Issue No. 16

Display to 31 October 2021

insurance ASIA

The premier publication for insurance professionals

DIGITAL INSURANCE OF THE FUTURE

HONG KONG'S ZA INSURE ON FOUNDATIONS AND PARTNERSHIPS

HOW ALLIANZ LIFE MALAYSIA DEVELOPS LEADERS

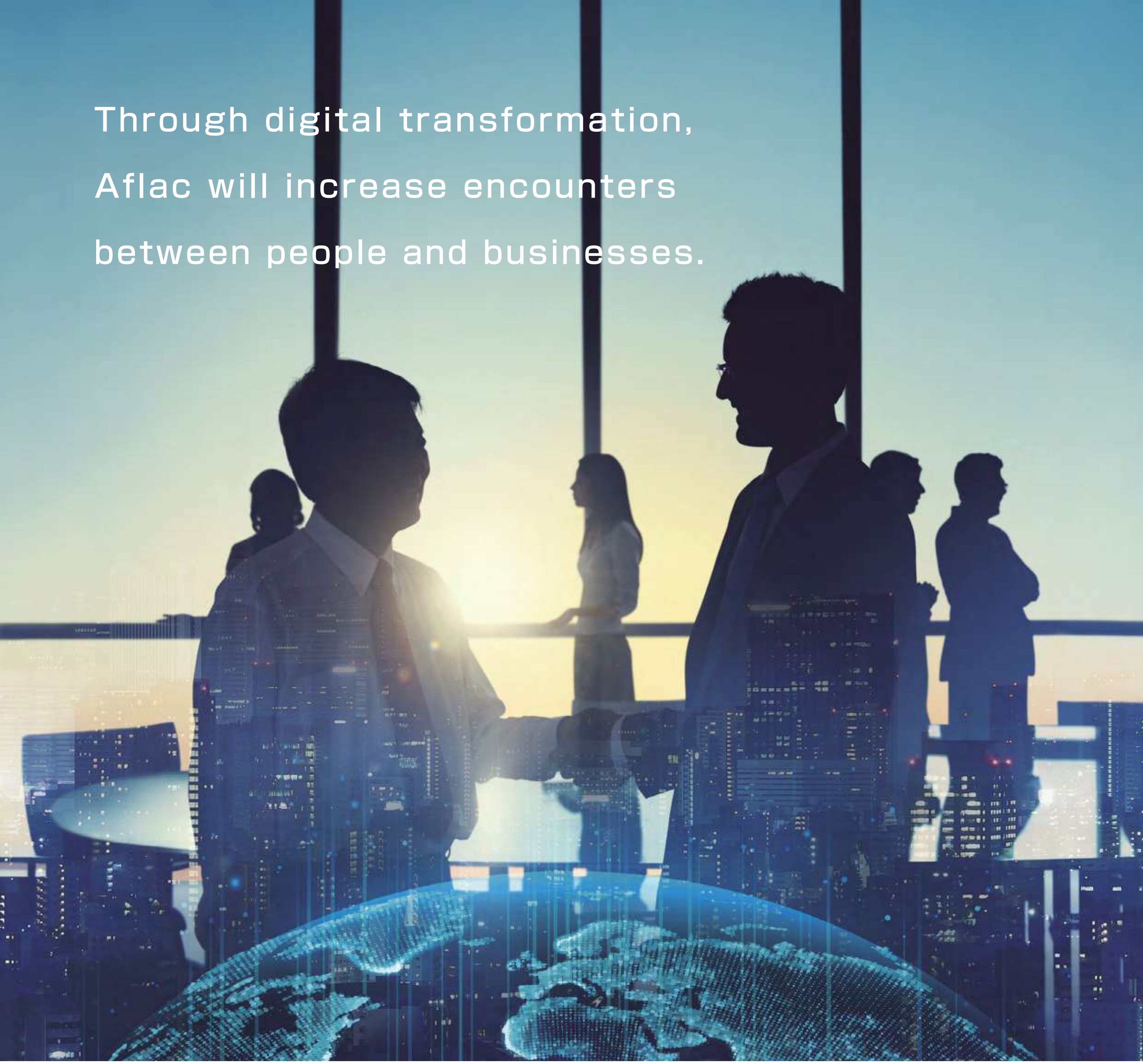
SINGAPORE AND HONG KONG'S TOP INSURERS FOR 2020

AXA SINGAPORE AND REIMAGINING EMPLOYEE BENEFITS

WHY INSURERS SHOULD REVAMP THEIR PRIVATE HEALTH STRATEGIES

Charlton Media Group

Insurance Asia



Aflac will further accelerate digital transformation to leap forward to become the leading company for “Creating Living in Your Own Way.”

Aflac has been creating value with digital technology, not only in its core business but also in new business areas surpassing the scope of insurance.

Aflac will continue to provide new value to its customers, business partners, employees, shareholders, society, and other stakeholders.

Aflac Life Insurance Japan Ltd.

https://www.aflac.co.jp/

insurance ASIA
The premier publication for insurance professionals

PUBLISHER & EDITOR-IN-CHIEF **Tim Charlton**
MANAGING EDITOR **Paul Howell**
PRODUCTION EDITOR **Janine Ballesteros**
PRODUCTION TEAM **Alyssa Divina**
Frances Jade Gagua
GRAPHIC ARTIST **Mark Simon Engracial**

ADMINISTRATION **ACCOUNTS DEPARTMENT**
accounts@charltonmediamail.com
ADVERTISING advertising@charltonmediamail.com
EDITORIAL sbr@charltonmedia.com

SINGAPORE
Charlton Media Group
101 Cecil St.
#17-09 Tong Eng Building
Singapore 069533
+65 3158 1386

HONG KONG
Charlton Media Group
Room 1006, 10th Floor,
299QRC, 287-299 Queen's Road Central,
Sheung Wan, Hong Kong
www.charltonmedia.com

PRINTING
Asia One Printing Ltd.
13/F, Asia One Tower, 8 Fung Yip Street,
Chai Wan, Hong Kong

Can we help?

Editorial Enquiries: If you have a story idea or just a press release, please email: abf@charltonmedia.com and our news editor will read it.
For a personal message to the editor, put the word "Tim" in the subject line.
For Media Partnerships, please email: abf@charltonmedia.com and put "partnership" in the subject line and it will forward to the right person.

Subscriptions email: subscriptions@charltonmedia.com

FROM THE EDITOR

Welcome to the first issue of *Insurance Asia* in 2021, where we talked to ZA Insure CEO Wayne Xu about the future of digital insurance. Hinging on a vital backing from its parent company ZhongAn and partnership with sister firm ZA Bank, ZA Insure looks poised to take on traditional and digital peers in the ever-innovative insurance space.

This edition also bears an interview with Allianz Life Malaysia CEO Joseph Gross where he shared more details about their leadership programme and how this can benefit agents on the long run. Turn to page 13 to know more.

In addition, we chatted with AXA Singapore's Julien Callard about how the pandemic transformed employee benefits, what companies could gain from tailoring their benefits to meet the individual needs of their workers, and how the insurer can help firms achieve these goals. You can find the full interview on page 6.

We also have interviews with two exciting insurtechs, blüüm Hong Kong and London-based Concirrus. With blüüm, they talked about the importance of population-specific health insurance, and Concirrus shed light on the challenges being faced by Asian marine insurers and how to cope with them.

Last but definitely not the least, find out who came out on top in the latest edition of our annual Singapore and Hong Kong insurance rankings.

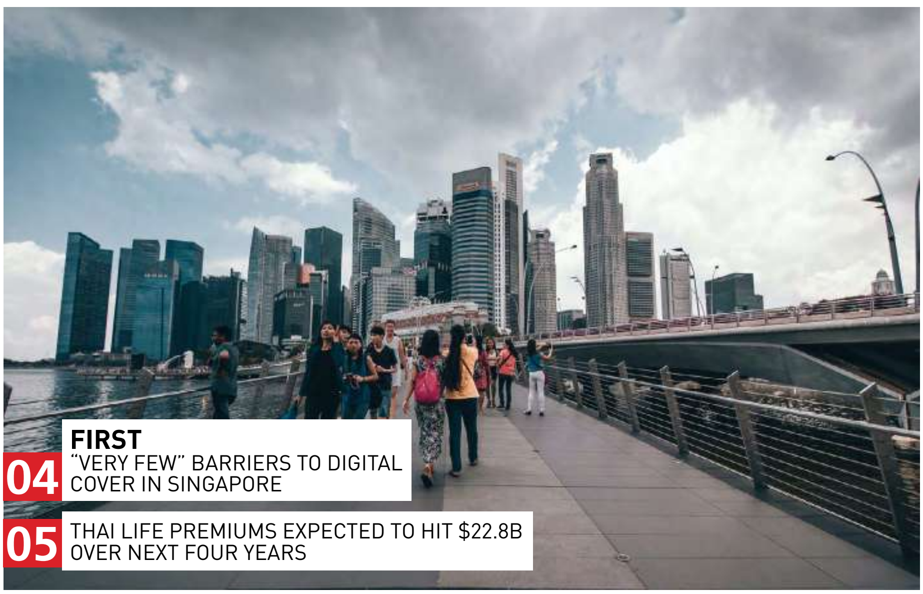
As always, enjoy the read!

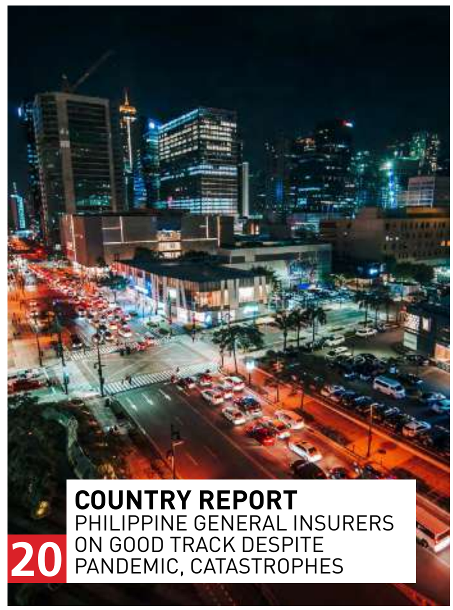
Tim Charlton

Insurance Asia is a proud media partner and host of the following events and expos:

insurance ASIA Awards 2021

CONTENTS





ANALYSIS

OPINION

Published bi-annually on the second week of the month by
Charlton Media Group
101 Cecil St. #17-09 Tong Eng Building
Singapore 069533

For the online versions of the insurance stories, visit the website

insuranceasia.com

CHINA INSURERS BALANCE GROWTH, REGULATION IN 2021

CHINA

Premiums grew 6.9% in 2020.

Chinese insurers are looking to strike a balance between growth and governance in 2021 as regulators move to tighten their watch on the sector, according to an S&P Global Ratings report.

The industry is ushering in an era of more disciplined growth, which should hinder aggressive practices such as life insurers' reliance on high guaranteed-return products and P&C insurers' high cost growth, said analyst WenWen Chen.

"Regulators seem intent on promoting higher-quality growth for the sector. This is suggested in the steady rollout of new regulations since the start of 2020, and early 2021," the report said.

Impending new accounting rules will push insurers to revamp their business strategies.

Life insurers are expected to continue product reforms this year, such as moving away from short-term investment instruments. Profit margins should also bounce back, and the sector will likely return to double-digit sales growth in 2021 from a 6.9% rise in 2020. Their focus on insurance margin should help stabilise profits, the report added.

On the other hand, stiffer regulation will hit P&C insurers' earnings harder as comprehensive motor reform will likely slash premiums and underwriting margins of motor insurance. The shift to non-motor business lines could uplift earnings volatility, due to still limited underwriting and risk pricing expertise.

Moreover, cross-border insurers will likely escalate their presence in China in hopes of maximising their niche strengths despite their limited scale. The life sector will be at hand to improve the social security safety net amidst an ageing population, whilst the P&C sector will continue to support the evolving insurance landscape, the report said.

The country has a technology-agnostic regulatory approach.

"Very few" barriers to digital cover in Singapore

SINGAPORE

Singapore insurers are facing very few regulatory barriers to digitisation as the country is "very conducive" to digital business models, according to a report by the Geneva Association.

The country's strategies to facilitate digitalisation and innovation were deemed "notable", with its innovative stance being underpinned by the association's survey results.

The Monetary Authority of Singapore (MAS) has a technology-agnostic regulatory approach through schemes such as the Financial Sector Technology and Innovation (FSTI) scheme and Digital Acceleration Grants, the report said. During lockdowns, insurers could readily switch their operations to digital channels as long as appropriate controls were in place.

Another factor contributing to the country's success is the fact that potential issues were quickly spotted and identified, facilitated by ongoing interactions between the regulator and insurers.

The regulator keeps a close eye on business continuity measures whilst pre-emptively raising attention to cyber risk.

The regulator also keeps a close eye on business continuity measures, outsourcing arrangements and capital adequacy, whilst pre-emptively raising attention to heightened cyber risk though supervisory circulars and communication, the report noted.

Regarding distribution regulation, agents were granted a grace period to fulfill health and general insurance exam requirements which allowed them to conduct regulated activities during that grace period. Restrictions against selling accident plans and health plans over the phone were also temporarily lifted.

Beyond digitalisation, COVID-19-related insurance relief measures for policyholders were designed in close collaboration with the industry, the association explained.

