



## Transforming Group Insurance

*through sales process, business model and advanced analytics*

**Joint Regional Conference**

July 2019

# Agenda

- 1** Why Group Insurance matters
- 2** Market Overview of Group business in Asia
- 3** Key challenges
- 4** Achieving success: Distribution, Product and Servicing
- 5** Key enablers
- 6** Summary

# Why Group Insurance matters

Group business brings value in multiple ways



Creating an alternative income stream for insurers



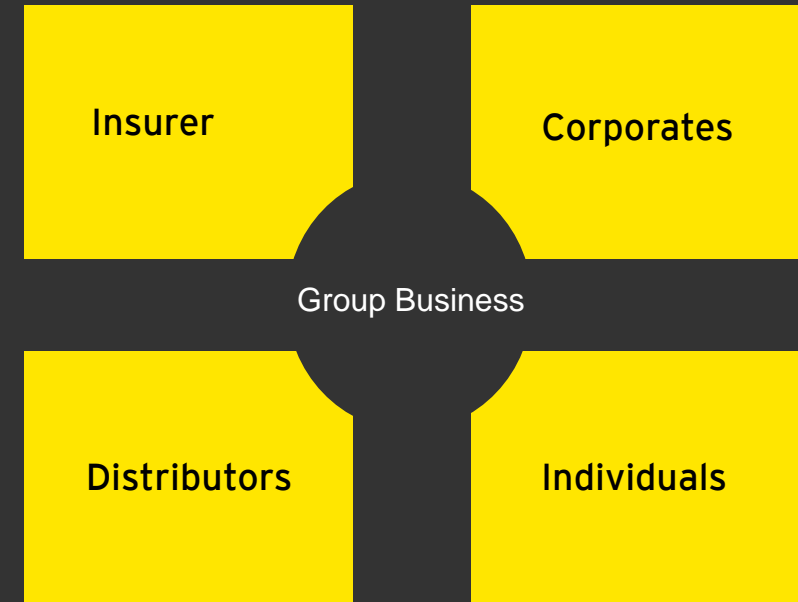
Providing an opportunity to grow individual business through cross-sell and up-sell



