

# Insurtech & Digital innovation for Insurance

Yannick Even  
Insurtech Solutions Head - Life & Health - Reinsurance Asia  
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## The 4<sup>th</sup> Industrial Revolution



*“The most imminent effects of disruption will be felt in the banking sector; However, the greatest impact of disruption is likely to be felt in the insurance sector”*

**93%** *of Insurance CEOs see the speed of technological change as a threat (compared to 69% in 2016)\**

# Insurtech – enablers or disrupters ?



The 4<sup>th</sup> Industrial revolution - Digitalisation changing the world “as we know it”

Digitalisation of interactions, increased application of intelligent systems, fast innovation cycles

Customer expectation are driving the changes

Mobile first, tech savvy, less loyal, looking for simplicity and personalised services

Insurance Industry as a whole is behind the curve

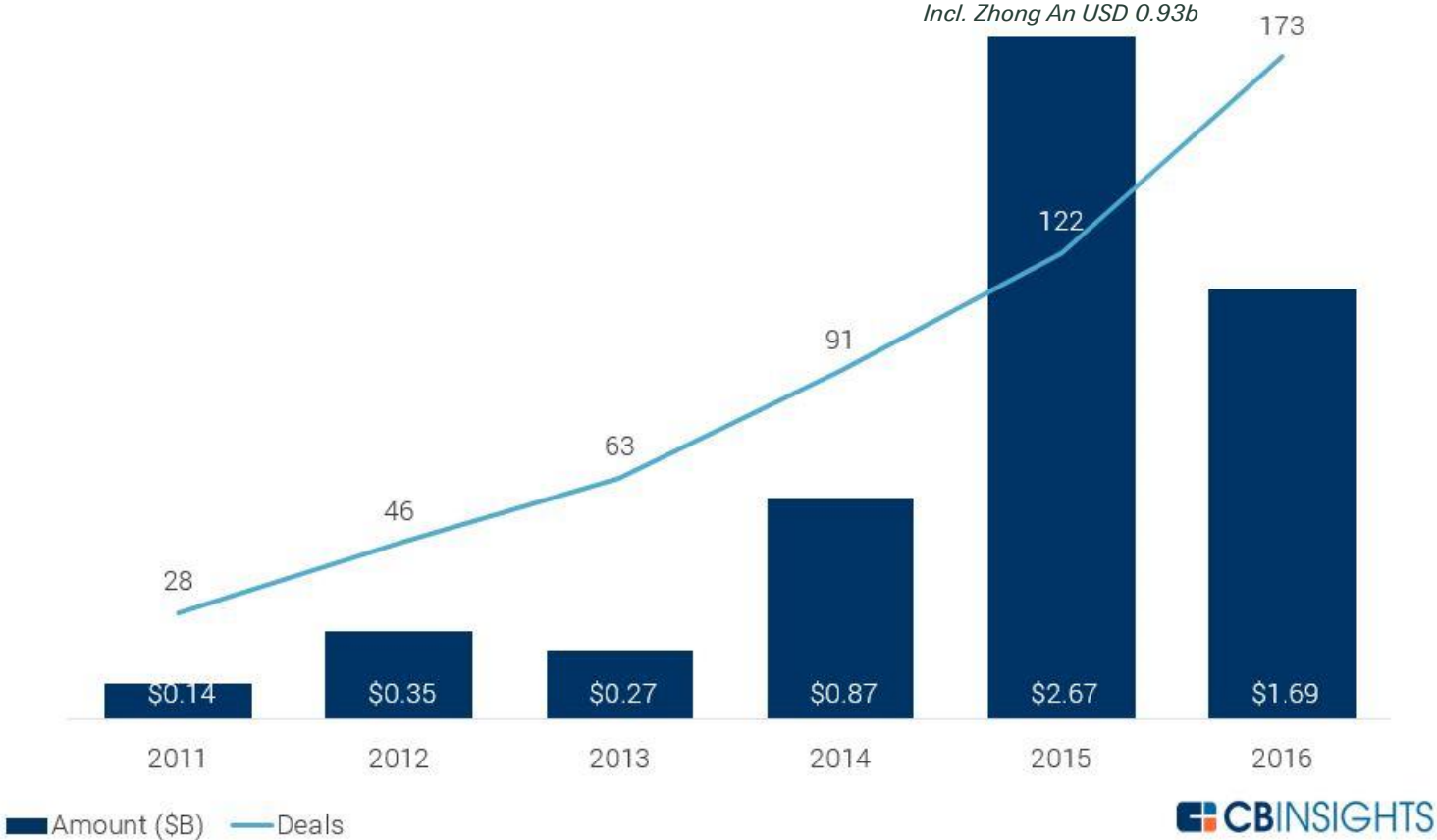
Risk adverse culture, legacy systems, poor customer knowledge, channel conflict

