



**Adaptive
to Resilient:
Top 10 Trends for
Insurers in 2021**



Foreword



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CEO

The Covid-19 pandemic has expedited the dramatic transformation of the retail insurance landscape. Advancing technology evolution and the evolving consumer choices have driven change across the Asian Insurance industry for the past decade and Covid induced scenario has fastened the transformation across the industry. The effects of these are expected to last for the next five to ten years.

As we compiled this report, Covid driven transformation was widely evident, and the opportunities that had mushroomed were being capitalized by businesses for the near and longer-term.

In an uncertain year that went by, the Insurance industry has had to take up a range of new initiatives to fast-track seamless claims adjudications, remote engagement, and online self-serve options. Given this, we observed a strong openness within the industry to engage with digital partners and experiment new capabilities that are continuing to flow through to 2021.

We also highlight the impact of global trade developments, including regulatory trends that may impact the Asian Insurers in 2021, many of the trends reflecting in global insurance markets too. Regulators across the region are engaged more keenly with the industry to soften the impacts of Covid and also ensuring the larger population of the Asian economies are getting standardized risk covers.

This report is a cumulative output of the market survey, conducted during the last quarter of 2020, inputs from select industry panelists and Synergy's sector know-how. We have segregated the findings and classified them into "Top 10 trends" emerging for 2021.

We hope the findings will prove resourceful and we will be delighted to discuss your organisation's particular outlook through 2021.

Best wishes

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Top 10 Trends

1. Spotlight on Health & Life Insurance
2. Regulators facilitating to reshape
3. Customer e-Engagement 3.0 gaining momentum
4. Sales & Distribution go hybrid
5. Cost-efficiency mandate gets stronger
6. Digital ecosystem will drive investments
7. Upskilling for Digital readiness
8. Wellness programs back in action
9. Increased focus on zero-touch operations
10. CX lessons from Gig Economy trendsetters



TOP 10 TRENDS

INSURANCE INDUSTRY IN 2021



1

Spotlight on Health and Life Insurance

Insurers are likely to see an increased appetite for pure term and health products. Pandemic-proof insurance products that offer cross benefits, income protection, savings and enhanced healthcare are likely to be in demand.

77%

see an increase in awareness of health and well-being amongst customers.

73%

say that customers are anticipating enhanced health & wellness product benefits.

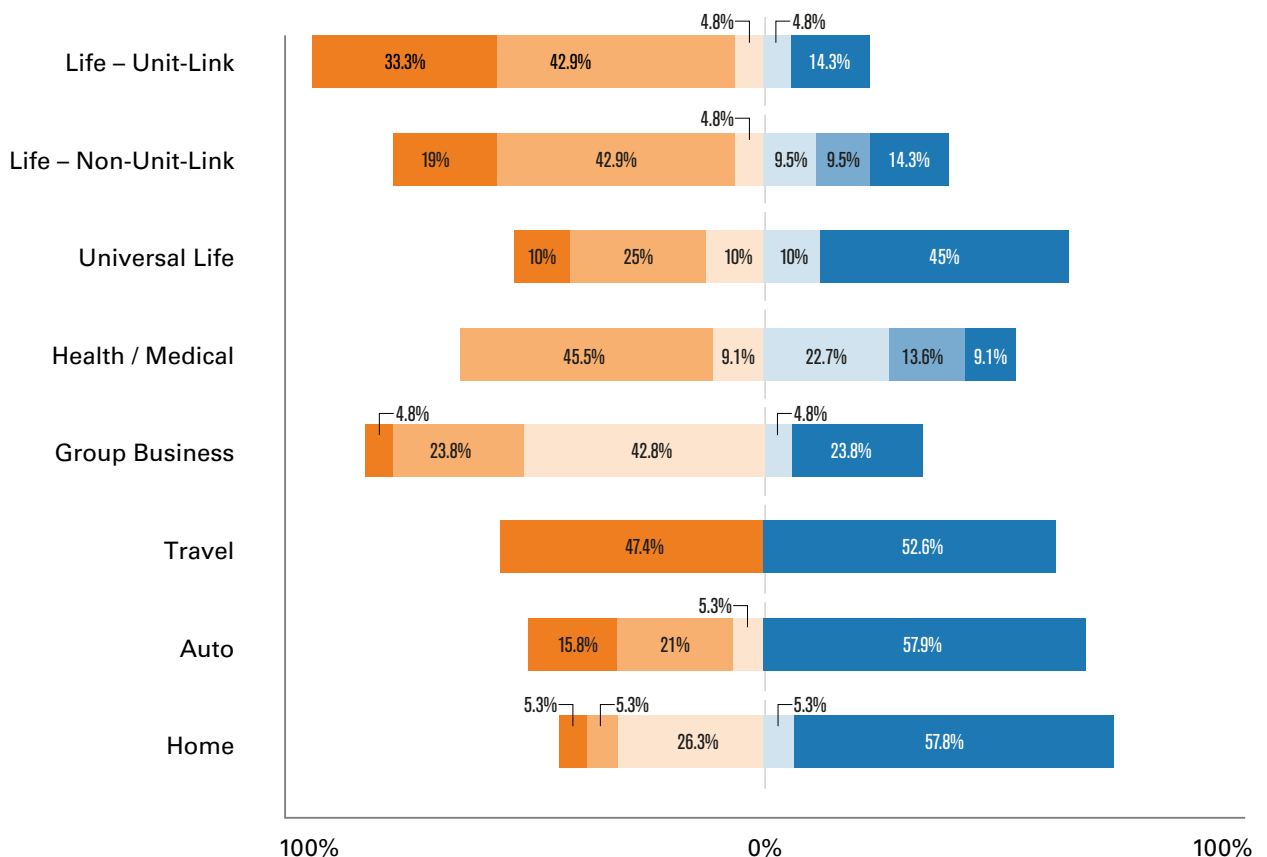
59%

are enquiring about Covid and pandemic coverage features more frequently than ever before.

