



INNOVATE WITH PURPOSE

2024 LIMRA ANNUAL CONFERENCE

Reimagining Distribution Strategies for Success Today and Tomorrow



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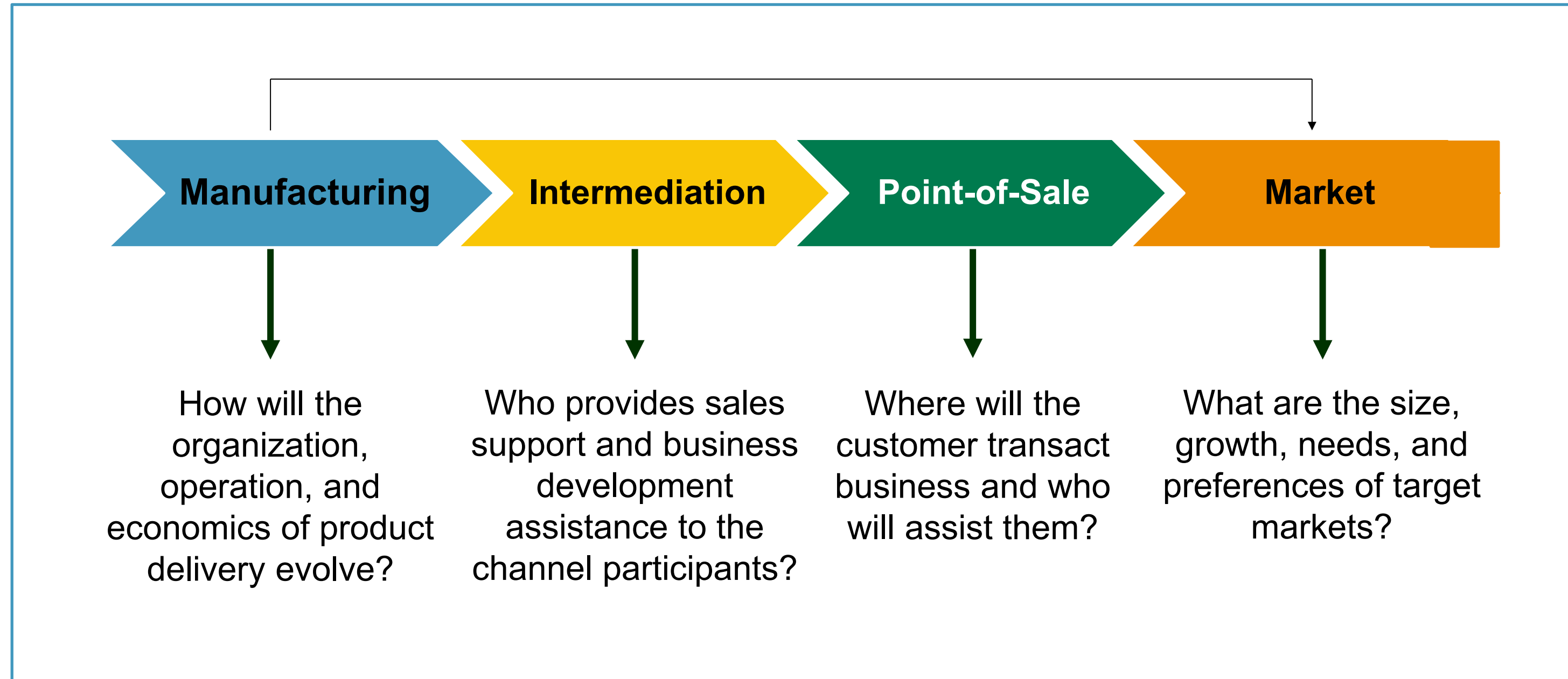


Patrick Leary

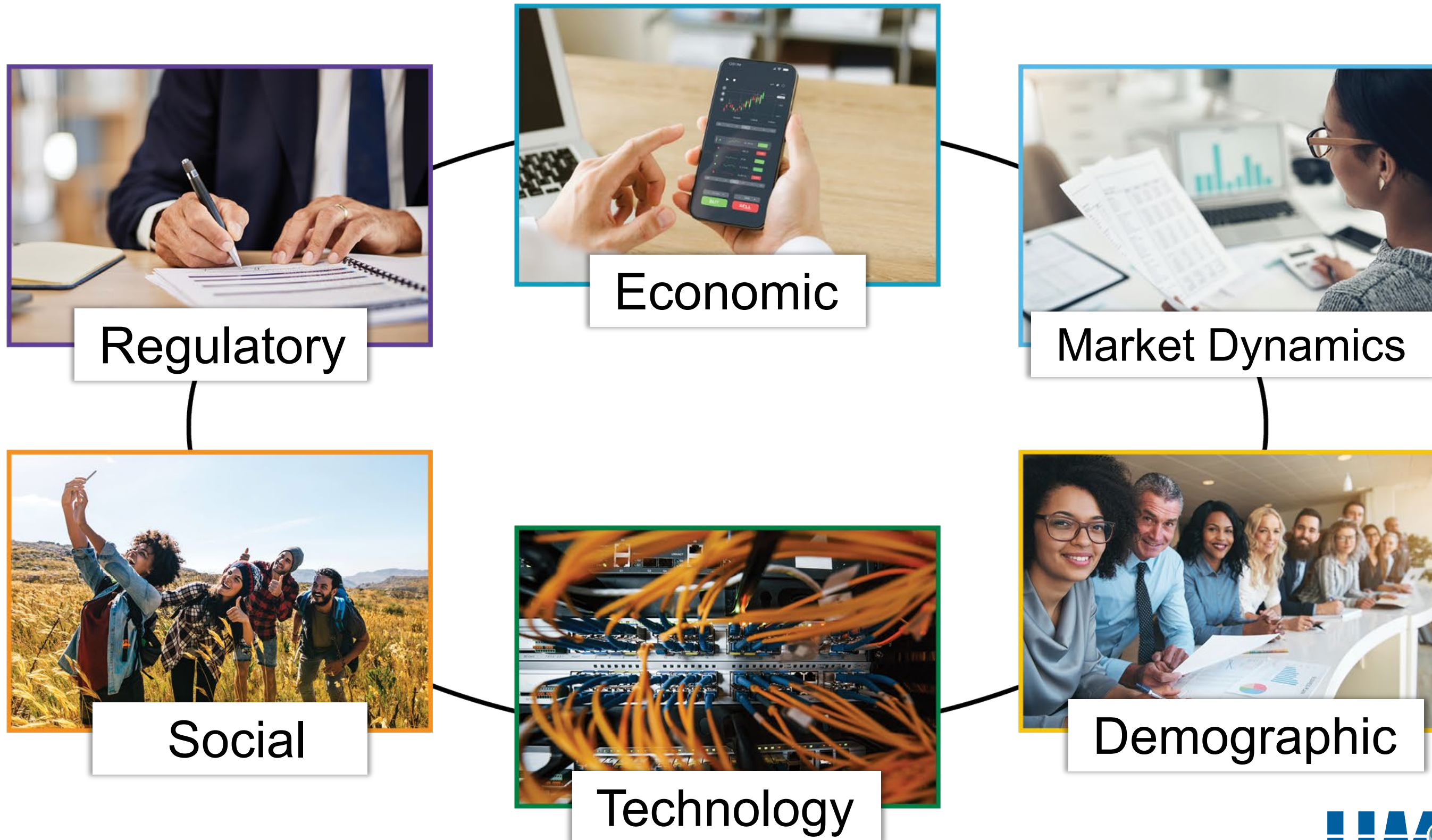
Corporate Vice President
LIMRA & LOMA

Distribution Defined

For our purposes, distribution is the delivery of a product *and* service in a manner consistent with the company's strategy and the preferences of its target markets.



