



Digital Innovation of Insurance in China

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01 Technology and China's insurance market

02 The ecosystem of China's InsurTech

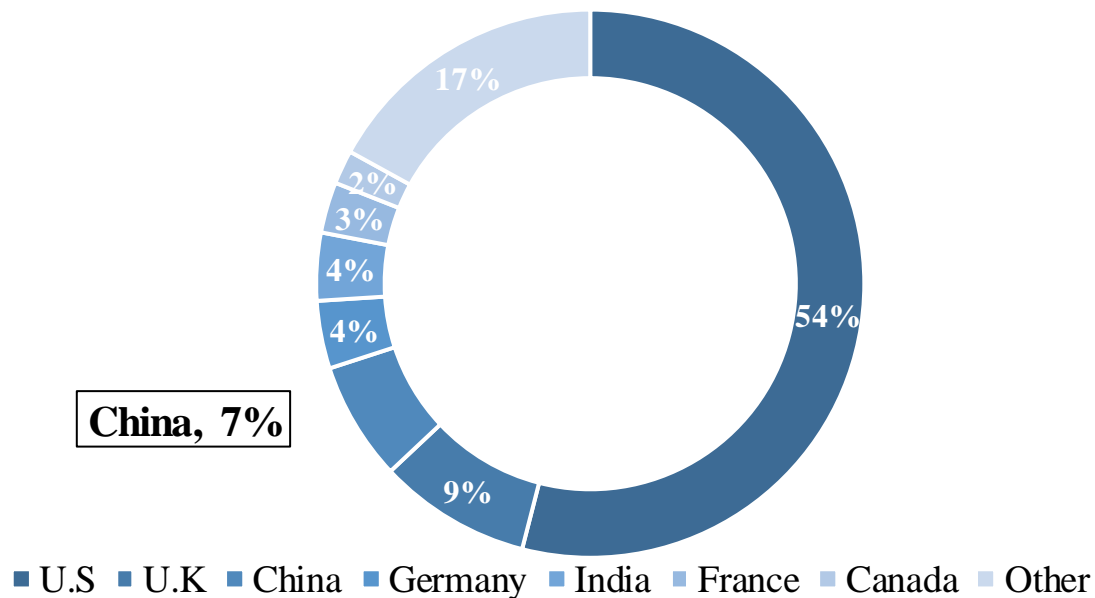
03 Cases of InsurTech in China

1.1 China is the top 3 InsurTech marketplace

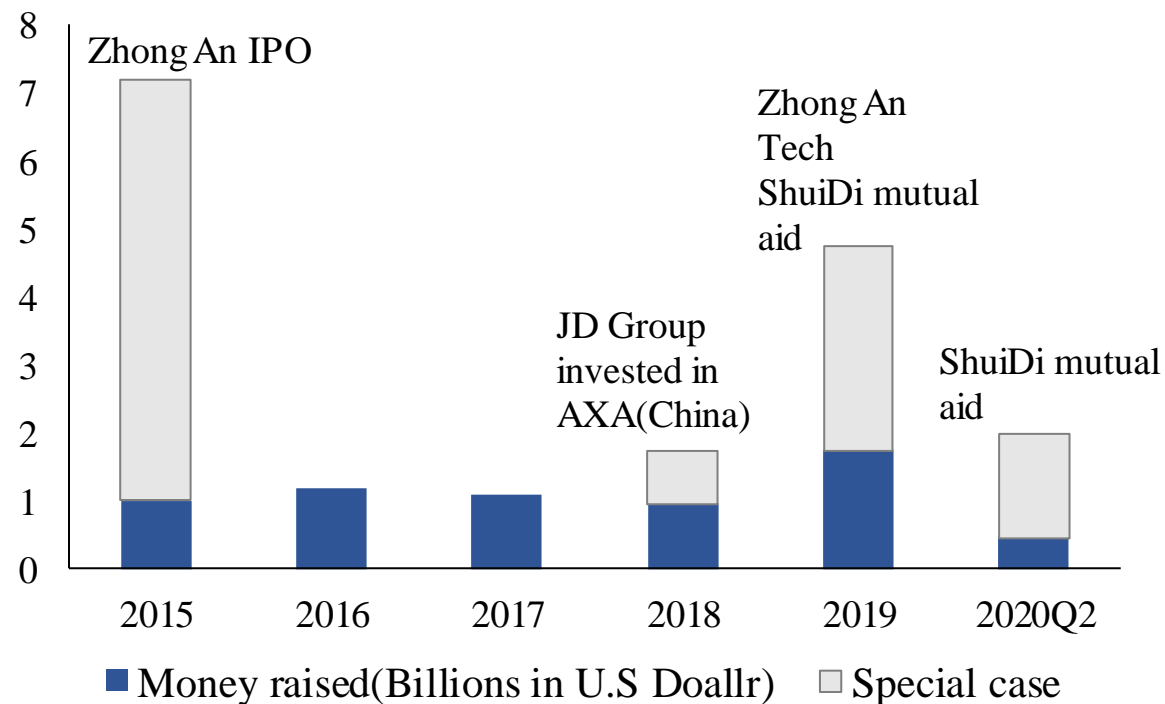


- Measured by the number of InsurTech investment cases, China lists the third only next to U.S and U.K.