Consumer awareness has risen sharply due to the sudden and visible increase in health and mortality risks brought about by Covid-19. Insurers saw a spike in customer interest in the wellness and well-being aspects that their insurance policy provided. As the pandemic took its toll, sales teams saw a surge of inquiries for Covid coverage. Products offering broader coverage, new hospital and healthcare provider partnerships, critical illness, disability, and hospital indemnity benefits saw a significant rise.

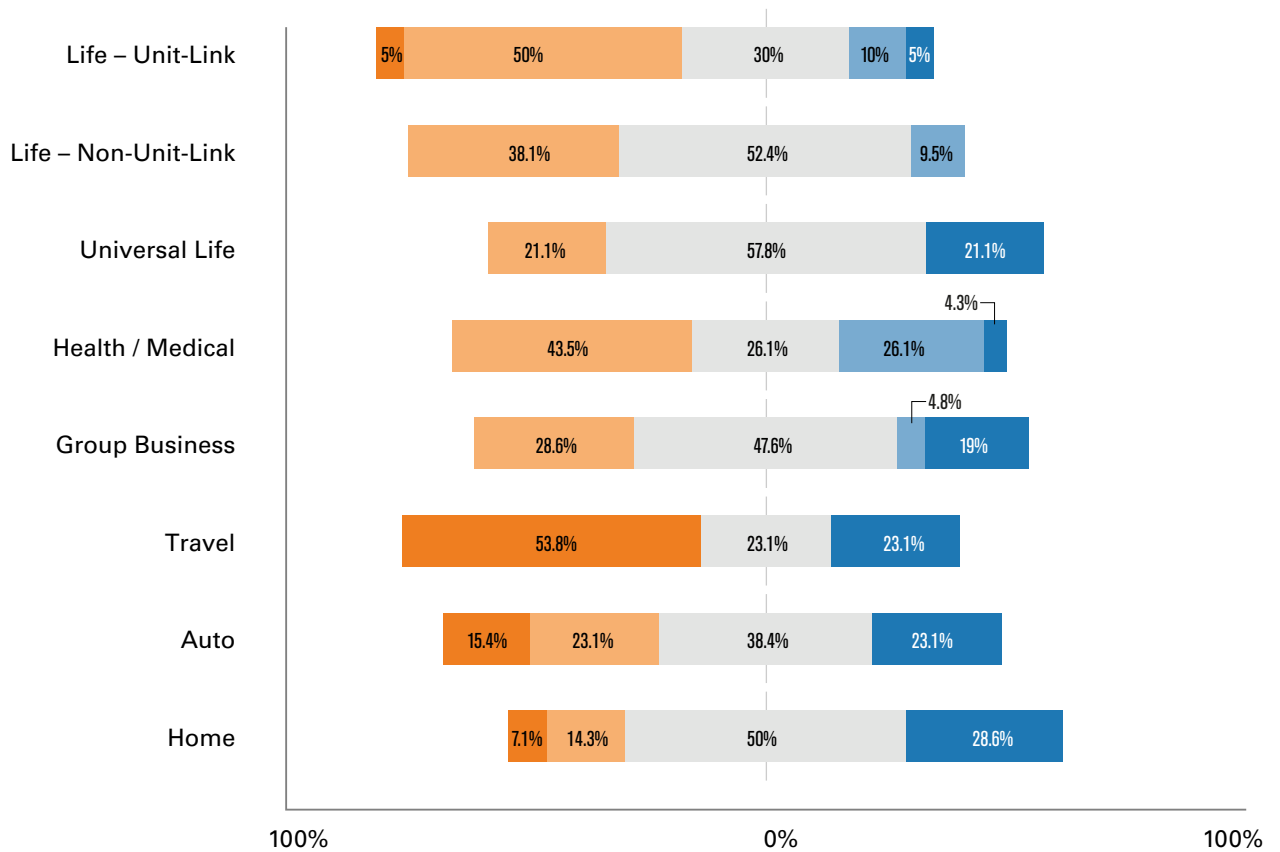
The overall impact on New Business in the last 2 quarters of 2020 due to Covid

■ Decreased (more than 20%)
 ■ Slightly decreased (up to 20%)
 ■ No impact
 ■ Slightly increased (up to 20%)
 ■ Significantly increased (more than 20%)
 ■ N/A



The impact on Renewals in the last 2 quarters of 2020 due to Covid

■ Decreased (greater than 40%)
 ■ Slightly Decreased (up to 20%)
 ■ No Impact
 ■ Slightly Increased (up to 20%)
 ■ Significantly Increased (greater than 20%)



Insurers are likely to see an increased appetite for usage-based and pay-as-you-go insurance products.

As stay-at-home orders took hold and work-from-home became the norm, it impacted both Travel and Auto insurance business lines.

The resilient segments during the pandemic for 43% of the respondents were Group-health businesses which did not suffer any impact and Retail-health new business, which increased by 20% for 36.3% of respondents.

