

# Insurance alone is not enough!

From managing policies to managing risks

Onno Bloemers

First Day Advisory Group | InConnect | Kruzr

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# About me – a brief introduction

## Reinventing how we manage risks & safety

- Onno Bloemers
- Broad experience as insurance innovator, especially around prevention-based value propositions
- Strong believer that the future of insurance lies in a shift from managing policies towards managing risks augmenting traditional policy solutions with new technologies and services.
- Works with leading insurers and Insurtechs implementing solutions that facilitate these concepts



achmea rechtsbijstand

Van Ameyde

KRUZR

inconnect

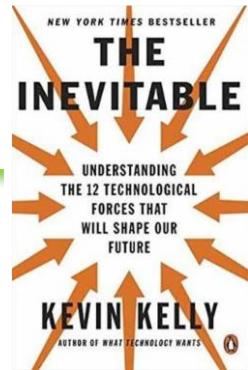
univé

DJUSTIN®



We are not living an era of change but a change of era

Pope Francis, Florence 2015



Convergence



Cognifying: take X and add AI



Flowing & Accessing



Interacting & Screening



Tracking, Alerts & Interacting



Sharing



Filtering



Remixing

# Typical insurance company SWOT based on the traditional business model

Insurance sector in a perfect storm?

## *Strengths*

- Pivotal role in our society providing risk transfers & continuity
- Investment capital, delayed income & healthcare financing
- Important source of employment
- Strong focus on Finance & Risk

## *Opportunities*

- Restoring Customer Trust & Loyalty
- New supply – demand models (p2p, UBI)
- non-traditional value chains to enhance customer safety
- Leverage risk knowledge and data

## *Weaknesses*

- Traditional insurance policy is a low interest product
- Inflexible value chains & fee structures
- Dominance of legacy IT systems
- Limited organisational change capabilities
- More focus on customer acquisition than retention

## *Threats*

- Increasing pressure on margins and long term solvability
- Low interest rates
- Serious customer trust issues
- Regulatory burdens
- Disruptive tech



## How do you respond when your traditional business model is under siege?

Designing for the future is not just about your product portfolio, it affects the whole value chain around insurance



## Back to basics: What business are you really in?

Source: Marketing Myopia, Theodore Levitt in Harvard Business Review, 1960

'We are in the business of trains'  
(CEO, US railroad company, 1900)



'We make punch card machines'  
(IBM, 1950)



'We are an oil company'  
(RD/Shell since 1890)



'We manage insurance policies'  
(Typical insurer)



**From managing policies to managing risks**

## We are all aware of the limitations of insurance



**Insurers have an excellent position to support customers with managing their risks**

But is a policy alone an effective instrument to engage customers?

- Impact of an unforeseeable event on customers
- Insurers are the experts!
- Policy products as the primary solution
- Why not design solutions that **reduce risks** and increase **customer relevance**?



## An insurance policy often solves only part of the problem

It's always better to be safe than sorry - Insurance alone is not enough!

- Partial cover of actual damages
- Financial compensation for something that can't be replaced
- Personal safety
- Payout rates are <100



## The opportunity

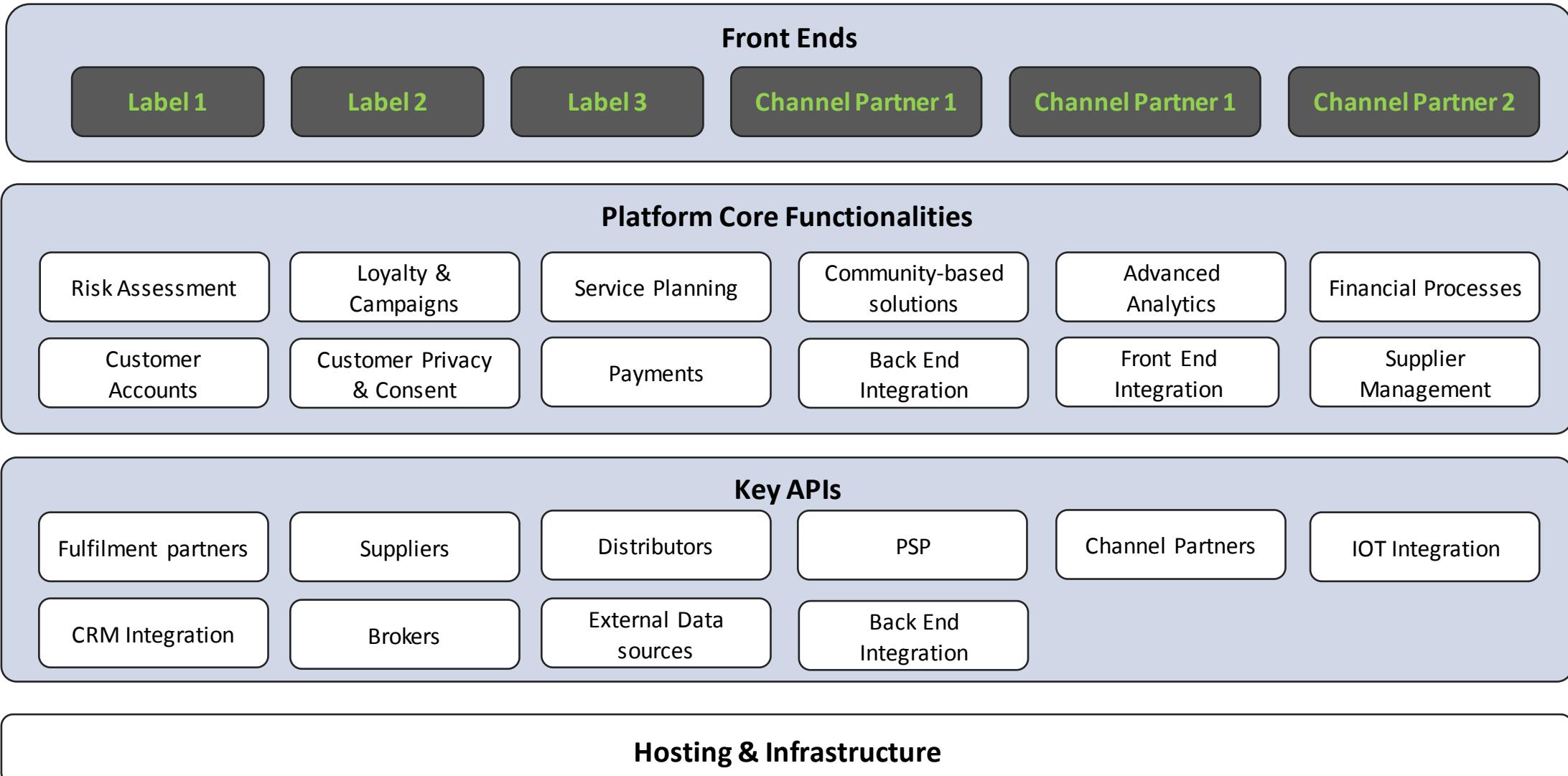
Insurers (or others!) can differentiate by creating a vision on safety and by providing solutions to reduce customer risks

- Combine products, services and policies
- Help customers discover their preferences
- Wide range of use cases
- Business models:
  - Margin on products and services to fund programs
  - Customers become suppliers as well
  - Improved Retention
  - Risk-based pricing



# What does this look like? Blueprint for a services organisation

API-driven connectivity is crucial to set up a flexible, secure & scalable solution stack



# How to make this happen - Barriers

## Barrier #1 – Short term focus and traditional business model thinking

How do you build a business case without data? And how do you gather data without a business case?

- Safety-based models will generally only be promoted where it makes clear financial sense within the current business model: high risk segments or markets with mandatory safety requirements
- Positive effects of programs around safety & prevention:
  - Self-selection effects: attracting safety-conscious customers
  - Claims reduction: early detection, less frequency, less impact
  - Customer retention & engagement
  - Margin on services (e.g. preventative maintenance)
- The actual proof however may require a horizon of more than 3 years –beyond your typical BC horizon....



Without stamina, patience & resilience, both top-down and bottom up, organisations may give up. Strong executive support & belief in the long term engagement value & positive impact on society is essential

## Barrier #2 – The myopic data view from a silo organisation

Data per product line do not tell the story & do not reflect true costs to society of accidents

Suppose there is a 2-sided car collision, resulting in a total loss, a whiplash and a hospitalisation

- How many insurance policies could be invoked from this single event?
- How many insurance business lines?
- How many different insurance companies?