On the other hand, insurers' medical exam requirements were cited as barriers during lockdowns. As medical providers had to defer non-essential health services, MAS urged insurers to search for alternatives to ensure that insurance coverage and services remained available whilst managing underwriting risks. Examples of such include self-reported medical information and issuance of policies with exclusions or loadings until the requisite medical evidence can be received at a later date

Another barrier cited in the report was data protection and privacy policy. For insurers, this meant that they needed to ensure sufficient controls are in place, such as restricting access to sensitive data and implementing system access restrictions for remote staff, the report said.

"In Singapore, the Personal Data Protection Commission (PDPC) oversees and administers the Personal Data Protection Act (PDPA). Under the PDPA, organisations are mandated to ensure that the data they have under control is protected against unauthorised access and use," the report explained.

To mitigate this, the PDPC extended compliance deadlines during the pandemic in order to ensure a smooth transtion, the report added.

Whole life comprised 72% of life premiums in 2020

Thai life premiums expected to hit $22.8b over next four years

THAILAND

Thailand's life insurance industry is projected to hit $22.8b (THB686.9b) in gross written premiums by 2025, according to a GlobalData report, with an expected compound annual growth rate (CAGR) of 2.7% from 2020 to 2025.

The sector is driven by whole life insurance, which accounted for 72% of life premiums in 2020, said GlobalData practice head of insurance Ashutosh Sharma, but the sluggish economy and muted investment reduced policyholders' appetite for unit-linked policies.

In addition, the country's aging population prompted life insurers to overhaul their product mix and prioritise sustainable growth. This will affect product offerings with more focus on standard insurance products instead of investment-linked plans, the report said.

Data from the National Economic and Social Development Council showed that Thailand's real GDP declined 6.1% in 2020, the largest drop in more than two decades which was primarily due to the subdued tourism and export segments. According to the Tourism Authority of Thailand, the number of foreign tourists declined 83% to 6.7 million in 2020.

Similarly, exports declined 6.01% to $231.47b in 2020.

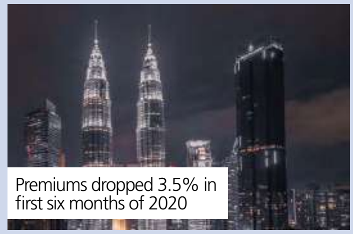
Insurers are also offering benefits to customers like discounts on premiums and extension on premium renewal dates to support renewals. Furthermore, the heightened awareness and COVID-19 assistance offered by life insurance policies supported the growth of the life segment in 2020.

"The life insurance business in Thailand is expected to face challenges in the short-term due to the periodic resurgence of the COVID-19 pandemic. With the country's economy still under recovery, the growth in the life insurance segment is expected to be a protracted one," the GlobalData report concluded.

The country's aging population prompted life insurers to overhaul their product mix and prioritise sustainable growth

MALAYSIAN NON LIFE INSURERS 'DISCIPLINED' DESPITE PANDEMIC

MALAYSIA



Premiums dropped 3.5% in first six months of 2020

Malaysian non-life insurers have managed to maintain their underwriting discipline despite the pandemic, with the sector recording good profitability underpinned by strong capital adequacy, according to an AM Best report.

The segment has seen modest growth in recent years with a five-year compound annual growth rate (CAGR) of 2% in gross written premiums from 2015 to 2019. Insurance penetration rate is higher than its emerging Southeast Asian peers, but lower than those of Thailand and Singapore.

An established risk-based capital (RBC) regulatory framework and robust oversight from the Bank Negara Malaysia (BNM) also supports the sector, the report said. Moreover, many domestic insurers either partner with international peers or large local financial institutions through their shareholding structure, which ensures a more mature industry.

Nonetheless, COVID-19 definitely affected premiums in 2020, declining 3.5% in the first six months of that year compared to 2019. Motor business lines saw the largest plunge at 7% due to stoppages in new vehicle production and lower automobile sales.

As with other countries, Malaysia's travel insurance lines suffered downturns which was triggered by suspended travel across the region and around the world.

On the other hand, health and medical insurance premiums inched up 3% during the first six months of 2020 due to higher social awareness caused by the pandemic.

Marine, aviation and transit (MAT) insurance observed a more modest 1% decline in premiums brought about by disruptions in the global supply chain, manufacturing sector and transport, AM Best concluded.

INTERVIEW

How AXA Insurance helps firms reevaluate employee benefits

The insurer has launched a new product tailored to a multi-generational workforce with diverse needs.

The COVID-19 pandemic has given companies and businesses an opportunity to reconsider employee benefits. Bosses have been paying attention to providing benefit programs such as wellness services and solutions. These difficult times have made them realise that employee resilience is of utmost importance, and addressing their evolving needs is necessary to retain and attract efficient talent.

According to Julien Callard, managing director for retail and health at AXA Insurance, a firm's ability to secure the overall wellbeing of its staff and equip them with appropriate skills will be important in emerging stronger after the pandemic. "Employers have had to not only consider if they're catering the right types of benefits that add value to their employees, but also ensure convenience and ease of access of these benefits which have come to be expected in today's digital age."

For their part, the insurance industry can support employers by helping them provide holistic benefits to their employees, such as AXA Insurance's new corporate offering which was tailored specifically for addressing such different needs.

Insurance Asia caught up with Callard to learn more about how employee needs have changed due to the pandemic and AXA's new product designed for a diverse, multi-generational workforce.

Offering insurance benefits that employees value goes a long way in supporting them individually and contributing to positive outcomes for the company

In your opinion, what has been the most significant shift in terms of employee demands and benefits amidst the pandemic? Do you think employers have been able to meet those demands?

Based on our own experience from the onset of the pandemic, we have found that employees are looking for very practical support such as IT equipment to use whilst working from home, expanded benefits to help with increased utility bills, and access to telemedicine. In addition, what were once "good-to-have" benefits and services, particularly in the physical and mental well-being space, are increasingly deemed necessary as the pandemic has caused many individuals to reprioritise these aspects of their lives.

But beyond that, employers have had to not only consider if they're catering the right types of benefits that add value to their employees, but also ensure convenience and ease of access of these benefits which have come to be expected in today's digital age. For example, employees today will prefer being given access to gym networks rather than a gym in the office building, and they will also appreciate access to telemedicine much more than having an on-site doctor in the office.

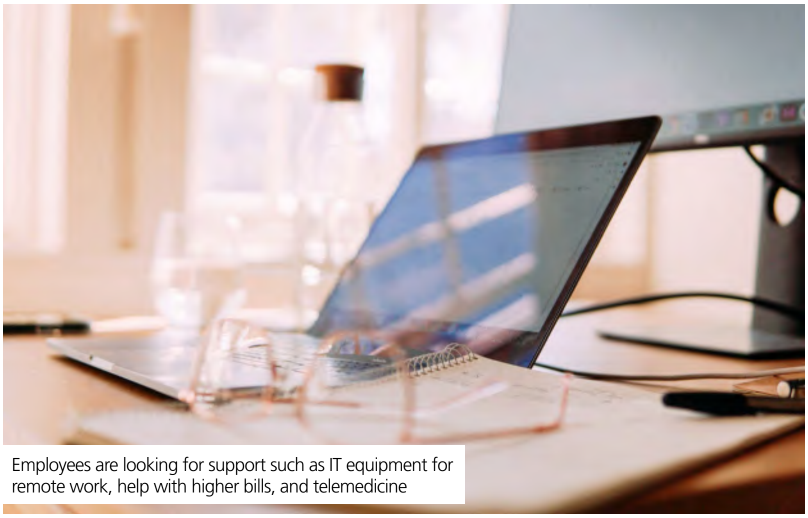
AXA retail & health managing director Julien Callard

The pandemic has evidently pushed companies to pay more attention to the evolving needs of their employees and to find ways to deliver benefits which their employees' value effectively and efficiently.

What pitfalls did this pandemic expose regarding employee insurance, and how have you been addressing these problems?

Today, no longer is employee insurance just about basic protection benefits, but benefits that boost and support one's health and well-being are increasingly important to employees, especially amidst the pandemic. Offering insurance benefits that employees value can go a long way in supporting them individually and contributing to positive outcomes for the company.

We have recently launched our holistic employee benefits offering, #BetterMe by AXA, to support companies and employees at a time when the need for employee well-being is most critical. Prior to the pandemic, we surveyed and studied the market to understand what employers and employees expect and desire—such as value-added benefits that boost well-being in areas such as mental health, fitness, chronic disease management and health screening—and our


Employees are looking for support such as IT equipment for remote work, help with higher bills, and telemedicine

#BetterMe offering seeks to address these needs which will continue to be present even past the pandemic.

How can employers maintain and strengthen workforce resilience during challenging times, and what role will the insurance industry play in this?
The pandemic has significantly impacted employees across all aspects of their health. As we work towards stabilising and rebuilding for the new normal, employers need to strike a balance between offering their employees an exciting and fulfilling career, and ensuring their health and well-being is taken care of as these are all key aspects in fostering employee resilience.

Insurers can play a role in supporting companies to help build a stronger and more resilient workforce, and for us this starts with empowering companies to address employee benefits more holistically with our new employee benefits offering. This means providing support for their employees to manage their health and well-being, beyond traditional insurance protection.

Can you tell us more about this corporate offering that caters to a diverse, multi-generational workforce with different needs? Is this a new product or an enhancement of an existing one? What are your main goals with this?
#BetterMe by AXA is a newly introduced enhanced employee benefits offering that is customisable and more holistic compared to what is typically offered in the market, and it is designed to empower employers to meet the diverse needs of their multi-generational workforce.

Companies can customise the benefits of their #BetterMe by AXA corporate plan based on their needs, and both employers and employees have the option to add on supplementary services that are available in partnership with best-in-class partners: telehealth provider Doctor Anywhere for convenient access to quality care via video consultations and a dedicated Chronic Disease Management Programme for suitable candidates, global fitness and wellness aggregator ClassPass for an unmatched variety of fitness and wellness experiences, and digital therapeutics firm Naluri for health coaching and mental wellness support. Beyond offering employers the ability to choose coverage at an organisation-wide level, we are working towards implementing an added layer of customisation for employees where they can choose to enhance the level of coverage for themselves and even their dependents or add on new benefits for greater protection.

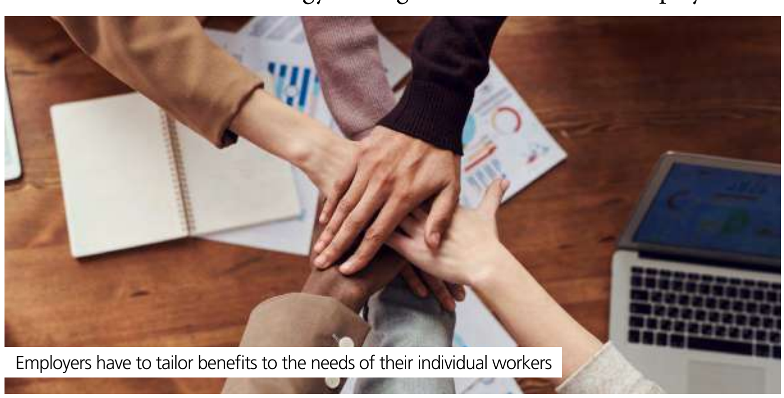
As more companies adopt agile working, employers have to consider the way benefits are delivered to and accessed by their employees.

In addition, we have also taken deliberate steps to keep things simple by leveraging digital solutions to enable easy and convenient access to policy information and services for both the administrators in the company (HR) and employees. This focus on simplicity is also reflected in our benefits structure where we have done away with sub-limits, which is a common feature in employee benefits offerings in the market, so that customers have greater certainty about how much of their medical bills will be covered. This is significant for customers who have to undergo major medical procedures.

With #BetterMe, our aim is to enable companies, their human resources personnel, and the employees to all have their needs met across multiple aspects, ranging from the benefits structure, the supplementary holistic offerings to the digital capabilities, and the level of customisation offered.

How do you see employers addressing future employee demands in the next five years?
Irrespective of the pandemic, the reality is that for many organisations today, there are possibly four generations of employees sharing the workplace. Gone are the days where employers can simply offer a standard set of benefits for their entire workforce. Employers will increasingly need to tailor benefits to the needs of their workforce and individual employees. The personalised effect does not only encourage employees to use their benefits more regularly and thus benefit from it, but it also provides increased take-up efficiencies for employers which means more value for their investment.

Additionally, as more companies increasingly adopt agile working and have people spend less time in the physical office as we know it today, employers have to consider the way benefits are delivered to and accessed by their employees. It needs to be convenient and intuitive and employers will naturally need to turn to technology and digital channels to reach employees.


Employers have to tailor benefits to the needs of their individual workers

Blüüm offers all-in-one protection for startups, SMEs, women and sports lovers

Inside blüüm's quest to bring new health solutions catered to every lifestyle

With its insurtech partner CareVoice, it promises a user-centric and fully digital experience.

Given the pandemic, it's only natural that people will focus more on their health and well-being nowadays, hence the higher demand for health insurance plans. However, customers also want a more personalised journey to go along with it. Launched by insurtech startup CareVoice in December 2020, blüüm grants health insurance products tailored on what customers need. It offers an all-in-one group medical insurance for startups and SMEs, as well as medical protection for sports lovers. Clients can also enjoy a 24/7 virtual symptom checker and book appointments from an extensive medical network through an app.

