

Insurance landscape evolution and emergence of MGA/MGU model

Focus on Health insurance
and Asia markets



We will explore the dynamics of the health insurance market and deep dive into the MGA/MGU¹⁾ landscape in Greater China and SEA

Outline

Key questions addressed

- 1** How has the insurance landscape evolved and what are the new players that emerged?
- 2** What strategies will incumbent and new insurance players pursue in future?
- 3** What is the MGA landscape in Asia and how will that change?
- 4** What are the implications?

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Insurance and MGA macro trends

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RB perspectives and key questions

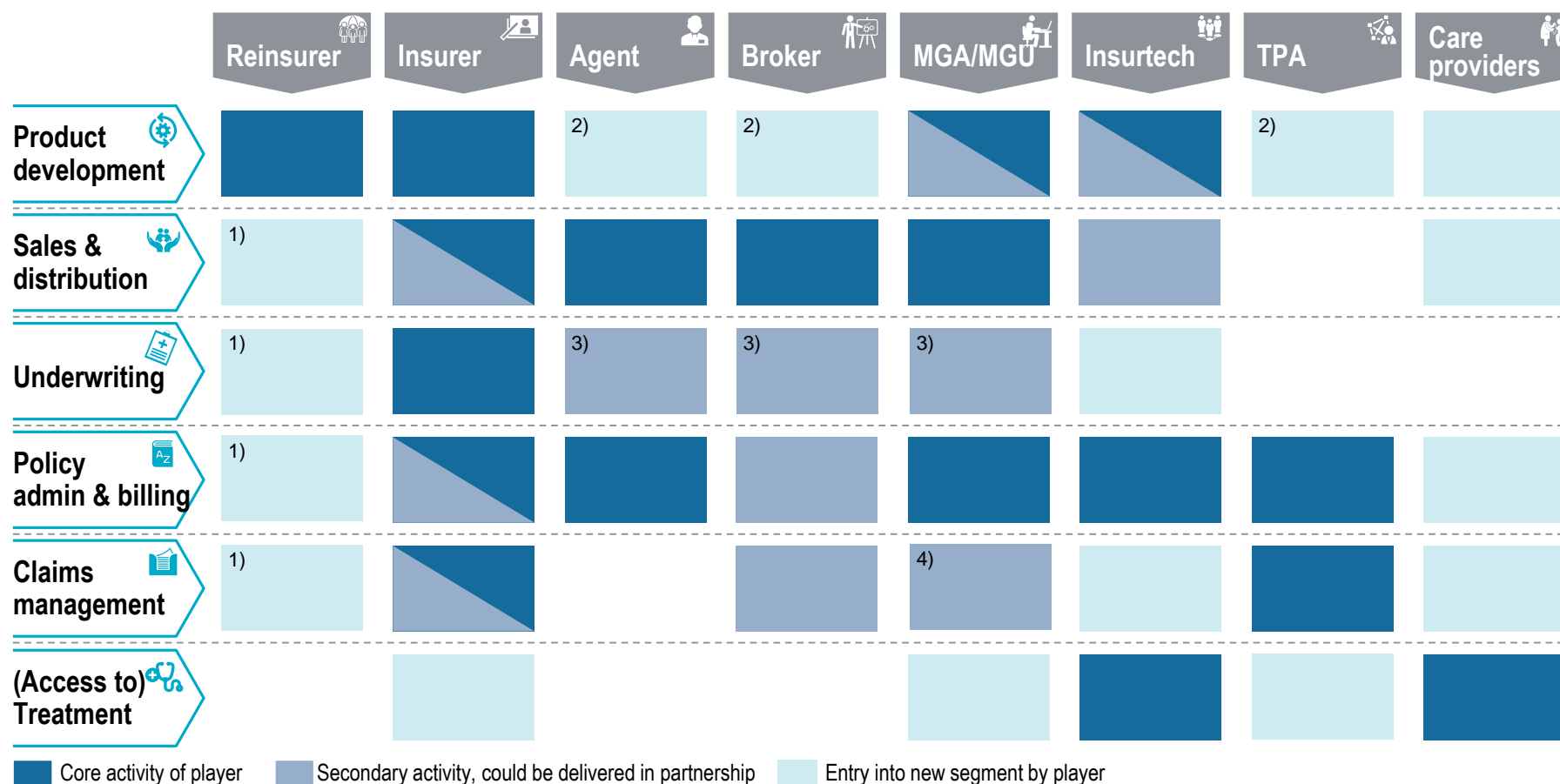
1) MGA: Managing General Agent / MGU: Managing General Underwriter

A. Insurance and MGA/MGU macro trends



Insurance landscape is evolving – All stakeholders are expanding across the value chain to transform their value proposition

Health insurance value chain trends



1) Turnkey product proposition via partnerships

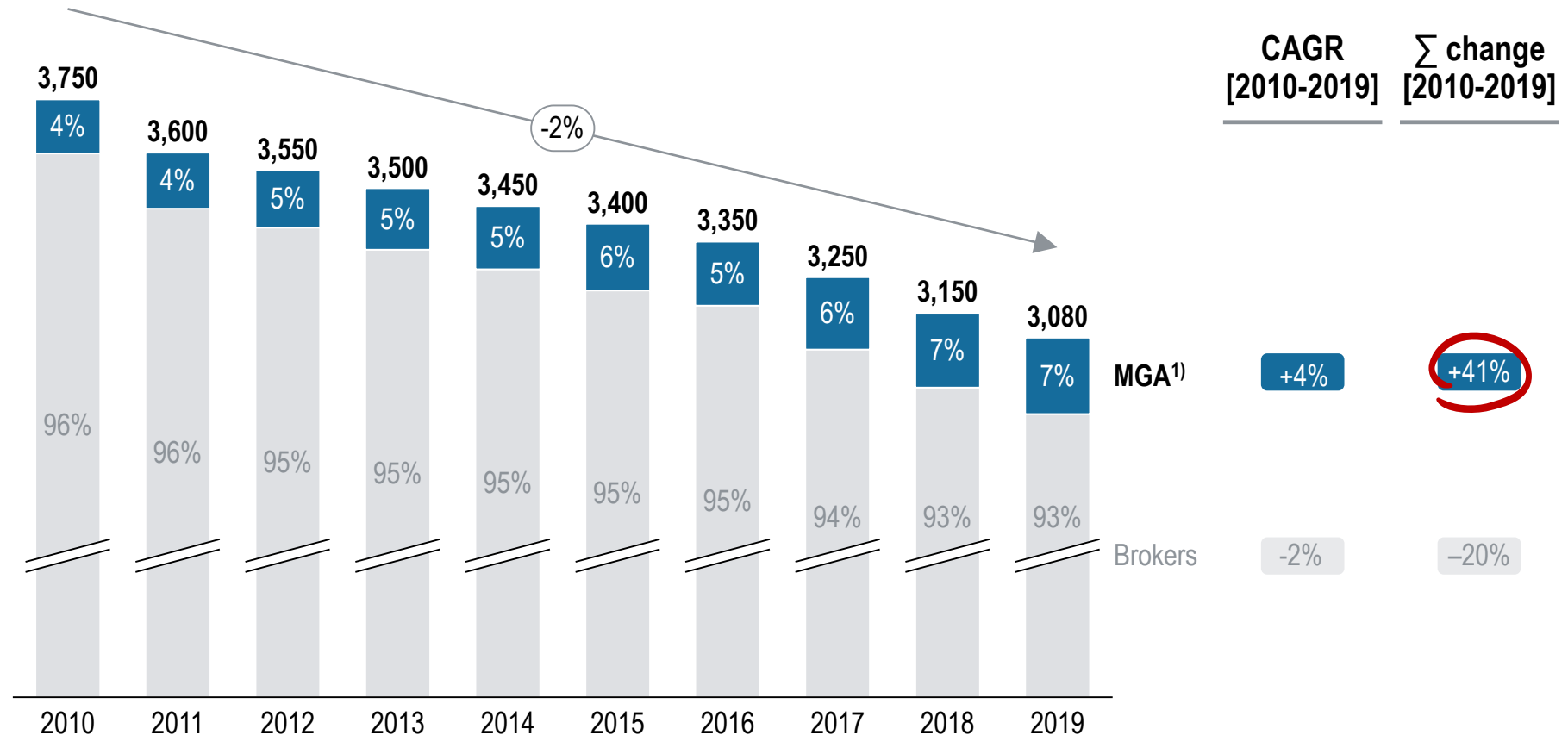
2) Advisory services

3) Delegation of underwriting

4) MGA often involved in the claims process, while MGU usually is not

Focusing on MGA/MGU, while it is not new, there are increasingly and proportionally more MGAs

MGA growth relative to brokers in UK [# of MGA firms]



