

Protection Review Conference 2012



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CURRENT STATE

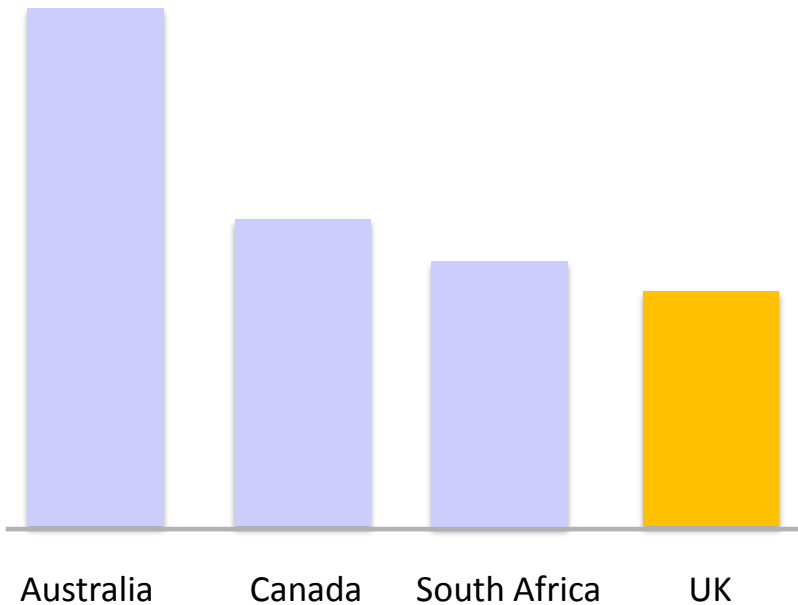


Demand characteristics



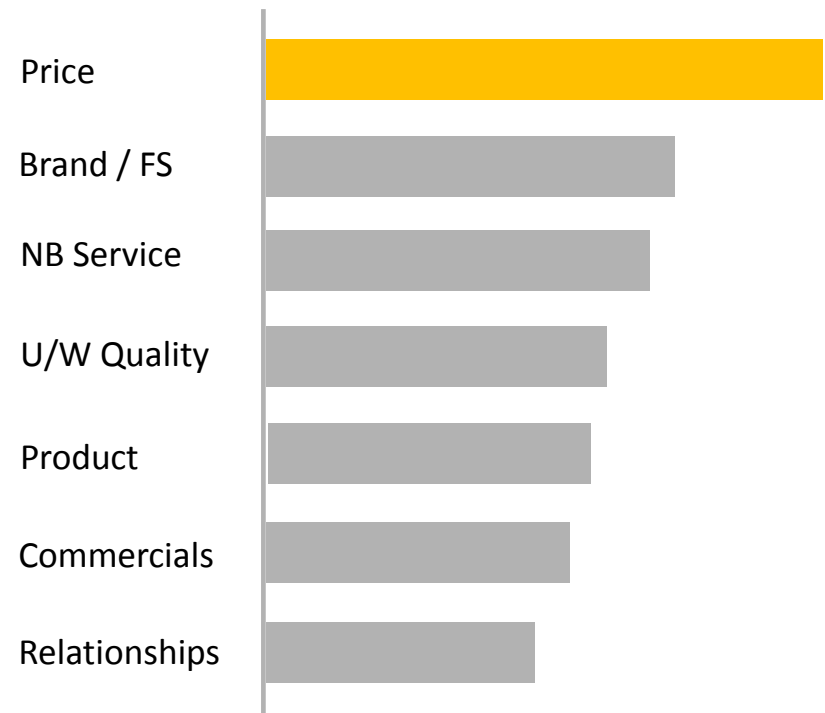
Low customer demand in the absence of fiscal incentives and awareness campaigns

Retail Life Insurance Penetration
(New Business per head)



Industry reliant on distributors to generate demand but reward price-led propositions

UK Protection Demand Drivers
(derived correlations from business placement)

