



2019 **ANNUAL
MEETING**
& EXHIBIT

October 27-30
Toronto, Canada

Session 157: Distribution Channel Conflict within Insurance Companies

[SOA Antitrust Compliance Guidelines](#)

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Distribution Channel Conflict Within Insurance Companies

2019 **ANNUAL
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Moderator:

Manoj Gandhi, FSA, FCIA

Panelists:

James Richmond, NVP, Head of Broker Sales

Dameon Wilson, AVP, Direct-to-Consumer

Nina Desai, AVP, National Account Management



Date



Agenda

- Introduction – Manoj Gandhi
- Sales Channels
 - Broker / Advisor – James Richmond
 - Direct-to-Consumer – Dameon Wilson
 - Sponsor Accounts – Nina Desai
- Discussion & Questions

Introduction

- James Richmond
 - Broker/Advisor
 - Agents have ability to sell products from various distributors
 - Traditional form of distribution
- Dameon Wilson
 - Direct-to-Consumer
 - Insurance products sold directly through Website
 - Support from Licensed Insurance Advisors (No Commission)
- Nina Desai
 - Sponsor Account Management
 - Distribution through organization and associations
 - Variations in agreements

Advisor Sales Channel

James Richmond, National VP, Affinity Sales



Our roots

- Founded in 1887
- First president: Sir John A Macdonald
- By 1903: Bermuda, Caribbean, US and Asia
- First advisor convention: 1891



Agents convention 1897



W. D. BRUCE,
FINANCIAL AGENT
Mines Etc.

Mrs. Mayer
JEWELRY

ALBERT MAYER, JEWELER

WALK
TO
THE
MOUNTAIN

POST OFFICE
RESIDENCE

THE
Reception

RODOLPH SEITZEL • W. D. YOUNG
PROPS

THE
Reception



Marketing through the years

THE INSURANCE PROGRAMME BUYER



YOUR FUTURE

THE Manufacturers Life representative who discusses insurance with you is a builder of sound insurance programmes—a man who reviews all the factors, looks years ahead to a definite goal, and outlines for you a concrete insurance plan which, if carried out, will enable you to realize your desires. It will pay you to consult him.



THE MANUFACTURERS LIFE INSURANCE

HEAD OFFICE - TORONTO

Established 1853

how to plan a dream...



A cozy house, a warm fire, a dream about next year's knows from experience that all details is necessary if he every minute of those two w

Whenever family happenings planning is necessary to future come true. When it Insurance, a periodic review needs will help you guarantee the kind of future you want



You won't know that the Manufacturers Life representative in your community is a valuable person in helping you plan adequate life insurance protection for your family. Ask him about our special Security Graph Service.

THE MANUFACTURERS LIFE INSURANCE

WORLD OFFICE - TORONTO

Appearing in TIME, MACLEAN'S, NEW LIBERTY, SATURDAY NIGHT, CHATELAIN

We'll help your clients with the only thing more important than making money.

Keeping it.



Manufacturers clients know a lot about making money.

For they are some of the wealthiest, most successful people in America.

The same drive and ambition that led them to success,

has led them to us.

We have products designed especially for the successful.

Survivorship, our reserve second death policy, can help keep your clients' wealth in their estates and out of government coffers.

Living two lives under one.

Survivorship policy can be less expensive than buying two individual policies.

When the first insured dies, dividends and paid-up values increase dramatically, while premiums remain level. Benefits are not paid until the second death, giving the policy a longer time for paid-up additions and compound interest.

This no-claim-cost planning policy is also available for business use.

Our clients use it for insuring key employees, corporate indemnification and buy-outs.

So we've also introduced our new SuperVariable system. An innovative innovation that can reduce premium payments much sooner than a traditional variable premium.

It's policies like these that have helped earn us the highest ratings in the industry: A+A from Standard and Poor's for claims paying ability and A+ (Excellent) from A.M. Best.

