Measuring the Life Agency Channel

Presentation to SAS Life Insurance Conference 2016

Simon Drimer,
Managing Director,
Pi Financial Services Intelligence
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Financial Services Intelligence

Presentation Outline

Agency Channel Share in Asian Markets

Agency Channel Value Levers

Measurement Proxies

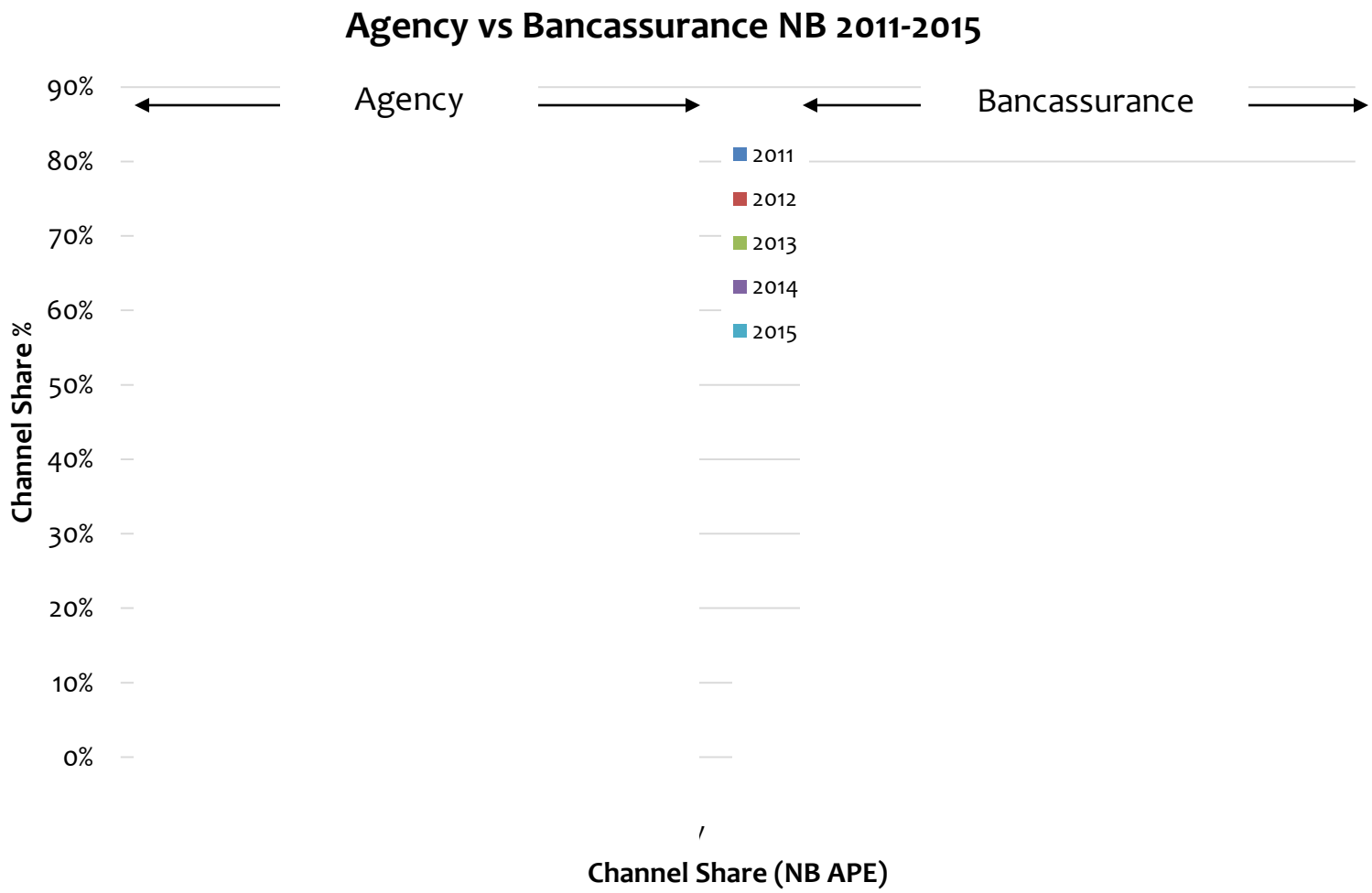
Measurement Constraints

Examples

Wrap up

Agency Channel Share

Agency in decline but probably reaching its asymptote (in most markets).



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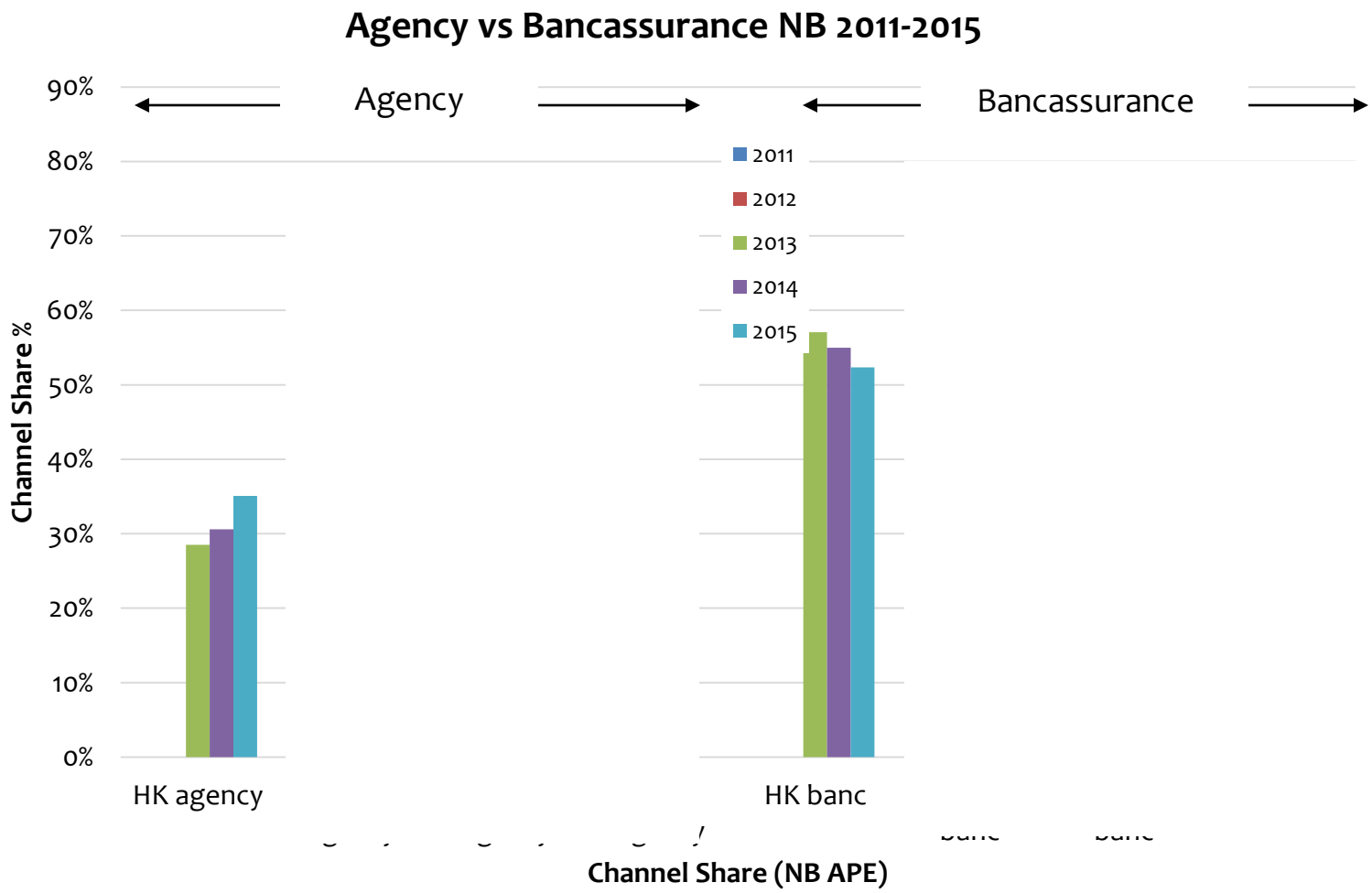
Agency Channel Share

Agency in decline but probably reaching its asymptote.



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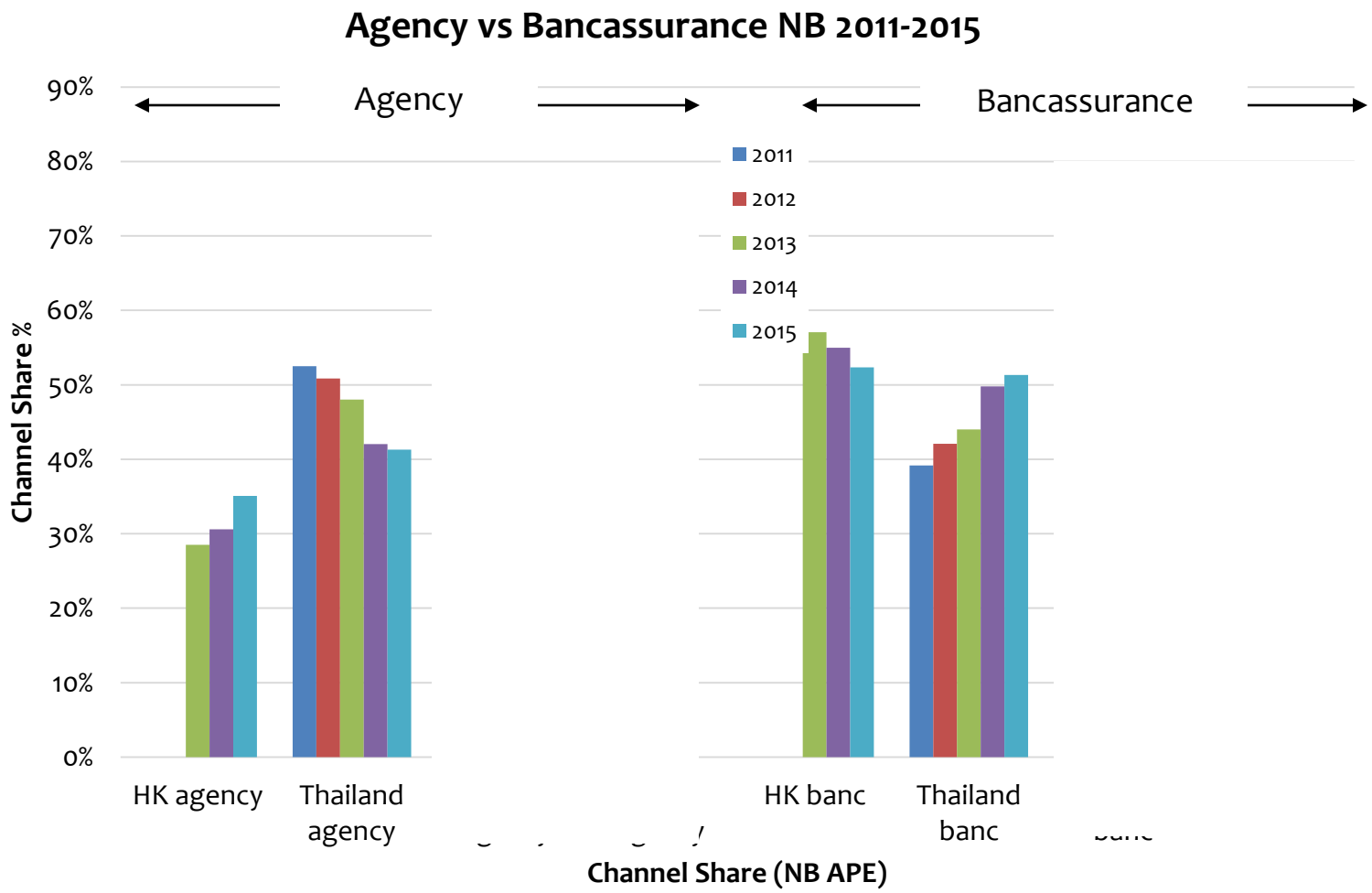

