



Growth in Asia

David Moss, SVP, Swiss Re Canada

Pacific Rim Actuaries' Club of Toronto, 15th November 2017

Agenda



The Asian Opportunity



Swiss Re Examples:

- Automated Underwriting
- Behavioural Economics
- Health Solutions

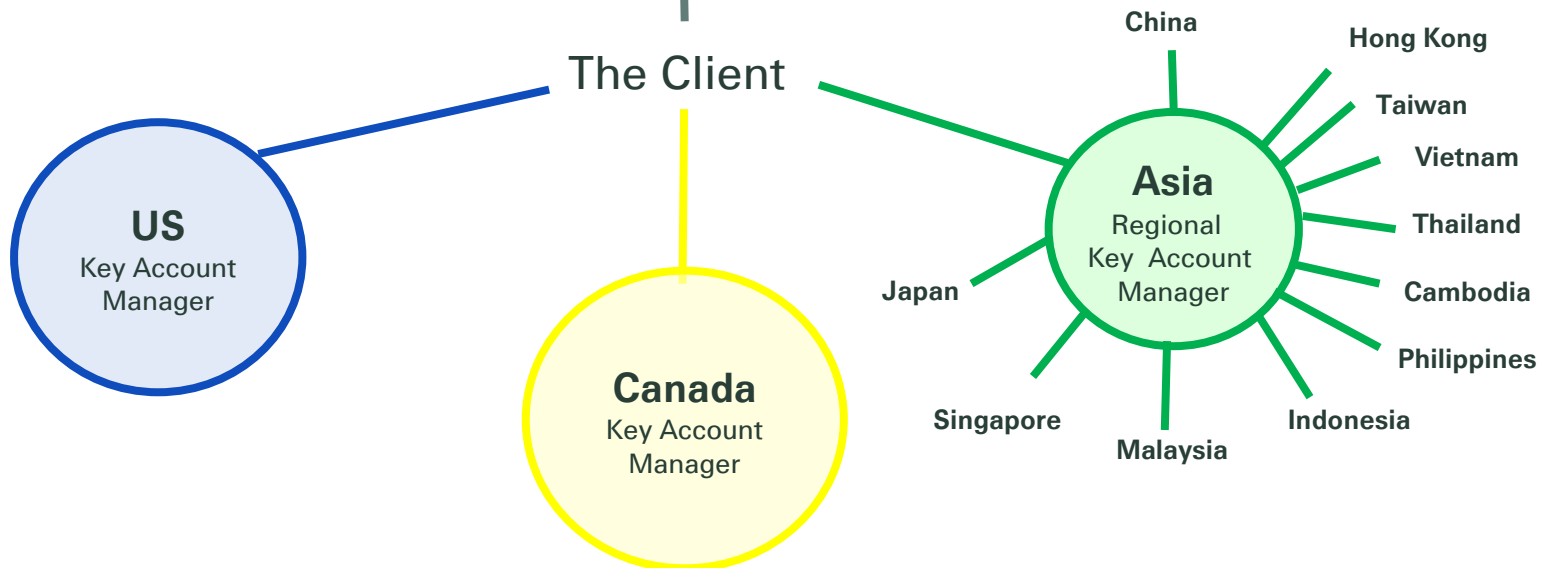
Swiss Re's Client Leadership Team Structure

The Client Leadership Team:

- Owns the relationship - Globally and Locally
- Develops Swiss Re's Strategy for engagement with the Client

Client Executive: Veronica Scotti, President & CEO, Canada & English Caribbean

Global Key Account Manager: David Moss, Head L&H Client Markets, Canada & English Caribbean



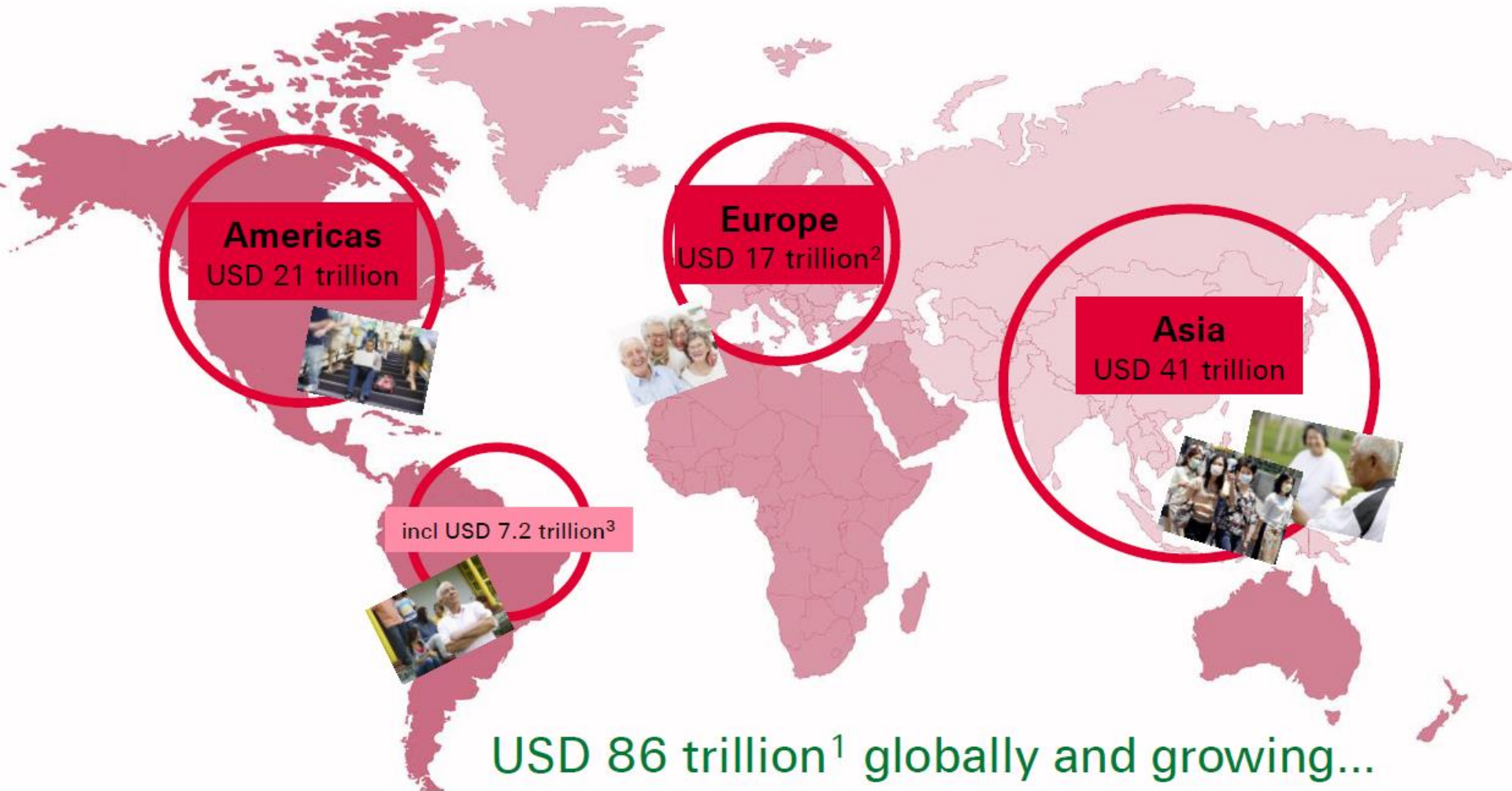
Local Client Managers / Key Account Managers supported by
cross functional teams:

Pricing, Underwriting, Claims, Business Development, Finance, Admin and Structuring

A person with dark hair tied back is seen from the side, looking out over a vast, hazy mountain landscape. The mountains are layered, with some peaks more prominent than others. A semi-transparent green and yellow gradient bar is overlaid on the upper part of the image, containing the title text.

