Digital opening a world of Opportunity in insurance...

China: the most dynamic insurtech market in the world

Popular insurance mobile applications

Innovative digital insurance products

Largest InsurTech startup unicorn

The only insurer with technology as core strategy

Insurtech in China is enabling hypergrowth in digital insurance

410 B
Estimated RMB 2019 digital premiums

150%
CAGR 2011-16

35%
CAGR 2016-19

Typical online and scenario-based insurance products

Return Freight Insurance

Embedded in online purchase process to ensure potential cost occurred as result of returning products

Flight delay insurance

Provide compensation in case of flight delay

Auto related insurance

Add-on auto property damage insurance

Credit guarantee insurance

Credit risk-based insurance, insurer (guarantor) provides credit guarantees to obligor (insured)

Broken screen insurance

Users get compensation in case of screen damage upon mobile purchased
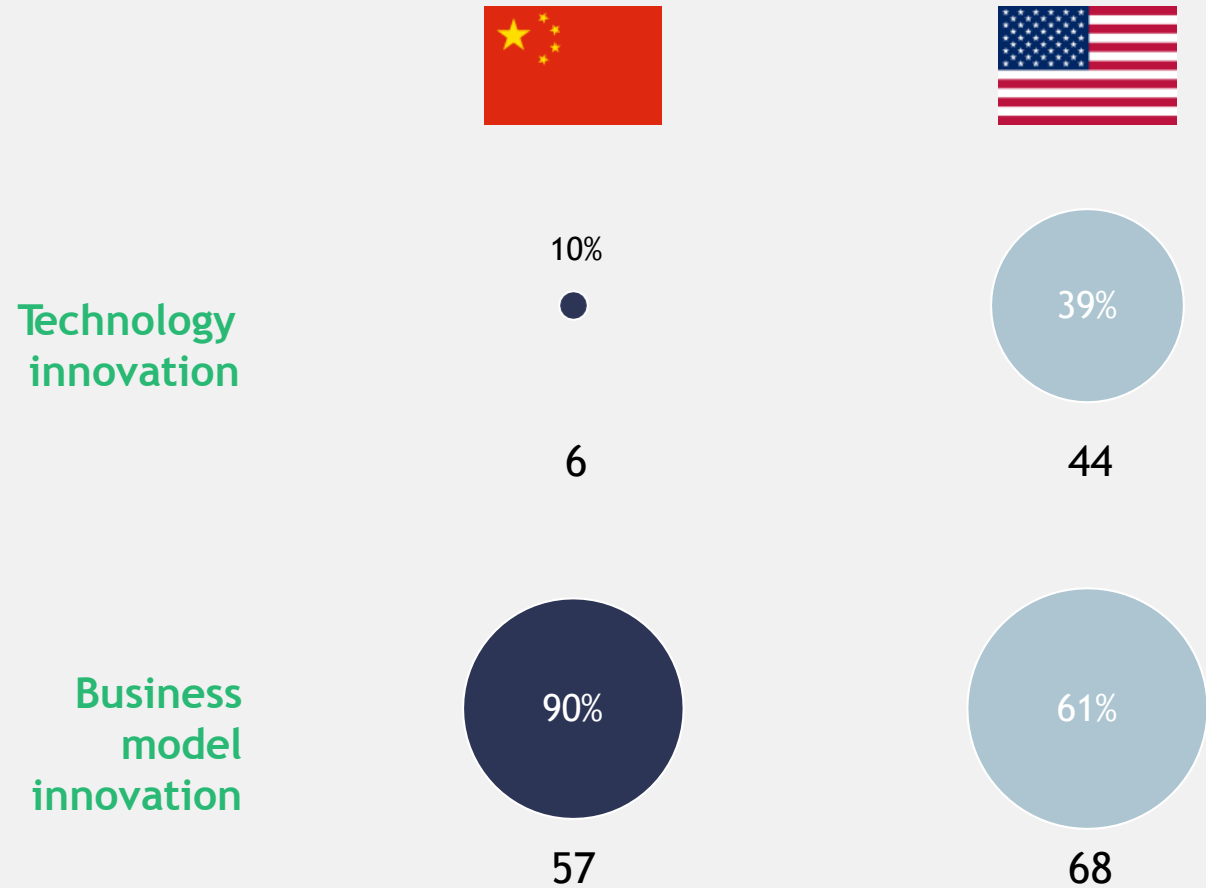
Health insurance

Provide compensation in case of injury, disease, fatality etc.

4

5

Chinese firms focus on business model innovation and the application of tech and not on the tech

Technology innovation

10%

6

39%

44

Business model innovation

90%

57

61%

68

In China, we see innovation in several areas

Data *is generated through innovative approaches...*

1 Scenario-based ecosystems

0 Digitisation of the core

Analytics *are leveraged to drive business advantage either in pricing, risk management or upsell...*

