

CDI



CERTIFICATE
DIGITAL INSURANCE



TDI ACADEMY

LEARNING FOR THE DIGITAL AGE

NEW DIGITAL
BUSINESS
MODELS



CDI

Lesson 1 – Platforms and ecosystems

Topic 3 – Potential & applications in insurance



Where are insurers today?

“

*Disruption starts with unhappy customers,
not technology*

Professor Thales S Teixeira, Harvard

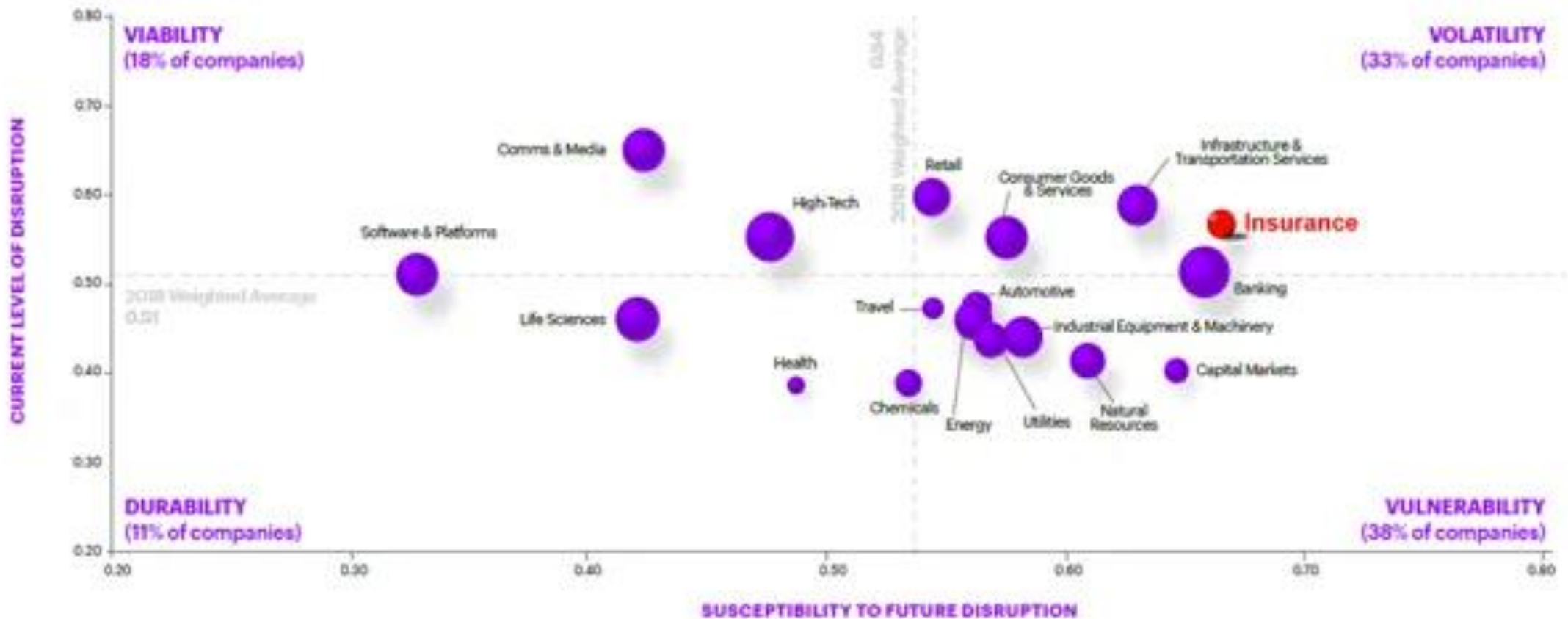
”



Insurance is vulnerable to disruption

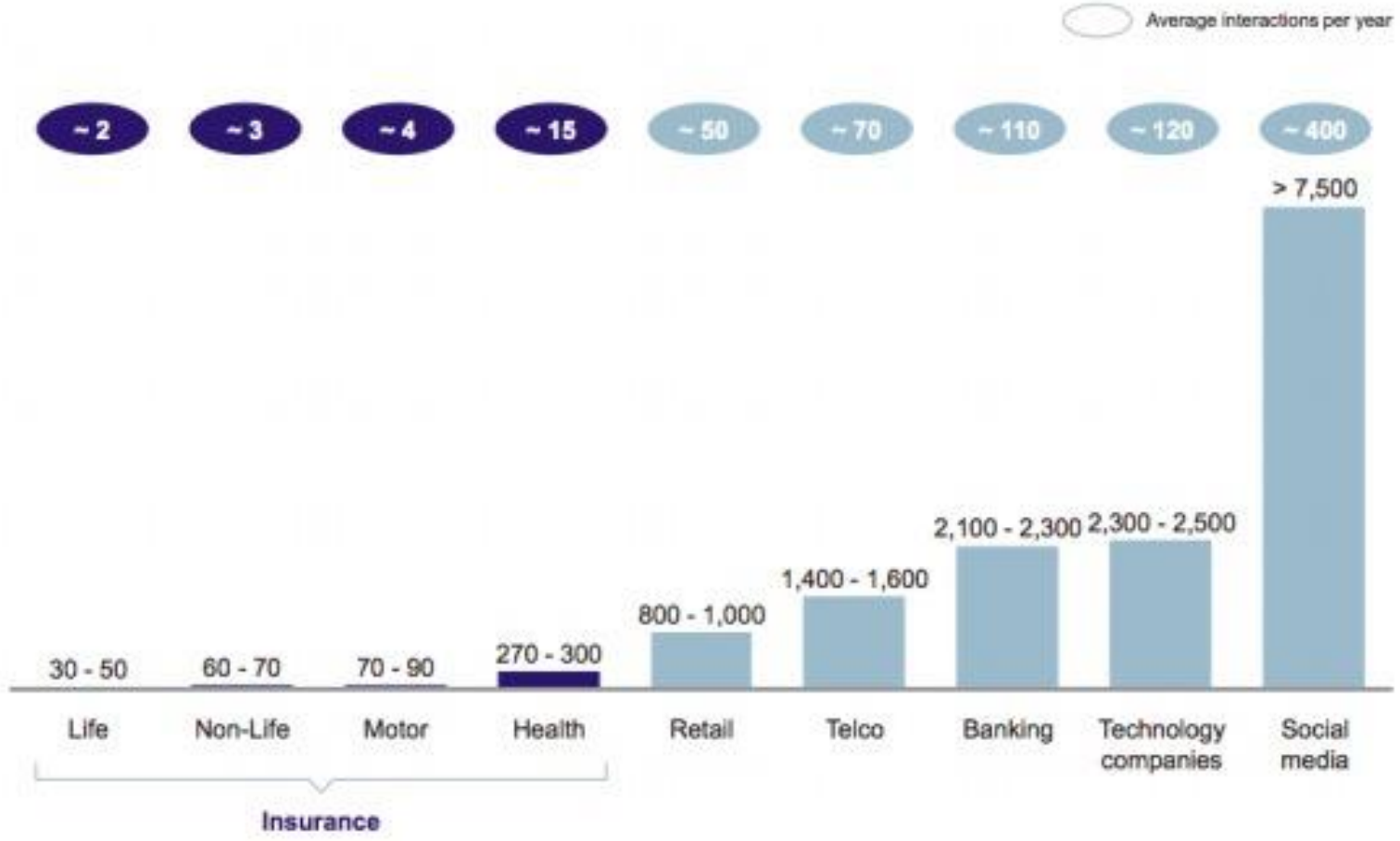
Disruptability Index Industry Sector Matrix - 2018 results

