

coverager

# A Life of Interest

BRINGING LIFE TO LIFE INSURANCE





# Opening

Some life insurance companies reported increasing consumer demand at the start of the pandemic. “We are expecting that March [2020] could be our best month ever for both applications and policy sales,” said Mark Sayre, head of risk solutions at [Haven Life](#). Estate planning and life insurance startup [Fabric](#) shared a similar notion, reporting 50 percent more applications than the norm since February. And the same goes for [Policygenius](#), which saw a strong uptick in consumers inquiring about life insurance during the pandemic.

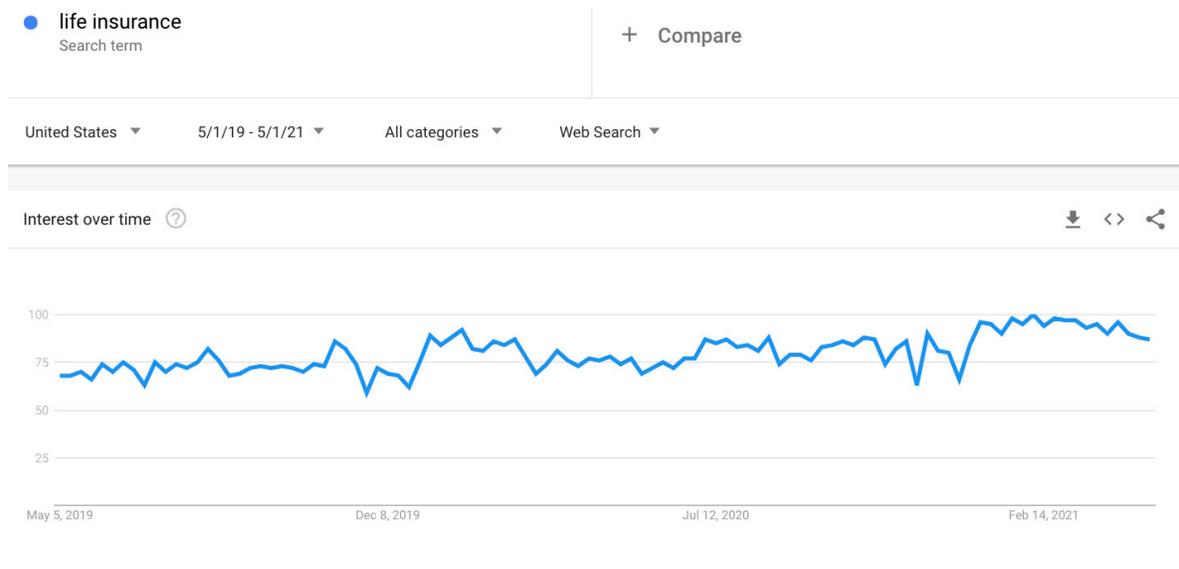
Despite these promising early signs, in 2020, the industry recorded \$186.16 billion in total life premiums written in the U.S., a 0.8 percent decrease from the previous year. Individual life premiums dropped 0.7 percent year over year to \$146.99 billion, while group life premiums fell 1.4 percent to \$39.17 billion.