Insurtech startups are emerging to bridge the gap

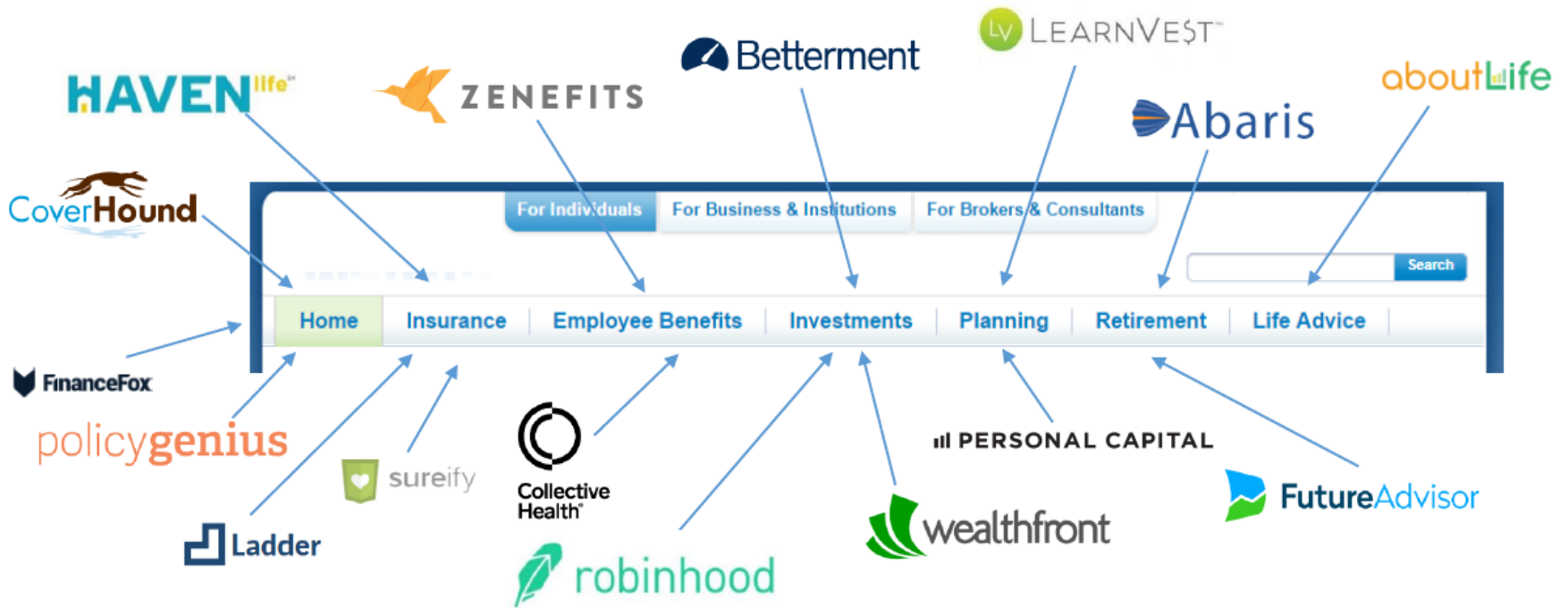
Customer focus, tech enabled, agile, new models, data based, test & learn approach

