

# Prudential Singapore

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Chief Executive Officer

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# Key Messages

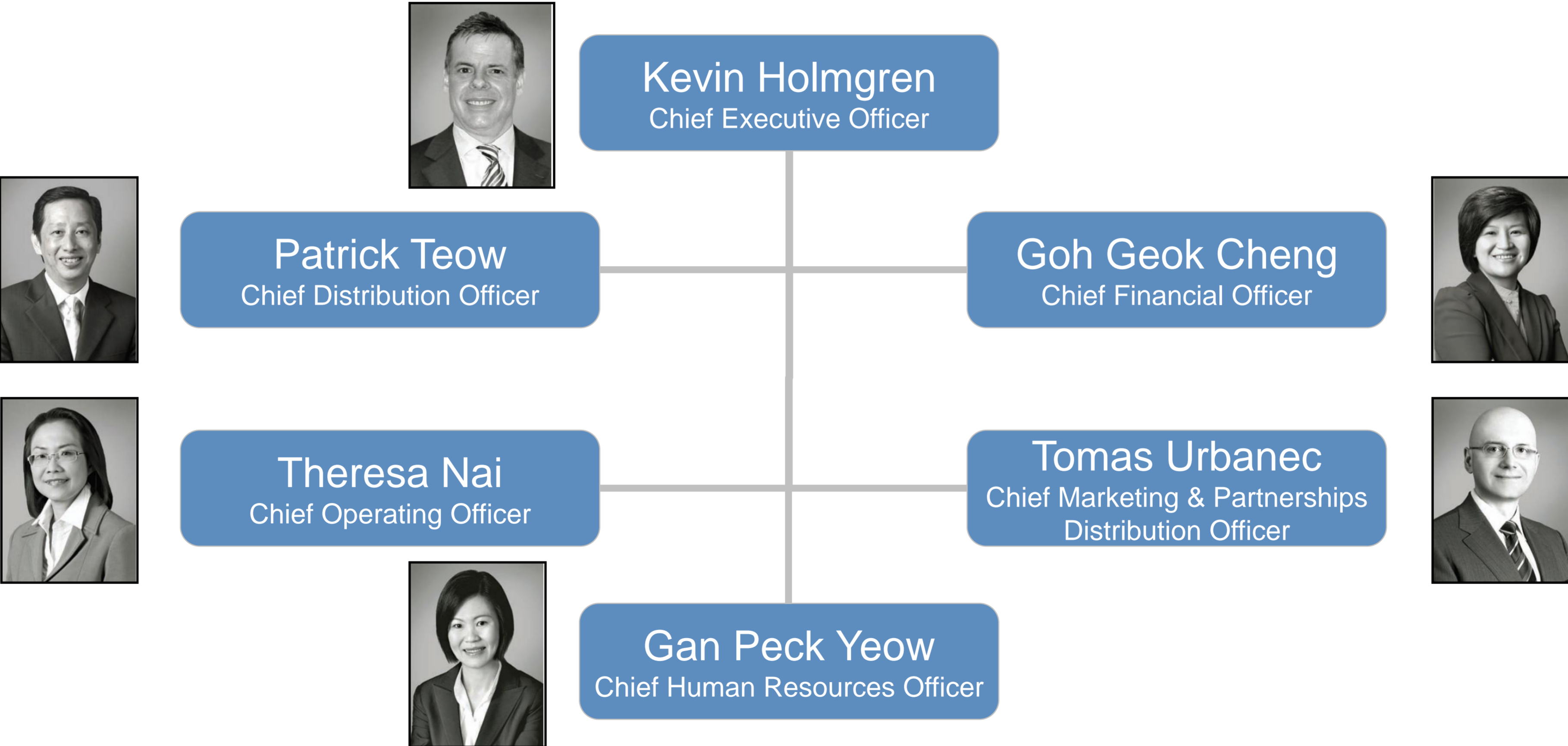
- Singapore is a regional economic powerhouse, policies in place to ensure this remains so
- Life insurance sector is sophisticated and growing strongly as personal wealth increases and population grows
- Prudential is an established market leader, successfully focused on higher value regular premium and protection business
- Prudential has effective multi-channel distribution with a large, highly productive agency force complemented by a unique cross-section of distribution partners



# Prudential Singapore Management Team



Strong management team with an average 19 years insurance industry experience



# Agenda

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

# Macroeconomic Environment



## Economic environment and government initiatives highly supportive of continued strong growth

### Key Economic Indicators

	2007	2008	2009	2010	2011F
<b>Real GDP Growth (%)</b>	8.8	1.5	-0.8	14.5	5.3
<b>Nominal GDP (US\$ bn)</b>	177	189	183	223	266
<b>GDP per Capita (US\$ k)</b>	36.6	38.0	36.1	43.1	50.7
<b>Population (m)</b>	4.8	5.0	5.1	5.2	5.3
<b>Gross National Savings (%)<sup>1</sup></b>	48.4	44.8	45.4	46.0	45.8
<b>Insurance Penetration (%)<sup>1</sup></b>	6.0	5.7	5.0	5.1	5.2

