

# Ping An EP02 transcript

[Treena]

Welcome to the second episode of Technology Powered Growth, a podcast presented by Ping An. I'm your host, Treena Nairn. Today, my guests are Rebecca Fu, Chief Financial Officer at Ping An Group, and Dr. Xiao Jing, Group Chief Scientist. We're going to be talking about how AI empowers Ping An to redefine the customer experience in insurance.

Rebecca and Jing, thanks so much for joining us in the Ping An studio today.

Rebecca, you've been with Ping An for many years and you've watched this business grow.

What do you see in terms of the insurance market in China today and its potential?

**[Timecode: 00:39]**

[Rebecca]

That's a great question, Treena. China's transformation over the past four decades has been remarkable. Evolving into the world's second largest economy with a GDP of nearly 20 trillion US dollars in 2024, what is particularly exciting is the structural shift towards service-driven economy where services now account for 57% of GDP, a share that continues to grow.

Within the expansion, financial services, healthcare, and senior care stands as high growth sectors. Those are the areas where Ping An has built deep expertise and a competitive edge to these opportunities.

The first one, the rise of China's middle class, now exceeding 400 million people and to represent one third of the global middle class by 2030, driving demands for wealth management, healthcare, and premium services.

And the second one, demographic shifts. As China's aging population accelerates demand for retirement solution, those dynamics makes China's insurance market not just one of the largest in the world, which is 5.7 trillion renminbi in premium in 2024, but also one of the most dynamic. At Ping An, we see long-term structural growth, and we are strongly and uniquely positioned to capture the trends throughout our integrated finance and healthcare ecosystem.

[Treena]

I mean, let's think about that. 5.7 trillion renminbi in premiums in 2024. That's about \$790 billion US. That's double-digit growth from 2023.

[Rebecca]

Yeah, that's right. And also, China's insurance market is huge. It's still in the early stage with just 4.2% insurance penetration. We see big potentials, especially since the government is very active in promoting the healthy development of the whole industry.

[Treena]

Yeah, of course, in absolute numbers, China has four times the population of the US, so the market potential is massive, right? What's the Chinese government doing to support the development of the insurance industry?

[Rebecca]

Well, the policymaker, the regulator, has taken decisive steps to strengthen the industry's long-term stability and growth. Last year, regulators introduced new guidelines to center on three key pillars, enhanced regulation, risk prevention, and high-quality development.

Two key policies in particular stands out as transformative for the whole industry.

The first one is the guaranteed interest rate adjustment for life insurance. With China's interest rate declining in the low-rate environment, alongside investment returns, insurers facing pressures to meet liability obligations. But regulators have addressed this by introducing a flexible mechanism that allows insurance company to adjust their guaranteed returns on life insurance products.

This ensures long-term solvency and enables more sustainable growth. Well, the second policy is alignment of filing and actual expenses. Historically, high sales and acquisition costs, especially in bancassurance, have led to high pricing and unsustainable practice.

The new mandate requires insurance company to strictly align their pricing with the product assumptions they filed with the regulator. This is only to improve transparency, but also discipline the market and ensure a healthier competition and profitability.

Together, this reform strikes a balance between the stability and innovation, laying the groundwork for a more resilient customer-centric insurance ecosystem in China.

[Treena]

Now, we know China's insurance market is highly competitive. You have both your domestic and international players, but at the same time, there is serious product homogenization in terms of features, structure, and pricing. So Rebecca, how does Ping An continue to differentiate itself and stand out?

**[Timecode: 05:02]**

[Rebecca]

Well, Treena, I think Ping An stands apart in the market's role for competitive advantages, and these create a powerful, self-reinforced ecosystem. Our business model, our scale, our distribution channel, and our technology, the most important part.

[Treena]

So you've got a lot there. Let's break it down, Rebecca. Why don't you start by talking us through Ping An's business model and scale?

[Rebecca]

Well, sure. Let's talk about our integrated finance plus healthcare plus senior care model. Unlike traditional insurance company, we have built a closed-loop ecosystem where financial services, healthcare, and senior care solutions working together and creating stickier customer relationships and higher lifetime value.

