



Prudential
Seizing
the
Opportunity

Taiwan : Managing Profitable Growth

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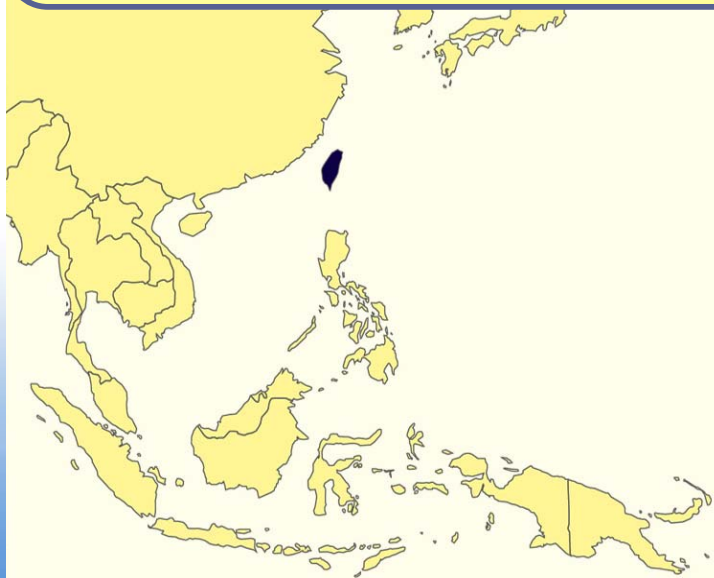
Taiwan : Overview

Country

Population	22.5m
Insurance penetration*	8.28%

Life insurance market

2003 APE	£3,594m
2003 Total Premiums	£18,753m



Characteristics

No of competitors	29
Local players' share (2003 APE)	64%
Prudential entered in 1999 through acquisition of Chinfon Life	

Top 5 players - 2003 APE share

Cathay Life	15%
Chunghwa Post	13%
Nan Shan (AIG)	12%
Shin Kong	8%
Far Glory	7%
PCA LIFE : No 11	3%

Key developments

The low interest rate environment has created irrational market practice

Low interest rate environment

Focus on single premium and short-term endowment

Bancassurance growth through deposit stripping

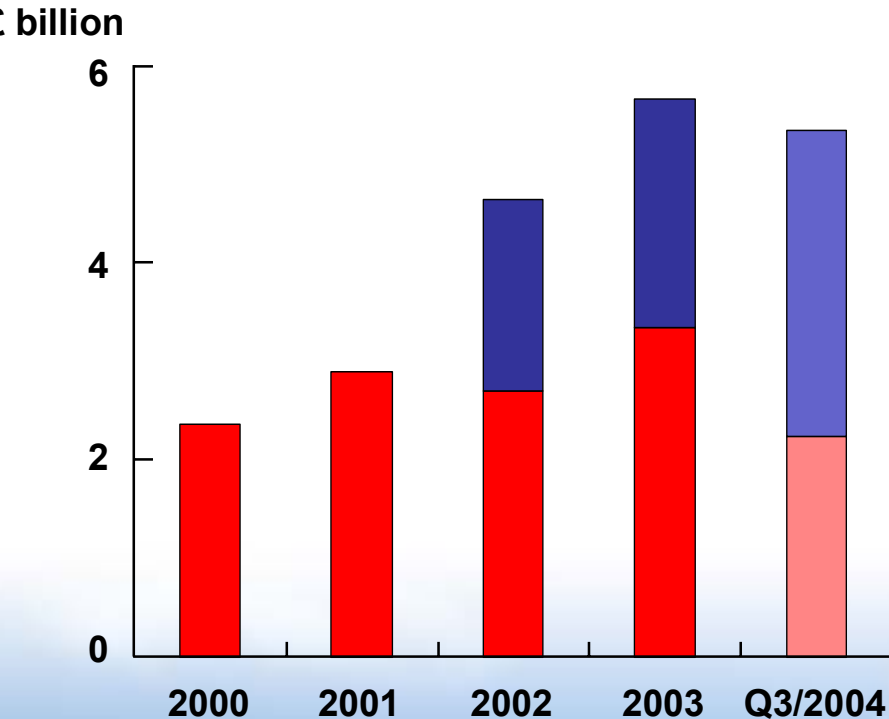
Pressure on overall profit margins

Hot sales – “Buy before price rise”