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Agency Channel Share

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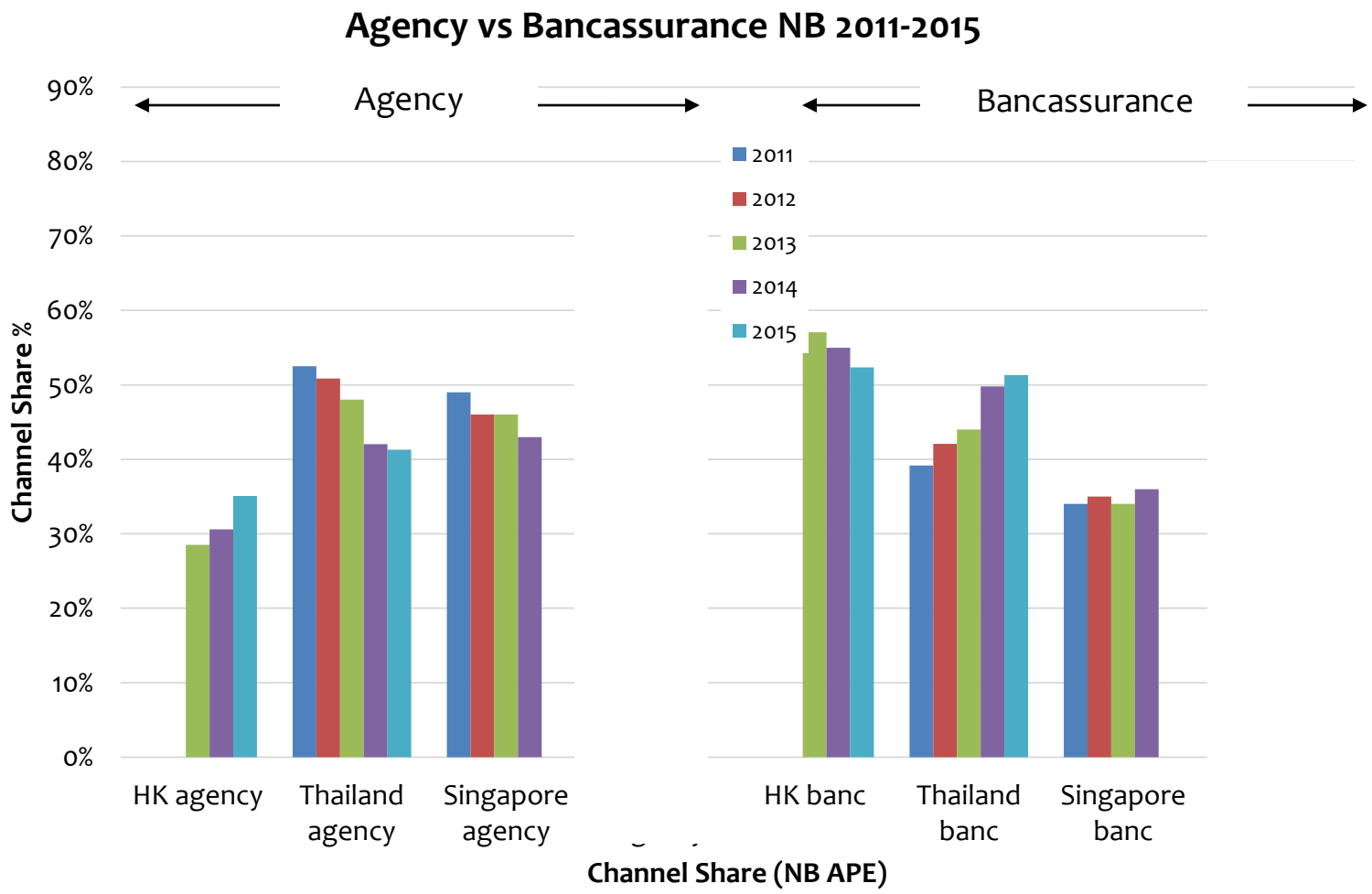

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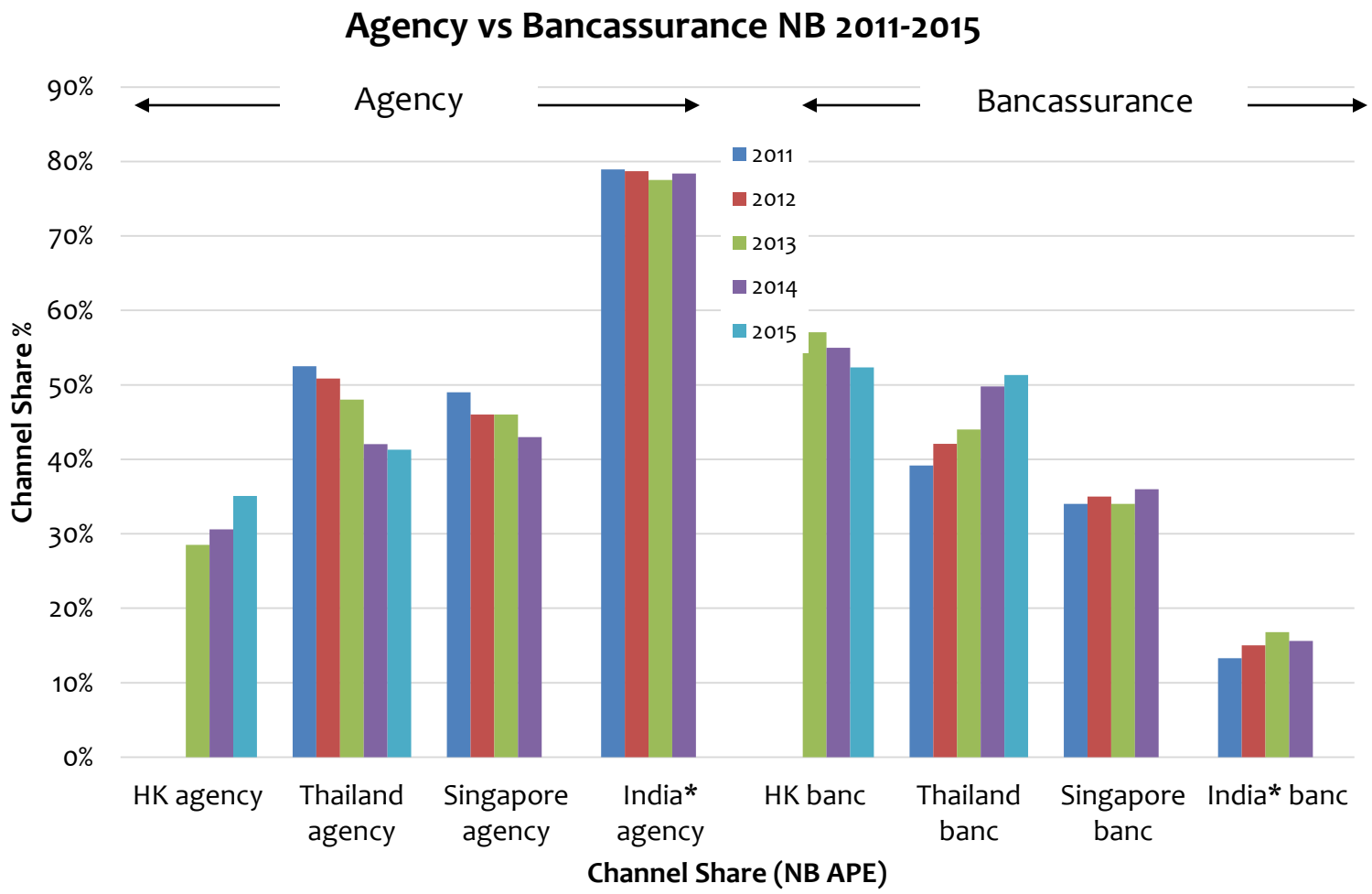

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Agency Channel Value Levers

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

Premiums

Future sales capacity

Policy persistency

Profit margin

Agency Channel Value Levers

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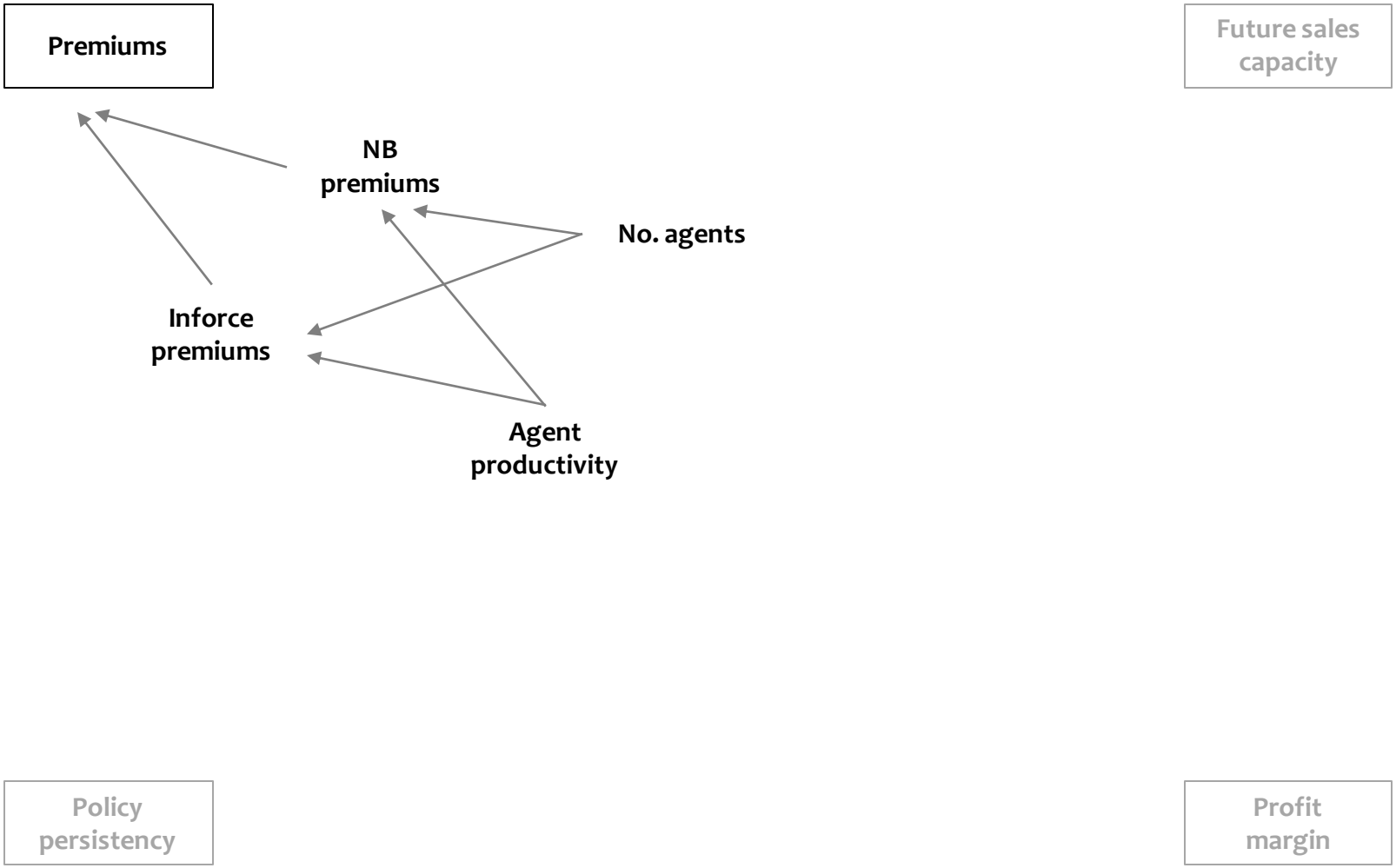

