



Insurtech
Insights

Presents:

INSUR-VIEW

Candid conversations with the industry.

Asia 2023 issue, with Insights from:



Editor's Welcome

Greetings, everyone! I am thrilled to introduce the first edition of 'INSUR-VIEW.' This has been long overdue, an idea that stems from countless superbly interesting conversations within the vibrant insurance industry. I thought, why not channel these insights into a short forum for candid industry conversations to share with the community?

As we run up to Insurtech Insights Asia in Hong Kong next month, I wanted to host open chats with three key industry players who are truly shaping the future of insurtech, to hear what they are focussing on right now.

At Insurtech Insights, our unwavering mission is to serve as the foremost catalyst of innovation. We strive to provide an avenue for individuals to connect, collaborate, share insights and champion the industry's advancement in a positive and forward-moving direction. I look forward to hosting many more of these conversations in the series, and I'm very excited to have you join me on this expedition in progressing the future of insurtech. Please enjoy this short Asia edition, with insights from AIA, Liberty Mutual & RGA.

Welcome to 'INSUR-VIEW'!

Enjoy!

Rory Pyke



Sue Coulter

Head of Group Digital & Analytics
AIA Group



Q - How has the landscape of life insurance in Hong Kong evolved in recent years, and what are some key factors shaping its future growth and innovation?

Hong Kong is steadily establishing itself as Asia's life insurance hub, where its people receive access to the best standards of health and financial protection. We're observing a higher demand for life insurance products from more financially and digitally savvy customers, driving new demand and innovation in the sector. These factors have driven the exponential growth of Hong Kong's insurance sector over the past one or two decades. Previously a minor segment of the economy, Hong Kong's insurance sector now accounts for 20% of the territory's GDP. Today, Hong Kong has the highest insurance penetration in Asia and is the second highest globally.

The Greater Bay Area (GBA) boasts vast economic potential, tapping into a market of 86 million people. Hong Kong's strategic position as the GBA's financial hub is one factor driving the region's growth, while providing insurers access to a broader customer base. Hong Kong's life insurance sector is constantly growing and innovating and will contribute even more to the economy in the future.

Technological investments are another driver of Hong Kong's success. The insurance sector is no longer the low-tech industry it used to be. Across the industry, many insurers, including AIA, have invested in digitalising the insurance value chain with technologies like artificial intelligence (AI), data analytics and the cloud. It has created an ecosystem of insurance products and services that have become more efficient, customer-centric, and accessible for customers in Hong Kong and around Asia.

Q - Could you share some insights on the role of digital technologies in transforming the life insurance industry in Asia and how it's impacting both customers and insurance providers?

Digital tools and distribution models are enabling better customer, agent and partner experiences – and, in so doing, transforming the life insurance industry at speed and scale.

Individuals increasingly expect digital solutions and services that are 'always on, anytime, anywhere', and the industry can only meet these needs by embracing a customer-first, digital led strategy. We have successfully elevated our overall Straight Through Processing (STP) rates from 59% in 2021 to 72% in 2023. This significant improvement directly translates to markedly enhanced transaction processing times and streamlined claims processes. Customers can receive quick decisions and payments into their accounts within minutes instead of days.

At AIA, we are meeting customers where they are, across multiple channels, from the AIA website to customer apps through to social media platforms. Our customer apps and portals actively engage over 18.2 million existing and prospective customers with high-quality, personalised digital experiences that continually improve with every use. By investing heavily in improving the AIA online customer experience, we have attracted more than nine million new registered users in three years.

Digital technologies are also improving the agency experience, increasing productivity, and creating efficiencies so agents can focus on serving customers. At AIA, we have significantly uplifted our digital capabilities across the entire agency value chain, equipping agency leaders with digital tools and insights that help them manage their teams more effectively. Analytics and AI are powering recruitment tools and processes, and AI is personalising training. Agents are now their own CMOs, thanks to our industry-leading social media prospecting and content sharing tool (SIM), which has generated two million new digital leads with a 16% conversion rate.

Q - In a world where sustainability is becoming increasingly important, what initiatives or trends do you see emerging in Hong Kong's life insurance sector to promote eco-friendly and socially responsible insurance products?

In 2021, AIA made a commitment to achieve net-zero emissions by 2050 and signed up to the Science Based Targets initiative (SBTi), a global body enabling businesses to set ambitious emissions reduction targets. This anchored our targets to the latest climate science and aligned our goals with the Paris Agreement.

I am proud to share that AIA has recently published its first Climate Transition Plan, representing a significant step forward in our sustainability journey. We have also become the first pan-Asian life and health insurer to have our near-term science-based emissions reduction targets approved by the SBTi. The Plan outlines a holistic programme of actions including AIA's roadmap to achieving our near-term targets, and integration of climate considerations into our governance, risk management and engagement initiatives.

Our strong governance framework and cross-functional expertise will ensure transparency and accountability for delivering the near-term targets outlined in our Climate Transition Plan. We will publish updates on our progress in the annual AIA ESG Report, with the first update expected in March 2025.

Q - Considering the dynamic nature of the Asian market, what do you think are the most exciting opportunities and challenges that lie ahead for life insurance providers in Hong Kong, and how are they adapting to stay competitive?

AI is undoubtedly the most exciting opportunity for the future of insurance, and its adoption is vital to staying competitive. Already leaving a significant impact, AI is set to continue reshaping the industry – influencing everything from customer experience and customer journeys right down to the way we work. Whether it's leveraging AI to power apps and recruitment tools, employing Generative AI to help facilitate better communication in call centres, or utilising the technology for backend tasks like automating code generation, compilation and test case generation – the possibilities with AI are endless.