1. As % of GDP

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

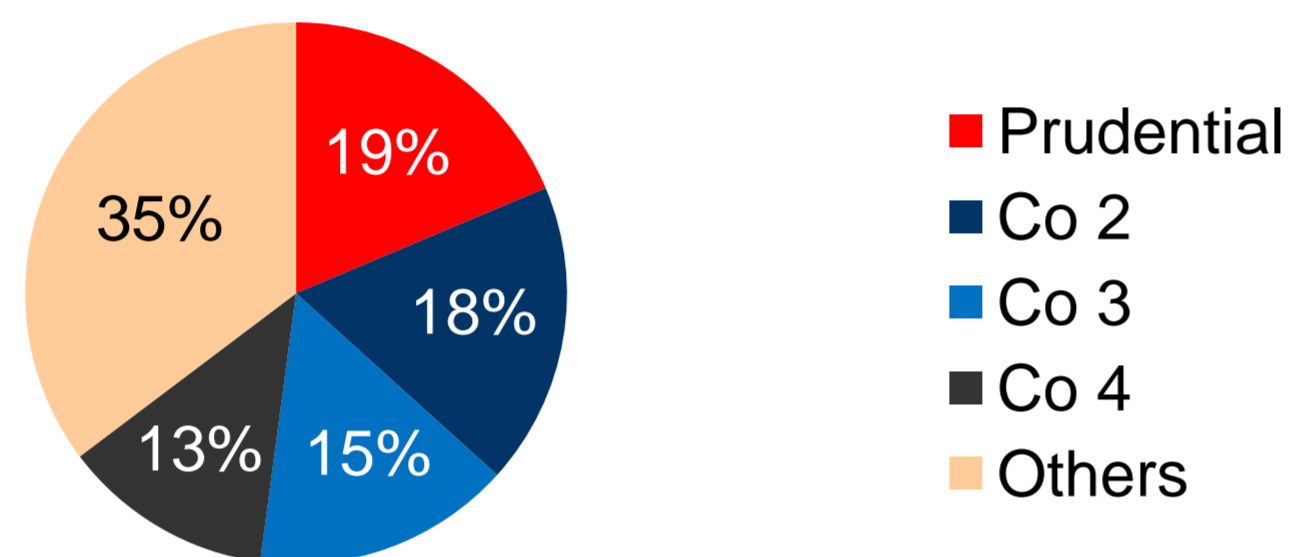
- Asian tiger economy that continues to grow rapidly
- Strong savings culture drives opportunities for savings and investment products
- Singapore Government targeting sustained growth
  - Population of 6.5m by 2030, largely via immigration
  - Position Singapore as financial, medical, education and sports hub
  - Specifically targeting HNW – ‘Asia’s Switzerland’
- Proportion of elderly (65+) is 9.3%, increasing rapidly
  - CPF provides some support for retirement, but significant opportunity for private sector
- Wealth management services increasing in importance as high proportion of new immigrants are HNW



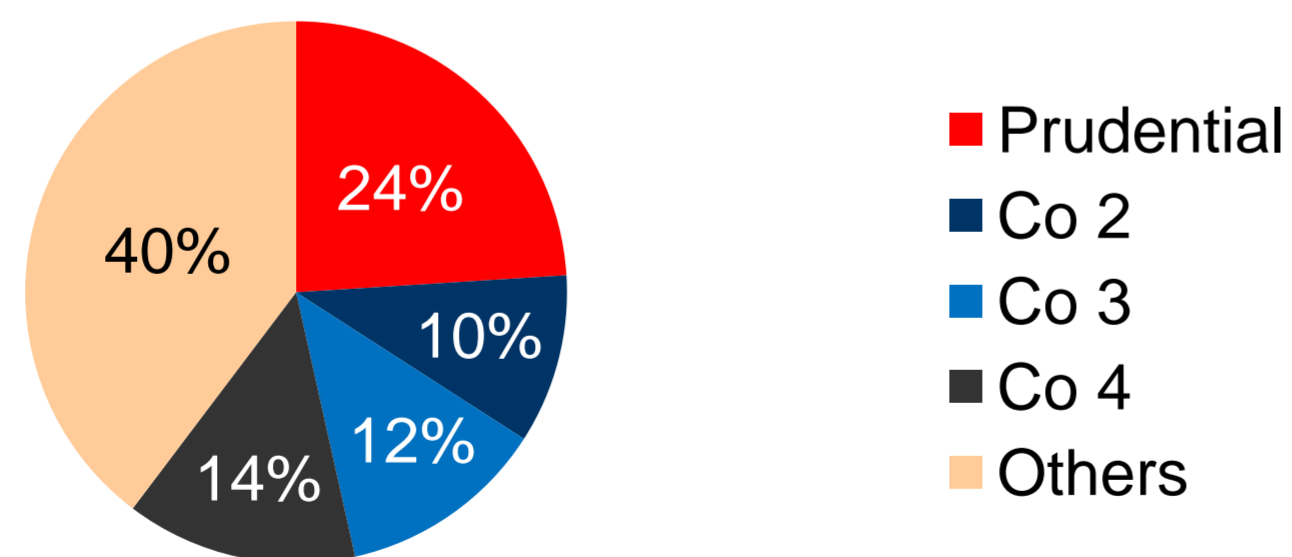
# Life Insurance Industry Overview

Life industry continues to grow strongly with Prudential the market leader, particularly strong in regular premium

APE Market Share (H1 2011)



Regular Premium Market Share (H1 2011)



- 15 players, top 4 dominate with 65% share
- Multi-channel distribution: agency 49%, bancassurance 35%, others 16% (H1 2011)
- Diversified product mix, distinct regular and single premium markets
- Regular premium (RP) has grown by 29% CAGR over last two years (to H1 2011)
- Increasing foreign HNW buying policies in Singapore
- Sophisticated regulation by MAS
- Prudential is the clear leader in linked, RP Par and H&P
- Widening gap in RP market share between Prudential and next player (2010: 8.9%, H1 2011: 10.2%)

Source: LIA (excluding Eldersfield and Dependant Protection Scheme). RP data onshore only

