



NEXT GAME CHANGER IN INSURANCE: THE INTERNET OF THINGS

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“Internet +” or “+ Internet” ...



X + IoT = New Possibilities

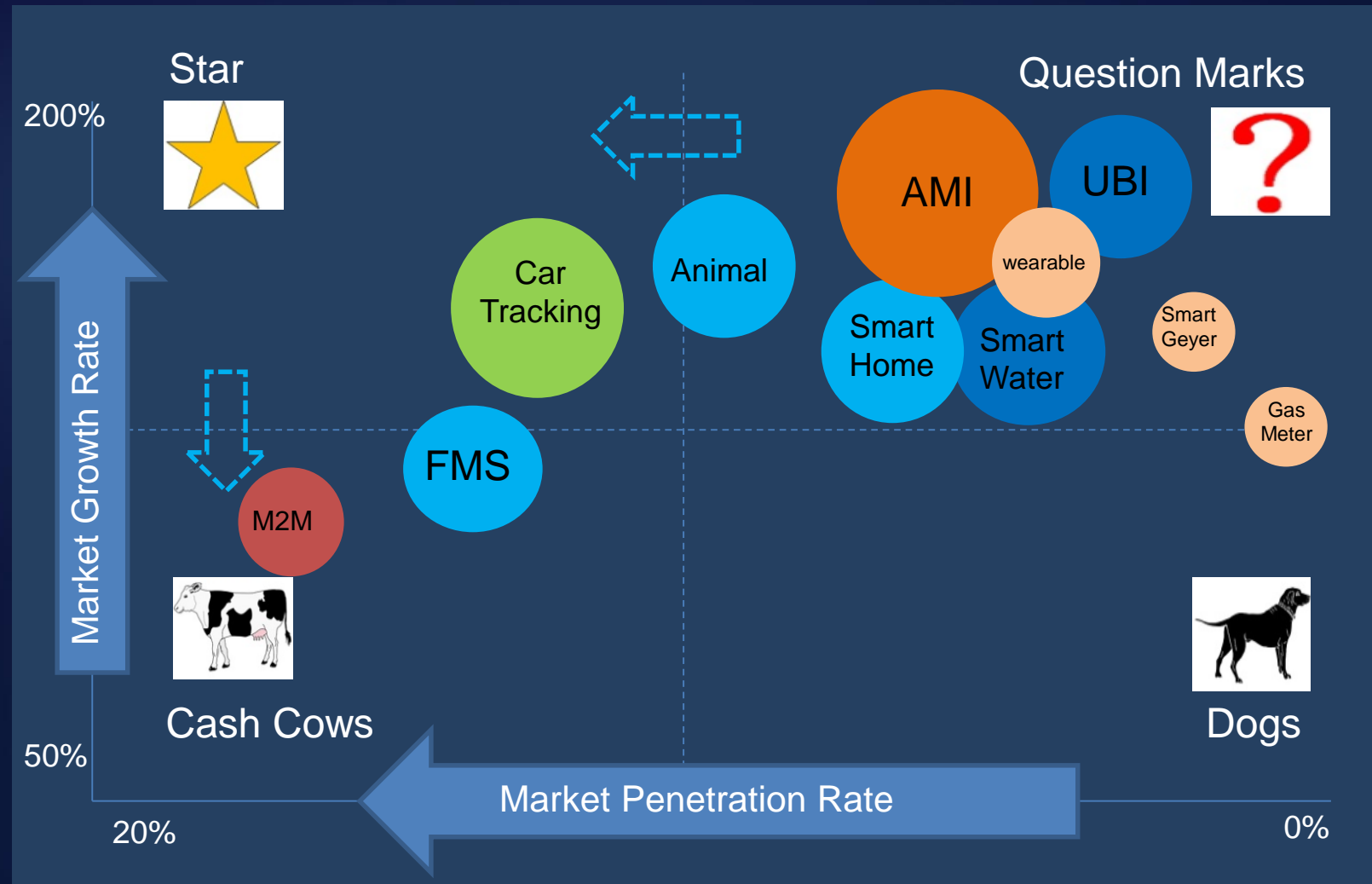


33 Major Cities
1M Bicycles
17M Active Users



Sharing Economy

Africa is Changing with IoT as well



- UBI in South Africa
- Kick off in 2011, 145K users in 2016
- Great claim ratio and cost reduction



- AMI in Nigeria
- More revenue collection and cash flow improvement

What is IoT?

