



**Actuaries
Institute**



The Impact of Digitalisation (on Critical Illness)

– with Insights from Gen Re's Dread Disease Survey

Historical Development of Gen Re's DD Survey

		No. Markets	No. Companies	No. Claims	Lives In-force
1	1990–1994	3		4,600	
2	1993–1997	3		7,000	3 million
3	1996–2000	3	31	16,000	4 million
4	2000–2004	6	48	263,000	41 million
5	2004–2008	10	95	750,000	~ 70 m
6	2008–2012	7	82	~1,000,000	~ 100m
7	2012–2015	4	39	~1,200,000	~ 110m

Monitoring of biometric risks (German market)



Mortality Pool

- 162 million life years / 657,000 deaths



Disability Pool

- 52 million life years / 107,000 claims

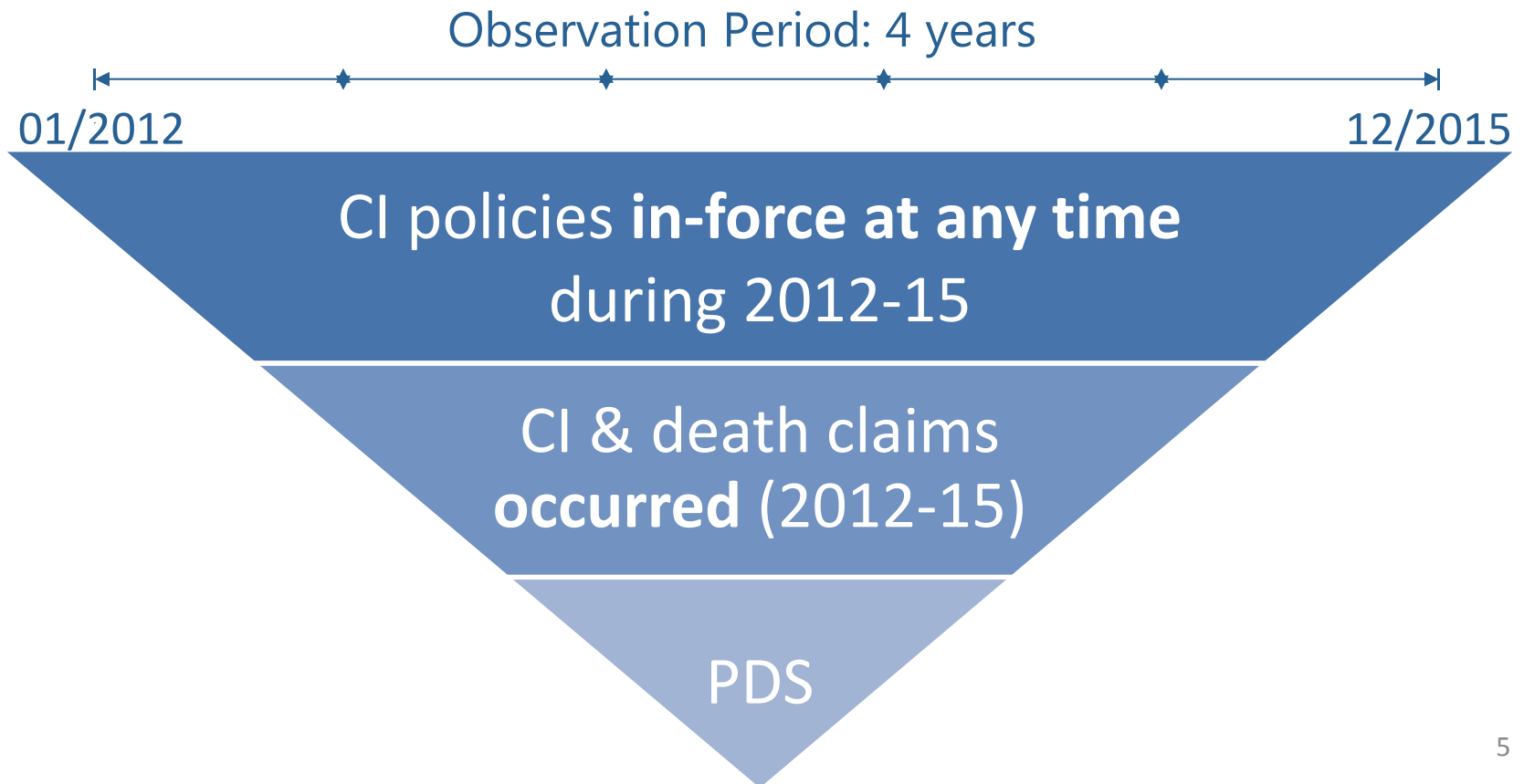


Annuity Pool

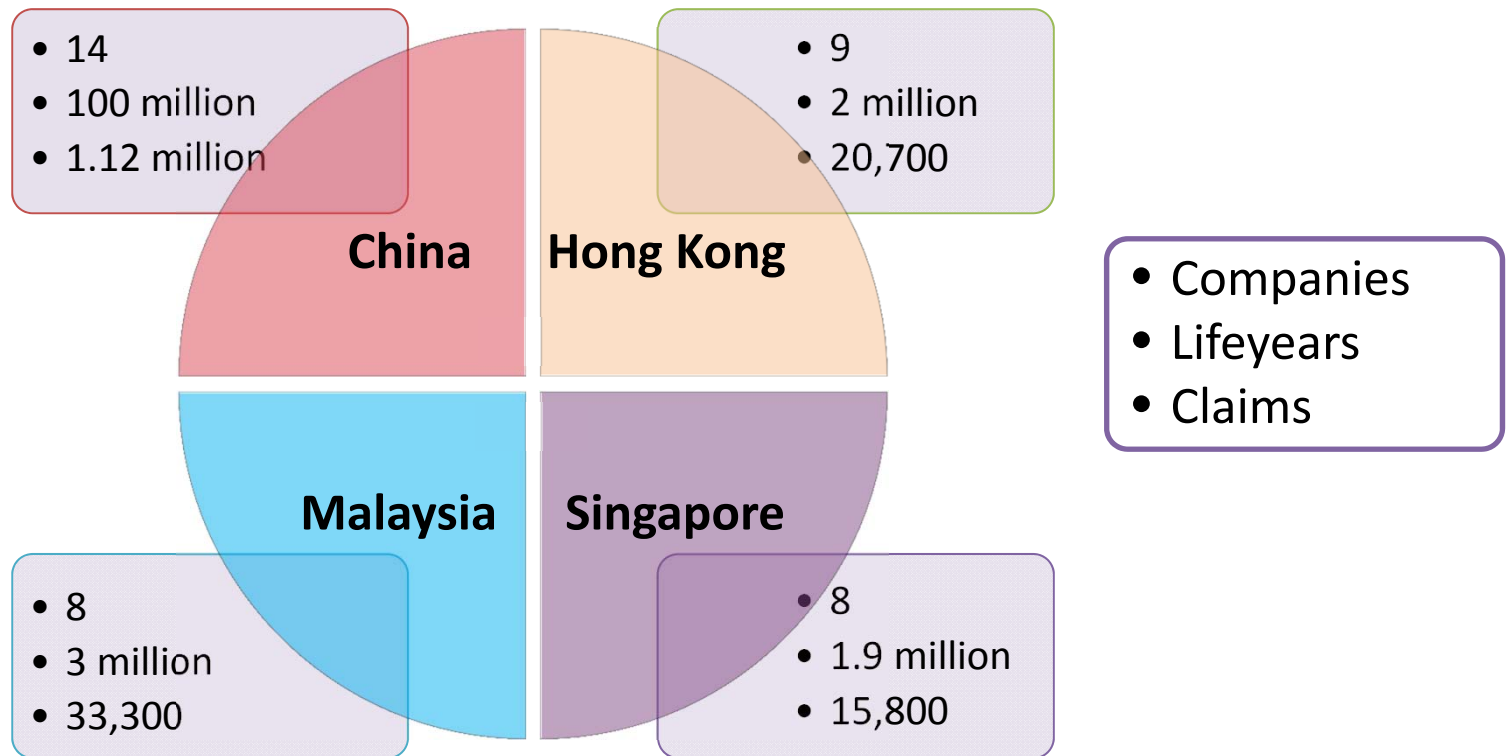
- 92 million life years / 160,000 deaths

- 28 companies deliver portfolio information on an annual basis
- Annual analysis of data going back to 1994/96
- Presentation and reports for the participating companies

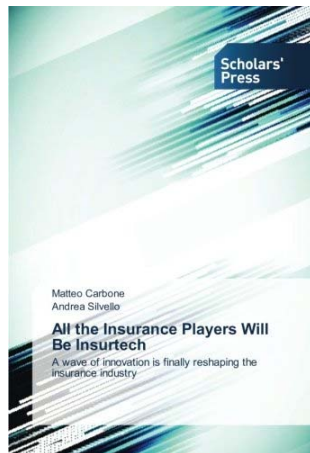
Data Scope of the Survey



Overview of the Four Markets



“All the insurance players will be InsurTech but some InsurTechs have chosen to be insurers.”



