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AI and technology replacing humans? It's not a zero sum game

Technology is not insurance's holy grail, and AI will not replace fully humans. An executive panel comprising reinsurer, insurer and AI startup came to that conclusion, as it discussed the challenges of disrupting insurance.

Dr Catriona Wallace, CEO and Founder, Flamingo AI, a startup which partners insurance players to provide cognitive virtual assistant services, described how insurers would be excited to work with her, but things would grind to a halt when broaching procurement, security, compliance, legal and risk issues.

Taking 6-12 months will render one a laggard, and that's an enormous challenge, she said. And though security and data privacy – another barrier – is a top consideration, she often gets put through unnecessarily stringent audit requirements.

It should cost under US\$100,000 and only require a restricted security audit for a three-month trial with the young startup. "If it's useful then we go through bigger procurement, if not, then throw us out," she said. She added that the ability of insurers to expose their Application Programme Interface (API) so startups could integrate their legacy systems remains a challenge, especially in Asia.

Dr Andreas Armuss, Chief Medical Officer, Life and Health – Asia Pacific, Middle East and Africa, Munich Re, who spoke about using wearables and apps to manage customer health conditions and genomics to personalise medicine, advised caution from his clients' experience that the difficulty is in the execution.

While monitoring customer health activity could provide a basis for premium discounts, the issue was establishing a benchmark for comparison.

Mr Dan Bendavid, Asia Regional Head of Claims, AXA, said the industry should "give back" data in the way Amazon provides information on product life cycle and reviews—AXA has made its loss data statistics available to customers in some European markets so they can reduce their own risks.

On connected homes, Dr Armuss noted the big potential in this space, as the biomarkers provided by monitoring devices grow in credibility. He said a lot of health costs today come from patients not adhering to the medication recommended for them once they get home. The use of sensors to measure their vitals could help cost reductions for health insurers.

As the discussion evolved to what technology means for manpower, Dr Wallace said the perspective of machine learning specialists' is that machine to machine communication will evolve so that humans will focus on doing "better human things", which is already happening.

Mr Bendavid is similarly optimistic that AI would improve lifestyles as it will perform difficult and less interesting tasks, so people would have more "leisure and pleasure". He noted, though, that this will happen in phases and organisations will have to manage workforce transformation. "First, we're going to be afraid of it, then we're going to see all the opportunities and we're going to leverage it."



Dr Armuss highlighted that medicine is complex and always evolving. Pointing to recent failures in the test case of Google Flu Trends and Watson technology, he said not every aspect can be tackled by using technology, and underwriters will not be completely wiped out. "If you are analysing data, you will always need people who can at least explain and interpret data."

Turning to discuss the insurer's future and what proportion of tasks will be automated in a decade, he envisages that those in good health will have standard premiums and automatic underwriting, while specialists will still be required for some cases. Mr Bendavid sees a world where the frequency and severity of threats will decrease, and insurance will be P2P-based with immediate underwriting, use of blockchain and payment with cryptocurrencies.

For Dr Wallace, 10 years is too far away to tell. But she noted that companies will re-deploy 80% of staff to do jobs they currently cannot spare the headcount for. Virtual assistants have also led to new human jobs, such as a "preceder"—a person who trains the machine. Humans are still required in HAVA (Human-Assisted Virtual Assistant) systems where both humans and AI are used "What is known though, is that those attending this conference have the opportunity to create the future and provide the leadership for it," she said, exhorting delegates to let their kids get as digital as possible and game as much as they want to. The discussion was chaired by Deloitte Consulting LLP Principal Neal Baumann.



From L-R: Mr Neal Baumann, Dr Andreas Armuss, Dr Catriona Wallace, and Mr Dan Bendavid

Experts urge fundamental rethink of health insurance

The insurance industry needs to re-examine and change its health philosophy going forward, as what it currently offers is “disease insurance and not health insurance”. This was the key message crystallised from two panels that sought to discuss insuring the 100-year life, and health protection innovation.

The way health is defined and how health care is delivered is changing, but insurers are – unfortunately – fundamentally rewarding doctors for treating diseases, rather than encouraging better health outcomes. As such, the incentive to detect and prevent illnesses early is lacking. It is also hard to bring health insurance to the lower income demographic because it is easier to charge those people at the top of the pyramid – this invariably exacerbates the perennial protection gap.

Mortality studies have shown that 1 in 3 today will live to 100, a longevity fact that the industry must recognise and that with it comes the increased burden of chronic illnesses. Insurers thus need to re-evaluate their KPIs – from disease treatment to improving wellness – and look to partnering their customers early on in the protection journey. They also must shift from a view of treatment to predictive and preventive care – given what tech advances can bring

in detection and diagnostics.

And instead of underwriting a customer only once in their lifetime, insurance companies need to change their assumptions and explore how they can be dynamic in their underwriting to support their policyholders over their lifespan, panellists said.

Partnerships

The discussion on partnership also extended to the collaboration between the insurers and health care providers. The experts agreed that there needs to be a more concerted effort to solve the information asymmetry and fragmentation between insurers, health care practitioners and patients. Aside from feedback from policyholders, panellists noted that insurers should also listen to input from medical professionals in order to better develop solutions.