**Intelligence
Society**



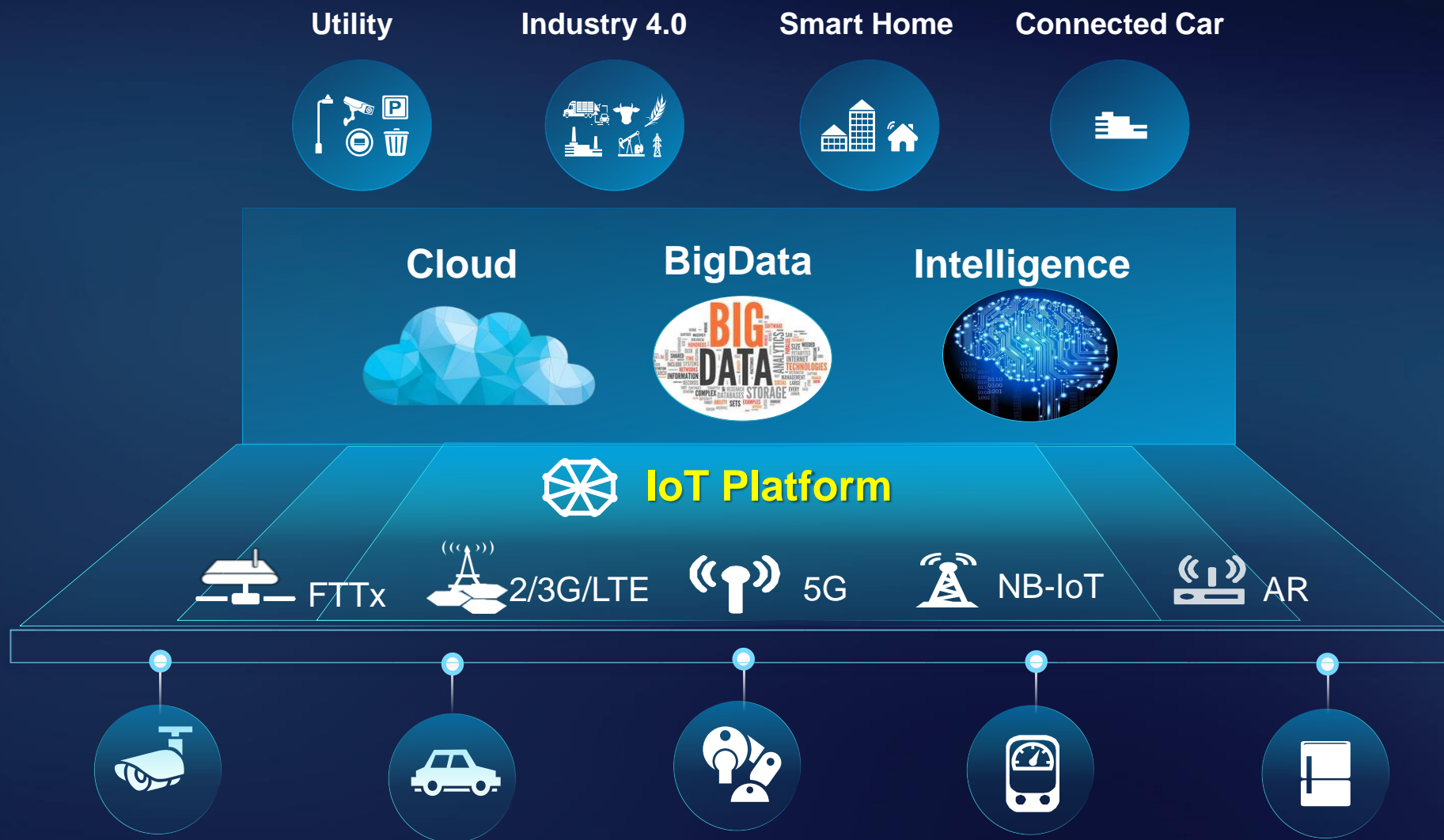
**ALL Things
Intelligence**



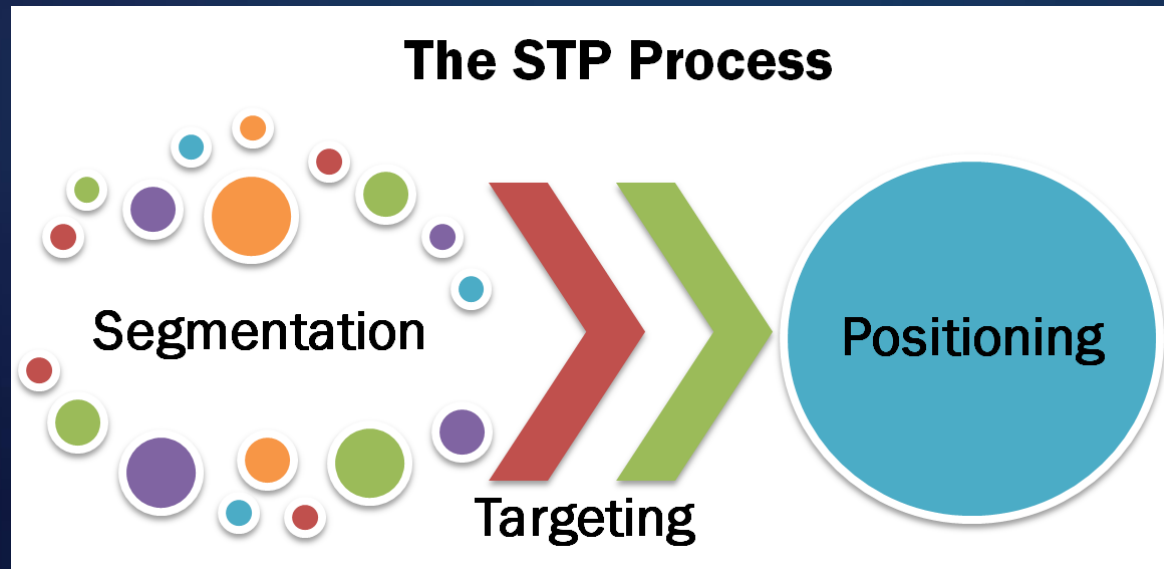
**ALL Things
Connected**



**ALL Things
Sensing**



How can IoT Make a Difference?



data data data data data data ...

The key Question...



Does it matter to Insurance?

How Insurance works today?



