

Trade on the customer's platform of choice



Insurers should strive to create a hassle-free customer experience, and also look to create partnerships with tech-focused companies to leverage on their popularity with customers.

By **Ridwan Abbas**



Interacting with customers on their platform of choice and enhancing their buying experience are two key adjustments that insurers will increasingly have to make in the digital economy, said Mr Christopher Townsend, President, MetLife Asia in his keynote address at the recent 17th Asia CEO Summit held in Singapore.



“They want to trade on a platform of their choice that they trust and they know are a gatekeeper of quality products or services...so we need to build partnerships to reach customers on the platforms of their choice, not our choice,” he said.

Noting that customers increasingly expect everything to be connected and prefer to make buying decisions at their own convenience and pace, the adoption of an omni-channel strategy becomes inevitable whether it is in the form of mobile, chat-bots or humans, he added.

On enhancing the customer experience, it is important to create a ‘friction-less’ relationship as consumers will not tolerate long complex processes.

“Friction in this context is anything that annoys them, slows them down and doesn’t really add value, so loyalty can be lost when they have to undertake long complex processes.

“So think of the unconditional loyalty

Highlights

- Insurers should work with start-ups and explore white label solutions as they seek to invest in the digital space; and
- Insurers no longer have a monopoly on risk information and may soon be overtaken by those who have access to it.

that you aspire to for other brands that you love and respect, and you can see it’s really a good opportunity for us particularly with the potential that digitalisation offers the insurance industry.”

And capturing these opportunities require clarity of leadership in insurance organisations and benchmarking against the best from outside the industry rather than looking inwards, he said.

Working with FinTechs

The theme of partnership and collaboration was also raised by Mr Henri Arslanian, FinTech & RegTech Lead for China/Hong Kong and US at PwC.

He encouraged insurers to work with start-ups and explore white label solutions as they seek to invest in the digital space.

He predicted said that in time, insurers will become primarily technology and data companies who offer insurance solutions. He also added companies should start to rethink their human capital and talent strategies as a result.



Press ahead with innovation

Meanwhile, Ms Lee Keng Yi, Head of Insurance Department, Monetary Authority of Singapore (MAS), urged insurers to be agile and nimble-footed so as to not be left behind.



Ms Lee Keng Yi

She lauded the efforts of the industry in using technology to expand insurability and offer better service, through the use of advanced analytics, telematics and blockchain.

“Insurers should press ahead with these ‘game-changing efforts,” said Ms Lee in the regulator’s address.

But in doing so, she outlined three areas for insurers to keep a close eye on: maintaining a sound risk culture; ensuring an effective governance framework; and building a competent workforce by continually improving skillsets and proficiency.

Personalisation

Technology can certainly improve the insurance market’s efficiency and ability to be more customer-focused, said Dr Fabian Sommerrock, Deputy Secretary General and Head of Insight, The Geneva Association.



Dr Fabian Sommerrock

For one, we are likely to see more personalised and on-demand insur-

ance as the Internet of Things open up usage-based opportunities.

“The law of large numbers may be replaced by the law of precise data,” he said, adding that underwriting will also change favouring more predictive techniques due to digitalisation.

CEO Hot Seat

This year’s conference also saw the Executive Chairman of Aviva Asia, Chris Wei, take the ‘hot seat’ in a high level dialogue that cuts across various salient issues in the industry.

Earlier in the year, Aviva made headlines when it sold stakes in its 160-year old Hong Kong business over to Chinese internet company, Tencent, and Hillhouse, a private equity firm – resulting in the joint venture formation of a digital insurer focused on selling life and investment products in China.

Since the end of its bancassurance partnership with DBS bank in 2015, Aviva has pursued a prominent digital route, which also includes investment in Chinese online insurer, Zhong-An.

Mr Wei said that insurers like Aviva have grown more allergic to third-party distribution given that it has little to no direct access to customers – adding that Aviva does not have a tied agency in Asia like several of its major peers in the region.

However, Aviva believes that it would not be competing with traditional insurers in the future but

tech-focused companies who understand data and can decipher risk from that.

Mr Wei believes the real disruption does not come from distribution, but in companies who figure out non-traditional risk data.

“Whoever figures out how to use non-traditional risk data to develop proxy variables that do a better job predicting risk – to me that’s the real disruption facing us. It is not distribution innovation, as I think everyone will figure that out in due course.”

“The fundamental crux of what we’ve relied on is what we believe to be superior risk information,” he continued. He pointed out, for example, that certain types of data, such as health, are already being made public with citizens’ consent.

Innovation will overturn an industry

Staying on the theme of innovation and distribution, Ms Jenny Sutton, co-founder of Galileo Platforms, believes that current distribution channels are not very scalable and affordable any more.




Ms Jenny Sutton

While everyone wishes to grow their agency force numbers, an enlarged agency size has not necessarily been profitable, she said.

She also highlighted the obsolescence of value chains, now being replaced by ecosystems. This is because companies will find it difficult to “own customers from start to finish”. To manage the customer journey to their advantage, companies will need to think about what they are good at and then partner with others.

“You will need to open up data so that you can share it, and consider how customers access the data you hold through InsurTech firms such as PolicyPal and the use of open APIs. You will need partnering and collaborating skills,” she said. This has created many non-traditional partnerships such as those being forged by AXA, Ant Financial and Alibaba, as well as Tencent, HillHouse and Aviva.

The conference, organised by *Asia Insurance Review* was sponsored by PwC, MetLife and A.M. Best. 

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– Mr Chris Wei

Executive Chairman of Aviva Asia and
Global Chairman of Aviva UK Digital

