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The Benefits and Growth of Annuity “eApp”





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The Benefits and Growth of Annuity eApp

The ability to submit annuity applications electronically, or eApp for annuities, is finally gaining momentum in the annuity space. For years life, and property and casualty, insurance carriers have saturated the market with multiple options to submit business online. The annuity space, however, seemed to be in a holding pattern from 2007-2015, in which eApp was mostly available solely to financial advisors selling variable products for big Wirehouses. During that time, over 90 percent of annuity applications were submitted via paper filled out manually by an agent or financial advisor—an increasingly antiquated and time-consuming process for all involved.

Today, fixed SPDA and index annuity products are being added to eApp platforms, and eApp for annuities is being offered through other distribution channels such as independent brokerage agencies, banks and independent broker dealers. With the advent of integrated sales platforms, new compliance requirements, and other connected services, the benefits of eApp for annuities to agents and financial advisors has grown significantly.

What is AOE and what does an eApp platform for Annuities do?

Application Order Entry (AOE) is a method of completing an annuity application online using an eApp platform. The agent or financial advisor logs into an agent online portal or accesses the eApp directly from a vendor or brokerage website. Logging into an agent portal allows agents a single entry for access to all sales tools available to them, including eApp.

There are multi-carrier and single-carrier eApp platforms available. In most cases, a financial advisor/agent chooses the carrier's product and state, and a licensing check automatically verifies the advisor's status to sell the product. The advisor/agent can then quickly walk through questions on the screen that are from the annuity application and supplemental forms such as replacements and 1035 forms. Other required fields and validation checks ensure the application is completed in good order. All forms are either eSigned or printed and wet-signed. By using eApp through an agent portal, completing an application is a quick and easy process. Financial Advisors may access the AOE platform from their Broker Dealer's or Clearing Firm's broker dashboard which will launch the AOE tool, single-sign-on and prefill some of the application with information like the client brokerage account number and some basic client information.

The benefit of completing an eApp versus a fillable form is that all the product rules are programmed into the eApp, such as minimum and maximum issue ages, min and max premium amounts, and product state approvals—just to name a few. Also, integrated processes are tied into an eApp for annuities, such as compliance routing for review and approval, quoting, premium automatic transfers, netting commissions and DOL workflow. The data is submitted automatically to the carrier's policy administration system to quickly issue the annuity policy and pay commissions.



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Benefits of Annuity eApp

- Annuity application submitted in good order.
- Commissions paid faster.
- Faster and better experience for the client.
- eSign annuity applications (don't have to chase down signatures).
- Compliance and suitability integrated workflow.
- Integration with CRMs, illustrations and annuity market research sales tools.
- Automate 1035 exchanges.
- Automate brokerage account premium transfers.
- Straight-through processing with ePolicy delivery.
- Sub-pays on flexible annuity products.
- Automate brokerage-specific forms.

What eApp platforms are available?

Here are three notable annuity eApp platforms on the market today (listed alphabetically):

- **AFFIRM for Annuities** from iPipeline has 30-plus carriers and 30-plus distributors. However, with its recent acquisition of Laser App, iPipeline is expanding its annuity distributor client base significantly with \$25 billion of annuity premium annually and 200,000 annual transactions. AFFIRM for Annuities supports over 3,400 unique Variable, Fixed and Index annuity products. In 2017, AFFIRM for Annuities reported 100,000 unique financial advisors using the platform.
- **AnnuityNet** by Ebix is a multi- and single-carrier eApp platform that supports over 1,800 fixed, index and variable products for 50-plus carriers, over 250-plus distributors and 200,000-plus users. AnnuityNet processed over \$40 billion dollars of annuity premium in 2017. AnnuityNet does integrate with SmartOffice CRM and VitalSales Suite.



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- **FireLight®** by Insurance Technologies is a multi-carrier platform with 40-plus carriers and over 60 distributor clients representing over 150,000 producers. FireLight supports multiple lines of business including annuity, life, LTCL, DI and mutual funds, and supports all product types on a single platform. FireLight® provides carriers and distribution self-managing tools and includes the key features producers and firms need to manage a compliant fully-digital eApp process.

