



American
Bankers
Association

American Bankers Insurance Association
an ABA subsidiary

Bridging the Cultural Divide

Survey Highlights





Affinion/Synergistics Results

- The tenure of insurance-buying depositors is **significantly greater** than the average depositor
- There is a significant opportunity to **upsized your relationship** with a buyer of insurance programs
- There are opportunities to **expand the relationship** with the insurance buyer **across every type of account**
- Insurance can be a significant factor in **maintaining your relationship** with depositors by **reducing voluntary attrition**
- The buyer of insurance has a strong expectation of **cross-selling**, and a **propensity to respond favorably** to those offers
- The buyer of insurance indicates a **likelihood to buy multiple additional services**, if presented with the opportunity to consider

Sponsors . . .



In Cooperation With





Why Was The Survey Done . . .

- Explores the cultural, perceptual and quantifiable issues of Financial Institution insurance
- Perspective creates perception, perception creates belief, belief creates knowing and knowing creates experience
- 4th in a continuing series in USA
- Completed in India, Australia, South Africa and Middle East
- Uses cohort and gap analysis
- Probes life insurers, financial institutions, and MGAs simultaneously; no other survey does this
- 90% say they will increase the scope and number of programs in next 3 years

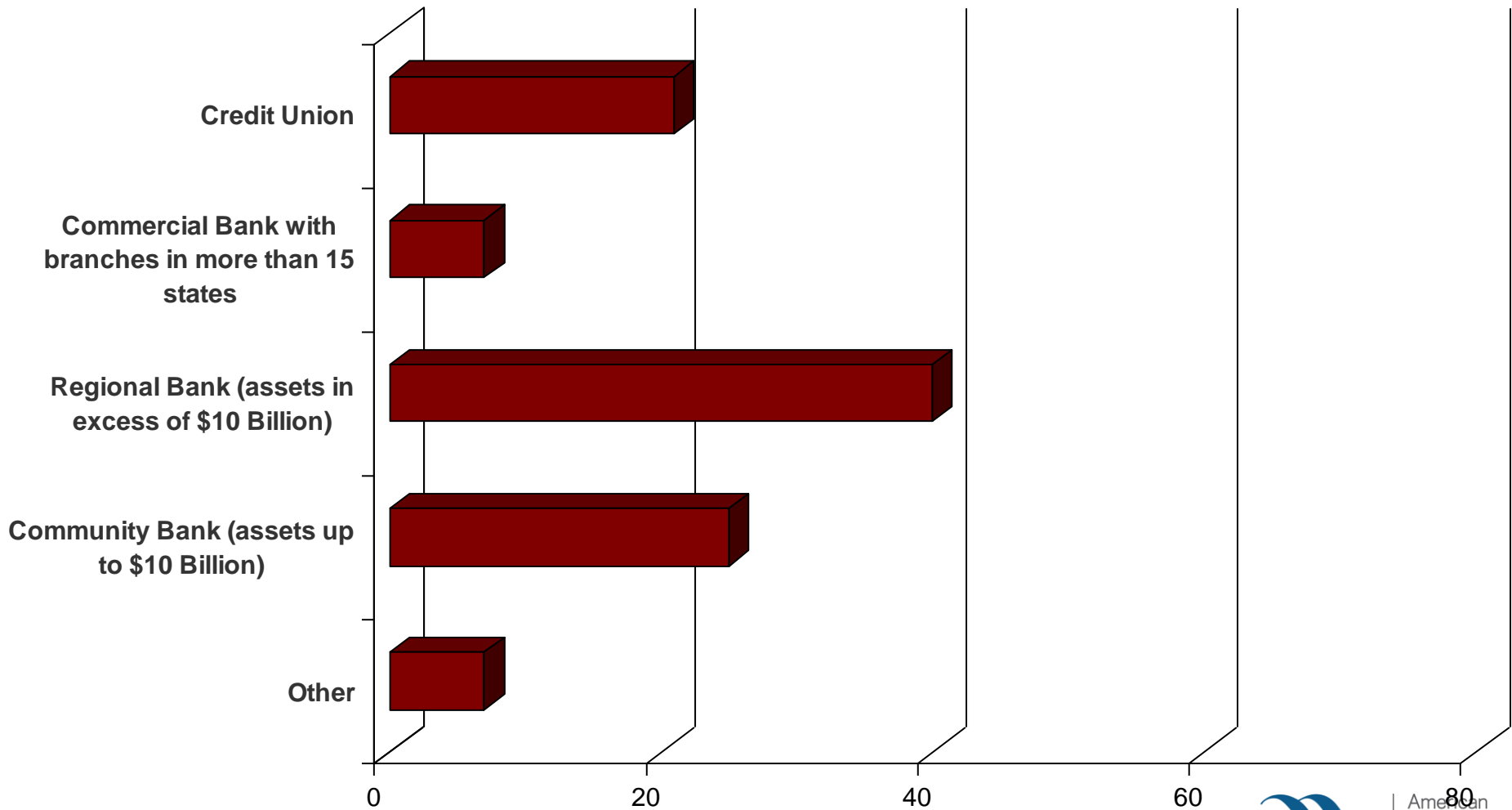


Who Responded . . .

- Respondents
 - 72 FI; 8 of top 25 . . . 32%
 - 45 Insurers; 8 of top 14 . . . 57%
 - 32 MGAs
- Robust survey
 - 52 Questions
 - 494 Elements
- Senior management
 - 65% of FI President or SM of Agency
 - 72% of Insurers
 - 87% of MGA

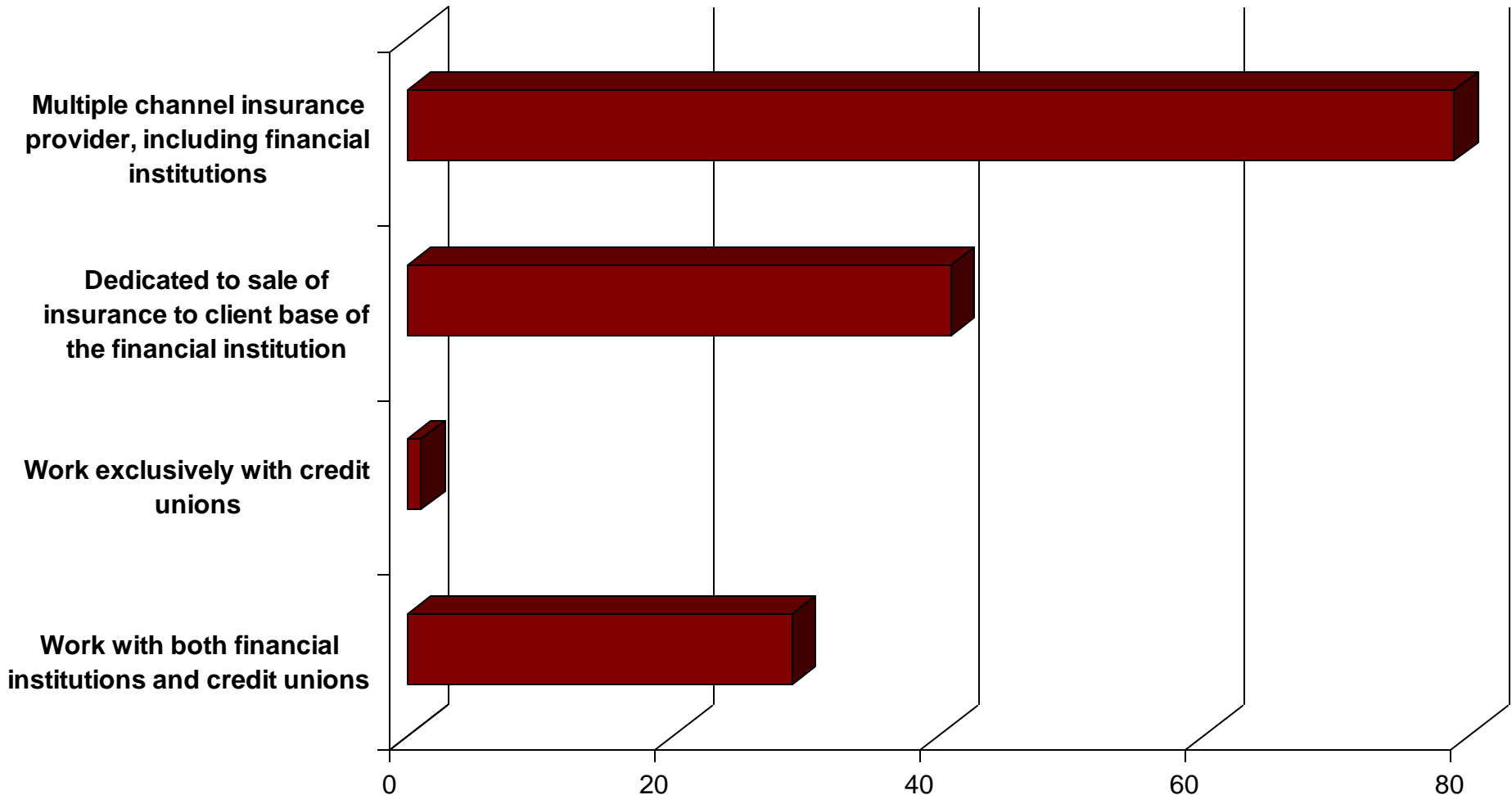
Who Responded . . .