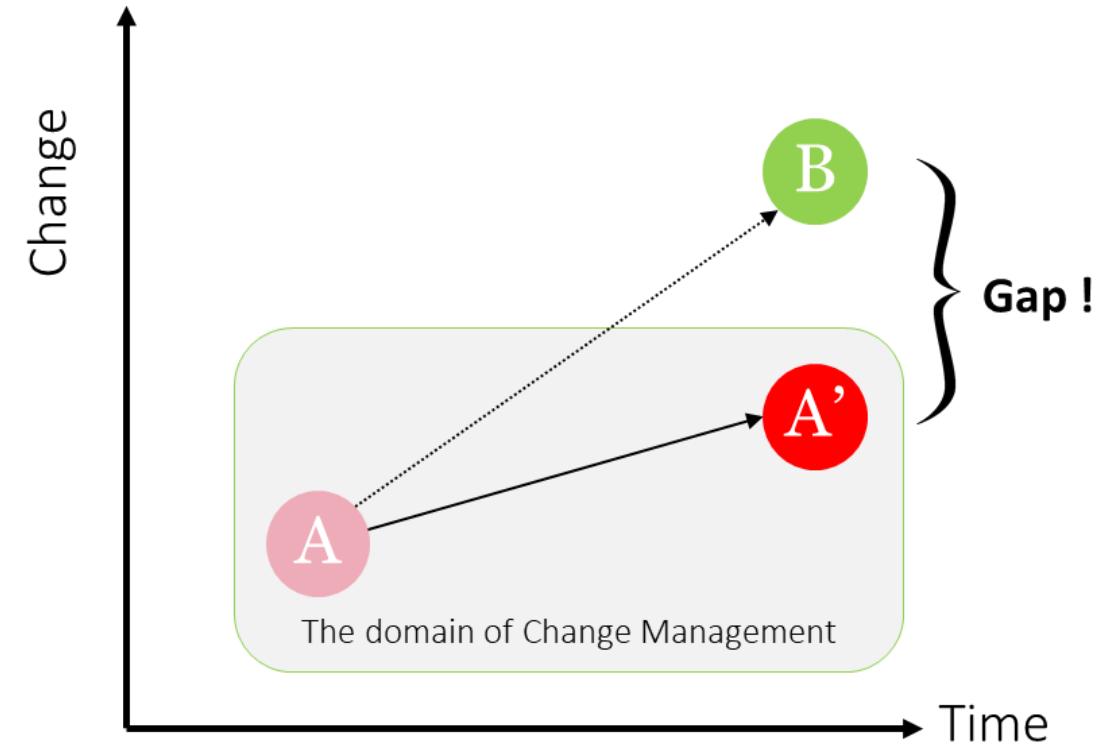
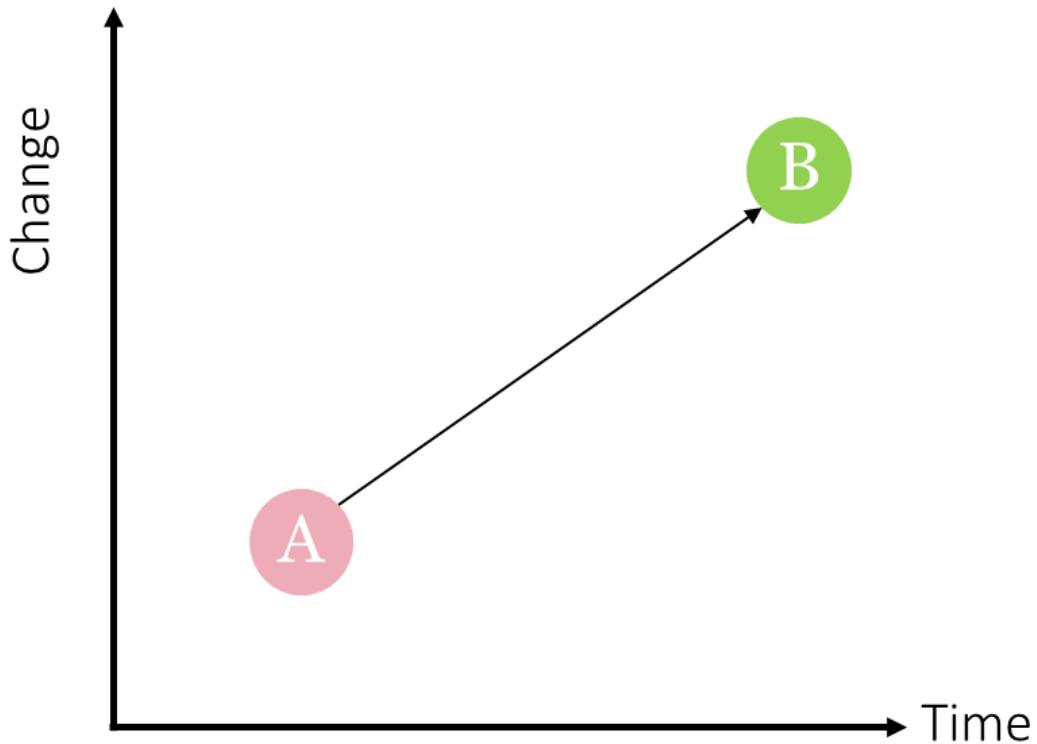
The question is:

- How can we calculate the true costs to society of this event?
- Is the sector organised in such a way that we share data to provide an overall analysis?
- Will a typical Car Insurance PO and his innovation team come to the right decision when discussing the business case for safe driving?



## Barrier #3 – Transforming any organisation is quite the challenge!

Lot of barriers for transformation – often resulting in failed attempts to change the status quo

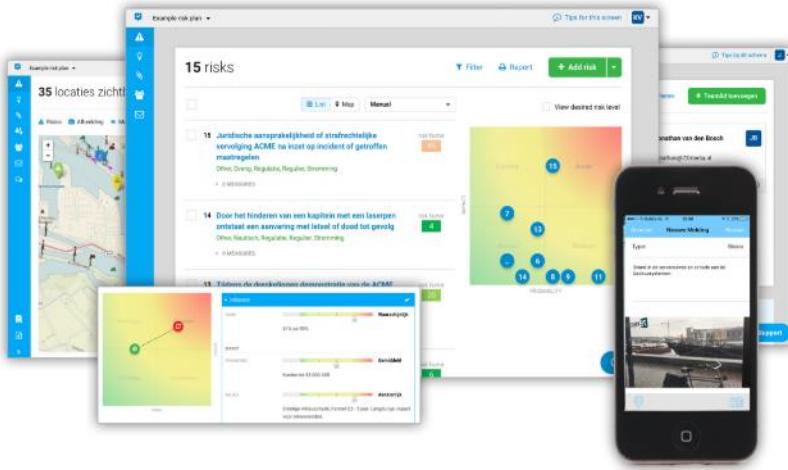


Organizations invest heavily to achieve their transformation to point B, but often fail in situation A'. The change has failed, employees are demotivated and the willingness to try again is minimal.