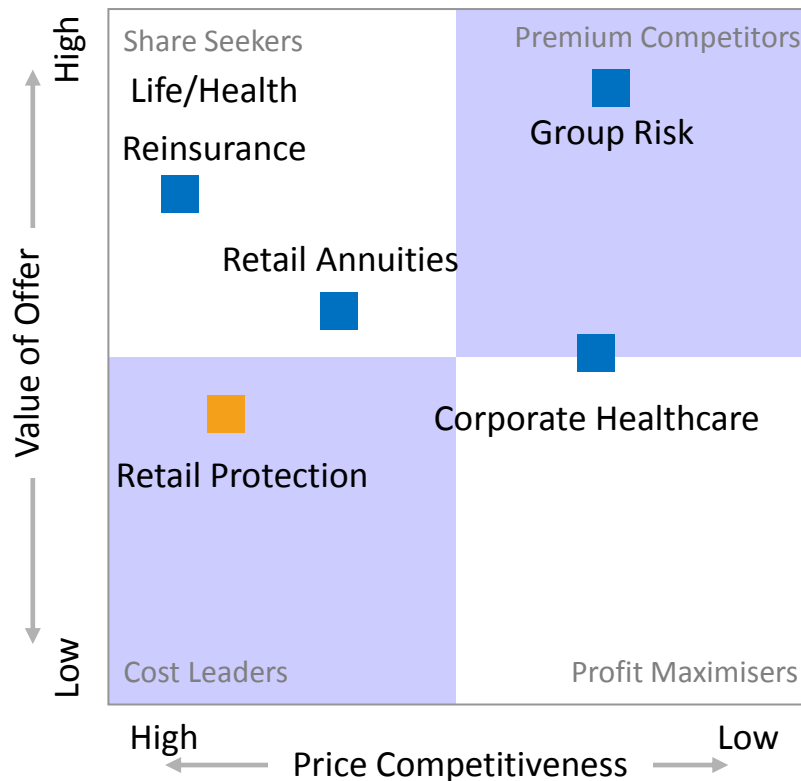


Supply characteristics



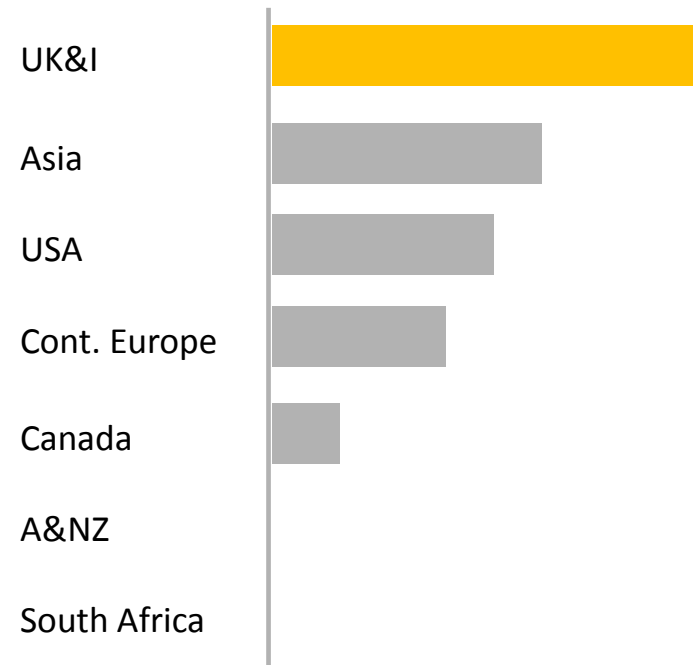
An unequal competitive environment has created significant price differentials

Price vs. Value Positioning (UK)
(Top two competitors by segment)



Large competitive reinsurance market with a unique degree of insurer integration

Cited Factors for Reinsurance Selection
(% selecting on lowest price, 2011/12)