Core Business: Financial Institutions



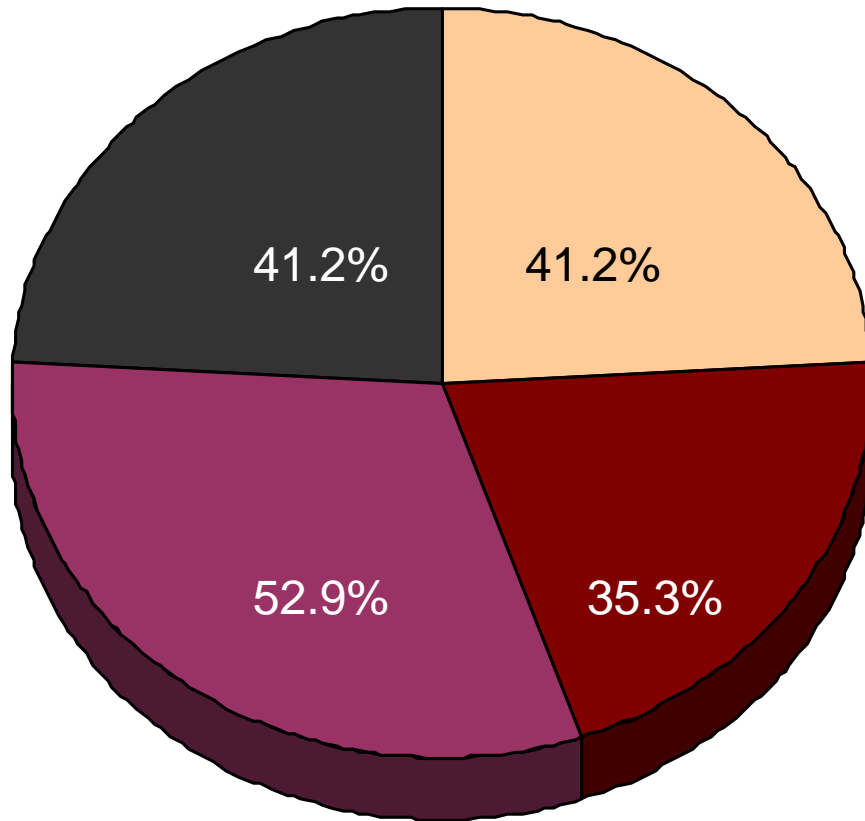
Who Responded . . .

Core Business: Insurers



Who Responded . . .

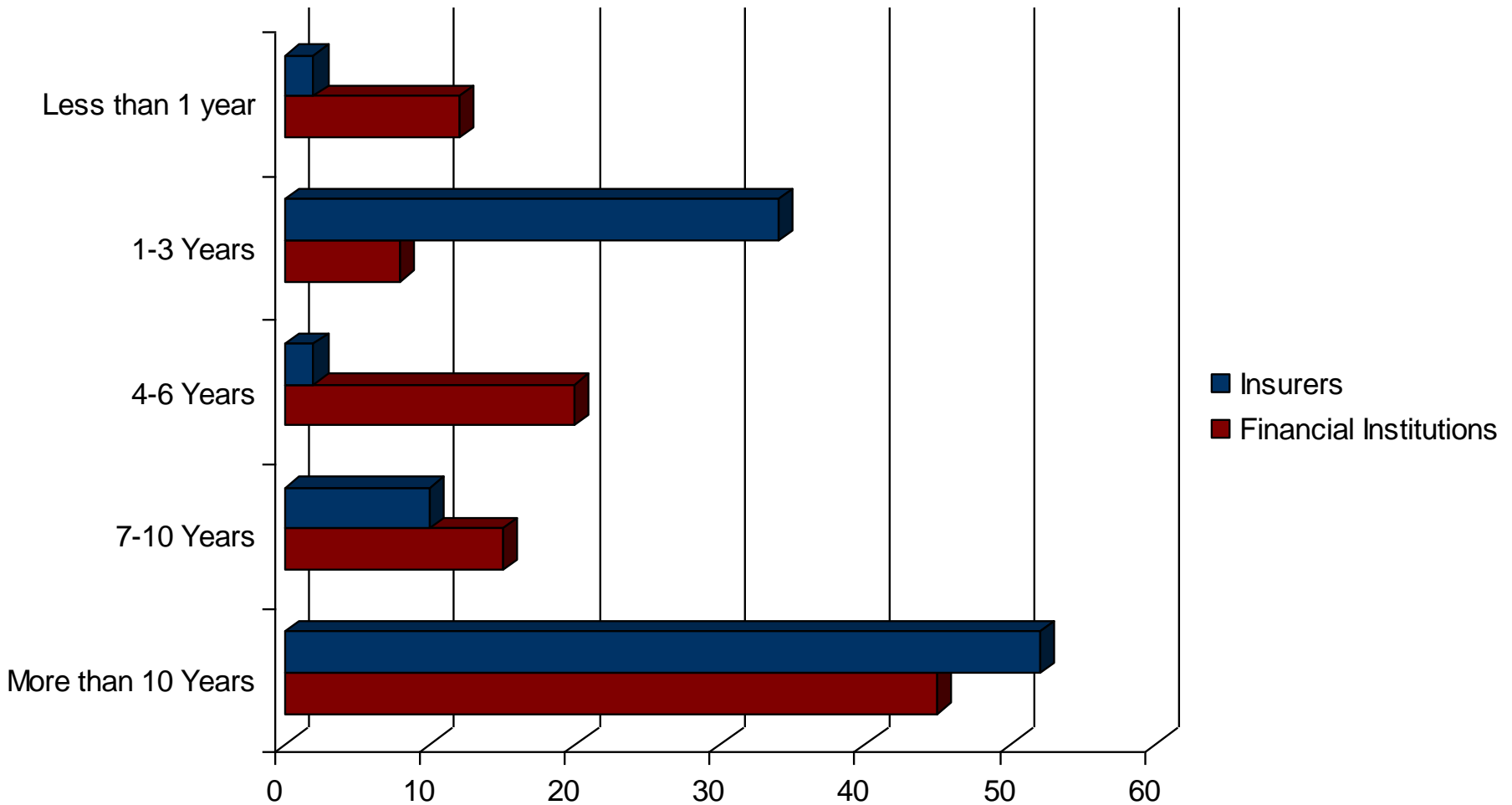
Core Business: MGA



- MGA support to agents in field
- BGA support to agents in the field
- MGA or BGA exclusive to Financial Institution
- MGA or BGA working with credit unions and financial institutions

Experience . . .

Length of Time Selling Insurance Product





Methodology

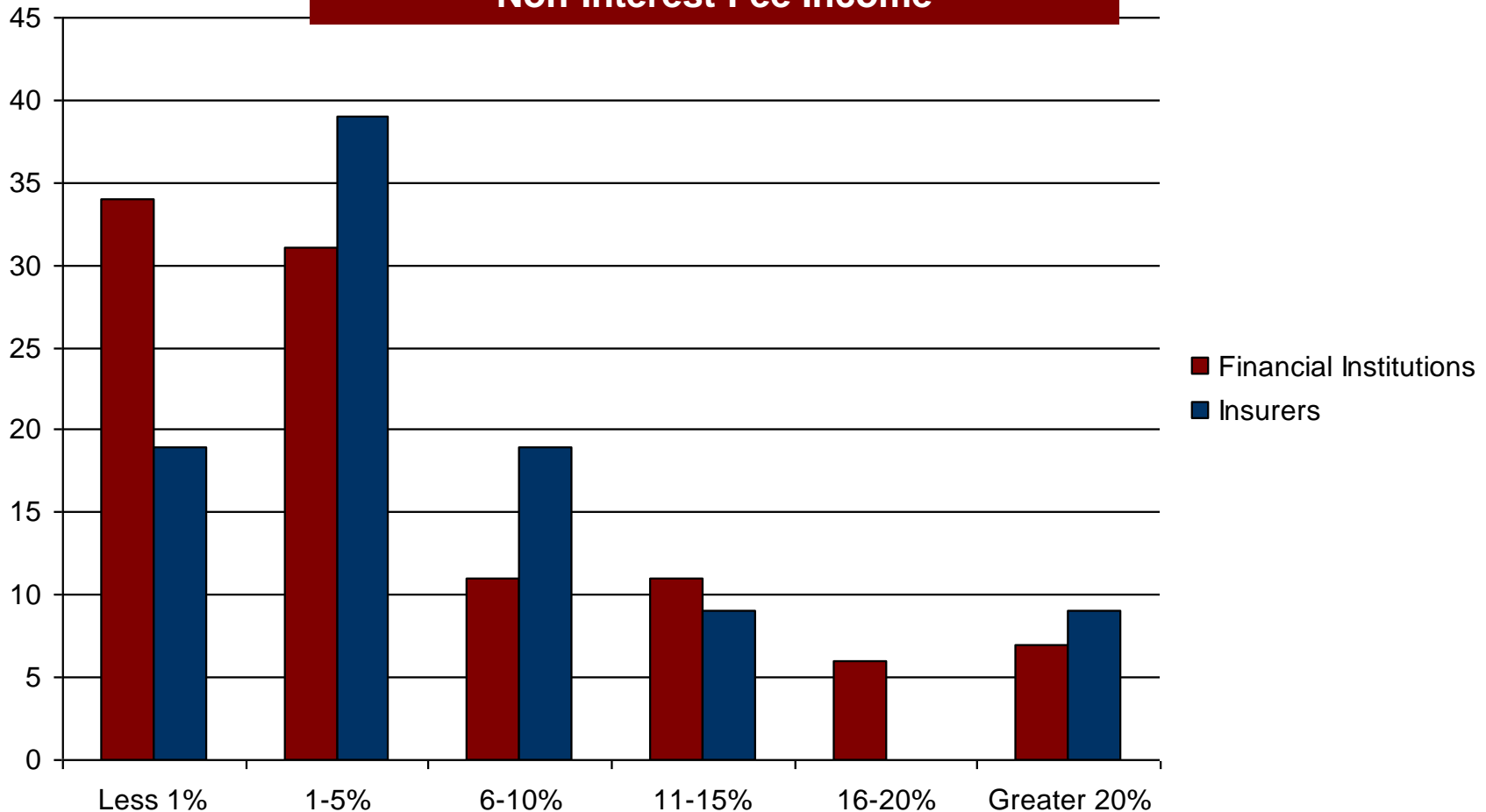


Methodology . . .

