



# NEWSDIRECT

NEWSLETTER OF THE NONTRADITIONAL MARKETING SECTION

NUMBER 43

MAY 2003

## Middle-Market Internet Use for Insurance and Financial Services

by Maria V. Dynia, Pete Jacques and Lynn M. Ferris



*LIMRA's latest research on middle-market consumers is based on data from the 2002 Middle-Market Consumer Omnibus Study. The report will be of interest not only to marketers focusing on middle-market consumers but also to Internet researchers and channel developers. NewsDirect is pleased to provide the executive summary of this recent LIMRA research. The full report is available to LIMRA members through the LIMRA Web site.*

users prefer to buy insurance and middle-market consumers' knowledge of insurance and investments.

### Executive Summary

The substantial and diverse middle-income market comprises more than half of the U.S. population. The challenge for the insurance industry has been to find ways to profitably sell to and service this portion of the marketplace. The middle market has often been characterized as an expensive market to serve with traditional personal distribution methods. The products middle-market consumers purchase often have profit margins that are thinner than those purchased by more affluent customers. But the insurance industry does recognize that this market is too large to ignore. LIMRA research shows that currently, the middle market is the most commonly targeted market, with 57 percent of companies saying they target it.<sup>1</sup>

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**W**ill the Internet become a viable method of insurance sales and service for the middle market? This consumer-based study suggests that the middle market is using the Internet as a research tool and as a way to access their insurance and financial accounts. To some degree, those with the lowest income among the middle market are using the Internet the most for insurance purposes. This report examines the demographic profile of Internet users and nonusers in the middle market. It examines the use of the Internet for financial and insurance activity, how middle-market Internet

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## Articles Needed for *NewsDirect*

The NonTraditional Marketing 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.

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



SOCIETY OF ACTUARIES

## NonTraditional Marketing Council Supports Professional Development Opportunities

The mission of the Nontraditional Marketing Section is to facilitate research and discussion regarding the relationship among customers, products and distribution systems. The focus of the section is the exploration of two particular aspects of this relationship: methods of marketing financial products to potential customers other than through the conventional channels, and specialty products particularly well suited to alternative methods of distribution.

The Nontraditional Marketing Council would be interested in mentoring actuarial students seeking to complete their professional development credit where the project or research topic is aligned with the mission and focus of the section. A student interested in pursuing this opportunity may do so by contacting any member of the Nontraditional Marketing Council. 

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NEWSLETTER OF THE NONTRADITIONAL MARKETING SECTION

This newsletter is now electronic and can be found on the SOA Web site, [www.soa.org](http://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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# Chairperson's Corner

## How Dedicated is the NTM Council?

by Diane McGovern

**W**hat a group of dedicated people! I have been chairman of the NTM Council for almost half of my tenure now, but I do not stop being impressed with the group of people who make up the council and friends. They are willing and able to supply the talent needed to fulfill our mission and they bring creativity to the mix as well. Here are some of the things they have been up to these last few months:

- A membership survey that eight percent of you responded to. The survey asked your opinion about topics you like to see at meetings and articles you like to read in *NewsDirect*. It also checked in on your interest in various activities we are considering. For details on our findings see the article by Chris Hause—he was the lead person in developing and analyzing the survey. One outcome I will mention here, however, is that there seems to be a need for more experience studies around nontraditional products. The council will be addressing that issue as we go forward.
- Some of the council members and friends got together in March for our first ‘think tank’ discussion. The topic was Marketing to the Middle Market. Everyone got a little something different out of it—but maybe that’s what a think tank should be about. Watch the Web site and future editions of *NewsDirect* as the “think tank” discussions evolve.
- Our Web site is easier to get around these days due to Steve Cooperstein’s efforts. Check it out!
- By now you have been asked to participate in a Product/Channel directory. If you have not responded, you can join in anytime. This directory will help you find other actuaries with interests like your



own, or with experience that you may need.

- We are up to our usual stuff—supplying you, with interesting sessions at the spring SOA meeting and co-sponsoring the spring Product Development Symposium. Please give us your feedback if you attend one of these. And watch for other sessions and meetings where we will be co-sponsors later this year.
- And of course another issue of *NewsDirect* thanks to Julie Tani and Brian Louth. We hope you enjoy the articles.

I would like to thank the council and friends not only for supplying the services that are apparent to our section members but also for the support they give behind the scenes. Thanks to Theresa Resnick for the minutes and treasury reports and thanks to everyone who volunteers to be the liaisons to the various committees, boards, and practice areas that we interact with. With all your energy we cannot do anything but succeed at our mission. ☰

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However, according to this study, almost half of the households in this market either do not have individual life insurance or feel that their coverage is inadequate.

