



# Building a Partnership Distribution Strategy

**A COMPREHENSIVE GUIDE FOR  
LIFE INSURANCE CARRIERS**

A step-by-step roadmap to help life insurance carriers navigate and succeed in developing competitive distribution partnerships.



# Table of Contents

## **Intro and Overview**

Introduction	4
Roadmap Overview	5


## **Steps**

Assessing the Current Landscape	6
Defining Distribution Objectives and Goals	7
Developing a Business Case for Partnership Strategy Develop a	8
Distribution Channel Strategy	9
Building Partner Selection Criteria and Processes	10
Go-to-Market Planning	12
Consider Systems and Process Integration	13
Establish Performance Measurement and Management	14
Integrate Risk Management and Compliance	15
Critical Success Factors and Common Pitfalls	16
Planning for Scaling and Expanding Distribution Partnership	17

## **Conclusion**

Conclusion Need Help? Distribution Support and Platform	19
Solutions	20

# Intro and Overview

A close-up photograph of a woman with long dark hair, wearing a beige sweater, hugging a child from behind. The child is wearing a bright yellow hoodie and has their hair in a ponytail. The woman's eyes are closed and she has a gentle smile, conveying a sense of love and care. The background is softly blurred, showing what appears to be an indoor setting with a doorway.

# Introduction

---

In the rapidly evolving life insurance industry, carriers face challenges and opportunities, with competition intensifying and consumer expectations rising. To remain competitive, carriers are increasingly exploring strategic distribution partnerships to expand their market reach, diversify product offerings, and drive revenue growth.

This guide equips leaders involved in the strategic planning of life insurance partnerships with essential insights and practical tools to thrive in this dynamic environment. It presents a roadmap for developing a robust distribution partnership strategy, starting with a thorough assessment of the current landscape. This involves understanding existing distribution channels, internal resources, strengths, weaknesses, and potential market opportunities.

Additionally, the guide provides a comprehensive approach to defining distribution objectives and goals, and creates a compelling business case for partnership strategies. It offers advice on developing a holistic channel strategy, partner selection criteria, go-to-market planning, and integrating systems and processes with partners. It emphasizes the importance of establishing performance metrics for strategy optimization, risk management, and compliance, making it an invaluable resource for life insurance carriers seeking to optimize their distribution strategy.



# Roadmap Overview

1

Assessing the current Landscape

2

Defining Distribution Objectives and Goals

3

Developing a Business Case for Partnership Strategy

6

Go-to-Market Planning

7

Consider Systems and Process Integration

4

Developing a Distribution Channel Strategy

5

Building Partner Selection Criteria and Processes

8

Establish Performance Measurement and Management

9

Integrate Risk Management and Compliance

10

Critical Success Factors and Common Pitfalls

11

Planning for Scaling and Expanding Distribution Partnerships



# Step 1: Assessing the Current Landscape

Creating an effective distribution partnership strategy begins with a comprehensive understanding of your existing business environment.

Start by evaluating your distribution channels, examining their efficacy, cost-efficiency, and customer satisfaction levels. Review both direct and indirect channels, including their geographical coverage and costs, to identify overlaps or missed opportunities.

Next, analyze your internal resources, strengths, and weaknesses, focusing on your organization's capability to form and manage productive partnerships. Consider your past and current partnerships and evaluate your technology integration maturity.

Also, it's vital to examine your organization's products and customer experience. Assess whether your products

align with potential partners' offerings and cater to their customers' needs. Evaluate the customer and partner journey and identify areas needing improvement.

Beyond internal evaluation, analyze the external market, including industry trends, competitive landscape, consumer behavior, regulatory changes, and economic factors. Consider adjacent industries, as partnerships outside of life insurance could lead to innovative opportunities.

Understanding your current landscape holistically is the cornerstone of your distribution partnership strategy. This stage lays the groundwork for your strategy, ensuring it is aligned with your organization's capabilities and attuned to market realities.

