

# LIFE BUSINESS GOING FORWARD

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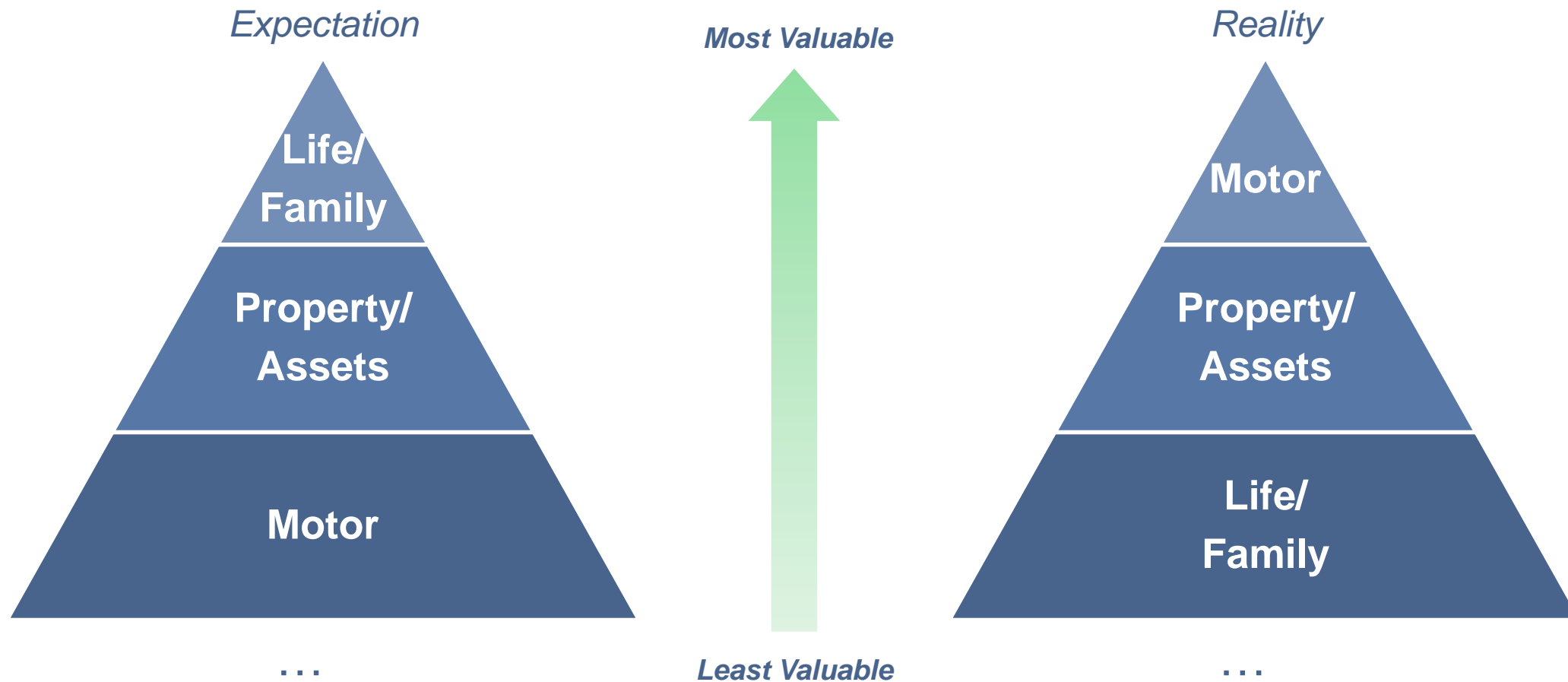
March 24.2021





