



ACE Life Insurance

**LIFE INSURANCE CONFERENCE,
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**CLIENTS' VIEW on SELECTION of FINANCIAL SERVICE PROVIDERS.
PLAYING "the DEVIL's ADVOCATE"...**

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BALANCE of INTERESTS

Provider's management:

- Maintaining solvency;
- Sustaining sales growth;
- Maximizing expected profits;
- Minimizing operating costs;
- Maintaining high Agents' loyalty;
- Maximizing customer satisfaction;
- Minimizing competitive pressure etc.

Society:

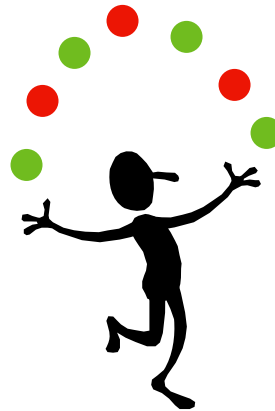
- Socially responsible business;
- Fair competition;
- Business ethics;
- Fair regulations, control and compliance rules.

Sales force (agents, brokers):

- Maintaining solvency;
- Maximizing compensation levels;
- Minimizing competitive pressure;
- Maximizing sales and customer's satisfaction etc.

Provider's owners:

- Maintaining solvency;
- Maximizing expected profits, ratings, capitalization etc.



Policyholders/ Contributors (both present and future):

- Maintaining solvency;
- Minimization of costs (or maximization of benefits);
- Obtaining adequate service from Company.

Individuals buy:

security, piece of mind, fulfilment of specific needs etc.

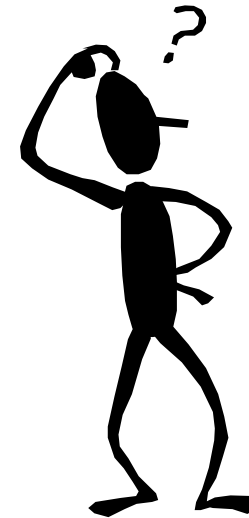
Employers buy:

feeling of responsibility, motivation and staff retention tools, financial security etc.



IF I'M A CUSTOMER BUYING FINANCIAL SERVICE, WHAT I WOULD THINK ABOUT?

1. Do I need this service?
2. What kind of product I need?
3. What benefit I receive for my money?
4. Will this product satisfy my needs?
5. Which Provider will be the best for me?
6. Was my decision / choice right?





IF I'M A CUSTOMER BUYING FINANCIAL SERVICE, WHAT I WOULD THINK ABOUT?

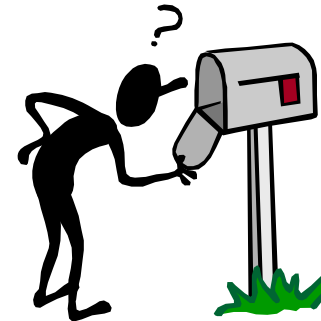
QUESTION 1:

DO I NEED THIS SERVICE?



CLIENTS' NEEDS

- What the Customer asks for?
- What the Customer expects?
- What the Customer dreams of?



➔ Providers' approach: **difference between Sales and Marketing.**

Selling focuses on the need of the Seller to convert product into cash-flow

vs.

Classic Marketing focuses on the needs of the Customer and the way in which the need is satisfied

Modern Marketing is blamed for creating needs instead of satisfying the existing ones



CUSTOMERS on the LOCAL LIFE INSURANCE / PENSIONS MARKET

The Russian Life insurance/ Pensions market is growing but not mature in terms of insurance culture and products/ benefits awareness.

CLIENTS - EMPLOYERS:

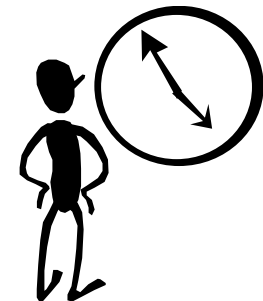
- frequently well - educated in terms of insurance;
- demanding for quality, flexibility, fair pricing, customer services, additional added-value services, tailor-made solutions etc.;
- some are looking for adequate solutions on a minimum possible price and some are looking for the best solutions and ready to pay for this the higher price;
- know the competition and able to obtain the best benefit out of it.

CLIENTS - INDIVIDUALS:

- it is still true that Life insurance / Pensions is being sold rather than being bought by Individuals.
- for some “time value” is higher than “money value” -> know what they want and ready to pay for the best services; but some are still price-driven.

CLIENTS – PARTNERS (affinity groups, banks etc.):

- more price- and commission- sensitive;
- always professionals are involved;
- services quality and Ops/IT solutions are crucial.





