



Article from
Product Matters
October 2018
Issue 111

In-Force Management: An Informal Survey

By Jennie McGinnis

Over the last couple of years, sessions related to in-force management have been included at the Life & Annuity Symposium and SOA Annual Meeting.¹ A range of topics have been included in each, from fundamental considerations when establishing an in-force management function to some of the innovative uses of big data to support management activities.

At each of the sessions audience polling was utilized in order to

- encourage shared learnings,
- enhance the session's engagement, and
- help the SOA gauge interest in establishing a more dedicated support system for those practicing in-force management.

Across the sessions we have now gathered more than 100 responses (nearly 200 in some cases) to some of the questions asked (while the full set of questions has varied a bit each time, some have been considered standard). While there are caveats to be made regarding the aggregation of these responses (e.g., double counting of individuals who attended more than one session, multiple individuals from the same company attending, self-selection bias in attending the session in the first place) there are certain themes that have evolved over time. Unless noted, the responses have also remained consistent meeting-to-meeting.

WHO PARTICIPATED IN THE POLLING?

The majority of attendees worked for direct companies (~60 percent) with just over 25 percent working for reinsurers and nearly 10 percent as consultants. The balance of attendees had roles with other types of organizations (e.g., government) or were retired. There has been a slight trend of less attendees from direct companies and more from reinsurers across meetings.

Perhaps unsurprisingly, given the meetings and session descriptions, the vast majority selected life insurance as their primary area of practice (~75 percent). Just over 15 percent focused on annuities, with the balance being involved in other lines of business.

IN-FORCE MANAGEMENT PARTICIPATION

Nearly half of attendees reported that their organizations had stand-alone teams dedicated to in-force management activities. Another 25 percent noted that individuals are pulled together on an ad hoc basis as needed (though across meetings this has steadily trended downward). About 10 percent identified with the use of a cross-functional committee while another 10 percent recognized that their organization uses a combination of these different structures.

Although the question has not been used as often (having less than 100 total responses), the amount of time that individual attendees spend on in-force matters is also of interest. Just over half of attendees noted spending less than a quarter of their time on such activities—it is possible they attended the session in anticipation of this increasing, or due to a general interest in what others at their organization are working on. About 25 percent identified as spending more than three quarters of their time on such activities, with the balance in between (25–75 percent of time spent on in-force management).

MANAGEMENT OF NON-GUARANTEED ELEMENTS

Sessions have consistently allocated some time to the discussion of non-guaranteed element (NGE) management, as this is a common in-force management activity across organizational types. This discussion has typically considered NGEs in three groups, the first relating to the management of post-level term (PLT) premiums (that is, utilizing a sloped increase rather than a “jump” design).



PLT premium design is not necessarily a topic attendees were aware of, with a third of participants not being sure whether their firms utilized sloped rates. About a quarter of attendees were aware of their firms having managed for both new business and in-force products. Ten percent indicated they utilized sloped premiums on new issues only and another 5 percent on in-force products only. The balance (another quarter) noted that they had not undertaken any such management activities.

Polling split management of other NGEs into two groups, with one focusing on dividends, interest credited rates, and index cap rates. For such NGEs, just over 75 percent indicated that they had modified these in the last five years. Five percent indicated they had not, and the balance were unsure.

The third grouping then questioned whether any *other* NGEs have been managed in the last five years. While not specific to cost of insurance rates, such changes would be included in this grouping. In this case, just over 40 percent were aware of their firms managing such features, another 40 percent indicated they had not, and the remainder were unsure.

IN-FORCE CUSTOMER ENGAGEMENT

In addition to product management, which incorporates activities related to NGEs, in-force management teams may also take part in assessing and implementing policyholder-related activities.

For instance, when asked whether their firms had approached in-force blocks to generate additional sales (for example, through cross-selling or up-selling) only 15 percent considered themselves as doing so regularly. The most popular response (40 percent) was that they did so rarely and a quarter of attendees said they never did. This however leaves a sizeable balance that was unsure as to whether their firms utilize such activities.

Further exploring why companies were not more active in this space shows the primary reason as being not wanting to disrupt the producer relationship (~40 percent). About 10 percent selected that they didn't think it would be worth the effort, and a similar amount indicated having a sense it would be too annoying or invasive. The balance of respondents were split between having some other (unspecified) reason for not doing so and now considering that perhaps they should.

SUPPORTING IN-FORCE MANAGERS

As noted, one reason for including the polling at each session was to gauge interest in establishing a more dedicated support system within the SOA for those practicing in force management. As such, the question was posed at each session as to whether and how attendees would be interested in networking with other in-force management professionals.

The consistent response was that half were interested in some form of formal networking (e.g., a subgroup to a section) and a quarter in informal networking (e.g., a listserv). While a promising result, this was an interesting finding given the amount of time attendees were currently spending on in-force related matters.

This evidence helped support the establishment of an In-Force Management Subgroup within the Product Development Section, which was introduced in the last issue of *Product Matters!*² The organization of the subgroup is such that there are both formal and informal components. If you are interested in participating yourself, please join via our listserv community!³

Through the subgroup, and in partnership with other sections and communities with shared interest in in-force management, the SOA will continue to support those with interest in this space. We look forward with interest to how responses to the questions posed will change over time as in-force management continues to become a more well-established area of practice. ■



Jennie McGinnis, FSA, CERA, MAAA, is the leader of the In-Force Management Subgroup and senior vice president & in force portfolio manager at Swiss Re. She can be reached at Jennifer_McGinnis@swissre.com.

ENDNOTES

- 1 2017 Life & Annuity Symposium Session 60 "Benchmarking Life Insurance In-force Management"; 2017 Annual Meeting Session 188 "Inforce Management: Understanding and Increasing Its Value"; 2018 Life & Annuity Symposium Session 30 "Inforce Management: Getting More From What You Have"
- 2 McGinnis, Jennie. 2018. "Introducing the In-Force Management Subgroup." *Product Matters!* June 2018. <https://www.soa.org/Library/Newsletters/Product-Development-News/2018/june/pro-2018-iss110.pdf>
- 3 Go to <https://www.soa.org/News-and-Publications/Listservs/list-public-listservs.aspx>, find "In-Force Management Listserv" and JOIN.