Insurance Asia caught up with blüüm CEO **Ying Wu** and CareVoice co-founder and CEO **Sebastien Gaudin** to know more about what blüüm plans to bring to the ever-evolving insurance market and how CareVoice can help insurers tap into more population segments.

Please give us a background of bluum. What were the circumstances that led to the establishment of the platform?

Gaudin: At CareVoice, we focus on helping insurers fill gaps in customer engagement and product innovation. Insurers are quite far from their customers, and as they create ways to engage with customers through mobile apps, they face low usage and offer very limited services. The insurance products are also quite similar to each other and do not really resonate with a specific segment.

We built CareVoiceOS, the first healthcare operating system for insurers to drive innovative customer engagement and population-specific insurance products. We realised that to be able to get insurers to adopt our tech stack, we had to work closely with them to show how to use CareVoiceOS. We have designed new health insurance products hand in hand with insurers, and from there, we've helped insurers commercialise their health products.

Our focus is to work closely with insurers and change the way of designing health insurance products to be more population-specific "

Wu: We started with group insurance because we believed that it was a very nice space for our portfolio expansion. It is usually the first insurance that people own after they graduate and it also reinforces brand recognition. We follow a family-oriented life stage design that when you get your first insurance with your company, you then stay with the brand.

We believe that these scenarios are creating different opportunities for blüüm to get into every aspect of family life and help customers live a better lifestyle, whilst in the backend we have CareVoiceOS to manage all the portfolios with the same tech stack. In the end, insurers can tap into CareVoiceOS and blüüm to efficiently commercialise population-specific health products.

What makes you stand out from other insurtechs that offer similar services?

Gaudin: We don't see a direct competition with what we are doing. The main alternative is that insurers would keep their engagements through with simple apps or undifferentiated health insurance products. Insurers may contract with specific digital health service providers but it takes effort to source, contract and implement just one digital health service. These services are usually not integrated with the products and the customer journey, thus having a low utilisation rate and positive impact for customers and insurers.

Our focus is to work closely with insurers and change the way of designing health insurance products to be more population-specific. If you look at the market, very few insurtechs are actually dedicated to healthcare, and it gets more complex as you have to know the two industries' specificities. Whilst our team comes more from a healthcare background, we also have people from the insurance sector which can get us very strong in helping insurers.

Lastly, it is about this ability to commercialise and offer a full turnkey solution. For instance, there are some insurers that do not offer health insurance yet. They can turn to us because we bring them the tech stack with innovative health services.

Wu: Our products are designed based on the scenarios and the needs of customers, and we understand that those needs are very different and personalised. We have a tech engine to flexibly combine different health services and protections. Powered by CareVoiceOS, blüüm can serve its customers efficiently through an AI-based medical triage or AI-based customer service in dealing with their claims.

How do you envision the future of insurtech now that the world is re-emerging from the pandemic? How does that affect your strategies moving forward?

Gaudin: First, insurers have realised that in health insurance, it's critical to have a connected ecosystem to operate and bring value to the end user and influence medical risk and consumption. Health insurance is a space where you have multiple stakeholders: in order to keep someone healthy, you may need to plug in different types of services. That is very hard to achieve for non-technology players, and we see that most insurers don't have this capability of integration.

A second one is population-specific insurance which we see as a strong change in the industry. Most of the products have been so far designed around categories of insurance like coverage on top of social insurance, full private medical care, or specific diseases. It is a matter of how much you pay. But how much of that resonates to who you are, the service you need and the risk you may be exposed to?

Another one is the emergence of new non-insurance channels. Insurance products have been sold a lot through traditional offline channels and broker agents, and now more and more through online brokers. However, many businesses are keen to expand their product offerings such as bringing health services especially during the pandemic. Those businesses are also interested in increasing the lifetime value of their customers and becoming a new channel for health insurance.

We are also seeing a longer-term trend where insurers are leveraging more data for better risk assessment and dynamic underwriting. This will come in the second stage because it's about accumulating the data first, then being able to run models to analyse and extract value and predictive scores. The first critical thing to do is to make sure that you can collect and generate the data either from new channels or customer engagement. As soon as you create services and engage with customers, you can get useful data that are important for risk assessment. That's an area where we are already active and that will become more important in the next one or two years.

How does blüüm differ from traditional group medical insurance plans in the market, aside from being focused more on SMEs and startups?

Wu: Group insurance is not a new concept, but we see that a lot of plans in the market are tailored to large corporations and

Insurers have realised that in health insurance, it's critical to have a connected ecosystem to operate and bring value.

multinational companies that are not suitable for smaller firms. The needs of SMEs are much more flexible, price sensitive and more health-services driven, so we designed the blüüm team to address the unmet needs of these segments.

This is also a great community to give health services as employee benefits. A lot of these employers are paying more attention to prevent any health problems. On one side, they don't want to pay much for health plans. On the other side, they don't want to lose employee working time due to bad healthy habits, not being able to detect early conditions or having to spend lots of time in the public healthcare system. The services that we provide help them promote healthy behaviours to their employees so that they can reduce the downsides of work and even reduce claims ratio which allow us to give them lower pricing.

Tell us more about blüüm sport, particularly the DNA testing aspect. Why did you choose to expand your offerings to sports lovers?

Wu: Our general rule in designing insurance protection is that we want to find a segment that has very unique characteristics in terms of community, has a common interest, and is willing to promote health. Sports enthusiasts fit all of these criteria.

We learn from the athletes who pay a lot of attention to more than just sports. They pay attention to their bodies, starting from the DNA testing, and they know that these tests can show how they can train better and eat better. The service we provide has a 99.9% accuracy, thanks to 31 million genetic data points. DNA testing is already being utilised in athlete training and we want to expand that to sports enthusiasts as well. By giving better diet advice and training tips, they will be able to perform better, and if they have injuries then we have services from our insurance plan to cover them during rehabilitation.

What are the plans in the pipeline for blüüm?

Wu: Our product blüüm woman was launched in February. Women have been paying more attention to their health, especially seeking protection from critical illnesses. blüüm woman was launched with a suite of relevant health services and an extra layer of protection. Together with the CareVoice teams, we have designed around 15 new health insurance categories and partnered with insurers for at least half of them in Mainland China and Hong Kong. We're expecting to launch around two new products per quarter.

Gaudin: With this product pipeline, we are working with leading insurers that are willing to change the way they approach the markets, going after a specific customer population, a very unique value proposition driven by health services, and also open a new way of commercialisation with non-insurance channels. We're very excited about these partnerships, where CareVoice and blüüm can provide more valuable support and make health insurance more human.

Blüüm has a tech engine to flexibly combine different health services and protections

Inside Concirrus' Asian expansion and bid to help marine insurers with data analytics

Concirrus Asia's client development directors talk about their impressions on the Asian marine insurance market and how they are helping insurers with data analytics and adoption.

The COVID-19 pandemic has not spared the marine insurance sector, which has affected the sector's landscape and exposed concerns about shipowners' protection and indemnity (P&I) coverage, according to a Marsh report. To make matters worse, the crisis coincided with the "hardening" of the industry, and restoring profitability and tapping new opportunities very much remain the priority, Concirrus Asia client development director Mike Davies said.

"Even prior to COVID-19, a number of insurance companies had withdrawn from the marine market, driven by volatile results and poor performance, and this cycle of shrinking capacity is still in motion," Davies and fellow Concirrus Asia client development director Oliver Miloschewsky said.

The good news is marine insurance premiums have risen and insurers are well-placed to benefit from the recovery in Asia, which is expected to be faster than the rest of the world.

Founded in 2012, London-headquartered insurtech Concirrus offers marine insurance analytics and real-time risk management through its platform Quest Marine. In January 2021, it announced that it is expanding its commercial offerings to Asia, including through the immediate hiring of Davies and Miloschewsky.

Speaking to *Insurance Asia,* **Davies** and **Miloschewsky** talked about their impressions on the Asian marine market, their main goals in the region, and how they help insurers with data analytics and adoption.

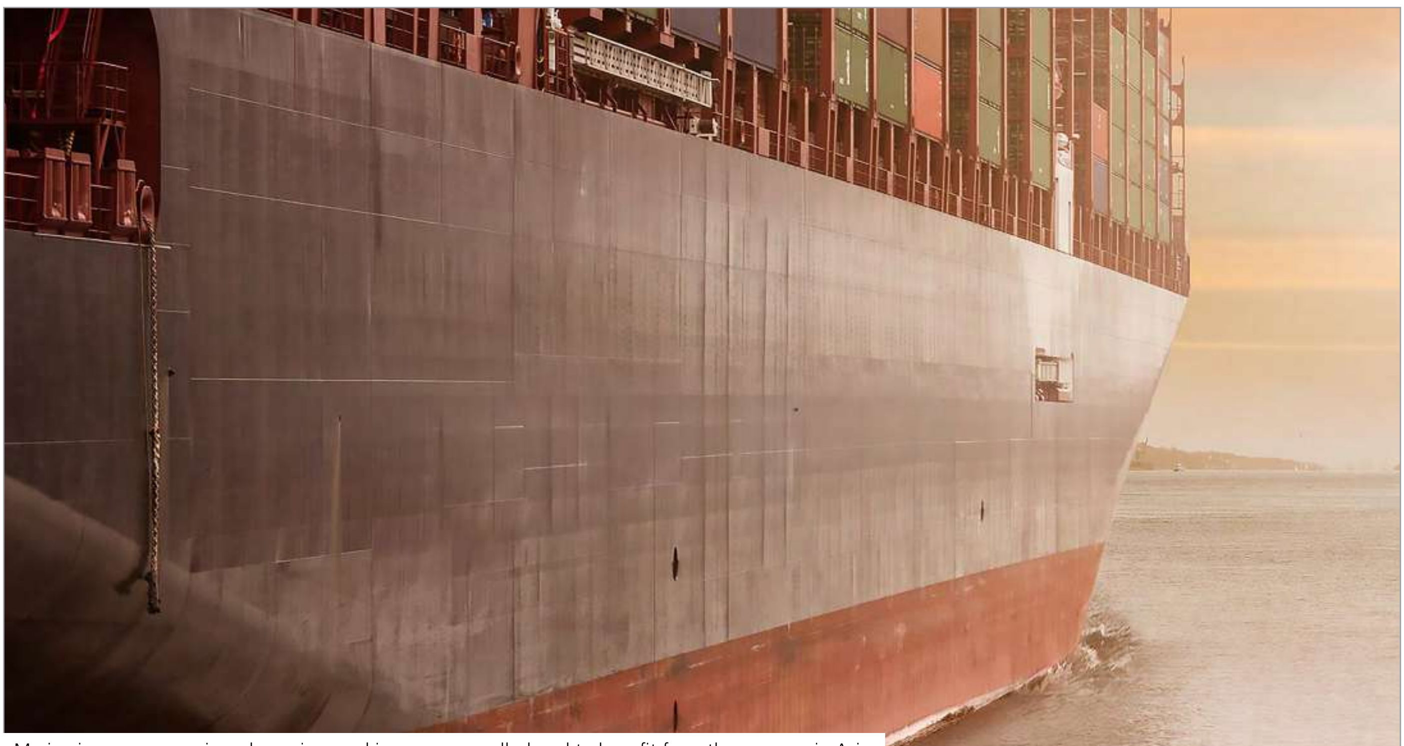
All insurers have historical data within their portfolio but they are not necessarily resourced to take full advantage of this data which can limit growth."

Can you give an overview of the Asian marine insurance market, especially since both of you have extensive experience in the sector?

With Asia representing the largest and fastest growing continental economy in the world, the major marine insurance markets of Singapore, Hong Kong, and Shanghai have matured into well-established hubs for business and insurance. It has not all been smooth sailing, however. For many years, the market in Asia suffered from intense global competition, which led to marine results being marginalised. Something had to change.

In recent years, we have seen a significant realignment of the marine market for the better, with withdrawals of capacity and the launch of innovative digital insurtechs revolutionising the way the industry operates.The 2020's market results reveal that underwriting results are already starting to improve.

What is clear is that marine underwriting companies must harness the power of data analytics in order to maintain profitability and open up new opportunities and revenue streams. Asia is extremely well placed to take advantage of this new world with its focus on insurtech and big data—it's an exciting time for the industry here.



Marine insurance premiums have risen and insurers are well-placed to benefit from the recovery in Asia.


Digital transformation is as inevitable as it is challenging.


Mike Davies


Oliver Miloschewsky

In your opinion, how has the pandemic affected the region's marine insurers? What does a post-pandemic recovery trajectory look like for the sector?
The pandemic coincided with a hardening of the marine insurance market, which has produced some interesting dynamics. Even prior to COVID-19, a number of insurance companies had withdrawn from the marine market, driven by volatile results and poor performance, and this cycle of shrinking capacity is still in motion.

There is good news. Marine insurance premiums have increased, and anecdotal feedback indicates that current performance has improved. Marine insurers are arguably well placed to capitalise on the recovery in Asia, which is projected to be faster than the rest of the world. This, in conjunction with the accelerated push to digitalise, points to a positive recovery for marine insurers who have the vision and strategy in place to act quickly and maximise this opportunity.

