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## INSURANCE

# MassMutual sees jump in R.I. whole-life sales

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Massachusetts Mutual Life Insurance Co. is reporting a dramatic 34 percent increase in whole-life insurance premiums sold out of its Providence office between 2007 and 2008, a trend that a company executive says is fueled by consumer demand for the safest policies available regardless of higher cost.

Other industry representatives do not report increases as high as this, but say the hike could be attributed to a number of factors peculiar to MassMutual and its Providence office, including the fact that whole-life insurance is a core product for MassMutual.

"Because of the difficult economy, many people are taking fewer risks and are seeking products like whole-life insurance to give them peace of mind and a feeling of certainty in this uncertain, unpredictable economy," said William McQuaid, general agent in charge of MassMutual's Rhode Island agency, Legacy Financial Group LLC in Providence.

His office sold 231 whole-life policies in 2008 compared to 138 the year before, McQuaid said, an increase of 67.8 percent. But he could not provide the total premium value of those sales, other than to say they accounted for a 34 percent increase. MassMutual spokeswoman Paula Tremblay said the company does not disclose sales figures.

Unlike term policies, which provide life coverage only, whole-life insurance combines a term policy with an investment component that builds cash value a consumer can borrow against, with stable premiums, death benefits and cash value growth, all guaranteed.

Across the nation, the sale of premiums for whole-life insurance rose just 2 percent last year, according to the Life Insurance Market Research Association, the bible of life insurance statistics. "The one bright spot in 2008 was the increase in

whole life premiums," the association said in a Feb. 24 statement.

MassMutual reported a much healthier national increase of 16 percent in whole-life premiums it sold last year.

And McQuaid says 2009 first-quarter sales at his office are 16 percent ahead of a year ago.

Why consumers in Rhode Island would buy more whole-life insurance than their counterparts in other parts of the nation is not clear. McQuaid said his office has not mounted a major sales effort to market whole-life in the state.

"We're one of the few players out in the industry that still has this product," he said. He suggested that retirees in particular value whole-life policies because of the savings component, providing tax-free funds they can use to live on without jeopardizing stock portfolios during a down market.

The insurance division of the R.I. Department of Business Regulation (DBR) reports that MassMutual sold \$11.6 million worth of ordinary life insurance premiums in 2007 in the state compared to \$12.15 million in 2008, an increase of about \$550,000. But DBR records do not differentiate between whole-life and other kinds of life insurance, such as term policies.

The DBR figures also show MassMutual in 2008 ranked third for the sale of all ordinary life insurance in the state, behind Northwestern Mutual Life Insurance Co. at \$30.3 million and Metropolitan Life Insurance Co. at \$19.5 million.

Told of the DBR figures, McQuaid said his office sold 48 percent more life insurance policies on the whole in 2008 compared to the year before, with permanent, term and universal life all showing an increase (42 percent, 25 percent, 76 percent, in that order). However, the sale of variable life insurance policies, where value and premiums are tied to the stock market, dropped 80 percent last year, according to McQuaid, perhaps accounting for the relatively slim overall increase

reflected in DBR records.

John Pickle, assistant vice president in the sales area for the Amica Life Insurance Co., headquartered in Lincoln, said his company is not seeing increases in whole-life similar to what MassMutual reports.

Some increase in whole-life sales probably can be expected, Pickle said, due to the economic situation and the "conservative nature of the product."

Like McQuaid, he could offer no reason why Rhode Islanders might be buying more whole-life than others. "I don't think whole-life would be any more attractive in Rhode Island than in any other state," Pickle said.

Paul Sepe, partner and executive vice president of Brokers' Service Marketing Group in Providence, a company that serves as a wholesaler for independent agents, said some companies are re-emphasizing whole-life insurance due to a market need for policies with cash value. He spoke of a "resurgence" of whole-life policies where "companies are pushing the whole-life concept once again."

At Brokers' Service, "we are not selling a lot of that [whole-life] just yet," Sepe said.

He added that his company represents mostly independent agents who, unlike agents employed by a particular firm, are not required to follow a certain sales strategy.

Northwestern Mutual, based in Milwaukee with an office in Warwick, reported a sizeable portion of its business comes from whole-life sales.

Nationally, "nearly three-quarters of our total insurance premium revenue is generated by the company's large block of whole-life insurance," said Edward J. Zore, president and CEO in a February news release about 2008 financial results. The company reported a 6 percent increase in premium sales of whole-life in 2008. Northwestern representatives did not immediately return calls for comment last week. ■