

FORECAST 2011

Industry leaders predict what's ahead for sales and profits, the economy, information technology, customer service—and more.

By Jennifer C. Rankin and Ron Clark

Insurers are slowly emerging from the financial crisis and recession and cautiously optimistic about the year ahead.

It's against this backdrop that *Resource* asked insurance industry leaders to share their thoughts on what 2011 holds for sales and profitability, economic improvement, information technology, human capital and customer service. The executives who participated in our annual forecast include a cross section of the board of directors of LL Global, the umbrella organization for insurance industry trade associations LOMA and LIMRA, plus several industry analysts. They are:

Steve M. Callahan,
CMC®, ChFC, CLU, FFSI, FLHC, FLMI,
senior consultant and practice development
director, Robert E. Nolan Company

Esfand E. Dinshaw,
LLIF, CEO, Sammons Financial Group

Michael R. Fanning,
executive vice president,
U.S. insurance group, MassMutual

Doug French,
insurance and actuarial advisory services
leader, financial services, Ernst & Young

Peter A. Golato,
CLU, ChFC, senior vice president, individual
protection, Nationwide Financial Services

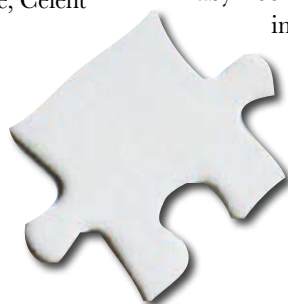
Eileen C. McDonnell,
executive vice president and CMO,
Penn Mutual Life

Elaine A. Sarsynski,
chairman and CEO, MassMutual Interna-
tional LLC and executive vice president,
MassMutual

Randy F. Wallake,
CLU, ChFC, vice chairman and president,
Securian Financial Group

Craig W. Weber,
senior vice president, insurance, Celent

Here's what they had to say:



1 SALES

What is your prediction for sales, premiums and profits for our industry as a whole in 2011? What products look particularly strong or weak?

CALLAHAN: The gradual recovery in the markets has resulted in some improvement in the industry financials and performance, although there remains a lingering impact of the 2008 downturn. While there have been improvements in sales, it is worth noting that there continues to be a decline in submissions from the age 0 to 44 group, which represents the majority of the premium, while only the 60 and over group has shown consistent year over year growth. Given this represents a 20-plus quarter trend, it is likely to continue through 2011. That said, the primary sources of sales growth are likely to be the result of investments in existing markets, increasing emphasis on the underserved middle market, and expanding distribution methods, optimized by leveraging the use of enhanced customer segmentation to deliver targeted solutions.

Total life and health premiums dropped in 2009 dramatically to near 2001 recession levels, but showed measurable improvement in 2010. There has been a similar improvement in lapse rates, although they remain at higher than average levels. Similarly, there has been a recovery from the 2009 drop in life health total premium versus disposable personal income, returning to a positively correlated trend after the rapid drop in 2008. Given the economy's continued slow recovery, premiums will improve through 2011 while product and age mix continues to shift to better represent the market demographics. Specifically,

Baby Boomer's increasing demand for income generating products combined with younger generations' increasing interest in earnings based products with appropri-

ate guarantees. Projected 2011 premium growth is counterbalanced by the shrinking key market segment of consumers aged 35 to 50 years old, estimated to drop by 3.1 percent by 2015. The other broad constraint depressing premium growth is the low inflation rate, which is holding income and asset values flat, decreasing the need for additional protection.

Despite lower premiums, the industry returned to profitability in 2009 with a net income of just over US\$ 21 billion versus a 2008 loss of over US\$ 50 billion, despite continuing realized capital losses, a trend that continued through 2010. A key source of the improvement has been the rigorous expense management efforts that continued the downward pressure, reducing operating expenses by nearly 20 percent. While expense management will remain a focus through 2011, future reductions in operating expenses are likely to be less significant as companies begin investing in growth strategies. Overall, given projected economic recovery, further improvement in net income is expected through 2011. During this period, investment income and net realized capital losses will require continued close management as the portfolio exposures will take some time to unwind from the highest risks.

Product mix was materially impacted by the economic crisis, exacerbating a trend away from accumulation products toward income generating ones driven by the Baby Boomers. Initially, there was a dramatic rush away from variable products dropping sales significantly as interest in term and whole life increased. Then, with the market recovery in 2009 and in recognition of the Baby Boomers' shift in needs, annuities became the major component in industry net profit, contributing 55 percent of the total versus 17 percent from life, 20 percent from A&H and eight percent from other. In 2010, given the market recovery, there was a return to variable annuities with a mid-year-on-year increase of over eight percent, while fixed annuities dropped by 16 percent. As consumers reassessed their needs and market conditions, purchas-

2011 Forecast Participants



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ing patterns shifted, driving life premium improvements in 2010 versus 2009 so that by midyear universal life increased by 13 percent, variable universal life by six percent, and whole life by 19 percent. Based on a continued recovery in 2011, there will be a gradual return to a slightly more balanced life and annuity source of profits, with annuities continuing to be the major source. In the life products arena, there will

be continued growth in variable products, increasing popularity of various versions of universal life, and slight increases in whole life. The challenge for the industry going forward will be in meeting the tremendous uninsured and underinsured gap that has developed, as profiled by LIMRA's 2010 Life Insurance Ownership Study finding that 30 percent of U.S. households had no life insurance protection at all, a 50 year low.

From a product perspective, consumers are focused on security, price performance, and choice. They are applying a more intense portfolio strategy to their purchases, diversifying their protection and accumulation vehicles where possible. Given the low returns paired with low margins, the industry remains extremely competitive, resulting in consumers having a wider range of choices. Complicating company options

FORECAST HIGHLIGHTS

Key decision makers from a cross-section of insurance industry companies participated in the 2011 forecast. According to participants:

U.S. Sales, Premiums and Profits

The primary sources of sales growth are likely to be investment in existing markets, emphasis on the underserved middle market, expansion of distribution methods and the delivery of targeted solutions based on sophisticated customer segmentation.

Insurance product design will continue to shift in response to recessionary times and market demographics. Demand for income-generating products will continue to rise as more Baby Boomers shift from accumulating assets to creating an income stream for retirement. The younger generations' demand for earnings-based products with guarantees will continue to rise as they cautiously navigate a post-financial-crisis world. Another growth opportunity for insurers is hybrid products—in fact, more than a dozen carriers entered this space last year. These plans, which typically combine life insurance or an annuity with long-term care coverage, are more affordable for the consumer and more profitable for the underwriter. The financial crisis has prompted consumers to seek products that offer stability and predictability from financially strong companies, which will continue to boost whole life sales, and to save for the future, which bodes well for retirement services providers.