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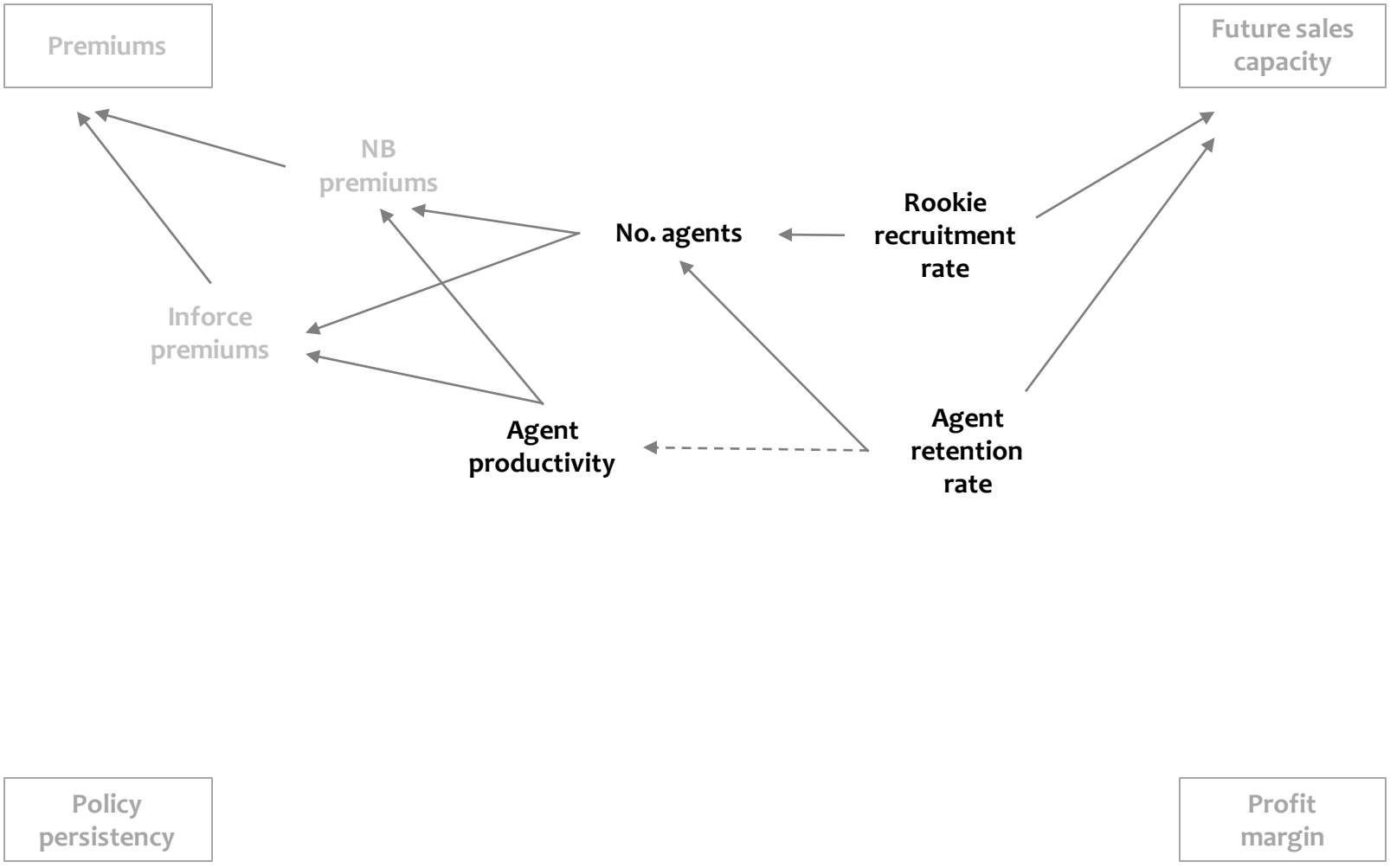

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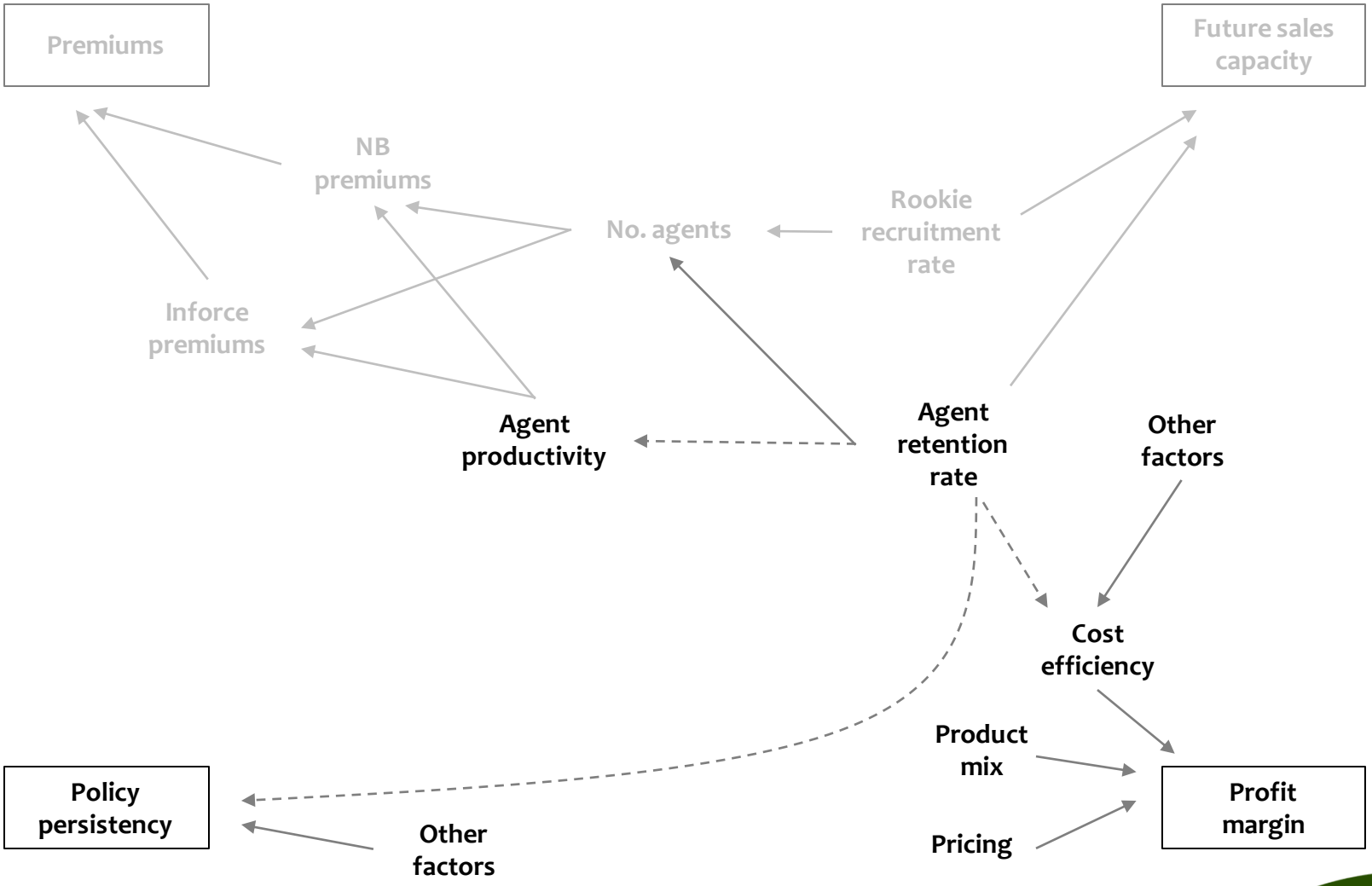

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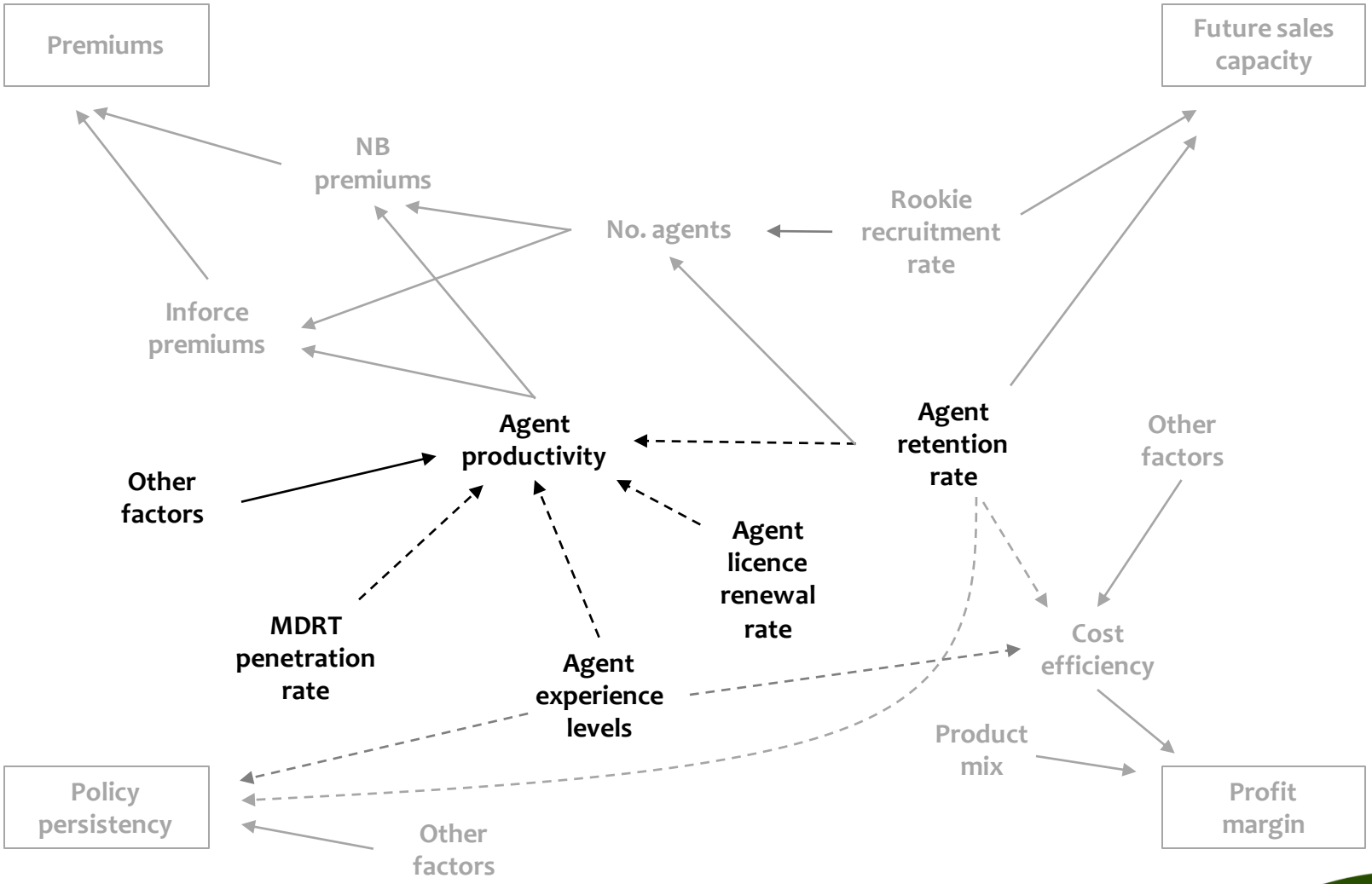
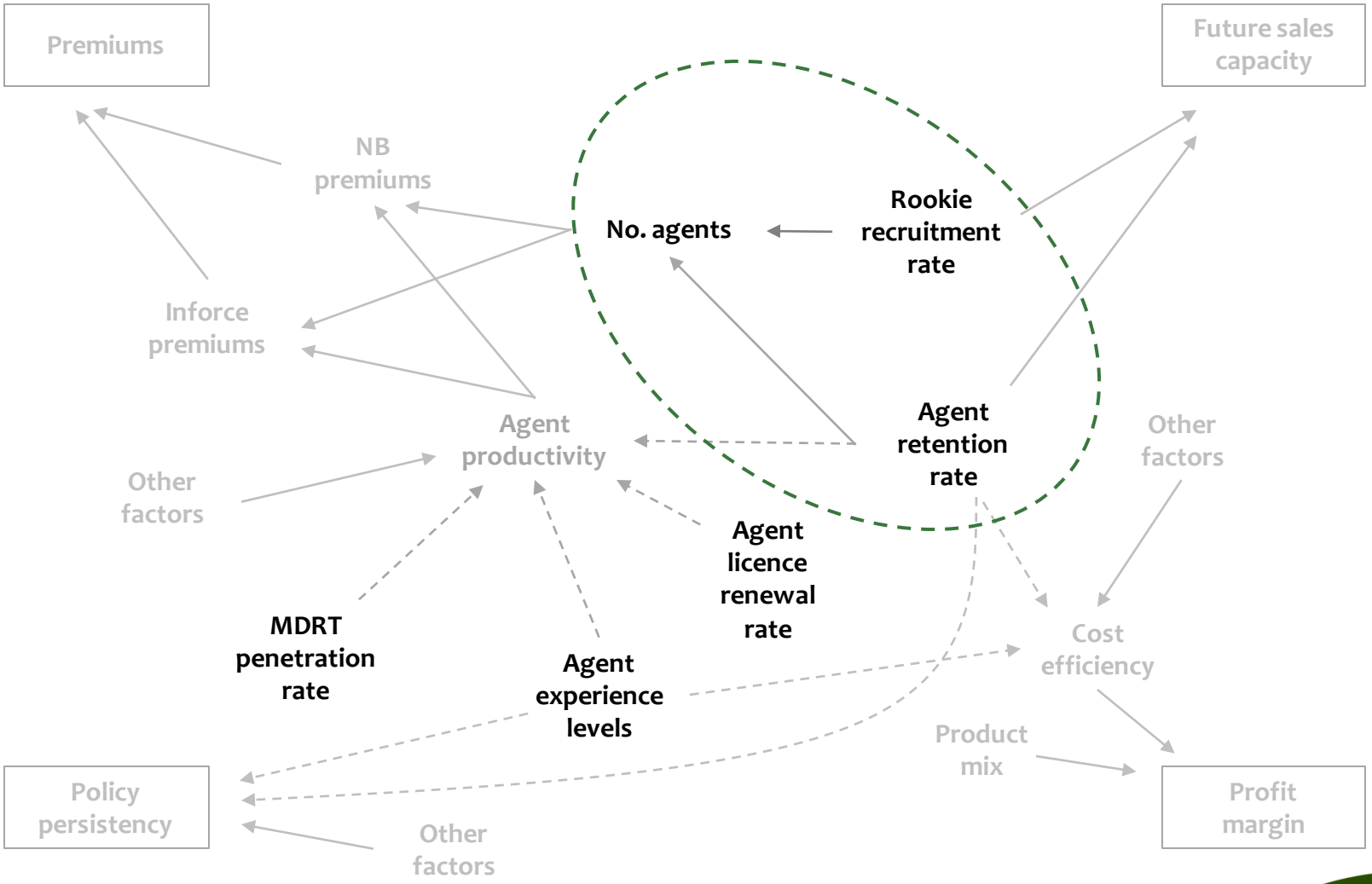


