



FALIA Invitational Seminar in Japan

**"Life Insurance Marketing under the Rapid
Socio-Economic Changes" Course**

(Introduction to the Main Purpose of this Seminar)

**Current Major Socio-economic changes and those
impacts to the insurers' marketing strategies**

**September 4, 2024
Masayuki Tanaka
FALIA**

4Ps analysis of marketing strategy for Life Insurance Company

Product:

- **Crafting the Perfect Offering:** Life insurance companies must carefully design their product portfolio. This includes various types of insurance policies (e.g., term life, whole life, universal life) and annuities.
- **Product Differentiation:** Offering unique features or benefits helps stand out in a competitive market.

Price:

- **Setting the Right Value:** Pricing strategies should balance affordability for customers and profitability for the company.
- **Transparent Pricing:** Clear communication about premium costs builds trust.

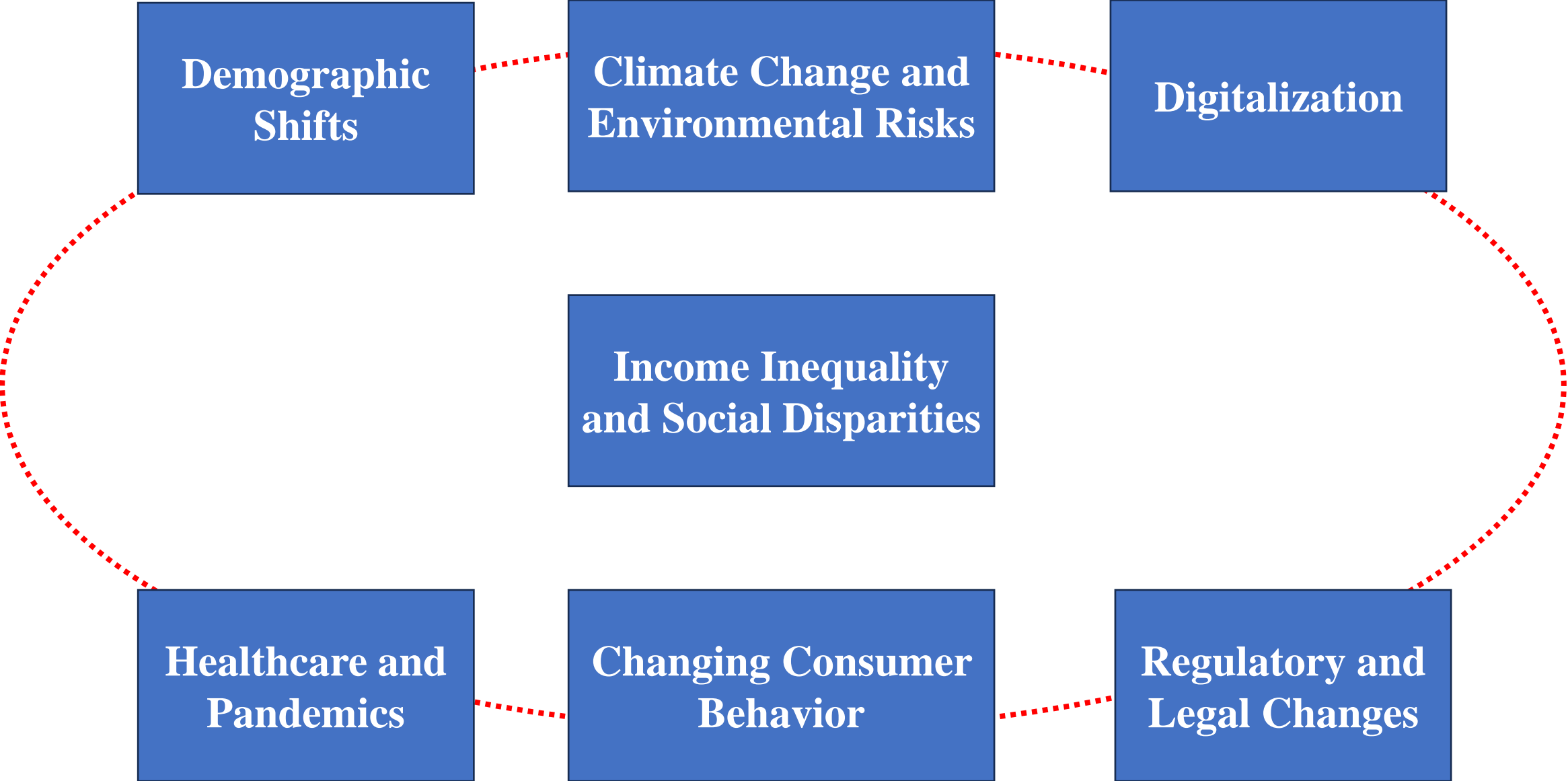
Place (Distribution Strategies):

- **Selecting the Right Distribution Channels:** With changing customer preferences, online channels (websites, mobile apps) are crucial. Traditional agents still play a significant role.
- **Efficient Logistics:** Ensuring smooth policy issuance and claims handling.

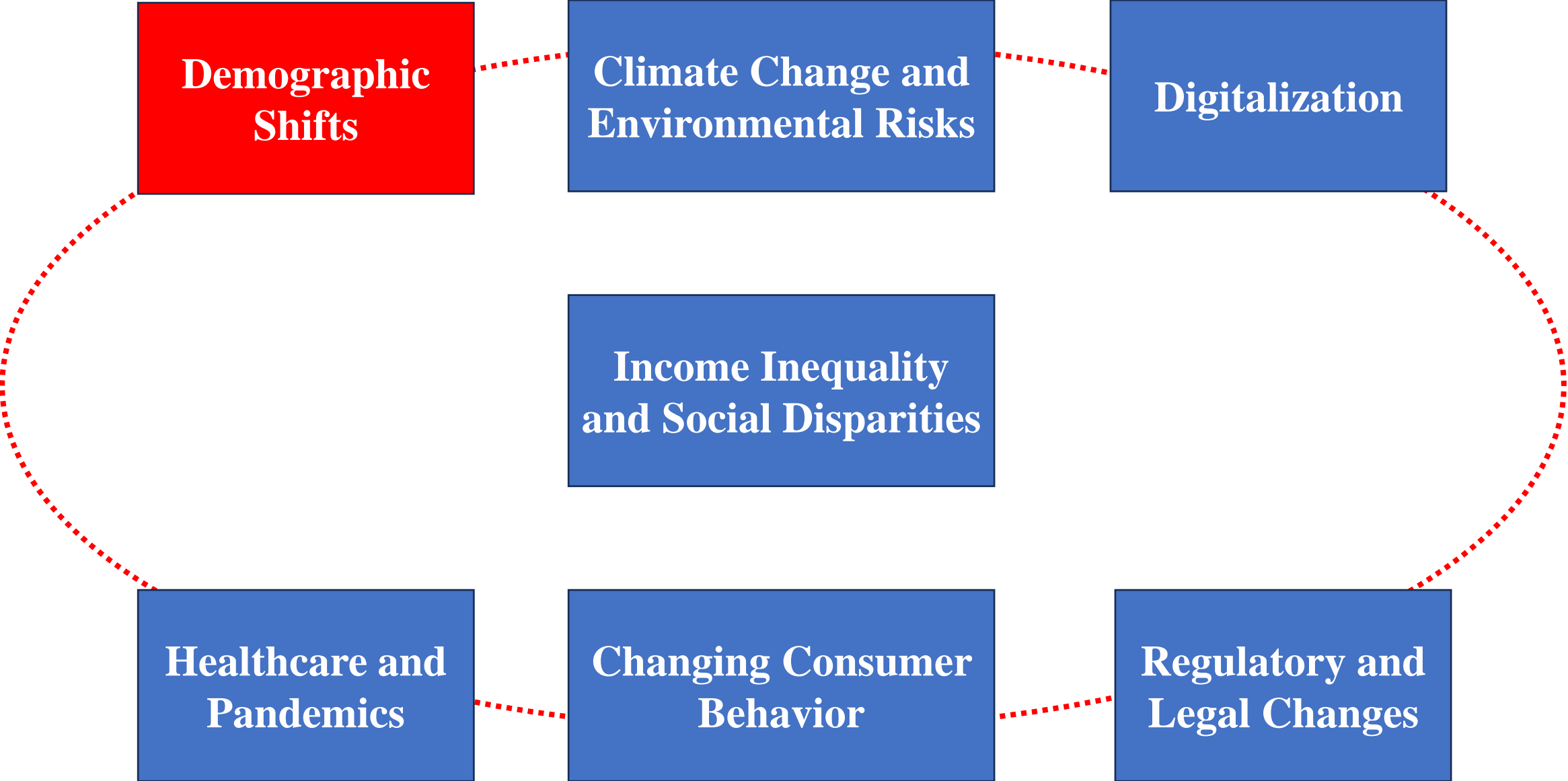
Promotion:

- **Spreading the Word:** Effective marketing communication through advertising, branding, and personalized outreach. Social media and email campaigns are valuable tools

Major Socio-economic changes

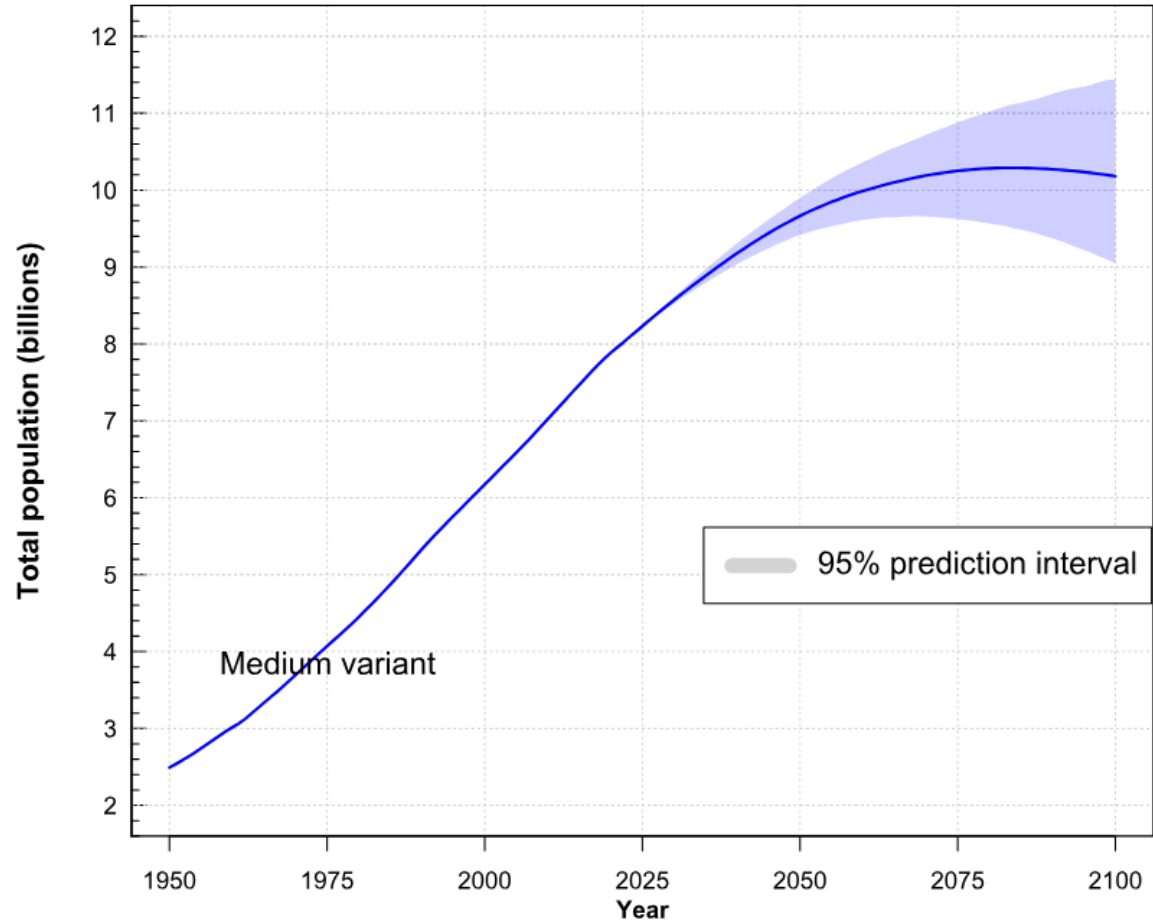


Major Socio-economic changes

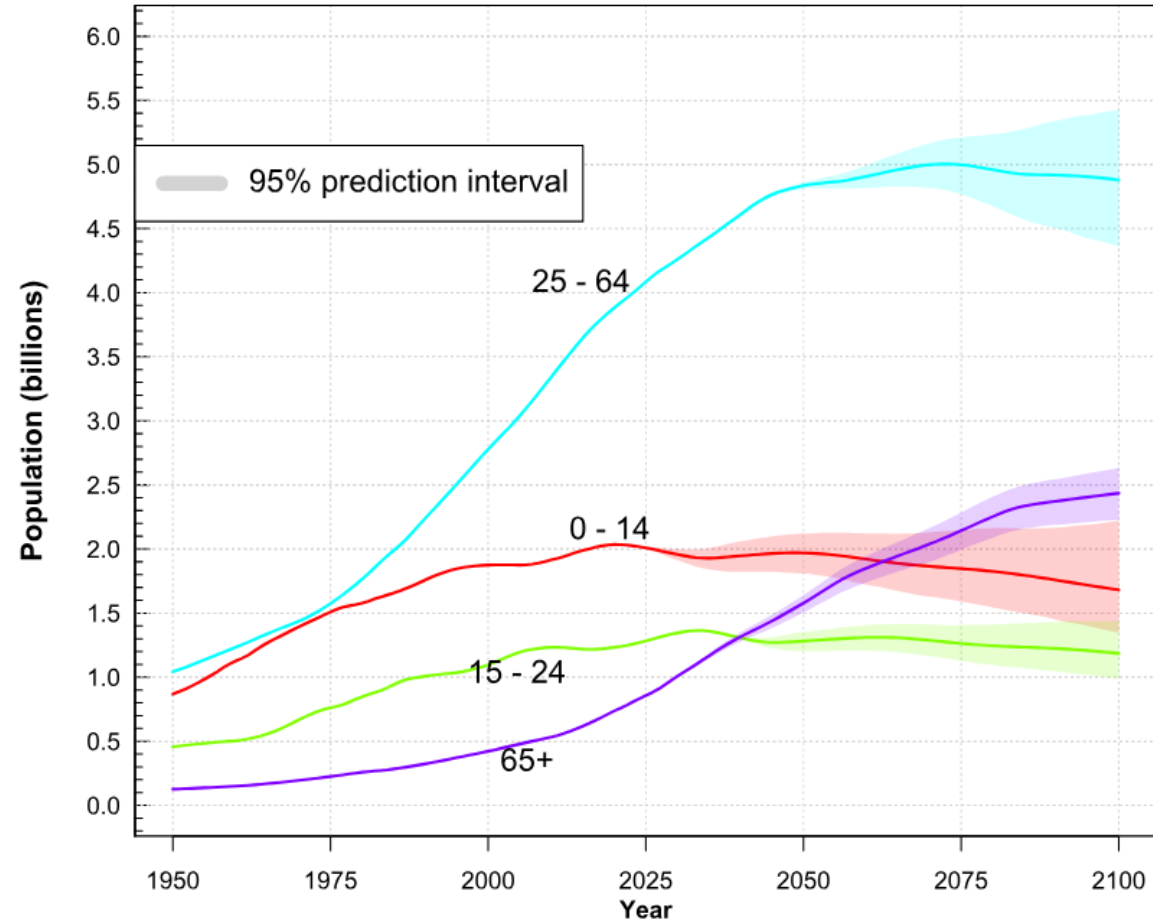


World Population Prospects 2024 (World)

