

5

CHAPTER FIVE Beyond Insurance Needs

As solid as they seem, conventional methods of determining client suitability are today considered groundwork -- a basic approach. A new level of sophistication is needed in response to a more complex world. Looking ***outside the box***, suitability today must consider the

following strategies and disciplines:

A Solutions Orientation

Clients who have needs, also need solutions. A responsible agent understands that this starts with matching specific needs of a client to dozens of policy features and benefit options – this is not a job for sissies! When all is said and done, however, a responsible, solutions-based agent must take the final step to assure himself and client that an insurance or planning suggestion is the most effective way to handle economic and health needs. You must sprinkle your client meetings with the following questions:



- Does this make sense to you?
- Have I given you all the information you need to make a decision?
- Is there something else I can answer to assure you that this is the right solution based on your needs?

These are essential questions because they help “clear the air” circulating around any doubts or concerns your client may have. And, they can also help limit your liability if something goes wrong down the road.

A positive response to these questions is the feedback you need to know that you have “gotten through” to your client and are providing some real solutions to some very important needs. The point is, don't define the needs of your client without input from them!

Client Needs Research

The importance of “digging deeper” to uncover a client's true need cannot be overstated. You need to spend more time on applications and as much time as you can in interviews. However, we live in a “break-neck” world where time is at a real premium. Your client may not be willing to wade through a lengthy interview process. So, you must get to ***know*** something about who they are and what they want from your products and services ***before you ever meet them***. It's called suitability research or client needs research. It involves sophisticated-sounding processes like market segmentation, psychographics, or generational marketing.

Why should you determine insurance needs this way? Because, not all insurance consumers want the same level and type of service. Some require more “hand-holding” through frequent meetings, letters or constant phone contact. Others want to know they are being “taken care of” without the pampering. When you conduct client ***needs research***, you will be able to ***assess*** your client markets and best ***identify*** how to approach and serve them. This same process also helps you recognize emerging trends to expand your service

to new client groups. It's not just about sales, it's about satisfying customer needs and serving them right for long-term results. You benefit from a consistent income and clients are more likely to receive better insurance coverage from someone they know and trust.

What can you hope to learn by doing client needs research? Here is just a partial list:

- Strategic planning - in what direction are consumer trends driving your business? Where should you invest?
- New product/service development - what lifestyle need can your new product or service fulfill? What new products are opportunities?
- Product/service redesign - what changes in consumer lifestyles impact your product or service? How should you change your offerings?
- Positioning - what lifestyle do you need to satisfy that competitors do not? How do you communicate your superiority?
- Targeting - what lifestyle characteristics define the consumer groups you want to/should target? What new groups are the best opportunity and most need your product?
- Marketing communications - what marketing messages resonate strongest with your target consumers? How can you minimize disconnects?
- Channels - what is the best way to communicate with your consumers? What channels should you choose?
- Pricing - what are consumers' attitudes about price, value, quality? How do they feel about spending and saving their money?
- Brand loyalty - how do consumers perceive the role of brand in the shopping process? How can you encourage strong brand loyalty? What programs work?
- Market share - what do consumer trends suggest about the future of your business? How can this help you create a sustainable competitive advantage over your competitors? What actions can gain you more share?

A New World Means New Consumers

Before we explore this new world of research you should understand that insurance consumers today are much more complex than the relatively homogeneous buyer of the immediate post World War II era. Values back then were stable and centered around a shared vision of the American Dream. Now, we see vastly different values, motivations, life experiences and insurance needs. By examining the various market groups that make up these modern-day clients and prospects, you will gain the confidence to understand their core needs and their motivation to insure in specific areas. The result should net a better client-agent relationship, better coverage and better client retention down the road.

Client Groups / Cohorts

Client needs research focuses on groups or clusters of clients. Why? Because members of a group or generation are usually linked by shared life experiences such as pop culture, music, world events, natural disasters, heroes, villains, politics, technology, etc. These experiences create bonds that tie these groups together into what some researchers call **cohorts**. Because of their shared experiences, cohorts develop and retain similar values and life skills. And, research has proven that these same skills and values are more powerful determinants of insurance needs.

In their book *Rocking the Ages*, 1998, J. Smith and Ann Clurman suggest that **every cohort group** passes through the same stages in life, e.g., getting a driver's license, buying a home, the joy and pain of parenting and the uncertainties of retirement. Similarly, each generation or group we belong to, must all deal with the same circumstances -- economic downturns, wars, World Series. But, each group responds to these life changes and circumstances in different ways depending on generational differences. Therefore, it is likely that the insurance needs of one group are different than another.

