



SOCIETY OF ACTUARIES

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Editor's Note

Tying it all Together

by Julie L. Tani

At first glance it may appear that this edition of the newsletter is a hodgepodge of unrelated topics. But there is a common theme (trust me on this); we're really talking about one of two things in each case; either nontraditionally marketing mainstream products, or marketing nontraditional products, or doing both, nontraditionally. If you recall the NTMS mission, by "nontraditional" we simply mean something that is not currently "mainstream," whether by design or because it is new; e.g., credit insurance is a nontraditional product, and the internet is a nontraditional marketing/distribution channel. The universe of nontraditional products and marketing processes changes through time; e.g., the internet is not yet mainstream, though in future years it may be completely integrated within our industry, at which point it would no longer be "nontraditional."

As an example of how this edition's articles address this theme, Jim Smith describes his experiences in nontraditional uses of actuarial skills — reminding us to consider nontraditional approaches in the work we do. With the stability of our industry and economy in question, it behooves all of us to assess our own skills objectively as we would be viewed by potential employers, even (and maybe especially) those who may not be in the insurance industry.

Next, Maria Thomson and David Florian discuss the hot new trends in point-of-sale software and streamlined (not the same as "simplified") underwriting. Whether for internet marketing or mainstream sales, these technological trends can help many of us in our quest for faster-turnaround, lower-risk policy issue.

You get the picture. In addition, what about using the internet or intranet for enhancements to sales office marketing? Contact management? There are some that believe "risk science" is the NBT (Next Big Thing). In essence the concept of risk science addresses (or perhaps *raises*) questions such as: what are the requirements and ramifications of furthering the use of the internet for information gathering; e.g., prescription medications, genetic testing? How does this trend toward genetic testing impact the pooling concept of insurance? How do privacy issues figure in and limit carriers' ability to use such



information?

Let's expand this and discuss a somewhat different angle. Companies can use the internet in their marketing in so many more ways than simply selling insurance online. Stay with me; this is somewhat of a jump, but nonetheless in keeping with the theme — marketing to our traditional customers and distribution channels using a nontraditional method — internet/intranet technology.

As just one example of this, carriers can use the web to help them market more effectively to the end customer. Online customer service centers are sprouting up all around us. This appears to be an area where we as an industry may be catching up

rapidly. But there is more to it. Inforce marketing programs. Segmenting and profiling for targeting web messages, advertising, and product design. Cross-selling. Prospecting. The list goes on. The insurance industry as a whole is very far behind other financial services in this regard.

their own marketing. This could include web-based marketing programs that help the field target, reach, and follow up on their inforce customers and prospects. For example, policy data can be sorted, searched, and used in a mail-merge coupled with a pre-approved letter to reach

Customers appear to be trending back toward a wish for advice, perhaps a closer relationship with their life agent. Will this continue?



Julie Tani

I'd suspect this will continue, albeit at perhaps a slightly lower level than at current. But how will other attitudes change? One thing seems certain — as fast as things are changing these days, companies will need to leverage the internet in these and other ways in order to keep up. While keeping up with frequent changes in the market may also mean a need for speedier product development, or promotionals, I might argue that perhaps even more important might be *improved nontraditional* marketing to our traditional customers and field force, and that these can in turn enhance the product design process. We can use the internet to help our field forces market more effectively to policyholders and prospects. We can also use it to help us market more effectively to the field force and directly to policyholders and prospects. And we should.

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For example, how many of you still receive your fund prospectuses via the mail? OK, maybe we're not so far behind, at that. However, I have the option on every one of my mutual funds to stop receiving practically any paper at all through the mail. I wonder how many of us even have this option from our insurance company?

Another way to use the Internet in this vein is in providing tools that help a company segment their field force and target their field marketing efforts more effectively. For example, using intranet sites to provide information on premier agent status is likely to be fairly commonplace today. This can be taken to much deeper levels, in ways limited only by our imagination (and budget), to allow stronger segmentation and more effective targeting of our marketing efforts. The goal of a truly "marketing organization" is suddenly that much easier to reach.

As well, similar tools can be used to help the field force do

many customers or prospects at once. The agent can then create his/her own marketing programs as desired, search for the customers that fit the profile for the program, mail merge with one of the canned policyholder letters, and — *voila!* — instant marketing program. Of course, the home office must maintain the control over the data provided for these programs.

I think most of you would agree that these ideas are not as glamorous as generating new sales and maintaining the support thereof from the internet. However, there is a lot to be said for using all the tools at our disposal to "get our own house in order" before reaching outside our element in full force. It was Lew Platt, former CEO of Hewlett Packard, who said, "If only HP knew what HP knows, we would be three times more productive." This phrase likely rings true for many of us.

In the midst of all this, a major disruption to all of our lives occurred on September 11 of this year, and the impacts continue.