0-1 scale (1 = most susceptible/disrupted)



Traditional insurance = competitive disadvantage

Estimated average number of customer contacts over 20 years (and average per year)



SOURCE: McKinsey analysis



Traditional insurance = competitive disadvantage

“

*In the twenty-first century, the supply chain is no longer the central aggregator of business value. **What a company owns matters less than what it can connect.***

”



Traditional insurance = competitive disadvantage

“

Physical assets and employees don't scale well. Networks do.

”



Where are insurers today?

The difference between **EGO**systems and **ECO**systems

EGOsystem design

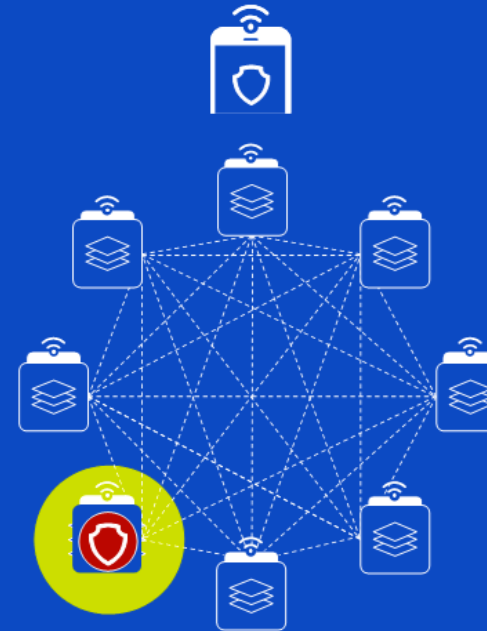
Do you intend to keep your customer interactions?



Swiss Re
Institute

ECOsystem design

Do you assume to lose full control but stay relevant?



Engagement models for Insurers

Controller

- Owns or has the say in the eco-system development
- Gets to create the model and takes most of the profits
- Creates a long-term sustainable business
- Best insurance example in Asia – PingAn Good Doctor?

Partner

- Enters into a long-term agreement to provide insurance to the eco-system
- Secures a profit stream and has influence to shape the insurance components of the eco-system
- Similar characteristics and challenges to bancassurance agreements

Provider

- Non-exclusive arrangement
- Maybe directly competing with other insurers
- Likely to be treated as a manufacturer
- Can still be profitable if operational costs are lean
- In some respects participating in price comparison sites is a good example as they create ecosystems around “saving money”

