

Digitalisation of Insurance – OPPORTUNITY NOWHERE

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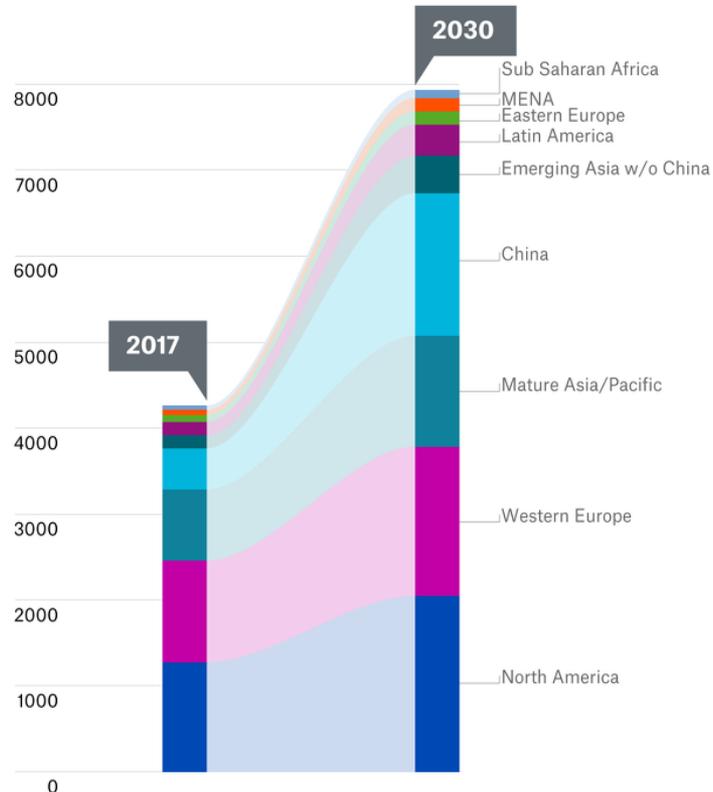


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Global insurance industry will grow more strongly than the global economy in 2018 and 2019

2017-2030: premium volume will almost double

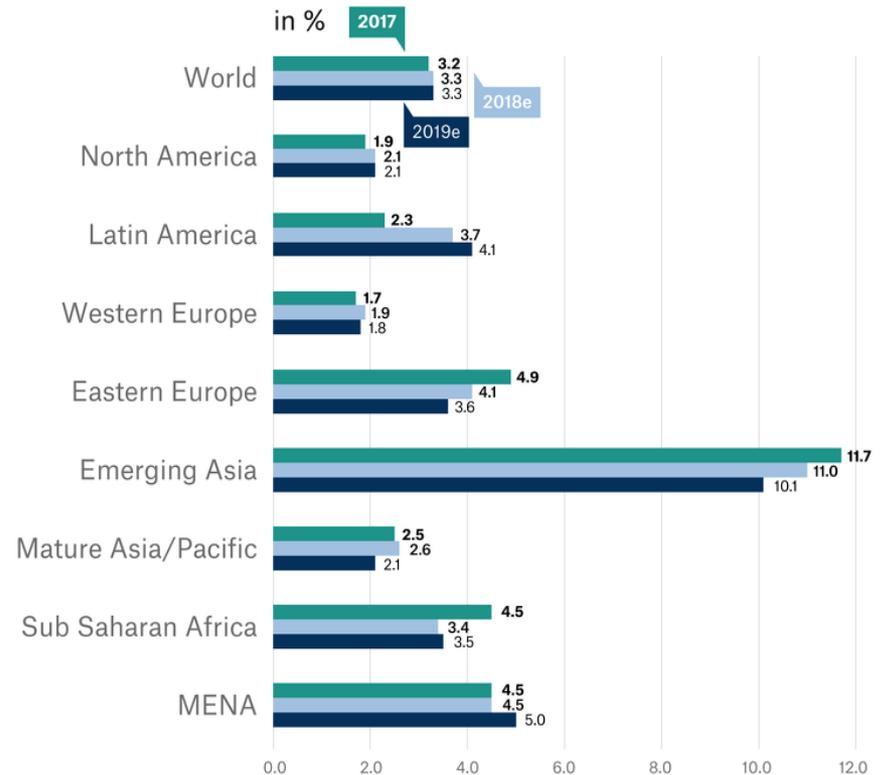
Premium growth in primary insurance up to 2030 in €bn



