

# GIF DAILY

DAY 1



MONDAY, 15 JUNE 2015

Published by:

ASIA  
INSURANCE REVIEW

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## Valuing insurance to close the gap

If people truly appreciated the value of insurance, there would be a mad rush to buy insurance for every risk man faces in life. As someone said: "Insurance gives a contractual guarantee for peace of mind when even religions hold back."

Yet today despite all the "good" that insurance has done to keep the wheels of business, economy and society moving over the 2,000 years, there is still a huge insurance gap. In some markets, this is as high as a shocking 90%.

### So who is to blame?

Firstly, governments have a big role in bridging the protection gap from compulsory insurance rules to nurturing the public's understanding of insurance. In some markets, regulators are mandated with the role of developing the insurance sector and have taken it just as seriously, including doing road shows and radio/TV talks on the value of insurance.

Secondly, the industry is at its wits end to make insurance a "bought" product, which is more "liked". There are leading insurance warriors who campaign the good that insurance does, including hailing that most infrastructure development funds come from the bonds that insurers buy. But it is a long hard climb as even politicians and policymakers seem unconvinced and unable to differentiate insurers from the wrongs that banks do and are hence

*Continued on page 2*

## Hello New York, we're back!

"Welcome to the Global Insurance Forum, the 51st annual conference of the International Insurance Society. We are delighted to return to New York for the first time in 12 years. Our first two days of industry thought leadership are taking place at the iconic Waldorf Astoria, now owned by IIS member Anbang Insurance Group. We have also been invited to hold our third day at United Nations headquarters, where we will discuss with world-leading public policy institutions how the insurance industry can further contribute to sustainable development around the world, protecting lives, livelihoods and property.

It is fitting then, that the theme of this year's Forum is "Filling the Protection Gap". We will hear industry stakeholders' thoughts on how access to insurance can be expanded in both developing and the developed economies to improve living standards.

We will also discuss how new products and new distribution approaches can help organisations and governments provide for better economic and environmental security. The Protection Gap hinders economic growth in many ways, and filling it will benefit our industry and our society as a whole.

The Global Insurance Forum is the only event that brings together all the industry's thought leaders: senior life and non-life executives from companies and countries large and small, scholars, regulators and advisers.

Only a gathering of this diversity and inclusiveness, without an advocacy agenda, can generate and exchange ideas that will meaningfully affect our industry and our world. Thank you for participating; now let all of us benefit from your unique insight."



**Mr Mike Morrissey,**  
President & CEO,  
IIS



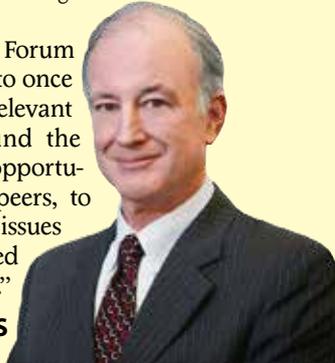
## Excellent programme awaits

"On behalf of the IIS, I would like to welcome all of you.

The excellent programme of distinguished speakers will undoubtedly make this Forum memorable. The theme "Filling the Protection Gap" will be explored from many aspects and the topic certainly stands as one of the greatest challenges and opportunities for the industry. The final day of the Forum will take place at the United Nations Headquarters, with a primary focus on sustainability and resilience. The roster of speakers includes experts from the industry as well as global governmental leaders.

But of course, a highlight of the Forum will be the opportunity presented, to once again, rub shoulders and discuss relevant issues with attendees from around the world. The Forum will provide opportunities to learn, to interact with peers, to network and to reflect upon the big issues facing the industry today, delivered with the usual IIS stamp of quality."

**Mr Greig Woodring, Chairman, IIS**



## IIS Ambassadors get new Chairman

IIS Ambassador David Piesse has become Chairman of the IIS Ambassadors effective immediately, announced IIS CEO Mike Morrissey.

Mr Piesse takes over from current Chairman Gary Comerford who has done a superb job for the last three years.

Mr Piesse said he is delighted to take over this important role after 5 years as an Ambassador for Asia Pacific, which will be a continuing role for advancement of the IIS in the emerging markets of Asia. He brings 40 years of risk management, insurance and technology to the table and this experience will assist the IIS Board to expand membership, and increase research content and services as the insurance industry enters an increasing digital and analytical world.

"It is a great honour to be able to give back to this great industry of insurance and work with a great bunch of people at the IIS," said Mr Piesse. The IIS Ambassadors are a key part of the every day working of the IIS across the respective countries and regions.



Mr David Piesse



Mr Gary Comerford

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to be treated differently. Then, there is the confusion between life and general insurance which again are two very different animals: one more loveable than the other and so much more chic. Should the two be separated?

