

Technology Trends Transforming the Industry in 2021



JEFF WARGIN

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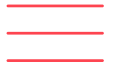
Advanced insurance technology is already an integral part of the Property & Casualty industry, for both carriers and insureds. Getting insurance quotes can be as easy as clicking a button, managing coverage can typically be accomplished via a mobile app, and paper insurance cards are mostly a thing of the past.

Insurance technology is poised to mature even more in 2021. [Digital insurance](#) offerings and a defined omnichannel approach to customer service is driving the pace of change in the P&C insurance industry. What's more, insurance companies of all shapes and sizes are searching for evergreen solutions — technology that can scale and update with changing demands and capabilities — to help them stay ahead of competitors.

While some of these tools are already employed by some carriers, we see them becoming more and more commonplace throughout the industry. Insurers looking for a competitive edge should consider embracing one or more of these 11 emerging insurance tech trends.

Predictive Analytics

[Predictive analytics](#) is used by many insurers to collect a variety of data to help them understand and predict customer behavior. However, there are



- Anticipating trends

Adopting predictive modeling tactics has also proved to increase revenues and accuracy for many P&C insurers. A 2018 study from [Valen Analytics](#) found that companies that used analytics and predictive modeling saw their loss ratios improve 3% – 9% more than companies that didn't. They also reported that insurers using predictive analytics grew their direct written premiums by 53%, compared to the market average of 18% growth during the same time period.

Artificial Intelligence (AI)

The use of artificial intelligence (AI) has rapidly expanded, with AI-enabled devices becoming commonplace in homes around the world. A [Deloitte Digital report](#) stated that, as of 2017, more than 35.6 million people in the U.S. alone have voice-activated AI assistants, and the worldwide spend on these technologies was expected to reach \$47 billion in 2020. So how can this prevalent and accessible technology be leveraged by the insurance industry?

Consumers are always looking for personalized experiences, especially when purchasing something as important as P&C insurance. AI offers insurers the ability to [create these unique experiences](#), meeting the high-speed demands of modern consumers. The key is to use AI's capabilities to leverage the massive amounts of consumer data available to create personalized experiences based on an individual's behavior and habits.

Additionally, with AI insurers can improve claims turnaround cycles and fundamentally change the underwriting process. AI also enables insurers to access data faster, and cutting out the human element can lead to more accurate reporting in shorter periods of time.

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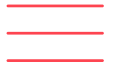
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Insurance technology trends in 2021 will include the overlapping of various technologies, all in the name of improving accuracy. According to [Forbes](#), “Machine learning is technically a branch of AI, but it’s more specific... machine learning is based on the idea that we can build machines to process data and learn on their own, without our constant supervision.”

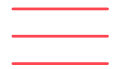
Machine learning can not only improve claims processing – it can automate it. When files are digital and accessible via the cloud, they can be analyzed using pre-programmed algorithms, improving processing speed and accuracy. This automated review can impact more than just claims: it can also be used for policy administration and risk assessment.

When it comes to adopting machine learning capabilities, you don’t want to get left in the dust. All signs point to machine learning becoming a common tool in the insurance space. An [SMA survey](#) found that 66% of P&C insurance executives believe that machine learning has a high impact potential for commercial lines of business, while 53% of executives believe it has a high impact potential for personal lines.

Internet of Things (IoT)

Most consumers are willing to share extra personal information if it means saving money on their insurance policies – and the Internet of Things (IoT) can automate much of that data sharing. Insurers can use data from IoT devices such as the various components of smart homes, automobile sensors, and wearable technologies to better determine rates, mitigate risk, and even prevent losses in the first place.

P&C insurers can’t afford to delay in leveraging IoT capabilities, as forecasts [project a global IoT insurance market value](#) of \$42.76 billion by 2022. IoT will bolster other insurance technology with first-hand data, improving the



improve operational efficiency, and improve the entire customer experience. While this may sound similar to digital insurance offerings that have been in use for years, insurtech takes those capabilities to the next level.

[Insurtech investment reached approximately \\$4.9 billion](#) in 2018, namely because “Insurtech is changing the way real-time and predictive data can be captured and used to promote development of insurance products that are responsive to emerging risk, allow for customized coverage and pricing solutions to respond to macro-risks such as climate change or cyber risk, and drive future resilience.”

