



Chairperson's Corner

By Brendan Costello

In February, the Marketing and Distribution Section Council met in the SOA's office in Schaumburg, Ill. to plan for 2020. As I write this in mid-March, less than two months later, this type of meeting would not be possible. Because of COVID-19, every member of the council faces travel restrictions and many of us face government mandates to shelter-in-place.

At times like these, it is hard to not be amazed by the velocity of change. Terms like "shelter-in-place" and "flatten the curve" have become part of everyday lexicon seemingly overnight. Entire industries have come to a halt, many workforces have transitioned to remote work, and we have definitively reached the end of the bull market. The urgency and intensity in which fundamental changes have permeated our daily life is jarring. It now seems that COVID-19 will leave lasting impacts on almost every aspect of our lives including the way we think about health care, the way we relate to each other, and the way we conduct business.

Viewing these transformations from an industry that, at times, struggles with even small and incremental changes raises some questions about how we're going to adapt. Yet, the marketing and distribution of insurance products has been in the crosshairs of disruption and innovation for years. From new technologies to changes in buying behaviors, external forces have already been rapidly changing the nature of marketing and distribution. So, it seems to me that COVID-19 is not so much "the straw that broke the camel's back" as it is "adding fuel to the fire." COVID-19 will further catalyze our industry's transformation as it leaves us facing important questions, such as:

- How can we support our customers without relying on face-to-face interactions?
- How can we make it clear to our customers the protections that are and are not provided by their coverage?
- How can we underwrite clients without placing a burden on the medical system?



The Marketing and Distribution Section Council and Friends at the SOA's office. At a time when this was appropriate social distancing! **Top (Left to Right):** Manisha Dias, Mark Sayre, Bruce Fuller, Nick Ortner, Michael Prendes. **Bottom:** Mark Friederich, David Schraub, Jing Lang, Jean-Francois Langlois, Brendan Costello.

- How can we create a sense of a personal connection in a purely digital world?

When the Marketing and Distribution Section Council met in Schaumburg, we planned two major themes for the year: "understanding distribution" and "marketing analytics." As I think about the questions raised by COVID-19, it seems these topics are more important than ever. In 2020, we will explore these topics through newsletters, webcasts, podcasts and meeting sessions (or maybe not). I'm certain COVID-19 will be part of the conversation. We hope you find our content insightful during these exciting times.

On behalf of the entire Marketing and Distribution Section Council, thank you for being a member. If you are interested, I want to let you know that it is very easy to become more involved with the section, you can:

Find us on LinkedIn (<https://www.linkedin.com/groups/2932326/>); volunteer to write an article, a podcast, webcast, or speak at a conference by contacting me (brendan.costello@mfin.com); or become a friend of the council by contacting Jessica Schuh (jlschub@soa.org). Friends join the section's planning calls and help shape the future of the section. ■



Brendan Costello, FSA, MAAA, is director and actuary at M Financial Group. He can be reached at brendan.costello@mfin.com.



MaD's 2020 Vision and Beyond: Content and Distribution

By Nick Ortner and Mike Prendes

As Brendan speaks to in the Chairperson's Corner, as a section we are pursuing two primary themes: "understanding distribution" and "marketing analytics."

THEME: UNDERSTANDING DISTRIBUTION

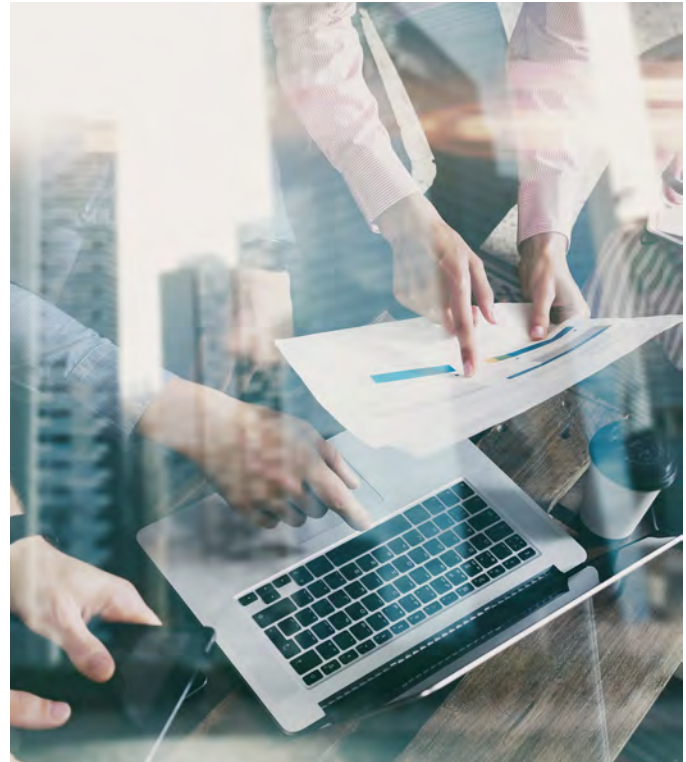
We might also refer to this theme as "distribution 101" in trying to align understanding of distribution and answer industry and market-specific questions such as:

