Over the past 20 years there have been similar marked changes in both banking and insurance. For decades, building branches was the epitome of providing convenience for bank customers. Today, it's a free app for a smartphone.

Looking back on the life insurance business 20 years ago, it needed the advances that technology and an emphasis on simplification would bring just as much as banking did. Back then, there were only a couple of choices in policies, all arguably complex and confusing. Qualifying was complicated, applications were cumbersome, processing was lengthy.

Around that time, some banks became interested in getting into the insurance business. Some looked at life insurance, but most gravitated to auto and homeowners types of coverage, since these were relatively straightforward, quick transactions, while life insurance sales took longer and were more complex.

While the results of these ventures into selling insurance have varied, there have been more singles than home runs, along with more than a few strikeouts. So it’s worthwhile to understand how the life insurance industry has changed since then.

Perhaps the most dramatic and far-reaching change is in medical underwriting, which has benefited from vastly improved medical care and medications. Applicants who might have been rejected or offered higher rates in the past, enjoy standard rates today, including some with a history of cancer, diabetes, heart disease and so forth.

Another area of change is in products. In times past, the life insurance industry was less than innovative when it came to product development. But spurred by competition, life companies have taken huge steps forward by focusing on consumer needs (much like banking). For example, new hybrid life and long-term care products powering sales now provide a death benefit and long-term care coverage in one policy.

Even a few years ago, the life insurance industry was woefully lacking in technological integration. Company computer systems were proprietary, so applications, policies and other paperwork
were "overnighted" back and forth. It was a slow, stodgy and inefficient process with piles of file folders lingering on many desks. Not today. Processing is close to 100% electronic, as is some underwriting. Technology also is shaping consumer buying behavior (again, much like banking). Today's life insurance customers are often surprised to discover that purchasing a policy is quick and easy. For some policies, there are only three or four medical questions or, depending on the product, none at all. Some policies are issued electronically, either immediately or in a few days.

In years past, bank forays into life insurance sales differed in approach, with some using in-house personnel and others outsourcing the responsibility. But the results in both cases were often underwhelming. This may have stemmed from cultural conflicts, inadequate commitment of resources and the need to focus on more pressing matters.

But, as they say, that was then and this is now. While the scene from the rear-view mirror can be truly helpful in avoiding unnecessary catastrophes, it doesn’t show the way forward.

The life insurance industry was built on agent commissions (a fee, if you will). Banks, on the other hand, long counted on the interest rate spread on their lending for much of their income, and had a passive attitude toward sales. But when interest rates dropped to historic lows, bankers turned to fee income as a critical source of revenue, particularly as operating costs escalated. It’s not a stretch to say that the two industries have come to share a similar sales culture. By the same token, the life insurance business now recognizes the need to retain customers by building relationships, something that’s second nature to bankers.

Our industries are similarly concerned with helping clients preserve and grow their wealth, and do so in highly regulated environments. The latest advancements only enhance our compatibility.