Total U.S. Individual Life Sales

Policies (millions)

Premium ($billions)

Annualized premium CAGR: +1.62%

Source: LIMRA's Individual Life Sales Survey and LIMRA estimates
U.S. Individual Life Product Market Share

Annualized New Premium ($Billions)

- **Variable Products**
- **Universal Life**
- **Term**
- **Whole Life**

Source: LIMRA's Individual Life Sales Survey and LIMRA estimates
U.S. Whole Life sales have increased more than 80 percent since 2006

Source: LIMRA’s Individual Life Sales Survey and LIMRA estimates
Cash Accumulation Products
Increasing Market Share

UL Sales by Product Type

Source: LIMRA’s Individual Life Sales Survey and LIMRA estimates
Middle market owns the majority of permanent life insurance policies

Market share permanent life insurance policies by household income

- Lower: 14.7%
- Middle: 57%
- Upper: 28.3%

Source: 2016 Facts of Life and Annuities, LIMRA
Total U.S. Annuity Sales

Fixed annuity sales surpass variable annuity sales in 2016

The last time fixed annuity sales surpassed VA sales was in 1992

Variable annuity sales have declined 42 percent since 2006

Variable annuity sales decline to lowest levels since 1998

Overall annuity sales will drop 10-15% in 2017 and 2018

Source: LIMRA Secure Retirement Institute Analysis
The US life insurance ownership remains at its lowest level

*Includes Individual, Group, SGLI & VGLI
+ Individual Life Sold Face-to-Face through an Agent

Source: 2016 Life Insurance Ownership in Focus - Households
60 million U.S. households need more life insurance…

48%
• Almost ½ of all households have a life insurance need gap*. Over 60 million.

$200,000
• Average life insurance need per household.

*Based on LIMRA Life Insurance Needs Model analysis
Source: 2016 Life Insurance Ownership in Focus - Households

If it was easier – would they buy?
6 in 10 US households would experience a negative financial impact quickly if the primary wage earner died.

How quickly consumers would feel the financial impact from the loss of the primary wage earner.

Source: 2016 Insurance Barometer Study, LIMRA and Life Happens
Individual life insurance ownership by ethnicity

(Percent of households)

- Hispanic: 36%
- Chinese American: 47%
- Asian Indian: 63%
- African American: 52%
- U.S. Population: 44%

Household income of $25,000 or greater

Source: 2016 Life Insurance Ownership in Focus - Households
Consumers understand the value of life insurance

<table>
<thead>
<tr>
<th></th>
<th>Millennials (18-35)</th>
<th>Gen X (36-51)</th>
<th>Boomer (52-64)</th>
<th>Senior (65+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most people need life insurance</td>
<td>88%</td>
<td>88%</td>
<td>83%</td>
<td>82%</td>
</tr>
<tr>
<td>I personally need life insurance</td>
<td>78%</td>
<td>77%</td>
<td>63%</td>
<td>50%</td>
</tr>
<tr>
<td>I own life insurance</td>
<td>51%</td>
<td>62%</td>
<td>67%</td>
<td>65%</td>
</tr>
<tr>
<td>I own group life insurance</td>
<td>68%</td>
<td>64%</td>
<td>53%</td>
<td>31%</td>
</tr>
<tr>
<td>obtained through an employer or labor union</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I own individual life insurance that was individually purchased, and was not received as a benefit of employment</td>
<td>55%</td>
<td>65%</td>
<td>76%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Source: 2016 U.S. Life Insurance Ownership Study, LIMRA
What people say and do are entirely different things…

**2010**
- 50% U.S. households that say they need more life insurance
- 25% U.S. households that say they will purchase life insurance with the next 12 months
- 10% U.S. households that actually buy life insurance

**2016**
- 41% U.S. households that say they need more life insurance
- 45% U.S. households that say they will purchase life insurance with the next 12 months
- 10% U.S. households that actually buy life insurance