3 Analytics

2 Product

Product innovation (through test and learn) is used to solve real life problems, generating customer data....
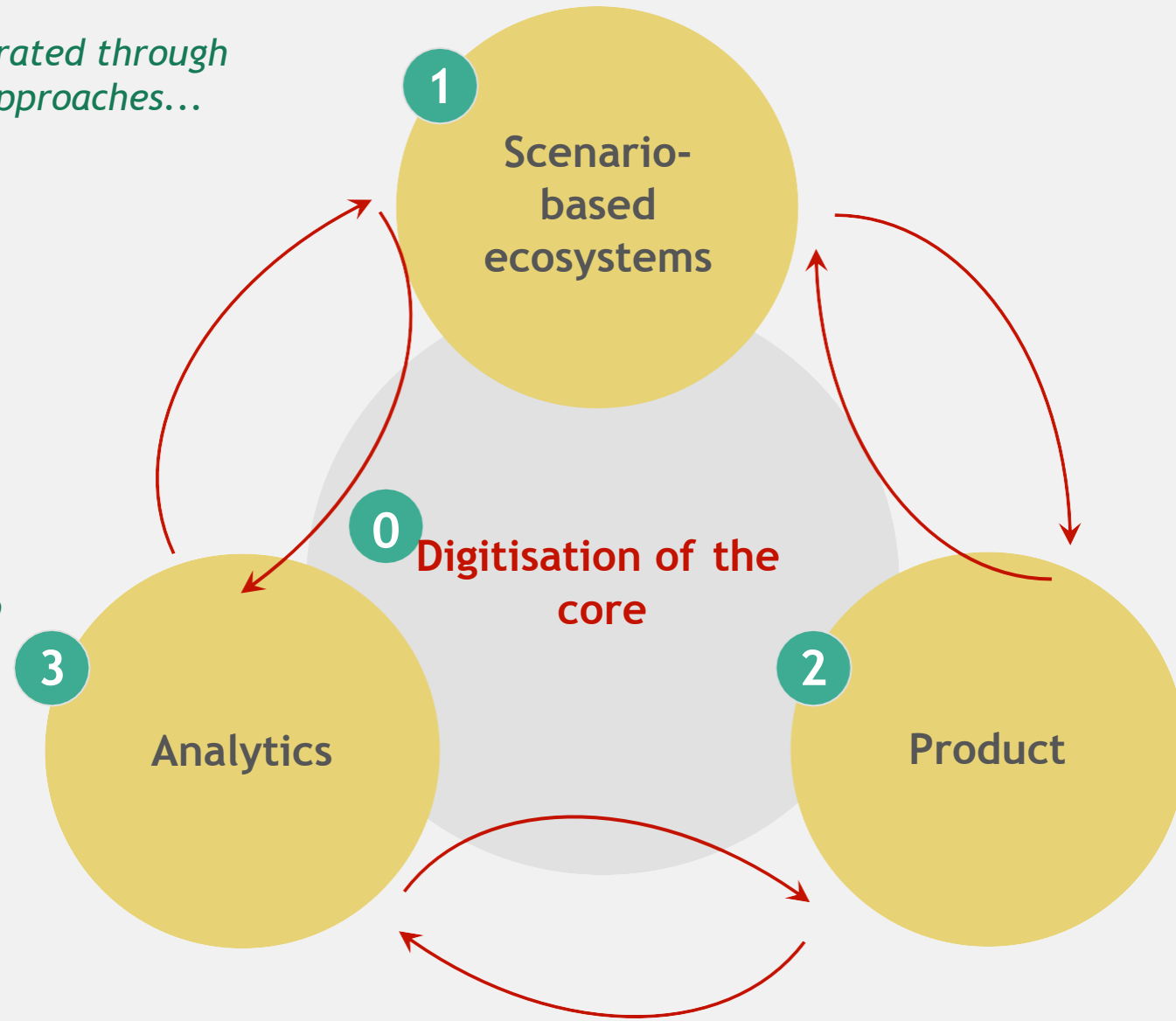
3
types of players shaping the InsurTech landscape in China

Incumbent insurers

中国平安
PING AN
保险·银行·投资

泰康
Taikang
保险 资管 医养

Technology giants

蚂蚁金服
ANT FINANCIAL

Tencent 腾讯

3rd party providers

众安保险
ZhongAn Insurance

大特保
datebao.com

科大讯飞
iFLYTEK

个推
GeTui

—— InsurTech startups ——

—— Technology providers ——

Impact in three areas from Insurtech

Enabling the traditional insurance value chain

- Risk assessment
- Claim
- Customer service
- …

Extending partnerships and ecosystems

- Health management
- Auto aftersales service
- …

Creating new sources of revenue

- Claim management solutions
- Contact center solutions

Impact being felt right across the insurance value chain

Application	Product development	Marketing	Sales and distribution	Risk assessment	Policy administration	Claims management	Customer service
Cloud	✓	✓	✓	✓	✓	✓	✓
Big data	✓	✓	✓	✓		✓	
AI	✓	✓	✓	✓	✓	✓	✓
IoT	✓			✓		✓	
Genetic tech	✓			✓		✓	
Block-chain			✓			✓	
AR/VR		✓				✓	✓

Wide → Limited

A source of inspiration:
Ping An Group

"Fin *and* Tech"

Ping An has transformed itself many times over the years

1 **Ping An v1.0** *1988-2008*

Financial giant
Built up strengths in core financial sectors

M & A

2 **Ping An v2.0** *2008-2014*

Life solution beyond traditional finance
Exploring digital and life services

2.5 **Ping An v2.5** *2014~2016*

Open platform with "One account"
Integration of one account for seamless services & business expansion

3 **Ping An v3.0** *2016~Future*

"Fin + Tech"
Focus on Fintech + Healthtech and 5 key technologies (Cloud, AI, Big Data, Blockchain, Biometrics)

Traditional finance

Insurance + Banking + Investment
- Insurance, '88
- Futures, '96
- Securities, '95
- Bank, '03
- Asset Mgmt, '05
- Trust, '06

