

# COVID - Planning Now to Capture the Emerging Product Opportunity

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*Having sent initial COVID communication to existing customers, now is the time for life insurance and wealth providers to plan for product opportunities with the emergence from lockdown.*

In last week's Citylogue (see link below) we established a framework for providers to communicate their COVID response to existing customers. In this week's edition we look at the new product opportunities that will emerge from the COVID crisis.

## **COVID has caused customer needs to change**

With large-scale redundancies and business closures across all economic sectors, the needs of key customer segments have changed, and life insurance and wealth products need to adapt to these new requirements.

In normal times, product teams would view this as a product launch opportunity...

## **Customers priorities are elsewhere during lockdown**

...however, lockdown is not a normal time.

Customers are uncertain of the sustainability of their own financial circumstances as the extent of the COVID crisis grows, government rules change in response, and the length of the crisis remains unclear.

Furthermore, restrictions on customer mobility create challenges for providers in accessing target customers through traditional distribution channels, in particular, face-to-face intermediaries.

### **Now is the time to start designing products for post-COVID**

Instead, the opportunity to launch products will only appear as certainty returns with the emergence from lockdown into economic recovery.

Therefore, product teams should use lockdown to prepare for the post-COVID product opportunity.

Fundamentally, the process of product launch remains the same:

1. Identifying and understanding potential future customer demand
2. Developing a product that addresses the demand
3. Distributing the product effectively to the target customers

An example of a key shift in customer needs is the growth in demand for short-term, stable cash flow generation among affluent customer segments.

But what could a wealth or life product do to address these demands?

- Generate cash flow from existing illiquid assets, e.g. property
- Provide greater stability to investment assets
- Insure against short-term loss of remuneration
- Cover operating costs for SMEs in the event of the loss of key employees

NMG is working with life insurance and wealth providers to establish a fact-based view of emerging customer needs and to design products that meet these needs in a challenging operating environment of depressed illiquid asset prices, volatile equity markets and high frequency of income protection claims.

### **Imperative to adapt distribution to post-COVID world**

Once the product has been developed, it is critical that life insurance and wealth providers consider how to distribute the product effectively, especially given the way in which intermediaries have changed their advice models to adapt to COVID.

In the next Citylogue, we will focus on the impact of COVID on distribution channels, including findings from NMG's COVID: Adviser Pulse survey. We will outline the ways in which advisers have adapted client interactions to lockdown, which of these changes will continue post-COVID, and what implications these will have for providers across advised and non-advised distribution channels.



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