# Insurtech - here to stay, already raised USD6b+

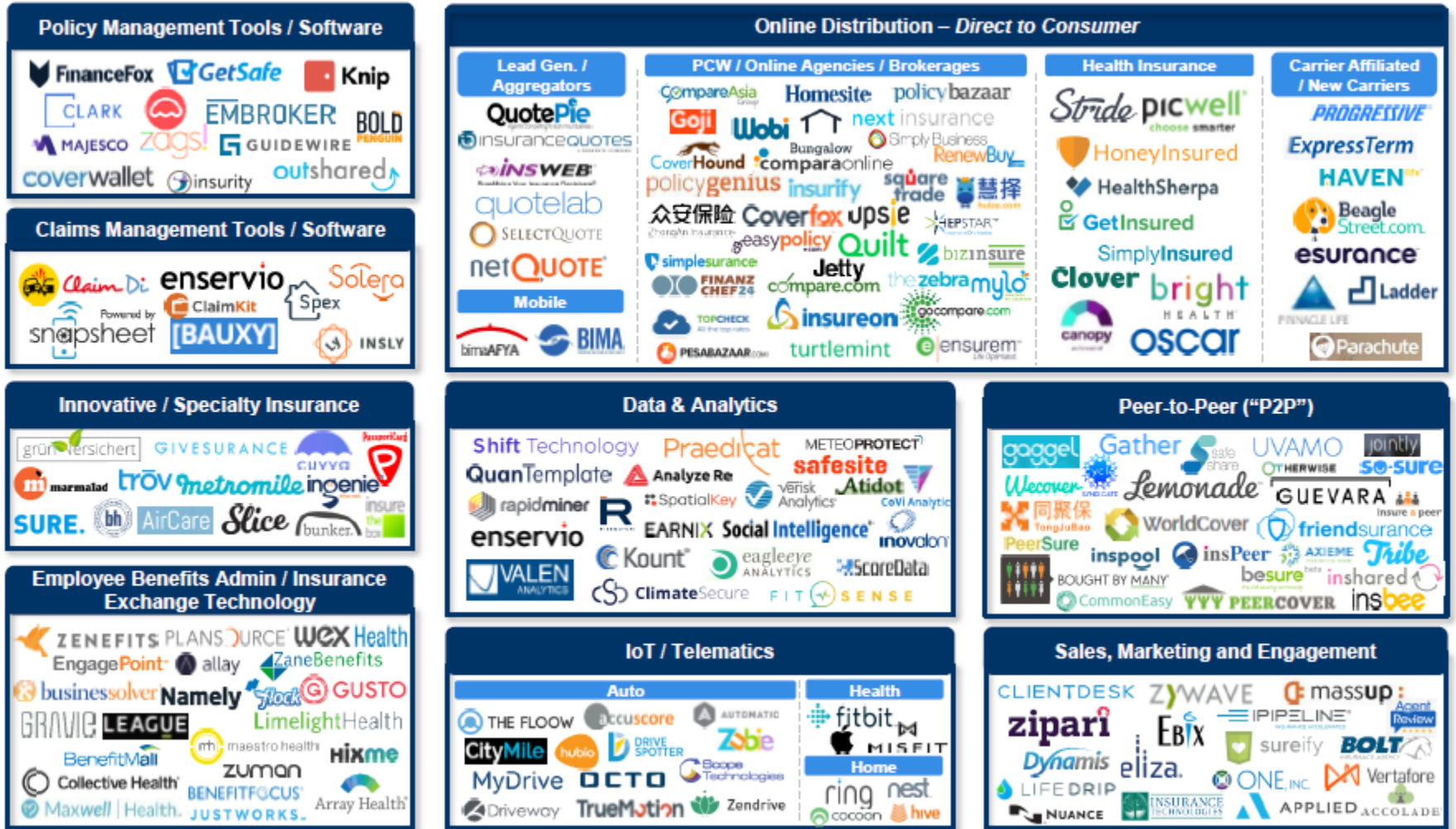
## INSURANCE TECH ANNUAL FINANCING TREND 2011 - 2016



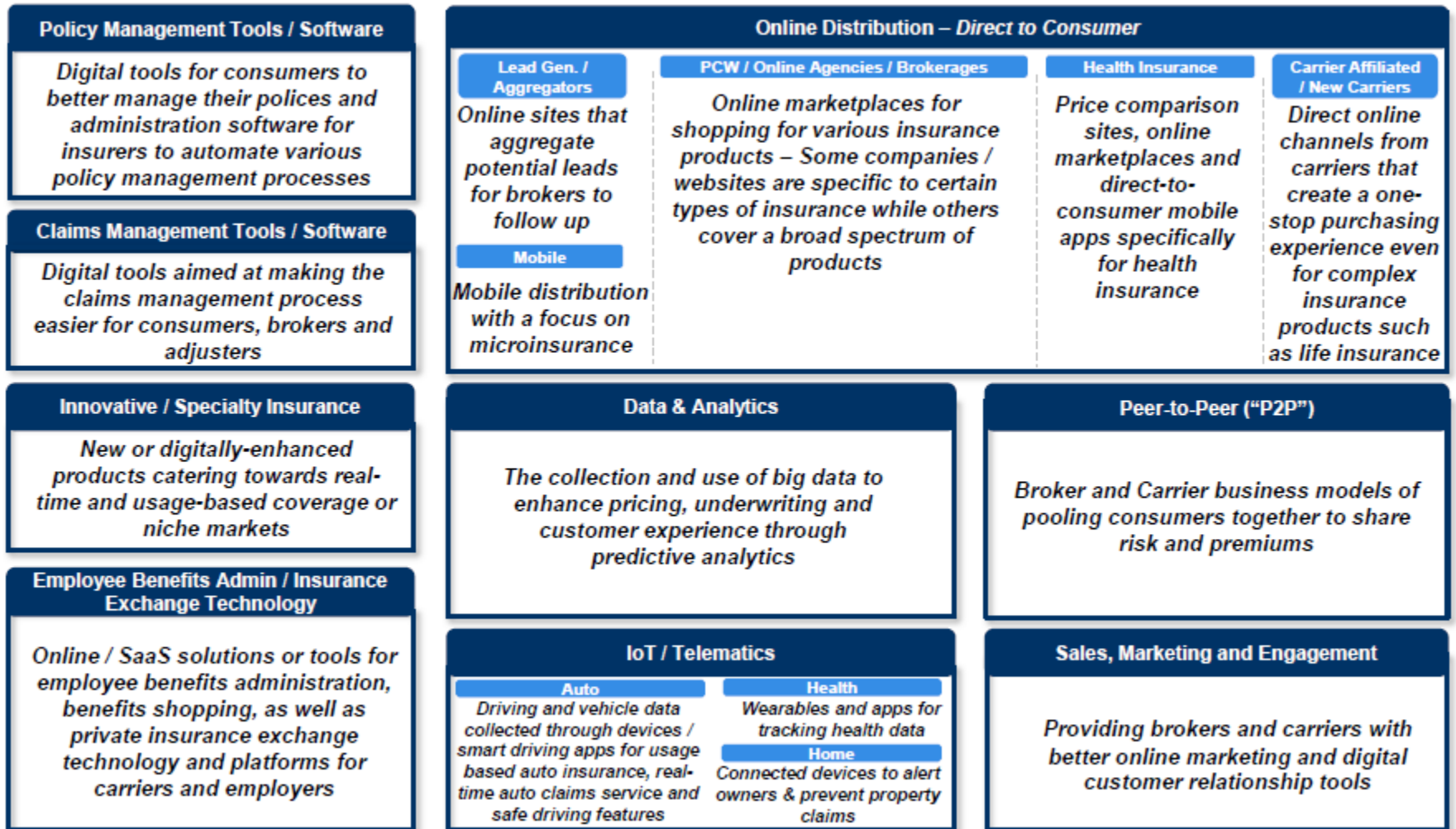
# Insurtech - unbundling the services of established players



