

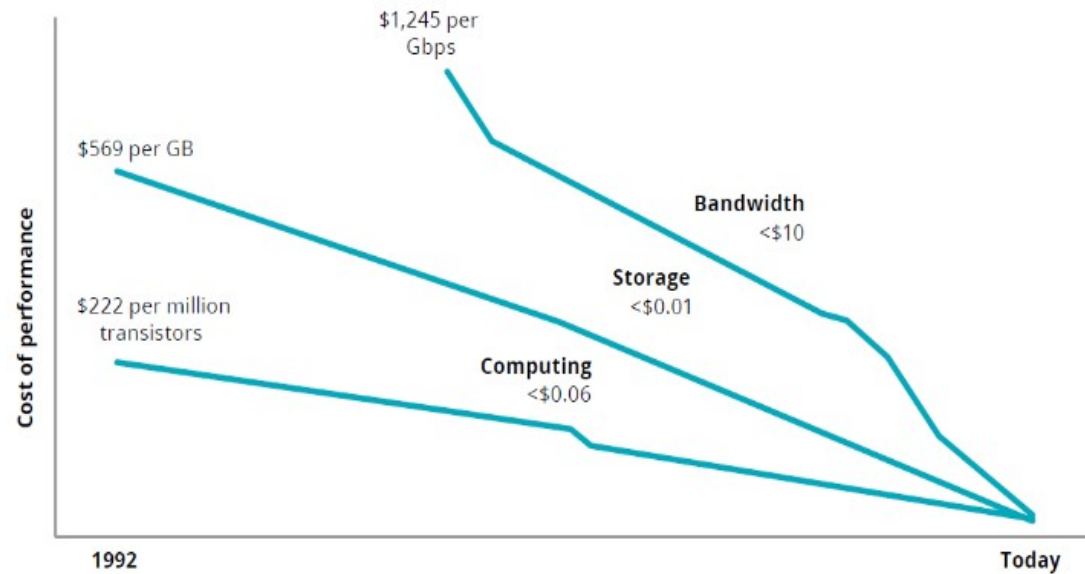
# Insurance digitalization

PII International Conference on Insure Tech and Microfinance, Karachi 15<sup>th</sup> and 16<sup>th</sup> April 2019 Olivier Steger, Regional Manager UAE & Pakistan, Swiss Re, Zurich

# Digitalization...

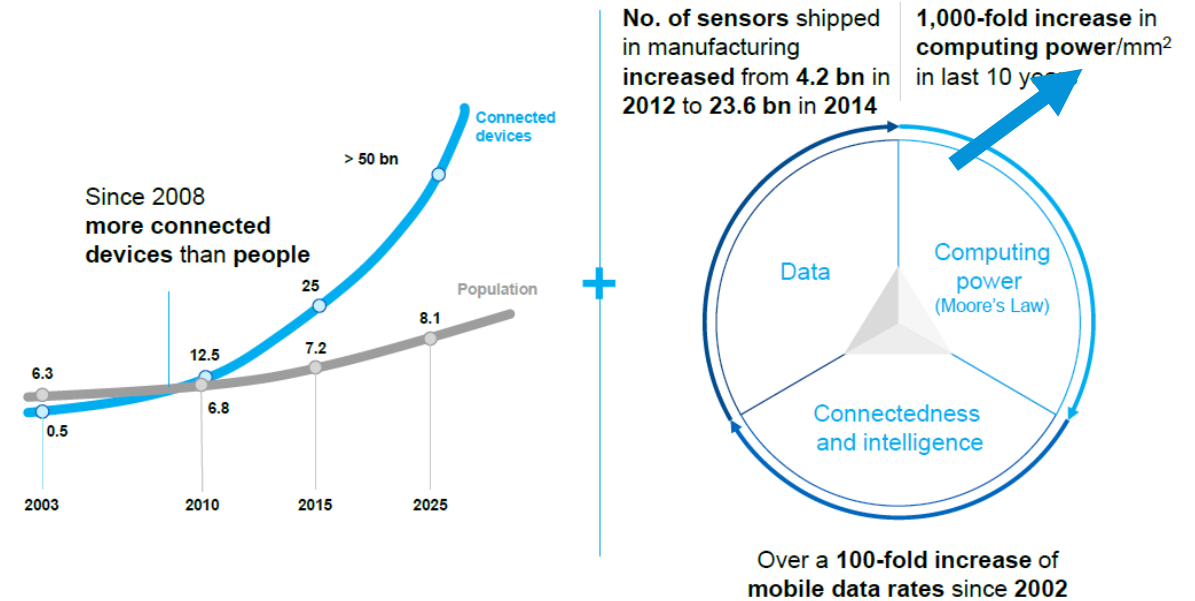
# Digitalization is happening at the nexus of Technology and Social changes

## DIFFUSION



Source: Deloitte analysis.

Deloitte University Press | [dupress.deloitte.com](http://dupress.deloitte.com)



## COST



## Main priority for Insurers

**01** Digital Innovation

**02** Client centricity

**03** Analytics

## Industry challenges

**01** Lack of innovation capabilities

**02** IT Legacy obsolescence

**03** Talent recruitment

Source: Insurance Nexus Global (2017) *Understanding the Global & Regional Trends In Insurance Today*

The background of the slide features a blurred, high-angle photograph of a large crowd of people, likely at a public event or festival. Overlaid on this image is a semi-transparent layer of binary code (0s and 1s) and various numbers (0-9) in different colors (green, yellow, white), creating a digital or data-themed aesthetic.

