

Primerica CEO: Middle Market Remains a Strong Life Insurance Play

By David Pilla

DULUTH, Ga. - Primerica Inc. is holding its ground profitably in the life insurance middle market as the company boosts its commitment to both technological innovation and a growing sales force, said its chief executive officer.



The group has done well in its 42 years as it keeps its focus on an underserved middle market, CEO Glenn J. Williams told Best's News Service.

He said the company has two major product lines — term insurance that it manufactures itself and third-party investment products it distributes.

“Our philosophy for middle-income consumers is for them to separate their need for protection, for insurance, from their investments,” he said. Instead of buying a whole life or cash value product, he said Primerica seeks to separate protection and investments by selling term insurance to protect income, in addition to an investment vehicle for future growth.

Primerica defines the middle market as having household incomes between \$30,000 and \$100,000 a year, said Williams.

Primerica's second-quarter net income rose to \$97.4 million from \$86.7 million a year ago. Net premiums rose to \$286.7 million from \$263.7 million, according to a statement.

Williams said Primerica had a “great quarter” and has seen strong growth over the nearly 10 years since it went public.

As the No. 2 provider of term life insurance in North America, Primerica has been successful for many years, he said.

Its focus on the middle market is what makes Primerica unique, according to Williams. In its early years the company had a lot of competitors, but over time, Williams said price and regulatory pressures “caused companies to move upscale and into the upper end of the middle market or the more affluent market.

“We see the competitive landscape a little differently today,” said Williams. “There are very few traditional providers” with their own sales and a sales force of “living, breathing human beings to go to clients' homes, sit down with them, have an overview of their financial picture and make financial recommendations.”

Williams said that “tried-and-true model from decades ago” is becoming more rare, and new, innovative ideas so far “don't appear to be filling the gap.”

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"It's not so much a battle for market share as it is for mind-share and priority-share of the middle market," he said. "We have a game plan and a strategy in place to continue to grow in that market while at the same time trying to be innovative. We see a lot of innovation happening around us that we believe we can deploy inside our model."

Williams noted the protection gap in life insurance is about \$20 trillion, some \$12 trillion of which is estimated to be in the middle market.

"The need is growing faster than we are," he said. The challenge for companies is how to reach clients and "help them re-prioritize their financial game plan" while putting financial priorities "higher on the list."

Williams said other companies have not sought to leave the middle market, but it has been a question of whether they can serve that market with the way their products are priced and how their distribution systems have built-in expenses to serve that market.

One example of a company invested in the middle market is Kuvare US Holdings, whose affiliate Guaranty Income Life Insurance Co. recently said it is acquiring Lincoln Benefit Life Co. and its affiliates and all subsidiaries of its parent, RL LP (Best's News Service, July 26, 2019). Since Kuvare was founded in 2015, it has focused on the life and annuity business and the middle market.

Williams said there has been more movement on the investment side than the insurance side as rising investment account minimums "have priced the middle market out of the game."

Primerica has been able to use new technology in line with its traditional strategy of dealing with customers through personal contact. "We believe the human element is critical," he said, adding that Primerica's technology enhancements are seen as supporting staff rather than replacing it.

"We are committed to growing and taking care of our live sales force," said Williams. Over the last five years Primerica's sales force has grown from 96,000 licensed representatives in North America to 130,000, he said.

Primerica has a presence in all 50 U.S. state and all provinces in Canada as well as Puerto Rico and Guam, said Williams.

Underwriting entities of Primerica Inc. have current Best's Financial Strength Ratings of A+ (Superior).

Shares of Primerica Inc. (NYSE: PRI) were trading at \$127.42 on the afternoon of Sept. 30. down 0.93% from the previous close.

(By David Pilla, news editor, BestWeek: David.Pilla@ambest.com)
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