

Insurance 50 2015

The annual report on the world's most valuable insurance brands
February 2015

Foreword.



David Haigh, CEO, Brand Finance

“The boardroom can sometimes feel like the tower of Babel, with CMOs and CFOs speaking mutually unintelligible languages, damaging the prospects for what should be their shared goals. Brand Finance bridges the gap between marketing and finance.”

What is the purpose of a strong brand; to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be ‘to make money’.

Huge investments are made in the design, launch and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets.

Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place it frequently lacks financial rigour and is heavily reliant on qualitative measures poorly understood by non-marketers. As a result, marketing teams struggle to



communicate the value of their work and boards then underestimate the significance of their brands to the business.

Sceptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo may fail to agree necessary investments. What marketing spend there is can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but steady downward spiral of poor communication, wasted resources and a negative impact on the bottom line.

Brand Finance bridges the gap between the marketing and financial worlds. Our teams have experience across a wide range of disciplines from market research and visual identity to tax



and accounting. We understand the importance of design, advertising and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money.

That is why we connect brands to the bottom line. By valuing brands we provide a mutually intelligible language for marketers and finance teams. Marketers then have the ability to communicate the significance of what they do and boards can use the information to chart a course that maximizes profits.

Of course not all non-marketers need to be convinced that brands are valuable. Warren Buffet, renowned for his financial nous and stock picking ability, is famously keen on investing in some of the world’s biggest and best-loved brands such as Heinz and Coca-Cola. The sage

of Omaha certainly does extremely well from most of his investments, but could he be doing better?

It is all well and good to want a strong brand that customers connect with, but as with any asset, without knowing the precise, financial value, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is?

Brand Finance has conducted hundreds of brand and branded-business valuations to help answer these questions. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business. The team and I look forward to continuing the conversation with you.

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About Brand Finance

Brand Finance is the world’s leading independent brand valuation and strategy consultancy. Brand Finance was set up in 1996 with the aim of ‘bridging the gap between marketing and finance’. For almost 20 years we have helped companies to connect their brands to the bottom line, building robust business cases for brand decisions, strategies and investments. In doing so, we have helped finance people to evaluate marketing programmes and marketing people to present their case in the Board Room.

Independence
Brand Finance is impartial and independent. We assess and help to manage brands, but we do not create or own them. We are therefore able to give objective, unbiased advice because we have no vested interest in particular outcomes of a project and our recommendations are entirely independent. We are agency agnostic and work collaboratively with many other agencies and consultancies.

Technical credibility
Brand Finance has high technical standards. Our work is frequently peer-reviewed by the big four audit practices and our work has been accepted by tax authorities and

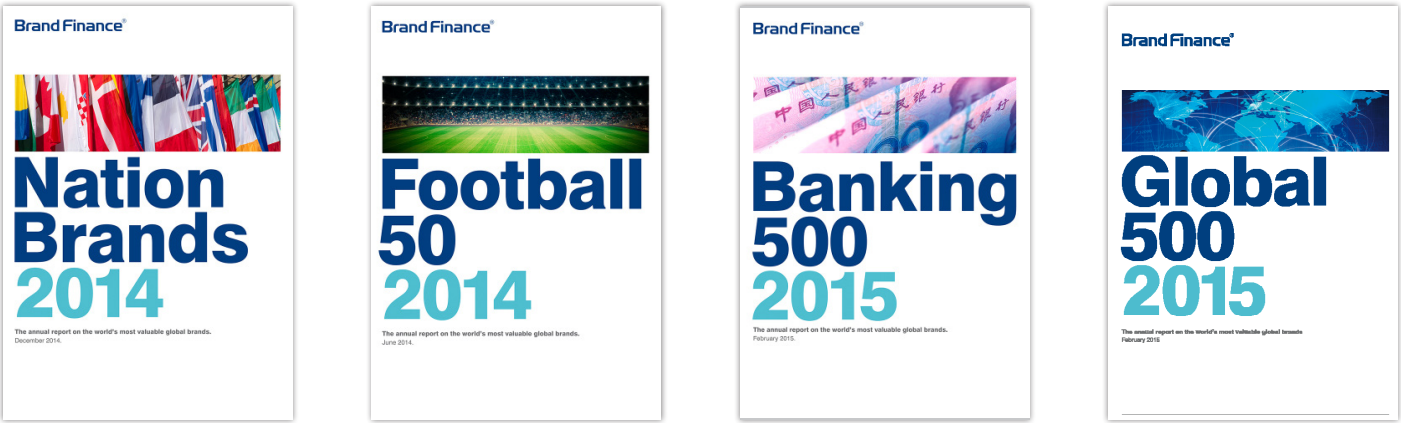
regulatory bodies around the world. We are one of the few companies certified to provide brand valuations that are fully compliant with ISO 10668, the global standard on monetary brand valuations.