Total population

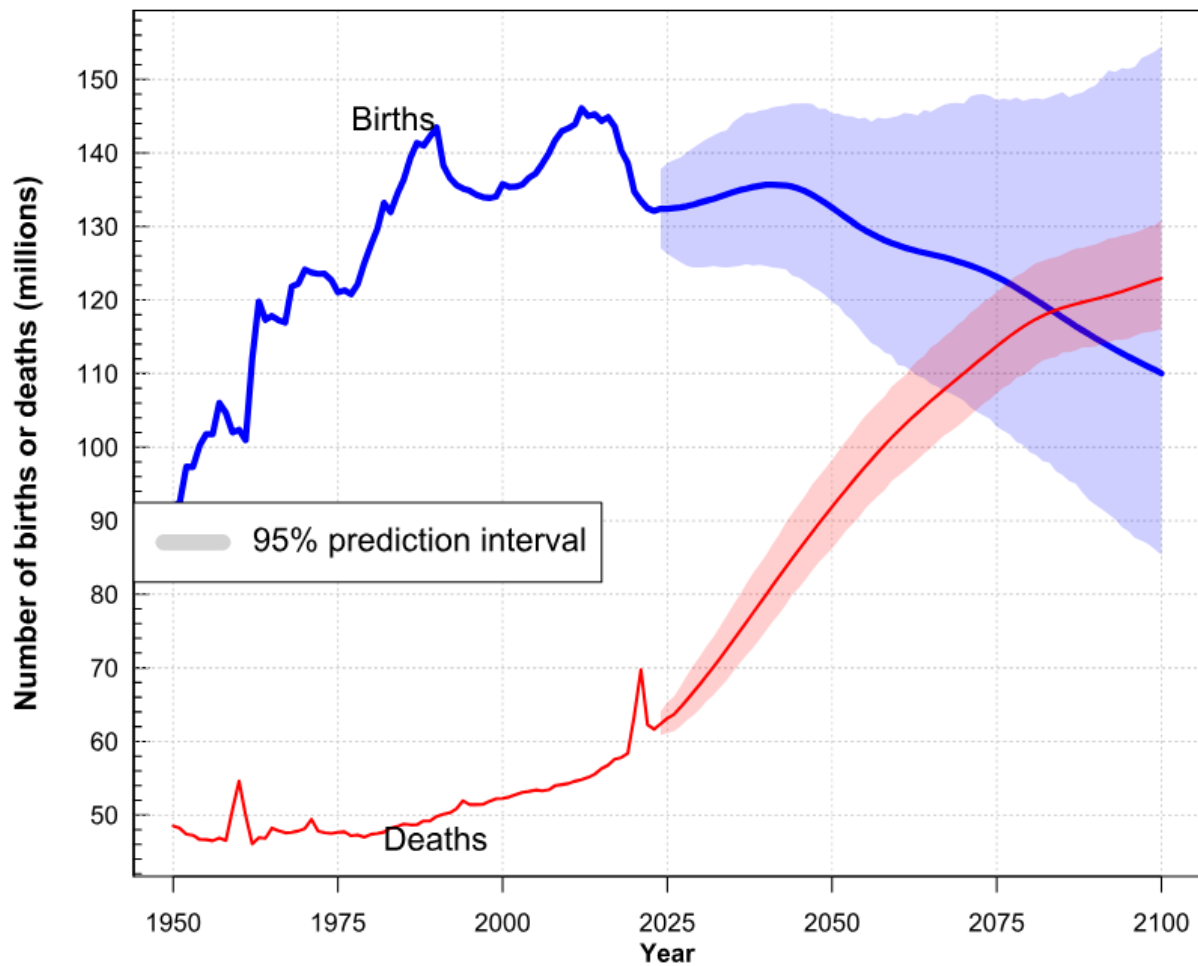


Population by broad age groups

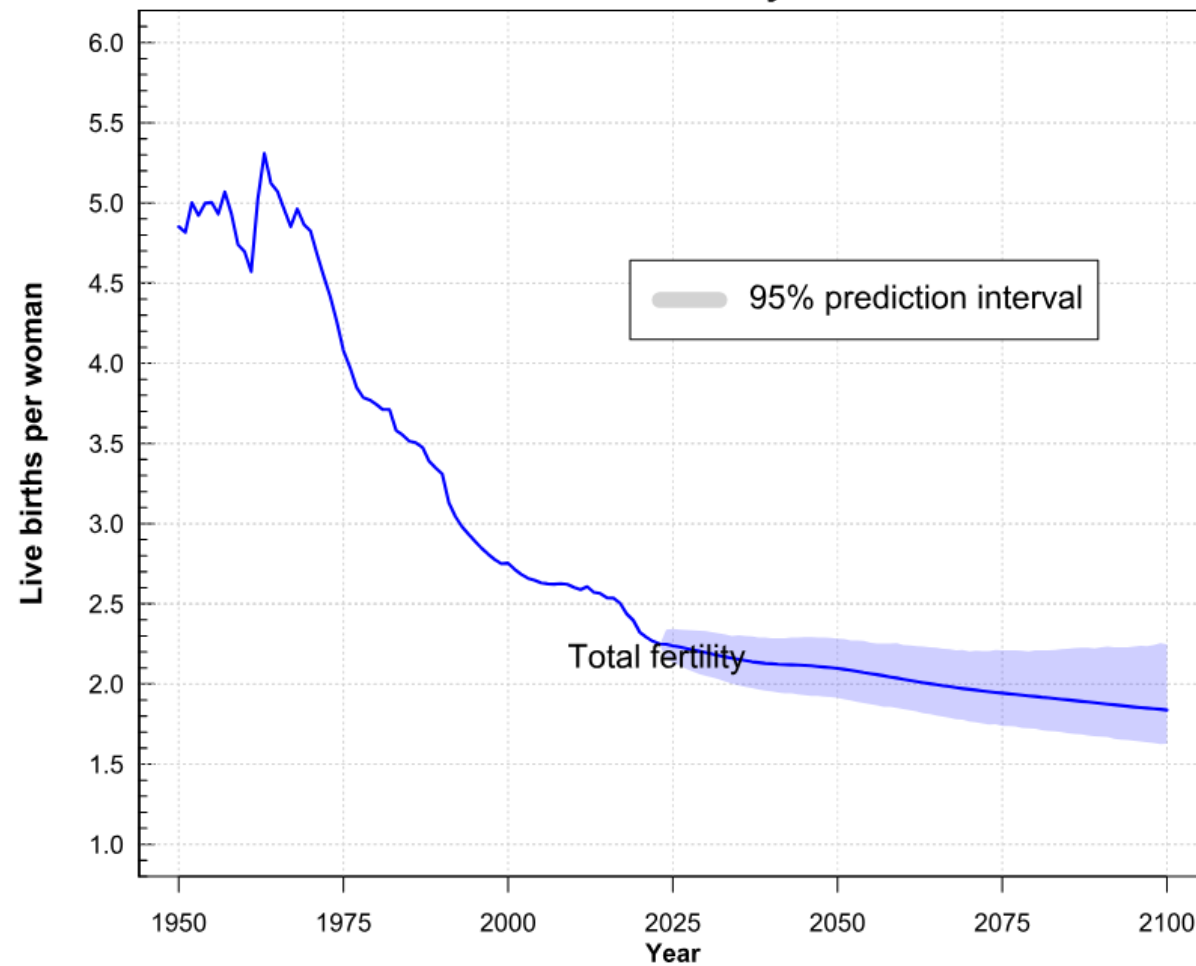


World Population Prospects 2024 (World)

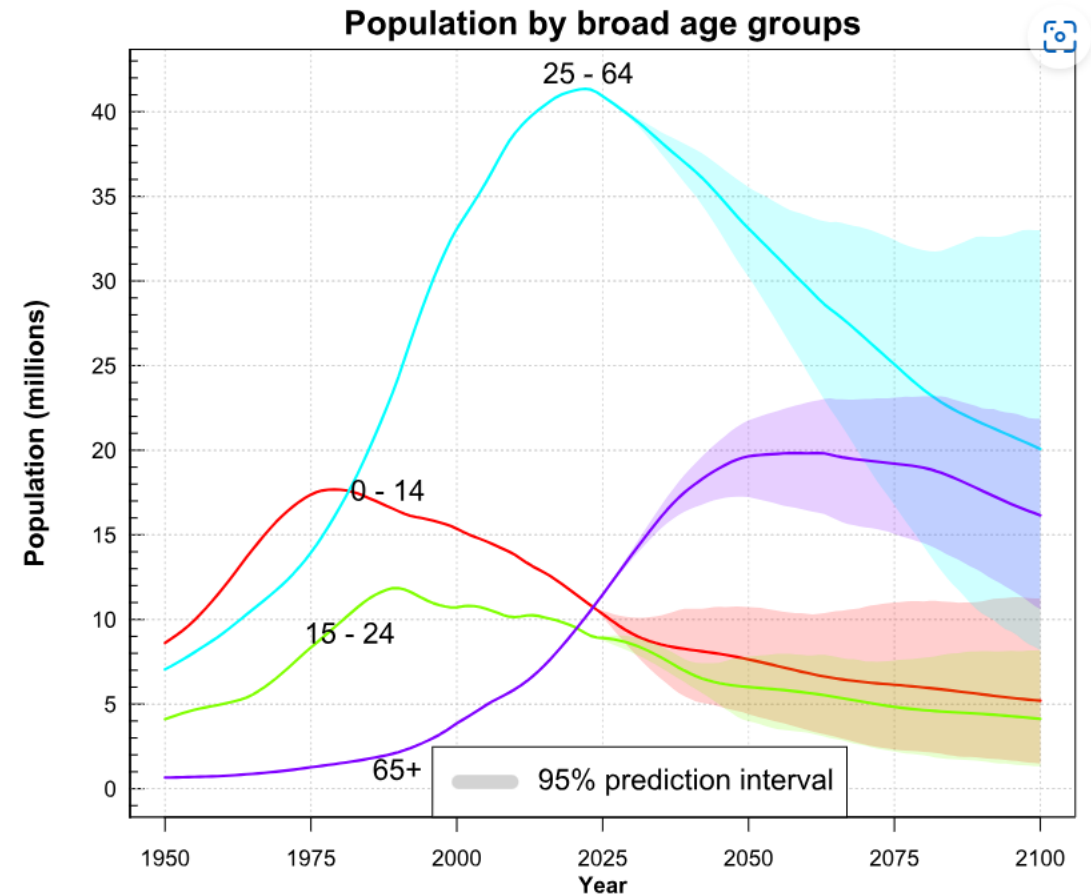
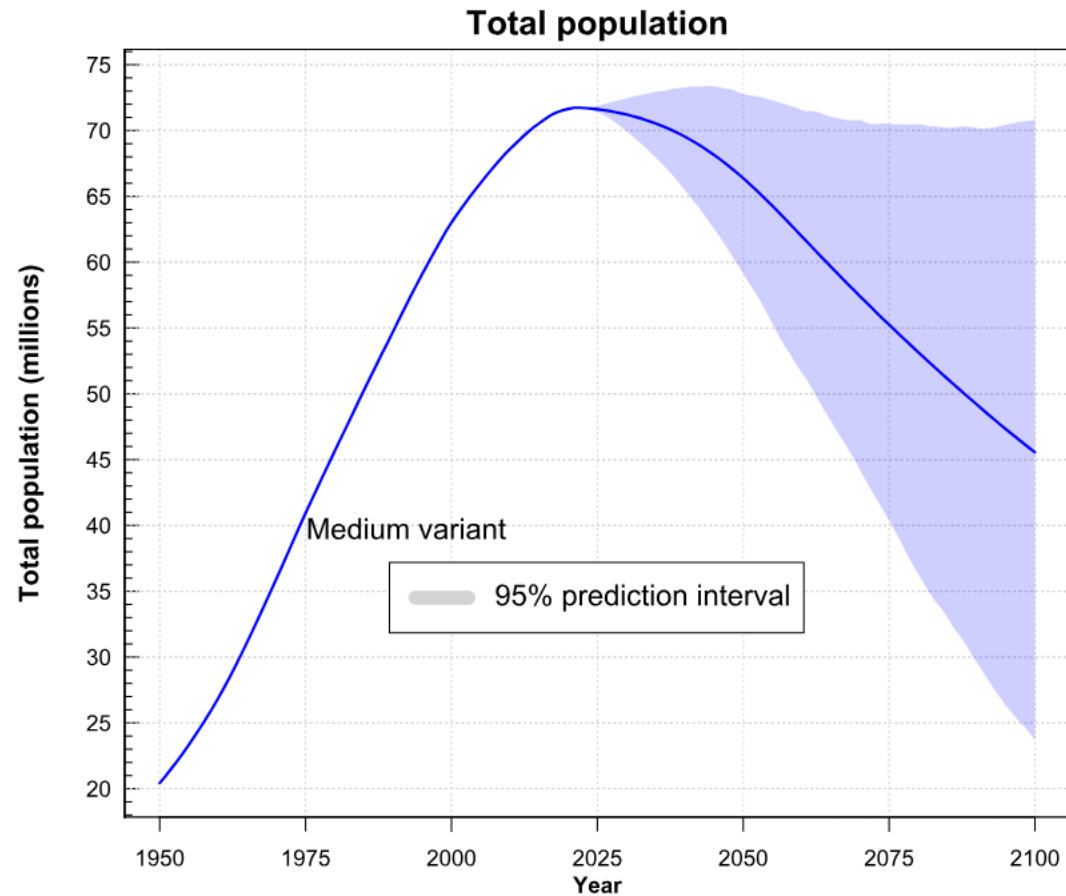
Annual number of births and deaths



Total fertility

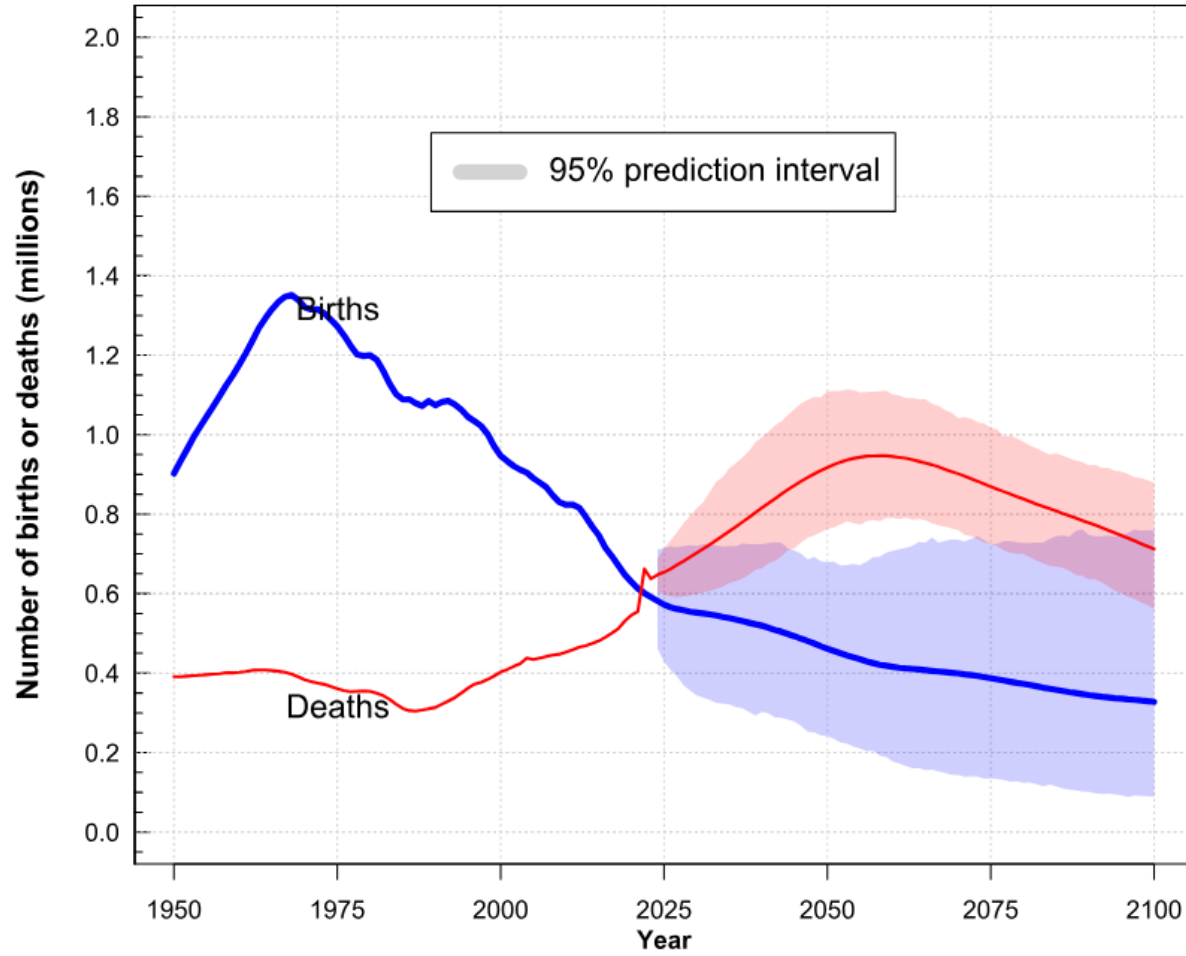


World Population Prospects 2024 (Thailand)

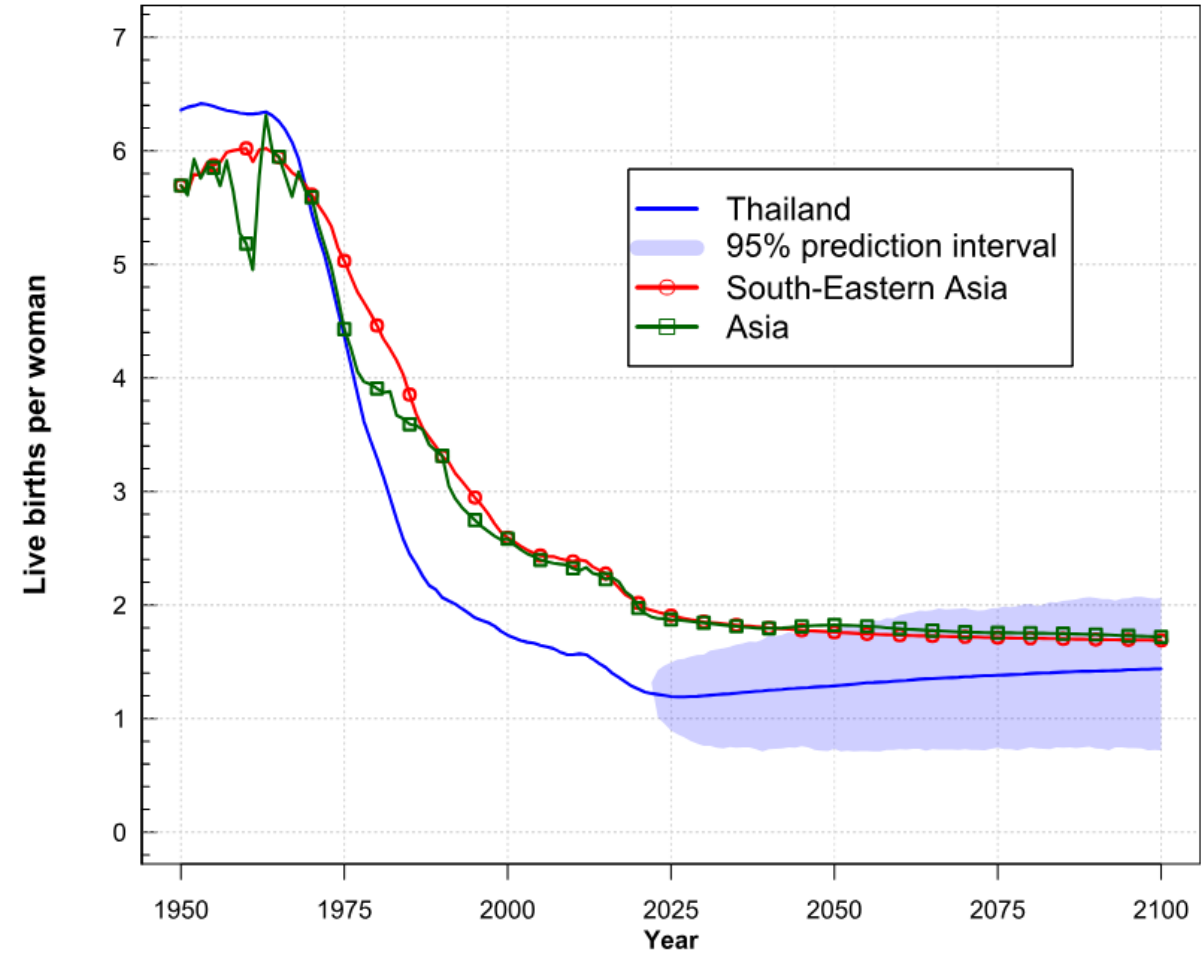


World Population Prospects 2024 (Thailand)