- Who distributes/sells products?
- How is distribution compensated?
- What services are necessary to support distribution?
- What are important regulatory challenges for distribution?

In exploring such questions, we will also strive to summarize and provide definition and depth to some of the language that you may hear related to distribution. We will further aim to provide perspectives on the concepts of "marketing" and "sales" through consideration of specific principles and concepts. Such perspective shall include how these concepts may interact and differ, as well as an exploration of the specific functions within a sales cycle.

THEME: MARKETING ANALYTICS

Our second theme, "marketing analytics," will take a different direction, looking to the cutting edge of how parties may leverage predictive analytics and other related business intelligence capabilities for marketing and distribution functions. Our content will cover a broad spectrum of focus areas, ranging from technical perspectives and applications, to important soft-skill perspectives on using and working with analytics in a marketing setting.



As we explore this theme, our hope is to gain perspectives both from how firms in the financial services industry are currently using these tools, and also create line of sight to innovation in other sectors such as retail and technology. Within the financial services and insurance markets, we shall also explore varied product areas, market types, and technology subtopics as to provide educational value to a broad range of actuaries and MaD members.

BUILDING RELATIONSHIPS AND CROSS-PROMOTING

In addition to focusing on the two primary themes noted above, a third emphasis for 2020 is developing and strengthening relationships with a variety of parties: the SOA itself, other SOA sections, and possibly professional organizations outside the actuarial space where there may be marketing and distribution synergy.

With the SOA itself, we are coordinating with Mike Nowak (senior content specialist) to better align with the SOA's approach and develop targeted messaging, creative content and social media presence on LinkedIn to distribute valuable content. We also expect to continue collaborating with a variety of other sections such as Reinsurance, Product Development, Health, and Predictive Analytics and Futurism for content and research promotion and opportunities.

We are pursuing two primary themes: “understanding distribution” and “marketing analytics.”

By enhancing these relationships and establishing a stronger social media presence, we expect to be able to push more content across a variety of channels to our membership and the SOA at large. Our objective in terms of content channel optimization is to expand our focus outside traditional newsletter distribution to other share-able areas such as podcasts and webcasts. While we shall continue to provide terrific articles through NewsDirect, these alternative delivery channels represent an opportunity to provide more agile, concise, and varied content from a diverse collection of subject matter experts from across the industry.

While we target further expansion of our connections inside the SOA and to the actuarial industry at large, we also are actively reviewing relationships with renowned research and thought leadership entities outside the actuarial space. Our vision is that

the sharing, dissemination, and cross-promotion of content with these organizations may realize substantial knowledge and awareness value of specific topics and important industry issues for MaD membership. We are optimistic about the prospects for additional specific initiatives related to this effort in the near future.

With this expanded plan for content development, and a strategy of cross-promotion with other sections' content, our aim is to build a significantly stronger online presence as a section. We hope, in time, that such an expanded presence serves to deliver engaging content for our readership and membership and spread MaD's influence. ■



Nick Ortner, FSA, MAAA, is a consulting actuary with Milliman's Chicago-Milwaukee Health Practice. He can be reached at nick.ortner@milliman.com.



Mike Prendes, FSA, MAAA, is a consulting actuary at Sydney Consulting Group, in Tampa, Fla. He can be reached at mike.prendes@sydneygrp.com.



InsurTech 101 ... and How it has Already Changed Your World

By Jing Lang

A year ago, I left my job as an actuary at a well-respected re-insurer to join an InsurTech as a product manager. Drastic change, you say? I thought so, too. I secretly wondered if I effectively flushed my actuarial career down the drain. But seeing how technology has already revolutionized the way we live, I decided to embrace it.

