Bancassurance Products by Profitability 2019

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Global Products and Market Intelligence (GPMI)
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In support of RGA’s effort to benchmark successful sales and distribution practices in bancassurance we surveyed our local markets to get their insights on the top products (by profitability), as well as distribution methods and success drivers.

Thank you to our local RGA offices for contributing data to our research for the bancassurance channel in your markets.

The following offices provided data:

- Australia
- Brazil
- Canada
- China
- France
- Hong Kong
- India
- Italy
- Japan
- Mexico
- Portugal
- Singapore
- South Africa
- South Korea
- Spain/Portugal
- United Kingdom
- United Arab Emirates
- United States

Bancassurance is the partnership or relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel to sell insurance products to the bank’s client base.
Bancassurance Products Definitions

- **Life products** - insurance products that provide a death benefit to your beneficiaries in the event of your death (e.g. Term Life, Universal Life or Whole Life).

- **Credit-related products** – includes polices purchased by a borrower that pays off one or more existing debts, or pays the contribution towards those debts, in the event of a death, disability, or in rare cases, unemployment. (e.g. Mortgage loans, credit cards, Credit Life, etc.)

- **Living benefits** - Insurance products that can be used for individual illness protection, while the policyholder is still alive (e.g. Critical Illness, Long Term Care, Accident and Disability).

- **Savings products** - Insurance products that can be used for individual savings due to their cash value accumulation (e.g. Annuities, Endowments, and Unit-Linked investments).

- **Unemployment/Retrenchment products** – Unemployment insurance is an insurance by which people may receive benefits if they have faultlessly lost their jobs and meet other eligibility criteria. Retrenchment insurance covers the insured’s salary, or a portion thereof, in the event of unemployment to cover living expenses for a fixed period of time.

- **Health products** – products that pay defined cash amounts on the happening of a hospital stay or pre-defined surgery, such as hospital cash or surgical cash, etc. that are not covered by government plans, which could be used to cover health costs among other expenses.

- **Funeral** – insurance which pays on death a benefit that can be allotted toward funeral costs with a fixed sum assured.

- **Travel** – insurance coverage for risks associated with traveling such as loss of luggage, delays, and death or injury while in a foreign country.
Global Top Profitable Bancassurance Products

Respondents were asked to specify their top 5 profitable bancassurance products

76 Responses

- Life products (e.g., Term Life, Whole Life, etc.): 24%
- Living benefits (e.g., Cancer CI, Disability, Accident, etc.): 22%
- Credit-related products (e.g., Mortgages, Loans, Credit Cards, Credit Life, etc.): 21%
- Savings products (e.g., Annuities, Unit Linked investments, Retrenchment): 19%
- Health products (e.g., Hospital Cash, Surgical Cash, etc.): 5%
- Funeral: 5%
- Travel: 3%
- Unemployment/Retrenchment: 1%
Product Mixes: Tied/Embedded, Standalone and Both

- The largest group of profitable bancassurance products are sold on a **standalone** basis (60%)
- Standalone products varied by types but are predominantly sold via bank or branch channels
- The drivers for success included brand strength and distribution footprint as well as incentives to sell (commissions and up-selling) or in Asia the drivers include investments with high returns

- **Tied products** yielded 24% with the majority of tied products being credit-related, as expected, with a couple of responses for life and living benefits which are sold in-branch or through mortgage representatives/lenders
- Commissions and incentives were cited as driving factors around the world for tied products

- The smallest proportion (16%) offer **both** tied and standalone products
- A varied product mix consisting of Term, CI, Unemployment, Travel and Life – being sold in-branch by bank staff, via other sales types, and through call centres
- Often these products were cited as ‘easy to sell’
Product Mixes: Tied, Standalone or Both

Credit-related products
- 14% Tied
  - EMEA, Asia and Americas
  - 14 Respondents

Life
- 20% Tied
  - Asia, EMEA & Americas
  - 15 Respondents

Living Benefits
- 67% Tied
  - Asia, EMEA & Latin America
  - 13 Respondents

Savings
- 100% Tied
  - Asia & Middle East
  - 2 Respondents

Funeral
- 100% Tied
  - EMEA
  - 3 Respondents

Health/Risk
- 67% Tied
  - EMEA
  - 3 Respondents

Unemployment/Retrenchment
- 33% Tied
  - Latin America & South Africa
  - 3 Respondents

