

# Imagination and speed: The pillars of the future



L to R: Messrs Stephen Collins, Balaji Prabhakaran, Ronnie Brown, Dr Tom Ludescher and Mr Justin Yiu.

As the winds of change constantly usher in technological innovations and increasing customer demands, insurance and tech experts gathered at the Asia InsurTech Summit 2019 to discuss how the industry can improvise, adapt and overcome.

By Amir Sadiq



Technology is now progressing so quickly that the need to keep pace with it has never been more important. As demands change, incumbents and InsurTechs alike need to get creative to stay relevant.

## Think outside the box

NMG Consulting partner and day one chairman Stephen Collins kicked off the conference by talking about the need to think outside the box. Mr Collins referenced popular sci-fi TV series Star Trek and reminded everyone that it was created by a bomber pilot in the Second World War who had no technological experience whatsoever.

“He knew nothing about technology but many of the gadgets that we used to think of as fantastic in that world are things we live off today, and are now just day-to-day parts of our existence,” said Mr Collins.

“What he had and what’s really required in this industry to succeed, whether you’re an insurer or an InsurTech, is an imagination. You have to suspend your idea of how you see the world and imagine possible future scenarios.”



Mr Stephen Collins

## Confluence of vision and culture

Mr Collins also highlighted the importance of marrying that imagination with the culture of insurance that has historically been about probabilistic determination. “No matter how good the idea or how impressive the business opportunity, it’s very difficult to bring to life unless you have an understanding of what the insurance business historically is about.”

Singapore Life chairman Ray Ferguson agreed and said it was important to dare to be different while maintaining trust with regulators and stakeholders. He said it was critical to have energetic, visionary leaders with strong industry and regulatory experience who are willing to work with motivated innovators to co-create value.

Mr Ferguson also offered a reminder of the need to comply with regulations while not being afraid to push the boundaries of what was possible.

## Cloud-based machine learning

In his keynote address, Google financial services lead (Singapore) Duncan



Mr Ray Ferguson



Mr Duncan Foster

Foster talked about the deficiencies of legacy systems while explaining the advantages of moving onto newer technologies like cloud-based machine learning.

Mr Foster pointed out that algorithm-based models have an expiration date. They take years to build, test and deploy and data science teams start building new ones as soon as they are finished building the last. He added that the dynamic nature of data today means that traditional algorithm-based models will not be able to keep up with the rate of change, and will become outdated much more quickly.

“The whole point of machine learning is that the models themselves become dynamic, just like a person does. You learn through the absorption of new information – you update yourself and you adjust to the new information as it comes in.”

“So you’re no longer in the position of taking a standard actuarial algorithm and just applying it to a similar set of things that are published from different sources.”

### Economies of scale vs economies of speed

Mr Foster also talked about how digital organisations operate on the economies of speed as opposed to the economies of scale found in traditional business models.

He said that it is critical to be able to respond quickly to shifts in consumer needs and operating digitally allows for faster and cheaper testing and experimentation to iterate products at a faster pace.

Traditional scale-based set-ups, while cost efficient, would not be able to react as quickly to changes and the increased cost of testing products in the real world would eventually outweigh the savings from operating based on the economies of scale.

Celent analyst Zao Wu agreed with Mr Foster that insurers need to focus on working on the economies of speed.



Mr Zao Wu

### Tech giants rolling in

Mr Wu said that tech giants like Alibaba and Amazon are already starting to move into the insurance market and that insurers and



L to R: Ms Theresa Blissing, Dr Milind Sabnis, Ms Melisa Teoh and Mr Chris Garrett.

InsurTechs will no longer be the only major forces in the market. He also presented survey findings that found people are becoming more willing to buy insurance from these tech giants.

DocDoc head of country for Malaysia and Hong Kong Chris Garrett also believes that it is just a matter of time before tech giants enter the health insurance space. “I think those bigger companies have an appetite. They see it’s one of the pillar industries that has not been disrupted and I think it would be a mistake to think that they’re not testing the waters figuring out what they can do,” he said.

Accelerating Insurance director Theresa Blissing agreed and said that the tech giants had previously been going after low-hanging fruit as insurance might have been seen as more difficult to get into, but they are now looking at it as a potential market.

### HealthTech and data

Mr Garrett was part of a panel alongside Frost & Sullivan Asia Pacific director Dr Milind Sabnis and MyDoc chief marketing officer Melissa Teoh. The panel was moderated by Ms Blissing. The panellists agreed that it could be difficult for traditional incumbents to make changes quickly and that collaborations with InsurTechs and other market players are necessary for success.

The panel also discussed some of the tech-related issues plaguing the health insurance sector. Ms Teoh argued that while there was no lack of data available in health insurance, the bulk of it is unstructured and could not be used to generate any actionable information.

Dr Sabnis raised the issue of data security and said that providers need to understand hackers to protect themselves better. He said it was imperative to understand that hackers are not individuals acting on a whim, but function like proper organisations motivated by purpose. “These people are driven by the pursuit of money,” he said. “You can’t stop a person driven by money.”

### Agents and technology

The conference also touched on the role of agents in the InsurTech era. IFPAS president Leong Sow Hoe said that consumers don’t really care about technology, and what they really want is the assurance only a human can bring.

“At the end of the day, consumers don’t exactly look forward to experience. They don’t care about your blockchain, AI, algorithms or machine learning. They want assurance,” he said.

“They want assurance that there is money on the table and that the family can still be kept together. They want assurance that the hospital bill will be paid, the kids can continue to go to school and they can still stay in the home because the mortgage has been paid.”

“They want to know that when they dial the phone, someone picks up the call. They want to know that when they send messages or emails, somebody responds. And by and large it is the agent.”

Mr Leong firmly believes that agents still have a critical role to play in the insurance value chain and that technology should be used to empower them instead of replacing them.

This sentiment was shared by 360F director and head of business development Clarie Kwa. She said that technology can empower agents by scaling up their networking capabilities, improving the efficiency and quality of their customer engagements and supplementing their competency with intelligent and scientific assistance.

The conference ended with four case studies presented by heads of successful InsurTechs. ■



Mr Leong Sow Hoe



Ms Clarie Kwa