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# About Prudential Singapore

Prudential is an established company that continues to outperform

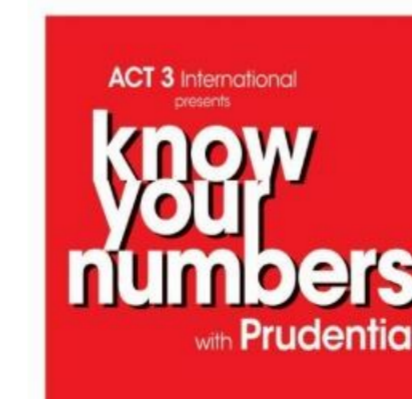
- Established in 1931 (80<sup>th</sup> Anniversary this year)
- Today we have
  - 700 staff
  - 3,137 agents and 181 FSCs
  - 670,000 customers
  - More than 1.7m policies
  - Total assets under management of S\$21bn
- Well established **track record of product innovation**, starting with Asia's first comprehensive unit linked products in 1992
- **Best brand image** amongst the 4 major players (June 2011)
- Multiple industry awards
  - One of top insurers in Customer Satisfaction Index (2010)
  - May Day Model Partnership Award (2009)
  - Gold Award, Reader's Digest Trusted Brands (2007-10)



## Examples of CSR Activities



Main sponsor of Boys Brigade Share a Gift program, one of the largest and longest-running charity projects in Singapore

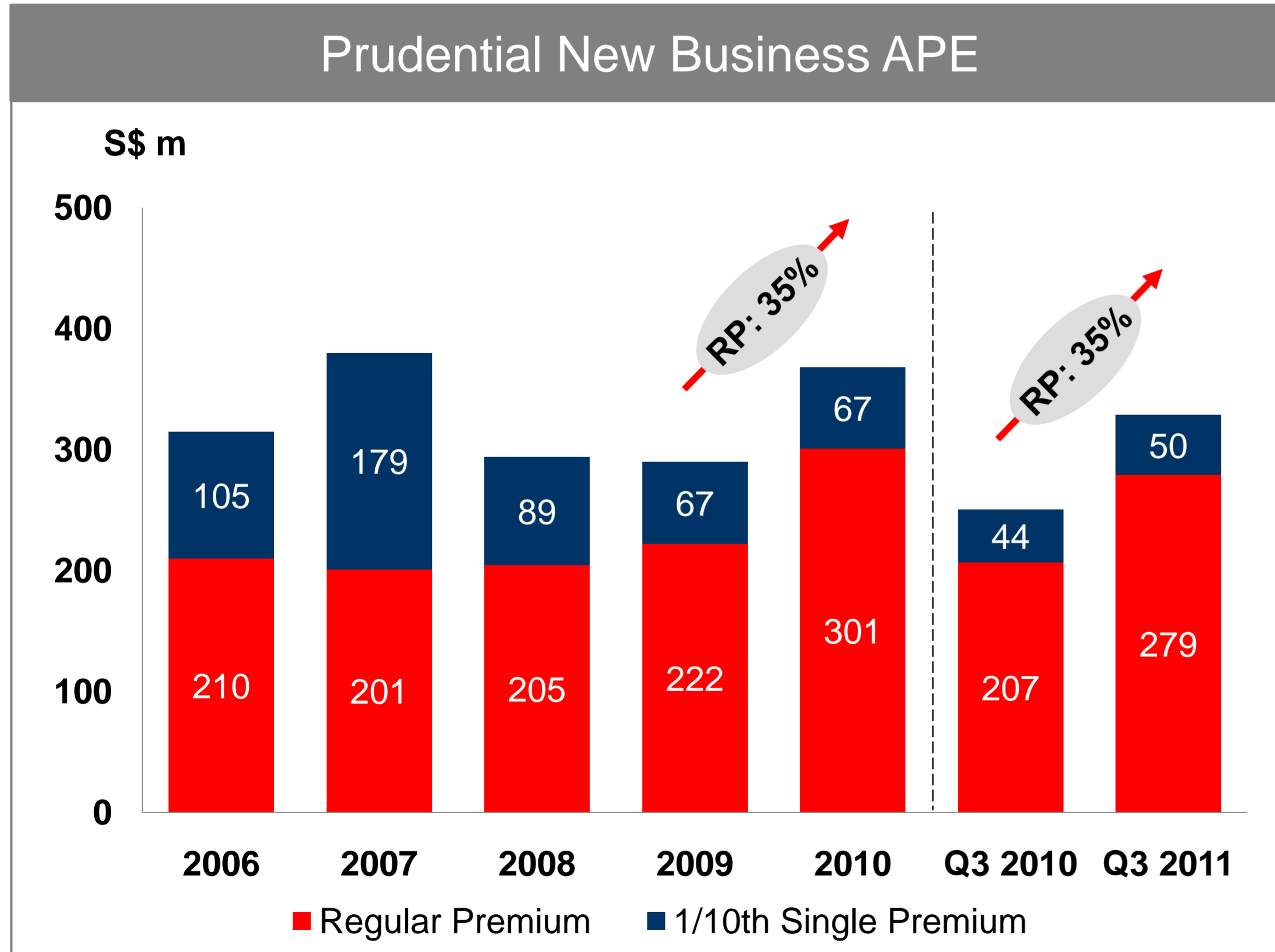


Financial literacy program for children 7-12 years old, developed by Prudential in collaboration with Act3 International