Thirdly, at the corporate level, are insurers seriously doing enough to go for blue ocean strategies and come out with new products to find new markets? An industry freshie in Australia once shocked a CEO-audience with his simplistic query: "Why moan about excessive competition when there is a great underinsurance problem in the country? Are you guys are all fishing in the same small pond where the fish will bite?" The question was dismissed as naïve and that sense of adventure to take the untrodden path was missing.

Fourthly, the industry suffers because there is no real pricing mantra for risk. It is a sense of expert perceptions that change with time, relationship and getting to know the client better. So the industry needs a scientific guide for risk pricing.

Lastly, consumers themselves want instant gratification. Hence, insurance with a promise to pay at a future date in the event of

an insured mishap, is just somehow too remote for the "now" generation on social media. The value of insurance at the moment of claim when the product's raison d'être is tested is under-rated or contested. It is easier for life, as life returns the premiums plus extra to the insured. In non-life, there is often that gap in what is paid and what is claimed. As they say, there is enough to meet everyone's need but never enough to fill one man's greed. The insurers who stand up to such greed are vilified and so is the industry. And the cycle goes on.

### So what gives?

In this world of disruptive innovation, is insurance a victim too? Is the ultimate solution to embed insurance in every product and service that is sold? It will not sideline insurance; it will instead create the buzz to make insurance a positive household word. This is already happening in some products like cars, copiers and smartphones where the price comes with at least first-year covers included. So you get insurance with everything you buy: like the infamous fries. But then again, everyone loves chips!

## No formal innovation strategy for 45% of insurers

A worrying 45% of insurers admitted that they had no formal innovation strategy, according to KPMG which surveyed more than 280 insurance executives across 20 countries about their innovation strategies.

Its report, launched at the Global Insurance Forum today, "Demystifying the public private partnership paradigm", recognises the role insurers can play in responding to global challenges. It also highlights the commercial opportunities for insurers in addressing these challenges, such as securing significant returns by providing long-term debt financing solutions in areas such as flood defence.

However, insurers' struggle with innovation is preventing them

from achieving this. In response, KPMG suggests an increased role for insurers in Public Private Partnerships (PPP) - partnerships between insurers and non-traditional organisations, including public, private and non-governmental organisations.

"We are already seeing some of the world's leading insurance groups taking significant steps by creating and growing partnerships with public, private and non-governmental organisations. Those who have innovation at the heart of their business can capitalise on these opportunities," said Mr Gary Reader, Global Head of Insurance at KPMG International.



Mr Gary Reader

## Upcoming conferences

### Conference on Catastrophe Insurance in Asia

Theme: "Managing the Rising CAT Exposures in Asia"

30 June - 1 July 2015, Ho Chi Minh City, Vietnam



### Asia Insurance Conference on Employee Benefits

Theme: "Using Insurance as a Partner to Innovate Employee Benefits Schemes while Controlling Costs"

27-28 July 2015, Singapore



### Asia Insurance CIO Technology Summit

Theme: "Challenges of CIO/CTO in the Era of Disruptive Innovation in Insurance"

1-2 September 2015, Jakarta, Indonesia



### Asia Conference on Pensions and Retirement Planning

Theme: "Filling the Protection & Savings Gaps in Pensions"

9-10 September 2015, Shanghai, China



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# CEOs on the big challenges of the day

The insurance industry has often been a target for disruptions, though insurers have proven their longevity many times over. We speak to several leaders about the potential “barbarians at the door”, and the things they are keeping a close eye on in the world today.

## What keeps you awake in this era of disruptive innovation?

“Innovation in general is something that is more positive than negative. Sometimes it renders something obsolete, but if it adds greater relevant value to the ultimate users, it should be embraced. It makes the landscape even more competitive, but it just means we need to keep ourselves open to all possible opportunities, and encourage and embrace innovation ourselves to stay ahead and stay relevant.

What I worry about more is the complexity and changes in risks and exposures in the region. I am concerned that there are not enough of us who are drawn to finding the innovative solutions to address these issues. My worry is that our industry’s investment in innovation is to stay conventional rather than explore off the beaten path and be disruptive.”

**Mr John Tan,**  
Group Chief  
Executive,  
**ACR Capital  
Holdings**

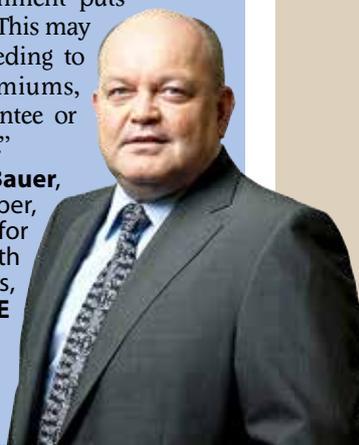


“There are two major topics that keep the industry awake: firstly, the topic of digitalisation, and secondly, the current low interest environment.