The Asian Opportunity

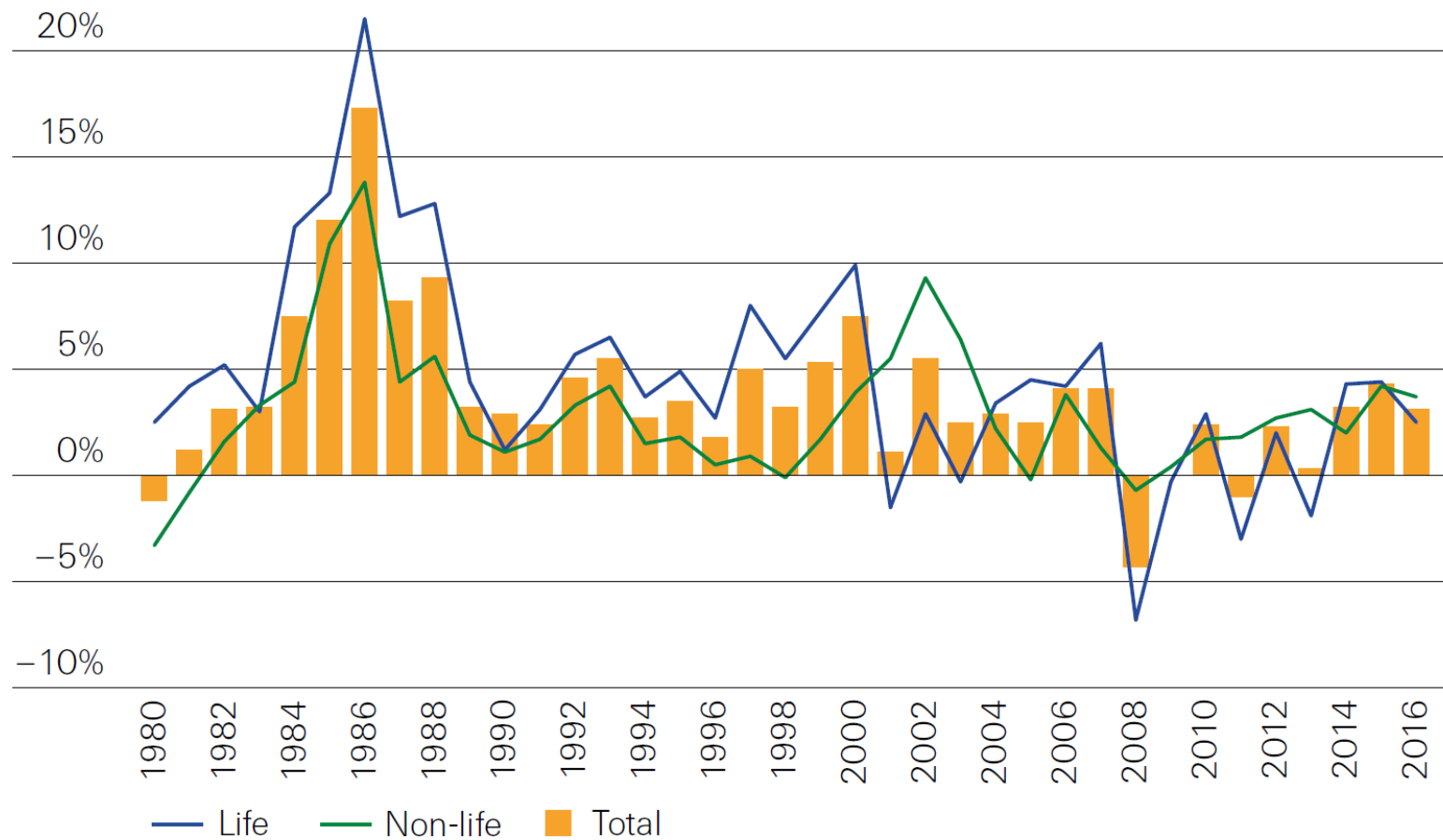
The Global Protection Gap



1. Mortality only; 2. Europe: across 13 countries; 3. Selected 8 Latin American countries

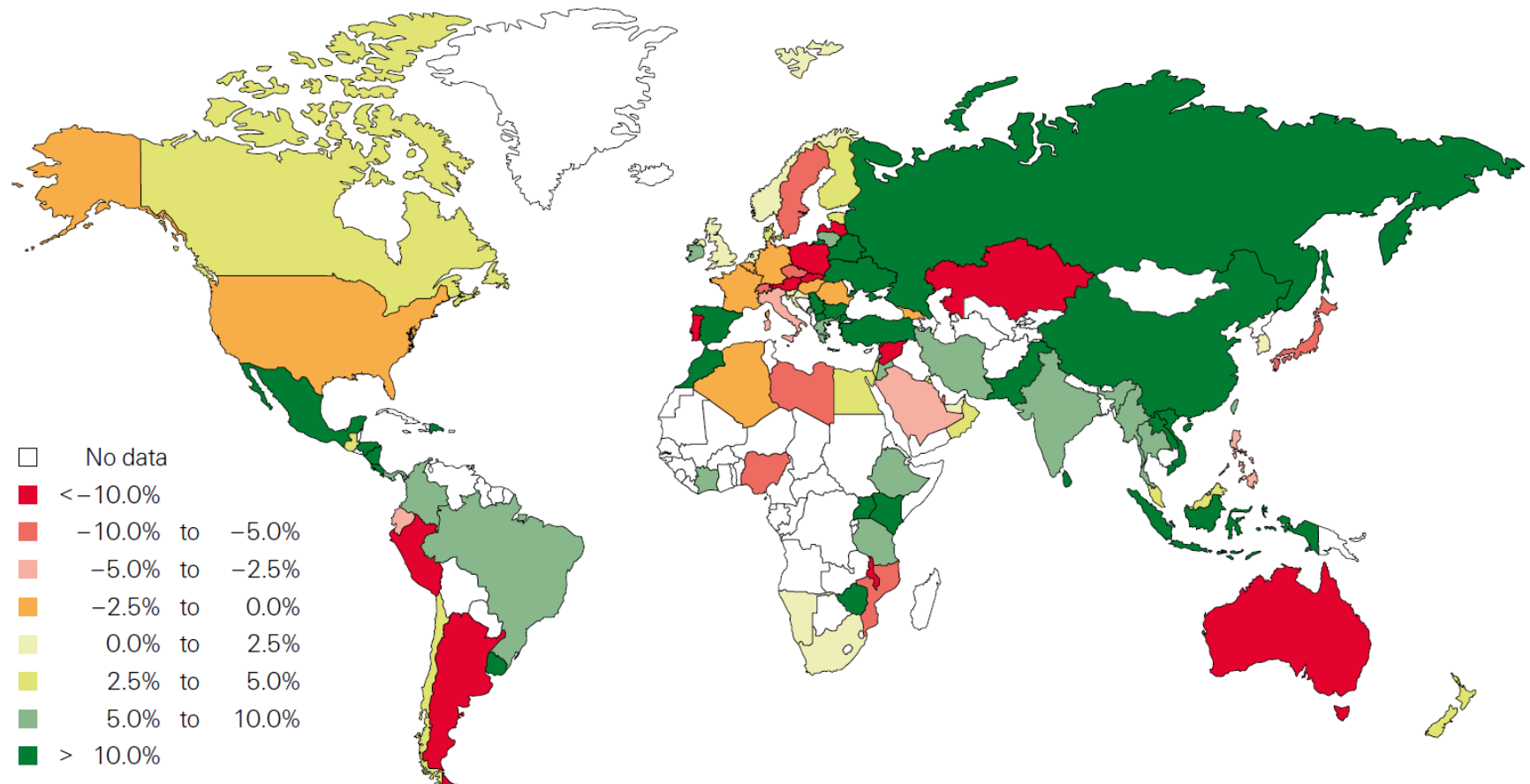
Global Growth in Insurance Premiums

Global real direct premium growth 1980 - 2016



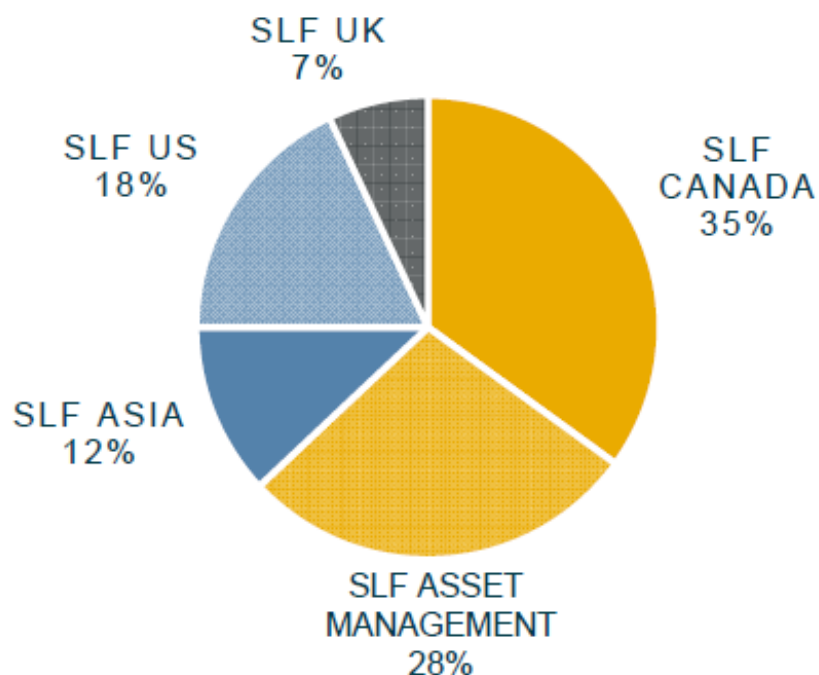
Life & Health Premium Growth by Market

Life real premium growth, 2016



Extract from Sun Life Financial's 2017 Investor Day:

GEOGRAPHIC DIVERSIFICATION 2016 UNDERLYING NET INCOME



**20% of
underlying
net income
comes
from Asia²**

² Includes SLF Asia, International High Net Worth Asia, MFS Asia Pacific.

Extract from Sun Life Financial's 2017 Investor Day:

ACCELERATING GROWTH THROUGH DISCIPLINED ACQUISITIONS

Nearly \$1 billion committed to acquisitions from 2012-2016, strengthening our presence in the region, expanding our distribution and increasing our product capabilities.

Entered Vietnam - PVI Sun Life (JV) formed, began operations in 2013

2012



2013



Entered Malaysia - Acquired 49% of each of CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad

2014

2015



Vietnam: Announced transaction to increase stake in PVI Sun Life to 75%

2016










- **India:** Increased shareholding in Birla Sun Life Insurance from 26% to 49%
- **Hong Kong:** Announced transaction to acquire FWD's MPF and ORSO¹ businesses
- **Hong Kong:** Announced transaction to acquire Schroders' MPF business
- **Indonesia:** Acquired remaining 51% of CIMB Sun Life
- **Vietnam:** Acquired remaining 25% of PVI Sun Life
