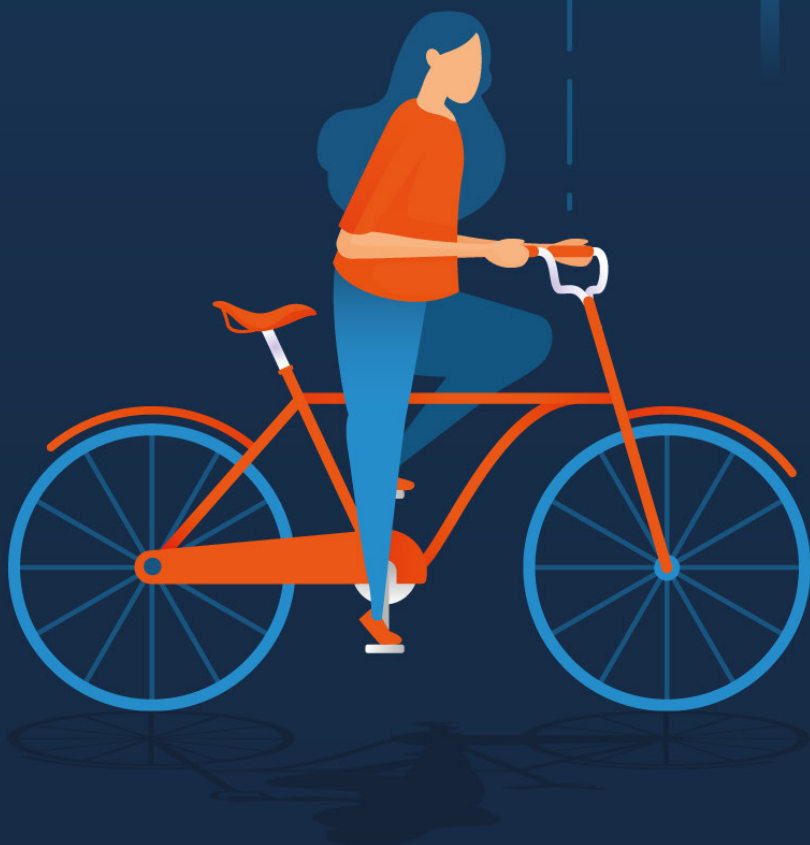


Roundtable Report

# New risks, new opportunities in P&C



In partnership with

**EISA** 

# An industry in search of growth

It's no secret that powerful forces and mega trends are profoundly shaping the P&C insurance landscape. New competitors are entering the market and incumbents are beginning to both recognise these new partnerships and also ask themselves "how can I get involved?" With this rapid shift in the industry taking place, new risk classes such as intangible assets are a hot topic and they are fuelled primarily by the rapid escalation in recent years of cyber attacks and climate-related incidents. As is the shift in all sectors, customer expectations are changing and with this, the investment into adopting self-serve channels is on the rise. Partly accelerated by the pandemic but as we move beyond the after effects of Covid-19, insurers are looking toward the advancements happening every day in technology, data, and analytics to get ahead of the curve.

According to McKinsey and Company, the P&C sector is ripe for disruption with productivity and growth levels reported well below that of other sectors including banking and telecoms.<sup>1</sup>

**Growth in P&C insurance lags GDP growth in Western Europe and the US, according to McKinsey.**

McKinsey identifies four emerging types of P&C carriers: value players, capacity providers, core reinventors, and ecosystem partners.

Most large incumbent carriers will not be content to be a value player, capacity provider or ecosystem partner. Established insurers aspire to be core reinventors, adept at spotting opportunities and with capability to bring new products to market to capitalise accordingly.

This roundtable brought together seven insurance leaders from the US and Europe to discuss strategies for core reinvention:

- **Identifying underinsured risks and building the underwriting capabilities**
- **Expansion into new lines**
- **Defending against commoditisation**
- **Honing new product development and launch processes**

## With thanks to



### Stefano Bison

Group Head of Business Development & Innovation, Generali



### Lorenzo Chiofalo

Head of Innovation, Aviva Italy



### Bruno Sardinha

Vice President, Innovation, Travelers



### Debbie Brackeen

Chief Strategy & Innovation Officer, CSAA Insurance



### Jess Hurley

P&C and General Insurance Market Lead, EIS Ltd.



