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INSURTECH

TECH WHEN WE NEED IT
HUMAN WHEN WE WANT IT

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Editor's letter

TONY VAN NIEKERK,
EDITOR IN CHIEF

Tech when we need it – Human when we want it

We have all been there. That moment when your tech journey in a process comes to a grinding halt, midway through execution of the process. Once you have exhausted every avenue to resolve the issue, you turn to a human.

I would like to submit that the only reason you would turn to a human at this point is because you think that there is someone who knows more about the system than you do, and that person will be able to resolve your issue.

This is exactly where the competitive advantage lies in the world of insurtech: Make the system as user friendly and as user focused as possible. Get as close to the client as possible, know the client as well as possible and create a system/product that is as intuitive to the user's capabilities and needs as possible.

What this means is that the insurtech with the most satisfied clients, will be the one where the human intervention is least needed. Sounds easy, but we had a whole two days of round table discussions trying to determine how to get there, with no distinct answers yet. However, we did lay down the main basic principles and shared valuable insights.

Technology developments in the insurance space has been going on since the start of insurance and will continue. One thing is for sure, we have not seen any serious disruption yet and the evolution of our industry will continue, sometimes with a great leap and other times at a snail's pace.

If there is one thing that the hype around insurtech has created, it is an urgency to transform the way we look at clients and the way we serve them as providers of insurance products. When it comes to insurtech, the client is certainly king, on all fronts.

This e-book includes many synopses from the first edition of Insurtech2022, plus several articles from specialists who could not present. Thanks to everyone who shared their knowledge for the benefit of the broader industry.

Look out for the invitation to the October edition of Insurtech2022. See you there.

Enjoy the read - Tony

Building South African smart homes on convenience, security and energy savings

SENSOR NETWORKS

Over the last decade, the number of smart-home devices that leverage the internet of things (IoT) has skyrocketed. What used to be considered advanced technology, not seen in most homes, is now available at numerous retailers and online stores in South Africa. With a surge in access to fibre-speed internet across the country, buying and self-installing sensors has never been easier.

One prediction is: Within the next three years, 15% of homes worldwide will have at least one smart-home sensor, with convenience, security and energy savings being the top three requirements of homeowners. Smart homes simplify and streamline our lives, and sensor costs are reducing on a monthly basis. Instead of manually arming your home alarm or scheduling when your geyser should be heating, users are now able to remotely manage their households from their phones.

Cape Town-based smart-home platform Sensor Networks has been exploring local IoT solutions successfully over the last few years, and has worked with some of South Africa's largest insurers to install smart-geyser technology in thousands of households. This has helped insurers reduce their risk linked to consequential water damage by over 90%, saving a combined millions of rands in claims and sparing customers the headaches of major water damage to their homes.

In addition to the reduction of risk for insurers, Sensor Networks' smart-geyser technology saves users up to 38% of their household geyser energy consumption, through a reduction in geyser setpoint temperature, scheduled geyser heating cycles and the ability to turn the geyser off remotely (when on holiday or away for a long period of time).

From years of learnings from Sensor Networks' vast datasets, insurance companies are able to build go-to-market business models, offsetting some of the initial hardware costs, and offering premium reductions and claim-excess discounts, as part of smart-home insurance packages.

While a recent survey by US-based listed insurance company Hippo found a large portion of consumers (46%) said they mainly use smart-home devices for the convenience they provide, that wasn't the only reason behind their purchases. Consumers also understand that smart devices provide extra eyes and ears to keep them safe and oversee their homes. Security-focused smart-home devices, such as cameras, alarms and video doorbells are also rated highly in the market, with 17% of consumers saying the main reason they use smart devices is to monitor their homes while they're away.

Geyser-related issues comprise around 50% of all homeowner insurance claims, and average around R8300 (excluding the excess) in South Africa. Reducing these claims has a material effect on risk, allowing insurance companies to pass those savings back to the insured customer, who also benefits from the energy savings on each month's electricity bill.

Sensor Networks founder Mark Allewell says a home doesn't become smart just because of one sensor: "Smart-homes have sensors that interact with each other, learn the household patterns and make the homeowner's life better. For example, if your home alarm is armed for a few days, your smart home should recognise this and automatically switch off the geyser if you haven't already. If you rent out a section of your home as an AirBNB, the smart home should recognise when a booking has been made and turn on the geyser, plugs and WiFi when the guests have checked in."

The South African smart home of the future will be an integral part of a homeowner's insurance policy, and – as the market matures with more data – new business models will form and a larger set of customers will adopt these sensors for convenience, security and energy savings.

Insurance underwriting reimagined in a digitaly-driven world

EDWIN THERON, SANLAM INDIE

Traditionally, insurance underwriting has been the one part of the life insurance offering that has seen the least innovation. This leaves lots of room for disruption since the bar has been set pretty low. The process that insurers undergo to evaluate a client's risk profile based on factors like their medical history, underwriting is usually a very lengthy, tedious exercise. It usually goes something like this.
Once you decide on the product you want to buy, you'll need to meet with a broker, fill out a lot of paperwork, conduct various tests, potentially repeat some steps along the way and submit more medical forms depending on your test results and, if you're lucky, several weeks later, you're insured. Because large, well-established insurers have to standardise much of their application processes to speak to everyone, each and every customer has to navigate this sales journey to get a policy, regardless of who they are or the type or size of cover they're after.

In a digital environment, underwriting looks a little different. Digital underwriting makes use of emerging technologies, integrates with more services and uses different data sources to streamline the process of signing up for a policy. It's possible to do so because technology can automate much of the time-consuming, error-prone manual tasks and the repetitive administrative work that consumes a large portion of a typical underwriter's day. Because we started off as a digital business, we've had the opportunity to do underwriting differently; redesigning the process from the ground up. In doing so, we've been able to cut down the entire process – from the time a customer starts applying for a particular insurance product to the time the policy lands in their inbox – to under 10 minutes. This has been done without reducing the comprehensiveness of the product by relying on more exclusions or by charging inflated premiums. This might seem unbelievable but there are several reasons why this kind of efficiency gain is possible. Here are a few things we learned about how to get digital underwriting right.

Narrow your focus

For starters, we narrowed down who we were targeting. For example, unlike traditional product ranges, we were very deliberate about not trying to target everyone and not trying to be everything to everyone. In streamlining who we were going after – digitally savvy, younger, urban, first time insurance buyers – we could customise the process to speak specifically to this type of client. When you are selective about who you want to attract, your approach is far more effective than just throwing a massive net out to sea and hoping we'll catch something good. It's not about prioritising some demographics over others or pushing some customers to the side, it's about knowing who your customer is and creating products and services that address that segment directly.

Avoid unnecessary jargon

As part of this, we put a lot of effort into making sure that we presented all the information along the buying journey as simply as possible. Where possible, try to use plain English and avoid insurance jargon to ensure that your clients understand exactly what they're buying. This may seem like a simple thing, but we've found that content is one of the most powerful tools to make the underwriting process easier.

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We actually have a team of content writers who spend ages putting our wording together to minimise confusion and to make sure that clients grasp what you are asking. And it's important to constantly review your content to assess what is and isn't working and that you complement it with help articles, which provide additional information that you think might be necessary to give customers additional clarity.

