Prudential
Seizing the Opportunity
Our Distribution Strengths

Mark Norbom
Prudential Corporation Asia
November 2004
Delivering profitable and sustainable growth

- Integrated operating model
- Leadership development
- Risk management
- Brand strength
- Business building expertise
- Multi-channel distribution
- Product innovation
- Customer centricity

Strong top-line growth - even faster bottom-line growth
Prudential’s Agency Model Overview

Dan Bardin
Prudential Corporation Asia
November 2004
Importance of agency

Agency is Asia’s largest distribution channel

Customer preference for face to face

Importance of relationships in sales process

Channel ownership
A force of over 127,000 agents providing 75% of our sales
As we have grown so have the challenges

### Challenges

- Growth of large-scale base
- Geographical diversity
- Managing scale
- Compliance

### Strengths

- Significant management experience
- Robust, proven model
- Tailored across markets
- Productivity potential
- Comprehensive regional and local compliance structure
Prudential’s Agency Model

Kevin Holmgren and Edward Navarro
Prudential Corporation Asia
November 2004
Introduction

- Strong agency growth across all our markets
- Success driven by robust and proven model
  - Clear framework
  - Focused on the drivers of the channel
- No one size fits all strategy
  - Tailored by stage of agency development
  - Tailored by market
Our agency model

Our model is focused on the channel’s key drivers

Growth
- Recruiting
- Training
- Activity
- Incentives

Productivity

Retention

Agency infrastructure (tools and systems)

Channel management and compliance
- Agent leaders: 11,375
- Country agency management: 1,448
- Regional head office: 4
Agency recruitment

A sound platform to keep driving new flows of recruits

Recruiting process
- Leader recruitment
- Recruitment seminars
- Profiling
- Licensing

Prudential brand

Success track record

Efficient process

Critical mass
Agency training and activity

Specialist trainers and on-going training support

- Dedicated training in all countries
- 323 trainers around the region
- Over 470,000 hours spent on training per month in 2004
- Managers / leaders provide on the job training support

Focus on
- Licensing agents to start selling
- Broadening product portfolio to drive higher productivity rates
Sales infrastructure

New infrastructure to support productivity growth

- Informational Hub
- Sales Activities
- Database System
- Transaction System
- Powerful Sales Tool
- Product Library
- Database System
- Sales Activities
- Informational Hub

SFA
Agency retention

A structure that builds long-term loyalty to Prudential

- **Training and support**
  - Sales tools
  - On-going training and development programmes

- **Career development structure**
  - Promotion opportunities

- **Agency recognition**
  - Star Club, President’s Club, annual awards

Supported by Prudential brand
Sales compliance

A comprehensive compliance infrastructure across the Region

Monitor
- Regional level
- Local level

Enforce
- Visible and quick

Educate
- Training seminars
- Communications
Agency models

No standard model applied to each market

- Traditional tied agency
  - Part time and full time agent mix
  - Simple product portfolio
  - Simple, commission-based compensation

- General agency
  - Greater emphasis on variable cost base
  - Supports quick geographical expansion

- Segmented agency
  - Segmented commission and support
  - Mix of product and sales capabilities
  - Focus on productivity growth

- Financial advisors
  - Full time agents
  - Needs-based selling
  - Sophisticated product portfolio
  - Less hierarchical structure
Variety of models

Selection and tailoring to the unique demands of each country

Vietnam, India, China
- Traditional agency model

Hong Kong, Singapore, Malaysia, Taiwan
- Segmented agency model

Indonesia, Thailand, Philippines
- General agency model

Japan, Korea
- Professional financial advisors
Case study: Building scale in new markets

Focus on rapid agency growth in Vietnam

Agent numbers versus APE

Example: Vietnam

- Initial focus on major metro areas
- Expanding into provinces
- Innovative use of *general agency* concept
- Leveraging Prudential agency expertise to build rapid scale
- Focus on driving total headcount
- No 1 share of total agents drives our No 1 share of sales

Agent numbers versus APE

- **£ million**
- **’000 agents**

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<table>
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<th>Year</th>
<th>APE (LHS)</th>
<th>Number of agents (RHS)</th>
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<td>2000</td>
<td>10</td>
<td>5</td>
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<tr>
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<td>Q3/2004</td>
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Constant exchange rates
Case study: Building productivity in established markets

Focus on productivity growth in Singapore

Example: Singapore

- Strong brand recognition
- Leveraging Prudential expertise to improve agency professionalism
- Focus on driving improved agency productivity
- Strong agent productivity drives our strong share of sales

Agents numbers versus Regular Premium / agent / month

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<td>NB Regular Premium per agent per month (LHS)</td>
<td>2,692</td>
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<td>Industry agent # (RHS)</td>
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Constant exchange rates
Summary

- Robust, proven framework
- Sophisticated infrastructure and training support
- Tailored models to support different stages of country development
- Success breeds continued scale growth
- Productivity enhancements through training, segmentation and sales infrastructure
Partnerships Distribution

Pierre Fenech
Prudential Corporation Asia
November 2004
“By 2006, bancassurance could potentially account for 13% of total premiums collected in Asia’s life insurance sector.”

