

Emerging digital annuity sales process cutting cycle times by 94%, IRI says

By John Hilton

Annuity sellers, and everyone along the distribution chain, have long dreamed of technology that could reduce transaction times from weeks to hours.

That time has come. Carriers are eagerly signing on to a new paperless transaction process for annuity transfers that is cutting cycle times by 94%. The overall “Digital First” project was led by the Insured Retirement Institute.



IRI members and The Depository Trust and Clearing Corporation collaborated for more than two years to build a digital framework to support a real-time processing of transfers, including money settlement.

Katherine Dease is chief technology and innovation officer at IRI. The effort began as an attempt to turn 20 years of hopeful potential into something real, she said.

“We need to stop thinking about the way things have always been,” she said, recalling those early planning conversations. “Big, large, flat files that are hard to get your arms around the data. We need to be thinking about what our consumers and financial professionals are demanding: access to data right now, real time.”

IRI rolled out its first digital priority in November, a paperless, carrier-to-carrier replacement annuity process. Athene, the No. 1 seller of annuities, was the first company to sign up for the effort.

Since then, Jackson National Life Insurance Co., Prudential Financial and Sammons Financial Group joined them. In a blog post for IRI, Sandy Stokley, senior vice president of operations for Athene, urged competitors to join the project.

“Complacency is no longer an option,” Stokley wrote. “Improving the transfer experience benefits our customers, financial professionals, and distribution partners. ... Collaboration can expand the annuity market and ensure our industry’s long-term viability.”

IRI anticipates that 14 carriers will be using the digital first process by the end of 2025, Dease said.



Less than 24 hours

The initial returns on the paperless digital process are glowing, Dease said. It took the average cycle time for an annuity transfer, which is 18 days, down to less than 24 hours, she said.

Bewildered financial professionals are “calling their carriers and their distributors and asking, ‘What just happened?’” Dease said. “I issued this transaction yesterday, and it’s already settled, and in the consumer’s account.”

John Carroll, LIMRA senior vice president and head of life insurance and annuities, is not surprised. “IRI’s Digital First program will be game changer for our industry,” he said. “LIMRA research consistently shows the number one obstacle preventing financial professionals to sell annuities is the extensive paperwork and time it takes to finalize a contract.”

Digital first is not just about speed. It should cut down on errors and also help annuity sellers get in front of financial advisors and planners, Carroll said.

“Many financial professionals using annuities in their practices are focused more on wealth management than insurance sales, so it was important to build universal industry standards to allow seamless experience regardless of the carrier,” he explained.

Sammons became the latest carrier to join two weeks ago. Its participating companies include Midland National Life Insurance Co., North American for Life and Health Insurance, Sammons Retirement Solutions and Midland Retirement Distributors.

The time is long past for annuity sellers to deliver a level of immediacy that consumers enjoy in nearly all transactions, said Casey Decker, chief operating officer of Midland National and North American.

“This historic move directly benefits our clients,” Decker said. “It also assists our distribution partners, advisers, and agents by reducing paperwork and transitioning annuity sales and renewals to a digital platform.”

‘Never happened before’

Dease described the digital-first project as a “build once, use many” effort that will hugely benefit all annuity sellers and distributors. That is bringing normally fierce competitors together to an unusual open collaboration.

“They’re creating the standard, and they’re all agreeing, which has never happened before,” Dease said. “They’re all agreeing that we have to do it consistently in a ‘build once, use many’ approach or we are not helping ourselves.”

While the paperless replacement process is the first step, there are many more steps to come to perfect a digital-first annuity sales process.

“We want to go through this process of transformation throughout the entire journey,” Dease said. “From pre-sale, onboarding, application, the servicing and management, how the annuity shows up in new tools, as well as the payout and the exit statements.



“Anywhere an annuity could show up and should show up, we are working on addressing standards to make it easier for the innovating firms and the distributors to create their very best experiences.” •



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