- In 2019, China's InsurTech financing accounts for 10% of the global total, reaching 4 billion U.S dollars.

Quarterly InsurTech transactions by country
2012-2020Q2



Money raised by China's InsurTech



Source: CB Insight

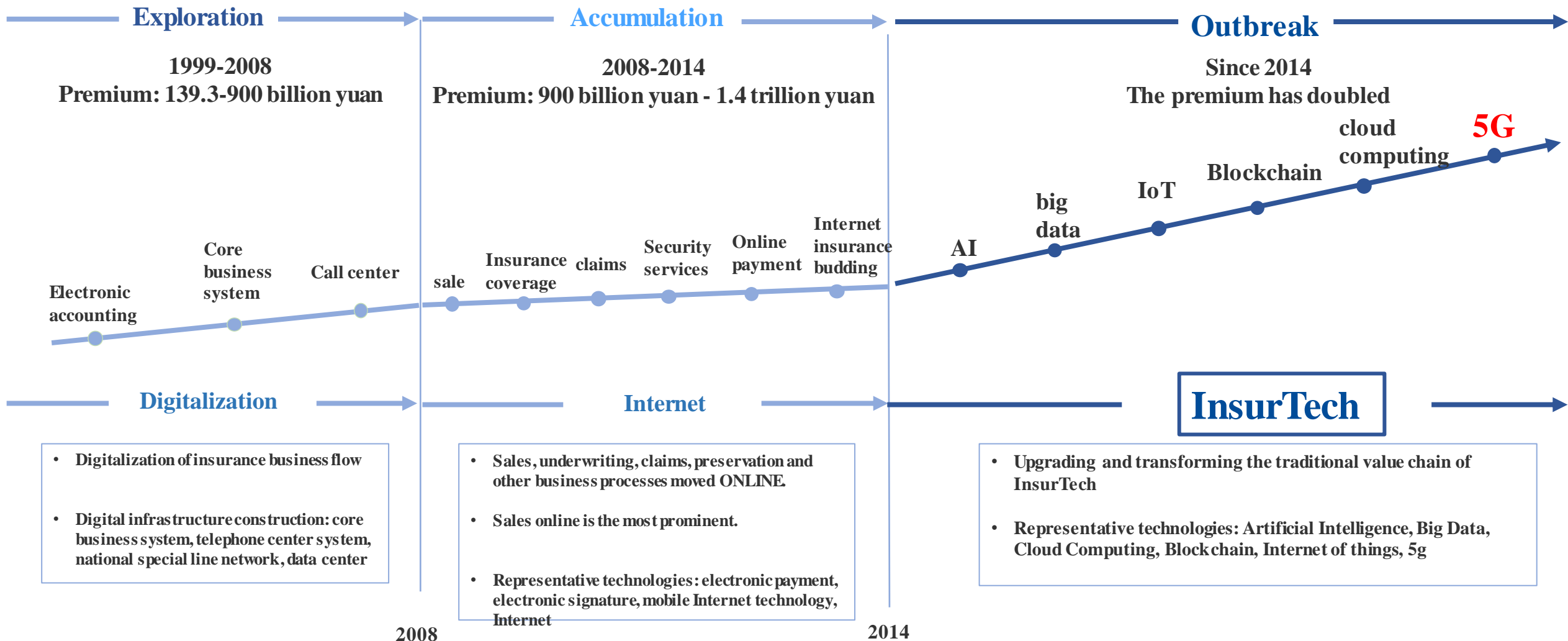
1.2 China's InsurTech landscape



1.3 Technology drives the China's insurance industry



- The technology has been transforming China's insurance industry all the way.
- Now it's the era of InsurTech.