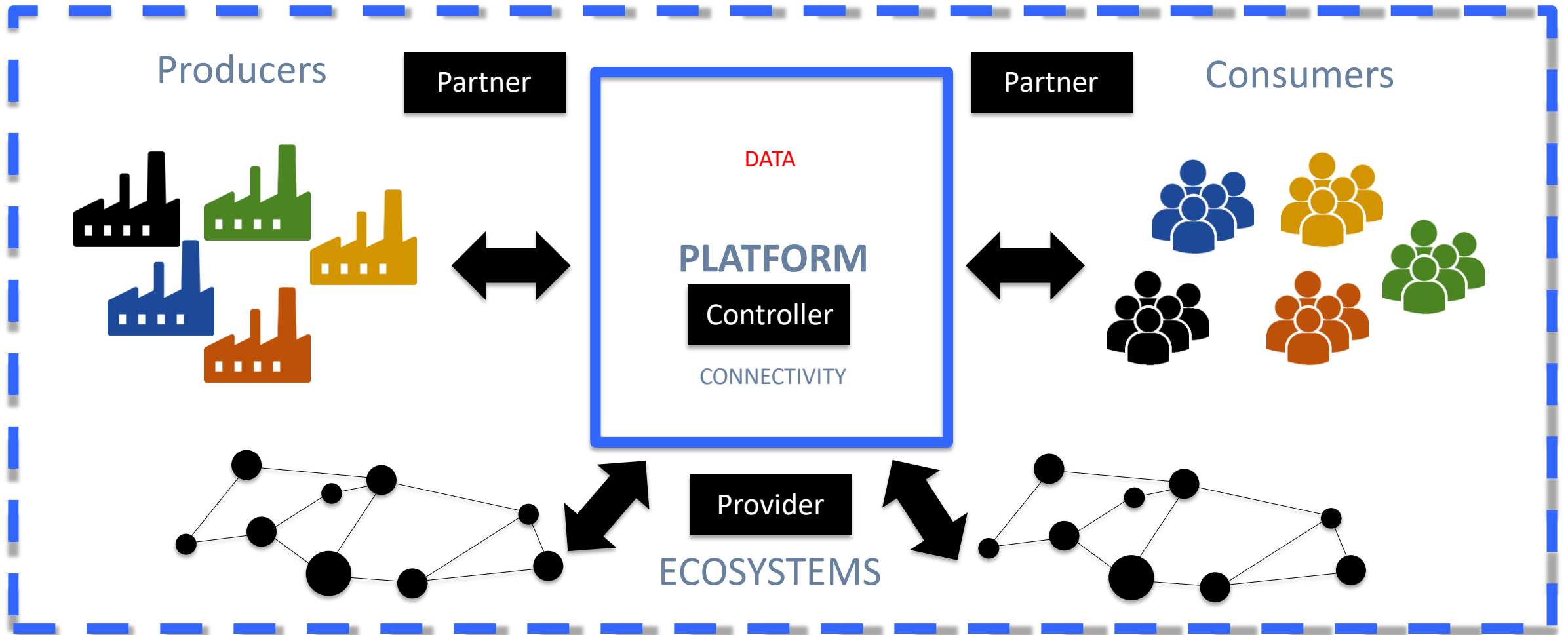


Engagement models for Insurers

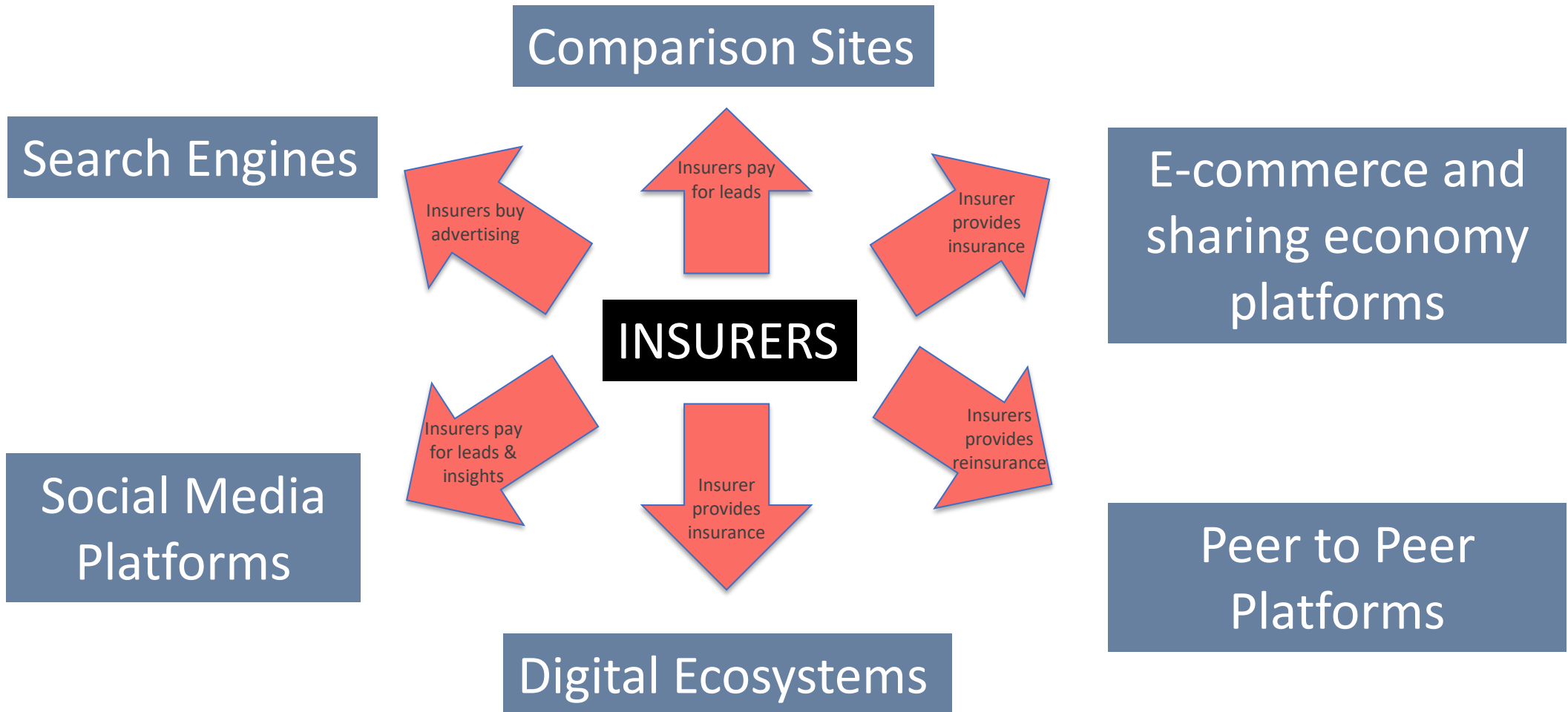
Controller

Partner

Provider



Platforms & the different ways insurers engage



Potential for insurers

« Digital ecosystems mean reinsurers and insurers can better customise their products to customer needs. »

Evangelos Avramakis, Head Digital Ecosystems
R&D, Swiss Re Institute

« Access to the data and insights being generated by digital ecosystems will be the key to success for insurers. »

Evangelos Avramakis, Head Digital Ecosystems
R&D, Swiss Re Institute

« Insurers can play a key role in boosting resilience within digital ecosystems with access to rich data and advances in risk quantification techniques. »

Evangelos Avramakis, Head Digital Ecosystems
R&D, Swiss Re Institute

Insurance opportunities

There are a host of opportunities for insurance in the rapidly expanding world of digital ecosystems, with new protection gaps to insure given the proliferation of new technologies across industries. Re/insurers have generally been slow to adopt new technologies, but many incumbents are now looking to upgrade their digital capabilities. In a survey, 76% of insurers agree that competitive advantage will not be determined by their organization alone, but by the strength of the partners and ecosystems they choose [5]. Participants in the health, mobility and natural catastrophe mitigation sectors are just some of those actively reaching out to re/insurers, recognizing the ever-important need for partnerships that focus on resilience in today's ever more uncertain world.

