

MetLife



The Association and Affinity Marketplace:

Expanding Business Opportunities By Understanding Member Preferences by Association Type

Introduction

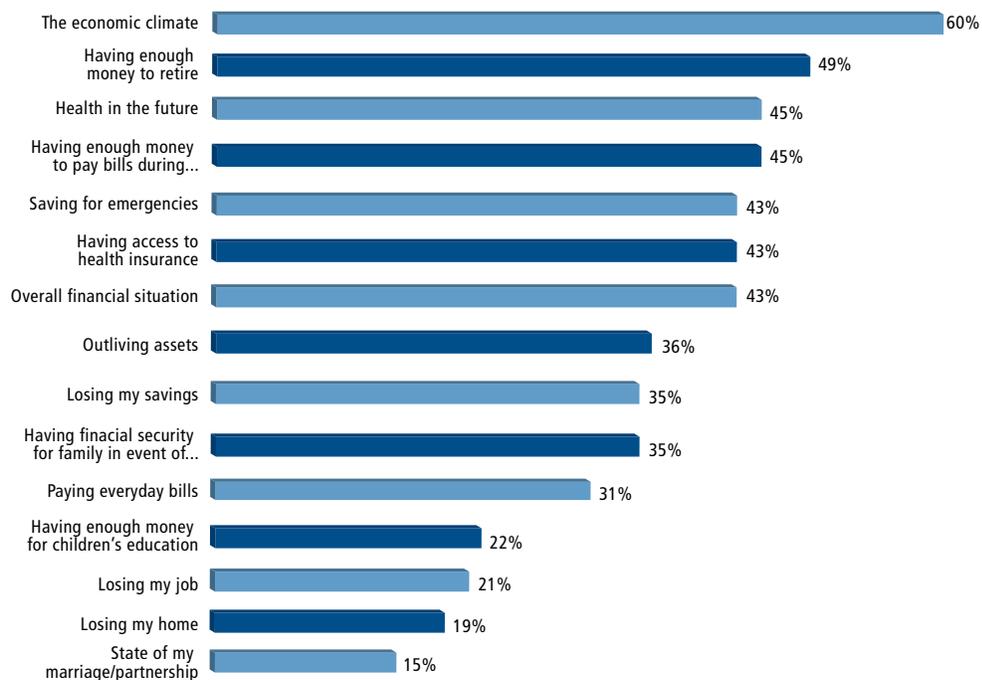
Leveraging Sales Opportunities within the Association & Affinity Marketplace

In the wake of health care reform, the economic recession and a shift to more employee responsibility, many employers are modifying their company's employee benefits programs. This means that more Americans may look outside traditional channels to purchase their insurance.

In light of this shift, association and affinity groups represent a strategic growth channel for many insurance brokers and third-party administrators (TPAs). By targeting these groups, brokers and TPAs have an opportunity to tap into an engaged community with enormous growth potential. In order to gain insights into the needs and expectations of today's association and affinity groups, MetLife interviewed thousands of members from different organizations.

Association members, who are often required to pay dues as part of their membership, have many of the same financial concerns as many Americans. Across the board, association members are worried about having enough money to fund their retirement and provide for their health in the future, along with being able to pay bills in the event of a sudden income loss. Insurance—a key driver of perceived membership value—offers a number of options to address these concerns. Yet the majority of members are not purchasing insurance through their associations.

Personal Financial Concerns



At this time, just 37% of members say they have access to insurance through their primary association and even fewer, just 14%, report having actually obtained insurance through this channel. One-third report being open to making such a purchase. This gap in member interest versus rates of member purchase is largely driven by low access (or perceived low access) rather than low interest. For brokers and TPAs, this interest—combined with the strong level of engagement that many members have with their association—could result in additional insurance sales.

Methodology

To contact the members of various association and affinity groups, MetLife worked with Ipsos to conduct an online survey. A total of 3,700 interviews were completed between late September and early October 2011. The research targeted a representative sample of the general population and members across eight key types of associations.

