

Measuring the Life Agency Channel

Presentation to SAS Life Insurance Conference 2016

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Pi Financial Services Intelligence
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Presentation Outline

Agency Channel Share in Asian Markets

Agency Channel Value Levers

Measurement Proxies

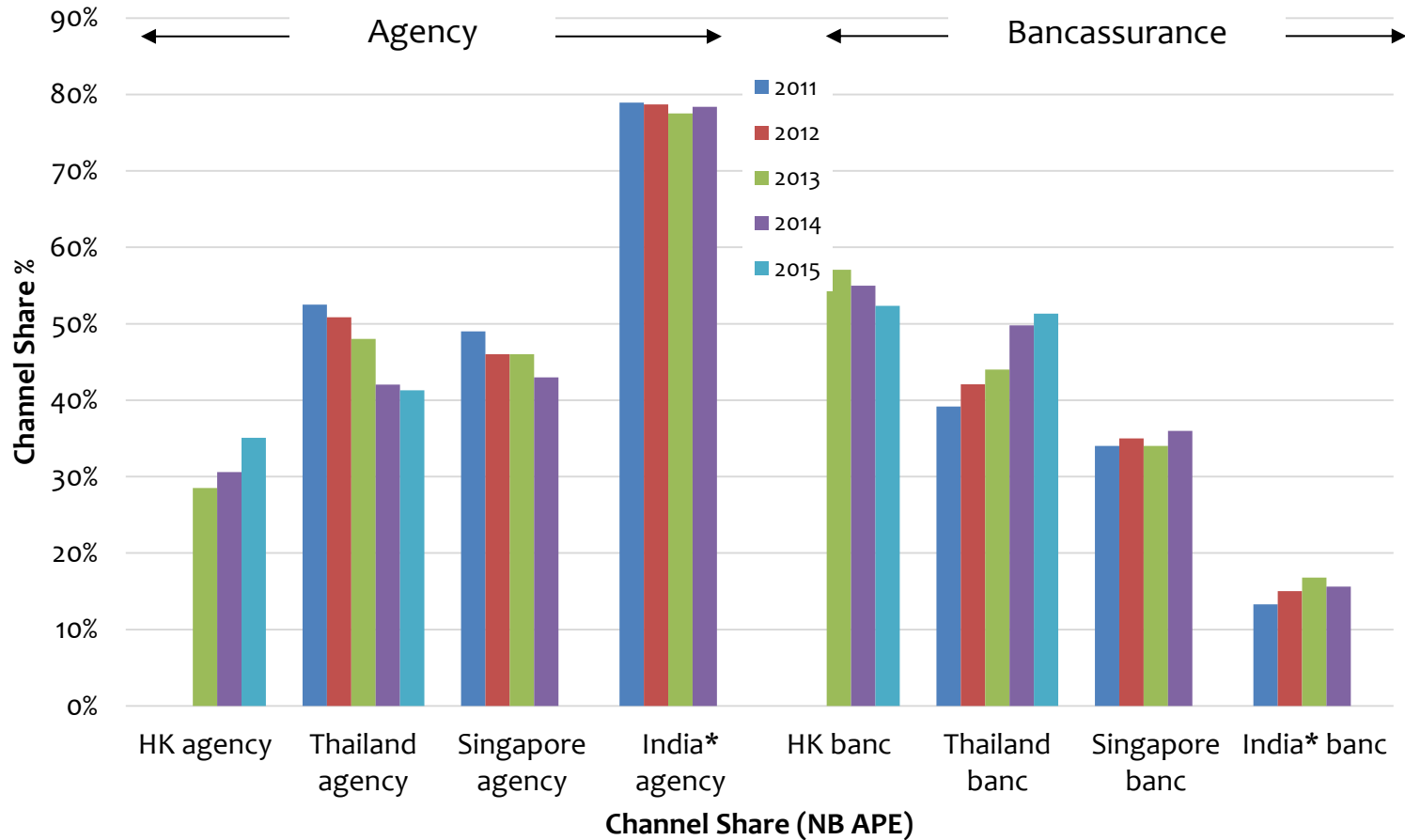
Measurement Constraints

Examples

Wrap up

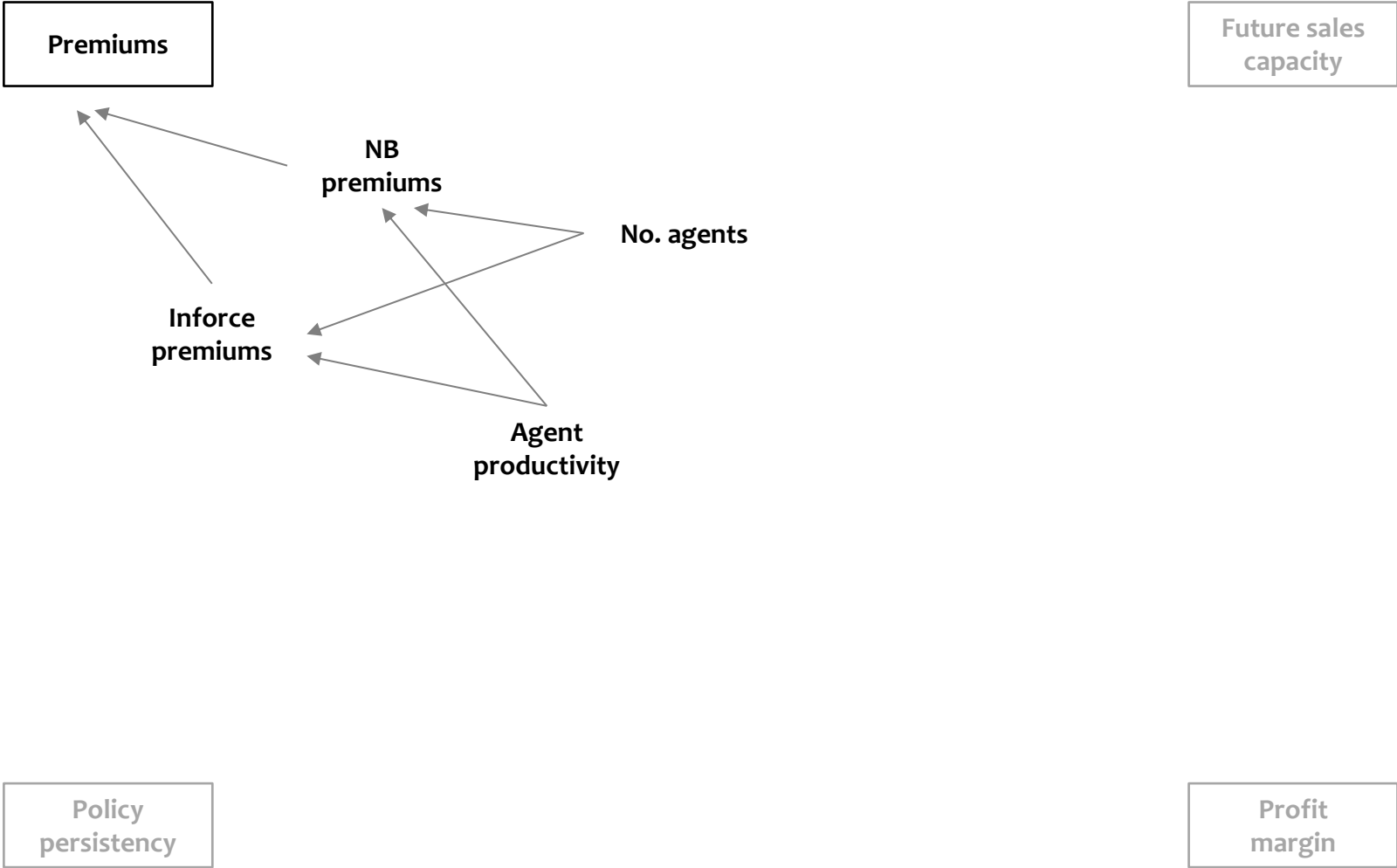
Agency in decline but probably reaching its asymptote.