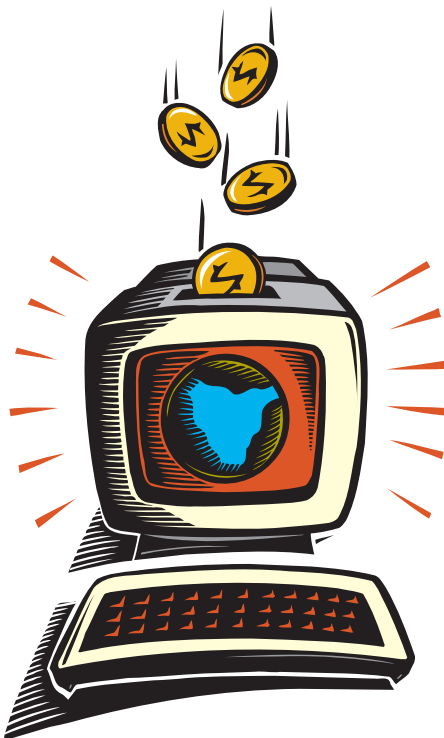
Though the role the Internet will play in cost-effectively reaching this market is still being determined, this report will show that the Internet holds great potential for assisting in the process of insuring this segment of the population. At one time, the Internet was thought to be the next major insurance distribution channel. However, so far, this has not come to pass. Instead, the Internet has become a way to support, rather than supplant, the sale and service of insurance. This report shows that the middle market may not be likely to buy insurance online, but that it makes substantial use of the Internet as a way to obtain information about insurance and financial services.

This consumer-based report is one in a series LIMRA is publishing on a variety of insurance and financial issues affecting the middle market. This study profiles middle-market Internet users and examines their use of the Internet for financial matters. It also looks at how these Internet users prefer

to buy insurance, their overall knowledge of insurance and their approach to investing and buying financial products. For purposes of this report, the middle market is defined as households with an annual income between \$25,000 and \$85,000. This study will further look at the upper, middle and lower segments of the middle market. The report's findings include:

- Seventy-six percent of the middle market use the Internet for personal reasons.
- Overall, Internet users are younger, wealthier and more highly educated than nonusers. One quarter of those not online are over age 55.
- Almost half of these middle-market Internet users say they either do not have any or do not have enough life insurance.
- Almost 80 percent of these Internet users either never had, or do not currently have, someone they consider to be their personal life insurance agent. Only a little over half prefer to buy insurance from someone in person; the others prefer some other means or have no preference.
- Twenty-nine percent of middle-market Internet users have gone online to find information on auto or homeowner's insurance. Eleven percent have looked online for life insurance information.
- Almost 60 percent of all Internet users have accessed their company's auto insurance Web site. Over one quarter have accessed their auto policy information online.
- Sixty percent of Internet users have at least once used a financial calculator, accessed or updated account information, checked stocks or viewed statements online.

While all three levels of the middle market are using the Internet to find infor-



mation about finances and insurance, those in the lowest segment of the middle market are using the Internet for this purpose more than those in the upper income segments. The data also show that it is this lower segment of the middle market that needs the most assistance in buying insurance. The lower segment of the middle market is the most likely to have difficulty determining how much insurance they can afford; to go online to obtain information about life insurance; and to access their auto, homeowner's, group life and individual life insurance policies online.

## Recommendations

The following are recommendations that financial services companies may consider as they look to define strategies to reach the middle market online.

- **Create an easy-to-use Web site.** Data from this study show that consumers are going online to look for insurance information and to access policy information. LIMRA research continually shows that consumers want to go online to find objective educational information on insurance and to access their policies. And since close to 80 percent of these middle-market users do not currently have a personal agent, ensure that your site has an agent locator.
  - **Monitor your Web site carefully.** Through the use of Web analytic software, companies can obtain an understanding of who visits their Web site and which pages they visit. Carriers can segment those customers who register with the site by various demographic characteristics. Companies can then determine whether the middle market has needs that differ from other markets and whether their Web site is successfully meeting those needs.
  - **Be aware of the needs of the lowest segment of the middle market.** This study shows that the lowest segment of
- the middle market is using the Internet the most for insurance and financial services. This lower middle segment also needs the most assistance in buying insurance. A well-designed Web site may help this portion of the population, who are eagerly using the Internet for insurance purposes, and may help the industry serve this underserved segment of the population in a cost-effective manner.
- **Adopt straight-through processing.** It may be appropriate for some companies to adopt straight-through processing (STP) of back-office transactions to reduce the time and cost of processing applications, paying claims and providing service. STP will allow online interactions between the producer and the underwriter, use of electronic signatures and electronic scheduling of paramedics. The ability to process policies in this streamlined way will be essential for processing smaller, less profitable policies.
  - **Design part of the Web site to appeal to Generations X and Y.** While members of these generations may currently be in the middle market, they may well be tomorrow's emerging affluent. They are almost entirely online and will likely search the Internet first for information. Consider featuring links to your site on other Web sites this group visits frequently.
  - **Provide exemplary customer service on multiple-line products.** Multiple-line carriers may have an advantage in cross selling to their customers if they provide a highly functional and efficient Web experience.

