



TDI ACADEMY
LEARNING FOR THE DIGITAL AGE

Lesson 8: Insurance re-booted

Topic 3 - The insurance vending machine



3 INSURER TRENDS

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INSURER TRENDS

1. Digital attacker models are forming
2. Incumbents are increasingly digital
3. Value chain disaggregation



Digital attacker models are forming

Results		Traditional players	Digital players
Financials	GPW growth % pa	0-4	Double digit
	Combined ratio %	95-115	90-95
	Admin ratio %	~10	~5
	Loss ratio %	80-90	80-85
Go-to market	Feature development	Quarterly	Weekly
Conversion rate %	Contact-to-quote	~5	10-20
	Quote-to-policy	2-3	>10
	Access points	Physical channels	Mostly direct, >40% mobile
	Onboarding	>30-40 questions	<20 or fast quote

Insurtechs have received more than USD \$10bn since 2012 – it a segment that’s here to stay

Incumbents have traditionally had an edge on accumulated data – now technology companies are offering similar data for insurtechs to buy



Incumbents are increasingly digital

Incumbents are capturing opportunities in data-utilisation and processing

- Own lead engines
 - Frictionless underwriting
 - End-to-end claims processes – 75 % of the process digital
- 50 % process efficiency
- 3-5 % UW and claims efficiency
- 30 % claims employees transferred to IT roles



Value chain disaggregation

Partnerships

- All major insurers invests and partners with insurtech

Little direct competition

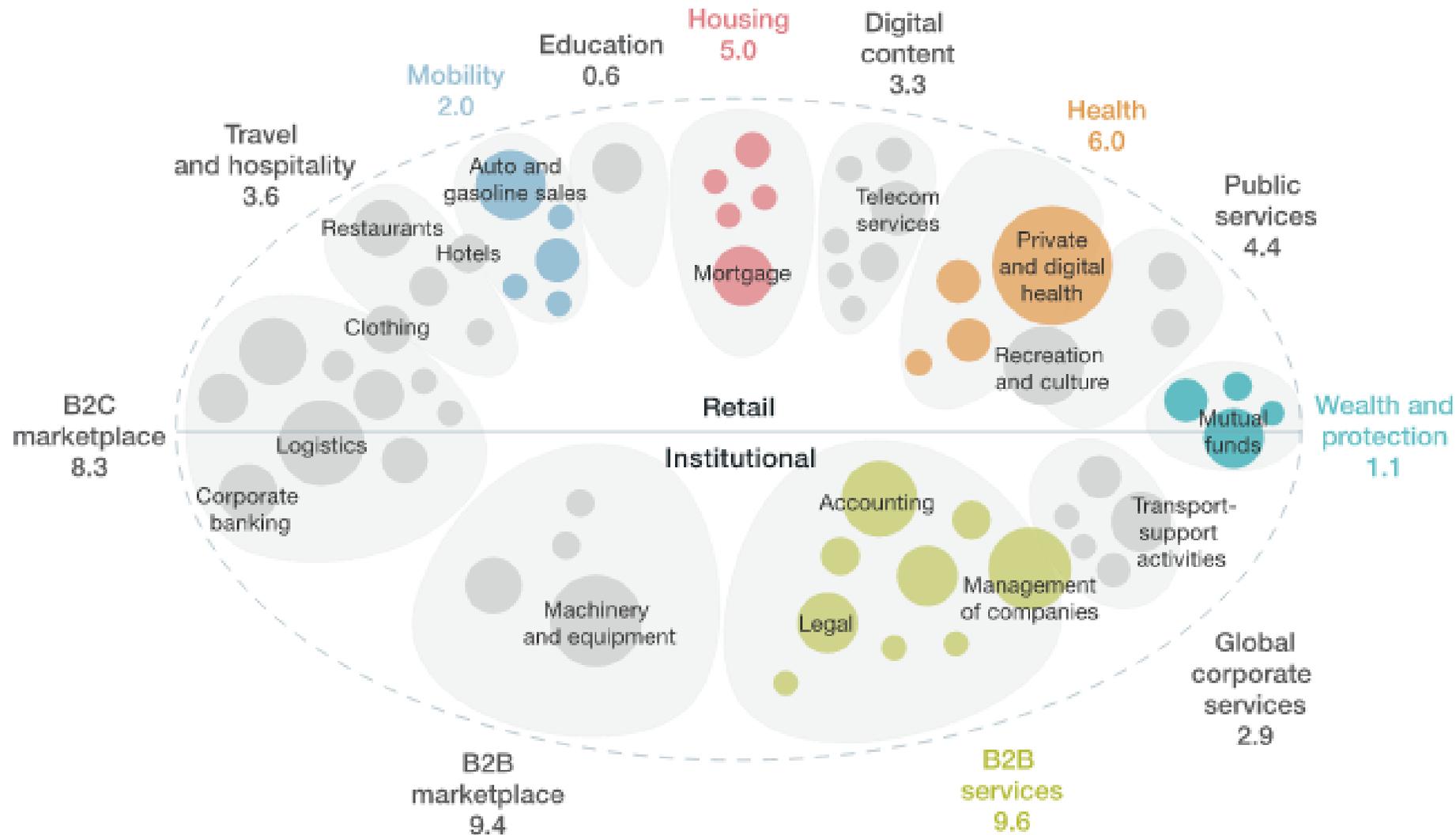
- Less than 10 % of insurtechs are direct competitors to incumbents

Intermediaries on the rise(!)