Do your research

We've also spent a lot of time doing user research and testing to see what works and what doesn't. Everyone claims to put the client first but we have seen the value in getting real perspective from our clients rather than relying on our own insights. A great example of this saw the team coming up with creative ways to help customers who are applying for insurance but who don't know how tall or short they are, figure out their height. One way we suggest that people can measure their height is by standing in a doorframe – if it's a standard door it'll be around 2m – so they can make an estimation of their height based on this known measurement.

Integrate with other parties to streamline your processes

With our process being an entirely digital process, it's possible for us to integrate with other sources of data on the backend so that we can verify that the information that clients share is accurate. In doing so, you don't have to send people for countless tests or ask them to fill out a ton of forms to determine if you should take them on as a client or not. Obviously there will be clients who need to take a few extra steps along the sales process – undergoing medicals or providing additional information – but the idea is very much for this kind of thing to not be the norm.

Keep the frontend in-house

While we do plug into a range of systems and APIs to control different backend processes and to integrate with different partner platforms, we have been very deliberate about how we develop our frontend, the part that the customer actually sees and interacts with, in-house. When you do so, everyone on your team takes ownership for their work and understands their contribution to the final product.

If you look at the industry today, it's clear that expectations have shifted. Modern consumers expect taking out an insurance policy to be as simple as signing up for a service online, which, let's face it, is pretty simply. And going forward, these processes are only set to get smarter.

Already, we're seeing savvy startups inferring things about a client's health based on a single photograph. With this in mind, using digital to make risk management faster and easier is a must today so that we are well positioned to tap into the technologies that will shape the industry in the future. All of this serves to help the insurance industry stay on par with other, more digitalised industries, improve ways of working and attract customers in unique ways.

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Tech and the Broker Platform

PETER OLYOTT – CEO OF INDWE BROKER HOLDINGS

A brief snippet of info to place my comments into perspective :

I spent my first seven years as a commercial underwriter, then 20 years as a corporate broker and risk advisor for large complex risks, including 4 years as an underwriter for a number of bespoke UMA's in the Alexander Forbes Group. Here we managed different businesses on different platforms – some good, some bad and some indifferent. I then spent 2 years in Business Process Outsourcing management and then the last 13 years as a broker/risk advisor handling personal, commercial and corporate business. In the 2020 to 2022 period to date we have handled in excess of R5bn worth of claims. I have been exposed to multiple platforms across the industry.

Broker Requirements

A broker has a few choices – if he /she only deals with one insurer, maybe two can work off the insurer platforms. If they deal with 10 or more insurers, that is where system and operational complexity come in. Assume each of the approximately 10 insurers have 10 products, one of which has around 15 sections. Then

Broker Exposures :

1. **Product Training -** Brokers staff must be trained on 240 products/ or sections of cover initially and then whatever number which is subject to amendments, updates, changes in cover, etc.
2. **Systems –** Unless the broker has it's own bespoke wording – the complexity shown in Product Training is reflected in the system requirements.
3. **Accounting and Claims components -** the complexity here is mirrored depending on the choices of insurers and products.
4. **Advice Exposures -** Brokers' risk advice exposures are increased 10 fold or more in the above scenario.
5. **Administrative Workloads –** The brokers administrative workload serving 10 Insurers on different platforms means the broker will need to make a call as increasingly revenue is coming under pressure: Either go a single Broker Platform or reduce the number of insurers down to two or three maximum and continue to work on their platforms.

Unable to Leverage Upon the current model

The need for a single broker platform is more than just about the technology platform. Ideally, the broker would like a base product that is very similar no matter the selected insurer. This promotes ease of administration, reduces potential professional indemnity errors and allows for more effective product training.

CRM Management:

Outside of the insurance covers for which the broker either receives commission or in the case of large clients, a fee from the client, the broker is required to perform a number of tasks falling outside of the insurance contracts: this includes, inter alia, uninsured risks, uninsurable risks, risk management program, incidents and losses (including uninsured and uninsurable losses), advice pertaining to these uninsured and uninsurable risks, the active management of claims – particularly complex or larger claims.

Integration of the CRM with the Policy Management System:

Ultimately key from risk advice and record keeping point of view.

Future Complexities from a Broking System point of view:

Not only do broking systems need to deal with personal lines, commercial, specialist and sometimes even corporate risks, but many brokers are also now moving away from only non-life business and are going into health care, life cover, investments and retirement benefits. This essentially is where the CRM Module underpins the broker administration system (s) whether there is a single administration platform for all lines of business or whether the broker uses insurer platforms for the smaller parts of their business (whichever these may be).

Insurer Platforms :

For a multi insurer broker – Working on many different insurer platforms is risky, unproductive, and produces far great administrative workload and risk to the business.

Alternatives for brokers to consider :

1. Reduce the number of insurers they work with – to only two if they continue to work on insurer platforms
2. Move all of their business onto a broker platform and only consider insurers who allow the broker to work off their platforms
3. Once insurers are on a common platform – create some uniformity of products to reduce the exposure to the client and to the brokerage when moving business from one insurer to another
4. Choose a reliable, cost-effective partner who is willing to grow and develop their business alongside yours.
5. Let technology companies provide systems and let brokers do insurance and advice and never mix the two!

Advice Engagement - the next evolution in fintech

BENNIE GOUWS, ASSET-MAP

Cover Insurtech 2022 was jam packed with value. Well done to Tony and the team for hosting another incredibly important event to support the industry moving forward.

I was part of a panel discussing trends in fintech. The overwhelming consensus was that the shift in the industry from product to advice is placing significantly more pressure on advisors to deliver greater value to clients. Clients want to feel understood and valued, and therefore advisors need to find innovative ways to better understand their clients. Not just the numbers, but also the person, their family and circumstances.

One member from the audience summarised it well:
"The challenge is how to free up your time to focus on the value-adding aspects of financial planning".

There are a number of software applications that have been doing just that over the last few years, but it is only in 2022 that these have been categorised into "Advice Engagement". Given the need from advisors, it's no surprise that this is one of the fastest growing segments in fintech.

This categorisation is a big step forward to create more awareness of these applications and to enable comparisons and benchmarking. **The key defining characteristics of Advice Engagement applications are that they save advisors time, whilst at the same time enabling a richer and more productive conversation with clients. When weighing up these technologies, consider the following aspects:**

- **the ability to collect information directly from clients, including qualitative aspects, in a client friendly manner**
- **output should be presented in a way that's easy and quick to understand for both advisors and clients, and foster consumer education**
- **the format should encourage a broader conversation between the client and the advisor, in a way that the value of the advice is clear to the client**
- **the process should highlight opportunities for advisors to add value to clients**
- **the process should enable the client to timeously make decisions that will improve their situation**
- **the outcome should be automatically summarised in a short and simple format (not in a long form report)**
- **it should encourage a long term relationship between the client and the advisor.**

Don't be left behind. The solutions exist that will free you up and add new value to clients.

