

GrabTaxi Holdings Pte Ltd**Grab and ZhongAn to launch insurance platform in south-east Asia**

Latest offering to help Grab build a 'super app' as it pushes regional expansion

Stefania Palma in Singapore and Hudson Lockett in Hong Kong JANUARY 16, 2019

Grab has announced a joint venture with Chinese online insurance group ZhongAn allowing south-east Asian users to purchase insurance through the Singaporean ride-hailing app, building on the breadth of its services and its regional presence.

Grab said in a statement on Wednesday the platform would offer affordable insurance products and launch in Singapore in the first half of 2019 before rolling out in other south-east Asian markets.

“The launch of our insurance platform is part of our commitment to becoming the leading everyday super-app in the region,” said Ming Maa, president of Grab, in the statement.

Reuben Lai, head of Grab Financial, added that as the only digital payments player to have licences across south-east Asia’s six largest countries, the partnership would help offer insurance to users, merchants and driver-partners.

The announcement marks the latest effort by the Singapore-based company to build an all-encompassing app akin to Tencent’s WeChat. Grab will be adding insurance to offerings that include food delivery, logistics and digital payments. It announced it would also expand into online healthcare and cross-border remittances this year.

Offering this kind of one-stop shop helps tech companies attract and lock users in. “This is about competition, stickiness, how many services you can offer,” said Jason Davis, associate professor of entrepreneurship at Insead. “And generally to do that you can’t just use subsidies like in the past . . . otherwise you’ll never be profitable. You try to own the customer”.

Finding a way to turn a profit rather than burning cash via promotions to win market share will probably determine the winners of the fierce ride-hailing battle unfolding in south-east Asia.

Go-Jek, the Indonesian ride-hailing company seen as Grab’s key competitor, already offers a

super app in its home market involving everything from massages to financial services and food delivery. It also has recently entered [Singapore](#), coming head to head with Grab in its home market.

But Grab's [acquisition](#) of Uber's south-east Asian operations could give it an advantage in terms of geographical growth. Go-Jek has also launched a regional expansion plan, to mixed results. It is extending its services in Thailand and has stepped into Singapore, but suffered a setback in the [Philippines](#) last week after the regulator denied it entry on the basis it would infringe on foreign-ownership directives.

Grab's new platform will start by offering insurance products to drivers, who are key to ride-hailing companies' success. "Grab is probably thinking: 'what can we do to make drivers so much more loyal to us that they come back to us,'" said Mr Davis.

Combining the insurance platform with Grab's data on drivers' behaviour could also help the company cut costs, analysts said.

"It's an economies of scale argument and they are doing a horizontal merger," said Sumit Agarwal, professor of finance at the NUS Business School, adding the joint venture could help Grab negotiate insurance products in bulk for lower prices. "Now Grab knows for sure they [the drivers] are covered and that the passenger is essentially covered," he added.

Mr Agarwal argued this insurance model might be picked up by other tech companies such as Airbnb. "They face the same kind of problem. Homeowners may have insurance but it may not cover the customers who come and live in the Airbnb houses."

Grab said the platform would start by offering drivers in Singapore products it launched in conjunction with insurer Chubb last year.

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