Digital Insurance
Content & Community for Insurance Leaders

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CONFERENCE AGENDA
P. 30

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Dreyev

MAGGIE STYS
Dreyev

BRANDON GELL
Clyde

SALLY POBLETE
Wellthie

YOGESH SHETTY
Avibra

# — THE — INNOVATORS

ALLIANZ • AVIBRA • AVINEW • BUDDY • CERITY • CHISEL • CHURCH MUTUAL • CLYDE • COVERWALLET • DREYEV • GRANGE • HAVEN • HAVEN LIFE
LIMELIGHT HEALTH • LLOYD'S • MAKUSAFE • MARSH • MILK • OSCAR • POLICYGENIUS • STATE FARM • TESLA • TRAVELER • WELLTHIE

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Back row: Yogesh Shetty, Avibra; Sally Poblete, Wellthie; Roberto Sicconi, Dreyev
Front row: Brandon Gell, Clyde; Maggie Stys, Dreyev

COVER: SASHA NIALLA

# Keeping it fresh

Insurtech is a high-velocity sector with new ideas and players coming in all the time. That's good to see.

Out of curiosity, I recently checked Google Trends for the first usage of the term "insurtech." Turns out, it first showed up in mid-2015, with sporadic appearances up until 2016 when the word really took off.

I would say that sounds about right. What surprised me, though, was looking back at that year and seeing how many threads that started then have followed through until today. Google's launch of its (eventually quickly shuttered) Compare auto insurance aggregator seemed to be a wake-up call for legacy carriers that it was time to take digitalization seriously before someone came in and took it from under them. And among our top-read stories that year was a quaint little slideshow, "8 insurers making big investments in new tech," in which I explored how "insurance companies are increasingly doubling as venture capitalists." Later that year, we ran our first group of "16 insurance tech startups to watch in 2016."

Today, the major threads of both of those lists have coalesced into our yearly Innovators to Watch feature, which starts on page 6 of this issue. Insurtech has become an ecosystem of carrier-side leaders, technology entrepreneurs, and venture capitalists who are feeding the industry's insatiable desire for modern technology. Some of the people and companies on our early lists are still going strong. Others have moved on. It can be hard to identify what's working as a result.

I spent some time in Des Moines, Iowa, with Brian Hemesath, who is stepping down from his post as the managing director of the Global Insurance Accelerator after five years on the job. We talked a bit about how the accelerator specifically has promoted not just the individual companies that are mentored in the program, but how its success has benefited the Des Moines region and insurtech as a whole *(see more, p. 34)*

Hemesath is ceding his post to Nicole Cook, a former Dwolla executive because he believes in his heart that change at the top is important for innovation. It prevents people from sinking into "establishment" thinking, looking to the past to see what's worked and using that as a baseline for every new idea, he explains.

Insurers have made huge strides in accepting that digitalization is a requirement for survival. Now comes the next era — being ready to fail fast, move on, and find something new to explore.

**—Nathan Golia**


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Digital Insurance (ISSN 2572-4185) Spring 2019, is published two times per year by SourceMedia, Inc., One State Street Plaza, 27th Floor New York, NY 10004. Subscription price: $99 per year in the U.S.; $129 for all other countries. For subscriptions, renewals, and delivery issues contact Customer Service at (212) 803-8500 or help@sourcemedia.com; or write to SourceMedia Customer Service at the address above.

BY NATHAN GOLIA | PHOTOGRAPHY BY SASHA NIALLA

# INNOVATORS TO WATCH

Bigger investment rounds and successful deployments are separating leaders from laggards across the insurtech world

## INSURTECH IS STILL A RELATIVELY YOUNG SECTOR THAT DEFIES ASSUMPTIONS.

Despite some light quarters for insurtech investment in late 2017 and early 2018, the segment roared back with back-to-back billion-dollar quarters of worldwide investment. This included some of the largest rounds ever, with rounds in the hundreds of millions for companies ranging from turnkey usage-based insurance provider Cambridge Mobile Telematics (from last year's list) to health insurance disruptor Oscar (which appears on this year's edition).

There's a key reason for this: Insurers are getting more comfortable working with insurtechs as the sector has evolved and matured. Successful use cases across technologies like artificial intelligence, computer vision and even blockchain have popped up. The trepidation has largely worn off and insurers see insurtechs as their partners in transformation, not enemies to be feared. And insurance experts are finding their voice in being able to communicate a new vision for their industry.

In order to assemble the list on the following pages, Digital Insurance editors consult third-party experts, including some who have previously been on the list, to identify the players representing the top level of the game as it stands this year. Their work will shape the conversation around insurance innovation and influence future editions.

**Nicquana Howard, Peggy Bresnick Anne Gabriel and Sharon Goldman contributed reporting.**

## JASON ANDREW | CEO, LIMELIGHT HEALTH

Andrew's Limelight Health, which provides API-based software to automate and digitalize the group benefits space, is on an upward trajectory. The company raised more than $35 million last year in a funding round that included investment from several insurance carrier venture arms. These included The Principal, which recently inked an agreement to integrate Limelight's quoting, rating and renewal processes for plan enrollment. Perhaps assisting in the company's visibility is its choice to open a satellite office in Des Moines in the middle of last year, to be closer to the global insurance industry. (Limelight's headquarters are in the San Francisco area.)

## YARON BEN-ZVI | FOUNDER AND CEO, HAVEN LIFE

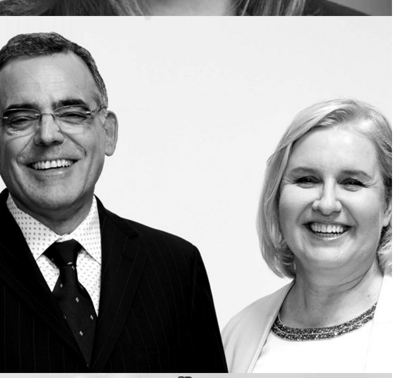
Since launching as a subsidiary of MassMutual four years ago, Ben-Zvi's Haven Life has operated in the gray area between insurtech startup and operating unit of a legacy carrier. But over the course of the past year, the company has carved out its own identity. It started with acquiring another insurtech, Quilt, with the goal of using that company's platform to help it expand into annuities. The product line should launch this year. It also recently won the Model Insurer award from insurance consultancy Celent for its InstantTerm algorithmic underwriting process, which leverages a large amount of provided and third-party data to issue policies without a medical exam.

## INAKI BERENGUER + RASHMI MELGIRI | CO-FOUNDERS, COVERWALLET

The New York-based insurtech Coverwallet has been working to improve the insurance-buying experience for small business owners, while preserving the value of the insurance agents and brokers who traditionally have served this sector. The company has been working especially closely with The Hanover, which was the first client for its CoverWallet B2B platform in 2018 and used the startup's tech for its new Insurago platform for agents. The company has also attracted international attention with clients in Spain and Switzerland. In late 2018, Coverwallet added a second, 100-person office in Victor, N.Y., just outside Rochester.

## TRACEY BERG | FOUNDER AND CEO, CERITY

Former insurance-carrier CIO Berg launched Cerity, an insurtech startup focused on providing easy-to-access workers' compensation coverage for small businesses, in January 2019. Spun out of Employers Holdings — the last place Berg served as a CIO — the new company is allowing her to leverage her experience as a carrier-side technology leader while exploring the breadth of what insurtech has to offer. Cerity relocated to the Austin area this year to take advantage of the wealth of technology talent in the area. Berg will draw on her long career in insurance tech — she started at Assurant before working as West Bend Mutual's CIO for nearly a decade — as she stewards this new company.



## ROBERTO CICCONI + MAGGIE STYS | CO-FOUNDERS, DREYEV

Both known as experts in conversational technology, Stys and Cicconi first collaborated on the digital language learning platform Telelingo. But their attention quickly turned to the distracted driving crisis facing modern drivers -- and insurers. Dreyev uses in-car cameras coupled with computer vision to create behavior models that anticipate upcoming risks and generate personalized, urgency-triggered alerts in real-time for fleets and individuals -- all processed by the smartphones that most drivers already have with them. The company took third place at Quesnay's inaugural Female Founders in Insurtech competition.

## TIM CUNNINGHAM | CIO, GRANGE

Cunningham joined the Ohio-based P&C insurer in 2016 after ascending to the role of Managing Director & CTO at Chase, and has spent that time building a culture of innovation at the company that has included partnering with several insurtechs to modernize its offerings. The company rolled out Urgent.ly's roadside assistance in fall 2018; it also has partnered with Truemotion and Octo on various telematics initiatives; and Terrene Labs leveraging big data and AI to identify and assess risks. Most recently, Grange has joined up with Rev1 Ventures to get better connected to emerging insurtechs through the G-Force Innovations initiative, which will identify, develop, and adopt emerging technologies.

## FRANCOIS DE LAME + JENNIFER FITZGERALD | CO-FOUNDERS, POLICYGENIUS

One of the earliest pure-play insurtechs, Policygenius has grown considerably from its early days in a Williamsburg, Brooklyn co-working space. The founders' success, managed growth and McKinsey pedigree have contributed to their reputations as insurtech leaders. Fitzgerald and De Lame started out with the goal of improving the user experience for life insurance acquisition, but have since branched out to include auto and home insurance. (The company now also has its own office.)

## MIKE FIELDS | INNOVATION EXECUTIVE, STATE FARM

Blockchain hasn't been adopted especially rapidly in insurance, but every new pilot improves the industry's comfort with the technology, which emerged from the crypto-currency boom and promises a decentralized, secure ledger of transactions. Fields' team at State Farm -- the largest P&C insurer by market share in the U.S. -- developed and rolled out a blockchain capability for subrogation in late 2018. But most intriguingly, the carrier's innovation unit, Red Labs, has "about 50" use cases for the tech in progress, Fields says. "We have to understand what it means to get things going and work with competitors in the right way on blockchain initiatives," he says, potentially showing a way forward for wider deployments.

## SASTRY DURVASULA | CHIEF DIGITAL OFFICER, MARSH

Since arriving from American Express in 2017, Durvasula has unleashed a torrent of innovation at the venerable brokerage. He has been particularly active in leveraging blockchain, leading a partnership with data-security company Evident to introduce a blockchain-based offering for clients in the sharing and gig economies and piloting an offering for proof of insurance along with IBM. Durvasula believes Marsh's years of accumulated data on all aspects of risk can be unleashed with the right stewardship. Hehired a global head of data science earlier this year, Andrew Hickman, late of Experian, and sees a big opportunity in small commercial. ìData is a strategic asset for Marsh and there is a humongous opportunity to disrupt," he says.