Blockchain Data

First, what is blockchain data? According to [Forbes](#), it is a distributed, peer-to-peer ledger of records called blocks that is virtually incorruptible. Every block links to a previous block and has a time and date stamp. It is self-managed and does not require coordination from an intermediary. Blockchain is what makes cryptocurrencies like Bitcoin possible.

Blockchain as an insurance technology is still in its infancy, but insurers would be wise to get ahead of the game. Experts believe its impact will be seen in:

- Consumer trust
- Enhanced efficiencies
- Improved claims processing
- Fraud detection and prevention

A recent [PwC report](#) claims that blockchain offers a \$5 billion opportunity for P&C insurers. For an industry that relies on troves of secure data, blockchain technology could trigger “the transformation of business

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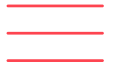
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marketing strategies and clever advertisements. Mining social media data is improving risk assessment for P&C insurers, bolstering fraud detection capabilities, and enabling entirely new customer experiences.

Take the Dutch insurance company [Kroodle](#), for example. Their process of interacting with customers is entirely accomplished via social media. Customers log in using their Facebook credentials, and they file claims, get quotes, and request other services via a Facebook app.

Insurance technology can also leverage social media to investigate fraud. Insurers can look at the social activity of insureds and compare it to claims records, looking for any discrepancies. [A Morgan Stanley report](#) cited a tool utilized by carriers to investigate claims throughout the assessment process that examines the social relationships between parties involved – and monitors their activity on the day of the loss to look for red flags.

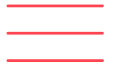
Telematics

Auto policies will continue to be impacted by telematics capabilities. In insurance technology, think of telematics as wearable technology for your car. Cars can now be equipped with monitoring devices — think Progressive's Snapshot — that measure various indicators such as data on speed, location, accidents, and more, which is all monitored and processed with analytics software to help determine your policy premium.

The benefits of telematics are numerous for both insurers and insureds.

Telematics in P&C insurance will:

- Encourage better driving habits
- Lower claims costs for insurers
- Change carrier to customer relationships from reactive to proactive



policy application or claims process, reserving human intervention for more complex cases.

[Geico's "Kate"](#) is a virtual assistant that communicates with customers via text or voice, aiding in policy questions and coverage inquiries, available 24/7. More insurance companies are investing in [technology like this](#), and chatbot capabilities are expected to increase in 2021.

Low Code

Insurers today need to be able to manage software platforms, deploy updates, and get to market with new products efficiently and accurately. While this process used to require a skilled developer or IT team, new advances in software-specific coding platforms have made this process easier than ever before.

[Low-code configuration tools](#) allow business stakeholders – not just IT professionals – to update and manage apps and software using an intuitive, user-friendly drag and drop functionality. With moderate or even elementary app and software experience, insurers will be able to quickly implement new and different user interface (UI) features that customers demand, in a fraction of the time usually required.

The biggest benefits of low-code development are:

- Drastically increased speed to market
- Widespread app development across organization
- The ability to build foundational features that can be expanded upon
- Empowering employees to take control of their work/offerings

A survey by [Mendix](#), a development company, reported that 70% of low-code users learned how to develop apps in less than a month, and 72% of

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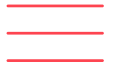
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2021. They can be used across many stages of the insurance lifecycle – collecting data to calculate risk before issuing a policy, aiding in preventative maintenance, and assessing damage following a loss.

[Farmers Insurance](#) is a great example, as they deploy Kespry drones to aid risk and damage assessment on homes. These drones perform roof inspections and other assessments, and the drones transmit their data to the cloud for analysis. This is yet another instance of IoT and other technologies working together in the insurance industry.

P&C carriers are always searching for the latest and greatest developments in insurance technology. It helps them not only stay ahead of their competitors, but also deliver the experiences customers expect in the modern market. With all of the innovation going to market in recent years, from smart home technology to insurtechs and microservices, 2021 will be a very interesting year to watch for insurance technology developments. Stay tuned...

