

# Prudential Indonesia

William Kuan  
Chief Executive Officer

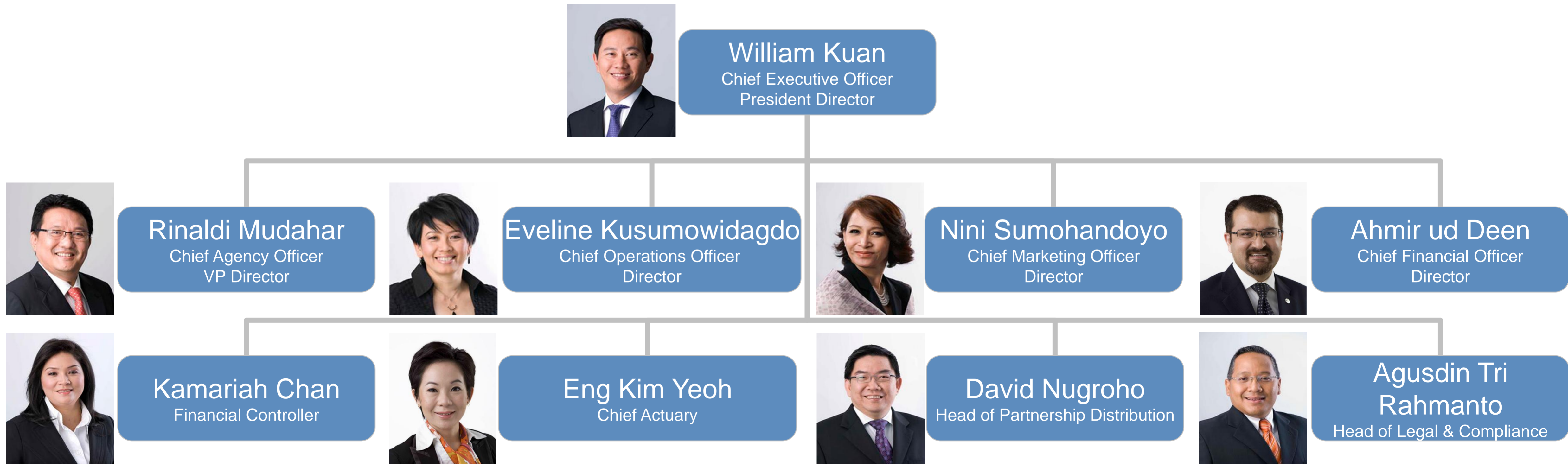
16 November 2011

# Key Messages

- Underinsured population coupled with favourable economic conditions will continue to drive insurance industry growth
- Prudential Indonesia continues to deliver strong, sustainable business growth, market outperformance and superior financial results
- Dominant agency channel and fast-growing partnership channel provide a significant competitive advantage
- Leading insurance brand, superior investment linked product offering and award-winning customer service continue to support growth ambitions

# PLA Management Team

Strong & highly experienced management team  
with an average 15+ years in the insurance industry and 10+ years with Prudential



# Agenda

- Market Overview
- About Prudential Indonesia
- Business Priorities
- Summary

# Macroeconomic Environment



## Significant opportunity from strong GDP growth and large, underinsured population

### Key Economic Indicators

	2007	2008	2009	2010	2011F
<b>Real GDP Growth (%)</b>	6.3	6.0	4.6	6.1	6.4
<b>Nominal GDP (US\$ bn)</b>	432	511	538	707	834
<b>GDP per Capita (US\$)</b>	1,916	2,237	2,327	2,974	3,469
<b>Population (m)</b>	226	229	231	238	240
<b>Gross National Savings (%)<sup>1</sup></b>	27.3	27.8	33.6	33.3	33.1
<b>Insurance Penetration (%)<sup>1</sup></b>	1.2	1.0	0.9	1.0	1.0

1. As % of GDP

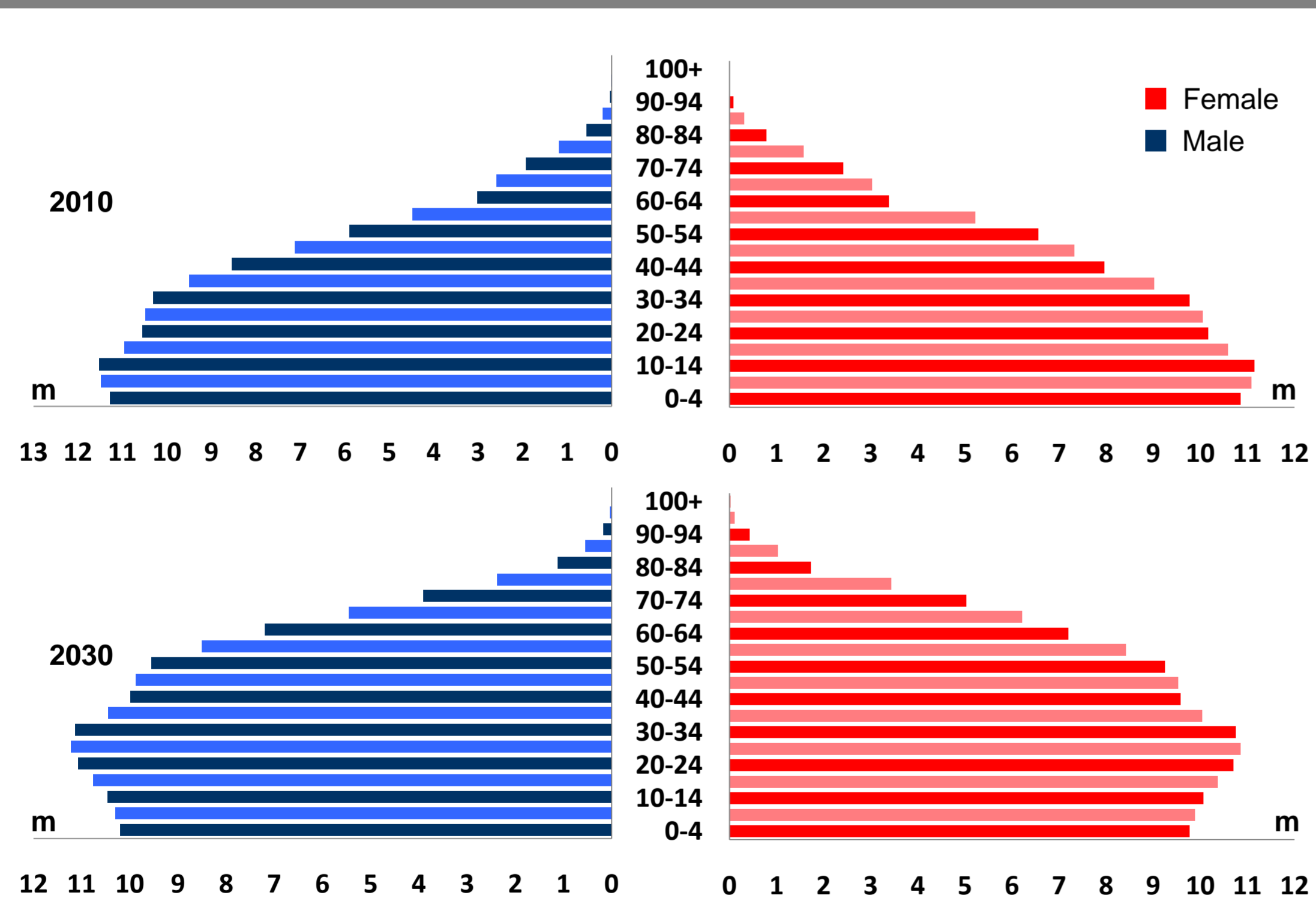
Source: IMF for macro data, Swiss Re for insurance penetration