Method	Measure
<ul style="list-style-type: none">• Gap Analysis	<ul style="list-style-type: none">• Scale of 1-5 (least to most)
<ul style="list-style-type: none">• Distribution of Scores	<ul style="list-style-type: none">• Percentages (least to most)
<ul style="list-style-type: none">• Relative Ranking of Attributes	<ul style="list-style-type: none">• Per Question (highest to lowest)

FI Earnings From Insurance . . .

Insurance Revenue Percentage of Non-Interest Fee Income





Perceptions





FI Life Insurance Sales Record Shattered – 2010 . . .

2010

**FI Life Sales Has
Surpassed The Annual Record
of \$1.3 Billion Set In 2004;**

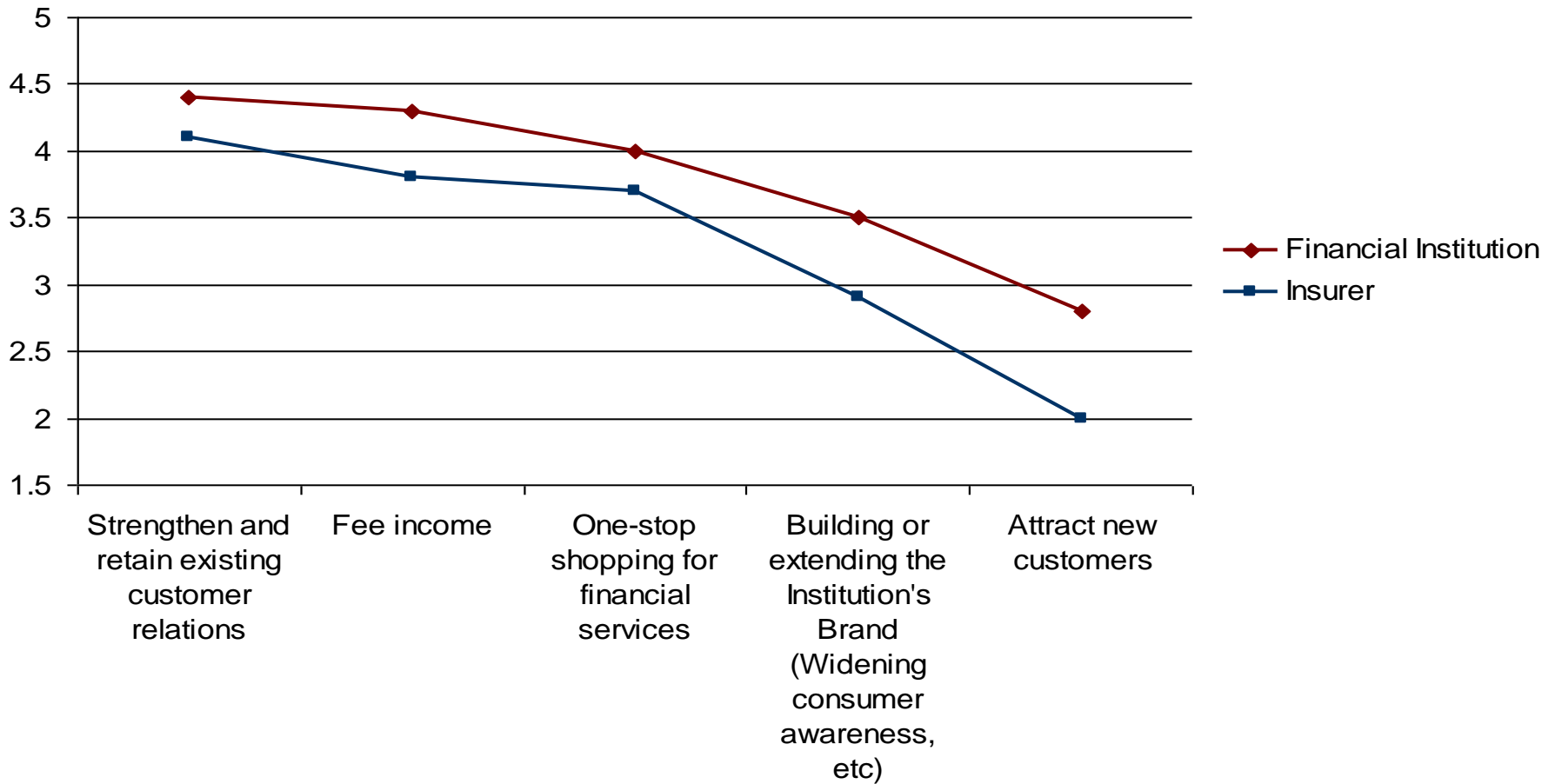
Trending Is Positive

GOAL IS 10% OF AUM;

\$60 BILLION

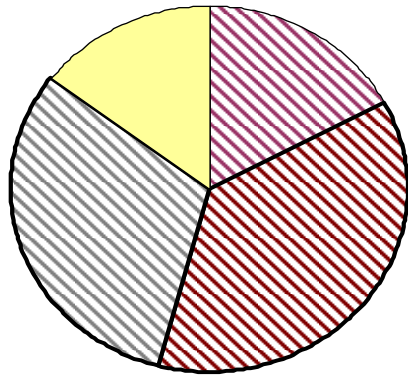
Reasons

Reasons FIs Distribute Insurance



Beliefs on Awareness

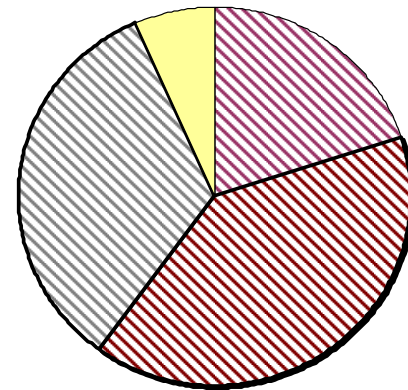
FI Beliefs on Consumer Awareness



- Completely unaware
- ▣ Somewhat unaware
- ▣ Indifferent
- Somewhat aware
- Completely aware

Average Score for
FIs was 2.4

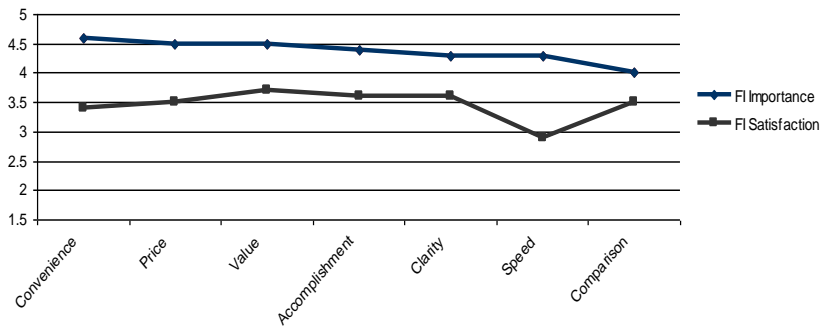
Insurer Beliefs on Consumer Awareness



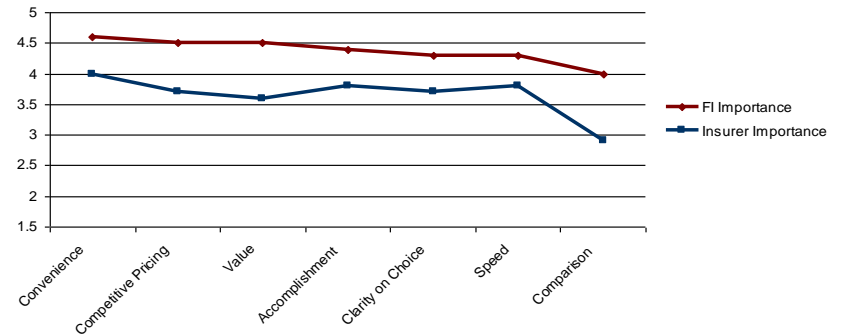
Average Score for
Insurers was 2.4

Customer Perspective FI & Insurer . . .

