

Pots of gold still abound in Asia



Insurance CEOs are having to deal with issues of change management, innovation and cultural shift alongside the perennial challenge of sustaining growth.

By **Ridwan Abbas**



There are still multiple “pots of gold” to be found in Asia, according to a panel of insurers and reinsurers at the 18th Asia CEO Insurance Summit.

One such pot is the longevity protection gap, and the challenge of insuring the “100-year life”, said Mr Victor Kuk, Head, Client Markets Southeast Asia, India, Korea, Hong Kong and Taiwan P&C reinsurance Asia, Swiss Re.

He was positive about the region as a whole, with a third of the reinsurer’s business coming from Asia, and it expects 50% of future growth in the next decade to be from Asia too.

South Korea is an example of a rapidly ageing society. While everyone sees its life insurance market as saturated and mature, people are also looking for new ways and products to manage living risks, said Ms Kumjoo Huh, Managing Director of Kyobo Life Insurance. Other opportunities lie in new products for the growing number of one-person households, and the growing insurance assets placed by Korean households.



Mr Victor Kuk



Ms Kumjoo Huh

Pension gap

Having observed meaningful growth in Japan, a similarly ageing market, Mr Ken Mohan, Executive Officer & Vice President, Head of Distribution Strategy Administration & Direct/Digital business, MetLife Japan, said that there is a pension gap.

That is challenging in a low interest rates environment, but launching forex solutions and campaigning for young people to change their savings habit, in order to change their retirement outlook, have helped.

He added that products which “unbundle risks” like savings (from protection) will help customers.

“If we know how to service the middle class in a modern way, so that they buy and trust insurance, that’s the biggest pot of gold,” said Peak Re CEO Franz-Josef Hahn. In highlighting this underserved APAC segment, he referred not just to the ageing and mature markets but the young, educated and still underinsured middle class in Indonesia, Philippines, Malaysia and Thailand too.



Mr Ken Mohan



Mr Franz-Josef Hahn

“If we know how to service the middle class in a modern way so that they buy and trust insurance, that’s the biggest pot of gold.”

– Peak Re CEO Franz-Josef Hahn on growth prospects in Asia.

Customer at the heart

Getting to the pots of gold lie not just in the right products, but how customers are served. “What we’re looking at is really the frictionless experience for the customer... whoever can provide that is going to be the disruptor and win the pot of gold,” said Mr Alex Kimura, Chief Strategy Officer, Aviva Asia. “It may not be insurers today, it may be technology firms, or any firms which provide that experience,” he said, citing Google and Amazon as examples.

He added that the real strategy is not a one size fits all, but getting to a micro level understanding of the customer. This requires data, and often working with ecosystem partners to get this data.

Technology is a tool which not only brings efficiency; but focusing on artificial intelligence and data analytics can help in the dimension of predictability, which will help clients and consumers manage risk better, said Mr Kuk.

Other factors the speakers discussed to reach those pots of gold are the use of automation, mobile platforms, clean data warehousing, web-based platforms, and the use of blockchain.

Mr Mohan said the importance was to remain continuously relevant to customers, whatever the disruptions are out there: “As their behaviour changes, as the mechanism to access them changes...the pot of gold is going to be there, it’s whether you are going to be able to serve your customers in a way that makes sense to them.”

The panel discussion was moderated by Mr Jose Ribeiro, Managing Director, A.M. Best Asia-Pacific Ltd.



Mr Alex Kimura

Managing change

A lot of insurers are undergoing change in order to remain sustainable into the future. A big element of the change agenda revolves around the role of digital, and how we communicate this on-going change to stakeholders is a key aspect of change management, said Mr Chris Wei, Global Chairman of Aviva Digital.

“How you position a ‘change story’ is important, if you make people feel less relevant, then it is tough to make them come on board this journey,” he said.

He added that organisations should adopt an enabling message and explore the various possibilities of how digital can create value, as opposed to the oft-repeated mantra of how insurance is bound to be disrupted.

Mr Wei also added it was important that insurance CEOs surround themselves with diverse talent in order to challenge long-held ideas within insurance. This would be important in shaping the corporate culture into one that is primed for innovation and change.

“How we think is affected by the people that surround us, so we need a breadth of different talent and capa-



Mr Chris Wei

bilities beyond the traditional scope of insurance.”

For example, Aviva Digital Garage employs more than 500 people in roles such as data scientist, digital product designers and marketers, and customer experience architects.

Customer & culture

MetLife’s Head of Innovation for Asia and LumenLab, Mr Zia Zaman, touched on three key areas – Vision, Experimentation and Culture – in which insurers need to work on to successfully make the leap from one “S curve” to the next.