Travel
- 100% Tied
  - Brazil
  - 1 Respondent
Product Mixes: Voluntary, Compulsory and Both

- The largest group of profitable bancassurance products are sold on a voluntary basis (80%).
  - Voluntary credit-related products are sold in-branch and through brokers and agents, and through call centres and online; drivers included pricing to brand strength of banking partner.
  - Life products are sold predominantly in-branch or through agents/brokers with incentives from banks and in support of customer needs.
  - Living benefits largely included CI, followed by Cancer products and Personal Accident; sold in-branches or through brokers/agents and call centres; success is dependent on simple, limited UW approaches with easy fulfillment.
  - Distributed in-branches, Savings products – both sales and sum assureds - are increased by incentives/commissions and predominantly in Asia as a tool for wealth accumulation and retirement planning.
  - Health products included Accidental/Health products (e.g., Hospital Cash, Surgical Cash, etc.) in Italy and South Africa are distributed by branches, call centres and online through targeted marketing campaigns.

- Profitable bancassurance products (11%) that were sold both on a voluntary and compulsory basis were mostly credit-related in EMEA through branches and are easy to sell in conjunction with a mortgage or lending product being issued.

- Compulsory products yielded 9% with mainly credit-related (insurance on credit cards, loans, credit life) and a couple of Life, Living benefits and Unemployment or Retrenchment products – these are generally easy to sell.
  - Many are sold in-branch or through mortgage representatives/lenders with commissions and incentives.

64 Responses
Product Mixes: Voluntary, Compulsory or Both

- Living Benefits: 15 Respondents - Asia, EMEA & Latin America
  - Voluntary: 80%
  - Compulsory: 13%
  - Both: 7%

- Life Products: 16 Respondents - Asia, Europe & Americas
  - Voluntary: 88%
  - Compulsory: 6%
  - Both: 6%

- Credit-related Products: 14 Respondents - Asia, EMEA and Americas
  - Voluntary: 21%
  - Compulsory: 21%
  - Both: 58%

- Unemployment Product: 3 Respondents - Latin America & South Africa
  - Voluntary: 67%
  - Compulsory: 33%
  - Both: 0%

- Savings: 13 Respondents - Asia & Middle East
  - Voluntary: 100%
  - Compulsory: 0%
  - Both: 0%

- Health Risk: 3 Respondents - EMEA
  - Voluntary: 100%
  - Compulsory: 0%
  - Both: 0%

- Funeral: 2 Respondents - EMEA
  - Voluntary: 100%
  - Compulsory: 0%
  - Both: 0%

- Travel: 1 Respondent - Brazil
  - Voluntary: 100%
  - Compulsory: 0%
  - Both: 0%
Product Mixes: Individual, Group and Both

- The largest group of profitable bancassurance products are sold on an individual basis (75%)
  - Individual credit-related products are sold in-branch and through lenders; drivers included ease of sale and financial incentives to reduce interest on a mortgage in Asia
  - Life products are sold predominantly in-branch or through agents/brokers with incentives from banks and in support of customer needs
  - Living benefits largely included CI, followed by Cancer products and Personal Accident; sold in-branches or through brokers/agents and call centers; success is dependent on simple, limited UW approaches with easy fulfillment

- Distributed in-branches, Savings products are increased by incentives/commissions and predominantly in Asia as a tool for wealth accumulation and retirement planning
  - Health products included Accidental/Health products (e.g., Hospital Cash, Surgical Cash, etc.) in Italy and South Africa are distributed by branches, call centers and online through targeted marketing campaigns

- Group products accounted for 17% with mainly group credit life plans in EMEA and Asia sold through bank channels and are popular due to low pricing or because they are compulsory products
  - Life products sold in Latin America are Life (WOL) or Death coverage while India offers Group Term Life plans sold through branches, agents/brokers and through tele-sales channels with strong sales incentives
  - Other group products include: Living Benefits (e.g., miscellaneous risk products sold in Brazil for Personal Accident and Disability sold through branches) and Travel benefits which are compulsory products sold in Brazil