1.4 InsurTech empowers China' insurance



- InsurTech has optimized the insurance value chain, improved efficiency and reduced costs.
- With the further maturity of technology, due to the improvement of efficiency and intensified competition, the premium of traditional insurance will further decline, while the traditional non-insurable risk will enter the insurable scope and become a new business of the insurance industry.

InsurTech adds value to the insurance value chain

Product innovation

- Refined product pricing
- Quick launch of products
- Scenario product design

Intelligent marketing

- Smart care
- Online marketing
- Technology enabling agent

Smart underwriting

- underwriting
- Data transmission
- robot
- Intelligent double recording

Intelligent risk management

- image recognition
- speech recognition
- Front end of risk control

Digital customer service

- AI customer service
- Smart network
- One stop app

Intelligent claim

- image recognition
- Intelligent loss determination
- Fast fund arrival

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2.1 Traditional insurers: Thorough transformation:



- Since 2016, Chinese traditional insurers have adopted InsurTech on the strategic level, and ensured the implementation through organizational structure change.

Strategic plan and organizational structure reform

- Digital strategy of large traditional insurance companies: Science and technology **China life**, **Ping An** "FinTech", Digital **CPIC**, **Taikang** "one two one" strategy.
- Organizational structure change: establish digital operation organization, set up CTO and CIO.

InsurTech applied to the whole value chain

- Using technology to optimize the traditional insurance value chain, covering the whole insurance process and improving the quality of customer service.

Board of Directors

Management

For example: Guoshou financial technology department, PICC information technology department, Taikang group informatization working committee

Employee

For example: it center of the group and it Department of each branch company

- **Implement the group's digital strategy, implement information construction measures, and carry out it construction and product research and development**

Investing in digitalization

- **Ping An** invests 1% of its operating revenue every year for R&D, and **China life**, **PICC** invest billions of funds each year for digitalization.
- With their own capital, large traditional insurers have invested heavily in areas such as cloud platform.

