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BECOMING AN EVERYDAY INSURER

EXECUTIVE SUMMARY

THE EVERYDAY INSURER

For some insurers, up to 40% of their risk protection revenues could be at risk of disruption by 2020.

By offering services that are frictionless, hyper-personalized and enjoyable to engage with, digital disruptors have set high benchmarks for competitors in every consumer-facing business. This includes insurance—and carriers have a limited window in which to reinvent their businesses to meet the expectations of today's connected consumers.

Those that get it right have an opportunity to not only defend their legacy revenues, but also to create new revenue streams from data monetization and other services beyond insurance. Those that don't are at a growing risk of disruption by digital platform players and insurtechs that are fueling consumers' demands for solutions that are more seamless, relevant and gratifying.

Our models show that up to 40% of some insurers' risk protection revenues could be at risk of disruption by 2020. Carriers are at growing risk of disruption across distribution, operations, and risk assessment and claims because of three major vulnerabilities in their business model:

- Late positioning in the consumer's decision-making process;
- Low levels of interaction with customers;
- Lackluster customer experiences.

TAILORING EXPERIENCES TO CONSUMERS' NEEDS IN REAL TIME

A new business model is emerging that will allow insurers to address these weak points: The Everyday Insurer. Such an insurer uses digital interfaces like the Internet of Things, mobile apps and artificial intelligence to weave insurance into the consumer's day-to-day life and to gather data in real time that helps it better tailor its offering to each individual customer's needs and context.

An Everyday Insurer learns—and adapts to—customers' habits, likes and dislikes in real time, creating 'living services' that are engaging, interesting and indispensable to consumers. These highly personalized, on-demand services are woven into the fabric of everyday life—an experience more like those of Uber and Amazon than traditional insurance.

By transforming itself into an Everyday Insurer, a carrier could generate more than enough new revenue to compensate for those lost to market disruption. In addition to revenue growth, insurers that embark on this journey will be better able than their peers to strengthen customer loyalty, reduce customer acquisition costs, and increase profitability.

Moving to the Everyday Insurer paradigm will be an unprecedented rotation to the new for most insurers. The pace of change in the industry is such that carriers that do not get started now will not have time to catch up later. Those that mobilize their people and resources around the Everyday Insurer concept will be well positioned to compete in an environment where consumers are looking for simplicity, convenience and personalization from every customer experience.

CONTACT THE AUTHORS TO LEARN MORE AND RECEIVE THE FULL REPORT

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