What are your main goals now that Concirrus is expanding its operations to Asia? What pain points are you targetting and planning to address early on?
Concirrus has achieved significant success in the UK marine market working with clients including Marsh, Skuld, and Beazley. As a result, we have accumulated substantial anonymised underwriting and claims data into our Quest Marine market model. Now that we have launched commercial operations in Asia, our goal is to partner with local and regional insurers and brokers to help them solve their three most pressing challenges—improving profitability, reducing operational expenses and ensuring portfolio growth.

By giving Asia's insurers and brokers access to previously unavailable data and analytics, they will have the ability to underwrite their existing portfolio more successfully, and confidentially expand into new risk areas knowing that their decisions are based upon proven behavioural data.

Can you tell more about your product Quest Marine and how it stands out from other platforms in the market?
Quest Marine ultimately equips marine insurance professionals with appropriate tools to help them make better risk and pricing decisions. The platform is powered by bespoke machine learning applied to a vast and varied dataset, revealing behavioural trends and expected losses that are indicative of risk at vessel and account level.

At portfolio level, this translates to significantly improved loss ratios of 10%-25%, plus the ability to use analytics to grow the book in new target segments. We have platforms tailored to Hull & Cargo. Add to this the ability to automate submission management, and monitor aggregation and sanctions in real time, and you have a marine analytics solution that is as unique as it is powerful.

How important is it for insurers to adapt a data-driven approach to marine insurance, and what are the most immediate benefits of doing so?
To put it simply, adopting a data-driven approach is critical for insurers to ensure profitability, operational efficiency, and portfolio growth.

All insurers have historical data within their existing portfolio; however, they are not necessarily resourced to take full advantage of this data, which can be limiting when looking to grow or expand into new areas of marine risk. Concirrus will cleanse the insurer's own data and convert it into a dataset that allows them to clearly see the strengths and weaknesses of their portfolio. We will also provide the insurer with access to a much broader market model, as well as global data including historical and real time vessel movement, performance and technical management, global casualty and weather analysis, and accumulation of vessels and cargo in ports and high-risk areas including sanctions and war zones.

Concirrus can also help prioritise the submissions the underwriter receives depending on their appetite and targeted market segment. The immediate and long-term benefit is a much more productive use of time, as insurers are able to focus on the most relevant risks and make much better informed underwriting decisions, resulting in a more balanced and profitable portfolio.

How can you help insurers overcome pitfalls and challenges to AI adoption, for example access to quality data and legacy systems?
Digital transformation is as inevitable as it is powerful and challenging to execute. We have partnered with numerous insurance specialists to transform their marine business and it is this experience, coupled with the diversity of our team, that ensures successful execution.

For example, take legacy systems which are typically product-line agnostic. We can help with everything from strategic direction around system selection, all the way to the hands-on development of APIs to unlock value out of existing mainframes. Data cleansing, categorisation and enrichment are other great examples of how the Concirrus team can partner with insurers to successfully transform their business.

What is your outlook for Concirrus' operations in Asia over the next five years?
We are passionate about Asia, its growth and the opportunities it presents. Over the next five years, we envision Concirrus becoming the trusted partner of insurers throughout the region, managing third-party data that will fuel the transformation of the specialty insurance and broader maritime industry.

Right now, we are experiencing a pivotal moment of digital transformation, and marine analytics is still in its early stages. It is important to remember that technology develops exponentially— processing power doubles every 18 months! This means that in five years' time, we will see incredibly sophisticated tools that enable better capital management and smarter ways of working in a digitalised marine insurance marketplace, where underwriters, brokers and shipowners alike focus on discussions that really matter and add value. Concirrus will be front and centre in that market development.

I foresee the calibre of individuals who will become part of our organisation in the coming years and I am excited at the prospect of welcoming a workforce motivated by passion to serve our community.

Joseph Gross
CEO
Allianz Life
Malaysia

Equipping insurance agents for the future with Allianz Life Malaysia's CEO Programme

Chief executive Joseph Gross expounds on what it takes to be a leader amidst industry changes.

Aside from upgrading their tools and services and coming up with new products, insurers must also take the time to train future leaders within their ranks. At Allianz Life Malaysia's Center of Excellence and Opportunity (CEO) Programme, agents undergo a 24-month training which implements focus-coaching and personalised mentoring with the insurer's management team. Agents will get the chance to become certified estate planners and will receive a monthly financial assistance of $3,000 (MYR12,000) for the entire duration of the programme.

"I am proud to see the CEO Programme take off as we strive to deliver an ongoing talent development mechanism that serves to enhance people's skills and knowledge. I foresee the calibre of individuals who will become part of our organisation in the coming years and I am excited at the prospect of welcoming a workforce motivated by passion to serve our community," Chief Executive Officer **Joseph Gross** said in an earlier press note.

In an email interview with *Insurance Asia*, Gross expounded more on the CEO Programme, shared aspects of his journey prior to becoming the Allianz Life Malaysia CEO, and spoke about his plans for the programme.

Tell us more about yourself. How has your experience shaped your leadership style as Allianz Life Malaysia CEO?

I have been taking on the role of Allianz Life Malaysia Chief Executive Officer since 2016 and spent over 14 years in the Allianz Group in Germany, holding various senior management positions. My style of leadership is where action, solution and implementation matters, and also having that forward view, anticipating how the business would progress in both short and long-term tenures.

One of the main things I pushed for was digital transformation within the life insurance business which at the beginning was tough, because we didn't have any benchmark or reference to fall back on. Today, the foresight to digitalise has been proven right with the insurance industry already in a digital mode due to the demands of technology. COVID-19 accelerated this and pushed the digital agenda for insurance companies, quicker and faster than anyone could imagine.

Is there one guiding principal that has led you throughout your insurance industry career? How has that been impacted by the current pandemic?

Ultimately for me, it is all about taking care of our customers and giving them top notch services. Take this pandemic as an example. This is an opportunity for us to help customers manage their health and wellness, looking beyond offering products and payouts. Customers want compassion, efficiency and flexibility from insurers and the sector must become more customer-centric to come out of this pandemic more agile and competitive at the same time.

> **Any new programme we introduce is tailored towards digitalising our approach in training, agents and products.**

What lessons would you impart to Allianz Life agents with leadership ambitions?

We constantly roll out programmes for agency development to ensure our agents become future leaders. Whilst we provide them with all the training and tools, their success will depend on their initiatives and efforts.

We launched the Allianz Life Changer in 2020 which is about career positioning as an Allianz Life agent and increasing the number of quality agents. We want our agents to excel and stand out amongst their customers and peers. We also launched the Friends of Allianz (FOA) which is a referral programme in which participants can earn an uncapped potential income based on referral fees that are 100% risk-free.

My advice would be that anyone can become a leader provided that they follow our training modules diligently and have their own drive to achieve success.

Can you expound on the model that is being used to nurture and develop leaders amongst your ranks?

The CEO Programme is our flagship programme designed to nurture, cultivate a select team of professionals and accelerate talent to excel with the company. The model is very simple: Allianz Life will provide everything, mentoring, training and materials to achieve their goals of becoming a successful agent. Divided into two schemes,one can choose which scheme they prefer as both are tailor-made to suit one's preference of what they want to achieve.

An individual contributor's target is to reach the Million Dollar Round Table (MDRT) in 24 months whilst those aspiring to be team leader should be the team champion in the same amount of time. Agents only need to go the extra mile and absorb all the teachings we offer if they want to make a name for themselves in the insurance industry.

What does the future look like for this programme, especially given the rapid digitisation of the insurance industry and its effects on insurance agents?

The future looks bright for this programme. We offer the best digital solutions to our customers such as delivering a policy to our customers in five minutes whilst customising our Chief Executive Officer programme to suit individuals and team needs in 24-months. Ultimately, Allianz Malaysia delivers from A-Z in life and general insurance.

Every new agent who is joining this programme will undergo a series of intensive training in order to adopt the right working behaviour as an insurance agent from day one by utilising all the digital tools that have been developed to support them in carrying out their duties.

What we are saying is that basically, any new programme we introduce is tailored towards digitalising our approach in training, agents and products. This pandemic has opened the life insurance industry's eyes towards being more agile and adaptable to change in a short span of time.

"

In the digital era, the future of insurance should focus on three important keywords – instant, relevant, and personalised.

Wayne Xu.
CEO
ZA Insure

Driving a tech-focused insurance future

Hong Kong's ZA Insure is benefitting from a technology backing and some important partnerships.

By the looks of it, Hong Kong's ZA Insure is more than ready to take on the digital era. The backing that it got from parent company ZhongAn Online P&C has allowed for a different kind of digital experience for its customers. For example, its eKYC methods have cut the time needed for clients to submit and verify their personal information. Seeing a gap created by the focus on investment-linked products, ZA Insure currently has four pure protection products available. It has also been looking into other distribution methods through its sister firm ZA Bank which has been granted a licence to act as an agent.

"Working as a pioneer in the insurtech space has brought me to one major conclusion: in the digital era, the future of insurance should focus on three important keywords – instant, relevant, and personalised," said ZA Insure CEO **Wayne Xu** in an interview with *Insurance Asia.*

How has your experience in the insurance industry impacted your leadership style as ZA Insure CEO?

I joined ZhongAn Online P&C Insurance as COO in January 2014, and took office as president of ZA International in December 2017. I assumed the role of ZA Insure CEO in 2019. I have more than 10 years of experience in internet product development and management. Before joining ZhongAn, I worked as a founding member of Google China's product management team.

My experience has enabled me to bring in-depth expertise in strategy and operations and strives to implement a culture of innovation, to bring forth ideas of internet product development, and to develop international business for ZA. ZhongAn's proprietary core insurance system can process thousands of transactions per second, thereby enabling us to offer instant protection. This concept of "empowering insurance with technology" has become an important guiding principle for me to bring personalised and timely insurance to Hong Kong's under-insured segment.

Customisation is another focus of ZA Insure, which is a legacy of ZhongAn's success in "fragmentation" of insurance products. I believe there is no way to design a product that suits everyone. Only through connecting product innovations to various life scenarios can we create insurance products that truly fit users' different needs.

In your opinion, what is ZA Insure's primary edge over its traditional competitors?

ZA Insure adopts a two-winged growth strategy of "insurance + technology", with a goal to address protection needs through innovative products and a different user experience. We have applied our proprietary eKYC system to the underwriting process which saves time and reduces human errors. We have integrated big data into our underwriting questionnaires which are tailored for each individual.

In Hong Kong, we are witnessing growing acceptance of digital insurance driven by our all-new user experience. Our current user base ranges from post-00s to post-50s. Almost 40% of our policies are issued outside traditional office hours, and more than 90% of our customers receive protection instantly. Our shortest underwriting questionnaire has only three questions related to health conditions. In 2020, our newly acquired underwritten insurance policies increased 35% MoM, and the average insured amount for each policyholder was up to approximately HK$1.8m.

> **ZA Insure has a two-winged growth strategy, with a goal to address protection needs through innovative products and a different user experience.**

We also take reference from ZA International's use cases in overseas markets. In Singapore, ZA International has partnered with NTUC Income to establish API connections with local partners. This way of distributing micro-insurance helps us get closer to consumers in a convenient manner.

In January 2021, ZA Bank was granted an insurance agency licence by the Hong Kong Insurance Authority (IA). Once our products are available in the ZA Bank app, customers can access the one-stop service from quotation, application, underwriting to payment regardless of time and location. They can also view their policy details anytime upon issuance.

What about your edge over your digital competitors?

We have the strong technology DNA inherited from our parent group, which lays a solid foundation for us to offer a different user experience. Our eKYC system allows customers to use their mobile phone to scan and upload their HKID card for facial recognition via our 24/7 online platform. Personal conditions and previous answers will determine the questions for each individual in our underwriting questionnaires. The decision tree behind big data has taken thousands of scenarios into account, helping us avoid unnecessary questions. We also learn from ZhongAn's technology infrastructure in cybersecurity, data protection, and information security.

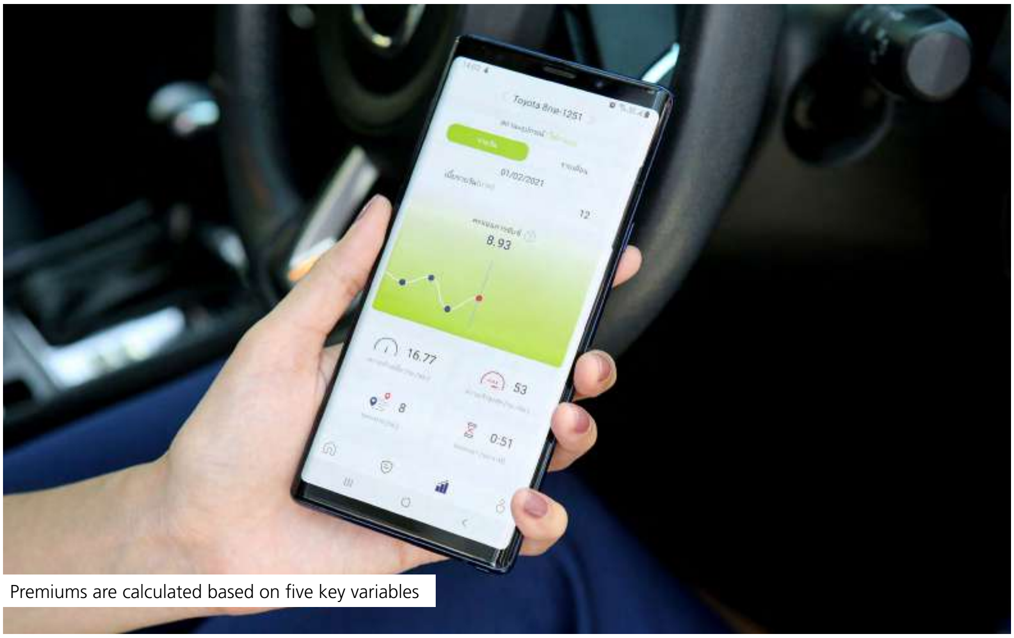
ZhongAn Online collaborates with partners from various industries to integrate fragmented insurance products into daily life scenarios. One of the ways is to on-board products on partners' platforms via API. ZA Insure replicates this through collaborations with lifestyle segments so we have a better understanding of consumer behaviour.