How can IoT make a difference? – MKT & Product



How can IoT make a difference? – Pricing & Underwriting



More data dimensions

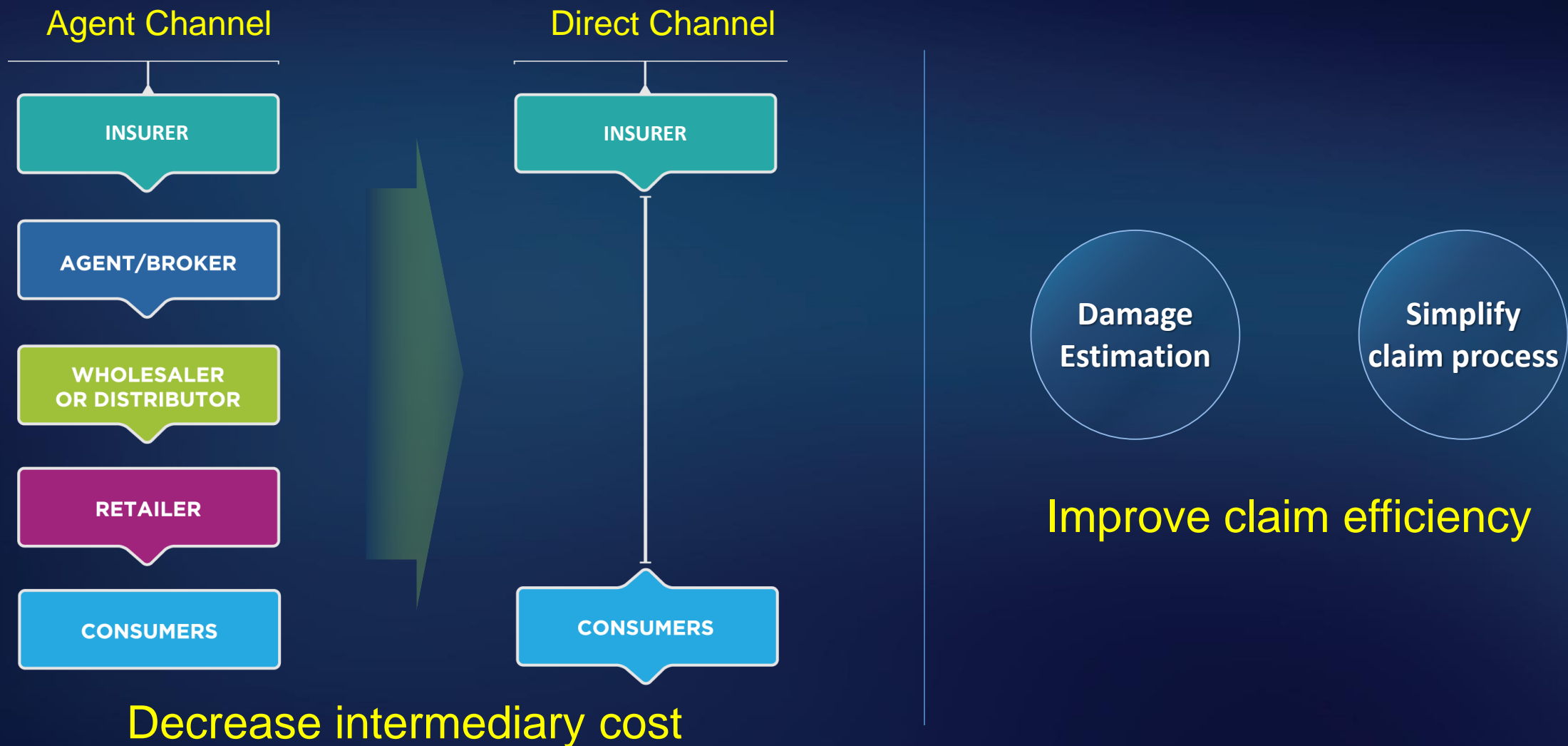


More real-time



Dynamic
Pricing
Strategy

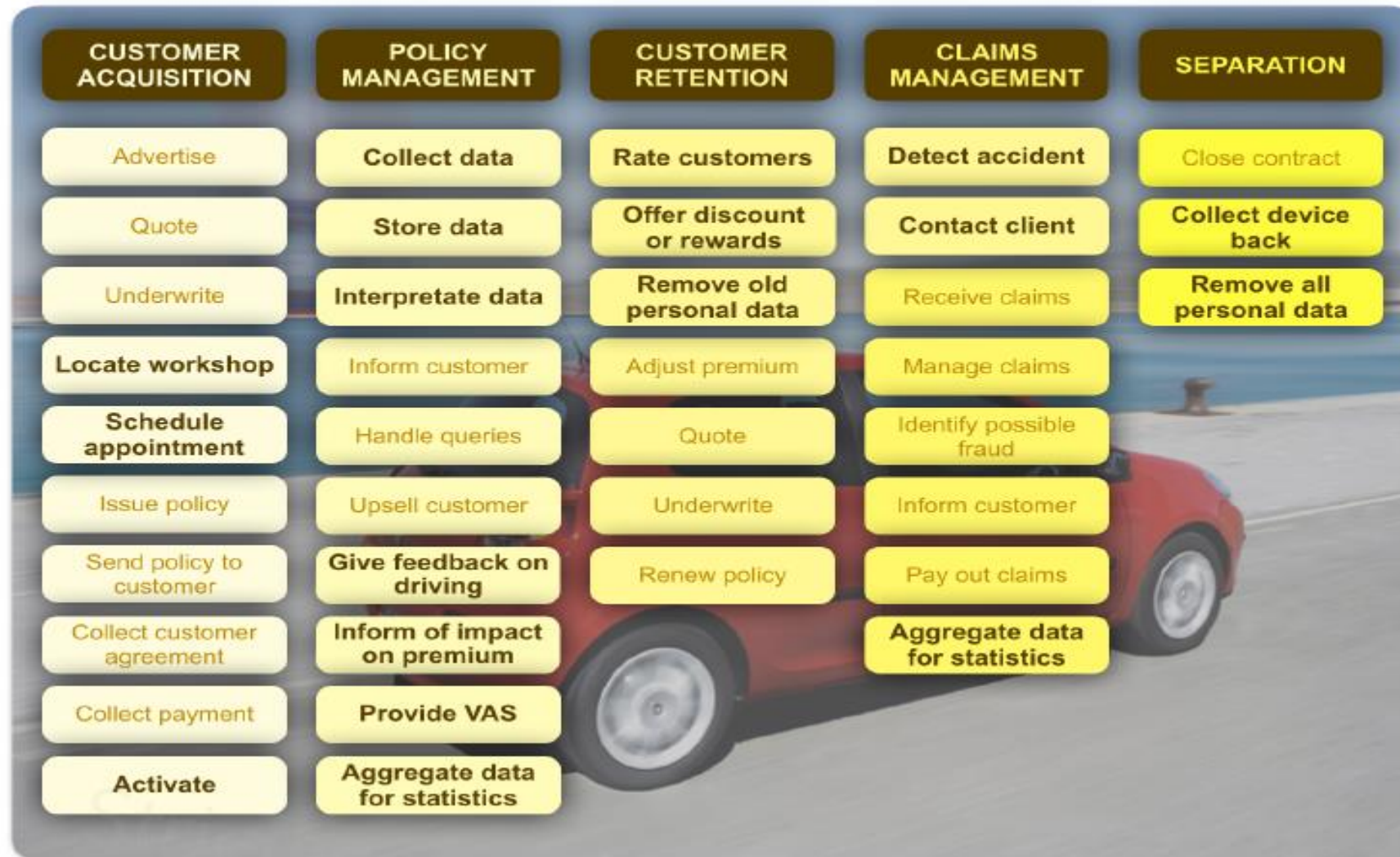
How can IoT make a difference? – Distribution & Claim



How can IoT make a difference? – Customer Experience

Customer touch points of motor insurance redesigned by telematics

New steps are highlighted in bold



Innovators adopted IoT in different sectors of Insurance

Car Insurance



Health Insurance



Home Insurance



Captive Insurance



Afterwards compensation → beforehand prevention

Technology is ready, but...



