

Actuaries Summit

Think Differently



**Actuaries
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Sharing Economy: Learning from the Giants

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Objectives for today

- The giants (and not-so-giants)
- Food for thought
- Proposed ideas
- Conclusion

The giants



The not-so-giants



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TongJuBao

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Lemonade™

Commonalities with insurance

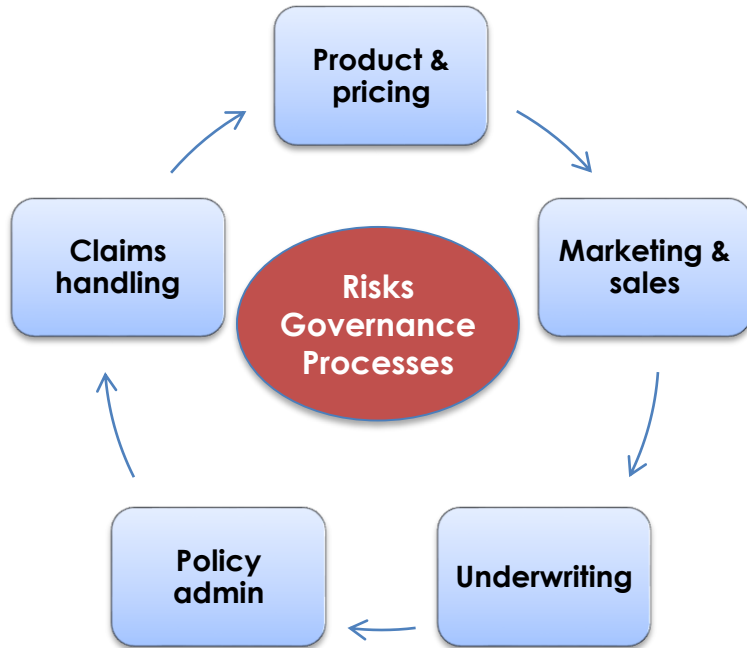
- Flourishes when large networks are formed
- Members contribute “capital”
- New products and features add vibrancy

Questions

- Can insurance ever be as popular?
- How do we embrace customer diversity?
- Can we introduce “social networking”?

Looking at insurance differently

Traditional setup



Going forward



Food for thought

#1: Insurance operates under a centralised setup. Customers feel that they are up against an enormous institution driven by shareholder interests.

- **What could change:** Make customers feel that they belong to a network with similar needs, and they are able to make decisions and benefit collectively.

#2: Insurance products typically involve regular premium payments, and payouts which are infrequent or skewed to end of the policy term. This diminishes the perceived value of insurance.

- **What could change:** Create a balanced insurance product where customers benefit in some way throughout the policy term. This would increase the perceived value of insurance.

Food for thought (cont)

#3: Limited interaction between insurer and customers apart from, e.g. premium payments, queries, and payouts. This creates distrust between insurer and customers.

- **What could change:** Increase interaction throughout the policy term. This interaction does not need to be financial-related, and can even be customer-to-customer.

#4: Insurance is usually purchased due to an external requirement or some form of fear, rather than proactively. This exacerbates the negative perception of insurance.

- **What could change:** Make customers feel motivated to purchase insurance proactively. The product may provide more than just traditional protection.

Idea #1: Make it social

- **Introduce networking**
 - Insurance is about bringing “similar” people together
 - Allow members to know and network with one another
 - Potential tie-up with Facebook and LinkedIn platforms
 - Platforms are used to deliver services and other benefits
- **Referrals and expanding the network**
 - Growing diverse networks through referrals
 - Concept of selective and self underwriting
 - Incentives to grow, e.g. premium discounts, scale benefits



Idea #1: Make it (even more) social

- **Introduce member posts and interaction**
 - E.g. product reviews and ratings
 - E.g. tips, suggestions, opinions
 - Incentives, e.g. movie tickets, vouchers
 - Members benefit indirectly by raising their profile
- **Allow members to provide services**
 - E.g. validate claims from fellow members
 - E.g. provide healthcare or disability assistance
 - Contributors are again rewarded in some way

Idea #2: Simplify entry and exit

- **Artificial intelligence tools**
- **Making it easier for customers to get in (underwriting) and get out (claims)**
 - Pre-populate customer data (e.g. from chatbots)
 - Automate the analysis of evidence (e.g. medical reports)
 - Automate rules for decisions, complex cases escalated for human intervention
- **But at the same time protecting insurers from fraudulent behaviour**
 - Fraud management – identification of patterns
 - Incorporate learnings from behavioural economics

Idea #3: Make it personal

- **Personalised member communication**
 - How much claims were paid to “people like you”
 - Personalised dashboard – see example later
- **Multiple, individualised touch points**
 - Capture member interests and events
 - E.g. Facebook life events, LinkedIn career status
 - E.g. events impacting a particular member group
- **Tailored cover and payouts**
 - Can we put aside the mould of existing products?
 - TongJuBao (China): referendum based decisions



Idea #4: Gaining trust

- **Answering two simple questions**
 - Where does my premium go?
 - How do I benefit?
- **Improving transparency with customers**
 - How much claims were paid out
 - Instances of accepted/declined claims
 - Simulating the claims process (virtual reality?)
 - See personalised dashboard next
- **Relook at insurance profitability**
 - What is an acceptable amount to customers?
 - Can profit be better explained or expressed?

Eg: Personalised dashboard for skydivers



1,549 people in your network...



...contributing \$1.2m of premium in 2017.

Top 5 skydiving sites in 2017:

● Places you went to

985 dives



734 dives



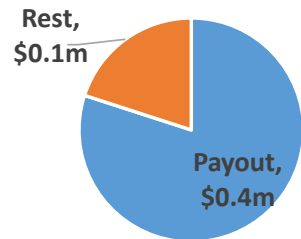
611 dives



523 dives



339 dives

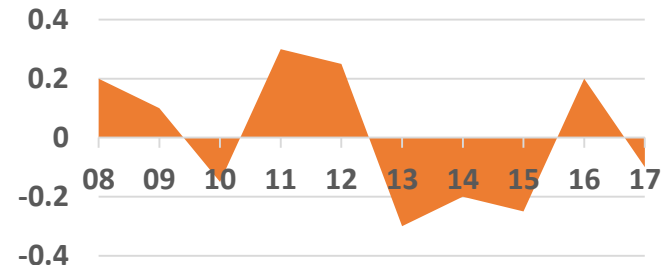


\$1.1m was paid out from the network in 2017...

...with the top causes of claims being:



Net payout for the past 10 years:





What can personalised dashboards do

- Similar to “your year in review” in Facebook and Uber
- Presents highlights relevant to the individual customer
- Reinforces sense of belonging to the network
- Increases transparency of the product and operations
- Privacy issues?

Idea #5: Services-based insurance

- **Many insurance products provide services instead of payouts**
- Eg: roadside assistance, in-house clinics, cyber breach support
 - Tailored benefits for claimant
 - Provides cost control mechanism
 - Mitigates risk of insurance fraud
- **Same concept can be applied to life insurance**
 - Rehabilitation, care giver, other home support
 - Legal, medical, financial services
 - Services can be provided by the network – see earlier

Conclusion

- Insurance can be made “right” – there are tools available
- Customers’ needs are evolving, and we need to keep up
- Things we can do:
 - Introduce an element of social networking
 - Make buying and utilising insurance a simple(r) process
 - Tailor and personalise product offering and touch points
 - Increase transparency in order to gain trust
 - Provide services and not just monetary benefits



Q&A