# Step 2: Defining Distribution Objectives and Goals



Finally, ensure that you have buy-in from all key stakeholders. A concise internal presentation can be an effective way to communicate your objectives and seek input. This way, everyone involved understands the direction and is invested in the strategy's success.

Laying the foundation for a successful distribution strategy begins with identifying clear objectives and goals. This step serves as the roadmap for your strategic decisions and helps to maintain alignment with your overarching business objectives.

Initiate this process by establishing high-level objectives. These could be as overarching as expanding your geographical reach, diversifying your product portfolio, or increasing market share. Remember, these high-level goals will become more detailed and specific as you further refine your distribution strategy and as your partnerships mature.

Next, define your target market segments and customer personas. Understanding their buying behaviors, needs, and preferences is crucial for tailoring your distribution strategy effectively.

Your desired market positioning should be considered next. What unique selling proposition or competitive advantage do you want to achieve through your partnerships? This could range from offering distinctive products, superior customer service, competitive pricing, or extensive geographical coverage.

Subsequently, lay out your financial targets, which could include revenue growth, market expansion, or customer acquisition goals. Remember, these targets should be realistic and align with your company's overall financial goals.

While it's important to have detailed, specific goals, remember that distribution strategies can and should evolve over time. As you learn from your partnerships and the market, refining your objectives and goals becomes an ongoing process.

With a clear understanding of your objectives and goals, coupled with the flexibility to refine them over time, your company is well-prepared to successfully navigate the journey of building an effective distribution strategy.

# Step 3: Developing a Business Case for Partnership Strategy

A compelling business case serves as the foundation and backbone of your partnership strategy. It not only justifies the investment in time, effort, and resources but also sets a clear path for expected returns and benefits.

Begin by understanding and demonstrating the incremental revenue potential that the partnership will generate. This can be assessed based on the partner's existing market share, customer base, and alignment with your target segments.

Cost savings, another critical aspect of your business case, can be realized through operational efficiencies that the partnership brings. For example, if the partner has advanced technologies or systems that can streamline your processes or reduce the time to market for your products, these savings should be quantified and factored in.

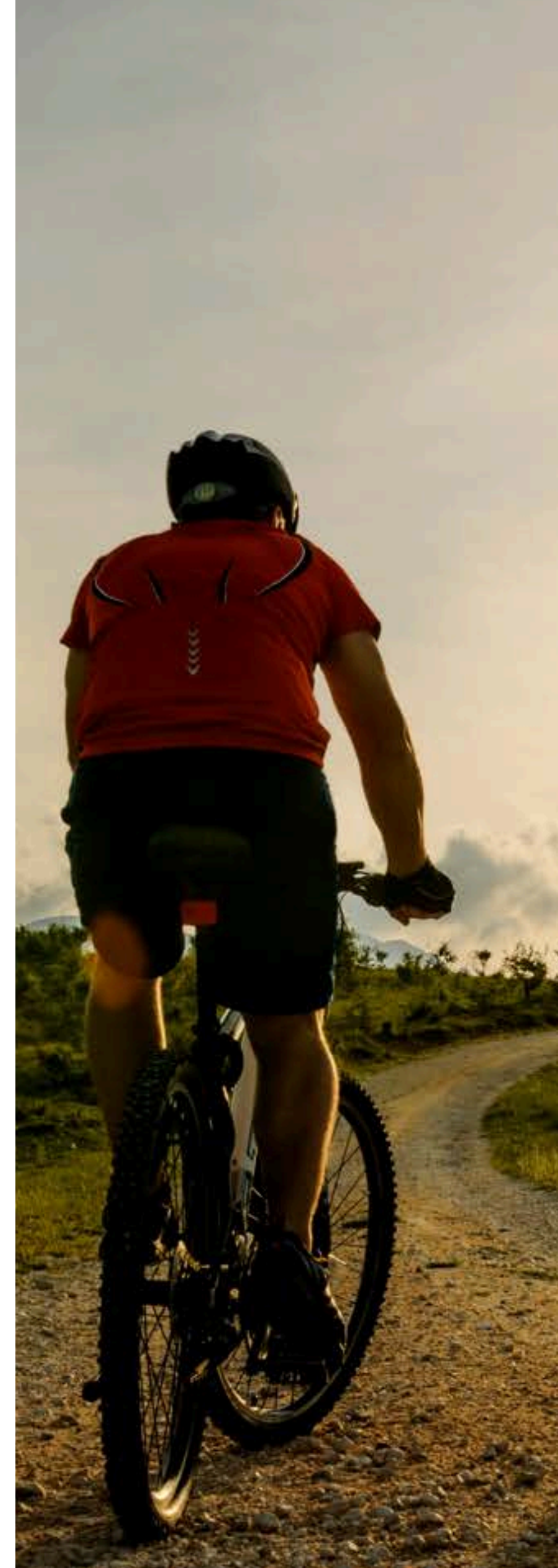
Enhanced customer acquisition and retention should also be included in your business case. Partnerships can often lead to a broader or more diverse customer base, and innovative offerings through these partnerships can enhance customer loyalty.

