



NEW BUSINESS DEVELOPMENT

TOPIC 3: COMMERCIAL NEGOTIATION

 Learning Time: 2 minutes



**KEY
CONSIDERATIONS**



**DISTRIBUTION
AGREEMENT**



COMMERCIAL NEGOTIATION

There is always an ongoing search for new business opportunities with banks to grow AIA's portfolio of partnerships.

After a potential opportunity is successfully identified, AIA Business Units (BUs) and Group Corporate Transactions (GCT) jointly develop an engagement plan to set terms for the detail and facilitate the negotiation process.

Click each element to learn more.



**KEY
CONSIDERATIONS**



**DISTRIBUTION
AGREEMENT**





KEY CONSIDERATIONS

Click each element to learn more.

KEY CONSIDERATIONS
AT EACH STAGE

AIA GROUP
GOVERNANCE



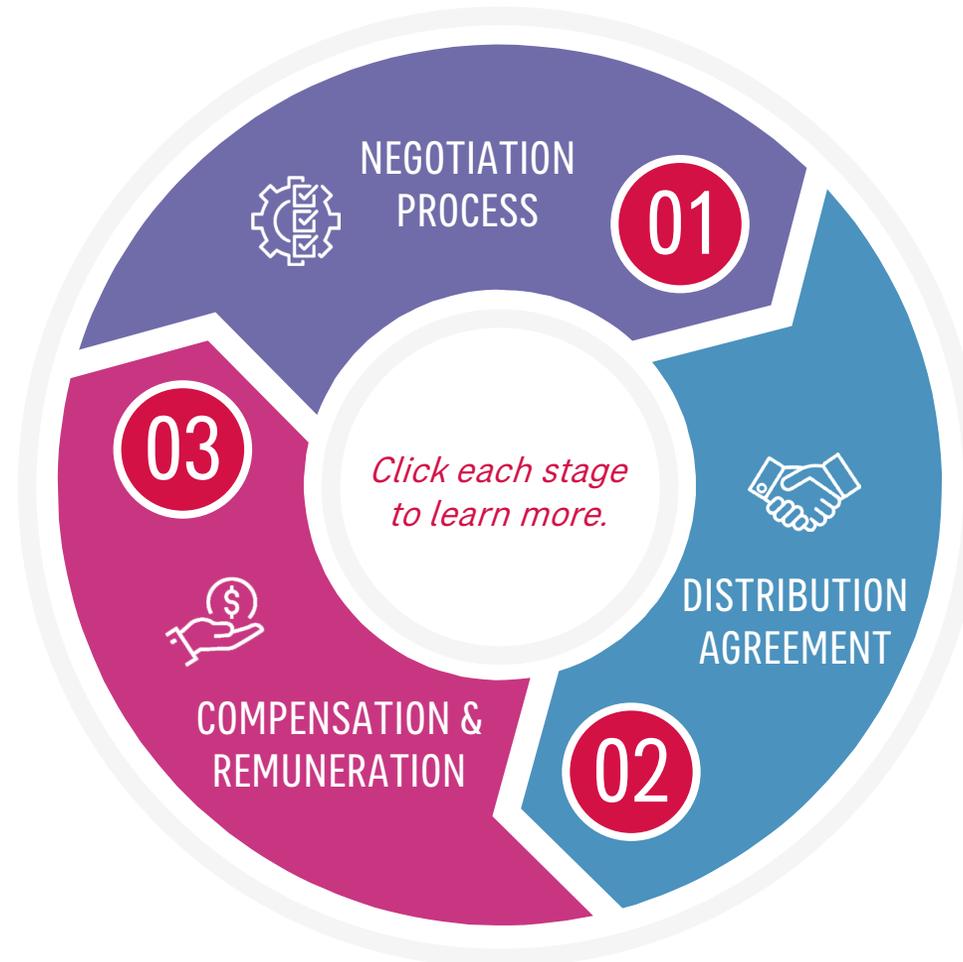


KEY CONSIDERATIONS AT EACH STAGE

Click each element to learn more.

KEY CONSIDERATIONS
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GOVERNANCE





KEY CONSIDERATIONS AT EACH STAGE



Click each element to learn more.

KEY CONSIDERATIONS
AT EACH STAGE

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NEGOTIATION PROCESS



- Partnership deals can be bilateral (AIA and the partner).
or
- Competitive (involving many competing parties bidding for the distribution contract with the partner).