Transparency
There are no black boxes. Our approach is to work openly, collaboratively and flexibly with clients and we will always reveal the details of our modelling and analysis. This means our clients always understand what lies behind ‘the number’.

Expertise
We possess a unique combination of skills and experience. We employ functional experts with marketing, research and financial backgrounds, as well as ex-client-side senior management who are used to ‘making things happen’. This gives us the mindset to think beyond the analysis and to consider the likely impact on day-to-day operations. We like to think this differentiates us because our team has real operational experience.

For more information, please visit our website: brandfinance.com

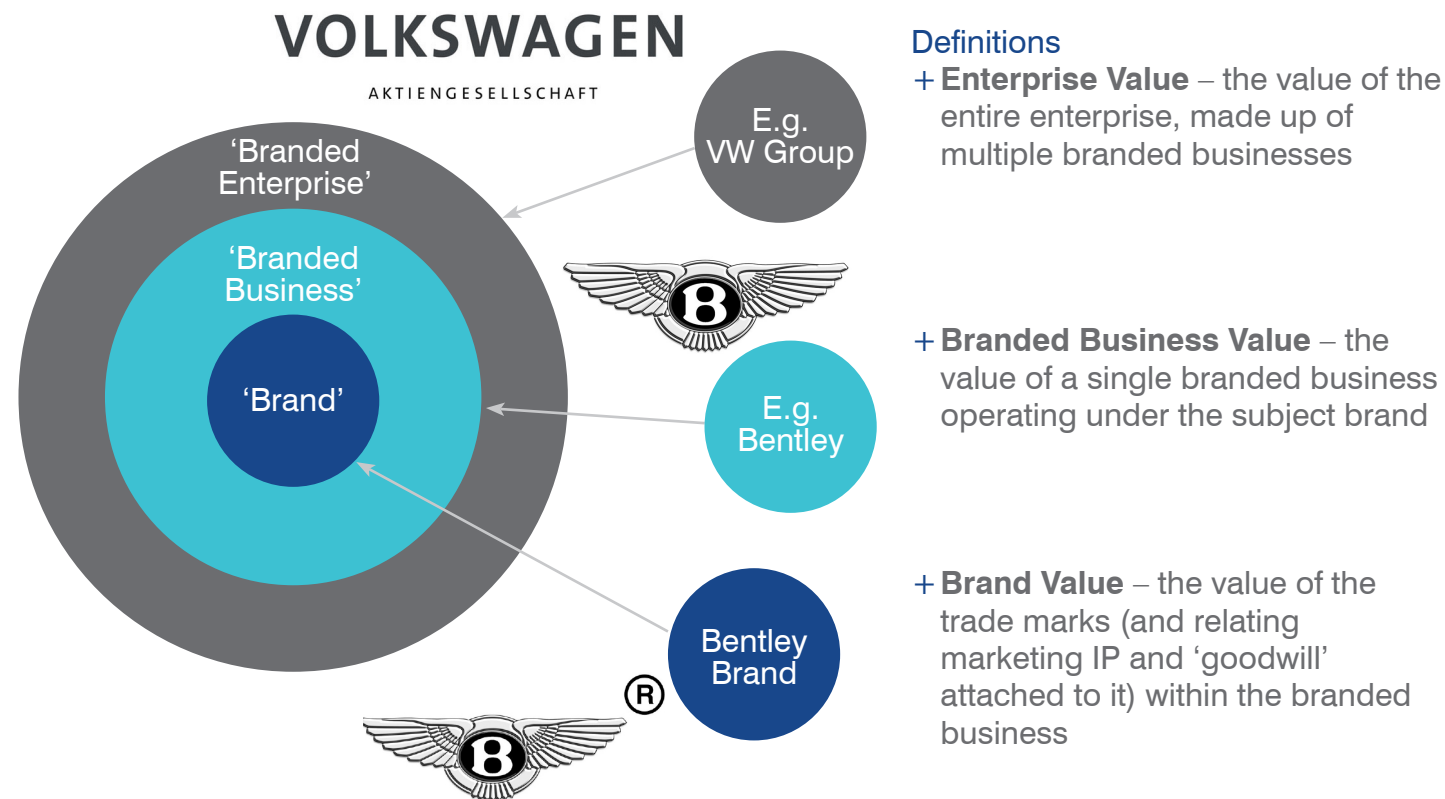
Brand Finance puts thousands of the world’s biggest brands to the test every year, evaluating which are the most powerful and most valuable. The Global 500 covers the top 500 from all sectors and is just one of many annual reports produced by Brand Finance. Visit www.brandfinance.com to discover more.



Bridging the gap between marketing and finance

Methodology

What do we mean by 'brand'?

