Society of Actuaries

NEWSDIRECT

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FEATURES

EDITOR'S NOTE

BY NANCY MANNING, EDITOR OF THIS ISSUE

Welcome to the first edition of *NewsDirect* under the banner of the Marketing and Distribution (MAD) Section. The former Nontraditional Marketing Section has embraced the changes associated with the restructuring at the SOA—and has adopted a new moniker.

Several articles in this issue present more information about the name change. If you would like to see a new name for our newsletter, enter your ideas in the "Rename the Newsletter" competition – or tell us that you believe *NewsDirect* is still a good name and why.

As a part of our ongoing relationship with the Professional Insurance Marketing Association (PIMA), we present several articles of interest, including Peter Stein's treatise on approaches to agent lead generation, Ron Kleiman's worksite marketing, Greg Vlazny's identity theft, Roger Risley's telemarketing and DNC regulations and Jim Campbell's banks in insurance distribution.

Members of MAD have the opportunity to enter new, innovative products and/or processes in the PIMA Product and Process Innovative Marketing Award Competition. Look elsewhere in this newsletter for full details about entering the competition.

For members who were unable to attend the spring meeting in New Orleans, we provide highlights of several of the sessions MAD sponsored.

Looking ahead there are descriptions of the sessions MAD will sponsor during the November Annual Meeting in New York City. Confirmation of presenters is underway. Look for full details in the program announcements later this year.

Take a moment to let us know how you think we, the council of the MAD Section, are meeting your needs.

- Share your thoughts for future SOA meeting sessions.
- Volunteer to help us present a topic of value to our members.
- Point us to articles that you read in other publications and believe should be reprinted to benefit the entire MAD Section Membership.
- Send us topics for articles you'd like to see us publish in future issues of the newsletter—or step into the water a bit and pen an article for our publication.
- E-mail or call us with ideas and/or concerns you'd like us to consider as we shepherd the MAD Section into the future.
- Write a letter to the editor.

Several articles in this issue present more information about the name change. If you would like to see a new name for our newsletter, enter your ideas in the "Rename the newsletter" competition (see page 24), or tell us that you believe NewsDirect is still a good name and why.

Thank you in advance for your feedback. It's your input that makes us a success!

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NEWSDIRECT

NEWSLETTER OF THE MARKETING AND DISTRIBUTION SECTION

This newsletter is now electronic and can be found on the SOA Web site, www.soa.org. Back issues of section newsletters have been placed in the Society library, and are on the SOA Web site as well.

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The Society assumes no responsibility for statements made or opinions expressed in the articles, criticisms and discussions contained in this publication.

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CHANGE FOR MORE THAN ITS OWN SAKE

BY ROB STONE

Change is afoot at a rapid pace, to the point where there seems to be a compounding effect, i.e., change on top of change. At a time when it appears we're in a state of accelerating change, it could make one wonder if anyone's stopping to see where we're going as a result of the flurry of activity. Is there a point to it all?

Our section is no different with respect to the amount of change it is experiencing. Both SOA (due to its own restructuring) and the section council itself have suggested modifications. The results of the changes are no less than a new name, the Marketing and Distribution Section, and a revised mission statement:

The Marketing and Distribution Section fosters research and innovation in distribution methods of financial services products and in the interrelationship of marketing strategies with product design, underwriting and operations.

The section council thought long and hard about the point of the new name and mission. The goals the section council has set going forward include:

- Focusing on the interrelationship of distribution channel, product design and new business processes of financial services products
- Providing coverage of distribution channels and products not historically a focus of other sections: bank, e-marketing, direct mail, worksite, preneed credit/debt-cancellation, etc.
- Conducting research or assisting the SOA in conducting research regarding mortality, lapse and other actuarial experience relating to these channels and products
- Engaging in environmental scanning to identify new marketing trends and innovative processes as they develop
- Providing leadership for the actuarial community interested in a marketing perspective of the financial services industry

In striving toward these goals, it is hoped the section will reap benefits including the following:

- Filling a coverage gap across sections with respect to general marketing topics
- Facilitating relationships with more marketing organizations outside the SOA
- Raising awareness of the increasing role marketing functions play in the financial services industry and the need for actuaries to play a role
- Bringing the perception of the section into the mainstream, highlighting our coverage of all marketing topics along with nontraditional ones
- Increasing our role in cross-section initiatives
- Widening interest in section membership

What's the Bottom Line?

The Marketing and Distribution Section envelopes and includes everything historically covered by the Nontraditional Marketing Section. The expansion in scope will add value to our current and future membership. In the collective minds of your section council, this is much more than change for its own sake. We think it is change for the sake of progress.

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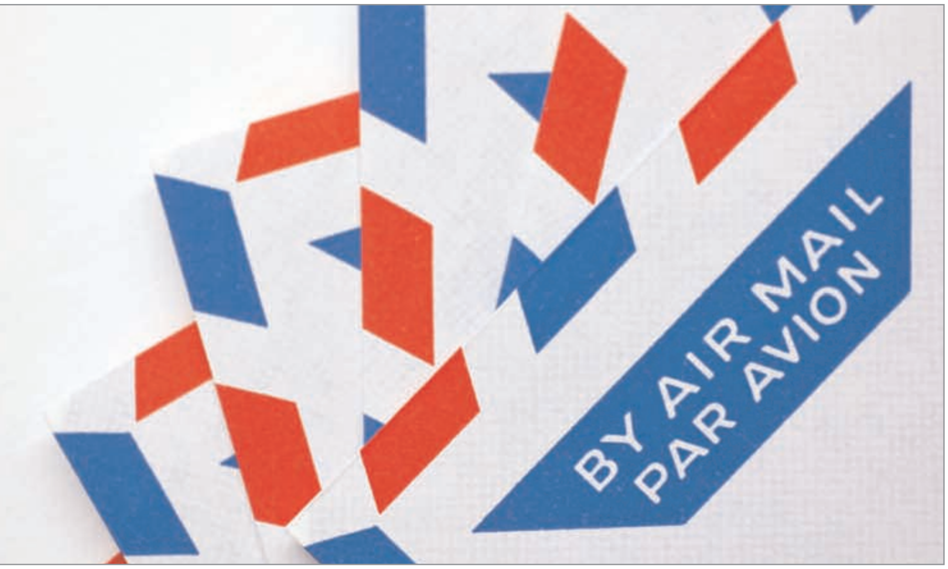

AGENT LEAD GENERATION: EVOLVING TECHNOLOGY IN AN EVOLVING MARKET

BY PETER STEIN

This article is based on a presentation made by Peter Stein at the Annual Conference of the Professional Insurance Marketing Association (PIMA).

In this age of vertical integration where competitors buy from each other and where the entire consumer world is going multi-channel, it's about time direct marketing and agency channels worked together to sell insurance.

Most companies in P&C are doing some direct marketing. You can read the statistics in Don Jackson's reports confirming that companies like AIG, GEICO, Liberty Mutual, Progressive, Response Insurance and Unitrin (to name only a few) are pumping out volume mail. Most of these companies keep direct as a separate channel, but don't necessarily hide it. Other companies are so agency-oriented that they hide the fact they go after consumers directly. The point here is that combining the assets of the direct marketing channel with those of the agency system makes total sense.

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In this article, I will touch on the basics of direct marketing success for P&C companies. Then I'll take those basics and apply them to the design and test of an agent-driven system. I'll talk about why and how the agent buy-in is important, and I'll wrap up with a look at the economics of agent-driven direct mail.