## Footnote

1) Target Market Study, LIMRA International, 2002.



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# Thanks for the Memories

by Julie L. Tani

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One of the things that drew me to the editor's job in the first place is the NTM's mission statement...I like this unconventional thinking.

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**T**ime flies when you are having fun. I have enjoyed my time as *NewsDirect* editor, but it is now time to make room for some new blood. I'd like to introduce to you our new co-editors, Brian Louth and Nancy Manning. I am sure they will do a great job and I am looking forward to viewing the future editions!

I thought it might be fun in my last edition to review some of the articles from the past few years. John Kerper's two-part article about non-life insured products sold through auto dealerships (#37 & 38, Summer 2001 & January 2002), showed the application of some familiar concepts to a market that may be a little less familiar to some of us.

Maria Thomson and Adrian Pask gave us interesting looks at the bancassurance market and trends (#39, January 2002 and elsewhere in this edition). Maria also kept us updated on technology to assist with real-time underwriting issues (#39) while David Florian and Simon Walsh gave us insights into instant issue (#39 and #41).

Bill Winterman's article (issue #41) demonstrated the power of leveraging the Internet within alliances in the reinsurance industry. And Rob Winawer's three-part article on the microeconomics of direct marketing kept us grounded in the fundamentals (#40-42). This is just a sample of the fine, wide-ranging topics with which our authors have enlightened us.

These good memories are accompanied by the promise of good things to come. Steve Cooperstein has all along been keeping us abreast with the Internet side of things, not only from the standpoint of the Internet as a distribution and sales tool,

but also as a new medium for the *NewsDirect*. Stay tuned for more information and the evolution of the online newsletter. Our goal is to continue the accessibility of *NewsDirect*, while adding more functionality that we hope you find useful.

I have had fun. I'd like to thank you, the readers, for your contributions, suggestions, and for reading NewsDirect. I'd also like to thank the SOA staff, especially Joe Adduci and Lois Chinnock, who have been so helpful with the publishing. Last but not least, thanks to my fellow editors Chris Hause and Brian Louth, and to the NTM Council and Friends, who gave us so much support.

I am looking forward to watching the progress from the sidelines. ☺

# NonTraditional Marketing Section Member Survey Results Finally In!

by Christopher H. Hause

**T**o those of you who participated in the survey of interests and attitudes of our section, thank you for your input. Those of you who did not have hereby forfeited your right to complain about NTM Section activities until the next survey is conducted.

In all, 152 people responded, and some clear messages came through. The entire survey results are available on the NTM Section of the SOA Web site, but here are a few of the more significant findings.

In response to the question “What *NewsDirect* topics do you usually read?” the responses were as follows:

Credit/Debt Cancellation	21.05%
Recent Activities	36.84%
Editor’s Corner	42.11%
Chairperson’s Corner	42.76%
Upcoming Events	44.74%
Underwriting	58.55%
Internet Marketing	65.79%
Direct Marketing	75.00%

This theme was repeated throughout the survey. Most of the respondents are interested in learning more and staying up to date on the distribution of products via internet and direct marketing. The topic of underwriting was prevalent in many responses as well.

In response to “What Topics would you like to see in future NTM-sponsored Sessions?” significant interest in the Middle and Senior Markets was shown.

Other	6.58%
Credit/Debt Cancellation	9.21%
Pre-Need	11.18%
Underwriting	26.97%
Direct Marketing	28.29%
'Middle' Market	28.95%

Internet Marketing	30.92%
Senior Market	36.84%

It is clear that many of you are interested in research and experience studies. In response to “What would you like to see more of?” the strongest response was for more research.

Games or Puzzles	1.97%
Other*	11.84%
Pre-Need	19.08%
‘Series’ (multi-part) Articles	28.29%
Reprints from Other Publications	33.55%
Senior Market	38.16%
Research Articles	59.21%

Also, in the area where we asked “How can we be better?” many responded that experience studies, such as mortality, morbidity and persistency of nontraditional products would help our membership do their job better.

We discussed these results at the section meeting in Chicago and brought up many ways that we can accomplish our goal of providing value to our membership. First and foremost, we will be actively seeking articles and research about Internet marketing and underwriting. Second, we will be developing think tank and SOA sessions around the topics of Middle and Senior Markets. And lastly, we will be looking into the feasibility of updating and expanding experience studies for nontraditional products.