Source: U.S. Life Insurance Ownership Studies, LIMRA
New LIMRA/Maddock Douglas study finds 18,700,000 people are “stuck shoppers”

- 56% Millennials
- 49% Married
- 42% With Kids

4 in 10 Millennials still want to buy face-to-face

<table>
<thead>
<tr>
<th>Most Preferred Way to Purchase Life Insurance by Age</th>
<th>Age Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>In person (outside of the workplace) through a financial advisor or agent</td>
<td>51%</td>
</tr>
<tr>
<td>Complete an online form</td>
<td>21</td>
</tr>
<tr>
<td>Through my workplace</td>
<td>11</td>
</tr>
<tr>
<td>Complete application (offline) and email it to an insurance company/professional</td>
<td>6</td>
</tr>
<tr>
<td>Complete an application and mail it to an insurance company/professional</td>
<td>6</td>
</tr>
<tr>
<td>Over the phone</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: 2016 Insurance Barometer Study
Almost half of millennials say that they don’t buy life insurance because they haven’t been approached by a life insurance agent.

Source: U.S. Life Insurance Ownership Study (2016), LIMRA
The number of affiliated agents has declined more than **40 percent**

Sources: NOT constant groups of companies, Census of U.S. Sales Personnel, LIMRA [1973-2010]
U.S. Insurance Sales Professions, LIMRA [2013 Agency-building and home service combined]
The Recruiting Gap

- U.S. Census Bureau and LIMRA’s U.S Recruiting Trends
Be there. Even if you're not.

In 10 minutes our advisors could save you hundreds on term life insurance.

Speak with a Live Agent Now 1-800-670-3213

Jay, 40, $500,000, 10-year term life policy for less than $25 a month*

> How SelectQuote Helps You Save Time and Money

Start Your Free Quote →
Betterment now offering human advice with its robo
More consumers buying directly from insurers

Buyers are adapting to direct-to-consumer life insurance initiatives

- 1998: 16% Direct Channels, 84% Face-to-Face
- 2004: 18% Direct Channels, 82% Face-to-Face
- 2010: 23% Direct Channels, 77% Face-to-Face
- 2016: 29% Direct Channels, 71% Face-to-Face

Source: 2016 U.S. Life Insurance Ownership Study, LIMRA
Majority of Americans want to use technology in addition to a human advisor for financial guidance

- A human relationship coupled with technology is ideal: 54%
- Requires a human relationship: 33%
- Can be fully automated (e.g. based on client demographics, lifestage, etc.): 11%
- Other: 2%

Source: Northwestern Mutual's 2016 Planning & Progress Study
Emerging wealthy and high-net-worth investors prefer “hybrid” investment advice (a combination of traditional advisory services and low-cost digital tools)

- More satisfied
- More likely to seek help

Source: Insight: New Face of Wealth Management, Accenture
Schwab combines robo with humans to create hybrid advice model

With a $25,000 minimum, Schwab Intelligent Advisory will provide clients a customized financial plan and ongoing live advice from certified financial planners.

Raymond James to put “Connected Advisor” robo in advisers’ hands

Connected Advisor is focused on three key areas:

• Greater **automation** to help advisors more efficiently manage their businesses and their clients’ basic investment management requirements so they can spend more time on building relationships and more fully understanding client needs.

• Increased **collaboration** through tools that support online communication and information sharing between advisors and their clients.

• Enhanced **sophistication** of proactive financial solutions through the use of big data to provide advisors with insights into their practices and their clients’ needs.

Source: Raymond James Press Release, Jan. 30, 2017
The middle market was left behind

“Consumers without significant wealth currently find it more difficult to access advice or support to meet their needs.”

- excerpt from final report
Regrets?

“The Financial Conduct Authority is examining the possibility that commission payments be allowed once again for certain investment or pension products.”

