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## Banks, Life Insurers Developing Stronger Marketing Ties

**Washington, D.C., (June 24, 2008)** – Life insurance companies and banks are developing stronger marketing relationships yet some barriers must still be overcome to maximize bank distribution of life insurance products, according to an ongoing study of life insurer-bank business cultures.

The 2008 edition of the study—“Bridging the Cultural Divide between Banks and Life Insurers”—found a significant shift in attitude among both insurers and bankers from the first study conducted in 2003; a shift that bodes well for future bank distribution channels for life insurance products. Conducted by the C F Effron Company, the study was sponsored by Liberty Mutual, Prudential Financial and Reinsurance Group of America, in cooperation with the American Bankers Insurance Association (ABIA) and the American Council of Life Insurers (ACLI).

In the 2003 study, both insurers and bankers cited such basic issues as product availability and profit as their top concerns. But in the 2008 study, insurers and bankers said that product availability is no longer a problem and profit opportunities have been identified. Instead, concerns focused on the life insurance application process and better use of technology to increase sales. This attitude shift is welcome news, suggesting that banks and insurers are better prepared to identify ways to improve joint sales activities and expand bank insurance sales, said Carmen Effron, president of C F Effron and author of the study. “When operations, administration, compliance and risk are integrated, efficiencies of scale can begin to emerge and the distribution of insurance via banks becomes more commonplace,” she said. Moreover, the study found that 67 percent of life insurance company executives and 63 percent of bank executives believe that consumers are more aware now than they were in 2003 that banks sell life insurance.

Challenges to full utilization of bank distribution channels remain, the study found. For example, opportunities remain for bank senior management to fully embrace life insurance distribution. Additionally, bank executives said they are still not satisfied with sales support for more complex life insurance cases nor with the application process, which from the bank executives’ point-of-view, takes excessive time.

The study also found that banks desire standardized products targeting a broader consumer population which can be sold by their generalists, rather than specialists. "The challenge is now to simplify the processes that are used to sell and underwrite policies for the mass middle income and emerging affluent clients of the bank," Effron said.

The 2008 study <http://www.effronsurvey.com/2008/2008-sign-in-page.htm> is the third of a continuing series produced by C F Effron Company that looks at bank insurance sales and identifies differences in operations and business cultures impacting the bank distribution channel and its potential. The study explores the views of both insurers and bankers, evaluating their satisfaction levels and identifying opportunities to optimize distribution strategies supporting life insurance sales, *Bridging the Cultural Divide between Banks and Life Insurers* is unique in that it concurrently examines the views of both bankers and insurers in the areas of distribution, marketing and sales techniques, product and process, administration and operations, effectiveness and risk, and profitability.

Additional noteworthy findings:

- When bankers were asked to determine the importance of attributes they considered essential in selecting insurance providers, they scored an insurer's financial rating as most important, with timely reports on underwriting decisions second.
- Banks, for the first time since the study began, are satisfied with the ability of insurers to provide simplified underwriting for policies up to a \$250,000 death benefit. This capability, as well as the variety and extent of product availability and simplicity of product, were all considered important elements of the bank-insurer relationship and no significant gaps emerged.
- A definite desire by the banks to work with a fewer number of insurance carriers still exists. Forty-four percent of bankers say the ideal number of carriers is 11-20, which can result in a greater degree of interdependence and better partnerships.

The study uses longitudinal, cohort and statistical gap analysis to uncover the systemic barriers to success based on responses to a questionnaire. Respondents included five of the top 10 banking institutions selling life insurance and six of the top 10 life insurers selling through banks. Full details of the methodology are discussed in the report.

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A member of the Liberty Mutual Group, Liberty Life Assurance Company of Boston provides a broad spectrum of fully underwritten and simplified issue single payment and traditional life insurance products. Kehler-LIMRA consistently ranks Liberty Life as a leading writer of life insurance premium through banks. Liberty Life was the first to launch a short two-page life insurance application and 10-minute approval process, making life insurance easy to buy. Most recently, Liberty Life introduced Spirit Series Universal Life, which offers permanent life insurance coverage with affordable premiums and short and long-term lapse protection features.

Prudential Financial, Inc. (NYSE: PRU), a financial services leader with approximately \$631 billion of assets under management as of March 31, 2008, has operations in the United States, Asia, Europe, and Latin America. Leveraging its heritage of life insurance and asset management expertise, Prudential is focused on helping approximately 50 million individual and institutional customers grow and protect their wealth. The company's well-known Rock symbol is an icon of strength, stability, expertise and innovation that has stood the test of time. Prudential's businesses offer a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds, investment management, and real estate services. For more information, please visit [www.news.prudential.com](http://www.news.prudential.com).

Reinsurance Group of America, Incorporated (NYSE: RGA) through its various operating subsidiaries, is among the largest global providers of life reinsurance. In addition to its U.S. operations, RGA has subsidiary companies or offices in Australia, Barbados, Bermuda, Canada, China, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Malaysia, Mexico, Poland, South Africa, South Korea, Spain, Taiwan, and the United Kingdom. RGA delivers expert

solutions in life reinsurance, facultative underwriting, risk management, product development, and capital-motivated reinsurance services. The company's continued focus on life reinsurance, rigorous risk management and capital strength underlines its consistently strong performance. Worldwide, RGA reported approximately \$2.2 trillion of life reinsurance in force and assets of \$21.8 billion as of March 31, 2008. For more information, please visit [www.rgare.com](http://www.rgare.com).

The American Bankers Insurance Association (ABIA) is a national trade association and the insurance affiliate of the American Bankers Association (ABA). The ABIA's mission is to develop policy and provide advocacy for banks in insurance and to support bank insurance operations through research, education, compliance-assistance and peer group networking opportunities. More information regarding the ABIA can be found on the ABIA website at [www.theabia.com](http://www.theabia.com)

The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association whose 353 member companies account for 93 percent of the life insurance industry's total assets in the United States, 93 percent of life insurance premiums and 94 percent of annuity considerations. In addition to life insurance and annuities, ACLI member companies offer pensions, including 401(k)s, long-term care insurance, disability income insurance and other retirement and financial protection products, as well as reinsurance. ACLI's public Web site can be accessed at [www.acli.com](http://www.acli.com).

C F Effron Company LLC is a boutique consulting firm specializing in the insurance industry and is a recognized leader in the bank insurance industry both domestically and internationally. Carmen Effron is the president and founder of the company and can be reached at [carmen@ceffroncompany.com](mailto:carmen@ceffroncompany.com) or 203.226.2645.