## MetLife climbed to No. 2 largest life insurance underwriter in 2020

Rank		Insurer	Market share (%)	2020 life premium (\$B)			2019 life premium (\$B)			YOY change (%)
2020	2019			Group	Individual	Total	Group	Individual	Total	
1	1	NM	8.4	0.01	15.71	15.72	0.01	15.36	15.37	2.3
2	3	MetLife	7.6	10.80	3.40	14.20	10.50	3.58	14.08	0.8
3	2	NYL	7.6	3.65	10.50	14.15	4.56	10.39	14.95	-5.4
4	4	Pru	6.9	4.68	8.12	12.80	4.60	7.83	12.43	2.9
5	6	MM	5.1	0.11	9.40	9.51	0.10	9.47	9.57	-0.6
6	5	Lincoln F.	4.5	1.50	6.90	9.40	1.40	9.29	9.68	-13.2
7	7	Guardian	2.9	0.66	4.68	5.34	0.65	4.55	5.20	2.8
8	9	State Farm	2.8	0.09	5.20	5.29	0.08	5.02	5.10	3.7
9	8	John Hancock	2.7	0.06	4.93	4.99	0.06	5.13	5.19	-4.0
10	11	Securian	2.5	2.74	1.97	4.71	2.55	2.15	4.69	0.3
11	10	Transamerica	2.5	0.29	4.36	4.65	0.29	4.76	5.06	-8.0
12	12	Pacific Life	2.2	N/A	4.02	4.02	N/A	3.90	3.90	3.1
13	13	AIG	1.9	0.01	3.58	3.59	0.02	3.60	3.62	-0.7
14	14	Nationwide	1.7	0.73	2.49	3.22	1.04	2.32	3.36	-4.1
15	15	Equitable Hldg	1.6	0.07	2.89	2.96	0.06	3.07	3.12	-5.2
Top 15			61	25.40	88.14	113.54	25.91	89.41	115.32	-1.5
Industry			100	<b>39.17</b>	<b>146.99</b>	<b>186.16</b>	39.72	147.97	187.69	<b>-0.8</b>

Source: S&P

The decline experienced in 2020 compared to the previous year could be accredited to stricter underwriting and difficulties reaching customers during the lockdown, but judging by Google Trends, consumers haven't expressed an unusual amount of interest regarding life insurance.

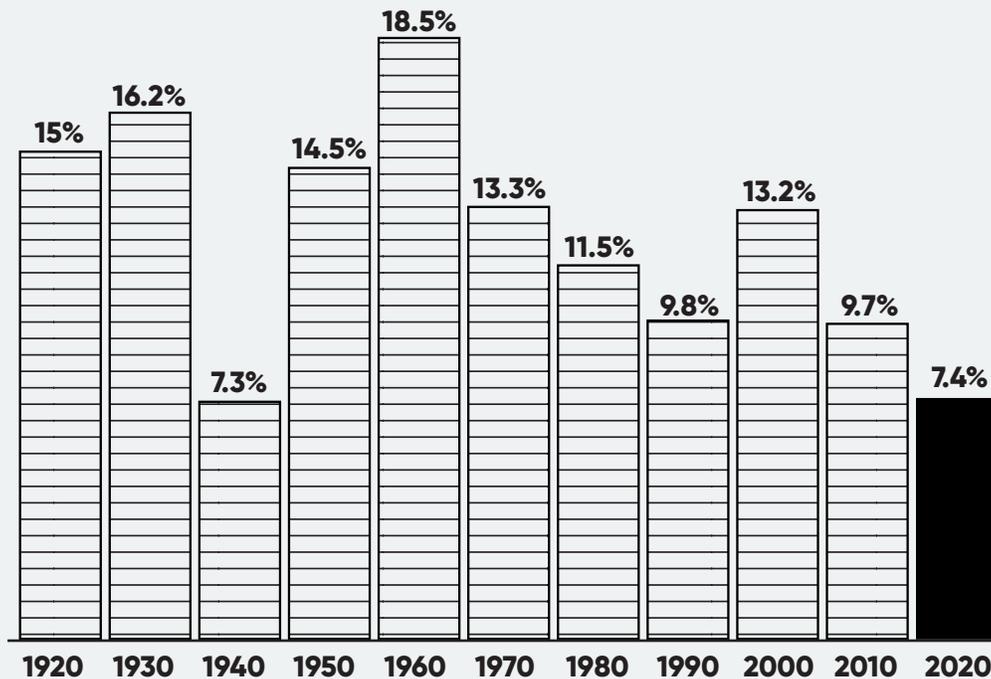


At Coverager, we believe that the key theme for life insurers today needs to be around generating interest and stronger interest (which will create a sense of urgency) in different ways. In this report, we will highlight the issues that life insurers confront, deconstruct select and existing models, and present a number of concepts and ideas related to our theme.

