



Exploring Solutions to Today's Distribution Challenges

**A Webinar Hosted by
LIMRA and SunGard**

Thursday, September 16, 2010



Welcome

- ▶ Please mute your line
- ▶ Q & A follows presentation
- ▶ White paper available shortly
 - On SunGard and LIMRA Web sites

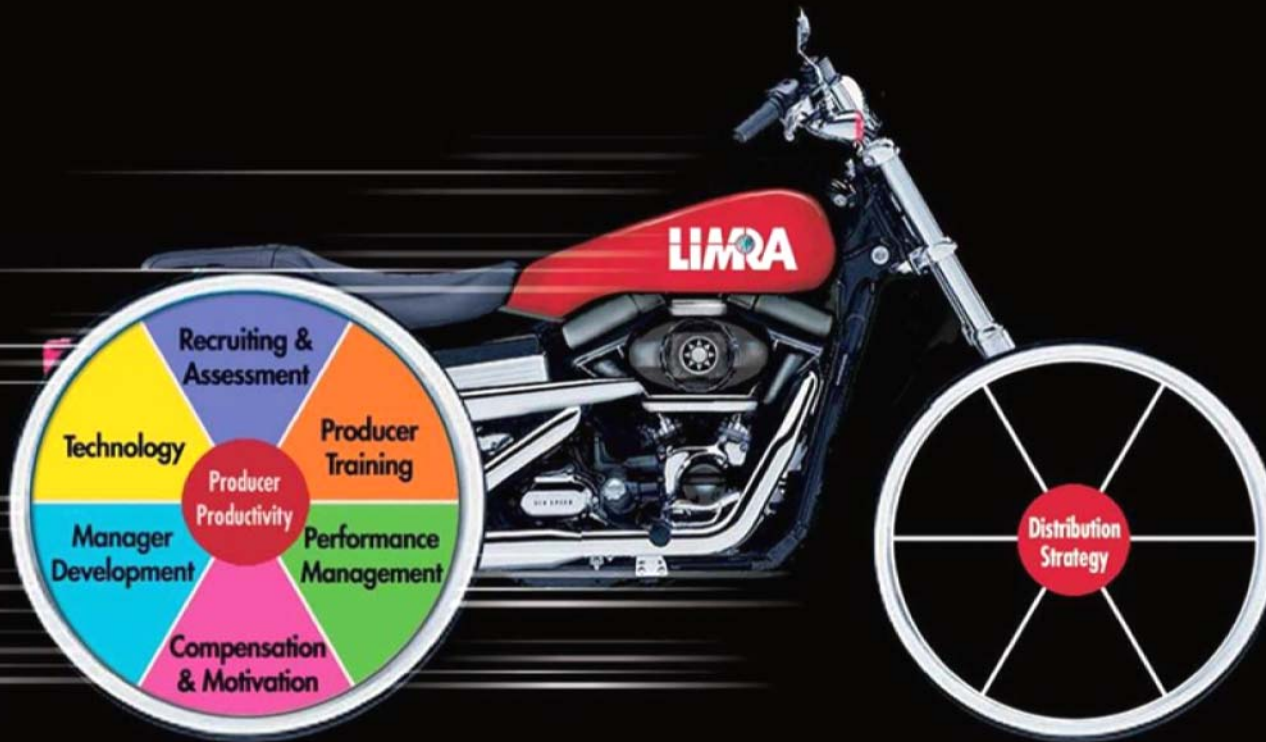


Exploring Solutions to Today's Distribution Challenges

- ▶ Introduction
 - Jim Kerley, President, LL Global Services, Inc.
 - Mike Donati, SVP SunGard iWorks Distribution

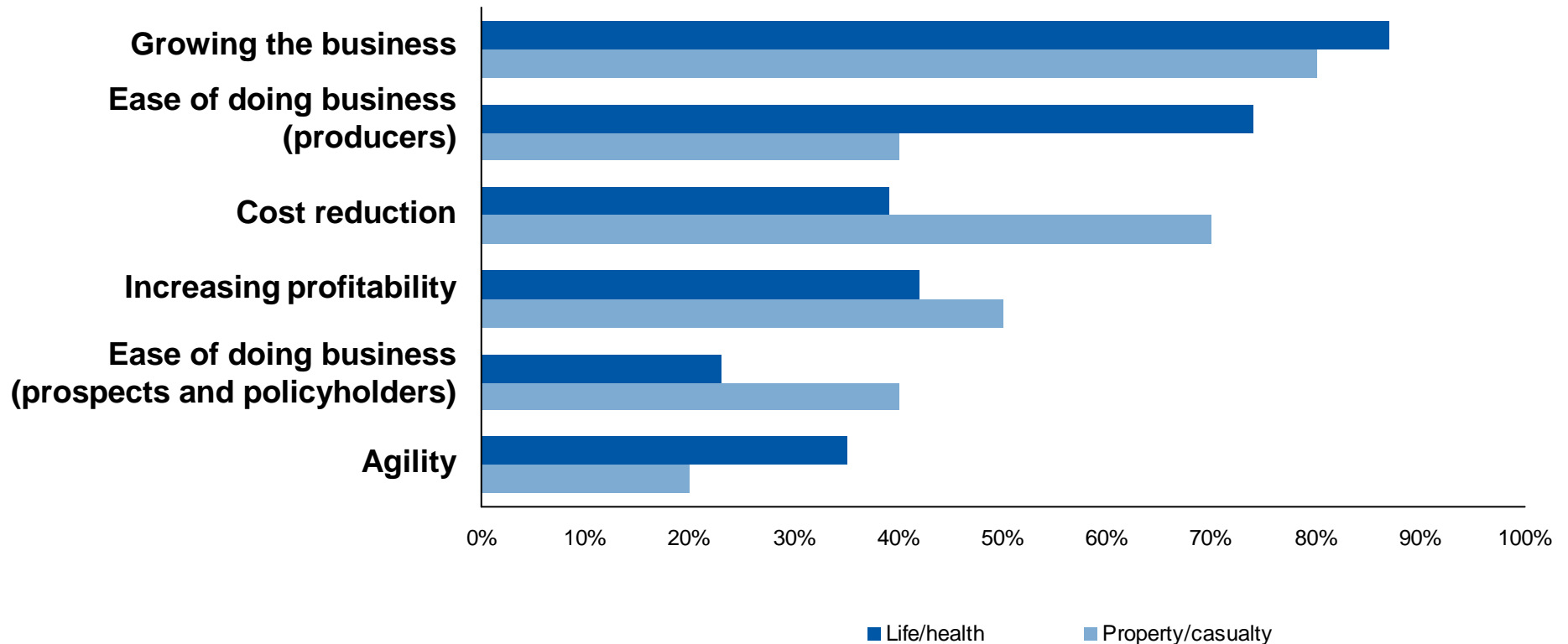
- ▶ Overview of Program

LIMRA's Producer Productivity Model



Growth is Top Business Issue

Question: What are the three most important business issues IT will help to address in 2010?

