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Knowing the silver lining

Asia's ageing population is set to grow in numbers and affluence in the near future and will present a big opportunity for insurers able to meet their requirements, said Mr John Tsang Chun-wah, Financial Secretary of the Hong Kong SAR.

In his opening address yesterday, Mr Tsang said governments will increasingly look to the insurance sector to facilitate the health and retirement needs of this segment.

Asia is set to play a central role in serving the "silver segment" as it would account for 24% of the world's population above-60 by 2050. The region's growing purchasing power is also significant with two-thirds of the world's middle class set to reside in Asia by 2030.



What's the MAGIC?

Making A Great Impression on the Customer - that is the MAGIC, said Mr Ronald Arculli, Chairman of the Board, FWD Group. "We need to embrace a digital mind, in order to catch up and make a great impression on the customers of the next generation."

Consumers are much more connected than before, and they will increasingly use multiple sources that they can trust to receive information, without the pressures of being sold. And studies have shown that customers' trust is shifting towards internet sources (from 22% in 2011 to 28% in 2012), and social media (almost doubling from 9% in 2011 to 17% in 2012).

And it is a myth that insurance cannot be sold online, he said. While the actual touchpoints by buyers of insurance are 32% agents, 20% IFAs, and 17% online; the preferred touchpoints were 43% agents, 35% IFAs, and 45% online.

So key to a company's success will include answering the questions: How well do we understand the next generation, and how do you leverage technology and touchpoints to impress the customers?

Winning in the next 50 years

Be it in marketing, distribution or product innovation, embracing new technology is imperative for insurers to win in the next 50 years, according to panellists at the first PIC plenary session on "Conquering the next 50 years" yesterday. Mr Trevor Matthews, Chairman of the session said: "New technology will facilitate 'cross-buying' rather than cross-selling. The winners will be those that take advantage of the remarkable changes in technology."

Key trends identified as imperatives for success included social media, big data and analytics, as well as mobile and multiple customer touchpoints - all of which contribute to creating new ways of engaging and profiling customers.

Drawing examples from UK, South Africa and Australia, Mr Ross Mayne, CEO of Munich Re Automation Solutions, said there is a global move towards automating new business and the value process in life companies. The primary driver is usually the need to increase sales in the face of competition; a secondary driver is when an insurer wants to grow its business book without having the proportional increase in operation overheads. And automation is a key enabler for that objective, he added.



Apart from automation and technology, Mr Gary Comerford, Chief Marketing Officer of RGA, said there are also some game changers which the industry cannot ignore - shifting demographics, risk factor evolution, disintermediation, governance and changing consumer attitudes.

Elaborating on shifting demographics, he said the needs of the ageing society are complex and require focussed attention and long-term cooperation. The industry needs to recognise and face the longevity issue head-on and capitalise on the opportunities by working with governments. An effective public-private risk-sharing programme to broaden the coverage base and increase the financial security for older consumers is the only realistic option that exists today.

Mr Comerford added that new medical research is forever changing the way insurers write risk. The convergence of advances in medicine, lifestyle (where consumers are becoming increasingly proactive about healthcare and their lifestyle choices) and technology are resulting in nothing short of a risk factor evolution, another of the game changers.

The game changers are significant individually, but collectively, they are compelling, he concluded.



(Left to right): Messrs Ross Mayne, Marcelo Teixeira, Gary Comerford, Trevor Matthews

Making life insurance a pull

There is a saying that insurance is often sold and not bought, but this perception is slowly evolving. CEOs weigh in with *Asia Insurance Review* on what are most crucial to making life insurance a draw.

Customer-centricity at the heart of it



"It is important that we understand our customers, help them to identify their financial needs and provide a tailor-made protection plan to meet these needs. Insurers should see themselves as life partners of their customers. It is the customer's peace of mind experience in times of difficulties that 'pulls' customers and 'keeps' their loyalty."

– **Mr C F Choy**,
Chief Executive, **BOC Group Life Assurance**

"As consumers become more affluent and sophisticated, simply selling product will not win their business and their hearts. Insurance companies need to be more customer-centric, be able to understand their customers' needs and provide personalised solutions. Distributors have to be knowledgeable and resourceful to provide tailor-made advice. To succeed, we are also required to invest heavily in technology and staff training so that customers can have a wonderful experience when they interact with us."



– **Mr Michael Huddart**,
EVP & General Manager – Greater China, **Manulife**



"Currently, the most significant challenge for the industry is the ongoing digital disruption of pricing, payment and access to information. Information symmetry no longer favours the enterprise, it firmly favours the customer. This digital revolution is forcing the insurance industry to be customer-centric, increasing the 'pull' element of the bought and sold equation."

