



AUGUST 2016

Think Asia

A Pacific Life Re Asia Publication

BRAVE IN A WORLD OF RISK



PACIFIC LIFE RE

LETTER FROM THE MD



Time flies, and we are already heading into the second half of 2016. I trust that the year has been good for you and your company. There were a number of significant milestones for all of us at Pacific Life Re worth celebrating.

Earlier this year, we officially launched the Pacific Life Re Korea branch office, after having conducted business on a remote basis since 2009. Our local team is already on the ground, delivering our value propositions, as well as providing responsive service levels to our clients

in Korea. We will be marking this occasion with a launch event in Seoul on September 22nd this year.

I am pleased to say that the response for our upcoming Insurance Innovation Seminar has been overwhelming. We will have representatives from eight countries at this event providing participants with an opportunity to network and learn from one another. With markets seeing increasing competition, the importance of innovation is emphasised more than ever with the need to create unique propositions that will meet the demands of modern customers. Lots of ideas and peer-to-peer sharing sessions have been planned for this seminar, and we look forward to welcoming all participants in August.

I am also delighted to share that Pacific Life Re's financial strength rating has been upgraded to AA- from A+ by S&P, with a stable outlook, giving our clients even more assurance of our financial strength.

Best regards,

A handwritten signature in white ink that reads "Alex King". The signature is stylized and cursive.

Alex King
Managing Director
Pacific Life Re | Asia



HIGHLIGHTS

Letter from the MD

IH 2016 Happenings

Announcements

Cover Story: Personalising Insurance

Feature: Art, Science & Technology -
How New Technology is Shaping the
Future of Underwriting &
Underwriters

New Appointments

LAUNCH OF PACIFIC LIFE RE KOREA

2016 began on a high note for us as we officially received the green light from the Financial Services Commission (FSC) to commence writing reinsurance business in Korea. This is a significant milestone for Pacific Life Re as it means that we are now better able to provide more responsive, on-the-ground reinsurance support to our clients in Korea.

We are no stranger to the market, having worked with and delivered many value propositions to our clients in Korea from our regional office in Singapore since 2009. With our team in Korea led by Simon Chong, we hope to work even more closely with insurers in that market to develop new product ideas for their customers, and bring innovative solutions to increase sales of protection products in the market.

If you would like to discuss how we can support your business, please contact Simon Chong, Head of Korea at simon.chong@pacificlifere.com.

IFOA ASIA CONFERENCE 2016

In the first week of March, our Head of Customer Propositions, Darshan Singh, conducted a short, interactive hands-on workshop on 'Innovation: It Doesn't Just Happen' at the IFOA Asia Conference in Kuala Lumpur.

During this session, participants were asked to put themselves in the shoes of their customers, and via a social voting app, brainstorm their pain points in buying insurance. These pain points then set a basis for further discussions, in which participants think of creative and innovative approaches on how non-insurance companies can help to address these issues such as the ease of purchasing an insurance policy online within minutes.

To view the presentation slides, please visit [this page](#).

ANNOUNCEMENTS

STANDARD & POOR'S UPGRADES PACIFIC LIFE RE TO AA-; OUTLOOK STABLE

Earlier last month, S&P announced that they have upgraded our financial strength rating to AA- from A+. The AA- rating is the fourth highest rating out of the 21 rating categories used by S&P. At the same time, S&P maintained the outlook on the rating at 'stable'.

The upgrade on our rating is based on S&P's long-term review of our financial results and business strategy around growth and diversification. This reinforces our existing reputation for financial strength and provides a solid foundation for further growth within the Asian life insurance market.

To view the full press release, please visit www.PacificLife.com/Ratings.

INSURANCE INNOVATION SEMINAR 2016

This year, Pacific Life Re is proud to be hosting the first Insurance Innovation Seminar, with the theme 'Redefining Customer Experience with Innovation'. This seminar will be held from 22 - 23 August 2016, at the Marriott Tang Plaza Hotel, Singapore.

During this seminar, participants can expect interactive discussions that revolve around design thinking, artificial intelligence, customer dilemmas and innovative approaches to addressing them. On top of that, discussions about the potential for using technology in life underwriting as well as tapping on how big data could be used to improve various aspects of the business.

There is no silver bullet to creating an innovative organisation overnight; it requires keen foresight, the ability to disrupt from within your organisation, manage innovation via multiple channels, and embracing unconventional win-win partnerships.

Thank you to those who have registered, and we look forward to welcoming you in August.