Market expansion and product diversification are other key aspects to consider. Partnerships can open up new geographical markets or customer segments that you previously did not have access to. They can also enable you to offer a wider range of products by leveraging your partner's capabilities or offerings.

In terms of risk assessment, consider potential risks associated with the partnership, such as reputational risk, operational risk, or the risk of the partner not meeting expectations. Establish contingency plans to mitigate these risks.

Finally, the business case should also take into account the qualitative considerations of partnership selection. These can include the partner's market reputation, culture fit, commitment to the partnership, and their potential for future growth and innovation.

Remember, your business case is not just a document for internal validation, but also a powerful tool when communicating the value and potential of the partnership to the prospective partner.





# Step 4: Develop a Distribution Channel Strategy

Developing a distribution channel strategy means taking a comprehensive view, encompassing direct channels such as online platforms and call centers, as well as indirect ones like brokers and agents. Also, consider strategic partnerships with InsurTech companies and other carriers, as these can extend your reach and provide unique value propositions.

Your channel strategy must align with your business objectives, catering to specific goals such as reaching a wider audience or a particular segment. Keep in mind that different products or services might be better suited to different channels.

Partnerships can fill gaps in your capabilities or offerings, share risks and rewards, and enable you to adapt swiftly to market changes. Prioritize channels based on potential impact and required investment, as return on investment can vary.

This is an ongoing process—continually reassess and adjust your strategy as your business grows and the market evolves. Remember, this is a journey of learning, adapting, and optimizing for success.



# Step 5: Building Partner Selection Criteria and Processes

Creating a structured process for selecting your partners is vital to a successful partnership strategy. Begin by identifying potential partner segments and prospects in line with your distribution objectives. This could be a range of entities, from tech-savvy InsurTechs to established financial institutions, to other carriers. A diversity of partners can help you reach a wider audience and provide different avenues for growth.

After identifying potential partners, establish a set of selection criteria to evaluate their suitability. These criteria could include factors such as their market reach, technical capabilities, alignment with your brand values, and their ability to collaborate effectively. Remember, it's not just about what they can bring to you, but also how well you can work together to achieve common goals.

Consider conducting due diligence in phases, beginning with small projects to assess compatibility. This will provide insights into their operational efficiencies, responsiveness, and cultural fit with your organization.

Creating a selection criteria matrix can aid in the process of choosing a potential partner. Here's a basic example of a selection criteria matrix. Note that the criteria included should align with your specific business goals and objectives.

Ensure that the partner evaluation process is transparent and standardized to avoid any bias or favoritism. All stakeholders should understand what the criteria are, and decisions should be made collectively to ensure buy-in.

Remember, partnerships are about long-term relationships. While the selection process might take time, finding the right partners can lead to significant benefits, driving growth and expanding your capabilities. Keep refining your criteria and processes as you learn from each partnership experience.