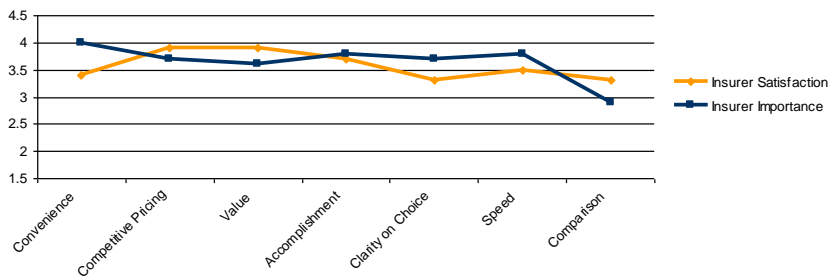
FI Importance Vs. Satisfaction



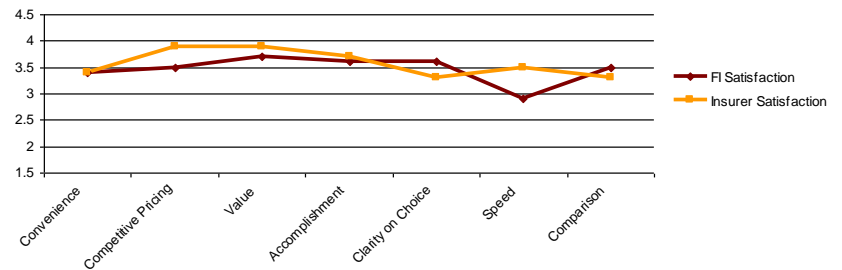
FI Importance Vs. Insurer Importance



Insurer Importance Vs. Satisfaction



FI Satisfaction Vs. Insurance Satisfaction



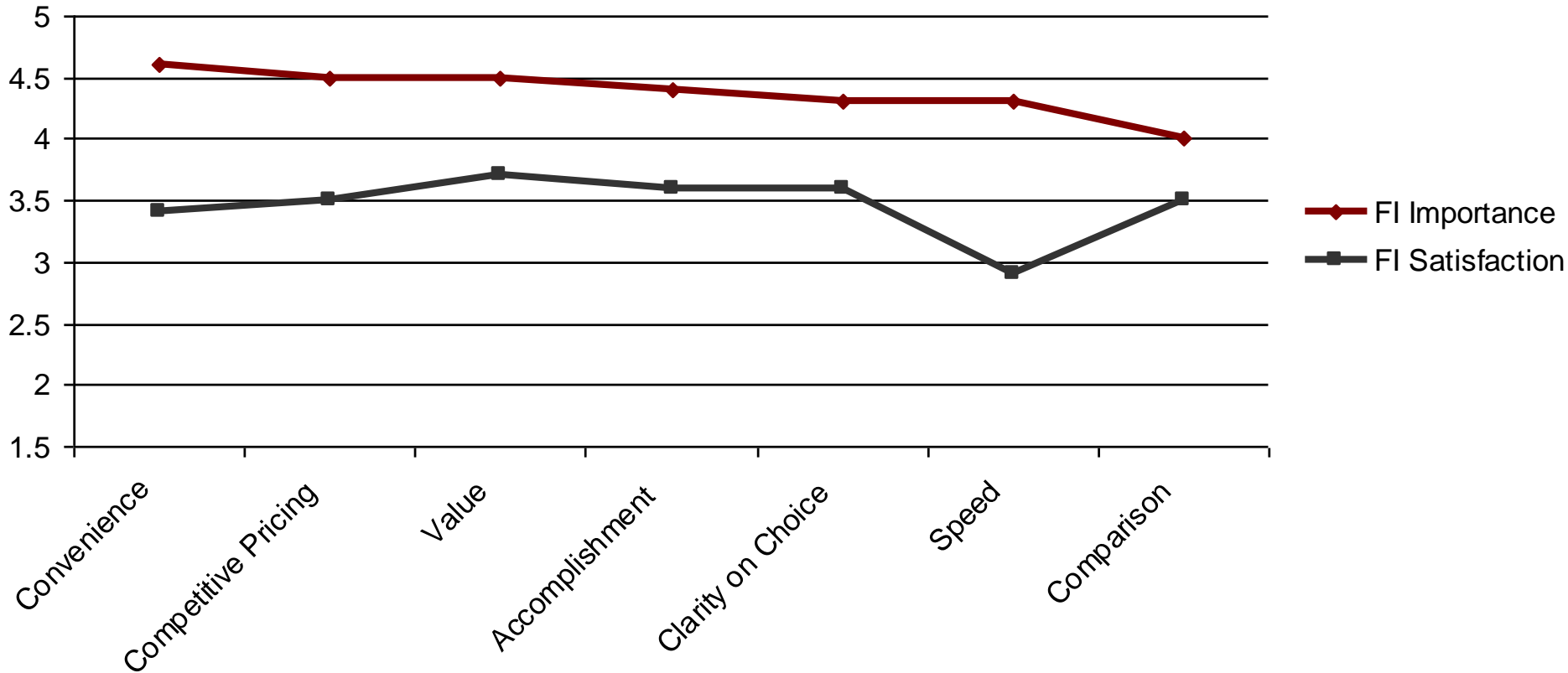
Importance Comparison

FI Importance Vs. Insurer Importance



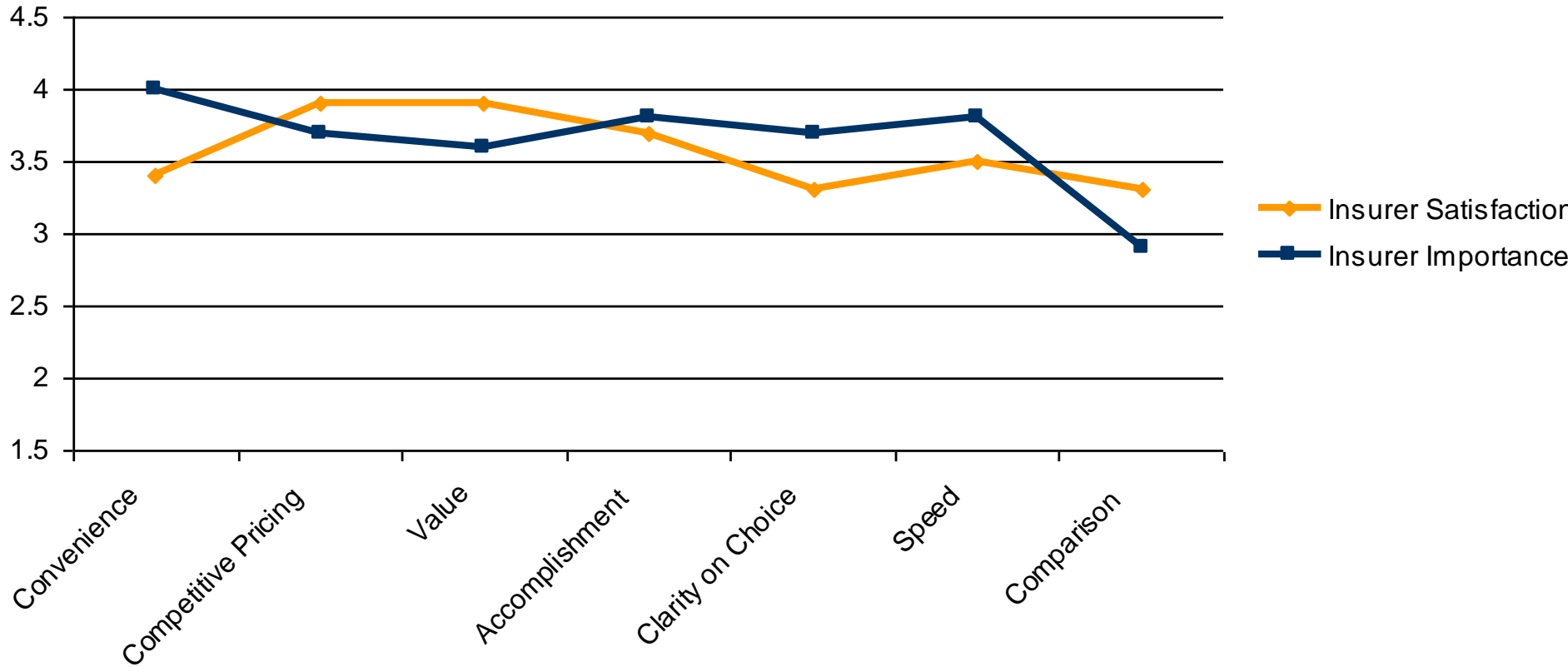
FI Importance vs. Satisfaction

FI Importance Vs. Satisfaction



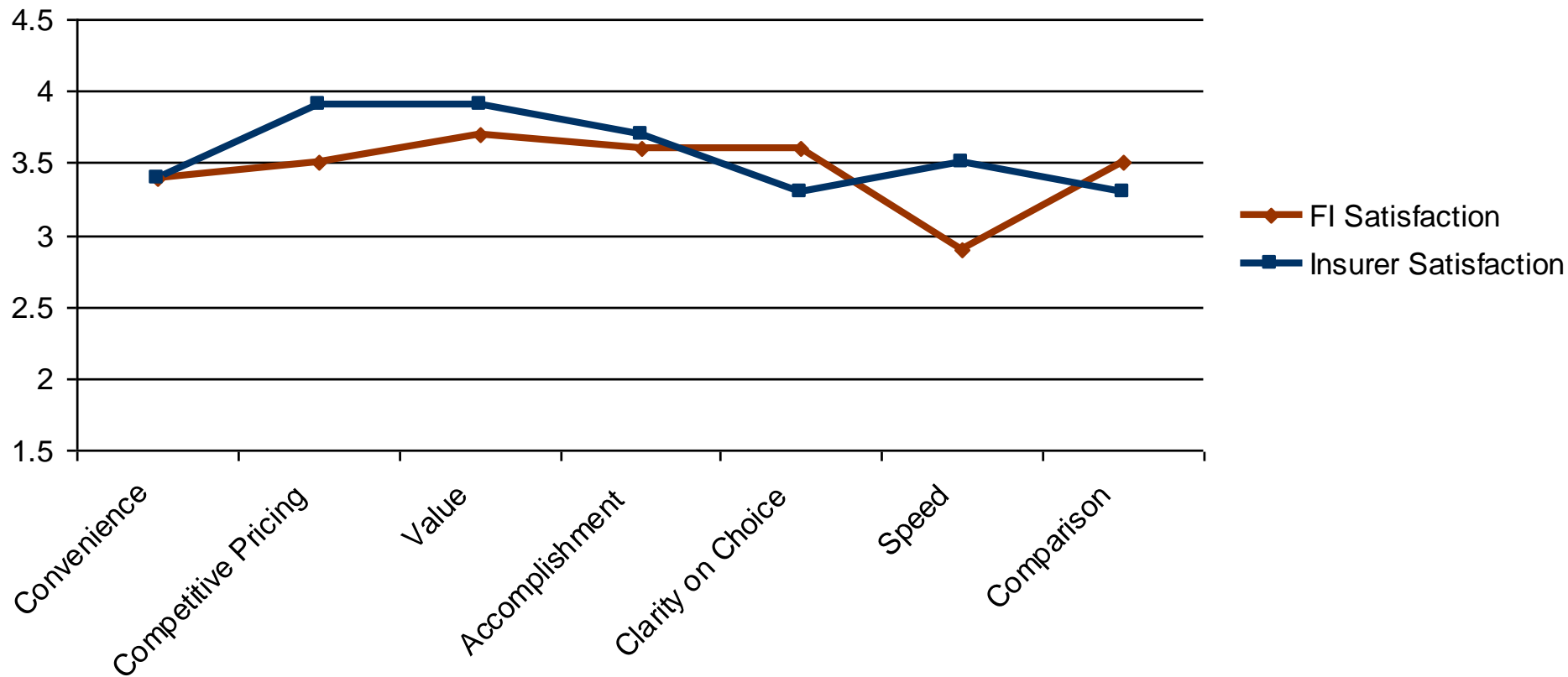
Insurer Importance vs. Satisfaction