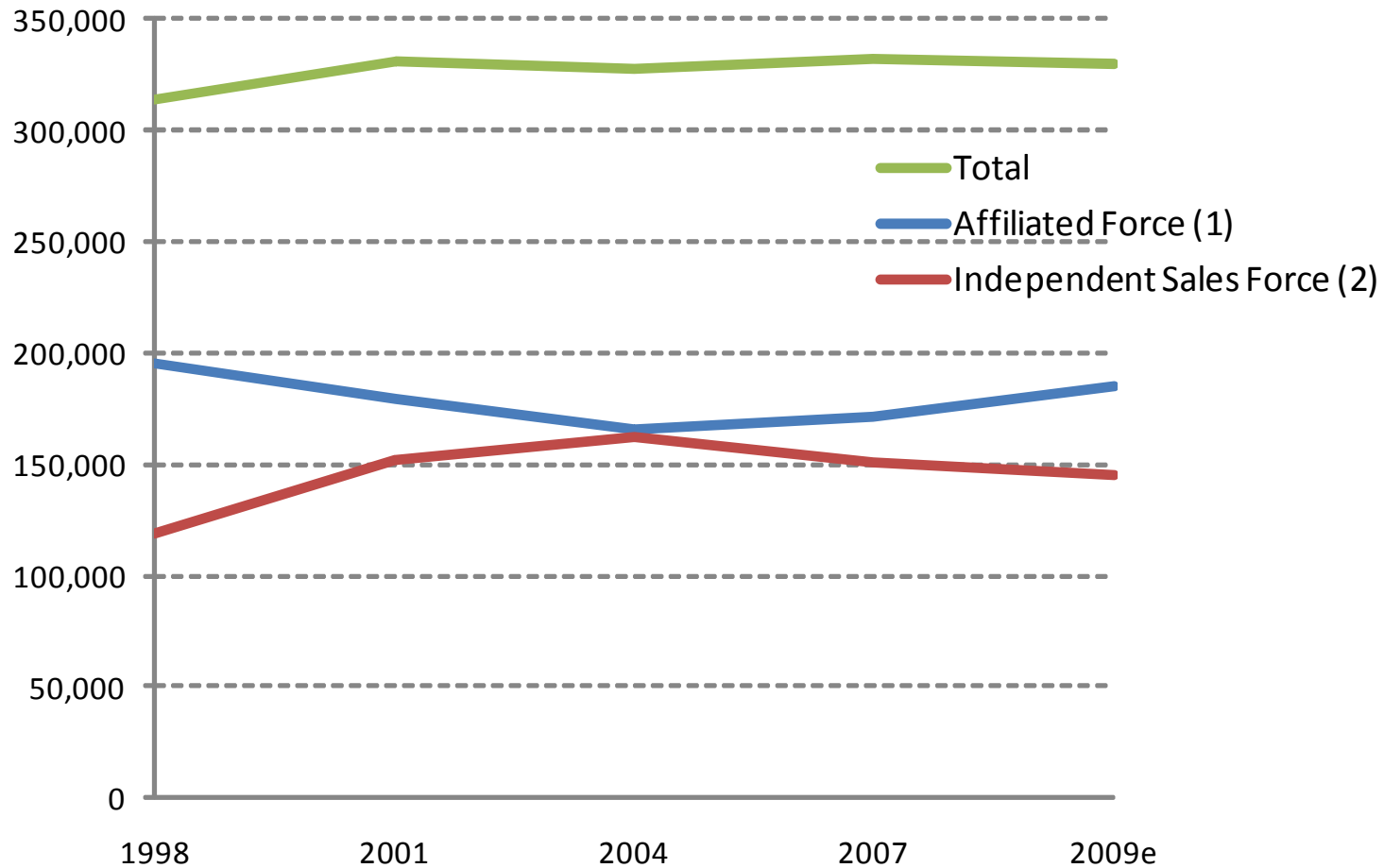


Source: Celent 2010 CIO survey

Transition & Growing Complexity

- ▶ Economic environment
 - Lower investment yields
 - Focus on driving revenue growth
- ▶ Regulatory changes
- ▶ Increased emphasis on compliance and transparency
- ▶ Technology advances
- ▶ Transition in sales force

Sales Force Trends



¹ Includes career agent and multiple-line exclusive agents

² Includes Independent Agents, Full-Service Broker Dealer, Independent Broker Dealer, Bank Financial Consultants, Independent Registered Investment Advisors

Different Approaches - Independent

Independent agents need to be enticed and motivated to sell *your* product rather than your competitor's. To achieve this:

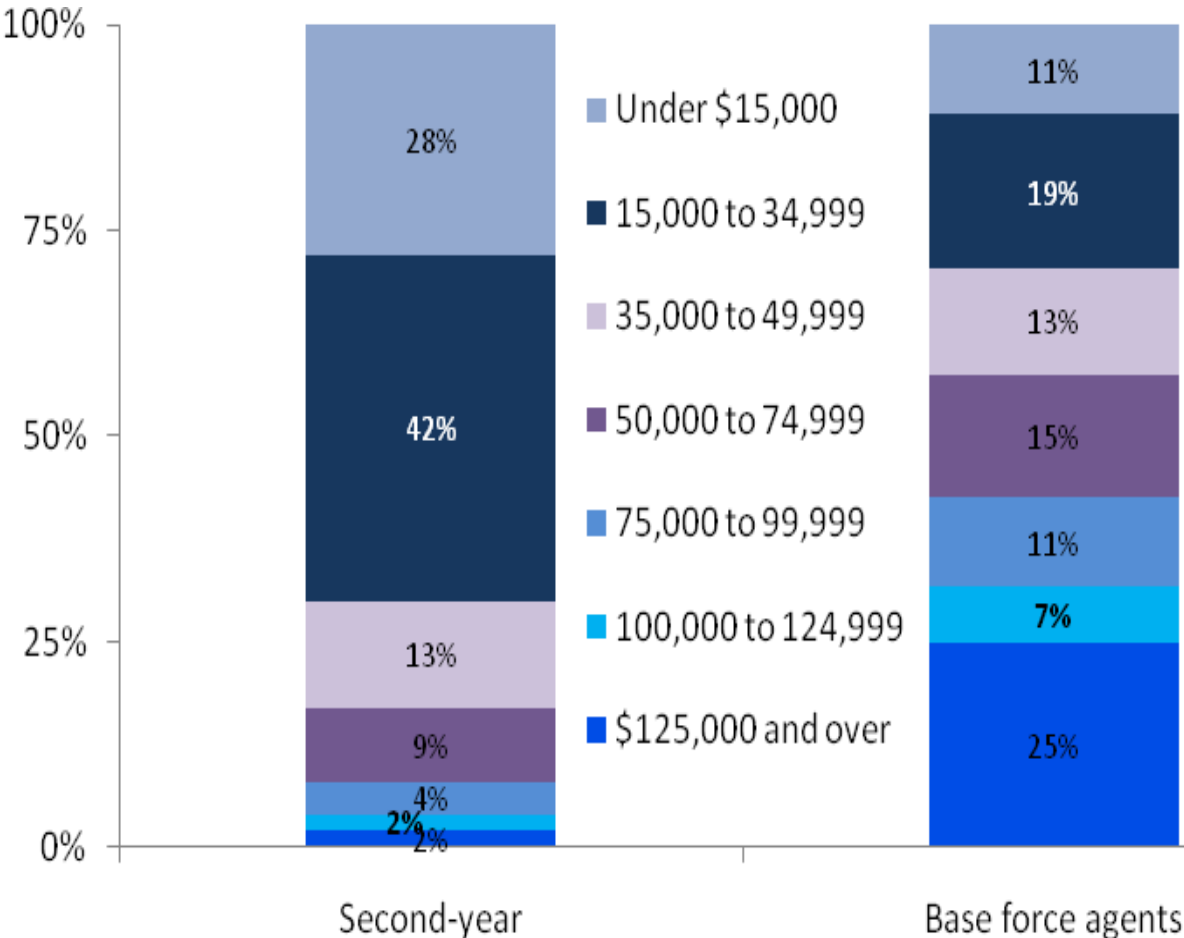
1. Support agents fully with processes and solutions that maximize ease of doing business
2. Deliver products that offer a strong fit for policyholders
3. Offer competitive commissions, bonuses and creative incentive programs and manage to the appropriate metrics

Different Approaches - Career

- ▶ The challenge of managing a captive sales force revolves around :
 - Controlling costs of recruiting and retention
 - Driving better performance
- ▶ Identifying early and accurately new producers who appear most likely to survive
- ▶ Distinguishing consistently successful agents from those who have “plateaued”
- ▶ Supporting experienced agents to higher levels of productivity

Distribution of Career Agents by Earnings

