

Admiral's Stevens reveals disruption predictions

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Admiral Boss questions value of disruptive concepts

Admiral chief executive David Stevens has poured cold water on a number of disruptive concepts, saying he struggles to see what value they offer the customer.

Speaking at the Guidewire Connections conference 2016 in San Francisco, Stevens, on one of the opening speeches of the day in front of 1,500 people, revealed:

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- **Peer-to-peer:** Stevens pointed to the example of New York start-up Lemonade, saying he "loved their PR" but he failed to recognise it as peer-to-peer. He said on peer-to-peer more generally, that it was "not the next big thing" and added: "I think it will survive a few more years".
- **Just in time insurance:** Stevens criticized this concept heavily, the idea that individuals will quickly and easily insure items on the go, such as household objects like sports equipment, and computers via their mobiles or tablets. Stevens said: "In my 25 years of insurance, I have come across very few people who want to interact more with insurance companies."
- **Insurtech:** Stevens said that he failed to see anything gamechanging going on: "When I look at the insurtech players, I do not see any material number of business models which are fundamentally transformational." Instead, he said incumbents will take on the good ideas, work in partnership with insurtechs, and make acquisitions.
- **Blockchain:** The Admiral boss said he was "baffled" by the idea that it could have a big impact on personal lines and struggled to see where it could offer value in his sector of home and motor insurance.
- **Price comparison sites:** He said although it had not taken off in the US, it was growing quickly in Italy where aggregators were snapping up 10% share of new business and growing at a rate of 20% a year in volumes. He said eventually in all countries, including the US, it "will become a very important distribution across all markets."
- **Telematics:** Stevens said this was huge because of the data that Admiral was harvesting to understand their pricing and claims experience better. He said: "Never have I come across anything as fundamentally transformative as this."
- **Driverless cars:** Stevens said it was obviously huge, but the impact was yet to take effect. He did offer comfort to the industry. He predicted that although frequency will drop, severity will increase. He said the current percentage of the cost of injury arising from car accidents covered by insurer was between 10% and 20% in the US and between 40% and 60% in the UK. There was plenty of scope for insurers to play a role there, even in a world of driverless cars. He also said driverless cars will open up the way for new products, which insurers should be at the forefront of creating.



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