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SECTION**

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# News Direct

**3 Chairperson's Corner**

*By Bill Bade*

**4 Letter From the Editor**

*By Mark A. Sayre*

**6 The Future of Insurance—  
Reaching Deeper Into  
Lives and Businesses**

*By Denise Garth*

**10 Individual Insurance:  
Does a Multiple-Channel  
Approach Make Sense?**

*By Dameon Wilson*

**12 DTC: Direct-to-Consumer,  
Definitions to Conclusions**

*By Nick Ortner*

**14 How DTC and Adviser  
Channels Can Get Along**

*By Wade Seward*

**16 Staff Corner**

*By David Schraub*

The Future of  
Insurance—Reaching  
Deeper Into Lives  
and Businesses

**By Denise Garth**

page 6

# News Direct

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To join the section, SOA members and non-members can locate a membership form on the Marketing and Distribution Section webpage at <https://www.soa.org/sections/marketing-distribution/>

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### Publication Schedule

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The digital edition of this newsletter can be found on the section landing page at <https://www.soa.org/sections/marketing-distribution/>

# Chairperson's Corner

By Bill Bade

The Marketing and Distribution Section Council is pleased to continue its emphasis on direct to consumer (DTC) marketing in this newsletter. We hope that you enjoy reading a diverse set of articles from distinguished industry leaders, all brought together by our editor, Mark Sayre.

If you enjoy reading these articles, we hope that you will join us at three section-sponsored sessions at the 2019 SOA Annual Meeting in Toronto, Oct. 28–30.

- **Session 83:** “How Consumers Are Driving Change,” coordinated by section council member Jean-Francois Langlois Monday, Oct. 29, 8:30 a.m.
- **Session 157:** “Distribution Channel Conflict Within Insurance Companies,” coordinated by section council member Manoj Gandhi Tuesday, Oct. 30, 8:30 a.m.
- **Session 133:** “Millennial Maven, InsurTechs for the Future,” coordinated by section council member Mark Sayre Tuesday, Oct. 30, 3:45 p.m.

We have an all-star lineup of presenters you won't want to miss! We are also jointly sponsoring a fun wine and cheese



networking reception on Tuesday, Oct. 29, from 6:00 p.m. to 7:30 p.m. with the Technology Section. The networking reception, with an InsurTech Innovation theme, will be attended by InsurTech companies and is open to all members of the Marketing and Distribution Section at a discounted rate of \$25. Come join us for wine and great conversation! Did we mention the wine already?

We value your membership in the Marketing and Distribution Section, and we hope to see you at a future event! ■



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# Letter From the Editor

By Mark A. Sayre

**G**reetings, readers! An entire summer has passed since our last newsletter, and I hope that you all found some time to relax, spend time with friends and family, and beat the heat with a trip to your favorite summertime spot. The end of summer is always difficult—and not just because we don't publish a summer issue of *News Direct*. Fortunately, the return to fall brings some joy, first among them our special fall newsletter with an exciting new theme: The Future of Distribution. In this issue, our writers explore the changing landscape of insurance distribution, the rise of online direct-to-consumer models, and tensions between the old and the new. Here is a brief summary of what you can expect:

- **“The Future of Insurance—Reaching Deeper Into Lives and Businesses.”** In our opening article, Denise Garth outlines the changing customer landscape, the proliferation of platforms, and the trend toward curated, highly personalized solutions. Garth challenges us to think differently about the relationship between the company and the customer, understanding that the future of commerce happens where customers are, not where companies want them to be. This article sets a broad vision for the future, paving the way for our other writers.
- **“Individual Insurance: Does a Multiple-Channel Approach Make Sense?”** With the proliferation of new channels, it is natural to wonder which one will be most successful. Or perhaps, as Dameon Wilson argues in his article, companies need to position themselves to succeed in multiple channels, if they aspire to serve a broad range of customers looking for a wide range of experiences. Wilson first educates the reader on the three major categories of distribution, before outlining some recent trends in customer researching and purchasing behavior.
- **“DTC: Direct-to-Consumer, Definitions to Conclusions.”** Next, Nick Ortner takes the reader on a deeper exploration of the direct-to-consumer (DTC) channel in



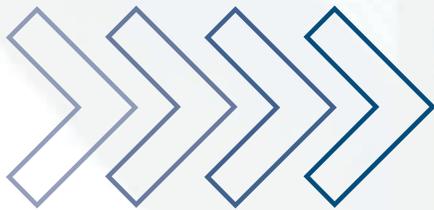
particular. He teaches the ABCDs of DTC and the different roles that insurance carriers play within this complex channel. He outlines some key considerations that businesses must keep in mind as they invest directly and indirectly in DTC models.