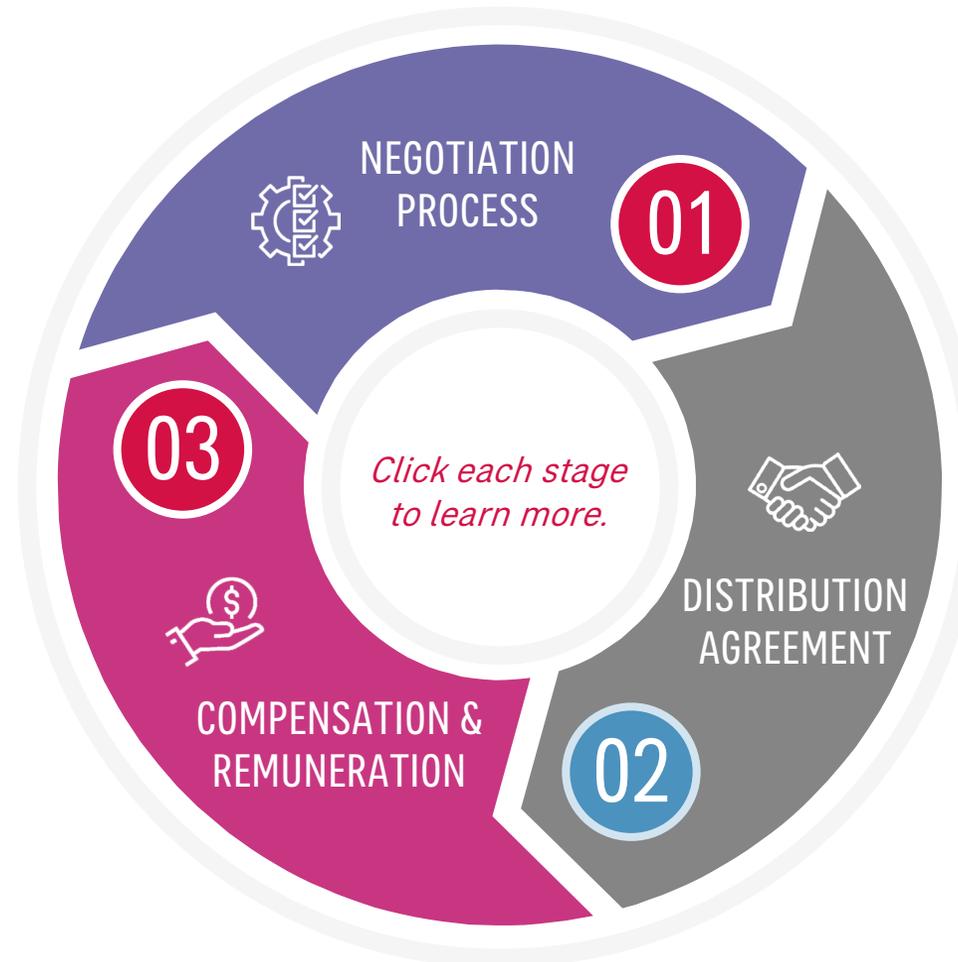
KEY CONSIDERATIONS AT EACH STAGE



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KEY CONSIDERATIONS
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AIA GROUP
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DISTRIBUTION AGREEMENT



