
What's Your Competition Doing? E&Y Knows

By Stan Luxenberg Mon, Jun 20, 2011

Launched five years ago, Ernst & Young's Retirement Income Knowledge Bank has become a useful map of the competitive landscape for insurers and broker-dealers.

Last spring, Allianz Life and Sun Life introduced new variable annuities, while Pacific Life and Prudential changed their living benefit riders. To learn more about the products, you could consult their websites and prospectuses. Or, for one-stop-shopping, you could go to Ernst & Young's Retirement Income Knowledge Bank.

Launched five years ago, the RIKB offers more than just variable annuity information to its corporate subscribers, who include insurers, banks, broker-dealers and assets managers. The online database tracks life insurance products with long-term care riders, target-maturity funds, income replacement funds, defined benefit plans, and reverse mortgages.

"This is the only database that covers the entire retirement income industry," said Gerry Murtagh, the Knowledge Bank's manager, in an interview. "Other products focus on sectors of the market, such as variable annuities or target-maturity funds." E&Y does not publicly disclose the price of a site license to the RIKB. Nor does the global consulting firm release the names of specific subscribers.

Product developers, for instance, use the database to study the fees and features of current products. Executives use it to look for competitive insights and underserved niches. Financial advisors use the RIKB to shop for products for their clients. An advisor can compare the costs and other features of competing products by downloading the relevant data via an Excel spreadsheet or a PDF. Users can run specialized searches for products with certain features or just the products from one company.

"You can look at all guaranteed lifetime withdrawal benefits, or you can narrow the search to only include joint-and-survivor versions," said Murtagh.

The database boasts unbiased reporting, continuous updates as well as monthly and quarterly reports on changes in products. The staff of Ernst & Young's Insurance and Actuarial Advisory Services unit monitors SEC filings and company websites. RIKB researchers post weekly news bulletins that include summaries of filings. Subscribers can access prospectuses through the website.

Besides government filings, the reports also include news about companies that are setting up retirement income groups or producing surveys on industry trends. The researchers collect and report data on industry trends from trusted sources such as LIMRA, the Life Insurance Marketing and Research Association. A recent quarterly report of the knowledge bank cited LIMRA data on annual VA sales with GLB elected.

The report for the first quarter of 2011 included variable annuity product updates, which must be filed by May 1. For instance, a notice about John Hancock Income Plus for Life 1.11 said that the new annuity

offers a lifetime withdrawal percentage of 4% for clients aged 55-63 and 5% for those 64 and older. Pacific Life's CoreIncome Advantage 5 Plus—a new GLWB—offers 5% withdrawals of the protected payment base per year beginning at age 59½.

The knowledge bank represents a way for Ernst & Young to serve the financial services industry and to position Ernst & Young as a thought-leader and go-to source of information for its key client segments. Its North American insurance practice alone employs 3,000 actuaries, accountants and other professionals. More than 7,000 professionals serve the global insurance market.

RIBC isn't the only source of retirement product information. Subscribers to Strategic Insight's annuity service pay about \$20,000 a year to receive daily reports on new filings for variable annuities at the SEC and periodic articles about industry trends, said Tamiko Toland, the annuity specialist at the firm, a unit of Asset International. Strategic Insight consultants also provide subscribers with customized reports about industry trends and opportunities. Toland said that the Ernst & Young service is unique insofar as it provides a information on a wide range of products.

Morningstar also competes in the retirement product information space. In 2005, Morningstar bought VARDS, which provides data on annuity sales. Now VARDS has become Morningstar's Annuity Research Center, which offers updates on product filings as well as data on sales and assets under management.

In 2010 Morningstar acquired Annuity Intelligence Report from Advanced Sales and Marketing Corporation for a reported \$14 million. This subscription service for broker-dealers and insurance companies tabulates information about annuities and riders, including step-up provisions, withdrawal percentages, and fees.

The information's simple format makes it easy to compare products. A section on titling makes it clear who will be paid when an owner dies. Morningstar also supplies data on the performance of subaccounts.

Cannex, U.S. and Canadian financial product information provider, competes with RIKB mainly in the area of immediate annuities. Using the service, annuity manufacturers and financial advisors can quickly compare monthly income from more than a dozen different products. Advisors at Envestnet, a Chicago-based independent broker-dealer, uses the Cannex data when running calculations of the optimum division of assets between an income annuity and a systematic withdrawal portfolio, said Mike Henkel, a managing director.