

## Why Didn't I Think of That?

**T**HE INSURANCE INDUSTRY has rarely been known for its creativity and foresight with regard to the emerging needs of its customers. In fact, many recent policy changes have been attempts to clarify what isn't covered as opposed to giving consumers more and better features to choose from.



There are exceptions, of course, but the industry could certainly afford a shot of innovation when it comes to product design and marketing.

For inspiration, insurers might look to Mark Penn's book *Microtrends: The Small Forces Behind Tomorrow's Big Changes*. Penn, an experienced political pollster, has turned his eye to "intense identity groups that are growing and have needs and wants unmet by the current crop of companies and marketers."

For instance, were you aware that there are:

- 100 professional football teams exclusively for women?
- Three times as many tanning salons as Starbucks outlets?
- 6 million teenage girls who are knitters (not to mention celebrities like Sarah Jessica Parker and Cameron Diaz)?
- 30 million Americans with tattoos and that the best represented income group within "tattoo nation" is those making over \$75,000 a year?

The industry needn't rush out to develop risk management protocols to protect knitters against needle sticks or add tattoo removal coverage to health insurance policies. But there are surely many groups that would respond well to more innovative insurance offerings.

Take, for example, pet owners.

For a growing number of people, pets have become the apple of their owner's eye. In fact, according to Penn (see Chapter 5 of *Microtrends*), pet owners represent "63 percent of American households—more than double the number that have children."

According to *Washington Post* staff writer Joe Heim, Americans spent "\$24.5 billion in 2006 on health care for their pets

(a sum greater than the GDP of more than half the world's countries) to cover an alphabet of treatments, from acupuncture, aromatherapy, behavior counseling, and chemotherapy to prescription drugs, root canals, surgery, and X-rays."

Veterinary Pet Insurance in Brea, Calif., and Embrace Pet Insurance in Cleveland are among those companies that currently offer comprehensive health insurance products for pets, but considering all those childless couples, empty nesters, and retirees for whom the pet has become a true family member, this area may be ripe for further exploration.

Someday, that ever-present gecko may become the official spokesanimal for policies covering pet life insurance, funeral expenses, and maybe even genetic cloning to replace dear old Fido in a way never before possible.

If pets aren't your thing, how about the environment?

Whether it's the recent rash of extreme weather events, \$4-per-gallon gasoline, or stories about displaced polar bears, environmental awareness is back in vogue.

The budding residential green building market, according to AP business writer Lauren Villagran, "is forecast to grow to \$40 billion by 2010—up from \$7.4 billion today." And some insurers are starting to pay attention.

According to Villagran, "two major insurers (Firemen's Fund and Lexington) are launching 'green' insurance programs that will let homeowners reconstruct their property with more environmentally friendly building materials, appliances, and landscaping, even if it costs more than the replacement value stated in the policy."

The Green Insurance Co., an innovative motor vehicle carrier in Scotland, promises to make its policyholders "carbon-neutral" by planting enough trees (i.e., forest carbon) to offset the carbon dioxide

produced by covered automobiles.

This company also adheres to environmentally friendly policies in its own business practices, including the purchase of 12 electric hybrid cars for use by employees when other green options (like walking to work) aren't viable. (See [www.thegreeninsurancecompany.co.uk](http://www.thegreeninsurancecompany.co.uk).)

Microtrends abound in our rapidly changing society, offering a menu of niche markets ripe for creative approaches:

(1) Shifting age demographics is a macro-trend that is spinning off a variety of niche groups including the 30 million hard-of-hearing, who may elevate noise pollution to a hot topic, and medical tourists who are willing to travel halfway around the globe to obtain quality health care at more affordable prices.

(2) About 3.5 million people in the United States are commuter couples (with jobs and houses in separate places), and there's a growing trend toward long-term committed relationships where the partners live under separate roofs (even in the same city). In the U.K., there are more committed couples not living together than long-term couples who do.

(3) Globalization is one macro-trend the insurance industry has embraced. But what about the internationalization occurring at home, like the 12 million U.S. residents the Census Bureau categorizes as "linguistically isolated," many of whom carry on with their own newspapers, television and radio stations, and places to shop, eat, and work?

Thomas Edison once said, "Opportunity is missed by most people because it is dressed in overalls and looks like work."

Those insurance companies that undertake a bit of research to identify the unique needs of developing niche groups and add a dash of creativity to their product design may discover a sound recipe for outdistancing their competitors. ●

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