

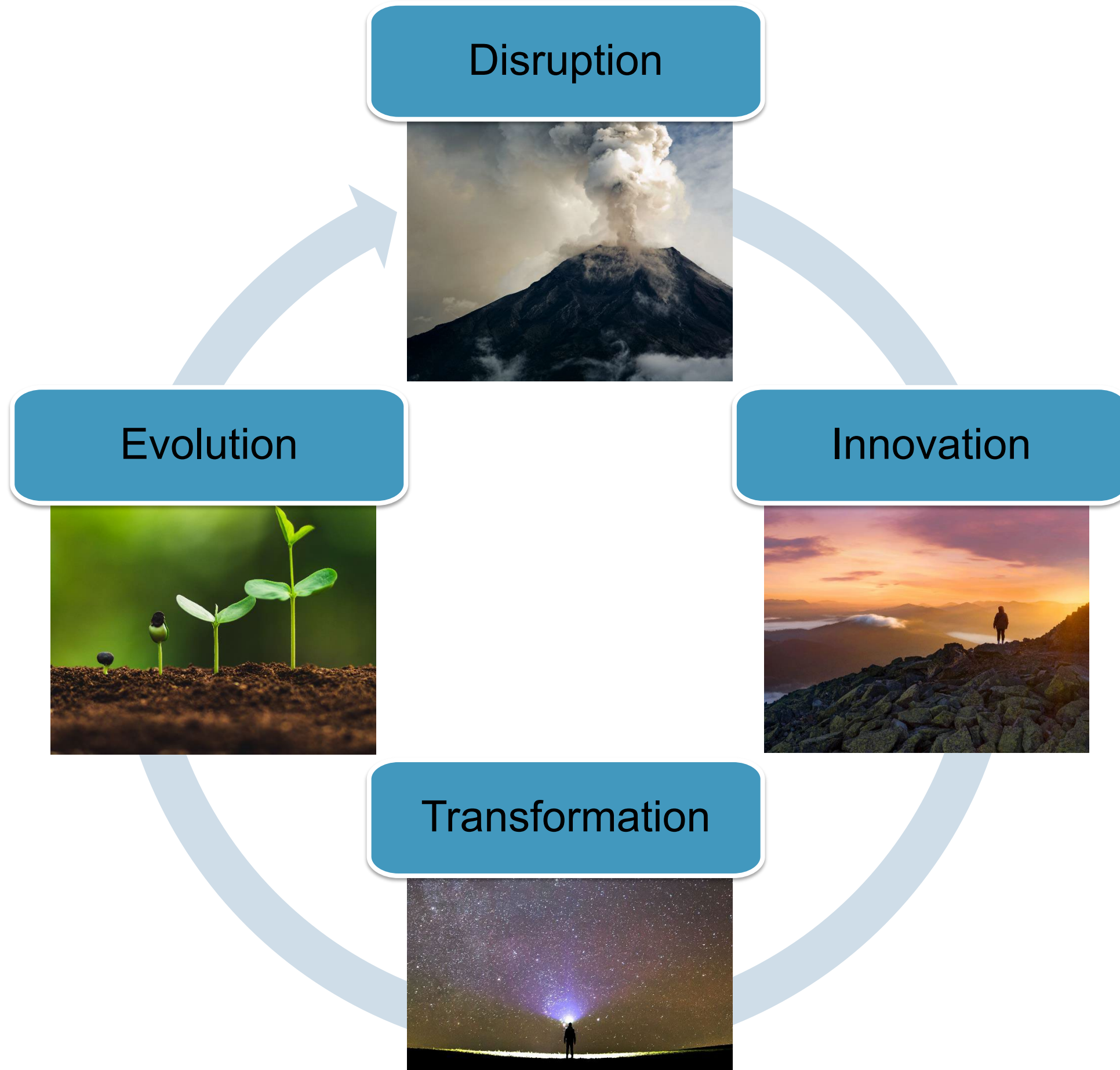


INNOVATE WITH PURPOSE

2024 LIMRA ANNUAL CONFERENCE

**At the Precipice of
Possibilities:
Innovating With
Purpose**

Continuous Business Cycles ...



An Era of Innovation



Innovation drives growth and competitiveness by introducing fresh perspectives and solutions to both existing and new challenges.

What's Driving Innovation Today?



- Economics
- Demographics
- Market Dynamics
- Regulation
- Technology
- Society & Culture

Employer Perspective on Workplace Benefits

Our company's benefits package will be critical to attract and retain the best workers.

70%

Employees at my company will expect a wider variety of benefit options.

61%

Our company will be offering more benefits than it does today.

51%

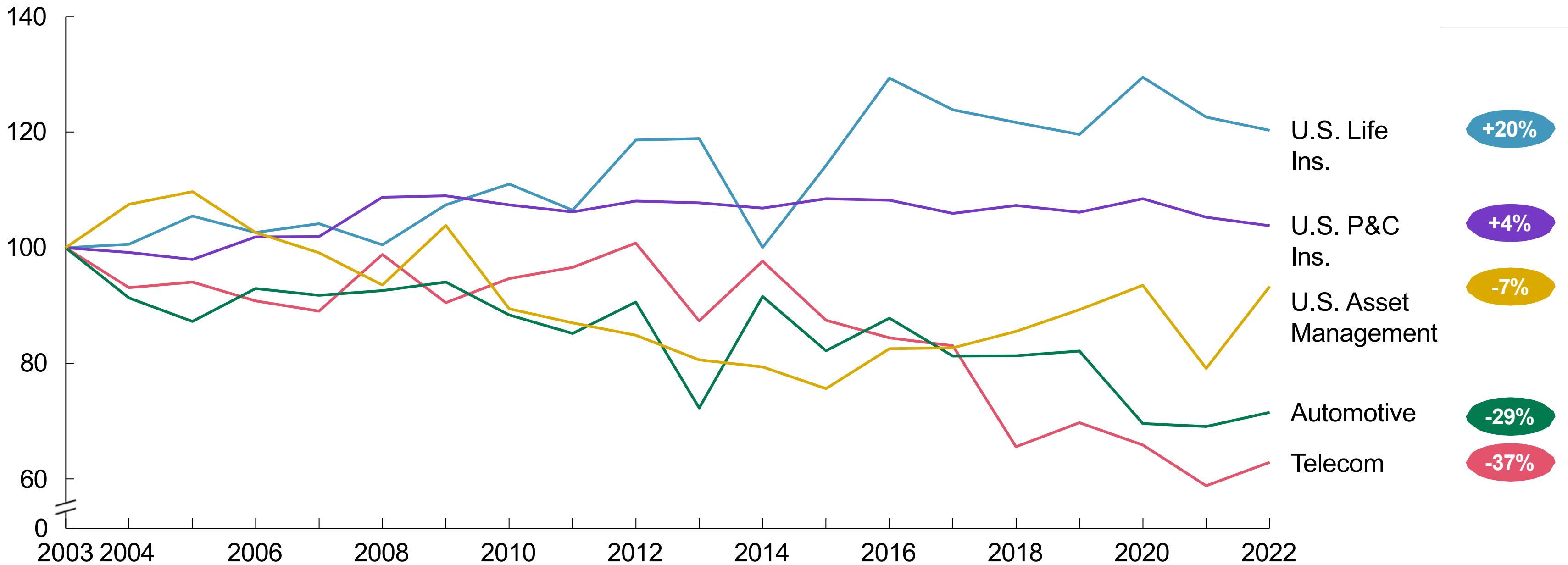
Percent of employers reporting item somewhat or very likely.
Base: Employers with 10 or more employees.