- Strong GDP growth continues, largely driven by domestic demand (infrastructure, automotive, oil & gas, mining)
- 4<sup>th</sup> most populous country in the world (238 m) with increasing urbanisation and growing household income
- Largest Muslim population in the world – significant Syariah opportunity
- Indonesia has low insurance penetration at 1.0%, representing huge growth opportunity
- Insurance penetration by population is 7%

# Demographic Environment

## Fast growing young population represents significant savings and protection opportunity

Population by Gender and Age Group (2010 vs 2030)



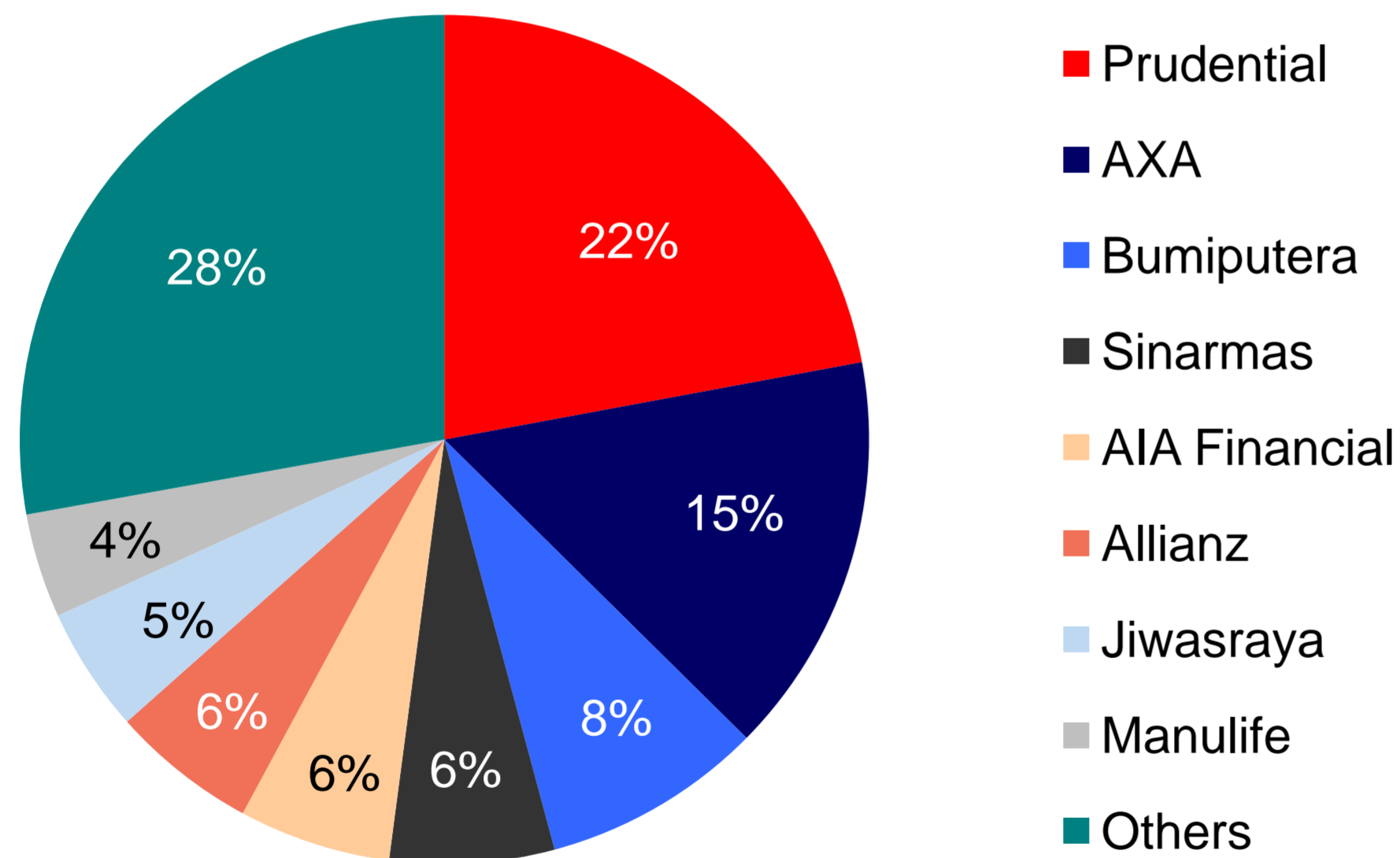
Sources: US Census Bureau

- Indonesia's rapidly growing young population is an important driver of economic growth
- 54% of the population is aged below 30 years and 37% below 20 years
- Economic opportunity as this young population matures into the profitable working age bracket is enormous
- Working population is increasingly dynamic, investing more in becoming up-skilled

# Life Insurance Industry Overview

Life insurance industry remains fragmented with Prudential the clear market leader

Market Share (H1 2011)<sup>1</sup>



1. Market share based on weighted new business premiums  
Source: AAJL business reports

- Industry is fragmented with balanced split between local and foreign players
- International brands popular due to high perceived trust and financial strength
- Majority of top 5 international companies weighted on investment linked business
- Primary customer needs are investment and protection, supporting growth of simple investment linked products with health riders
- Distribution dominated by proprietary agency force, more recent emergence of bank channel
- Stable regulatory environment, supportive of industry growth ambitions

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# About Prudential Indonesia

