



## Session 12: Enterprise Challenges and Opportunities of Collaborations with InsurTech Companies

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# Enterprise Challenges and Opportunities of Collaborations with InsurTech Companies

Anthony Dardis  
Awa Koné  
19 APRIL 2018



# Presentations Link

<https://docsend.com/view/j72kzb3>

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# Agenda

**1** Introduction to InsurTech

**2** Opportunities of Collaborations with InsurTech Startups

**3** Challenges and considerations when collaborating with InsurTech startups

**4** Lessons Learned

# Macro-economic forces are driving significant changes within the industry



## Evolving Customers Expectations

- Simplified Distribution
- Faster & more convenient interactions
- Increased Engagement



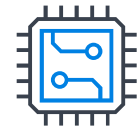
## Low Interest Rate Environment/Changing Regulatory Environment

- Interest Rates have been persistently low
- New regulatory regimes: PBR, IFRS17, NYDFS Cybersecurity Regulation



## Technological Advances

- Big Data/Data analytics
- Innovative Underwriting methods
- AI, Genomics, Robotics, Blockchain, drones

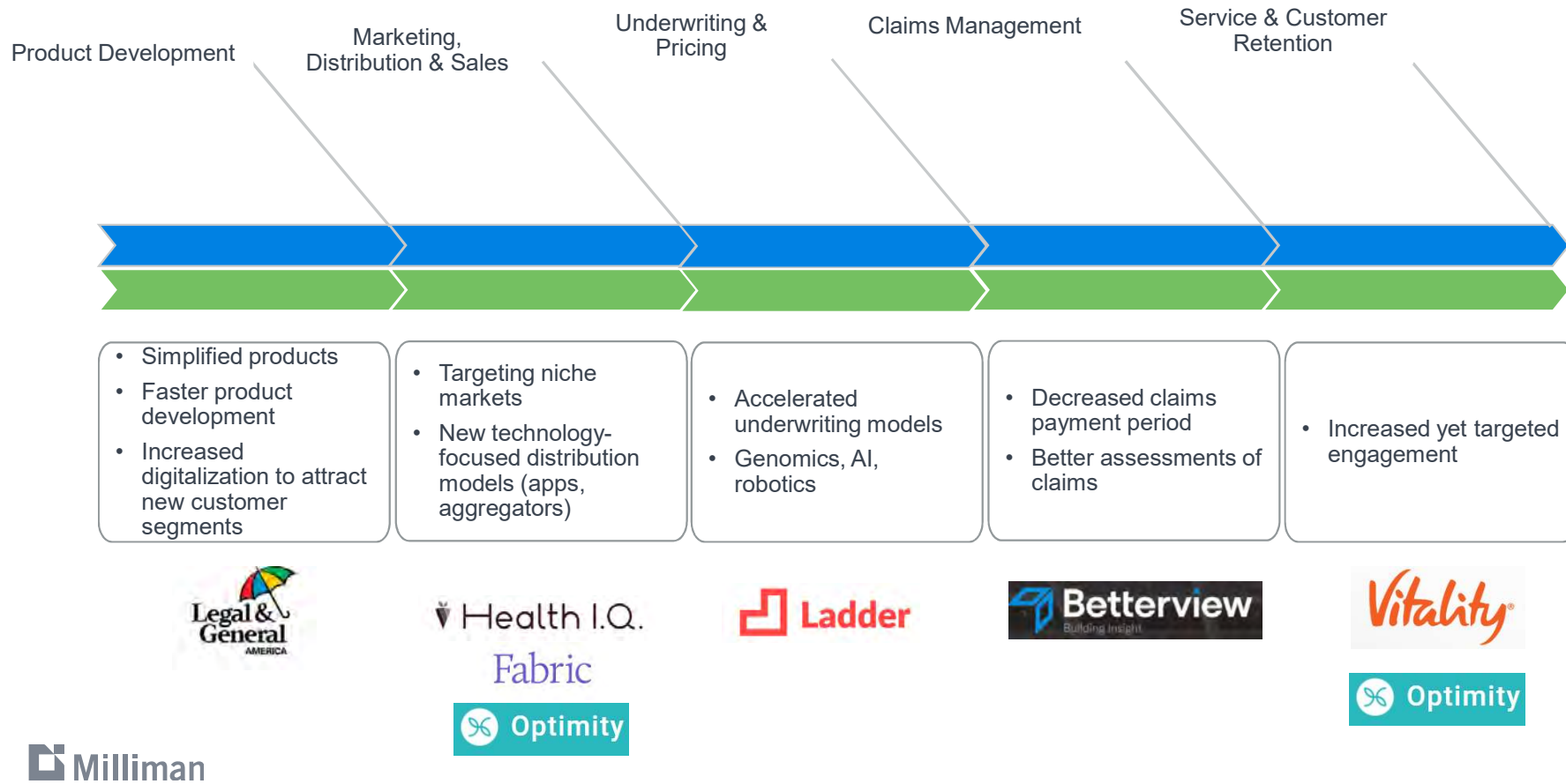


## InsurTech Startups

- Intersection of technology and Insurance
- Fueled by Venture capital
- Target niche segments

Incumbents are forced to rethink their business models in order to remain relevant and capitalize on growth opportunities

# The Changing Insurance Value Chain



# InsurTech Overview

## Investment Trends

- **\$11B** invested in total
- **\$4B** invested in Life & Annuity Startups
- **700** Funded startups as of March 2018

## Funding Status

- Majority of startups are unfunded (60%)
- About a quarter are at different stages of funding (24%)
- Less than 10% of acquisitions (8%)

## Nine Known Unicorns

- Squaretrade, SF – \$1.4b in 99
- Oscar, NY – \$2.7B in 2012
- ZhongAn Insurance, Shanghai -- \$11B IPO in 2016

