



# Insurance news analysis

## Video transcript

**October 2022**

**Joanne Laffan**

**Content Marketing Lead—Insurance, Accenture**

Welcome to Accenture's Insurance News Analysis- October 2022 Edition. Hi, I'm Joanne Laffan and welcome to Insurance News Analysis with myself and Kenneth Saldanha, the global head for Insurance in Accenture. And we might just go straight into our first story. So Lemonade's CEO cited that the acquisition of Metro-mile, a pay per mile car insurance company, was driven by high-quality, sensor-driven data that that company owns, which can be distilled into business models which can accurately predict claims per mile. Do you see these pre scale insurers using precision data like this to leapfrog their competitors in the future?

**Lemonade, Metromile, EIS - "one of the best insurance deals in 2022"**

Insurance Business  
August 22, 2022

**Kenneth Saldanha**

**Global Lead—Insurance, Accenture**

I certainly do. I think, the acquisition in the first place to me also indicates a very important shift to lemonade as it continues to expand. It's been expanding geographically for a while. We're also seeing now an expansion across lines of business. Metromile takes them into telematics for auto in a much bigger way than they've been in so far. So I think the use of these kinds of sensor-driven data is something that we're going to see the insurtechs really leaning in on because as they pursue growth and as they start looking for what's the next horizon of their expansion, we're absolutely going to see ways in which they can bring the same underlying technology and the same underlying strategy, which is sensor-driven, streamlined process based on high quality data being applied across lines. So I think it's a great shift to see, you know, Lemonade, which has been one of the companies people have watched very closely on the homeowners and renters side now start to push the envelope on the telematics auto side as well.

**Joanne**

Right. And look, there have long been concerns about the carbon intense energy consumption of blockchain and cryptocurrency. With the advent of an Ethereum Merge attempting to combat this, essentially, what does it mean for insurers as they're trying to stay on top of both new technology and their net zero targets?

**Ethereum Merge: what it means  
for the crypto-currency industry**

World Economic Forum  
September 14, 2022

**Kenneth**

I think for us as we look at insurance very often, it's really not the direct impact of operations and insurance that makes the difference. In fact, as we've measured it from all of the sources we've seen, there's less than 5% of a carbon footprint or a green impact from insurance that comes directly from operations. Certainly, very few insurers are taking on payments and cryptocurrency at a scale that would have any measurable impact in the operation. Now, what does become interesting is the influence impact, which is that, you know, how do insurers actually create impact in this area based on where they invest their reserve capital and who they're underwriting? So I don't see the shift in how cryptocurrency is being mined and the green footprint of that being much of a direct impact at all for insurers. I think not only is that 5% of operations and it's a sliver, if anything, of that 5% today. But I do think what will be interesting for insurers, particularly as we talk about, you know, continuing to expand into the metaverse, continuing to look at what's happening with NFTs, etc., the impact of cryptocurrency is going to climb and it's going to start to become more and more part of this, if not direct operations, then certainly influence operations conversations. So I don't think it's a big step right now, but I do think as we watch what happens and what evolves in the metaverse with crypto, with NFT, with payments via cryptocurrency, I think we'll continue to see an increasing level of attention being paid to this topic.

**Joanne**

Perfect. And just as you mentioned the metaverse, what do you think are some of the early stage implications for metaverse on insurance operations and on their consumer and employee experiences?

**Kenneth**

Yeah, this is one where I always want to remind people, right? Insurance actually was out in front on this notion, particularly as it related to training and development years ago. And you had organizations, insurance companies that traditionally trained underwriters and adjusters based on walking them through burnt out buildings or looking at crashed cars. And it's been almost ten years that insurers began to use augmented reality to actually train people, train adjusters, train underwriters on cars, on on homes, even to have an agent take a virtual walk through a home to show insurers where the connections for their washer dryer come into the house and point out where they might be. You know, there'd be good value in testing whether you want to risk mitigation, water shut off at that pipe entry, etc. All of those discussions which used to be only possible by walking through a physical building, were moved into an augmented reality model years ago by insurers. So I do think that's going to be the first and natural extension of what we see in insurance for the Metaverse, which I think is also very common across industries, which is you focus in on training development as we work through this hybrid model for insurance in particular, that's going to be highly valuable when you realize you don't have to crash cars and burn buildings anymore to train anyone, you could do it all virtually.

