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Can life get smart?

Or smarter? Can there be an Uber in the life business? Then again, do we need an Uber in life when it has already been brought to every client in every which way at his choice of time, place and medium?

Can life innovate? Are we after the holy grail, or a mirage?

In the era of disruptive innovation and super energies coming through the cyber world, one cannot stand still. Life companies, big

and small, are making different noises and sounds to be hip and cool, experimenting with innovation hubs, digital garages, smart marts and the like.

But what is the innovation and hype about for the life industry? Can the life industry morph? What can it morph into in the name of innovation?

Continued on page 2



Welcome to Manila!

We welcome you to Manila, and are excited to bring you this year's conference. Over the past 52 years, the Pacific Insurance Conference has grown into one of the largest and most important insurance gatherings in the world, one that offers participants superior learning and networking opportunities that cannot be replicated elsewhere.

The theme this year is "Delivering Customer Value in an Era of Disruptive Innovation". Demographics and cultures are changing, and so is customer demand. Clearly, the insurance and financial services industries face new and exciting challenges; they are challenges that require us to stay a step ahead of the innovation curve if we are to succeed.

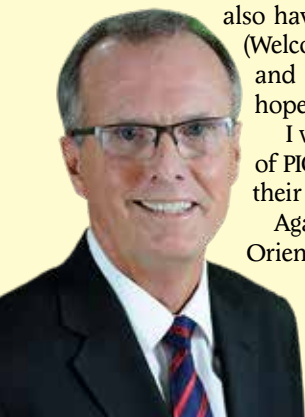
We are honoured to host distinguished speakers from around the globe, including the founder of Priceline.com, as well as a group of dynamic and diverse leaders from within the insurance industry. We

also have several social events planned at the Sky Garden of the Zuellig Building (Welcome Reception), the Metropolitan Museum of Manila (Opening Dinner), and the Makati Shangri-La Hotel (Gala Dinner and Farewell Lunch), where we hope you will enjoy the opportunities to network with friends and colleagues.

I would like to extend a special thanks to the Executive Committee and Board of PIC Limited, for their enthusiastic and diligent work throughout the year, and their focused efforts toward the success of this conference.

Again, many thanks to every PIC participant for joining us in the "Pearl of the Orient". We hope that you have a memorable and rewarding stay.

Mr Gary Comerford,
Conference Chairman & CEO,
Pacific Insurance Conference



Sky Garden of the Zuellig Building



Metropolitan Museum of Manila



Makati Shangri-La Hotel

Time to seriously discuss delivering customer value

On behalf of the 27th PIC Organising Committee, I would like to welcome you to this year's Pacific Insurance Conference. Our theme of "Delivering Customer Value in an Era of Innovative Disruption" is a topic that is timely, if not imperative.

The unprecedented advancements in technology and the emergence of the millennial generation have brought about an environment where the customer is more and more in charge. Understanding this shift as an opportunity, and figuring out how to stay relevant to this new breed of customers are keys, not only to our success and sustainability but also our survival. Fortunately, we have senior leaders and game changers who have generously given their time to inspire us with their thoughts on this topic over the next few days.

I am truly grateful for the privilege of chairing the conference this year and for hosting it in our country as well. The last time the PIC was held in the Philippines was in 1981, and I am thrilled at the chance to welcome the PIC back and to extend our warmest hospitality to this year's delegates.

My sincere thanks goes to the PIC Board for their support and to the PIC Organising Committee whose hard work has brought us all here today. I hope that the conference enriches you with valuable insights and that your stay, brief as it may be, allows you to see the beauty, feel the warmth and experience the fun that is the Philippines. Enjoy!

Ms Rizalina Mantaring,
Chairperson,
27th Pacific Insurance
Conference



Can life get smart? (from page 1)

Innovation junction

At the SIRC in Singapore, where a session on "innovation" is a must at every conference, a speaker offered the view that most innovation celebrated today is really process and not the product per se. Even Uber was about getting the cab for the ride and not changing the ride itself. So even in insurance, one must be clear: Are we innovating the product or the process? Or dare we tinker with both?

Life is good. In fact in Asia, it is a veritable powerhouse – with almost two thirds of the insurance pie and a great source of investments and support for public infrastructure funds. And the life business in Asia at some US\$890 billion accounts for a third of global premiums according to *sigma* figures.

So, the challenge is to make life better by being smart.

The colours of the rainbow are still seven, but they are gloriously rich. Which colour will you ride on to become customer-centric, customer-focused and to give the customer exactly what he wants bearing in mind what insurance is: a promise to pay tomorrow when the need arises?

A last note

The best way for life to get smart is firstly by just being "simple" and direct. This is the best gift of life. And it is probably the best "innovation" for all insurance products to start with.

The life business is inherently a stable and stoic business and it should be proud of that and not make apologies that it is not "innovative enough" – here today, gone tomorrow or the day after. Sometimes we need to stand tall with deep roots unshaken, and allow the fuss and buzz around us to settle.

As Fitzgerald said with a whisk of romanticism: "We reach out to the green light, the orgastic future that year by year recedes before us. It eluded us then, but that's no matter – tomorrow we will run faster, and stretch out our arms farther." He was talking about life, but it could just as well apply to the life insurance business.

We beat on, boats against currents daring to sell "real and simple hope" in a "hopeless" world because there is a light at the end of the tunnel for all buyers!

Asia Conference on Big Data and Analytics for Insurance

Theme: "Emerging Victorious in the Big Data Age for the Small, Medium and Big Insurers"

27-28 January 2016, Singapore
www.asiainsurancereview.com



Evolution, not revolution in agency model

The use of technology will continue to see the role of insurance agents evolve, though they will always remain an important distribution channel for life insurers.