### Jack Butcher

President, Hagerty



### Guillaume Lehallier

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<sup>1</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/state-of-property-and-casualty-insurance-2020>  
<sup>2</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/state-of-property-and-casualty-insurance-2020>

# Foreword by EIS



To fend off aggressive new competitors such as Amazon, Tesla and a host of challengers, property and casualty/general insurers are focusing on digital transformation and legacy modernisation. It was my pleasure to

participate in this Insurtech Insights roundtable of insurance leaders to share strategies for staying ahead of the competition.

P&C lines have previously experienced slow growth, yet in recent times the opportunities have never been greater. More than ever, innovation is the key to unlock growth and sustainability.

Innovative insurers require fundamentally different technology platforms to support their ambitions. They understand that an appropriate platform is more than a collection of software components. It must be engineered, from the ground up, to continuously evolve. Technology helps get products to market quickly, support the ability to test-and-learn, and rapidly iterate everything from product design to the customer experience not once but repeatedly, to get to market adoption.

Most of the solutions still in use today were developed to address yesterday's market realities, when lengthy development cycles and static product offerings were the norm. Those days are over. Proprietary is out and open is in. Openness equips insurers to connect to partners and ecosystems dynamically and provide a path for migrating legacy products and services.

Time-to-market and build and run costs have decreased dramatically thanks to advances in cloud-native services and technology. Consequently, new business models and data-driven approaches are already winning over customers to insurers pursuing disruptive innovation.

What characteristics should you aspire to as a modern P&C insurer?

- **Multi-line capable.** Market leaders are already offering converged products that support lines of business that were previously considered entirely separate.
- **Continuously updating.** Like the world's best digital brands, insurtechs and leading insurers are releasing product and experience updates continuously, often multiple times a day.
- **Connected internally and externally.** Via open APIs throughout the technology stack, insurers deliver enhanced digital experiences, overcome internal silos, and bring in complementary capabilities and data from the wider ecosystem.

This report offers further insight on how to tackle the competition, take on today's market realities, and be ready for the future. I hope you find it thought-provoking and relevant to your own transformation journey.

**Jess Hurley**

P&C and General Insurance  
Market Lead EIS, Ltd.

**"We've learned that success is all about identifying and meeting customers' needs; that technology is an enabler, not an endpoint"**

# Thought Leadership Highlights



**Stefano Bison**

**On the protection gap**

"That's a big market for those who can be operationally efficient and courageous enough. It's also part of our social responsibility."



**Debbie Brackeen**

**On needing to embrace unknowns**

"A lot of it is around mindset and data culture and getting comfortable with being really uncomfortable."



**Jack Butcher**

**On being agile**

"Borrowing from Jim Collins, fire bullets, then cannonballs. Lots of little experiments, and out of that will grow something that works."



**Lorenzo Chiofalo**

**On innovation**

"When you try to create a new technology or new operating model with the same people and thinking, typically, you end up recreating the existing process. You need fresh eyes and a greenfield approach to create something truly new."



**Guillaume Lehallier**

**On mobility and new unknowns**

"Electrification is a massive change. We have very low understanding of the technology and its impact; we don't know the frequency of breakdowns, or the severity of accidents."



**Jess Hurley**

**On technology**

"There has to be a real approach to getting all of the different systems speaking to each other. Moving these old systems into cloud environments or SaaS environments, breaking down the barriers so they can connect freely."



**Bruno Sardinha**

**On more open sourcing**

"Underwriters must be empowered to take into account the various sources of data that are now available."

# What are the biggest new opportunities in P&C?

According to Swiss Re, the global P&C risk pool will more than double from USD 1.8 trillion in 2020 to USD 4.3 trillion in 2040<sup>1</sup>. Motor will form a smaller share of the overall risk pool in the future, as the world of mobility transforms in profound ways and motor-related risks diminish. At the same time, new opportunities in motor are emerging with the rapid rise of electrification. New classes of vehicles such as electric scooters, and the growing dominance of Transportation Network Companies (TNCs) such as Uber and Lyft all represent relatively uncharted mobility risk categories.

