

# The Winning Insurer of the Future

Joint Regional Seminar, Singapore, 31 July 2014

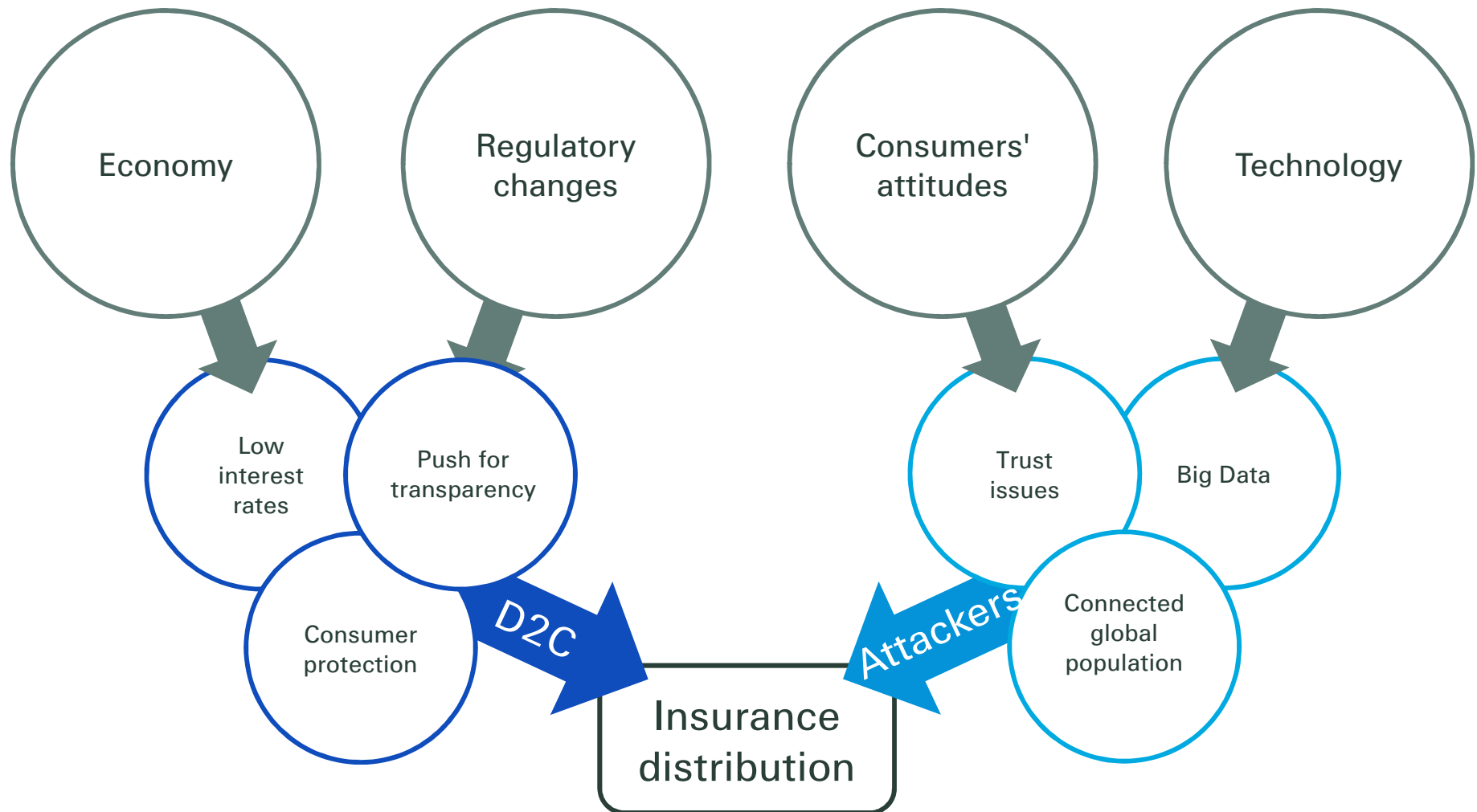
SWISS RE  
**150**  
YEARS

# Who will be the winning life insurers?



# Hypothesis 1: Distri2Mebute

# New market dynamics



# Channels consumers in Asia-Pacific would use to buy insurance products



Source: Swiss Re, "Survey of Risk Appetite and Insurance: Asia-Pacific 2011"

# "Generation Z"

- Born between mid '90s to 2004
- Born with technology: digital natives, tech-savvy
- Grew up with social media: little concern for privacy and no problem sharing intimate details of their lives with virtual strangers
- Born multi-taskers
- Ability to focus on lengthy, complex information is low
- Require information to be delivered in rapid, short bursts if it is to be understood. Generation Z thrives on instant gratification
- A desire to buy products and services anytime and anywhere (at their convenience)



# What online isn't...

**2. Persoonlijke gezondheidsgegevens**

Uw lengte \*  cm

Uw gewicht \*  kg

Rookt u of heeft u gerookt?\* ☒ Nee ☐ Ja

Drinkt u alcoholische dranken?\* ☐ Nee ☐ Ja

Gebruikt u drugs of heeft u drugs gebruikt?\* ☐ Nee ☐ Ja

**3. Uw gezondheidsverklaring**

Geef aan of u lijdt of heeft geleden aan een of meer van de volgende aandoeningen, ziekten en/of gebreken (hier vallen ook klachten onder).

**Let op!** U moet ook 'ja' antwoorden als u:

- een huisarts, hulpverlener of arts heeft geraadpleegd;
- opgenomen bent geweest in het ziekenhuis, sanatorium, psychiatrische inrichting of andere verpleeginrichting;
- geopereerd bent;
- nog medicatie gebruikt of medicatie heeft gebruikt;
- nog onder controle staat.

a. Ziekten van de hersenen of zenuwen zoals beroerte, toevallen, spierziekten, hoofdpijn, duizeligheid \* ☐ Nee ☐ Ja

b. Aandoeningen of klachten van psychische aard zoals depressie, overspannenheid, overwerktheid, slapeloosheid, burnout \* ☐ Nee ☐ Ja

c. Verhoogde bloeddruk, beklemming of pijn op de borst, hartkloppingen, ziekten van hart of bloedvaten \* ☐ Nee ☐ Ja

d. Verhoogd cholesterol, suikerziekte, jicht, schildklierafwijkingen, stofwisselingsziekten, hormoonafwijkingen \* ☐ Nee ☐ Ja

e. Aandoeningen van longen of luchtwegen, astma, kortademigheid, hyperventilatie, pleuritis, bronchitis, langdurig hoesten \* ☐ Nee ☐ Ja

f. Aandoeningen van slokdarm, maag, darmen, lever, galblaas, alvleesklier \* ☐ Nee ☐ Ja

g. Aandoeningen van nieren, blaas, urinewegen, geslachtsorganen \* ☐ Nee ☐ Ja

h. Goed- of kwaadaardige zwelling of tumor, kwaadaardige aandoeningen, bloedziekte, bloedarmoede \* ☐ Nee ☐ Ja

i. Aandoeningen van spieren, ledematen of gewrichten (waaronder knie, nek, schouders), reuma (acuut of chronisch), (kinder)verlamming, rugklachten \* ☐ Nee ☐ Ja

j. Huidaandoeningen, open been, fistels, trombose, embolie \* ☐ Nee ☐ Ja

k. Ziekten, aandoeningen en/of gebreken (hier vallen ook klachten onder) die niet onder bovengenoemde categorieën kunnen worden geplaatst \* ☐ Nee ☐ Ja

**4. Bloedonderzoek**

Is uw bloed wel eens onderzocht op bv bloedarmoede, bloedziekte, suikerziekte, vetgehalte (bijvoorbeeld cholesterol) of geelzucht (hepatitis)?\* ☐ Nee ☐ Ja

**5. Aids en HIV**

Heeft u aids?\* ☐ Nee ☐ Ja

Zijn in uw bloed HIV- antistoffen aangetoond (bent u seropositief)?\* ☐ Nee ☐ Ja

Heeft u in het buitenland een bloedtransfusie ondergaan?\* ☐ Nee ☐ Ja

ライフネット生命のヒミツ

保険商品のご案内

あなたにぴったりのプラン選び

生命保険のキホン

会社情報

不安や疑問にスバリお答えします!