To demonstrate this, let's look at the insurance history of today's seniors. In their younger years, virtually everyone bought whole life insurance to cover burial costs and/or to build a small pot of money down the road. You started with a small whole life policy and paid on it forever. Contrast this with boomers of today who more typically buy one or more term/universal/variable policies for \$1 million and up to cover huge mortgages, expensive college educations for their kids and / or staggering cost of living expectations if the breadwinner dies young. Both generations bought homes and raised families, but the influences of their individual eras created a need for much different insurance products. The same is true for property/casualty and health coverages. Generations today buy substantially higher liability and lifetime medical limits in response to more lawsuits and escalating hospital bills. Generations past were more likely to self-insure all or a portion of these coverages because the legal consequences were not as grave.

Group Needs

Consumer research experts say that you would be making a mistake to assume that just because your customers are turning a certain age they will behave in the same ways, i.e., buy the same insurance, as those who turned that age before them.

For instance, an insurance agent who has successfully met the needs of a 50-year-old baby boomer with a specific product line might be fooled to believe that the generations behind them (yuppies, xers, etc) will find the same products satisfactory. Boomers, for example, remain more free-spirited from habits formed early in life. They are not the **savers** their parents were. **Now** is more important to them, even though they are getting closer to retirement. Xers, on the other hand, are a more savvy generation willing to take on the challenges they face. For Xers, hard work is a pragmatic necessity and they tend to be more careful in planning for the future. In a few ways, they are embracing some of the values of Seniors who have seen more uncertain times. As an agent, you need to understand these trends and reposition yourself to better serve them.

We can learn a lot about repositioning from other industries. In the late seventies, for example, publishers of a magazine called *Apartment Life* needed to change their image to respond to a wave of prosperous, independent Boomers. The country was emerging from a recession and urban-oriented Boomers no longer wanted to live in cheap "singles apartments", but they weren't quite ready to move to the suburbs like their predecessors (the Seniors). To respond to this shift, the magazine successfully changed its name to *Metropolitan Home* and emphasized luxury and prestige apartment living.

In a like manner, agents today need to find a **common ground** with every client group he serves. It would be a mistake to judge people by their appearance and selling on price alone may no longer be the path to keeping customers happy. As we will suggest in coming pages, **repositioning** to meet client needs means asking questions and learning client objectives and understanding client groups.

Know Your Clients

We have only lightly discussed a few of the significant client groups you will encounter in your business as an insurance agent: Seniors, Boomers, Generation Xers and Nexters. Each of these generations have unique work ethics, styles and views on issues like quality of product, service and their need for insurance. The agent of the new millennium strives to know as much as he can about these consumer groups because providing and servicing their insurance needs is no longer the homogeneous effort it was years ago. These generations are smarter and more demanding. Your ability to respond to their needs will determine your success in developing long-term business relationships where all parties involved are rewarded.

In addition to knowing these clients, you must develop ways to work with them. If you are a young agent, for example, will you be able to convince a senior that you are capable of understanding his needs and meeting them. Older agents may have similar problems getting younger clients to listen or see value in their experience.

Let's look at the profile of these clients and the interaction issues you face in serving them:

Seniors: *(Born between the turn of the Century and World War II. They number approximately 52 million).*

Seniors accomplished their goals through hard work. They are a very "team-oriented" generation having weathered a depression and major world wars. Almost half of the men of this group served in the military which is probably why this generation is so well taken care of by the government. It also didn't hurt that they saw seven of their own in succession in the White House, beginning with John Kennedy and extending through Lyndon Johnson, Richard Nixon, Gerald Ford, Jimmy Carter, Ronald Regan and George Bush.

Research has shown that **different generations** tend to catalyze or define themselves in the shadow of a momentous event or members of their generation. Defining moments for seniors include the bombing of Pearl Harbor, "a date that will live in infamy" said President Roosevelt. Heroes of this generation include MacArthur, Patton, Eisenhower, Winston Churchill, Audie Murphy, Babe Ruth, etc.

As Seniors came of age after World War II, they were armed and motivated by the ideology to rebuild society. They shouldered the burden of ensuring foundations of a better life which, indeed, is the reason that the generations behind them experienced stability and growth. Their self-sacrificing was very aptly summed up by John Kennedy in his inaugural speech when he said "ask not what your country can do for you, but what you can do for your country". Things weren't easy, but that was ok. Seniors understood that hard work was its own reward and sacrifice a virtue.. Duty before pleasure was their creed and their commitment to accomplish their goal was lifelong, not just a flash in the pan.