# The Generational & Societal Forces

There are several challenges life insurance companies face today and before we dive deeper, we need to acknowledge the generational and societal forces playing a role as well. Let's start with the obvious – population growth slowed in the past 10 years to its lowest rate since the 1930s, according to data released by the U.S. Census Bureau.

**Percent increase in U.S. population since 1920**



Source: U.S. Census Bureau

One of the main factors for the decline is the birthrate, which dropped to an all-time low. Women in the U.S. are having fewer babies than ever before, creating a fertility rate of 1.73 births per mother, according to data from the National Vital Statistics System that was analyzed by the Centers for Disease Control and Prevention (CDC). The fertility rate peaked in 1957 at 3.77 births per woman, declined to 1.84 births in 1980, increased slightly to 2.08 by 1990 and started declining again in 2007, reaching a record low by the end of 2018. The 1.73 figure is below what is considered the replacement rate - producing as many births each year as deaths (that requires a fertility rate of 2.1 births per woman).

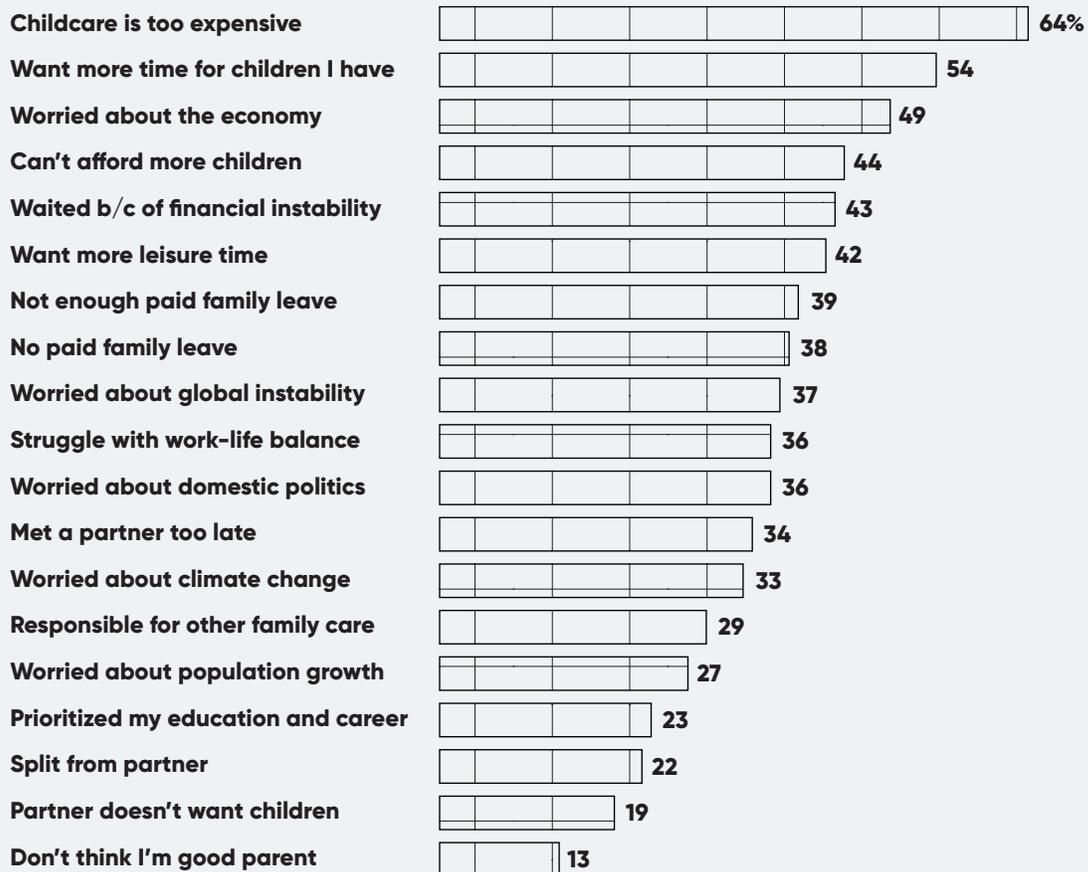
The age at which women first become mothers has also increased. Today, U.S. women are, on

average, 26.4 years old when they have their first child, according to a Pew Research Center study based on international data from the Organization for Economic Cooperation and Development.