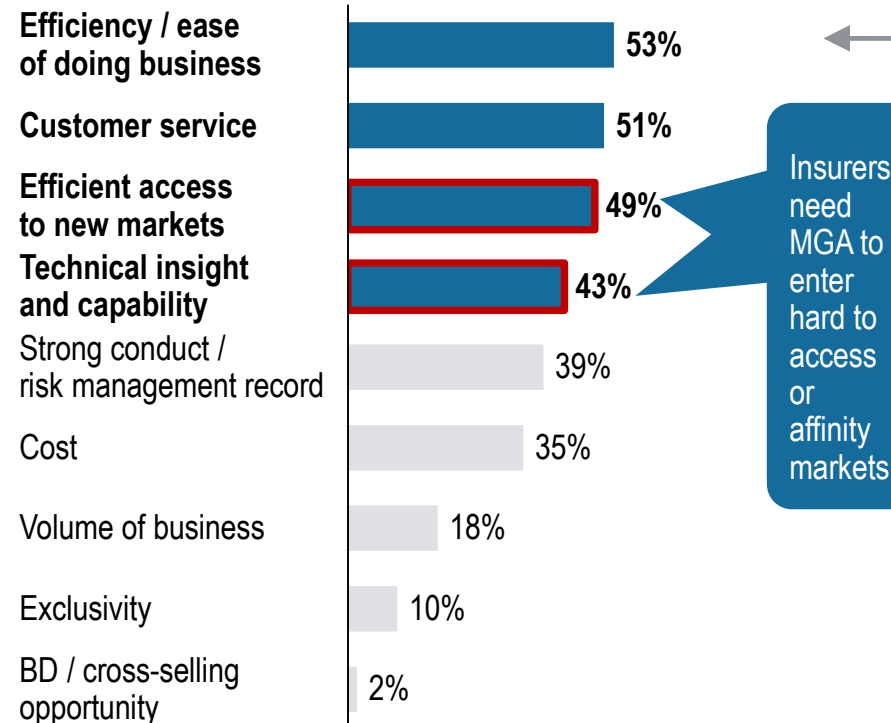
1) FCA authorized MGAs

Insurers not only value efficiency and customer service, but also rely on MGAs to access markets that insurers find hard to access

What insurers look for when partnering MGAs

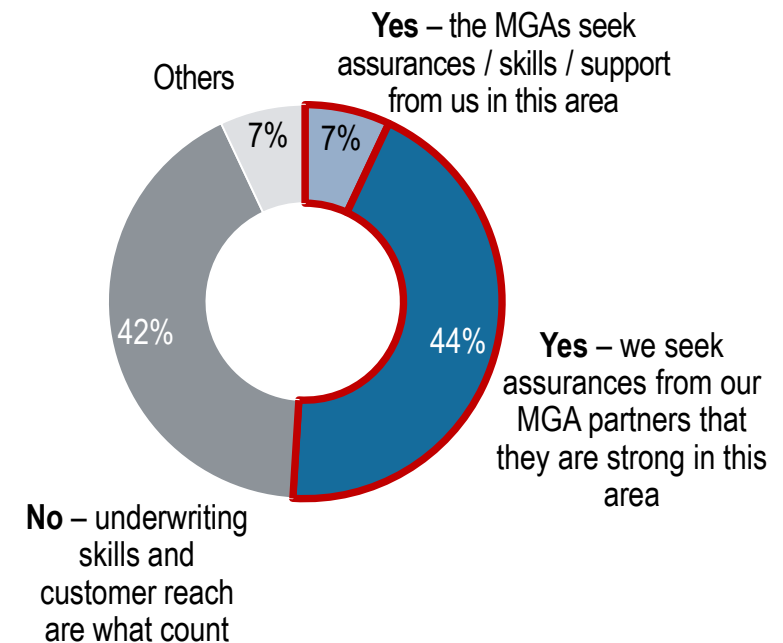
What are the key factors in partnership?

[% that said yes by factor]



Is technology an important factor in your MGA relationship?

[% split of answers]



MGA rely on insurers for reputation and claims record to gain customer trust but offer area of specialization & technology to insurers

What MGAs look for when partnering insurers

What are the key factors in partnership?

[% that said yes by factor]

Market reputation



Experience in your areas of specialization



Claims paying record



Key to assure customers and enable sales

Exclusive arrangement



Help in navigating regulatory approvals



Collaborative approach on conducting risk mgt.



Ability to leverage data



East of reporting and compliance



Speed of approval

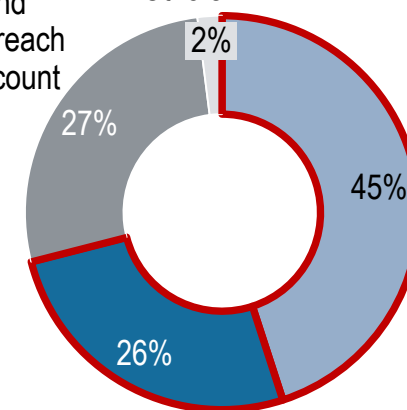


Is technology an important factor in your insurer relationship?

[% split of answers]

No – underwriting skills and customer reach are what count

Others

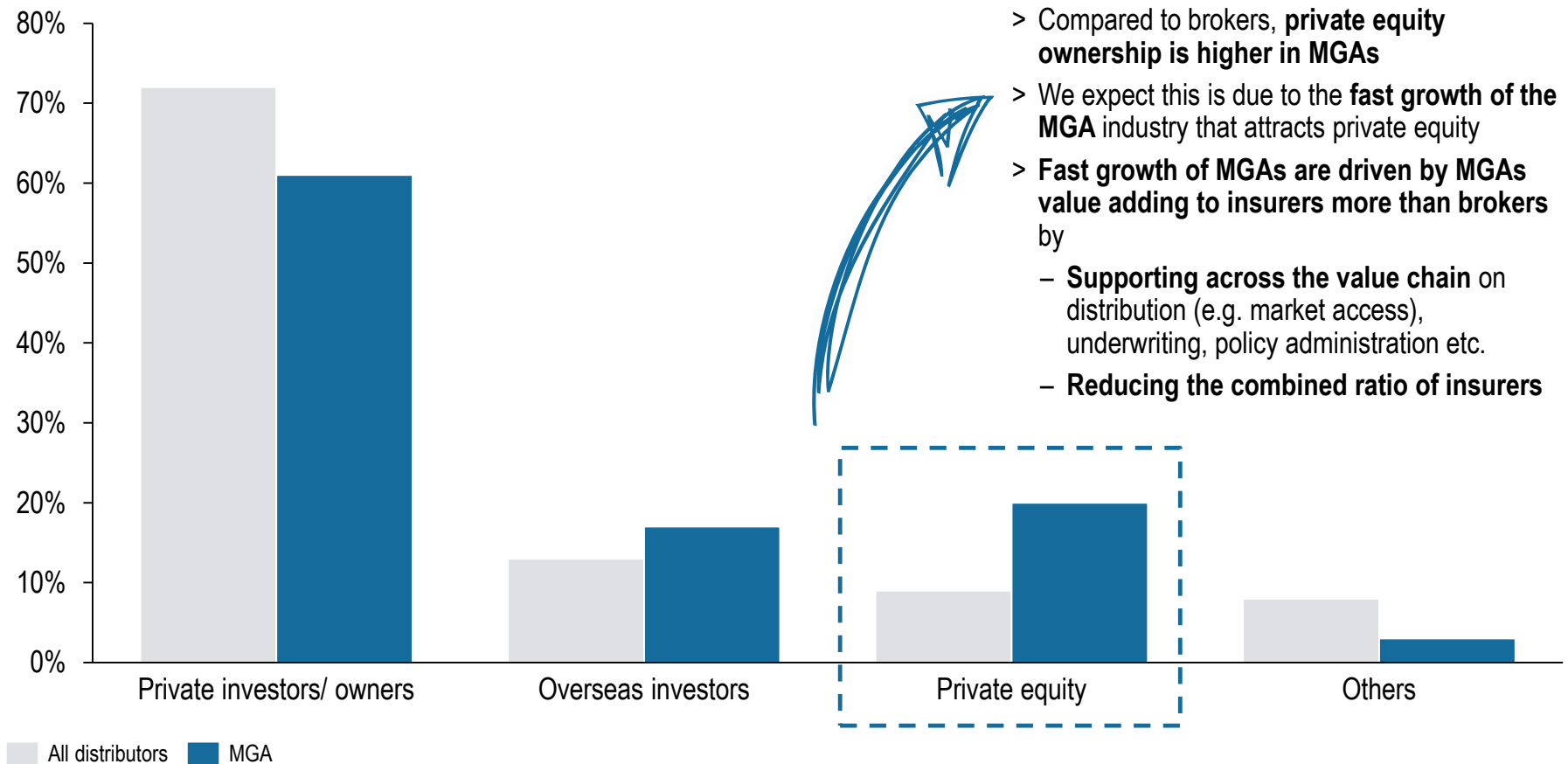


Yes – we offer support in this area

Yes – we seek assurances / skills / support in this area from insurers

Funding for MGAs mainly come from private owners/ investors, private equity showing increasing interest in the model

