



Prudential

**OLIS 2016 Spring**

# **Sales Strategy of PGF Life**

**May 30, 2016**

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**PGF生命**

ブルデンシャル ジブラルタ ファイナンシャル生命

# About PGF Life

# Japan's life insurance business operated by Prudential Group

## Prudential Life(POJ)

### ■ LP Channel

Customized “need-based sales” by Life Planners (LP), who are professionals of life insurance



## Gibraltar Life(GIB)

### ■ LC Channel

Teachers, SDF, and *Shoko*\* markets



\* Societies of Commerce and Industry

### ■ IA Channel

Professional independent agencies,  
Accounting firm agencies, Inhouse agencies



## PGF Life

### ■ Financial institutions-affiliated Channel

– **Bancassurance** Channel (Over-the-counter sales at bank

Bancassurance = Word coined from French banque + assurance

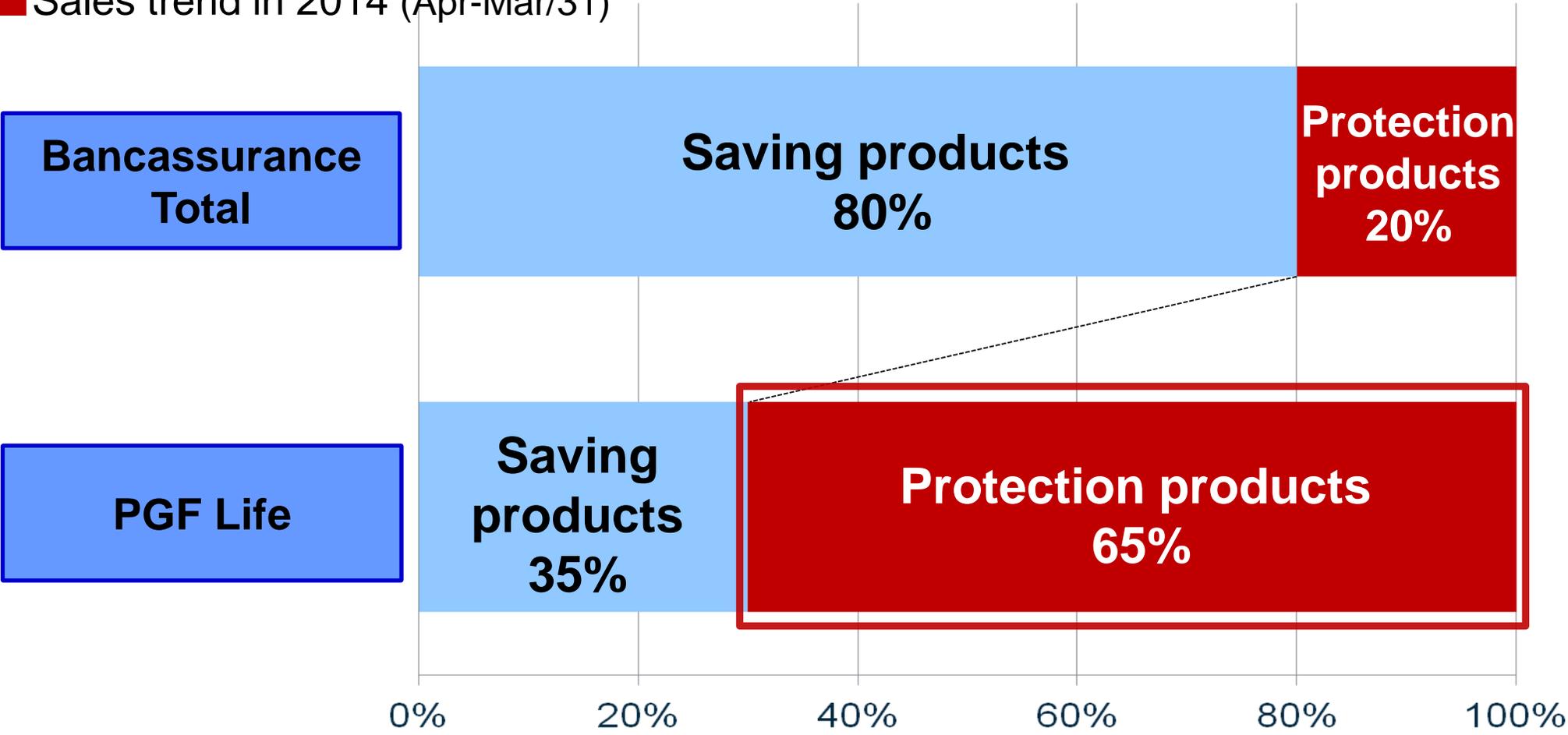
Mega banks, Trust banks, Regional banks, Securities companies, and Financial institutions-affiliated agencies



# Japan's bancassurance market & PGF Life's sales trend

- In Japan's bancassurance market, sales of saving products account for 80%.
- On the other hand, in PGF Life, sales of protection products account for 65%.

■ Sales trend in 2014 (Apr-Mar/31)



**Reasons why we  
develop our business  
in this way**

# **Bancassurance market in Japan**

	Major financial institutions	Number of FIs	Amount of deposit per FI
Mega Banks	Bank of Tokyo-Mitsubishi UFJ Sumitomo Mitsui Banking Corp. Mizuho Bank	3	90- 120 trillion yen
Trust Banks	Sumitomo Mitsui Trust Bank Mitsubishi UFJ Trust& Banking, etc.	16	-70 trillion yen
Regional Banks	Bank of Yokohama, Shizuoka Bank, etc.	105	1- 12 trillion yen