- **India:** Entered distribution relationship with DBS

¹Occupational Retirement Schemes Ordinance

Extract from Sun Life Financial's 2017 Investor Day:

ALMOST 14 MILLION CLIENTS WITH GROWTH OPPORTUNITIES IN EVERY MARKET

	Population (millions)	# of Sun Life Clients (millions)	Sun Life Clients as a % of Population
 Philippines	102	1.7	1.7%
 Hong Kong	7	0.7	10.0%
 Indonesia	258	0.7	0.3%
 India	1,327	7.8	0.6%
 China	1,366	1.2	0.1%
 Vietnam	94	N/A	N/A
 Malaysia	31	1.8	5.8%
TOTAL	3,185	13.9	0.4%

We're in the right markets, at the right time

- **The Middle Class in the Asia Pacific region is estimated to grow to over 3 billion by 2030** (65% of the Global Middle Class) – meaning even more Clients will need insurance and financial advice.
- Our 7 markets cover a total population base of over **3 billion people**, of which **nearly 14 million are our Clients**.
- The median age of the population of our countries ranges from 23 in developing countries like the Philippines to 44 in Hong Kong.
- GDP per capita is growing relatively faster than mature markets, leading to a wealthier population with greater need for financial advice and protection.

Extract from Manulife Financial's 2015 Investor Day:

Compelling presence in Asia



120 years
in Asia



8 million
customers



12
markets



70,000 leading
professional agency



12,000
employees



100+
bank partners



US\$112 billion
assets under management
and administration¹



4,000+
employees in global
shared services

¹ As of 1Q17. ² Hong Kong and Macau. ³ Taiwan: WAM only. ⁴ Cambodia: Insurance only.

