



AIG Life and Retirement

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Capitalize on carrier strengths and solutions in 2014. We are riding a wave of innovation into 2014 that could carry significant opportunities industry wide. At AIG we are committed to continuing to elevate our service to distribution partners and help them deliver ever more value, along with the flexibility and guarantees that clients seek today. We are focused on leveraging the intellectual capital of our size and scale to benefit our clients—and theirs.

Previous years have seen disruptions in the broker world, with companies and products coming in and out of the marketplace. In 2014, look for strong, committed carriers with diverse, well-designed product portfolios to augment their investments in products as well as people, education and technology, to give agents and advisors access to smart solutions designed to meet the evolving needs of consumers.

Life insurance you don't have to die to use. One of the most exciting developments in our industry has been the advent of accelerated benefit riders, which has changed the face of how life insurance historically has been viewed: strictly as a product to provide a death benefit. It's fulfilling to know that brokers can explain to clients, "Today, with the right kind of rider, life insurance can be something you don't have to die to use."

Accelerated benefit riders, such as chronic illness riders, can transform producers' conversations with clients and help clients understand how to protect themselves and their families as the aging of America continues and individuals increasingly help bear the costs.

As the Department of Health and Human Services has documented, 70 percent of people who live to age 65 are going to need long term care at some point.¹ While it's no secret that the cost of stand-alone long term care insurance (LTCI) has become cost prohibitive for many Americans, with fewer policies on the market it is possible now to offer clients an accelerated access solution designed to cover many of the same types of expenses as LTCI, and more. It can help with costs not allowed under an LTCI contract because it's *not* LTCI; this accelerated access solution is a rider on guaranteed universal life insurance (GUL).

Other new living benefit riders for GUL products can be a smart solution to a recurring American pain point—the fear of outliving income during a potentially longer retirement when traditional income sources, such as corporate pensions and other entitlements, may be diminishing. As Americans live longer, they deserve to have access to lifestyle income solutions to help plan for longevity as well as evolving needs: whether that's buying a home, raising children, funding college tuition, or covering unanticipated medical expenses.

In a public zeitgeist where the acquisition of life insurance remains at lamentable levels, living benefit riders seem to hold the potential to foster positive change. I believe they can help Americans understand and act on the value proposition of life insurance. After all, what product could be more meaningful than one that's there whether clients need it when they die, get sick, or live longer than their income can accommodate?

Furthermore, in an era in which clients demand ever more value for their budget (regardless of the size of that budget) the purchase of a life insurance contract with the riders described above can not only transform life insurance to a multi-purpose solution, it can also be more cost effective than buying multiple contracts for a variety of needs.

Responsive product designs. The advent of well-designed accelerated benefit riders on GUL corresponds with the wisdom that the best insurance products are the ones that reflect real life. Think of the classic life insurance products of the last century, particularly in the 1940s through 1960s, when life insurance was targeted mostly toward helping families weather the financial crisis from the death of a sole breadwinner, usually male.

Today's modern families are diverse and distinctive, with different needs and goals. That fact influences how savvy carriers design insurance solutions that brokers can provide for modern families, taking into account not only the importance of a death benefit, but also the need to help ensure sufficient income in retirement, help offset fluctuation in the financial markets, contend with changes in federal tax law, and address emerging needs.

Education and technology. With the advancements of the internet and mobile technologies that have permeated every phase of our lives and changed the way consumers think about, research and purchase virtually every product on the planet (including life insurance), we as an industry must continue to evolve in how we deliver our solutions to clients. Consumer preferences have changed and communication clearly has been redefined, but face-to-face interaction is still vitally important. We must be flexible and responsive in how we consider all of the channels through which clients can be served.

Newer generations tend to be comfortable with digital decisions. They research and select what they want, when they want it. It is crucial that our industry continues to educate people—especially younger generations—about the value of life insurance for helping with life's needs. For brokers and advisors, this provides a tremendous opportunity to coach clients through digital decisions about insurance, while educating them about new solutions.

Allied with this, and of no lesser importance, is keeping ourselves sharp and ready to help. We leverage our vast experience and valuable human resources to train distribution partners and enhance professional skills. The implementation of smart, hand-held digital tools can help to mitigate some of the pain points mentioned earlier and has the potential to save everyone time and money, so that solutions can be delivered more quickly and accurately to those who need them. At AIG, our implementation of digital solutions is designed to be fast, cost efficient, mobile and accurate.

The bottom line. Today, brokers and producers can be excited about the kinds of solutions available for client needs, and they can be excited about the tools and technologies to connect with people more effectively. And accomplishing that is important because the

needs, it seems, have never been greater.

AIG offers a wealth of human expertise and intellectual capital, as well as the benefits of size and scale, and comprehensive scope. We enter 2014 leading with innova-

tive solutions that brokers and producers can customize as part of the continued responsibility our industry has to help meet clients' needs not only now—but in the future. [JBD]

Footnote:

1. "Who Needs Care?" U.S. Department of Health and Human Services, accessed November 11, 2013, www.longtermcare.gov/the-basics/who-needs-care.



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