Agency vs Bancassurance NB 2011-2015



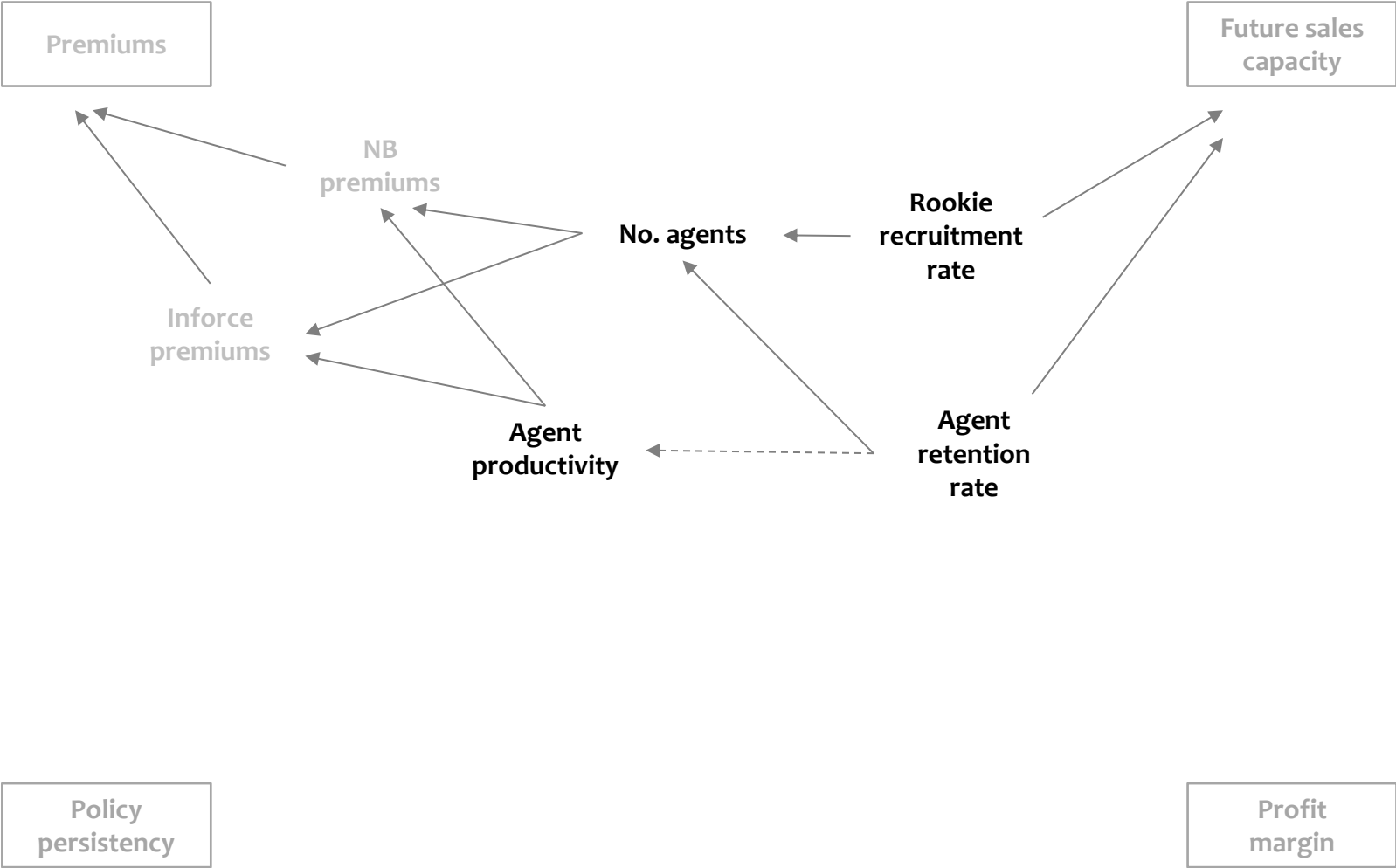
Agency Channel Value Levers

Let's look at some of the life insurance economic value drivers, and inter-relationships between them.



