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**CIO Insurance Summit**  
**Think Tank Discussion**  
**Innovation vs. Evolution in Life/Annuity Sales Processes**

*Presenter:*

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## About Novarica

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- Retained advisors to insurer senior executives in operations and IT
- Publish research on:
  - Business and technology trends and best practices in insurance
  - Peer group behaviors
  - Vendor analyses
- Manage the Novarica Insurance Technology Research Council, a moderated community of over 300 Insurer IT executives
- Division of Novantas, LLC, a leading financial services management consultancy and information services provider

## Agenda

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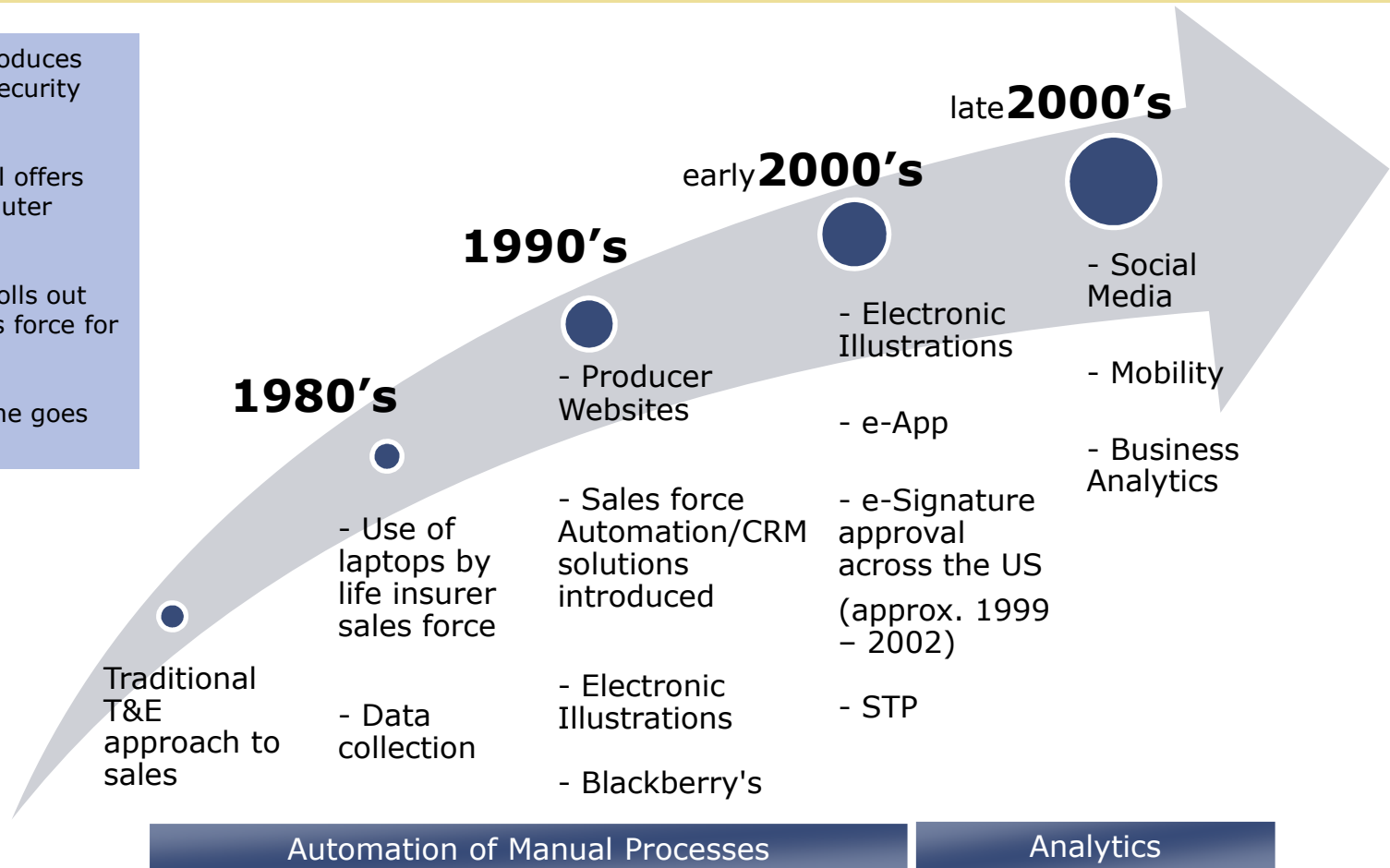
### **CIO Think Tank: Innovation vs Evolution in Life/Annuity Sales Distribution**