Market context

Market growth fuelled by single premium sales and a focus on short term endowments

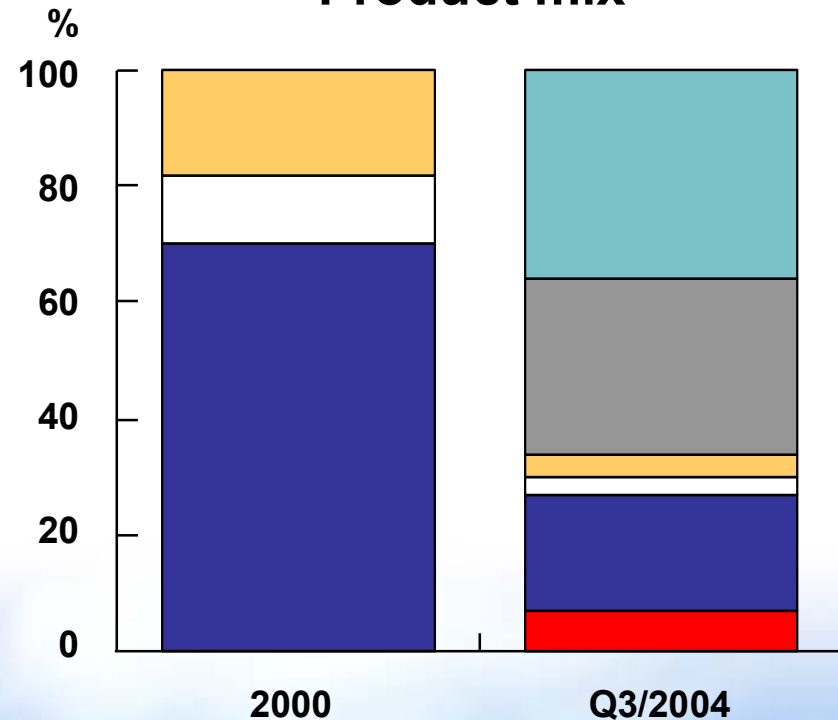
Total sales



Single premium

Regular premium

Product mix



Accident

Short-term endowment

Life

Unit linked

Annuities

Health

Our approach : Business model



Entry

- Acquisition of Chinfon Life

Product

- First mover in linked market
- Focus on profitable segments

Brand

- Clear market differentiation to build brand name