Enhancing stickiness of the customer base, stable business and annual renewable



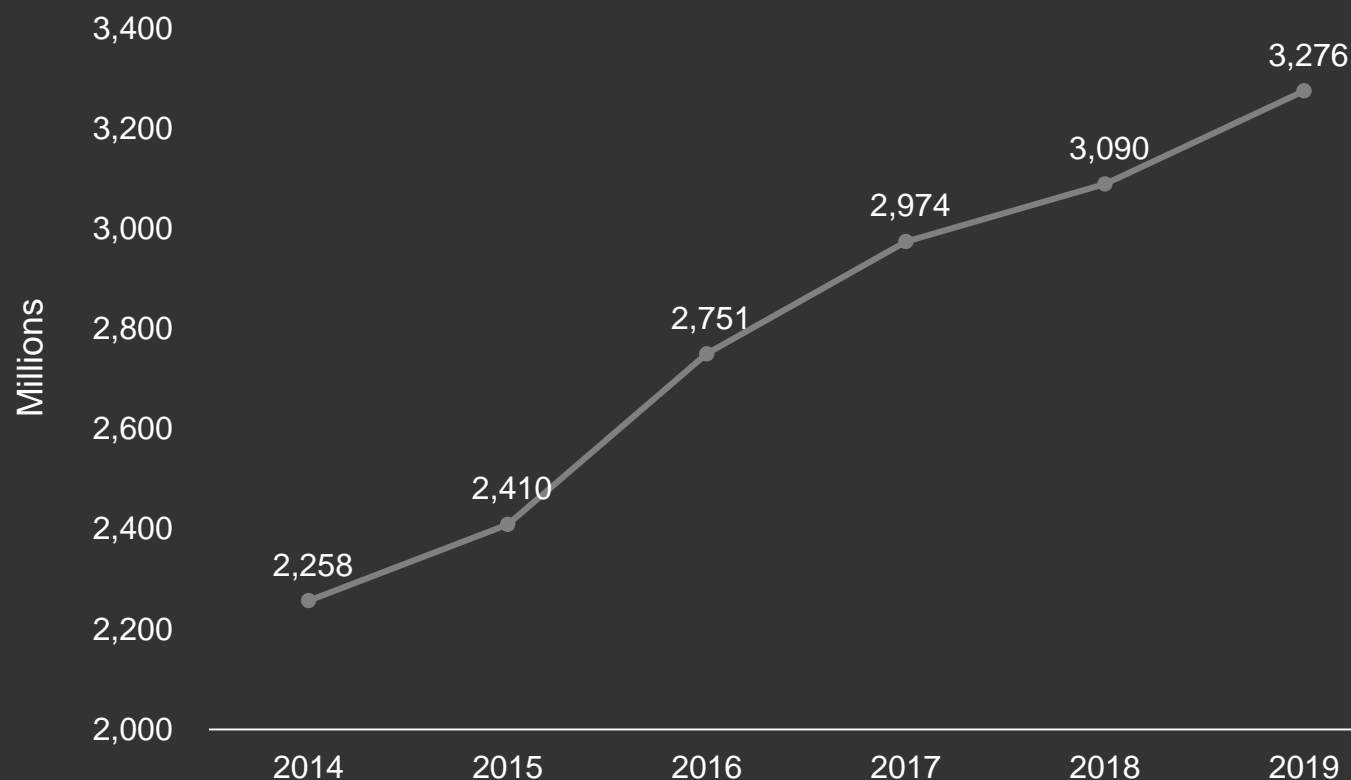
Improving employee engagement and potential positive intervention on health status



# Market Overview of Group Business in Asia

Gross written premium showing a stable and upward trend

Gross Written Premium\* for EB products in Taiwan, Thailand, Indonesia, Malaysia and Hong Kong from 2014-2019



Note: Direct Written Premium instead of Gross Written Premium (GWP) are used for Taiwan and Hong Kong

## Taiwan



- ▶ Strong demand for **health and aged care products** will drive growth of health insurance

## Thailand



- ▶ Since early 2017, market leader companies looking to expand **critical-illness products**, which appeal the most to MNC's

## Indonesia



- ▶ Lowest penetration in Asia at  $\approx 2.3\%$  of GDP since 2016
- ▶ Within group business, **medical insurance** presents the highest profitability challenges due to additional competitive pressure from medical inflation
- ▶ Margins on health insurance products offering fixed benefits for critical illnesses or in the form of hospital cash are most appealing

## Malaysia



- ▶ **Changes to E-payment:** as at Dec 2018, 91% of total volume of transactions made by insurers via e-payment; 87% premiums received by insurers were through e-payment

## Hong Kong

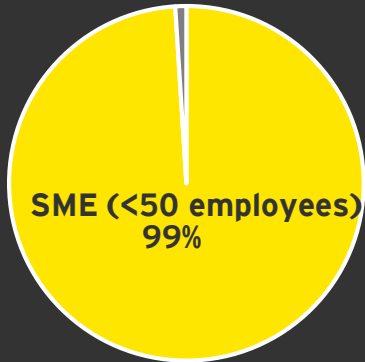


- ▶ Pressure from **medical inflation** and changing needs of people drive EB providers to focus on more economical plans

