

Actuaries Institute Podcast - Hong Kong insurtech focuses on consumer

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Interviewer: Iris Lun, **Paul Swinhoe**

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Introduction:

Paul:

Hello and welcome to the Actuaries Institute podcast. I am Paul Swinhoe. I'm a consulting actuary. Today, I'm joined by Iris Lun, Co-founder and Director of 10Life. 10Life is a successful insurance platform, so this insurtech company is one to watch.

Iris, you're here today for an event to share lessons from 10Life's success in making complex insurance products comparable. Welcome!

Iris: Thank you, Paul. I'm very excited here today to share my Hong Kong experience with the Australian audience.

Paul: **First of all, can you share with us your start-up journey and what are the main challenges you've found as a start-up?**

Iris: I guess having worked as an actuary in the corporate world for almost 20 years, I've always had this desire to venture out, to do something, to create something different. So, when my current business partner came up with this insurtech idea to make insurance simpler and better for consumers, I thought it would be a great opportunity to combine my skillsets as an actuary and my dream to create something of value to the public.

Iris: We've launched the platform for almost two years now. It's been lots of ups and downs, but I'll say the biggest challenge for me is being out of the comfort zone of having a stable job and a good salary. But at the

same time, I'm very grateful to have this opportunity to create something different, something that the consumers can benefit and understand insurance, which didn't exist in the past.

Paul: **So, you have a real sense that you're benefiting the consumers here?**

Iris: Yes, as well as bringing awareness of the whole industry from a professional perspective, but in a simple language that everyone can understand.

Paul: **And going back to being out of your comfort zone, are you getting used to being out of your comfort zone?**

Iris: Yes, I think it's part of the nature of being an entrepreneur. Every day I'm doing something new, something that is out of my comfort zone.

Paul: **And are there any particular challenges you'd like to talk about? Dealing with the customers, dealing with the providers or just obtaining capital to run a start-up?**

Iris: Yeah, I think the whole thing, from going from a pure specialist to a more generalist, I'm not just an actuary, but I'm also the HR person, the investor relations person. I'm the one who's the cleaner in the office. You have to be able to do everything at different times, or everything at the same time at some point.

Paul: **Indeed. So, tell us more about 10Life. What is your elevator pitch?**

Iris: So, 10Life empowers consumers and insurance companies in making better decisions. So, our ratings and research guide consumers to find the right insurance solutions. They also help insurance companies to create more customer-centric products and services. So, since our launch in 2017, 10Life has provided insurance intelligence to over half a million customers

in Hong Kong and nearly all of the major insurance companies and media outlets in Hong Kong as well.

Paul: **Half a million?**

Iris: Yeah, over half a million.

Paul: **That's quite something in two years!**

Iris: Yeah and given the relatively small population in Hong Kong and given how insurance is such a high-reach market for most, the public from those insurance perspectives, it is an achievement that we are proud of.

Paul: **Indeed, and so you should be. So, can you help us understand the differences between the Hong Kong market and the Australian market? How did products differ to your knowledge?**

Iris: Okay. In Hong Kong, the life and health markets are more focused on savings over protection, and in contrast to the trend in Australia where products are getting unbundled, the Hong Kong products are getting more and more complex as insurers keep bundling different features and different benefits into one single product.

Iris: I think this is partly driven by the distribution, because unlike in Australia where there are hardly any tied agencies anymore, Hong Kong is mainly still mainly dominated by tied agencies and banks. So, they are highly driven by commission.

Paul: **And you've built a scoring system for these products. Can you give us a brief outline of how you've managed to score the variety of products that you have in the Hong Kong market?**

Iris: Well, since the insurers have made the products so complex, our goal is to break them back down to a level that a normal customer can understand. So, we compare

products in the same category on an apple to apple basis using factors that are most important to the consumer. Our models are based on published statistics and also with consultation with insurance and health specialists.

Iris: So, we take these factors and calculate the value to the consumer, which is kind of the reverse exercise of doing pricing for the insurer. The product with the highest value would get the highest rating, and for some complex products, we also compare the provisions for any terms or any exclusions that may be less favourable to the consumer and adjust the rating accordingly.

Paul: That's an interesting idea that you're looking at the value from the consumer's point of view. Can you tell me more about how you assess value, and do you recognize that some consumers may value the same thing differently?