Forces of Change



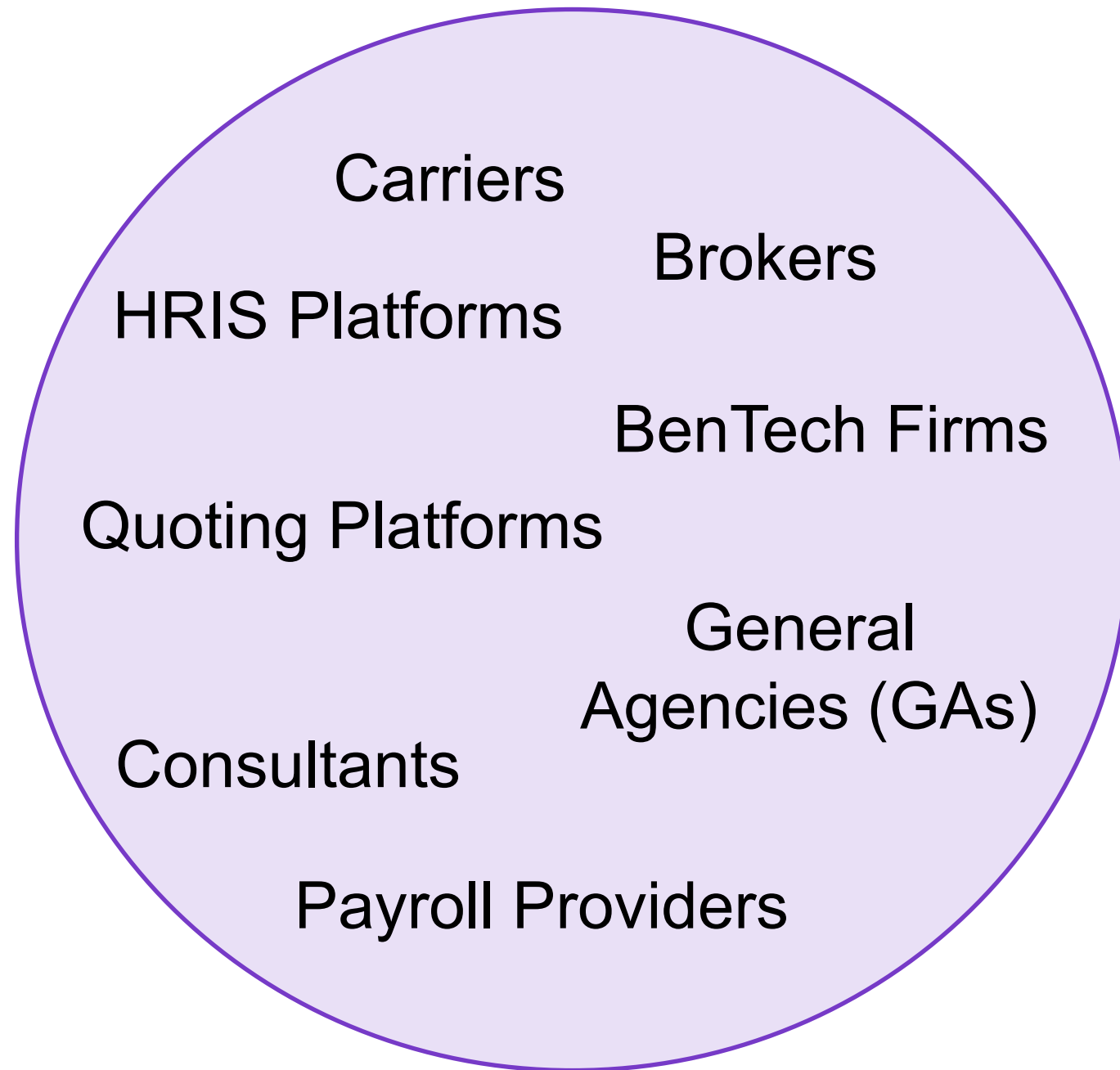
Today's Topics

- Evolution of Distribution Partners and Methods
- Distribution Economics
- Digital Transformation
- Sales Operations and Support
- Talent
- Wildcard



