

Life insurers need to reach a new breed of consumers



(L-R): Mr Bharat Kannan, Mr Mark Wallis, Mr John Spence and Ms Winnie Ching

At the 6th Asia Life Summit, speakers explored the challenges facing insurers, the need for innovation and the necessity of rebranding and redesigning products and processes to reach a new breed of consumer. We bring you a quick summary.

By Ahmad Zaki



The top three challenges for Life Insurance CEOs are regulation, growth and talent management, said Mr Mark Wallis, Managing Director, International Business Development for LIMRA & LOMA at the 6th Asia Life Insurance Summit, held in Singapore in July.

This was a sentiment shared by several speakers at the summit which saw over 30 speakers addressed close to 100 delegates from all across the world, discussing the many common pain points that life insurance companies are facing in the low interest, rapidly evolving and highly volatile market.

The conundrum of regulation

Regulations, said Mr Wallis, was a particularly confounding conundrum: “Consumers want it simple, in terms of products and services, but regulations are making life insurance increasingly complex.”

Regulators believe that commission-based sales are inherently conflicting, leading to a lack of objectivity from the insurers and their agents. This, in turn, leads to implementation of fee-based sales, which remove all bias. So far, Norway, the UK, Denmark, Finland, Australia and the Netherlands have banned commission-based sales, with possibly more regulators to follow suit.

The impact of regulations is evident and tied in closely to the other two major concerns that CEOs share; with less incentives

with which to reward agents, recruitment is falling, and alternative distribution channels must be found. Growth, then, is constrained to a few specific channels, all of which are under constant threat of disruption from a rapidly advancing technological environment.

Wired for success in the Smart Era?

One of the repercussions of these recent regulatory trends are rising numbers of significant M&A deals, mainly bancassurance partnerships.

Mr John Spence, Regional Head of M&A and Strategy at Generali Asia, said that trends within insurance M&A deals were attempting to take advantage of the current Smart Era, utilising modern infocomm infrastructures and potentially disruptive technologies to cast a wider net into the consumer pool. These partnerships also result in more innovations from within the industry itself, as life insurers design new products, services and distribution channels with which to reach out to consumers.

“Smart technology will continue to move us along the path from stand-alone products to multi-faceted, intuitively feeling, emotionally satisfying and connected solutions powered by integrated partnerships and platforms,” he said.

Many M&A deals are still going to come to market despite projected global financial instability, with banks, insurers and other

LIFE & HEALTH

organisations looking to reposition and to utilise new distribution channels.

However, he also pointed out that sales of online insurance remains modest, with traditional insurer pain points remaining unresolved. Mr Spence attributes this to a failure to focus on the consumers and their needs.

“Most organisations fail to look for the things customers want, for fear of negatively affecting their core business,” he said. “However, companies rarely die from moving too fast, but they frequently die from moving too slow.”

Transforming insight to foresight

The many partnerships being formed and the innovations that result also allows insurers to collect more and more data on their consumers – data on their habits, their needs, their demands. The challenge then, according to Ms Winnie Ching, Head of Client Markets, Life & Health at Swiss Re, is to take all that data and forge it into actionable knowledge.

“We need to not only be hiring the best data specialists, but also the ones who can connect the dots and ask the right questions to get the most out of the databases that we own,” she said.

Ms Ching also pointed out that life insurance sells their products on an emotional basis, selling assurances centred on the heavy topics of life and death. As such, the industry must continually engage their customers, to stay relevant in their lives.

The DNA of change

The conversation between innovations and connecting with the consumer is closely linked, as both will most definitely utilise technology that has become ubiquitous to the consumer’s daily life. It is how the industry can adapt to the constant advancement of technology and social media that will determine its ability to reach out to a new brand of consumer.

“I don’t think keeping up with the pace of change is enough, as that puts us on the back foot,” said Ms Sharon Mullan, Managing Directors are PMO Academy Ltd.

“What we see very clearly, not just in insurance but in many other industries, is that its



Ms Sharon Mullan

disruption that drives transformation and it’s the ability to manage that transformation that will allow you to win or lose. We’ve got to make change part of our organisational DNA, but I don’t think that’s happening.”

Ms Mullan explained that organisations have to recognise what they are good at, know when they need to change and to harness the skills of the people around them – the start-ups, the incubators and the digital labs – and to bring those skills into the organisation.

Improve the product

Mr Ravinder Singh, General Manager of Life & Health at Hannover Re Malaysian Branch said: “The disruption must come from our products first, not in digital.”

He spoke of the industry having to create products that they would on their own, before even contemplating bringing it out to the customer – a customer who is getting increasingly well-informed, well-researched and discerning.

Likewise, Mr Matthias de Ferrieres, Managing Director for Stark Group Pte Ltd, Singapore said: “The challenge isn’t in the customer or the prospect. The challenge is in your company. Simplify your product; make it comfortable for your customer to understand. They are willing to understand it, but it’s so boring.”

The modern customer is slow to trust, he said. They may trust the agent, but they will not trust the product. “So the change is not in the customer, it has to come from your company,”

Dr Onn Keet Peng, President Director of PT. Aegon Marketing Services Indonesia, said: “Digital transformation is actually about the customers, not the technology. They are becoming omni-channel, customer-to-customer dialogue has grown, they are no longer accepting branding and marketing from organisations, and they have



Mr Ravinder Singh



Mr Matthias de Ferrieres



Dr Onn Keet Peng

Highlights

- Top three challenges for Life Insurance CEOs are regulation, growth and talent management
- Insurance M&A deals were attempting to take advantage of the current Smart Era
- Disruption must come from the product, so improve it

become less tolerant.”

“We have to earn the loyalty of our customers, as it is now earned, not given. This is a shift from the age of sellers to the age of consumers,” he added.

Ms Mullan also spoke on why companies and institutions have troubles changing and innovating: “The industry is very good at what it does, but it cannot rely on that forever because the world is changing around it. People don’t resist change, but organisations are monstrous entities that resist tinkering with the process for fear of losing revenue.”

A tolerance for tinkering

Innovation starts in culture, with culture, said Mr Jerome Matrundola, Head of North Asia and Regional Partnerships, SCOR Reinsurance Company (Asia) Ltd. He shared statistics on how insurers were struggling with innovation, revealing that only 39% of companies having set aside a dedicated budget for innovation.

“If you let your employees contribute and share their ideas openly, without chastising or criticise and instead constantly look for ways to improve on their ideas, they will start to feel like part of the process and hopefully begin to share more ideas with you,” he said. “Innovation is never driven by one person, it’s always driven by the organisation.”

The 6th Asia Life Insurance Summit was organised by Asia Insurance Review, and attracted over 100 delegates. The two-day conference held in Singapore explored the theme of “Reinventing the Life Business in the Smart Era”, with Aegon Direct & Affinity Marketing Services and Swiss Re as sponsors. ■



Mr Jerome Matrundola