# Evolution of Technology in the Sales Process

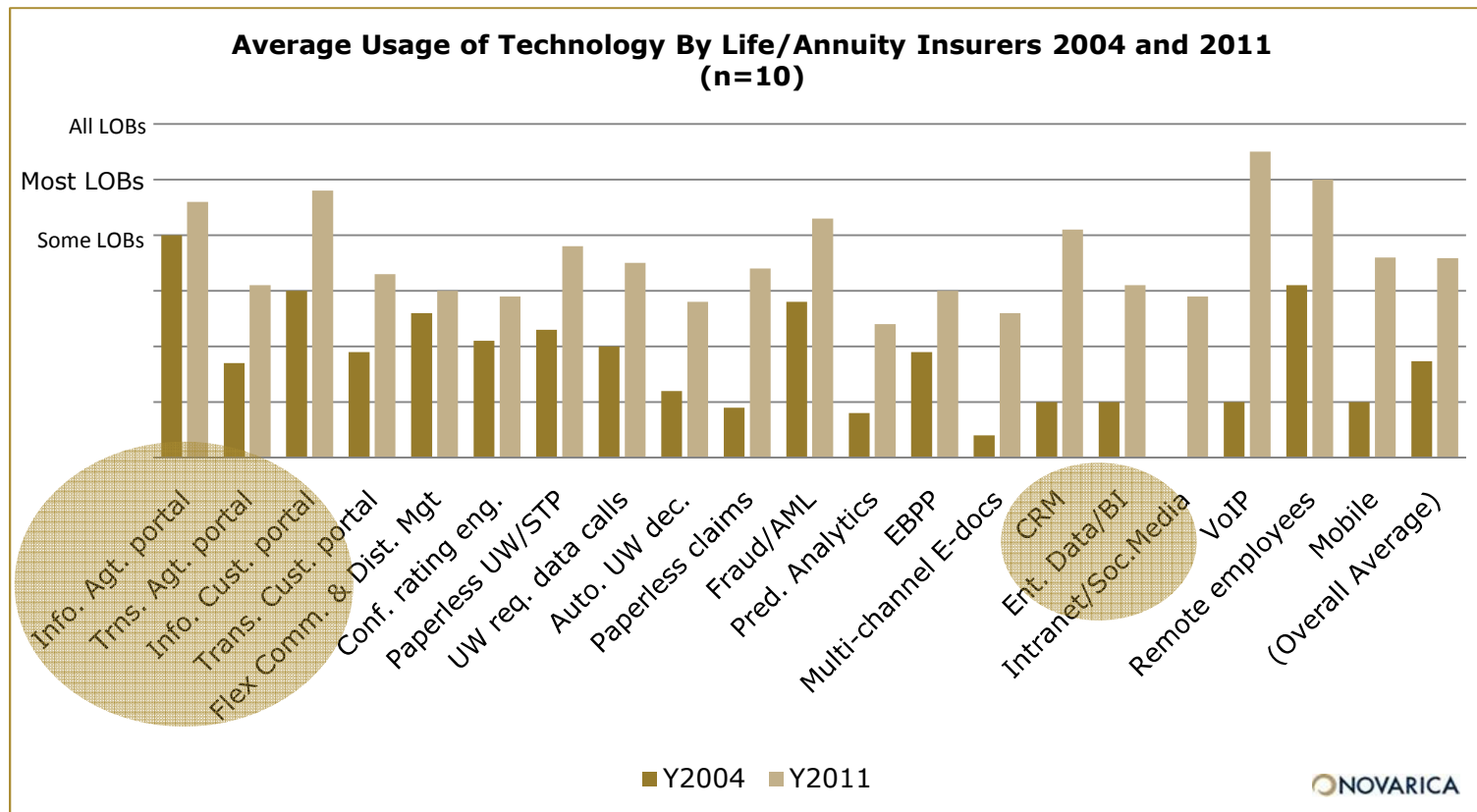
The Life and Annuity insurance industry was quick to adopt technology early, with systems being built mainly for internal carrier purposes. The first application of technology to insurance products were in the areas of *financial planning software* and *actuarial purposes*

