The Latest News in Japan's Life Insurance Market 2021: What do life insurance companies aim for with their DX Strategies?

Building new values by going beyond the boundary of insurance

It was a good opportunity to review, reexamine and share digitalization by experiencing the latest digital services or the services under consideration through online──

Aflac Life Insurance Japan promotes Digital Transformation (DX) Strategy and provided inside and outside the company with various initiatives on Japan Digital Days on October 10 and 11.

Japan Digital Days is set in 2021 to commemorate the establishment of the Digital Agency. It is intended to be the day to experience and be familiar with digitalization in order to realize human friendly digitalization that also leaves no one behind as a whole society.

As the DX Certified Company, Aflac held digital service trial sessions for its employees for 8 days from October 4 to 11 to accommodate Japan Digital Days. Employee training through e-learning to promote understanding of DX was also held from September 15 to October 6. Motives behind these events are the DX strategy.

Aflac will celebrate its 50th anniversary in 2024. With that in mind, Aflac has been strongly implementing its medium-term management plan called *Aflac VISION 2024* to aim for becoming the leading company for *Creating living in your own way*. In order to achieve such a goal, Aflac has been engaging in a company-wide effort to actively utilize its DX strategy.

Aflac, by the way, surpasses any other companies in the cancer insurance market with over 15 million policies in force.

Next, let's look into the key points of Aflac's DX strategy.

<Fintech/InsurTech>

Realizing better customer service and better administrative efficiency through open innovation with Fintech companies and digital innovation utilizing AI.

<Upgraded Customer Experience>

Swiftly solving customer concerns by utilizing digital technology at customer touch points and providing consistent experience values.

< Data Utilization>

Providing customers with products and services with optimal timing through data analysis and prediction model utilizing AI.

<Automation of System Development Process>

Providing high-quality services promptly and frequently by automating human labor within the system development process to expedite the process itself and increase its quality.

At the same time, Aflac established a special team engaging in DX strategy to be placed

across the organization and put its effort to nurture organizational culture and human resource development to promote DX strategy.

As Key Performance Indicators, or KPIs, "Customer Satisfaction" and "the Number of Digital Touch Points" are used to monitor the DX achievement status.

Aflac said of its determination for its DX strategy as follows.

"As a leading company of 'Insurance for Living', which is our core business, we'll provide valuable products and services with the help of digital technology. We also would like to create new values that are not bounded by standards of insurance by applying digital technology to a new business field to link insurance services to non-insurance services."

Adopting 3D avatar chatbot and the like

Aflac so far has engaged in the following initiatives related to InsurTech.

May 2019: Introducing in-house AI search system

March 2020: Introducing 3D avatar chatbot

March 2020: Introducing Al support system for salesforce

The in-house AI search system allows cross-searching accumulated information and data within the company and it has successfully improved the accuracy and the efficiency of administrative work.

The 3D avatar chatbot provides an interactive experience to policyholders as an animated operator icon whose gesture and lips are in sync with the reply assists them.

The AI support system for salesforce picks up the most optimal proposal points to sales agents by learning best practices obtained from big data analysis.

Moreover, in keeping with diversified customer behaviors, Aflac also works on the improvement of customer experience value at various contact points.

By utilizing the guidelines for UI (User Interface)/ UE (User Experience) that have been prepared to provide consistent experience values at customer contact points and the customer journey, Aflac shows its willingness to find out customers' true needs and concerns and address them as speedy as possible.

Aflac was awarded Insurance Asia Award 2021 for the second consecutive year following 2020.

The award recognizes insurance companies in Asia that successfully deliver cutting-edge innovations and/or develop products or services that give an impact to insurance industries. Singapore-based Charlton Media Group set up the award in 2016.

Streamlining and upgrading of business management

With the recognition that digital technology is of the essence for the successful sustainable

growth, Meiji Yasuda Life Insurance Company has been engaging in streamlining and upgrading its business management based on the following four action policies.

① Sophisticating the role of "human": Establish sales and service structure to help "human" concentrate on high added value operations or new roles.

② Pursuing UI/UX: Ongoingly develop and improve advanced products, services, and non-face-to-face platforms to keep up with the rapidly changing customer needs.

③ Strengthening partnership with external organizations: Back up ① and ② through the alliance with municipalities, industries, research institutions and medical institutions, or the use of external resources such as technology, services and data.

④ Engaging in drastic streamlining and upgrading: Build the efficient operational management structure and operational process that are also balancing out low-cost and high-productivity.

As for ① Pursuing UI/UX, which is considered an important factor for competition, Meiji Yasuda aims for developing a system for flexible new products, shortening a product developing cycle, and providing products and services to a wide range of areas such as prevention, diagnosis/hospitalization, recuperation/rehabilitation in accordance with a patient journey.