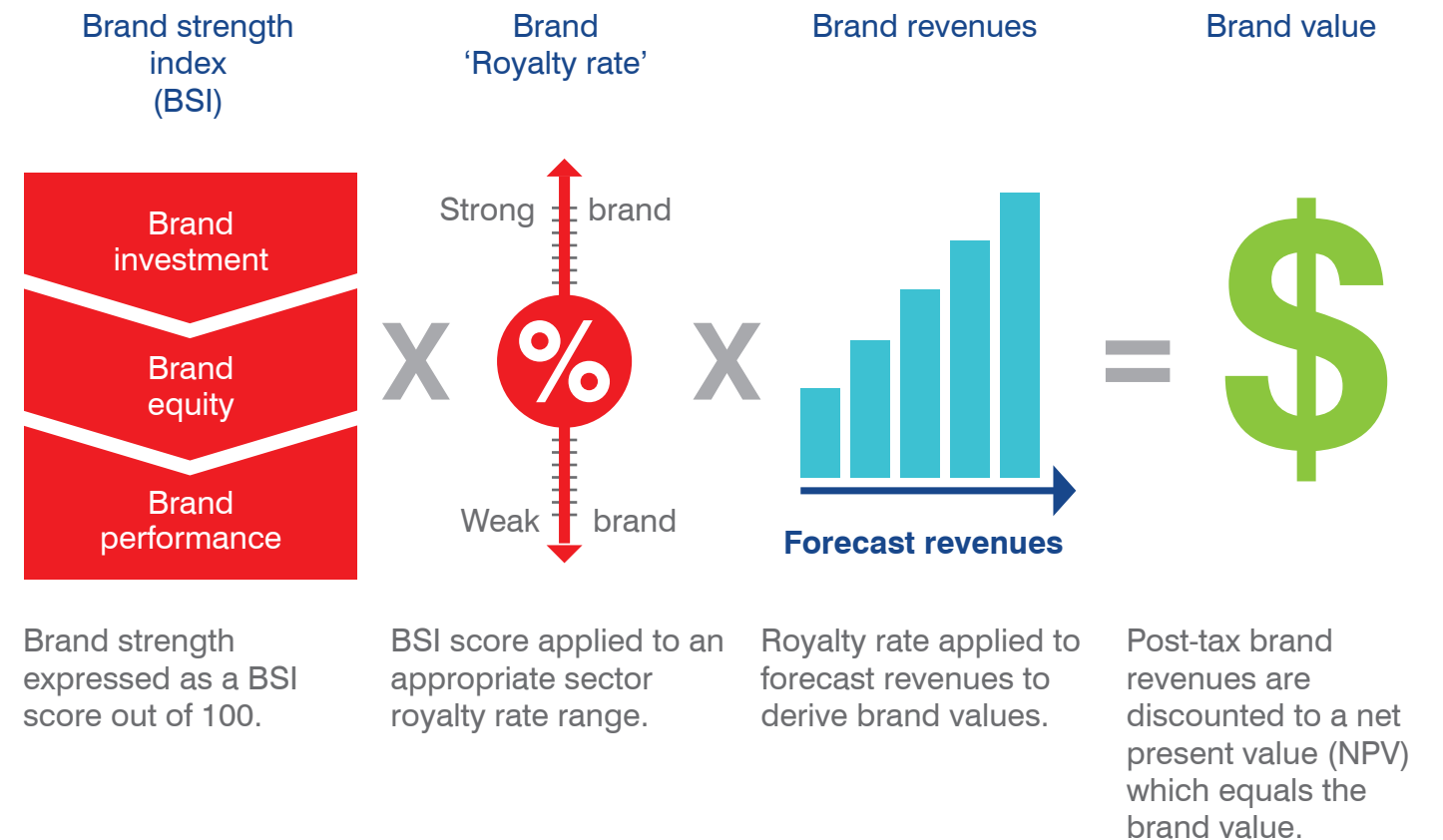


Definition of 'Brand'

In the very broadest sense, a brand is the focus for all the expectations and opinions held by customers, staff and other stakeholders about an organisation and its products and services. However when looking at brands as business assets that can be bought, sold and licensed, a more technical definition is required. Brand Finance helped to craft the internationally recognised standard on Brand Valuation, ISO 10668. That defines a brand as “a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value”

Brand Strength

Brand Strength is the part of our analysis most directly and easily influenced by those responsible for marketing and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse marketing investment, brand equity (the goodwill accumulated with customers, staff and other stakeholders) and finally the impact of those on business performance. Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the league table is assigned a rating between AAA+ and D in a format similar to a credit rating. AAA+ brands are exceptionally strong and well managed while a failing brand would be assigned a D grade.



