



Insurance news analysis

Video transcript

December 2021

IDF's Ekhosuehi Iyahan's call to action as plans begin for COP27

The Insurer TV
November 26, 2021

Abbey Compton

Marketing Lead—Insurance, Accenture

Welcome to Accenture's Insurance News Analysis. I'm Abbey Compton here with Kenneth Saldanha, Accenture's Global Lead for Insurance. One major focus that continues to be discussed is the closing the risk analytics gap for those V20 countries most vulnerable to the impacts of climate change. How crucial is establishing interoperability standards around risk modeling and what do you see as the biggest challenges insurers and governments will face in that process?

Kenneth Saldanha

Global Lead—Insurance, Accenture

Yeah, Abbey, I think the notion of changing risk models is something that is impacting a lot of different lines of insurance. I think we've talked earlier in our exchanges around cyber and how that played out and is playing out in capital requirements and industry response in cyber. With climate change, we're seeing exactly the same thing play out on the property side. And it is absolutely critical as you think about the scale of the property line of business, both on the personal lines from the homeowner side, the renters side, and then into commercial property. It is a huge line of business and one which is absolutely going through some major changes as climate change changes the underlying risk models. We've seen more and more property start to be almost treated as if it's a specialized excess and specialty risk because all of the standard models are actually falling by the wayside as we see very new and different weather patterns play out, which changes the risk by geographic region.

And that's not even the... you hear about the really major shifts like what happens with increasing coastal flooding, forest fires, etc., but all of those also we've see changes around extreme weather really for every part of the globe. So this idea of saying, "What will the new risk models be and consequently, what will the new capital requirements be, and who's going to write this property risk?" I think is going to be a very, very big change. There's a secondary side of this, or I shouldn't say secondary, but really the other side of this is really even the energy sector. And what is the insurance industry doing as it actually starts to shift the risks that are being underwritten from some of the more traditional coal electric, electricity generation to some of the newer, more sustainable energy sources. So I think from the climate change efforts, we're going to see major shifts in the, directly in the energy sector as well as what's happening in the property sectors.

A package of policies can help smallholder farmers adapt to a changing climate

Phys.org
December 2, 2021

Abbey

Kenneth in your latest blog post you reflect on what we saw in the insurance industry in 2021, including your risk models, shifting capacity and new products and pricing. Let's talk about how these dynamics are playing out in agriculture and what farmers are experiencing as historically reliable risk models are upended. Are insurers finding new ways to help farmers mitigate risk and recover amid these shifts and loss patterns and what are those strategies and how are they different for large versus small holders?

Kenneth

Abbey, we will go right back to the COP26 meeting and climate change, and clearly, the implications on property, including agricultural holdings, are very, very substantial. So I think we absolutely are seeing a really different profiling of risk in the agricultural sector both as you look at the underlying property as well as the impact of weather on crops. And so certainly going to be a lot of changes coming through in that space. Crop is, is a very different thing across, across the world. And we see some of the massive land holdings and massive vineyards, etc., in North America or Europe, and then we also at the other end of the spectrum see essentially a micro insurance offer to these very small holdings, in individual plots sprinkled across, as an example, lots of parts of Southeast Asia. It's a, it is a big shift in what's happening in the industry. Microinsurance, certainly not a new concept. But I think as we talk about sustainability, as we talk about serving currently underserved segments, the need to actually develop these models for the micro insurance side of this, for smaller holdings, is a really big shift that we are going to continue to see. Because it is, while individually small in aggregate, it is a major population. And a big part of what actually happens in agriculture in lots of parts of the world. Agriculture has actually been an interesting space with a lot of innovation in it. Whether we talk about, again, at the larger side of the spectrum, the use of drones for imaging to sort of run across these holdings to look at.

The same thing is true for forestry, to look for pockets where there might be concerns. And in fact, some of the very first smart contracts that we saw in insurance actually occurred in agriculture. Specifically for vineyards where if, in fact, the vineyard placed a number of sensors across the, across the entire plantings. And if in fact that the temperatures fell below freeze level, the smart contract immediately closed out the claim and made the payment. So it is a space where we're going to see are very continued shift in how individual holdings are being covered, but I think we're going to see continued interest from a sustainability perspective from a climate change perspective. And I think, you know, continue to see innovations in how those risks are underwritten and how claims are handled in that space.

For seniors using tech to age in place, surveillance can be the price of independence

The Washington Post
November 19, 2021

Abbey

You also referenced in your blog the aging population. Many older adults have both a financial and emotional need to age in place. 5G homes equipped with connected and IoT devices can help enable that, but the World Economic Forum has also raised concerns about the risks from such devices and how they can, and what they can introduce in terms of misinformation, cybercrime, and invasions of privacy for older people. How can insurers use these technologies in an inclusive way to help protect seniors?