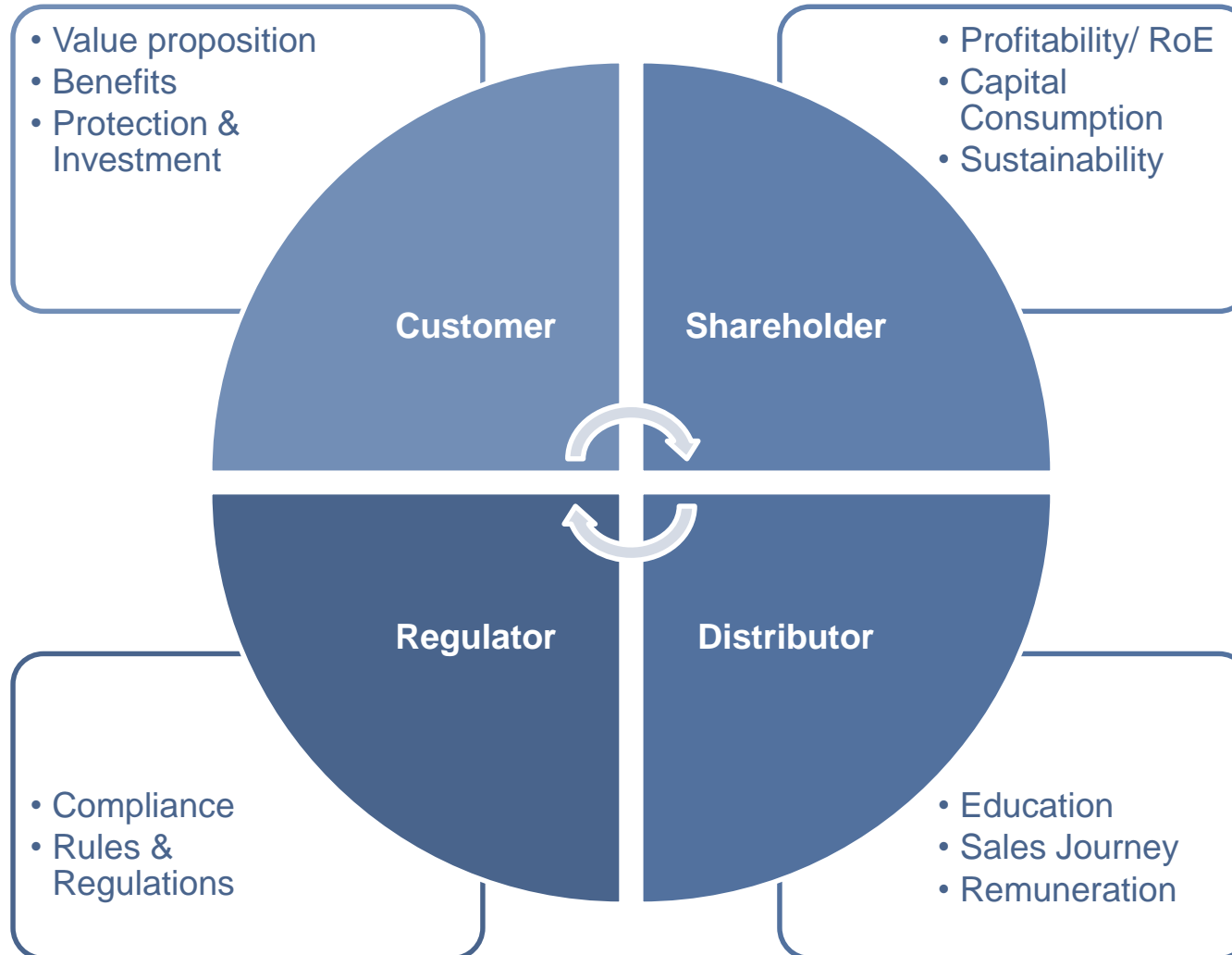
# INSURANCE PRINCIPAL

We are Expected to Insure our most valuable Assets at Risk, but...