## Fast Growth Industry

- 26 Deals in 2011 to 118 in 2015!
- 120 Deals as of Q3 2016

## Global Phenomena

- US ~ 40%
- Europe ~ 20%
- Asia ~ 14%
- Rest of America ~ 5%
- Africa ~ 2%

## Robust and Diversified Investors

- Accelerators
- Venture Capital
- Corporate Ventures and Insurers/Reinsurers



# Agenda

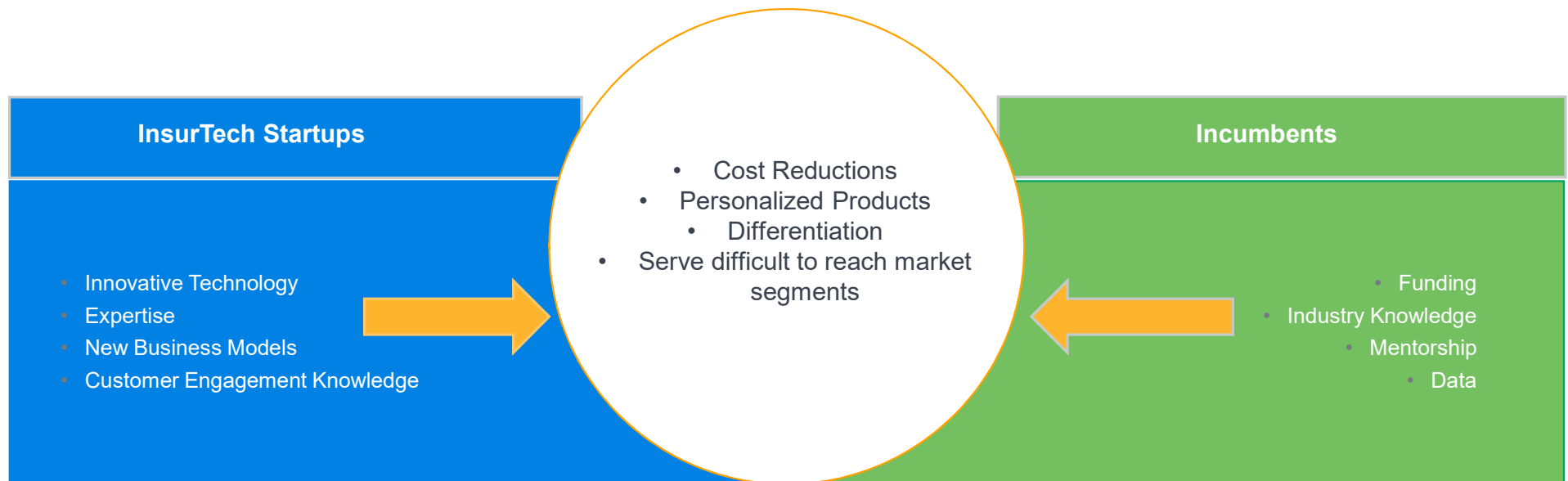
1 Introduction to InsurTech

**2 Opportunities of Collaborations with InsurTech Startups**

3 Challenges and considerations when collaborating with InsurTech startups

4 Lessons Learned

# Opportunities of collaborations with InsurTech Startups



# Key models used by insurers to drive innovation

## INCREMENTAL INNOVATION

## DISRUPTIVE INNOVATION

### In-House Innovation Lab

### Ecosystem Engagement

### Alliances/ Partnerships

### Corporate Venture Capital Funds

### Venture Build

### Mergers & Acquisitions

Teams mandated to change an organization's internal culture by working with startups or creating new digital capabilities.

Teams directly engaged with accelerators / incubators to identify / interact with startups by leveraging open innovation/ R&D principles.

Teams focused on identifying startups for partnership purposes. Will provide capital and work on projects to integrate capabilities within.

Investment team supported by an investment thesis invest in third-party businesses to achieve financial returns.

Dedicated team works with external innovators and entrepreneurs to up-scale businesses and create new capabilities.

Internal M&A team mandated to identify acquisition ready businesses to grow, enhance internal learning or develop new strategic capabilities.

**AVIVA**  
Aviva Digital Garage

**MetLife** | **lumenlab**

**AXA** | **kamet**

**XL CATLIN** | **XL INNOVATE**

**ZURICH** | **ERGO** | **Munich RE**

**Swiss Re**

**tal anx.** Insurance. Investments.

**Allianz**

**ADMIRAL GROUP plc** | **TRAVELERS**

**THE HARTFORD** | **Cigna**

**Baidu 百度**

**众安保险** ZhongAn Insurance

**trōv**

**BOUGHT BYMANY**

**simpleinsurance**

**AXA Strategic Ventures**

**anthemis | group**

**exponential**

**XL Innovate** | **Munich RE**

**AVIVA**

**Manulife**

**AMERICAN FAMILY VENTURES**

**MassMutual**

**Haven Life**

**lumenlab**

**VITANA** | **BerryQ**

**AVIVA**

**Luther Systems**

**Digital Risks**

**LIVERPOOL VICTORIA** | **WealthWizards**

**TRAVELERS** | **Simply Business**

**Allstate** | **square trade**

**Willis Towers Watson** | **LIAZON**

**Startupbootcamp**

RAINMAKING

note: Most likely models currently deployed in the market place.  
Source: Sabine VanderLinden, Startup Bootcamp London

