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Understanding the customer and creating unique value

The age of the trusted adviser

Whether it is in bridging the protection gap or in accessing customers, the industry will need to embrace the fact that consumers will increasingly dictate the way in which insurers will interact with them. Insurers, on their part, will need to truly leverage on data and multi-channels to understand and deliver on their clients' needs in order to become a trusted adviser to customers.

Mr Moses Ojeisekhoba, CEO Reinsurance Asia, Regional President Asia, Swiss Re, kicked off yesterday's discussion on "Understanding the customer and creating unique value" by highlighting the protection gap that stands at over US\$58 trillion, based on 2014 figures. While he highlighted drivers of this gap – changing consumer behaviour and accessibility among others – he said: "Whichever way you look at it, it boils down to the fact that the gap exists and is driven by insufficient understanding of the consumer."

Drawing insights from "pain points"

Aviva Asia Executive Chairman and Aviva Digital Global Chairman Chris Wei said insurers will need to understand the customers' "pain points", draw deep insight from these points and then develop value-added solutions.

Illustrating with an example of what Aviva

did in Poland, he said the insights drawn by the insurer on the profile of "young, single working adult" in the country are that they "are alone", "work long hours", "are health conscious", "time-poor" and want everything to be covered in a simple-to-understand policy. Hence, the insurer developed a product which covered "life, critical illness, medical, accident, travel, renters and some lifestyle – one policy, one premium, one statement, digitally delivered".

Embracing changing consumer behaviour

Insurers need to recognise the changing behavioural trend among customers characterised by the information revolution wherein there is vast availability and transparency of information; instant gratification where the success benchmark is now measured in minutes and seconds; and the shift in power to the consumer who has knowledge at his disposal, said Manulife Asia President & CEO Roy Gori.

To stay relevant and thrive successfully, he said the industry needs to be simple and intuitive in its offerings to customers. It must also embrace the fact that customers can choose to interact in a variety of channels which insurers have to seamlessly integrate. And while the industry has generally been

relatively successful, he cautioned against being too absorbed in the "culture of success" and resistant to change.

"The worst mistake you can make is assume that everything is a fad," said Mr Gori, adding that the winners will be those who try to "re-imagine things and engage from the customer's perspective".

Mr Jerry Smith, President & CEO, Asia Pacific, OgilvyOne Worldwide, shared similar sentiments. He added that insurers need to be agile in their approaches and willing to engage customers in order to deliver brand authenticity, which he said is what consumers look for in an increasingly transparent world.

Agency force must stay relevant

Hearsay Social Founder and CEO Clara Shih told delegates of the importance of the agency force staying tech-savvy and adapting to today's buyer. Despite its face-to-face nature, where consumers begin their insurance-buying journey is online, she said.

Consumers today tend to take their research online before making a decision to buy or work with someone and thus agents too are expected to maintain a profile. "Profiles are like the yellow pages of our time," she said, as she encouraged insurers not to exclude the agency channel in their digitalisation efforts.



L-R: Mr Moses Ojeisekhoba, Ms Clara Shih, Messrs Roy Gori, Chris Wei, Jerry Smith

Google doesn't always win

It is not too late to get started on innovation and digitalisation, and the industry has the resilience and capabilities to deal with disruption, said experts at yesterday's "Conquering the Digital Age" panel discussion.

Digital disruption is not going to take out the industry

Mr Mark Wales, Partner, Consulting, Deloitte China, said that digital is not going to be a disruption of the entire industry.

"Digital disruption doesn't tend to work that way. It is only in niche industries that are fairly compact that digital disruption can take out the entire industry," he said.

Disruption rarely occurs across the full length of the value chain. "Netflix did not take out the entire film industry, it took out one of its elements of distribution. Likewise, iTunes didn't take out the music industry, it just took out its distribution," he added.

The key is to find out where the propensity for disruption in our industry is and to remove the pain points.

Disruption – a dramatic way to describe change

Mr Mark Saunders, Group Chief Strategy and Marketing Officer, AIA, who spoke about whether the industry needs disruptors to change or is ripe for disruption, said the word "disruption" has a dramatic impact but that it is "just a dramatic way to describe change".

There are mega trends – such as demographics, regulation, and environmental change – that the industry has adapted to and continues to adapt to. "The only constant in the world is change. It is nothing new. The only difference is that the pace of change is unprecedented," he said.