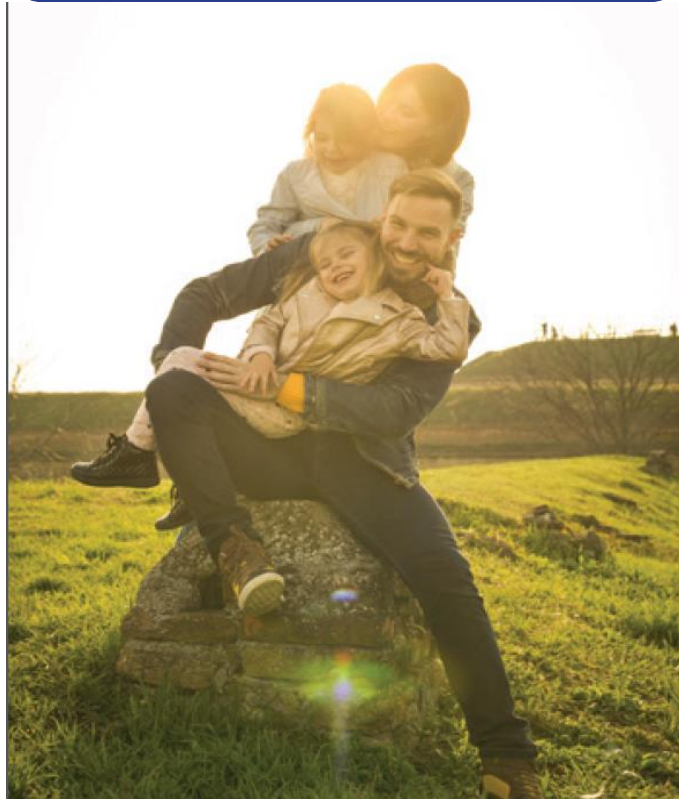
# KEY STAKEHOLDERS IN LIFE PRODUCT DESIGN





# LIFE PROTECTION & INVESTMENT PRODUCTS

**A-Protection**



**B-Investment**





# A- LIFE PROTECTION INSURANCE

Addressing the low penetration compared to the other EU markets

## Education

- Academical Education of family needs
- Sales Training and Education



*Increasing Awareness*

## Products

- Term Life RP fixed SI
- Term Life RP decreasing SI
- Term Life SP
- Group Life for MidCorp & SME



*Covering All Needs*

## Pricing\*

- Differences in rates compared to other EU states
- Retaining Premium of Croatian expats
- UW Approach



*Competitive offering*

## Sales Process

- Clear Terms & Conditions
- E-Signature for remote selling & Online
- Appropriate Remuneration