Agent retention drives production benefits



Distribution is Key Driver of Growth

Elements of Success

- ▶ Align distribution and sales to respond to complexities within distribution and driving growth through:
 - Business insight
 - Ease of doing business
 - Speed to market
 - Operational efficiency

Technological innovations help companies cope



Distribution Effectiveness

Key Driver to Revenue Growth

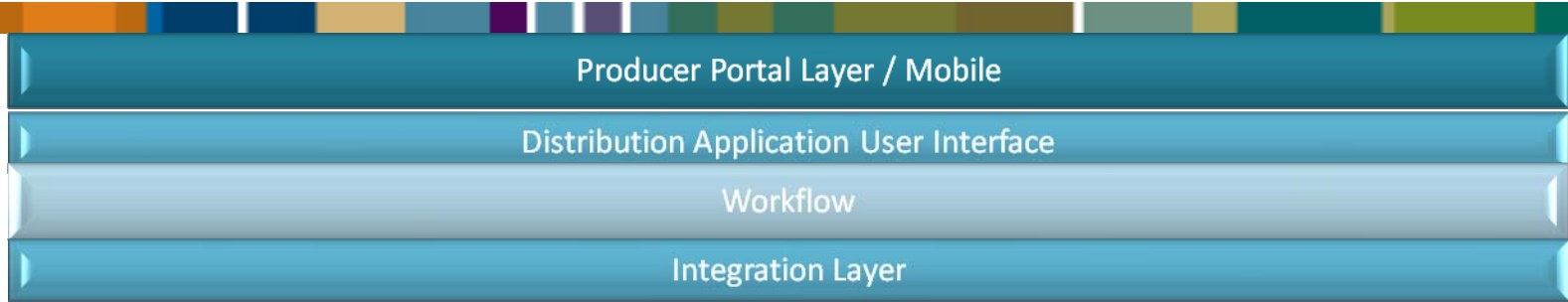
- **Defining the Distribution landscape**
- **Elements of success**
 - **Business Insight**
 - **Ease of doing business**
 - **Speed to market**
 - **Operational efficiency**



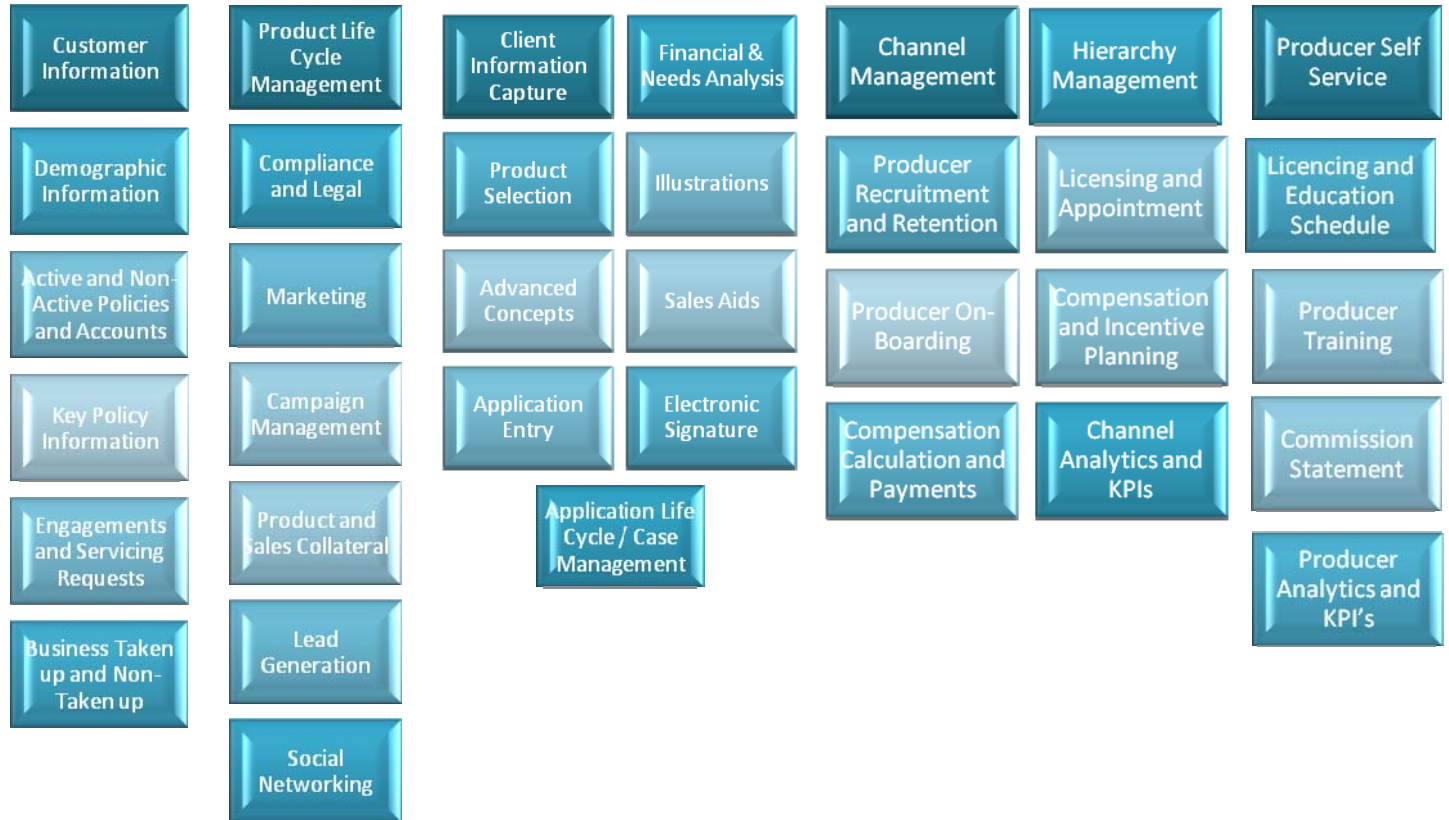
Strategic processes supporting the distribution landscape

