growing the number of policies sold year over year. In 2023, the market's new policy count only grew 3%, our business was set up differently, so we saw 42% growth and LGA enjoyed its best-ever single-year sales volume².

Horizon has enabled more than one in three applicants to receive instant decisions and allowed close to four in five applicants to get an offer exam-free³. In June 2024, the platform reached its 100,000th instant decision. The feat was reached within five years, with more than half coming in the last 12 months, exemplifying the success that can be found when these three priorities are brought together, enhancing the ability for more people to secure term life insurance policies.

The following report highlights the survey's findings and outlines how the LGA team see advances in innovation, education and value coming together to move the needle for Americans. If we all work together – carriers, distributors and brokers – it's easy to envision brighter financial futures for more families on the Horizon.

Sincerely,



Mark Holweger
Chief Executive Officer, Legal & General America

¹LIMRA Q1 2024 US Retail Individual Life Insurance Sales Report.

²2023 full year LIMRA report. All participants and LGA filters, term life insurance sales only.

³Metric reported for full month July 2024. "Instant decision" is defined as total instant decisions as a percentage of total decisions from all business submitted through Horizon in July 2024. Metrics reported YTD through July 2024. "exam-free" is defined as total exam-free decisions as a percentage of total decisions from all business submitted through Horizon through July 2024. "Exam-free Decisions" percentage includes instant decisions.

Conducted online by The Harris Poll on behalf of Legal & General America in February 2024, the survey accumulated insights from more than 2,000 US adults.

Where we stand now

Americans are conflicted. Torn. Confused. The life insurance gap is reflected in the chasm between personal finance perceptions and realities. A majority of Americans think they're on the right path when it comes to financial stability, according to the survey from [Legal & General America](#) (LGA). But their responses are in stark contrast to U.S. government data. Case in point: while the LGA survey revealed that 69% of Americans felt financially stable, the [Federal Reserve's Economic Well-Being of U.S. Households in 2022 Report](#) indicated that just 32% of Americans felt the largest expense they could cover using savings was under \$500.

Piling on, the [National Financial Educators Council](#) conducted a financial literacy test across more than 93,000 participants and only 57.35% of participants received a passing score, with the average of 67.34%. Despite this lack of financial literacy, according to the LGA Survey 58% of Americans prefer to make financial decisions alone, including when and how much life insurance to purchase in the spirit of financial stability. How – in light of all this data on Americans' poor financial literacy – can life insurance carriers and advisors connect with consumers to sell life insurance?

27%

of Americans have no life insurance:
employer nor individual

“Americans’ confidence in taking matters into their own hands underscores the necessity for life insurers to prioritize accessible education and streamlined processes through innovation. By helping consumers understand the value of a life insurance policy within the context of broader financial stability and facilitating a smooth application process, we’re helping create brighter futures for more people.”

– Mark Holweger

And that understanding is another layer to the puzzle. While there's more financial literacy information, digital apps and resources at people's fingertips than ever before, the misconceptions around life insurance still feed that coverage gap. Almost 30% of Americans have no life insurance at all, either individually or through their employer. And despite an almost overwhelming amount of these free personal finance resources, a common misconception about what life insurance can be used for continues to prevail: that it's an expensive luxury instead of an affordable necessity. [The 2024 Insurance Barometer Study](#) confirmed that in a big way when it revealed that more than three-fourths of Americans overestimate the cost of life insurance.

There are some hurdles standing in the way of the life insurance industry's growth, but there are solutions as well.

Invest in education

Financial literacy is not simply educating people about life insurance with a 101 flyer or landing page and calling it a day. “Even outside of life insurance, there’s an educational gap with all finances. Financial literacy is not prioritized in schools or as we grow up,” said Fred Tavan, chief pricing officer. “That 27% of un- or under-insured Americans needs a nudge from an agent or advisor to start that conversation about life insurance and its role in financial planning.”

We know through experience that we have to provide support along the way to make sure applicants not only understand the value of insurance but are confident in completing the application process. Advisors, and advisors enabled by new AI technologies, can help prevent any drop offs during the application process. People love the feeling of autonomy and doing their own research, but an advisor can act as that backstop to vet all options and validate choices.

“You don’t have to know someone who works in the insurance industry – financial advisors are a great resource to ask questions and get educated.”

– Michelle Buswell

“If you don’t know someone who works in the insurance industry or is well versed in the concept, it’s sometimes hard to know where to even begin,” said Michelle Buswell, chief operating officer. “But financial advisors are great resources to ask questions and get educated.”