# Digitalization means different things to different people





# DOCUMENT SCANNING

# E-DOCUMENTS



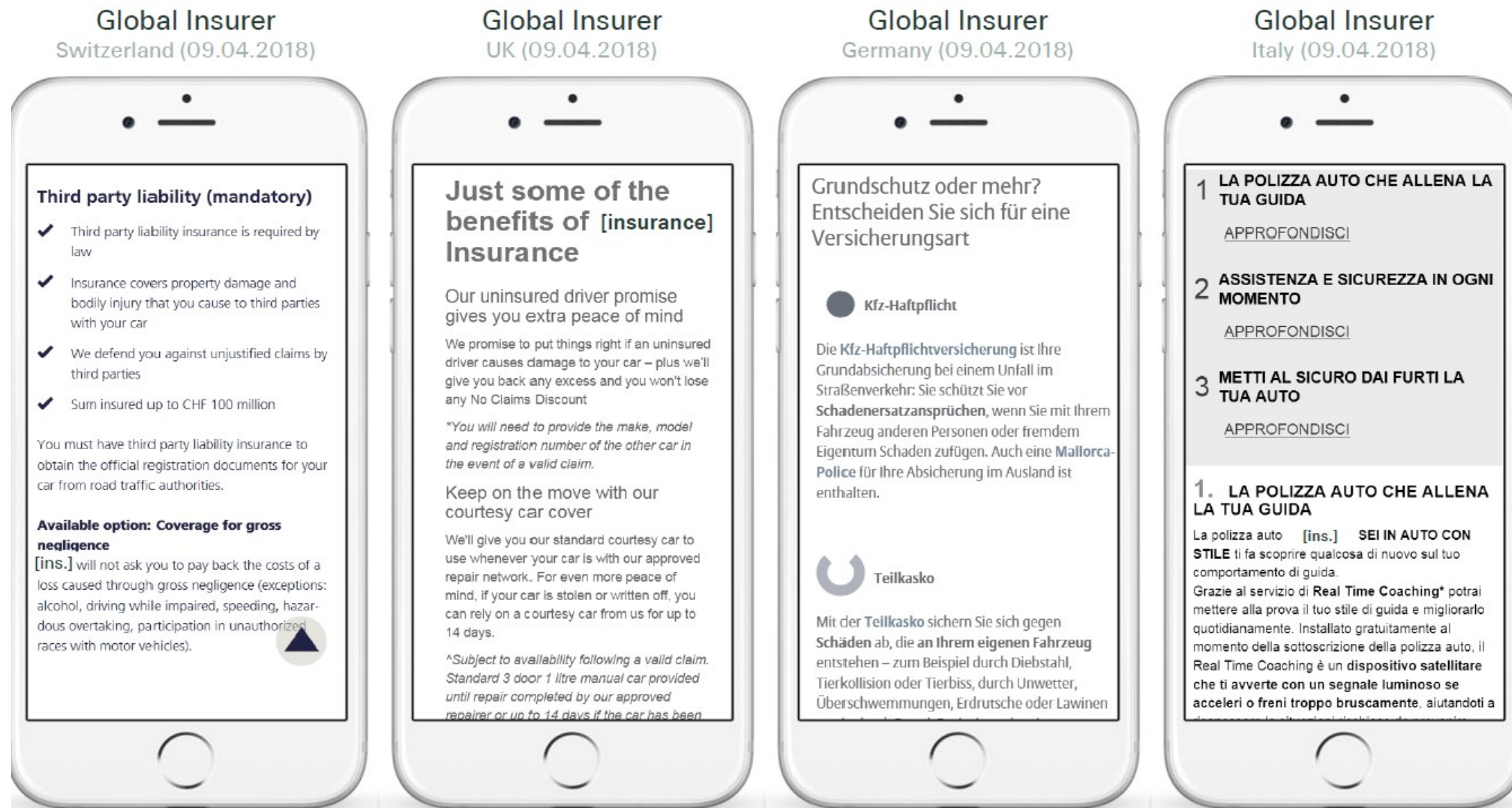


# Apps



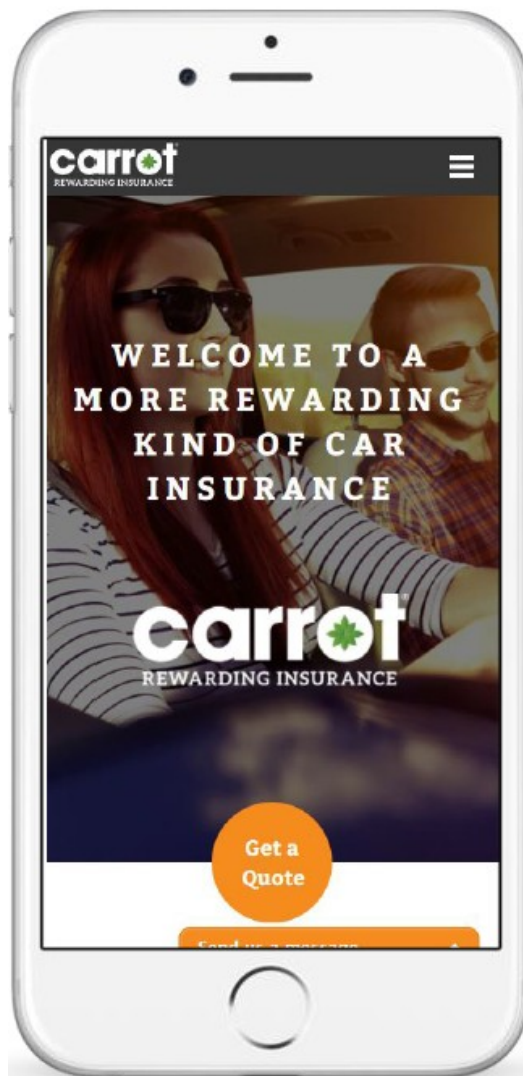


# Buying Insurance online



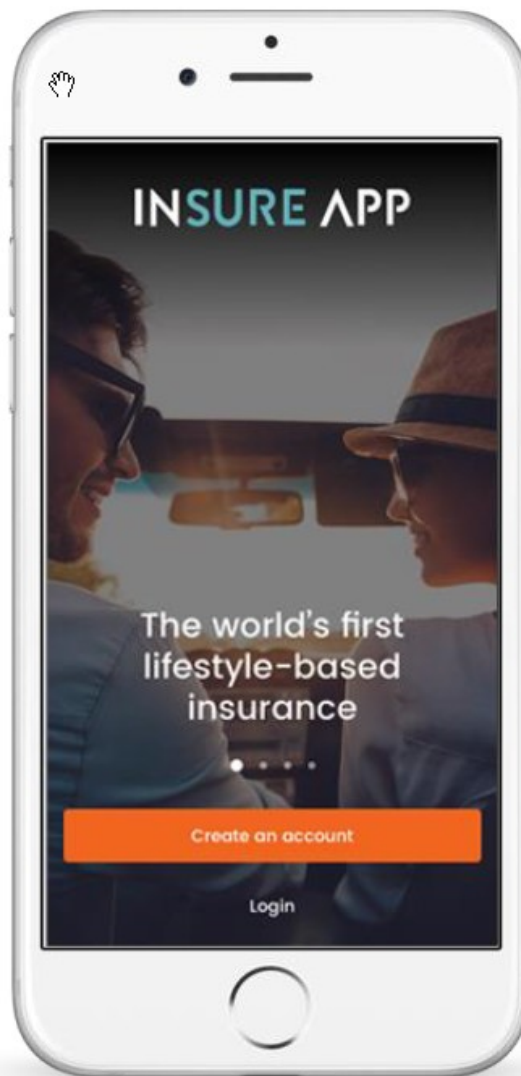
Carrot

www.carrotinsurance.com



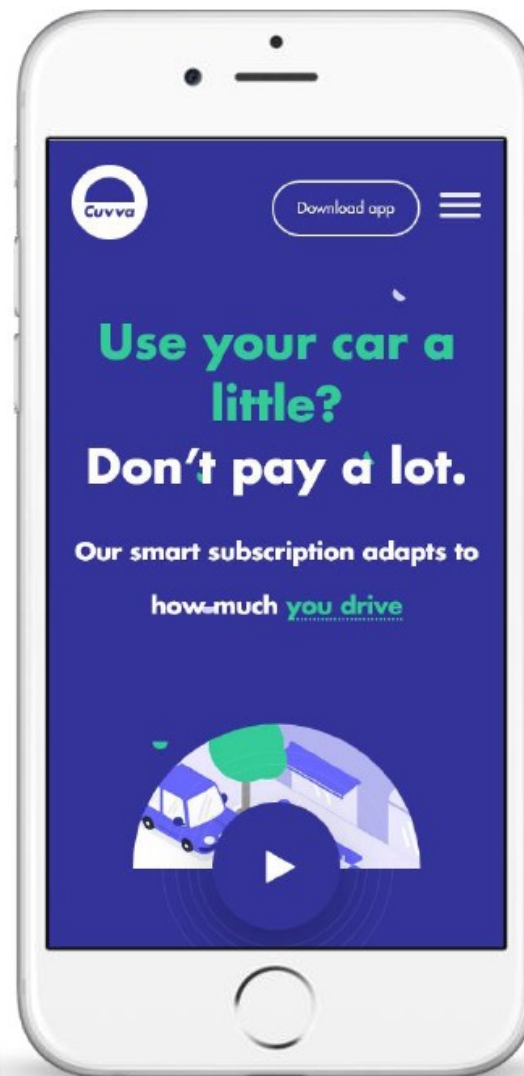
InsureApp

insureapp.com



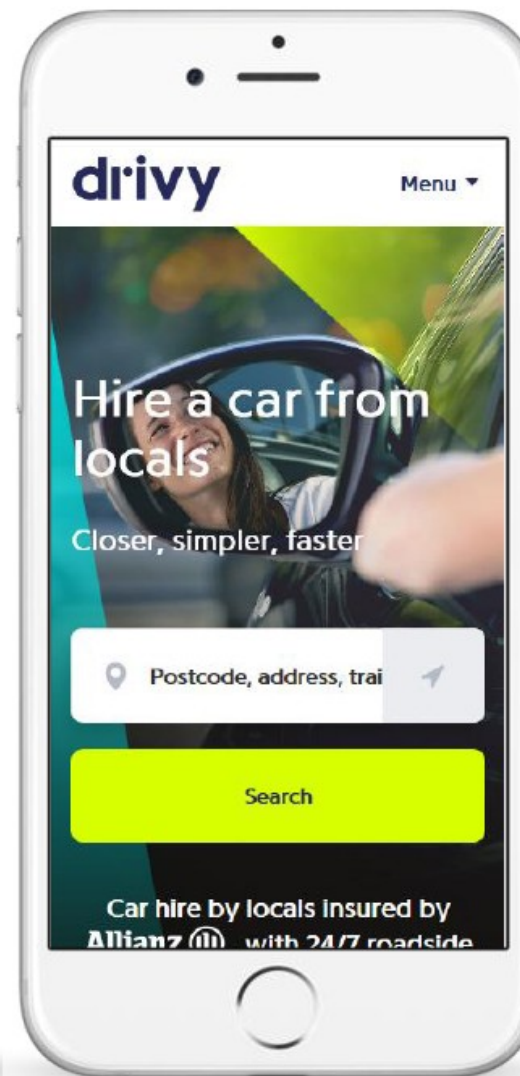
Cuvva

cuvva.com



Drivy