Evolution of Distribution Partners and Methods

The Benefits Ecosystem

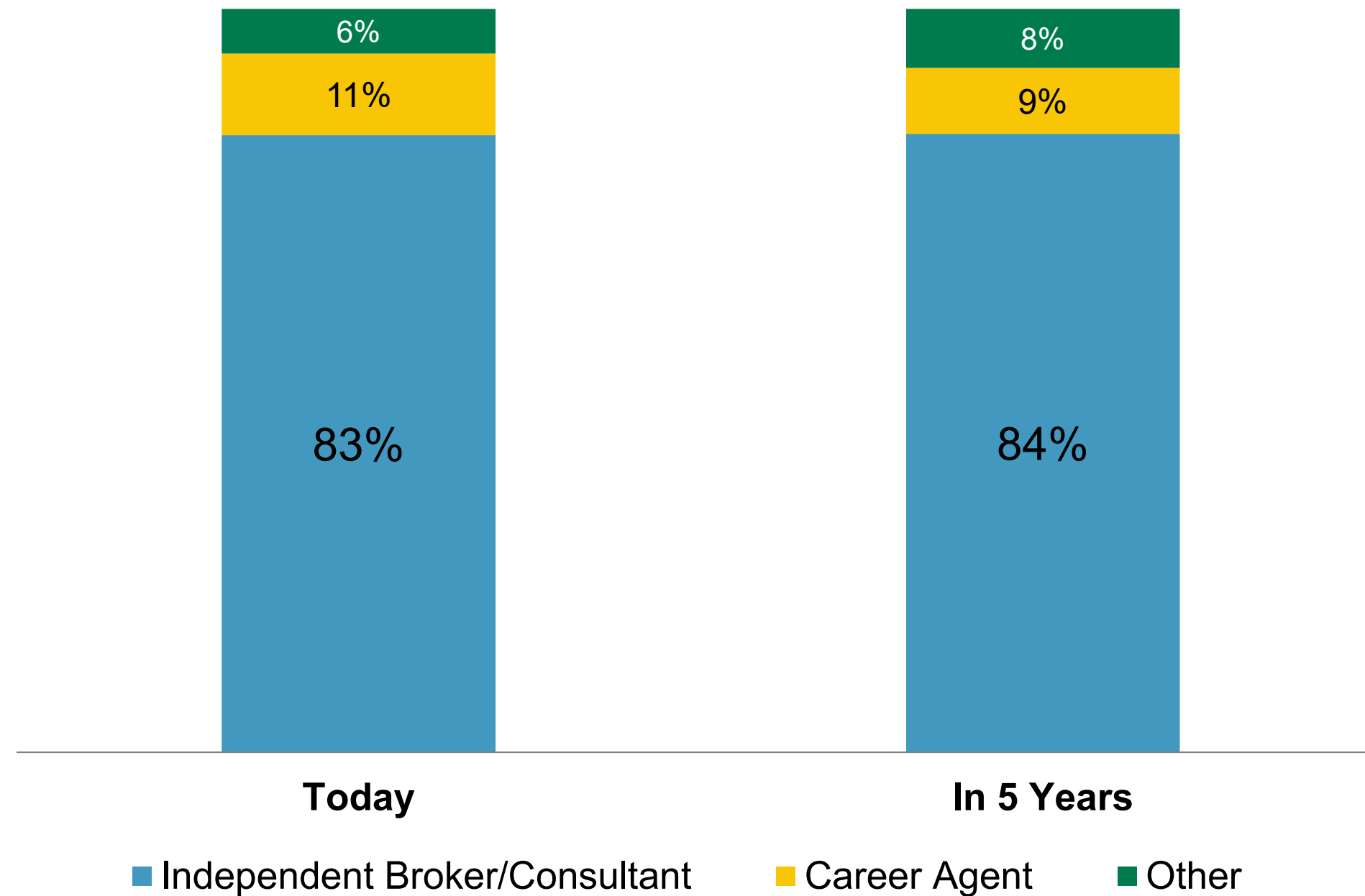


21 carriers cite the influence of technology firms in the ecosystem as having a significant¹ impact on their distribution strategies.

17 carriers cite industry consolidation as having a significant¹ impact on their distribution strategies.

¹Carriers rating item 5 or higher on a 7-point scale. N=28 carriers.

Brokers Will Be the Backbone of Carrier Distribution Strategy



“Other” includes direct-to-employer, PEOs, and association business.

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.

Benefits Broker Evolution

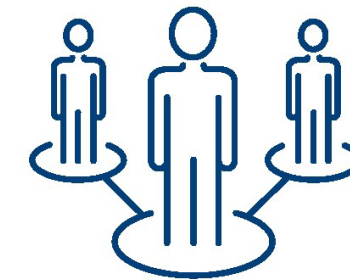
PRODUCT FOCUSED

- Selling
- Specific Product
- “Spreadsheets”
- Tech Supported



SERVICE FOCUSED

- Benefits Planning
- Value-added Advice
- Holistic Offerings
- Tech Enabled

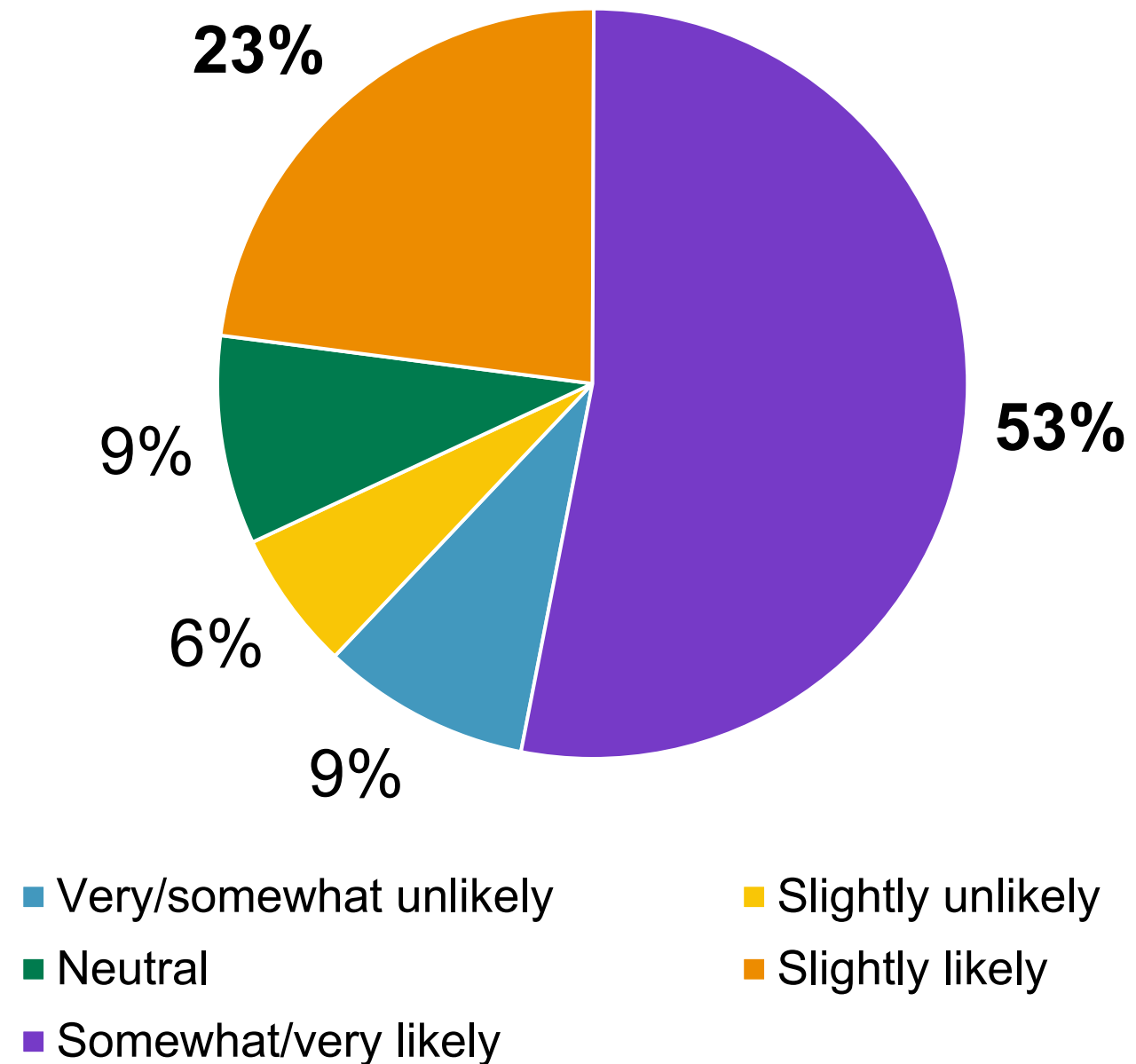


LOWER
Perceived Value

HIGHER
Perceived Value

Direct-To-Employer Models

Obtaining insurance benefits without the help of a broker



Source: *Harnessing Growth and Seizing Opportunity: The Future of Workforce Benefits*, LIMRA and EY, 2023.

A Balancing Act: Carriers' Perspective

What is the greatest challenge your company faces in managing workplace benefits distribution?

“Appropriately aligning with emerging, new third party entrants. General Agents, Broker Centers of Excellence, and third-party quoting platforms are growing in favor and **the expenses are being placed on carriers.**

Determining how best to partner with these entities while maintaining target profit levels and holding onto a relationship with the downstream broker are top of mind.”



Distribution Economics



Employers Demand Economic Value

71% of employers cite benefit costs as having a significant¹ impact on their benefits strategies.

Brokers' Perspectives

“Now employers are looking for more solutions. They are asking about **ROI**, they are asking about **reporting, analytics**, all that.”

“I would say that there is a lot **more data-based decision-making**...So more technical sales, I would say, than relationship-based sales...definitely **more focus on the numbers**, more focus on high-cost claimants, more focus on stop-loss, more focus on the Rx spend.”

“They want streamlined, they want effective, and they want **measurable results**...they're demanding us to show them the value of it, even before implementing it.”