The Premises of Channel Bending

There are two kinds of people in the world—those who are open and responsive to direct mail and those who won't open and respond. In terms of purchasing insurance, there are two kinds of people—those who are "open channeled" (will buy direct or from an agent or broker) and those who aren't. Those who respond to "agent-only channel" may open direct mail, but may not respond. There is another way of looking at propensity to purchase. There exist the "insurance-conscienced" and the "non-conscienced." I don't mean "conscious" here; "conscienced" is used to describe those people that believe good coverage is a necessity, not just a state mandate.

If marketers bend the channels—combining direct marketing with agent-driven systems—they stand a better chance of capturing a larger portion of these different types of prospects and customers.

Basics of Direct Marketing Success for P&C Companies

Databases/Lists/Segments

Today's insurance direct marketers are very smart about the use of data. They prescreen files for credit worthiness, as that is the chief proxy for safe drivers. They run response models and analyze them compared to conversion models and to claims models. They work on both the household level and the geographic level with rating areas.

Some companies go after visible segments of the market—The Hartford with AARP, of course… but there is also Teachers' Insurance Plan, Liberty Mutual's strong efforts in the association arena and others. There are invisible segments, too, that are beginning to be explored. These are attitudinal segments and they get to both the "open channel" vs. "one channel" and "insurance-conscienced" vs. "non-conscienced" dichotomies.

Prospecting Offers

Premium rates have traditionally been the drivers of response in P&C insurance direct marketing programs. Depending on the state and the competitive situation, a carrier had to blast savings of anywhere from $100-400 on auto insurance premiums to get anyone to even think about switching.

We're starting to see companies experimenting with a move from heavy emphasis on rates. GEICO, for example, spends as much time talking about its service and subsequent high rate of satisfaction. It may be easier for marketers to bear the move from rates if they prospect to people that a.) are not as rate conscious and b.) are "insurance-conscienced."

Teachers' Insurance Plan has introduced a "club" concept. Low rates and a host of benefits associated with being an educator are offered.

Surprisingly few P&C companies (with The Hartford/AARP being a notable exception) are using premiums and freemiums as part of their offers. This is contradictory to mail that agents send out on their own, which often has a premium offer attached to it.

Acquisition Direct Mail Packages

Although some P&C direct marketing efforts have moved to minimalist formats such as snap packs and postcards, most of the efforts take the form of classic packages. They're comprised of a No.10 or 6" x 9" envelope with teaser copy (jumbo envelopes were in vogue for awhile and they'll probably come back), strong letter, a "slim-jim" brochure, short-form application and reply envelope. Plastic cards, once mailed in the trillions, are still being used in some cases.

Diametrically opposed to this is the direct mail that agents send out on their own. This mail is often poorly written and designed. Its virtue is that it looks like it is coming from an individual.

Retention and Cross Sell

To this day, some companies and an overwhelming number of agents believe that customer relationship management means sending an invoice at renewal time. Other companies send personal letters with offers for a coverage review and/or discounts on additional policies.

A package from one major insurer unfortunately combined a solid agent-personalized letter with a slick outer envelope and brochure. The result was a very confusing message directed at consumers.

Premium rates have traditionally been the drivers of response in P&C insurance direct marketing programs.

Designing and Testing an Agent-Driven System

Once a marketer has mastered the basics of direct marketing, how can they be applied to an agent-driven system? How can one ensure that he or she leverages the best of both channels?

First, an agent needs to move away from what is perceived as the slick and deceptive aspects of direct mail, even if this works. It is possible to take the principles of attracting attention and arousing interest and move them much closer to one-on-one marketing. To do this, think of simulating the approach today's smarter agents might take in a room—face-to-face with just a few prospects.

Giving an agent direct mail acquisition tools is great. However, the agent must also be encouraged to nurture existing customers, using not only direct mail but e-mail and the telephone as well.

It is key that thorough testing be done before the formal program is launched. Testing should include:

Database segments

- Modeled
- Demographic best guesses

| CONTINUED ON PAGE 6 |

Offers

- Premium
- Freemium
- None

Creative strategies
Creative execution/formats
Product vs. service
Geo differences

For retention and cross-sell efforts, the test factors should include product sequencing, offers, message intensity (how "hard sell" should it be?), timing, frequency and the life stage of a policyholder. Think about life stage to determine how many communications a first-year policyholder should receive versus a policyholder in his tenth year.

Recruiting agents for beta testing is part of this agent-driven process. Once the program has been thoroughly tested, offer it to both captive and independent agents through a portal. The idea is to get as many agents as possible to sign up. It is important to:

- Make enrollment easy—online with just a minimum amount of time invested.
- Let the agents choose from various mail plans—packages, timing, etc.
- Show agents how the costs are subsidized, and what it would cost if they did direct mail on their own.
- Allow participating agents to pay as they go, by credit card or check.

Getting Agent Buy-in

Successful selling of the enterprise direct marketing program to agents requires an understanding of the agent mindset. For most agents, direct marketing is the enemy. In their minds, direct mail programs have robbed them of commissions. Even if the agent can be convinced that the enemy is now a friend, you have another battle. Too many agents believe that e-mail replaces direct mail. They really don't understand that you can't successfully use e-mail for acquisition. They also don't truly understand the concept of investing in customer acquisition and customer nurturing.

Educating agents is crucial. They need to understand the value of direct marketing and customer communications and have to be taught the basic principles of direct marketing success. They need to be included in a marketing ROI "chalk-talk" and must know the system and how to use the portal. But most important, perhaps, is that agents must be convinced that the enterprise direct marketing program is a system that works.

Successful selling of the program to agents also requires the right communications. You should use multiple channels—direct mail, e-mail, webinars and DVDs. Your beta users can help you sell, too. Part of the selling process should involve motivating and providing clients with incentives to participate. Incentives could be offered for:

- Participation by a certain date
- Promotional steadfastness
- Improvements in premium written

The Economics of Agent-Driven Direct Mail

Putting up a portal, testing before the launch and communicating with agents is an investment of time and resources. Even if the agents pay most of the costs of the direct mail, the marketer's investment is substantial.

A marketer might ask, "Why do it then?" First, there's the benefit of a double hit on the investment—gaining new customers and retaining current ones. At the same time agents stay happy and the portal acquires new agents.

With an agent-driven program, marketers can appeal to prospects that might never have responded to carriers' direct mail efforts because these prospects are responsive to the "agent-only" channel. An agent-driven program also gives agents a system for increasing retention and lifetime value of a customer.

Channel bending—combining the best of the direct marketing channel with the agent-driven system—can be a win-win for all involved.

MARKETING AND DISTRIBUTION SECTION CO-SPONSORS 5TH ANNUAL PRODUCT DEVELOPMENT ACTUARY SYMPOSIUM

BY ROB STONE

The 5th Annual Product Development Actuary Symposium welcomed more than 200 participants to the Westin O'Hare in Rosemont, Illinois June 29-30 for an intensive day-and-a-half seminar. The program was once again co-sponsored by the Product Development Section, Reinsurance Section, Actuary of the Future Section and the Marketing and Distribution (formerly Nontraditional Marketing) Section.