www.drivy.co.uk

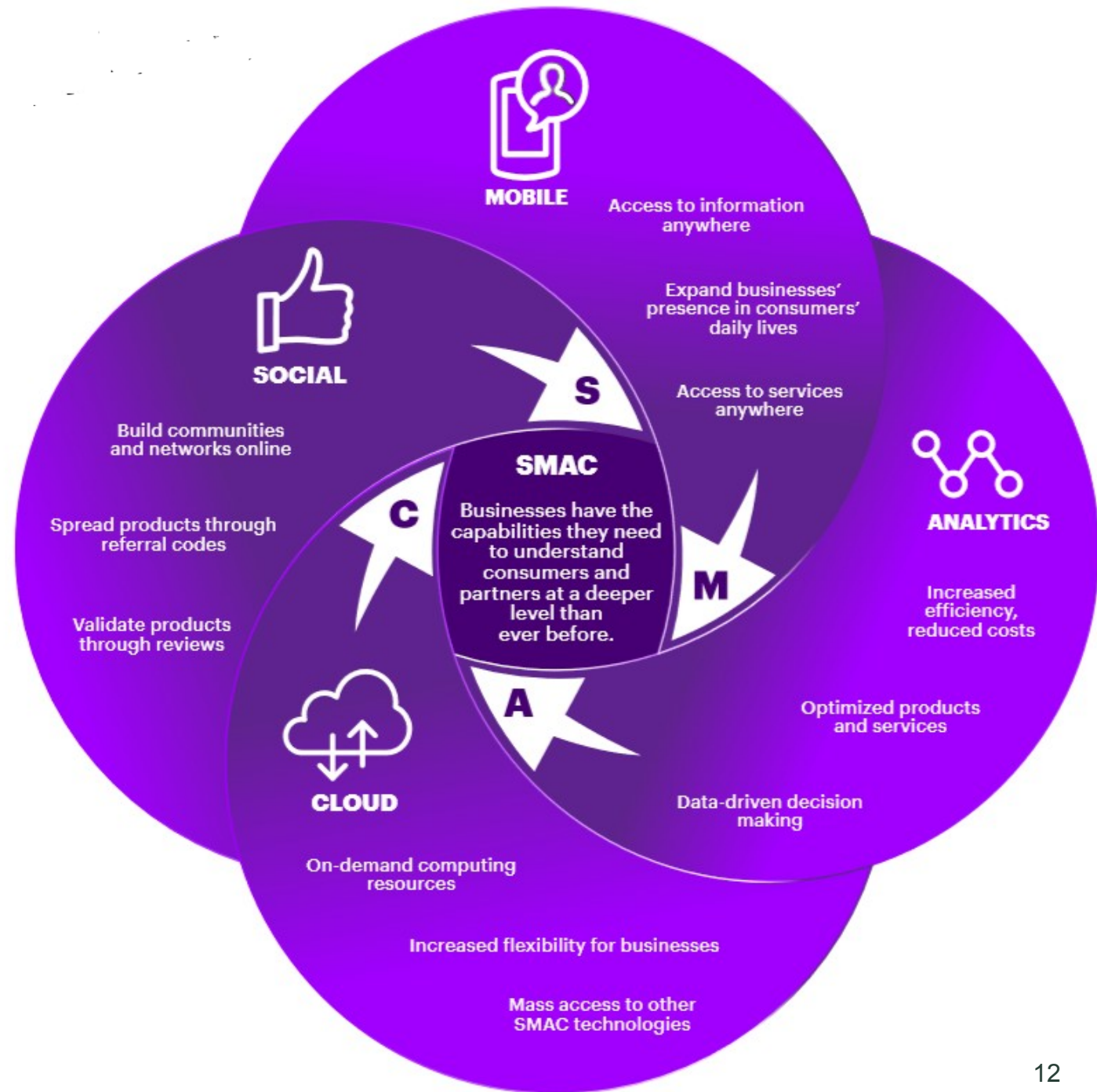




# Technology

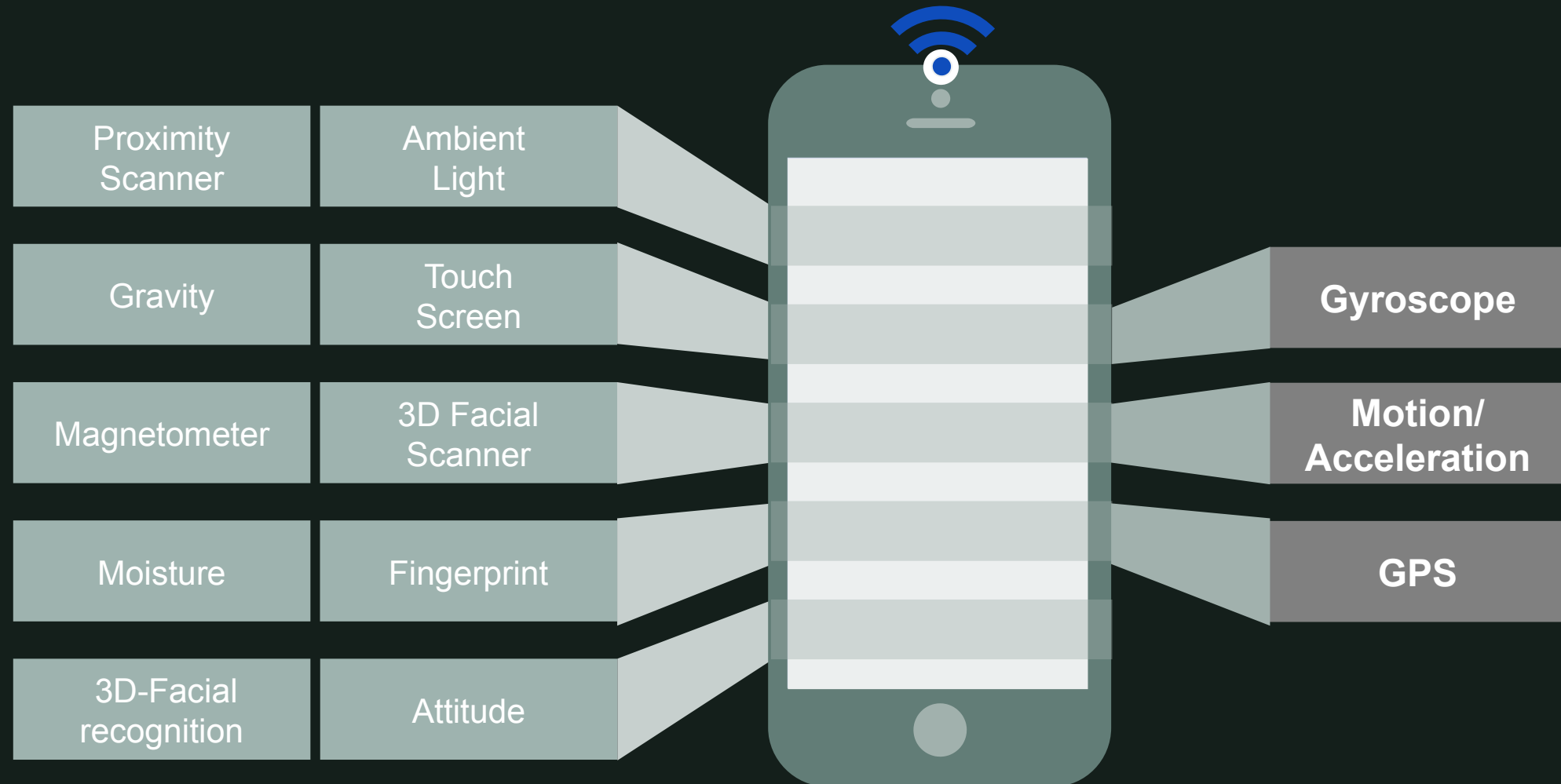


# LAST 5 YEARS



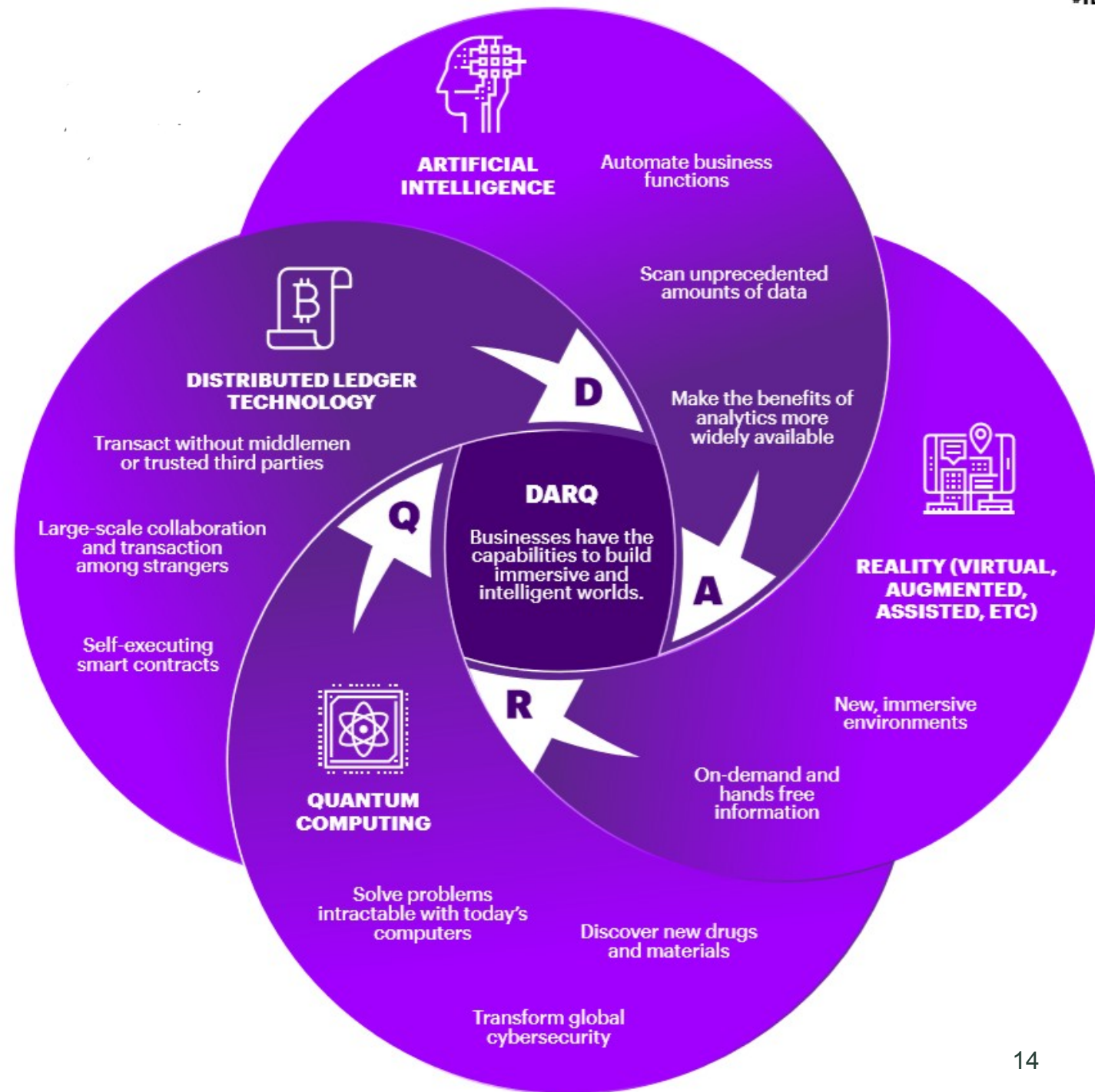


# The smartphone is the ubiquitous device ... with ever growing capabilities



Source: adapted from iNotes4you.com, Lifewire (accessed: 16.06.2017)  
<https://inotes4you.com/2015/01/31/iphone-6-barometer/>  
<https://www.lifewire.com/sensors-that-make-iphone-so-cool-2000370>

