Digital Transformation of an Insurance Agency

Presentation

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Abstract & Thesis

Abstract

Douglas Chia is the Managing Director of General & Marine Brokers out of Singapore. This company is an insurance brokerage, and the firm was an industry leader in motor insurance. This reflects the company’s success as Singapore is said to be a very competitive market for brokerage insurance services. Chia is focused on understanding consumer behavior to enhance business operations and to figure out what the most feasible solutions are for the digitalization of his brokerage services. His firm aims to digitize its brokerage services by integrating digital tools for improved efficiency. To achieve this, Chia plans to collaborate with KPMG and adopt the lean methodology, streamlining workflows and reducing labor-intensive processes. The agency transitioned to a brokerage model, which allowed greater flexibility to represent multiple insurers, boosting revenue through brokerage and service fees. In Singapore's competitive insurance market, customer preferences lean towards digital engagement and efficient service. Chia's strategies involve digital marketing, direct-to-consumer sales, and building a strong customer-centric approach. The firm aims to create an aggregator platform for seamless online purchasing and leveraging existing technology rather than seeking extensive partnerships. Balancing personal contact with digital solutions is crucial, as customer expectations evolve with technological advancements.

Thesis

The three ways that technology has refined the insurance industry are:

Efficiency

Growth

Innovation

01

Case Background

Essential Information About G&M

(17)

- Insurance brokerage in Singapore
  - Singapore is the financial hub of Asia.
  - 2020 there were 135 insurance brokers in Singapore.
    - Over 200 insurance agencies in singapore today according to *Statista*.[2]
- Originally named General & Marine Agents Pte Ltd
  - Operating as an insurance agency with a few large corporate accounts, focusing on providing commercial and health insurance for businesses.
  - Changed its status from an agency to a brokerage firm. Now focusing on providing motor insurance to customers.

About the Owners

(15)

- Founder: Teck Kim in 1975
  - 39 years old when he started the company.
  - Passed away in 2013.
- Current Managing Director: Douglas Chia (Son of Teck Kim).
  - 2013 took over the business.
  - Business Graduate of Singapore Management University.
  - Experience in the Finance industry (Barclays, Citigroup).

02

Terminologies

Terminologies

Lean Methodology

A systemic approach to improve a firm's efficiency by eliminating unnecessary tasks and automating labor-intensive process. (1)

Insurance Aggregator

An online platform or website that allows users to compare and purchase insurance policies from multiple insurance providers. (1)

Aggregator Platform

Online service that consolidates and displays a variety of products or services from different providers in one place. (1)

Agency

A business entity that acts as an intermediary between the insurance company and the customer (11)

Brokerage

A business that represents the interests of the customer rather than any specific insurance company. Brokers work independently to help clients find the best insurance product from various insurers. (12)

SME

Small & Medium Enterprises (1)

Terminologies

Customer Relationship Management Database

A centralized system that stores and manages a company's data and interactions. (1)

KPMG

Stands for Klynveld Peat Marwick Goerdeler, a global network of professional firms providing audit and tax and advisory services to governments and non-profit organizations. (14)

Turnaround Time

Is the period between client's request (for a quote or claim processing) and the completion of that request. (1)

Iceberg Theory

Introduced by Sigmund Freud, suggests that much of what influences human behavior lies beneath the surface of conscious awareness, like an iceberg where the majority is submerged underwater. (13)

In Digital Transformation

The surface-level components (customer experience, marketing, and sales) are just small parts of what needs attention. The hidden, foundational element beneath the surface–such as organizational mindset, culture, internal relationships, and innovation capabilities–are often more significant, but less visible. (1)

03

G&M Growth

How automation increases growth in the insurance agency

Growth- Questionnaire

Initial Contact with Customers

Simplifying the initial contact process with customers was a key growth driver for G&M. By reducing the number of questions in the insurance quote form from over a dozen to just two (Identification Number and Date of Birth), G&M made the process quicker and more user-friendly. This simplification:

- Reduced customer drop-off rates, allowing more customers to complete the form.
- Improved overall customer experience, making it easier for potential clients to engage with the company.
- Directly resulted in increased customer acquisition, which fueled growth as more leads were converted into policyholders.

