



2022 Forecast: The Test of Time

The economic, physical and emotional disruption the pandemic has caused will have transformative and lasting effects on each of us individually, and our industry. Many people have realized the value of being financially secure when the unexpected happens, and others have felt the effects of not having a financial plan in place, experiencing a loss of income or even losing a loved one without life insurance. These events have served as a reminder to individuals of the importance of planning for the future. Whether filing a claim or using their cash value for a critical need, customers have found they could leverage insurance products to weather the storm.

As an industry, we're doing what we've been called to do. We're paying claims, providing guidance to customers, and educating new ones who now have greater awareness of the need for our products and services. Our industry is built to endure, and we remain resilient and adaptable. This new year, 2022, will continue to require that same form of agility and strength.

As I reflect on the past year and find renewal in the new year, I am reminded of how proud I am to work in an industry built for times like these. We've made important, realistic changes as the times have required, and our mission has remained the same. Although change is inevitable, I believe we can move forward with optimism by having a long-term view. We know that time is the greatest test in our business. As we take on this next test together, I want to share what I see ahead in 2022.

Shifting Product Landscape

We continue to see companies adjusting products to adapt to prolonged low interest rates and changing regulations. Like many other carriers, OneAmerica® updated our product portfolio because of changes to IRC Section 7702 regulations. In 2022, we will continue to see a range of product adjustments. While the focus in 2021 was meeting the deadline for 7702, carriers will now look to take full advantage of the 7702

changes, and they will adjust and respond to the evolving competitive landscape.

In addition, the appeal of variable products will continue to increase to capitalize on the desire for higher returns from today's consumers and the market performance. We have already seen variable products rise in popularity because of low interest rates and the impact on cash value growth prospects on fixed products. With the tweak in the federal tax code and the flexibility variable products provide, I project these products will continue to surge in demand.

Guarantees and the certainty they provide aren't going out of style anytime soon, if ever. I do foresee product innovation around guarantees as the low interest rate environment and reserving requirements are pushing carriers to find a more balanced approach. While still offering guarantees, carriers can also look to offer a diverse product portfolio that ensures profitability.

Digital Acceleration with a Human Touch

The pandemic accelerated the need for our industry to meet consumers' demand for digital and virtual capabilities. This will continue in 2022 and beyond. As more fintech companies and digitally focused competitors find their way, our industry will continue to adapt to new technological capabilities that will force us all forward. We should take on these challenges and leverage them to accelerate growth.

While we must continue to embrace new technology solutions, we must not forget to focus on the importance of the human element. I think this continues to be important, maybe even more so, as we enter a future in which relationships are increasingly built and maintained in the digital realm.

In years ahead, the way we transact and interact as an industry will evolve with technology, but our mission and core relationship-based values will stay the same. Ultimately, we seek to enable comprehensive and relationship-based *experiences* for our clients and distribution partners. Through digital tools and

resources, they can work with us seamlessly with a personal touch. This will be a journey, requiring continuous improvement and adaptation, to meet customer expectations while also augmenting the personal interactions they have with their financial professional.

Favorable Environment

I am optimistic as we embark into 2022. The industry is financially strong, and we have made significant adjustments and progress in addressing the challenges in the environment. We have demonstrated resilience time and again as an industry, and we are once again prepared to meet the challenges ahead of us.

More importantly, we are well positioned to capitalize on opportunities. The demand for our products is at an all-time high. In a period of significant uncertainty, we are a source of financial stability and peace of mind that people need. This creates tremendous opportunity for financial professionals to grow their business, help more clients and expand their impact.

We move forward into 2022 with optimism that we have stood the test of time before. And, prepared to continue to do so by focusing on products that deliver long-term value for our stakeholders and through responsible innovation that meets the demands of today's ever-evolving world.

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Dennis Martin serves as President of OneAmerica Individual Life and Financial Services (ILFS). He has served in multiple leadership roles in ILFS since joining OneAmerica® in 2009, most recently in the acting ILFS leadership role since January of 2018. Previously, he served as senior vice president of Product and Business Development for the companies of OneAmerica, overseeing insurance operations and product development for life, annuity and asset-based long-term care solutions, as well as broker/dealer operations. He also provides leadership and vision for the current and future product portfolio and identifying opportunities for expansion. Martin is an honors graduate of the University of Manitoba, with a bachelor's degree in Statistics and Actuarial Science. He is a Fellow in the Society of Actuaries and Canadian Institute of Actuaries and a Member of the American Academy of Actuaries.