## MARK FREDERICK + GABRIEL GLYNN | CO-FOUNDERS, MĀKUSAFE

Another beneficiary of the Des Moines insurtech cluster is Frederick and Glynn's Makusafe, which is producing wearable technology and accompanying data and analytics software to quantify jobsite safety and accompanying risk for commercial insurers. The locally based company graduated from the Global Insurance Accelerator in 2018 and raised a $3 million seed round. Its technology is being piloted by insurers including AF Group, which is planning to launch a pilot this year, according to VP and head of underwriting Abel Travis, a 2018 Innovator to Watch. "The data that we're putting in front of [clients] should drive a change in behavior," Travis says.

## ATUL GAWANDE | CEO, HAVEN

When Amazon, Berkshire Hathaway, and JP Morgan Chase announced their intention to enter the healthcare sector, established companies were shaken by the potential disruption. Gawande, a former surgeon who is known for targeting the cost structure of healthcare in his writings and opinions, was tapped to lead the combined venture. "We will create new solutions and work to change systems, technologies, contracts, policy, and whatever else is in the way of better health care," Gawande wrote in a letter posted at the time the company was named Haven. "We will be relentless. We will insure our work has high impact and is sustainable. And we are committed to doing this work for the long-term."

## BRANDON GELL | FOUNDER AND CEO, CLYDE

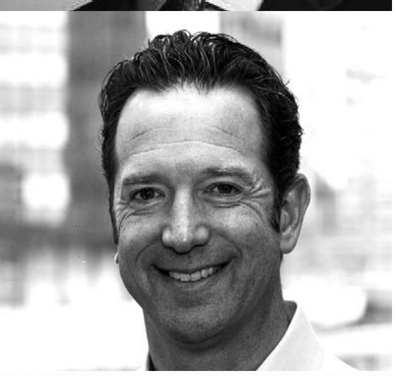
Insurers are increasingly looking to partner with other vendors to leverage customers' desire to protect new products. Gell believes that transforming insurance at the point of sale starts with the extended warranty industry. His company's API and insurance partnerships offers businesses on turn-key e-commerce platforms such as Shopify a passive revenue source, by providing warranties via Clyde's plug-in that integrates with an online store; matches products to contracts; and sets margins. It recently launched in-store capabilities to work within stores' point-of-sale systems, in addition to a widget for companies that can't leverage the API. The company was selected for Techstars' accelerator this year.

## RON GLOZMAN | FOUNDER AND CEO, CHISEL

Confronted with a pile of reading for a university literature class, Glozman did what many panicky students wish they could: He whipped up an AI program to do the reading for him and summarize the key points. That program has evolved into Chisel, a natural-language processing platform for commercial insurance. The company has ascended quickly in the insurtech world, winning ACORD's 2018 Innovation Challenge and taking the gold prize at Zurich's inaugural Zurich Innovation World Championship.

## DOGAN KALELI | HEAD OF PROGRAMS FOR ALLIANZ GLOBAL CORPORATE AND SPECIALTY

The specificity and need for innovation in the program business has led Kaleli to take a leadership role in Allianz' insurtech efforts. But he has a unique perspective: In addition to being a long-time insurance executive, Kaleli is also a cofounder of multiple tech startups specializing in AI, quantum computing and digitalized ecosystems and mentors up-and-coming Turkish entrepreneurs through the Hamdi Ulukaya Startup Support Program. "When you have the AI abilities combined with quantum computing, you can better explain what's going on with your level of income, your level of stress, these type of components traditional pricing results are not able to capture," he says.



## MICHAEL KLEIN | EVP OF PERSONAL INSURANCE, TRAVELERS

While some insurance companies and executives have been wary of Amazon -- whose overtures to insurance have increased over the past year -- Klein and Travelers have entered a partnership with the online retailer to provide discounts on Amazon's suite of smarthome devices, with the goal of reducing risk in their customers' homes. "We want to be where our customers are. Establishing a Travelers storefront on Amazon makes it easier for our customers to access discounted smart home technology that can help protect their property. We simply see it as a way to extend our advantage in risk expertise and provide great experiences for our customers, agents and brokers," he says.

## DENNIS MCKINLEY | FOUNDER, MILK

Serial entrepreneur Dennis McKinley was first introduced to the insurance industry when he was approached by some larger insurers to open agencies. However, he said that considering the value proposition of insurance, there was a bigger opportunity to serve low-income and communities of color. So, he started Milk, an online broker live in all 50 states, with the goal of communicating to that market. Much of the tech infrastructure came through another insurtech, Bindable. "They are really popular in the affinity insurance business, and I thought, 'What if i took that concept and targeted a demographic?'" McKinley explains. "We have to take a step further and talk about the benefits of having insurance."

## CHARLES MERRITT, JAMES PAUL + DAVID VOGELEER | CO-FOUNDERS BUDDY

The three founders (Paul not pictured) joined to bring their business experiences to bear in a way that would help people with outdoorsy interests feel more secure in enjoying their hobbies. The result is Buddy, an episodic insurance product currently available through a network of partners, such as lift-ticket kiosks or intramural leagues like SportsEngine, via API technology, as well as on the company's website. But the goal, its founders say, is to be a trusted partner for active people who turn their coverage on and off. That means the company is developing a digital conversational interface for its app so it can acquire more customers who aren't necessarily going through a formal entrance to their activity.

## ELON MUSK | FOUNDER, TESLA

The founder of electric and autonomous automaker Tesla has inspired and confounded executives across industries. His digitally enhanced line of luxury vehicles has spurred auto insurers to try an find the right products to fit it -- but expressing his dissatisfaction with the rates his customers have paid, Musk announced that Tesla would be launching its own insurance company this year. "It will be much more compelling than anything else out there," Musk said of Tesla's insurance product in an earnings call reported by Bloomberg. "We have direct knowledge of the risk profile of customers, and based on the car, and then if they want to buy a Tesla insurance, they would have to agree to not drive the car in a crazy way. Or they can, but then their insurance rates are higher."

## JOHN NEAL | CEO, LLOYD'S

After just about half a year at the top job of one of the oldest insurance organizations on Earth, Neal is putting his stamp on Lloyd's with a list of priorities that weigh heavily on the digital. Neal wants Lloyd's to use advanced tech both to help place the hardest-to-insure risks -- with data boosting the ability for insurers to get the right price -- and the simpler ones, with automation making quick and effective decisions. He also will have to follow up on his predecessor Inga Beale's insurtech accelerator project, which ran in the fall and early winter of 2018.

## DAN PEATE | FOUNDER, AVINEW

A venture capitalist who had dabbled in health insurance with the startup Hixme, Peate also has decided to tackle high insurance rates for autonomous cars -- but after his experience buying a Tesla, not owning the company. Avinew, which launched in January 2019 with $5 million in seed funding, uses the data that comes from autonomous cars to give customers discounts. The goal, Peate told Bloomberg, is to bring the promise that autonomous cars are safer more in line with the insurance industry's view of the vehicles.

## SALLY POBLETE | CEO, WELLTHIE

Health insurtechs are closely observed due to the myriad groups with a vested interest -- including insurers, healthcare systems, employers and consumers. Wellthie, which Poblete started after spending time on the insurer side at Anthem, has gained notoriety for its platform that looks to ease access for all stakeholders. The company partnered with Beam Dental, known for its "smart toothbrush" and data-driven approach, to advance more effective dental coverage in small businesses. This year, it launched a marketplace platform to help small business owners review more plans in less time, leveraging analytics data to match the overwhelming amount of offerings to a business's particular company profile.

## GUY RUSS | AVP OF RISK CONTROL, CHURCH MUTUAL

Russ is responsible for the CM Sensor program, which encompasses how Church Mutual selects, distributes, and leverages data from sensors that are installed in its insured properties. A recent expansion of the program uses Wi-Fi to transmit data rather than cellular networks, which Russ explains will allow smaller churches to participate in the program. He adds that the impact of the sensor program has been transformative on the organization -- Church Mutual is hiring and training more data scientists internally. And, the ROI has been solid: at a cost of $3 million to the insurer, Russ estimates about $10 million has been saved on claims costs.

## MARIO SCHLOSSER | CEO, OSCAR

The health insurance startup Oscar has weathered perhaps its biggest challenge ever: The uncertainty over the Affordable Care Act from the early Trump administration. Now, the company is focused on growth, using digital technology to improve as much of the health insurance and care delivery system as it can. Most recently, it signed on with wearable device analytics company Cardiogram to cover the latter's heart-monitoring capabilities. Investors believe in the company too: It raised a whopping $375 million from Google parent Alphabet in late 2018.

## YOGESH SHETTY | FOUNDER, AVIBRA

A former New York Life managing director, Shetty's vision is for his new insurtech to offer "offer a Netflix-type subscription for overall well-being" which includes a life insurance component. By downloading the Avibra app, customers automatically receive $10,000 in term life insurance coverage from Amalgamated Life and Life of the South. After that, they can bump up the coverage by reviewing weekly in-app content, or by connecting connect their credit cards and bank account information, plus their wearables and other personal data sources, and opting into having that data reviewed by the company's analytics engines.


CREDIT: PROSIGHT DIRECT

ProSight Direct's offices in New York. Ideation sessions help the insurance carrier find new ways of reaching its target market of small business owners

# Big digital reaches small business insurance

Entrepreneurs have struggled with commercial insurance's complexity, but the industry's transformation is making it easier than ever to meet their needs

**By Anne Rawland Gabriel**

With the U.S. Small Business Administration estimating the nation's 30 million small business account for over 99 percent of all businesses, insurers have long known the market potential is vast. The trick has been targeting such businesses profitably, especially the smallest of the small – the 24 million non-employer firms that represent approximately 80 percent of all businesses.

That's now rapidly changing. Although no one is predicting human-free policy acquisition and servicing across all business sectors, early commercial leaders have hit the ground running with fully digital experiences primarily focused on small business, workers' comp and specialty lines.

CREDIT: BLOOMBERG

Varying in specifics, each of the current entrants has front-end simplicity and overall velocity in common. A handful of online questions replaces multi-page printed forms, with external feeds automatically supplying qualifying data based on an insured's address, type of business and other relevant details based on the type of applicant. Quotes are typically delivered in about a minute, with bonded policies provided in several minutes, including keying in a credit card number for payment.

"The game's on in the small business commercial market," says Karen Pauli, a principal at Strategy Meets Action (SMA). "If you're not already working toward digitalizing commercial lines for businesses with under 50 employees, you probably have five years until you're so competitively disadvantaged that you're suffering adverse selection."

Fortunately, commercial insurers have a variety of avenues for approaching digitalization. "Some commercial innovators are leveraging core systems suites, where the vendor integrates with dozens of third party technologies to supply a customized platform," says Pauli. "Others are partnering directly with insurtechs or starting out as an insurtech MGA and growing into a carrier."

**"We issue quotes in 60 seconds and policies in about three minutes, depending upon how fast the user can key in their data."**

**Darryl Siry**
*President, ProSight Direct*

### Suite supports ProSight Direct

Specialty insurer ProSight took the core suites route to establishing ProSight Direct. Itself a 2009 startup, ProSight undertook a core transformation in 2015 to use Duck Creek's solution suite hosted on Amazon Web Services (AWS). It ultimately served as the foundation for ProSight Direct.