With regards to digitalisation, we have to find new ways to attract customers belonging to generation Y, who prefer to use their personal digital devices to manage their personal and financial needs. Unless we align ourselves with their changing behaviour patterns we will not be able to attract this important and growing customer segment.

Furthermore, in a rapidly growing ageing Asian population, the issue of the low interest environment puts pressure on returns. This may lead to insurers needing to increase their premiums, especially for guarantee or retirement products.”

**Mr Manuel Bauer,**  
Board Member,  
responsible for  
Insurance Growth  
Markets,  
**Allianz SE**



“I can sleep quite well because Munich Re is exploiting the opportunities to innovate – it would trouble me if we were not innovating. The environment is challenging; some of our innovations will definitely fail, but at the same time there are numerous opportunities for more profitable business and better customer service.

The insurance industry has to provide solutions that affect not only the mode of economic activity, but more importantly, customer behaviour.”

**Dr Nikolaus von Bomhard,**  
Group CEO,  
**Munich Re**



“Four billion people or 55% of the population on this planet have never heard of insurance; how can we reach these people and help close this protection gap?

I am therefore tremendously excited by the opportunities that disruption – especially from technology – offer in terms of offering solutions to these people.”

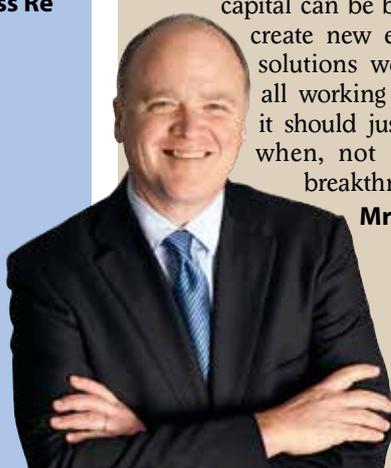
**Mr Michel Liès,**  
Group CEO,  
**Swiss Re**



“The rate of change in technology and the risks and opportunities that come with it. Technology is causing our clients’ risks to change more and more quickly all the time. So we need to keep up with that rate of change to make as big a difference as we can.

Whether it’s cyber, floods or earthquakes, we as an industry should be thinking in terms of how technology can help us gain new insights to make those problems solvable, and how alternative capital can be brought to bear to create new economics to the solutions we create. If we’re all working toward this end, it should just be a matter of when, not if, we see some breakthroughs.”

**Mr Mike McGavick,**  
CEO,  
**XL Group**



“The tension between national interests and the need for a coordinated response to global issues. The world is increasingly interconnected and complex, challenges are emerging at an accelerated rate, but our governance mechanisms are fragmented and localised, and the divisions are widening in the face of increased geopolitical tensions and social instability. This is affecting us in so many ways.

We believe that part of our role as a global insurance company is to advocate for closer global cooperation to develop a more unified response to these global challenges through our thought leadership, and participation in international forums.”

**Mr Geoff Riddell,**  
Special Adviser,  
**Zurich  
Insurance  
Group**



# Bright lights, city nights

Welcome to the Big Apple, where the newly-rebranded Global Insurance Forum kicked off with a relaxed evening of renewed camaraderie, canapes and charged glasses. Despite the weekend, it was impossible to curb the surge of excitement emanating from the industry to gather once more and brainstorm on pertinent issues it currently faces – so aptly in the city that never sleeps.



# Celebrating silver jubilee

2015 marks 25 years since the idea of establishing *Asia Insurance Review* (AIR) was conceived in April 1990. A quarter of a century since our modest beginnings as a bi-monthly magazine in black and white, AIR has proved its mantle as the voice of Asia's insurance industry and boosted the region's image and profile, and is now always invited to be present at all key domestic, regional and global industry events.

Even as we mark our silver jubilee, whatever accomplishments and successes that we may have achieved would not have been possible without the support of the regulators, the players in the industry, and the industry associations, including the ASEAN Insurance Council and the East Asian Insurance Congress which appointed AIR as permanent observer and media adviser, and the Singapore International Reinsurance Conference where we are part of the organising committee and official media partner.

We have celebrated the good times and persevered through the tough times with the industry for two-and-a-half decades.

Here's to many more jubilees, and the continued success of the industry!



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Sivam Subramaniam, Sheela Suppiah-Raj, Benjamin Ang, Ridwan Abbas, Dawn Sit, Gregory Taylor

Editor-in-Chief: Sivam Subramaniam • General Manager, Business Development: Sheela Suppiah  
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