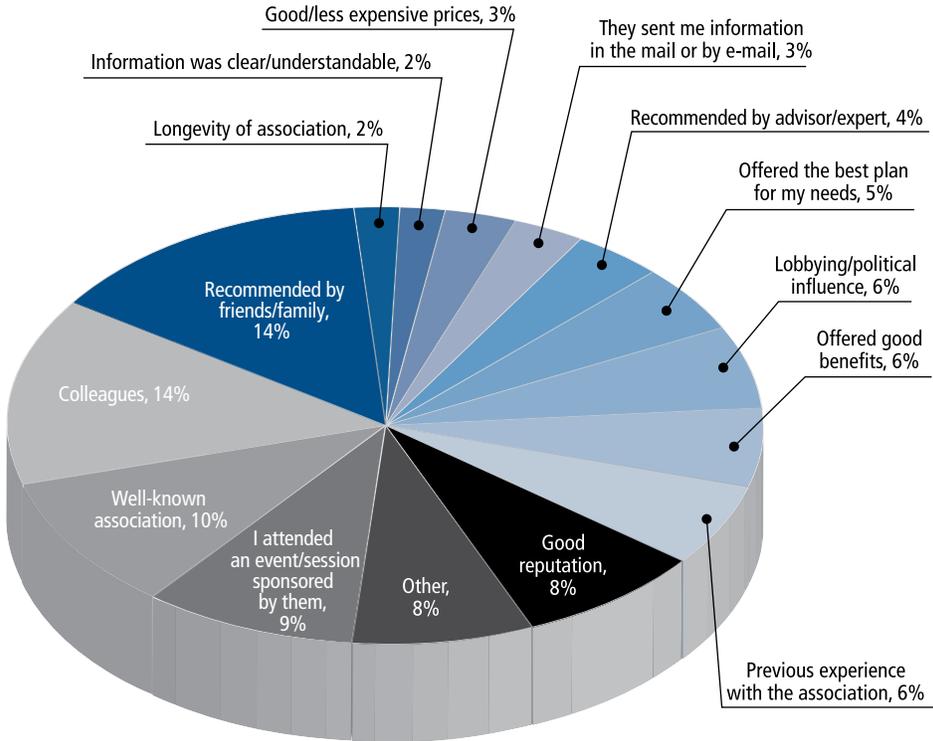
Association and Affinity Group Membership

Membership Valued Highly

Overwhelmingly, members place a high value on their association and affinity membership. In fact, nearly 80% of dues-paying members believe the fees they pay are worth the membership, and 93% report they are likely to renew their membership. Groups with strong engagement, high retention and loyal membership can be optimal targets for insurance offerings.

People join association and affinity groups for a wide variety of reasons. Recommendations from friends, family and colleagues appear to have the greatest influence over a person's decision to join. Nearly one-third (28%) of association and affinity members said that such recommendations were the most important factor impacting their decision to join. It was also important to many members that the association be well known and have a good reputation.

