



May 15, 2014 OLIS Seminar

LP Channel and Customer Protection

----- Customer Focused -----

Hiroaki Sakamoto

Senior Vice President,

Marketing & Innovation Officer

Prudential Life Insurance Company, Ltd.



**1992/Apr. Joined Prudential Life Insurance Company, Ltd.(POJ)
(As a Life Planner of Gotanda Agency)**

1997/Apr. Sales Manager, Gotanda Agency No. 1 Sales Office

2002/Apr. Agency Manager, Shinagawa No.1 Agency

2010/Apr. CVP, Chief Marketing Strategy & Support Officer

2011/Apr. SVP, Chief Marketing Strategy & Support Officer

2013/Apr. SVP, Marketing & Innovation Officer



“Protection” means... To “safeguard and provide protection” to prevent a certain state from being undermined.

Especially in life insurance business...

The mission is to provide peace of mind to customers and maintain it for a long period of time.

To fulfill the mission...

The essential thing is to open the eyes of customers to the problems of which they have not been aware. (A tough task)

The goal of work as a Life Planner is...

“To sell life insurance”...? = NO

The answer is... “To identify problems and provide solutions.”



1. Life Planner Model



Vision

We will revolutionize the modality of Japan's life insurance business and be the company most trusted by customers in the life insurance market of the country.

Mission

Our mission is to provide the highest-quality service to assure each and every one of our customers the economic security and peace of mind.

Strategy

We **develop Life Planners**, true professionals of life insurance, to conduct need based selling for each and every one of the customers, and to provide personalized service through the course of lifetime until we deliver claims and benefits.



**Core
Values**

- Worthy of Trust
- Customer Focused
- Respect for Each Other
- Winning

Vision Mission Strategy

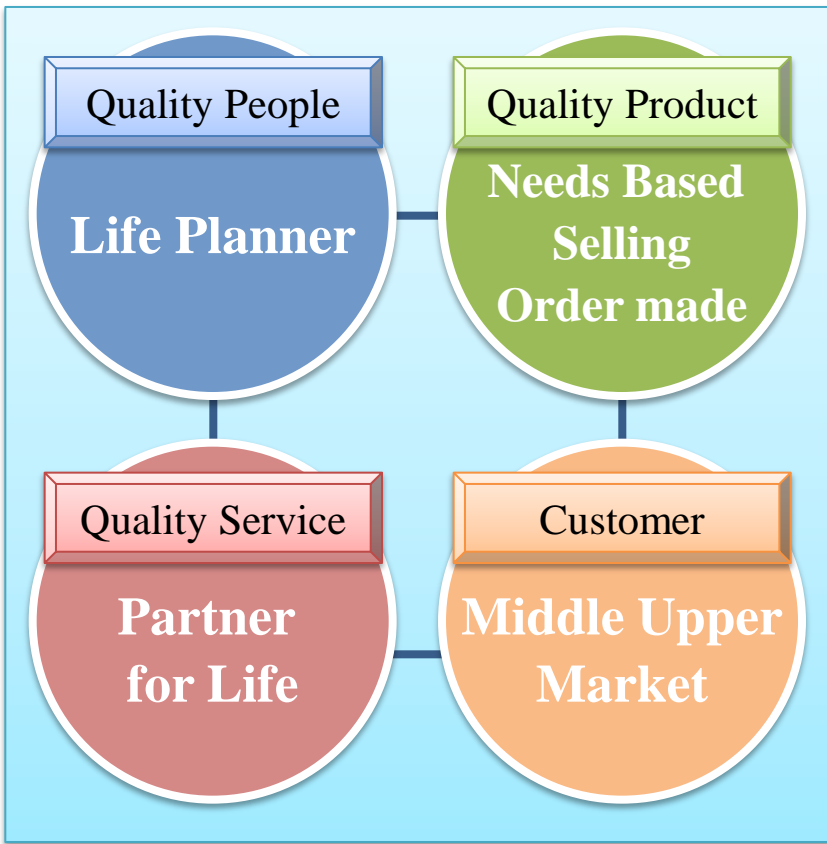
Mission to firmly maintain safety net in the society

Carrying out this mission faithfully will...

Lead to “Success of Life Planner (salesperson)”



(1) Characteristics of POJ's Life Planner Channel (LP Model)



Essence of LP Model	
Quality People	High-quality LP...
Customer	(mainly) middle & upper market customers' ...
Quality Product	Stimulate latent needs (NBS*), propose life insurance tailored to needs of the customers, and... <small>*Need Based Selling</small>
Quality Service	Provide personalized service through the course of lifetime until we deliver claims and benefits.