# Agenda

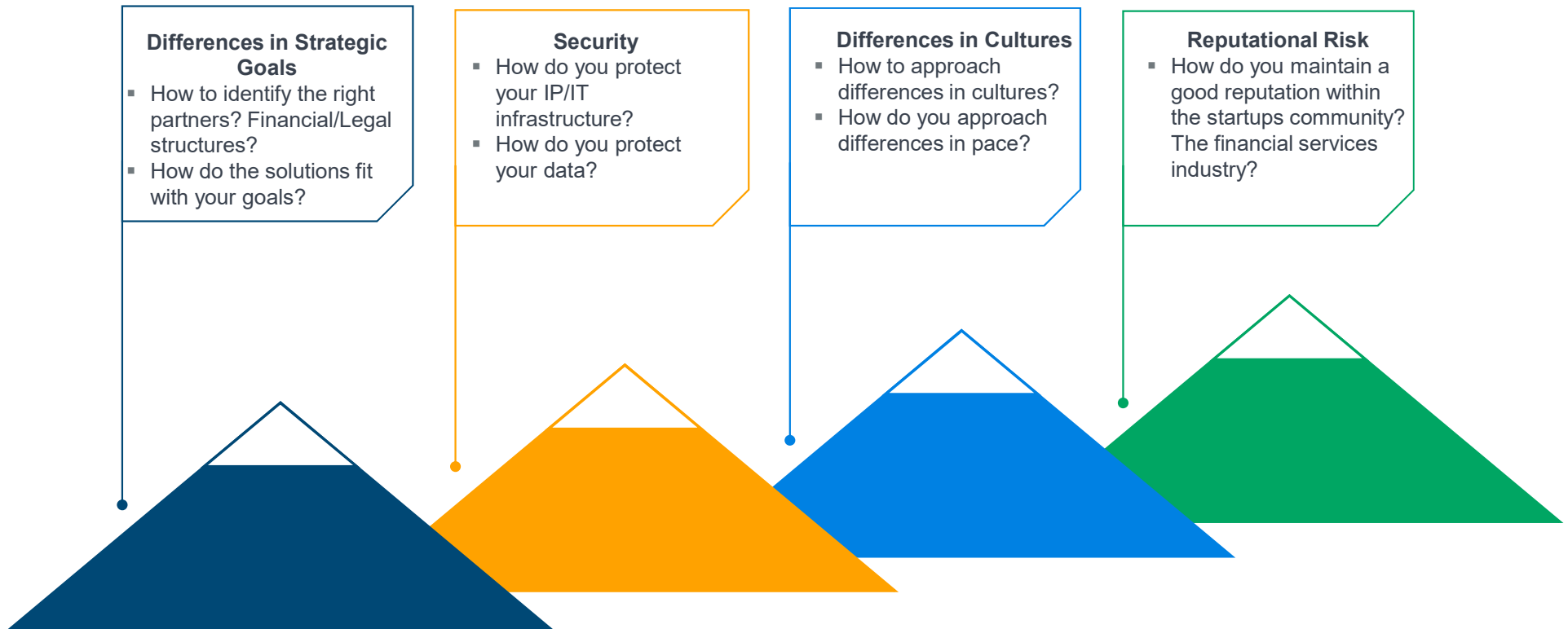
1 Introduction to InsurTech

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# Risk Management Challenges when collaborations with startups



# Crucial considerations when collaborating with startups

## ▪ Strategic Planning

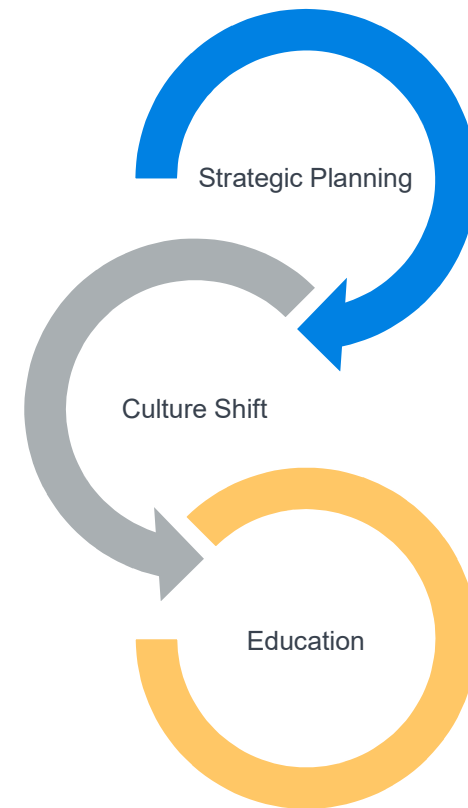
- Understand your core | Understand your needs/goals
- Understand the required buy-in from key stakeholders
- Determine the appropriate collaboration model

## ▪ Culture Shift

- Understand Design Thinking
- Learn how to fail fast
- Adopt a culture of creativity and innovation

## ▪ Education

- Understand how the startups ecosystem works, the legal aspects, funding
- Learn from previous experiences



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## Lessons Learned

- Startups solve problems beyond Insurance – create your *own* solution
- True interactive collaboration will bring better results
- Develop your pitch – core, goals & communicate it clearly
- Take on a global view
- Involve multidisciplinary team – involve legal
- No perfect opportunity – Seize the moment





