



**Prudential:  
Leading in Asia**

**Taiwan 台灣**



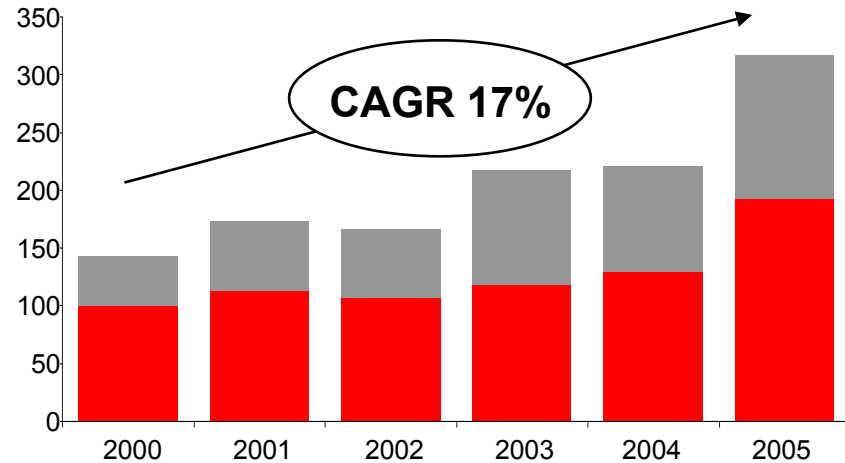
**Garth Jones  
Prudential Corporation Asia  
1 December 2006**

# Large and competitive life insurance market

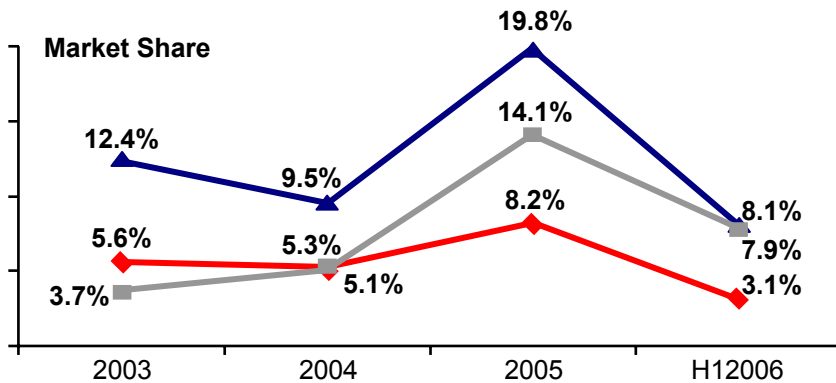
NT\$ bn

APE

CAGR 17%



■ Top 5 ■ Others



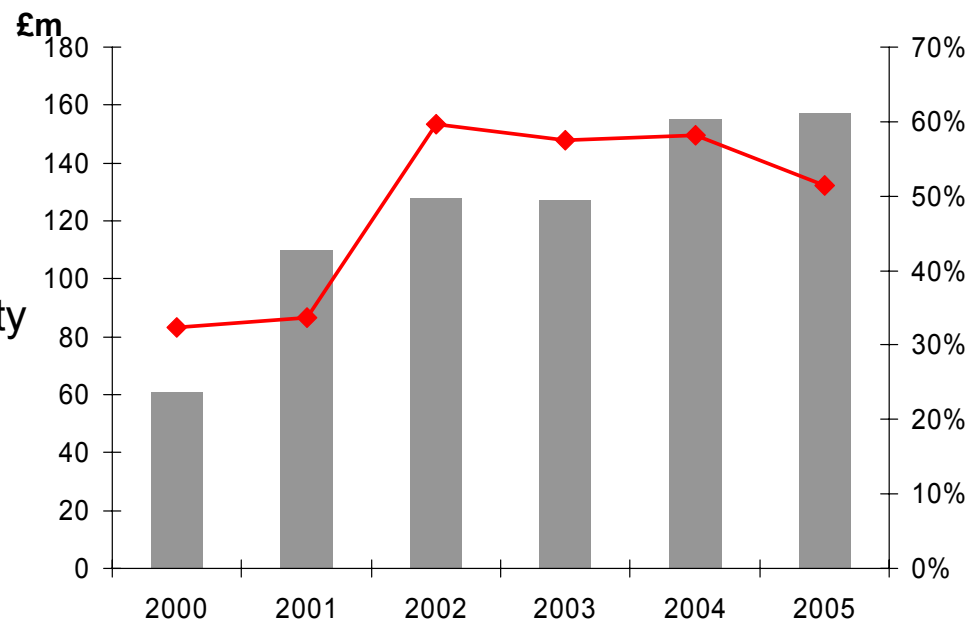
■ Fubon ◆ ING ▲ AIG

- Asia's 4<sup>th</sup> largest market with highest penetration rate in world at 11.1% in 2005
- Population of 23m, ageing rapidly
- High savings rates at 27%
- 29 life insurers, with top 5 having 59% market share
- Distribution dominated by agency generating 63% of new business
- Regulator gradually liberalising product and investment rules
- Tactical products capitalising on low interest rate environment used in 2005 by some players to drive short term volume

