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President & Chief Executive Officer

Governor Dirk Kempthorne
ACLI Annual Conference
October 28, 2013

Thank you and good morning.

In this audience today are some of the finest business leaders in America. And right at the top of that list of leaders I want to put ACLI Chairman Jim Morris of Pacific Life. Day in and day out, Jim has been there for me, for ACLI and the entire industry. We are all truly blessed to have Jim chair the ACLI this year.

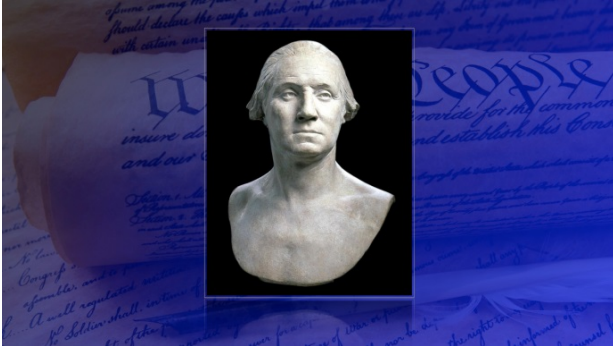
Jim, you have done an outstanding job during these 12 challenging months, and I sincerely commend you.

Incoming Chairman Johnny Johns of Protective Life will continue the strong tradition of great industry leaders as he assumes the ACLI chairmanship tomorrow. Johnny recently received the Alabama Legislature's Academy of Honors Award. This award is bestowed to only 100 living Alabamans. Johnny is a credit to his company, his state and our industry.

Johnny will work with an executive committee and Board of Directors that are deeply involved in our issues, and bring their keen knowledge and pragmatism. You are truly some of the finest people I have ever been associated with.

I am blessed with the opportunity to serve with all of you.

One week ago last Sunday I attended a lecture at the new and incredibly beautiful presidential library for George Washington. The presentation was made by the dynamic, young founding director, Dr. Doug Bradburn.



In the course of his comments he explained how the famous life-like bust of George Washington came into existence. I believe you will find the story both fascinating and relevant.

General Washington became the focus throughout Europe as an incredible leader who had defied all odds in defeating what, at that time, was the most powerful military in the world... Great Britain.

The populace throughout Europe hungered for every detail about this conquering hero, this hero who did not claim the spoils of war for himself. In particular, they wanted to know what he looked like.

Because it was not possible that he would ever cross the ocean to visit Europe, the desired alternative at that time was to have a sculpture of his likeness made and then duplicates made.

The renowned artist of that time who had done kings and queens and was currently commissioned to do Catherine the Great of Russia was Jean-Antoine Houdon. He was to the 18th Century, what Michelangelo was to the 16th Century.



Three Americans serving in Europe at that time implored the great artist to make the trip across the ocean to the new land of America and create the likeness. They were the immediate past U.S. Ambassador to France, Benjamin Franklin, the then-current U.S. Ambassador to France, Thomas Jefferson, and the new U.S. Ambassador to England, John Adams. They presented their strong and united request to Houdon to do so.

Houdon was favorably moved by the notion and was excited to think that he could meet the great General and be the artist to capture his likeness for the ages. But it was not to be his decision alone.

The King of France, Louis XVI, was anxious to have such a national treasure as Houdon voyage across the Atlantic, which at times could be quite perilous. So, as a condition for Houdon going to America, the King of France demanded that one condition had to be secured first... a life insurance policy.

Thus, the three American Founding Fathers in Europe immediately went to work to secure a life insurance policy.

Jefferson wrote to Adams the following inquiry:

“Is insurance made on Houdon’s life? I am uneasy about it, lest we should hear of any accident. As yet there is no reason to doubt their safe passage. If the insurance is not made I will pray you to have it done immediately.”

Further correspondence was exchanged between Jefferson and Adams, including Adams pointing out that, “I am afraid that Certificates of Houdon’s State of Health will be required, and the Noise of Algerine Captures may startle the Insurers.”

John Adams finally wrote the following to Thomas Jefferson:

“The Insurance is made upon Houdon’s Life for Six Months from the 12th of October.