2

Regulators facilitating to reshape

Regulators are facilitating Insurers in high-growth markets to widen the scope of products and offerings. In most of the Asian economies, Regulators have already started working with Insurers to design enhanced & standardized product offerings, extended coverage for Covid-19 related risks and made the products affordable by relaxing pricing norms. Insurance Regulatory Development Authority of India (IRDAI) announced the guidelines for standard Covid-19 Health Insurance products with uniform features and terms & conditions – “Corona Kavach” and “Corona Rakshak”.

Regulators are also aiding the simplification of the underwriting and claims processes and encouraging the transition to digital and direct services. Office of Insurance Commission (OIC), Thailand relaxed its norms for face-to-face financial needs analysis and underwriting, further mandating extensive use of technology, bringing down the policy buying and approval process to minutes.

Regulators are also issuing similar guidelines for policy servicing as seen in Singapore and Thailand. Financially distressed individuals and businesses are given revised premium payment schedules and also allowed deferral of premium payments. In September, Life Insurance Association, Singapore, allowed financially distressed policyholders, whose renewals were falling between October’20 and March’21, to defer premium payments for up to six months.

Covid-19 has presented a great opportunity for Regulators to work closely with Insurers to bring about standardized features that will help go a long way to cover wider markets. At the same time, it has also helped Insurers accelerate digital capabilities by relaxing certain policy servicing norms.



3 Customer e-Engagement 3.0 gaining momentum

2021 will see the emergence of Engagement 3.0 – Predict + Personalise + Engage= Digital consumer, where Insurers will focus on not just the digitization of operations but increasingly utilize the power of predictive algorithms and artificial intelligence to proactively assess risk, provide better product personalization and apt pricing for tailored and usage-based risk offerings.

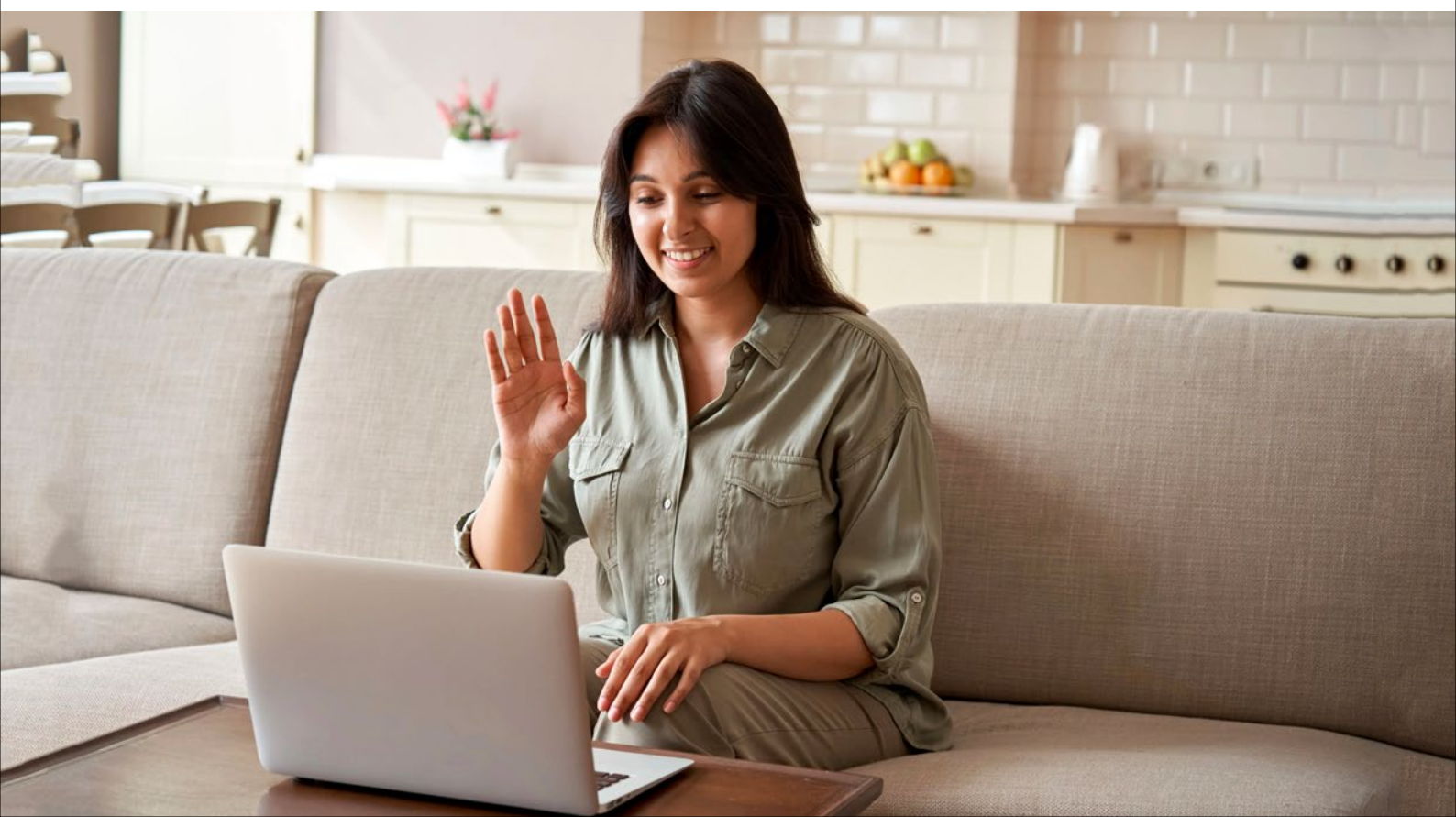
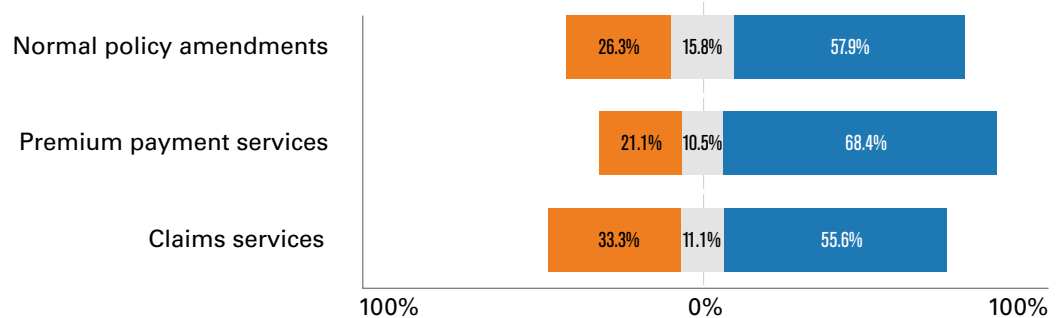
The Insurance industry in the past decade have worked on the formula of good servicing agent + standardised products = loyal consumer. Agents or brokers were at the forefront of customer service who would provide standardized products to prospective customers.