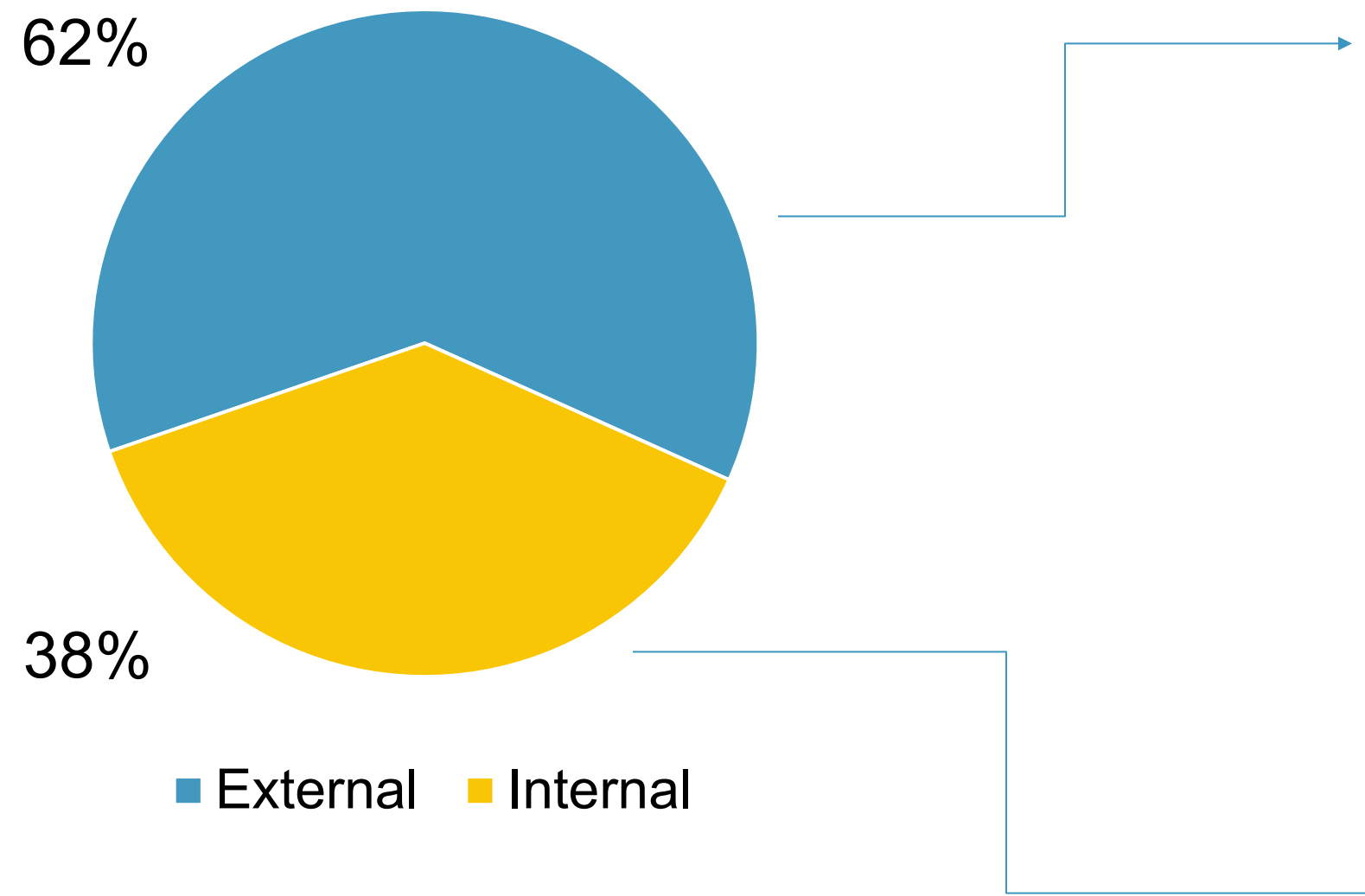


¹Employers rating item 5 or higher on a 1 to 7 scale.

Expense Management

Approximately 20% of total revenue goes to distribution expenses

Internal vs. External Distribution Expenses

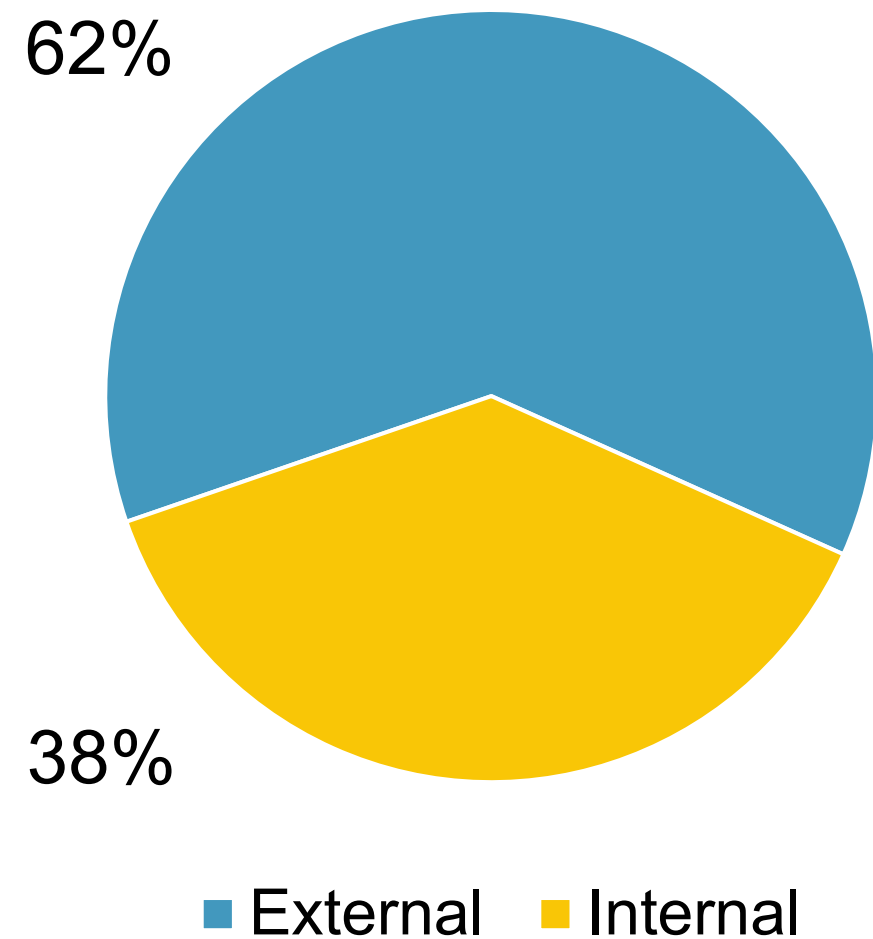


Broker compensation
GA / wholesaler overrides
Enrollment firm expenses
Tech fees / partnership credits
Other external expenses

Compensation for non-broker sales roles
Field operating expenses
Home office marketing
Career agent compensation
Other internal expenses

Expense Allocations Expected to Remain Consistent

Internal vs. External Distribution Expenses



External Cost Allocations

	Today	In 5 Years
Broker compensation	78%	76%
GA / wholesaler overrides	8%	8%
Enrollment firm expenses	9%	8%
Tech fees / partnership credits	4%	7%
Other external expenses	1%	1%

Influence of Technology Credits

57% of carriers cite technology credits as having a significant impact¹ on their distribution strategies.