# Thank you



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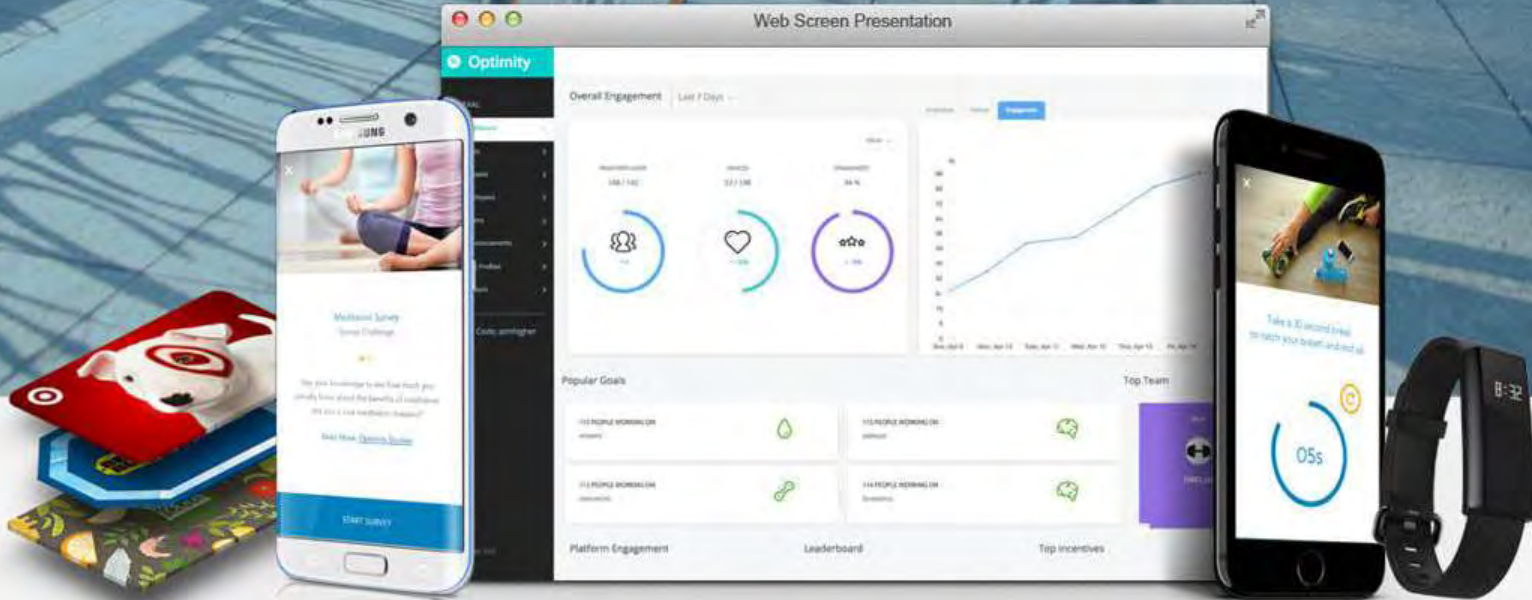




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ERM Symposium

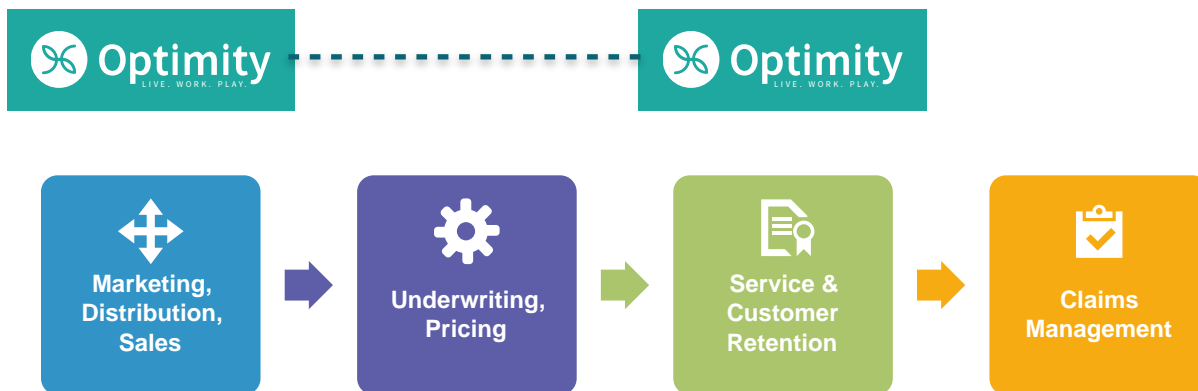
[www.optimity.life](http://www.optimity.life)

