

The rise of insurtech

Emerging market insurtech companies are set to play a major role in the predicted rise of premium growth across the global insurance industry.



Ahmed Banderker, chief executive of Sanlam Business Development

[Munich Re's](#) predicts that the insurance industry's growth will outperform the global economy in 2018/19 with global premium growth of over €460bn.

Agility is a buzzword in business currently, and it's one of the predominant benefits of insurtech solutions.

Ahmed Banderker, chief executive of Sanlam Business Development, lists some of the biggest global trends in the insurtech space currently:

1. The [evolution of ecosystems](#) is defined as "an interconnected set of services that allow users to fulfil multiple needs from one, integrated experience".

McKinsey predicts that by 2025, ecosystems will be responsible for 30% of global revenues. Insurtech startups are pivotal partners for insurers looking to move to the ecosystem space.

2. The **internet of things** (IoT) refers to Internet-connected devices, vehicles and so forth, that can "[connect, collect and exchange data](#)".

For insurers, the IoT offers phenomenal potential in terms of product and user-experience personalisation, streamlined client interactions and data collection.

According to Deloitte, 80-million smart home devices were delivered [worldwide in 2016](#), with over 600-million expected to be in use by 2021.

3. With the rise of the IoT, robotics, artificial intelligence and automation, **customer experience** is key.

People expect an omni-channel communication approach via the channels (like WhatsApp, email) they naturally gravitate towards. They expect immediacy. They are starting to respond positively to robo-advice. They're motivated by gamification – especially in the financial education space.

From a gamification perspective, there's much work to be done in the consumer education space around financial literacy, in the South African market especially.

In terms of immediacy, it may soon be a case of simply sending a 'selfie' to an insurer, who'll have the facial recognition software required to assess a client's longevity just from a photo.

4. In the insurance space, **big data and analytics** are particularly important.

Everything is based on data so a focus of insurtech is not just how to capture it, but how to intelligently use strategic insights to streamline underwriting, lower costs and enable [online distribution capacity](#).

5. Insurtech has positive implications for **microinsurance**, which aims to offer affordable cover to low-income households. Automation and robo-advice, for example, are helping to bring down insurance costs, potentially making products more accessible.
6. Data and analytics are driving mass policy **personalisation** at an increasingly granular level.

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