**ライフネット生命のココが知りたい**

わたしたちがお答えします

▶ 詳しく見る

ライフネット生命の  
ココが知りたい!

時間を有効に使おう  
キャンペーン

おかげさまで  
保有契約数18万件突破

保険を見直して  
平均7,002円/月の節約

保険をご検討中のお客さまはこちら

まずは**10秒**でカンタン見積り!



**保険料シミュレーション**

お申し込みもこちらから!

▶ 資料請求 (無料)  
「あなたのプラン設計書」付き

▶ お申し込みからご契約の流れ

ライフネット生命はわかりやすく、安くて便利な保険商品を、インターネットで提供する生命保険会社です。

## 保険商品のご案内

万が一に備える  
死亡保障



**定期死亡保険**  
かぞくへの保険

万が一のときに、ご家族に  
保険金が支払われる生命保険

▶ 商品情報を見る

入院や手術に備える  
医療保障



**終身医療保険**  
じぶんへの保険

入院日数に応じた日額保障が  
「一生」続き、保険料がずっと  
上がらない医療保険

▶ 商品情報を見る

がん・先進医療にも備える  
医療保障



**定期療養保険**  
じぶんへの保険 **プラス**  
(がん・先進医療保障付き)

がんや先進医療に備えられ、  
入院時の自己負担分相当が  
支払われる医療保険

▶ 商品情報を見る

病気やケガなどで  
働けない場合に備える保障



**就業不能保険**  
働く人への保険

病気やケガで長期間働けない  
場合に、毎月給付金を受け取る  
ことができる保険

▶ 商品情報を見る

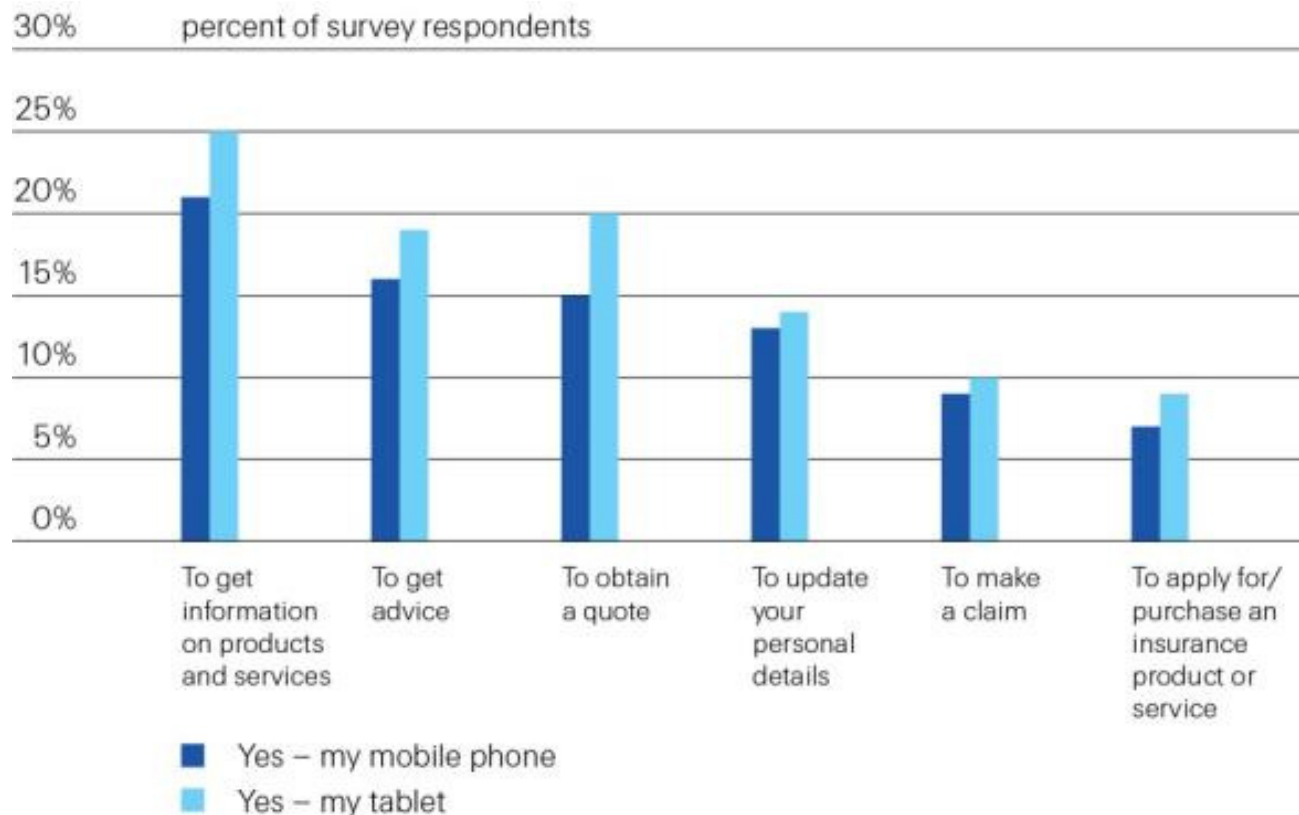
# Social media possibilities



"Malayan Online" allows you to complete the entire policy acquisition journey on Facebook. You can choose to automatically use your personal info (e.g. name, surname, email, date of birth, etc.) from Facebook or fill it in manually.

# The rise of the smart phone is unstoppable

## Use of smart mobile devices in insurance distribution



- Mobile is still largely used to gather information
- Proliferation of smart phones will bolster interactions with insurers
  - Phones as telematics devices
  - Direct policy application
  - Submission of claims
  - Instant feedback through social media

Source: The Digital Insurer Accenture 2013 Consumer-Driven Innovation Survey

Remember 2005 ?