Fujian Asia Bank, '03

Shenzhen Commercial Bank, '06

Full financial licenses
- Leasing, '12

深圳发展银行 Shenzhen Development Bank, '12

Internet finance

Fin-tech

Wanlitong, '08

Lufax, '12

平安付 Ping An Pay, '14

平安一账通 One Account[1], '09

Orange E, '14

Ping An Digital Wallet, '14

深圳前海金融资产交易所 SZ Qianhai Asset Exchange, '15

平安一账通 One Account App, '14

前海征信 Qianhai Credit'15

Chongqing Asset Exchange, '16

金融壹账通 ONECONNECT OneConnect

Life-style

平安好车 Haoche, '13

Ping An Ventures, '14

Haofang, '14

Good Doctor, '15

Ping An Anywhere door, '15

autohome.com.cn Autohome, '16

万家 连锁健康服务平台 Wanjia Healthcare

Ping An investing in five transformative technologies

Biometrics

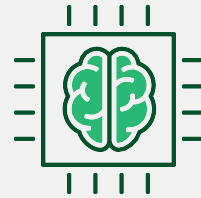Face recognition technology ranks first in the world with 99.8% accuracy low volatility

Smart identity authentication using voice used in more than 20 use cases

Big Data

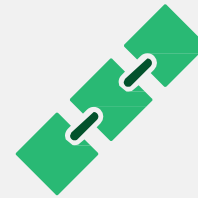Leading, large-scale data platform with 9TB data

Advanced models developed e.g. to predict disease, monitor epidemics, and help prevent them from spreading

AI

AI technology integrated in customer service, health-care diagnosis and treatment

Machine Learning and image recognition integrated in automatic claims assessment

Blockchain

Blockchain used in 12 different scenarios in finance and healthcare

Inter-bank trading platform and reconciliation platform to provide real time synchronization with high security

Cloud

80% of production systems run in the cloud

Deployment of applications in minutes

High availability and reliability with 730,000+ monitoring points

Face recognition: 99.8% accuracy
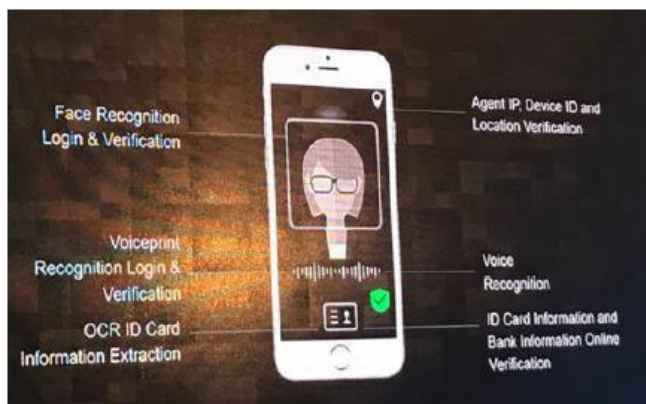
Voiceprint recognition: 99.6% accuracy

Micro-expression recognition: 90% accuracy

3-in-1 identity verification

Digitize life sales process

Remote damage assessment & claim

KYC beyond fraud management

Digital: from a potential threat to an enabler of agency

Ping An "S.A.T." Approach

Target: 1.5 X average social income

Social platform support:

- Marketing & sales: e-shop, e-promotion, e-products, e-content
- Data-based activity prompt: relationship building, service & sales

Two core **A**PPs:

- Customer APP: Golden House Keeper
- Agent APP: e-Sales

Telecenter support:

- Tele-support of financial products
- Techniques for sales and service
- Remote sales support

Customer

"Network celebrity"

Wechat   Cust. APP   Other social network   Agents

Product platform   Data based customer insights   Customer account mgmt.   Remote sales support

Agent APP
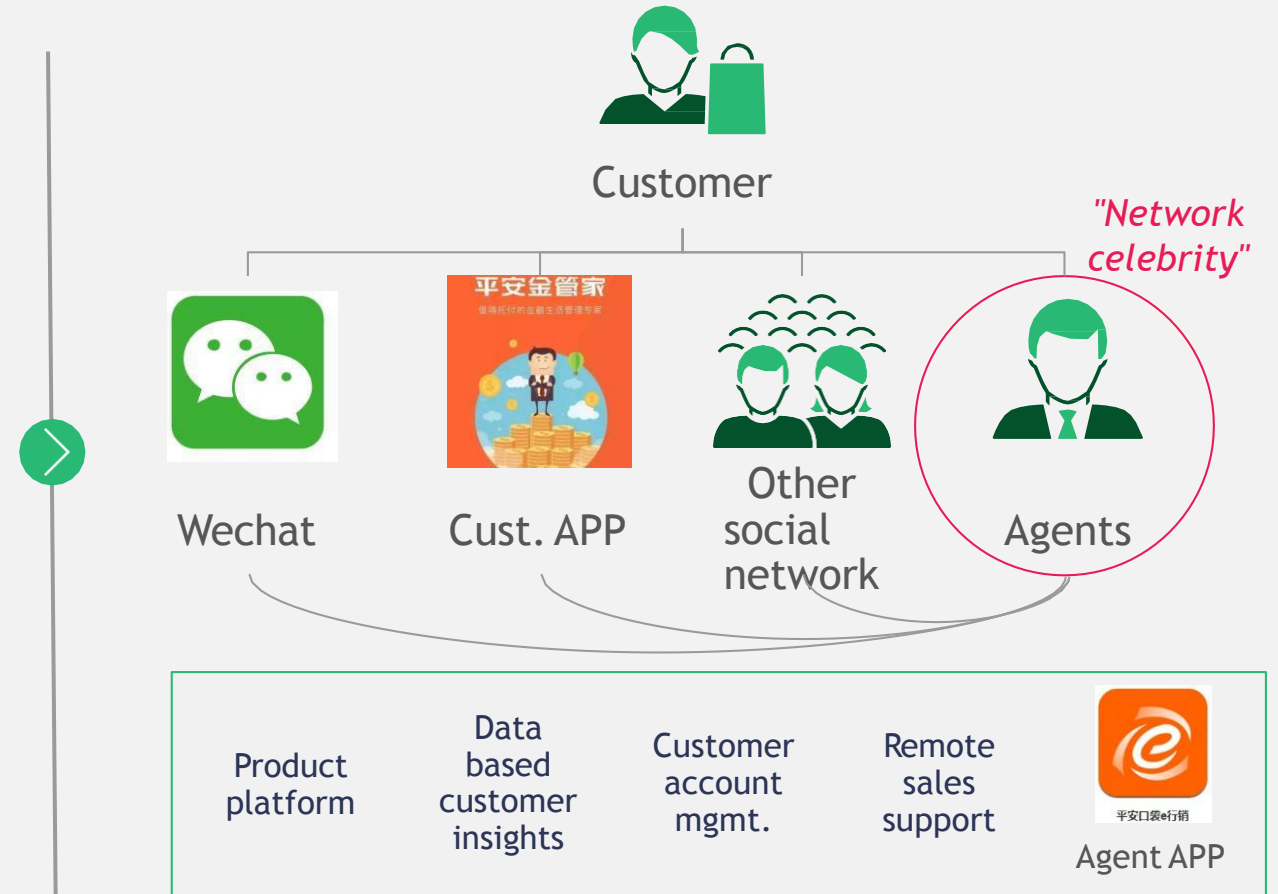
Productivity of Ping An agents outperforms peers even as agent base is strongly growing

