

*InsurTech*  
the new Insurance Revolution

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# Agenda

- InsurTech Primer
  - Trends
  - Real World Examples
  - How I ride the wave?
- 



# Story Time/ Ngano



# Story Time



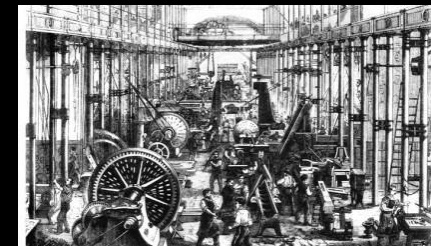
First Industrial Revolution:

✓ Steam and Factories



Second Industrial Revolution:

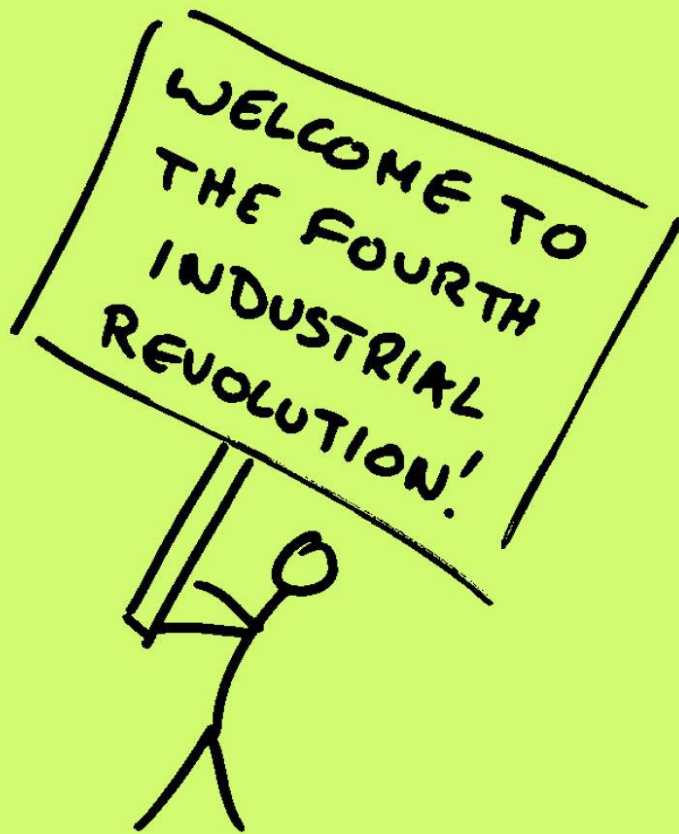
✓ Electricity, Telephones



Third Industrial Revolution:

✓ Computerisation





## WHAT IS THE **FOURTH INDUSTRIAL REVOLUTION**

AND WHY SHOULD  
YOU CARE?

# Story Time



## Fourth Industrial Revolution:

- ✓ Machines
- ✓ Automation
- ✓ Artificial Intelligence

## Motor Vehicle Automation example:

- ✓ No bus drivers
- ✓ No taxi drivers
- ✓ No steering wheel!



# Story Time



"In the first quarter, we registered one accident for every 2.87 million miles driven in which drivers had Autopilot engaged," Tesla wrote in the report. "For those driving without Autopilot, we registered one accident for every 1.76 million miles driven. By comparison, NHTSA's most recent data shows that in the United States there is an automobile crash every 436,000 miles."



# InsurTech Definition



The Insurtech revolution that is happening in the global insurance industry is the exploitation of technology to dominate in today's marketplace. It is a disruptive innovation with immense implications for insurers globally.

How?

- ✓ creates new markets and value networks
- ✓ eventually disrupts existing markets and value networks
- ✓ displacing established market-leading firms and products



# Story Time



## Current status quo:

- Monolithic IT systems
- Obsolete and expensive
- Difficult to change/add offerings
- Large projects to effect changes

# Story Time



What if someone launches a competitive product so radical that it

- Is cheaper...
- Offers a way better set of benefits...
- Is so easy to interact with...

