



New Expectations:

The LIMRA-EY Future of
Wholesaling Study



Today's Presenters



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LIMRA



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EY

About the study

Objective:

Exploring the future of wholesaling

Methodology:

Online qualitative survey and seven one-on-one interviews

Question focus:

- ▶ Wholesaling services and expertise most valued **today**
- ▶ Wholesaling services and expertise most valued **in the future**
- ▶ Factors shifting the wholesaling landscape

Participants:

- ▶ 500 advisors representing independent insurance agents, bank financial advisors, full-service broker-dealer advisors, independent broker-dealer advisors, and registered investment advisors.
- ▶ 475 wholesalers from key annuity and life insurance carriers and distributors.
- ▶ Seven senior-level distribution leaders from the top life insurance and annuity carriers, and advisory and distribution firms

Jointly conducted by:



Key findings

1. **Technology** is reshaping the way advisors and wholesalers interact and creating the need for new wholesaler capabilities.
2. Firms that have invested in **data and analytics** are seeing meaningful improvements in the sales productivity of their wholesaling organization. This is particularly true for annuity products.
3. In the next three to five years, **alternative models** such as hybrid and e-wholesaling will gain traction.
4. Federal and state **regulations**, particularly Regulation Best Interest (BI), require a shift to a more consultative model that focuses on financial planning solutions rather than primarily promoting products and features.
5. Carriers that see **opportunities in investment-oriented advisor channels** need to equip their wholesaling force with new and different skills, expertise and resources.

Technology is reshaping the way advisors and wholesalers interact and creating the need for new wholesaler capabilities

Communication preferences



External wholesalers spend most of their interaction time with advisors in person



External wholesalers text with their most valued advisor weekly or more often



Advisors expect wholesalers to be able to virtually communicate when needed

Quality trumps quantity

When asked what gives an advisor the trust and confidence to start placing business consistently with the carrier that a wholesaler represents, advisors responded:



The wholesaler’s value proposition, rather than number of interactions



The wholesaler’s knowledge of the advisor’s business model and willingness to work together

Aligning with advisor interests

Most valued technologies for advisors

Advisor View

23%	Simplification of ticketing/business submission process	55%
22%	Advanced planning and modeling tools	10%
13%	On-demand access to wholesalers	4%
12%	Point-of-sale assistance	10%
12%	Self-service tools	6%

Wholesaler View

Technology that simplifies the process of doing business has transitioned from a competitive advantage to table-stakes. How will your company differentiate itself post Covid-19?