Kenneth

Abbey, we, we've done some, you know, within the firm, we've done some really interesting work with solutions to aging at home, aging in place, building out these ecosystems that actually certainly are grounded in technology as one of the first ways to, to be aware of issues, but then wrapping around it some physical networks, some people who are in the area that the broader health and wellness components of that offering. So it's a space, given the demographics that we see across the world really, it continues to be a really important space for us to operate and as an industry. In, we've seen more of this in Asia around a real focus on how to bring together digital health with aging in place. We're seeing the same spike now play through in Europe and it'll play out in North America thereafter, we believe. So, the issue around privacy and devices, I think, is certainly in play for those solutions, just as it is in play for any IoT sensor issues for any line of business. We've talked about the consumer wariness around how their data will be captured and used and potentially leaked. I don't think that is unique to the insurance industry. The more we actually as a, as a planet use technology in these really embedded ways, the higher that risks, that risk gets. I do believe that for, as you look at the preponderance of what's happening with these services, they really are delivering for a need to this customer, this customer segment, that very much is in need of a solution.

And so if I look at digital health, I look at aging in place, the aging services offers as a whole, I think it's going to be a place where there's a lot of attention paid to being careful about how that, those devices and how the data is used. At the same time, the market demand for these services is such that I don't think we're going to step away from them and we're not going to see them slow down. So it's more a demand on how we actually manage the risk. As opposed to saying we need to step away or not pursue these risks.

How to protect your travel plans from COVID chaos

The Seattle Times
December 3, 2021

Abbey

Kenneth, holiday travelers are getting nervous about travel restrictions and many are opting for cancel-for-any-reason insurance, even though it may only reimburse 50 to 75 percent of their costs. Is this CFAR insurance the only option for insurers and customers, or are there other ways to manage the risk of trip cancellation?

Kenneth

I think there are lots of different options, Abbey, just because I think the risks at play are very, very different as well. You look at trip insurance and there's lots of flavors out there, all the way from the very simple cover your airfare, to cover broader elements of the cost. But I think what's actually changing a lot for that segment and changing at an incredibly fast pace is what do you do as quarantine rules change, literally mid-trip for a lot of people? We saw recently with omicron, the whole spike of return travel costs for a number of people, the change in hotel requirements and quarantine requirements. So there are an enormous number of offers being put in market around all kinds of flavors of trip insurance. Now, as an industry, it's a little bit of a concern because unfortunately it's a little bit of buyer beware out there right now. What exactly these products cover and what they actually don't cover, more importantly, is not very clear. I don't think it's very well understood by consumers.

And so, unfortunately, as an industry we've talked about the fact that there's already, we have some risk of consumers not believing that they're getting value from even the most traditional of insurance products, like their auto and home policies, purchasing one of these trip insurance policies that has very specific covers and very specific exceptions and caveats is one that actually really raises the concern for me around, as an industry, are we're going to take a black eye for people who purchase these products without fully understanding what exactly they cover or don't cover. So to answer your question, I think we're going to see lots and lots of offers, lots of flavors of offers, but unfortunately, a little bit of buyer beware out there as the conditions change so rapidly, on all of these products.

Abbey

Well, Kenneth, I hope that insurers and their customers get whatever they need so that it's a happy holiday season for everyone. And to that point, Kenneth, this is our last Insurance News Analysis of 2021. And I want to thank you for having these monthly chats with me and diving into what's happening across the industry. Any fun holiday plans for you and your family?

Kenneth

Absolutely! First off, Abbey, it's always a pleasure to catch up with you. It's been fun to do these and I hope we'll do them all again in 2022. Plans for the holidays: Well, first off, the Saldanha family's always in full-blown retail staffing mode until Christmas Eve because across Amy's, my wife, Amy's toy stores always need for some extra hands as the rush seasons comes in. So we'll be pinch-hitting at all of kiddiewampus locations up until 3 p.m. on Christmas Eve. But beyond, after that, this is the first year that we have the situation of all the kids coming home for Christmas, we've been empty-nesting for the first time this fall, so it'll be fun to have all the kids back. We do have some fun travel planned, hopefully with no disruptions to just to California to see some friends and family. So looking forward to a, a busy retail staffing time until Christmas Eve, and then a week off with the family thereafter. And how about you, Abbey, what are your plans to take some time off over the holidays?

Abbey

Well, I've got a lot of time in the kitchen doing a lot of holiday cooking ahead of me for my husband and my mom and my son, who will be celebrating the holidays together at home. All right, Kenneth, happy holidays, and I'll see you in the new year!

Kenneth

Same to you Abbey, thank you very much!