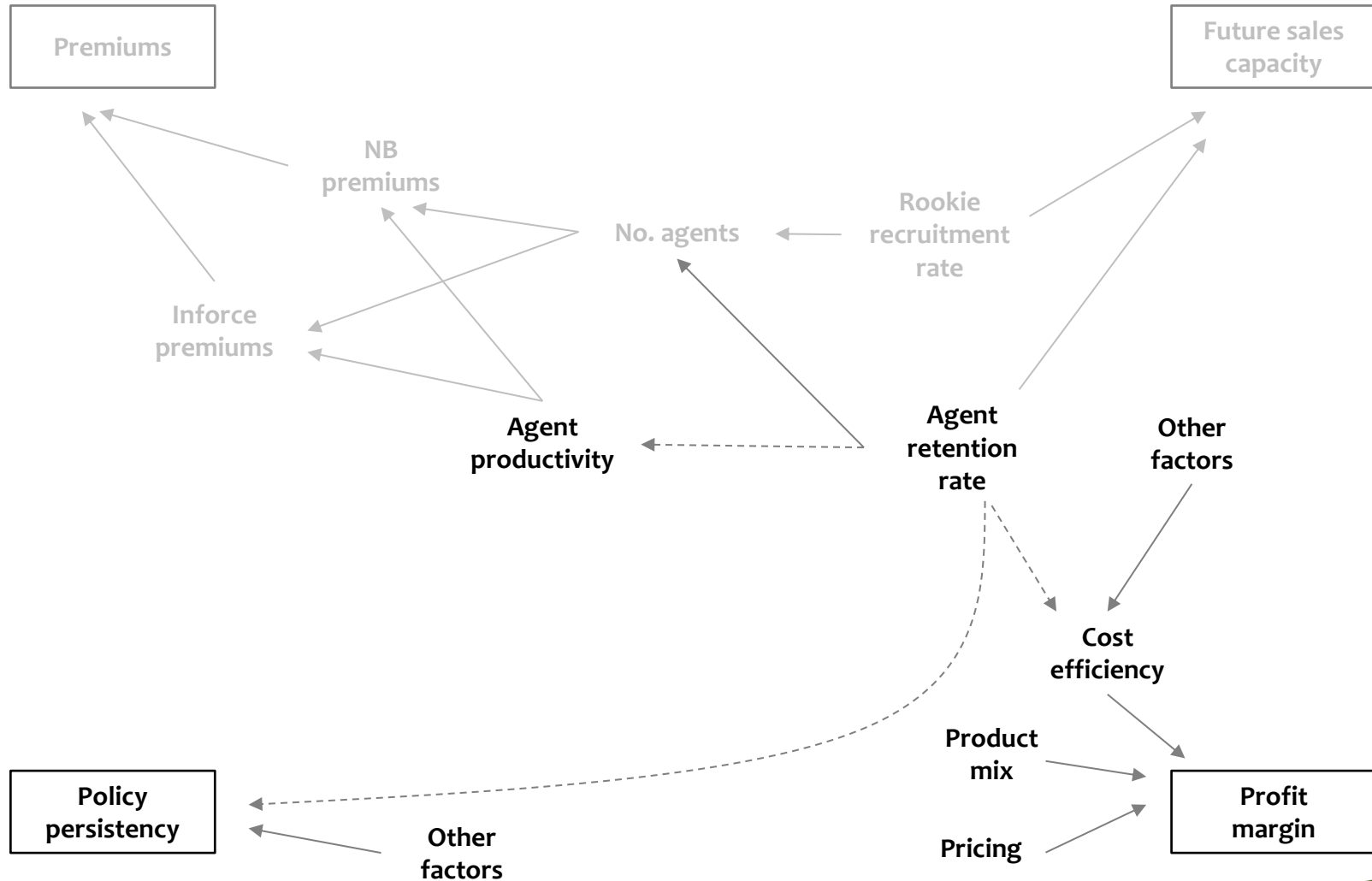
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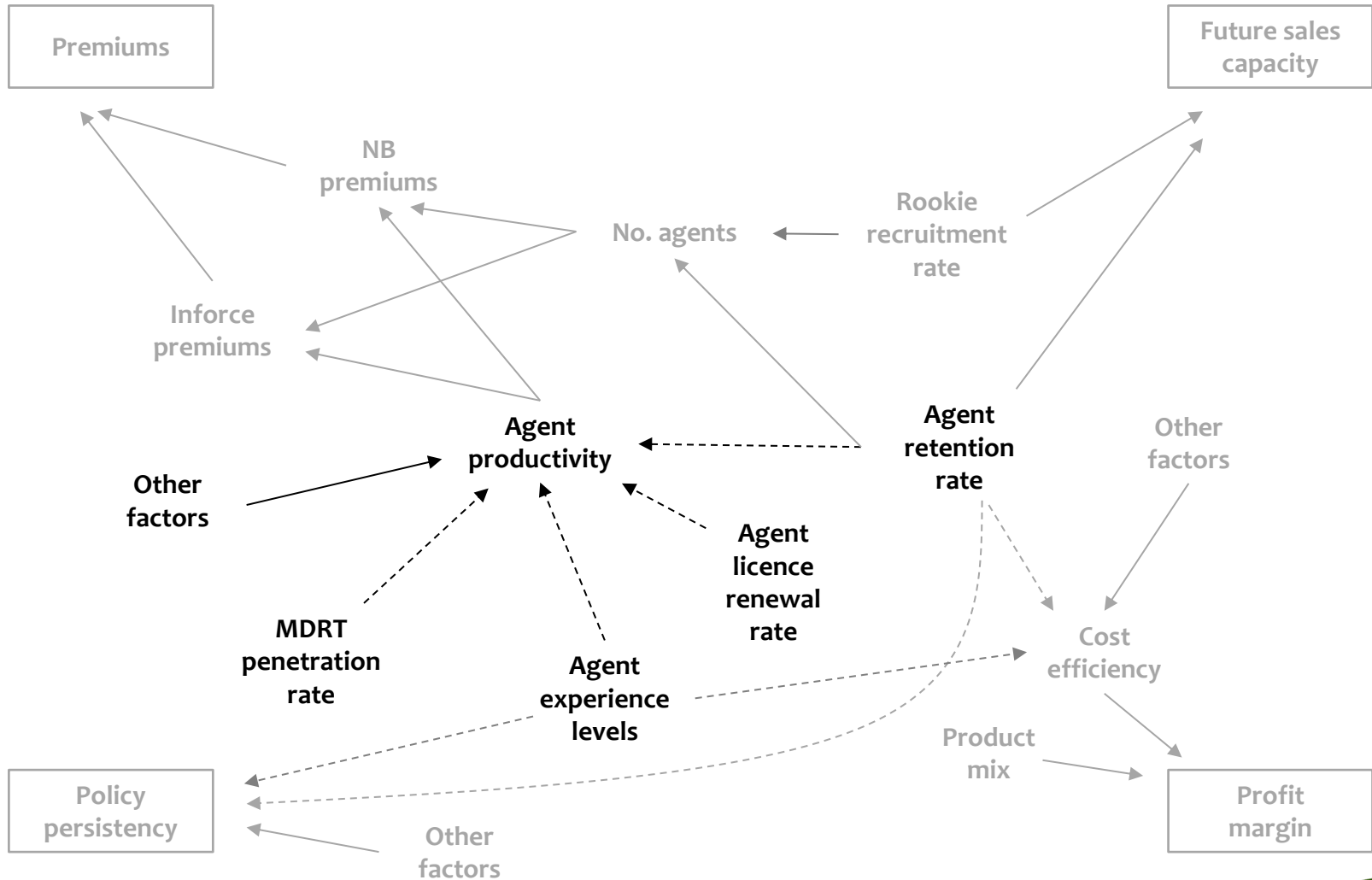
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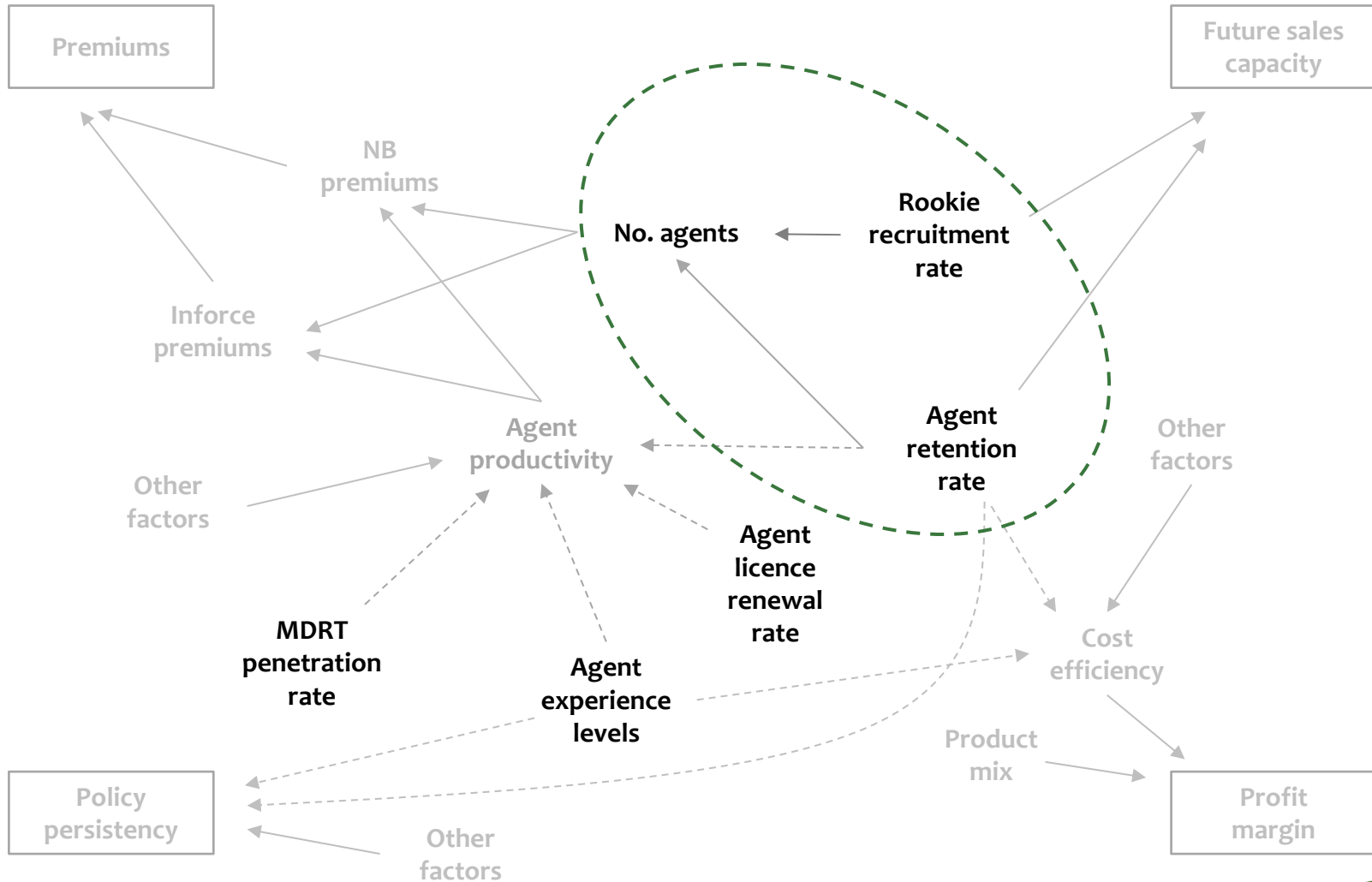
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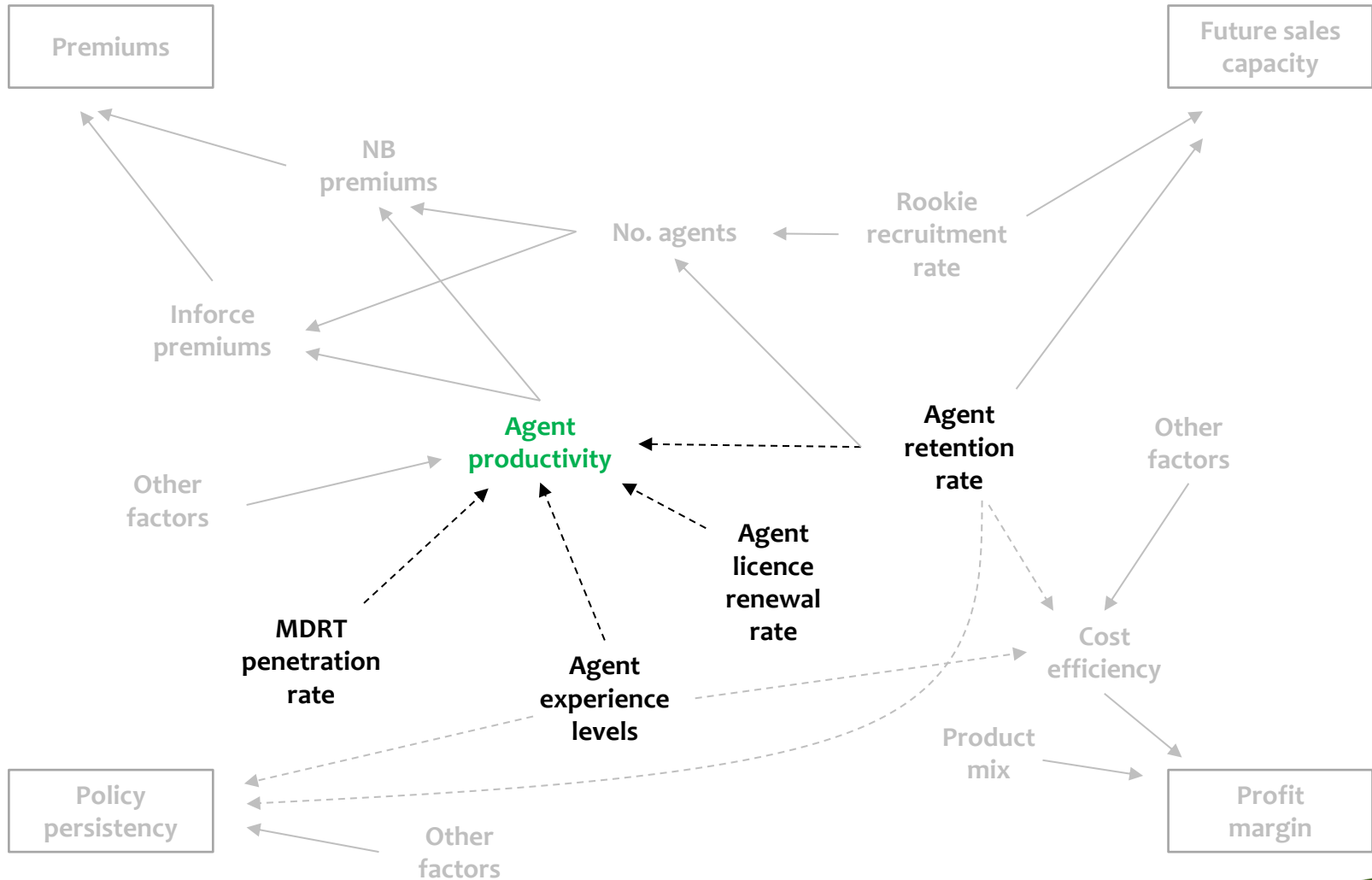
Agency Channel Value Levels

We tend to focus on measuring these ...



