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Rich in insight, bold in foresight

The Philippines secretary of finance Carlos Dominguez opened the 29th EAIC in Manila with an address that acknowledged the “withering pace” of technological change that is disrupting the financial services sector. Smart insurers attending the congress were paying close heed to his words.

By Paul McNamara



Mr Dominguez’s main piece of advice to regulators facing technological change around the region was simple: Act quickly. The nations that are most nimble and can move fast into the area of e-regulation will be the winners, he said.



FinTech, he said, is at the cutting edge of this change and should be seen as a blessing that will lead to greater financial inclusion. While insurance is the most closely regulated area of financial services, this means that it will be the sector that benefits most from FinTech developments.

“Asia is now the centre of gravity of the global economy,” he said. “The Philippines is one of the fastest growing economies in the world – and we are undertaking reforms (to the financial system) that will ensure this continues.”

The world is now in the middle of what Mr Dominguez called the fourth industrial revolution. “We need to rethink how we do things and how we create wealth for our people,” he said.

He ended his keynote by urging delegates to use the EAIC as a forum to plan for what is to come and encouraged participants to create an agenda for the future that was “rich in insight and bold in foresight.”

Speed with excellence

When the EAIC was looking for a guest speaker from the Philippines whose business embodied the spirit of ‘managing disruptions, driving change’ they did not have to look much further than Jollibee Foods president and CEO Ernesto Tanmantiong.

By Paul McNamara

Jollibee’s 43-year history traces its roots back to a couple of ice-cream parlours established in 1975 that has grown to become the largest Asian food-services business in the world today. During that period the business managed to fend off serious disruption in the form of the arrival of McDonald’s and a more recent tech-induced supply-line shortage, but it never stopped managing change.

Insurance businesses facing their own forms of disruption and change were encouraged to learn from Mr Tanmantiong’s three main pieces of wisdom.

The first lesson was that of the importance of customer focus. This is where McDonald’s went badly wrong, Mr Tanmantiong said, in failing to understand the tastes of typical Filipinos.

The second lesson was to retain humility and to listen and learn. This might include listening to customers but it also

means watching competitors and being willing to adapt to changing circumstances.

The third lesson was the need for ‘speed with excellence’. By this Mr Tanmantiong meant that a business needs to be able to adapt to a new situation very quickly – but never at the cost of quality. True success will only be maintained by marrying both together.

“Life will throw you curveballs,” said Mr Tanmantiong. “What is important is how you meet them.”

The business of disruption and change is never ending and it never pays to become complacent. As far as Jollibee is concerned, Mr Tanmantiong said, “The best is yet to come.”

Coming from a business that has 1,065 stores in the Philippines compared to McDonald’s 569, Jollibee serves as a textbook case of how to deal with both disruption and change.



East Asia in good form

Asia continues to be a driving force in the global economy, and the insurance industry has benefited greatly. The growing middle class in the region has led to a largely positive year for Asian insurers, as the EAIC chief delegates reported yesterday morning.

By Ahmad Zaki

The chief delegates of the 12 EAIC member countries reported good tidings for 2017, with solid economic growth providing a positive impact on the insurance industry. Of note were the impressive figures from Macau, Cambodia and Thailand, which recorded GDP growth of 9.1%, 7% and 4.1% respectively. These translated to a substantial increase in gross premiums for the year; Macau reported 6.8% growth in gross premiums for both life and non-life; Cambodia saw a massive 27.2% growth in premiums, driven mostly by good performance in life and microinsurance; while Thailand saw 5.9% growth in life insurance.

This upward trend was also seen in several other member countries. Malaysia had 6.8% growth in annual premiums in the life sector, while Hong Kong's life sector grew 8.6% in 2017. In Indonesia, driven by the huge growth of the bancassurance

channel, life insurance premiums grew by 17.2%. Taiwan also reported spectacular growth in both sectors, with the life market growing by 9.2% in 2016 and the general sector seeing a 7.4% increase. Host country the Philippines saw record highs, with a 12% growth in total net written premiums across both sectors.

In the more mature markets of Japan, South Korea and Singapore, growth was either incremental or the market remained flat. Singapore's general insurance sector only saw a 0.8% improvement, while the growth rate for South Korea's general sector slowed down to 3.3%. However, South Korea's life market saw a negative growth rate of 4.9%. Japan remained relatively flat, as has been the case for the past five years, mainly due to the maturity of the market.