Source: *Harnessing Growth and Seizing Opportunity: 2023 Workforce Benefits Study*, LIMRA and EY.

U.S. Insurance Industry Continues to Lag on Cost Efficiency

Cost efficiency evolution by industry (2003-2022)¹

Delta
2003–2022



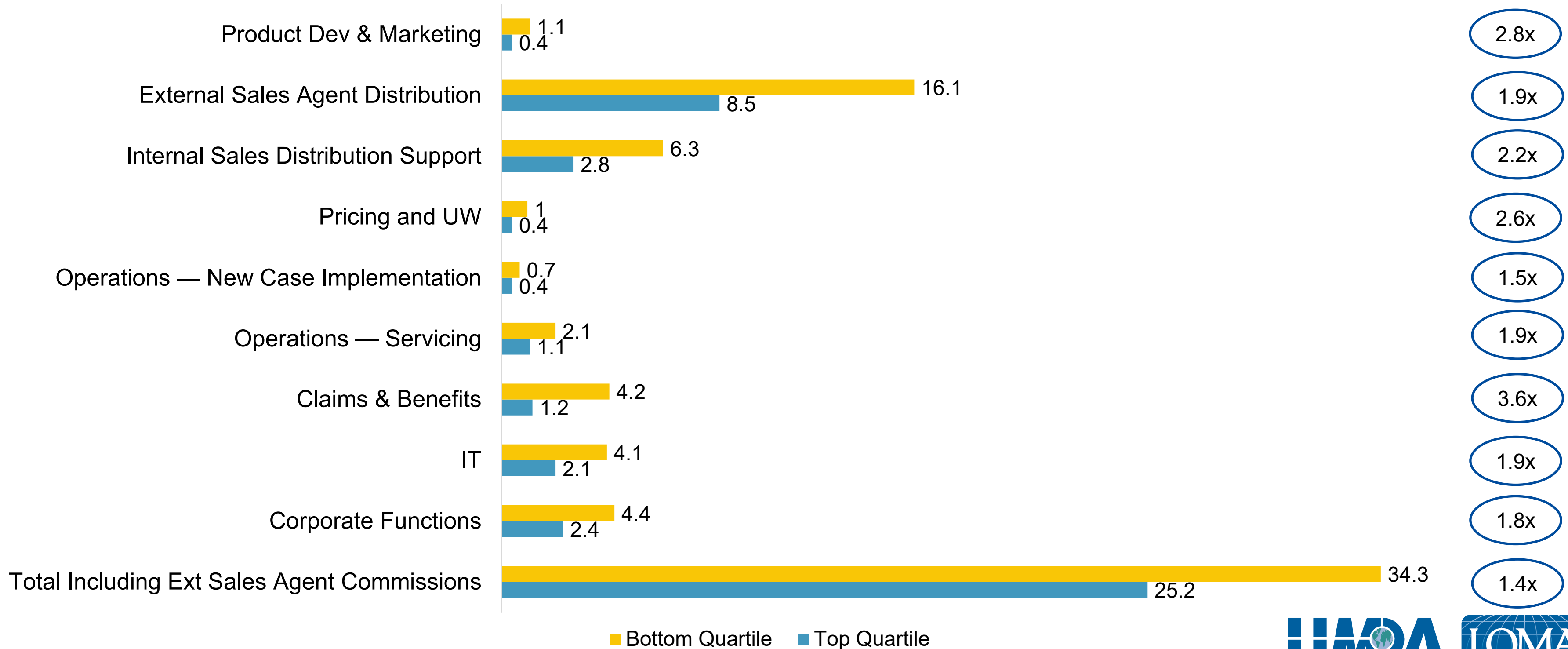
% Total SG&A Expenses over total Revenues (Statutory reporting), normalized at 100% in 2003.

¹Indexed; Expressed as "SG&A expenses as % of Revenue."
Source: S&P Capital IQ, Team analysis.



Increasing Growth While Decreasing Costs

2022, Expenses as a % of GWP + Fees; Categorized by Function



Source: McKinsey & LIMRA Workplace Benefits Insurance 360 Benchmark, 2023.

The Need for Innovation

30% of employers eliminated underutilized or ineffective benefits over the past two years.

Brokers' Perspectives

“We are selling products today that were built in the sixties, seventies and eighties ...We haven't had a fundamental new product or new addition for decades. **That's scary, right?**”

“It sounds terrible, but **I haven't seen a lot of innovation.** I feel like a lot of the carriers are kind of waiting to see what an employee in 2024 wants. Kind of post-pandemic, what are they looking for? Not a lot of change there.”

“While distribution is very important, service delivery, product development, **innovation** and technology wins the day.”