“76% of insurers agree that competitive advantage will not be determined by their organisation alone”



Insurers are stepping-up

“

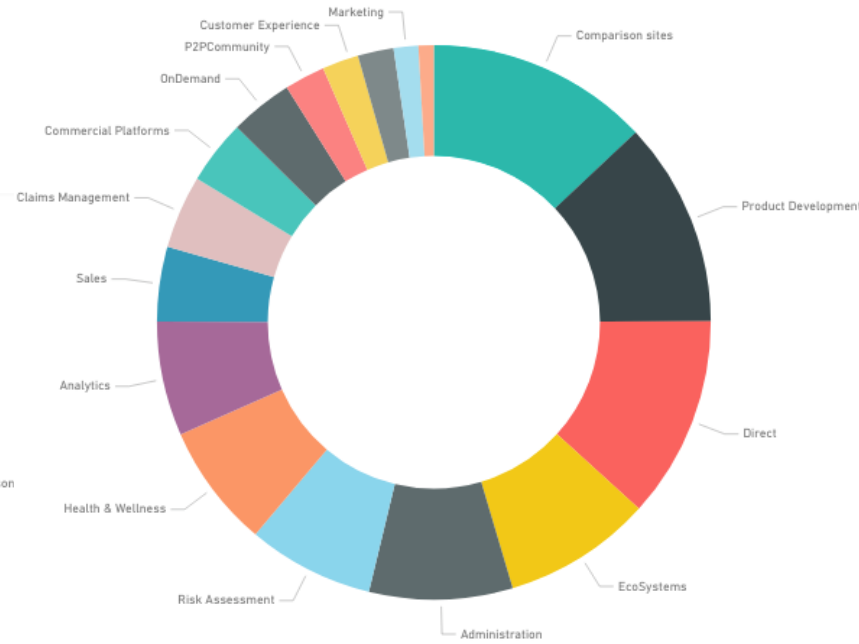
The world's 25 largest insurance companies are investing in digital platforms and ecosystems to enable new business models beyond traditional insurance.

”

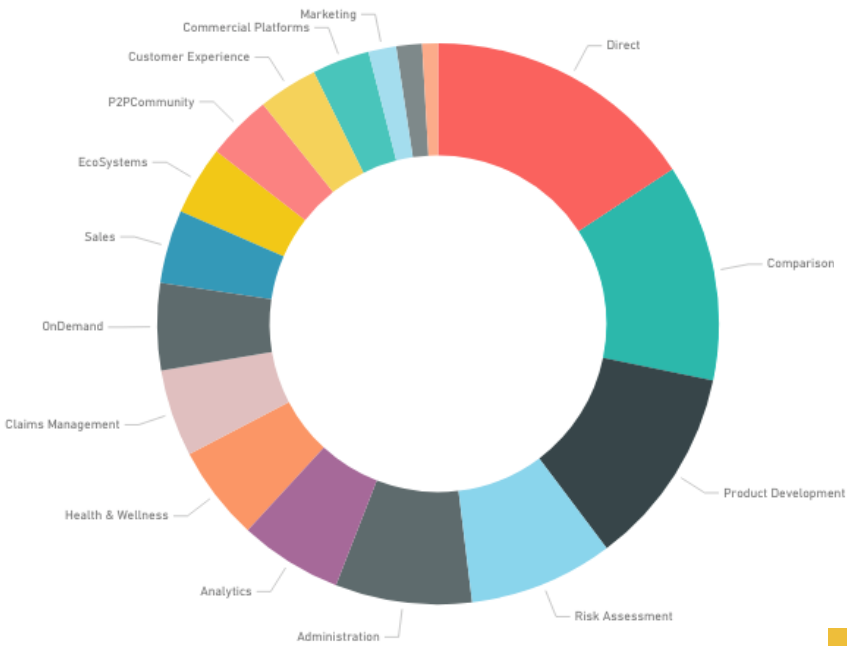


InsurTech Landscape – Category view

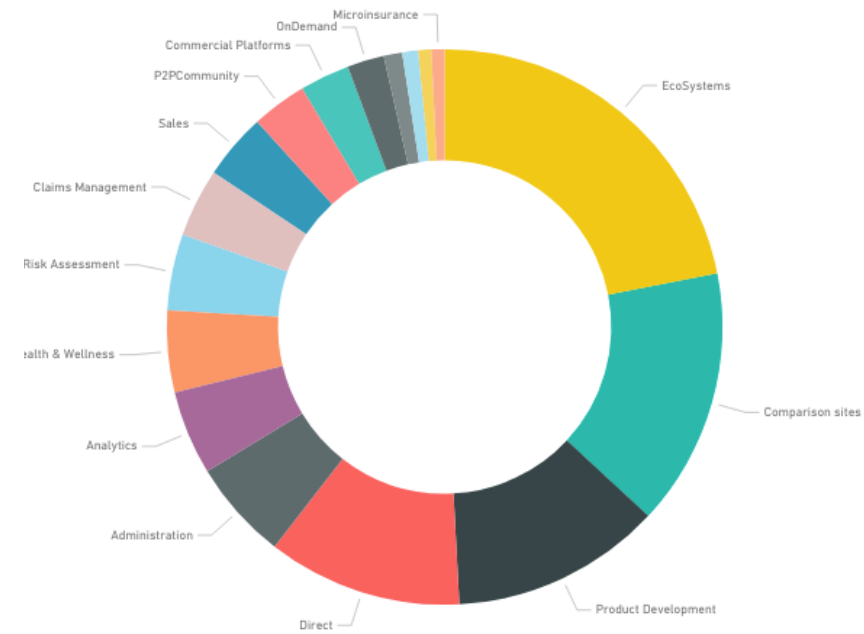
Global



Europe



Asia



Ecosystems



InsurTech Landscape – ITD Search Results

TDI'S INSURTECH DIRECTORY - THE WORLD'S INSURTECH DATABASE

DIRECTORY FILTER
Find the perfect solution

NEW BUSINESS MODELS | VALUE CHAIN INNOVATIONS | **ECOSYSTEMS** | ALL BOOTHS | PREMIUM BOOTHS

GLOBAL | AFRICA | NORTH AMERICA
EUROPE | ASIA & ANZ | LATIN AMERICA

INSURTECH SEARCH

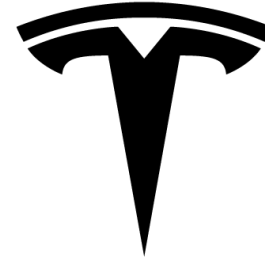
DIRECTORY FILTER RESULTS

259 InsurTech in total on this search

 ROOST Transforming property insurance with smart, in-home solutions that monitor real life situations, in real	 GALILEO PLATFORMS Galileo Platforms is a technology company serving the insurance sector using blockchain technology.	 TIA TECHNOLOGY Enabling your eco-system strategy	 ECOSYSTEMS	 ECOSYSTEMS
			 hello benji	 Stangen



