

Ecosystems: Bringing insurance into the future



As technology marches forward with pace inexorable, customer expectations are becoming increasingly demanding. Digital ecosystems allow for collaborations between industry players to innovate and come up with the ultimate customer experience.

By Amir Sadiq



“Insurance does not exist in a vacuum.” That was the message from InsurTech Asia Association president and founder George Kesselman at the Asia InsurTech Summit 2019. Customers today benchmark their experiences with insurers against their experiences with online services like Netflix and Amazon.

To that end, digital ecosystems can be used to address many issues faced by traditional insurance businesses by allowing the fast creation of products and apps that can be tailored to suit customer needs.

Demands of the modern customer

LumenLab CEO and MetLife Asia chief innovation officer Zia Zaman, also speaking at the InsurTech summit, said that consumers in the future will expect companies to create extreme personalisation in real time. “In creating micro-moments of value for customers, brands can naturally be present in the rhythm of the customer’s life,” he said.

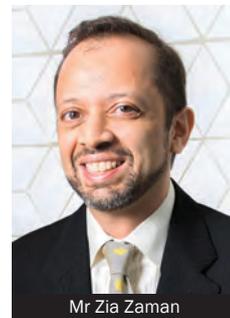
Mr Zaman also said that while past experience is important for customers, the last two years have shown that trust is becoming an increasingly critical point of concern.

The need for greater trust between insurers and customers was also espoused by Entsia Asia & EMEA CEO Dr Tom Ludescher, who also spoke at the summit. “Don’t expect any loyalty without a trusted relationship. Trust is the basis for every customer relation and brand loyalty,” he said.

When it comes to building customer relations and retaining their loyalty, trust alone is not enough. Dr Ludescher said that tailoring products to suit their needs and being able to deliver those products at the right time were also crucial.



Mr George Kesselman



Mr Zia Zaman



Dr Tom Ludescher

Improving the customer experience

Ecosystems are customer-centric because they connect customers and insurers through the same platform, giving insurers greater access to customer data. “It’s up to you, as the insurer, to collect the data to really try to understand the customer and then come up with a proposal,” said Dr Ludescher.

In addition to understanding the customer, a Swiss Re research report said that, “connected ecosystems create a simpler experience for consumers, through a single window of interaction that eliminates points of friction between the different participants of the ecosystem.”

The report said that 64% of consumers are willing to pay extra for simple experiences, and 61% are more likely to recommend a brand because of the ease of experience and communication. “Newer ecosystems streamline the purchase journey, and make the supply chain transparent for consumers,” it said.

Improving connectedness and transparency

An example is FERMION, an InsurTech ecosystem platform by Silverlake Axis that was launched on 28 February this year. CEO and group managing



Dr Raymond Kwong

director Dr Raymond Kwong said, “In the motor claims insurance industry, we provide an ecosystem technology platform for insurers, motor workshops, parts suppliers, agents, brokers, lawyers, loss adjusters, traffic police and other industry players through Merimen’s capabilities.

“So everyone’s connected to share information for processing claims and administering policies. This connectedness and transparency enables them to meet customer’s expectations and fulfil the requirements of the insured.”

He added that the increased transparency from having everyone connected on the same platform would enable policyholders more easily to check on the status of their claims and submit claims in real time.

Cost efficient digital transition

Dr Kwong said that having everyone on the same interconnected platform would also help to improve efficiency and reduce cost, ultimately leading to better premium rates for customers.

As the industry transitions to digital, insurers will inevitably incur the cost of replacing legacy systems with digital assets. Being able to collaborate with InsurTechs more easily will afford incumbents immediate entry to the digital market while simultaneously upgrading their legacy assets.

“Replacing core systems takes a long time and a lot of money and effort,” said eBaoTech CEO Woody Mo.

“eBaoCloud ... is a win-win solution to enable immediate digital capabilities while keeping the legacy core systems mainly as storage and batch processing system.”



Dr Woody Mo

A digital production line

As more digital insurance products are launched through apps, the ability to churn out these products, and the apps they function on, at speed is critical.

“In the fast drive to digital, core systems of almost all insurance companies are a big bottleneck because they were designed for internal operation by staff in their office, oftentimes manually,” said Mr Mo. “Connected insurance demands a set of API that can shoot insurance products to numerous affinity scenarios and launch products or product variations in a matter of two to three days.”

Next-generation digital product factories like the one that powers eBaoCloud can enable fast product launch with numerous products and product components already configured. They can also enable product bundles across multiple traditional business lines if their respective product factories are stored on the same cloud server.

Greater flexibility

eBaoCloud also includes a microservices architecture for policy

administration functions. Microservices are a software development technique – a variant of service-oriented architecture that structures an application as a collection of loosely coupled services.

“With the API factory, these microservices enable fast creation of API which are then assembled to create the final app. The technology is based on cloud native and microservices architecture, which is a paradigm shift from traditional enterprise software which is the base for almost all the existing core systems,” said Mr Mo.

“It also cuts expenses dramatically for insurance businesses which will lead to lower premiums and also micro- or nano-insurance that were not possible in the past,” he said.

Dr Kwong also said that platform ecosystems like FERMION will be able to incorporate new technologies to enable ecosystem participants to keep up to date and stay on the cutting-edge of digital business.

A bigger net, a wider reach

Omnichannel distribution can be important for an insurance product to have maximum reach. Products developed in one of these ecosystems can be launched through numerous channels while tapping into the vast network of customers the ecosystem provides.

Aside from FERMION and eBaoTech, another ecosystem that has come online recently is Haven. The product of a joint venture between Amazon, Berkshire Hathaway and JPMorgan Chase, Haven looks to provide an ecosystem for healthcare and health insurance and will be able to draw on the power of the data and networks of its parent companies.

Ride-hailing company Grab has also expanded its app into an ecosystem. The platform now offers a myriad of financial services in addition to the ride-hailing capabilities it started with. Insurance products available on Grab’s platform are likely to achieve greater penetration into SEA markets where the Grab app is present on many customers’ mobile phones.

Regarding distribution, the Swiss Re report said that, “with innovative offerings rapidly offered, it may be radically faster for insurers to tap into new ecosystems.”