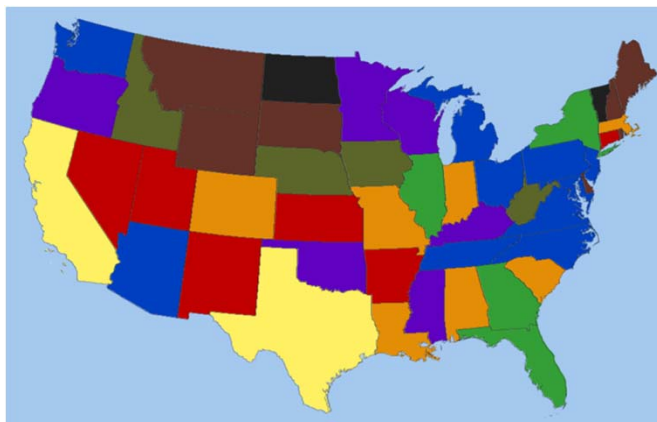


IAP ANALYTICS:

BEST INDIVIDUAL LIFE INSURANCE MARKETS

A ZIP code through national level look at where today's most likely buyers are

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BEST INDIVIDUAL LIFE INSURANCE MARKETS: TAKEAWAYS



Takeaway	Comment
<p>This analysis uses the broadest product definition in sizing and targeting today's market: ANY type of individual policy.</p>	<p>The metric is designed to help sell the product: "Which households look like my industry's new clients."</p> <p>Start with the sales transaction, then segment and target more narrowly to focus on the current market's opportunity.</p>
<p>13.2 million households fit the profile of those that recently bought an individual life insurance product of all types: They represent the product's current market.</p> <p>49.5 million households own at least 1 individual life product.</p>	<p>The metric driving the market sizing is based on the profile of recent life insurance policy buyers.</p> <p>There is overlap between the top life insurance and annuity markets, even at the ZIP code level*.</p>
<p>The rate of individual policy ownership tops out at 47% of households with income over \$100,000; 37% of all US households own at least one policy.</p>	<p>Life insurance products and marketing are more aligned with higher earning prospects.</p>
<p>Today's life insurance market is geographically concentrated: 80% of these households live in 30% of ZIP codes.</p>	<p>Within territories or metro areas, expect most production to be generated from specific local areas, with most of the market generating moderate-to-average results.</p>
<p>Life insurance market size can trump pure market size.</p>	<p>Life insurance market concentrations in smaller cities such as San Antonio and Memphis provide higher than expected life insurance market potential.</p>
<p>Segmenting the current life insurance markets can discover large, high value markets.</p>	<p>The life insurance metric provides an objective, contemporaneous representation of the product's market in any application or database.</p>

*For an analysis of top annuity markets visit [http://www.iapartners.com/uploads/1/3/3/8/13381670/iap_analytics - best annuity markets for advisors.pdf](http://www.iapartners.com/uploads/1/3/3/8/13381670/iap_analytics_-_best_annuity_markets_for_advisors.pdf)

LIFE INSURANCE PRODUCT OWNERSHIP

Households Owning Life Insurance (millions)

	Group	Individual	
All Households	57.1	49.5	Individual life products include all types of permanent and term policies
<i>Ownership Rate</i>	42.8%	37.1%	
Age			Less than half of households in any of the broad age and income categories own any individual life insurance
< 40	14.5	9.5	
<i>Ownership Rate</i>	38.3%	25.1%	
40 - 59	27.8	19.3	
<i>Ownership Rate</i>	53.4%	37.1%	
60 +	14.9	20.7	
<i>Ownership Rate</i>	34.1%	47.4%	Older households own more life insurance, with households over age 60 owning the most individual insurance and the least group insurance
Average Age	50	55	
Household Income			A greater percentage of households earning <\$50,000 own individual rather than group policies
\$50,000	16.0	19.5	
<i>Ownership Rate</i>	25.2%	30.7%	
\$50,000 - \$100,000	20.3	15.6	As income increases households own more group <u>and</u> individual life insurance
<i>Ownership Rate</i>	51.4%	39.3%	
\$100,000 +	20.7	14.4	
<i>Ownership Rate</i>	68.5%	47.5%	
Average Income	\$93,000	\$83,000	Overall, individual life policy owners earn less than households owning group insurance
Median Income	\$70,000	\$59,000	