Points of streamlining and upgrading business management which is a key to cost competition are as follows.

・Three "less" (Eliminating papers, seals and facsimiles)

・Enhancing automation of decision making process of operational work

・Clarifying the purpose of data utilization and analysis theme

・Nurturing data scientists

While upgrading products/services, sales/follow-up activities and operational work through the further utilization of data, Meiji Yasuda Life also tries to ensure the balance between its legacy system and the new technology, and to promote the efficient system utilization and the development of the structure from the medium to long term standpoint. To promote DX Strategy, Executive Officer in Charge of Digital Transformation and Healthcare Development is newly appointed in April 2021. Digital Strategy Department and a special project team to promote DX Strategy were also launched at the same time.

As KPIs for DX Strategy, customer satisfaction, the number of policyholders, the number of non-face-to-face access, and the number of students for a data scientist training course will be taken into account.

Starting a group-wide project of IT human resource development

Faced with the management challenges of promoting the data utilization in various

operational fields such as sales support, insurance administrative services and asset management, it has become more important to secure highly skilled IT personnel——. Nippon Life talks about the aim of starting a large-scale IT human resources development project.

Nissay group currently has almost 3,000 IT personnel, of which about 400 with Nippon Life, about 2,000 with Nissay Information Technology (NIT) including 900 personnel assigned for Nippon Life's project, about 500 with Taiju Life Insurance Company, about 70 with Nissay Wealth Life Insurance Company and about 30 with Hanasaku Life Insurance Company.

The following problems have been pointed out so far.

① Having individual training issues

② Having inconsistency in the development of training structure among group companies

NIT set up NISSAY IT Academy during FY2020 and has provided around 80 courses such as IT technology training courses and development practical training courses, to name a few, to the group companies ever since.

With the project this time around, Nippon Life and NIT have worked together and promoted to build a training structure for the entire group. Program contents of NISSAY IT Academy are also enhanced.

① Approximately 100 training contents

② The latest technology training such as AI and Cloud computing

③ Initial training for three months including programming

④ Skill approval system based on operational experience

⑤ Holding IT human resource development committee in charge of group human resource development

The program contents and the training infrastructures will also be expanded. An existing facility of Nippon Life will have an additional space which accommodates up to 150 persons (Approx. 600m^2). It is expected to be completed in March 2022.

The initial cost is expected to be JPY150 million including the cost to set up the facilities which accommodate both physical and virtual participants at the same time.

"We position this training infrastructure as the symbol of the group-wide IT personnel development and expect it could increase the group's brand presence," says Nippon Life.

Basic subjects such as programming and data analysis will be required courses for young employees from now on. Skill development training related to DX promotion has been carried out targeting assistant managers and young managers since FY 2021.

Professional skill training programs (BrainPad Inc's data science courses) are available for employees who are working in the department where they are required to utilize data.

Aiming for further strengthening an academia-industrial partnership, NIT has joined UTokyo (the University of Tokyo) MDS (Mathematics and Data Science) Consortium. Around 20 young employees are to enroll its adult courses every year.

Nippon Life has been aggressively recruiting new university or graduate school graduates who are highly skilled in the designated professional fields such as Actuary or Investment. Since FY2019, IT Strategy has been added to the list. A special team to recruit IT personnel will start to work from FY2022 recruitment.

◆   ◇   ◆

We have looked at a part of DX Strategies of life insurance companies so far. DX strategies go beyond just the digitalization such as streamlining or improving business operation including Robotic Process Automation, or RPA, and computerization.

In the medium and long term, the existing business model will be reformed based on the social and customer needs, and the development and promotion of the business model in the new field, such as healthcare that has high affinity with life insurance business, will be sought after.

And then, IT personnel with advanced skills will take a central role. Its importance to cultivate such professional personnel has been discussed for some time now and finally life insurance companies has become serious about it by positioning it as the most important management issue these days.

These personnel will be DX experts in the life insurance business, providing new values to the society where digitalization is increasingly accelerating, and leading to the solution of social issues. I have no doubt that it will be one of the growth engines for life insurance companies.

About the writer:

Kenichi Suzuki is an insurance journalist working for a major insurance trade paper for 35 years. From 2000 onward, he covers a wide range of insurance news including on-line life insurers, insurance shops, overseas expansion of Japanese major life insurers, business strategies, Insurance Council, InsurTech, to name a few. He hosts a private study group, Insurance Marketing Study Group. He occasionally takes a role of a speaker for OLIS seminars and has previously lectured at OLIS overseas seminars in Taipei, Seoul, Beijing, Bangkok and Jakarta.