



# Insurance news analysis

## Video transcript

**December 2023**

**Abbey Compton**  
**Global Marketing Lead—Insurance, Accenture**

Welcome to Accenture's insurance news analysis. I'm Abbey Compton back in the Chicago Innovation Hub with Kenneth Saldanha, Accenture's Global Lead for Insurance. Welcome, Kenneth.

**Kenneth Saldanha**  
**Global Insurance Sector Lead, Accenture**

Thanks Abbey. Happy to be back again.

**Abbey Compton**

Cindy De Almond, Accenture's North American Insurance Lead. Hi, Cindy. Hi, how are you?

**Cindy De Armond**  
**North America Insurance Lead, Accenture**

Glad to be here.

**Abbey Compton**

All right. And we have with us a special guest, Cory McAnelly, Assistant Vice President of Innovation Strategy at Principal.

**Cory McAnelly**  
**Assistant Vice President of Enterprise Innovation Strategy, Principal**

Yeah, thanks for having me. I appreciate it.

## Abbey Compton

So this is our 2023 year end review edition. So celebrating the end of another great year in the insurance industry, we all hope. You cannot talk about 2023 without talking about generative AI. It's been all over the news everywhere, across every industry. Kenneth, this is really an evolution of something we've been talking about for a long time. So what do you see as the takeaways that we can take into 2024?

### Generative AI expected to impact many different lines

Reinsurance News  
November 22, 2023

## Kenneth Saldanha

Well, I do think we've talked about lots of different technologies, lots of different solutions over time you know that are at play in the insurance industry. GenAI does feel like a different scale and a different level of impact. It is, as you said, an evolution of what's been happening, I would argue, in the data analytics space for insurance for quite a while, that we've seen all the way from descriptive to predictive, now to GenAI coming into play in what's happening in the industry and a lot of the solutions that are now in place, which certainly have had now—a natural language, a more interactive way, a democratization of how people can use this technology. But it is built on a number of things that have continued to evolve. So our analytics? Our standard AI, machine learning, image recognition. All of these solutions still are embedded in what is actually happening and what is now being maybe headlined as GenAI, but it includes in it a lot that's come before. So we're a little bit on the you know on the shoulders of giants with GenAI but there's been a lot that's happened in the past no question it's been a big change and certainly to your point of what do we see happening in 2024, I don't think it's going to slow down. I think it's going to be a continued acceleration, not just from the way the technology is evolving and we see the acceleration in releases of all the AI tools that are out there and the GenAI tools that are out there. But I think in it's in the industry's ability to absorb those changes and start to put them in play into operations across the board.

## Abbey Compton

Yeah. So, Corey, I want to bring you in on this question as well, because your experience as an IP attorney and in the innovation space, tell us what should insurers be thinking about that they're not thinking about?

## Cory McAnelly

Yeah, I appreciate it. And you kind of took a risk bringing the IP attorney into this, right. And thinking that you weren't going to get me out of here without taking the legal analysis approach to it. And so, you know, it's fascinating. I think there's two things I want to touch on. Something Ken kind of referred to first, which was, you know, the jury is still out, right? We're doing what you're doing—the remit here in 2023, kind of doing the look back. And when you look at Principal, help enable some of those folks in the enterprise data and analytics areas.

And you know, you're seeing, especially in the insurance industry, there's a lot in the near-term wins are in those internal process efficiencies. But when it comes to those bigger wins that we think are out there that we're projecting and you know, you're kind of they're kind of being teased in the hype cycle. We're not sure if it's hyper reality yet. I think the jury's still out on those. But the balance, I think, for organizations is finding, you know, the internal wins while you're also seeking the opportunity space is where the real is real when it comes to those bigger kind of evolution. As Ken said, evolution's using this technology and tool. So I love that the kind of approach that Ken took to it. Now on the IP side, and this is where I get excited, maybe overly

so, but you know, because that's my jam. But you know, I think it's interesting because it's not necessarily specific to the insurance industry, but there are a lot of interesting IP issues when it comes to GenAI. And I think typically, especially in the insurance industry, by way of analogy, we think of, you know, who owns the data going in or what are we pointing out. We talk about privacy, we talk about customer data tech, about the regulatory issues that we're all concerned about. And I think that's probably familiar to most of the viewers here and you as well. But I like to think of it from the ownership angle, Right. You know, who owns those things going into the Generative AI that are being used to train the Generative AI—who owns the outputs, right. When you take something that's, you know, a machine, you know, now you're talking about inventorship being at issue, right? A machine is actually taking this, you're pointing it at a data set and it's creating outputs. You have a question of, you know, rights to the inputs and ownership of the outputs, which puts us in a very fascinating place. And anybody who's watched kind of the headlines from a legal perspective is seeing a lot of challenges take place in these things tend to work themselves out in the legal system because right, wrong or indifferent, it tends to be the forum that allows people to come in and, you know, understand because copyright, things like that are, it's a gray area.