Brand Finance calculates the values of the brands in its league tables using the ‘Royalty Relief approach’. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it were not already owned.

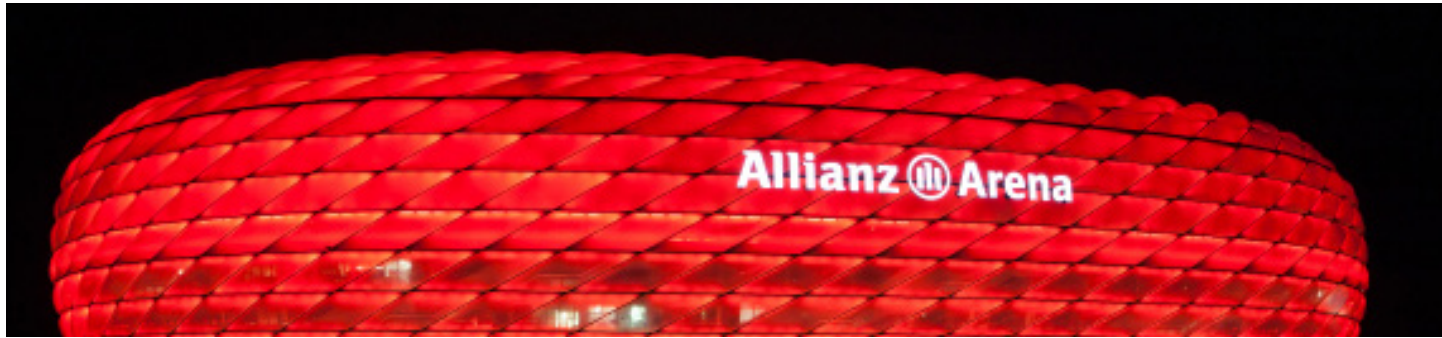
The steps in this process are as follows:

- 1 Calculate brand strength on a scale of 0 to 100 based on a number of attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index.
- 2 Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements

sourced from Brand Finance's extensive database of license agreements and other online databases.

- 3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 1-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4.2%.
- 4 Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.
- 5 Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post tax to a net present value which equals the brand value.

Insurance 50













It has not been an easy road back from the 2008 financial collapse for insurance brands. It saw them tarred with the same brush as the banks and in general they have been slow to rebuild their reputations. However, as established markets start to rebound and demand in emerging markets like China increases, insurance brands are beginning to recover.

Industry giants Allianz and AXA heralded the resurgence of Insurance 50 brands, growing by 2.5% and 2.2% respectively. Both brands appeared to have made reasonably clever corporate decisions in order to expand their brand awareness. Late 2013 saw Allianz appoint its first UK brand director in an effort to make the brand as well known in Britain as it is across Europe.

The main driver of Allianz’s increasing brand value is solid revenue growth and a positive outlook. Revenue is expected to rise from \$93bn to \$107bn (15%) over the next five years, highlighting the financial potential of the Allianz brand. The underlying strength of the brand underpins this growth. Allianz is undoubtedly one of the most brand conscious financial services companies, with a meticulously developed and transparent brand management system based around its positioning as a ‘Trusted Partner’. Allianz’s approach to sponsorship reinforces this message. It is more than just a name on a shirt, its relationship with key partners such as Bayern Munich is extensive and longstanding, exemplifying the relationships Allianz seeks to foster with customers.

More recent partnerships in the UK, including with the Saracens Rugby team, are helping to establish

	1	Rank 2015: 1 2014: 1 → BV 2015: \$20,937m BV 2014: \$20,425m +3% Brand Rating: AA+
	2	Rank 2015: 2 2014: 2 → BV 2015: \$19,529m BV 2014: \$19,115m +2% Brand Rating: AA
	3	Rank 2015: 3 2014: 3 ↑ BV 2015: \$13,002m BV 2014: \$13,163m -1% Brand Rating: AA-
	4	Rank 2015: 4 2014: 5 ↑ BV 2015: \$11,513m BV 2014: \$9,256m +24% Brand Rating: AA+
	5	Rank 2015: 5 2014: 4 ↓ BV 2015: \$10,380m BV 2014: \$11,875m -13% Brand Rating: AA
	6	Rank 2015: 6 2014: 7 ↑ BV 2015: \$7,877m BV 2014: \$7,688m +2% Brand Rating: AAA-
	7	Rank 2015: 7 2014: → BV 2015: \$7,713m BV 2014: → Brand Rating: AA
	8	Rank 2015: 8 2014: 9 ↑ BV 2015: \$7,554m BV 2014: \$6,794m +11% Brand Rating: AA+
	9	Rank 2015: 9 2014: 6 ↓ BV 2015: \$7,119m BV 2014: \$8,187m -13% Brand Rating: AA
	10	Rank 2015: 10 2014: 10 → BV 2015: \$6,587m BV 2014: \$6,481m +2% Brand Rating: AA-

Allianz as a household name across more and more territories. Allianz clearly understands that its brand is a valuable strategic asset. By placing customer focus at the heart of its brand strategy, Allianz has ensured that its brand (now valued at \$20.9 billion) will continue to grow.