AFFIRM for Annuities and AnnuityNet were introduced to the market in the 2005-2006 timeframe. Their initial customers were Wirehouses selling variable products. They have since expanded the annuity products offered on their platform and expanded distribution. AFFIRM for Annuities and AnnuityNet have features like routing for compliance review and approval, supporting specific brokerage forms, tied-in DTCC services for paying premium from brokerage accounts automatically, netting commissions, and includes subsequent premium payments for flexible premium deferred annuity products. These are just a few of the key features offered. FireLight® was introduced to the market in 2010 and offers similar features. FireLight® is maximized to work on a mobile device, has offline capabilities and has built-in eSignature at no additional cost. Ninety-eight percent of all annuity applications submitted on FireLight® are eSigned.

- **Affirm for Annuities** by iPipeline product page: <https://www.ipipeline.com/insurance-software/insurance-application-software/affirm-for-annuities>
- **AnnuityNet** by Ebix product page: <https://www.ebix.com/annuity-net>
- **FireLight** by Insurance Technologies product page: <https://www.insurancetechnologies.com/FireLight-Sales-Platform/FireLight-e-Application.shtml>

What is new for eApp for Annuities?

Delivering Annuity Contracts electronically is available with some carriers. The AOE tool can have an Opt-In option for eDelivery and then capture the client's email address. The multi-carrier eDelivery platforms like eXpedite by Paperless Solutions Group and DocFast by iPipeline have already implemented eDelivery with some carriers. It's a much simpler process than ePolicy Delivery for Life Insurance because there is no money to collect, no upsell for more face amount, and typically no delivery requirements to sign except in some cases a Delivery Receipt which can be easily eSigned during the client's eDelivery experience. eDelivery for Annuities is secure and fast.

Additionally, tools including Client Relationship Management systems (CRM), illustrations, annuity market research and others seamlessly integrate with eApp platforms for annuities. AnnuityRateWatch (ARW) for example offers product feeds for FIA/MYGA/Fixed/SPIA and income rider, quotes for the majority of the independent, bank and broker dealer distribution channels. ARW feeds will soon be launching directly into Ebix's AnnuityNet system.



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Beacon Research is a recognized leader in quality annuity data that provides product and sales information on fixed rate, indexed and variable annuity products. Beacon Research's AnnuityNexus™ tool provides back office research and annuity comparisons to support advisors and can be directly or indirectly accessed from an agent dashboard with eApp.

Connecting Annuity eApp (AOE) to DTCC's Insurance & Retirement Services

There are many moving parts to using an Annuity Order Entry Platform/data exchange and connecting them to Depository Trust Clearing Corporation (DTCC) data exchange and money settlement services. DTCC's Insurance and Retirement Services (IR&S) offers a suite of streamlined processing and compliance-driven solutions for carriers and their distribution partners — broker/dealers, banks, brokerage general agencies, independent broker/dealers and other firms — through a secure, centralized and automated infrastructure. This infrastructure enables insurance carriers and distributors to exchange information at various points throughout the annuity and life insurance processing cycle. Money Settlement for premium paid out of a client's brokerage account and netting commissions is part of the DTCC Money Settlement process. The carrier's fixed and annuity products need to be on an Annuity Order Entry platform (AOE). Ebix's AnnuityNet and iPipeline's Affirm for Annuities are the 2 most commonly used Annuity eApp platforms in the Wirehouse / Broker Dealer space. Agent licensing & appointment services as well as the producer management portal is another DTCC data exchange process.

Distribution Adoption of eApp for Annuities will take a Significant Leap Forward in the Next 18 Months

The benefits of eApp are increased offerings to more distribution channels and the addition of more annuity products (fixed and index) to generate usage. Expanded availability combined with a mobile strategy that allows agents to quickly submit applications using eSign and paying agents' commissions faster will drive the growth of eApp for annuities. And in case those factors don't speed up adoption, carriers and distributors are offering agents incentives such as cash bonuses to use eApp. Breaking out of the Financial Institutional channel has been a challenge for the eApp vendors. A more integrated experience with sales tools and marketing micro-sites with an easy quick seamless process could drive more adoption. The formula that has the highest success rate is making it mandatory by the industry by not accepting paper.

**For more information: Visit InsurTech Express: www.insurtechexpress.com
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