Ed Spehar, first vice president, Global Securities at Merrill Lynch and Chris Stroup, chairman, Wilton Re kicked off the symposium by providing their perspectives of life insurers and the current market. A highlight of the group luncheon was a presentation on negotiating effectively by J. Keith Murnighan, Ph.D., professor of risk management, Kellogg Graduate School of Management, Northwestern University. The rest of the program was filled with presentations on 12 topics: reinsurance trends, variable annuity trends, older age mortality, universal life secondary guarantees: update, advanced sales concepts, measuring profitability, emerging best practices in pricing, regulatory/tax update—life, underwriting issues, regulatory/tax update—annuity, variable life and fixed annuity trends.

Audio cassettes and CDs of the sessions are available. Please contact Anne Seeck (*aseeck@soa.org*) at the Society of Actuaries for details.

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IDENTITY THEFT: THE PROBLEM AND THE SOLUTION

BY GREG VLAZNY

This article is based on a presentation made by Greg Vlazny at the Annual Conference of the Professional Insurance Marketing Association (PIMA).

In 2004, identity theft was the number one source of consumer fraud complaints filed with the Federal Trade Commission (FTC) for the fifth straight year. Nine million people become identity theft victims in 2004 in addition to the 10 million the year before. A new source of identity theft called "phishing" appeared in much greater numbers last year. Phishing is a form of fraud in which an e-mail is sent asking the recipient for personal information, usually under the guise of a bona fide provider, with that information used to steal the identity of the victim for the purpose of committing fraud. By October 2004 it was estimated that five million phishing e-mails per month were being sent.

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Still, by far, the majority of identity thefts continue to be low tech. Traditional means, such as lost or stolen wallets, checkbooks and credit cards represent 68 percent of all identity thefts. Anyone with a name and social security number can become a victim, including children and teens.

The financial services industry has addressed the problem of identity theft in several ways—one through the development of identity theft protection products. These programs generally offer benefits in four categories: prevention, detection, resolution and insurance. Sometimes benefits are offered to the customer on a paid-for basis, and sometimes a more limited benefit product is provided to the customer at no cost. Benefits generally include some combination of software, paper shredder, credit reports, credit alerts, online information and tools, online/e-mailed newsletters, 1-800 counseling and/or restoration service and expense reimbursement insurance, among others. The monthly cost is in the $8 to $15 range.

Identity theft protection can be offered easily through many different distribution channels because ID theft protection is not considered an insurance product. Marketing to consumers directly via point of sale, direct marketing or worksite marketing are all viable alternatives. Both retail turnkey programs and wholesale (sponsor marketed) arrangements are available. The corporate market also offers interesting service opportunities related to security, recovery from catastrophic events and training of employees. Some corporations provide their employees ID theft protection as an employee benefit.

Efforts to market ID theft protection have met with much success to date and these programs are now generating excellent revenue flow for providers, sponsors, marketers and third-party administrators. With the growing concern that the problem of identity theft presents, the market is ready, willing and able to market this innovative product to meet the needs of today's consumers.

BANKS IN TODAY'S INSURANCE DISTRIBUTION LANDSCAPE

BY JIM CAMPBELL

This article is based on a presentation made by Jim Campbell at the Annual Conference of the Professional Insurance Marketing Association (PIMA).

Since the late 1990s, the banking industry has been second only to public insurance brokers in the number of insurance agencies acquired. Have these acquisitions been successful? For most, yes. But to clarify, let's define success.

Virtually every bank that has acquired an insurance agency has done so for one or more of the following three reasons: 1.) to increase non-interest income, 2.) to grow shareholder value and 3.) to cross-sell insurance products to bank customers. Although the order of priority may differ, the objectives are the same. So let's apply these bank-insurance objectives as the gauges of success.

Increase Non-interest Income

The objective most frequently expressed by banks that buy agencies is to increase non-interest income. Motivated by exposure to fluctuations in interest rate spreads, banks are actively diversifying their revenue sources. More specifically, banks are aggressively growing fee-based businesses, such as investments brokerage, mortgage origination and insurance distribution. Insurance distribution is especially attractive to banks because it provides "renewable fee income" since most policies renew annually at a comparable commission rate.

But is the insurance business delivering on its promise of growing non-interest income for banks? The results are mixed. Some banks that have acquired agencies are earning more than 20 percent of their non-interest income from insurance distribution, while others are earning less than 2 percent. Since most bank-insurance revenue is acquired, each bank's contribution is primarily a function of its appetite and ability to acquire agencies. Overall, the results are compelling, with an impressive and growing list of banks reporting a double-digit contribution to non-interest income through insurance sales.

Grow Shareholder Value

A second gauge of the success of bank insurance is contribution to shareholder value. Again, the results to date are encouraging. Most agency acquisitions have been accretive to bank earnings per share in the first year, and virtually all are accretive in the second year. Additionally, returns on invested capital, though not extraordinary, have been solid, generally reaching double digits by the third or fourth year.

Most banks have been pleased with these results, as evidenced by findings in the 2004 *ABIA Study of Leading Banks in Insurance*. The study reports that, for surveyed banks, more than 80 percent of agency acquisitions are meeting or exceeding financial expectations.

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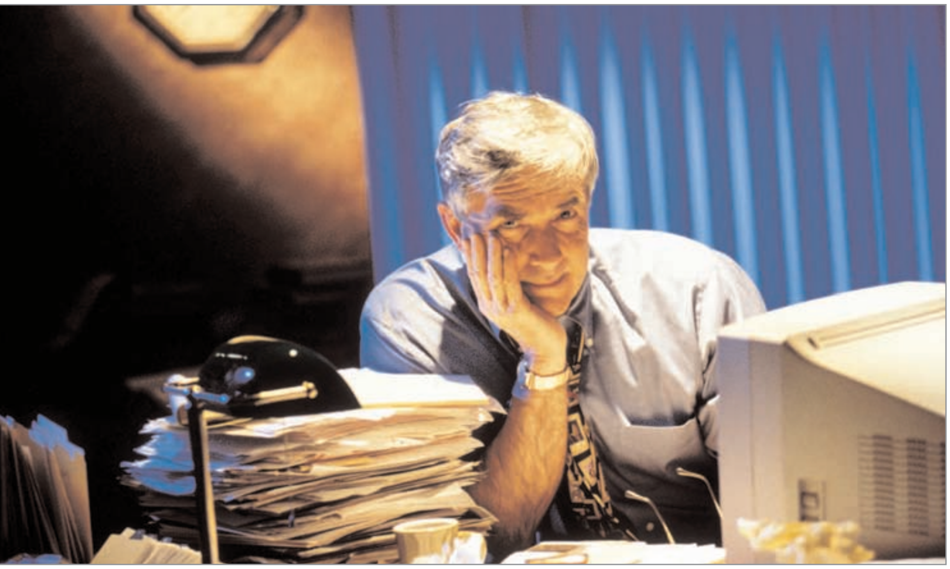

UNDERWRITING FOR THE NEW MILLENIUM: SIMPLIFIED PRODUCT SURVEY

BY VERA F. DOLAN

This article is based on a presentation made by Vera F. Dolan, FALU, at the Spring 2005 meeting of the Society of Actuaries.

Underwriting simplified products is in transition, for there are new tools out there that are compelling in their possibilities. These new underwriting tools include pharmacy databases, credit databases and teleunderwriting. In a survey conducted in early 2005, many managers of simplified underwriting programs said that they were upgrading or testing products with these new tools, but those products were not yet in widespread production.