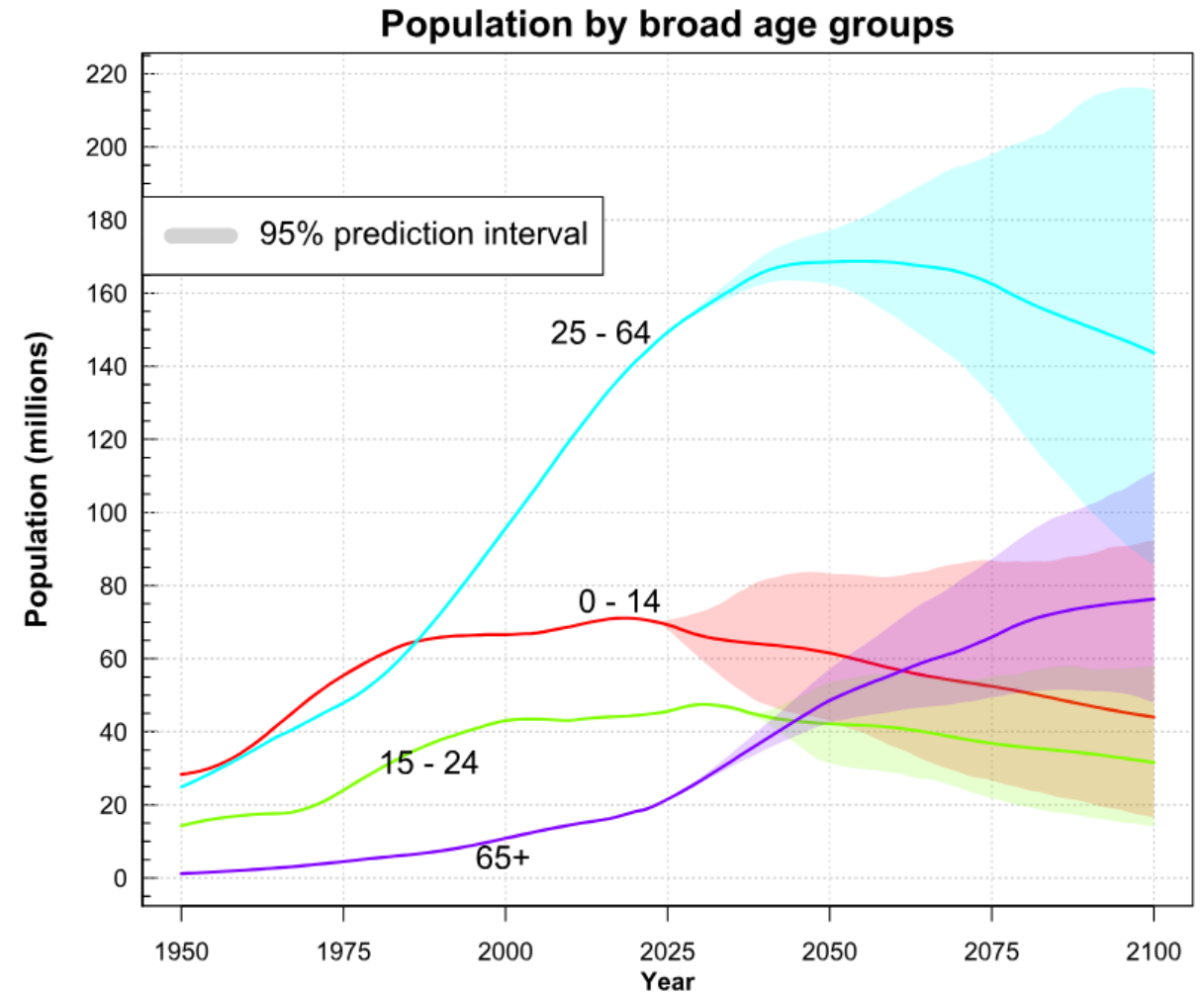
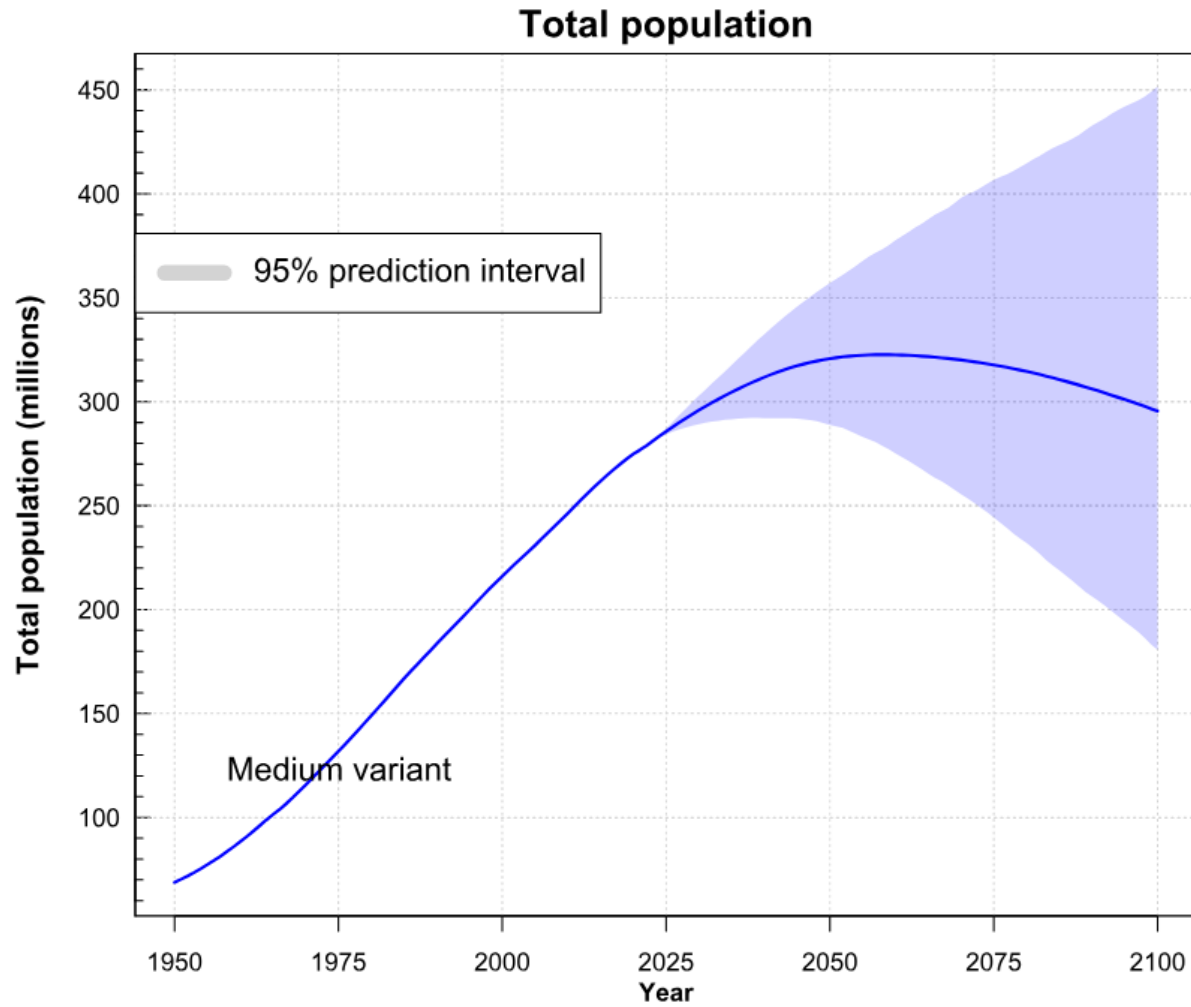
Annual number of births and deaths



Total fertility

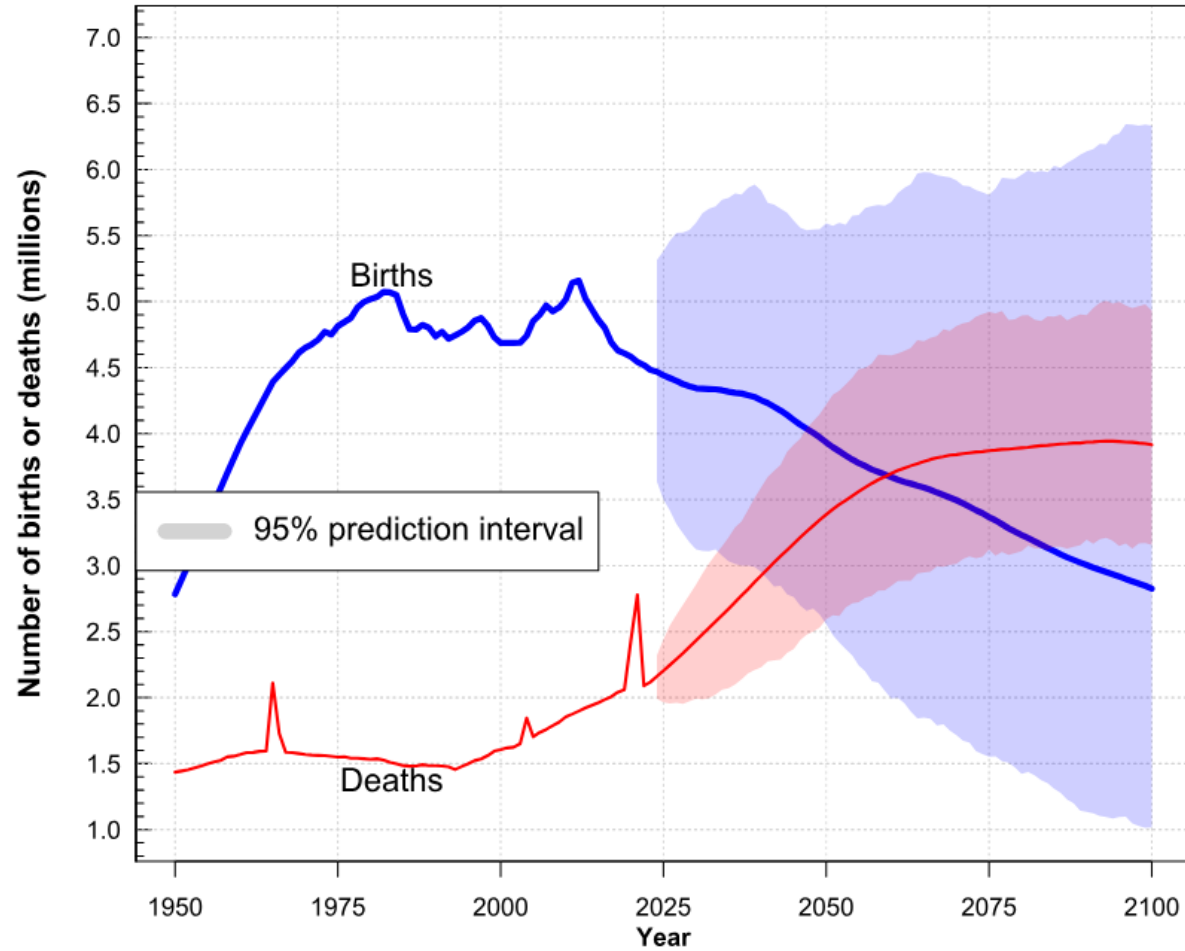


World Population Prospects 2024 (Indonesia)

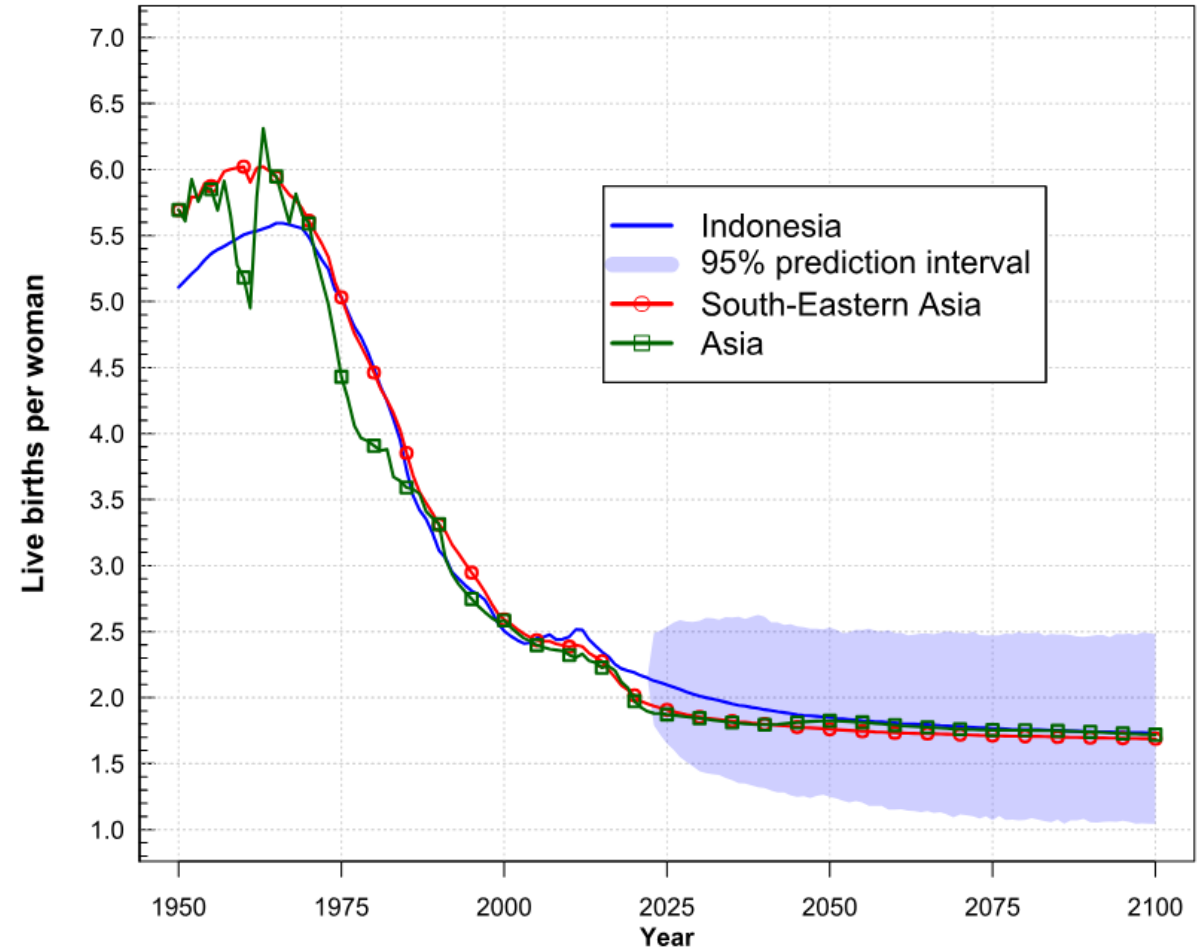


World Population Prospects 2024 (Indonesia)

