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Smart cookie

✓ **Following her recent TEDx Talk on technology's contribution to insurance, Laura Drabik spoke to CIR about the most exciting and dynamic developments in the global insurtech space**

Laura Drabik is Guidewire's eyes and ears in the insurtech space, identifying the technology developments and insurtech businesses that are set to disrupt the insurance industry. Recently she has become particularly interested in how insurtech could revolutionise – and humanise – disaster management.

The insurance market has long been saddled with a reputation for lagging behind when it comes to technology. Is this finally changing?

Yes, with insurtech as a major driver. In 2018, US\$4.15 billion was invested globally into insurtech startups. Insurtech is breaking new ground in an old industry by providing carriers with innovative, affordable solutions for improving customer experience and also efficiencies. Rather than build this innovation and technology in-house where carriers might not have the right talent or knowledge to do so, they can extend their service offering and insight with insurtech solutions.

At Guidewire we understand how incredibly important this driving force is and also, how important it is to a carrier to be able to quickly turn on insurtech solutions that are integrated to an existing insurance platform. This allows them to connect the insurtech functionality with the greater depth and breadth of the insurance lifecycle functionality offered by the platform. We have created a marketplace where carriers can pick and choose from vetted insurtech solutions.

The second driver is millennials.

This is the largest generation witnessed by most countries. Millennials are not just personal lines and commercial lines consumers; they are also employees of carriers. They are comparing a carrier's service and digital experience with that of Amazon and Netflix, rather than other carriers. The bar has been raised and carriers need to meet that bar to bring in the new generation of business plus employee.

Third, climate change. Carriers need to better understand a risk to price it profitably or even determine whether or not to insure it. Geospatial analytics, drones and wearables can all provide the carrier with a big picture view of the risk so they can price appropriately.

Where is the most exciting work taking place in the insurtech arena?

From both commercial and personal lines perspectives: wearables. Wearables are the most ubiquitous form of IoT. The number of IoT devices increased 31 per cent year-on-year to 8.4 billion in 2017 and it is estimated that there will be 30 billion devices by 2020. The global market value of IoT is projected to reach US\$7.1 trillion by 2020.

Wearables have the benefit of being a non-invasive underwriting evidence source – gathering metrics to assess risk in less time than a full medical exam. In the workplace, they are a tool to improve workforce skills and behaviours. Kinetic technology, which was developed by a team of biomechanical engineers, vibrates to alert employees when they are lifting heavy objects incorrectly. Kinetic's

analytical dashboard also enables managers to assess the risk profiles of their workforce. The startup claims its wearable technology reduces unsafe postures and injuries in the workplace by up to 84 per cent.

Also, Tesla is developing an autonomous semi. There will be dedicated lanes for these autonomous vehicles with a human driver only at the front of the chain of semis. The remainder use automated driver support systems to maintain a specific distance behind the leader, accelerating and braking as dictated – or 'platooning'.

How might insurtech be leveraged for more effective disaster management?

Drones are one insurtech solution deployed in catastrophe response, as a way to safely assess large-scale damage and begin the claims-inspection process in areas otherwise inaccessible. While this service model is gaining some traction in the industry, it is prohibitively expensive for insurers to keep drone pilots on payroll and is not a sustainable solution. One service, WeGoLook, an on-demand global workforce of over 45,000 'lookers' who specialise in capturing data and performing custom tasks in the field, allows for access to drone pilots during emergency situations without having to break the bank when they aren't needed. WeGoLook provides insurers with the ability to create an elastic workforce, using best-in-class professionals on demand. There has been some insurer resistance to using third party resources as carriers feel



Group VP of innovation at Guidewire, Laura Drabik

they might lose control over the service level delivered. Also, in a time of catastrophe with peak demands on all resources including independent providers, how will each carrier ensure they get sufficient coverage?

Chatbots, which work through apps such as Facebook Messenger and are quicker to access than call centres, are another type of technology used after natural disasters. Guided chatbot FNOL (first notice of loss) or FAQ processes can help policyholders submit claims in minutes or get answers to burning questions, such as how to seal their windows to prevent storm damage or what to do with smoke-damaged property. While they don't replace human interaction for policyholders who want to talk to a claims adjuster 'live' on the phone, they are a user-friendly, familiar tool that can provide some answers – and reassurance – right away, and provide yet another way for victims to connect with their insurer during times of need. Chatbots also provide service choice for consumers. Many insurers consider adding them as an option to the catastrophe intake

process, allowing consumers to choose between waiting on the line for a long time to talk to a call centre representative or going to their website and using a guided chatbot.

While insurance companies have leveraged technology after natural disasters for decades, they haven't had the right technology to achieve significant lift. Betterview provides high-resolution data and images on risks (via satellite and manned aerial surveying) to provide better underwriting and claim handling. This imagery and analytics was recently used to pinpoint severely impacted properties. In some cases, insurers can desktop adjudicate claims with these high-resolution images. They can also proactively investigate risks before taking them on the book – for example, proximity to brush can be scoped out in advance using satellite or manned aerial imagery.

Consider also Livegenic technology, which captures pictures, videos and measurements of the loss, taken by either the policyholder or field adjuster, and makes these instantly available to a claims team

to kick-start processing. Because connectivity can be an issue during a catastrophe, the user can switch to offline mode and sync later once connected. And, to ensure the right people and claims are paid, predictive fraud analytics can be run while FNOL data is collected, or any time during the claims process as new information is gathered. Examples of insurtechs in this space include FRISS and Shift Technology.

With all this additional data, how can stakeholders address the issue of privacy and ethics?

Auto telematics providers for fleets have their devices only produce short video streams of the triggering safety event. This can then be provided to supervisors to act on. In health, carriers are starting to create insurance products that leverage wearable personal data. Customers can see this as a benefit as it helps to coach them on healthier living. That being said, it's about choice. A consumer doesn't have to purchase this product. They can opt for an old style one without the added wearable benefit.

What have been the most surprising insurtech failures?

Chatbots losing momentum. They are still a top theme, but declining in momentum. Conversational AIs need to evolve to help carriers achieve anytime, anywhere service. It's good for the consumer and its good for the carrier. Bots empower the carrier to transition employees from manual redundant activities to ones that require intelligence, empathy and skill. I think carriers weren't using them in the right way which is for low complexity, hi volume transactions eg. FAQs. Also, AI isn't where it needs to be to make this a solid service approach.

▶ Interview by Deborah Ritchie