Growth- Lean Methodology

G&M adopted the lean methodology, which streamlined processes, reduced inefficiencies, and improved the overall workflow. Key growth outcomes from the Lean method included:

- Cost savings through the elimination of labor-intensive tasks and the reduction of duplicate efforts.
- Profit growth, which was reinvested into the company to further drive business expansion.
- Sales improvement by focusing on high-value tasks and improving turnaround times.
- Enhanced customer experience, leading to higher retention rates and new business opportunities.
- By reinvesting profits into operational improvements and customer acquisition. (Chia strategically used these savings to propel G&M’s continued growth).

Growth- Aggregator Platform

Aggregator platform facilitates direct-to-consumer transactions by offering multiple products in one interface, increasing convenience for customers while enabling the company to reach a broader audience with minimal manual effort.

Developing an aggregator platform was a forward-thinking digital strategy that allowed G&M to cater to technology-savvy customers who prefer self-service options. This platform:

- Allowed customers to compare and purchase insurance policies directly online, increasing convenience and access.
- Helped G&M reach a broader customer base with fewer resources, as the online platform could serve a growing number of customers without the need for a proportional increase in staff.
- Increased the firm’s growth potential by attracting more clients, who in turn drove partnerships with more insurance companies.
- Opened up new revenue streams by facilitating online transactions, ensuring steady growth in both the number of clients and revenue.

04

G&M Efficiency

How technology increases efficiency in the insurance agency

Efficiency- Brokers

Brokers: Professional intermediaries who help individuals, businesses and organizations secure insurance coverage. They work independently, meaning they don't represent any specific insurance company. Instead, they act on behalf of their clients. (Goff, 6)

Agents are limited to working for no more than three agencies, whilst brokers can work for any number of agencies. (1)

Brokers were able to use niche methods such as Ai and digital methods remotely. "Online aggregator services accounted for more than 50% of online insurance services in Europe by 2018" (1)

Brokers were trusted advisors that gave independent advice and had various knowledge of insurance products and their associated risks. (1)

Brokers did not need to have a physical location (1) and are better able to manage the customer relationship (13)

Brokers give the insurance company the ability to outsource client relations as they pertain to sales and sales leads outreach. G&M has managed to use brokers to streamline the process of onboarding new clients.

Efficiency- Lean Method

Defined: Lean methodology emphasizes delivering maximum customer value by understanding their needs and eliminating "wasteful" activities such as, inefficiency, waiting, defects, and over-production.(Aherne, 7)

In the case: "A prioritisation exercise was performed to stack the value chain components of customer acquisition, distribution, claims processing, policy servicing, and the finance function." (1)

This process of running lean is aimed at reducing and eliminating duplicate and labor intensive tasks. This will lower the manual workload and free up time for staff to focus on customer experience.

Lowered customer dropout rate by streamlining the application form and increased customer satisfaction. Running a test showed only ID Number and DOB are needed.

Technology helped the company go lean and in turn fostered efficiency, generated savings, improved profit / sales, and enhanced customer experience.