- **“How DTC and Adviser Channels Can Get Along.”** Finally, Wade Seward dares to speak the unspeakable—that perhaps DTC and adviser channels don't have to be at odds with each other. Seward outlines key considerations for companies that are developing omni-channel capabilities, and he prompts readers to even think about ways in which supporting these two distinct channels can provide benefits on both sides.

We hope that these articles are educational, informative and thought-provoking. And if you're looking to learn more about the future of distribution, please keep an eye out for our sessions as this year's Society of Actuaries (SOA) Annual Meeting & Exhibit in Toronto, as well as our upcoming webinar on December 10, in which we will discuss professional and ethical considerations for actuaries working in marketing and sales roles. ■



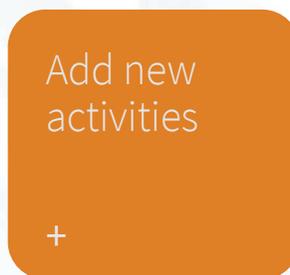
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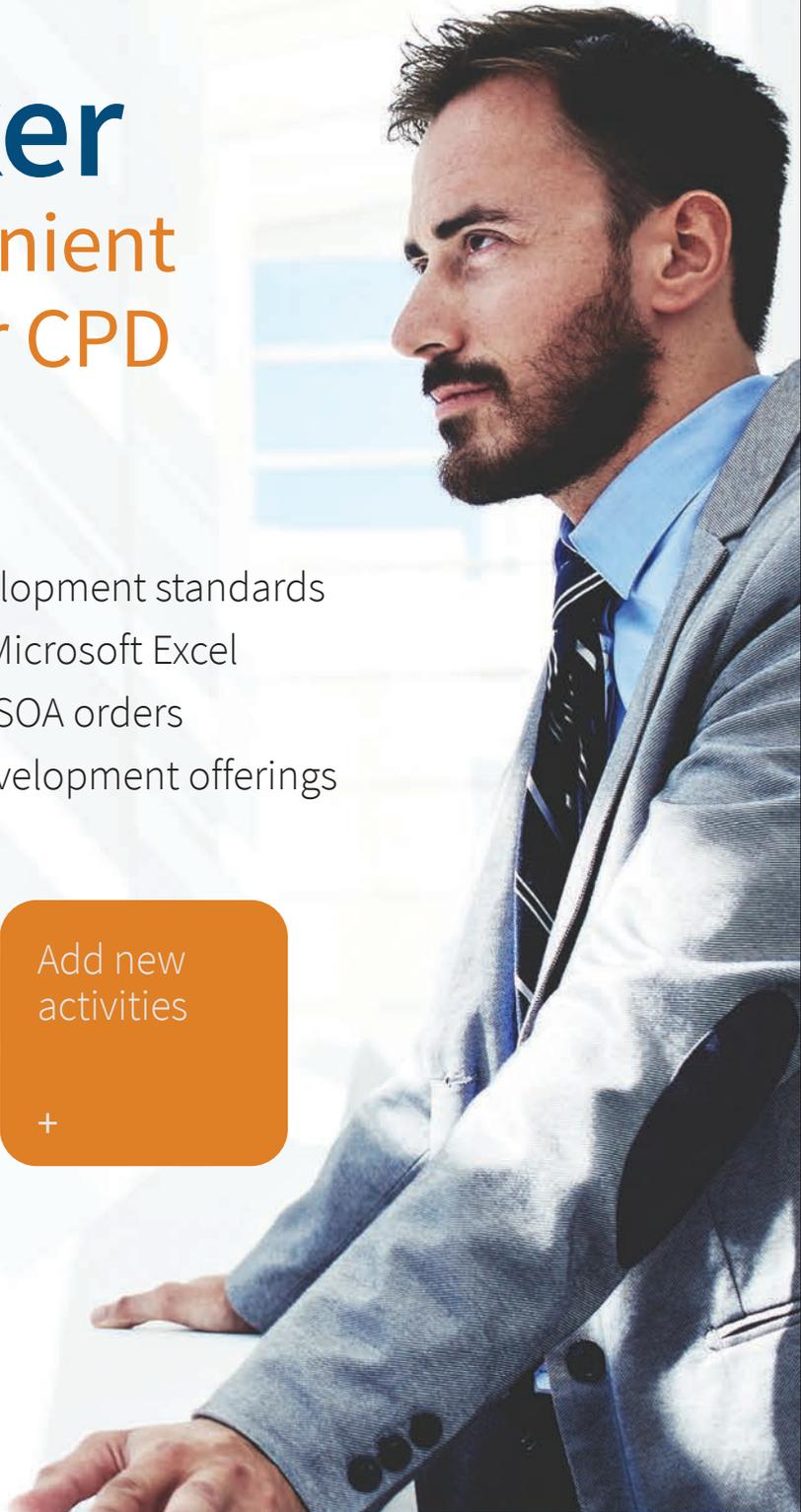
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# The Future of Insurance—Reaching Deeper Into Lives and Businesses