- 1967** – MetLife Introduces “Electronic Family Security Checkup”
- 1983** – Mass Mutual offers computerized, computer prepared illustration
- 1995** – Prudential rolls out laptops for Life sales force for efficiency reasons
- 1996** – Metlife Online goes live

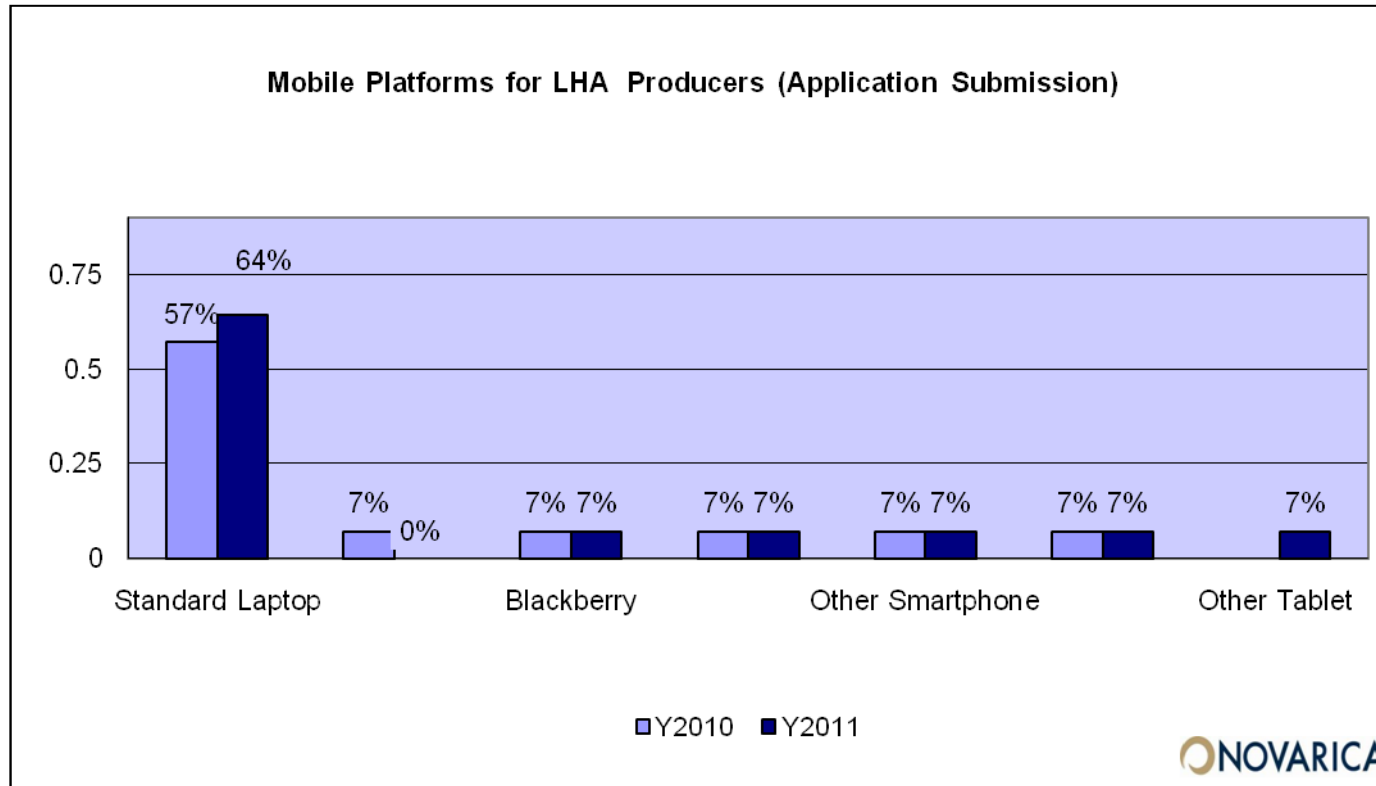