These conversations can feel awkward – it involves death and money, two uncomfortable topics. “But even more, people don’t want their children to not be able to live in the house they call home or pursue collegiate dreams,” added Buswell. “Having the awkward conversations is where the growth happens, and we can close that gap.”

While Americans tend to shy away from open conversations about finances – 44% would rather discuss their dating history over their finances with their family – there is hope in the younger generations. More than half (57%) of Americans between 18 and 34 spoke openly with their families about finances when growing up in stark contrast to only 31% of those age 65+.

44%

of Americans would rather discuss dating history with their family over finances

As any teacher knows, no two students learn in the same way. That also applies to insurance consumers, making multiple distribution models an important part of reaching more Americans and ultimately closing the coverage gap. “By tapping into new distribution models, such as network independent marketing organizations, we’re able to reach new consumers in an approachable and authentic way,” said Andrew Doerman, vice president digital distribution and strategy. “Through repetition of message and continued conversations, the education will follow.”

Even beyond the increased focus on financial literacy, from advisors and agents, the industry must look more broadly for partners in education, including financial institutions and banks. There is increasing recognition of the potential positive impacts of these institutions playing a more prominent role in education and building momentum: there’s a fiduciary rule being explored in Congress to mandate these broader conversations.

“Having those discussions about money can be culturally, or even geographically influenced. An industry itself can’t change that, but we can make truly valuable products and lower the cost associated with life insurance... We can support new distribution models to reach more people and help educate them, aligned with their needs and values.”

– Farron Blanc

Brighten the horizon

Lean into the awkwardness that comes with talking about finances and what happens after death. Welcome new partners in education and financial literacy both in and outside the traditional life insurance industry to help your clients understand and embrace the importance of personal finance fundamentals like budgeting, paying credit card expenses on time and managing debt overall.

True value of life insurance

Americans demand value from their purchases, and life insurance is no different. So how can the industry show value for a product that doesn't actively impact the purchaser? While the LGA survey revealed that 69% of Americans felt financially stable, the Federal Reserve's Economic Well-Being of U.S. Households in 2022 report indicated that just 32% of Americans felt the largest expense they could cover using savings was under \$500. Stable or not, showcasing the value of life insurance and the real impact that intangible purchases can have starts with breaking down the myths that plague the industry.

Myth: **Policies are too expensive.**

Reality: In the 2024 LIMRA Barometer Survey more than three-fourths of Americans overestimate the cost of life insurance and 52% cite the perceived expense of life insurance as being the reason for not purchasing any coverage. For some applicants, a term life insurance policy can be as little as \$14 a month¹. Carriers are able to keep costs down with the help of innovation and leaning into the digitization process. Being able to partner in a variety of ways with distributors allows for pricing models to match the needs of the people more directly and keep premiums affordable at the same time.

Myth: **People don't need it until they're older.**

Reality: When 73% of Americans believe they'll outlive the average American (77 years), it's understandable why they put off a life insurance purchase. But age milestones don't spur life insurance, life milestones do and

earlier is always better. It's recommended to always review the needs of life insurance during times of large change – buying a house, having or adopting a child, getting married, starting a business. "Even as my own family grew, I learned that I should have increased the amount of coverage earlier on," said Tavan. "Most people underestimate how much you need if something happens. We thought we had plenty, and then realized we should have a lot more."

Myth: **It's only used for funeral costs.**

Reality: In Legal & General America's survey, 48% of Americans cite covering funeral costs/final expenses as a primary reason for purchasing or considering purchasing life insurance but the benefit can be used to pay off mortgages, fund college educations and so much more. An alarming 32% believe that debt goes away upon a person's death, which is not the case. Most credit card companies, mortgages and even some private student loans do not forgive the debt but rather look toward the estate to cover the outstanding amounts. The policy can also be used to replace a salary, which is only cited by 28% as a purchase reason, and more often by those who identify as male vs. female.

73%

of Americans believe they will outlive the average American

¹ \$14 monthly premium is applicable for a 50-year-old female nonsmoker in excellent health purchasing a 10-year OPterm life insurance policy with a \$100,000 face amount.

Conducted online by The Harris Poll on behalf of Legal & General America in February 2024, the survey accumulated insights from more than 2,000 US adults.

Myth:
Term life insurance ROI isn't worth it for advisors.

Reality: This can be true if the carriers aren't mindful. The carrier that's easiest to do business with will be the carrier that's most successful at closing the coverage gap. By being nimble and digitally focused, it allows carriers to merge seamlessly with partners and pay out commissions more quickly.