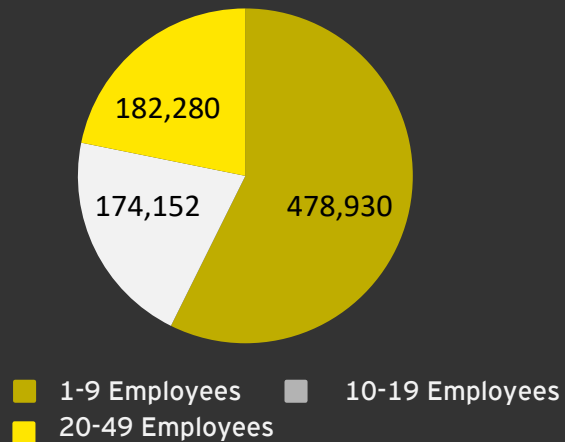
# Market Overview of SME Business in Asia

SMEs represent a large and under penetrated market opportunity

## SME Market Size Opportunity



## Untapped Employee Market



## Hong Kong

- ▶ There are 347,932 SMEs in Hong Kong that make up 98% of the total registered business entities.
- ▶ HK SME Owners employ over 1.4m individuals



## Singapore

- ▶ There are 220,000 SMEs in Singapore that make up 99% of the total registered business entities.
- ▶ SG SME Owners employ over 2.4m individuals



## Malaysia

- ▶ There are 907,065 SMEs in Singapore that make up 98.5% of the total registered business entities.
- ▶ MY SME Owners employ over 3.7m individuals



## EY Insights

- ▶ On average, 99% of the companies in Asia are SMEs and cover around 70% the employment market.
- ▶ Significant opportunity to address the SME market

# Key challenges

Insurers face various challenges in developing Group business

1



## Multiple distribution channels

- Multiple channels servicing range corporates
- Large corporate are mainly served by brokers
- SME and smaller are difficult to access

2



## Wide product range

- Complicated product and lack of understanding
- Often seen as one-size fits all approach

3



## Customer Servicing

- Complex on-boarding process for new business
- Length health claim process
- Transparency in renewal pricing

## Key Challenges

- Compressed margin
- Reluctance of agent to sell group policies
- Difficult to sell voluntary product to group customers
- Challenges from health care ecosystem platform

# We recommend a holistic review of the Group platform to accelerate sales



## Distribution

Understand current channel issues, identify future drivers of sales proficiency and how analytics to help

- Increase SME penetration
- Assist agent to be more productive in EB sales
- Identify quality individual leads



## Product

Review of EB product offerings, key features and target segments

- Flexible but standard product designs
- Simple language
- Automatic recommendation of coverage



## Servicing

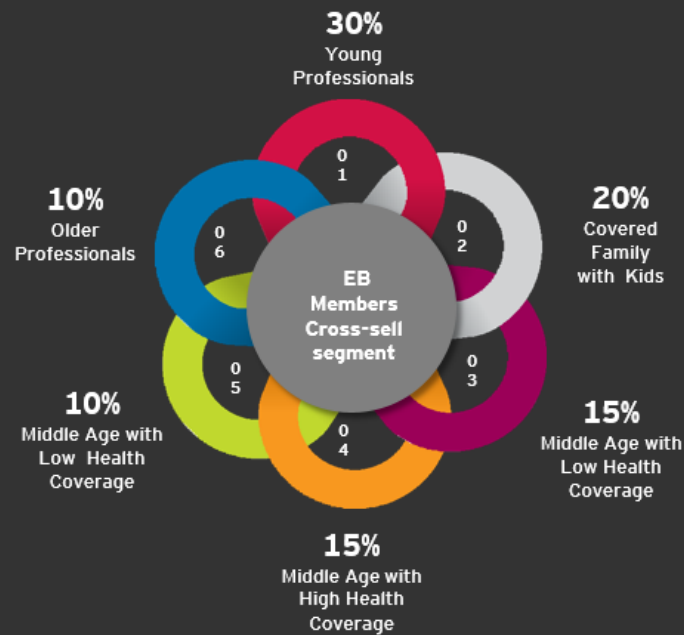
Determine current pain points in the existing process and quantify value can be added through digital transformation

- Robotic process automation (RPA) to streamline process
- Optical character recognition (OCR) to identify and load required documents
- Differentiated services by collecting data via wearables and EB platforms