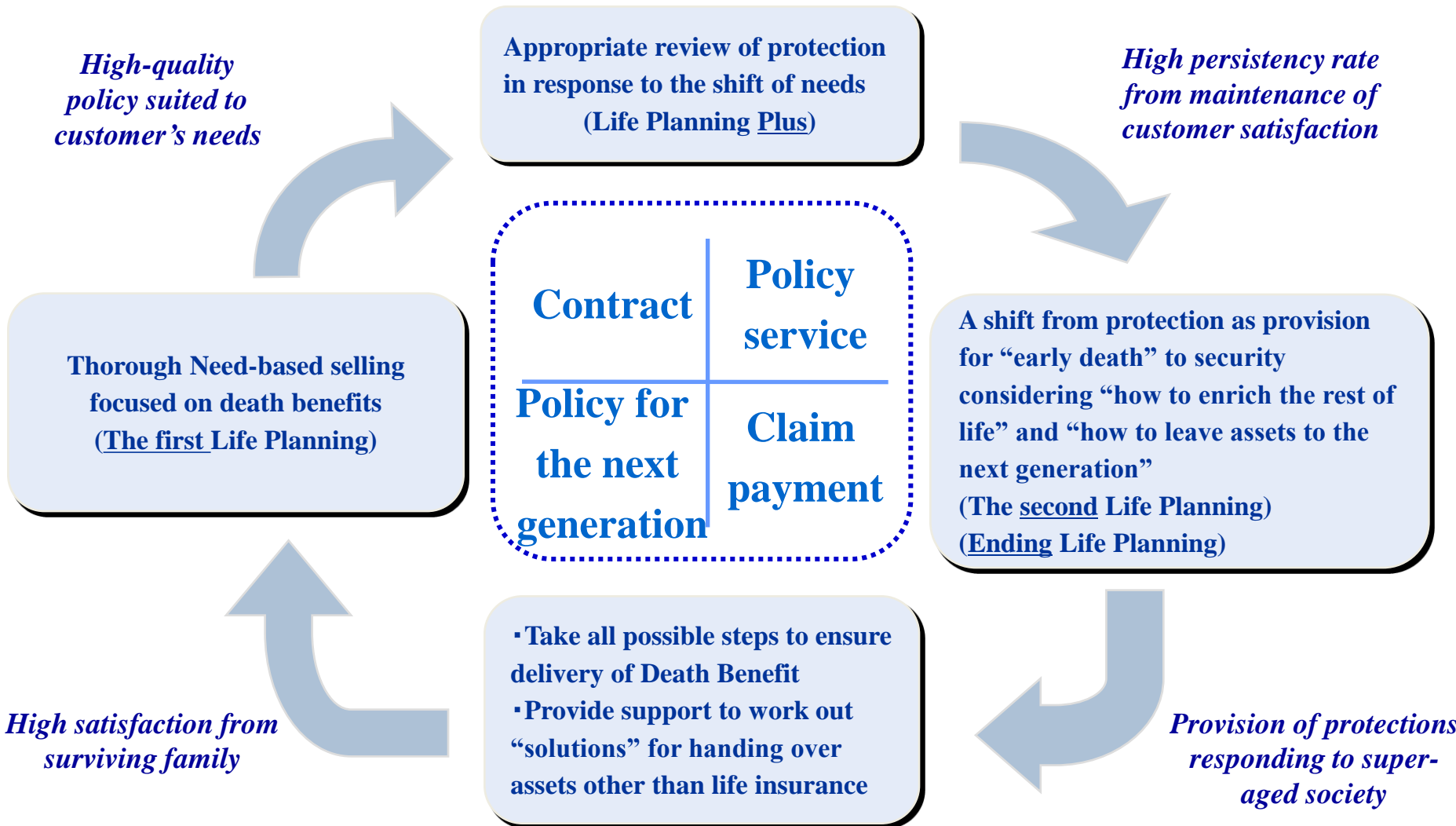


What is a Life Planner?

- **Centerpiece of Prudential Japan's strategies**
- **Hiring requirements for Life Planners:**
 - **University/college degree (as a general rule)**
 - **Minimum of 2-3 years of sales or sales management experience**
 - **No life insurance sales experience**
 - **Completion of our "Career Information Program (CIP)"**
- **Strong sense of mission to make it a "lifetime work"**
- **Spiritual fulfillment with the work backed with mission
(≡ feeling of happiness)**
- **New career (profession) in Japan**



(2) Long-term Relationship with Customers under the “LP Model”



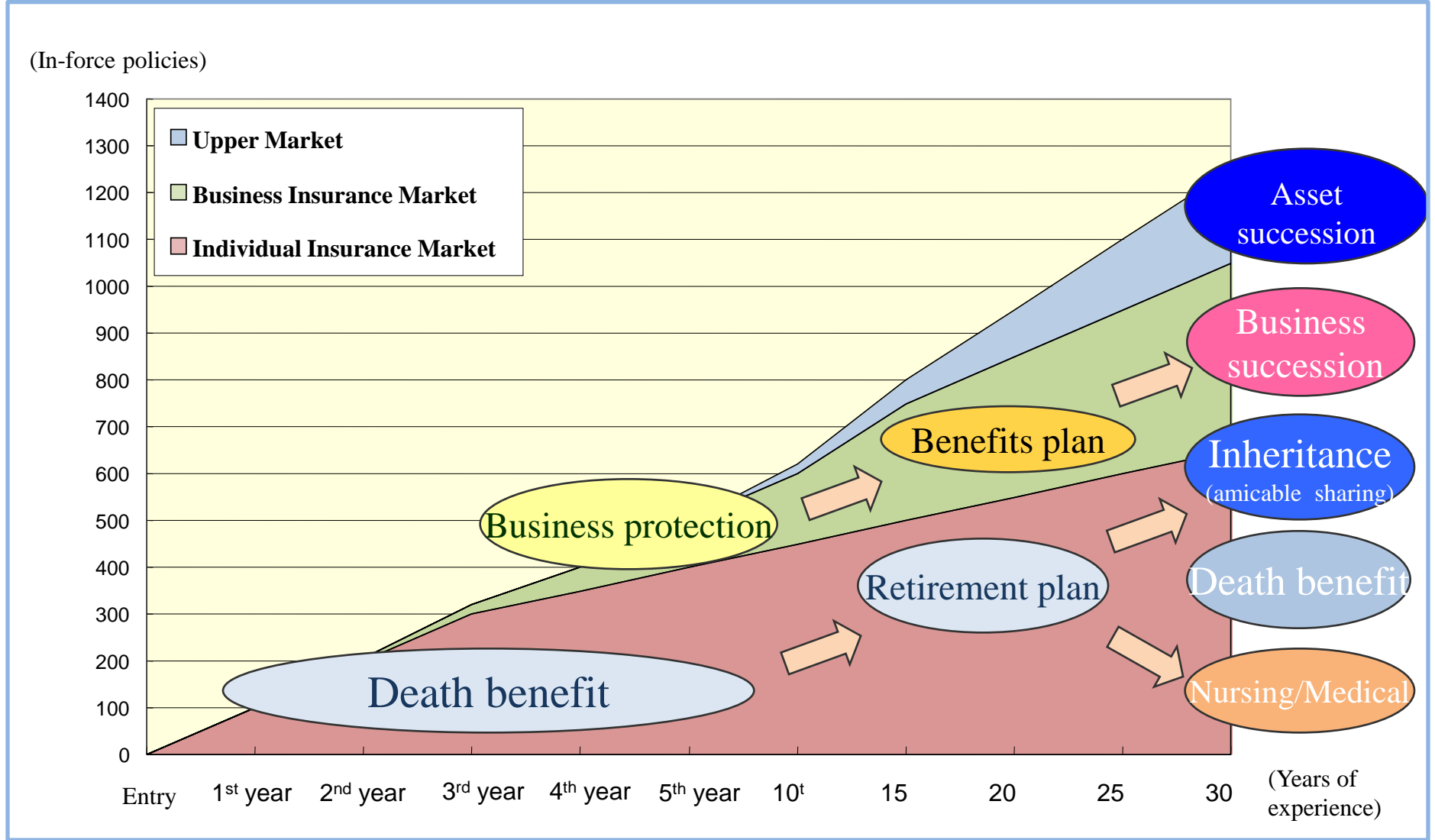
Provide long-term support for “household” while staying present to the “life events” of customers



(2) Long-term Relationship with Customers under the “LP Model”

With the increase of policies/households in-force, NBS* by LPs will expand as below:
Death benefit ⇒ Business protection ⇒ Nursing/Medical, Inheritance, Business succession/ asset succession

