

IT TAKES VISION

Insurtech – the revolution in insurance

11th October 2017

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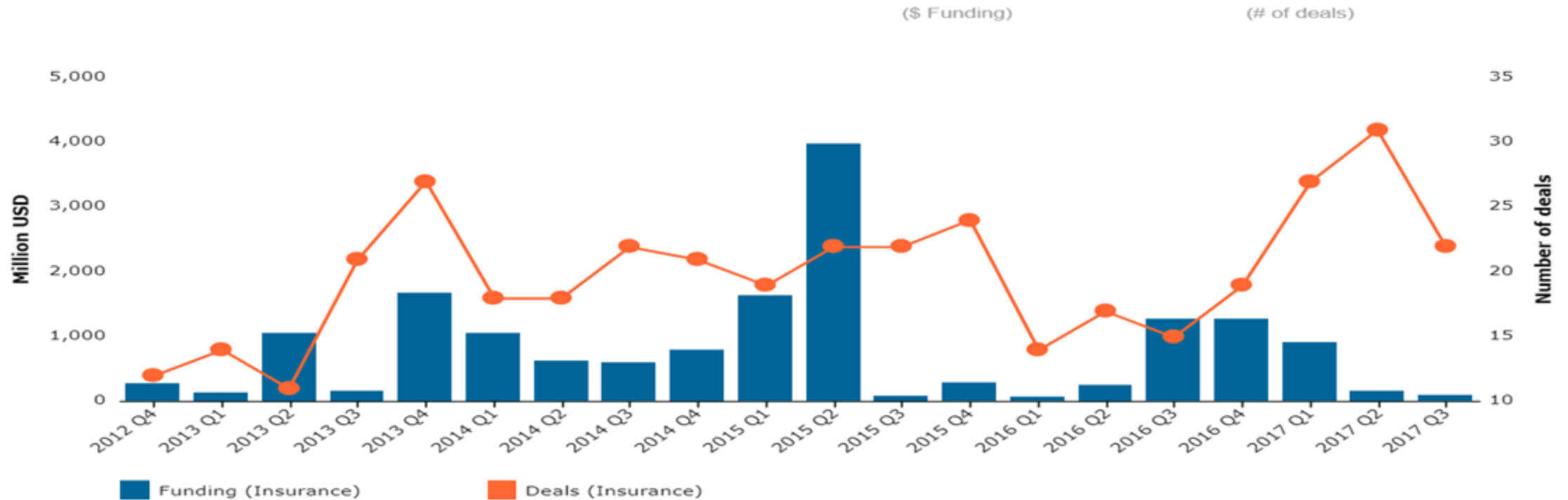
Introduction to Insurtech

What is Insurtech

- InsurTech is a term applied to the many segments of new technology that are disrupting the insurance space:
 - smartphone apps,
 - consumer activity wearables,
 - claim acceleration tools,
 - individual consumer risk development systems,
 - online policy handling,
 - automated compliance processing, and
 - more.
- Consumers are demanding more and will only continue to become more selective as they are exposed to innovative offerings such as:
 - Discounted auto insurance for installing a telematic device to track safe driving
 - Gym fee reimbursements from health insurance providers for wearing a fitness tracker that reports on exercise and health
 - Peer-to-peer insurance that covers home contents, private liability and legal expenses

Insurtech – Late to the game

- While Fintech has had an impact on almost all the different financial services, insurance has lagged behind but is catching fast
- Activity grow exponentially since 2012 but has since cooled off slightly due to tougher regulations



Insurtech – Impact of shared economy



Uber, the world's largest taxi company, owns no vehicles.



Airbnb, the world's largest accommodation provider, owns no real estate.



Youtube, the world's largest video streaming service, creates no content.



Facebook, the world's most popular media owner, creates no content.



Alibaba, the most valuable retailer, has no inventory.