Insurer Importance Vs. Insurer Satisfaction



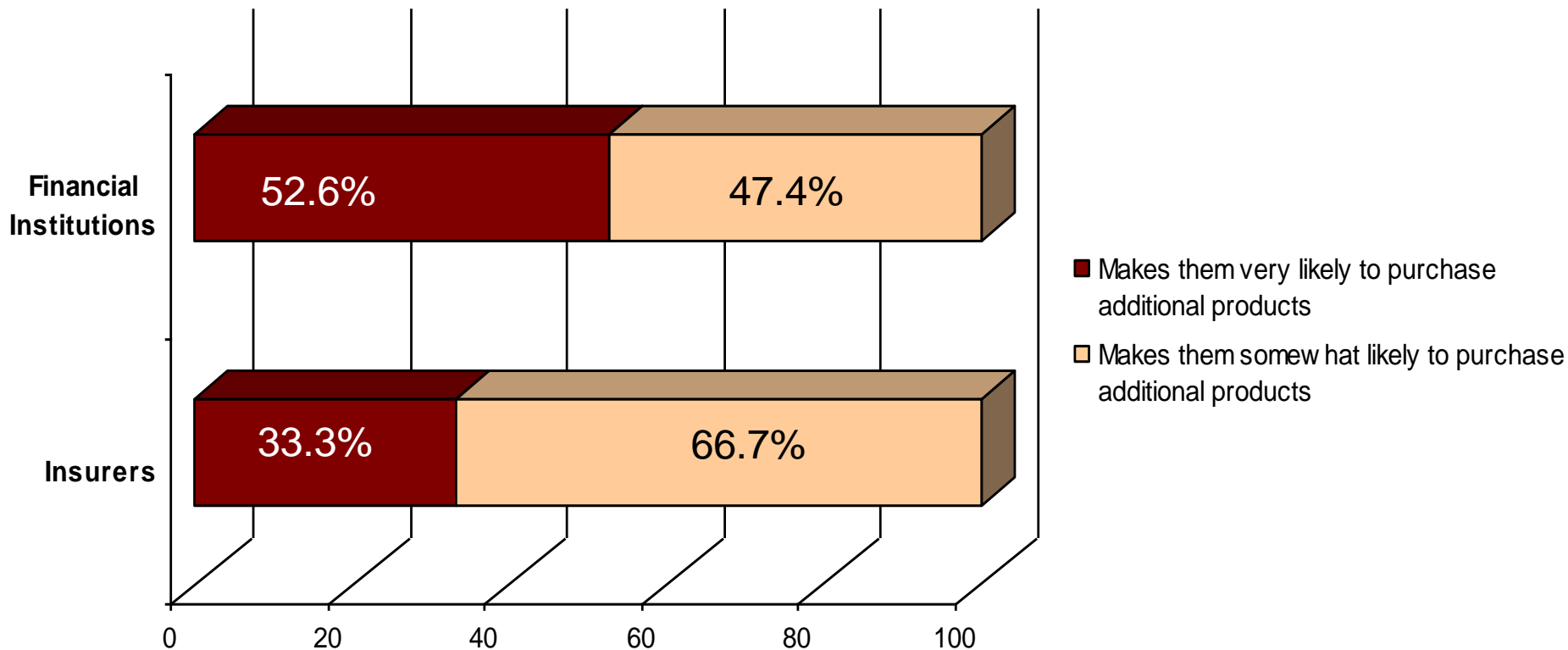
Satisfaction Comparison

FI Satisfaction Vs. Insurer Satisfaction



Additional Product Sales: FI and Insurers

Likelihood of Purchasing Another Product After Purchase of Insurance



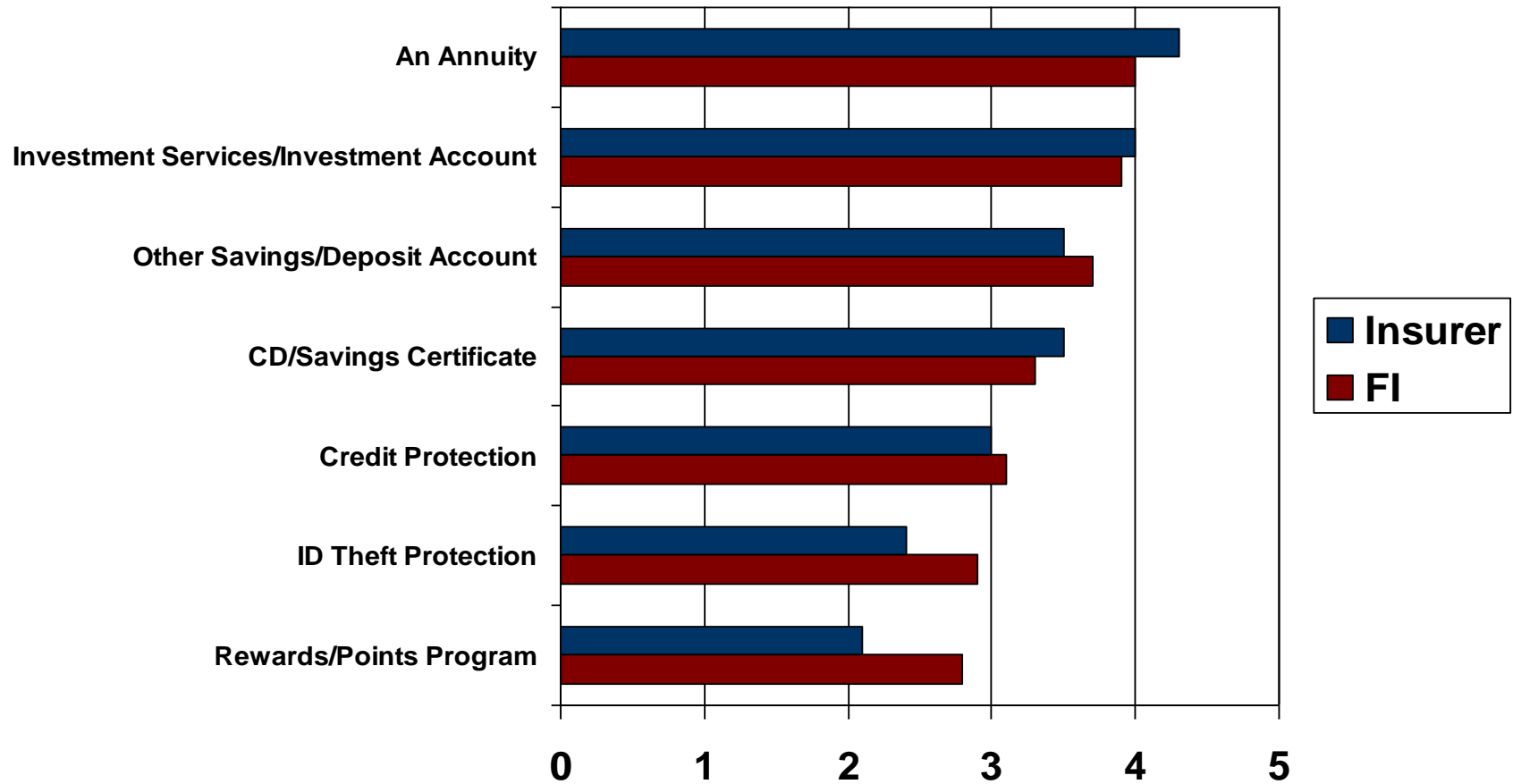
Consumer Focus: FIs, MGAs and Insurers

Affinion & Synergistics Research
Insurance Drives Fee Income

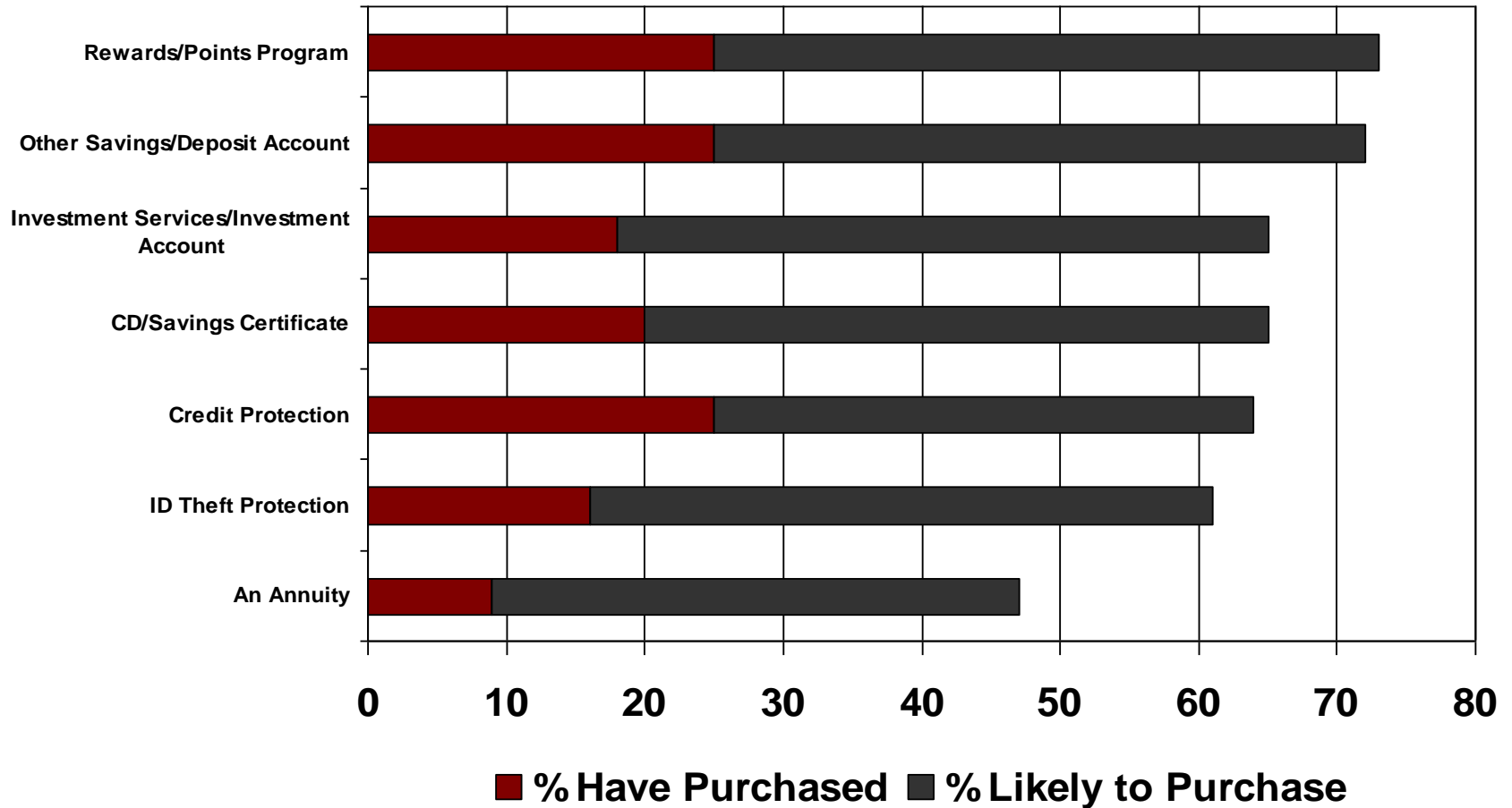
Those That Bought; More Than 75% Expect A Cross-Sell Offer*

	Financial Institution	Insurer	MGA