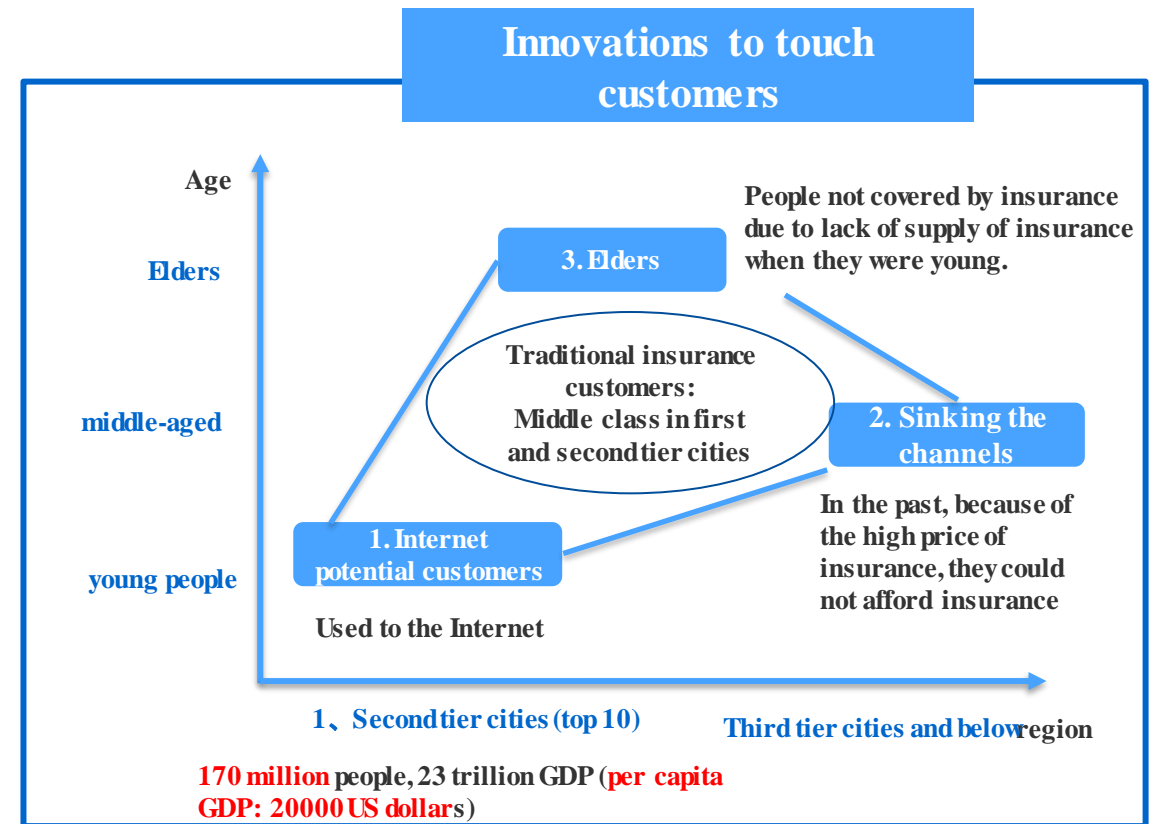
Establishing technology subsidiaries

- Establish the technology subsidiary company as the technological innovation center of the group.
- Tech-subsidaries in the fields of finance, automobile, medical and health

2.2 BigTech firms : Barbarians at the door



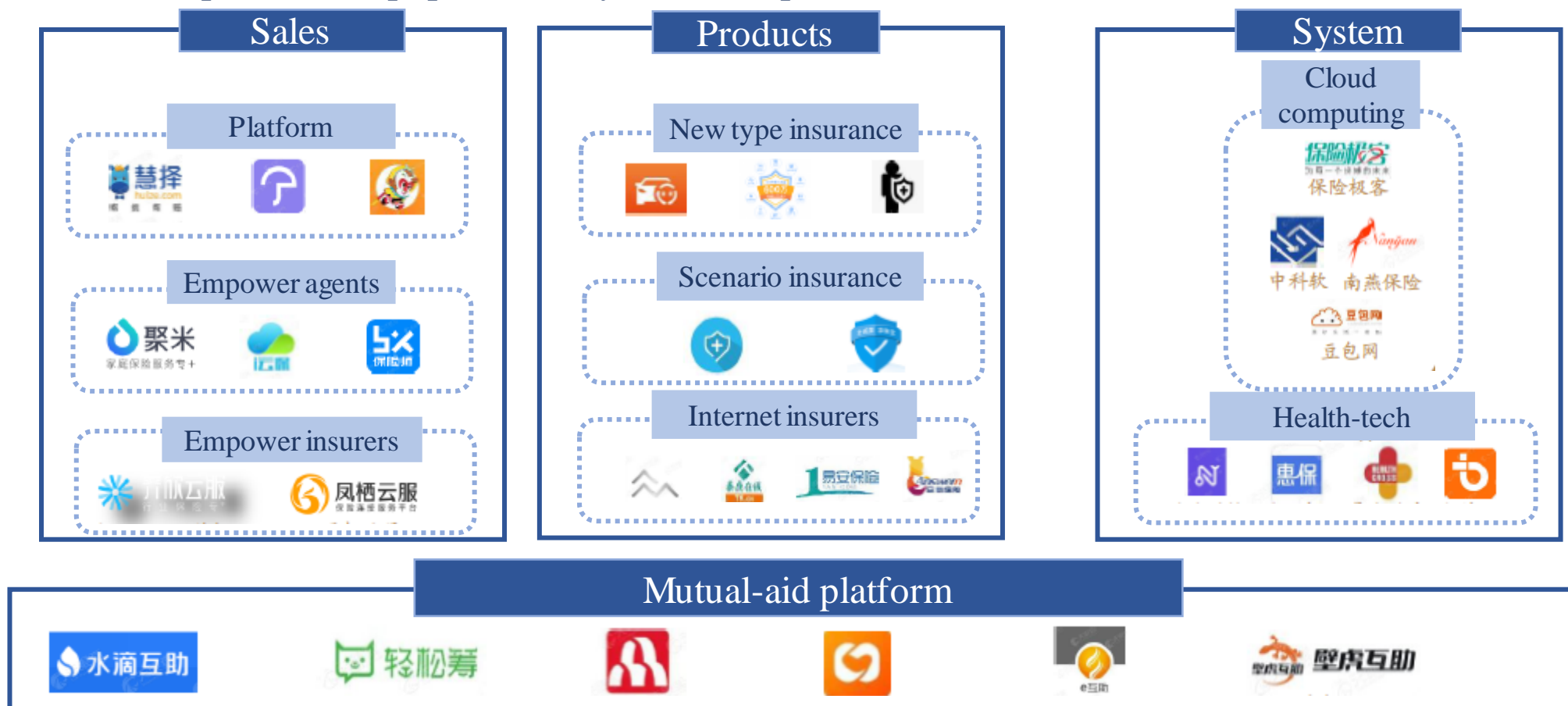
- The main advantage of BigTech firms is their ability to exploit their existing networks and the massive quantities of data generated by their existing business lines.
- BigTech firms have innovated insurance marketing.
- BigTech firms expands insurance services to customers that has no access to formal insurance services. Individuals can fulfill their insurance service needs almost instantaneously regardless of the place or time.