Thank you again for your input. Remember, we are always anxious to hear your input and ideas. If you have any feedback on the survey, or ideas on how to push these new directives along, please give me a call or an e-mail. [E](#)



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# Bancassurance:

## Details Measure Its Success in Various Countries

by Adrian R. Pask

**B**ancassurance is the distribution of life insurance products through banks. As its European sounding name suggests, this method of distribution has captured the majority of market share in France and Spain and has a substantial market share in many other European countries. The potential for explosive sales growth, high market share, and large profits make bancassurance a distribution channel to watch.

The most interesting aspect of bancassurance is that while it is an international success story, the details of the success vary from country to country. This article focuses on the core problems that drive banks and insurers into cooperation, the competencies that make these unions work, and the challenges that must be overcome to make bancassurance a success. As a result, this article is written with a universal focus, outlining the strategic issues that a bancassurer faces.

### Problems Solved

Banks and life insurers are struggling with different business challenges. Life insurers are struggling with the challenges of distribution and the scarcity of surplus. Insurers are looking to expand market share in a mature market. With ever decreasing margins, insurers focus on high net worth individuals because 1) it is the market that traditional agent distribution has gravitated towards and 2) the larger sales theoretically improve the margins. Unfortunately, the popularity of this strategy has created brutal competition in terms of product pricing and distribution costs.

Additionally, insurers are looking to increase their market share in existing market segments and break into new areas of low competition. To compound the problem with distribution, the surplus strain associated with selling insurance policies is draining increasingly scarce free capital. The ideal fit for insurers would be to find a distribution channel that could penetrate new markets with low acquisition costs.

On the other hand, banks face a different set of challenges. Banks have bricks and mortar branches with high fixed costs. These branches provide the banks with a permanent community presence but with a high cost. At a time of rising costs, banking is facing shrinking margins of an increasingly commodity business. Banks are looking for ways to make high fixed cost branches profitable and to find high margin products to supplement their low margin bank products.

### Bank and Insurer Core Competencies

Banks have many core strengths. Banks are focused on the customer. Unlike insurance companies, banks think about and manage the customer relationship. A bank's decision process is to determine the customer's financial needs, and then to find a product to meet those needs. The second core strength of a bank is routine communication with the customer. The third competency is that they execute transactions rapidly and in mass production.

On the other hand, life insurers core competencies revolve around long-term financial planning and advice. Life insurance companies develop and manage risks associated with long term risks. Insurers have strong capabilities in underwriting, managing long-term assets and liabilities and designing long-term insurance products.

The key area of overlap between bank and insurer key competencies is the desire to be a "trusted advisor" to the end consumer. Both banks and insurers have a high degree of trust and respect with the public, but they approach the role of the trusted advisor differently. Insurers provide complex solutions to consumer's financial problems. Solving consumer's problems requires a trusted advisor to explain both the problem and the solution, requiring consumer education. Insurers have traditionally relied on the agent to educate consumers as a trusted advisor. On the other hand, banks view the trusted advisor role as a way to increase revenues by strengthening the customer

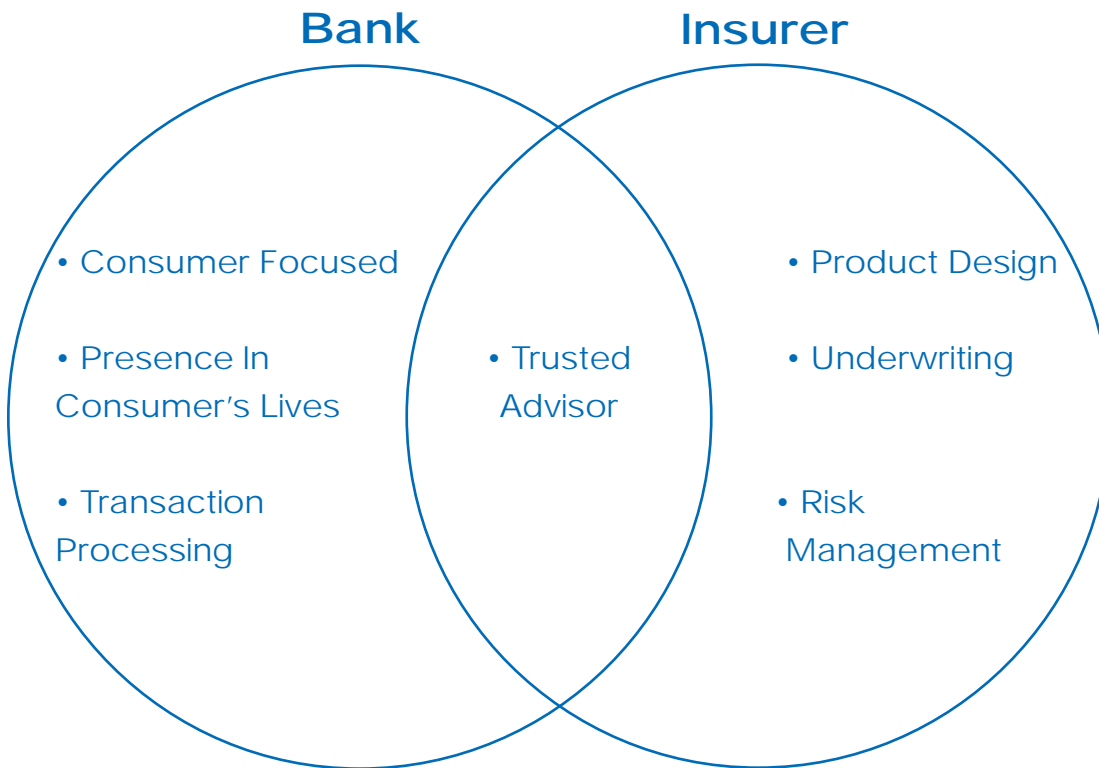
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Unlike insurance companies, banks think about and manage the customer relationship.

