Future of Claims: The Impact of a Shared Economy and Emerging Technology

Thursday, February 25, 2016, 9:30 a.m.

Karen Furtado
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Strategy Meets Action
Boston, Mass.

Karen Furtado, a partner at Strategy Meets Action, has an exceptional understanding of core systems in insurance and the transformations required to achieve success. Her expertise is comprehensive – policy administration, rating, product configuration, billing, and claims – and is combined with a deep understanding of how to integrate mature and emerging technologies with core systems. Those seeking an edge in today’s highly competitive world turn to Karen to capitalize on her unparalleled knowledge and experience in connecting solutions to business and information technology requirements. She is often quoted in major insurance publications and speaks frequently at leading industry conferences.

Karen held various leadership positions prior to joining SMA, including insurance practice director at Collaborative Consulting and vice president of CGI’s insurance practice. Karen holds a bachelor’s degree from Springfield College in Springfield, Mass. She is currently serving as the chair of the LPGA Foundation board.

Session Description:
The emergence of a sharing economy and innovative technologies are challenging the insurance industry like never before and claims departments are significantly impacted. This session will review several emerging business model trends, including shared economy companies, such as Airbnb, Zipcar, Uber and Lyft. Discussion will also include innovative technologies which will soon be commonplace, such as connected homes and cars, aerial imaging, and the Internet of Things, which is the ability of an object to transfer data over a network without human intervention. Attendees will learn how insurers are responding to the changing landscape and how to chart a path to move forward.
Top Three Session Ideas

Tools or tips you learned from this session and can apply back at the office.

1. _______________________________________________________________________

2. _______________________________________________________________________

3. _______________________________________________________________________
Future of Claims: The Impact of a Shared Economy and Emerging Technology

Session Outline

Overview

Two Iconic Brands…Lulled Into Inaction

Next-Gen Insurer Model Priorities

• Triggers Driving Change

Transformation Journey: Modernizing Core Process & Technology is Foundational

Next-Gen Insurer – Reimagine the Business of Insurance

Current: Claims Management and Process

Game Changes in Insurance

• Significant Capital
  • Insurance Companies VC Investing in Insurance
  • Big Technology Companies
  • Other Industries

• Digital Transformation
  • What Happens in an Internet Minute?
  • Mobile Changes Everything – Accelerating Digital

• Customer Expectations

• Emerging Technologies and Data
  • Maturing Technologies
  • Emerging Technology Landscape
    • Physical Domain
    • Virtual Domain
  • Emerging Tech Theme #1: Speed to Market is Vital But Speed of the Market is Even More Important
  • Emerging Tech Theme #2: Emerging Tech Creates Opportunities and Threats
  • Emerging Tech Theme #3: A Fully Connected World But Evolving Unevenly
    • Connected World Projections of Growth
  • Emerging Tech Theme #4: Data is Central to All But Worthless Unless Leveraged

Future: Claims Mitigation and Prevention

SMA Call to Action

• Make a Choice Around Change
• Become Customer-Centric
• Connect the Future to Today

Q & A
Future of Claims: The Impact of a Shared Economy and Emerging Technology

Karen Furtado
**SMA is advising and guiding our customers...**

- tap into infinite possibilities
- make wise strategic investments
- shape smooth transformations

... become **NEXT-GEN INSURERS**

"We always **overestimate** the change that will occur in the next two years and **underestimate** the change that will occur in the next ten.

Don't let yourself be lulled into inaction."

– Bill Gates
Two Iconic Brands ... Lulled into Inaction

Next-Gen Insurer Model Priorities

Triggers Driving Change

Source: SMA Research, Innovation Survey 2015, n=147
Transformation Journey: Modernizing Core Process & Technology Is Foundational

Source: Strategy Meets Action 2015

Next-Gen Insurer
Reimagine the Business of Insurance

Source: NAMIC Claims Conference - Furtado
Current: Claims Management and Process

Game Changes in Insurance

THE 4 GAME CHANGERS

- Significant Capital
- Digital Transformation
- Customer Expectations
- Emerging Technologies & Data

Next Gen Insurer

Source: Strategy Meets Action 2015

NAMIC
Significant Capital

Investors

Over $1B in insurance/ $10B FS
2015 – up 6X
Partnerships Microsoft VC & American Family - Connect Home

Start Ups - over 100+ in Insurance
Disrupt Customer / Distribution
- inSureon
- inPeer
- ClaimHound
- HAVEN
- policygenius