Purchasing patterns—which were characterized by a rapid shift away from variable products and toward term and whole life in 2008, a strong interest in annuities (especially fixed annuities) in 2009, and a return to variable annuities in 2010 as the equities market continued to recover—should settle down in 2011.

Despite several promising trends, broad constraints will hamper sales and profitability. One is the shrinking key market segment of consumers aged 35 to 50 years, which is estimated to drop 3.1 percent by 2015. As long as interest rates stay low, equity markets are volatile and high unemployment persists, it will be difficult for life insurers to grow premium revenue. Also complicating company options in 2011 will be higher capital requirements—which directly influence product design decisions from guarantees to specific feature sets—compounded by intensified regulatory oversight. And if rates stay low, companies will be forced to raise product prices, as some have already done.

Rigorous expense management, which turned the industry's 2008 net income loss of US\$ 50 billion+ into a US\$ 21 billion gain in 2009—will remain a focus in 2011, but future reductions in operating expenses are likely to be less significant as companies begin investing in growth strategies.

Economic Climate

The economy will improve in 2011, but it will continue to be a slow recovery. As they recover from the economic downturn, companies are stepping back, taking a look at their portfolios and deciding where they will focus going forward. This, coupled with improving capital positions, sets the stage for industry consolida-



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will be increasing capital requirements through 2011 compounded by intensified regulatory oversight. The capital requirements will have a direct influence across product design decisions from guarantees to specific feature sets, while improved market performance will attract many consumers back to more complex and highly competitive variable offerings. Demographic shifts will continue their demand-influencing

trends of aging Baby Boomers, increased middle market needs, and increased demand from diverse ethnic markets. Given these conditions, variable annuities and indexed annuities will perform well while universal life and whole life will garner the most life growth attention.

Looking to individual life products warranting attention, a good starting point is resurgence in whole life sales, where the

projected low inflation rates and continued low Treasury yields that are keeping returns down will continue to drive inforce growth as a top performer through 2011. Offering four to five percent as a long term rate of return, combined with the security of a highly rated carrier and the associated tax benefits, whole life's popularity as a straightforward and simple to understand product will continue to garner consumer

tion as companies acquire and divest businesses. The strongest providers will further distance themselves from weaker competitors. Consistent with this realignment of businesses across the industry will be a continued trend in globalization; through 2011, large U.S. companies will search for growth internationally.

Information Technology

Technology will continue to be critical to enabling new strategies, improving efficiency, reducing expenses and improving service. To gain competitive advantage, insurers will continue to implement technologies that enable them to deliver stellar, seamless service. They also will study how to leverage increasing customer use of mobile computing devices and social media platforms such as Facebook and Twitter. Technology that enables producers to meet productively with clients and to build their practices—Skype, SmartOffice and WealthView, for example—will be vital for sales growth, as will field-based new business processing tools, which one survey participant says must make a policy sale just as simple as the brokerage model of “dropping a ticket” for an equities transaction. Also promising is using customer analytics to improve life insurance underwriting efficiency. The home office will continue to seek out technology tools that streamline complex product and process rules; aggregate customer, producer and contract data to give companies a more complete view of their business; and reduce operating costs and employee training time. Still leading the priorities list for technology projects in 2011 is replacement of legacy policy administration systems.

Human Capital

A highly skilled, motivated workforce will continue to be the key for success in the insurance industry, say survey participants. “We are a knowledge-based business,” says one, “and the differentiating factor is the quality and expertise of our employees [both at the home office and in the field].” Employees must be given the experiences, exposures and educational opportunities that allow them to grow and stay ahead of changing developments in the industry. “The view of the insurance industry as a factory floor where workers can be plugged into processes interchangeably,” says another, “has disappeared. In its place, we see a constant battle for insurers to be smarter and more capable than their competitors. This means that institutional knowledge is critical and must be captured and managed with precision.”

Customer Service

Narrowing margins and product commoditization have turned service into a competitive differentiator. To that end, insurers will continue to implement best technology tools, organizational processes and training programs they can afford. “Service excellence is baked into our culture,” says one survey participant. “Technology will continue to help on the margin. But at the end of the day, it’s up to people serving people.”

Long-Range Forecast

Survey participants also commented on what they think the insurance industry will be like in 10 years. Their views on this will be featured in the March issue of *Resource*.

attention. Especially popular with large mutual companies, whole life's growth trend over the years reflects a stability of performance that is particularly relevant given market volatility.

Conversely, term has faced a few price increases on longer duration plans as well as on return of premium plans, resulting in relatively flat to slightly down premium volume likely to continue through 2011. During the economic downturn, term plans that approximated dial-a-term (select a face) and term/UL combos grew in popularity. With the return to slow economic recovery, a new product from 2009 is capturing a portion of this market, a universal life plan that acts like a level period 10, 20, or 30 year term. There is no intended cash value over the level term period, with the plan acting like a pure low-cost mortality product during the predetermined period, converting to a guaranteed level premium plan at the end of the level premium period (versus term products which convert to YRT). While very competitive, especially in a low margin market, the product does come with slightly higher charges. It has gradually grown in market presence and is likely to continue to grow into 2011.

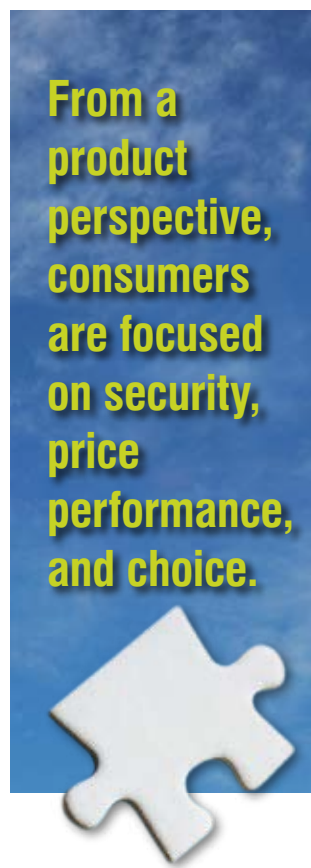
Another product set continuing in popularity into 2011 is indexed annuity and indexed universal life. Building on 2010's quarter on quarter growth, indexed products continue their appeal to consumers looking for market participation while protecting their investments against equity losses. The vacating of the 151A ruling alleviated some of the barriers to entry, adding to the appeal of the product. Companies that previously avoided the indexed market recognize the opportunity represented by the growing demand for indexed annuities and indexed universal life, offering an additional source of organic growth. That said, capital requirements have had an impact on the close to 50 participating companies, shifting new sales leadership rankings dramatically as some companies enter the market or offer new products while others are forced to throttle back on new sales. With interest returning to investment products, along with a vivid memory of market losses,

the unique risk return profile of indexed product sales will continue to feed growth.