Every thing is about Business Case!!!

What is UBI?

Personal/ Insurance Profiles

Driver basic Info

Gender, age, driving age,
occupation, address...

Vehicle basic Info

Vehicle type, price, age...

Insurance Info

Accident rate, compensation cost

Illegal driving Info

Traditional risk evaluation data

Driving Data

Driving behavior

Harsh acceleration/braking/
turn, over speeding, fatigue
driving...

Driving data

Mileage, time...

Location data

Dangerous road / area
Real-time location...

+

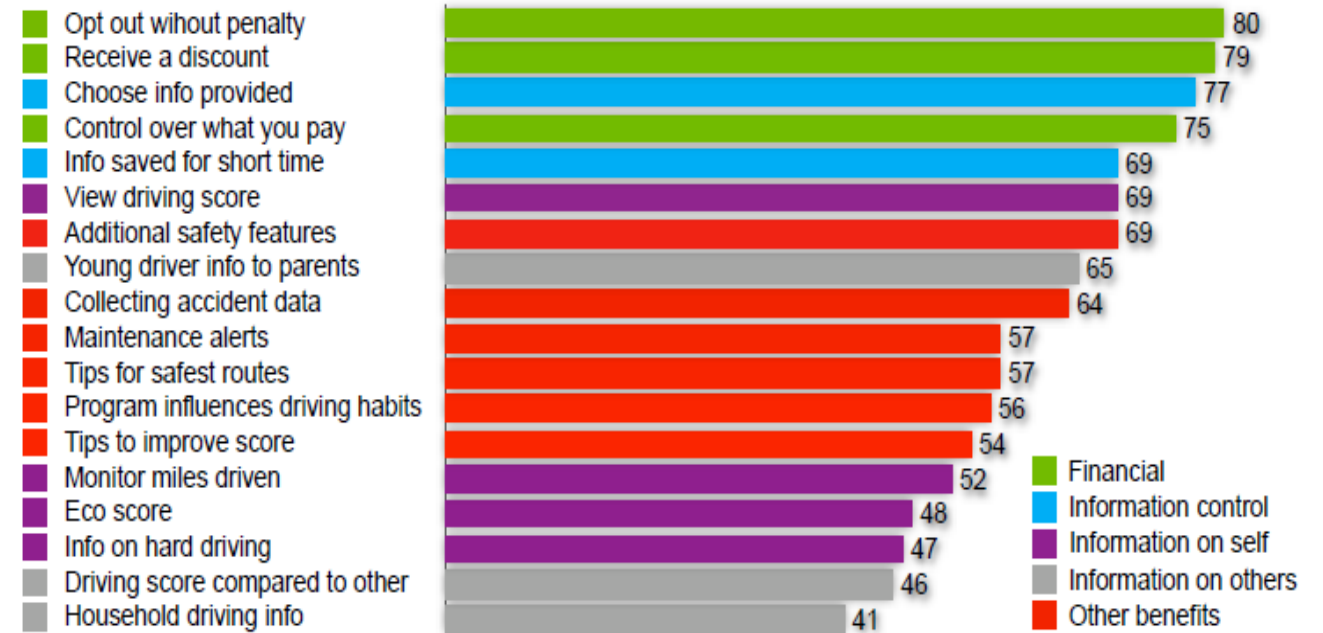
Driving risk evaluation data

- A. PAYD=Pay As Your Drive
(mileage and time)
- B. PHYD=Pay How Your Drive
(drive behaviors)
- C. PWYD=Pay Where & When Your Drive
(drive behaviors, driving road, driving
time, etc.)

UBI Value for End Customers



Fig 3.49: Factors that would increase interest in UBI programmes



Source: Lexis Nexis

Benefits of UBI for Insurers



Avg customer life time increased by 20%



30% less claim cost in young clients



15% reduction in churn.