# NEXT 5 YEARS Started!







Restaurant

★★★★★



Coffee Shop

★★★★★



Shopping Center

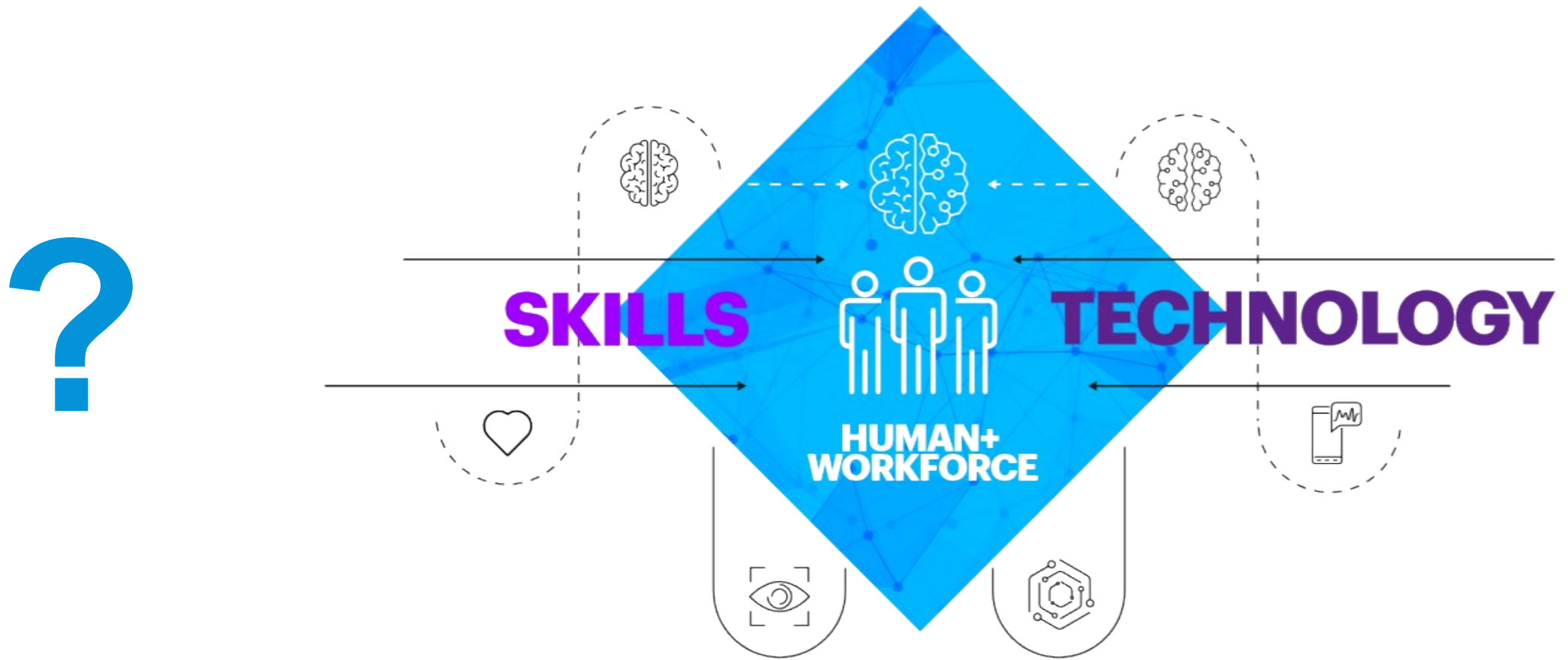
★★★★



Tourist attraction

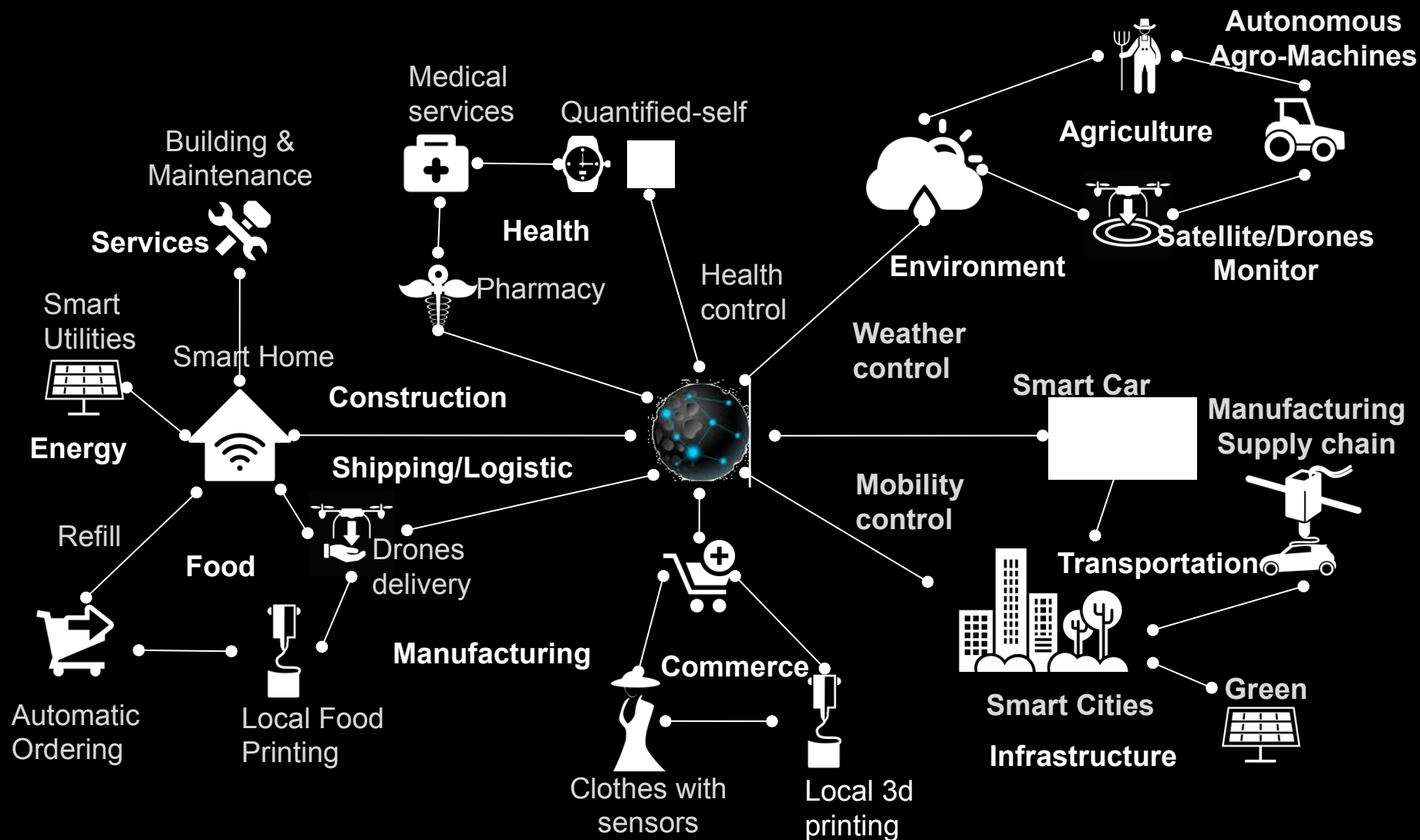
★★★★★

Survival of the most adaptable?