- Tremendous increase in aggregators and lead providers



Ecosystem illustration, estimated total sales in 2025,¹ \$ trillion



¹Circle sizes show approximate revenue pool sizes. Additional ecosystems are expected to emerge in addition to those depicted; not all industries or subcategories are shown.



Ecosystems will be the next normal

All ecosystems are trending towards distinctive human needs

Five most relevant ecosystems for insurance:

- Mobility
- Housing
- Health
- Wealth
- Protection

The rise of platforms

- Aggregators
- Amazon, PingAn





CONSUMER TRENDS

1. Individual expression – avoid labels
2. Mobilisation for ‘greater good’ causes
3. Dialogue is the way to solve problems
4. Decisions are made pragmatic and analytical



Different generations; different behaviour

	Baby boomer 1940-1959	Gen X 1960-1979	Gen Y 1980-1994	Gen Z 1995-2010
Context	<ul style="list-style-type: none"> • Postwar • Recession and dictatorship in Brazil 	<ul style="list-style-type: none"> • Political transition • Capitalism 	<ul style="list-style-type: none"> • Globalism • Economic stability • Internet 	<ul style="list-style-type: none"> • Mobility and multiple realities • Social networks • Digital natives
Behaviour	<ul style="list-style-type: none"> • Idealism • Revolutionary • Collectivist 	<ul style="list-style-type: none"> • Materialistic • Competitive • Individualistic 	<ul style="list-style-type: none"> • Globalist • Questioning • Oriented to self 	<ul style="list-style-type: none"> • Undefined ID • “Communaholic” • “Dialoguer” • Realistic
Consumption	<ul style="list-style-type: none"> • Ideology • Vinyl and movies 	<ul style="list-style-type: none"> • Status • Brands and cars • Luxury articles 	<ul style="list-style-type: none"> • Experiences • Festivals and travel • Flagships 	<ul style="list-style-type: none"> • Uniqueness • Unlimited • Ethical



The search for **truth** is at the root of Gen Z's behaviour



“Undefined ID” “Don’t define yourself in only one way”	“Communaholic” “Be radically inclusive”	“Dialoguer” “Have fewer confrontations and more dialogue”	Realistic “Live life pragmatically”
Expressing individual truth	Connecting through different truths	Understanding different truths	Unveiling the truth behind change





IMPLICATIONS

1. Consumption is access not possession
2. ...and an expression of individuality
3. ...should be ethical
4. Omnichannel service and marketing
5. Segment of one



Five implications

	CONSEQUENCES (examples)
Consumption is access not possession	Usage-based insurance; insurance as a service, subscription-based services
...and an expression of individuality	Support a case close to the customers heart – and demonstrate it
Omnichannel service and marketing	Single source of truth (data) and 360 access for all touchpoints (API) and internal process changes
...should be ethical	True and consistent
Segment of one	Artificial intelligence, collaborative filtering, machine learning, marketing automation





DELUSIONS

1. Wait and see
2. Digitising yesterday's model
3. Technology centricity
4. Beating the competition
5. Customer satisfaction
6. One and done



Six delusions

Wait and see

- It's proven that sooner implementation is no. 1 digital success factor
- Successful companies focus on disrupting themselves

Beating the competition

- Customer expectations are transferred from the best digital leaders
- Competitive standards should be set by digital leaders, not industry peers

Digitizing yesterday's model

- New customer value is created through new offerings and business models
- Technological disruption rarely proceeds by competing on process efficiency

Customer satisfaction

- Digital competitors are aiming to satisfy latent needs that today's customers may not be aware of
- High customer satisfaction scores therefore should not be grounds for complacency

Technology centricity

- New technologies create little value if they don't address new or existing customer needs
- AI is reshaping the relationship between man and machine

One and done

- Technology continues to evolve, and many industries have already seen several cycles in which the disruptors have themselves been disrupted





DEFENSES

1. Eliminate customer friction
2. Self-disrupt
3. Learn from mavericks
4. “Autonomise”
5. Beat the Best
6. Destroy the business
7. Leverage strengths



Seven defenses

Eliminate customer friction

- Unnecessary costs
- Delays
- Mistakes / misunderstandings

Self-disrupt

- Value chain
- Business models
- Organisational structure

Learn from mavericks

- See business models from mavericks on the edge of the industry

“Autonomise”

- Compete on learning—the ability to identify new insights and act accordingly
- AI / ML

Beat the Best

- Understand who is setting the standards for digital customer experience beyond your industry, and exceed those standards

Destroy the business

- Key stakeholders simulate the destruction of their business model at the hands of potential disruptors

Leverage strengths

- The next disruption wave is a different logic, in which relationships, organisational navigation, specialised knowledge, and capital will be required
- Incumbents must think about how they can leverage their historical advantages