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# Core Competencies



relationship and increasing the product offering. For the bank the status of “trusted advisor” is a value-added benefit; for the insurer, it is a requirement to sell its products. This area of overlap can become an area of conflict if it is not managed correctly.

## Why Bancassurance Works

Bancassurance is profitable to both parties if they can achieve:

- Distribution economies of scale
- Value added benefits to the customer
- Organizational economies of scale

Distribution economies of scale arise because:

- The customer has a deeper relationship with the financial institution
- The customer makes larger purchases
- Sales require less effort to complete

A deeper relationship means, that because of bancassurance, the customer owns more products with the bank. In theory, the more

products the consumer has with the bank, the more interaction and trust he or she will have with the institution. As a result of the increased trust, subsequent sales will be either larger or easier to complete.

Value added benefits to the customer arise when the consumer can see benefits from owning multiple products from a single entity. Value added benefits include integrated billing for all products, combined monthly statements for all products showing a complete financial picture, or time savings from having one point of contact for all financial matters.

Organizational economies of scale are the potential reduction of costs from combining banking and insurance operations. Generally organizational economies of scale are negative. The amount of systems integration and additional training required to merge operations more than offset any cost savings from streamlining corporate overhead.

## Organizational Strategies

There are many ways a bank and an insurer can cooperate or combine to form a bancassurance operation.

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- **Bank as an Agent**

In a bank agency arrangement, the bank distributes life insurance products as an agent. The insurance products are “off-the-shelf” and are not customized for bank distribution. The bank receives commissions for selling the products.

- **Partnership**

In a partnership arrangement, both entities have a stake in the success of the venture. The strength of the partnership determines the level of commitment by the partners. In a strong partnership the companies could engage in cross holding of equity, make mutual investments and enter into a long-term exclusive selling arrangement. A weak partnership agreement may last a few years and involve a limited amount of mutual effort.

For the bank, a weak partnership agreement provides a strategic advantage. The bank gains knowledge about the insurance business with little commitment. At the end of the partnership agreement, the bank will have the option of exploring any of the organizational strategies with the advantage of a customer base and extensive insurance knowledge gained from the insurer.

- **Joint Venture**

In a joint venture arrangement, both the bank and insurer own a stake in a new insurance company.

- **Bank Manufacturer**

In the bank manufacturer strategy, the bank and insurer are a vertically integrated company.

Many factors determine the optimal organizational structure including the regulatory environment, each company’s risk tolerance and the long-term strategy of the players.

## Products

The bancassurance channel can support any life insurance product. The products can be as simple as credit life or as complex as Variable Universal Life (VUL). At one end of the spectrum, credit or term insurance can be sold through promotional inserts into

regular bank communications. At the other end of the spectrum, VUL or Long-Term care products can be sold through face-to-face consultations with bank financial planners. The critical decisions when selecting products for a bancassurance channel are:

- Match between bank customer and product
- Level of training required by bank sales staff to sell the product
- Complexity of integrating systems

Currently the insurance products offered through bancassurance are regular insurance products. A potential for differentiation in this market would be to offer a hybrid “bancassurance product.” This product would combine features of a bank account, asset management, and insurance protection into one account. This hybrid product would allow the consumer to move seamlessly from cash transactions to wealth accumulation to wealth protection to annuitization. The function would be similar to an asset allocation account with the difference being that in addition to allocating money between asset classes, the customer would have a third decision to make: What risks do you want to protect against? This hybrid product has the potential to offer higher margins as it adds value to the consumer of one stop shopping and one-stop advice. Obviously, the product development, regulatory, and consumer education challenges in creating such a product are formidable.