"Most Important" Factors Impacting Decision to Join

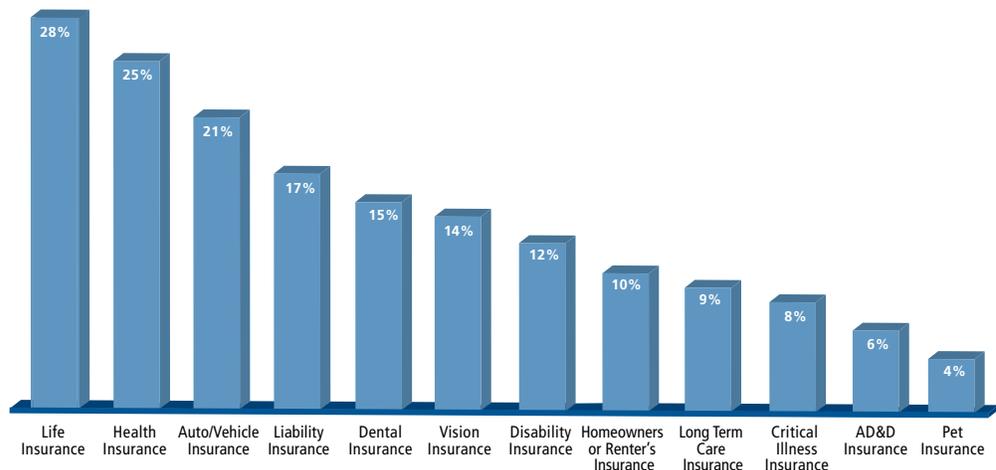


Member Expectations and Preferences

While membership groups present a major opportunity for brokers, they also present some unique situations when it comes to selling insurance. It's clear from the research that the expectation of rate advantages is very high and is closely tied to a member's potential interest in insurance products. More specifically, "rate discounts" is the key buying criterion for half of all members who report interest in association and affinity benefits. Twelve percent of these same members cite "selection by association" as a key criterion, meaning that members value knowing that their association has vetted the insurance carrier and product.

Some insurance products are more popular than others. The top insurance products currently sold through associations are liability insurance (45%), disability insurance (44%) and accidental death and dismemberment (38%). However, members who joined an association looking to purchase coverage were most interested in life, health and auto insurance. Among the members who joined an association looking to purchase coverage, slightly more than one-quarter were seeking life insurance (28%), a full quarter were looking for health insurance (25%) and just under one quarter were seeking auto insurance (21%). Conversely, interest in liability insurance, disability insurance and AD&D came in at 17% , 12% and 6%, respectively.

Member Expectations and Preferences

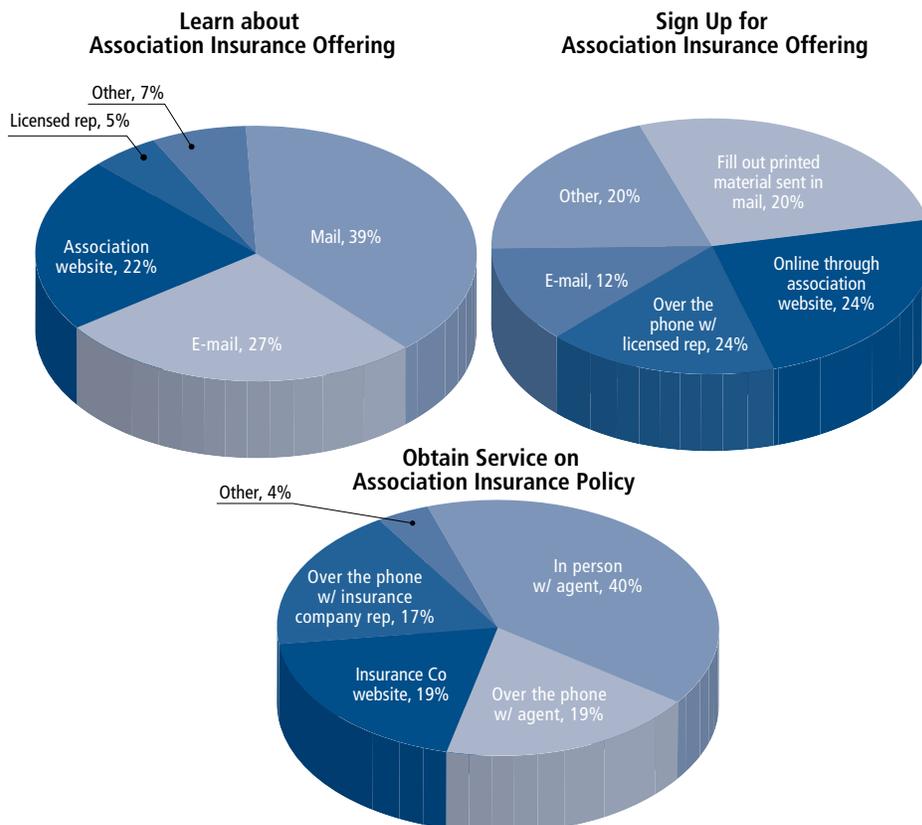


This all underscores a key point: associations can do more to increase members' perceived value of their insurance offerings, and brokers can help. One way to achieve this is to breathe new life into existing programs with updated or new offerings—especially with highly sought after options such as life, health and auto insurance.