## Impressive growth on all financial and business measures

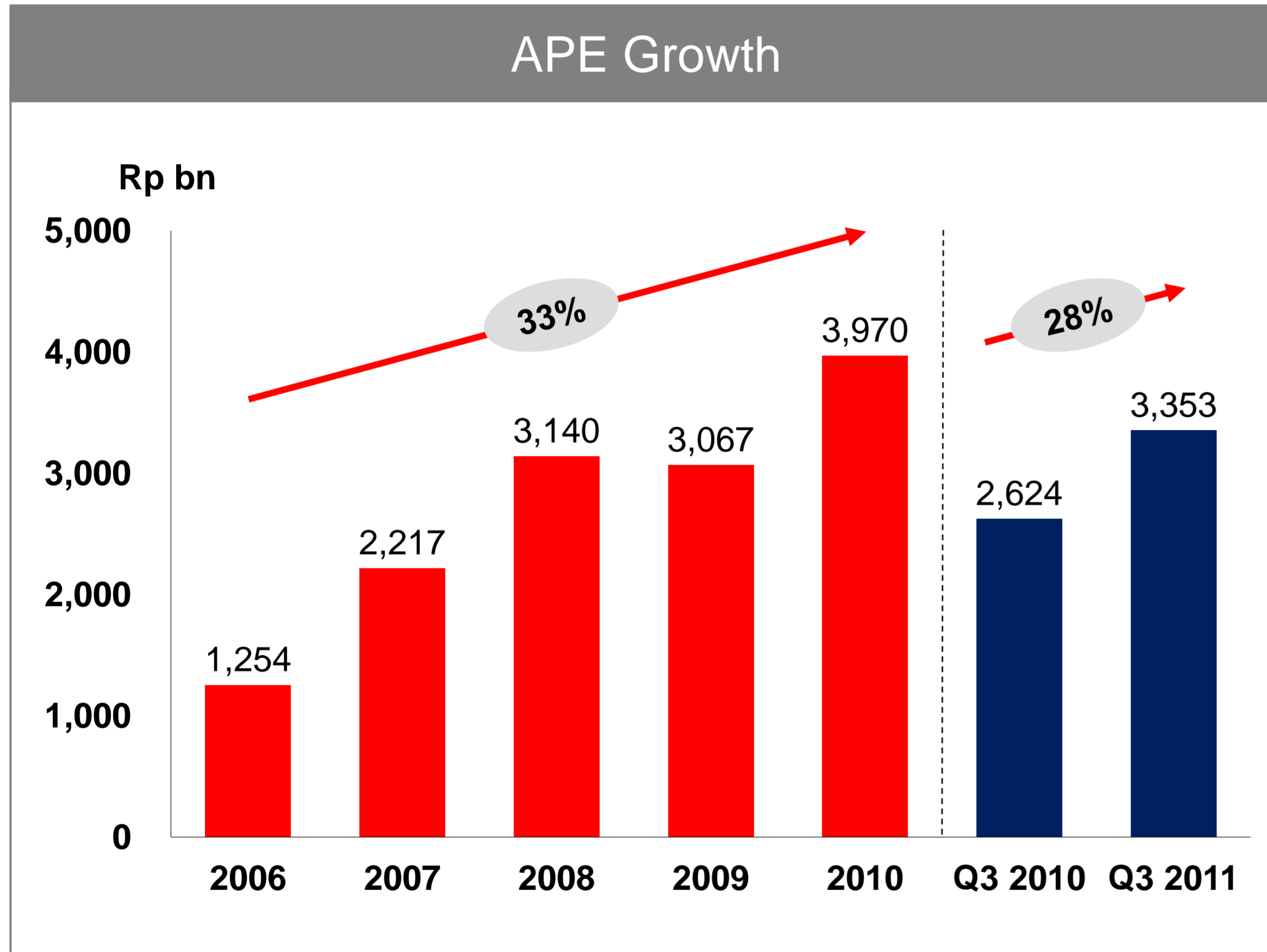
### Prudential in Indonesia

IDR bn	2006	2010	CAGR 2006-10
APE	1,254	3,970	33.4%
IFRS Profits	518	2,197	43.5%
Total Assets	6,238	25,145	41.7%
Agency Scale	33,050	84,104	26.3%
Customer Base	290,692	1,147,463	41.0%

- Established in 1995
- Clear market leader, particularly in investment linked and Syariah
- #1 life insurance brand, by a significant margin
- Today we have
  - 1,457 staff
  - 129,523 agents, 328 FSCs & 211 tele-sales
  - 1.3m customers
  - 1.7m policies
  - Total assets under management of IDR 29.5 trillion
- Received 29 #1 awards during 2011
- Wide range of CSR activities

# Performance: Continued Strong Momentum in APE

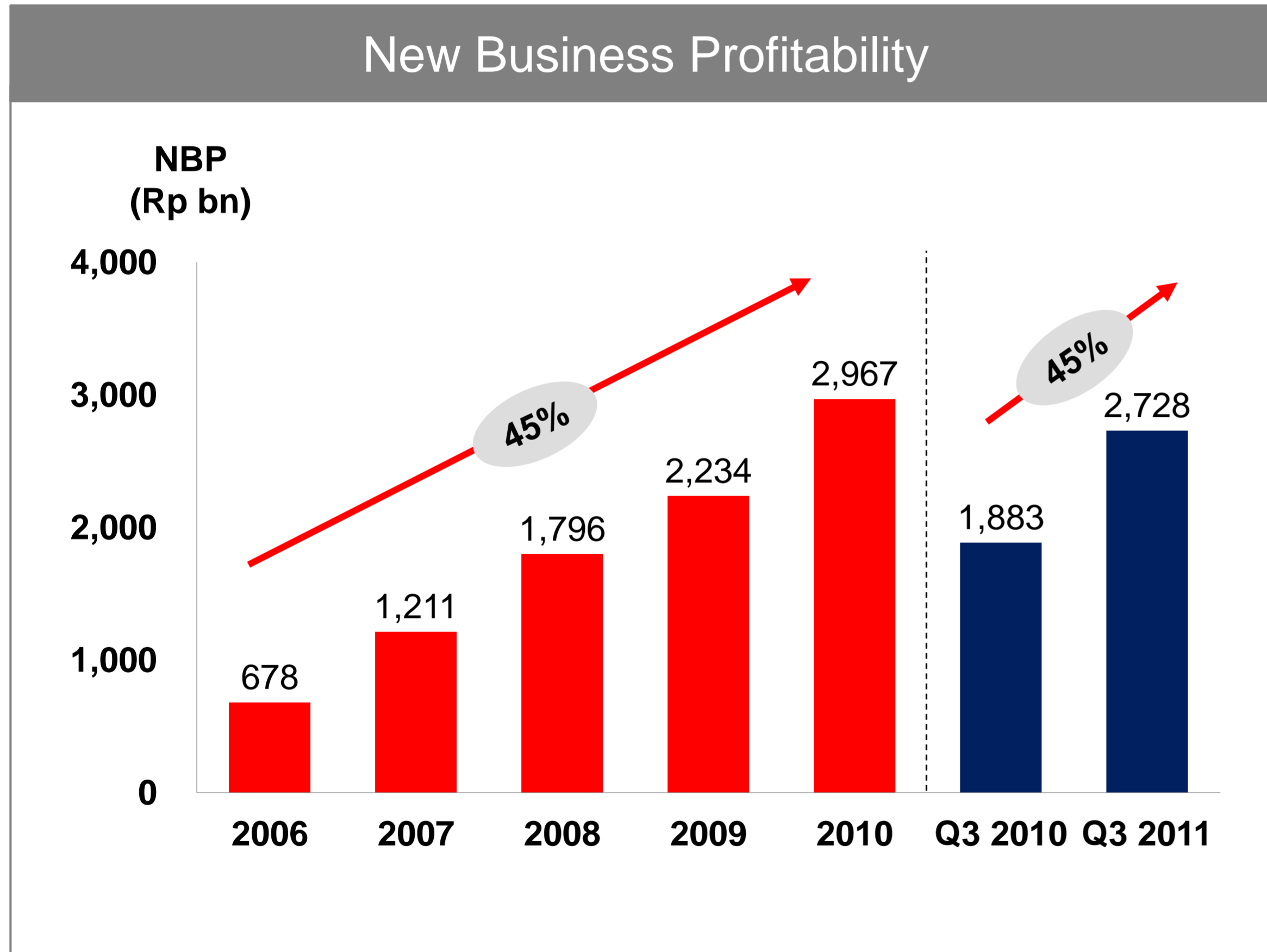
PLA continues to lead the industry with a number of 'first to market' initiatives