KOREA LAUNCH EVENT 2016

To celebrate the new beginnings of Pacific Life Re Korea, we will be hosting a launch event for our Korean clients in September. Held at The Plaza Seoul, guests can expect to be entertained by a line-up of interesting acts amidst networking over good food and company. Stay tuned for the next issue of Think Asia where we will be sharing some pictures from the event!

Personalising Insurance



Too often, we hear about insurance companies struggling to attract, engage and hold onto their customers in the long term. This article explores one of the ways to engage with customers, increase the stickiness of their business and go beyond just issuing a cheque at the claims stage.

The perennial question and issue with the insurance market in Asia is why people are not buying sufficient insurance for their protection needs. There are of course many reasons why the perceived need for insurance is so low and why insurance companies struggle to attract customers. Traditionally, insurance products are highly intangible and difficult for customers to relate to or engage with. There is also limited contact between the customer and the insurance company - typically only at renewal, where there are premium collection issues, or at point of claim when something unfortunate happens.

One way in which insurance companies can distinguish themselves - by being seen as providing more than just financial assistance when an unfortunate event occurs - is by providing a range of support services fully embedded within their products. These services provide additional value-added support that is relevant to the customer, either in enhancing their personal well-being or reducing pain points in their lives.

The addition of value-added services with insurance products brings tangible benefits alongside the financial protection that the policyholder gets from their insurance policy. It also provides an opportunity for the insurance company to continuously engage with the policyholder, providing support before, during, and after the risk event that the policyholder buys protection for.

WINNING THE CUSTOMER

In order to address these needs, it is important to take a step back and attempt to understand what customers want. This enables us to design more holistic insurance propositions with the right support mechanisms with the customers in mind. Both the customer and insurer are then encouraged to regularly interact and this provides a positive environment for the insurer to pursue a path of service (and product) innovation. This approach involves embedding a range of value-added services within the insurance product, thereby enabling the insurers to be seen as a true partner that goes beyond providing financial assistance to customers.

Customers are more likely to display interest in products that cater to their implicit needs, address their pain points, and provide a product narrative that goes beyond the pure financial into the realm of delivering a holistic service, as illustrated below.

A TALE OF TWO CUSTOMER JOURNEYS

When John Tan and Kevin Wong were diagnosed with cancer, their world turned upside down. They were at a complete loss. They had no idea what to do first. Who would they consult? What is the best treatment? Would they survive? How would they manage the entire treatment?

After approaching his insurer, Kevin was asked to submit the claim documents for the necessary due diligence. Everything went smoothly - his insurer admitted the claim and posted the claim cheque. While his insurer fulfilled the contract, there was minimal level of engagement between Kevin and his insurer throughout the process.

CONSTANT CARING ASSISTANCE THROUGHOUT

Similarly, John called his insurer to ascertain the procedure to file a claim. He was promptly advised about the process and was also promised a call within the next 24 hours. He was in for a pleasant surprise the next day when his call was promptly returned.

Linda, the 'Case Manager' allocated to assist John, came across empathetically and patiently answered all his queries regarding the insurance cover and the treatment options available. Linda then advised John about the other services available and scheduled an appointment for him. The insurer's approach to the whole situation came as a great relief for John.

During the discussion, Linda shared with John a listing of the 'Oncologists' and the 'Centres of Excellence' for cancer treatment in the city. She also assisted John to schedule an appointment with the chosen oncologist. After the initial consultation, John still had a few ambiguities and wanted to consult another doctor to be fully sure of the diagnosis and the proposed treatment. Once again, Linda offered assistance in organising the 'Second Medical Opinion' for John with another oncologist, both virtually and in-person.

Having consulted two doctors and with all his questions answered, John decided to pursue the necessary staging investigations and treatment. Linda continued to assist him and walked him through the entire treatment plan put together by the treating doctors. She patiently answered all his queries, and helped John and his family prepare mentally for what lay ahead.

Linda also explained the services that were covered under John's insurance so that the family was better prepared to manage the expenses. She also made the necessary medical appointments for John, resolved his queries and connected him to 24-hour counseling helpline provided by the insurer. The transport services to and from the hospital for each session of investigations, chemotherapy or radiotherapy were arranged throughout the course of the treatment without having the family to worry about the details.

Linda worked closely with the team of treating doctors at the hospital and also actively managed John's hospital stay. Finally, when John was ready to be discharged, Linda coordinated the discharge planning with the hospital authorities and arranged for him to return home. Linda also continued to assist with the filing of John's claim and other reimbursements, ensuring prompt settlement with minimal follow-ups.