# INCREASING COMPLEXITY





# The raise of AI and Behavioural Science... Machines decoding humans



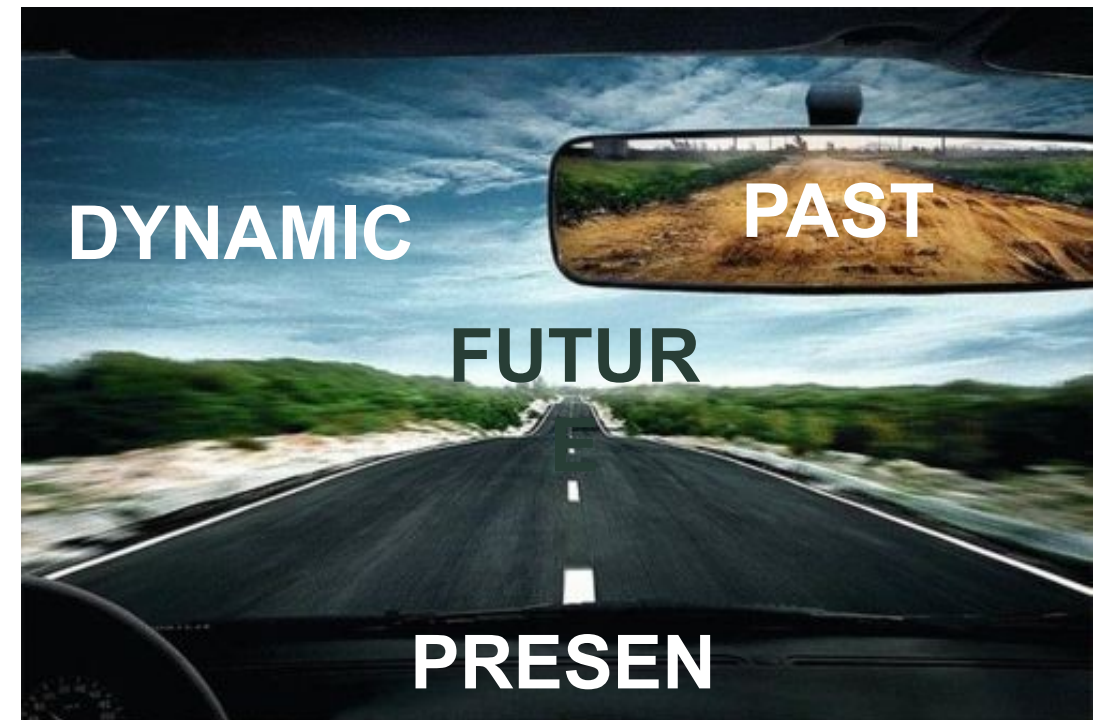
# Underwriting

## Traditional Insurance



**Traditional UW/Actuary**

## Digital Insurance



**Augmented UW with Data Science**



# Digital@ Swiss Re



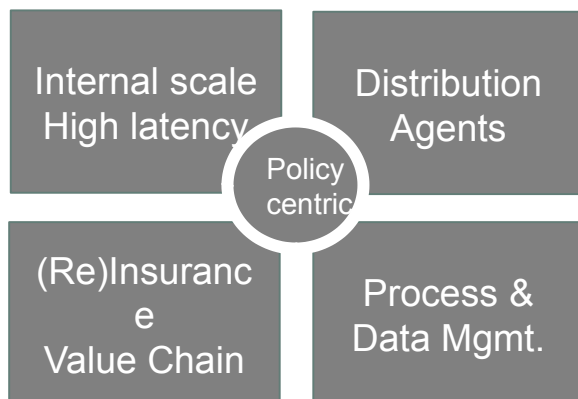
# Digital Insurance requires different capabilities and attitude

## Traditional Insurance



### Administrative operating platform

Improve existing business model



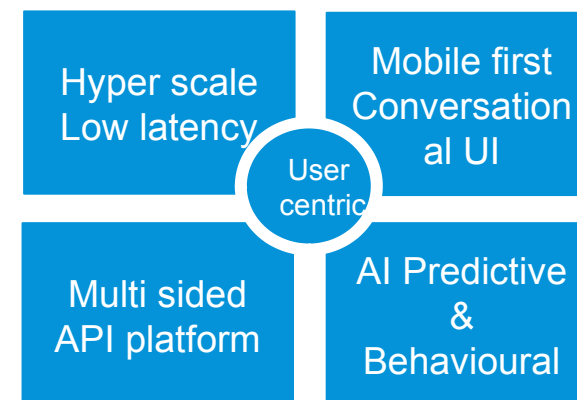
## Comfort zone

## Digital Insurance



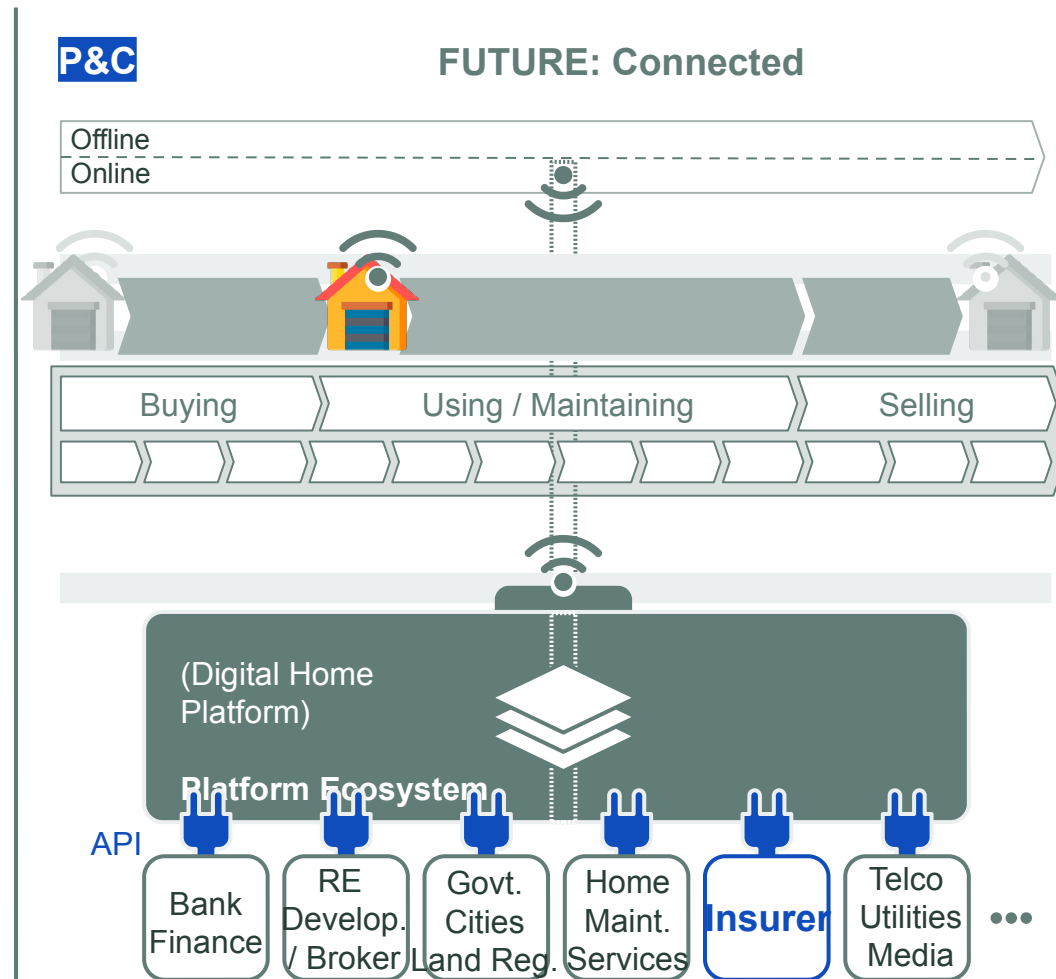
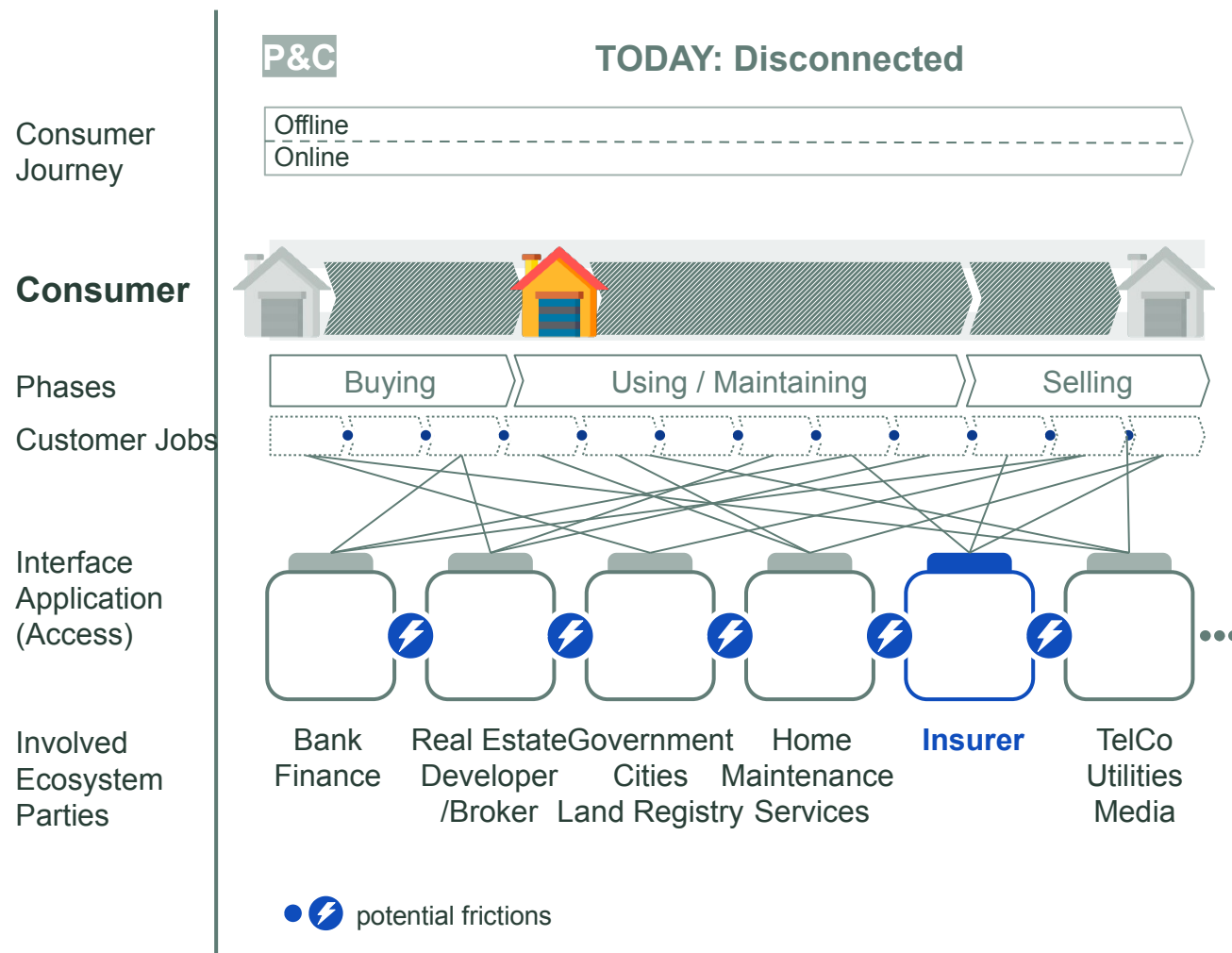
### Digital Insurance Eco-system

