

## INSIGHTS – IT IN INSURANCE

# The age of mobile and millennials: A new frontier



(L-R): Mr David Piesse, Mr Solmaz Altin, Mr Wolfgang Boffo and Mr Ville Kulmala

We are in the age of the customer, specifically the millennials, and these millennials are in the age of “mobile-first”. Customer-centricity made possible by digital transformation is key to insurers’ success, said speakers at the 5th Asia Insurance CIO Technology Summit. And for the incumbent players, working with new players and business models may be a way to ride on the InsurTech wave.

By Chia Wan Fen



**B**e it the need for speed or catering to new distribution channels, insurers are hard-pressed to adapt. Explaining the impact of customer-centric digitalisation was Mr Solmaz Altin, the Chief Digital Officer (CDO) of Allianz SE. He said that digitalisation is driving customer expectations higher. With an abundance of information at their fingertips, today’s customers now expect increased transparency, ease of use and personalisation of products and services, shaped by other industry forces.

“Insurance as an industry is sometimes not really liked and tends to be present when there is a pain point for the customer. At this moment of disruption for him, his underlying expectation of insurance is the speed and satisfaction which he derives from his experience of say, Facebook and Amazon,” Mr Altin noted.

### Have a “fear of missing out”

Thus the industry needs to fundamentally rethink its positioning towards the customer and to increase its pace of innovation to adapt, especially since more and more fast startups, which require only a minimal start-up capital to set up, arrive and compete with the incumbent “big fish”.

In addition, InsurTech investments have increased by 10 times in two years. All lines of business are under attack by not just startups but also internet giants eager to enter the insurance space. However, incumbents have economies of scale, skill and scope and breadth – they should reap these advantages.

As customer journeys evolve, Mr Altin said that insurance incumbents like Allianz would need to move from a “push” to a “pull” model, designing great customer experience and taking a “mobile-first” approach in order to retain customers.

In this process of change, Mr Altin acknowledged that management and employees would often respond with fear. He said that fear is a good instinct, but one needed to change the category of fear from the “Fear of Making Mistakes” (“FOMM”) common in large organisations to a more productive “Fear of Missing Out” (“FOMO”) mindset, that would help to break the exponential change barrier.

### Evaluating the role of the CIO

Taking further the argument that “digital needs to be a core value of the company”, Mr Prassadh Shanmugam, CEO, KG Information Systems Pvt Ltd, said that insurance companies need to become “digital firms,

with every process and everyone thinking digital.” Emphasising the role of senior management in this, he added: “A traditional CEO who is not digitally savvy and cannot transform his company will be replaced by IT-savvy ones. Maybe the CIOs are the next CEOs of tomorrow.”

Mr Shanmugam also said CIOs need to start looking at their legacy payment systems to see if they are prepared for blockchain, which he said would “completely disrupt” the industry in the next three to four years, when instantaneous transfer of money and other resources would be a given. Another powerful force would be predictive analytics, which improves service levels and customer satisfaction.

At a panel discussion chaired by Mr Tsukasa Makino, Manager, Corporate Planning Department & IT Planning Department, Tokio Marine & Nichido Fire Insurance Co, Ltd, issues such as how to balance the usual “routine and reactive” roles of organisational IT architecture and infrastructure maintenance with the more “innovative and proactive” initiatives such as strategic development, driving IT culture and transformation, amid others, were raised.

A panellist, Mr Adam Brzozowski, Executive Director, Advisory Services, EY, offered a broad view on the CIO. “I think the CIO is in the unique position to enable technology to deliver the desired customer experience. He needs to be best friends with the Chief Underwriting Officer to make an impact on underwriting the product,” he said.



Mr Tsukasa Makino



Mr Adam Brzozowski

Another panellist, Ms Geetha Kanagasingham, Vice President, Group Risk, Barclays Bank PLC, said that from a bank’s perspective, a CIO’s role should be to make its platform a trusted one. He should protect and defend, enable and transform digital and mobile, innovate to design tomorrow’s cyber defences, and educate staff on IT risks.



Ms Geetha Kanagasingham

### Personalisation and ultra-personalisation

The speakers discussed some unique traits of millennials. Mr Rocky Scopelliti, Global Industry Executive – Banking, Finance & Insurance Global Industries, Telstra, said the key to engaging this group well was through trust, technology and creating new relationships in a mobile-first world. He noted from Telstra’s research that millennials currently trust FIs more than other players in their digital lives – but this is perishable if they are not satisfied. So trust is an advantage FIs have to tap on now.

Millennials also need personalisation of services, and this increases with their net wealth. Technology is at the centre of their personal ambition and goals, including their attitude towards risk and financial planning, and millennials much prefer to have advice delivered to them digitally.