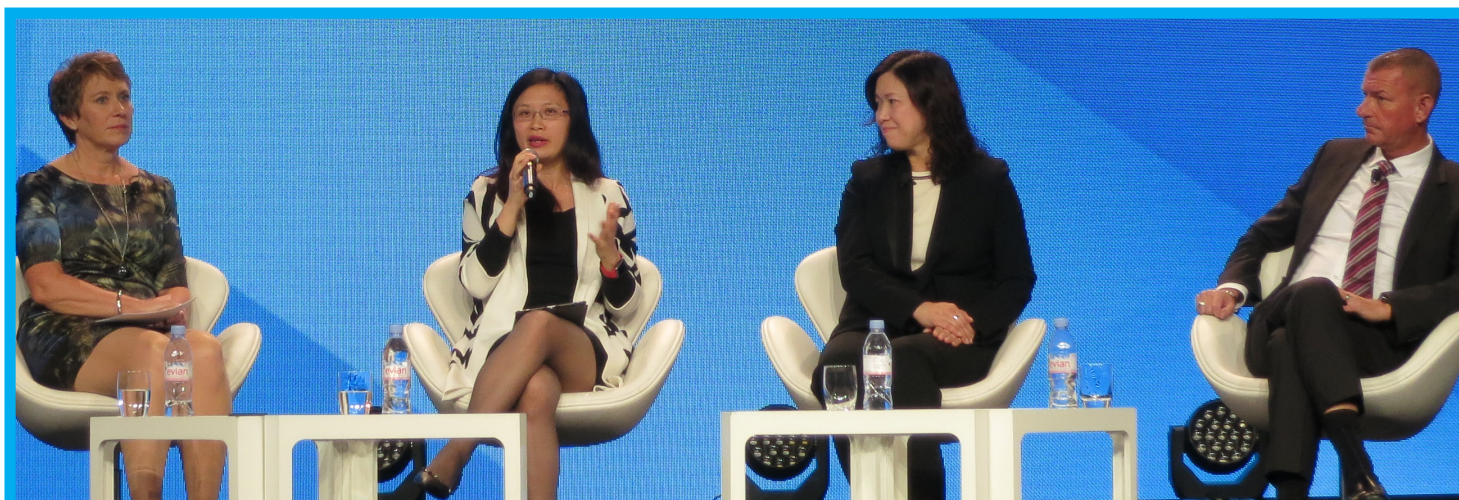
Meanwhile, the increasing pace of technological advancement and adoption, along with evolving population demographics will also fundamentally impact health care models and funding. Both insurance and health care industries will need to redesign their product and service offerings to cater to new trends. For example, digital will enable common health care to be delivered at home, while hospitals and specialist

centres will cater mostly to complex and emergency cases.

The discourse also touched on the possible use of science, such as genomic testing, in underwriting. But aside from hereditary conditions, panellists noted that most other diseases were all in early stages of research, and thus cautioned against using “scientific fortune telling”. Prediction of diseases, they said, should be backed by robust statistics and clear interpretations, as well as considered from ethical and clients’ emotional perspectives.

Led by Swiss Re’s Regional President for Asia, Ms Jayne Plunkett, the dialogue on “Insuring the 100-year Life” featured Mr Jason Sadler, President of Cigna International Markets, Cigna Corporation; Ms Penny Wan, VP & General Manager, Japan and Asia Pacific, Amgen; and Ms Ka Man Wong, AXA’s Regional Life Chief Actuary & Inforce Solutions.

The panel on “Innovating Future Health Protection Today” meanwhile, comprised Dr York Yat-Ngok Chow, Chief Medical Officer & Corporate Advisor for AIA Kong Kong and Macau; Dr Antony Vriens, Manulife’s Head of Technical Services; Deloitte Consulting Partner Joanna Wong; and was moderated by Swiss Re Head of Life & Health Robert Burr.



From L-R: Ms Jayne Plunkett, Ms Ka Man Wong, Ms Penny Wan, and Mr Jason Sadler



From L-R: Mr Robert Burr, Dr York Yat-Ngok Chow, Ms Joanna Wong, and Dr Antony Vriens

Takeaways from the 28th PIC

We canvassed several delegates for their key learning points over the past two days.



"It's really amazing how fast the business environment is changing, and crucial how the industry must keep on our toes and remain relevant to our customers."

Ms Mona Lisa B. Dela Cruz
President and Chief Operating Officer
The Insular Life Assurance Co Ltd



"The opening session on Day 1 was good because it gave a broad view on digital platforms, what Asia is doing, and the key trends in the regional landscape. Day 2's session on "Insuring the 100 Year Life" also gave a futuristic view of how things may pan out."

Mr Samdarshi Sumit
Chief Retail Officer, Retail Business
Generali Life Assurance (Thailand) Plc.



"I thought the CEO panel was most outstanding and I got a lot out of it. Everyone had such a different perspective. I really appreciated the interpretation about death of BRICs and rise of 'ICASA'. India, China, Africa & Southeast Asia are in line with what we're seeing in terms of population growth and opportunities."

