

10 points ...

on insurtech

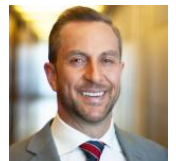
This KWM BriefSheet sets out 10 points on insurtech and the way it is transforming the insurance industry

- **Insurtech is ...** the transformation of the insurance industry through mobile apps and the use of new technologies such as wearable devices, telematics and artificial intelligence. The use of these devices and the data they provide will enhance customer engagement, generate deeper risk insights into consumer preferences, and meet customer needs with new products.
- **Insurtech is a data revolution ...** The Internet of Things (IoT) will provide insurers with new sources of information in real-time. Telematics devices in cars and mobile apps can provide information about driving habits and car location. In home insurance, “smart” household appliances can let an insurer know if a fire or break-in is occurring. Activity trackers collect an increasing array of real-time data on their wearers, including sleep habits, exercise and heart rate.
- **... which utilises new technologies in data analytics ...** For example, natural language processing, deep learning and machine learning allow for sophisticated modelling and analytics to generate risk insights. Insurers will be able to gain a 360 degree insight into customers, forecasting their needs and assessing risk. Using rules, modelling, data mining and exception reporting, fraudulent claims can also be identified sooner and more effectively.
- **... and blockchain ...** Blockchain could transform the industry by creating a claims management process that is transparent, responsive and irrefutable. In the future, insurance contracts may be written as “smart contracts” and policy conditions and claims could be recorded on a blockchain. Publicly known data could automatically trigger a policy claim on a smart contract, thereby reducing claims processing costs for insurers and allowing insurers to manage claims in a transparent and responsive manner. An indelible digital incarnation of the item insured, such as a diamond, can also be recorded on the blockchain, allowing insurers to see the complete history of an item and reducing fraud.
- **... to transform underwriting by more accurately measuring risk.** Greater levels of personal data about a customer, from IoT or recorded on a blockchain, can lead to better targeted underwriting and tailoring of premiums over the policy term. Customers themselves will have access to this data, altering the traditional information imbalance between insurers and customers. For some customers, data will reveal they are high risk, potentially creating a group which can no longer obtain affordable insurance.
- **Insurtech allows continuous interaction between the insurer and customer ...** Insurers can create new lifestyle apps for personalised engagement with their customers, creating brand loyalty. This will be a key strategy in attracting and retaining Millennials as a client base.
- **... so that insurers can encourage customers to reduce their risk ...** Insurers can move towards sophisticated risk prevention models by influencing customer behaviour. For example, activity trackers can be used to encourage customers to exercise by offering reduced premiums when they hit health goals.
- **... and offer new products, including enhanced usage-based insurance models ...** For example, driving trackers provide an immediate feedback loop to insurance companies and drivers, and can provide an automatic or “on-demand” change in insurance cover, according to distance driven, location, amount of accidents, or change in car health. Customers can access the ability to turn insurance on and off digitally as needed.
- **... P2P insurance ...** Peer-to-peer insurance models allow families, friends and trusted acquaintances to form groups of policyholders online, where groups with low claims gain discounts on policy premiums. The emergence of P2P insurance has the potential to change attitudes towards claiming insurance and minimise moral hazard in the insurance industry.
- **... and digital insurance “concierges”.** These are available online and on mobile phone apps. “Concierges” powered by artificial intelligence can inform users when they’re under-insured, when they have duplicate cover and where to get insurance cover at a better price. These services also allow customers to purchase new cover and manage policies digitally in one place.

We are here to help you



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