"We were already automating operations and providing our business users with access to real-time business intelligence when we realized the expectations of commercial customers were changing," says Darryl Siry, president of ProSight Direct. "In the summer of 2017 we decided to build out our platform to offer general and professional liability insurance to solo professionals, launching ProSight Direct in April 2018."

Using a combination of .NET, open-source Java framework AngularJS, the Python programming language and other modern technologies in its digital stack, ProSight Direct not only offers business a digital quote/bind/issuance experience but also online policy service.

"We issue quotes in 60 seconds and policies in about three minutes, depending upon how fast the user can key in their data," says Siry. "It takes only 15 seconds to modify a policy with an endorsement and one click for either obtaining a certificate of insurance or canceling a policy. Submitting a claim is also handled via our portal. However, customers and prospects may also contact us by phone, live chat or email."

Of the licensed carriers offering their own proprietary solution, versus partnering with an insurtech, ProSight has one of the largest national footprints, offering policies in 48 states. At launch, the platform offered insurance to DJs. Six months later, it added fitness and wellness instructors. By April of this year, it expanded to 24 additional professions with more on the horizon.

"The products we sell via ProSight Direct aren't available through our retail channel and vice versa," explains Siry. "We're pursuing a new distribution strategy in a new customer segment for us, which is non-employee businesses."

Moving forward, Siry foresees ProSight expanding the professions it covers as well as joining the emerging ecosystem economy. "We believe the future is frictionless insurance experiences and that means having the ability to integrate with any and all places where customers engage in commerce every day," Siry says.

What's more, ProSight Direct is also providing R&D capabilities to its parent company. "Much of the work we're doing with the online platform is directly applicable to our core business," says Siry. "For example, the technology that enables self-service endorsements can be extended to agents. Giving our retail channel the ability to make minor policy modifications, without the involvement of our operations staff, has huge efficiency potential."

### Nationwide chooses collaboration

Nationwide took a hybrid build/buy route for its Commercial Digital Direct platform by collaborating with Guidewire to create Guidewire's Digital Small Business (DSB) suite. Rolled out in September 2018 to provide business owners policies for 18 types of firms in the state of Illinois, Commercial Digital Direct expanded to 30 business types and three more states – Arkansas, Connecticut and Indiana – in March, with more to come throughout 2019.

"We hypothesized small businesses would respond to a mobility-enabled experience that speaks their language and meets their particular coverage needs," says Tony Fenton, Nationwide's vice president of underwriting, product and new product development. "We've significantly exceeded our expectations for the platform and are confident we'll continue moving it further into the market."

Available to businesses with up to five employees, Commercial Digital Direct also provides a digital quote/bind/issue experience, as well as basic types of servicing, such as certificates of insurance and first notice of loss.

"By leveraging data, we pared down the industry's traditional 150-question commercial application to about 20 questions," says Kasey Ketcham, director of staff products for Nationwide. "Although customers can quote in two minutes, on average it's six because we've embedded information and digital guidance, which we see customers consult and then modify their quotes as they move through the journey.

"Binding takes about a minute, longer if a customer needs to hunt down their credit card number, and issuance is immediate," he adds.

Notable for a traditional insurer like Nationwide is the initiative's rapid time to market and the carrier's adoption of an agile operations approach. "We launched the entire initiative in eight months," says Ketcham. "Now, we continuously monitor and modify the experience in the production environment. In the future, we'll certainly leverage machine learning to accelerate processes."

To help reveal where and why platform adjustments are required, Nationwide relies on an integrated journey analytics tool provided by Guidewire partner Mixpanel.

"Mixpanel enables us to quickly track performance of AB tests and gain other insights," says Shanna Barlow, a senior consultant for digital marketing at Nationwide. "This helps us learn from our customers and iterate."

Using the data, Nationwide fine-tunes language, re-words questions or modifies coverage offerings, which are applied in about two releases per month. "We also make immediate changes where needed, based on customer behavior," Barlow says.

Unsurprisingly, Nationwide is considering ways to apply its acquired knowledge across other commercial lines and to take advantage of ecosystems as they develop.

"For example, we discovered that about half of our small business customers investigate and purchase insurance during off-hours," says Fenton. "And, separately, that telephone support still remains critical. We'll use these, and all of the lessons we've learned, as they're definitely transferable to other ways we can enhance agent and direct digital experiences."

CREDIT: NATIONWIDE

**"We hypothesized small businesses would respond to a mobility-enabled experience that speaks their language and meets their coverage needs."**

**Tony Fenton**
*Vice President*
*Nationwide*


CREDIT: NATIONWIDE

### Success lies beyond tech

Although the commercial insurance road ahead looks clearly different from the path already traveled, digitalization doesn't mean carriers can, or should, ditch their existing distribution channels. Whether you use your direct digital platform as a springboard for extending capabilities to distributors, or adopt an insurtech, carriers are wise to continue supporting their distribution networks.

"There's a prevailing philosophy that everybody wants to be totally digital," says Pauli. "But, like all make-or-break business decisions, there's always going to be a need for humans somewhere in the process. Maybe not when a business has one location, but when it grows to 10, that's another story."

For those that prefer partnerships, insurtechs like CoverWallet are attracting commercial customers that range from individual professionals to companies with 200 employees. Also a 2016 start-up, CoverWallet now works with about a dozen brand-name carriers in the U.S. as well as insurers in Spain and Switzerland. It most recently rolled out a new platform targeting small commercial customers in the U.S. with The Hanover, branded Insurago.

CoverWallet's predictive capabilities range from what specific types of business are most likely to require telephonic assistance to which products are more favored by users of certain devices.

"Because we track everything, we can provide carriers with a depth and breadth of insights," says company co-founder Inaki Berenguer. "For example, by analyzing data we can see how many businesses – and what types – will purchase immediately compared to those who will request a quote and then come back a few days later when they're ready to purchase.

Regardless of your platform adoption approach, experts like Pauli emphasize that digital success requires looking beyond technology to ready your business for offering an online play. "It's critical to get to the point where your firm can adeptly apply advanced and predictive analytics, including BI and machine learning, at an enterprise level," she says.

"To do so, you need a data strategy that addresses the ability to extract data rapidly from your core systems as well as the ability to integrate it with external sources," Pauli continues. "This includes internal claims, financial and underwriting data as well as external data feeds. You also need the expertise and skill sets to determine what data is needed. Insurers who get this message, and start acting now, are most likely to stay relevant in a digital world." **DI**

# STRATEGIES

## THE DIGITAL CLAIMS IMPERATIVE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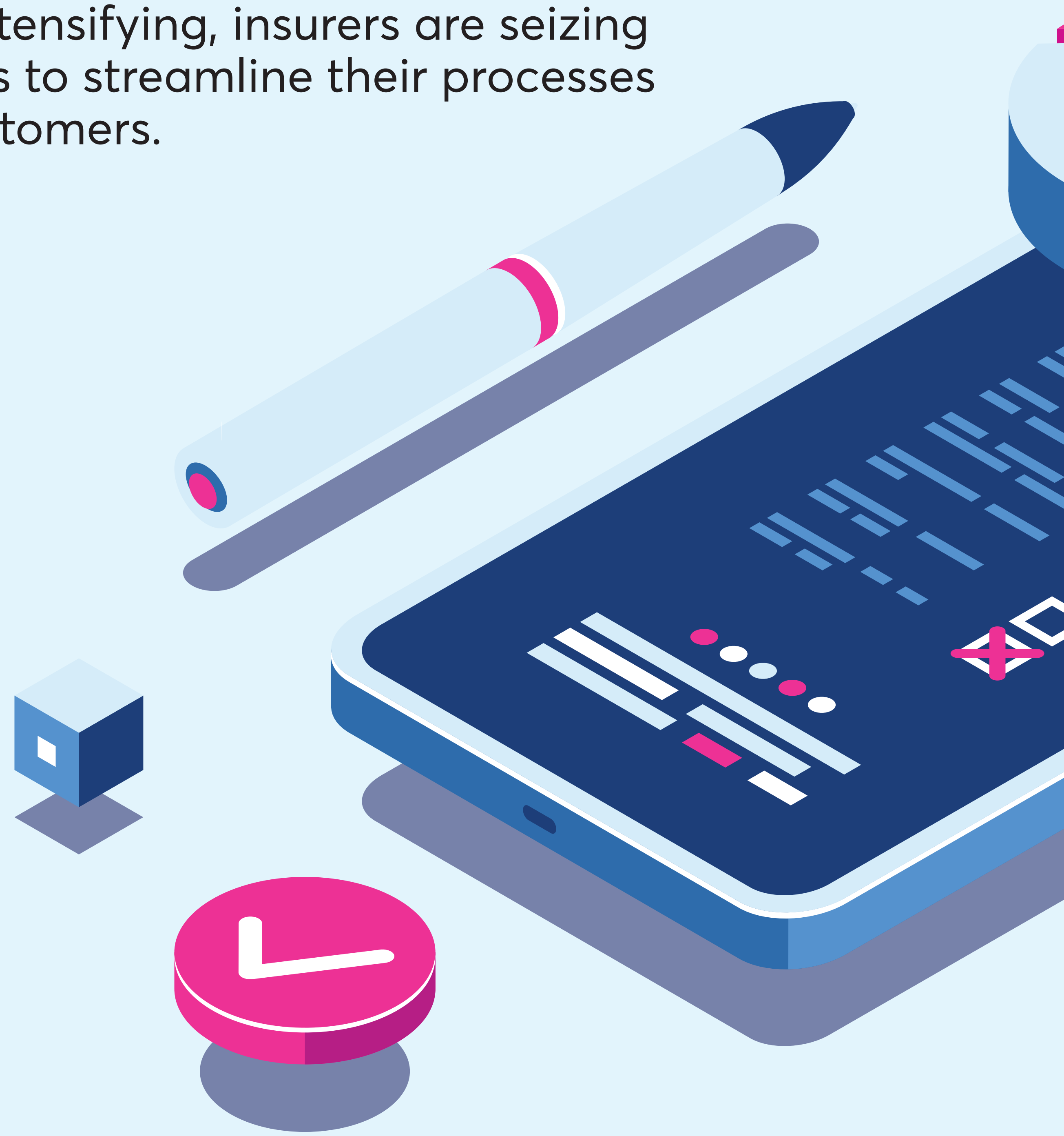
# THE DIGITAL CLAIMS IMPERATIVE

With competition intensifying, insurers are seizing on new technologies to streamline their processes and satisfy their customers.

**By Elliot M. Kass**



**WE'VE ALL BECOME ACCUSTOMED TO ONE-CLICK** shopping, one-click ridesharing and one-click home buying. Companies like Amazon, Uber and Rocket Mortgage are rewriting the rules on speed and ease of business transactions.