Ms Bernadette L. Nadeau
Director, International Operations
LL Global, Inc.



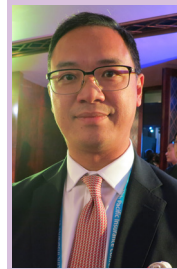
"The panel on 'Insuring the 100 Year Life' was useful for me, as Nippon Life has begun to sell annuity insurance to help our customers accumulate wealth in the long term. I heard about how we not only have to sell such products to an ageing society but also have to use technology. I suppose we will have to look more into InsurTech."

Ms Maria Oura
Assistant Vice President
Nippon Life Asia Pacific (Regional HQ) Pte Ltd



"It's no longer about paying on bad news but improving people's health and vitality—that's how insurers must transform. As a regulator, we will look to facilitate what's necessary as we would like the industry to meet the consumers' needs."

Datin Komalavalli K.R. Gopal
Deputy Director
Insurance and Takaful Supervision Department
Bank Negara Malaysia



"When I see peers develop digital and InsurTech, my question is how can we compete with tech companies with Big Data and larger resources? Hearing from Aviva's CDO about Board support for InsurTech development and that there's no way of convincing them when returns will come, compared to acquiring a distribution team, that's something I fully agree with. It may take years and you don't know whether it's worth investing, yet it may be too late if you don't invest now."

Mr Tony Chow
Chief Executive
China Life Insurance (Singapore) Pte Ltd

Life (re)insurers shine bright at 21st Asia Insurance Industry Awards

Life insurers, reinsurers and service providers were among those honoured at the 21st Asia Insurance Industry Awards organised by *Asia Insurance Review*. The prestigious "Life Insurance Company of the Year" award was won by Muang Thai Life Assurance PCL for being a trusted lifetime partner for its customers through innovative life and health solutions.

MetLife Asia bagged the "Innovation of the Year" award for its virtual reality customer service platform through which customers can interact with an insurance expert avatar, thereby providing a quantum leap in customer convenience.

Meanwhile, RGA was awarded the "Life Reinsurer of the Year" award for its stellar work providing cutting-edge in wellness

solutions and its use of InsurTech to push existing boundaries in the life industry. In the exciting "Digital Insurer of the Year" award, Cathay Life Insurance was a co-winner for being a first-mover in many digital initiatives in Taiwan, and setting the standard for others to emulate within the region.

A leading proponent of digital insurance, Aviva's Executive Chairman of Asia Chris Wei, was bestowed the "Personality of the Year" award for his advocacy role in using technology to transform the business in his organisation and the industry at large.

Last but not least, Mr Mark Tucker, immediate past-CEO of AIA, was awarded the "Lifetime Achievement Award" for his decorated career in serving the life insurance industry.



Life insurance in numbers

Global direct life premiums totalled **USD2.6 billion** in 2016, **up 2.5%** in real terms.

China accounted for **96%** of the 2.5% **global growth rate**.

While real premium income in the **advanced markets declined by 0.5%**, the **emerging markets grew by 17%**.

Growth was especially **formidable** in **emerging Asia**, fuelled by **rapid growth** in **China** where traditional life products were the key drivers.

Excluding China, growth in emerging markets was significantly lower, but **still a hearty 5.7%**, driven by gains in **India, Indonesia** and **Vietnam**.

Outlook

Emerging market life premiums forecast to grow by **14.9% in 2017** and by **10.9% in 2018**, sustained by robust growth of savings products, particularly in emerging Asia.

China will make a strong contribution as it aims to **increase penetration to 5%** by 2020, from 3% in 2014.

Industry honours luminary in grand gala

The Gala Dinner of the 28th PIC was a glitzy affair that saw guests wine and dine over performances and witness Mr Edmund Tse, Non-executive Chairman of AIA Group Ltd being honoured with the inaugural Lifetime Achievement Award for being a beacon of Asia's life insurance industry.



Save the Dates!

5th Asia Investment Management Summit for Insurance
 30 November – 1 December 2017, The Excelsior Hotel, Hong Kong
 Theme: "Insuring an Auspicious Start to the Winning Side of 2018"
 Guest-of-Honour: **Dr Moses Cheng, Chairman, Insurance Authority, Hong Kong**

27-28 February 2018, Singapore
 Theme: "In Search of Growth & the Pot of Gold"
 Hidden, Organic or Explosive

18th ASIA CEO INSURANCE SUMMIT

3rd Asia Conference on Big Data and Analytics for Insurance
 1 - 2 March 2018, Singapore
 Theme: "Data Science: The Bread & Butter of Successful Digital Transformation"

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MANAGING DISRUPTIONS, DRIVING CHANGE
 6-9 MAY 2018 | MANILA

3RD ASIA TRUSTED LIFE AGENTS & ADVISERS AWARDS 2018

How to Enter
 Launch Date: 2 January 2018
 Entries Deadline: 14 February 2018 (Third-Party Nominations)
 28 February 2018 (Self-Nominations)

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