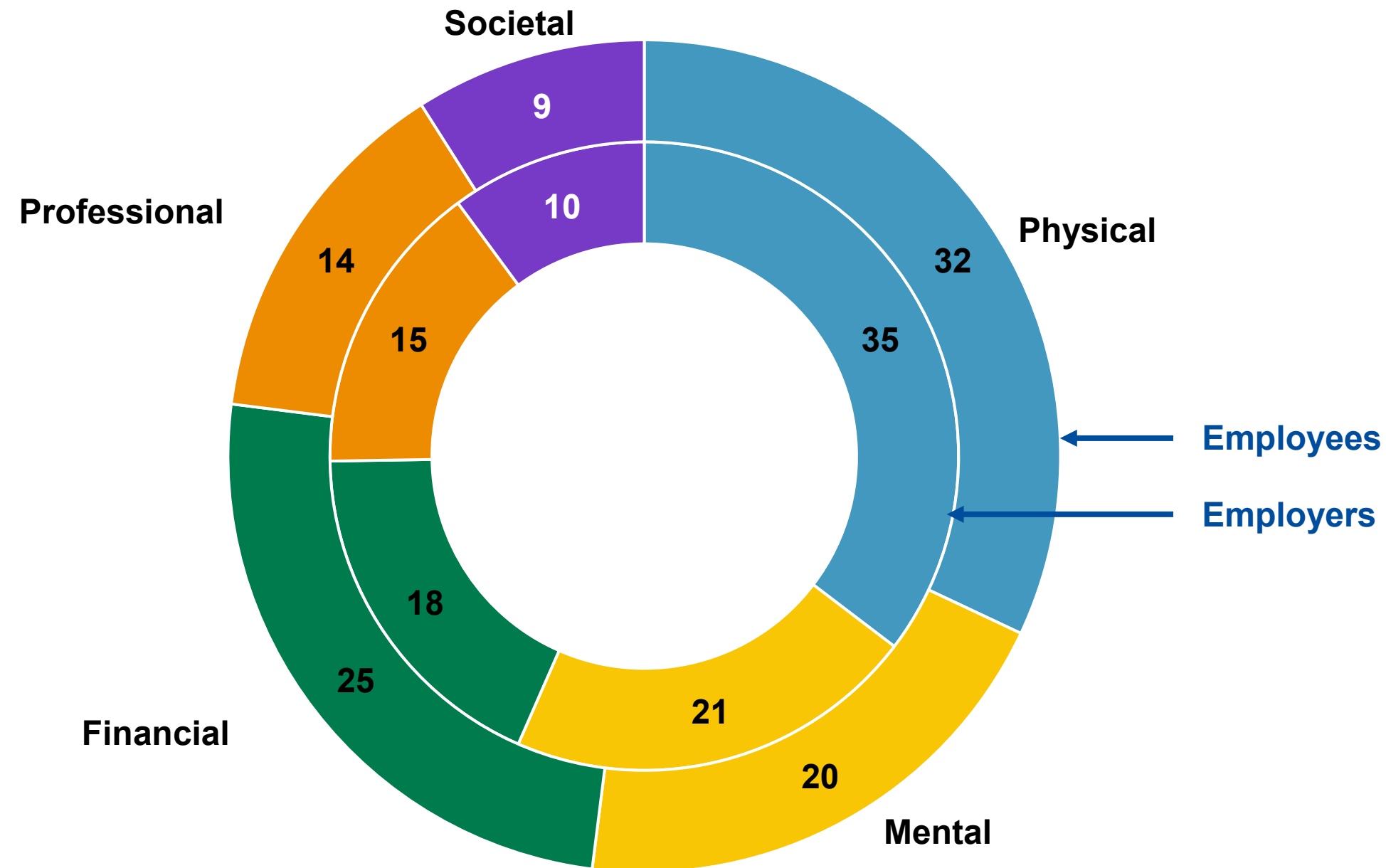


*percent of carriers rating the impact 5 or higher on a 7-point scale.

