



Leaders of Tomorrow

An International Insurance Society Program



From Purpose to Advantage

How underserved groups can drive strong business value for life and health insurance companies

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Introduction

The life and health insurance industry was built on improving people's health and financial security through collective risk sharing. Consistently delivering on that promise is becoming more complex as populations age, become more diverse, and develop increasingly distinct health and financial needs.

Many insurers continue to assess opportunity and performance through broad client segmentation, which can hide important differences in access, engagement, trust, outcomes and need. As a result, growth opportunities and emerging risks may remain hidden within larger client populations.

A more deliberate focus on underserved groups offers a practical path forward. The Embedded Purpose Framework, See, Select, Act, enables insurers to identify underserved segments, prioritize those with the strongest business potential, and apply insights to guide business decisions. The result is stronger client value, increased trust, new growth and greater long-term business resilience. Insurers that can do this can then move from Purpose as aspiration to Purpose as a source of competitive advantage.

The world is changing and insurance needs to keep up

Globally, demographics have shifted, and societies have changed from insular and more uniform to multicultural and diverse groups due to many factors including globalization, migration, technology, urbanization etc.¹. People are living longer while more are living with chronic health conditions, compounded by increased life expectancy^{2,3}. In the US, most of the population will be non-white by 2050⁴. In Canada, 1/3 of Canadians will be immigrants and 2/5 will be racialized by 2040⁵. In Asia, the middle-class is expected to grow by 1.5B people by 2030⁶.

With scientific and medical advancement, digital and social media diffusion and cultural shifts/reducing stigma, people are more acutely aware of their own health and wealth needs and find themselves in a stronger position to advocate for themselves thereby increasing the expectations of our evolving client base.

Many people navigate structural/systemic barriers to health and financial wellbeing; standard life and health (L&H) insurance solutions and models don't always meet their needs. Structural/systemic barriers include lack of access which includes several dimensions, including availability, accessibility, affordability, accommodation, appropriateness etc.⁷.

Life and health insurance companies (L&H cos) are in a unique position to more consistently apply client segmentation and insights to address underserved client segments to manage risk, grow new business, build trust and ensure long-term resilience.

Why Purpose, and why the industry is falling short

Fundamentally, insurance is about sharing risk and delivering on the promise of support in difficult times, which is easily understood as Purpose. As insurance evolved over time, the industry moved towards greater risk pools and more generic products⁸. Purpose statements for L&H cos date back to the industry's shift away from purely transactional financial payouts and toward holistic wellness and social responsibility. Purpose goes back to the roots of the industry's crucial role in mutual aid and collective risk sharing where everyone can benefit from essential coverage. The original concept of insurance remains highly relevant; however, the approach needs to evolve.

Purpose statements are widely adopted across the industry. In a scan of 20 global L&H cos: 19 had a clear Purpose statement that mentions at least one aspect of health, wealth, communities or long-term partnership with clients; 11 directly identify health or wealth outcomes in their statement; 7 mention communities; 7 mention long-term partnerships⁹. The industry has grounded itself in striving to be a long-term health and/or wealth partner for our clients and communities in which we operate.

Purpose statements can attract talent by aligning on ambitions; however, it's when an employee is able to connect their work to the broader Purpose of their organization that is the differentiator and a catalyst for several positive outcomes including motivation, productivity, and retention¹⁰. Unlike many industries, life and health insurers can legitimately claim to deliver against their Purpose through their core products which are broad and indirect; life insurance provides financial security by replacing lost income, covering debts, and protecting future generations while health insurance covers crucial medical and health related expenses that can be unachievable without insurance. Retirement products help members save for their post work life. This creates a unique challenge for our industry because where historically the delivery of our core products may have met our clients' needs more consistently, with an ever-evolving client base, insurers may now be mistaking reach for relevance and assuming Purpose is being delivered consistently across all client groups.

The Purpose Gap is well studied across industries. It's the difference between what organisations say about their Purpose and how they deliver it¹¹. Leaders believe that Purpose is working¹¹, because it shows up at its best through storytelling and peripherally (philanthropy, client stories, pilots or research insights). Organizations often rely on these isolated successes as proof of Purpose, but these don't change or reflect how decisions are made internally. For the L&H insurance industry, the gap is widening and being experienced by both clients and employees in the core business.