- Products sold both on an individual and group basis (8%) are mostly sold in Latin America and include Death coverage, TPD, Unemployment, Travel and Credit through banks, agents, call centers, online and via third-parties
  - South Africa also offers Funeral products with short-term product cycles and increased call center volume – both regions cited positive cross and up-selling experiences

68 Responses
Product Mixes: Individual, Group and Both

<table>
<thead>
<tr>
<th>Category</th>
<th>Individual</th>
<th>Group</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit-related products</td>
<td>50%</td>
<td>36%</td>
<td>14%</td>
</tr>
<tr>
<td>Asia, EMEA and Americas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Respondents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment/Retrenchment</td>
<td>50%</td>
<td>33%</td>
<td>7%</td>
</tr>
<tr>
<td>Latin America &amp; South Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Respondents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living benefits</td>
<td>87%</td>
<td>33%</td>
<td>7%</td>
</tr>
<tr>
<td>Asia, EMEA &amp; Latin America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Respondents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life products</td>
<td>92%</td>
<td>33%</td>
<td>7%</td>
</tr>
<tr>
<td>Asia, Europe &amp; Americas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Respondents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>13 Respondents Asia &amp; Middle East</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Respondent South Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health/Risk</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>1 Respondent EMEA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funeral</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2 Respondents EMEA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>100%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>1 Respondent Brazil</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
First Ranked Bancassurance Products by Profitability

Based on responses from 17 countries around the world

Asia and Australia

- 3: Credit-Related Products
- 3: Life Products
- 1: Health Products
- 3: Savings Products
- 1: Travel

EMEA

- 1: Credit-Related Products
- 2: Life Products
- 3: Health Products

Americas

- 1: Credit-Related Products
- 2: Life Products
Top 5 Most Profitable Bancassurance Products

RGA Internal Bancassurance Market Survey 2018

<table>
<thead>
<tr>
<th>Region</th>
<th>Credit-Related Products</th>
<th>Life Products</th>
<th>Living Benefits</th>
<th>Savings Products</th>
<th>Health Products</th>
<th>Funeral</th>
<th>Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia and Australia</td>
<td>12</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Americas</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on a count basis
Top Weighted Bancassurance Products by Region

RGA Internal Bancassurance Market Survey – Top 5 Rankings

**Asia-Australia**
- **Savings Products**: 42%
- **Credit-Related Products**: 29%
- **Living Benefits**: 16%
- **Life Products**: 14%

**EMEA**
- **Credit-Related Products**: 34%
- **Life Products**: 23%
- **Health Products**: 14%
- **Living Benefits**: 12%
- **Funeral**: 11%
- **Savings Products**: 4%
- **Unemployment or Retrenchment**: 1%

**Americas**
- **Life Products**: 41%
- **Living Benefits**: 23%
- **Credit-Related Products**: 16%
- **Travel**: 11%
- **Unemployment or Retrenchment**: 9%

* Calculated top (1st) ranked products with 5 points; through to 5th ranked products with 1 point.
Distribution of Products

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Branches</th>
<th>Call Centers</th>
<th>Online</th>
<th>Third-Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living Benefits (26)</td>
<td>50%</td>
<td>31%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Life (25)</td>
<td>56%</td>
<td>24%</td>
<td>16%</td>
<td>4%</td>
</tr>
<tr>
<td>Credit-related (17)</td>
<td>76%</td>
<td>12%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Savings (15)</td>
<td>81%</td>
<td>19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health (5)</td>
<td>40%</td>
<td>40%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Funeral (4)</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Unemployment (9)</td>
<td>33%</td>
<td>33%</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>Travel (4)</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Legend:
- Branches
- Call Centers
- Online
- Third-Party
Underwriting Method by Product Category

- UW methods varied by product type, as expected with predominantly savings products under Guaranteed Issue (GI)
- Life, Credit-related, Living benefits and some health and funeral products were simplified issue meaning they have a few simple questions, some limited underwriting or required a health declaration to qualify
Customer Segmentation Practices

**SOUTH AFRICA**
- Segmentation is performed by income band generally – certain Hospital Cash product cover levels are offered depending on your income.
- Embedded products may be offered with certain bank account products, thereby implicitly segmenting customers and offering a product to them (e.g., funeral cover for lower income bank account types).