Life insurance and WAM presence across Asia

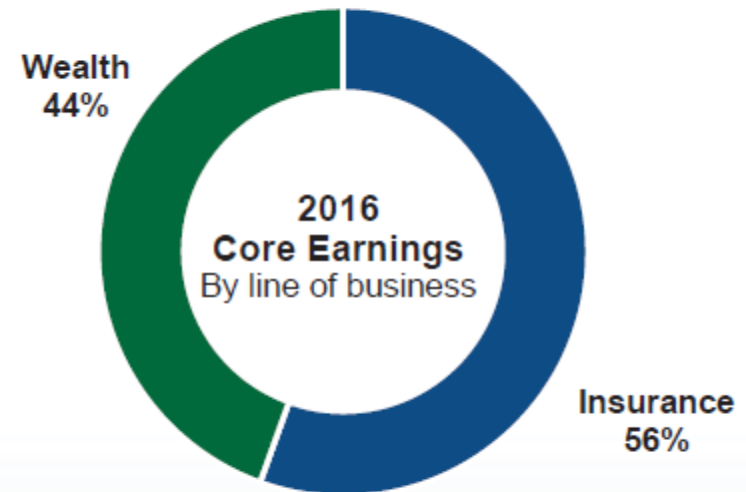
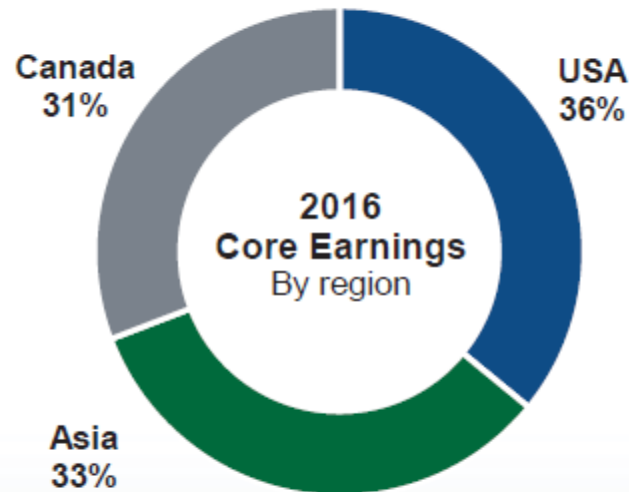


 Manulife

 John Hancock

Extract from Manulife Financial's 2017 Investor Day:

Balanced earnings profile by geography and businesses



Extract from Manulife Financial's 2017 Investor Day:

Powerful megatrends are fuelling a huge opportunity in Asia

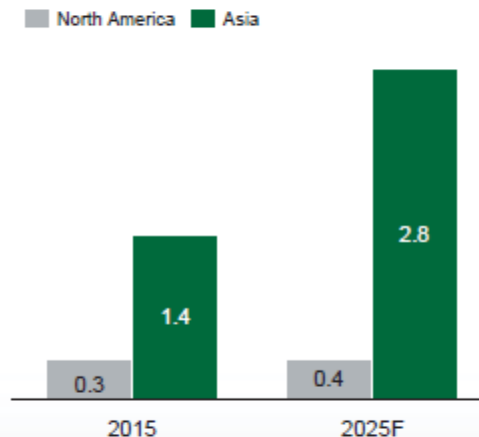
We operate in many of the fastest growing markets in the world

(10-year CAGR, 2006-2016, US\$, current prices)¹



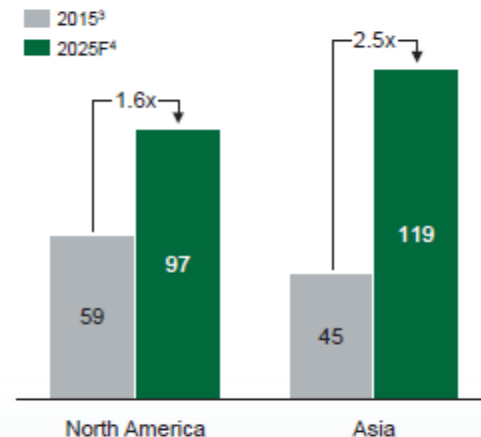
Middle class emergence will drive demand for financial solutions

(Middle class population, billions)²



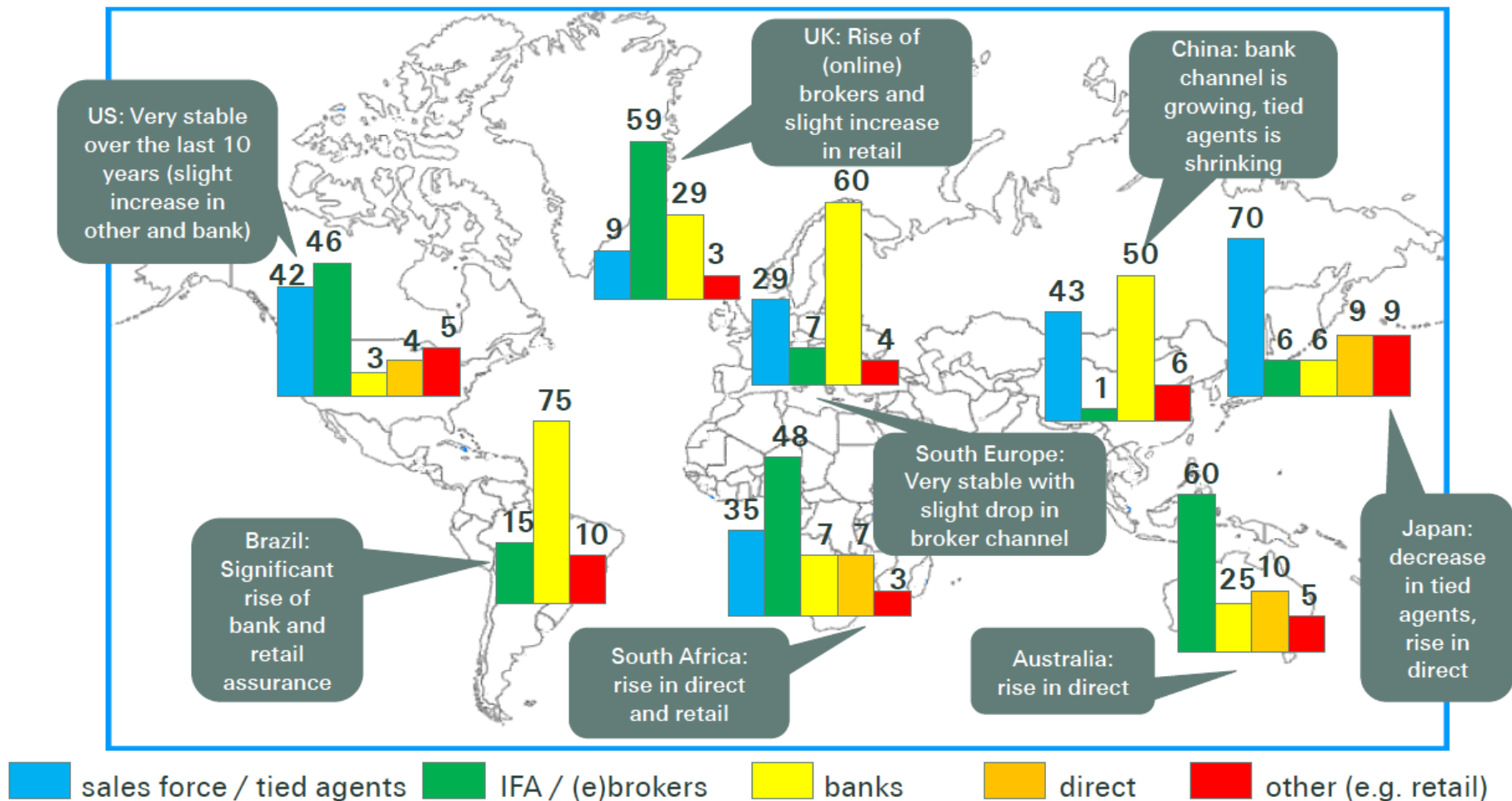
Net household wealth in Asia is expected to double by 2025