Source: Munich Re Economic Research

P&C insurance benefits from economic upswing

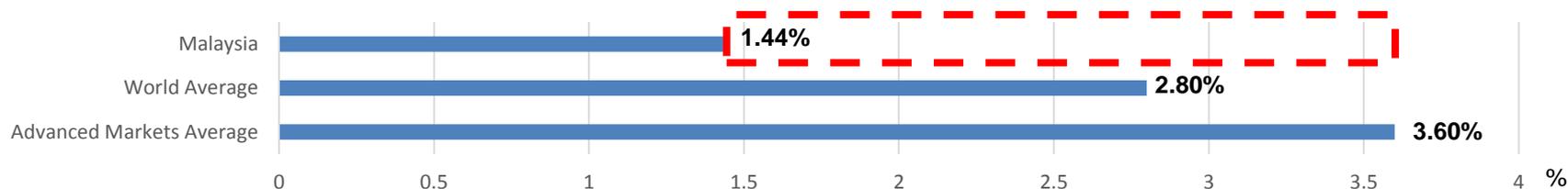
Real growth in P&C primary insurance premiums by region



Source: Munich Re Economic Research

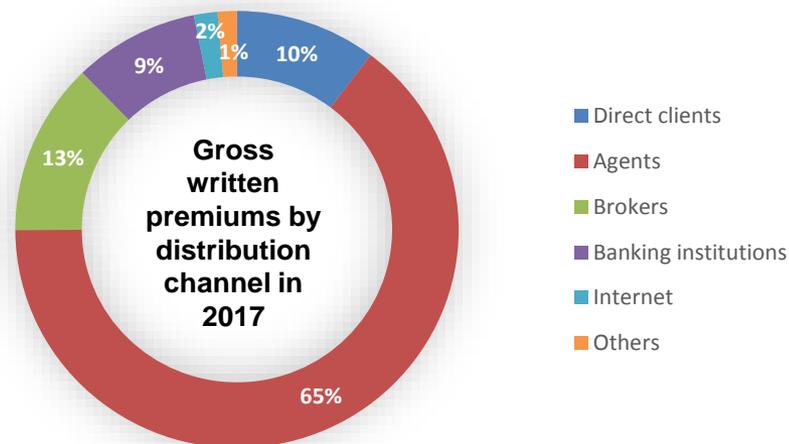
Protection gap in Malaysia presents a ripe opportunity for the insurance industry to grow further

Malaysia's general insurance penetration¹ level remains below the world and advanced market average.