Lastly, while LTC has shown declining sales since 2002, a recent change in tax code as of January 1, 2010 may increase the demand for combo life-LTC or annuity-LTC plans. The code change results in transfers of accumulated funds to pay LTC premiums being tax-free. Evidence of increased interest has been a rush to introduce hybrid plans, with over a dozen carriers in the market by fourth quarter 2010. The combo plans are less expensive than the standalone policies, improving consumer affordability and opening up the market for potential growth. From a company perspective, the hybrid plans offer higher margins, reduced anti-selection, and are more profitable. Given the aging population and the continued need for protection against the costs of long term care, being able to bring affordable hybrid plans to the market represents a growth opportunity.

DINSHAW: [I expect] life insurance (first year premium) sales to increase five percent, fixed annuity sales to decline 15 percent, and variable annuity sales to increase 20 percent. [I] expect interest rates to decline and stock markets to rally. Profits [will] increase by 10 percent as investment portfolios continue to strengthen.

FANNING: While the economic picture has created pressure on overall sales, we expect to see strong growth in protection product sales, particularly whole life insurance. The current environment has prompted consumers to seek products that offer increased stability and predictability from financially strong companies and that is a trend



we expect to continue. In addition, we expect sales of single premium immediate annuities (SPIA) to be robust as people seek to lock in guaranteed streams of income in their retirement years. We expect premium growth to be fairly steady—low to mid-single digits—as improving sales and persistency help drive solid results. Profitability is more challenging to predict. While we can expect overall industry growth, it will be muted somewhat by a continued low interest rate environment.

For products, the outlook for life insurance is excellent, in particular whole life. The unmet need is as strong as ever,

and the stability and guarantees that come with permanent protection are resonating with buyers. We also expect term insurance sales to be quite strong. We're cautiously optimistic about disability income insurance, as there remains a considerable need for consumers to protect their income, but some either don't fully understand the potentially devastating impact [of a disability] or the economy has [con]strained the budgets of some households, [preventing them] from buying this much-needed protection. The outlook for long term care insurance will be much more challenging, and some players have begun to exit the business altogether. The short-term outlook for the annuity marketplace depends largely on product type. Demand for immediate annuities is up, but it will be a challenging environment for fixed deferred annuities as low interest rates continue to hamper the competitiveness of the product over other alternatives, such as bank CDs.

FRENCH: As long as interest rates stay low, equity markets remain volatile and high

2 ECONOMIC CLIMATE

Do you see economic improvement in 2011? How will the industry respond to the economic situation—will there be consolidation, downsizing or something else?

CALLAHAN: Reasonable forecasts show a continued gradual recovery in 2011, with estimates of U.S. real GDP growth hovering around three percent, a slight improvement over 2010 estimates. The investment environment will continue its gradual improvement, although volatility will remain an issue. Investment earnings will likely remain low as Treasury yields are forecast to only slightly improve over 2010. Unemployment estimates for 2011 remain above nine percent for the year, putting pressure on the consumer market and available income. Inflation is expected to remain a non-issue, holding close to 2010 levels of 1.5 percent.

The good news is that the economy appears to be recovering, albeit slowly. Unfortunately, several residual impacts remain—low employment levels for many, high debts and credit card balances, and foreclosures as examples. Consumer behaviors follow their realities, which mean lapses, loans, surrenders, and withdrawals will continue occurring at a higher rate as demands for liquidity continue to influence financial actions. From the company's perspective, capital shortage remains an issue driving product designs and flexibility. Looking to 2011, most insurance companies will find themselves having to maintain much higher capital levels over the near term given the likelihood of significantly higher standards being adopted by regulators. From a product perspective, the need for capital-impacting guarantees remains, as do the lessons learned in hitting guarantees with, in some cases, returns below guarantee levels. Conservatism

unemployment persists, it will be difficult for the life insurance industry to grow its premium revenue. The current environment will likely lead some insurers to pull back on guarantees or increase prices, and, as a result, we expect the industry to remain challenged around premium growth in the short term.

GOLATO: We believe that the industry will continue to rebound. Nationwide is having a great year, and we expect that to continue next year. Demand for death benefit guarantees within universal and whole life insurance products will continue to be strong as consumers look for certainty. Hybrid products, such as those with long-term care riders will also see growth, especially as companies repriced their stand-alone products.

MCDONNELL: With the ongoing low interest rate environment, profitability will be a challenge in the year ahead. The drop in bond yields is hurting insurance company investment income. Sales in a difficult economic environment will also be a challenge, particularly [sales of] variable products. With these two factors, there will be a need to really focus on overall operating performance and expenses. However, those companies with a broad portfolio of products, as well as those who are tightly aligned with their distributors will benefit. Sales in such products such as whole life and indexed universal life should be strong. Those companies who have strong relationships with their producers, and those producers, who in turn, have strong relationships with their clients, will succeed. Clients will continue to seek help as they navigate through the uncertain economy, and they'll seek trusted financial professionals for that help.

SARSYNSKI: Prospects for the retirement services industry are generally positive, driven by improved equity markets and the resulting positive impact on assets under management (AUM) and revenue. In addition, the gradual economic improvement is resulting in restoration of

company matching contributions for many employers that previously suspended or reduced their contributions. Participants are delaying their retirement dates, which will help to ensure modestly positive cash flows for the industry for the next couple of years. More sponsors will likely switch providers than over the past two years, which were marked by record low levels of sponsor turnover. The expected increase is a result of a generally improving business climate that will cause sponsors to revisit their retirement plan providers and by increased levels of fee and plan performance benchmarking. Providers who can help sponsors (along with their advisors) fulfill their fiduciary obligations and help their participants achieve retirement success will gain from the increased activity. One area that is expected to grow faster than others is investment-only as more and more companies have shifted away from predominately proprietary line-ups to more open architecture arrangements.

WALLAKE: [I expect] low single digit industry growth, soft variable life sales and strong indexed life sales.

WEBER: We've been looking at the numbers from a lot of different sources, and it's hard to see where 2011 will be anything but a tepid year for sales on an industry level. Now, that doesn't mean that individual companies can't overachieve in their peer groups. You can grow sales 15 or 20 percent in a flat market, you just have to be more compelling than your competitors.



will prevail in the design of products while competitiveness increases.

