



SILVER INSURANCE – THE NEW FRONTIER

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6th November 2015

BRAVE IN A WORLD OF RISK

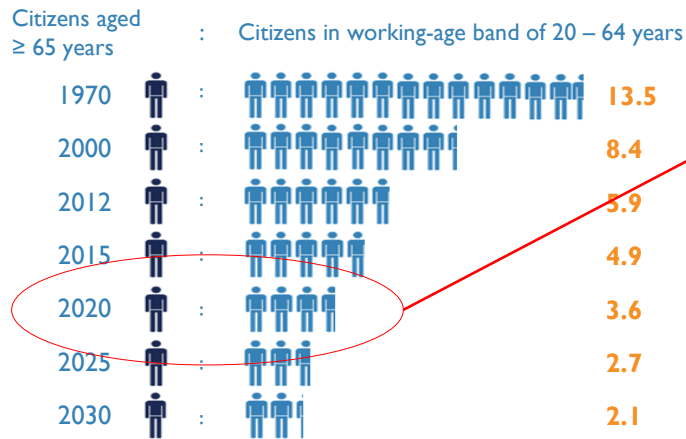


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AGEING POPULATION IN SINGAPORE



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In 2020, 1 in 4 of your customers are going to be above age 65! And they will live a long time (see next slide)

1,000,000 Baby Boomers in Singapore

Where are the Decumulation solutions?

Source: Baby-Boomers Survey, Aug – Nov 2007

In 2012, we have **5.9** working-age citizens for each citizen aged 65 and above.

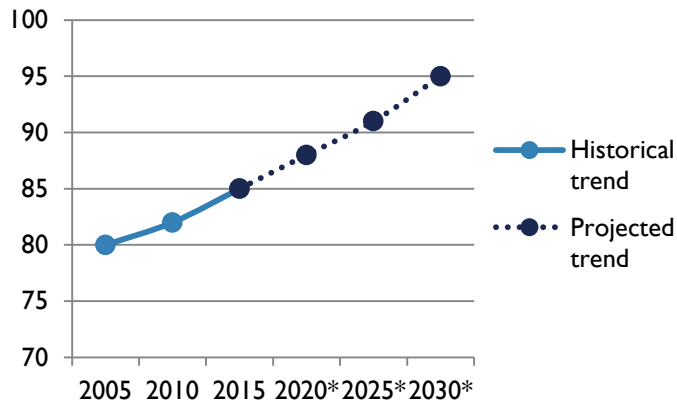
By 2030, this will fall to **2.1**, or roughly one-third. This is about half the average of 4.1 for OECD countries in 2010.

LIFE EXPECTANCY



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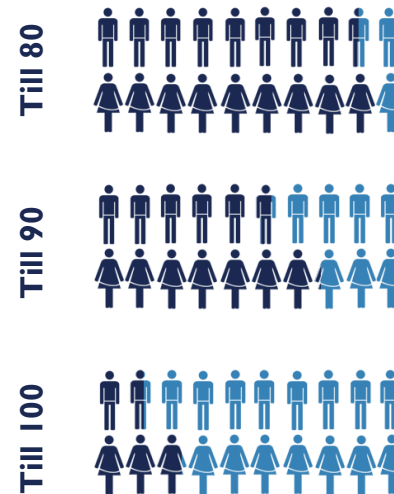
Average Life Expectancy



Singapore has the fourth-highest life expectancy in the world

Source: World Health Organisation Statistics 2014 report

% of People with Life Expectancy



A Singaporean who was 60 in 2011 could expect to live another quarter century. Singapore is one of the 13 countries where **60-year-olds can expect to live 25 more years.**

TOP RETIREMENT CONCERNS IN SINGAPORE

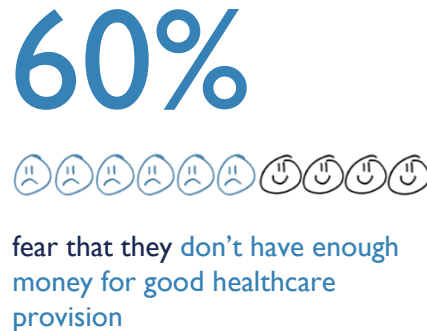


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Can I enjoy a comfortable retirement?