An important part of such an initiative is for brokers to work with associations to develop multi-channel communication campaigns, as the current consumer climate demands it. MetLife's research confirmed that members have different communication channel preferences at different stages of the sales process. Because of this, brokers and TPAs will want to consider using two or three channels to reach association and affinity group prospects. Member preferences were revealed to include the following:

- Most association members prefer to learn about association insurance offerings through the mail (39%);
- Members prefer to apply for/enroll in association insurance offerings via a paper application sent through the mail (27%). Not far behind is a preference for applying for/enrolling in coverage through an association's website (24%);
- When it comes to accessing one's coverage, however, most members express a strong preference for working directly (in person) with an agent (40%).

"Most Important" Factors Impacting Decision to Join



Selling by Group Types

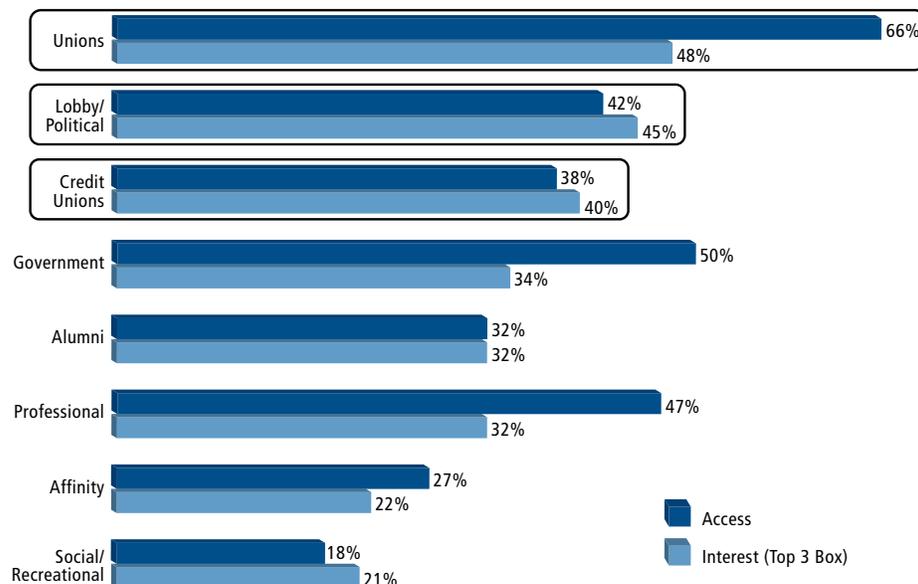
In addition to looking broadly at the association and affinity marketplace, the research’s aim was also to gain a better understanding of how member preferences vary according to the type of association the member belongs. The results show there is a wide disparity across groups on issues such as membership value, the degree of affinity a member has toward their association, as well as reported access to and interest in insurance products. Thus, a deliberate approach, one that is customized to fit the interests and needs of the members, is essential.

Based on the findings, the associations can be separated into three categories depending on the selling potential and demands they pose to brokers: prime targets, targets with educational challenges and targets with the highest hurdles.

Prime Targets—Unions, Credit Unions and Lobby/Political Associations

The greatest opportunity for brokers lies with those groups whose members report a combination of higher than average interest in insurance products and moderate to high access to insurance via their association. Reported high access to insurance products should not be viewed as a deterrent to offering new or improved benefits. Instead, high access could very well demonstrate that association leaders are responding to member demands by offering valued benefits. Said another way, high interest and high access is likely speaking to an engaged and active membership organization. Groups falling into this category are unions, lobby/political associations and credit unions.

