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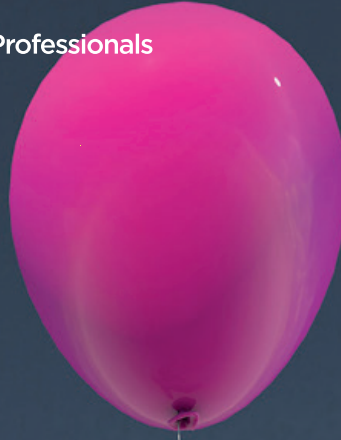# INSURANCE
MAGAZINE

Connecting Insurers, Brokers, Lawyers & Claims Professionals

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Our Role as Insurers
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Managing Vulnerable Customers
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EDITORIAL BOARD

WELCOME to the Insur.Tech.Talk Editorial Board.

For the latest edition of our Insur.Tech.Talk editorial board, we have assembled insurtech experts and asked them to delve deep into a host of topics: we discuss how the insurance sector can benefit from insurers and insurtechs collaborating better; how digital transformation will continue to change the game; the rise of fraudulent activity and how it will affect the industry; and, how to lead the way into the future of insurtech.

This issue voices the thoughts of:

André Symes,
CO-CEO, Genasys

Michael Lewis,
CEO, Claim Technology

John Ridd,
CEO, eviid

Denise Garth,
Chief Strategy Officer, Majesco

Q

How can insurers and insurtechs better collaborate to improve the process for the client?

André Symes: While industry collaboration with insurtechs is seen as the instant solution to improving the customer journey, let's reverse the current approach of insurers viewing such collaborations as an extension of the marketing department, in the sense of a brand box-ticking exercise. Instead let's view them as what they really are: value-add, bringing real innovation to the customer experience and resulting in leaner value chains with lower overheads which consumers aren't funding somewhere down the line.

We see insurtechs being absorbed by insurance companies as well as insurers building innovation and accelerator hubs. Yet, far too often they fail to learn from these cutting-edge companies on how to change at scale.

Changing at scale is difficult but it is achievable. While we shouldn't stop encouraging and nurturing the start-up collaborations, we shouldn't lose sight of the real insurtech development that can make a very real difference right now, such as APIs, data intelligence, single view of customer, access anywhere, cloud databases…the list goes on. As insurance evolves, combined with the growth of embedded insurance, it will be the insurtechs supporting insurers to change scale and avoid mis-selling that will be the real collaboration winners for customers and the industry's reputation.

Michael Lewis: Having won the 'Technology Innovation of the Year' award, while offering a single point of access to over 50 best-in-class insurtech vendors, you'd think that insurers would be banging my insurtech door down to accelerate their customer-centric propositions. If only.

If we're to nurture the necessary innovation that improves the customer experience, whilst enabling the UK insurance sector to be a digital world-leader, surely insurers and insurtechs must collaborate much more closely? Insurtechs offer the insight, technology and speed that insurers lack, and insurers can

provide the financial support, real-life use cases and testbed that insurtechs lack. So, why are insurtechs seen as just another B2B sales process as opposed to genuine R&D partners?

Becoming truly customer-centric requires nothing less than inverting a set of legacy thinking, systems and processes. But instead, insurers seem comfortable with the idea that given enough time, a bit of tech here and another tech sticking-plaster there, they will create the experience their customer wants. They won't.

So, what would I like to see more of?

1. **Don't push insurtech vendors down, find ways to raise them up**. Whilst plenty of money is earmarked for yet more industry memberships, events and consultants to talk about innovation, insufficient funds are allocated to support the insurtechs that actually create the early-stage R&D that the industry needs. This has to change. Direct financial support, whether that's adopting an insurtech, funding proof-of-value exercises, or being prepared to co-fund enhancements to align insurtech product capability to an insurer's standards (e.g., product security, SLAs), should be a given. Even non-financial commitments, such as committing to a 6-month sales cycle, would enable insurtech vendors to more closely align their funding cycle to the sales cycle.

2. **Be more open**. Rather than insurtechs having to guess at what you're trying to solve, why not come prepared with a set of roadmap capabilities or a list of problem/ opportunity statements you want to solve? Engaging with an independent insurtech technology marketplace, such as InsurtechPlatform.com or Salesforce, can be a good way to find out what's out there, and perhaps find plug & play solutions that can be deployed in days. Or, if you want to do a deep technical dive and accelerate a purchasing decision, I'll be happy to organise a hackathon with 2-3 highly qualified insurtechs.

3. **Provide valuable feedback.** Do you have concerns with the product, or its suitability for your business? If an insurtech vendor doesn't pass muster, you do them a great disservice by keeping them clung onto the future hope of a commercial opportunity when it's a non-starter. Equally, I've seen a lot of insurers talk themselves out of promising tech, because they haven't understood the proposition or haven't been able to sell the vision internally. That's lose-lose. What's needed are more open, honest and valuable conversations.

4. **Time is more than money.** Insurtechs depend on new logo acquisition and timely commercial agreements, not just to sustain their cost of sale and support with you, but to be able to secure further external funding to invest in their core product roadmap. Any delay to a commercial process with you can be the difference between an insurtech going out of business or concluding their Series A raise. See to it that you are concluding commercials like your own business depended on it.

Collaboration should be win-win-win, but insurers everywhere seem to have put up organisational ramparts (intended or not) that make actual collaboration incredibly hard and which threaten, daily, the insurtech's very ability to survive. It doesn't need to be this way. Let's co-invest in R&D and make insurance better for customers.