Tracey McDermott
Acting Chief Executive
Financial Conduct Authority

NEW ADVICE MODEL
FORCES & INFLUENCES ON CHOICE

Fee-Only Advisors ↔ Mixed Model ↔ Commission-Based

Contact Centers/Virtual Advice
Robo-Advisor
AI

Influencers:
Family, Friends, Internet, Social Media,
Media/News, Advertising, Educational Programs

Driving Customers and Prospects to Action:
Company Websites — Web Searches
Advertising, Cross Selling, Referrals

DIY
Online, Direct, Retail

Personal bias & experiences

Personal bias & experiences
Disruption

Demographics

Rise of Consumer

Technology

Regulation
Historical Interest Rate Trend

Interest rates represent 10-year Treasury rates beginning in 1962 and a proxy for prior years. Sources: Federal Reserve Bank of St. Louis, Bloomberg and Arbor Research.
Rise of the Consumer

Improving customer experience across the enterprise
THE AGE DICHOTOMY

Competing for Market Attention

Millennials

Baby Boomers

Gen X

LIMRA
Millennials Drive the Sharing Economy

Rather than buy, Millennials share
Carpooling?

Need a designated driver?

Borrowing a friend’s car?

Get insurance only for the time you need it!
ON-DEMAND INSURANCE FOR THE
THINGS YOU LOVE

Protect just the things you want – exactly when you want – entirely from your phone. Coming soon!

EASILY COLLECT DETAILS ABOUT YOUR THINGS
& PROTECT JUST WHAT'S IMPORTANT TO YOU

[Images of camera, laptop, bicycle, and guitar]
86% CEOs who believe technology will completely reshape competition in the industry or have a significant impact over the next five years.

Source: PwC's 20th CEO Survey
Insurance companies using Amazon’s Echo to connect consumers with agents

“Alexa...

tell Insurance Advisor I’d like to find an agent in my area.”

ask Insurance Advisor what total vehicle loss is.”

ask Insurance Advisor what types of insurance Safeco offers.”
Builds engagement

Identifies cross-selling opportunities

Generates referrals from friends and family
How to earn more points
Increasing your Vitality status is easy with different ways of earning points! We are with you every step of the way...

**Vitality Check**
- BMI Measure: 125 points
- Blood Pressure Measure: 125 points
- Cholesterol Measure: 125 points
- Glucose Measure: 125 points

**Healthy Measures**
- BMI: 1,000 points
- Blood Pressure: 1,000 points
- Cholesterol: 1,000 points
- Fasting Glucose: 1,000 points
- Non-smoker: 1,000 points

**Vitality Health Review**
- First Time VHR: 1,000 points
- VHR in First 90 days: 250 points

**Physical Activity**
- Light workouts: 20 points/workout
- Standard workouts: 30 points/workout
- Advanced workouts: Up to 500 points/workout
- Athletic Events: Up to 500 points/event

**Online Activity**
- Nutrition Courses: 450 points
- Mental Well-Being Assessments: 200 points
- Physical Activity Review: 250 points
- Calculators: 100 points
- Update email address: 50 points

**Prevention**
- Flu shots: 400 points
- Dental Screening: 300 points
- Mammogram, Pap Smear, Colonoscopy/Screening: 200 points

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**GETTING TO GOLD**

Here are some of the simple things you can do to achieve a Gold Vitality Status:

- **GOLD STATUS: 2,000 points**
  - Record healthy blood pressure and glucose: 2,000 points

- **SILVER STATUS: 3,500 points**
  - Complete 1 standard workout each week for a year: 1,040 points
  - Complete online nutrition and well-being classes: 1,000 points

- **BRONZE STATUS: 6,000 points**
  - Annual flu shot and dental screening: 600 points
  - Don’t use tobacco and record a healthy BMI: 2,000 points
  - Complete annual online Vitality Health Review: 1,000 points
Transamerica launches voice ID for their help lines

“Implementing Voice Pass allows our customers to communicate with us more easily, and with added security…to enrich the overall customer experience.”
Agents engaging with their clients via social media
Top reason consumers shop for life insurance

41% cite life event

Source: LIMRA 2011 Buyer Nonbuyer Study
“$1 million in coverage approved within 15 minutes…”

In partnership with Generation Life (a 50-year-old insurance company that was recently acquired by Swiss Re), Quilt is targeting under-insured population of millennials can have the coverage they need.