- **Matteo Carbone** *Key Opinion Leader on InsurTech*

Impact of Digitalisation



Online Insurer



Established Insurer



Online Insurerace Platform/Broker



What is
InsurTech?

What is Insurance
Digitalisation?



Impact of Digitalisation



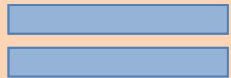
Insurance Processes

- Sales
- Distribution
- Policy Application
- Underwriting
- Claim
- Client Service
- Product Design
- Pricing
- Data Analytics
- Reinsurance



Online/IT/Digital

- Big Data
- AI
- BlockChain
- Cloud computing
- Mobile Payment
- Wearables
- Genetics
- Internet Of Things
- Unmanned Driving
- Unmanned Aircraft
- Automobile Networking



InsurTech & Insurance Digitalisation

“InsureTech = organisations where technology will prevail as the key enabler of the achievement to strategic goals.”



- *Matteo Carbone* Key Opinion Leader on InsurTech

InsurTech and Impact Matrix

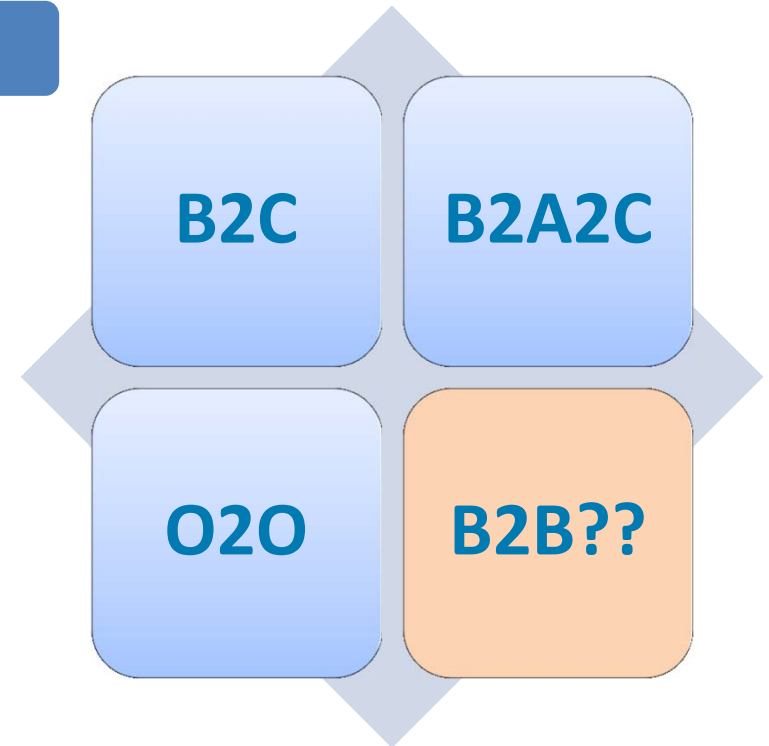
	Sales & Marketing	Application & Underwriting	Claim	Client Service	Design & Pricing	Data Analytic	Reinsurance
Big Data	★	☆	☆		★	★	★
AI	★	☆	☆	★			
BlockChain							☆
Cloud Computing	☆	☆	☆		☆	☆	
Mobile Payment	★	★	★	★			
Wearables	★	★	☆		☆	☆	
Genetics	☆	☆			☆		

★: (Widely) applied

☆: Early/experimental stage

Online Insurance Business Pattern

- Individual consumer is major online target client
- **Individual Critical Illness Products** could become an important and popular online product





Online CI Products around Asia

China Mainland



YRT CI

Whole Life CI

复星联合康乐e生重大疾病保险 分享

含身故 不含身故

出生日期 1999年1月1日

性别 男 女

保额 10万 20万 30万 40万 50万

交费期限 10年交 15年交 20年交 30年交

保险期间 至70周岁 至80周岁 至终身

轻症和豁免 否 是

海报 客服 保费: 2726 去投保



CI linked to wearables

Sales support based on AI



Online CI Products around Asia

Hong Kong

Online Term Cancer

Taiwan

YRT Medical Reimbursement

Vietnam

Online Cancer Care

Tailand

Dynamic Pricing

How to develop a

- popular
- sustainable
- client-friendly
- online

CI Product?



No. of Policy Sold = Flow Rate × Application Rate × Completion Rate



Among the 3 factors:
Flow Rate is the **King** and
the **Heart** of Online
Insurance success.



Flow Rate



- Flow rate – the no. of people passing by within a given time interval, e.g. per day, per month
- Measured by – UV/PV/No. of user/No. of active user etc.
- What is a good or a poor flow rate?