Growth Opportunities
- Access more customers
- Penetrate new segments
- Expand existing relationships
- Establish new relationships
- Roll out to all markets
- Develop new sub-channels


“Swiss Re Sigma No7/2002”
Continued growth and geographical diversification

- Contribution from all Partnerships
- Distribution channels
- APE £ million
- New business contribution mix

- 2% of total APE
- 25% of total APE

- Constant exchange rates


123% CAGR

Others, Thailand, Taiwan, Singapore, Korea, Malaysia, Hong Kong
Success formula

- Committed to multi-channel distribution
- Focus on quality long-term partners
- Track record of successful implementation
- Proven operational models
- Quality of people and management
- Investment in innovation
Expansion of bank partners

From…
8 partnerships with 5 banks in 8 countries
to …
26 partnerships* with 22 banks in 11 countries

* This is the number of bank strategic alliances. We also operate a number of campaign based activities with other bancassurance partners across the region.
Expansion of bank channels

Tailored multi-channel bancassurance distribution model

Financial services consultants (FSC)
Bank staff
Direct marketing and telemarketing
Priority banking and SME owners
Bundled consumer products
Workplace marketing

Customers
- Mass affluent branch users
- Mass market and mass affluent branch users
- Credit card and target retail segments
- Priority customers and SME owners
- Mass Market branch users
- Employees of commercial customers

Products
- Full range of protection and savings
- Simple quasi-bank savings products
- Credit protection personal accident and simple savings
- Personal and business related covers
- Mortgage and other simple protection
- Combined bank and insurance propositions

Significant expansion in reach across available customer segments in banks
APE split for 3rd quarter 2004 year to date

- 75% Agency
- 25% Partnerships
- 24% Bank staff – Tellers and relationship managers
- 19% Prudential bancassurance consultants
- 25% Direct marketing to bank customers
- 11% Direct marketing to non-bank customers
- 21% Independent non-bank brokers

Diversification beyond banks
Tremendous Opportunities

- Grow existing bancassurance and non-bank partnerships
- Forge new long term relationships with quality partners
- Expand our direct marketing & worksite marketing capabilities
- Open new and innovative partnership channels
- Develop our talent pool

Committed to continue increasing sales through partnerships distribution
Bancassurance in Hong Kong

James C K Wong
Prudential Assurance Hong Kong
November 2004
Strength of partners

- Well-known and reputable
  - Strong insurance brand

- Distribution strength: 60 Hong Kong branches
  - Insurance expertise
  - Product and training

- Broad customer base
  - Channel development

- Joint commitment to delivering value
- Launched in February 1999
Bancassurance sales have grown quickly in a short time to become a very material contributor to our business.

APE £ million

- 1999: Bancassurance 0.6, Tied agency 28.7
- 2000: Bancassurance 4, Tied agency 36.3
- 2001: Bancassurance 15.9, Tied agency 47.3
- 2002: Bancassurance 28.3, Tied agency 53.2
- 2003: Bancassurance 34.8, Tied agency 57.5
- Q3/2004: Bancassurance 29.6, Tied agency 41.5
Expansion of bancassurance channels to increase access to SCB customers and contact points

Financial services consultants (FSC) | Bank staff | Direct marketing and telemarketing | Priority banking and SME owners | Bundled consumer products | Workplace marketing

Standard Chartered Bank customer segments:

- Mass market / Excel retail
- Credit card and loans
- Priority banking
- Mortgage and Auto
- Corporate and business
120 financial services consultants: Prudential salaried employees

Professional and comprehensive training

Well defined Career Programme

Branch-based and Mobile

Differentiated by expertise to tailor different customer segments
Our branch staff sales

- SCB branch staff: 40% of SCB front-line staff with insurance license
- Simple volume products
- Pass referrals to Financial Services Consultants
Our direct marketing and telesales