“To continue to grow the life insurance industry, it's upon carriers to excite distributors who don't currently focus on term life insurance and make it financially rewarding... The easier it is for the advisor to make money with term, the more policies we can get in the hands of those who need them.”

— Mark Holweger

Myth:
It takes too much time and energy to apply.

Reality: Technology, including LGA's Horizon, platform has streamlined the application process to reduce redundancies and remove obstacles. Questions are built to be reflexive; the multi-hour-long process has been shortened to 15-20 minutes. These new applications are fast and easy, and advisors don't necessarily have to sit next to the applicant while they fill them out. The new, streamlined application process is built to be intuitive for applicants and so takes the advisor from hand-holder to resource-if-needed, resulting in more policies for more people. The traditional application process was an extensive use of exams, labs, attending physician statements that took more than 30 days and has now been cut in half, creating a much smoother journey for both, the applicant and advisor.

Brighten the horizon

Don't assume your clients understand the value of term life insurance. Teach them the value through proactive conversations, providing relatable case studies, and sharing educational materials. A little communication can go a long way in shifting perception from expensive luxury to affordable necessity.

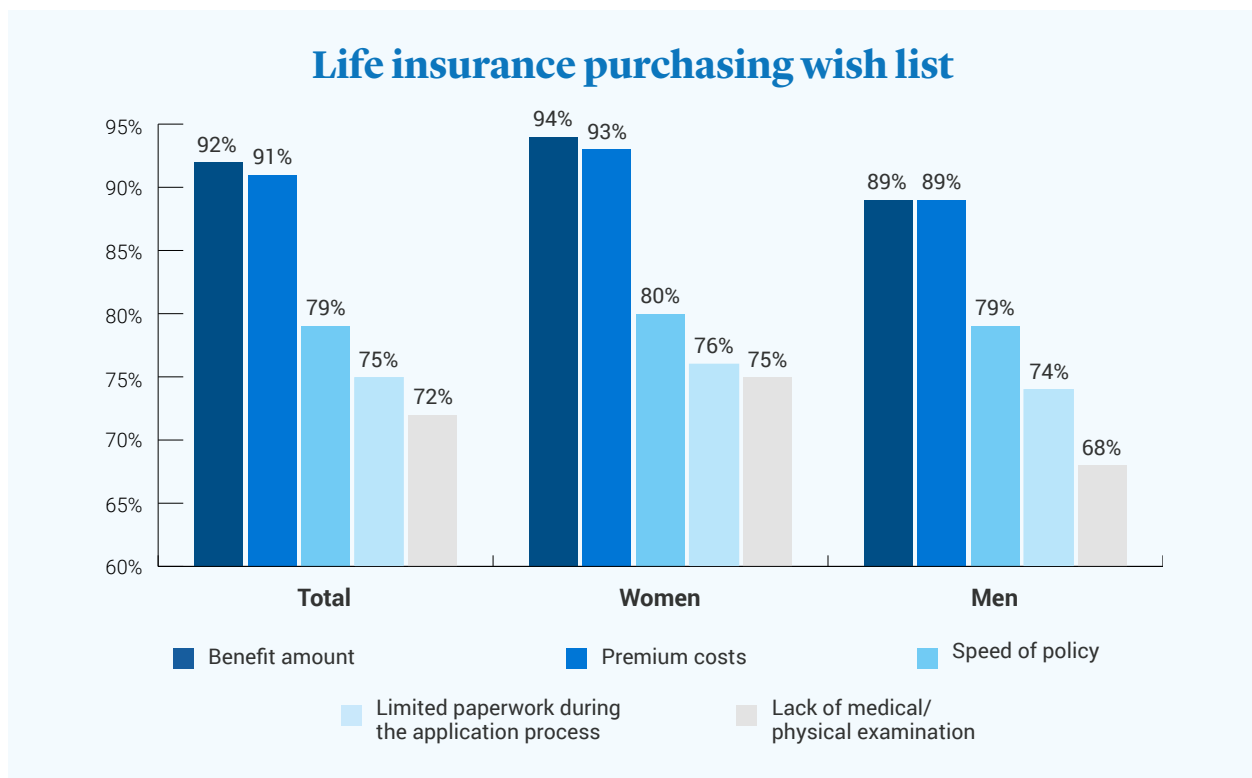
Innovation as an asset

It's 2024. Americans simply expect things to be digital, to be easier, for companies to have an application. When barriers are put up, even as simple as printing a form, interest is lost. Think about the largest five companies in the world. They're all data driven. Knowledge is power, but knowledge based in data is even more powerful. Yet the life insurance industry still hasn't been able to shake the reputation of red tape and salesmen coming to call.