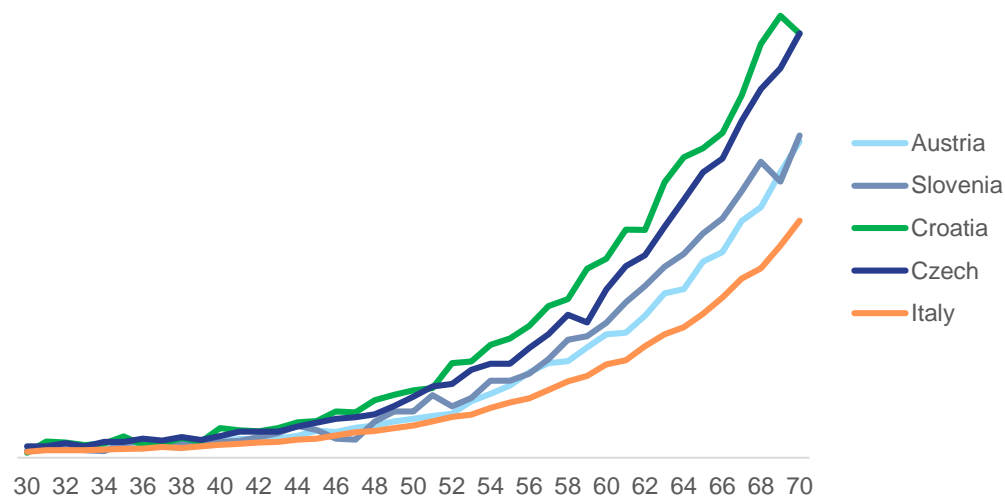
*Simple to Buy*

- ✓ **Customer**
- ✓ **Shareholder**
- ✓ **Distributor**
- ✓ **Regulatory**



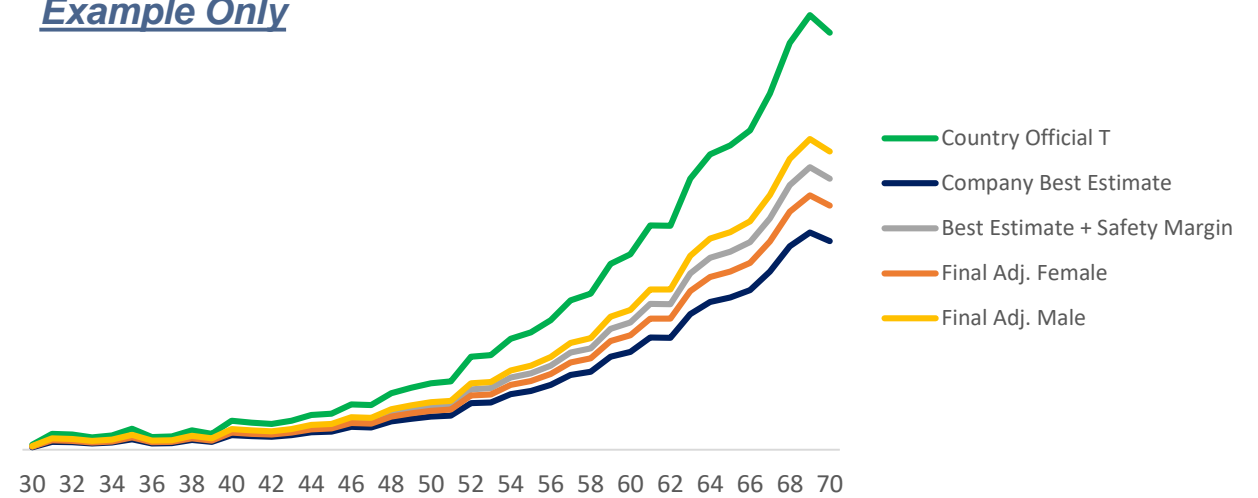
# A- MORTALITY RATES IN EU

## Revisiting Official Mortality Rates Table



## Adjusted Company Approach

### Example Only

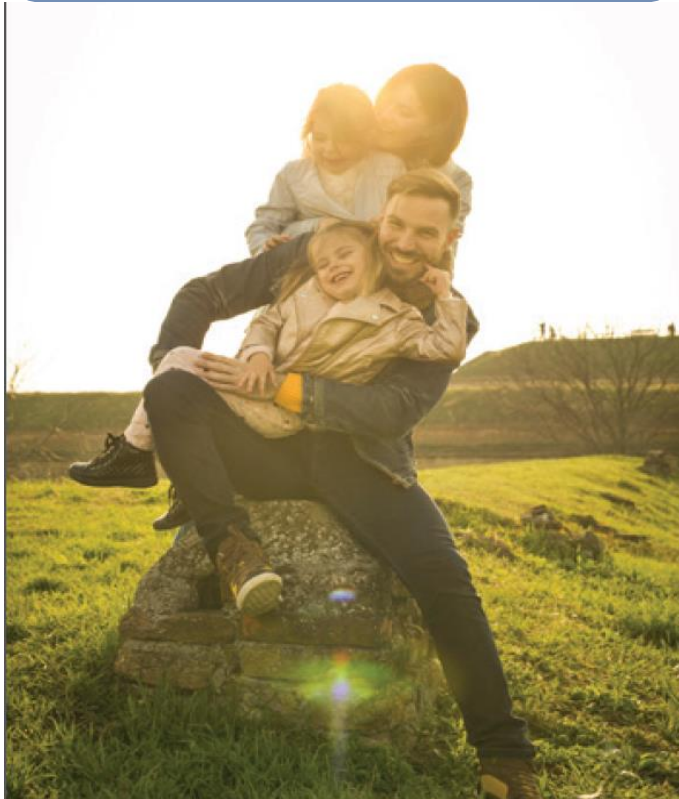


- Material differences in rates vs other EU countries, revisiting official tables.
- Company Adjusted Rate for Pricing & Reserving, driven by UW approach (smoker, pre-existing conditions, etc.)
- Impact on prices affecting Protection & Investment Products, Sum Insured & Riders, etc.
- Adding potential market share from Croatian expats in Germany, Austria, etc.