Distribution

- Rapid expansion of agency
- New model for partnerships

People

- Value people as key assets
- Attract, develop and retain top talent

Our approach : Product portfolio

We have gained first mover advantage in linked business



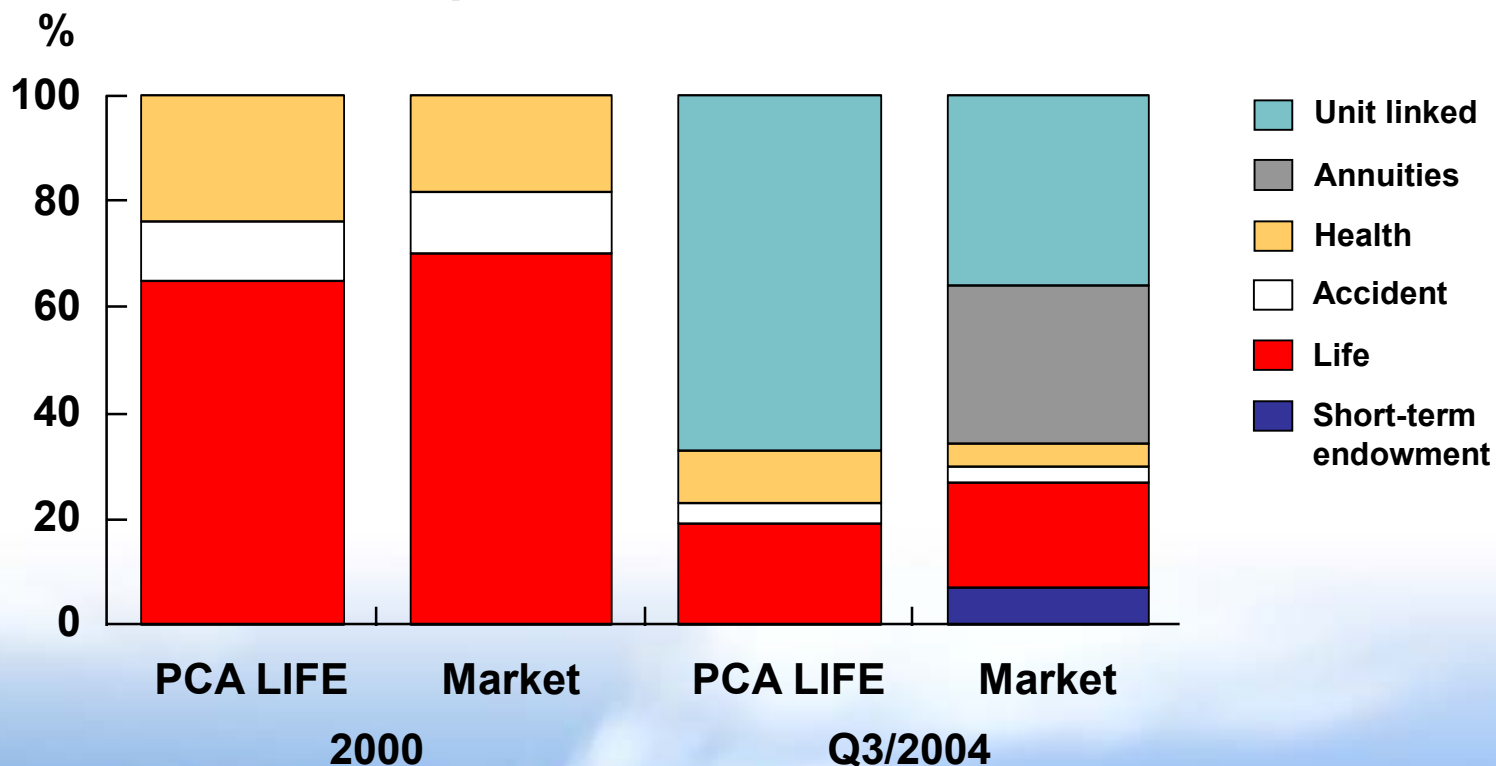
- Largest ULP customer pool, 100,000 by June 2004
- Focus on long term protection and savings needs
- Offer comprehensive rider options
- Synergy with PCA SITE* in Taiwan on fund options