# Distribution - Use analytics to identify cross-sell opportunities

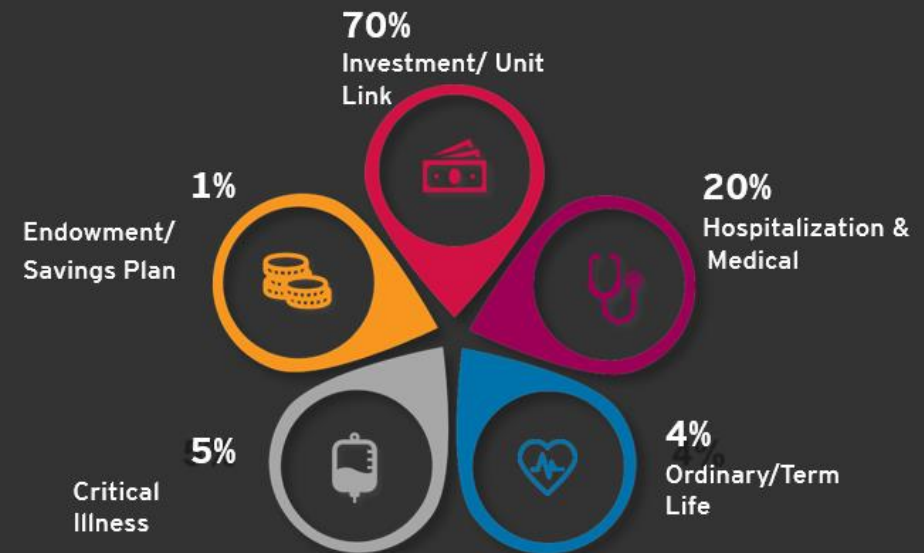
Some EB customers have a higher likelihood of cross-sell

- Use propensity model to score potentials EB customer base and production offering matching
- Develop tools to feed leads to distributors