Explore/build new business models










## Battlefield

# From Products to platforms





# Digitalization impacts every single aspect of insurance

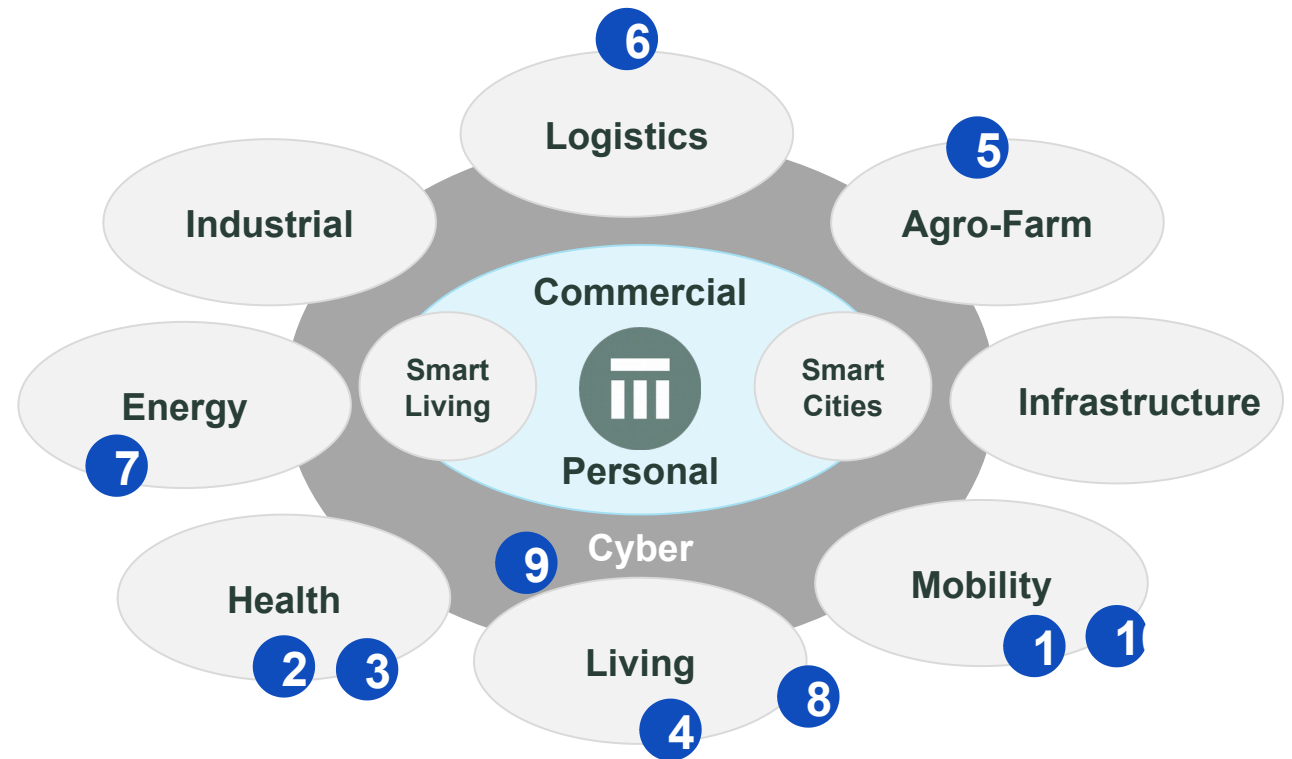
	Growth and differentiation			Efficiency, Effectiveness & Profitability	
	Commercial agility	Client Experience	Sales improvement	UW Effectiveness	Claims effectiveness
 Omnichannel	✓	✓	✓		✓
 Big Data	✓	✓	✓	✓	✓
 Artificial Intelligence	✓	✓	✓	✓	✓
 Internet of Things (IoT)		✓	✓	✓	✓
 Telematics		✓	✓	✓	✓
 Drones & satellites				✓	✓
 Blockchain	✓	✓	✓	✓	✓

# Digital Insurance breadth and depth

**We are developing platform solutions to help our clients**

Some Research & Development on-going:

1. Car Telematics
2. Wearable – Medical Grade
3. Wearable – Fitness Grade
4. Smart Home
5. Digital Agro
6. Supply Chain - Asset tracking & monitoring
7. Parametric energy renewables
8. Parametric solutions (Flight Delay, Earthquake, ...)
9. Cyber (SMEs, Personal)
10. ADAS scoring and OEM solutions



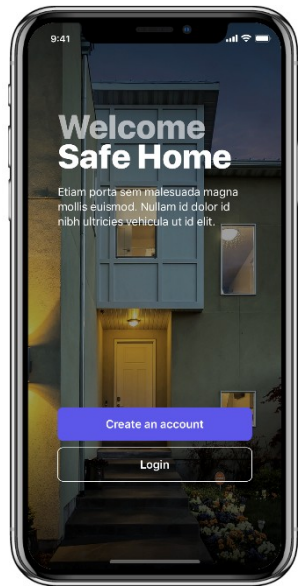


# Digital Insurance examples



# Home App: Connecting risks to everyday life through AI at your hands

Consumer grade  
experience  
Centered on “protection”



I want to protect my home  
and be safe

*Engagement*

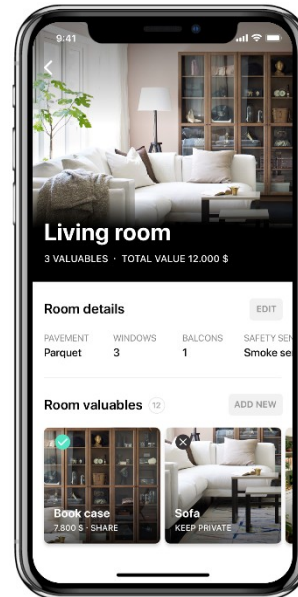
Multi home setup  
“Family” mode



I want to protect my home  
and be safe

*Engagement*

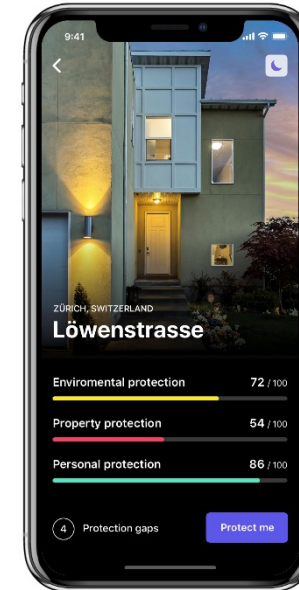
AI Object detection  
Inventory list



I want to protect my home  
and be safe

*Engagement*  $\rightarrow$  *Awareness*

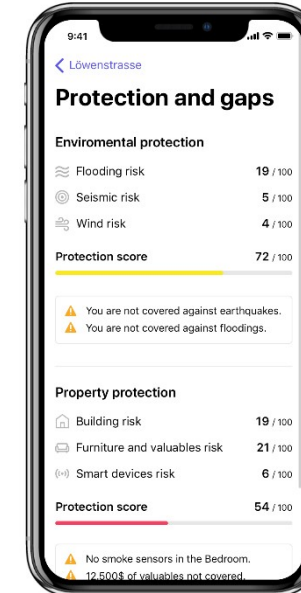
All risks single view  
Dynamic assessment



I didn't know that, can you  
tell me more about those

*Awareness*  $\rightarrow$  *risks?*  $\rightarrow$  *Education*

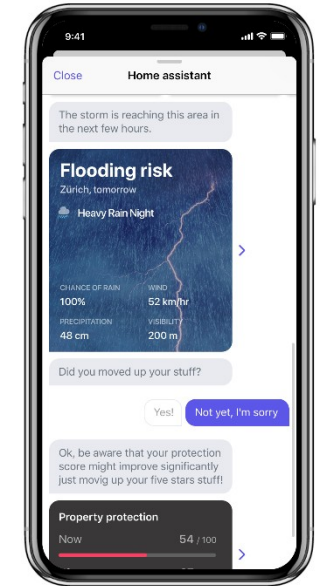
Multi-risk analysis  
One click purchase



What risks am I exposed  
now?

*Education/*  $\rightarrow$  *Action*

AI Chatbot multi-modal  
Emotional intelligence



What can I do to protect  
against?