Brokers' Perspectives

“...I think it’s **a money grab** by the technology providers. When I look at some of the price tags, it couldn’t possibly cost that much money to build an accident plan or a legal plan on your enrollment system. I just think some of those invoices they like to throw out there are very inflated.”

“I do think if you have any type of plan changes, **those credits, those subsidies, are pretty crucial**...this [benefit] is only as good as the employee, the end user, understands it and uses it. So as far as...change management, we heavily rely on those credits, both myself (the broker) and the employer.”

“I wish all the states would just say, “You can’t do anything. **No more tech credits.**” That would **make life way easier** for everybody.”



¹ Percent of carriers rating the impact 5 or higher on a 7-point scale.



Digital Transformation



Powered by Technology

75% of carriers cite new technologies as having a significant impact¹ on their distribution-focused technology investments in the next five years.

Brokers' Perspectives

“For a couple of years now, two of the three [carriers] that I keep mentioning, they’ve been **using data**. They are using AI in unique ways to increase the utilization of the product. So that’s a big piece. **We love that type of stuff.**”

“**API is a big one.** When you are talking to a client or a prospect, I would say that is pretty attractive. There are no files that need to be exchanged. It goes right to the cloud. **It’s a great selling point** to someone like me in my position.”

“I still think we are missing a large piece of **how technology and insurance work together**. It’s still a dotted line. There is still a **huge room for improvement**. We are not lacking options, but we are lacking practicality in value.”

¹ Percent of carriers rating the impact 5 or higher on a 7-point scale.



Distribution Technology Investments Will Shift Over Time

	Today
Core/legacy systems replacement	23
Business process automation	16
Sales support	11
API / Integrations	10
Administration support (e.g., fees for BenTech firms)	9
Contact management	9
Artificial intelligence	8
Third-party data	7
Cloud	7
Blockchain	+

Carriers were asked to allocate 100 points to reflect their company's investments in the distribution-focused technologies listed.

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.



Distribution Technology Investments Will Shift Over Time

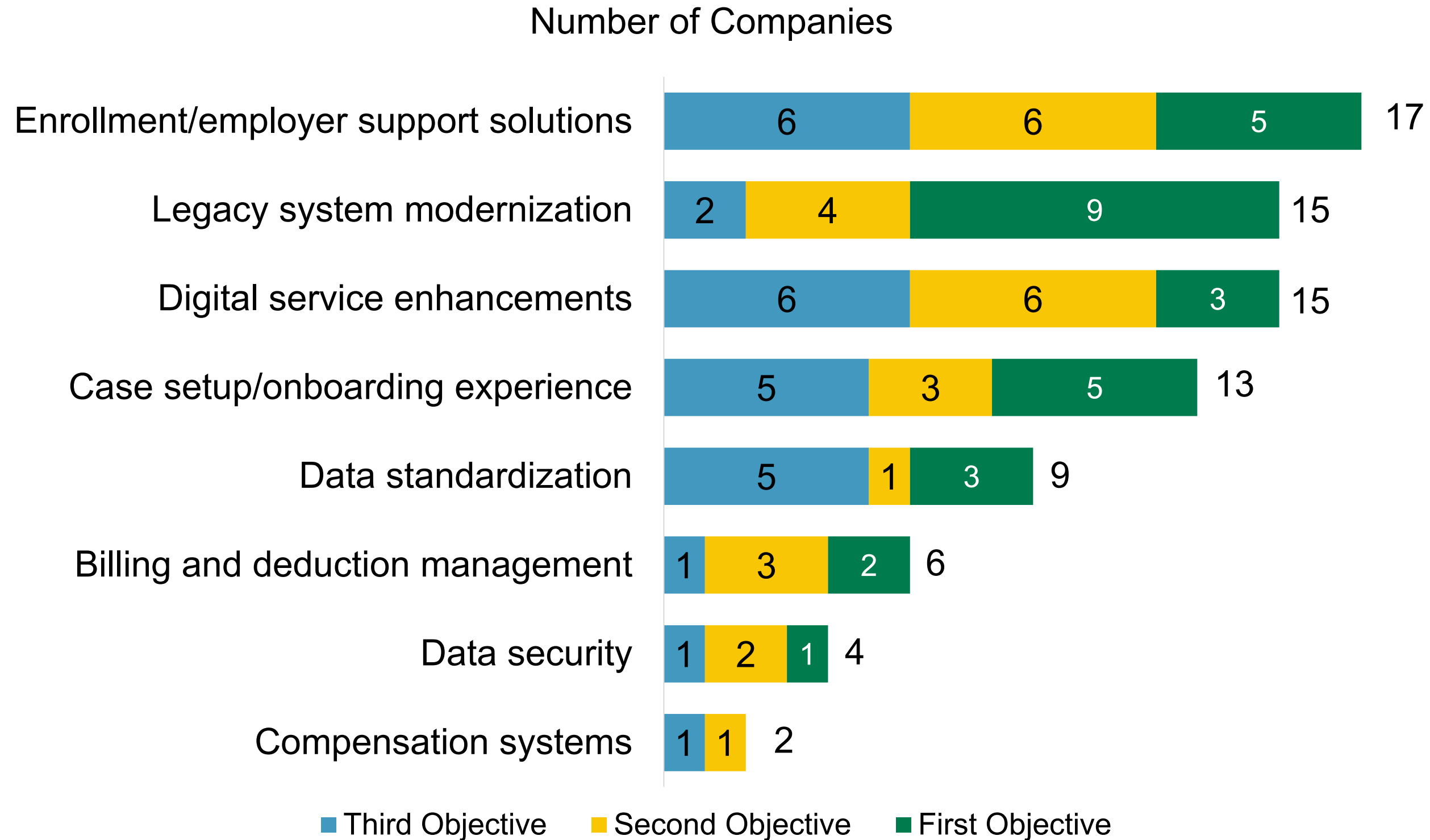
	Today	In 5 Years
Core/legacy systems replacement	23	14
Business process automation	16	16
Sales support	11	9
API / Integrations	10	16
Administration support (e.g., fees for BenTech firms)	9	9
Contact management	9	6
Artificial intelligence	8	16
Third-party data	7	7
Cloud	7	7
Blockchain	+	+

Carriers were asked to allocate 100 points to reflect their company's investments in the distribution-focused technologies listed.

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.