What impact does selling insurance have on customer loyalty?	%	%	%
Makes Them Very Loyal	50	33	29
Insurance as the Primary Reason the Customer Maintains the FI Relationship	%	%	%
Yes	25	22	43
No	70	56	43
Do Not Know	5	22	14

Likelihood to Purchase - Institutional View



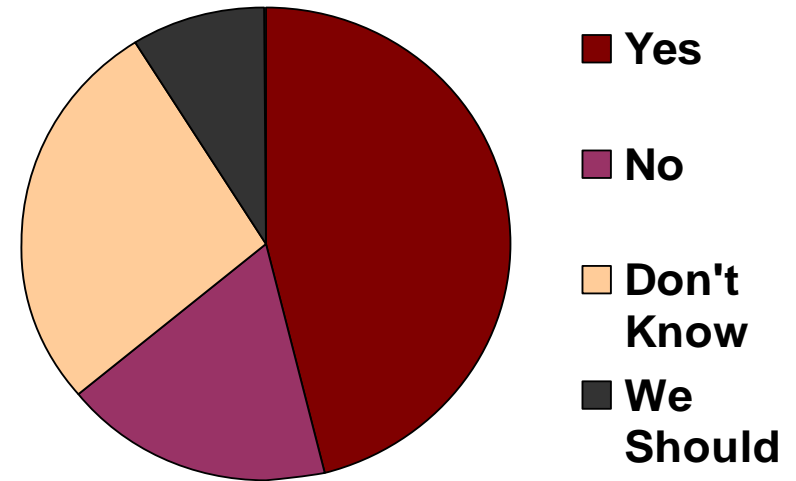
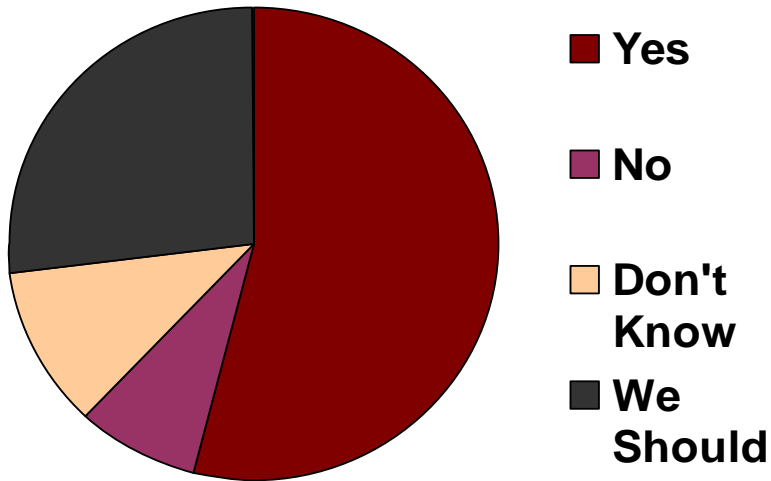
Additional Product Sales: Consumers Response



Customer Experience Testing

Financial Institutions

Insurers



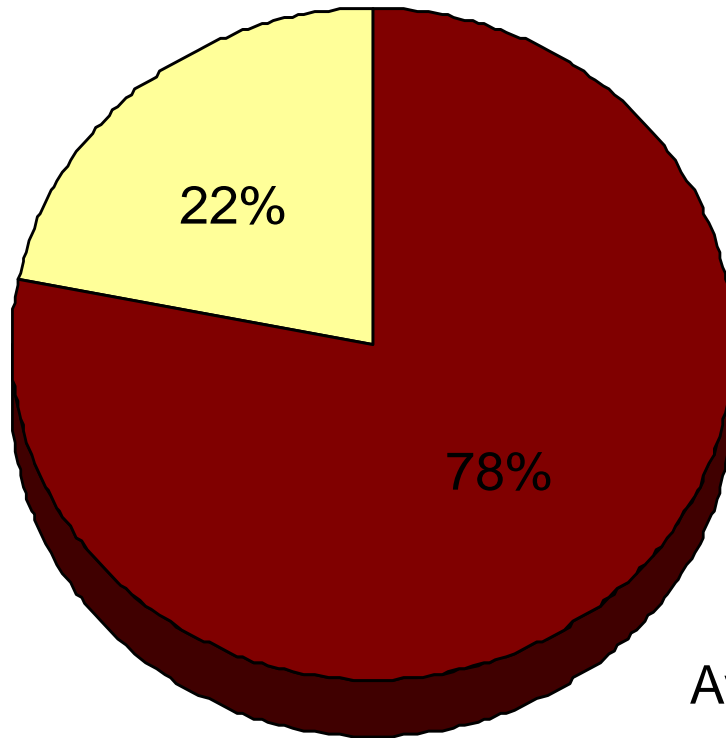


Technology



FI Technology . . .