Consumer faith in the industry was shaken by the ratings reductions during the crisis, although improvements in 2010 have helped mitigate the impact; that, along with the notable increase in advertising to promote industry stability likely to continue. Similarly, capital issues affected product decisions, market conditions drove changes in investment strategies, and low margins limited the industry's ability to move forward on technological and operational improvements, all despite increased competition. Low investment returns continue to impact product performance in an increasingly competitive market filled with alternatives, bringing intensity to competition as consumers shop for value. Even as the economy recovers, looking to 2011 the industry lags the recovery due to product lifecycles, pent up internal investment priorities, and implementation timeframes. It will take time, financial discipline, and a consistent strategic focus for companies to successfully recover and return to stable growth.

Given the highly competitive industry with the narrow profit margins, there is likely to be an increase in consolidations. There is a backlog of demand based on M&A values mid 2010 holding at the lowest levels since 2002 combined with companies gradually recovering in value. The probability of greater activity in 2011 is enhanced by the need for companies to focus on profitable markets and leverage their economies of scale where possible, driving up M&A activity. There will also likely be material shifts in lines of business as companies divest nonperforming businesses to free up resources for more profitable lines. Consistent with this realignment of businesses across the industry will be a continued trend in globalization. Through 2011, large U.S. companies will search for growth internationally to counterbalance the shift in U.S. population to over 60 as well as to take advantage of more open world markets. At the same time, international firms, particularly those in India and China, are expanding their

influence. International activity will gain some momentum in 2011.

Product profitability will be one of 2011's greatest challenges as companies attempt to balance the need for innovation with their portfolio mix, capital requirements, and investment returns. The shadow of continued expense reduction needs will directly influence product development efforts, bringing higher hurdle requirements to overcome in moving from idea to market. Generally speaking, companies will be focused on optimizing their current portfolio, hedging their product guarantees while attempting to remain competitive, and striving for simple, easy-to-understand product features. Attention on income generating products and hybrids that serve the aging Baby Boomers will remain top of mind, along with derivatives of the universal life concept that provide protection and earnings potential. Regulatory oversight will add to the cost of compliance as companies continue to build on the risk management practices developed during the economic crisis. Finally, some consolidation and shifting of product mixes and target markets will occur as companies focus on the fundamentals of achieving stable profitability.

DINSHAW: Economic improvement will continue slowly as residential and commercial mortgage delinquencies will decline slowly over time. Expect to see additional consolidation in the life insurance and annuity industry.

FANNING: I'm optimistic that we will see economic improvement in 2011, but it will continue to be a slow recovery. Many of the

economic indicators—including unemployment, housing, consumer confidence and manufacturing—are generally trending in the right direction, but low interest rates will continue to be a challenge, and it will be critical for insurers to focus on activities that drive long-term value, adopt efficient ways of doing things and diligently manage expenses. I do think there will be some consolidation and increased M&A activity in our industry. When companies come out of a significant economic downturn, they often step back, take a look at their portfolio and decide where they are going to focus going forward; that could mean either acquiring or divesting businesses.

FRENCH: In spite of what's happening with the economy, the life insurance industry will need to contend with three main trends in 2011: Changes in financial reporting requirements, the impact of the Dodd-Frank Act, and NAIC/EU conversations around solvency and equivalence standards. All three will create significant transformational changes in the marketplace in 2011, which will impact the lines of business U.S. insurers choose to be—or stay—in.

GOLATO: We see gradual improvement in the economy as the market becomes more stable. Discipline around controlling expenses will also remain elevated, especially if interest rates remain compressed. Low interest rates are a challenge for the industry. If rates stay low, companies will be forced to raise prices and we are seeing some of that



already. In addition, as companies' capital positions become stronger, we may see some mergers or consolidations.

MCDONNELL: With the political shift in Congress and seemingly little common ground with the executive branch, the economy is the big unknown. It would seem that there will be more compromise, with no extreme measures on the horizon. So, in the general U.S. economy, I see little to modest growth. Insurance companies' focus will be on operating earnings and capital strength. While there may be opportunities for companies to merge or consolidate, companies like Penn Mutual will stay on course with a long-term view, managing the external distractions to keep the company focused on long-term financial strength and growth.

SARSYNSKI: We expect modest economic improvement in 2011 with the strongest providers further distancing themselves from weaker competitors. Most strong providers have adjusted to the economic environment of the past two years by concentrating on core competencies and managing expenses and have improved their balance sheets and capital positions. The improving economy, coupled with the relatively strong capital position of stronger providers, will provide new opportunity to acquire weaker firms. We expect this to result in a modest increase in consolidation activity in 2011.

WALLAKE: We see GDP in the two-to-three+ percent range. Unemployment will be sticky at 8.5 to nine percent. [The] housing market [will be] in the doldrums for three to five years. [There will be] no significant economic improvement until pending housing inventory is cleared and mortgage credit again becomes available.

WEBER: The economy will continue to improve in 2011, and the shift back toward variable products will strengthen as people decide (too late in many cases!) that equities aren't such a bad idea after all.

We believe that consolidation would be a healthy thing for the industry because focus and specialization can really help carriers get the right value proposition in place. For example, a Tier 1 carrier that doesn't really understand the mid-market will not have invested in the right tools and approaches to get agents and customers lined up to buy. They should consider shedding that business. On the other hand, scale is increasingly important as levels of automation increase. So that same Tier 1 carrier might buy some regional players to access their distribution, and profit from the scale improvements.

3 TECHNOLOGY

What new technologies have the greatest potential to help our industry and how can they help?

CALLAHAN: Technology is clearly critical to enabling new strategies, improving efficiency, reducing expenses, and improving service. While there are numerous new technologies coming available, the industry still faces a portfolio of legacy applications and traditional processing environments. There remains a measurable lag along the new technology adoption and integration curve, with partial implementations and multi-phase projects spanning years incomplete. As an example, a recent survey had less than 50 percent of respondents indicating they had fully implemented the following well-established technology strategies: document management, consolidated commissions, workforce management, online applications with e-signatures, single entry front end, and consolidated administration systems. With that in mind, still leading the priorities list for technology projects in general is replacement of legacy policy administration systems. The implementation of any new technology, therefore, has to be weighed against the accumulated demand for unaddressed or partially addressed existing technologies. For many companies, the higher priority will be the successful completion and integration

of previously acquired solutions. With the rapid rate of technological advancement constantly bringing new opportunities, great care will need to be taken to separate appealing technologies from those offering near-term, cost-effective competitive advantage.