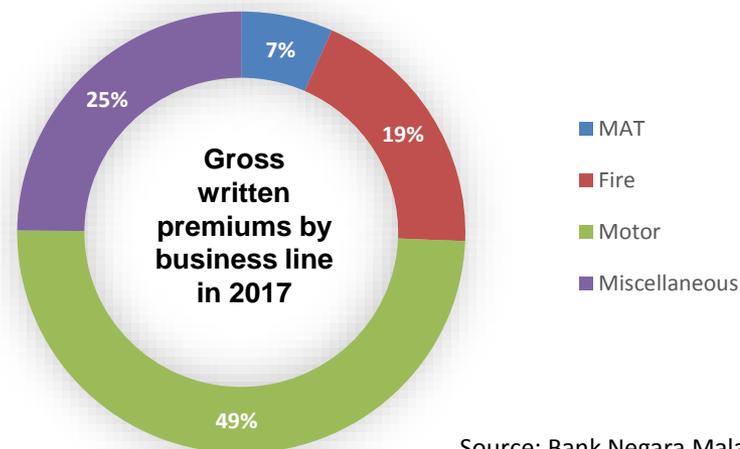


Source: Swiss Re Institute

Agents contributed to two-third of the gross written premiums



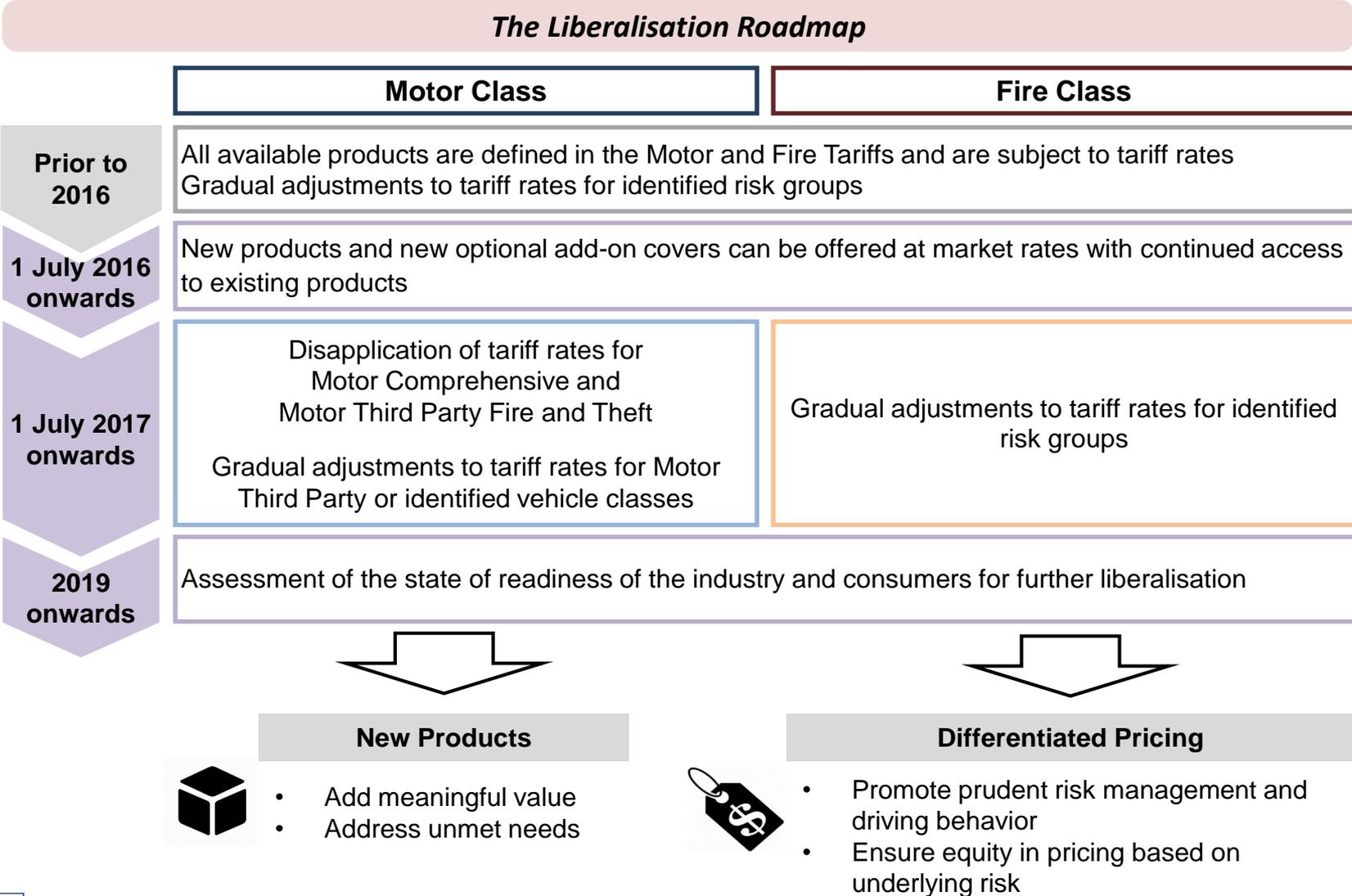
More than two-third of the premiums come from motor and fire business