If you want to help your clients make money, and keep it, talk to us.

We're very good at it.

Manufacturers. We help those who've made it, keep it.



Consumers don't want traditional...



**KEEP
CALM
AND
LETS GET
DIGITAL**

Some digital initiatives

- Online applications
- Pay by credit card
- Allow client to purchase directly online
- Online claims submission
- What do all these have in common?
 - Technology was created for direct-to-consumer

A lot of tradition...hard to disrupt

- Compensation:
 - First year compensation, plus
 - Annual renewal compensation, plus
 - Firm compensation
- We compete with many other insurance carriers
- Most insurance products are not simple
 - Preferred method to receive quote/info: via a financial professional
- Sales process:
 - Usually face-to-face sale with end client (though changing)
- Views on direct to consumer distribution
 - Some clients don't want to deal F2F
 - Allows company to reach more middle- and lower-income households
 - Same product for same price (usually)
 - Made Direct technology available to advisors
 - We try not to step on our own toes

Direct-to-Consumer

Dameon Wilson, AVP, Direct-to-Consumer



Key Trends...

- More than 5,000 new retirees across Canada each week, expected to rise by 60 per cent to reach 8,000 retirees per week by 2020
- An increased number of customers are getting quotes through company's site or comparison/aggregator site
- 33% of working age people in Canada worry about the availability and affordability of healthcare, compared to the global average of 25%
- Canadians are making more leisure trips YoY and 2019 – 2022 is forecasted to continue the same upward trend
- Baby boomers continue to be the driver of outbound travel and this group is expected to increase at the largest rate in the coming years

Products & Online Experience



HEALTH & DENTAL

Core features...

- Prescription Drugs
- Dental Care
- Vision Care
- Registered Specialists and Therapists



TRAVEL

Core features...

- Up to \$10 million in emergency medical benefits
- Cover one trip or a full year of trips



LIFE

Core features...

- Term life
- Guaranteed Issue



CRITICAL ILLNESS

Core features...

- Cancer
- Heart Attack
- Stroke
- Coronary artery bypass surgery



Educate...

Price/product comparison tool

Recommendation engine

Blog page



Live agent/chatbot to assist with questions

The Segments



MILLENNIALS

Young adults 22-37



Growth: Largest generation in Canada, making up 27.5% of the population



73% of millennials have had a gig job



Financially responsible and optimistic



Experiences over stuff - love to travel, but only 25% ever purchase travel insurance



Value prevention and wellness, but also say living healthier requires sacrifice and is expensive



GEN X

40 - 54



Core: Tend to be primary target, making up large portion of customer base



Loyal to their job – only 21% likely to leave after 2 years



Uncertain about financial future and majority worry about the debt they're in



Take shorter trips and 35% prefer to drive for vacations



Least satisfied with their personal health and wellness, place high emphasis on aging well



BOOMERS

55+ years old



Growth: 65+ Canadian pop. is expected to grow by +18.7% ('14 - '19)