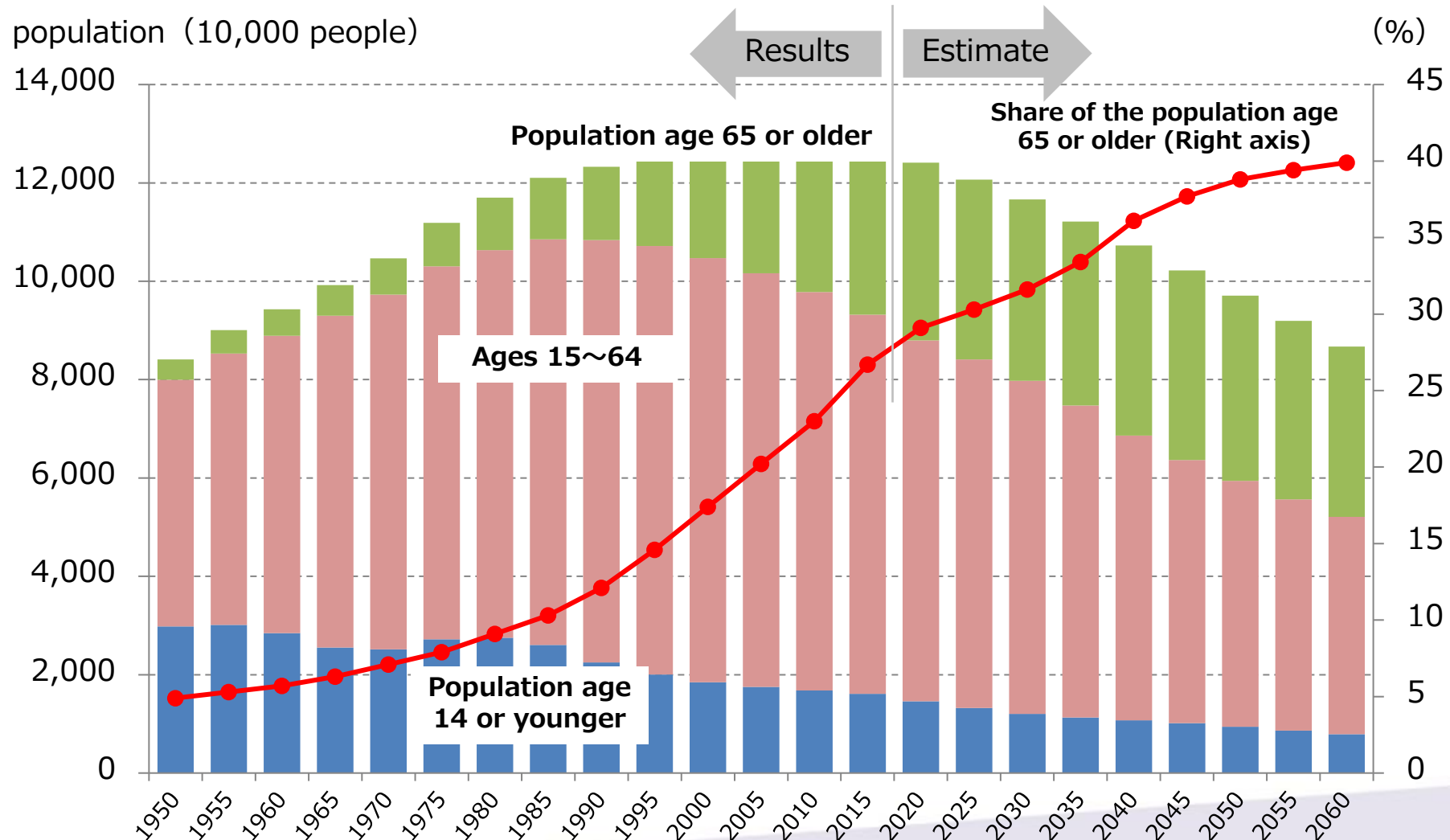
Annual number of births and deaths



Total fertility

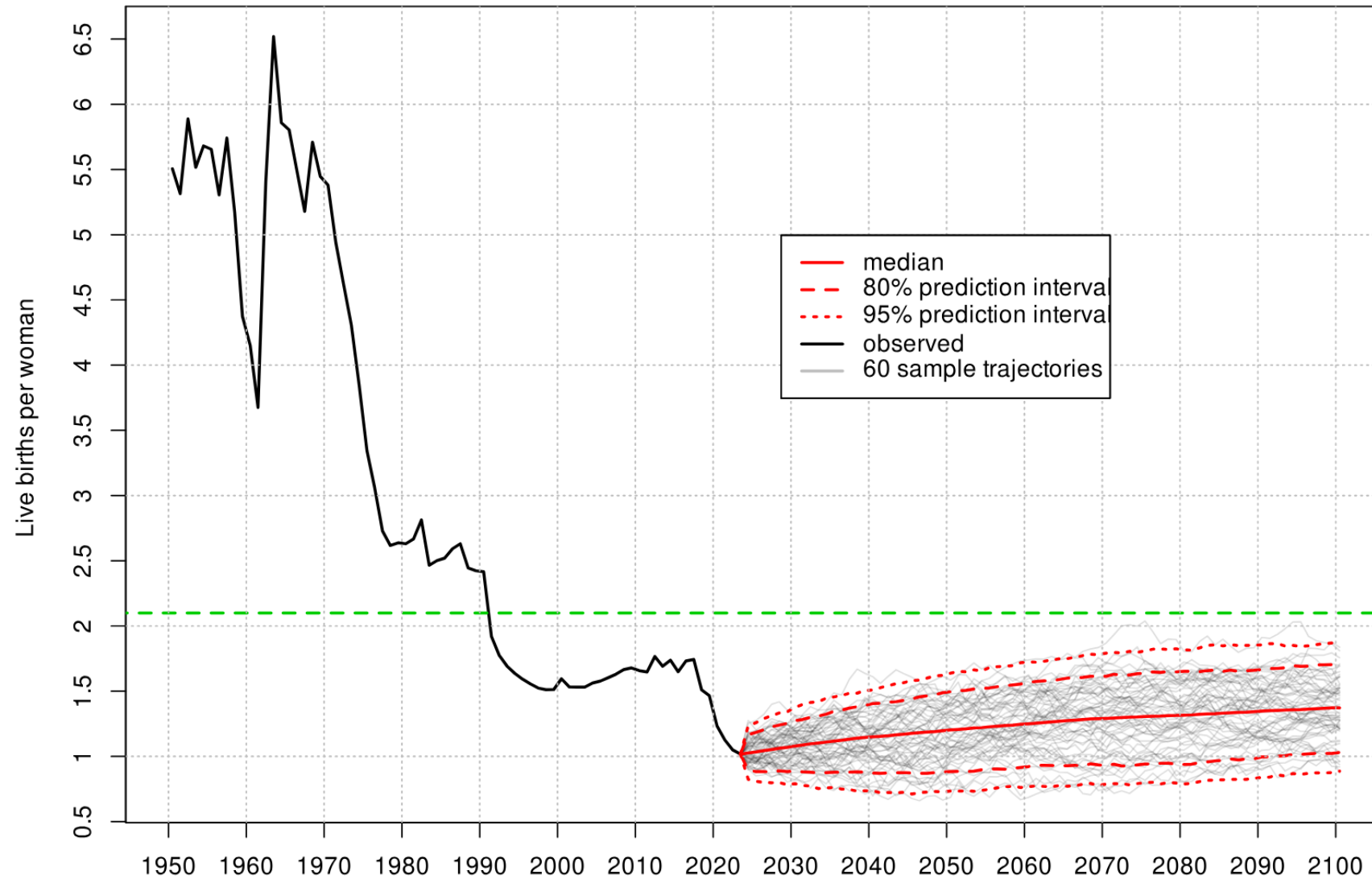


Prospect of the decreasing of population and the rising of aging ratio in Japan



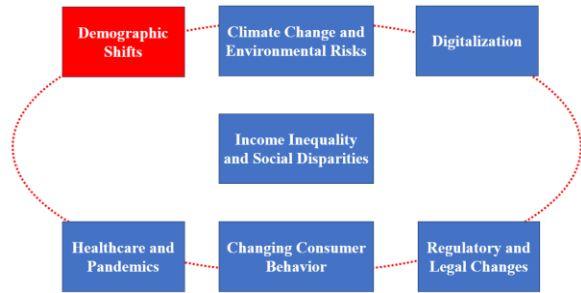
※ Prepared based on the National Census and Population Estimates of the Ministry of Internal Affairs and Communications, the Population Projections for Japan and projection of medium-fertility and medium-mortality of the National Institute of Population and Social Security Research, and the Demographic Statistics of the Ministry of Health, Labour and Welfare

World Population Prospects 2024 (Eastern Asia)



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United Nations, DESA, Population Division. World Population Prospects 2024. <http://population.un.org/wpp/>

Demographic Shifts

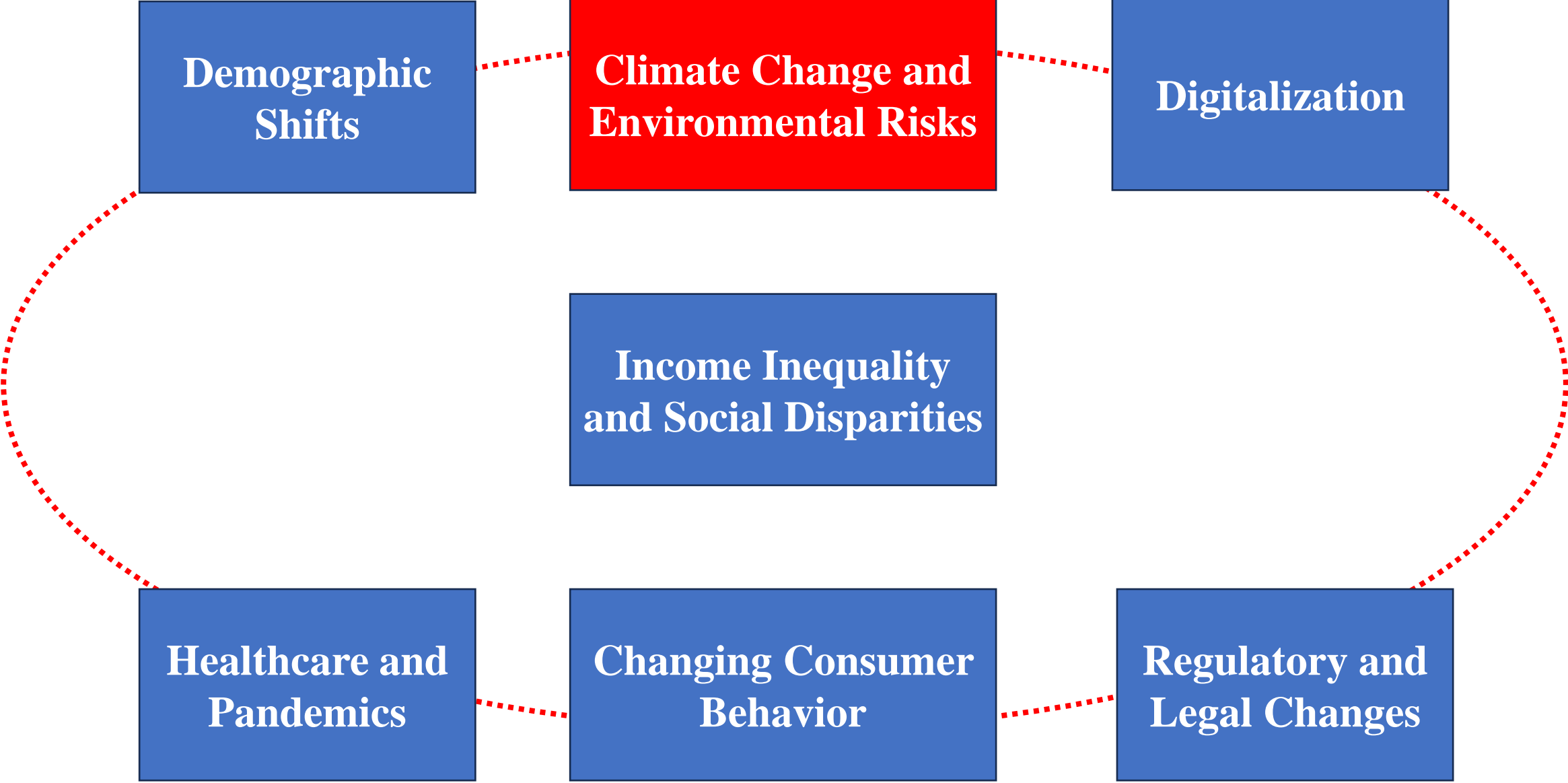


- **Fertility Rate**
- **Annual Number of Deaths worldwide increases**
- **Annual Number of Births worldwide decreases**
- **Age +65 keeps increasing**



- **Product for Elderly people with Reasonable price**
- **Solid life insurance enrollment and contract renewal for elderly people**
- **Good profit (Prevention from trust loss due to inappropriate solicitation of the elderly)**
- **Handling of nursing care service**

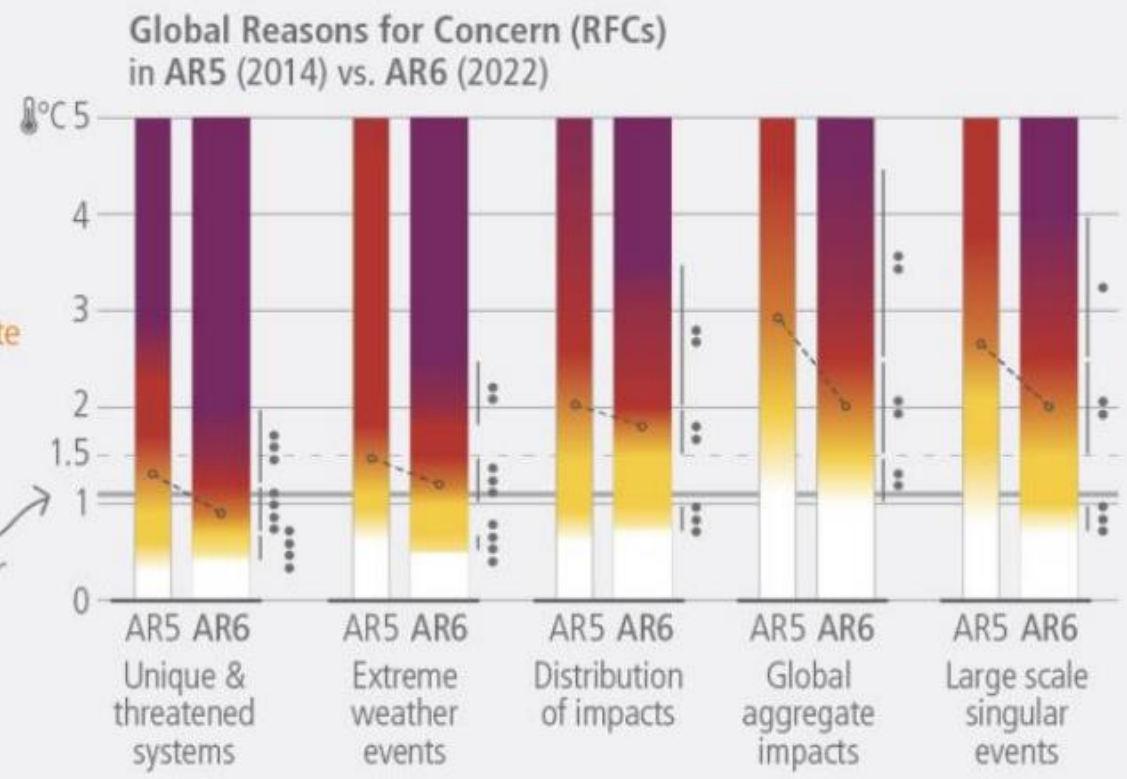
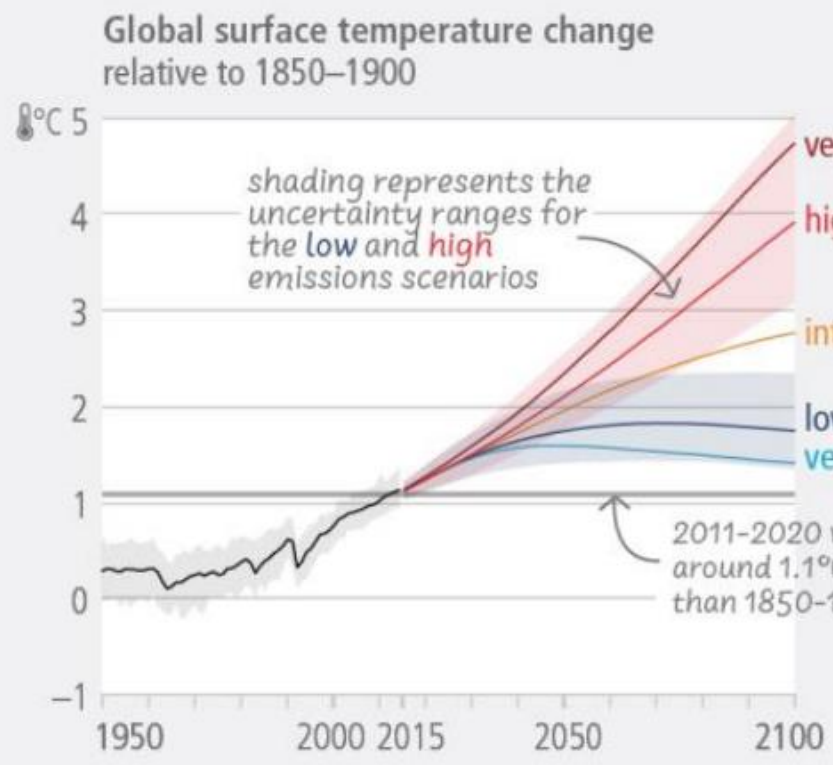
Major Socio-economic changes



IPCC 6th Assessment Report (AR6)

Risks are increasing with every increment of warming

a) High risks are now assessed to occur at lower global warming levels



risk is the potential for adverse consequences

Risk/impact

- Very high
- High
- Moderate
- Undetectable

Transition range

Confidence level assigned to transition range

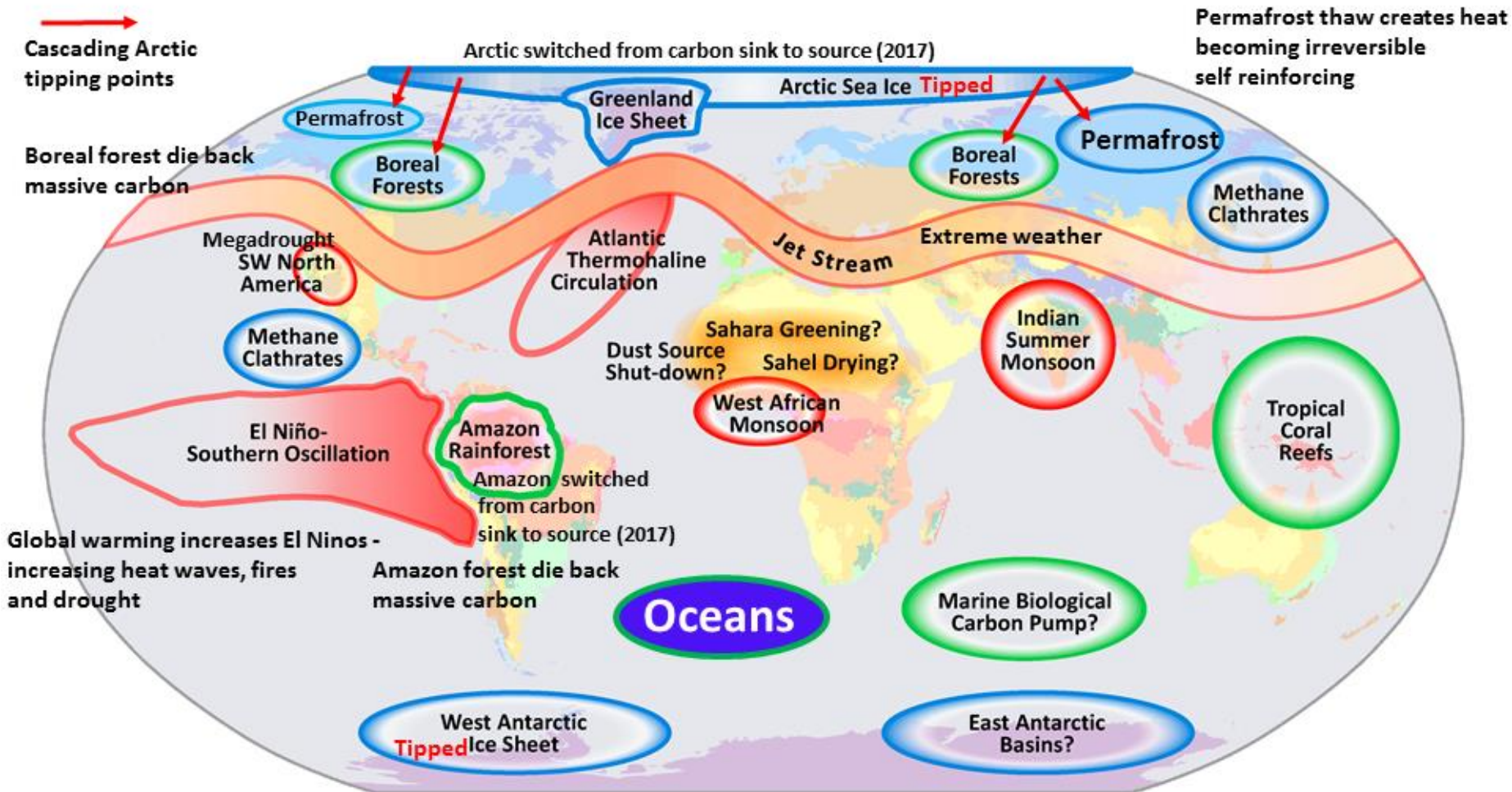
Low → Very high

midpoint of transition

Global Warming Vulnerable Tipping Points

Committed global warming (>2°C) commits most, most likely past tipping
Thawing permafrost is emitting CO₂, methane & nitrous oxide

