

Financial Services

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The Life Insurance market's response to aging: Mega or Mini?

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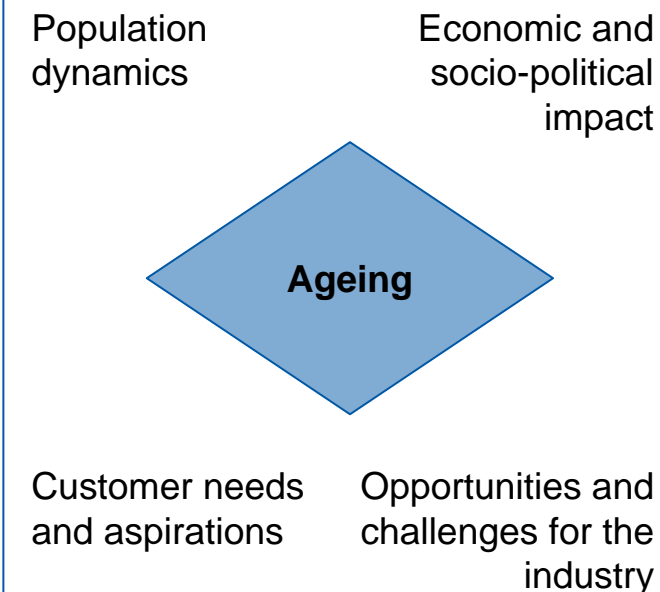
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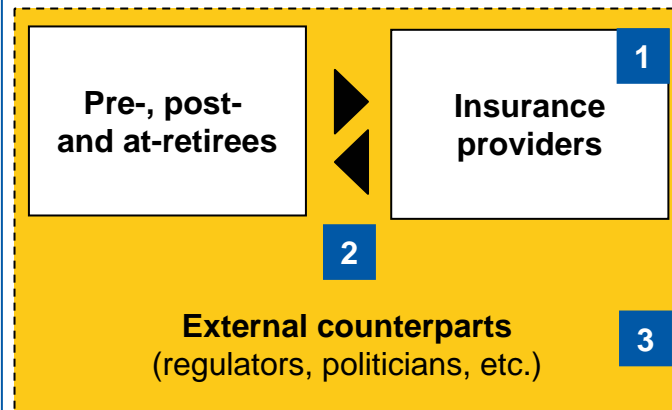
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While we know a lot about aging and related drivers for industry change, the ultimate response of the industry is still uncertain

What is well understood today



What we don't know yet

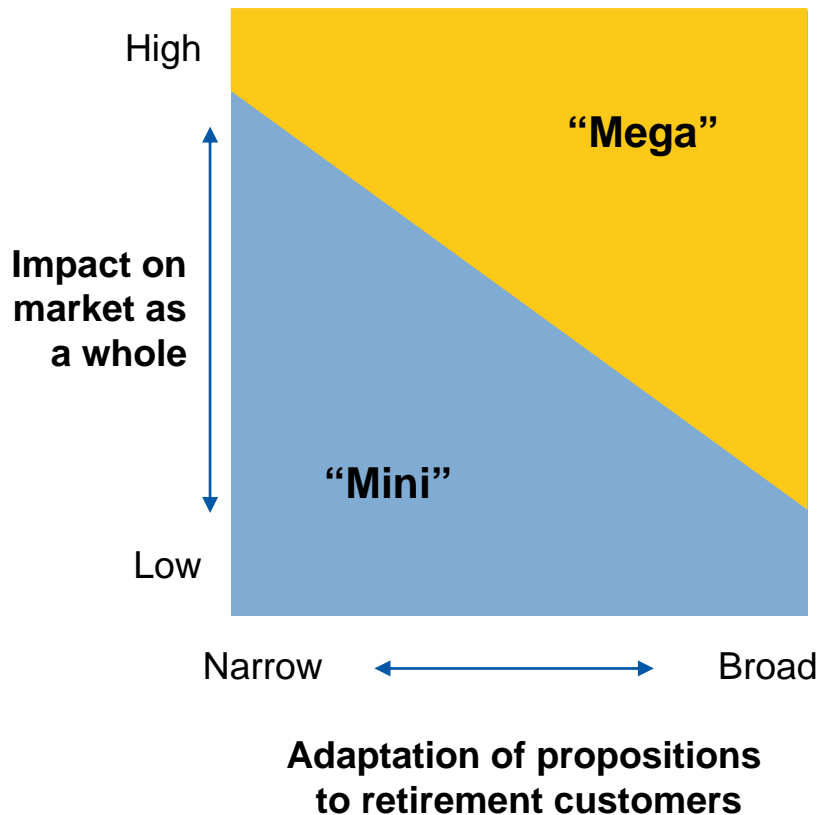


- 1** What will providers change?
- 2** Who will drive required change?
- 3** How to deal with other forces?

Overall question is as to **how** the insurance market will evolve in the light of aging – will there be a “Mini” or “Mega” evolution?

What we mean by “Mega” versus “Mini” scenarios

Scenario space



“Mega” scenario

- Insurers leading the way towards fundamentally new models
- Proactive engagement with all different market stakeholders
- In response, significant impact on overall market structure

“Mini” scenario

- Insurers staying reactive, only narrow business model changes
- Limited “outside attention”, thus low impact on macro forces
- At best, evolvement of specialists in a separate “retirement market”

What we think providers should do in preparing for change

- **Decide on own strategic response to aging**
 - Assess impact of aging on own business, converge to “mega or mini” direction
 - Translate headline direction into a game plan of where and how to compete
- **Engage with the customers**
 - Take a demand-driven view rather than aggressive push approaches
 - Treat aging customers differently, considering lifestyle based segmentations
- **Engage with the broader environment**
 - Understand motives of all relevant stakeholders and their market implications
 - Seek an open dialogue in order to influence market change jointly
- **Think beyond traditional sector boundaries**
 - Anticipate the evolvment of new cross-sector propositions and business models
 - In this regard, develop new perspectives on organisation and leadership