

Nolan Life and Annuity Survey: Strategies for an Evolving Industry

1. SURVEY OVERVIEW

ABOUT THE SURVEY:

Considerable press has highlighted the increased pressures on earnings and growth in the Life and Annuity industry. Adding to these pressures are significant forces permanently reshaping the industry, including: market volatility, new regulations and regulatory bodies, accounting and reserving changes, shifts in consumer and distribution demographics, and globalization.

As successful strategies for profitably adapting to these changes continue to emerge, the Robert E. Nolan Company is asking key industry leaders like you for critical insights.

After collecting responses from across the industry, Nolan will summarize core issues and provide expert analysis in a comprehensive survey report. Commentary on emerging trends, along with practical suggestions for turning trends into opportunities, will also be included.

BENEFITS FOR PARTICIPANTS:

Respondents will receive the full survey report at no charge prior to the industry -wide release. Respondents also have direct, no-cost access to the experts who will conduct the analysis of the findings. In addition, Nolan will host a webinar during which the survey results will be presented and discussed interactively between respondents and a panel of experts from the Nolan Company.

SURVEY INSTRUCTIONS:

Each section is made up of a series of statements to be numerically rated by the provided scale. The scales measure the strategies that are gaining increasing or decreasing focus as a result of industry changes. They can be answered easily by company leaders without additional research or effort. There is space at the end of each section for comments specific to the questions in that section. We strongly encourage your comments as they are an extremely valuable part of the survey, providing individual insights into the industry challenges.

If you are willing to be quoted, please check the box at the end of the survey; otherwise, we will only use comments on an anonymous basis in a way that will not identify the respondent. **RESPONSES ARE STRICTLY CONFIDENTIAL**; the results will only be used in aggregated form.

To participate in this survey, please complete the attached document and return in the provided envelope, **or you may respond online at www.renolan.com/lifesurvey**. The deadline for submission is **July 31, 2009**.

If you have questions or comments, please contact:

Rosalyn Edmonds
Marketing Coordinator
rosalyn_edmonds@renolan.com
Toll-free: (800) 248-3742



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2. RESPONDENT DEMOGRAPHICS

1. Company Name (optional) - You may skip to question 5 if you provide your company name:

2. Company Type:

Stock

Mutual

3. Total Gross Written Premium:

% Life & Annuity

% Property & Casualty

% Auto & Home

4. Employees:

Less than 500

500 to 1500

More than 1500

5. Title/Department:

Your Title

Your Department

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3. COMPANY STRATEGIC ASSESSMENT

6. Please rate your agreement with each of the statements below.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a) We have a clear vision, goal, and strategy to lead us through the next three years	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Our current organizational structure is aligned with our strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) We have the people talent necessary to drive the business forward	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) We are strategically reducing expense ratios over the next three years	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Process improvement is an integral method we use to achieve results	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Significant technology investments will be made to remain competitive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) IT/Systems is effectively aligned with the business and focused on enabling growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Please rate the level of importance and management impact of the following factors.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a) Capital demands will play a material role in product/market decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Maintaining our current financial rating is a critical business requirement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Use of Reinsurance will be increased to mitigate risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. What are your company's greatest strategic challenges over the next three years?

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4. INDUSTRY TRENDS

9. Please rate your agreement with each of the possible Industry Trends listed.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a) U.S. company's expansion abroad will be a major source of growth for U.S. companies	j4	j4	j4	j4	j4
b) Divestitures and discontinuation of product lines will increase	jn	jn	jn	jn	jn
c) Mergers and acquisitions will increase	j4	j4	j4	j4	j4
d) Niche companies will be more successful than full financial service ones	jn	jn	jn	jn	jn
e) Cost of compliance with regulations will increase	j4	j4	j4	j4	j4
f) Tax reform (estate, flat, etc.) will have a major industry impact	jn	jn	jn	jn	jn

10. Sales Growth in the Insurance Industry will be achieved primarily by focusing on:

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a) Greater Demographic Segmentation (age, ethnicity, gender)	j4	j4	j4	j4	j4
b) Greater Behavioral Segmentation (shoppers, loyalists, service)	jn	jn	jn	jn	jn
c) Expanding Distribution Methods (work site, direct, career, bank, agency)	j4	j4	j4	j4	j4
d) Expanding into New Markets (bank insurance, financial planning)	jn	jn	jn	jn	jn
e) Deeper penetration of Existing Markets (including retention efforts)	j4	j4	j4	j4	j4
f) Acquisitions	jn	jn	jn	jn	jn

11. What does your company believe will be the greatest source of industry change?

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5. SALES AND MARKETING STRATEGIES

12. Please rate your company's focus on the following Market Segments.

	None	Decreasing	Modest	Increasing	Significant
a) Affluent	jn	jn	jn	jn	jn
b) Middle Market	jn	jn	jn	jn	jn
c) Employer Market	jn	jn	jn	jn	jn
d) Older Generations (Age 55 and over)	jn	jn	jn	jn	jn
e) New Generations (Age 30 and under)	jn	jn	jn	jn	jn
f) Ethnic Segments	jn	jn	jn	jn	jn