The traditional insurance model was built around broad risk pools and broad customer categories. As populations become older, more diverse, more digitally connected, and more aware of their unique needs, broad segmentation becomes less effective. The gap is not due to a lack of intent, but that insurers lack visible data to reveal where underserved groups have unique experiences. Performance is typically measured at the aggregate level

for broad products. Without segment level data, insights and business cases, the need may be hidden, and assumed to be smaller than it is, leading to missed opportunities unseen a layer deeper. Insurers that continue to rely on average client assumptions may increasingly miss both risk signals and growth opportunities.

Underserved clients: the key to narrowing the Purpose gap

Large and growing segments of underserved clients represent an important business growth opportunity within markets with our existing clients; however, if not addressed directly, this is also a growing risk for L&H insurers that can't keep up.

Underserved clients are a powerful lens for evaluating whether Purpose is embedded because they face unique challenges that require an organization to think beyond a broad client base. They represent segments of existing clients whose needs, behaviours, barriers, or outcomes are not adequately reflected in current insurance strategy, product design, distribution, or service models, creating both client experience gaps and missed business opportunities.

Underserved groups face higher incidences of health issues, with differences in presences of disease, health outcomes and access to healthcare. Many underserved groups are less satisfied with their benefit plans, and less likely to access mental health supports^{12, 13}. Certain underserved groups have a more pessimistic outlook for all aspects of their health and skepticism or mistrust towards their insurance providers¹⁴.

In Canada, the average investment income of ethnic minorities is 32% less than of white Canadians^{13, 12}. In the US, ethnic minorities invest less than white Americans at every income quartile and typically have different investing preferences^{15, 16}. In Southeast Asia, 40% of people save only 10% of their income, and only 46% invest their savings¹⁷. Globally, women make less and invest less than men, while also living longer with worse health. If women invested at the same rate as men, there would be an additional \$3.2T of AUM from private individuals^{18, 19}. All are examples that provide opportunities for the industry to explore.

The Opportunity

Moving from Purpose to Advantage leverages the opportunities to grow the business more, build trust with numerous stakeholders, and create a resilient business. Embedded Purpose implies that Purpose is applied in core business decisions: who the business is made for, what gets funded, and what gets built. It sets the organization up to ensure that clients are not treated as one group but acknowledged as subgroups of individuals with unique needs. The opportunity is to apply the ambition behind Purpose more strategically where standard approaches do not work equally well for all clients.

Growth

Underserved clients represent a source of unrealized business value. For insurers, the opportunity extends beyond new sales. Better understanding underserved segments can increase participation in retirement plans, improve policy persistency, strengthen preventative engagement, reduce claims pressure, expand distribution reach, and improve trust with growing client populations. The result is stronger growth, more resilient earnings, and improved long-term competitiveness.

Products created for underserved groups are expected to generate tangible business benefits, including increased revenue, improved shareholder returns, higher employee morale, increased innovation and a stronger and more trusted brand reputation^{20, 21}.

Trust

Trust is the core of the insurance industry, built on the perception of authenticity and transparency. Lower trust is associated with lower uptake, lower engagement, lower disclosure of health information, and lower willingness to participate in preventative programs.

Trust in large institutions in general is declining, especially where leadership may be different from the client; trust brokering begins with acknowledgement and acceptance of differences while ensuring that business leaders are leading by example²². Underserved groups typically have lower trust in their insurer, especially some notable groups like women and LGBTQ+¹⁴.

Addressing the needs of underserved groups through solutions allows insurers to demonstrate authenticity, differentiate from peers, and strengthen trust with growing underserved client segments, and enhance their own employee value proposition. Moving from the peripheral demonstration of Purpose (philanthropy and storytelling), towards Embedded Purpose (business integration) is important; more employees are exposed day to day to how the organization delivers against its ambition.

Resilience

Better understanding segment-specific needs improves the potential for preventative intervention, helps address emerging claims pressures, and strengthens long-term business relevance.

