

# 5 Drivers Accelerating Convergence in Insurance Distribution

The insurance industry has been undergoing rapid change for some time, but the pandemic has accelerated an ongoing convergence of resources. Suddenly, components that traditionally operated in silos are converging to better meet the needs and demands of consumers. Here are the key conditions driving this confluence:

**1 Greater interest in life insurance**

The COVID-19 pandemic led more people to consider life insurance. Life insurance applications among people 44 and younger increased from 3.4% in January 2020 to 11.5% in October 2020. Among people ages 45-59, applications increased from 0.1% in January 2020 to 8.3% in October 2020.\*

<https://www.prnewswire.com/news-releases/us-life-insurance-activity-hits-record-growth-in-2020-reports-the-mib-life-index-301208070.html>

**2 Accelerated demand for digital transformation**

Nearly everything – school, work, shopping and ordering takeout – went fully digital during the pandemic, and consumers want the convenience and flexibility to continue doing business online. Similarly, life insurers are automating the application and underwriting processes through digital experiences.

**3 Demand for growth and modernization**

More people are interested in insurance, but there’s still a huge life insurance gap. About 46% of Americans – or 60 million households – do not have life insurance, or don’t have enough life insurance. The industry has plenty of room to grow, but it needs to modernize practices to attract and retain customers and drive profitability.

<https://www.limra.com/en/newsroom/news-releases/2021/industry-associations-unite-to-help-address-the-life-insurance-coverage-gap-in-the-united-states/>

**4 Increased interest from new entrants**

Insurtechs and other startups continue to enter the market, a sign of ongoing opportunity. Funding to insurtechs hit yearly and quarterly highs in 2020 and the first quarter of 2021. Many of these new entrants are poised to partner with insurers to provide access to new customer groups and improve internal processes and profitability.

<https://www.cbinsights.com/research/insurtech-business-relationship-trends/>

**5 Consumer focus on trust**

Data breaches, fake news and general havoc have made trust a top priority for consumers. To meet their expectations, insurers need to leverage data solutions that can protect consumer information and ensure privacy. At the same time, insurers must continue to nurture and grow their agent networks, as agents remain critical to building consumer trust.



All of these drivers have led to a more urgent need to develop hybrid models – those that include both traditional and digital channels. This is especially important when considering the customer journey for new product design and rollout. The convergence and collaboration of resources has the potential to streamline the insurance process while also improving results.

## Interested in Accelerating Digital Distribution?

Learn how our team helped a direct-to-consumer life insurance product launch in only seven months.

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