Retirement gets postpone and many continue working



43% of Canadians over the age of 65 do not have private health insurance



Most likely to have travel insurance, avid travelers to sunnier climates

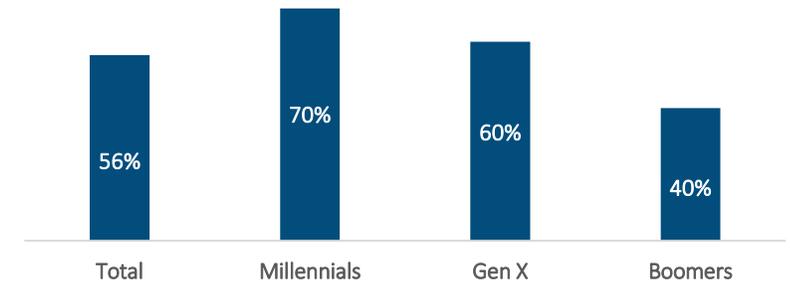


Better health, a longer life expectancy than any generation before them

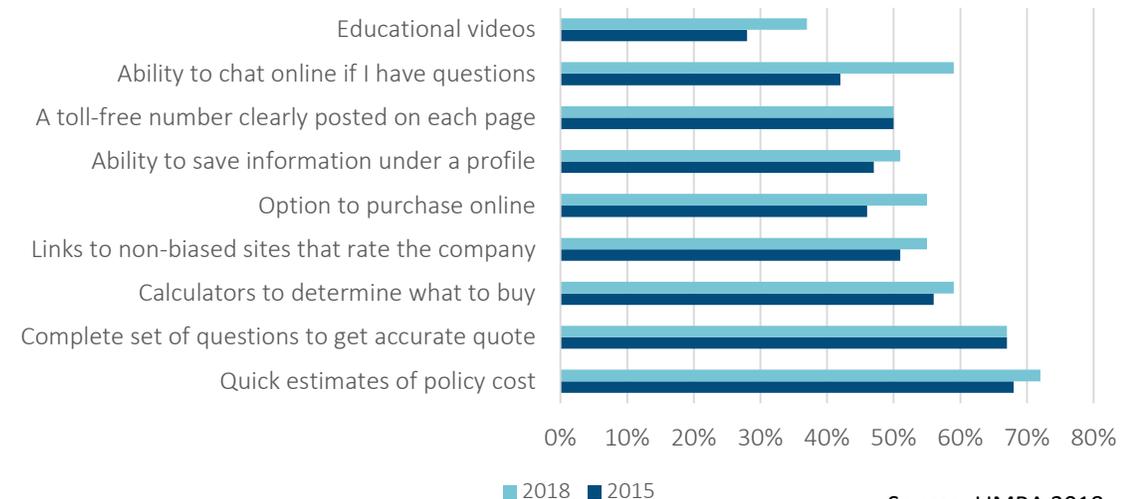
Where they want to meet us...

- A growing number of consumers expect to have the ability to buy insurance products online. In 2015, 45% of consumers felt this was extremely important, by 2018, it had jumped to 54%
- Seven in 10 consumers say it's extremely important to be able to get a quick estimate on the cost of a policy
 - More than half of all consumers – and almost two-thirds of Millennials – are looking for online calculators to help them determine what and how much insurance to buy
- Baby Boomers are the most likely to rely solely on an advisor

The Majority of Policyowners Like to Educate Themselves Online
Percent agreement with the statement: "I would like to educate myself about insurance on my insurance company's website."



Important factors When Searching Online 2015 vs 2018



Source: LIMRA 2018

How To Capitalize on The Opportunity

Meet customers where they want to meet us...



Advisors typically have access to a broader product shelf with complex underwriting



Sponsor is somewhat a hybrid between advisor and direct



Direct generally have simplified or narrow product shelf with simple underwriting

Partner Distribution

Nina Desai
AVP, National Client Management



Distribution Overview

- Diverse set of products and clients provides platform for growth and business stability
- ~80 Sponsor Partners nationally (retail, membership, financial association, professionals)
- Multiple distribution arrangements with focus on customer franchise, marketing expertise, operations
- High return business – focus on advocacy as a key differentiator; one mind, many voices

Key Initiatives	
Strategic	Cross-Sell, Up-sell
Growth	Living Benefit and Single Premium
Infrastructure	Enhanced UX – how you buy equals to why you buy



Where Channels Intersect

Channels

- Digital
- Social
- Direct Mail/ Inserts
- Sales Centre
- Advisors
- Client Publications
- Conferences/Events

Target Markets

- Contingent on channel product and client
- Greater focus overall on 35 – 55 age band
- Niche for travel insurance within 21 – 34 age band
- Focus on travel insurance as gateway to other products

Arrangements

- Completely vertical
- TPA only
- Risk only
- ASO only
- Combination of the above

Questions?