- Well-established track record of innovation
- Highly successful investment linked products (ILPs) key driver of APE growth
- Introduced General Agency (GA) model in 2002 to support cost-effective, rapid scalability
- Market leader in Syariah (launched in 2007)
- Continue to leverage technology to improve sales force productivity and back office
- PLA continues to outperform the market

# Performance: Driving New Business Profitability

Continued strong growth in NBP driven by high margin ILPs with H&P riders

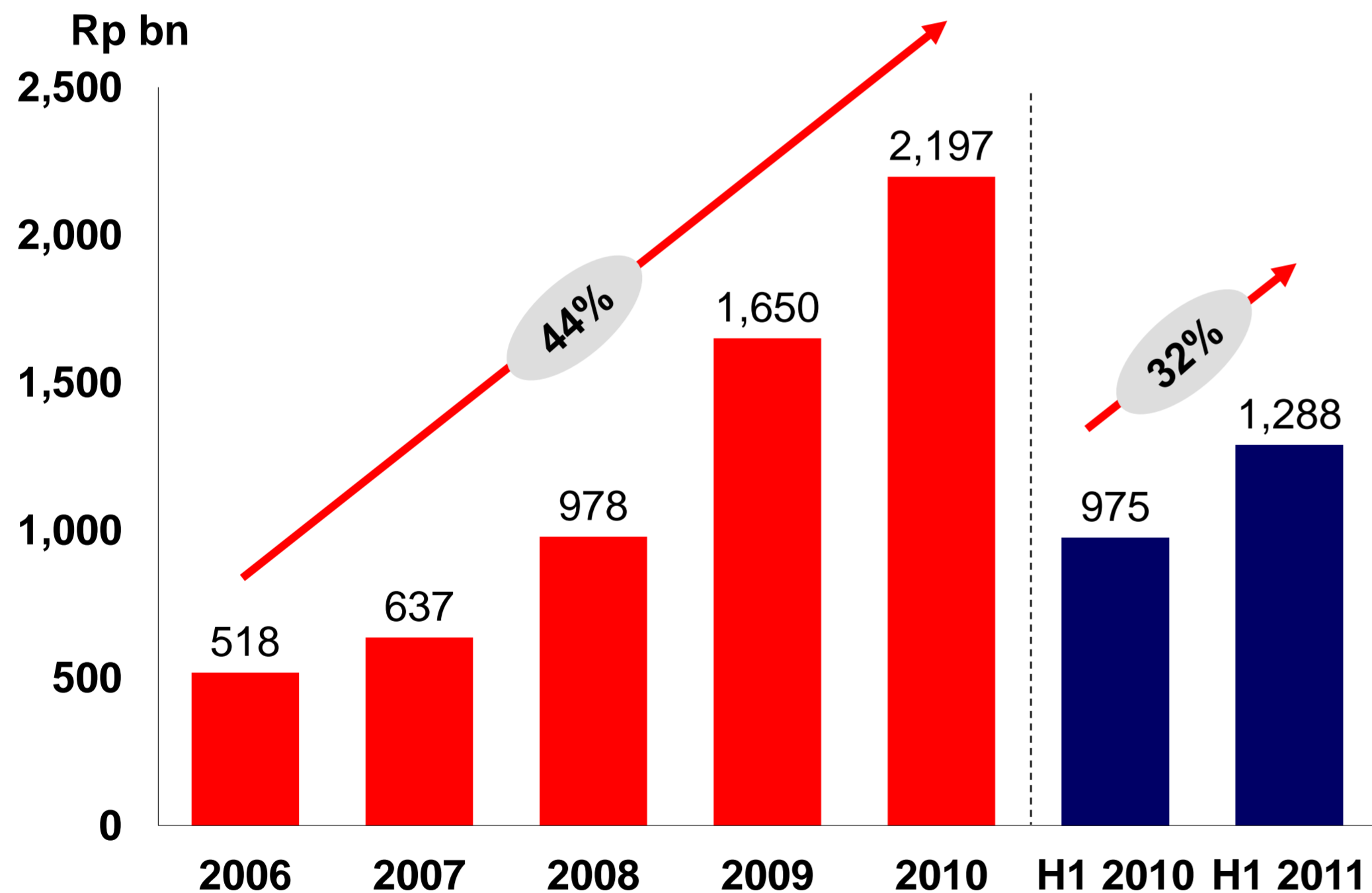


- Growth in new business profitability supported by high margin ILP
- Prudential dominates ILP segment with 33% share
- Steady growth in H&P contribution has strengthened profitability
  - High rider attachment on core ILP (3.5 per policy)
  - 58% of YTD Q3 2011 APE contributed by H&P
- H1 2011 NBP margin 76.3%

# Performance: Strong IFRS Profit Growth

Low strain ILPs combined with disciplined persistency, expense and claims management have driven IFRS profit and cash repatriation

IFRS Profits from Life Insurance Business



Note: H1 2011 figure excludes one-off gain of Rp642bn

- Strong growth in IFRS profits from low-strain ILPs and growing book of business
- Long history of generating cash surpluses with significant cash repatriation to Group
- Disciplined persistency, expense and claims management to drive one of the highest profit margins in the industry

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# PLA: Unique Geographic Coverage

Indonesia consists of 33 provinces spread over 17,508 islands and is very culturally diverse.  
PLA's agency network is unmatched in the industry