Due to the pandemic, virtual engagement emerged as the preferred choice. More than half the respondents saw customers transition to self-service options for basic policy amendments, premium payments, and claims servicing.

Agents and brokers will humanize the advisory and customer relations aspect and will be able to suggest better-integrated products as lines between life, health, and wealth management continue to blur. Omnichannel presence becomes the new narrative as customers seek interactions across channel touchpoints.

Changes being observed to customer interactions and touchpoints due to Covid

■ Via Agent / Broker
 ■ Via Customer Service hotline
 ■ Via Self-service options using app / customer portal



4 Sales and Distribution go Hybrid

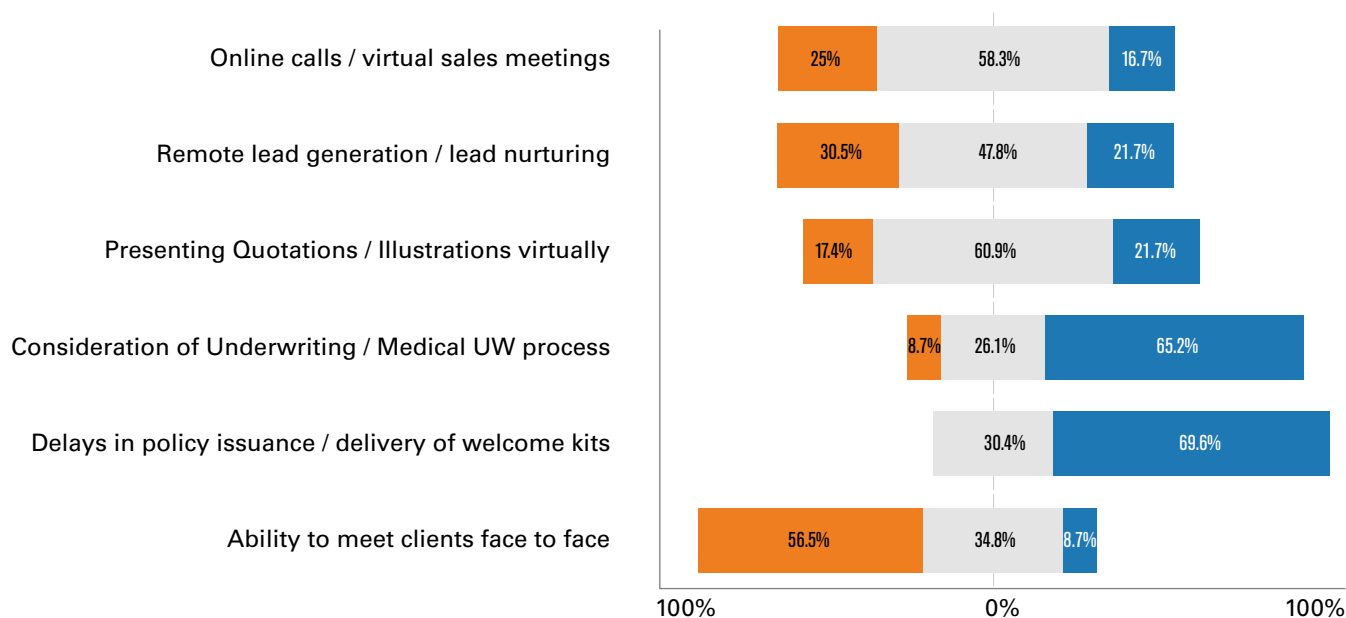
A hybrid model of sales and distribution that effectively leverages customer data and enhanced digital outreach will help in better positioning.

Today, Insurers face challenges in unifying data from increasing touchpoints and automating of insights to get a 360-degree view of the customer.

A hybrid approach that syncs direct and agent-based sales and distribution will now be a blend of Data & Digital technologies that starts from auto generation of the leads to digitising quotes & servicing claims. During the pandemic & until now, 70% of the respondents confirmed no delays either in policy issuance, delivery of welcome kits to customers, or the underwriting process thanks to hybrid models already in place.