How would you take advantage of your sister company ZA Bank acting as an agent for ZA Insure?

The scale of ZA Bank will certainly be an important asset for our business growth. Not only has the bank crossed 300,000 users, it has also formed a technology-driven community with partners in different lifestyle segments. The extensive pool of proprietary data on user behaviour will help us design more tailored products.

We can also leverage the existing infrastructure of the ZA Bank app. Whilst making a difference in insurance through product innovation is at the heart of our business, it is equally important to serve customers in the way they are familiar with. Placing our products on the app would create an easier entry point for users without switching platforms.

We look forward to the synergy between ZA Insure and ZA Bank, where we can work together to create more value for customers' future digital wealth management experience.



Premiums are calculated based on five key variables

MSIG Thailand launches usage-based car insurance plans

CEO Rattapol Gitisakchaiyakul reveals the driving force behind the idea.

Not all drivers drive the same, so why should they pay for the same premiums?

This is the question posed by MSIG Thailand as they launched Prakan Kubdee, or Good Driving Insurance, in partnership with mobile operator AIS in February 2021. Operating on the belief that not all drivers should be charged the same premiums, Prakan Kubdee calculates drivers' premiums based on individual driving behaviours using an IOT device.

But the plan is not only exclusive in Thailand. In December 2020, the insurer's parent company MSIG announced that it would be rolling out usage-based car insurance plans across Southeast Asia in partnership with auto marketplace Carro. These products will then be launched in Indonesia and Malaysia.

The partnership with AIS came naturally as the two firms have been collaborating since 2019 for travel, home, liability, and personal accident products for online and offline channels, MSIG Thailand chief executive officer Rattapol Gitisakchaiyakul told *Insurance Asia* in an email interview.

The lack of provincial travel pushed us to develop a plan with reasonable premiums, only paying when actually driving.

"Voluntary motor insurance was not included then, and so it was natural for us to partner with AIS again when we developed this innovative product," Gitisakchaiyakul explained.

The country's Office of Insurance Commission has also been very supportive of Prakan Kubdee as it is the first full scope of the regulator's Insurance Regulatory Sandbox.

"They have recently established the Center of InsurTech, Thailand (CIT) to drive forward the country's development in insurtech and regtech. CIT will focus on creating a tech ecosystem to integrate all concerned sectors, such as the insurance companies, banks, universities, major tech companies, tech startups, the government and also regulatory agencies," he added.

The idea behind Prakan Kudbee arose during the pandemic-induced lockdown in Thailand where remote work gained traction and there were fewer cars on the road, explained Gitisakchaiyakul in an earlier press release. "There was no long-distance provincial travel, and now there is the option of park and ride with mass transit railways. This gave us the idea to develop auto insurance plans with reasonable premiums, only paying when actually driving, and no need to pay when not driving."

Unlike other available auto insurance plans, Prakan Kubdee premiums are calculated from variables with big data analysis from MSIG Car Informatics using the on-board Diagnostic OBD II equipment, a small device attached to the vehicle which can capture deep variables and driving behavior values. The five key variables include distance, speed, journey time, time of the day driven, and area driven.

The auto insurance plan has basic annual premiums starting at $211 (THB6,499) for Class 1 Insurance and Class 2 Insurance for $107 (THB3,299) for all coverage and vehicle model.

Through this method, clients can save on their premiums by as much as 50%, the insurer assured.

"We do not measure one variable against others but we will take all of them into account allocating the same calculation weightage to all five variables," Gitisakchaiyakul explained.

In addition, premiums are being calculated on a daily basis and collected every month from the customer's pre-arranged credit card automatically. Premiums can also be checked on the Prakan Kubdee app.

"With the current pandemic still evolving, movement restrictions could change from time to time and everyone's routine will continue to adapt to such changes. Prakan Kubdee is designed to adapt with our customers' commuting behavior," Gitisakchaiyakul said.

Data being collected from customers' vehicles are being hosted on Amazon Web Services (AWS) Cloud to ensure security and compliance controls, he assured.

Whilst MSIG Thailand is only focused on its AIS partnership for now, "with the advancement of insurtech and IoTs, and the support of the OIC, we will always be on the lookout to develop products that will benefit both the Thai people and bring about corporate growth for our company," Gitisakchaiyakul said.

Shiney Prasad, President, Sun Life Digital Enterprise Asia

Why life insurance agents are heading into 2021 with a positive outlook

They are expecting to see growth in medical products and critical illness products, says Sun Life.

Despite the challenging economic environment and a rapid shift in the way insurers did their business in the past year, the majority of insurance advisors in Asia are still feeling optimistic about the outlook for the life insurance industry in 2021.

A study by Sun Life found that 70% of 1,600 advisors working in Hong Kong, the Philippines, Malaysia, Indonesia and Vietnam are optimistic about their sales growth chances for the year. This is driven by expectations that medical products and critical illness insurance products will see growth--especially now with health concerns on top of the minds of consumers, a result of the still ongoing COVID-19 pandemic.

In fact, almost one in eight advisors (79%) project a growth in sales for medical products, whilst the same ratio (77%) expect growth in critical illness insurance sales.

"The pandemic has raised people's awareness and interest in the importance of life and health protection solutions, creating demand opportunities," Shiney Prasad, president of Sun Life Digital Enterprise Asia, told Insurance Asia in an interview. "Social distancing and lockdown measures have also accelerated innovation and transformation in the industry towards a more efficient and simpler sales process which utilises digital platforms."

That is not to say that the insurance industry had a smooth-sailing journey during the peak of the pandemic. As markets locked down and social distancing measures were implemented, advisors had to adapt to a rapid shift in digital processes in order to continue connecting with their clients.

Almost one in eight advisors project a growth in sales for medical insurance products.

"Almost overnight, this virtualised our business," noted Prasad. In Sun Life, one of their immediate priorities was to ensure that they are providing the best platforms for advisors to do business safely and securely. "From prospecting using social media, to engaging virtually and ensuring they understand how client priorities and needs have changed in the pandemic."

Sun Life's study found that despite a challenging 2020, the majority of life insurance advisors in Asia are optimistic about the outlook of the industry. What do you think is driving this optimism?

Our survey found that advisors are seeing an increase in awareness in the importance of life and health protection due to the pandemic. They expect this to drive a growth in demand for medical and critical illness insurance. In addition, the introduction of new digital tools like Sun Life's SunCanvas platform is helping advisors virtually connect with clients and complete the sales process from the safety of their homes. This greatly helps mitigate the impact of social distancing measures.

What opportunities did the pandemic and the past year present to insurers and advisors?

The pandemic has raised people's awareness and interest in the importance of life and health protection solutions, creating demand opportunities. Social distancing and lockdown measures have also accelerated innovation and transformation in the industry towards a more efficient and simpler sales process using digital platforms.

Sun Life's study also said that COVID-19 has had a polarising effect in the life insurance industry, with digital becoming a critical tool for sales performance.

In your opinion, Just how has digitisation, particularly in the past 12 months, changed the way insurers approach their business or shape their growth plans?

Our survey found COVID-19 is having a polarizing effect in the industry. Equal proportions of advisors report positive and negative impacts of the pandemic on their sales performance. Advisors who typically acquire clients via leads from social media or support from insurance carriers are more likely to report that COVID-19 had a positive impact on their sales. There's a clear urgency here for insurers to accelerate digitalization to support their advisors and business growth. Having the right digital tools to clearly define, target, and communicate with clients is essential in helping advisors to grow their business in a pandemic, and post-pandemic environment.

Apart from digitisation, have you observed other trends in the life insurance industry in the past 12 months?

Most advisors expect to see an increase in demand for medical and critical illness protection products due to elevated health concerns. According to Sun Life's "Future of Family Businesses in Asia" survey conducted just as the pandemic emerged, only around half of smaller businesses in Asia purchased health and accident insurance for their employees. Amidst growing health concerns, we expect many businesses will reevaluate their insurance protection for employees, especially for key people running the business, as part of their ongoing business continuity planning.

The pandemic has also made people more comfortable searching for information and purchasing online. These new habits are unlikely to switch back, so things like AI-based lead generation efforts for prospecting, alongside targeted value-based offers, present opportunities for future growth.

Most advisors expect to remain in a "pandemic style" environment for the next 12 months. What will that mean?

As we continue to face varying degrees of social distancing and lockdown restrictions across Asia, advisors will continue to rely on digital platforms and tools to virtually connect with clients. Social media will become increasingly important in generating new leads. Advisors adopting a hybrid approach leveraging the best of both digital and non-digital forms of communication to prospect and serve clients will likely perform best.

In relation to the preceding question: what does the future of insurance advisory look like?

Holistic financial advice will continue to be critical in addressing client expectations and needs. That will not change. But we expect the end-to-end sales process will be completed on digital platforms. We expect more new clients will be acquired through partnership ecosystems, social media and AI targeting. Product information and solutions will become more transparent because of this. We will also see a new breed of professional and tech-savvy advisors with a focus on digital enablement and hybrid online/offline omni-channel experiences.

How can insurers ensure that they are providing sufficient support for their insurance advisors?

This has been a big focus for us here at Sun Life and is at the center of our Digital Enterprise strategy: positioning our advisors for long-term success with the best digital tools, data and insights to deliver a market-leading client experience, manage and grow their business, and pursue and continue their training to grow their career.

We expect more new clients will be acquired through partnership ecosystems, social media and AI targeting.

The needs of our advisor force are clearly changing, which is why we are responding with tools, solutions and training to support them. In recent months, we launched our SunCanvas virtual sales tool and the Google Workspace productivity suite. We will continue to build on this as we develop our Digital and Advisor (DnA) platform this year.

To help advisors adjust and maintain sales momentum, we provided concept selling tools to help generate leads on social media. We've provided training and tips on how to build human connections via virtual channels. We also enhanced our recruitment development and training programs with digital tools and data.

How has this partnership enhanced Sun Life advisors' workflow compared to their workflow before?

Sun Life has partnered with Google to provide the industry's only cloud-native communication and collaboration solution for advisors. This is a suite of productivity tools encompassing Gmail, Docs, Sheets, Slides, Forms, Calendar, Chat and Meet to help our advisors communicate more easily with clients, automate tasks and work from anywhere. The end benefit being that they spend less time managing work and more time listening and caring for their clients.

The tools will be rolled out to advisors in phases across Asia in 2021. Our goals are to help our advisors be stronger by keeping them on top of the game; faster, by making the workflow more efficient; and brighter, by helping them be the best partner they can be to their clients.

What is your outlook for Asia's life insurance industry as we (hopefully) move beyond the pandemic?

Although the pandemic has created challenges, the underlying outlook for the industry in Asia is very strong. There is still an enormous insurance protection gap to close in Asia and the pandemic has presented the unique opportunity for insurers to make a leap forward in closing the insurance gap and meeting the fundamental need for financial security of so many people across Asia.

The acceleration of digitalization presents an opportunity to the industry to improve our Client experience. Many of us have commented on making more progress with digital innovation and adoption in the past few months than in the past few years. As insurers accelerate the deployment of digital solutions, our clients will benefit from a seamless experience and more personalized solutions.

With health concerns now top of mind, insurers are optimistic that life insurance sales will grow in 2021, says Sun Life

Philippine general insurers on good track despite pandemic, catastrophes

The sector remains firm as renewal rates are increasing again, but capacity appears to be thinning.

The Philippine non-life insurance sector remains firm with solid growth prospects over the long term, as an increasing GDP per capita will likely result in higher demand and penetration for retail and commercial products. However, the country remains heavily exposed to natural catastrophes owing to its geographical location, plus the ongoing COVID-19 pandemic. Furthermore, a short-term economic slowdown is driving premiums down and triggering operational pitfalls.

According to an AM Best market segment report, the industry was exhibiting one of the highest five-year average compound growth rates in Southeast Asia, until premiums plunged significantly in 2020. The national economy shrank 9.5% overall that year, an Aon Global Market report noted, with recovery hinging on the rollout of the COVID-19 vaccine.

Movement restrictions also hampered product distribution, especially for insurers without adequate remote work infrastructure and who were still reliant on face-to-face selling. A resurgence of the virus in early or mid-2021 will spell more trouble and will result in more movement restrictions, AM Best analysts said.

That being said, the industry remains modestly firm as renewal rates increase, with insurers restricting coverage terms and conditions, an Aon Global Market report said. Capacity is still adequate but is shrinking, especially for risks which require reinsurance support.