Distribution Operation Strategy & Plans	<ul style="list-style-type: none">• Formulate a multi-year distribution strategy• Develop and monitor the revenue and expense plans• Establish business rules and operating guidelines
Producer Relationship Management	<ul style="list-style-type: none">• Recruitment of producers• Background check and certification• Appointment and licensing
Producer Support System Service	<ul style="list-style-type: none">• Enable efficient and effective sales processes• Facilities to engage prospective policy holders• Facilities to service policy holders
Producer Technology Platform Services	<ul style="list-style-type: none">• Develop and enhance producer portals/workstations• Coordinate operational system interfaces (access)• Coordinate agency management system interfaces
Channel Management	<ul style="list-style-type: none">• Support achieving specific channel goals• Coordinate resourcing distribution requirements• Monitor adherence to business rules, compliance and guidelines
Producer Development Services	<ul style="list-style-type: none">• Provide producer education and training• Develop and introduce sales aids• Monitor producer competencies
Producer Compensation Management	<ul style="list-style-type: none">• Compensation plan development and administration• Special incentive program development• Compensation accounting and reporting
Channel Performance Management	<ul style="list-style-type: none">• Specific channel KPI performance analysis• Multi-level producer KPI performance analysis• Commission information inquiry

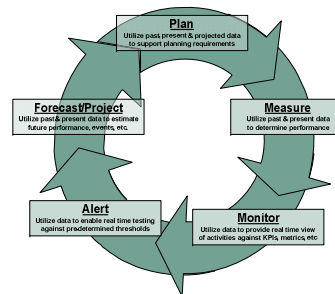
Insurance Distribution Requirements



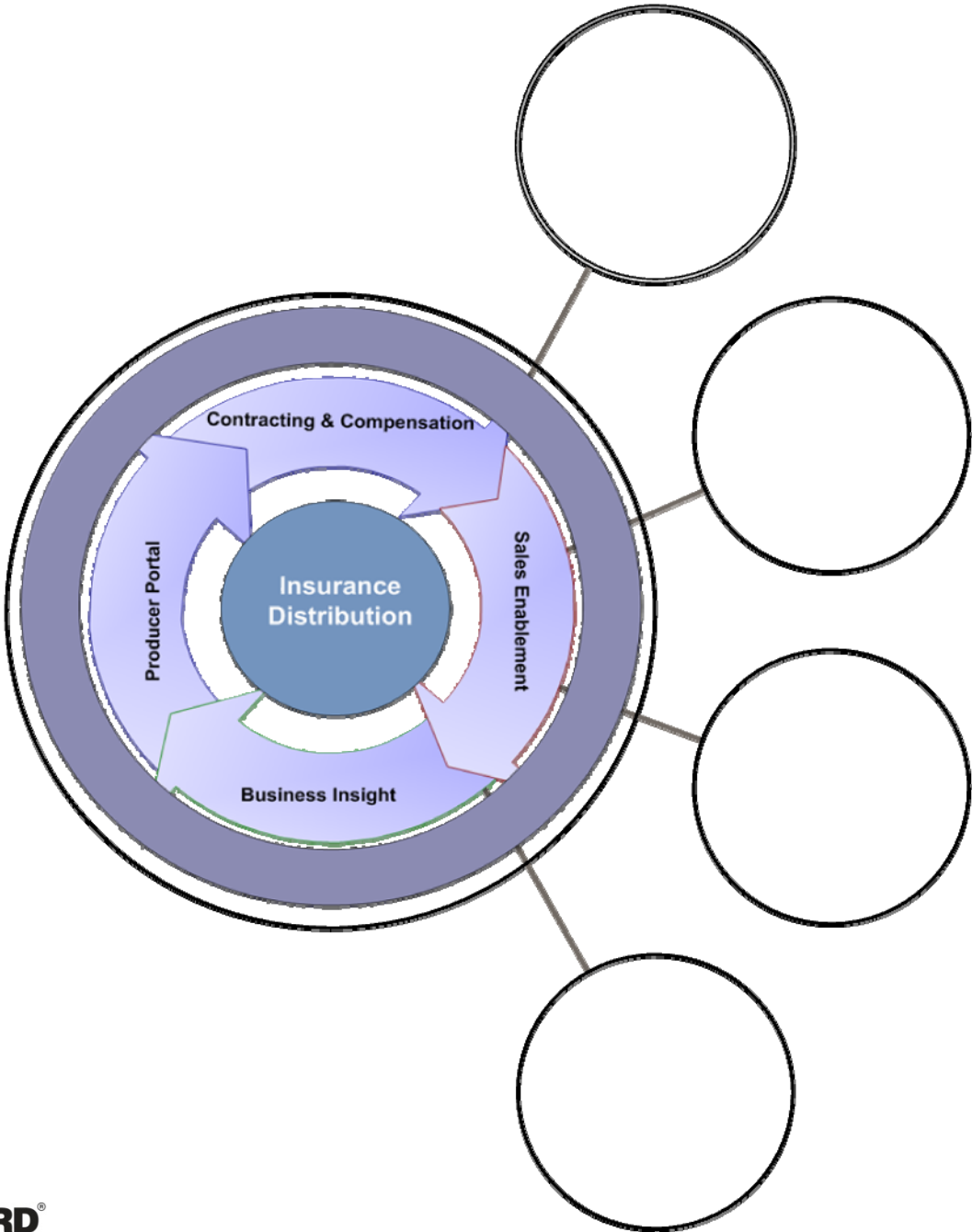
- product development
- point of sale support
- product management
- channel management
- producer servicing
- commission calculations
- payments