**SPAIN**
- Products are segmented by the type of customers (however, life products are excluded)
- There is a clear segment for the self-employed where bancassurers have developed specific accident products, including short term Disability Income, and some other products.

**MEXICO**
- Tends to be aligned by the market segmentation performed by the bank
- The insurance company follows the segmentation the bank defines.

**UAE**
- Segmentation is being done and products designed accordingly

**AUSTRALIA**
- Credit (CCI) is segmented to a limited degree (primarily based on loan type)
- Bank advice products (i.e. bundled lump sum (Term, Trauma, TPD) and Disability Income products are flexible and packaged by advisers according to customer needs

**HONG KONG**
- Segmentation exists for the HNW segment for top bank customers
- Some banks design particular products for this channel with targeted screening of customers - sometimes with credit card data as it is very specific, but this has decreased in recent years

**SINGAPORE**
- Mainly just HNW products are specifically designed.
- Otherwise the products are more for mass-market and specific to the insurance need
<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
<th>Tied or Standalone</th>
<th>Compulsory or Voluntary</th>
<th>Individual or Group</th>
<th>Driver of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Credit Life</td>
<td>Tied to a banking product</td>
<td>Voluntary</td>
<td>Group</td>
<td>Pricing</td>
</tr>
<tr>
<td>South Africa</td>
<td>Group Life (Death &amp; Disability)</td>
<td>Tied to a banking product</td>
<td>Compulsory / Voluntary</td>
<td>Individual; tied to personal loans, credit cards, mortgages &amp; vehicle loans; both secured / unsecured</td>
<td>Brand strength of banking partners; compulsory cover; ease of processing (tick box)</td>
</tr>
<tr>
<td>Middle East</td>
<td>Group Credit Life</td>
<td>Protection cover</td>
<td>Compulsory</td>
<td>Group</td>
<td>Risk Management for covering O/S balances</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Term Insurance</td>
<td>Tied to a banking product/Standalone</td>
<td>Voluntary</td>
<td>Individual</td>
<td>Brand strength and distribution reach of banking partners; limited underwriting approach</td>
</tr>
<tr>
<td>Spain</td>
<td>Term Insurance</td>
<td>Tied to mortgages and loans</td>
<td>Compulsory / Voluntary</td>
<td>Individual</td>
<td>Incentives for branch staff to sell the product</td>
</tr>
<tr>
<td>Italy</td>
<td>Accident &amp; Health product (e.g., surgical &amp; hospital cash)</td>
<td>Standalone</td>
<td>Voluntary</td>
<td></td>
<td>Incentives to call centers</td>
</tr>
</tbody>
</table>
## Top Ranked Bancassurance Products by Profitability

### Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
<th>Tied or Standalone</th>
<th>Compulsory or Voluntary</th>
<th>Individual or Group</th>
<th>Driver of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>Mortgage Reducing Term Assurance (MRTA)</td>
<td>Tied to mortgage (packaged)</td>
<td>Voluntary</td>
<td>Individual</td>
<td>Financial incentive to reduce interest on mortgage</td>
</tr>
<tr>
<td>Singapore</td>
<td>Mortgage Reducing Term Assurance (MRTA)</td>
<td>Tied to mortgage (packaged)</td>
<td>Voluntary</td>
<td>Individual</td>
<td>Financial incentive to have a lower mortgage rate</td>
</tr>
<tr>
<td>Japan</td>
<td>Single Premium Whole Life</td>
<td>Standalone</td>
<td>Voluntary</td>
<td>Individual</td>
<td>Customer needs (inheritance); High upfront commission</td>
</tr>
<tr>
<td>China</td>
<td>Annuity Product</td>
<td>Standalone</td>
<td>Voluntary</td>
<td>Individual</td>
<td>Higher return for clients and a strong upfront commission for the bank</td>
</tr>
<tr>
<td>India</td>
<td>Unit Linked Investment Plan</td>
<td>Standalone</td>
<td>Voluntary</td>
<td>Individual</td>
<td>Incentives / commission to sales staff</td>
</tr>
<tr>
<td>South Korea</td>
<td>Equity-Linked Securities (ELS) Variable</td>
<td>Standalone</td>
<td>Voluntary</td>
<td>Individual</td>
<td>High return investments</td>
</tr>
</tbody>
</table>
# Top Ranked Bancassurance Products by Profitability