Right. You talked about the Warhol case, talked about Spotify years ago with what they did and putting all of the songs into Spotify and then kind of letting the legal system determine how much they take in and whether it was acceptable. And then it created a marketplace for it. And so I think we're going to see that actually happening. And by the way, this isn't a Cory hot take or anything. People are talking about this. So don't say, you know, this wasn't you heard it right here. You can hear this lots of places. But I think it's important to repeat because I think it's certainly a relevant issue. And the only other thing that I touch on from an IP perspective, which is fascinating, is as organizations develop new models right, you know, ownership, competitive differentiation, Right. What are you doing to protect those models if there is a competitive differentiation? And really, I think, again, there maybe this is something that doesn't lend itself with the pace of change. We talked about this before off camera, but with the iteration of change in the technology, maybe this is just something you just have to keep staying ahead of the curve and iterating on, which will be fascinating to see where does that innovation come from? Is it inside companies? Is it outside in the innovation ecosystem? I think that's all interesting for the insurance industry to kind of keep tabs on.

### **Kenneth Saldanha**

Yeah, I think it's great that for once, the statement "I'm really excited about insurance" has been pipped by "I'm really excited about IP" that's, I'm sorry I got stuck on that.

### **Cindy De Armond**

In insurance, it's a game changer that you heard right here that you carry out. So yeah, I do think what's interesting, we spent the day talking about this with a bunch of our clients in our Insurance Leaders Network. I mean, the pace of change around the technology almost makes this a completely different issue to solve for. This isn't like we're looking at, you know, records and how we were dealing with models and who owned the model. This changes tomorrow and it's going to change again next week and it's going to change again next week. So what is the model from owning IP that continually evolves where we have to have data lineage to show the history of everything going forward? Or do we just think about it completely differently to your point?

## **Cory McAnelly**

Yeah, and I, I think the jury's still out there, too. And then this kind of melds a few topics to your point that we talked about earlier today. But I think organizations have to ask themselves and kind of do an inspection in the industry maybe as a whole, but certainly organizations to say are the conditions right internally for the the bigger advancements that need to take place? Are we able to make the advancements and the leaps on the time frame just given internal operating conditions that organizations, large organizations have?

It's not a criticism. It's just I think we need to be honest about the operating system and ask, is that where we make that change? And then to your point, if you're not developing those internal, wholly owning those internal differentiators, you're out there in the marketplace shopping where everybody else is. It makes it an interesting dynamic. Am I getting the right one? Am I getting the best one, which is an innovator who's charged with looking at that ecosystem and finding the right one? That excites me. But that's kind of the nature of innovation. So it'll be interesting to see how it plays out.

## **Abbey Compton**

Yeah. So another way in which 2023 stands out is it is on track to be the hottest year on record. And we've talked many times about the impact of rising global temperatures on really across the spectrum of insurance, from life insurance and disability to worker's comp to property damage. So Cindy, let's get your perspective on this. How are insurers dealing with this new reality?

**2023 is about to smash the record  
for the hottest year**

AP News  
December 6th, 2023

## **Cindy De Armond**

Yeah, So I think I mean, it's a good question. We talked about a little earlier this year too. The climate change question or how hot is it going to get? How hot is it going to get? How many more wildfires are we going to have, like the predictability of claims is fundamentally changing. We spent years and years and years looking at historical loss patterns and data, and now we're seeing all these spikes of anomalies, whether it's due to climate change. Yes, climate change is driving this. What do we do about that or is it what can we do from a from a risk management perspective? Do we start withdrawing coverage in states we've talked about that like do we just not right in a state that's not a model that doesn't fix anything, that might help an individual situation, that's not addressing the situation we have. Do you start restricting coverage? Do we start rating differently? Do we have new named climate change storms or storms or wind and rain, etc.? "What are you going to do about it?" is a question we're enough to figure out. It's probably all of those things. It's going to be about risk. It's going to be about new models. It's going to be about coverage limitation and coverage adaptation. And it's probably going to be about carriers figuring out where are they going to invest their time and money. And it's probably going to be around some sustainability component as well. Like do they start in making investments in sustainability companies? Do they start focusing on insurance companies that are focusing on sustainability because those ultimately all should impact these patterns in historical trends that we've seen that are changing so dramatically, No one size fits all, unfortunately. And I think we'll have a number of scenarios that we'll start looking at to see what will the new entrants do in the market.

