

Malaysia General Insurance Agents Convention (GIAC), 4 Aug 2016

Theme: Distribution in a Liberalised Market (4 Aug 2016) – “Thriving in a Competitive Insurance Market – An Agent’s Perspective”

Agenda

- Regulators
- Regulations
- ASIA
- Business Model
- AMQS
- Food for thought

Regulators: Singapore vs Malaysia

- 3 vs 2 Principals

Regulators: Structure

- Agents regulated under MAS-GIA-ARB (GIARR)
- License to operate as agent
- GIA/ARB executes instructions from MAS

Regulators: MAS Vision

- Focus on consumer interest (Eg. Trade Specific Agent [TSA] implementation)
- Rising intermediary/distribution costs
 - Transparency of distribution costs (May have to disclose to consumer)
- Impact on intermediary force

Association of Singapore Insurance Agents (ASIA)

- Formed in 2004
- Membership, "Market Share", Biz Portfolios
- Implementation of Agency Framework (2004)
 - Why form ASIA?
 - Agents involvement in formulation;
 - Insurers' perspective;
 - Beneficiaries of implementation;
 - Issues eg Premium Payment Framework

Association of Singapore Insurance Agents (ASIA)

- Vision
 - Collective voice over Industry issues
- Enhanced professionalism
- Recognition by the industry
 - Authority (MAS/GIA)
 - Singapore Insurance Institute (SII)
 - SIEU (Singapore Insurance Employee Union)
 - Insurers
 - Singapore Chinese Chamber of Commerce

Association of Singapore Insurance Agents (ASIA)

- Aims as an association:
 - Recognition & Engagement with Stakeholders
 - Work with respective Authority
 - Understand each others roles and duties**
- **Bank Negara (regulator);
- **PIAM (trade association)
- **Insurers and Intermediaries are business partners;
- **Proactive move by PIAM for conducting this convention

Business Model

- Adopted by SG intermediaries:
 - Trade Centric
 - Customer Specific
 - Smaller agents (does GI as a side line)
- Open Market
 - Technology and Cost play vital roles
 - Business Model:
 - B to C
 - B to B

Business Model: B to C

- B-to-C (Direct Marketing)
 - Due to cost and competition this may be the future business model
 - But this may not mean intermediaries have no more role

Business Model: B to B

- B-to-B (Intermediary)
 - Existing business may slowly reduce (Especially Personal Lines), but will not die off
 - Need to increase productivity

Business Model: B to B (Insurers)

- Pick the right business partners (Insurers)
 - To enjoy their Insurance products
 - To enjoy various forms of benefits that they are able to provide or incentivized you

Business Model: B to B (Intermediaries)

- Pick the right business partners (Intermediaries)
 - Enjoy economies of scales
 - Tap on each expertise
 - Healthy competition among competitors (Prevent rate erosion)
 - Market/Industry is big enough for all (Identify your own niche market and customers)

Fintech in SG

- Leveraging on technology to make financial services more efficient
- Game changer in a traditional & tightly regulated industry
- MAS pushing for Fintech
- FSTI \$225m over 5 years

Fintech: Successful Case Study (AMQS)

- Automatic Multiple Quotation System (AMQS)
- The Singapore Business Times, published an article on 18 May 2016 entitled “Quicker, easier motor insurance quotes with local fintech firm's program”

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Tesla to offer up to US\$1.7b in new stock to fund Model 3



Fatigue should be discussed at sea

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Quicker, easier motor insurance quotes with local fintech firm's program

By Samuel Ee samuelee@sph.com.sg

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A local fintech company has enabled Singapore's motor insurance industry to automate and reduce manpower cost while increasing customer choice. ST PHOTO: MARK CHEONG

MAY 18, 2016 5:50 AM

Singapore

A LOCAL fintech company has enabled Singapore's motor insurance industry to automate and reduce manpower cost while increasing customer choice.

AMQS Pte Ltd has applied fintech or financial technology to help insurance agents automatically generate quotations from 12 motor insurers, including the Big 3 with a collective market share of 54 per cent.

Motor insurance is the general insurance industry's biggest class of business, with annual premiums of more than S\$1.1 billion. It is also a highly commoditised market that is dependent on manpower like data entry staff.

Before AMQS's program, an agent had log into the website of an insurance company with the relevant customer details for each quotation. This practice was labour-intensive and reduced the agent's incentive to get as many quotes as possible for the customer to choose from.

AMQS, which stands for Automatic Multiple Quotation System, first offered a program 10 years ago to incorporate participating insurers' formulae for computing the motor premium and excess. This generated multiple quotations for users, mainly insurance intermediaries including agents, brokers and financial advisers.

According to AMQS managing director Ken Loh, the transition to such automated quotations was immediately successful. But the insurance companies later began to worry about intellectual property (IP) rights and sharing their formula guides with AMQS.

So Mr Loh rewrote the software to instead "talk" to the insurers' quotation systems without requiring their formulae to be downloaded or shared.