## Americas

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
<th>Tied or Standalone</th>
<th>Compulsory or Voluntary</th>
<th>Individual or Group</th>
<th>Driver of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Credit-related (mainly mortgages)</td>
<td>Tied or bundled to financial products (mortgages, lines of credit, and credit cards)</td>
<td>Voluntary</td>
<td>Under a Group contract with Individual certificates</td>
<td>Sales incentives, however, penetration is low due to cost compared to non-credit life products</td>
</tr>
<tr>
<td>Mexico</td>
<td>Death Coverage</td>
<td>Tied / Standalone</td>
<td>Compulsory / Voluntary</td>
<td>Individual and Group – Credit Life secured</td>
<td>Commissions to bank executives, telesales/marketing, and internal agents; online fees</td>
</tr>
<tr>
<td>United States</td>
<td>Universal Life</td>
<td>Standalone</td>
<td>Voluntary</td>
<td>Individual</td>
<td>N/A – only 2% bancassurance penetration; broker dominated market</td>
</tr>
<tr>
<td>Brazil</td>
<td>Travel</td>
<td>Tied / Standalone</td>
<td>Compulsory / Voluntary</td>
<td>Individual / Group</td>
<td>Cross-selling protection products alongside credit cards; enhanced by the Schengen Agreement where Brazilians are required to have a minimum insurance cover.</td>
</tr>
</tbody>
</table>
Success Drivers
Credit-Related Products

Driving Factors for Success in Bancassurance

Asia and Australia

- Compulsory and beneficial to add various riders, such as Critical Illness, etc.
- Commission to sales staff
- Risk management practices
- Financial incentives to reduce interest on mortgage

EMEA

- Pricing
- Ease of sales (i.e. when a mortgage or loan/lending product is issued, or a tick box process)
- Brand strength of banking partner
- Compulsory
- Risk management for covering O/S balances

Americas (Mexico & Brazil)

- Voluntary with mortgage products (but experience high take-up rates)
- Easy to sell face-to-face in branches
- Usually cheap
- Ticking boxes product

* Bolded responses denote multiple responses
Life Products

Driving Factors for Success in Bancassurance

### Asia and Australia
- Incentives or **commissions** to sales staff
- Promoted by government (India)
- Complete offering to high-end customers
- **Premium financing** – arbitrage is key – dependent upon market conditions, as the feature is simple
- Customer needs such as inheritance or protection-type products
- Strong sales support

### EMEA
- Brand strength and distribution footprint of banking partner
- Limited UW approach
- Broker commissions
- Campaigns marketed by banks

### Americas (Mexico & Brazil)
- Commissions to bank executives, tele-sales/marketing and internal agents
- Incentives for branch staff to sell these products
Driving Factors for Success in Bancassurance

- Strong and upfront commissions for the banks
- Brand strength and distribution footprint of banking partner
- Limited UW approach
- Commission
- Simple, low ticket size with easy fulfillment process, especially in payment technology
- Limited UW approach
- Commission
- Convenience of purchase over a call or online
- Targeting cancer or personal accident needs with a savings component (refund all paid premium at maturity)
- Incentives for branch staff to sell these products

Asia and Australia

EMEA

Americas (Mexico & Brazil)
Savings Products

Driving Factors for Success in Bancassurance

- Incentives or commissions to sales staff
- Higher return for client
- Lucrative and upfront commission for the bank
- Meeting customer needs for investments/wealth accumulation/retirement planning with simple or long-term products
- Alternative to Savings deposit – traditional bancassurance product play changing from deposit to fee income which is a natural conversion in a bank

EMEA

- Commission
Driving Factors for Success in Bancassurance

**Health Products**
- Brand strength and distribution footprint of banking partner
- Limited UW approach
- Incentives to call centers
- Campaigns marketed by banks

**Funeral Products**
- Commercial approach with huge pressure on sales agents
- Short-term product cycles and increased call center volumes
- Positive upselling experience

**Travel Products**
- Cross-selling protection products alongside credit cards
- Schengen Agreement increases product sales as Brazilians are required to have minimum insurance cover
Retrenchment / Unemployment

