

# Products

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# Overview

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- PCA's product mix varies by market
- Drivers include:
  - Customer needs
  - Regulation
  - Market sentiment
  - Market specific factors
- Priority is that products demonstrate clear value to customers and performance is benchmarked to actual outcomes

# Illustrations Today

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- Hong Kong's PAR Products
- Indonesia's Unit Linked Products
- Singapore's PRUshield

# Hong Kong's Range of PAR Products

Customers choose mix of savings and protection to suit their needs

Young couples  
and families

Mature couples  
and families

Elder couples  
and families



*Delightful Life Assurance*



*Better Life Assurance III /  
Better Life Plus III*



*Evergreen Growth Saver*

Higher protection

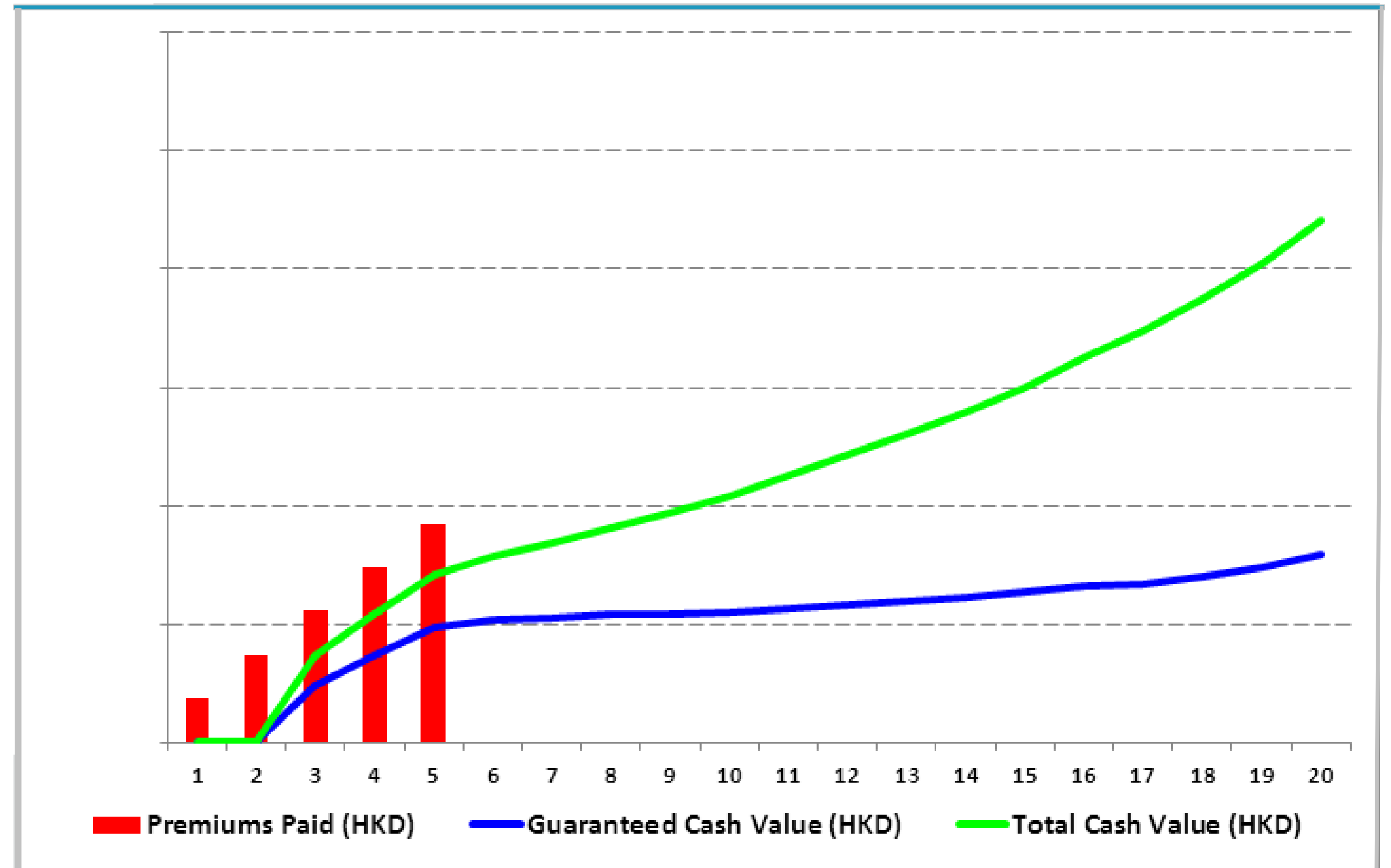


Higher savings

# Evergreen Growth Saver

Savings orientated product with attractive returns over long term

- Limited pay designed for long term wealth accumulation
- Launched US\$ version Oct 2010; HK\$ version Jul 2011
- Single premium/ 5-pay/ 10-pay
- Minimal life cover
- Underwriting-free (with some conditions)
- Illustrated returns of 6.2%<sup>(1)</sup> at 30<sup>th</sup> policy year are attractive