He explains: "This new modus operandi proved to be more appealing to the insurers, and it also gave AMQS more latitude to leverage other forms of automation which can provide more value-add to customers."

In light of the tight and increasingly expensive labour market, Mr Loh says the old way of merely hiring more admin staff to handle "grunt data entry work" is no longer feasible. Yet consumers feel they deserve more choice and, therefore, more comparisons of premiums from a wider range of insurance companies.

He says: "With the insurer providing a Web-based interface for an intermediary to quote, it has effectively transferred the data entry work to the intermediary. By performing this role, AMQS provides a wider range of quotes without incurring manpower cost."

One client is HL Assurance, part of the Hong Leong Group. CEO Kelvin Lim says: "With so many products to choose from, this system is an example of technology intelligence that reshapes the way consumers make decisions."

As intermediaries are empowered with adequate data before consulting their clients, Mr Lim adds that it translates to "stronger consumer confidence in service quality within our industry".

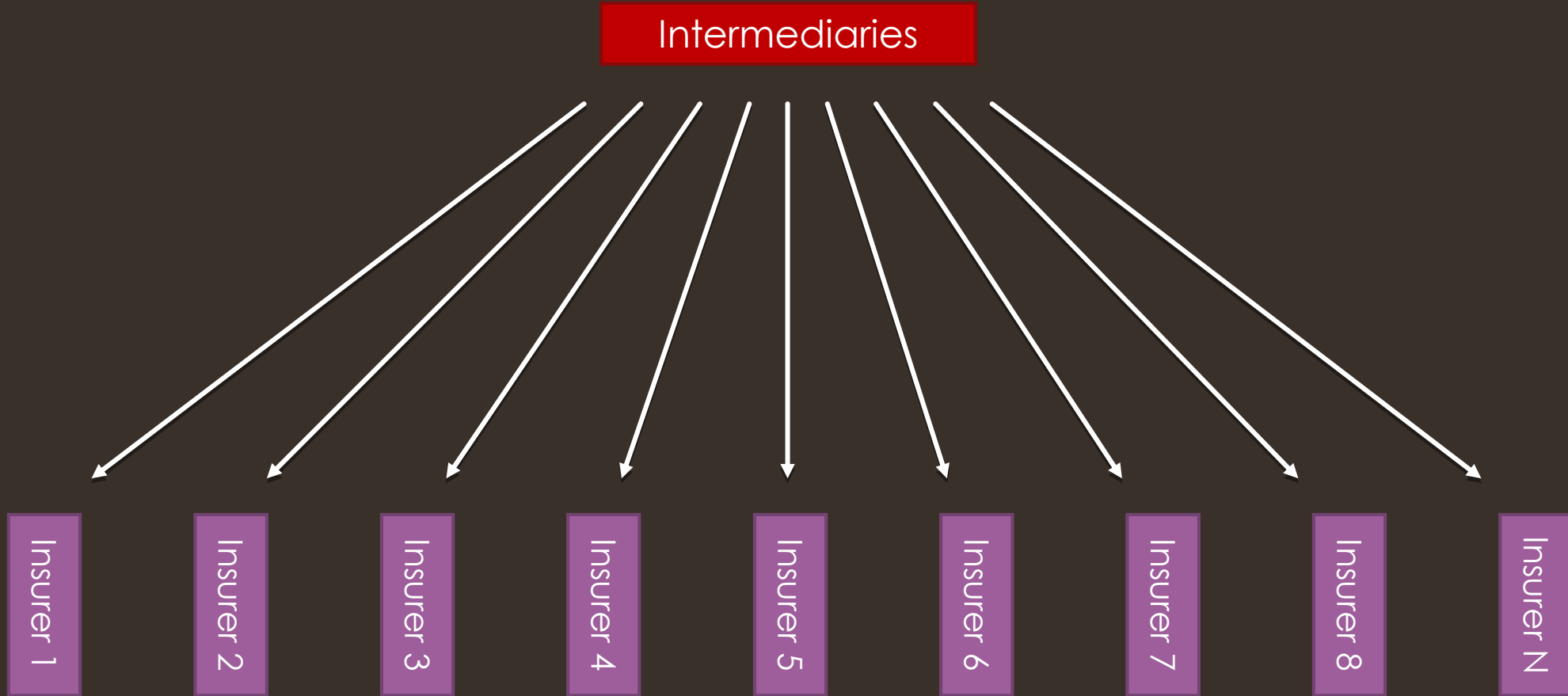
Derek Low, executive vice-president (personal lines) of Liberty Insurance, agrees. "Such a system would increase productivity and efficacy of our intermediaries. That in turn benefits the insurer," he says.

For an idea of the cost savings that AMQS can deliver, Mr Loh says that, on average, it takes five minutes to generate a quotation. With about 600,000 passenger cars in Singapore and if each vehicle requires three quotations from different insurers for comparison, that would amount to up to 150,000 man-hours spent on doing quotations annually.