(Household wealth, US\$ trillions)

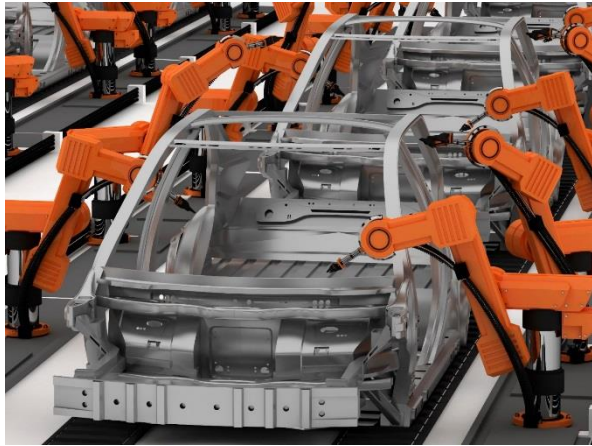


¹ Source: International Monetary Fund, World Economic Outlook, April 2017. ² Source: The Unprecedented Expansion of the Global Middle Class, Homi Kharas, Brookings Institute. ³ Source: Economic Intelligence Unit. ⁴ Source: Manulife & Oliver Wyman estimates.

Life Individual Protection Distribution is Shifting

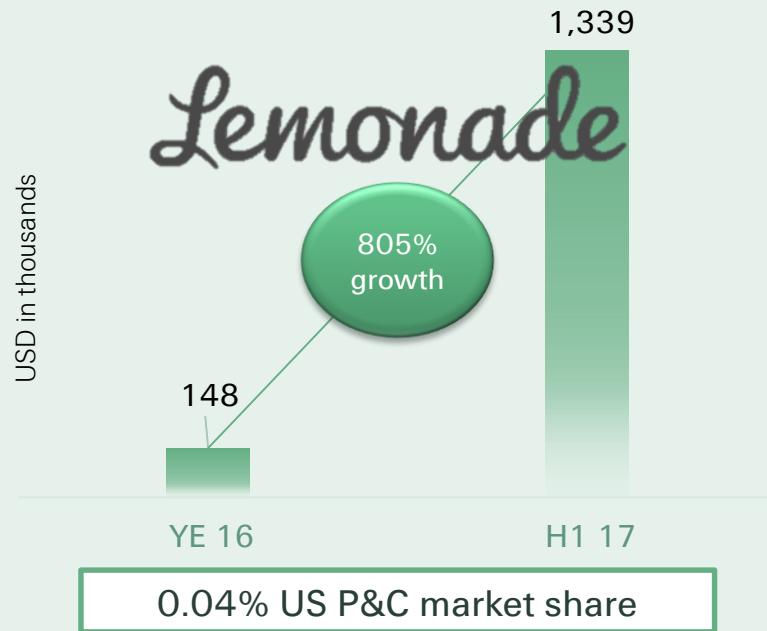


Technology, Sensors & Automation



Direct Insurers Growth

DIRECT WRITTEN PREMIUM



Allstate 6.1% US P&C market share

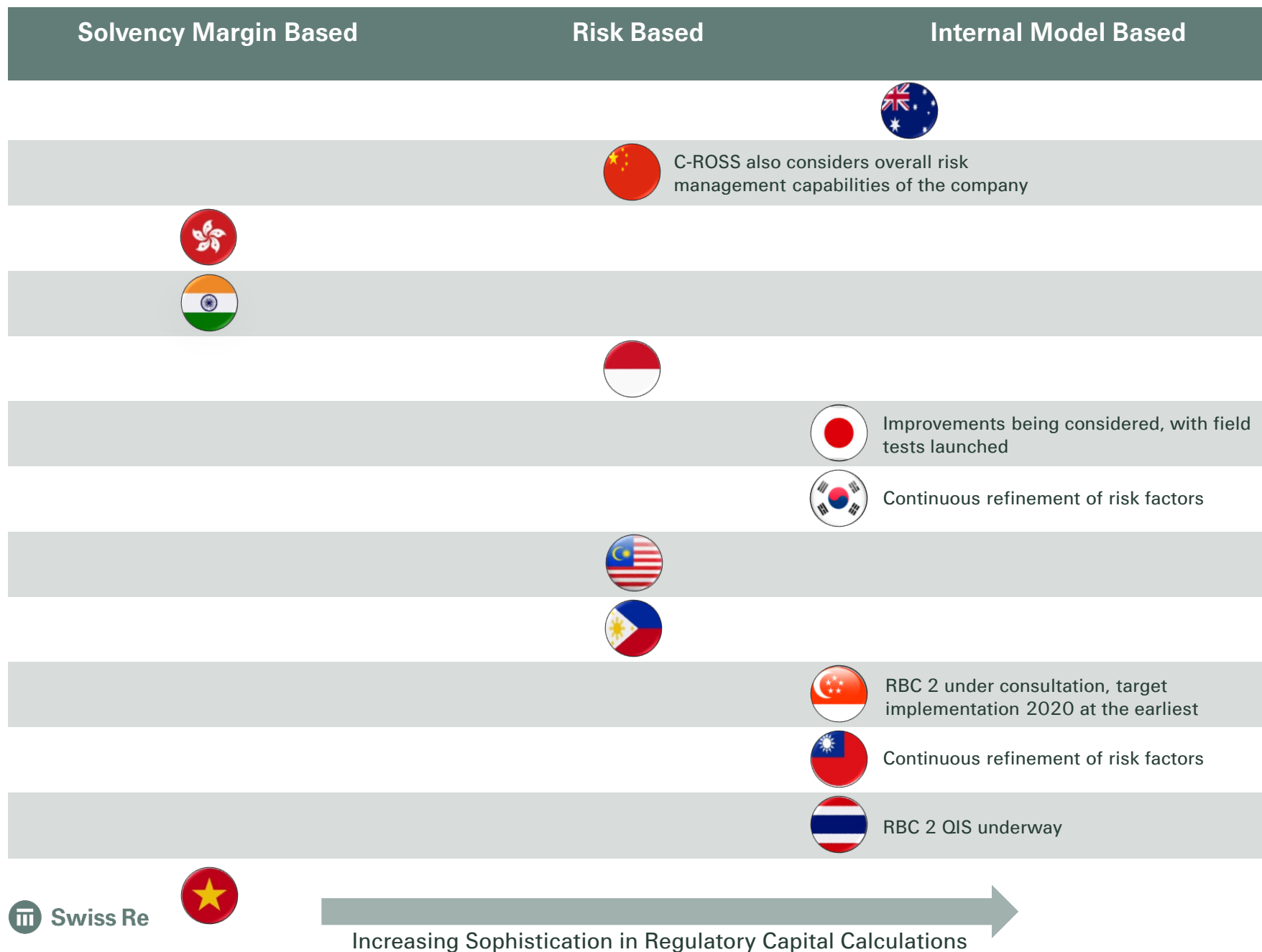
DIRECT WRITTEN PREMIUM



PICC 33.5% Chinese P&C market share

Source: SNL.com, Cbinsights.com & Chinadaily.com

Comparison of Regulatory Capital Regimes in Asia (current)



