



Fourteen markets: All different



Singapore-headquartered **Sompo Holdings (Asia)** was established in 2008 and its business now employs 4,000 people across the region, featuring in the list of the top 10 largest non-life insurance companies in Indonesia, Malaysia and Singapore. The firm's newly appointed CEO **Daniel Neo** spoke to Asia Insurance Review about the growth strategy of the insurer, strategic relationships and technology.

By Paul McNamara

At the start of April, Sompo Holdings Asia (SOMPO), headquartered in Singapore, announced the appointment of Mr Daniel Neo as its regional chief executive officer. SOMPO is responsible for the management of the group's insurance business in the Asia Pacific region excluding Japan.

An industry veteran of some 22 years, Mr Neo hopes to apply his extensive insurance and leadership experience in the region to drive business growth in Asia. But he is adamant that there is no one-size-fits-all strategy for Sompo in the region.

"From the start of April we are also dealing with the East Asia markets – Hong Kong, China, Taiwan and Korea," Mr Neo said. "So I think that the first step is to understand those markets and integrate them because previously this office did not look after them."

Horses for courses

The move marks a consolidation of markets in an attempt to leverage the SOMPO brand across various territories and replicate its success in its home market of Japan, where the brand is ubiquitous.

"We are now responsible for 14 markets altogether so I can't say there's one big strategy," said Mr Neo. "We have different aspirations because every market is different. How you do business in Philippines is totally different from how you do business in Myanmar or Vietnam or Thailand."

The common theme behind the development push is seeking growth in retail customers. "Our core aspiration is to build a strong retail platform throughout Asia," said Mr Neo. "Five years ago, we came to this region and we were principally a corporate insurer, mainly servicing Japanese corporates."

"Over the last five years, although we have more than doubled our premium in the region, we still think that we can improve how we deal with direct customers; people buying auto insurance, travel insurance, home insurance. In other words, the retail market," he said.

Commercial business still important

Mr Neo is not turning his back on the commercial insurance sector. "It's not that the commercial side is not interesting for us," he said. "We are

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very interested – and we continue to focus on growing that area. It's just that we expect more growth to come from retail. We are very interested in both segments. It doesn't mean that we take focus away. It just means that we think that more effort is needed."

On a global level, Sampo Group has many decades of experience, thanks largely to its presence in Japan. "In Japan we are number one on the retail side, especially with our home insurance and auto insurance and the likes," said Mr Neo. "But outside of Japan, especially in Asia, we have still got a long way to go to become very strong on the retail side."

And this will be a step-by-step process. "One of the core things that we want to do, as a regional office, is to build strong teams throughout the region and it starts with the CEO," said Mr Neo. "CEOs are basically leaders as well as managers - you don't expect them to sell policies. We believe that if you look at the second and third layers, we are working hard at creating strong teams."

The importance of culture

This is the same approach that Sampo will take to the new markets like China, Hong Kong and Taiwan. "We want to have a performance culture throughout the whole Asia region, a culture of solving problems," Mr Neo said. "I believe that a lot of what we do is solving problems for customers, solving problems for intermediaries. People tend to think that selling insurance is about just collecting premiums, but if you can't solve problems for people, why should they give you money? Culture is very important – performance culture, fairness

culture, competitiveness culture."

Understanding the domestic features of each market will also be important to future growth and Mr Neo recognises the unique facets of each market. "The nuance of the Philippines market is so different," he said. "It's mostly commercial. They don't do much retail. But in Malaysia, 50% of the portfolio is motor. So we cannot apply the same strategy to them. We really want them to have the best people. And the best people in the markets have to come up with the best strategy."

What are some of the other individual domestic characteristics of the various markets in Asia? "Vietnam is not really a retail market for us at this point," said Mr Neo. "We want to focus on corporate business there. In some markets we may be interested in being more digital because we feel that it's very hard to follow the traditional network for building a retail platform. So we may be doing more digital in certain markets."

But in spite of the different variations, there are still some overarching themes that will guide the future growth story. "Overall we have aspirations to be very strong in travel insurance," said Mr Neo. "We believe that if you really want to be a strong retail player where motor is a big part of the market, then you need to have a reasonable market share in three to five years. As you can imagine, not all markets are motor markets. Thailand is really a motor market. So we need to be strong in motor in Thailand."

Leveraging technology

How does any market-leading insurance firm adapt to the changing

ways that customers buy insurance?

"In Japan, I would say we're quite high-tech," Mr Neo said. "We have many different technology tools, wearable solutions, sensors in the car. We have a digital lab in Silicon Valley that is trying to identify the latest technology and whether it's relevant to insurance. We have a digital lab in Israel. And we have a small digital team in our office in Singapore that is trying to solve problems. Those are the resources that are available to us."

But there's a caveat. "We shouldn't think about technology first," said Mr Neo. "We should think about our customers first. What do we want to do with the customer? What is our customer strategy? If we start with digital without our customer strategy – that is not going to work."

Focus on the customer

Mr Neo views the growth of the business as a very structured process. "More important to us right now is customer acquisition," he said. "We want to have millions and millions of customers. At the end of the day, yes we want to use digital tools. Not for capturing premiums but to help the selling process."

"Unless you have a very strong affinity partner, like an airline, the front-end digital tool is really not capturing a lot of customers directly. We want to be sustainable in the long term. We want customers to say, I'm aware of the brand SOMPO. I want a particular product and I know where to get it easily." ■