In essence, unlike many other generations, Seniors had a clear sense of purpose to what they were doing -- sacrificing for their children. Their individual struggles were shared by an entire nation which led to an unprecedented era of cooperation and mutual support. And, their efforts paid off. Success seemed to follow anyone who worked hard. This only reinforced their core belief that anything worth having was worth working to get.

Because they concentrated on their work and sacrifice, Seniors have always looked to the outside for direction and guidance. Authority figures like Dr. Spock were highly praised as was a general respect for government officials. Government programs flourished under the Seniors starting with the GI Bill of Rights which allowed virtually anyone to buy a house or go to school. The suburbs were filled with starter homes while the government provided all the infrastructure.

The prosperity of the Seniors, the respect they felt for institutions and their desire to conform all resulted into a true loyalty toward brand-name products. Seniors postponed a lot of material rewards, but when they finally let loose, they bought up a storm . . . mostly brand names they saw on TV or in ads. Anything that portrayed a glimpse of the American Dream was an immediate success.

Financial services were not complicated and interest rates were low for most of the Senior generation. Seniors paid off homes, created large retirement savings accounts, secure jobs and retired earlier than the generation before them. They are also richer, have more health benefits, better pension plans and live more comfortable lives. And, even in retirement they still want to conform as they flock to senior-oriented communities with names like Sun City and Leisure World.

Smart marketers have also learned that you don't treat today's Seniors as decrepit or broken down. They see themselves as active, health, happy and vivacious. Even those who are not so healthy or energetic dislike advertising or products that remind them of their age or problems.

Seniors like **consistency and uniformity** in their business dealings, as well as brand name companies. They like to conform and believe in logical matters. Conversations should stay "on the topic" and not get "too personal". Seniors are disciplined but they get frustrated like everybody else with things like poor service or poor directions. The history of your products and companies are very important to this group because to a great extent they base their decisions on what has happened in the past: What Worked? What didn't? Details are also important because seniors are very uncomfortable with conflicts that arise after the sale. Seniors believe very much in law and order so products that might "push the legal limits" may be viewed with suspicion. Technology devices like voice mail, computers or e-mail are not their favorite things. In essence, you are dealing with a very conservative group

Boomers: (Born between 1946 and 1964).

There are over 80 million Boomers alive today making them one of the largest consumer groups ever. Boomers are bound together by their early expectations, skills and values shaped unbridled economic growth. For them, the bubble would never burst. They grew up in some of the most optimistic, positive times -- the 50's. With few economic worries to distract them, they felt free to focus instead on themselves, on experimentation and on fulfillment. It didn't help that Boomers grew up spoiled and pampered by permissive parents and authority figures who considered self-expression good for them.

Boomers grew up thinking they were special and the media gave them the spotlight at every turn. They were and still are the "stars of the show". They believe themselves to be more interesting than Seniors or the Xers that follow. They also feel a sense of entitlement and expectation simply because of who they are! After all, they are the best educated and most sophisticated Americans in history. Who else is qualified to run the country. Personal

freedom was a right not something to earn. They wanted no penalties for breaking the rules and complete impunity from criticism on the job.

For early Boomers, such was their life . . . simple and orderly. However, this all changed with the Vietnam War, Watergate and the economic hard times of the later 1970's. For Boomers, all of these events represented "cracks" in their world. The system was in doubt and the Boomers saw themselves losing ground for the first time. The post 1979 period was definitely a turning point in Boomer attitudes and expectations. A new desire for affluence emerged -- a "he who dies with the most toys wins" attitude. By the mid-1980's, Regan economic and tax policies made this more pronounced by putting more money into the hands of Boomers who realized that they had to take care of themselves -- RIGHT NOW! It was an era of conspicuous consumption never seen before. BMW's replaced VWs, designer jeans replaced tattered jeans and the Home Shopping Network came into our homes to make it all possible.

Brands for the Boomers no longer dominated the marketplace. They wanted control. Discount and outlet stores thrived. This continued unabated until the shock of the '87 stock market fiasco. Suddenly, Boomers rejected the marketplace. Instead of "shop till you drop" the watchwords were "drop shopping". By the end of the eighties, Boomers were actually losing for the first big time. Even their kids were suffering because BOTH parents were working. Debt was higher than ever and so was their weight.

Boomers reasoned that they worked hard and played by the rules but still failed. Of course, they also believed that it wasn't their fault. They cast themselves as the victims -- a resentment that lasted well into the 1990's.