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

The Wheel Of Wellness: Opportunities for Innovation

Employer vs. Employee Perspective on Wellness Categories

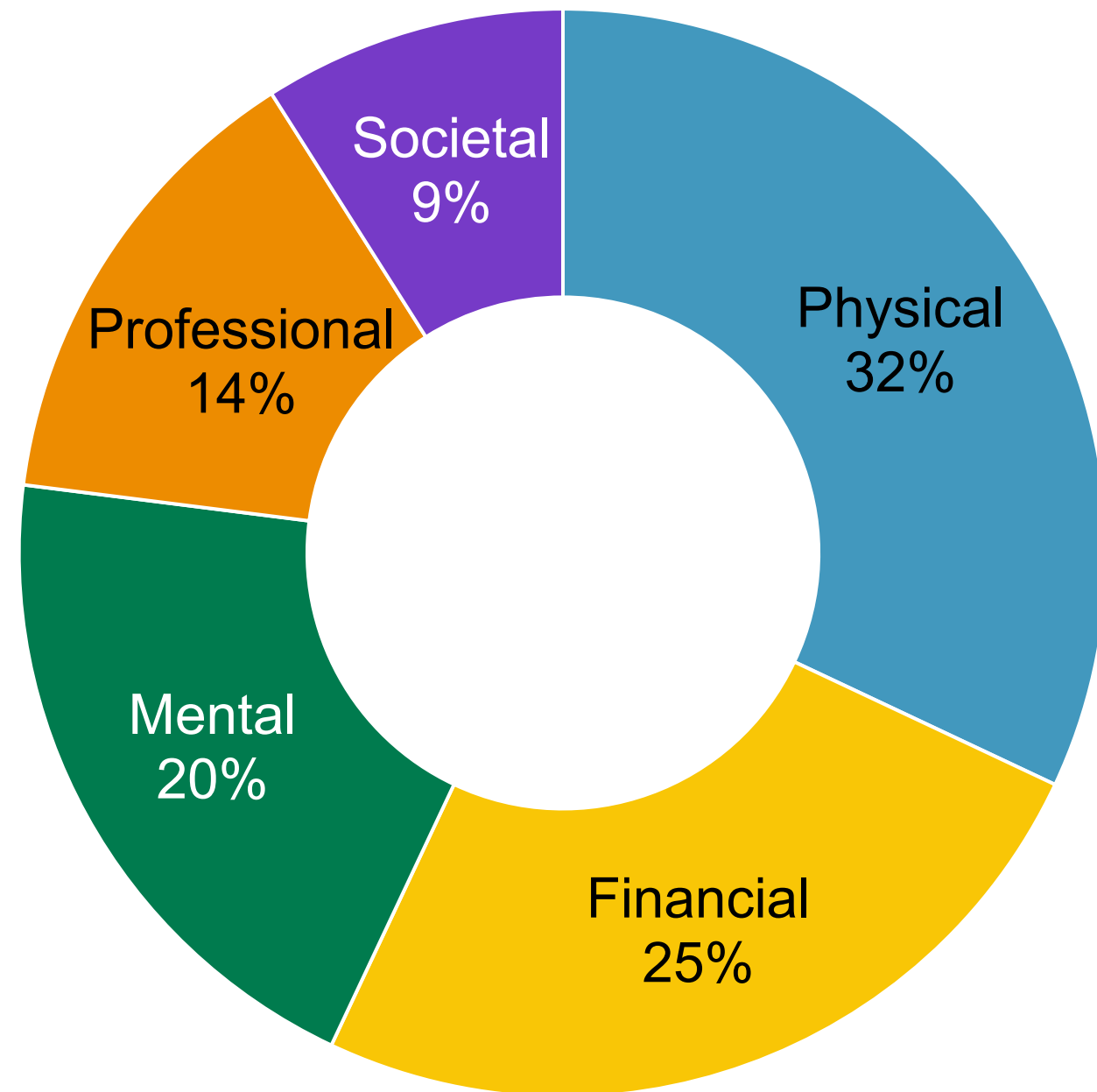


- **Mental, Professional, and Societal:** Employers and employees agree on level of importance
- **Physical:** Employers believe it is more important than employees
- **Financial:** Employees think it is *much* more important than employers

Employers asked to allocate 100 points across five categories of benefits regarding the importance they place on each benefit category in meeting the needs of their workforce. Employees were asked how they would allocate 100 points among the categories to indicate the importance they place on each type of benefit.
Source: *Harnessing Growth and Seizing Opportunity: 2023 Workforce Benefits Study*, LIMRA and EY.

Where Are We Seeing Innovation?

Relative Importance of Wellness Categories



- Absence Management
- Claims Integration
- Financial Wellness
- In-Plan Annuities
- MEPs and PEPs
- Nutrition and Fitness
- Student Loan Repayment
- Tele-health and Virtual Care

Programmed to Innovate: Technology-Enabled Distinction

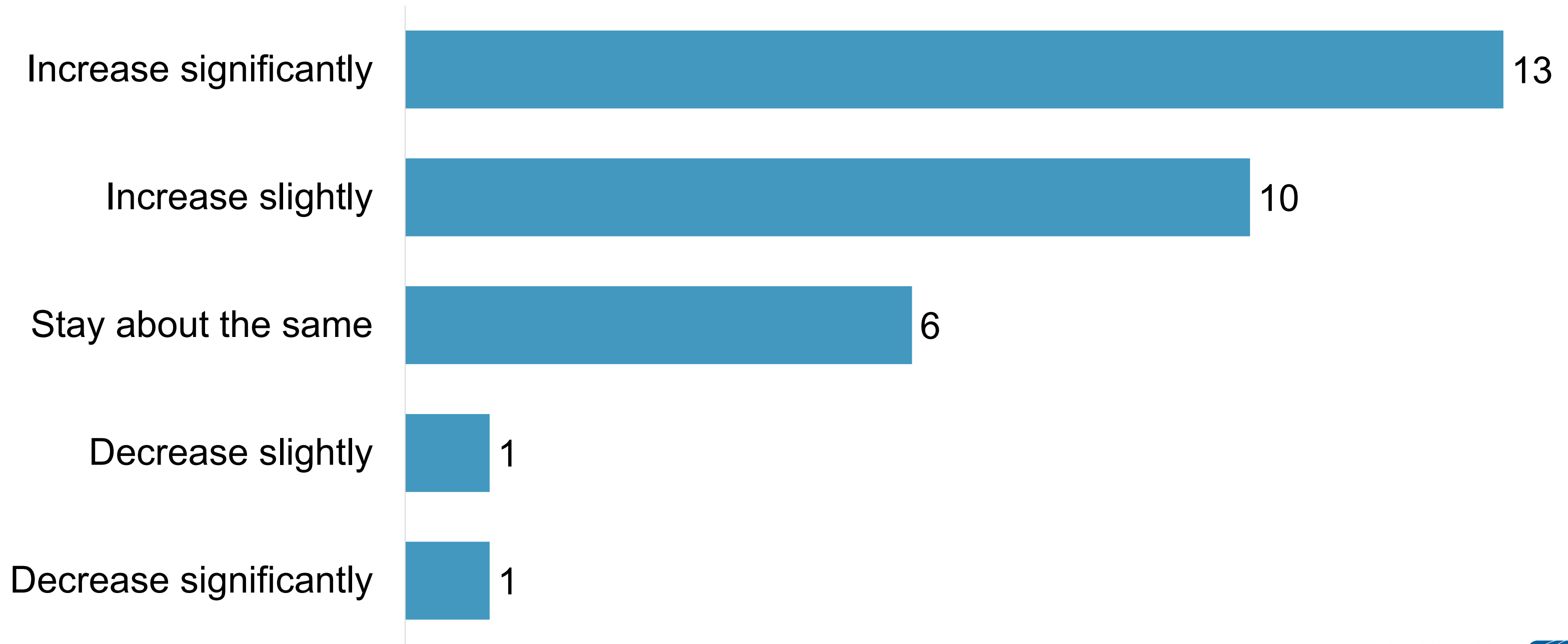


Top innovators are ahead of peers on applying technology to three dimensions of their business:

1. Speed
2. Integration
3. Fact-Orientation

Digital Investment in the Next 3 Years

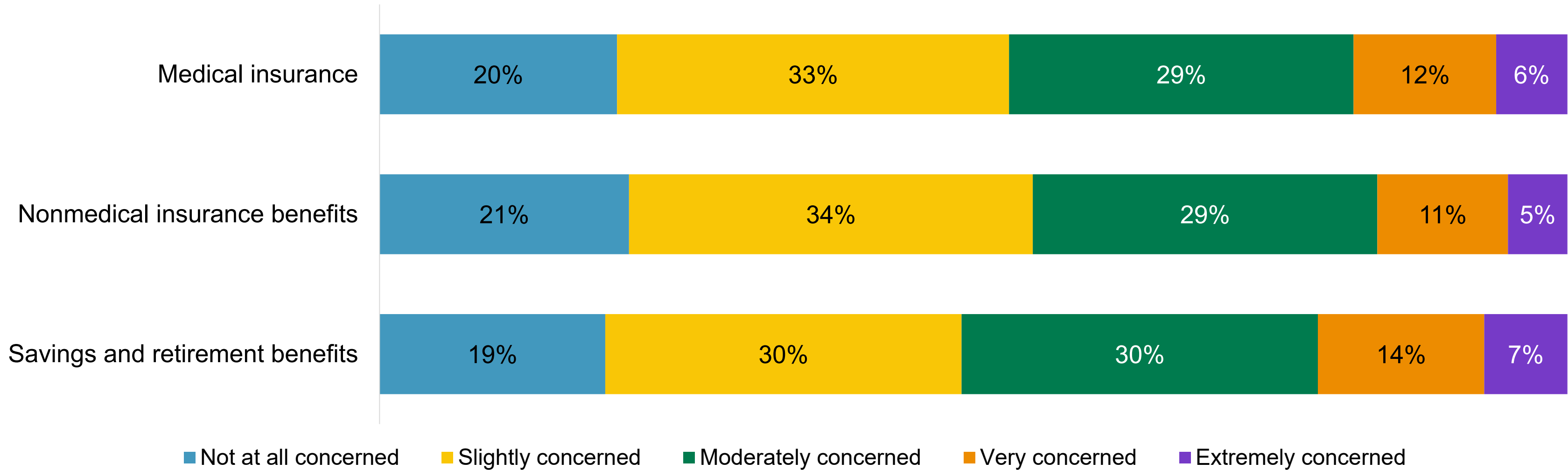
Will your investment in digital initiatives increase or decrease over the next 3 years?



Source: *Digital Transformation In Workplace Benefits*, LIMRA, 2024. Based on 31 companies.

Personal Data Security Concerns and Workplace Benefits

Percent of Workers



Base: Workers who have listed benefits.
Source: U.S. Consumer Sentiment, LIMRA, October 2023.

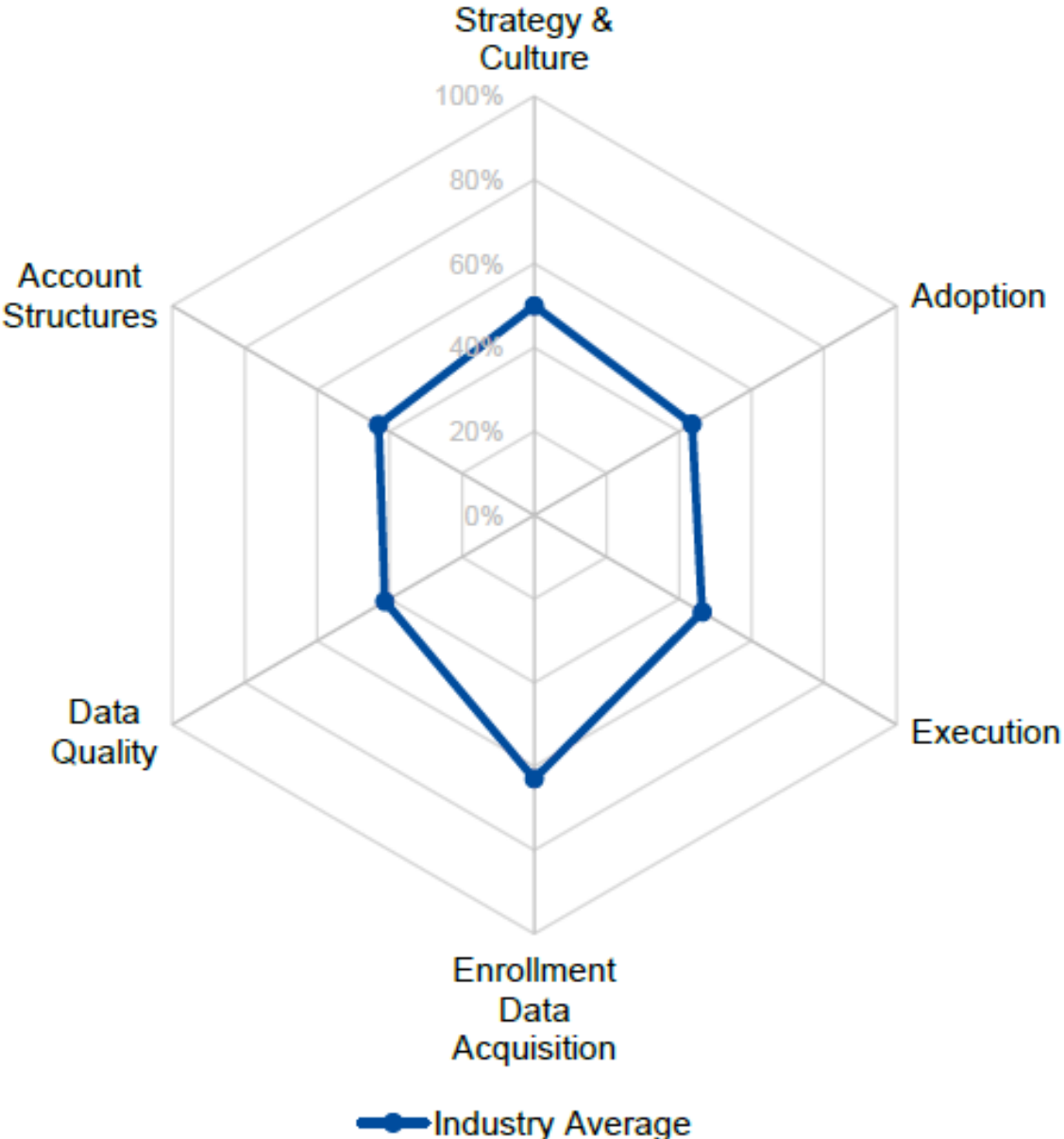
Workplace Benefits API Maturity

Overall Maturity:

