

# Enhancing Sales and Improving Growth in a COVID-19 World

*An ASEAN Perspective  
of Market Opportunities*

**Thursday, 12 November  
10:00 – 11:15 a.m. (Hong Kong GMT +8)**

# Presenters



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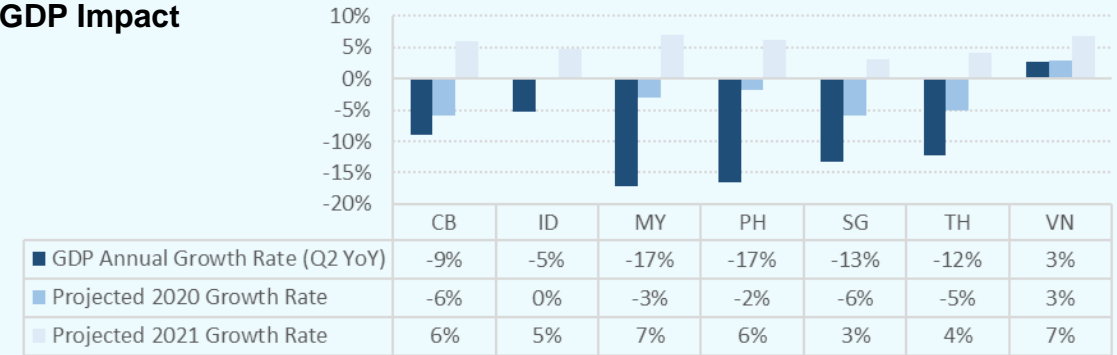
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1. Macro economic overview on ASEAN
2. Impact on insurance sector
3. Business trends and observations
4. Next steps and opportunities

# *The ASEAN economies have been significantly hit by the global pandemic; however, many executives remains optimistic for a mid-term recovery*

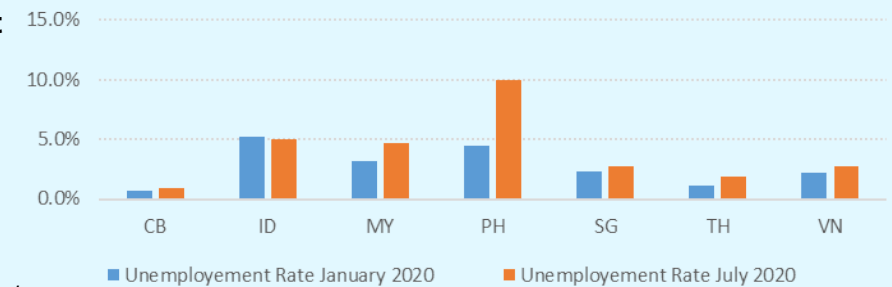
- Many ASEAN markets have experienced double digit GDP contractions in 2020 due to Covid-19
- The total 2020 GDP impact in ASEAN will be -3% to -6% (comparable to the global estimate of -4%)
- ASEAN is hard hit due to its deep integration through trade and direct impact on tourism
- Unemployment has increased by 52% in average across ASEAN, resulting in highest rate in 10 years
- The GDP declines could continue into 2021 in case of an amplified pandemic
- ASEAN economies are expected to bounce in H2 of 2021 and fully recovery in 2022

## GDP Impact



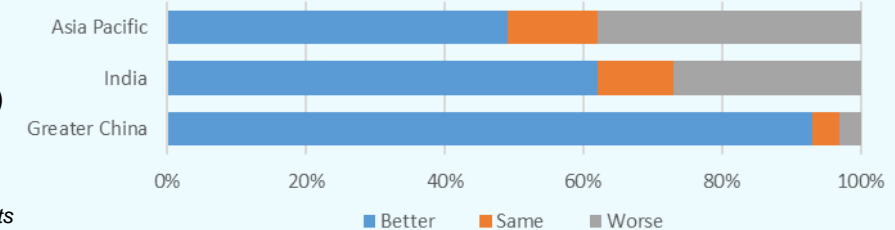
Source: Trading Economics and World Bank

