



The Baltimore Life Companies

John Pearson discusses each step this full-service life insurance and annuities provider focuses on to better service its policyholders.

Cutting-Edge Carrier

If you ask people what first comes to mind when they hear the phrase insurance company, most will probably reply with words like traditional, conservative, and maybe even staid.

What about cutting edge? While this may not be the first word that pops into your mind when you think of an insurance company, it's an appropriate description for The Baltimore Life Companies, a full-service life insurance and annuities provider based in Owings Mills, Md.

In 2005, Baltimore Life introduced an innovative electronic application and automated underwriting system called INSPEED that has accelerated the insurance application process and increased customer approval rates. "INSPEED is a cutting-edge combination of product and technology," said John Pearson, chairman and CEO of Baltimore Life. "It's a key part of our plan to move into a paperless selling environment and represents a strong competitive advantage for us."

With INSPEED, customers complete the life insurance application over the phone with a Baltimore Life licensed

representative. During the call, INSPEED integrates the application and underwriting processes with the Medical Information Bureau for medical history, automatic bank draft set up, and a credit card authorization. The whole process takes about 15 minutes.

Focus on relationships

Although INSPEED is a good example of how implementing technology can help insurance companies serve customers better, Pearson stresses that relationships still lay at the heart and soul of the industry. "Due to the nature of the product we sell, building strong relationships between our agents and policyholders is critical," he said.

"We have to be very good at taking care of both of them," he continued. "For many customers, their agent is Baltimore Life."

To serve customers better, Baltimore Life provides sales and service to policyholders through two separate sales divisions: the Career Agency Sales Group and the Independent Sales Group. Career agents are Baltimore Life employees who provide full service to customers.

"For these agents and policyholders, life insurance is a very personal sale," said Pearson. "There's an emphasis on building strong relationships between them."

These agents, who are located exclusively in Pennsylvania, Maryland, Delaware, West Virginia, and Ohio, apply the company's Building Clients for Life concept to serving policyholders. In addition, the company works with independent marketing organizations (IMOs) that recruit and manage independent sales agents in 49 states and



the District of Columbia who market and sell Baltimore Life insurance and other accumulation products.

“These independent agents are more focused on specific customer segments and markets and products within these segments,” said Pearson. “We try to make the buying process very easy for them and their customers.”

For example, these independent agents are more likely to use INSpeed with their customers, he added. But all Baltimore Life insurance agents participate in ongoing training programs and implement step-by-step customer service plans to help them provide the best possible service to policyholders.

“We’re working hard to make sure we have the right measurement and training tools in place for our agents,” said Pearson. “We have built a comprehensive online education system, and there’s a strong focus on training at the field level.”

An illustrious history

Baltimore Life was founded in 1882, when Baltimore was the sixth largest city in the 38 United States of America, as the Baltimore Mutual Aid Society of Baltimore City. In those days, most people purchased life insurance primarily to avoid the ignominy of burial in a Potter’s Field.

The company’s assets are about \$820 million today, and there are 140 employees working at Baltimore Life’s Owings Mills headquarters office. Baltimore Life is the 36th oldest life insurance company in the US.

Pearson’s life insurance career began with four years at Phoenix Mutual, followed by a four-year stint at Security-Connecticut. He was then offered the opportunity to start a life insurance subsidiary for Utica National, serving as president from 1986 until his decision to come to Baltimore Life as president and COO in 1995. He was promoted to chairman and CEO in August of 1996.

One reason for Baltimore Life’s laser-like focus on customer service is the fact that as a mutual holding company, its policyholders are actually the company’s owners. “Our focus is on providing the proper environment for our customers who also happen to be our owners,” said Pearson. “We don’t cater to institutional investors or Wall Street analysts; instead, we look to serve the needs of a different group of people: our policyholders.”

Pearson said one of the biggest benefits of being a customer-owned mutual company is the fact that it enables the company to look long term and stick to a plan. “We do business



according to one simple rule: it’s the policyholders’ money,” he said. “That belief has allowed us to pay dividends regularly to four generations of policyholders while continuing to grow as a company.”

Weathering the storm

Baltimore Life has weathered what Pearson calls the recent “economic tsunami” relatively well, in part due to the conservative investing nature of the insurance industry as a whole. “Our conservative investment philosophy is an example of how we treat the policyholders’ money,” he said. “We’ve made promises for commitments that are many years away and invested this money wisely with these promises in mind.”

In the process, Baltimore Life puts money back into the economy to support its growth. “You haven’t seen the headlines for insurance companies like you have banks,” he continued. “But any time there’s a significant market dislocation like we’ve experienced, insurance companies will be affected because we manage a lot of assets.”

Pearson said Baltimore Life’s balance sheet is solid and boasts a very strong capital ratio. “This is critical because mutual companies don’t have the kind of access to capital that our stock brethren do. I believe we’ll fare well in these economic times because our products offer protection to people who are safety conscious.” ☰

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