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A Promising Road Ahead for InsurTech

Chris Purcell, CIO, PEMCO

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Chris Purcell, CIO, PEMCO

In the late 1980's the car company Oldsmobile produced a television ad in which it touted its new models were, "Not your father's Oldsmobile." The idea behind the campaign was to show that the brand was evolving with the times and moving forward.

While the ad was not a huge success, the idea was a sound one and not unlike the premise driving InsurTech, which is short for 'insurance technology.' By looking at data and statistics to create innovation and disruption within the industry, we can

uncover new ways to provide insurance to our customers that will save both time and money. Here are four reasons why I believe, unlike Oldsmobile's attempt, InsurTech will change the game:

1. Plug-and-Play: The best thing about InsurTech companies right now is they allow companies like mine to plug in new capabilities and quickly tap new data sources without having to invest the time, resource, or expertise to develop from scratch. We're currently building relationships with InsurTechs that will audit our digital files for errors and omissions; scour social media and other publicly available records to identify patterns that might suggest potential fraud, monitor search engines and

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other media sources to drive leads; deliver real-time data about driving behaviors; etc. Many of these tools apply artificial intelligence and IoT capabilities out-of-the-box—almost instantly extending our capabilities to quickly leverage emerging technology.




"By looking at data and statistics to create innovation and disruption within the industry, we can uncover new ways to provide insurance to our customers that will save both time and money"

2. Data, Data, Data: These days, data is a key foundational component to our success. For pricing, segmenting, underwriting and mitigating risk for customers—data helps us predict and respond to risk—preferably before a problem even happens. InsureTechs allow us to expand our already vast internal data sources to tap additional data sources to augment our ability to serve customers.

3. Price Can Be Right: Many of these services are subscription-based where you either pay a very predictable, monthly fee—or you pay-as-you-go utilizing the service only when you need it. Overall it avoids the start-up and development cost we might have otherwise incurred by creating an in-house solution. Many of these InsureTech solutions are simple point-solutions—they aren't necessarily complex, but the cost to develop and support in-house might have been more than the overall value created by the solution. InsurTechs can build and support the simple tool—and make it available to many—thus reducing the cost to insureds using the service.

4. InsurTech/Insurer Partnership: We've found that many InsureTech start-ups value an open, two-way relationship with established Insurance providers like us. While they help speed up our ability to experiment with new and innovative platforms and capabilities, we can help point them toward the right innovation categories and business problems to focus on. By adopting/partnering early during their development/refinement period we can help evolve the InsurTech product in a way that helps them, us, and our customers. Done right, they become an extension of our core IT team!

By looking at fresh new ways to continually advance the insurance industry while providing both savings for customers and efficiency for companies, InsurTech is an idea that traditional insurers can learn from and embrace.

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