

Ward Group Recognizes Top Performing Insurers



Annually, Ward Group analyzes the financial performance of over 850 life-health insurance companies domiciled in the United States and identifies the top performers. This group is called the Ward's 50 for the year. Each Ward's 50 company has passed all safety and consistency screens and achieved superior performance over the five years analyzed. The Ward's 50 life-health insurance companies produced a 17.5% return on average equity from 2003 to 2007 compared to 13.1% for the life-health industry overall.

Over the last decade, the insurance industry has changed dramatically with new technology, changing customer and employee demographics and increasingly competitive market conditions. "It is important for companies to remain focused on meeting revenue goals while maintaining an efficient operating model that enables them to meet customer demands," explains Jeff Rieder, President of Ward Group. "The best companies excel at balancing expense management, technology deployment and customer service." Results from the Ward Group Benchmarking Programs confirm these findings and identify other best practices that set top performing companies apart from the rest of the industry.

Expense Management

With added pressure on profit margins, it is more critical than ever to find ways to operate more efficiently and cost effectively. For most insurance companies, the largest operating expense is the cost of employees. Getting the most out of this high dollar investment is a best practice at top performing companies. The average Ward's 50 company processes 12% more policies per employee and maintains a 10% lower expense ratio. The average compensation, including salary, benefits and bonus, for top performers is \$3,800 less on average. These companies are able to lower personnel costs through effective management of benefit programs, better management to staff ratios and salary programs that are fair, but not excessive, in the market. In addition to lower costs per employee and higher employee productivity, employee turnover for these companies is nearly 25% lower than the industry. "Compensation is usually a much smaller piece to employee satisfaction than

people think," said Mr. Rieder. "Most people want to work in a successful environment that is challenging and rewarding."

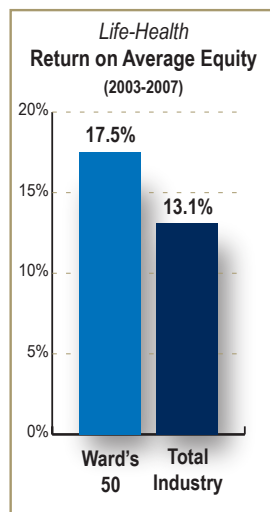
Technology Deployment

The business demands on information technology organizations are simple: do more with less and do it faster. But to be able to maximize improvements in technology, companies must often make decisions to change long-standing business practices. For example, many processes were created before computers were available and companies needed many field offices for staff to support customers and agents. Today, the average company annually spends over \$7,000 per employee for occupancy and related support costs. Advances in telephony, workflow management and web-based technologies have enabled companies to replace legacy systems and business practices. "Top performers deploy nearly 5% more employees working from their homes than the average company", observed Mr.

Rieder. "As a result, these companies reduce overhead expenses, achieve higher workloads and can place the critical customer-facing employees closer to where they are needed in the field." When the support savings are combined with improvements in staff workloads, the expense reductions can be significant.

Customer Service

Even as top performers look for ways to reduce expenses and bring in new technology, superior customer service and customer satisfaction remain the most important business drivers. The focus on customer needs significantly improves retention. "Top performers anticipate the needs of their customers and find ways to work with them efficiently," added Mr. Rieder. "As a result they are rewarded by keeping their business". Policy retention for the Ward's 50 benchmark continues to outperform the industry by over 5%.



2008 Ward's 50 Life-Health Companies (listed alphabetically)

AEGON USA Group
 Aetna Life Insurance Company
 AFLAC
 AIG SunAmerica Life Insurance Company
 Alfa Life Insurance Corporation
 American Family Life Insurance Company
 American National Insurance Company
 Amica Life Insurance Company
 Anthem Blue Cross Life & Health Insurance Co.
 Auto-Owners Life Insurance Company
 AXA Equitable Life Insurance Company
 Centurion Life Insurance Company
 CIGNA Group
 Cincinnati Life Insurance Company
 Combined Insurance Company of America
 Farm Bureau Life Insurance Company
 Farm Bureau Life Insurance Company of MI
 Federated Life Insurance Company
 Fidelity Investments Life Insurance Company
 Genworth Life Insurance Company
 Gerber Life Insurance Company
 The Hartford Life Insurance Company
 Liberty National Life Insurance Company
 Metropolitan Life Insurance Company
 Midland National Life Insurance Company
 National Life Insurance Company
 Nationwide Life Insurance Company
 Northwestern Mutual Life Insurance Company
 Pekin Life Insurance Company
 Primerica Life Insurance Company
 Principal Life Insurance Company
 Prudential Insurance Company of America
 Reliance Standard Life Insurance Company
 RiverSource Life Insurance Company
 Sentry Life Insurance Company
 Shelter Life Insurance Company
 Southern Farm Bureau Life Insurance Co.
 Standard Insurance Company
 State Farm Life Insurance Company
 Symetra Life Insurance Company
 Tennessee Farmers Life Insurance Company
 Thrivent Financial for Lutherans
 TIAA-CREF
 Union Security Insurance Company
 United Healthcare Insurance Company
 United Insurance Company of America
 United Life Insurance Company
 USAA Life Insurance Company
 USABLE Life Insurance Company
 Western & Southern Life Insurance Company

The Ward's 50 benchmarks are available in *Ward's Results*, an insurance industry financial reference series. To learn more about *Ward's Results* or Ward Group's consulting and benchmarking services visit www.wardinc.com or contact Ward Group at (513) 791-0303.