

# Insurance: The Critical Missing Piece in Financial Well-Being



**L**ife throws a lot at consumers. But with the right planning, it's possible to minimize the fiscal ups and downs of life and reach a state of financial well-being. And financial institutions can play a part in helping them reach that fiscal nirvana. That's why providing the right services at the right time to the right consumer is so critical.

But what are the critical pieces that will lead to financial well-being? It starts by defining the term itself. One Franklin Madison client defines it as, "When our [consumers] feel financially stable and able to feel comfortable with their current financial goals and achievements." Another says, "We strive for wellness of mind, body, and wallet, because we believe that a truly healthy life means having healthy finances."

Briefly, we define [financial well-being](#) as, "Having financial security and financial freedom of choice in the present and in the future."

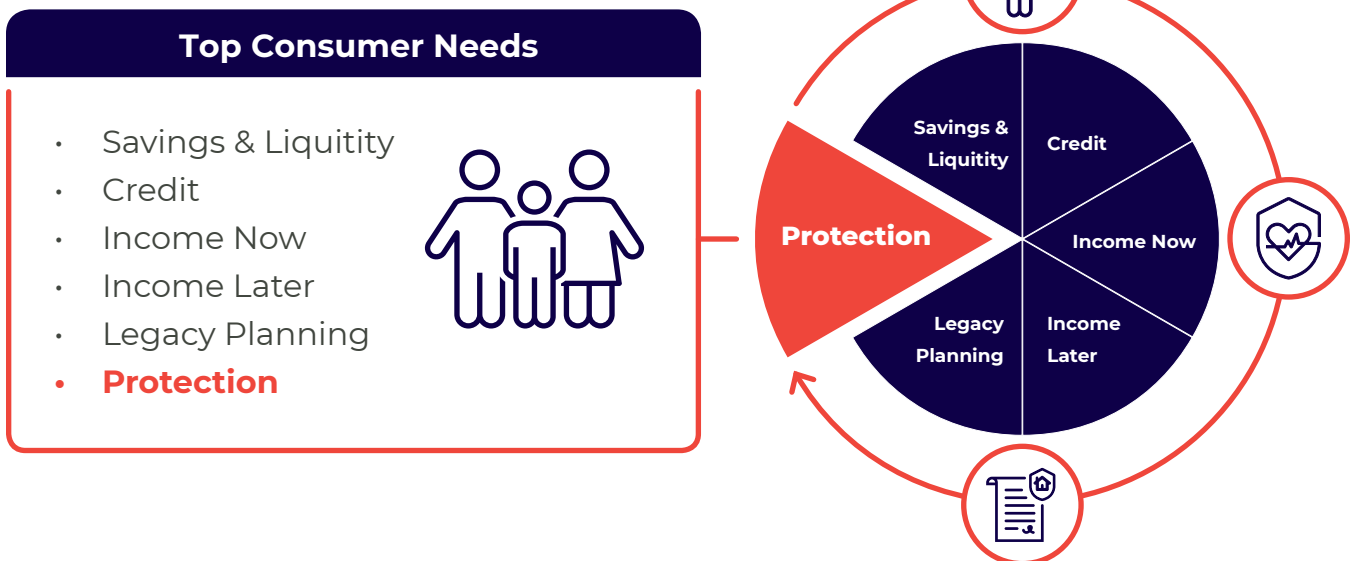
From the perspective of financial institutions, financial well-being is about supporting consumer needs by providing services and guidance. Insurance, credit, savings, legacy planning, and protection are all examples of products that enhance financial health.

Out of all products, insurance may be the most critical for enabling the economic safety net for consumers. For example, life insurance can help support a family if they lose their primary breadwinner. And health insurance can help support individuals who fall victim to ill health.

Research indicates with certainty that insurance and financial well-being are very important to consumers, as a 2019 [survey](#) by Life Happens revealed that almost 2 in 3 Americans think that having life insurance is key to taking care of their family financially.

Unfortunately, many Americans still aren't buying essential products like life insurance and are leaving their families vulnerable to financial instability. Only [59 percent of Americans have life insurance coverage](#). Many consumers without coverage have no means to support their loved ones if they die unexpectedly.

The challenge is that every consumer has different financial goals, and every institution has to explore what those goals are. But by keeping a finger on the pulse of consumer expectations, financial institutions can provide relevant insurance products and earn the loyalty of policyholders.



# How to Gauge if Your Institution is Supporting the Financial Well-Being of Consumers

Recently we asked several of our clients what the role of financial institutions is when it comes to consumer well-being. The overwhelming response: The institution's role is to help build peace of mind by helping consumers be prepared for the unexpected.

That's why in recent years, socially-conscious financial institutions have started to look for new ways to empower consumers on their journey toward economic wellness. The problem is that it can be challenging for financial institutions to determine the optimal mix of insurance products to support consumers.

Determining that mix and delivering a consumer-first experience starts with understanding your consumers. The most direct way to do this is by collecting consumer data and using predictive analytics.

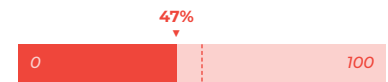
As stated in a recent white paper produced by [EY](#), "Predictive analytics and behavioral insights are necessary if insurers are to be ready to help consumers make good decisions and purchases at the right time." By drawing on the power of analytics, you can start to identify consumer problems and reach out with targeted solutions.

