

New digital business models, trends & technologies in insurance



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A challenging new business environment influenced by

Volatility
Uncertainty
Complexity
Ambiguity

*Living in
a **VUCA** world*



*Adaptability is more
vital now than ever*



*Consumers' behaviour
is **changing***



***Innovation** must
happen rapidly*



*Profitability is
dropping*



***Regulations'** landscape
is changing*

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The top 6 transformation challenges



Lack of *Leadership*



New roles & *talents*



Culture & Mindset



Re-training & *Up-skilling*



Resistance to change



Overcoming *technological* bottlenecks

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The top 12 digital trends & technologies



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Unique customer experience

They expect from insurers :

- **Simplicity**, easy 24x7 access to their policy, claims and premiums information, across every channel.
- **Innovative** digital services
- The same **level of service** as they receive from other ecommerce sites or accessing their social media.

Through **customer journeys** they analyze and understand their customers' needs in order to improve their service delivery, eliminate all types of waste and increase customer's satisfaction. They focus on the **omnichannel digital customer experience**, in order to establish long term relationships with consumers through meaningful conversations built on empathy, speed and innovation.

New **digitally based products** such as those that involve the IoT, wearables and GPS sensors in cars, simplify their claims process by allowing consumers to upload images through their mobile phones etc. To succeed, insurers need to focus on **efficiency and effectiveness** by digitizing processes and switching to lower cost channels, while still improving the overall experience.

The **systems integration** allow a customer to seamlessly move across channels and receive consistent service. They measure their customer experience and satisfaction on each touch point using the **NPS** tool.

*Customer expectations
are rising*



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Robotic process automations

Robotic Process Automation (RPA) gives carriers the ability to automate mundane, box-checking-type tasks in underwriting, policy administration, and claims, potentially freeing up thousands of people hours.

RPA solutions use bots to **mimic** the way individuals interact with applications and follow simple rules to make decisions and automate routine business processes, improving efficiency **without** the need of any fundamental process redesign.

Cognitive Intelligence (CI) goes one step further by providing insurers with tools to automate on-routine tasks requiring soft skills, such as intuition, creativity, and problem-solving. This is primarily driven by the refinement in several key CI technologies, such as handwriting recognition; image, audio, and video analytics; and natural language processing.

Insurers start doing more with less by considering accelerating deployment of RPA and CI throughout their operations, automating routine, transactional, rules-based functions so that talent and capital may be repurposed for more complex tasks. The savings in time and money can be considerable.

As an example: A large insurer that automated the tasks in claims management which was related with data entry and validation using multiple in-house and external data sources and at the end realized a productivity gain of 68 percent, coupled with improved accuracy and compliance.

RPA affects dramatically the insurance operational model



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Artificial Intelligence

We see already disruptive AI platforms affecting dramatically the insurance operational model:

Significant discount offerings on motor insurance premiums in case the customers use **specific** apps monitoring driver's behavior via smartphone.

Insurance through a **chatbot** app for smartphones. It takes a few minutes to get insured or for a claim to be paid, bringing to the customer simplicity, transparency, and easy access.

Motor claims handling by apps, having advanced **machine learning** modules for image recognition, giving the ability to a collision repairer to upload an estimate and pictures to the claims management system and the AI algorithms compare the pictures and the cost estimate to make sure everything is in order.

The **claims handling** mainly on motor and health lines of business. The example of one Japanese Life insurance company, which replaced 34 human insurance claim workers with "IBM Watson Explorer".