Facebook didn't exist for most people



Twitter was still a sound



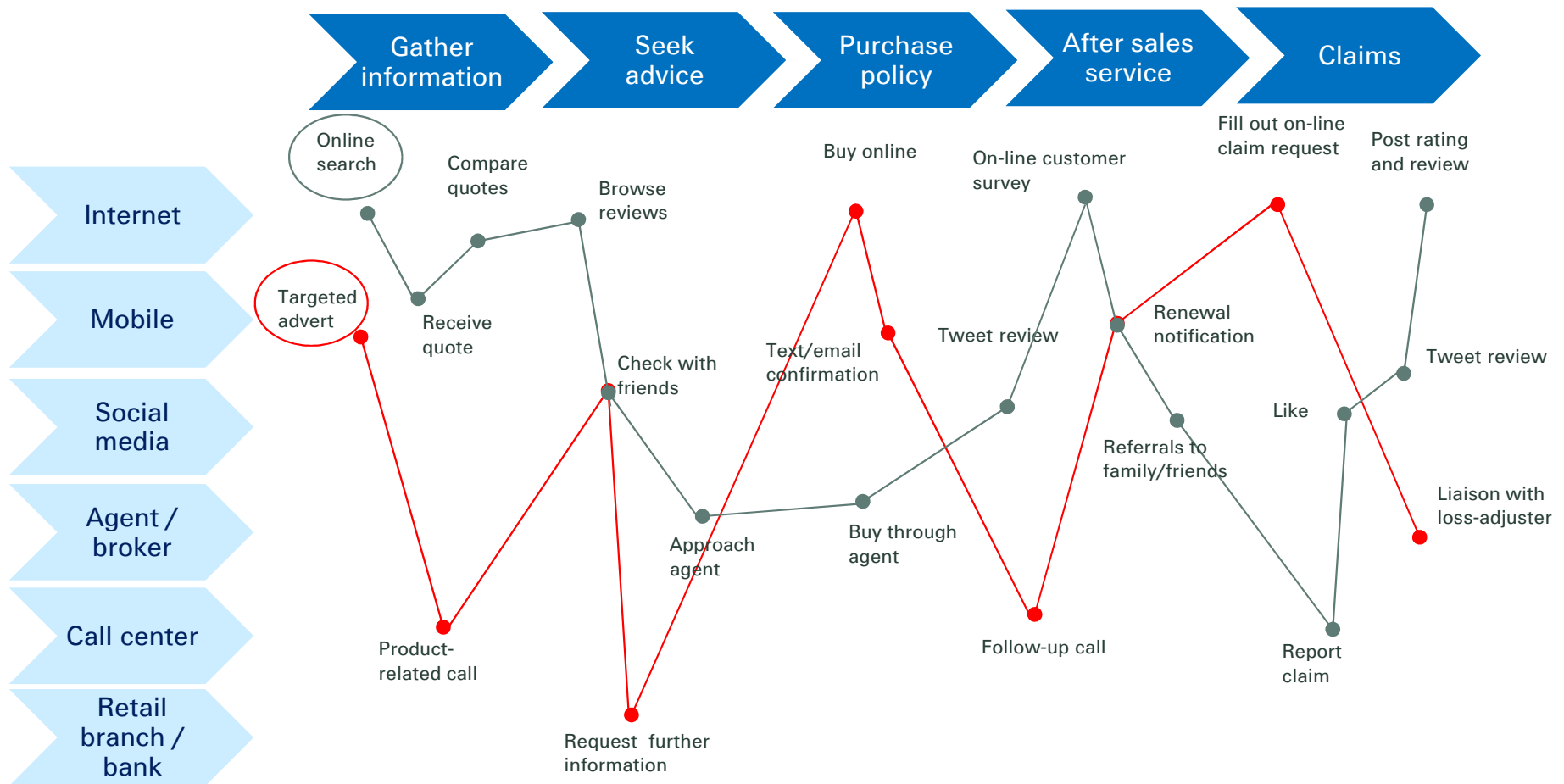
4G was a parking space



'Skype' was a typo

*Thomas Friedman*  
*The world is flat*

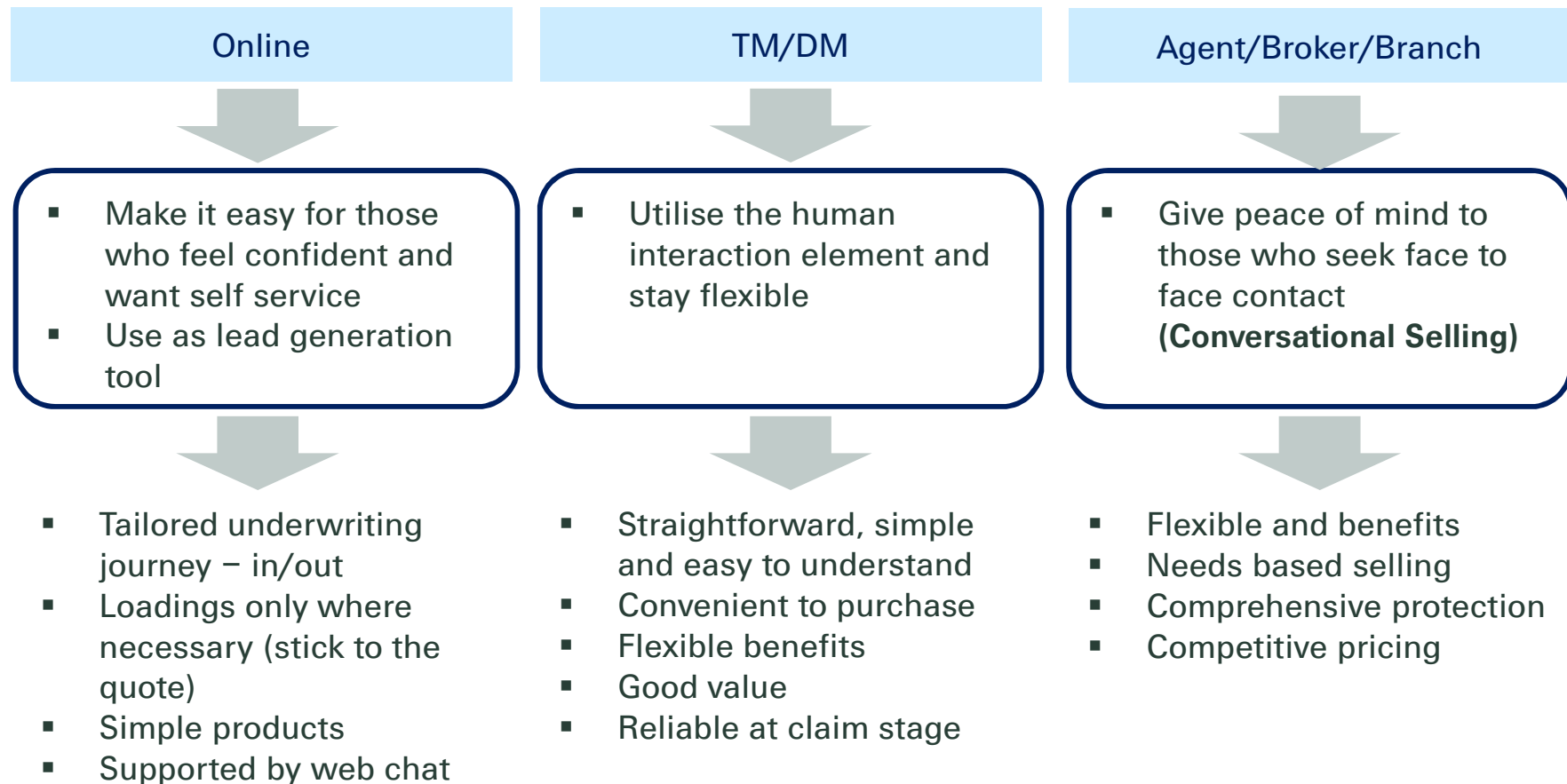
# The interplay between channels will be highly complex