Our approach : Product mix

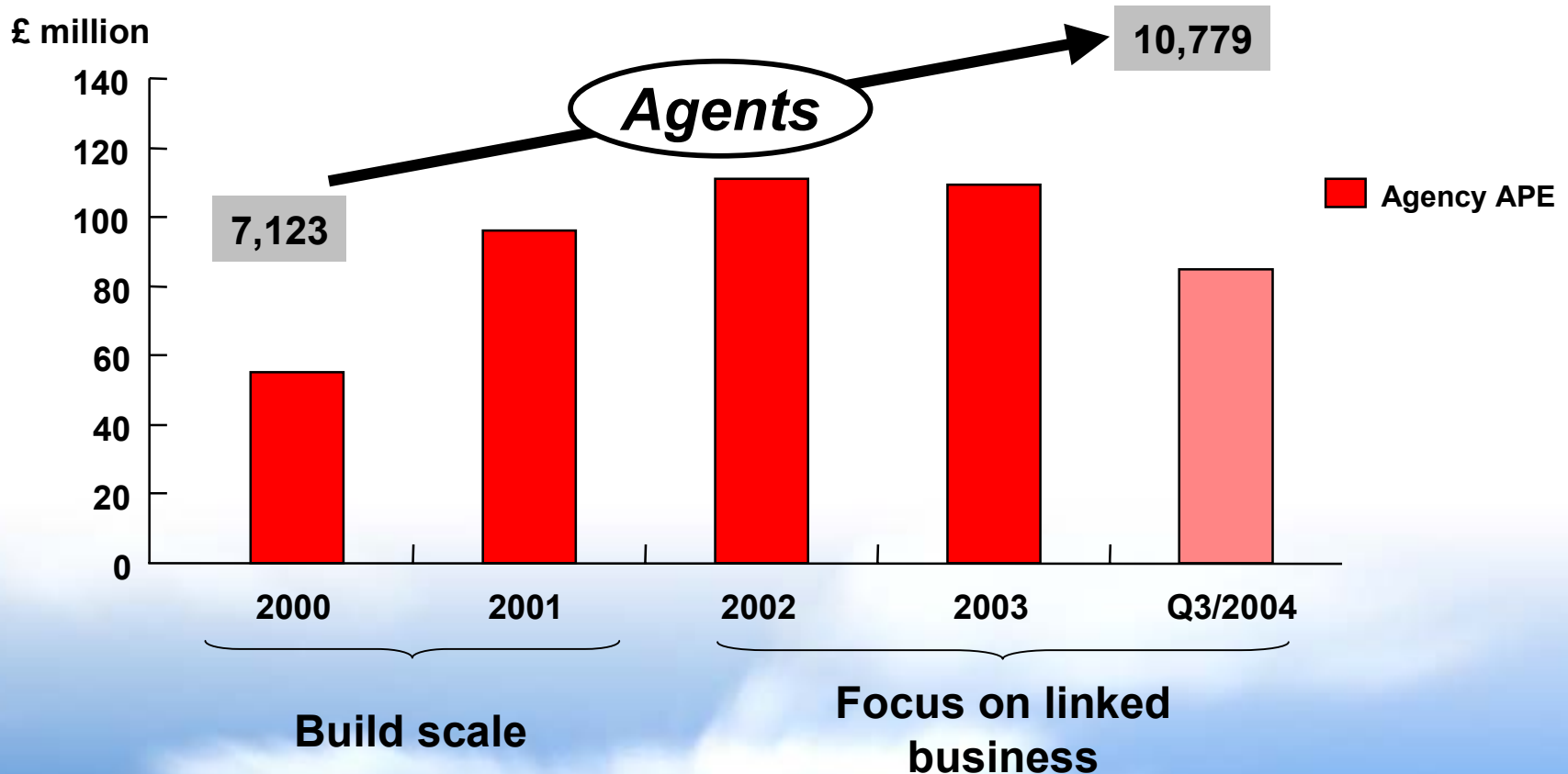
We have built a strong position in linked and avoided low margin segments

PCA LIFE product mix – Total sales



Our approach : Agency growth

We have maintained growth in sales and size of our agency force

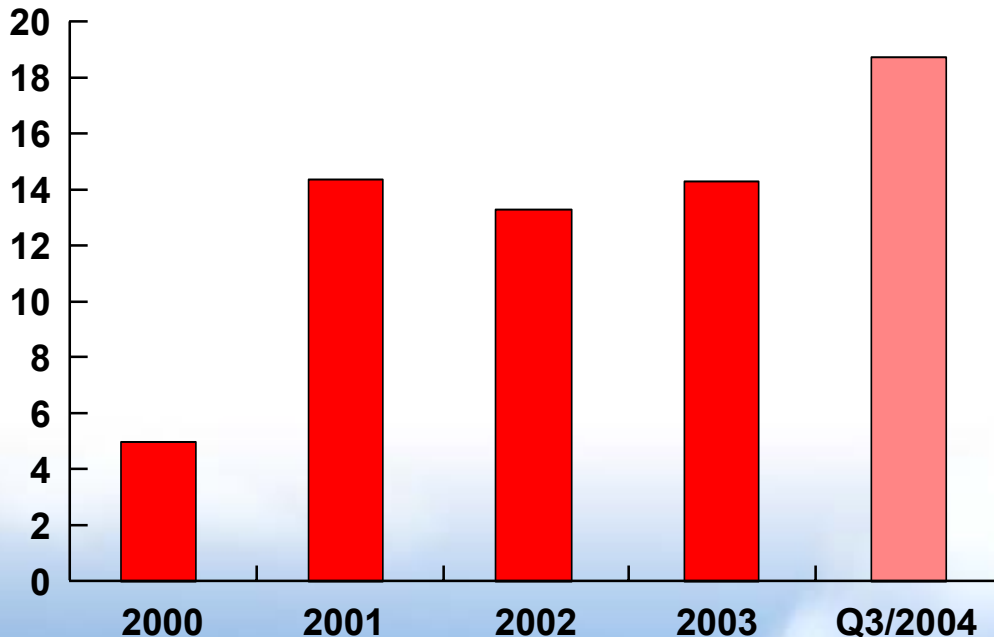


Our approach : Partnerships distribution

We have built a differentiated model for non-agency distribution

Non-Agency APE

million



- 5 different non-agency relationships in place
- Focus on multi-channel bancassurance
 - Telemarketing
 - Financial consultants
- E-Sun Bank partnership signed February