## The Decision Wheel

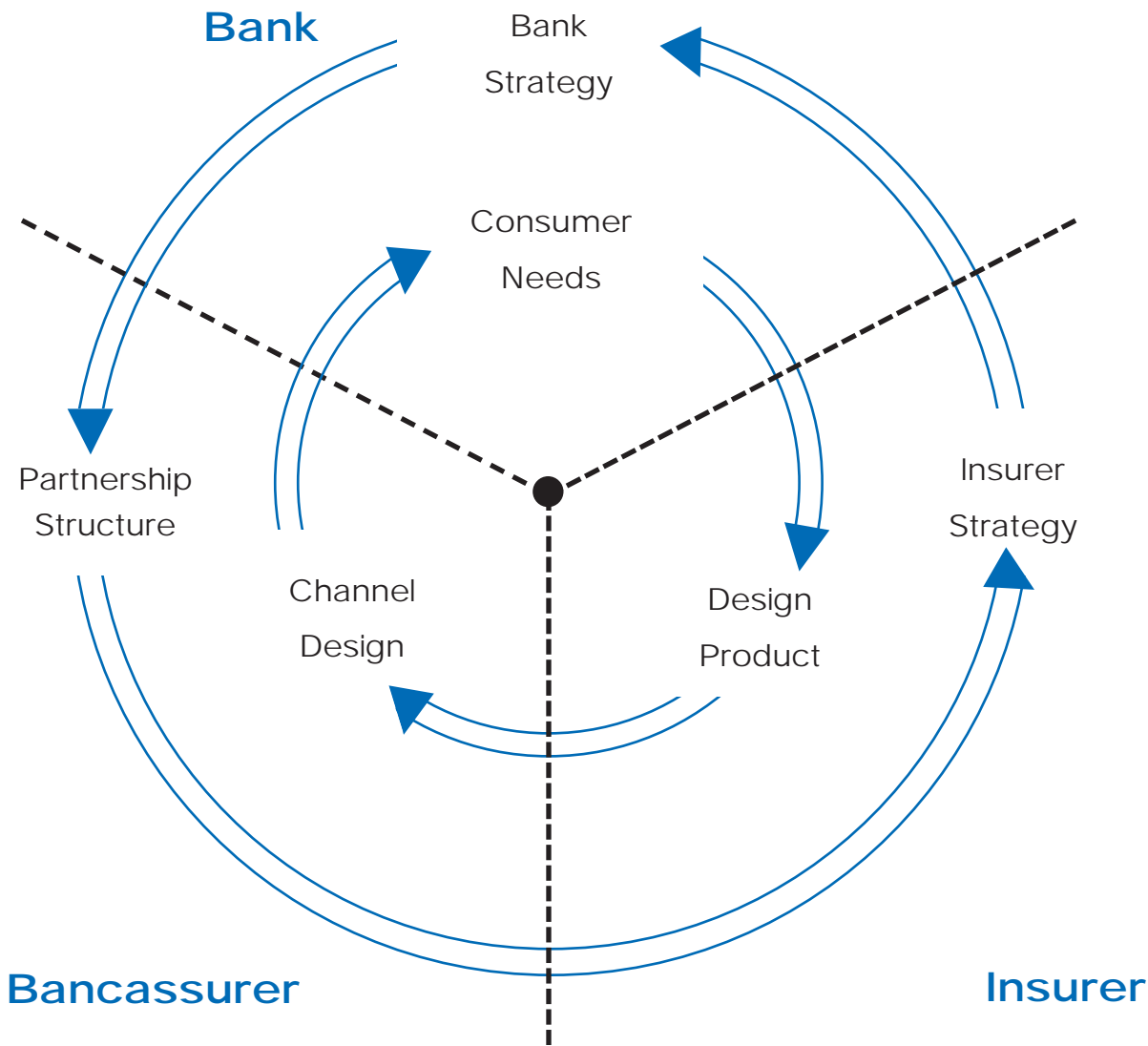
The decision wheel on the following page describes the process by which a bancassurance operation approaches the decision process. The outer wheel describes the strategic decision making process for selecting the organizational structure of the bancassurance operation. The inner wheel describes the tactical selection process for the products and how the products are sold. The most important element of the decision wheel is that each element integrates with every other element creating a value to the bancassurance operation that is greater than the sum of its parts.

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This hybrid product would allow the consumer to move seamlessly from cash transactions to wealth protection to annuitization.