Iris: We only have score product features that we believe are the most important to the consumer, other than the bells and whistles that a lot of insurers are marketing their products for or agents or agents are pitching. So, examples: some critical illness products in Hong Kong, they may cover you for cancer up to five times, or some products even more.

Iris: But when we consult an oncologist, none have come across any patients who have had more than two cancers and still survive, otherwise they would have made it to the medical journal. So, we take the most critical features and compare the value, which is the price paid for the same benefit or the benefit payout under the same price paid.

Paul: Right. So, price is an essential part of value?

Iris: Yes. Yeah.

Paul: **Or is it a lot of ratings in Australia are based on features without a picking up price?**

Iris: Right. So, we pick either the same price and compare the benefits or the same benefit and compare the price.

Paul: **And do customers have any option to put in the things that they value most? Some people will value the ability to take risks and some people will value there is no risk.**

Iris: For example, for the whole life for the sleeping products, we rate both the projected returns as well as the guaranteed returns. So, for products where there's a high guarantee element, the rating for that product would be relatively high. But for people who are looking more adventurous or prepared to take more risk, they may look for a product that has less guaranteed features and high non-guaranteed features. They will look at the projected returns score

Iris: So, there is a choice of ratings based on the different preferences of the consumer. Even for critical illness, we talk about cancer, but some people might have a history of, say, heart disease is in the family, so they value the heart coverage more, so they can drill down and you do them the heart score rather than the cancer score.

Paul: **It sounds in many ways that it could work in other countries too. Have you looked outside Hong Kong yet?**

Iris: I think the app itself or the platform itself or this whole idea of comparing complex products, it's suitable for markets where insurance sales is on a pushed basis over a needs basis, and where there's a lack of easy access to pricing information across different companies.

Iris: For simpler products like 10Life, this comparison, comparative info is already

available in a lot of markets, but for complex products and bundled products, there is definitely opportunity for a platform like us in the more mature markets outside Hong Kong.

Paul: **To demystify them?**

Iris: Yes, yeah.

Paul: **So, based on your Hong Kong experience, what are the most popular or winning products that customers seem to prefer?**

Iris: I think there are two interesting observations. First of all, the most popular products, I mean the products with the highest sales volume, are not necessarily the winning products under the 10Life scoring system. We define winning as having the most value to the consumers, not the most popular, not the most popular due to a strong marketing campaign or a strong agency force and products with high commission.

Iris: But on the other hand, many of the winning products in the 10Life scoring system are from smaller and lesser known brands. Some of these insurers have a small sales force and limiting brand power, but probably for the same reasons, they are able to pass more value to the consumers.

Paul: **So, 10Life has become the number one mobile app for insurance searches in the App Store and the Android Play Store in Hong Kong. Can you share with us a bit more about this traffic on your platform and how you market the app?**

Iris: Okay. As a start-up, we have limited budget for everything, including marketing, of course. So, we have to rely heavily on our content. But because we are not afraid to tell the public about the secrets and tricks of insurance companies, how they use these

tricks to sell, we tend to get a lot of attention and support.

Iris: We've been lucky to have the support from the local mass media outlets as well, from online, offline newspapers to TV and radio stations, because they see us as an independent source of... Almost like a KOL - Key Opinion Leader. So, whenever there's a hot topic about insurance or there's a complaint in the industry, they come to us as an independent source of opinions. Through the local media, we got a lot of traffic because of that.

Paul: Well, you called it lucky, but I think that's a good job well done.

Iris: Yeah. Thank you. It's about timing as well. In recent times there have been some regular changes, some positive and negative news about the industry. It's sort of helped us with our use of growth as all.

Paul: And do you get support from insurance companies, or do you manage to rate them with or without their support?

Iris: We rate all products, regardless whether they work with us or not. Some companies who do work with us, they will provide us with more up to date data, or they come to us and say, "Hey your information is wrong. Please update this with launcher." Or, "We've got a new product coming out. Can you please pre-rate the score for us?" And for that we do have a service charge, but regardless of whether they pay us or not, we do rate them in the same way.

Paul: So, coming back to the app, in the Play Store, the app is rated at 3.5, but people seem to love it or hate it. It collects ones or fives, and I was glad to know more fives than ones. How do you respond to that, sort of the customer reaction that you can see there?