Total: 124

## Bancassurance Model in the World

1. Subsidiary method

2. Joint venture method

3. Exclusive sales tie-up method

4. Sales tie-up method (=Japan)

## Business Model in Japan (Sales tie-up method)

Customers

Sells policy selected from multiple life insurance products

Bank



Product supply  
Commissions  
Sales Support

Product supply  
Commissions  
Sales Support

Product supply  
Commissions  
Sales Support

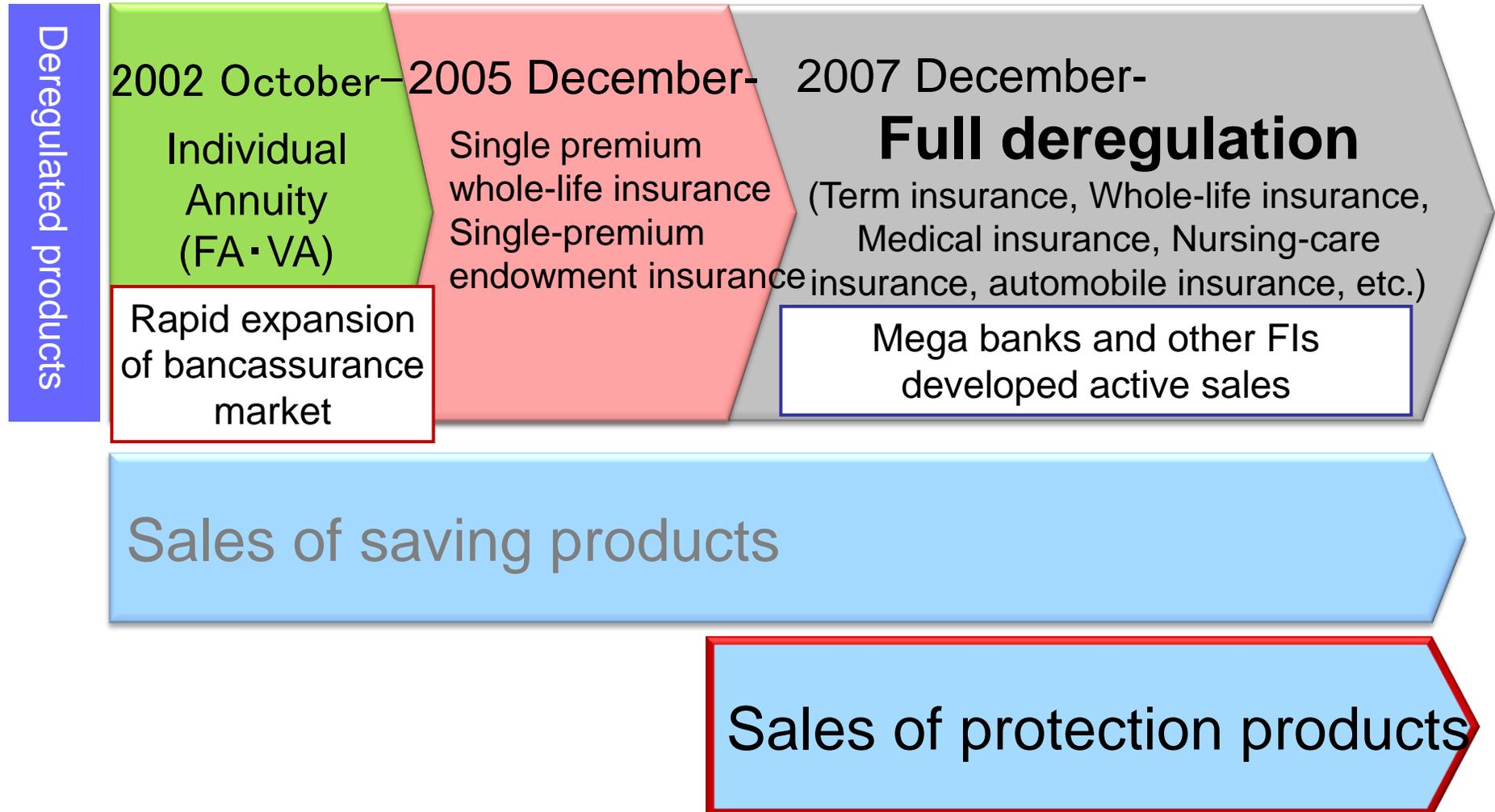
PGF Life

B Life

C Life ...

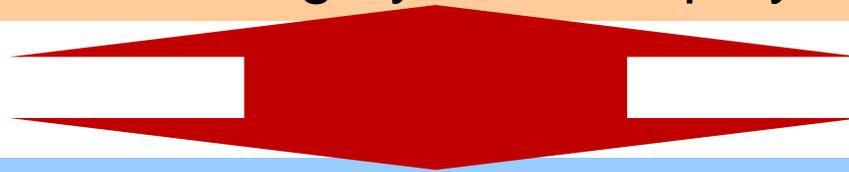
# Transition of deregulation in bancassurance in Japan

## ■ Major insurance products saleable at banks & deregulation



## Banking/ Insurance industry

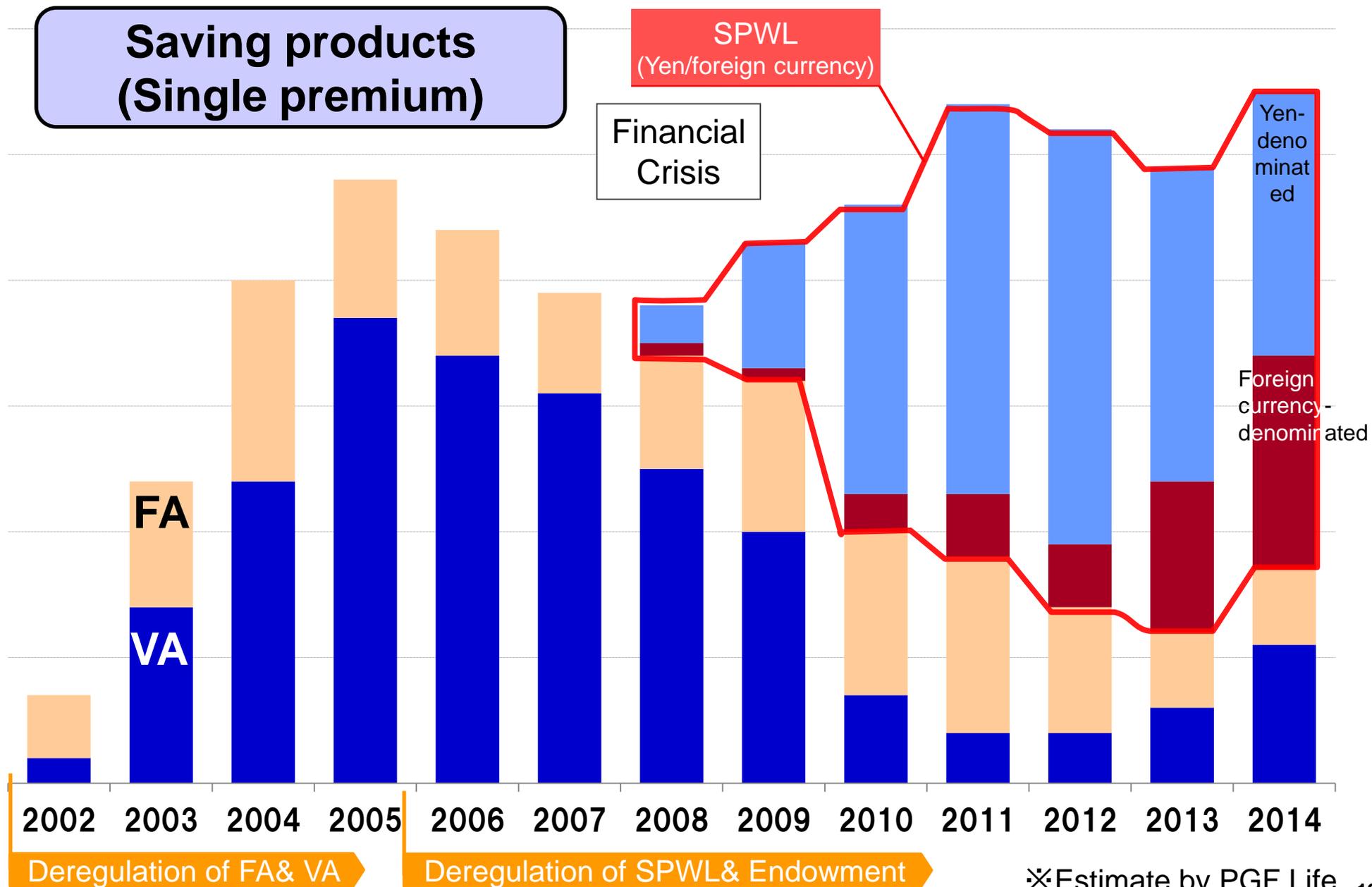
- Bank employees accustomed to sales of savings (Cash Value) cannot communicate the functions and needs of protection.
- Sales of protection product require health condition assessment and procedures for policies with substandard coverage, and handling by bank employees will be difficult.