Source: Bank Negara Malaysia

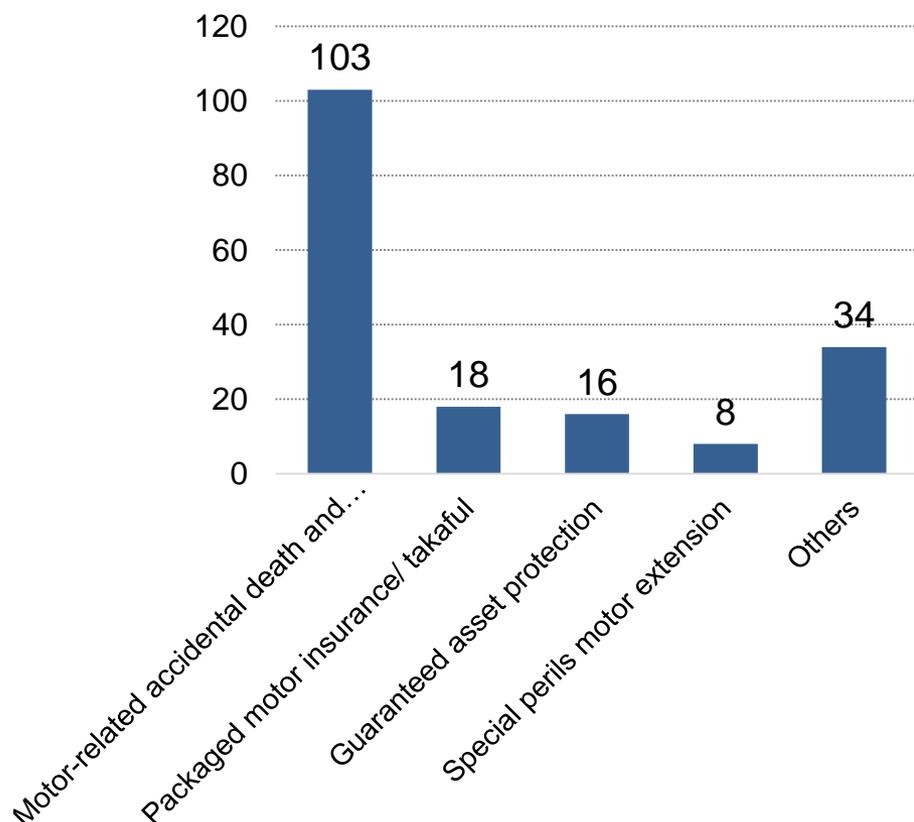
¹ Insurance penetration is premiums as a percentage of Gross Domestic Product.

Phased liberalisation of Motor and Fire Tariffs catalyses innovation, enabling creation of new products and risk-based pricing



Continued momentum in introduction of new motor products

New Motor Products/ add-on covers (as at 31 December 2017)



Source: Bank Negara Malaysia

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New Motor products and add-on covers as at end-2017

Guaranteed Asset Protection (GAP)

- Covers difference between outstanding loan amount/ invoice value and market value of vehicle in the event of total loss due to fire/ theft/ accident

Special perils motor extension

- Covers selected perils (e.g. flood/ storm/ tempest) instead of standardised package under the Motor Tariff

E-hailing extension

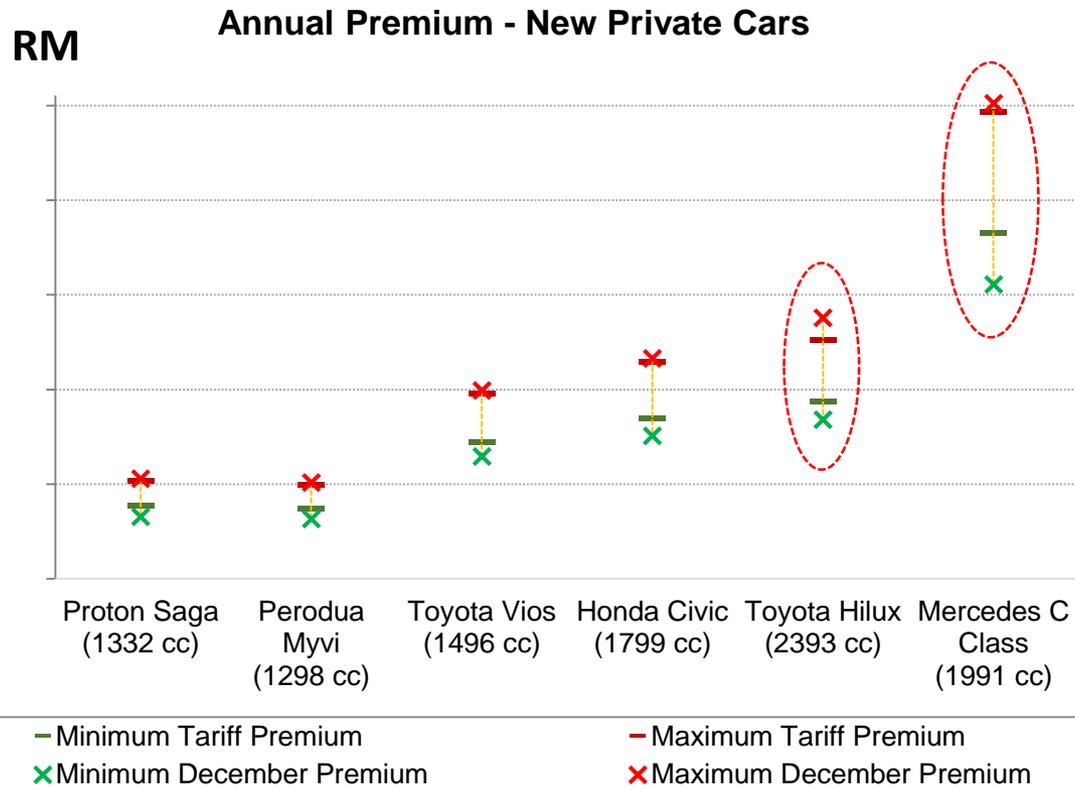
- Extends insurance coverage during use of private vehicle for e-hailing services