Key challenges observed by the Sales and Distribution teams during 2020

■ High Challenge
 ■ Moderate Challenge
 ■ Not different from pre-Covid



5 Cost-efficiency mandate will be stronger than ever in 2021

Straight-through-processing for claims, automated underwriting, and refurbishing self help tools are top cost-saving measures being implemented and will continue across the board during 2021.

Lowering expenses while boosting productivity has been a priority KPI for executives in Asia. Profitability had been stressed even before the pandemic due to slowing economic growth, thin margins, and rising regulatory costs. Digital technologies are delivering enhanced value services along with generating sizeable cost savings for Insurers.

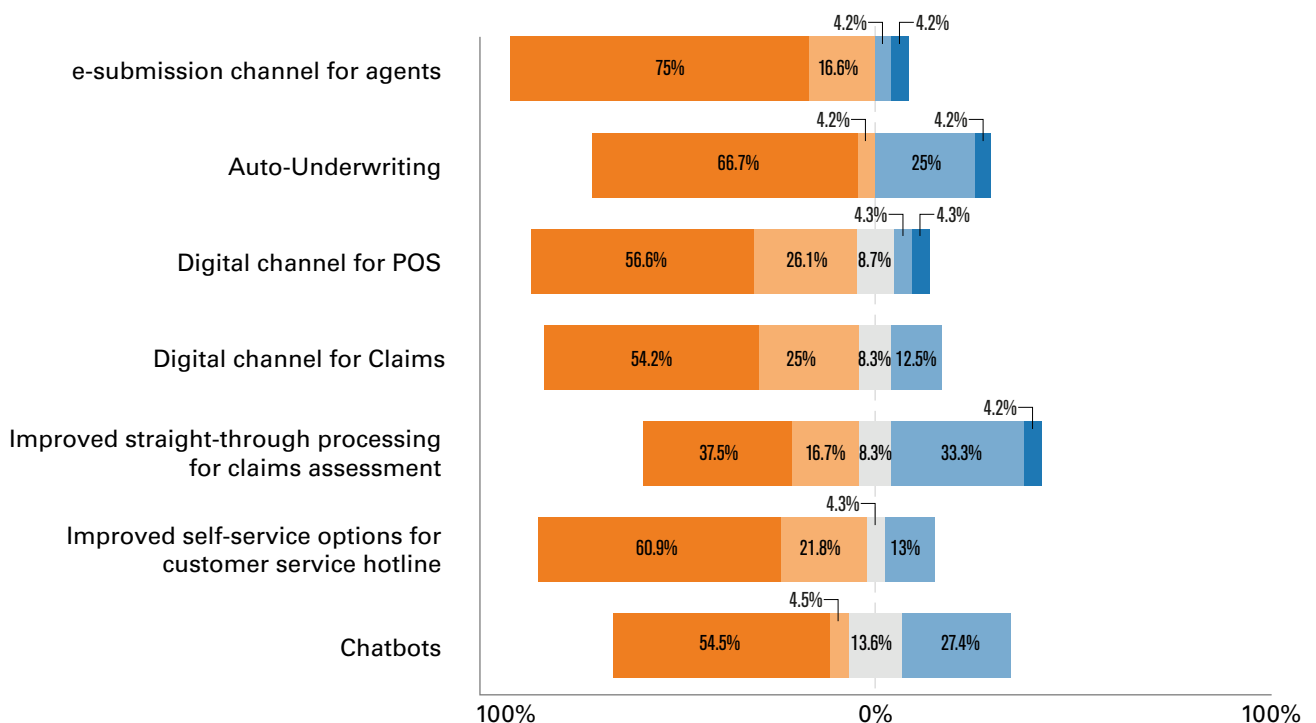
22% of respondents have improved self-service options for customers during Covid which has also helped shore up the bottom line. A majority of those surveyed had already enabled e-submission channels before 2020, though 16% of respondents claimed to have implemented e-submission platforms during the pandemic.

The top 3 cost-saving measures planned post-Covid by Insurers



Key measures that were undertaken to mitigate the operational challenges due to Covid, that will continue through 2021

Legend: ■ Already there pre-Covid ■ Enabled during Covid ■ Not planned ■ Not enabled but planned post-Covid ■ N/A

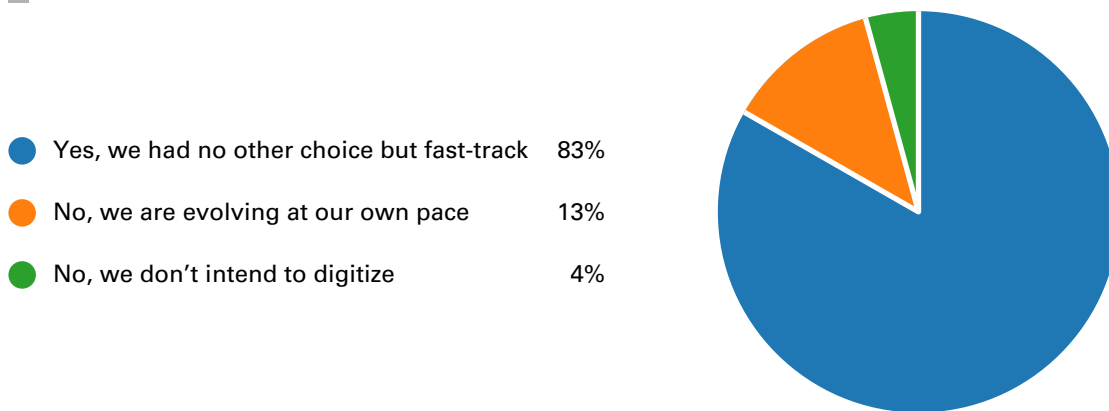


6 Insurers will be investing heavily in the Digital ecosystem

Partnerships are expected to move beyond traditional distribution channels. e-Distribution with new data ecosystem partners and ancillary service providers will see a strong surge during 2021.