FYP per month per agent in 2016

RMB

Ping An	~8,000
CPIC	~5,100
NCI	~5,800
Huaxia Life	~4,100
Market average	~5,000

Number of Ping An agents

(M)

+32%

2014	~0.65
2015	~0.85
2016	~1.10
2017	~1.50
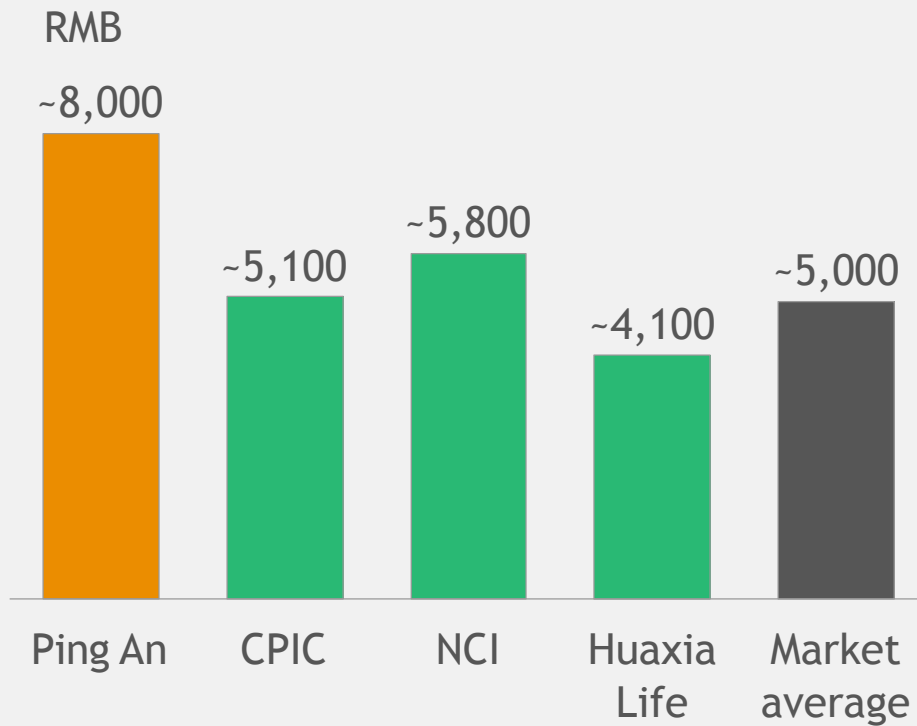
Ping An expanded into four ecosystems on top of its core business

Financial services ecosystem

Use insurance technologies to addresses core pain points and reduce front-office costs

- **Core technologies:** AI
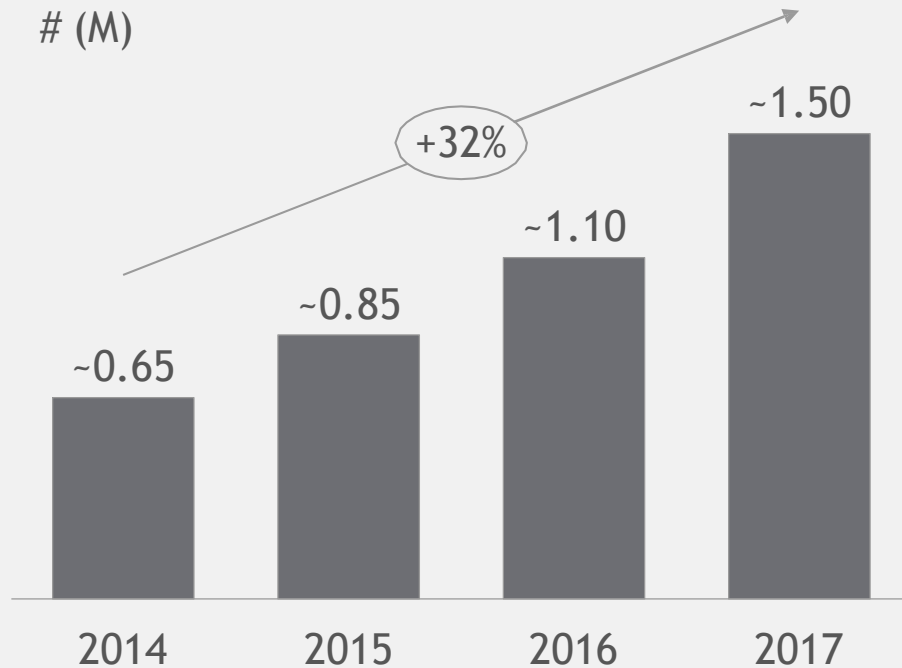- **Main participants:** Insurer, AMCs, trusts, funds
- **Main innovation:** Product and service offerings