MATURING



DIMENSIONS



Scores
Industry Average

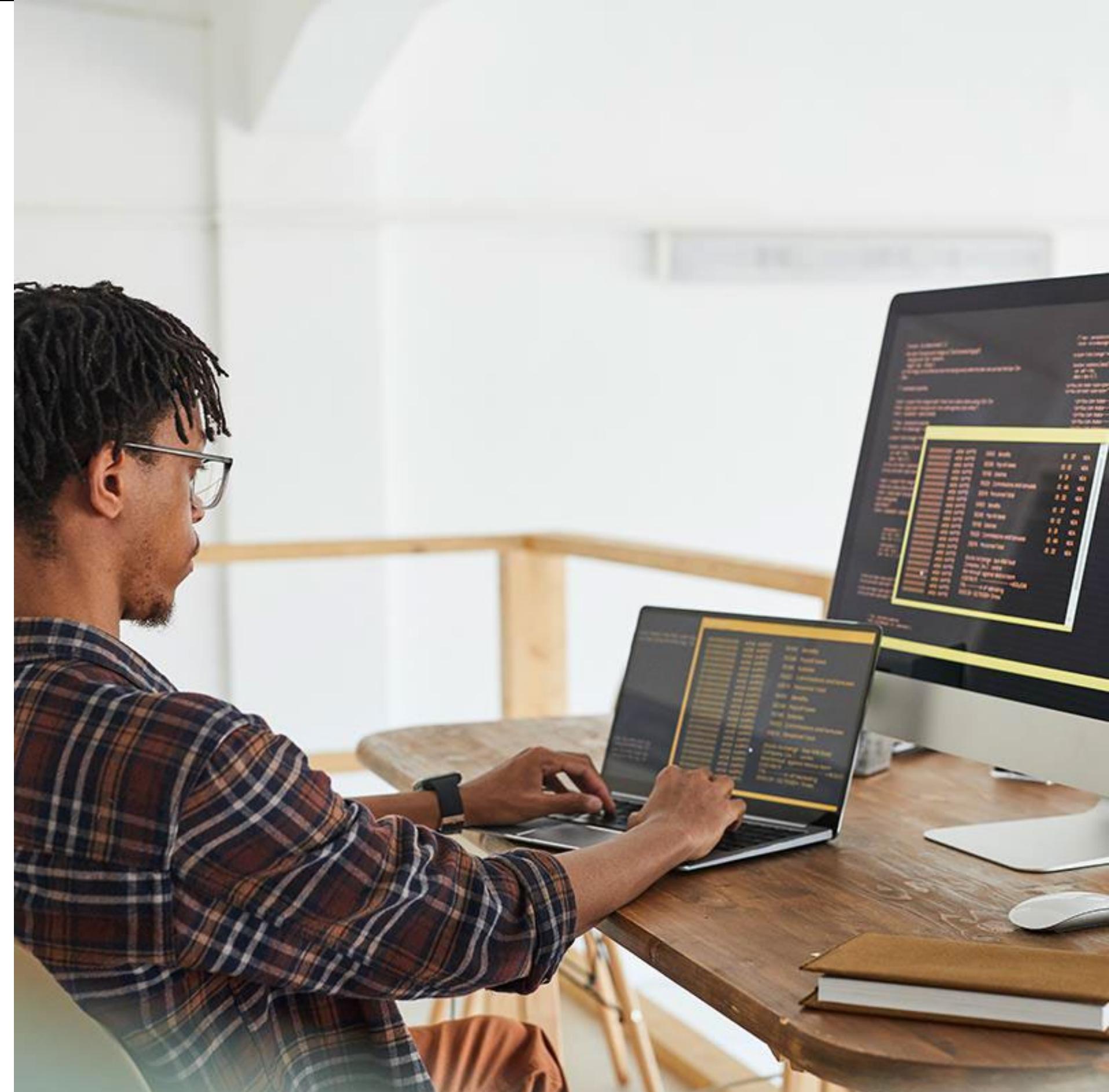
Strategy & Culture	50%	maturing
Adoption	44%	maturing
Execution	46%	maturing
Enrollment Data Acquisition	63%	advanced
Data Quality	41%	maturing
Account Structures	43%	maturing

Source: The Employee Benefits API Maturity Report, LIMRA and IDEON, 2023.