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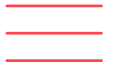


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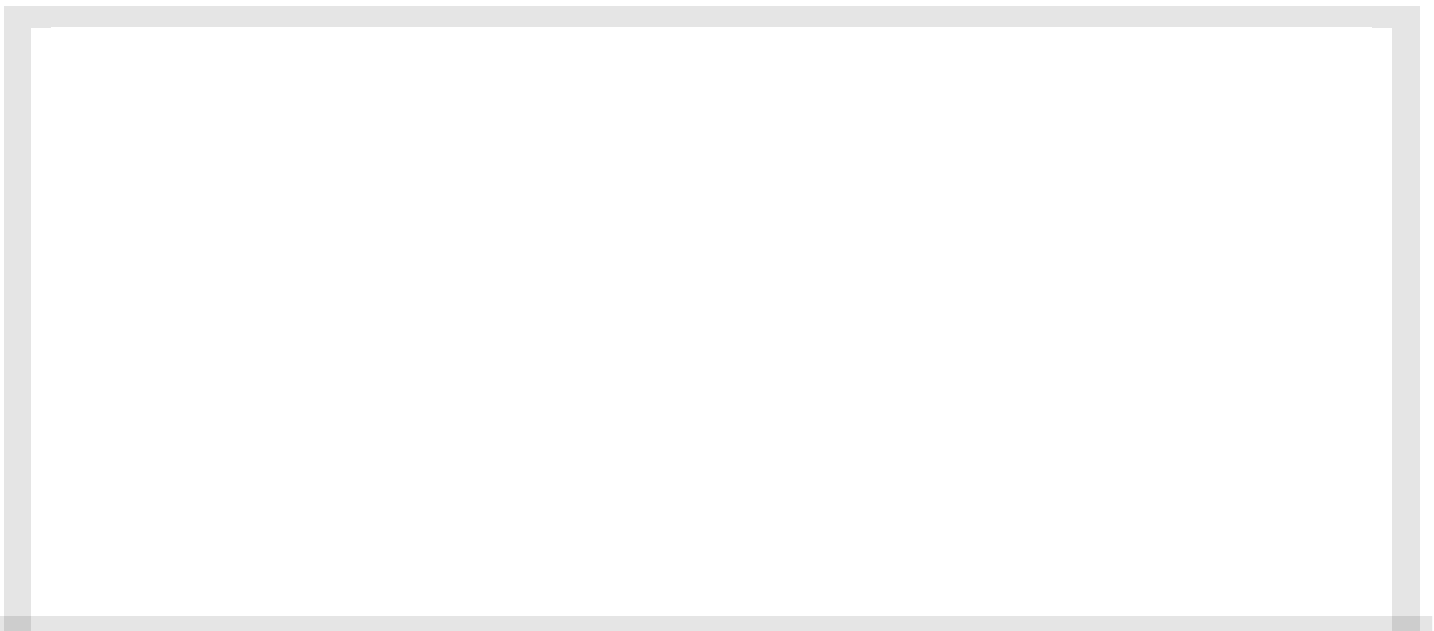




Jeff Wargin

As Chief Product Officer, Jeff Wargin leads the direction of Duck Creek's P&C insurance solutions, responsible for strategy, direction, release planning, and roadmapping of these products. Jeff has spent 20+ years in the P&C Insurance software market, focused on bringing innovative, future-proof products and solutions to insurers and others in the value chain. Jeff's background is in technology, but his work experience has provided him with a deep understanding of the complexities of the P&C Insurance industry.

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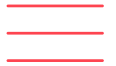
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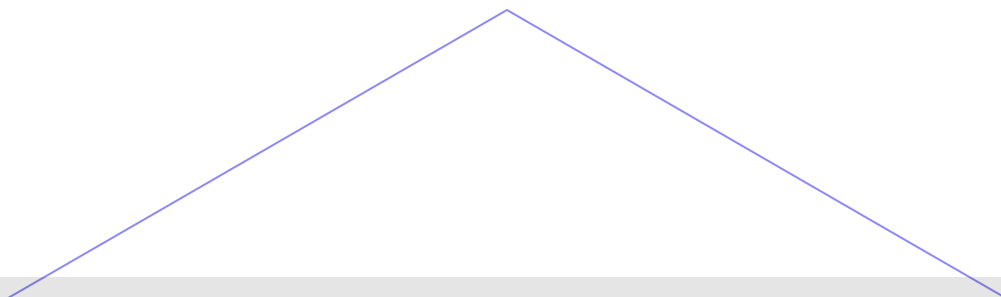


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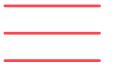
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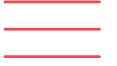
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