\* Based on EY project insights

\* K-Means clustering techniques used to identify natural clusters and variables

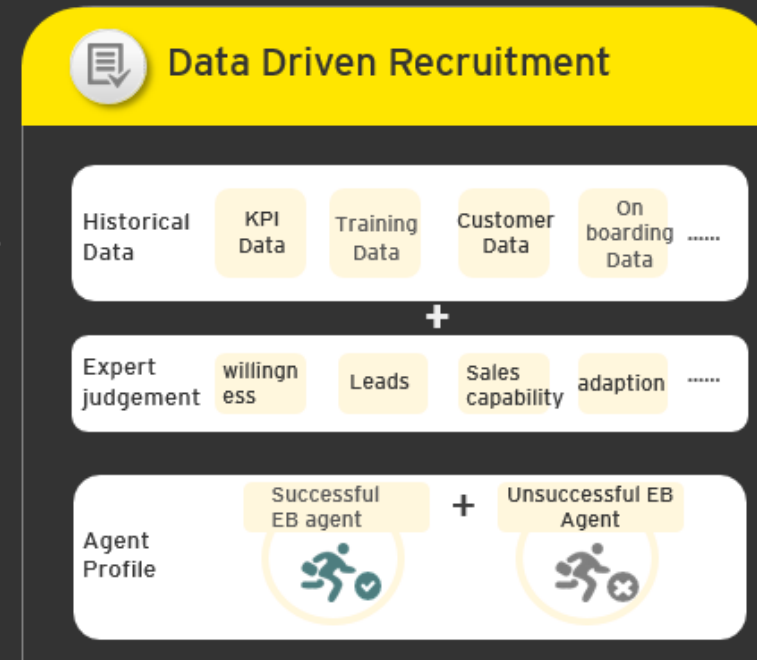
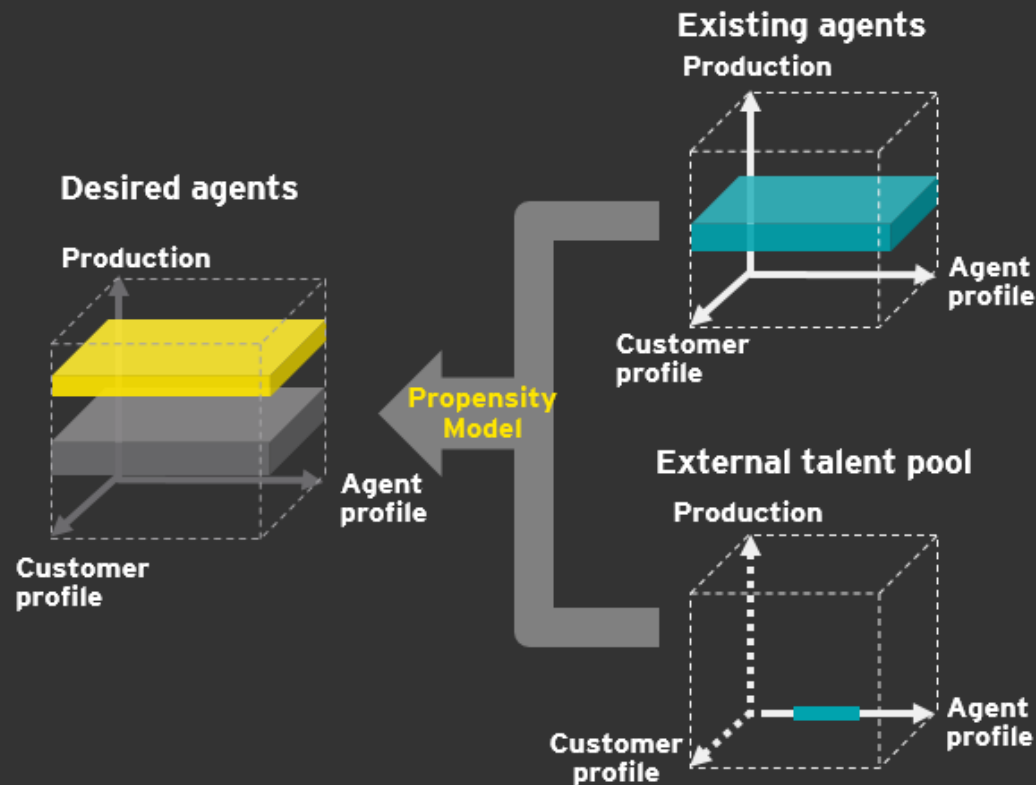


\* Based on EY project insights

# Distribution - Use analytics to identify top agents

Not every agent can sell every product

- Use analytics to identify those agents best at selling EB
- Provide top agents with specific tools and incentives to accelerate their success



# Product - Rethinking group products

Simplified online SME product that makes it easy to understand and to buy

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Fully digitalized SME product customized to the needs for different industries. This proposition reflects that of the same individual life product sales process to promote consistency and customer/agent experience.

1

## Simple product for a simple market

- Pre-defined SME product with simple features and easy to understand coverage
- Flexibility for customer to select additional coverage or sum insured

2

## Efficient Operations/Administration

- Online adding/subtracting members
- Full online mobile solution for HR and employees
- Online claims submissions and payouts