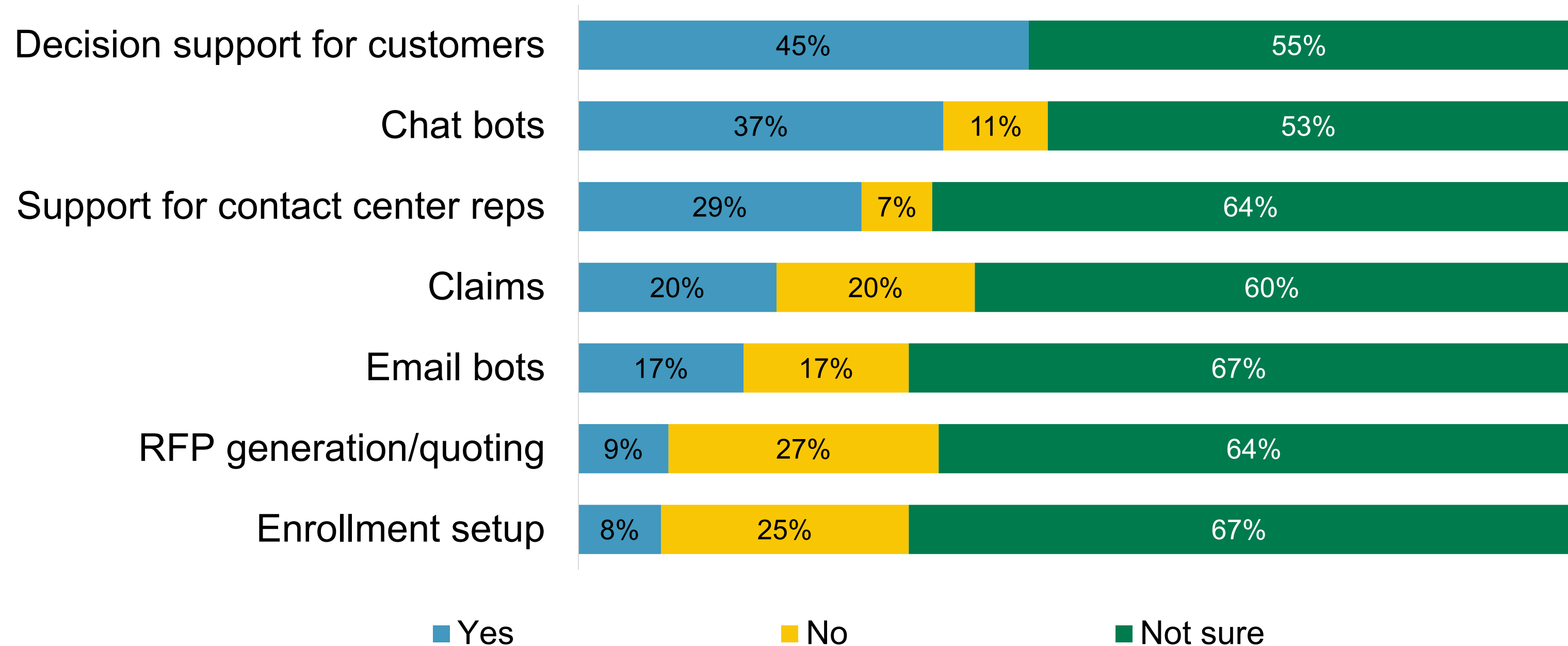
Objectives of Distribution Technology Investments



Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.

N = 28 carriers

Carrier Use of Generative AI



Source: *Company Practices: 2023 Digital Transformation in Workplace Benefits*, LIMRA.



Sales Operations and Support



Value Chain Investments to Support Distribution

	Today
Product development	17
Claims	14
Sales tools and RFPs	13
Account management	12
New business/underwriting	11
Marketing	8
Communication and education	8
Finance/actuarial	5
Investments	3
Other	7

Carriers were asked to allocate 100 points to reflect their company's investments in the value chain areas listed.

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.



Value Chain Investments to Support Distribution

	Today	In 5 years
Product development	17	18
Claims	14	16
Sales tools and RFPs	13	11
Account management	12	11
New business/underwriting	11	12
Marketing	8	10
Communication and education	8	10
Finance/actuarial	5	5
Investments	3	4
Other	7	4

Carriers were asked to allocate 100 points to reflect their company’s investments in the value chain areas listed.

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.



Carrier-Provided Services: Most *Valued* by Brokers

Training	Point-of-Sale	Operational support	Technology	Business development support

¹cited by 20 or more carriers

²cited by 10 or fewer carriers

N = 28 carriers

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.



Carrier-Provided Services: Most *Valued* by Brokers

Training	Point-of-Sale	Operational support	Technology	Business development support
Product training ¹	Support from Sales Reps ¹	Implementation / onboarding support ¹	Enrollment systems ¹	Employee education/meeting support ¹
	Sales & marketing materials ¹	Service support from Account Managers ¹	Client portals ¹	
		Enrollment support ¹		

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Product training ¹	Support from Sales Reps ¹	Implementation / onboarding support ¹	Enrollment systems ¹	Employee education/meeting support ¹
Industry and market trends	Sales & marketing materials ¹	Service support from Account Managers ¹	Client portals ¹	
Continuing education	Support from Product Specialists	Enrollment support ¹	Broker portals	
Sales training		Back-office support	API integration support	
		Compliance support	RFP generation/quoting	

¹cited by 20 or more carriers

²cited by 10 or fewer carriers

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Carrier-Provided Services: Most *Valued* by Brokers

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Product training ¹	Support from Sales Reps ¹	Implementation / onboarding support ¹	Enrollment systems ¹	Employee education/meeting support ¹
Industry and market trends	Sales & marketing materials ¹	Service support from Account Managers ¹	Client portals ¹	Contact management systems ²
Continuing education	Support from Product Specialists	Enrollment support ¹	Broker portals	Lead generation ²
Sales training		Back-office support	API integration support	
One-on-one coaching and mentoring ²		Compliance support	RFP generation/quoting	
			Automated underwriting ²	
			Real-time chat ²	

¹cited by 20 or more carriers

²cited by 10 or fewer carriers

N = 28 carriers

Source: *Workplace Benefits Distribution Trends*, LIMRA, 2024.





Talent

Carrier Talent

57% of carriers cite internal talent/recruitment as having a significant¹ impact on their company's distribution strategy.

Brokers' Perspectives

"I feel, from my experience with carriers, **you're as good as your rep...** so just making sure that when there is a transition, that you are adequately replacing that person to the same standards, same understanding of how the firm works. Because **I've seen large drop-offs with some national carriers just because of the rep turnover.**"