# Investment in Technology for Sales Continues

Technology adoption by carriers continues to increase with growth in usage in all areas in the past 7 years. Included is growth in technology usage supporting the sales process



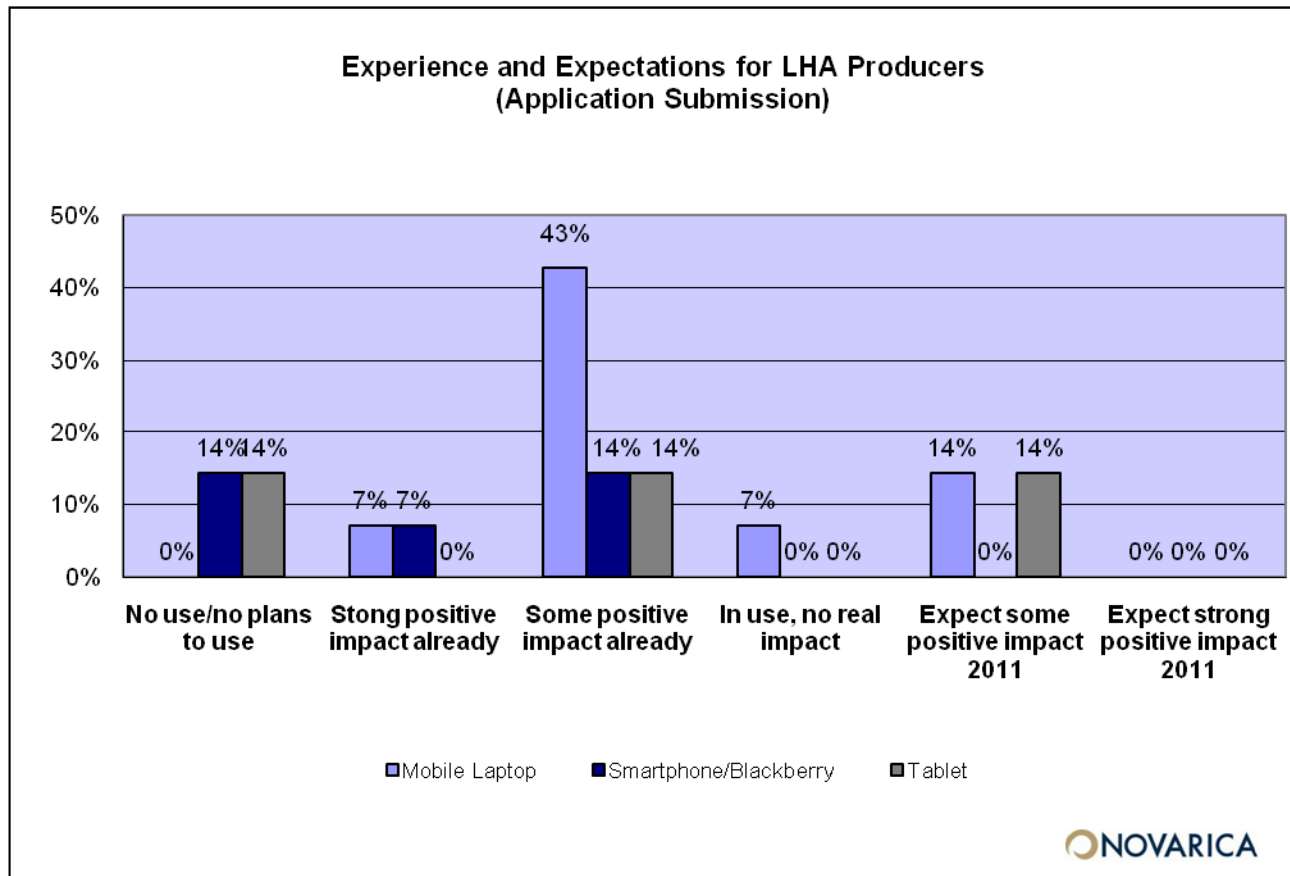
## Supporting Distribution: Producer (Application Submission) via Mobility Devices