## PGF Life

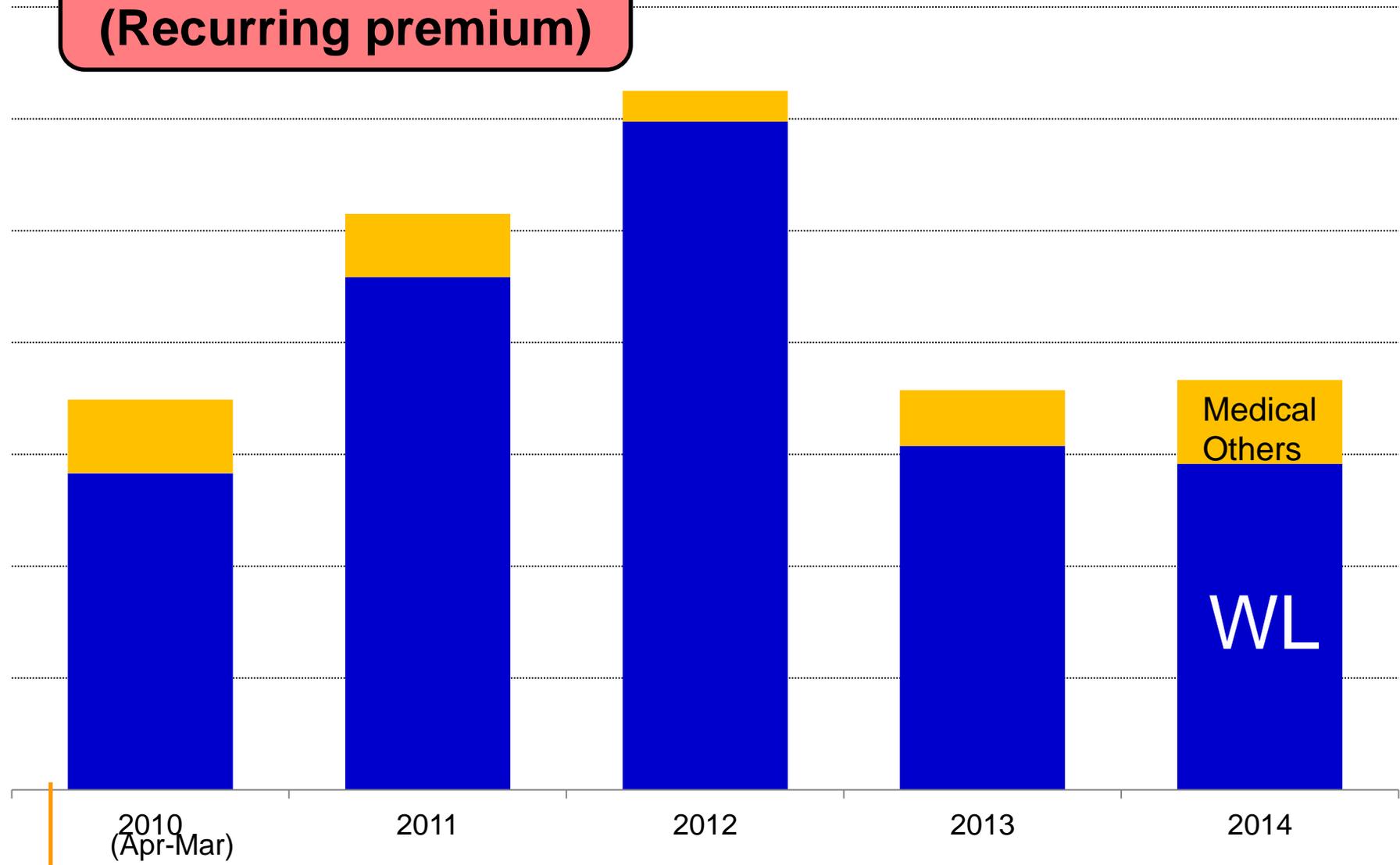
- Was confident of success in sales of protection products by introducing consulting sales that Prudential had been cultivated.

# Bancassurance Market in Japan (on a basis of new business premium income)



# Bancassurance Market in Japan (on a basis of AP)

Protection products  
(Recurring premium)



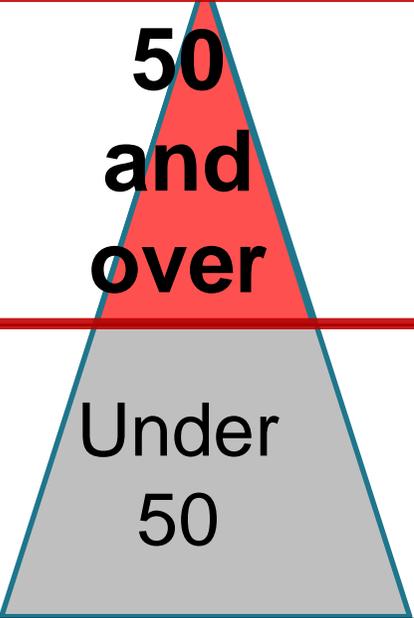
2007 October Full deregulation

# **PGF Life strategy for bancassurance development**

Product type	Market characteristics	Standing of PGF Life
<p><b>Saving products (Single premium)</b></p>	<ul style="list-style-type: none"> <li>➤ Have high affinity with investment trust and other financial products, and are relatively easy to sell.</li> <li>➤ The sales performance is affected by price competition.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Secure sales share under a fair price setting.</li> <li>➤ Aim to expand sales of PGF Life with the growth of the market.</li> </ul>
<p><b>Protection products (Recurring premium)</b></p>	<ul style="list-style-type: none"> <li>➤ Involve need-finding and medical examination and other process, and are difficult for bank employee alone to sell those products.</li> <li>➤ Require high-level sales support and expertise knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provide strong support by highly skilled sales personnel.</li> <li>➤ Aim to expand sales by promoting need-based sales.</li> </ul>

# Target customers

■ Japan's household financial assets are concentrated in the over-50 age group having large deposits with banks.

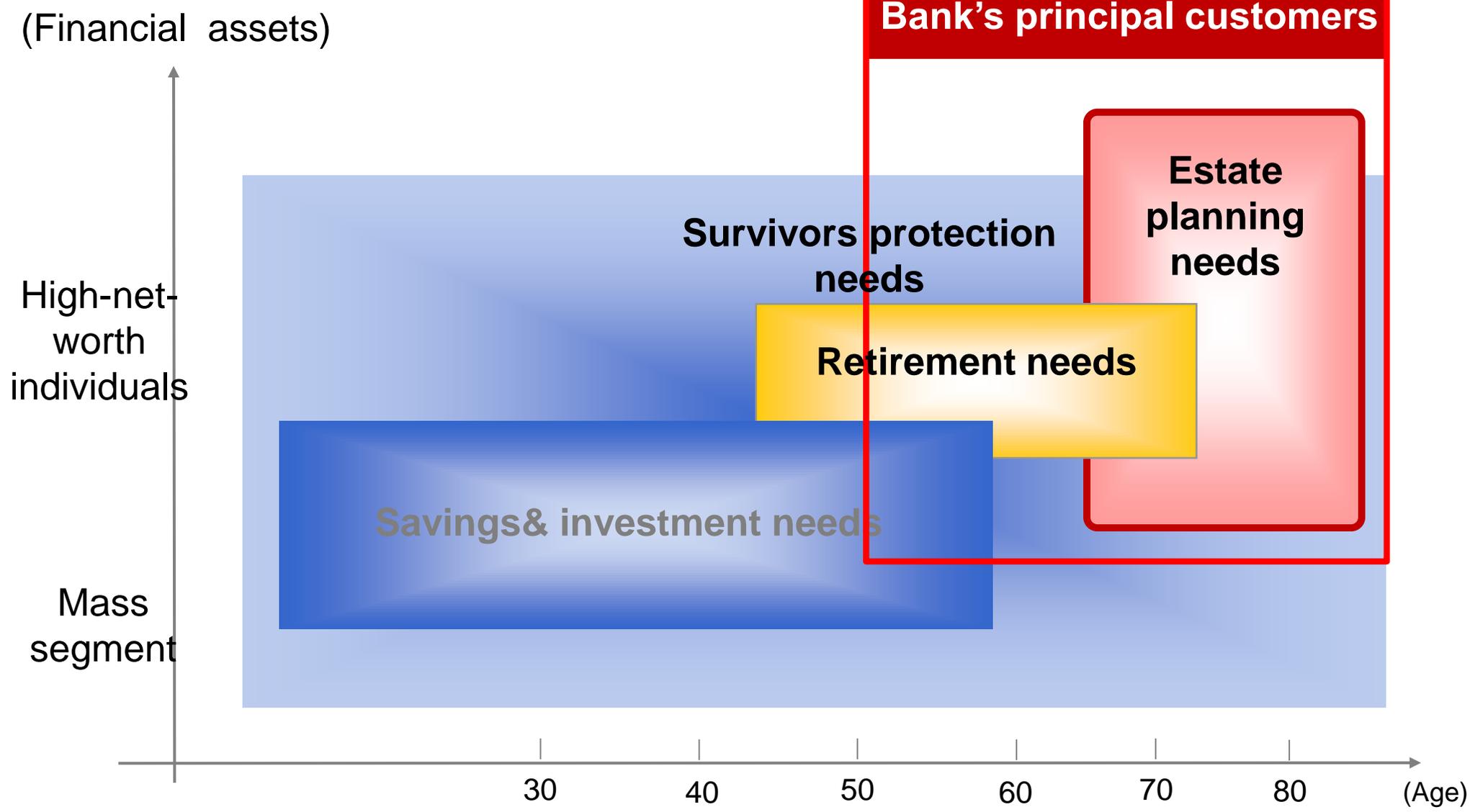
Demographic structure of Japan		Household financial assets
 <p><b>50 and over</b></p>	<p>58 million (46%)</p>	<p>1,430 trillion yen (85%)</p>
<p>Under 50</p>	<p>69 million (54%)</p>	<p>253 trillion yen (15%)</p>
<p>Total</p>	<p>127 million</p>	<p>1,683 trillion yen</p>