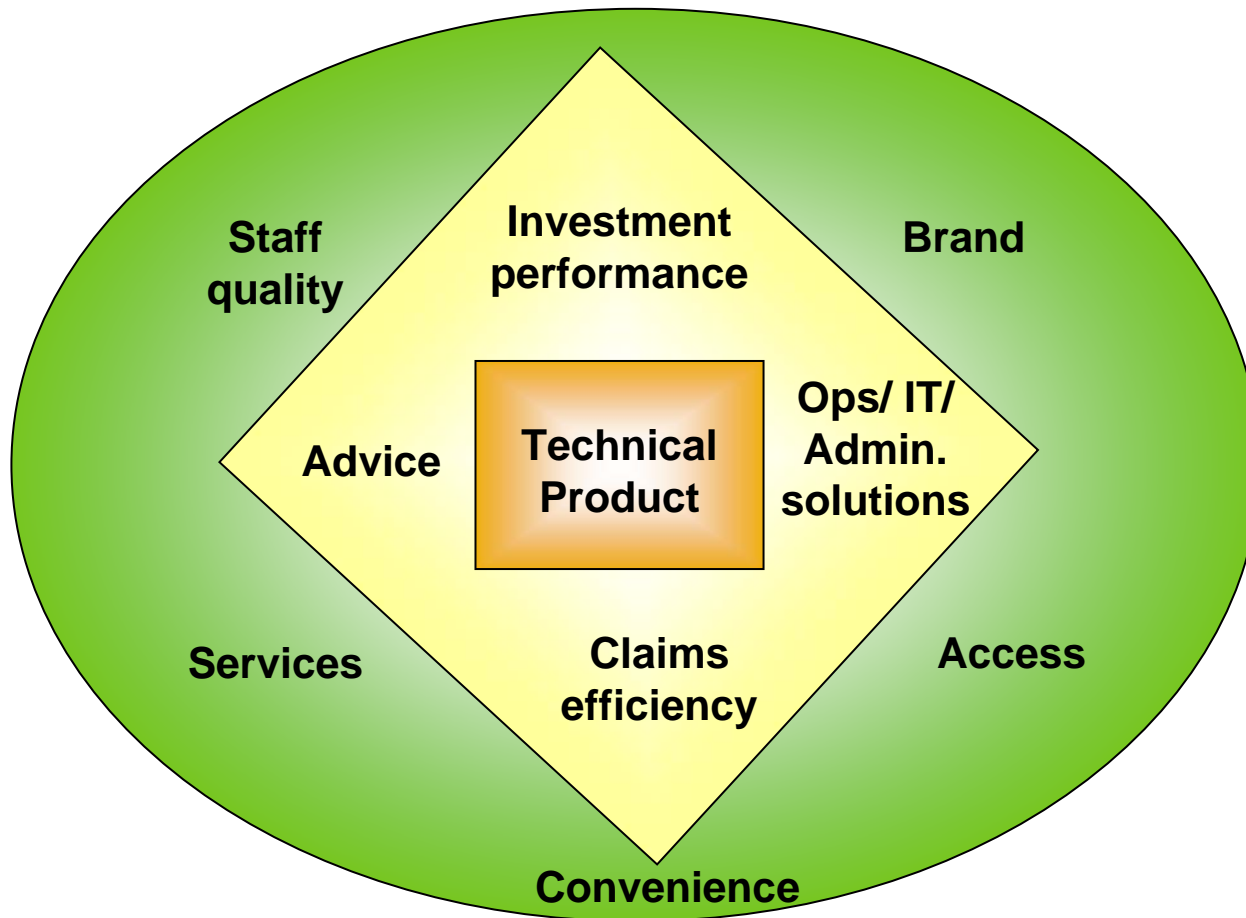
IF I'M A CUSTOMER BUYING FINANCIAL SERVICE, WHAT I WOULD THINK ABOUT?

QUESTION 2:

WHAT KIND OF PRODUCT I NEED?



WHAT REALLY MATTERS FOR CUSTOMER in LIFE INSURANCE / PENSIONS PRODUCT?





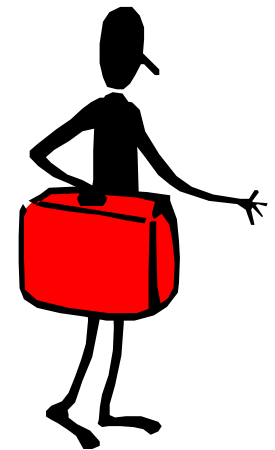
HOW TO MATCH CUSTOMERS' EXPECTATIONS AND PROVIDERS' GOALS and STRATEGIES

Each company has its own unique definitions of desired markets, distribution systems and products to achieve growth & profit objectives.