- Cryosphere Entities
- Circulation Patterns
- Biosphere Components



Oceans: Heating, Acidification & Deoxygenation

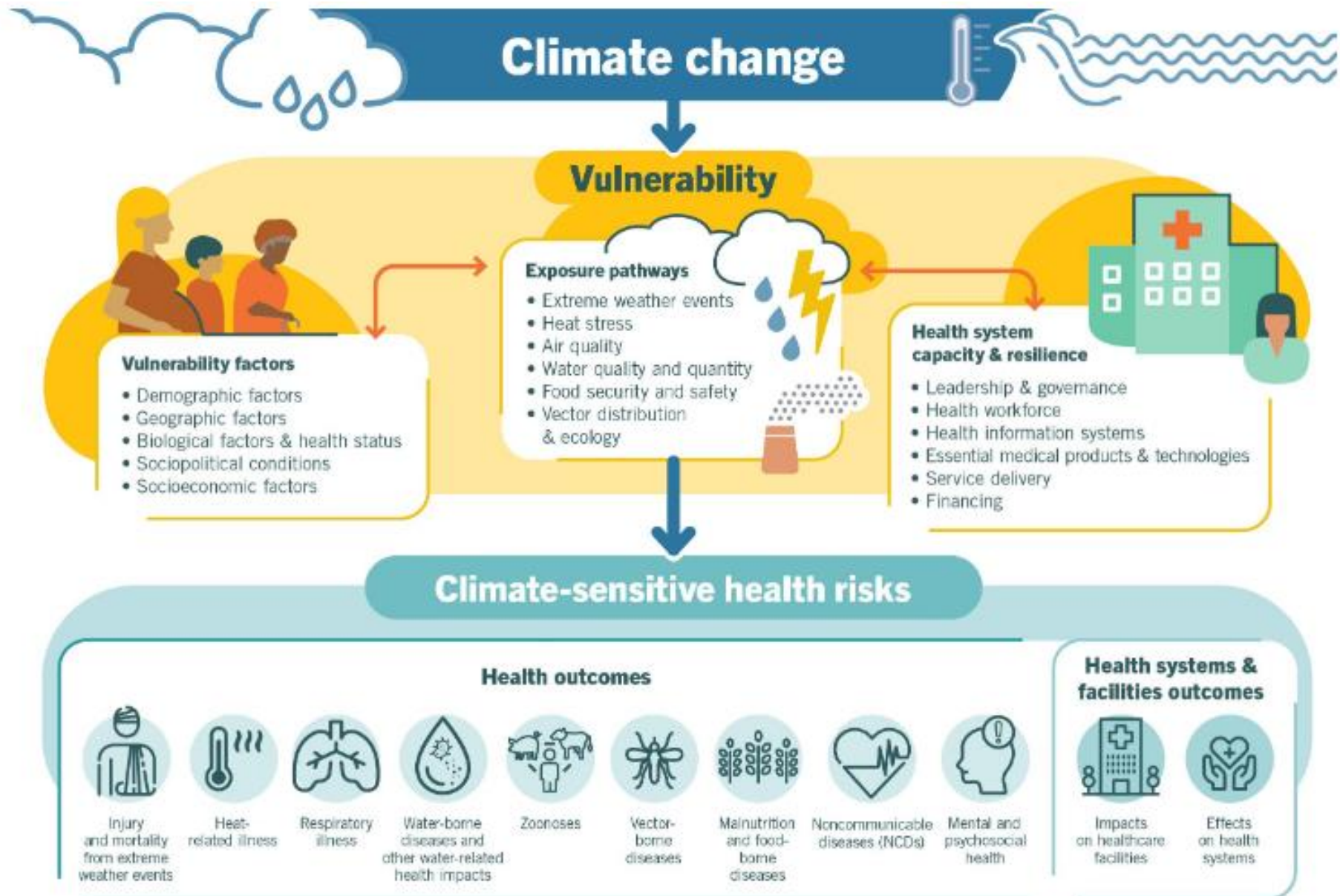
Adapted from Potsdam Climate Institute
Tipping Elements the Achilles Heels
of the Earth System

Retreating glaciers and receding permafrost



UN Nepal/Narendra Shrestha | Glaciers in the Everest region are melting at an unprecedented rate.

Climate Change impact on Human Health

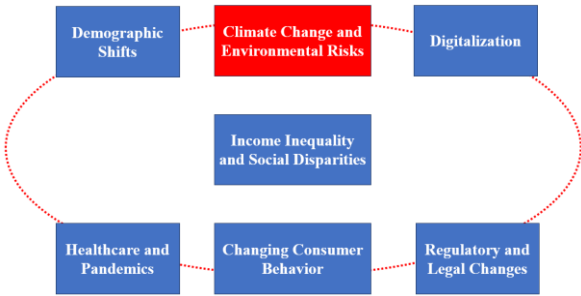


Biodiversity Loss

Direct drivers of biodiversity loss

- ◆ Land/sea-use change (e.g. expansion of residential area, conversion of forests into hotels, agricultural area or roads)
- ◆ Direct exploitation (e.g. deforestation, overfishing)
- ◆ Climate change (e.g. GHG emissions leading to extreme weather)
- ◆ Pollution (e.g. inappropriate discharge of wastewater, plastics)
- ◆ Invasive species

Climate Change and Environmental Risks

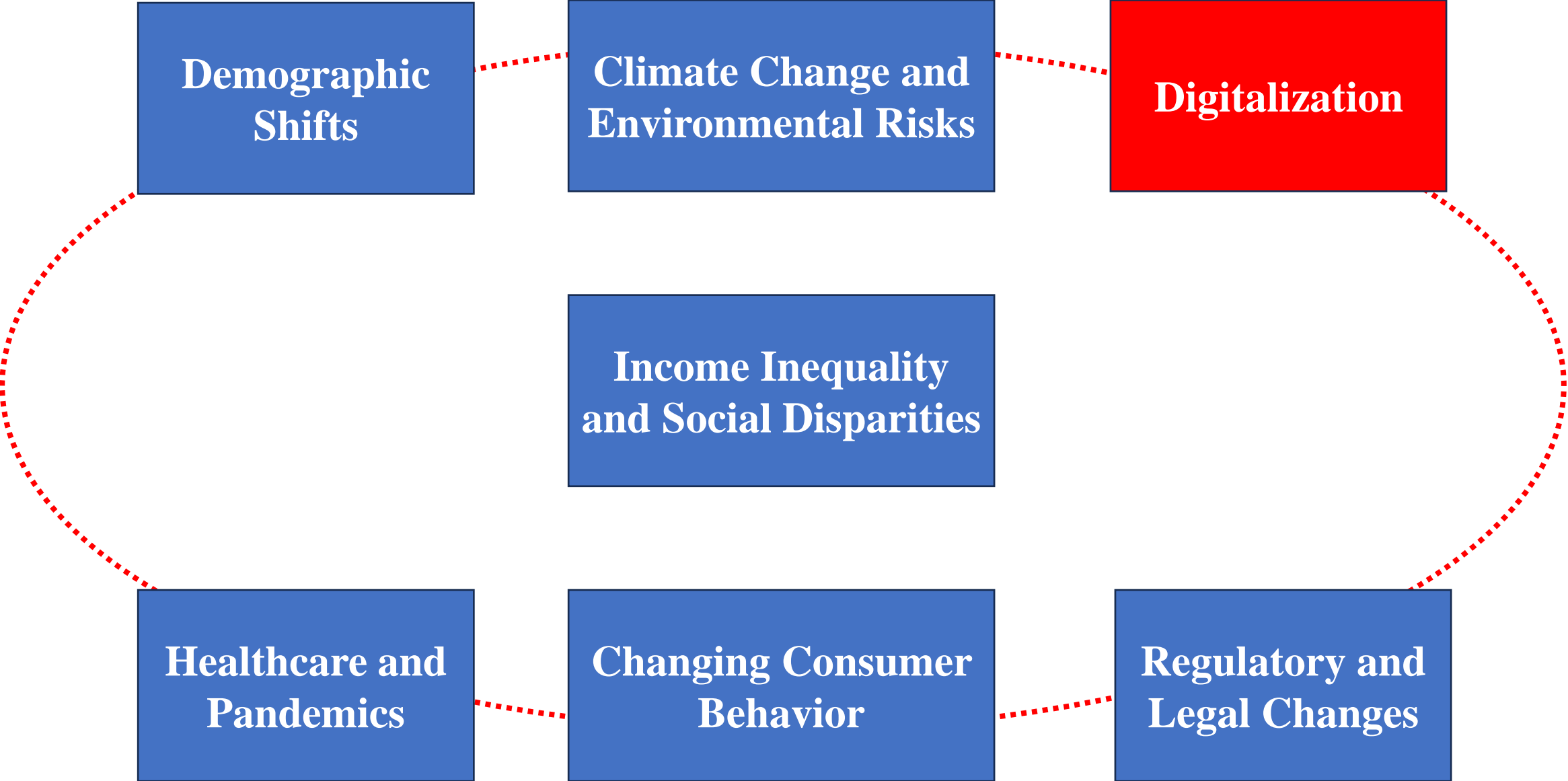


- Global warming and biodiversity loss are progressing
- Climate Change impact on human health, food security (Agriculture Loss), viral infection



- Promoting sustainable practices
- Preserving Biodiversity and Forests
- Promoting Responsible Investment or Impact Investment
- Elderly and Poorer people are more susceptible
- Product for people vulnerable to the climate change with Reasonable price
- Enhance the hospitalization of digestive diseases

Major Socio-economic changes



General insurance companies can leverage Artificial Intelligence (AI) in several ways to enhance their operations, improve customer experiences, and drive business growth.

- **Risk Assessment and Underwriting:**
- **AI algorithms analyze vast amounts of data to assess risks accurately.**
- **Machine learning models can predict claim probabilities, helping insurers make informed underwriting decisions.**
- **AI-driven risk assessment improves pricing accuracy and reduces fraud.**
- **Claims Processing:**
- **AI automates claims processing, reducing manual effort and speeding up claim settlements.**
- **Natural language processing (NLP) helps extract relevant information from claim documents.**
- **Chatbots assist customers during the claims process, enhancing communication.**
- **Customer Service and Chatbots:**
- **AI-powered chatbots handle routine inquiries, provide policy information, and assist with basic tasks.**
- **Virtual assistants enhance customer interactions, offering 24/7 support.**
- **Personalized Product Recommendations:**
- **AI analyzes customer data to recommend tailored insurance products.**
- **Personalization improves customer satisfaction and retention.**
- **Fraud Detection and Prevention:**
- **AI algorithms detect suspicious patterns and anomalies in claims data.**
- **Real-time fraud alerts help insurers take proactive measures.**
- **Predictive Analytics:**
- **AI models predict customer behavior, such as policy cancellations or cross-selling opportunities.**

General insurance companies can leverage Artificial Intelligence (AI) in several ways to enhance their operations, improve customer experiences, and drive business growth.

- **Insurers can optimize marketing efforts based on these insights.**
- **Automated Document Processing:**
- **AI extracts relevant information from documents, reducing manual data entry.**
- **Optical character recognition (OCR) technology digitizes paper-based documents.**
- **Telematics and Usage-Based Insurance:**
- **AI analyzes driving behavior using telematics data (from devices or mobile apps).**
- **Usage-based insurance models offer personalized premiums based on actual driving habits.**
- **Fraudulent Claims Investigation:**
- **AI identifies suspicious claims patterns and assists investigators.**
- **Pattern recognition helps uncover fraudulent activities.**
- **Data Analytics for Pricing and Reserving:**
- **AI analyzes historical data to set accurate premium prices and reserve funds.**
- **Predictive modeling improves risk estimation.**

Life insurance companies can harness Artificial Intelligence (AI) to enhance their operations, improve customer experiences, and drive business growth

- **Risk Analysis and Premium Determination:**
 - **AI models analyze vast data sets to assess risks accurately.**
 - Predictive analytics help determine more precise premiums based on individual data.
- **Claims Processing:**
 - **AI automates claims handling, speeding up settlements.**
 - Natural language processing (NLP) extracts relevant information from claim documents.
- **Mortality and Lapse Predictions:**
 - **AI improves predictions related to policyholder mortality and policy lapses.**
 - Insurers can optimize decision-making for profitable customer relationships.
- **Personalized Customer Experiences:**
 - **AI tailors interactions, offering personalized product recommendations.**
 - Chatbots enhance customer service and engagement.
- **Proactive Health and Wellness:**
 - Insurers focus on preventive care using AI.

Digital Development in Life Insurance Industry

Data-Driven Insights and Personalization:

Advanced Analytics: Insurers are leveraging data analytics to gain insights into customer behavior, risk assessment, and pricing. Personalized offerings based on individual needs and preferences are becoming more common¹.

Targeted Health Management: Shifting focus from mortality protection to health management. Insurers provide wellness programs, wearable devices, and personalized health advice to policyholders.

Digital Distribution Channels:

Mobile Apps and Websites: Customers can now file claims, access policy information, and communicate with agents through mobile apps and websites. These channels enhance transparency and convenience¹.

Online Research and Purchases: The COVID-19 pandemic has accelerated online research and purchasing of life insurance policies.

Product Innovation:

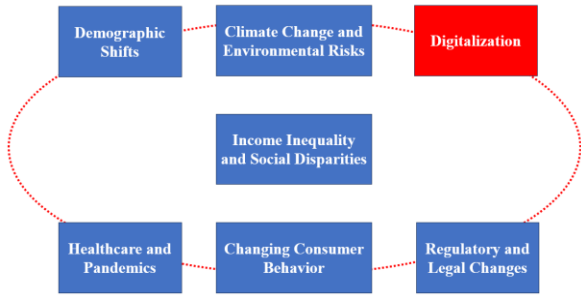
Flexible Product Solutions: Insurers are developing products suitable for challenging regulatory environments and low-interest-rate scenarios. Hybrid policies, wellness-linked coverage, and customizable options are gaining popularity².

Collaboration and Partnerships:

Industry Collaboration: Leading insurers collaborate with technology companies, startups, and regulatory bodies to drive innovation.

Digital Transformation: Insurers invest in digital infrastructure, AI, and automation to streamline processes and improve customer experiences

Digitalization

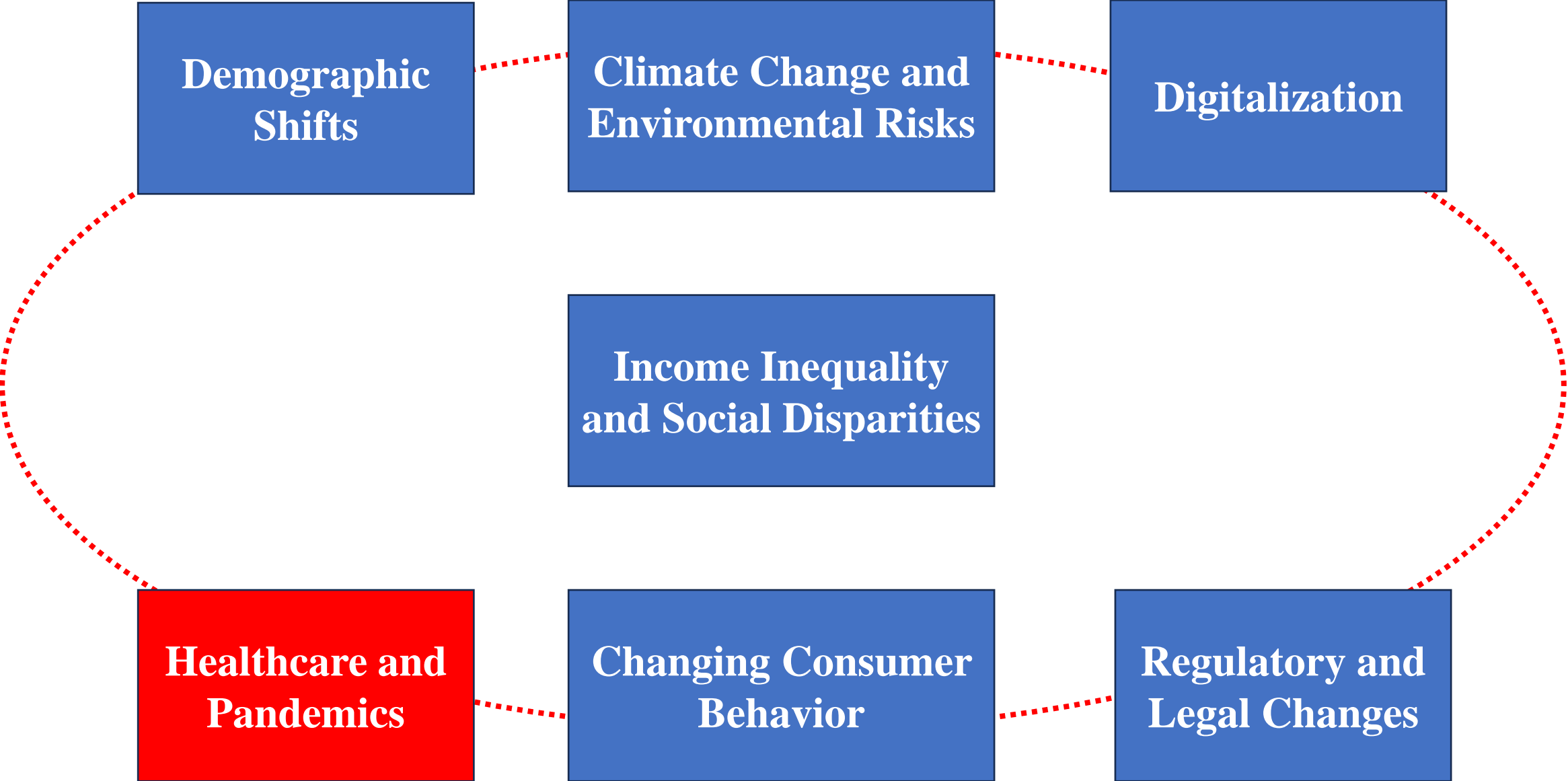


- Insurers must embrace technology for efficiency, customer experience, and risk assessment
- Implementing digital platforms, using data analytics for personalized policies, and enhancing cybersecurity
- User friendly platforms for senior people, digitally divided people,
- Leverage on Artificial Intelligence (AI) in several ways to enhance their operations, improve customer experiences, and drive business growth...