Avg customer lifetime increased from 6 to 7 years



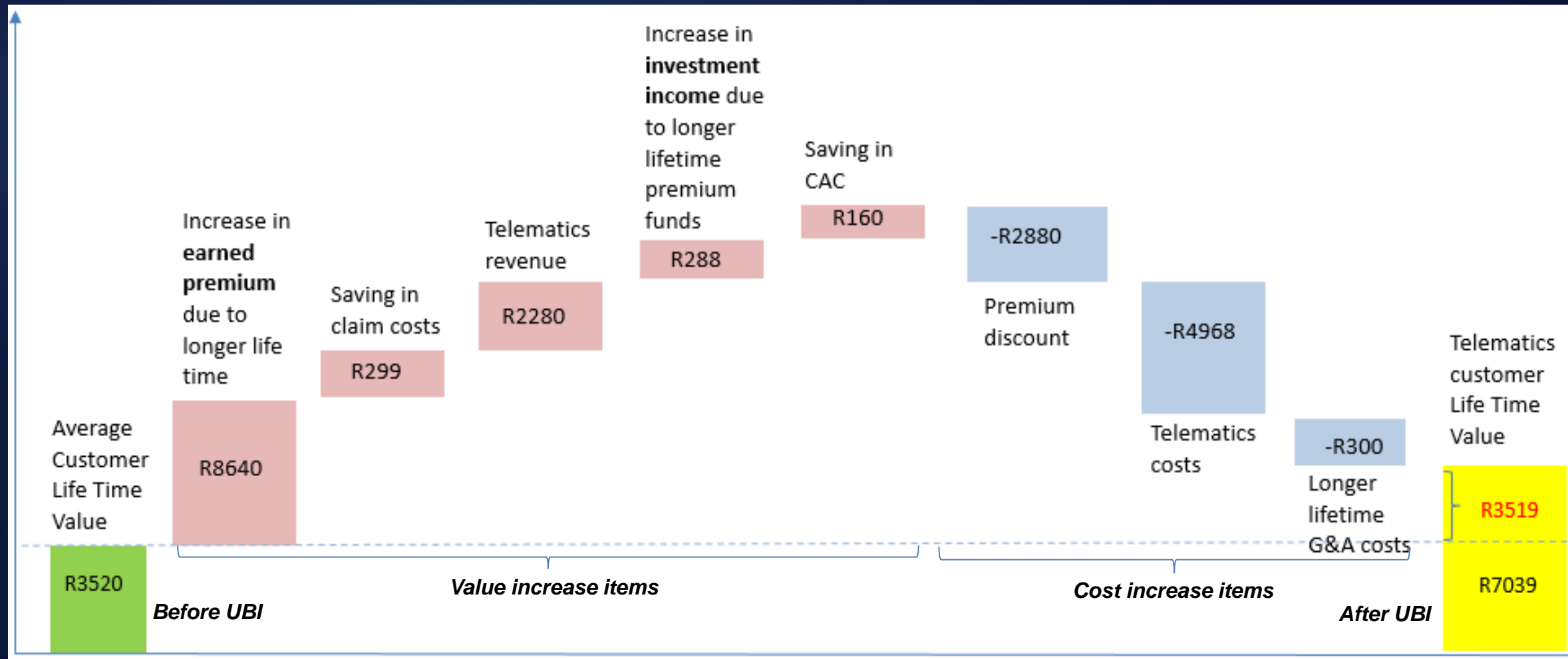
Claim rate reduced to half



Reduced claim frequency by 75%
in young driver segment
(Claim from 1 in 5 in first 6 month to 1 in 20)

UBI Per customer Business Case Study

Customer Life Time Value Change Break-down



Huawei is Driving Verticals to Digitization using IoT



Shanghai Unicom Smart Parking



Yingtian Smart Street Light



Shenzhen Smart Water



Nigeria AMI



ofo Bicycle Sharing



DHL Smart Post Box



Telefonica Smart Home



Haier Intelligent Air Conditioner



Schindler IoEE



Sinopec Jiujiang Smart Factory



MTN UBI



Unitel Internet of Goats

More...

Huawei Connected Car Solution for UBI



OBD for End Consumer – Easy Installation, Full Data

OBD dongle

GPS module

Standard OBD II Compliant

Plug-&-Play Installation



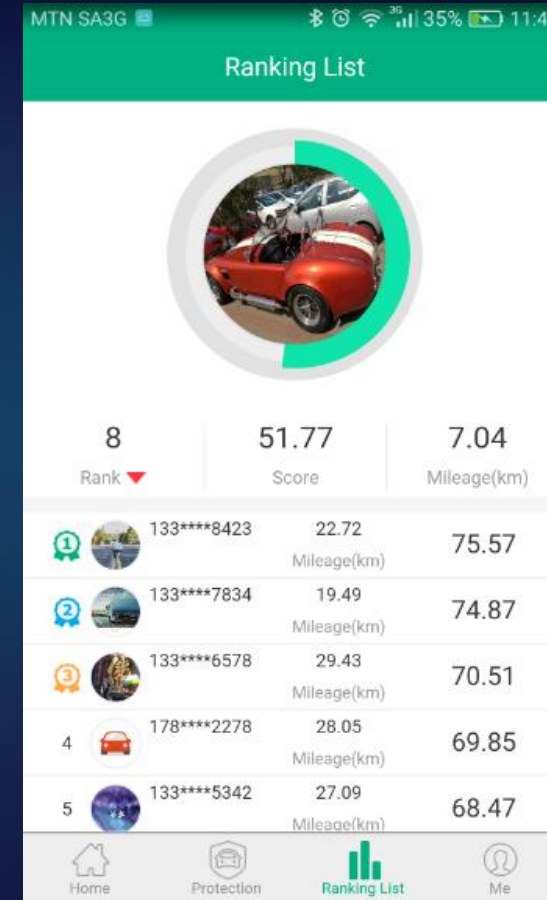
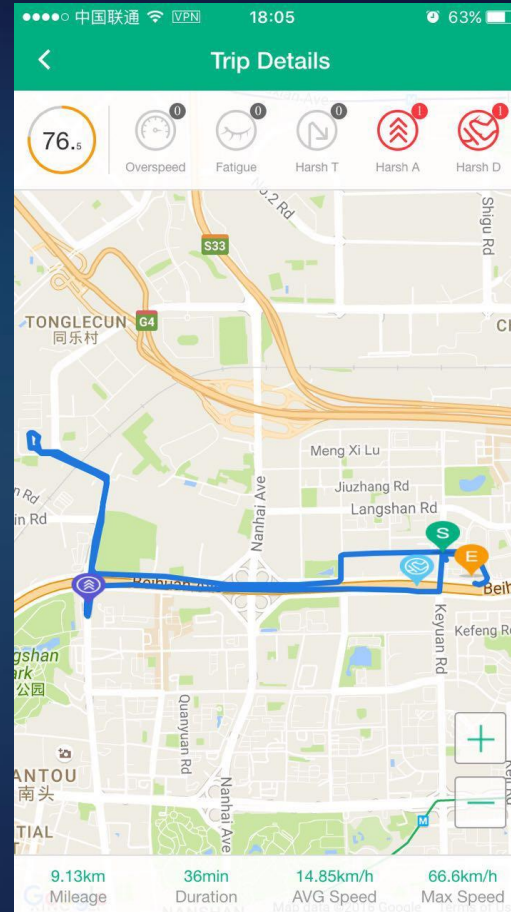
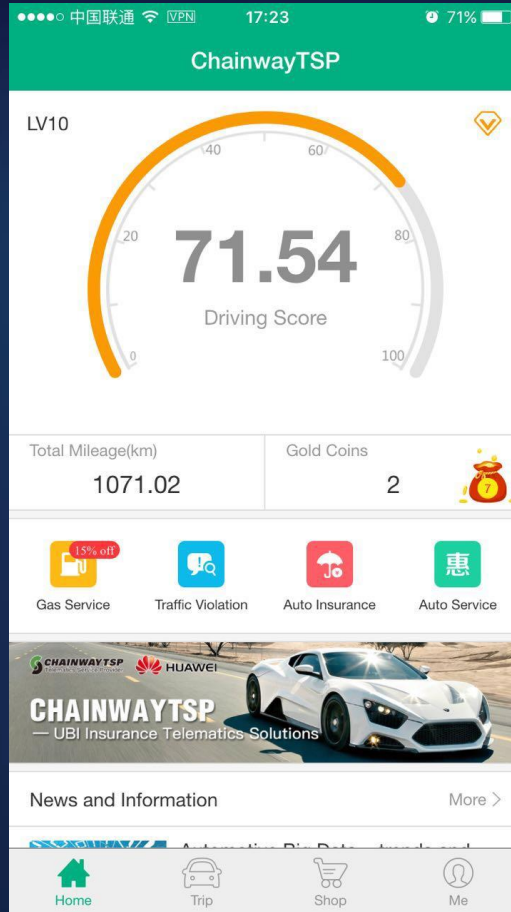
Tri-axis motion sensor