Agency Channel Value Levers

We tend to focus on measuring these …



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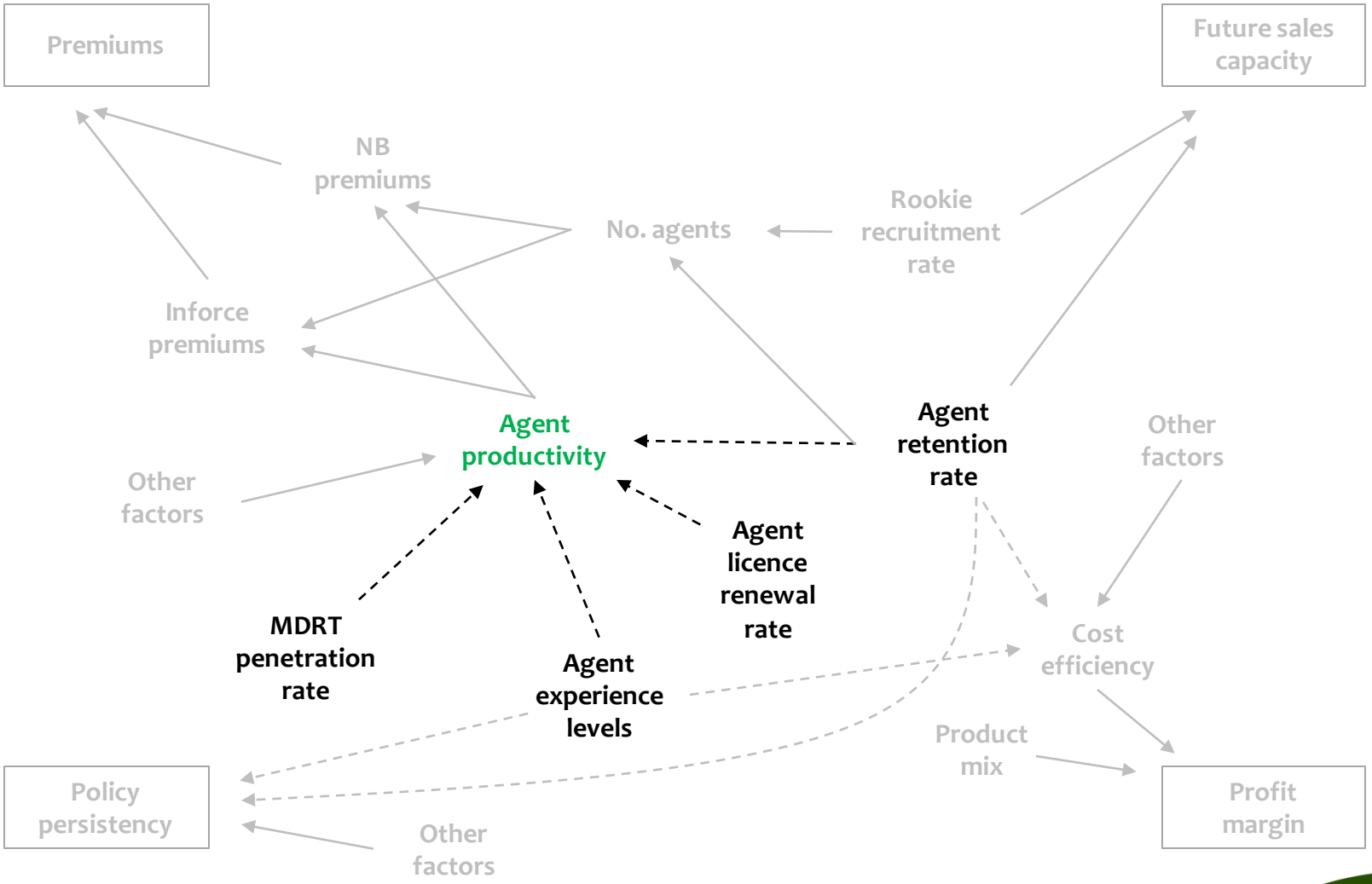
Agency Channel Value Levers

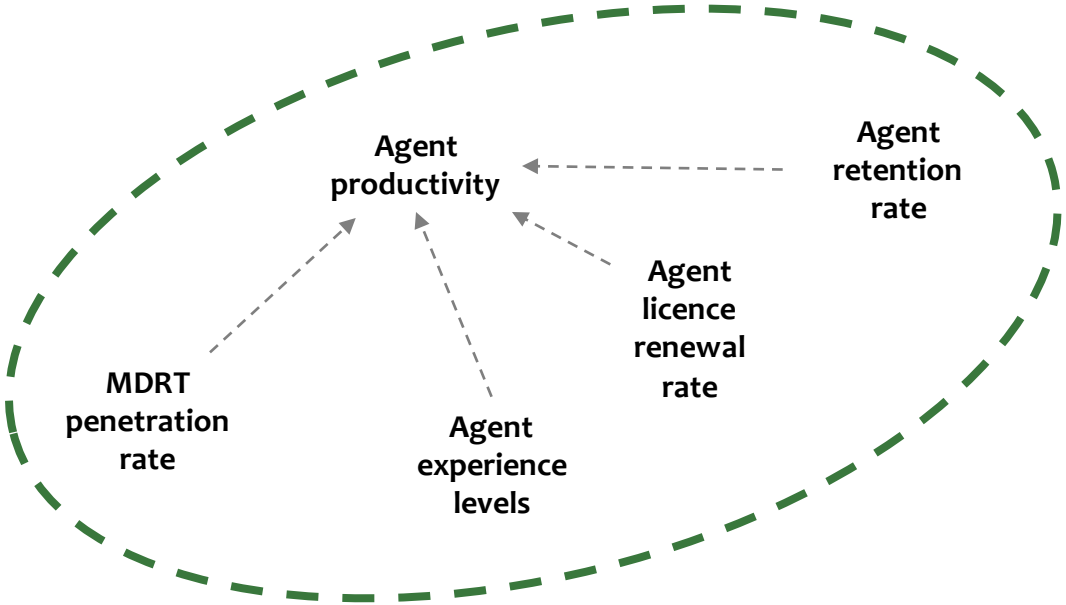
...but this cluster is particularly interesting.



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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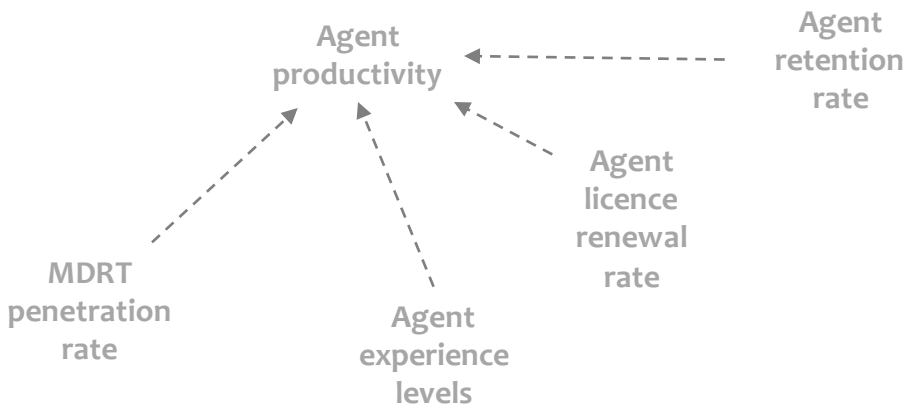

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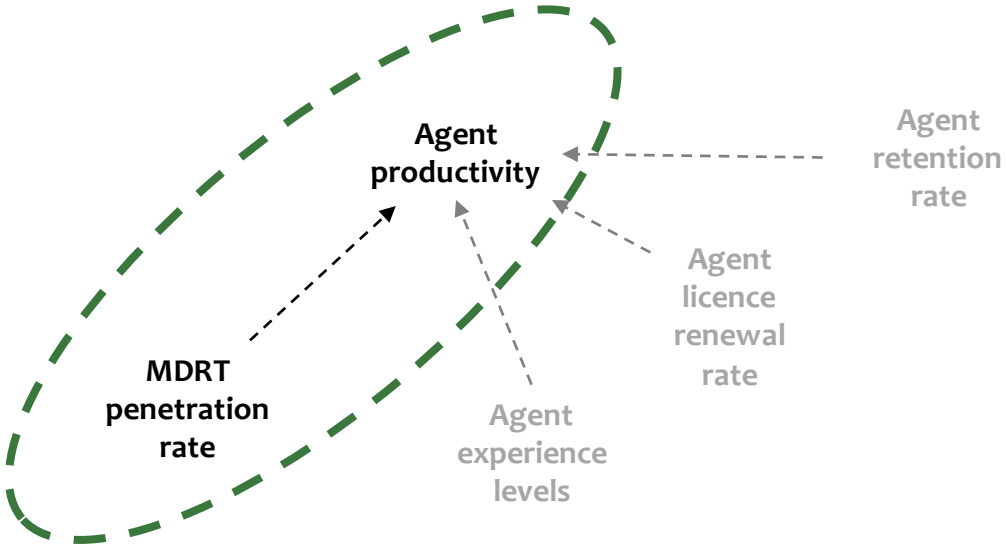

