

From DB and B2B to DC and B2C

The Swedish Case

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The Swedish Pension System

“Market share”

Private saving	10%
Occupational pension	15%
Public Pension	75%
Income pension	
Premium pension	
Guaranteed pension	

Private saving
• Voluntary – many different products and competitors

Occupational pension
• Based on Collective Agreements
• Defined contribution systems
• Open for competition
• The employee select insurance company
• The employee select type of fund and risk level

Premium Pension
• 2,5 % of your wages
• Open for competition – 770 funds
• The individual select type of fund and risk level

The Four Big Collective Agreements that Define the Occupational pension Market

	Default option	Life Insurance with guaranteed interest rate	Unit link insurance	
Public sector	KAP-KL 	GO spp, Handelsbanken, KPA, FALLESANT, AMI, NORDEO, PENSION	SEB, GO spp, Handelsbanken, FALLESANT, AMI, NORDEO, PENSION	Open market
Private sector	SAF-LO 	AMF, NORDEO, FALLESANT, PENSION	AMF, GO spp, PENSION	Limited access - procurement process initiated by the social partners
Public sector	PA-03 	KAPAN, AMI, NORDEO, FALLESANT, KPA, PENSION, Handelsbanken, GO spp	SEB, GO spp, Handelsbanken, NORDEO, PENSION, FALLESANT, AMI	Open market
Private sector	ITP 	NORDEO, AMI, PENSION	NORDEO, Handelsbanken, SEB, AMI	Limited access - procurement process initiated by the social partners

KPA Pension's main B2C market

	Default option	Life Insurance with guaranteed interest rate	Unit link insurance	
Public sector	KAP-KL 	GO spp, Handelsbanken, KPA, FALLESANT, AMI, NORDEO, PENSION	SEB, GO spp, Handelsbanken, FALLESANT, AMI, NORDEO, PENSION	Open market

Our market share: 44 %

15 companies with hundreds of funds to choose from

• 7 insurance companies
• 3 banks

- KPA Pension has a market share of 44 % and 1,2 million clients
- As the default option KPA Pension gets about 80 000 new clients/year (new employees in the sector)
- About 35 000 clients leave KPA Pension every year for a competitor
- The hardest competition KPA Pension get from the banks that already have a relation to the clients, often in the local bank offices

Challenges to provide information

- Complex pensions system
- A range of competing companies
- Individual choice
- Multiple choices of products
- The total entitlement depends on your earnings and the performance of the funds of your insurance company
- Low financial knowledge

Information from the authorities and the sector



Initiated by the authorities

- "The Orange Envelope"
- Yearly **public pension** statement and forecast
 - 95 % have seen it
 - 75 % have opened it
 - 57 % know who it came from
 - 47 % have read it

Initiated by the insurance sector

- The website "My Pension"
- **Statement and forecast** of your pension
- **Public and Occupational** pension - but not complete
 - 1,2 million users at the website

Information from KPA Pension



www.kpa.se

- "The KPA Office" – a website with a **yearly statement and forecast** of your occupational pension

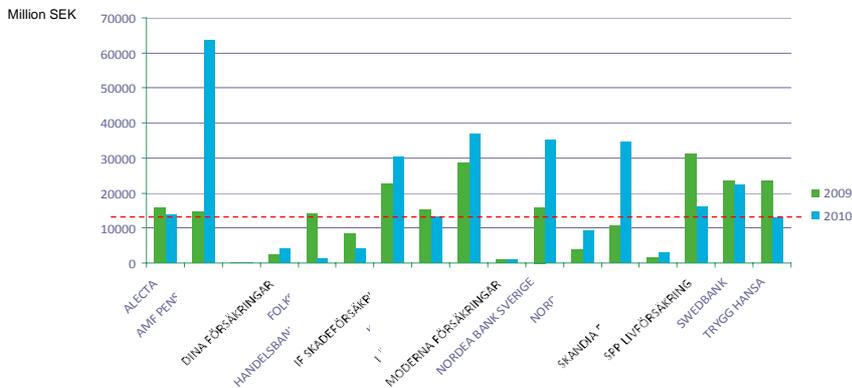


The Green Envelope – twice a year

- In the spring – a yearly **occupational pension statement**
- In the autumn – a **forecast** of your **occupational pension**

Media investments of the sector

- The life insurance sector is one of the sectors with the highest media investments (TV commercials, print, web sites, search engines etc)



KPA Pension – Marketing Strategy

- Market research
 - Monthly tracking of top of mind brands and preference to our brand
 - Quarterly measurements of customer satisfaction
- Client strategy
 - Segmentation – three prioritized segments with different need of communication
- Channel strategy – integrated communication
 - **TV commercials** to build the KPA Pension **brand**
 - **Advertisements** in national papers and trade union press to build our **brand**
 - **Web site** for **information**
 - **Direct Marketing** to reach our clients with **information** and **sales activities**
 - **Visit the employer and unions** to meet our clients with **information**
 - **Sponsoring** to interest our employees and clients for ethical investments
 - **PR** to get a **positive media picture**

How we build the KPA Pension brand



A Safe Pension
Ethical Investments



A Safe Pension

- This is KPA Pensions main mission
- A logical perspective

Ethical Investments

- To distinguish KPA Pension from our competitors
- Requirement from our clients and owners
- An emotional perspective

Examples



Banner advertisement



Print advertisement



Newsletters/DM



KPA Pension – *A Better Future*

Conclusions

- Information need
- Information overload
- Pension products can be compared to fast moving consumer goods
- Hard to make a rational and informed choice
- The Swedish pension B2C market has turned into a brand market

Thanks for your attention!

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