Sources: NMG BQM Protection, Group Risk, Wealth and Reinsurance programmes

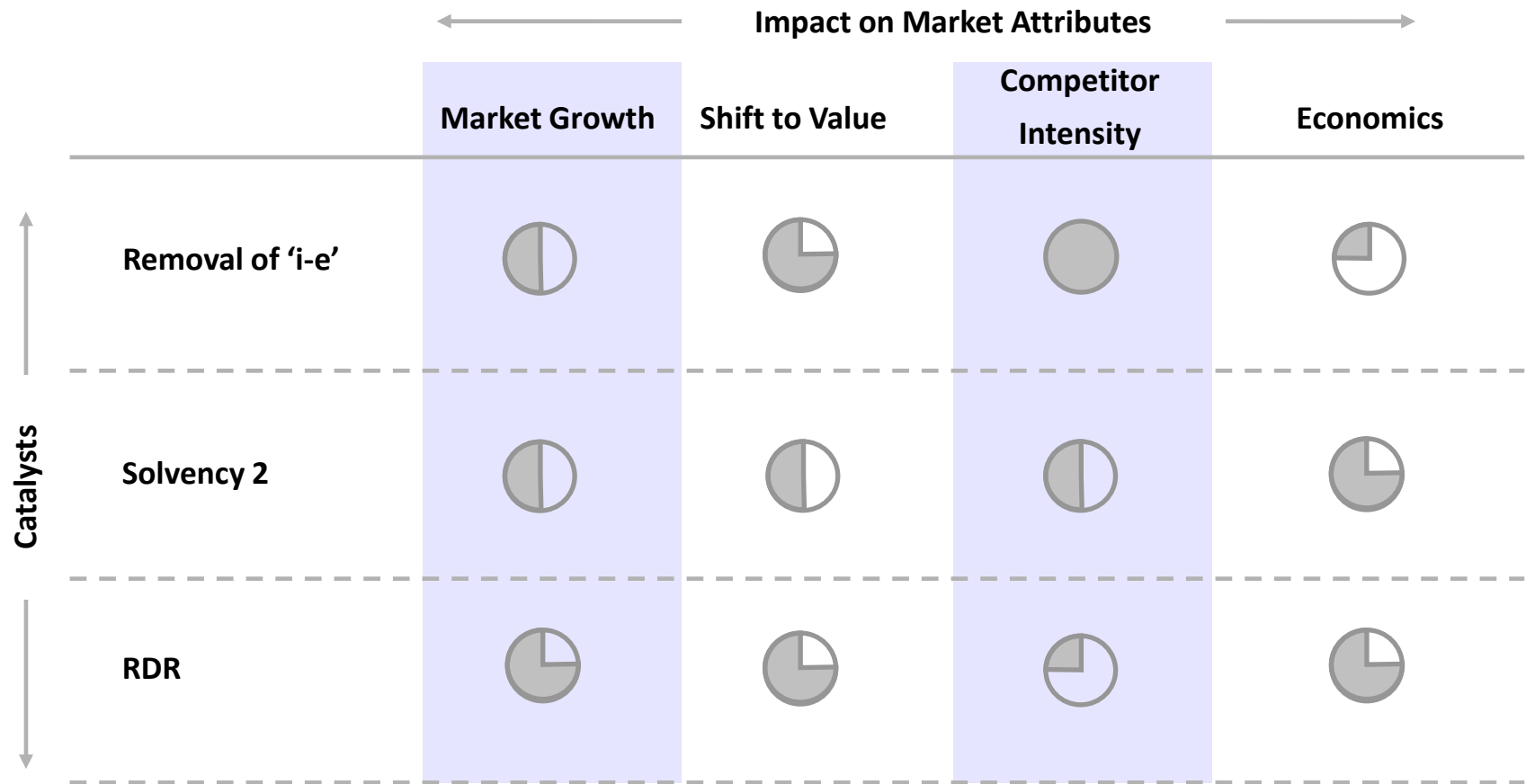
CHANGE CATALYSTS



Key change catalysts



Structural influences have had a big market influence and are set to radically change