"There was some movement in the industry a decade ago to create a less invasive underwriting journey and some carriers played around edges of that, but Legal & General America was the only carrier to fully commit," said Andrew Doerman. "Then the pandemic hit, and everything was accelerated. Carriers had to pivot quickly

because no one wanted to go to exam centers or invite people into their homes."

Legal & General America wanted to prioritize innovation in 2018 and started the process of creating Horizon. By bringing IT together with directors of the business units (including distribution, operations and underwriting), the digital transformation and Horizon ended up challenging the status quo of what the term life insurance application process could and should look like. Everything from application tracking and the ability to pull electronic health records to improved processes that pay commissions faster. These innovations have truly reimaged what not only LGA can do for its advisors and applicants, but the larger industry itself.



Tools like ChatGPT or Alexa, have gotten the lion's share of the buzz recently, but simple technologies and leaning into machine learning for efficient data processing can result in a platform built to make the application process easier and more comfortable for advisors and consumers, who in turn could sell or secure a term life insurance policy more efficiently. Currently 77% of applications are approved without an exam. 36% of them receive instant decisions.¹

It's high time to evolve not just the process of purchasing life insurance but addressing the pain points on the back end – including making it easier for advisors to sell.

Technology will only continue to influence the speed of the process as carriers look to reduce cycle times further, get commissions to advisors faster and smooth the process for payments to beneficiaries. "We want advisors

to be able to balance their book in the same month," Seetharaman said. "We want them to make profit. That is our KPI – advisors making money based on reduced cycle time thanks to our innovations." When the innovations take the roadblocks out of the way, that 27% of Americans who have no form of life insurance will likely shrink.

"Technology provides a unique opportunity in the reimagination of life insurance industry and areas where it historically lagged behind. LGA's Horizon platform empowers advisors and customers to buy term life insurance from the comfort of their couches, in as little as 20 minutes, without needing to speak with the carrier."

– Raju Seetharaman

Brighten the horizon

Carriers need to be digitally nimble to meet the next iteration of distribution partners where they are to continue reducing roadblocks in the application and underwriting process. This may include the use of AI and machine learning strategically to shorten application time and process and offer more instant decisions to start, but the sky's the limit.

¹Metric reported for full month July 2024. "Instant decision" is defined as total instant decisions as a percentage of total decisions from all business submitted through Horizon in July 2024. Metrics reported YTD through July 2024. "exam-free" is defined as total exam-free decisions as a percentage of total decisions from all business submitted through Horizon through July 2024. "Exam-free Decisions" percentage includes instant decisions. Conducted online by The Harris Poll on behalf of Legal & General America in February 2024, the survey accumulated insights from more than 2,000 US adults.

So, what's next?

Where will the life insurance market be in the next five years? According to LGA CEO Mark Holweger, the industry has two options: continue to evolve, or remain stagnant. “The likelihood of the market being a similar size is real unless the industry puts a greater emphasis on education and introducing new distribution channels,” said Holweger. “This change needs to be embraced holistically from advisors and carriers to financial institutions to consumers themselves.”

Because of technology and data, the process of life insurance is easier. The hope is to attract more people and to inform others about life insurance. And there is hope. Life insurance is all about having a safety net for the masses, it's the minimum life preserver they should have

for their families. It's about creating brighter tomorrows.

Through education, valuation and innovation, the industry can get back to doing what it does best. It's not necessarily about creating financial wealth, but overall protection. Making sure when things go off the rails, there's a safety net.

Here at LGA we'll be doing our part by committing to making sure we're easy to do business with – for distribution partners, brokers, advisors and policyholders alike. Through our digital innovation and transformation, we make that easier every day. Those innovations will cause a domino effect to stronger education around financial literacy and the value of life insurance.

“As the industry moves toward this goal together in harmony... the horizon looks promising for brighter tomorrows.”

– Mark Holweger

Meet the experts



Mark Holweger

President and Chief Executive Officer

Mark Holweger is President and CEO of Legal & General America, which includes operating companies Banner Life Insurance Company and William Penn Life Insurance Company of New York. He is responsible for the day-to-day operations of the business, ensuring service excellence, continued distribution expansion and achievement of the digital transformation strategy. Mark is an economics graduate and Chartered Insurer. He lives with his wife Rachel in Potomac, MD and has two daughters.