Usage-based insurance

- Computes premiums based on actual usage of vehicle as measured by telematics device



Premiums between low and high risk groups are further differentiated



- Consumers will benefit from shopping around across different insurers for the best premiums for their vehicles

Source: Submission by insurers and takaful operators

Human touch remains vital amidst evolving consumer needs and emergence of technology

Insurance Nomad

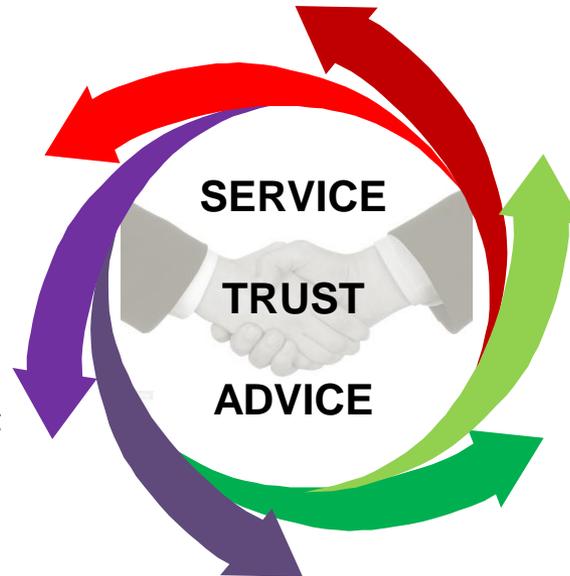


- Want flexible, **personalized** and data-driven model
- Ready to transition to a new digital model

Insurance Quality Seeker



- Will **share data**, but on their own terms
- Open to computer-generated advice



Insurance Hunter



- Primarily driven by **value for money**
- Want to use **specialist** insurers

Source: *The Voice of Consumers: Identifying Disruptive Opportunities in Insurance Distribution*, Accenture



What does this mean for consumers?

PRODUCT



PREMIUMS



Insurer A

?



Insurer B

?



Insurer C

?

I can't afford to pay for the expensive repair cost or get a new car if **my car gets flooded**.
What should I do?

1

Quality Seekers



I am a **careful driver** and **seldom speed**.
Why is my premium so expensive?

2

Nomad



I **seldom use my car**, but still pay the same premium like everyone. How can I get a cheaper premium?

3

Hunter



What does this mean for insurance intermediaries?