High cost claims we are navigating as an industry stem from many chronic health conditions that disproportionately impact many underserved groups^{23, 24, 25}. Those living with (often preventable) chronic health conditions are also typically underserved in the L&H insurance industry^{26, 23}. Prevention is an important opportunity that insurers are leaning into to get ahead of longer-term business risk/resiliency. However, many preventative approaches (e.g., wearables, mobile apps, etc.) are very dependent upon clients disclosing and sharing their data to engage with the industry; trust is a precursor to willing client

participation²⁷. For the industry to be best positioned to lean into prevention, trust must be strong and organizations must be authentic.

If underserved segments experience chronic disease more often, and preventative interventions are less effective because engagement is lower, claims costs may emerge sooner and grow faster. Targeting underserved groups enables better access, higher engagement, and more consistent outcomes across segments.

Purpose has been strongly correlated to driving employee productivity through motivation, engagement and alignment to company goals, especially for younger workers entering the workforce^{28, 29}. Ensuring that the leaders of the future industry are connecting Purpose to business decisions is key to attracting and retaining top talent.

Growth, trust and resilience are all outcomes of better targeting underserved groups. Below is a case study that demonstrates the value of making an underserved group visible, seeking insights, and modifying solutioning to meet real needs.

Case Study: Using sex disaggregated data and insights to increase contributions, AUM, fee income and improve retention among Women in Canada

Closing the gender savings gap represents an opportunity to increase assets under management, deepen retirement relationships, improve persistency and grow fee revenue.

Canadian women retire with about 27% less savings than men yet have longer life expectancies. Resulting in less available resources to stretch out over more years. To compound the challenge, women typically also spend more of their time in poor health.^{30,31}

Women underutilize workplace savings. For nearly every plan metric, regardless of household income level, career stage or age, women take less advantage of their employer's matching contributions than men. The gender savings gap is broader than earnings alone. In all 5 income groups, men maximize their employer match more often than women.^{30,31}

Financial knowledge alone is not the solution. Sun Life Canada's segmented research provided key insights: confidence is a key barrier for women, and women prefer women advisors. Women with high financial confidence accumulate 64% more in savings relative to income demonstrating that confidence drives outcomes 5x more powerfully than literacy alone (12% improvement).^{30,31}

With this important insight, solution enhancement focused on increasing the confidence of women with regards to investing, and leveraging digital and women advisors, outcomes began to change. Match maximization jumped from 32% to 54% for women, creating an immediate growth opportunity and stronger relationship with the segment.^{30,31}

Across life, health, retirement and wealth businesses, underserved groups represent four categories of unrealized value:

1. Uncaptured premiums from underinsured populations
2. Uncaptured assets from under-engaged savers and investors
3. Avoidable claims through better prevention and engagement
4. Lost lifetime value from lower trust, persistence and retention

Embedded Purpose Framework for L&H Cos: Three Steps That Can Determine How Underserved Groups Are Targeted

Existing Purpose frameworks offer valuable principles and theories but are difficult to operationalize within large insurers. As a result, I have created the Embedded Purpose Framework. This is not a complete Purpose framework as there are more opportunities to deliver Purpose outside of underserved groups; however, it is one reasonable high value step in the right direction that insurers can practically implement.

To better serve underserved groups, insurers need a practical process that moves from visibility, to prioritization, to business decisions. The goal is to identify where client need and business opportunity overlap, then fund and design against those priorities.

Step	What it means	What the company starts asking	Capabilities required
1: See	Move beyond overall client averages and identify meaningful differences by segment. This includes differences in access, engagement, trust, drop-off, persistence, claims experience, outcomes, and need.	- Which client groups are not engaging, using, or benefiting from our solutions? - Where are we seeing lower uptake, lower persistence, or higher drop-off? - Are there segments we are not seeing because our data is too broad? - Are expected outcomes being achieved consistently across different groups?	- Better client data by relevant segments. Proxy data where there are gaps. - Ability to measure differences in access, engagement, outcomes, and barriers - Data governance that allows the business to use insights responsibly - Clear metrics that show where the experience differs by group
2. Select	Use the data to choose which underserved segments are most relevant to the business. Prioritization should consider need, market size, business opportunity, risk exposure, strategic fit,	- Which underserved segments represent both client need and business opportunity? - Which groups are we best positioned to serve well? - Which segments require new capabilities before we can credibly act?	- Client research and behavioural insights - Segment-level business cases - Market and risk analysis - Partnerships or community insight where trust or access is a barrier

