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A Q&A on Merrill Lynch's Annuity eXpress



AMY L. FERRERO

At a recent NAVA conference in New York, Amy L. Ferrero, Director, Insurance Operations Services, Merrill Lynch Insurance Group Services, Inc., spoke about her experience in helping to implement and operate Merrill Lynch's new Annuity eXpress. Annuity eXpress is a fully-automated, end-to-end processing solution linking Merrill Lynch's 10,000 brokers to 15 major insurance carriers for annuity applications. It was developed and implemented with DTCC and AnnuityNet, Inc. Insurance Processing Service asked Ferrero to discuss Annuity eXpress and its impact on Merrill Lynch.

Q. After Annuity eXpress was implemented, Merrill Lynch experienced a 60-percent increase in sales volume in the third quarter. Can you comment on this?

A. Annuity eXpress was implemented in late June. Following the release, Merrill Lynch realized some of the highest sales months in the company's history. There are, of course, many contributing factors to the increase – client need, market conditions etc. The release of the Annuity eXpress system made the process of submitting annuity sales quicker, easier and less paper intensive.

The important point here is that the Annuity eXpress system was able to support and handle significant sales volumes within a month of going live...and to me – well, that was just amazing.

Q. What did you expect Annuity eXpress to do for your Financial Advisors (FAs)?

A. One of the things we wanted the solution to do was to make it easier for our FAs to do annuity sales. To the degree we can automate, simplify and streamline the process, the better it is for our FAs. We want our Financial Advisors to focus on meeting our clients' financial needs – not to be worried about cumbersome processes.

Q. How did you prepare your FAs for the rollout of Annuity eXpress?

A. We developed a comprehensive training and communication plan. Months before we rolled out Annuity eXpress, we began talking about it in every possible forum...at district annuity specialists' meetings...at every sin-

gle advisor forum Merrill Lynch sponsored. We sent e-mail reminders and discussed it in product initiatives. We tried to create awareness about Annuity eXpress wherever we could. We tried to create a sense of anticipation.

Q. What has been the overall reaction from your FAs on the new annuity processing?

A. The overall reaction has been a positive one. A recent survey sent to our Financial Advisors and Client Associates indicated that 75% were satisfied with the Annuity eXpress system.

Q. Annuity eXpress promised to help eliminate and/or reduce paper. Has that happened?

A. What we've done is basically taken the paperwork for 80 products and put

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it on Annuity eXpress. When we're finished, the system will house paperwork for 119 different products and our FAs can complete applications online or pull the paperwork right off the system. It's dramatically cut back on paper.

Q. Annuity eXpress is supposed to help your FAs complete annuity applications that are in "good order," i.e., completed applications that can be processed by the insurance carrier once they are received online. How has this been working so far?

A. There are still issues to be resolved here. Some states still require paperwork. But for those sales where a carrier can process an electronic application, we were experiencing about a 59 percent "good order" rate prior to Annuity eXpress. At the end of the first three months of Annuity eXpress, the overall average was up to 80 percent. And we hope to continue to see that number climb in the coming months.

Q. Will Annuity eXpress have any effect on the size of your business unit?

A. Absolutely. Once everything is in place, we'll be able to re-deploy staff for more challenging assignments within the organization. Eventually, the 12 staff members can be reduced to six.

Q. Annuity eXpress was able to incorporate DTCC's money settlement feature as part of the annuity application process. Has this played a pivotal role in helping boost sales?

A. Oh yes, it's part of the whole effort to streamline annuity sales. The opportunity to have net settlement – to be able to settle monies the same day –

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is a huge win. It's significant from a cost perspective and it's a huge win in streamlining the business for Merrill Lynch and making it consistent with other products that we sell.

Q. Merrill Lynch is the largest brokerage house in the country and one of the first to move to an automated annuity processing system. What made your company decide to move ahead on this project?

A. Merrill Lynch recognizes that the sales process is a critical enabler for improving annuity sales. We really

chose to take a leadership role in this. Annuity eXpress was a significant endeavor that involved DTCC, our strategic partners and our vendors. We view the outcome as a positive one and believe it will benefit not only Merrill Lynch, our Financial Advisors and our clients – but also the entire industry, once they see the outcome of our efforts.

Q. You and your colleagues developed a working relationship with DTCC in the course of implementing Annuity eXpress. Can you tell us what it was like working with the DTCC team?

A. DTCC was very much a partner with us. We felt that our interaction with DTCC was easy. 'Superb' was one of the adjectives I heard. Anytime there was an issue we had during testing, DTCC was right on top of it, from offering to do additional feeds, to being very proactive in addressing issues and calling us on a day-to-day basis to see how we were doing. The fact that DTCC had established processes in place and was able to work with AnnuityNet and us in creating the needed interfaces – within a limited time frame – was simply phenomenal. □

For more information on DTCC's Insurance Services and its annuity applications service, call (212) 855-4IPS (4477) or e-mail your request to ips@dtcc.com.

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