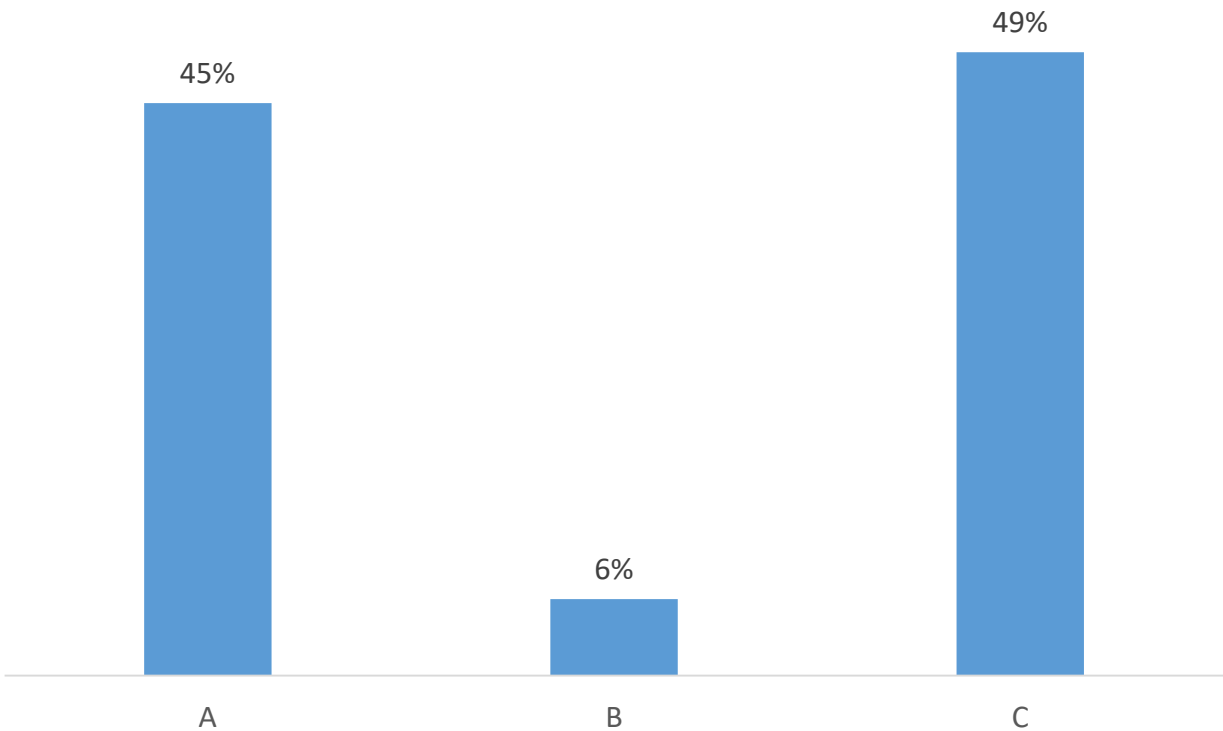
Polling Question

Are you currently allowing your external wholesalers to travel?

- A. Yes but with limitations – i.e., only by car, no hotel stays
- B. Yes – no limitations
- C. No – fully remote sales environment

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249 poll responses

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We are behind the curve in using propensity models and data and analytics in a forward-looking fashion. Rather, it's enabling us to look back and develop theories of how we may change producer strategy or realign territories.

— Annuity distribution leader

Analytics are helping wholesalers decide, at a more granular level, how and with whom they spend time.