Source: Consumer Financial Decisions' MacroMonitor

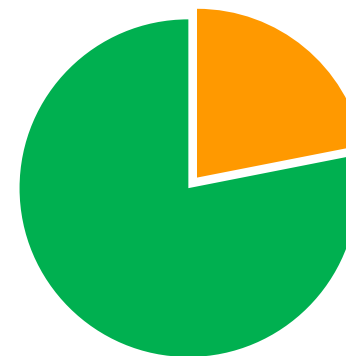
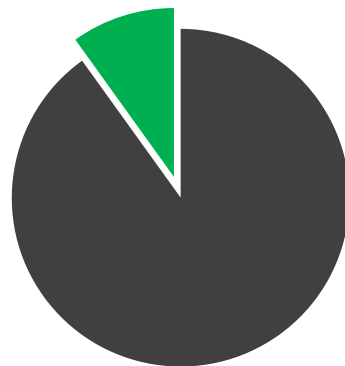
RECENT INDIVIDUAL LIFE INSURANCE POLICY BUYER CHARACTERISTICS ARE USED TO IDENTIFY TODAY'S MOST LIKELY BUYERS

TODAY'S INDIVIDUAL LIFE INSURANCE MARKET IS LARGE AND GEOGRAPHICALLY CONCENTRATED

11% of US households are in the current life insurance market

22% of the life insurance market has investable assets > \$100,000

When recent life insurance buying behavior and intent drive an algorithm to find households that "look like recent life insurance buyers" one in nine households are in the individual life insurance market



2.9 MM life insurance market households have investable assets over \$100,000 – 2.4% of US households

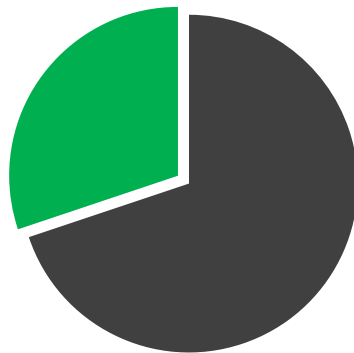
Current total life insurance market: 13.2 million households – about 22 million individuals

THE LIFE INSURANCE MARKET'S GEOGRAPHIC CHARACTERISTICS SET THE STAGE FOR DISTRIBUTORS

TODAY'S INDIVIDUAL LIFE INSURANCE MARKET IS HIGHLY CONCENTRATED

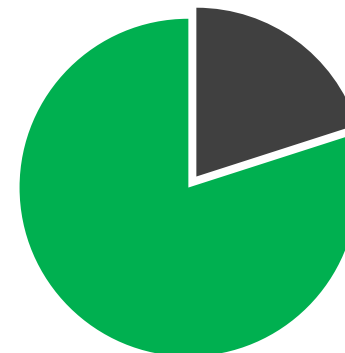
30% of US ZIP codes

When recent life insurance buying behavior and intent drive an algorithm to find households that "look like recent life insurance buyers" there is a significant geographic concentration



Distributors' best market: 8,000 ZIP US codes

Represent 80% of the households in today's life insurance market



WHERE and HOW these 8,000 high potential ZIP codes are distributed across markets sets the stage for life insurance marketers and producers

10.6 million US households

Current total life insurance market: 13.2 million households – about 22 million individuals



TOP 10 INDIVIDUAL LIFE INSURANCE MARKET ZIP CODES IN THE COUNTRY

BROOKLYN, NYC DOMINATES RANKINGS

Life Insurance Market Rank	ZIP Code	City	State	Annuity Market Rank*
1	11236	Brooklyn	NY	3
2	30281	Stockbridge	GA	
3	11234	Brooklyn	NY	7
4	30349	Atlanta	GA	
5	11212	Brooklyn	NY	
6	11207	Brooklyn	NY	
7	75052	Grand Prairie	TX	
8	11203	Brooklyn	NY	5
9	77584	Pearland	TX	2
10	60617	Chicago	IL	

Top 10 ZIP codes represent .6% of total life insurance market

New York City's Brooklyn borough has 5 of top 10 ZIP codes

Two Atlanta, GA area ZIP codes surface in top 10

Percentage of total US life insurance market: **.6%**

Four of top ten life insurance ZIP codes are also top annuity market ZIP codes

*For an analysis of top annuity markets visit http://www.iapartners.com/uploads/1/3/3/8/13381670/iap_analytics_-_best_annuity_markets_for_advisors.pdf