13. What are the greatest shifts in the consumer market your company expects to occur?

14. What are the greatest changes in distribution your company expects to occur?

15. Please rate your company's focus on the following Distribution Strategies.

	None	Decreasing	Modest	Increasing	Significant
a) Career / Exclusives	jn	jn	jn	jn	jn
b) Independent Agents	jn	jn	jn	jn	jn
c) Financial or Investment Advisors	jn	jn	jn	jn	jn
d) Banks and Retail Outlets	jn	jn	jn	jn	jn
e) Alliances	jn	jn	jn	jn	jn
f) Direct Marketing	jn	jn	jn	jn	jn

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16. What are the greatest Product Portfolio challenges your company expects to face?

17. Please rate your company's focus on the following Product Lines.

	None	Decreasing	Modest	Increasing	Significant
a) Universal Life (including Indexed UL)	j	j	j	j	j
b) Variable Life and Variable UL	j	j	j	j	j
c) Whole Life	j	j	j	j	j
d) Fixed Annuities	j	j	j	j	j
e) Variable Annuities	j	j	j	j	j
f) Combo Products	j	j	j	j	j
g) Term	j	j	j	j	j

18. Please rate your company's emphasis on the following Sales and Marketing Strategies.

	None	Decreasing	Modest	Increasing	Significant
a) Expanding existing field sales force	j	j	j	j	j
b) Focusing on enhancing existing products with unique features	j	j	j	j	j
c) Simplifying products with discounted pricing for combinations	j	j	j	j	j
d) Offering long-term care product combinations	j	j	j	j	j
e) Marketing of fixed investment products (life and/or annuities)	j	j	j	j	j
f) Marketing of variable investment products (life and/or annuities)	j	j	j	j	j
g) Increasing guaranteed benefits of variable products (including annuities)	j	j	j	j	j
h) Focusing on retirement solutions market	j	j	j	j	j
i) Offering financial planning services	j	j	j	j	j
j) Building private-label products for distribution by other carriers	j	j	j	j	j
k) Offering banking services through your own bank or a third party	j	j	j	j	j



19. What are the greatest Sales and Marketing challenges your company expects to face?

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6. OPERATIONS AND SERVICE

20. Please rate your company's focus on the following Operational Strategies.

	None	Decreasing	Modest	Increasing	Significant
a) Consolidating physical locations	j	j	j	j	j
b) Consolidating similar functions across divisions (economies of scale)	j	j	j	j	j
c) Virtual and/or geographical consolidation of call center operations	j	j	j	j	j
d) Aligning operations with distribution channel (career, bank, agency, etc.)	j	j	j	j	j
e) Aligning operations with customer markets (employer, individual, etc.)	j	j	j	j	j
f) Expanding accessibility (phone, web, email, voice response)	j	j	j	j	j
g) Increasing hours and days of service availability	j	j	j	j	j
h) Accelerating service delivery (reducing transaction turnaround times)	j	j	j	j	j
i) Creating different levels of Customer Service based on consumer profitability	j	j	j	j	j
j) Creating different levels of Producer Service based on contribution to profits	j	j	j	j	j
k) Offering Bank Card premium payment options (prepaid card, credit, debit)	j	j	j	j	j

21. What are the greatest Operational challenges your company expects to face?

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7. TALENT MANAGEMENT

22. Much has been publicized about generational differences and a shrinking workforce. Please rate your company's efforts below.

	None	Decreasing	Modest	Increasing	Significant
a) We are focusing on experienced worker retention and development	jn	jn	jn	jn	jn
b) We are establishing programs that allow for longer work careers and older employees	jn	jn	jn	jn	jn
c) We are establishing programs that address generational differences in the workplace	jn	jn	jn	jn	jn
d) We are planning on our employee base shrinking the next 5 to 10 years	jn	jn	jn	jn	jn
e) We are expanding our telecommuting and geo -dispersed work options	jn	jn	jn	jn	jn
f) We are establishing programs that address shrinking distribution risks	jn	jn	jn	jn	jn