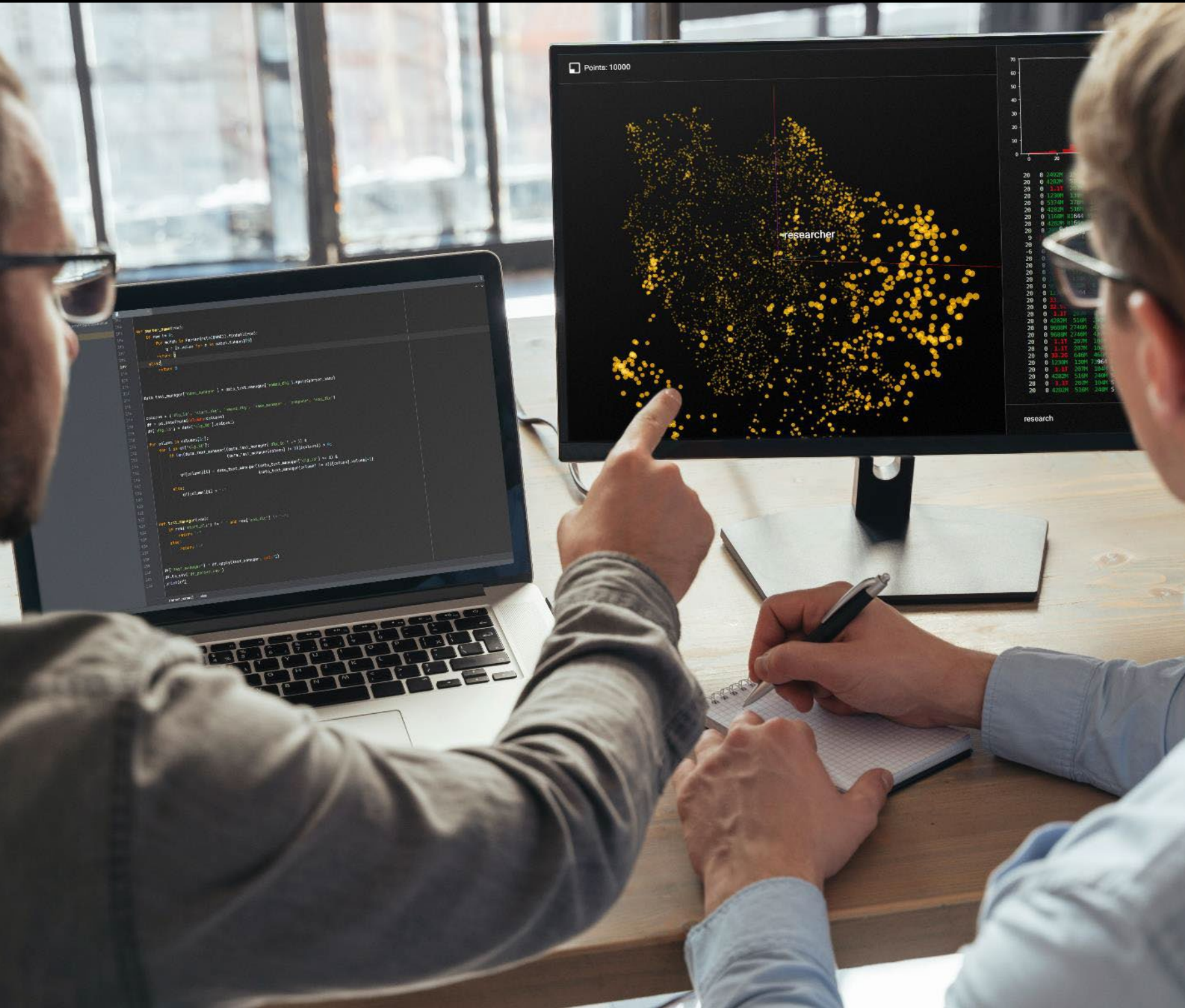
APIs: There's Room to Grow (and Innovate)

Most carriers deploy APIs to enable business processes, however:

- 72% have **less than half** of their internal business processes currently enabled by APIs
- 76% have **less than a quarter** of their external connectivity currently enabled by APIs



The Age of AI: Possibilities of Limitless Innovation



AI is seductive, but executives should not lose sight of the core fundamentals:

1. Organizational **culture** and change management.
2. Eradication of enterprise **silos** — AI should not be applied like digital transformation has been.
3. **Data, data, data** — availability, quality, privacy, security, literacy. Cannot have great AI with bad data.
4. **Legacy systems** will continue to challenge sustained digitization and any meaningful adoption of AI.

“*We’re not likely to be replaced by AI. We’re likely to be replaced by people who know how to use AI.*”

Kartik Sakthivel
CIO, LIMRA and LOMA

Leadership in an Era of Innovation: 4 Imperatives



- Clarity of purpose and values
- Diversity in perspectives
- Collaboration mindset
- Culture of curiosity



David Payne

Vice President, Employee Benefits
The Standard



Sean O'Donnell

Head of Membership, Workplace Benefits, and Applied Research Solutions
LIMRA and LOMA

