



Insurance news analysis

Video transcript

March 2021

Reimagining insurance

Business interruption strife speaks to broader reputation issues

PropertyCasualty360.com
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Hello and welcome to Accenture's Insurance News Analysis, March 2021 edition. Kenneth, we're approaching a year from the onset of COVID-19 and Property Casualty 360 ran a piece urging the industry to tell more good stories this year given the impact of business interruption claims on the industry's reputation during the crisis. You've written a lot on how to re-imagine insurance—what is your view on how insurers re-establish themselves with customers?

Kenneth Saldanha

Global Lead—Insurance, Accenture

Yeah, Natalie, you know, hard to imagine that we've been at this for a year now, but we certainly have, though. Reimagine insurance as a concept really is the idea that insurance has for a long time actually struggled, particularly with some demographic segments, to really explain the value of the product—why it's a necessary and valuable thing for customers. Particularly with the events of the last year we see two things happening in parallel. On the one hand, there's never been a higher sense of risk or uncertainty or fear across so many dimensions for customers. So, health, financial, property, location, any of that—there's really a heightened sense of uncertainty and risk. And at the same time, people do feel that they have to understand what it is that they are buying, or what is the value of what they are purchasing in their insurance product. To address those two things in parallel, we think the "reimagine insurance" concept really is what actually takes the necessary, fundamental change to saying, "Let's actually talk about insurance as a way to continually engage

with our customer, to really move from a risk indemnification idea to much more of a continuous risk mitigation and management idea.” That’s a fundamentally different offer—a fundamentally different set of products and services—that would change how insurers actually engage with their customer. It is something that would actually bridge the gap between the perceived risk and the question about value today for consumers. And insurers, certainly externally as they change what they are doing with consumers, would also need to change internally how they support those kinds of products. So, you know, you talk about how the last year has accelerated transformation in so many areas—technology, digital, distribution—it’s all coming together in this concert of saying you know, “Lean forward into the ‘re-imagine insurance’ to say ‘How do you address those things in a fundamental way that will change the economics of the industry and the experience of the customer forever?’”

Apprenticeships and diversity

Insurers turn to apprenticeships to find diverse, next-gen workforce

Best’s Review
February, 2021

Natalie

I also want to look ahead to the next generation of insurers: Best’s Review reported on leading insurers and their apprenticeship programs, particularly in their quest for more diversity in their people. How will insurers attract and develop talent and does the remote working world make that more difficult?

Kenneth

It certainly—Natalie, the remote work, I think, it cuts both ways. Fundamentally, insurance is absolutely an apprenticeship business. You look at functions like claims or underwriting, it really has been about joining those functions, learning alongside a more experienced adjuster, a more experienced underwriter, and over time, you know, building your settlement authority, building your underwriting authority as you get more exposure, so, really, an apprenticeship business. Remote has actually put some real stress on that. You really are no longer sitting alongside an experienced person working with you to help you develop your skills. So it certainly raises some real barriers for what is possible on the apprenticeship side. On the flip side, it also has taken down a barrier for insurance companies around location and geography, so to the extent that we can use technology to bridge that apprenticeship gap in the interactions, it has been a boon for insurers to say, “We no longer need to look for specific locations and geographies of how to actually bring in new staff.” So, I think as insurers react to the events of the last year, again, the elevation of the importance of inclusion, diversity, equity—the apprenticeship programs are going to continue to be extremely important and I think we’re going to see insurers taking advantage of the broader access to talent and finding ways to bridge that apprenticeship gap in terms of the interactions.

Voice recognition and distribution

Zelros raises \$11 million for AI that personalizes insurance plans

VentureBeat
February 24, 2021

Natalie

And Kenneth, a little bit away from recruitment now, there was a news story this month: an AI-driven start-up in insurance distribution, Zelros, has secured \$11 million in financing. Zelros taps natural language understanding technology to capture information from voice conversations between policyholders and advisors or contact info reps. How will voice-enabled innovations like these change insurance distribution?

Kenneth

You know, Natalie, it's interesting because distribution has always been the area where we've seen the highest level of insurtech investment, the highest level of innovation being pushed, right, and so I think we're continuing to see that now, you know, in distribution as well. What I do think is interesting, is that if you looked at what the innovations that were occurring in distribution, you know, five or ten years ago they tended to actually be more focused on, "How can I create aggregator sites, how can I create, you know, direct and very fast shopping behaviors," and so in some ways they were actually driving more of a commoditized view of insurance. Now in [Zelros] you actually have a very interesting discussion about how are we going to use a distribution innovation to actually elevate personalization, how to elevate specialization, and really think about what it is that actually an insurance product really offers its consumer, how to match it, how to tailor it, so I think it's an interesting and a very positive turn to actually see a distribution innovation still very much in that space, but really now aiming toward the raising of the understanding of what is the value of this product, what is the nature of this product, and how does it best work for me. And using things like natural language to get away from, you know, really insurance language, which a consumer may not really understand or want to engage in, and pivoting it into the experience that the consumer does understand: what are the interests of that consumer, what are they trying to protect, what are they trying to manage in terms of the controllable adversity around them, I think is a very, very positive thing and it's great to see distribution innovation that is actually, you know, targeted towards that high degree of personalization, high degree of value, being able to explain what it is that insurance can do for the consumer.

Moving beyond COVID-19

COVID-19 spurs demand for some insurance products, but insurers watching long-term impact of pandemic

CNA
February 18, 2021

Natalie

And finally, COVID-19 has caused an uptake in several insurance products, particularly in health and investment-linked plans. How long is the industry banking on covering pandemic-related risks and how quickly is it moving?

Kenneth

Natalie, I don't see this as a question of, you know, judging the timing on this, but I think the industry is fundamentally changed and will stay in a new state really going forward. So as you think about what is actually, what are the carriers, what is the industry going to do in response—I'm going to circle back to where we started with the reimagine insurance concept. Will there be carriers who take a short-term view of this and just try to pivot in the short-term—their pricing and offerings to match the market—yes, I'm sure there will be, we don't see that as the winning strategy. And I think for carriers who look at the industry as it stands today and really take this time to reimagine what they want to do with their customers, with their clients, reimagine the external offerings, reimagine the internal workings and move into that more continual risk management/risk mitigation model. That's where we see the sustained change and the sustained value for insurance. So, you know, my answer to you is a little bit less about, you know, how long will this go on and more about what is the nature of the response—is it really a short term pendulum swing, which we don't think will win, versus is it the longer-term recognition that this is the time to reimagine insurance.

Natalie

And Kenneth, this is my last News Analysis with you as I pass the baton onto someone else, but I just wanted to take the chance to say it's been a lot of fun and it's been fascinating talking with you every month about the insurance industry and the biggest news stories there, so I've learned so much and really enjoyed myself, so thank you.

Kenneth

Thank you, Natalie, it's been fun to do these recordings, you know, I wish you all the best in your new role in another part of Accenture and I'm sure our paths will continue to cross, and again, thanks for all the time together.