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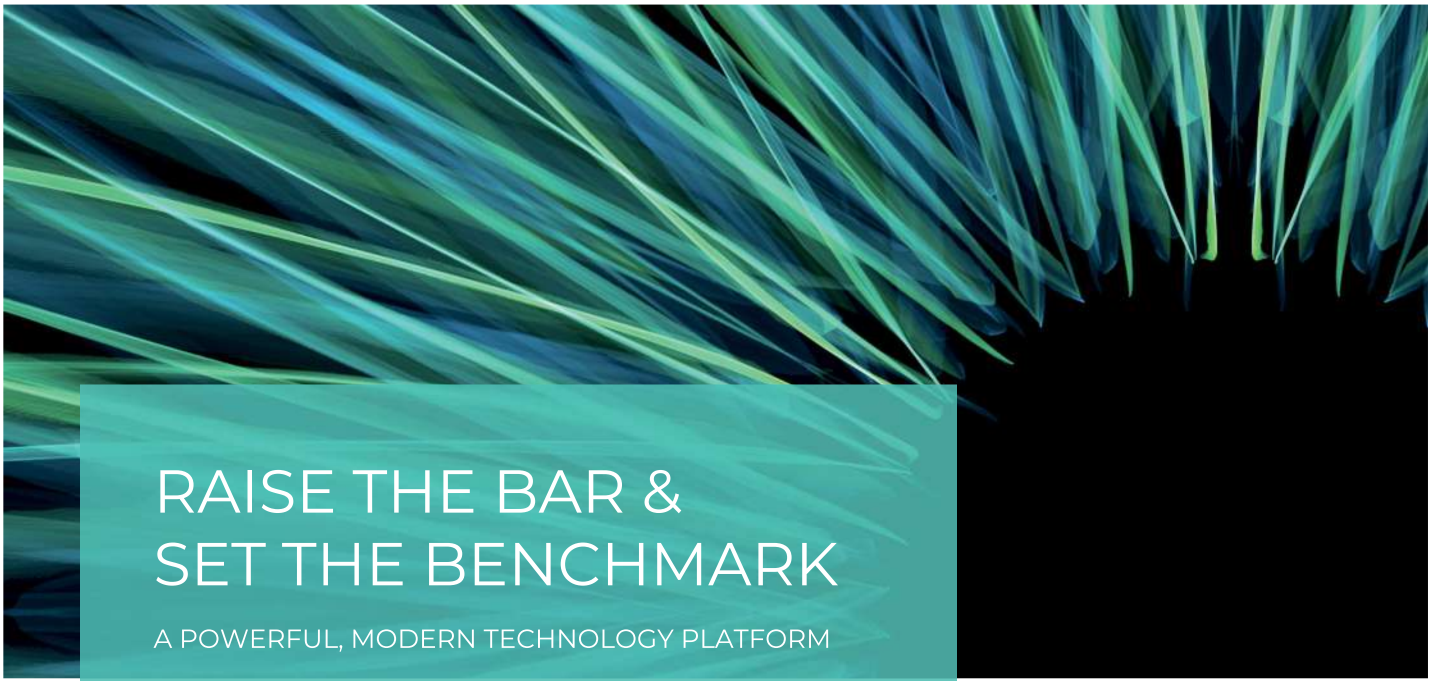

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How brokers can better utilise technology

ED HALSEY, COO HUBB

The insurance industry can – and absolutely should – do more to add value to our product. Insurance is a grudge purchase at the best of times, so it's vital to offer a convenient and frictionless service that foregrounds the human elements of our service, including advice, guidance, loss mitigation, and so on.

This isn't some kind of Utopian pipe dream, but a reality now made possible by embracing new technologies which insurers and brokers have historically been reluctant to engage with.

Just look at how brokers and insurers handle data. Over 90% of the data we use is unstructured – meaning that it's not expressed in a usable format like a table or spreadsheet.

"Given that we're an industry built on actuarial science, we should take issue with this massive waste of perfectly good data"

Especially given that the value of more intelligently structuring our data will shine through in the context of much-needed customer convenience.

With the right technology, however, we can make better use of data and provide customers with a smoother experience in a single gesture.

Intelligent document processing, for example, can pull together a great deal of unstructured customer data into a usable form – why force customers to answer interminable questions about postcodes and dates of birth when we're perfectly capable of scraping websites and searching public domain sources to find it ourselves?

This kind of move makes life easier for customers *and* leaves brokers free to deal with high-value tasks rather than petty admin. Eliminating petty admin from insurance can equally be achieved through automation: look at Hollard Group, which implemented software enabling automation and immediately reduced projected actuarial time by around two months.

These are all examples of tech we don't use – but even in the context of the tech we *do* make use of, there's still a strong case to be made for bolstering our practices.

Here at hubb, we have a simple rule: if it can't integrate into our platform, we won't use it. We've found that it's absolutely vital to integrate any new tech via API, ensuring that everything we use forms part of one cohesive system.

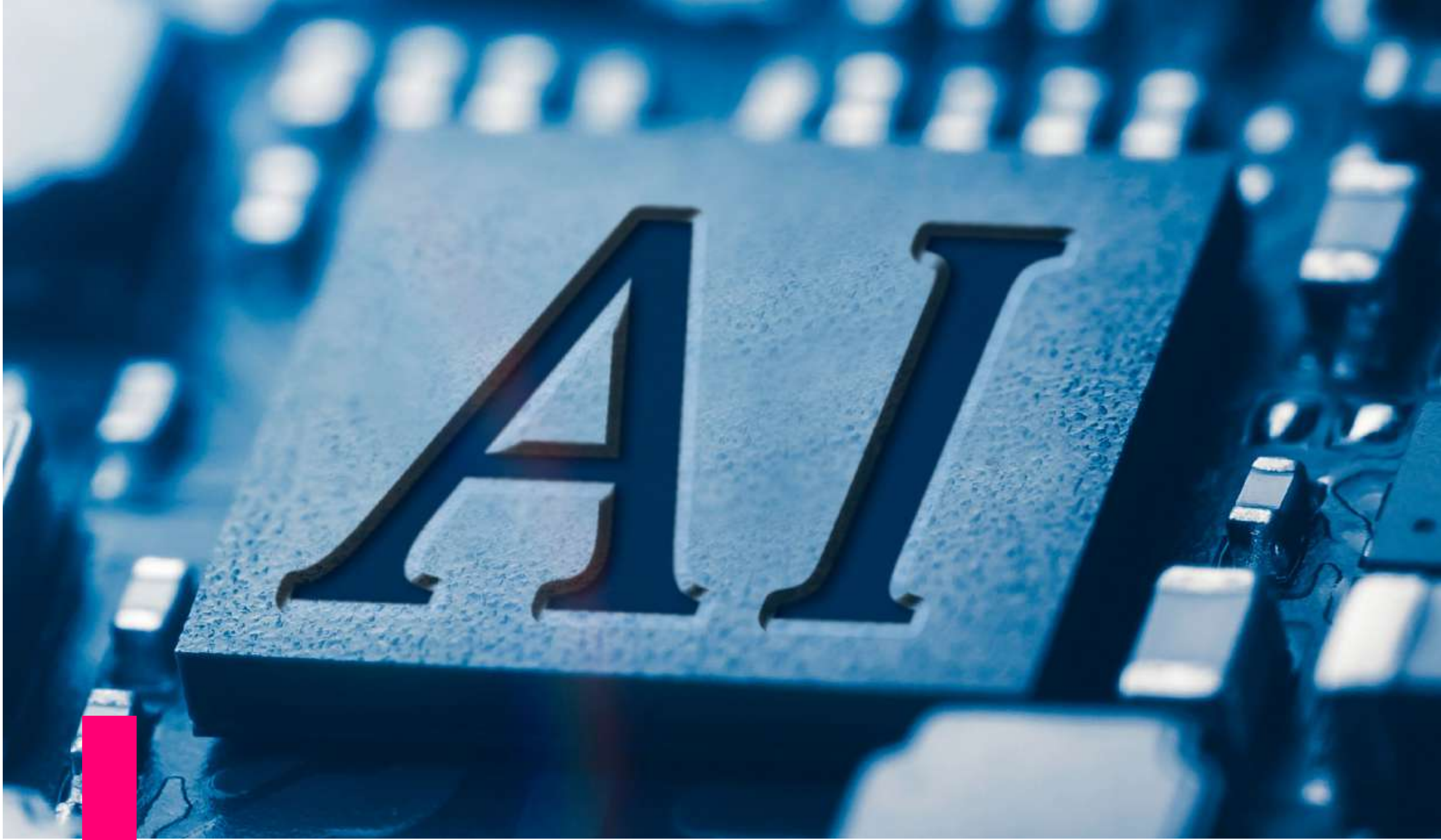
Without that cohesion, brokers will swiftly find themselves staring down the barrel (or barrels) of multiple points of truth, whereby different systems are giving you different and conflicting answers to the same question – making it difficult to work out what to believe.