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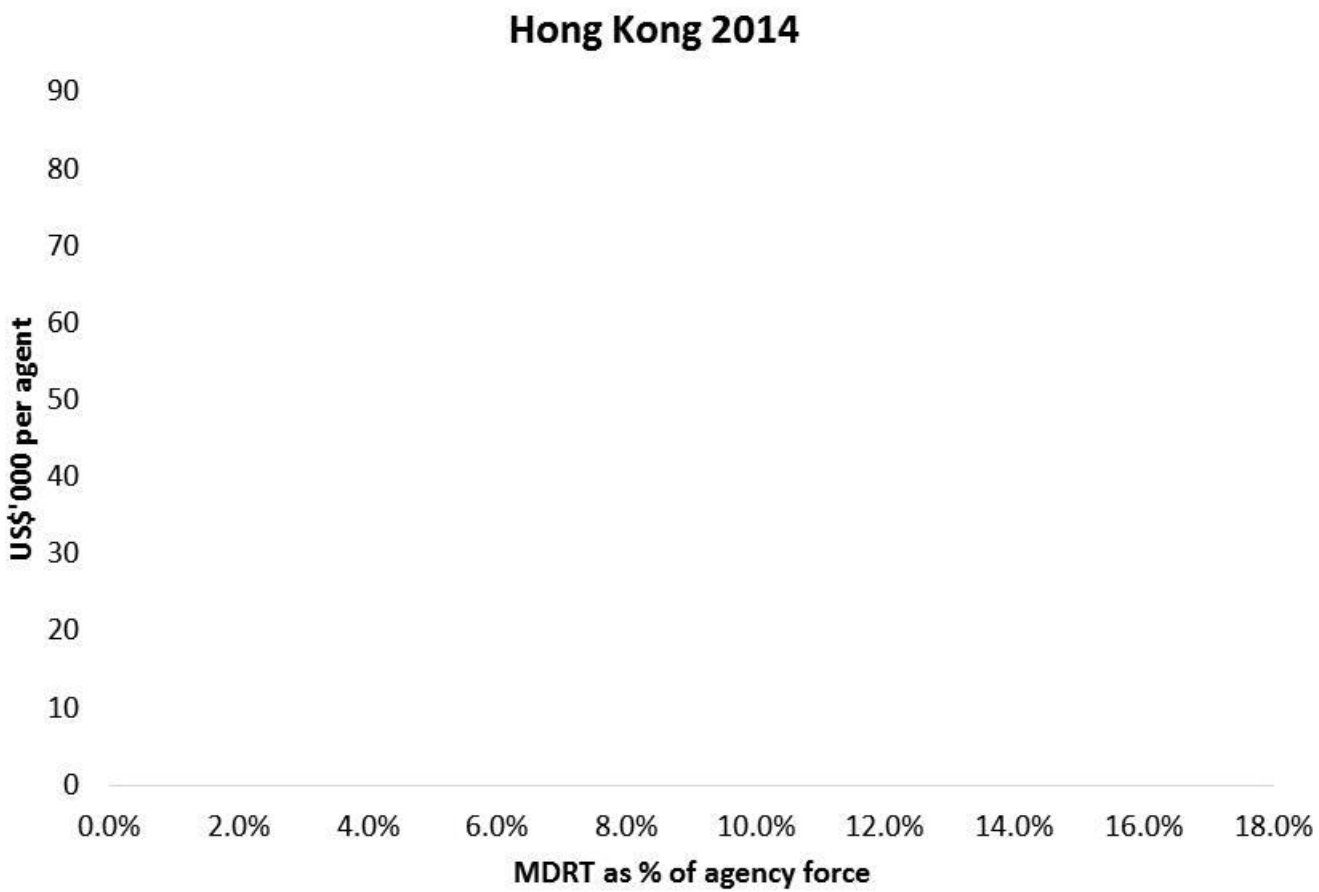
Measurement Proxies

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

Agent Productivity vs MDRT Penetration



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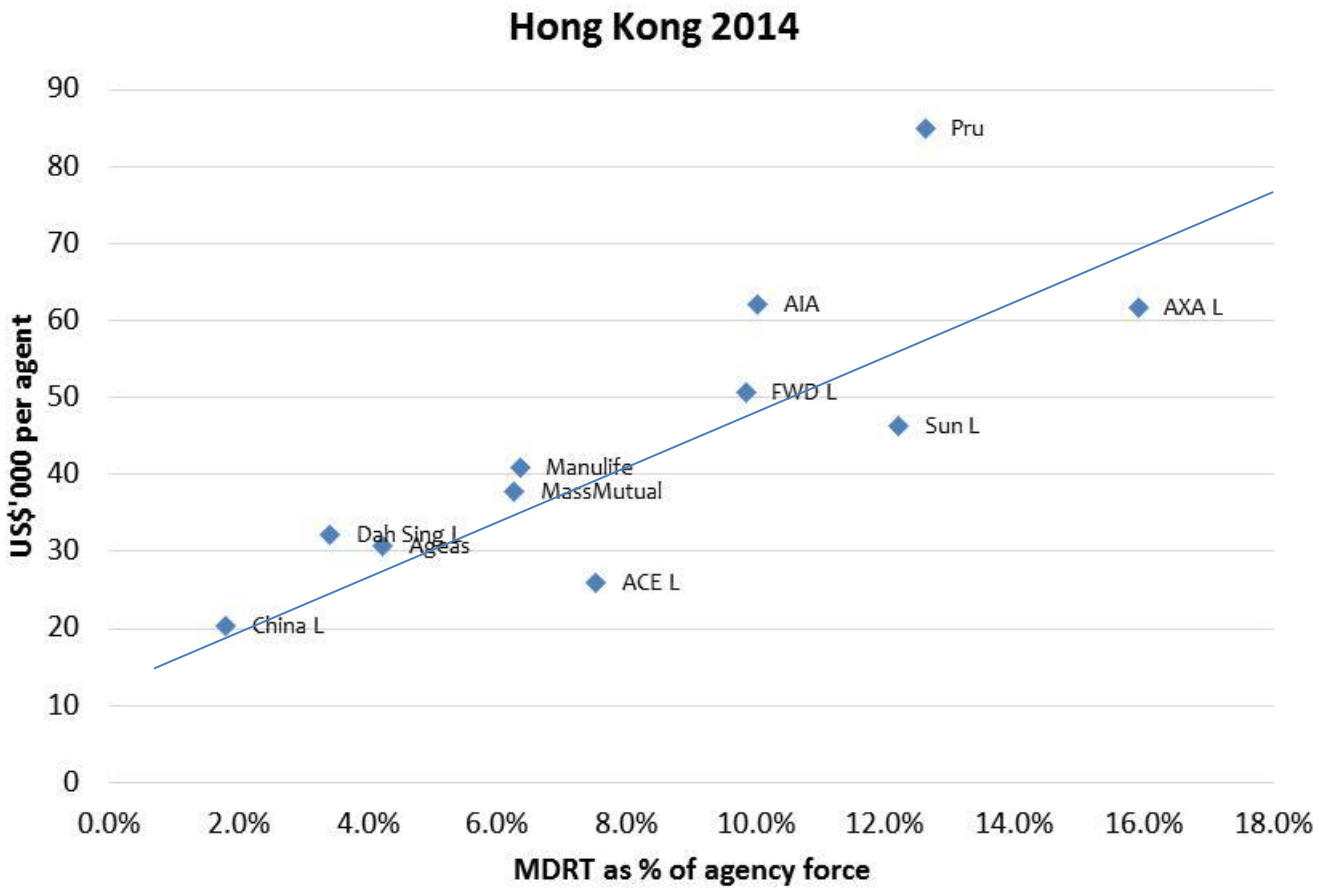
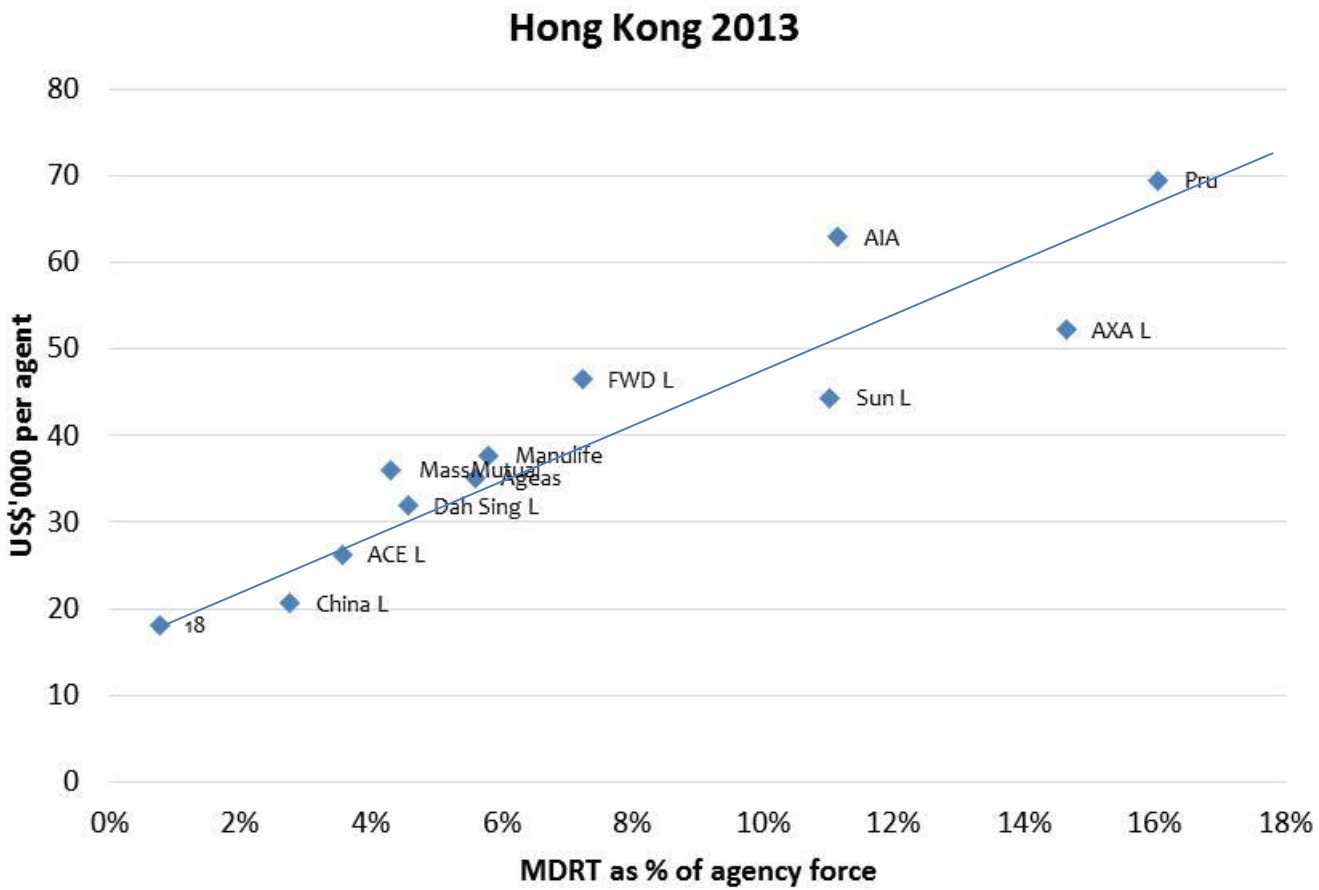
Agent Productivity vs MDRT Penetration



Measurement Proxies

And here's the equivalent chart for 2013.