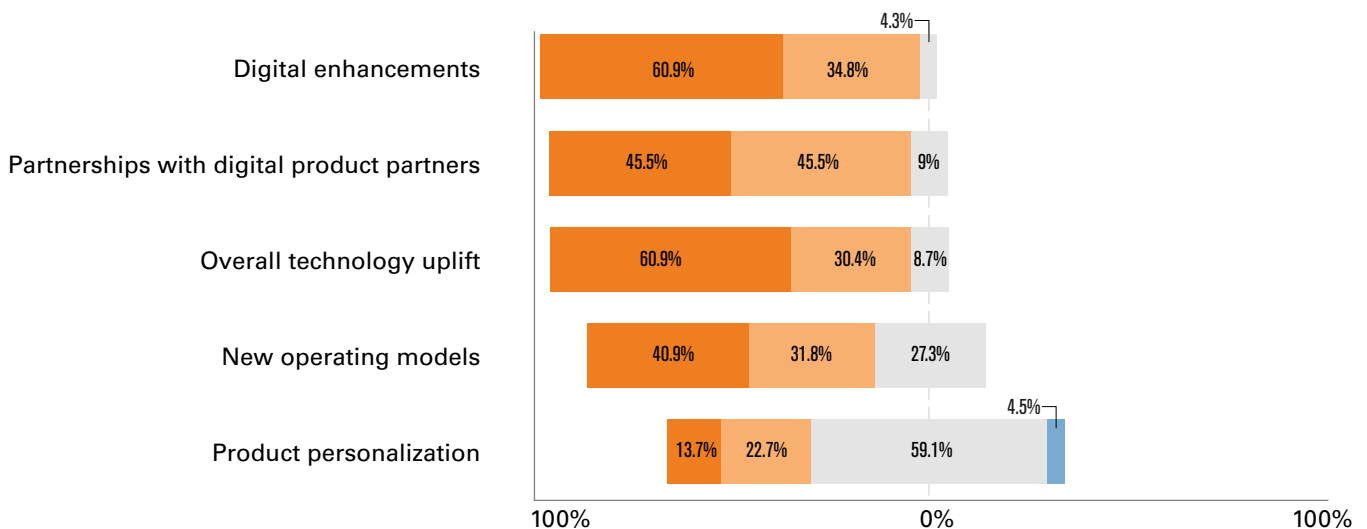
43% of those surveyed have entered into new Technology partnerships since Covid to enable digital services and direct interactions. This is opening up new avenues of value and service propositions for insurance customers. Working on a much broader scope of insights and capabilities will help Insurers tailor affordable propositions and provide sophisticated lifestyle-based solutions.

Do you think digitization has been fast tracked by a few years due to Covid?



Did Covid accelerate the following opportunities within your organization?

Strongly agree Somewhat agree Neutral Disagree Not sure



7

Upskilling and Training for the Digital Readiness

The Insurance industry is poised for an influx of skills and talent from multi-disciplinary unconventional backgrounds – from healthcare to fitness, from e-commerce to data sciences.

With digitization having been fast-tracked during the pandemic the need for digital-savvy employees is at an all-time high in the industry.

84% of respondents have implemented new digital tools in 2020 to enhance remote and telesales. 75% of respondents have enhanced quotation and application closure capabilities on the point-of-sale tools by embedding video and live calling features.

Upskilling agents, brokers and financial advisors and combining data analysts with a digital sales team will help Insurers develop innovative products and personalized services to match the high expectations of the Asian consumer.





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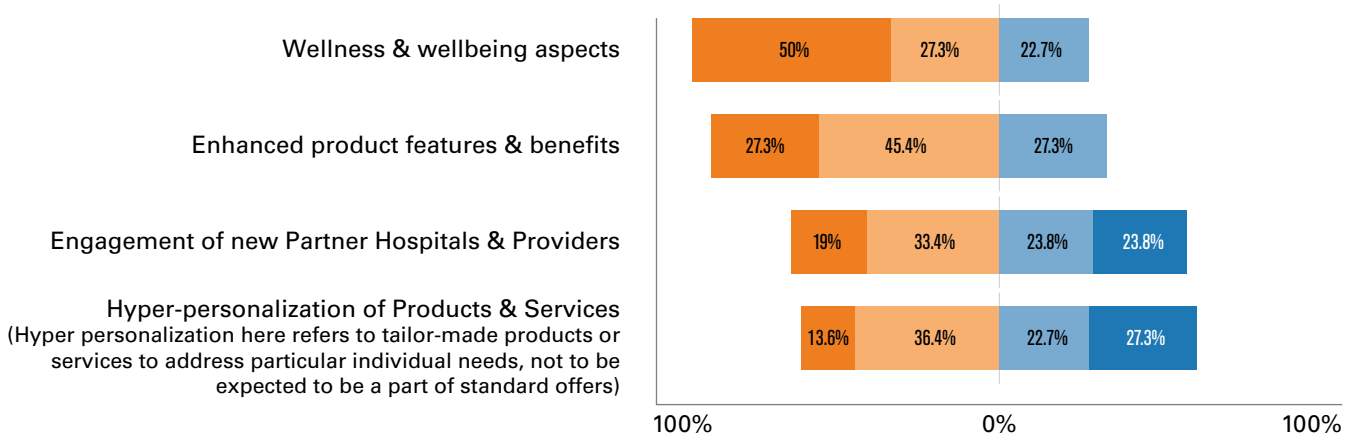
Wellness programs back in action

Wellness programs have been incorporated by Tier 1 Insurers for few years now. Customer expectations are now moving quickly towards embedded diagnostic models and openness to share their daily health habits for leading a healthy lifestyle.