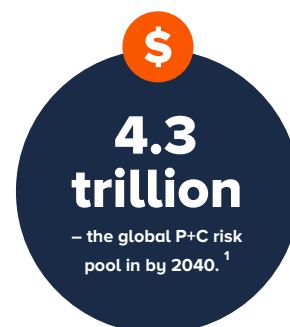
Property will take on a larger share of the P&C risk pool as climate change and other uncertainties take their toll. While not a new concept, addressing the protection gap is returning to the fore as increasingly frequent climate

patterns highlight the dangers for the underinsured. Insurance covering intangible assets, such as intellectual property and cyber, is growing rapidly. And while not a new concept, addressing the protection gap is returning to the fore as increasingly unpredictable climate patterns highlight the dangers for the under-insured.



**Stefano Bison**

*"We see a lot of changes happening in the mobility space: micro mobility, last mile delivery, e-scooters, just to name a few. All these kinds of new risks require different data sources and different approaches. And while we are already having some good evidence in cyber, it seems that **almost nobody in the market has found the winning model yet** – time will tell."*



**Debbie Brackeen**

*"TNC (transportation network companies) is a new business model for mobility. It **blurs the lines between personal liability and commercial liability.**"*

# How does the industry need to evolve to accelerate growth?

Transformation has become a necessity thanks to the pandemic. According to the World Insurance Report from Capgemini and Efma, 70% of insurers reported that COVID-19 has significantly affected customer acquisition, and about half reported that the global pandemic has affected customer-service touchpoints.<sup>2</sup>

Finding new and more frequent ways to be relevant to customers, as well as disguising operational complexity to create simplicity for distribution partners, were flagged by our panel as priorities to ensure future success.



**Bruno Sardinha**

*"Through service and value added. Recreating the claims experience and looking for **multiple customer interaction points.**"*



**Stefano Bison**

*"You need to be **relevant for the distributor.** If you're selling through a retailer or through a utility provider, **keep the complexity on our side** to make it easy for them to embed this insurance product. If you keep passing on all your complexities, they might decide to do it themselves."*



**Debbie Brackeen**

*"I think there's an opportunity to reimagine the value proposition. Look at Trov, for example. They offer on demand coverage for possessions, for micro durations of time."*

A recurring theme in the discussion was the need for P&C insurers to go beyond protection and be able to offer other types of value to customers, such as advice to help prevent claims, or adjacent non-protection services.

<sup>1</sup> <https://www.swissre.com/institute/research/sigma-research/sigma-2021-04.html>

<sup>2</sup> <https://worldinsurancereport.com/>

## How does the industry need to evolve to accelerate growth?

In a survey of 200 EMEA insurers conducted by Deloitte in 2019, 56% of those operating in P&C were already generating 30% of more of their revenues from supplementary services other than protection<sup>1</sup>.



**Stefano Bison**

*"We need to **move from single data points to continuous data flow over the lifetime of the policy of the client.** And look forward rather than backward. Not only rely on historical data, but trust the models."*



**Jack Butcher**

*"We've got to be more thoughtful, more creative, more open to the fact that it isn't just about insurance as a restorative tool. We've got to be really good at value added on the front end. To be purveyors of **intelligence, advice and content.**"*



**Jess Hurley**

*"If you're launching a new line of business, you want to get these things off the ground quickly. True customer 360 built into a policy administration system will help you understand what the customer is doing and what their needs are."*

To be able to diversify its offerings, insurers must identify and understand customer behaviours and needs at a granular level. Our panellists were vocal on the need to embrace new sources of data and ways of working with data.