Agent Productivity vs MDRT Penetration



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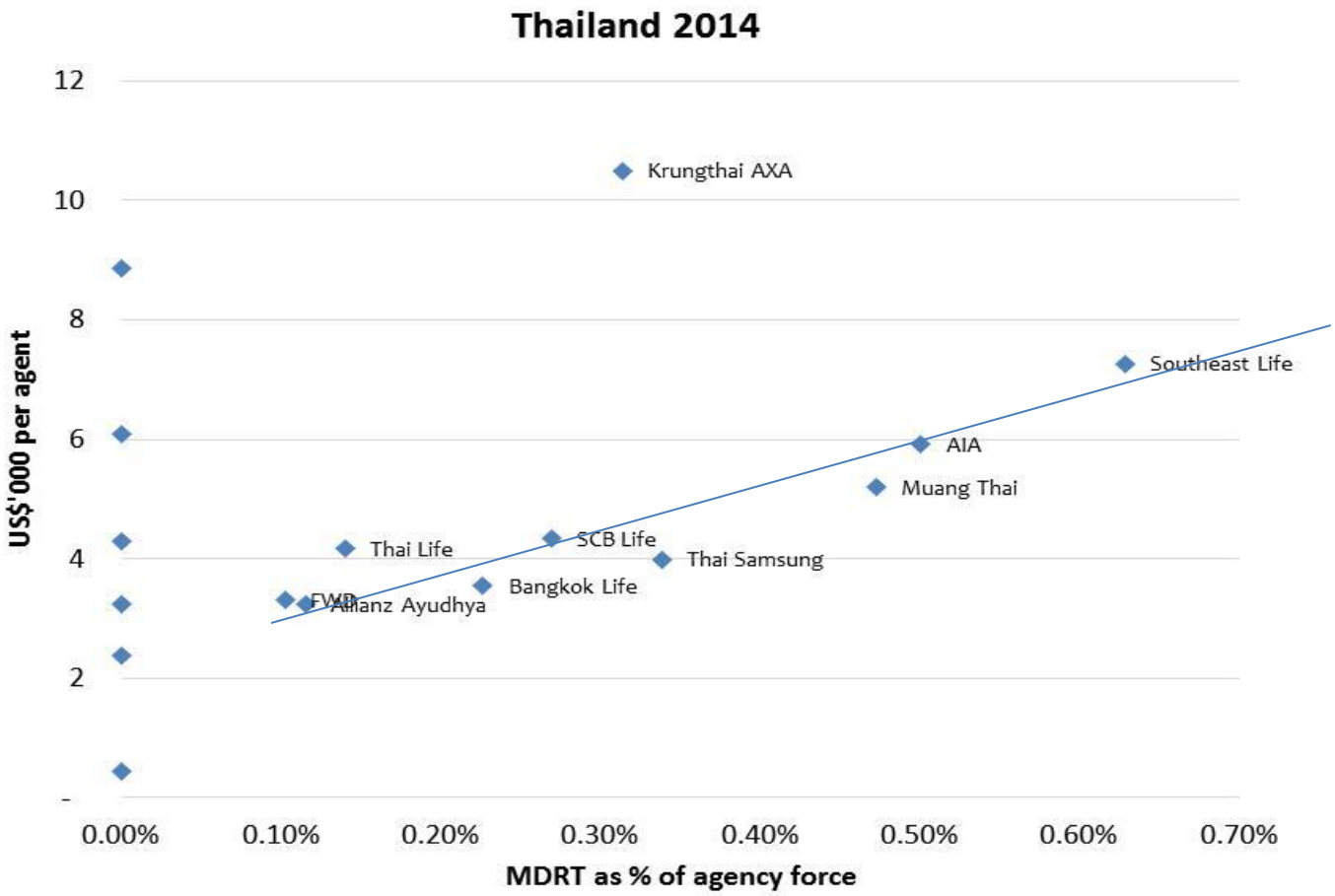
Measurement Proxies

Here's Thailand.

Agent Productivity vs MDRT Penetration



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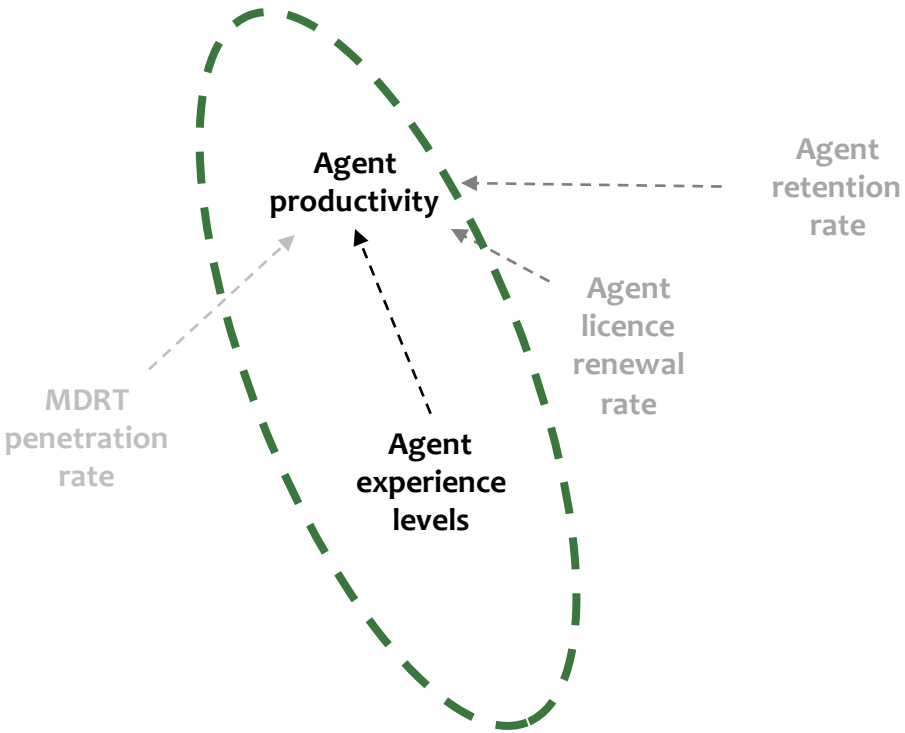
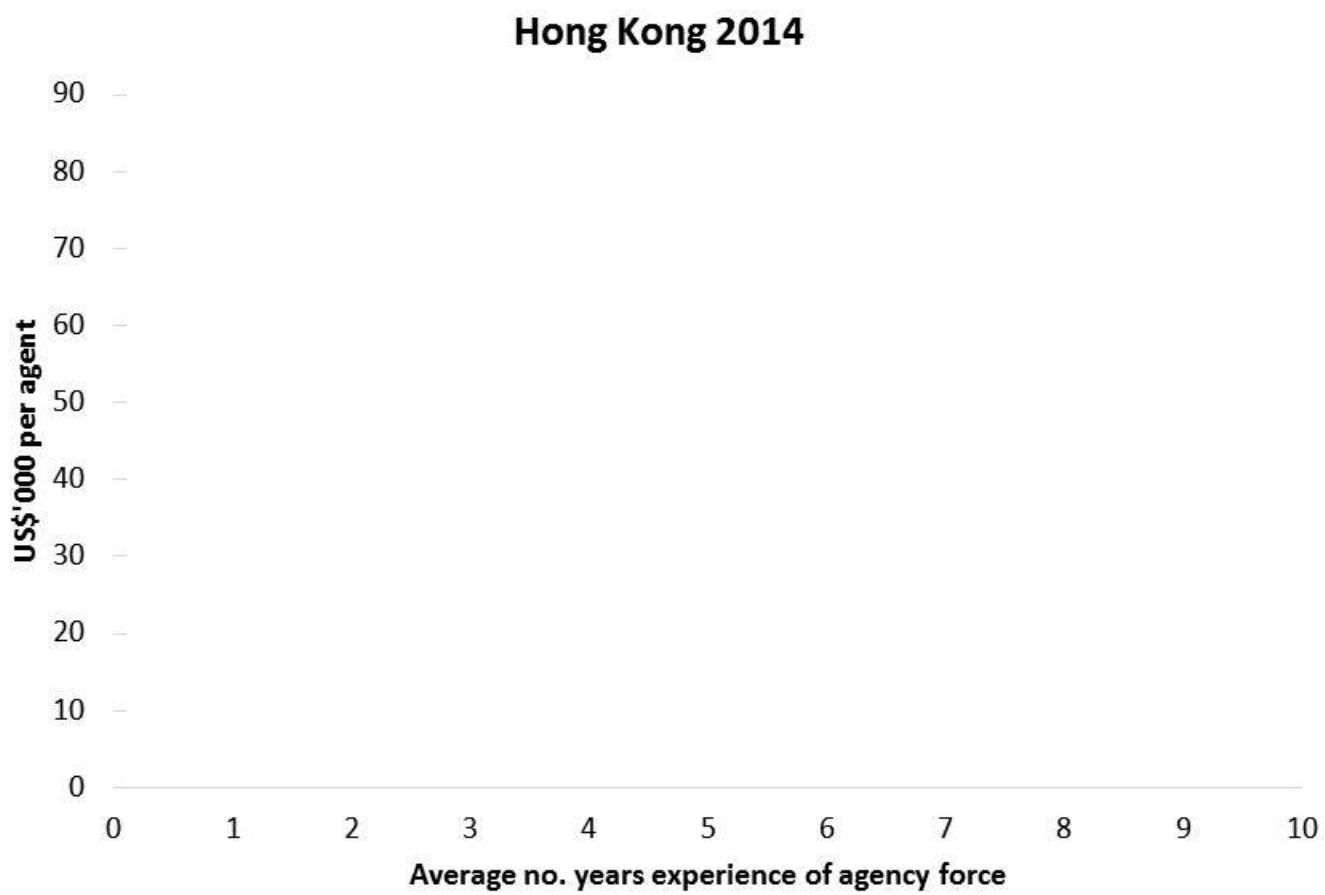


Measurement Proxies

Here's the correlation with agent experience.

Agent Productivity vs Agent Experience Level



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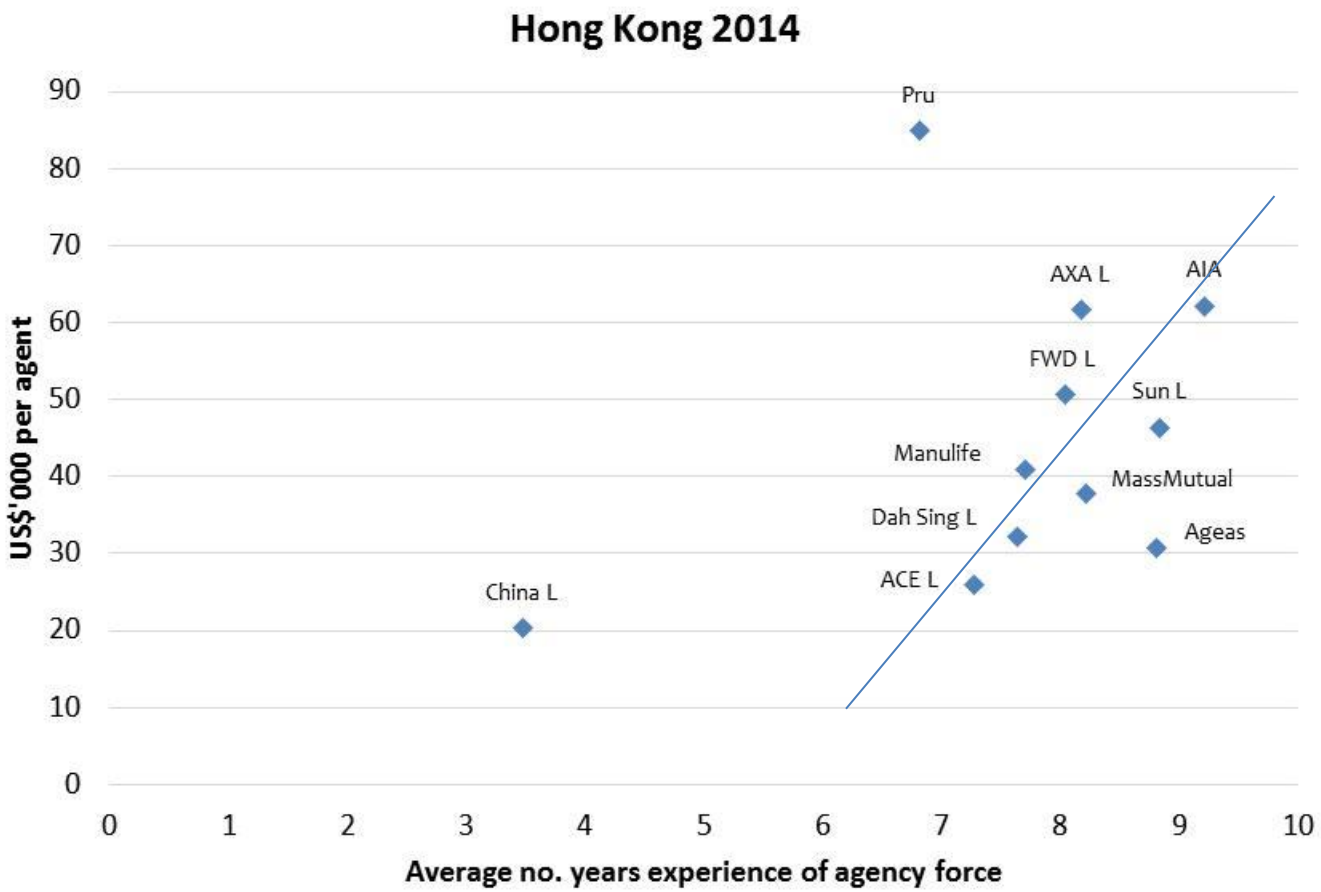