Elaborating on culture, he emphasised the mindset shift as the most important element for success, as well as the best long-term determinant of shareholder value. Game-changing culture, he added, consists of openness, adaptability, customer inclusiveness and centricity, and good leadership.

He also shared MetLife’s experience in developing mindset shifts across the organisation through workshops and boot camps, which culminated in key traits evident in a learning culture. They are: 1) curiosity; 2) expansivity; 3) experimentality; 4) velocity; and 5) bravery.

Insurance CEOs today also need a different set of skills to navigate the challenges in the digital age successfully. These skills include determination; being socially adept; boldness; being disruptive; and being innovative.

Mr Zaman added that leaders need to set a vision on “where you want to go and be relentless about it” and that this vision must stem from the customers’ experiences.



Mr Zia Zaman

“How you position a ‘change story’ is important, if you make people feel less relevant then it is tough to make them come on board this journey.”

– Global Chairman of Aviva Digital, Chris Wei, on managing change brought by digitalisation.



Mr Jose Ribeiro

SPECIAL FEATURE – CEO FOCUS

Change of mindset to chart viable digital path

Many insurers have set up innovation labs to test ideas and such labs would be more effective operating with a dedicated profit and loss statement, rather than be subsumed under the group's consolidated income statement, said InsurTech evangelist George Kesselman.



Mr George Kesselman

Mr Kesselman, President of InsurTech Asia Association, an independent group that seeks to accelerate the digital transformation of the insurance industry in Asia, said that insurers of the future would have to increasingly adopt the mindset of a venture capital when innovating and that includes placing greater accountability on innovation labs.

By doing so, it ensures that innovation labs operate efficiently and would be seen as credible partners rather than be viewed as a "side project" of the organisation.

And within that VC mindset, insurers should also be nimble enough to collaborate effectively with external partners and have access to be the best teams when doing so.

Think digital

In trying to adopt a digital identity moving forward, insurers should strive to simplify their products and processes. That would mean a changing of mindset where product offerings are viewed through the eyes of the consumer, along with their specific needs and preferences, rather than through the prism of actuaries and underwriters.

Further, he added that insurers would also have to think of ways to embed their offerings within the wider digital ecosystem, rather than just operate within their current silos.

He also added that insurers should explore introducing more low-cost products, or "nano products" which

can be embedded within other forms of service offerings.

Affinity partners

Staying on the theme of collaboration, Dato' Sri Hassan Kamil, Group CEO, Syarikat Takaful Malaysia, touched about the importance of affinity partners as part of an effective digital strategy. As companies seek to boost their online presence and traffic, they should be mindful of costs to optimise their products on platforms such as Google and Facebook.

Based on Takaful Malaysia's experience, it could amount to a similar cost as maintaining an agency force. Hence it would be prudent to build a network of strategic partners with sizeable customer base, said Dato' Sri Hassan.



Dato' Sri Hassan Kamil

Empowering the customer

In the era of greater customer-centricity, Mr Vincent Lepez, Deputy CEO, SCOR Global Life Asia Pacific, spoke about the importance of reducing friction points among customers as much as possible.



Mr Vincent Lepez

In the health space, one of the ways to do this is leveraging on wearable data in order to better understand a customer's risk when underwriting.

He said that surveys have proven that other methods of acquiring customer information, such as through online questionnaires and face-to-face with financial advisers, have not been as effective and have led to perceptions that it is time-consuming and lack privacy.

He added that the increased use of wearables points to a strong link to healthy living aspirations, and something which more health insurers should leverage as a risk-assessment tool as it addresses traditional product pain points.

For example, it has proven to be much simpler and more accurate, as well as provide an opportunity for a tailored approach through continuous risk assessment which may potentially lead to premium discounts.

He also added that it would allow for more regular customer interactions and improve the overall engagement between insurer and policyholder.

Insurance & sustainability

The mindset of current leaders within the insurance industry do not match with the mindset of the workforce and its future leaders – millennials. Ms Claudia Salem, CEO of AIG Singapore, referenced a Deloitte's survey that showed most millennials placed a high emphasis on sustainability and environmental protection, especially at the CEO-level.



Ms Claudia Salem

"Millennials put personal values ahead of organisational goals. They are not going to work for an organisation or buy products from a company whose goals and values do not align with their own belief systems," she said.

This is important as sustainability in talent – the ability of a company to attract and retain talent today and in the future – is a core component of sustainability. In short, the future is millennials.

Moving towards sustainability also makes good financial sense. ESG integration is the second-most popular investment strategy, and "there has been a 61% growth in sustainable investments between 2012 and 2014, globally. That amounts to US\$8 trillion in three years. That is a serious amount of money," she said.

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