and obtain insights	and the company's ability to serve the segment well.	- What do we need to understand about their needs, behaviours, barriers, and trust drivers? - What choices are we making about who to prioritize, and why?	- Clear decision criteria for choosing priority segments
3. Act	Use the priority segment insights to decide what to fund, enhance, build, scale, stop, or redesign. Product, distribution, service, prevention, and investment decisions are tested against the needs of the selected segments.	- Which priority segment does this product, investment, or initiative serve? - Are we enhancing an existing solution, building something new, or deciding not to proceed? - What specific barrier are we solving for: affordability, access, trust, complexity, relevance, or engagement? - Is this designed to scale, or will it remain a pilot? - What evidence will tell us whether to expand, redesign, or stop?	- Flexible distribution channels and networks - Trusted partnerships, including employers, health providers, community organizations, or advisors - Simplified client experiences - Product design that reflects real client constraints - Capital allocation discipline tied to client outcomes and business value
Ground product decisions and capital deployment against priority segments and insights			

In absence of strong data and segmentation, insurers may believe they're serving clients at scale due to large reach, but important differences in need, access, trust, engagement and outcomes are still present.

In summary, applying the Embedded Purpose Framework will enable the industry to:

Move away from:

- Clients being assessed mainly through broad averages.
- Segments being treated as niche, anecdotal, or philanthropic opportunities.
- Product and investment decisions made for a default client.

Move toward:

- Underserved groups being visible in the data.
- Priority segments chosen based on need, opportunity, and fit.
- Product and capital decisions tested against priority segment insights.

Move away from:**Move toward:**

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| <ul style="list-style-type: none"> ▪ Pilots remaining peripheral.
 ▪ Capabilities added after the fact. | <ul style="list-style-type: none"> ▪ Successful approaches have a clear path to scale.
 ▪ Capabilities identified upfront based on the segment's needs. |
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Embedded Purpose is about leveraging quality insights to prioritize where the business is best fit to create meaningful and more consistent client value and business value by embedding into capital allocation and product solutioning.

Altogether, this moves the industry from offering broad access to solutions to designing for different clients and how they engage. The capabilities ensure that the organization can respond effectively. When one step is missing, Purpose likely will remain fragmented and opportunities likely won't scale.

Strategic Trade offs

Embedding Purpose by targeting underserved groups, is not about serving every underserved group equally. Insurers must decide which segments align with their strategy, capabilities, risk appetite, and growth ambitions. That means choosing some segments over others, funding capabilities that may have longer payback periods, and accepting that prevention, trust-building, and proposition redesign may not deliver immediate returns. But avoiding these choices also has a cost: continued under-penetration, weaker engagement, continued distrust, and less visibility into emerging risk.

Some key trade-offs that must be evaluated include:

- Choosing one segment means not choosing another
- Funding prevention may reduce near-term returns
- Redesigning propositions requires investment
- Gathering higher quality data requires effort and investment
- Some segments may have longer payback periods (e.g. CHCs)

Conclusion

The forces reshaping the life and health insurance industry are clear: populations are aging, markets are becoming more diverse, expectations are rising, and prevention is becoming increasingly important to long-term health and financial outcomes. Together, these trends create an opportunity to better understand the different needs, behaviours, barriers, and aspirations that exist within a broad client base.

Underserved groups represent a powerful lens for identifying where need and business opportunity intersect. They are a source of potential growth, an opportunity to strengthen trust, improve prevention engagement, and deepen client relationships. They also provide a practical way for insurers to translate Purpose into tangible business outcomes.

For leaders, the path forward is straightforward: See, Select, Act. Make underserved groups visible in the data. Select the segments where client need, business opportunity, and organizational capability align. Act on insights to make informed decisions for product design, distribution, service, prevention, and capital allocation.

Companies that do this well will be positioned to capture growth from underpenetrated markets, strengthen trust with increasingly diverse populations, improve prevention and long-term resilience, and attract employees who want to see their organization's Purpose reflected in business decisions. Those that do not, risk becoming less relevant to the clients they are trying to serve and the employees they are trying to attract.

Purpose remains fundamental to life and health insurance. The next competitive advantage will come from delivering it more consistently, for more Clients, through better business decisions.

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