Today, to a great extent, Boomers have regained their senses. They are realizing that they have created much of their own stress and they will pick their future battles more carefully. They are also realizing that they are in their peak earning years and they need to start saving for retirement. Are their days of rampant spending at an end? NOT! It is important, say the experts, to remember that Boomers are rule breakers. Their individuality is more important than conformity. They have always done things different than the Seniors before them. If it takes some spending to accomplish this, so be it. Boomers are quite service oriented. They want to be liked, yet they are driven and willing to "go the extra mile" with a tremendous sense to "prove" themselves. Boomers have been described as "the most stressed generation in history", however, they are reaching an age when they want to simplify their lives as much as possible.

Generation Xers:

Americans born after 1964 are already a powerful force in the marketplace, yet they are a generation that is much harder to label. In numbers, they are smaller than the boomers and seniors with approximately 44 million among their ranks. There are many common themes that apply to all of them, but the way they express themselves and the way they are influenced is much more diverse than prior cohort groups. Perhaps, to some extent, this is because this group is the most demographically diverse segment of the population. There are fewer Caucasians, and in some states, it is predicted that certain ethnic groups within the Xers will represent the standard, not the minority.

What are the issues that bind the Xers? In his book Generation X, Douglas Coupland describes them as "fanatically independent individuals, pathologically ambivalent about the

future, and brimming with unsatisfied longings for permanence, for love and their own home." This is not a flattering description of today's youth and some believe it is simply the same old system at work: Each generation complaining about the other. Statistics show, however, that GenXers have faced economic and social obstacles that did not exist for Boomers. Some believe, they have even more to overcome than Seniors. Older Xers witnessed splitting families, gas lines, stagflation, IRAN hostages, nuclear meltdowns and corporate meltdowns. Younger Xers saw more splitting families, homelessness, holes in the ozone layer and a lot of violence on TV. All of this instilled a certain air of **survival**. Don't get your hopes up too high. There were no great role models. Instead of Ozzie and Harriet type neighborhoods, they lived more like the Simpsons!

While the Boomers inherited a world built-up by Seniors, Xers feel they are left with the aftermath and conflicts of the Boomers. For some, the feeling is that everything needs to be fixed, especially if a Boomer has something to do with it. For the meantime, these issues have left the Xers with a detached attitude. Jobs are dead-end, life is one big conflict. But many feel this too will pass because Xers are tougher than Boomers. They are much more determined to be involved and in control. They will tire of being victims and unlike the generation before them, they will not focus on a "live for today" philosophy.

How will Xers shape their future? Instead of muscle and sweat, they will be more resourceful. Sure they can work hard when required, but they will more likely work smarter too. While Seniors and Boomers would "forge ahead", Xers will sidestep and wait for an opportunity to develop. They are far more entrepreneurial and less trusting than Boomers. Self-help is their best protection against failure. In the spirit of the best survivalist, they are protecting themselves against tomorrow!

One of the most important tools for Xers controlling their space is the computer. While every generation is known to be experts of the technologies commonplace at the time, the computer skills and cyberspace prowess of Generation X is well known. It defines their vocabulary and communications. So much so, that the PC and other techno tools are simply part of the background. Some feel, however, that the impact of all this technology will also contribute to their uncertainty. It has created the risk of distancing themselves from "real life" and forced them to have everything presented in short spurts of information, much like web pages. This is truly a visual generation. They are less likely to read, but more likely to network quickly.

What is in store for Generation X? As Xers approach their thirties, they are taking their cautions and concerns with them, especially when it comes to families. Experts predict that they will not want to repeat the mistakes Boomers made in splitting households, nor do they want to inflict this on future generations. Stability in their household is a goal and success a dream with many barriers yet to overcome.

Xers like informality and their approach to authority is casual. Basically, they are unimpressed with authority. Instead of billing yourself as an insurance expert, for example, you might get farther with an Xer if you come to be known as their insurance "guru". One agent we know made a big splash among Xers and others by advertising himself as "the tall guy". Yes, he was tall, but it was a casual label that stuck.

This group is also very skeptical. They grew up with lip service and have learned not to place their faith in others. Loyalty and commitment are secondary to getting "burned". With Xers, you need to tell them what it is. Tell them what it does. And don't make a big deal out of it.

Of course, Generation X is technologically savvy. They take comfort in their knowledge of computers, e-mails and the Internet . . . it's in their bones!

Nexters:

While this generation is now too young to be major insurance consumers, they represent a large base of the population . . . about 80 million strong . . . and they possess some unique characteristics that will make them noteworthy as future clients. This new wave is both optimistic about the future and realistic about the present. They combine the can-do attitude of seniors with the technical savvy of Xers. Some call them the "ideal citizens".

