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Why Insurers Must Reframe The Paradigm Of Trust For The Digital Age

**Robert Burr** Forbes Councils Member**Forbes Business Council** COUNCIL POST | Membership (Fee-Based)

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Robert Burr, CEO Asia Pacific of [iptiQ](#), part of the Swiss Re Group's global strategy to make the world more resilient



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In *Sapiens*, Yuval Noah Harari neatly summarizes the history of human existence. According to Harari, a key factor in the survival, evolution, development and distinction of our species is trust. It is the thread from which the fabric of society, and its imagined realities, is woven. Trust plays

a crucial role in every economic, political and social network. Financial systems pivot on the trust quotients operating in these constructs.

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On a day-to-day level, I think money is perhaps the most ubiquitous and effective exercise in mutual trust. As Harari states, trust can be considered the raw material from which all money and subsequent value is minted. Money, of course, is more than notes and coins. Shells, beads, silver ingots and even cigarettes have all played money's role. In fact, today, **90% of money is simply data**. It exists on servers, and a payment is just the movement of data from one electronic file to another.

Which brings us back to trust and, more specifically, digital trust. Given how much of our existence is contained within the electronic sphere, digital trust is indeed the coin of the realm. This is particularly true for the world of insurance and, specifically, online insurance platforms. As the regional CEO of a digital insurance solutions provider, I think leaders in the industry need to reframe the paradigm of trust.

The Protection Gap

The protection gap in insurance is the shortfall in the amount of cover necessary to maintain current living standards of dependents. For example, research from SwissRe, which my company is part of, shows that, for mortality protection in Asia, the chasm stretches to **\$83 trillion**. Digital will enable us to reduce this gap, but it is not enough to just build a digital platform. To do it most effectively and efficiently, industry leaders must do more to build digital trust, based on the pillars of transparency, quality, integrity and accessibility.

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I believe trust is the key factor in improving perceptions of insurance and the purchase of digital products, thereby closing the protection gap. I don't think it's too dramatic to suggest our survival as an industry depends on it.

In my view, a viable, sustainable digital platform is built on blocks of talent and agility; a value proposition; robust, compliant products; UI and UX; proven value; and a scalable model. Without trust underpinning it all, however, the paradigm folds like a house of cards. Consumers have security concerns over personal data. Transparency of pricing, design, delivery and service clouds the issue. This is compounded by unpleasant experiences — personal, shared or rumored — related to claims. For many people, there is even the question of insurance's value in the grand scheme of things.



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Addressing Gaps

It is incumbent on us, as industry leaders, to address these matters of trust if we are to close the protection gap. We, however, must overcome a

few gaps of our own.

Technology debt, for one, along with legacy systems and high-cost processing should be addressed. Cultural gaps and traditional organizational structures challenge the speed of evolution, innovation and creation of agile, integrated, cross-functional networks. Then there are execution gaps and time-consuming builds. There are also struggles with pricing and design, manufacturing, delivery and service; new processes, practices and compliances; and information systems. And this is all before we even get to consumers and our relationship with humankind.

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How do we close the market gap with monoline products? Can we create new products for new customers, while refreshing and expanding products for existing customers or, for that matter, configure multiple product offerings that are customizable for personal needs?

Digitalization And Trust

With digital, I think we can. Digitalization has unlocked solutions, opened potential and unboxed opportunities that can foster relationships, accelerate the adoption of insurance and close the protection gap. Only with digital trust, that is.

Blockchain technology has made the collection of personal data safer, heightening security and the protection of our customer's personal data. In my view, the best digital platforms run decentralized business models, enhancing integrity and neutrality, at every step. Automated underwriting allows for transparent, simple, personalized products and processes. Claims have been automated, with innovative solutions, to make the experience smooth and intuitive.

Trust in these equities and assets is not bought. It is earned over time. And there are issues that slow customers' trust in technologies, with algorithm bias being an example. Like data security, it is a general trust issue consumers have with technology, not necessarily restricted to a specific sector. The main issue with algorithm bias is that it could reinforce societal stereotypes and potentially lead to inaccurately

informed business decisions, which eventually hinder customer trust. For example, a U.C. Berkeley study revealed that several mortgage algorithms have charged Black and Latino borrowers [higher interest rates](#).

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Integrity and fairness are critical to ensure digital trust in this context. Leaders across the insurance value chain should strive to innovate and operate with a culture having the customer at heart.

Digital trust comes from within.

I believe truly innovative solutions can be trusted to address genuine concerns. A unique, scalable model provides effective, alternative access to life and health risk pools. Automated underwriting offers tailored plans through a simple, transparent process that everyone can understand, from auto insurance to online shopping. All this can leapfrog many of the technical pitfalls of traditional insurance.

It is a commitment to meeting, serving and over-delivering needs, with the very human traits of integrity and empathy that builds trust in them. Build that, as we are fond of saying at my company, and they will come. Now and for the long, sustainable run. Thirteen billion years of evolution and data suggest this is true. It is how we arrived at this brief point in time.

Now, however, is the time to evolve. To become the dominant, species, per se. To transform insurance into a more trusted model, with a digital-first, customer-centric partnership.

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