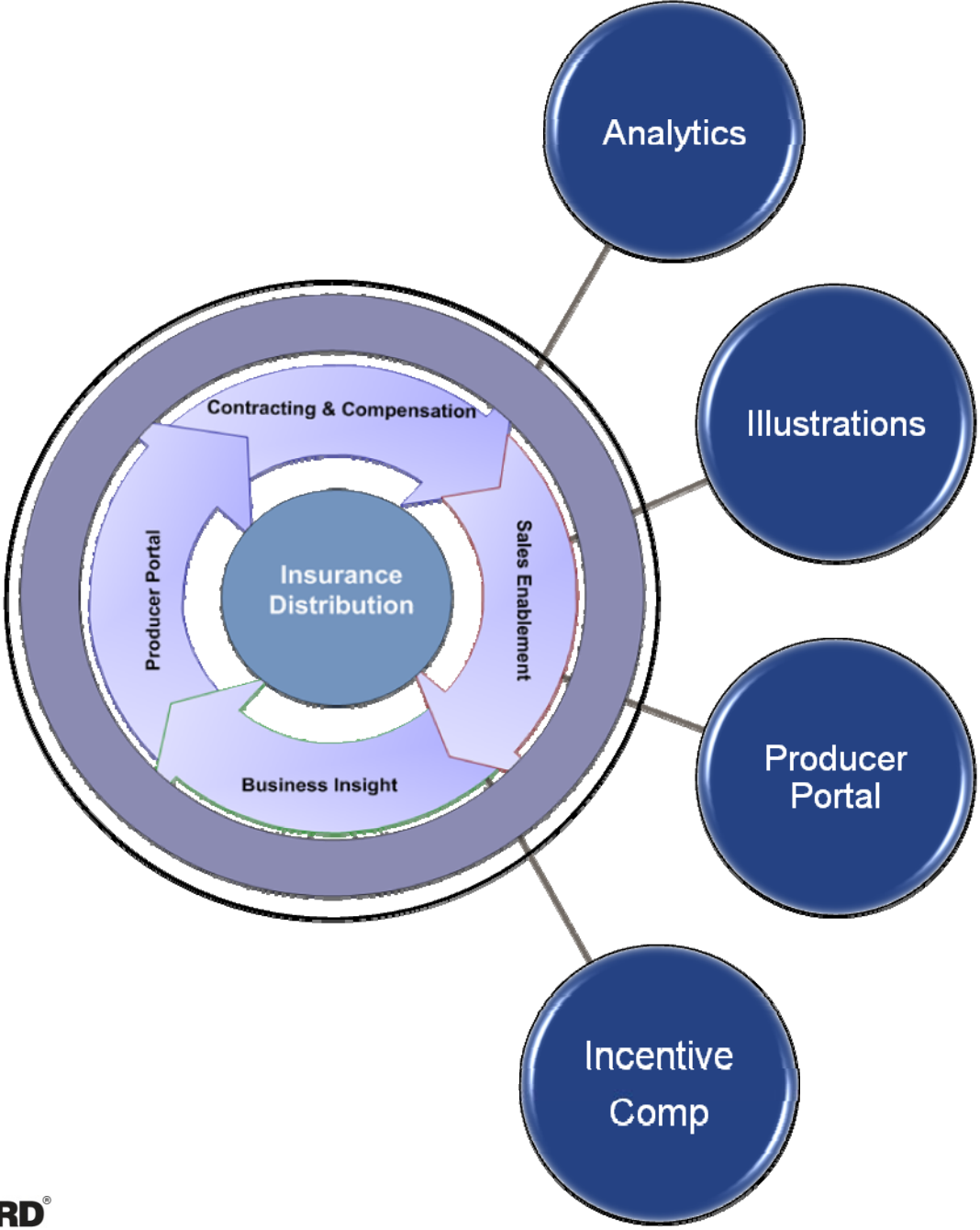


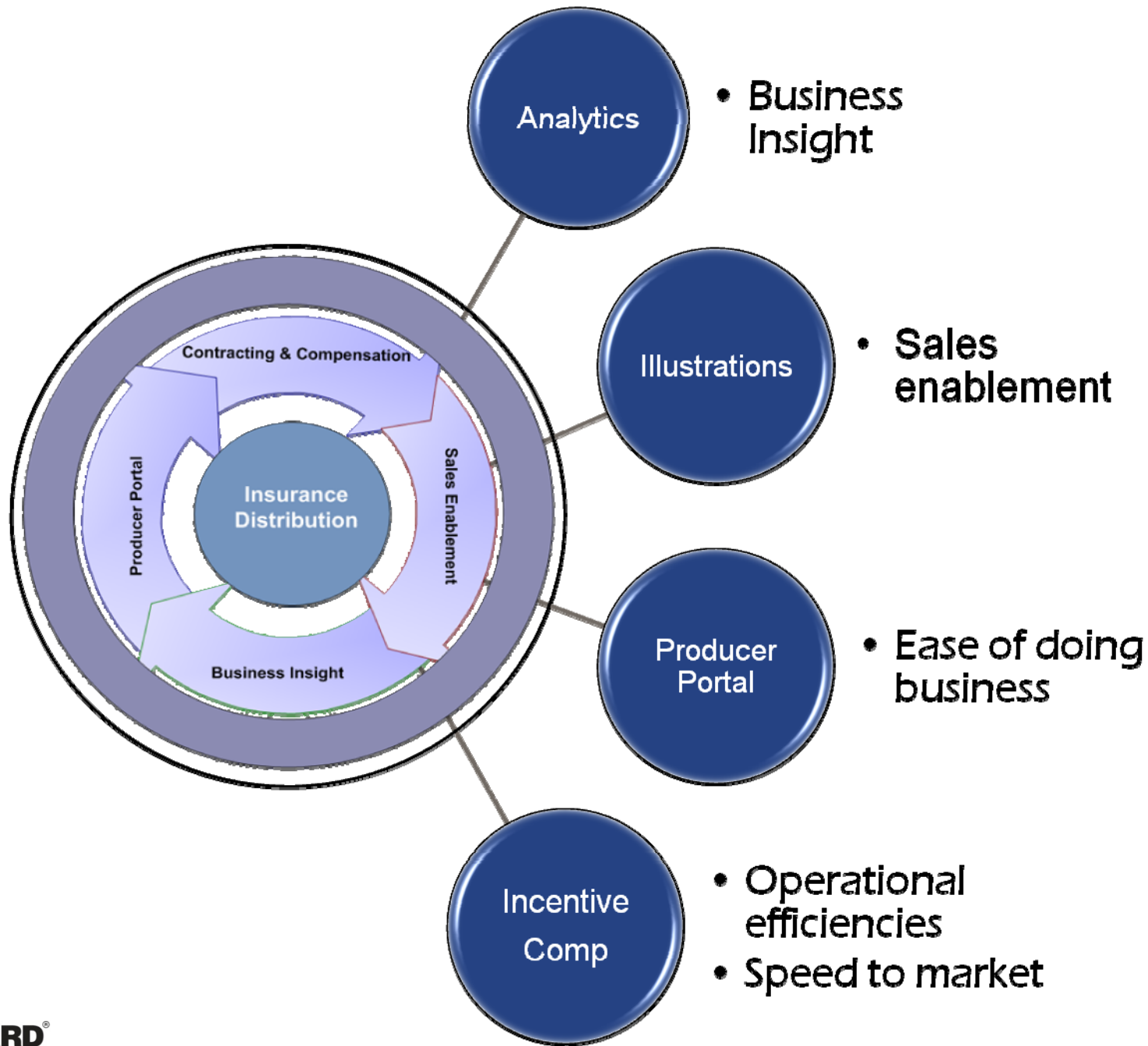
Focus on building integration and efficiencies to simplify processes and handoffs