Catastrophes adding up

Aside from the pandemic, the Philippines was also plagued by the Taal Volcano eruption in January, 2020 and then two strong typhoons in November the same year. Such catastrophic hazards are key feature risks to the non-life sector, especially in managing their respective aggregation and exposure accumulation, AM Best analysts Tran Nhat Trung and Myles Gould said.

Some insurers have put in place stricter risk selection and pricing schemes which are backed by improved inspection tools.

Notwithstanding these pitfalls, the country's insurers are still fiercely competitive particularly in the fire insurance segment which is showing soft pricing conditions at the present. "This has resulted in Philippine non-life companies exhibiting historically unfavourable loss ratios for fire insurance with a greater level of volatility compared to Southeast Asian counterparts," analysts stated.

As a result, some insurers have put in place stricter risk selection and pricing schemes which are backed by improved inspection tools. Analysts hope that with stronger data and techniques, the sector's ability to model and manage underwriting risks will improve over time.

On the brighter side, 2020 also marked the year that the

Renewal rates are growing, with Philippine insurers restricting coverage terms and conditions

More Philippine insurers will expedite their digital offerings in hopes of higher sales

Analysts expect higher capital raisings and consolidation transactions amongst mid-tier insurers, which will be more visible over the next two years.

Philippine Insurance Commission (IC) has proposed a national catastrophe insurance facility, together with the National Reinsurance Corporation of the Philippines (Nat Re) and the Philippine Insurers and Reinsurers' Association (PIRA). The Philippine Catastrophe Insurance Facility (PCIF) will allow non-life insurers to manage their exposures and take in more catastrophe-related risks.

Through this initiative which was expected to be launched in the first half of 2021, Nat Re hopes that insurers would be able to introduce and promote catastrophe insurance to more Filipinos.

In an April 2021 circular order, the IC required all non-life insurers in the country to adopt and implement new rates and rating structure to their catastrophe risk policies effective April 2022. In surrendering the right to set rates for the facility, the commission will adopt a "reasonable" percentage and maximum limit per risk or policy agreed upon through PIRA.

Regulation and innovation

By the end of 2022, all insurers will be expected to comply with the increased minimum net worth requirement of $27m (PHP1.3b). Half of direct non-life insurers are in danger of not being able to meet this requirement by the deadline if they are unable to secure additional fund raising actions, AM Best notes.

As a result, analysts expect higher capital raisings and consolidation transactions amongst mid-tier insurers, which will gradually be more visible over the next two years. Smaller insurers, on the other hand, will face an uphill battle in finding potential investors due to their niche operations and meagre premium bases.

Considering this less than stellar outlook, the appetite for M&A activity involving smaller insurers will be low, with the possibility of three of these insurers being liquidated if they are not able to reach the minimum capital requirement by 2022, analysts said.

On the brighter side, the higher minimum capital requirements will prop up the segment over the medium term and will likely bolster the industry's combined capital position.

In November 2020, due to the widespread adoption of remote work, the IC institutionalised remote selling as a permanent method to distribute products, even after the pandemic subsides. As per the AM Best analysts, not only will this regulation allow non-life insurers to market small ticket policies like motor and personal accident plans online, it will also give them more room to peddle higher value policies such as protection coverage for SMEs.

In view of this, analysts foresee more product innovation and an upsurge in marketing campaigns on various digital platforms, and more insurers expediting their digital financial service offerings in hopes of higher sales capabilities. However, the heightened use of digital solutions will also expose insurers to additional technology and cyber risks which will test their digital controls.

"Whilst capital management and regulatory support can help the insurance market survive the pandemic, it is digital transformation that will enable insurers to recover and remain competitive," analysts stated.

Different segments, same higher pricing across the board

The pandemic has led to price increases across several non-life segments, particularly casualty, construction, financial lines and property, the Aon report said. For the casualty business, pricing levels are being recalibrated to offset loss costs and non-performing books, which in turn has resulted in higher rates.

Cyber- and pandemic-related coverages are shrinking, but local insurers will maintain fluid underwriting positions as treaty renewals begin in Q2, 2021.

The price increases in the property segment have been partially ushered in by anticipated higher costs, the report noted. Construction projects that have been postponed during the pandemic have resumed, with insurers looking into specific details and requiring extensive technical specifications for analysis. New treaty guidelines have led to tighter coverage terms and conditions, it added.

For the financial lines segment, capacity will likely shrink as insurers complete their 2021 treaty renewals which will affect insurer appetite, pricing and coverage wordings. Prices continue their upward surge even with contracting coverage terms.

Lastly, property insurers continue to veer away from accepting programmes with certain non-damage business interruption coverage provisions. Several have adopted the Lloyd's Market Association (LMA) wordings on communicable diseases whilst others have drafted their own set of wordings with the guidance of their respective treaty reinsurance leads, Aon concluded.

Insurers must pivot toward covering "living risks", says McKinsey & Company

Why Asian insurers should rethink their private health insurance strategies

Closing the health protection gap across key demographics is a trillion-dollar growth opportunity for Asian insurers—yet their product propositions remain wanting.

Relatively few consumers in Asia have private health insurance, which should present lots of growth opportunities for health insurers in the region. Yet Asian insurers are floundering, still lost in the sea of legacy offerings and outdated viewpoints. Thus, the health protection gap continues to grow and is projected to widen more quickly and may become more persistent, insurer Swiss Re said in a study.

Data from the Asian Development Bank (ADB) revealed that Asia's health protection gap stood at US$1.8t in 2019. Closing this gap represents a trillion-dollar growth opportunity for insurers in the region, and they must reinvent themselves for long-term trends whilst contending significant regulatory hurdles and cultural obstacles both inside and outside their organisations, McKinsey wrote in a whitepaper tackling Asia's private health insurance.

One of the biggest pivots that health insurers must make is to shift their core business from morbidity to well-being, the consulting firm said. "Complicating matters, consumers in many markets often don't know that health insurance exists, let alone understand how it works. Product recommendations are full of jargon and difficult to understand, leading to difficulty convincing consumers to make a purchase."

Insurers must change their mindset and pivot toward covering "living risks" by focusing on early diagnoses and helping avoid the onset of disease, analysts said. However, they also warned that it won't be an easy journey for most insurers, especially as most have been set up to promote health insurance as basic products and not as a comprehensive proposition.

McKinsey suggests three fundamental changes for Asian insurers to reimagine private health insurance, namely to make customer well-being a core value proposition, build scale to gain competitive advantage, and establish end-to-end customer journeys for effortless online and offline engagement.

Insurers must change their mindset and pivot toward covering 'living risks' by focusing on early diagnoses and helping avoid the onset of disease.

#1: Introduce wellbeing as a core value proposition

Insurers are advised to center consumers in their decisions and shift their focus toward a more comprehensive value proposition, such as preventive care and disease prevention. As an example, McKinsey noted how in September 2020, the Singaporean government partnered with Apple on a personalised program to encourage healthy behaviours using existing hardware.

Insurers should also consider remote monitoring as it can be an important tool to support an emphasis on wellbeing. However, this strategy may not be applicable region-wide, as some markets may be barred from using remote monitoring.

In shifting towards wellbeing as the core of their product offerings, Asian insurers will have to make a critical decision on how to build their capabilities: whether to build in-house, buy them, or partner. McKinsey particularly highlighted partnerships, noting that teaming up with the right firm can be a source of new customers and enhance insurers' value propositions.

#2: Establish scale to ensure competitive advantage

As expected, larger insurers already have a distinct advantage over their smaller-scale peers since they have both cost competitiveness and technical excellence, both of which are essential to create value, notes McKinsey. But whether a large player or not, all insurers are called to build scale in order to boost their odds of success. To do so, insurers must decisively alter their value propositions, distribution, and cost structure to make health insurance an enterprise-wide priority, analysts said.

First, insurers should update their offerings. "Flexibility in building individual coverage, offering value-added services, and repackaging tailored products for target consumer segments can help create value. Insurers should put customers at the center of their decisions and move away from a product-centered focus to a proposition focus."

Insurers can also update their distribution, beginning with establishing a new baseline for the distribution capacity and costs by expanding digital access for agents over proprietary channels.

Third, insurers can also redesign their incentives and educational programs to stay on top of the minds of their non-proprietary distributors. "Some insurers provide more tailored training sessions, marketing materials, and dedicated administrative support for their preferred nonproprietary distribution partners, allowing those partners to spend more resources expanding mindshare for their health business."

Finally, insurers are called to be cost competitive, especially against rival carriers that may target the same partners. Whilst partnering is a means to access new customers and introduce new or improved products, these types of ventures have turned out to be expensive so far and insurers often give up margin in exchange. But many are still willing to go down this path as the added volume absorbs the higher cost base and creates additional cross-industry and up-sell opportunities.

#3 Build end-to-end consumer journeys that enable both online and offline engagement

In the future, data will be the key to determing an insurer's success. "Wellbeing as a proposition depends on rich customer data, especially behavioral data. The best way to capture the maximum amount of that data is to build end-to-end consumer journeys that account for diverse data streams," says McKinsey.

The pandemic has increased customers' comfort with remote engagement, which in turn would generate more data with which insurers can fine-tune customer services. These interactions present the opportunity to attract new customers who seek remote services and offer more services in general, especially in countries that have updated regulations to facilitate the adoption of telemedicine.

Meanwhile, in markets with decent healthcare services, customers may prioritise the ability to connect remotely with well-known healthcare professionals and smooth referrals, McKinsey noted.

"Seamlessly integrating online and offline interactions into comprehensive customer profiles is a significant undertaking, and insurers will need to fundamentally rethink their operations to optimally meet consumers' needs. The resulting data these operational improvements would capture will be critical to help prevent, predict, diagnose, treat, and help patients recover more quickly and with better outcomes."

Different journeys, same endpoint

McKinsey recognises that the operational path will not be the same for all insurers, but the elements and even the endpoint remain the same. "When an insurer chooses to restructure its operating model, company leaders will have to make sure that governance structures are in place and suitable for its context, talents, capabilities, and culture."

Sandeep Kumar

Eunjo Chon

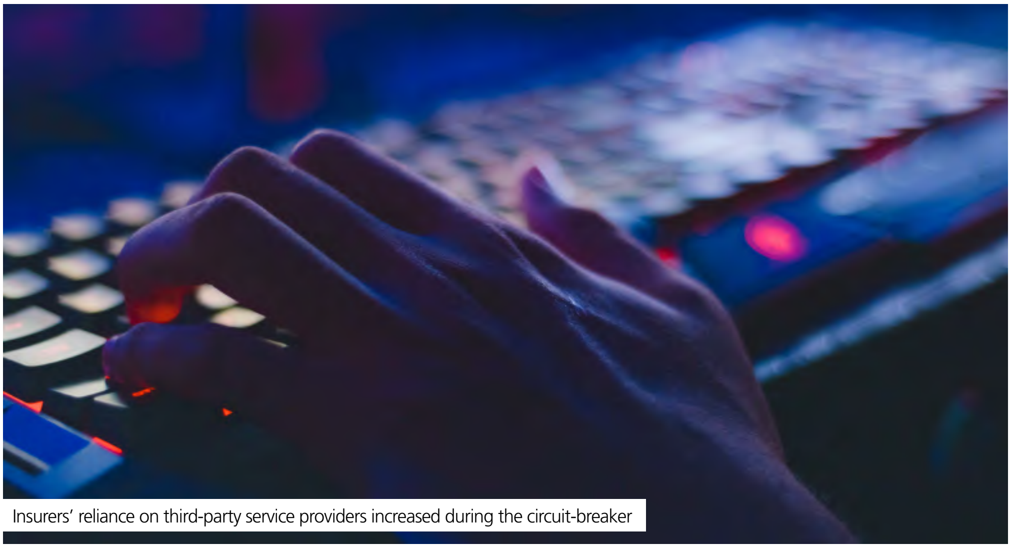
Today, McKinsey said that insurers in Asia, especially large, multiline insurers have weaved their health businesses in with life or P&C. But because those two business lines tend to be relatively large, health insurance gets lost in the shuffle. The problem with this is health businesses require completely different capabilities than other lines, and knowing how and when to pay claims is very different for the health line. Furthermore, health payment systems are also unique in that customers sometimes require very fast payment methods to cover hospitalisations and other expensive care. In addition, advanced-analytics requirements are much more rigorous in the health segment.

"Leaders of small-to-medium sized insurance companies need to consider what kind of partners would be the best and where they can be the most competitive and bring their capabilities into an attractive platform. Leaders of large insurance companies with a significant customer base and in-force business should realise that they are possessing an unfair advantage to build upon."

"That advantage, however, is fading fast. It is worth placing a bold bet and aiming to lay out a concrete foundation for future growth before it is too late," the whitepaper concluded.

McKinsey & Co's "Will Asian insurers make the right choices for health insurance?" was penned by Amit Agarwal, a partner in McKinsey's Singapore office; Axel Baur, a senior partner in the Hong Kong office; Eunjo Chon and Yukiko Sakai, partners in the Tokyo officer; and Sandeep Kumar, an associate partner in the Delhi office.

Insurers are called to make well-being a core value proposition



Insurers' reliance on third-party service providers increased during the circuit-breaker

Local insurers confident in the face of global slowdown

Insurance Asia's annual rankings reveals that Singapore's top insurers gained $236b in assets over the year prior to the pandemic.