So, until the new tools get a little more mileage, let's take a look at what is known to be tried and true. Twenty-one companies participated in the survey, sharing what they knew about their 31 top-selling products during phone interviews. It became quite clear right away that underwriting tools were necessary, but not sufficient, to manage the risk that was coming in the door.

Simplified products are different than traditional products in that there is far less time and money with which to gather independent, objective information about an applicant's risk. For this reason, premium rates are higher and face amounts are lower than for traditionally underwritten products. However, bad things can happen, despite tight product parameters and underwriting controls.

Here is what one underwriter said about the nightmare that was his company's experience with simplified products:

"We had our clocks cleaned. Some claims arrived before the policies were issued. Brokers gamed the system by disclosing only within limits—if the myocardial infarction happened one month before our 24-month limit on the application, the case was submitted. We had very limited ways to check history.

"Brokers didn't care if they still had a contract with us the following week. We lost control of the risk assessment process. If we were to do this again, we would use a channel that is more controlled, but we are NEVER going to do this again!"

Other underwriters appeared older and wiser in their approach to channel control, which has resulted in success for their simplified product programs. Many said that they integrate channel control in their new business operations, and did not count on underwriting alone to safeguard their risk assessment process.

Different strategies are used to discourage brokers from cruising intensive care units, including random audits of business with traditional underwriting approaches, or canceling the contracts of brokers with a high incidence of early mortality. The "sentinel effect" is thus applied to the broker, because the nature of simplified products makes it less feasible to project this principle on the applicant.

Many of the simplified programs that have been around for a long time (over 15 years) are quite choosy when it comes to their channels, preferring to work with niche markets that they know well. Insurers working with affinity groups that are closely

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knit have tended to ward off anti-selection because of their access to insider knowledge. Insurers who get their leads from mailing lists drill down into those lists with great caution and selectivity.

Lesson Number 1 then is to make channel control a very high priority when underwriting cannot do all the heavy lifting by itself on risk assessment.

All the simplified products in the survey are designed as the "plainest vanilla" possible. Thirty-five percent do not offer riders of any kind. The loads that are allowed for compensation and underwriting are tiny when compared to traditional products. Turnaround to issue is a matter of hours or days, not the weeks or months that can be experienced for traditional products.

Given this situation, what underwriting requirements can be gathered when there is little money and less time to gather requirements and evaluate them? The top answer that over 80 percent of the survey respondents gave was the MIB check. The only programs that do not use MIB are either guaranteed issue or juvenile products. Just as with traditional products, MIB is a cornerstone of the industry.

Beyond MIB, the underwriting requirements that are obtained depend on the market served and if the simplified product program is partnered with a traditional product line. For example, the juvenile market (which goes up to age 17) does not need motor vehicle reports. Most programs obtain an underwriting requirement only when there is a disclosure made by the applicant that raises a red flag. Such requirements include personal history interviews, motor vehicle reports and yes, (surprisingly) attending physician statements (APS).

About 70 percent of products in the survey have the facility to trigger the retrieval of an APS. Apparently the idea is that this information would be used to make the applicant an offer using a more traditional product. Some new business systems supporting simplified issue programs share the same workflow as traditional product programs. In this type of operation, a case is diverted to a real underwriter when the simplified product application isn't clean enough to pass directly through the software or issue clerk.

Other simplified product programs are completely separate from traditional products, with new business systems that are customized to serve simplified issue products only. Additional underwriting requirements are less likely to be obtained in such operations.

Beyond MIB, the underwriting requirements that are obtained depend on the market served ...

Lesson Number Two is that there is a bigger picture to be understood when choosing underwriting requirements and underwriting strategies for a successful simplified issue program. Just as with traditional products, underwriting is not a "black box" to plug and play. The use of underwriting and its tools has to be carefully considered and integrated within the program that you desire.

No two underwriting programs among 21 companies surveyed were exactly alike. Indeed there were some common themes, but each simplified product program reflected the unique constraints, choices and considerations involved.

THE TROUBLE WITH WORKSITE MARKETING

BY RON KLEIMAN

This article is based on a presentation made by Ron Kleiman at the Annual Conference of the Professional Insurance Marketing Association (PIMA).

If you want to sell insurance, the worksite is a terrific place to do it. After all, it is a place filled with people—people healthy enough to work, people earning an income, people with an efficient and dependable means for sending in payments.

There are two major challenges in trying to reach large employer groups; both can be found in the name "worksite marketing."

The first is the worksite. To start with, the employer may think it is a place to get work done, not to sell insurance. If the employer will permit you to enroll employees, trying to reach them can be a challenge. The worksite may be scattered over many locations, and multiple shifts may be part of the operation. Reaching new hires during the year makes contact even more challenging.

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The second challenge is the marketing. Why would a large employer want someone taking employee time to sell them insurance? Employers fear arm-twisting enrollments that make employees uncomfortable.

A Different Vision

There is an innovative solution that addresses both of these challenges. Instead of offering just voluntary benefits, the solution is to offer all benefits for clients, both core and voluntary. Best of all, there is no work interruption and service is available every working day of the year, so new hires are fully accommodated. How is this done?

Call center enrollment is the key. My company calls the process "tele-enrollment." With this methodology, employees call to enroll for their benefits, either as a new hire or at open enrollment. They are often calling from home, typically with a spouse involved. There is no need for any work interruption and it does not matter where the employee is in the country (or occasionally out of the country.)

Employees call a toll-free number that is answered in their company's name. They connect to a live benefit representative, not an automated system. As far as the employee knows, he or she are connecting to their company's own enrollment center.

Many employees don't like automated systems, particularly Web-based self-service programs. They feel self-service is an oxymoron. If you're doing it yourself, it is not service. While those programs may be very efficient at recordings decisions, they do little to help employees make their benefit decisions or appreciate their benefits. They are just not effective communication systems.

Workbook Concept Grabs Attention

My firm uses a "tele-enrollment" workbook concept to help imprint the messages during the phone enrollment. The employee has a copy of the workbook as part of his or her benefit enrollment materials. Basically, it is a series of pictures of the computer screens the benefit representative is working within the enrollment center. By following along in the workbook and filling in personal information as the presentation progresses, the employees get and retain the messages better than with any other more traditional method.

Making Enrollment Affordable

While this level of service for employees is usually too expensive for employers to provide, we have found a way to fund the process so that everyone wins. Basically, by working with clients to find a voluntary benefit or benefits that the client would like to make available to its employees and letting employees enroll along with their other benefits, it is possible to fund the enrollment process without charge to clients.

By providing core benefit enrollment, the employer has a reason to put such a process into place. Because there is no insurance sale, just benefit enrollment, the employee never feels he or she is being sold something. And employees like having more benefit options.

| BANKS IN TODAY'S INSURANCE DISTRIBUTION LANDSCAPE ... CONTINUED FROM PAGE 9 |

Cross-Sell to Bank

Two-for-two—not bad so far. But how about the third gauge of successful cross-selling? Have agency acquisitions proved to be the cross-selling boon many expected? The answer is "yes and no."

Some banks entered the insurance business with the expectation that insurance sales would reach across the full breadth of their customer base, growing revenues while helping to secure and retain customers. But results have been less broad-based. Why? Because the core banking customer base is comprised primarily of small businesses and individuals. Conversely, the sweet spot for most insurance brokers is middle market and larger businesses.