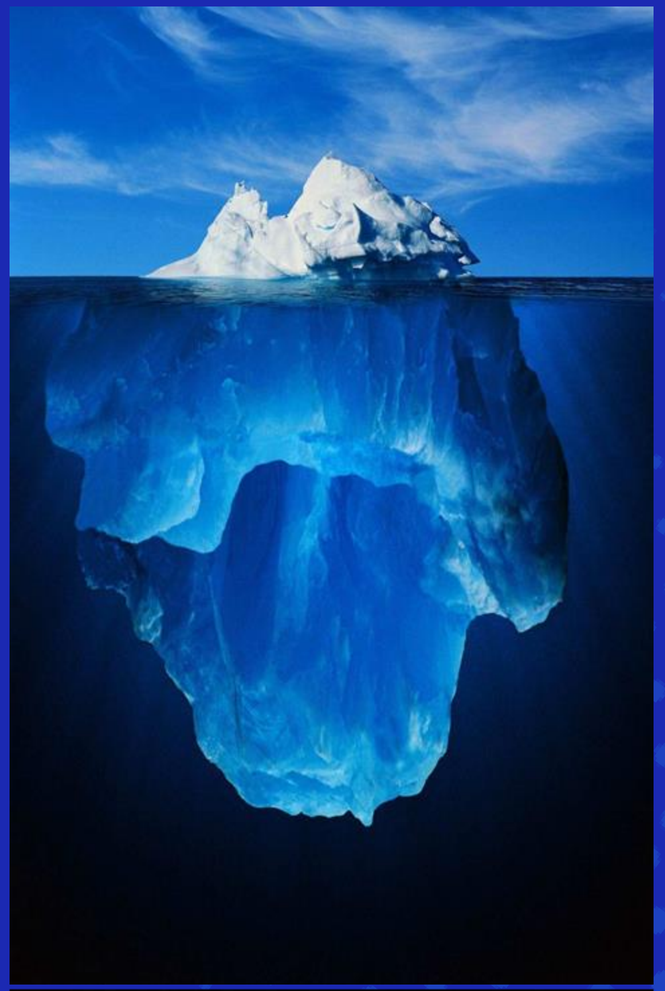
Efficiency-Iceberg Theory

Iceberg Theory: An analogy for leaders to look further below the surface and begin to notice things that aren't typically seen from the perspective of the customer.

Digitalisation of products had to be done holistically so that all parts of the enterprise flow well together.

Seen parts of Iceberg: Customer-centricity, Brand Management, Marketing, and Sales.

Unseen parts of Iceberg: Organizational Mindset and Culture, knowledge management, interdepartmental relationships, operational model, employee readiness, governance, and innovation capabilities. (1)



Efficiency- Turnaround Time

Defined: The total time taken between the submission of a program for execution and the return of the complete output to the customer. (Collins, 8)

Turnaround time is critical in the insurance agency, G&M originally entered in and delivered their services manually causing their quotes and feedback to be far slower than the competition. (1)

Technology allows G&M to return the needs of clients with greater efficiency to keep them happy and on the road. Low turnaround time also aids the company in increased customer satisfaction, generally, the customer wants to spend the least amount of time possible dealing and negotiating with the company.

Due to the restructuring of the quote process, clients are now able to receive feedback from an application in less than an hour. Industry norm is days. (1)

Internal tools were also developed (possibly Ai or data retrieval and filtration system) to help agents analyze data and create scorecards or dashboards.

Efficiency- Customer Experience

Defined: Customer experience, as we've learned, is every interaction between a customer and a business. such as marketing, branding, website navigation, social media, receiving the product or service, outreach, etc. (Hueffner, 16)

Decrease in application fill out time and feedback to customer about their insurance quote or claim.

"Customers able to submit original receipts online to make medical and personal accident claims under their motor insurance coverage."(1)

Purposefully use internet avenues to aid in decision making for the buying process.

Customer-centric model enhances loyalty, in turn increases profits by 30% and customers were 80% more likely to renew their policies. (1)

The use of technology increases the customer experience by reporting to the company what metrics are working and satisfying the customer - the company can use this information to capitalize and narrow down target markets and internal vulnerabilities that take away from the customer experience.