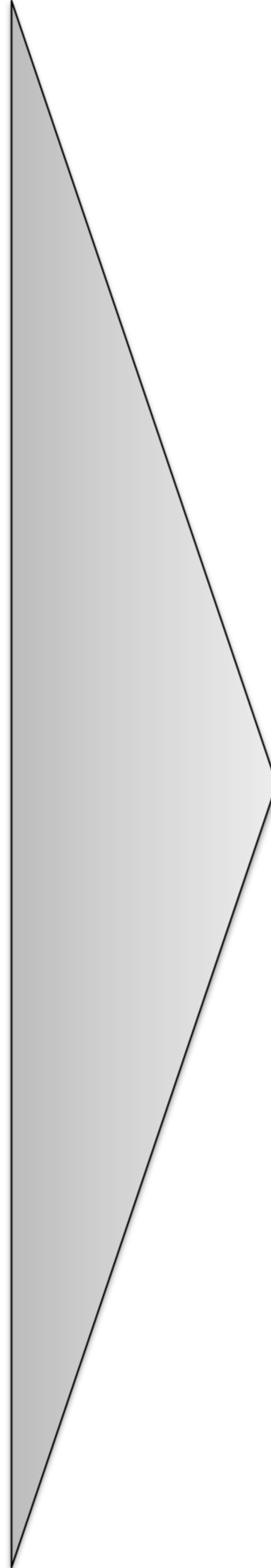


Female 41 ANB, 5-pay EGS with HK\$74k APE

# PAR Products' Track Record

Consistent outperformance relative to illustrations made at time of sale

- US\$ Better Life incepted in 1995
- Male non-smoker aged 35 next birthday at entry
- US\$50k sum assured with annual premium payable for 10 years



Non-Guaranteed Surrender Value (i.e. Guaranteed SV is excluded)		
End of Policy Year	Calendar Year	Variance (%) Actual v Illustrated
1	1996	-
2	1997	-
3	1998	+3.8%
4	1999	+3.8%
5	2000	+4.3%
6	2001	+4.7%
7	2002	+3.5%
8	2003	-0.5%
9	2004	-4.6%
10	2005	-0.6%
11	2006	-1.7%
12	2007	+10.2%
13	2008	+16.7%
14	2009	+7.5%
15	2010	+4.1%
16	2011	+8.4%
17	2012	+16.3%
18	2013	+10.1%
19	2014	+11.9%

# Why Mainland Customers like HK PAR Products

- Opportunity for asset diversification
- Mainlanders have increasing levels of economic interest in HK (e.g. property, investments, businesses)
- Proximity of cities in wealthy Guangdong province to HK
- HK PAR savings products deliver more attractive long term returns than products offered by Mainland insurance companies at better pricing
- HK's financial planners offer better wealth management services
- HK has good reputation for professional service and rule of law