**Bank's primary customers**

(1) Statistics Bureau, Ministry of Internal Affairs and Communications, "Population Estimates (Provisional estimates as of 2015/12/1)"

(2) Compiled by Prudential based on the data of Bank of Japan "Flow of Funds Accounts (as of 2015/12/31)" and Statistics Bureau, Ministry of Internal Affairs and Communications "Family Income and Expenditure Survey" (July-September, 2015).

# Major customer needs

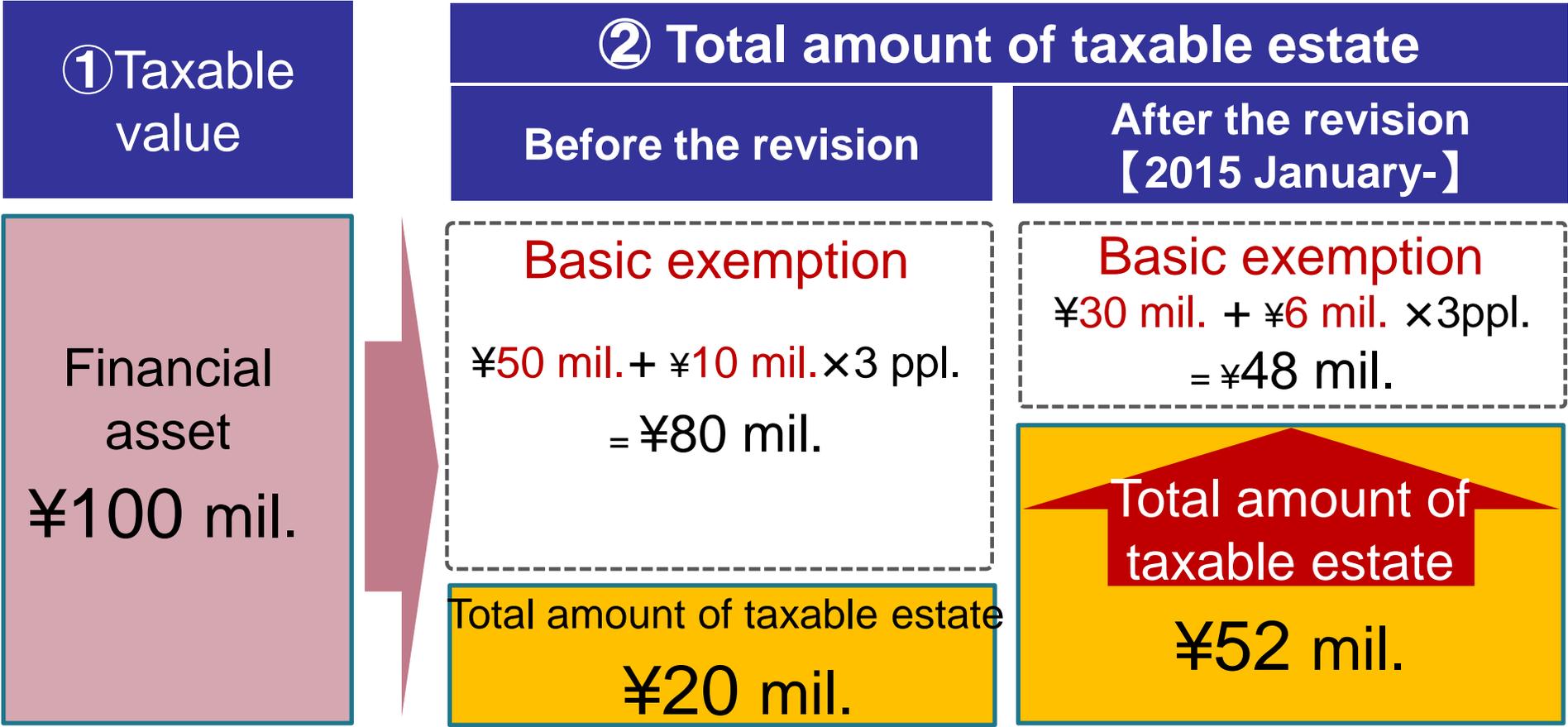


# Revision of inheritance tax system in Japan① (Jan. 2015-)

## 1. Reduction of basic exemption amount

· With the reduction of basic exemption in calculating inheritance tax, the total amount of taxable income increased.(=Increase in the number of taxable persons)

■ When a person has the financial assets worth ¥100 million and 3 legal heirs (wife + 2 children)