**1995**  
Agency Offices: 3  
Number of Agents: 251



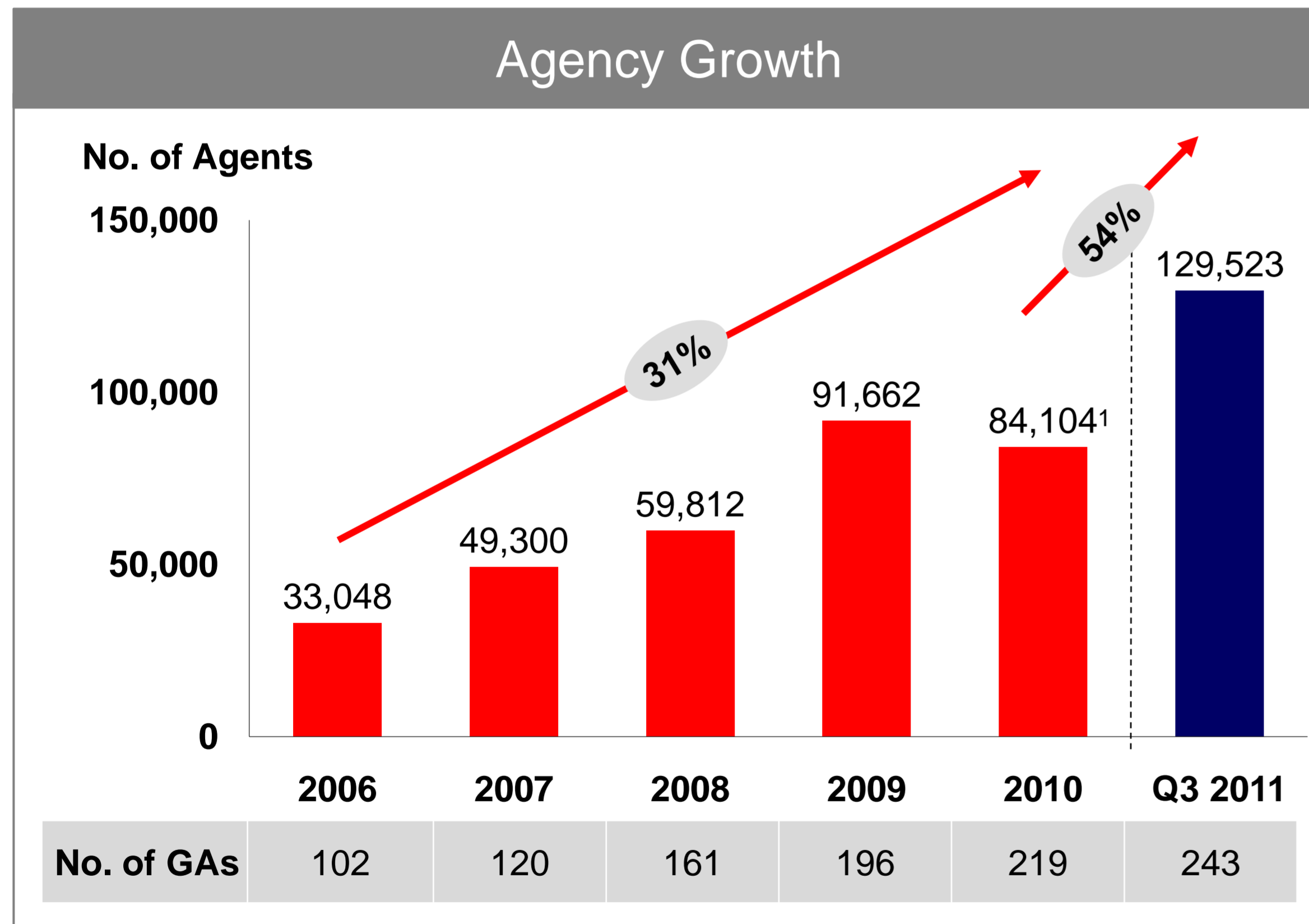
**Q3 2011**  
Agency Offices: 243  
Number of Agents: 129,523



# Agency Distribution: Our Advantage



**Tremendous growth in agency force combined with improving productivity to create a high performing, sustainable agency channel**



1. Impact of new licensing regulation since 1 Jan 2010

- Focused recruitment to build #1 agency force
  - 55% of industry agents are with Prudential
- GA model has supported growth in a sustained and cost-efficient manner
- Focused activity and performance management drives productivity and professionalism (e.g. RFP training)
- Leverage technology (SFA, Financial Planning, mobile RAISe) to improve communication, support needs-based selling and enhance control
- Through proactive management PLA has been a significant beneficiary of agency regulatory change

# Agency Licensing Case Study

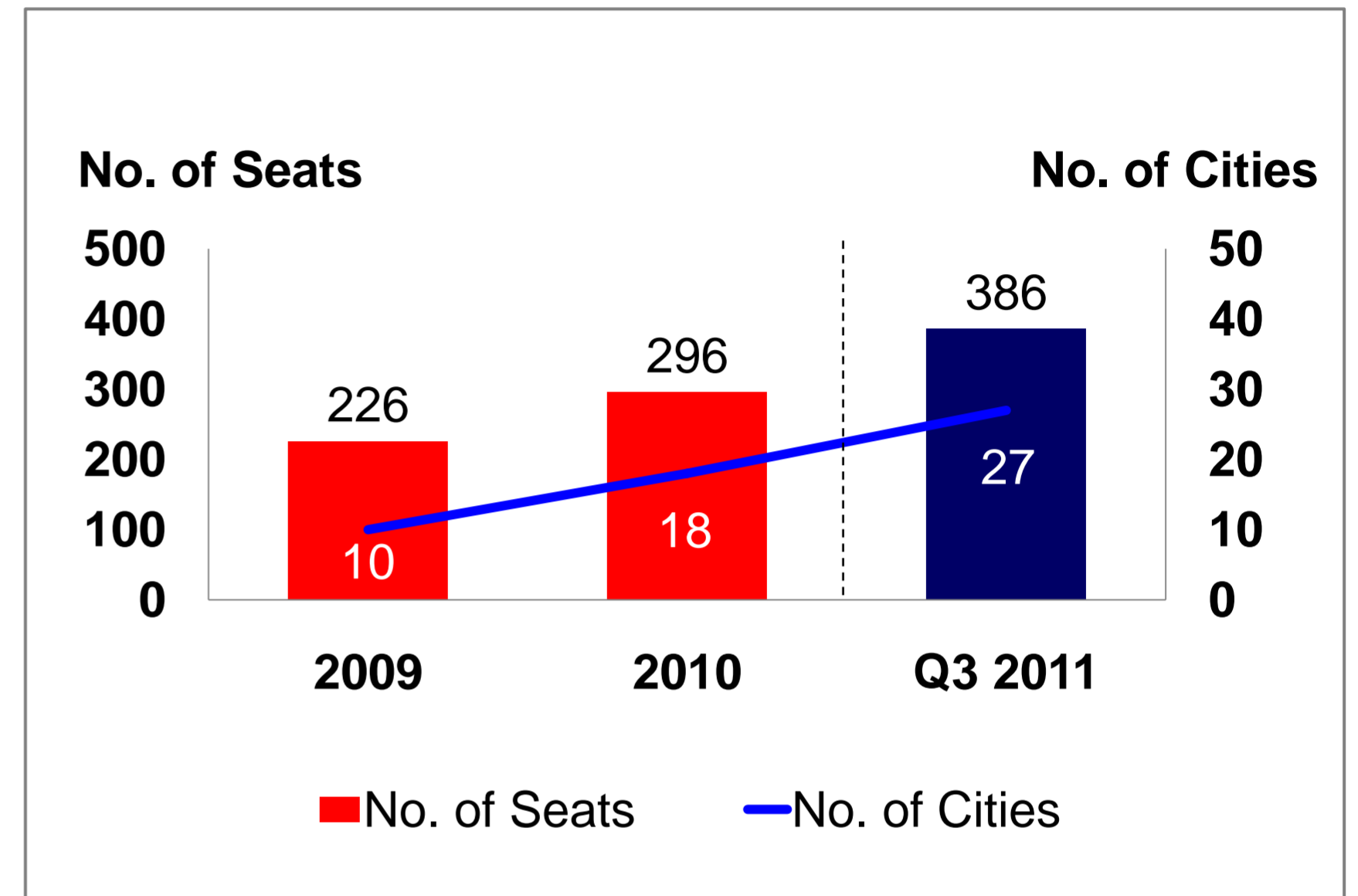
New licensing regulation effective 1 Jan 2010

- Agents required to have 'full license' prior to selling products (previously allowed 'temporary license' valid for 6 months)

Proactive response to create competitive advantage

- In advance of new regulation, PLA worked with AAJI<sup>1</sup> to establish e-testing of our agency force, reducing licensing time to 2-3 weeks (industry 8-10 weeks)
- Only player in industry to have e-testing capability in 2009
- By July 2010 had 51% of industry agents, up from 45% (2009)
- At Q3 2011, 55% of industry agents are with PLA
- Launched nationwide public education campaign to support the regulation in encouraging customers to only buy from licensed agents, using PLA agents and discreet brand placement