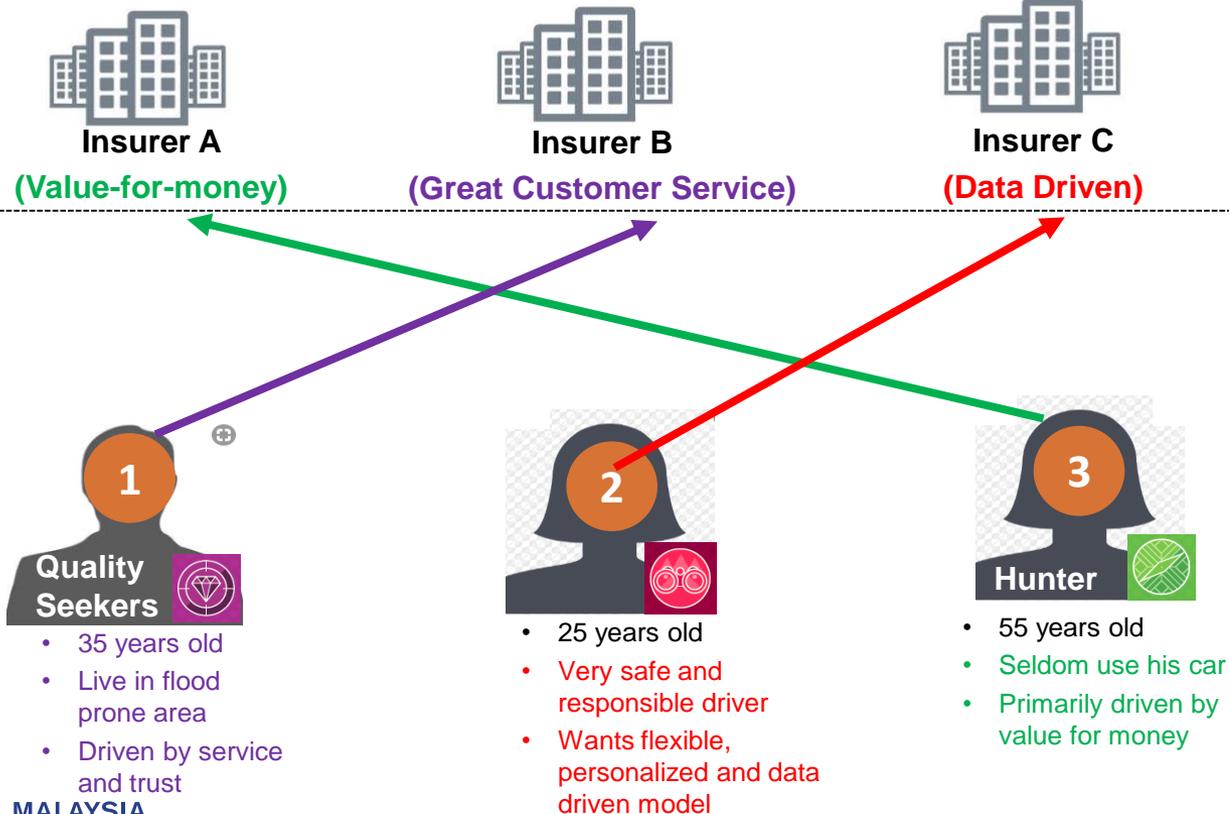
Product

- Usage-based insurance
- Cover special perils including flood
- Telematics insurance

Pricing based on different risk factors

- Cheaper for Female
- Cheaper for rural
- Cheaper for low mileage car
- Cheaper for Female
- Cheaper for rural
- Cheaper for 35 - 45
- Cheaper for Female
- Cheaper for rural
- Cheaper for safe driver based on telematics

Insurer's Strength



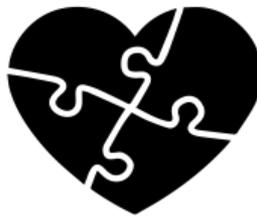
General insurance agents need to be prepared in order to capture and capitalize on the opportunities



- 1 Adopting and Adapting**
new knowledge, critical competency
and emerging technology



- 2 Building and Broadening**
your influence with insurers, peers
and ecosystem players to form
synergistic partnerships

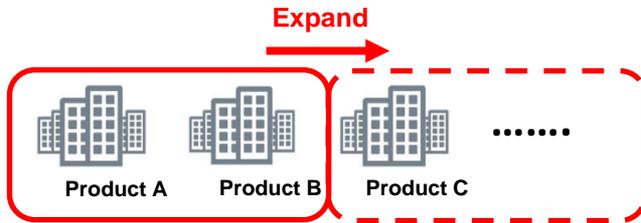


- 3 Communicating and Connecting**
with your customers to establish trust
and build relationship to better serve
and meet their needs





1 Adopting and Adapting new knowledge, critical competency and emerging technology

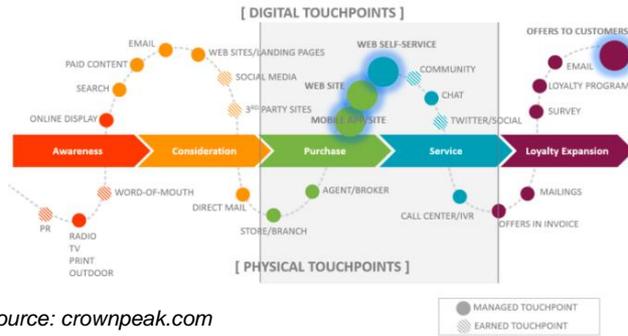


Master own insurers' and competitors' products and services

- Differentiate and position your offerings.
- Tailor product recommendation based on customers' needs and expectations.