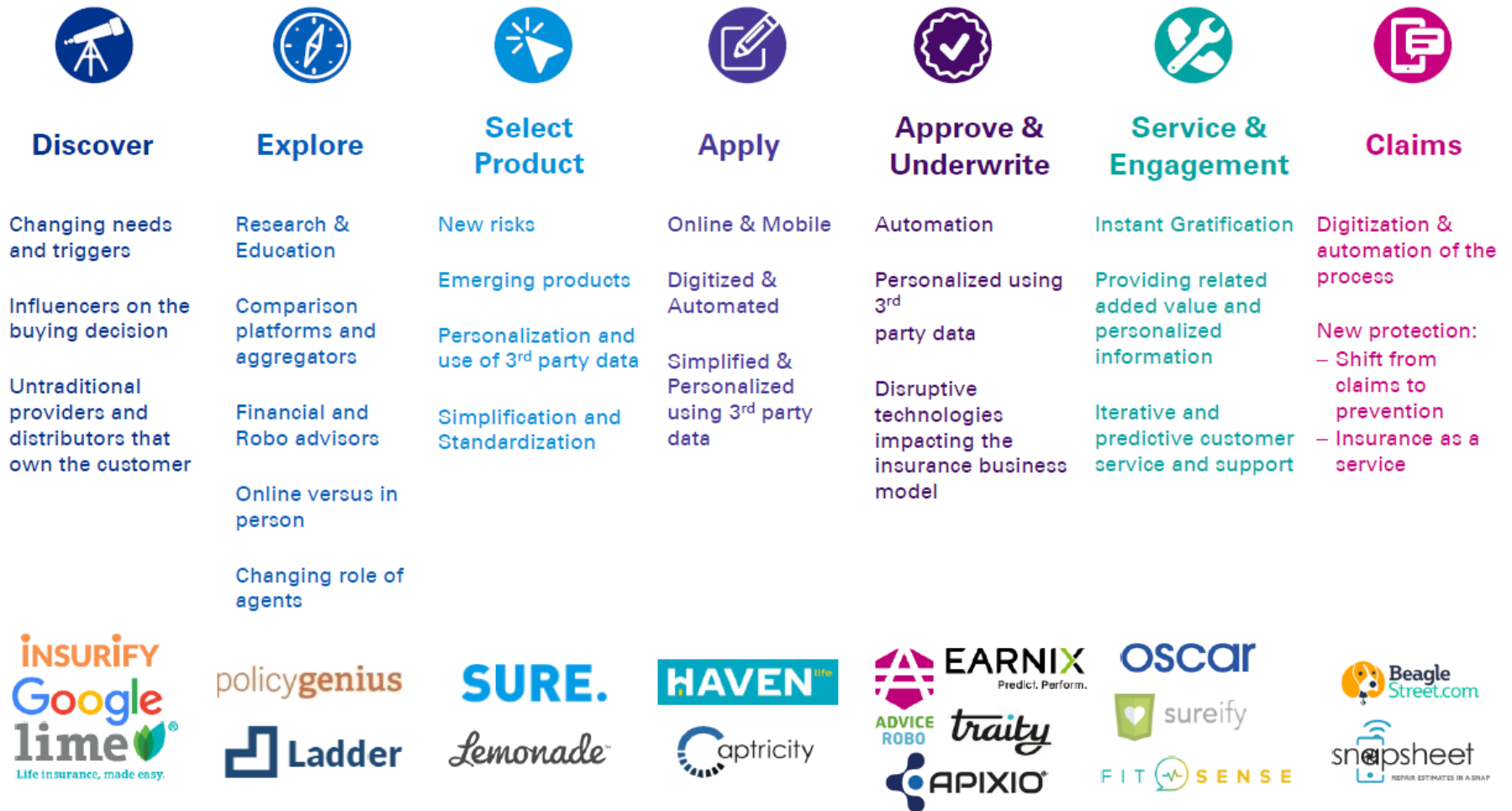
# Insurtech - already covering the entire value chain