That kind of cohesion shouldn't just be an internal feature of a given brokerage or insurer, but a fact of life in processes like bordereaux reporting. It's not uncommon for these reports, which what a broker has actually provided cover for under the delegated authority of an insurer, to be manually typed up by the broker over a month, then manually entered into the insurer's system over a further month – resulting in a two-month period in which insurers are covered for issues they potentially don't even want to be covered for.

There's no excuse for this kind of process to be anything less than instantaneous – and I think many an industry outsider would be gob-smacked at the inefficiencies this industry is mired in.

No matter the disbelief this hypothetical outsider might feel, the fact is that our industry is stuffed to the brim with inefficient practices that have become normalised over time – to the extent that many brokers and insurers have stopped asking themselves whether those practices are sensible at all.

Better use of technology can shake us free of these bad habits – provided we choose to start putting customers' convenience and brokers' time at the top of our list of priorities.



Artificial Intelligence - Friend or Foe

DAWN PATTERSON, MANAGING DIRECTOR, INTEGRITY SOFTWARE

Dawn Patterson, Managing Director, Integrity Software provides an excellent overview of the role of AI in the insurance industry and the numerous benefits that it brings to the game.

Tony: Despite my best efforts, we cannot cover everything insurtech in one conference, so I am grateful to be talking to you about Artificial Intelligence.

Dawn: Artificial intelligence is a buzzword these days in online publications everywhere you look and listen. Everybody is talking about it. I think particularly within the insurtech space, where it really has become a hot topic. However, there is also quite some fear around it as well.

Most people misunderstand what it means. They have visions of robots coming to take over everything that we do. So, it is an important topic to discuss and to educate and chat about so that it becomes more common.
What is artificial intelligence? Very simply, it is enabling machines, computers, and robotics, to make intelligent decisions on our behalf. So, giving them a set of input programs and then with that, they are programmed in one way or another to output various methodologies. So, it is quite simple, and it is not as scary or as unknown as people think.

There are areas within AI, things such as machine learning and deep learning, which can be more complicated. In the deep learning space especially, they are looking at how to mimic brain neurons and neuro network. But it still works within the same premise. So, it is still input parameters based on which decisions are made.
Tony: Where are we currently with AI, as you say, everybody is talking about it. Can you give us a helicopter view globally and in South Africa as to where we are with artificial intelligence?

Dawn: It is important, what you mentioned there as well, to look at this both globally and within the south African context, because we have a vastly different market here. We are working with a completely different infrastructure. Our internet is slowly catching up, but it is not where, Superpowers of the world are sitting, in terms of the tech space. And we must bear that in mind when we look at the various technologies. How do we take the best of what others are doing and implement that in a south African context?

Globally, especially in the insurance space, AI has absolutely exploded. Most companies in the US have their claims processes almost fully automated, except for few exceptions. There are massive changes. Looking at the data that is coming in, particularly from devices, phones, watches. We have all seen the various insurers that are using those different devices, through their different programs, to get more data and collect more data. We have seen the changes in the physical robotic space with drone and self-driving cars and those are just going to continue to grow and grow. They are less prevalent within the South African context, but we are starting to see the use of drones at assessors' appointments and repairs, and all that space as well. The last one, which is the one most talked about and most common, is the application of those cognitive technologies. Those brain-based models that are being built to predict and prevent various insurance claims.

Tony: If you look at the practical implications of AI, what would you say are the most significant?

Dawn: In the research we have done and what we have looked at in the market, there are three areas for me that are the biggest changes. Firstly, in terms of sales and distribution, as we grow, and data becomes more and open-source environments become increasingly integrated, the speed of issuing insurance is just going to accelerate.

We are going to know more about someone, and we are going to be able to offer them a more personalized solution because we will know their individual risk profile rather than based on a generic sort of area and different demographics about them. And so, that is going to speed up the time in getting them live with the policy. Then, in terms of underwriting, again, because of the pool of data growing, we are going to know so much more about the person, we are going to be able to prevent different things from happening, predict where their claims will come.

We will be able to profile them as an individual. And that underwriting space will get much more automated because nobody currently has the time to do that granular level of underwriting. The last one is claims. So as the claim is put through it can be automatically validated for accuracy. That means if it is say a motor claim, the car can immediately get taken in for repairs and you are will not have that delay, it will speed up payments and keep customers happier. But it also on the flip side will improve accuracy. With things such as the internet of things and the different senses and the data sources that we are going to have access to, we are going to know so much more about how a claim happened. We are therefore going to know much more about how accurate it is, what the claim will be, what to pay out and how to service the customer the best.

Tony: Now as you said in the beginning, people have misconceptions about what AI will do and what it will not do. One of the big things is the worry about jobs, there will likely be some sort of shift and changes, but how do you see that playing out?

Dawn: A mentor once asked me if I have you ever heard of an out of work typist who only knows how to use a typewriter? I said to him, no, I've never heard that. And he said yes, because they adapted and found other avenues to be successful in. And I think that applies so beautifully to AI.

Yes, AI is going to come, we are going to automate more things than what we are currently doing. But it is just going to expose new avenues for people to go down. And I think, especially speaking as a technology provider, the focus is always on how we can enable people to do more creative jobs? AI will never be able to work in the creative space that goes to replicating brains.

They talk about the neural networks and the brain-based models. To build a brain is so far from where we are sitting with technology. It is not going to happen in our lifetime at the very least. What that means is you need to be thinking about where the creative space is within your organization. So, what is not replicable by technology, because AI lives in a bounded neat tidy environment, no matter how variable we make it, there is still those bounds and those boundaries to what it can operate within.