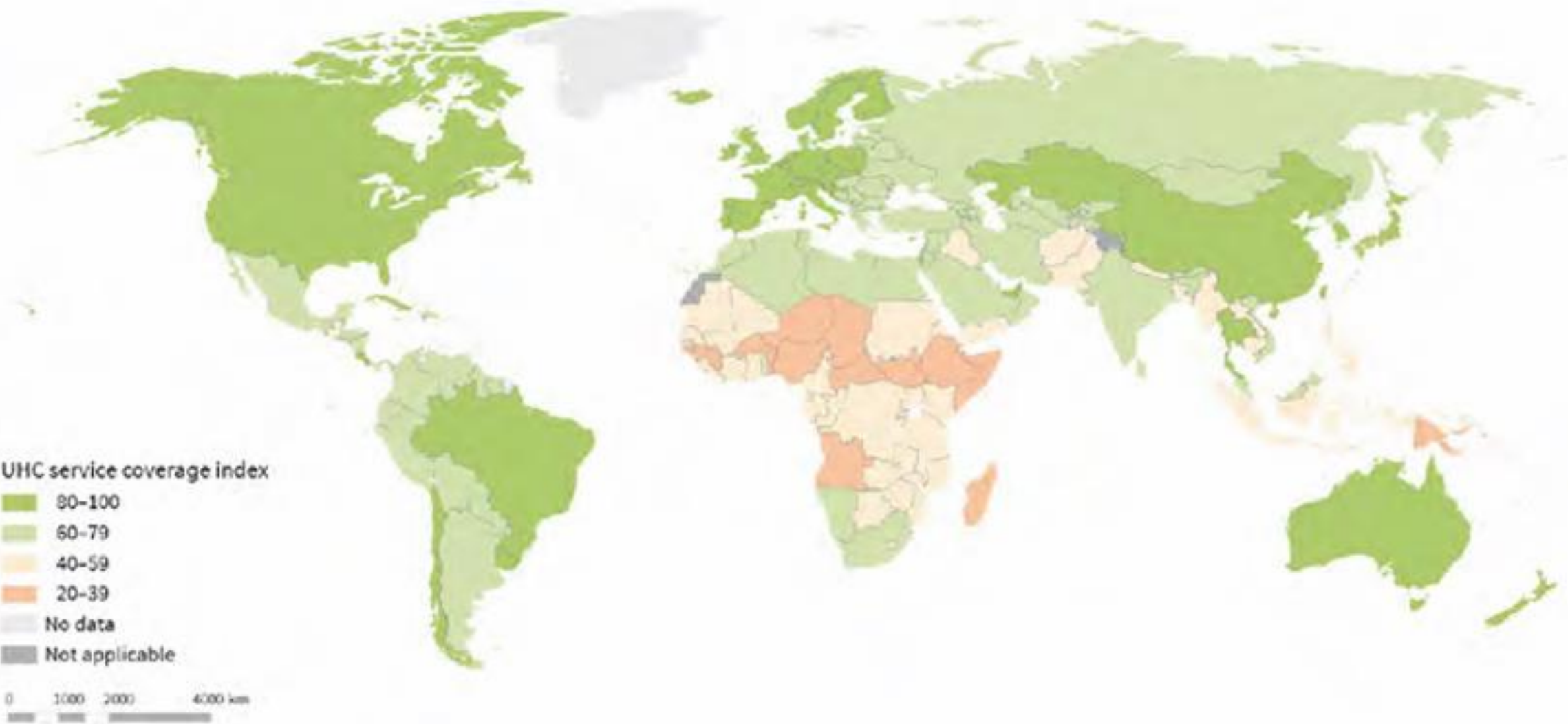


- **Product for people who need quick access to various services**
- **History of Healthcare App development**
- **Pricing Based on Health Age**
- **Advanced Underwriting by Health Data Analysis**
- **Digital Buddy**

Major Socio-economic changes



UHC service coverage index, by country, 2021





From commitment to action

Action agenda on universal health coverage
from the UHC movement

2023 UN High-Level Meeting on
Universal Health Coverage

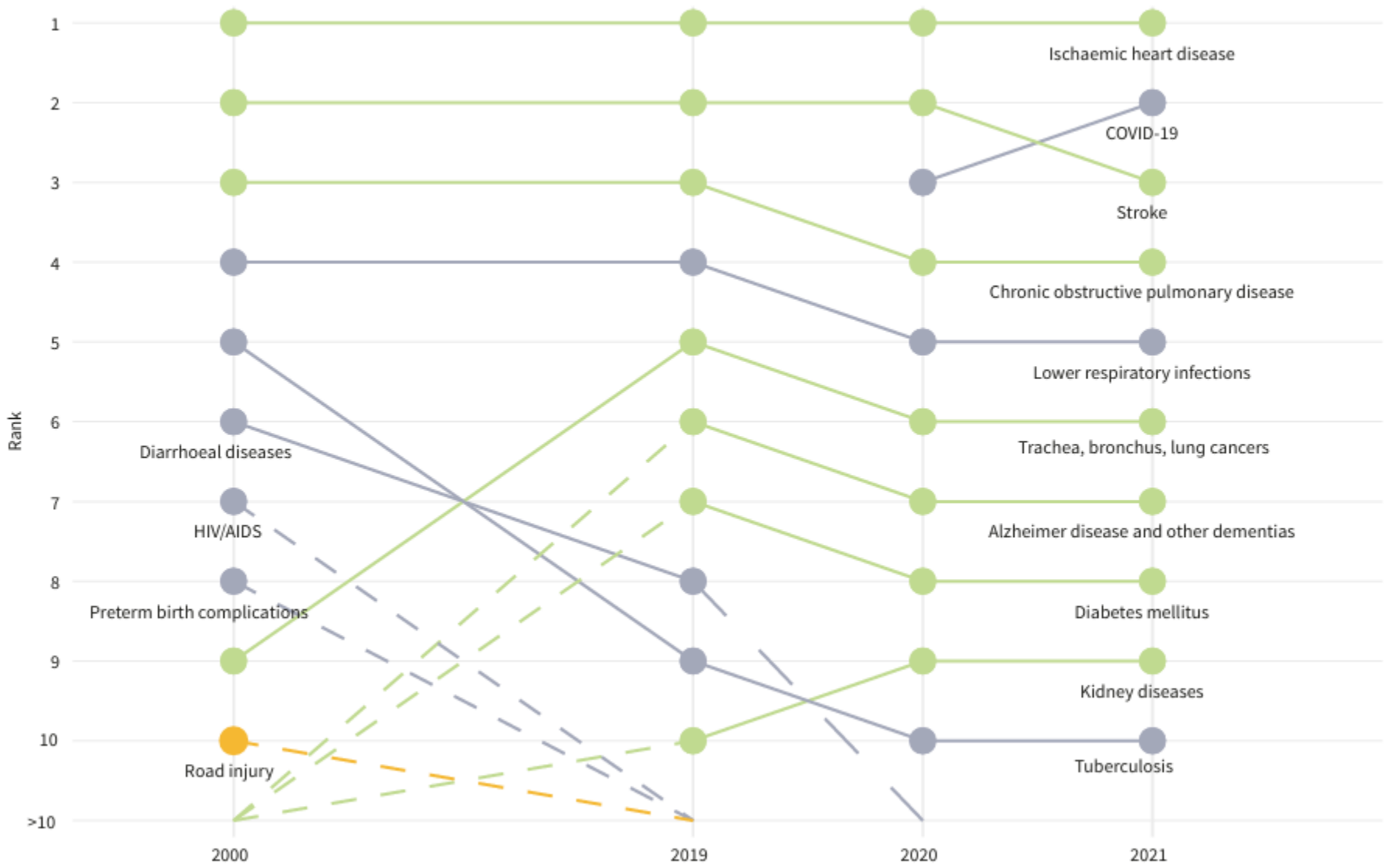
uhc2030
Taking action for universal health coverage



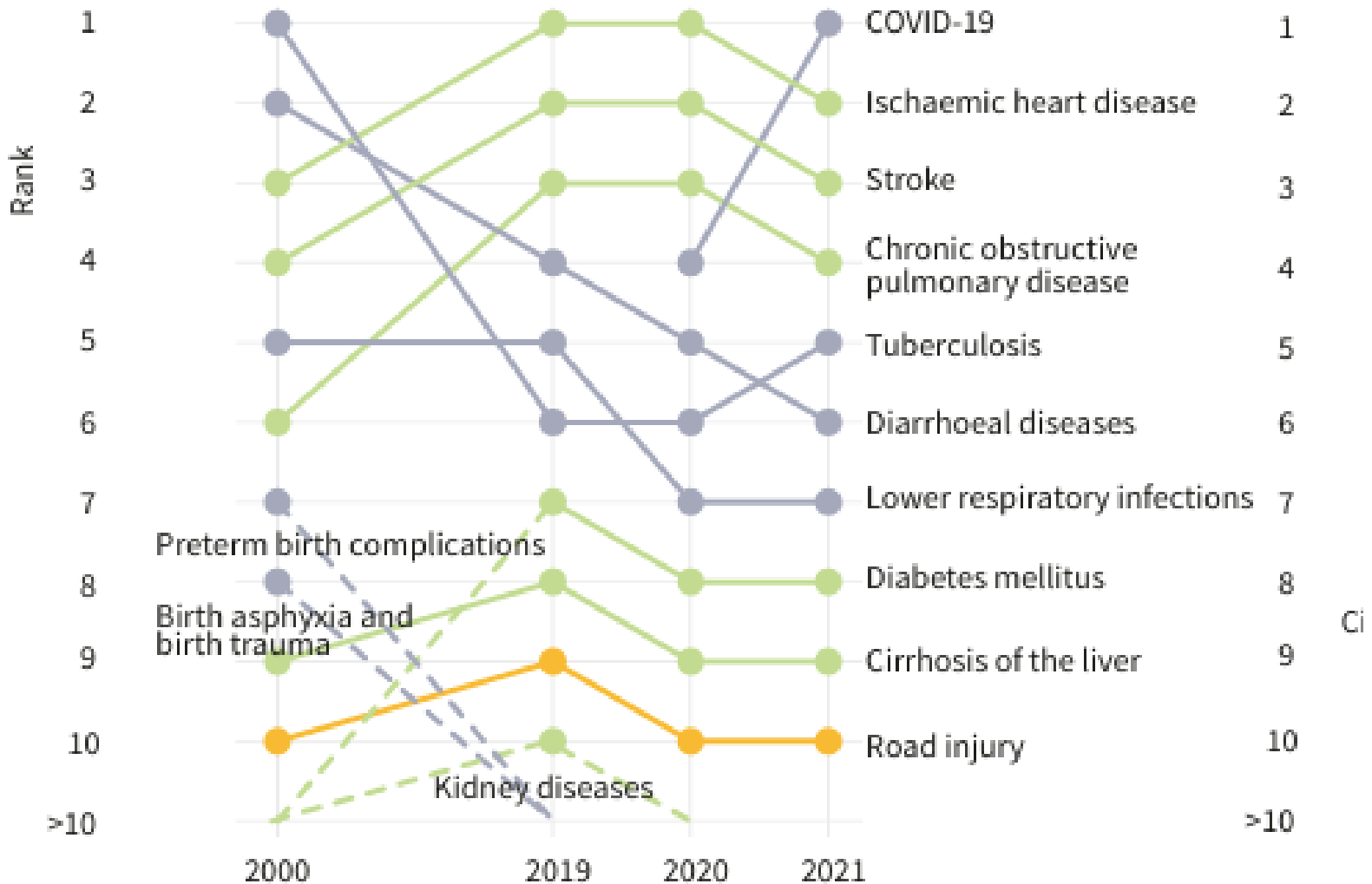
#UHCHLM
#HEALTHFORALL



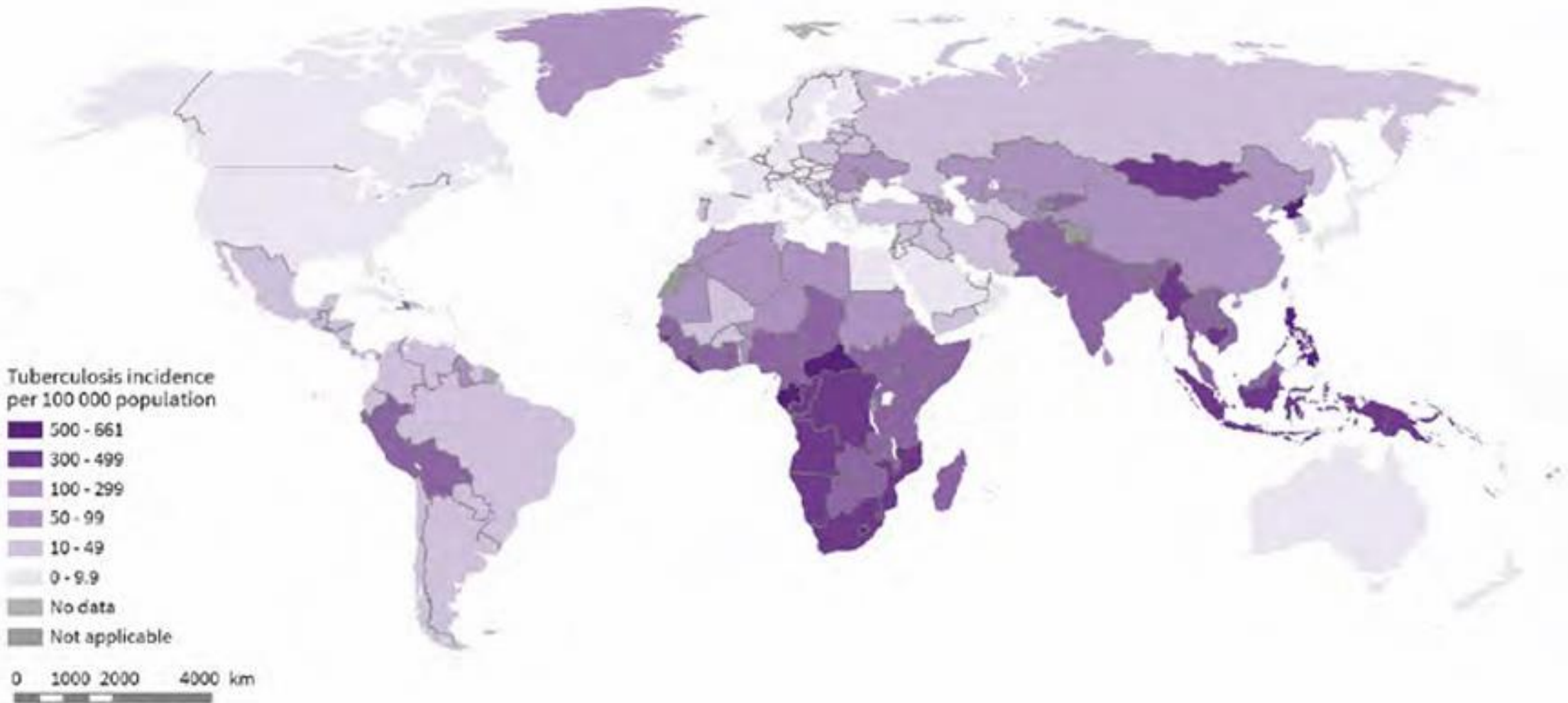
Top 10 causes of death, by WHO region, in 2000, 2019, 2020 and 2021



Top 10 causes of death(South-East Asian Region)



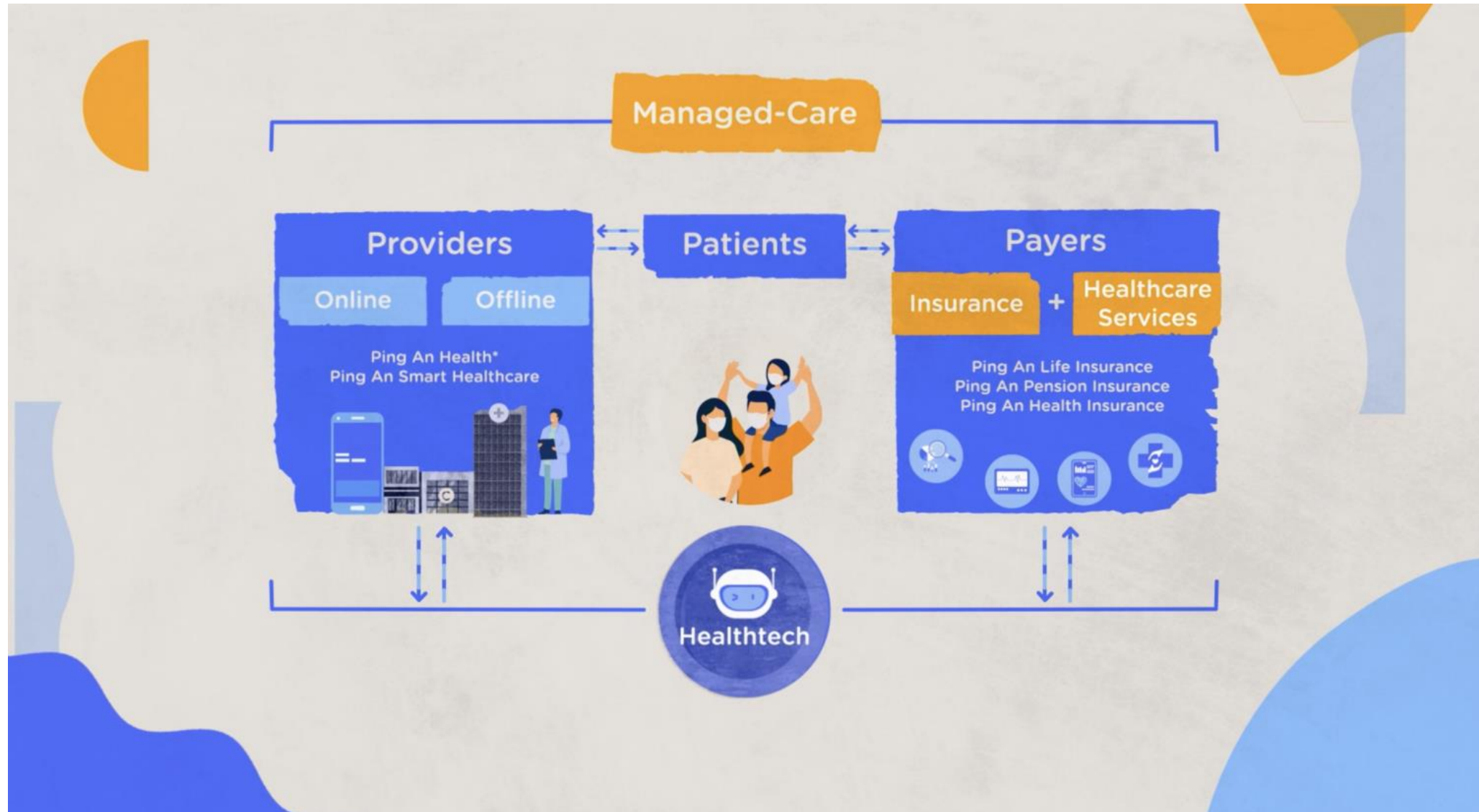
TB incidence rate by country and area, 2022



Importance of Health Insurance

Health insurance is one of the instruments to achieve universal health coverage, which is not only the major goal for health reform in many countries but also the priority objective of World Health Organization. **It provides financial security against healthcare costs and lessens the risk of incurring medical debt. There is an increasing understanding that poverty is exacerbated by ill health.** Developing nations have recently increased the usage of various health insurance schemes to improve access to healthcare for low-income households to stop the negative downward circle of poverty and illness. These models help all countries regardless of income level can set out on the path to universal health coverage through a mix of different prepayment and risk-pooling mechanisms, tax-funding, and social health insurance. Right policies are necessary to achieve UHC. Concentrating on providing strong coverage for a clearly defined basket of services is well preferable to shallow coverage for every service with a high patient cost-sharing ratio. Health insurance system must be designed from the outset to be financially sustainable, which includes looking into ways to increase revenue sources and giving priority to the efficient use of resources.