Global ownership of MGA








B. Value proposition of the various players in the value chain



Players across the insurance space are scrambling to be relevant via greater customer focus and relationship, enabled by technology

Strategic intent of players

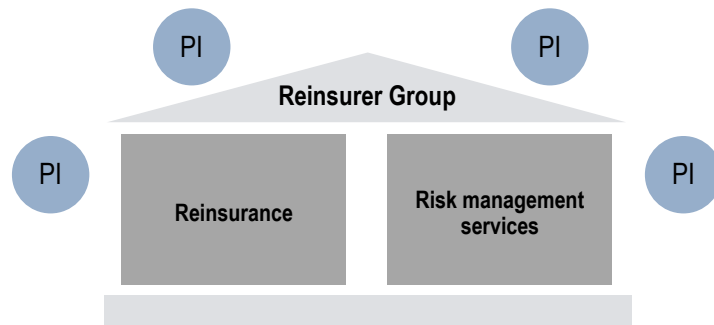
| Insurance players | Core activity | Strategic development |
|--|--|---|
|  Reinsurers 1 | Provide reinsurance and risk management services to insurers | Offer new services to primary insurers, invest in digital ecosystem, to diversify revenues and get access to clients |
|  Insurers 2 | Focus on underwriting and using third party distributors e.g. brokers | (re)Build and strengthen direct links to customers via product differentiation and value added service (e.g. prevention) |
|  Agents | Represent insurers to generate leads and sell policies to customers | Become more customer-centric by managing portfolio coverage based on customers' current and future needs |
|  Brokers | Represent insurance buyers to compare policies | Use of technology to compare prices tailored to customers needs and control risks with a low turnaround time |
|  MGA/MGU 3 | Position to be experts in their specialty to underwrite and distribute efficiently | Focus on expertise and technology to master product development, achieve efficient distribution and improve CoR |
|  Insurtechs 4 | Start of with a niche solution e.g. care network access, AI for claims processing... | Expand offering across the value chain to enhance original value proposition and diversify revenues |
|  TPAs | Support insurers on back-end functions to optimize cost | Leverage on scale and technology to expand and provide services (e.g. AI to improve adjudication) |
|  Care providers 5 | Provide medical treatment | Provide end-to-end services (treatment to insurance) to improve on patient relationships and stickiness |

xx Focus in next pages

Reinsurers extend their business model by offering more services along the value chain and expanding their reach

Paradigm shift for reinsurers

Core reinsurer business model

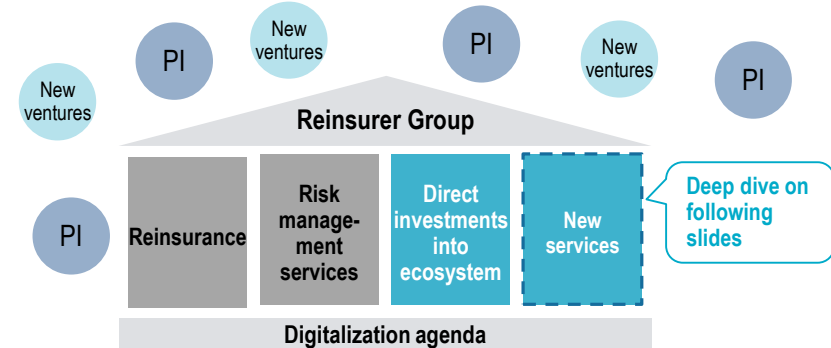


Value chain



- > Traditional business model by **only** offering **reinsurance products** and **services** for primary insurers
- > **No** ecosystem effect
- > **Only the first step** the insurance value chain is covered by reinsurer

Strategic development of reinsurer business model



Exemplary value chain



- > Diversifying product portfolio by offering **suitable white-label products** which can be offered by several primary insurers
- > Leveraging **ecosystem effects** by **connecting** to primary insurers and disrupting, **new insurance ventures**
- > **Several steps** of the value chain are covered by the reinsurer (e.g. claims management)

 = covered by reinsurer  = not covered by reinsurer

Reinsurers focus on four scenarios to reshape and adapt their business model to be ready for the future

Development scenarios for reinsurers

Scenarios description

| | 1 Orchestrating an ecosystem | 2 Providing a Tech stack | 3 Offering TPA services | 4 Offering MGA services |
|-----------------|--|---|---|---|
| Description | Reinsurer connects with different organizations to broaden product portfolio and exploit new business opportunities | Reinsurer is mainly responsible for building a powerful tech stack of the new offering for the primary insurer | Reinsurer acts as a third party provider and makes sure that all backend processes (e.g. claims and services) are running smoothly | Reinsurer builds a specialized type of insurance agent or broker that has been granted underwriting authority by a primary insurer |
| Success factors | > Building attractive offerings or a new entity to connect to new stakeholders is key | > Strong IT know-how > Big developer and service team | > Smooth and lean processes > Good reputation to be able to act as partner for primary insurers | > Customer-centric approach > Scalability in different markets |
| Challenges | > Building connections to not 100% suitable partners and not deriving benefits from those alliances | > Insufficient technology know-how within the company > Old-fashioned IT systems | > Bad technical infrastructure (e.g. to forward claims in an appropriate time) | > Finding no PIs in the respective market to be able to scale the product |

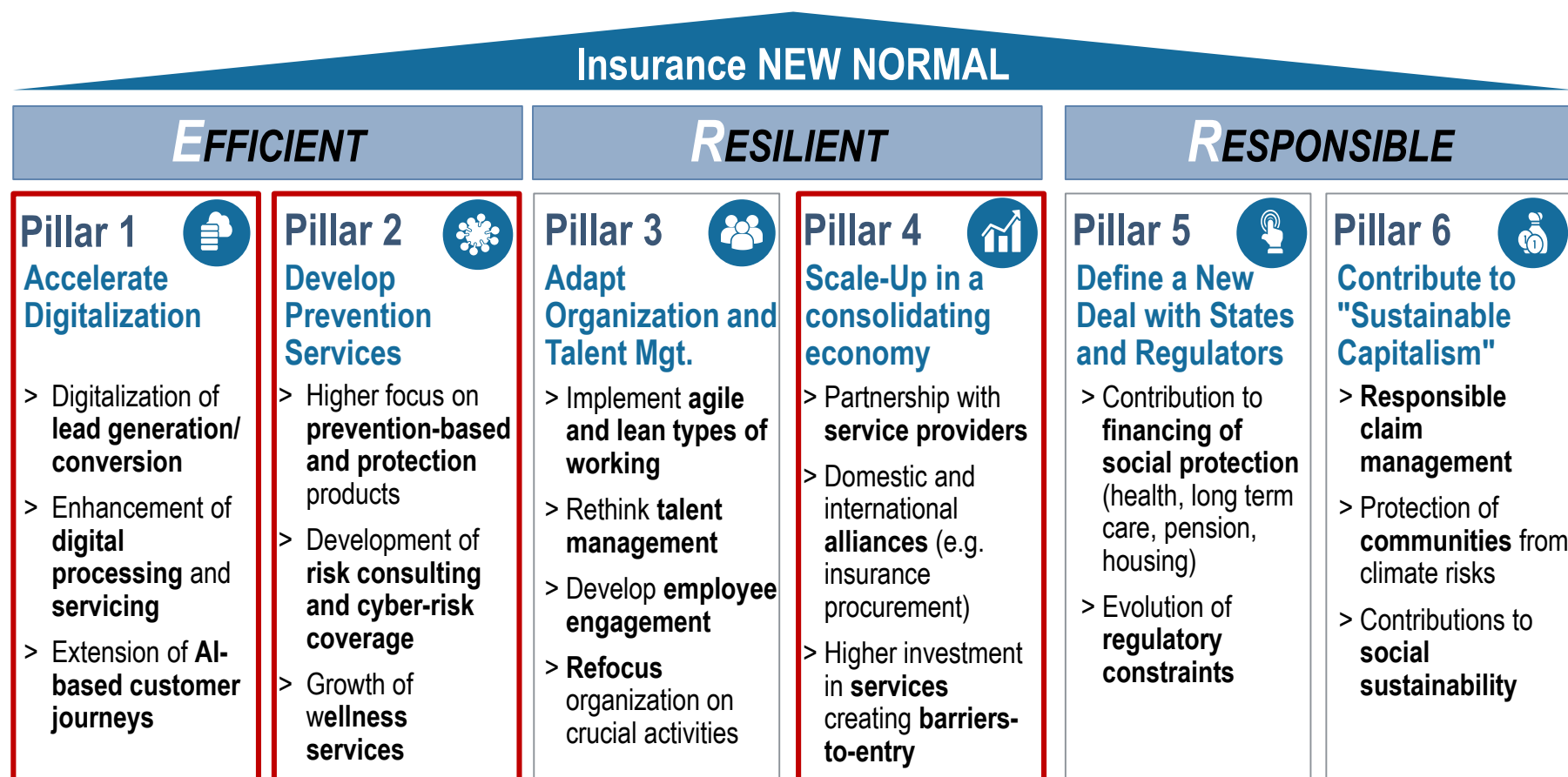
Responsibilities of scenarios along the value chain

| | 1. Reinsurance services | 2. Risk taking | 3. PI license | 4. Technical platform | 5. Brand | 6. Product (incl. underwriting) | 7. Policy administration | 8. Service | 9. Claims management | 10. Sales & Distribution |
|---------------|-------------------------|----------------|---------------|-----------------------|----------|---------------------------------|--------------------------|------------|----------------------|--------------------------|
| 1. Ecosystem | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. Tech stack | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. TPA | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4. MGA | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