Access to Insurance vs. Interest



UNIONS—

A Snapshot of Membership Preferences

- Union members are the highest (37%) in reporting access to insurance as an expected benefit of association membership.
- Union members have the greatest interest in purchasing insurance products through their association (48%).
- Union members interested in accessing insurance through their association are most interested in life insurance (32%) and long-term care insurance (28%).
- 79% are married or living with someone, and 81% own their own home.

CREDIT UNIONS—

A Snapshot of Membership Preferences

- Credit unions boast the most members —41% of all association members belong to a credit union.
- The top expected benefits of members of credit unions are financial assistance (55%) and discounted products and services (43%).
- 40% of credit union members are interested in purchasing insurance products through their association; however, only 38% of members report having access to insurance.
- Those members who are interested in purchasing insurance through their credit union are most interested in life insurance (39%), auto insurance (40%) and homeowners or renters insurance (38%).

POLITICAL/LOBBY—

A Snapshot of Membership Preferences

- 45% of political association members are interested in purchasing insurance products through their association.
- Only 42% of members report having access to insurance through their association.
- Of those members interested in purchasing insurance through their association, 29% have an interest in auto insurance and 28% have an interest life insurance.
- Three-quarters are male and 83% own their home.

PROFESSIONAL—

A Snapshot of Membership Preferences

- 29% of members report feeling the closest ties to professional organizations.
- 92% of members of professional associations pay dues to belong to their group.
- The top expected benefit of members of professional associations is professional training.
- 32% of professional association members are interested in purchasing insurance through their association, and only 47% of members report having access to insurance through their association.
- Three-quarters of professional members own their own home.
- Of those interested in acquiring insurance through their association, most members of professional associations (24%) are interested in life insurance.

GOVERNMENT—

A Snapshot of Membership Preferences

- 70% of government association members are male and 41% are retired.
- 34% of government association members are interested in purchasing insurance products through their association.
- Members' top expected benefit of being in the association is talking with people with similar interests.
- Government association members interested in accessing insurance through their group are most interested in life insurance (33%) and auto insurance (25%).

ALUMNI—

A Snapshot of Membership Preferences

- Alumni members are one of the least likely to pay membership dues (58%).
- Members' top expected benefits of membership are special events (61%) and networking (61%).
- 32% of alumni members are interested in purchasing insurance through their association.
- Of those interested in insurance, most are interested in life insurance (22%) and auto insurance (19%).
- Over one-third of members of alumni groups (39%) report having no access to insurance through their group.

Unions are organized groups of workers from a particular industry who typically unite in order to make decisions regarding their labor conditions. Some of the largest unions in the U.S. are the National Education Association, which represents public school teachers and faculty, and the Service Employees International Union, which represents workers in health care, public services and property services. Across all groups, union members have the greatest interest in purchasing insurance through their membership at 48%. And while two-thirds say they already have access to insurance products through their union, this is clearly an engaged and active type of membership who values a robust benefits offering. There is an opportunity for growth—unions can expand and/or revamp their current offerings and provide a wider variety of protection products.

Credit unions are member-owned and run associations aimed at providing financial services to their members. Many credit unions are available to members of specific communities, such as state residents or universities. In terms of soliciting members, credit unions are the most popular, with 41% of all association members reporting that they belong to one. Credit union members were the sole association type where interest in insurance products (40%) was actually higher than access (38%). This creates an environment of opportunity for brokers and TPAs as members seem to value insurance offerings and feel their credit unions could do more in providing access to such benefits.

Lobby/political associations are groups aimed at addressing issues that are of legislative and regulatory concern, such as the National Rifle Association (NRA). Political association members, too, report a particularly high interest in purchasing insurance (45%), yet relatively low access to coverage (42%). More than half (62%) of members of lobby/political groups believe that their membership is definitely worth the dues and 75% are extremely likely to renew their membership. Thus, high member engagement combined with above average interest in insurance products creates a promising platform for insurance sales.