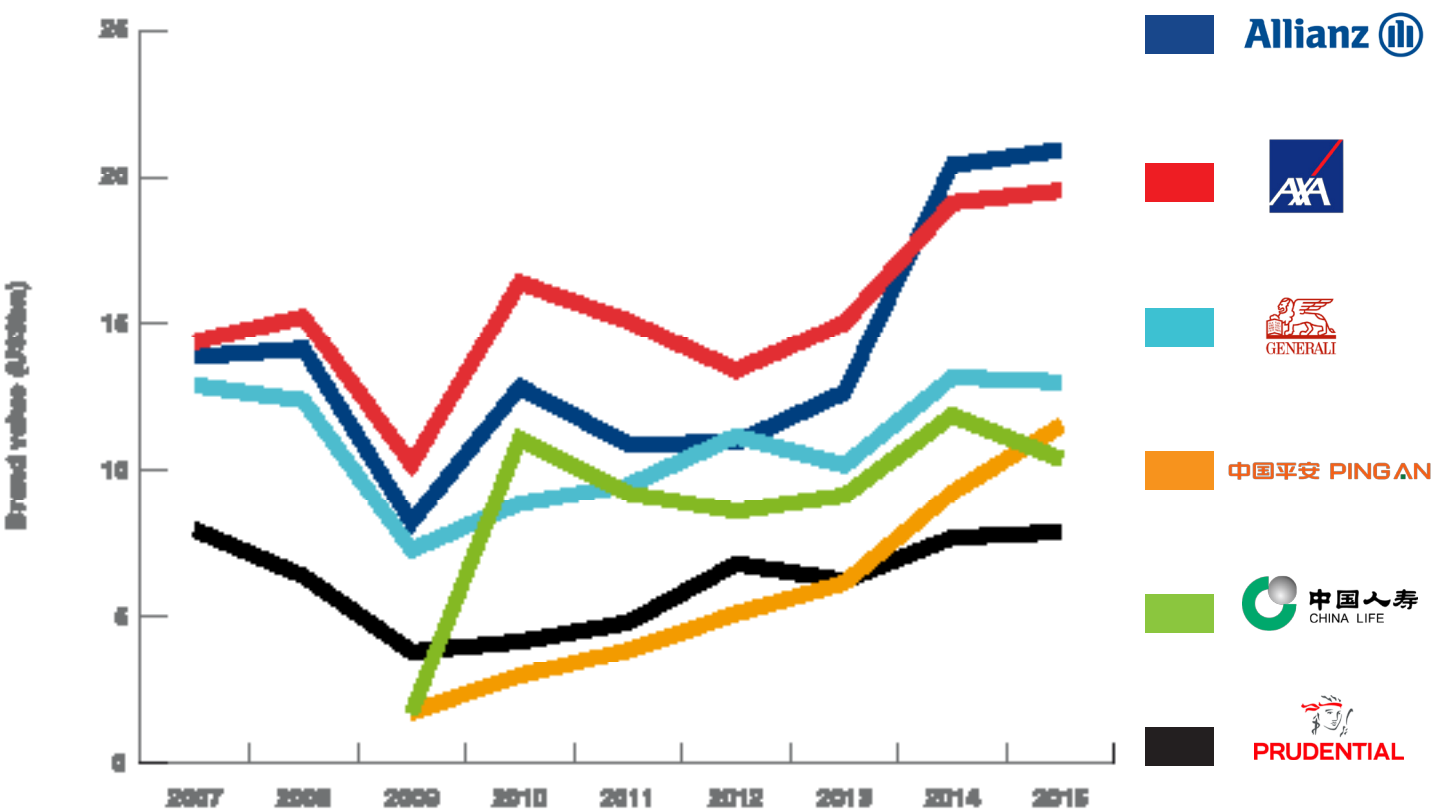
AXA meanwhile has formed a potentially very prosperous partnership with the private investment arm of the World Bank to encourage the uptake of insurance products in the developing world.

Whilst European insurance brands remain dominant in the top 15 there is still some way to go before recovery from the financial crisis is complete. A weak macroeconomic environment in Europe has meant slow growth for brands’ values as profit margins are squeezed and costs are cut, often leading to brand-building falling by the wayside. Aviva has managed to counter this trend

with a 34% increase in brand value to US\$6.2 billion. By focusing on heavy brand promotion, at a time when many insurance firms are cutting back on marketing costs, Aviva has boosted its brand awareness, especially in the car insurance industry. Aviva’s numerous sponsorship deals within the UK’s sporting world, including the Aviva Premiership Rugby, continue to underline a positive relationship between consumer and brand.