Case studies in Insurance



Case study: AXA IaaS + Affiliates



Insurance as a Service [2017]
AXA Affiliates Programem [2019]

Digital Business Model : EcoSystems
<https://www.axa.com.sg>

"From revolutionising the way insurance is bought and sold, to supporting new pay-per-use business models that provides insurance on demand, we are taking a major step in realising AXA's Payer to Partner vision. This initiative enhances the strategic offerings of AXA and our partners, placing us at the forefront of Insurtech." Tomasz Kurczyk , AXA Singapore.

1
Request early access
Register for our pilot partner program. Complete a vetting process and create your application to connect to an API.

2
Connect, Integrate, Test
Innovate and test using our Sandbox environment.

3
Go-live
Successfully complete testing and launch your product.

AXA's first end-to-end transactional insurance API which helps boost consumer engagement through simple and seamless integration

"Technology is a great enabler that allows organizations to better engage customers and transform the way people experience insurance."

Tomasz Kurczyk , AXA Singapore.

AXA Insurance Transforms Partner Engagement with Launch of Digital Affiliation Platform

January 15, 2019



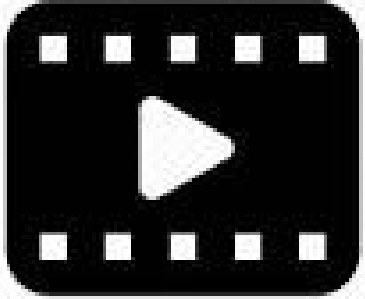
PropertyGuru is an example ecosystem partner in SG

So what ?

- Could to be transformational as the cross selling of property insurance on third party platforms is still relatively crude when compared to how policies can be tailored using location data, user behaviour data and customer profiles held by third party platforms. If implemented correctly, could optimise the conversion rate and average premium for both AXA and its channels



AXA affiliates marketing programme



AXA Affiliates Marketing Programme

AXA SG

TDI viewing Tip;

Promo ad of new proposition launched Jan 2019

Duration: 2 Min

[Video Link](#)



Possible discussion points for Weekly Clinic / Things to think about

- Quick promo video from AXA showing prospective business partners the benefits of using their Affiliates Programme leveraging the AXA IaaS platform
- Will we see more insurers doing this?



Case study: Bought By Many

Controller Partner Provider



BOUGHT BYMANY

D2C distribution & white label
Digital Business Model : EcoSystems
<https://boughtbymany.com/about/>

"Insurtech platform that designs and sells niche insurance products. Launched with unique pet insurance in 2017"



Most Trusted
Pet Insurance
Provider -
2019

Insurance
underwritten
by Great Lakes
Insurance SE

Simple policy
wordings &
claims

Covers things
no one else
does

Bought By Many groups customers with specific insurance needs and offers them tailored products

We fix the things people hate about insurance.

Bought By Many has been improving insurance since 2012. We've helped thousands of people find cover and created our own innovative insurance products.

Bought By Many appoints its first veterinary relationship & technical claims manager

by Duffie Osental
10 Dec 2019

PERSONAL

Bought By Many eyes Series C round early this year



Jen Frost
@jeninsurance

07 Jan 2020



So what ?

- InsurTech focused on niche solutions is proving demand exists "between the cracks" of products and services offered by mainstream insurers...having established the brand a multi-niche strategy that aims to leverage it's modern technology platform and extend services into wider parts of its target ecosystems is inevitable



Case study: Tesla



Controller Partner Provider



Tesla Insurance
Digital Business Model : EcoSystems
https://www.tesla.com/en_GB/blog/introducing-tesla-insurance
Tesla insurance for Tesla owners & drivers

TESLA | Insurance

Tesla Insurance Launches, Claims To Save Owners Up To 30% On Premiums 28th August 2019

- Announced 28 Aug 2019
- 20-30% lower insurance premiums on its cars
- Initially available only in California
- Partnership with domestic insurer

MUSK SAID TESLA'S ACCESS TO ITS CARS' DATA GIVES THE COMPANY AN "INFORMATION ARBITRAGE" ADVANTAGE


Can you afford that new vehicle? 25 most expensive car models to insure

Michael B. Sauter | 24/7 Wall Street
Published 8:31 AM EDT Sep 19, 2018

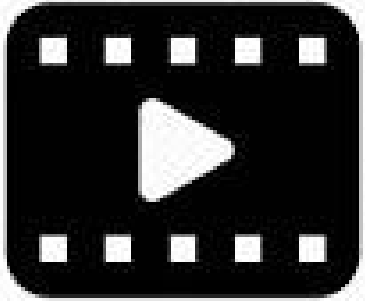


19 **So what ?**

- A significant development from a high-profile car manufacturer offering discounted rates achieved through improved car data use and cost efficiencies
- Potential over time through BiOTAsphere pilot (iOTA blockchain) to move to dynamic pricing through real-time broking of risk?



Tesla Insurance



Buffet doesn't think Musk should get into insurance

Yahoo Finance



TDI viewing Tip;

Quick clip considering Buffet's reaction to Tesla announcement on entering insurance



Duration: 1 Min 30 sec

[Video Link](#)

Possible discussion points for Weekly Clinic / Things to think about

- This quick Yahoo Finance discussion looks at why Warren Buffett thinks Tesla is wrong to be getting into insurance
- What do you think – is Elon Musk and Tesla right to be getting into insurance?



Case study: GoBear



Controller? Partner? Provider?



Early Pan-Asian FS Comparison
Digital Business Model : Aggregator
www.gobear.com

Building one-stop-shop for Financial Services products across Asia – aiming to be the “TripAdvisor” for FS

Product Comparison Scoring & Reviews

Loans, Credit Cards, General Insurance, Health Insurance

6 countries; 40m+ users to date

Data Insight supplier for insurers



GoBear CEO Adrian Chng / Photo credit: GoBear

How GoBear expanded beyond financial comparison

It plans to enter partnerships to develop bespoke insurance solutions.

