



Precision Marketing

An Affiliate of Arch Capital Group Ltd.

PMAP Insights | Q2 2021

How PMAP is Harnessing Data Insights and Generational Responses

We have just moved past the half-year point, and as part of our ongoing commitment to our partners and key market contacts, we are sharing news of our exciting new developments.

The COVID-19 pandemic remains a very serious challenge to the health and economic welfare of the region. As I write this, Tokyo is in a state of emergency, Jakarta is in lockdown and Sydney is moving into its second month of lockdown.

Nevertheless, the Precision Marketing Group (PMAP) team have demonstrated their resilience and have continued in a most committed way to deliver to our partners. We remain steadfast in our belief that now, more than ever, individuals need insurance protection, and with the current restrictions across the region, utilising digital and direct channels to communicate with individuals is imperative.

From the delivery standpoint, we have invested heavily in the necessary digital infrastructure to provide simple, easily understood products to consumers. We will leverage this investment to continue to communicate product offers to consumers across the region.

In this update, we will share some interesting insights on the people, processes and platforms that underpin our business and facilitate our growth, as well as sharing our parent company's excellent second quarter results.

Keith Lowry
Chief Executive Officer, PMAP Group



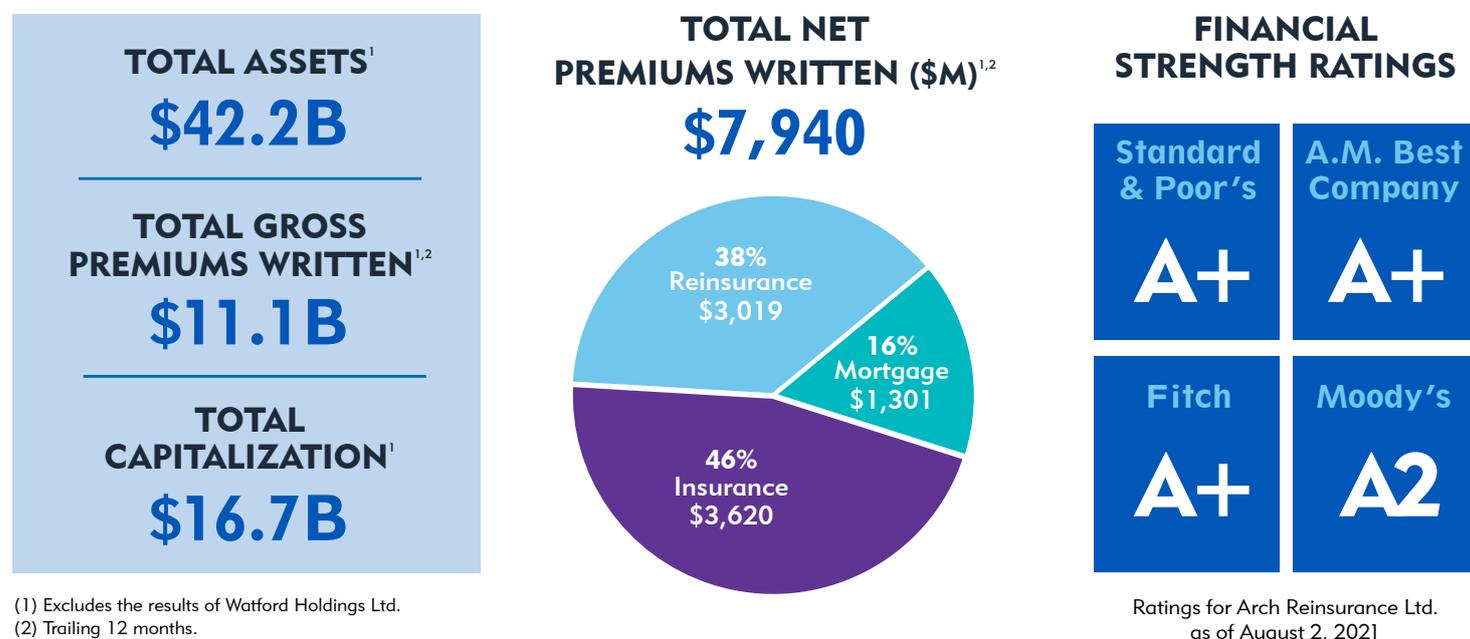
keith@pmapac.com



Learn more about recent data insights ... See pg. 3.

Arch Consolidated Corporate Overview – June 30, 2021

Arch Capital Group Ltd. (NASDAQ: ACGL), a publicly listed, Bermuda exempted company, provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries. Arch's financial strength — combined with a disciplined approach to underwriting and risk management — lets us provide the innovative solutions and support expected of a leader.



Arch Reinsurance Reports Strong Q2 2021 Earnings

The parent company of PMAP, Arch Reinsurance, recorded impressive results for the second quarter. This financial strength positions PMAP to improve the products and services we offer customers.