Health care ecosystem

Full range of health offerings to crack open data silos

- **Core technologies:** Big data, Biometrics, Blockchain
- **Main participants:** Insurers, genetech firms, hospitals, universities
- **Main innovation:** Product, risk control, pricing and services

Auto services ecosystem

Use big data and AI to disruption of the significant and extensive auto services ecosystem

- **Core technologies:** Big data, AI
- **Main participants:** Insurers, car OEM, fintech firms, map providers
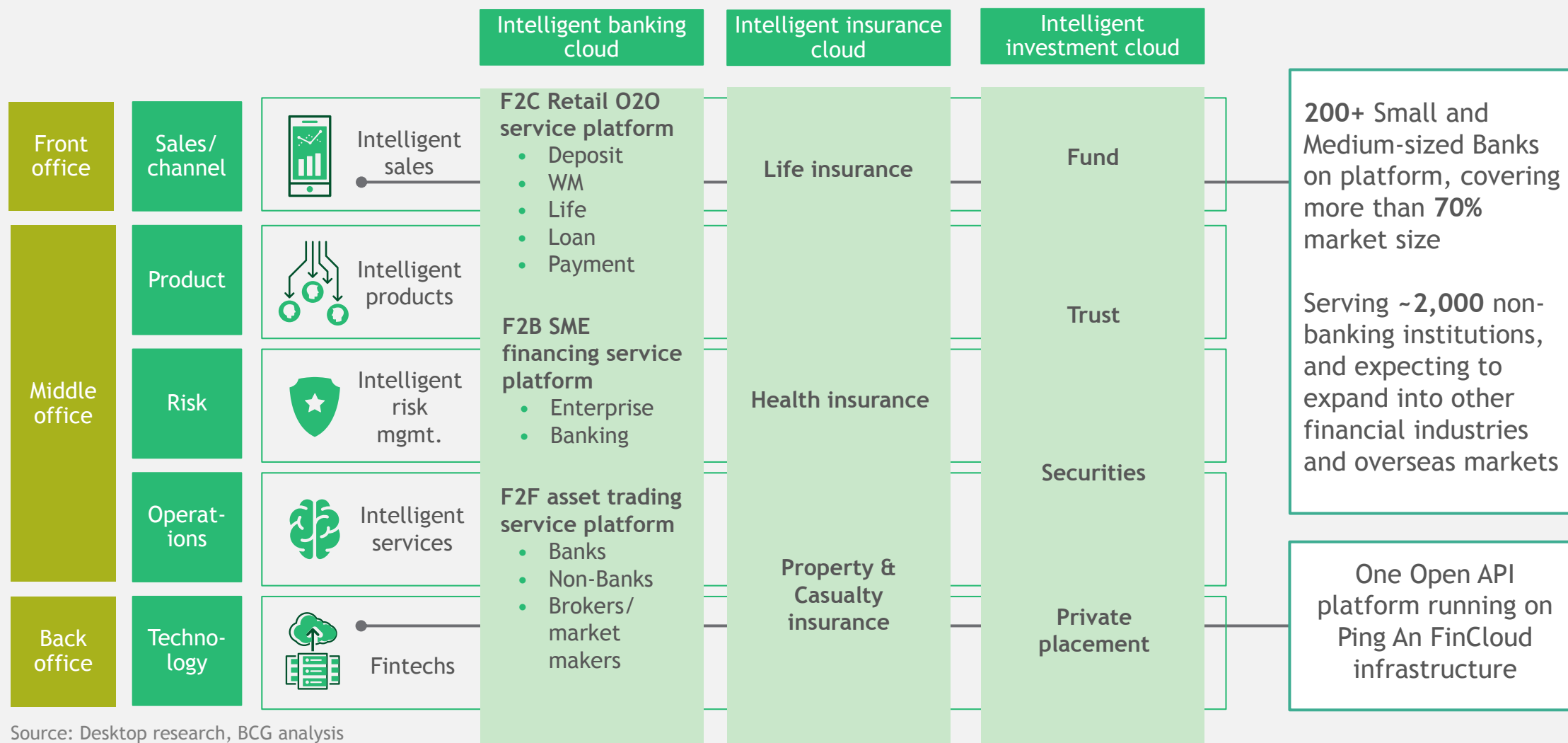- **Main innovation:** Client base, products, risk control, pricing and services

Real Estate ecosystem

Penetrate the entire real estate value chain, including development, marketing and financing

- **Core technologies:** Big data, Cloud
- **Main participants:** Developers, owner-operators, agencies, brokers, customers, government
- **Main innovation:** Completeness of the ecosystem, efficiency of interaction between players

Ping An OneConnect is a financial cloud platform serving individuals, businesses and financial institutions