05

Innovation of G&M

Innovation of G&M

Insurance agencies at that time were still operating in the same traditional way they had for the last 100 years. Young people were reluctant to join such businesses, as the industry relied heavily on manual processes and struggled to attract talent. It had not seen much innovation. Technology was pivotal in innovating the industry. Customer contact and sales approaches were rapidly shifting from traditional face-to-face channels to digital platforms.(1)

Douglas Chia seized the opportunity to innovate G&M in three key areas:

- Customer Experience
- Internal Efficiency
- Growth

Innovation- Customer Experience

- A large percentage of Singapore's population is digitally savvy and open to making purchases online. In 2019, G&M successfully delivered insurance products by creating an online site, allowing tech-savvy customers to purchase their insurance policies directly.(1)
- To ensure the online site was effective, it needed to be:
  - Simple to Use
  - Informative
  - Package-Insurance Products
- G&M partnered with tech firms:
  - Cognotekt: Provided software as a service for insurers to automate claims. (1)
  - Insurify: A personal insurance company that compares car insurance packages. (1)
    - "These strategies involved collaborating with other companies to offer bundled services or new "white-labeled" products to customers."(1)

Innovation- Internal Efficiency

- Data:
  - G&M built a robust Customer Relationship Management (CRM) system.
- Douglas Chia digitatized all old existing paperwork
  - Douglas Chia digitized 20 years of historical documents.
  - Process took 3 months to complete.
- G&M was able to create a customer database combined digitized data with new online and old customer information. This enabled advanced data analytics for better customer insights.
- Internal Tools
  - Generate reports
    - Helped update G&M’s performance.
  - Dashboards
    - Provided efficient data access for employees.
  - Scorecards
    - Helped see how employees were performing.

Innovation of G&M

- **Growth**
  - **Questionnaire: “2014-2018 client base grew 7,000% and revenue by 1,000%”** (1)
    - **Simplified questionnaire processes helped the firm acquire more customers and spur growth**
    - **Changed questionnaire from dozens of questions to just two: Applicants Identification number and Date of birth**
  - **Go Lean Method:**
    - **Helped promote efficiency, generated savings, improved profit and sales, and enhanced customer experience.**
    - **Chia then believed it would be best to feed the profit back into the company to excel their growth further.**
  - **Aggregator site**
    - **Would allow technology savvy individuals to purchase insurance policies directly through the site**
    - **G&M could use fewer resources while still reaching their target segment, and propel a steady growth of customers**
    - **More clients means more partnerships with insurance companies**

Innovation

- Major Deal with Eurokars
  - Eurokars: “largest privately owned car distributorship in singapore for luxury cars (Indonesia, Australia, and China)”[1]
  - Created high dividends for the company and investors as motor insurance was the largest segment of the general insurance market which spurred growth for G&M
- Bundling Insurance Products: “G&M increased growth by 10% from 2019-2020”[1]
  - Key marketing strategy implemented by G&M to market other relevant insurance products to clients
  - Look at the individuals risk portfolio as a whole which allowed clients to bundle insurance packages together “For example if an individual took with 5 cars took out insurance separately for each car, they would have to pay 5 times the premium of one car, but if he chose to pool them all together with G&M they would rationalise that he could only drive one car at any time and charge him at most thrice for the 5 cars.”[1]
  - Allowed customers to bundle other insurance products into a group instead of paying the premium for each one individually.

06

Critiques for G&M

Critiques for G&M

- G&M frequently switched between operating as an agent and a broker.
  - This inconsistency hindered growth, as the two roles represent different types of insurance businesses. If G&M had committed to being a broker from the beginning, it could have experienced greater growth.
- G&M was late to implement digitization.
  - G&M launched their website in 2019.
  - The article “The Internet of Things in Insurance” notes, “In 1997, Progressive Insurance pioneered the use of the Internet to purchase auto insurance online, in real time.” (3)
  - By delaying the creation of their website, G&M missed an opportunity to leverage the benefits of digitization earlier. If they had embraced this shift when it first emerged, they could have experienced greater growth, obtained more customer information, and expanded the firm more quickly and efficiently.