Singapore-based fintech GoBear started out as a meta search engine where users can compare and select insurance plans and financial products. Four years later, the fintech has helped at least 40 million users search for over 1,800 personal finance products and the company is taking this one step further as it delves directly into developing actual products.

“Choosing financial products used to be complicated and dull. We didn’t think that it was fair, and wanted comparing these products to be simple and easy,” GoBear CEO **Adrian Chng** told *Asian Banking & Finance*.



So what ?

- Next generation aggregators such as gobear are already looking at ways in which they can include basic life and health for customers – offering additional reach for insurers but also driving down margins



Will platforms & ecosystems transform insurance?

“

ECOSYSTEMS are the future of insurance

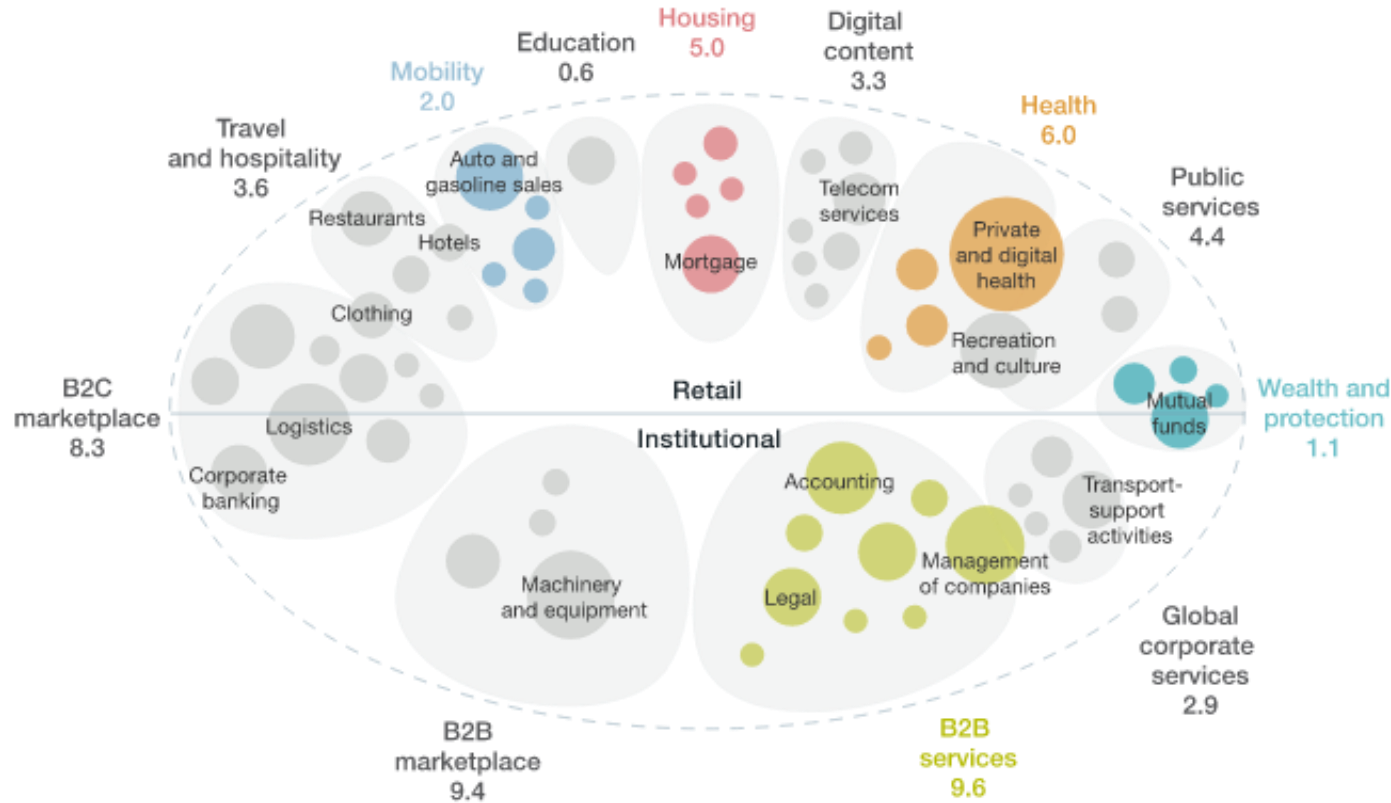
”



McKinsey: Ecosystems 25-30% global GDP by 2025

New ecosystems are likely to emerge in place of many traditional industries by 2025.