2.3 InsurTech Start-ups: Thriving grassroots



- InsurTech start-ups fill the niche market with focus and advanced technology.
- These start-ups could be divided into 3 category: distribution channel, products innovation, system enhancement.
- Mutual-aid platforms is popular as they can touch potential customers.



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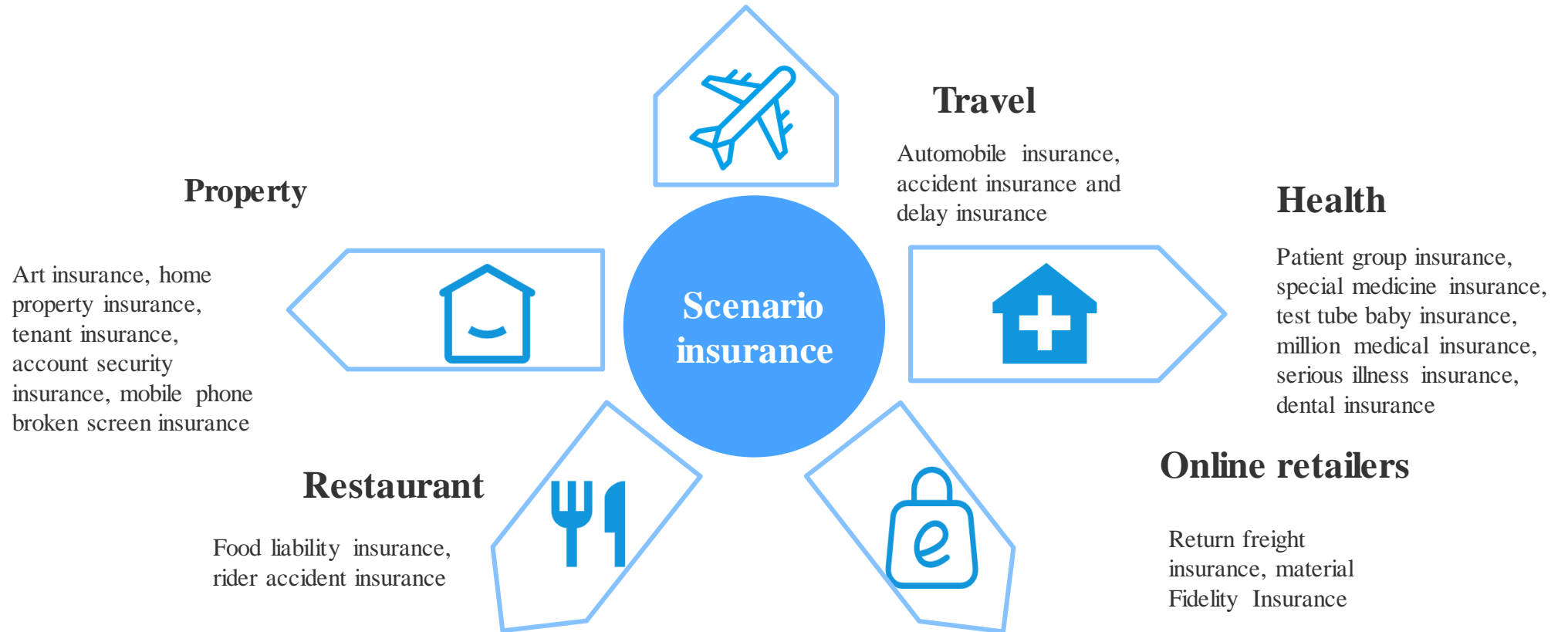
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3.1 Case: Insurance in scenario