Healthcare Platform (Example of Ping An Group)



Healthcare Platform (Example of Ping An Group)

PING AN

Finance · Technology

INSURANCE

平安寿险
PING AN LIFE

Ping An Life

平安产险
PING AN PROPERTY
& CASUALTY

Ping An Property
& Casualty

平安养老险
PING AN ANNUITY

Ping An Annuity

平安健康险
PING AN HEALTH

Ping An Health

BANKING

平安租赁
PING AN
Leasing

Ping An Leasing

平安普惠
PING AN PuHui

Ping An Pu Hui

平安银行
PING AN BANK

Ping An Bank

INVESTMENT

平安信托
PING AN Trust

Ping An Trust

平安证券
PING AN
Securities

Ping An Securities

平安大华基金
PING AN-UOB FUND

Ping An-UOB Fund

平安资产
PING AN ASSET
Management

Ping An Asset Management

平安海外控股
PING AN Oversea
Holdings

Ping An
Overseas Holdings

FIN TECH, HEALTH TECH, REAL ESTATE TECH, SMART CITY, AUTO TECH

前海证信
QIAN HAI ZHENGLI XIN
021-33999110

平安金服
PING AN FINSERVE



壹钱包



金融壹账通
ONECONNECT

平安科技
PING AN TECHNOLOGY



平安好医生

W 万家
北京链家服务平台



医保科技



平安医疗科技
PING AN MEDICAL TECHNOLOGY

平安智慧城市

平安不动产
PING AN REAL ESTATE

平安城科
PING AN URBAN TECH



HR-X

iTutorGroup



知鸟

汽车之家

平安车险

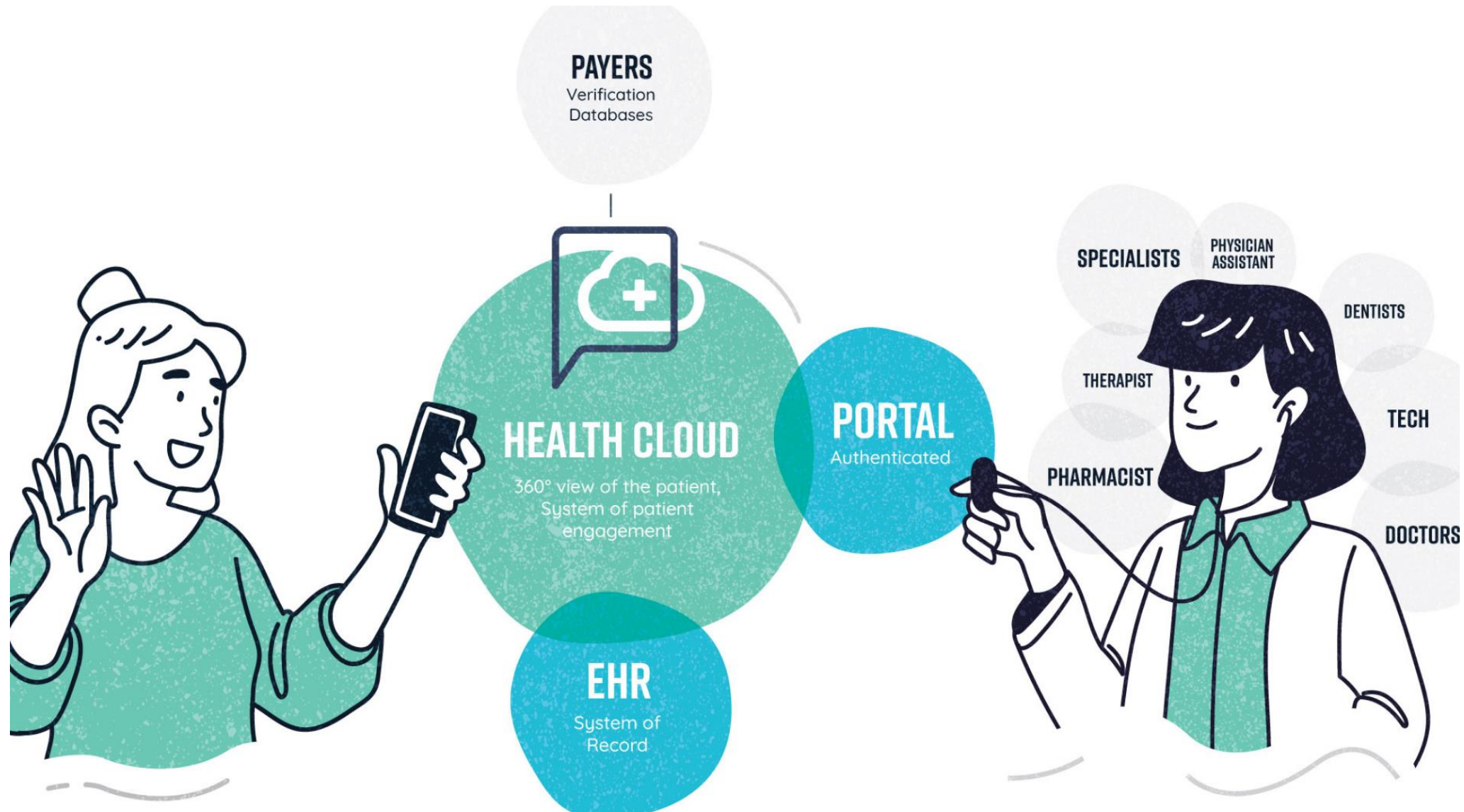


平安好车主
用车助手 安全管家

Healthcare Platform (Example of Salesforce)



Healthcare Platform (Example of Salesforce)



Healthcare Platform (Example of Salesforce)



Benefits of Health Cloud For Insurance

- 1 Customer engagement
- 2 Streamlined operations
- 3 Centralizes data
- 4 Regulatory compliance
- 5 Claims processing
- 6 Scalability



UnitedHealthcare has successfully transformed the member experience by leveraging Salesforce's Health Cloud

Patient Management: Provides a complete view of the patient by integrating data from electronic health records (EHRs), wearables, and other sources.

Care Coordination: Facilitates collaboration among healthcare providers to ensure seamless patient care.

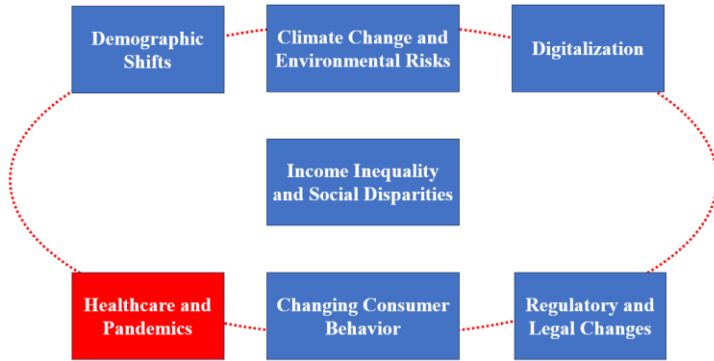
Engagement Tools: Enhances communication between patients and providers through personalized interactions.

Data Integration: Combines various health data to offer insights and improve healthcare outcomes.



<https://www.salesforce.com/customer-success-stories/united-healthcare/>

Healthcare and Pandemics

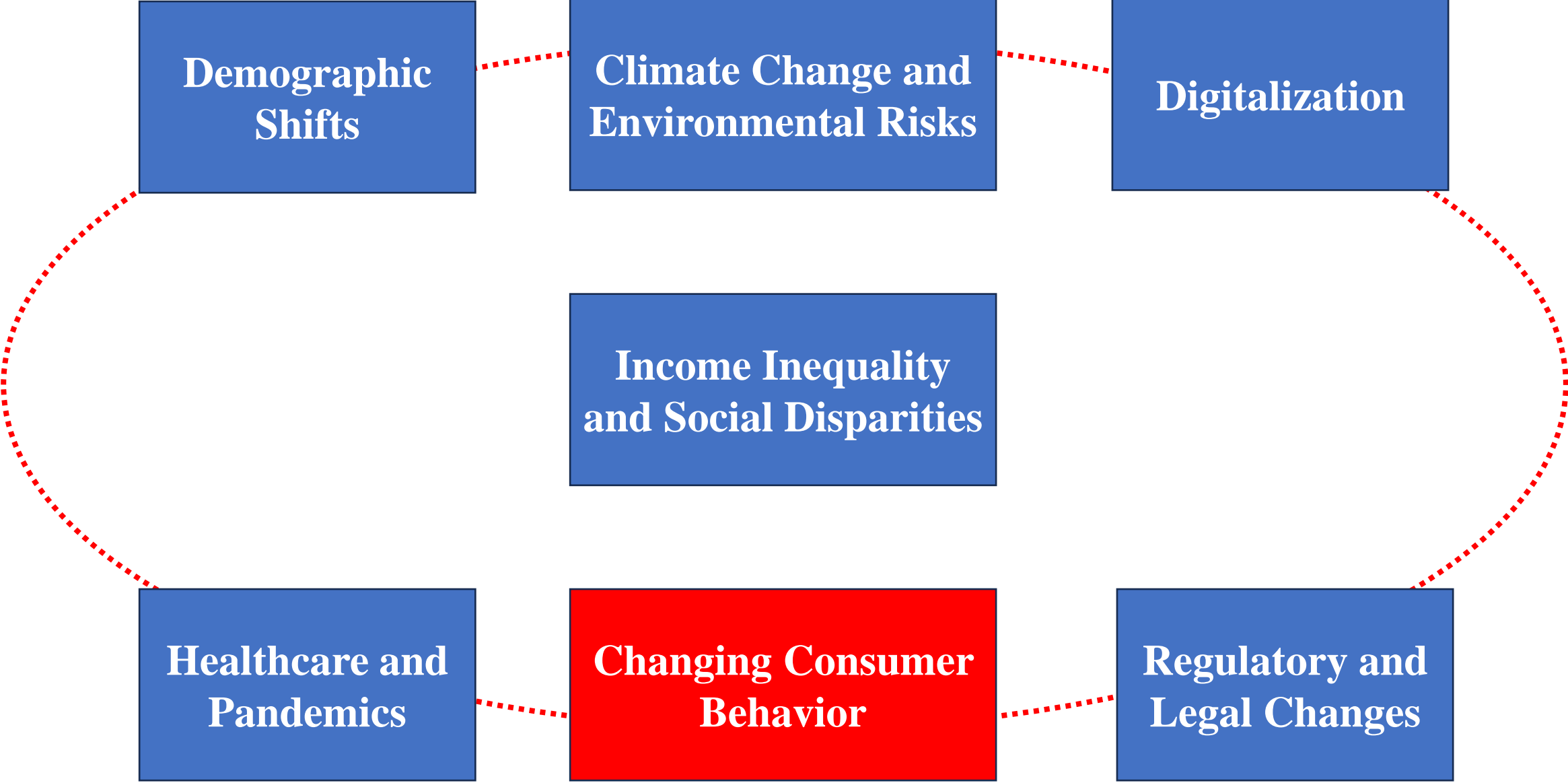


- Offering pandemic coverage, telehealth services, and flexible health policies
- Aging populations drive healthcare demand. Insurers must offer comprehensive health coverage to address the needs of older policyholders



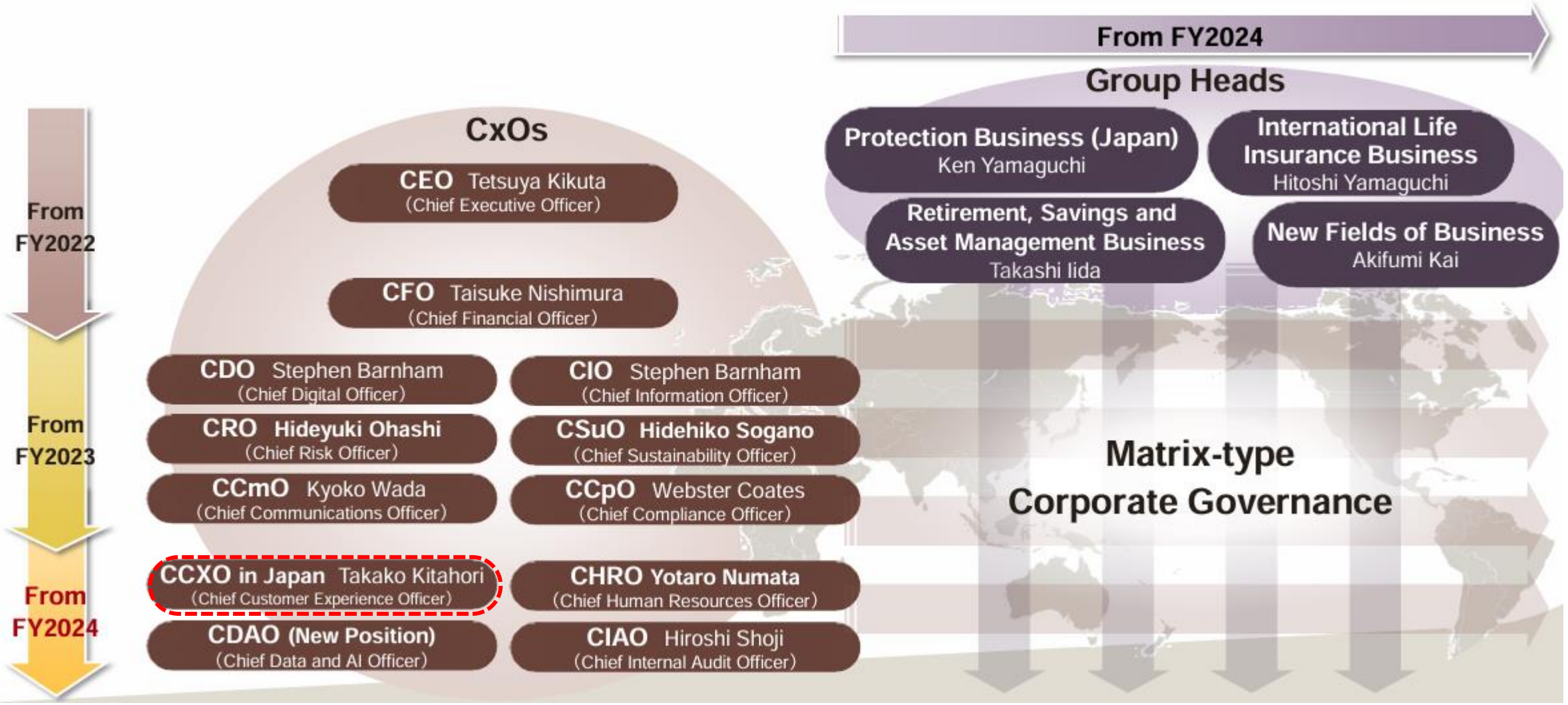
- Supplement universal health coverage (UHC)
- Provide healthcare platform
- Services focus on nursing care

Major Socio-economic changes

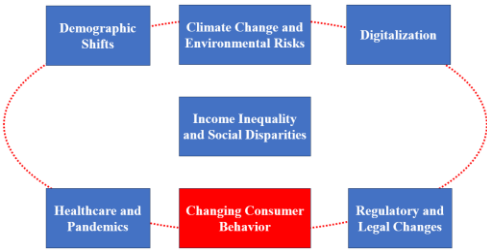


Management Foundation

Expanding CxO Structure and Roles / Appointing Group Heads



Changing Consumer Behavior

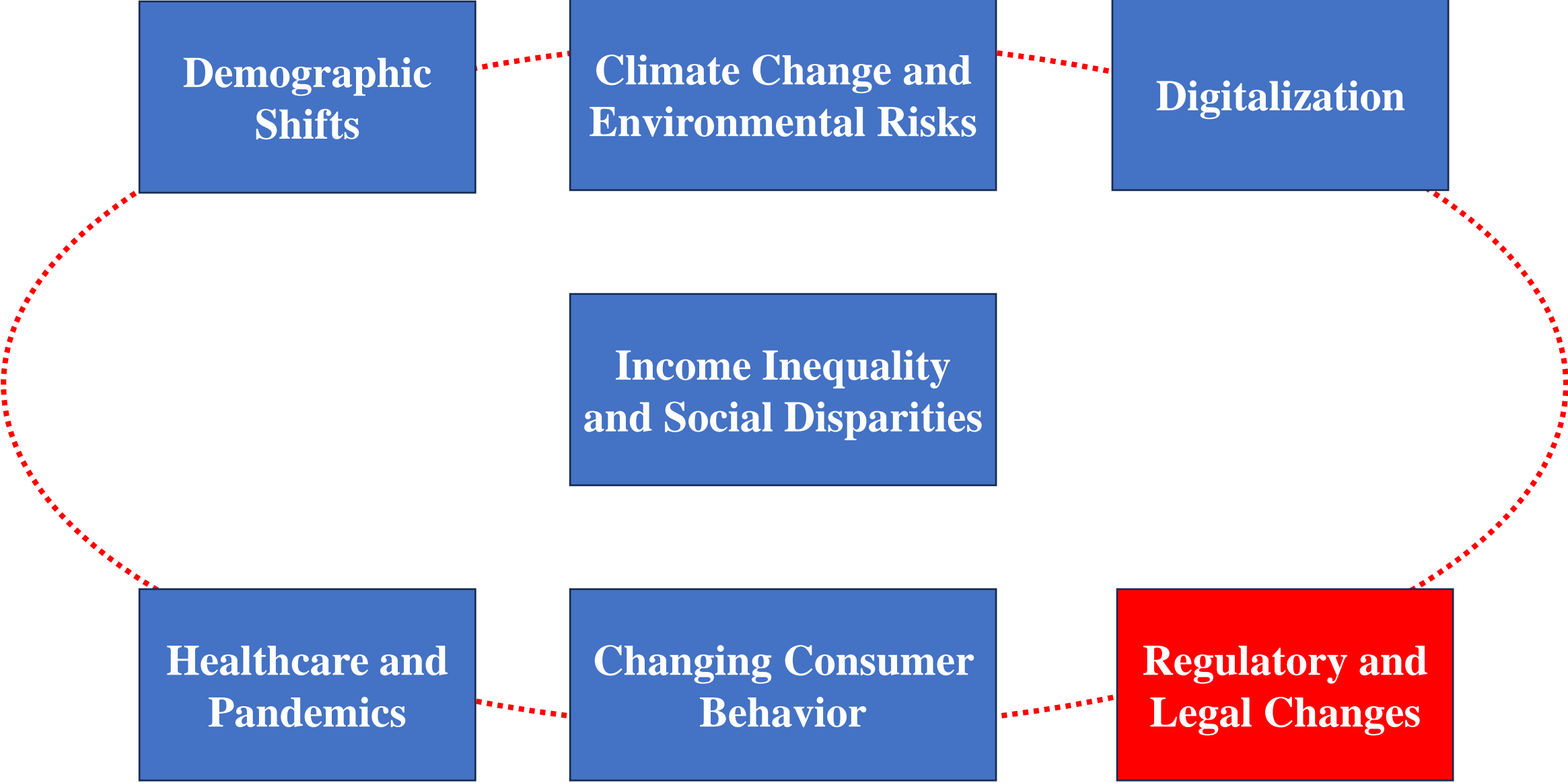


- Consumers seek personalized, transparent, and convenient insurance. Insurers must adapt to evolving preferences.
- Customizing policies, improving digital interfaces, and enhancing customer education.
- Climate awareness influences consumer choices. Insurers can promote eco-friendly products and encourage sustainable behavior.