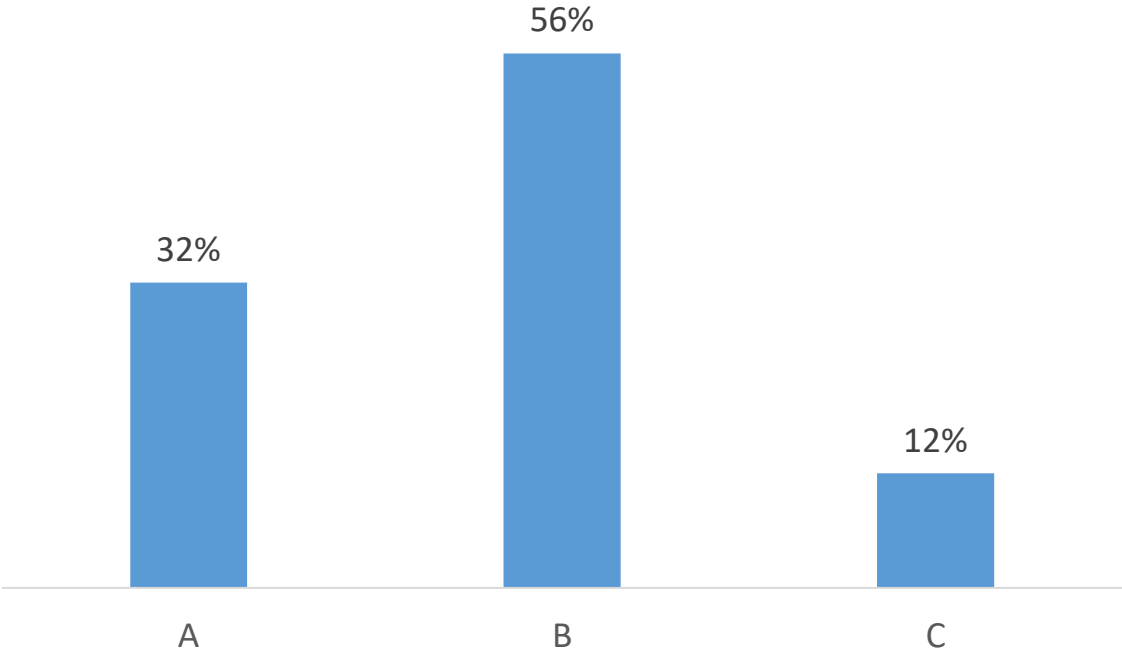
Polling Question

How mature is your company's use of data and analytics in supporting your wholesaler organization?

- A. Dedicated data and analytics staff and regularly use results to direct wholesaling strategy
- B. Early stages of using data and analytics
- C. Not currently using data and analytics

Polling Question

How mature is your company's use of data and analytics in supporting your wholesaler organization?



254 poll responses

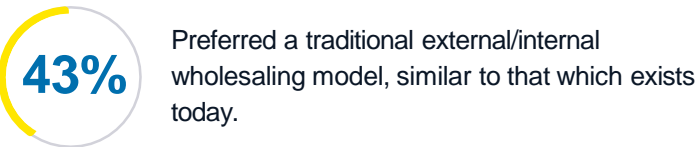
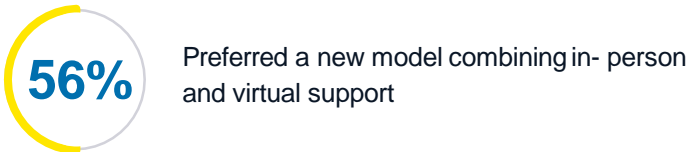
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In the next three to five years, alternative models such as hybrid and e-wholesaling will gain traction

Mixed perspectives:

Advisor preferences

When asked what type of wholesaling model would be most valuable in three to five years, advisors were split between traditional approaches and a hybrid model:



Wholesaler preferences

Like advisors, most internal wholesalers predicted that a hybrid model would be most valued by advisors in the next three to five years.

Unlike advisors, external wholesalers were more likely to say that the current wholesaling model will remain most valued by advisors; those who said this had 13% higher average incomes.

The question now is to what extent external wholesalers and advisors prefer to resume the traditional model post-Covid-19?

Are you currently executing a successful e-wholesaling or virtual wholesaling model?

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We have several pilots with limited success so far because of the complexity of the product. We are measuring success on several factors, including production, new agents contacted and new contracted agents writing business.

