

Goals

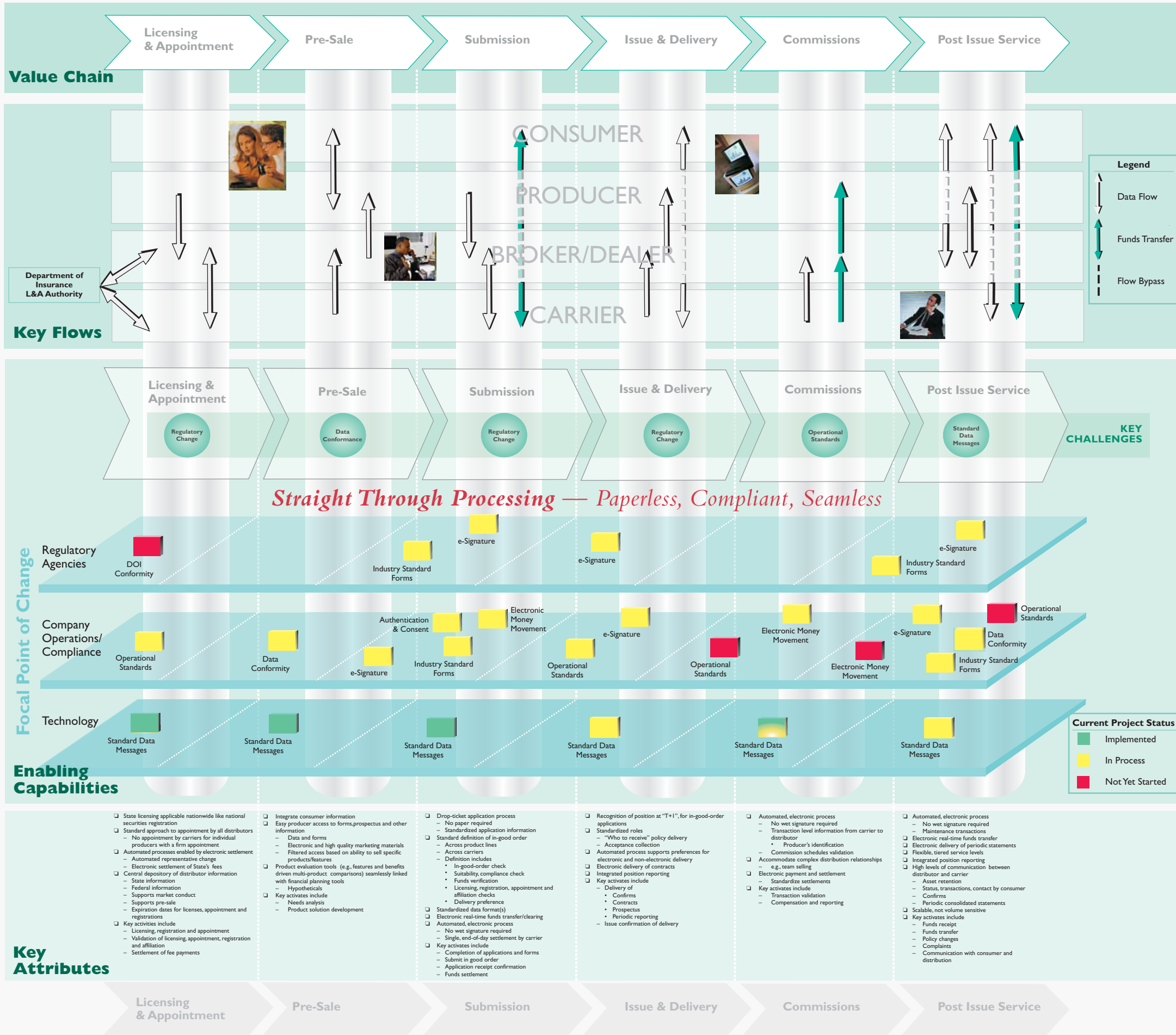
- Goal**
- Maintain and grow the profitability and sales of annuities
 - Grow the breadth and depth of distribution
 - Increase the number of producers selling annuity products
- Objectives**
- Faster processing from submission to commission
 - Easier to do business with
 - Annuity processing on par with competing products from both the consumer and producer's perspectives
 - Lower overall and unit cost

Trends

- Increasing product complexity
- Shorter product life-cycle
- Increasing role of service in competitive differentiation
- Increasing preference-based demands and expectations
 - Consumer
 - Producers
 - Firms
- Increasing sophistication and use of information (e.g., segmentation)
- Aging demographic is driving changes in product (e.g., to more payout versus accumulation versus protection) and increasing service requirements (e.g., higher involvement in directing investments)
- Maturing of the annuities product category is driving increased competition and need for standardization
- Increasing competition for distribution shelf space
- Consolidation among carriers and distribution
- Increasing legislative and regulatory requirements (e.g., compliance)

Enabling Capabilities

- Defined roles for industry players
- Industry standards
- Industry participation, buy-in, adoption and advocacy for recommendations
- Detailed componentized process
- Regulatory change: Eliminate/significantly reduce signature requirements
- Electronic support for post-issue transactions
- Electronic signature standard
- Electronic funds/money settlement facility
- Regulatory change: Multi-state reciprocity licensing and appointment
- Common licensing rules
- Systems integration to enable single sign-on
- Electronic delivery of prospectus and statements
- Industry standard interpretation of legislation/regulation
- Integrated pre-sale support system e.g., hypotheticals
- Central repository for licensing, registration and appointment
- Broker/dealer delivery of contract documents
- Verification of funds from the customer
- Standard suitability questionnaire
- Automate commission schedules
- Vendors for outsourcing, process and solution services



Overall

- Easy to do business with
 - Seamless
 - Simple
 - Fast
- Cost-effective
- Scalable
- Automated, electronic process
 - Human-free processing
 - Paper-free processing
- Transactional
 - Supporting activities invisible to the consumer and producer
 - Flexible enabling capabilities
- Compliant by design
 - Legislative and regulatory compliance is seamlessly integrated into the process
- High levels of access and communication
 - Statusing
 - Quality, timely information
 - Available in a value-based format/medium
- Highly standardized processes, technologies and roles
 - Industry-wide in-good-order
- Minimizes workarounds/human interventions
- Flexible to accommodate most channels and future requirements
 - Accommodates non-standard, non-electronic information
- Enables easier, higher levels of customer service/interaction

Issues

- Achieving standardization of
 - Process
 - Roles
 - Technologies
 - Interpretation of legislation and regulation
- Conservation programs could impede 1035 transfer automation
- Length and complexity of legislative and regulatory change
- Expectations to make annuities straight-through-processing like mutual funds
 - Different products
- Breadth of distribution channel requirements
- Legacy systems and standards
- Payment option for higher service levels
 - e.g., "consent or pay"
- Designing the process to accommodate competitive differentiation

