



SOCIETY OF ACTUARIES

Article from:

# News Direct

May 2005 – Issue 50

BY ROB STONE

## THE ESSENCE OF NONTRADITIONAL MARKETING

Your section council finds itself at an interesting point in time. The Society of Actuaries is undergoing structural change and has asked each section council to restructure section activities to reflect the redesigned vision of the Society. (A brief overview of this was included in the Chair's piece for the last newsletter.) It just happens that this change coincides with a time of introspection within the section. Over the last few years, the NTM Section, or at least the NTM section council, has become interested in increasingly diverse topics. This interest has led the council to the collective question, "Who are we?" It's possible that our section is not the only one doing this kind of introspective thinking. Reasoning for this statement lies in the fact that, like NTM, other sections have interests that overlap those of a second, third or fourth section. Despite areas of overlap, there appear to be countless topics outside the stated focus of any section.

Before anyone thinks this is going to devolve into philosophical ranting, permit me to ask a different question. What does nontraditional marketing mean to you? In my opinion, it has historically meant looking at distribution channels other than agent-sold business: banks, worksite, Internet/e-commerce, pre-need markets and credit insurance to name a few. Let's stop for a moment to consider these. It could be said that the bank channel has become common enough to border on traditional. Likewise, a process like simplified issue underwriting, which has been a key part of several of the channels listed above, is quite prevalent in agent-sold business as well. Internet marketing, which in its infancy was about how to get 100 percent completion of the sales process online, is now more about effectively using the Internet to facilitate the sales process in whatever way makes sense. At the same time, agents routinely make arrangements to offer product in banks and at the worksite. It would seem the line between traditional and nontraditional is somewhat blurry.

A reverse line of thinking is also worth pursuing: we have focused on nontraditional marketing in our section, but where is the focus on traditional marketing within the SOA? None of us would deny that one

of the significant trends in all types of insurance and financial products in the last 25 years has been the growth in marketing and related customer-focused services. The growth of marketing functions within the industry has occurred simultaneously with (not to imply causality) a relative de-emphasis on the financial management and risk management functions historically performed by actuaries. If actuaries are to continue to play a meaningful role in the future, we need to become more involved in the marketing side of the business. We can no longer leave this vital function to be split up among multiple SOA sections (at best) or to be mutually exclusive with the realm of actuaries (at worst).

**The growth of marketing functions within the industry has occurred simultaneously with a relative de-emphasis on the financial management and risk management functions historically performed by actuaries.**

Your section council is considering these very issues. There seems to be a wealth of interesting topics to address with respect to not only the various channels in which products are distributed but also the many different processes, technologies and innovations that make product offerings possible. And perhaps at a time when the Society of Actuaries is asking our section to reorganize, it is also a good time to consider closely what our section wishes to pursue. It may be that some section refocusing should coincide with the new structure. As the council winds through its discussions on these issues, don't be surprised if you find that some nontraditional thinking has led to a new mission and moniker. ■



*Rob Stone is assistant VP & associate actuary for OneAmerica Financial Partners in Indianapolis, Ind. He can be reached at [rob.stone@oneamerica.com](mailto:rob.stone@oneamerica.com)*