Q

Given the speed of digital transformation over the past three years, does operating with legacy systems pose a greater risk now more than ever? How do you provide reassurance to those hesitant to embark on the change?

André Symes: Rather than the industry experiencing rapid digital transformation at scale, what we've actually seen is a fundamental transformation in business operations over the past three years. Let's refer to this as digital enablement.

The pre-COVID world has gone for good - we'll never see this again. The pandemic has created irreversible shifts in how we live our personal lives which has extended to how people buy insurance. We're now operating in an insurance landscape where consumer expectation and buying behaviours have changed dramatically. Without doubt, the companies with digital agility at their fingertips can better serve consumer changes much more effectively than those working with legacy systems.

The pandemic created two schools of approach: those who decided to baton down the hatches and take digital action once we emerged out of lockdown versus those who took an agile approach, using digital enablement to adopt policy admin systems that could deliver products at pace. This agility in the type of products they could sell to support their customers means they are achieving continued customer success.

Digital transformation hasn't happened, instead it's the world that's transformed. It's the insurance companies with digital ability and agility who will succeed in our ever-changing world.

Q

As more claims are being processed remotely, and with a predicted rise in fraudulent claims, are counter-fraud tools as accessible for those working from home compared to those office-based? If not, what are the solutions?

John Ridd: In a recent survey from LexisNexis, it was revealed that the biggest growth in fraudulent claims is from those who are adjusting or exaggerating claims – about half of consumers who recently filed a home claim are more likely to inflate it to get a larger pay out. The general feeling among consumers is that insurers often don't make claiming easy or want to pay out, which leads consumers to consider overinflating any subsequent claims.

Exaggerated claims are of course fraud, and with consumers being squeezed in their cost of living in the current economic climate, the risk of exaggerated and fraudulent claims is likely to increase further. Technology can help improve the user experience as well as the bottom line – making

How do you lead the way into an insurance digital transformation?

Denise Garth: For decades, the evolution of insurance markets, products, channels, technology, and customers unfolded at a slow, steady pace. It took many months or years to launch a new product. Core business technology lasted 20-30 years. Companies managed with slow transformation because everyone did likewise.

But change picked up in a disruptive way. Customers changed. The market changed. Technology changed. Competition changed.

And change changed.

Given the multifaceted nature of digital transformation, insurers must truthfully assess and shift their business strategy and investments to adapt to changing customer demographics and behaviours, expanded channels, regulatory requirements, maturing technologies, and new competitors. Rapid adoption of digital technologies for shopping, payments and banking by customers is upsetting the balance of power between incumbents and new challengers in InsurTech and FinTech.

Finding the balance between managing today's business while creating the future business is more important than ever.

Foundationally, customers are driving the digital shift, moving from a transaction to an experience-based focus, requiring reinvention to deliver customized products and personalized services and experiences that keep in step with digital leaders. Losing touch with customers, both current and future, loses business.

Our consumer and SMB research found that the pandemic increased recognition in the value of insurance, and accelerated buyer expectations. Buyers shifted to digital, demanded more channels including embedded, increased digital payment options, demanded new insurance products, expected value added services, and wanted personalized underwriting leveraging their data.

For both individuals and businesses, their digital transformation expanded expectations of insurers and separated insurance 'Leaders' from 'Followers' and 'Laggards'.

Fundamentally, 'Leaders' see market and technological trends as a many-fold opportunity by incorporating new sources of data, reaching new market segments, offering innovative new products, leveraging technology as a catalyst for innovation, and creating smarter customer experiences.

Leaders established a strong operational and technology foundation with SaaS next-gen core insurance systems, digital experience platforms, ecosystems and analytics built on a modern architecture, enabling rapid integration through microservices or APIs to drive speed to market and speed to value, at scale.

Leaders' success reflects a two-speed strategy: **Speed of Operations,** focused on operational improvements to the current, traditional business model with mature solutions and processes; and **Speed of Innovation**, focused on creating agile, new business models with new products, services, channels, and market opportunities to drive growth.

Insurers are in a must-move situation now – particularly Laggards and Followers. How you stack up to your peers and competitors will influence your future.

interactions easier for customers. But for the customer, it's a double-edged sword.

As recently as a few years ago, insurers were still relying on form-filling and photos within the claims process, and in many cases, this method of evidence-capture still forms the backbone of the insurer and supply chain's claims process. However, with the growth in video during the pandemic, whether live or recorded, it can be uploaded to an insurer's portal via a simple link. The claim can be estimated and increasing contextual value provided via video.

Video delivers a significant leap in assessing the claim, and using Eviid the start point is in verifying the creation of the video or the photo at source. The platform has numerous features to verify the data and thus, to reduce the risk of an exaggerated claim. It's a complete audit process, a step-by-step incremental method where it is easy to see the journey of the claim and the different steps to the end point. For the insurer, it delivers bottom-line ROI, reduces fraud and builds media into the claim eco-system. For the user, it's an easy process for making a claim – but it comes with a health warning. Those who may be exaggerating their claim

may feel exposed to delivering video evidence.

This has certainly been Eviid's experience of introducing a complete audit process. On implementing video into the claims process, an insurance client reported that over 30% of claimants walked away from their claims – a staggering number. It demonstrates the need to move away from the form and photo method, and towards enterprise media management with built-in provenance to ensure the integrity of the data. For exaggerated or fraudulent claims there is no silver bullet, but incremental gains and wins to switch off the taps.