



18TH EAST ASIAN ACTUARIAL CONFERENCE

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Digitisation in Life Insurance

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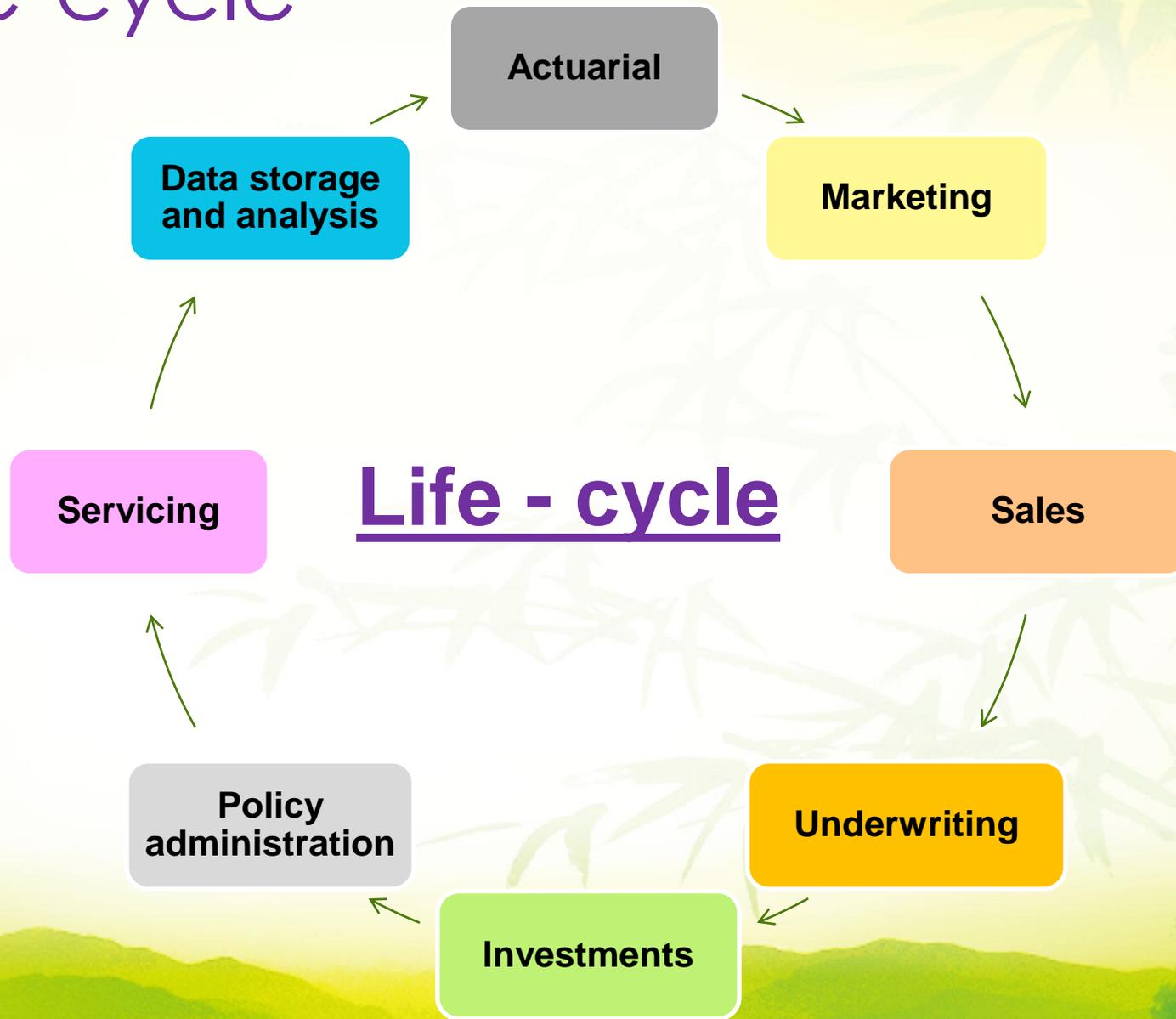
It is estimated that one in every five people own a smartphone, and one in every 17 a tablet

Agenda

1. **Value** addition by using Digitisation through the **Life-cycle** in Life Insurance
2. How can one **implement** an Efficient Digital strategy?
3. Possible **hurdles** faced when embarking upon a Digital strategy and how to overcome them

