

Insurance industry has potential to transform via digitalisation, public-private partnerships: DPM Heng



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SINGAPORE - There is deep potential for the insurance industry [to digitalise](#) and it should ride the digital wave to ready itself for future challenges, said Deputy Prime Minister and Finance Minister Heng Swee Keat.

Speaking at the launch of the Global-Asia Insurance Partnership, a new tripartite partnership between the global insurance industry, regulators and academia, he also underscored the importance of public-private partnerships to ensure the industry's success.

Mr Heng pointed out that while insurance plays a critical role, there remains a wide protection gap in Asia, partly due to the lack of quality data and robust models to quantify exposure to risks like natural catastrophes and infectious diseases.

For example, Asia has since 1990 accounted for about half of the global economic losses from natural disasters - and yet last year, insured losses for catastrophes accounted for only 9 per cent of economic loss in Asia, as compared to 24 per cent globally.

Governments and companies also under-appreciate these risks, he added.

But Covid-19 has heightened the awareness of managing future risks, and Mr Heng said a silver lining of the pandemic is that it has [given greater impetus for companies and governments to have better insurance](#).

The industry should keep the momentum going and transform digitally, said Mr Heng, noting that insurance still relies largely on paper in running the business and depends heavily on face-to-face interactions.

"Companies have to digitalise their work processes and adapt to working remotely. Clients are now going online to purchase new insurance and file their claims," said Mr Heng. He held up companies which have gone digital like local insurer Singapore Life, which is able to underwrite, issue policies and process claims online.

He added that insurance firms can also look to use tech in more advanced ways as well. For instance, harnessing data from the end-to-end digitalisation of supply chains, satellite imagery and social media will provide a better sense of economic and risk exposure.

And with the use of Internet-of-Things and blockchain technology, risk events can be tracked in real time and claim payouts can be triggered automatically if pre-defined conditions - such as a flight delay or flooding - happen.

Besides digitalisation, the insurance industry can also transform by harnessing public-private partnerships to develop meaningful, effective and scalable risk-sharing solutions, said Mr Heng.

He added that insurers and regulators who work together can also share information and learn from one another.

"Such partnerships can eventually lead to better legal and regulatory frameworks to facilitate the deployment of disaster risk financing solutions," he said.

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