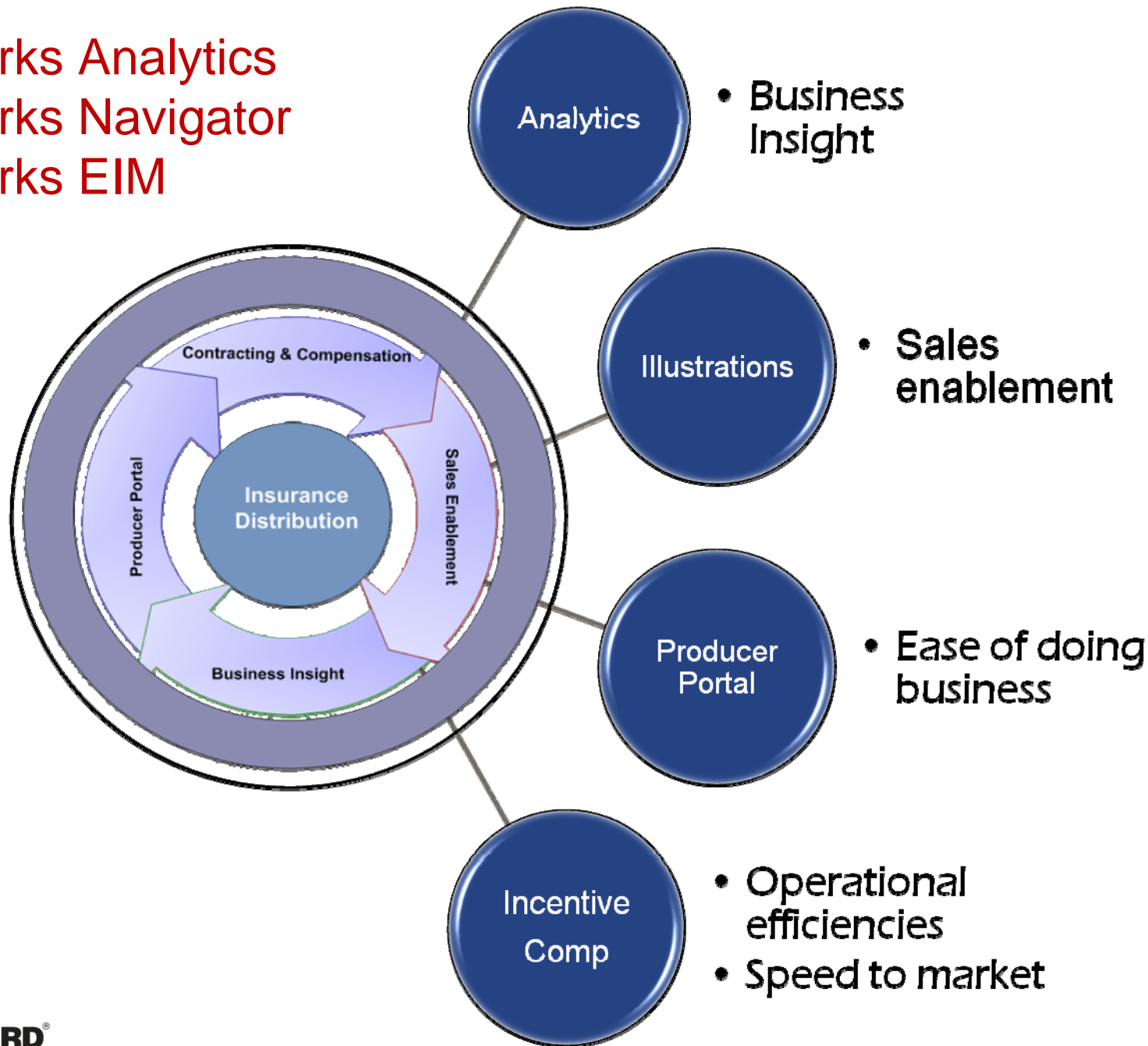
Analytics







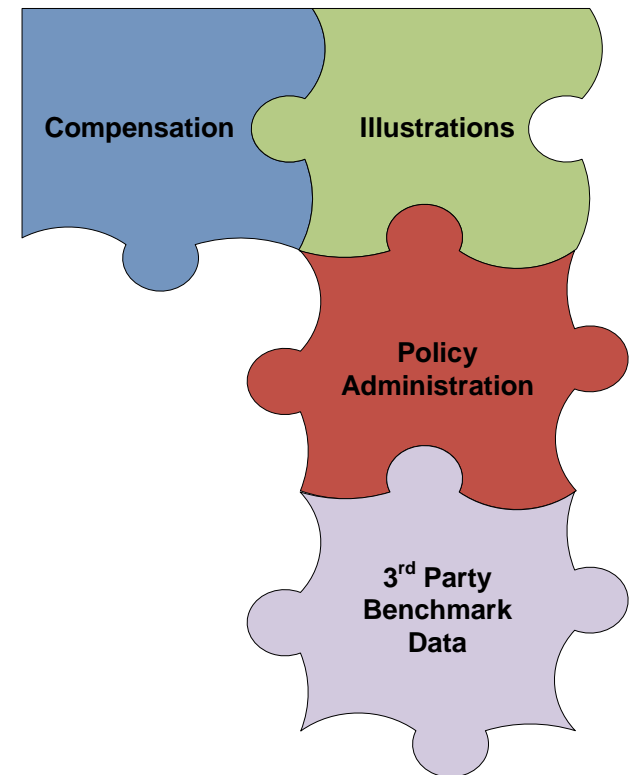
iWorks Analytics
iWorks Navigator
iWorks EIM



Elements of Success – Business Insight

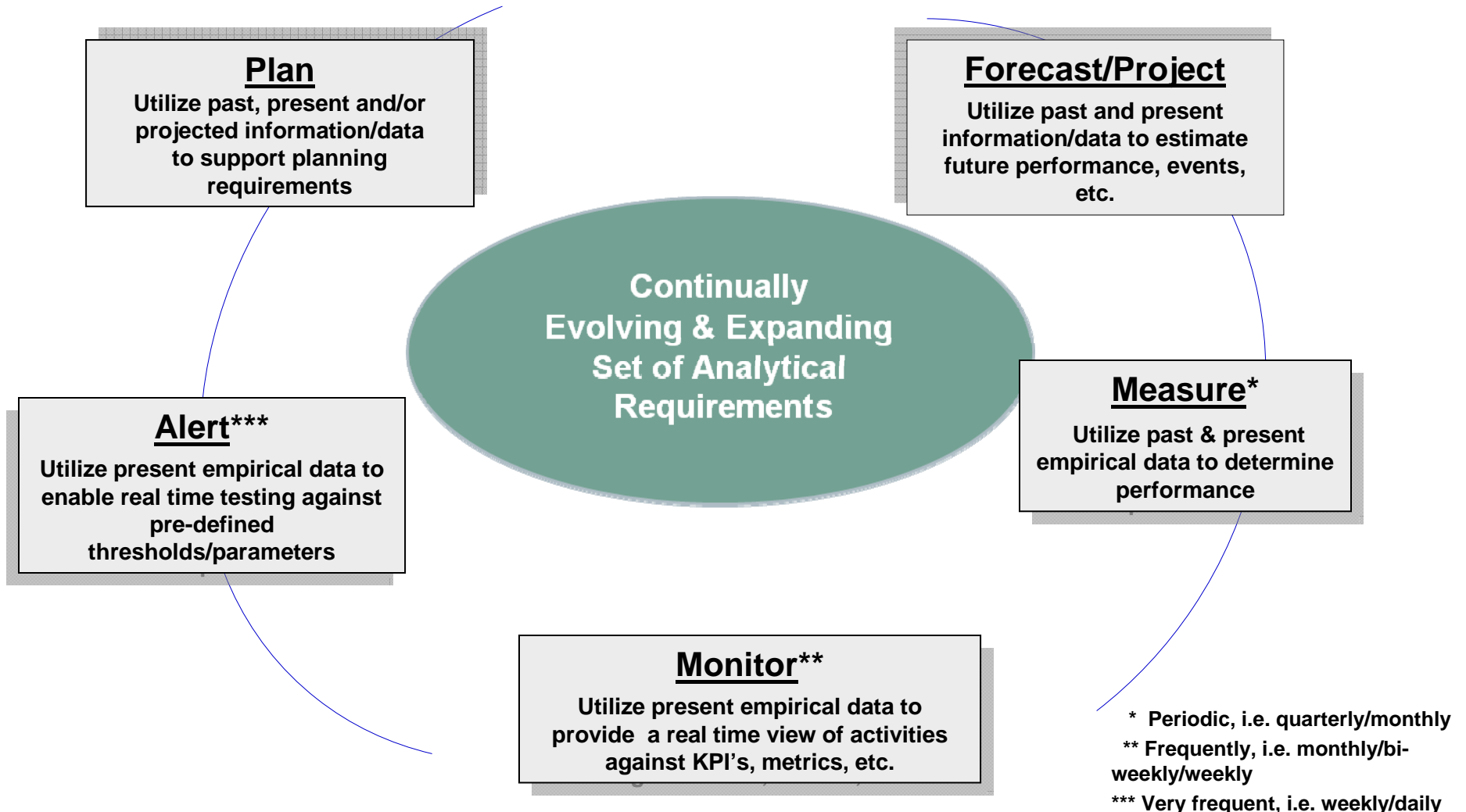
Drive Productivity with Actionable Information

- Gain insight and grow your distribution operation by interpreting data and make informed decisions:
 - Agent / channel performance
 - Product performance
 - Agent recruiting / retention
- Gain insight into agent selling behaviors from:
 - Lead generation
 - Point of sale
 - Policy issuance
 - Commission payment
- Proactive review of the health of the business – Identify opportunities



Analytics To Measure and Plan

Five categories that may be pursued when distribution information is utilized to fulfill analytical requirements



Distribution Analytics

Gain insight and grow your distribution business by interpreting data to make informed decisions

Operational Performance
How are we doing today?"

Growth Analysis

Trend Analysis

Product Performance
"What is selling?"

Product Mix
Analysis

Market Penetration

Sales Force Performance
Who is selling?"