Chief delegates of EAIC member countries

Learn and iterate

As the world enters the fourth industrial revolution, some organisations struggle to transform and prevent their own 'Kodak moment' from happening. Mr Andrew Rear of Munich Re Digital Partners provided some helpful advice at the first plenary session yesterday afternoon.

By Ahmad Zaki

“Lesson number one: don't conduct grand transformations,” said Munich Re Digital Partners chief executive Andrew Rear. “But following quickly on that is lesson two: Don't be complacent.”

Speaking from his experience at Munich Re Digital Partners, a unique take on innovation for the insurance industry, Mr Rear banished the typical advice given to organisations seeking to transform and innovate. “There is no such thing as an agile organisation – in the same way a start-up is agile. There are just big organisations and small organisations,” he added. Even the big tech companies such as Amazon and Google, viewed by many to be agile and fast organisations will get bogged down by gatekeepers, regulators and red tape, due to their sheer size.

He also pointed out that the popular notion of a 'failure culture' that has been floating around the tech industry over the past 10 years is not completely feasible for most businesses. “There are large parts of your organisation that don't need a failure culture. In fact, they should be quite failure averse,” he said, suggesting finance departments as an example.



In short, he cautioned against a grand transformation because, “It doesn't work, and you don't need it.” Even a roadmap, he said, was unnecessary.

“Google and Amazon didn't set out to be the organisations that they are today. They set out with an idea, a customer need and way to meet that customer need. Then, having built something, they realised that there was something else they could do and they built that, and then there was something else, so they built that and so on,” he said.

“Even today, there is no long-term transformation roadmap in these organisations. If you knew today everything you would be doing in five years' time, then why wouldn't you be doing that today?”

“Instead, when you see an opportunity that could do something interesting for your business in five years' time, then start working on that opportunity. Don't worry about where it fits in your grand plan. Just start doing something and learn as you go,” he added.

Asia's place in the world of InsurTech



Asia is poised to play a bigger role in InsurTech investment and innovation, says Pivot Ventures' Mr Stephen Goldstein.

The US has been the early leader in terms of insurance innovation (ie, InsurTech) for the past few years. And it still is.

However, both investment and the speed of change in markets like Europe and Asia have started to shift some of this leadership position away from the US.

Asia is poised to take a much bigger role in the years to come.

Investments in InsurTech

According to Accenture's report titled 'Fearless innovation: Insurtech as the catalyst for change within insurance', the total value of investment into InsurTech increased by 32% to \$2.3bn in 2017.

It is important to look at the number of deals rather than deal value. Many 'startups' are starting to get later stage funding, which is helping to prop up some of the investment values reported for InsurTech.

The number of deals by geography from 2012-2017 is shown in Chart 1 (from the Willis Towers Watson/CB Insights Quarterly InsurTech Briefing Q4 2017).

While the US has dominated over this time, it is important to note China and India being just behind Germany and the UK.

China and India are in a league of their own for different reasons.

With China's 1.37bn and India's 1.32bn populations, it is no surprise that there is a lot of investment happening in InsurTech. With populations of that size, there are massive needs for protection of all shapes and sizes.

India has focused on insurance for the masses with aggregators like PolicyBazaar, and Cover Fox and digital insurers such as Acko.

China is focused on something a lot larger, which is building ecosystems around insurance. Ping An has done some amazing

work with building ecosystems, the most impressive I think is around health insurance. Tencent, with its launch of WeSure, has offered insurance into its Wechat ecosystem that already has over 900m users. Let's not forget about Zhong An, which had the first insurtech IPO last year.

Regulation seem to be more open to innovation across the region

Regulators in the US and Europe are open innovation, however a lot of the regulation already in place (as well as the regulatory structure of the US specifically) limits the amount of innovation that can be done.

Aside from China and India, Singapore seems to be the next most innovative country in the APAC region. This is a combination of:

- The openness of the regulator to have constructive dialogue and a risk-based approach to regulation;
- The interconnectedness of the city; and
- The amount of money present there.

In other markets, such as Malaysia, Hong Kong and Indonesia, regulators are also open to innovation and have opened sandboxes to help drive this. Japan seems to be going in this direction too.