# Performance: New Business APE Outperformance

## Successful execution of strategic focus on regular premium

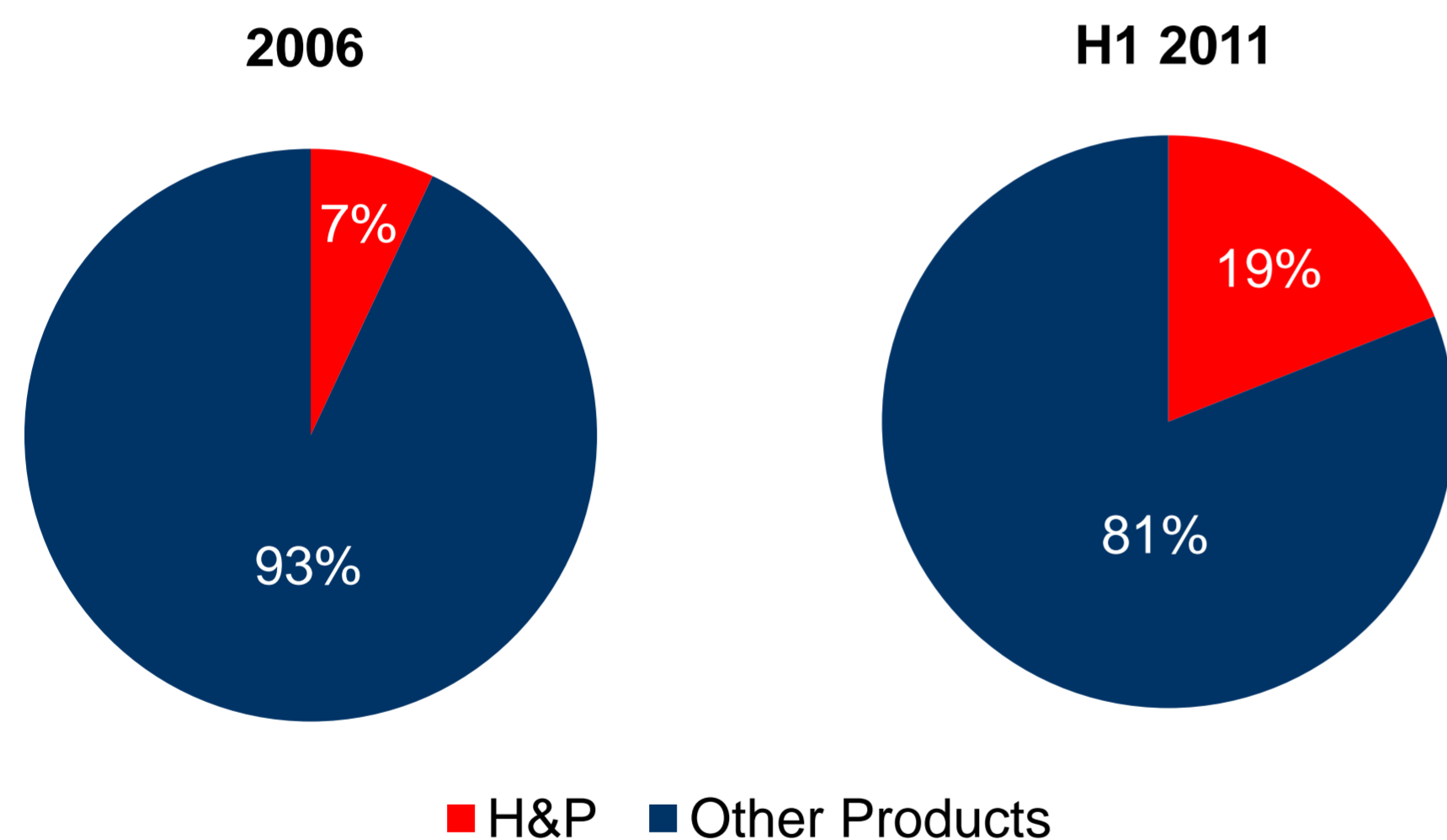


- Considerable market turbulence in last five years
  - 2007 changes to CPF rules and Financial Crisis
- Prudential's RP strategy has delivered significant outperformance
  - RP 85% of APE (YTD Q3 2011)
  - YTD Q3 2011 already 93% of 2010
  - Consistent increase in RP market share over last 3 years
- Prudential the clear market leader for RP with 24.0% share (H1 2011), well ahead of next player with 13.8%
- Prudential also clear leader in H&P, with 28.9% share

