

Asian Financial Forum 2017

Concurrent Workshop: Innovation Creating Value in the Insurance Industry

Synopsis

This session will focus on the way in which Insurance companies have had to innovate to meet their customers rapidly changing needs. It will delve into some highly diverse business models and outline some of the more significant innovations and developments emerging from the insurance industry. The carefully crafted panel of senior executives in the insurance industry will discuss their very different innovation experiences varying from legacy challenges - how you manoeuvre an enormous business through innovation - versus the challenges and benefits of being the “new kid on the block”, to regional business model challenges and the diversity of innovation required for each country’s specific needs. Which model of innovation would work for your business and create value? Are you innovating fast enough to meet your customer’s constantly evolving needs?

Panel Chair

- **Mr Jonathan Zhao**
Asia-Pacific Insurance Leader, Ernst & Young

Speakers

- **Mr David Fried**
Chief Executive Officer, Emerging Markets, QBE Insurance Group
- **Mr Keith Perkins**
Chief Transformation Officer, AIA
- **Mr Peter Tam**
Chief Executive, Hong Kong Federation of Insurers
- **Mr David Wong**
Chief Executive Officer, H.K. & Macau and
Executive Vice President, Greater China Region, FWD
- **Mr Jason Yao**
Chief Financial Officer, Ping An Insurance (Group) Company
of China, Ltd

Drones and the insurance industry may at first appear to be worlds apart, but drones are just one of a wide suite of technology innovations and digital tools being utilised by the insurance industry to add new layers of innovation designed to improve customer service and boost efficiencies.

David Fried, Chief Executive Officer, Emerging Markets, QBE Insurance Group explained to an intrigued audience how the company had used drones to survey buildings, including the interiors, damaged by the recent earthquake in Ecuador. "We were able to settle about 90 per cent of claims, worth over US\$ 90 million within 90 days," Mr Fried revealed. He said the fast response was made possible because technology was used to access areas that would not have been safe for insurance inspectors to access. "Not only did our rapid

response make a big difference to the business community that had been badly effected by the disaster, it generated a lot of goodwill for the company and gave our employees a big morale boost," said Mr Fried.

While there is a clear trend of insurance companies investing in technology, Mr Fried said implementing technology in itself cannot be considered as innovation. "Innovation is when technology can be used to better understand customer needs and make the customer journey more enjoyable," explained Mr Fried who added that technological advancements outside of the insurance industry is poised to impact the insurance sector. "Driverless car will completely change the way that motor insurance premiums are offered," noted Mr Fried. "If there is an accident involving a driverless car, does it become a products liability risk?" questioned Mr Fried.

Quoting the late Steve Jobs who famously said: "Every once in a while, a revolutionary product comes along that changes everything", when he introduced the first Apple Smartphone 10 years ago, Panel Chairman, Jonathan Zhao, Asia-Pacific Insurance Leader, Ernst & Young said in the same way smartphones and digital technologies are rapidly changing the way businesses and individuals around the globe are conducting business, technology is changing the way the insurance industry operates. Mr Zhao cited the example of how Ping An Insurance, the first insurance company in China to adopt a shareholding structure had taken 27 years to build up a client base of about 90 million, but in less than three years, has been able to attract another 200 million clients by leveraging social media channels and digital platforms.

Under the theme "Innovation Creating Value in the Insurance Industry", Mr Zhao said being able to gather leading executives from the Asian insurance industry to the first designated insurance panel discussion to be held at an AFF event, give emphasis to the important role the insurance industry plays in the regional financial services sector. "The AFF has given us an excellent opportunity to bring senior executives and regulators together to provide deep insights into the way emerging technology provides opportunities for traditional insurers to modernise and reinvent themselves, while relatively new insurance companies focus on providing new services," noted Mr Zhao.

In terms of innovation, Jason Yao, Chief Financial Officer, Ping An Insurance (Group) Company (China) said the company places attention on the various ways traditional customer engagement, for instance, through agents, can be expanded thorough social media channels, free apps and internet portals. "The goal is to have people not just visit our website and use our Apps, but use them in various ways they become our consumers, which is an area where we have been particularly successful," said Mr Yao. With a customer base almost the same size as the population of the US, Mr Yao said a key aim is to innovate unique insurance and financial products, which can be termed "Created in China". "About half of our 10,000 R&D specialists are currently working on technology-related projects, designed to meet and exceed the expectations of our consumers," explained Mr Yao.

As technology transforms the insurance industry by leaps and bounds, Keith Perkins, Chief Transformation Officer at AIA said technology strategies at the 100-year old company based around the customer. "We are not trying to change the things that have made the company successful over many years," said Mr Perkins. Instead, he said technology such as an interactive on-line "click to talk" function is designed to improve how customer interfaces with the company. "It used to be the case that customers would use the telephone and postal mail and were willing to wait for a response," Mr Perkins said. "These assumptions are no longer true, and today's customer expects to be able to access information and service on mobile devices and the through the Web," Mr Perkins continued. "We are finding it is not only millennials that look for instant feedback, the older generation who are used to using the latest technology for their work and use social media are also looking for real-time engagement," said Mr Perkins.

Although the insurance company was established a little more than three years ago, David Wong, FWD Chief Executive Officer, HK and Macau and Executive Vice President, Greater China Region said FWD is focused on creating fresh customer experiences, with easy-to-understand products, supported by leading digital technologies.

"People might call us the 'new kid on the block', but our aim is to minimise the effort and time spent by customers arranging insurance, and hopefully change the way they feel about the insurance industry," said Mr Wong. He added that FWD is focused on creating fresh customer experiences. For example, the company's direct to consumer approach includes replacing form filling time by using website application for travel and car insurance.

While emerging technology provides opportunities for insurance providers and benefits for customers, Peter Tam, Chief Executive, Hong Kong Federation of Insurers said it is important that regulation avoids stifling advancements in the industry, but also protects consumers. "In Hong Kong, because of cooperation between insurance companies and regulators, I believe we are setting the right balance," Mr Tam said. In the future, Hong Kong insurance companies could benefit from pooling "big data" to build up a cross-industry picture of motor, medical and accident claims. "Using the latest technology, could flag-up suspicious activities, but a better understanding of claims could save on costs with the benefits passed on to consumers," said Mr Tam.

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