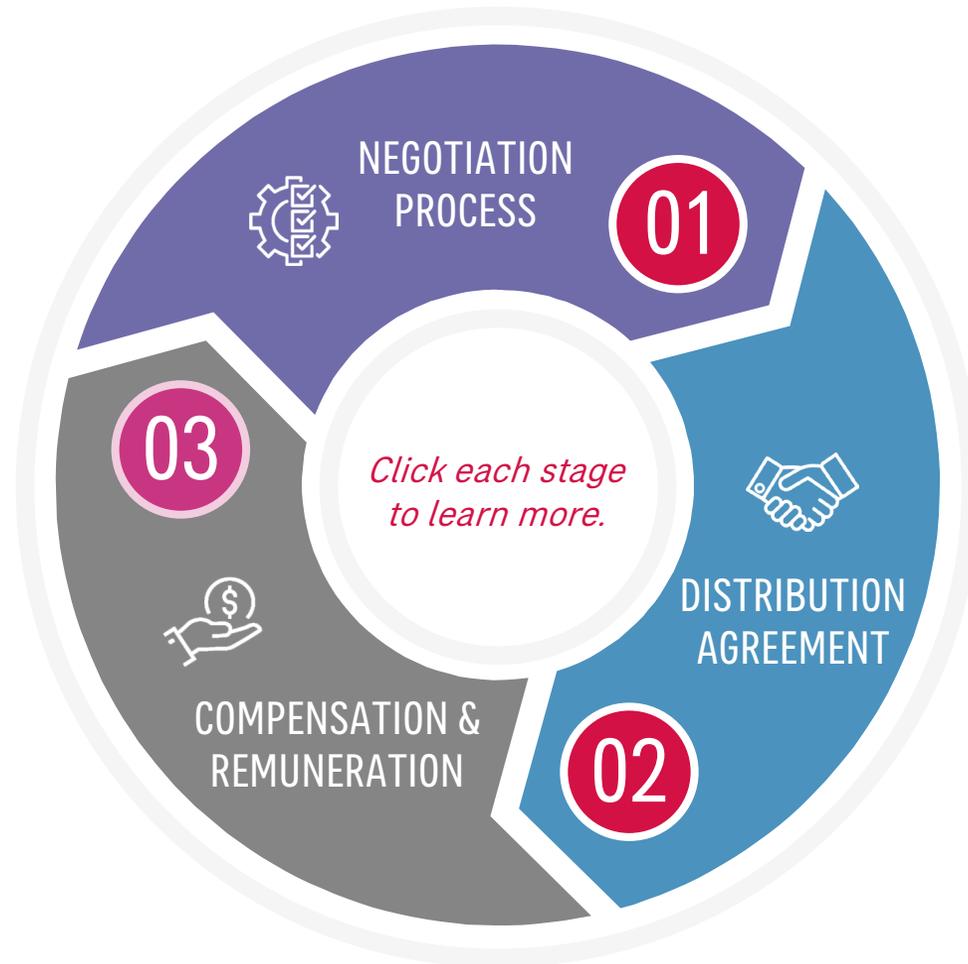
- A legal contract setting out the scope and details of the partnership business.
- Designed in joint consideration of securing the partnership contract, while maintaining AIA's financial discipline and desired legal protection.



KEY CONSIDERATIONS AT EACH STAGE

Click each element to learn more.

- KEY CONSIDERATIONS AT EACH STAGE
- AIA GROUP GOVERNANCE**



COMPENSATION & REMUNERATION ✕

- This could include fixed and/or variable components, determined during negotiation.
- Partners are usually paid an fixed upfront “access fee” in consideration for sales activities to their customer base.
- Partners may also be eligible for variable commissions and performance-related bonuses, contingent on predetermined measures of production, persistency and/or sales mix.



AIA GROUP GOVERNANCE

Click each element to learn more.

KEY CONSIDERATIONS AT EACH STAGE

AIA GROUP GOVERNANCE

01

Approval of an Initial Assessment is required before AIA can enter any Competitive Process.

02

Approval by Strategic Investment Committee (SIC) is required before an official offer/bid can be made.

03

Negotiations are to be managed within BU/Regional Chief Executive Office (RCE) depending on the deal size, with support from Group Corporate Transactions (GCT) and Group Partnership Distribution (GPD) where applicable.



DISTRIBUTION AGREEMENT

A distribution agreement (DA) lays out “what the business is about”. It stipulates the roles and responsibilities of each party, the business targets that our partners are expected to deliver, and everything in between.

Here are some key considerations.

Click each consideration to learn more.





DISTRIBUTION AGREEMENT

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SCOPE



- What types of products will the partner distribute for us, to what customers, and through what channels?
- Is the partnership exclusive (partner are only allowed to distribute AIA products) or is it non-exclusive (partner can host other insurers' products)?

Click each consideration to learn more.