They are resilient because they take things that might annoy other groups for granted. Goal setting and the 40-hour work week , for example, are expected to achieve dreams. They will be the best educated generation and their core beliefs are about government and the "establishment" is, in general, very much like seniors -- they are conservative.

With their education, work ethic and common sense approach to life, this generation could be "heaven on earth" for insurance agents. The only catch is that you will have to wait a while until their *need* kicks in!

Generational Needs

To be effective as an agent you need to know your clients and know how to meet their needs. You need to "empathize" with their current and past situation. Think of it as "walking a mile in their shoes"; imagine how they perceive you as their agent. Are you too young to gain the confidence of a senior? Are you too old to relate to a Gen Xer? Too stuffy? Are you going to fast? Too slow? Do you "speak" their language using words and mannerisms familiar to them. Is your demeanor so casual that a senior might think of you as rude or disrespectful?

This is not about "selling" something you have, it's about how to better communicate transactions so different clients can understand them better. For example, if you were approaching a Senior with a long term care policy suggestion you could leverage the brand name of a big insurance company a bit, but you would also know that Seniors have come to be somewhat distrustful of big business. You would need to do more to satisfy their need to know more about your insurer.

To be effective, you will also have to reach different client groups on different levels. Seniors and Boomers may not respond as well to websites as will Xers. Boomers will want more detail, while Xers want it short and sweet. Seniors will want to know all the risks in plain English.

While all groups want the best price they can get, just selling price is not enough. Every generation has demonstrated they will be willing to pay a little more with a guarantee of better service.

As to efficiency, Boomers and Seniors are pre-occupied about what goes on during the sales process. They see the sales experience as unpleasant. Xers, on the other hand are more worried about what happens after the sale since they feel that if a problem occurs, nothing will be done anyway.

Let's look at some more ways you can be meeting specific generational needs of clients and prospects.

Serving Seniors:

Serving seniors effectively means you must **respect their experience**. They might like hearing from you how valuable it is to hear how things worked in the past and that their perseverance is valued. They might also like to see that you are "part of a team" to meet their needs. Messages, literature and brochures should speak to issues of family, home, patriotism and traditional values. Use clear enunciation, good grammar and large type. Include "please" and "thank you" and avoid any kind of slang or near-profanity. Also, don't expect seniors to jump-in on a product you just presented. They prefer to get to know you, what to expect from your policy and who's who with your companies. They will relate to the true story of your company from where it is to where it is going. Stress the long-haul using "months and years" rather than days and weeks. Seniors will respond to the "personal touch" such as a handwritten note instead of an e-mail or fax. Also, strive to be a respected "mentor" or "coach" to your senior clients. Don't avoid the difficult issues and try to get agreement on potential problems. Never try to take them by surprise; they need time to prepare for their decisions. Agree on a course of action and set a follow-up date.

Financial discipline is still the foundation of this generation. Few of them will betray a lifetime of saving to be big spenders. They might be more willing, however, to spend money on look at something that might benefit their children or grandchildren because they are still the generation that feel they need to make something better for someone else.

When it comes to something new or experimental, you will have a much harder time convincing Seniors. They are less likely to want something new before someone else has tried it.

One of the best *mediums* to reach seniors are lectures or seminars given by an expert. However, this group does not like to be in learning situations (small or large) in which they might look foolish in front of someone because they don't know the right answer. If you ask a question, make sure they can answer it. Information should be organized, well researched and supported by facts, figures, details and examples. Seniors like their information in condensed form.

Also, few, if any, Seniors would like to be known as old. If you are appealing to them to contacting older clients, there is no need to point out that you are doing something a certain way because they are old. You don't need to point, for instance that the letter or policy you sent them uses large type to help them read it better. No one wants to be reminded that their body parts are wearing out!

Serving Boomers:

Serving boomers will be a challenge. Like seniors, they **need to know** that their experience is valued. Messages like, "you're important to our success", "we need your business" or "you will really make a difference" are important reinforcements. They need to know they are part of something dynamic and that in the final analysis "they" will be the winners. Instead of historical significance, stress how your company and products are "leading edge". Always focus on the future or near future, rather than the past. It is not specifically huge amounts of data that impress them, but the nature of the data being "inside edge" or "little known" to

anyone else. Third party testimonials or articles from "experts" lends more credence to this group. If you need to coach or mentor a boomer, be tactful. Be warm and find opportunities for agreement and harmony. Ask lots of questions to get to their issues. Think of yourself as an equal but always ask permission . . . "would it be okay if we talked about your long term care?". Respect them, but be advised that they are not fond of being called "sir" or "ma'am". It reminds them of their age and they are determined to approach old age slowly and with style.