Agency Channel Value Levers

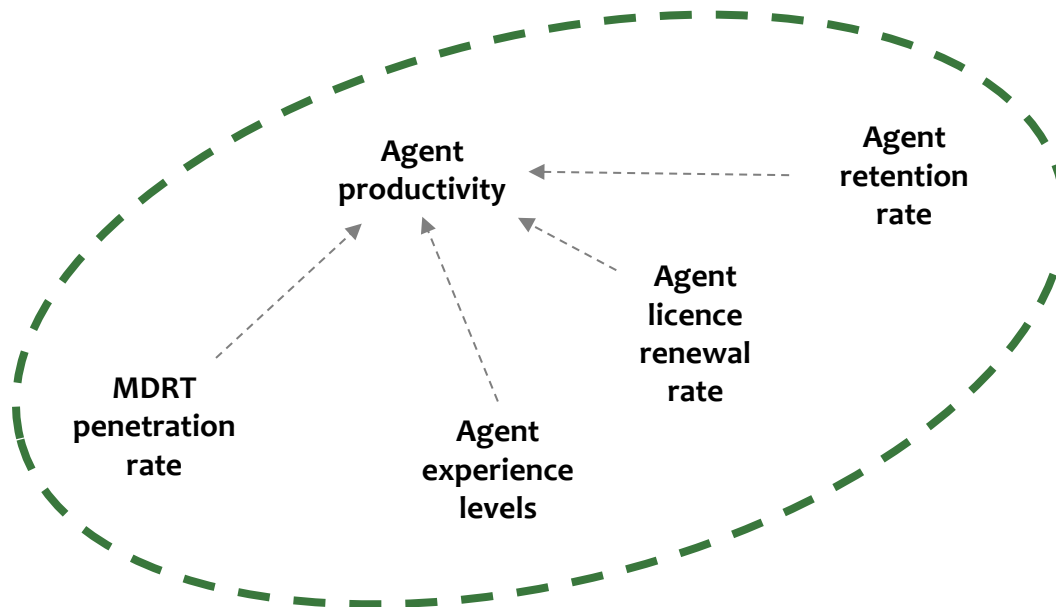
...but this cluster is particularly interesting.



Measurement Proxies

Proxies for agent productivity ? The evidence ... But first, what data are available for analysis at company level ?

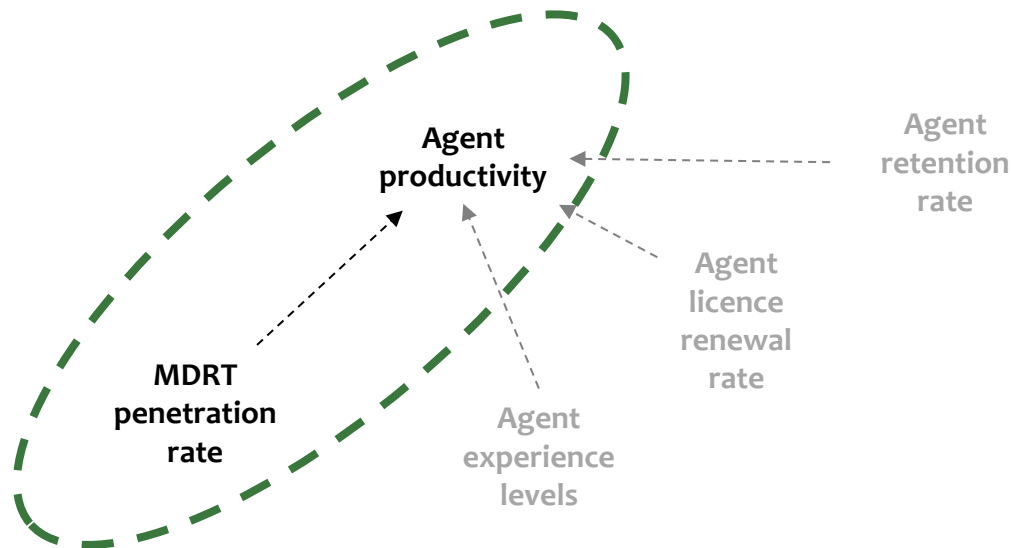
Agent productivity		MDRT penetration rate	Renewal/retention/exp
Agent no.s	Channel APE		
China, HK, Indo, Mal, Thai All other mkts	HK, India, Thai Most other mkts	All mkts incl China, HK, Indo, Mal, Thai	China, HK, Indo, Mal, Thai



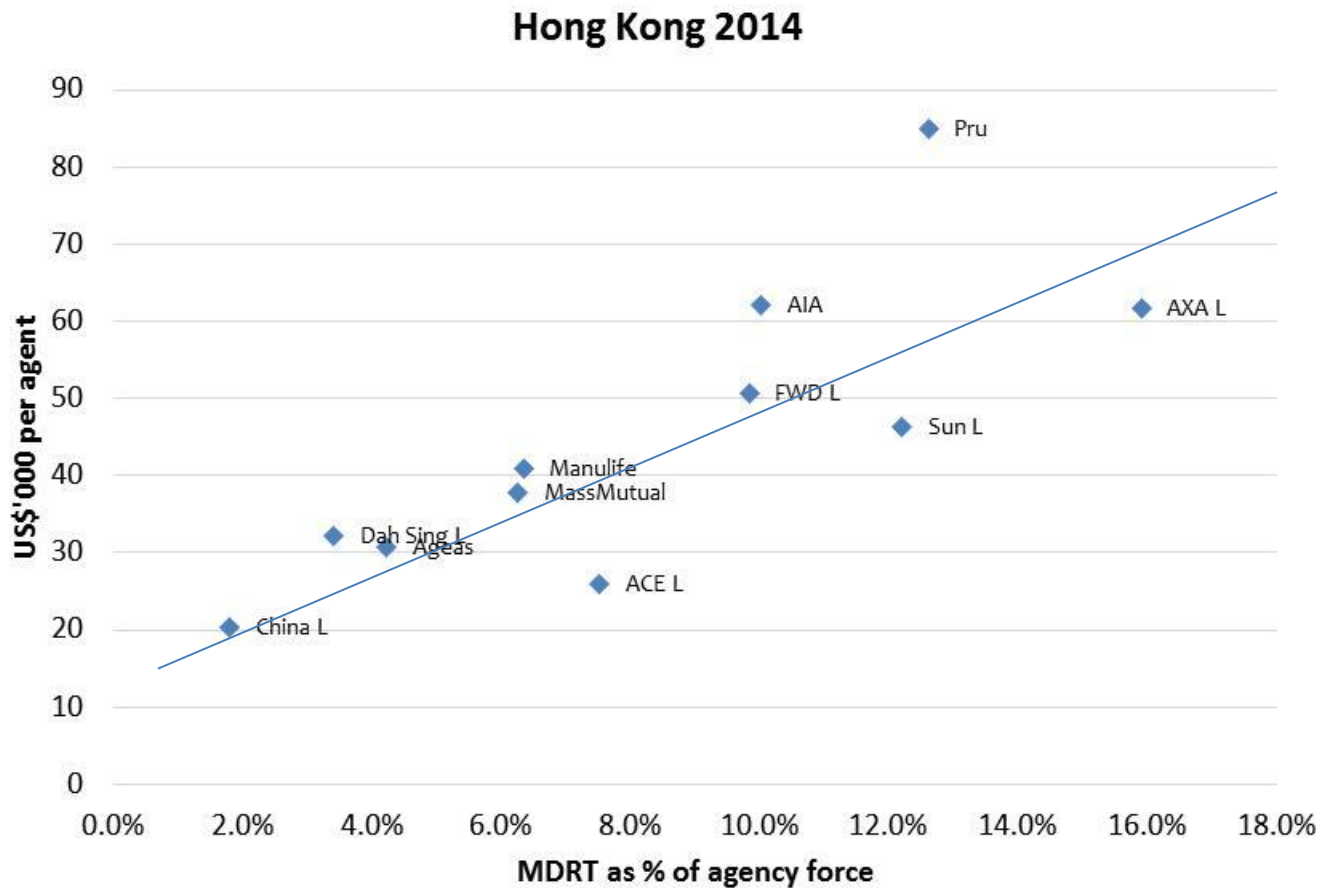
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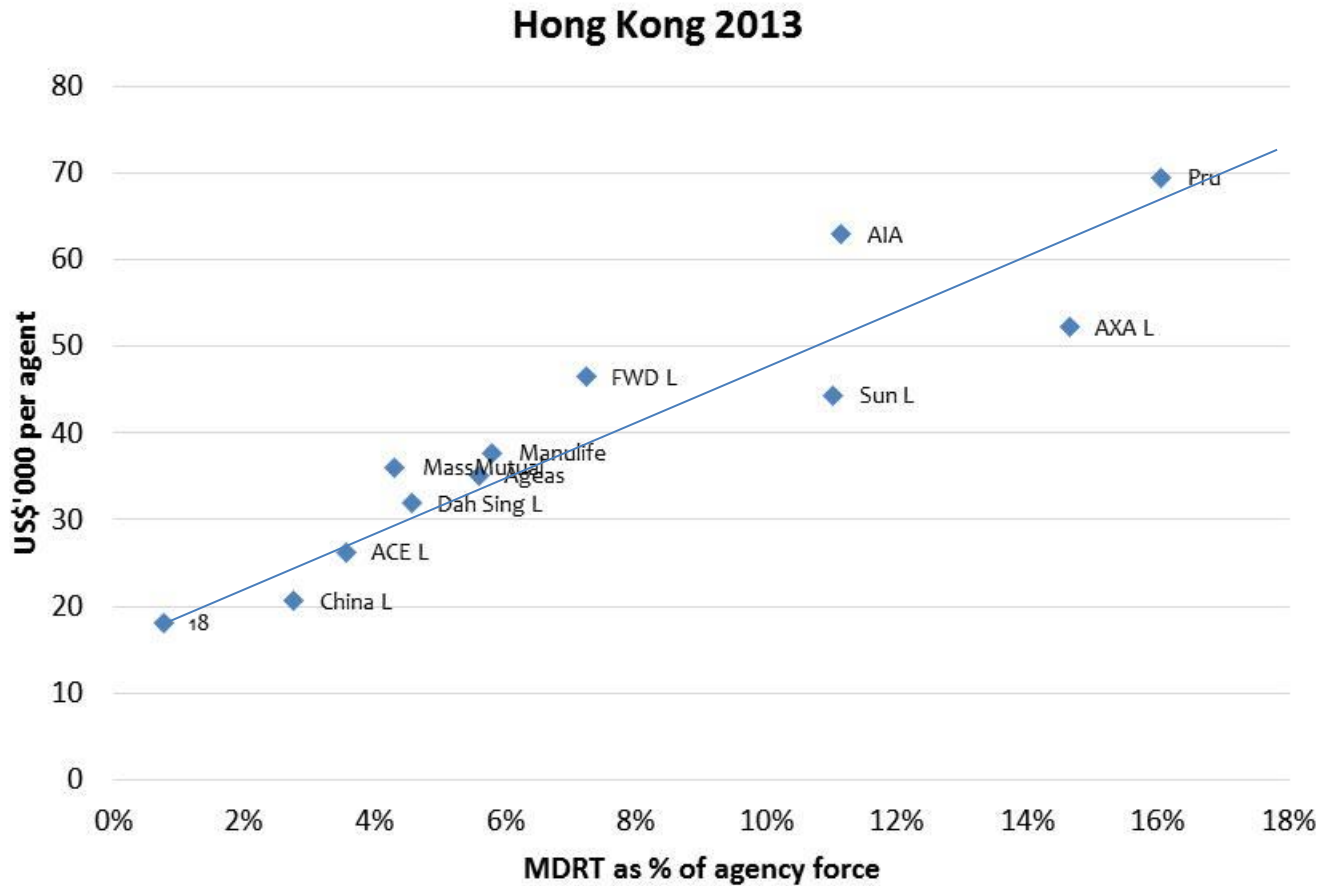