- ➡ the questions are always what to prefer:
- standard products (“IKEA concept”) vs. customized products vs. a balanced combination?
 - how flexible to be towards Customers?

External influences:

- Changing public attitude towards savings, insurance, agents, insurance companies.
- Changing levels of consumer awareness and resulting potential constraints on Provider's price structure.
- New marketing developments and trends.
- Changing competition, including from Insurance Companies, Pension Funds, Banks and other financial institutions.
- Changing relationship between Individuals, Employers, Regulators with respect to financial security plans (impact of tax, changes in Employee Benefits concept, national social security programs etc.)





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QUESTION 3:

WHAT BENEFIT I RECEIVE FOR MY MONEY?

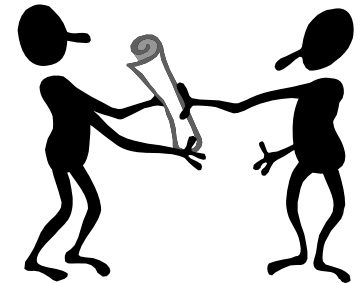


PROVIDER'S VALUE PROPOSITION

Value Proposition – is a summary of the product functional and emotional benefits that bring value to the Customer.

J.P. Morgan: “To attract only the first-class clients and render them only the first-class services”.

Yan Karlzon, former Executive Director of SAS Airlines company (1980): “We, employees of SAS, used to imagine an airline company as a combination of technical basis, planes, offices and administration procedures. But if you ask our passengers, what is SAS, they will never remind about planes, offices etc. Instead they will tell about their impressions on our staff”.



ACE Life Insurance in Russia: “Niche company for specific clients’ segments and projects”.

What is your company Value Proposition: **PRICE** or **FLEXIBILITY** or **FIRST CLASS SERVICES** or ...? Does it really what your Customers feel about your Company and products?



IF I'M A CUSTOMER BUYING FINANCIAL SERVICE, WHAT I WOULD THINK ABOUT?

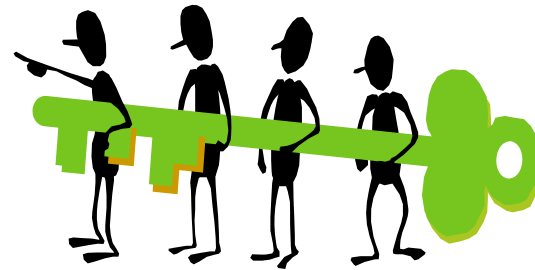
QUESTION 4:

WILL THIS PRODUCT SATISFY MY NEEDS?



CHALLENGES for PROVIDER

“People don’t want a quarter-inch drill;
they want a quarter-inch hole” - *Theodore Levitt*



- ➡ The main objective for a Provider – to match Products, Markets and Distribution Channels.
- ➡ If a Provider cannot dominate all the market – it can find a part of that market that can be dominated – or a different way to dominate.



IF I'M A CUSTOMER BUYING FINANCIAL SERVICE, WHAT I WOULD THINK ABOUT?

QUESTION 5:

WHICH PROVIDER WILL BE THE BEST FOR ME?



PROVIDER'S REPLY to MARKET OPPORTUNITIES

What successful Providers are doing:

- They involve a variety of people and functions (incl. some unexpected) to the product development process.
- They think total proposition ... not just products.
- They think Customer! (On the modern Life/ Pensions market the Proposal to Customers cannot be set simply by “building in” profit along with the other assumptions (mortality, persistency, expenses etc.). Instead it is a balance between different and often conflicting requirements).
- They keep it simple for mass segment and sophisticated for VIP segment.
- They try to be innovative.





