Life Insurers face “The Great Call”: Larry Rybka

By Editorial Staff *Thu, Apr 15, 2021*

Isn't it time for someone to say something loud about the damage (seen and unseen) inflicted on traditional life insurance companies--and their strategic partners and customers--in recent years? Larry Rybka, CEO of Valmark Financial Group, thought so. He expressed his opinion in a video that's worth 15 minutes of your time.

If you’re not exactly celebrating the creative destruction of the life/annuity industry over the past several years, check out the **video** that Larry J. Rybka, CEO of Valmark Financial Group, posted online this week.

“The Great Call” was his title for the 15-minute video. By “call,” Rybka means the signal that triggers the denouement of a poker hand. (If that title was meant to remind me of “The Big Short,” it did. The video appears to have been recorded from a wood-paneled man-cave.)

Rybka told *RIJ* that he was motivated to record the video op-ed piece by news of the sale of Allstate’s non-New York life and annuity business to Blackstone and its New York business to Wilton Re, as well as Constellation’s purchase of the mutual insurer Ohio National Life.

These transactions require financial disclosures, and Rybka has found that the disclosures offer rare peeks into the financial damage that interest rate suppression has done to domestic life insurers in recent years. Like Warren Buffett, he knows that an ebb tide reveals the skinny-dippers.

“The US life industry is facing a great call on long-term life and annuity products sold several years ago. These products had return guarantees that today’s rates don’t support. We don’t know how those blocks are doing until a sale, when companies have to show where they are on those products. That’s when we see a reconciliation of their bets.”

In 2023, changes in FASB accounting standards will, after several delays, require all life insurers to account for the deterioration of their balance sheets in real time, not just when they are purchased or sell blocks of businesses. Currently, that deterioration becomes visible when deals go through.

In Wilton Re's purchase of Allstate's New York life and annuity insurance business, Rybka said, and it was **reported** on March 29, that Allstate had to inject $660 million into the New York subsidiary before selling it to Wilton Re for just $220 million. Allstate lost $4 billion on the sales of its life/annuity business, but the divestitures released $1.7 billion in capital that can be invested in more profitable businesses.

"Everybody says, 'We're fine,' and the ratings agencies say the companies are 'fine," Rybka told *RIJ*. "So it's only when there's a transaction that can you see what the losses are."

The intended audience for his video posts, he said, is made up of the insurance professionals that Valmark offers. The Valmark Financial Group consists of five companies: Executive Insurance Agency, Inc., Valmark Advisers, Inc., Valmark Securities, Inc., and Valmark Policy Management Company, LLC.

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