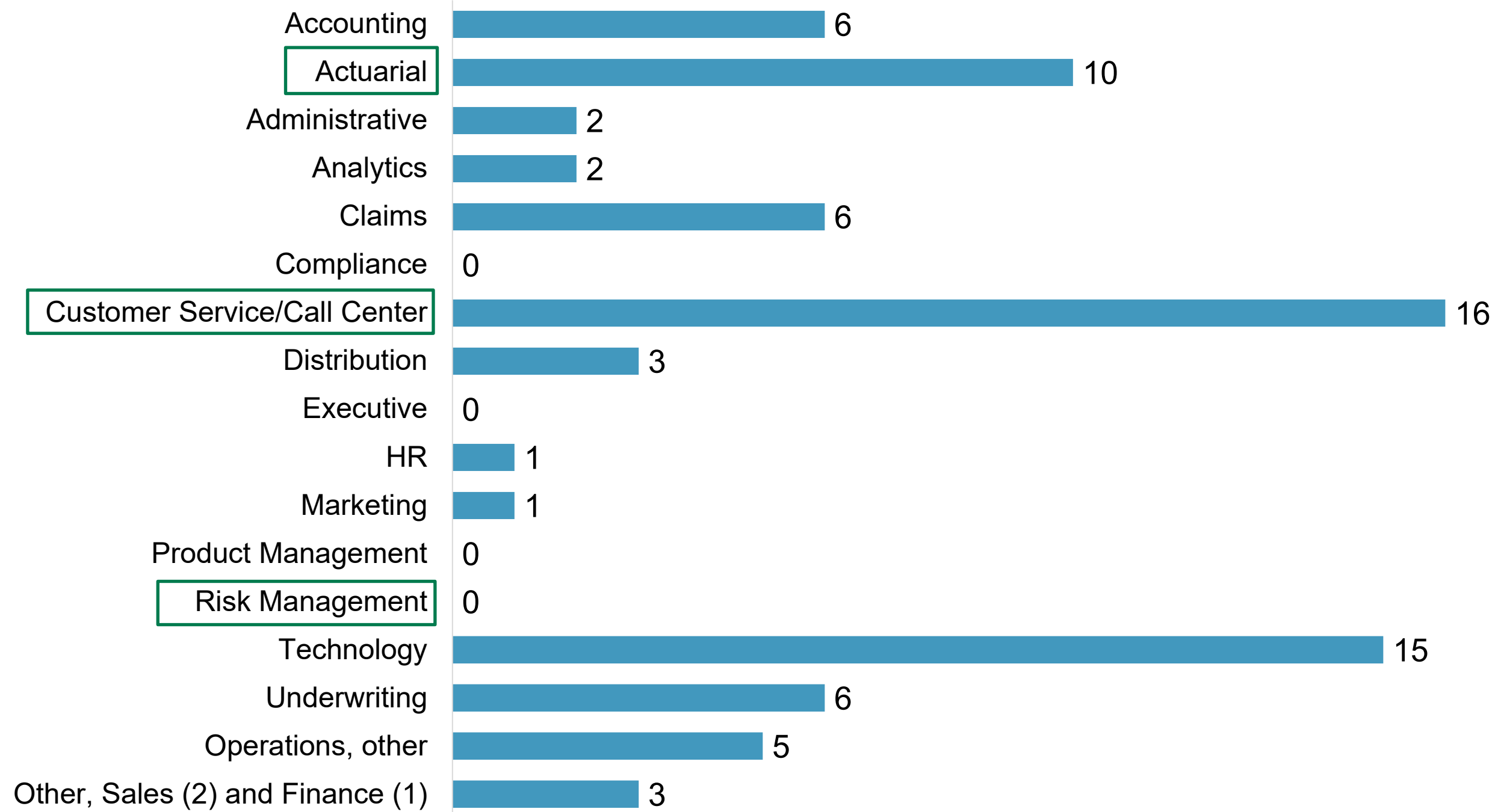
"I think one of the most valuable things is to have **well-trained, well-informed** sales and support staff that can help you help clients."

"I think that one of the most valuable things is **having the right people represent your company** and not having salespeople that just want to sell and be done with it, or they are not as knowledgeable as they should be. That is one of the most valuable things."

¹ Percent of carriers rating the impact 5 or higher on a 7-point scale.



Regrettable Turnover

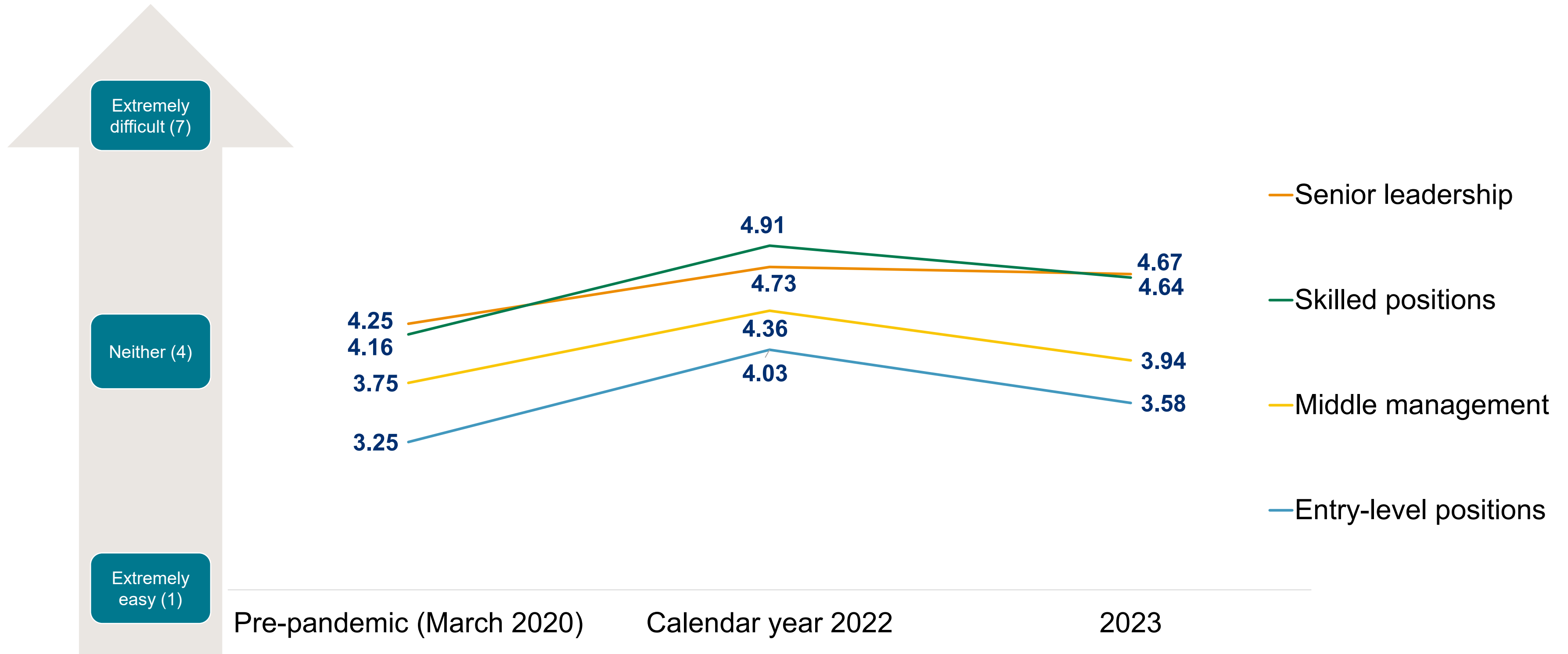


Number of companies = 31

Source: *Attracting and Retaining Talent in the Financial Services Industry: A Post-Pandemic Update*, LIMRA, 2023.



Difficulty Hiring by Role



Average difficulty on a 1-7 difficulty scale. Number of companies = 33.

Source: *Attracting and Retaining Talent in the Financial Services Industry: A Post-Pandemic Update*, LIMRA, 2023.