The UK’s most valuable insurance brand, Prudential, has managed a solid brand value performance, albeit not as impressive as Aviva’s. Prudential saw its brand value rise 2.5% to US\$7.9bn, placing it 6th in the table. The high levels of awareness that the brand harnessed in the UK combined with a growth strategy targeting the growing middle class in Asia has enabled Prudential to achieve stable growth in the face of uncertain conditions.

Sector Analysis – Insurance



Chinese-based insurance brands have proved just how lucrative their domestic market can be. With the exception of China Life, which saw a 13% decline in brand value, the Chinese brands in the top 20 all boasted brand value growth of between 23 and 42%. Ping An, now valued at US\$11.5 billion, became the most valuable Chinese insurance brand a year after it bought the Lloyd’s of London building, its first real estate acquisition outside China. The other notable mover in the insurance top 20 is CPIC which enjoyed a surge in brand value after using technological innovation to its advantage. By investing in an app that allowed customers to make claims via their phone and using new technology to reduce the time taken to issue new policies from seven days to 15 minutes, CPIC was able to grow its brand value by 42% to US\$5.9 billion.

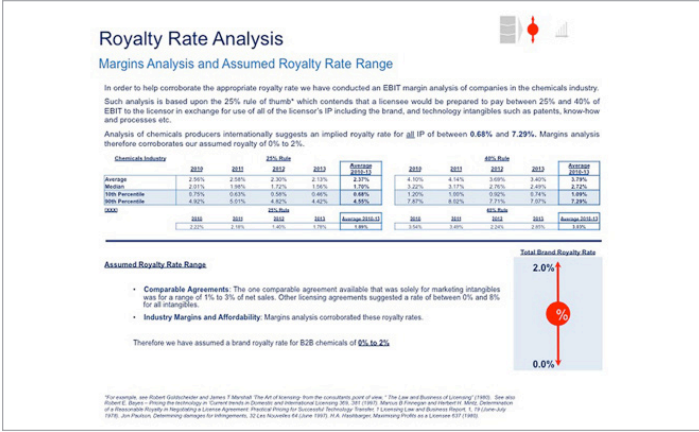
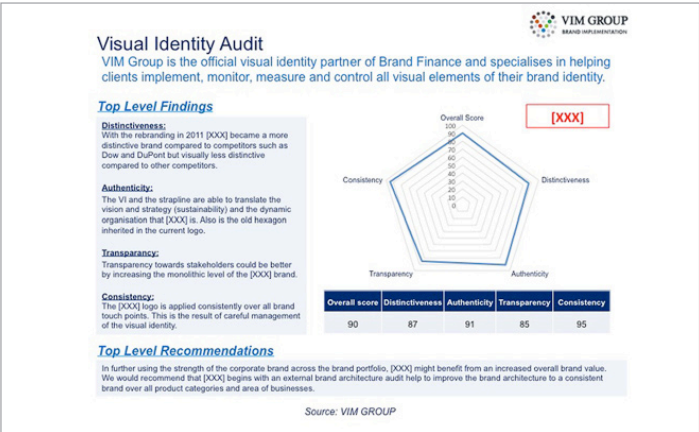
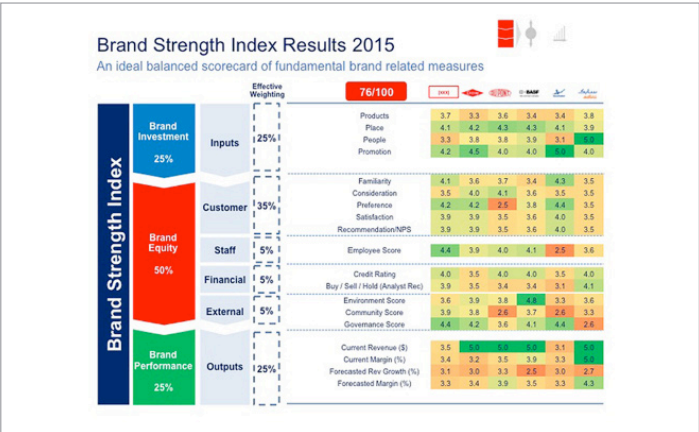
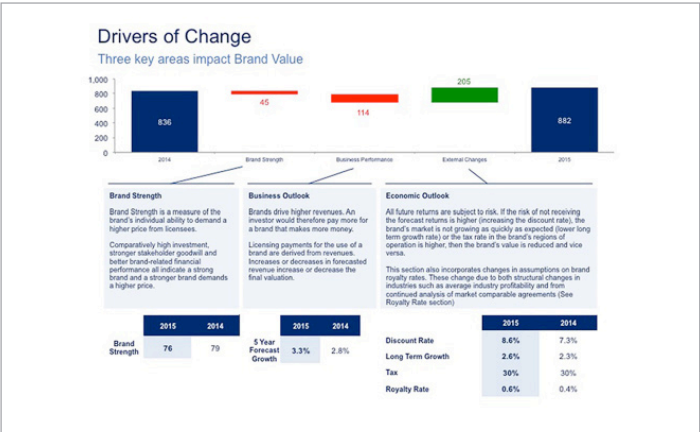
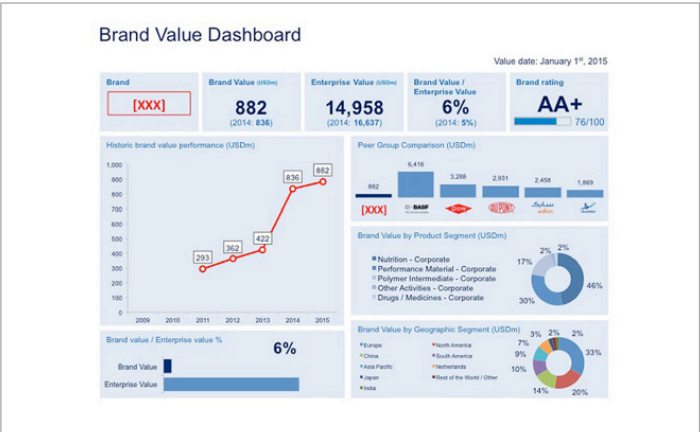
The victim of 2014 appears to be the US-based Metlife which saw its brand value decline to US\$7.1 billion. Its recent decision to bring legal action against US financial regulators for applying a systemic risk label to the organisation following the 2008 financial downturn is not helping its brand at home or abroad. With a severe lack of brand awareness in emerging markets, Metlife’s chances of a quick recovery look slight.