# Insurtech - already covering the entire value chain



# A new customer value chain is to be built





# Emerging tech impacting Insurance “as we know it”



1

Internet of (every)Things  
Wearables, Smart Life,  
Smart Homes



2

Artificial Intelligence  
Chatbots, Enhanced Human  
Machine Learning

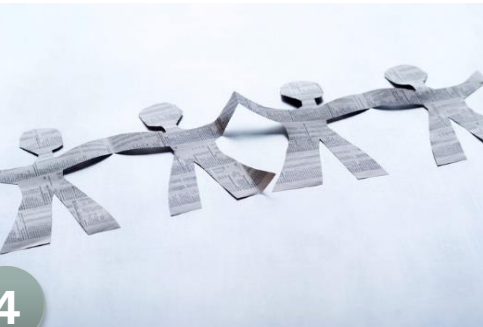


3

“On-demand” API economy,  
Dynamic Pricing / UBI

## Insurtech Innovation

Digital Communities, Peer to Peer  
Digital engagement, Gamification, VR/AR



4

Social Data / Voice Analytics  
Predictive Analytics



5

Blockchain / Enabling Tech  
Digital ID, Biometrics



6

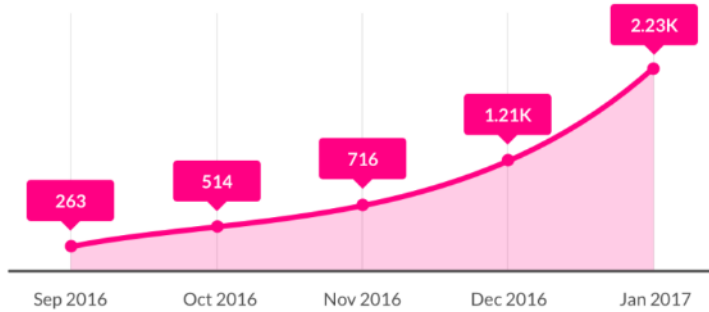
# Lemonade - USA - launched Sep2016

2 4

# Lemonade - USA - launched Sep2016

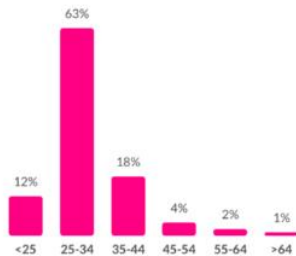
## Promising 1st quarter business results

Lemonade Weekly Active Policy Count



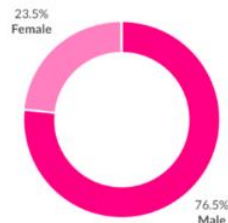
87% are first time insurance buyer

Age Groups

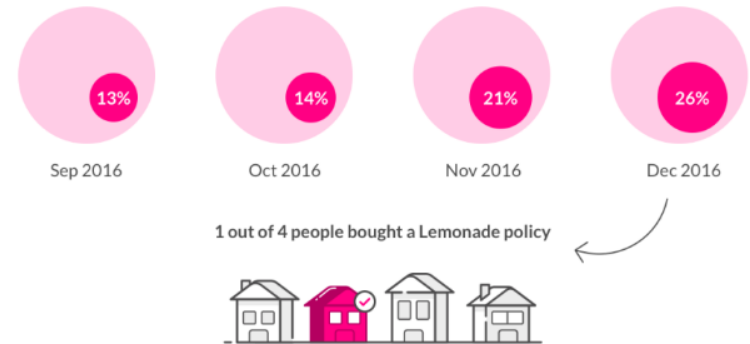


Lemonade customer demographics, 2016

Girls vs. Boys



Our Conversion Rate



Over 25% of people that get a price, buy

Our 'written premium' (basically how much insurance we sold) Since Sept2016 was \$179,855. Our 'gross loss ratio' (or claims we received divided by 'earned' premium) was 20%; a portion of that should be recovered from another insurance company, so we expect our final loss ratio for 2016 to end up at about 12%. While our reinsurers are standing by to help pay losses, we have not needed them yet.

Resolution Time (minutes)



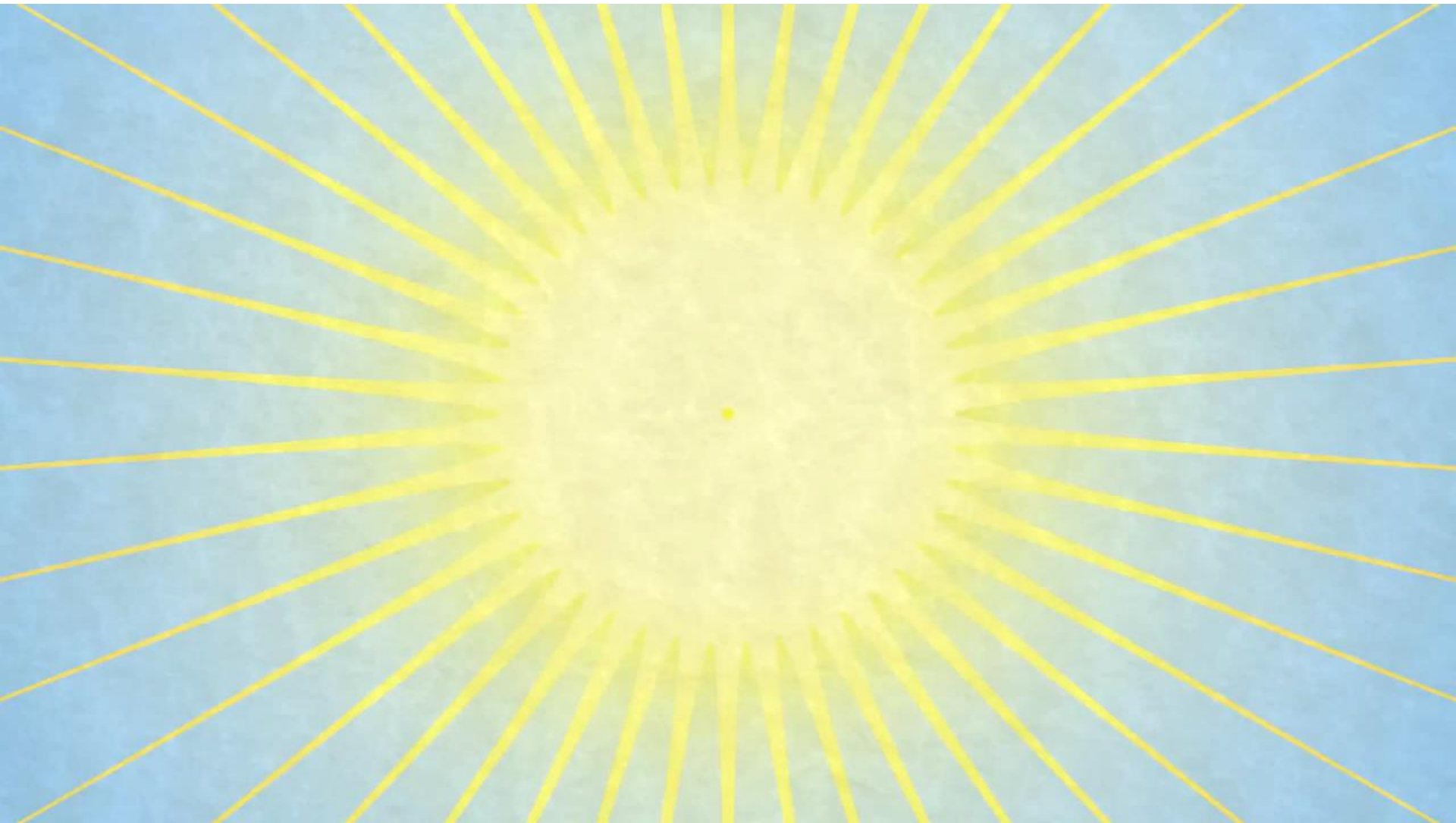
Capture from our Customer Care BI platform