# LIFE PROTECTION & INVESTMENT PRODUCTS

**A-Protection**



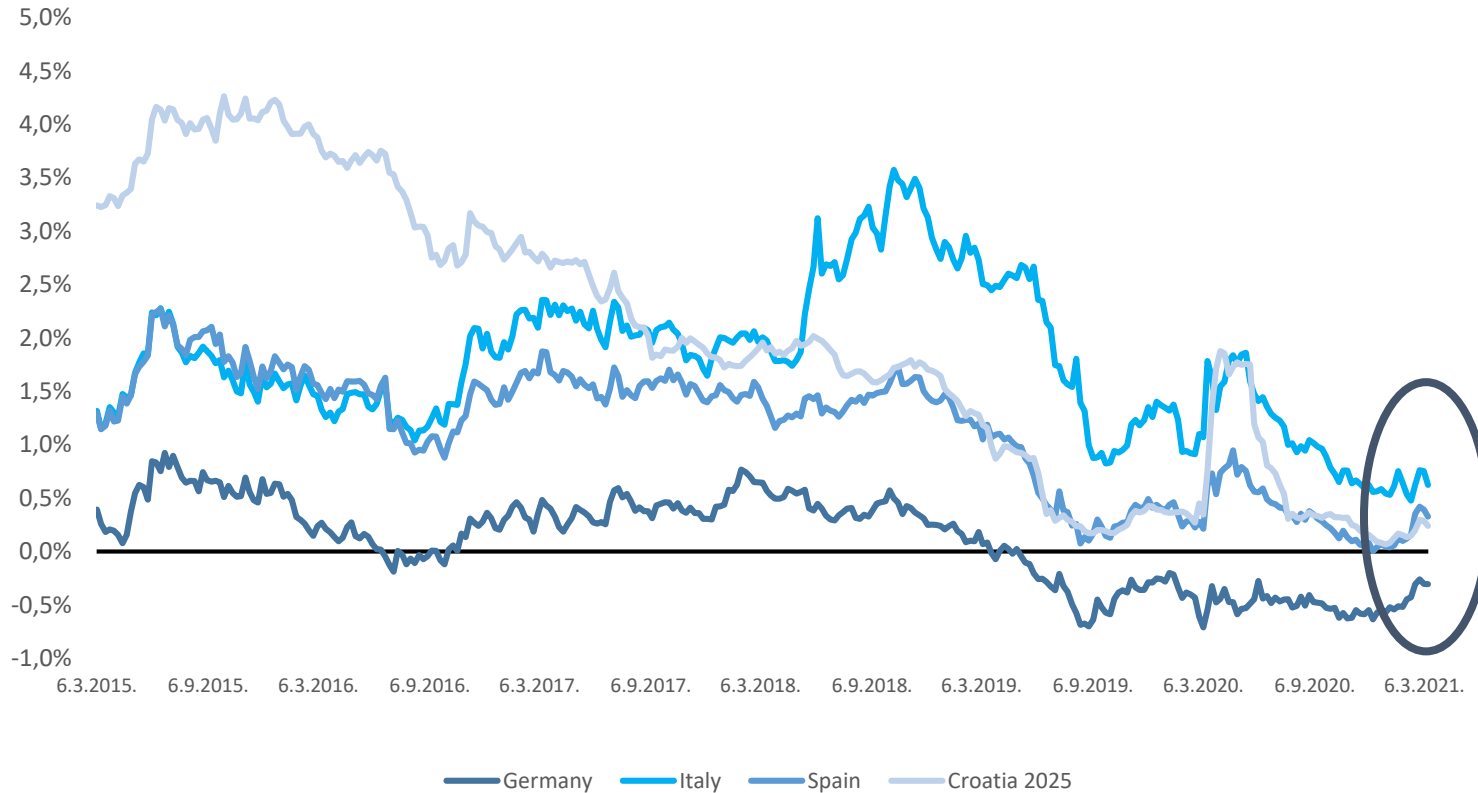
**B-Investment**





# B- LOW IR AFFECTING MARKET DYNAMICS

Ongoing decrease of IR to  $\approx 0\%$ , with no foreseeable reverse of the trend



## Outcome

Ongoing decrease of Guarantees

Low customer returns,  
With marginal upside

High capital charge,  
With low Profitability RoE

Challenging product  
Sustainability



# B- BUSINESS SHIFT OF INVESTMENT PRODUCTS



## Market Appetite

### Traditional

- Single & Regular Premium offering
- Low guarantees  $\approx +0\%$  given IR not coping with inflation
- Challenging sustainability and volumes w/o usage of inforce general account investments