As an example, while not entirely new technology, there is accelerated interest and growth in Web self-service for distributors and customers. More specifically, the development of portals that incorporate secure messaging, reports, forms, and select transactions has become a strategic imperative as companies continue to shift the ability to transact business closer to the customer or agent, enhancing the service relationship. In a survey of companies querying what technologies they would be investing further in, over 70 percent listed Web self-service as a high priority. From an industry perspective, Web self-service is fast becoming a standard expectation versus a competitive advantage, putting companies that are not able to offer it at a distinct disadvantage. Faster turnaround time, fewer errors, and lower operating costs all accompany this leveraged use of the internet. To derive full benefits, most companies incorporate e-delivery of customer materials like policies and statements into the Web solutions, along with a gradual increase in the use of online applications with e-signatures. Both a challenge and an opportunity facing companies that have successfully established their Web servicing footprint is the need to expand platform availability to include mobile devices like phones, touch pads, and PDAs. Taken in totality, Web servicing will have a material impact on the cost structure of companies while acting as a competitive differentiator.

Insurance is an information intensive business. Developing from a base of data mining and analytics, there have been significant advances in the use of predictive analytics over the last few years. Companies are expanding the complexity of their customer segmentation and behavioral analysis using advances in analytical toolsets that

allow greater manipulation of more extensive data. Usage extends across multiple disciplines including risk management, claims analysis, sales force productivity, and marketing. New approaches allow the development of reliable simulations and complex multi-tiered forecasts that predict drivers, behaviors, and sensitivity to changes in scenarios. Recently released tools allow business users to create models previously left to programmers, broadening the usability of the predictive analytics. As a result, companies can become more adept at learning, developing products and practices, and driving decisions from the wealth of information collected about their customers as well as the market in general.

Social networking is attracting a great deal of media attention and as a result brings a lot of pressure for companies to get involved in and implement solutions. While companies have dabbled with it to varying degrees of success, there remains a question of how to effectively measure consumer value and beneficial return. Generally speaking, value has been shown in enhancing brand awareness, providing a recruiting mechanism, and most importantly education and communication, where the ability to provide information to a large population without being intrusive is a clear strength. Social networking technologies also provide a foundation for building relationships with the younger generations whose lives are intertwined with the internet. Yet care must be taken as the regulatory environment has not kept pace with the impact of these technologies on insurance commerce, leaving open questions of advertising, compliance, privacy, and content control. Companies should approach social networking with a clearly defined strategy targeted to achieve specific objectives; it is not an arena to haphazardly experiment within. Looking to the future, effectively leveraging social networking should be an integral part of the planning cycle.

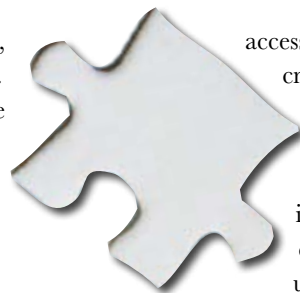
There are a number of other relatively new technologies that will likely begin to have an influence on the industry in 2011,

from cloud computing to electronic medical records. Factoring in the gradual economic recovery and the numerous in-process implementations of other technologies leads to the conclusion that the adoption rate of as yet untried technologies within a given company will likely be gradual in 2011 as the industry already has a backlog of demand. There is a wealth of technological housekeeping needed in order to begin realizing the full benefit of in place technologies backstopped by the persistence of legacy administration systems requiring replacement, wrapping, or reengineering. For those companies where this is applicable, applying resources to these needs first will likely be the followed path.

DINSHAW: Web-based technology to provide faster and more efficient (lower cost) service to existing clients [has great potential].

FANNING: I view this in two ways: technology used by the industry and technology used by consumers. First, there is the technology we adopt directly that enables us to best serve our customers. This includes things like business process management software, which helps centralize complex product and process rules, reduces service variability and significantly reduces training time. Another is master data management, which enables us to aggregate customer, producer and contract data that provides

The success of mobile applications is making us rethink the usefulness, simplicity and availability of all the applications we develop, on any platform.



us with a more complete view of our business. Technology and tools like this have been an enormous boon in our efforts to provide a quality, seamless customer service experience.

Second, there's the technology that customers use which will have an impact on how we—and every company they choose to do business with—interact with them. An example of that is social media, such as Facebook and Twitter, which is already changing the way people communicate and collaborate. Mobile technology is another example; it's prompting a shift in the way producers want to

access information and will likely create an expectation of “anytime, anywhere” business transactions. Both of these have enormous potential to help the industry better serve our customers, and a top priority for all of us is to determine how to best

integrate these newer concepts thoughtfully and effectively into our business.

FRENCH: The technology showing the greatest promise is the use of customer analytics to improve the efficiency of life insurance underwriting. When you speed up and improve the underwriting process, you cut down on unnecessary wait time and intrusive medical tests, you lower your exposure around “not takers” and you increase underwriting efficiency.

GOLATO: Adopting new technologies will also help with expense control. The middle market needs our products, but the industry will continue to have problems serving this

market if efficiencies are not made. Customer choice around electronic delivery of routine correspondence and producer communications improves speed of delivery, as well as satisfaction. We'll see more of this, as well as straight-through processing and multi-carrier solutions, such as iPipeline, to improve the producer experience and enhance efficiency.

MCDONNELL: Again, I believe that clients today are looking for help from a trusted financial professional with a holistic view of financial planning. It's not transactional in nature—it's all about building a long-term relationship. Because of this, I believe that technology that enables producers to have more productive face time with their clients—and allows them to build their practice—will be of great benefit in the years ahead. Technology like SmartOffice, WealthView and paperless technologies will help producers do that. In addition, virtual technology, such as Skype, can greatly reduce travel expenses and make remote communications more personal. Also, I think we'll see an increase in e-service technologies that will give clients a hands-on experience with their insurance carrier.

SARSYNSKI: Technology that adds efficiency (and therefore reduces operating costs) will have the biggest impact on our industry over time as fees become increasingly transparent to sponsors and participants which ultimately will likely drive down their cost. Technology that supports participant self-service (nudging participants to wiser decisions on savings rates and investments) will increase in importance as automated plan designs continue to gain favor in the marketplace. Social media and mobile applications will be offered by more providers and used with many more participants and ultimately will likely serve as a primary means of communication for more technologically inclined participants. Finally, technology that simplifies the process as older plan participants begin to retire and transform from the asset accumulation

phase to the income phase will become increasingly important.

WALLAKE: [The technology with the greatest potential is] field-based new business processing technology. The industry must move forward to the independent broker dealer model, where a sale is as simple as “dropping a ticket”.

WEBER: “New” is perhaps misleading, because almost no technology is truly new. But certain technology approaches that are now in mainstream adoption are changing the way technology supports the insurance business. For example, user-driven systems that leverage configuration rather than traditional hard-coding are helping to reduce project times and lower total cost of ownership (TCO). Business process management is fueling new levels of automation.