– **Mr Sean Rowley**,
Managing Director – Asia, **ReMark**

Increase awareness



"Increasing financial literacy and raising awareness of the importance of financial planning are key factors in facilitating further and more rapid penetration of Asian markets. Good life insurance agents don't really 'sell'; they present people with facts and provide options based upon each individual's needs. Consumers can see the value of insurance for themselves."

– **Mr Barry Stowe**,
Chief Executive, **Prudential Corporation Asia**

"Increasing awareness of the benefits of insurance and a holistic plan that covers protection and wealth are important to helping more people achieve the goal of lifetime financial security. We are supporting this through financial literacy programmes and supporting our advisors and distribution partners with the products, tools and training to deliver effective financial plans to our customers."



– **Mr Kevin Strain**,
President, **Sun Life Financial Asia**

"As awareness of the impact of an ageing society grows, people are starting to re-think the financial support required to fund longer lives. In doing so, they are more willing to consider the benefits of protection insurance in meeting long-term healthcare and protection needs. Consumers today don't want to wonder if they can afford the marvels of modern medicine, they want to be sure they can."



– **Mr Robert Burr**,
Head of Life & Health Asia, **Swiss Re**

Innovate and provide options

"Increasingly, consumers prefer to rely on their own networks and a variety of information sources to make informed purchase decisions. They want to feel more empowered to purchase policies without being 'sold'. Offer customer convenience by providing multiple channel options, and making insurance available through as many channels and as easily accessible as possible."



– **Mr Rangam Bir**,
Regional General Manager, **Allianz Asia Pacific**



"Innovation in products, processes and distribution models will be critically important for life insurers to stay competitive and respond to fast-changing customer needs. The key is to ensure we deliver customers great value and make ourselves easy to do business with, in order to 'pull' customers toward the benefits our products offer."

– **Mr Christopher Townsend**,
President, **MetLife Asia**

Asia's life sector in numbers

In 2012, Asia recorded a total premium volume of **\$1.34tln.** making up **29.2%** world market share.



Its life premium volume stood at **\$957.7 bln.** accounting for **71.1%** of total business, and made up **36.54%** world market share.

In terms of life premium volume **Japan ranked 1st & 2nd** in Asia & in the world. at **\$524 bln.**

4 other Asian countries also in the global top 10 list were: **China (5th)**, **S Korea (8th)**, **Taiwan (9th)**, **India (10th)**.

As of 2012, Asia's life penetration stood at **4.09%**, compared to the global average of **3.69%**.

By life penetration **Taiwan ranked 1st** in the world at **15.03%**.



Figures in US\$. Source: Swiss Re sigma

Data-driven insurance marketing is a journey, not a destination



Mr Sean Rowley, ReMark's Managing Director for Asia, examines how smart use of data gives marketers the insight they need to develop offers customers really want.

Marketers throughout Asia have long embraced the concept of customer-focussed marketing. Nowadays, however, leading retail brands promise an "omnichannel" customer experience. This leads consumers to expect their insurers to engage in individual, interactive relationships of a similar calibre. So it is vital to get to the heart of what matters to your customers in order to increase sales.

Marketing must transform from PUSH to PULL – but optimising the customer experience is not a one-step process. Instead, marketers must undertake a long and insightful journey, using smart data strategies to "walk in the customer's shoes" for a better understanding of their needs and motivation.

Begin with the data you have

The essential ingredient in all marketing solutions is data – sorted, mixed and blended using advanced profiling and modelling techniques to distil the all-important insight which informs the relevant offers consumers actually want. Achieving this is harder than it sounds, especially in a climate of constant – and rapid – change. Marketers will never have all the data they desire. The key is to start the journey now, taking small steps based on incomplete data – or you could lose out to your competitors!

Simple steps begin with:

- Profiling and life events to develop entry level and next best product offers;
- Integrating data with propensity models to identify likely buyers;
- Capitalising on the knowledge and experience of experts in every department; and
- Applying insight to innovate across all available channels.