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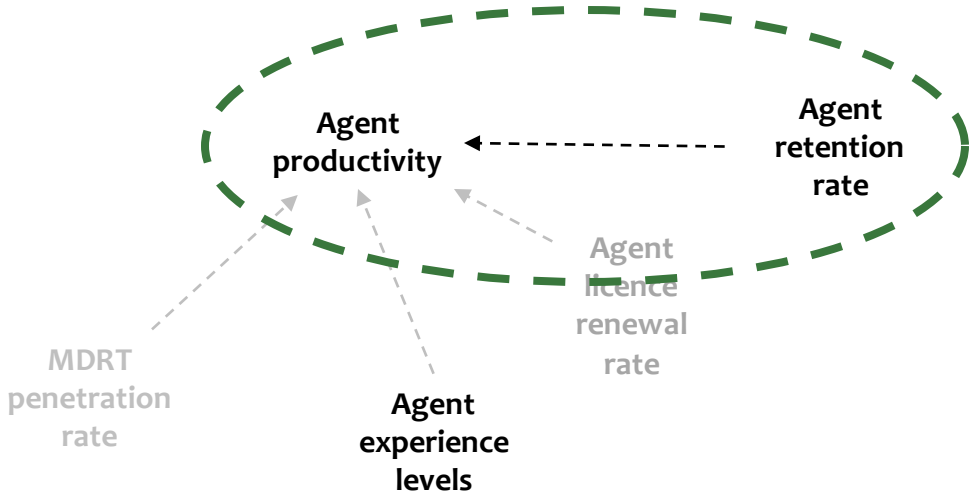
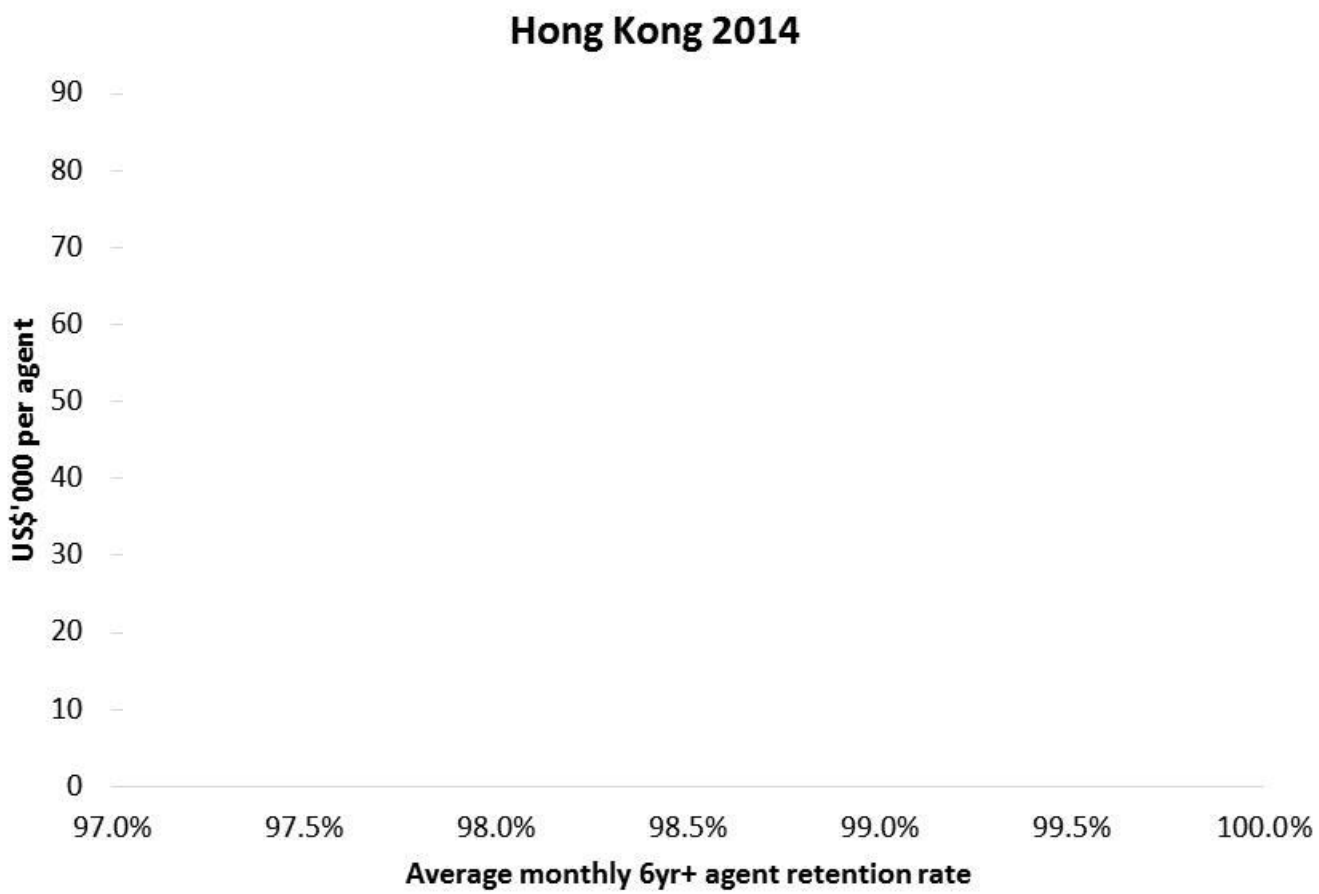


Measurement Proxies

Here's the correlation with agent retention.

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



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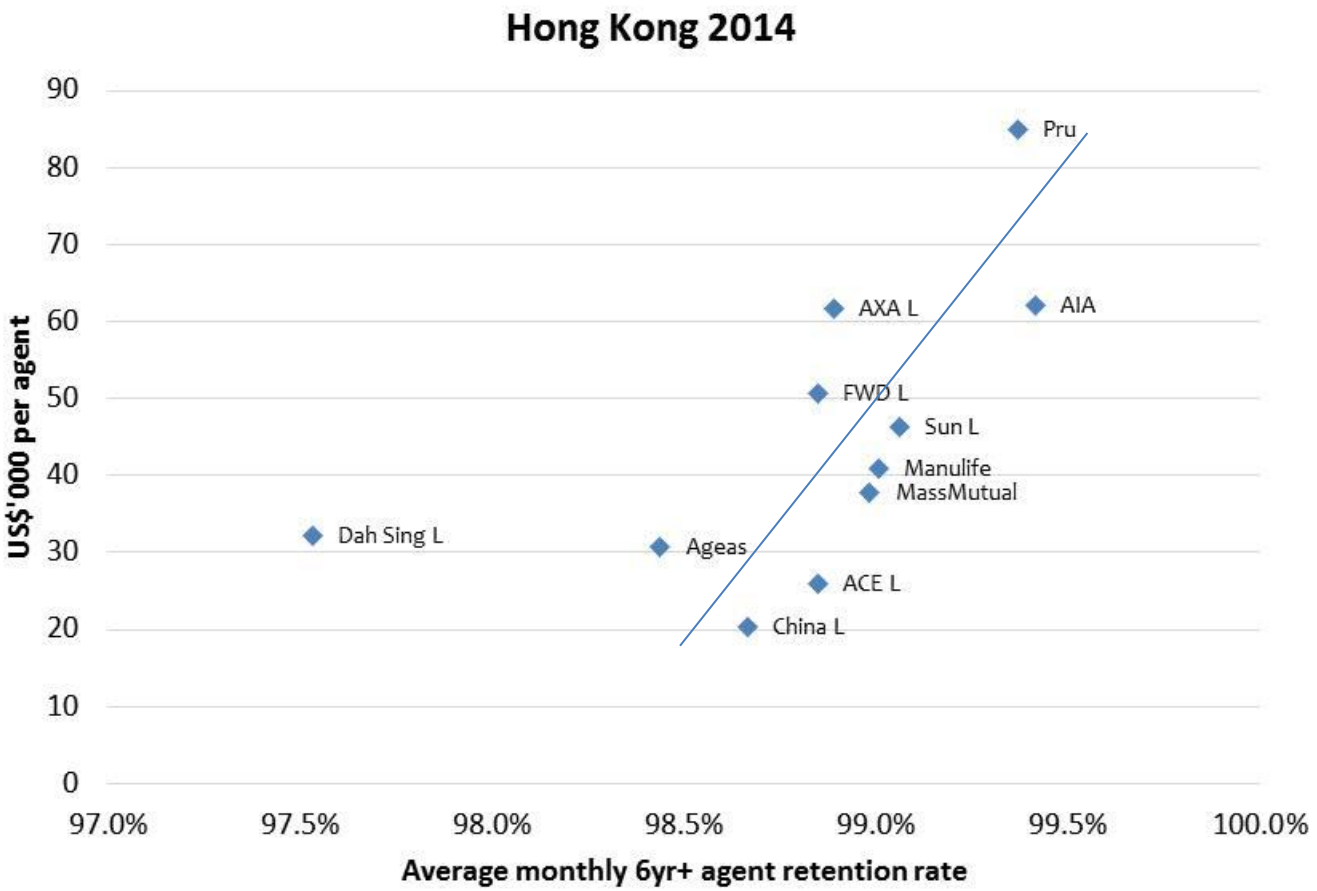