EY highlights this role by stating that financial institutions should "understand consumers' financial stressors and review existing portfolios and the new product pipeline for those that can specifically address these issues."

Next, making the application process efficient and customer-friendly is often as important as understanding. Convoluted applications with mountains of paperwork and medical examinations deter consumers from buying insurance.

[LIMRA's 2018 Insurance Barometer Study](#) found that half of all consumers say that they are more likely to purchase life insurance if priced without a physical examination. Similarly, a [Bestow](#) survey of 1,123 people found that 43% think that the insurance process is too slow.

## 3 Insurance Statistics You Should Know



**Almost half of all American families would prefer to purchase simplified life insurance vs. traditional methods.**

In a 2019 study, LIMRA found 47% of Americans were more likely to buy life insurance without complicated application procedures. Nearly two-thirds of those preferring simplified products cited speed and ease of use as reasons why.

SOURCE



**65% of consumers with life insurance enjoy life more.**

65% of consumers with life insurance say they are able to enjoy life more knowing their loved ones are financially protected with life insurance.

SOURCE



**80% of consumers will use digital and remote channels from insurers.**

The EY Global Consumer Insurance Survey has shown that consumers are increasingly embracing digital remote communication.

SOURCE



Financial institutions that have an excessive application process alienate potential consumers and impose barriers to financial well-being. To truly support the economic wellness of your consumers, providing an easy route to reach it is crucial.

## Franklin Madison Supports the Financial Well-Being of Consumers With Digital Life Insurance

To meet consumer demands for an easier and quicker route to long-term financial security, [Franklin Madison](#) has turned to a digital solution to help insurers make the application process more efficient. The solution allows applicants to apply for term life insurance in as little as 10 minutes or less, with 99 percent of applicants requiring no additional medical testing. The intention is to address the issue of red tape around financial wellness products.

By minimizing the inconvenience of completing a paper application, streamlined digital insurance applications remove unnecessary barriers to coverage. The increased efficiency also acts as a competitive advantage, attracting those consumers who have not been offered similar products by other companies.

Digital life insurance also removes a huge barrier to consumer adoptions by removing additional medical testing that was previously required for paper applications. Those applicants who don't require an in-person medical examination don't have to answer what can often be embarrassing medical questions to a person face-to-face, and instead answer those questions online in the comfort of their own computer chair. That means the whole process isn't just quicker, it's also simpler, which is often a major way to drive consumer response.

Franklin Madison also uses consumer data and predictive analytics to develop a more sophisticated understanding of their prospects. The analytics helps identify insurance products that are relevant to particular consumers. Once the analytics solution highlights a suitable product, we help the financial institution reach out with a customized promotion to encourage the consumer to take action.

### 3 Ways Financial Institutions Can Promote Financial Wellness

#### 1. Make Online Offers and Insurance Products Easy to Find

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45% of all consumers would go online to find information on life insurance, but would complete the purchase with an agent or financial advisor. The easier it is for consumers to purchase your products, the less likely they are to use those competitors instead.

SOURCE

#### 2. Highlight Competitive Pricing

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Most consumers think life insurance is more expensive than it is. In a recent study by non-profits LIMRA and Life Happens, the median responder overestimated the cost of life insurance by a whopping 300%! Highlighting the affordability of your insurance options is key to breaking through.

SOURCE

#### 3. Simplify the Application Process

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LIMRA has found that 19 million life insurance buyers start the process but never finish. Creating a simple application process is necessary to make the application process consumer-friendly.

SOURCE



## WE HELP YOU PROVIDE A COMPREHENSIVE SUITE OF INSURANCE PRODUCTS



### Accidental Death & Dismemberment



Guaranteed acceptance of high-level coverage as an alternative or supplement to other insurance



### Hospital Accident Plan



Pays cash benefits—with no deductible or waiting period—for each day confined in the hospital due to covered accidents



### Recuperative Care



Pays daily cash benefits for covered hospital stays due to illness and covered accidents—with no pre-existing conditions exclusion



### Life Insurance Products



Life insurance options offer various levels of coverage to meet every consumer's need based on age and medical conditions

## Financial Well-Being Makes For Loyal Consumers

When financial well-being means something different to every consumer, it is the job of financial services providers to get to the bottom of those goals, and then help meet them. And a data-driven approach backed by data analytics is invaluable for finding those products and services most relevant to consumers.

And as consumers move toward financial well-being, good advice is a currency all of its own, providing more healthy consumers while building institutional loyalty. Rather than focusing on selling,



financial institutions should aim to educate consumers on what products they have that match each individual's needs, offering those products in a convenient way, and building a partnership between the institution and the prospect.

In our survey about financial well-being, we also asked how the concept contributes to increasing customer loyalty. One client hit the nail on the head, saying, "We approach managing the consumer's wealth as a collaborative partnership not a divine right. Consumers appreciate working with a bank that is engaged and invested in them—not just another account number, but someone that matters."

When combined with an efficient application process, this approach provides a superior service to the consumer, which will serve as a foundation for a long-term relationship. In other words, look after your consumers, and they will look after you.

**Helping your consumers develop their financial well-being doesn't have to be a heavy lift. Our Smarter Marketing approach delivers value for both you and consumers, delivering products like digital insurance that drive consumer loyalty in a cost-efficient manner. See how it works by contacting Andrea Heger at [aheger@franklin-madison.com](mailto:aheger@franklin-madison.com). Or learn more at [www.franklin-madison.com](http://www.franklin-madison.com).**