✓ = covered by reinsurer ✓ = can be covered by reinsurer or PI ✓ = covered by PI

Insurers will need to develop along 6 key pillars, of which, pillars 1, 2 and 4 are more easily achieved by partnering with MGAs/Insurtechs

Future strategic development for insurers ¹⁾



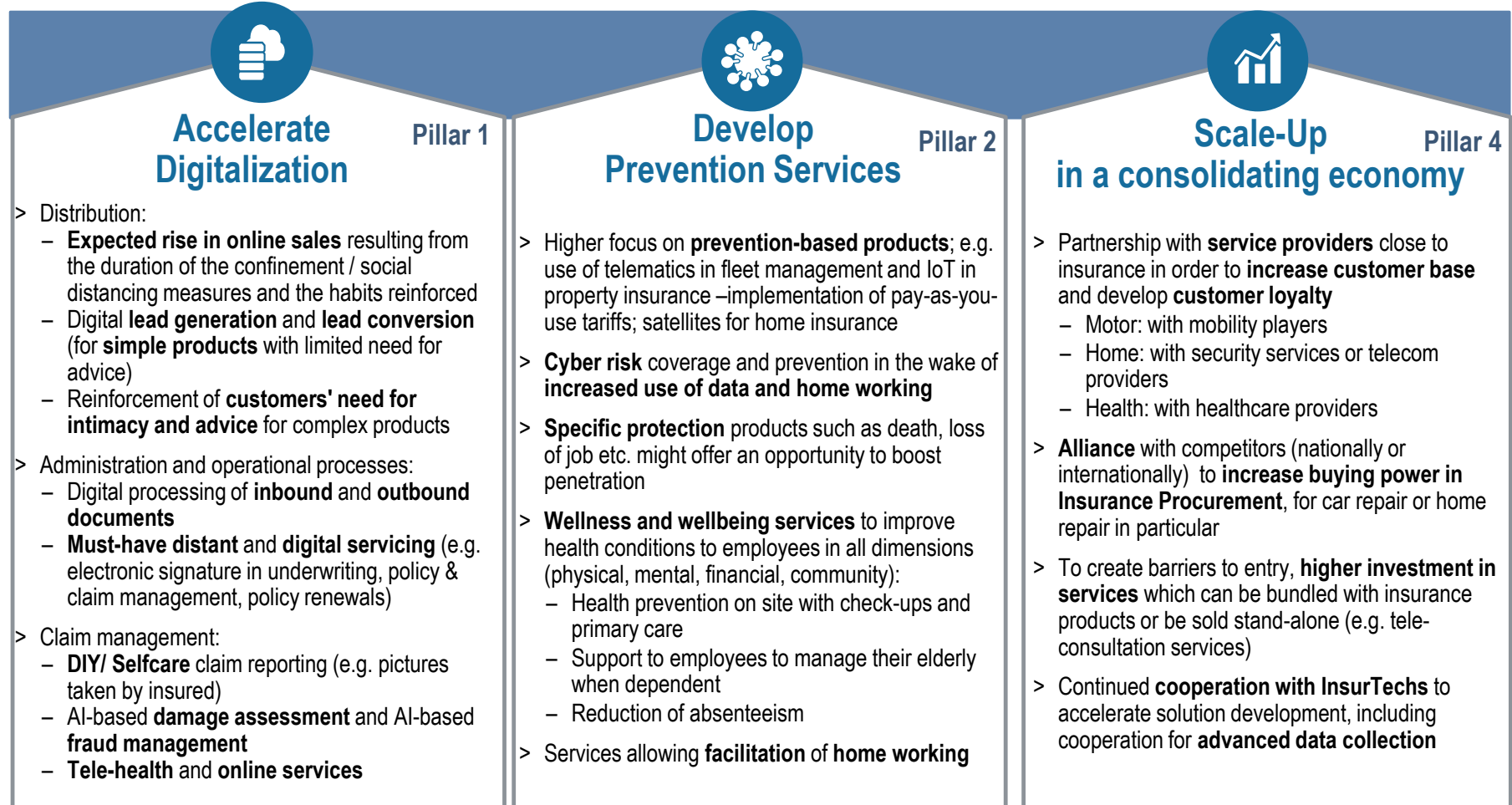
Pillar 1, 2, 4 Pillars that MGA/ Insurtech are usually better at – Partnership could be used to accelerate development

1) Prevalence increase post Covid-19 crisis

Source: Roland Berger

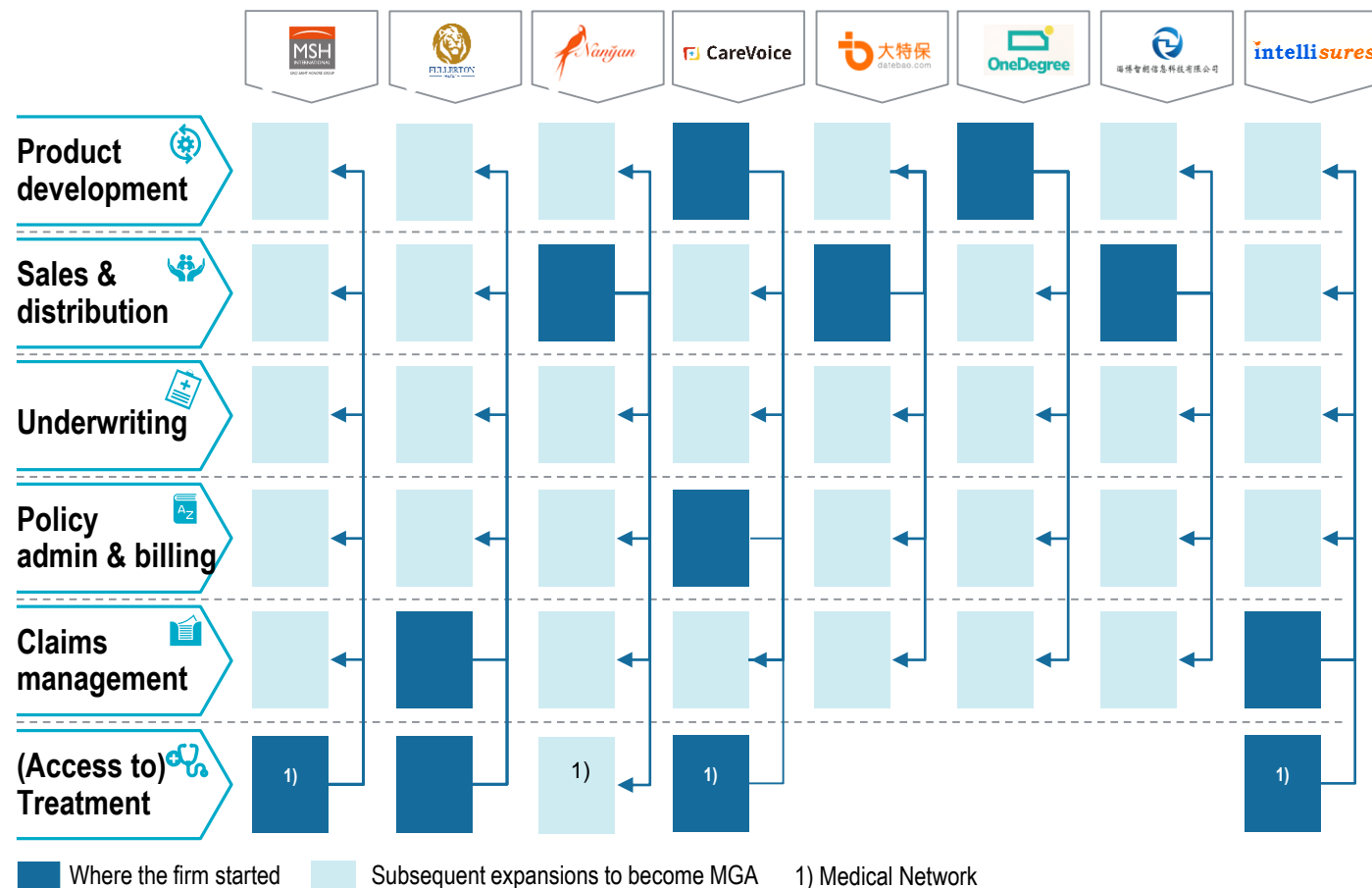
The crisis has shown insurers the potential of digitization and the need to push prevention as a way to be better prepared

