

BUSINESS

Building nearly a trillion-dollar business harnessing 'entrepreneurial spirit'

Primerica CEO Glenn Williams disagrees with accusations his company uses multi-level marketing, saying it is instead a "modified version of the traditional agency or branch system," and the best way to deliver financial services to underserved middle-income earners.

BY JARED LINDZON, SPECIAL TO THE STAR

Primerica's unique distribution model has generated a lot of business — and some controversy — for the U.S.-based insurance and investment provider over its 50-year history.

Unlike typical investment and insurance providers, Primerica invites everyday Canadians and Americans to earn a licence and start selling life insurance, mutual funds, and other financial products directly to friends, family and community members — and even recruit others to work below them.

Some say the business model is "multi-level marketing," but Primerica CEO Glenn Williams disagrees, calling it a "modified version of the traditional agency or branch system," and the best way to deliver financial services to underserved middle-income earners.

"The efficiencies in that business (model) are actually what allows us to serve a market that others are either choosing to ignore or have to ignore because their models are not efficient enough," he says.

The company hasn't been without controversy, having faced accusations of aggressive sales and recruitment tactics, and operating a multi-level marketing scheme.

At the same time, however, Primerica maintains an A+ rating from the Better Business Bureau and has won numerous employee satisfaction and diversity related awards.

After working at Primerica's head office near his hometown in Atlanta for four years, Williams moved to Mississauga in 1985 to help establish the brand north of the border. "I literally helped to unload the truck of supplies that arrived in Canada," he recalls.

What was supposed to be a two-year detour ended up lasting 15, including five years as CEO of Primerica Canada. After returning to Atlanta in 2000 as executive vice president, Williams was named CEO in 2015.

Today, Primerica has a total salesforce of more than 151,500 across North America, including nearly 11,100 life insurance licenced representatives in Canada, almost 7,000 of whom are also licensed to sell mutual funds.



NICK LACHANCE/TORONTO STAR

Primerica CEO Glenn Williams, now working out of Atlanta, came to Canada in 1985 for two years "and fell in love with it," staying 15 years, five as Canadian CEO.

The company boasts nearly \$1 trillion (U.S.) worth of insurance coverage in North America, including \$157 billion in Canada, and \$155 billion total assets under management, \$27 billion of which is distributed in Canada through partners like Mackenzie Investments and AGF.

The Star recently caught up with Williams during a visit to Toronto to talk about the business's Canadian origins, why middle-income earners are underserved by major financial institutions, and why Primerica's unconventional approach has attracted so many customers — and critics.

What inspired you to join Primerica in 1981?

As I was finishing my degree I stayed on as a graduate assistant coach and was thinking about graduate school.

Like so many people that are part of Primerica, I learned about the company through a close relationship, namely my older brother.

He was a teacher and a coach in Tennessee, and he called one day to say he was moving back to Georgia to build a Primerica business. The more I learned about what the company does for middle income families, its values, its mission statement, the more it was something I saw myself in.

At that time, it was called A.L. Williams and Associates. We're not related, but ironically, he was also a coach.

How did you end up in Canada?

The company moved about 15 employees up from Atlanta in 1985, and we got our licence in 1986, so we're now celebrating our 40th year of successful business in Canada. I literally helped unload the truck of supplies that arrived in Canada late one night with a pallet jack so that we could get started.

My wife Karen and I didn't have children yet, so we made a commitment to move to Canada for two-years and fell in love with it. Our children were born here, all four of us are dual citizens, and those two years turned into 15, including the last five as president and CEO of the Canadian business.

To what do you attribute the company's growth in Canada?

Our objective in building distribution is to harness the entrepreneurial spirit.

Entrepreneurs are incredibly efficient, they're hard working, they're very focused, and it's just a tremendous way to build a business.

There was a real appetite for an entrepreneurial opportunity in financial services and there continues to be today.

The term life insurance business is very similar on both sides of the border, although pricing is more competitive in Canada. The bigger difference is on the investment side.