- The majority of LHA respondents, 57%, supported standard laptops for application submissions
- This is expected to increase to 64% in 2011
- All other mobile platform use was insignificant in the sample

*The traditional laptop dominates the mobile landscape for application submission, but architects are designing solutions to be device agnostic – iPad came out in 2010 and are now the main player in tablet marketplace*

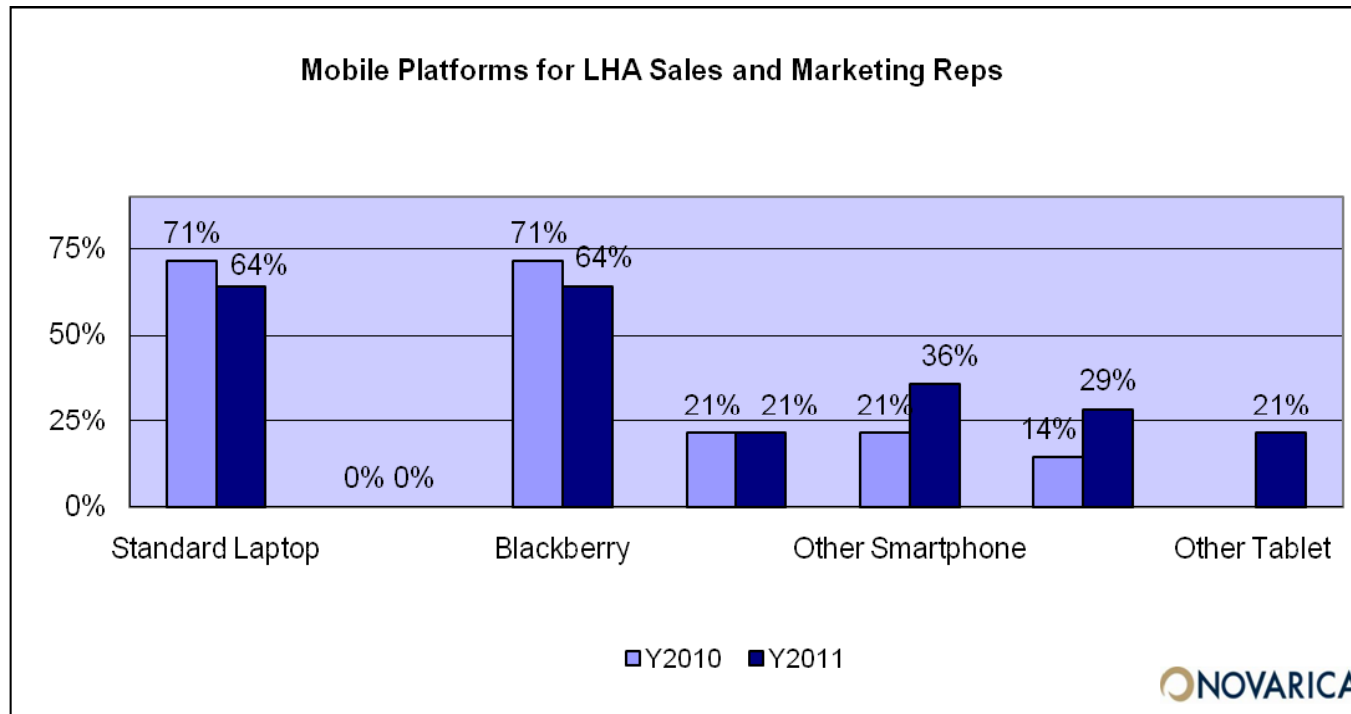
# Experience and Expectations: Producers (Application Submission) Attitudes via Mobility