Integrate disjointed data techniques

Most companies use different data techniques for different distribution channels: trigger events for agent-sold insurance policies,

Asian Clusters	Segment 1 Trendsetter	Segment 2 Informal worker	Segment 3 Traditional
Customer targeting	<ul style="list-style-type: none"> • Median age 26 • Engaged • Low income 	<ul style="list-style-type: none"> • Median age 33 • Single • Recently moved to urban area for work & sends money to family • Low income 	<ul style="list-style-type: none"> • Median age 28 • Married • Both work full-time in food processing plants • Medium income
Life stage	Marriage	New mortgage or loan	New baby
Segment "haves" (products & services already owned)	<ul style="list-style-type: none"> • Owns credit cards • Has a savings account 	<ul style="list-style-type: none"> • Owns credit cards • Has multiple savings accounts • Has entrepreneur loans 	<ul style="list-style-type: none"> • Owns credit cards • Has savings accounts • Has health policy through work for self but not family
Segment "needs" (identity needs both met & unmet)	Protection	Interested in Shariah-compliant products	Interested in Shariah-compliant products
Channels strategy	<ul style="list-style-type: none"> • TM • Branch • DM • Digital • Statement 	<ul style="list-style-type: none"> • Branch • ATMs kiosks 	<ul style="list-style-type: none"> • DM • TM • Web/eMail • Statement

4 simple truths

- 1 Economic, technological and cultural trends inform purchase behaviour
- 2 Consumers control the contact
- 3 Consumers feel inundated with repetitive irrelevant offers
- 4 Consumers struggle to differentiate one product from another

segmentation and propensity modelling for direct marketing sales. The disadvantage in this approach is that it does not optimise results across channels. With more data available on more channels, it is time for a more integrated, multi-channel data management strategy in which marketers must:

- Combine data from all legacy systems;
- Integrate data from banking and insurance sectors;
- Track and capture data on all channels;
- Employ those with a data-mining skillset;
- Review insight and trends continuously; and
- Transform insight into marketable action.

Understand the customer decision-making cycle

When interpreting data, it's important to acknowledge all the factors involved in the customer's decision to buy. Traditional PUSH marketing tends to ignore the psychological factors which influence consumers' decisions – broadening the focus to include these will give marketers a better insight into their customer's motivation. Consider too, the decision-making context – local market conditions have a significant impact on consumer behaviour.

Develop customer personas

Many marketers already understand that non-demographic traits (values, attitudes, personal preference) have much more influence on a customer's propensity to buy than traditional demographics.

Effective profiling provides a multi-dimensional view of customers and prospects, driven by consumer behaviour and underpinned by powerful demographic, geographic AND lifestyle intelligence.

Best of all, profiling allows marketers to tailor product, message and channel to specific groups based on shared values, attitudes and lifestyle. The result is a superior customer experience – and increased customer lifetime value.

Event triggers signal "right time" offers

Life events and customer transactions can signal timely and relevant offers. Even basic transactional data – call centre activity, claims, social media updates and customer surveys – can help determine normal (or abnormal) activity. This prompts the delivery of relevant and timely offers tied to life events.

These triggers need not be restricted to birthdays and marriages – capitalise on annual events such as Mother's Day, Father's Day, and national campaigns like Cancer Awareness Month and No Smoking Day. Even natural disasters offer opportunities for insurance marketers. Of course, an arsenal of relevant products is essential in order to create offers which resonate with the life event.

Envision the ultimate marketing journey

Today's empowered consumer has choice in abundance, and expects personalised engagement across all channels. The key is to understand your customers so you can create integrated multi-channel marketing activity that aligns with their attitudes, values and behaviour.

Applying such insight effectively and continuously will yield higher response rates, enhance customer satisfaction and improve persistency – and a better return on your investment.

Spectacular Spectacular!

Last night's Opening Dinner hosted by Prudential at the World Trade Centre, Causeway Bay, was nothing less than spectacular with great networking and sumptuous food to cap off a fruitful day of discussions.



5 reasons insurers should embrace social media

1 Insurance industry needs social media more

As an industry that traditionally has low engagement and low purchase frequency, social media is of even greater importance as it allows insurers to create more regular engagement and build stronger emotional bonds with customers.

2 Reluctance to embrace social media could be more costly than imagined

Not only may businesses be lost with the reluctance to embrace social media, an insurer may find itself having difficulties attracting talent. You cannot imagine a credible business without a website today. Increasingly, this will be true for social media presence.

3 Complaints do not disappear just because they are not seen

Some insurers fear a social media platform may be a magnet for complaints and negative feedback. If such feedback is not on an insurer's social media platform, you can be sure it is gathering pace somewhere else in cyberspace. And you will not have the chance to act and rectify, because you will not even know about it.

4 Agents are the face of the company – support them

Agents are the face of an insurer in the market and you can be sure most of them are on social media. Do you have a social media policy to guide your agents so they do not run afoul of regulations? A blanket ban on social media does not count.

5 Telling your side of the story

Countless families which may have been helped with the insurance proceeds they received go unreported every day. But a consumer who has a claim denied often gets profiled on front pages as a victim. With social media, an insurer can share the good that it does to correct the negative perception.



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