Looking forward, insurers must keep customer relationships in sharp focus to maintain and build the value of their brands. Investment in technology is a key way to do so. Consumers expect increasingly advanced levels of technological service, but it is more than a hygiene factor. Better data gathering and analytics can enable brands to understand their customers not to mention reducing costs.

Top 500 most valuable brands 1-50.

Rank 2015	Rank 2014	Brand name	Domicile	Brand value (\$m) 2015	% change	Brand value (\$m) 2014	Brand rating 2015	Brand rating 2014
1	1	Allianz	Germany	20,937	3%	20,425	AA+	AA+
2	2	Axa	France	19,529	2%	19,115	AA	AA
3	3	Generali Group	Italy	13,002	-1%	13,163	AA-	AA
4	5	Ping An	China	11,513	24%	9,256	AA+	AA-
5	4	China Life	China	10,380	-13%	11,875	AA	AA-
6	7	Prudential (UK)	UK	7,877	2%	7,688	AAA-	AA+
7		Nippon Life Insurance	Japan	7,713			AA	
8	9	Zurich	Switzerland	7,554	11%	6,794	AA+	AA-
9	6	Metlife	United States	7,119	-13%	8,187	AA	AA+
10	10	AIG	United States	6,587	2%	6,481	AA-	AA
11	8	Swiss Re	Switzerland					
12	18	Aviva	UK					
13	20	CPIC	China					
14	19	Dai-ichi Life	Japan					
15	12	Munich Re	Germany					
16	17	Allstate	United States					
17	14	Prudential (US)	United States					
18	22	LIC	India					
19	27	AIA	Hong Kong					
20	25	PICC	China					
21	13	ING	Netherlands					
22	16	CNP Assurances	France					
23	23	Ergo	Germany					
24	28	Geico	United States					
25	21	Berkshire Hathaway	United States					
26	15	Aegon	Netherlands					
27	26	Travelers	United States					
28		Sompo Japan Nipponkoa	Japan					
29		Japan Post Insurance	Japan					
30	30	Progressive	United States					
31	24	MS&AD	Japan					
32	35	Samsung Fire & Marine Insurance	South Korea					
33	33	Manulife	Canada					
34	31	Ace	Switzerland					
35	29	Mapfre	Spain					
36	32	Aflac	United States					
37		Cathay Life Insurance Co	Taiwan					
38	38	Scottish Widows	UK					
39	11	Samsung Life Insurance	South Korea					
40	36	Hannover Re	Germany					
41	43	Sun Life	Canada					
42	44	China Taiping	Hong Kong					
43	37	RSA	UK					
44	42	BUPA	UK					
45	39	New China Life (NCI)	China					
46	40	Swiss Life	Switzerland					
47	34	Jackson National Life Insurance Company	UK					
48	41	Chubb	United States					
49		Aon	UK					
50	45	John Hancock	Canada					

Understand Your Brand's Value



How we can help.