By Denise Garth

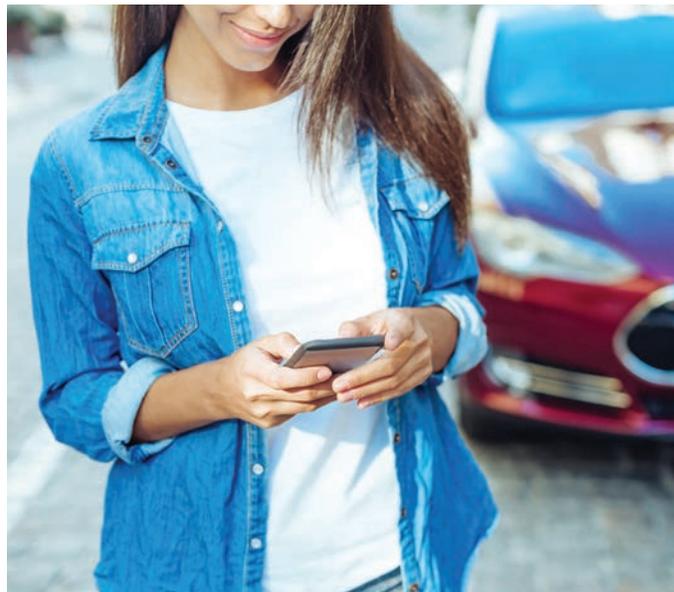
Imagine that the insurance purchase process is a bridge. The customer is coming from one direction and crossing the bridge and the insurer is coming from the other side. The point at which they meet is the transaction point. At one time, customers were willing to completely cross the bridge to get to the insurer. They knew that they needed insurance, and like any retail purchase, they would “travel” to make it happen.

Of course, agents and advisers would also make the journey to the customer. To carry the analogy to its fullest, this normally took several trips back and forth across the bridge to make the purchase happen. But that can’t happen today. Today and in the future, wherever the client happens to be is where the transaction will take place. Today, the customer’s part of the journey is 95 percent analogy and 5 percent reality. Instead, the insurers are typically the ones journeying across the bridge.

This new reality has created a strikingly futuristic value proposition. Can insurance, like Siri and Alexa, live at the point of life and business? Can insurers reside under the same roof, ride in the same car, and find ourselves a comfortable nook in the customer pocket? More importantly, can they use their proximity to add value to lives and businesses through greater protection and prevention? This is the future of insurance—useful, convenient, intelligent protection that does its best analytic and protective work on the client side of the bridge.

## NEW JOURNEY, NEW BRIDGE

Arriving at the future of insurance requires insurers to construct a new style of bridge—let’s call it a smart bridge. The smart bridge enables the insurer to be in two places (or a million places) at once. This is important because an insurance process that used to look like a straight line or a series of steps now looks more like a neural network with communication, engagement, decisioning, transactions, preventive data and results data all woven into an intelligent fabric. To meet the future customer’s



needs, insurance must become more human and neural in its ability to connect and react.

All of this sounds very theoretical, but insurers’ knowledge in this area is built on research into customer decisions. Each year, Majesco conducts a broad survey of both individual consumers and small-medium businesses to track purchasing, engagement and technology trends. It also tracks how insurers are responding to these and other trends in terms of a Knowing-Doing gap that is segmenting leaders from followers and laggards. The findings assist Majesco in its product strategy and likewise assist insurers in prioritizing their transformations and investment allocations to enable them to respond. The goal isn’t just to help insurers reside on the client side of the bridge, but also to help insurers construct sustainable business models that can flex and adapt to any sort of future. This will redefine insurers, changing them from simple pipelines for insurance into holistic service providers that have a deeper (and more profitable) relationship with their customers.

## CUSTOMERS ARE REDEFINING PRODUCTS

Customers today have a very different expectation regarding what defines a product. Their definition includes the insured risk product (policy), their customer experience and the array of services from which they may choose to supplement their coverage.

Future success will be based on insurers’ understanding and response to these new expectations. If customers are looking for more choices and simpler experiences within each product, can insurers design solutions that support quicker and more innovative rating, quoting and administration? Can they expand their offerings? A 2017 Bain & Company survey of 172,000 insurance

policyholders pointed to service ecosystems as one driver of loyalty that can reduce customer churn.<sup>1</sup> New products, especially on-demand or usage-based products, are currently presenting insurers with challenges that they must surmount before customer expectations can be met. Ecosystem partnerships and the platforms that support them are crucial to meeting future product requirements.

## CUSTOMERS ARE REDEFINING THE INSURANCE RELATIONSHIP

Yesterday's customers equated a good human relationship to their relationship with their insurer. The face of the company was often the company agent.

