



Insurance news analysis

Video transcript

December 2022

Abbey Compton
Global Marketing Lead—Insurance, Accenture

Welcome to Accenture's Insurance news analysis, year-end edition. I'm Abbey Compton, Global Marketing Lead for insurance at Accenture. Joining me as always is Kenneth Saldanha, Accenture's Global Lead for insurance. Hi Kenneth.

Kenneth Saldanha
Global Lead—Insurance, Accenture

Hi. Good to see again, Abbey.

Abbey

And great to see you. And we have with us two very special guests. We have Cindy De Armond the North America Insurance Lead for Accenture's insurance practice. Cindy, welcome.

Cindy De Armond
Insurance Lead—North America, Accenture

Thank you. Thanks for having me.

Abbey

Pleasure, and back again by popular demand, Jim Bramblet, the FS Midwest Lead at Accenture. Welcome Jim.

Jim Bramblet
Financial Services Lead—Midwest, Accenture

Thank you. Thanks for having me back.

The spectacular fall of FTX: Considerations about crypto custody and insurance

Insurance Journal
November 15, 2022

Abbey

Alright. So it's been an eventful year, 2022, and we've got a few things we wanted to talk about. First, it's been a tough time for crypto. With the bankruptcy of FTX, Insurance Journal ran an article by an attorney who said that really any investor who has a substantial crypto portfolio really needs to understand two things. One, who has custody of their coins and two, whether that wallet is insured. So as the universe expands, are insurers really taking this up, Kenneth, what do you think?

Kenneth

Yeah, Abbey, I think insurers are taking this up. I think that insurers have taken this up. I think one of the most common products we see on the metaverse with cyber is the expansion of a personal lines cover to what you have in the metaverse. So we haven't, I would say we haven't gone as far down the path into covering NFTs and digital assets as much. But certainly, we do see is the exposure of cryptocurrency being covered through a cyber policy that protects you from essentially being hacked, losing your assets.

Abbey

So Cindy, we were talking earlier. You had some thoughts on how this might actually expand into some other existing lines of business.

Cindy

Yeah, I think the point about the metaverse and cryptocurrency and looking for cyber is a great point and it is growing and evolving. I think the more traditional insurance is also evolving in similar ways. So in personal lines, homeowners insurance, you might start seeing more cyber coverages within home insurance to cover all of the devices you have in your house that could have a data leak or a data breach. Computers, the TVs, streaming, whatever it might be, those will probably become more traditional cyber offerings in a product. I think we'll see, I think we'll see growth on both ends.

'Totally devastating': New threat to Australia's live music industry

The Sydney Morning Herald
October 15, 2022

Abbey

In 2022, we really saw demand for live events come back, really in force and almost unprecedented. And we saw some safety hazards. For example, the Champions League tournament in Paris with fraudulent tickets and the crush of people and the safety concerns that surrounded that. Then very recently with unprecedented demand for Taylor Swift tickets and all the customer frustration that caused. What do we see happening with the insurance implications of this? How is this unprecedented demand, this great interests in live events, changing risk models. Kenneth what do you think?

Kenneth

I think on the ticket sales and on the fraudulent tickets. I don't think of that as an insurance issue as much as I think credit cards, fraud on credit cards have traditionally always provided that cover already, right? So if you have purchased the ticket with one assumes a credit card, I think that that the issue with having been part of or have been subject to a fraudulent transaction, I think will be continued to be a part of the credit card financial services that they offer to their consumers.

Abbey

Jim, what do you think?

Jim

Yeah. Well, I think first of all, I'd like to know who I can call about the 8 hours of angst that the Taylor Swift cause to my household with my 16-year-old daughter and all her friends. So if there's a hotline that I can call to be reimbursed for that, that'd be great.

Abbey

We'll let you know when we find that.

Jim

I mean, I think Kenneth's right. I think, you know, the mechanisms that are in place for purchasing those tickets. I think those structure exists in other financial services institutions. What comes to mind for me is warranty products that we see in electronics or travel or things like that. Those are meant to cover, like physical laws are meant to cover the fact that you can't take a trip, right? And I think with, with tickets themselves, if you can't go to the concert, you still have the mechanisms to sell the tickets. So I agree with Kenneth. I think that I think the mechanism exists somewhere else in financial services. I think the popularity of live events, I think as you look at, as you look at traffic and as you look at the risk of those events, I think traditional commercial cover, we'll we'll handle those.

Florida developers are holding off on big projects as insurance costs surge

The Wall Street Journal
November 29, 2022

Abbey

So hurricane season 2022 has officially come to an end. Not too soon for the people who are still dealing with the damage, cleaning up home owners and residents are still dealing with quite a lot. But it's also creating some headwinds and builder's risk. Builder's risk insurance is up 30%, premiums are up 30%, and for condos, it's quadrupled. So, Kenneth, are these price hikes here to stay?

