

## 5 ways insurtech will enhance the client experience

Insurtech is ushering in a new era of client experience. With global trends highlighting the rise of intuitive user experiences, machine learning, automation, data analytics and the internet of things (IoT), there are big opportunities for SA insurers and intermediaries that become early adopters of insurance tech.



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"Customers have become used to intuitive interfaces that maximise efficiency. For insurers and intermediaries alike, there's a real opportunity to hone an online offering as part of a strong value proposition. It's about offering engagement with clients via the platforms they prefer," says Petrie Marx, product actuary for Sanlam Personal Finance.

He believes that, after initial improvements in customer experience are achieved, online migration and tech integration will eventually impact on insurance fundamentals like underwriting. But in SA, the lack of central databases with alternative underwriting information is a big barrier, "In the US, the national health system means there's a centralised database of health records to tap into. Similarly, pharmacy or driving records are available. There's no equivalent here yet, which means we don't have alternative data sources available to simplify the underwriting process we ask our customers to go through yet. Of course, we could cut back on underwriting altogether, but that makes insurance unaffordable to the majority of clients."

Without access to other customer records – like medical and driving records – insurers have to rely on one of two approaches to simplify the underwriting process: ask sophisticated drill-down questions in line with a rule-based approach or to greatly simplify the entire underwriting process and perform limited randomised tests onl. Data analytics and predictive modelling can be used to optimise underwriting requirements to eventually streamline the process as far as possible for our customers.

But it may not be like that for long. Marx says 2018 is the year in which insurtech will allow insurers to engage differently with their customers and to devise specific solutions to customers' needs. By 2020, he believes the customer experience will become more seamless, with all specific innovations combined to create one cohesive journey. This means intermediaries and insurers need to stay abreast of global trends and be ready to integrate the best of these into their SA operations.

### Innovations

## **1. The data challenge**

SA has no centralised database for insurers to access. Additionally, the Facebook scandal has made clients very wary of data privacy leaks. Going forward, the solution may be for clients to take control of their own data and who has access to it – as is happening in the US. People are paying for data control services like Digi.me – an app that collates all the data publicly available about its client. In the future, this could be extended – clients could control their own databases featuring their medical, driving and lifestyle data (accrued from wearables, etc.) which they could then choose to share with insurers or other product providers. Cyber-crime security will be another focus, especially as data becomes more granular and sophisticated.

## **2. The deal with wearables**

In the loyalty space, wearables work well as they incentivise desired behaviours of healthy living, by way of some added value. But problems emerge when you try to price an entire risk pool on the basis of wearable data – inevitably, some people will pay less and some people will pay more. So instead, insurers may soon encourage clients to wear medical-grade tech to manage illnesses, for example. If someone has diabetes and uses wearable tech to manage the condition, this could help to reduce the loading on her insurance premiums. The other benefit to wearables in the future may be increasingly personalised policies. The more lifestyle information clients give insurers permission to access, the more tailor-made the product offering.

## **3. Truth be told**

Internationally, insurtech firms are currently trialling voice recognition software that uses vocal patterns to detect dishonesty. Instead of sending clients to the doctor for time-consuming medical exams, they can have a quick phone call.

## **4. Face value**

Facial recognition software is also advancing, with some Insurtechs piloting software that detects whether clients smoke from photos, or to estimate body mass index. So in future it may be as simple as a client sending a selfie.

## **5. Fewer questions**

Already in SA, there are alternatives to long life insurance application forms.

"Intermediaries and insurers need to think like start-ups, with a focus on integrating the latest innovations. The retail distribution review (RDR) regulations are encouraging intermediaries to display their value proposition more prominently than ever before. No doubt intermediaries who adopt technology and are able to engage with their customers through multiple channels will have an indisputable edge," Marx says.

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