Know your customers' insurance purchase journey

- Engineer a pleasant and responsive customer service across multiple touchpoints i.e. effortless on-boarding and speedy claims settlement.



Magnify your impact with technology to remain competitive

- Leverage on technology based services to complement consumers' lifestyle and to be more productive and efficient.



Source: trulioo.com





2 Building and Broadening your influence with insurers, peers and ecosystem players to form synergistic partnerships

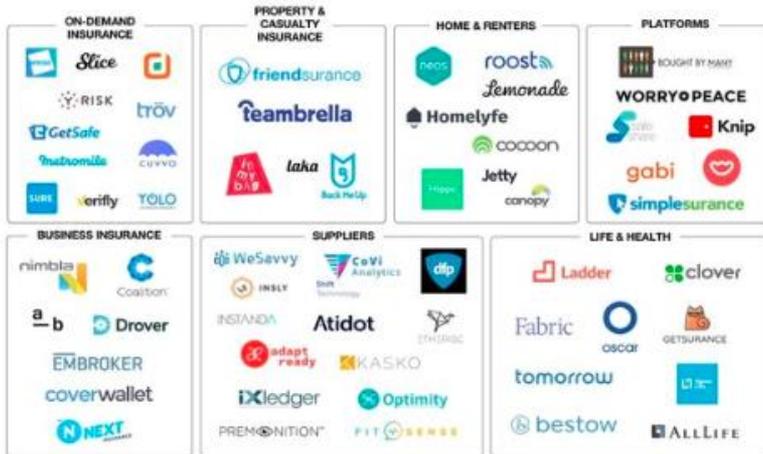


Source: mindtree.com

Actively involve and be part of the product development and delivery process

- Provide first hand on-the-ground insights on unmet needs and influence product design and underwriting to provide best value to consumers
- Facilitate and push for better infrastructural development to enhance quality of customer service.

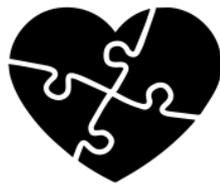
THE INSURTECH ECOSYSTEM



Source: Business Insider

Collaborate and complement, rather than compete with peers and ecosystem players

- Leverage on tools provided by peers (i.e. aggregators) to improve productivity and add value
- Collaborate with ecosystem players to expand outreach and enhance customer experience across various touchpoints.



3

Communicating and Connecting with your customers to establish trust and build relationship to better serve and meet their needs

Consumers' Needs & Wants



Understanding of a person's holistic insurance needs



Aggregating, comparing and recommending suitable products



Concluding and arranging of contract and payments



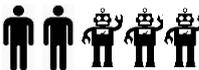
Handling enquiries, claims and complaints

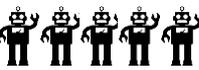


In-person & relationship-based servicing

Susceptibility to Automation?

Partially 
(i.e. Robo-advisor)

Likely 
(i.e. Aggregators, Robo-advisor)

Totally 
(i.e. APIs, Payment gateway)

Partially 
(i.e. Chatbot)

Hardly 
(i.e. Robot with artificial intelligence)

Hard-to-automate

- ✓ ***Comprehensive understanding and tailored recommendation***
- ✓ ***Take into account emotional needs and life situation of a customer***

- ✓ ***Ability to contextualize and handle complex and situational-based questions***
- ✓ ***Service needs with empathy***
- ✓ ***Leverage on long-standing relationships and mutual understanding***



Conclusion

- 1 Capturing and capitalizing on an OPPORTUNITY can be as easy as ABC**
 - ✓ **A**dopting and **A**dapting new knowledge, critical competency and emerging technology
 - ✓ **B**uilding and **B**roadening your influence with insurers, peers and ecosystem players to form synergistic partnerships
 - ✓ **C**ommunicating and **C**onnecting with your customers to establish trust and build relationship to better serve and meet their needs
- 2 Leverage on technology and partnership to embrace and pursue game-changing digitalisation, while focusing on your unchanging strength – TRUST & SERVICE**
- 3 THINK BIGGER - Never stop enhancing and expanding beyond your role**



“Whether you think you can or think you can’t, you are right.” - Henry Ford

OPPORTUNITY NO WHERE?

or

OPPORTUNITY NOW HERE?



Thank you!



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