New digital technologies continue to have an outsized impact on how P&C insurers are processing claims.

"A lot of claims activity has shifted over the past year as a number of technologies have gone mainstream," observes Mitchell Wein, senior vice president for research and consulting at the insurance industry advisory firm Novarica.

Much of this has to do with automating various claims functions, he says. Drones and robots, for instance, are increasingly standing in for claims adjusters, especially in hazardous situations that entail physical risks for people. In an effort to speed the settlement process, some carriers are also using machine learning to analyze photos of damage to vehicles, buildings and other covered items. Others are using third-party data and robotic process automation (RPA) to expedite straight-through processing (STP). And many carriers are deploying chatbots and natural language processing (NLP) to improve their customer service.

As a result of these changes, the claims process is becoming more transparent and the carrier-policyholder relationship less adversarial and more collaborative. "Historically, claimants have viewed the claims process as painful," notes Wein. "But that's changing as insurers introduce AI and digital channel-based applications to make it much easier for insureds to document damage, view their claims status and keep tabs on repairs."

## Greater competition drives change

Shielded by regulation, the size of their customer base and policyholder reticence to switch carriers, the insurance industry was late to adopt the latest generation of digital technologies. But new competition from insurtechs and other non-traditional carriers is changing that dynamic, and insurers are now scrambling to make up for lost time.

A recent report from consultants McKinsey & Co. puts it this way: "The insurance industry is in the midst of a radical, digitally infused shake-up. Customers are

Continued on A15

# COMPETING FOR CUSTOMERS WITH DIGITAL CLAIMS

**Steve Krause**
Senior Vice President, Strategy and Product Marketing

We've all become accustomed to one-click shopping, one-click ride-sharing and one-click home buying. Companies like Amazon, Uber and Rocket Mortgage are rewriting the rules on speed and ease of business transactions.

It is no surprise that customers are expecting the same level of service and convenience in all aspects of their lives. Even though nobody is looking forward to filing a claim, a painful and lengthy claims process makes matters worse. As an insurer you have to delicately balance processing claims efficiently while also delivering an experience worthy of retaining your customer.

**Claims experience is tied to customer satisfaction.**
According to E&Y, "When the claims process breaks down, consumer satisfaction falls and insurer costs go up—that is the penalty effect of a bad claims experience. In this sense, every claim is a 'moment of truth.'"
Filing a claim can be a very stressful and trying time for the filer—be it loss of life or home. Having an insured work through filing paperwork, proving identity or simply re-sharing basic information can aggravate filers. At a time of crisis, your customers expect empathy and convenience.

**Automation can drive productivity as well as deliver higher customer satisfaction.**
Paper-based contracts and claims can be slow, expensive and highly manual processes that bring challenges of data errors due to incomplete or inaccurate information capture. The bigger risk paper poses is that it opens doors to fraud and non-compliance.

The results for those organizations that do take steps in the direction of implementing automation are very rewarding. According to McKinsey, US auto insurance carriers that have provided customers with consistently best-in-class experiences have generated two to four times more growth in new business and about 30 percent higher profitability than firms with an inconsistent customer focus, in part because satisfied customers are 80 percent more likely to renew their policies than unsatisfied customers.
Source: The growth engine: Superior customer experience in insurance | Article

**Considerations for a successful digital transformation.**
Claims digitization and automation should not be an all-or-nothing approach. Take incremental steps towards automating one step of the claims journey at a time. Identify the most critical areas for your customer, build a proof of concept, test out the impact, then consider deploying a similar experience broadly.

- **Step 1:** Upgrade legacy claims forms and change of beneficiary forms to a Guided Forms Experience on your portal that is intuitive and easy to follow.
- **Step 2:** Determine how customer consent is being captured on key steps of the claims process. Are customers having to walk into an office to identify themselves or sign documents? If so, enable them to identify digitally from their mobile device anytime.
- **Step 3:** Identify how your claims agreements and packets are being prepared today. If your employees are manually preparing agreements using data you already have in other systems, integrate with those systems, such as Guidewire, to automate agreement preparation. The result will speed up processing, eliminate errors from manual re-entry, and allow employees to spend more time helping customers and less time on paperwork.
- **Step 4:** Assess how claims Payments will be processed. High volume but low value claims can be digitally reimbursed, saving carriers and agents time and driving efficiency.
- **Step 5:** Determine how your organization will keep up with compliance requirements. Ensuring you have digital audit trails will save the pain of scrambling to ensure key declarations, terms, and conditions communications were met throughout the claims process.

**The DocuSign Agreement Cloud: Digitize every agreement and speed up claims.**
The DocuSign Agreement Cloud helps agencies, agents and insurers accelerate claims while staying compliant. One of the largest insurers, AIG, struggled with legacy paper-based forms, manual approvals and workflows. "Every new paper form that's introduced adds cost and complexity to our process," explains Eric Eisenman, Global Head Of Customer Claims Operations. "DocuSign is helping us change that by moving to a digital process that relies on digital forms, allowing us to accurately capture data in a secure way. "DocuSign," he adds, "is also helping us reduce our risk with automated signature authentication, so we know that a document has been sent to the right person and we're not exposing data to the wrong party. [The process] improves the customer experience, takes costs out and makes employees lives easier, so [they're] able to service customers better and solve problems faster."

Learn more about how the DocuSign Agreement Cloud can digitize claims go to: docusign.com/insure

# Creating Predictably Positive Claims Outcomes

Cloverleaf Analytics

**By Robert Clark**

People today are busy. Hard-earned paycheck dollars don't go as far as they used to, and that makes convenience a key component in customer satisfaction. Companies that can reduce or eliminate complexity for consumers when it comes to purchasing or owning a product or service are more likely to get business than those who can't. Insurance companies, unfortunately, sell very complex products, and that means it often takes significant time and attention to get the right coverage at the best price. To break it down further, new insurance customer acquisition is difficult and expensive, so it makes sense for insurers to retain those that have already "bought in" to what they are selling.

It's fairly common knowledge that insurance companies lose customers frequently because of hiccups in the billing and claims processes. It's where most of the friction occurs, and hence, where there is the most potential for service delays, anger, and anxiety leading to lost business. While higher premium prices can be overcome as a deal breaker through the provision of high-quality service and products, disappointment in the claims process almost always sends policyholders shopping.

While analytics are certainly a staple in every InsurTech toolbox, it's easy to underestimate, overlook, and underutilize such solutions in terms of the strategic value which can be gained. Instead of positioning analytics as a reactive reporting tool focused on identifying what went right or wrong in the process, insurers can increase customer satisfaction and retention by proactively using analytics to identify opportunities to close claims faster through standardization, improve operational efficiency, and eliminate the opportunity for additional risk to be introduced by fraud.

### STANDARDIZATION

The major touchpoints between policyholder and insurer in the insurance lifecycle are the application, of course, monthly premium bills/payments, and, claims. Perhaps even more so than in the application, however, claims capture an enormous amount of data in both structured and unstructured formats from internal sources, policyholders, and third-party providers as well. Needless to say, there are a lot of cooks in the claims kitchen, and unfortunately, insurers have little time to comb through this chaos of claim data for relevant notes, or to evaluate claim trends. Integrating analytics into the claim process can help insurers normalize valuable claim data and be more responsive to process changes.

> "Instead of positioning analytics as a reactive reporting tool focused on identifying what went right or wrong in the process, insurers can increase customer satisfaction and retention by proactively using analytics to identify opportunities to close claims faster…"

### EFFICIENCY

By streamlining claim functions highlighted by analytics as areas ripe for process improvement and standardization, insurers can increase straight-through processing of simple claims and improve cycle time (leading to better customer satisfaction and retention…naturally). Further, standardization of claim data and establishment of best practices for claim processing can help reduce manual tasks, enhance productivity, and close claims faster, all of which also trickles down to customers in the form of lower premiums and faster claim payouts. Introducing analytics into the claim process is obviously about streamlining inefficient processes and reducing costs.

### FRAUD

According to the Coalition Against Insurance Fraud (CAIF), insurers lose around $80 billion each year to fraud, and approximately 60 percent of insurers say fraud will only continue to increase in the short-term. CAIF stats also indicate "nearly 75 percent of insurers use automated systems to detect false claims," and integration of predictive analytics and link analysis is on the rise as well. While it may be easy to justify reporting you drive fewer miles to work on your personal auto application than the actual number, it is important to realize that fighting fraud translates directly into increased costs for insurers and higher premiums for everyone. Analytics can be used in the claim process to not only identify potentially fraudulent claims, but repeat offenders, and high-risk policies which may result in claims or litigation before everyone winds up in court. Using analytics to proactively identify fraud and high-risk policies means better outcomes for customers, and predictable outcomes for insurers who have a better ability to pay the right amount in a settlement.

### CONCLUSION

When analytics are baked into an insurer's claim processes, it ensures that processes are easier to standardize, efficiency is easier to achieve, and fraud can be detected and prevented more frequently. And, when a claim does occur, it can be handled quickly and efficiently, and without the risk of losing a customer. Modern insurers can't afford to differentiate on price alone because consumers are making purchasing and loyalty decisions today based on convenience and service as much as price. Insurers with analytics integrated tightly with claims have the best chance for success.

Robert Clark is the CEO of Cloverleaf Analytics. He can be reached for further information or comment via email at robert.clark@cloverleafanalytics.com.