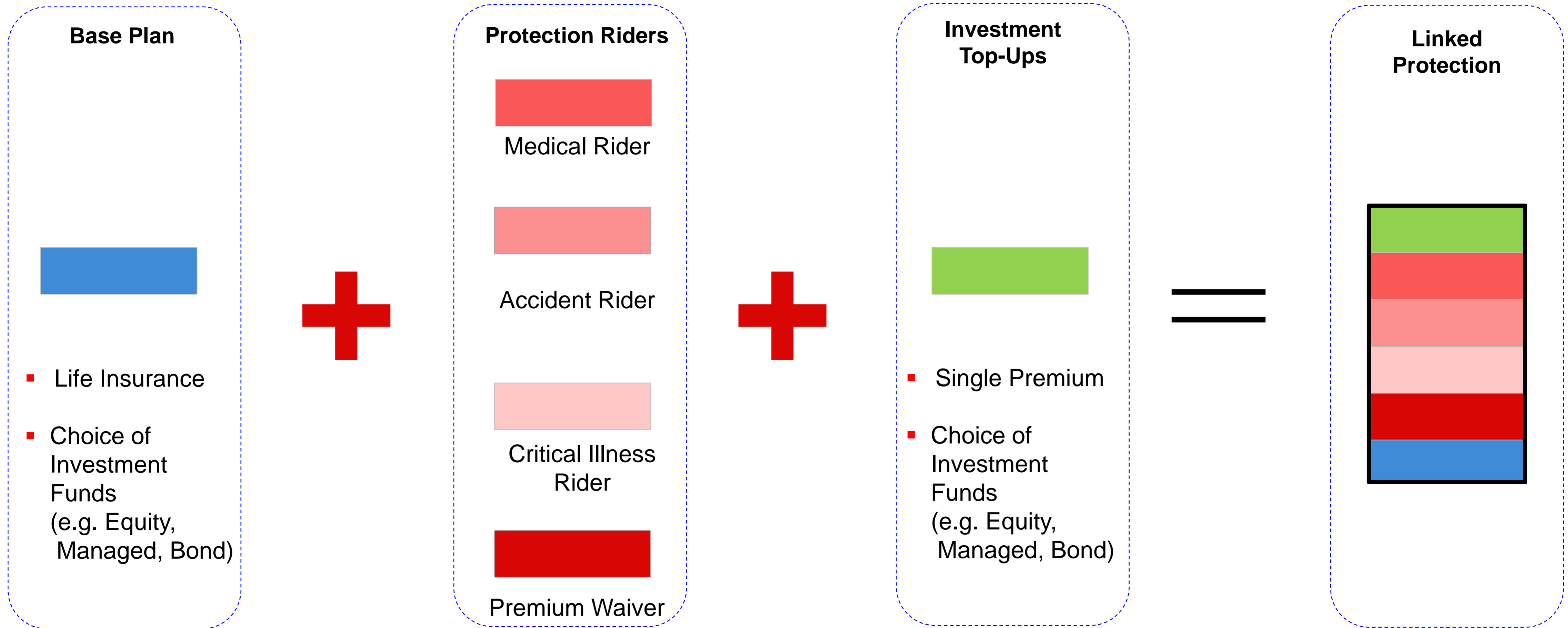
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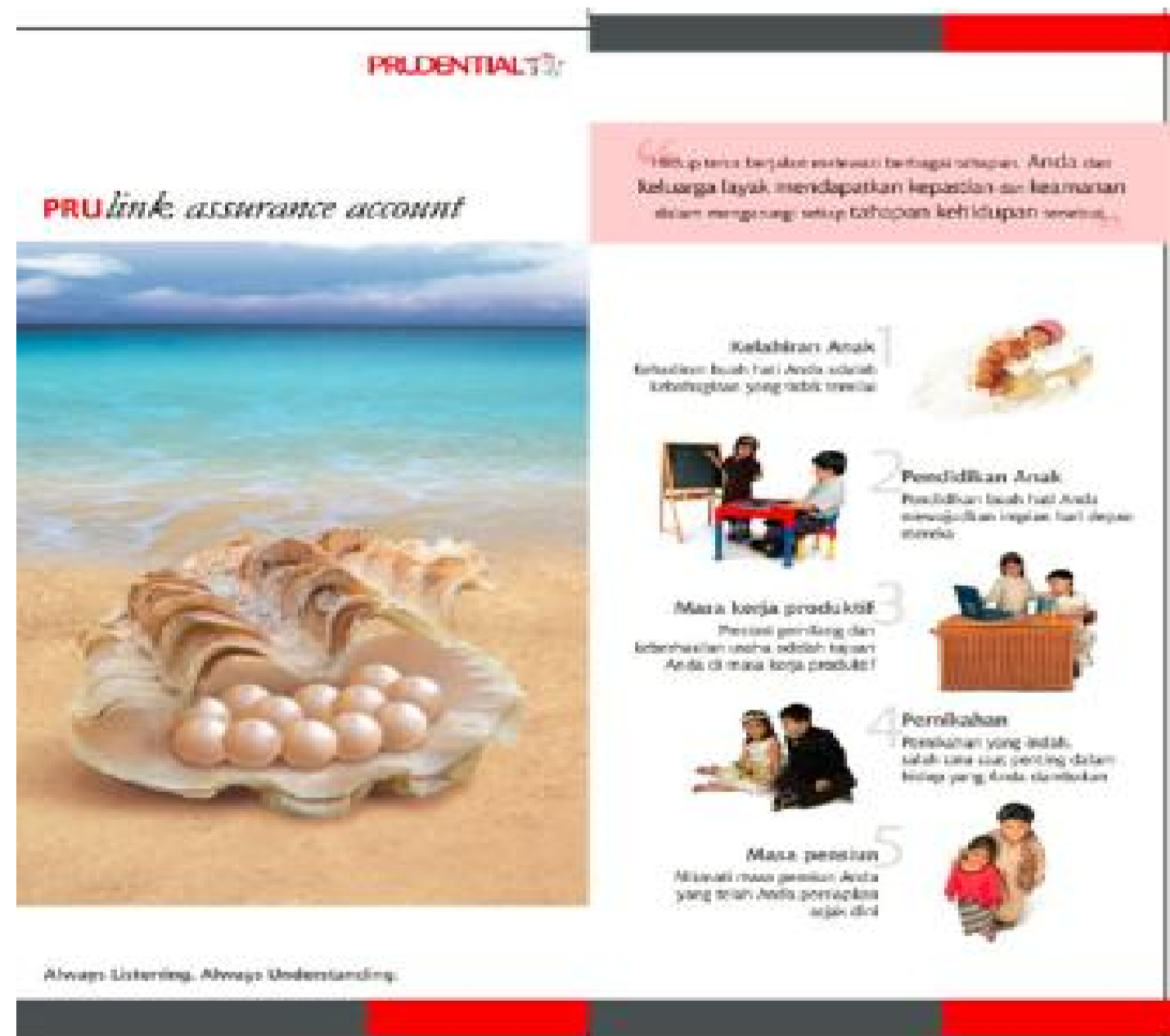


