

Life Insurance Company Enterprise Sustainability Process

Over the course of the past year we have developed the Life Insurance Enterprise Sustainability Process. The genesis of this work, is a result of **the shift occurring in the evaluation of life insurance companies 'from a focus on solvency to sustainability.'** The development of this tool and process is the result of significant input from life insurance executives. We have worked with this process in a modified format with 10 fraternal insurance companies in 2013.

WHY this Process may be of Value to You and Your Organization:

- Provides an extension of the strategic planning process, whereby all critical business areas are analyzed
- Part of the senior executives role in effectively ensuring the future for our organization
- An alignment and education process for your management team and board
- Establishes a more comprehensive and global framework
- Illustrates the 'interconnectedness' of decision making (i.e. decisions cannot be made in isolation)
- Board responsibilities and liabilities - risk identification, prioritization and mitigation as well as stakeholder protection and sustainability of the entity and it's assets
- Proactively addresses regulator questions

Introduction:

The first step of this process involves the completion of an internal due diligence evaluation. It establishes the important benchmarks relating to an enterprise evaluation standpoint. This process identifies the opportunities within your firm, the present or future challenges and provides solutions to address these areas.

On the following pages is an overview of the Life Insurance Enterprise Sustainability Pyramid and the key elements therein.

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Life Insurance Enterprise Sustainability Pyramid



Overview of the Sustainability Pyramid & Elements of Each Level

Market Opportunities

1. Market Opportunities
2. Marketing your Product & Services (Distribution)
3. Product Viability
4. Sales Trends

Capabilities

5. Talent Management & External Resource Depth
6. Technology Leveraging & Utilization

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- 7. Organizational Leadership (including Governance) & Management
- 8. Strategic Positioning
- 9. Alliances &/or Acquisition Opportunities

Financial Management

- 10. Capital Adequacy & Financial Management
- 11. Regulatory/Compliance Obligations
- 12. Understanding and Management of Risk

Leading Change

- 13. Culture & Leading Change

Life Insurance Enterprise Sustainability Pyramid



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Finally, our process begins with examining '7 fundamental areas that establish the framework within the pyramid. These 7 areas are part of the 13 elements within the Pyramid.

7 Fundamental Framework Areas

1. Market Need / Differentiator (Value Proposition)
2. Distribution Vitality
3. Product Viability and Profitability
4. Leadership / Human Assets
5. Expense Management
6. Long term product risk management
7. Investment Management

Process Outcomes for your organization:

1. A systematic review of all the critical factors related to life insurance sustainability
2. A 'deep dive' internal assessment of your firm
3. An opportunity for management and the board to systematically review all the operations of the organization and gain alignment
4. A cornerstone for the development of your strategic plan & opportunities therein
5. Effective and thorough positioning of your firms sustainability – which can assist with regulators

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Closing Comments & Next Steps

We can work with you on this process in either a consultative format or in a web based evaluation format, incorporating a consultation element. The firms that have undertaken this process to date have done so through either their senior management team &/or board of directors.

If you wish to find out more about this process and the due diligence questions that have been developed, please contact Fred McLean at Fusion Consulting Inc.

(800) 465 5871 or email: fmclean@fusionconsulting.ca

How FUSION Helps You

- Provides a platform for **thoroughly assessing the impact of environmental change** directly impacting your organization.
- **Creating a business model and pragmatic strategy, positioning you for sustainability in the future.**
- **Processes for 'putting strategy into action'** and gaining the desired organizational growth results.
- FUSION is about **'bringing your leadership team together'** and gaining the real value from **'fusing the collective intelligence' within your organization.**

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