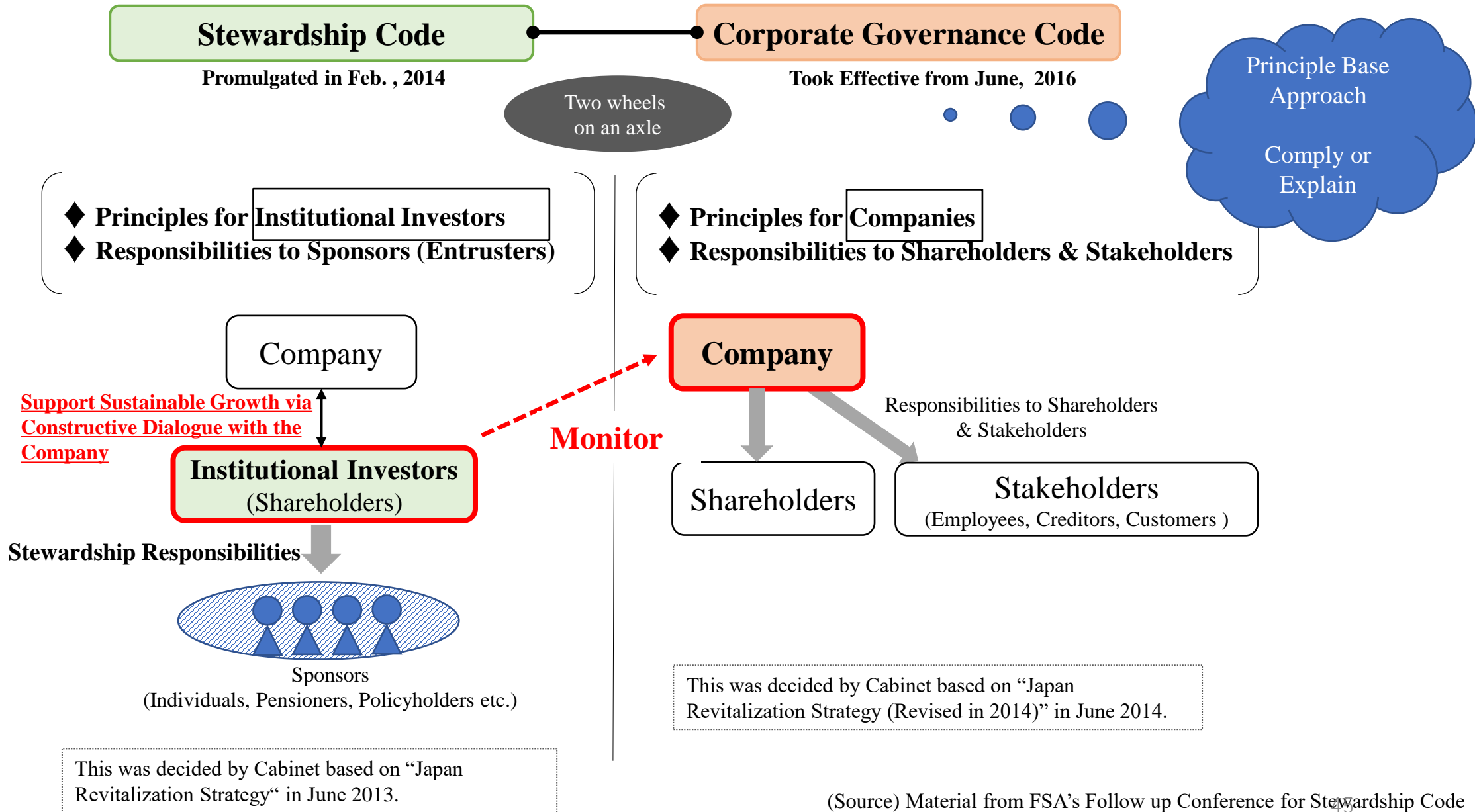


- Promotion of whole-life security consulting
- Digital services for gen Z
- New measures of life insurance enrollment for elderly people

Major Socio-economic changes



Outline of Stewardship Code / Corporate Governance Code



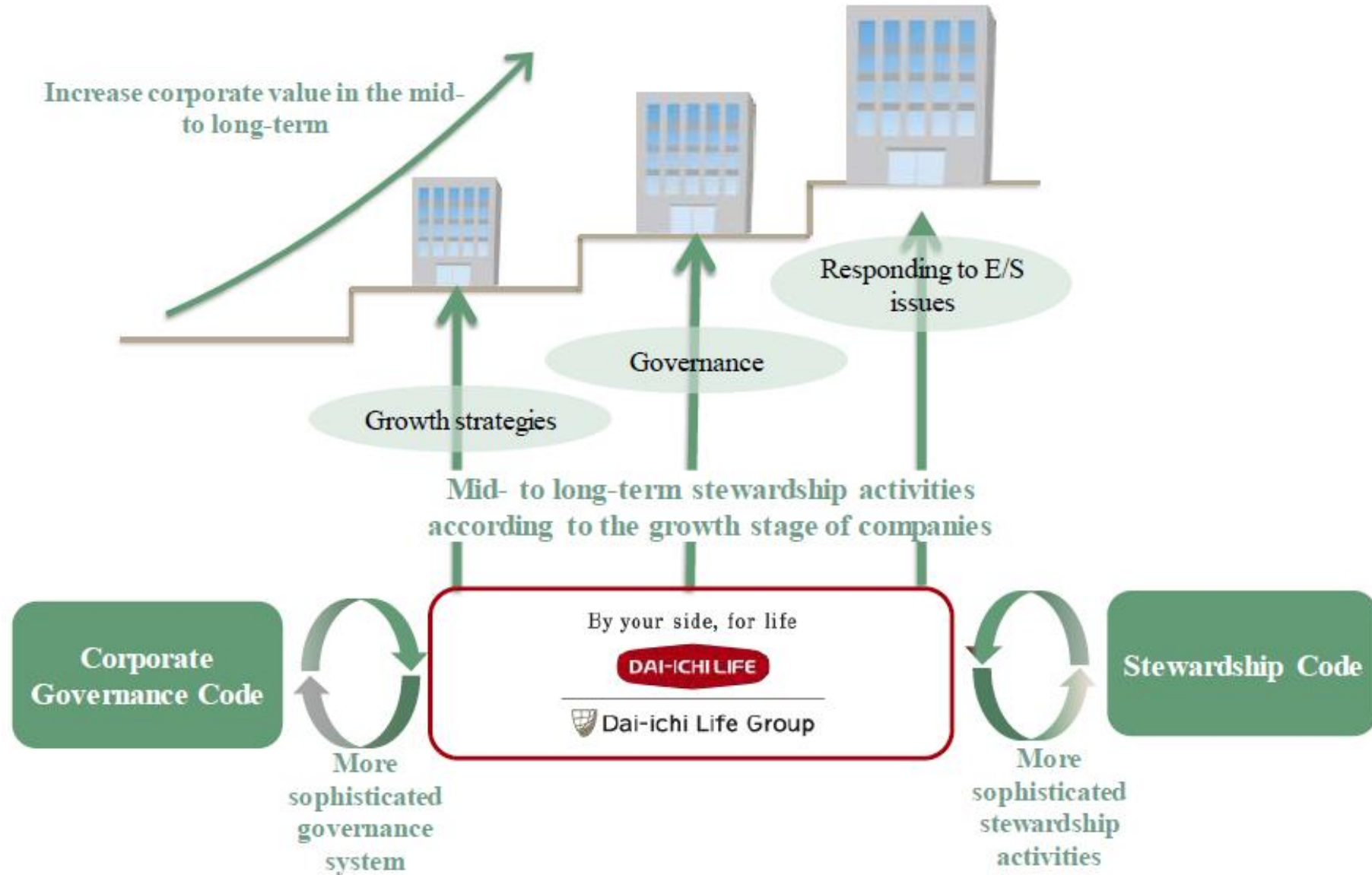
Japan's Stewardship Code

- 1. Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.**
- 2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**
- 3. Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.**
- 4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.**
- 5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.**

Japan's Stewardship Code

- 6. Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.**
- 7. To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.**
- 8. Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.**

Examples of engagements (Stewardship Activities)



(Source) Responsible Investment Report 2023 of Dai-ichi
https://www.dai-ichi-life.co.jp/english/dsr/investment/pdf/ri-report_010.pdf

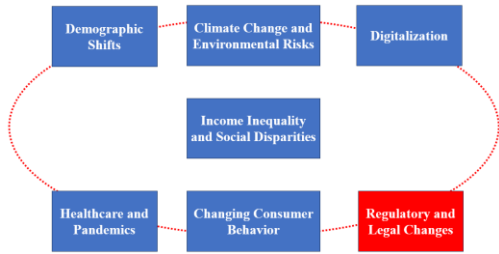
Examples of engagements (Stewardship Activities)

Climate Change

- ◆ Set targets and formulate a specific roadmap aimed at achieving carbon neutrality by 2050
- ◆ Set interim targets for GHG emission reductions (2030 targets, etc.) and formulate specific policies for the short- to medium-term
- ◆ Endorse the TCFD recommendations, establish a governance structure based on them, and status of conducting and disclosing scenario analysis information, including the associated financial effects
- ◆ Status of initiatives toward acquiring SBT (Science Based Targets) certification

Company	Machinery company		Dialogue overview	Response of the investee company	Exercising voting rights	Future policy
C	Issue	Strengthening initiatives to respond to climate change issues	<p>Number of dialogues: 4 Since 2018</p> <p>Shared the importance of responding to climate change issues and exchanged opinions on disclosure and initiatives in line with the TCFD framework.</p>	<p>Confirmed a certain level of company initiative improvements</p> <p>Endorsed the TCFD but did not set specific reduction targets or disclose a roadmap for a while after that. Recently disclosed GHG reduction targets.</p>	<p>No voting on the investee company's climate change response as a decision criteria.</p>	<p>Promote further initiative improvements</p> <ul style="list-style-type: none"> ■ Continue to request roadmap formulation and disclosure. ■ Follow up on GHG reduction initiatives, including transforming the medium to long-term business portfolio.
	Goal	Formulate GHG reduction targets and a roadmap to carbon neutrality				
<p>State of Progress</p>						

Regulatory and Legal Changes

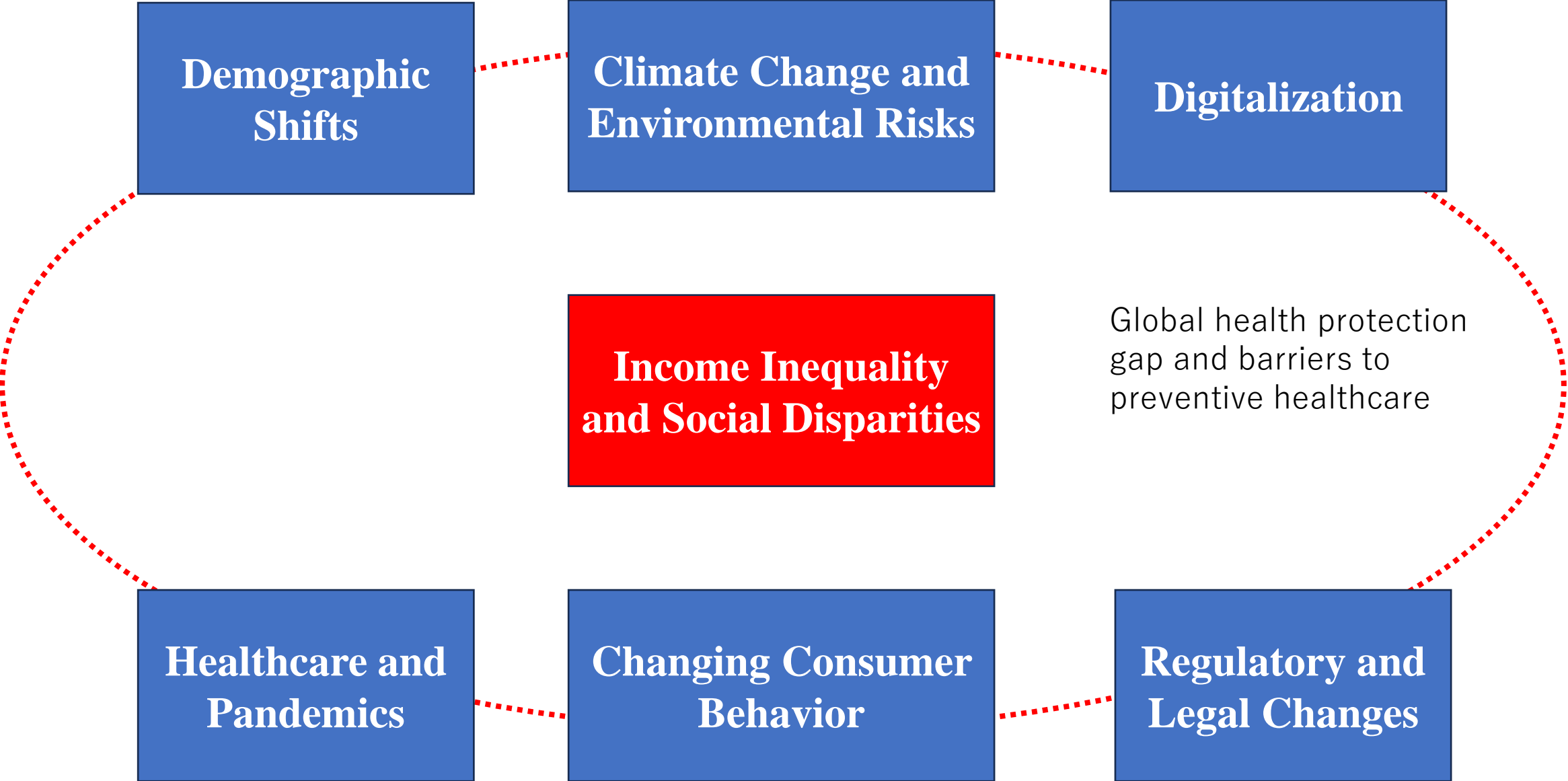


- **Regulatory frameworks evolve globally. Insurers must comply with new rules and adapt their operations.**
- **Life insurers play a crucial role in societal resilience. By understanding and adapting to these socio-economic changes, they can continue**
- **Regulatory reforms can address income disparities. Insurers should align their practices with equitable regulations to ensure fair access to insurance.**



- **Collaborate with the regulators**
- **Promote Stewardship Activities**
- **Influence investee companies to improve corporate governance**

Major Socio-economic changes



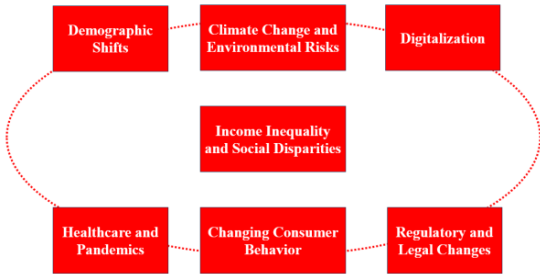
Inequality and Social Disparities

- **Income Inequality and Social Disparities:**
Widening income gaps affect insurance affordability and access. Life insurers should consider social equity in their product design.



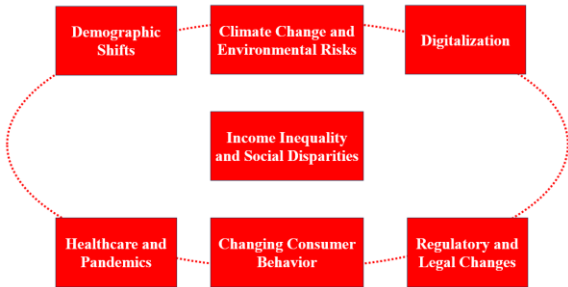
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Major Socio-economic changes



- Microinsurance to protect farmers suffering from storms, drought, flood, fires, earthquakes, disasters due to virus, Dengue, Leptospirosis, decline of immune system due to global food loss, heatstroke, cardiovascular diseases accelerated by global warming,
- AgriTecs
- Government commitment to promote insurance

Major Socio-economic changes



- **Enhancing customer education; Climate awareness, eco-friendly products, sustainable behavior, finance and digital literacy, health promotion literacy, nursing care literacy including heatstroke & cardiovascular diseases prevention,**
- **Government initiative to increase insurance literacy**

Principles for Sustainable Insurance (PSI)



Launched at the 2012 UN Conference on Sustainable Development, the UNEP FI Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. The PSI initiative is the largest collaborative initiative between the UN and the insurance industry.

What is Sustainable Insurance?

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues.

Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.

PSI's 4 Principles



Ban Ki-moon

Secretary-General of the United Nations

Principle 1 - We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Principle 2 - We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Principle 3 - We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Principle 4 - We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

This is the end of the presentation.

Thank you for listening to my presentation.