Today's customers define their relationship with their insurer based on the customer experience they have. The experience can have multiple faces. Those multiple faces represent a multichannel world—one that meets the customer on their terms. Whether with an agent, mobile app, portal, service rep, aggregator or other channel, today's and tomorrow's customers want a compelling and consistent experience. To meet them on their terms, insurers must know their current customers better than their customers of the past.

Insurers have the opportunity right now to build deeper relationships by turning their depth of knowledge into depth of service, convenience and flexibility. This is what customers want and are pushing them toward. If insurers find, someday soon, that they have created a new framework for understanding their customers and it seems to be giving them greater control over growth, they will certainly have the customer to thank for it.

## LIFESTYLES ARE REQUIRING NEW INSURANCE BUSINESS MODELS

On the other side of the bridge, customers are subliminally asking themselves two questions: "What's in it for me?" and "How does this fit within my lifestyle or my business's strategy?" These questions cover a tremendously broad range of needs and insurance lines, but let's look at one concrete example.

Within the gig and sharing economy, individuals are finding the need for their coverage to fluidly switch back and forth from personal use to business use. This has been a major challenge for the industry. In the U.S., for example, rideshare insurance is available from at least a handful of carriers in every state, but there is still an underserved market estimated at 50 percent of all rideshare drivers who lack coverage.<sup>2</sup>

Majesco's recent research has shown that between 10 percent and 20 percent of individuals have worked as an independent contractor of some kind in a gig role.<sup>3</sup> A business model with products and services that fits this group may look nothing like

traditional insurance at all. In fact, it may be helpful for insurers to occasionally think of themselves outside of the insurance box. Is the insurer also a travel company? Is it also a logistics company? Is the insurer a communications provider or a wellness firm? Looking at lifestyles may help insurers redefine their business. Insurance may be the core, but an ecosystem of partners that can bring value-added services and offerings with the risk (insurance) product will differentiate insurers and help meet changing customer demand and expectations.

The future will also contain many scenarios where insurance will be embedded in the purchase of something else, playing a supplementary role in another ecosystem. This is evident in areas such as rental property sites offering renters insurance, warranty insurance at the point of sale of items, and auto insurance embedded in the purchase—like Tesla. The larger these areas and others like the sharing economy grow, the more insurance will play a role in making transactions between the borrower and the lender easier and less risky. The service is lending or renting, but the background support vehicle for protection is insurance.

## CHANNELS ARE IN DRAMATIC FLUX

Smart speakers, according to Majesco's research, are the new champions in the connected devices category, with nearly 50 percent of Gen Z and millennials using them, followed by 33 percent of Gen X and 25 percent of baby boomers.<sup>4</sup> Research by Adobe shows that 71 percent of smart speaker owners use them daily, with 44 percent using them multiple times each day.<sup>5</sup> They are mostly used for simple activities like listening to music (70 percent) or getting the weather forecast (64 percent). However, sizeable segments increasingly use them for more complex tasks like online search (47 percent), basic research (35 percent) and executing smart-home commands (31 percent).

In-car assistance is also growing in use, with shopping, texting and help apps on the rise. In 2017, General Motors began equipping some vehicles with Marketplace services that would allow drivers to order ahead at restaurants and reserve hotels or parking spaces. This is where the bridge analogy begins to look a little like that moving stairwell scene from *Harry Potter*. Insurers are aiming to live at the client end of the bridge, but that end of the bridge can move without warning. A new channel can arrive at any time or be in motion at all times. And in today's

The future will also contain many scenarios where insurance will be embedded in the purchase of something else.

world, that channel can also be networked for two-way data and real-time feedback, which leads to the next future customer trend: the acceptance of data gathering.

### GROWING ACCEPTANCE OF USING PERSONAL DATA FOR PERSONALIZED PRICING

The abundance of new data that digital technologies, interactions and activities have created has opened up exciting new possibilities for improving accuracy and speed in underwriting and pricing. Yet, the personal nature of these data and concerns about privacy have been barriers to acceptance, particularly for Gen X and baby boomers, customers of the traditional insurance business model. In fact, when they were given details on eight potential pricing models in Majesco's research, Gen X's interest exceeded 50 percent on half of the models, and baby boomers were only at 25 percent.

However, Gen Z and millennials are far more open to the use of new data sources. Not only are they willing to share data from a vehicle monitoring device, digital thermostat or fitness tracker, but more than 50 percent of millennials would consider sharing their DNA if asked. This opens up the insurer/customer relationship to a whole new level of understanding and personalization.

The key to this trend is not that the data will become available but that insurers need to find a way to simultaneously use the data for personalized, accurate pricing and also use the data as a hook to loyalty or purchase. The future of the insurance relationships involves mutual transparency and understanding. If insurers are going to use data for pricing to help their business, that same data needs to provide innovative and attractive payoffs for the customer.