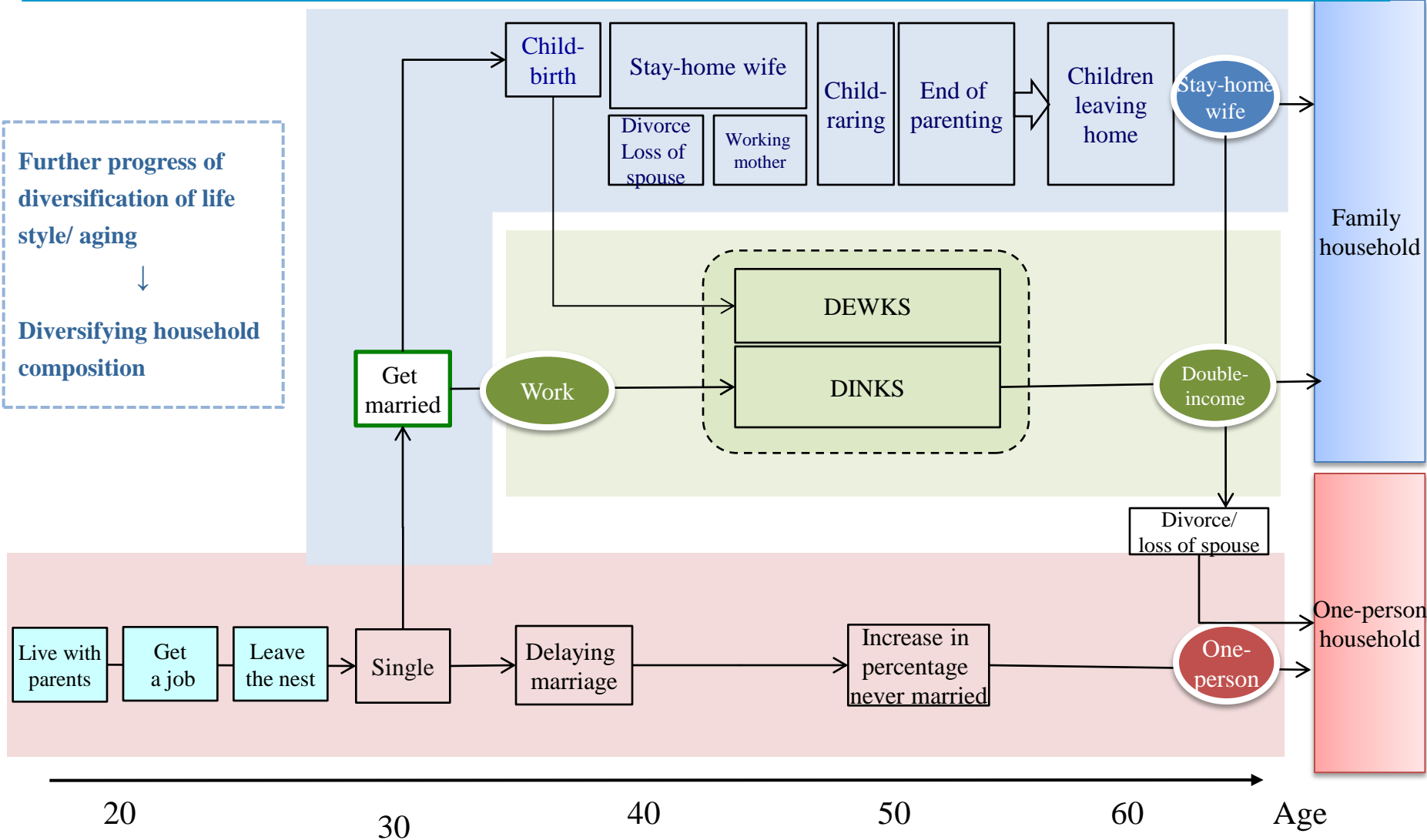
*Need Based Selling





(3) Adaption of LP Model to Diversifying Household Composition

Household composition falls into three types: Stay-home wife/Double-income/One-person household ⇒ Double-income/One-person household are increasing

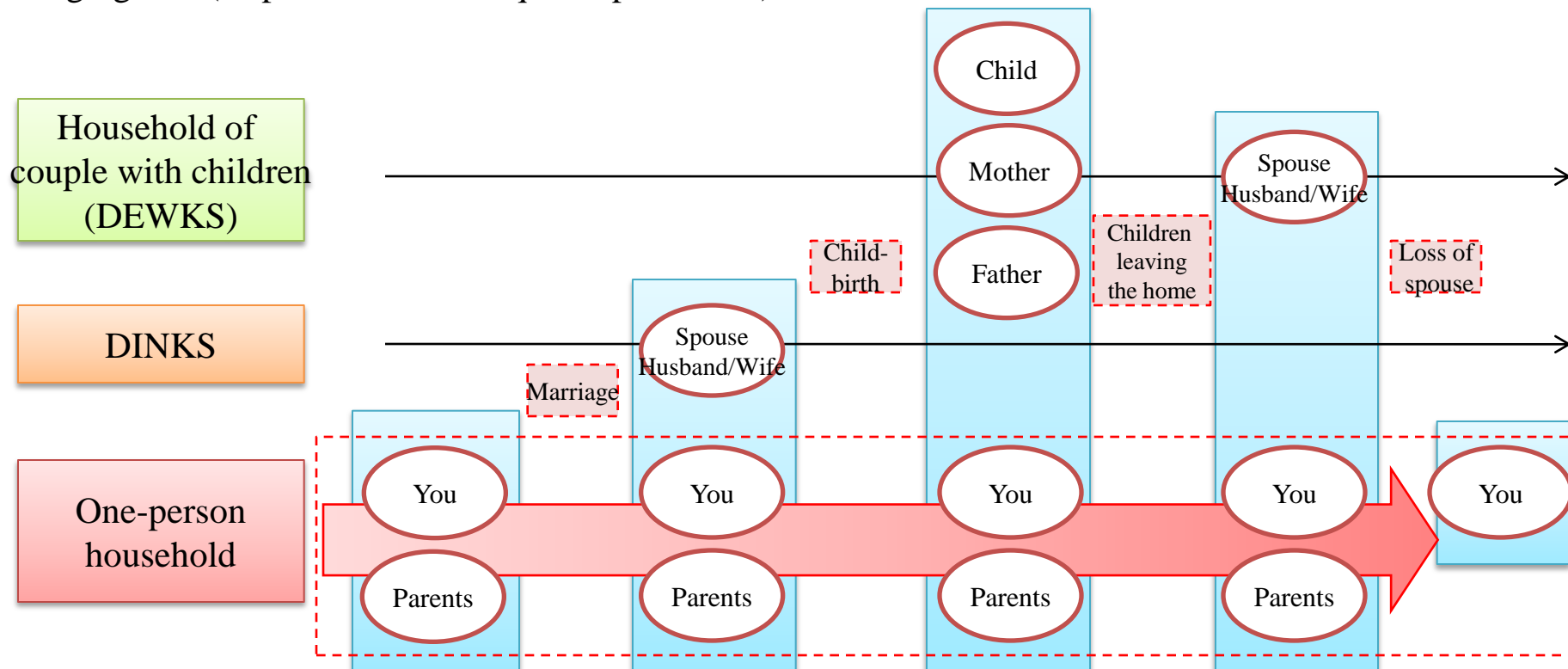




(3) Adaption of LP Model to Diversifying Household Composition

- Needs of one-person households= protection for oneself & parents (personal needs)
- Role & responsibilities change with change in marital status/family structure, resulting in change of “priorities” of protection.
 - ⇒ The overriding priority= protection for family (death benefit)
- “Personal needs” are lifelong basic needs of every individual.