“I have paid Thirty two Pounds Eleven shillings Praemium and Charges, which you will please to give me credit for.

“I could not persuade them to look back, as they say, they never ensure but for the future and the date of the Policy.”

And thus, because of a life insurance policy, the renowned Houdon completed the sculpture which Supreme Court Justice John Marshall said, quote, “was a perfect image of the living Washington.”

Houdon’s masterpiece now resides permanently at George Washington’s beloved home, Mount Vernon.

And those of you who have been to my office know that I have an exact replica of the bust which is exactly what happened throughout Europe once the artist completed the original.

Did Houdon, the greatest sculptor of kings, queens, czars and presidents believe in life insurance? Yes.

Did John Adams, the second president of the United States, believe in life insurance? Yes.

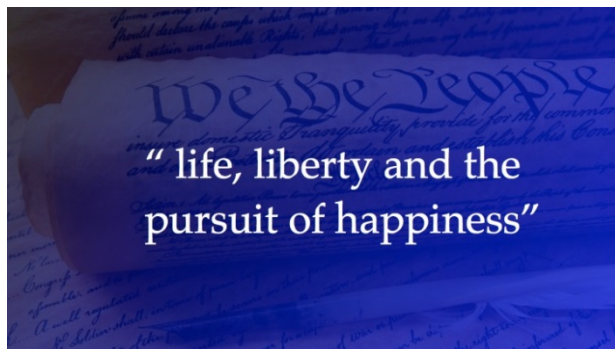
Did Thomas Jefferson, the author of the Declaration of Independence and the third president of the United States believe in life insurance? Yes.

Did Ben Franklin, who negotiated a treaty of alliance with France and secured loans to support the American Revolution, believe in life insurance? Yes.

This true story affirms what I have learned since joining this great industry three years ago: the life insurance business is both noble and deeply embedded in the history of our nation.



Last year, a number of us in this room had the honor of dining in the Rotunda of the National Archives in Washington, D.C. This is the repository of America's sacred documents ... the Declaration of Independence, the Constitution and the Bill of Rights.



We read the words in the Declaration that, "We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are Life, Liberty and the Pursuit of Happiness."

Thus began a Revolution.

But how could such positive and beautiful words lead to armed conflict, loss of life and property? Because the desire for such a positive atmosphere created the motivation to do what was necessary to achieve such positive and noble ideals.

Have Americans achieved these cherished values? And if so, have they been tested? And have they been protected? Yes, from others who wanted to destroy us. Our nation has been tested repeatedly through wars.



"From the collection of The National World War II Museum, copy and reuse restrictions apply"

For example, because of their bravery and sacrifice, the Americans of World War II were given the title of the Greatest Generation. Did they secure those three principles for themselves? Yes. But the final chapter of their lives is not yet complete.



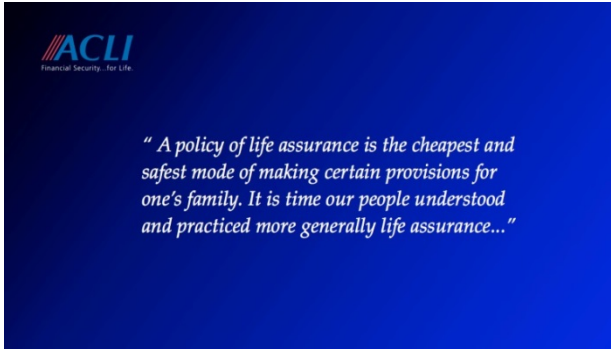
The children of the Greatest Generation have also received a name... they are called the Baby Boomers. And it is these children that may well bring into greater focus whether their retirement and senior years will complete their final days as their parents had hoped and sacrificed. For we know that many of the Baby Boomers are not ready for the realities that longevity brings.

If age and ailments extend your life beyond your personal means and you are placed in the care of whatever system can care for you, what is your quality of life? And does that bring into question one's own sense of personal Liberty? And in that condition, how are you to continue the pursuit of happiness, or does it become illusory?