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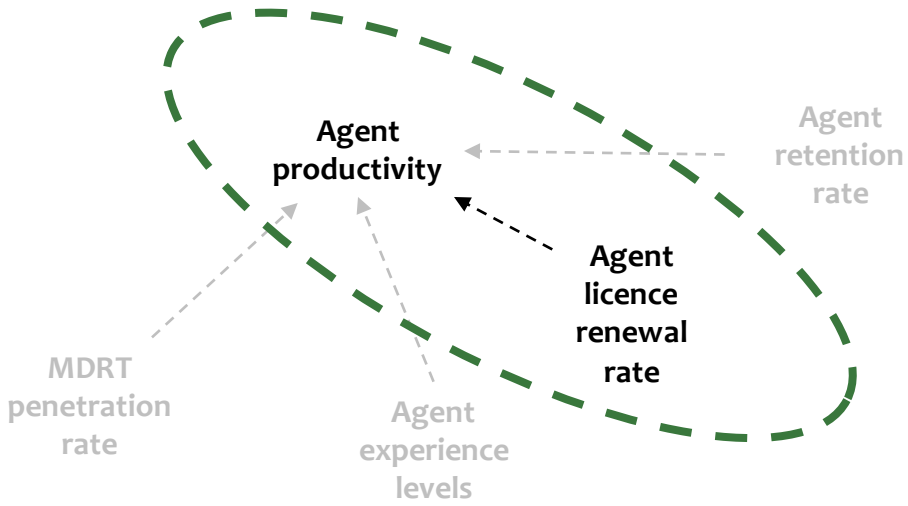
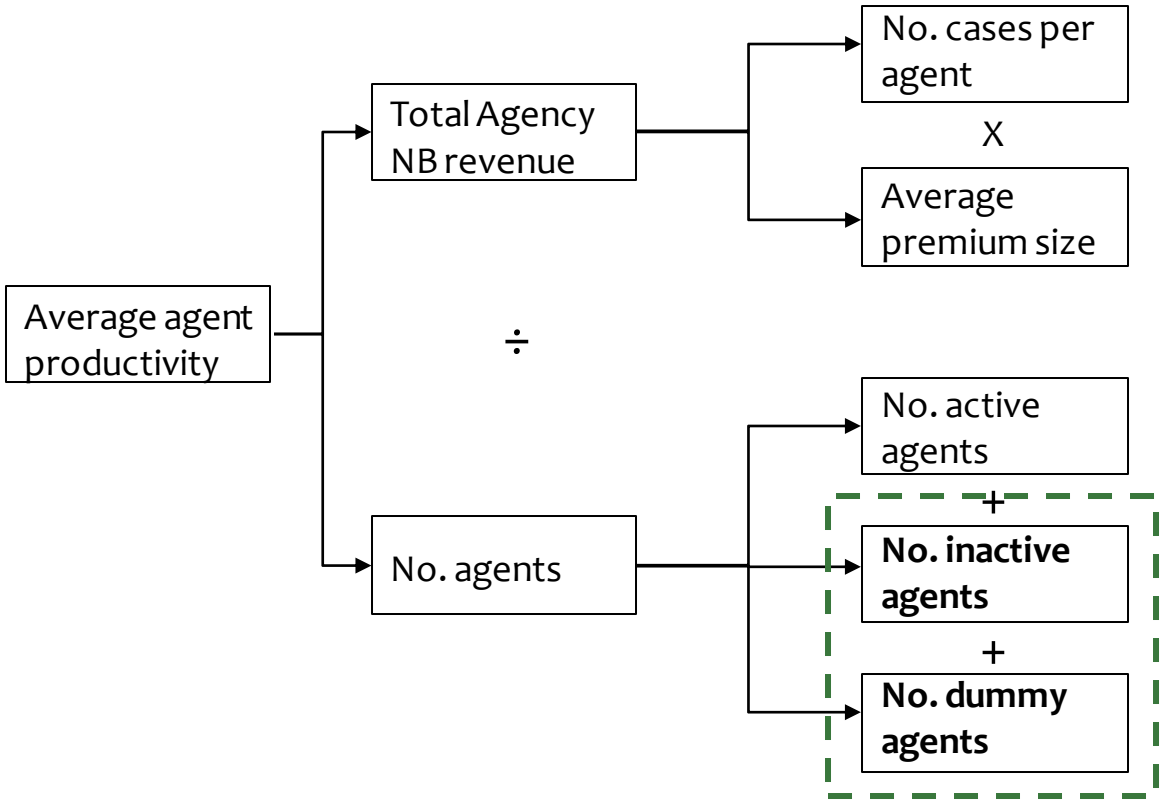


Measurement Constraints

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

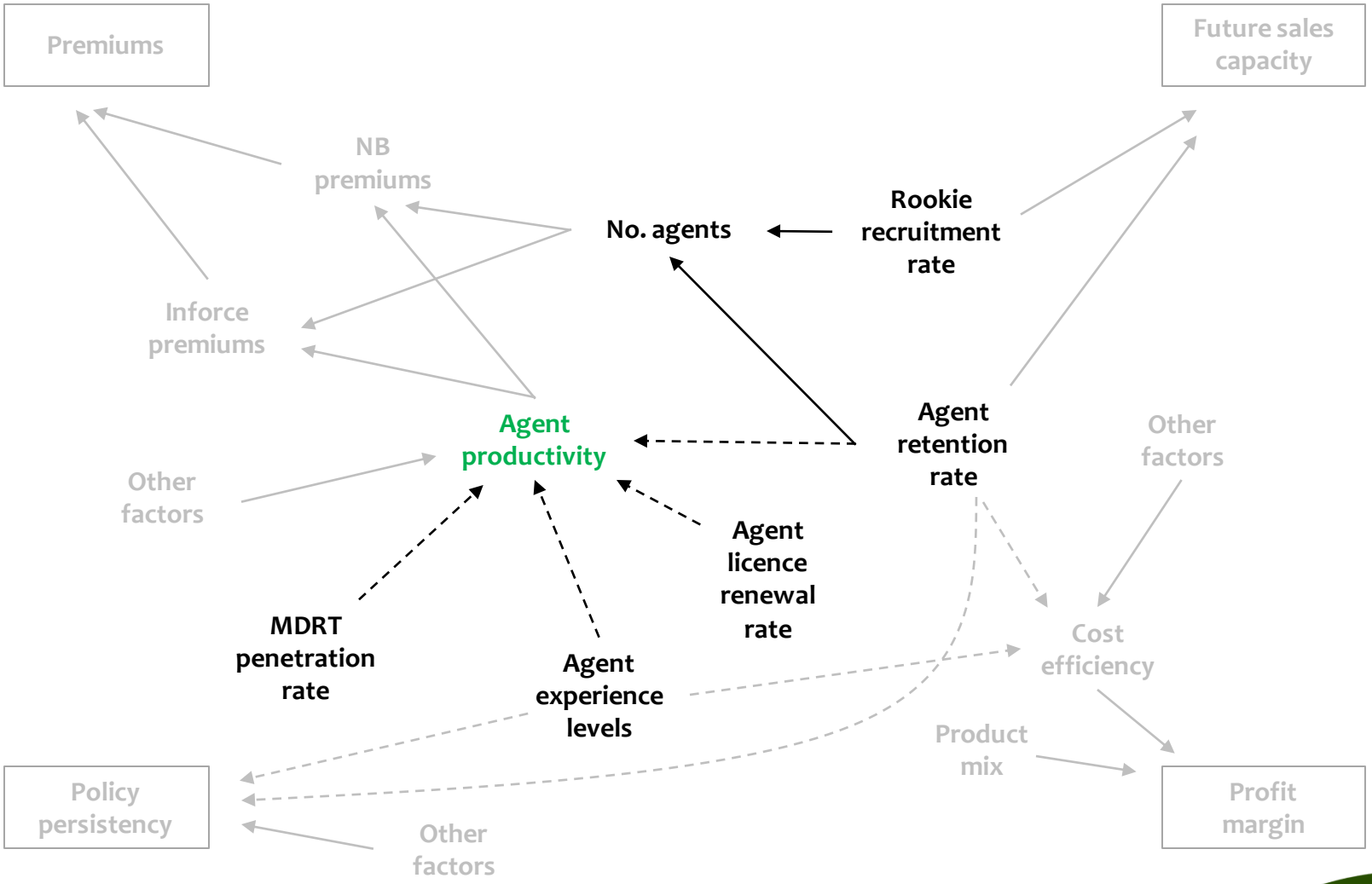


Then:

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 Levers



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]	
							IN to co.		OUT of co.		All agents		<1yr agents [3]		Exp. agents [4]					
	30 Jun '16	3mth Δ	1yr Δ	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]	Q2 '16	Last 4 qtrs [8]	Q2 '16	Last 4 qtrs [8]	30 Jun '16	Last 4 qtrs [indexed]
AIA	25,300	8.6%	43%		20.0%		0.9%		1.1%		85.7%		78.3%		92.6%		98%		33%	
ALLIANZ CH L	4,425	6.9%	44%		14.2%		[illegible]		[illegible]		88.8%		93.2%		87.6%		100%		31%	
AVIVA COFCO	12,613	3.0%	42%		13.1%		3.3%		2.4%		83.7%		86.1%		80.5%		67%		26%	
CITIC PRU L	22,688	5.5%	69%		12.1%		1.8%		1.4%		90.0%		92.7%		89.9%		89%		27%	
GENERALI CH L	14,550	10.6%	105%		15.1%		2.6%		1.2%		88.5%		93.1%		85.0%		60%		26%	
HENG AN STD L	4,913	3.7%	43%		14.0%		2.1%		0.8%		84.2%		83.4%		81.3%		54%		28%	
ICBC AXA L	7,650	5.3%	42%		16.5%		2.8%		2.9%		83.6%		86.2%		89.0%		65%		28%	
ING-BOB L	4,863	9.3%	31%		17.7%		0.8%		2.0%		87.4%		91.1%		86.3%		90%		34%	
MANULIFE-SINO	10,725	-0.8%	-8%		17.3%		0.0%		2.5%		79.2%		73.7%		86.8%		93%		34%	
US METLIFE	10,863	12.4%	77%		22.6%		2.6%		4.7%		85.6%		84.5%		82.9%		100%		17%	
SUB-TOTAL	118,588	**6.6%**	**47%**		**16.3%**		**1.8%**		**1.9%**		**86.0%**		**85.8%**		**87.7%**		**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*

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Min/max sparkline value:				*0.7/18*		*0%/45%*		*0%/6%*		*0%/6%*		*75*

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Min/max sparkline value:		*75%/100%*		*65%/100%*		*75%/100%*		*20%/90%*		*0.7/12*

Examples

And now HK.

Hong Kong - Life - Tied Agency - All Cos: Agency Dashboard, 30 Jun '15 - 31 Mar '16

	Agent Headcount				Rookie Recruit Rate [1]		Poaching Rate [2]				Retention Rate [1]						Expiring Licence Renewal Rate [5]		% Exp. agts [6]	
							IN to co.		OUT of co.		All agents		<1yr agents [3]		Exp. agents [4]				% Exp. agts [6]	
	31 Mar '16	3mth Δ	1yr Δ	Last 4 qtrs [indexed]	Q1 '16	Last 4 qtrs [8]	Q1 '16	Last 4 qtrs [8]	Q1 '16	Last 4 qtrs [8]	Q1 '16	Last 4 qtrs [8]	Q1 '16	Last 4 qtrs [8]	Q1 '16	Last 4 qtrs [8]	Q1 '16	Last 4 qtrs [8]	31 Mar '16	Last 4 qtrs [indexed]
ACE LIFE	1,856	0.0%	-10%		6.4%		0.6%		0.6%		91.2%		85.2%		94.9%		[6]		40%	
AGEAS	2,520	-8.8%	-11%		3.3%		2.4%		1.4%		84.1%		87.0%		92.4%		[6]		49%	
AIA	11,231	-3.4%	9%		5.2%		0.4%		0.5%		89.9%		84.9%		96.6%		[6]		52%	
AXA LIFE	4,829	1.3%	2%		6.0%		0.2%		0.8%		93.7%		90.1%		96.9%		[6]		46%	
CHINA LIFE	3,579	-2.1%	10%		4.6%		0.2%		0.5%		90.6%		86.0%		93.3%		[6]		14%	
DAH SING LIFE	346	-4.9%	-23%		1.1%		0.0%		2.2%		93.1%		97.1%		92.8%		[6]		49%	
FWD LIFE	2,157	-1.0%	20%		4.5%		0.8%		0.4%		92.0%		87.5%		96.6%		[6]		44%	
MANULIFE	6,536	-4.5%	6%		4.1%		0.1%		1.2%		90.5%		84.9%		96.7%		[6]		47%	
MASSMUTUAL	2,125	-1.0%	-1%		3.4%		0.3%		0.5%		94.6%		92.8%		96.9%		[6]		51%	
METLIFE	666	11.7%	247%		8.9%		2.9%		0.7%		96.5%		98.7%		91.9%		[6]		38%	
PRUDENTIAL	14,788	10.7%	50%		12.1%		0.9%		0.2%		96.3%		95.3%		97.8%		[6]		35%	
SUN LIFE	2,027	0.2%	15%		4.5%		0.7%		0.4%		94.3%		93.7%		97.4%		[6]		49%	
TOTAL	52,651	0.8%	16%		6.7%		0.6%		0.6%		92.3%		90.8%		96.4%		[6]		43%	
Min/max sparkline value:				*0.7/1.8*		*0%/15%*		*0%/6%*		*0%/6%*		*75%/100%*		*65%/100%*		*75%/100%*		*20%/90%*		*0.7/1.2*

Financial Services Intelligence

Presentation Outline

Agency Channel Share in Asian Markets

Agency Channel Value Levers

Measurement Proxies

Measurement Constraints

Examples

Wrapping up

Thank You !

Questions ?