Focus on Pillars 1 & 2 & 4



MGA will change dramatically – Players are originating from and expanding to all across the value chain

MGA future development



In future, we expect MGAs to be

- > **Tech-focused** as when insurtechs enter the industry, incumbents are forced to digitally innovate
- > **Strong capability in distribution/ Medical Network**
- > **Large and provide end-to-end service** across the value chain for economies of scale

We also see insurtechs leveraging their technology and partner with insurers to expand their value proposition

Insurtechs expanding across value chain

 **CareVoice**

Overview

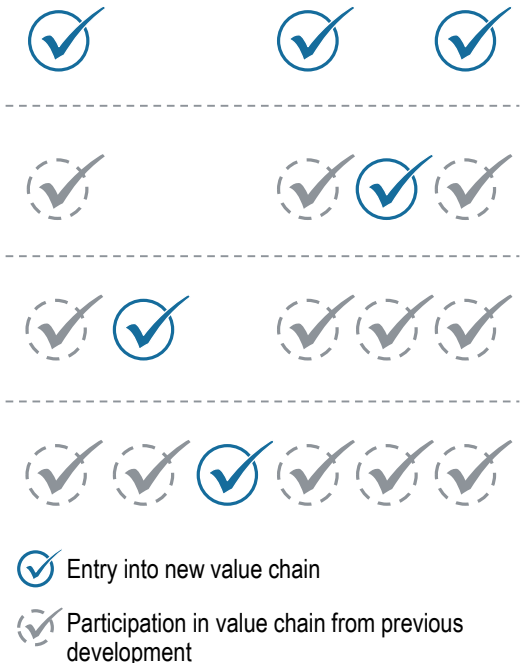
- > CareVoice started as an Insurtech firm using mobile and data driven solutions to improve customer journey
- > By leveraging on data and capabilities with partnerships, CareVoice expanded its services and revenue model

Developments

Revenue model

[as % of policy premiums, sanitized figures]

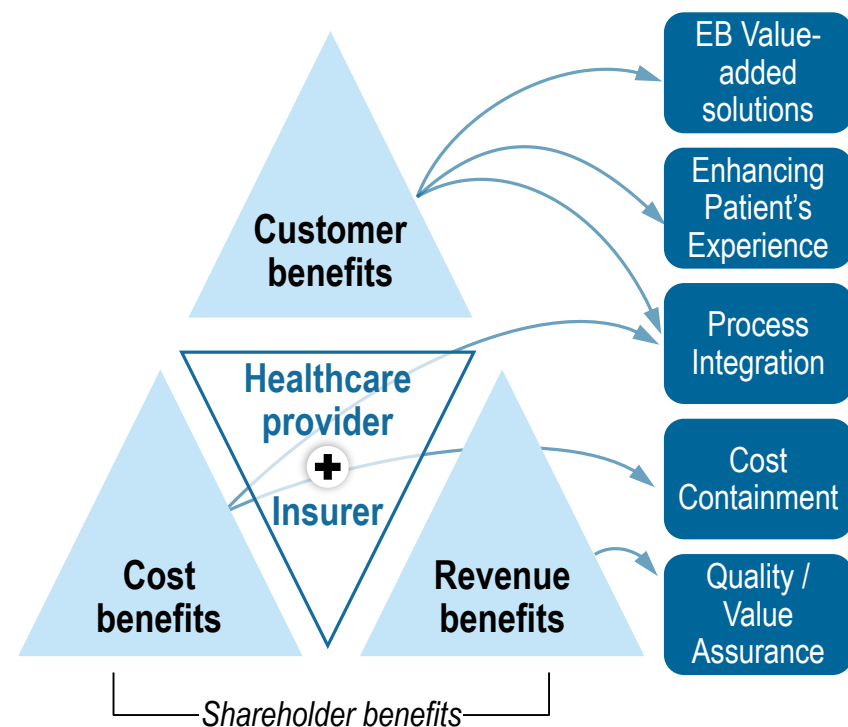
| | |
|------------------------------------|--|
| Service & product layer | Product enhancement Developing/codeveloping tech. services platform, and design & build products |
| TPA layer | Managed product Expanding to provide TPA services by leveraging on service & product layer e.g. upsell from product dev. |
| Distribution layer | Turnkey product Distributing products e.g. distribution in HK and China |
| Profit sharing layer | Partnership Leveraging on opportunity to propose MGA type profit sharing services |
| Total | With different layers, revenue is higher and more diversified |



Healthcare providers are developing stronger insurance capabilities, via inhouse or partnership, to drive patient and shareholder benefits

Healthcare providers entering insurance space

Healthcare providers adding an insurance arm to realize benefits for customers and stakeholders



For example...

Raffles Medical Group started as a hospital and moved to offer insurance...

Raffles Medical Group



RafflesHealthInsurance
Your Specialist Health Insurer

> Operate hospitals and medical clinics

> Provide insurance and TPA (for corporates)

...or Gleneagles global partnering insurers to improve patient experience

Gleneagles Global Hospital insurance partners



Relationship between hospitals and insurers is growing, with shared interest, especially around specific products

Rationale of partnership with between private hospitals and insurers

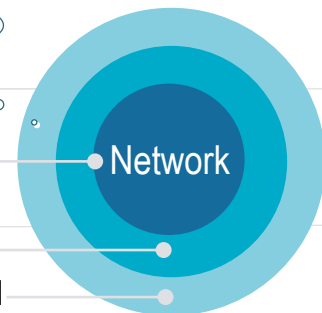


Extensive hospital network

- > Possess extensive and high-quality hospital network
 - Have reliable private hospitals
 - Have Class III public hospitals

Willing to partner

Private hospital network



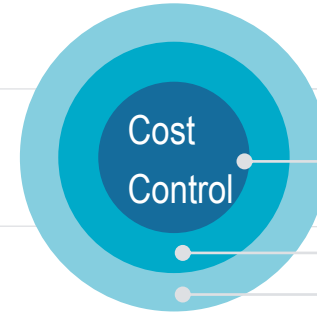
Public hospital VIP
Public hospital general



Strong cost control capability

- > Have strong cost control capability
 - Get access to hospital medical data
 - Select appropriate distribution channel
 - Review underwriting and claim strictly

Willing to share data



Medical data access

Distribution
Underwriting
Claim

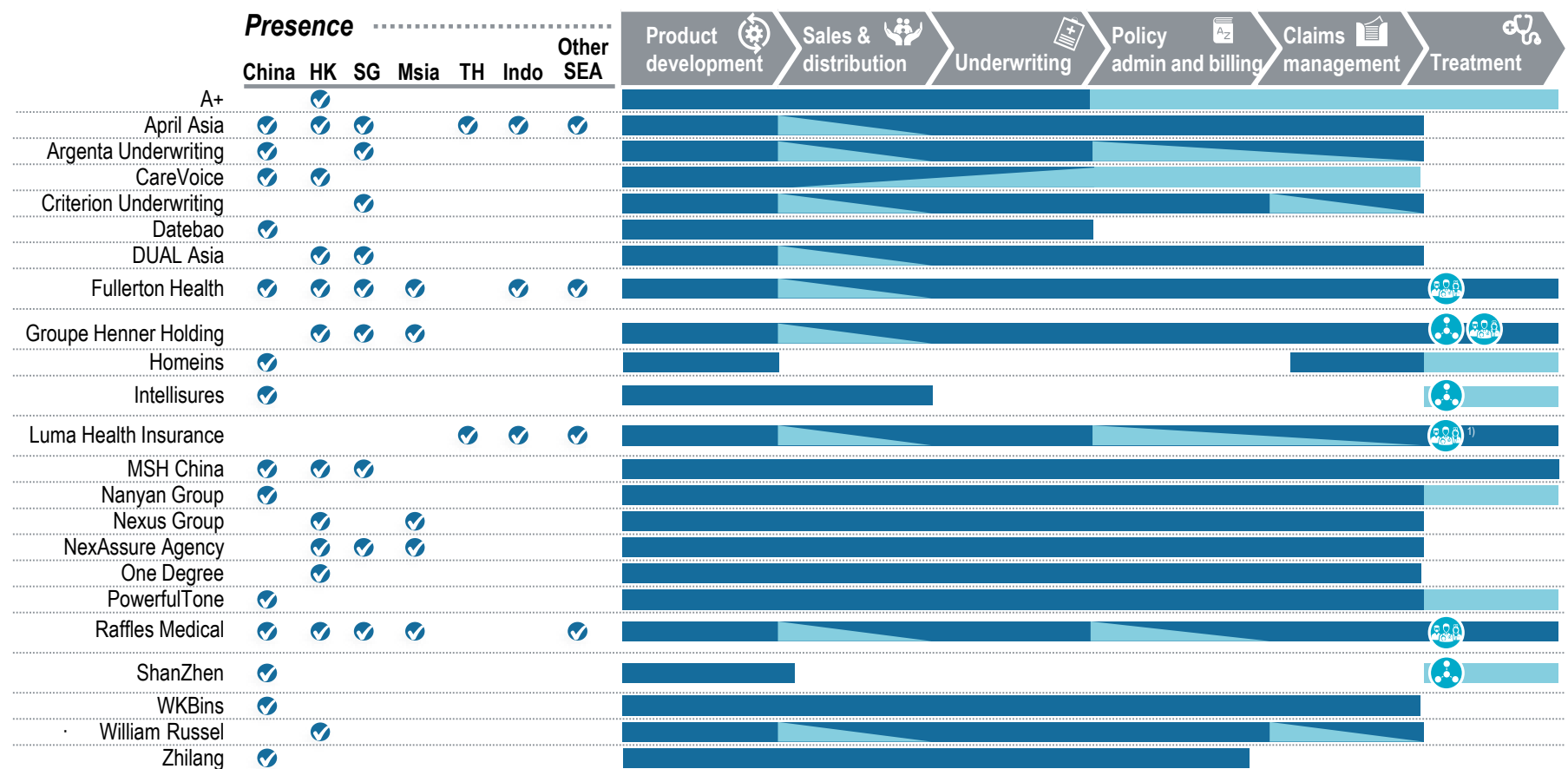
Successful partnerships provide shared advantages and interests to the trio : Patient-Hospital-Insurer by providing both transparency (on prices) and efficiency (on processes)

