



Fred H. Jonske

EDITORS' NOTE Prior to his current role, Fred Jonske was President, Chief Operating Officer, and board member of Lincoln Benefit Life Insurance Company and Surety Life Insurance Company. He was also Vice President and a board member of Allstate Life Insurance Company, as well as a board member of Lincoln Benefit Financial Services. His career began with Allstate Life Insurance Company in 1971 and he held various actuarial positions in the individual and corporate areas prior to his election as President of Lincoln Benefit Life in 1982. Jonske holds both a B.A. and a master's degree in mathematics from the University of Michigan. He is a lifetime member of The American College Board of Trustees, a Fellow of the Society of Actuaries, a member of the ACLI Financial Services Steering and Taxation Committees, and a member of the American Academy of Actuaries and AALU.

COMPANY BRIEF M Financial Group (mfin.com) is one of the nation's premier financial services design and distribution companies, serving the ultra-affluent and corporate markets through an exclusive network of 140 of the nation's most successful and innovative financial services firms. Their member firms are independent but work together toward a common goal: to offer a broad range of solutions designed to help their clients – affluent individuals, corporate executives, entrepreneurs, and Fortune 1000 companies – meet their financial goals.

Would you provide an overview of M Financial Group and how it has evolved?

We were founded in 1978 by four producers in the insurance industry that thought the solutions provided by insurance companies at that point in time didn't really fit their target market.

That target market, which is ours today, is defined as the most discerning purchasers of life insurance. It is comprised of entrepreneurs who create companies and have complex challenges in managing their finances and risks, and who rely on a myriad of advisors to make decisions.

A Producer-Owned Client Advocate

An Interview with Fred H. Jonske,
President and Chief Executive Officer, M Financial Group

Our people felt that the products they had access to really didn't represent the products they felt they should have. So that's how M got started.

The founders talked to a number of other successful people in this business about joining them to create a private company. It's a producer-owned cooperative whereby we now have 140 different distributors throughout the country located in 37 states and the United Kingdom. These people come together to share best practices as owners of the organization. M represents their interests in developing relationships with a number of different vendors; most specifically, with insurance companies.

Based on our unique knowledge, we have been able to go to those insurance companies and develop a set of exclusive, differentiated solutions that better represent the needs of our target market.

These 140 firms are independent of each other. We do not own them but they have come together based on their mutual loyalty to each other and their interest in doing what is best for their clients.

After creating our own reinsurance company and developing dozens of exclusive, institutionally priced life insurance products available only to the clients of our member firms, we feel we are honoring the vision of our founders by delivering an unmatched level of client advocacy. Everything we do – product development, due care, underwriting, reinsurance, in-force management, and exemplary service – is driven by client advocacy.

Is the value that model provides well-understood?

It depends on who the audience is. We were an early disruptor in the life insurance business in that we changed the value chain. Before us, the insurance company mostly owned distribution and controlled access to the clients. Then, insurance agents delved into this market and developed knowledge in dealing with very sophisticated clients and with the advisors to these people. Across the country, law firms or accounting firms that deal with high-end people know who we are. Insurance companies and their agents also know us.

Among this narrow market of clients we serve – successful entrepreneurs – we have a fair amount of recognition. However, in terms of the public at large, we are not as well-known as the largest corporations. We are working to change that.

How important is brand awareness for M Financial Group?

Historically, it has been very important in the advisor marketplace. It is important for the attorneys who, once they determined there was a financial challenge in need of a solution involving this mitigation, required a highly professional and knowledgeable firm to contact in this area. We needed to have brand awareness with them.

It was also important, to some extent, to have brand awareness with the insurance companies because we ask them to do things for us that they do not do for anyone else.

Increasingly though, as the world changes, having more brand awareness with the ultimate customer does make sense. We are drifting from the Baby Boom population, which was more focused on using advisors and letting them make decisions for them, to Gen-X or Millennials, who basically want to validate everything through the Internet. We think we need to become a player in that market, so we're looking for ways we can build intelligent branding through efficient avenues like social media and thought leadership.

Where is the innovation taking place within this industry?

Since 1978, the initial innovation has come from the product side. The basic innovation stemmed from the fact that people who are in this market segment have fundamentally different pricing characteristics because they have great wealth so they tend to live longer, keep their policies in force longer, and buy significantly larger policies.

Data from our reinsurance business has allowed us to return value to policyholders in the form of in-force repricings when better than expected performance results emerge. We remain the only independent distribution system to reinsure its own business.

While we remain focused on product innovation, process innovation is now a big part of the conversation. How clients acquire policies – the underwriting process, the mountain of forms, policy delivery, premium payment – has not evolved in a way that will capture the attention of buyers and we are trying to change that.

Streamlining the underwriting process, adding efficiency to the application and delivery process with technology, and creating a service model that clients expect are key initiatives for us.

We feel the combination of product and process differentiation that our member firms deliver will be very powerful and help to drive growth throughout the industry. ●