So let's consider HK and Thailand. First HK: Agent Productivity vs MDRT Penetration .
Agent Productivity vs MDRT Penetration



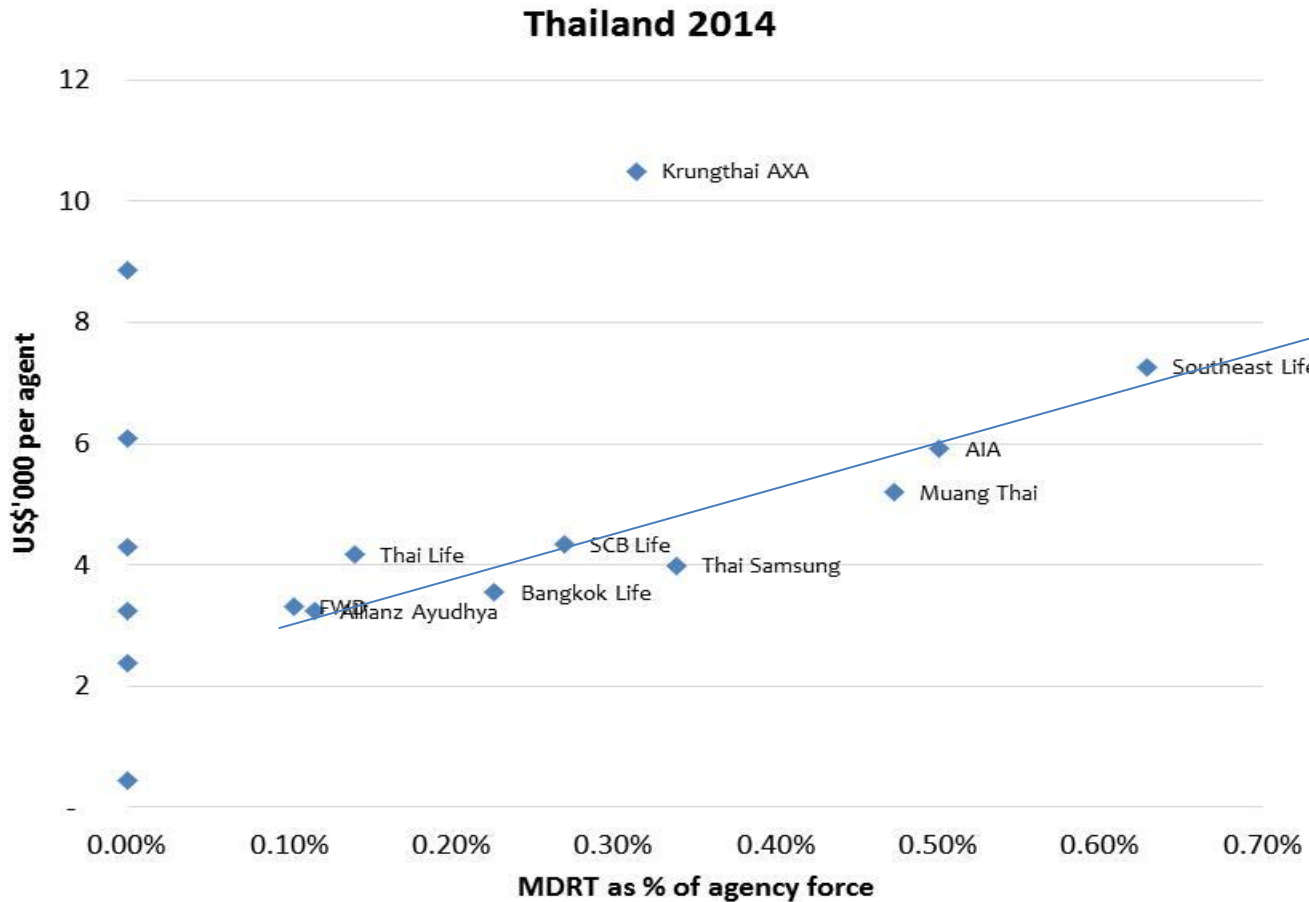
And here's the equivalent chart for 2013.

Agent Productivity vs MDRT Penetration



Here's Thailand.