Boomers want to win at most things, however, they are realizing that convenience can also be a good thing. You clearly need to be **more detail oriented** with Boomers. Technology is important but they are still suspicious. Boomers look for **efficient organization of information**. Pack it in, but make it easily available. Let them browse.

Brand names are not a "hot button" as long as they have choices. Value, on the other hand, is critical to their thought process -- after all, you can't win if you didn't get a good deal!

Because boomers see education as a means of climbing the ladder, they respond well to several **learning mediums**, especially when presented in a somewhat casual environment. To boomers, lots of information is considered a reward not a liability. Start with an overview and give them an option to get greater into the detail later. Seminars and workshops work good although they, like seniors shy away from involved *role-playing*. They like books, videos, self-help guides and audio tapes.

Money will likely still be a problem for Boomers. After years of spending and lack of retirement planning, they need help. And, they will increasingly delegate these matters to experts. Solid instruments deigned to help them save are needed most.

Boomers will continue to reject traditional methods. Asking them to do something because it is what work for the people before them (Seniors) is a big mistake.

Serving Gen Xers:

Serving Xers will be a different experience. Doing something **their way** with the help for the newest technology is how you get through. The fewer rules the better. The more feedback the better. Your product or service must be helpful in them "making their life easier" or "getting more out of life". Experience and traditional statistics are meaningless to this group: They will decide based on merit alone. Likewise, warm and "fuzzy" treatment is not welcome. Make it funny or relaxed to get their attention. With Xers, you gotta have a website! Make it easy for them to get information in snippets, rather than through a whole lot of reading and a good amount of "frequently asked questions" to ponder. Give them a lot of elbow room to make a decision, but be there (feedback) when they need to ask a question.

People in the Gen X category will be diligent but uncertain that anything will last. They are the most likely group to hedge or insure against bad consequences. However, asking them to plan for a far away retirement is not high on their menu.

Xers are skeptical and do not like to be categorized. They don't want to be "preached" to about the benefits of a product. Tell them what it is, what it does and get out! Xers have little use for experts. They rely only on friends and self-help: Both are more trustworthy and less suspect than an "expert". The hard sell is not going to work because they have seen it all or they can access it for themselves right now! Lack of data doesn't bother them as much as

lack of honesty. Get to the point and stick to the subject in an earnest way. Advertising that tries to be too cool without addressing the issues is doomed. Also, brand names mean less to this group than others.

Mediums to reach Xers vary widely. Statistically, however, they do not read as much as other groups. However, interactive CDs and internet solutions can be very effective.

Gen Xers will judge you more so on your technical competence than on your people skills and you will not automatically earn their respect because you have a degree or professional designation.

New and improved means little a Gen Xer. His idea of new is something on the extreme edge of what's there already. However, you can score points if you stress that you do things very differently than other agents.

Anticipating Needs

Little in life remains the same. Your clients and their surroundings are changing and so will their insurance needs. You must plan, even when things seem very confused.

The fact is, the future is a blur for everybody. No one expects you to **predict** what will happen to your clients. But, there is a near future and far future. As a responsible agent, you should at least have a pretty good "sketch" of what is going to occur just around the corner and a "faint outline" of what is further down the road.

Anticipating client needs is especially important today, considering the speed at which the world is changing. To grow and progress in your career, however, you need to equip yourself with the skills and knowledge needed to be **proactive** to the threats and opportunities of the future. Your very survival and well-being could depend on your ability to anticipate and cope with future events and problems.

What does the **future** have to do with understanding client needs? Simple: The future brings change and the need of your clients change as well. To satisfy these new needs, agents must adapt. But when will the changes occur? What are some of the ways you will need to adapt?

Interpreting future changes (at least from a "best guess" standpoint) should help you prepare better and get a jump on the many new responsibilities that change will bring to the insurance industry and your business.

For example, it is a widely accepted premise that a large **economic gap** is developing between the wealthy and the poor. The middle class in America are losing their purchasing power on the heels of income losses, unemployment, antiquated skills, etc. Knowing this, you might need to adjust methods of selling and servicing clients. Most will be less well-off than you are used to -- looking for ways to stretch their insurance buying dollar with more term insurance or discounted casualty coverage -- while others will be far better-off than the average guy on the street -- looking for quality insurance products and ways to insure a high-end lifestyle. Can you adequately serve both? Can you re-orient your products to better meet their needs?