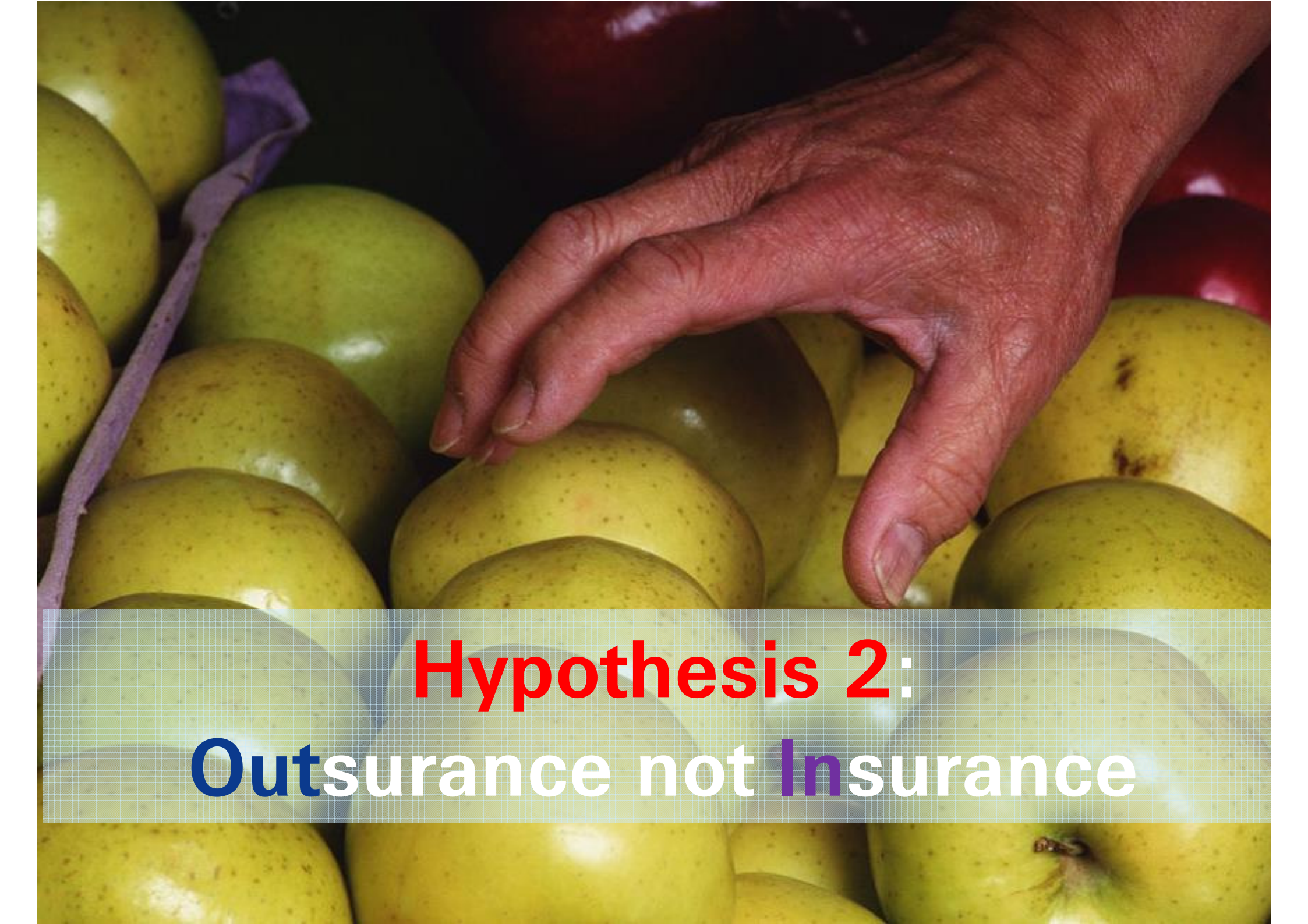


Source: Swiss Re Economic Research & Consulting.

# The future of distribution: Integrated multichannel strategy

## Multichannel strategy





# **Hypothesis 2:** **Out**surance not **Ins**urance

# The world is not that rational

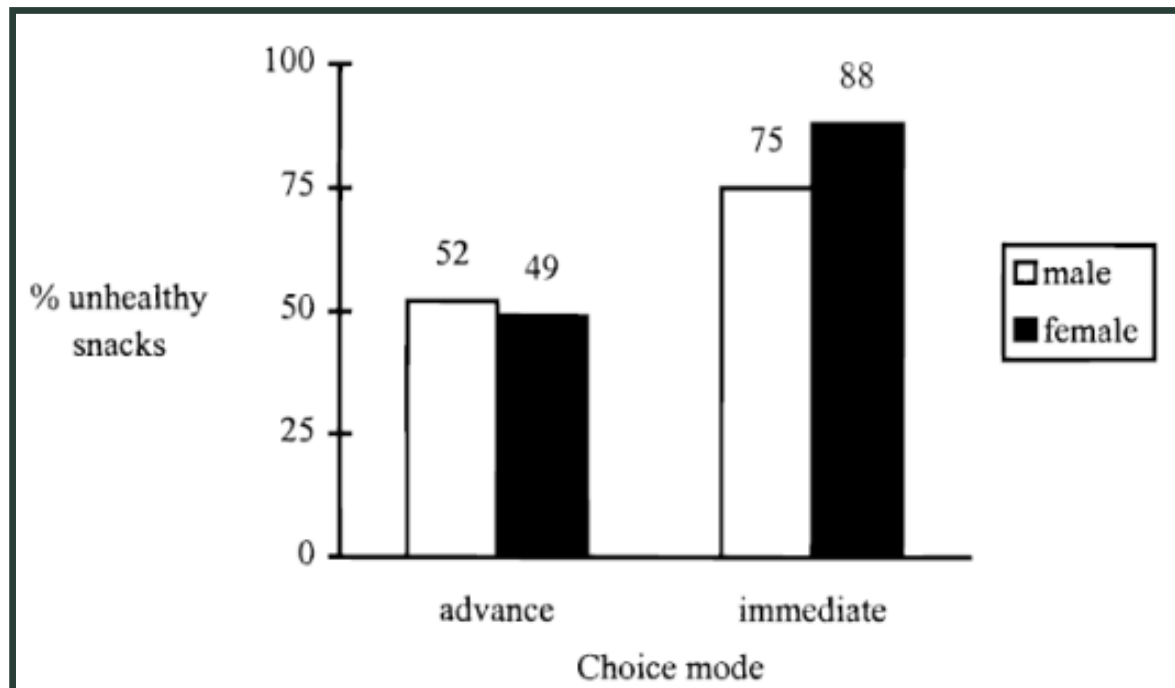
- Behavioural economics: Incorporates the lessons from psychology into the laws of economics (Nobel Prize for Danny Kahneman)
- System 1 vs. System 2 thinking
  - Automatic: fast, unconscious, associative and very low energy consumption
  - Reflective: slow, conscious, analytic and consumes a lot of energy.

(from Thinking, Fast & Slow)

➔ we are mostly automatic beings (and evidence that this is mostly good)



## Fruit or Chocolate?



Source: Read & van Leeuwen (1998)

# Inertia (and the failure of market research)

## Millions plan to opt out of auto-enrolment pensions

More than a third of workers (37pc) have indicated they will opt out after they are automatically enrolled into a workplace pension, according to research by Aviva.



Millions of workers could opt out of auto-enrolment pensions Photo: ALAMY

9:20AM GMT 27 Feb 2013

9 Comments

The Government has warned that it may force people to save into a pension if the auto-enrolment scheme, launched in autumn, doesn't work. It will make a decision in 2017.

Print this article

Share 61

Facebook 8

Twitter 52

## Auto-enrolment pensions: key questions on saving for your retirement

The auto-enrolment pension scheme has made a good start - but it may not deliver the retirement you were expecting

Harriet Meyer

The Observer, Sunday 29 September 2013

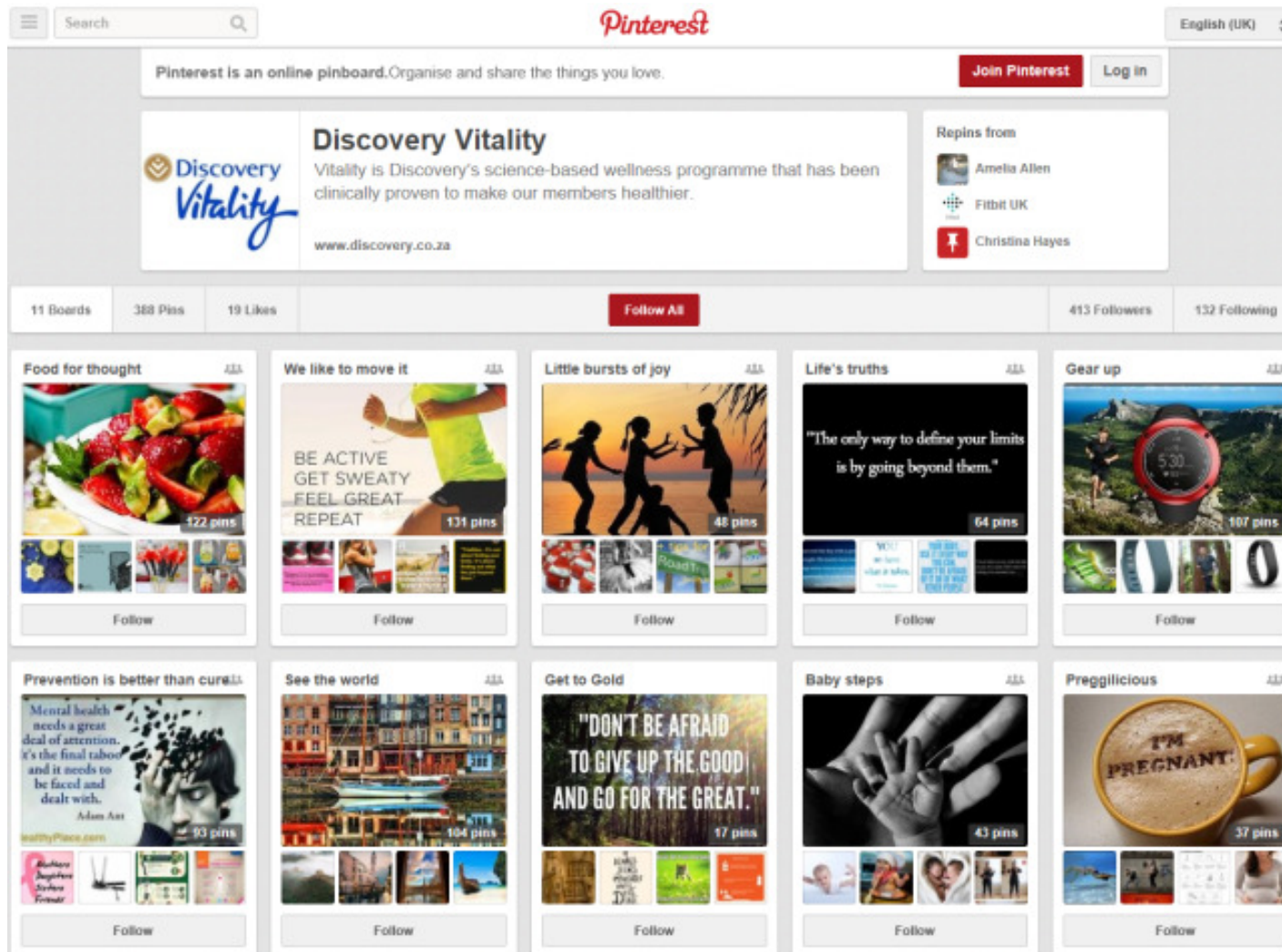
[Jump to comments \(35\)](#)