Value addition by using Digitisation throughout the Life- cycle in Life Insurance

Value-addition throughout the Life-cycle



Actuarial

- Better assumptions in **Pricing**
- Help in building complex products
- More efficient automation of actuarial processes
- Hedging** of risks less desired

Marketing

*Insurance is **complicated** / Trust factor*

- Social media : Online customer representatives, Consistency, Brand loyalty
- Online research tie-ups : buying trends, effective marketing
- Varied **digital channels** : Targeted marketing
- Advertisement follow ups during web browsing

Sales

- Digitally assisted sales on tablets
- Rapid issuance using **tele-underwriting**
- Online sales of products (Accept/Reject)
- Post sale follow ups (Feedback / **Mis-selling**)

Underwriting

- Iterative online application forms –
Disclosures / Risk assessment
- Automated** underwriting systems
- Predictive underwriting
- Dynamic **non-medical** limits

Investments

- Technologically driven news
- Faster systems / chats (Eg: Bloomberg / Reuters)
- Access to online markets / Dark pools
- Better analyses of returns / spreads
(Time is money)

Policy administration

Minimise errors and **timeliness** in:

- Policy issuance
- Premium payments
- Tracking
- Lapse / renewals – Reminders and servicing
- Unit values
- Application forms / Policyholder submissions and proofs
- Medical reports
- Premium receipts
- Renewal correspondence
- Marketing material
- Regulatory correspondence
- Claims correspondence

To improve accessibility for consumer: Develop a common interface with all financial investments

Servicing

- Mobile apps (**Caution** : Downtime/errors)
- Refocus manpower
- Brand loyalty**: Well functioning mobile apps with value added services

Number of app downloads in 2013
between 56-85bn

Data storage and analysis

- Experience analysis
- Predictive analyses
- Marketing strategy
- Inhouse / Outsourced

Tools: Data servers / big data analytics

How can one implement an Efficient Digital Strategy?

Implementation of an efficient Digital strategy

Consider a
first mover
advantage

- Adaptability dependent upon industry format
- **First movers** rewarded
- 'Too fast' can backfire..

Implement
across the
value chain

- Not IT/marketing alone
- Lack of involvement
- **Synergy gains**

Implementation of an efficient Digital strategy

Be cognisant
of competitive
positioning

- Use inherent positioning to an advantage
- Large / Small / Newer companies

Establish
stakeholder
support

- Investment plan for **Senior management and Board**
- Comparison of NPVs' of business models

Implementation of an efficient Digital strategy

Recognise the dangers of moving too fast

- Excludes human involvement
- **Looping** of errors
- Susceptibility of data

Be mindful of the non-digital segment

- Alienation of the less digital segment
- Be in touch; use **non-Digitisation** too

Implementation of an efficient Digital strategy

Manage
customer
expectations

- High expectations
- **Attention spans**

Train the
salesforce to
'go digital'

- Appropriate harnessing
of potential
- **Effective targeting**
- High performing agents

Implementation of an efficient Digital strategy

Manage
the move
carefully!

- Prepare your customer
- Sufficient **planning**
- Advance preparations
- **Security** measures
- **Consistent** image
- Regular monitoring

**Possible hurdles when embarking
upon a digital strategy**

And

How they can be overcome!

Possible hurdles while embarking upon a digital strategy

Resistance by
Distributors

Lack of integrated
strategy and drive
from top

Culture differences

Organisation
specifics

Resistance by Distributors

- Distributor resistance
- Digitisation as a perceived **threat**

Recommendations:

- Early Involvement
- Trainings and seminars

Have the distributors look forward to the change !!

Lack of integrated strategy and drive from top

- Shareholders not convinced
- Piecemeal approach

Recommendations:

- Long term value creation
- Do your research!

Culture differences

- Inherent change resistance
- Comfortable leadership position inertia

Recommendations:

- Identification of ‘key influencers’
- Consequences of being a ‘follower’

Organisation specifics

- Large companies (Lack of Flexibility)
- Small companies (Disproportionate investment)

Recommendations:

- Large companies – War chest
- Smaller companies –Agility
- Late entrants - Lack of legacy

Conclusion

Concluding remarks...

- Various aims of Digitisation
- Gains proportionately **higher** / Multiplication of benefits
- **Holistic** well-planned rollout
- Openness to refinement
- **Awareness** of future...



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THANK YOU!