*Predictions*  $\rightarrow$  *Action*

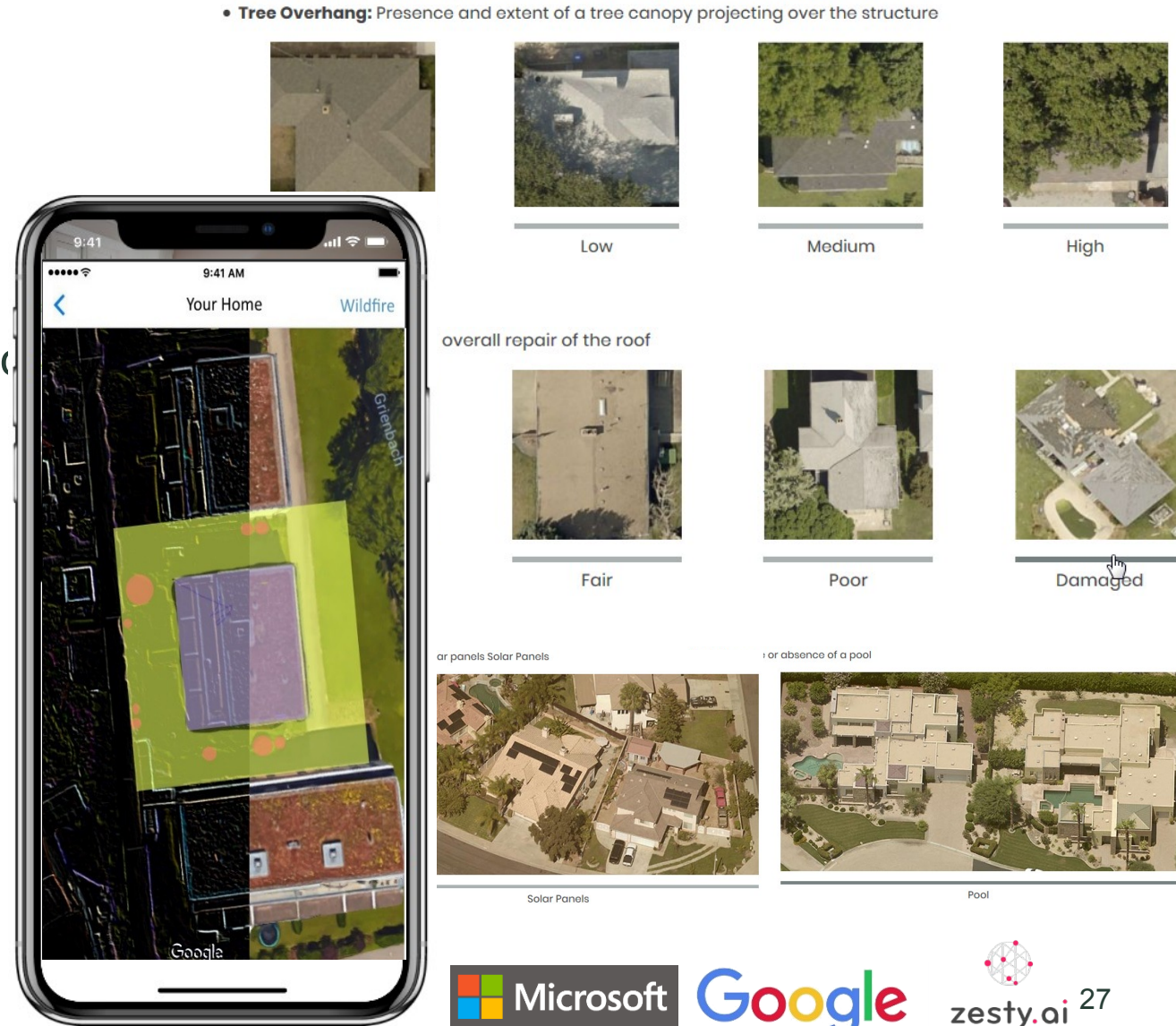
**Risk awareness, Education and Predictions lead to Action**

# Home Risk: Zero questions...data speak louder than forms and questions

## NO QUESTIONS

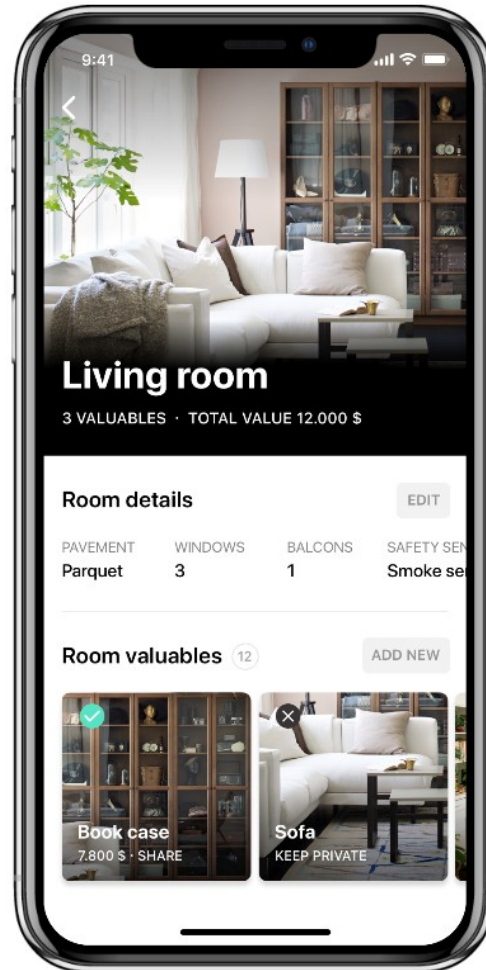
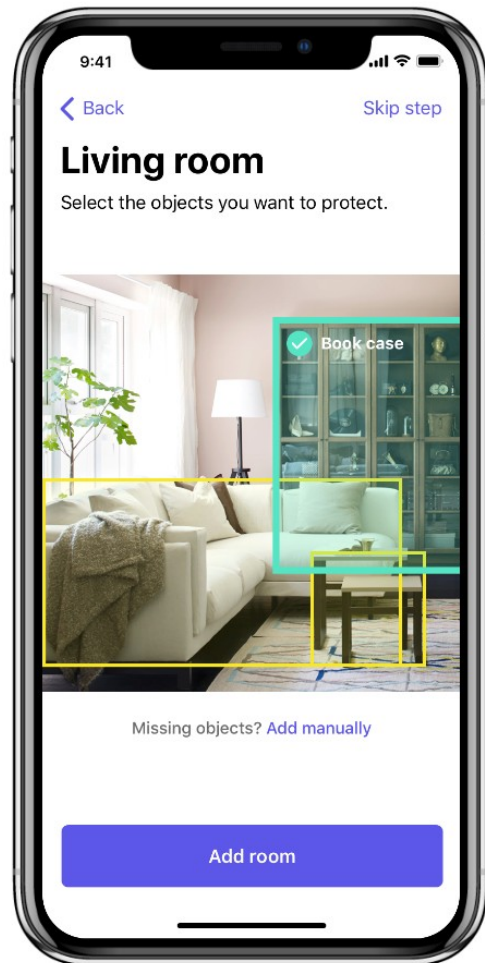
### Example of building Attributes

- ✓ Building footprint, height, volume & location
- ✓ Distance to the nearest building
- ✓ Number of floors of the building
- ✓ Number of pools around the building
- ✓ Solar systems on the building roof
- ✓ Roof type, roof windows, dormers
- ✓ Trees, vegetation around buildings
- ✓ Distance to police and firemen