Once John was home, the necessary home nursing care was arranged to help him recover fast. Shortly after the initial phase of recovery, Linda connected John to other cancer survivors as part of the 'Survivorship Programme', a form of support system for John to exchange experiences and gain insights from other cancer survivors.

While Kevin's and John's claims were both settled quickly by their respective insurers, the support system and the vital information that John had access to, ensured that he did not have

Engaging with the customers right from the beginning of their insurance journey and elevating the service experience at each touch point through a well-thought-out and proactive customer centred methodology is an approach that will make insurance more meaningful for today's customer. It transforms from merely honouring a financial contract to genuinely personalising insurance around the softer needs of the customer.

to walk his cancer journey alone.

PROACTIVE APPROACH IN ENGAGING WITH CUSTOMERS

At the time of a claim, when a customer is faced with the most trying circumstances and is coming to terms with a new reality, holding the customers' hand throughout the journey and providing the necessary support lessens the turmoil that they have been thrown into. Insurers are well-placed to assist the customers during such testing times by providing the necessary support services. In order to achieve this, the range of services could be widened beyond the traditional back office claims settlement to adopting a more proactive approach in engaging with customers, right from the time when they initially buy the policy. This would not only enhance customer satisfaction and build trust, but also help create brand ambassadors for the insurer. Articulating the value-added services embedded into the product to the prospective customers would also help agents to sell the benefits of protection as a service as well as a financial safeguard.

Engaging with the customers right from the beginning of their insurance journey and elevating the service experience at each touch point through a well-thought-out and proactive customer centred methodology is an approach that will make insurance more meaningful for today's customer. It transforms from merely honouring a financial contract to genuinely personalising insurance around the softer needs of the customer.

Deepak Gandhi

Director (Underwriting & Claims)

Pacific Life Re Limited



Art, Science & Technology

How new technology is shaping the future of underwriting & underwriters



NEW TECHNOLOGY

The emergence of new technology has the potential to change the way we underwrite our consumers, distribute insurance products, collect data, and change consumer behaviour in the actual buying of insurance products. It will also fundamentally change the role of the underwriter as we know it today.

This article explores the impact of the new technology in detail in terms of the process change, changes in risk assessment, new types of underwriting evidence, and what this will all mean for the underwriter of the future in terms of their skills set and their role within the organisation.

Underwriting has always been described as both an art and a science. In the future, however, it will be described as an art, science, and technology. The role of underwriting will then move from being a back office function to a front office function.

CORE RISK ASSESSMENT

In terms of the core risk assessment, not much has changed since the past few decades. Each case was assessed off a paper application form, with reports from doctors, medical examinations, laboratories, and other tests. Fast forward to today, we are still observing the same types of evidence in roughly the same format. If you are to take an underwriter from the 1980s and place a case in front of him today, he would not have noticed much difference in what he needs to assess and how he assesses it.

QUANTUM LEAP

We are on the cusp of a quantum leap in how risk is assessed and

the role an underwriter will perform within companies in the future.

We are already seeing the move from paper- to system-based, and straight through processing of more simple cases without human intervention. Electronic submission of medical records, examination reports, and laboratory test results is already happening, and rules are being built within underwriting engines to process these automatically.

From static reporting, analysis, and monitoring, we are moving to the smarter use of the vast amount of data out there. Things like predictive underwriting are already enabling us to build models that will give accurate predictions about future outcomes.

While the core risk assessment will stay the same, the risk assessment tools and types of evidences used will change. This is more likely to come from the customer via their own health platform on their mobile phones, tablets, or wearable devices. The new generation wearable devices allow for the monitoring of an individual's health in real-time. Risk management will then shift from being a static process using historical data, to a dynamic process that relies on a flow of real-time risk assessment data.

To add on to that, social media will also have an impact on underwriting. Large data aggregators are already mining online information, including from social networking sites. Underwriters will be asked to synthesise and analyse these information in order to identify important trends, new areas for analysis, emerging opportunities, and risks. Like monitoring an individual's health in real-time, the use of social media data will also enable insurers to shift underwriting to a dynamic process in real-time.

FEATURE: ART, SCIENCE & TECHNOLOGY - HOW NEW TECHNOLOGY IS SHAPING THE FUTURE OF UNDERWRITING & UNDERWRITERS

Availability of data and predictive modelling will enable customised, efficient, and real-time operational risk controls, making automated underwriting at point-of-sale more robust and convenient for both distributors and customers.