Today, I use renter insurance from Lemonade, which I signed up for in less than five minutes on my phone. I schedule Uber when I need to book a car to the airport, and I use Airbnb when I travel for work and pleasure. While not all of these examples of technology are insurance related, these advances have all increased connectivity and provided better, faster or easier solutions than previous alternatives.

WHAT IS INSURTECH?

“InsurTech” is a portmanteau word from “insurance technology.” It refers to the integral role of technology in the insurance ecosystem. FinTech (financial technology), sometimes used interchangeably with InsurTech, encompasses a broader scope of financial services. According to some research, the global InsurTech market is valued at US\$532.7 million in 2018 and is expected to reach \$1.1 billion by 2023.¹

InsurTech can include:

- Insurance companies that adopted technology as an integral part of their business operations. For example, **Lemonade** is a property and casualty insurer that offers renter and home insurance policies. **Oscar Health** delivers health insurance centered around the patient.



- Tech companies or specific technologies that provide a digital solution to a distinct problem in the insurance ecosystem. For example, **Insured Connect** offers platform technology that connects carriers, distributors, and policyowners in a single ecosystem and **GloveBox** provides a single portal for policyowners to manage all their insurance policies (home, auto, life) regardless of carrier.

HOW DOES INSURTECH DIFFER FROM TRADITIONAL INSURANCE COMPANIES?

InsurTech and traditional insurance companies should not be mutually exclusive. If each is at one end of the spectrum, the slider in between is the degree of technology used in its operations. Artificial intelligence, machine learning, wearable devices, online claims processing, and vehicle telematics are just a few aspects of InsurTech.

Traditional insurers—those with a long history and well-established brands—have likely survived waves of industry consolidations. For them, this also means they are working with generations of legacy systems, multiple third-party administrators, and layers of manual adjustments. To fully modernize, it will most likely take too long or cost too much, or both. The easiest thing for them to do is to maintain the status quo.

But to stay relevant and competitive, more and more traditional insurers will need to streamline or automate their back-end services and processes, to raise their game to improve customer experience on the front end. With time, more traditional players will need to think like InsurTech. Its disruption can improve not only customer experience, but the bottom line as well.

WHY IS IT HARDER TO INNOVATE IN THE INSURANCE ECOSYSTEM?

First, insurance is a highly regulated industry, which is important for protecting the public interest. Reinventing or flaunting rules and regulations the way some disruptive technologies have done is not easy in the insurance ecosystem, nor is it desirable. Second, technological innovation requires the ability to act quickly, set trends or adopt them early, and quickly abandon elements that are not working. The insurance industry is slow, so innovation can take too long in the eyes of entrepreneurs and investors. Lastly, a limited overlap between skill set and experience means many serial entrepreneurs who have done well in other industries simply do not know enough about insurance to succeed in this complex industry.

HOW CAN TRADITIONAL INSURERS CATCH UP?

Simple, but not easy. For traditional insurers to catch up and adopt InsurTech, first, they must identify what they want to improve, the more specific the better. Second, they should look at the available solutions on the market and determine the most appropriate one for them. It's best to hire someone who already knows the field. Third, make the investment in InsurTech. This means not just money, but time and people. Develop a plan and adopt InsurTech in stages.

HOW TO KEEP TABS ON THIS INDUSTRY?

Pay attention: you probably know more InsurTech than you think. It's important to be inquisitive, to figure out what problem each InsurTech is attempting to address. As long as the InsurTech is solving its customers' needs and is able to do so profitably and exceeding expectation, the company will flourish, and the entire insurance ecosystem will benefit.

Stay tuned: the SOA is expected to publish a white paper covering the InsurTech landscape in the U.S. and discuss how actuarialies will be impacted. ■



Jing Lang, FSA, FCIA, is product manager at iptiQ, an InsurTech. You can reach her at jing_lang@iptiq.com.

ENDNOTES

- 1 Business Wire. Dec. 5, 2018. "Global \$1.11 Billion InsurTech Market Forecast to 2023—ResearchAndMarkets.com" <https://www.businesswire.com/news/home/20181205005824/en/Global-1.11-Billion-InsurTech-Market-Forecast-2023>



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