ZIP CODE LEVEL LIFE INSURANCE MARKET SIDEBAR

HIGHEST CONCENTRATIONS OF HOUSEHOLDS THAT “LOOK LIKE TODAY’S LIFE INSURANCE BUYER”

Top ZIP codes contrast densely populated NYC borough with suburban Atlanta

Life insurance market: 39,000 households in five ZIP codes



Brooklyn’s five top ZIP codes

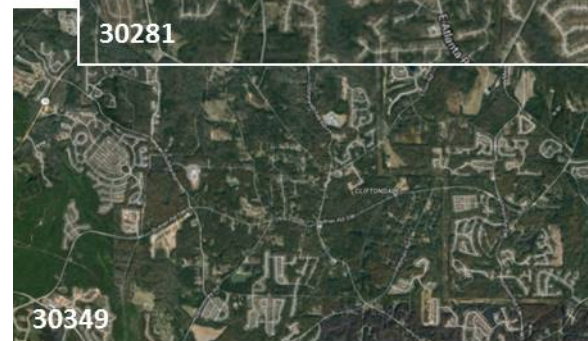
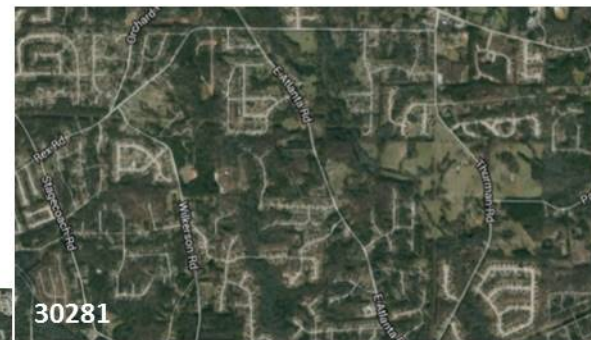
25% of all households are in the current life insurance market: 2.3 times the US average

These five Brooklyn ZIP codes represent a life insurance market comparable to the Baton Rouge, LA metro market

Two Atlanta area Top ZIP codes

29% of all households are in the current life insurance market: 2.6 times the US average

These two GA ZIP codes represent an a life insurance market comparable to metro Clarksville, TN



Life insurance market: 16,000 households in two ZIP codes

MORE TOP 10s: CITIES AND COUNTIES

EIGHT OF TOP TEN COUNTIES HAVE MAJOR CITIES

City		County	
1	New York City	1	Los Angeles, CA
2	Houston	2	Cook, IL
3	Los Angeles	3	Harris, TX
4	Chicago	4	Maricopa, AZ
5	Philadelphia	5	Kings, NY
6	San Antonio	6	San Diego, CA
7	Dallas	7	Queens, NY
8	Phoenix	8	Dallas, TX
9	Memphis	9	Miami-Dade, FL
10	San Diego	10	Orange, CA

Smaller cities San Antonio and Memphis place among the largest cities in the US

The city of Philadelphia's life insurance market is not large enough to pull its county into the top 10

Top 10 cities' share of the US market exceeds the top 10 counties

Percentage of total US life insurance market

15.6%

12.7%

NYC's Kings (Brooklyn) and Queens Counties out-rank New York County (Manhattan, 33rd)

TOP INDIVIDUAL LIFE INSURANCE METRO AREA MARKETS GROUP COUNTIES AROUND COMMERCIAL HUBS

EIGHT OF THE TOP 10 COUNTIES ARE IN SIX OF LARGEST METRO MARKETS

Both LA Metro counties make the Top 10

Four of Top 10 Metros have no top 10 counties

New York Metro has two top 10 counties

	County	Metropolitan Area
1	Los Angeles, CA	New York-Northern New Jersey-Long Island, NY-NJ-PA
2	Cook, IL	Los Angeles-Long Beach-Santa Ana, CA
3	Harris, TX	Chicago-Joliet-Naperville, IL-IN-WI
4	Maricopa, AZ	Washington-Arlington-Alexandria, DC-VA-MD-WV
5	Kings, NY	Dallas-Fort Worth-Arlington, TX
6	San Diego, CA	Atlanta-Sandy Springs-Marietta, GA
7	Queens, NY	Houston-Sugar Land-Baytown, TX
8	Dallas, TX	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
9	Miami-Dade, FL	Miami-Fort Lauderdale-Pompano Beach, FL
10	Orange, CA	Detroit-Warren-Livonia, MI