# Indonesia's Linked Product Overview



# Indonesia's Linked Protection

Simple to understand and all-in-one insurance product that offers comprehensive protection and savings



Protection		Savings	
Optional riders that can tailor-make an insurance solution for individual, spouse and child		Fund choices	
		Risk	Rupiah
1	Family and self-protection throughout working life	Lower	Cash
2	Spouse protection		Fixed Income
3	Child education and protection		Managed
		Higher	Managed Plus
			Indonesia Equity

# Accessibility of PRUlink

Affordability is critical for our mass market customer base

- Prudential Indonesia's median individual monthly income is estimated at £350, i.e. £4,200 p.a.
- Average linked monthly premium size is £30, which is 9% of their average monthly income
- About 65% of customers pay less than £25 monthly premium and 25% pay between £25 and £45 monthly premium

# Relevance of Protection Benefits

## High rider attachment rates underlines our protection orientation

- An average of 3.5<sup>(1)</sup> riders are attached to a linked policy
  
- Most popular riders by attachment percentage:
  - Medical Reimbursement(79%)
  
  - Accidental Death and dismemberment (73%)
  
  - Daily hospital cash (46%)
  
  - Premium payor benefit upon diagnosis of one of 33 critical illnesses (42%)
  
  - Early, intermediate & late stage benefit for 79 critical illnesses (31%)

1) Prudential Indonesia internal data as at YTD Jun 2014.