Financial Institutions: Change in Technology Budgets Over Next 3-5 Years



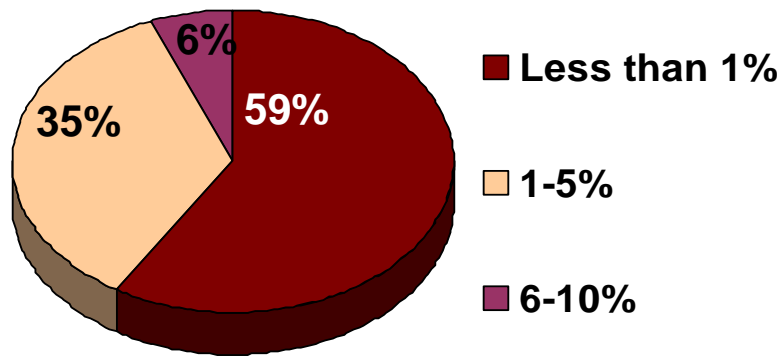
■ Increase
■ Decrease

Average Increase: 12.2%

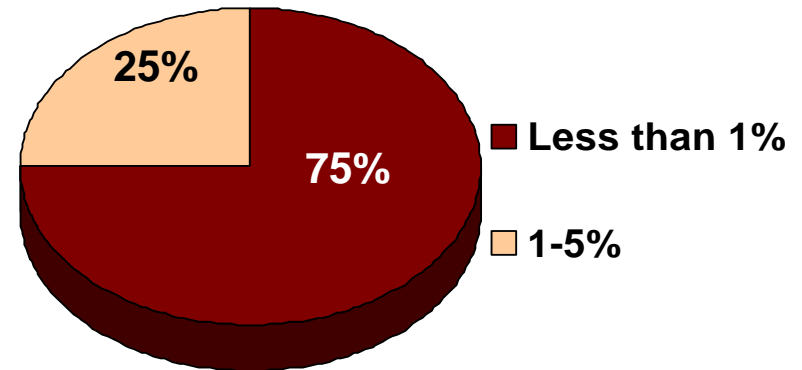
Average Decrease 10.0%

Technology Budget Dedicated to Lead Management

Financial Institutions



Insurers



What Additional Sales are Worth to FI; Increase Net Interest Margin

- **Strong Loyalty; for 91% purchasing insurance***
- **66%; insurance is primary reason to keep account***
- **Deposit account is very likely; stays 4.5 yrs.**

Lead Management



Customer Experience



- **\$6 Billion Asset Bank; \$2 Billion Retail Deposits**
- **\$1.3B Core Deposits**
- **Proxy= Average Yield of 5 year CMT**
- **Management goes out longer on yield curve**

- **1% in deposits= 3BPs in NII**
- **\$600,000/yr.; \$2.7 MM in 4.5 yrs.**

Making More on the Core:

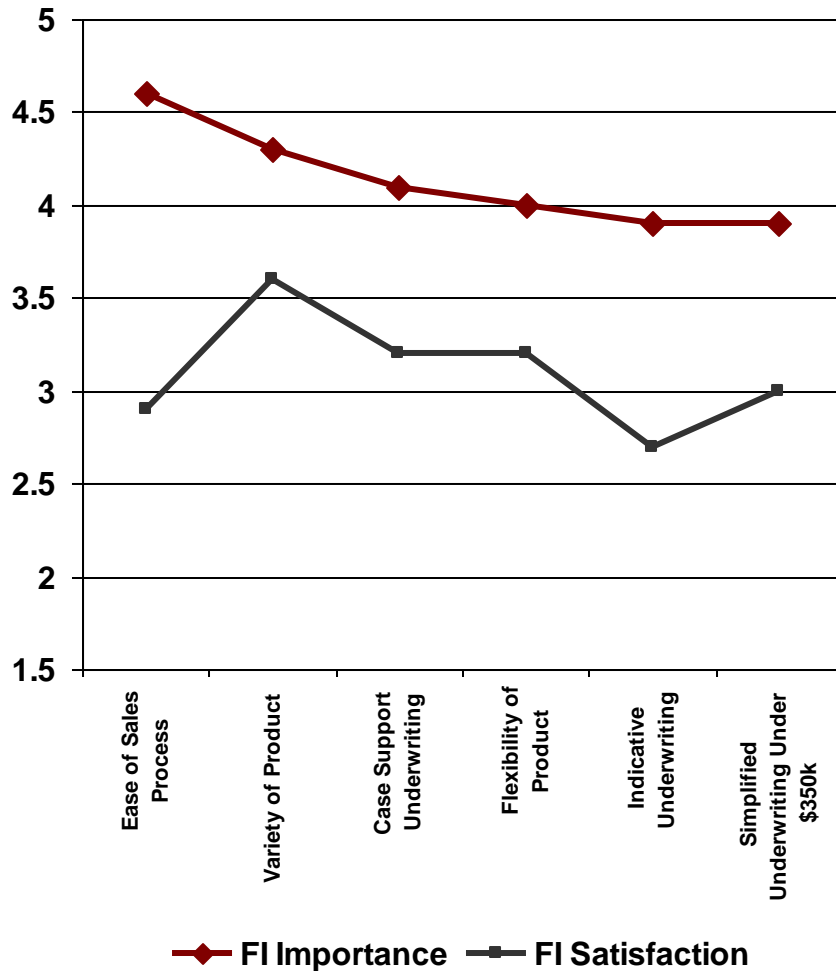
Increases NII of \$269 MM by 1%

Technology Integration . . .

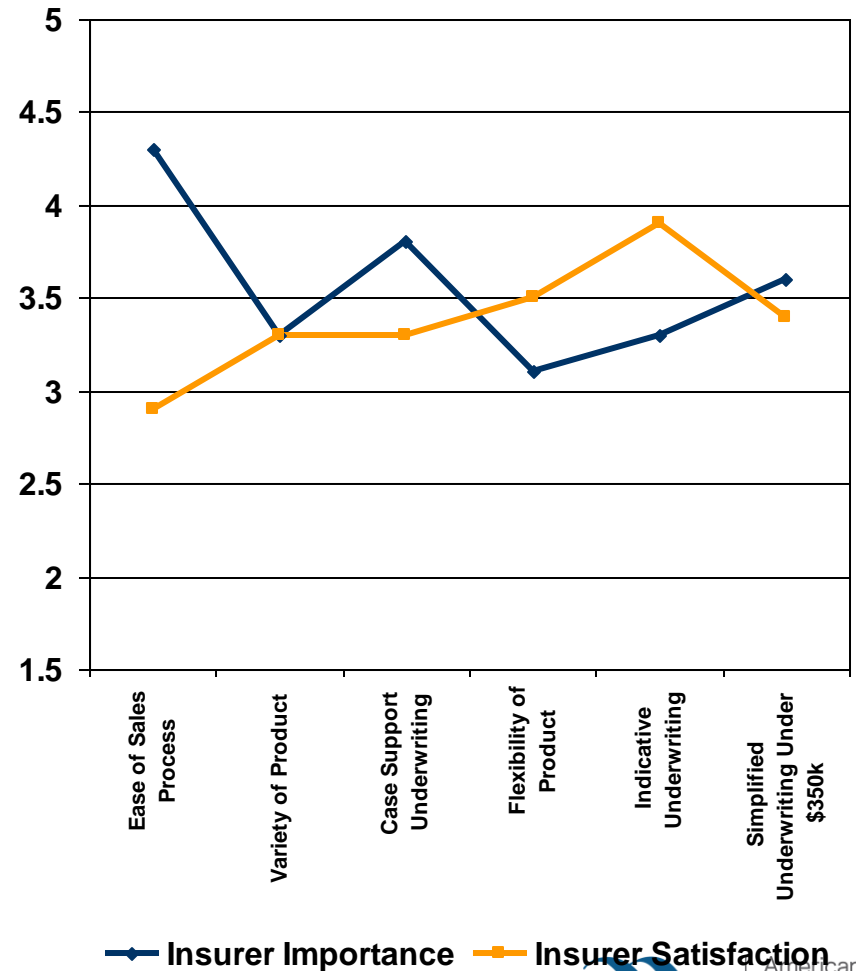
Technology Integration Needs		Front End Marketing	Application and Underwriting	Product Processing	Operational Efficiency	Administrative Functions	Customer Service
Yes	Financial Institution	76.5%	83.3%	83.3%	77.8%	83.3%	89.5%
	Insurer	55.6%	33.3%	33.3%	22.2%	44.4%	11.1%
	MGA	42.9%	85.7%	71.4%	57.1%	57.1%	57.1%
No	Financial Institution	23.5%	16.7%	16.7%	22.2%	16.7%	10.5%
	Insurer	44.4%	66.7%	66.7%	77.8	55.6%	88.9%
	MGA	57.1%	14.3%	28.6%	42.9%	42.9%	42.9%