Percentage of total US life insurance market **12.7%**

27.8%

About metropolitan areas: 943 markets represent about 95% of US households

RANKING AND RELATING TOP METROS TO STATE MARKETS

EIGHT OF TOP TEN METROS ARE PART OF TOP TEN STATES

Metropolitan Area		State	
1	New York-Northern New Jersey-Long Island, NY-NJ-PA	1	California
2	Los Angeles-Long Beach-Santa Ana, CA	2	Texas
3	Chicago-Joliet-Naperville, IL-IN-WI	3	New York
4	Washington-Arlington-Alexandria, DC-VA-MD-WV	4	Florida
5	Dallas-Fort Worth-Arlington, TX	5	Georgia
6	Atlanta-Sandy Springs-Marietta, GA	6	Illinois
7	Houston-Sugar Land-Baytown, TX	7	North Carolina
8	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	8	Pennsylvania
9	Miami-Fort Lauderdale-Pompano Beach, FL	9	Ohio
10	Detroit-Warren-Livonia, MI	10	New Jersey

Percentage of total US life insurance market	27.8%	54.2%
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Washington and Detroit Metro markets are not linked to any top states

TX has two Top 10 Metros

NY Metro is largest by population and life insurance market but NY ranks 3rd among states

NC and OH have no Metro markets in Top 10

Most of NJ's life insurance market is in NY Metro; Four counties are in Philadelphia Metro

PA is the only state that retains an 8th ranking for both state and metro

CLOSER LOOK AT SAN ANTONIO, TX METRO'S LIFE INSURANCE MARKET



SAN ANTONIO RANKED 6TH AMONG CITIES; SAN ANTONIO METRO RANKED 23RD

San Antonio Metro has a larger life insurance market than six Metros with larger populations: Pittsburgh, Portland (OR), Cleveland, Orlando, Cincinnati, and Kansas City

City of San Antonio lifts Bexar County into the largest county market position

San Antonio, TX Metro's Current Life Insurance Market

County	Total Households	Current Life Insurance Market Households	Percentage of Metro's Life Insurance Market	US County Rank	2010-2014 Growth Rate
Bexar	649,854	76,022	77.5%	18	5.9%
Guadalupe	50,172	70,32	7.2%	381	7.8%
Comal	45,576	4,836	4.9%	506	7.9%
Wilson	16,002	2,519	2.6%	859	6.1%
Medina	16,065	2,536	2.6%	851	2.8%
Atascosa	16,065	2,673	2.7%	814	4.3%
Kendall	14,493	1,413	1.4%	1278	12.3%
Bandera	8,644	1,071	1.1%	1523	0.7%
Total	816,871	98,101			6.1%

