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SBLI USA Goes Shopping for Customers

SBLI USA Mutual Life Insurance Co. is reaching out to middle- and low-income consumers in the United States – particularly blacks and Hispanics – by marketing life insurance through retail stores, a savvy distribution strategy according to at least one industry executive.

“It’s a completely untapped market that...most of the insurers are not going after,” said Michael Lane, senior vice president of real estate and customer centers for SBLI USA Mutual Life and its subsidiary, S. USA Life Insurance Co. Seventy million people are “not adequately insured or completely uninsured,” Lane said.

Lane said he believes SBLI USA Mutual is the only life insurer with retail stores.

The first SBLI USA Mutual “customer center,” as the company formally calls them, opened in Puerto Rico in February 2003, followed by a store opening in May 2004 in Buffalo, N.Y. “A significant amount of our core customers are located in those areas already,” Lane said. “It was a wonderful opportunity to be more connected with...our core customer base.”

In September 2005, S. USA Life opened a retail store in Chicago. The store features kiosks, equipped with computers. The kiosks are educational tools for customers to take financial self-assessment quizzes, learn about S. USA’s products and services and get fast insurance quotes, according to a fact sheet on the Chicago store. A children’s area features a play area with games and plasma televisions.



SBLI USA Mutual Life Insurance Co.

SBLI USA Mutual's Chicago Customer Center provides a storefront appearance for prospective retail customers.

Retail is a smart idea for life insurance companies that seek to better serve niche markets that haven't been strong buyers of life insurance, as well as the middle- and low-income markets, said a top executive with a leading insurance brokerage.

“In general, the industry seeks to cater to the top 2% of individuals,” said Thomas Mangan, president of employee benefits for Hub International Northeast, part of Chicago-based Hub International Ltd. “We are seriously underinsured in the middle class,” he said.

However, Mutual of Omaha Insurance Co. is the “granddaddy of retail,”

Mangan said, saying that company set up shop years ago in airports. The company marketed a “one-time” term life insurance policy aimed at the “scared flyer,” he quipped. The policy was sold for that one flight — “if it goes down, it pays out.” He recalled one actuary noting that Mutual of Omaha was “making money hand over fist” by selling these policies. Jim Nolan, a spokesman for Mutual of Omaha, said that in 1955, the company began offering “travel-related insurance products” at airport kiosks and counters through its Tele-Trip affiliate.

— Fran Matso Lysiak