Insurers will be forced to invest more on harnessing this trend where wellness features and policy benefits need to be tightly integrated to incentivize customers with better pricing & direct to home wellness services.

Customers being more engaged / interested on the below due to Covid

■ Highly interested
 ■ Moderately interested
 ■ Same as pre-covid
 ■ N/A



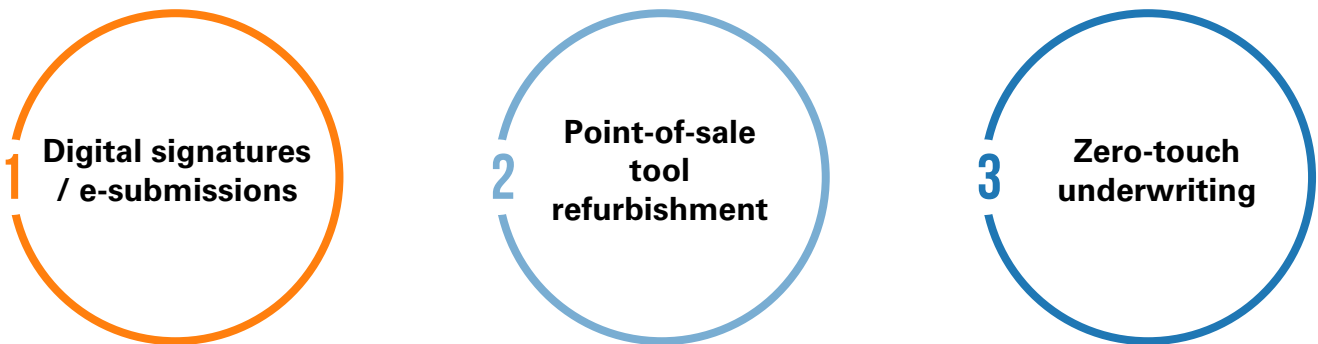
9 Increased focus on zero-touch Operations

Going digital-first in operations across the organization will be key to integrate multiple servicing teams, eliminate legacy redundancies, and deliver quick & seamless services.

The pandemic presented novel operational challenges and 48% of respondents transitioned to an adaptive model moving away from the dependency of co-locating their servicing teams. Chatbots and STP took prominence during 2020 especially with the need for remote servicing & claims.

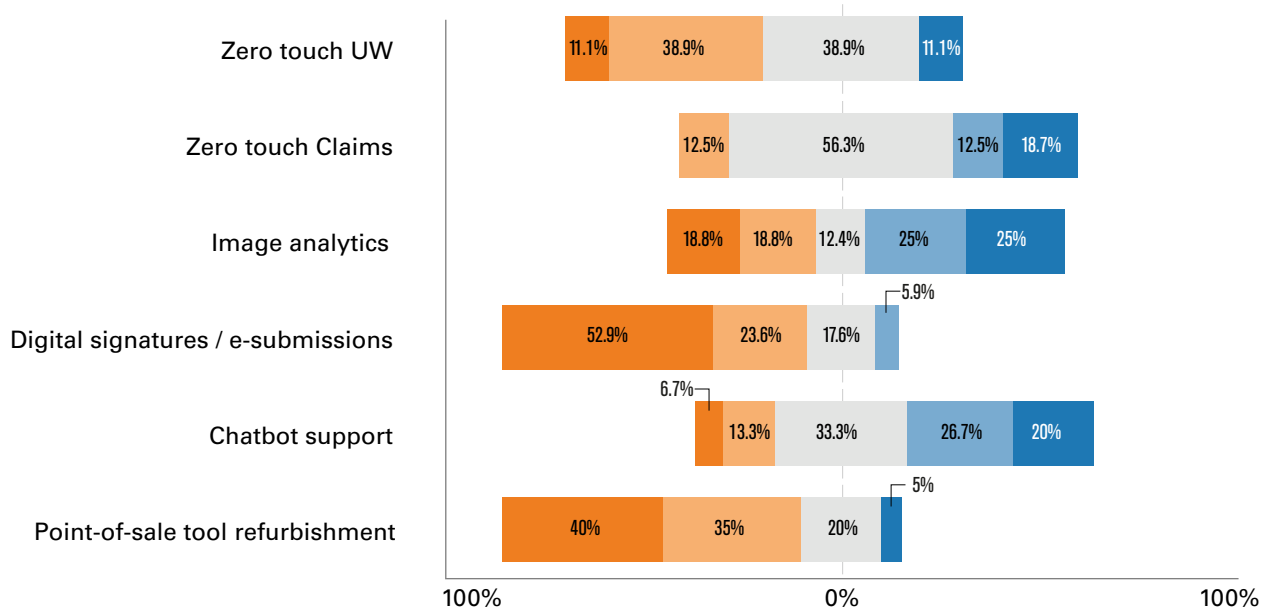
With productivity and cost-efficiency high on the agendas across the industry, process enhancements and process automation is marked as high priority for most and plans have been made for execution during 2021.

