



InsurTech: Birth Pangs of a Revolution?

This article is an extract of the
CH&Co.'s Fintank yearly publication.

This article is an extract of our CH&Co. Fintank yearly publication on Innovation for Financial Services. The 2018 edition addresses ways for incumbents to collaborate with Fintechs, Insurtechs and Regtechs through technologies driving the industry's digital transformation.

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InsurTech: Birth Pangs of a Revolution?

InsurTech – the sub-segment of FinTech addressing the current challenges and opportunities in the insurance market – is revolutionizing the classic business model of insurance with a focus on customer experience and accessibility. To that effect, the vast majority of traditional insurers (90%) fear a decline in their activities due to the emergence of InsurTech; three out of four believe InsurTech will redefine the sector within 5 years, and the same number fear pressure on their margins.

Nevertheless, traditional players can benefit by innovating in-house or by partnering with InsurTechs; recent funding investments pushing innovation show an upswing in interest in InsurTech capabilities which can be leveraged across the market.

Lack of consumer confidence, high levels of competition, reduced profitability, challenges around legacy IT systems and new technological advances are driving disruption in the insurance market.

INSURTECHS ACROSS THE FULL VALUE CHAIN OF INSURANCE

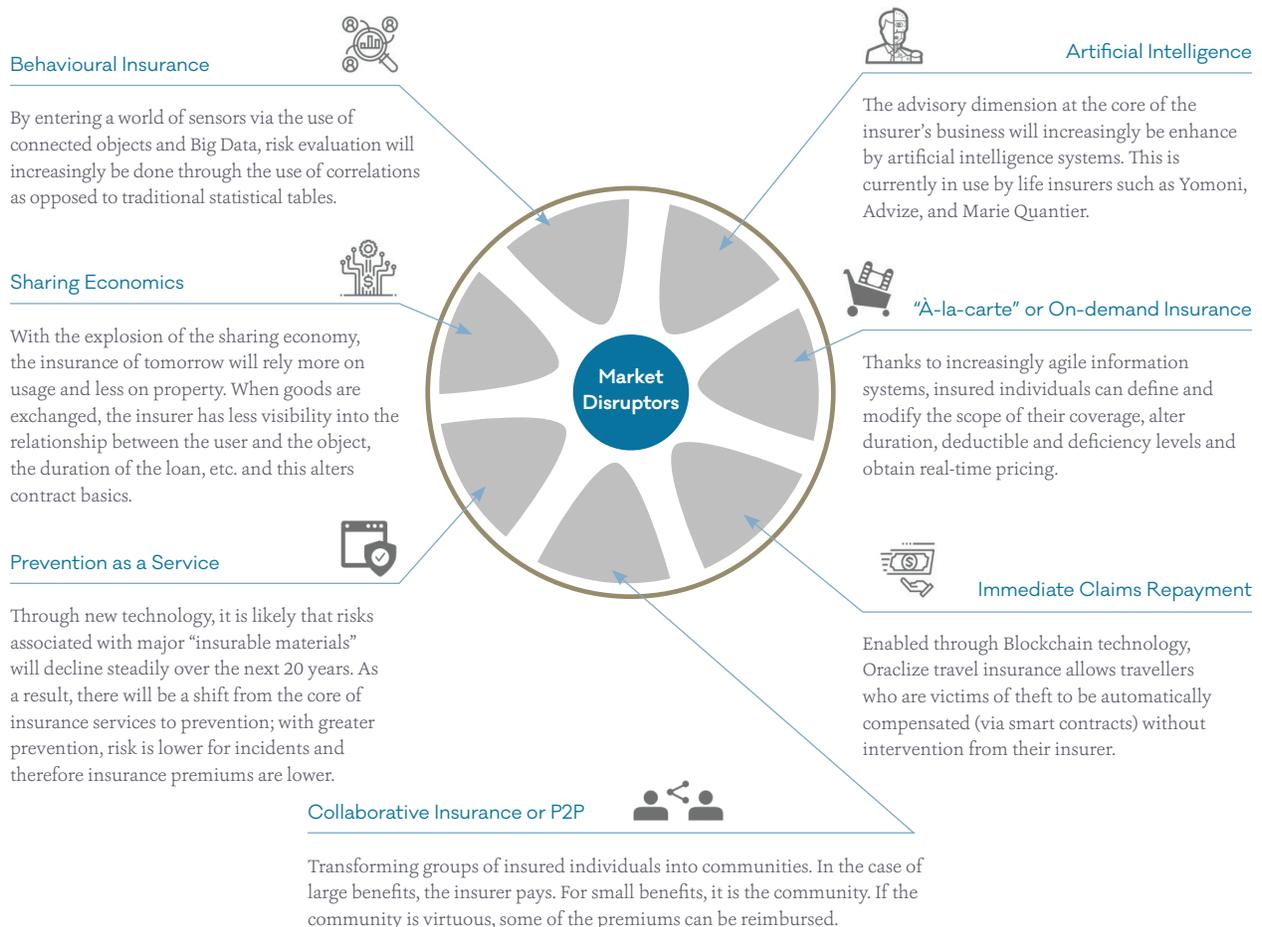
The entire value chain of insurance companies is affected by InsurTech innovation - from product design to claims administration, through underwriting and marketing.