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# Decision Wheel



## Case Study

**Bank:** The bank is concerned about the number of products that each consumer has with the bank. Most consumers have a checking and a savings account. Some consumers have additional savings products. The corporate goal is to boost the average number of products owned from 1.5 to 2.0.

**Insurer:** The insurer is concerned about both expanding its term insurance market share and managing the surplus strain associated with the increase in business. The insurer is looking for a distribution channel that will complement its existing brokerage channel and accept a level commission for selling term insurance.

**Organizational Structure:** The bancassurance operation is a three-year partnership agreement between the bank and the insurer. The bank agrees to exclusively sell only the insurer's products and the insurer agrees to provide marketing support and develop products that will fit into the bank channel. After three years either party can renegotiate the partnership.

**Customer Needs:** The bank has identified a group of middle income prospects who have recently had a "life event" such as buying a house that would require them to rethink their insurance needs. The bank estimates that the average customer should purchase a 20-year term policy with a \$500,000 face amount.

(continued on page 12)

**Channel Design:** The channel will utilize a direct mailing campaign. Product brochures will be included in monthly statements to selected customers. The premiums can be automatically deducted from their checking accounts and their monthly statements will report their life insurance protection.

**Product Design:** Unlike traditional insurance agents, the bank understands how to translate a heaped commission into an equivalent level commission. As a result of the direct nature of the sale, simplified underwriting must be used. The insurer develops a term product with simplified underwriting and level commissions.

### Key Success Factors

#### Understanding Foreign Success Stories

Despite the distribution advantages banks offer, especially in the middle market, the success of bancassurance has not been universal. There is a temptation to say that insurance is insurance the world over and the formula that succeeded in France or Australia will export well and work locally.

After speaking with many bancassurers, it is apparent that it is the combination of subtle differences in products and the role of banks in society that translate into success. "Life Insurance" outside the United States is often defined as primarily an investment vehicle with some death protection on top. In some cases, life insurance is the only way an individual can get access to certain types of investments, making the product attractive for reasons other than protection.

#### Understanding A Country's Regulations

The regulatory challenges for bancassurance are vast and vary from country to country. The questions include:

- What restrictions are there on selling insurance products through a bank?
- Do privacy regulations limit sharing customer data or leads between the banking and insurance organizations?
- How does bancassurance impact the capital requirements of either the bank or the insurer?



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- Is a bancassurer required to comply with insurance regulators for either product filling and/or financial reporting?

#### Bridging Bank and Insurer Cultures

The strength of a bancassurance is that the best of banking and insurance competencies can be combined to create something that is more than the sum of its parts. If the differences in culture are not managed effectively, value is destroyed because the differences overwhelm any potential synergies.

#### Who Do I Call?

The operational challenges of implementing bancassurance are immense. For both the customer and bancassurer they are embodied in the question, "Who do I call?"

The customer wants one source of information for all of his or her accounts, either a person, a telephone number, a monthly statement, or a Web site. If the customer encounters an uninformed customer service representative, or a broken Web site then any possible value of one stop shopping has been destroyed.

For the insurer implementing an overarching solution is a large task. The most formidable tasks are integrating dozens of computer systems and training staff to have good knowledge of all products.

#### Conclusions

Bancassurance has the following conclusions:

- Bancassurance will succeed only if tailored to the local environment
- Banks and insurers have compatible strengths and weaknesses
- If not carefully managed, the overlap can cause conflict
- Distribution, product, and corporate strategy must all align
- The success of bancassurance ultimately rests on implementation

# Key Health Issues for 2003

by Kara Clark

The SOA's health leadership, consisting of the Health Benefit Systems Practice Advancement Committee (HBSPAC) and the Health Section Council (HSC), met for an all day meeting in Chicago on February 5. A significant portion of that meeting was spent discussing current challenges facing global healthcare systems, and how the SOA can best serve its members by addressing top priority issues.

Based on those discussions, the HBSPAC and the HSC have agreed to the following issues as their top priorities for 2003:


- Healthcare Reform (including healthcare affordability and the uninsured)
- Demonstration and Measurement of Medical Treatment Variability (including cost and quality)
- Issues for the Profession (including promotion of the actuarial profession to the health services and policy communities)
- Identifying and Monitoring Short- and Long-Term Trends (including the aging population and changes in medical technology).

These issues will drive the future work of the SOA's health committees. SOA members can expect to see continuing education

opportunities, research and special projects targeted on these issues in 2003.