# An implementation approach

# Step 1: Start a conversation with customers about risk & safety

Create awareness, credibility & start changing customer behaviour



Improve awareness & change behaviour



Create initiatives, solutions & services to reduce customer risks



Invest in data-driven insights & analytical capabilities for risk solution development

## Step 2: Build a portfolio of relevant services

Get some traction and meaningful experience and involve all stakeholders – there is a shared interest



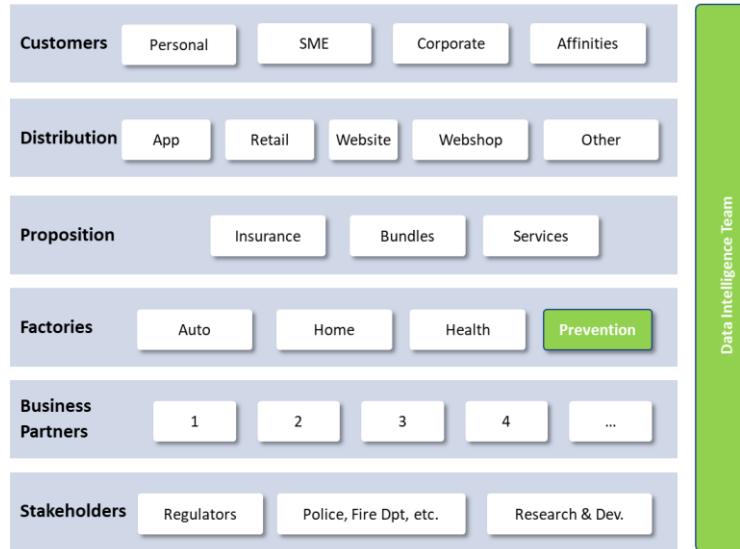
Up to date service portfolio for the risk-consciousness customer

A continuous process for developing new combinations of insurance and non-insurance solutions

Encourage & facilitate community driven initiatives & co-creation to develop new safety initiatives

## Step 3: Set up a factory for scalable service propositions

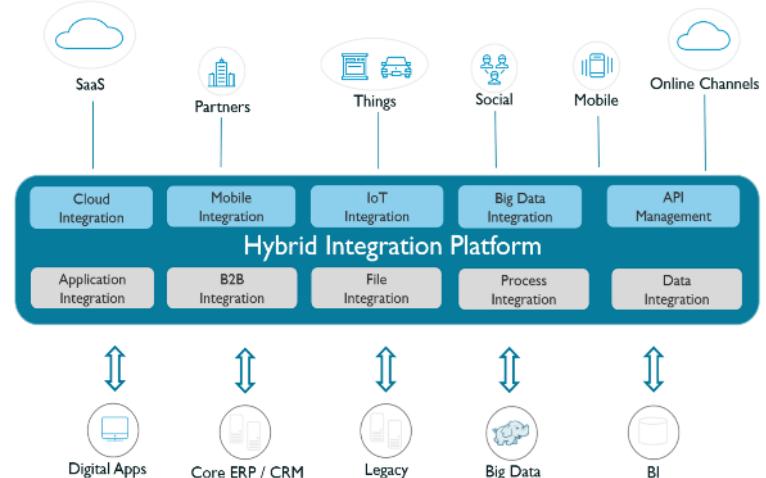
A dedicated services organisation is required in order to scale up successful experiments



A dedicated entity and 'lean & mean' processes for designing, piloting & scaling up successful new value propositions



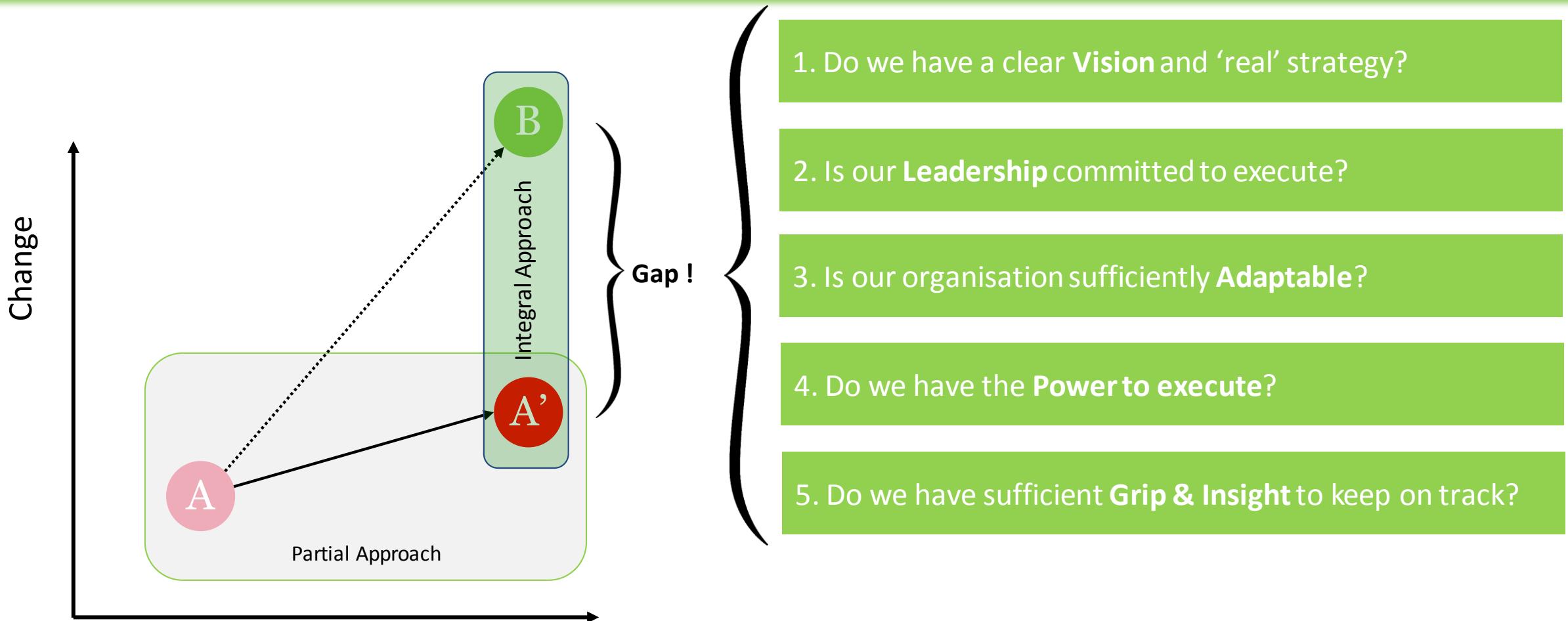
Modular approach as a backbone for a wide range of services



A future proof distribution channel for advanced technologies, including IoT integration

# Increase your chance of success

Pay attention to the 5 critical success factors that determine a successful transformation



Note: In most cases, starting point A is the unintended ending point A "of a previous, unsuccessful transformation

# Examples



## Some examples

**Lots of examples, but which one is truly changing the traditional business?**

A screenshot of the KBC Moeders Preventie Winkel website. The top navigation bar includes links for 'Alle producten', 'Waarom preventie', 'Over de winkel', 'Vraag en Antwoord', 'Contact', and social media icons for Facebook, Pinterest, and Deel. A search icon is also present. Below the navigation is a large circular badge with the text 'KBC MOEDERS PREVENTIE WINKEL'. The main content area displays a grid of products. The first product in the top row is a blue box labeled 'Het Veilig-met-de-klets-nachtkastje' with a price of €49,99. The second product is a white box labeled 'Het lervrij-de-weg-op-potkiet' with a price of €8,75. The third product is a white box labeled 'Het Veilig-hel-huis' with a price of €99,99. Each product has a small image and a brief description.

The screenshot shows the homepage of the unive website. At the top, there's a green header bar with the 'unive' logo on the left, followed by 'Verhuurwoningen' and 'Kantoorlocaties'. On the right side of the header, there's a blue circular icon with a person icon and the word 'Zoekken...'. Below the header, there's a large green circle containing the text 'Veilig Wonen'. To the right of the circle, there's a photograph of two women sitting on a grey sofa in a living room, with a dog lying on the floor next to them. Below the photo, there's a call-to-action button labeled 'Creëer abonnement' with a blue arrow icon. At the bottom of the page, there's a large white text box with the heading 'Stel uw Veilig Wonen-abonnement samen'.

## Argo Risk Tech: Using IoT to Reduce Workplace Risks

Argo Risk-Tech offers an innovative way for supermarkets, convenience stores and restaurants to improve safety for customers and employees.



A photograph showing a woman with long brown hair from behind, wearing a light blue top, looking through a glass door or window at a young child inside a room. The child is wearing a blue shirt.

Products · Newsletters · Notion PRO · Prices · Blog · Get Started

Notion PRO

notion  
**PRO**

**24/7 professional monitoring,  
redefined.**

From break-ins to broken pipes, it's never been easier to protect what you want, when you want.

Learn More

Notion

Notion lets you know what's going on at

The image shows the Roost Smart Sensors product page. At the top, there's a navigation bar with links for Home, Solutions, Components, Pages, News & Press, About Us, Support, and Contact. Below the navigation is a large image of a smartphone displaying the Roost app interface with several circular icons. To the right of the phone are three physical Roost sensor devices: a blue rectangular motion sensor, a white spherical temperature/humidity sensor, and a smaller white rectangular sensor. A green potted plant is visible in the background.