MARKETING

We help marketers to connect their brands to business performance by evaluating the financial impact of brand based decisions and strategies.

- + Brand Valuation
- + Brand Due Diligence
- + Profit Levers Analysis
- + Scenario Modelling
- + Market Research
- + Brand Identity & Customer Experience Audit
- + Brand Strength Analysis
- + Brand Equity Analysis
- + Perception Mapping
- + Conjoint & Brand/Price Trade-off Analysis
- + Return on Investment
- + Sponsorship Evaluation
- + Budget Setting
- + Brand Architecture & Portfolio Evaluation
- + Brand Positioning & Extension Evaluation
- + Brand Migration
- + Franchising & Licensing
- + BrandCo Strategy
- + Brand Governance Process
- + Brand Tracking
- + Management KPIs
- + Competitor Benchmarking



FINANCE

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.

- + Brand & Branded Business Valuation
- + Intangible Asset Valuation
- + Fair Value Exercise (IFRS 3 / FAS 141)
- + Intangible Asset Impairment Reviews (IAS 36 / FAS 142)
- + Brand Due Diligence
- + Information Memoranda
- + Finance Raising
- + Insolvency & Administration
- + Market Research Design and Management
- + Return on Investment
- + Franchising & Licensing
- + BrandCo & IPCo Strategy
- + Scenario Modelling & Planning
- + Transfer Pricing Analysis
- + Management KPIs and Target-setting
- + Competitor Benchmarking



TAX

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing and brand ownership arrangements.

- + Brand & Branded Business Valuation
- + Intangible Asset Valuation
- + Patent Valuation
- + Asset Transfer Valuations
- + Business & Share Valuations
- + Transfer Pricing Analysis
- + Royalty Rate Setting
- + Brand Franchising & Licensing
- + BrandCo & IPCo Strategy
- + Market Research Design and Management
- + Brand Tracking
- + Expert Witness Opinion



LEGAL

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in- and outside of the courtroom.

- + Brand & Branded Business Valuation
- + Intangible Asset Valuation
- + Patent Valuation
- + Business & Share Valuations
- + Loss of Profits Calculations
- + Account of Profits Calculations
- + Damages Assessment
- + Forensic Accounting
- + Royalty Rate Setting
- + Brand Franchising & Licensing
- + BrandCo & IPCo Strategy
- + Market Research Design and Management
- + Trademark Registration
- + Trademark watching service

Brand Valuation
Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

Brand Monitoring
Improve reporting and brand performance management by integrating market research, investment, market and financial metrics into a single insightful scorecard model to track performance and inform strategic decisions.



Brand Analytics
Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allow an understanding of how brands create bottom-line impact.

Brand Strategy
Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.


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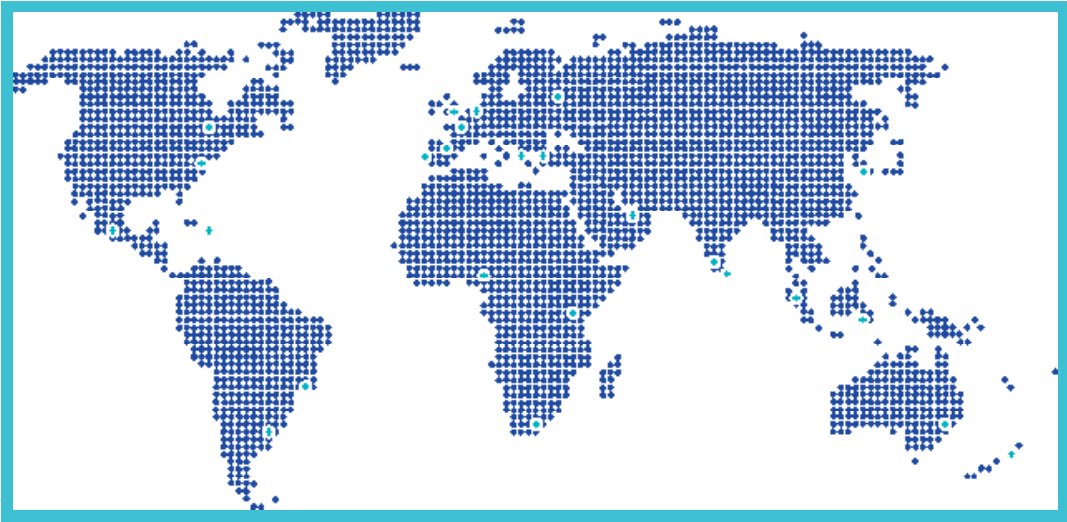
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The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

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For further information on Brand Finance®'s services and valuation experience, please contact your local representative:

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