# Sample Selection Criteria

Criteria	Weight (%)	Partner A (1-5)	Partner B (1-5)	Partner C (1-5)
Market Reach	15	5	4	5
Technical Capabilities	15	3	4	2
Brand Value Alignment	15	4	4	5
Collaboration Potential	15	5	4	5
Financial Stability	5	5	5	5
Cultural Fit	15	4	5	2
Speed to Market	5	3	5	1
Priority Given to Strategy	10	5	5	1
Track Record of Partnerships	5	4	5	3
(Add Your Criteria)				
<b>Total</b>	<b>100</b>	<b>85</b>	<b>88</b>	<b>68</b>

In this matrix, each partner is scored from 1 to 5 for each criteria (with 1 being the lowest and 5 the highest score). The scores are then multiplied by the weight of each criteria to get a weighted score. The weighted scores are then added up to give a total score for each partner.

This matrix provides a clear, quantitative way to compare potential partners. However, keep in mind that this is just one tool, and decisions should also consider qualitative factors and insights gathered during the selection process.

# Step 6: Go-to-Market Planning

On the path to crafting a successful partnership strategy, defining your go-to-market (GTM) approach is vital. It is not enough to have a solid partnership in place; ensuring that your products and services reach the market effectively and efficiently is equally essential.

A GTM strategy pertains to the tactics a company uses to sell its products or services to customers. It encompasses your value proposition, target customer segments, sales strategy, marketing channels, and customer relationship management.

## **Product Offerings and Pricing Strategy:**

What will you offer to the market? What unique value proposition do your products or services provide? Are they competitive in terms of features and price? Consider the solutions your potential partner brings to the table. Can their capabilities enhance your product suite or provide a differentiated offering that sets you apart in the marketplace?

## **Marketing and Promotional Activities:**

What channels will you use to market your products or services? Do these align with your partner's capabilities and their customers' preferences? Will you use digital marketing, traditional advertising, events, or a combination of these?

**Sales Processes and Tools:** What is your sales strategy? Do you use a direct sales force, independent agents, digital channels, or a combination of these? How can your partner augment your existing sales capabilities? Are there tools or platforms they provide that can enhance your sales processes?

**Compensation Strategy:** What's your approach to incentivizing sales? What is the compensation structure for your sales force and how does it align with your partner's model? Ensuring alignment on this front is crucial to avoid conflicts and ensure a harmonious partnership.

Remember, a well-articulated GTM plan can accelerate your time to market, optimize your marketing spend, and drive effective customer acquisition. Partner alignment in this area is crucial. When both parties share a common understanding of the GTM strategy, they can work together to achieve their shared objectives. Always be willing to revisit and refine your GTM strategy as the market evolves and new insights are gleaned from your customers and your partnership experience.



# Step 7: Consider Systems and Process Integration

## **Data Integration Complexity:** Maturity

and complexity of data integration are two different aspects. A company may be mature in its data handling but could face challenges in integrating its data with that of its partner due to differing standards, formats, or regulations.

Successful partnerships rely heavily on effective integration of systems, processes, and workflows. Proper integration can help ensure seamless collaboration and operational efficiency.

## **System Integration:** The first step is to

identify the key systems that need to be integrated between the two organizations. These could include CRM systems, policy administration systems, billing systems, or customer service platforms. It's crucial to understand the technical implications and feasibility of these integrations, which might involve APIs, data sharing agreements, or custom development work. The goal is to provide a seamless customer and advisor experience.

## **Process Integration:** Similar to system

integration, you'll need to identify key processes that will need to be aligned and integrated. These could range from sales processes, customer onboarding, policy issuance, customer servicing, to claims handling. Strive for an optimal balance

between maintaining the uniqueness of each partner's processes and the need for a unified, efficient approach.

## **Working with Experts:** Given the

complexity and importance of system and process integration, it's often beneficial to work with experts who have experience with these types of integrations. Such experts can provide insights into potential hurdles and suggest effective workarounds based on their prior experience with other life insurance carriers. They can also help identify risks, propose mitigation strategies, and offer guidance to ensure a smooth integration.