Many websites offer already to their customers the opportunity to chat with a customer support representative while they're browsing but do not have a **live** person on the other end of the line. Many of them have the capability even to recognize the **emotional** state of the people who are talking to raising actions.

advanced AI systems affect dramatically the insurance operational model



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Virtual Assistance

New Opportunities:

New Business Models

- Deliver intelligent services that customers value – increase customer loyalty
- Drive new revenue streams

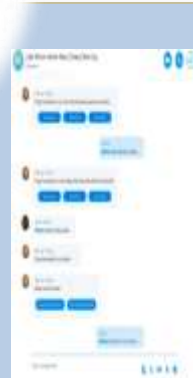
Delight your Customers

- 24x7 Customers Service – always get an answer
- Direct customer to best resource to assist

Drive Down Cost

- Adopt low cost channel for customers
- Answer common basic needs without human agents

Conversations are the new platform of habit



Bots are the new Apps

 Reach customers anywhere, on any platform or device

 Engage with customers in a natural way; conversationally and in context

 Expose your products & services via messaging platforms, where users are already highly engaged

 Improve customer experience and reduce the need for human assistance

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Internet of Things



Life Connected:



The future of fitness is **no gym** at all. Life insurance companies **change** their **business model** incorporating **health tracking** devices to integrate wellness **benefits** with their customers' insurance plans offering them discounts or points.

Smart Trackers



Capturing data for health insight, stress management, sleep tracking, healthy lifestyle. **Advanced apps already track** epilepsy, asthma, predict heart attacks, deliver health alerts etc.

Going forward,
such type of
technology-infused products
will become the **norm** across
all segments of the insurance
industry.



The number of **drone-related accidents** increase. **Innovative drone's usage** as "Ambulance Drone", claims handling, Agriculture etc.

Digital platforms:



For illnesses such as Diabetes, providing **advices** re prediction and **personalized plan** as well.

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Data-driven decision making organization

Customer Evaluation & Scoring:

Calculating the life time value of each single customer, helping the value based segmentation and targeting.

Social Listening:

Collect and analyze on-line-real-time the “voice of customer” across digital channels and social media, plus Competition activation.

Leads Management:

Connecting online with offline data, optimizing the response time and customizing the value offering.

Predictive Modeling and Scoring:

Developing models regarding the prospect customers, their probability for churning, cross – up selling, next best offer etc.

Risk Selection & Assessment:

Dynamic Pricing, Expert Medical Engine, Advanced Fraud Detection and IoT data analysis and modeling for Pay-As-You-Drive & Pay-How-You-Drive telematics products.

Marketing Campaigns & ROI measurement:

Full personalization along all stages of the sales funnel.

You can't be a **digital** champion without being a **big-data** champion



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Blockchain

It's good to remember that Blockchain is the underpinning technology that maintains the **Bitcoin** transaction ledger. Its basic philosophy is that using blockchain, you can trade anything with anyone around the world without dealing with any intermediary.

In insurance the **smart contracts** seem to be the ideal way to automate highly manual processes like claims management and underwriting.

Firms like InsureEth enables airline insurance payouts automatically on cancellations or delays. Healthcare records will also be one of the potential areas for Blockchain, reducing drastically the manual effort and its related cost since the data will be stored on the **distributed ledger** for all the involved parties, ensuring to the customer the highest level of transparency.

Big consortiums have been launched at least 3 years ago having members **big insurance organizations** like Aegon, Allianz, Munich Re, Swiss Re, Zurich who continue to identify and develop use cases for blockchain in insurance.

The Internet of Everything needs a **Ledger** of Everything



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Cloud computing

Exponential growth in cloud services solutions

Usually there are three models of cloud service under consideration, Software as a Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS).

All models tend to reduce the cost of software ownership by removing the need for technical staff to manage install, manage, and upgrade software, as well as reduce the cost of licensing software, leaving organization free to focus on the business side of scalability, and the application development of their product or service.

Due to the fact that the “things” that make up the Internet of Things, generate huge amount of data sent to the cloud, there are both **fog** and **edge** computing architecture that attempt to collect, analyze, and process data from these assets more efficiently than traditional cloud architecture, reducing the amount of data sent to the cloud, decreasing network and Internet latency and improving system response time in remote mission-critical applications.

Moreover the most of the cloud vendors have already introduced per-second-billing for a few key services.