Customer expectations have changed, therefore the industry has to change. It is not because of disruptors, but the need to continuously improve customer experience to remain sustainable, he added.

Technology comes and goes

Mr Nestor Tan, CEO, BDO Unibank, also touched on the need to focus on helping

customers achieve their objectives through a holistic approach. "Technology will come and go. If it is not technology 'X', it will be technology 'Y'."

It is important to have a platform to keep up with the technology, but Mr Tan said that the focus is on building the relationship with clients and to be the one facing the customer. Products or certain parts of the business can be built in-house, through a partner, or even outsourced, but at the end of the day, it is the customer focus that will keep the relationship intact, despite the changes in technology.

Google doesn't always win

Mr Dean Graham, Head of Life, PartnerRe, who moderated the panel, said that a "Yes-No" survey on whether Google will be a key life insurance player in the next 10 years that the reinsurer conducts at conferences often saw "Yes" emerging as the general sentiment.

But he had some words of encouragement for the industry even if the tech giant enters the insurance space. "Google doesn't always win. Google+ anyone?"

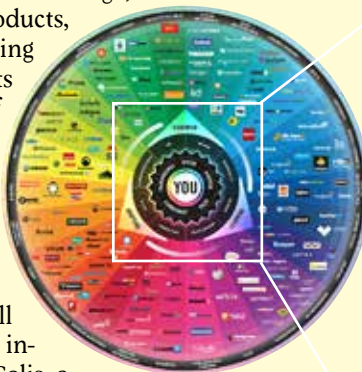


L-R: Messrs Dean Graham, Mark Wales, Nestor Tan, Mark Saunders

Leveraging social media in insurance: Where do you fit in?

Digital developments are one of the main drivers of change, reshaping customer expectations, making products, services and prices easier to compare, and opening up the market to a new breed of data-rich entrants and startups. In a market where the depth of customer-centricity is the key differentiator, digital also opens up sharper ways to engage customers, understand their needs and provide customised solutions, according to a PwC report on leveraging the potential of the digital age.

Despite these observations, when it comes to the insurance industry, the social media trend may still be a relative puzzle of digital platforms and online interaction. Here is a visual map developed by Brian Solis, a Principal at Altimeter Group, a research firm focused on disruptive technology. For more details and a clearer explanation of what social media is, head on to www.conversationprism.com. It could well spark an idea on your next social media strategy.



Inflation to disrupt financial goals of many in Asia

Manulife Asset Management's latest "Aging Asia" series, which looked at the financial goals of retail investors across eight Asian markets, revealed a mismatch between inflation and the returns on their savings and investments – and hence the need to close that gap in order to stay on track in meeting their financial goals.

The results revealed the vast majority of respondents in each country and territory had identified the following goals as priorities in their survey:

- Saving for retirement
- Saving for a "rainy day"
- Saving for children's higher education or wedding expenses
- Maintaining current lifestyle
- Saving for home purchase or paying down a mortgage

Research showed the cost of these five key financial goals was rising by an average annualised 6% across the eight markets under review – China, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore and Taiwan. It thus suggests that investors need their savings to grow by an equivalent amount in order to just match the cost of inflation of their objectives.

The study suggested shifting anywhere from 10% to 50% of local currency holdings to more efficient investments such as local-market equities or fixed income, can significantly reduce or even eliminate the potential returns shortfall faced.

In more developed economies with deeper and better integrated financial markets, investors can consider adding exposure to offshore equities and fixed income to complement existing local market exposures, Manulife said.

It's more fun in Manila

Have some time to spare in Manila after the PIC? Here are some city sights to take in, which reflect both its historical and modern flavours.

Intramuros

The historical heart of Manila, Intramuros, is a stunning stone citadel that offers a beautiful window into Manila's colonial past. Founded by the Spanish in 1571, it has stood strong through wars, natural disasters and waves of colonial invasions. Visit the popular Fort Santiago at the mouth of the Pasig River, and the Rizal Shrine Museum to find out about the Philippines' national hero José Rizal. San Augustin Church, said to be the world's first earthquake-resistant building, is another must-see; it is also the oldest building in Manila and a UNESCO World Heritage Site.



Inside Fort Santiago, looking towards the main entrance. The dome in the background is Manila Cathedral.



