

Russian Insurance Summit 2017

Growing and regulating unit-linked.

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Introduction to MetLife

MetLife is one of the world's largest life insurance companies

- Nearly **150 years** of operation
- **100 million** customers
- Operations in **50 countries**
(including. 14 in EU)
- **In Russia since 1994**
 - **2 million** customers
 - Presence in **20 cities**



Investment-based life insurance

- Stimulating private savings crucial to meet population's retirement income needs
- People need a diverse mix of retirement income options – investment-based life insurance (.e.g. unit-linked) should be part of the mix.
- Unit-linked is a life insurance product, whereby a portion of the premium is diverted for protection benefits and the other for investment in underlying funds.

Benefits of introducing unit-linked to Russia

For consumers:

- ✓ Long-term incentives for saving
- ✓ Risk diversification across funds
- ✓ Protection benefits
- ✓ Customizable

For the government:

- ✓ Open investment market to 'middle class'
- ✓ Stimulate private investment
- ✓ Develop regulation based on lessons from other markets

For the insurer:

- ✓ Increase life insurance penetration
- ✓ Diversity in product offerings

Trends in regulating intermediation

Increased focus on conduct regulation around the world

Observed intermediation trends across the world



EU approach

- Information, disclosure and transparency
- Training and certification
- Suitability
- Conflicts of interests
- Nature of remuneration disclosed
- Commission allowed if no detriment to customer
- Standardized key information document
- Annual training of 15 hours
- Product oversight and governance

Considerations for Russia

Regulation must be proportional to the stage of market development

- **Enable consumers to make well informed decisions and have easy access to suitable products:**
 - **Education through product documentation:** Customers should receive simple product descriptions in the sales process (product description, benefits, features, fees and charges)
 - **Fair illustrations:** Insurers should present customers with realistic long-term investment return scenarios (low, balanced, high return scenarios within realistic parameters)

Conclusion

1. Stimulating private savings crucial to meet population's retirement income needs and alleviate pressure from state pension systems.
2. Unit-linked products will open investment opportunities for the middle class and should be part of 'retirement product mix'.
3. Russia has the opportunity to create unit-linked regulation based on lessons learned from other markets.
4. Unit-linked regulation must be proportional to the stage of market development and should focus on product information and illustrations.