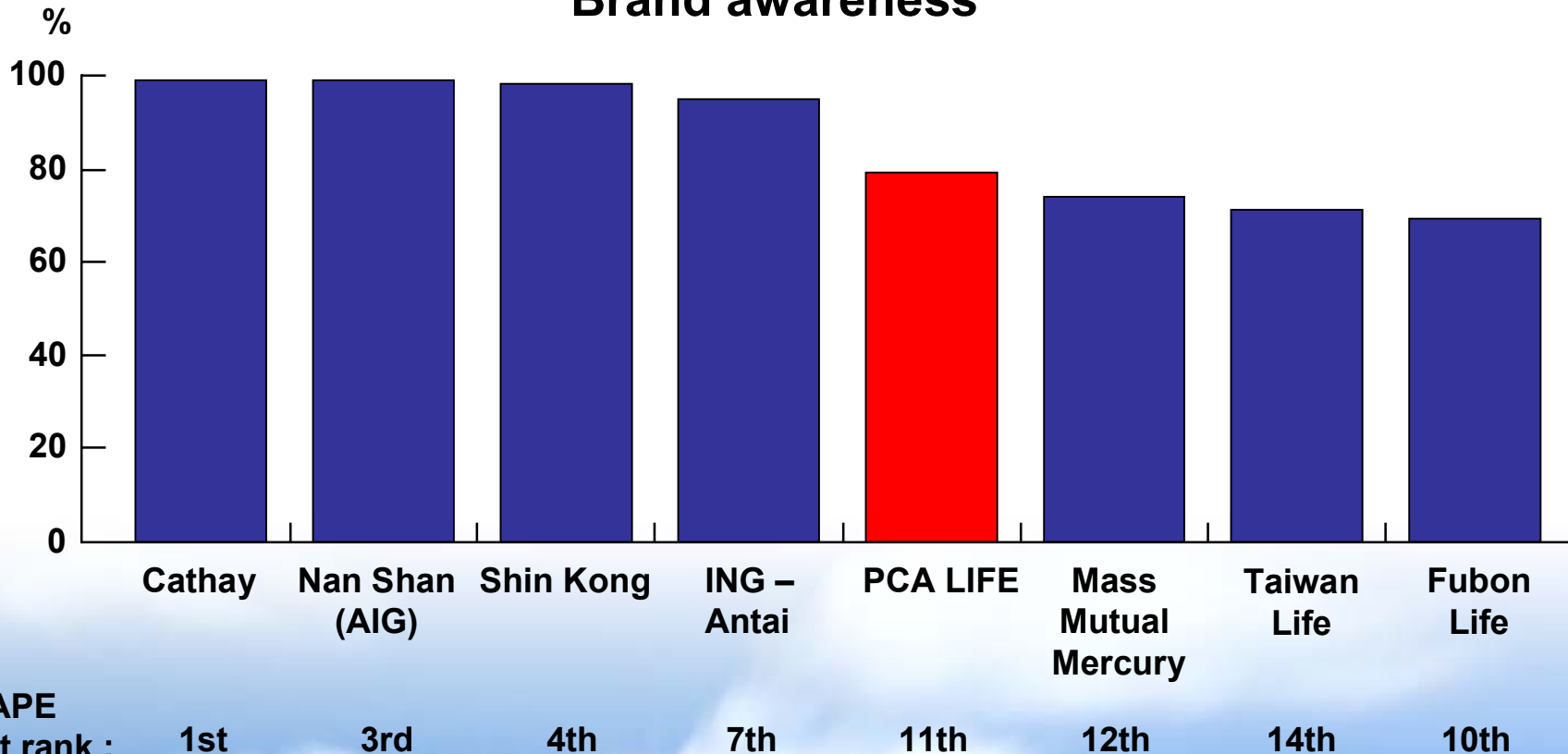


玉山金控
E.SUN FHC

Our approach : Brand position

Voted one of the 5 “Best Life Insurers” in Taiwan*

Brand awareness**



2003 APE

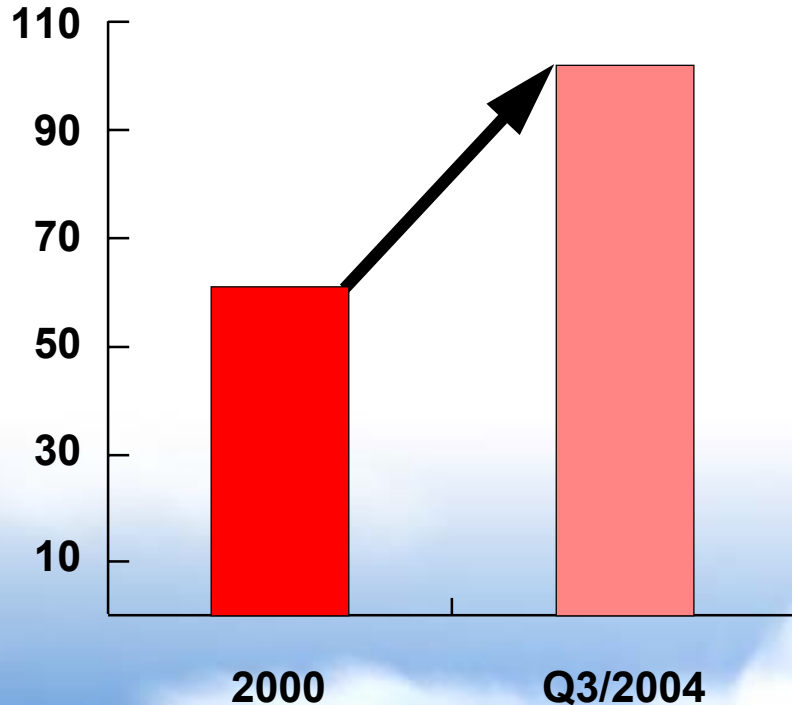
Market rank :