Elements in Optimal Relationships

FI Importance Vs. Satisfaction

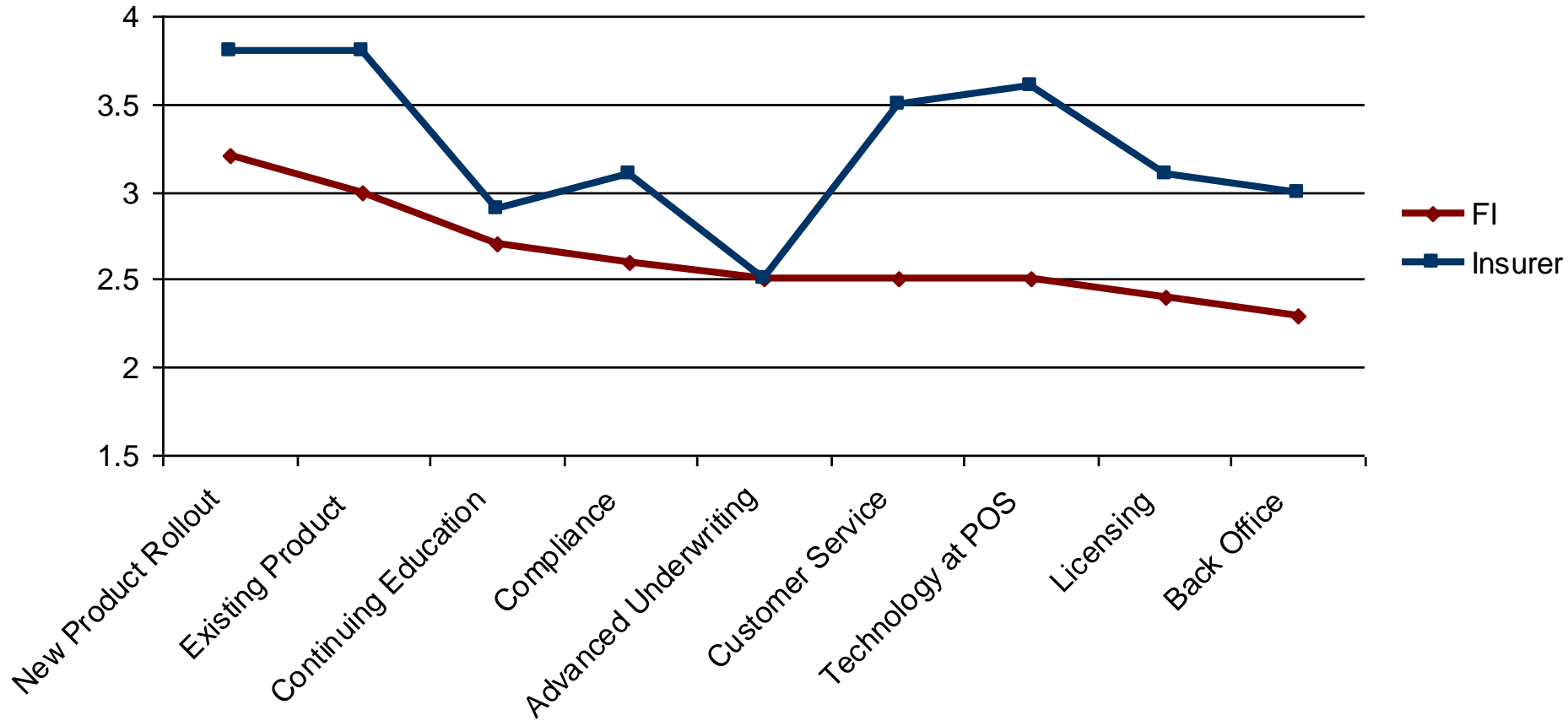


Insurer Importance Vs. Satisfaction



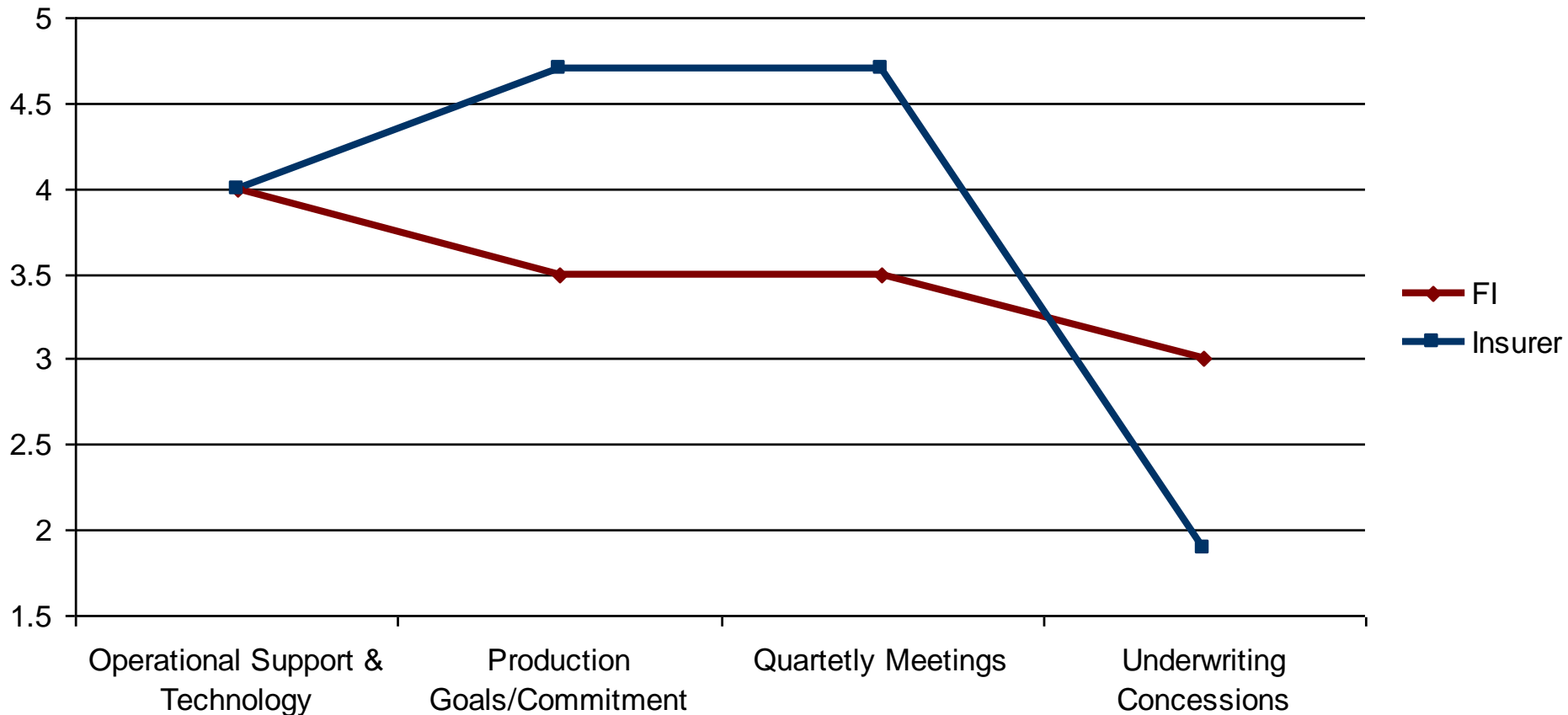
Ongoing Training

Training



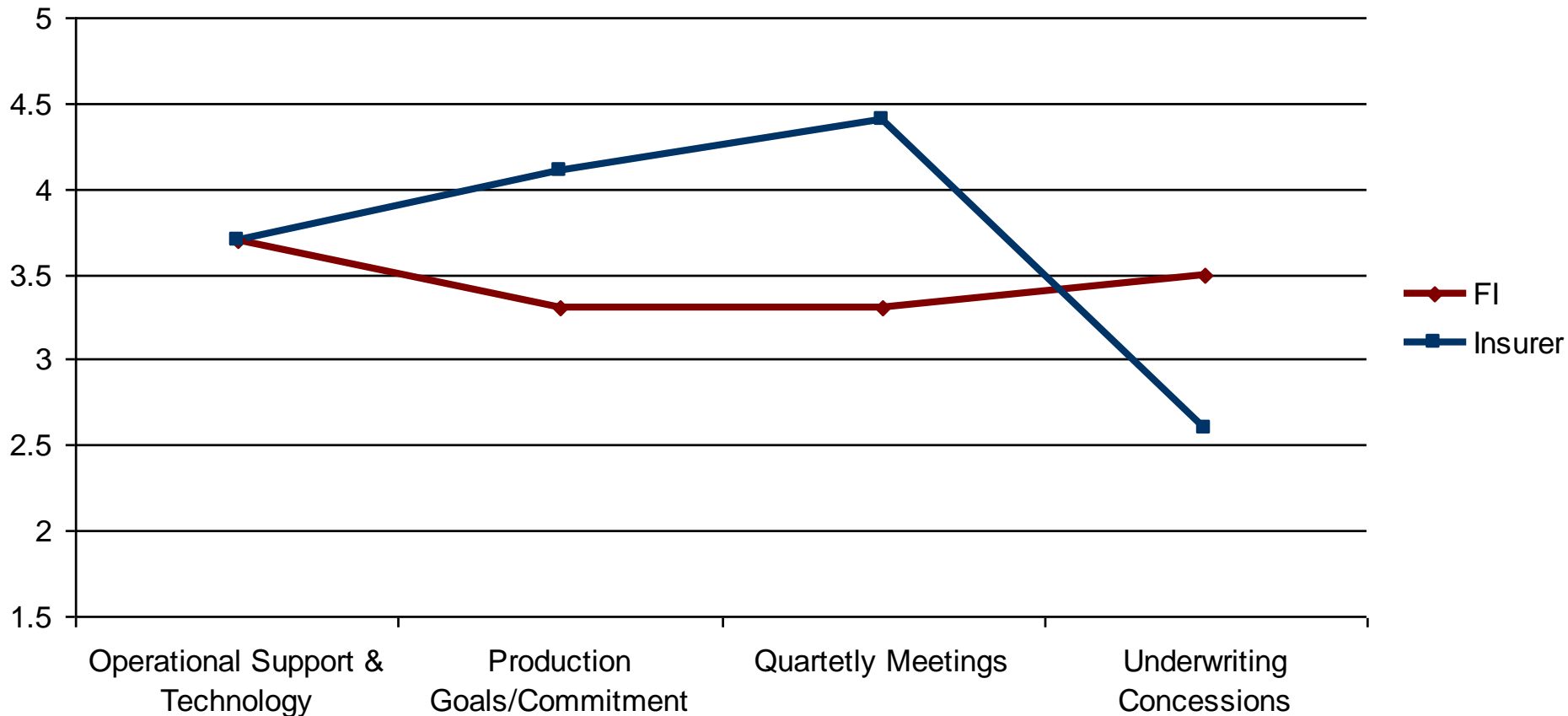
Strategic Partnerships; FI and Insurer . . .

Willingness to Provide the Following



Comparison to 2008; FI and Insurer . . .

Willingness to Provide the Following



Calculating the ROI for Insurance . . .

Leading Indicators

Lagging Indicators

PEOPLE
FI and Rep Satisfaction

PRODUCT/SERVICE
Differentiation

PROCESS
Productivity

Customer Experience

- Customer Satisfaction
- Customer Advocacy (Net Promoter Score)
- Customer Experience MetricSM

Customer Behavior

- Sales
- Share of Wallet
- Repeat Purchases
- Referral

FI Growth Goals

- Revenue Growth
- Market Share
- Profitability
- Stakeholder Value



Source: *Managing the Customer Experience*,
Shaun Smith and Jow Wheeler, 2002

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Follow-Up . . .



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