

# Let's talk insuretech

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24 Aug 2017

In the digital age, customer service plays a critical role as a competitive differentiator and to attract and retain a steady stream of clients. For these reasons, the biggest game-changers that insuretech is currently supporting are big data analytics (to generate better, faster risk assessments and enhance underwriting capabilities) and responding to rapidly shifting customer needs and habits through a better UX.



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This is, however, only been a marginal uptake by the insurance industry of the variety of new technological tools at their disposal. The *2016 PwC Global Fintech Report* shows that 75% of insurers predict that fintech will significantly disrupt their industry within five years, however only 45% have included it in their strategies, and only 28% are actively exploring partnerships with fintech suppliers.

## And that's just the beginning

Throw the internet of things into the mix, with trendy wearables and smart sensors adding to the avalanche of data that only cutting-edge fintech applications are able to transform into meaningful consumer insights. In every industry, the prevailing shift is toward personalisation of services to individual consumers' needs. Insurance is far from immune to such demands from their own clientele, especially considering the number of smaller, more agile players entering the market with nothing more than some clever technology driving them forward.

Insuretech can help insurers stay relevant and agile by building more defined groupings of risk, allowing products to be priced more competitively and dynamically price premiums according to the observed customer behaviour. In the digital age, every customer expects an individual insurance solution that fits them perfectly – and if their current provider cannot provide it, it's a certainty that consumers will flock to a provider that can.

## Where to begin?

The most successful are unafraid of change – and know just who to ask to help them innovate. Many international incumbents are carefully monitoring trends in technological innovation hotspots. They are also exploring strategic partnerships with start-ups and small tech players to stay on top of the latest innovations and how they can be applied to the insurance arena.

Many are even investing in strategic acquisitions and getting involved with start-up incubators to make research and development of such products an everyday internal function within their organisations, granting them the ability to address specific issues as and when they want to, rather than waiting for an appropriate solution to come along.

To some, insuretech is seen as a threat, but to those that will survive and even thrive in the coming disruption, it's more of an opportunity – to improve efficiency, reduce costs, and deliver new products and vastly improved services to new markets as well as existing customers.

This is only the tip of the iceberg. A tremendous influx of capital, cash and start-up talent threatens to completely reshape the industry within the next two to three years. Without a doubt, insuretech is here to stay.

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