SPECIAL INTEREST/ SOCIAL/RECREATIONAL— A Snapshot of Membership Preferences

- The top expected benefit of members of special interest association groups is talking with people with similar interests.
- Across all association types, members of special interest groups are most likely to believe that their membership is definitely worth the dues they pay (63%).
- One-fifth (21%) of members of special interest groups report being interested in purchasing insurance through their association; and even less (18%) have access to insurance.
- Of those members interested in insurance through their special interest association, 14% are interested in life insurance and 13% are interested in auto insurance.
- One-fifth of members work in the education industry.
- Half of members are employed and one-third are retired.

AFFINITY— A Snapshot of Membership Preferences

- Affinity members have low access to insurance through their group (27%).
- Most affinity group members do not pay dues (65%). Of those who do, only 31% say that the value of membership is definitely worth the dues paid.
- Members' top expected benefit of membership by far is discounted products or services (62%). The second top expected benefit is newsletters at 25%.
- 22% of affinity members are interested in purchasing insurance through their group.
- Of those members interested in insurance products, most (25%) are interested in auto insurance.
- Two-thirds of affinity group members are employed and three in five are female.

Targets with Educational Challenges—Professional, Government and Alumni Groups

A second tier of targets report average levels of interest in purchasing insurance products through their association along with high access to coverage currently. This points to an opportunity for brokers to promote product offerings through these groups as a way to tap into members' interest for currently unavailable products or different coverage levels.

Professional, government and alumni members report average levels of interest in insurance at 32%, 34% and 32%, respectively. Within these groups there is also particularly high access to insurance—50% of members in government groups and 47% of members in professional groups reported access. Alumni group access is slightly below the average at 32%.

Professional associations are groups focused on furthering the practice of, and public interest in, a particular occupation, such as the American Medical Association and the American Federation of Teachers. Professional associations are an attractive target for insurance brokers in that, across all groups, members report feeling the closest ties to their professional association. However, professional associations tend to be less focused on product benefits than other groups.

Government associations consist of members and employees of government-related organizations, such as the American Federation of Government Employees and Veterans of Foreign Wars. Government associations pose a specific challenge to brokers as only 6% report close ties to this type of group.

Alumni groups are open to graduates of particular schools and universities. Members tend to be younger—many are recent college graduates—and are least likely (58%) to pay any membership dues. On the other hand, alumni members are very likely to keep their membership for long periods of time—potentially more than 20 years. Brokers should develop communications that not only inform alumni members of the insurance products available through their group, but also educate members about different types of insurance. Many alumni members will be first-time buyers that will need more guidance in their product decisions.

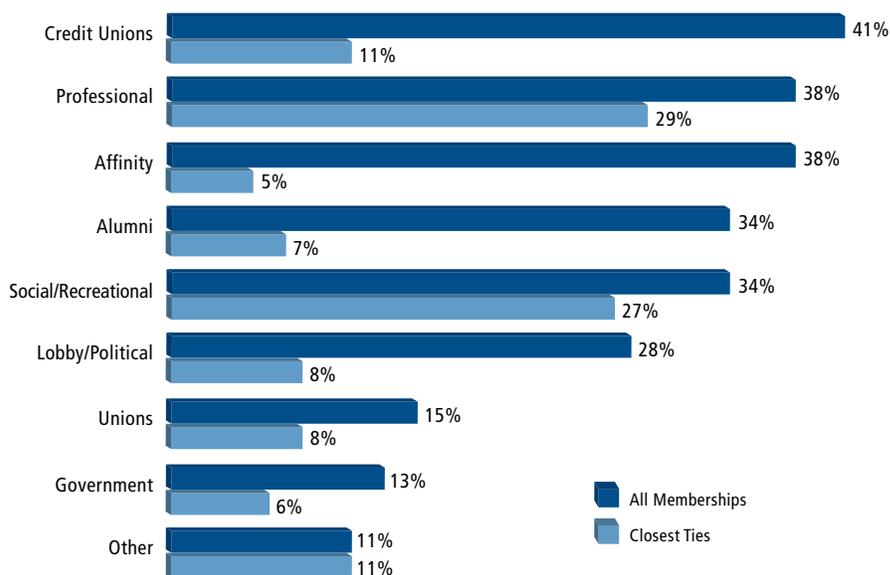
Opportunity with these association groups likely lies in expanding current offerings, promotion of special discounts and rates and updating programs that may have been in force for quite some time. In summary, focus should be on educating members about the benefits that come from purchasing insurance through their association, such as rate advantages, discounts and the association's vetting of the product.