With these trends, there is one overarching theme: Each trend will result in the opportunity for insurers and customers to enjoy a closer relationship. The future of the insurance customer is a deeper, more engaged, highly relevant, ubiquitously connected relationship. The only insurers who stand to gain from it, however, are those who are prepared to pack up their traditional systems and processes and build innovative new solutions, business models and products on the other side of the bridge. ■



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# Individual Insurance: Does a Multiple-Channel Approach Make Sense?

By Dameon Wilson

Insurance is a way of managing risk. It helps provide peace of mind when unexpected circumstances arise. Manulife sells four types (health and dental; travel; life; and critical illness) of insurance products in the individual insurance segment. These product categories comprise sub-products that are designed to meet consumers' varying needs. Health and dental insurance covers health costs like prescription drugs, dental care, vision care and other health-related items. Travel insurance allows you to travel worry-free, without the stress of flight cancellations or emergency medical expenses while abroad. Life insurance allows you to provide for your family in the event of death. Finally, critical illness insurance allows you to maintain your standard of living if you become disabled.

Studies done by Fraser Group and Conference Board showed industry average annual premium per policy ranges from \$1,890 (health and dental) to \$54 (travel).<sup>1</sup> Lower-priced options are available for customers who require basic coverage; however, key factors that affect purchase decisions are government regulations, competition and ability to pay (discretionary household income).

There are three channels (broker, direct or sponsor) to buying individual insurance for you and your family. In this digital age, customers are more demanding and impatient than ever—it's imperative that insurers meet them where they want to be met. Having a multichannel approach provides accessibility to customers and helps companies maximize their top and bottom line. According to a Fraser Group Report<sup>2</sup> study on 60 percent of insurance companies Canada-wide that sell individual health and dental insurance, 43 percent of customers purchased insurance through a broker compared to 57 percent of customers who transacted through direct and sponsor combined.

Let's begin with a simple definition and key advantages and disadvantages of the three channels. There are some slight nuances regarding demographics and psychographics behavior of customers who shop in these channels.



- **The broker channel.** This is insurance that a licensed broker (captive or independent) sells to the end customer. A captive broker represents one company, and an independent broker represents multiple companies. A key advantage of selling insurance through the broker channel is that the agent gets the opportunity to develop a personal and trusting relationship with the customer. Disadvantages of buying through a broker are a higher cost to the company due to sales commission and that customers could feel pressured into buying—customers must trust that the broker will always act in their best interest.
- **The sponsor channel.** This is insurance sold by an intermediary such as Canadian Automobile Association (CAA) for example. Customers may get a discounted rate for purchasing insurance through this channel. The fulfillment process occurs in two channels: online (website) or offline (sales center). A disadvantage for some customers could be not having a personal relationship with an agent and a higher cost incurred by the company due to commissions paid to intermediaries.
- **The direct channel.** This is insurance sold direct to the end user either online or via phone, cutting out the middle person, thereby building a relationship with the company directly. Customers who care about brand and reputation tend to enjoy a direct relationship with the company.

Cutting out any go-between could also speed up the purchase flow. Getting a quote online could be fast and simple, saving the customer time and the company money. Like the sponsor channel, downsides to the direct channel could be the absence of a personal relationship with a broker and the cost of mass advertising.

Sponsor and direct channels are similar. They both offer self-serve options through an online portal or the option of calling the sales center to purchase a policy. Customers who transact through a direct or sponsor channel when buying health and dental insurance tend to have slightly lower average income than that of a broker. This difference in average income is driven by the fact that brokers know where to hunt for customers and target locations where people have the discretionary income to buy their insurance products. The customers do the hunting in the direct and sponsor channels, acquire several competitive quotes, and could take up to six months before buying a policy.

According to a LIMRA study<sup>3</sup> done on life insurance, online buyers (direct) tend to be younger, have less investible income and are more likely to search online for information compared to in-person buyers (brokers)—see Table 1.

Table 1  
How Are They Different?

	In-Person Buyers	Online Buyers
<b>Average age</b>	45	39
<b>Average investible assets</b>	\$289,000	\$179,000
<b>Search information online</b>	22%	57%

A 2017 study by Mintel<sup>4</sup> showed that when purchasing insurance, customers want choices. Companies that have a multichannel

approach to serving customers and continuously strive to expand their distribution in the digital age will have a competitive advantage. An increasing number of customers are now shifting toward a comparison website. Partnership with the comparison websites will be vital in helping to achieve sales target.

