

# Life Insurance Industry

## Trends that are 'Changing the Game'

Whether you are in your everyday routine of 'fighting fires' or stepping back to reflect in a strategic manner, the following are realities facing executives in the life insurance business today. Based on research conducted through Fusion's 'State of the Industry' program, we know the Canadian financial services industry faces profound challenges, in the following 'strategic areas':

- 1. Distribution** – In some channels, the number of advisors has been shrinking for four years and the trend will accelerate as aging advisors approach retirement. How will firms grow if the distribution breadth is narrowing?
- 2. Advisor Productivity** – Advisors are focusing on fewer and narrower product channels in order to simplify their practices and reduce their overheads. How will firms maintain current productivity levels as production becomes concentrated?
- 3. Competitiveness** – The market is dominated by large, mature firms. How will firms differentiate against this intense competition?
- 4. Cost Structures** – The cost of doing business is accelerating and margins are already razor thin. How can firms survive the cost escalation? How should they cut costs given the other pressures to grow and comply?
- 5. Consolidation of Independent Channel** – What will be the impact of a looming wave of consolidation through the last non-consolidated channel? Especially for a channel that shows signs of significant dissatisfaction and is losing its edge from a productivity and unique value perspective.
- 6. Value of Advice** – This is a prominent topic amongst regulators today resulting in fee structure implications in many countries. Closely associated with this area, is the movement to broader disclosure. How will firms articulate their value in a fully transparent world?
- 7. Regulations** – The seemingly uncontested growth in regulations has led to an annualized increase in compliance costs of 6% to 10%. When will it end?
- 8. Technology** – How do you justify the cost of maintaining legacy systems when the pace of technology change is measured in days and week?
- 9. The Economy** – From all major indicators, we are in a period of prolonged slow growth and a period of instability. How do you ensure your firm thrives when revenues are flat?

- What are you doing to understand the **impact of change**? (Empirical Study)
- What is '**the plan**'? (Smart Analytics)
- What are you doing to '**execute**' the changes required? (Focused Action)

*As a catalyst, Fusion helps you change the game.*

Fusion