New technologies necessitate new digital skills – cultivating these skills will be paramount to our success. In line with this perspective, one key challenge ahead is the imperative to upskill the workforce. Recognising the critical role of upskilling in our journey towards being a digital-first insurer, AIA took proactive steps to build and expand our capabilities in critical areas such as data science, AI, cloud and mobile engineering, design and agile practices. We actively trained practitioners in each of these areas, laying a solid foundation for our evolving capabilities. Internal academies and communities of practice are helping skill and upskill teams, and we have expanded our technology shared services in China, Malaysia and Philippines. As a result of investing in our people, we now have over 4000 internal experts across a range of digital skillsets.

Q - And finally, AIA will be joining us at Asia's largest Insurtech event this December... What do you foresee to be the key trends covered on the agenda?

I'm keen to learn more from my peers in Asia's insurance industry lessons on how we can further push the boundaries of transformation. The discussions centred around shaping the insurance industry's future, particularly in panels like "Strengthening the Insurer's Path Forward through Insurtech Partnerships" and "Navigating the Future alongside CEOs," are conversations I eagerly look forward to hearing from. There – I expect key trends I've discussed – AI and sustainability, will prominently feature.

As a proud woman working in technology, the insights from the Women in Tech panel also caught my attention. My colleague Sharon Khor, the Head of AIA's Technology, Digital and Analytics Transformation Office, will be on the panel.

Ankit Shrivastava

SVP, Head of Digital Transformation, Asia
Liberty Mutual Insurance



Q - What are you working on right now and what's your plan for the next couple of months?

We are on an exciting digital transformation journey and have tasted some early success and we want to continue building on that. Right now we are in the midst of enhancing our digital transformation roadmap for our Asia markets and strengthening our capabilities to start execution. That means modernizing our core, that also means looking to replace and build new customer and partner engagement layers. We want to utilize technology to holistically transform the way we do business, that means not looking at individual use cases but to look at end to end processes across our value chain. Current tech landscape presents multiple options for every element of our architecture and we want to be very thoughtful on how we align business value with any technology choices we make..

Q - Obviously I don't want to go into giving away too much of your secrets on your roadmap, but what comes first when you're identifying these things is the business case or is it the technology itself?

You are right, I can't speak much about our process specifically but can offer my views. In my view, building a business case that clearly identifies pain points, benefits roadmap and a detailed cost estimate is an absolute must before moving to technology solutions. Sometimes there is a tendency to get too excited with all the technology solutions available and with what's trending and hot. Keeping the business outcomes front and center of technology evaluation is critical in my view. Once you move to technology solutions it's important to look at enterprise architecture holistically, so you can extract maximum value from technology investments. There are certainly many exciting tech and digital platforms available in the market, to spend time upfront on building your evaluation criteria, enterprise architecture and talent roadmap is imperative before implementation. Successful digital transformation requires deploying technology at scale to rewire the way organization operates and for that to happen business and technology need to work in synergy.

Q - We're hosting ITI Asia in December - if there was one thing you could say to us that we should be really focused on amplifying in the Asian Insurance technology market right now, what would you like to see from our agenda?

I think core modernisation for both P&C and life insurance carriers is an interesting area to deep dive into. Especially on the various approaches to modernisation that could be undertaken from lean core to hollowed core and full stack solutions. Will be also good to understand more viewpoints on how tech platforms are incorporating AI into their product roadmap.

Q - If there's one thing that you could say technology providers need to be thinking about for the next say six or twelve months what are the things that you'd recommend they focus on?

Have a clear view on how platform or solution will improve business outcomes, that means mapping your capabilities to specific business KPI's. Also provide a detailed roadmap on how they intend to utilise the data they will get from customers and enterprises to unlock better customer experience and operational efficiency.

Eddie Lau

Head of Operations & Strategy, Client Digital Solutions, Asia
RGA Reinsurance Company



Q - What's your current focus within the business right now from a Technology perspective?

One thing we are currently focusing on is the further development of our digital underwriting capabilities in conjunction with our reinsurance offerings. Being a critical part of the customer onboarding process, underwriting can impact the business from distribution to risk selection. We believe digitizing underwriting can improve business outcomes in multiple ways - it can potentially improve the customer onboarding experience with more automation, expand business opportunities with more inclusive decisioning, and bring better business results with more accurate risk selection.

Q - How important is AI/ML within here? & tell me a little bit more about these projects!

It is very important as artificial intelligence/machine learning (AI/ML) technologies are critical in helping us further increase automation and straight-through processing by increasing the complexity of cases that can be handled with technology, as well as improve the inclusiveness of underwriting by uncovering new insights and trends from wider data sources. For example, we are working on an underwriting solution that uses AI to digitize and interpret medical check-up report findings.

Q - How do you change/shift/funnel your focus internally? Tell me a little bit more about how you build your current projects.

Many of our digital projects are targeted to solve our clients' needs with digital solutions together with our reinsurance offerings. The process starts with business developers talking to clients to understand their pain points, and collaborating with our experts including underwriters, data scientists, technologists, and actuaries to offer a holistic solution.

Q - How important are partnerships for you?

Partnerships are very important. While insurance know-how is our core strength, we need capabilities beyond that to build the future of insurance. We are open to any partnership opportunity that can complement us to deliver value to our clients and the insurance value chain.

Q - & finally, tell me about RGA's presence at Asia's largest Insurtech event this December!

We are excited to host the coffee lounge at the event and provide refreshments for the conference. We will also be presenting at four sessions to share our insights on digital underwriting, insurance innovations, distribution and women's leadership. Hope to see you there!

Thank you for reading!
See you in Hong Kong.



INSURTECH INSIGHTS ASIA
Asia's Largest Insurance & Insurtech Event.