


Baby boom and gloom: Uncertainty for the life insurance industry

30 November 2023  Tim Johnson

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The Capgemini Research Institute recently published its [2023 World Life Insurance Report](#). The report outlines upcoming risks for the life insurance sector, as it predicts the largest wealth transfer in history over the next few decades following the baby boomer generation reaching their 65th birthdays by 2030.

According to the [United Nations](#), 33% of the world's population is predicted to be over the age of 50 by 2050. Currently, policyholders over 65 own 40% of insurers' assets under management (AUM). This means almost half of insurers' AUM is expected to be transferred to beneficiaries in the relatively near future.

This huge shift in policyholder demographic leaves life insurers serving an aging population alongside financial uncertainty as a result of increased pay-outs.

So, what can insurers do?

In order to prepare for this upcoming uncertainty, life insurers are urged to act now.

The Capgemini Institute notes new partnerships and product development as key areas of focus for insurers to safeguard against these risks.

The Institute also notes that as 60% of those aged 65 and over have not received professional financial advice in relation to wealth transfer and the financial implications of ageing and retirement.

This comes at a time of greater need for life insurance as the population face increased financial challenges against a general backdrop of declining governmental support.

Accessibility

To create new partnerships with such a large proportion of the population, insurers must combat the obstacles preventing the adoption of such advice. Lack of accessibility by way of complexity, limited awareness and lack of trust are amongst the biggest barriers.

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Insurers can appeal to these consumers by improving customer onboarding processes. A simplified onboarding experience alongside a more personalised approach can help to increase trust and in turn product uptake.

Improved customer engagement can also lead to increased reach with improved brand awareness and relevancy.

Product development

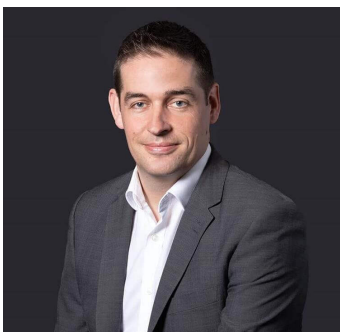
Alongside accessibility, product development will also be key to overcoming these issues. Insurers will need to develop their products to ensure they centre around the customer.

Insurers may wish to consider improvements in and modernisation of technology, utilisation of artificial intelligence, consumer prioritisation and asset retention practices. Creating a more personalised, streamlined and comprehensive service will help show consumers that the insurer is able to meet their needs and expectations.

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