Krista Tagell: 'The amount I save is worth about an hour's work... it shows the importance of saving'. Photograph: Christopher Thomond for the Observer

The "biggest shake-up in UK pensions for over 100 years" has passed its first test, but experts warn it fails to secure financial wellbeing in retirement. As auto-enrolment approaches its first anniversary, figures show it has created 1.6 million more savers in workplace pensions, with just 9% of employees so far choosing to opt out; initial estimates were 30%.

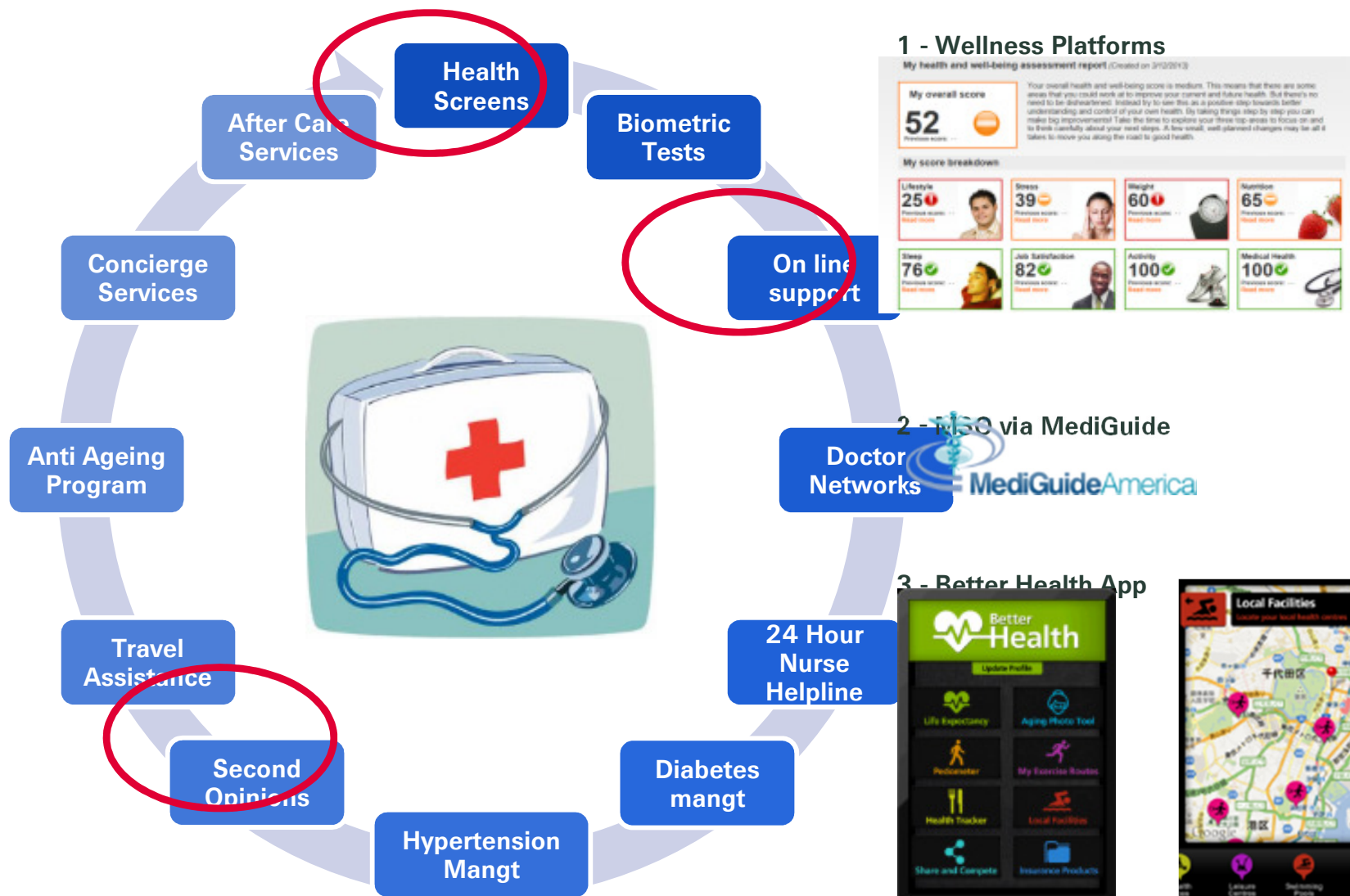
# Discovery and the customer journey



Discovery Vitality, the loyalty program run by the Discovery Insurance Group (life, medical, short term, banking, investment), successfully advertises and engages its members via Pintrest.

This platform allows them to regularly engage with customers and target a very specific demographic of users (through sub groups).

# From products to total solutions



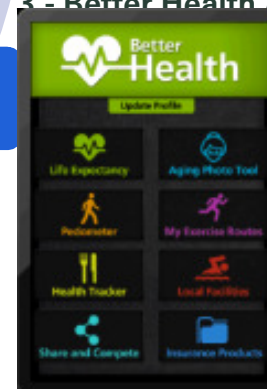
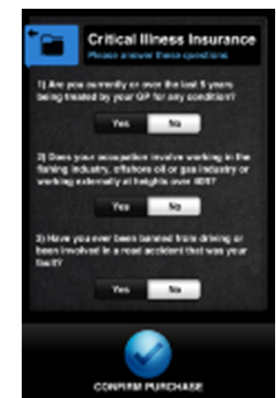
## 1 - Wellness Platforms