Targets with the Highest Hurdles—Special Interest/Social/Recreational and Affinity Groups

Two groups—special interest and affinity groups—present the greatest hurdles for insurance brokers. Members of these groups report the overall lowest levels of interest in insurance products at 21% for special interest/social/recreational groups and 22% for affinity groups.

Special interest/social/recreational associations combine people who share similar interests around a wide variety of central themes, such as sports clubs, women’s groups and cultural societies. Significantly, members of these types of associations have one of the strongest ties to their association at 27% (second only to professional groups). Additionally, members of these types of organizations report some of the highest ratings for both the value of their dues and likelihood to renew their membership. Given this, if a broker or TPA can find a niche or high-value product that appeals broadly to the membership base, participation in the program is likely to be very strong.

Membership vs. Strongest Ties



Affinity groups differ from associations in that they typically do not require formal membership—they consist of “customers” rather than “members.” Credit card holders, frequent fliers and automotive owners could all be in affinity groups. Across all association members, only 5% reported feeling the closest ties to their affinity group, meaning members are less engaged. However, members’ top expected benefit from their participation in these groups is discounted products or services, so brokers have an ideal opportunity to highlight the access to group rates for insurance products offered through affinity groups. Added to this, because the membership base of these types of organizations tends to be very large, insurance carriers offering sophisticated modeling and segmentation capabilities have the ability to create targeted campaigns that in turn drive participation.

CONCLUSION

Best Practices for Associations and Affinity Group Outreach

MetLife's research shows that brokers and TPAs should consider tailoring their approach to insurance products to fit different types of associations and affinity groups. The interests and reasons that influence membership in these groups can be as varied as the members themselves. There are definite opportunities for brokers to offer insurance products to these members, but a one-size-fits-all approach will not work. Brokers must consider the particular interests and concerns of each group—including the types of benefits and insurance products that will resonate with the group and the types of communication channels that will be the most effective at reaching key members.

In addition, brokers should also identify the top priorities of an organization's leadership, who are often responsible for deciding on the types of products to be offered to the membership. Association and affinity group leaders are focused on retaining members and attracting new prospects to their organizations, often by increasing the perceived value of membership. This is especially true today—when economic struggles may lead many members to consider dropping out of organizations to avoid paying dues. By working with organizational leaders, brokers can help these groups create additional and valuable membership benefits. Association and affinity group leaders have the opportunity to provide their membership access to discounted insurance products, at little or no cost to their organizations, while members—who may have less and less access to such benefits through work—gain a valuable membership asset.

While taking a tailored approach is important, the research also showed that there are several best practices and considerations that can help brokers meet the needs of prospects across all association types. With the following four strategies in mind, brokers and TPAs can create a strong base for their outreach efforts and increase their association and affinity sales.

1. **Keep life and auto insurance top of mind.**

While other types of products may appear more often in current association offerings, these generate the steadiest interest from members turning to associations for insurance options. Members are continuously shopping for new options in life and auto insurance—seeking both bargains and product enhancements.

2. **Highlight special rates and discounts.**

The research clearly shows that members expect to receive discounts as part of their membership benefits. Brokers should consider touting such special rates and discounts in any communication materials or presentations they provide.

3. **Understand the trust factor.**

Knowing that an insurance program has been vetted by an organization's leadership can help generate members' interest in particular products. Work with association and affinity group leaders to demonstrate the value of their due diligence.

4. **Communicate through a variety of channels.**

Members do not share the same communication preferences nor does it remain constant through the entire process. The channel that works best for educating members on various product offerings may not be the same when it comes to making a purchase or seeking service for in force coverage.

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