What we're seeing is the customer who are entitled to a health and senior care benefits have more contact with us at a more AUM, which is Assets Under Management, compared to the customer who are not entitled with those benefits. I think we also have unmatched scale with 240 million retail customers covering nearly one in six people in China.

Importantly, over 120 million are high potential customers age from 13 to 45, a demographic with rising demand for premium solutions. This isn't just scale, but a high and valuable scale.

[Treena]

At more than 240 million retail customers, with the scale of Ping An's business, channels and technology are pretty critical to that, right?

[Rebecca]

Yeah, absolutely. Ping An has multi-channel distribution power. We have China's largest agent force of more than 360,000 and a nationwide footprint and over 7,000 branches.

We are also top tier digital platforms to serve our customers, how and where and when they prefer. This hybrid approach drives both market penetration and cost efficiency. But I would say technology is our secret weapon. Our AI-driven risk management, operating automation and big data capabilities does not just reduce cost. They enable hyper-personalization for our customer, more precise data-driven underwriting and also industry-leading stability in terms of profitability.

[Treena]

So Rebecca, you've just described technology benefits in terms of customer experience, product and profitability, but there's another angle to this, isn't there? In terms of the rich data insights.

[Rebecca]

That's right. What differentiate us is how we activate those technology advantages through our insurance plus services strategy. By leveraging our behavioral insights from our 240 million customers.

We identify unmet needs and then deploy our ecosystem to deliver a tailor-made insurance plus services like healthcare services. And that is what transformed us from a traditional insurance provider to a lifelong partner to our customer and locking in their loyalty and our margins.

[Treena]

So you're actually getting quite ahead of not just responding to demand, but you're actually anticipating the needs of those customers. Jing, as Group Chief Scientist, you've got a team of more than 23,000 scientists and developers who've been working on some pretty big innovations that dovetail with life, health and property and casualty insurance. Tell us a bit about that.

[Jing]

Thanks. Let me start with a scenario of insurance claims. As the insurance industry grows, we are seeing big increases in the amount of claims.

This leads to a number of issues, such as longer time for computer processing, labor shortages, and the potential misjudgment and the fraud that could cause big losses. To resolve these issues, Ping An has been leveraging AI technologies across all the scenarios in insurance business, from risk assessment and fraud detection to claim processing and customer services.

[Treena]

Could you give us an example of technology being used in auto insurance, Jing?

**[Timecode: 09:18]**

[Jing]

Let me use auto insurance claim processing as an example. When car accidents happen, it often takes a long time to process the claims. The customers need to wait on site for the investigators coming to assess the damage, file and process the claim, and finally make a decision.

It's not only inconvenient to the customers, but also costly to the insurance companies and could be taken advantage by the defrauders. To address these problems, Ping An developed a Smart Claims System with AI. The customers only need to take a few pictures of the car damages and file the claim on our app, right from the accidental site, and the claim will be automatically processed in seconds with precise payment calculation. The system has been running in production in Ping An for over eight years, and it processes more than 50,000 claims a day.

It not only improves the claim processing efficiency and thus customer experience, but also stops potential fraud of billions of RMB each year. The system has been exported to over 50 insurance companies around the world through our One Connect financial technology platform.

[Treena]

So Jing, you've just talked about how fraud risk is a key concern for insurance. Rebecca, do you see how technology is making an impact in risk management?

[Rebecca]

Indeed, technology, particularly AI, has become a game changer in risk management. That is so important in our industry. We are fully integrated AI across our operations.

In 2024 alone, our P&C Smart Anti-fraud System prevented potential losses of nearly 12 billion yuan. That is an improvement of 10% from 2023. But the impact goes far beyond loss prevention.

Our AI-driven systems enhance our handwriting accuracy through predictive analytics and real-time data. They reduce false claims with image recognition and behavior pattern analysis, and they improve pricing precision by continuous learning from millions of data points. I think it's not just about protecting our bottom line. It's about creating a more transparent insurance ecosystem for all our partners and our customers. By catching the fraud faster, we are able to reward honest policyholders and customers with a more accurate pricing and a faster claim processing. It's a win-win that demonstrates how technology can align business success with real customer value.