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

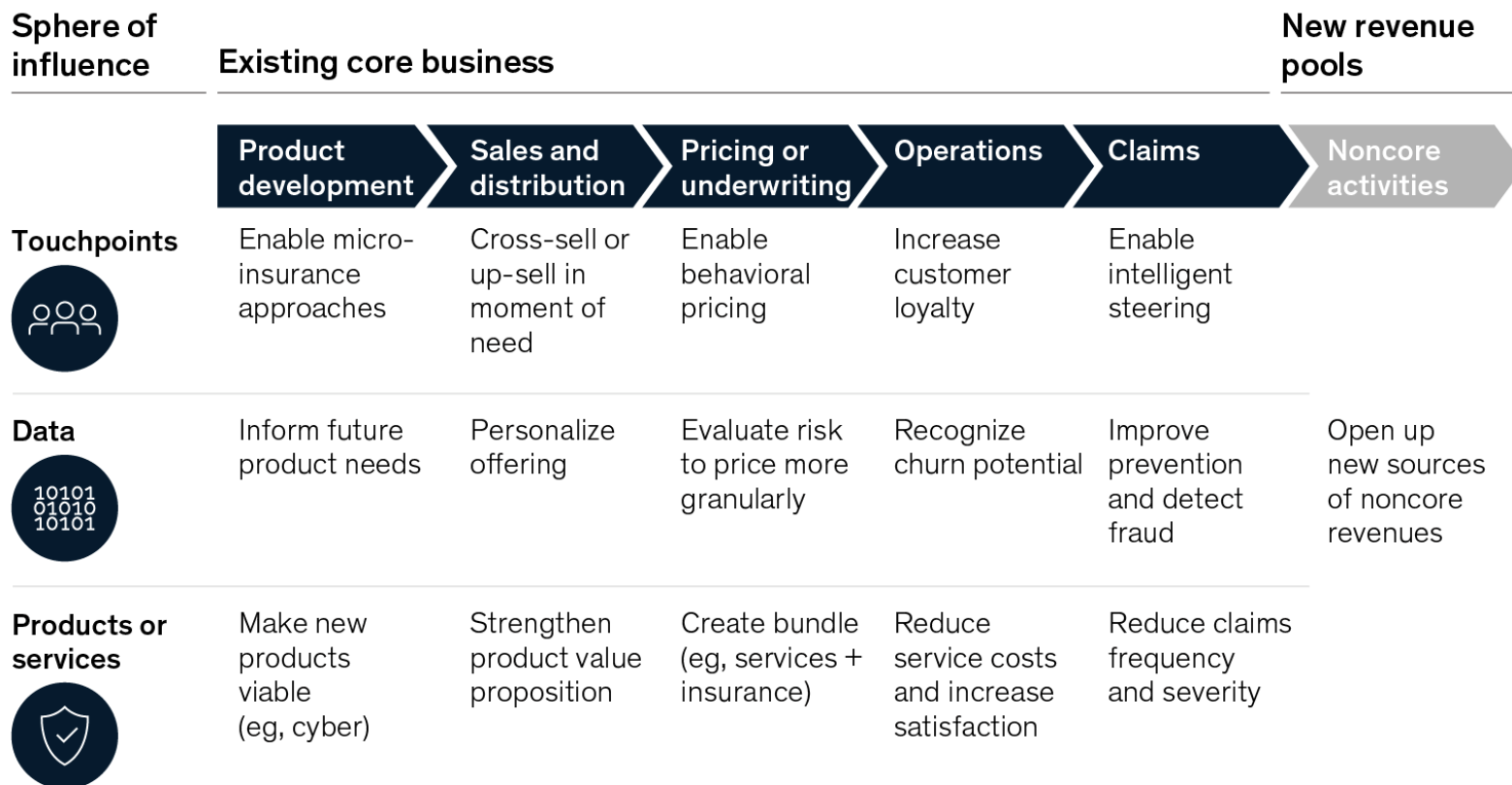


¹Circle sizes show approximate revenue pool sizes. Additional ecosystems are expected to emerge in addition to those depicted; not all industries or subcategories are shown.



Potential for insurers

Touchpoints, data, and services have an impact on the value chain.



How to evolve a traditional insurance business

A thoughtful, iterative approach can help insurers implement ecosystems.

Strategize

Set ecosystem vision

- Set bold aspirations, which may require high-stake investment
- Align CEO and board on adoption and definition of ecosystem strategy
- Secure commitment funding

Prioritize use cases and partners

- Find services that solve a customer's problem (value)
- Accomplish initial use cases with known partners (feasibility)
- Use dynamics of two-sided markets to attract customers (eg, premium models)

Enable

Create organizational foundations

- Develop clear value-sharing model, and adapt to working with multitude of partners
- Ensure autonomy and entrepreneurial culture
- Encourage a venture capitalist-like mind-set and fast decision-making skills among management

Generate value

Build organization and minimum viable product

- Design and create first minimum viable product as a standalone or integrated product (eg, in customer portal)
- Technically integrate with core business while gaining insights from customer interaction



Explore use cases for customers

- Demonstrate clear impact that adds value back to core business
- Introduce new customer touchpoints via emerging adjacent services

Define value proposition

- Outline services that make up a frictionless customer experience
- Integrate with (or demonstrate proximity to) core insurance product to promote customer acceptance

Set up technology requirements

- Design expansion through association into the platform using standardized application programming interfaces (connective tissue of the ecosystem economy)
- Require a 360-degree view of data for a seamless experience