2) Exchange rate assumed £ 1 = IDR 19,426 (spot rate as at Aug 2014)

3) Medical reimbursement has 8 different levels of annual benefit limit from A to H. In the above presentation, annual limit of Plan B is used , which has biggest exposure.

4) Daily Hospital Cash consists of different maximum days by each benefit

# Indonesia's Linked Protection

Savings component consistently out-performs benchmarks

Prudential Indonesia Linked Fund as at June 2014<sup>(1)</sup>

Prudential Indonesia Linked Funds	Annualised Fund Return (A)	Annualised Benchmark Return (B)	Difference (A) - (B)	Peer Ranking (Past 3 Years' Experience)
PRUlink Rupiah Managed Fund	13.9%	13.4%	0.6%	2 of 7
PRUlink Rupiah Equity Fund	20.7%	18.2%	2.5%	3 of 8
PRUlink Rupiah Fixed Income Fund	10.5%	9.5%	1.1%	3 of 7
PRUlink Rupiah Cash Fund	7.5%	6.2%	1.4%	1 of 6

- Above table shows four representative investment funds in each risk class
- Investment returns outperform benchmarks and stand in the top3 in the market

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# Singapore's Shield Products

Strong, multi-dimensional supervision of the integrated medical insurance plans

		
<ul style="list-style-type: none"> <li>▪ Reviews product information, marketing collateral, policy contracts</li> <li>▪ Approves Integrated Medical Insurance Plans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Central Provident Fund (Private Medical Insurance Scheme) regulations govern the Integrated Medical Insurance Plans</li> <li>▪ Includes assessments of whether:             <ul style="list-style-type: none"> <li>▪ Plans are provided in a fair and reasonable manner</li> <li>▪ New exclusions are not added to existing policies</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Governs product development and pricing</li> <li>▪ Notification to MAS is required for modifications to existing products</li> </ul>

Only 5 insurers are approved to provide integrated medical insurance plans:



# Relevance of PRUshield

(SGD)	No Insurance	MediShield only	MediShield + Integrated Plan
Total Hospital Bill	\$18,900	\$18,900	\$18,900
Cost Covered by Insurance	\$0	\$3,513	\$13,860
<b>Out-of-pocket Cost for Customer</b>	<b>\$18,900</b>	<b>\$15,387</b>	<b>\$5,040</b>

### Customer Value:

Reduction of SG\$10,347 out-of-pocket expenses for additional premium for the integrated plan

Note:

1. Example of benefits of Prudential PruShield Premier for a male customer aged 50 for treatment in a private hospital due to heart disease and heart surgery



# Open market comparisons of Shield products

Personal financial press publish regular discussions and analysis on Shield products including comparisons of prices and benefits between competitors

## TAKE YOUR PICK

Here's a quick look at several shield plans and some of their benefits



**NTUC Income** **Plan: Enhanced IncomeShield Basic**

Age next birthday	Old premiums	New premiums
1	\$70.00	\$99.00
20	\$70.00	\$123.00
30	\$70.00	\$123.00
40	\$106.00	\$186.00
50	\$207.00	\$360.00

- Prosthesis benefit will now include limbs or eyes
- Limit per policy year of \$250,000 is highest in the market

**Aviva** **Plan: MyShield Plan 3**

Age next birthday	Old premiums	New premiums
1	\$89.80	\$118.80
20	\$89.80	\$118.80
30	\$89.80	\$137.05
40	\$127.49	\$201.70
50	\$248.85	\$410.24