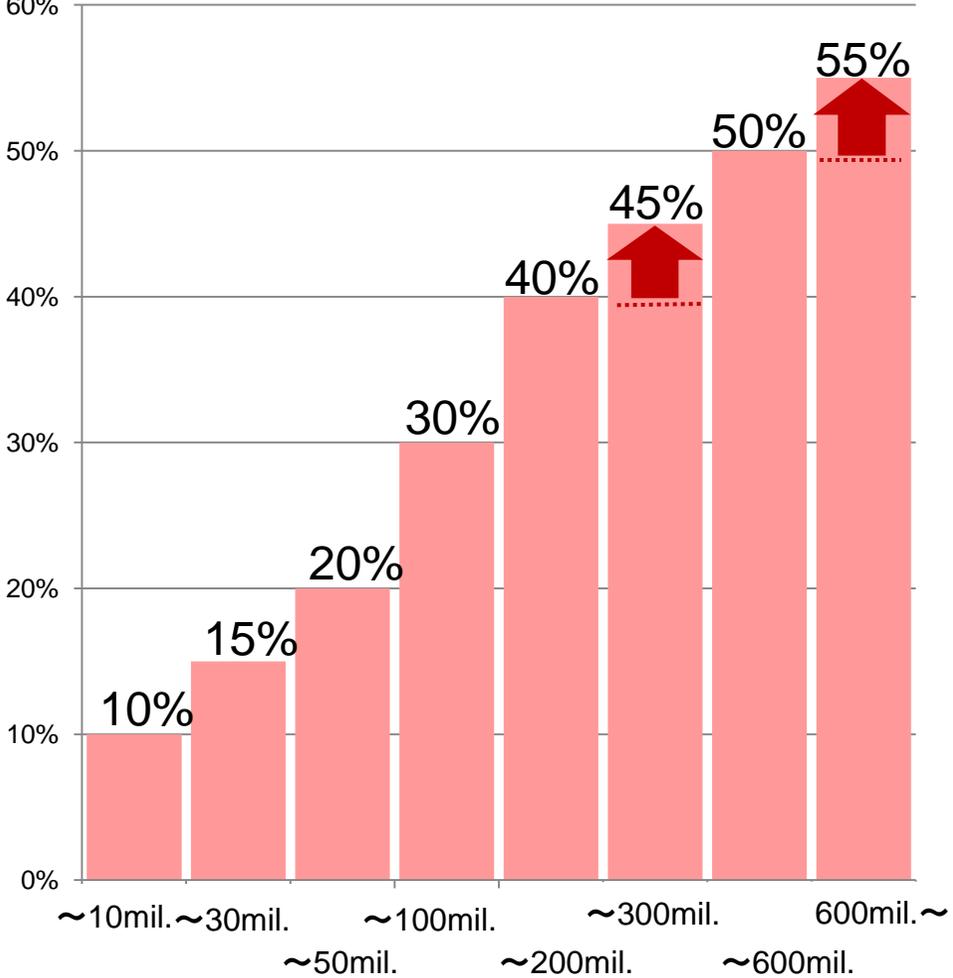


# Revision of inheritance tax system in Japan② (Jan. 2015-)

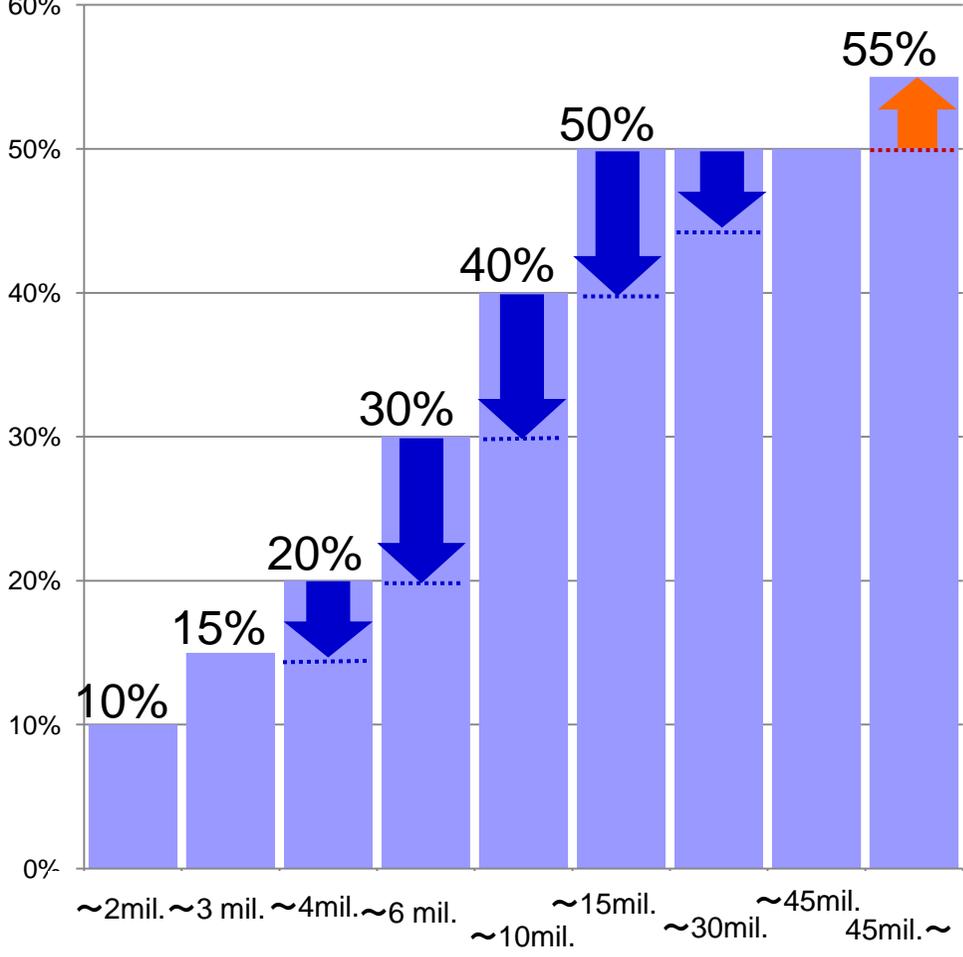
## 2. Higher inheritance tax& lower gift tax

• In the revision of the inheritance tax system, the inheritance tax was raised while gift tax was reduced.  
→ Asset reduction by lifetime gifting and measures to secure funds needed to pay taxes become popular mainly among wealthy people.

### Inheritance tax rate



### Gift tax rate



**PGF Life's  
sales promotion  
measures  
(strategic tie-up with  
banks)**

## Bank's retail business

## Challenges

## Measures

**Outcome**  
**Output**  
(Sales, added values, etc.)

- ✓ Secure stable revenue
- ✓ Capture wealthy-class customers

- Advance consulting sales
  - ✓ Increase recurring revenue by increasing the balance of mutual funds, etc.
- ✓ Promote estate planning (trust products, recurring premium insurance)
- ✓ Capture next-generation customers, etc.

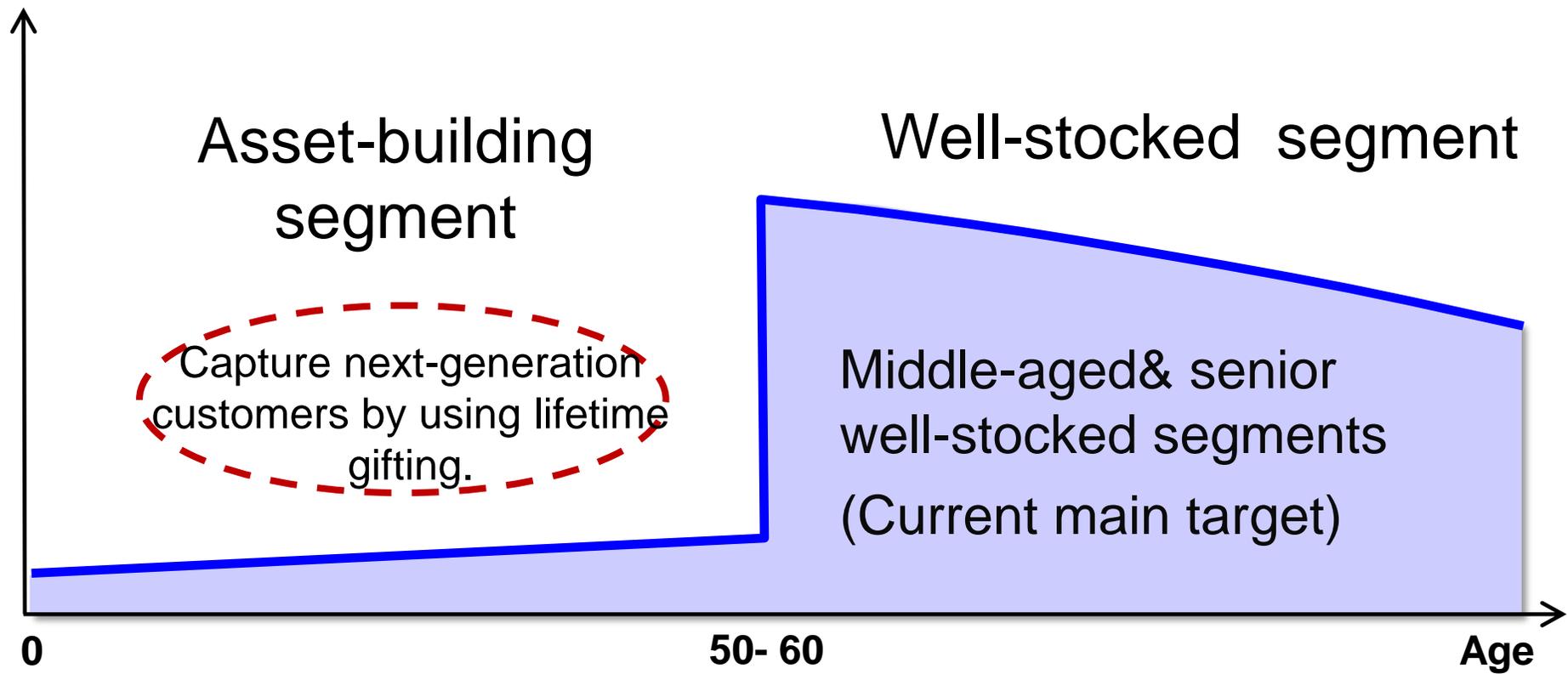
**Investment**  
**Input**  
(Manpower, goods, money, time, etc.)