Will it be an insurtech? Will it be a start up, will be somebody that's got a a niche product that's going to help where the traditional carriers don't want to be involved because they can't really address the risk implications and so I think it'll be a combination of those as well.

## **Cory McAnelly**

Yes, Cindy, and that's where my head went with the question, because, you know, looking at the startup ecosystem that's out there, you're starting to see that already. You know, what can you know, and it's kind of geo targeted right now for those places where you see that that kind of high rate of change and impact from some of those climate related issues, you know, coastal areas in particular. And what you've seen, at least what I've seen in some of the, you know, pitches and then the new cohorts, the new ideas that are coming into the front end marketplace are really around targeted new ways of looking at thinking about insurance in that space. And and again, that goes back to maybe, you know, the traditional way of thinking about underwriting those is not going to be the solution long term. And so I think keeping our ear to the ground in that external ecosystem is going to be really important because that might be where the next new innovation or way of tackling those problems comes from.

## **Cindy De Armond**

I mean, I'd be remiss if I didn't tie back to GenAI at some point as I feel like, I mean, of course that's where we're going. So when we start kind of talking about the next iteration of I mean, this is where we're going to be like, how do we start working on the predictability, creating and new predictions for new risks and new events. They're going to take place not just looking at historical data like we traditionally have.

## **Abbey Compton**

So travel is back and not just because it's the holidays. Insurance Business expects that the travel insurance market is going to reach 40 billion by 2027. That's at a 16% CAGR. So kind of is this the same travel insurance product that we saw pre-pandemic or is the industry really innovating in order to help customers mitigate travel risk?

### **Rising tourism drives travel insurance market forward**

Insurance Business  
May 1, 2023

## **Kenneth Saldanha**

So I think this is an interesting juxtaposition, Abbey, about some of the other things we've talked about, which are all about new risks, innovation, new tools, etc.. Right. My take for this for travelers is that the travel product itself isn't really changing. It's a very simple product. It's an attractive product for carriers because it's got a low capital requirement. It doesn't have a long tail attached to it. It's something you can ride up and down based on how much you want to see in your book of business. So it's got a lot of attractive features as a core risk. It's also a relatively simple product. And so certainly our conversation about the climate change and sustainability is a little bit in sharp contrast to saying we're going to be flying around the world at, you know, 16% CAGR. So that's going to raise its own issues. But I think from a travel insurance perspective, I think carriers will continue to absolutely write into that space. But you've got an uptick in underlying demand and a simple product that has a lot of very attractive financial features. The interesting thing about travel, I think, is that as opposed to talking about GenAI and all kinds of fancy tools and technologies, travel insurance is a very rules-based product that could actually be very simple to deliver with a lot of the ability that has been around for a while to use external data. You can you can find out if flights have been canceled. You can find out if there are storms coming that are likely to cause your flight to be canceled. So at the simplest level, I think we're going to see certainly an increase in underlying demand. Carriers, I think as they look for diversification into simpler, low capital intensity products are going to certainly pursue it. And the fact is that the operational side of delivering it well has been around for a while and I think we will see carriers

continuing to actually drive those improvements with all of the solutions that have been around for a while and maybe a few more. But I think it'll be an interesting place as an expansion on, for example, what we see in why voluntary and supplemental simple products are spiking in health, right? Another place where lots of underlying demand is increasing on the health and life space. But for those simpler supplemental products that don't come with the long tail and the long capital requirement with it. Right. So I think it'll be an interesting growth area for the industry.

**Cindy De Armond**

I think it'd be great to see one carriers kind of get better at the proactive nature. To your point, we have data. We know there's been a flight canceled notifying the people you've purchased travel insurance and I know where you are. And here are three hotels that are nearby waiting for you. Pick one. That's going to change the expectations of the consumers. And then the carriers are going to have to change their game to make sure they're all providing that level, because I don't, I don't think you're going to be able to compare and contrast. Right. You're going to have to all be at that level of minimum entry.

**Cory McAnelly**

It's not really a passive product. Right? In order to be differentiating, you're going to have to to Ken's point, it's been around and the fundamentals are there. Technology is only going to make it more enticing. How are you going to differentiate your product in the market? And it's that upstream value proposition before the event even happens, which we can do or theoretically should be able to.