A screenshot of the Desjardins website. At the top, there's a navigation bar with the Desjardins logo, search bar, and links for "Sign in" and "Log in". Below the navigation, there's a main menu with categories like "Auto insurance", "Home insurance", "Other insurance", "Claims", "Upcoming events", and "Desjardins services". A large banner in the center says "Get an alert in case of water damage" with an image of a smartphone displaying a green house icon. At the bottom, there's a call-to-action button "GET A QUOTE NOW!" and a footer with icons for Facebook, Twitter, YouTube, and LinkedIn.

An illustration showing a blue water pipe leaking small blue dots representing data into a white cloud. A person wearing glasses and a striped shirt is sitting and reading a book in the background, looking towards the leak.

## **Give Data Back: sharing to better protect you and your home**

AAA now makes its loss data statistics publicly available on the "Give Data Back" platform, so that everyone can gauge the threats of water damage or theft and learn how to reduce them.

The image shows a young boy wearing a bright yellow hooded raincoat, laughing joyfully as he stands in a heavy rain shower. The background is dark and textured, suggesting a rainy day. At the top of the page, there is a navigation bar with links for 'Home', 'About Us', 'FAQ', 'Customer Support', and 'Contact Us'. In the upper right corner, the 'neos' logo is displayed. Below the logo, the main headline reads 'Smarter Home Insurance' in large, bold, white letters. Underneath the headline, a subtext says 'Protect your home from your phone.' A teal-colored button labeled 'Get Started' is positioned below the subtext. In the bottom right corner, there is a small section with the heading 'New Features' and a brief description of the company's commitment to innovation.



American Family  
INSURANCE

Homeowners | Auto | Business | Personal | Making a Difference

Contact Us | Search | Sign In/Log In

**SMART HOME**

Overview | Coverage | Extra Coverage | Equipment | Flood Protection | Smart Home | Why Choose AF? | Get Started | Frequently Asked Questions

**Safe, Secure, Smart Home Discount**

Save 10% on select American Family auto, home or business insurance policies.

**LEARN MORE**

**Become Empowered with Smart Home Technology**

?

Benefits | Features | Download | Residential



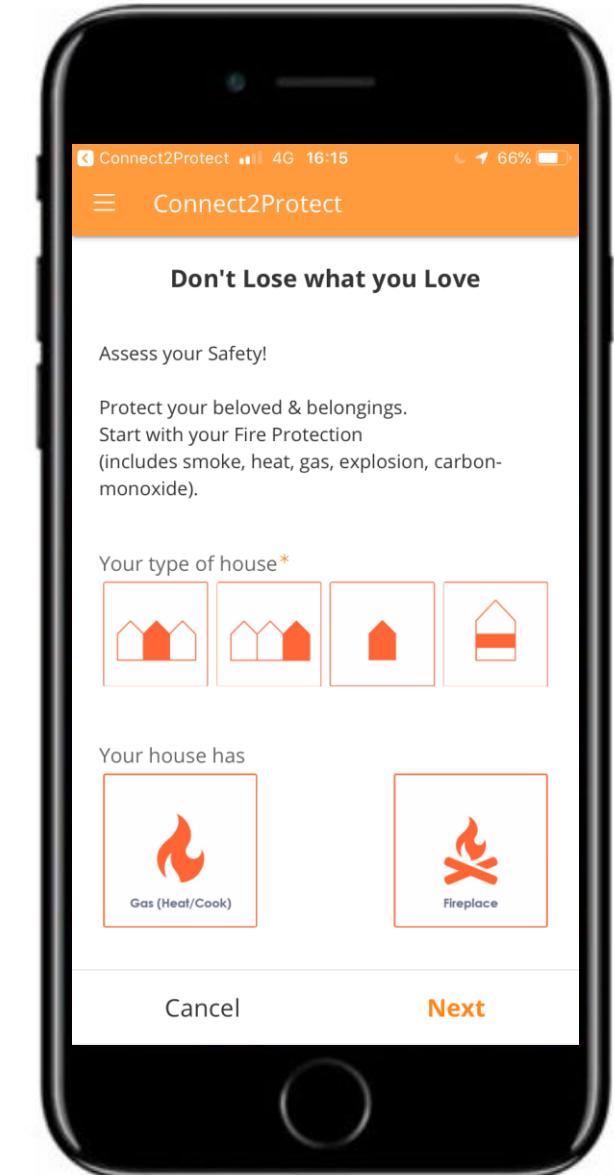
Control Your Options

Find out how to turn your home into a smart home.

# A Start-up in the smart home insurance space: InConnect

## InConnect offers Smart Protection for Safer Living

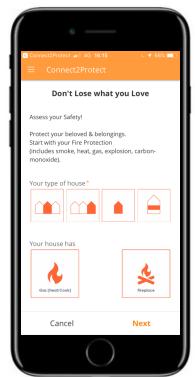
- InConnect is a European based start-up offering **Smart Protection for Safer Living**
- Works on better ways to manage everyday risks - providing **smart solutions** that help customers to reduce the chance or impact
- Initial focus is the **Home** as a central hub for smart devices
- **Device agnostic** - No entry barrier or upfront user investment
- **3 steps** towards the **optimal** combination of Prevention & Insurance:



## Solutions across 3 pillars:

### 1 Risk Assessment

AI-driven Safety Score & Recommendations



### 2 Risk Solutions

Smart Home Protection through partner products and services



### 3 Risk Transfer

Connected Insurance based on individual safety



### What's unique?

- At the forefront of AIoT – Artificial Intelligence of Things
- Device agnostic – no entry barriers for consumers
- End to end approach doubles insurance-only CLTV