Driving Factors for Success in Bancassurance

- Current economic climate makes this product attractive

<table>
<thead>
<tr>
<th>EMEA</th>
</tr>
</thead>
</table>

Americas (Mexico & Brazil)

- Commissions to bank executives and tele-sales/marketing staff
- Brazil: Guaranteed by law (compulsory)
- Offered by private banks usually for autonomous workers that are afraid of losing their income due to disability (mainly by accident or illness)
Innovations in Bancassurance

Technology
- Engage customers
- Optimize cross-sell and up-sell complementary products
- UW innovations to simplify the process
- Increased D2C
- Access and unification of information from different sources within the bank to be used for bancassurance – a “one client view” perspective

Predictive Analytics/Customer Segmentation
- Increase customer centricity
- Product customization/development based on customer segmentation by the banks
## Credit-Related Products

### New Innovations

#### Asia and Australia
- New innovations reflecting the need to make the customer journey more simplified
- In general, companies are trying to tap into the bank customer space with more protection products
- Regulatory changes

#### EMEA
- Regulatory changes (i.e., in South Africa NCR is offering more value to customers)

#### Americas
- Nothing currently listed

### Areas for Growth

#### Asia and Australia
- Strategic partnerships e.g., property developers (Hong Kong)

#### EMEA
- Sales through in-branch channels and compulsory products (Middle East)

#### Americas
- Offering additional benefits or riders (Canada)
## Life Products

### New Innovations

<table>
<thead>
<tr>
<th>Asia and Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ New innovations reflecting the need to make the customer journey more simplified</td>
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<td>▪ In general, companies are trying to tap into the bank customer space with more protection products</td>
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<table>
<thead>
<tr>
<th>EMEA</th>
</tr>
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<tbody>
<tr>
<td>▪ Technology and underwriting innovations to simplify the process</td>
</tr>
<tr>
<td>▪ Digitalization</td>
</tr>
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<td>▪ Regulatory changes</td>
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<table>
<thead>
<tr>
<th>Americas (Mexico &amp; Brazil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Technology innovations and increasing digital</td>
</tr>
<tr>
<td>▪ More D2C</td>
</tr>
<tr>
<td>▪ Predictive analytics in support of customer centricity</td>
</tr>
<tr>
<td>▪ Collection of information from different sources of the bank to be used for bancassurance</td>
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</table>

### Areas for Growth

<table>
<thead>
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<th>Asia and Australia</th>
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<tbody>
<tr>
<td>▪ Adding in-branch sales</td>
</tr>
<tr>
<td>▪ Adding riders and benefits (Japan)</td>
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<tr>
<td>▪ Digital and mobile (Spain and Portugal)</td>
</tr>
<tr>
<td>▪ Simplifying the product</td>
</tr>
<tr>
<td>▪ Simplifying sales and the underwriting process (UK)</td>
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<tr>
<td>▪ Digital (US, Mexico, Brazil)</td>
</tr>
<tr>
<td>▪ Increased telemarketing sales (Mexico)</td>
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## Living Benefits

<table>
<thead>
<tr>
<th>Region</th>
<th>New Innovations</th>
<th>Areas for Growth</th>
</tr>
</thead>
</table>
| Asia and Australia | - New innovations reflecting the need to make the customer journey more simplified  
                       - In general, companies are trying to tap into the bank customer space with more protection products | - None listed                                                  |
| EMEA            | - Technology and underwriting innovations to simplify the process               | - Simplifying the product & sales/UW processes (United Kingdom)  
                       - Sales in-branch/banks (Middle East)  
                       - Telemarketing/Telesales (Middle East)  |                                              |
<p>| Americas        | - None listed                                                                   | - None listed                                                  |</p>
<table>
<thead>
<tr>
<th>Asia and Australia</th>
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<td><strong>New Innovations</strong></td>
<td><strong>Areas for Growth</strong></td>
</tr>
<tr>
<td>▪ Open architecture where banks can sell products of 3 companies under life, non-life &amp; health (India)</td>
<td>▪ Simplifying the product (Japan)</td>
</tr>
<tr>
<td>▪ Assisted sales</td>
<td></td>
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<tr>
<td>▪ Regulatory changes on annuity tax structures (Hong Kong)</td>
<td></td>
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<tr>
<td>▪ Shift from in-branch sales to mobile banking environment (South Korea)</td>
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</tr>
<tr>
<td>▪ Tapping into bancassurance with more protection products</td>
<td>▪ In-branch/banks</td>
</tr>
<tr>
<td></td>
<td>▪ Telemarketing/telesales (Middle East)</td>
</tr>
<tr>
<td>Health Products</td>
<td>New Innovations</td>
</tr>
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<td>-----------------</td>
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</tbody>
</table>
| EMEA            | ▪ Some product innovation related to health products and adding services to clients  
▪ Pushing sales networks  
▪ Big banks brands are pushing health products via outbound/inbound channels and offering sales through apps and website | ▪ In-branch/banks  
▪ Online Straight-Through-Processing (STP) (South Africa) |