(U.S. dollars in thousands)	Three Months Ended June 30,		
	2021	2020	% Change
Gross premiums written	\$ 1,358,020	\$ 807,065	68.3
Net premiums written	924,732	565,094	63.6
Net premiums earned	737,024	480,197	53.5
Other underwriting income (loss)	1,053	(651)	261.8
Underwriting income (loss)	\$ 95,974	\$ (33,125)	389.7
Underwriting Ratios			% Point Change
Loss ratio	62.9%	79.8%	(16.9)
Underwriting expense ratio	24.2%	27.0%	(2.8)
Combined ratio	87.1%	106.8%	(19.7)

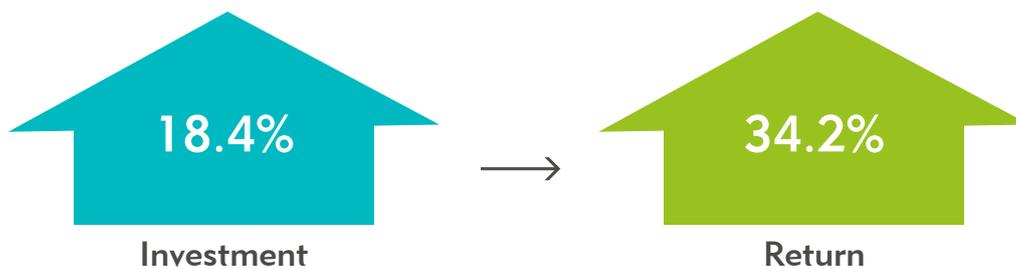
Source: Q2 2021 ACGL Earning Release.



DATA INSIGHTS FROM THE PMAP Campaign Factory

Leveraging detailed customer insights to tailor the product, offer and marketing message for each individual customer.

- In a recent marketing program, we tested the effectiveness of highly personalized content. Whilst our partner prefers limited personalization in marketing communications, in the spirit of constantly testing, we proceeded with highly personalized content. The production costs in this instance are approximately 18.4% more than standardized content.
- The results demonstrated, however, that highly personalized, tailored messaging for the individual customer generated a profit uplift of 34.2%.



- The additional cost and effort to highly personalize the message and content were more than justified and were significantly more effective than a standard communication approach.
- Leveraging what we already know about every individual customer into the contact management approach generates better commercial and customer outcomes.
- Communicating with familiarity to individuals and highlighting to customers that we recognize them, their loyalty and tenure, is in fact what they expect.



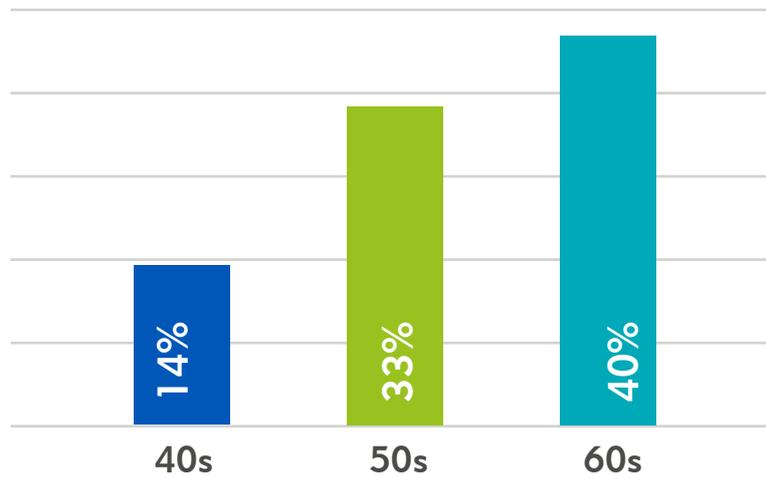
DATA INSIGHTS FROM THE PMAP Campaign Factory



Generational Response

- Interestingly, we observe different responses based on generational analysis. The audiences in their 50s and 60s showed a higher uplift response to highly personalized communications than audiences in their 40s.
- We can discern that the older generation is taking more time to read the documents received and respond accordingly.
- Whilst personalized content generates significantly better conversion rates and customer outcomes than standardized content, one-to-one marketing costs need to be managed carefully to optimize the marketing ROI.

The Uplift (%) of Conversion by Age





News from the Markets — Japan



Improved marketing approach has achieved a 40% increase in sales performance.

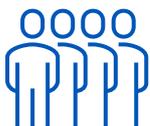
A recent direct mail campaign for a mid-sized credit card company has achieved a 40% uplift in response through the implementation of a performance creative methodology. The uplift in performance was generated through nuanced adjustments to the product offer and creative positioning, coupled with a different focus in the copy and changes to the visual content. Sometimes considered the forgotten art of direct distribution, understanding the impact of the performance creative is an important part of the PMAP marketing mix.



New Call Centre campaign starts for retail distribution company in September.

We have a successful track record of over 10 years providing insurance distribution and telemarketing services for this significant retail network across Japan. In 2020, we communicated with over 300,000 individual customers in this network.

Starting in September, we will be expanding the marketing program further to deliver high quality protection products into new prefectures, enhancing the service and offering from the retail network.



Investing in the team to support growth — four new team members onboarding in July and August.