# Performance: Product Strategy Boosting Profitability

Clear focus on regular premium and H&P have driven significant profitability

Increasing H&P Proportion of APE

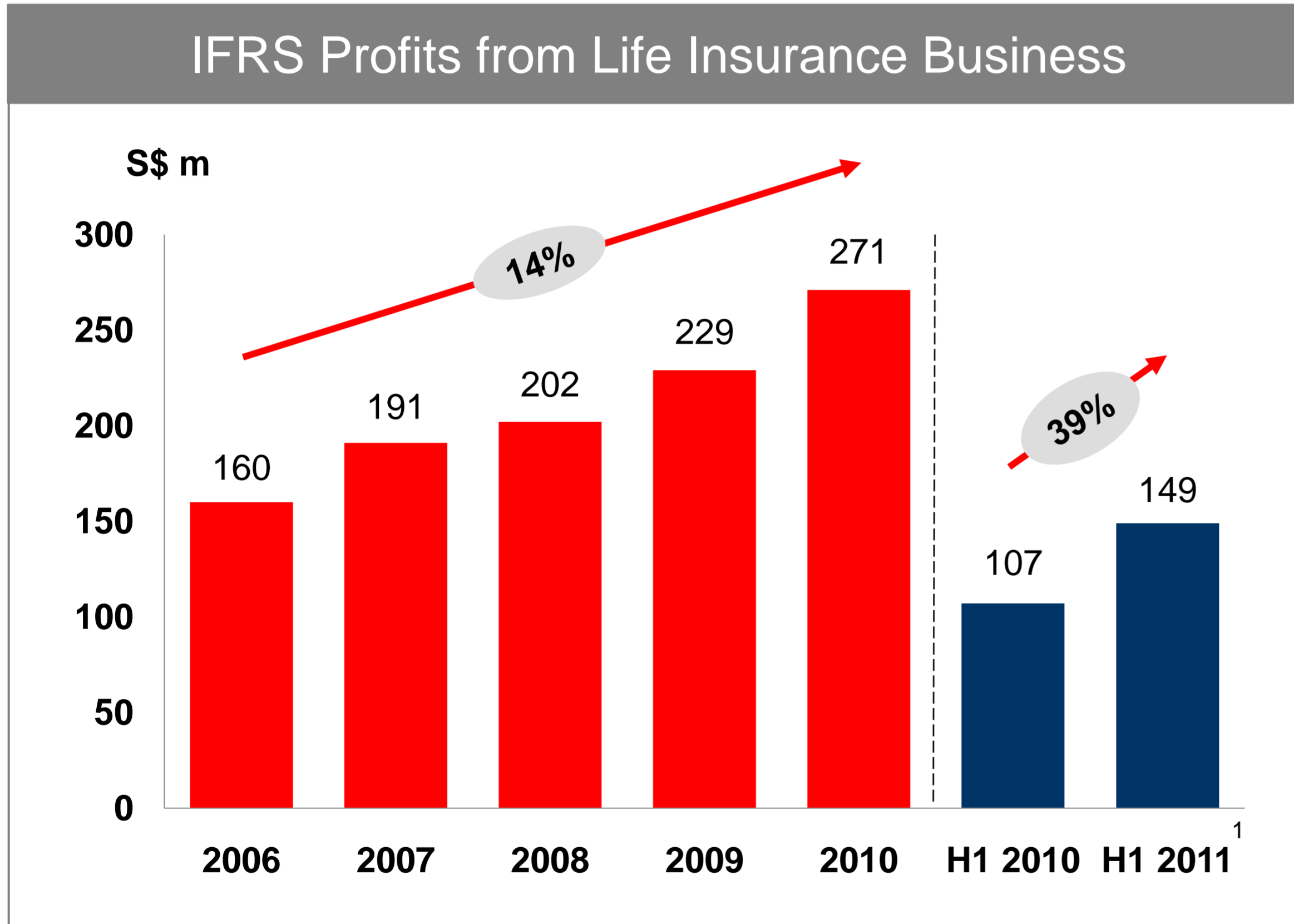


- In addition to focus on RP linked business Prudential has driven material increases in H&P
- First to market with numerous new products since very successful launch of PRUShield in 2007
- Protection products highly profitable and have driven significant increases in new business profitability
  - Since 2006, NBP growth rate **1.8x faster** than APE



# Performance: Consistent Growth in IFRS Profits

Active management of new business and in-force delivering consistent growth in IFRS profits



1. Includes profits from UOB Life

2. LIA basis

- Strong IFRS contributed by both new business and in-force
- Product profile has low new business strain
- Improving claims and persistency
- Improved expense management
  - Variable vs fixed costs
  - IT operating efficiency
  - Highest APE<sup>2</sup> per FTE among top 4, 25% above top 4 average
  - Overall operating expense ratio lower than industry average over last 5 years

# Agenda

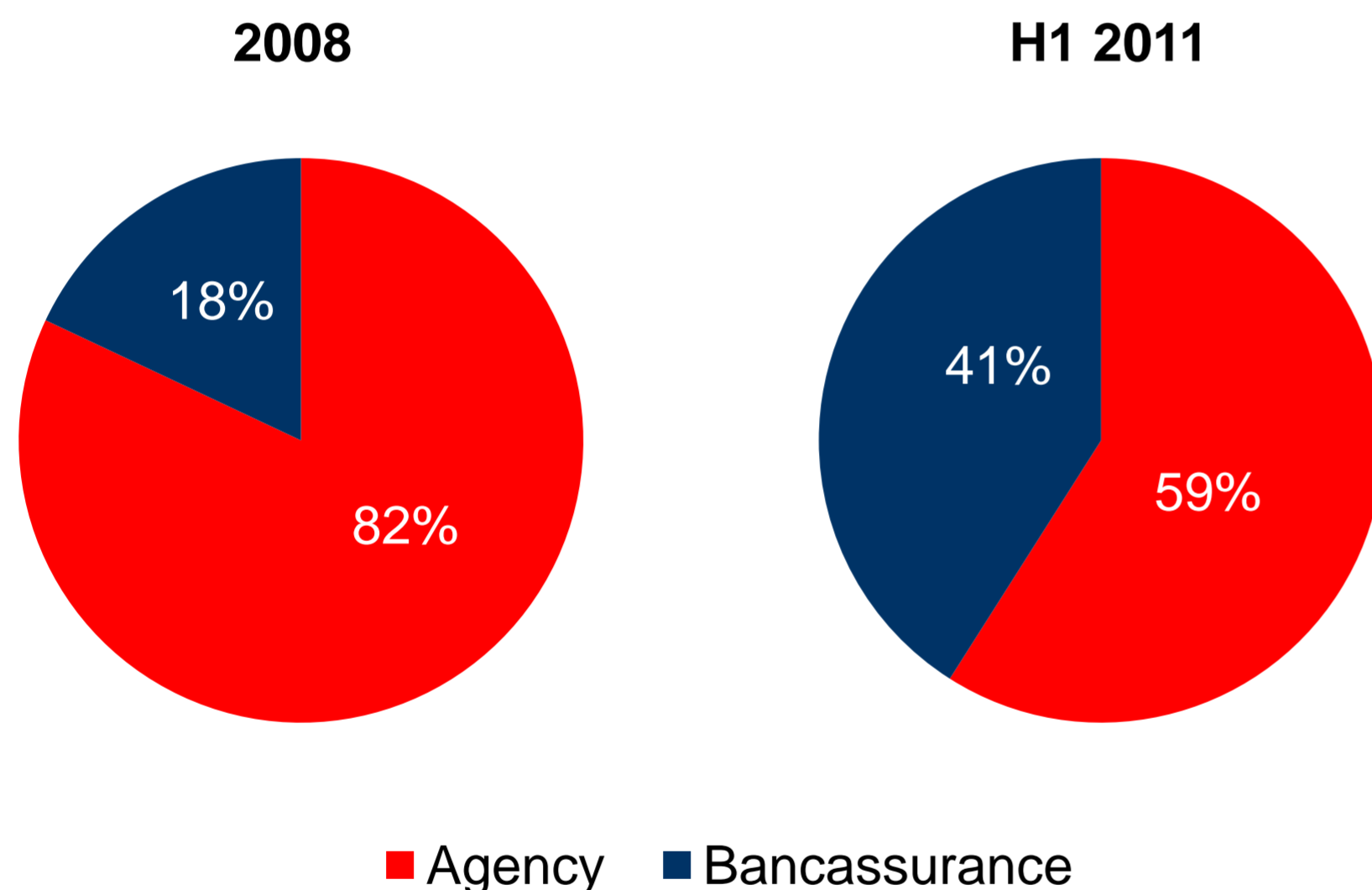
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# Genuine Multi-channel Distribution