This apparent mismatch has narrowed the scope of most cross-selling efforts. Yet collaborative efforts between commercial lenders and commercial insurance producers are producing results worth noting, often contributing 25 percent or more of an agency's total annual new production.

Conclusion

The banking industry is now a permanent and growing component of the insurance distribution landscape. It is proving to be a legitimate participant and, for many, a tough competitor. Although broad-based cross-selling has not yet been realized, other achievements have been made. Acquired agencies have generally helped to diversify the bank's revenue sources while contributing to shareholder value. And, at least with middle market and larger commercial lending customers, some banks are now positioned as the full-service financial solutions providers they have long aspired to become.

ARTICLES NEEDED FOR *NEWSDIRECT*

The Marketing and Distribution Section Council is always looking for interesting and informative articles to publish in *NewsDirect*. Your ideas and contributions are a welcome addition to the content of this newsletter. All articles will include a byline to give you full credit for your effort.

NEWSDIRECT IS PUBLISHED AS FOLLOWS:

PUBLICATION DATES	SUBMISSION DEADLINES
January 2006	November 1, 2005
May 2006	March 1, 2006
September 2006	July 1, 2006

In order to handle files efficiently, please e-mail your articles to the newsletter editor as attachments in either MS Word or Simple Text files.

WHAT YOU NEED TO KNOW ABOUT TELEMARKETING AND DNC REGULATIONS—AND WHAT YOU CAN DO ABOUT IT

BY ROGER W. RISLEY

Roger W. Risley is executive vice president and partner at Authtel Inc. and chairman of the Direct Marketing Association's TeleServices Council. He can be reached at 610.925.5598 or via e-mail at roger@authtel.com.

Compliance is simple—at least according to the Federal Trade Commission (FTC). The FTC's Web site (www.ftc.gov) explains that the National Do-Not-Call (DNC) Registry applies to: *"any plan, program or campaign to sell goods or services through interstate phone calls. This includes telemarketers who solicit consumers, often on behalf of third party sellers. It also includes sellers who provide, offer to provide or arrange to provide goods or services to consumers in exchange for payment."*

There are three exceptions. These are:

- Political organizations
- Charities
- Telephone surveyors

If you don't fall into these categories, then you need to make sure that the consumer you're calling is **NOT** on the National DNC Registry, or your state's DNC Registry if applicable, prior to calling them.

For those not covered by these categories, the FTC does provide three exemptions to their National DNC Registry. These are:

1. A telemarketer or seller may call a consumer with whom it has an established business relationship for up to 18 months after the consumer's last purchase, delivery or payment—even if the consumer's number is on the National Do Not Call Registry.
2. A company may call a consumer for up to three months after the consumer makes an inquiry or submits an application to the company.
3. And, if a consumer has given a company written permission, the company may call that consumer even if the consumer's number is on the National Do Not Call Registry.

One caveat: If a consumer asks a company not to call, the company may not call, even if there is an established business relationship. Indeed, a company may not call a consumer—regardless of whether the consumer's number is on the registry—if the consumer has asked to be put on the company's own in-house do not call list.

Finally, FCC rules make it illegal to call cell phones. While this seems simple enough, how do you know a number is a cell phone? This is particularly a problem since the FCC began allowing consumers to "port" or move their telephone number from a land line to a cellular phone. A mistake here too can cost you a hefty fine!

This is where the misunderstanding comes in. What is the definition of an existing business relationship? It appears to be clearly defined above. But what if you are, for example, a mortgage company that receives leads through existing relationships with realtors? In this case, unless the mortgage company and the real estate company are one and the same, the mortgage company is not the company that the consumer has a relationship with. Nor did the consumer make an inquiry of the mortgage company. The mortgage company cannot call the consumer without violating the National DNC!

Another example might be a large company that has multiple divisions. Let's say they have a consumer banking division and an insurance division. If the consumer has a relationship with the banking division, the insurance division cannot consider that the consumer has a relationship with them. They need to develop their own independent relationship with the consumer.

The National DNC Registry went into effect in October 2003. There are currently **86 million** phone numbers on the registry. The Federal Communications Commission (FCC) also has oversight responsibility of the registry. In fact, just last month the FCC sought a fine of $770,000 against Dynasty Mortgage for allegedly calling consumers who had placed their phone number on the National DNC. Nonetheless, according to the Direct Marketing Association's 2004 Response Rate Report, telemarketing still has the highest response rate of the 12 types of media they tested. It also has the highest ROI for marketers driving direct-order purchases. In other words, it still pays to use the telephone!

It's also important to note that, prior to the creation of the National DNC Registry, several states had already passed their own DNC legislation. Today, 43 states have DNC legislation. While many of the states use the National DNC Registry as their own, there are some states that do not. If you use the telephone to solicit consumers in one of these states, you have to check the consumer's phone number to ensure you're not calling consumers who have registered their phone numbers. While the fine for violating the National DNC is up to $11,000 per occurrence, state fines vary widely by state. (Just 91 complaints to the FTC could result in a fine of more than $1 million!) Also, exemptions differ by state. So, make sure to check with your state's Attorney General's office or your attorney to ensure you are in compliance.

Don't Be Discouraged

There are compliance options. Some companies opt to handle their compliance in-house. Others outsource compliance to an experienced third party provider. There are inexpensive, effective, easy-to-use solutions available. Either way, it's less expensive to be in compliance than not.

> **... telemarketing still has the highest response rate of the 12 types of media they tested.**

Don't be lulled into a false sense of security. The overwhelming popularity of the National and state DNC Registries clearly shows that consumers are fed-up with calls from companies that don't do their homework and who don't properly target their prospecting and sales efforts. Make sure you're abiding by the National and the state DNC laws. Noncompliance can be very costly!

CCIA HOLDS 54TH ANNUAL MEETING AT KIAWAH

BY CHRIS HAUSE

The Consumer Credit Insurance Association held its 54th annual meeting on May 1-3, 2005 at the Kiawah Island Resort in South Carolina. The attendees were treated to outstanding weather and activities, as well as informative and interesting educational sessions.

The meeting was off to a great start with a lively and interactive presentation by Dr. Bruce Weinstein, Ph.D., who is also known by his CNN moniker, "The Ethics Guy." Dr. Weinstein left everyone laughing and more aware of the importance of ethics in business.

Other session topics included debt protection, compensation transparency, reinsurance programs, international accounting, and voiding and defending class actions.

The meeting was an exceptional opportunity to learn and network in a relaxed environment. I would highly recommend attending a future meeting to anyone involved in credit insurance or debt protection products.

PROFESSIONAL INSURANCE MARKETING ASSOCIATION ANNOUNCES CALL FOR ENTRIES FOR PRODUCT AND PROCESS INNOVATIVE MARKETING AWARD (P^2IMA)

The Professional Insurance Marketing Association (PIMA) announced it is accepting entries for its annual **Product and Process Innovative Marketing Award – or P^2IMA.**

The award, which was established last year, is a joint venture between PIMA and the Society of Actuaries (SOA) Marketing and Distribution Section. The P^2IMA program promises to keep PIMA and SOA's Marketing and Distribution Section members informed about new ideas and help them communicate knowledge about their new product or process concepts to other members.