23. What are the greatest Talent Management challenges your company expects to face?

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8. TECHNOLOGY

24. Please rate your company's likelihood to pursue the following technology strategies.

	None	Decreasing	Modest	Increasing	Significant	Already Have
a) Replace legacy administration systems	jq	jq	jq	jq	jq	jq
b) Consolidate administration systems (reduce number of legacy systems)	jn	jn	jn	jn	jn	jn
c) Single-entry front ends (simplified multi-product entry systems)	jq	jq	jq	jq	jq	jq
d) Client Relationship Management (CRM) - single view across all systems	jn	jn	jn	jn	jn	jn
e) Automated Straight Through Processing (STP) of field applications	jq	jq	jq	jq	jq	jq
f) Contact Center automated workforce management systems	jn	jn	jn	jn	jn	jn
g) Document management - imaging and workflow	jq	jq	jq	jq	jq	jq
h) Online applications with e-Signatures	jn	jn	jn	jn	jn	jn
i) Expert (rules-based) systems for underwriting and/or claims	jq	jq	jq	jq	jq	jq
j) Teleunderwriting	jn	jn	jn	jn	jn	jn
k) e-Delivery of customer materials (policies, statements, prospectus, etc.)	jq	jq	jq	jq	jq	jq
l) Business Process Management (BPM)	jn	jn	jn	jn	jn	jn
m) Web self-service for distributors and/or customers	jq	jq	jq	jq	jq	jq
n) Consolidated commission systems with electronic payment	jn	jn	jn	jn	jn	jn
o) Data warehouse and data mining for customer analytics	jq	jq	jq	jq	jq	jq
p) Enterprise Risk Management systems	jn	jn	jn	jn	jn	jn
q) Social Networking (Twitter, Blogs, Facebook, Second Life, etc.)	jq	jq	jq	jq	jq	jq

25. What does your company see as social networking's role in future insurance operations?

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26. With regards to your company's current technology investments, what are the most critical areas of focused effort?

27. With regards to your company's current technology investments, what are the areas being delayed or cancelled entirely?

28. With regards to your company's current technology investments, what changes in plans have resulted from the recent economic turbulence?

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9. OUTSOURCING

29. Please rate your company's outsourcing strategy with regards to each of the functions below.

	None	Decreasing	Modest	Increasing	Significant	Bringing In House
a) Corporate Functions (Accounting, HR, Payroll)	jq	jq	jq	jq	jq	jq
b) Document Management (Mailroom, Imaging)	jn	jn	jn	jn	jn	jn
c) Agent Contracting (Licensing and Appointments)	jq	jq	jq	jq	jq	jq
d) New Business Entry	jn	jn	jn	jn	jn	jn
e) Teleunderwriting / Initial Assessments	jq	jq	jq	jq	jq	jq
f) APS Review and Summarization	jn	jn	jn	jn	jn	jn
g) Policy Billing and Administration (Active Blocks)	jq	jq	jq	jq	jq	jq
h) Policy Billing and Administration (Inactive Blocks)	jn	jn	jn	jn	jn	jn
i) Consumer Call Centers	jq	jq	jq	jq	jq	jq
j) Distributor Call Centers	jn	jn	jn	jn	jn	jn
k) Claims Services and/or Processing	jq	jq	jq	jq	jq	jq
l) Investment Management	jn	jn	jn	jn	jn	jn
m) Systems Maintenance	jq	jq	jq	jq	jq	jq
n) Systems Development	jn	jn	jn	jn	jn	jn
o) Systems Infrastructure (Data Center, Network)	jq	jq	jq	jq	jq	jq

30. How does your company see outsourcing strategies developing in the near future, both onshore and offshore?

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10. CURRENT ENVIRONMENT AND ECONOMY - Part 1

31. What methods is your company using to access industry information and analysis?

	Never	Sometimes	Moderately	Frequently	Primary Source (Daily)
a) Associations and Committee Meetings	jn	jn	jn	jn	jn
b) Magazines	jn	jn	jn	jn	jn
c) Newsletters	jn	jn	jn	jn	jn
d) Conferences	jn	jn	jn	jn	jn
e) Industry Web Sites	jn	jn	jn	jn	jn
f) Analyst Web Sites (consultants, reporting agencies, financial networks)	jn	jn	jn	jn	jn
g) Blogs	jn	jn	jn	jn	jn
h) RSS Feeds	jn	jn	jn	jn	jn
i) Webcasts	jn	jn	jn	jn	jn
j) Twitter / Short Messaging Broadcasts	jn	jn	jn	jn	jn
k) Social Networks	jn	jn	jn	jn	jn

32. Which of the above sources does your company see as most likely to grow in strategic value?

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11. CURRENT ENVIRONMENT AND ECONOMY - Part 2

The financial crisis has had a significant and permanent impact on the insurance industry.

33. What industry practices does your company believe are most likely to change?

34. What is your company doing in response to the current industry changes?

35. How does your company think about (and assess) risk differently now?

36. What is your company's position on Federal regulation of the insurance industry?

37. What additional thoughts do you have regarding this survey, industry trends, or key issues?

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12. CONCLUSION

ALL RESPONSES WILL BE TREATED AS COMPLETELY CONFIDENTIAL.

To receive a copy of the Life & Annuity Survey Analysis, please provide your contact information below, or to maintain your anonymity, send a separate email to info@renolan.com requesting a copy.

38. Contact Information:

Name:	<input type="text"/>
Company:	<input type="text"/>
Address:	<input type="text"/>
Address 2:	<input type="text"/>
City/Town:	<input type="text"/>
State:	<input type="text"/>
ZIP/Postal Code:	<input type="text"/>
Country:	<input type="text"/>
Email Address:	<input type="text"/>
Phone Number:	<input type="text"/>

39. I would be interested in attending a webinar reviewing the results.

Yes

No

40. You may use my name when referring to my comments.

Yes

No