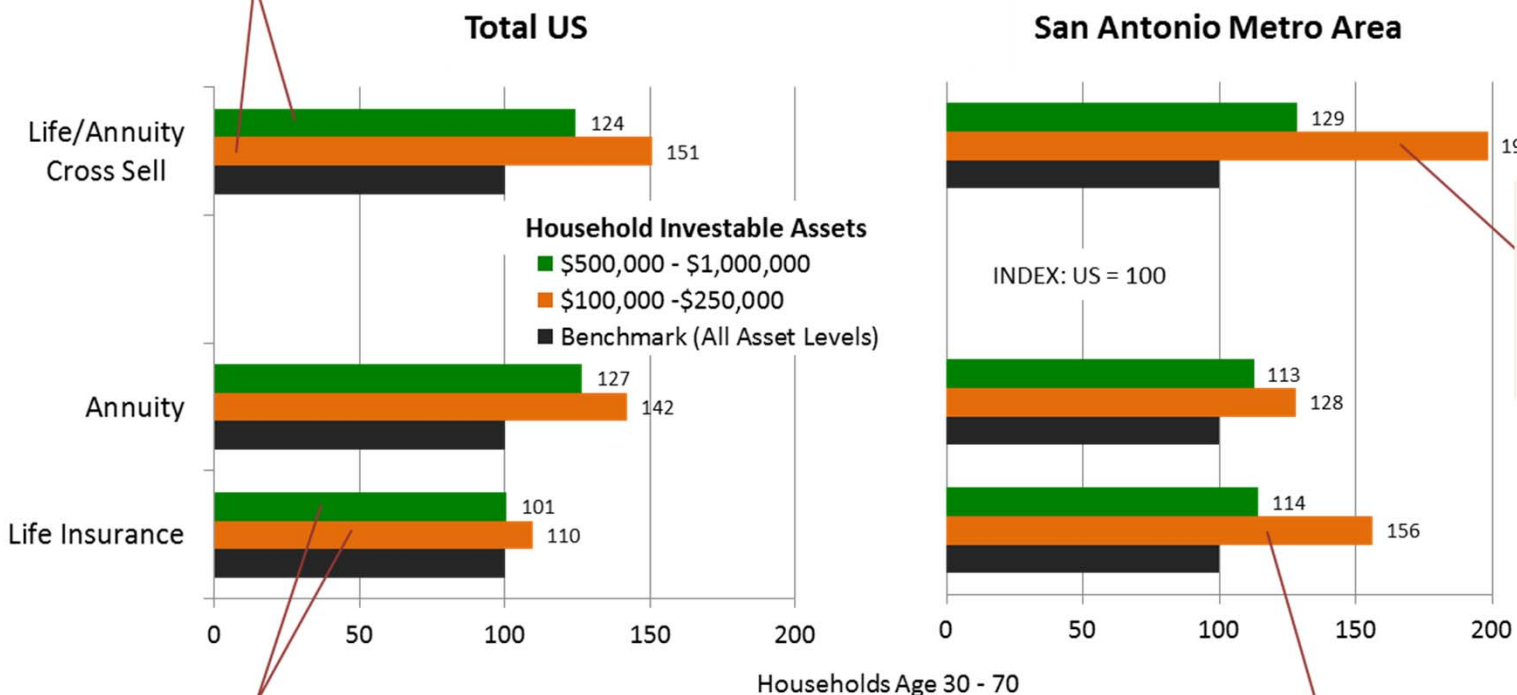
Houston is only larger market that has grown at a comparable rate

San Antonio Metro's life insurance market has grown 2.6 times faster than the US overall

SAN ANTONIO HOUSEHOLDS WITH INVESTABLE ASSETS BETWEEN \$100,000 - \$250,000 ARE A HIGH POTENTIAL SEGMENT: AN ILLUSTRATION

The segment of households that score average or higher for buying BOTH annuities and life insurance are highest in the \$100,000 - \$250,000 investable asset range

Annuity and life metrics + age + investable assets reveal segment potential



Product cross sell opportunity is 2X benchmark in San Antonio's moderate asset bracket

Analysis uses data on households with average through highest product-buying propensity

- Annuity Potential**
- Both higher asset levels beat the benchmark
 - \$100,000 - \$250,000 bracket is 42% higher than benchmark; higher asset level, 27%
- Life Insurance Potential**
- Higher asset level potential is at benchmark
 - \$100,000 - \$250,000 bracket is 10% higher than benchmark

Product dollar value may be higher in the \$500,000 - \$1 MM asset segment but advisors with clients in the \$100,000 - \$250,000 asset bracket encounter more favorable product and cross sell trends

Life insurance potential is 56% over the metro's benchmark in the \$100,000 - \$250,000 bracket

This type of analysis can be done at territory and localized levels, and integrated with client data to evaluate a firm's market position

WHAT ABOUT SMALL TOWNS AND SUBURBS?

TOWNS WITH 20,000-30,000 HOUSEHOLDS THAT ARE GOOD LIFE INSURANCE MARKETS

Northeast	Southeast	Midwest	West
Bowie, MD	Cedar Hill, TX	Bellevue, NE	Brighton, CO
Brockton, MA	Collierville, TN	Bolingbrook, IL	Carson, CA
Dover, DE	Dale, VA	Elizabethtown, KY	Lacey, WA
Union Township, NJ	Goldsboro, NC	Lee's Summit, MO	Marana, AZ
Upper Darby, PA	Stockbridge, GA	Ypsilanti, MI	West Jordan, UT