**Debbie Brackeen**

*"We're going to need new sources of data and metadata with **different ways to think about what correlates to a good underwriting risk.** When it comes to autonomous vehicles we're not going to have the driving*

*data that we want and we're going to have to get creative. A lot of it is around mindset and data culture and getting comfortable with being really uncomfortable."*



**"Underwriters must be more open to take all of the data that is now available."**

— Bruno Sardinha



**Jess Hurley**

*"Enabling technology to be customer centric is very difficult. There's so much legacy embedded in systems. There has to be a real approach to getting all of the different systems speaking to each other. Moving these old systems into cloud environments or SaaS environments, **breaking down the barriers so they can connect freely.**"*

## What barriers must be overcome to capitalise on the opportunities?

According to: McKinsey & Co., re-invention is one of the three "Rs" that all incumbent P&C insurers must champion along with resilience and relevance<sup>2</sup>. Our panel described re-invention in terms of truly innovative products and processes, not just recreating existing ones. Ensuring the organisation has a 360-degree customer view, and a mindset of not accepting the status quo.



**Bruno Sardinha**

*"When it comes to new products in the US, you've got to talk to 50 regulators. That **demands deep experience and understanding to deliver solutions to the market.**"*



**Lorenzo Chiofalo**

*"When you try to create a new technology or new operating model with the same people and thinking, typically you end up recreating the existing process. **You need fresh eyes and a greenfield approach to create something truly new.**"*



**Jess Hurley**

*"One of the things that holds a lot of our clients back is the ability to interact with the customer regardless where you are in the process or your line of business. If you want to meet your customer where they're at, you need **a system that can support a 360 view.**"*

Insurers must adopt an agile mindset and an increased openness to embrace the unknown, to be able to capitalise on opportunities in a world that is more uncertain than ever.



**Debbie Brackeen**

*"It's really easy to build a new system or take a new technology and then just map it out in the new system exactly how you've always thought about doing it. As opposed to reimagining, **overcoming longstanding inefficiencies that the industry has accepted as normal.**"*

<sup>1</sup> <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-insurance-trends-a-different-roadmap-for-growth.pdf>  
<sup>2</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/state-of-property-and-casualty-insurance-2020>



## What barriers must be overcome to capitalise on the opportunities?



**Jack Butcher**

*"We need to shake off at an accelerated rate this notion that if it doesn't come to us in a nice tidy little box, it's not for us. Bio, robo, nano technologies are not coming at us in the conventional manner. Cyber attacks are not coming from conventional sources. Borrowing from Jim Collins, fire bullets, then cannonballs. Lots of little experiments, and out of that will grow something that works."*

Working with regulators inevitably consumes a great deal of time and attention from insurers. Rather than seeing regulators as a barrier, however, some insurers welcome the opportunity to work with regulators as a built-in component of their innovation strategy. **In the future, the ability to effectively partner with regulators will become a competitive advantage.**



**Stefano Bison**

*"At the same time, we should thank the regulators. They help us tackle the forces that are changing our industry, and they are buying us time to adapt."*

# Five strategies to help P&C insurers take advantage of new opportunities

**1**

**Nurture a mindset of not accepting the status quo – relentlessly push for new ways of doing things**

**2**

**Take a greenfield approach to innovating products and processes, to avoid recreating old inefficiencies**

**3**

**Test and learn: Start small, fail fast, aggregate incremental gains over time**

**4**

**Encourage underwriters to embrace alternative sources of data and metadata**

**5**

**Connect internal systems to deliver a 360-degree customer view**

### **A message to our readers:**

*Dear Industry,*

*I know we've all been a little late to the party, and the fintech revolution continues to take all the attention (and funding!), but it's our time to shine! We are going through something special; we are undergoing the biggest transformation in history.*

*At Insurtech Insights, we promise to work tirelessly to bring essential, unmissable, actionable insights to an engaged and connected community of insurance professionals. Our events will bring together the entire ecosystem. Our onsite technology will spark intimate conversations and serendipitous networking. The breeding ground for innovation, ground-breaking startups, inspirational speakers, revolutionaries and pioneers - the energy will be palpable!*

*By travelling on this journey together, we can remove the obstacles that have been holding the industry back...and if Banking can be sexy, why can't Insurance?*

*We're ready to take the next step...are you?*

Join us and **EISA**  at **EUROPE'S LARGEST INSURTECH CONFERENCE,**  
**March 15th and 16th 2022 at London's Intercontinental O2!**



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