Changing role (responsibilities & required protection) of individuals



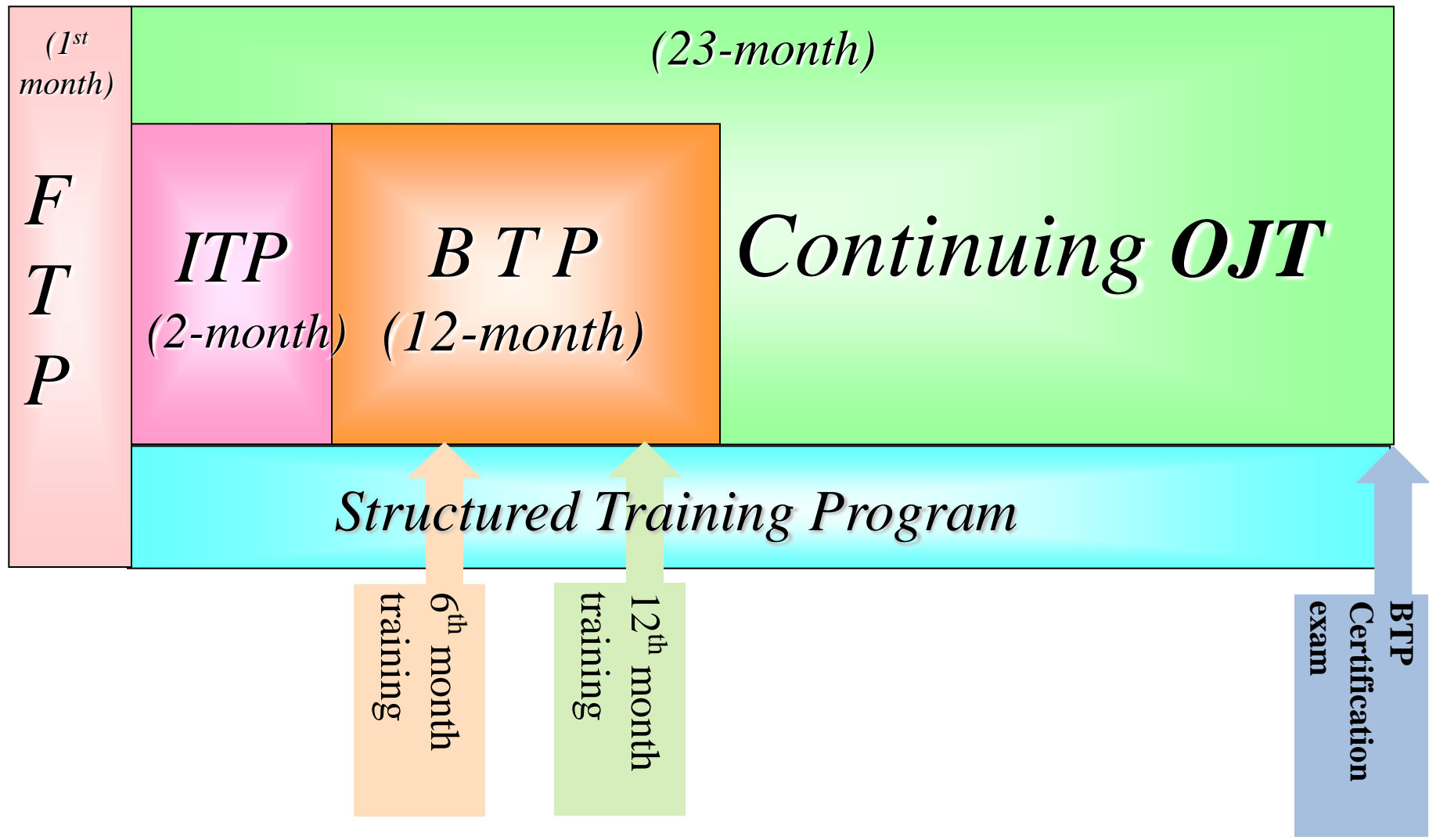


2. Training Programs for Life Planners



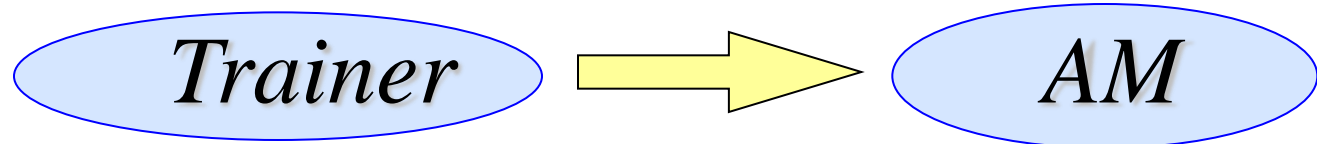
(1) Overview of the Training Program

After LPs join POJ, the company provides them with 24-month basic training on what it takes to succeed as LPs.





FTP (One-month training program after joining the company)



- *Needs for life insurance*
- *Knowledge of products* *1st week*
- *Sales Process*
- *Goal-setting* *2nd ~ 3rd week*
- *Operational processing/Policy service operation/Handling Rules* *4th week*



ITP (for 2 months after FTP)

17 units

● *Sales Process*

- *Role Play, Joint Work*
- *Wise use of PCs*

BTP (for 12 months after ITP)