Our results

Our strategy has resulted in impressive APE and NBAP margin performance

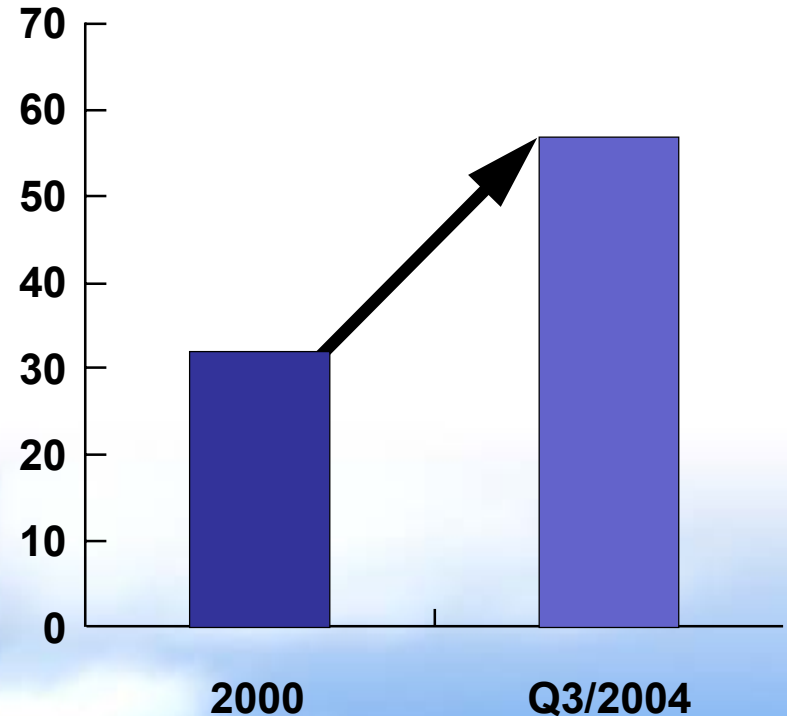
APE

million



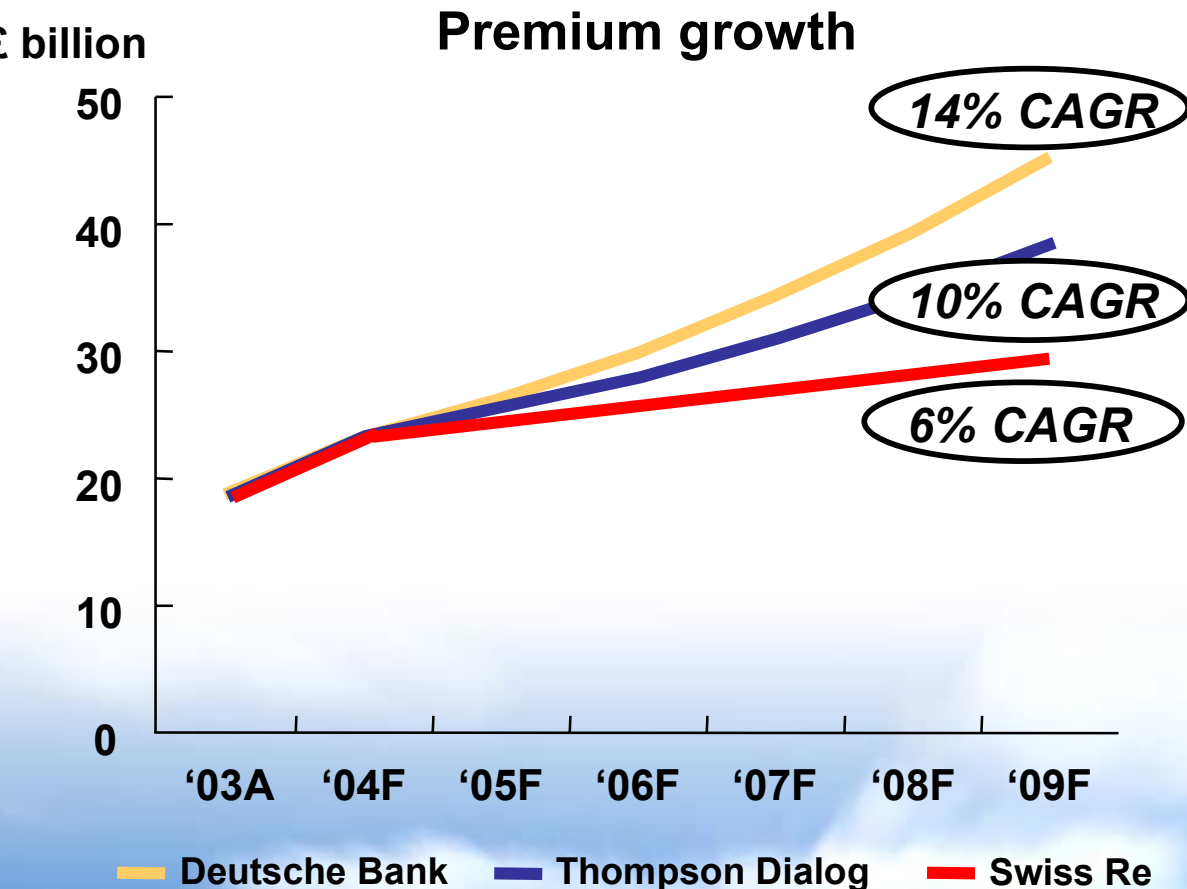
NBAP margin

%



Going forward : Market opportunities

The market still has plenty of growth potential



- Further expansion expected from bancassurance
- Pensions reform to open up new product segment for participation



Going forward : Our strategy

Our strategy focuses on leveraging our current business model for sustainable and profitable growth

Distribution

- Focus on improvement in agency productivity
- Build on our differentiated bancassurance model

Product and customer

- Maintain focus on unit linked and profitable segments
- Customer centric focus

Brand

- Build on advantaged brand position to access broader customer set and increase linked growth



Summary

- **A highly differentiated position built in the Taiwan market**
 - First mover in unit-linked products
 - Selective product participation strategy
 - Strong agency platform and growing partnerships distribution
- **Differentiation translated into robust profit performance and strong brand position despite difficult market conditions**
- **People strategy aimed at valuing people as key assets and attracting, developing and retaining top talent**
- **Leverage current platform to continue driving sustainable and profitable growth**