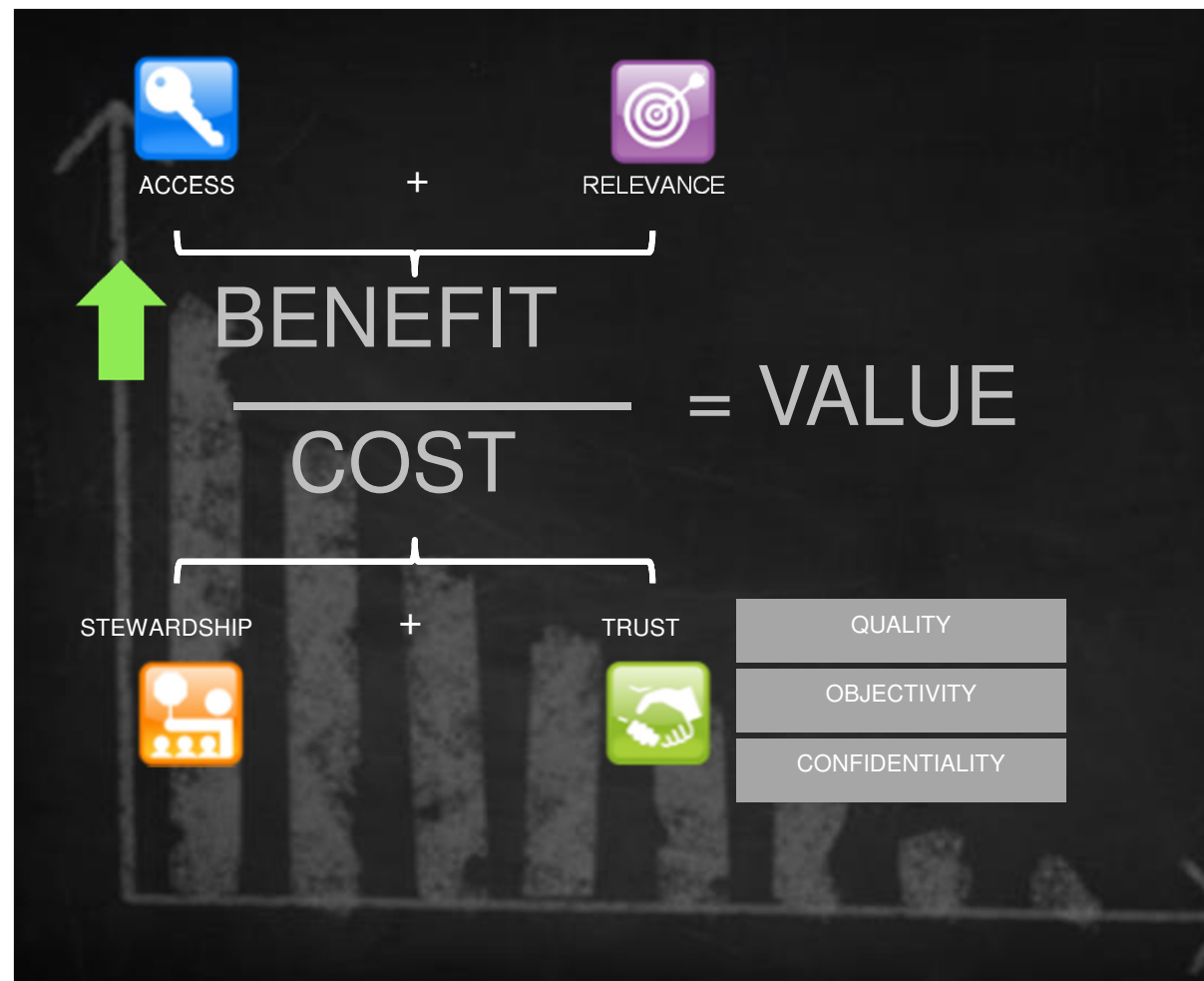
## 2 - TMSO via MediGuide



## 3 - Better Health App



# Changing the equation



- The current focus in the industry is on decreasing costs by making the process faster, cheaper, and easier
- We also want to be able to increase the benefit that consumers receive as that has exponential potential for growth

The background of the slide is a photograph of a filing cabinet. The top half shows the open drawers, which are filled with numerous blue and white folders. The bottom half shows the closed drawers, also filled with similar folders. The text is overlaid on the top half of the image.

# **Hypothesis 3:** **Data will be the difference**

# What to know about Person X



Married for  
5 years

MARKS &  
SPENCER

Age: 34

Father of 1



TOWERS WATSON



YouTube



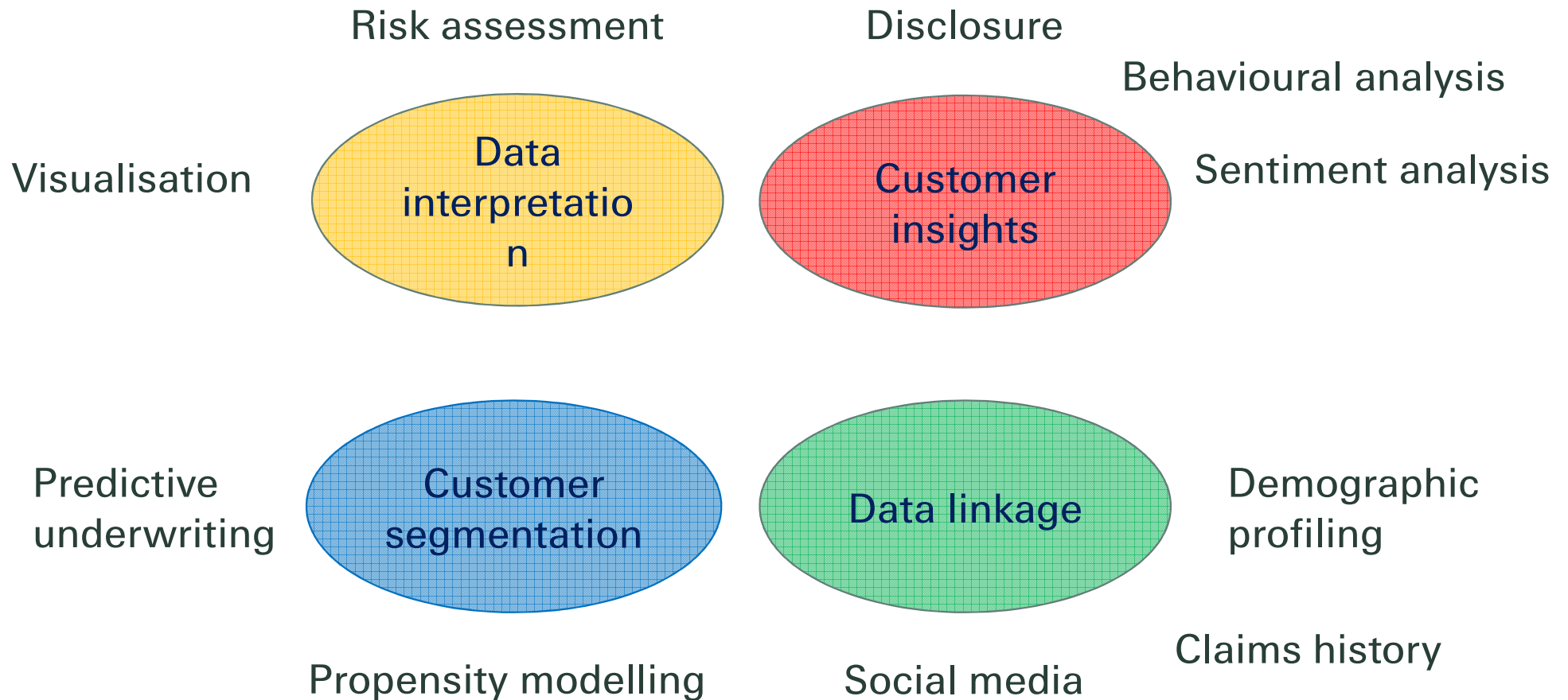
Google

# Selected sources and types of Big Data

|             |          | Data type                                                                                  |                                                                                           |
|-------------|----------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
|             |          | Structured                                                                                 | Unstructured                                                                              |
| Data source | External | Mobile phone/GPS<br>Credit history<br>Travel history<br>Real estate records<br>Census data | Google+<br>Facebook<br>Twitter<br>Instagram<br>Pinterest<br>Blogs<br>External sensor data |
|             | Internal | CRM<br>Web profile<br>Sales records<br>HR records<br>Financial results<br>Inventory        | Online forums<br>Web feeds<br>SharePoint<br>Sensor data<br>Text documents                 |

Source: IDC's Digital Universe Study, sponsored by EMC, June (2011)

# Learnings from Big Data



# Data analytics in Life Insurance

## Predictive Analytics

Two key questions:

1) what do I want to predict? 2) what data do I have access to?

### Predicting Purchase

### Predicting Health

### Predicting lapse

Past purchase data available?

No past sales data?

Do you want to reduce underwriting for the best prospects?

Do you want to charge different prices?

Do you want to differentiate medical requirements?

Past data available on lapsed/non-lapsed customers?

No past data available?