## **Training and Support:** Once systems

and processes are integrated, thorough training is essential to ensure that both parties understand how to operate effectively within the new setup. In addition, ongoing support mechanisms should be in place to address issues that may arise.

Approach integration with a flexible mindset. Be prepared for adjustments as you gain a deeper understanding of each other's systems, processes, and data. A successful integration can help leverage the strengths of both partners, leading to enhanced efficiency and customer satisfaction. Working with experts can further expedite the integration process and ensure a smoother transition.

# Step 8: Establish Performance Measurement and Management

Performance measurement and management is a critical element of any partnership strategy. It not only helps to keep track of progress and outcomes, but also fosters accountability and facilitates strategic decision making.

## **Establish Key Performance Indicators**

(KPIs): KPIs provide a quantitative measure of performance against strategic goals. For your distribution partnership, some KPIs might include number of policies sold, revenue generated, cost per sale, customer acquisition and retention rates, or net promoter score (customer satisfaction).

These KPIs should align with the objectives defined for the partnership.

## **Establish an Executive Steering**

**Committee:** A high-level steering committee composed of executives from both organizations should be established. This committee will meet regularly to review partnership progress, address strategic issues, and make key decisions.

This will ensure that the partnership remains aligned with the overall strategic direction of both organizations.

## **Regular Monitoring and Evaluation:**

Once KPIs are established, implement a system for regular monitoring and reporting. This might involve periodic meetings or reporting dashboards accessible to stakeholders in both organizations. Timely access to performance data helps identify trends, spot issues early, and make informed decisions.

**Data-Driven Decision Making:** Use the data gathered through monitoring to drive strategy optimization. Analyze performance data to identify strengths to leverage, weaknesses to address, opportunities to seize, and threats to mitigate. Remember, data is only as valuable as the insights drawn from it and the actions taken based on those insights.

**Feedback Mechanism:** Ensure there is a feedback mechanism for both parties involved in the partnership. This helps maintain transparency, foster trust, and create an environment conducive to continuous improvement.

**Performance Review:** Regularly review the performance of the partnership against set goals and objectives. This might be a semi-annual or annual review. Based on the outcomes of these reviews, adjustments to the partnership agreement or strategy may be necessary.

Maintaining focus on performance measurement and management is fundamental to the success of your distribution partnership. It brings transparency, aids in continuous improvement, and ensures alignment with overall business goals. The regular involvement of an executive steering committee further ensures that the partnership stays on track and strategic adjustments can be made as needed.

# Step 9: Integrate Risk Management and Compliance

In the life insurance industry, risk management and regulatory compliance are integral aspects of business operations. Their importance is amplified in the context of distribution partnerships. Having clear strategies in place can prevent unforeseen issues and ensure seamless operations.

**Identify Potential Risks:** Begin by identifying potential risks associated with the partnership, such as operational risk, reputational risk, cyber security risk, or legal and regulatory risks. The risk identification should consider both internal and external risk factors.

**Risk Management Strategy:** Once potential risks are identified, develop a comprehensive risk management strategy. This includes methods to avoid, mitigate, transfer or accept each risk. It's critical that both parties have a clear understanding of their respective responsibilities in managing these risks.

**Regulatory Compliance:** Life insurance is a highly regulated industry. Make sure to understand the regulatory implications of your partnership, including compliance with data privacy laws, insurance regulations, anti-fraud measures, and any other pertinent rules. This should be integrated into the partnership agreement to ensure compliance obligations are met by both parties.

**State and Provincial Compliance:** If your partnership operates across different states in the U.S. or provinces in Canada, be mindful that each jurisdiction may have a different regulator and the rules can vary significantly. What might be a guideline in one jurisdiction could be a law in another. A deep understanding of the unique regulatory landscape in each operating region is essential. It is highly recommended to engage legal experts familiar with local regulations to ensure full compliance.

**Adaptability:** Keep in mind that regulations and market conditions can change. Your risk management and compliance strategies should be flexible and adaptable to accommodate these changes. Regular reviews should be conducted to keep your strategies up-to-date.

