

OLIVER WYMAN



Consulting Actuaries

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Product Development in Troubling Times

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Troubling Times

- Asset problems
- Rating agency actions
- Loss of consumer confidence
- Less disposable income
- ...

Potential Solutions

- New products
- New marketing materials
- Administrative changes
- Communication
- ...



New Products

- Flight to quality
 - Improve balance sheet?
 - Change investment strategy?
- Focus on guarantees
 - Less emphasis on projections
 - Toxic vs. reasonable guarantees
- Basics
 - Focus on needs
 - Low complexity
 - Consider needs of distribution
 - Realistic pricing



Product Idea #1

- “Non-par par” products
- Guaranteed minimums
- “Excess credits”
- Product uses
 - Permanent life
 - Children coverage
 - Term?
- Illustration regulation



Product Idea #2

- Family coverage
- Express coverage in terms of monthly income
- Potential coverages
 - Life insurance
 - Disability income
 - Unemployment?
- Guaranteed vs. projected
- Illustration regulation



Product Idea #3

- Single premium life
- Multi-pay options
- Death benefit adjusts
- Alternative to annuities
 - Better tax benefits on death
 - Higher benefits on death
- Liquidity benefits
- Illustration regulation



Marketing Materials

- Focus on company
- Consumer fears
- Consumer needs
- Compliance
- Careful of implied guarantees
- Focus on true guarantees



Administrative Changes

- Reduce time for issue
- Speed compensation
- Online information

Communication

- To consumer
- To distribution
- To employees
- To regulators
- To investors