The Product and Process Innovative Marketing Award competition is open to all PIMA and SOA Marketing and Distribution Section members. Entries will be judged equally on three critical elements: originality, salability and profitability. The best entries will be showcased in the association's e-newsletter, "PIMA in the Loop" and at the MarkeTTech℠ Symposium from November 13-15, 2005 in Pittsburgh, Pa. The award will be presented at PIMA's Annual Meeting on March 2-5, 2006 at the The Registry in Naples, Fla.

First-year eligibility is for any new product or service which has been introduced on or after December 31, 2001. Products of any type may be submitted, including both insurance and non-insurance products, as long as a PIMA or SOA Marketing and Distribution Section member is involved. A new process is one that helps to improve the marketing of an existing or new product. This year's judges are Don Neal, chief marketing officer, Marsh Affinity Services; Nancy Manning, associate actuary, AEGON Direct Marketing Services; and Jay Jaffe, president, Actuarial Enterprises, Ltd.

Entry details and $95 fee (per entry) are due prior to December 15, 2005. A printable version of the form is available at *http://www.pima-assn.org/p2ima.html.*

Entries will be accepted until December 15, 2005. The winner's name will be announced at the PIMA Annual Meeting, March 2-5, 2006.

pima Product & Process Innovative Marketing Award

Sponsored by PIMA and SOA Marketing and Distribution Section

2005 ENTRY FORM

ENTRIES ARE NOT ACCEPTED WITHOUT PAYMENT

Please complete one form for each entry.
Form may be photocopied for additional entries.

All entries must be submitted by members in good standing of either
PIMA (Professional Insurance Marketing Association) or
SOA (Society of Actuaries) Marketing and Distribution Section*

Name ____Title ____________________________

Member of ☐ PIMA ☐ SOA Marketing and Distribution Section* Firm Name ______________________________

Address ______________________________ City _________________ State _______Zip __________

Telephone (___) ___________Fax (___) ____________E-mail _______________________________

Title of Entry _____________________________________ Date created ________________
(must be after December 31, 2004)

Entries should include an appropriate description of the product; the features of the new product or process; marketing or other materials used to distribute the product; a policy form or other formal description of benefits provided; the premium rate or cost structure; and any other materials which will help in the review.

Brief Description of Entry

____

____

____

Fee: $95 per entry

The Winner: Judged equally on originality, salability and profitability, will be announced at PIMA's Annual Meeting, March 2-5, 2006 at The Registry in Naples, FL.

For Additional Information: www.pima-assn.org
or call Ralph Gill, 817-569-PIMA (7462)

Closing Date for Entry Submission: January 13, 2006

* SOA members can join the Marketing and Distribution Section by completing the application found on the Join-A-Section page at www.soa.org.

HOW TO ENTER!

1. Open to PIMA and SOA Marketing and Distribution Section Members only.*
2. Mail this form with payment and the entry information described at left to:
   Ralph Gill, Dir. of Communications
   PIMA
   6300 Ridglea Place, Ste.1008
   Fort Worth, TX 76116
   or:
3. Fax this form and credit card information to: 817-569-7461, 24 hours a day, then mail entry information described at left to address above.

PAYMENT METHOD

1. Check (payable to PIMA)
2. Credit card: (circle one) MasterCard, VISA, American Express

____
Card Number

____
Signature

$
____
Expiration Date Total Amount

____
Print name on card

PIMA Use Only

Paid ____________________

Auth __________ Ref __________

pima Experience Guiding Innovation

CURRENT TRENDS IN DISTRIBUTION CHANNELS—WHERE ARE THE BANKS HEADED?

BY CHRIS HAUSE

The following information details a presentation that was given at the New Orleans Life and Annuity Spring Meetings. Speakers at this particular session (4 PD) included:

Christopher H. Hause, president,
Hause Actuarial Solutions, Inc.
James W, Mann, reinsurance actuarial executive
Bank of America
Shaun Norris, vice president,
sales & communications,
Hibernia Insurance Agency

Christopher opened the discussion by providing a brief history of the regulatory environment of banks and their ability to sell insurance products. Of course, the most significant event in recent history is the enactment of the Gramm-Leach-Bliley Financial Services Modernization Act. GLB changed the relationship between banks and insurers from contentious to cooperative.

Chris commented on the various forms of alliances that banks have formed with insurance producers and underwriters and commented on the characteristics and relative success of each. A chart showing the relative and overall growth of the various non-credit insurance production since GLB was presented. It was concluded that the dominant form of insurance product remains annuities. A description of various methods that insurers have used to enter the banking business revealed a much more focused and measured approach by insurers than by bank holding companies.

Jim Mann then shared the experiences of Bank of America in insurance offerings since GLB. In the first attempt at distributing personal lines insurance, an alliance was formed with a national P&C carrier, local agents were placed in the branches, and BofA received a fee for business written. This was not successful, due to the availability of only a single underwriter, lack of a referral process and a less than optimal sales process. Recognizing these shortcomings, BofA developed a licensed call center and relationships with several carriers for homeowners and auto insurance. Startup costs, licensing issues and privacy regulation were considerable obstacles in this approach. Jim then outlined the efforts of BofA in reinsurance, warranty and surplus relief and the advantages and challenges of each.

Shaun Norris followed with a revealing and detailed insight into the Hibernia Insurance Agency's experience in commercial lines property and casualty. Shaun described the challenges and advantages that the bank-affiliated agencies have in entering this market—in particular, the successes they have enjoyed in the employee benefit area, and the barriers and challenges in P&C. He described the methods of risk control, both pre-loss (avoidance, prevention, reduction and retention) as well as post-loss (claim management, disaster recovery, litigation management and subrogation). Hibernia provides valuable and unique services to its commercial clients on the areas of policy analysis, claims advocacy and loss control. A great deal of effort is put into maintaining that edge by matching expertise with clients, selling "value added" services presentations and creating products where needed.

Those who attended this meeting were treated to some very valuable insight by some "front line" pioneers in the dynamic area of banks in insurance.

Christopher H. Hause is president of Hause Actuarial Solutions, Inc. in Overland Park, Kan. He can be reached at chrish@hauseactuarial.com.

PIMA Announces 2005 MarkeTTech℠ Symposium

NOVEMBER 13-15, 2005
HILTON PITTSBURGH, PITTSBURGH, PA

Marketing Methods Competition Awards, Introduction of ProducTTech Workshop, and P^2IMA Entries – Featured Symposium Highlights

June 23, 2005 (Fort Worth, TX)—The Professional Insurance Marketing Association (PIMA) announced it will hold its annual MarkeTTech℠ Symposium from November 13-15, 2005 at the Hilton Pittsburgh in Pittsburgh, Pa. The event—which draws insurance marketers and exhibitors from around the country—is a forum for education and networking.

This year's symposium features an opening presentation by Carrie Hollenberg, senior consultant, Stamford Research Institute, Consulting Business Intelligence (SRIC-BI) who will offer thought leadership on **"Hitting Boomers' Psychological Hotbuttons: Matching Advertising Strategies, Words and Images for Maximum Direct Marketing Effectiveness."**

The MarkeTTech℠ Symposium consists of one-and-one-half days of information-packed, interactive marketing strategy and technology sessions that cover relevant and timely topics such as:

- Prospect Marketing Databases – the Next Big Thing
- Staying Ahead of the Legislative Curve
- Professional Success Strategies
- Building Brand with Customers – Not Advertising
- Web-Enabled Member Marketing and Enrollment Strategies
- Guided Selling Solutions
- New Digital Printing Technologies
- Trigger Mailings – Your Best Shot to Increase ROI
- Web-to-Print: Web-Enabled Print on Demand Solutions for 1:1 Marketing
- Best Practices in Online Customer Acqusition

Day two includes an optional product development seminar titled **"ProducTTech 2005."**

This special workshop has been developed exclusively for PIMA by leading product development specialists, including actuarial experts and compliance, implementation, and administrative professionals. It's described as "everything you wanted to know about product development…but were afraid to ask."

