INSURTECH AND THE INSURANCE INDUSTRY: A POWERFUL DRIVER OF INNOVATION

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WHAT IS INSURTECH?

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InsurTech is a blend of the words "insurance" and "technology," which refers to the utilisation of innovation developments intended to make the current insurance model increasingly productive by bringing savings and efficiencies.

HOW INSURTECH IS RESHAPING INSURANCE

In the period of innovation, technological progression has become a vital need for each business to meet the developing consumer desires and the pace of advanced change.

New business models have emerged through the implementation of the latest technologies to deliver new customer experience, increase efficiencies through the augmentation or replacement of functions in the insurance value chain. Examples of such business models are as follows;

- Insurance sales aggregation – Customers may now compare and purchase insurance products through public websites such as Hippo.com with multiple brands providing transparency of pricing and low cost of sales and service.
- Usage based insurance – Insurance companies may now quote clients based on their specific risk profile. For example, data from health monitors and telematics for mobile vehicles is used to inform the monthly premium charged to customers.
- Robust loss prevention frameworks – Customers are incentivised to reduce their exposure to risk events, and this is accompanied with low insurance premiums.
- Data Monetisation – Other insurance companies are exploring the harnessing of their customer data in line with the industry regulations to boost profits by creating new businesses.

Through these new business models, most insurers have increased their customer touch points, improved their product offering, increased their underwriting turnaround times and streamlined their operations to better serve the customers.

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RISING TECHNOLOGY TRENDS FOLLOWED BY INSURTECH

The use of the following innovative technologies has driven significant changes and their application in the insurance industry.

ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML)

Artificial intelligence involves the use of computer algorithms to classify, analyse and draw predictions from data. These tasks were previously performed by humans, through manual calculations which at times would not cover the full population of data.

Machine learning is the application of artificial intelligence, providing the systems the capacity to learn and improve from experience without being explicitly programmed.

Artificial intelligence and machine learning are changing the customary insurance working models and moving competitive dynamics through the following;

- The use of AI chatbots which provide customised consumer experience.
- Minimising the pricing inconsistencies
- Development of new and customised product offers
- Claims forecasting
- Improve fraud detection processes by identifying outliers
- Distinguishing lapsed policies
- Reduced misrepresentation in claims information

AUGMENTED REALITY / VIRTUAL REALITY

Augmented reality and virtual reality technologies are used to overlay digital images onto our view of the real world.

This technology is applied to the following areas:

- Accident recreation to estimate total damage costs.
- Remote claims handling process for faster claims settlement.
- Virtual driving tests.
- Capitalising on the entertainment aspect of AR/VR technology for advertisement campaigns.

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ANALYTICAL INSIGHTS OF BIG DATA

Big data refers to the faster/high velocity processing of large volumes of data which is generated from various sources. In the insurance sector, this data includes, all policy data captured on existing systems, telematics data from vehicles, sensors connected in houses and health monitors.

This pool of enormous data provides a rich source of data for predictive analytics for the following;

- To obtain better customer insights,
- Generate in depth risk analytics
- Claims forecasting
- Fraud detection mechanisms.

Analytical insights of big data assists insurance organisations to settle on information-driven choices to drive profitability to their business.

ROBOTIC PROCESS AUTOMATION – RPA

RPA computerises and disentangles the data management processes and mechanises the ordinary routine tasks of the Insurance Industry. This technology has been implemented in organisations to facilitate the following;

- Faster data entry in the underwriting process
- Automatically update the status of active polies (suspending premiums that are behind payment
- Identify policy premium discrepancies
- Streamline the claims processes by automating the information assortment process.
- Automating reconciliations
- Conducting legal and compliance checks

CHALLENGES ENCOUNTERED BY INSURTECH

Occupant insurers who are as of now centred around finding their rivals around client centricity and other current patterns are passing up on the chance to get proactive. They have to make clear and predictable thinking that shows their readiness to take advantage of the InsurTech innovations and act accordingly. If InsurTech succeeds in implementing such a proposition, only then the incumbents can be frontrunners in this new insurance era.

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CONCLUSION

Pioneers need to look beyond peculiarities and functionality. The following are the key parts that take an InsurTech should consider from methodology to execution:

- Have a lucid technique
- Choose business models that work
- Comprehend the social fit
- Oversee innovation

As a legacy provider, you should look inside first, recognising your qualities and surveying how you can expand on them. With such an approach, the shift from the traditional Insurance Industry framework to InsurTech having technology-driven operations will permit Incumbents to improve the current system's efficiency and assist them with contending successfully on the advanced territory.

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WE TAKE IT PERSONALLY.
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