Of course, SaaS is another arrow in insurers' quivers. The question is not whether the concept works, even for systems that are core to insurance operations—it's how can a SaaS-delivered platform address carrier concerns about security and differentiation. These are critical issues, but ones that I think the industry will navigate successfully.

The other technology area with lots of buzz right now is mobility applications. iPhones, iPads, Blackberries, and Droids are pulling consumers (including insurance agents) away from traditional mobile phones, and that opens up a new world of possibility. But the by-product of this trend extends beyond mobile applications such as quoting and new business status tools. The success of mobile applications is making us rethink the usefulness, simplicity, and availability of all the applications we develop, on any platform. It sounds strange, but consumers now expect their software to work as advertised, and to be available when and where they need it.



4 HUMAN CAPITAL

How important is human capital to our industry and how can it be developed/improved?

CALLAHAN: Insurance is an intangible product, a promise for the future, and as such depends heavily upon reputation and service as the value proposition to consumers. And while automation has improved many practices and processes, there remains significant demand for intellectual capital across the employee population, capital upon which the success of the company depends. The intellectual capital required extends well beyond knowledge workers in areas like actuarial, underwriting, and claims and deep into the service areas where the predominance of customer contact occurs.

The criticality of human capital in these areas is amplified by the convergence of two trends. The first is growing consumer expectations for once-and-done service, eliminating the handoffs, call routing, and callbacks common in many service operations and replacing them with empowered staff trained to resolve customer service requests directly upon receipt. The second is the growing importance of service as the key competitive differentiator among companies, as shrinking profit margins and rapid replication reduce the value of product price or feature differences.

Companies that recognize and achieve true customer-centric service will derive a sustainable competitive advantage that will persist beyond minor pricing and product differences. Achieving that level of competitively differentiating service rests upon the skills, attitudes, and abilities of the human capital that comprise an organization.

Unfortunately, the workforce is maturing rapidly with the aging of the Baby Boomers, bringing retirement to a large portion of the deeply trained human capital.

Even ignoring the amount of time necessary to transfer the stored organizational knowledge retained within the human capital, there are not enough new entrants into the market to make up for those retiring. That said, the recent economic crisis has resulted in a slight decline in the rate of retirement as many are faced with having to wait a few more years to retire than initially planned. The benefit of this delay is that it retains their expertise longer for the organization, providing more time to transfer their knowledge to new employees. Yet finding and hiring remains a challenge, one that can only be met by developing new employment practices that appeal to a wider labor market as well as driving for greater technological efficiency where possible so that the demand is reduced.

A recent workforce study looking at the insurance industry questioned participants on the key drivers that attracted them to a company. The findings indicated that competitive base pay was the most important, followed closely by company reputation as a good employer, convenient work location, career advancement opportunities, and flexible schedules. Based on these drivers, there are clearly a number of actions that a company can take to appeal to as broad a market as possible.

Competitive pay is not a surprising factor, which requires companies to both monitor the external market to ensure jobs are appropriately priced as well as periodically conduct internal equity reviews to prevent high achievers from topping out and to ensure that there are not any pay versus performance gaps.

Company reputation as a good employer requires a careful balancing of the drive for profitability with cultural integrity and social responsibility. Community involvement, charitable efforts, conscious recognition of work and life balances, family friendly environment, strong values that are communicated and followed, open communications and transparency, and leadership that is responsible and accountable to its employees and stakeholders all contribute to being seen as a good employer.

Convenient work location can take many forms, including the availability of branch offices distributed across the workforce as well as integrating work-at-home and telecommuting programs into the company practices. Mass transit passes and commuter programs funded by the company also help make getting to work more convenient.

Providing career advancement opportunities can be a challenge as organizations work to flatten themselves out. That said, the desire for advancement can often be met using job enrichment and job enlargement programs, expanding the tools, authority, complexity and responsibilities of an employee's current job. Job rotation as well as coaching and mentoring opportunities can also be used to meet this need.

Flexible schedules have been around awhile, yet still are not as widely accepted as might be expected. Ideally, a company should have a blend of staggered start times, modified work weeks (3/12, 4/10, 5/4), split shifts, and job sharing. Good work management and scheduling systems are vital to being able to offer and manage the greatest amount of flexibility in schedules while still adequately staffing for work volumes.

Companies that successfully blend their programs as suggested will find they are able to appeal to a broader labor market and will be better positioned to attract new talent while growing their existing talent.


Looking at the labor force in general, it is important to recognize the demographic diversity that exists, bringing with it the challenges of different attitudes, values, and



Human capital is vital to our industry—that's why we make such a large investment in training and continuing education.

belief systems. Continued globalization has brought expanded ethnic diversity while improved health care and longevity has resulted in five different generations (GI, Silent, Baby Boomer, Gen X, Millennial) in the workforce. Leaders must be flexible, responsive, and able to personalize their approach to an employee's unique characteristics. One size fits all will not succeed in achieving the full benefit of an employee's potential. Accepting individuality while building supportive relationships that empower, reward, and recognize

will be critical in developing, retaining, and fully benefiting from the human capital critical to achieving competitive advantage.



DINSHAW: Human capital is the core of our business. Most life insurance and annuity sales are made in face to face sales. We need to continue to attract and develop high quality field producers.

FANNING: A highly skilled, motivated workforce is key to success in our industry. We are a knowledge-based business, and the differentiating factor is the quality and expertise of our employees. It is getting more challenging to attract, retain and motivate people, particularly as our business continues to change and increase in complexity. Ensuring that we continue to develop and grow our people is absolutely critical, and we can achieve this by providing them with the experiences, exposures and educational opportunities that allow them to grow and stay ahead of changing developments in our industry. The key will be to develop programs that both foster employee development and drive profitability at the

company. We view Lean Six Sigma (LSS) as a real win-win in that regard. Through LSS training, employees learn to think differently from a process and data perspective, and they get to apply those skills both within and beyond the company. It's also enabled us to improve speed and quality, build efficiencies and eliminate redundant work.

FRENCH: We are entering a decade of significant transformation in the life insurance industry. The only way some life insurers will be able to handle the changes is by recruiting and nurturing world-class talent. Insurance has traditionally been a business that follows other industries, but in the next decade, you will start to see insurers truly leading and setting innovation. It's no longer business as usual. The winners and losers of the next decade will be separated by who best understands and executes against a specific strategy—and ultimately, who best innovates. You will likely see this thinking, innovation and new strategy focused on the 70 million-plus Baby Boomers as well as Generation Y and what both expect and need. There's always good talent in the marketplace, but it's the responsibility of top management to infuse the energy and direction into their organizations so that talented people can thrive and build careers there.