## Unemployment Impact



Source: Trading Economics

## Economic situation in 6 months (survey)



Source: McKinsey Insights

# *The impact of COVID-19 on the life insurance market has been severe, and global life premiums are estimated to contract by 6% in 2020*



## COVID-19 Impact on Business Performance

- Global life premiums expected to contract with 6% in 2020 and **ASEAN is expected to contract with 4%**<sup>1,7</sup>
- **NB premium in ASEAN has dropped >20%** and only expected to recover in H2 2021
- **Investment-linked is hardest hit**, e.g. 24% drop in Malaysia <sup>2</sup> and similar in Indonesia<sup>3</sup> and other markets
- **Vietnam is least impacted** and have been seeing positive figures in Q3 2020<sup>6</sup> while all other ASEAN market are expecting growth starting in H2 2021<sup>1,7</sup>
- **Awareness of health and protection has grown in ASEAN** with some countries seeing **10% growth**<sup>1, 2,4</sup>
- **Established markets in Asia** (e.g. HK and Japan) **has taken a harder hit** compared to ASEAN in 2020 and **ASEAN are expected to lead the recovery in 2021**<sup>1, 5,7</sup>
- **Decreased interest rates** and drops in market will **continue to impact savings and investment products beyond 2020**

## Sample Highlights

### Malaysia

↓ **24%**  
NB premiums unit-linked life (H2 2020)

↓ **18%**  
NB premiums traditional life (H1 2020)

### Singapore

↓ **13%**  
APE premiums (H1 2020)

### Indonesia

↓ **8%**  
NB premiums (Q1 2020)



# *The traditional distribution channels (agency, banca and IFA) have all suffered during COVID-19 due to lack of face-to-face interaction and limited digital enablement*

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## **Observations (1/4) – Distribution Challenges**

- **All channels (agency, banca etc.) have been significantly impacted due to limited face to face interactions**, specially for of unit-linked, universal life etc.
- **More lapses and cancellations during the pandemic**, i.e. on averages companies has reported **>20% lapses** mainly due to policyholders' financial situations
- **Bancassurance is significantly impacted in ASEAN** due to drop in branch foot-traffic and lack of insurance integration in bank digital platforms, e.g. some banks have reported >10% drop in fee and commission income dropped >10% in ASEAN
- **Agents are limited in productive due to lack of digital enablement from the insurers** (especially the local and smaller players), i.e. **agents with digital capabilities reported 40%-60% more production** compared to peers without digital tools
- **Lack of simple health and protection products to capture the new demands**
- Higher customer self-enquiries (via website, social media and mobile) but **no clear strategy to engage and monetise the online leads**

***Due to COVID-19, customer expectations have shifted more towards digital empowerment, with an increased demand for short-term protection and health products***

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## **Observations (2/4) – Shift in Customer Expectations in ASEAN**

- **More digital engagement** with simple and speedy customer experience <sup>1</sup>, e.g. Malaysia has been increase of >45% in life policies sold via direct channel (DM/ TM/ecommm) in 1H 2020 mainly term life, CI and health<sup>2</sup>
- **Acceleration in digital self-servicing** to replace in branch or intermediary interactions, e.g. e-claims submissions, e-policies, digital policy changes and enquiries via chat<sup>1, 3</sup>
- **Need for value-added (digital) health services**, e.g. tele medicine, drug delivery, digital stress management<sup>1,4</sup>, e.g. HaloDoc collaboration on drug delivery in Indonesia, telemedicine/consultation (DoctorOnCall) in Malaysia, promotion of mental health in Singapore
- **Better understanding of and more demand for health, CI and accident insurance products** in ASEAN markets, i.e. agents and insurers has reported more than 30% raised in enquires on these products<sup>2, 4, 5</sup>
- **Demand for comprehensive pandemic/ Covid-19 coverages**, e.g. hospitalisation, treatment and medicine<sup>3, 4</sup>

*In ASEAN the demand for unit-linked products has significantly dropped; however, overall awareness of insurance (especially for A&H and CI products) has increased*

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## Observations (3/4) – Product Demands