**Risk Management Team:** As part of the strategic partnership, consider establishing a dedicated risk management team. This team would work collaboratively to identify, assess, and mitigate risks. They would also ensure regulatory compliance on an ongoing basis.

In conclusion, risk management and regulatory compliance are crucial components of any strategic distribution partnership. By integrating these aspects into your partnership strategy, you can protect your business, maintain your reputation, and ensure the longevity of the partnership.



# Step 10: Critical Success Factors and Common Pitfalls

Identifying critical success factors and drafting a realistic implementation roadmap sets a clear path forward for your distribution partnership. Simultaneously, awareness of common pitfalls equips your team to circumvent potential issues before they occur.

**Critical Success Factors:** Key factors to partnership success often include the alignment of goals and values, open communication, mutual commitment, and an agile mindset. Adequate due diligence, smart partner selection, efficient technology integration, and a strong compliance culture are also crucial. Notably, executive support and engagement throughout the journey can be a key differentiator in the success of a partnership strategy. Regular executive steering committee meetings can ensure that strategic alignment and decision-making happen at the right levels.

**Implementation Roadmap:** A robust implementation roadmap paves the way to a successful partnership. This roadmap should outline critical milestones, allocate responsibilities, and include key performance indicators for tracking progress. This roadmap should be flexible and capable of evolving with the partnership.

Remember, understanding and navigating potential hurdles is just as vital as identifying success factors. By maintaining a balanced perspective, you can enhance the strength and resilience of your partnership strategy.

## **Common Pitfalls and How to Avoid**

**Them:** Misalignment of expectations, lack of communication, over forecasting initial revenues, cultural clash, not leaving room in the plan for learning and adjustments, and failure to innovate are some common pitfalls in partnerships. To avoid them, establish clear agreements, promote open communication, foster a collaborative culture, and invest in innovation. Engage experts who have prior experience in forging successful partnerships. They bring insights and workarounds to specific challenges that may have been previously solved for other life insurance carriers.



# Step 11: Planning for Scaling and Expanding Distribution Partnerships

Planning for scaling and expanding distribution partnerships is a crucial step in maximizing the potential of your strategic collaborations. As your initial partnerships prove successful, it becomes essential to evaluate their key success factors and identify opportunities for growth and expansion. This means exploring key considerations and strategies for scaling your distribution partnerships.

**Evaluate Key Success Factors:** Take the time to assess the key factors that contributed to the success of your initial partnerships. Look at what worked well in terms of partner selection, go-to-market strategies, technology integration, and overall performance. Identify the strengths and best practices that can be replicated and leveraged in future partnerships.

**Learn from Lessons:** Your initial partnerships are valuable learning experiences that can shape your future strategies. Identify areas where improvements can be made, whether in terms of communication, processes, or execution. Use these lessons to refine your approach and make informed decisions when scaling and expanding your partnerships.

## Identify New Partnership

**Opportunities:** The insurance industry is constantly evolving, presenting new opportunities for collaboration. Keep an eye out for potential partners in adjacent industries or emerging sectors that can complement your offerings and expand your reach. Consider InsurTech companies, financial institutions, and other carriers as potential partners who can bring innovative solutions and fresh perspectives to your distribution network.

**Create an Expansion Roadmap:** Develop a clear roadmap for expanding your distribution partnerships. Outline the goals, milestones, and actions required to achieve your growth objectives. Consider factors such as product development, market expansion, partner onboarding, and technology infrastructure to support your expansion plans. Align your expansion roadmap with your overall business strategy to ensure cohesion and synergy.

## Continuously Refine and Optimize:

Scaling and expanding your distribution partnerships should be an ongoing process of refinement and optimization. Regularly assess the performance and effectiveness of your partnerships,

and make necessary adjustments to ensure they align with market trends and customer needs. Embrace a culture of continuous improvement, seeking innovative ways to enhance your distribution strategies and deliver value to your partners and customers.