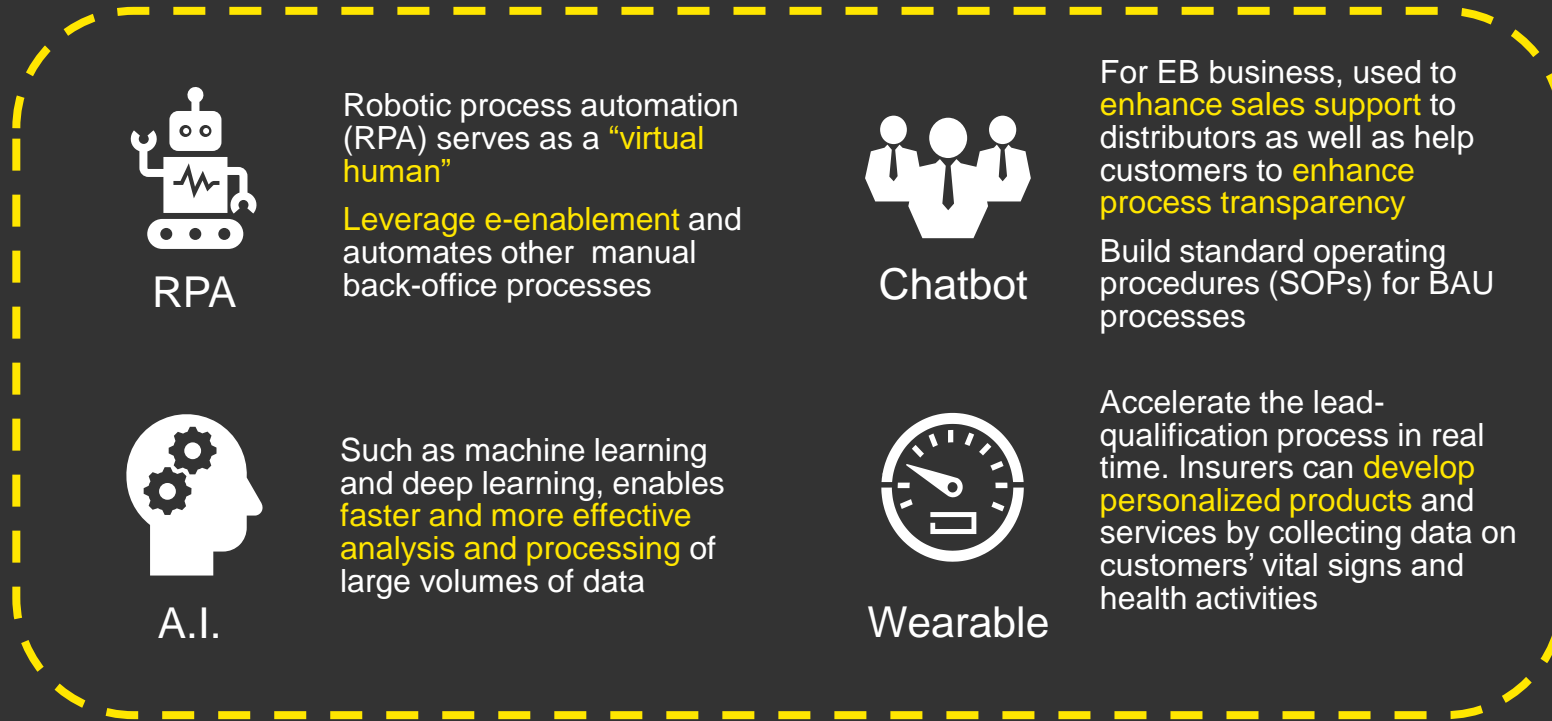
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## Built-in analytics insights

- Industry benchmark coverage data is pre-loaded to support default coverage for SME from different industries.
- Auto-underwriting scoring and pricing algorithm