Even though the impact of the COVID-19 pandemic may linger a little bit longer, the Singapore insurance industry is confident about its ability to serve customers whilst balancing rising cybersecurity needs and louder calls for sustainability, and is looking to remain buoyant and resilient as the border reopens and the economy regains its vibrancy.

Insurance Asia's annual review of the Lion City's insurance sector revealed that its top 49 insurers gained 21.1% to $263b in terms of assets in 2019. Great Eastern Life Assurance still reigned supreme with $61b in assets, a 19% jump from $51b in 2018. AIA Singapore followed in second place, recording a 19% increase to $51b from $43b in 2018. Prudential Singapore came in at third place with $45b, NTUC income placed fourth with a 14.1% growth to $40b, and Manulife Singapore rounded up this edition's top five with $19b.

Uncertainties in several factors may continue over a longer period, as shown in a PwC sector report, which ranges from regulatory measures to lower sales volumes to underwriting volatility. Insurers also have to be wary about deteriorating consumer risk profiles due to lapses in coverage. And with rapid digitalisation and rise of remote working comes with increased data and cyber risks, as insurers need to particularly ensure that their digital capabilities can support their operations without the need to sacrifice network security.

Growing instances of supply chain attacks has led MAS to bolster its rules for financial institutions' dependence on third-party providers

Notwithstanding all these pain points, insurers are still determined to prioritise the needs of their customers. The General Insurance Association of Singapore (GIA) will continue to bolster resilience amongst general insurers over the next 12 months which will allow them to extend better support to clients now and in the long term, its president Craig Ellis told IA in an email interview.

Likewise, Aviva Singapore will not be complacent even if the economy is showing signs of recovery, chief information officer Santosh Gon assured. "In the next twelve months, we will maintain our momentum of adapting to recovery, and we will also focus on leveraging technological disruptions and driving digital customer innovations," Gon said.

Regarding consumer demands, AXA Insurance is seeing customers who are more concerned about securing their futures amidst uncertainties, said its chief customer and operations officer Jeremy Ong. This is in line with PwC's observation that customers will gravitate from investment-centered products towards protection-focused policies.

"In January, we launched Singapore's first prenatal plan offering free health insurance coverage for newborns as a way to encourage parents to take a long-term view for their unborn child's future insurance needs as early as possible," Ong explained.

On the other hand, Aviva's Gon noticed that clients are moving away from premiums that cover for more than 10 years. "The demand for premiums with a shorter shelf life calls for new, simple and transparent products that can be bought at greater convenience."

Re-calibrating service credentials

There is also an ongoing need for insurers to reassess the service that they deliver to clients, in which accelerated use of technology will be a key, added Gon. Nonetheless, clients will still turn to their financial advisors "because of the personal touch they bring," he explained. This observation was echoed by Ellis, who cited a GIA joint survey with YouGov which showed that even digital-savvy younger customers are still looking and yearning for a human touch.

"Our sector is making sure that general insurance protection remains accessible to all and that changing needs continue to be met in an ever-changing market environment. To do so, we are ensuring that our digital capabilities, whilst much more efficient, still effectively recreate the in-person and advice-based relationships customers are looking for today," Ellis said.

To address evolving demands, PwC recommends that insurers must evaluate product design and pricing, especially where investment returns are priced in and tax advantages are expected. Moreover, the sector must gain a deeper understanding of future risk


Insurers are still determined to prioritise the needs of their customers

and varying risk profiles.

"Risk management guidelines provided to customers will need to be adapted to ensure they appropriately plan for pandemic-related risk that may emerge in the future, particularly for business interruption and liability products," PwC said.

Insurers' reliance on outsourced and third-party service providers to carry out key business activities has jumped in frequency during the circuit breaker period, PwC has observed. Working with third-part providers is important for Aviva Singapore to remain at par with the latest technologies and remain focused on core competencies, explained Gon.

"More IT service providers are moving to the cloud—a form of third-party provider, which is highly reliable and offers shorter time to market. Contrastingly, relying solely on on-premise solutions is cost and time-consuming," Gon added.

However, the growing incidents of supply chain attacks has led the Monetary Authority of Singapore (MAS) to fortify its rules for financial institutions (FIs) as well as their dependence on third-party providers and services.

The revised guidelines have urged the sector to build a strong process for timely analysis and sharing of cyber threat intelligence within the ecosystem, as well as to conduct cyber exercises to stress test defences through simulating tactics and techniques that are used by real-world attackers.

In addition, institutions must assess its risk exposure that may affect the confidentiality, integrity, and availability of its IT systems and data before entering into an agreement with a third party. Perhaps most importantly in the context of third-party providers, "the FI should ensure the third party employs a high standard of care and diligence in protecting data confidentiality and integrity as well as ensuring system resilience," MAS said.

Common supply framework

The move was welcomed by the sector, with insurers saying that it provides a common framework for institutions and their suppliers whilst keeping pace with the evolving cyber landscape. GIA's Craig does not think that the new guidelines will lead to a reduction in dependence on third-party providers; instead, he expects that their presence will increase and the guidelines should cement the need for risk assessment and management of such providers.

"Aviva Singapore is keenly aware that our reliance on third-party service providers should not result in any deterioration of our controls and compromise in risk management. We remain committed to only working with vendors who reflect our high standards of security, particularly in the areas of customer and payment data," Gon assured.

In terms of data sharing, Aviva and AXA are both keen to work with MAS for the Singapore Financial Data Exchange (SGFinDex). According to Ong,

Insurers also have to be wary about deteriorating consumer risk profiles due to lapses in coverage

not only will it grant customers a comprehensive view of their financial information, it will also help advisers streamline the financial planning process.

"Aviva is working closely with MAS and other financial institutions to identify challenges and implement solutions to ensure financial information can be safely exchanged to provide customers a comprehensive view of their portfolio," Gon noted.

Both insurers also highlighted their own initiatives and projects in ensuring a more sustainable future in their operations.

Aviva has started cutting the frequency of its business travel even before the pandemic started, which yielded a 40% drop in its carbon emissions footprint, Gon said. It has also been pushing for lower paper consumption and zero-waste amongst its employees.

AXA has also been taking into account ESG considerations in its investments by investing in green assets and impact funds, Ong said.

Industry-wide partnership

The general insurance sector remains committed to the Singapore government's efforts in advancing its national sustainable development agenda, Ellis said. GIA has been made a strategic partner of the Green Finance Industry Taskforce, which aims to champion a green outlook in the business community through a new environmental risk management handbook, amongst other key initiatives.

The association is also working towards the launch of the Global-Asia Insurance Partnership in collaboration with MAS.

"This is a tripartite partnership amongst regulators, academics, and the global insurance and financial service industry aiming to address the future development and needs of our sector with the support of global collaborators."

"We are optimistic about what the future brings. Taking these valuable lessons and our shared purpose of protecting livelihoods with us in our journey, general insurers remain committed to steering Singapore towards post-pandemic recovery and driving progress for our industry," Ellis concluded.

INSURANCE RANKINGS: SINGAPORE

2020 RANKING	INSURANCE COMPANY	Classification	2019 TOTAL ASSETS*	2019 RANKING	2018 TOTAL ASSETS
1	THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED	LIFE	$61b	1	$51b
3	AIA SINGAPORE PRIVATE LIMITED	GENERAL/LIFE	$51b	2	$43b
2	PRUDENTIAL ASSURANCE CO. SINGAPORE (PTE) LTD	LIFE	$45b	3	$38b
4	NTUC INCOME INSURANCE CO-OPERATIVE LIMITED	GENERAL/LIFE	$40b	4	$35b
5	MANULIFE (SINGAPORE) PTE. LTD.	LIFE	$19b	5	$11b
6	AVIVA LTD	GENERAL/LIFE	$10b	6	$9b
7	TOKIO MARINE LIFE INSURANCE SINGAPORE LTD	LIFE	$8b	7	$7b
8	HSBC INSURANCE (SINGAPORE) PTE. LIMITED	LIFE	$7b	8	$6b
9	AXA LIFE INSURANCE SINGAPORE PRIVATE LIMITED	LIFE	$4b	9	$3b
10	TRANSAMERICA LIFE (BERMUDA) LTD.	LIFE	$4b	10	$2b
11	QUILTER INTERNATIONAL ISLE OF MAN LIMITED SINGAPORE BRANCH	LIFE	$2b	11	$1b
12	ETIQA INSURANCE PTE. LTD.	GENERAL/LIFE	$1b	13	$863m
13	SWISS LIFE (SINGAPORE) PTE. LTD.	LIFE	$1b	12	$995m
14	FRIENDS PROVIDENT INTERNATIONAL LTD (S'PORE BRANCH)	LIFE	$997m	15	$836m
15	MS FIRST CAPITAL INSURANCE LIMITED	GENERAL	$686m	14	$859m
16	MUNICH RE	GENERAL/LIFE	$834m	22	$435m
17	ZURICH INTERNATIONAL LIFE LIMITED (S'PORE BRANCH)	LIFE	$830m	16	$751m
18	AXA CORPORATE SOLUTIONS ASSURANCE SINGAPORE BRANCH	GENERAL	$615m	41	$39m
19	MSIG INSURANCE (SINGAPORE) PTE. LTD.	GENERAL	$568m	19	$559m
20	INDIA INTERNATIONAL INSURANCE PTE LTD	GENERAL	$548m	20	$529m
21	AIG ASIA PACIFIC INSURANCE PTE. LTD.	GENERAL	$538m	18	$669m
22	SWISS REINSURANCE COMPANY LIMITED	GENERAL/LIFE	$432m	21	$504m
23	CHUBB INSURANCE SINGAPORE LIMITED	GENERAL	$430m	24	$387m
24	TOKIO MARINE INSURANCE SINGAPORE LTD	GENERAL	$426m	23	$424m
25	LIBERTY INSURANCE PTE LTD	GENERAL	$367m	25	$364m
26	CHINA TAIPING INSURANCE (SINGAPORE) PTE. LTD.	GENERAL	$353m	26	$316m
27	UNITED OVERSEAS INSURANCE LTD	GENERAL	$258m	27	$238m
28	GREAT EASTERN GENERAL INSURANCE LIMITED	GENERAL/LIFE	$237m	31	$175m
29	QBE INSURANCE (SINGAPORE) PTE. LTD.	GENERAL	$224m	28	$204m
30	SOMPO INSURANCE SINGAPORE PTE. LTD.	GENERAL	$213m	29	$200m
31	ALLIED WORLD ASSURANCE COMPANY, LTD, S'PORE BRANCH	GENERAL	$208m	34	$153m
32	SINGAPORE REINSURANCE CORPORATION LTD	GENERAL	$202m	30	$193m
33	XL INSURANCE COMPANY PLC, SINGAPORE BRANCH	GENERAL	$195m	35	$146m
35	ALLIANZ GLOBAL CORPORATE & SPECIALTY AG, S BRANCH	GENERAL	$184m	32	$171m
36	ASIA CAPITAL REINSURANCE GROUP PTE LTD	GENERAL/LIFE	$164m	33	$155m
37	BERKSHIRE HATHAWAY SPECIALTY INSURANCE COMPANY	GENERAL	$129m	36	$137m
38	PARTNER REINSURANCE ASIA PTE. LTD.	GENERAL/LIFE	$75m	38	$71m
39	SWISS RE INTERNATIONAL SE, SINGAPORE BRANCH	GENERAL	$75m	37	$73m
40	EVEREST REINSURANCE COMPANY	GENERAL	$42m	40	$44m
41	THE TOA REINSURANCE COMPANY LIMITED	GENERAL	$41m	43	$37m
42	SCOR REINSURANCE ASIA-PACIFIC PTE LTD	GENERAL/LIFE	$40m	39	$46m
34	XL BERMUDA LTD	GENERAL	$39m	42	$38m
43	AXIS SPECIALTY LIMITED (SINGAPORE BRANCH)	GENERAL	$35m	44	$36m
44	SCOR GLOBAL LIFE SE SINGAPORE BRANCH	LIFE	$27m	46	$18m
45	ODYSSEY REINSURANCE COMPANY	GENERAL	$21m	45	$22m
46	SIRIUS INTERNATIONAL INSURANCE CORPORATION	GENERAL	$18m	47	$17m
47	ALLIANZ SE, SINGAPORE BRANCH	GENERAL/LIFE	$17m	48	$15m
48	ENDURANCE SPECIALTY INSURANCE LTD, SINGAPORE BRANCH	GENERAL	$7m	49	$8m
49	IAG RE SINGAPORE PTE LTD	GENERAL	0	50	0
		TOTAL	**$264b**		**$218b**
			21.09% increase		

*Data are derived from Monetary Authority of Singapore's 2019 Insurance Statistics

Savings and investment insurance products gain traction

Insurance Asia's annual risk industry rankings reveal that Hong Kong's top insurers yielded $688b in terms of assets last year.

Customer interaction remains the key priority of Hong Kong insurers as direct-to-consumer sales are projected to increase whilst savings and investment products are gaining traction amidst a low-interest rate environment. Insurers are also ramping up their rebranding and marketing efforts, especially of their traditional offerings.

Insurance Asia's annual insurers rankings have revealed that the city's top 50 insurance firms yielded $688b in assets in 2019, a 7.4% increase from the previous year. AIA International bested everyone to the top spot with $141b in assets, followed by Prudential Life (Hong Kong) at second place with $111b. China Life moved up to the third spot with $76b, HSBC Life ended up in fourth place at $59b, and Manulife (International) rounded up the top five with $59b as well.