- 50% of those responding see a positive impact with mobile laptop for App Submission
- Another 14% see some impact with mobile laptop
- 28% already see or expect positive impact from tablet devices
- 21% have already realized or expect positive impact with smartphone

*In LHA, for application submission, the positive impact of mobile laptops was acknowledged, but projections for other devices were modest. Expectation is that tablet devices will gain in popularity as uses broaden*

## Using Mobile: Sales and Marketing Reps

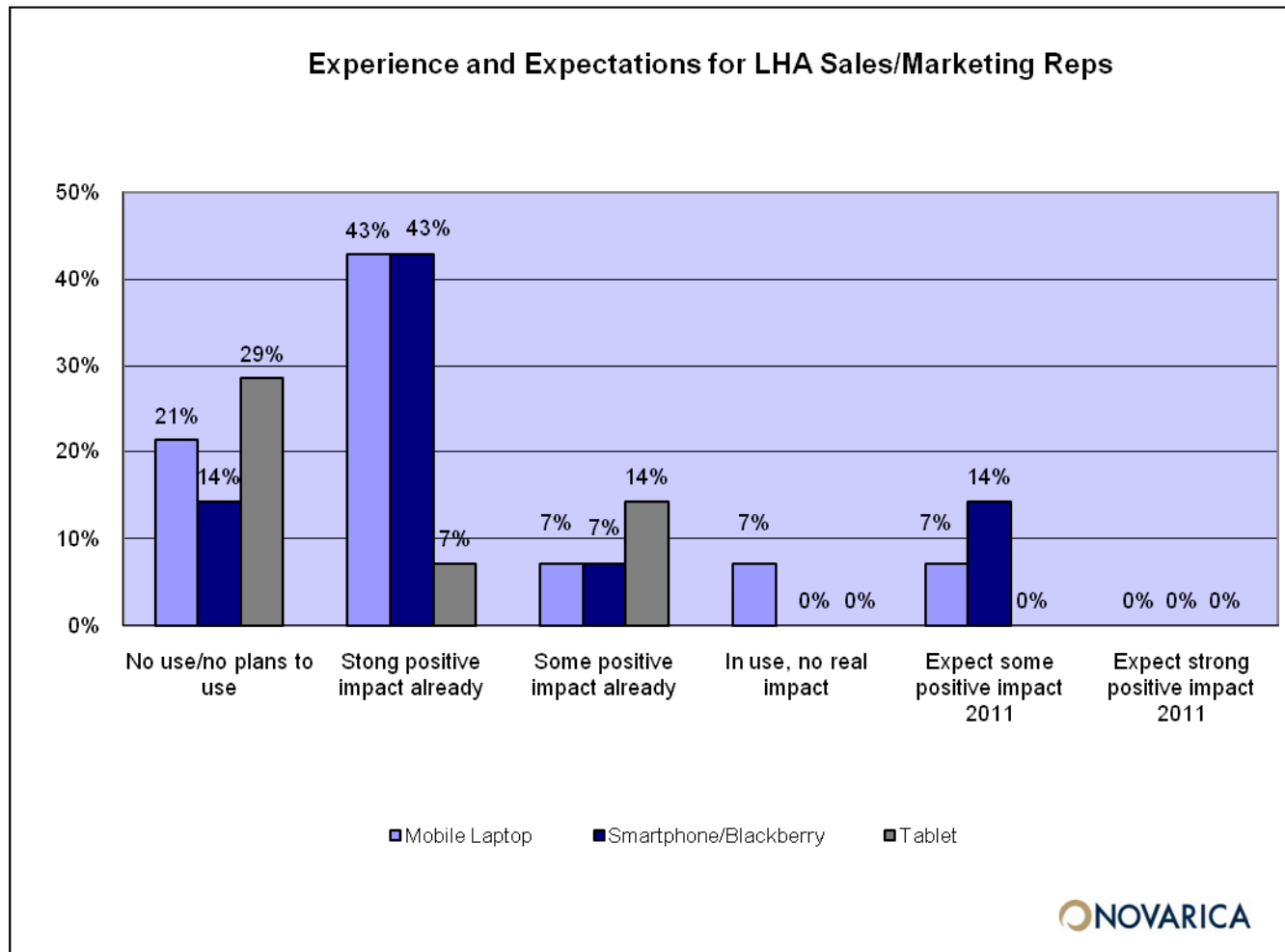


- 71% of LHA participants reported supporting standard laptops and Blackberries
- While this is expected to decrease to 64%, use of other technologies, like smartphones and tablets are all expected to increase in 2011

*Wireless laptops are heavily used among sales and marketing personnel. Some erosion is expected due to tablet and smartphone adoption, which will very likely cannibalize some use of laptops*



## Experience and Expectations: Sales and Marketing Reps



- Most firms have seen strong positive impact in all but tablet devices
- Few firms are anticipating additional positive impact from the use of mobile in 2011
- In general, nearly half of the respondents reported a positive impact from their adoption of mobile laptops and smart phones by their sales and marketing reps

## CRM and Business Intelligence Initiatives

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CRM initiatives are designed to help carriers *understand* distributors, territory behaviors, and campaign effectiveness. Business Analytics help to *predict* agent performance

- 2/3rds of insurer CIOs saw CRM as likely to benefit from increased investment in 2012 Insurance Networking News, 09/11, "CIOs to Increase CRM and Cloud Spend"
- The CIO of Max New York Life (Indian joint venture w/NY Life) was able to boost revenue from cross-selling from 7% to over 20% of revenues using BI. Revenue grew almost 40% with shorter sales cycles and ability to execute 60 campaigns a month to targeted customer segments