GOLATO: Human capital is vital to our industry. At the end of the day, the products we sell are promises and producers need to feel confident that the people on the other end of the phone can be trusted to keep those promises. Our internal and external wholesalers represent our brand to our producers and agents and they, in conjunction with our underwriters, new business and service people are critical to our growth. That's why we make such a large investment in training and encouraging continuing education.

MCDONNELL: In our industry, it's all about people—and the power of relationships. The industry is operating in a very competitive environment to recruit and retain talented people, but the real key is not only finding the talent—but finding the talent that is

aligned with your company's vision and strategy. When you do that, it's very powerful, and you'll have a very talented and engaged work force.

SARSYNSKI: While technology allows firms to gain efficiency and meet basic service and educational needs, human capital is the key to delivering service to customers. It is far more economical to keep an existing customer than to acquire a new one. Firms that are achieving positive net cash flow in the retirement industry are generally doing so by meeting both their sales and retention goals and both of those are largely driven by human capital.

Individuals preparing for retirement or otherwise requiring access to their retirement balances want to speak to experts who can help them make good decisions. The retirement services industry is currently retaining less than 20 percent of assets as participants make that transition. Further developing employees to help participants (directly or through an advisor) in that transition will result in better prepared participants and improved provider retention rates.

WALLAKE: There will be plenty of excess human capital in the health care industry to draw upon. Unfortunately, without economic recovery, we won't need any.

WEBER: Human capital issues are more important than ever. We've slowly come to the realization that what we know about risk is constantly evolving, and that knowledge can be highly specific to an individual company. The view of the insurance company as a factory floor—where workers can be plugged into processes interchangeably and you can always find the skills you need when you need them—has disappeared. In its place, we see a constant battle for insurers to be smarter and more capable than their competitors. This means that institutional knowledge is critical and must be captured and managed with precision.

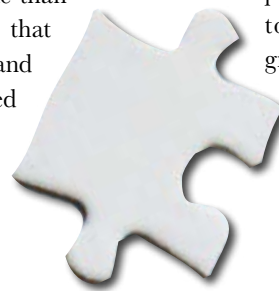
5 CUSTOMER SERVICE

What is your company doing to assure top-quality customer service?

CALLAHAN: Top-quality customer service occurs where people, process, and technology converge. For insurance companies, this convergence predominantly occurs in the service areas, where thousands of points of contact occur daily as calls are answered and business transacted. Given narrowing margins and product commoditization, successful companies have realized that competitive advantage can best be achieved through top-quality delivery of customer service—service provides the differentiation. Recognizing this reality, shifting the organization to be customer-centric, and then investing in the underlying technology and practices to enable staff to exceed customer expectations combine to create the foundation for assuring top-quality customer service.

Building on this foundation requires an understanding of two key factors. First, customers are no longer one-size-fits-all, but instead are ethnically, demographically, and socio-economically diverse and unique individuals who expect service will be delivered how and when they want it. Second, to achieve top-quality service requires investing in the staff, developing their ability to engage customers, empowering them to solve problems without escalation, enabling them to address and resolve customer requests on a once-and-done basis, and rewarding them with recognition, training, flexibility, and a rich work environment.

As should be apparent, a critical aspect to implementing customer-centric service is granular segmentation of the customer base paired with segment specific service strategies. For example,



service delivery has to be flexible enough to range from telephonic support in the appropriate language for customers who prefer the personal touch to online transactions available 24/7 for the technologically savvy who prefer to make their own changes. Personalized service requires that employees are well-trained, provided effective tools and working systems, and empowered to efficiently process customer requests with clearly defined support and escalation processes. The importance of service quality, from attitude to accuracy, should be clearly and consistently communicated, measured, and reported on so that everyone is aware of performance to goals.

Implementing a customer-centric strategy consists of four basic components. The first, which while obvious is often overlooked, is to know your customer. Given the diversity of customer segments served by the average company, knowing your customer requires research and analysis in order to fully capture the relevant characteristics. The second component is to define and prioritize each of your customer segments service needs. The

focus here is in understanding what the baseline expectations are, or the “table stakes”, and what services have the potential to be a competitive differentiator. It is also worthwhile to make note of what might result in over-delivery without any value to the customer—staffing to answer the phone in one ring when customer expectations are fine at two-and-a-half being an example. This way, services can be fine tuned to focus on

the ones that are the most meaningful and differentiating. Third is to communicate your service commitments so that customers know what to expect. Unmanaged expectations are a common source of customer dissatisfaction. The last component is the constant measuring of customer satisfaction, communicating and discussing the results with the service teams while constantly searching for opportunities to improve.

From an operational perspective, there are three service tactics that companies consistently list as a top priority. The first is expanding accessibility, like allowing service to be requested by phone, on the internet, e-mail, or using voice response systems with

all methods getting a consistent and timely response.

Given narrowing margins and product commoditization, competitive advantage can best be achieved through top-quality customer service.



The second is the acceleration of service turnaround times, striving for immediacy in responsiveness as measured by first call resolution for phone calls and same day turn-

around on transactions. The third is an expansion of service availability windows, whether through automated systems, the internet, or longer staffing hours. Combining these strategies with investments in Web servicing via customer portals greatly enhances the service proposition in a competitively advantageous manner.

Investing in the staff to enable the delivery of top-quality service extends beyond

ensuring equitable pay. A company should strive to be known as an employer of choice, providing a desirable work environment, maintaining a good reputation, investing in the community, and adhering to clearly communicated values. The culture should be one of continuous improvement, with reward and recognition programs designed to leverage employee ideas and keep morale high. If possible, the addition of new talent should occur regularly as staff are promoted or move laterally within the organization, and there should be a formalized method for ensuring the effective transfer of knowledge whenever there are staff changes. Developmental programs should be part of every employee’s annual plan and should include developing bench strength and future leaders. Achieving top-quality service means avoiding the mistake of being penny-wise and pound-foolish; an adequate level of well-trained staff is a critical requirement for success.

The most common and challenging barrier that companies face in achieving top-quality service is often the systems environment. As an industry, we are plagued by disjointed and highly customized legacy applications that challenge the service staff to operate and often prevent or seriously hinder the achievement of top-tier service goals. The need to maintain a competitive product portfolio combined with constant regulatory changes and the demands of distribution channels often overwhelm the typical organization, leaving limited resources for addressing service issues. Plus, the risk and scope of a new system implementation can be intimidating and expensive. In developing a service strategy in this type of environment, careful consideration should be given to the system limitations and innovative workarounds developed to optimize the possible. A thorough understanding of your customer, effective expectation management, good communication, and talented staff can often overcome technological barriers and create highly satisfied customers.