Kenneth

I think Abbey some of them are and others aren't. I think certainly right now, what's really driving the cost of construction is heavily influenced by the inflation and the supply chain issues. And so builders risk policies are reflecting that increased time and increased cost of construction in the premium structure. That I think is I wish we could look at the crystal ball and see when is that going to go away. But that is a more transient or cyclical event. But as supply chain and inflation pressures change, so will that pricing. What I don't think is

going away is the change in codes and in requirements for what builders have to do to build in Florida. Because as we continue to see major discontinuities and climate patterns and in the loss experience, I think there's actively change is being put in place for how you have to build safely in Florida. Now those actually represent a sustained change into what's going to have to happen for builders in that space. I think that's a portion of that change in pricing that we're seeing is going to stay while the supply chain and inflation will fade away. Most importantly, I certainly hope you're right that the hurricane season is over because it hasn't been that stable to predict exactly when that's going to happen, right now.

'It's a work in progress.' How Covid has changed the life insurance marketplace

CNBC
December 1, 2022

Abbey

We now have three years of data on COVID-19. And that is feeding into a variety of underwriting decisions that are being made across life insurance, disability, worker's comp. But some of the industry are saying three years is not enough. We're going to need five to ten years to really understand the risk. So what do we think? Do we still know what we don't know about COVID-19? Jim?

Jim

Yeah. I think if COVID has taught us anything, it's maybe not to assume we know. So I think we don't know what we don't know. And I think there's probably a few reasons for that. If we think about the longer-term implications of health, longevity, morbidity, I don't think we know a lot about how COVID really impacts people. I don't think we know how much of the population has been impacted, how many times? Efficacy of vaccines. I think there's a lot of open questions. So three years, in my view, clearly wouldn't be enough if we're five or ten years out, we will know more than, I would hope so. But is that the is at the end and is there gonna be certainty? I'm not sure. So I think three years probably definitely not enough. Five to ten, we'll know more, but is that going to be the end of the story? I'm not sure.

Abbey

Cindy, what do you think?

Cindy

I mean, I totally agree with you on the health front. I think when you think about the more traditional insurance and commercial insurers, the way we work, where we work, how we work, the hours we work—that has all changed. Those are facts now. So insurance is reacting to the facts that many of the dimensions of the work-life balance and ways of working is different. So I think we've already seen those implications through new models and new risk exposures. I think they'll continue to evolve, but I don't think there's a five-year trend we have to get to to know those facts that are changing the dynamics of the risk and the individual worker and the cost. It's going to cover the cost it's going to take to get these workers back to work.

Abbey

I want to thank you all for coming today and sharing our last insurance news analysis of the year. And as we head into the holiday season, I hope everybody's gonna get a little time to do something you enjoy. And Kenneth, let's see, are you gonna be Santa's helper again this year?

Kenneth

You know, the holidays are tough run for me right up until Christmas day, given that I'll be switching to my retail job and working for Kiddywampus. And what's worse is my performance trajectory, apparently, according to Amy, has not improved in the last several years. So I think I'm still working inventory and back-end gift wrapping. I don't think I'm allowed to talk to customers this year either. So I think that's what I have in store for at least up until Christmas. Thereafter, I am looking forward to some time off with the family in New York.

Abbey

Well, maybe she can put you on a performance improvement plan. Jim, what do you have in store?

Jim

Well, first of all, I just watched Elf, and that comes to mind immediately is Kenneth talks about Santa's Helper at Kiddywampus. We don't have anything planned, you know, I live in Chicago and there's no better time to be in Chicago than in the middle of winter for two weeks while you could go somewhere else, but we're gonna be home. My son will be home. He's a freshman in college. He will be home for a full 30 days. So we'll see how that goes. But yeah we're planning to stick around.

Abbey

I'm sure it'll be nice to have him home.

Jim

It will be, yeah.

Abbey

So Cindy, what do you have planned?

Cindy

So similar, My daughter is a freshman, so she'll be home for a full 30 days. So I will become a line cook pretty much all day long. Shopping and cooking for all of the kids that are home on home on vacation for Christmas break. But otherwise, I think we're gonna be staying at home as well. I'm totally fine with that. I'm happy with the break.

Abbey

I too have a lot of holiday cooking in store for me. With my husband and my mom and my son and all of the great things that I get to do when I'm home with my family.

Kenneth

Excellent.

Abbey

Alright. So thank you all, and thank you for joining us, and we'll see you next year.