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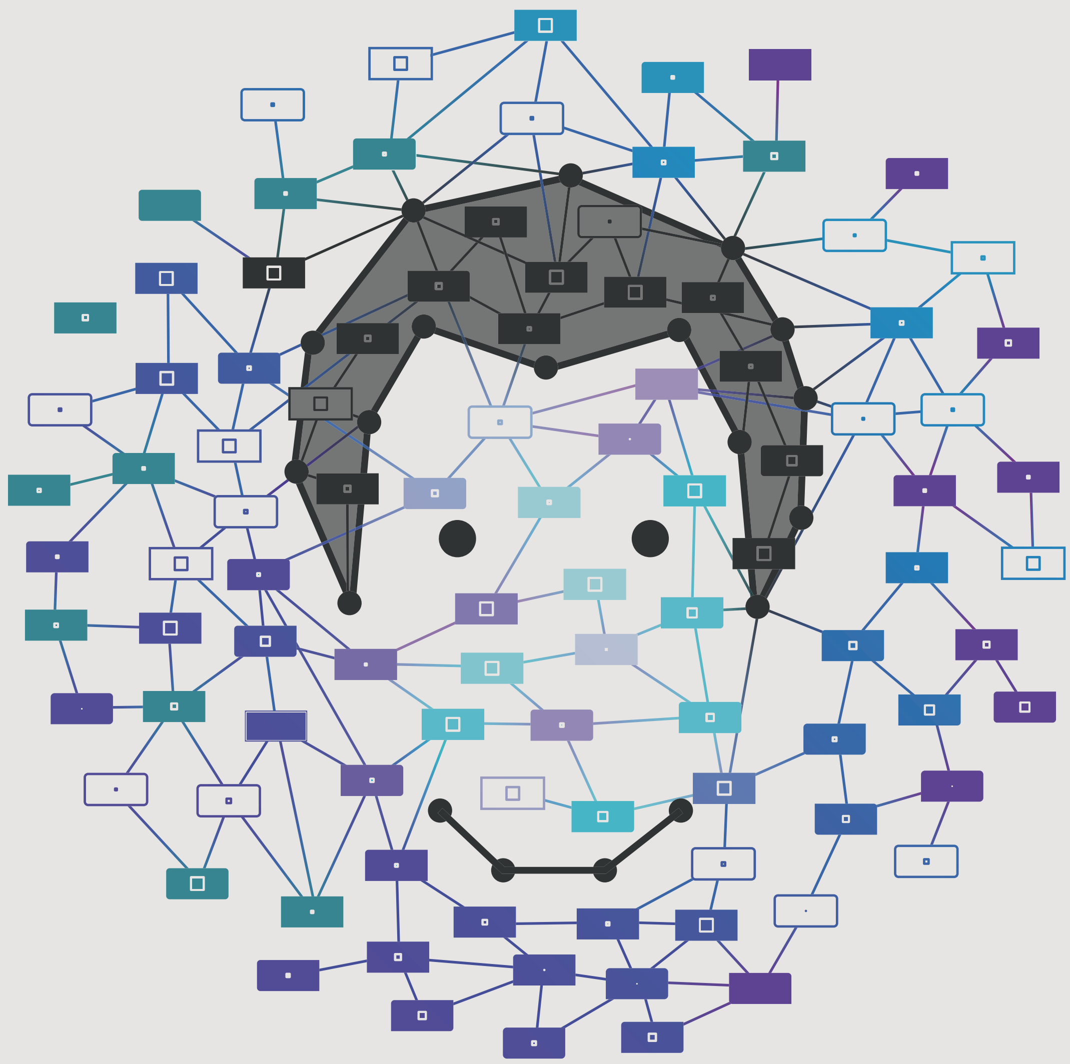

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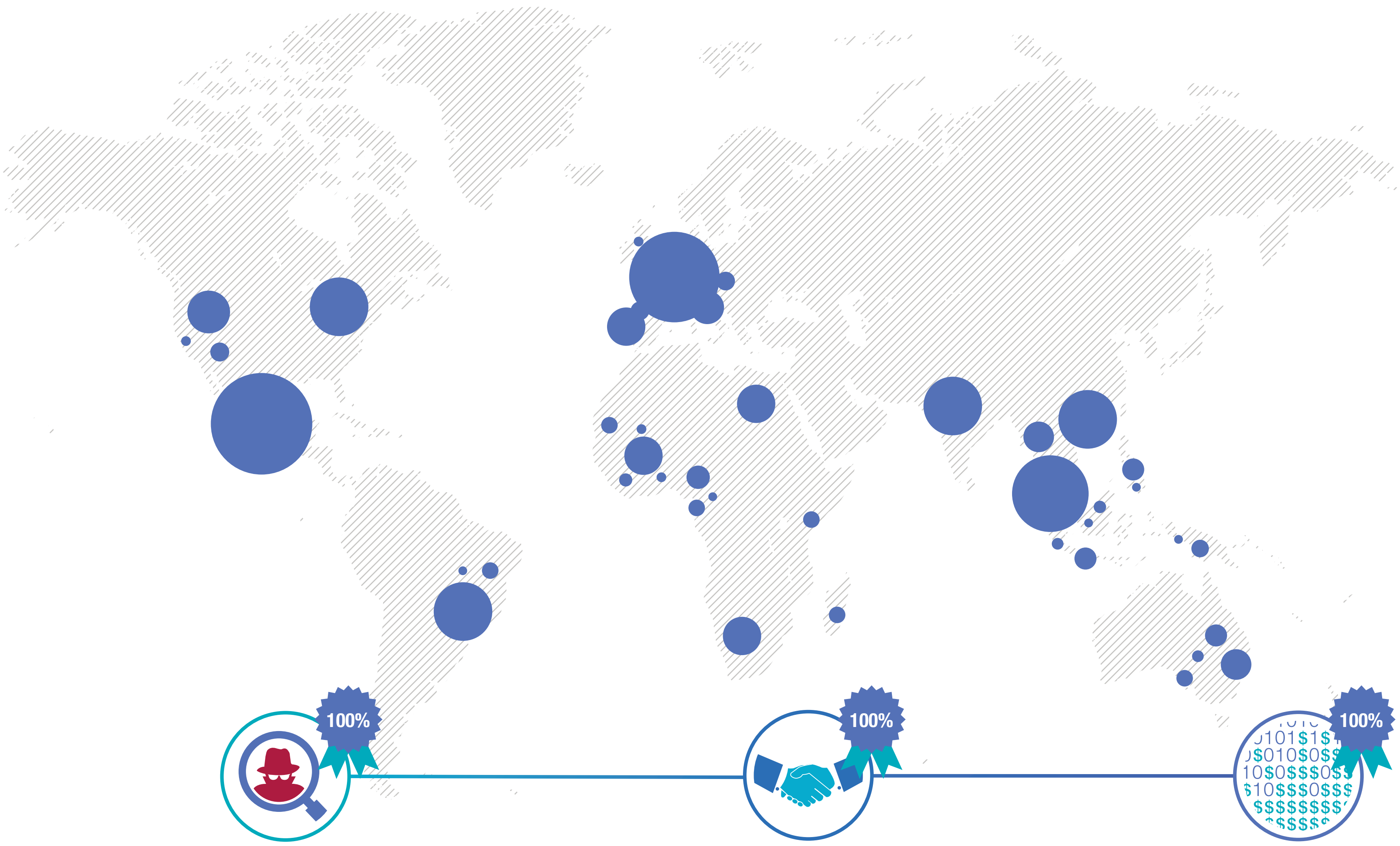


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INDUSTRY SPEAKS

# In pursuit of the digital claims experience

With reputations and customer acceptance on the line, insurers strive to optimize their claims process.

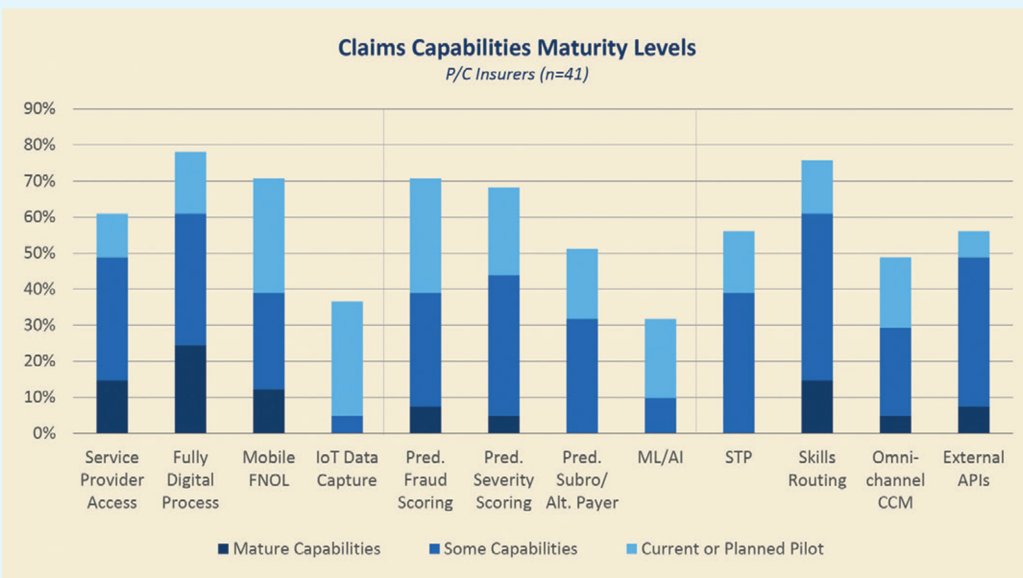
**By Elliot M. Kass**

Evaluating risks, determining which ones to accept and at what price is the very essence of what insurers do. But while the industry's challenge used revolve around collecting and making determinations from scarce data, digital technology has turned that on its head.

"Now access to data is ubiquitous," explains Novarica's Mitchell Wein, "and the challenge has become effective data management and analysis."

For settling claims, this challenge plays out in three distinct ways, each of which leverages a different set of digital technologies.

Digital collaboration makes use of enterprise content management or ECM, which includes electronic document management and paperless processing. These technologies enable a fully digital claims process that supports omnichannel communications with policyholders and allows external service providers, such as medical treatment centers or repair shops, to access portions of the claims file. Mobile claims functions, such as FNOL photo apps to document vehicle and property damage, are also part of the digital collaboration toolbox.




Source: Novarica

Another pivotal technology that enables greater collaboration within the insurance ecosystem is the Internet of Things. IoT sensors can capture data ranging from how a motor vehicle is being driven or how a piece of heavy machinery is being operated to the flow of water through a sewage pipe or the building temperature in an office complex. This data can then be fed into artificial intelligence and predictive analytics systems to identify potential hazards or adjudicate claims losses.

*Continued on page A12*

## Sasha Korol

Director, Claims Product Management

Duck Creek Technologies

### What's behind the rush to offering digital claims solutions? Why has this become an industry imperative?

Customer demands are evolving as buying experiences outside their insurance purchases are changing how they expect to interact with insurers. Given that insureds typically face a claim only once every several years, carriers need to be able to manage the inevitable emotions of the situation (as well as logistics). The rise of automation and digital technologies has created new opportunities for claims organizations to excel at their core focus areas of customer satisfaction, efficiency, and effectiveness. The deployment of new engagement models can increase customer satisfaction scores by 20%; redesigned workflows can reduce claims expenses by 25-30%; and improved claims handling accuracy will reduce both overpayments and underpayments of indemnity obligations.

### How do digital claims technologies create a win-win scenario for insurers and their customers? Once these technologies are in place, does everyone come out ahead?

New entrants and/or carriers who create disruptive business models are pressuring the margins of traditional carriers. Cost management is creating the need for automation and personnel reduction by as much as 70-90%. Can you imagine increasing your ability to execute without most of your current personnel? Modern digital claims solutions enable carriers to transform their businesses to succeed in an era of automation and personalization. Through low-code configuration, carriers can continuously modify their systems to meet the evolving needs and goals of their businesses and customers. And open architecture can extend claims capabilities to customers' preferred engagement channels, integrating with emerging technologies that drive innovation and efficiency that ultimately improve users' experiences.

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# Steve Krause

Senior Vice President, Strategy and Product Marketing

### How will mobile and multi-channel capabilities revolutionize the claims process? How should insurers try and stay abreast of this curve?