HSBC Life Hong Kong is still resilient despite the pandemic, recording a 15.2% market share in the life segment and accounting for 26% of the bancassurance channel, said CEO Edward Moncreiffe. For the coming 12 months, the insurer will offer more health and wellness products as well as boost its digital capabilities to make their products more accessible, he added.

Customer interaction remains the key priority of Hong Kong insurers as direct-to-consumer sales are projected to increase

HSBC Life has been arming their frontline staff with appropriate tools and are well-placed to conduct sales through clients' preferred platforms, Moncreiffe said.

Rebranding opportunities and direct-to-consumer sales

With most insurers pivoting towards digital channels, they have also been stepping up the rebranding and marketing efforts of traditional products. Moncreiffe agrees, citing an Admango study which showed a 78% YoY surge in the sector's ad spending in January 2021, of which 74% was spent on life products and branding. With vaccinations being more widespread, he sees a gradual relief in the Greater Bay Area which would lead to insurers reactivating their marketing activities, he added.

On the other hand, direct-to-consumer sales are also expected to boom in 2021, according to a KPMG study, which will require rapid upgrades especially in personal insurance. Insurers will have to integrate their brokers and agents at each step through digital interactions and interfaces as the transformation will require complex data, the report explained.

When asked about this, Moncreiffe assured that HSBC Life has been intensifying its digital capabilities and expanding its online product shelf to cater to their clients who prefer self-service. It has also introduced a digital appointment booking system which allows customers to book face-to-face appointments with insurance specialists whether in a physical branch or virtually, depending on their preference.

Insurers and sustainability

Per the KPMG report, growing exposures to climate change-related events, ranging from weather events to the pandemic, "are an integral part of new reality". Boardroom discussions around environmental, social, and governance (ESG) will evolve particularly on corporate purpose, stakeholder capitalism, and climate risk and resilience.

"Insurers can move funding into greener investments, and will be increasingly challenged by stakeholders if they do not," the report added. HSBC Life's insurance executive committee and management team are dedicated to integrating ESG initiatives throughout the business, with the insurer also pledging to publicise on an annual basis its progress in implementing ESG principles through its UN Environmental Programme Principle for Sustainable Insurance (UNEP PSI) report, Moncreiffe said.

"As one of the only two Asian insurers sitting on the UNEP PSI board, it shows clearly the importance on how we take sustainability in HSBC Life, and that we have seen through our sister bank and insurance companies in the West how ESG will quickly become much more than a 'reputational issue' and much more interwoven with how customers assess insurers," he explained.

Direct to-consumer and investment products sales are projected to increase

INSURANCE RANKINGS: HONG KONG

2020 RANKING	INSURANCE COMPANY	Classification	2019 TOTAL ASSETS*	2019 RANKING	2018 TOTAL ASSETS
1	AIA International	LIFE	$141b	1	$140b
2	Prudential (HK) Life	LIFE	$111b	2	$107b
3	China Life	LIFE	$76b	5	$52b
4	HSBC Life	LIFE	$59b	3	$64b
5	Manulife (Int'l)	LIFE	$59b	4	$58b
6	BOC LIFE	LIFE	$38b	6	$31b
7	AXA China (Bermuda)	LIFE	$30b	7	$27b
8	Hang Seng Insurance	LIFE	$21b	8	$24b
9	FWD Life	LIFE	$21b	9	$22b
10	TPLHK	LIFE	$16b	11	$10b
11	Sun Life Hong Kong	LIFE	$16b	10	$13b
12	FTLife	LIFE	$12b	12	$10b
13	YF Life	LIFE	$11b	13	$10b
14	BEA Life	LIFE	$7b	15	$5b
15	MetLife	LIFE	$5b	16	$5b
16	Chubb Life (formerly Ace Life)	LIFE	$5b	18	$4b
17	AXA General	GENERAL	$4b	19	$4b
18	Fubon Life Hong Kong	LIFE	$4b	24	$2b
19	AXA China (HK)	LIFE	$4b	17	$4b
20	Bupa	GENERAL	$4b	20	$4b
21	Transamerica Life (Bermuda)	LIFE	$4b	14	$5b
22	Friends Provident Int'l	LIFE	$4b	28	$2b
23	CTPI(HK)	GENERAL	$3b	21	$3b
24	Zurich Insurance	GENERAL	$2b	23	$2b
25	Hong Kong Life	LIFE	$2b	25	$2b
26	AIG Insurance HK	GENERAL	$2b	29	$2b
27	BOC Group Insurance	GENERAL	$2b	26	$2b
28	Generali Life	LIFE	$2b	22	$2b
29	Zurich International	LIFE	$2b	27	$2b
30	AIA International	GENERAL	$2b	34	$1b
31	Asia Insurance	GENERAL	$2b	33	$1b
32	Chubb Insurance	GENERAL	$2b	31	$1b
33	Generali	GENERAL	$1b	30	$2b
34	Blue Cross	GENERAL	$1b	35	$1b
35	QBE HKSI	GENERAL	$1b	32	$1b
36	Quilter International (formerly Old Mutual International)	LIFE	$1b	36	$1b
37	Liberty Int'l	GENERAL	$1b	44	$970m
38	AXA China (HK)	GENERAL	$1b	38	$1b
39	Prudential (HK) General	GENERAL	$1b	40	$1b
40	AIA (HK)	LIFE	$1b	37	$1b
41	MSIG Insurance	GENERAL	$1b	39	$1b
42	CIGNA Worldwide Life	LIFE	$1b	43	$1b
43	Allied World	GENERAL	$1b	41	$1b
44	AGCS SE	GENERAL	$929m	45	$926m
45	Blue (formerly Aviva)	LIFE	$879m	42	$1b
46	Standard Life Asia	LIFE	$730m	46	$795m
47	Principal	LIFE	$722m	47	$776m
48	Dah Sing Insurance	GENERAL	$558m	49	$429m
49	AXA Wealth Mgt (HK)	LIFE	$552m	48	$620m
50	Generali	LIFE	$207m	50	**$210m**
			$688b		**$641b**

*Derived from Hong Kong Insurance Authority's audited statistics for 2019

Pivoting to digital: how insurers are making their bold moves

They will need multifunctional teams to work on one aspect of the job.

The insurance landscape has changed drastically since last year as the pandemic disrupted the traditional ways of doing business. The change demanded that insurers adapt to modern tools to make offerings more accessible. Industry leaders attended the "*Insurance Asia* Digital Conference" held 6 May 2021 and shared to over 120 attendees how the market is rapidly changing its approach to insurance.

Although the demand for insurance plans increased the past year, Bain & Company associate partner Rafael Lam said they have observed that individuals tend to have more trust in tech firms offering insurance coverage over traditional insurers. This becomes a matter of how to allow users to trust traditional insurers that are only starting to build their own apps and platforms.

"They prefer large tech firms over traditional insurance largely because of price, reliability and brand. These have been because of the regular usage of users of these platforms," Lam said, citing Grab and Gojek as examples of such trusted apps.

Insurers must ensure that their offerings are user-friendly and will be attractive enough to explore

To reach this particular segment t, companies must ensure that their apps and offerings are user-friendly and will be attractive enough to explore.

"The idea is to be able to engage them better and at the right time bring the insurance proposition to their attention and enclose the sale. A key thing to note here is also that we need to think of non-episodic type services in thinking of engagement. This means that it's not just a one-time use in a long time."

Reassurance through digital apps

In a country like Vietnam, Manulife Vietnam CEO Sang Lee said that insurance was not taken positively pre-pandemic. The country's health protection gap stood at around 36 billion in 2017, as life and non-life insurance penetration stands at only around 1.8%. However, with the turn of the pandemic, he said that e-commerce played a big part in changing this mindset. Vietnam was their fastest growing market in Asia last year. Digital Innovation also allowed their advisors and employees to spend more time servicing rather than processing.

"They want reassurance and simplicity. Manulife Vietnam developed eClaims, the first end-to-end digital claim solutions in the market. From our perspective, end-to-end comprises digital submission of the claim for internal review and processing and the transfer of payment to the customer," he said.

Aviva Singlife's Deputy Chairman Walter de Oude echoed this insight, saying that they observed the same thing from their Singapore clients. He said that a majority of them prefer to have online tools available and are keen on reading up on certain information first on their own.

"Based on a research we conducted, 89% of people are willing to receive advice digitally. We also found that 68% of people would prefer to use an online channel to search for information around insurance. People do their own research and Google is the most important source of information for everybody," he said.

Multifunctional teams

In line with moving to digital, insurers will need multifunctional rather than separate teams work on one aspect of the job. Insurance EY consulting partner Dr. John Burton Morley said that businesses must also make a shift internally to have a more robust system set in place.

"New skills will be added, such as data analysts, who can really look at the data in a different way and provide a different view on how to move things forward. All this will be enabled through technology in terms of new functionality, but also how it harnesses data through more accurate and speedy cloud-based technology," he said.

To do this, Morley said that new systems will have to be set in place. With these new avenues and technology that improves how business can be done, the insurance sector will be able to keep up with its counterparts in the financial industry.

"We are moving to systemise those processes in the core of the system, rather than just providing a patch through things like robotics process automation (RPA) and outsourcing. It frees up capability and capacity to transition in order to make the further steps."

KENNETH KOH

Insurance and the growing demand for hyper personalisation

KENNETH KOH
Global Principal, Director of Insurance, Financial Services Practice,
SAS Institute

Insurance customers and prospects are becoming digitally savvy and demanding in their expectations. Coupled with the surge of customer touchpoints that are available in today's integrated marketing environment, this has resulted in drastic changes seen in insurance selling and buying.

The global pandemic has upended all industries, making it more vital than ever that players in the insurance space constantly innovate to adapt to shifting demands and social and environmental disruptions. Consumers have high expectations for seamless and personalised digital experiences, inspiring innovation amongst industry leaders. Thus, personalisation is simply not enough on its own when it comes to marketing insurance products to potential and existing buyers. Providers will now have to implement and promote hyper-personalisation in their customer offerings to stay ahead of the curve.

IDC predicted last year that 15% of customer experience applications will deliver hyper personalisation,through reinforcement learning algorithms continuously trained on a wide range of data and innovations. According to EY, hyper personalisation is amongst the factors that will reshape Southeast Asia's financial services ecosystem in 2021.

With the emergence of big data, artificial intelligence and machine learning enabling the process of hyper-personalisation, the potential benefits are vast. One example is the exponential increase of customer satisfaction. This all begins with predictive modelling, defined as the collection and analysis of data from various internal and external sources, which serves to better understand and predict the behaviour of customers in a short amount of time. It can help insurance providers understand whether potential customers are interested in buying their products and services, reduce issues and underwriting expenses, hold on customer relationships and claims, whilst increasing sales and profitability.

The pandemic has further shown insurance providers the importance of predictive modelling, which would allow them to anticipate unprecedented changes and define rate changes and new products more efficiently. Without it, insurers will miss out on inconspicuous warning signs which will further result in losses of cost and time when remedying.

Through predictive modelling, insurance providers can implement hyper personalisation. This helps them identify potential target markets, understand customer demographics and characteristics and tailor efforts towards the right direction. Through aggregating complex data from multiple customer touchpoints, insurers gain a holistic 360-degree view of individual customers, enabling a target engagement at the "moment of truth" where a specific message is delivered at the right place and time.

Data collected from hyper personalisation is largely first-hand information, making results more direct and insights more valuable. Hyper personalisation can help identify if a customer is at risk of cancellation or if they require more specialised attention. It can also help identify and reduce the risk of fraud, implementing corrective measures at breakneck real-time speed.

But it is not beneficial only to insurance sellers. Customers also reap its perks as they are offered products and services customised to their personal circumstances, bringing improved price and risk selection and the prioritisation of pressing claims. Behavioural insights and individual user history are all extracted and collated through advanced data analytics to anticipate needs and tailor services accordingly.

All of this has been strengthened and proven possible by advanced data analytics software and solutions. A few things factor into its progressive reliability: the vast surge of customer touchpoints from social media to smart devices, and organic interactions between insurance specialists and customers, allows the total aggregation of all information collected into a single space of valuable and individualised insights.

Using information and data from their clients, insurers can personalise the engagement at each visit to their digital properties. The analytics and AI engine looks at each individual client when they log in and decides what messages would be of value to that individual based on what the insurer knows about them, and then prioritises the most important messages for the client.

Furthermore, the ability of advanced data analytics to comb expeditiously through IoT-enabled data allows the understanding and anticipation of the customer needs. This is further complemented by its ability to analyse customer behavioural data in real time. The objective is to become more proactive in engaging with customers, to improve their awareness of what is available to them and nudge them to act in their own best interest.


Krungthai
AXA
Life and Health Insurance
Good life
Good health
Needs planning
Koy Rachwin
Actress
iHealthy provides comprehensive
health insurance coverage:
• Lump-sum coverage up to
maximum 100 million Baht* per year.
• Coverage for in-patient and out-patient medical expenses.
• Access to our healthcare service; TeleHealth and
Care Coordination Service.
Know You Can
1159
krungthai-axa.co.th
Tax deductible insurance premiums, in accordance
with The Revenue Department conditions.
*Buyers are advised to have a detailed understanding of the policy coverage
and conditions before purchasing. Conditions specified by the company.