

# InsurTech

## Video Conferencing tool for policy distribution with enhanced security and compliance

The Insurance Authority (IA) has been working closely with the HKFI InsurTech Task Force on initiatives involving the use of technology for non-face-to-face (“non-F2F”) distribution of long term insurance products. As the COVID-19 pandemic has prompted the need to minimise the risk of infection during the sales of insurance products, new insurance technology will be a key solution. In response, the IA has published requirements to allow the use video conference (VC) technology in the sales distribution of long term insurance products. At the same time, the IA and Insurers are assessing how broader InsurTech solutions can help overcome pandemic conditions and accelerate future growth.



### Technology is disrupting the insurance industry

PwC is assisting a major HK insurer with its enterprise cloud migration initiative. As this client moves systems and data onto the cloud, PwC has validated the system development lifecycle processes and controls.

#### Cloud

PwC is working with a start-up HK insurance technology provider to build customer trust in their insurance platform, which utilises cloud technology and data analytics to automate and enhance both sales and underwriting performance.

#### eKYC

PwC has worked with various financial institutions to select and benchmark eKYC solutions. The analysis includes assessment of incumbents and challengers with reference to different qualitative and quantitative business requirements, such as functionalities, cost, governance model, and interoperability.

#### Cyber

PwC is delivering a global Cyber Security Transformation for an international health insurer with HK operations. Outcomes include a new Information Security Target Operating Model, addressing regulatory red team findings, and a significant increase of penetration defences.

#### Data Analytics



### Challenges on transforming customer on-boarding experience



#### Vendor Selection

Technology vendor selection that meets functional and regulatory requirements



#### Regulatory Requirements

Compliance with IA regulatory requirements to perform remote onboarding, such as VC and KYC process



#### Customer Expectations

Fast, intuitive, and straight-through insurance policy application



#### Security & Data Privacy

Secure communication and customer information transfer over tested secure channels



#### Driving Efficiency

Enhance efficiency of customer onboarding whilst reducing overall costs



## IA Requirements of VC usage

### Key Requirements




### What must be done to stay compliant?

- |  |   |
|--|---|
| 1. Control and monitoring                              | <ul style="list-style-type: none"> <li>Implement adequate control and monitoring measures on recordings of VC meetings and documents shared during meetings</li> <li>Retain records and audit trail of meetings</li> </ul>  |
| 2. Location Tracking                                   | <ul style="list-style-type: none"> <li>Ascertain the locality of the customers before the sales process begins (e.g. IP filtering, GPS tagging, show of entry proof when a participant joins the meeting)</li> </ul>  |
| 3. End-to-end recording and customer consent           | <ul style="list-style-type: none"> <li>Perform end-to-end recording (i.e. video with audio or audio only) of each VC session</li> <li>Record all opt-out decisions</li> </ul>   |
| 4. Record retention                                    | <ul style="list-style-type: none"> <li>Retain relevant recording for at least 7 years after the termination of the relevant insurance policy(ies) sold and not less than 7 years after the last policy terminates</li> <li>If no policies are taken out by the customers after the sales process, the recording for the VC sessions should be kept for at least 12 months if the completed Financial Needs Analysis (FNA) forms would be kept for future use</li> </ul> |
| 5. Assessment on Security, Data Protection and Privacy | <ul style="list-style-type: none"> <li>Ongoing assessment on the security (including data protection and privacy) of using VC facility</li> <li>Ensure emerging risks and vulnerabilities are identified, mitigated and monitored in a timely manner, and that control measures in place remain effective and comply with relevant laws and regulatory requirements</li> </ul>  |
| 6. Training  | <ul style="list-style-type: none"> <li>Appropriate training should be provided to the intermediaries before they are allowed to use the VC facilities</li> </ul>  |
| 7. Monitoring & Risk Management                        | <ul style="list-style-type: none"> <li>Effective control and ongoing monitoring mechanism on opt-out rate, missing customer consent, unauthorised access and usage on VC facility</li> <li>Any other adverse event that is material to the proper operation of the Insurtech Sandbox trial and/or official launch (e.g. cybersecurity breach, leakage of personal data of customers, material system failure etc) should be addressed</li> </ul>                        |

*Insurers are also required to comply with the InsurTech Sandbox requirements and other applicable guidelines (e.g. GL20 on cybersecurity, GL3 on Anti-Money Laundering and Counter-Terrorist Financing (“AML/CTF”), and GL14 on outsourcing, etc)*



## We can assist you along your InsurTech journey

	 Self-developed VC Solution	 Off-the-shelf VC Solution	 PwC Zero Touch Solution
VC vendor selection		✓	
VC tool implementation, adoption and scaling enablement		✓	✓
Security and data privacy assessment for IA compliance	✓	✓	✓
Cybersecurity enhancement	✓	✓	✓
InsurTech sandbox application and regulatory compliance review	✓	✓	✓
Anti-money laundering (AML) & KYC strategy and risk assessment	✓	✓	✓
Internal controls design and internal audit support	✓	✓	✓





## Get in touch with us:

### Cybersecurity and Privacy

#### **Kenneth Wong**

Cybersecurity and Privacy Leader, Risk Assurance

+852 2289 2719

kenneth.ks.wong@hk.pwc.com

#### **Kok Tin Gan**

Partner

+852 2289 1935

kok.t.gan@hk.pwc.com

#### **Felix Kan**

Partner

+852 2289 1970

felix.py.kan@hk.pwc.com

#### **Susan Lo**

Senior Manager

+852 2289 3017

susan.ty.lo@hk.pwc.com

### Assurance

#### **Katherine Goh**

Partner

+852 2289 8418

katherine.yy.goh@hk.pwc.com

#### **Emily Lam**

Partner

+852 2323 1247

emily.lam@hk.pwc.com

#### **Billy Wong**

Partner

+852 2289 1259

billy.kl.wong@hk.pwc.com

#### **Ho Kee Fu**

Partner, AML

+852 2289 2721

ho.kee.fu@hk.pwc.com

#### **Pradip Madhanagopal**

Partner, AML

+852 2289 1933

pradip.madhanagopal@hk.pwc.com

### Advisory

#### **Matthew Phillips**

Partner

+852 2289 2303

matthew.phillips@hk.pwc.com

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2020 PricewaterhouseCoopers Limited. All rights reserved. In this document, PwC refers to the Hong Kong member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.