Successful multi-channel model maximises our market reach

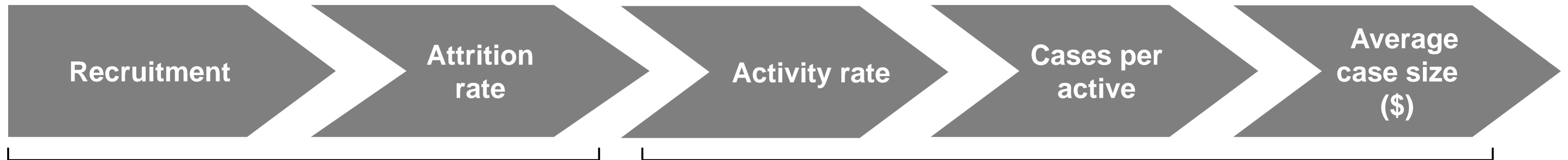
Channel Mix by APE



- Prudential is the only key player in Singapore with balanced APE contribution from agency and bancassurance
- Prudential has the most productive agency force, focusing on RP business
  - Agency RP growth of 29% (2008-10)
  - Highest RP per tied agent in industry, 18% higher than closest competitor
- 6 compelling bancassurance partners (4 exclusive) with broad and diverse customer bases
  - Exclusive partners delivered 111% APE growth (H1 2011 over H1 2010)

# Agency Management a Competitive Advantage

## Leveraging the '5 driver model' to drive manpower & productivity



### ■ Manpower

- Company sponsored BOPs, career fairs, campus engagement to drive recruitment
- Enhance agency structure to promote dynamic career growth in sales and management
- Strict enforcement of contract retention

### ■ Productivity

- Best-in-class sales and product training
- Sales Force Automation POS system facilitates sales, improves productivity and ensures sales compliance
- Performance management via agency segmentation, supervision of 5 driver methodology

### ■ Premium size

- Increasing share of customers' wallet via DM lead activities for up-selling
- Targeted products for specific market segments



# Driving Agency Activity, Productivity and Profitability

## The most productive regular premium agency force in Singapore

Prudential Agency	2006-10
Number of active agents selling RP	+13%
Average RP case size	+14%
Average profitability	2.5x higher

- Prudential's number of active agents selling RP has increased 3x more than total industry agents since 2006
- Average RP case size up 14%, driven by sales training
- Average NBP per agent has increased 2.5x APE growth, driven by protection products
- Momentum in agency productivity continuing
  - 26% growth in RP per agent H1 2011 over H1 2010

# Diverse Partners, Growing Strongly

## Impressive, diverse and growing bancassurance platform

	CAGR (2005-09)		Growth (2009-10)		Growth (H1 2010-H1 2011)	
	Industry	Pru	Industry	Pru	Industry	Pru
<b>APE</b>	+6.0%	<b>+17.4%</b>	+46.2%	<b>+82.6%</b>	+94.8%	<b>+111.2%</b>
<b>NBP</b>	n/a	<b>+26.1%</b>	n/a	<b>+82.4%</b>	n/a	<b>+75.7%</b>

### Exclusive Partnerships<sup>1</sup>



**+60%**



**+75%**



**+22%**



**+158%**

### Product Providers



- Successfully broadened reach of partnership distribution
  - Now selling Prudential products in 166 branches via 182 FSCs and over 1,600 bank staff
- Broad range of partners accesses customers across all socio-economic classes
- Significantly outperformed industry driven by activation of new partners and very strong performance of existing partners
- ‘Value over volume’ – increasing proportion of RP business with protection
- Rider attachment ratio averages 50%