It will also be important to be on the lookout for events expected to occur in the future that will run contrary to historical patterns. You will need to monitor things to determine if an emerging trend is actually developing. Healthier eating habits, for instance, are likely to improve as consumers age. The toll they will take, however, may cause a whole band of widely overweight, unhealthy clients needing special medical and life insurance alternatives.

There will also be **wild-card** changes that are completely unpredictable. The presence and attraction of the Internet, for example, has taken the entire world by storm. The methods and practices you need to serve clients in the future may depend on your knowledge and practical application of Internet-based programs and communications. Your clients may insist on it or shun it. Either way, a plan to handle it is needed.

Following are some of the significant trends and predictions that agents need to analyze and monitor:

Demographic Trends and Possibilities

- People are living longer and older citizens will represent more of the mix. In most areas of the world, people over age 60, who equal about 18 percent of the total population, are expected to climb to over 30 percent by 2030. The influence of older citizens will grow not only because of sheer numbers, but also because older citizens are becoming more affluent. Many young adults will never be able to afford the lifestyle of their parents.
- Senior groups like AARP and others are growing in influence with huge numbers of boomers coming to the fold. These groups will use their muscle to put new wrinkles on Medicare, Social Security and other policies facing seniors. Agents need more senior products and ways to help them meet or supplement their coverage needs.
- The changing profile of women: More disposable income, more education, more jobs, more sophisticated needs. The agent's perspective of the "typical American family" must change. Two-wage earners and a growing element of "Mr. Moms" will require a reversal in traditional insurance needs analysis. Women will need more life and disability insurance in order to cover the economic hardship of their loss to the family.
- Some women will have problem saving for retirement because their child-bearing responsibilities mean they work fewer years. Many are single parents with even less opportunity to work. They will need help from very skilled financial advisors to make their money work harder.
- Minorities will soon become the majority in some areas on the heels of rampant immigration. Cities and regions will be more and more segregated by race, ethnicity and class. Schools and neighborhoods will be highly stratified: the wealthy and the minority underclass. A majority of whites, however, will tend to be less affluent and than before. Niche insurance needs will be amplified as various ethnic groups desire to be represented by someone who understands their core beliefs. Ethnic shopping centers and financial services centers will be developed. Services, products and information promoted in several different languages will be the norm, e.g., multilingual customer response centers, multilingual insurance agents, etc.

- Changing ethnic mixes will increase regional polarity and popularity. Certain cities or areas will be "known" as a haven for people of Chinese decent or French lineage. Cultural distinctions will translate into different buying patterns. Certain Chinese cultures, for example, base many decisions on "numbers". The number "4" is linked to death, while "88" represents good luck. Chinese also have a strong preference for brand-name products and services over less well-known companies. A homogeneous, "one-size-fits-all" approach to marketing and servicing consumers will no longer work. Developing an intimate understanding of cultural codes and definitions will be imperative to success.
- While traditions are a powerful force, a certain amount of attrition will occur where cultural consumers will fragment and diversify in their tastes and preferences and begin to explore other new and unique offerings or slowly adapt to American lifestyles.
- A large income gap is developing. Middle class Americans, even though better educated than the generation before them, will have fewer employment opportunities, less affluence and less wealth. Agents need to focus on the needs of a poorer middle class.
- The profile of entrepreneurs is changing. About 20 percent of all small business owners are under age 35 and women are forming businesses at twice the rate of men. The unfortunate side of this trend is that worker benefits are costs that few entrepreneurs can afford since they are already under the gun to keep up with payroll taxes, self-employment tax and other forms of government fees.

Technology Trends and Possibilities

- PCs and the Internet will empower consumers. Armed with automated systems, they will be able to make buying decisions without leaving home. Everyone will need a website. A movement toward buying insurance online will happen for a certain segment of the population. However, wise consumers will always involve agents in the mix for advice and as a buffer between insurance companies.
- As consumers become more accustomed to quickly gaining access to information, they will start to incorporate their technology skills into everyday life. Product recommendations as well as complaints will spread at an accelerated pace. Consumers will be looking for more information to make knowledgeable decisions and ways to be more efficient and productive. This thirst to devour more and more knowledge will eventually lead to excess information and the need for someone to unravel all the input. Providing product comparisons, options, features and prices will be an important service.
- The rush to the Internet will make it difficult for services and manufacturers to differentiate themselves from the crowd. Also, the more impersonal the world becomes with technology advances, the more people will need to be reconnected to other people. Relationship building will still prevail as the best method to serve clients.

Economic Trends and Possibilities

- The role of the private sector will become more important to consumers' financial well-being than the role of government. People will become more self-reliant as governments limit social spending. Self-health care will flourish as well the desire to control purchasing habits. Value in products and services will be high on consumer lists.