24 units

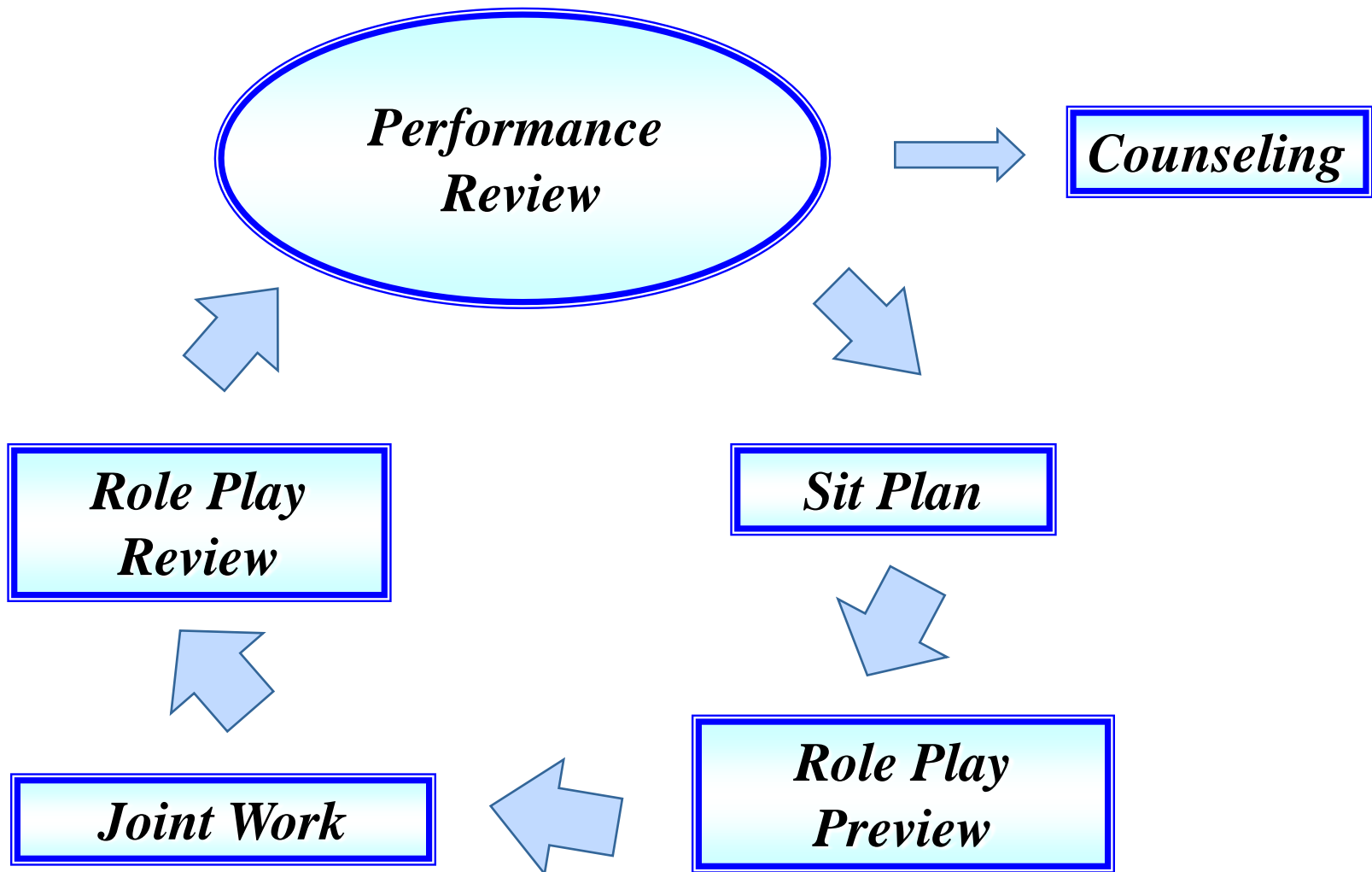
● *Sales Process*

- *Awareness and essentials of prospecting*
- *Phoning for getting appointments/approach*
- *Retirement/ Women/Juvenile/Young men’s markets*
- *Sales Process*

● *Legislation on life insurance*



Training Cycle





3. Compensation System and Career Path of Life Planners



A business not to sell insurance, but to “solve many money-related problems in life”

To promote consciousness and standing as a professional ...

$$\mathbf{C} = \mathbf{C}$$

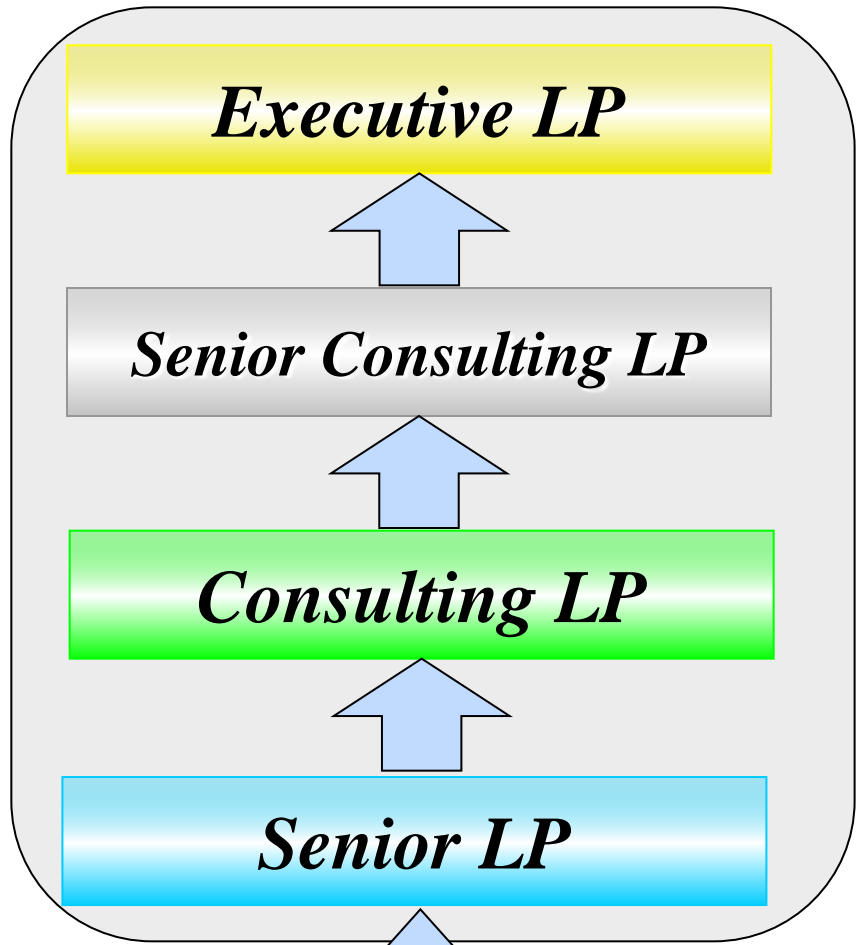
(Contribution) (Compensation)