1. Indonesian Life Insurance Association





# Agency Distribution Management



## Recruitment

- Agent get Agent referral program
- GBOPs
- Smart Selection (SIB, Project 20)
- Compulsory full licensing
- e-Testing

## Performance Management

- Goal Setting Seminars
- Kick Off
- Leader Success Planning
- Group Selling Seminars
- Agency Convention/Development Seminar
- Registered Financial Planner (RFP)

## Training & Development

- Fast Start induction training, with live calling
- Continuous Professional Development (CPD)
- One Card System

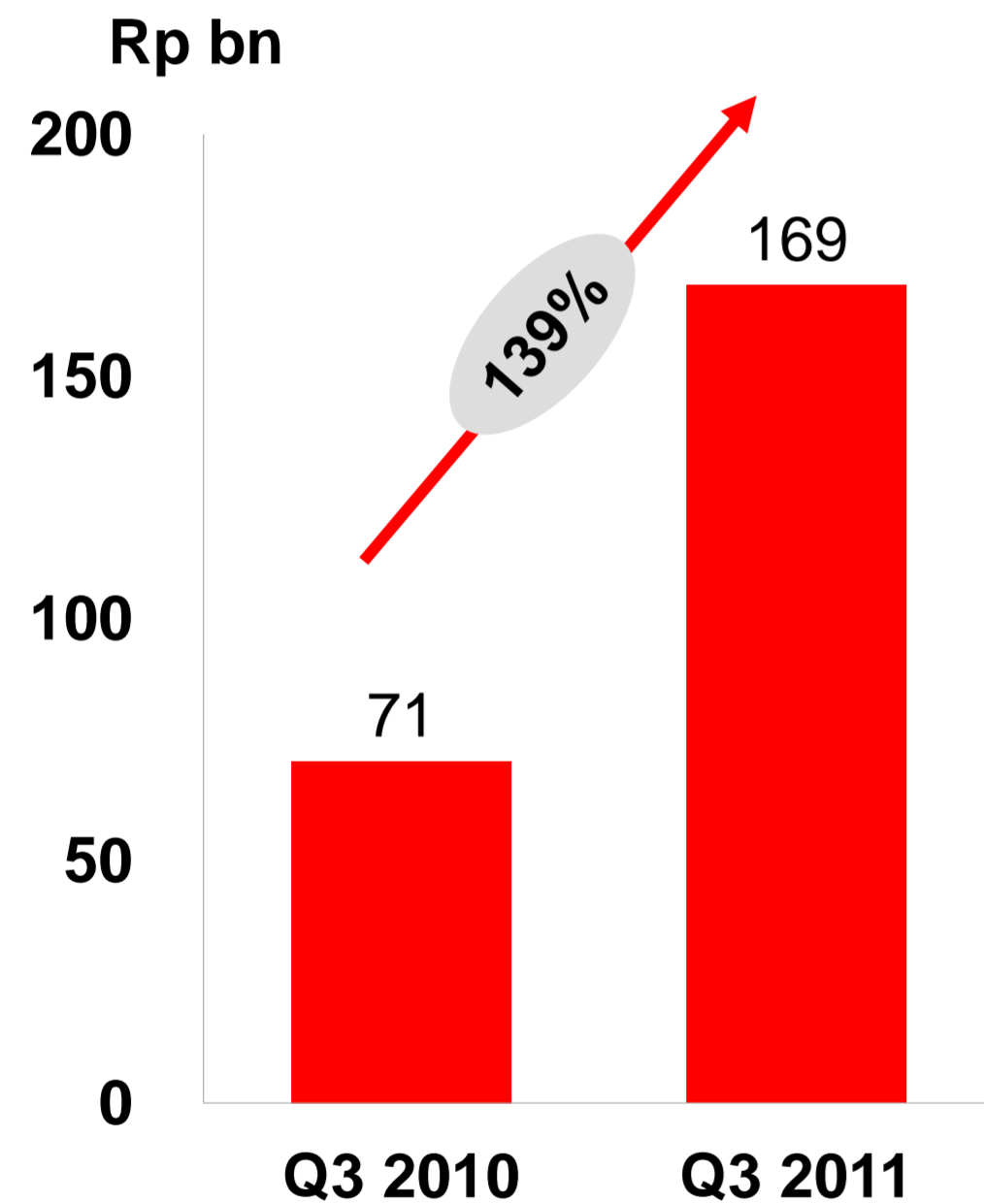
## Reward & Recognition

- Star Club & Presidents Cabinet Club
- Incentive Contests: Rookie Contest, Club 100
- AUM Club
- Mid-year Leaders Challenge

# Partnership Distribution Growing Rapidly

Fast growing partnership distribution channel with significant growth opportunity

## Bancassurance APE Growth



FSCs	Q3 2010	Q3 2011
	180	328

## Our Bank Partners



- Focus on increasing bancassurance contribution
  - 7% of APE YTD Q3 2011
  - 139% growth YTD Q3 2011 over YTD Q3 2010
- Significant success in signing new partners
- Growing distribution reach with increasing number of bank partners and FSCs

## Important and growing opportunities in Syariah



**PRU Syariah**

“Alhamdulillah,  
akhirnya saya bisa  
mewujudkan salah satu  
impian Ayah”

Kini dengan **PRU Syariah**, Anda dapat melindungi dan memenuhi kebutuhan di setiap tahapan kehidupan keluarga Anda.

Dengan produk Asuransi yang dikaitkan dengan Investasi berbasis syariah, Insya Allah Anda dapat mewujudkan impian mereka yang Anda cintai.

**PRU Syariah**, berbagi berkah dalam mewujudkan impian Anda.

Untuk informasi lebih lengkap, hubungi kami di **0 800 15 25 25 25** (bebas pulsa) atau kunjungi kami di **www.prudential.co.id**

PRU Syariah, asuransi yang dikaitkan dengan investasi berbasis syariah, yang terdiri dari **PRU Link Syariah Assurance Account** dan **PRU Link Syariah Investor Account**. Produk ini sudah sesuai dengan Ketentuan Fatwa Dewan Syariah Nasional - Majelis Ulama Indonesia (MUI).