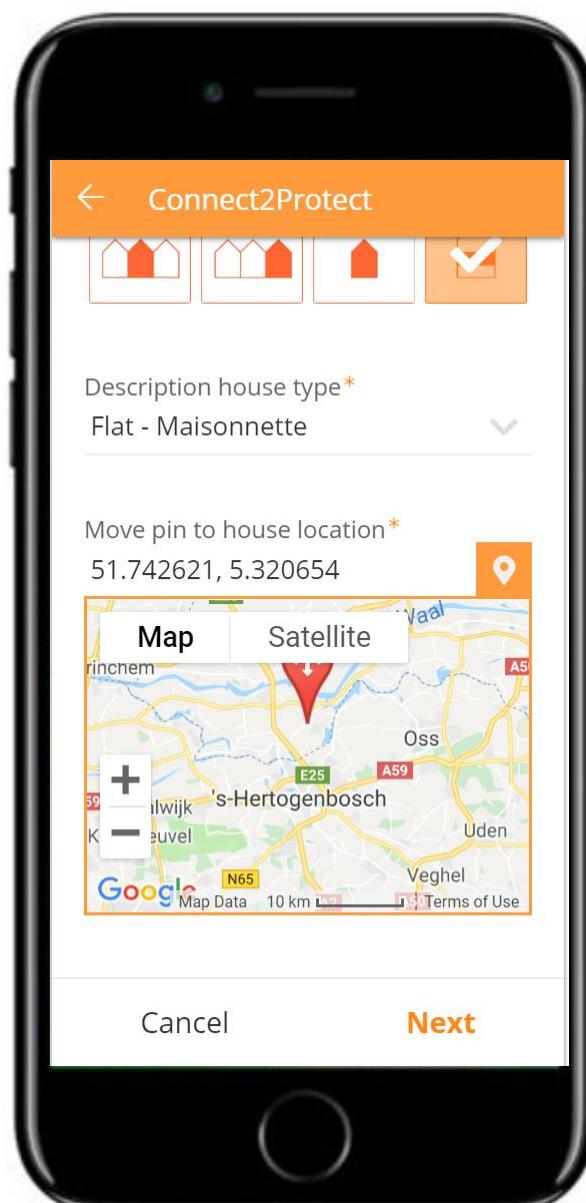
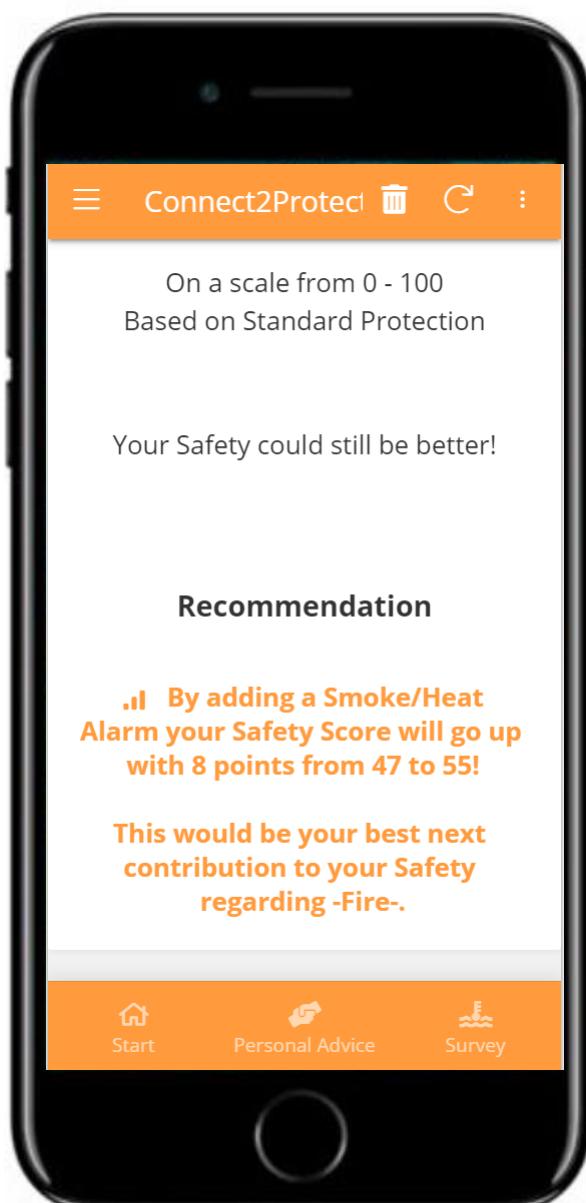
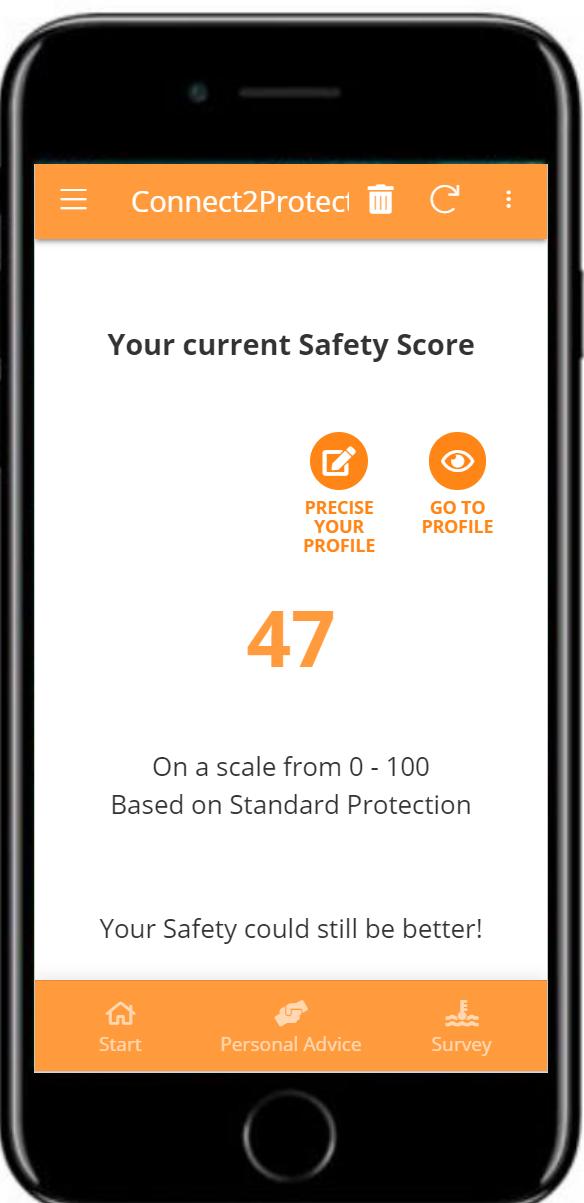
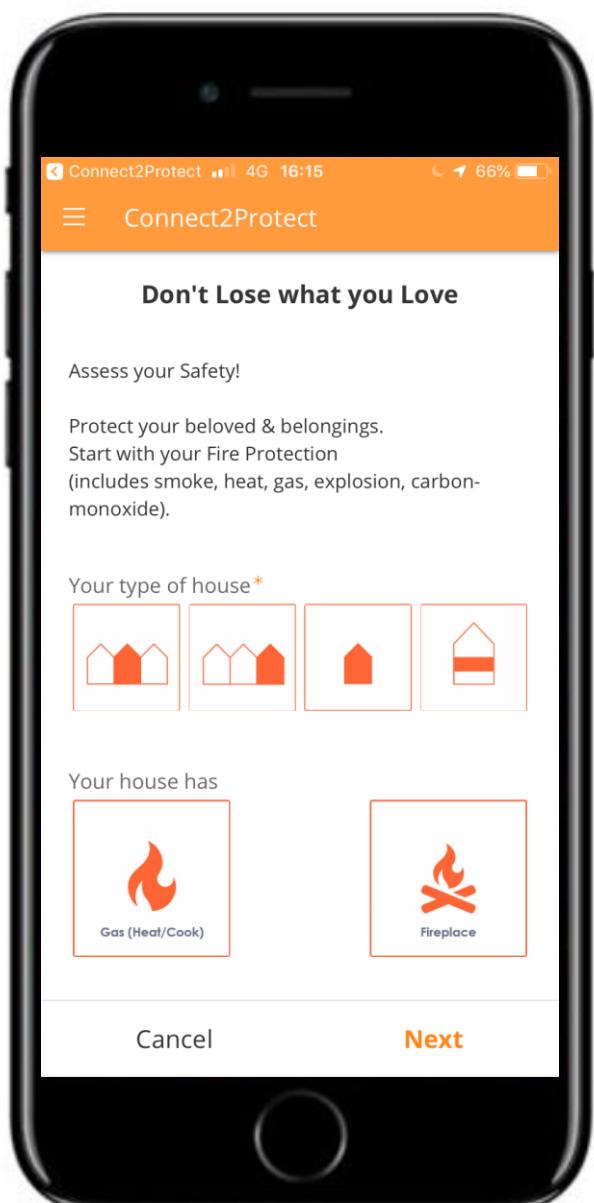
- Ownership of proven Full Stack digital Insurance & Claims platform

✓ Functional Prototypes

✓ 3 platforms built for EU insurers

✓ 2.8M customers in 6 EU Countries

# Pillar 1- Functional Prototype for Household Fire Risk Assessment



# Driver Behavior & Awareness Factors Lead to 75% Accidents



Phone Use



Driver Fatigue



Speeding



Road Conditions

22%

Distractions from calls or messages while driving

8%

Micro-sleeps induced by fatigue and monotony

30%

High risk due to over or under speeding relative to traffic

15%

Unpreparedness for high risk driving situations

Solving these issues needs three core pillars – understanding YOUR customer's issues, building solutions to reduce those risks and providing positive feedback to push them to become safer drivers

# Kruzr Platform for Safe Mobility

Kruzr offers two packages of safety solutions to provide Granular Risk Visibility, Assistance to your Drivers to Reduce Risk and Intelligence to empower your teams to Engage & Reward your customers

## Kruzr Safe Mobility Platform

### Score & Analyze

Granular & Contextual Driver Behavior Scoring from causes of accidents like Distraction, Speeding, Drowsiness & Road conditions

Real Time Traffic Context

Weather Factors

Historical Driver Behavior

Contextual risk of behavior factors to conditions

### Assist & Engage

Virtual driving assistant for Real-time coaching & high Customer Engagement on every trip

