



SOCIETY OF ACTUARIES

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# Small Talk

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# Organizations That Support Smaller Insurance Companies

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We hope this is a useful article for you. It is in keeping with the purpose of the Smaller Insurance Company Section to disseminate useful information to small company actuaries. It is an article about various organizations that may be of assistance to you as a small company actuary.

A considerable number of trade and related associations exist in the life/health insurance industry.

## American Farm Bureau Federation (AFBF)

The AFBF is a national organization made up of state Farm Bureaus; many of the states in the AFBF have affiliated insurance operations that have grown beyond the boundaries of the membership. Most states started with a property/casualty (P/C) insurer under their own control; several of them added life companies along the way. The P/C companies jointly own a P/C reinsurer—American Agricultural Insurance Company (AAIC); AAIC undertakes to organize annual cross-company conferences for all of the major disciplines, including underwriting and actuarial.

There are currently eight Farm Bureau-affiliated life insurance companies. Three are large, multistate operations; five others serve individual states. There is an annual Farm Bureau Actuarial Conference that rotates among the states; it is a three-day affair with one day devoted to general (cross-discipline) topics and two days where life actuaries and P/C actuaries separate into their own groups. The actuaries do their own meeting planning, select their own topics, and recruit their own speakers. On the life side, the three big companies are still culturally close to their five smaller brethren, and the meetings definitely have a smaller company tone.

The Farm Bureau life underwriters also gather annually, usually as a one-day adjunct to the annual meeting of the Association of Home Officer Underwriters (AHOU). Similarly, Farm Bureau insurance CEOs gather at their own annual conference. Finally, the chief operating officers of the single-state Farm Bureau life companies have their

own meeting. All of these meetings promote discussion of common issues and concerns.

## American Fraternal Alliance (Alliance)

The Alliance is a trade association that represents over 70 fraternal benefit societies operating in the United States and Canada that provide life and annuities products to their members. The Alliance strengthens and supports its members and the fraternal benefit sector of the financial services industry by its leadership in advocacy, policy, information, education and member services.

The Alliance works to strengthen and support the fraternal business model by supporting policy positions that promote fair and effective competition and allow fraternal benefit societies the opportunity to fulfill their financial services and community services missions. The Alliance values collaboration with industry, policymakers and non-profit community service organizations. The Alliance also provides its members with meaningful education, information, networking and knowledge-sharing opportunities at the many meetings and webinars it conducts for its members. In particular, the Alliance has an Actuarial Section that meets annually and covers general actuarial topics as well as the specifics of fraternal societies.

The website is [fraternalalliance.org](http://fraternalalliance.org).

## National Association of Life Insurance Companies (NALC)

This trade association started in the 1950s and was mostly merged into the American Council of Life Insurers (ACLI) in 1992. At one time, it represented hundreds of smaller insurers, located all over the United States, with some concentration in the Southeast and headquarters in Atlanta. By the 1990s, it had accumulated a considerable lobbying fund.

For some years up to 1992, due to mergers, acquisitions, and costs of dealing with systems expansion and regulatory demands, the total number of life insurers in the country

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had been diminishing. This membership decline led to merger negotiations with ACLI, which culminated in the 1992 merger. The meeting to approve the merger was contentious, and led some members to reject the merger and start over on their own.

### National Alliance of Life Companies (NALC)

This organization is the successor to the original NALC. Some members who rejected the merger formed this new trade association in 1992. As before, its members are mostly small insurers; but some larger companies have also joined, such as Aflac and Jackson National.

Among other activities, NALC has been very active in protecting interests of small-face-amount policies, such as preneed and final expense. Also, it is committed to preserving state regulation of insurance, and rejects any approach of an optional/required federal charter.

At one point, NALC headquarters were in Rosemont, Ill., a Chicago suburb. After that, it relocated to Sarasota, Fla. It holds two meetings per year, to discuss issues and hear guest presentations. Also, during each year, it holds a number of conference calls on matters related to small-face-amount policies.

This organization's website is [www.nalc.net](http://www.nalc.net).

### Life Insurers Council (LIC) and Life Office Management Association (LOMA)

The LIC organization, headquartered in Atlanta, has, since its 1910 founding, represented home service and true debit industrial life companies. In 1997, LIC merged with LOMA.

Since LOMA is committed to educational programs, such as unit expense studies, it opposes taking advocacy positions. Especially in recent years, this has caused strains with LIC, who by nature feels tied to advocacy of certain legal positions and of lobbying for those positions. This has led some members to join other organizations, although LIC still exists with LOMA.