Agent Population

Channel Analysis

Elements of Success – Speed to Market

Key Carrier Objectives

- Quickly make product changes to respond to market changes
- Enter new distribution channels
- Roll out new Compensation and Incentive plans
- Educate producers to align right products to customers
- Maximize policy issuance and premium renewals

Key Factors for Producers

- STP – minimize touch points
- Access to right products
- Marketing and sales support
- Responsiveness, speed
- Understand / reconcile compensation

Customer Case Study – Speed to Market

- Description of Company
 - Global Life and Annuity Company
- Objective
 - Realigned products and distribution channels to respond to economic uncertainty of past two years
- Application
 - Product Changes:
 - Made 12 major products changes and 32 product variations
 - Authoring tools
 - Agility in configuration
 - Distribution Channel Changes:
 - Supports 80,000 agents
 - Added 3 New Distribution Channels
 - Unique workflow by Channel
 - Marketing Support
- Results – Quick validation – Key to making changes – through Analytics

Elements of Success – Ease of Doing Business

▶ Key Carrier Objectives

- Ease of use for agents and advisors resulting in higher retention
- Improved efficiency and service
- Support regulatory and compliance
- Adaptable, Configurable platforms

▶ Key Factors for Producers

- Convenience
- Producer self service, producer portal
- Relationship
- Responsiveness, Speed
- Mobility

Customer Case Study – Ease of Doing Business

North American Life Company

- ▶ Strategic initiative to leverage technology to improve efficiency
 - Automation
 - Single sign-on with view by Role and Channel
 - Access to Agent Licensing, Prospect database,
 - Policyholder information
 - ▶ Extensible, eliminates duplication
 - ▶ Minimizes errors
- ▶ Result
 - Strong product sales
 - Lower turnover
 - Positive feedback

Elements of Success – Operational Efficiency

- ▶ Consolidation of multiple systems and data
- ▶ Best practices for processes
- ▶ Reduced IT dependency
- ▶ Agility to support new channels, products, compensation plans
- ▶ Producer has one view of the organization

Customer Case Study – Operational Efficiency

▶ Tier 2 Life & Annuity company

- Through acquisitions, the company was running 5 Incentive Compensation Management systems to support its 3 subsidiary life companies and 1 annuity company
- A complicated environment consisting of more than 12,400 marketing organizations

▶ Objective

They wanted to consolidate their business onto one Incentive Compensation Management system in order to improve business processes, provide consistent services, and present consolidated information across all subsidiary companies

Customer Case Study – Operational Efficiency

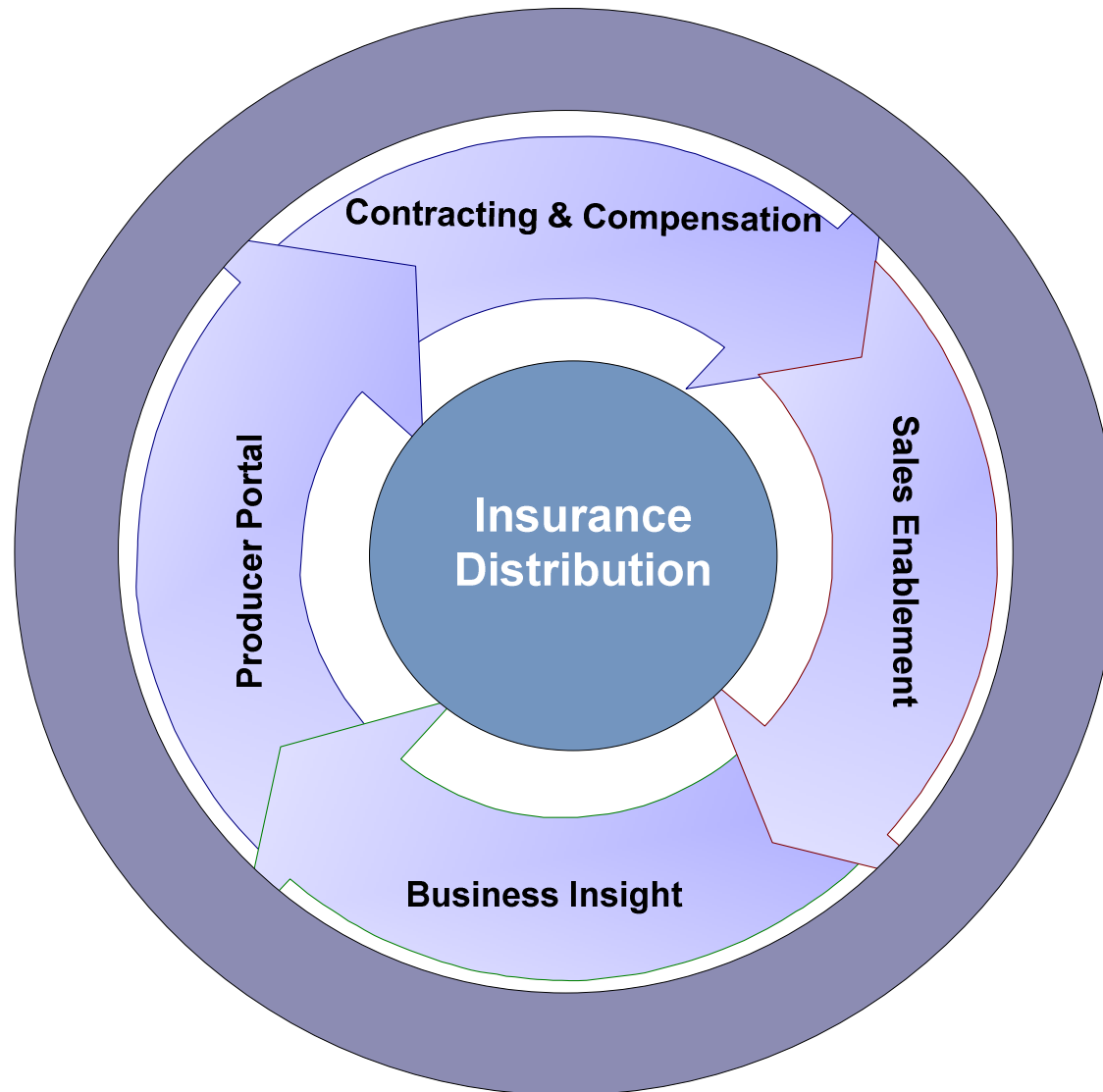
► Application

- Single system for all Incentive compensation management
- Support multiple legal entities (i.e. multi-companies)
- Support multiple distribution channels including Career, PPGA's, brokerages and IMO's
- Support multiple level distribution hierarchies
- Full automation of all primary and secondary compensation including calculation of commissions, overrides, bonuses, charge-backs, annualization, advances, expense allowances and assignments
- Interfaces to the National Insurance Producer Registry (NIPR) and perform credit and criminal checks
- Full support for W2 and 1099 tax reporting, and FICA and Medicare payments

● Results

- Significant staff savings
- Administration costs reduced
- Centralized 3 distribution offices into 1
- Streamlining business processes
- Implemented best practices throughout the organization
- Able to quickly add new compensation plans and products
- Reduced IT support costs achieved from a full function, single system

SunGard – focused on building solutions to address the carrier / producer experience for distribution management



Exploring Solutions to Today's Distribution Challenges

Summary and Discussion

- ▶ SunGard White paper

www.sungard.com/stronginsurance

- ▶ Questions

- ▶ Contact Info

SunGard

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LIMRA

www.limra.com