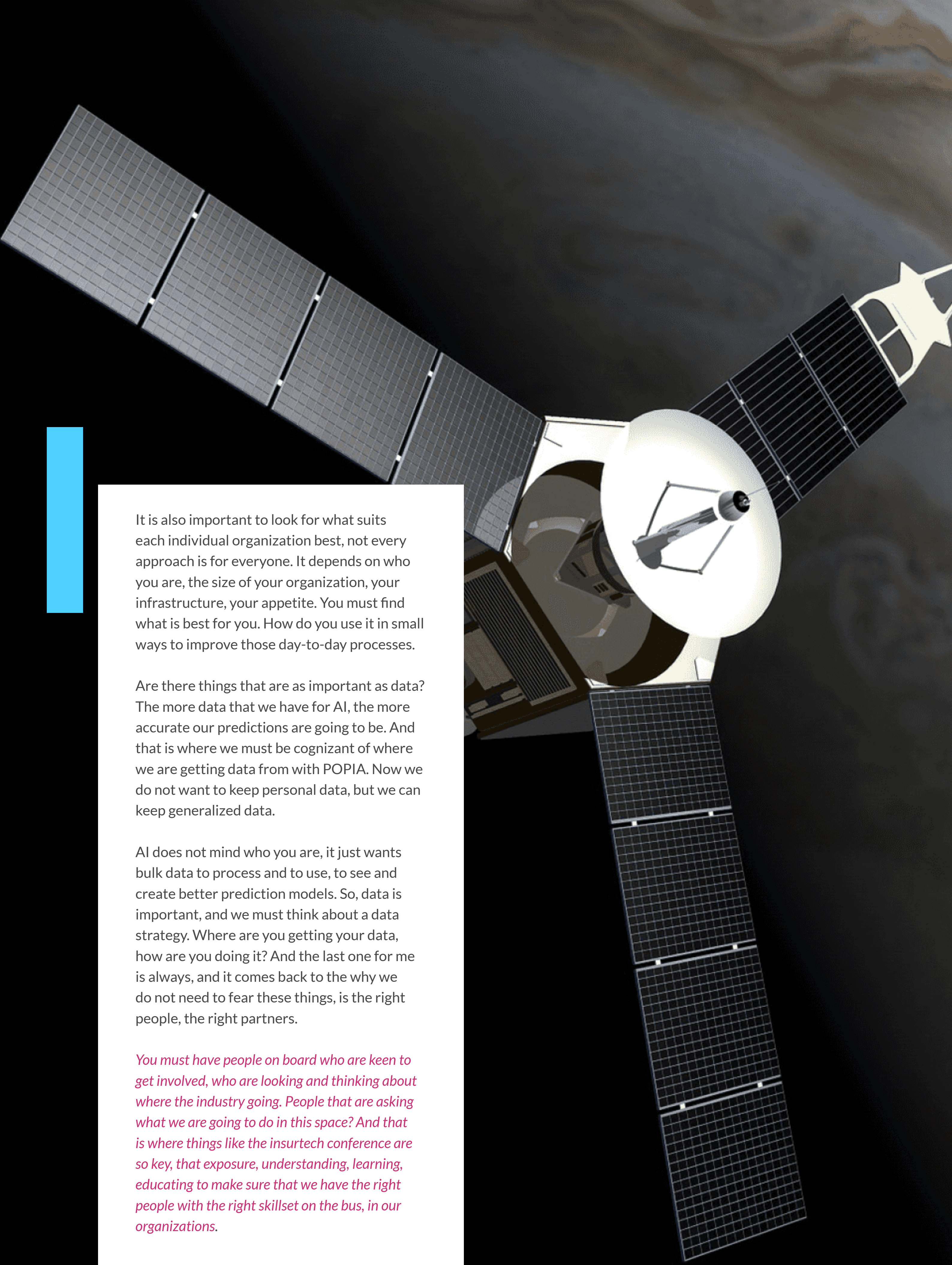
And we all know, we live in an unpredictable and unbounded world. We cannot predict what is going to happen, things change. In the KZN case, we have just had the floods, nobody thought that was coming. So those things are where we are going to see people being able to really apply their passion, their purpose, and their creativity going forward. I think it is going to open so many opportunities within the industry.

Tony: How do you see insurance then, in let us say in 30 years from now, and how do we as an industry, respond now to ensure that we take that same train, and we embrace this technology?

Dawn: I think insurance 30 years from now is going to be completely different. We can say 30 years, 20 years, 50 years, we do not know the precise timeframes. I have this vision and this picture of myself in that timeframe, waking up in the morning, going to work but I am not going to have a car, I am going to order a self-drive car or some form of Uber service that gives you a self-drive car. I am going to get in the car, my phone is going to pick up where I am and I would imagine something like a message coming through from my insurance to say, we have picked up these issues on this route, if you take this alternative route, it is going to decrease your risk by 4% and your premium will go down by 5%.

I take the alternate route; I get the money in my bank account from the discount and off we go. Or alternatively, I do not take the alternative route, I go the way I wanted to go as it is faster and I overslept. Then my profile is going to be riskier, my premium is going to go up and the debit is going to go off my bank account immediately. And in the event of an accident on the way to work, instead of an assessor, a drone is dispatched immediately to assess the damage. It takes the photos, and the claim is approved. I get out of the car at my destination and the car drives off on its own to the repair shop. If you break it down, all those pieces of technology exist already.

We are not in a place in South Africa where we can implement those things, but they exist, and we must know that eventually we are going to get to that point. So how do we, as you said, how do we embrace it? How do we prepare? The first thing, and that is the beauty of these conversations, is talking about it. Being more open about it, removing that element of fear which holds so many people back so that we can embrace it and find the good and the best parts of AI and how we can use it.



It is also important to look for what suits each individual organization best, not every approach is for everyone. It depends on who you are, the size of your organization, your infrastructure, your appetite. You must find what is best for you. How do you use it in small ways to improve those day-to-day processes.

Are there things that are as important as data? The more data that we have for AI, the more accurate our predictions are going to be. And that is where we must be cognizant of where we are getting data from with POPIA. Now we do not want to keep personal data, but we can keep generalized data.

AI does not mind who you are, it just wants bulk data to process and to use, to see and create better prediction models. So, data is important, and we must think about a data strategy. Where are you getting your data, how are you doing it? And the last one for me is always, and it comes back to the why we do not need to fear these things, is the right people, the right partners.

You must have people on board who are keen to get involved, who are looking and thinking about where the industry going. People that are asking what we are going to do in this space? And that is where things like the insurtech conference are so key, that exposure, understanding, learning, educating to make sure that we have the right people with the right skillset on the bus, in our organizations.

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- water volume flow
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Total experience the future of customer experience design

WIMPIE VAN DER MERWE, CEO, GLOBAL CHOICES

Experience is everything. As designers of value-add products (VAPs), we strive to provide the best user experience when designing products, services and applications. It is about taking every advantage to optimise the total customer experience. Total Experience Strategy is based on the fundamental premise that human nature remains constant. As humans, we relentlessly search for meaning and we mark and measure our lives in stories of our experiences and the experiences of others. Design thinking anticipates the human experience first. The core differentiator of design thinking is to focus on the client. More importantly, though your focus should relate to an overall goal, realistically analysed in the greater context of the bigger system. The foundation of design thinking is empathy.