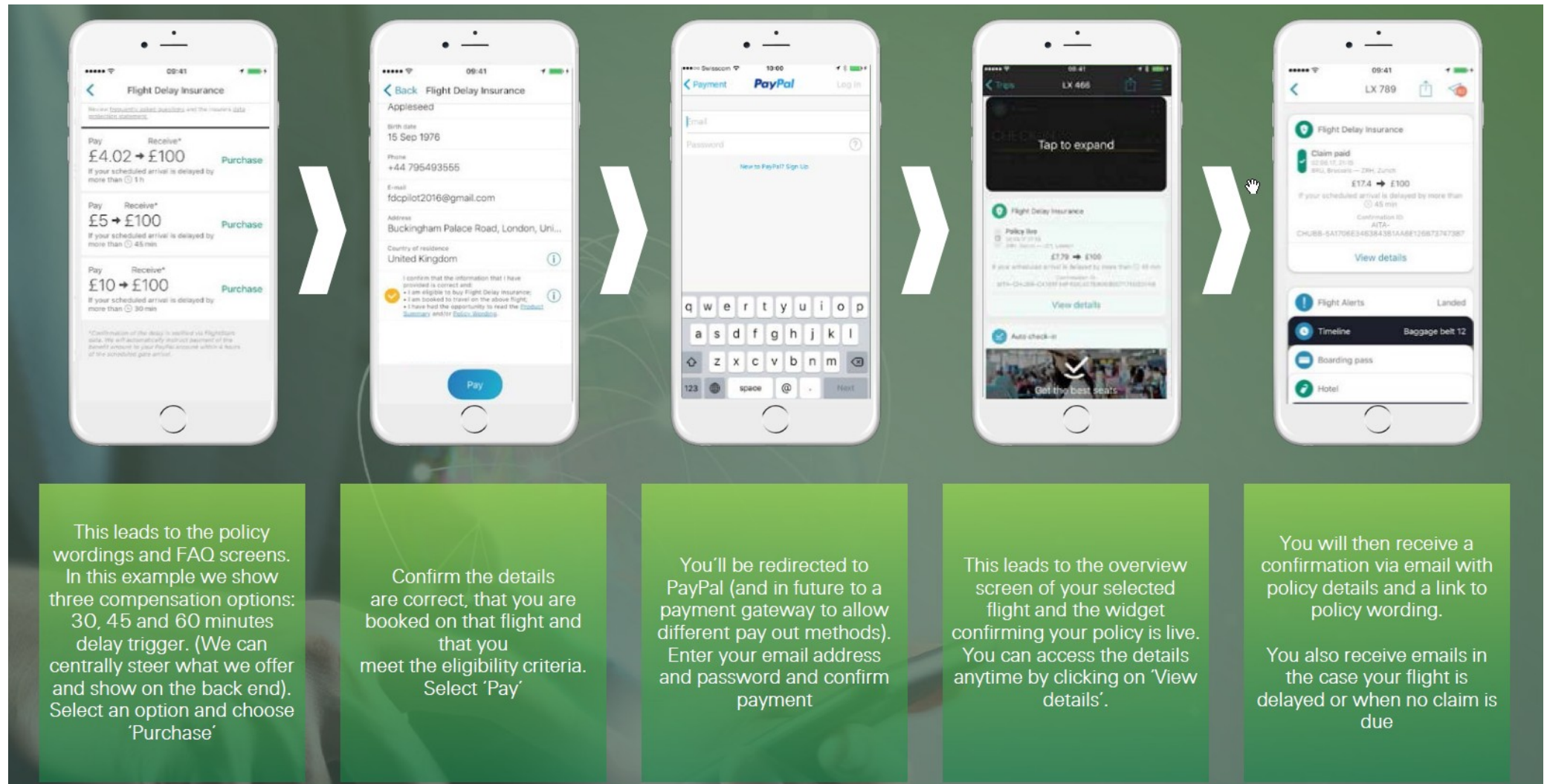




# Home content: A picture is worth of thousands forms...

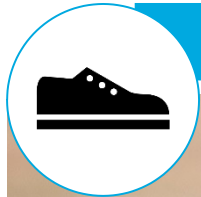


# Flight delay: AI for predicting and technology to embed Insurance

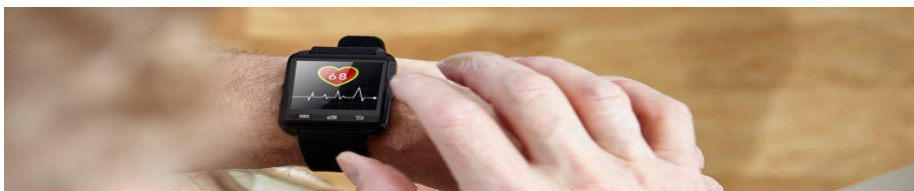




# Wearables



## Fitness Grade

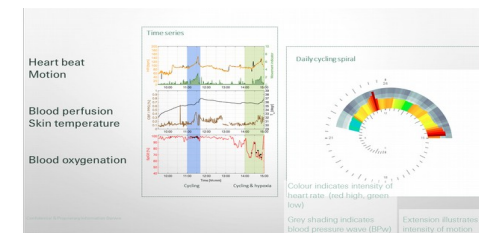


### Insurance Use Cases

1. Customer engagement
2. Easier (pre)-selection and self-selection
3. Incentives for active lifestyle



## Medical Grade



### Insurance Use Cases

1. Improved patient monitoring at reduced costs
2. Better insurability of high risk people (e.g. diabetes)
3. Elderly care

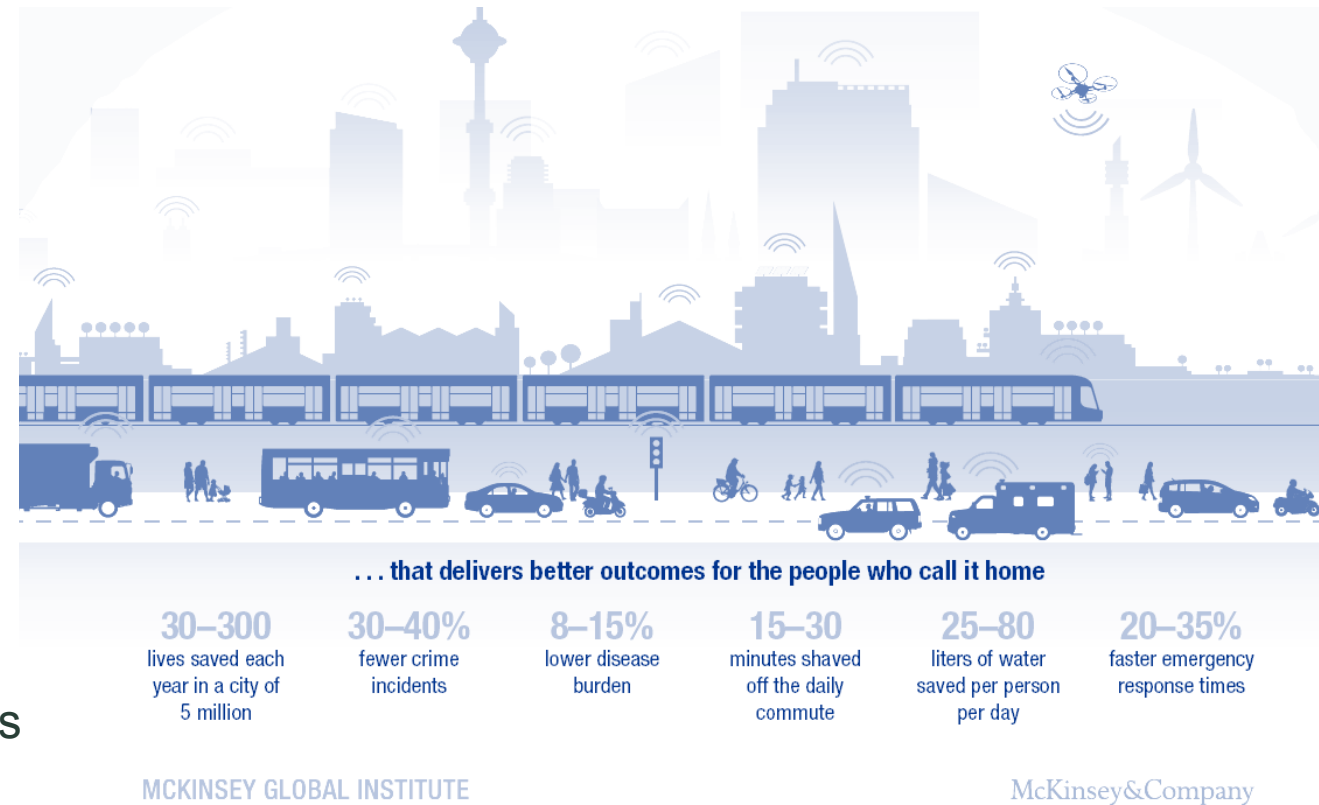




One more thing...

# Smart cities will have huge impact ... also from risk perspective

- Assigning liability if autonomous systems fail
- Addressing the increased cyber-risk, including the potential for hackers to take control of infrastructure
- The potential for decreased frequency, but increased severity of accidents (mega-events)
- An over-dependence on automated tech which may cause more rather than fewer accidents
- The repair costs for damaged systems and smart technology
- An increase in the security and privacy concerns associated with a dramatic increase in data



**Managing and leveraging massive amounts of data, something that few cities (or insurers) are prepared for today**



# All line of business are involved in cities transformations



## P&C Auto

Mobility is perhaps the most pressing area of smart city initiatives. These projects will ultimately lead to less individual auto ownership, an increase in ride sharing, a move toward autonomous vehicles, new public transportation options, and a shift toward more electric vehicles. In short, this segment is likely to massively transform, resulting in fewer vehicles and a dramatic reduction in accidents.



## P&C Home

The migration to cities will mean more renters and condo owners, in addition to more high-value homes. The potential to leverage smart home/building technologies is significant as well. Smart building sensors generate a variety of discount and service opportunities for insurers. The geographic distribution of homes, as well as home values, will be significantly affected over the next generation.



## P&C Commercial

New types of businesses will spring up in cities, and existing businesses are likely to shift from rural to urban areas. Smart building technologies will reduce property risks for business owners. Commercial auto/fleet will benefit from the overall vehicle trends (telematics, autonomous vehicles, etc.).



## Workers' Compensation

Improved urban design and smart city solutions will mean more employees working at facilities in city centres. Commuting will be easier, and more liveable cities will attract more employees to the urban centres. Smart solutions for worker safety will help to reduce accidents.



## Life/Health

Better air and water quality, improved fitness and leisure options, and enhanced public safety solutions should positively affect lifespans and the general health of the population. Insurers have the potential to promote and participate in these activities, partnering with customers to encourage healthier behaviours.



The Problem: Innovation as THE challenge

Top Priorities (Re) Insurers Europe  
(Rank by Money + Staff + Trainings)

Internal Challenges Facing the Industry  
(All respondents)

# Is digitalization a threat for Insurance?

Source: Insurance Nexus Global (2017) Understanding the Global & Regional Trends In Insurance Today

“The market is huge,  
and not just in China,” ...  
“It is a very scalable  
business.  
If we don’t act, we’ll just  
become a utility.”

Jessica Tan, Ping An’s deputy chief executive

Source: Oliver Ralph (07.08.2018) Identity crisis: the insurers moving away from insurance, Financial Times  
<https://www.ft.com/content/2916c128-918d-11e8-b639-7680cedcc421>



# Thank you

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