[Treena]

So Jing, tell us a little bit more. What goes into Ping An's smart risk management system? Tell us more about the technologies behind that.

[Jing]

Okay. In today's fast-growing big data era, information comes from such a broad range of sources with highly complex relationships among them. To achieve precise assessment, it is crucial to organize and analyze such explosively complex information in an efficient and effective manner. This is exactly what Knowledge Graph is designed for. Ping An has developed various Knowledge Graph technologies for retail and corporate businesses.

[Treena]

So to put it very simply for people who aren't familiar with Knowledge Graphs, a Knowledge Graph is a way to organize information and relationships so that you can use it for specific purposes, right?

**[Timecode: 12:47]**

[Jing]

Yes, that's a very simple way to describe it. Take corporate risk assessment as an example. There are nearly 200 million registered enterprises in China, including individually owned businesses.

Their information comes from three major sources. One, commercial registration and daily operation. Two, public announcements and news and social posters.

And three, their business relationships, such as supply chain, investment, legal proceedings, executives, and so on. To organize and analyze such rich and dynamically evolving data, Ping An developed an enterprise Knowledge Graph. Much of this data is not static, but dynamic.

millions of legal proceedings are automatically interpreted and the lawsuit relationships are extracted and incorporated into the graph. Signals regarding all these enterprises from over hundreds of news and social sites are automatically collected and updated every 10 minutes. Deep graph analysis algorithms are then developed to support business decisions, such as risk assessment.

Also, when a risk event occurs, the inferences pass through the Knowledge Graph network to predict the risks that may happen to the upstream and downstream of enterprises in the future.

[Treena]

It is absolutely fascinating, Jing, to think about all of those different pieces and everything being updated in almost real time. So you need that kind of technology and computing power, really, if you want to see the kinds of billions of savings in fraud losses that you talked about, Rebecca. So even with these tech innovations, the insurance industry is still heavily driven by human interactions, right?

And that comes back to the sales agents. You have more than 360,000 agents across China. And in 2022, I know that Ping An began digital transformation of your sales force, right?

So tell us how Ping An has leveraged Gen AI to support your sales agents.

**[Timecode: 14:47]**

[Rebecca]

From three years ago, Ping An, we complete, transform our sales force capability, AI-empowered ecosystem.

And this is an end-to-end system, covers everything from agent recruitment to agent training, to ongoing performance enhancement. And first, by analyzing big data from our top agent, our top performer, we identify that EQ, attitude, and social intelligence, not just the sales experiences, are the strongest factor of future success.

So now our AI persona model screens candidates against those parameters. By the end of first quarter of this year, the model has resulted in 13 quarters in a row of double-digit growth of agent productivity.

Second, we have AI-powered training. We have a digital agent that enable hyper-realistic scale, simulations, and personalization learning paths based on agents' knowledge gaps. Well, we have digital training for complex products, and we are seeing a 50% faster onboarding.

For instance, since last year, 2024, we have aggressively promoted the sales of participating insurance product, which pay dividend to our customer, to policyholder. With AI-enabled and empowered training tools, agents were able to quickly acquire fundamental knowledge about the products so they could confidently introduce those products to the customer and market and sell them.

The last one I will mention is AskBob, our intelligent assistant AI for our agent, AskBob is a conversational AI tool, offers three core functions, task management, smart Q&A, intelligent coaching. It helps agent optimize their sales process, improve selling skills, and also enhance their communication with their own customer.

In 2024, AskBob handled more than 13 million inquiries per month and served more than 95% of Ping An agent.

[Treena]

13 million inquiries per month. It's staggering to think about volumes like this, but it sounds like the sales agents are actually making quite a lot of use of AskBob. And AskBob was built within Ping An. It's proprietary, isn't it?