Build a propensity-to-buy model, which will identify the best prospects for marketing efforts

Trigger events can be used (e.g. house move, birth of a child, birthday)

Full Predictive Underwriting – requires past match-able underwriting & descriptive data (e.g. bank)

Model built on mortality/underwriting data/experience - customers placed in different risk bucket

Model selects customers at lowest/highest risk of needing medical tests (e.g. fluids, cotinine)

Propensity-to-lapse model is built, in order for best products to be sold to, or to direct retention efforts

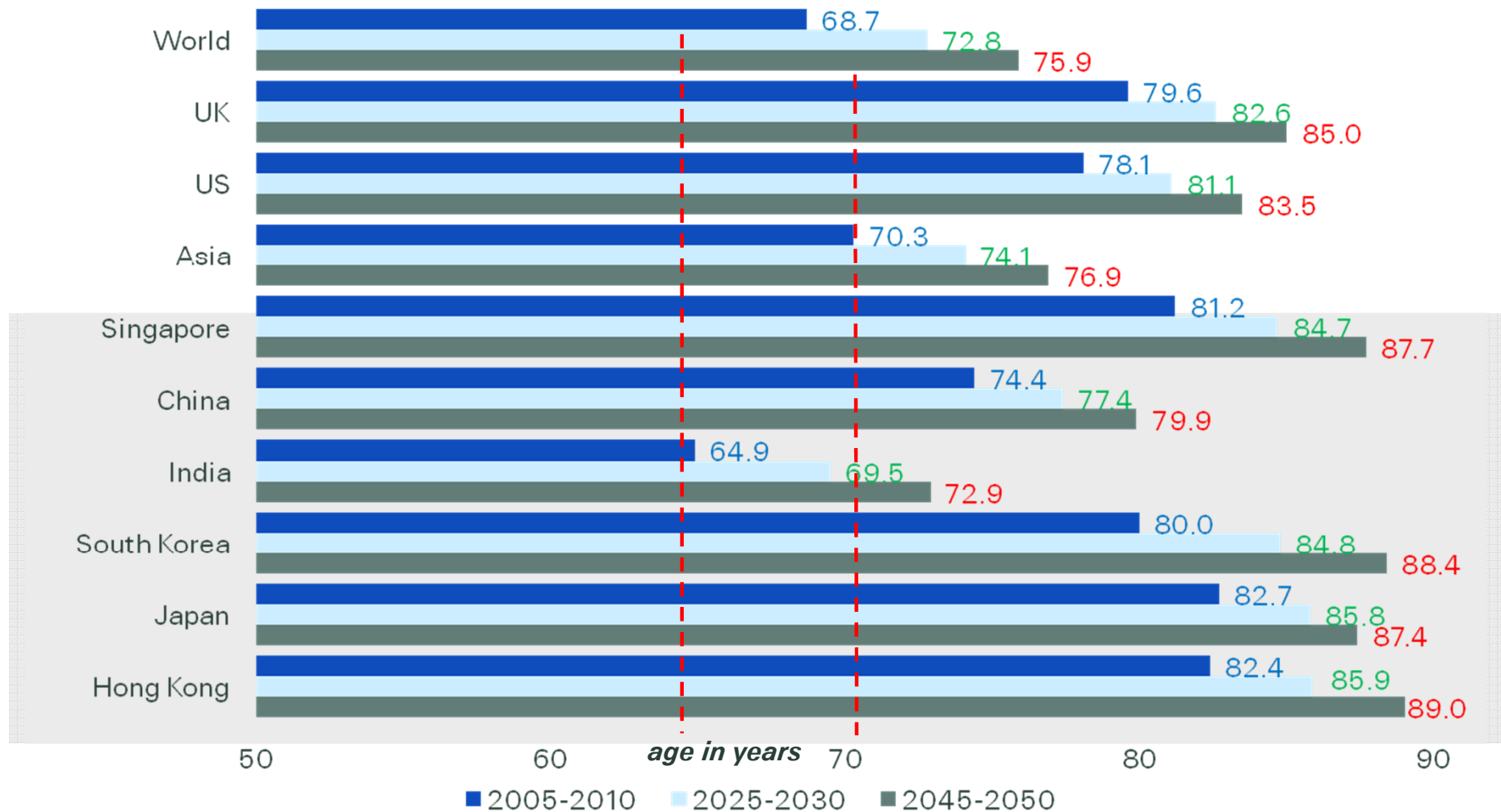
General learnings (e.g. Swiss Re lapse experience) used as starting point (e.g. age/smoker differences)

# Hypothesis 4: Solving an age old (or old age) problem



Every month, more than a  
million people in Asia turn 60

# Life expectancy at birth continues to rise



Source: United Nations, Department of Economic and Social Affairs Population Division, Swiss Re

It is going to be tough for many



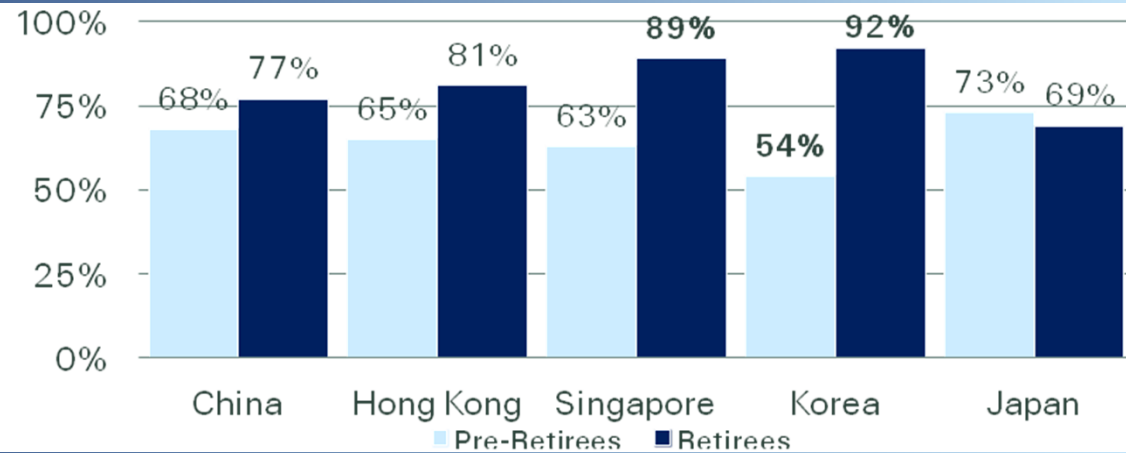
“Only about 30% of the older population in the region receives some form of pension.”

- Economic and Social Commission for Asia and the Pacific (ESCAP)

# Will savings be sufficient?

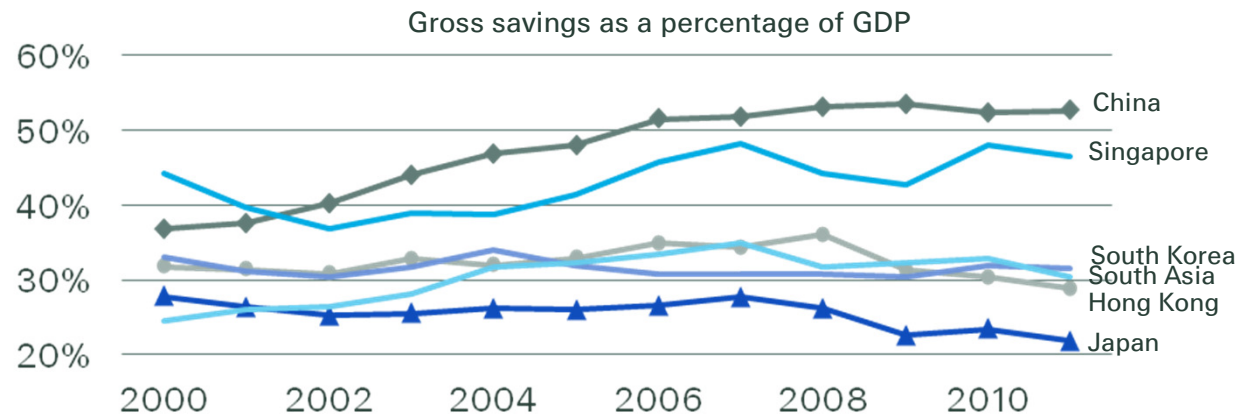
## Sources of healthcare funding in retirement: Savings