- When designing products, InsurTechs can excel at creating tailored products by incorporating information from connected objects with a lower deductible. Traditional insurance companies tend to offer less personalized products that are suitable for wider audiences.

- For traditional players, pricing determination is done with limited data and historical regression, in contrast to approaches based on Big Data, automatic learning or much more accurate predictive analytics.
- Marketing is also totally upended with the arrival of InsurTech, which is done more online as well as through mobile applications. In addition, most insurers offer quick comparison tools to help their clients make decisions.
- Finally, claim administration and overhead costs for InsurTechs is less extensive, as they are often automated and cloud-based with instant billing, while traditional insurers administering claims by hand and travelling to site to fill out forms for claims.

MAJOR CHANGES AHEAD IN HOW INSURERS ADAPT THEIR SERVICES

Due to the digital revolution, we can anticipate several characteristics that will upset the insurance market:



OUR VIEWS: A GLOBAL PANORAMA OF INSURTECHS

Here are a few examples of InsurTech initiative archetypes:



	Players	Description
Property & casualty	tuque	Tuque has a personal consultative approach set to offer home, auto, business, legal and tax insurance through an app.
	sonnet home & auto insurance	Sonnet is a federally regulated Canadian insurer using sophisticated analytics, modern technology, and robust consumer research to offer a simplified quoting and buying process for home insurance.
	trōv	Trov is an app-based platform that allows users to create an inventory of their possessions along with the purchase price. Trov provides micro-duration policies through photos via the app.
	Lemonade	Lemonade offers rapid renters and home insurance company optimized by tech, with leftover funds going to social causes.
Services & Distribution	COVERA	Covera is a free digital broker aiming to help P&C insurance customers by searching for better contracts once they expire.
	Brolly	Brolly is a personal insurance concierge which informs customers about their insurance policies, with features such as alerts on the level of insurance (over or under-insured), missing or duplicates insurance covers, comparing options and price.
	PolicyPal	PolicyPal displays all your existing insurance coverage plans on a single screen. It'll tell you when to renew specific plans as well as when a premium payment is due.
Auto	seasonalife	Seasonalife is an online platform for millennials to research, compare and purchase insurance products in a smarter way, coined as an "insurance robo-advisor".
	Metromile	MetroMile provides a device for the user's car that connects to an app that records various driving parameters of a driver including the number of miles driven. If the user drives under 10,000 miles a year, he can save an average of \$400 a year.
	RightIndem	RightIndem allows users to produce their insurance claims on their own. With the virtual damage assessment, clients can select area(s) of damage and upload pictures and videos to provide an accurate representation of their vehicle's damage.
Health	OSCAR	Using the Misfit device, Oscar members track their own health and transmit the biometric information to their medical timelines on Oscar's mobile app.
	alan L'assurance sans simple	Alan is an online independent health insurance service dedicated to small, mid-sized companies and independent workers.
	kiddo by GoodParents	Kiddo by GoodParents is a wearable smart band for kids that monitors your child's health, activity, and sleep levels and sends you daily insights via the companion app.
Other	HomeServe	Homeserve labs have created connected objects for the home. LeakBot is a smart connected device designed to detect water leaks anywhere on the mains water supply in the home to help protect against escape of water damage.
	CYENCE	Cyence is an economic cyber risk modeling platform helps companies when they're the target of cyber-attacks, using factors such as probability, severity to determine policy rate.
	friendsurance	Friendsurance is a peer-to-peer insurance concept, which rewards small groups of users with a cash-back bonus at the end of each year they remain claimless.

Acknowledgements & Contacts

CH&Co. Digital Expertise

We are deeply involved in growing the global FinTech community and use our knowledge to enhance our public Fintank.net database. We cofounded FinTech hubs, such as FinFusion in Montreal or Finance Innovation in Paris, and regularly co-organize FinTech meetups in New York, Singapore, France, London and Geneva. The events unite leaders from the Financial Services industry, startups and other innovators featuring panel discussions, demos and insights from our FinTech experts that are among the world's top influencers.

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Our comprehensive database of company profiles covers a full range of financial services solutions from FinTech start-ups to large corporations. Each case study contains a thorough overview of the company's solution, business plan and strategy. We also know that implementation is key and we strive to provide a repository that will help inspire the development of disruptive innovations by sharing insights on breakthrough ideas blossoming all over the world, including best practices and recent trends.

FinTech Directory

Want to invest in FinTechs? Fintank is the place to get an international list of start-ups in the Financial Services industry.

CH&Co. Lab

The CH&Co. Lab is an incubator that develops prototypes based on our best ideas and convictions. We develop solutions and share them with our clients, such as Highway-to-Mail.

Innovation Booster

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