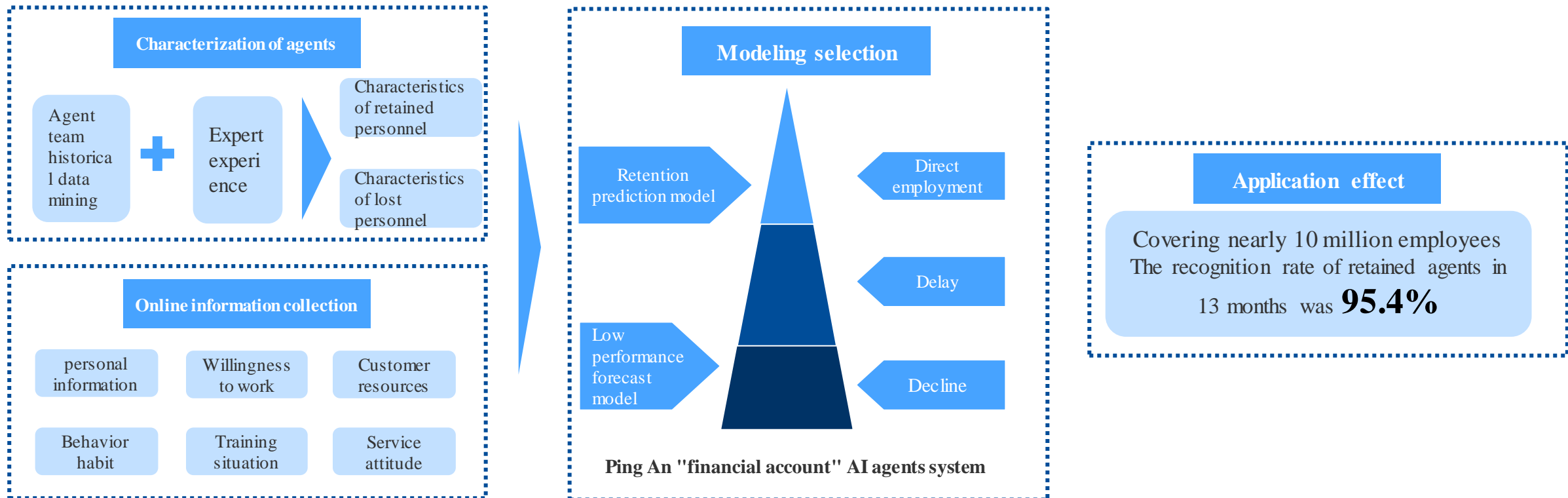
- For non-auto insurance, scenario insurance quickly occupied the market with the advantages of need-based characteristic, simple insurance terms and quick claims.