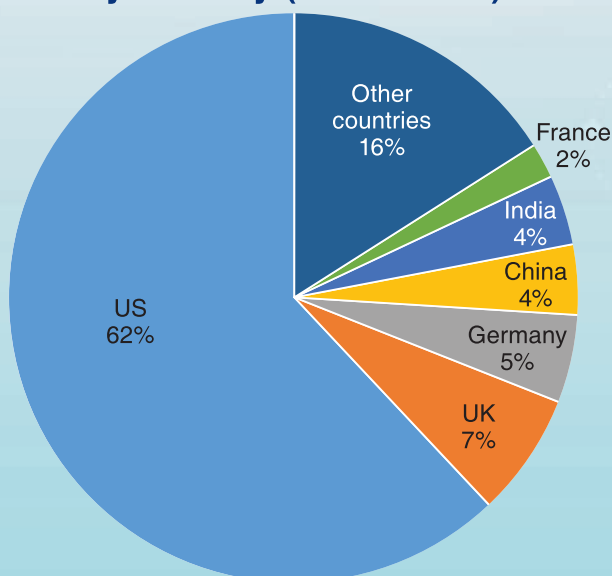
Above all, customer needs matter

In many parts of emerging Asia, including China and India, insurance penetration is low and consumers need protection. The best way to get this out to the masses is through increased distribution. Face-to-face distribution has been the dominant force throughout Asia and will remain prevalent. However, in order to reach more consumers, insurers in Asia will need to continue to invest in technology that enables them to get to their customers quickly, easily and conveniently.

Because of the money present and flowing into Asia, the engagement of regulators, nature of regulation as well as the needs of the customers, InsurTech in Asia is poised for growth in years to come.

Mr Stephen Goldstein is country director, US, Pivot Ventures

**Chart 1:
Number of InsurTech deals
by country (2012 - 2017)**



Total number of transactions: 707



Celebrating the champions

The very best of Asia's life insurance industry came together last night and was feted at the gala awards presentation for the 3rd Asia Trusted Life Agents & Advisers Awards. Eleven winners in 11 categories were announced, after several rigorous rounds of judging and selection, whittled down from 400 contenders from 50 companies across Asia.

While the winners come from many different countries and have varied approaches to life insurance, they all have one thing in common: They are the best in agency and advisory that the industry has to offer, and their contributions are invaluable.

- Insurance Agent of the Year**
Amy Wat Chi Mei (AIA Hong Kong)
- Financial Adviser of the Year**
Nguyen Thi Thanh Lich (Manulife Vietnam)
- Rookie Insurance Agent of the Year**
Selena Wang (AIA Hong Kong)
- Insurance Agency Leader of the Year**
Tan Lay Seong (Great Eastern Life Assurance (Malaysia) Berhad)
- Rookie Insurance Agency Leader of the Year**
Agnes Ng (Prudential Assurance Company Singapore)
- Inspirational Agent/Leader of the Year**
Divya Tusnial (TATA AIA Life Insurance, India)

- Digital Agent/Agency Leader of the Year**
Tay Kah Lok (AXA Insurance, Singapore)
- Lifetime Achievement**
Antonia Lucrecia Nicdao (Philam Life, Philippines)
- Affinity/Bank Partner of the Year**
Citibank, Hong Kong
- Insurance Company of the Year for Agents**
Cathay Life Insurance, Taiwan
- Executive Champion of the Year**
Rizalina G Mantaring (Sun Life Financial, Philippines)



Time is Running Out to Enter

22nd Asia Insurance Industry Awards 2018

Deadline for Entries
16 May 2018 (Third-Party Nominations) • 31 May 2018 (Self-Nominations)

Gala Awards Presentation Dinner
29 October 2018 • Marina Bay Sands Expo & Convention Centre, Singapore

How to enter

- Entries are invited from Asian countries and can focus on domestic or regional activities.
- Participation in more than one category is allowed. Organisations, teams or individuals may be nominated for an award by a third party or by self-nomination through submission of an application.

For more information, visit: www.asiainsurancereview.com/asiaawards

Insurance Summit on Belt and Road Initiative

12-13 June 2018
Mandarin Orchard Hotel, Singapore

Theme: "Getting Ready for a New Risk Landscape – An Insurance Dream"

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