# Story Time



You rush

- Your
- In the

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n masse





# InsurTech

*a primer*



# InsureTech – a primer



2 billion USD will be injected into **the emerging insurance technology industry**, also known as **insurtech** – Medium.com

CS



# InsurTech Trends





## Trend #1: Personalised Insurance

One-size fits all is over!

Tailored for you:

- Usage based
- On-demand
- All-in-one products

Digital models imply intermediary obsolescence

Data driven insight reimagines insurer-insured relationship

## Trend #2: ML and AI

### Chat Bots:

- ❖ Natural Language not case prompts
- ❖ Policy Servicing
- ❖ Claims processing (FNOL)

### Claims Processing using AI

- ❖ Image recognition for adjudication
- ❖ Fraud processing
- ❖ STP

# InsureTech Trends



## Trend #2: ML and AI

Claiming example use case:

- ❖ Submit claim via portal/app
- ❖ Interact with chat bot
- ❖ Upload video/still images
- ❖ Adjudicate via AI
- ❖ Approval within hours/minutes

## Trend #3: IoT and Wearables

### Internet of Things (IoT):

- ❖ Premiums are highly personalised
- ❖ Real-time accurate data on risk exposure
- ❖ Pre-population of claim/policy information

## Trend #4: Telematics

How to calculate an Auto premium:

- ❖ Distance driven
- ❖ Time of day driving
- ❖ Where the vehicle is driven
- ❖ Rapid acceleration
- ❖ Hard breaking
- ❖ Hard cornering
- ❖ Airbag deployment

## Trend #5: No/Low Code Products

Old Use Case for new product:

- ❖ R&D business case
- ❖ IT dev budget - how much
- ❖ IT dev capacity - when
- ❖ IT system capability - feasible?
- ❖ Timeframe? - 18-24 months

Total MVP budget between USD 100,000 and USD 1,000,000



# InsureTech Trends



## Trend #5: No/Low Code Products

New Use Case for new product:

- ❖ IT dev budget - not applicable
- ❖ IT dev capacity - not applicable
- ❖ IT system capability - obviously
- ❖ Timeframe? - for IT? <1 month

Total MVP budget USD 10,000 – 20,000

## Trend #5: No/Low Code Products

For a new product only obvious costs are:

- ❖ Actuarial
- ❖ Marketing
- ❖ Distribution

Result:

- ✓ Board discussion very different
- ✓ Innovation becomes feasible



# Real-World Examples



fin24

# Naked Insurance

Home

Mini Budget 2019

Companies

Economy

All data is delayed

ZAR/EUR

▼ 16.31 (-0.26%)

ZAR/GBP

▼ 18.92 (-0.32%)

ZAR/JPY

▼ 0.14 (-0.70%)

## Flat fees give Naked the edge

Oct 17 2018 14:51 Glenneis Kriel

finweek

Growing awareness of the way in which digital

# Naked Insurance wins MTN App of the Year

By **SIMNIKIWE MZEKANDABA** and **LEBONE MANO**

Johannesburg, 25 Oct 2019

entrenched in years of doing things in a specific way, Thomson says.

Naked is on the fringe of the tech revolution, with the company using automation, artificial intelligence and chat bots to cut costs and improve industry efficiency.

2CANA  
— solutions

Insurance

Naked

# Examples – Naked



Naked in a snapshot:

- ❖ Automation, AI and Chat Bots cut costs
- ❖ Anti-fraud AI allows Customer registration to Policy inception in minutes
- ❖ Claims via app and chat bot with video footage
- ❖ Claim approval within an hour or two
- ❖ CoverPause to suspend cover when not using car
- ❖ Flat admin fee of 20% and surpluses to charity

