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## 2019 Carrier Forecast

Craig W. Klenk  
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### Foundation For Change

I just returned from a doctor's appointment with my wife, daughter and son-in-law. My daughter was having an ultrasound checkup of her first child and as proud grandparents we wanted to see our sixth grandchild as soon as possible, even though she wouldn't be born until April. As you can imagine, our new little bundle of joy is still developing and while only weighing 12 ounces it is totally amazing how much detail today's ultrasound is able to capture. Seeing our new granddaughter took me back 30 years to when my youngest child was born. At that time we thought the ultrasound technology was amazing, but there is no comparison to today's technology. The extreme detail and analysis available today to make sure our granddaughter, Corinne, is progressing as expected was only dreamed about 30 years ago. Just as medical technology has made dramatic changes over time, American National has made dramatic changes in 2018 with even more positive, customer centric changes planned in 2019.

**Artificial Intelligence:** Remember when you were able to utilize your first Blackberry handheld device to read emails? While traveling for business I thought it was so cool to deplane, turn on the Blackberry and receive emails that I could respond to while in the airport or while in a taxi headed to a meeting. What none of us realized at the time was how much those handheld devices and eventually emails would control our lives. Managing the huge volume of emails we receive today has become a daily challenge. American National receives thousands of emails every day into the life new business department. Without technology, each email would have to be opened and read by a case manager. The case manager would sort the email by case number, forward the email to be imaged into the correct case file by an imaging clerk and then a case manager would confirm the email was indeed in the correct file. As you can imagine, this extremely manual process is just too long, complicated and expensive. Early in 2018 we implemented an artificial intelligence (AI) platform to read, analyze and route emails directly into the appropriate file without human intervention. Once in the file, the file is automatically "awakened" in the system notifying the case manager or underwriter to an action needed on the case. There is no human touch whatsoever until the file is ready to be acted upon as the next step in the approval process. The AI also determines the tone of the email to determine if the sender is upset so we can be notified if a specific email needs more attention than all the others. Currently the AI platform processes more than 6,000 emails weekly for our life new business area. We have plans underway to expand the AI platform to include annuity new business and policy owner service in the near future. Due to the time savings of this new technology, case managers are able to build stronger relationships with customers and allow case managers to focus more on the larger complicated cases to better serve our customers.

**Underwriting:** In January of 2018 we implemented our underwriting computer approval process whereby IGO e-applications meeting the Xpress Underwriting Program criteria (Less than \$250,000 face), could be approved without any human intervention. Initially we were experiencing a computer approval rate of 16 percent of Xpress e-applications submitted. Although this doesn't sound like much, when you consider we process in excess of 155,000 applications yearly, 16 percent is substantial. Many of these e-applications were submitted, approved, policy issued and commission paid within 48 hours. All without any manual processing of the case files.

To further enhance the computer approval process, in July we added the Xpress Plus Underwriting Program (less than or equal to \$1,000,000 face) and we implemented our SMART application. The SMART application was designed with computer approval as the primary goal. Instead of having open ended or free form areas of the application for the agent to complete with descriptions of impairments or details on medications taken by the applicant, our SMART application utilizes reflexive question technology specifically



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<sup>1</sup>Source: Based on LIMRA, new value premium, as of 12/31/17.

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designed to enable a definitive answer to each question asked. This is achieved via drop down answer menus and check boxes next to answers already furnished on the application. SMART has now increased our computer approval of e-applications to about 38 percent. Again, this technology saves massive amounts of time allowing underwriters to spend more time on relationship development and larger sophisticated cases.

**Distribution:** This is an area where American National is seeing dramatic change as well. In the past the industry has somewhat frowned on network marketing companies, yet the industry has been struggling to find the next source of new agents coming into the business. Let's face it. Many existing agents and agency owners are getting closer to retirement with no successors in a position to take over the business. Many are just planning to ease out of the business knowing vested renewals will generate a nice stream of income for many years to come. This is a dilemma we all face. I was very concerned about where our industry was headed until recently. I am less concerned now as there are quality network marketing firms bringing in quality "newbie" agents who will be the future leaders of our industry. Will the "newbies" stay with the network marketing firms forever? Of course some will stay but then again some won't. Just as with captive agents, some network marketing agents will venture out to do their "own thing" which will continue to move this wonderful industry forward into future generations. Do the network marketing "newbies" have their challenges? Of course they do but all it takes is training similar to when my generation came into the business 30+ years ago. Training focused on placement and persistency generates quality business for the carrier and for the industry. The greatest thing about these "newbies" is the thirst they have for industry knowledge. They are like sponges. They want to learn from you and they absorb everything you share with them. This is the new generation, the new face, the next source of agents to carry on.

**Living Benefits:** I would be remiss if I didn't mention living benefits. This important part of planning is becoming more mainstream and will continue to evolve and grow as the norm and not the exception. A growing number of agents realize they could risk litigation if they don't offer living benefits as an option to their clients when life insurance is needed. Agents are making living benefits a core item and are now asking if their client has "updated insurance" with living benefits or "outdated insurance" without living benefits.

**Foundation:** Even though there is massive change everywhere in the insurance industry, a solid foundation consisting of basic principles our industry was founded upon is required to continue positive change. The insurance industry still remains a relationship driven business which requires top talent. No matter how advanced an insurance company may become with technology, it still requires human interaction to attract, retain and satisfy customers. American National has been committed to "Doing What's Right" for its customers since its founding in 1905 and we will continue to do so for decades to come.

Just as my new granddaughter Corinne will receive a strong foundation of family support as she grows in life, American National continues to reinforce its strong foundation with quality people, and the highest integrity and unquestionable ethics in all decisions made which impact customers and employees alike. We look forward to building a strong, personal relationship with you, helping you grow your business and earning your business every day. All the best in 2019! [CK]

## Author's Bio

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