

ASIA INSURANCE REVIEW

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Life Summit: Regulations, growth and talent management are top challenges for life sector

Source: eDaily | 12 Jul 2016

By Ahmad Zaki

There are three main challenges for the life insurance industry today - regulations, growth and talent management, according to Mr Mark Wallis, Managing Director of International Business Development, LIMRA & LOMA, at the 6th Asia Life Insurance Summit yesterday.

Mr Wallis said that the current regulatory environment is creating a more complex environment in order to preserve data privacy and to increase focus on the consumers' needs, amongst other aims. However, consumers are searching for simpler solutions, creating a conundrum that many CEOs are still attempting to answer.

With more regulations pushing insurers to increase focus on the consumer at the expense of the traditional reward and perks systems for agents, many companies are looking for alternative distribution channels to boost sales and increase penetration.

Many industries are currently using technology-based innovations and disruption is par for the course in many sectors. Insurers are looking to create the next big disruption for the insurance industry, but Mr Wallis said that disruptions will not be positive for everyone. There are also other issues holding back the insurance industry when it comes to innovation and tackling these three main challenges.

"Disruptions are driving innovation, so keeping up with change is necessary," said Ms Sharon Mullan, Managing Director, PMO Academy. "But I don't think the industry has embraced that culture yet."

While Ms Mullan said that the insurance industry is naturally risk-averse, it does not mean that they cannot be adaptable and let go of the many legacy systems that exist. "The industry is good at what it does, but we cannot depend on that forever, because the world is changing around us."

The tease of greatness

Mr John Spence, Regional Head, M&A and Strategy for Generali Asia, said that many M&A deals are still going to come to market despite projected global financial instability, with banks, insurers and other organisations looking to reposition and to utilise new distribution channels.

However, he also pointed out that sales of online insurance remains modest, with traditional insurer pain points remaining unresolved. Mr Spence attributes this to a failure to focus on the consumer and their needs.

"Most organisations fail to look for the things customers want, for fear of negatively affecting their core business," he said. "However, companies rarely die from moving too fast, but they frequently die from moving too slow."

Breaking free of existing 'straitjackets'

“The four ‘straitjackets’ – things that constrain our industry and prevent it from evolving – are regulation, capital, big data and culture,” said Ms Winnie Ching, Swiss Re's Head of Client Markets of Life & Health in South East Asia.

The insurance industry has a culture of being conservative and careful: “What we do and how we do it hasn’t changed much over the past few decades,” she said. However, this conformity might cause competition that the industry doesn’t even know exist to disrupt it in the near future.

Ms Ching claimed that the industry needs to have better leadership, increase focus on the consumer and utilise the data they are able to collect in a wiser manner. She urged insurers to go beyond big data and instead focus on knowledge application, to transform said data into usable knowledge in order to design products that answers the needs of the current crop of consumers.

“We need to continually demonstrate our relevance to the consumers’ needs, and we not only need to show our commercial purpose, but also the wider role we have in serving societal needs,” she said.

The industry needs to be in constant dialogue with customers and have an intimate knowledge of their needs, she continued. Furthermore, modern day communication means that insurers need to better leverage social media to find consumer opinions and perceptions of brands and online products.

“All of this data must be harnessed into knowledge that lets us gain insights and foresight into the market and our customers,” she said.

Living in the influence age

“We are no longer living in the information age, but in the influence age,” said Mr Denis Hevey, Lead Coach and CEO, Positive Performance Academy. “It’s about how we influence people.”

“Influence can also be called infection,” continued Mr Hevey. Viral marketing and social media drives communication and sales in the modern age, an age Mr Hevey calls ‘interdependent’. With the ease and ready accessibility of remote communication and information sharing, people can influence each other with a press of a button.

Analysing the cause and effect of this influence is a complex challenge, and Mr Hevey called for the life insurance industry to “get back to basics, to get back in touch with people and to get back to a simple model of business in order to deal with the complexity of the environment we find ourselves in”.

Organisations in the future, according the Mr Hevey, need to be complex in structure, to promote organic movement and cross-pollination within the organisation, capitalising on the future generations’ need for freedom, control and independence, yet maintain a simple, single message that they can share with their customers and staff.

“It’s not about getting the most out of people anymore, it’s about getting the best out them,” he said.

The 6th Asia Life Insurance Summit is organised by Asia Insurance Review, attracting over a hundred delegates. The two day conference held in Singapore explored the theme of “Reinventing the Life Business in the Smart Era”, with Aegon Direct & Affinity Marketing Services and Swiss Re as sponsors.

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