

Innovations in Customer-Centric Product Design and Distribution Dominate in IDC Financial Insights' 50 Leading InsurTech Companies in Asia/Pacific* in 2020

SINGAPORE, March 19th, 2020 – IDC Financial Insights released today the InsurTech Fast 50 research initiative which details a list of leading InsurTechs in Asia/Pacific* from 12 key markets. IDC's InsurTech Fast 50 research refers to promising insurtech players based on extensive on-ground analysis of startup companies – specializing to service in the insurance sector from China, India, Indonesia, Singapore, Hong Kong, Thailand, Malaysia, Philippines, Vietnam, Taiwan, South Korea, and Australia. IDC Financial Insights Asia/Pacific applied its Triple U framework – ubiquity, utility, and usability – to determine the list of 'InsurTech Fast 50' companies.

The framework evaluates insurtech companies' data across the following key metrics: solution design, digital innovation score, addressable market, customer adoption, ease of implementation, alliances and partnerships, market positioning, competitive advantage, future pipeline, and product roadmap. The information used to arrive at the list of InsurTech Fast 50, has been collected from secondary sources (i.e. news articles, company websites, technology journals, and other publications), peer reviews, and interviews conducted by IDC Financial Insights with insurtech entrepreneurs and insurance business leaders.

For the purpose of this research, IDC Financial Insights' definition of an 'insurtech' is drawn parallel with the overall description of a fintech – leverages digital technologies and supports new models for financial services offered through "nontraditional" vendors. It refers to the "non-traditional" technology vendors themselves as well as their products and services. These nontraditional insurtech vendors are either companies not usually considered as underwriters of insurance products or start-ups who leverage technology to deliver digitally enabled insurance-related services.

IDC's definition intentionally excludes licensed insurance companies, and any other licensed financial institutions that are partaking in underwriting insurable risks. Furthermore, IDC has also excluded those non-traditional technology startup companies whose solutions can be applied to multiple industry verticals. Only startup tech companies with superior focus on improving, transforming, and enabling the insurance sector (i.e. life, property and casualty and reinsurance sectors) within their local markets have been included as part of the scope.

Earlier this year, IDC financial Insights predicts that by end of 2020, 40% of tier 1 insurers in Asia/Pacific* will work with at least three insurtechs – marking a significant tipping point where insurtech-collaboration would be more integral to an insurer's digital strategy. There are two most important value propositions offered by the insurtech companies in the Asia/Pacific* region:

- First, keeping the customers in charge, sections of processes in distribution lifecycle, product management and development, claims management, and client servicing and communication are redesigned to meet a differentiated outcome in service delivery. The decision to buy versus build capabilities is often critical for the insurance companies in these cases. When the higher degree of differentiation is preferred by insurers, they are often found to be open to "buy" from several viable options with 'plug-n-play' capabilities that are flexible,

modular in nature, and easy in configuration and integration; especially in cases such as the settlement of claims, risk prediction, underwriting profit, customer-facing digital services, 'niche' product solutions, and more.

- Secondly, there is a growing prominence of insurtech companies backed-by full-stack capabilities to service end-to-end insurance value chain without assuming the risk exposure (i.e. the risk is transferred to the insurance partners or parent insurance companies or underwriters). These insurtech firms are either playing their part as digital-agents, brokers or as standalone technology platform providers.

"The insurtech landscape in Asia/Pacific* region is very diverse and dynamic. The good news is, insurtech providers have considered the local market behaviors and preferences while designing their solution. With a heterogeneous mix of technologies and multiple business models, insurtech partnerships have come a long way," says [Arpita Mitra](#), Senior Research Manager at IDC Financial Insights Asia/Pacific.

Mitra adds "Insurtech companies are more willing to act as a conduit between the incumbent insurance companies and the end-user customers by enabling the businesses to leverage digital technologies for better flexibility in product designing, higher scalability in distribution channels, and more empowerment to the sales-agents. Their existence is now seen as a complementary force to reckon along with the knowledge and the expertise

developed by the incumbents over the years.”

In the first wave of insurtech that started almost a decade ago, most of the innovation revolved around building price comparison portals or aggregator tools. The landscape has evolved ever since and currently, the solutions have been designed to bring insurance-related services at the doorstep of the customers – with hyper personalized offers, on-demand microinsurance products, usage-based insurance coverage, and more. The continuity in improving the various touchpoints have rendered higher transparency to the overall insurance sales process.

Figure 1



Figure 1: InsurTech Fast 50 in Asia/Pacific*. View in full [HERE](#)

Countries such as Singapore, Hong Kong, China, and India will accelerate the growth of property & casualty-oriented digital ecosystems, bringing in more tech-based partnerships to support data-driven risk prediction and mitigation strategies. Insurers in other countries will also continuously seek to address

the inefficiencies in product development with the help of third-party service providers – by leveraging data from multiple sources and generating meaningful insights for effective positioning of insurance solutions into untested and new markets segments.

There are several reasons for the incumbent insurers to capitalize on these capabilities. Getting the first-mover advantage, reduction in overheads and operational costs, and access to diversified customer groups are some of the commonly cited business outcomes. The maturity between the insurtech-insurer partnership has gradually deepened over the years. The growth has expanded beyond the web aggregator-platforms to business-to-business-to-customer (B2B2C) solutions platforms for improving the 'direct-to-customer' experience – driving more sophistication into on-demand and real-time quote generation services; user data validation and authentication; usage-based pricing; custom bespoke products or re-inventing the interaction in sales channels; and servicing communications platforms.

Mitra concludes, "In 2020 and beyond, we will see more use cases moving from the pilot stage to mainstream implementation. The new applications will focus on co-creation of low-cost, micro

insurance products which would be tailored and personalized according to the growing needs of the different customer groups in the region. Insurance sales through third-party service providers are likely to multiply as more and more built-in platform providers will leverage on data science capabilities to design unique and differentiated products for the platform-user segments.”

The future of the partnerships will depend on the insurtech' ability to scale and adapt to new competencies and capabilities along with the emerging technology landscape. The success will also hinge on the ability to address specific business needs, flexibility in the level of support provided, and in improving stakeholder engagement. Notwithstanding the changes in the market dynamics, insurtech companies must focus on factors that will be critical to ensure their sustainability in the sector – providing robust integration capabilities, better security controls, develop business-continuity based roadmaps.

The InsureTech 50 research will be one of the highlights at the 2020 IDC Asian Financial Services Congress happening on 13 – 14 Aug 2020 at the Marina Bay Sands Singapore. IDC Financial Insights will unveil its latest research on financial services and insurance industry and provide

engaging discussions around Robotic Process Automation, Intelligent Automation, AI in Banking, Governance, Risk and Compliance; and many more. For more information on the upcoming 2020 Asian Financial Services Congress, visit <http://www.idc.com/AFSC2020>.

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*Note: Asia/Pacific excluding Japan

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