			Intelligent banking cloud	Intelligent insurance cloud	Intelligent investment cloud	
Front office	Sales/ channel	Intelligent sales	**F2C Retail O2O service platform** • Deposit • WM • Life • Loan • Payment	Life insurance	Fund	**200+** Small and Medium-sized Banks on platform, covering more than **70%** market size Serving ~**2,000** non-banking institutions, and expecting to expand into other financial industries and overseas markets
Middle office	Product	Intelligent products			Trust	
	Risk	Intelligent risk mgmt.	**F2B SME financing service platform** • Enterprise • Banking	Health insurance	Securities	
	Operat-ions	Intelligent services	**F2F asset trading service platform** • Banks • Non-Banks • Brokers/ market makers	Property & Casualty insurance	Private placement	One Open API platform running on Ping An FinCloud infrastructure
Back office	Techno-logy	Fintechs				

18

A source of inspiration: Taikang

"Fin *plus* Tech"

Taikang provides a full range of services covering all life stages

Life Insurance

- Full range of life insurance services to solve customers unmet **protection and savings needs.**
- Products include:

Juvenile Cover   Education Savings   Target Savings   CI & Health

Retirement

- Resort like retirement communities in 8 locations in China.
- Fills the current unmet customer friction for **high quality retirement care for an aging population.**

Resort like retirement community in Jiangsu

Urban retirement community in Beijing

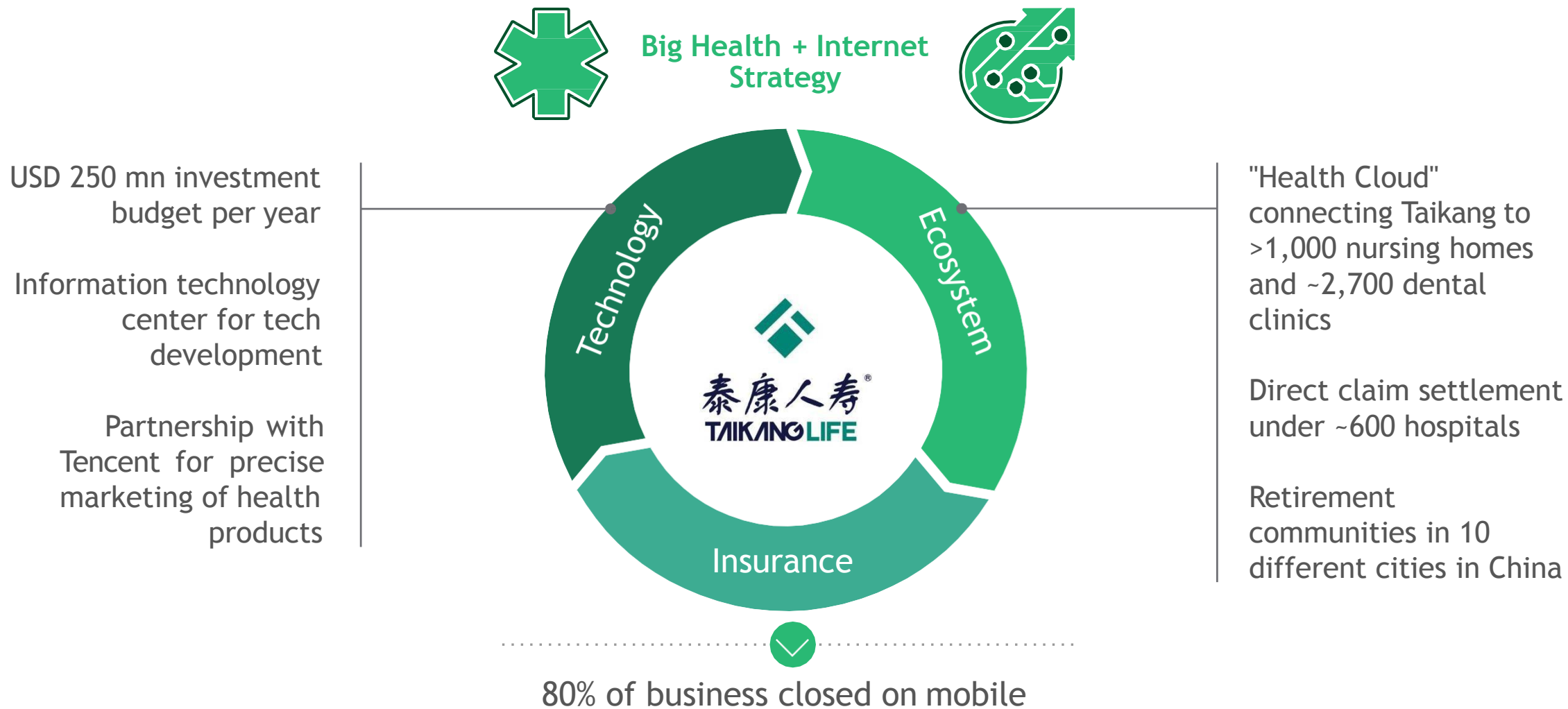**"Lifelong partnership from the Cradle to Heaven"**

P&C Insurance

- New online P&C insurer launched in 2015.
- The online channel solves the customer friction and **makes it more convenient for customers** to purchase P&C products.
- Products include:

Accident   Home Contents   Traffic Accident Liability

Hospitals

Taikang also owns hospitals in Beijing and Nanjing.
- Fills the need for **quality healthcare services especially for retirees.**

Funeral Services

- "Ai You Hui" a new business unit which provides funeral services including tombs.
- Fills the need for **quality funeral arrangement services** and completes the full range of services supporting customers "to heaven"

Taikang's "Big health + Internet" strategy is delivered by leveraging technology to integrate insurance and health as ecosystem