- Moratorium underwriting gives customers with certain minor pre-existing conditions the opportunity to enjoy full coverage with no exclusions, after an absence of symptoms, treatment or medication for five years

**Great Eastern** **Plan: Supreme Health B Plus**

Age next birthday	Old premiums	New premiums
1	\$89.27	\$102.00
20	\$101.57	\$114.00
30	\$101.57	\$130.00
40	\$128.09	\$173.00
50	\$235.38	\$330.00

- Full cover for breast reconstruction after mastectomy

Note: AIA and Prudential's basic plans were not included because they cover A wards at restructured hospitals

**AIA** **Plan: AIA HealthShield Gold Max A**  
[previously AIA HealthShield Gold Max (Plan 1)]

Age next birthday	Old premiums	New premiums
1	\$159.20	\$200.00
20	\$273.60	\$200.00
30	\$172.60	\$232.00
40	\$236.40	\$341.00
50	\$467.10	\$639.00

- Coverage for female insured's biological child by providing coverage on congenital abnormalities from birth till 24 months old
- As-charged coverage on congenital abnormalities of insured immediately upon inception of policy
- Coverage for stay in community hospitals to as-charged levels and unlimited number of days

**Prudential** **Plan: PruShield A Premier**

Age next birthday	Old premiums	New premiums
1	\$131.00	\$162.00
20	\$142.00	\$162.00
30	\$142.00	\$191.00
40	\$205.00	\$277.00
50	\$412.00	\$561.00

- Coverage extended to include pre-hospitalisation, as well as post-hospitalisation (up from 90 days to 180 days)
- An option allows policyholders to buy additional coverage (up to \$100,000) without further underwriting upon significant events in their lives
- Planned medical treatment at selected Malaysian hospitals, according to MOH's guidelines
- Coverage extended to include additional pregnancy complications

**Great Eastern** **Plan: Supreme Health P Plus**

Age next birthday	Old premiums	New premiums
1	\$148.11	\$207.00
20	\$166.28	\$232.00
30	\$166.28	\$278.00
40	\$217.44	\$354.00
50	\$431.70	\$658.00

- Full cover for breast reconstruction after mastectomy



**NTUC Income** **Plan: Enhanced IncomeShield Preferred**

Age next birthday	Old premiums	New premiums
1	\$131.00	\$192.00
20	\$142.00	\$244.00
30	\$142.00	\$244.00
40	\$208.00	\$355.00
50	\$412.00	\$690.00

- Prosthesis benefit will now include limbs or eyes
- Limit per policy year of \$750,000 covering all conditions is the highest in the market

**Aviva** **Plan: MyShield Plan 1**

Age next birthday	Old premiums	New premiums
1	\$142.70	\$198.37
20	\$158.55	\$198.37
30	\$158.55	\$232.83
40	\$241.27	\$383.17
50	\$481.46	\$800.00

- Moratorium underwriting
- Free child cover (up to 20 years old) if both parents are covered under the two higher plan options

SOURCES: AIA SINGAPORE, AVIVA, GREAT EASTERN, NTUC INCOME, PRUDENTIAL SINGAPORE  
TEXT: MAGDALEN NG PHOTO: CAROLINE CHIA ST GRAPHICS

# PRUshield provides superior customer service

Prudential has market's highest efficiency rating

Private insurer	Percentage of claims processed by insurer		
	Within 1 week	Within 2 weeks	Within 1 month
AIA	91%	93%	95%
AVIVA	88%	90%	95%
Great Eastern	89%	91%	93%
NTUC Income	93%	95%	97%
<b>Prudential</b>	<b>94%</b>	<b>97%</b>	<b>98%</b>

The number of days insurers take to process claims includes the time it takes to obtain medical records from claimants or medical institutions

# Singapore – Life & Health Protection Gap remains high

**Needs and existing cover (\$)**



	YTD Q3 2012	YTD Q3 2013	YTD Q3 2014
<b>% Residents covered by integrated Shield Plans</b>	<b>60%</b>	<b>61%</b>	<b>63%</b>

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