- Increased competition will keep a tight rein on prices. Product and service differentiation will become a critical factor to success. If your product does not stand out from the crowd, it may have to compete on price alone.
- The United States is gradually learning to survive without traditional smokestack industries. We are world's salespeople, shippers and financiers. While a manufacturing component will continue to exist for decades, it will become more technologically oriented; run by scientists and engineers rather than shop foremen. Manufacturing will be knowledge intensive rather than labor intensive.
- Networking, particularly among small firms, will increase along with greater customer-supplier cooperation. Size will no longer be synonymous with success. Customers who only purchased from the large companies will shop around.
- Businesses and government agencies are buying more goods and services from outside sources rather than internally. Outsourcing will improve service quality as entrepreneurs obsess about winning and serving the customer. Home offices or small remote offices will allow employees to set up shop away from the main office.
- Continued downsizing will increase the pool of middle-class unemployed available to work as temporary employees. The trend toward smaller enterprises will also increase specialization of products and services.

Work Trends and Possibilities

- The number of full-time employed are falling as many white collar workers accept early departure packages and carve out new identities in skilled arena. Many of these people are boomers "getting out of the rat race" in a post affluent society mode. Some believe this is the start of the "American dream is over" movement leading to a society of "haves" and "have nots". As the simplicity movement grows, look for ways to serve basic needs.
- Because of emerging technology trends in the workplace, skills or professional knowledge will need to be upgraded constantly. Interpersonal and sales skills, in particular, must be sharpened as e-mails and teleconferencing accelerate and face-to-face meetings decline.

Life Event Trends and Possibilities

- A larger segment of aging adults means aging bodies, poorer vision, more cancer, more heart disease, osteoporosis, Alzheimer's and arthritis. People will become more focused on health and ways to protect it because the older we are, the greater chance we will have some personal experience with injury or disease.
- More aging consumers will demand services such as home maintenance, health care, home care and death care. Unfortunately, we will also see an overall increase of disease on the heels of drug-resistant strains of bacteria and the continued spread of other infectious illnesses such as AIDs, tuberculosis, and malaria worldwide.

- Consumers will look for natural or alternative remedies and/or doctors more and more. They will be less willing to take on the risks of surgery and drugs if there are alternatives. Gone are the days when people will simply accept the doctor's advice without question.
- Longer life expectancy will make having children later in life a more attractive option for couples who delayed having children because of their careers. Many women who delayed childbirth may seek fertility therapy, hormone treatments, etc, which may lead to more miscarriages, pregnancy complications and multiple births.
- As consumers become more educated, have better access to information and buying options and are feeling more empowered, they won't hesitate to let their feelings be known. Intolerance for company mistakes, complaint handling, price gouging and business practices generally will increase as consumers fight for what they believe. Increasing competition and technological advances will raise consumers' expectations even more. This will mean more for less, faster buying time, less complication, less effort before and after purchase, less risk, and fewer mistakes and handling of mistakes to their satisfaction.
- Grieving is on the rise. That's right, as the boomers head toward the final third of their lives, there will be more focus on grieving due to lost and ailing family and friends. Death and estate planning will be much in demand as well long term care and medicare supplements.
- A resurgence in smoking is anticipated as Gen Xers find new and exotic reasons to light-up. Smoking is now a social grace among many and some feel that a cancer cure will be found so "why not enjoy". Consider new improved sales among flavored smokes, cigars and specialty cigarettes. Insurance costs will increase as tobacco users proliferate.
- Hospitals are becoming dangerous places to be as infected equipment and new bacteria strands kill more patients. It is estimated that more than 2 million people enter hospitals each year only to get sick with something other than their original problem. Health care costs will continue to be affected as will the need for home care and special procedures to assure sterile medical care.
- As governments and the medical profession grapple with escalating health care costs, one strategy will be a shift from hospital care to home care. People will be leaving hospitals "sicker and quicker". As the population ages more and heads home sooner, adult children will be taking on the role of caring for their parents more and more.
- The "casual" trend will continue as people value the quality of their life over traditional business methods. While this may translate into more comfortable clothes and the need for less formal offices, your clients will still want to know you are a professional. Your dress and surroundings are part of this equation.

Legal Trends and Possibilities

- Insurance companies and their agents will see increased activity in the area of civil rights claims, particularly those dealing with the ***American Disabilities Act (ADA)***. In Parker vs. Metropolitan Life a client alleged unlawful ADA discrimination because the disability plan, administered by Metropolitan Life, distinguished between benefits for mental and