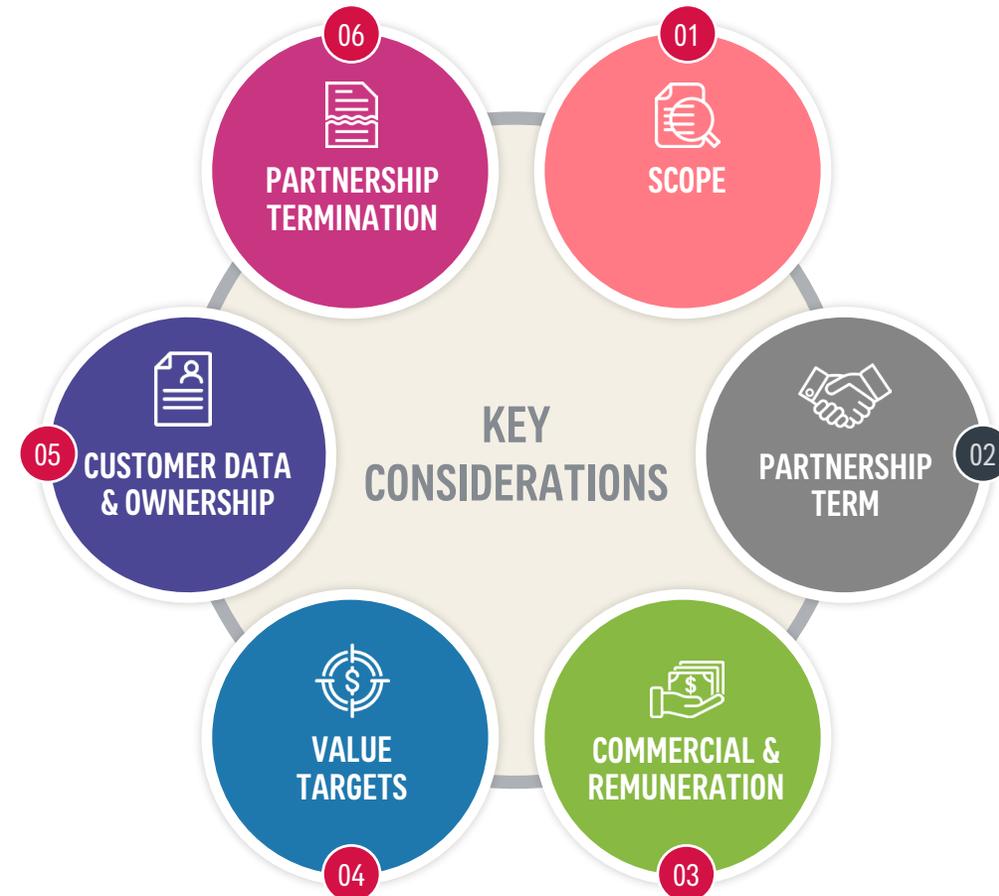


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PARTNERSHIP TERM



How long does this agreement apply?