Impact of Digitalisation



China Top 1000 APPs Monthly Active Members
(May 2018)

APP	月活跃人数(万)	环比增幅(%)
1 微信	90,967.8 ↑	0.5%
2 QQ	53,105.8 ↓	-0.6%
3 爱奇艺	51,875.1 ↓	-2.1%
4 支付宝	46,628.0 ↑	1.9%
5 腾讯视频	46,448.6 ↑	0.1%
6 淘宝	45,712.5 ↑	3.2%
7 微博	38,314.9 ↓	-2.2%
8 优酷	37,617.4 ↑	0.6%
9 WiFi万能钥匙	35,836.9 ↓	-2.2%

APP	环比增幅(%)
护眼宝	-11.5%
好券	60.5%
K米	9.9%
51公积金管家	-9.3%
贝乐虎儿歌	5.1%
狐狸游戏	20.8%
你我贷借款	2.6%
众安保险	9.3%
顺丰速运	3.8%
Owhat	1.5%

DataSource:

<https://qianfan.analysis.cn/refine/view/rankApp/rankApp.html>

Impact of Digitalisation



2 best-selling online CI products due to the enormous daily flow rate from online giants



More Examples to show the power of flowrate ...



Sales of CI Product
higher through
popular apps



Impact of Digitalisation



More Examples to show the power of flowrate ...



504,304 policies sold within 2 years, generating a total of RMB150 mn (AUD 30.2 mn) premium to Zhong An Online

Set up a record in Alipay Insurance Platform: on 11 Nov. 2016 20,000+ policies were sold within 1 day

Application Rate

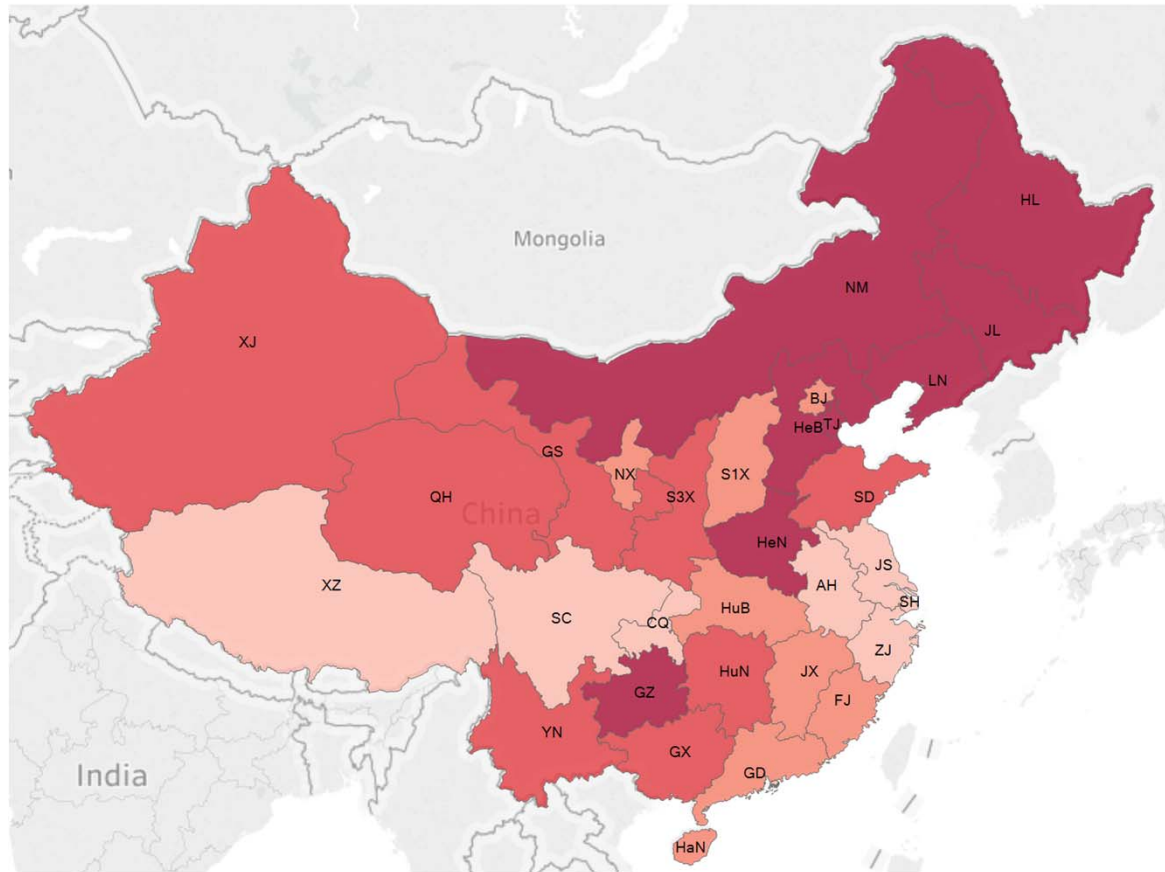
- Factors affecting Application Rate
 - Client Segmentation and Positioning
 - Product Features
 - Pricing and Average Policy Size
 - Illustration Design
 - Promotion Event
- Insights from the Gen Re DD Survey can be used