# PCA LIFE Taiwan focus on building profitable scale

- Prudential entered market via acquisition in 1999
- Stages of business transformation:
  - Build professional agency force
  - Introduce bank and DM distribution
  - Launch products with greater profitability
  - Emphasize quality and service
  - Mitigate negative spread risks
- Accomplishments to date:
  - Scale operation with 3% market share
  - Bank distribution (SCB, E.Sun)
  - First to market with unit linked ILPs
  - ‘Most trusted insurance company’ award
  - Rapidly increasing proportion of profitable products on in-force book more than compensating for drag of pre-acquisition book that currently has negative spread

New Business APE and NB Margin



Five year CAGR for APE 21%

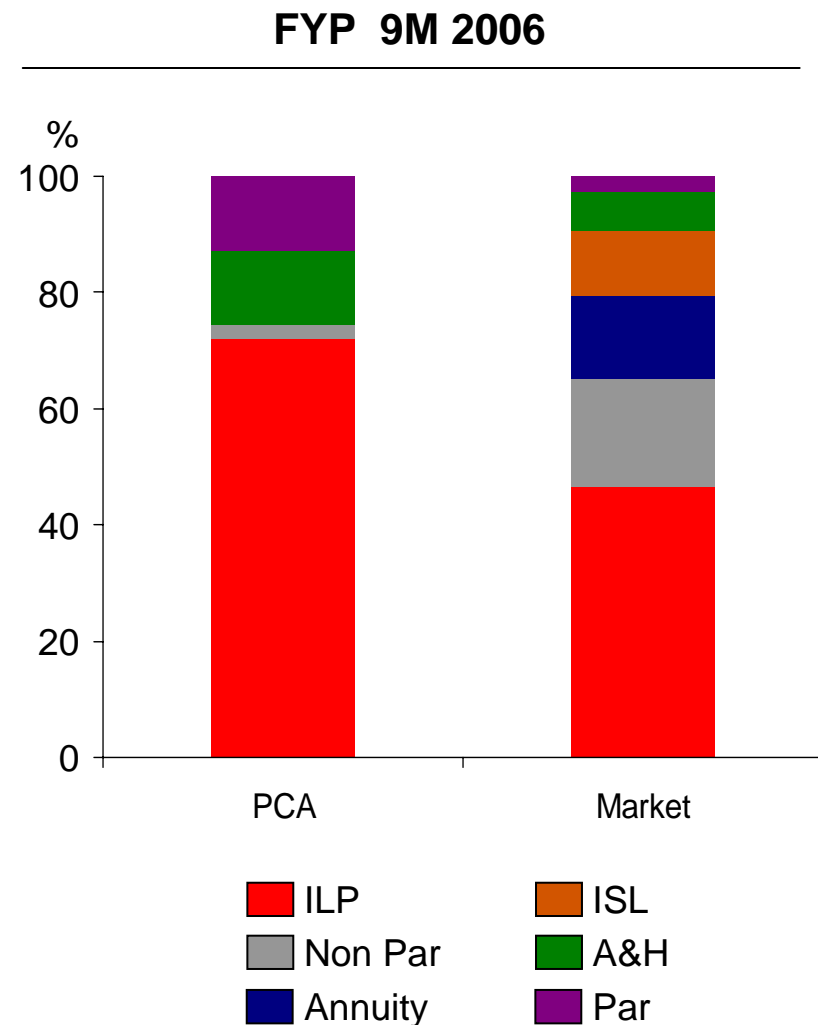
Five year CAGR for NBP 32%

**Improved margins**



# PCA LIFE Taiwan: Differentiated product profile that is producing results

- **PCA Life has purposely differentiated product profile relative to market:**
  - Higher proportion of ILPs
  - Higher proportion of A&H
  - No annuity products
  - No interest sensitive products
- **Agency productivity increasing:**
  - NBP per agent up 23% compared to 9M 2005
- **Growing bank distribution:**
  - Sales up 150% over 2005





# PCA LIFE Taiwan: Opportunities ahead

## Strengthen Existing Models Further

- Continue improving quality and productivity of agency force and enhance agency management tools
- Expand bancassurance further leveraging existing relationships and create new relationships
- Current rider attachment rates relatively low; opportunity to increase and up-sell to existing customers

## Create New Markets

- Greater focus on retirement market opportunities, leveraging experience from Korea
- Leverage international fund management expertise to offshore products
- Direct Marketing with accident and health products