- Call centre
- In excess of 1 million outbound calls in 2004
- 150,000 customers with more than 200,000 in force policies
- Well-defined sales process and professional telesales
Comprehensive product range reaches more customers via more contact points

**Prudential products**

- Savings and investment
- With profits and unit linked
- Accident and health
- Credit line
- Mortgage protection

**Standard Chartered Bank customer segments**

- Mass market / Excel retail
- Credit card and loans
- Priority banking
- Mortgage and Auto
- Corporate and business

**Financial services consultants (FSC)**

- Bank staff
- Direct marketing and telemarketing
- Priority banking and SME owners
- Bundled consumer products
- Workplace marketing
A few words from our SCB bank partner
Summary

- Broaden our customer base with SCB partnership
- Successful partnership that delivers additional APE
- Significant growth potential through shared vision and joint commitment
- Experience in Hong Kong helps refine partnerships distribution model in other countries
Competitive Advantage Through Multi Distribution

Mike Bishop
PCA LIFE Korea
November 2004
Market overview

**Significant life insurance market**
- 2nd largest in Asia (after Japan)
- 7th largest in the world

**Restrictive regulations**
- Regulations are restrictive especially on product development, but these are improving

**Strong competition**
- Local competitors still dominate
- Foreign competitors have been very aggressive

**Products and Channels**
- Competitors still focus on limited channel strategies
- Product diversity remains limited
A true multi distribution business

February 2002 launched PCA LIFE brand
July 2002 launched financial consultant
October 2002 launched general agency
July 2003 launched new direct marketing
October 2003 launched Cable TV
September 2003 launched bancassurance

£ million

Constant exchange rates
Multi distribution : Channel profile

Four channels

- **Financial consultants**
  - July 2002
  - Tied in-house professional agency force
  - Selling
    - Variable Universal Life
    - Annuities
    - Whole Life
    - Term

- **General agency**
  - October 2002
  - Non-tied agency
  - Selling
    - Variable Universal Life
    - Annuities
    - Whole Life
    - Term

- **Direct marketing**
  - July 2003
  - Cable TV and outbound telemarketing
  - Selling
    - Cancer Cover
    - Ladies Cover
    - Child Cover
    - Personal Accident

- **Bancassurance**
  - September 2003
  - Branch sales driven
  - Selling
    - Variable Universal Life
    - Annuities
    - Savings

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Financial consultants: July 2002
General agency: October 2002
Direct marketing: July 2003
Bancassurance: September 2003
Each of our channels have made a material contribution to the business.
Partners have also been key to our multi-distribution success
Whilst maintaining channel-specific products, focus has been on increasing unit linked sales.

Product portfolio

Product mix (APE basis)

2nd in market with Variable Universal Life

Variable Universal Life now comprises over 50% of new business sales

Variable Universal Life marks a significant move away from traditional guaranteed products
Since launch in Feb 2002, we have achieved significant sales growth.
Since launch in Feb 2002, we have achieved significant sales growth... despite decline in Korean life insurance market.
Pioneering insurance sales through Cable TV

Now a material channel through understanding Korean female consumers and designing simple needs-based products

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<tr>
<th>Find and “Win”</th>
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<td>Identify and understand primary targets</td>
<td>Cross sales / Up sales</td>
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<tr>
<td>New product development</td>
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<tr>
<td>Distribution choice</td>
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Housewives “Ajumas” are key decision makers and they watch lots of TV

Developed simple and easy to buy products that appeal to mums and wives

Offered direct via Cable TV to reach a nationwide audience

Telemarketers close the sale and also generate leads for financial consultants
Pioneering insurance sales through Cable TV

Cable TV sales process

1. Infomercial on Home Shopping channel
2. List generation
3. Outbound sales calls
4. PCA LIFE underwrites and issues
5. External fulfillment
Pioneering insurance sales through Cable TV

Pioneer of Cable TV distribution

Created a new market and carved out a compelling customer proposition

Created a distribution channel in its own right

Enhanced brand building and public relations efforts

45,500 policies sold since October 2003

Cross sale opportunities for our financial consultants

What we have achieved
Summary

- Our strong commitment to multi-distribution
- We pioneered Cable TV distribution of life insurance
- Specific products developed to meet the needs of each channel and each target audience
- Each channel has made a material contribution to the business
Q & A

Câu Hỏi và
Trả Lời

질문 & 답변

คำถาม & คำตอบ

Tanong
at sagot

Tanya
& Jawab

問與答

質問および回答

प्रश्न और जवाब
Prudential
Seizing the Opportunity