Each year, LOMA holds numerous conferences, workshops and seminars, including one annual conference and an LIC annual conference.

These organizations' website is [www.loma.org](http://www.loma.org).

### Life Insurance Marketing Research Association (LIMRA)

The stated mission for LIMRA of Windsor, Conn., is to help members "solve marketing problems through cooperative research ... consultation and educational services." It aids in conducting studies such as persistency of specified products.

LIMRA holds an annual conference that covers its activities.

This organization's website is [www.limra.org](http://www.limra.org).

### Forum 500

Founded in 1992, Forum 500 is a unique subset of the ACLI. Presumably, its status within ACLI was intended to address sensibilities of former NALC members.

The Forum has its own board of directors and officers. At least one Forum officer has served on the main ACLI board. For a while, it still held its own conventions. Gradually, the Forum seems to have been integrated into the ACLI mainstream.

Complexities of life and health insurance, and its importance to the U.S. economy, dictate that a variety of trade and related associations exist to represent the industry and aid in education and research.

### American Council of Life Insurers (ACLI)

This Washington, D.C.-based trade association is by far the biggest U.S. life organization of its kind. Total numbers indicate that it represents over 300 life insurers, with over 90 percent of assets and premiums of life and annuity products. In addition, ACLI covers long-term care and disability income issues.

Officially, ACLI supports optional federal charters for life companies. This position appears to have been heavily influenced by the ACLI's larger companies, such as Prudential. However, ACLI remains very active in state regulatory matters and dealing with the National Association of Insurance Commissioners (NAIC).

Some of its member companies are in other trade associations as well, such as NALC and LIC.

Often, the organization has to walk a fine line to balance diverse interests of its members. In earlier years, this was emphasized by different federal income tax concerns of stock versus mutual insurers. Today, problems often arise from officially supporting optional federal charters and still representing many members who are strongly committed to retaining state regulation.

Interests of members with different product concentrations and devices often cause sensitive situations. Products include universal life with secondary guarantees (ULSG) or competitive term versus more traditional life varieties. Many ACLI members have formed captive subsidiaries and demand coverage of their types of concerns. Company size sometimes enters the equation, since members range from very large companies to Forum 500 members.

ACLI holds numerous meetings and roundtables, along with an annual convention, each year.

This organization's website is [www.acli.org](http://www.acli.org).

### Health Insurance Association of America (HIAA)

This trade organization of health insurers no longer exists. It was basically supplanted by America's Health Insurance Plans (AHIP). HIAA represented companies who sold both individual and group plans. Companies such as Mutual of Omaha were very active in HIAA.

In 1994, HIAA actively resisted the congressional proposal for national health insurance, known as "Hillarycare." Its ads, known as "Harry and Louise," were well-done and were considered very effective in rejecting the proposal in Congress.

### American Health Insurance Plans (AHIP)

Besides conventional individual and group insurers, member companies of this successor trade association include some Blue Cross plans and others who have combined managed-care companies, HMOs and acquisitions of health operations of traditional life insurers.

Some AHIP members were known to complain about its seeming embrace of the Affordable Care Act ("Obamacare") of 2010, rather than the active resistance of predecessor HIAA.

AHIP holds numerous conferences around the country.

This organization's website is [www.ahip.org](http://www.ahip.org).

### Life Affiliates

The Life Affiliates is a group of life insurance companies who are affiliated with a P/C company. Its main function is to hold an annual conference. At the conference there are many roundtable discussions, and, depending on the host's preference, some outside speakers are invited. There is a large focus on networking, and emails are exchanged during the year to get input on various topics. There are not a lot of actuaries who actively participate; it is focused on other insurance personnel. Any company who has an affiliation with a P/C company is welcome to participate.

The 2015 conference is being hosted by ALFA Insurance in Montgomery, Ala.

If you are interested in more information on the 2015 conference, contact Rob Robison of ALFA Insurance. His contact information is 334.613.4275; [rrobison@alfains.com](mailto:rrobison@alfains.com).

### Life Insurance Conference

This annual conference is jointly sponsored by LIMRA, LOMA, and the Society of Actuaries each year, and has sessions of interest to small company actuaries.

### Summary

Complexities of life and health insurance, and its importance to the U.S. economy, dictate that a variety of trade and related associations exist to represent the industry and aid in education and research. ●

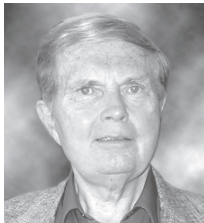
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