AIA Chief Executive Mark Tucker (left) made this point at *Asia Insurance Review's* 25th Anniversary Summit titled "Value of Insurance to Society".

He added agents and financial advisers are the "unsung heroes" of the life industry, and that their role will not be usurped, but rather enhanced by technology.

"The evolution of agents, yes, revolution, no," he said.

"They remain a key touch point, the element of human trust is irreplaceable. But they must know they are advocates of financial literacy and security, not just a company representative out to sell."

Mr Tucker said insurers must not be complacent in discharg-

ing their responsibilities to consumers, reminding the industry to focus on the effectiveness of its advice rather than just distribution reach.



Homer Simpson trumps Dr Spock



In an effort to better understand consumer attitudes and motivation toward healthcare funding in retirement, **Mr Robert Burr**, Head of Life & Health Asia, **Swiss Re**, says it is important we realise that most of us are driven as much by our Homer Simpson instincts as by our super-rational Dr Spock selves. In other words, human beings are strongly influenced, initially at least, by how things are presented and not as much by the actual content of an offer. In his article, Mr Burr explains this is just one of the insights Swiss Re is using to help some of its insurance clients in Asia present their solutions in a more engaging way that ultimately produces better results.

What motivates consumers to purchase insurance, and why do they procrastinate on something so important as their personal financial security? The need to understand consumer behaviour is very much driven by the huge funding gap that exists between the protection a person owns and what he really needs to secure for their future. This disparity, known as the protection gap, can be measured in different ways across life, health and care. For certain, this gap is not specific to the elderly but applies throughout various stages of life that cuts across all age groups, customer segments and market maturity.

To help insurers develop and offer value-added insurance products that will help close this gap, Swiss Re is using various tools and research to gain insight into consumer attitudes and behaviours.

Life insurance can counteract fragile financial security

Our Mortality Protection Gap Report revealed that the total mortality protection gap across 13 Asian markets has increased more than twofold over the past ten years, from US\$21.5 trillion in 2004 to \$58 trillion in 2014. This shortfall underlines the fragile nature of financial security for many families in our region – but it also speaks opportunity for insurers. Roughly speaking, this gap can translate into new annual life insurance premiums of \$170 billion.

We recently released “Spotlight on Care Solutions in Asia” – micro-level research conducted by Swiss Re’s Solutions Group, to understand consumers’ preparedness and preferences for their older-age care needs. It shows that the care needs of ageing populations in six key Asian markets will increase markedly over the next decade.

Perceived unaffordability and lack of knowledge are big challenges

The Care survey shows that while Asian consumers are well aware of the need to prepare for their own and their family’s future care requirements, many admit to a personal funding gap of between 50% and 60%. Respondents say that two of the key reasons for their unpreparedness is procrastination and sheer lack of knowledge about how to get started. This leads to the unfortunate situation where the intentions and actions to buy do not occur until the need for significant care is already there – a time when insurance may have become unaffordable. Around 40% of respondents are interested in buying care insurance products in the coming year and important considerations for them are affordability, adequate coverage of their needs and clarity on the benefits provided.

Swiss Re has also garnered some very useful survey insights

into how Asian consumers behave when completing application forms for health and medical insurance coverage. Even though an overwhelming majority of respondents say they have no qualms about answering the necessary health and medical questions, they are prepared to pay a premium of up to 25% on average across the five countries, on top of the normal premium to avoid answering the questions in the first place.

At Swiss Re, we continue to explore different perspectives around this issue: potential preventative measures in early retirement that enhance longer-term health and independence in old age; harnessing technological advancements to provide better access to simple but valuable Care propositions; and availability and ease of accessibility of products in the marketplace, just to name a few.

Customised Solutions in India – a true collaboration

To create more effective solutions together with our clients, we established a Behavioural Research Hub that runs real life consumer trials with behavioural economics applications. We recently finished a trial in India where the mortality protection gap is a gigantic \$8.6 trillion, and where savings and insurance cover only 10% of this shortfall. Our research revealed that some consumers think pure protection insurance is of poor value and that the insurance industry has been finding it hard to reach large customer segments.

To meet the challenge, we worked in partnership with our clients in India to help design an online distribution process, which was both effective for the insurer and attractive for their potential web-surfing consumers. Simple changes included meaningful, intuitive graphics and webpage design triggered by behavioural economic insights. Results show these changes are steering more prospects to “click” and are generating a higher product take-up.

As a result of our collective efforts, one client was able to increase the average protection take-up from their site to three times the market average – a true demonstration of working smarter together, where we combined Swiss Re’s expertise with our clients’ initiatives.

As a reinsurer, we have an essential role to play in delivering customised solutions that can be easily accessed through multiple channels, as we strive to close protection gaps. In addition, the insurance sector as a whole should step up efforts to increase consumer awareness about the benefits of being better prepared and hence reduce the impact of such issues.

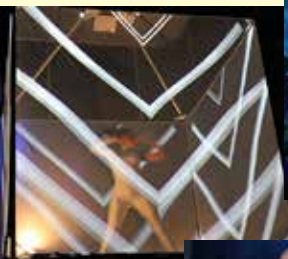
At PIC, we want to share more insights and solutions with you, create “more moments like this” and work towards greater success in closing Asia’s protection gap.



Come visit our booth at PIC to learn more or visit www.swissre.com/PIC2015.

PIC visits the Philippines again

The 27th PIC kicked off on a high note, with last night's welcome reception atop of one of the world's most eco-friendly buildings. Delegates reconnected over delicious drinks and canapes in the Philippines, which is graciously hosting the event again after more than three decades.



25th PIC 2011 Singapore



26th PIC 2013 Hong Kong



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