To that end, both the HBSPAC and the HSC have pledged their support for a new SOA project designed to shed some light on the current pressures within the U.S. healthcare system. The objective of the first phase of the Healthcare System in Crisis project is to develop a descriptive model that articulates the dynamics of the healthcare system and the interrelationships of the system stakeholders. The primary goal is to provide the public with an actuarial perspective on competing interests in the healthcare system. A secondary goal is to increase the actuarial community's knowledge base of healthcare system dynamics in order to promote increased involvement by actuaries in health policy discussions and research in the future. The ultimate goal of these projects is to develop increasingly valuable contributions to the health policy arena each year.


Workgroup recruiting for this particular project is now underway. An initial conference call of the group was scheduled for late March.

For more information on the above project, to provide feedback on health related activities or services you'd like to see from the SOA or for a copy of the minutes from the February 5 meeting of the HBSPAC and HSC, please contact Kara Clark, SOA Health staff fellow, at [kclark@soa.org](mailto:kclark@soa.org). 



*Kara Clark, FSA, MAAA, is a staff actuary at the Society office in Schaumburg, Ill. She can be reached at [kclark@soa.org](mailto:kclark@soa.org).*

## Wanted: Course 7 Advisor

The Nontraditional Marketing Section is seeking a volunteer to become a SOA Exam Course 7 Advisor. The individual will work with the Course 7 committee and provide input from the perspective of the Nontraditional Marketing Section. The time commitment will require participation in conference calls and reviewing material to be used in the Course 7 seminar. If you are interested in learning more about this opportunity, please contact Steve Konnath at [steve.konnath@pmic.com](mailto:steve.konnath@pmic.com) or by phone at 402-633-5785. 

# SOA Washington Meeting



May 29th and 30th

NonTraditional Marketing Sessions


Hilton & Towers, Washington, DC, October 26-29, 2003

Session 6 is an update on debt protection products. The Debt Cancellation and Suspension that result from Gramm Leach Bliley have turned into a competitive tug of war between banks and insurers. Find out how companies are attempting to fit strategy and tactics to the new conditions.

Next up is Session 20 on the Design and Pricing of Products for Internet Distribution. The two presenters have extensive knowledge of Internet Web sites and products. There is a full discussion of pricing assumptions and workable product designs.

The last session on the first day is Session 5—The Evolving Viatical and

Life Settlement Market. There is still great uncertainty about many of the market elements for the viatical settlements. The panel members discuss plan designs and sources of data. For the life settlements, there is a need to coordinate both pricing and underwriting.

On Friday, Session 63 is a follow up to Session 20 of the previous day. It will be a case study of the design and implementation of a smoker term product intended to be sold only on the Internet. The panelists talk about the product creation in the design phase and the innovative marketing strategy that complements the product. 

# Upcoming Annual Meeting NTM Sessions

Orlando, Florida, October 26-29, 2003

*Specialty Track: Nontraditional Marketing*

## THE INSIDE SCOOP ON NEW PRODUCT/MARKET SUCCESS

Moderator: Steve Cooperstein

We all seek “winners” in the marketplace. But what determines a winner? The panelists share their experiences in developing product and market innovations that “made it” and the key elements of success.

At the conclusion of this session, participants gain a better understanding of identifying and implementing innovations for market success.

*Specialty Track: Nontraditional Marketing*

## PROFESSIONALISM IN THE NONTRADITIONAL MARKETING CONTEXT

In light of the recent corporate scandals, this session reviews our professional responsibilities in the nontraditional marketing (NTM) context. Many NTM opportunities involve partnerships with outside firms. Our actions impact not only our companies and our customers, but other firms as well.

We look at the unique challenges and professional requirements for nontraditional marketing actuaries. We look at this from the perspective of a company employee as well as a consultant.

At the conclusion of this session, participants have a clear understanding of their professional requirements as well as understanding of areas and behaviors to avoid.

*Specialty Track: Nontraditional Marketing*

## HOT TOPICS IN CREDIT INSURANCE AND DEBT CANCELLATION

Facilitator(s): Chris Hause

In this workshop, we discuss various current topics in credit insurance and debt cancellation, including:

- Status of the new valuation tables for credit disability and mortality
- Use of experience study data
- Current regulatory topics
- “Safety and Soundness”—what does this mean?
- Component rating—what can we do to help?

At the conclusion of this session, participants are brought up to speed on many of the current issues facing the credit/debt cancellation insurance marketplaces.

*Specialty Track: Nontraditional Marketing*

## NONTRADITIONAL MARKETING SECTION WINE AND CHEESE RECEPTION

The Nontraditional Marketing Section invites all NTM Section members and their registered guests to an informal reception on the beautiful grounds of the Swan Hotel in Walt Disney World. Attendees have the opportunity to meet new and retiring section council members. They will also be able to hear about the section's activities while enjoying wine, cheese and good company! Tickets are collected. 