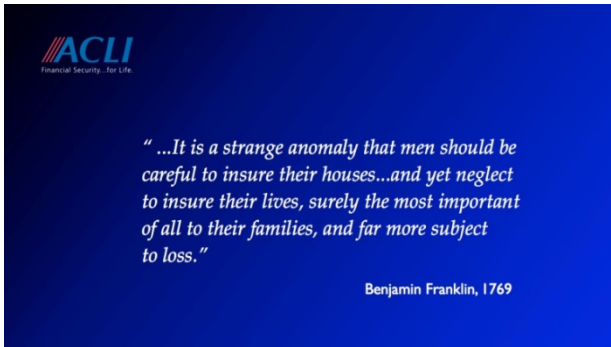
This industry provides help and solutions to millions of Americans. You are there when someone dies too soon, you put orphans through college, you provide long term care and you provide employees with retirement plans and disability protection in the workplaces. You can be proud of what you do.

Perhaps, we are approaching a new era that requires a new "revolution of thought" by leaders in this room to provide even more solutions to more people. The needs of the nation are great. We must help bring a better quality of life to millions more people ... to people in underserved markets, to working Americans who don't know or don't understand our products, to young people and those who need to save more for the future.

We must help Americans make insurance a bigger part of their lives – be it life insurance, annuities, long-term care, or disability income insurance. I'm not alone in thinking that way.



Quote: “A policy of life assurance is the cheapest and safest mode of making certain provision for one’s family. It is time our people understood and practiced more generally life assurance.



“It is a strange anomaly that men should be careful to insure their houses... and yet neglect to insure their lives, surely the most important of all to their families, and far more subject to loss.”

Benjamin Franklin understood that political independence and financial independence go hand in hand, and that the private sector, private insurance companies, could provide the financial independence that Americans deserve.

We can help Americans draft their own Declarations of Independence... financial independence.

We can help create a new “revolution in thought,” where people look to themselves, and to life insurers and others in the private sector, for the tools for their financial and retirement security.

We are at a unique point in time.

Our Founding Fathers seized the spirit of THEIR day to form a new nation based on freedom and liberty. We are at a point where people are beginning to realize that they need improvements and changes in their financial conditions. We need to seize the spirit of THIS day to open new doors to provide a new and improved path to Americans’ financial and retirement security.

We must renew our commitment to protecting people. It is clear why: America is under-saved.

Half of the nation’s pre-retirees – workers between the ages of 50 and 64, have saved only enough to last them through 16 months in retirement.

I believe in causes. For 23 years in public service I worked to help people.



I have joined another cause... yours. I believe in you, and I'm not the only one who sees your intellect, talent, passion, keen business sense and dedication to results. Do you know who else believes in you? The world.



I just returned from two weeks in Asia for a multitude of ACLI meetings in four countries. Virtually every official and business person I met there asked me how life insurers and the private sector are responding to the aging of America.



While the U.S. is seeing 10,000 Baby Boomers retire each day for another 17 years, it is an even more serious situation in China. And the Chinese are not alone. A Korean media delegation visited ACLI last month asking similar questions. The Japanese have done the same. They all worry that millions and millions of the elderly are lacking adequate financial resources. In Asia, they are now calling it the era of the Centenarian.





They look to America for solutions and any new ideas we are considering. I was inspired to hear how highly our country is regarded. And as a representative of the life insurance industry, I am motivated to help find answers not just for friends in other countries, but especially for Americans.

Yes, this industry faces challenges today.

We will continue to dedicate our personnel and resources, including our valuable and effective allies like AALU, NAIFA, NAILBA, NAFA, IRI and agents throughout the country to prevail in our legislative and regulatory battles.

But it is the larger issue – the big picture -- providing solutions each and every day to working Americans and retirees that we cannot forget as the daily battles occupy our time.

The inescapable reality is that many people who have not built an adequate nest egg are looking to that same government for help in achieving retirement security. We see it in California, Maryland, Oregon, Illinois and Connecticut. We see it spreading. We also see people looking to Capitol Hill for help.

It is not surprising that lawmakers want to help their constituents. Part-time workers and many workers at small businesses lack access to workplace plans. Lawmakers want them covered, and if it takes a government program to do it, many lawmakers will say... so be it.