- More than 60% of retirees and pre-retirees plan to rely on savings to fund healthcare expenses in retirement



## Are consumers saving enough?

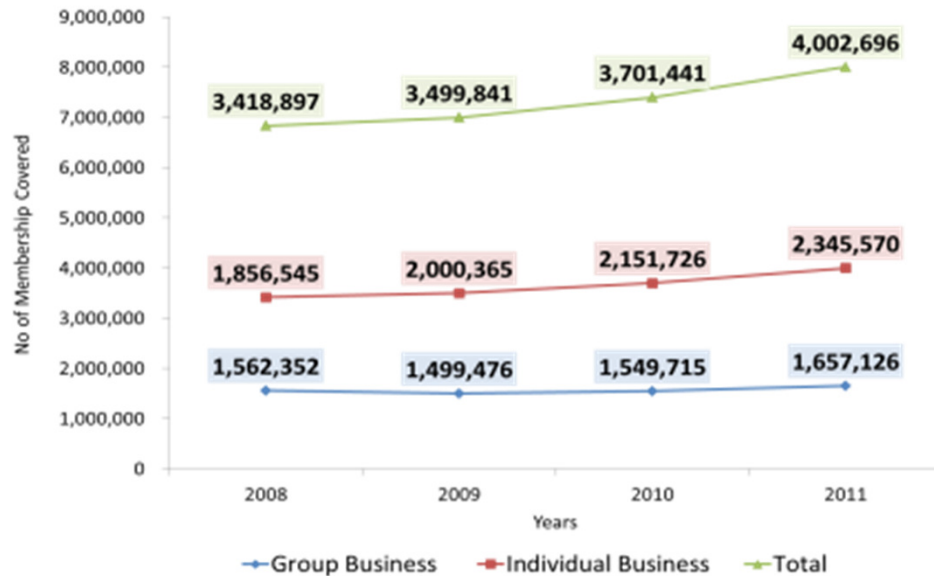
- .....but savings rates are gradually declining in many Asian markets, and have stabilised in China



Source: Spotlight on Consumer Health, Swiss Re Health Solutions, World Bank

Life insurance has changed from being  
concerned with the consequences of  
premature death,  
to those of extended life

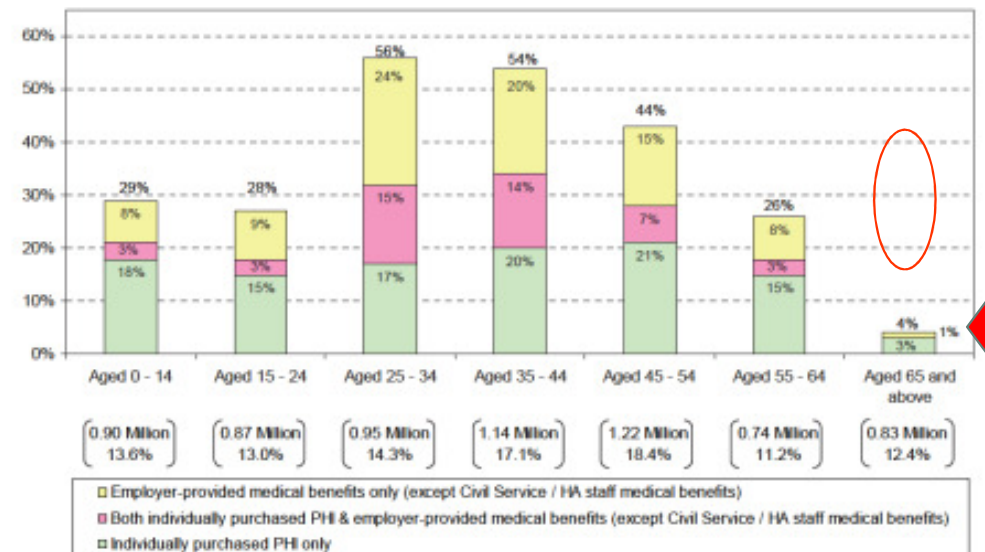
# A lack of lifetime solutions



Source: Summary on 2011 Provisional Statistics by the Insurance Authority

Example: In Hong Kong PMI sales are increasing ...resulting in around 200,000 additional policyholders taking up medical insurance each year...  
...but virtually all of the coverage is for customers below age 65

Figure B.3 PHI Population Coverage by Age Group, 2008



Note: Figures in brackets refer to total number of people in specified age groups, and the corresponding shares in resident population (excluding foreign domestic helpers).  
Source: Thematic Household Survey 2008

## Short term care (helping people remain independent at home)

1. Acute trauma – Coverage for acute traumatic events, such as hip and limb fractures which prompt short term care requirements

2. Elderly CI - Provides a higher cash benefit in event of acute medical condition such as stroke or heart attack

3. Short term care - Covers the costs of house adaption and other changes which extend independent living and / or covers the first months in full time care, enabling assets to be realised

4. Assistance - Is all provided via easy access concierge services / assistance, providing care and financial advice, offering solutions and taking over arrangements

## **EASY**

No medical underwriting.

## **Comprehensive**

Covers major concerns of the silver segment.

Cancer, CiS, Stroke, Heart Disease, Renal Failure, Hospitalisation and Surgery Due to Accident, Dementia, Diabetes Complications.

## **Worry Free**

Single premium or short term payment period. No need to worry about premium for term of policy.

10 years guaranteed premium and guaranteed renewability up to age 100.

Retirement fund protection and health protection.

## **Wellness**

You don't have to be ill to enjoy the policy. Services such as MSO, Free Eye Tests and Dental Check Ups are included.



**Integrated Silver Customer  
products**



**Hypothesis 5:**  
Going back to our roots

# Insurance needs to re-establish its position in society

- Insurance originated from communities and affinity groups coming together to manage risk
- Somewhere along the way, the industry lost this connection with society and needs to re-engage and re-build trust
- Governments will increasingly need public/private partnerships to address the funding of ageing and health costs –the perfect opportunity for insurers, but it will require new skill and mind sets



# Using the power of affinity groups



Generali has developed new products by consulting (co-creation) 25.000 people on social networks (Twitter, Facebook and NUjij)



# The first peer to peer insurance company

**friendsurance** Making insurance social again.



## The future of insurance

Friendsurance takes a completely new approach towards insurance: for the first time, we have implemented the concept of a online peer-to-peer insurance, which combines social networks with well established insurance companies. Customers can connect to form individual insurance-networks, thereby lowering their annual insurance premiums by up to 50%. Friendsurance was founded in 2010 in Berlin and currently operates the website [www.friendsurance.de](http://www.friendsurance.de) for the German market.

**friendsurance**  
[Here](#), you can find out more about how Friendsurance works.

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# Connecting to society's concerns



Branding

Traffic /  
lead  
generation

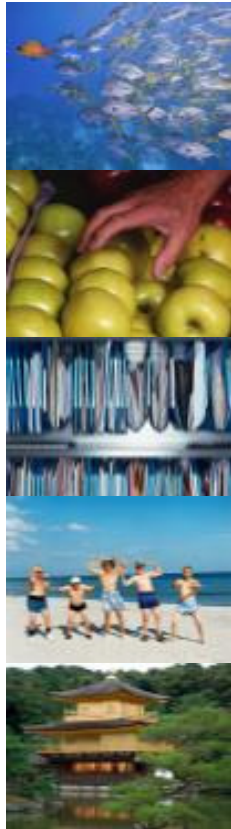
# When the relationship with the regulator is not so good...

## An example of IRDA - advertising their service to policyholders



Video source: IRDA Advert from July 2010 [http://www.youtube.com/watch?v=fcpaciXK\\_A](http://www.youtube.com/watch?v=fcpaciXK_A)

# Conclusion: My 5 hypotheses for winning



- Distribution 2 Me
- More than just **insurance** for the consumer
- Differentiating by data
- Lifelong solutions
- Re-establishing our key role in society

**Of course there are other important success factors such as capital & risk management, talent and operational excellence, but the above are key**

## A final thought...

"...It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change..."

*Charles Darwin*  
*"On the Origin of Species"*

## Good fortune





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