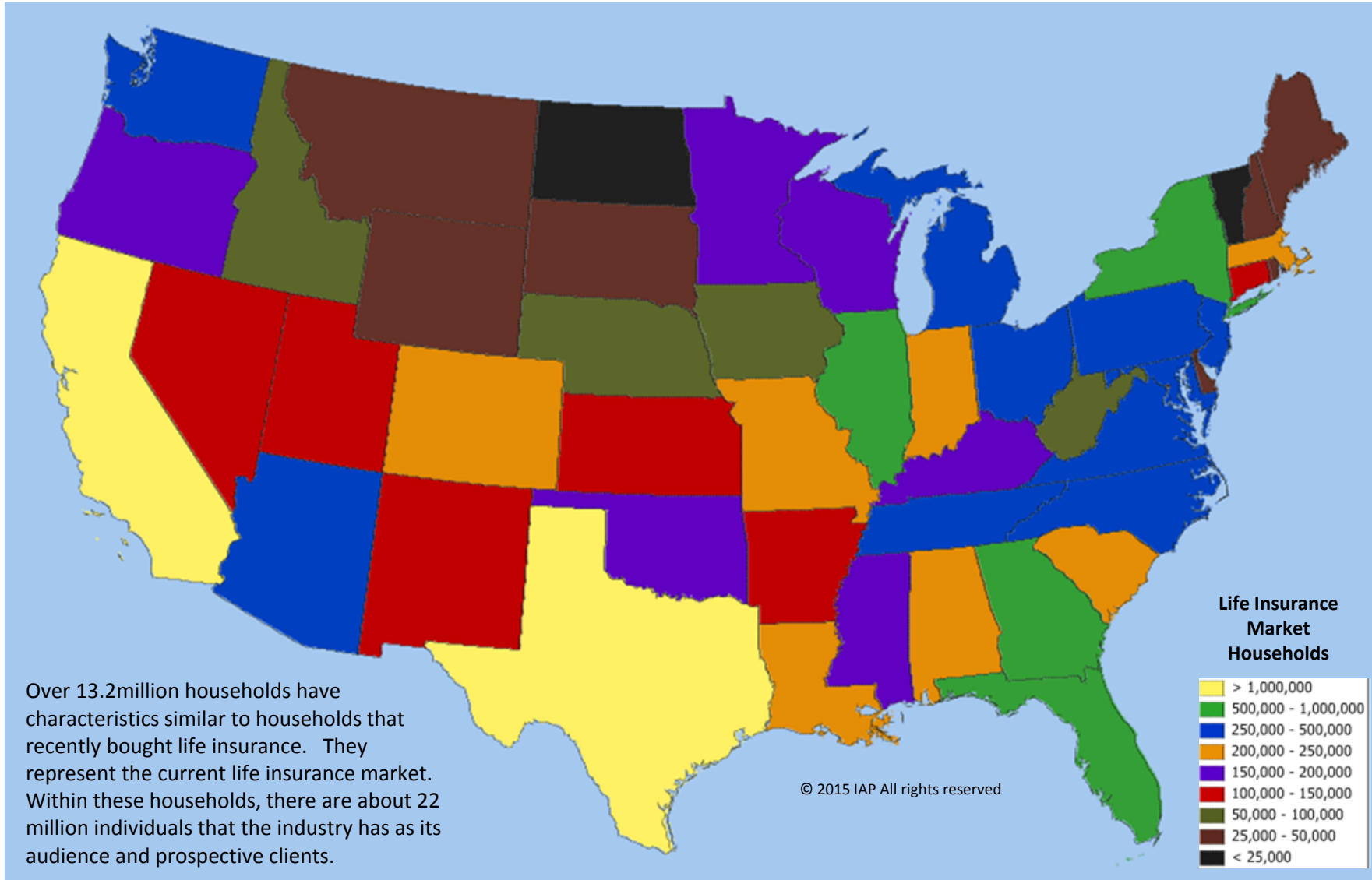
Above towns all have about 20,000-30,000 households and were selected based on:

1. High concentration of life insurance market: Above average percentage of households "look like recent life insurance buyers"
2. Select one town per state from each region