Online is table stakes, mobile is a must and omni-channel is the next big thing with claims. The digital experience breaks down when you have to revert back to the 19th century with paper forms and paper approvals. As insurers you need to think about digitizing the end-to-end experience starting with claims forms to digital payments. Insurers can strive to process the majority of their high frequency low severity claims digitally - stay ahead of competition by realizing how to cut down their claims processing times using tools that will help them prepare, sign, act-on and manage claims faster.

### How do digital claims technologies create a win-win scenario for insurers and their customers? Once these technologies are in place, does everyone come out ahead?

AI, Blockchain, Chatbots are all technologies you hear about when discussing digital claims. But the easiest lever to pull is very often ignored - paper claims, paper contracts, paper agreements! When customers expect ease of business and speed, printing, mailing and faxing claims is certainly not going to meet their expectations. A digital process for preparing, signing, acting-on, and managing all of the agreements and forms involved in claims is the foundation for insurers to adopt new technologies while keeping customers happy, in turn earning their loyalty. Certainly a win-win in my opinion!

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# Industry Speaks

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Data analytics lean heavily on machine learning and AI to refine predictive models and evaluate outcomes. Examples include predictive claims severity and predictive fraud scoring, which are used to assign claims adjusters, adjust reserves and identify potentially fraudulent claims. Other applications include the use of analytics with either internal or third-party data to minimize potential claims losses through subrogation.

Core claims systems are at the heart straight-through processing (STP) and omnichannel channel customer communications. STP can either be fully automated—an approach favored by many carriers for handling fender-benders and other minor claims of small value—or triaged, where claims are auto-adjusted and scored, but then sent for manual review and possibly further in-person adjusting. Skills-based routing, or auto assigning claims by matching the adjuster's skill-set and experience with the type and severity of the risk, is another application of STP.

Omnichannel communications allow policyholders to file claims and communicate with their carrier using a variety of different devices and touchpoints, such as texting and phone calls. It provides an integrated customer experience, where the policyholder might initially file a claim using a mobile app but then follow up by phone or email. Chatbots can also be part of this equation. All these avenues allow customers to interact with their insurer at the time and place of their choosing and is widely viewed

*Continued on A14*

# Robert Clark

CEO

### What role will customer self-service play going forward? Why is this key to improving the claims process and customer satisfaction?

Customer service is king, and a much more powerful differentiator for insurers today than price alone. Using analytics to proactively identify potential problems in the claims process can help insurers reduce processing times through standardization, which trickles down to customers in the form of lower premiums and faster claim payouts. It also helps insurers improve operational efficiency and eliminate the opportunity for additional risk to be introduced by fraud. Further, using analytics to enhance claims processes means better outcomes for customers, and predictable outcomes for insurers who have a better ability to pay the right amount in a settlement and gauge which claims are most likely to be litigated before the issue ever arises.

### How will mobile and multi-channel capabilities revolutionize the claims process? How should insurers try and stay abreast of this curve?

Increasingly, consumers are making purchasing decisions based on convenience instead of price. If an insurance policy can be researched, quoted, and bound all within a channel the consumer is already invested in, so much the better for everyone. That drives a need for insurers to deeply analyze existing distribution channels and determine where the best customers already "live." By matching customer contact and engagement preferences to the product, insurers can ensure that when a claim does occur, it can be handled quickly and efficiently, and without the risk of losing a customer.

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# Jèrèmy Jawish

CEO

**What's behind the rush to a digital claims solution? Why has this become an industry imperative?**

It's all about customer demands and meeting evolving customer expectations. Today's customers want to interact with their insurance companies the same way they interact with today's digital-native, customer-centric companies as well as myriad other service providers. They want the convenience of being able to file a claim online, at their convenience – and not only during traditional "business hours." They want the option of speaking to a claims handler if they want to, not because they have to. Insurance providers are turning to digital claims solutions because it gives them a powerful edge in delivering an exceptional customer experience.

**How do digital claims technologies create a win-win scenario for insurers and their customers? Once these technologies are in place, does everyone come out ahead?**

The ability for customers to interact with their insurer when they want and how they want is critical to the insurer's ongoing success. Today's consumers have grown accustomed to using online channels for everything from paying bills to trading stocks, booking flights and buying groceries. They believe insurance should be no different. Forward thinking insurers have already embraced this trend and have digital transformation initiatives underway. This applies not only to how consumers buy their coverage, but also how they interact when filing a claim. Taking a customer-first approach to the claims process – allowing customers to initiate a claim and track it from FNOL to payout – is a powerful way to drive customer satisfaction from the claims experience.

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# Industry Speaks

*Continued from A13*

as a key to greater customer satisfaction—especially among millennials and other digital-savvy consumers. One indication of this is J.D. Power's 2018 U.S. Auto Insurance Study. The well-regarded survey found that policyholders prefer interacting with their insurer via a mix of online and in-person communications channels. The better the omnichannel experience, the study found, the higher the level of customer satisfaction.

## Support for APIs

At issue though are the application programming interfaces—commonly referred to as APIs—that enable core claims systems to support omnichannel, mobile and other digital technologies. Says Novarica's Wein, "Older claims systems are limited in their ability to support the APIs needed to interface with these services. This is driving upgrades to service-based claims systems built from the ground up with these microservices in mind."

But not every insurer is upgrading their core system—or needs to. Rather, they are taking an approach where their legacy claims system becomes "a system of record," says Strategy Meets Action's Karen Furtado. Taking this route, the older core system still administers the claim but relies on a collection of additional systems to automate and add digital functions like automated workflow. The core system "may not even assign the claims adjusters," Furtado notes. "That's increasingly handled by a predictive analytics system with which the core system interacts."

"Claims," she adds, "has always taken an ecosystem approach. Tools and technologies are added to build out the claims experience, and the integration with the core system can be slim to none." The challenge for the carrier, Furtado says, is to sort through all the opportunities that are out there and prioritize those with the biggest payoffs.

Increasingly, those opportunities revolve around automating different aspects of the claims process, such as damage inspecting and adjusting (think drones) and customer service (think chatboxes).

But does that mean claims is destined to become the domain of the machine? "We have a saying," says Wein, "that cyborgs are better than robots. Technology won't replace humans, but humans will be augmented by technology.

**"We have a saying that cyborgs are better than robots. Technology won't replace humans, but humans will be augmented by technology."**

**Mitchell Wein,** Senior vice president, Novarica

"When they are," he concludes, "you get better results."developed digital claims handling capabilities, as they look to improve the quality of the claims experience they provide to their policyholders. Numerous insurers are making use of sophisticated analytics techniques and working to apply them throughout the claims process. Customer self-service tools, including FNOL and claims status updates, are also a priority.

*Continued from page A3*

embracing digital channels, and technologies such as the connected car, smart home solutions and artificial intelligence have ushered in an era of new products built on data and analytics… Insurers with pure-play digital business models, such as Lemonade in the United States, Youse in Latin America, or Nexible in Europe, are using digital applications such as chatbots to turn the process of buying a policy or filing a claim into a fast, simple and satisfying experience. This approach is a far cry from the analog, and often frustrating, processes of traditional insurers."

With competition intensifying, the report continues, "For the property and casualty industry, digitizing the claims function holds tremendous potential."

The claims process is so pivotal because, once a policy has been written, the only time most policyholders have direct contact with their insurance carriers is when they submit a claim. Once that happens, though, the interaction is intense and largely shapes their view of the carrier and their willingness to continue doing business with it.

"Claims is the bullseye of customer-centricity," says Karen Furtado, a partner with market researcher Strategy Meets Action. "What good is it to get an online quote instantly, if it still takes days to file a claim?"

### West Bend Mutual and Allstate

Two examples cited by Furtado of insurers streamlining their claims process with artificial intelligence, NLP and STP are West Bend Mutual and Allstate. The former deployed an intelligent conversation platform with insurance-specific AI functionality to field first-notice-of-loss messages from its customers. This allowed the West Bend, Wisconsin-based P&C insurer to compress its four-day claims cycle down to 24 hours.

In Allstate's case, the carrier rolled out a smartphone app that allows policyholders to settle simple fender-bender claims without visiting an adjuster or getting an estimate from a repair shop. Known as Quick Foto, the self-reporting app takes much of the pain out of filing a claim and allowed the insurer to close 500 of its drive-in claims centers.

Other instances of P&C insurers employing automation and digital technologies to improve turnaround times and increase customer satisfaction include:

- Figo Pet Insurance, which took less than 10 months to upgrade its core claims system and introduce online quoting through a device-responsive customer portal. Since the debut of its new cloud-based functionality, the specialty insurer has grown 30 percent month over month.

- Mitsui Sumitomo Insurance, a Tokyo-based P&C insurer with global reach. The carrier digitized its records and paper-based workflows over a three-year period by adopting an enterprise content management (ECM) system. More than two million documents were brought online, significantly improving claims productivity and trimming $600,000 in operational costs.

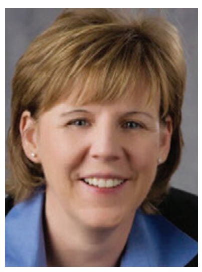
- Pennsylvania and Indiana Lumbermens consolidated its claims system as part of a legacy core system replacement project. Over 15 months, the lumber and building material industries specialty insurer combined four systems into one. This resulted in greater infrastructure and staff efficiencies, along with a 50 percent reduction in the time it takes to issue claims payments.

- Tokio Marine replaced its weather data source and introduced new algorithms and mobile claims capabilities. This shrank the carrier's commercial, marine and personal lines claims cycles from four to six weeks down to four days.

- Vermont Mutual developed a FNOL entry tool for auto and property claims that works with its legacy claims system. The initiative, which took 21 months to complete, has reduced the time it takes to submit an auto or property claim by 39 percent and 63 percent respectively.

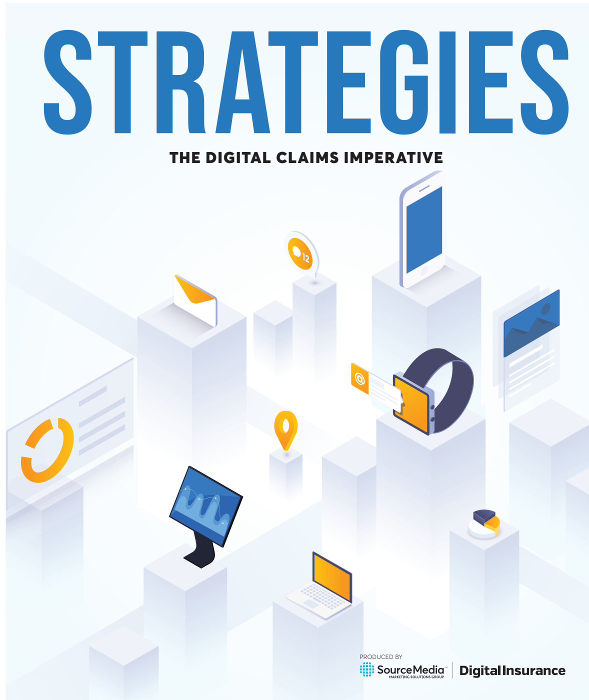
A digital claims process has many upsides, and McKinsey quantifies some of the advantages in its report. According to the consultancy, carriers that digitize their claims operation can increase their operational efficiency by as much as 30 percent. Breaking this down further, the report's authors calculate that insurers offering best-in-class customer experiences are able to grow their premiums three percent faster than their line-of-business average; are 80 percent more likely to retain their customers, and benefit from a two percent lower than average expense ratio.