A multichannel approach makes sense and is customer-centric—allowing companies to service customers where it's most convenient for them. Customers shopping for insurance through the direct channel tend to be more price sensitive than those who purchase through a broker. Though the broker channel could be a costly medium for the company, some customers enjoy the close relationship with their advisers. Higher average premium sales through brokers help to deliver an attractive top line. Lower cost incurred by companies through the direct channel allows them to contribute more to the bottom line. Finding a healthy balance of sales among the three channels is key to delivering value to shareholders. ■



Dameon Wilson is head of Direct to Consumer, Individual Insurance, at Manulife. He can be reached at [dameon\\_wilson@manulife.ca](mailto:dameon_wilson@manulife.ca).

**ENDNOTES**

- 1 Market Report by Fraser Group. Individual Health Market, 2017, Release 1.0, June 1, Conference Board of Canada. Canadian Travel Health Insurance, Industry Outlook 2019.
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# DTC: Direct-to-Consumer, Definitions to Conclusions

By Nick Ortner



As S&P Global notes in its 2018 market report,<sup>1</sup> primary emerging areas for disruption and innovation in the insurance marketplace are direct-to-consumer (DTC) approaches in order to:

- improve the user experience;
- streamline how consumers obtain insurance; and
- reduce administrative expenses.

A fundamental challenge for various constituencies (such as carriers; distributors [i.e., brokers/agents]; and consumers [i.e., customers/policyholders]) in the insurance industry may be that DTC can mean different things to different audiences and/or products. A misunderstanding of that meaning may lead to misaligned expectations and misplaced priorities for all parties. Such a misunderstanding may drive carriers to make investments that differ from their agents' priorities and their consumers' needs. Addressing the challenge of those disconnected meanings and unifying under one definition of DTC may require three connected steps:

1. **What.** Align the various parties' definition(s) of DTC to establish a collective understanding for the affected parties.
2. **Why.** Understand why a direct-to-consumer approach may be important for carriers' and distributors' growth and development goals, tactics and strategies.
3. **How.** Use the agreed-upon baseline and understanding of DTC's importance to establish and agree upon reasonable expectations for its role in marketing, distribution, and product development and performance.

## DEFINITION: THE ABCDs OF DTC

To guide understanding of what parties may mean when they describe a direct-to-consumer approach for insurance, Table 1 summarizes one understanding of the DTC spectrum using the

Table 1  
DTC Spectrum: Carrier, Distributor and Consumer Activity

DTC Label	Consumer Activity	Estimated Constituency Involvement		
		Carrier	Distribution	Consumer
<b>Aided</b>	<ul style="list-style-type: none"> <li>• Shops on own.</li> <li>• Comes to carrier/distributor with options in mind, for guidance on final product decision(s).</li> <li>• Demands regular service/communication.</li> </ul>	Actively involved	≈ 75%	≈ 25%
<b>Balanced</b>	<ul style="list-style-type: none"> <li>• Shops on own.</li> <li>• May purchase on own or need some guidance.</li> <li>• Requires some service/understanding.</li> </ul>	Assist as needed	≈ 50%	≈ 50%
<b>Collaborative</b>	<ul style="list-style-type: none"> <li>• Shops and buys on own.</li> <li>• Understands the product purchased; may have infrequent service needs or questions.</li> <li>• Other needs for carrier/distributor to explore.</li> </ul>	Occasional, when needed	≈ 25%	≈ 75%
<b>Directed</b>	<ul style="list-style-type: none"> <li>• Shops, buys and understands on own.</li> <li>• One-time or periodic product purchase and need (e.g., term life, Medicare supplement, auto/home).</li> <li>• Open to marketing but wants to retain control.</li> </ul>	Limited, if needed	≈ 0%	≈ 100%

“A-B-C-D” mnemonic device shown, along with accompanying estimates of carrier, distributor, and consumer activity. Table 1 also provides estimates of involvement by those parties across that spectrum in the insurance marketplace.

Carriers, distributors, and consumers may use Table 1 to mitigate the potential for misunderstanding, align expectations, and establish priorities to unite under one definition of DTC.

### IMPORTANCE AND USE OF DTC ABCDs

Different insurance industry constituencies are focusing on the user experience and embracing DTC distribution for some shared (and some unique) reasons, all primarily centered around the concept of scarce resource allocation (whether those resources are money, time, and/or expertise):

#### CARRIER

- Find savings and efficiencies to enhance pricing competitiveness and reduce friction for the consumer.
- Prioritize investments in emerging opportunities.
- Optimize support for sales, distribution, and marketing expertise.
- Align internal metric and goal calculations with distribution’s expectations.

#### DISTRIBUTION

- Optimize time use to maximize the value provided to consumers and improve own performance.
- Align efforts, spending, and investments with carrier opportunities and priorities.
- Gather data to guide and support cross-selling and consumer understanding.

#### CONSUMER

- Control interaction with carriers and distribution on the consumers’ terms (timing, length of interaction, etc.).
- Customize engagement with carriers and distribution, using the consumers’ preferred medium (such as online, an app, in-person or non-DTC).
- Optimize time and money spent on insurance discussions and coverage.