Total experience is based on the idea that no experience operates in a vacuum. Employee experience impacts customer experience. User experience impacts employee experience, and so on. They are interconnected and interdependent. And yet, because of how they evolved as business disciplines, they are rarely treated as such. Often, companies have teams and software solutions dedicated to a particular experience (customer experience, user experience, etc.), and those teams and solutions run independently of one another.

Consider the experience, in the shoes of a client, from obtaining an insurance policy, submitting a claim and paying an excess, to understanding their risk profile and liabilities, creating an asset register or renewing their policy with you, as an insurer.

Once insurers recognise that they are in the experience business, they will be able to overcome a cultural shift.

Even in today's era of rapid change, it appears a lot of insurers are trying to create innovative solutions and customer experiences, yet continuing with their traditional ways. To overcome future challenges requires a completely new methodology and approach.

The experiences an insurer delivers will have the biggest impact on attracting and retaining policyholders in the future. To be future proof, insurers cannot afford to deliver sub-par experiences for their clients. This requires a total experience strategy to optimise multiple objectives. In recent years we have seen the rise of customer experience, user experience and employee experience prioritised.

Total experience is a strategy that creates superior shared experiences by combining the following four disciplines:

- Multi-experience (MX): How an experience is enhanced and delivered simultaneously across multiple devices, platforms and touchpoints
- The customer experience (CX): How a customer interacts with and feels about an insurance brand
- Employee experience (EX): How an employee interacts with and feels about the insurance company they represent
- User experience (UX): How a user interacts with and feels about a product, service or experience, especially in the digital space

Total experience focuses on the relationship a policyholder has with their insurer, made up of all the interactions they have had with a business, from the first contact with their insurer, up to the present day.

Closing the gaps on any policyholder's interactions is vital to the total experience. The conditions of these experiences shape an insurer's reputation and affect the quality of their services overall. Through the integration of all the user experience touchpoints, insurers can offer seamless engagements and functions with a smarter edge. Companies should make every effort to design a connected customer experience from the first interaction and throughout the entire customer journey. The handoff points, or intersections, between teams and/or departments, (i.e., from sales process to onboarding the policyholder), are often the most disaster-prone. These points are crucial to focus on when developing a total experience strategy.

Total experience is the future of experience design. It focuses on holistically streamlining the overall experience

Claims automation in the insurance industry

PATRICK ASHTON - EXECUTIVE AT SILVERBRIDGE

Tony chats to Patrick Ashton - Executive at SilverBridge about their partnership with Astute Financial Services Exchange, to deliver a fully automated intelligent claims processing solution.

Patrick: Claims automation in the insurance industry is one of the topical areas that a lot of insurers are focusing on now. Purely in terms of automation, they have realised, given things like COVID and remote working, that there are a lot of inefficiencies in the business processes they are running – claims being one of those processes.

Technology has evolved significantly in the last few years. Using it to make processes more efficient is a natural step to improving your business efficiency and gain competitive advantage. Silverbridge is a longstanding technology provider to the insurance industry, with many customers in both South Africa and the rest of Africa. We have, for several years, been exploring innovative technologies and how they can benefit insurance companies, and other industries.

Our claims automation solution incorporates niche AI technology from a partner company in South Africa called Merlynn. Their AI enables people to create digital assets for automated decision making. Incorporating an individual's judgment and bias, you can model an expert's decision, or set of decisions, around a particular issue. This can be created into a digital asset and deployed into the organization to work 24 /7, instead of requiring that expert to be full time in the office.

SilverBridge looked at a couple of the key life insurance processes to see where AI could be deployed to automate as much of the process as we can, with the first process we looked at being claims. Claims in South Africa is regulated quite tightly with onerous SLA's, specifically in the funeral product space. The volumes of claims can sometimes overwhelm insurers, as can the volume of fraud that is prevalent in the country, specifically around insurance claims, and this is obviously very concerning for the insurers.

We believed that we could add considerable value to the insurer through use of the AI, but we could also go further and incorporate additional datasets like fraud checks, along with internal business rules of the system, to be able to automate the entire claims process. We could include credit bureau checks and Home Affairs verifications and all this activity could happen behind the scenes without human intervention. Our goal was to take AI decision models that we created and deploy them on top of those datasets to give you an automated claims decision in real time.

Currently, in a normal business process, a claims agent would submit and verify the claim documentation, another agent would capture the data into the administrative system, from where, typically, the process would involve sending the claim to an assessor to go and assess the claim.
We bypass the assessment process by sending the claim data to a system that we have developed internally, called Scaffold - which stands for Scorecard Automation Framework. Scaffold takes the information from the administrative system; it passes it to several data partners for credit scoring, Home Affairs verification, fraudulent scoring against industry data and then overlays that with expert claim assessor AI models to make a decision in real time.

The decision can then either be an automated approval, repudiation or it can be escalated to a forensics expert for further investigation. With this vision in mind we entered into discussions with Astute for their industry scoring capability and they immediately saw the potential and bought into the idea. Since then, we have tightly integrated our Scaffold platform, through APIs, into the Astute domain, to enable views on fraudulent or suspicious activity for all participants on a claim transaction.

Due to existing manual processes and associated cost, many insurers currently only check their high value claims against Astute's database, or they don't check at all if sum assureds are low. Astute saw the benefit of providing real time decisioning back to the client, using the Astute data as one of the inputs for the efficiency gains an insurer could obtain.
We have created a proof-of-concept solution which integrates to the data partners described as well as our own administrative platform, called Exergy, for some of our existing customers.

This enables us to take claims data inputs and automate the entire verification and decisioning process. As Scaffold has been designed to work with any external datasets, the administrative engine inputs can easily be changed, and new datasets added where applicable. Substantial time can be saved by insurers in deploying a solution like this, without a lot of customised development, given the generic nature of the toolset we have built. Our first insurance customer has approved the solution for use in production and we are also in the process of incorporating the intelligent automation into our core Exergy software for use by any of our existing customers. So, in the future, this will become a standard feature within our software that, we believe, most insurers will come to expect of their technology partners.

Tony: Will insurers, other than your clients also have access?

Patrick: Obviously, insurers in South Africa, with an agreement with Astute, will get the benefit of that industry shared data set.
We have done some proof of concepts with other insurers, just purely using the AI component to make forensics decisions around syndicated fraud and related issues. But theoretically, any insurer in South Africa or Namibia, where Astute has a role to play, could make use of this solution. Insurers in other territories will not get the benefit of the industry risk scoring however they can still benefit from the automation of datasets they currently use to assess claims.

Tony: Now, just in closing, the technology that you have created, and the AI can be applied in other areas. Are you looking at innovating in other areas?

Patrick: We also have an interesting underwriting automation, which currently is only available in South Africa. We have a data partner called healthcloud, which you may be aware of. Healthcloud is already working with a few insurers in the country to help make better underwriting decisions, improving efficiency in the process and creating a far better customer service.

They provide medical data through various data partners so that you can have an automated underwriting scoring, based on the last five years' worth of medical data available on a life assured looking to take out cover. You no longer need to send individuals for medical testing, nor do you need to get them to fill out long application forms as the data is already available to the underwriter through healthcloud. Applicants simply need to give POPIA consent, present their ID number and you can get a full history of hospitals, doctors, clinics, pharmaceutical data related to the individual. They get scored based on markers like their BMI, plus identified chronic or acute conditions, and the solution also integrates into smart wearables, so you can get a clear picture of an individual's health at time of underwriting.