- **Steep decrease of demand and sales of unit-linked products** due to customers financial challenges, market conditions and lack of face to face interactions with agents and banks
- **Demand for simple, short-term health, CI and accident products**, across all ASEAN markets (less in Singapore)
- **New proposition for the substandard risk pool** especially for the most common chronic illnesses - already started in e.g. in Hong Kong and China (diabetes and early stage cancer etc.) and expected to expand to ASEAN
- **Majority of regulators have been encouraging during this difficult period**, some supportive measure put in place include e.g. deferred of premium payments, inclusion of pandemic coverage, eased restrictions on digital distribution and capping premium increases



*Whilst insurers have been able to adopt from an operations perspective, the lack of digital foundation has impacted the ability to manage digital sales and servicing*

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## **Observations (4/4) – Operations Impact**

- **All business continuity plans (BCPs) have been working**, i.e. insurers have adopted quickly to the pandemic from an operations perspective
- **Insurers have quickly shifted to work-from-home set ups** and agile work places
- **Customer servicing has been challenging** especially for the older customer segment
- **Insurers have been looking to cut expenses to sustain profitability** by driving cost efficiency measures
- **Claims have not been critically impacted**, i.e. still within the actuarial assumptions
- **Accelerating need for auto underwriting and claims adjudication** to support better digital engagement with customers

*To recover from the crises insurers should focus on optimising share of wallet for the in-force book and create digital-hybrid distribution models...*

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## Key Opportunities (1/2)

- 1. Optimise cross-sell on the in-force book**, e.g. riders (health, CI and accident offerings) for unit-linked/ endowment policyholders
- 2. Leverage the increase customer awareness on insurance** to boost sales (e.g. in China where COVID-19 recovery is most progressed, health insurance premiums are up >15%)
- 3. Digitalisation of the distribution channels** to better enable agents, banca etc. and **create a hybrid distribution model**
- 4. Target substandard risk customers** as new products are released to target this segment

*...as well as target new segments and creating new propositions*

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## **Key Opportunities (2/2)**

- 5. Maximise the in-force book of business** in order to extract the hidden profits
- 6. Create simple, short-term products** (e.g. health and protection) to build foundation and scale
- 7. Partner with InsurTech and HealthTech companies** to create digital health management propositions
- 8. Acceleration of digital transformation across the entire value chain** to insulate against a similar crisis in the future

***Thank you!***

# Agency results 2020H1 vs. 2019H1



APE

**+6%**

NBV

**+14%**

Headcount

**+34%**

Active agents

**+21%**

(monthly avg.)



# Keep Morale Up

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- COVID-19 explosion
- CN locked down
- Asia infected
- Movement Control
- New Normal



- Heart to heart conversation to CAOs
- Motivation videos for CN from all Manulife Asia Agency & Regional Agency
- Manulife Got Talents – One minute video to celebrate break through 100K agents

# Share Best Practices

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## CN best practice sharing

On line agency morning meeting

On line PRP

On line recruitment seminar

On line to off line Model

## Other Asia BU best practice sharing

On line client seminar

On line Agency award celebration

On line training



# Accelerate Recruitment

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A red rectangular stamp with a distressed, ink-like texture. The word "WORST" is written in bold, white, sans-serif capital letters, slightly tilted upwards to the right.

- Economy getting worse
- Case size going down
- Customers less saving favored

A 3D rendering of the words "the BEST" in white, blocky, sans-serif capital letters. The word "the" is smaller and positioned above "BEST". The letters have a slight shadow and are set against a light blue gradient background.

- More recruitment sources
- Licensing relaxation
- Customers more protection favored

The only way to meet the plan is to  
increase agency headcount

# Drive NBV

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Best time to up-sell existing customers to upgrade medical insurance

Best time to cross-sell medical riders to existing customers

Best time to use standalone simple medical plan to acquire new customers

Best time to educate customers on CI Fund



# Enhance Digital Capability

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- Non Face to Face selling
- On line to off line model
- WFH capability
- Virtual “After-work Drink”
- On line Regional office – BU meetings
- Regional wide celebration, sharing



# Questions?



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