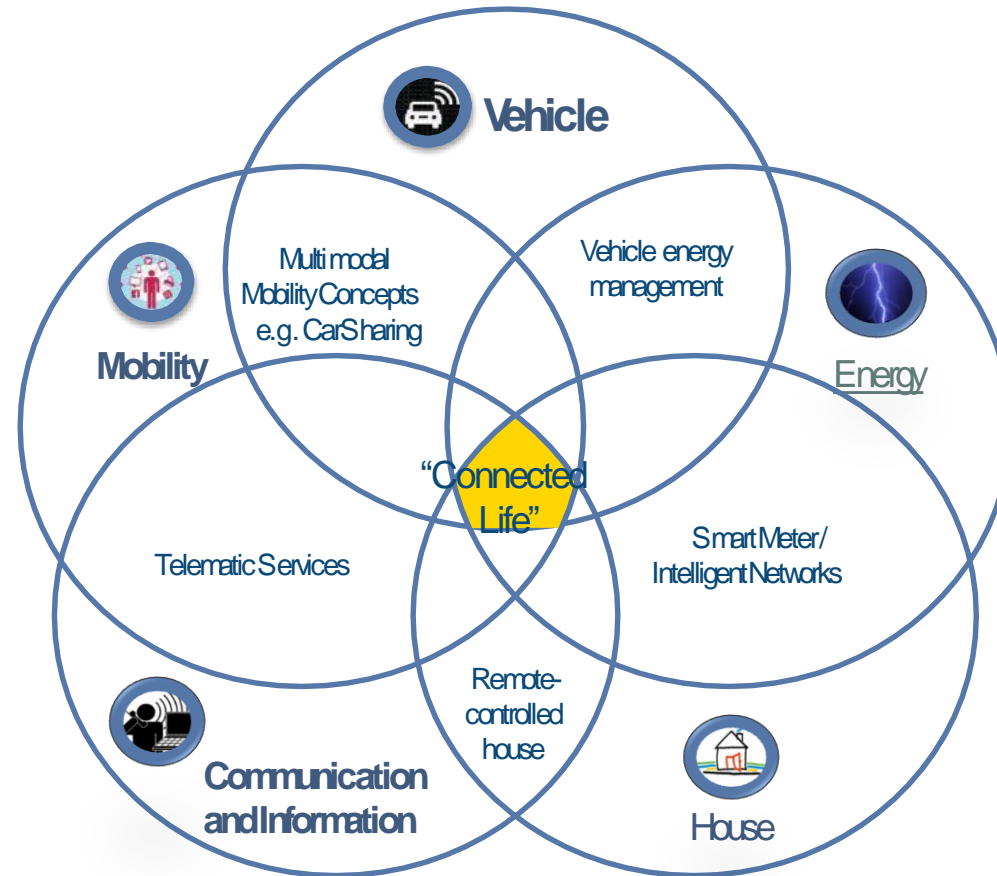
Who would be the world's largest insurer of the future??

Current Insurtech Landscape

Insurtech Landscape – Connected Lifestyle

As part of the connected lifestyle, advent of big data, disruption is happening in all fields at a rapid rate

Insurance has lagged behind but is picking up as new disrupters appeal to the connected generation



Insurtech Landscape – Challenges faced by Insurers



Insurtech Landscape –

Insurtech has the potential to disrupt every aspect of the insurance ecosystem as can be seen from the chart below



The graphic above shows only a sampling of companies in each category. Data as of July 2017

Impact on Middle East Market

Middle East Market

- Smart Dubai vision 2021
 - Dubai aims to be the first Blockchain government by 2020
 - Dubai take delivery of their first 50 Tesla vehicles to create a 'self-driving' taxi service
 - Dubai tests a passenger drone for its flying taxi service
 - RTA Dubai's Taxi Corporation to introduce telematics technology
- Saudi minister unveils plans to set up 10 Smart Cities
- UAE Smart Wallet launches
- DIFC became a founding member of the Global Block chain Council

Massive amounts of new data being generated through the smart initiatives
Accelerator programs being developed as part of DIFC Fintech Hive initiative
Banks and other institutions all changing massively
Insurers lag far behind – Market ripe for disruptions