DINSHAW: We are in the process of installing a new life insurance administrative system. This will allow us to service products with new features in a more efficient manner. In addition, we are installing a new competency based performance management system to reward employees who are focused on providing top-quality customer service.

FANNING: We are committed to providing a quality, client-centric service experience for our policyholders and producers in a number of ways. We've taken steps to simplify the sales process, the biggest of which is straight through processing, which will improve and accelerate the process for bringing new life and DI clients on board and help create a more paperless environment. We're also implementing an improved client management system that enables our customer service reps to get a holistic view of customers when they call in, as well as improving our self-service capabilities by enhancing our interactive voice response and making more information available on our Web site. Lastly, we're enhancing our claim procedures to make them consistent across each and every product line, and increasing agent involvement in life claims by developing new tools for agents to use prior to a claim occurring. This ensures that the plan designed by the agent and the insured is fully understood by the beneficiaries, which will help bring a seamless delivery of the eventual claim.

GOLATO: It starts with our company's mission and value proposition to "be the best at helping advisors help clients prepare for and live in retirement" by "providing the best personalized On Your Side experience". We talk to clients and advisors to better understand their service needs and build solutions that deliver upon these needs. We invest in the development of our associates to ensure they are prepared to deliver the personalized experiences

desired by our customers and we have modified our recruiting and hiring process to ensure the talent we bring into the company shares our core values. In addition, we invest in tools and technology that enable our advisors to deliver exceptional service to their customers. We also make many of these same tools available to policyholders so they can self serve, if that is their choice, via nationwide.com.

MCDONNELL: We are working on this at two levels—with our producers, whom we view as our customers, and with our policyholders. We are building a strategy to deliver a consistent client experience with both constituents. Through our Producer Value Commitment, we help our producers succeed in growing their businesses and serving their clients. By delivering customer service in a simple, clear, and inviting manner to our policyholders, we will cut through a lot of the clutter that's out there in the world of insurance and financial services. We want clients to easily understand, and therefore benefit from, all that life insurance can offer throughout the many stages of their lives. We also recognize that those policyholders who do not have a financial professional require the personal care and attention they were promised, so we have a program in place to do just that.

SARSYNSKI: We start by listening to our customers. We have a very comprehensive satisfaction and loyalty program that assesses all aspects of the retirement experience with MassMutual from the sales process through installation and ongoing program operation. The program includes perspectives from advisors, sponsors and participants. Through this process, we work to improve the service experience for specific

customers and implement broader action plans designed to further enhance the overall service experience for all.

We also are committed to a proactive approach to helping participants achieve their retirement goals. Our approach of identifying specific actions each participant can take to improve their outcome and implementing multi-touch campaigns and providing customer service reps to help enact positive changes has resulted in significant improvement for many participants.

Human capital is probably the biggest differentiator among providers and we have a comprehensive training and development program designed to help employees better understand the business we are in and obtain a high level of training to help deliver service in an exemplary way. This year we launched StartSmart, a comprehensive training program that provides a roadmap for employees to follow to gain best advantage of the entire suite of classroom, Web-based and self-paced training available to help service our customers.

WALLAKE: Always one of our top priorities as a mutual company. Service excellence is baked into our culture. Technology will continue to help on the margin. But at the end of the day, it's up to people serving people. ♦



FORECAST FOR 2011: OTHER VOICES

Business Process Networking (BPN): The New BPO

“In trying to achieve business transformation, many companies are overlooking the new options available with business process outsourcing,” said Bob McDonald, principal management consultant, CSC. “Too many insurers still believe that outsourcing means giving up control. To avoid that trap, stop thinking BPO. Instead, think BPN — business process networking.”

BPO normally transfers an entire process, such as servicing a closed block of policies, to a partner. “In the new model, you select specific parts of a process a la carte and outsource them to a network of vendors,” McDonald said. “BPN is emerging as the key to successful business transformation.”

With BPN, a mail services provider can process incoming mail while you focus on higher value front office, call center and Web services. Your output specialist can handle printing and mailing. And you can send time-critical activities overseas for overnight completion.

Vision Report on the Life Insurance Industry

State Street Corporation, a provider of financial services to institutional investors, recently released its Vision paper examining the opportunities and challenges facing the life insurance industry. Entitled “Life Insurance: Focused on Growth,” the report assesses the current life insurance landscape and highlights growing changes in client needs. It also explores solutions to the urgent challenges the life insurance industry is experiencing as demographics shift and markets evolve. This new Vision paper follows State Street’s initial report on the insurance industry published in 2007.

“Around the globe, retirement savings needs are rapidly changing and a new lifetime savings industry based on a more holistic, lifelong approach is taking shape to meet those needs,” said Wade McDonald, head of client management and sales for State Street’s Global Services business in the UK, Middle East and Africa. “To compete effectively in this new environment, life insurers must look holistically at product offerings and develop financial products that deliver performance, manage risk, and provide value. Both banks and insurers will be actively involved in developing new approaches to address the challenges that the industry faces.”

The need to develop the appropriate solutions for this new environment is sparking an evolution in life insurance product development.

McDonald advises four steps for a successful start to BPN:

1. Define your strengths and weaknesses. A neutral perspective helps; corporations usually think they are better at certain things than they actually are.
2. Decide what activities drive competitive advantage. This depends on your market position, distributor network and business strategy.
3. Research and choose partners carefully. Look for track records, investment in new technology and process improvement.
4. Monitor your partners’ performance with real-time information and at-a-glance reports with drill-down details. Business intelligence is a must for successful networks.

For more information about CSC’s outsourcing services, call 800.345.7672 or visit www.csc.com/lifebpo.

The Vision paper states, “In the emerging environment, the first priority for insurers is to make products that consumers want and need, and deliver them in the right way. The products offered must evolve to reflect a holistic approach to financial planning that answers a lifetime of needs and they must be accessible in a way that acknowledges the changes in how products are purchased today.”

Life insurers face significant operational implications as the industry landscape changes. With new regulatory requirements, managing the liability side more carefully and improving risk management are key priorities. Insurers must also clearly distinguish core and non-core business activities.

According to the Vision paper, “Against the backdrop of demands on optimization of capital and a redefinition of the value chain, insurers must first more closely examine what business activities are “core” and “non-core,” and actively seek to outsource those elements that are not core to the business.”

State Street’s Vision Series of in-depth reports is intended to advance understanding of key themes and trends in the financial services industry. A copy of this life insurance paper can be downloaded at www.statestreet.com/vision or to order a hard copy, email vision@statestreet.com.