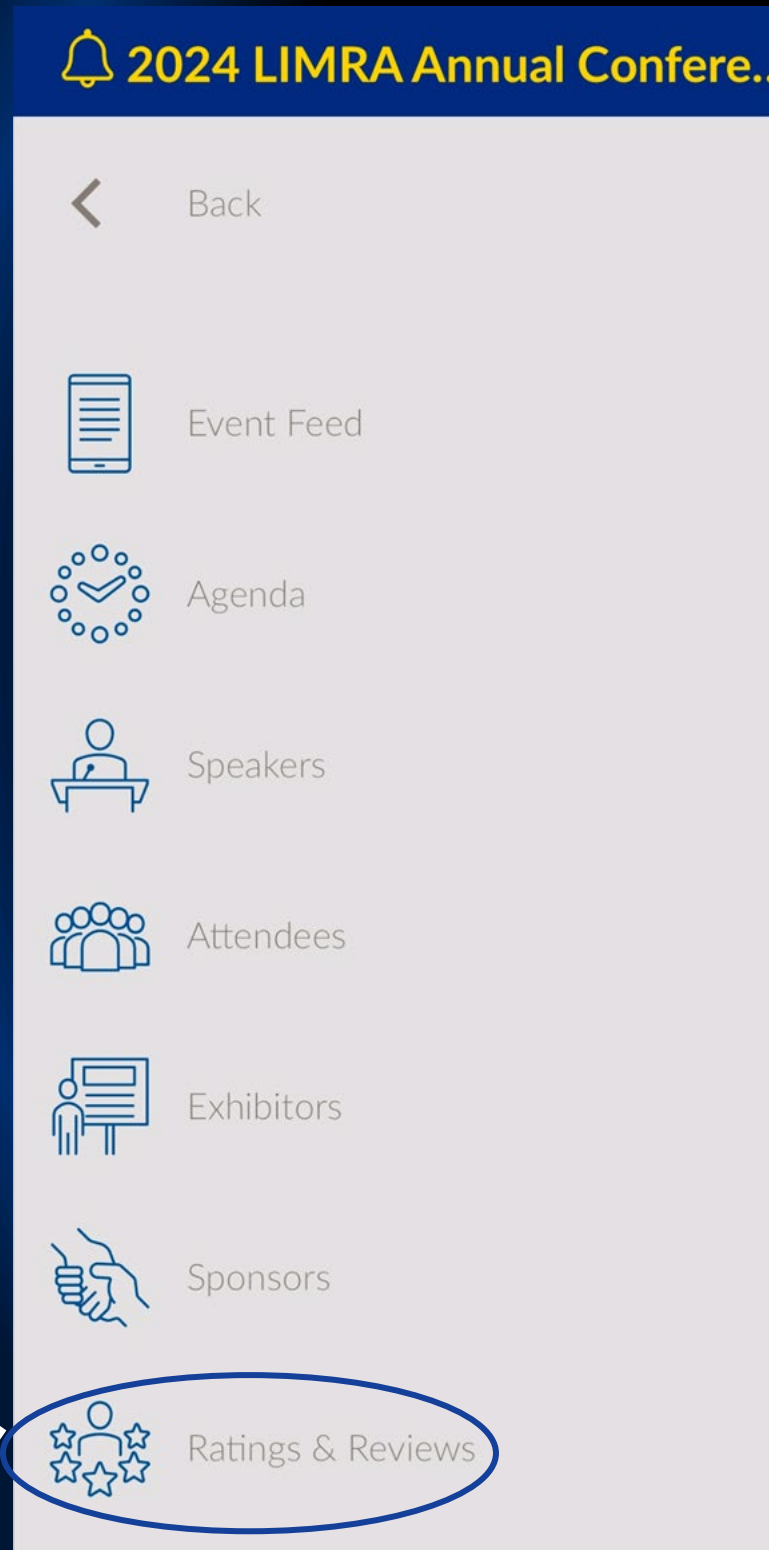


Michael Estep

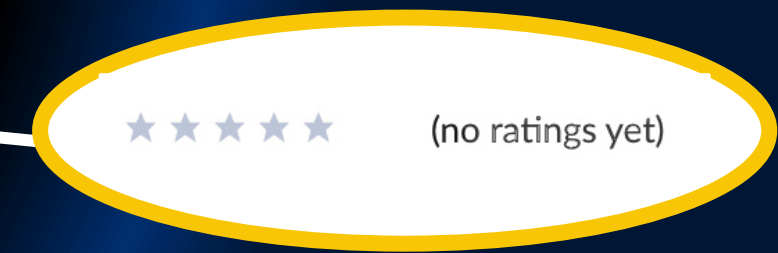
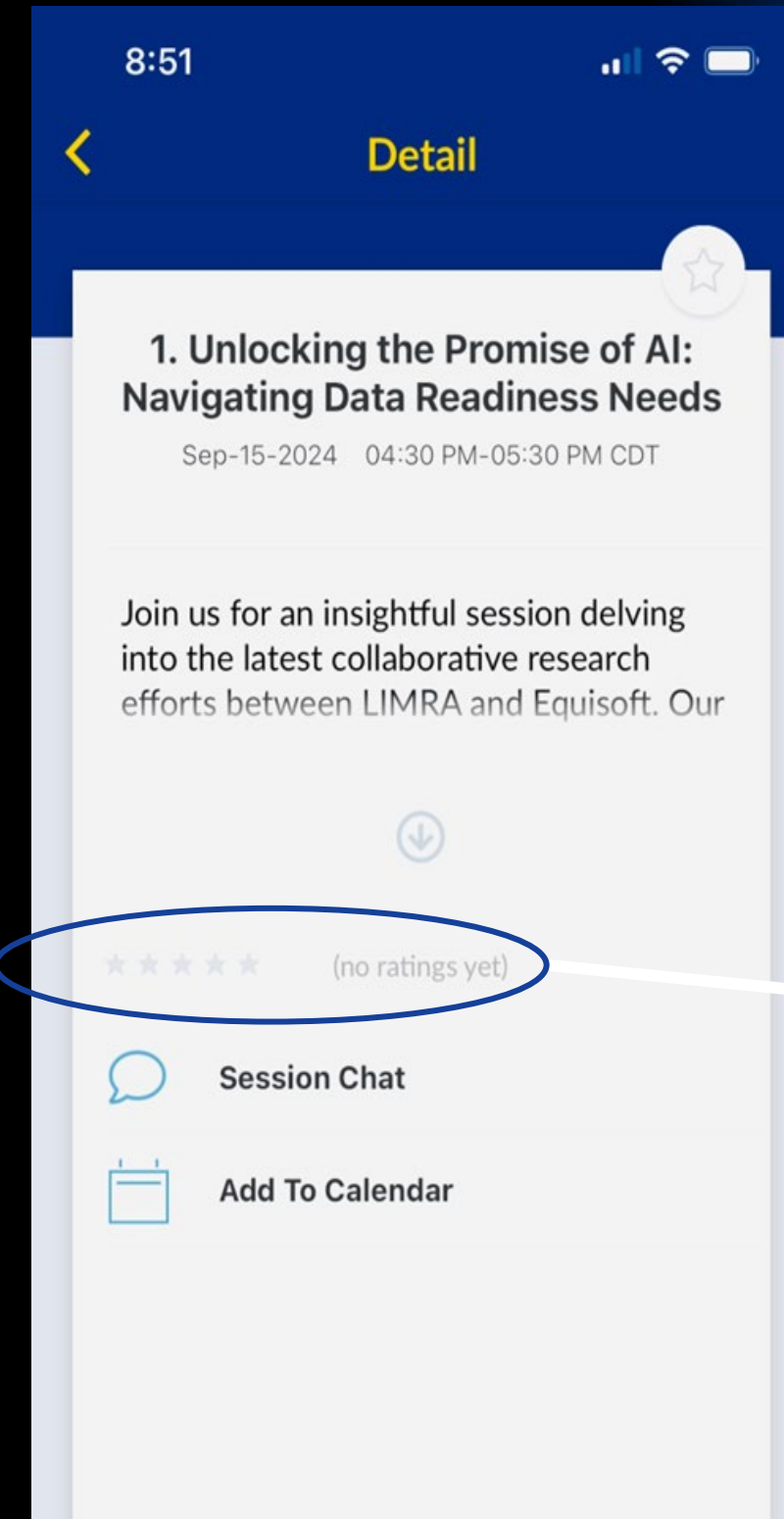
President, Group Insurance
Prudential

Please Provide Your Feedback on the Conference App

OPTION 1



OPTION 2



Thank You