C. MGA landscape in Asia



MGAs mainly partner to provide end-to-end services, except for large MGAs with affiliate companies to perform activities such as underwriting

MGAs in Greater China and SEA by geography and value chain

















Activity done by MGA/ MGA affiliated company (e.g. within the same group)
 Collaborate with others/ potentially outsource
 Telemedicine
 HMO
 Inhouse medical clinic/ team

1) Small inhouse medical team

Source: Respective MGAs, Roland Berger

In China MGA market, MGA model is still in the early stage, most existing players are startups and no dominant player by now
















MGA landscape in Greater China (1/2)

|  Firm |  Presence |  Inception & size |  License |  Product focus | Takeaway  |
|--|--|--|--|---|--|
|  | > Hong Kong | > Started in 2008 > 11-50 employees | > NA | > International high-end health insurance plan |  Players started as or close to MGA model are almost independent MGAs and in small size  These players partnership with leading health insurance companies, and focus on niche, uncovered health protection demand , and cut in from the product side |
|  | > Mainland China | > Started in 2014 > 100-499 employees | > Insurance Broker in CN | > Health insurance covering accident, air travel, adult, children, elderly insurance | |
|  | > Mainland China > Hongkong | > Started in 2014 > 20-99 employees | > NA in CN > Agent license in HK | > Health insurance one-stop solution | |
|  | > Mainland China | > Started in 2015 > 50-99 employees | > Insurance broker and Insurance agent in CN | > Health insurance, including critical illness, medical, accident and life insurance | |
|  | > HongKong | > Started in 2016 > 51-200 employees | > Virtual insurance license in HK | > Health insurance solutions | |
|  | > Mainland China | > Started in 2016 > <20 employees | > Under application | > MGA (to get license) Broker/agency management | |

 Case study as follows

At the same time, several TPAs are trying to enter MGA market by leveraging their healthcare data and network

MGA landscape in Greater China (2/2)

|  Firm |  Presence |  Inception & size |  License |  Product focus | Takeaway  |
|---|--|--|--|--|--|
|  William Russell Global protection for international living | > Hongkong | > ~50 employees | > Insurance Agency in HK | > Health insurance |  Some players started as broker and IT solution provider, and then turn into SaaS + MGA model |
|  Nanyan Group | > Mainland China | > Started in 2015 > 20-99 employees | > Insurance broker in CN (Safeinsure Broker) | > SaaS + MGA + TPA > Intermediary pin solution, Web marketing solution, insurer system solution | |
|  Zhilang 瑞博智能科技有限公司 | > Mainland China | > Started in 2016 > <50 employees | > Insurance broker in CN | > SaaS + MGA > Agency, insurance products, agents, claim management, operation |  Some players started as TPA or HMO, then expand into MGA model |
|  MSH China MSH INTERNATIONAL | > Mainland China | > Started in 2001 > ~ 550 employees | > Insurance part-time agent in CN | > High-end HMO + MGA | |
|  ShanZhen 善诊 | > Mainland China | > Started in 2014 > 20-99 employees | > NA in CN | > Elderly care and customized body-check | |
|  Intellisures intellisures | > Mainland China > USA | > Started in 2017 > <50 employees | > NA in CN | > Value-based healthcare, care coordination, hospital network | |
|  PowerfulTone 保服通 POWERFULTONE | > Mainland China | > Started in 2015 > <50 employees | > NA in CN | > Dental care | |

 Case study as follows

MGAs in SEA are mainly large firms from other regions or healthcare providers and there are limited MGA insurtechs

MGA landscape in SEA

|  Firm |  Presence |  Inception & size |  License ³⁾ |  Product focus |
|---|--|--|--|---|
|  Nexus Group | > Europe, NY, HK and Labuan(Msia) | > Started in 2008 > ~200 employees | > Labuan (Msia) | > Accident & health, surety, travel, latent defect, marine & aviation, financial & trade |
|  April Asia | > CN, HK, Ph, Vn, SG, TH, Indo + FR, UK, CH, Mex | > Started in 1988 > ~300 employees ¹⁾ | > Agent (HK, SG, TH, Vn) + Broker (EUR) | > Personal, Group, ST & LT Int'l health insurance |
|  DUAL Asia | > HK, Philippines, Vn, SG, TH | > Started in 2009 > >~51-200 employee | > GIA agent (SG) | > IT, professional indemnity and cyber |
|  Argenta | > Sydney, Shanghai and Singapore | > Started in 2009 > ~11-50 employees | > Lloyd's Asia Scheme (SG) | > Property, cargo, energy marine and war business |
|  NexAssure | > London, Hong Kong, KL and Singapore | > Started in 2011 > ~11-50 employees | > NA | > Extended warranty, health, financial, auto and travel |
|  Luma Health | > Thailand | > Started in 2012 > ~11-50 employees | > Direct Non-life Insurance Broker | > Personal, Group and Travel health insurance |
|  Criterion | > Singapore | > Started in 2018 > <50 employees | > GIA agent (SG) | > Cyber, Financial Lines and Marine |
|  Henner | > Europe & Africa, Florida, HK, SG & KL | > Started in 1992 > 51-200 employees | > NA | > Health, life and income protection |
|  Fullerton Health | > Across China, HK, SG, PH, Indo, Msia, NZ, AUS | > Started in 1992 > 51-200 employees | > NA | > Health insurance |
|  Raffles Medical | > Across China, SG ²⁾ , Vn, Cambodia, Japan | > Started in 1972 > 51-200 employees | > GIA agent (SG) | > Health insurance |

Takeaway



MGAs in SEA are mainly from other regions as local start ups are relatively few



There are also notable healthcare providers turned MGAs in SEA (Fullerton and Raffles Medical)

1) April Int'l Care, 3800 for Group 2) Insurance office is in SG but hospitals and clinics are across Asia (China, SG, Vn, Cambodia and Japan); 3) Selected

Datebao is the first in China to implement MGA model by connecting scenarios and insurance product to cover the protection demands

Case study on Datebao



Overview

- > China
- > Founded in 2014
- > First to implement MGA model in China
- > Internet health insurance platform, providing operational service to insurers by its InsurTech and provide health management service to customers by leveraging health insurance.
- > 8M customers

Key takeaway



Develop creative product and cover the whole value chain

- > Its first medical insurance "Family Big Box", provide healthcare protection to whole family (3 members at least)
- > Datebao almost **covers the whole value chain**, from product design, pricing, re-insurance arrangement, risk control and online promotion
- > It has its **own distribution** to ensure "**zero-commission**", so that premium is cheap enough to attract customers.