"Quilt is fresh and user-friendly, but more importantly their service is extremely customer-focused." - Lisa from West Palm Beach
Ladder sold $100 million in coverage in first 100 days.*

“We’ve found that the faster we get a quote in front of someone, the more likely they are to buy.”

- Jamie Hale, Ladder CEO

60% of its applications occur outside normal business hours

*only available in California

Source: Nearly 40% of adults don’t have life insurance — these startups are trying to change that, MarketWatch, July 3, 2017
Fabric – a new online platform offering accidental life insurance

Policyholders can ‘upgrade’ to a 20-year Term Life policy, issued by Vantis Life
Companies selling on the app include: American General, Assurity Life, Banner Life, Mutual of Omaha, Principal Financial, Prudential Financial, Protective Life, Sagicor Financial and SBLI

Tomorrow Ideas App offers wills, trusts, and life insurance in all 50 states.

“We've created an easy-to-use phone app that lets people do [insurance and estate planning] together.”

- Dave Hanley, Tomorrow Ideas president/co-founder
Lapetus introduces facial recognition into underwriting

**CHRONOS** combines facial analytics with constantly evolving biodemographic data to provide insurers with more insight, speed and accuracy than ever before.

While insurance companies have traditionally used chronological age for estimating lifespan, **CHRONOS** provides a new, scientifically proven method of forecasting mortality based on estimates of the rate at which someone is aging.

As no two people age at the same rate, by taking each user's individual traits into account, **CHRONOS** provides more realistic and reliable results.

While traditional underwriting can take up to a month, **CHRONOS** delivers more accurate results in seconds.

Combining facial analytics, biodemographic information and constantly evolving life event data, **CHRONOS** returns the most precise and reliable scores available.
7 in 10 consumers say they would buy a simplified life insurance product

Likely to buy life insurance priced without a physical exam

- Very likely: 21%
- Somewhat likely: 51%
- Somewhat unlikely: 18%
- Very unlikely: 10%

72%

Source: 2017 Barometer Study, LIMRA and Life Happens
Why consumers are interested in buying a product with simplified underwriting

Benefits of simplified underwriting: Appeal to consumers

- It is fast and easy: 71%
- It provides transparent explanations of risk classification and product pricing: 67%
- It is unbiased and objective: 66%
- It avoids the need for a medical exam: 64%
- It avoids the need to see a doctor: 64%
- It avoids the need for a face-to-face conversation: 45%

Consumers who felt the benefit was extremely or very appealing

Source: 2017 Barometer Study, LIMRA and Life Happens
Launched in 2015 — $5 million in sales

Guaranteed Acceptance Life Insurance

If you’re looking for an affordable way to help your loved ones pay your final expenses such as funerals, medical bills, or other consumer debts, guaranteed acceptance life insurance may be a good option for you. Coverage is guaranteed throughout the life of the policy and your premium will never increase. The MassMutual guaranteed acceptance whole life insurance policy provides a limited benefit in the first two policy years. This protection helps provide you and your loved ones with peace of mind, knowing you’ve taken the right steps to address your final expense needs.

Projected $30 million in 2016

MassMutual Financial Group®
If life insurance could start over, this is what it would be.

Buying life insurance shouldn’t be a hassle

We buy our music and our health insurance online, why not our life insurance?

At Haven Life, we believe that technology offers an improved solution to the typically time-consuming and confusing process of buying life insurance.

Our goal is to pioneer an entirely new way that is easier, faster and just plain better.

Simple online process. Immediate decision. Great insurance.

Expanded to 33 states in 2016
Up to $1 million term life insurance coverage through online application with competitive pricing and no medical exam for a majority of people under 40.
“Most people overestimate the change that will occur in two years and underestimate the change that will occur in 10 years.”

- Bill Gates, 1996

Source: The Road Ahead, 1996