Reduce Risk-Assessment/ Mitigation
- wallflower
- trov
- metromile

Insurance Companies VC Investing in Insurance

Notable Insurance Providers Investing in Startups

- MassMutual Ventures
- AXA Strategic Ventures
- Allianz ()
- Transamerica Ventures
- New York Life
- AIG
- American Family Ventures
- Northwestern Mutual
- USAA
- Ping An Ventures
- Munich Re
- ACE Group

Source: CB Insights 2015
Significant Capital – Big Technology Companies

Significant Capital – Other Industries

Shared Economy

Auto Industry

Other Industries
Digital Transformation
Mobile Changes Everything – Accelerating Digital

FRONT CAMERA
- identity & recognition
- age, health verification

INSURANCE & 3RD PART APP
- quote/claims/billing
- lifestyle and health connected
  home/car/life

TOUCH ID
- one touch payment
- identity recognition
- sso

GYRO/ACCELEROMETER
- fitness
- driving habits
- activity levels

GPS/COMPASS
- location – work, home, travel
- driving history/distance
- real time/geo insurance

Customer Expectations
Changing Customer Expectations

- Desire to be heard and respected
- Support via any channel – anytime, anywhere anyhow
- Expects consistent ease of doing business
- Personalized/Customized

All Generations

Emerging Technologies and Data
Maturing Technologies

- Mobile Maturity
- Analytics and Big Data Leverage
- Collaboration Expansion
- Cloud Computing Growth
- Telematics Tipping Point

Emerging Technology Landscape

PHYSICAL DOMAIN
- Wearable Devices
- Drones
- 3D Printing
- Advanced Robotics
- Driverless Vehicles

VIRTUAL DOMAIN
- Artificial Intelligence
- Virtual/Augmented Reality
- Biotechnology
- Gamification
- Payment Technology
- Semantic Technologies

Source: Strategy Meets Action 2015
Emerging Tech Theme #1

Speed TO Market is Vital…

…..But Speed OF the Market is Even More Important

Source: SMA Research, Innovation and Emerging Technologies in Insurance 2015, n =147

Emerging Tech Theme #2

Emerging Tech Creates Opportunities….

...And Threats

Opportunities

• New Risks / New Coverages & Products
• Operational Improvements
• Transformed Customer Experience

Threats

• Changing Liability Landscape
• Disrupt Operations
• New Entrants
• Technology Run Amok

Source: Strategies Meets Action 2015
Emerging Tech Theme #3
A Fully Connected World... But Evolving Unevenly

Source: Strategy Meets Action 2015

Connected World Projections of Growth

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Major applications
- Monitoring and managing illness, improving wellness
- Energy management, safety and security, chore automation, usage-based design of appliances
- Automated checkout, layout optimization, smart CRM, in-store personalized promotions, inventory shrinkage prevention
- Organizational redesign and worker monitoring, augmented reality for training, energy monitoring, building security
- Operations optimization, predictive maintenance, inventory optimization, health and safety
- Condition-based maintenance, reduced insurance
- Public safety and health, traffic control, resource management
- Logistics routing, autonomous cars and trucks, navigation

Source: CB Insights 2015
Emerging Tech Theme #4

Data is Central to All....

....But Worthless Unless Leveraged

Source: Strategy Meets Action 2016

Source: SVIC Insurance Disrupted 2015
Future: Claims Mitigation and Prevention

- Internet of Things
  - Connected Car & Home
- Enhanced Risk Selection
  - Location based data
  - External risk data
  - Analytics
- Instrumentation/GPS
- Wellness focus
  - Wearable devices
- Safety Engineering

- Instrumentation/GPS
- Internet of Things
  - New product/services
- Digital/Mobile interaction
  - Claimants
  - Adjusters
  - Partners
  - Agents
- Disaster preparedness
- Improved CAT management
- Risk Mgmt. & Loss Control
  - Social media
  - External risk data such as weather forensics

- Mobile adjusters
- Automated/Self-adjusting
- Fully networked providers
- Fraud and predictive analytics

- New payment tech
- Digital interactions
- New service fulfillment
- Drones/Arial Imaging

Source: Strategy Meets Action 2015

“... you need to be on the forefront of challenging your current business model. Otherwise someone else will.”

– Leading Digital
SMA Call to Action

Make a choice around change

Become customer-centric

Connect the future to today

Questions?

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