*Move to **Pay-per-second** billing cloud computing*



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Enter into API economy

APIs make it easier to integrate and connect people, places, systems, data, and algorithms, create new user experiences, share data and information, authenticate people and things, enable transactions and algorithms, leverage third-party algorithms, and create new product/services and business models.

For most, if not all organizations, the API economy proves to be a viable avenue to creating new services and capabilities, which will ultimately lead to new avenues of revenue. With the mainstreaming of APIs and the popular services that make use of them, organizations make APIs a serious factor in their business model.

What's more, the accelerating progress of mobile technology and the Internet of Things, creates little doubt that the API economy will continue to grow and flourish at a rapid pace. Insurance organizations should avoid the risk of falling behind the API economy.

Insurance companies today already expose a variety of web services to:

- Partnerships regarding road assistance, claims handling, car repair shops, health diagnostic centers etc.
- Insurance aggregators, big brokers, travel agents providing them services such as getting a quotation, issuing, paying and printing a policy for a range of insurance products.

APIs help make it easy to do business with you. By providing APIs the insurance company has the opportunity to **differentiate** itself from the competition and at the same time to obtain new customers, to improve its existing customers' experience and become more cost effective.

*Open insurance application
programming interfaces*



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Transform insurance portal to a market place

PSD2 & Open Banking redefine every business:

- This is the first time that a 3rd party comes between the Banks and the customers
- Financial institutions expose their services as APIs and every service provider can consume them to reshape the customer experience.

The insurance organizations have the ability to:

- Build a marketplace to cross sell banking and other products through @insurance portal
- Become account aggregator for its customers for AI advising
- Connect with ALL banks (Greek or International) through APIs for zero charges and immediate transfer of money saving hundreds of thousands in credit card commissions

NOTHING IN THE FINANCIAL INDUSTRY WILL BE THE SAME IN THREE YEARS.

*Let's become the first
"PSD2 ready" insurance*



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Building a value-added non-insurance services ecosystem

Insurers have increasingly started providing customers with a range of **value-added services** in addition to the core insurance offering, in order to gain more regular customer engagement and enhancing customer experience through unique value propositions.

In the **life and health sector**, insurers offer services such as:

- Health management apps providing medical & assistance customer care services and apps that enable cost savings or seamless healthcare access
- Lifestyle management providing taxi services, travel services, sharing, wellbeing communities focusing on matters as nutrition, smoking etc.

In the **property and casualty sector**, value-added services include:

- Notifications as weather alerts
- Loyalty club offers, synergies, special agreements and third party services.
- Home monitoring and technical assistance
- Motor facilities like parking, car-wash, check on the spot
- Roadside assistance for Battery or Tires or Fuel or Oil change
- Property management providing assistance on maintenance, certifications etc.

The most of those services are based on the Internet of Things (IoT) and advanced data analytics, provided through mobile apps, helping insurers to reduce their claims cost and improve their risk appetite, while simultaneously they achieve to enhance their **customers' engagement** and retention.

*Going **beyond** insurance territories*



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Cybersecurity is one of the top emerging risks nowadays

The last decade has seen a number of highly publicized and costly cyber incidents which have **impacted** organizations across the globe and more importantly, across a range of industry sectors.

One of the most serious challenges that this modern world must deal with for the short- and long-term is **criminal** activity. A number of cybersecurity reports show that the fastest rising crime worldwide is **cyberattacks**.

On the first hand the insurance companies face fierce competition to offer personalized, seamless experiences at competitive rates while safeguarding customer data. That's why the most **exposed** they become the more they have to protect themselves by making sufficient investments and become much more **sophisticated against** the breakthrough technologies and techniques that are increasingly being used by cyber criminals.

On the other hand the cyber insurance product, which is a specialized liability policy, designed to protect businesses from damages and losses that occur as a result of cyberattacks and electronic data breaches, creates a **very promising** new insurance market for growth.