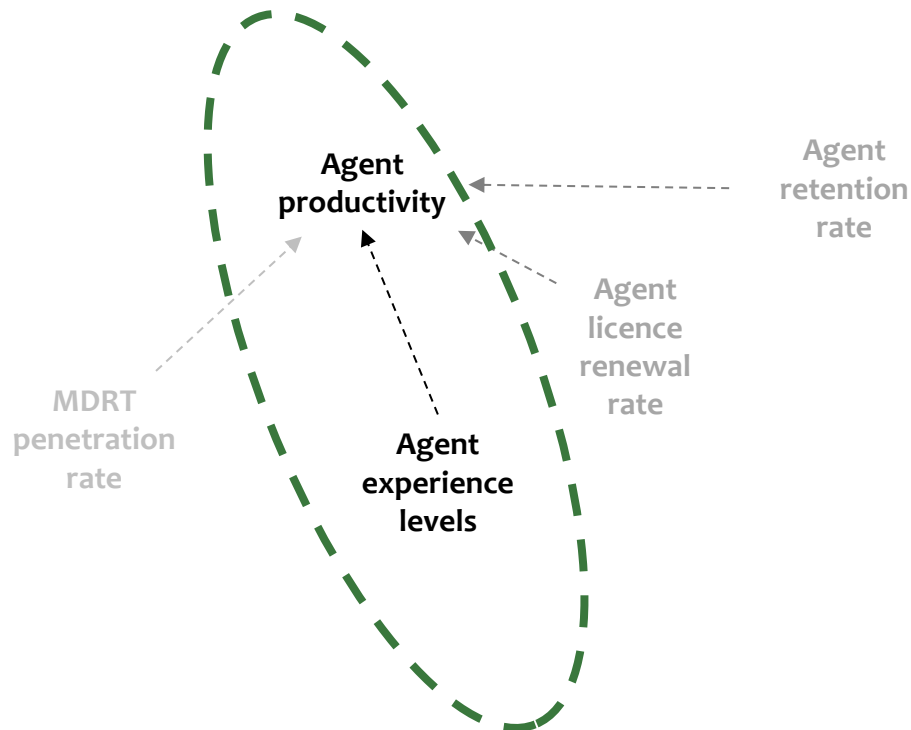
Agent Productivity vs MDRT Penetration



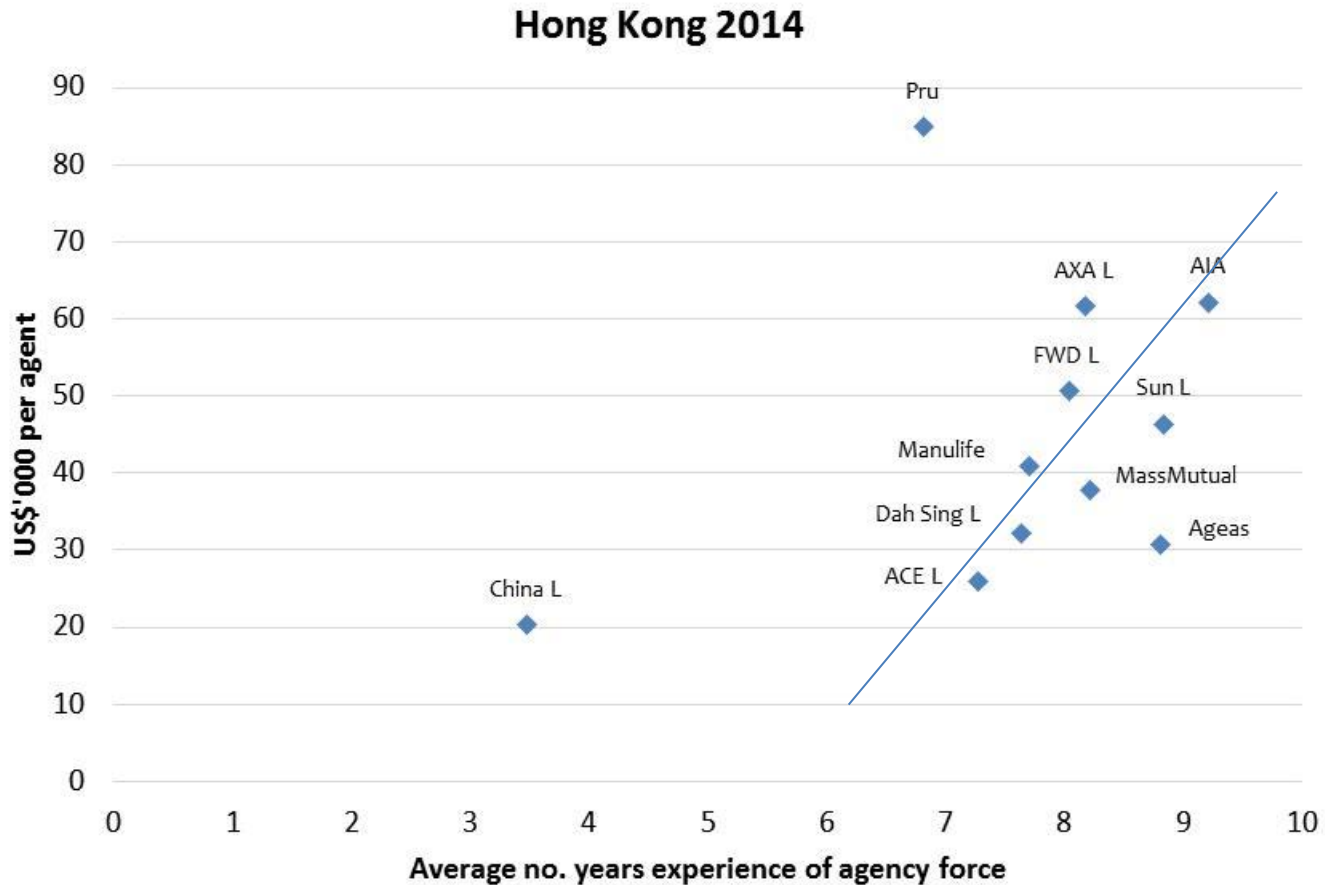
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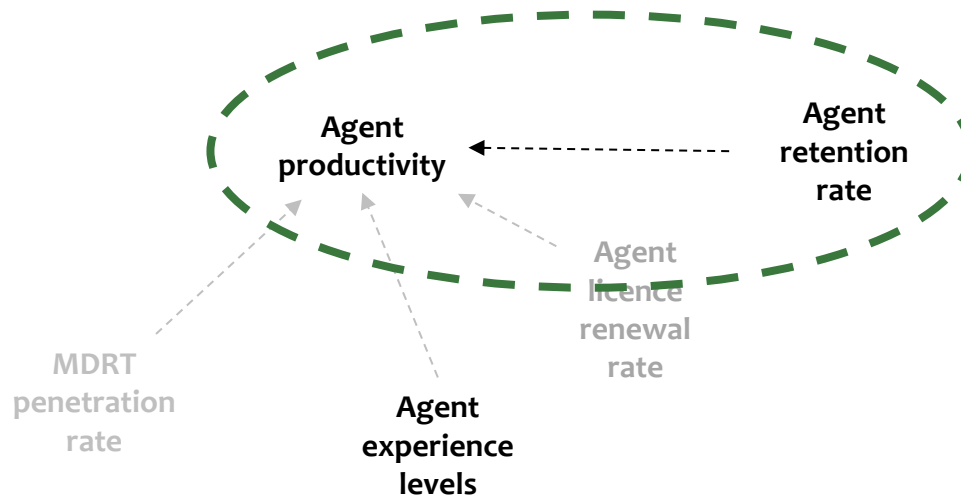
Here's the correlation with agent experience.
 Agent Productivity vs Agent Experience Level



Measurement Proxies

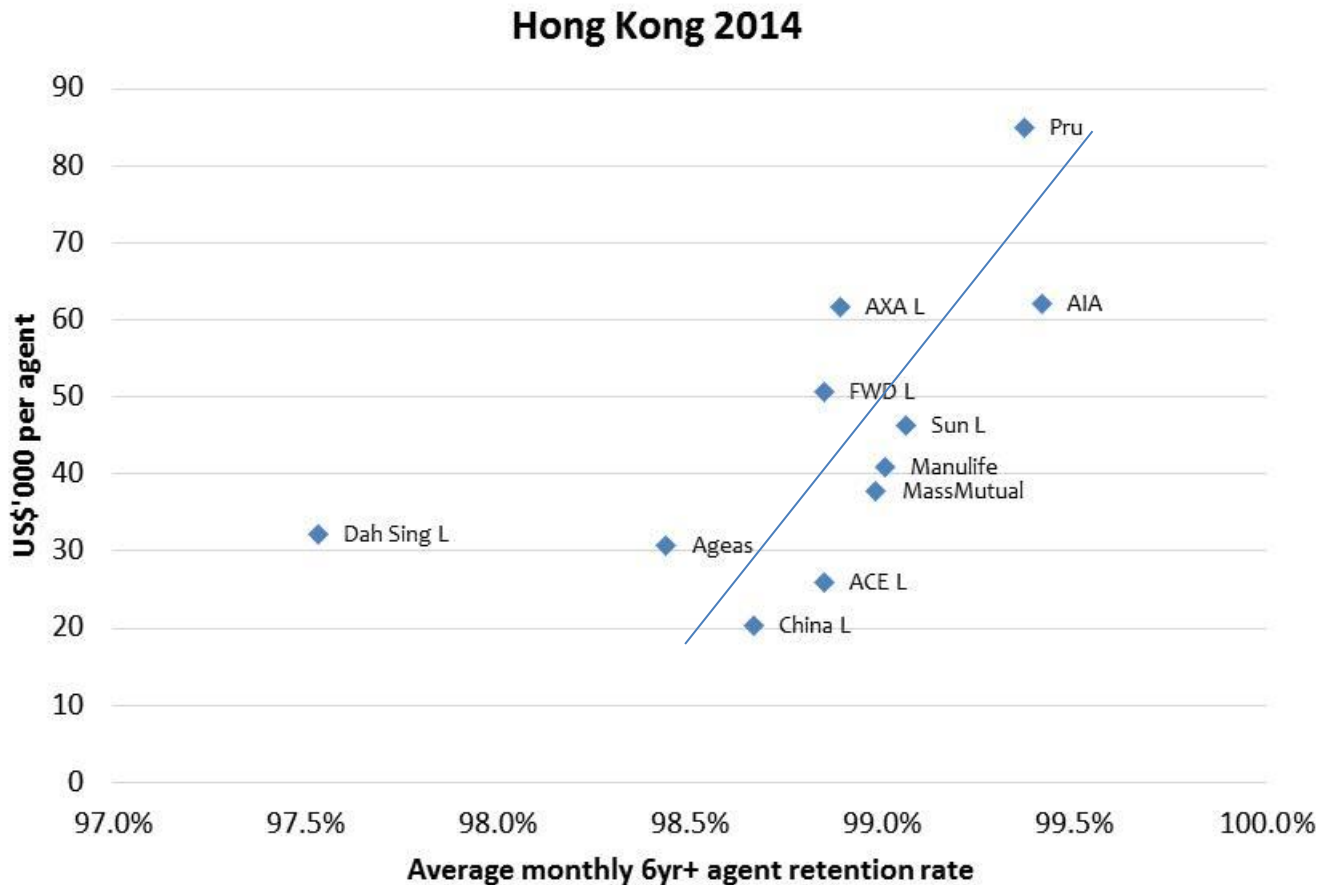
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Here's the correlation with agent retention.