# Servicing

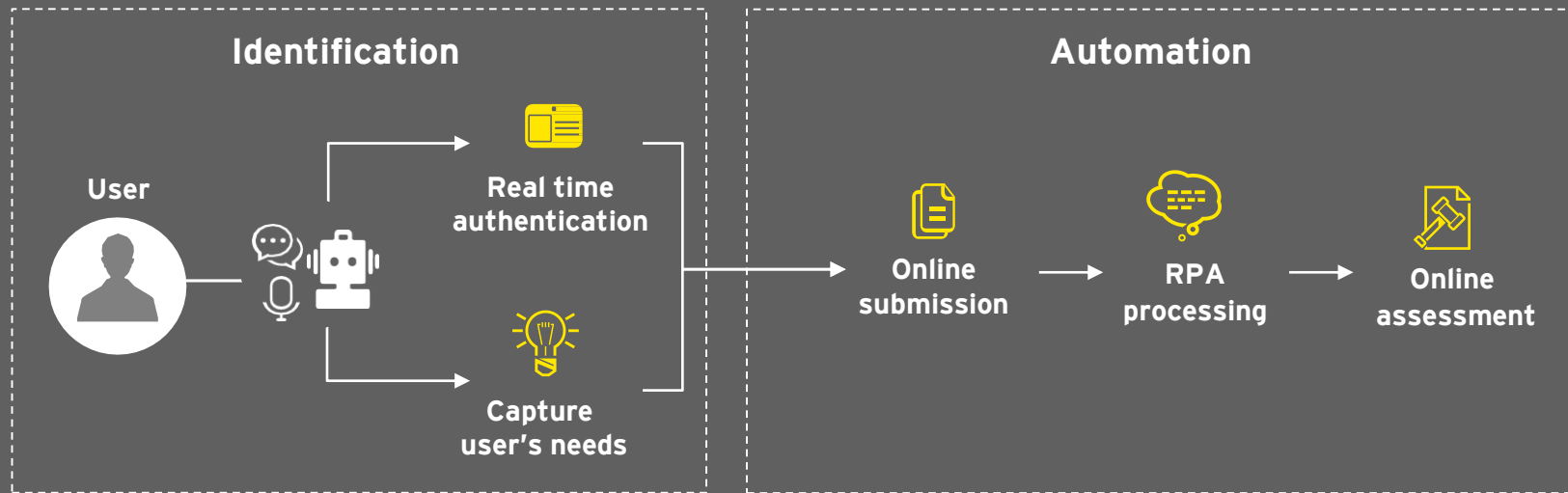
Streamline business processes and enhance operational support



# Servicing

## Online servicing tools and automation

### 24-hour online servicing



Improve customer experience



Enhance operation efficiency



Reduce operational costs

#### Technical support

- + Facial recognition
- + Biometric authentication
- + Hospital connections
- + Digital media
- + RPA robotics
- + Decision tree
- + Search engine
- + Optical character recognition

# Key enablers

## An integrated digital enabled platform to enhance value proposition

Increasing cost pressures are driving efficiency-related programs of work across the entire insurance value chain. Instead of a series of point solutions, insurers need an integrated digital enabled platform to enhance the end-to-end process and value proposition