Big Health + Internet Strategy

USD 250 mn investment budget per year

Information technology center for tech development

Partnership with Tencent for precise marketing of health products

Technology

Ecosystem

Insurance

泰康人寿
TAIKANG LIFE

"Health Cloud" connecting Taikang to >1,000 nursing homes and ~2,700 dental clinics

Direct claim settlement under ~600 hospitals

Retirement communities in 10 different cities in China

80% of business closed on mobile

Example: Taikang Life leverages Wechat in "sales & distribution" and "service & operation"

Cancer insurance offering

Tailored and integrated social media proposition

Simple product	• Cancer cash insurance • Easy to understand: One Yuan premium → 1,000 Yuan cover[1]; Max. coverage 100,000 Yuan
Easy to buy	• One-click purchase in WeChat; removed underwriting process • Simple info required (name, ID, Email) • Payment via embedded payment function or bank card transaction
Social network marketing	• Friends-for-friends system on WeChat • Users buy cover for their friends—the more friends, the higher the cover

Beta version launched end February 2014

Claim request

Simple and easy-to-use submit process
- Info already embedded on account
- Digital document accepted
- 7*24 progress tracking

Additional information and services available
- Claim manual and related documents
- Hospital lists for specific areas

Claim request	Progress Tracking	Hospital search

43

A source of inspiration: Zhong An

"Tech *plus* Fin"

Zhong An was founded by three of the digital giants

Zhong An by the numbers

500M+
Cumulative customers served

USD 500M+
Gross premiums written in 2016

0.001966
Complaint per 10,000 policies: the lowest nationwide

100M
Policies sold on a peak day

8.2B+
Policies sold

96%
Policies distributed via partners

$13B
valuation

Zhong An by the numbers
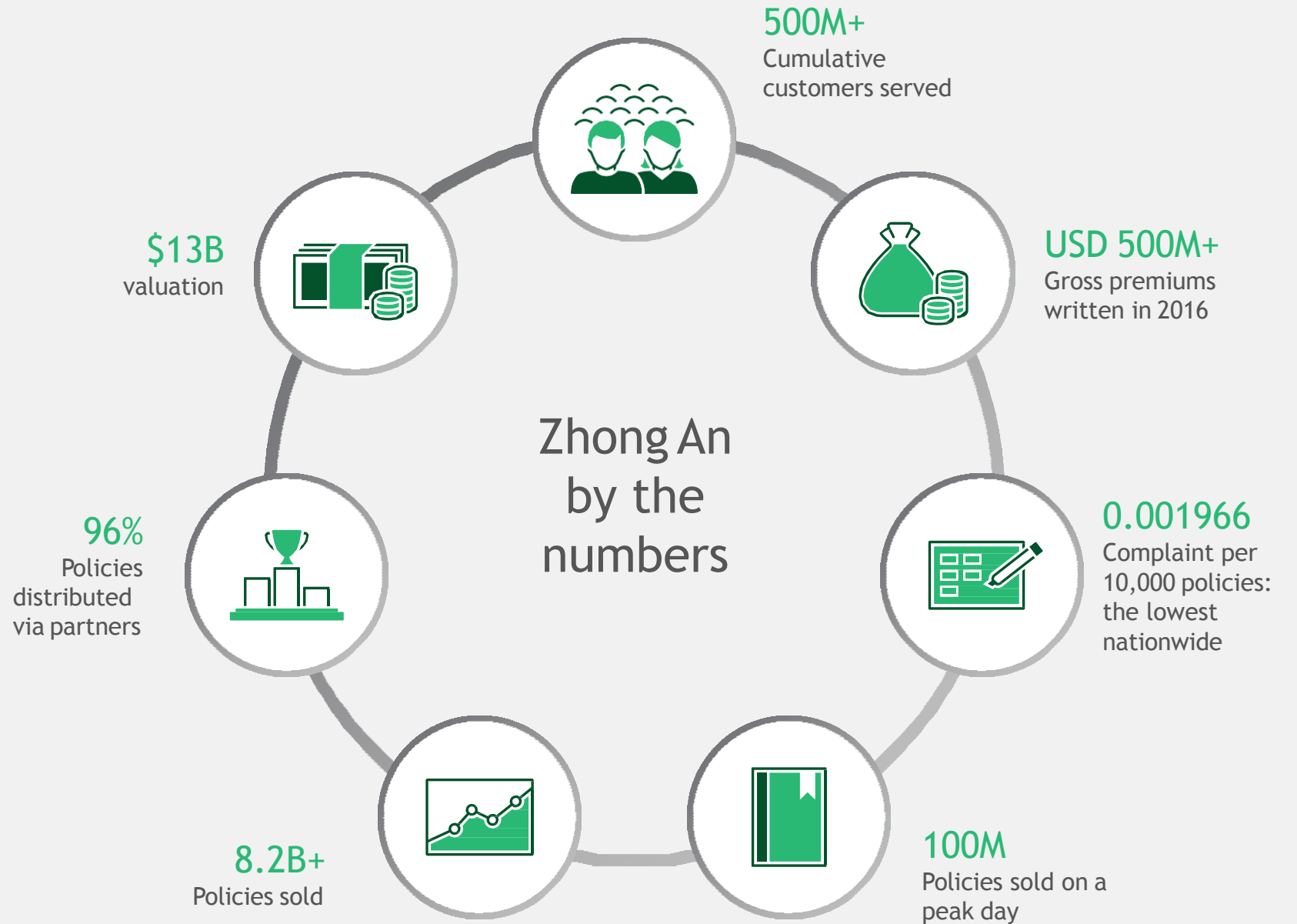
Zhong An is redefining insurance in the digital world