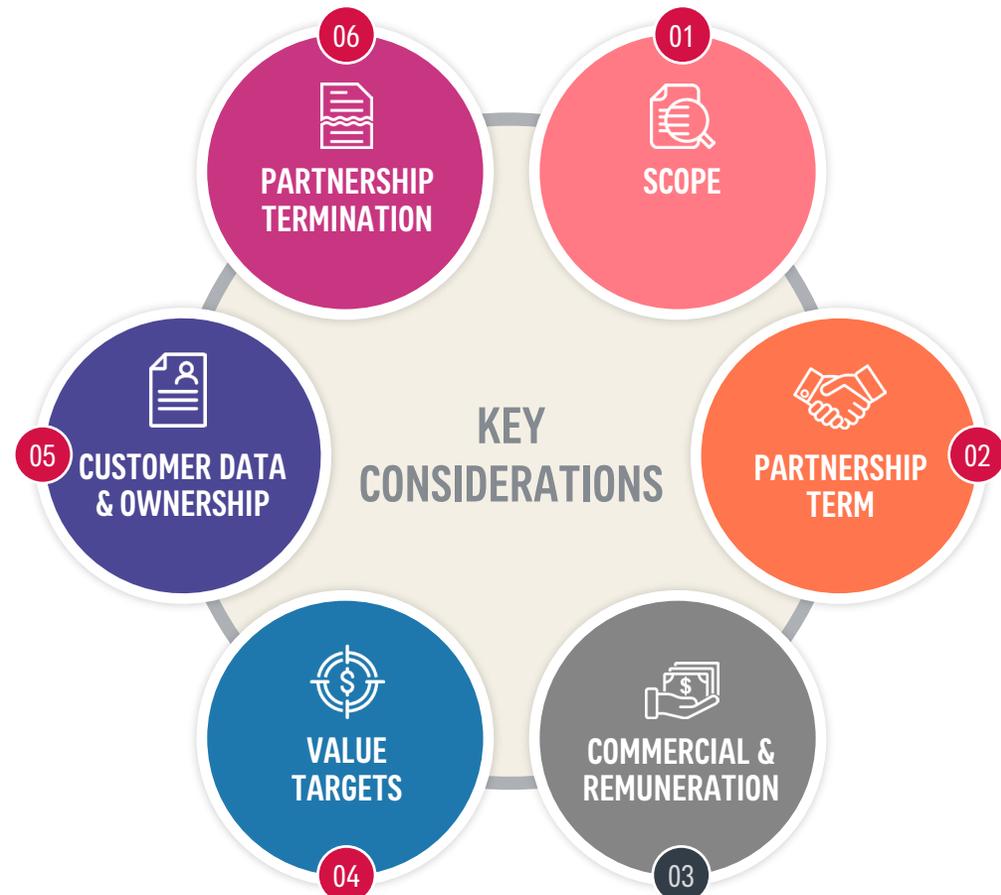


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COMMERCIAL & REMUNERATION X

How will our partner be compensated and under what conditions?

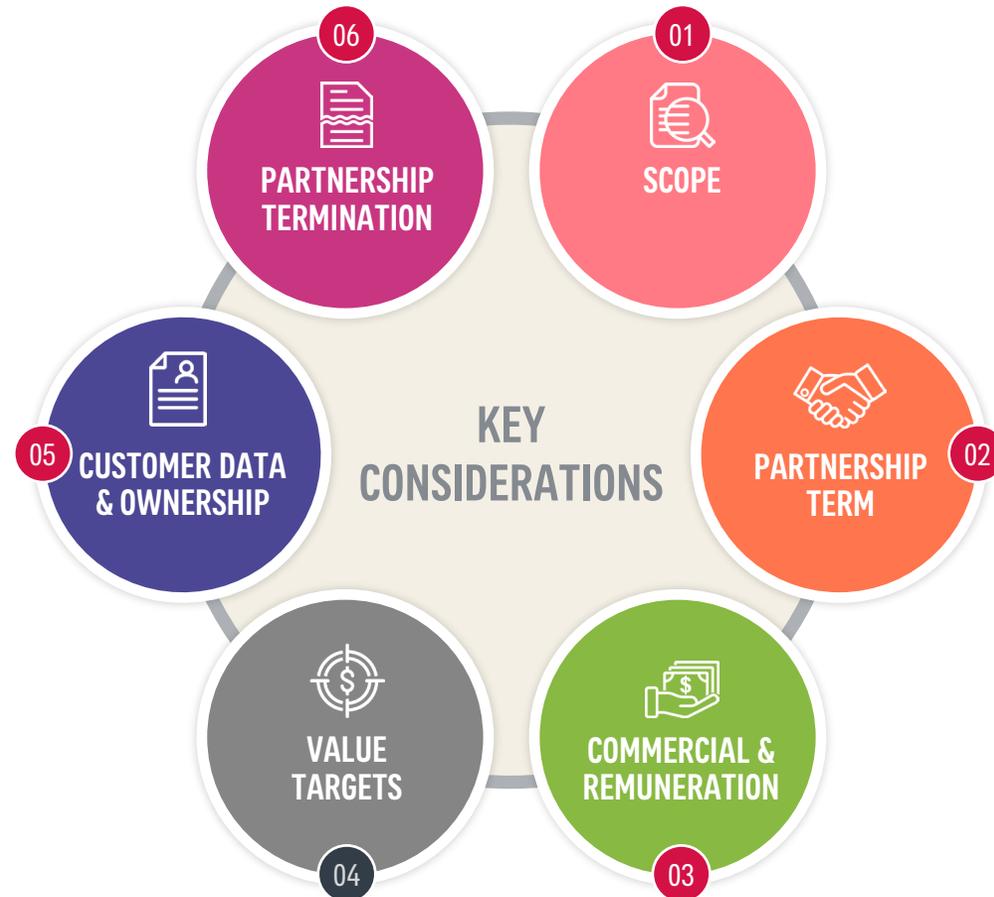


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VALUE TARGETS



How much business do we expect for the partner to deliver on a year-on-year basis?



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CUSTOMER DATA & OWNERSHIP



What types of data needs to be shared from each party? How can this data be used to enable business operations (e.g., reporting, propensity analysis)?



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PARTNERSHIP TERMINATION



Under what conditions can the partnership be terminated?