Furtado sums it all up this way: "Claims is the customer retention play," she emphasizes. "Over the next five years, it will be completely transformed, leading to greater internal efficiencies for the insurer and much higher levels of customer service for the policyholder."



**"Claims is the bullseye of customer-centricity. What good is it to get an online quote instantly, if it still takes days to file a claim?"**

**Karen Furtado,** Partner, Strategy Meets Action

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# Three ways carriers can better target innovation efforts and find success working with insurtech

Once a large insurance corporation knows what's coming its way from a macro perspective, and gains a better understanding of its value chain, it makes fewer mistakes and takes better-informed risks on new capabilities

By Martijn Moerbeek

While tech start-ups generally win consumer approval on the basis of a slam-dunk user experience and higher value per dollar spent, large incumbent insurance companies rank markedly higher in customer trust—they are perceived to be reliable custodians of consumer dollars.

That's the good news. However, the problem for large corporates is that their ability to adapt to the tsunami of new technologies and inverted business models is limited. In the face of ceaseless disruption and in order not to miss out, many companies are pursuing a strategy I call "trying to make a thousand flowers bloom." This scattershot approach to innovation and new technology results in companies lacking a clear view on how to reinvent themselves.

The way Steve Jobs saw it, innovation is more often than not about saying 'no' to thousands of things. Most organizations go wrong by missing that focus. Here I want to discuss a few ways insurance companies can become more targeted in placing their innovation bets, thus giving themselves a clearer view of the field:

**1. Partnering: Share a common vision**

The reality for incumbent insurance companies is that they need to connect with other, smaller companies to keep pace. Too often, however, incumbents do not have the digital maturity to form meaningful partnerships, and merely engage with start-ups in a fashion that I call "technology tourism." What I mean by that is that they don't want to engage collaboratively—their primary purpose of connecting with start-ups is to drive publicity for themselves, rather than to actually collaborate with the start-ups. Clearly, this does not help the start-ups, either.

For these partnerships to work effectively for both David and Goliath, they need to share a common understanding and vision, and put that in writing right up front. In my company, which is a large insurance and financial services organization, we often map this out over a press release, which articulates what both parties would like to see published in the press when we do launch the new product or service. This really focuses both parties—even more so when they both commit to the actuality described in the announcement to be issued in however many months' time.

**"Large carriers' abilities to adapt to the tsunami of new technologies and inverted business models is limited."**

**2. What is the partnership solving?**

After that, it's critical to determine whether the partnership is intended to strengthen an existing strength, bolster an existing weakness, or simply bridge a gap.

What this requires is an articulation of the disruption that is likely to happen, how the organization intends to respond to it, and how it will instigate this innovation. By clarifying the challenge, the organization can then choose an innovation portfolio, which is based on a list of highly specific business problems that they want to remedy through innovation. Being highly specific about these problems can point the way toward where to invest in technology—but also where not to, which is even more important.

On a problem-by-problem basis, a company can ascertain how to tackle this. They might buy a start-up, invest in one and grow it, seek one for a commercial pilot, co-create a solution, build fully in-house, or keep a watching brief.

**3. Up the internal game**

This brings up an important innovation alternative, particularly in the tech-heavy insurance industry: building solutions in-house. We recognize that while we have many strengths, we also have areas where we lack expertise or where it may take too long to build internally, and partnership is a beautiful model for solving this.

We have invested in nearly 250 start-ups, but we also build solutions in-house, which allows us to rapidly pilot, test, validate and build new technology. Even while forging great partnerships, big companies need to make sure they are upping their own game internally.

At the end of the day, a small start-up moves at a different pace, and has a different risk appetite than a large company does. Whether it's improving how we onboard start-ups, streamlining our decision-making mechanisms, or cutting through our red tape, we always need to work on improving the internal culture to keep pace with these changes. Large insurers looking to stay in the game will do what it takes to evaluate their needs, their business models, and their internal cultures — and make needed adjustments. DI

*Martijn Moerbeek is director of group digital strategy & innovation at Legal and General.*

# Dig|In Isn't Just A Conference, It's An EXPERIENCE.

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Dig|In will open your eyes to just **how far technology can take you** as well as how far behind you are.

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At some point in our life, we have all wished for a crystal ball that would allow us to peer into the future. For the world of insurance, **Dig|In is that crystal ball.**

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Simply hearing about **Dig|In** can't replace the firsthand experience, where you'll gain access to endless networking events, bold learnings from leaders driving the most effective transformation in insurance, incredible connections and so much more. Take their word for it; this is an event not to be missed!

# Explore Our Track Themes

The most influential companies, startups and industry disruptors will come together at Dig|In 2019 for an agenda that is set to cover the hottest, must-know topics shaping the digital future of insurance. Our track themes will cover:

## Commercial & Specialty Lines

Moving from long established assumptions and processes to reimagine ways in which commercial and specialty lines of business are administered and maintained are transforming the industry. Learn how the new entrants into the space are offering customers what they're asking for.

## Personal Lines P&C

Homeowners' and renters' insurance companies continue to be on the cutting edge of smart technologies and devices that change the way that risks are assessed, covered and remedied. Take a glimpse into the future approaches and models that will be making their way across insurance verticals into larger and even more promising innovations and applications.

## Growth & Opportunity

New products for new risks are some of the factors that we have to contend with in the digitalization of insurance. Hear real-life growth stories detailing how to overcome the barriers to "win" in digital insurance.

## Digital Transformation

Digital insurance is changing quickly, with every insurer in the market investing in digital strategies and deploying solutions – portals, mobile apps, home or personal devices and more—as they make digital strategy the heart of how they serve markets and customers. Real-life case studies will shed light on the strategies to implement now and what needs to be done to meet the increasing demand for digital services.

## Auto

From car sharing to self-driving transports, smart highways and everything in between—keep up with the innovators disrupting the traditional automotive insurance model. Hear from insurtech leaders as they debate how these new technologies are altering the social, cultural and economic models.

# Explore Our Track Themes Continued

## AI & Machine Learning

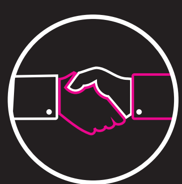
It's all about the data and insurance has always been a data-driven institution; but as the lines continue to blur between humans and robots, how will the insurance industry adapt to new technologies and approaches? Discover unexpected ways that AI and machine learning can take data analysis and application to the next level.

## Big Data & Analytics

Gain a better understanding of the factors to consider when building a model to effectively use data and information. From competitive advantage, process improvement, data protection, cybersecurity compliance and customer service, we'll touch on data-driven success stories and actionable insights to help you leverage data in new and creative ways.

## IoT & Telematics

The shift to new technologies, from wearable devices to smart homes to drones, the Internet of Things (IoT) and monitoring devices that collect and send data to insurers and consumers based on personal, retail and commercial preferences continues to transform the industry. Take a closer look at the most impactful new technologies and learn how to implement the latest IoT developments.

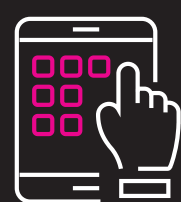


## Innovations & Partnerships

The emergence of the insurtech ecosystem over the last several years has spurred a number of innovations and partnerships that represent the new way of thinking. Learn how you can enable the industry to effectively engage with, and deliver value to, new generations of customers with different social, economic, cultural, and political sensibilities and expectations.

## Customer Experience

Customer experience is entering a transformational phase, reorienting processes, products and services to put the customer at the center of everything. With the push to mobile anything and everything, the industry must adapt to a world where customers can use any device, anywhere and anytime, seamlessly. Take cues from the insurtech world of startups and innovators to move your company forward in this rapidly evolving space.



**VIEW FULL AGENDA ONLINE**

https://www.dig-in.com/conference/digitalinsurance-2019/agenda


CREDIT: GLOBAL INSURANCE ACCELERATOR

GIA's outgoing managing director Brian Hemesath is stepping down to prevent legacy thinking from settling in.

# How insurtech transforms local tech landscapes

Hubs of insurtech are bringing digital innovation to areas that are less known for tech development, boosting the area as much as the industry

By Nathan Golia

**Des Moines**

In mid-April, for the final time, Brian Hemesath took the stage at the Des Moines, Iowa, Global Insurance Symposium to kick off the showcase event for the insurtech accelerator he had stewarded for the past five years. The Global Insurance Accelerator had started with just a folding chair and a card table in a dusty office, with companies that didn't even have logos prepared, had blossomed into a worldwide phenomenon. In the first year, seven insurance companies sponsored the program for six startups; by 2019, those numbers had increased to 13 and ten, respectively. More resources, upgraded facilities, and notable investments and successes have trickled out of the group over its half-decade.

Hemesath decided to step down to ensure that the accelerator never suffered from legacy thinking. That's how startup culture works, he noted: It's important to be able to move on to the next thing. "Innovation means embracing risk," he said. Lastly, Hemesath thanked the regional insurers and municipal authorities for their support. "Des Moines and the midwest are literally on the map now" for innovation, thanks to the insurance industry's digital transformation, he said. "We've leveraged our own natural resource — insurance professionals — to build this reputation."

> **"Being focused and leveraging the insurance industry that was here makes sense. Now startups don't have to leave the ecosystem."**
>
> **Nicole Cook**
> *Managing director, Global Insurance Accelerator*

A new set of eyes in the personage of Nicole Cook stood ready to take over. Like Hemesath, Cook had left her home state of Iowa to pursue a career in financial technology, starting with the Des Moines-based payments startup Dwolla and eventually moving on to a couple other projects, including time Both she and Hemesath

"I had been a part of a startup that was Des Moines-based, but it was one of the few," Cook said in an interview, noting that historically, the pressure was on innovators from the region to move out of the area. "Now, startups are saying, 'I don't need to leave this ecosystem.' The support system exists and things like the GIA have started to bring investors to the area."

The Global Insurance Accelerator is one of the primary examples of how insurtech has carved out a niche to help regional technology growth and innovation in some areas. More than 80 companies that sell insurance in some form — ranging from locally grown notables like The Principal, to major regional offices for companies like MetLife and Nationwide — have a presence in Des Moines, according to the Greater Des Moines partnership. Once the fintech movement moved into insurance, locals who had tried to support more industry-agnostic tech development programs realized that "being more focused and leveraging the insurance industry that was here makes sense," Cook says.