— Life insurance distribution leader

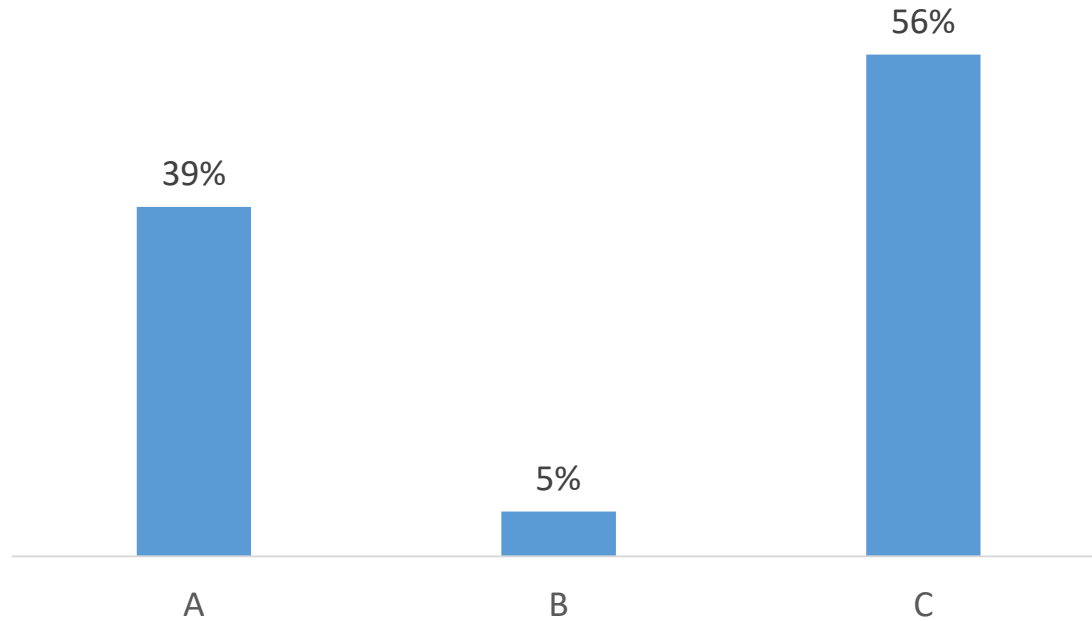
Polling Question

Which of the following do you believe is the advisor's view of the future of wholesaling, given the virtual experience over the past several months?

- A. Likely to be more receptive to hybrid and virtual wholesaling models as the way forward
- B. Prefers a return to a traditional external / internal wholesale model as soon as practical
- C. Blend of both views across advisor and distribution firms

Polling Question

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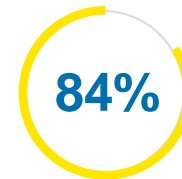


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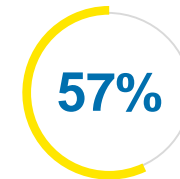
255 poll responses

Federal and state regulations, particularly Regulation Best Interest (BI), require a shift to a more consultative model that focuses on financial planning solutions rather than primarily promoting products and features

Reg BI will impact our business relationship



of external
wholesalers



of advisors

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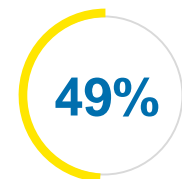
We see a continued evolution to providing solutions rather than just product information; I don't see it as a fundamental change, but a continued evolution.

– Advisory firm leader

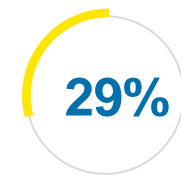
Amid change, some things remain the same

While the future will require a more consultative approach, advisors will continue to value deep product expertise and sales and marketing support.

Advisor preferences



Prefer
specialized
wholesalers



Prefer wholesalers
to be more
generalists

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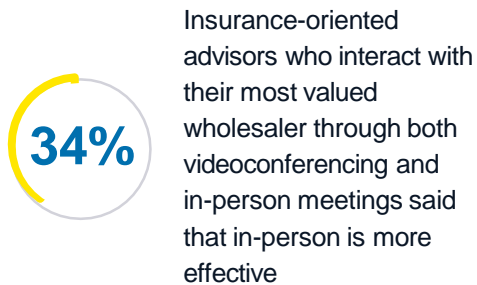
Regulation BI breaks us out of a commoditized approach and is an opportunity for a wholesaler to show where their product can advance a client's overall goals and add value.

– Life insurer wholesaler leader

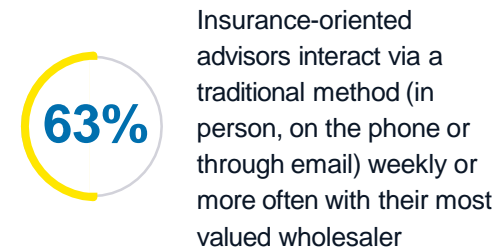
Carriers that see opportunities in investment oriented advisor channels need to equip their wholesaling force with new and different skills, expertise and resources

Survey responses indicate that selling to investment- versus insurance-oriented advisors also requires different work styles and value-added services.