San Augustin Church (left)



Rizal Shrine Museum (right)

Ayala Museum

For first-timers to the Philippines, drift through exhibits covering the history and culture of the Philippines, in particular the dioramas summarising different eras in the country's rich past. Go gaga at the "Gold of Ancestors" permanent feature and jewellery pieces from before the Spanish rule.



Shopping in Makati

Shop till you drop at the interconnected malls of Glorietta, Landmark, Greenbelt and SM Department Store which offer both luxury goods and bargain buys. There's also Power Plant Mall, built atop an old power plant. If you can, rise early to visit the Salcedo and Legazpi markets during weekend mornings for fresh produce, homemade crafts and international cuisine. Head over to Malugay Street to find a jumble of shops and cafes run by young, creative entrepreneurs. And don't forget the bars when the sun sets.



Asia's life insurance in numbers

Asia's **total premiums** was **\$1.32 tln**, or **27.6%** of world market share.

Asia's **life premiums** was **\$892.3 bln**, making up **33.6%** of world market share.

In terms of **life premiums**, the **top 5 countries** in Asia are

#1	Japan	\$371.6 bln
#2	China	\$177.0 bln
#3	S Korea	\$101.6 bln
#4	Taiwan	\$79.2 bln
#5	India	\$55.3 bln

Life premiums in the five **advanced** Asian markets of **Japan, Hong Kong, Singapore, S Korea and Taiwan** } rose **4.5%** in 2014 after a **6.4%** decline in 2013.

Life premiums of **emerging Asia** were **\$275 bln**, or **10.4%** of world market share,

while that of **advanced Asia** were **\$605 bln**, or **23%** of world market share.

Asia's **life penetration** of **3.5%** was marginally higher than the **global average** of **3.4%**.

Taiwan's life penetration of **15.6%** was the **highest** in the world.

Hong Kong's **12.7%** ranked **#2**.

In emerging Asia, **life premium growth** tripled from **3.3%** in 2013 to **9.9%** in 2014, and is estimated to reach **13.2%** in 2015.

Premiums in 2015 were up **12%** in **China** & **7.7%** in **India**.

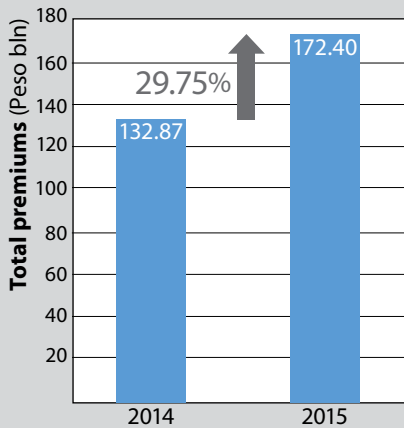
Carols & paróls

After a long day of thought-provoking discussions and fruitful networking, the night could not have ended better as delegates unwound with a sumptuous dinner and awe-inspiring performances amidst festive cheer.

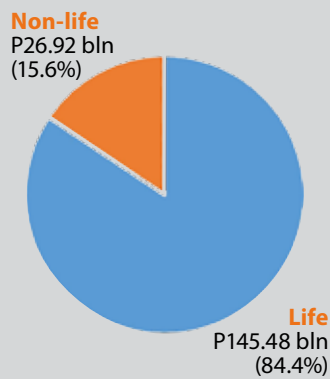


Philippines 3Q performance

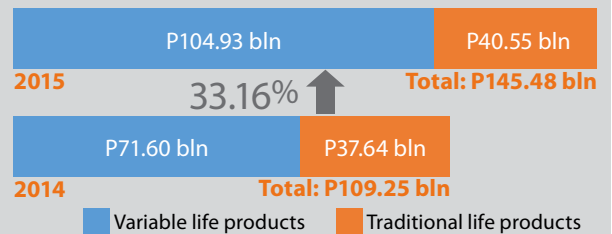
Total premiums (Jan-Sep)



Premium breakdown

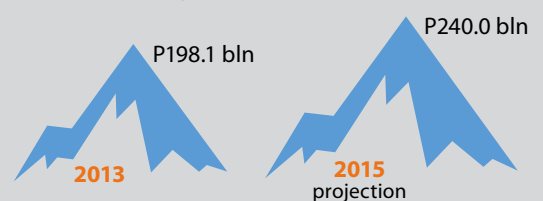


Variable vs traditional products



2015 set to be record year

Total industry premium record was set in 2013



PHP1 billion = US\$21.2 million

Source: Insurance Commission of the Philippines

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