

How Aviva is driving a digital agenda

Disruption is the clear direction for the UK firm, as it pursues its goal of becoming a digital-first insurer. In Asia, it has taken significant strides along this path with several high-profile initiatives in recent months, says Charles Hung.

Digital transformation has been the mantra for Aviva over the past few years.

The UK insurer has taken some big steps in focusing its customer offering of insurance products through digital channels and tools.

Its forays in this direction in Asia, for example, include: a joint venture with agricultural commodities trader COFCO in China, leading to the launch of a health and wellness platform offering remote medical consultations for 150,000 users during its trial period; a deal in Singapore with ride-sharing app Ryde, to provide carpooling insurance for Ryde drivers; and a digital garage, also in Singapore, to give a space for technical specialists, creative designers and business leaders to collaborate and test new insurance ideas and services.

At the start of 2017, meanwhile, Aviva joined forces with Hillhouse Capital and Tencent Holdings to develop an insur-

ance company in Hong Kong which will focus on digital insurance.

"We are uniquely positioned in Asia, being strong in China and Singapore, and with many growing markets in the region, we want to be different from other big [insurance] players," says Charles Hung, who became Aviva's new chief executive officer in Hong Kong in early 2017.

"We want to be a 321 year-old disruptor in the market," he adds. "We want to lead the race by offering innovative products and services that's different from what people see today."

UNTAPPED POTENTIAL

The strategy to build a digital ecosystem has been all about making financial services more tailored and accessible for customers.

The technology and tools the company delivers can drive change in how it looks



CHARLES HUNG
Aviva

after customers, making it much easier for them to interact with Aviva. The rationale and potential in Asia are both clear to see. In China, for example, the

digital insurance business has quickly gathered momentum in recent years.

The total number of digital insurers jumped from 44 to 61 from 2013 to the end of 2015, with the market's total premiums growing 27 times to RMB146.5 billion (USD21 billion) during the same period, so said figures from Warp Speed Capital.

And in the first half of 2016, total premium incomes for PRC digital insur-

1% of local life insurance sales are made digitally at the moment.

"Our recent partnership with Tencent and Hillhouse is fantastic and we all have unique differentiators and strengths," says Hung. "The initial focus is Hong Kong as the agreement is a joint venture in Hong Kong, but we will not exclude future opportunities at this point."

In fact, this was so attractive a proposition that Aviva hasn't looked back since

vices and automation through technology," he explains.

Aviva Hong Kong, by contrast, is going truly 'digital', says Hung; it is the only channel that the company will offer. And in a market like Hong Kong, using this approach to offer products at a cheaper rate will likely be well received by customer.

This is based on there being a relatively high cost of commission yet lack of awareness among buyers that their policies won't break-even until seven to eight years later.

"We want to be a 321 year-old disruptor in the market. We want to lead the race by offering innovative products and services that's different from what people see today."

"We would like to offer [this commission] back to the consumers," pledges Hung. "We will eliminate the middlemen and provide a direct and excellent user experience."

HONG KONG'S HURDLES

Achieving this will, however, require education for consumers in order to help them identify their needs and how to protect them.

This involves a change of mind-set so that insurance is something which gets bought and not sold.

"It's about engagement and integrating the life events with the ecosystem, as well as knowing your customer from a needs perspective, not from a KYC perspective," explains Hung.

Yet he also acknowledges that Hong Kong has a way to catch up with neighbours such as China.

This is especially the case when it comes to digital take-up and the willingness to invest in new technologies and innovations. ■

ers were RMB143 billion, just over 5% of the entire domestic insurance industry, according to the Insurance Association of China.

Foreseeing such opportunities, Tencent and rival e-commerce firm Alibaba Group joined forces with Ping An in 2013 to launch Zhong An, the country's first online insurance company.

In late 2015, Baidu teamed up with Germany's Allianz, as well as Hillhouse, to form a nationwide digital insurance company.

Hung is particularly excited about the potential for digital growth in Hong Kong, especially on the back of the deal with Hillhouse and Tencent; less than

discontinuing its agreement with DBS Bank to distribute its products.

FRESH START

An important benefit for Aviva in its digital foray is that it gives it the luxury to compete by using a blank canvas.

"We, at Aviva Hong Kong, do not want to be in competition with big firms in terms of agency force, nor with those [insurers] with big bancassurance relationships," says Hung.

Further, Aviva's approach to digital is significantly different from what many insurance companies are claiming to be doing. "[Many companies are just] digitising their existing traditional business offering with some online ser-