CURRENT LIFE INSURANCE MARKET



13.2 MILLION HOUSEHOLDS REPRESENTING ABOUT 22 MILLION INDIVIDUALS



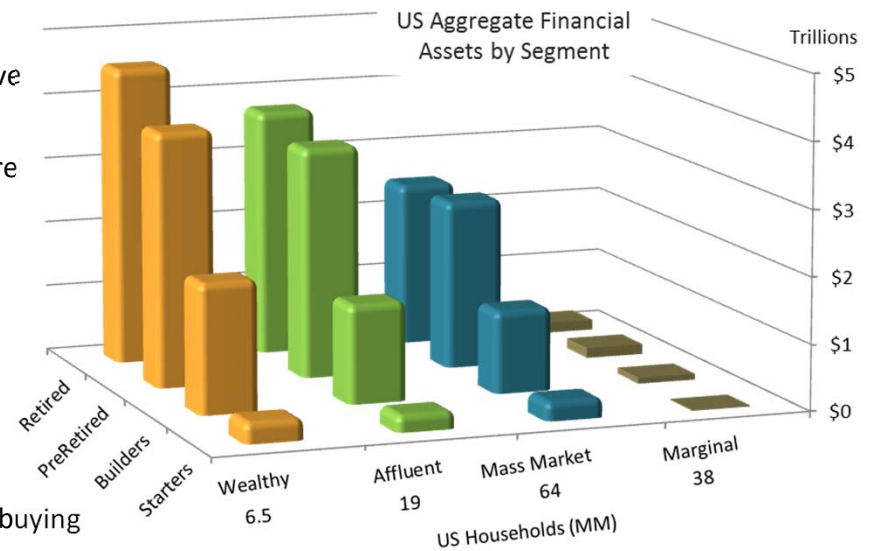
ABOUT IAP: PREDICTIVE ANALYTICS DESIGNED TO SELL FINANCIAL PRODUCTS & SERVICES



With assets approaching \$30 trillion in play, marketers focused on financial intermediaries and their clients need deeper insights, forward visibility, and tools to generate growth. Measures such as AUM, production, and share are retrospective and require a broader framework that encompasses today's retail investor.

Market potential exists at the retail investor level, tapped by advisors as they acquire and retain clients, and sell products. Potential is a prospective metric that provides the marketer with an objective, market-based benchmark and targeting to support leadership and marketing teams. While aggregate US level market intelligence is important, the information is of limited use in managing an advisory practice or an enterprise that markets products sold by thousands of financial intermediaries.

Today's wealth, product buying potential, and how investors interact with financial advisors vary within and across markets. IAP's analytics - Empirics – enables marketers to “take this year's aggregate US data down to each advisors' market and clients.” Marketers use a framework of financial behavior and product-buying metrics, each objectively representing a product potential or investor dynamic. The metrics enable clients to quantify this year's marketing opportunities and challenges, tactically engaging their markets with greater impact, relevance, and accountability. Metrics can be designed for investor behaviors, brands, channels, and products.



Consider Empirics' current market information and the broker dealer illustration below:

- Metro Austin is the 33rd largest annuity market; Life insurance, 36th
- Market potential growth for both products is over 4 times the US average

Indices compare the Austin market and the broker dealer's clientele to the US Market Potentials benchmarks

Metro Austin, Texas: 2015 Market Potentials and Benchmarks

County	Financial Advisor Market			Annuity Market			Life Insurance Market			Metro Austin Advisors' Client Behavior and Product Benchmarks					
	Use Fee-Based Advisor Index	Advisor Switching Index	Use Multiple Advisors Index	Annuity Market Households	Percentage of Metro Market	2010-2014 Growth Rate	Life Insurance Market Households	Percentage of Metro Market	2010-2014 Growth Rate	Advisor Offices	Number of Clients	Client Advisor Switch Index	Use Multiple Advisors Index	Client Annuity Potential Index	Client Life Potential Index
Travis	101	109	121	8,802	56.3%	9.3%	39,965	54.8%	9.2%	9	3,489	121	158	114	121
Williamson	127	137	126	4,747	30.4%	10.9%	20,334	27.9%	10.9%	6	2,215	142	167	105	116
Hays	119	98	97	1,403	9.0%	11.5%	6,414	8.8%	11.0%	1	474	115	109	127	108
Bastrop	64	81	72	458	2.9%	1.1%	3,731	5.1%	2.0%						
Caldwell	102	86	70	221	1.4%	3.7%	2,481	3.4%	3.8%						
Total	108	113	117	15,631		9.6%	72,925		9.3%	16	6,178				

All Austin advisors have a good market for advisory services, with distinct loyalty challenges and greater opportunity to acquire each other's clients

Austin's large, high growth markets for insurance products represents 2015 production potential

Comparatively higher levels of disloyalty presents greater retention and production challenges for specific offices

Current clients provide favorable production potential