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2019 Carrier Forecast

Dennis Martin
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As we begin 2019, the outlook is decidedly more mixed than it was just a year ago. Whether you're looking at the economic outlook, the regulatory landscape or the political climate, the headwinds have picked up and storm clouds are gathering on the horizon. But at OneAmerica®, we still see plenty of cause for optimism in the new year.

On the regulatory front, we came into 2018 with the DOL fiduciary rule in our rear-view mirror, but we've seen the best interest debate continue to evolve. Nationally, both the Securities and Exchange Commission and the National Association of Insurance Commissioners (NAIC) have proposed wise and manageable best interest rules. However, we've seen individual states take action to enact their own versions. In particular, New York has passed a regulation that many see as unworkable. Each regulation has different details, making a potential patchwork of best interest standards untenable for the industry. This will be a critical issue to watch in 2019.

In addition to the regulatory uncertainty, we enter 2019 with greater economic uncertainty, fueled by a number of factors ranging from global trade concerns to the U.S. Federal Reserve tightening monetary policy. While rising interest rates were mostly a "better news" story for the insurance industry in 2018, the recent flattening, and even inversion on the short end of the curve, have put a damper on economic indicators as we head into 2019.

It remains to be seen whether these hiccups turn into a chronic case of market heartburn in the new year, but we all know that bull markets don't last forever. Has this one run its course? Only time will tell.

Despite this increased uncertainty, we remain optimistic at OneAmerica as we set our course for 2019. Why? The products and solutions we provide are built for just such an environment.

As always, we remain committed to delivering stable, predictable, guaranteed solutions that stand the test of time.

ABLTC for the long-term

First and foremost, we are fully committed to our asset-based long term care (ABLTC) growth strategy and to maintaining and improving our industry-leading product portfolio. We're coming off a year of double-digit growth in our ABLTC business, and we expect to realize substantial growth again in 2019 for both our Asset-Care and Annuity Care product lines.

We know 2019 will bring some changes to all life insurance products, including ABLTC, because of the 2017 CSO tables. While changes always require adjustment, we're viewing them as an opportunity to enhance and streamline our product offering while maintaining our unique product features—including our patented joint solution and lifetime benefit offerings.

We're also committed to maintaining strong product design and pricing discipline with a focus on the long-term nature of our products. With negative headlines continuing to emerge on standalone long term care blocks of business, it's imperative to maintain the long-term integrity of ABLTC products so that consumers can continue to be confident in the financial security these products have to offer.

Expanding market

We're also optimistic because it's clear that more people than ever before are seeing the value of ABLTC. As more people become aware of ABLTC options, they're recognizing the appeal of a death benefit if long term care benefits aren't needed, as well as the

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We're also seeing ABLTC protection become attractive to a wider (and younger) audience than ever before, prompted by a wider range of payment options. As a recent Wall Street Journal article noted, 10-pay, 20-pay, or even lifetime pay options are broadening the market for ABLTC solutions beyond what was once considered a product for older, wealthy clients.

All this spells good news for financial professionals, too. In addition to the much-heralded Baby Boomer opportunity, the overall market for financial planning continues to grow. By 2020, nearly 140 million people will be 45+, up from an estimated 133.5 million in 2016.¹ As the population ages, the need for pre- and post-retirement planning does as well.

The uncertainty in the overall economic environment also presents increased opportunity. In an environment of increased volatility, people will be more inclined to seek stability and guarantees. ABLTC, as well as other "fixed" life insurance-based planning strategies, will once again become more attractive as uncertainty grows and more people understand the power of these solutions as part of their overall retirement strategy.

Last, but far from least, at OneAmerica we'll continue to focus on improving our operations to support our growth through "people, process and technology." Throughout our business we're taking a deep dive into all our processes, looking for ways to go faster, improve quality, and perhaps most important, improve communication and service with each and every interaction. At every level of our organization we're focusing on people—with more training, development and increased empowerment—so they can focus on and deliver a great customer experience with an "outside-in" perspective.

So, amidst the heightened uncertainty entering 2019 lies plenty of opportunity. As clients seek calm during the storm, the increasing awareness and appeal of ABLTC remains a growing opportunity to provide peace of mind to your clients and grow your practice. [DM]

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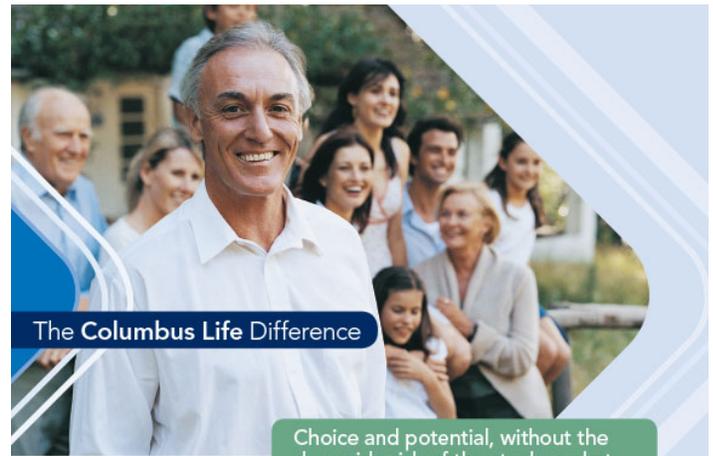
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Author's Bio

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FSA, FCIA, MAAA, is senior vice president of Individual Life and Financial Services for the companies of OneAmerica®. He formerly worked as senior vice president of Product and Business Development, overseeing insurance operations and product development for life, annuity and asset-based long term care, as well as broker-dealer operations. In addition, he provides leadership and vision for the current and future product portfolio and identifying opportunities for expansion. Martin joined the companies of OneAmerica® in 2009. Earlier in his career, he gained actuarial and marketing experience at Great-West Life in Canada and spent eight years with the Western & Southern Financial Group and Columbus Life building out their product development capabilities. In addition to his actuarial and product knowledge, Dennis has significant experience working directly with sales and distribution across multiple distribution channels. Martin is a graduate, with honors, of the University of Manitoba, with a Bachelor of Science degree in Statistics and Actuarial Science. He is a Fellow in the Society of Actuaries (FSA) and Canadian Institute of Actuaries (FCIA), and a Member of the American Academy of Actuaries (MAAA). Martin may be reached at OneAmerica, One American Square, P.O. Box 368, Indianapolis, IN 46205-0368. Telephone: 317-285-2672. Email: dennis.martin@oneamerica.com.



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