Attendees of the bonus product session—a must for anyone who supports the direct marketing process—will learn the technical side of developing a new product; how to get a product developed for market faster; and the most cost-effective ways to bring a product to market. Multiple discipline areas will be represented, including actuarial, underwriting, compliance, marketing and administrative.

Entries received for the PIMA and Society of Actuaries Marketing and Distribution Segment co-sponsored **Product and Process Innovative Marketing Award—or P^2IMA** – will be showcased. Additionally, winners of **PIMA's 2005 Marketing Methods Competition** will be announced during the symposium. The prestigious insurance marketing awards are bestowed upon those insurance marketing efforts that display outstanding marketing and creative strategy and that deliver measurable results.

Attendance at MarkeTTech℠ is open to PIMA members and non-PIMA members. For a brochure and registration form, or information about exhibiting opportunities, call PIMA at 817-569-PIMA or visit *www.pima-assn.org*.

Founded in 1975, the Professional Insurance Marketing Association is the nation's premier association for insurance marketers and consists of third-party broker-administrators, insurance companies and allied business partners involved in the direct marketing of insurance products. PIMA is a not-for-profit organization that provides educational conferences, legislative updates, networking opportunities, publications and manuals to all whose primary business is insurance marketing and administration.

For information on membership or upcoming events, visit the PIMA Web site at *www.pima-assn.org* or call 817-569-PIMA.

WHAT'S AHEAD—2005 SOA ANNUAL MEETING SESSIONS IN NEW YORK

As you may now be aware, the date and location for the SOA Annual Meeting have been changed to Nov. 13–16 in New York City. The Product Development Section is sponsoring 10 sessions and a hot breakfast. Here is a brief description of the sponsored sessions.

Alternative Pricing Measures

Exploration of profit measures other than the statutory internal rate of return to assist in balancing competitive position and profitability in product pricing.

What's New and Exciting with Equity-Indexed Products?

The value of equity-indexed products in an insurer's portfolio, the status of equity-indexed products as securities and market changes of equity-indexed products during 2005.

Universal Life No-Lapse Guarantee Update

Review of regulatory activity in 2005 regarding Actuarial Guideline 38, market activity and progress of the American Academy of Actuaries' UL Working Group.

ANNUAL MEETING & EXHIBIT
SOA 05

Annuity Guarantee Costs: What's the Better Measure?

Debate of the techniques for pricing guarantees in annuities—real-world evaluation of costs as implicitly required under proposed RBC and reserving standards versus market consistent approach.

Mortality at the Older Ages

Considerations for projecting mortality at older issue ages including the length of select period and the slope of mortality.

Stochastic Pricing

A case study of pricing annuities using a stochastic pricing model and how this type of analysis relates to principles-based reserving and asset adequacy analysis.

Life and Annuity Product Development—Year in Review

Recent regulatory actions and initiatives, what's hot (and what's not) in product development and predictions for the next year.

Product Innovation Around the World

Life insurance and annuity products available abroad as sources for creativity and innovation in United States and Canadian product design.

An Inside View of Life Settlements

The role of the actuary in the life settlement industry.

Reinsurance Market Landscape—From the Perspective of the Direct Writer

Overview of the current reinsurance market including capacity, price satisfaction, retention shifts and alternatives to first dollar reinsurance. Partnering with reinsurers to develop treat language and procedures for underwriting exceptions, audits and claims adjudication.

Capturing the Income-in-Retirement market

Facilitators: Steve Cooperstein, FSA, Steve Cooperstein & Affiliates

Garth A. Bernard, Sr., FSA, VP & Actuary, Metropolitan Life Ins Co

Everyone agrees that there is a huge market for helping people with their income needs in retirement. In this workshop we will share and explore what is being done to capture the market and the pitfalls encountered in trying to do so.

Areas explored will include, but are not limited to:

- Products
  - Payout annuities: What innovations have been developed; what is working; and why are payout annuities not capturing more of the market?
  - What other products are being used or tried?
  - Technical issues: MRD; Reserving; Capital Requirements
- Marketing – What pitches are effective and which are not?
- Programs – What programs are being used to capture this market, e.g. split annuity; income for life model; stochastic outcomes – SOA model; funding life insurance and LTCI with payout annuities?
- Distribution – In what ways do distributors resist this market? How are they being motivated to become involved?
- How might private accounts or a change in tax law affect this market?

Attendees will gain a better understanding of the issues involved and of possibilities for capturing the market.

This session is designed for attendees with substantial experience with the subject.

Hot Topics in Credit Insurance and Debt Cancellation

Moderators: Christopher H. Hause

In this workshop, the moderators present information and stimulate discussion about current topics and trends in credit insurance and debt cancellation programs. Expected topics include:

- Credit disability study recently completed by SOA's CIEC
- Trends in credit insurance sales
- Regulatory developments in credit insurance
- Trends in debt cancellation sales
  - Products
  - Volume
- Regulatory developments in debt cancellation
- Other topics that the participants wish to discuss

This session is designed for attendees with moderate experience with the subject.

Product and Process Innovative Marketing Award Winners

Presenters: TBD
Moderator: TBD

The Professional Insurance Marketing Association established a new award called the Product and Process Innovative Marketing Award. PIMA's Product and Process Innovative Marketing Award competition was co-sponsored by SOA's Nontraditional Marketing Section. Entries were judged equally on three critical elements: originality, salability and profitability. Three winners were selected, and all three winning companies will present their award-winning innovations in this session.

The three products presented are:

- Telemarketing/do not call list
- Mathematical model for agent prospects
- Short-term hospital indemnity product

Attendees will learn more about product innovation in the industry.

This session is designed for attendees with no experience with the subject.

Session Coordinator: Ian Duncan

Life Settlements for the Senior Market

Moderator: Rob Stone/Roger Annin
Presenters: Roger Annin, Senior Vice President and Principal, Lewis & Ellis, Inc.
[Second speaker still to be named]

Why or Why Not?
There has been much discussion on the pros and cons of life settlements, but like it or not, a market exists for them. Given the life settlement market's existence, what are its drivers? Who are the key stakeholders? This session will address the various stakeholders in the life settlements market and what is shaping the market's continued development.

This session is designed for attendees with no experience with the subject.

INTERVIEW WITH PRAKASH SHIMPI

Prakash Shimpi, FSA, CFA
Practice Leader, Enterprise Risk Management
Towers Perrin

Webster defines a pioneer as "one who ventures into the unknown or unclaimed territory to settle." Lewis and Clark define a pioneer as "one who opens up new areas of thought, research and development." Our featured actuarial pioneer knows something about innovation. Let's go behind the scenes with Prakash Shimpi.

How has your involvement in the field of enterprise risk management (ERM) changed you?