The 3 technology solutions that have emerged in our survey in order of their priority



Technology solutions planned to be executed to refurbish the operations & sales support experience during 2021

- High priority (within Q1 – Q2)
- Somewhat high priority (within next Q2 – Q3)
- Medium priority (within next Q3 – Q4)
- Somewhat low priority (within next Q4 – Q1 '22)
- Low priority (Q1 '22 and beyond)



10 Customer Experience - Gig Economy trendsetters will show the way

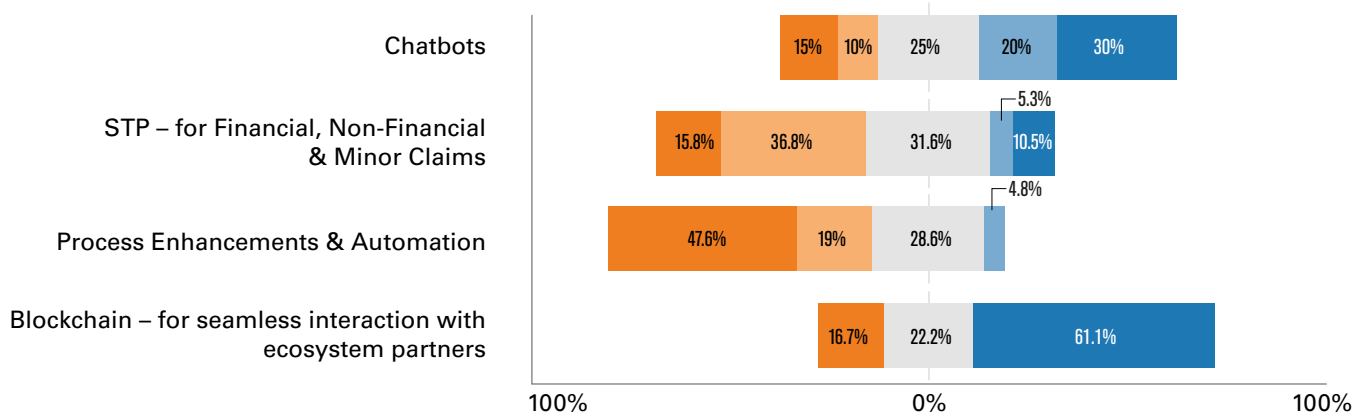
Taxi hail apps to e-grocers - Customer experience at the Insurance industry is widely being seen to follow these new-age gig trendsetters. This will include usage-based offers to seamless interactions with '0' human intervention.

Usage-Based Insurance (UBI) took shape over the last few years and continues to evolve. With digital insurance players setting the trend for innovative products and driving engagement on smart phones, experts are predicting an evolution of customer engagements that will help to serve in near real time scenarios.

Smart utilization of IoT, artificial intelligence and digital partnerships will redefine a customer's journey starting from product selection to claim settlement.

Technology solutions planned to be executed to refurbish the 'end customer' experience during 2021

- High priority (within Q1 – Q2)
- Somewhat high priority (within next Q2 – Q3)
- Medium priority (within next Q3 – Q4)
- Somewhat low priority (within next Q4 – Q1 '22)
- Low priority (Q1 '22 and beyond)



The way forward for the Insurance industry is to build scalable data pipelines applied to an omnichannel engine. This coupled with regulatory sandboxes in regional markets will provide flexibility to quickly apply the learnings to multiple use cases. If done right, the result will be seamless, integrated releases that should lay the foundation for Insurers in the region to build and integrate ecosystem fundamentals and closed-loop systems that will go a long way in delighting customers.

TO 2021 & BEYOND!

The global Insurance industry needs to face the reality that Digitization is radically changing the financial services sector and the COVID-19 pandemic has only helped in speeding up this process. There is a massive potential for growth in the region but it cannot be done with the old playbook. This report clearly outlines the path forward for the Insurance industry.

As digital innovation is fast-tracked, now is the time for Technology enablers to build and showcase robust and future-ready technologies. The growing number of insurtech startups are a positive sign for the Insurance industry across the region. Management Consulting firms with a deep understanding of the profound shifts in demography, and increased consumer expectations, will help innovate on strategies to drive the insurance market forward.

Finally, Insurers should recognize they are in the midst of arguably the most significant change in their industry's history. The Insurance industry will have to revise siloed thinking to execute effective strategies, leverage long-term technology partnerships, and revamp internal redundancies to emerge winners in a new type of economy that's more flexible, interconnected, and interdependent.



William Kuan
Board Advisor, Synergy

As we start 2021, the new reality looks different from what existed before, and I say this in a positive way. Post Covid years (2021 and beyond) will only bring much needed focus and investment into the Insurance sector in Asia.

This report re-emphasises the aspects of digital enablement – Digital 3.0 - that will continue to take priority in 2021 to drive product creation, building a new partner ecosystem and to drive efficiency across all the retail insurance lines.

I am extremely hopeful that Insurers will utilise the Covid infused challenges to transform and re-emerge stronger and better.



Research Methodology

The 2020 Synergy Survey was conducted across 23 Insurance companies spanning Asia - HK, Japan, India, Singapore, Indonesia, Malaysia, Philippines & Thailand. Respondents held the titles of CEO, CIO, COO, CTO, CFO, President, Senior Leader/ Director & Head of LOB.

About Synergy

Synergy is a leading management consulting & technology solutions company with a specialized focus on the Insurance sector. Headquartered in Hong Kong, Synergy has operations spanning Singapore, Malaysia, and India.

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