By planning for scaling and expansion, you position your life insurance company to seize new growth opportunities, expand market reach, and strengthen your competitive position. Through strategic partnerships and a well-executed expansion roadmap, you can unlock new revenue streams, enhance customer experiences, and achieve sustainable growth.

Remember, scaling and expanding distribution partnerships requires a proactive and adaptive approach. Stay attuned to market dynamics, emerging trends, and the evolving needs of your customers. Embrace collaboration, innovation, and a willingness to explore new possibilities as you embark on the journey of scaling and expanding your distribution partnerships.

# Conclusion

---

# Conclusion

---

The guide is a comprehensive roadmap for all things to consider when building and executing a distribution partnership strategy in the life insurance industry. By incorporating the insights and best practices shared in this guide, life insurance carriers can embark on a journey towards successful partnerships that drive growth, expand market reach, and enhance customer experiences.

Distribution partnerships are no longer a mere option but a necessity for life insurance carriers looking to thrive in today's competitive landscape. By leveraging strategic collaborations with InsurTech companies, financial institutions, broker-dealers, traditional and non-traditional distributors, and other carriers, life insurance companies can tap into established distribution channels, harness data-driven strategies, and unlock new opportunities for growth and innovation.

As you move forward in developing your distribution partnership strategy, remember that it is an iterative process. Continuously assess and refine your approach based on market dynamics, customer feedback, and emerging trends. Embrace a mindset of agility and adaptability, and be open to exploring adjacent industries for potential partnership opportunities.

Success in distribution partnerships requires a strong foundation built on clear objectives, effective communication, robust risk management, and a commitment to collaboration. It is also crucial to establish executive support and engage in regular steering committee meetings to ensure strategic alignment and decision-making at the appropriate levels.

By adhering to the principles outlined in this guide and leveraging the insights shared, life insurance carriers can position themselves for long-term success in a rapidly evolving industry. Distribution partnerships, when forged with careful consideration and a focus on mutual value, have the potential to revolutionize market reach, customer engagement, and overall business performance.

Now, armed with this knowledge and guidance, it is time to embark on your journey towards developing successful distribution partnerships that will shape the future of your life insurance company. Embrace the possibilities, navigate the challenges, and unlock the full potential of strategic collaborations to drive your organization's growth and success.



# Want to amplify your online distribution strategy? We can help.

Lavvi is a software and enterprise services InsurTech with deep expertise in life insurance distribution. With more than 15 years' experience selling insurance online, we combine tech knowledge with niche expertise in navigating complex industry regulations to get your products to market faster. This means proven and cost effective omnichannel distribution support, strategies and software solutions that generate more revenue. Trusted by Assumption Life, Blue Cross, and UNI Financial, we have the delivery expertise and track record to help you reach more markets, sell more policies, and safeguard more lives.

## WITH OUR EXTENSIVE EXPERIENCE IN FACILITATING SUCCESSFUL COLLABORATIONS, LAVVI CAN SUPPORT YOUR PARTNERSHIP STRATEGY IN THE FOLLOWING WAYS:

### Strategy Development and Partner

Planning: Our team of industry experts can assist you in identifying and evaluating potential partners, defining partnership objectives, and developing a roadmap for successful implementation.

### Distribution Platform

#### Implementation:

Lavvi's full-suite distribution platform is designed to streamline operations and enable seamless collaboration between partners. We can guide you through the process of integrating our platform into your existing systems, ensuring a smooth transition and efficient operations.

### Ongoing Partnership

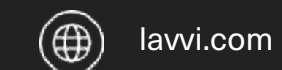
#### Management:

Lavvi is committed to helping you achieve long-term success through continuous partnership optimization. We offer regular performance reviews, open communication, and data-driven adjustments to partnership strategies, driving sustained growth and improved customer experiences.



Unlock the full potential of your distribution partnerships and drive long-term success in the life insurance industry.

Contact us today.



lavvi.com



growth@lavvi.com



@lavvi\_solutions