When you work in a field a long time, the change is evolutionary not revolutionary. You don't wake up one morning and suddenly everything's changed. I wish it were that easy and observable. If I had to pick one word to describe how I've changed, it would be patience. I've had to develop a lot of patience along the way because when you're working with people across different disciplines, everyone has legitimate, but different backgrounds and professional experiences. When you're trying to develop a new direction, you want to bring these experiences together. And sometimes something that is intuitive or blindingly obvious to you is not necessarily blindingly obvious to everyone else because they're coming at it from a different perspective. So, in effect, you have to help them along the journey you had to take.

I've had the benefit of working in different fields, and I have a background both in finance and in actuarial science. When I got to the position where I could be of influence and direct some of the activities that were going on, it wasn't a matter of waving a magic wand. I had to get people to buy into the idea and feel enthusiastic enough to want to do something about it. So I developed patience. The phrase I used to use when I was working with Swiss Re was, "We don't have to do everything all at once; all we have to do is climb one mountain a day."

What first drew you to the field of ERM?

I never thought about it as ERM. I think the world has evolved to this thing called ERM. I think about it as normal business to which we are applying a little more analytic discipline. ERM may be revolutionary for non-financial institutions, but anyone who studies insurance, for example, or even basic finance, understands that it's entirely about managing risks. In the insurance world, for instance, asset-liability management is part of ERM—we look at a specific set of assets and a specific set of liabilities and we manage these. Later we started doing cash flow testing and scenario analysis, and then moved into multi-scenario, multi-horizon simulations. Still later, the property/casualty insurance world started developing a variety of techniques to look more broadly at risks, including dynamic financial analysis. Now, here we are at ERM. It has the same building blocks, it's another three-letter acronym. I think it's a good one, it's inclusive, but in terms of the fundamental thinking, it's actually quite elementary. It's not as if I got up one day and said, "Ah-ha, ERM that's where I'm going." I've been fortunate to be on the evolutionary path as this area has been developing—with the opportunity to participate and make a difference.

Is there a side of yourself that you didn't know existed until you started working in ERM?

It's not so much when I started working in ERM, it's when I started working period. I never thought I'd be a business person. I enjoy problem solving. Ever since I was a child I've been very involved in the analytical stuff, and I always saw myself as a problem solver. I thought I'd be an academic or an advisor of sorts. Something more like I'm doing now—consulting. I never thought of myself going to an office and doing transactions or having an executive position, so it was quite interesting to see myself moving into executive positions as my career developed. Of course I was using problem-solving skills there, but I was always looking in the mirror and saying, "Am I really doing this?"

Who has had the biggest influence on your career?

In my career and in life, my father. He was an actuary as well, so it's in my blood. And, perhaps the interesting thing about him was the fact that he was never limited by convention. People used to say about him, "Is he really an actuary?" He's not the typical actuary. So, perhaps a little bit of that has rubbed off.

Who has been your biggest influence outside the actuarial world?

Parents always have a big influence. But, if I think about my earliest experiences, who inspired me very early on and it was inventors. I voraciously read the biographies of inventors—Edison, Curie, Stephenson, Ramanujan, Galileo, etc. I was very interested in what drove them to develop something new, what gave them the power of concentration. Even today I love reading biographies of people who created ideas that have withstood the test of time.

If you could choose anyone in the world to write your biography who would that be?

Let me pick someone who's not around today—Lewis Carroll of *Alice in Wonderland* fame. Lewis Carroll also wrote mathematical books. He was a mathematician at Oxford. It is said that Queen Victoria loved his first book, *Alice in Wonderland*, so much she asked him to dedicate his next book to her and he did. It was *An Elementary Treatise on Determinants*. It wasn't exactly what she was hoping for! Of course this story is most likely a myth. Lewis Carroll has always been very interesting because he would look at things in an unobvious way. Even today, I will read and re-read *Alice in Wonderland* because there's always something new in it. If I had to pick somebody to write my biography it would be that kind of person—someone who would look at it in a way that nobody else might.

What piece of advice would you give to an aspiring actuary?

One piece of advice—remember that you're building a skill set. Where and how you apply it is up to you. Get the skills first. Don't be limited by what you're learning—use that to go beyond. My dad used to say, "Your mind is like a flashlight. It doesn't matter which dark room you go into, you should always be able to shine."

Describe yourself in 25 words or less.

An interesting person interested in interesting ideas.

How would you like your one-line epitaph to read?

He loved his children and hoped they loved him as much.

CALL FOR ACTUARIAL PIONEERS... ARE YOU ONE?

BY JIM BROOKS,
Chair of the Actuary of the Future Section

Think of a pioneer as "someone who opens up new areas of thought, research or development, or one who ventures into unknown or unclaimed territory." (Webster's Dictionary)

The SOA's current Image Campaign is based on the belief that the actuarial skill set has value that extends beyond technical analysis into other operational and strategic roles. We know there are actuaries demonstrating this expanded value today, thereby modeling the dynamic and relevant image of the profession we are seeking to promote.

Specifically, actuarial pioneers are:

– Outside the traditional sectors of insurance companies, reinsurance companies and consulting firms applying their actuarial skill set to new, nontraditional roles such as chief risk officers, financial planners, entrepreneurs, personal actuaries, or

– Inside the traditional sectors, applying their actuarial skill set in nontraditional ways to become chief marketing officers, chief risk officers, CEOs, etc.

Pioneers who are identified will inspire the profession, create practical pathways for career development and potentially serve as spokespersons to business leaders. They will be profiled through articles, Web sites and media releases.

The anticipated time commitment for a pioneer is small. Minimally, it will involve communicating some basic information to SOA staff, and at a maximum involve a few interviews for articles or media events.

Names and contact information are to be submitted via e-mail to *pioneers@ soa.org*. Individuals are free to nominate themselves or recommend others. SOA marketing staff will follow up on each nomination.

ACTUARIAL PIONEERS

ACTUARIES GONE MAD

BY VAN BEACH

At its June meeting, the Board of Governors of the Society of Actuaries unanimously approved a proposal from the Nontraditional Marketing (NTM) Section Council to change the name of the section to the Marketing and Distribution (MAD) Section.

What does this change mean? Think of it as NTM-Plus. MAD will continue to cover all the topics and distribution channels historically covered by NTM. Its overall focus, however, has expanded to reflect the increasing role marketing plays in today's financial services environment and to underscore the need for actuaries to be marketers along with the other valuable roles they already fill. As a part of the change, the section has adopted the following mission statement:

The Marketing and Distribution Section fosters research and innovation in distribution methods of financial services products and in the inter-relationship of marketing strategies with product design, underwriting and operations.

Get involved as we take this section into the future! For further information, please feel free to contact Marketing and Distribution Section Chair Rob Stone, at *Rob.Stone@milliman.com* or Section Vice-Chair Van Beach at *van.beach@milliman.com*.

Van Beach is a senior consultant at Milliman STEP Solutions in Fort Washington, Pa. He can be reached at 507.533.8400 or via e-mail at van.beach@milliman.com.

DOES *NEWSDIRECT* NEED A NEW NAME?

Now that we've changed the name of our section to Marketing and Distribution, it may be time for a new name for our newsletter. Put your creativity to work! Submit your ideas to replace *NewsDirect* as the name of our section newsletter. It may be that when all is said and done, however, we find the name that has so ably carried the section's publication for the last 20 years is the one to carry us forward for the next 20! Please send your ideas to our section newsletter editors Nancy Manning at *nmanning@aegonusa.com* or Brian Louth at *blouth@rgare.ca*.