Collaboration between carriers and distributors on the following activities may prove to be valuable investments for both parties:

- Align and agree upon a common definition of what DTC means, to put both parties on the same page to minimize wasted effort and investments and address the needs of consumers.

- Determine the position of consumers on the aforementioned spectrum.
- Recognize that different products and consumers may be in different positions on that spectrum.
- Embrace the emerging and ongoing importance of direct-to-consumer distribution.

What are the possible dividends for investment in such activities? Such collaboration may position carriers and distributors together to accomplish the following:

- Align sales, marketing and performance expectations and incentives for all parties to increase the possibility of outperforming in (and outside of) the DTC space.
- Design sales, marketing and distribution systems and approaches to meet consumers where they are at.
- Expand current sales and cultivate new markets to remain relevant and magnify profiles in an ever-changing industry.

By first establishing an understanding and shared meaning for DTC, carriers and distributors may pave the way for collaborative decisions for effective and efficient use of time and money. Such parties may then move in concert to optimize those resource investments and improve their chances for relevance, growth, and expansion with their target markets. ■

*Nick Ortner is a consulting actuary for Milliman, a member of the American Academy of Actuaries, and meets the Qualification Standards of the Academy to provide this information. To the best of his knowledge and belief, this information is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. The opinions included here are the author’s alone and not necessarily those of Milliman.*



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#### ENDNOTE

- 1 Mason, Thomas. 2018 US Insurtech Market Report. S&P Global, 2018, [www.spglobal.com/marketintelligence/en/news-insights/blog/2018-us-insurtech-report](http://www.spglobal.com/marketintelligence/en/news-insights/blog/2018-us-insurtech-report) (accessed November 30, 2018).

# How DTC and Adviser Channels Can Get Along

By Wade Seward

**T**he instinctive tension that advisers feel when they learn that the carrier they represent is pursuing direct-to-consumer (DTC) channels is certainly understandable. The natural concern is that they may lose clients and, therefore, compensation to the direct channel. They may also feel betrayed, like the company no longer values their talents and importance.

Carriers need to be mindful of these concerns and feelings but must balance this perspective with policyowners' and potential policyowners' needs and interests.

It is no secret that today's consumers expect more. Increasingly, they want to drive the rules of engagement. The way they prefer to interact with companies and individuals is extremely diverse. "Omni-channel" is not just a buzzword—it is a prerequisite for carriers who see their role in society as making life insurance accessible and available to as many individuals, families and businesses as possible. In that context, it is imperative to offer customer solutions for do-it-yourselfers, high-touch advice seekers, and every variation in between.

Given this, a relentless focus on the consumer's diverse needs should be the guiding light for any omni-channel strategy. With this point of focus as the guide, communication, shared benefits and flexibility become key cornerstones to success.

## COMMUNICATION

While this seems obvious, it is critically important to communicate openly and frequently with advisers about the company's DTC strategy. It is quite likely that if there is a failure to communicate, it will be interpreted that the DTC strategy is designed

A relentless focus on the consumer's diverse needs should be the guiding light for any omni-channel strategy.



to replace them and not to supplement them. And written communication is not likely to be sufficient. Emails or field bulletins are fine but not enough. If possible, in-person discussions with opportunities for questions is the preferred approach. In those cases where an in-person discussion is not possible, interactive conference calls are a must.

## SHARED BENEFITS

Wherever possible, carriers should identify potential benefits that advisers may realize through an omni-channel strategy. For example, technology that is developed to make it easier and more intuitive for consumers to purchase insurance on their own may have to potential to be redeployed in the adviser channel, thereby making advisers more efficient and improving their clients' experience through the purchasing process. Accelerated underwriting programs can be rolled out in a DTC channel and fine-tuned before being rolled out to the adviser channel. Learnings about consumer behavior in the direct purchasing process can be shared with advisers. In some cases, leads may come from the direct channel as consumers seek more complex products and solutions. It's important to be genuine, but adviser benefits can exist, and they should be identified, pursued and communicated.

## FLEXIBILITY

In the perfect world, omni-channel doesn't mean the customer must choose between two distinct paths. Ideally, customers can dial up or down the level of personal involvement they are seeking. Compensation plans and product pricing should be built with this in mind. Ideally, customers who start on the website but decide they want an adviser involved should be able to make that transition without having to start over. Advisers should feel confident that the products they offer provide the same consumer value as the products available through the direct channel.

If a carrier does decide to offer differentiated product pricing in the direct model, there should be a corresponding tradeoff in features and functionality (e.g., no future convertibility). It may be best in those scenarios where the pricing and features are different to utilize a distinct brand name for the direct business to avoid marketplace confusion. Otherwise, the adviser could be placed in a professional dilemma when determining what is most appropriate for the client or challenged by the client on the recommended product selection.