Voice Based Navigation

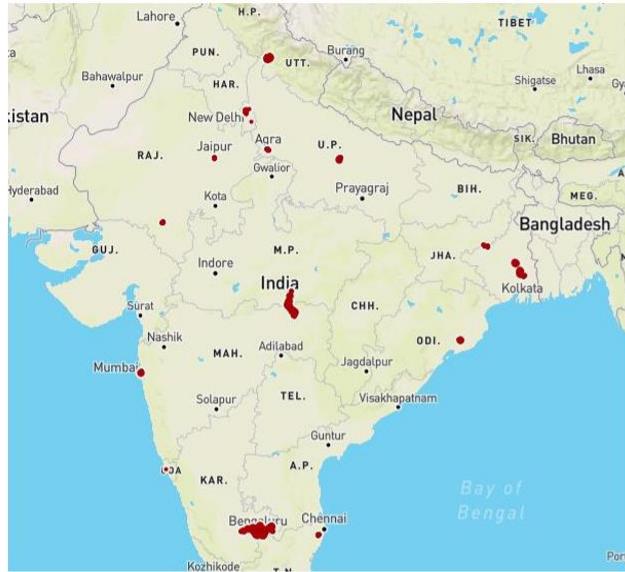
Voice Based Communications

Real Time Interventions

Post and Pre-Trip Feedback & Support

# Use Case 1: Geographical Analysis

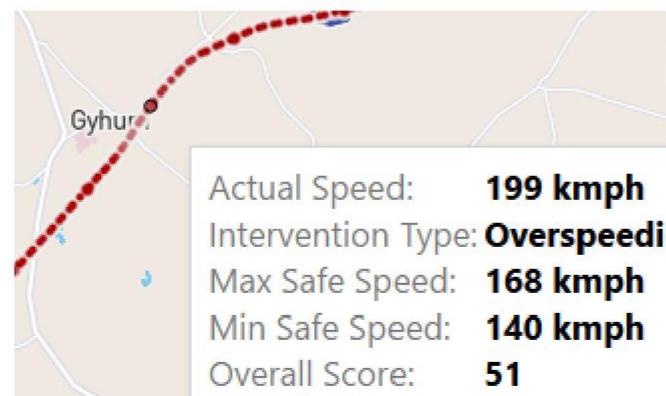
Identify usage and safety hotspots for a city, country through a single geo-map



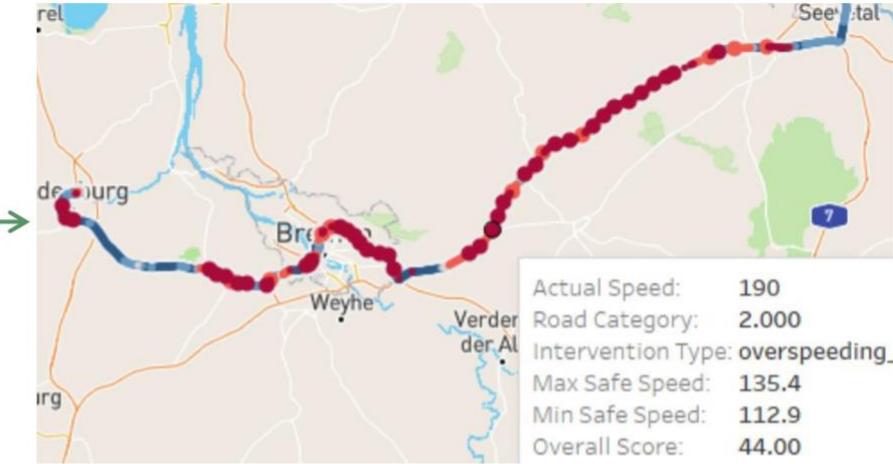
Step 1: Find major cities of use and how far do your drivers drive



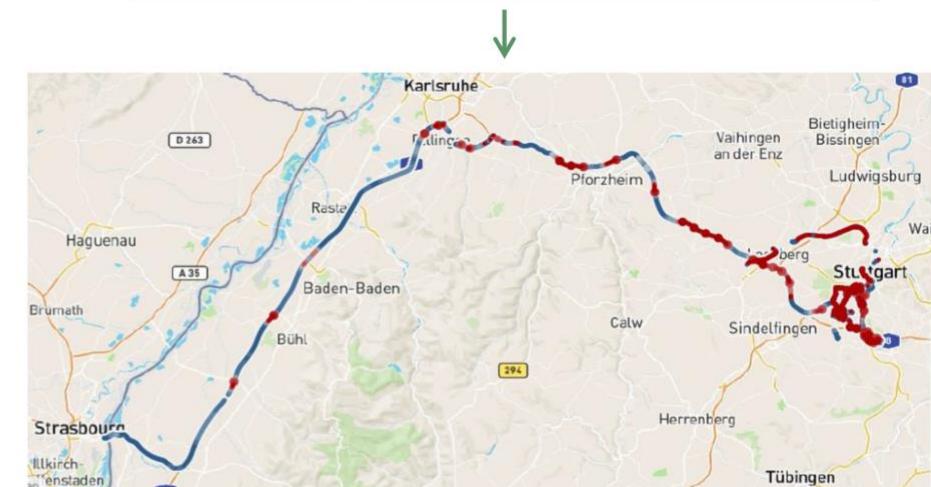
Step 2: Find most driven and most unsafe parts of a city



Step 5: Get Granular Driving Points during a trip and How Drivers Doing



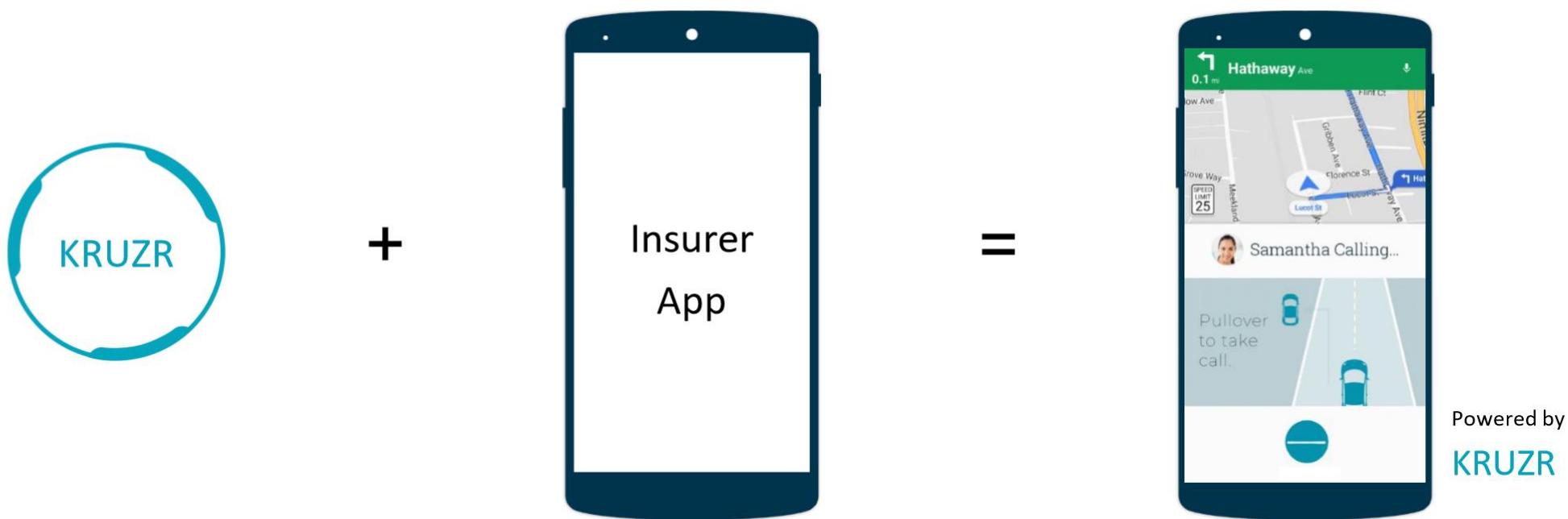
Step 3: Find exactly what location are unsafe and how your drivers drive there



Step 4: Deep Dive into how individuals are driving there

# Kruzr is a Plug & Play solution

Kruzr offers customized packaging and integrations to help you get started on individual modules that makes sense for you given your focus area and key problems.



