



The Future, Today

Seize the Digital Moment

Getting Insured, One Device Away

👤 [Jun Hao, Ira, ST](#) ⌚ [October 28, 2020](#) 📁 [Digital Insurance](#)



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An interview with Wan Ahmad Najib Wan Ahmad Lotfi, Chief Strategy & Digital Distribution Officer at FWD TAKAFUL MALAYSIA

Q: Digital + Insurance = ?

In this context, I would say that digital insurance is a new insurance channel which enables customers to purchase their desired plan online; either life or a general insurance plan. This type of insurance has evolved rapidly over the past few years with the birth of InsurTech or FinTech partners, which means incorporating technology into the traditional business model. Some successful examples of digital insurance in other countries are Lemonade in US, Toffee insurance in India and ZhongAn in China. These digital insurances provide products that cover unusual, narrow and small-scale contexts which induce customers to purchase the products as they are simple, easy to understand and affordable to everyone.

Back to Malaysia, digital insurance is not as big as in other parts of the world, but we can already observe the growth and I am really glad to see that. Some emerging parts of digital insurance in Malaysia can be seen from AirAsia, MAS, Firefly, and PolicyStreet. Some insurance companies will be partnered with those parties to grant an online curation platform to the customers with the purpose of offering simple and affordable insurance solutions that can satisfy every customer's needs. In short, digital insurance is about digitalizing the purchasing journey and having the whole fulfilment online.

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Q: Why is the penetration rate of digital insurance still low in Malaysia?

Regarding this, I have to first say that the nature of digital insurance is very similar to the one in digital banking. However, unlike digital banking, insurance is a product where you would not demand all the time but only when it is needed in case something bad happens to you. Insurance is relatively intangible and therefore people used to put insurance last on their shopping list. Sadly, the mindset of the public is difficult to be changed. Even if it is not digital people are already running away from the topic of insurance, what's more if it is online.

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Online business is mainly driven by the behaviour of the customer, and whether they think they need the product or not. However, it is hard to address the benefits of certain products which fit their needs through online platforms.

In depth, online general insurance is relatively easy to reach out to the public compared to online life insurance because there is an apparent need for general insurance by the public. A simple example from me, motor insurance is relatively common in Malaysia and there is a need to renew it on a yearly basis. Therefore, people find it easier to buy or pay the premium online in this case. However, there is no regulation to force people to have at least one life insurance plan for themselves and, in fact, the penetration rate of life insurance in Malaysia is just 54% which means among 10 citizens only 4 of them are insured, and we haven't even reached into the matter of people being 'underinsured'. It could be seen that the awareness of the public regarding insurance is still at a low level where they would not proactively seek an insurance product.

Q: Why can't we just buy insurance through an online platform only? Why do we still need agents?

Online cannot reach everyone and the role of agents is crucial to reach out to those who have low awareness on insurance and are not insured yet. Online products are suitable for those who already have some knowledge and information about the relevant product but not for those who are new. Therefore, there is always a need for agents to play their role in promoting and explaining the wide variety of products available to the customers in order to best suit their needs. In fact, insurance products are not easy to be understood, especially when it comes to complex products like Critical Illness (CI) Coverage, where it sometimes covers 36 types of critical illnesses or more. This type of product normally needs someone like an insurance agent to explain in detail, so that the customers can clearly understand whether the product is meeting their needs.

“Ecosystem is about forming a seamless customer journey”

Q: Why are we spotting apps like Grab selling insurance in their platform nowadays?

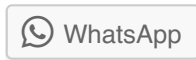
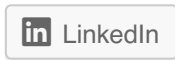
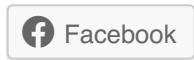
This is actually a new business model in the insurance industry called ‘ecosystem’. In layman’s terms, ecosystem is about forming a seamless customer journey and offering your products on others’ platforms, normally on cross-industry players. It is about putting your products on others’ shelves. Not only the insurance sector, almost all businesses are attempting to form an ecosystem with other players as it is actually simpler and easier in terms of promoting the products.

In Malaysia, the renowned examples of insurance ecosystem are like collaboration of Chubb insurance and Grab e-hailing where you can now buy your travel cover, ride cover or even personal accident cover on Grab; Great Eastern Takaful and Shopee where an affordable Takaful plan is available on e-commerce platform, and Tune Protect and AirAsia where travel insurance is being sold through AirAsia’s online flight booking portal. In short, people now do not need to go to the portal of an insurance company purposely just to buy their products and forming an ecosystem actually helps to promote your product at relevant platforms.








Note: FWD Takaful Berhad is family takaful operator in Malaysia. The views capture in the interview above is similarly relevant to the takaful industry hence the term insurance and takaful can be replaced interchangeably throughout the article.



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Ahmad Syaquirin bin Shaharin

[October 31, 2020 at 9:53 pm](#)



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