

MAKING THE DIFFERENCE IN THE HIGH NET WORTH AND CORPORATE MARKETS

THE VALUE OF M FINANCIAL EXCLUSIVE PRODUCTS IN CHANGING TIMES

Rapid change is shaking up the life insurance industry, increasingly making it a challenge for financial professionals to ensure the continuity and service their clients need to keep their life insurance plan on sure footing. M Financial Group has the stability your advisors of high net worth (HNW) clients require. With a large portfolio of exclusive products, the M block of business is not subject to the same dynamics as other insurance contracts.

CHANGE IS RESHAPING THE LIFE INSURANCE MARKET

- Private equity investment in the life/annuity insurance industry over the last decade has grown as evidenced by private equity-owned or sponsored insurers' admitted assets growth to \$604.1 billion in 2020 from \$67.4 billion in 2011 —*A.M. Best*
- 191 private-equity-backed U.S. insurance deals in 2020, beating 154 in 2019. Buyers paid \$12.1 billion in 2021 (through April 2021) for deals, eclipsing \$9.7 billion in 2018 —*CNBC citing Refinitiv data*
- Some estimates suggest PE firms have \$2.5 trillion ready for insurance M&A —*Deloitte*

Persistent low interest rates, robust M&A activity, new market entrants: the life insurance industry is in the midst of a significant transformation. With these changes and disruption, the pertinent question becomes: **how will they affect your client's pricing, service, and administrative experience?** While no one

has a crystal ball, the one critical step that you can take to ensure your client is well served over time is to **find the right partner**. M Financial Group is ideally positioned to meet the challenges.

AN INDUSTRY IN TRANSITION

- **Low interest rates:** The strain of protracted, ongoing low interest rates is pressuring life insurers' general accounts and making it increasingly expensive to offer products, especially those with guarantees.
- **M's Strength:** M's deep bench of actuaries have worked with Partner Carriers to build exclusive products that reflect the lower lapses and better mortality of our HNW clients. In fact, M policies have face amounts 12 times higher, mortality experience 10% better for the HNW segment,¹ and lapse rates that are 37% lower than the industry average. Sustainable pricing assumptions and distinct policy forms that reflect a superior product and client profile help to cushion M's exclusive products from carrier decisions that have directly affected other retail products.

¹ Face amounts greater than \$1 Million

- **Robust M&A:** Acquisitions of blocks of business from traditional carriers have increased, reflecting the efforts of insurance carriers to meet the capital expectations of investors and regulators. This creates product risk and portfolio risk, as the carrier standing behind the product financially may not be the carrier that currently manages the client’s policy, today or in the future.
 - **M’s Strength:** M has treaties in place with Partner Carriers that ensure it has a say in what happens to clients’ policies. M’s reinsurance participation in its clients’ life insurance products provides significant leverage to negotiate outcomes. It also provides clarity about underlying product performance because of our greater access to data. None of this is available from other insurance distribution systems.
- **New market entrants:** The field of acquirers has expanded as traditional buyers are joined by Insurtech and private equity enterprises. In their search for cost savings and efficiencies, there is no assurance that charges or service levels can or will be maintained.
 - **M’s Strength:** M and its Member Firms are completely committed to the highest level of client service, providing support that sets us apart from other insurance providers. And our product administration platforms allow us to control the quality of service, in-force reporting, and client experience.
- 19 exclusive products that are designed specifically for the needs of our target market and priced to reward our clients for their superior mortality and profile
- A history of providing premium service that reinforces our dedication to client advocacy
- A seasoned, deep bench of dedicated actuaries and product specialists who:
 - Speak regularly with carriers as part of M’s effort to oversee clients’ policies
 - Use their acumen to discern data available only to M because of its reinsurance participation, and make informed product decisions
 - Are in regular contact with M’s Product Development committee and help implement ideas developed from an understanding of client needs
- Reinsurance treaties that mitigate the sale of blocks of business
- An administrative and operational platform, **M Vision**, that allows us to enhance the client experience and deliver exclusive products
- Over \$200 million in cost reductions for Member Firm clients and 54 in-force price reductions since M Financial proprietary products were introduced in 1996, reflecting improved experience

Taken together, these strengths are unique and difficult for other distribution channels to ever replicate.

M Financial Group is an essential partner for HNW families in negotiating, securing and servicing significant life insurance transactions.

FIND THE RIGHT PARTNER

The right partner can deliver stability in changing times. M Financial Group and its Member Firms are committed to high standards and best practices:

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Variable Universal Life insurance combines the protection and tax advantages of life insurance with the investment potential of a comprehensive selection of variable investment options. The insurance component provides death benefit coverage, and the variable component gives you the flexibility to potentially increase the policy’s cash value.

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