Michelle Buswell

Senior Vice President and Chief Operating Officer

Michelle serves as Senior Vice President and Chief Operating Officer and is a director on the boards of Banner Life Insurance Company and William Penn Life Insurance Company of New York. Michelle leads the underwriting and operations functions for the business and is transforming the service experience to be more efficient and effective, to better support more than one million customers and partners. She holds a Bachelor of Science in Business Administration with a specialization in Finance and a minor in Economics from Eastern Connecticut State University.



Raju Seetharaman

Senior Vice President and Chief Technology Officer

Raju Seetharaman is Senior Vice President and Chief Technology Officer of Legal & General America, which includes operating companies Banner Life Insurance Company and William Penn Life Insurance Company of New York. He is responsible for IT and Transformation strategy, IT operations and change management with the mission to combine business strategy with cutting-edge IT expertise, to deliver efficient, effective solutions that helps Legal & General America achieve a market-leading position.

Meet the experts



Fred Tavan

Senior Vice President and Chief Pricing Officer

Fred Tavan is Senior Vice President and Chief Pricing Officer at Legal & General America where he leads actuarial, underwriting, and data science innovations. He works closely with distribution partners both internally and externally to disrupt the term life insurance marketplace in the pursuit of offering good value life insurance coverage to as many US families as possible. Fred is a Fellow of the Society of Actuaries, American Academy of Actuaries, and Canadian Institute of Actuaries, and also a Chartered Enterprise Risk Actuary.



Andrew Doerman

Vice President, Digital Distribution and Strategy

Andrew Doerman is the Vice President of Digital Distribution & Strategy at Legal & General America. With more than 20 years of experience in distribution, Andrew is a collaborative and results-driven executive who drives growth across diverse business functions. Using data and analytics coupled with extensive industry and product knowledge, he leads a team to achieve and exceed sales revenues, profitability and organizational efficiencies.



Farron Blanc

Vice President, Brokerage Distribution and Strategy

Farron Blanc serves as the Vice President of Brokerage Distribution & Strategy for Legal & General America to drive growth and leverage technology within the brokerage channels. Prior to joining LGA, he served as Co-founder and CEO of Gerry, a concierge service that used data to help navigate long-term senior care. Farron holds a Bachelor of Economics degree from Queen's University in Ontario and a Master of Science degree in Sustainable Development & Environmental Economics from Imperial College London where he graduated with merit.

Disclaimer

Legal & General America life insurance products are underwritten and issued by Banner Life Insurance Company, Urbana, MD and William Penn Life Insurance Company of New York, Valley Stream, NY. Banner products are distributed in 49 states and in DC. William Penn products are available exclusively in New York; Banner Life is not an authorized New York insurer and does not do business in New York. The Legal & General America companies are part of the worldwide Legal & General Group.

About LGA

LGA is one of the nation's leading life insurers, and number three in term life insurance sales in the United States (LIMRA Q2 2024 report). LGA's insurance products are sold nationwide through its companies Banner Life Insurance Company in 49 states and D.C. and William Penn Life Insurance Company of New York in New York. LGA has an A.M. Best rating of A+ (Superior) – 2nd highest out of 15 categories and AA- from Standard & Poor's (Very Strong capacity to meet financial commitments). Ratings are as of November 3, 2022, and apply to Legal & General America Group and its subsidiaries Banner Life Insurance Company and William Penn Life Insurance Company of New York. All ratings are subject to change.

About Legal & General Group, Plc

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.2 trillion in total assets under management* of which 39% is international. We have a unique and highly synergistic business model, which continues to drive strong returns. Even so, the Board continues to weigh investment carefully against the relative attractiveness of returning additional capital to shareholders. Legal & General provides powerful asset origination and management capabilities directly to clients, which also underpin our leading retirement and protection solutions. We are a leading international player in Pension Risk Transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. In 2022, L&G's Protection business gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums. Our purpose is to improve the lives of our customers and create value for our shareholders. Through inclusive capitalism, we are investing in long-term assets, such as real estate and infrastructure, that can help build a better society for the future.

Survey methodology

The survey was conducted online within the United States by The Harris Poll on behalf of Legal & General America from February 22-26, 2024 among 2,060 U.S. adults ages 18+. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For this study, the sample data is accurate to within +/- 2.5 percentage points using a 95% confidence level. For complete survey methodology, including weighting variable and subgroup sample sizes, please contact audrey.wayne@kemperlesnik.com.