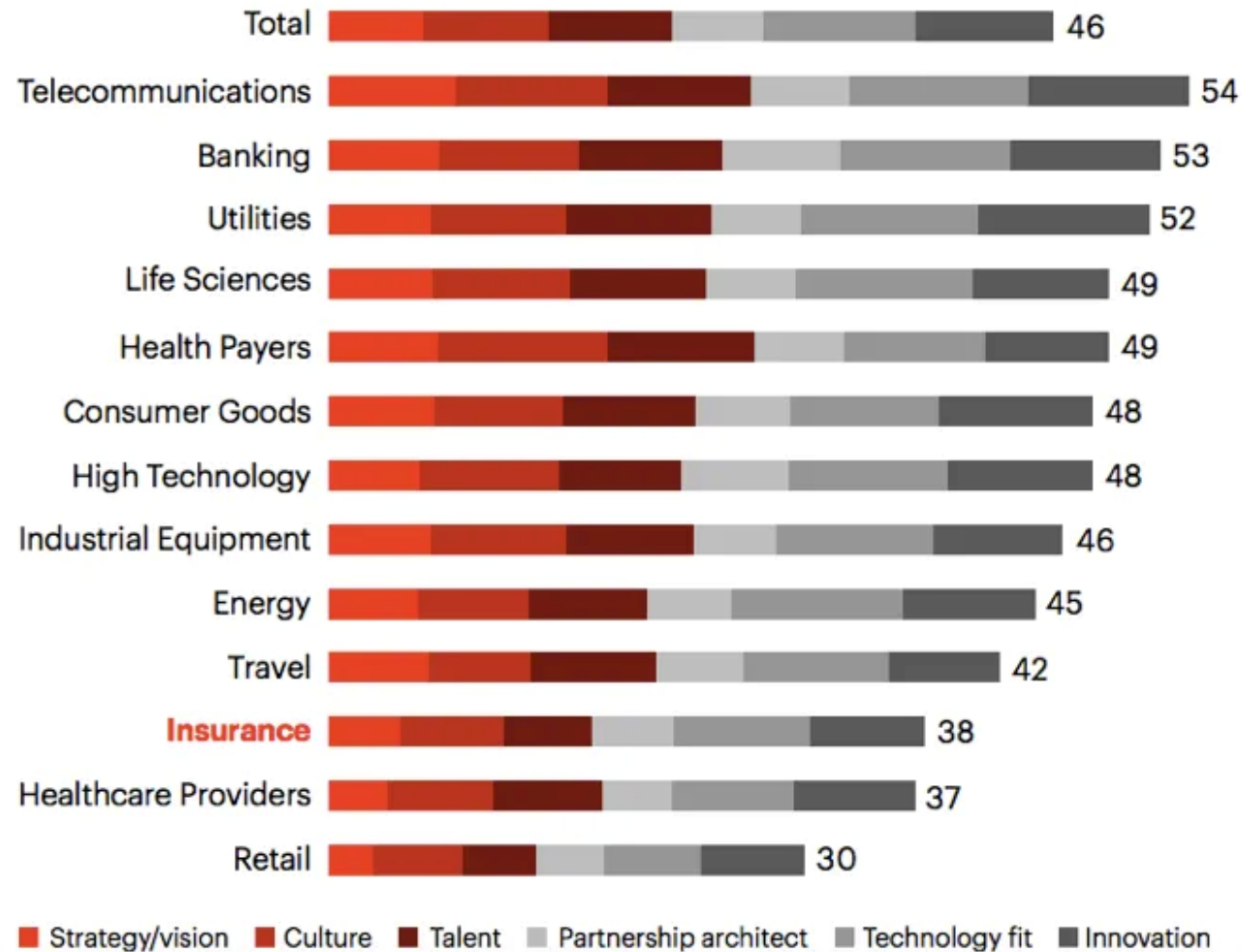
Scale and operate

- Apply existing ecosystem plays and thoroughly examine ideas
- Grow further use cases through make-buy-partner approaches



Where is insurance falling short on Eco-capabilities?

Ecosystem capabilities index



Case study: Ping An

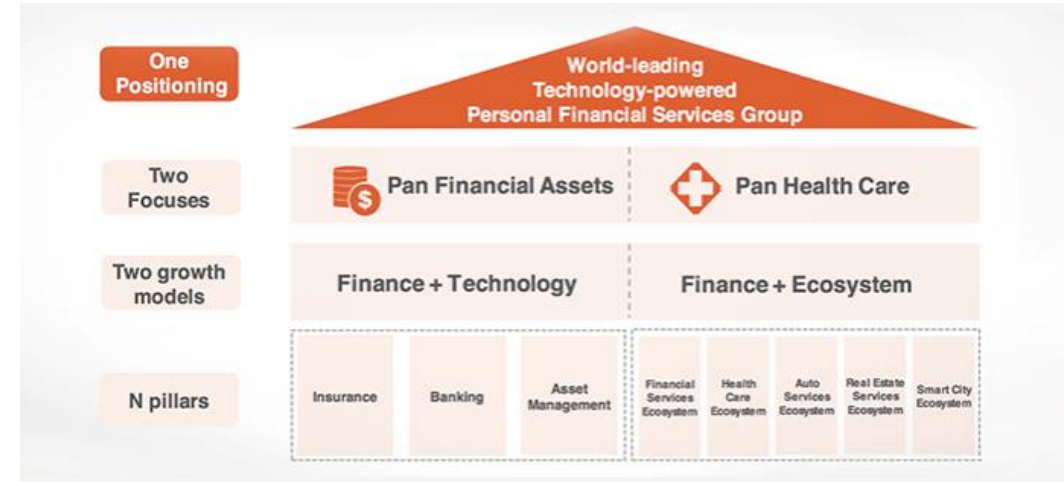


Controller Partner Provider



China's 1st platform power-house
Digital Business Model : EcoSystems
<http://www.pingan.cn/en/index.shtml>

"We've managed to get practical experience in China....we hope we can apply that technology and experience in other countries."
 Peter Ma, CEO

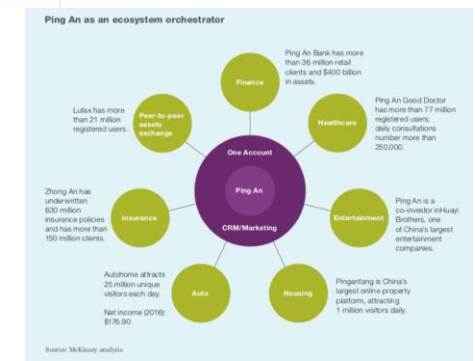


- Good Doctor**
\$1.1bn IPO
- Technology**
\$7.4bn val
- 陆金所 Lufax.com**
P2P Lender
\$18.5bn val
- 汽车之家 AUTOHOME INC.**
Auto Portal
\$9bn val

Ping An vs other global insurers



- HSBC**
7% - HSBCs Largest Shareholder
- Forbes**
"Worlds Largest Insurer 2018"



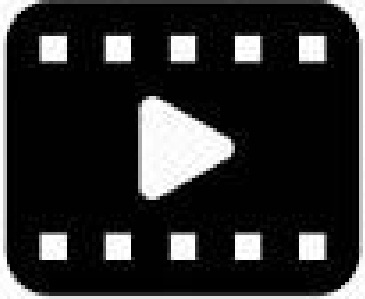
Sources: S&P Global Market Intelligence; Refinitiv (formerly Thomson Reuters) © FT

So what ?

- Very much at the forefront in pioneering insurance ecosystem development on the global stage
- What's most interesting is that they were a traditional Life company...but over 20 years, with the same leader and outward-looking management team, they have successfully transformed....few other insurers have this resolve



Ping An Global Voyager Fund



Duration: 2 Min

Radical Transformation in Finance CNBC interview with Jonathan Larsen CEO of Ping An Voyager Fund TDI viewing Tip;

Interesting insights into the potential for value through ecosystems from the world's leading ecosystem-insurer

[Video Link](#)



Possible discussion points for Weekly Clinic / Things to think about

- Jonathan Larsen explains how tangential products and service in ecosystems bring much more value to Ping An's customers, and hence value to Ping An – once a traditional Life Insurer in China and now a platform power-house on the world stage
- What other products and services, beyond those mentioned by Larsen, can you think of that could help insurers offer more value to customers?