Insights from Gen Re's DD Survey



CN Regional Difference – A/E Ratio, All Causes, Male



Life expectancy at birth, 2010



Source: National Bureau of Statistics, China Statistical Yearbook, 2012

What are popular product features in online CI Business

- YRT outperforms long-term CI product
- Simple and straight-forward outperforms complexity
- Integrated CI outperforms fragmented CI (to prevent anti-selection)



Pricing and Average Policy Size

- Pricing is key to the profitability of online CI business
 - Sufficiently and accurately
 - Caution when relying on data collected from wearables
 - Average Policy Size is important for Application Rate
 - Way to estimate the appropriate average policy size



Ave. Policy Size =



Completion Rate

- Final shot before GOAL
- Factors affecting Completion Rate
 - ✓ Questionnaire too strict or too long? Easy to understand?
 - ✓ Need to fill in endless personal information?
 - ✓ Policy Premium easy to pay via online?
 - ✓ Other (Quality of the Internet Connection)
- PM has a strong desire to make policy application most friendly and comfortable to users



An Illustration: CI Product & Application Process from Zhong An online P&C

Login AI support CI recommended Features, Q&A Illustration Questionnaire Payment Details Done!

The screenshots illustrate the digital application process for the 'Le Huo E Sheng' (乐活e生) insurance product. The process begins with a user login and navigation to the 'CI recommended' section. The user is then presented with a product recommendation, followed by a detailed view of the insurance plan, including coverage and terms. The user proceeds to a questionnaire, then to payment details, and finally confirms the payment of ¥440.00.

All screenshots are extracted from ZhongAn Official Apps



- Disruptors kick off transformation
- Transformation of data, systems and culture required
- Skills to be acquired throughout the transformation:
 - start – in small steps
 - experiment style – learning in focus groups
 - understood / accompanied / supported by Management



No. 7, 2017

RISK INSIGHTS®



Your Data, Systems and Culture – Get Future-Fit

*by Karin Neelsen, Gen Re, Cologne, and Andres Webersinke,
Gen Re, Sydney*

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Prudential agents unhappy over digital plans

They fear direct sales online will hit income, but insurer says no impact on benefits

The Straits Times 17 Jul 2018 Claire Huang Hong Kong Correspondent

Prudential Singapore's journey towards digital distribution and transformation has hit a roadblock as its agents' unhappiness over a recent slew of changes bubbles over.

Industry sources told The Straits Times that 350 of some 600 unhappy agency leaders sent a formal petition about a month ago to the British insurer's Asia headquarters in Hong Kong, and to its London office, to protest against the selling of popular products and savings plans online.

In an exclusive interview with ST in Hong Kong, Singapore chief executive Wilf Blackburn said the direct sales digital platform, launched in March last year, currently offers five protection products.

The plan is to make most of Pru-

dential's products available online in the next two to three years.

Mr Blackburn indicated that agents are still expected to provide the same after-sales service for products sold online and will receive the same level of commission.

"For us, the digital platform doesn't compete with the agents," he said.

"It's only existing customers who have access to buy on the digital platform. We encourage the customers to talk to the financial consultants rather than make decisions on their own, so the financial consultants are not being cut out at all. If their customers buy without involving the agent, the financial consultants still get all the benefits any way, so they don't lose out financially from it."



AGENTS DON'T LOSE OUT Prudential's direct sales digital platform currently offers five protection products, and the insurer plans to make most of its products available next two to three years.

In most cases, Mr Blackburn said, customers who want to buy products online end up going back to their agents, so there are many instances where the agents benefit.

The key, he stressed, is that the insurer's overall digital strategy is meant to complement the role of agents.

Traditional life insurers with a large number of agents are particularly sensitive and resistant to direct digital distribution channels for fear of greater competition. This is because

the products are mostly sold to customers without any agent.

Another sore point is Pru-



**Thank You
and in particular to Steven Tan (Gen Re China)**

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