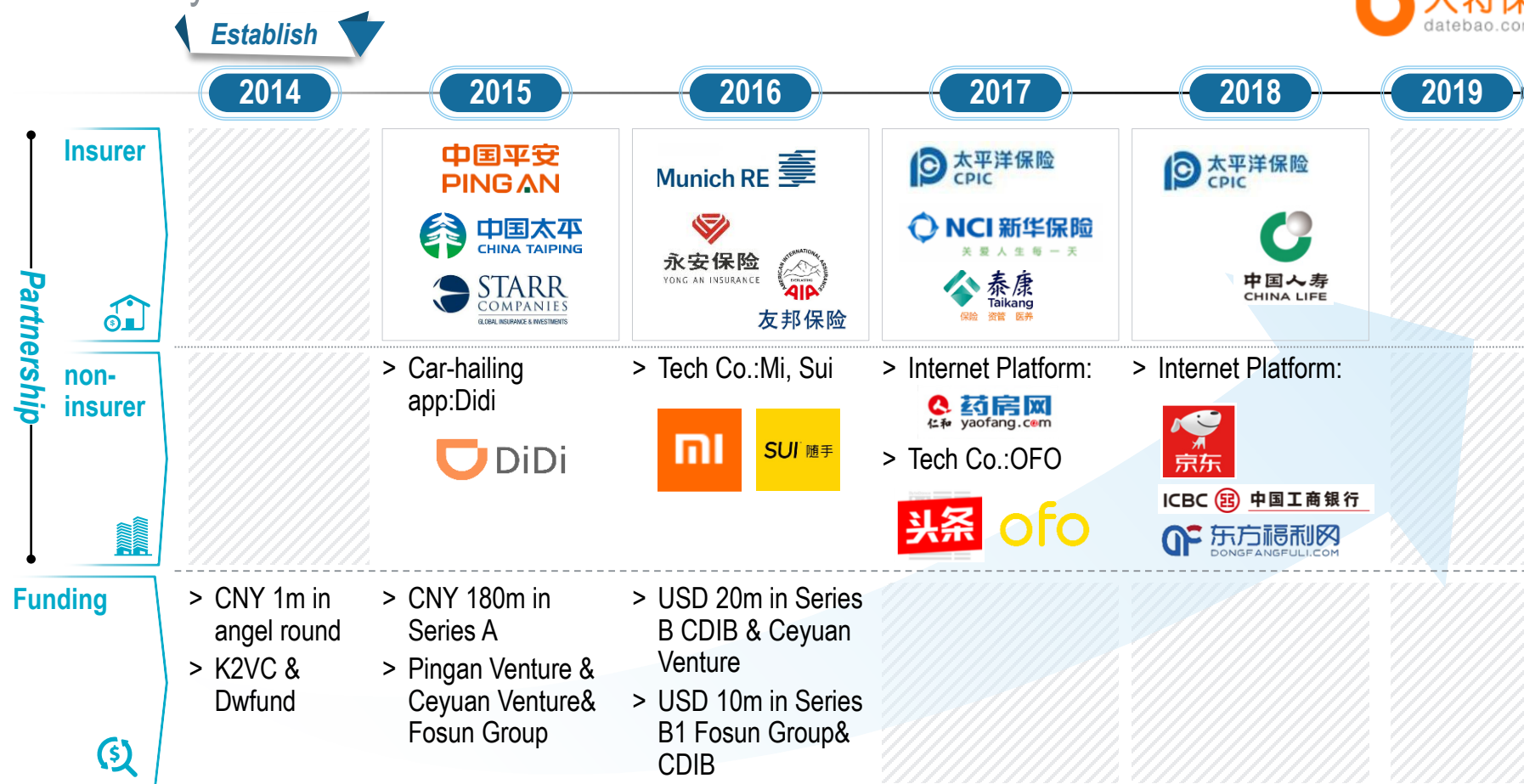
Partnerships with leading insurers and health agencies to build an eco-system

- > Partners with 10 re-/insurers
- > Connect and partnership with health management platforms and hospitals



Datebao built partnerships with both insurers and non-insurers, to connect insurance with user scenarios

Case study on Datebao



CareVoice launched in 2019 the first healthcare operating system transforming health experience to be more consumer-centric

Case study on The CareVoice



Overview

- > China
- > Founded in 2014
- > Expanded into Hong Kong in 2018
- > Backed by top VC, Asian and Chinese healthcare investors
- > Unique "Care" and "Cure" offering
- > In 2019 launch of the CareVoice OS as the first healthcare operating system so that insurers can deliver more tailored, efficient and compelling health plans

Key takeaway



Focus on consumer centricity solutions

- > The independent health platform started to provide ratings and recommendations on medical providers so that consumers can find hospitals and doctors with confidence
- > Unlike many mobile health solutions, CareVoice did not engage in costly direct to consumer marketing. Rather, CareVoice partners with insurers in order to on-board their policyholders (individual and employees)
- > Through partnering with CareVoice, health insurers / reinsurers can design and launch new health insurance products, improve members' satisfaction, engagement rate whilst lowering their operating costs



Partnerships with leading insurers and health agencies to build an eco-system

- > +25 insurers / reinsurers / TPAs



- > +300 medical providers network



OneDegree is a HK based in start-up, launched its 1st insurance product in April 2020

Case study on OneDegree



Overview

- > Offices in Hongkong,
 - > Founded in 2016
 - > Focuses on home-grown online pet insurance, personal-line general insurance and health insurance for customers through an online insurance platform
- TC TechCrunch**
- > Offered insurance cover to more than half a million dogs and cats in Hongkong.
 - > First to receive a virtual insurance license

Key success factors



Target the unique market demand and develop creative insurance product

- > Targeting 510,000 dogs and cats in Hongkong, its pet insurance is designed to cover veterinary bills and other expenses, with premiums ranging from a few hundred dollars to several thousand. (launched in 15th April, 2020)



Technology Capability to make it easy for both customers and insurers

- > Get a quote, buy a policy, and make claims easily from customers' laptop or mobile phone; 90% of claims approved will be paid in 2 working days.
- > Its end-to-end digital platform is easily customizable and is designed to seamlessly integrate into any insurance company's existing system
- > Obtains virtual insurance license to become the first TechInsurer



Partnerships with leading insurers and reinsurers

- > Partnership with Cigna HK, as its online distribution platform to get access to China market
- > Working with two global giants in the reinsurance space, Munich Re and Scor Re, to make sure customer's money is protected.



Nanyan is another leading MGA player in China, it focuses more on systematic solutions and now it extends business model into TPA

Case study on Nanyan



Overview

- > China
- > Founded in 2015
- > Acquired an insurance broker in 2018, and TPA Medilink-global in 2019
- > Received investment from Bluerun Venture, SIG, Starr and Boci Group from 2015 to 2020.
- > First to implement SaaS+MGA model in China
- > Provide comprehensive third-party insurance e-commerce services.



Key takeaway



Expanding value chain coverage to scale up

- > In its early stage, Nanyan focus more on broker enablement and systematic solutions, which is a relatively easy cut-in for new entrants
- > When Nanyan got more and more fundings, it started to make strategic moves by acquisition, obtaining broker and TPA who have already had strong precense in China
- > With its SaaS, geogracphical coverage of broker, TPA capability, Nanyan have the full capability of MGA and relatively large scale comparing to other players in China market.



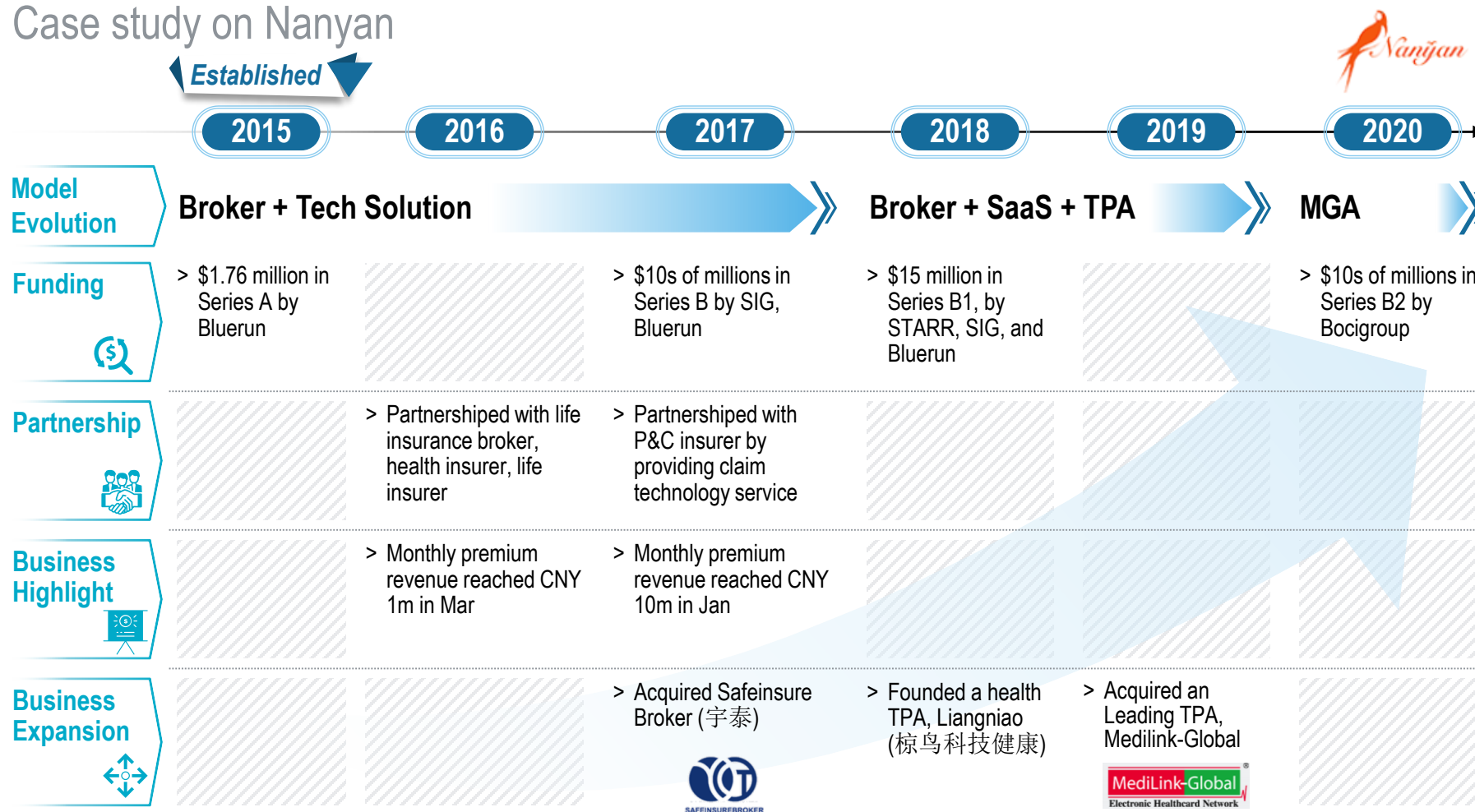
Partnerships with leading insurers and health agencies to build an eco-system