Do I have enough money to cover my medical costs?



Will I face financial hardship?



Source: The Future of Retirement, 2013, HSBC Holdings plc; Sample size = 1,000 in Singapore

However,

I expect my children to provide me with a retirement income



Why? That's because the Asian society places a deep emphasis on filial piety.

Source: The Best Is Yet to Be: Retirement Planning in Singapore, DBS Asian Insights

The higher income middle class surveyed by DBS have very high ambitions for their future retirement life such as **financial stability, lifestyle upgrade, and personal fulfillment.**

ELDERLY NEEDS

When Planning for Retirement



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Longevity Protection

- Spend more now with protection
- No fear of money running out



Cost of Living Inflation Protection

- Income keeps pace with rising cost of living to ensure affordability



Medical Inflation Protection

- Income keeps pace with rising medical inflation to ensure sufficient funds to support healthcare expenses



Leaving Behind a Legacy

- Ensuring a retirement legacy for their family after their passing

Pacific Life Re discussions with IFAs in Singapore, Hong Kong and Taiwan

Average Medical Trend Rates: 2011 – 2014

	Gross			Net*		
	2012	2013	2014 (impacted)	2012	2013	2014 (impacted)
Global	7.7%	7.9%	8.3%	3.8%	4.4%	4.8%
Asia Pacific	8.4%	8.8%	9.3%	4.3%	5.1%	5.5%
Singapore	7.1%	8.1%	8.5%	2.6%	5.8%	5.8%

*net of general inflation

“More than half of health insurers in all regions anticipate **higher or significantly higher medical trend** over the next three years.

- Towers Watson 2014 Global Medical Trends report

ELDERLY NEEDS

At Retirement



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Pre-Retirement

55 – 64

- Retirement budget planning
- Social security & healthcare planning
- Key stage of asset accumulation

Active Retirement

65 – 74

- Part-time employment
- Increased travel and leisure activities
- Higher level of income distribution

Stable Retirement

75 – 84

- Travel and leisure scaled back
- Health issues may surface
- Lower level of income distribution

Secure Retirement

85+

- Predictable daily pattern
- Potential for onset of chronic or catastrophic illness
- Highest level of income distribution



- Inflation
- Uncertain lump sum needs
- Danger of spending too much or too little in Active Retirement
- Current advice: save for the future and any money goes to your children when you die

OTHER CONCERNS SIGHT – NOW YOU SEE IT...



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HOW YOU DON'T



OTHER CONCERNS

FALLS



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Falls in older adults are a significant cause of morbidity and mortality

Will your insurance policy **pick you up** if you fall?

OTHER CONCERNS

Hearing Loss



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Clips below simulate what someone with sensorineural hearing loss is able to hear in a specific context.