[Rebecca]

Yeah, they are. It means our agent are able to well equipped with all those information, with all the information they need. That is one more aspect to mention. Our smart CRM system. Now our CRM doesn't just track customers, it anticipates customer needs. It provides our agent with timely marketing materials, assisting them in addressing customer queries and analyzing products to enhance the quality of sale, improving sales efficiency and expanding our overall customer coverage.

The bottom line, that is just not technology. It's about boosting human's potentials. Where other focus on replacing agent with AI, but we are creating AI empowered and AI enabled super agents who deliver much higher customer satisfaction.

[Treena]

Now I know another one of the key differentiators for Ping An's insurance strategy is the integration of health and senior care services with financial services. Rebecca, what's the rationale for that?

[Rebecca]

I think this integration of healthcare and senior care services is not just an add on services to us. It's become a core competitive advantage that drives real business result.

First, last year, we saw life and health new business value grow by an impressive 29% year on year. I think nearly 80% of the customer purchase new policies opting to our healthcare and senior care services. This isn't just about selling, it's about creating deeper, more valuable relationships with our customer.

The financial impact is quite substantial. But customer who use our integrated healthcare services have asset under management that is nearly four times higher than those who don't. This demonstrates how the services transform our customer relationship from single policy transaction, the rate comparison to a long-term partnership.

I think today's customers don't just want financial protections. They want solutions that actively support their health and their wellbeing throughout their whole life.

We are not just selling policies, we are becoming a partner to our customer, their health and their retirement partners in the journey. And this approach creates a powerful cycle.

Better services lead to a more engaged customer, which drives higher policy uptake and greater asset under management, which in turn allows the company to invest in even better services and technology. And this flywheel effect truly sets Ping An apart in the market.

[Treena]

And so how does technology fit into this Rebecca?

**[Timecode: 20:28]**

[Rebecca]

Technology is actually the engine that empowers our integrated healthcare and insurance strategy. Let me give you some examples. First, we create a healthcare ecosystem where customer use our wearables can earn rewards like premium discounts for gym membership for hitting activities targets, for example, 10,000 steps a day.

But this not only about counting steps, our AI analyzes this health data to create personalized wellness programs for the customer. For instance, if we notice a customer could benefit from weight management, we may actually the system automatically offers them a tailor-made incentive for the local fitness gyms and options.

I think what is really powerful is how we scale this with 240 million customers, nearly half is under age 45.

I think those are particular health conscious. Our AI models identify patterns across this massive dataset. And also, this allows us to develop dynamic pricing models that reflect actual health behavior. The bottom line, this isn't just technology for technology's sake.

We also see higher engagement from customer in those programs and they show greater lifetime value than non-participants by making health visible, measurable and rewarding. We are changing the insurance value proposition.

[Treena]

We're gonna shift gears for a moment here. And I know that another big topic in insurance is climate change. I understand that Ping An also has tech innovations in this space to protect customers and reduce claims.

So Rebecca, tell us a little bit about climate change and what Ping An's doing.

[Rebecca]

I think risk mitigation services go beyond traditional insurance by reducing the likelihood of risk occur and lower the cost of protection for customers. Truly exceeding customer expectation. Many customers view insurance as a means for false claims and compensation.

But the fundamental need is for safety and prevention. So we have developed a digital risk system called Eagle-X to provide early disaster alerts.

[Treena]

Jing, tell us a little bit about Eagle-X. How does it work?

**[Timecode: 22:55]**

[Jing]

Eagle-X is China's first risk mitigation service platform of this such kind, which is independently developed by an insurance company. Since its launch, the platform has been widely adopted across insurance lines, including agricultural, property, and auto insurance, effectively helping the government business and individuals reduce these disaster-related losses by billions of RMB. We also have a global version of Eagle-X offered globally. Eagle-X comprises four core modules, Natural Disaster Management, Accidental Incident Response, Safety Liability Services, and Internet of Things, or IoT Connectivity.

It aggregates over two trillion records of geospatial catastrophic and insurance data, leveraging innovative technologies such as numerical simulations, machine learning algorithms, and remote sensing monitoring. The system enables predictive modeling for natural disasters, real-time hazard identifications, continuous 24-7 early warning dissemination, and proactive intervention mechanisms to achieve comprehensive risk mitigation throughout all phases, pre-event prevention, mid-event response, and post-event recovery.