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<th>Funeral Products</th>
<th>New Innovations</th>
<th>Areas for Growth</th>
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</table>
| EMEA             | ▪ Switching of policies allowing for waiving on underwriting (i.e. waiting period served) | ▪ Digital  
▪ In-branch/banks  
▪ Adding riders and benefits  
▪ Adapting product features (South Africa) |

<table>
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<tr>
<th>Travel Products</th>
<th>New Innovations</th>
<th>Areas for Growth</th>
</tr>
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</table>
| Americas (Mexico & Brazil) | ▪ Offering sales via apps and website | ▪ Digital  
▪ Mobile (Brazil) |
Retrenchment / Unemployment

New Innovations

- Embedded into NCR regulations, therefore, bringing greater attention to this product (South Africa)

Areas for Growth

- Adding riders and benefits
- Adapting product features (South Africa)

EMEA

Americas (Brazil)

- Big banks brands are pushing these unemployment products products via outbound/inbound and offering sales through apps and website (Brazil)

- Digital (Brazil)
Current state of bancassurance and global drivers for profitability (supplementary research)
Life products continued to grow while non-life product growth has slowed.

- Life products tend to have higher average sale prices and profit margins than most non-life products
- Within the bancassurance structure, life products are related to financial products and banks have access to their clients’ personal financial assets, they often work to promote life policies with built-in cash value as an alternative form of investment, citing tax benefits

Source: McKinsey
Global Business Drivers

Overall, the bancassurance industry has seen strong premium growth around the world. From 2011 to 2017, the growth of the bancassurance channel outpaced other channels in both life and non-life products.

Aging population
Proportion of world’s population over 60 years old will nearly double from 12% to 22% between 2015 and 2050
(Source: World Health Organization)

Economic growth in developing economies
Increasing partnership opportunities to access large customer bases and profitable for both bank/insurer

Rising internet, mobile penetration and technological advancements
Influencing consumer behaviors and their purchasing patterns

Need for health, life insurance & retirement product plans for this growing demographic

Insurance offers additional revenue and opportunity to expand the financial product portfolio of banks; and a higher return on equity

Need for increasing customer engagement and digital strategies
Core Bancassurance Offerings

Lower premium
- Low Income
- Mass Market
- Retirees
- Affluent / HNW

Customer Target Segments

Higher premium
- Universal Life
- Single Premium Whole Life
- Heavy savings products
- Traditional and Variable Annuities
- Additional health products
- Disability, Accident, Hospital Cash, CI
- Bank products linked to insurance
- Term Life
- Micro-insurance
- Funeral cover

HNW UL
- HNW Medical Reimbursement / CI

Global Products and Market Intelligence | Bancassurance Products by Profitability 2019
Current State of Bancassurance

- Banks are moving toward digital
- Selling environment is becoming less optimal
- Complicated by regulatory and operational constraints
- Rise of digital causing reduced in-branch activity in some markets
- Insurers are lagging behind banks in CX/UX
- Room for growth through digital optimization

Design or enhance the customer journey focused on broader financial objectives of the target customer segments
Integrate regulatory requirements into a seamless multi-channel customer process
Establish a holistic and broad-based customer data set with the required custodian management
Achieve a digital open standards platform with bank and insurer applications
Bank Challenges Directly Impact Insurance Sales

Changes in consumer behaviour means that clients are visiting bank branches less and less – Shift to digital and omni-channel approach