We have a tight integration to healthcloud to enable us to use their health scoring, plus other factors, such as credit and fraud risk, to enable automated underwriting decisions.
So yes, existing toolsets like RPA solutions can be used to automate insurance processes where business rules are simply followed. But in situations where there is elevated risk, or a high value sum assured is associated, you typically want to reference external datasets for more insight into the risk and you would want an expert to be able to analyse the data and make an informed decision. Those are the places where we like to play because those experts are scarce and they have experience that has been gathered over the last 20, 30 years. It is exceedingly difficult to replace these individuals, or to employ more of them. Therefore, being able to deploy that person's decision making as a scalable AI asset is a fantastic sort of toolset to have within your business.
I look at it as deploying an AI army in your business to do the work in an intelligent way behind the scenes, freeing up your expert people to look at new innovative ways to either increase market share, or become more competitive with their pricing models etc.

Solving the Broker Platform challenges

RUDI BEDEKER | MANAGING DIRECTOR AND JASON JUDGE |MANAGING DIRECTOR AT CONCOURSE IT/ NIMBIS

System providers have mainly focused on Insurers, Administrators and larger Broker networks (the Binder market) with technology solutions, where there are budgets to invest in technology. The smaller Brokers have typically been left behind resulting in them having to just adopt what these larger players have invested in. The focus of our discussion in this session is on solving the smaller brokers challenges with technology. This is a massive challenge that could keep us talking all day, but we have limited time so we've focussed our discussion on three key challenges that the smaller Brokers face.

JASON JUDGE

RUDI BEDEKER

1. **Admin Overload**

Challenge:

The smaller Brokers typically operate in a very paper intensive environment. They have paper files for every client where they capture notes and keep copies of quotes and policy documents received from the Insurers. All client documents are printed out and even important e-mails end up getting printed on paper in a lot of cases and placed in the file. Comments, reminders and notes are all manually written entries on the paper file.

The client file typically has to accompany the broker when meeting with a client. There is no proper back-up for these paper files which becomes a major problem should the file get lost or destroyed.

Clients also request copies of documents on file at random times, which can become a problem if there's no-one at the office to access the document on the physical file in order to send a copy to the client.

If the broker does short-term, life and investments, the data can end up in multiple places, duplicated and in different files for the same client. All of this can result in the broker having to work long hours to keep their admin up to date.

Solution:

Brokers should invest in technology that enables their business, automating processes and providing for workflows to deal with the day to day mundane tasks. This will reduce their admin burden and free them up to focus on managing and growing their business.

The system they opt for should provide for a completely paperless environment, preferably online in the cloud, accessible from anywhere and at any time on an internet enabled device.

This solution should cater for client files, notes, quotes and policy documents, as well as all other client related documentation in one place. Most of these systems will also have e-mail and sms capabilities, essentially keeping all the clients information and communication in one, easily accessible place.

These solutions also cater for automated backups of all your files, documents and communication, ensuring that your administration is secure and not at risk of getting destroyed or lost.

2. **Multiple Systems**

Challenge:

Due to the nature of the broker environment and the administration involved, they are forced to use multiple systems to run the business. This includes the various Insurer's systems where they log on to request quotes, manage policies or lodge claims, their e-mail system and potentially a system for document storage i.e. their computer hard drive, Dropbox or Google Drive. This results in information for the same client being kept and managed in multiple locations

To compound the problem, there might not be a proper referencing system to easily connect all the client's information across disparate systems. Time is wasted trying to track down a document, e-mail, etc. across these various systems in order to service the client. To try and limit this challenge, the broker might opt to reduce the number of Insurers or product providers they interact with, resulting in fewer options for their clients and potential loss of business opportunity.

The brokers also become very dependent on notifications from their insurers to inform them about changes to products and renewal of policies, sometimes only days before the fact which limits their time to engage with clients. There is also no way to keep track of the total premium value of their business without accessing multiple systems and they have to completely trust the commission calculations of their Insurers as they don't have a centralised view of all their business.

Solution:

Brokers should look for a single system to deal with all of the above. One platform that not only consolidates all their client files, documents and communication, irrespective of Insurer or Insurer product, but also gives them a centralised view of their business with proper management and financial reporting. The technology solution they opt for should also have the ability to host multiple Insurers and other product providers, accessible from a single system, providing the broker with a wider variety of products and opportunity for growth.

3. Operational Costs

Challenge:

This has to do with comparing the intangible operational cost of managing the administration and operations of the broker business with the perceived high costs of technology solutions to alleviate the admin burden. As the brokerage grows, the solution to managing the additional admin is often employing more staff. Apart from the salaries, this comes with additional overheads to accommodate the staff. Over and above this, the broker can incur storage costs to keep paper files for 5 years, even if the client is no longer with you. Should the broker decide to invest in some sort of technology to help manage the business, they can also incur system costs which can sometimes be unnecessarily costly, especially if they are not aware of all the potential options out in the market and are sold something that doesn't quite fit their business needs.

Solution:

Investigate and weigh up all the options available in the market. Consider what the technology providers have to offer vs what your particular needs and pain points are. Make sure they can cater for the particular operational and admin challenges you face so you don't end up paying for something you can hardly use. How advanced is the system eg. does it need to be locally installed in my office or is it cloud based, accessible from anywhere? This could result in additional costs for servers in your office and additional software in order to connect remotely. What is the licensing model? Is it "User" based billing (pay per user logging into the system) or "Use" base (unlimited number of users but based on how much you use the system). This could really free you up to focus on growing your business without incurring exorbitant input or start-up costs.

Lastly, is there possibly a billing model where I as the broker do not have to pay for the system at all, without being tied to a single Insurer or product, but have access to multiple Insurer products via a single platform that caters for all my operational and administration needs. Sound too good to be true? It isn't, just be prepared to shop around.

Don't blame regulation as an impediment to the growth of insurtech

CHRISTINE RODRIGUES, PARTNER, BOWMANS

Regulation is always seen as a barrier to the growth and development of insurtech and innovation in the South African insurance sector. However, it can only be a barrier where there is a lack of understanding of the legal parameters.

It is important for all innovators to understand the sector and its role players. As an example, Pineapple which is one of South Africa's well known insurtech providers, together with its insurance partners and funders sought out legal advice in order to offer and provide insurance products through a technological platform.

Regulation is only a "deal killer" when it's not taken into consideration and when insurtech providers approach an insurer to underwrite their product offering. Compliance with legislation is the first priority for insurers and insurers are more open to listening and giving the insurtech provider an opportunity if the provider understands the potential issues and is able to show ways of mitigating or avoiding non-compliance with the law.

Due to more intrusive oversight and supervision insurers are not likely to take a risk on an offering that is ill-conceived. Legal compliance needs to form part and parcel of the business plan that is put forward to insurers as well as potential funders of insurtech.

Insurtech is another method of distribution for insurers which they are keen to develop and grow their market share and insurtech providers should not be under the illusion that using this form of distribution is going to radically change the manner in which the sector operates. There is a place for all types of distribution from direct to the use of intermediaries. The distribution method just as products are developed for certain types of customers needs to also be adapted to the customer's needs and profile.