Micro-SIM card

WiFi hotspot support



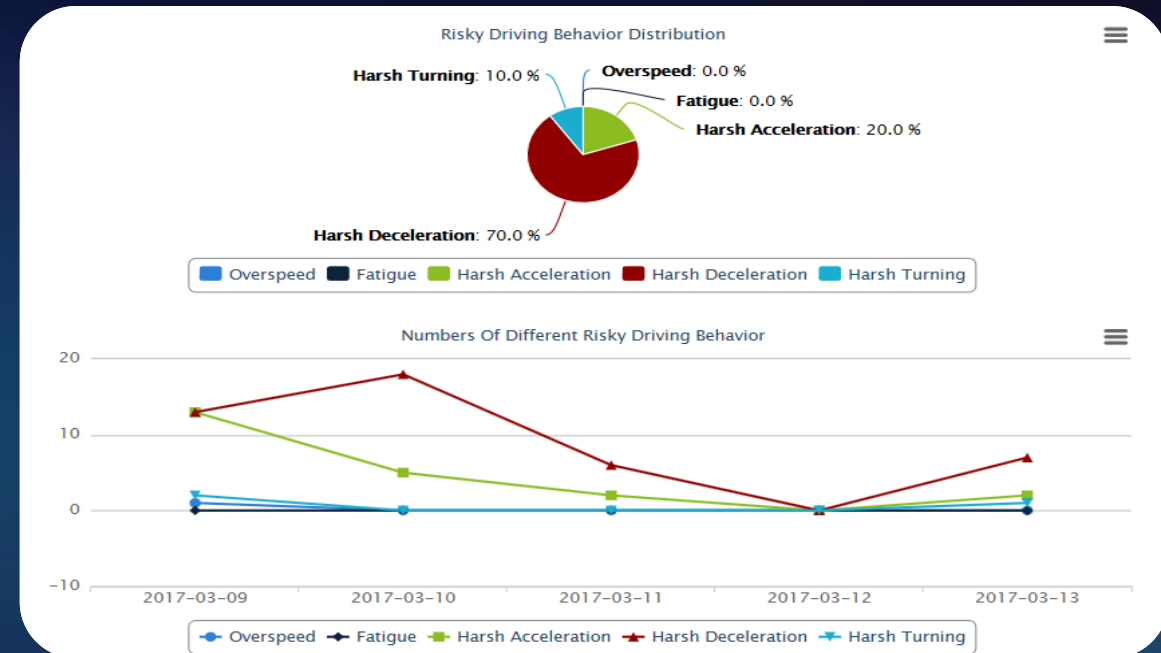
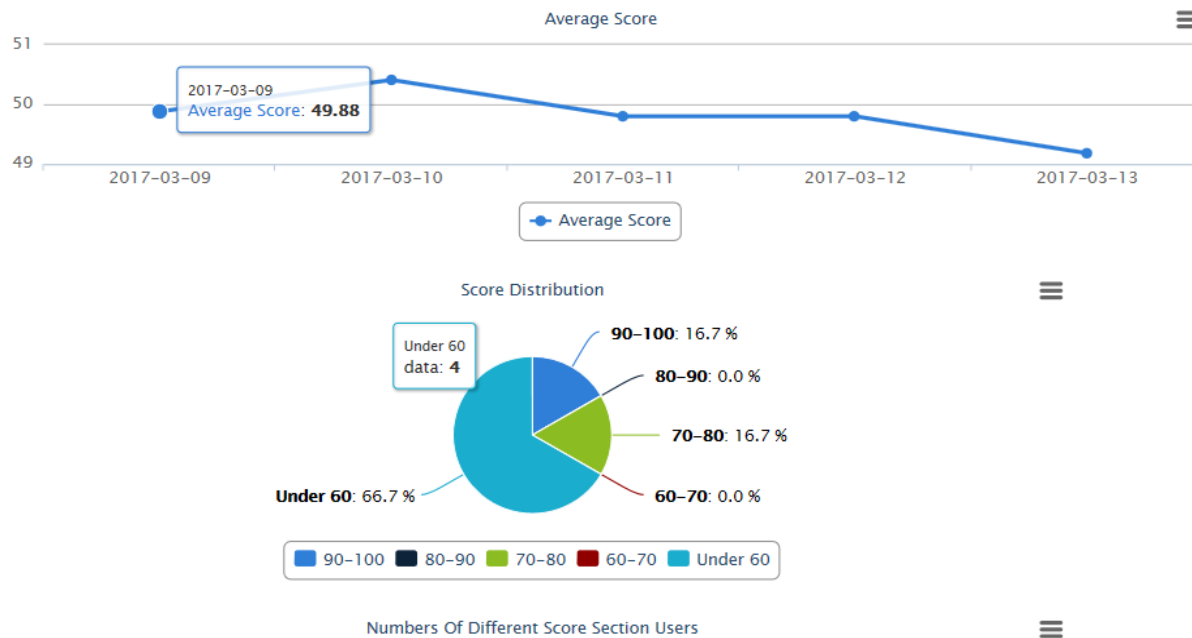
Gamification Designed APP for End Consumer