Iris: I think it shows you that the Hong Kong people are quite extreme. Actually, Hong Kong people are quite practical. So, if they find something useful they just use it, and most won't be bothered giving you a review unless there's an incentive to do so. So, if you look at the actual number of people reviewing the app or the number of likes on Facebook that we have compared to that total number of uses, it's a very minor representation.

Paul: So, sticking with customers, we've had a royal commission in Australia, which has had a focus on putting the customer first. How do you think your platform can play a part in facilitating the role of insurance and achieve putting the customer first?

Iris: I think in both Australia and Hong Kong, and probably many other markets in the world, the insurance industry has had a lot of complaints and scrutiny because of the imbalance, meaning shareholders and distributors interests were often put before customer interests. 10Life advocates for the consumer by rating products from the consumers perspective. We also empower insurance companies to offer products with better value for the consumer.

Paul: So, once they've seen the rating on 10Life, do they go to the insurance company to buy, or can they buy through your platform?

Iris: At the moment we do not sell directly for products that are offered online. There's a link to the insurance website that for most of the products in Hong Kong is still done through tied agencies and brokers. There's a function in the app where the users can ask a question anonymously, and there are registered users on the platform who are licensed advisors are either from insurance companies or brokerage firms who can

answer the questions, but the user cannot see the answers.

Iris: The user can see the profiles of the advisor, whereas the advisor cannot see the profiles of the user. So, that way the consumers can avoid the hard sales that have been happening in the industry until they feel comfortable that after a few chats with the advisor, they can choose to further engage with them offline.

Paul: Okay. So, your platform directs them to a choice of an adviser?

Iris: Yes, that's right.

Paul: Right. So, do you see you have a responsibility for making sure that customers buy products that suit them?

Iris: I think through the functions on our platform we can empower the customers to research first before they buy. So, for more complex products in Hong Kong, customers still need to go through the financial needs analysis and licensed advise process before they can before they can get cover. But having gone through our platform first, hopefully they can be in a better position to make the right choices based on the needs, rather than falling into this any sales traps.

Paul: With China Greater Bay area and belt and road incentives, and Hong Kong government issuing virtual licenses to insurers, do you see more opportunities for Insuretech and Fintech and any plans for your start-up going even further?

Iris: Well, I see more opportunities and potentially more competitions, which is a good thing. But the pace for digitalising insurance is still pretty slow in Hong Kong, I would say, compared to other markets like Singapore, as there's too large of a stake in the traditional distribution system. So, for

us, we will continue on our mission to break down the complexity insurance of the consumers, but also promoting competitiveness among the insurers, no matter if they are start-ups or large financial conglomerates, and to make better products.

Paul: **And as markets develop then there's a lot of talk about big data and of course data privacy. What views do you have on those topics?**

Iris: Well, I think big data is everywhere now, so for most people, they are exposed to data privacy issues to some extent. I think from a consumer's perspective, there's more need for awareness. I think many people they go online without knowing what risks they come into. But at the same time, you also see people who complain about their data privacy, but they're the ones who leave their private profiles online and leave comments on the internet all the time.

Iris: For the companies, I think, apart from adhering to the applicable privacy laws, it's also important for people working in the companies to have ethics, because the laws can only protect the customers to a certain extent. Sometimes it's down to your personal ethics to be able to have access to privacy data, but use it in a most appropriate way.

Paul: **What would your advice be to actuaries who might want to be considering their own start-up?**

Iris: I will give three, simple advice. The first one is to learn to get out of your comfort zone. Secondly, learn to become a journalist, not just a specialist, because your actual skill sets would be valuable, but your overall skills as a human being will actually be tested. Finally, treasure all the good relationships and network you have. They

will become very valuable when you need them the most.

Paul: **Thanks, Iris. That's been very interesting, and we look forward to seeing what happens in the insuretech space in Asia and indeed closer to home.**

Iris: It's been a pleasure, and I look forward to sharing more exciting updates in the near future.

Paul: **Well, we hope you enjoyed this discussion, listeners. Check out our Actuaries Institute podcast for more interviews with actuaries driving new products and technologies across a range of industries. Write in with your questions and comments on the show. We'd love to hear from you. I'm Paul Swinhoe. Bye for now.**