
DIGITISING THE CLAIMS PROCESS: 1 (OF 4)

Mind the Gap!



The recorded voice rings out repeatedly whenever a tube train pulls into Bank station on the Central line: “Mind the Gap!” And the words typically echo in my head long afterwards, lingering throughout the day.

Those same words also spring into my mind whenever I hear about the latest large insuretech startup. Or a major internal investment in technology by an Insurance company. Or an insurers’ allocation of significant resources to setting up a new digital strategy.

At Bank station, the gap is caused by straight carriages halting at curved platforms: be careful not to slip into the gap between, when alighting or boarding.

“Mind the Gap!”

What Gap?

So, what is this gap I see, in the context of technology and insurance, where investment or growth is involved?

It's not just one. There's actually a range of gaps that strike me; gaps between:

- what can be achieved now (or soon) - and what might come one day (maybe), or never (for sure)
- solutions that are technologically achievable - and those that are also commercially viable or worthwhile (just because you can, doesn't mean you should)
- realistic ambition (at least within a meaningful timescale) - and fantasy (even going as far as misdirected group-think along the lines of the "Emperor's New Clothes": collectively perceiving things that simply are not there)
- legitimate seed corn investment (or discovery learning) with anticipated (and statistically justifiable) rates of attrition - and blindly following the herd (solely from fear of being left behind or even of being so perceived).

"So What?"

All this matters. Not least because of the sums of money involved. Even a small percentage reduction in the financial impact of the gap is significant.

"Insuretech start-ups have received more than \$18billion in funding to date."

- VENTURE SCANNER DATA

It matters because it's accelerating. Every moment of delay in addressing such gaps compounds their impact:

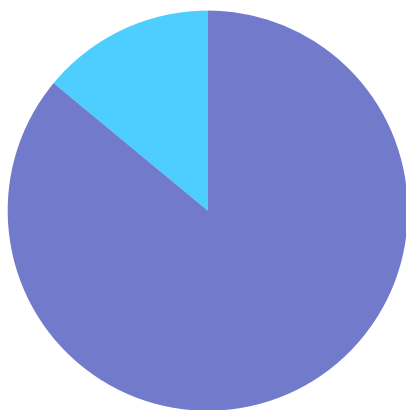
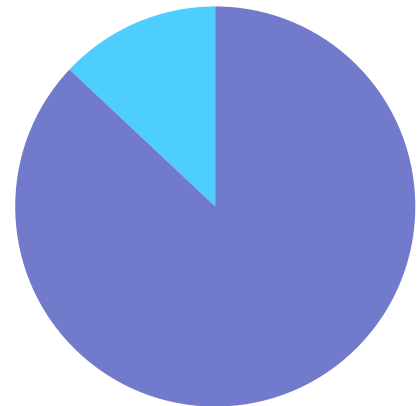
"The number of insuretech deals has increased at a greater rate in recent years, reaching 216 in 2016 from 140 in 2015 and 102 the year before that."

- CB INSIGHTS DATA

The gap matters because of the importance that our sector itself ascribes to the impact of technology.

“87% of insurers agree that technology is no longer advancing in a linear fashion but rather at an exponential rate.”

- TECH VISION FOR INSURANCE REPORT

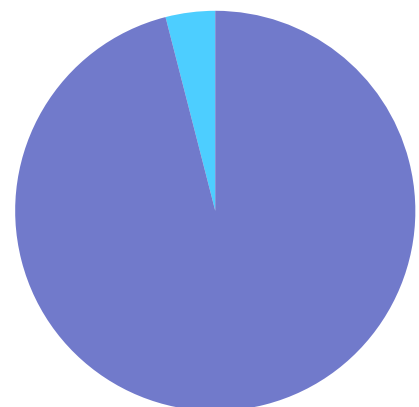


“86% of insurers believe they must innovate at an increasingly rapid pace simply to retain a competitive edge.”

- TECH VISION FOR INSURANCE REPORT

“96% of insurers think that digital ecosystems are having an impact on the insurance industry.”

- TECH VISION FOR INSURANCE REPORT



As the Financial Times recognises, quoting François Robinet, chairman of Axa Strategic Ventures, the gap matters because the insurance sector knows it is lagging behind comparable peers.

So there must be money to be made, somewhere:

“Some of the world’s biggest insurers have committed more than \$1bn to investing in technology start-ups as the industry attempts to play catch-up with other parts of the financial services sector and boost profitability. European insurers such as Axa, Aviva and Allianz, along with MassMutual and American Family in the US and Ping An in Asia have all set up specialist venture capital funds dedicated to investing in start-ups that may be relevant for their core businesses.

“We’ve been investing a lot in digital and encouraging people to be innovative, but it is also important to capture innovation externally,” says François Robinet, chairman of Axa Strategic Ventures. Data have been a big focus for investment.

“Big data is a buzzword that is thrown around a lot,” says Mr Robinet. “As an insurer, all we create is data and a lot of energy has gone into using it better not just to drive customer centricity but also to underwrite better.”

- FINANCIAL TIMES

“Where Next?”

Of course, identifying such gaps is useful, but only goes so far. It is akin to going to the doctor feeling unwell, only to hear at the end of the consultation “You’re sick.” Then being told: “And you’re going to get sicker.” If you accept that insurtech and technology within insurance companies internally is only going to grow: those gaps are turning into a chasm.

“In the next article, I will look at “Bridging the Gap,” exploring how we at Inter-est are helping insurers deliver change (and RoI) today, without compromising their options tomorrow. “Future thinking today,” we like to call it. “Having your cake and eating it” would fit equally well.”



Michael Nixon is CEO of Inter-est, the “Claims Accelerators”. With sector-changing technologies for vehicle damage triage, assessment and estimating, and repair scheduling, Inter-est are transforming the motor insurance sector, digitising the claims process. Technologies deployed by Inter-est include AI, mobile apps, management information analysis/prioritisation and workflow optimisation. Painted on the wall of their offices is the rallying cry: “Know More. Sooner. Share It.”