### Integrated digital platform



# Key enablers

## Data consolidation and analytics platform

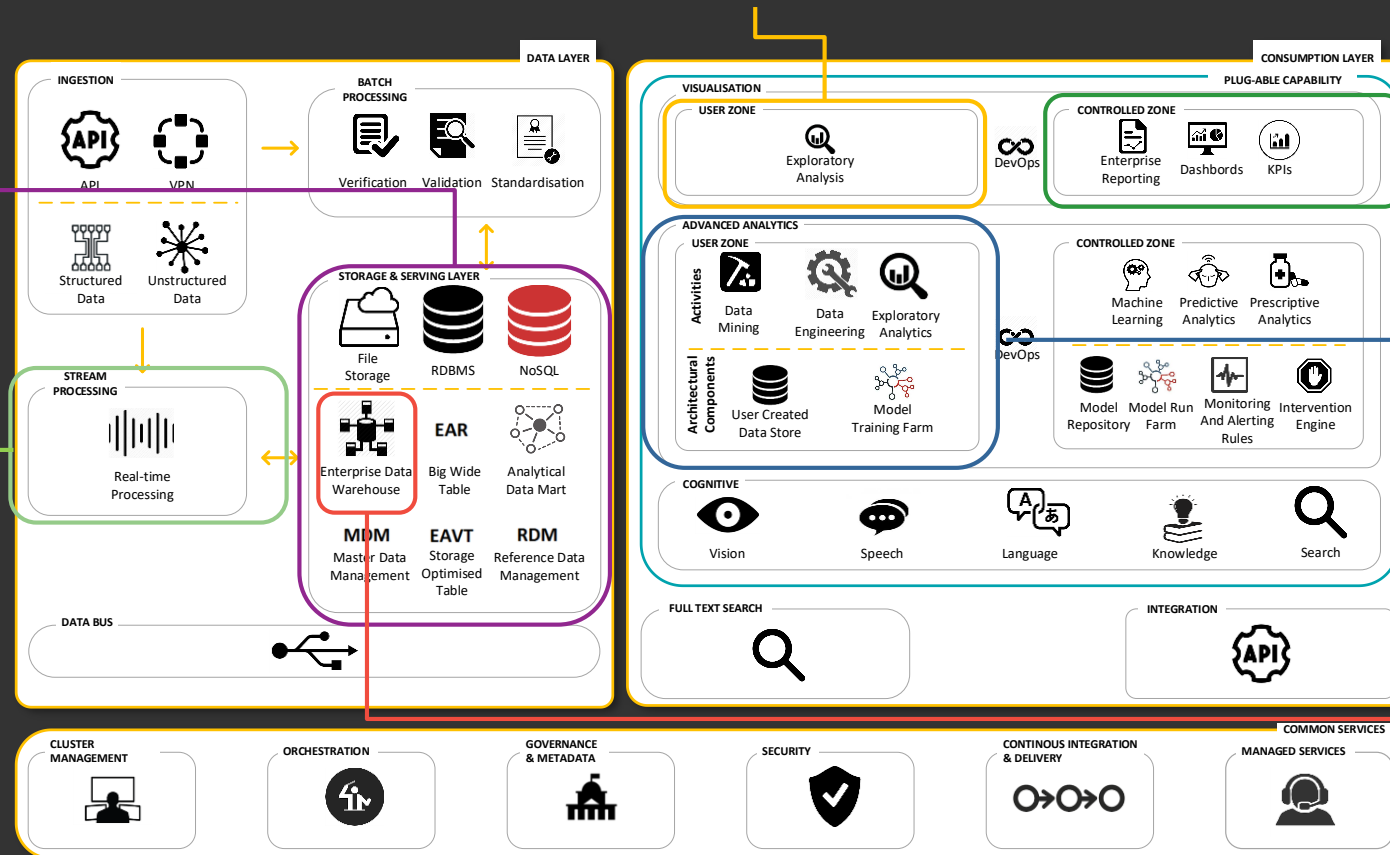
**Data Lake** is a centralized, highly scalable and flexible data storage repository for storing structured, semi-structured and unstructured data.

**Data Science Lab** provides data scientists and analysts with the tools and storage they need when they need them to perform self-service investigations

**Reporting and Visualizations** deliver regular reports, visualizations and supporting data exploration.

**Advanced Analytics** is made up of an Analytics engine, Analytical applications and content stores to support high level statistical analysis (descriptive, predictive, prescriptive) and also data exploration

**Real Time Analytics** is made up of Streaming ETL, Model Run, Monitoring & Alert and Intervention Engine. It analyses the data provide real-time analytic results to assist the business planning and decision making.



**Data Warehouse** collects the data from different data sources and transform them with the consolidated business logics to provide data for reporting and visualizations as the single source of truth.

# Key takeaways

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- Active **customer** engagement through analyzing the dynamic between insured individual profile, product usage and health activities from group data;
- Access to **quality leads** through a simplified digital platform with connected analytics to analyze the customer conversion, channel effectiveness and next-best product to sale;
- **Product** transformation through the integration of IT platform, personalized API, decision analytics engine and omni-channel of data;
- **Process** optimization and automation to boost the speed of business in terms of self-service plan design, real-time data, straight through processing and on-demand support.

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