In July, we welcomed Mr. Konanki Akhil Sai as Data Engineer. In August, our team will add Ms. Nana Katsui as HR & Communication Manager; Ms. Tomoe Yamamori as Assistant Manager – General Affairs and Accounting; and Ms. Kaori Nakamura as Assistant of Creative Development. We are certain that all of the four new faces – enthusiastic and energetic – will support the team to drive our growth targets.



Collaboration business with one of Japan's largest mail-order sales companies starts in August.

With solid financial support from Arch Reinsurance, our partnership with one of Japan's largest mail-order companies, which has over 10 million members, will commence in August.

The partnership with this multichannel organization will be complemented by our omni-channel experience and our precision-based customer analytical approach, underpinned by the most advanced AI and machine-learning platforms. We anticipate that this partnership will build a long-term, highly valued insurance marketing program for the members of this very successful group.



News from the Markets — Indonesia

Introduction of Business Intelligence (BI) Portal for Our Finance Company Partners

In the second quarter, PMAP commenced the roll-out of a new online reporting portal for our partners. Using Zoho Analytics software, it provides easier access to key performance indicators from our cross-sell marketing programs. This has been made available to all our partners as of June 2021.



Applied Campaign Management and Improvement

In the midst of the worldwide pandemic, providing opportunities to extend and renew insurance cover via non-face-to-face channels has never been more important.

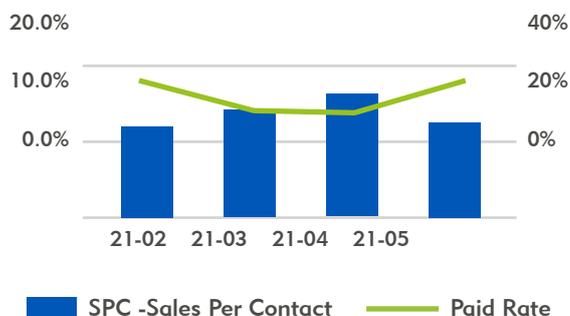


As part of our virtual weekly performance meetings, we identified a negative shift in payment performance as part of our ongoing auto renewal programs with a local insurance partner.

Leveraging our Campaign Factory Marketing Database

By migrating from detailed and static reporting via email to a more dynamic and client friendly portal that provides key information such as sales, premiums and presentation rates at the click of a link each morning, we provide more engagement with our clients and more meaningful reporting on a real-time basis.

Monthly: Conversion and Collection



Through the identification of specific customer behaviors associated with certain products and offer features, we were able to address the key performance influencers. This led to an immediate lift in new business submissions (+6%) as well as collected premiums (+60%) within four weeks.

Data-driven decision-making coupled with highly tailored marketing communications continues to deliver customer-focused and strong commercial outcomes.



Meet the Board Spotlight on Thomas Keel



Thomas should be well known to most of you, having worked with PMAP since 2017.

He is a Swiss/South African Actuary who joined Arch Reinsurance in 2019 and assumed responsibility for its Life and Health business in Asia. Thomas has a long history in the reinsurance industry, being a third-generation reinsurer.

He started his reinsurance career working as a pricing actuary in Zurich and has now worked for over 20 years in the reinsurance industry, primarily on the marketing side.

Thomas loves the opportunity his work has given him to get to know people from many different cultures.

Apart from his numerous trips to Japan, he has spent many years working in the Middle East, China, and more recently, a variety of other Asian markets, including Indonesia, with PMAP.

Thomas has a keen interest in helping PMAP become the most significant part of Arch's Asian business in the next 18 months.

Meet the Board

The PMAP Board of Directors has been significantly enhanced under Arch ownership.

Peter Maher, *Chairman.*

Head of Macquarie Bank's Banking and Financial Services Group for 13 years.

Maamoun Rajeh, *Director.*

Chairman and CEO of Arch Worldwide Reinsurance Group.

Thomas Keel, *Director.*

Vice President, Life Insurance Asia, Arch Underwriters Europe Limited.

Raul Maldonado, *Auxiliary Director.*

Chief Underwriting Officer, Life & Health, Arch Reinsurance Ltd.

Keith Lowry, *Managing Director.*

PMAP Group CEO.

Nicola Henderson, *Company Secretary.*

PMAP Group General Counsel.



Contact Us



Australia

Precision Marketing
Asia Pacific Pty Ltd
Level 4, Suite 4.01 & 4.02,
68 York Street
Sydney NSW 2000

Contact

Grant Thomas
Chief Commercial Officer

Phone + 61 4 1842 2372

[EMAIL](#)

Indonesia

Precision Marketing Asia Pacific Pty Ltd
Sequis Tower,
Jl. Jend. Sudirman,
Level 17, No. 71,
Jakarta 12190
Indonesia

Contact

Mark Metcalfe, Managing Director, Indonesia

Phone: + 62 815 1150 7151

[EMAIL](#)

Japan

MPM Japan Limited
Tokyo Club Bldg.
3-2-6 Kasumigaseki
Chiyoda Ku
Tokyo 100-0013
Japan

Contact

Atsushi Sato, Managing Director, Japan

Phone + 81 3 6850 8282

[EMAIL](#)

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