We've also talked a lot about the impact of the shift towards risk mitigation versus risk indemnification. And one of the exciting ideas that that the metaverse allows us to do is this notion of physical twins. Right. The digital twins, sorry. So you actually take a warehouse or you take a manufacturing facility, you create the digital twin for that location, and then you can actually model and test out ways in which you could mitigate risk. And you can do that collaboratively with your customer. Right. And so I think it's a very different kind of conversation to say, you know, how can we actually very viscerally take someone through a risk mitigation scenario, show them what's possible? And I think that's the kind of thing we'll see more and more of. So I think we're going to see the progression from training and development into actually providing digital twins and talking about risk mitigation and using the metaverse as a tool. And then of course, as we talked about with the Ethereum conversation, eventually we do expect to see digital assets being insured in the metaverse. And that's certainly a place where insurers will play with some new products, right? There'll probably be more parametric products, which is sort of a, you know, determine value if something happens versus an adjudication of the value. But I do think we will see those emerge as well.

### **Joanne**

Very interesting. And at ITC last month in Las Vegas, Insurtech 2.0 emerged as a hot topic of conversation. And what does this mean for insurance companies and incumbents?

### **5 big ideas from ITC Vegas**

PropertyCasualty360  
September 26, 2022

### **Kenneth**

So maybe let's start by putting my view of what Insurtech 2.0 means and I'm sure there's lots of definitions out there. But to me very simply, we're talking about moving from Insurtechs being very focused on the experience at the front end, frankly, on the distribution side of insurance to Insurtech 2.0, which is now looking at the underwriting, the data, how is it that we're going to actually fundamentally change how we're protecting and underwriting risk? Right. To me, that's a massive change. It's also a somewhat expected change because to some degree for Insurtechs, who had been looking at use cases for certain technologies, in a way, the simplest and the quickest topic that catches your eye in insurance is why is it so hard to get a policy? Why can't I just make the experience easier? Why can't I make this feel like any other retail experience? So I think we saw a flood of focus on that upfront, you know, customer experience, the process of distribution or placement of insurance, which was also, by the way, a place where Insurtechs could actually pick up the pure commission, service-based income versus getting involved in the actual underwriting and risk capital.

Now, I think as Insurtech matures, there's a need to actually get past simply the experience and front end and get into the actual underwriting risk selection, pricing adjudication of the business. So I do think it's the natural evolution of Insurtech actually starting to have to test out new ground beyond the what I would argue is the sort of the obvious answer. Well, let me just make the experience better. So I think it's good news. I think anything that we see in the industry that moves us forward on more rigorous data, more rigorous use of analytics in the underwriting process, new approaches and technologies is a good thing for the industry. So I think it's a very positive thing to have Insurtechs and some of the investment dollars that flow into the industry focus on more than just the experience or the upfront distribution and commission income and start thinking about how do we use technology and these new approaches to truly get at the risk selection and pricing, the underwriting sides of the insurance industry.

**Joanne**

Great. Thank you for that. And then a new U.S. House committee report has found that there's little change in racial, ethnic or gender representation in the largest U.S. insurers between 2017 and 2021. From Accenture's work with the Black Insurance Industry Collective, what practices do you see that insurers can implement to ensure that inclusivity and diversity is promoted?

**Congress examines insurer diversity; results 'disappointing,' lawmakers say**

Insurance Journal  
September 22, 2022

**Kenneth**

Yeah, so I think that was a disappointing report, as you could imagine, for the industry as a whole. On the flip side, it is also somewhat to be expected simply because if you think about the time it takes to actually build a whole cadre of leadership into an industry, it simply isn't something that is going to happen over the course of, you know, three or five years. So what we are seeing right now, I would argue, is transplanting or highlighting. Take someone who's, you know, we're looking across the financial services industry, sometimes even beyond financial services, to make sure that we elevate leaders who we can to bring more diversity into the insurance industry. But it is actually, in a sense, cherry picking leaders who are in place right now, and there's very few of them and trying to elevate them. For the industry at large, that's difficult to answer because simply because it's well, it is a difficult topic, but it's also going to take a long time is actually raising what you see in the actual leadership development career path of an entire generation of cadre of leaders.

And so, you know, if you look at what Tony Stedman on our team is doing as part of BIIC, a lot of what we're doing there is actually working with new entrants into the industry, people who are coming into the industry for the first time coming out of our risk colleges or our actuarial programs. And it's actually seeding at that level the new talent and the new perspective in the industry. The issue, of course, is that's a long way away. We don't bring those people in to immediate leadership roles. They have to grow into them. So I do think it's the right answer. Unfortunately, it's the longer term and the you know, the more painful answer of actually having to take a whole generation of talent and build them through the industry, give them the exposure across different carriers, across different roles, across different risk types and functions. And that's what makes them a really powerful, well-rounded leadership set. So I think we're doing the right thing and at both ends of the spectrum, by elevating and making sure that we get the absolute most out of people who are currently in leadership positions. But I think the more important longer term answer is earlier in the funnel where we bring in these folks to actually lead the next generation of the industry.

**Joanne**

Okay. Perfect. Thank you so much for that, Kenneth. It's always great to get your perspective on the industry. Really appreciate it.

**Kenneth**

Nice to talk to you again. Take care.

**Joanne**

Take care.