Investment-oriented advisors prefer more traditional in-person interactions



Investment-oriented advisors meet less frequently with their most valued wholesaler



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As advisors become less product and portfolio consultants and more wealth management consultants, wholesalers need to migrate with them and help advisors solve problems for clients.

– Advisory firm leader

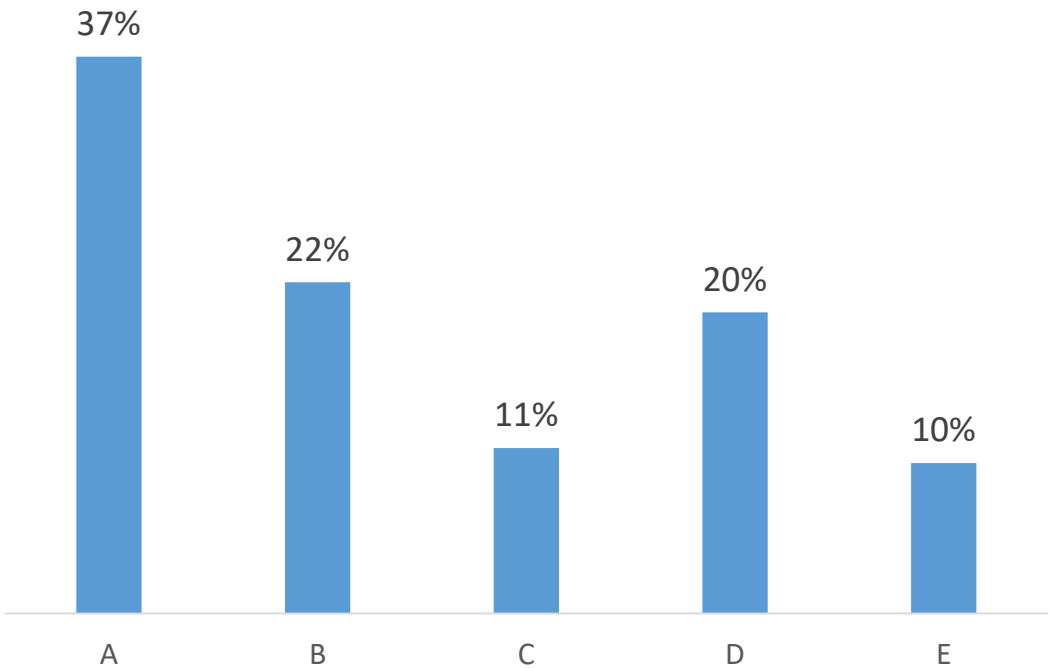
Polling Question

Is any one channel likely to adopt a more virtual sales engagement model going forward, compared to others?

- A. BGAs, IMO, FMOs
- B. Broker-dealers (independent and full-service)
- C. Banks
- D. RIAs
- E. Independent agents

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- C. Banks
- D. RIAs
- E. Independent agents

204 poll responses

Investing for the future:

a road map for success

- ▶ Sell in a consultative manner, aligning products with the client's overall portfolio, needs and goals at POS and otherwise
- ▶ Be flexible in communicating, combining in-person meetings with virtual interactions when needed
- ▶ Collaborate with advisors on their desktops, leveraging the financial planning and advice technology and tools that will have a high impact on growth
- ▶ Recruit the data science talent needed to advance data and analytics initiatives, especially user-friendly analytic tools that support client segmentation and prospecting
- ▶ Clearly demonstrate your value proposition, understanding of an advisor's business model and commitment to working with the advisor
- ▶ Provide ongoing training in key areas, including:
 - ▶ Relationship, sales management and consultative selling
 - ▶ Financial planning and modeling tools
 - ▶ Communication technology
- ▶ Consider hiring schedulers to assist wholesalers in activity planning to boost productivity
- ▶ Continue to experiment with new hybrid and e-wholesaling models to understand which resonates best with different advisors or practice models

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