It is also worth highlighting the profile of a woman having her first child. Unmarried women, and those without a college degree, give birth at a younger age compared to those who are married and have earned a degree.

We can't talk about this societal aspect pressuring life insurers without touching on one of its main drivers – financial insecurity.

### Why young adults are having fewer children than their ideal no.



Source: NYT: Morning Consult survey of 1,858 men and women ages 20-45

Data from the Federal Reserve revealed that millennials, despite making up the largest portion of the workforce, controlled just 4.8 percent of U.S. wealth during Q4 of 2020. Baby boomers controlled 52.7 percent of the country's wealth, while Gen X accounts for almost 27 percent and the silent generation held around 16 percent, according to the Fed's data.

These figures alone don't tell the full story. The Federal Reserve started to keep track of the distribution of household wealth in the U.S. as of 1989. That year is when the oldest baby boomer was 43 years of age. At the time, baby boomers accounted for 21.4 percent of the wealth. In comparison, in 2005, the oldest Gen X reached the age of 40 and controlled 8.9 percent of the wealth. In 2020, the oldest millennial was one year shy of 40 and accounted for just 4.8 percent of the wealth.

In sum, the implications of slowing population growth and families forming at a later stage for life insurers are crystal clear. Now, let's discuss the generational aspect.

Digital advancements in the field of communication have given consumers greater control. In the *Building a Financial Services Clientele 11th Edition* guide, which was published in 2011 and was still handed out to [Northwestern Mutual financial advisors](#) in 2016, the authors state the following: "Reaching Suspects, Prospects, or Clients by phone is becoming increasingly difficult. In this case, the technology of voice mail, caller ID, receptionists, and No Call lists works against us, not for us."

At Coverager, we frequently emphasize that you can't sell online; you can only offer. The days of slick and aggressive salespeople governing the globe are long gone. Consumers now have easy access to information via personal finance sites like NerdWallet and social media platforms like Twitter and Reddit, resulting in greater power and more knowledge over time. In April, commission-free investing and trading app [Public](#) introduced "Town Hall," a new way for retail investors to connect directly with founders and executives of public companies.

“Retail investors have more access to the public markets than ever before — and in the Public community, we’ve continued to build ways for people to discuss and share ideas about the companies they believe in. But there still isn’t much access when it comes to retail investors being able to directly engage with the executives behind their favorite companies. Analysts and banks are given the opportunity to ask questions quarterly on earnings calls, but rarely do everyday investors get such an opportunity. Today, we’re excited to introduce a new feature that will provide Public members with more access to the companies they invest in and believe in: Town Hall. Public’s Town Halls — live, written Q&As in the app — will allow members to ask questions and get answers straight from the CEOs and leaders of public companies.”

- Public

The first Town Hall guest was cofounder and COO of Lemonade Shai Winger.

A promotional graphic for a 'Public Town Hall' event. The background is a gradient of purple, pink, and white. On the left, the text reads: 'Public Town Hall' in a bold, sans-serif font. Below that, 'Shai Winger is answering your questions.' is written in a larger, bold, sans-serif font. Underneath, in a smaller font, it says: 'Lemonade co-founder, COO, and president Shai Winger is responding to your questions in the app beginning at 11 a.m. ET today.' On the right side of the graphic is a black and white portrait of Shai Winger, a man with short dark hair and glasses, wearing a dark shirt, smiling at the camera.

**Public** Town Hall

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