- Fair compensation based on contribution -

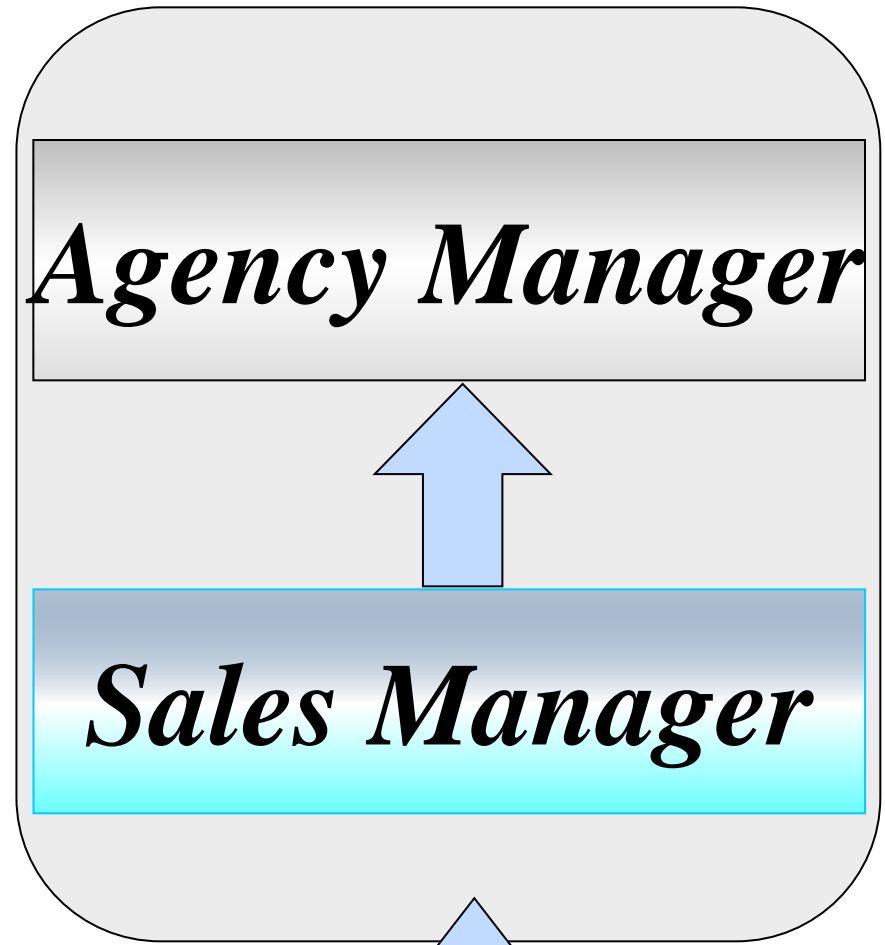


(2) Career Path for Life Planners

Life Planner's career



Field Manager's career

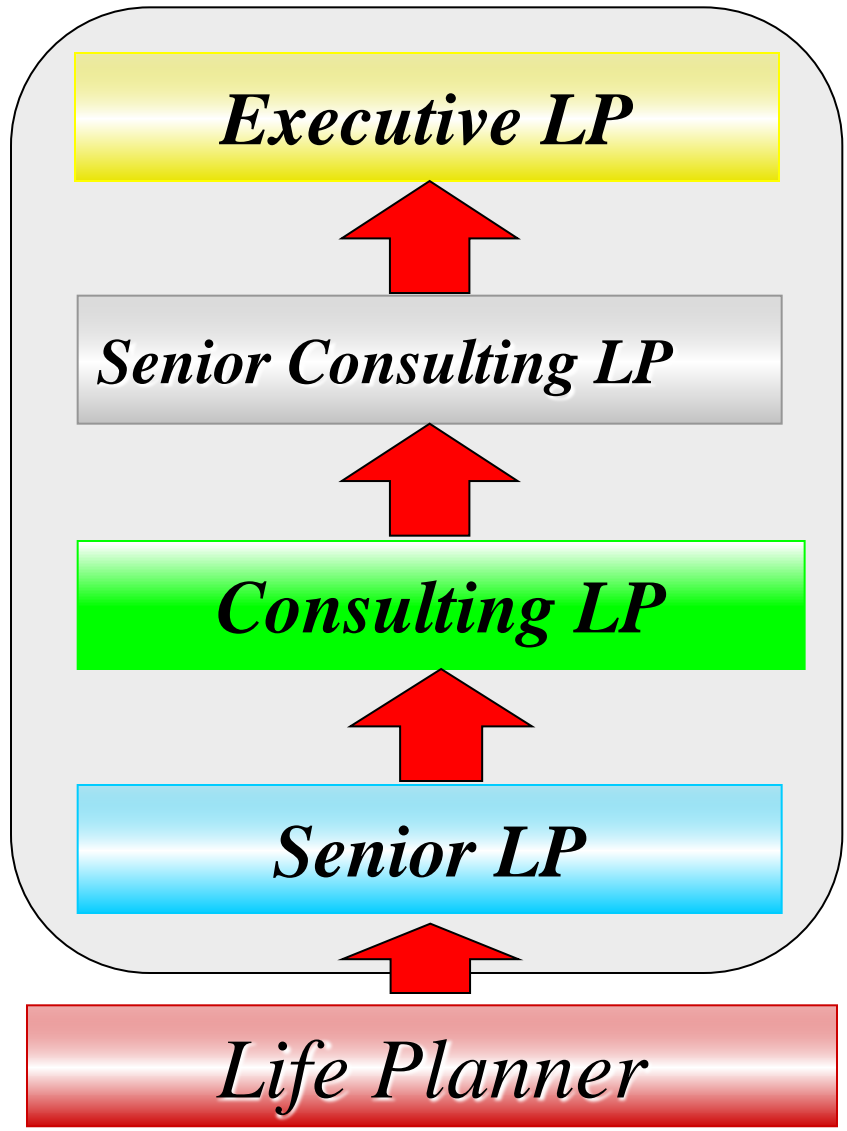


Life Planner



(3) Qualification System for Life Planners

Build qualification system based on objective criteria, not on relative evaluation
(Thorough implementation of C=C)



- Annualized FYC from inforce policies: ¥100million
- Inforce policies: 1,000 policies
- Qualification of 6 TLC subjects, MDRT

- Annualized FYC from inforce policies: ¥70million
- Inforce policies: 700 policies
- Qualification of 4 TLC subjects, MDRT

- Annualized FYC from inforce policies: ¥40million
- Inforce policies: 400 policies
- Qualification of 2 TLC subjects

- Annualized FYC from inforce policies: ¥20million
- Inforce policies: 200 policies



4. Customer Service based on the LP Model



(1) Services Came about from our Customer-Focused Approach

The goal of work as a Life Planner is...

To “ identify problems and provide solutions” for customers.

POJ introduced unique services ahead of others to offer a wider range of “solutions”.

1992 Release of “Living Needs Benefit” (LNB)

1997 Launch of “Funeral Needs Benefit” (FNB)

2005 Release of “Bone Marrow Donor Benefits”

2010 Joint development of “Life Insurance Trust”



(2) Significance of “Living Needs Benefit” (LNB)

- Living Needs Benefit (LNB): Service to pay death benefit prior to the death of the insured if s/he is given “6 months to live”
- Rider is available at no additional premium
- Claim can be filed regardless of the type of illness or injuries

Toward the close of my life, I wish to...

- ◆ Make precious memories with family
- ◆ Make my dreams come true
- ◆ Receive really satisfactory treatment

LNB is a service for customers to “**live a life with dignity** until the end” by fulfilling those wishes.



(3) Significance of “Funeral Needs Benefit” (FNB)

- The Funeral Needs Benefit (FNB): Service to promptly deliver a part of death benefit to the surviving family members after the death of the insured. Only copy of death certificate and simplified claim request form will be required.
- Same-day payment at the earliest, of up to 5 million yen.

When a family member faces the end of life...

Customers may need a large amount of cash to cover

- ◆ Medical bills for the treatment s/he received prior to the death
- ◆ Funeral expense

FNB is a service devised to ease the burden, even if only slightly, on the grieving family.



(4) Significance of “Bone Marrow Donor Benefit”

■ The “Bone Marrow Donor Benefit Service” (DNB): Service to pay lump-sum sickness hospitalization benefit to donors who had surgery for donating bone marrow to patients suffering hematological malignancy.