3.2 Case: AI and Agents by Ping An



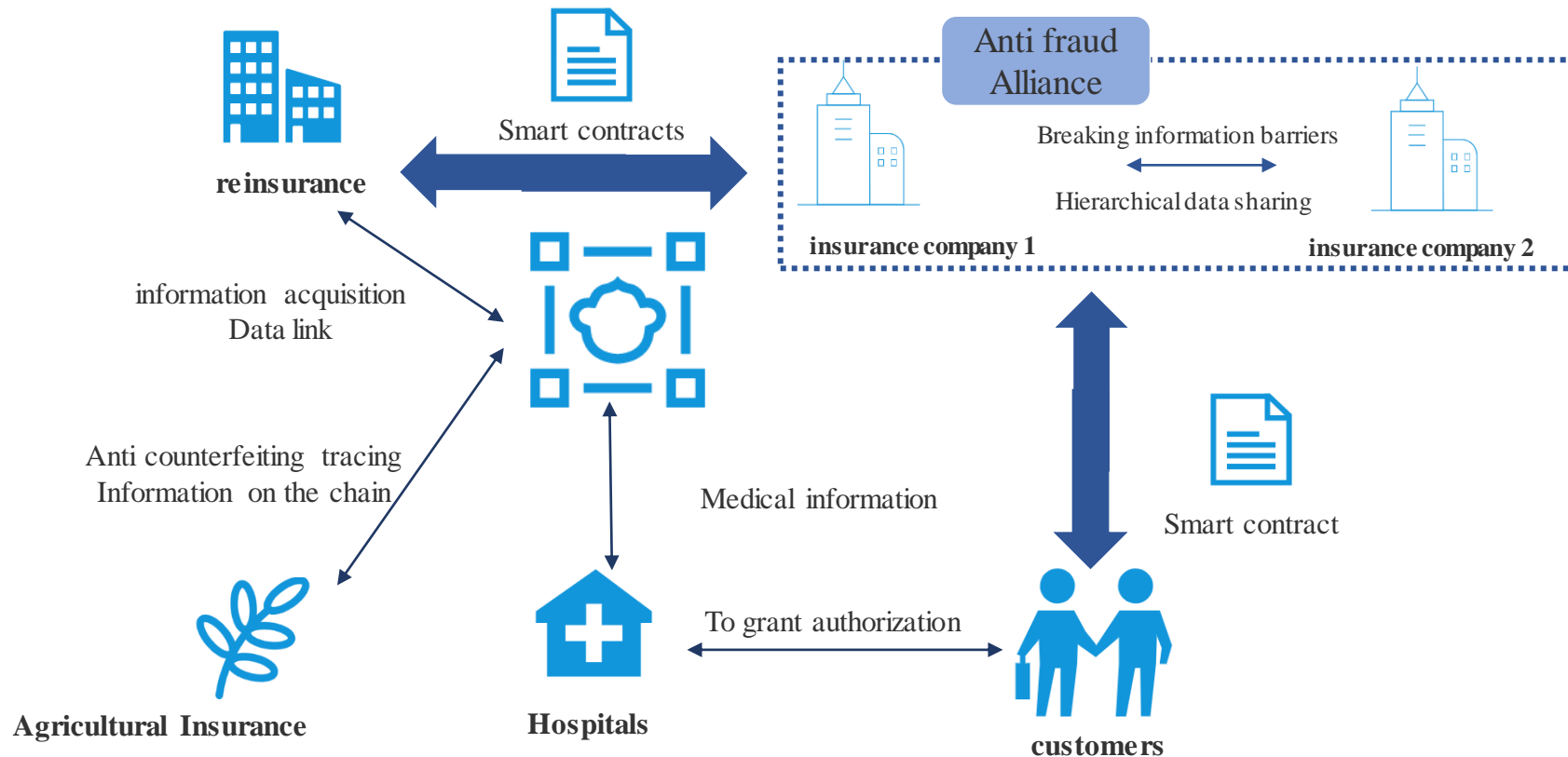
- There are some problems in agents recruitment, such as low interview efficiency, difficult to evaluate the training effect, etc..
- Ping An launched “HR-X System” in April 2018, covering all aspects of agents recruitment, training, evaluation, etc. the number of users of the system exceeded 10 million, and the success rate of identification of retained agents in 13 months exceeded 95%.



3.3 Case: Blockchain and InsurTech



- Blockchain solves the problem of mutual trust with its technical approach and breaks the information barrier on the premise of protecting data privacy.
- Blockchain is suitable for insurance industry, and has been used in areas such as anti fraud, reinsurance, agricultural insurance.



Application of blockchain in insurance



Smart workplace

The "double recording" quality inspection business based on 5G uploads the work recording to the cloud in real time and analyzes it in real time, so as to support the later manual quality inspection. At present, the "double recording" manual analysis of the market price is 6-8 yuan, 5g can greatly reduce the cost.

Smart claims

Based on 5G, it can make the parts difficult to move of large vehicles remote loss assessment. After 5g signal coverage, the vehicle is equipped with recorder, and the information is transmitted to the insurance company (G7) in real time.



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