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# Interview With Steve Mannik, CEO Of General Re Life Corporation

By Reinsurance News

*Thank you, Mr. Mannik, for taking time out of your busy schedule to speak with us. Could you begin by telling us a little about yourself and General Re Life Corporation?*

My pleasure. I am an actuary and have worked in pension consulting, life insurance and reinsurance. I was a co-op student at University of Waterloo in 1978 when I started my career at Manulife Financial. I worked for Manulife in Toronto and the U.K. for a total of 18 years with an 11 year “break” in the middle when I left for pension consulting at Towers Perrin. In 2007 I was recruited to be the CEO of General Re Life Corporation (“GRL”) in Stamford, Connecticut.

GRL is the U.S. Life & Health arm of Gen Re, which is a global life and P&C reinsurer with \$6 billion of annual premium. Gen Re is a wholly owned subsidiary of Berkshire Hathaway.

At GRL we provide reinsurance support for a wide variety of products – individual and group life, individual and group disability, critical illness and Medicare supplement. We take pride in offering our clients tailor-made reinsurance programs combined with actuarial, underwriting, claims, and targeted research support that can help them achieve their life/health risk management objectives.

*What led you to the reinsurance industry and your current role at Gen Re? Were there any mentors that made a meaningful impact on your professional growth?*

I returned to Manulife from Towers Perrin in 1999 just as Manulife was demutualizing. For two years I worked in the mergers and acquisitions area. The highlight during this period was being a part of the team that negotiated the acquisition of 1.5 million in-force policies from Daihyaku Mutual of Japan in 2001. When that deal was completed, I was asked to run Manulife’s reinsurance business, which comprised life retrocession, accident and health reinsurance, financial reinsurance and property catastrophe retrocession. I started in June of 2001 and had a “baptism of fire” when 9/11 happened three months later.

Donald Guloien (current CEO of Manulife) was my boss when I left Manulife in 1988 and we stayed in touch while I was at Towers. He recruited me back to



Steve Mannik

Manulife in 1999 and he has been a mentor and good friend throughout my career.

*Gen Re, like many companies in the Berkshire Hathaway family, seems to have a very distinct style of management. What makes Gen Re different than other reinsurers?*

Our biggest difference is that our number one priority is underwriting / pricing discipline. We don’t waste time creating five year plans, and we have no top line or bottom line growth targets. We also have a flat management structure with very little bureaucracy.

The one financial success measure that we have is Combined Ratio. This metric is better known in the P&C world, but in simple terms it is the relationship of our annual underwriting income to our annual premiums written. Underwriting income is basically GAAP income less investment income.

Even though we are measured year to year, we really manage the business for the long term. Being a part of Berkshire Hathaway means that we don’t worry too

much about quarter to quarter results and this allows us to provide some unique reinsurance offerings such as short term volatility coverage.

***Many life reinsurers are seeking ways to grow, but Gen Re has always been known to have strict pricing discipline. How is Gen Re able to make this contrarian strategy successful?***

We are instructed to walk away from a transaction if the appropriate premium can't be obtained. Intellectually, everybody at Gen Re buys into this concept. But emotionally it's not so easy—everybody would like to see the business grow.

We make it successful through consistent messaging to associates and through appropriate monitoring and approval protocols. And it gets strongly reinforced each February as our overall bonus pool is tied to our Combined Ratio results.

***Big Data has become a popular topic of discussion across industries. How do you believe it will change the reinsurance industry?***

We are calling this Decision Analytics as there are applications that use both Big Data and Little Data.

I believe that Decision Analytics will create a sea change across the life insurance industry. It will touch many areas such as agent recruiting, agent effectiveness, customer acquisition, cross selling, underwriting and claims.

Because we don't interact with agents and consumers, reinsurers will focus their efforts more in the underwriting and claims aspects. We have the advantage of a broader reach since we do business with multiple insurers and this should allow us to bring some unique perspectives.

***Do you believe Big Data can reduce the amount of fraud currently present in the life insurance industry? Or will fraudsters continue to adapt to new analytical tools?***

Fraud will always be present in our industry, and as the STOLI wars have shown it can be a real cat and mouse game. New analytical techniques will most certainly

help combat fraud, but we will never fully eliminate it.

***Will new analytical tools change the way insurance is priced and managed? Should consumers welcome a change? What role can reinsurers play?***

The middle market for life insurance is underserved. To really address this, I believe that there needs to be a new paradigm that drastically simplifies multiple elements – distribution, product design, underwriting and administration. Some insurers are starting to try, but so far no one has cracked this nut in my opinion. Who knows, maybe it is going to take a non-traditional competitor like Facebook, Google or Amazon to really revolutionize the way that middle market life insurance is sold.

Decision analytics and reinsurers can certainly play a role in this, most obviously in the design of simplified or automated underwriting systems.

***What do you believe is the most pressing upcoming issue in the life insurance industry?***

I would say that lack of growth is the biggest issue, as it is the result of many challenges currently facing the industry such as:

- Low interest rates
- Lack of middle market penetration
- Aging (antiquated?) distribution
- Tax threats

***What are your priorities now? What are your plans for the future?***

The number one priority at Gen Re is underwriting/pricing discipline. We have also been looking to grow some of our specialized lines of business, such as volatility protection and Medicare supplement where we offer clients great support and value added services. Our back office has received a fair bit of attention as well. We are in the process of moving all of our reserving to GGY/AXIS and we are also overhauling all of our legacy processing systems.

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## **I SUBSCRIBE TO THE WORK-HARD/PLAY-HARD APPROACH. GIVE IT YOUR BEST AT THE OFFICE BUT ALSO MAKE SURE YOU CARVE OUT PERSONAL TIME. ...**

Going forward we will continue to focus on these priorities. Because of our pricing discipline it is unlikely that we will have a large market share in commoditized markets. But we will continue to look for ways to do business on the road less travelled.

An important part of our value proposition is our version of thought leadership—challenging our clients to think differently about their business, and providing them with technical and strategic insight to help them differentiate themselves in very competitive markets. Decision Analytics, Underwriting R&D, and Market Research are just a few of the tools we use to accomplish this.

*How do you personally create work-life balance? Do you have any plans after your tenure at Gen Re?*

I subscribe to the work-hard/play-hard approach. Give it your best at the office but also make sure you carve

out personal time for yourself, your family and your friends. It's certainly easier said than done for those with young children but when you get to my stage in life as an empty-nester it becomes much easier.

We have a second home in a golf course community in south Florida and that's where I will reside in retirement. However, I don't think I will ever fully retire. When my tenure at Gen Re comes to an end, I expect that I will keep engaged in the business world on a part-time basis through consulting or board work. Enough to keep mentally challenged, but not so much that I can't improve my golf game. ■