The polls are interesting on this subject.

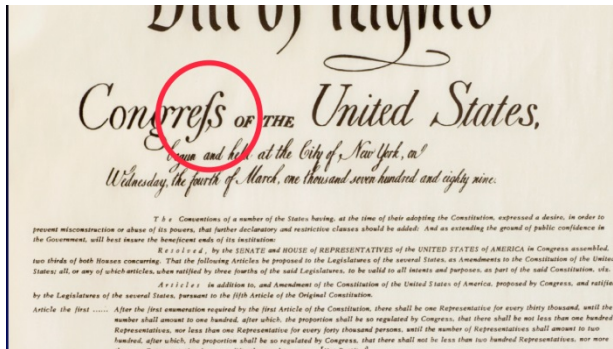
The public has little appetite for states providing retirement plans for private sector workers. But, if they perceive the private sector as void of ideas or solutions, the public will take a government solution.

If government is the only guarantor of people's retirement security, government treasuries can be strained to a breaking point.

People must know what we can offer, what we can do for them.

We need to reintroduce ourselves to a generation of Americans who may have never met a life insurance agent or a financial advisor, who have never been encouraged to think about long-term financial planning.

And we have to speak to Americans using language and techniques that they understand. Our Founding Fathers used Colonial English.



The Bill of Rights for example was drafted in that style, with the Famous S in Congress appearing today as if it were an F. It is a little confusing. But are we also using language and a style that is also hard to understand?

If you selected the Joint and Survivor with Cash Refund option above, and you specified a Non-Qualified Plan Type in Section 7A, and will have a Joint Contract Owner, the Joint Contract Owner must be the Owner's spouse. The Annuitant must be either the Owner or the Joint Contract Owner. However, if you specified a Non-Qualified Plan Type in Section 7A, and will not have a Joint Contract Owner, the Annuitant must be either the Owner or the Owner's spouse. The Beneficiary specified in Section 6 must be the Owner's spouse and must also be the sole, primary beneficiary.

Here's some language from an annuity contract I came across recently:

"If you selected the Joint and Last Survivor with Cash Refund option above, and you specified a Non-Qualified Plan Type in Section 7A, and will have a Joint Contract Owner, the Joint Contract Owner must be the Owner's spouse.

"The Annuitant must be either the Owner or the Joint Contract Owner.

"However, if you specified a Non-Qualified Plan Type in Section 7A, and will not have a Joint Contract Owner, the Annuitant must be either the Owner or the Owner's spouse.

"The Beneficiary specified in Section 6 must be the Owner's spouse and must also be the sole, primary beneficiary."

Need I go on?



So, the question is: Are we effectively using new communication mediums like Facebook and Twitter? Are we gaining the attention of America in ways America understands?



And let me ask you: How many of these terms are familiar to you?
(*acronyms on screen*)



Of all of those, you probably need to become familiar with YOLO...
“You Only Live Once!”

Our customers of tomorrow are communicating in a variety of new ways. We need a new emphasis on communication, simplification and distribution.

America is desperate to hear from us. This is the generation of 9/11 and the financial crisis. They have learned that life is unpredictable. They will welcome our guarantees. But please keep this in mind... absent a strong message from us, they will hear a strong message from government about the guarantees it offers. If we fail to connect with our customers, if Americans look to government and not to us, we will have forfeited an enormous opportunity. And the consequences to the Treasury of this government may be onerous.

After all, we are the generators of new ideas, not simply the inheritors of others good efforts from before.

Those of you in this room are poised to set a positive course for our country and its citizens that could last for generations.

We can be victorious in this new struggle... the struggle for Americans' freedom... their Financial Freedom. We can help America prepare for a future where life, liberty and the pursuit of happiness is a reality today, not only the hopes of two centuries past.

The burdens on government, the burdens on family, and the self-respect and dignity of millions of Americans hang in the balance.

Efforts undertaken today, for the continued well-being of this nation, are every bit as patriotic now as they were 200 years ago.



We need a solution. The time is now.
You are the solution.

Thank you.

