

How AIA balances stability and disruption to stay ahead

Making the most of the opportunity in Asia is at the forefront of everything AIA Group does. According to Mark Saunders, this means sticking to its core proposition, but also being forward-thinking enough to explore ways the firm can adapt and innovate.

One of the key ingredients of AIA Group's success to date has been the focus and clarity of its value proposition – life insurance in Asia.

Rather than succumbing to the bright lights of Asia's economic growth story and spreading itself too thinly as a result, AIA has succeeded in keeping its laser-sharp focus on the region's greatest need: the projected USD80 trillion or so protection gap for Asia ex-Japan by 2020.

"There is more than enough to play for in our core business of providing life insurance protection to consumers in Asia," explains Mark Saunders, group chief strategy and marketing officer at AIA Group. And it is the needs of such customers which drives the culture.

"We are about building a sustainable business," he explains. "You won't see AIA chasing top-line; we are about creating value."

In this way, the firm sees itself as a steward in its role in the life insurance field.

"It is about leaving something strong, sustainable and successful – which we can be proud of for the next generation and the ones after that," says Saunders.

ASIA IRRESISTIBLE

The structural drivers of growth in Asia are fundamental to AIA's future.

Underpinning these is the region's population, not just in terms of absolute size, but also the rapid urbanisation and growth in wealth, driven by many strongly-performing economies.

Yet the generally low level of protection makes the potential for private insurance a mouth-watering opportunity and, as Saunders sees it, a responsibility too, for any life insurer.

This is further fueled by the projections that by 2020, the region's population



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will be four times larger than, the number of urban dwellers double of, and the new spending power created will be eight times that of, the G7 countries.

Against this backdrop, there is also the global issue of ageing.

By 2050, one in four people in Asia Pacific will be over 60 years old. The population of people over 60 in the region will triple between 2010 and 2050, reaching close to 1.3 billion. It is all about making sure people don't outlive their savings – which cuts across the various solutions that AIA can offer. These include: life and health protection, savings, investments and pensions.

However, Saunders says it is important to differentiate between investments and savings.

“Typically, when you talk to people [in Asia] about investments they automatically think of quick-win, high returns and high risks. To us, the focus is long-term savings.”

This is where AIA sees an opportunity – and one which fits naturally with insurance with the long-term nature of the business in the way that the firm looks to match assets and liabilities.

This is not investments per se, but instead a way to create a nest-egg for protecting and benefitting from in the future. “Our focus is regular premium, long-term savings,” urges Saunders.

SPURRING INNOVATION

A specific component of the firm's core proposition that highlights its relevance to the issues of today, meanwhile, is AIA Vitality.

This is a science-backed wellness programme that works with customers to make real change to their health. The firm keeps individuals motivated by adding up the benefits of every healthy choice they make, however small.

In practice, it saves customers money with discounts as they get healthier. These range from money off on gym memberships and airfares to health screening packages, for example. Plus, customers can save via discounts on their premiums or, equivalently, enhanced benefits.

This goes to the heart of the firm's 'Real Life' mantra and the overall desire to create shared value. “What we want to do as an insurance company is help people live longer, healthier, better lives,” says Saunders. “A programme like Vitality is a classic win-win.”

In itself, this then creates a legacy, based on a sustainable business where the firm can play a leadership role and drive socio-economic development, he adds.

DISRUPTION FROM WITHIN

Being big, however, does not lead to complacency in AIA's language. Despite operating across 18 markets in Asia Pacific, being disruptive is a necessity, and it runs through the culture.

The firm's commitment to this saw it create a division called 'Edge' in 2014, which scans the market for various disruptors to traditional business models in financial services. The team focuses on moving the business to the next generation in terms of its engagement of customers and instilling a passion for continuous improvement.

“We look at disruption as a positive. Because we are committed to being the pre-eminent life insurer in Asia Pacific we have to be aware of what disruption is and could be,” Saunders says.

This means that while the firm has a powerful business today, it will need to continuously improve on the journey

ahead. And that means thinking about the changes which are required now.

Just over five years since listing its business, Saunders says the firm has big ambitions for the next five. “Our priority is to move on even further from where we are now to achieve our purpose of playing a leadership role in driving economic and social economic development across the region,” he adds.

BUILDING ON SOLID FOUNDATIONS

Growth, however, won't come as easily as it might sound.

Getting the right talent in place is one of the key challenges to overcome, especially given the ongoing industry-wide race for the best people.

While there is a large number of people across the industry, Saunders says a sustainable business is only viable if it is built on quality foundations. “One of the constraining factors is finding the right people,” he explains. “You can implement quality recruiting policies, which is what we do, and you also need to ensure you have the right people doing the right things in the right way.”

One of Saunders' mantras is that “a key to success is that the greatest teams have the 6P's: proud passionate professional people performing positively.”

Aptitude and attitude are critical characteristics, in his opinion. “People need to have the right skills for what you want them to do, but the difference is the attitude,” he explains. “People are driven by purpose.”

Among AIA's staff, this translates to them wanting to help people and make a real difference, he says. ■