- ✓ Reduce bank employees' pressures related to sales

- Input human resources commensurate with the output
  - ✓ Revise resource input in the business for asset-building segment, etc.
- Reduce clerical workload by improving infrastructure
  - ✓ Paperless application procedures using tablet terminals, etc.

# Customer transaction volume in banks' retail business

Customer transaction volume at bank  
(including insurance sales)



PGF Life's  
business promotion  
measures

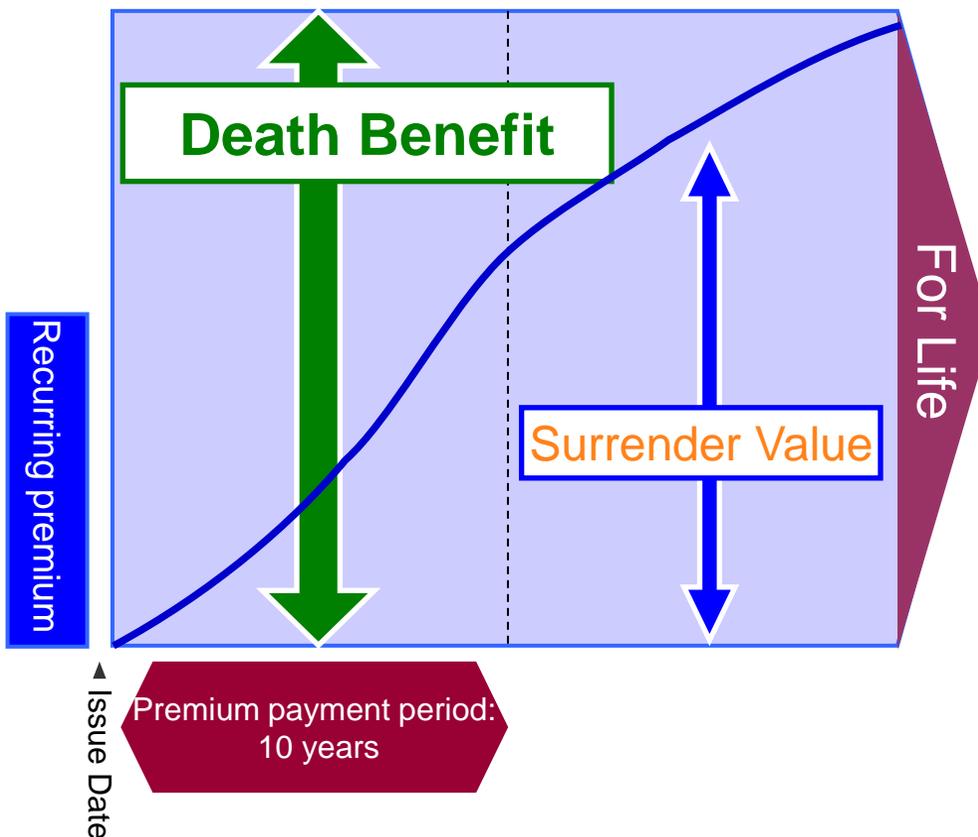
Promote estate-planning utilizing life insurance through tie-up with banks, and thereby capture children's generation of wealthy-class customers.

# Core products of PGF Life (US Dollar-denominated WL insurance)

## Characteristics of US dollar-denominated whole-life insurance

- Denominated in dollars. At the time of contract, the amount of the benefit to be received is determined on a dollar basis.
- From the issue date, the policy provides generous death benefit that exceeds the amount of premium paid-in, serving as an effective solution to secure funds needed to pay tax at the time of inheritance.

### 【Concept】



Typical type of contract			Benefits
Policy-holder	The insured	Beneficiary	
			• Can secure funds for tax payment
			• Parent can compress assets by giving annual premiums to child as gift. • Can secure funds for tax payment

### 【Product Overview】

Issue age	0-75 years old
GMDB (Guaranteed Minimum Death Benefit)	\$20,000 US

# Sales method of PGF Life (training for bank employees)

Provide sales training at bank branches for different job levels

## ■ Training for each job level by training specialist

Job level	Key contents of training
Branch's counter (Teller)	<ul style="list-style-type: none"><li>• Tips of toss-up and sales talk</li><li>• Sales Process</li></ul>
Branch's public relations (Customer visits)	<ul style="list-style-type: none"><li>• Points of sales approach/needs confirmation for protection products</li><li>• Sales approach/confirmation of inheritance needs</li></ul>
Head of Consultation Section	<ul style="list-style-type: none"><li>• Sales approach/confirmation of inheritance needs, points of coaching</li><li>• Case Study</li></ul>

Job level	Key contents of training
Deputy branch manager	<ul style="list-style-type: none"><li>• Points of the sales process coaching</li></ul>
Branch manager	<ul style="list-style-type: none"><li>• Points of sales approach/confirmation of needs by top-level managers</li></ul>



## ■ Training at branches provided by sales employees

Individualized training at the branch s/he is in charge

Consultations

OJT  
(accompanying the sales)

# PGF Life's sales method (estate-planning seminar for customers)

Hold seminars for bank's customers (wealthy class) to give a final push to close contracts.

	Program of the seminar	Lecturer
Session 1	▪ Needs for utilizing lifetime gifting & asset protection plans	Lawyer & Accountant
Session 2	▪ Asset protection measures utilizing life insurance	PGF Life Sales employee

WS Support Model  
(Promote sales by providing support from outside)

Customer

Sales

Sales

Bank employee

Bank employee

Bank's branch

Sales Training

**WS (Wholesaler)**

- Mainstream sales support method in the sales of saving products

Sales Model Using Secondees  
(Professionals from insurance companies conduct sales promotion)

Customer

Sales

Sales

Bank employee

Sales Training

Secondees from insurance companies  
**Insurance consultant**

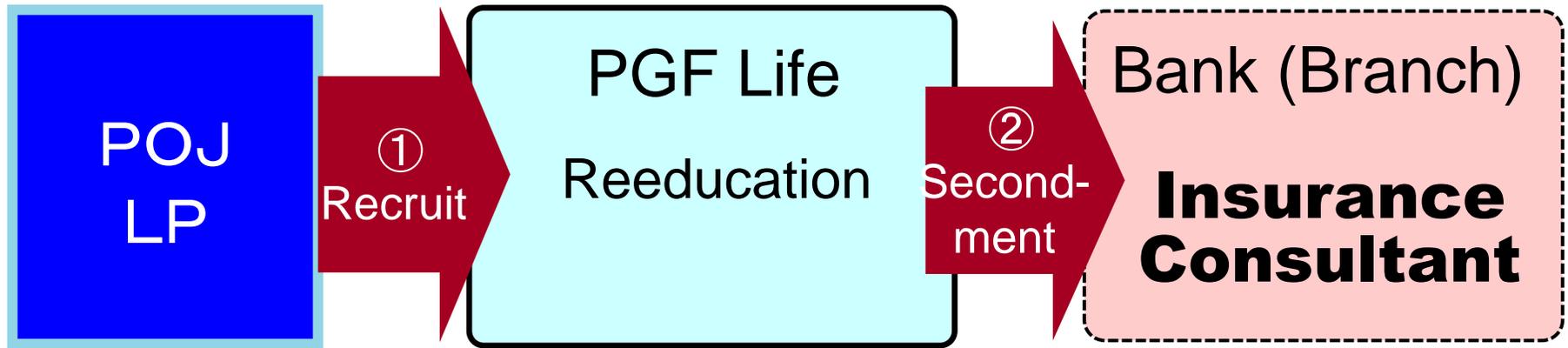
Bank's branch

- Send secondees to banks, who will conduct insurance sales at the banks and provide support to bank employees.
- Effective particularly in the sales of protection products.

# Utilizing human resources through tie-up with POJ

To advance sales of protection products, it is critical to secure people with reliable ability and continuously brush up on the skills.

