

Insurance 4.0 – collaboration versus competition

Insurance CEOs urge the industry to keep customer experience in focus while leveraging new digital technologies via disruptive and enabling strategies.

By Ranamita Chakraborty



L to R: Dr Kai-Uwe Schanz and Messrs Antonio Cano, Peter Ohnemus, Michael J Morrissey and Antoine Baronnet

Insurers and reinsurers were seen battling it out in an intense debate on the disruptive and enabling strategies for digital transformation at the 19th Asia CEO Insurance Summit.

Despite the differing views presented by incumbents and start-ups, CEOs globally found that capitalising on digital transformation greatly helps to improve their overall customer experience, given that their customers are at the heart of their businesses.

“Traditional notions of who is an insurer and what risks can be insured is fast changing. Competitors comes in all shapes and sizes from the large ecosystem players and big techs to smaller, enterprising InsurTechs,” said Monetary Authority of Singapore executive director of insurance supervision Daniel Wang.



Mr Daniel Wang

Mr Wang saw the advent of the digital economy enabling technologies that have, “shifted insurance from standardised, comprehensive and long-term offerings to more tailored, granular and on-demand coverage.” He added that for customers, digitalisation promises, “a virtuous trinity of lower cost, better and more tailored products and enhanced customer experience.”

However, he also pointed out that digitalisation comes with risks like cyber-security concerns, data privacy and protection and unfair discrimination.

The future of insurance

Speaking on the future of competition in insurance, Grab head of insurance Tom Duncan saw competition as more collaborative in nature and highlighted the potential role of digital insurance players in distribution in terms of narrowing protection gaps including access to insurance.

He said, “As an intermediary, Grab’s position is to collaborate with insurers and other players as well as to advance digital insurance and of course, we will face competition as we do that.”

“The basic notion of insurance is well understood, as opposed to insurance products and the inner workings of the industry,” said The Geneva Association deputy secretary general and head of insight Antoine Baronnet. He also revealed that the buying preferences of millennials are not fundamentally different from those of earlier generations and they are the most positive about the insurance industry, according to a global survey by The Geneva Association.

International Insurance Society president and CEO Michael Morrissey said that with more organisations

entering the digital economy, the industry of tomorrow would see new products and new risks arising from technology, economic and social disruption. In the era of Insurance 4.0, the degree of complexity would only increase over time and there would also be new concepts of insurance with technology used to manage every stage in the business process.

Meanwhile, Ageas Group COO and head of insurance Antonio Cano urged insurers, who are not on the route to purely digitising their core, to hurry up and avoid having a hard time competing against advanced newcomers.

Customers at the core of business

Mr Cano said that the insurance experience should start from meeting customers’ needs even in this digital era.

“Technology should be about better serving the customers,” he said in his keynote address.

He said that customers want their insurance experience to be fast, easy and painless just like an ideal dentist visit. However, Mr Wang said that over two-thirds of customers interacting with insurance industries indicated that their experiences were neither easy nor effective and this translated to the lowest loyalty retention in any sector. “(The) priority

should be customers – knowing them well, building their trust and loyalty,” he said.

When it comes to insurance, Mr Cano saw customers placing greater importance on price followed by reliability, ease of use, convenience and other additional services. He highlighted that customers were willing to change insurers if another insurer offers services beyond general insurance. Ultimately, he finds that “a customer does not want a product, a customer wants a problem solved.”

Novel way of selling insurance products

Distribution has been a major challenge for insurers according to Symbo head of international Laurens Koppelaar. In order to digitise the process of distributing a variety of insurance products, the industry has welcomed a burgeoning number of InsurTechs over the last few years.



Mr Laurens Koppelaar

Mr Koppelaar said the Symbo platform is a tech-driven insurance broker, “marrying tech and insurance cultures” given that it does offer broker services that are normally found offline and not online, helping insurers move forward with technology.

Mr Koppelaar said “Platforms will be here to stay and they are not cannibalising the business (of insurers). They are enabling them particularly in underserved segments helping to serve clients much better and more efficiently.”

AppMan CEO and co-founder Thanapoom Chareonsiri also pointed out to how an overwhelming proportion of distribution occurs via bancassurance and agencies, according to 2017 statistics by Thai Life Assurance Association. To digitise the distribution process, AppMan introduced a new life insurance distribution platform called AgentMate which is automated and can capture interactions in real life, such as scanning ID cards and documents. Mr Chareonsiri sees digital tools helping to sell products, closing the deal and improving the underwriting process.



Mr Thanapoom Chareonsiri

Mr Duncan said that Grab will be launching a digital platform in a joint venture with Zhong An Technology in a short space of time. The main focus of the joint venture with Zhong An is digital insurance distribution which will be providing greater access to insurance solutions and bridging the insurance gap in the countries they operate in. Leveraging technology offered by Zhong An, Grab will embed scenario-based insurance or contextual insurance solutions with high-frequency claims which ultimately help build relations with customers.

Paving the way for further innovation

At the summit’s special innovation address, Dacadoo CEO and president Peter Ohnemus discussed how the insurance industry should understand that one size doesn’t fit all. He said, “Insurance is nothing but a bank. And you can’t operate a bank without credit scores. Yet... insurers are using 80-year old non-personal life tables.”

Mr Ohnemus also said that 90% of all healthcare data available today is less than five years old with several insurers still working off outdated systems and data. Surprisingly, insurers are also spending roughly 50% less than banks on technology in this digital era.

QBE Insurance (Singapore) CEO Karl Hamann said that, “Insurance data is currently very poor, yet it provides a promising opportunity to change the current situation and significantly improve current margins. To make it happen we need to invest both in tech and our people.” The same session also saw Peak Re CEO David Cabral and Bain

& Company partner Harshveer Singh discussing how distribution models have changed with brokers driving many digital initiatives.

As insurers scale up and adopt digital technologies, DWF partner Jonathan Goacher also reminded delegates to manage legal aspects of doing business and not disregard the law. For example, insurers issuing interactive policies for life insurance involving wearables should keep data protection and medical device regulatory issues in mind.



Mr Jonathan Goacher

Mr Ohnemus envisions insurance to be the largest industry for AI. As a subset of AI, machine learning models have already been utilised by insurers to enhance loss ratio, according to Solidware head of global business Bill Yoon.

In a fireside chat on leveraging platforms for doing business in the digital age, panellist and Entsia International CEO Asia and EMEA Tom Ludescher said tech-based ecosystems help to overcome the main challenge of distribution in the insurance sector. The panel was also joined by eBaoTech president and CEO Woody Mo and Zhong An Technology chief strategy officer James Niu who elaborated on how technology could increase the conversion ratio and help customers understand insurance better.

Organised by *Asia Insurance Review* and The Geneva Association, the Asia CEO Insurance Summit was supported by the International Insurance Society, Life Insurance Association of Singapore and IT Service Management Forum Singapore Chapter.▲



L-R: Mr Tom Ludescher, Dr Woody Mo and Mr James Niu



L-R: Messrs David Cabral, Karl Hamann and Harshveer Singh