- ◆ Wish to reduce financial burden on people offering to donate bone marrow.
- ◆ Wish to be of a help to encourage people to register for bone marrow donation.

DNB is a service devised from these perspectives, and with the aim to pay benefits in accordance with the life insurance policy contract to reduce burden on people who went through an operation to donate bone marrow.



(5)-1 Significance of “Life Insurance Trust”

Function of life insurance...For “generating” own property of the beneficiary
Function of trust...For “administering” the property by pre-determining the way it should be used

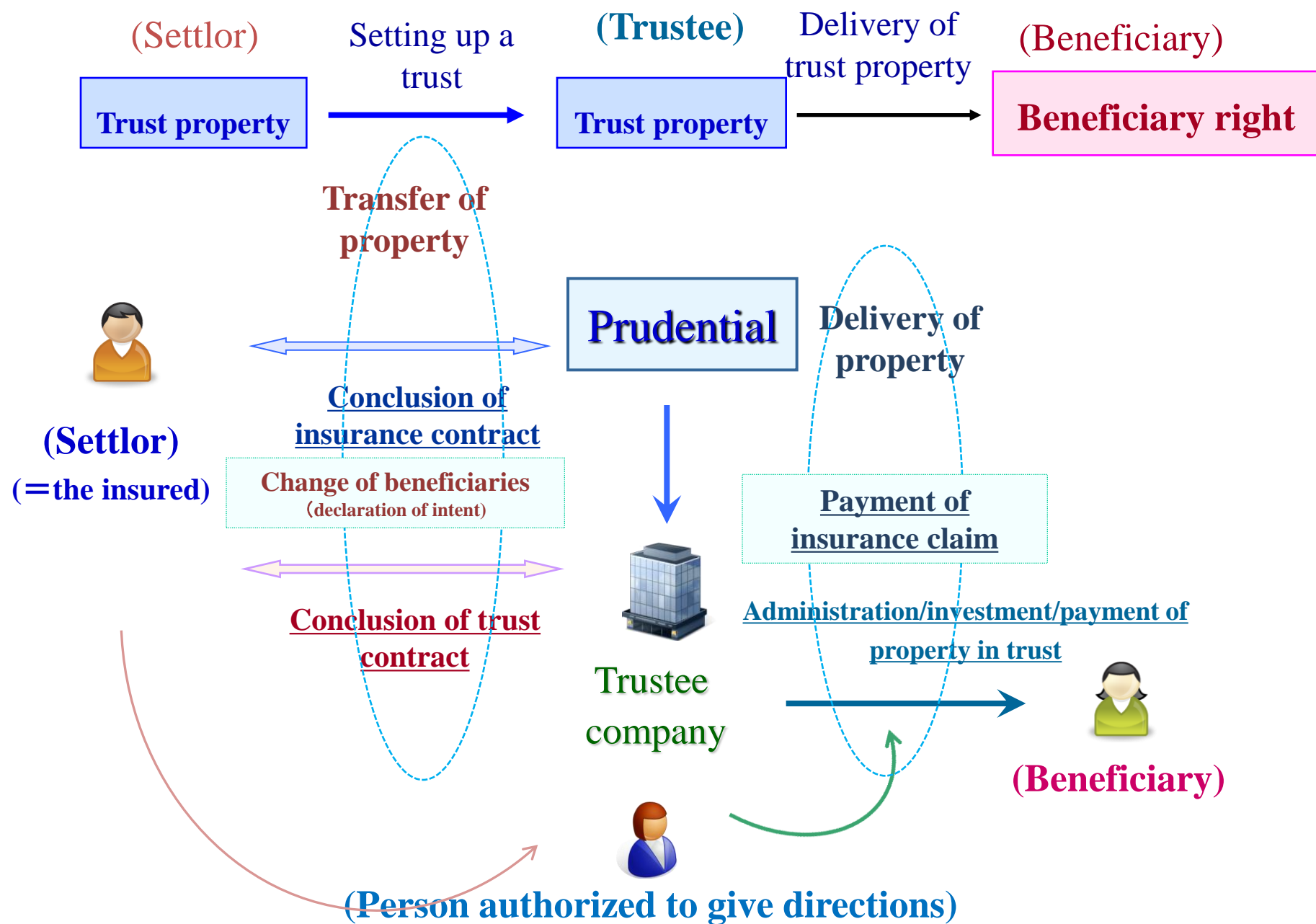
Life insurance trust is...

Service for providing customers with “peace of mind” all the way through the settlement point of the property generated by life insurance, by utilizing both of the “property generating function” and “property administration function”.

- ◆ **Wish to securely and surely leave death benefit to young children or mentally or physically challenged family members who may not be able to manage asset properly.**
- ◆ **Wish to divide my property and make donations for society/public good for a certain period of time after my death.**
- ◆ **Life Insurance Trust is a service for providing “peace of mind to further ahead of the exit of life insurance” by fulfilling those wishes of the customers.**



(5)-2 Mechanism of "Life Insurance Trust" (Process of contract set-up ~ property management)