- Interesting note that 2% increase in customer retention = 10% cost-optimization, in terms of impact on profitability
- As a BI initiative, Hartford Life worked with PLANCO to identify brokers who hadn't sold in 6 months or were considered at-risk for not selling Hartford Life products, starting w/annuities data. Result was more pro-active sales education
- With annuity products, investors are notorious for fund activity and have predictable behaviors. Understanding behaviors at quarter-end and out of surrender contracts help with retention efforts and hedging and risk management

## Emerging Sales Force Technologies

The Sales force will see technology improvements across three broad areas, *Mobility, CRM, and Predictive Analytics*. All areas in the aggregate will improve support for the sales force

### Mobility (Sales)

- Use of mobility for access to sales and performance information
- Mobility as a sales tool: illustrations and new business data collection

### CRM (Performance)

- Agency Management: Performance dashboard and reports
- Data mining, sales dashboards and reporting from a mobile device for executives
- Sales Desk: Manage interaction across home office, agents, policyholders, plan sponsors

### Predictive Analytics (Market Share)

- Track and categorize independent financial advisors. Help to identify opportunities based on selling behaviors
- Wholesaler productivity - predict wholesaler future production based on channel, length of time on the job, tenure in the territory

## Discussion

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- ❑ *What are you seeing as the major trends in sales technology ?*
- ❑ *What Investments are being made for the sales force today ?*
- ❑ *Do you expect your investments in technology innovative or evolutionary in nature ?*
- ❑ *Is there a single technology that is innovative, or a collection of technology that results in innovation ?*

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For additional information, please contact

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