*There are two types of companies:
Those that **have been** hacked and
those that will be hacked.*

FBI



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What about the future?

A few interesting predictions which definitely will affect the insurance business model:

- Over 50% of today's Fortune 500 companies will have disappeared
- Over 2 billion jobs will have disappeared, freeing up talent for many new fledgling industries.
- Over 80% of all doctor visits will have been replaced by automated exams.
- We will see a growing number of highways designated as driverless-vehicle only.
- Over 20% of all new construction will be "printed" buildings.
- Over 10% of all global financial transactions will be conducted through Bitcoin or Bitcoin-like crypto currencies.

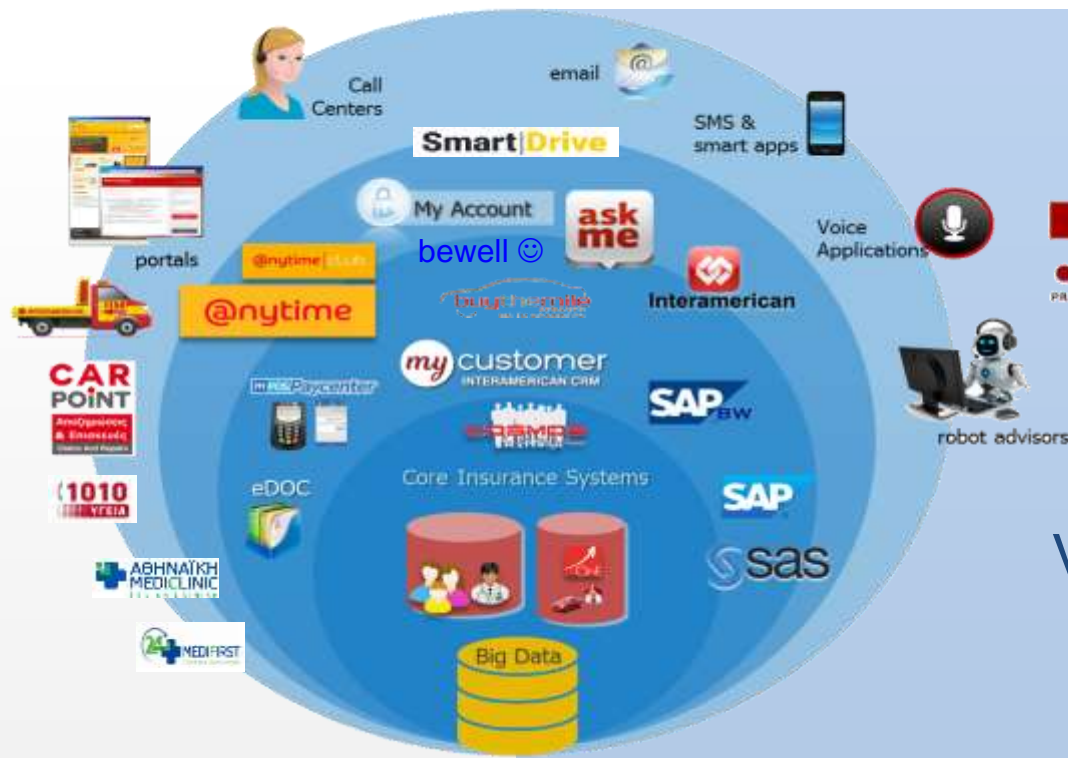
*A few **dramatic** predictions by 2030*



Build an Advanced Digital Ecosystem

Moving beyond insurance through ecosystems

Understand Customer's journey and make it a unique experience...



Focused on:

BI Analytics

Value based performance

360° customer view

Cognitive tech

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Digital transformation in Interamerican

“Best in class” on



Direct Channels



Traditional Sales Channels



Innovative Products & partnerships



Big Data & Analytics



Customer Experience



Thank you
for your attention!

Any questions?