Middle East Market – Lagging behind

 FINANCIAL TECHNOLOGY
Company Count by Country

 VENTURE
SCANNER



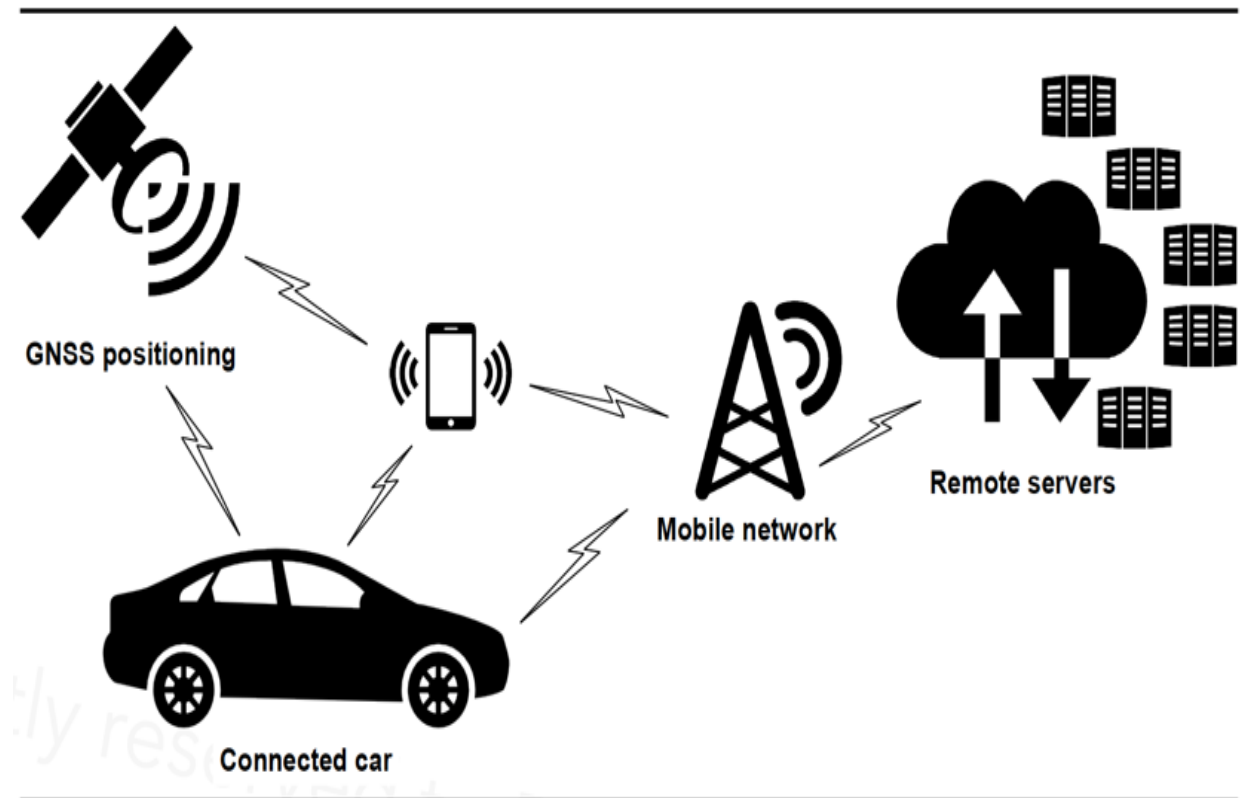
Data cumulative through July 2017

Benefit of Insurtech – the auto industry

Telematics – How it works

Telematics helps insurance companies write more profitable business based on the way the driver drives.

- Real-time data transmitted by the car
- Score is produced based on driving behaviour
- Premiums calculated based on the score
- Automated claims management
- Real-time feedback provides instant training to the driver
- Gamification can be introduced which encourages safer driving
- Accident reconstruction allows for tackling fraud
- Ambulances can be dispatched to the site of an accident based on data gathered – potential to save lives



Source: PTOLEMUS Consulting GROUP C.G.

Telematics – How the scoring works

Scoring is based on the driver behaviour which results in truly risk based pricing.

UP TO 20 SCORING FACTORS



Telematics - Benefits

Telematics could dramatically assist the region in improving road traffic safety and reducing the very high cost of insurance premiums.



Reduction in insurance premiums for safer drivers, particularly high risk groups



Greater consumer satisfaction, as pricing directly linked to driving behaviour



Significant improvement in road safety (currently over 20 people die and 100 people are crippled every day costing KSA SAR 20bn each year, 2 people die and almost 6 accidents every day in UAE)



Data analytics based upon telematics information can assist in reducing the incidence of fraud (motor insurers cite a very high fraud rate with respect to motor insurance claims)



Overcomes issue of historical data quality and availability (required by actuaries for risk-based pricing) as pricing can be based upon real-time data on driving behaviour



Telematics data could be used to improve other processes (e.g. improve efficiencies in fleet management), as well as prepare the insurance market and wider society for future technological advancements (e.g. connected/driverless cars)

Issues and Considerations

Issues and Consideration

- Complex insurance processes, such as health insurance claims, create a desire for face to face or over the phone human interactions
- As adoption increases more and more data will be stored digitally - this opens up a host of potential problems with privacy issues and cyber attacks
- "Acts of God," such as tsunamis, wildfires, earthquakes and flooding, will continue to plague insurers with unpredictability and falling outside data norms
- Government regulatory hurdles will require concerted efforts between entrepreneurs, insurance firms and legislators
- Legacy and transition issues for insurers



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Thank you

safder.jaffer@milliman.com