### Hybrid

- Single & Regular Premium offering
- Partial/Terminal guarantees with correlated upside potential via call option or other instruments.
- Index linked products
- Sustainable based on market conditions

### Unit Linked

- Single Premium & Regular Premium offering
- Offering attractive baskets and exposure to global funds
- Providing customer with upside potential from average cost.
- Sustainable product

- ✓ **Customer**
- ✓ **Shareholder**
- ✓ **Distributor**
- ✓ **Regulatory**

GWP Market 2019	AT	BG	HR	CZ	HU	PL	RO	SK
<b>Trad</b>	56%	32%	<b>76%</b>	16%	29%	3%	63%	42%
<b>UL/Hybrid</b>	34%	18%	<b>14%</b>	59%	56%	36%	30%	24%
<b>Protection</b>	10%	50%	<b>10%</b>	22%	15%	61%	7%	34%

# DIGITAL SALES OF INVESTMENT PRODUCTS

## DEINE BERECHNUNGSDATEN

Bitte gib hier Deine Berechnungsdaten an, um Dein individuelles Ergebnis zu sehen.

Geburtsdatum  
01.01.1980 TT.MM.JJJJ

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Erste Einzahlung  
5.000 € (i)

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(Optionale) monatliche Einzahlung  
150 € (i)

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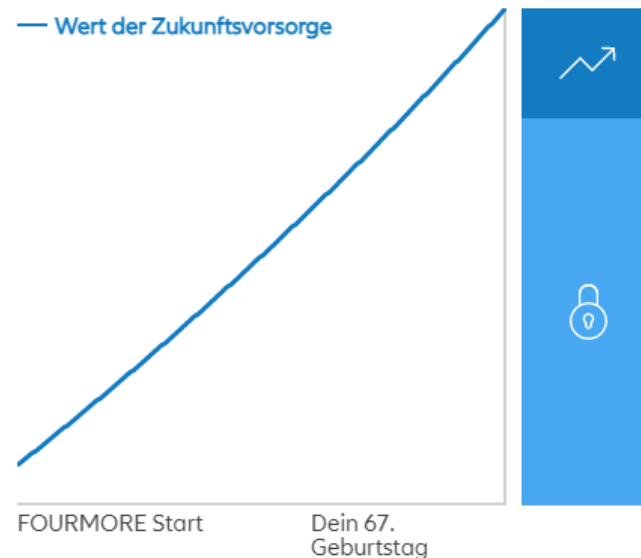
Probiere eine **Wertentwicklung** pro Jahr aus (i)

0,5%	1,75%	2,5%	3,25%	4%	5%
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**JETZT BERECHNEN**

## DEIN BERECHNUNGSERGEBNIS

Beispielhafte Entwicklung des Werts Deiner Zukunftsvorsorge bis zum 67. Geburtstag. Bei der Berechnung des Werts wurden die angegebenen Berechnungsdaten und die vorbelegte bzw. die von Dir angenommene Wertentwicklung zugrunde gelegt.



Attraktive  
Renditechance  
&  
Kapitalschutz  
i.H. von 90 %

**59.414 €**  
Wert der  
Zukunftsvorsorge (i)

**13.199 €**  
Wachstumschance (i)

**46.215 €**  
Garantiekapital (i)

**JETZT ABSCHLIESSEN**

- 68 % chancenorientiert**
- 33 % Aktien inkl. Infrastruktur und erneuerbare Energien
- 13 % Schwellenländeranleihen
- 18 % Unternehmensanleihen
- 4 % Immobilien
  
- 32 % sicherheitsorientiert**
- 24 % Pfandbriefe und Staatsanleihen Industrieländer
- 6 % Baufinanzierung
- 2 % Sonstige



# GOING FORWARD WE NEED TO ...



**INCREASING AWARENESS & EDUCATION  
ON LIFE PROTECTION NEEDS**



**REPRICING & DESIGNING PRODUCTS  
SATISFYING ALL STAKEHOLDERS**



**SUPPORTING THE MARKET INVESTMENT PRODUCT  
TRANSITION FOR A SUSTAINABLE FUTURE**



**Simplification of Sales & Customer  
Journey by Introducing E-Signature/Digital Sales**

THANK YOU FOR YOUR  
ATTENTION