## PGF Life's business model utilizing POJ's LPs

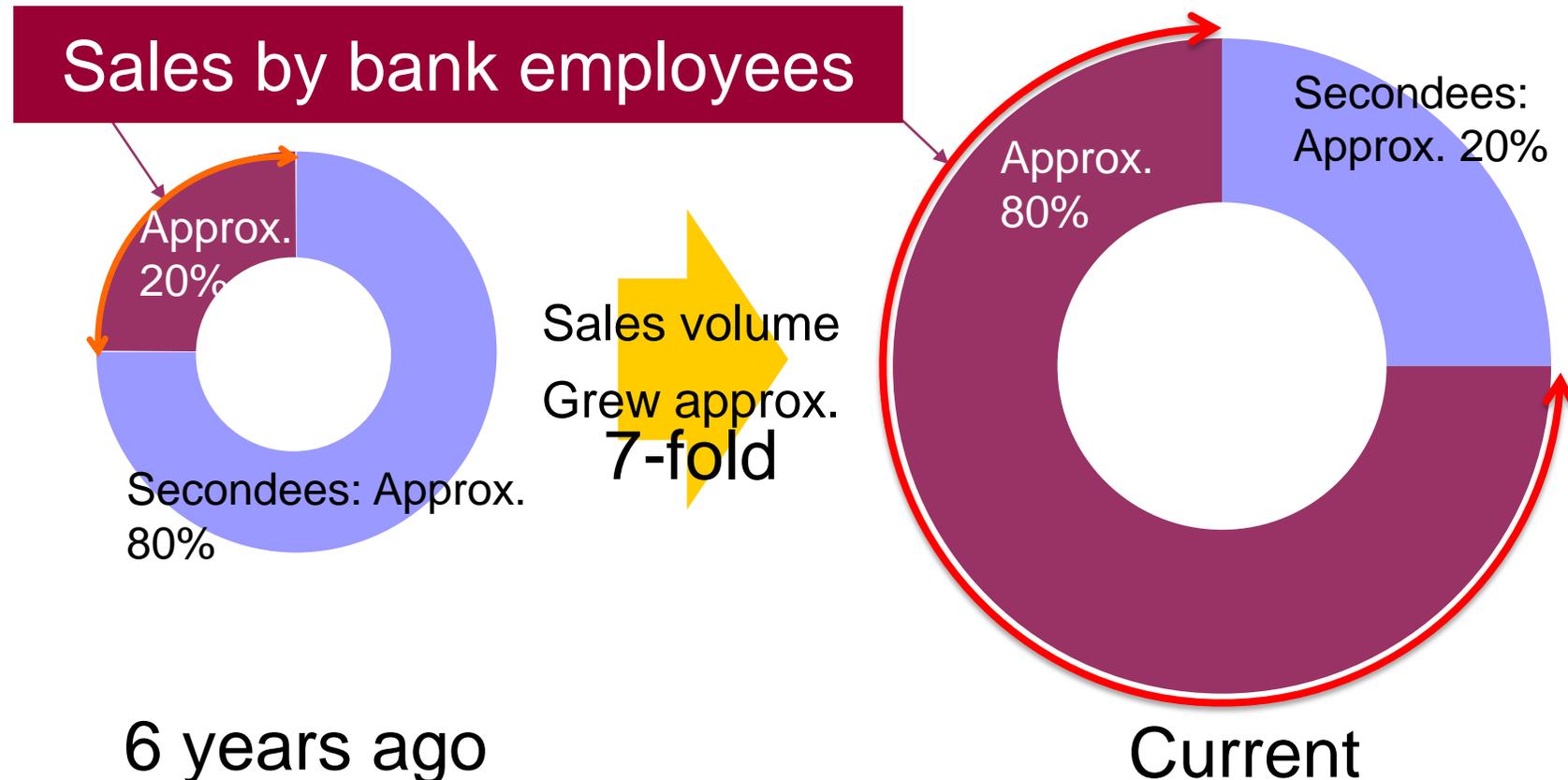


## Missions of the secondees

1	Sell insurance policies by themselves.	Short-term mission
2	Train bank employees so that they can conduct sales independently.	Medium-term mission

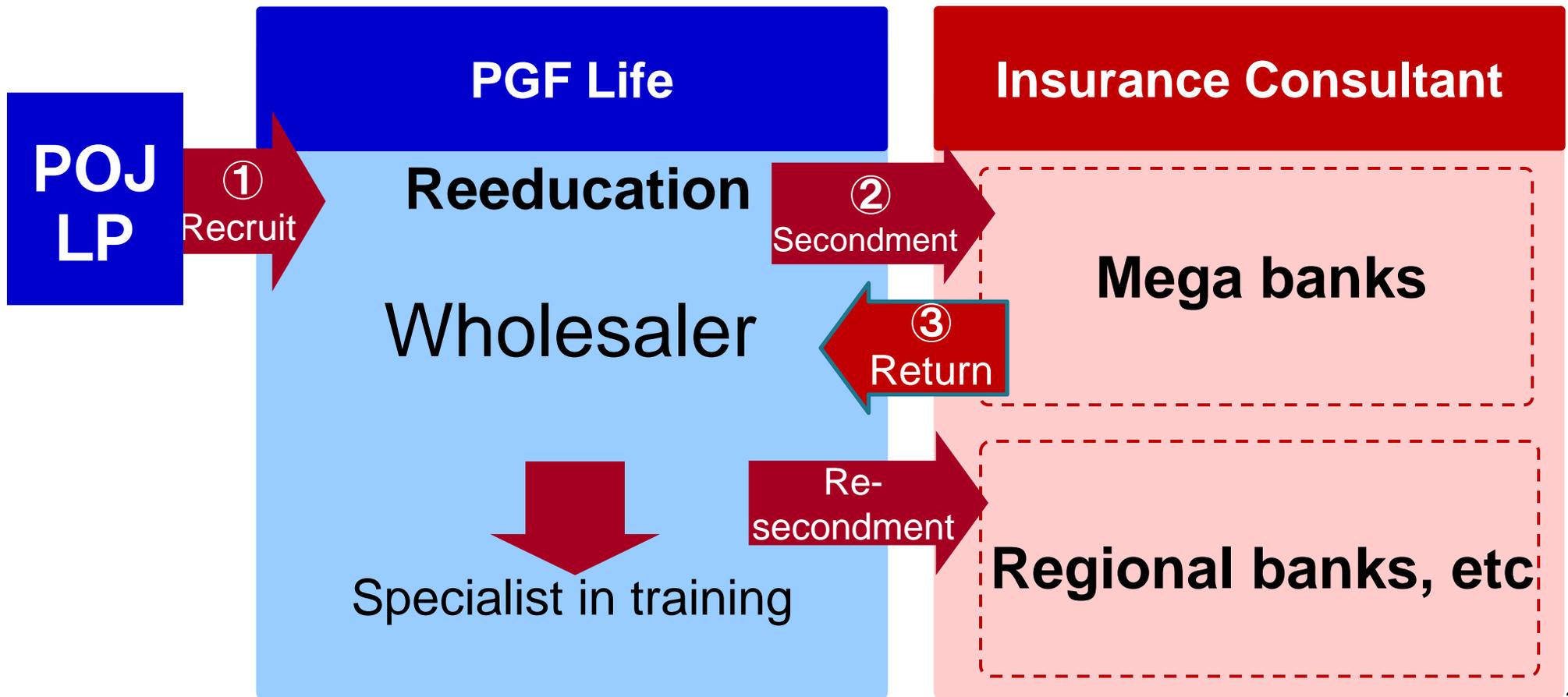
The secondees developed bank employees as their medium-term mission, and the sales amount rapidly grew as a result of insurance sales by bank employees.