Integration Options

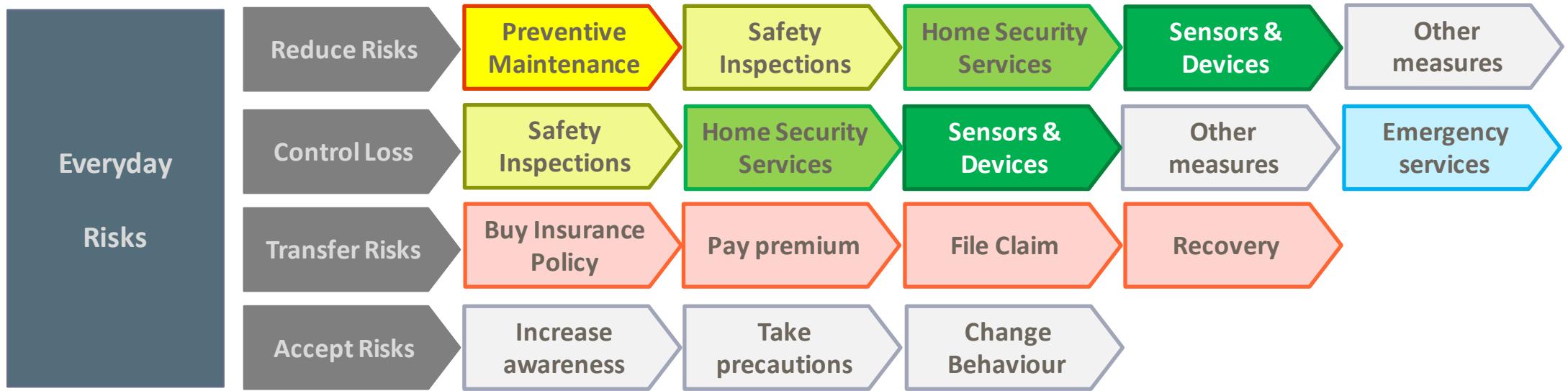
SDK

REST API

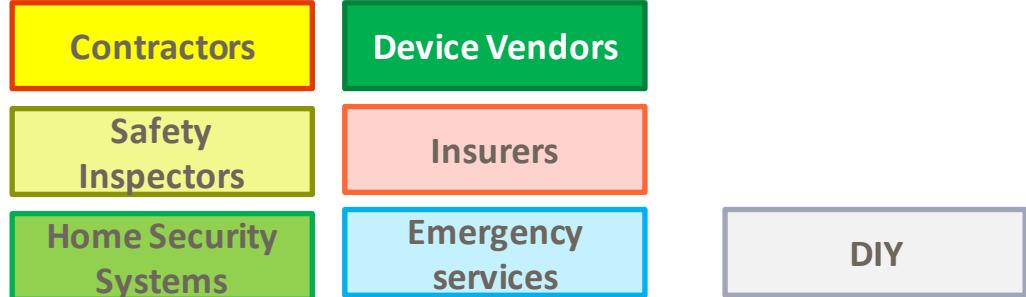
White-labeled app

# Towards a new Value Chain for P&C insurance

# This is how we manage our risks & safety today

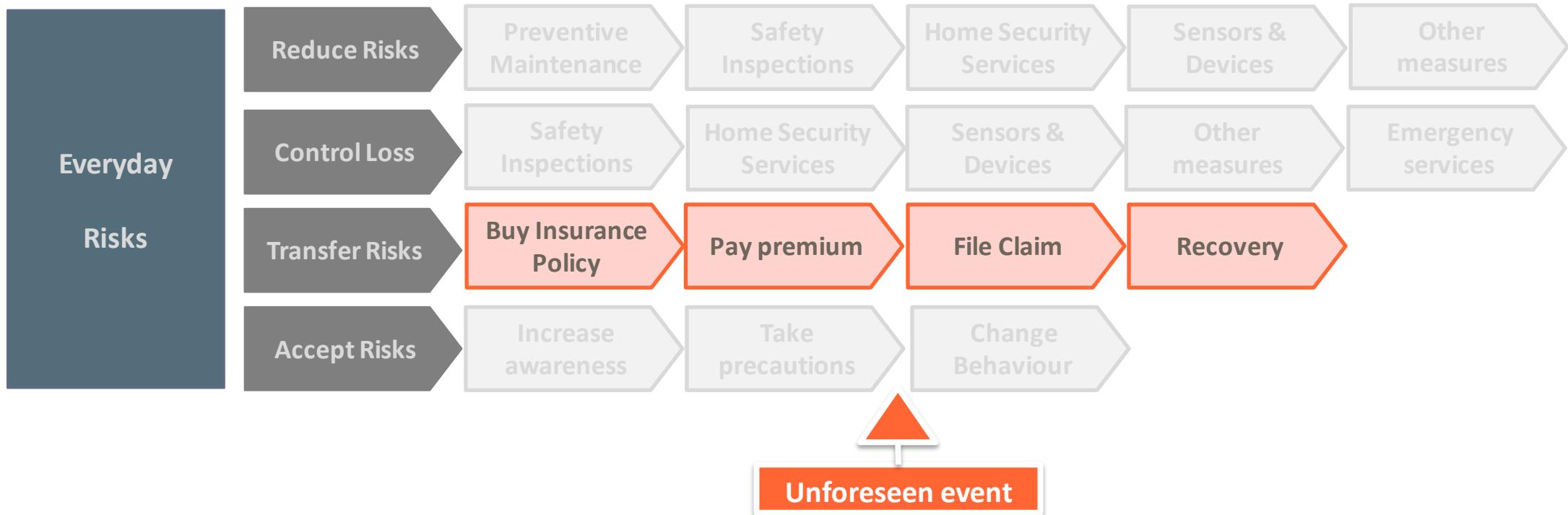


Each colour indicates a separate industry:



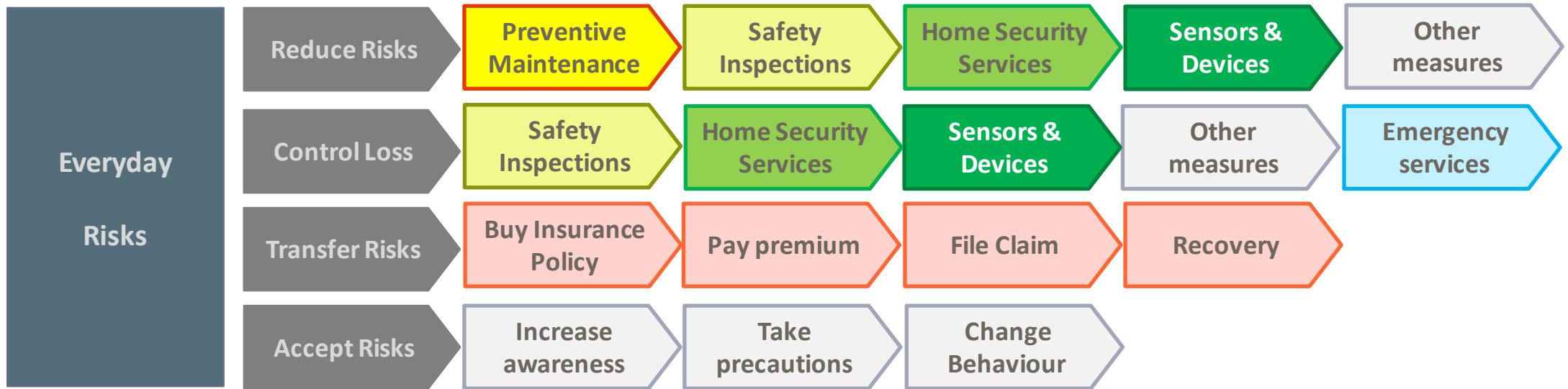
- Managing safety is spread across different value chains & eco-systems.
- Result: suboptimal safety outcomes. There is no single end-to-end customer safety solution.

# Insurance offers an important safety net, but only after the fact



- A safety net for when something has already gone wrong.
- A policy does not prevent an accident, it only reduces the severity of the consequence
- Very valuable, but also the solution for a **2<sup>nd</sup> order problem**.

## How can we do better?



### How can we solve the primary problem?

- Help users to build safety awareness and make smarter choices?
- Reduce the chance of something going wrong in the first place?
- Reduce the impact of an incident if we haven't been able to prevent it?
- Close the protection gap left by today's fragmented supply chains?

