

LM TOM & InsTech SpeedTech Series 2016- what did we learn?

In the final quarter of 2016, three London Market SpeedTech events took place sponsored by the London Market TOM Innovation Exchange in association with the global network Instech London. The events were designed to inform the London Market about the technologies, known as InsurTech, that are having an increasing impact on the insurance space including Data, Robotics and IoT. Practitioners were given a platform to learn directly from the vendors and experts about certain new technologies and discuss the topics that are shaping the future of the insurance market, as well as making them aware of specific companies (both start-up and established) operating in the space.

What did we learn?

- **The greatest challenge and obstacle the London Market faces is its own attitude towards innovation.** If the market is to survive and thrive it must embrace this technology.
- **There is an abundance of beneficial technology** currently on the market for insurers and brokers. But *why such limited take up? We think the Market isn't dedicating enough time and effort to embrace the technological opportunities available to it.* While a balance has to be struck with keeping the lights on in our current operations, we can't assume the world will stand still around us, waiting for us to catch up. We have to assume that the future of our industry will be different to its present, and invest adequately to be prepared to thrive in that future..
- **There is real competition and serious money** being poured into Insurtech: In 2014, insurance tech start-ups raised just over \$740M in venture and equity funding. Just a year later, funding to insurance tech companies rose over 3.5x to hit \$2.65B in annual funding.
- **More importantly, year-on-year deal activity in the insurance tech space increased 45%** and hit a multi-year quarterly high in Q4'15, which saw an average of 11 insurance tech start-up financings per month.
- **The technology companies need direction and support from London Market insurers or they look to other markets,** such as XL Catlin have done by investing and underwriting Lemonade, Munich Re in Slice & Wrisk, AXA in MicroEnsure and many others.
- **Tokio Marine Kiln's Oliver Tozer innovation awards** winner is a shining example of incumbent insurers taking the right approach and embracing innovative new ideas by supporting graduates creating partnerships with InsurTech businesses.
- **There is a clear development in sophistication of vendors and the technology.** These talented people will find a way to impose on incumbent's market share if partnerships strategies aren't adopted.
- **Data standards are vital for maximising the value from new data sources** - cultural shift necessary towards embracing change.
- We'd argue that while there are very few specialist commercial implementations of Robotics, Real-time Data and IoT, there are enormous potentially applications of it in almost **every facet of our businesses.**
- **Don't assume data driven products only belong in personal lines** – the capabilities and disruption they bring apply to high end commercial insurance too.
- Personal Lines Telematics, wired up ships, factories can lead to **risk prevention** and containment rather than mitigation post loss.
- **Personal lines aggregator websites, chat bots, basic AI lets our industry design and sell new products offerings for customers, into** meet markets we previously wouldn't have touched as our expense base isn't setup to handle them.
- **Software robots can save us money and buy us time** to upgrade our systems to meet data and digital disruption head on.
- **Data from IoT doesn't just let us sell new insurance products** – it potentially changes the industry to one that truly partners with insureds to prevent risk, not just pay claims.

- **Check out our Podcast:** <https://www.buzzsprout.com/75446/452244-instech-london-podcast-2-justin-emrich-gary-nuttall>

SpeedTech Session 1: Data

Presenters: <https://www.meetup.com/instech/events/233414064/>

Registered: 285

Summary:

- Insurance companies are awash with data which, if properly utilised, can lead to better pricing and client offerings using big data analytics, Telematics could play a significant role in this.
- Insurers can also use big data to better win and retain customers, improve operations and enter new markets.
- Enhanced ID systems improves and speeds up customer application which ultimately improves the service to the customer.

SpeedTech Session 2: Robotics

Presenters: <https://www.meetup.com/instech/events/233414073/>

Registered: 317

Summary:

- Customer engagement could be significantly improved, through better and faster estimation of customer needs and evolving requirements. This is relevant mainly to retail space at the moment but will move into commercial/B2B.
- Speed and efficiency of completing repetitive but important every-day tasks can be automated through Robo-Process Automation.
- RPA is one of those technologies that many people are hesitant to engage with, but once you have it up and running you immediately want more.

Further information: Paolo Cuomo wrote up a piece on the organisations: https://medium.com/@pgc_at_work/london-market-speedtech-2-robotics-cb083c80baa5#.p2nbyaovq

Highlights from **Paolo's article:**

Essentially three types of robotics relevant to insurers at the moment:

Robotic Process Automation (RPA)

This is the concept of a 'software robot' which completes definable task steps previously done by humans. The robot is more accurate, works fast and can operate 24/7. The work itself is not intelligent, but automation increases speed and quality of processes which makes this more efficient. There are variations including Robotic Workflow Automation, Robotic Desktop Automation etc.

RPA examples include Thoughtonomy and Pegasystems.

Robo-broking

This is the use of software to build up an understanding of a person or company's insurance position (typically consumer but can move to SMEs and bigger over time). By understanding what insurance is in place it is then possible to manage, procure and optimise coverage.

An example of Robo-broking at the event was Surely Group

Chatbots

This is the use of software to engage a user in a process via chat rather than another medium. This could be to answer questions around insurance coverage, to sell a policy or to process a claim. Chatbots can be used standalone or with handover to a human at a certain point. In some cases the chatbot is clearly positioned as a robot; in other cases it may act as a human potentially never indicating to the user that it is a robot.

SpeedTech Session 3: Connected Insurance

Presenters: <https://www.meetup.com/instech/events/233414083/>

Registered: 338

Summary:

- IOT can help insurers offer customers highly sophisticated products that mutually benefit both insurer and customer
- IOT technology is the beginning of the risk prevention evolution of insurance company offerings.
- For the insurance industry the internet of things is still very much unknown territory and following this event it is clear that IoT can play an important role in the future through risk mitigation and data insights.
- The FCA have a sandbox under Project Innovate to help with InsurTech companies build regulatory compliant businesses, they are world leaders in regulating new technology in financial services.

Additionally Matthew Grant of Abernithy wrote three detailed articles:

<https://www.linkedin.com/pulse/iot-speedtech-london-style-part-1-matthew-grant>

<https://www.linkedin.com/pulse/iot-speedtech-london-style-part-2-matthew-grant>

<https://www.linkedin.com/pulse/iot-commercial-insurance-speedtech-london-part-3-matthew-grant>

KittenCapital's Christopher Quigley wrote about the **Connected World** vendors in his blog "Observations on the UK InsureTech industry: 8 IoT companies shaking up the insurance industry"

<http://kittencapital.com/blog/2016/11/30/observations-of-the-uk-insuretech-industry-8-iot-companies-shaking-up-the-insurance-industry>