Challenging Positions to Fill



Number of companies = 33

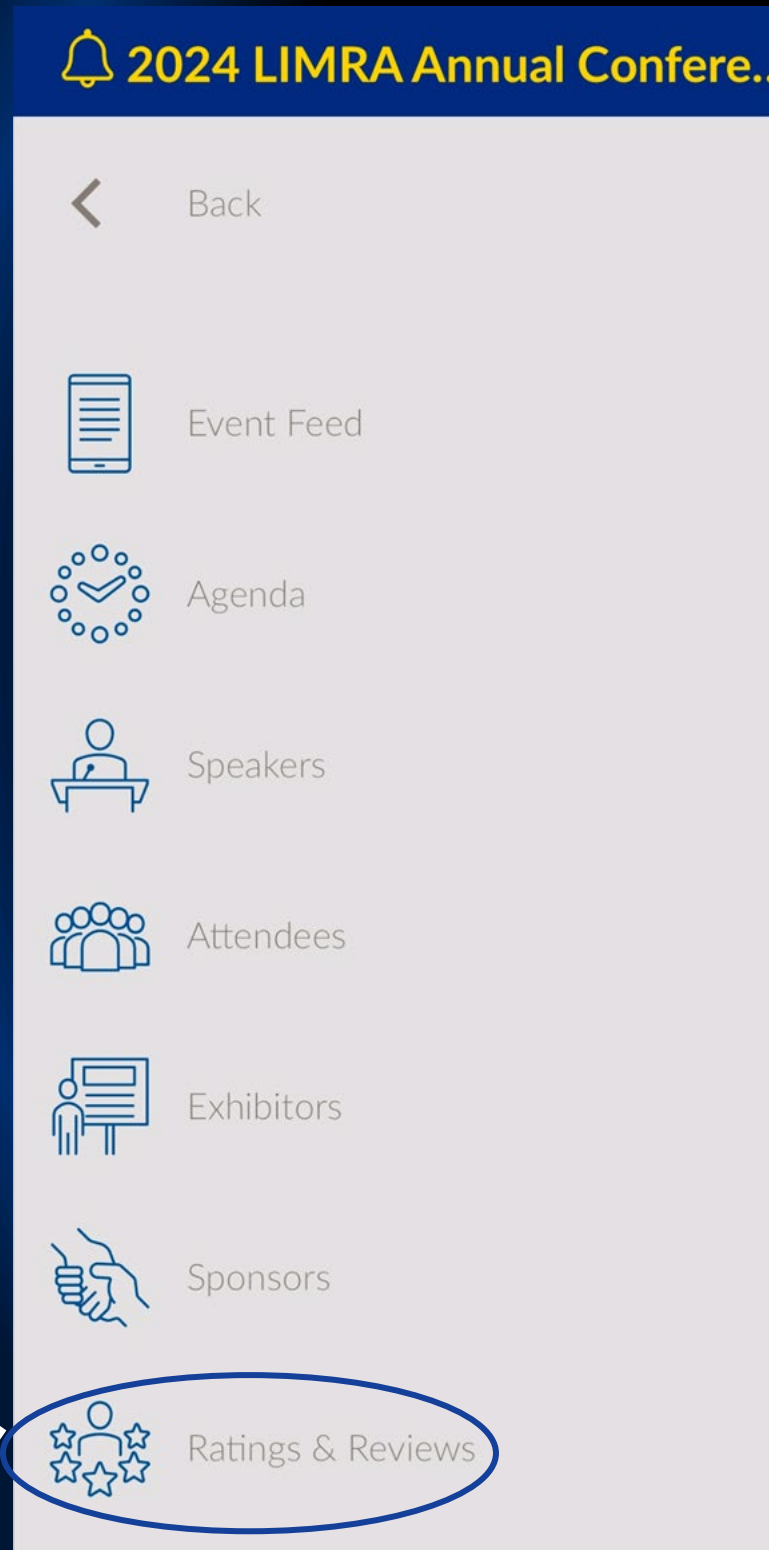
Source: *Attracting and Retaining Talent in the Financial Services Industry: A Post-Pandemic Update*, LIMRA, 2023.



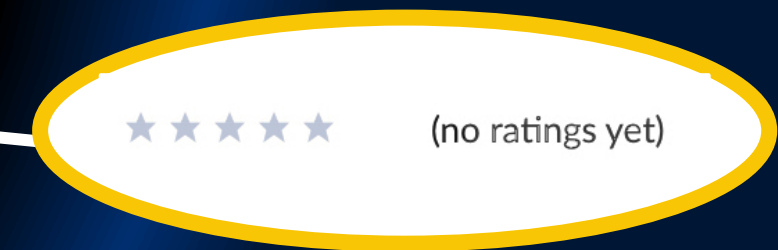
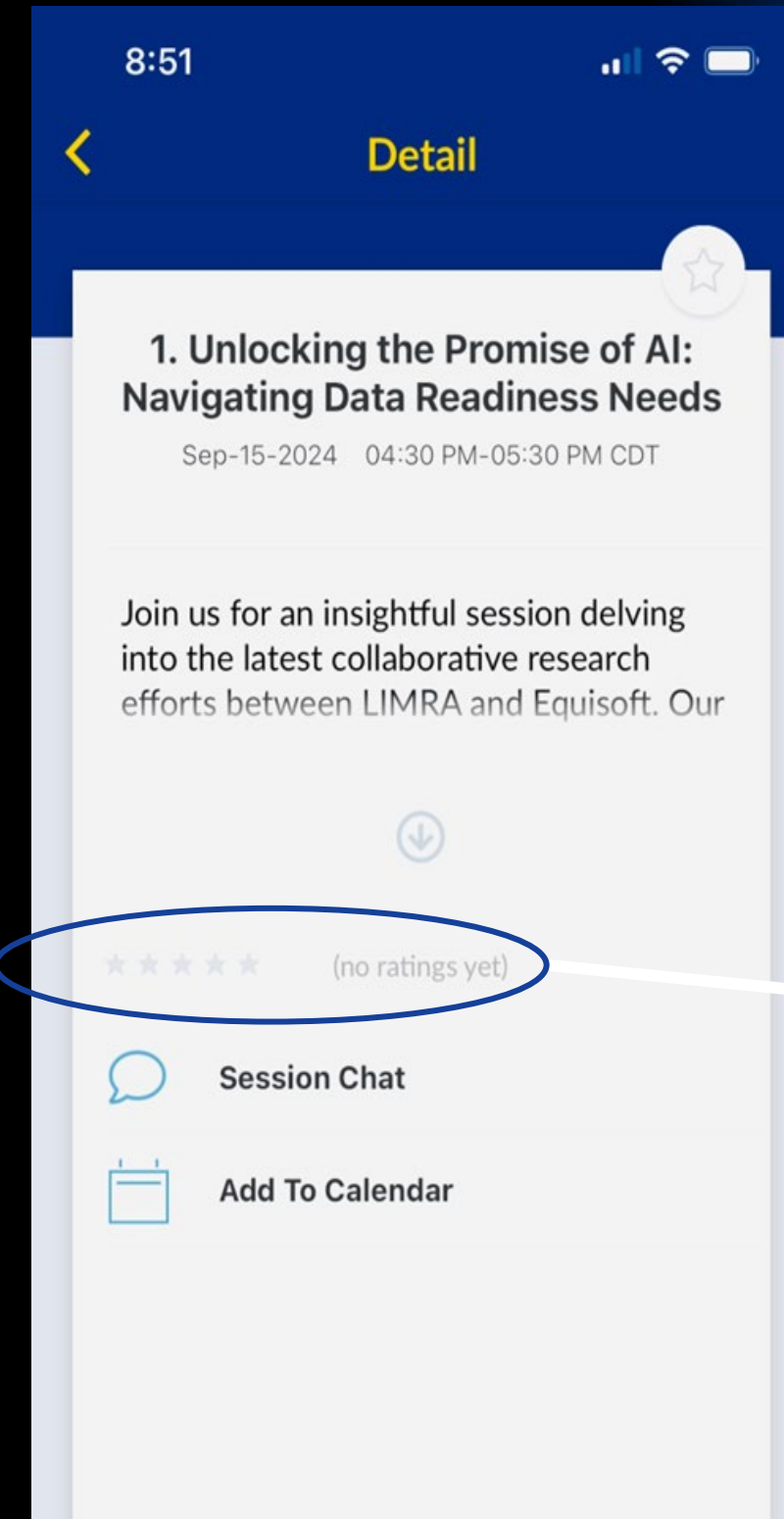
Wildcard

Please Provide Your Feedback on the Conference App

OPTION 1



OPTION 2



Thank You