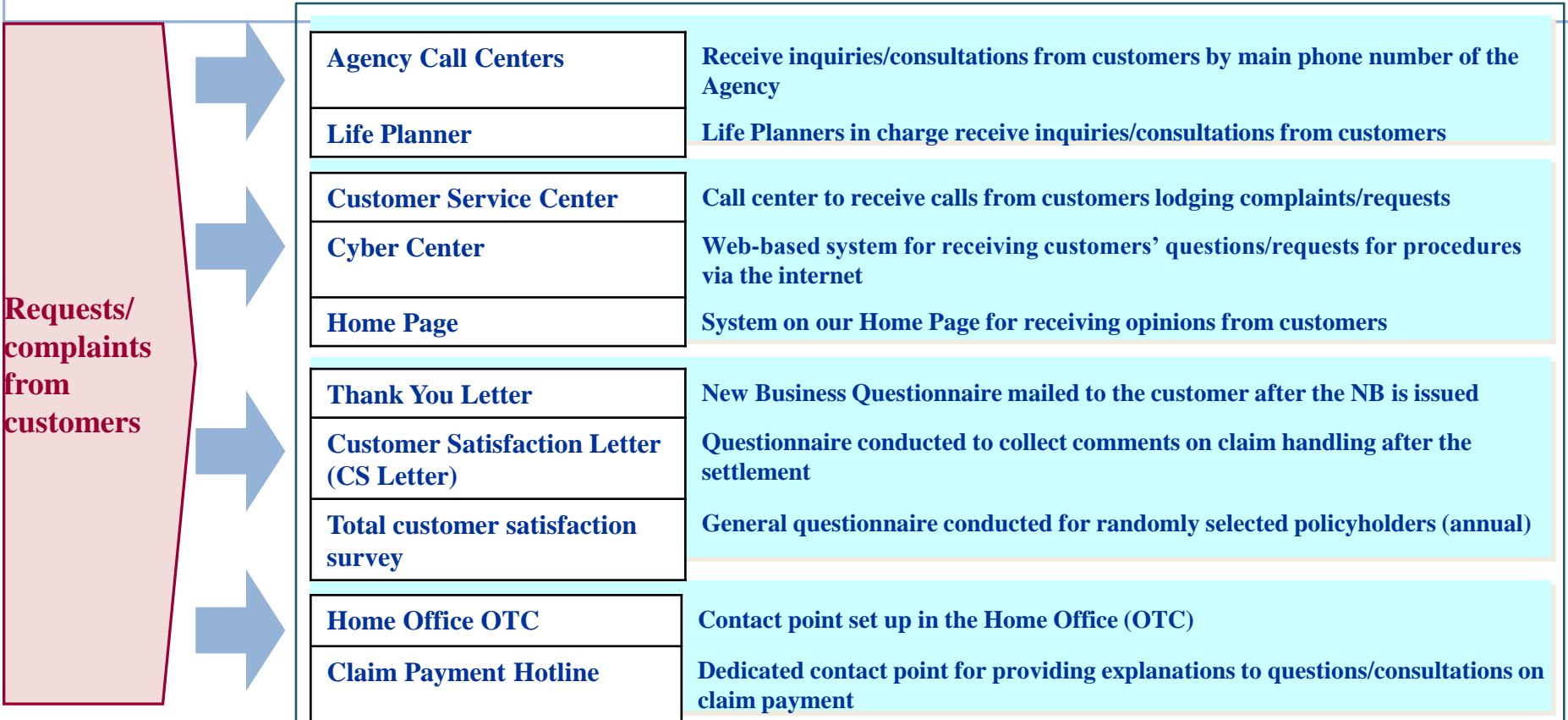




(6) Customer Support Mechanism Aiming at Synergy with the LP Model

Readiness for receiving customers' voices (upgrading customer contacts)

- Set up the following as main contacts to develop readiness for receiving voices from customers:
- Put toll free number of Customer Service Center on notices to make it known and available for customers.
- Register complaints and individual requests on the “Customer Voices& Complaint Management System” for centralized management.





(7) For Ensuring Continued Customers' Trust in LP Model

Social/ economic trend	<ul style="list-style-type: none"> ➤ Shift in demographics (dwindling population, progress in “super-aged society”) ➤ Decline in households of “couple with children”, and growth of one-person households ➤ Concentration of population in large cities ➤ Household financial asset (¥1,500 trillion) <p style="margin-left: 20px;">⇒ “Polarization” of household finance leading to diversified purchase behavior</p>
Industry trend	<ul style="list-style-type: none"> ➤ Birth of online life insurers ➤ Increase in distributors opening “insurance shop” ➤ Expansion of share of medical insurance and other products for 3rd-sector market

Strategy of how to cope with the changes...

Unchanged (emphasis on face-to-face sales mainly of DB)

[Improve value of LP]
 Upgrade and expand services
 that lead to solutions for
 customers' problem



[Advancing in-force policies]
 Offer optimal plans tailored to
 customers' life events



(8) "Evolution of Customer Support" for Improved Values of LPs

Policy service activities vary between individual LPs

Realize quality service through LPs while maintaining a certain quality for service level

Customer delight

Needs for services

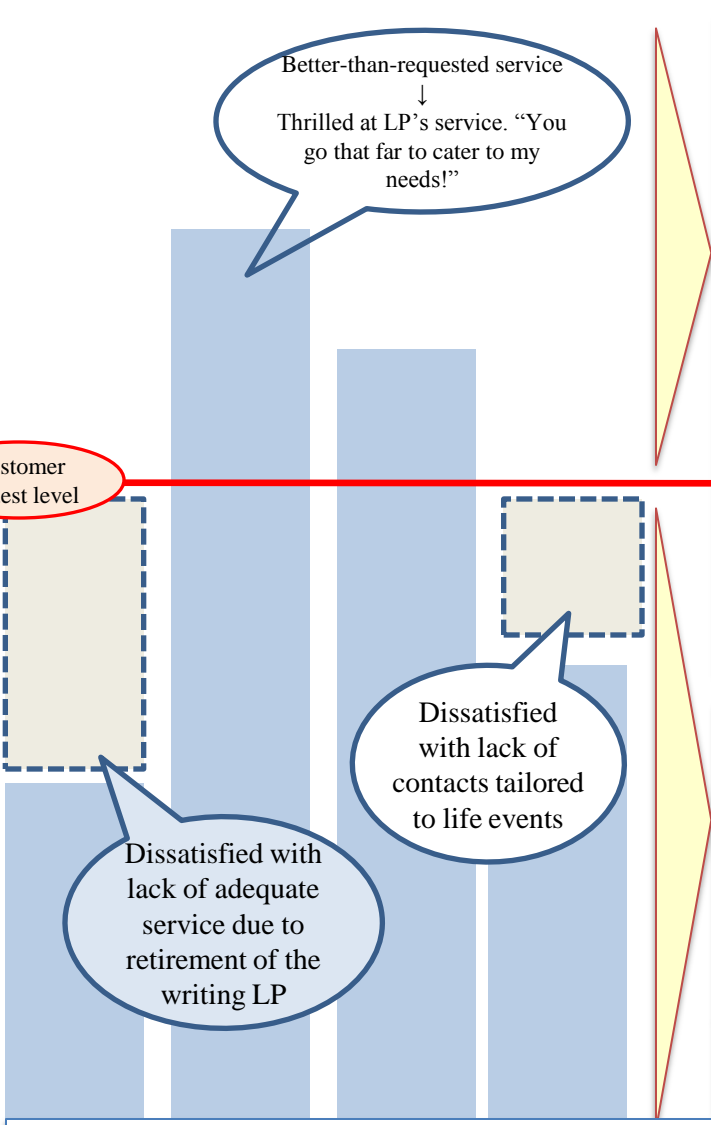
High

LP

LP

Customer request level

Low



- Cooperation with executor
- Cooperation with guardian of an adult
- Information service
- Estate planning consultation
- Consultation on pension/medical/nursing and other social welfare systems
- Follow-up each household in claim payment procedures
- Propose/introduce how to use claim money and other assets

Provide One-to-One services that only LPs can do.
= Support "problem-solving" of each customer

- Input info for periodical contacts
- Trial verification through SP-PT

Build a mechanism to hand/take over customer's "life events" and "family tree".

- Explanation on procedures
- Inquiry of policy details
- Response to customers in remote areas

For typical procedures, provide customers with services above a certain level by linking CSC/Web Functions to assist LPs

- Handle simplified procedures
- Change policyholder's name
- Change address
- Mail documents

ALP BLP CLP DLP ALP BLP CLP DLP

Moment when we feel utmost happiness as a Life Planner

When I came to win the trust of customer and made contract with him/her after going through relationship started from negative territory



When I find myself maintaining long-term relationship with many customers who treat me as a good life partner.

(When a customer passed away, the daughter was a 1st grader. Now she is celebrating coming-of-age day, and...)