



Great Eastern is one of the top insurance companies in Singapore

How must insurance firms in Singapore play the game of digital catch up?

The “wait and see” attitude is holding back insurers from being early adopters of digital transformation.

When NTUC Income launched Start.Sure in November 2017, its goal was to provide new startup companies in Singapore with a self-service digital platform for insurance products so they can purchase and manage employee benefits conveniently. Many industry experts took notice and for some, these kinds of innovations and technological developments are what could spark Singapore’s underperforming general insurance sector back to life.

The performance figures of Singapore’s general insurance sector are moving at an alarmingly slow pace. Total gross premiums only increased by 0.6% to S\$3.7b (US\$2.74b) in 2016 whilst underwriting profit fell 16.8% year on year. Whilst the sector’s growth figures have been slowing down, industry experts and sector players are confident that they can turn

this slump around by investing in digitalisation efforts.

“The insurance sector in Singapore has not kept pace with the transforming landscape that embraces digitalisation,” said **Walter de Oude**, chief executive officer of Singapore Life, adding that the current perception towards insurance purchasing is still very strongly adviser-led. “Digitalisation would definitely be the way to go—be it the way we communicate with our customers or the way we give them access to protection solutions that adapt to the digital way of life.”

Ryan Cheong, managing director, strategy and transformation, Great Eastern, echoed this sentiment, noting that the face of insurance has transformed drastically. “Our customers are driving change. Their expectations are being shaped by the digital changes they are experiencing in various aspects of their lives,”



Walter de Oude



Ryan Cheong

he said. The space for digital opportunities remains significant for Singapore’s general insurance sector. Management consulting firm Synpulse mentioned that only 4% of Singapore’s all new life insurance business premiums were sold through digital direct channels in 2015. This is a curious case given that Singapore has one of the best internet connection speeds in the world and has one of the highest mobile penetration and usage globally.

Digital catch up

The rationale for the need to innovate and undergo digital transformation is simple: to be able to focus on the evolving needs of customers for a more convenient, hassle-free, effective, and efficient way to handle insurance policies. “We know that many people value the ease of access, efficiency, and flexibility when making purchases and these

are the pain points,” de Oude said, adding that these are what drive the digitalisation efforts of Singapore Life.

This is also the case for Prudential Singapore, according to the company’s chief customer officer **Angela Hunter**, as they pivot to a new and better customer-focused strategy to create “awesome experiences anchored by digital innovation.” She said technological innovation not only helps insurance firms understand customers’ evolving needs better, but also provides a more effective and cost-efficient engagement and operational tool in the long run. “To refine the tailoring of our products and services, we’re engaging with our customers in real-time and mining online and social platforms for deeper insight into their lifestyle needs.”

Regulators like Life Insurance Association (LIA) Singapore have also been active in promoting and acknowledging the initiatives that players in the sector have been undertaking. **Pauline Lim**, executive director, LIA, said these are all contributing to the advancement and enhancement of the industry’s offerings to the customers. “Many insurers are implementing digital applications such as chatbots and IPOS systems. Increasingly, we see the introduction of apps that offer an enhanced customer experience,” she said, citing PolicyPal as an example, which helps policyholders keep track of their insurance plans and even allows them to file their claims on their mobile phones.

Complementary, not cannibalising

Despite this sweeping digital transformation happening in Singapore’s insurance sector, Lim said that it is still important to offer options to customers and look at the increasing choices as complementary, rather than cannibalising. “The important point is that there should remain multiple channels of distribution, which appeal to and better serve different market segments,” she said, citing the example of life insurance products where customised advice from professional financial representatives is still highly relevant, with “digital applications enabling them to provide more

timely and more effective service to prospective buyers and existing clients.”

Digital initiatives

Some of the digital initiatives in the insurance sector, according to Lim, include efforts from health insurers to be more proactive rather than reactive in terms of their policies. This includes a move away from merely reimbursing medical bills, to also encouraging policyholders to adopt and maintain a healthy lifestyle. “Prevention is better than cure, and it will help to lessen the amount of claims paid out,” she said.

This is echoed by **Melita Teo**, chief life officer at AIA Singapore, when she said that health and life insurance will continue to play a bigger role in the city-state’s insurance sector. Singapore’s life insurance subsector, for instance, continued its momentum of strong growth in the second quarter of 2017, with a 7% growth in weighted new sales of annual premium products to \$605m. “The insurance industry has a lot to gain by leveraging our government’s digital initiatives. There will also be heightened demand for quality healthcare and proactive lifestyle management,” she said.

Another noteworthy initiative is Singapore Life’s robo-underwriting service, allowing for real-time underwriting results to be generated during the application process, with customers potentially getting their policy issued and be covered in under 20 minutes, compared to traditional processes which usually take weeks.

Jeremy Lian, senior vice-president – technical services, MSIG Insurance Singapore, said that digital transformation is not anymore only directly involving software and cloud applications, but also hardware like wearables as well as the integration of the two. “The insurance sector is dabbling with the concept of connected coverage where devices such as wearables, telematics devices, and IoT-enabled devices are used to fill the information gap between insurers and consumers,” he said.

However, Lian said that despite the progress in the insurance sector in terms of digital transformation,



Angela Hunter



Pauline Lim



Melita Teo



Jeremy Lian



Derek Goldberg

there remains very few early adopters amongst insurers and customers because of a “wait and see” attitude and an innate risk aversion. Whilst this is a normal occurrence in the push and pull of supply and demand, the catch up game should be fast-tracked, otherwise insurance firms at the end of the curve will be left behind. “Many insurers are stuck playing ‘catch up’ with technology as they grapple with the imminent wave of disruptions,” Lian said. “For the early movers, however, they are gradually learning to integrate new technology and innovation into existing business and distribution, leaving the cautious further behind in the digital race.”

Outlook

Moving forward, de Oude believes that movements from consumers will inevitably require the industry to adapt to the changes—or risk becoming the one biting the dust. He said the downtime for information process will become shorter very quickly over the next few years and if companies are able to provide the much-needed information and services quicker and more efficiently, the “outlook will certainly be optimistic for the industry.”

Derek Goldberg, managing director for Asia Pacific at Aetna International, noted that agility will be essential so firms can meet customer expectations for seamless cross-channel digital service and any-device access. Another trend that could shape Singapore’s insurance industry is the application of robotics to improve productivity and customer service, as well as data analytics to inform and enhance product delivery and client service and interaction.