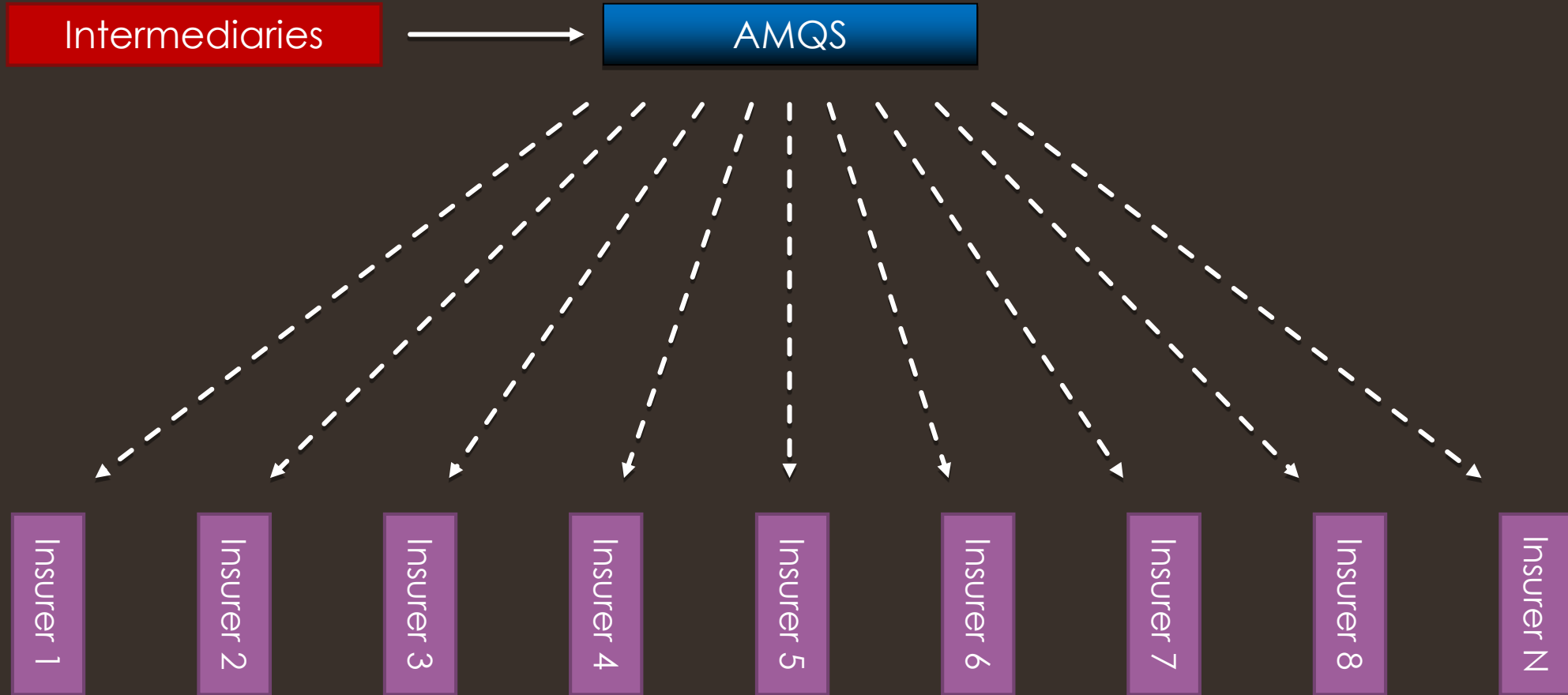


MORE FROM THE BUSINESS TIMES

Current Motor Insurance Quotation System



Automatic Multiple Quotation System



AMQS: Overview

- 10 year-old Fintech firm
- Building “bridging software”
- Insurers and intermediaries do NOT need to build their own highways or bridges!
- 2006 - AMQS started to become a “passive” portal to aggregate quotations
- 12 insurers on the system

AMQS: Not An Intermediary

- Cannot Transact nor Advise, Passive Portal
- Tech / Fintech Platform
- Automates on behalf of Intermediary - Productivity
- Subscription based, like telco revenue model
- Real-time, Binding Quotes
- Started with Motor, but will not end there

AMQS: Features

Features	Advantages
Key only once to obtain multiple quotes	<ul style="list-style-type: none">• Saves time• More choices to consumers
Low reliance on grunt data entry work	<ul style="list-style-type: none">• Labour and cost effective
Leverage on other forms of automation (Eg. Automated checking of vehicle details and NCD/claims)	<ul style="list-style-type: none">• Non-Invasive Bridging of stand-alone IT systems
Do not require formal APIs	<ul style="list-style-type: none">• Saves cost and time of developing and maintaining APIs

Food for Thought

- Stay and be competitive
- Technology savvy
- Productivity for profit
- Prudence
- Underwriter → Underrater → Undertaker

KPI = volume game to survive

THANK YOU