Mr Eiichiro Yanagawa, Senior Analyst, Asian Financial Services Group, Celent, noted that with the rise of “ultra-personalisation” and the need for highly specialised services for dedicated customer groups, he saw a rise in a new “modular model”



Mr Eiichiro Yanagawa

### Highlights

- Digital transformation and mobile-first will be key to adapt one’s business;
- Millennials are the core customer group. Understand them to attract them, in particular their need for personalisation; and
- To harness InsurTech, incumbents should explore new partnerships, such as working with new startups.

for FIs that would replace the current integrated model. There will be a growing demand for overarching advisers to help customers make choices, without actually producing the service, he said.

### New tools of engagement

Within the digital domain, speakers also highlighted new ways to appeal to the customer. Gamification is one such critical approach, said Mr Rob Zepeda, Founder & CEO of Playbasis. He noted that many of the countries where there are more people with smartphones than PCs are in Asia – with Thailand leading the pack. Data show that 90% of mobile time is spent within apps, and game apps outnumber bank apps 10 to one. This, and the rise of Pokemon Go show clearly that incorporating gamification is a tool for firms to appeal to customers via their own channels.

Mr John Gu, Co-Founder, frame.ai talked about another channel – messaging – which he said was “eating the world”, given that the top apps in Asia are frequently messaging ones. “Messaging is the new browser”, acting as a gateway through which people access information and services. It is thus a great channel for insurers to engage with customers, for whom it is



Mr John Gu



(L-R): Rocky Scopelliti, Mr Rob Zepeda, Ms Val Yap Jinsuan and Mr Prassadh Shanmugam

## INSIGHTS – IT IN INSURANCE

### 2016 Asia Insurance Technology Awards

The conference also saw the presentation of prize winners of the 2016 Asia Insurance Technology Awards co-hosted by Celent and AIR, which recognise excellence and innovation in the use of technology within Asia-Pacific's insurance community in six categories.

Congratulations to all the winners which were selected from over 40 nominations!

#### 6th Asia Technology Insurance Awards Winners

Award category	Country	Company
Digital Transformation Award	Hong Kong	AXA Asia
	Australia	PetSure (Australia)
IT Leadership Award	India	Sriram Naganathan CIO, Liberty Videocon General Insurance
Best Newcomer Award	U.K	Everledger
Best Insurer: Technology Award	China	New China Life Insurance
	India	Max Life Insurance
Big Data and Analytics Award	Hong Kong	AXA Hong Kong
Innovation Award	China	Ping An Property & Casualty Insurance Company of China
	India	IDBI Federal Life Insurance



convenient and high personal, he said.

One growing technology is automated bots combined with the use of artificial intelligence learning from experience, which could provide meaningful automated replies via a chat interface like a personal assistant, though it will be a challenge to complete these in real time.

Ms Val Yap, CEO & Founder, PolicyPal added that majority of millennials were receptive to sharing personal data in exchange for a reduced premium, and an overwhelming majority of them were very interested in usage-based insurance, which they believe are a better way to calculate premiums. Insurers should also look at adding on-demand services via mobile, which millennials will appreciate.

#### Embrace InsurTech, insurers!

Expanding the discussion to how the customer is the real disruptor, Mr Prashant Agarwal, Director of AIA Edge, the innovation group within AIA, said that the insurance industry had les-

sons to glean from the decline of some mobile companies in the past decade. First is to learn constantly – to keep experimenting and prototyping, with new stakeholders; second is to collaborate – to create partnerships even with “non-typical” parties, such as competitors coming together in blockchain solutions; and third, to enable the ecosystem such as giving startups the opportunities to experiment.

According to Mr Agarwal, the good news about InsurTech is that since last year, in a dramatic change from the situation in 2014, statistics have shown that it has started working with the industry, unlike FinTech where many new entities remain at odds with incumbents.

Mr Agarwal suggested four common models for insurers to embrace InsurTech – internal teams consisting of entrepreneurs working within the organisation; engaging universities to



Mr Prashant Agarwal

learn from new technologies at an early incubation stage; working directly with startups and establishing outposts (such as in Silicon Valley), which many in the industry have started doing to learn from other countries. Innovation labs lay at the intersection of these models, and can encourage innovation via accelerator programmes.

Closing speaker Mr Yujun Chean, Co-Founder of insbee, a peer-to-peer insurance startup which operates based on partnerships with insurers, left these parting words – “Don’t fear disruption. It’s going to happen. The way to embrace it is to think about how you want to engage startups and how we can work together to bring this product into the market.”

The two-day conference was organised by *Asia Insurance Review* and attracted delegates from 18 countries. It was sponsored by KG Information Systems Pvt Ltd (KGISL). 



Mr Yujun Chean