07

Improvement for G&M

Expand the case - Implementing AI

G&M could've used Ai more in their business to propel growth, cut spending, and maintain efficiency.

- Ai enabled tools could provide a brokerage with better: "Visibility, Unified workflows, and eliminate time spend managing and updating divergent systems".[1]
- Improvements through the development of "Ai could create significant gains in operational efficiency and revenue per employee".[1]
- Singapore's government implemented strategies to promote insurance technology and the early adoption of Ai by teaming up with corporations, start-ups, and data scientist researchers
- Samsung Insights: "Insurers could use AI to accelerate the claims process, simultaneously improving productivity,resolving a longstanding customer pain point and improving access to care"[4]
- Use Ai as an insurance underwriting tool because if set up correctly it would be completely unbiased

What G&M could’ve done with AI

Create an Ai chatbot to answer questions about insurance products or packages

- This could’ve been a tool used by customers who had questions or concerns about what products would be covered
- Cost of individual products or insurance packages
- What packages would best meet their needs based on their: financials, expectations, and reasons for getting coverage
- What benefits came with the insurance package/product that people tend to forget

Facial recognition

Create a platform that could use facial recognition to collect personal information, banking statements, business records, and whatever would be needed to create an insurance bundle based on their finances and personal needs.

- Would need to be able to have access or connection with the bank to get their statements.
  - Connect with the bank to get access to this information.
- As well as having a data base or platform that has stored their personal information like; Name, Date of Birth, Identification number, Age, and Occupation
  - Connect with the DMV to collect driving information.
- Personal needs: This is an area that G&M could use historical data on customers in similar financial situations to determine the best options for their insurance package.

Facial Recognition In Insurance Today

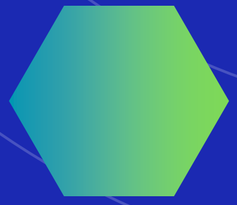
Facial Recognition is a technology used to match a human face from a digital image/video frame against a database of faces.

The technology used to resolve various issues involving underwriting and claims.

Mphasis states, “The selfie analysis technique along with dynamic questing can be used to estimate age, sex, BMI and lifestyle habits.” [(5)]

Facial AI is also being used for claim processing and detecting fraudulent claims.

Mphasis expresses, “The system can analyze the claimant’s responses and micro-expressions to a set a real-time questions and predict whether the claim is genuine.” [(5)]



Mphasis - Facial AI in Insurance for Underwriting and Claims Report states:

Can also be used in Life-Insurance Claims

“Which typically takes at least 30 days do down to just 15 minutes” (5)

By analyzing

- micro-expressions
- Pupil dilation
- Speech patterns
- Tone of voice

Scenario	Policy Issue Steps	Without Facial AI		With Facial AI	
		Process	Total Time	Process	Total time
Life-insurance policy purchase	Rate quotes	Online/Manual-Mailing	5-10 mins	**Facial analytics, biodemographic information and dynamic questioning** is used to find gender, age, BMI and other relevant information for engagement, approval and product development. **“No touch underwriting”.**	15 mins
	Form review	Manual	24-72 hours		
	Medical exam scheduling/ conduction	Manual - Checking height, weight, habits, blood sample, urine samples and multiple questionnaire	1 week		
	Underwriting	Manual - Checking pre-existing/ previous disease and analyzing current risks based on medical exam	Up to 4 weeks		
	Final review and policy issue	Determining the final risk based on age, profession and overall health	1 week		
		Approximate total time in (mins)	60,480	Approximate total time in (mins)	15

What Facial Recognition and AI can do for Insurance

Facial Recognition

- Protect customers against identity fraud
- Speed up underwriting claims
- Could be used as an alternative to security questions

AI

- Used to eliminate tasks
- Answer customer questions
- Protect against cyber security threats

Thank you!

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Appendix

Lean Methodology: A systemic approach to improve a firm's efficiency by eliminating unnecessary tasks and automating labor-intensive process.

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