Low High

Sources: NMG Analysis



IMPERATIVES

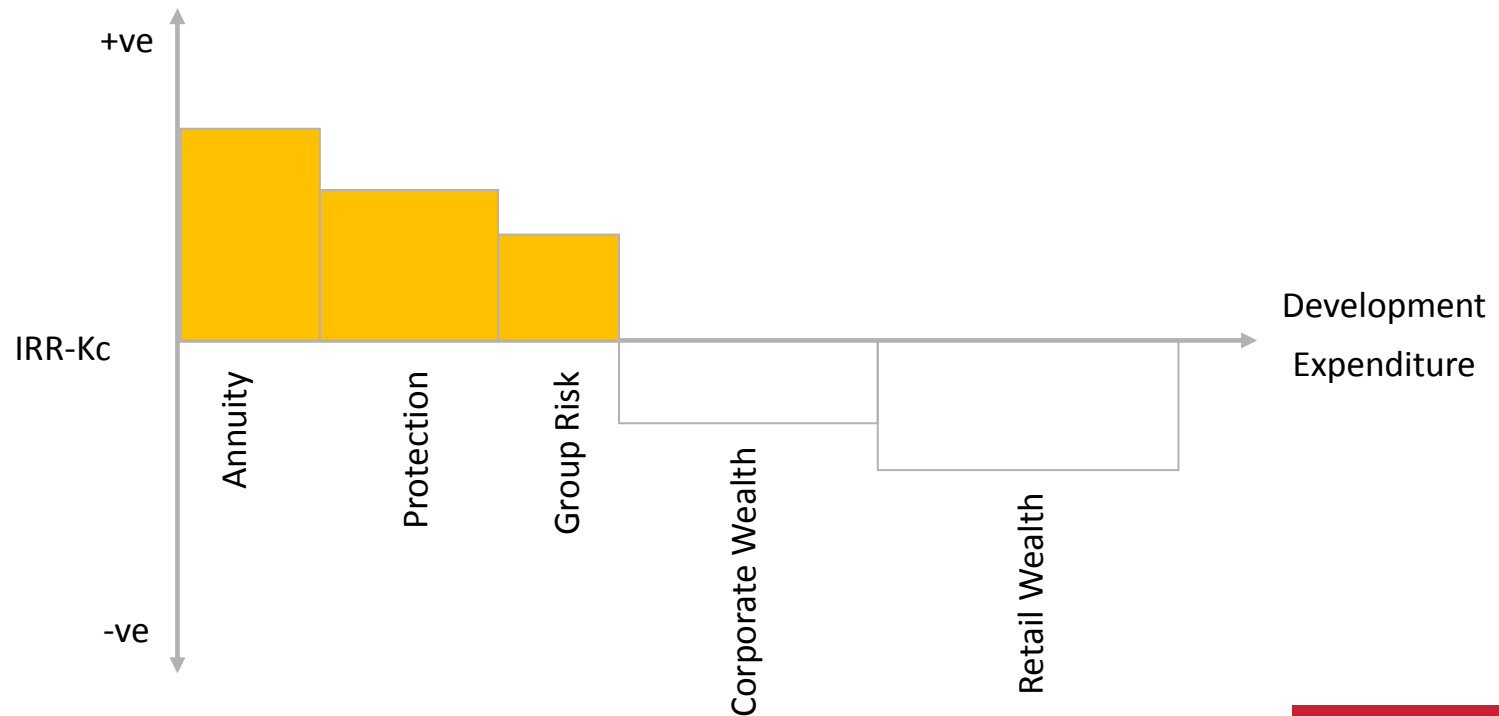


1. Fight Harder



Protection executives need to fight harder for development capital ...

BU Development Expenditure vs. NB Returns
(Illustration of average allocation by business unit)



2. Invest in Risk Participation and Customer Demand

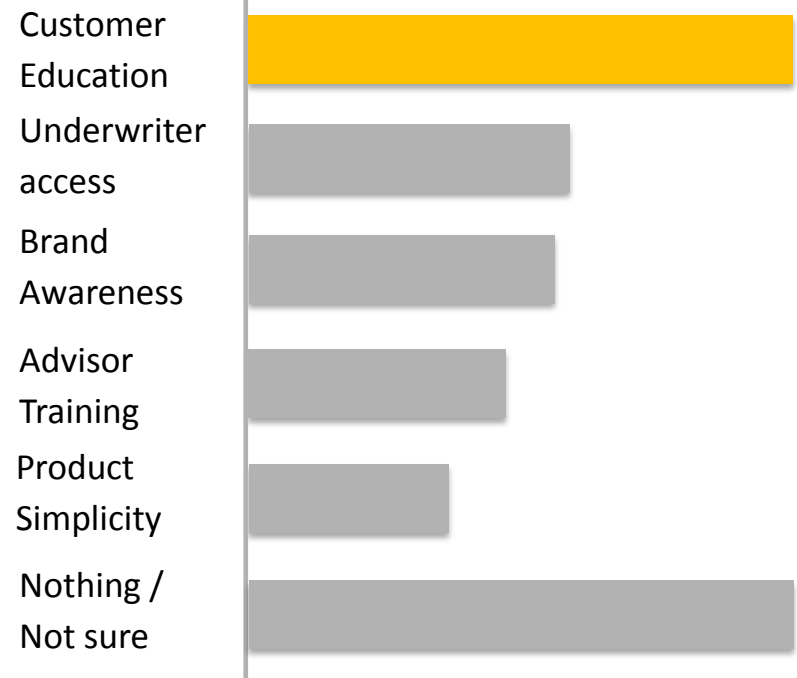


... to invest in risk participation and in creating demand ...