Taking minutes to resolve a claim

Source: Lemonade

## State Farm Life Illustrated Calculator - USA - launched 2014

4

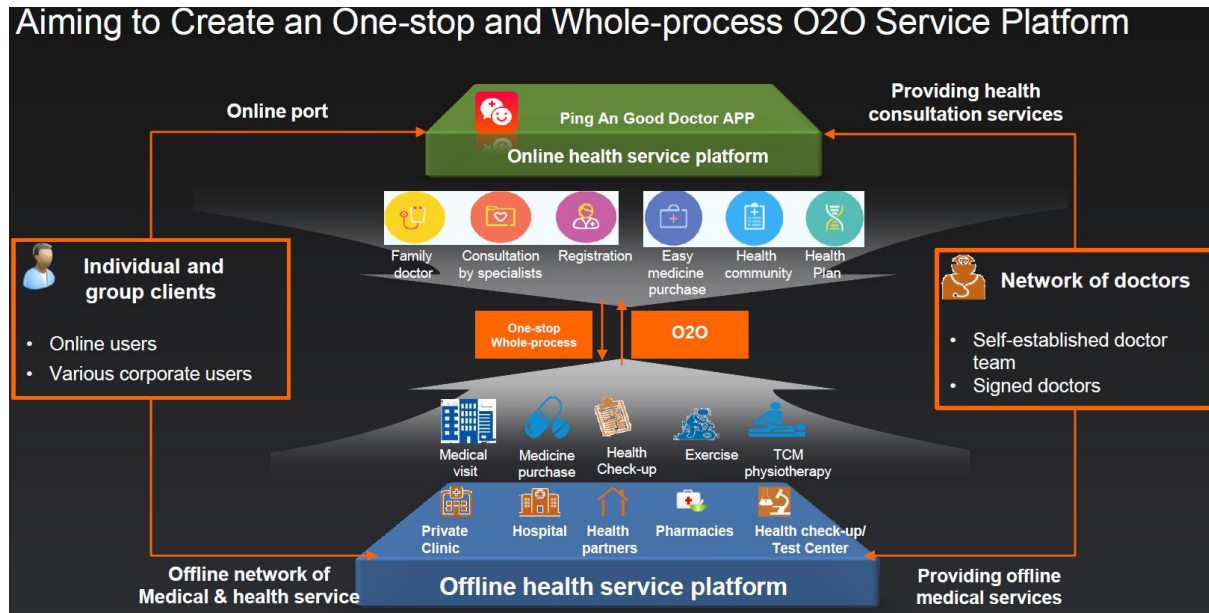


# Ping An Good Dr App - China 2015

Medical Service Mobile App launched in April 2015

Reached valuation of US\$3 billion in a year, raised USD 500M in May 2016,

77 million registered users, 50,000+ doctors, 1000+ Self owned doctors, 3000+ hospitals, 1200+ pharmacies, 400+ checkup facilities...



- ✓ Free diagnosis, treatment and online appointment booking
- ✓ 24/24h doctors consultation through text, pictures, and video
- ✓ Healthcare-related articles and health microblog-style discussion
- ✓ Online store for drugs, healthcare products, cosmetics (home delivered)
- ✓ Digital and physical gift cards for medical services (health exams/gene test)
- ✓ Enterprise Version for Corporate Employee Benefits

# China Giant Tech moving to digital healthcare



Chunyuayisheng - the **world largest mobile platform for doctors** which offer to make appointments at hospitals, provide 24-7 access to doctors online, and a list of trending health issues and hot topics. **Developing insurance products with PICC** and has opened their own clinics. 92M registered users, 490,000+ doctors.

Tencent has invested in a pharmaceutical company Joincare's Qdoc, a mobile app offering **online medical services** and in GuaHao.com which helps users **schedule appointments online**

Tencent is a major investor of Zhong An (with Alibaba & Ping an) – the leading digital insurance in China (moving to Health in 2017). Also partnered with Aviva for launching a digital L&H Insurer in HK in 2017

Launched AliHealth that conducts **online video diagnoses**, provide electronic prescriptions and **deliver drugs** to patients.