Announcements at a train station

Hearing Loss

Normal



Mild



Moderate



Birds singing

Hearing Loss

Normal



Mild



Moderate

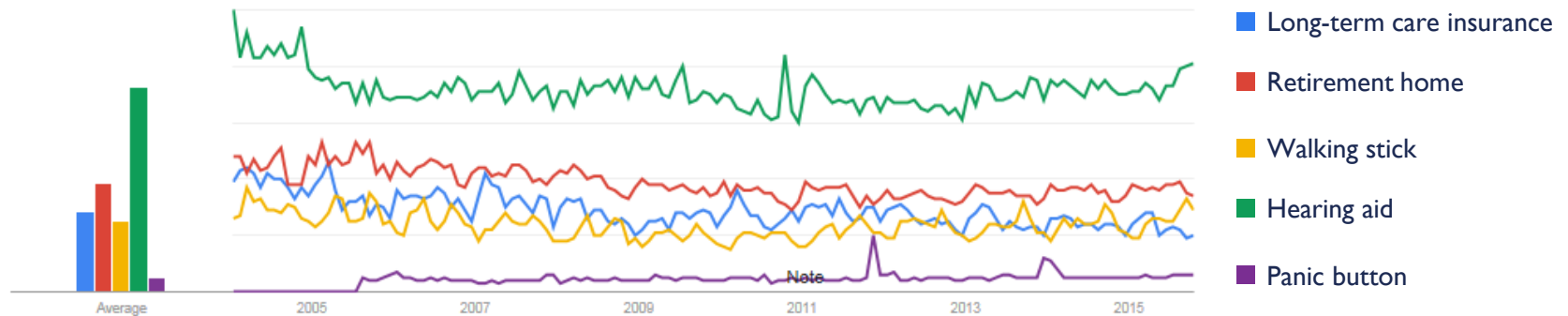


OTHER CONCERNS



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Interest over time



Source: Google trends search

PRODUCTS CURRENTLY SOLD IN THE ELDER SEGMENT



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- There are products from different parts of the world
- But none have been a rip-roaring success
- Competition with state provided social insurance, and the less consumptive attitude of pre-baby boomers is probably the biggest reason
- But it is fair to say that insurance companies have neglected this market to some extent

PRODUCTS CURRENTLY SOLD IN THE ELDER SEGMENT



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Long term care

Purpose: “You need care, we pay”

Sold: USA, Germany, France

Challenges:

- Pricing of longevity and interest
- Medical science keeping people alive but not in the best of health
- High chances of needing LTC to make it challenging to make product competitive vs just having your own savings

Opportunities: Mass market. Make it more insurancy – cover the tail risk, be prepared to experiment

Guaranteed Issue Whole of Life for Over 50s

Purpose: “You die, we pay, we don’t underwrite you”

Sold: UK, Thailand, Australia

Challenges:

- Limited market size
- Customer understanding of waiting periods
- Limited sums assured

Opportunities: Mass market, add on simple health covers

PRODUCTS CURRENTLY SOLD IN THE ELDER SEGMENT



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Silver Cancer

Purpose: “You have cancer, we pay”

Sold: Korea

Challenges: Cost of cancer is higher at older ages

Opportunities: Reduce cost through only covering catastrophic cancers. Add additional services (make it more tailored to the older segment)

Equity Release

Purpose: “Your house has value you can use now”

Sold: USA, UK

Challenges: Mis-selling, longevity risk

Opportunities: Mass affluent

PRODUCTS CURRENTLY SOLD IN THE ELDER SEGMENT



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Annuities

Purpose: “Your money will never run out, no matter how long you live”

Sold: USA, UK (regulatory reasons), Canada

Challenges: Low interest rates, consumers under-estimation of longevity, lack of liquidity

Opportunities: Mass affluent

“Annuities must **play a key role in any future default strategy** in the face of complexity.”

- International Longevity Centre, 2015



THE RIGHT ADVICE

- Retirement covers a long period of time
- Asian consumers are asset rich at that age

THE RIGHT MATERIALS AND BRANDING

- Plain language
- **Larger** font size
- Consider a separate brand e.g. Just Retirement in the UK



THE RIGHT PRODUCTS. IN THE RIGHT COMBINATION

Longevity risk	Newer annuity products
LTC risk	Catastrophic LTC products
Asset rich, cash poor	Equity release products

VALUE ADDED SERVICES

To assist in other concerns & fears

- Panic alarms
- House help
- Screening
- Assistive devices
- Driver Services
- Medical assistance, advice, etc
- Support Groups for Carers
- Elderly friendly supermarkets (prevent falls)
- Managed Care

IMPORTANCE OF ADVICE



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ADVICE ON THE LIFE YOUR CLIENTS WANT TO LEAD



Buying [an annuity] [cancer cover] [funeral cover] [LTC] lets us sleep better at night.

We have more money to spend because of our [annuity] [equity release] [LTC] and this means that we can enjoy life more!

A FINAL THOUGHT...

Ikigai – The Secret to Living to 100



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Source: Marc Winn

生き甲斐 ikigai

is a Japanese concept meaning “a reason for being”.

Everyone, according to the Japanese, has an ikigai.

Finding it requires a deep and often lengthy search of self.

Such a search is regarded as being very important,

since it is believed that discovery of one’s ikigai

brings satisfaction and meaning to life.

Source: Google Images

Can Insurance Help You Find Your Ikigai?

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