RRSPs were so much more powerful in Canada than IRAs have historically been in the U.S., so there was an opportunity that was so much bigger here on the investment side.

Have recent cross border tensions affected your business in Canada?

We haven't seen any of that. We are a Canadian company with a team still based in Mississauga.

Our clients do business with their local Primerica representative, who are usually from their community, and in the same age and income bracket, so there's a lot of common ground.

How does your distribution model work?

We started as a traditional insurance agency and became a mutual fund dealer in the U.S., but our founder identified a couple of challenges with that model.

Those who entered the industry had to leave their previous career behind and work in financial services full time, and we found that there were quality candidates who didn't want to leave their day jobs, so we added a part-time opportunity as a bridge into the industry.

You must still go through all the same training and qualifications, but you don't have to leave your career. That was quite controversial when we came to Canada. The industry didn't think part-timers should be allowed.

The more traditional bank branch financial services distribution model offered salary and commission, but created a lot of turnover and inefficiencies. We believe that's part of what drove companies away from the middle-income market, because they didn't want to take the risk and pay someone a salary unless they're going after big sales and high net worth clients.

Our variable cost model allows us to profitably serve the middle-income market. Those differences weren't always popular among our competitors, but it established our reputation as a company that isn't afraid to be different.

Some have labelled that model 'multi-level marketing.'

That's a label we disagree with.

Often people try to understand things by comparing it to something they're familiar with, and I think that leads them down the wrong path.

We build distribution through entrepreneurs, not unlike the real estate industry, for example, and we can service middle income families in every burg and hamlet in Canada because of the size of our distribution force.

How do you respond to accusations that agents spend more time recruiting other agents than serving customers?

We use independent businessmen and women, and they have a tremendous amount of freedom. That entrepreneurial opportunity leads some people to say, I don't just want to be an individual salesperson, I want to build my own team.

You can be a part time individual salesperson or a full-time individual salesperson at Primerica for your entire career.

Those that choose to do so can build a team to grow their reach, and I don't believe that creates any kind of downside for the consumer, as long as they are adhering to their obligation and responsibility to serve clients appropriately.

Why don't you sell whole life policies?

This goes back to our founding. Art Williams started this business as a teacher during the summer after his father passed away at an early age and left his mother with a very small death claim from a whole life policy they had been paying into for years.

He did some research and found out that if she had a term policy it would have been a larger payout and a much smaller premium, and she could have invested the savings separately. That's where he came up with the concept of "buy term and invest the difference."

Whole life insurance products, or Universal Life as some call them now, package insurance and investments, but aren't the best option for most middle-income families. It's much simpler, more efficient, more transparent and more cost efficient to separate your death protection from your investment yields.

The death protection is less expensive, so you can afford to cover your family more appropriately, and

your investments are more transparent; you can easily track your rate of return.

Why focus on that market?

When we started there was tremendous competition in that segment, but many of our competitors moved upscale due to the low dollar volumes.

Today, the minimum investment required to get financial advice from a lot of companies is \$100,000, and most middle-income families don't have that.

We find that most people who want to build a Prim-erica business come from that market, too. These are people from the same neighbourhood, with similar incomes, who understand your family in a way that no automation — not even AI — can.

It's that personal connection that motivates people to take action, rather than fall behind on their financial planning.

As a result, our workforce is much more diverse,

gender balanced and younger than the financial services industry.

Is that segment shrinking?

There is tremendous financial pressure on middle class families, and as a result there are few business models that can profitably and sustainably serve them, so the need is growing even if the middle class is shrinking.

We've got a trillion dollars' worth of life insurance coverage in North America, but the consultants in our industry will tell you there's a \$14 trillion protection gap. We believe the need is gigantic, and it's growing faster than we are.

Jared Lindzon is a Toronto-based freelance journalist, public speaker and contributor for the Star's Business section. Reach him on X: @JLindzon