## SUMMARY

In the end, the omni-channel strategy must be grounded in a philosophy of abundance. Many, many consumers are not being effectively served today—certainly enough to keep all channels relevant and active. Collectively, the adviser channel and the direct channel can work together to reach each individual consumer the way the consumer prefers to be reached. All boats rise in this scenario. But carriers must be diligent in their efforts to communicate the strategy with advisers. In the absence of information, advisers will assume the worst. Programs should be built that identify, develop and deliver shared benefits across channels. And flexibility in approach creates a world that is less adversarial across channels. The key to it all is maintaining a genuine and relentless focus on consumers' diverse needs as the overarching guiding light for all strategies, decisions and activities. ■



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**SOCIETY OF  
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# Staff Corner

By David Schraub

**T**he newsletter is one of our section members' most valued assets. This result has shown up in all the section surveys I have seen during my six-year tenure with the Society of Actuaries (SOA). This Staff Corner will shed some light on how newsletters are produced. Let's open up the hood and check it out.

Several groups of people take part in this initiative:

- **Article authors.** SOA members and nonmembers who volunteer to write articles.
- **Newsletter editors.** Volunteers who solicit and peer-review the articles and provide feedback to authors and SOA staff.
- **SOA section staff partner.** The liaison between the section, the volunteer newsletter editor and the newsletter staff. This person oversees reputation risk management and offers guidance as needed.
- **SOA staff editor.** An in-house editor who guides the newsletters from copyediting to publication. This person is the gatekeeper of the newsletter.
- **SOA graphic designer.** The person responsible for design and layout of the newsletters. The graphic designer also ensures the quality of graphics and tables.

In chronological order, the newsletter process looks like this:

1. Authors write articles. Generally, either the newsletter editor reaches out to potential authors with a request for an article on a specific topic, or an author reaches out to the newsletter editor and offers to write an article on a given topic. In some cases, authors are asked to republish an article that is already written.
2. Newsletter volunteer editors peer-review articles. They assess their fit within the newsletter regarding quality and topic and provide feedback on the content of each article.<sup>1</sup> For example, the topic of an article may be a better fit for



- a different section than originally intended. In that case, that article is forwarded to the other section's newsletter editor. After a few weeks of back-and-forth to firm up the content, the articles (along with author bios, head shots and figure and table source files) reach the staff partner. For a previously published article, the back-and-forth is replaced with a reach to the owner of the copyright for reprint permission.
3. The section staff partner reviews all the articles to assess whether there is any reputation risk regarding their content (e.g., self-advertising, lobbying or other pitfalls). This step sometimes takes place slightly later in the process.
4. The staff editor receives the finalized content and oversees copyediting for grammar and editorial style, as well as production of the newsletter. This is where the i's get dotted. The editor monitors the schedule, nudges volunteers as needed, and sends metadata<sup>2</sup> and copyright forms to the authors.
5. The staff editor and volunteer newsletter editor work together to address any challenges that go beyond punctuation. The newsletter editor answers the staff editor's questions directly or turns to the authors as needed. Common questions include, "Who should approach the coauthor to soften the tone of the conclusion, which is a bit too self-serving?" "Do we still have time for a

last-minute announcement?” “Did anyone receive Jane Doe’s article she promised us a while back?” “Should we keep that article for the next issue as it is not quite ready, and we have a lot of content already?” “Do we have head shots and authors’ names correctly aligned?” This back-and-forth can take time, but multiple pairs of eyes are key to the quality of the newsletter.

6. The staff graphic designer makes the content look great. The newsletter editor and authors review the page proofs for any typos and readability of the graphs, while the staff editor proofreads the full newsletter one more time. This is where loose ends are tied.
7. The staff editor sends the newsletter to the printer and/or digital vendor after green lights from all. Printing and shipping take place (as appropriate), the digital edition is created and, finally, the PDF version and links to the digital version are posted on the SOA website. This is the time to update the section’s landing page with a link to the newsletter. For printed newsletters, readers at home receive their copies a few weeks later.

Toward step 5 of the current newsletter is when volunteer editors begin to gather articles for the next issue, whether it’s the promise of an article or articles that are already in hand. Then the process begins all over again.

Want to join the fun? We are always looking for editors and authors to improve our content. ■



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#### ENDNOTE

- 1 For some newsletters, the volunteer authors and volunteer editors are blended. For example, *Taxing Times* has a large group of newsletter editors who peer-review and cross-check every statement of every author (there are lawyers in the group).
- 2 Metadata includes topics, country of relevance, and keywords for each article. Topics and country of relevance are filters on the SOA website and help get readers to the content faster. Keywords are additional hints for search-engine optimization.

## SAVE THE DATE

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