**PRUDENTIAL**

Always Listening. Always Understanding

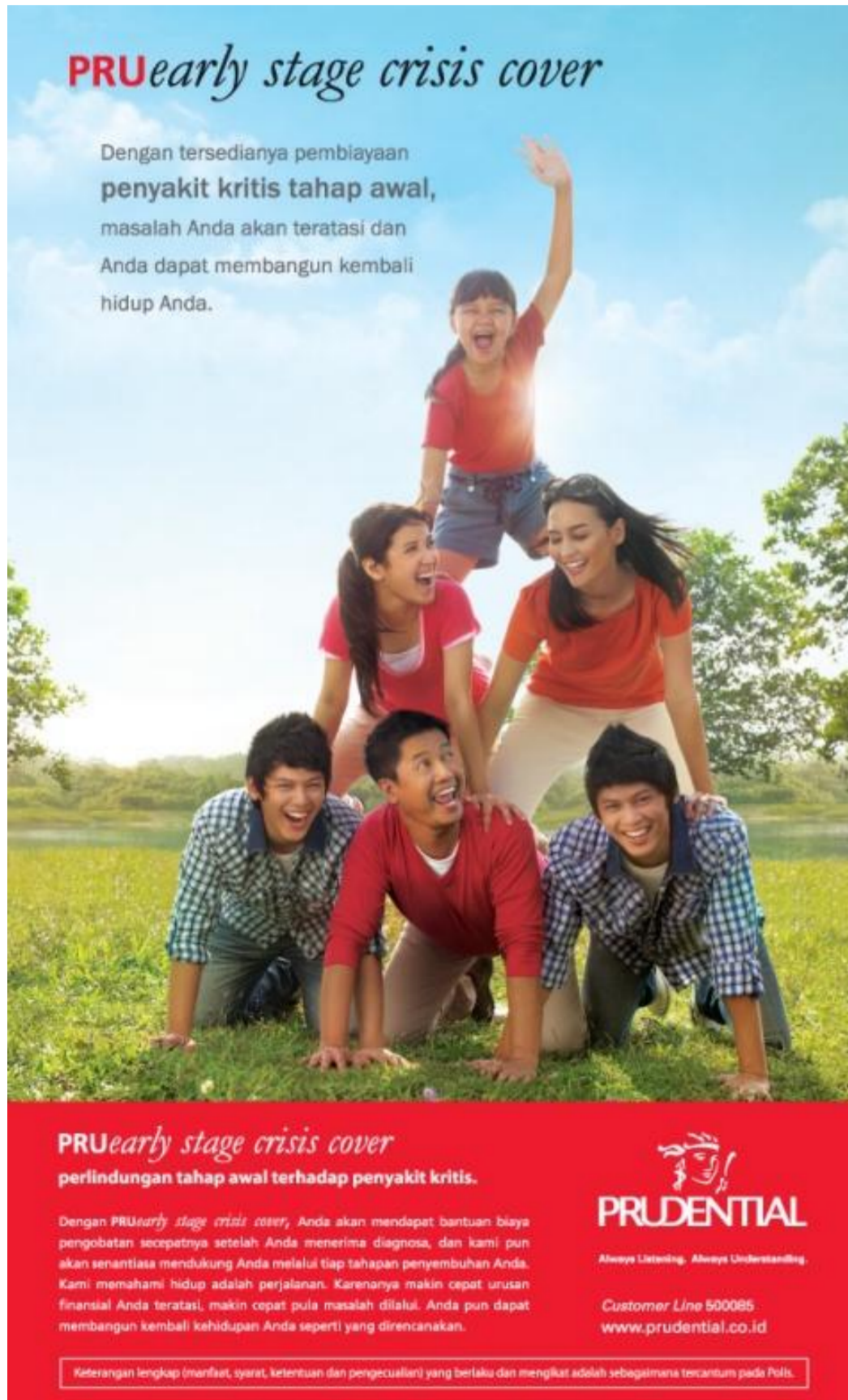
### Prudential Syariah

- Launched in 2007, rapid development through leveraging agency scale and geographic footprint
- #1 Syariah player with 54% market share<sup>1</sup> – 3x #2 player
- 65% CAGR in Syariah APE from 2007-10
- Significant increase in our Muslim customers, 41% of customers in 2010 vs. 26% in 2006, due to expansion into rural areas and launch of Syariah ILP
- Syariah product strongly supported by proven ILP track record and branding
- Syariah is an integral part of PLA

1. Based on Syariah premium income  
Source: Published financial statements

# Product Strategy Driving Value

## Leading ILP and H&P player in the industry



**PRUearly stage crisis cover**

Dengan tersedianya pembiayaan penyakit kritis tahap awal, masalah Anda akan teratasi dan Anda dapat membangun kembali hidup Anda.

**PRUearly stage crisis cover**  
perlindungan tahap awal terhadap penyakit kritis.

Dengan PRUearly stage crisis cover, Anda akan mendapat bantuan biaya pengobatan secepatnya setelah Anda menerima diagnosa, dan kami pun akan senantiasa mendukung Anda melalui tiap tahapan penyembuhan Anda. Kami memahami hidup adalah perjalanan. Karenanya makin cepat urusan finansial Anda teratasi, makin cepat pula masalah dilalui. Anda pun dapat membangun kembali kehidupan Anda seperti yang direncanakan.

PRUDENTIAL  
Always Listening. Always Understanding.  
Customer Line 500085  
www.prudential.co.id

Keterangan lengkap (manfaat, syarat, ketentuan dan pengecualian) yang berlaku dan mengikat adalah sebagaimana tercantum pada Polis.



PRUDENTIAL

**PRU multiple crisis cover**

SATU produk untuk TIGA kali perlindungan.

Always Listening. Always Understanding.



MEDILUM  
Leading the good life  
PT. Bank Asuransi Manajemen Investasi (BAMI)

PRUDENTIAL

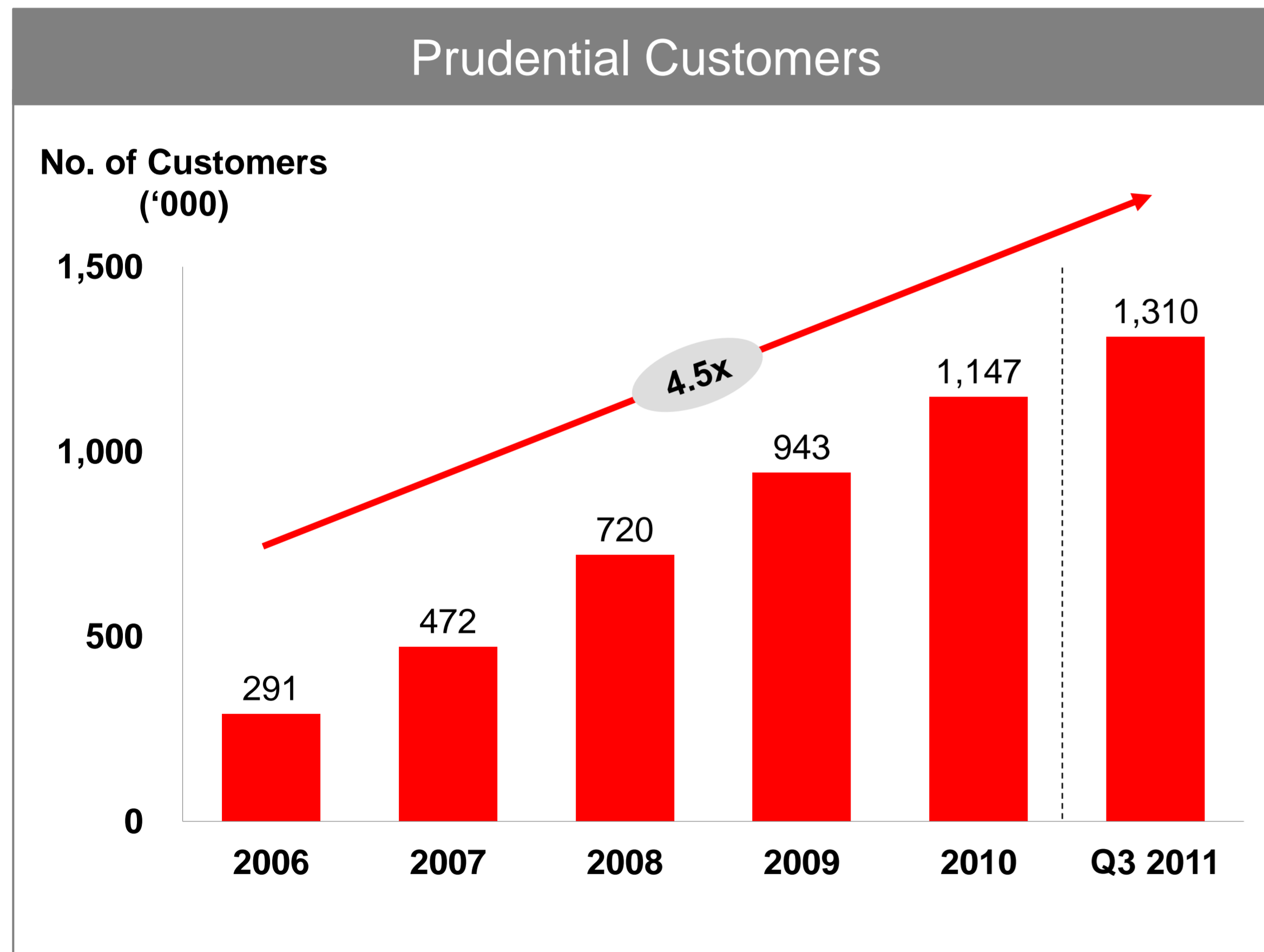
**Selly Purwaningrum**  
No. Polis: 0000000111