Technology cannot replace human expertise. Brokers will always provide value in their service offering to clients in particular when clients have complex insurance needs. Likewise, personal relationships between brokers and insurers is what gets a good insurance programme in place for clients. The use of an "app" is not necessarily going to provide the results that are required.

I do not see in my lifetime the insurance sector becoming de-humanized.

Technology & managing risk

MICHAEL CANNON – FOUNDER AND DIRECTOR OF MITIG8

The use of technology has shown to add massive, especially over the last couple of years. Although technology has become integral to many companies' operations, it remains largely misunderstood and slow to roll out, when in fact this should be embraced as it can help to streamline existing processes and add value to the companies and their end customers.

All companies' requirements and operations differ, which means that it is often difficult to implement an off the shelf software solution, as this creates operational gaps, which leads to poor user uptake. All systems should be user friendly and be developed for the user, instead of having one forced on companies to stay ahead of the technological times of today. Before implementing any software solution, companies must ensure that it does what they ultimately want to achieve. Understand your current processes from start to finish and make sure that the solution of choice ticks these boxes before implementation.

The use of technology in the risk management space has changed the game, and aims to not only streamline the current process, save costs provide increased visibility, but this allows data to be gathered during the actual risk survey, to allow insurer and brokers to better understand and manage their customers risks. Traditionally, risk surveys have just provided a snapshot of the risks, but through the use of technology, these risks can now start to be analysed and managed through a centralized platform, which allows insurers and brokers to work with their customers (more long-term) to ensure they are actively managing their risks and remain adequately covered at all times.

Mitig8 has developed a software solution which allows insurers or brokers to load survey requests from their own company profile, receive multiple quotes from surveyors on the platform, receive live status updates through the survey's life cycle, and receive their risk reports. Where we have thought out of the box, is that we allow insurers and brokers to manage, and keep record of their customers risk improvement actions through the use of our risk management tool. This solution aims to close the loop when it comes to managing risk.

Risk should be managed proactively and not reactively, and technology can be used to do this cost effectively and efficiently, while providing valuable data which will allow insurers and brokers to do what they do best, better.

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Connecting Africa's fragmented insurance sector for more efficiency

ALEXANDRE N'DJORE, CHIEF EXECUTIVE OFFICER, DIGITECH

Digitech Africa Ltd (Digitech) is a US startup offering innovative digital solutions. Founded in 2018 in Seychelles, the company now has offices in Cote d'Ivoire and South Africa. Digitech's solutions are based on new information and communication technologies. The firm specialises in the development, integration and commercialisation of professional solutions and consumer services. Digitech offers businesses the opportunity to enter the digital age by internally dematerialising certain functions and by externally strengthening their productivity and competitiveness through new digital interfaces. For more information: https://www.digitechafricaltd.com

Why is the insurance penetration so low in many African countries?

The risk value chain in Africa is quite disconnected and fragmented – it goes all the way from the reinsurer, to the insurer, to the insurance broker and other intermediaries and finally to the policyholder, leading to a generally low insurance penetration of around 3% (excluding South Africa with a total penetration of 17%).

Does Digitech offer solutions that can bring together the various insurance players?

Yes, at the moment, we offer two types of solutions that bring together different players in the insurance sector. Today, roughly 50 reinsurers are operating in Africa and their main information management systems and channels are emails and excel sheets. This vast amount of information could be processed far more efficiently with new technology.

Our first product – called Hyperion – is a fully digital-enabled dashboard that connects the accounting system of the reinsurer directly with that of the cedant. It can do the necessary calculations, for instance, billing or premium calculations, in real-time. Every month, insurance companies can submit millions of policies directly through this interface at lower costs and in an efficient manner, ultimately increasing the policyholder's satisfaction. Today we also have around a billion mobile phone users across the entire African continent.

Thanks to our second solution - called Multiverse -insurers can connect to any mobile phone user in Africa and sell insurance policies, regardless of the mobile network operator or the type of phone that the customer is using.

How does the process look like for the policyholder?

Thanks to our product, the mobile phone user can buy an insurance solution in just a few minutes based on a simple five-step customer journey. It starts with the identification of the policyholder, and it continues with the onboarding process, followed by the issuance of the electronic policy documentation, collects the premiums, and ends with the claims process in case of a loss.

Can you explain the technology used behind your solutions?

Digitech is at the forefront of the digital technology revolution. All our infrastructure is proudly hosted on Amazon Web Services (AWS) which gives us access to a complete suite of powerful cloud-based technologies including machine learning and big data. Not to mention, all our infrastructure is compliant with the strictest norms such as PCI 3DS, PCI DSS and the General Data Protection Regulation (GDPR). Our applications are cloud-native and API enabled, which translates to unparalleled flexibility and agility when it comes to deployment.

What are the main opportunities that digitisation creates for Africa's re/insurers?

Digital transformation needs to happen first within the re/insurance companies. Most re/insurers have all their vital information on paper, and this has been the case since the insurance sector was founded. We're currently in discussion with one of our clients on how to digitise 30+ years of data — going from all paper to zero paper.

But the insurance process is known to be very cumbersome?

Correct. Quite often, the re/insurance process is complicated, especially claims management. It can take months for a claim to be paid in Africa. So, why can a company like Lemonade settle a claim within seconds? Well, they use machine learning, algorithms and chatbots. In Africa, we have tremendous potential to improve our claims management.

What about the sales process?

Automation can make every aspect of the insurance process more efficient. Currently, we are advising a company with 300+ salespeople on how to increase sales through digitisation. Thanks to augmented reality, our client will be in a position to increase its sales drastically. What do I mean by augmented reality? Our system can extract a precise profile of the customer based on data we find on social media and enables us thus to offer the customer not one but several policies that fit their requirements.

In which part of the value chain is digitisation used most frequently in Africa?

The most typical application is in distribution. In my opinion, the most significant potential, however, rests in the collaboration between insurance players and the digitisation within the companies.

How well are Africa's re/insurers prepared to take advantage of the new technology?

My honest answer is that there is still a lot to be done. Companies in the insurance sector still invest mainly in improving their legacy systems instead of taking on new technology.

Why are re/insurers not getting more mileage out of the new technology?

First, new technology requires investments. Second, the new technology takes time to mature. In other words, installing a new technology means taking a risk, and it means the insurer will not recover the investments overnight. Very few companies today have the vision and the appetite to fully embrace new technology.

Will InsurTech companies replace traditional insurance players in Africa?

Not in the foreseeable future. The main reason is that few regulators in Africa are promoting technology or innovation, unlike in Europe or North America. Another reason is that insurance has traditionally been plagued with a trust issue. People are going to take quite some time before they are comfortable with a digital player that operates without offices or people to contact. Another problem is the limited financial literacy of people in Africa. In my opinion, the best model is, therefore, a collaborative model.

Will digitisation increase insurance penetration in Africa?

Absolutely. Today the distribution network of insurance companies is focused on the urban centres of Africa. In Cote d'Ivoire, 90% of the insurance branches are concentrated in Abidjan, the economic capital. Thanks to digitisation, it will no longer matter where a person is based as long as they have a mobile phone or internet connection. They will be able to buy insurance protection from any place, at any time.