[Treena]

Now, I know in May this year, Eagle-X was used to warn customers in Beijing about a massive hailstorm hours before it hit. How often are these warnings issued?

[Rebecca]

In 2024 alone, Eagle-X identified more than 3,600 high-risk cases for clients and issued a total of 10 billion disaster alerts through AI phone calls, mobile apps, and text message. It covers over 67 million customers across property, auto, and agricultural insurance. And those efforts have significantly strengthened disaster prevention, mitigation, and emergency response capabilities for our key customers.

[Treena]

Now, of course, when it comes to this growing use of AI and big data, the question of data privacy is inevitable. Rebecca, while AI enables hyper-personalized premiums and fraud detection, does the insurance industry risk overstepping privacy boundaries?

**[Timecode: 25:18]**

[Rebecca]

Of course. There is a strict firewall between different business units on sharing customer data and consent has to be obtained from customer. There are close collaborations between our legal technology and a sales team to make sure a strict compliance to customer data privacy and the protection policies.

The regulator is taking significant steps to strengthen data protection, introducing and also improving laws and regulations to that end. We are confident what we are doing is future-proof.

[Treena]

Now, Rebecca, Jing, you've both shared examples of AI-powered innovations that are helping Ping An to redefine and elevate customer experiences. You've talked about hyper-personalized services, seamless claims processing, and proactive risk management. Rebecca, what is Ping An's way forward in the next three to five years in insurance?

**[Timecode: 26:13]**

[Rebecca]

Our roadmap for the next three to five years and center on disciplined, high-impact technology deployment. Well, AI presents thousands of potential applications across a business unit. We are taking a laser-focused approach to ensure every dollar creates maximum value.

Now, our investment framework prioritized in three key dimensions. First one, scalability. We concentrate on high-volume areas like anti-fraud, fraud prevention, loan processing, and claims where technology can create the biggest difference.

The second one, value creation. Each initiative must demonstrate clear revenue growth or competitive advantages. And finally, operation efficiency.

We target human-kept intensive processes where automation drives meaningful cost savings, which launched 2008, is a prime example. Our operating cost of the center only increased 80%, while our revenue increased 800%. This operational leverage is only possible through technology implementation.

What sets Ping An apart is also how we turn our ecosystem into a competitive lab. With 240 million customers and diverse business scenarios and user cases, we do not just adopt technology. We pressure test its scale. Continuous scaling of proven solutions like our AI-powered back office and service center. Strategic deployment of our unique datasets to create self-reinforced advantages. This is not only about chasing every technology trend, it's about building lasting capabilities that compound over time.

[Treena]

Now Jing, as a scientist, what do you see as Ping An's big bets in technology in the next three to five years?

[Jing]

We always say we are sitting on a goldmine of data, but we didn't always have the tools to capture the opportunity. Going back 15 years, Ping An was one of the first financial institutions in China to start digitizing all its services. And that set the foundation to use the AI to better map out the customer journey and the behavior across different channels.

Looking ahead, Ping An Group will prioritize three strategic directions.

First, deepening and strengthening domain-specific AI-generated content models, solidifying AI platform for efficient and effective model training, deployment, inference, and distillation, enhancing and unleashing AI agent platform, and constructing a model architecture that integrates fast and slow thinking capabilities. Second, collaborating closely with the business units to upgrade the existing AI solutions, expanding new application scenarios, and developing AI-native applications, all targeted at maximizing the business values. Third, prevention and governance of AI-related risks and ethical issues.

[Treena]

Sounds like there's a lot of exciting work ahead. Rebecca, Jing, technology is disrupting insurance in so many ways, and Ping An's leadership in this seems to be paying off. I know that Ping An has recently been named the number one insurance brand in the world in BrandZ World's Most Valuable Brands, and that tech innovation is a key driver behind that 25% growth in Ping An's brand value.

So thank you for helping us understand tech innovation applications in Ping An Insurance.

[Rebecca]

Thank you.

[Treena]

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