## ■ Sales amount of PGF Life products at mega banks



# Source of PGF Life's driving force

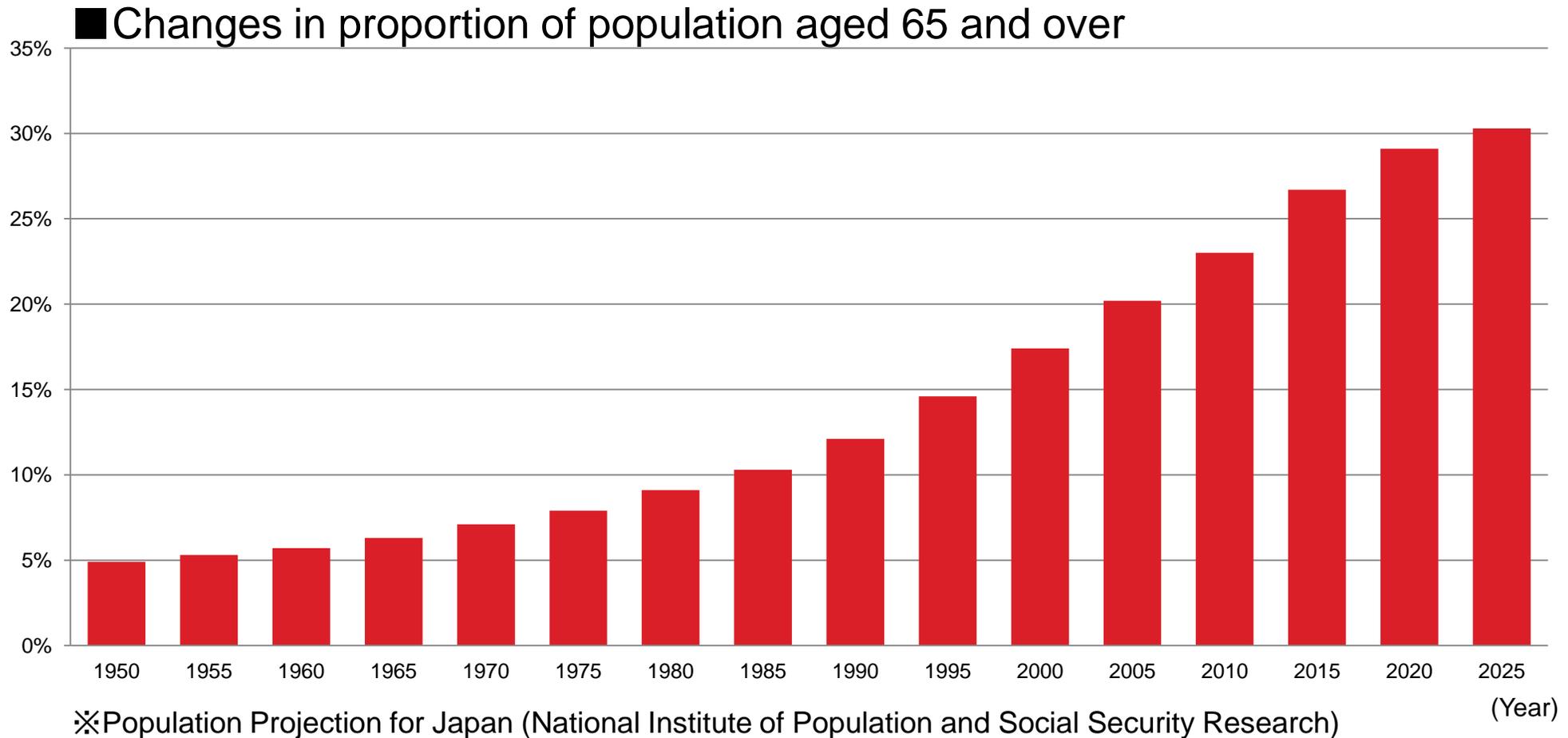
PGF Life's strengths lie in its large pool of skilled sales people with experiences in both insurance sales at banks and development of bank employees accumulated by continuously sending ICs to banks from soon after the full deregulation (2007).



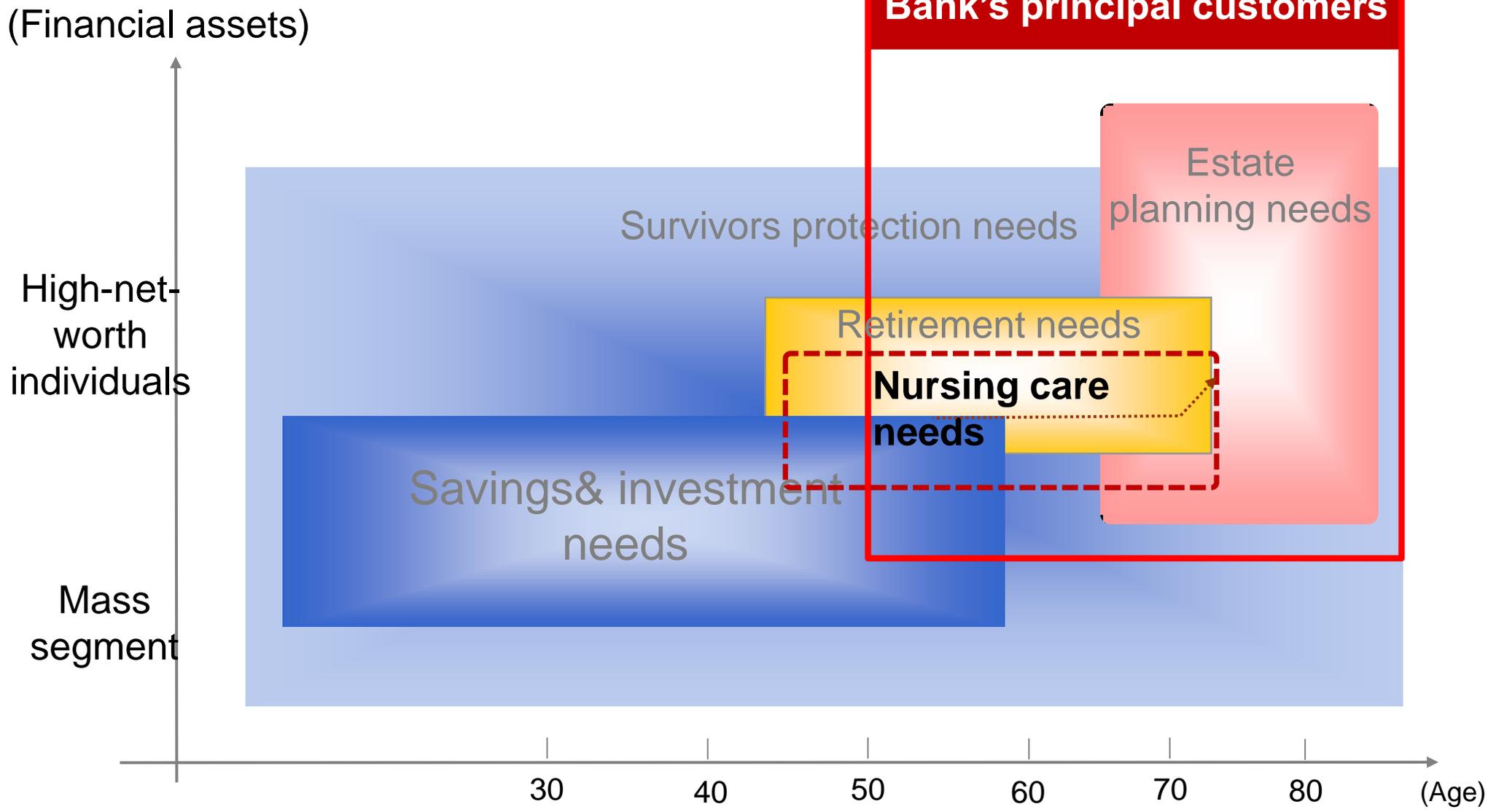
# Toward future

# Increase of elderly population

In 2025, elderly people aged 65 or older will account for about 30% of the total population. In the further aging society, there are large blank zone where lifers have not provided coverage.



# Create new zone of coverage



**We are committed to the business with a strong determination to develop the market and revolutionize bancassurance by offering protection.**

**Bancassurance**

**= Investment**  
**(Saving Product)**

**Bancassurance**

**= Insurance**  
**(Protection Product)**