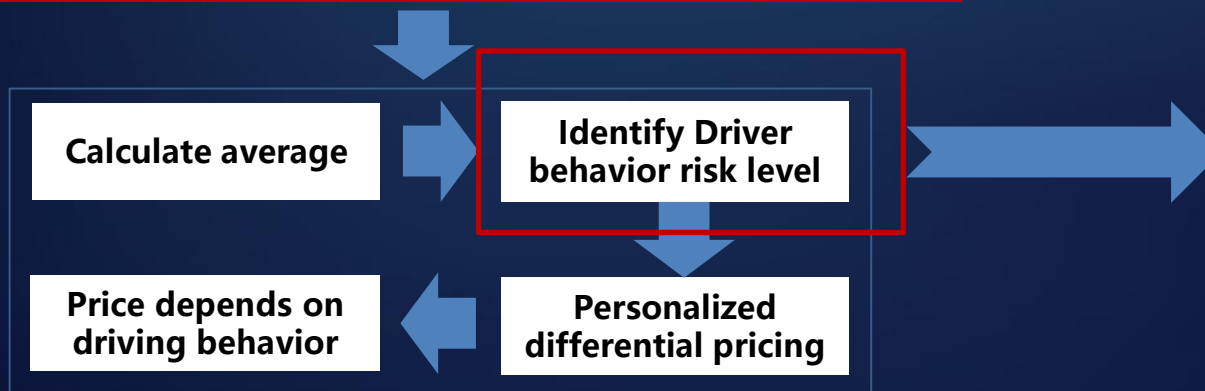
Build Comm. channel between two parties



Portal for Insurer – Valuable Data and Analytics



Process of data mining



Customer Clustering	Remark
Negative value customer	The highest proportion of compensation
Low value customer	Needs to be caution
Medium value customer	Main customers
High value customer	Keep maintaining

Reference: 14.69% Retention Increase for Sunshine China



Sunshine insurance started the UBI pilot in Q1 of 2015, and launched the UBI solution in Q4 of 2016.

Key Results:

- Risk factor based driving score regarding automobile damage insurance differs about **1.5 times**.
- Risk factor based driving score regarding third-party insurance differs about **2 times**.

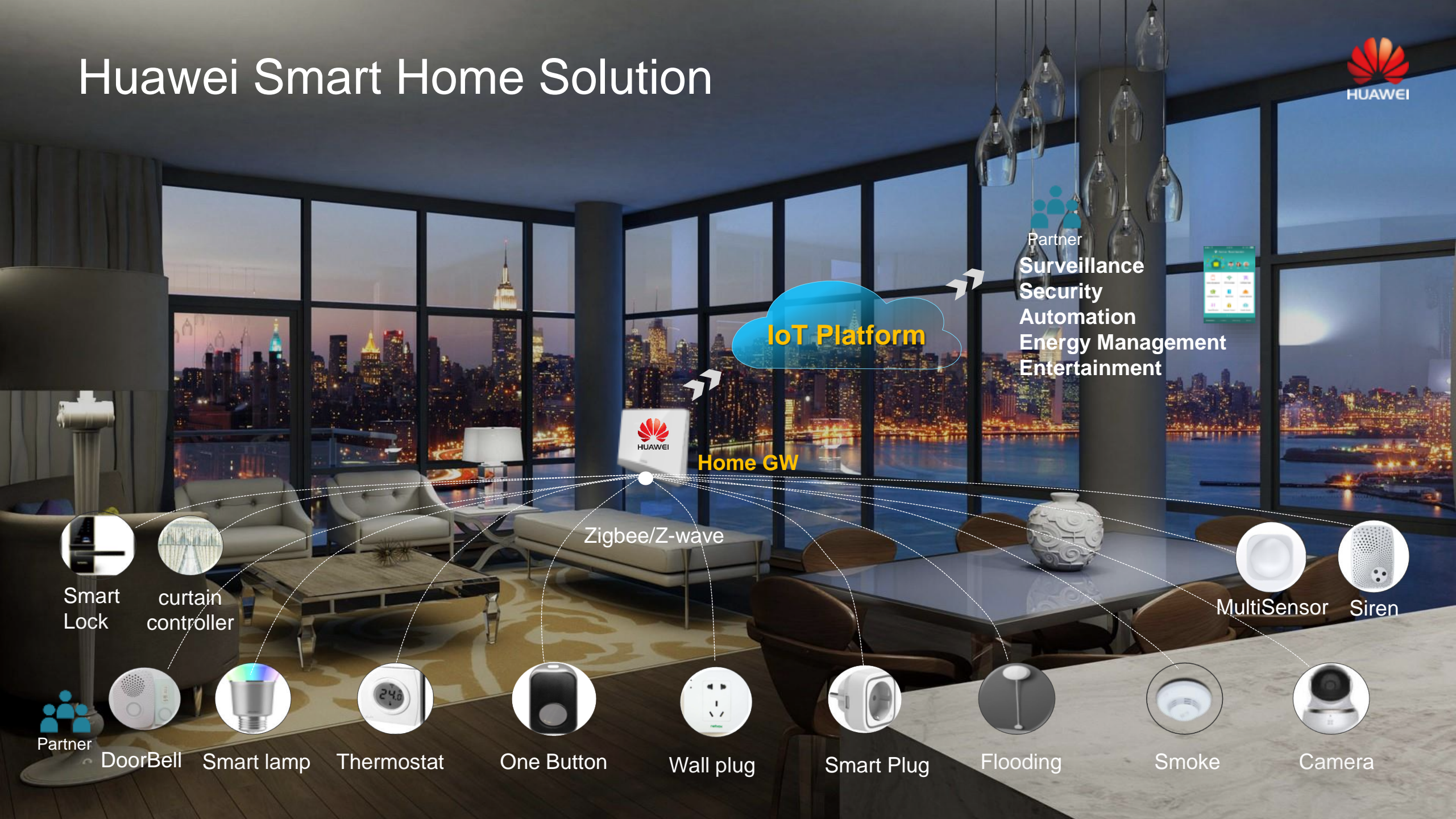
- ✓ Hardware binding rate: 97.35%
- ✓ Average hardware online rate (monthly): 92.29%
- ✓ App active rate (monthly): 86.65%
- ✓ Average loss ratio: 48.24%
- ✓ Average loss ratio of users over 80 scores: 29.78%
- ✓ Renewal rate increase: 14.69%



3 commercial launches in China:



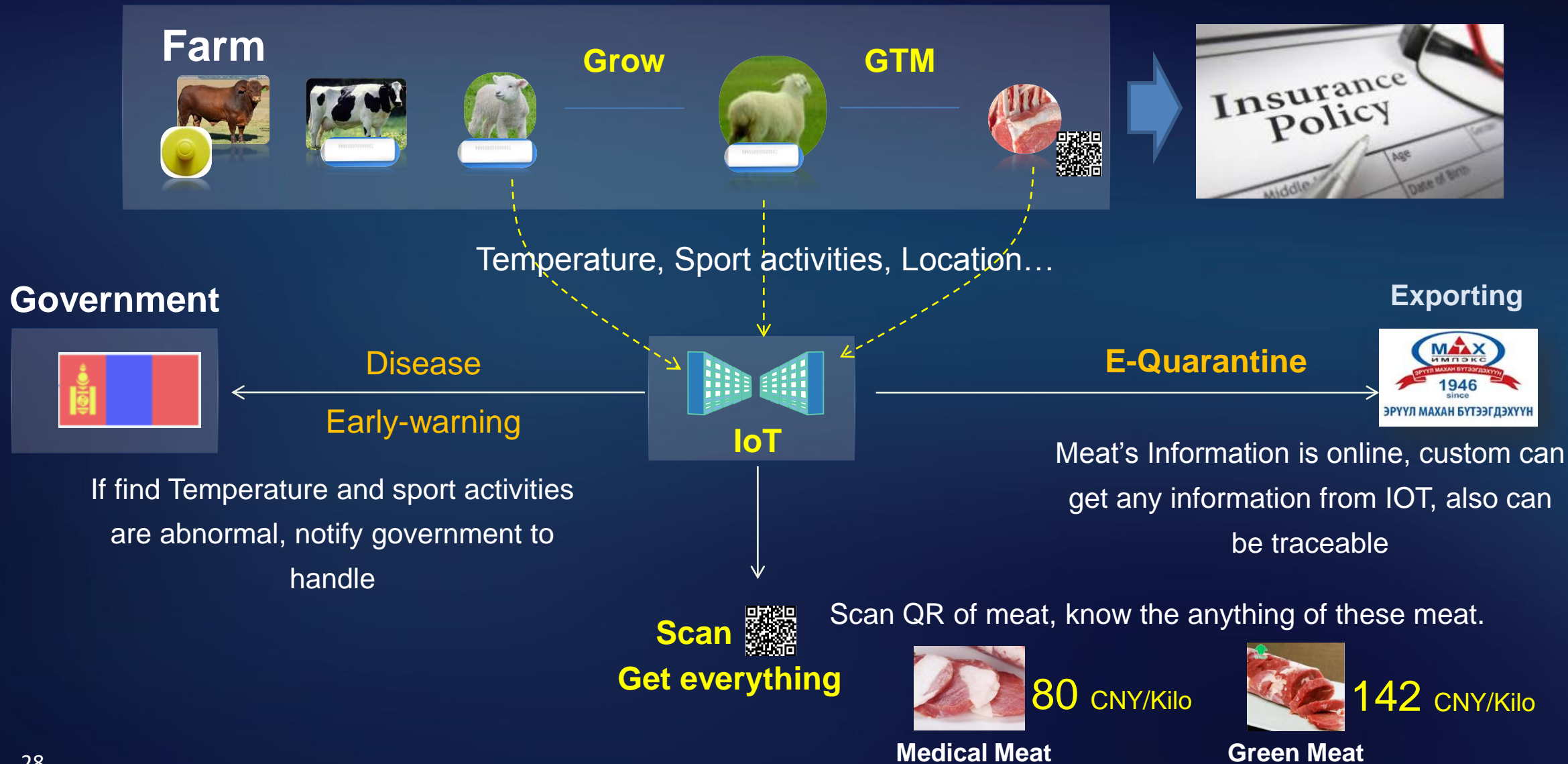
Huawei Smart Home Solution



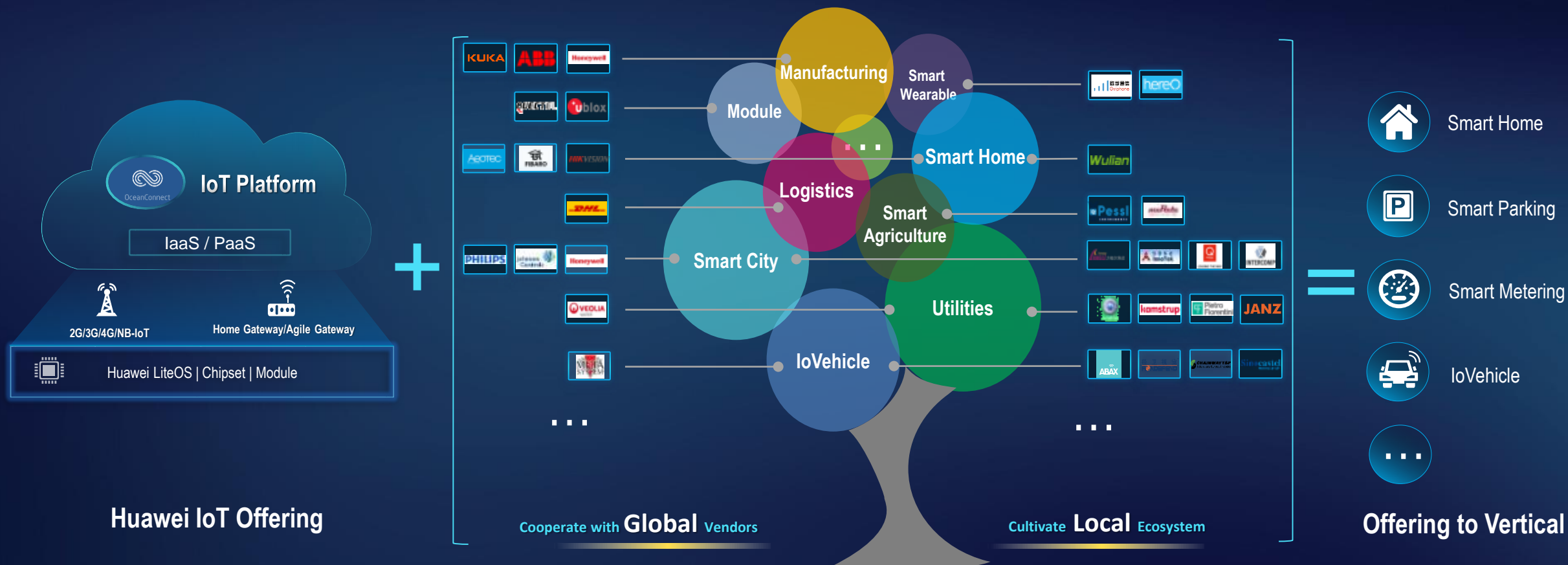
Home Protect: Actively decrease the lost of hazard



Huawei Connected Livestock Management Solution



'GLocal' Ecosystem Empowers 'IoT as a Service'



How to embrace this era?



Thank you

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