Alibaba also invested in Wanliyun a medical cloud platform where physicians can **conduct remote image examination** (X-rays, CT scans, MRI) with patients.

Alibaba is also a investor in Zhong An (leverage Taobao platform to sell to SMEs)

Baidu unveiled a “Siri for health” checkups in August 2015. The company launched a **voice recognition app** called Ask-a-doctor . It gives users a diagnosis after they voice their symptoms and **directs them to a nearby doctor**. Baidu also invested in a mobile health startup Quyi

# Bought By Many - UK, China 2015

40% of insurance premiums are in the "long tail" of niche insurance needs (Swiss Re)

**UK:** 300 groups, 268k users, 18.6% Avg discount

- ✓ Reduced fraud
- ✓ Better risk pools
- ✓ Reduced process cost
- ✓ Lower cost of sales

**Club together to buy insurance.**  
The bigger the group, the better the deal.

**HOW DOES IT WORK?**

Let us know about the things in your life that need insurance.

+ ✈️ 💎

See some examples

Join buying groups of people with similar interests and needs.

👤 👤 👤

We negotiate with insurers to get the best deals for the group.

💰

Find out how we do this

Using anonymized data from search engines and social media to identify consumer/communities needs that aren't being addressed by mainstream insurers/digital aggregators.

Target each group with personalized social media Ad and onboard them digitally providing group discount.

**China:** white-labelled with Ping An and launched 7 travel insurance products on WeChat and QQ

徒步旅游保险  
户外运动徒步享受大自然的最好保障

保费: ¥45

Covering altitude sickness for Hikers

**假日徒步险**  
(高原专享) 境内版

高原反应 医疗保额20万

保障内容	保障金额
意外伤害身故/残疾	50万
意外伤害医疗	5万
高原反应意外伤害身故/残疾	20万
高原反应意外伤害医疗	2万
境内紧急救援	最高10万

适用人群: 18-70周岁

保障人数: 1人

保障期限: 7天

保费: ¥45

Covering Food Poisoning for adventurous eaters

[Video](#)

# What does it mean for Actuaries ?

Global mobile data traffic



Global connected wearables devices



The data deluge  
Dynamic risk management

Actuary + Data Scientists  
Actuary + Machines

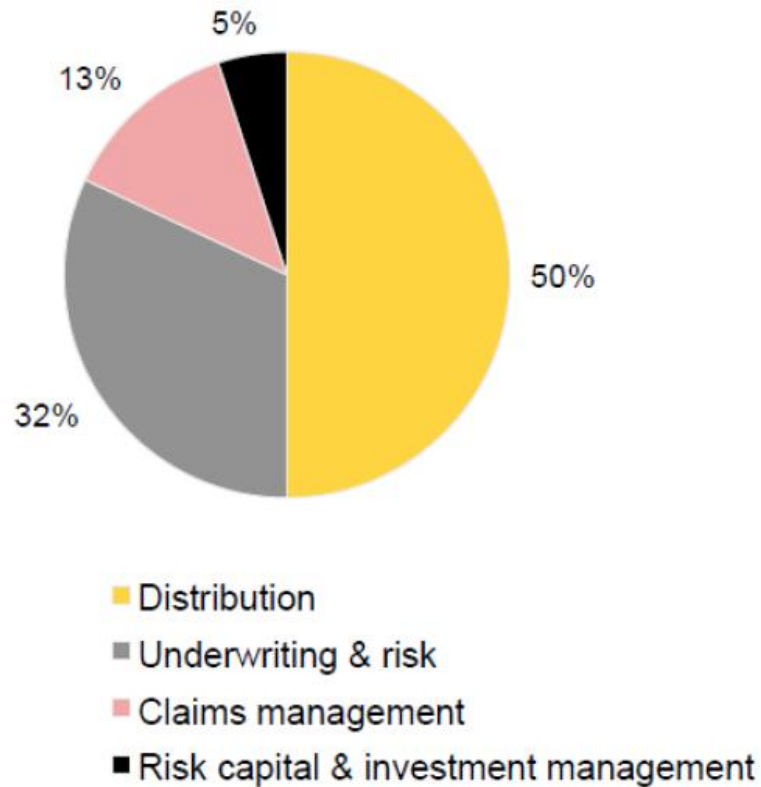
- ✓ Learn to collaborate
- ✓ Learn to innovate
- ✓ Learn to fail
- ✓ Learn to learn

LoB, geographies, tech/data experts  
Be agile, take risks  
Test & learn culture  
Face fast tech innovation cycles