WHAT IS IN IT FOR THE UNDERWRITERS, DISTRIBUTORS AND CUSTOMERS

What will the Asian underwriter look like in the future where over 80% of decisions will be made by a machine, where predictive modeling will remove the need to underwrite at all in some cases, where new types of underwriting evidence will change how we assess risk and design products, and where there will be a wealth of data sources which need to be analysed and interpreted?

Underwriters will be freed up to focus on the more complex cases which will fully utilise their skills and expertise. They will be able to take on a more active and mainstream role in the actual business and their work would evolve over time from a purely transactional role to a much higher value work across the broad spectrum of the business. The underwriters' understanding of the customers, their risks and behaviours will add real value to the sales process. The underwriter's role will be transformed from a risk manager to a holistic business manager, who would be able to add value throughout the product development cycle, sales process, and risk controls. This is in addition to providing quality input into marketing campaigns, sales materials or policy conditions.

The implementation of new underwriting technology and the analysis of vast data that it would generate will enable the distribution channels to better understand its customers' needs, preferences, and buying behaviours, thereby improving sales. Further, system-based predictability of consumer needs analysis at the point-of-sale will also enable the distribution to up-sell/cross-sell to their customer base, thereby generating higher revenue for distributors.

The customers will be greatly benefitted, owing to the convenience of the sales process with fewer underwriting requirements. Availability of data and smart analytics will also help design a much wider variety of products targeted at various classes of customers, e.g. diabetics/hypertensives in line with their adherence to treatment protocol, real-time sugar/blood pressure monitoring, and for fitness addicts in line with their level of physical activity and endurance. Charging of premiums in line with the individual's needs and the risk posed would be another step towards treating customers fairly.

SKILL SET OF THE NEW ASIAN UNDERWRITER

This change in role has to attract a different type of person. Rather than looking for people with science or medical backgrounds, the underwriter of the future needs to be experienced across a wide variety of disciplines.

This change in role has to attract a different type of person. Rather than looking for people with science or medical backgrounds, the underwriter of the future needs to be experienced across a wide variety of disciplines.

The underwriter of the future needs to be technologically competent in order to leverage the power of greater automation in order to seek out timely insights, and work out the most creative and effective use of the rules engine. A broad understanding of the business is also essential in order to see where this new technology fits in and adds greater value.

They will need the ability to synthesise and analyse a wide range of data and use new data sources and interfaces to identify important trends, new areas for analysis, and emerging opportunities and risks. They will also need to be able to connect the dots, take all this information and data, understand the implications for the business, and provide the right solutions.

Finally, the underwriter of the future needs to forge strong relationships with all the stakeholders in the business; from actuarial and product development to distributors and customers, and have the communication skills to engage with these stakeholders.

CONCLUSION

The technology revolution will change the way we underwrite and what it means to be an underwriter. As an industry, we need to understand and embrace the impact of these changes, how to manage the transition for our existing underwriters, and how we recruit and train the underwriters of the future.

Deepak Gandhi

Director (Underwriting & Claims)
Pacific Life Re Limited



Rakesh Kaul

Director (Asia Business Development)
UnderwriteMe Technology Solutions



NEW APPOINTMENTS

Since January 2016, Pacific Life Re made several new appointments to the team to support our expanding footprint in Asia. Among which includes Joanne Yeo, our Head of Pricing.



Joanne Yeo

Head of Pricing

Joanne leads an experienced team of 10 actuaries, and oversees all pricing work within Asia. With over 15 years of experience in direct insurance companies, undertaking both local and regional roles, Joanne's experience provides an invaluable contribution to our understanding of direct insurance companies' business drivers and our creative approach to risk management. Prior to joining Pacific Life Re, she was an Appointed Actuary of a leading insurer in Singapore. She has been a Fellow at the Institute of Actuaries and the Singapore Actuarial Society since 2005.

SPOTLIGHT ON JOANNE

Why did you decide to move from a direct insurer to a reinsurer?

Prior to Pacific Life Re, I've always worked for direct insurers, in both the product and actuarial fronts. While the years working for direct insurers has been a very fulfilling journey, I knew that I would also like to experience working for the "other side" at some point in my career, hence my decision to join Pacific Life Re!

How does the environment differ from a direct insurer to a reinsurer?

For one, our clients are now the insurers that I used to work for! Also, in my current role, I focus a lot more on the pricing front rather than the wider actuarial management.

So, what made you expedite your decision to join Pacific Life Re?

To be honest, I had actually planned to take a longer break between jobs. However, what drew me back to work earlier was Pacific Life Re's office culture, and the many folks I spoke to during the interview process who consistently shared their passion for the company.

Speaking of office culture, how do you find the culture so far since you first joined?