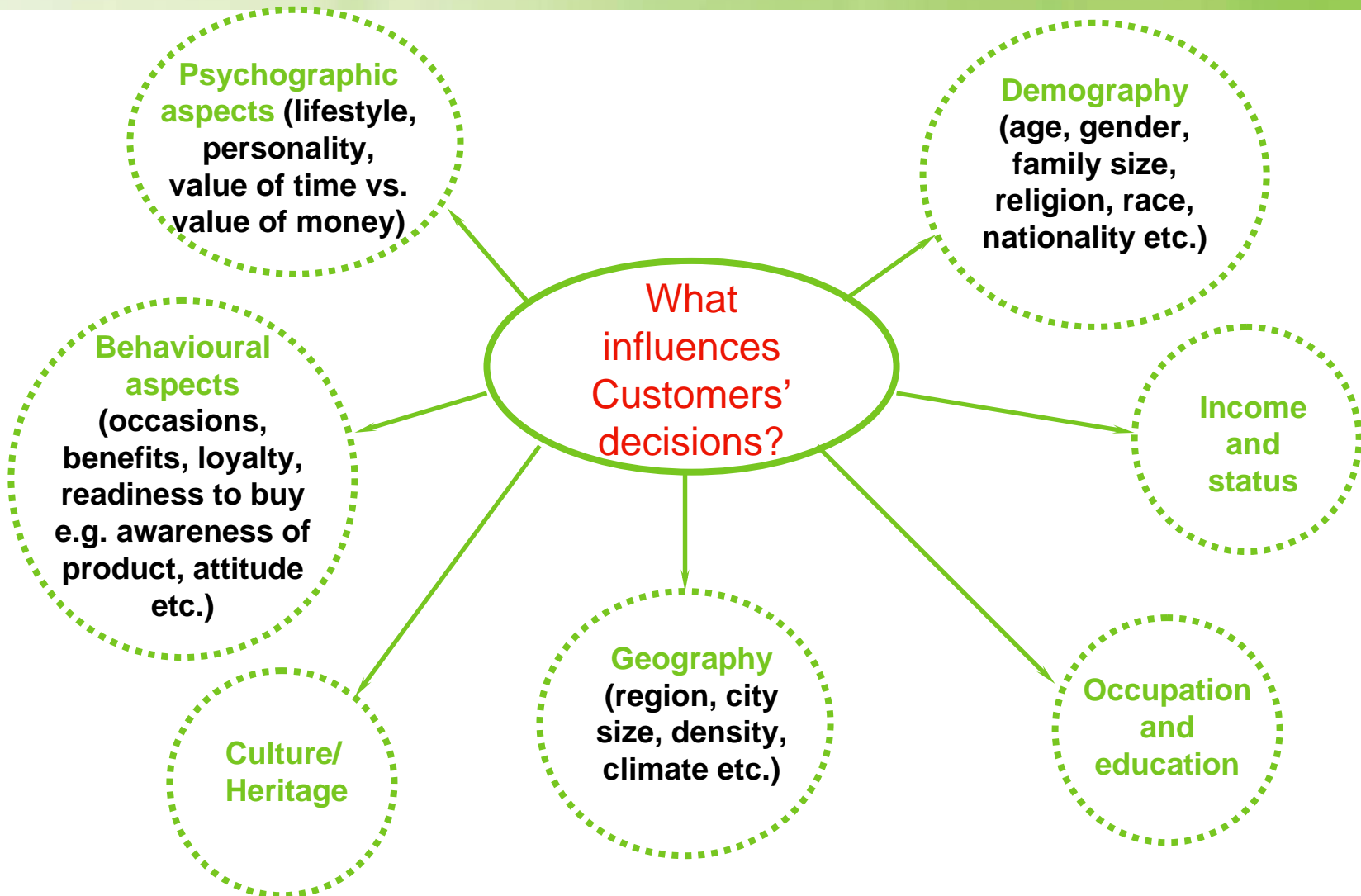
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QUESTION 6:

WAS MY DECISION / CHOICE RIGHT?



CLIENTS' SEGMENTATION





NEW CUSTOMERS' BEHAVIOUR

- “Feeling of power”:

- Wide range of products and providers;
- Strong competition for customers;
- Available information resources;
- Customer’s society is pro-active, demanding and prepared to lobby its interests.



- “Professional” attitude to buying process:

- Well informed and have the possibility to compare;
- Able to make their choice irrespective of brand names, advertisement and Sellers’ recommendations.

- **Strong link between satisfaction and loyalty** (unsatisfied customer may not only stop buying the service from the particular provider but can make negative PR).

- **Emerging new expectations** (customized services, tailor-made products and friendly after-sales support, satisfaction of insurance needs on equitable prices are more in demand).



PROVIDERS' & SALES PEOPLE ROLE

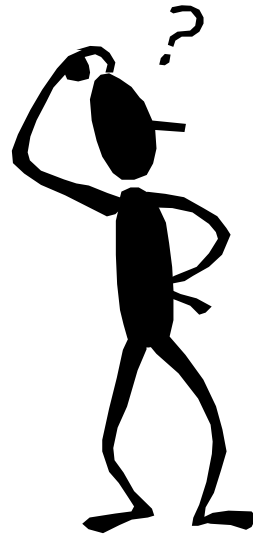
- to continue to educate and develop the market;
- to assist clients in identifying their needs and proposing them relevant solutions;
- to think both on existing Clients and future ones;
- to work out unique propositions;
- to control Clients' satisfaction.





THANK YOU FOR YOUR ATTENTION!

YOUR QUESTIONS?





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