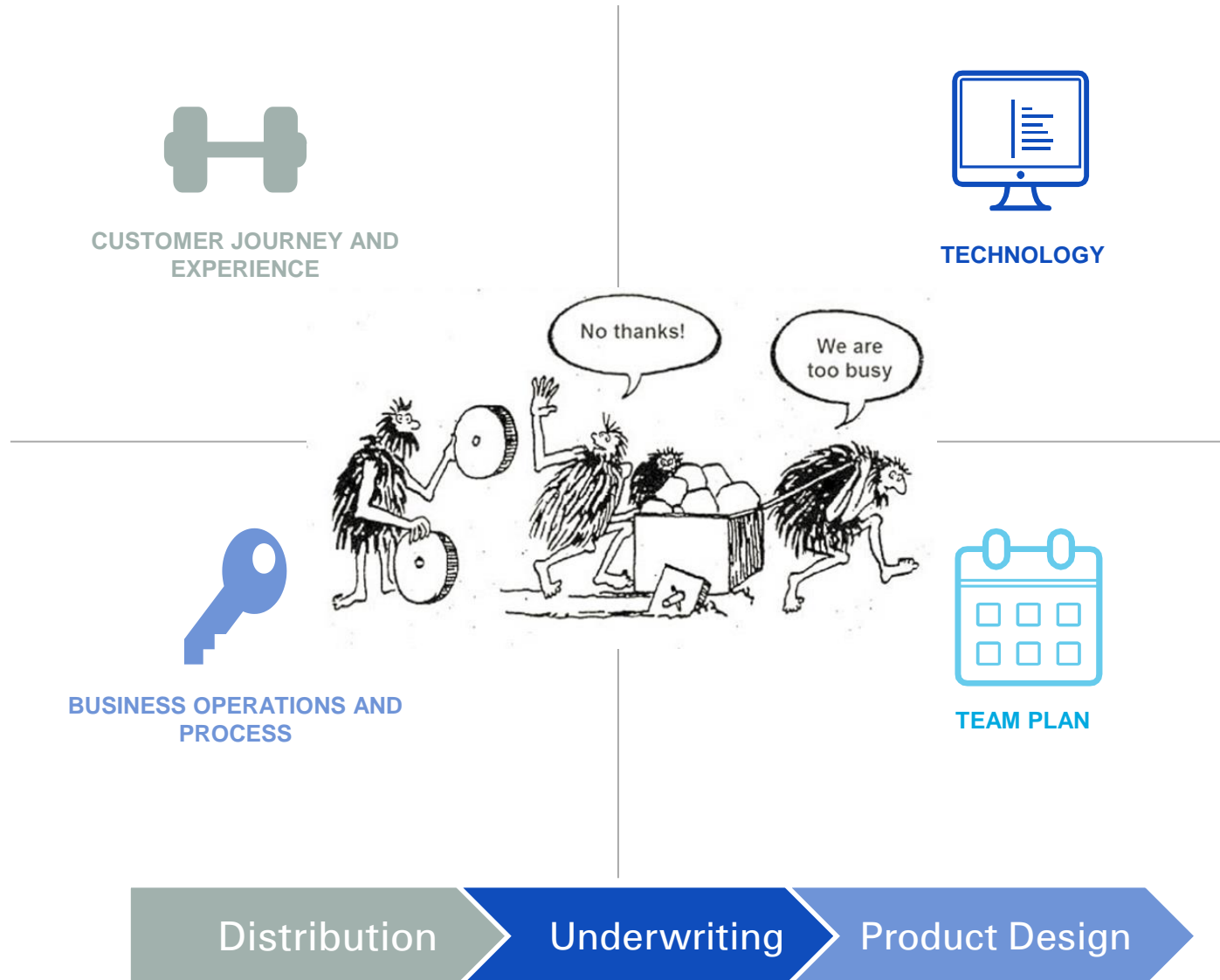
Comparison of Regulatory Capital Regimes in Asia (target)



How is Swiss Re playing its part?



How Might We?

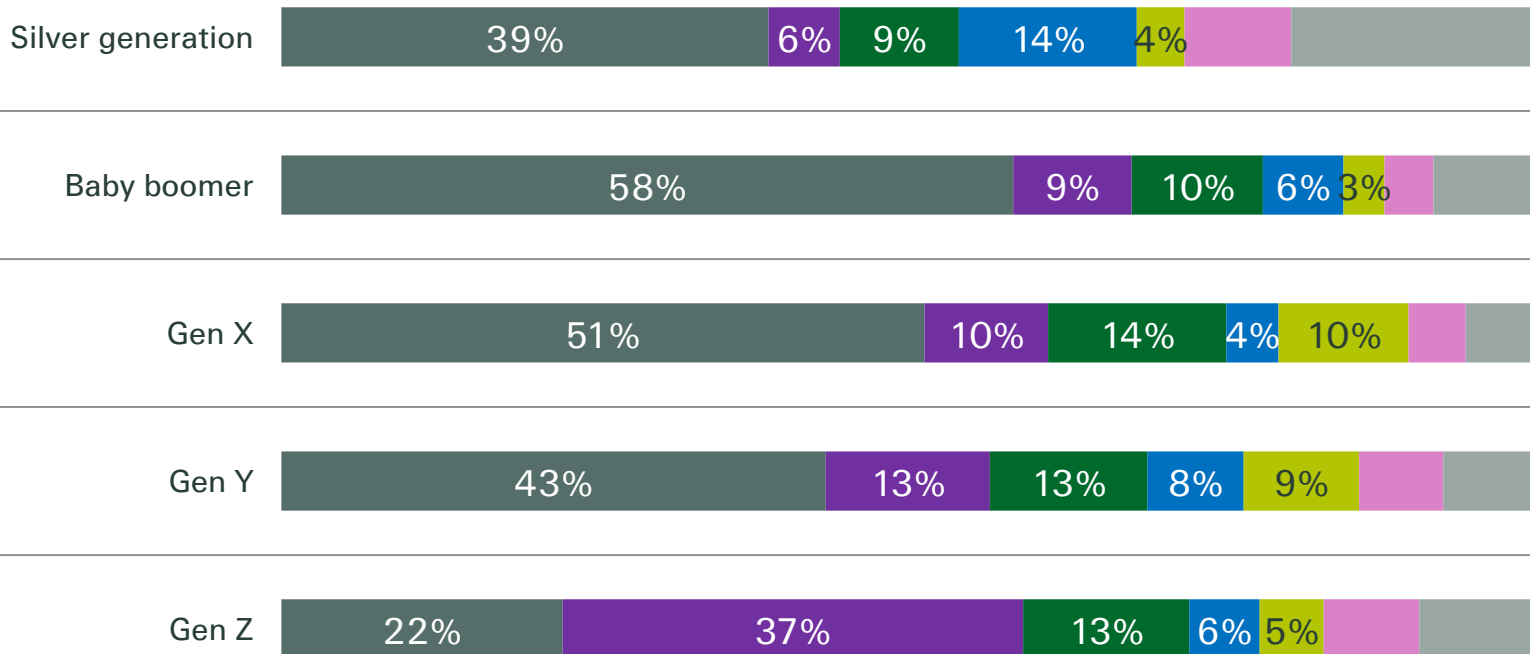


A man with short dark hair and a beard, wearing a striped shirt and blue trousers, sits on a carpeted staircase. He is focused on a silver laptop resting on his lap. To his right, a red and black backpack sits on the steps. The background is filled with a blurred crowd of people walking up and down the stairs, suggesting a busy public space like a university or transit hub. A semi-transparent dark grey banner is positioned across the middle of the image, containing the text.