Protection, Group Risk, Annuity Participation
(Leading risk providers per segment)

	Protn	Annuity	Grp Risk	PMI
L&G	✓	✓	✓	
AVL	✓	✓	✓	✓
FRL	✓		✓	
RYL	✓			
ZUR	✓		✓	
SCW	✓			
CAN		✓	✓	
UNU			✓	
JRT	✓	✓		
PA	✓	✓		
DIS	✓			✓

Ways to help distributors write more protection
(Distributor citations)

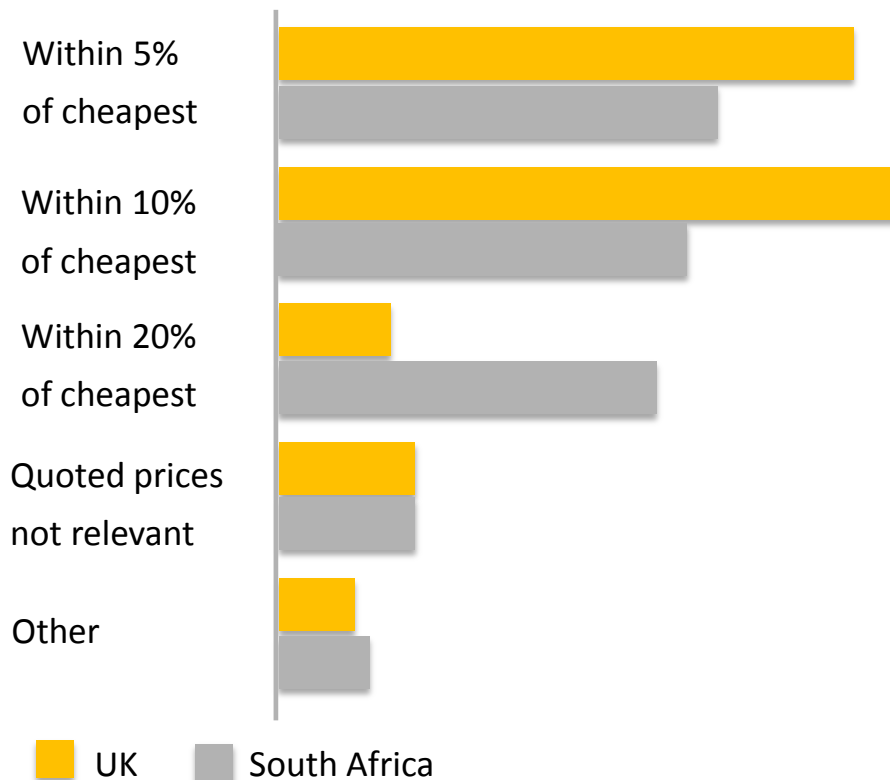


3. Develop / support sustainable value-led distribution

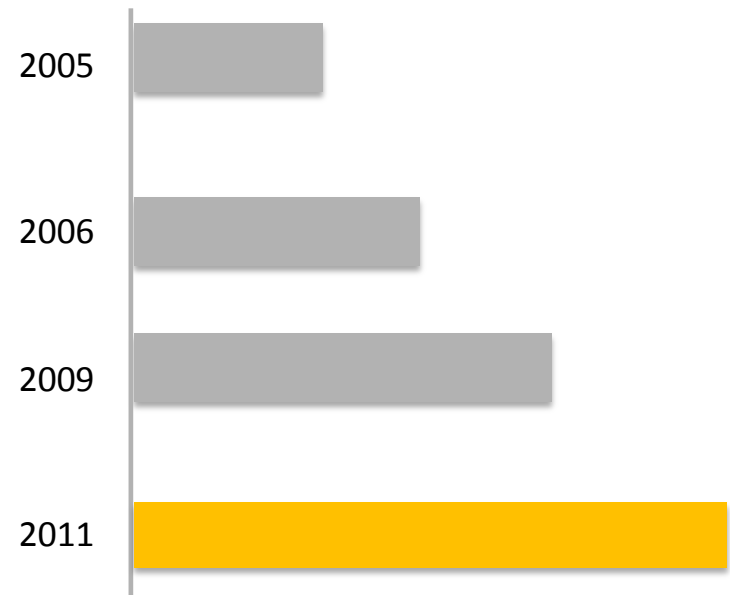


... and facilitate sustainable distribution models and non-price differentiation

Intermediary willingness to recommend a price premium (UK vs. South Africa, % of advisers)



NB share from distribution innovation (Australia) (% retail new business market share)



Sources: NMG BQM Protection (UK, SA), NMG Analysis