- > Partners with 55 re-/ insurers
- > Connects and partners with different distributors



It entered the market by providing tech solution to brokers, and expand business by acquisition after getting more and more funding

Case study on Nanyan



The acquisition of an insurance broker and TPA helps Nanyan to gain core capability along insurance value chain quickly

Case study on Nanyan



Company overview

- > **Insurance broker**, founded in 2004; Headquarter in Beijing and branches in Shanghai, Guangdong, Shenzhen, Jiangsu.
- > Its broker business includes traditional insurance (life, P&C, health insurance), internet insurance, and reinsurance
- > Partnership with leading insurers:



Potential benefits

- > Regional presence in China countrywide
- > Access to its broad clients portfolio and product coverage



Company overview

- > **TPA and medical network** for mid and high-end medical insurance
- > Previously owned by MediLink Global before selling **51% of shares to Selfdoctor Technology Co., Ltd in 2014** (price: USD 300k)
- > Large client base, handling TPA for 30+ life and health insurers including:



Potential benefits

- > Regional presence in China and South-East Asia
- > Access to MediLink's broad clients portfolio

MSH China is now the largest high-end health insurance provider, leveraging on its scale, network and TPA capabilities.

Case study on MSH China



Overview

- > Entered China in 2001
- > Headquarter in Shanghai, branch offices in Beijing, Guangzhou, Shenzhen, Chengdu, Singapore, and service offices in Suzhou, Wuhan, Dalian, Hefei, Harbin and Wenzhou
- > Largest market share of high-end health insurance in China



Key success factors



Most in-depth local healthcare network

- > MSH's first move when entering China market 20 years ago, was to build up its healthcare network, connecting to both public and private hospitals and clinics
- > The healthcare network makes its unique advantage when dealing with both insurers and customers



Partnerships with leading insurers

- > MSH takes partnership with local insurers as its second step in China. With its partnership with global insurers, MSH makes itself a best choice for foreigners in China.

→ some of its global partners:



→ some of its local partners:



high- quality TPA service

- > Its full range TPA services include Sales and Marketing Support, Enrollment, Claim, Customer Service, Claim Control and Risk Management, IT System Support, all of which benefit from economies of scale and help lower insurers' combine ratio.

MSH China cut in the market by building up healthcare network and strengthened its unique competitive advantage in local market

Case study on MSH China



Established

2001~ 2004

2005 ~ 2016

2017 ~

Building local healthcare network

- > 2001 1st international health insurance service center
- > 2002 1st direct billing network with top-ranking local hospitals
- 2004 1st local medical case management practice



Today

Healthcare network includes 1040 hospitals international clinics, in 80+ cities.

Partnership with local insurers

- > 2005 1st International Health Insurance policy approved by the CBIRC
- > 2006 1st Long Term Disability policy approved by CBIRC
- 2011 1st international health insurance service provider with ISO 9001 Certification in China
- > 2013 1st international health insurance service provider with ISO27001 Certification in China
- > 2016 Partnership with Boc Insurance and Yongan Insurance on various overseas insurance plans.



Today



Partnership with about 5 global insurers and 20+ local insurers.

Expanding Affiliation

- > 2017 Launch new operation system 2.0 - iHealth
- > 2019 Strategic partnership with 111 group (a leading integrated online and offline healthcare platform in China) on health insurance and PBM



Today



Is expanding its eco-system and value chain

April operates all over Asia, its strong partnership with distributors and medical service provider forms its competitive advantage

Case study on April International Care Asia



Overview

- > April reinforced its presence in Asia in 2012 through acquisition
- > Operations in China, Hong Kong, Singapore, Thailand, Vietnam, Indonesia
- > Provides international personal medical insurance for individuals, families, SMEs and groups in Hong Kong, Philippines, Singapore, Thailand, Vietnam



Key success factors



Comprehensive coverage of insurance value chain

- > Its business model covers from product design, distribution and manage & assistance 24/7, so that it could get almost every data along insurance value chain, customers could have one-stop experience with April and insurers could leverage on April totally



in-depth network locally and globally

- > Operating in Asia for 25+ years, April has developed a strong network with insurers, network providers and medical service providers and managed to develop products adapted to their customers' needs, wherever they are in the Asia Pacific region
- > With its integrated and regional footprint, April owns the advantage of economics of scale, which helps to lower insurers' CoR



High- quality service capability

- > April make life easier for their internationally-mobile aware customers by insuring their health and travel wherever they are in the world and whatever the nature and duration of their trip

For MGAs in Asia should note that a sizable competitor with large ambitions is expanding in the region as well

Case study on Nexus



Overview

- > Presence in Europe, USA, China (inc. Hong Kong, Singapore, Malaysia)
- > Founded in 2008
- > Offers insurance on accident & health, surety, travel, latent defect, marine and aviation, financial lines and trade credit
- > >USD 400m gross written premium

"Aims to be the largest specialty MGA in Asia, achieving USD 50m in GWP"

Key success factors

Buy and build over organic growth maintaining profit margins

- > Nexus has preferred acquisitions fuel growth, from 2014 to 2019,
 - Nexus's EBITDA grew from USD 3m to USD 18m in 2019
 - Nexus completed ~19 acquisitions
 - Nexus's EBITDA to gross written premium margins maintained at 4-5% consistently
- > Funds mainly came from investment firms such as B.P. Marsh & Partners, an investor in early stage financial services businesses (~19% shareholding stake in Nexus)

Partnerships with underwriters

- > Nexus partners with more than 30 specialist underwriters to support product offerings

Distribution via brokers

- > Brokers are a key distribution channel for Nexus e.g. started Xenia Broking Group and acquired Credit & Business Finance (a specialist insurance broker) in 2019



- > As Nexus turn it's growth ambitions to Asia, we expect Nexus to continue acquisition and drive growth aggressively
 - Nexus acquired a Malaysia-Based Structured Solutions Specialist (Huntington Underwriting) in 2018

A smaller startup has also seen success in the MGA market with both internal and external factors contributing to its growth

Case study on Luma Health



Overview

- > Offices in Thailand, Vietnam, Myanmar and Cambodia
- > Founded in 2012
- > Focuses on **health insurance** for individuals, corporates and for travelling
- > Focuses on Thailand, where it insures **>5,000 families and companies**

Key success factors

Value-for-money offering(s) via digital channels

- > In-house doctors who provide free consultation and recommend best medical facilities
- > Consumers view Luma's plans to be value-for-money due to cheaper premiums and lifetime renewal guarantee unlike other insurance companies with age renewal limits
- > Leveraging of mobile app and social media to engage consumers and provide lifestyle advice e.g. exercising

Focus on expats

- > Thailand imposed a mandatory health insurance requirement¹⁾ for expats with long stay visas¹⁾ with
- > As a result, Luma has focused on expats by offering attractive insurance packages
 - Expats can also choose to receive treatment in certain countries in Europe
 - Offices are staffed with multi-lingual speakers e.g. German and French to support expats

- > There is an **increasing expat population** in Thailand, especially among the Chinese, which **doubled in size from 2011 to 2016**, with the average expat's **income increasing by 28k USD in 2018**

- > The **increasing attractiveness** of Thailand for expats would lead to **more demand for expat health insurance** and boost Luma's performance

1) Coverage requires a minimum of THB 40,000 for out-patient and THB 400,000 for in-patient medical bill coverage

D. RB perspectives and key questions



MGA model is now getting traction in Asia while key developments drivers still remains "in the making"



- What are the key insurance **segments and products** where MGAs will provide the most **value to insurers** ?
- How do **reinsurers** will embrace the **transformation** of this ecosystem ?
- What level of **expansion** to expect in the value chain either **vertically or horizontally** ?
- What **regulatory** evolutions to expect ?
- Which **Asian markets** and at what pace will evolve towards this model ?

In case you have further interest...



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