PRU hospital & surgical 75  
PRIVILEGED MEMBERSHIP

- Highly successful ILP strategy (core ILP with 12 H&P rider options) has delivered significant top line and profit growth since launch in 1999
- Successful recent launch of Early Stage Crisis Cover (ESCC) rider, attached to 30% of new policies within 2 months
- One of the first players to offer multiple crisis cover, hospital cash and medical insurance riders through unit deduction
- ILP supported by 9 top performing funds (6 conventional, 3 Syariah)

# Strong Focus on Customer Service

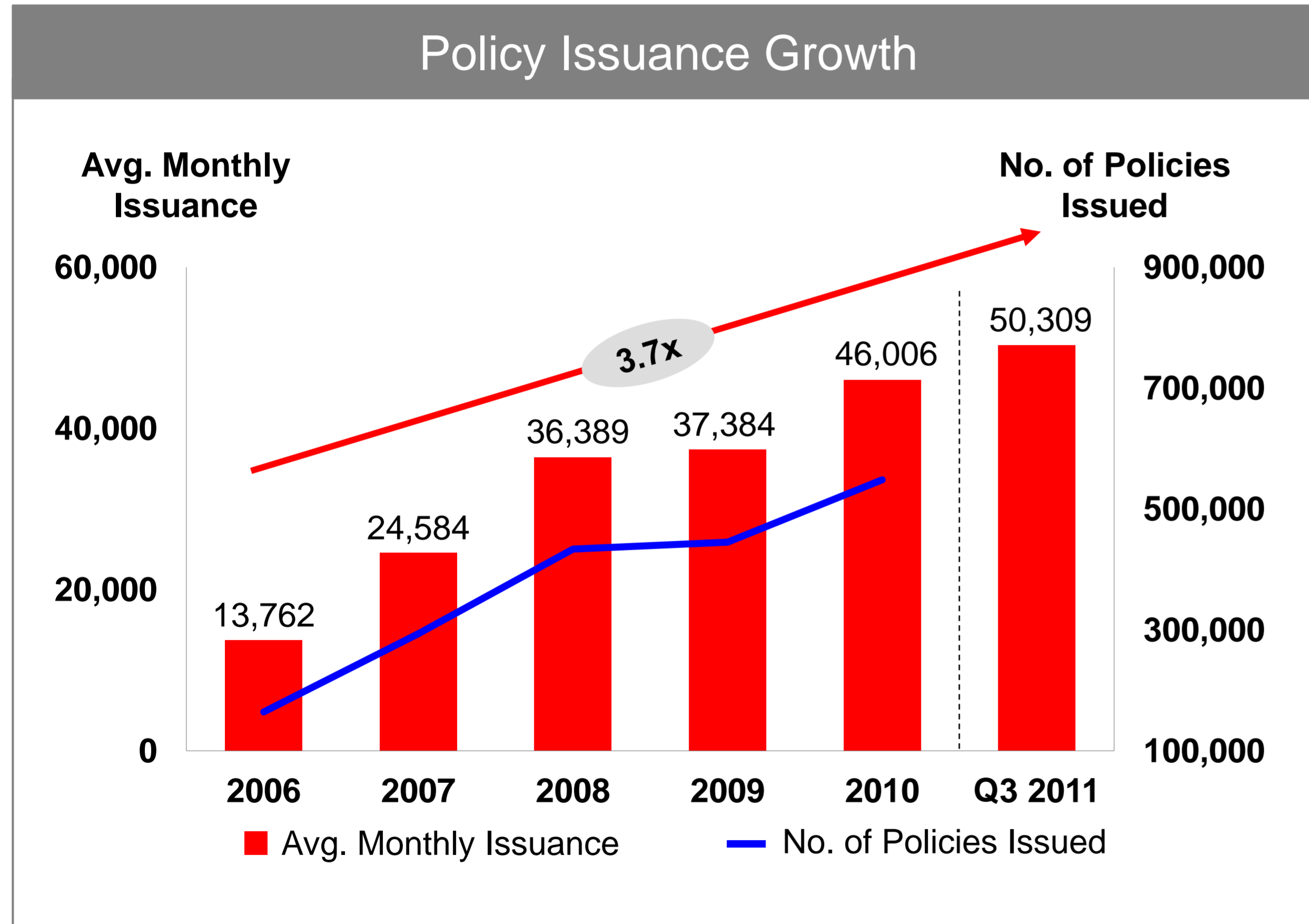
## Best-in-class service for customers and distributors



- 1.3 million customers with 1.7 million policies
- 90.1% customer retention (YTD Q3 2011)
- Continue to improve service levels and introduce innovative, value-added services, e.g.
  - PRU*hospital friend*
  - PRU*access* – online portal and mobile application for customer enquiries
- Multiple Service Quality Awards and #1 in Indonesian Customer Satisfaction

# Operational Excellence

## Back office transformation to deliver best-in-class service and support growing business



- Average 50k policies issued per month, 3.7x 2006 issuance
- Advanced use of technology to enhance capacity and deliver best-in-class service levels
  - Auto-underwriting and 2D barcode for data capture
  - Front-end scanning and workflow management
  - e-submissions (launch 2012)
- Outsourcing non-core functions
- Continue to enhance technical and soft skills



*Asia-wide 'Financial Insights Innovation Award' for innovation in Business Process Management from IDC Financial Insight*

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# Summary

- Prudential is the clear market leader in Indonesia, particularly strong positioning in ILP, H&P and Syariah
- Productive, professional agency force of unrivalled scale and geographic reach
- Fast growing partnership distribution channel
- Market leading product innovation, brand recognition and award winning customer service continue to set us apart from the rest of the industry
- Track record of delivering superior financial performance set to continue



# PLA Recognitions & Awards

PLA has received 29 #1 awards during 2011