**Kenneth Saldanha**

And that would be one of the ways I think, Cindy, in terms of reinventing that product in the marketplace, right? There is a little bit of the sense of, you know, are you going to really get your money back if travel insurance has some of the same baggage that retail warranties have, right? If I buy this thing, what am I going to get for it if, in fact, you actually take that very proactive view to say "we're going to actually reach out to you", it does change the profile of the product and it does raise consumer trust in it. And and that's going to be a very substantial uptake in I mean, personally, I'm very skeptical when I see a travel insurance offer because I'm never quite sure whether it's going to be there.

**Cindy De Armond**

Do you buy it?

**Kenneth Saldanha**

I do not.

**Cory McAnelly**

I bought travel insurance before one time, and it paid off because it was in late 2019 for a trip in mid to early 2020.

**Kenneth Saldanha**

I know. Yeah. And the one counterbalancing factor on the underlying demand is that most airlines have, at least for right now, taken out the change fee. Right. And that's a major change in the economics of what it takes to move your travel plans. Right. So there are some mitigating kind of dampening factors that are being driven in the space. But I do think in stark contrast to some of the other topics we've talked about, this is a traditional attractive product that's facing a uptick in demand. And I'm sure we're going to see carriers chase it.

## **Abbey Compton**

We can't really talk about 2023 without also talking about crypto. So it was this time last year when we were sitting here talking about how FTX had just gone through a major kind of meltdown and, you know, really we've seen all of a lot of things play out over 2023. So Kenneth what do we think?

**FTC warning: no crypto is FDIC insured, period**

Cybernews

November 15, 2023

## **Kenneth Saldanha**

So I think we talked about this last year and earlier this year saying, you know, I think the insurance industry, we tend to take a long view and a conservative view and we like to see things play out before we jump in. Right. And I think we talked about in the metaverse. So we're going to start creating insurance products so you can protect your virtual products in the metaverse. Right. And now you're going to start writing insurance for your NFTs, etc. Right. And I think happily at the time, we were sort of not that excited about it. And I think that's actually played out right. I think, in fact, there's increased concern more broadly felt now about what are these things? And certainly no one jumping up to say, well, we're not quite sure we understand them, but we'd like to insure them for you. Right. And so I think I haven't seen the insurance industry happily make an enormous leap into crypto or into NFTs or into any of that. I do think even the metaverse conversation has remained an effective conversation for training, for employee engagement, but it hasn't necessarily sort of blown up the industry, right? So I think I would say the insurance industry correctly took a more measured view of what was going to happen in crypto, and I think it's been to our benefit.

## **Cory McAnelly**

I think that's true with all these technologies we're talking about, right? Whether it's the use and deployment, you know, embedding those in the actual way we do business. Or to your your point about the finding new opportunities for products in those spaces, you know, even when we're talking about GenAI, where are we in the cycle of that? You look back at crypto, you look back at Meta and you think, gosh, you know, maybe it's okay to just pump the brakes and think about the ways that we could maximize value at this point, early stage internally, But don't be caught flat footed, right? Be thoughtful, be prepared about what those opportunities are and maybe be, you know, let that external ecosystem play around with a few of those opportunities. But the don't bet the farm necessarily because you could be in a position where a year later we're in review looking back last year saying, you know, what were some people thinking maybe so we don't wanna be those people.

## **Cindy De Armond**

You don't want to be the topic of this show. Our goal is to not be the topic.

## **All**

Yeah. No, no, nothing said here. Don't speak of that. Right. Right. Yeah.

## **Abbey Compton**

Yeah. All right. Well this is the end of the year and time for giving thanks. So I want to thank all of you for joining us. And, Kenneth, the holidays are always an exciting time for you.

**Kenneth Saldanha**

I am back on the inventory grind. The toy stores are doing well and I will continue to work my weekend job at Kiddy Wompus. Absolutely. All right.

**Abbey Compton**

And Cindy, you want to tell us what you have planned for the holidays?

**Cindy De Armond**

I don't have a ton of things planned for the holidays. I am planning to stay in because I'm planning to do some travel in the spring. So I'll make it back to London to see my daughter again and I will rest up over the holidays.

**Abbey Compton**

Good plan. Good plan. Corey, what do you have?

**Cory McAnelly**

Yeah, I have a four month old baby, first in the family, so excited to see him enjoying, experience as much as a five year old then can, the holidays. But very excited for that first experience, excited for the fact that this episode of this show is going to get more likes, subscribes and follows than the episode that Bruce Henschel did last.

And you can go watch that, but only watch that if you click on this one twice. My gift to Bruce, if you know Bruce, he was one of my mentors and colleagues and friends, is to make sure that this episode outpaces his—that is you the viewers' gift to me this holiday season.

**Abbey Compton**

Thank you for joining us for another great year of insurance news analysis, we'll see you soon.