Product Design	Pricing/ Underwriting	Distribution	Claims Service
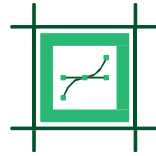
Product Design
- Scenario-based
- Able to offer small ticket products
- Tailored coverage
- Quick-to-market

Pricing/ Underwriting
- Accurate pricing
- Better risk assessment
- Real-time, dynamic underwriting

Distribution
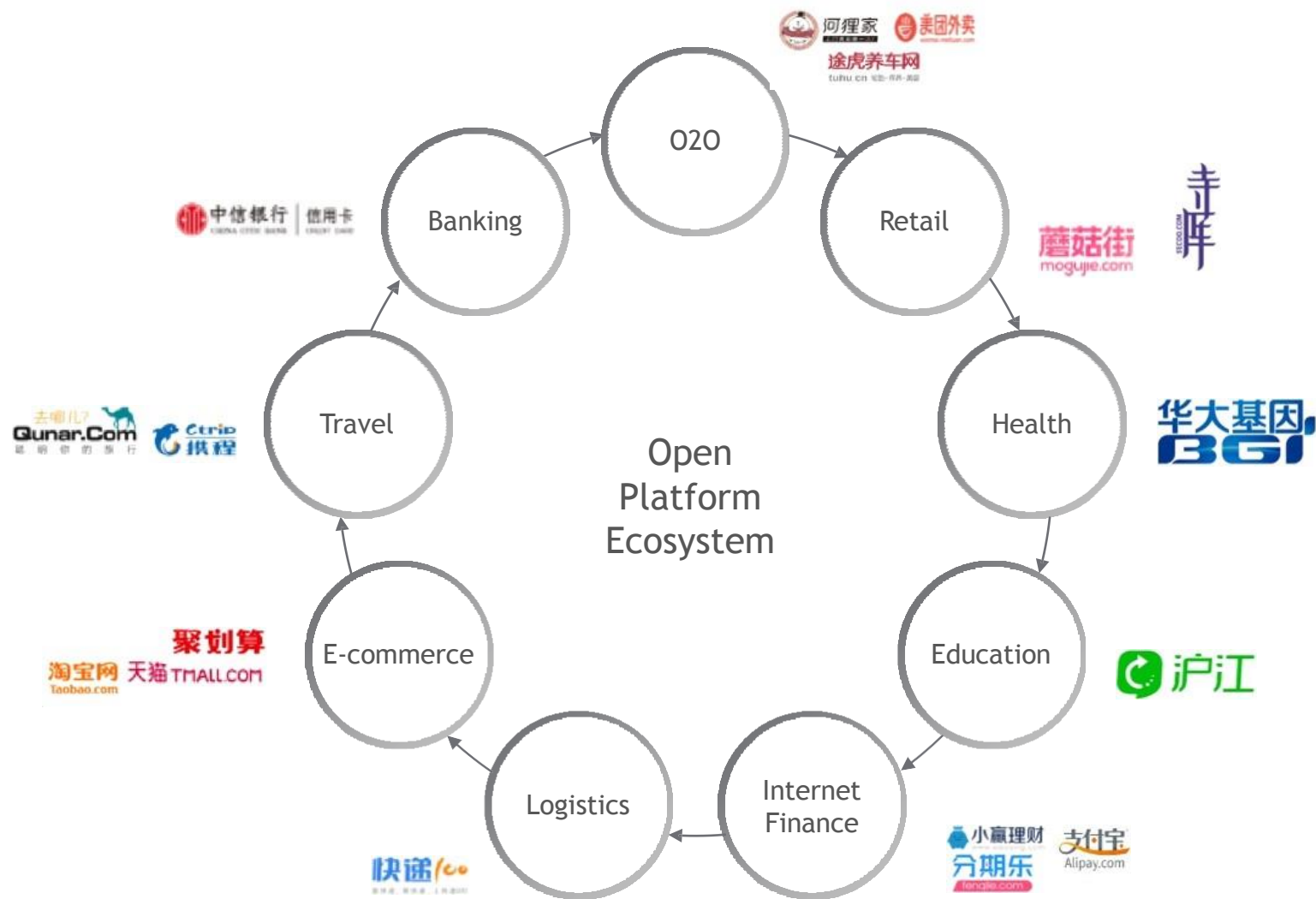- Seamlessly embedded into online applications
- Direct to customers
- Cross-selling

Claims Service
- Highly automated process
- Optimized fraud detection
- Faster, more transparent and more convenient
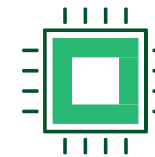
Technology Platform

- Cloud-based, secure and cost-effective
- Flexible architecture
- Open platform

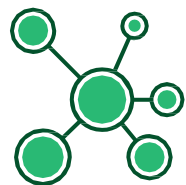# Zhong An partners with a vibrant ecosystem

Implications

Four major traits of incumbents' innovation

Real experiences to parameterize digital/AI models

- Centralized technology strategy and planning team
- Independent and dedicated technology team for a relatively objective view

Centralized but independent team

- Centralized technology strategy and planning team
- Independent and dedicated technology team for a relatively outsider view

Variety of talents

- Diversified source of talents
- Open to various industries

Competitive remuneration

- Attract and retain right talents
- Incentive structure different from traditional insurance business

Key enablers
of Chinese insurers to lead innovation

A call to action for insurers

Work to solve real-world problems for customers and the insurance products follow

Be open to innovation: take an open perspective from outside the market or the industry

Think about potential partnerships to leverage tech and ecosystems to help accelerate innovation

BCG

The Boston Consulting Group

bcg.com