It facilitates for an open, positive learning environment, coupled with a great bunch of enthusiastic colleagues who are passionate about their work.

Any tips for those looking to move into Reinsurance?

Be open-minded. Embrace the difference as the work environment and your stakeholders will be very different compared to when you were in a direct insurance company.

What are the perks of your current job?

I can't ask for a better team! Also, I loved the fact that technical expertise is just a few seats away from me, and they are ready to trade views any time, any day.

Best career advice you've been given?

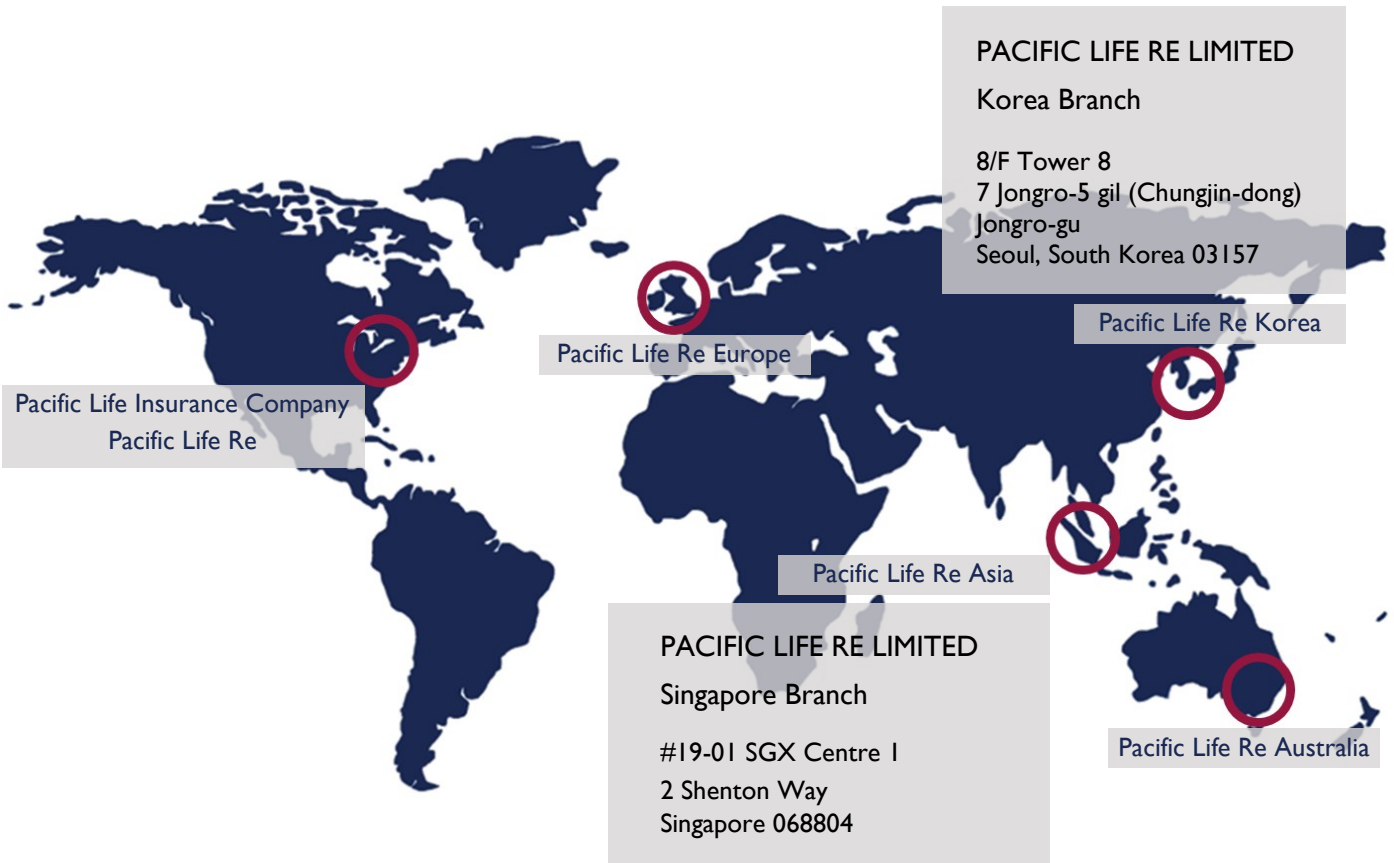
Ask when you're unsure, and be less of a perfectionist (though I'm still working on it!).

If you weren't in pricing, what would you be?

Probably a kindergarten teacher! :-)



PACIFIC LIFE RE



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