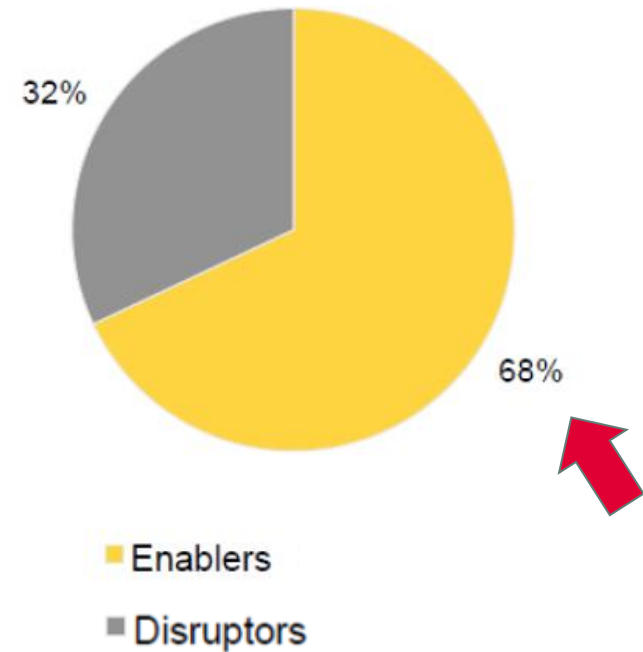


# Agile and collaborative insurers will stay ahead of the game

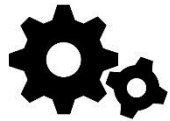
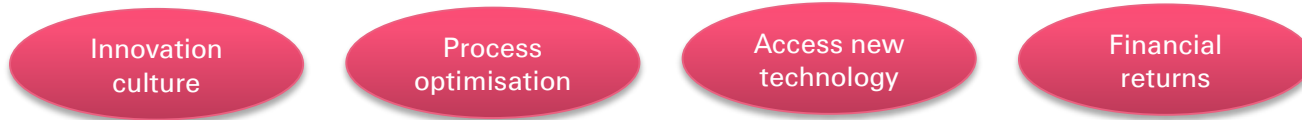
## Share of startups along the value chain



## Share of enablers vs disruptors



# Asian Insurers have already started the journey (non exhaustive)



Build

Ping An Direct 2014  
50,000 employee

Taikang Life  
Innovation Lab 2000

Metlife Lumens Lab  
Singapore 2014

Manulife LOFT  
Singapore 2016

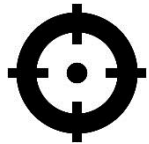
AXA Lab  
Shanghai 2015

Aviva Digital Garage  
Singapore 2016

Manulife DBS  
Digital Innovation USD70M

AIA Edge Lab  
HK/Singapore 2015

AIA HealthTech Accelerator  
HK/Singapore 2015



Acquire

Ping An Fintech Accelerator  
Shanghai 2014

Swiss Re Insurtech Accelerator  
Bangalore 2016

Taikang Life  
We Chat Health 2014

Ping An Ventures  
31 investments  
USD 4.7b+

AXA Facebook  
Linkedin 2015

China Life  
9 investments  
USD 9.5b+

Ping An, AliBaba, Tencent  
Zhong An 2013

Taikang Life  
2 investments  
USD 600M+

MetLife  
2 investments  
USD 386M+



Partner

Ping An, AIA  
Discovery Vitality 2013

Swiss Re  
IBM Watson 2015

Manulife  
10 investments  
USD 264M+

AXA Ventures  
39 investments  
USD 142M+

Ping An, AIA, Metlife  
Blockchain R3 Consortium 2016



Incubate



Invest

# Swiss Re – Some of our Insurtech initiatives worldwide

Swiss Re is actively engaged throughout the world to innovate and create value for our clients and their customers

Blockchain B3i  
Bootcamp

Insurtech Bootcamp  
London

Techstars Accelerator  
London  
A.I., Blockchain, Big data

Swiss Re Foundation  
Research & innovation

Stanford Data  
Science  
Predictive Health, IoT

SwissRe / IBM  
Hackathon NYC

Swiss Re PIA  
Principal Investment & acquisition

Swiss Re Smart  
Analytics teams  
Singapore, London, Boston

Swiss Re Insurtech  
Accelerator Bangalore

# Swiss Re Insurtech Accelerator - Bangalore

Swiss Re has run a 1<sup>st</sup> Insurtech accelerator programme in 2016 with 6 preselected startups to help them test their solutions and build prototypes. The 2<sup>nd</sup> programme will be running June-Nov 2017



Niki.ai

An AI-fueled smart-purchasing assistant, with the aim to both revolutionize customer interaction and redefine the buying experience as a whole



Touchkin

A start-up company which uses mobile-based social sensing to build a predictive care platform and enable proactive personalized care – bringing help to those who need it, from care experts or families



Datasigns

A risk platform that aims to democratize financial services for millions of borrowers who are outside the formal system. In addition, it helps financial organizations access and serve new and underserved market segments



Arya.ai

A developer platform for Deep Learning that offers tools to build and customize neural networks, and also provides trainable modules and APIs.



An end to end wellness platform that integrates medical records, healthcare services and leverages predictive analytics to design wellness initiatives & reduce healthcare costs



A one-on-one mobile coaching and fitness tracking venture that helps individuals make the shift to a healthier lifestyle

Internet of Things

Customer Engagement

Smart Analytics

Closing the Protection Gap

# Swiss Re India Value Proposition for Digital Distribution / Innovation



## I Product Development, Underwriting & Risk Management

- Online product development, underwriting design & optimisation
- Risk management insights bespoke to digital distribution
- Predictive modelling using data analytics



## II Website Optimisation & Behaviour Economics

- Website design consultancy
- Access to global experience and case studies
- Behavioural economics recommendations; full test and learn framework & support model



## III Knowledge, research and in-depth insights on digital distribution

- Access to digital insurance research, reports, data & trend information
- Global best practice case studies covering all elements of online insurance – incl. from the digital insurer.com
- Live test results derived from SR's track record of supporting and developing innovative digital proposition in other markets



## IV Social media insights & monitoring service

- Customized social media reputation analytics service & report
- Global success stories & related information across all elements of a social media strategy for insurance

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