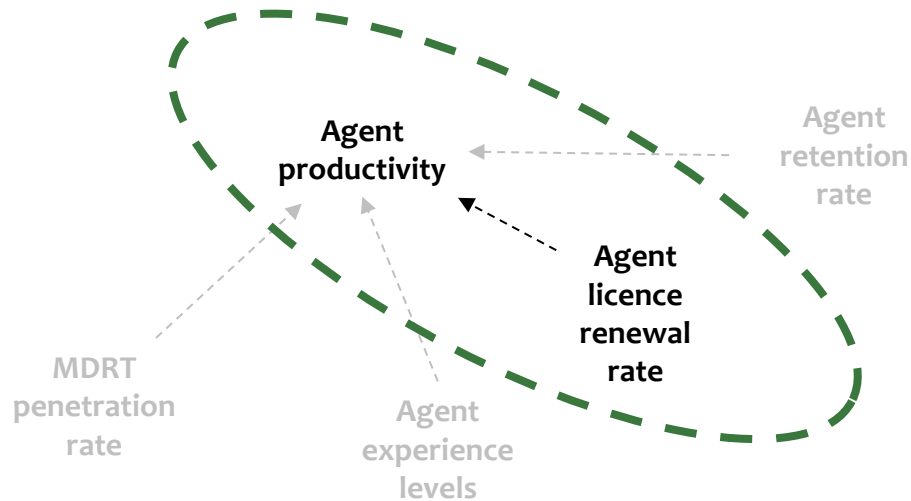
Agent Productivity vs Retention of **6yr+** Agents



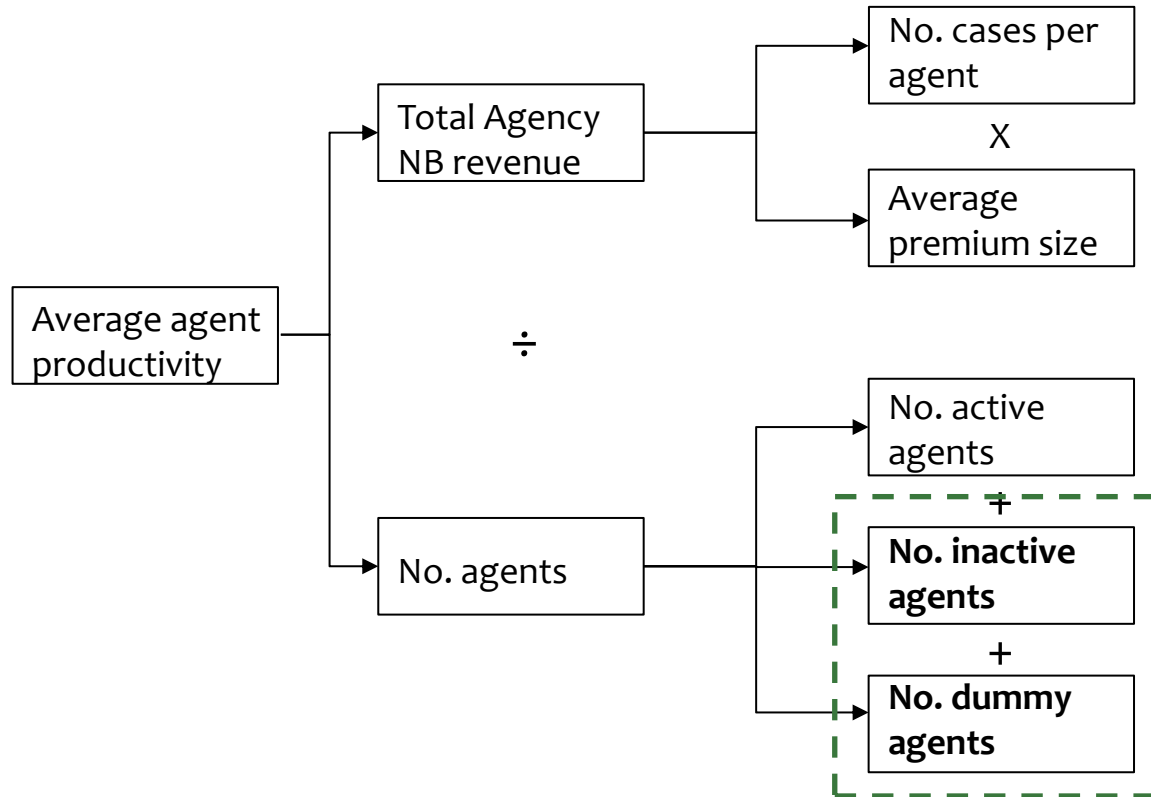
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There are some problems in a few of the less developed Asian markets. First:

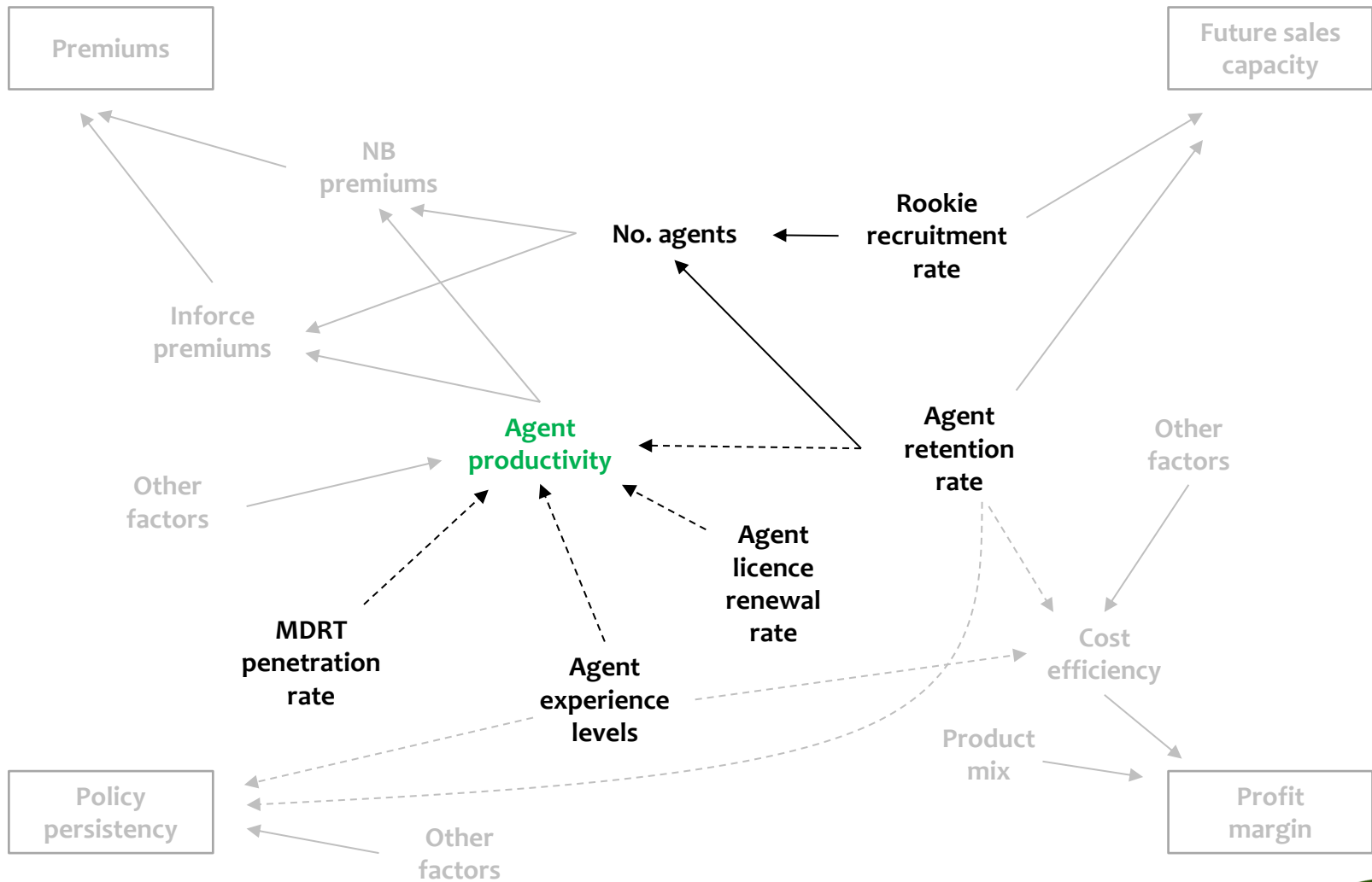


Then:

To us: **Registered agent** = include in headcount
 To insurers: **Agent under contract** = include in headcount

-> Not always the same thing ! Big problem for retention calculations

Agency Channel Value Levels



Examples

This is how we see the agency channel. This example is for large foreign life companies in China.