What do consumers think?

Buying Preferences

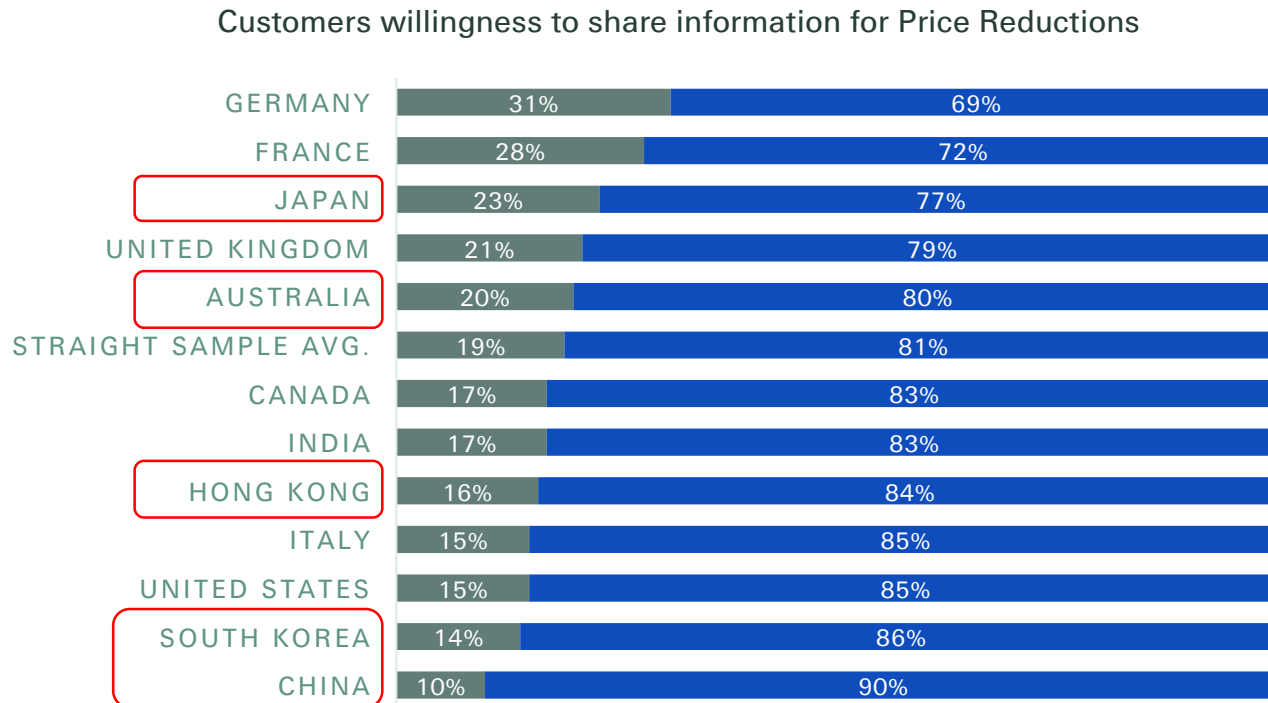
Purchase channels across generations



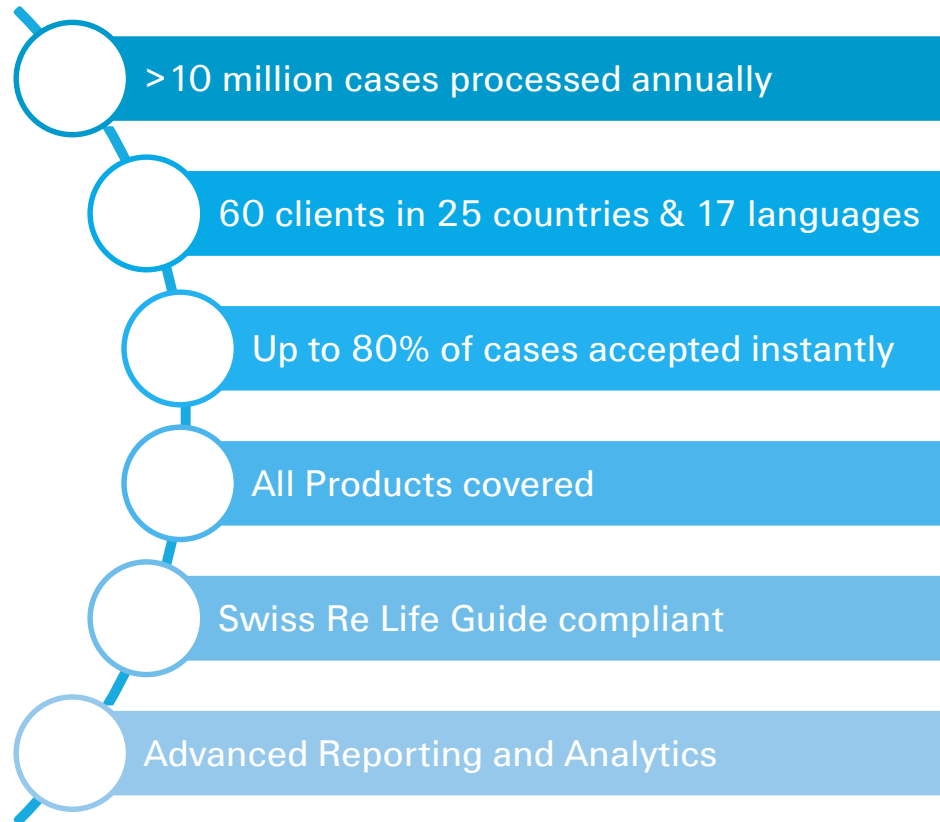
■ Agent
■ Bank
■ Broker
■ Insurance store
■ Insurers' website
■ Employer
■ Others*

*Others include phone, post office, retail website and mail

Would consumers share data?