1. APE growth YTD Q3 2011 over YTD Q3 2010



# Successful Partnership with UOB

Partnership with UOB started impressively and continues to deliver



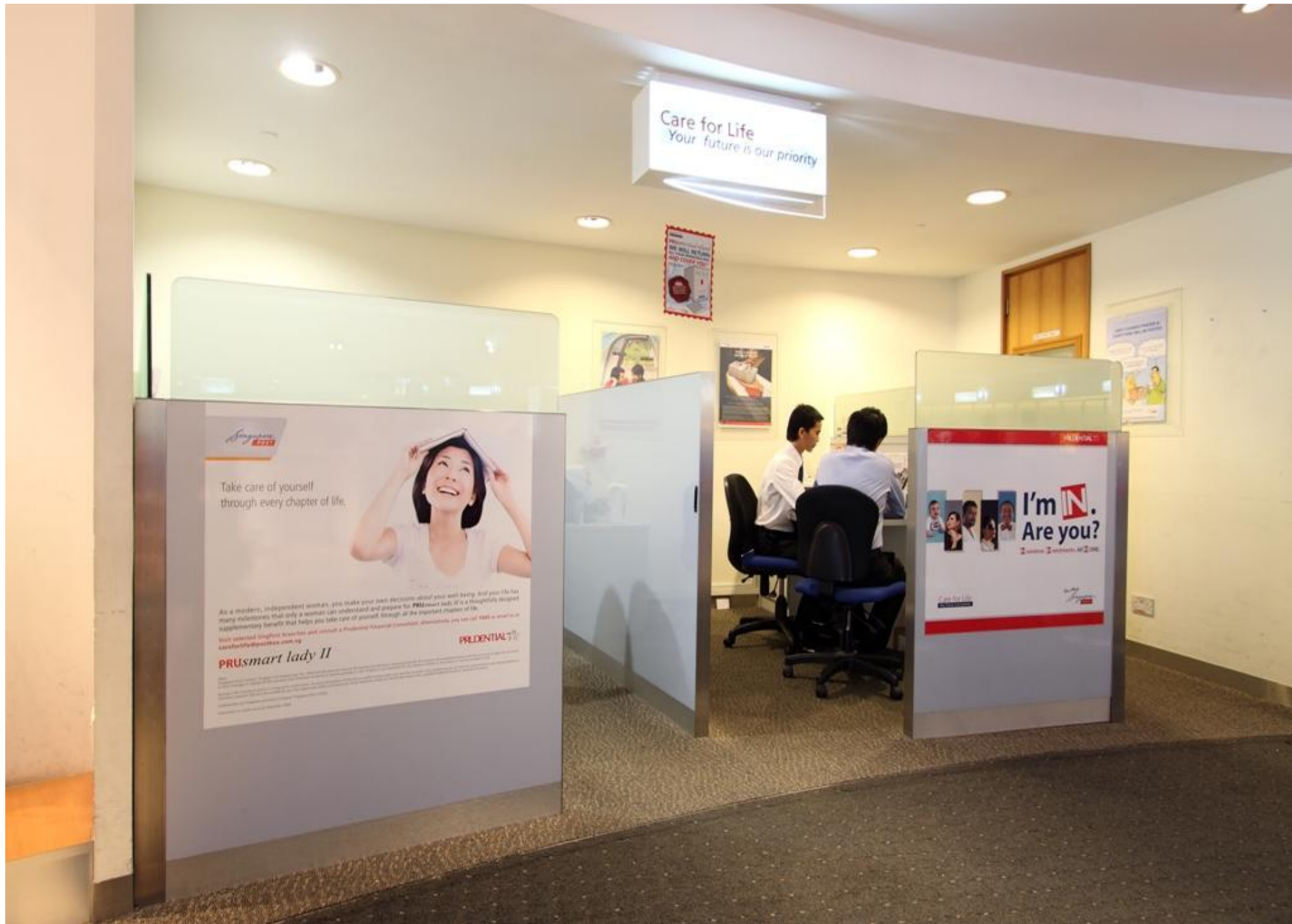
Wee Ee Cheong and Tidjane Thiam at signing ceremony 6 Jan 2010

- Highly successful relationship driving material value for both partners
- Bank sales force has culture of delivering RP sales with protection
  - 33% rider attachment (YTD Q3 2011)
- Clear product strategies for each customer segment
- Rapid ramp-up followed by consistently strong growth
  - 158% growth YTD Q3 2011 over YTD Q3 2010
  - Q3 2011 APE 25% higher than Q2 2011
- Significant further headroom for growth
  - Full suite of new products and marketing campaigns for 2012



# SingPost: A Unique Opportunity

## SingPost partnership highly profitable with significant focus on H&P



- SingPost relationship accesses middle/lower income segments
- CPF change created significant opportunity
  - Pre-change 90% of sales were SP
  - Post-change managed shift to RP linked with H&P
- H&P shift driven by successful execution of FSC model
  - 44% of APE contributed by H&P (H1 2011)
- Relationship goes from strength to strength and is highly profitable



# Leveraging Product Innovations

Pro-rata 26% of 2010 APE from new products. Increased customer base by 7% in 2010

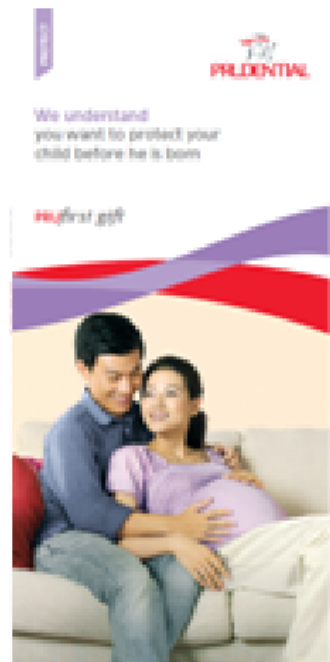
Gaining New Customers and Increasing Customer Share of Wallet through 'First in Market' H&P Products