Customer behaviour triggered Standard Bank move to close 91 branches

South Africa

• Standard Bank, Africa’s largest bank in terms of assets, closed 91 branches down in response to less clients visiting bank branches and a shift in consumer behavior
• Competition with tech-savvy banks e.g. Tymebank, South Africa’s first fully digital-driven bank and other competitors revamping their retail and business banking delivery models

United States

• J.P. Morgan, Wells Fargo, and Bank of America have reportedly shut approximately 1,915 branches between 2014 and 2018 as a result of higher fees compared to digital banks and the increased use of technology such as chatbots and online tools


Changing Customer Expectations

Millennials

Born between 1981 – 1996
Total of 2.5 billion or
31% of the Global population

Digitally savvy and socially active
# of times checking phones/ day
43x

Key life events happening later than before
84% Millennials live at home with their parents
(Source: KPMG Hong Kong Survey)

Different lifestyles and needs
Average attention span these days
8 secs
Top Bancassurers by Market
Top Bancassurance Competitors

**INDIA**
- SBI Life
- ICICI Prudential Life
- HDFC Life
- Tata AIA

**CHINA**
- China Life
- Taiping
- New China Life

**HONG KONG**
- SCB
- Citibank
- HSBC

**JAPAN**
- Dai-ichi Frontier Life
- MS Primary
- MetLife
- Sumitomo Life
- Nippon Life

**SOUTH KOREA**
- TongYang Life
- Hwanwha Life
- Hyundai Pubon Life
- Heungkuk Life
- KB Life

**AUSTRALIA**
- CommInsure
- ANZ/OnePath
- Westpac/BT
- Latitude Financial

**SINGAPORE**
- Manulife/DBS * credit products
- GE/OCBC * Life products
- Pru/UOB and SCB * savings
- AIA/Citibank * savings

Global Products and Market Intelligence | Bancassurance Products by Profitability 2019
RGA Research and Expertise
RGA’s offering: Bancassurance
We help clients grow their bancassurance business across the value chain

<table>
<thead>
<tr>
<th>Strategy Development</th>
<th>Insurance Product and Pricing</th>
<th>Underwriting</th>
<th>Distribution</th>
<th>IT/Operations Admin/Claims</th>
<th>Reinsurance and Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Idea generation/innovation workshops</td>
<td>E Benefits design</td>
<td>I AURA e-underwriting platform</td>
<td>M Voice of the channel (VOC) studies</td>
<td>Q Claims management outsourcing *</td>
<td>U Quota share reinsurance</td>
</tr>
<tr>
<td>B Market research and surveys</td>
<td>F Policy contract wording</td>
<td>J Global Underwriting Manual (GUM)</td>
<td>N Mystery shopper studies</td>
<td>R Claims manager training</td>
<td>V Up-front project financing</td>
</tr>
<tr>
<td>C Global market benchmarking</td>
<td>G Pricing and assumptions</td>
<td>K Underwriting questions development</td>
<td>O Cross/up-sell predictive modelling</td>
<td>S Electronic enrollment platforms *</td>
<td>W Reserving and capital management</td>
</tr>
<tr>
<td>D Business case development</td>
<td>H Regulatory filing management</td>
<td>L FAC support</td>
<td>P Sales force/advisor training support</td>
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</tr>
</tbody>
</table>

* In conjunction with 3rd party providers
RGA Bancassurance Surveys

• South Africa Adviser Survey (2012)
• South Africa Mystery Shopping Survey (2012, 2018)
• Middle East Survey – “Bridging the Cultural Divide” (2009)
• France Survey–“The Changing Landscape of Mortgage Insurance” (2009)
• India Survey “Bridging the Cultural Divide” (2010, 2012)
• UK Bancassurance “Protection Sales Post MMR” Survey (2015)
• Australia/ New Zealand Bancassurance Survey (2013)
• Japan Bancassurance Survey (2013, 2017, 2019)
• Japan Mystery Shopping Survey (2011, 2017)
• Japan Bank Survey (2019)

“Flipping through the report I again realized how many insights and nuggets were uncovered in the survey process. Thanks again to all at RGA who were involved! Our industry will never be the same again – market share to chase and defend, mistakes to correct, and products to evolve.” - Testimonial
For further information please contact:

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