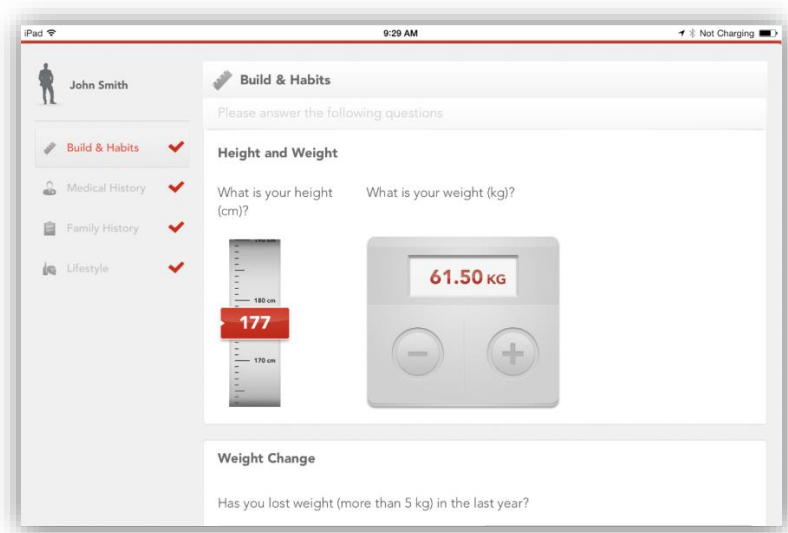
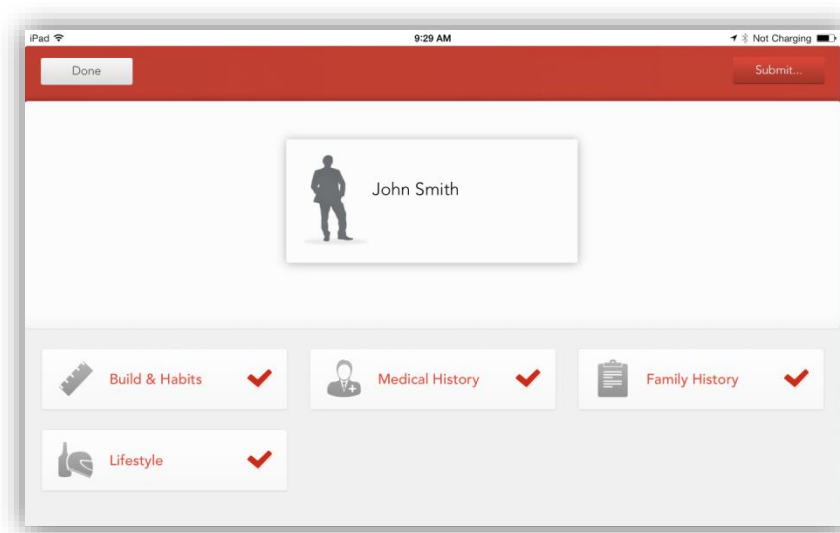


Automated Underwriting: Real time, Real Data, Real Results



Magnum Mobile

- Magnum Mobile is an App available for iPads and Android devices
- Launched with a client in Asia in 2015
 - 100,000 agents, 800,000+ applications per month
- Supports on-line and off-line data capture



Defining Behavioural Economics

Traditional economics makes many assumptions:

That we are
always
rational

Our
environment
doesn't
affect us

We know
everything
about the
choices we
make



Defining Behavioural Economics

But by including insights from psychology, we can test and adjust these assumptions to more closely resemble reality:

We are
irrational

Our context
and
environment
heavily
influence us

We never
have perfect
information



Global Behavioural Economics Underwriting Trials



Careful

What works in one **context**, does not necessarily work in another context.

Reasons for this could be:

- other contextual factors
- cultural differences (preferences, social norms)
- sample sizes

This is why we need to continue with **rigorous trials** and **test, test, test**.

CONTINUE TESTING

What we do

We help to optimise specific, measurable customer behaviours by running live trials tapping into insights from behavioural science

Behavioural Economics application in Underwriting

Pain points



Honest and accurate disclosure of health questions



Drop off rates for online and tele-underwriting



Speed of doctor requests



Level of useful responses and data (improve STP)



Take-up of substandard cases

Selected experience

Improvement in disclosure: **27%** in **smoker status**, **31%** in **drug use**, **3%** in **alcohol consumption**, through changing the UW form for an Australian insurer

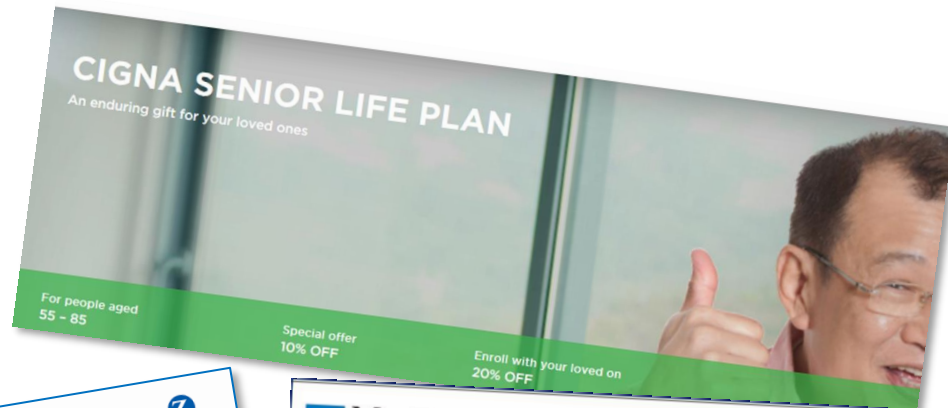
18% increase in **smoker disclosure** for a South African insurer

3% increase in **uptake of interactive UW route** through changing the online form for a UK insurer

107% increase in **turnaround time of medical evidence** for an Irish insurer

Note: all improvement figures are expressed in relative percentages.

The 'Health Protection Gap' is being recognised



Cancer – The Growing Threat

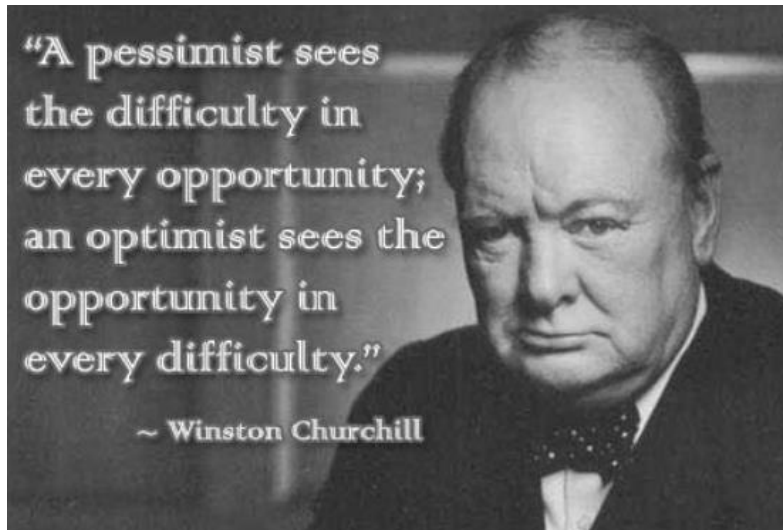


In Summary.....

- Know your customer
- R&D is Key
- Enhance existing tools / solutions
- Develop new solutions & differentiate
- Dedicate resources to the right opportunities
- Test & learn quickly



It's Not Easy, But It's An Opportunity





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