

Beyond the Boomers

Forward-thinking life insurance companies aren't just targeting affluent Baby Boomers any more. Who's doing what—and why?

By Jennifer C. Rankin

(Full article in the April 2008 issue of LOMA Resource)

Move over, Baby Boomers. You've been the center of attention since 1946. Believe it or not, it's not all about you any more. This year, the first wave of Boomers started to retire and the recent media build up has been hard to miss. Who knew tie-dye, the Volkswagen bug, and Dennis Hopper would make such a comeback?

The good news? Consumer product manufacturers and financial services companies are still lining up to woo us with the images and sounds of our youth and to cater to our every need, real and imagined. The bad news? We're being edged out by our children, emerging ethnic and cultural groups, and lower-income Americans.

Hispanics are now the largest multicultural segment in the United States, accounting for about 14 percent of the population, according to the U.S. Census Bureau. The Hispanic population continues to grow at five times the rate of the total population. In the past decade, their buying power has increased by 260 percent; the buying power of Asian Americans, who now make up about five percent of the population, has increased by 252 percent.

Middle Class

Life insurers not only are considering the potential of cultural markets, but also are taking another look at the so-called middle market. Just what is the middle market and what opportunities and challenges does it pose?

Although there is no universal definition, most financial services companies use the term middle market to refer to

households with an annual income between US \$25,000 and US \$99,000. According to 2006 data from the U.S. Census Bureau, 56.8 percent of Americans fall in this range. About one quarter of households (25.3 percent) have an annual income of less than US \$25,000, while 17.9 percent—the so-called mass affluent—have an annual income greater than US \$100,000.

The middle market is not homogenous. Those in the lower income range may have little, if any, disposable income; those in the higher range are more likely to be able to afford insurance, but also may have competing expenses such as mortgages and college tuition. Almost everyone in the middle market struggles financially due to stagnant wages, rising prices, and growing credit card debt.

When it comes to life insurance, the middle market has a low penetration rate. According to a study by LIMRA, 26 percent of U.S. households with less than \$75,000 of household income have no life insurance coverage at all. That figure rises to almost 50 percent for households that make less than \$35,000

Just who is reaching out to the middle market and why? SBLI USA Mutual Life has built its business model around the middle market.

The company does not use a traditional agency system to sell product. Its distribution channels are banks, five walk-in retail stores, telesales, direct mail and the Internet. About half of its policyholders are age 55 or older and most have a household income of less than US \$100,000. That demographic is changing, however, and the company has seen a



SBLI USA has enjoyed several years of double-digit sales growth since 1999 as well as consistent customer satisfaction ratings of 97 percent—accomplishments that top tier insurers would love to emulate.



big up tick in the number of Latino, African American, and female applicants, most of which are younger and make far less money.

SBLI USA can process simple-issue applications in four days or less. Among its customer service options are electronic payment, a bilingual (English and Spanish) call center, and bilingual (again, English and Spanish) self service on the company Web site.



The company was founded on the belief that ordinary working people should have access to affordable, quality life insurance. To deliver just that, **SBLI USA** embraces diversity and high technology. Its associates are 57 percent female and 62 percent multicultural. And it just snagged a coveted Cisco award for its state-of-the-art technology infrastructure.

SBLI USA also has made a major commitment to public service. It supports more than 50 different community initiatives with both money and volunteers, who are employees to which the company gives paid customer service days.

All of these efforts have paid off in a big way. **SBLI USA** has enjoyed several years of double-digit sales growth since 1999 as well as consistent customer satisfaction ratings of 97 percent—accomplishments that top tier insurers would love to emulate. ❖❖