## This is how: an integrated solution that is based on ‘safety first’:



- Start with determining risk
- Take measures to improve safety
- Transfer residual risk

# Conclusion



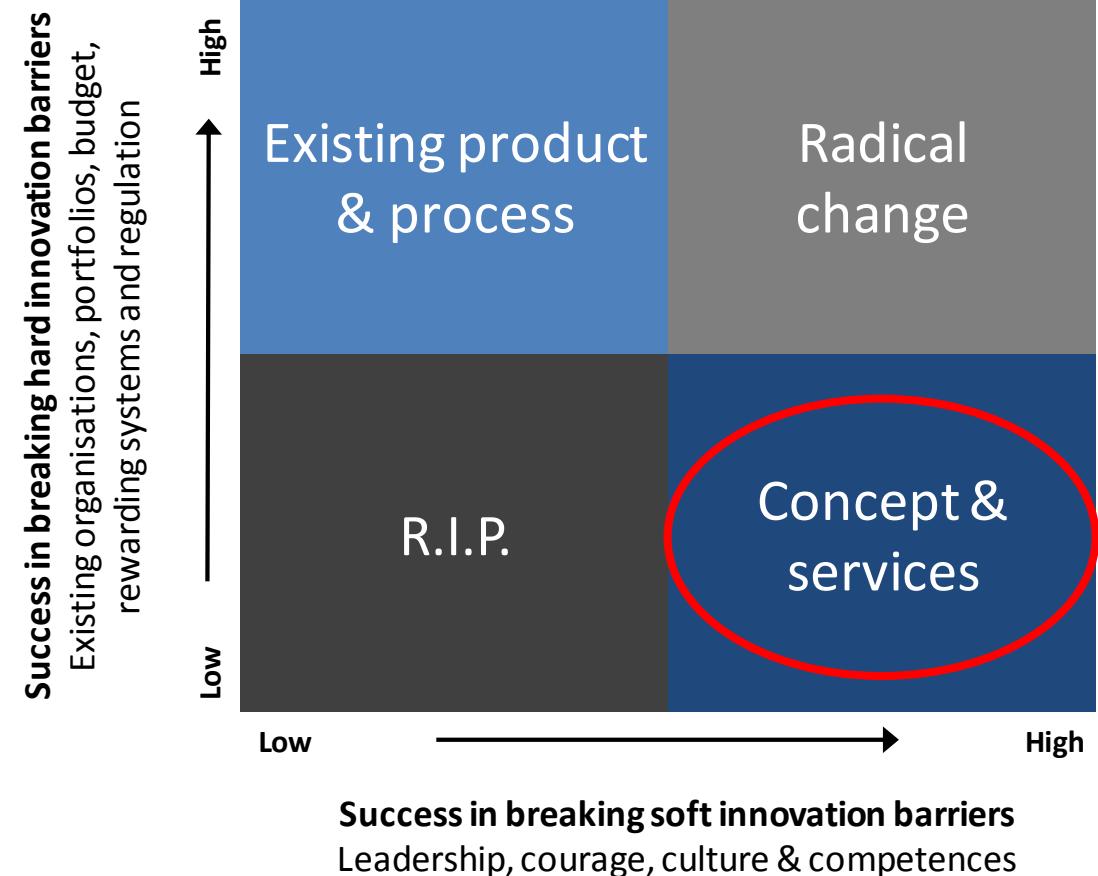
**It's not about insurance policies anymore – it's about delivering a safety net to your customers**



# Offering new integrated service concepts may be the best way to boost customer value

At least in the short run!

- Innovation can only take place after breaking through **existing innovation barriers**
- **Hard** innovation barriers are related to existing organisation, portfolio's, budget, rewarding systems and regulation
- **Soft** innovation barriers are related to leadership, courage, culture & competences (e.g. entrepreneurship)
- The level of **ambition** is dependent on the ability to break these innovation barriers
- If there are too many hard barriers that limit your ability to realise fundamental change, your best bet is to innovate through the introduction of new concepts & services
- This could be a strategy to buy time.



## Remember the Insurance sector SWOT analysis?

The new P&C value chain based on ‘safety first’ offers a way forward to deal with fundamental sector issues

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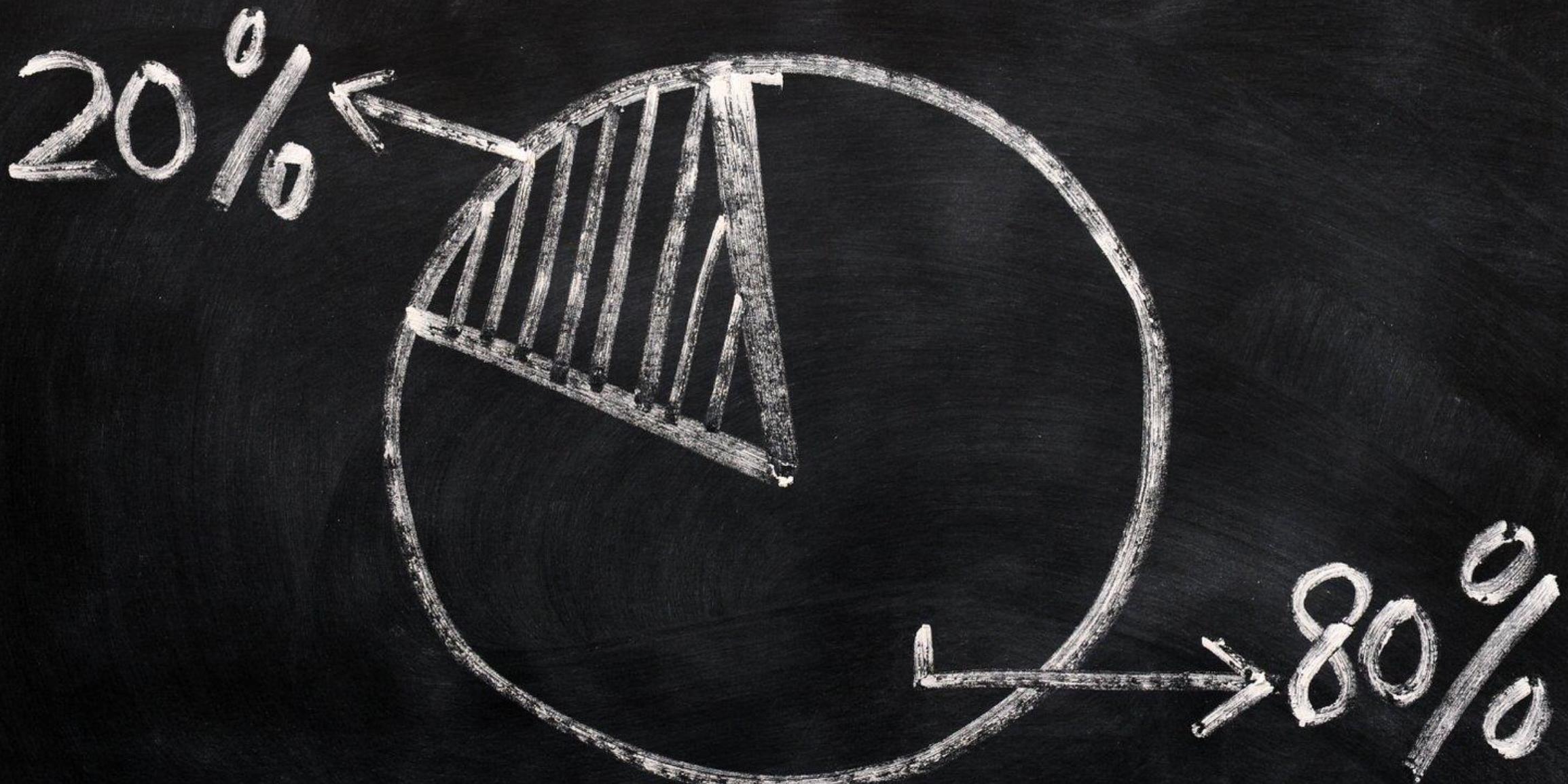
## In Closing

### Recommendations – what to do next?

- **Confirm your core:** will you be managing policies or managing risks?
- Actively **challenge the dominant mindset** and further improve your organisational change capabilities
- An shift towards a broader value proposition is a **bold move** and it requires **bold choices** in how to implement this.
- Adopt a **structured process** for corporate innovation
- Create an **ecosystem** of collaborating organisations led by a **shared vision & mutual interest**
- Ensure that your application landscape includes **effective solutions and choices** for pilots, learning & scaling concepts
- Get the **right mix** of competencies & experience in your team. Celebrate failure but **design for success!**



If you're 80% sure that your current business model is future proof, you should still spend 20% of your change budgets on disruptive innovation



# Thank you!

Please contact me with any comments or questions:

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