## Lemonade Differentiates where it matters most and is gaining traction in the US



● Lemonade    ● US P&C market average

Avoids hassles

Reduces anxiety

Simplifies

Reduces cost

Saves time

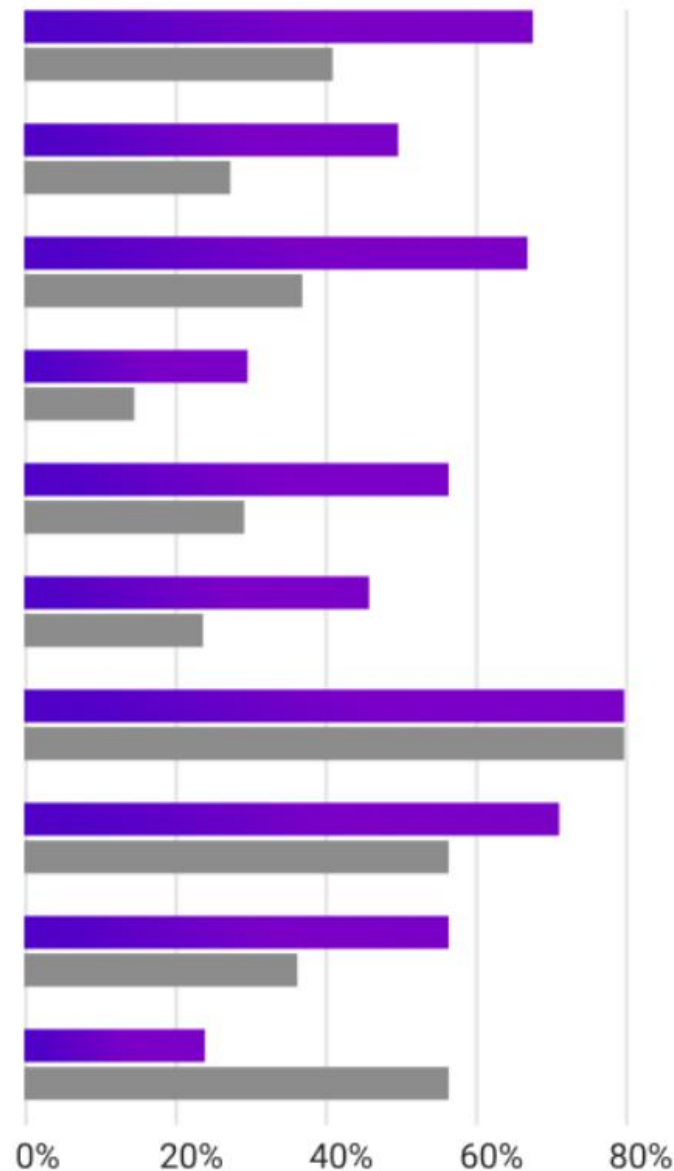
Quality

Provides access

Reduces effort

Organizes

Rewards me



ce for you.

90 S  
To ge

Minutes  
to get paid



# Examples - Lemonade



## Lemonade Insurance:

- ❖ Based on behavioural economics
  - ❖ Speak to a camera to file a claim
- ❖ AI and chat bots using a direct model
- ❖ Anti-fraud 18 fraud algorithms
- ❖ World record payout time
  - from review to pay a claim in 3 seconds

# Examples - Tractable



TRACTABLE

## AI for accident & disaster recovery

Our AI looks at damage and predicts repair costs. So claims can be settled faster and livelihoods restored.

# Examples – Zhong An



## Fast Facts:

- China's first internet licensed insurer
  - 630 million policies year 1
  - 150 million clients year 1
  - 30 new product lines per month
- 
- Online – lower overheads
  - Big data and analytics to ensure pricing accuracy



# Examples - Others



## US Insurance Tech Market Map

### Health



### Home, condo & renters



### Auto



### Small commercial



### Cyber



### Title



### Pet



### Drone



### Personal item



### Life & annuity



### Crop



### B2B

#### P&C



#### Life



#### Health





How do I ride the  
wave?



# Surf the Wave



Some basic fundamentals for your business going forward...

You MUST be able to:

- ☐ integrate with whomever
- ☐ be true omni-platform
- ☐ embrace a no/low code approach





# Surf the Wave



## Key take-aways:

- ❖ IT is key
- ❖ Constrained delivery is unacceptable
- ❖ Innovation is possible
- ❖ Why-not doesn't exist
- ❖ Think big and think laterally





Questions?