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Examining the Value of Your Trade Association

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In challenging economic times such as these, senior executives are forced to make many difficult financial decisions for their companies. Today, leaders are evaluating and questioning the purpose and value of each trade association and if they should continue to support them. Are there too many associations? Should they be consolidated? Why don't they collaborate and work together more to avoid duplication?

While these are all good questions, they raise concerns for me. First, there is a risk that companies will pull their support from good organizations that provide valuable services to the industry. Second, it could drive trade associations to merge when they shouldn't. I believe organizations should come together only if they serve the same constituencies and there are real synergies. We are proud that many believe the merger of LIMRA and LOMA was very successful. It worked because our constituents were the same and our missions were aligned. We identified and realized more than 100 cost-savings opportunities and synergies. It strengthened both organizations during a particularly challenging time for our industry. It was good for both organizations and good for the industry.

Europe can offer insight into the consequences when companies fail to support their trade associations. Over the past several decades, many of the industry's trade associations have ceased to exist, resulting in demonstrable negative ramifications. Today, there is no strong voice in Europe to talk about the good the industry does; and no voice with regulators. There is little opportunity for companies to get together and talk about common problems, or look for shared solutions.

A rising tide lifts all ships. LIMRA and LOMA bring together our members, helping them address common challenges and take advantage of new opportunities. Without trade associations, each company must solve business problems themselves, often less effectively and at a higher cost. I believe the companies have benefited from

the opportunity to work together to tackle challenges, setting us apart from other parts of the financial services industry. I hope we don't lose sight of this.

Companies should question the value they get from each of their trade associations. In that calculation however, they also should consider what would happen if that organization ceased to exist. What would be the impact on their company and to the industry as a whole?

As business leaders we understand the importance of scale and how it allows for efficiencies. Trade associations offer services and solutions on an industry scale — often more cost-efficiently. For example, without LIMRA, independent producers would not have a standardized anti-money laundering training program where they only have to take one course to satisfy the requirements for the many companies they represent. Let's not forget those

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companies also pay less to satisfy this regulatory requirement. Cost-effective and convenient.

LIMRA and LOMA have served as utilities for the industry and accomplished things that would have been impossible had they not existed. In the long term, I believe losing the resources provided by trade associations would undermine the industry's effort to address emerging threats.

I am pleased to tell you LIMRA's and LOMA's membership has actually grown since the downturn — every single major carrier in North America is a member. Our ranks of affiliated members and other organizations, such as LPL, Edward Jones, T. Rowe Price, JP Morgan, Fidelity, Charles Schwab, and Wells Fargo, have also grown.

LIMRA's research program has no equal. While many others publish industry research, we have the ability to go deep on what matters most to members, leveraging 100 years of knowledge. This fundamental strength is recognized by our members, the press, legislators, and regulators, as well as other associations.

We have over 120 study groups and committees, where people from every part of your business can get together to talk through common problems, learn from one another, and bring those insights back to their companies. In my opinion, this is one of our most valuable services. No one else connects so many people with their counterparts to share and solve common problems.

I encourage you to closely scrutinize the value you get from LIMRA and LOMA. We can prepare an extensive member utilization report. We *want* you to take advantage of more of what we offer. No matter how much you and your employees leverage these benefits, your dues remain the same.

The LIMRA/LOMA merger worked because of well-aligned constituencies and real synergies. But that's not true of all industry organizations. Consider the overall risk to your company and the industry when making those important economic decisions about supporting your trade associations. 🌐

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