

## A LIMRA/LOMA OPERATIONAL BENCHMARKING STUDY



### Marketing Metrics for Life Insurance Project Proposal

#### Objective:

Marketing departments often face the challenge of proving their value to an organization. While it is easy to track sales by product or channel, it is not so easy to identify how much of a contribution advertising, promotion, and product/brand positioning play in attracting customers to a product and encouraging their purchase decision. In addition, the absence of good measurements makes it difficult to determine which marketing activities are providing the most value and which ones require improvement to enhance their effectiveness. Likewise, the absence of good measurements makes it difficult for companies to determine how efficient they are and whether other companies have a competitive advantage over them.

To address these needs, LIMRA/LOMA is offering carriers the opportunity to participate in a multi-sponsored project that will help marketing organizations better understand their own situation and how they compare to others. Focused specifically on marketing efforts to support the individual life product line, the project's goal is to provide useful, comparative data on life insurance marketing activities and spends:

- On an "absolute" basis in aggregate.
- On a "relative" basis in terms of business volume (e.g., existing book, new premium, revenues, etc.)
- In relation to potential measures of efficiency (e.g., return on investment, volume of activity undertaken, etc.)
- In relation to the organizational structure and operations.

The research will collect company practices information that will help companies understand how well their organization aligns with competing firms on cost for and usage of various marketing activities.

Since marketing operations vary widely across organizations often complicating the availability of – and perhaps even the perceived need for – data, this project will start modestly with intentions of growing over time as sponsors identify additional metrics they would like to see and develop internal procedures for collecting the required data.

### **Benefits:**

Although carriers will be able to sign on as sponsors at any time after the project has begun, only the initial “charter” group will participate in the development of the data collection specifications. All sponsors will receive:

- Company practices information that will help them better understand how their structure and staffing compare to other organizations.
- Data to help them compare activity, usage, and costs with other sponsors.
- A set of metrics tying activity data to production statistics to determine efficiency and effectiveness.
- Opportunities for ongoing dialog about marketing metrics with other sponsors in a study group format.

This information will help sponsors better understand their business performance and provide guidance for developing proactive business improvement strategies. What is more, annual refreshes of the data will offer renewing sponsors the ability to track changes over time.

### **Methodology:**

The project will proceed in several steps:

- Sponsors will be asked to provide a “wish list” of metrics that will provide meaningful and measurable information for driving strategy in their organization.
- At a workshop meeting of study sponsors, LIMRA/LOMA will compile a draft of data specifications from the requests submitted from sponsors. As a group, the sponsors will review the metrics with an eye towards developing a consensus on how to measure particular concepts of interest, identifying which items are measurable across the organizations, defining relevant terms, and determining the scope of the data collection effort as appropriate.
- LIMRA/LOMA will revise the data specification and, after a final review by sponsors, program it for online data submission by the sponsors.
- LIMRA/LOMA will collect and analyze the data as well as prepare a summary report.

### **Time Frame**

We anticipate the project to begin in the first quarter of 2010. The exact timing will depend on how long it takes to recruit the six sponsors that will be needed to begin the project. Once underway, we anticipate it will take about 3-4 months to complete depending on how long it takes for sponsors to gather and submit their data.

## Deliverables:

Each sponsor will:

- Receive an individualized report that displays their results with all meaningful comparisons. The charter sponsors will choose whether to have the competitor data provided in aggregate or on an individual company basis without company name identification.
- Have the opportunity for an onsite presentation of results.
- Have the opportunity to attend a meeting of study sponsors following delivery of the results to discuss the findings and identify other metrics related issues of their choice. At the choice of the sponsors, this meeting can be hosted at LIMRA headquarters in Windsor, CT or at one of the study sponsor's headquarters.
- Receive periodic updates of the comparison data as other carriers join sponsorship after the initial data collection activity. (The frequency of these updates will vary by the growth in the study's sponsorship.)

## Cost:

To undertake this project, LIMRA/LOMA will need six sponsoring companies. The fee for participating in the project will be \$9,800. This covers all costs associated with the project except for travels expenses for an onsite presentation. These are additional and will be billed at cost.

*The initial group of sponsors will receive a 20% discount (\$7,800) in appreciation for their participation in the study design. Sponsors must enroll by February 15, 2010 to receive this discount.*

This research is being conducted on a cooperative basis with every effort made, but not guaranteed, to accommodate the specific interests of all sponsors. The cost of the study is based on a set of assumptions about the format of the research. While sponsors are invited to provide input to the project's design, any substantial changes must fit within the original cost assumptions. If sponsors *unanimously* agree to a change in the study format, they must also *unanimously* agree to pay their share of any additional fees accrued.

If a sufficient number of companies fail to enroll as sponsors of the project within a reasonable time frame, LIMRA/LOMA reserves the right to withdraw the study.

All fees for the project will be due in two installments. The first half will be billed after the necessary number of companies enrolls. This initial payment is non-refundable if a company decides to withdraw sponsorship once the project has begun. The balance will be due following receipt of the final report. Customized payment options are available.

# SPONSORSHIP AGREEMENT

## **LIMRA/LOMA Agrees to:**

Conduct the research as described in the attached proposal and provide all deliverables to the sponsoring companies. Because this is a multi-sponsored project, LIMRA/LOMA will try but cannot guarantee that the specific research interests of any sponsoring company will be accommodated. Each sponsoring company will be entitled to receive copies of the report and all other data developed during the conduct of the project.

## **The Sponsors Agree to:**

Perform all activities and provide LIMRA/LOMA with all information and input as identified in this proposal. If sponsors unanimously agree to a change in the study format, then the sponsors must also agree to pay their share of any additional fees accrued.

## **The Sponsoring Companies and LIMRA/LOMA Both Agree:**

That the published findings of the study and supporting data and survey materials are the collective property of the sponsors and LIMRA/LOMA, and

That each sponsoring company and LIMRA/LOMA have an exclusive interest in the study for business development and research purposes which they will hold confidential from any other company or party, unless a separate agreement has been made with LIMRA/LOMA regarding companies with whom they have an ownership affiliation, and

That will retain the right to use summary data and examples for purposes of promoting the project.

# DECISION FORM

## Marketing Metrics for Life Insurance

Please return this signed decision form to:

Lynn M. Ferris  
LIMRA  
PO Box 208  
Hartford, CT 06141-02089

Phone: 860-285-7849  
Fax: 860-298-4061  
Email: lferris@limra.com

I have read the proposal and sponsorship agreement for the study, and:

- YES We will sponsor the study.
- We would like to discuss the study before making the final decision
- NO We are not interested in sponsoring the study

*Please indicate why not:* \_\_\_\_\_

***If there is someone more appropriate at your company, please forward this proposal to him/her.***

Accepted/declined  
on the behalf of

\_\_\_\_\_  
Company name

\_\_\_\_\_  
Name (please print)

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Title

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Signature

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