2009



2009



2010



2010



2011



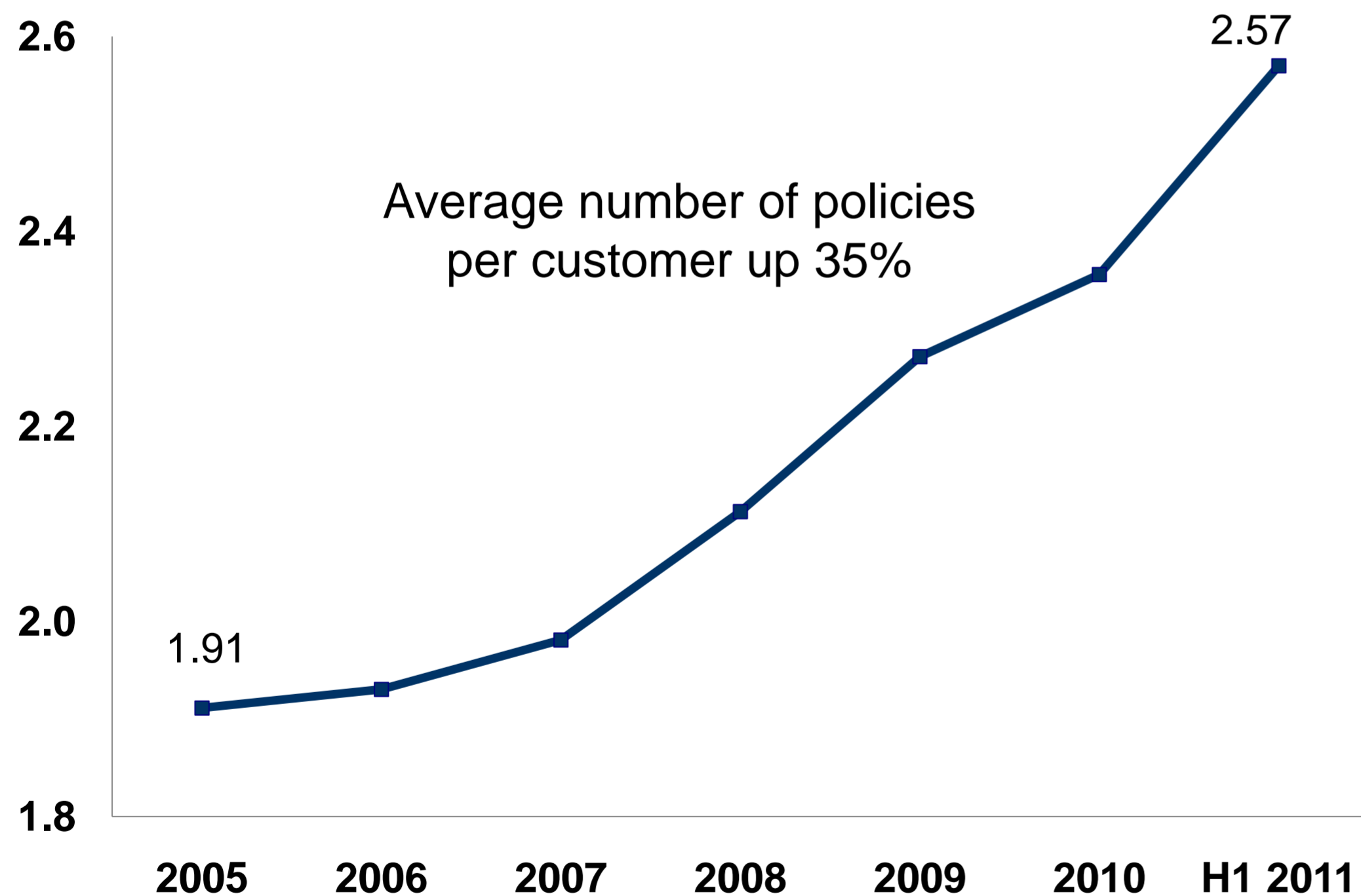
2011

- Since 2007 PRUShield has been Prudential's #1 new customer acquisition product
- Every \$1 of PRUShield sold to new customers in 2007 has generated \$14 of additional sales since
- Product innovations also appeal to existing customers, over 70% of new product sales were to existing customers in 2010
  - PRUFirst Gift
  - PRUMultiple Crisis Cover
  - PRUEarly Stage Crisis Cover
  - PRUSmart Lady II
  - PRUTerm Vantage
- New products launched in 2011 include
  - PRUEarly Stage Disability
  - PRULink Protection Plus Account
  - PRULink Heritage Account

# Increasing Value from Existing Customers

## Understanding and leveraging our existing customer base

Average Number of Policies per Customer



- Existing customer base is a material asset
- Priorities to safeguard VIF through customer retention
- Opportunity to increase share of wallet through cross-sales and up-sales
- RP and protection strategy has delivered excellent results
  - Improved customer retention: +110bps
  - Average number of policies per customer up 35% since 2006



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- Singapore's life insurance sector continues to be a high growth opportunity
- Prudential's RP and protection strategy has delivered significant market outperformance
- Highly productive and professional agency force
- Unique range of proven partnerships
- Product innovation driving distributor activity, new customers and value from existing customers
- Continuing to drive profitable growth and cash