



SUCCESS FACTORS OF LIFE INSURANCE IN TRANSITING MARKETS (THESES)

1. THE FACTS

- Observed markets: 5 CEE countries:
Czech Republic, Hungary, Poland, Slovakia,
Slovenia
- Observed period: 1995 – 2005
- Average life insurance premium increase
15% per year (in USD basis)
- Average increase of life insurance reserves 20% per year
- Proportion of life insurance premium from total grown
from 25-30% to 40-45% (in early 90's 15-20%)
- Growth of unit linked premium in the last 5 years : 200-300%
- Development far not finished yet: life insurance density and penetration is at
15% - 20% of same indicators of EU 15

2. THE EXTERNAL FACTORS

→ Economical factors

- Recognising of the necessity of self care in different life periods
- Growth of GDP per capita in wider population
- Development and liberalisation of investment markets and tools
- Development of retail credit exposure and products

→ State (legislative and regulatory) factors

- Tax advantages
 - to private clients
 - to commercial clients
- Support to life insurers
 - possibility of 5 years loss deferring
 - possibility for financial re-insurance

3. THE INTERNAL FACTORS

→ Products

- Quick adaptation and further development of modern life insurance products
for different client needs:
 - classical mixed insurance,
 - risk life,
 - credit covering,
 - unit-linked,
 - mortgage – life insurance combination
- Take over of modern product development and product management
methods and tools
- Using of up to date technics of portfolio, product and profit analysis.

→ Sales and marketing

- Using the traditional and modern sales management methods of
 - recruiting,
 - selection
 - training
 - coaching
 - commissioning
 - motivation
 - incentives of sales forces
- Wide variety of sales channels
 - composite agents
 - specialised life agencies
 - independent sales networks
 - bank sales
- Expanding need for human resources (1/1000 rule)
- Training and certification requirements
 - internal and
 - in-house trainings
 - state certifications
- Implementation of modern marketing tools
 - sales supporting technologies
 - CRM solutions
 - client services methods

4. THE SUPPORT

From the listed success factors of life insurance the followings will be supported by the **EU-TACIS Project** in the next 30 months:

- From external factors:
 - **Support to state regulations** of life insurance (Project Component 1.)
- From internal factors:
 - **Consulting projects** on product management, sales and marketing (Project Component 2.)
 - **Development of actuaries** in product development and analytical tasks (Project Component 3.)
 - **Training** of tools and methods for managers and experts in EUCID (Project Component 4.)