Now, Des Moines and the state of Iowa have a blueprint for leveraging existing regional strengths into a tech cluster. An agritech accelerator recently launched in the area, with some crossover with insurance but also complementary characteristics. And it isn't the only city where this is happening.

**Hartford**

Two days after Hemesath's sendoff, the Hartford Insurtech Hub held its demo day in the Connecticut city long known as the insurance capital of the world. This was the second class for the accelerator, which was founded by a London company, Startupbootcamp. But despite its overseas origins, the Hub is decidedly Hartford: It's supported by several locally based insurers, including Travelers, Cigna and The Hartford; and managing director Dawn Leblanc is a Connecticut native.

Illustrating the impact of insurtech on the greater economy of Hartford was the keynote speaker for the event was Glendowlyn L.H. Thames, the executive director of CTNext, a local group that provides support to entrepreneurs in all sectors. By leveraging the region's strong insurance base and building a digital ecosystem around insurtech, "we are reimagining what Hartford can be and we are leading with our strength," she said.

The Insurtech Hub isn't the only program serving the industry. Nassau Re launched its own corporate insurtech accelerator in Hartford in February, and industries ranging from healthcare to manufacturing are opening their own — a similar phenomenon to the downstream effect on agriculture from the GIA in Des Moines.

And with buy-in from local groups, Hartford is at the cusp of a renaissance, Thames concluded: "A quote I use to describe our efforts to move forward for our community is, 'If you want to go fast, go alone. If you want to go far, go together,'"

### Columbus

By now, the recipe for insurtech success is emerging: Combine a history of insurance in the area with space for new companies to come in and set up shop. Municipalities that see the opportunity are taking notice by tailoring their business environment to encourage insurtechs specifically.

The state of Ohio is particularly focused on insurtech and has passed incentives to support them, says Valentina Isakina, managing director of insurance and financial services for JobsOhio.

"If a company wants to set up her, we have traditional incentive packages around taxes, grants and workforce services," she says. "But we also to help connect with business partners and stakeholders in the state."

The "startup studio" Rev1 Ventures has been particularly active in collaborating with Columbus-area insurance companies on this kind of project. The company, which provides both capital and strategic services to help connect startups with larger firms that can benefit from their technology, was a lead partner for State Auto's launch of a $25 million insurtech investment venture fund in 2017.

More recently, it partnered with another Columbus-based P&C carrier, Grange, on the launch of G-Force Innovations, to help the insurer

**"Many companies that start in the midwest had been going to one of the coasts. But being away from there and the distractions has advantages as well."**

**Pooja Shah**
*Managing director,*
*Onramp Insurance Accelerator*

more effectively identify and work with early-stage companies and emerging technologies.

However, partner insurers aren't in competition, says Rev1 CEO Tom Walker. Different companies "have their own focus on tech verticals they're interested in," he says, adding that encouraging insurtech development for the central Ohio area is a net benefit. "It helps put a bigger spotlight on Columbus."

### Toronto

The Canadian metropolis is a little different from most of the areas on our list, because as a world-leading city the idea that companies would flock there is less unusual of an idea. However, the reasons that the city is an epicenter of insurtech are similar to many of its smaller counterparts.

"If you think about Manulife, Sun Life, Great-Western, there's just a lot of insurance in the area," says Roland Chan, founder and CEO of FindBob, a Toronto-based insurtech that went through the Global Insurance Accelerator.

Chan started out as a tech entrepreneur, but dipped into insurance when running an agency. He explains that insurtech wasn't automatic by any means. What helped it develop at a higher level was that the startup community in Toronto saw that insurers in the region wanted to innovate in their business and had an appetite for trying new things. That spurred more locals to try their hand at the sector.

"There's a really vibrant startup ecosystem, everything from pre-ideation support to formal accelerators," he says. "I think we have a vibrant fintech ecosystem, but when we started out there weren't a lot of insurtechs. Now there's innovation arms with a lot of these carriers that you can engage with, like RGA's Cookhouse Lab."

### Twin Cities

The capital region of Minnesota is an up-and-comer for insurtech. There's a fairly vibrant history of technology and innovation in the region, from companies like 3M and Target. Now, regionally headquartered insurers are making moves to help spur development of an insurtech ecosystem.

"The goal is to build out the fintech community," says Pooja Shah, managing director of the OnRamp Insurance Accelerator, run by Gener8tor and supported by Allianz and Securian. "It's surprising that there isn't one already, given hat it's a university town with a lot of talent and entrepreneurship."

A native of nearby Madison, Wisc., Shah came


The Hartford Insurtech Hub's 2019 class celebrates.

CREDIT: HARTFORD INSURTECH HUB

to the accelerator world through QBE Ventures. She says that while there, the "usual suspects" — New York, Boston, London — were the areas of interest. Now, insurtech has "been bringing together these communities."

"A lot of the companies that start in the midwest had been going to one of the coasts, because that's where the activity has been," she continues. "But being away from there and the distractions has advantages as well."

*Nicquana Howard contributed reporting.* **DI**

**Nathan Golia** *is the editor-in-chief of Digital Insurance. Follow him on Twitter @NathanGolia or e-mail him at nathan.golia@sourcemedia.com.*

# A convergence of technologies powering new business models benefits from blockchain

Once data has been migrated to a blockchain platform, the potential to apply other technologies such as artificial intelligence or telematics to take advantage of this immutable, real-time information is vast

By Ryan Rugg

Blockchain is pushing the global insurance industry full throttle into the next stage of its digital transformation. With enhancing cost efficiency being a key objective in 2019, new technology combinations will become increasingly prominent as insurers digitize old systems.

The distributed-ledger technology's ability to act as a common foundation that eases the transition to other next-generation digital technologies such as such as telematics, machine learning, robotics and artificial intelligence is widening its appeal amongst insurers.

The transition to digital technologies continues to be a top business priority for insurance CIOs in 2019, taking precedence over revenue and business growth. While insurers might not have experimented with blockchain as early as other financial services sectors, this pinpoint focus has united the industry and enabled it to move towards live deployment in an impressively short space of time.

Newly created roles such as chief digital officer and chief innovation officer are now commonplace across the industry, with firms vying to increase their market share by developing solutions that meet customers' demands for innovation while increasing efficiency and profitability. Once data has been migrated to a blockchain platform, the potential to apply other technologies such as artificial intelligence (AI) to take advantage of this immutable, real-time information is vast.

Dynamic pricing is an example of an emerging blockchain-enabled innovation that benefits both the insurer and the customer, with broad-ranging potential across health insurance, car insurance, property insurance and beyond.

Taking the case of shipping insurance, advances in technologies such as AI and telematics enable insurers to access detailed, real-time information about a ship's location, age and condition. This means, if a ship enters pirate waters, its location data would automatically be updated on the blockchain and the insurer can make the necessary adjustments to its risk profile and policy pricing. The same applies in the converse scenario – for example if a ship is young, in good condition and doesn't stray from safe waters.

**"While insurers might not have experimented with blockchain as early as other financial services sectors, this pinpoint focus has united the industry."**

Now consider that the ship is transporting refrigerated cargo, which is also insured. How does an insurer know whether a temperature spike is taking place in a crate at sea a thousand miles from its destination that could potentially destroy the cargo? Thanks to telematics, sensors in the cargo containers can communicate accurate information about temperature, humidity and atmosphere.

This information can be updated in a smart contract on a blockchain platform in real-time, enabling an automatic pay-out to the customer if the cargo is spoiled by high or low temperatures. This saves the insurance company time and money while providing the customer with a better experience.

Usage-based insurance (UBI) is another innovation currently reshaping the car insurance industry. Many cars now come equipped with connected features or advanced driver-assisted systems (ADAS), which is having a profound impact on the way auto insurers handle policies.

Traditionally, car insurance policies have been based on driver characteristics like age, personal information and accident history. With UBI, insurers are able to incorporate driving behavior data such as speed and hard braking that is updated in real-time on the blockchain. In addition, telematics technology in the car can measure the time a driver spends on the road each day, opening up opportunities for pay-as-you-drive insurance policies that incorporate this data into a smart contract.

These developments would be innovative in any sector, but when you consider the processes underpinning the insurance industry have remained largely unchanged for hundreds of years, the evolution is even more dramatic.

By harnessing the attributes of blockchain to automate manual processes and alleviate frictional costs, insurers have made the necessary investment to position themselves to take advantage of  blockchain – and its convergence with other new technologies – will deliver over the coming years. **DI**

*Ryan Rugg leads the insurance vertical for R3, developer of the Corda blockchain platform.*

**Digital Insurance**

# 14th Annual Women in Insurance Leadership Awards


WOMEN IN INSURANCE LEADERSHIP

WOMEN IN INSURANCE LEADERSHIP

Marissa Buckley · Indira Davidson · Barb Furr · Kimberly Holmes · Donna Jermer · Tara Long

**2018 WOMEN IN INSURANCE LEADERSHIP**

This year's honorees illustrate the power of transformative thinking, effective team-building and more for a changing sector.

**The Women in Insurance Leadership** award program predates this publication being named *Digital Insurance* by a decade. But just as the industry itself has changed, so have the skill sets of its leading female executives.

Technologically driven disruption is, perhaps rightly, on the top of nearly all honorees' minds. Many discuss the need to break out of silos and old ways of thinking in the sector and think first about how customers view insurance in the context of all their dealings with other industries. What sets these winners apart from the pack is their ability to view the insurance value chain as something with lots of room for improvement, from the front-end to the back office, from the largest accounts to the smallest. And that manifests in many more ways than just "more mobile apps." Honorees discuss how to manage always-on, increasingly diverse workforces, and how to create organizations and teams that are more than the sum of their parts.

To select the Women in Insurance Leadership award winners, Digital Insurance issues a call for nominations. Submissions are collected from insurance companies, analysts and software vendors throughout the spring and early summer. Each year, more than 40 women are nominated. The winners from the previous year and Digital Insurance's editors evaluate the entries, looking for everything from innovative ideas and ground-breaking technology deployments to a commitment to mentor other women in the industry.

Read on to learn more about this year's group of innovative thought leaders.

Ashley Pettit · Jody Puffett · Lorena Ritchey · Stacey Schabel

2018 WINNERS

## 2019 Submissions Now Open

Since its inception more than a decade ago, *Digital Insurance's* presentation of the most influential women in insurance has profiled the extraordinary accomplishments of more than 70 individuals–whose pursuit of excellence, leadership and professional performance has fostered influence that is redefining the insurance business and technology industry landscape.

The **Women in Insurance Leadership** program, recognizes 10 female insurance executives from IT or other business functions who have made a substantial impact on their organizations.

Nomination Deadline:
**June 14, 2019**

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The top candidates will be featured in a special Fall print edition and formally recognized at the annual Women in Insurance Leadership Forum.

**Keep your eyes on Dig-in.com for the nomination form.**

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**To learn more, contact:** Holli Gronset at 312.933.5643 or holli.gronset@sourcemedia.com.

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