China - Life - Tied Agency - Foreign Large Cos: Agency Dashboard, 30 Jun '15 - 30 Jun '16																				
	Agent Headcount				Rookie Recruit Rate [1]		Poaching Rate [2]				Retention Rate [1]				Expiring Licence Renewal Rate [5]		% Exp. agts [6]			
	30 Jun '16	3mth Δ	1yr Δ	Last 4 qtrs [indexed]	Q2 '16	Last 4 qtrs [8]	IN to co.		OUT of co.		All agents		<1yr agents [3]		Exp. agents [4]		Q2 '16	Last 4 qtrs [8]	30 Jun '16	Last 4 qtrs [indexed]
							Q2 '16	Last 4 qtrs [8]	Q2 '16	Last 4 qtrs [8]	Q2 '16	Last 4 qtrs [8]	Q2 '16	Last 4 qtrs [8]	Q2 '16	Last 4 qtrs [8]				
AIA	28,388	12.2%	53%		22.8%		0.9%		1.3%		81.8%		78.8%		95.9%		98%		32%	
ALLIANZ CH L	4,775	7.9%	40%		21.5%		1.7%		3.4%		81.4%		80.4%		84.3%		100%		28%	
AVIVA COFCO	12,725	0.9%	45%		17.9%		4.0%		4.8%		77.8%		74.1%		86.7%		67%		26%	
CITIC PRU L	26,563	17.1%	88%		28.2%		2.0%		1.8%		84.1%		80.2%		91.2%		89%		25%	
GENERALI CH L	15,250	4.8%	108%		16.9%		3.7%		2.7%		80.4%		80.2%		87.7%		60%		27%	
HENG AN STD L	5,988	21.9%	56%		33.1%		4.8%		4.1%		80.2%		71.5%		93.8%		54%		26%	
ICBC AXA L	8,475	10.8%	57%		22.1%		4.2%		2.9%		80.9%		75.8%		90.6%		65%		31%	
ING-BOB L	5,975	22.9%	49%		23.9%		2.6%		2.8%		91.0%		90.5%		90.9%		90%		32%	
MANULIFE-SINO	11,838	10.4%	9%		26.8%		1.3%		3.1%		79.4%		69.8%		89.9%		93%		32%	
US METLIFE	10,813	-0.5%	56%		20.1%		3.6%		5.4%		72.7%		68.6%		84.9%		100%		21%	
SUB-TOTAL	130,788	10.3%	57%		23.1%		2.5%		2.9%		81.7%		76.9%		90.8%		85%		28%	

Min/max sparkline value:

0.7/1.8

0%/45%

0%/6%

0%/6%

75%/100%

65%/100%

75%/100%

20%/90%

0.7/1.2

Notes: [1] Gross rate for the quarter, expressed as % of agency force at beginning of the quarter. [2] Agents poached as % of total headcount for IN/OUT company respectively; transfer must take place <6months, otherwise the movement is recorded as "Other Incoming" (and not shown in this dashboard). [3] Rate for agents with <1yr industry experience. [4] Rate for agents with >3yrs industry experience (China, Indonesia, Thailand) or >6yrs (HK, Malaysia). [5] Experienced agents (>3yrs for China, Indonesia, Thailand, and >6yrs for HK, Malaysia) as % of total no. agents. Coloured figures: highest 13 in each segment coloured green, lowest 13 coloured red (except Poaching OUT, where colours reversed). Sparklines: common scale used down the column, with min and max values shown below table. [6] Measure not available in this market. [7] Analysis available from Q2 '16 onwards. [8] Last column is current period. N/A = Not applicable.

Agency Channel Share in Asian Markets

Agency Channel Value Levers

Measurement Proxies

Measurement Constraints

Examples

Wrapping up

Asia Product Range

China

Monitors

General Ins. Tied Agency	Headcount, growth, retention, etc Provincial analysis also
Life Ins. Tied Agency	Headcount, growth, retention, etc Provincial analysis also

Hong Kong

Monitors

HK Agencies, Brokers & IFAs Monitor & Directory	Individuals /entities in PIBA & CIB regimes, & HKFI agencies. Headcount, growth, products
HKFI Life Ins. Intermediary	All channels, life insurer view Headcount, growth, retention, etc
HKFI Life Bancassurance Intermediary	Bancassurance channel – life co. + bank view Headcount, growth, etc; agreement start dates
HKFI Life Ins. [Non Tied Agency] Intermediary	As per Bancassurance Monitor + other non-agency channels
MPF & ORSO Scheme	Tracks investment mgr, scheme administrator, trustee, etc for all MPF/ORSO schemes
MPF Intermediary	Individuals/entities in MPF regime Headcount, growth
SFC Intermediary	Individuals/entities in SFC regime Headcount, licences, growth, products

Indonesia [NEW - from Q4 '15]

Monitor

Life Ins. Tied Agency	Headcount, growth, retention, etc
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Malaysia [NEW - from Q4 '15]

Monitor

Life Ins. Tied Agency	Headcount, growth, retention, etc
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Singapore

Monitor

General Ins. Tied Agency	Headcount, growth, retention, etc Primary and Secondary principals
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South Africa

Monitor

Financial Services Intermediary	Focus on large FSPs, all product areas Headcount, growth, retention, Advice etc
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Directory

Financial Services Provider Directory	All ~10,300 FSPs, incl. product licence footprints. KIs, contact details, age profiles
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Thailand

Monitor

Life Ins. Tied Agency	All life companies, agency channel Headcount, growth, retention, etc
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Multi-country

Agency Headcount & MDRT Analysis	12 major Asian mkts (ex Japan), 2007 ->, agent headcount, MDRT metrics
X-Asia Life Ins. Tied Agency	China, HK, Indonesia, Malaysia, Thailand. All major co.s, agent h/c, growth, retention etc

Asia Product Range

	Agent Headcount & MDRT Report [1]				Channel Monitors [2]								
	Agent headcount/growth [3]	MDRT % of agency force	MDRT % 1st timer rates	MDRT average yrs experience	Agent headcount/growth [4]	Geographical (province) splits [5]	Agent rookie recruit rates	Agent poaching in/out rates [6]	Agent retention rates [7]	Agent experience levels [8]	Agent activity level proxy	Bancassurance [9]	Other channels/sectors
China	y	y	y	y	y	y	y	y	y	y	y		[10]
HK	y	y	y	y	y		y	y	y	y		y	[11]
India	y	y	y	y									
Indonesia	y	y	y	y	y		y	y	y	y	y	y	
Korea	y	y	y	y	y								
Malaysia	y	y	y	y	y		y	y	y	y			[12]
Philippines	y*	y	y	y									
Singapore	y*	y	y	y									
Sri Lanka	y*	y	y	y									
Taiwan	y*	y	y	y									
Thailand	y	y	y	y	y		y	y	y	y	y		
Vietnam	y*	y	y	y									

Notes

[1] Published ~July each year, covering the previous year. Report has analysis from year 2008.

[2] Monitors cover ALL life companies in the market and are published each quarter, except for HK (monthly).

[3] Headcount figures are as at year end.

[4] All our Monitors are on a quarterly frequency, with the exception of Hong Kong (monthly). Agent headcount figures are as at end of the period being reported, and are usually between 1-4 weeks old, depending on the market.

[5] Analysis is also cut by province.

[6] Showing all bilateral transfers, including by agent tenure groups.

[7] Includes by agent tenure groups. We track both company tenure as well as industry tenure, although tend to focus on industry tenure. In some tables we show only the least experienced (<1yr) and most experienced (>6yrs for HK, >3yrs for other markets) agent tenure groups.

[8] We usually report this using two measures: average industry experience level for each company, and % of "experienced" agents (i.e. >3 or >6 yrs) at each company.

[9] In some markets (currently HK and Indonesia) we also track bancassurance salespeople by bank, and also multi agents (HK only).

[10] General Insurance Tied Agency and 3rd Party Intermediary Monitors also available

[11] HK Agencies, IFAs & Brokers Monitor & Directory also available; HK MPF/ORSO Schemes Monitor also available

[12] Unit Trust Distribution Monitor also available