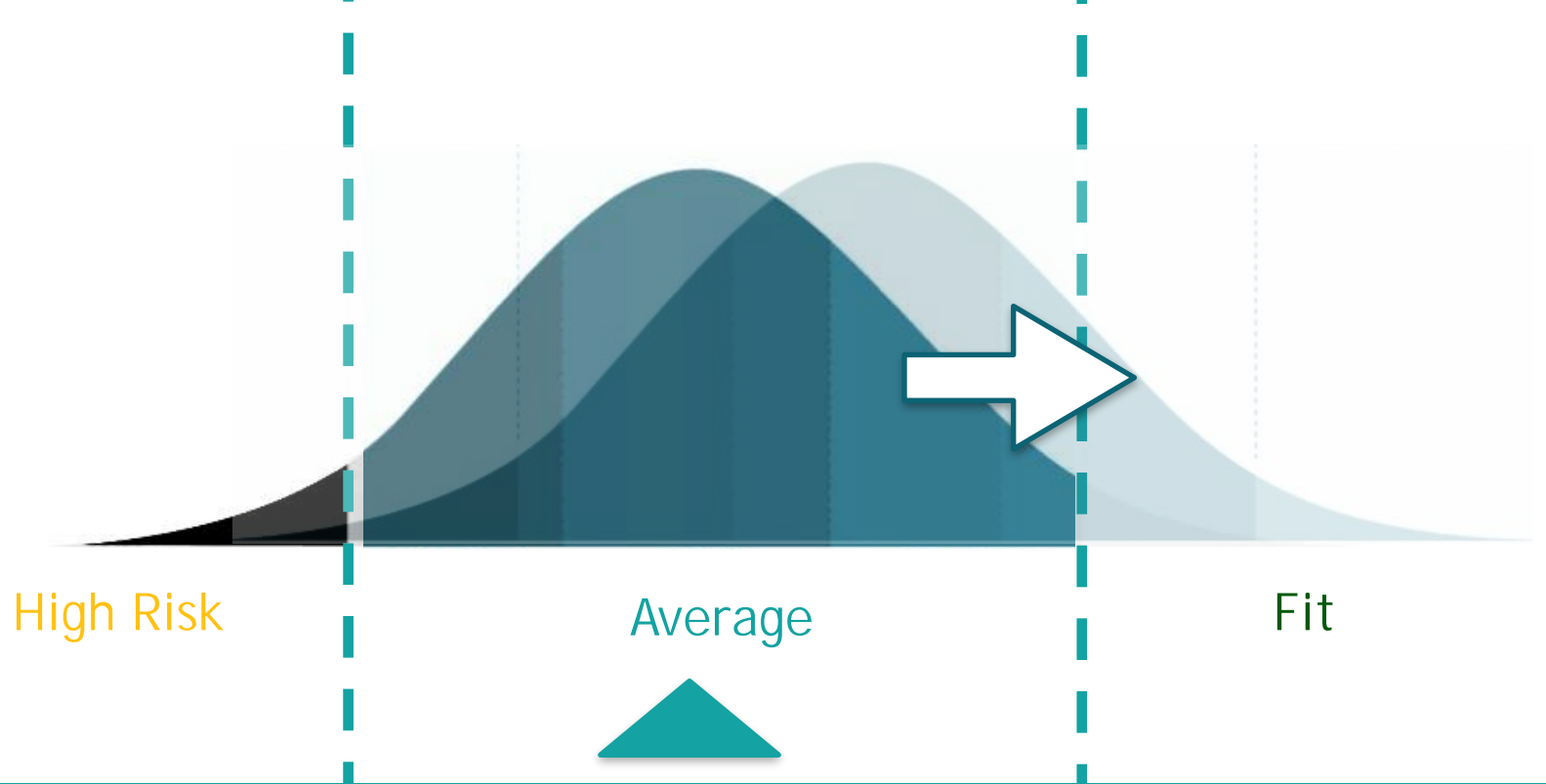


Engagement Platform for Life Carriers

# Insurtech Value Chain

where **Optimity** adds value





Optimity is focused on the average modern consumer,  
to improve the health of the full population

# Founders



## Board Experience





Our background is in tech-driven population health management using advanced user segmentation & science of micro-nudges.

Our early traction is in the corporate wellness space in Canada... pivoted to focus on the insurance use case in 2017



# Optimity Helps Insurance Companies

attract and retain policyholders with  
customized & branded mobile apps.







# Why Engagement?

The old insurance marketing and sales playbook is **broken**,  
Because the way people buy has changed.



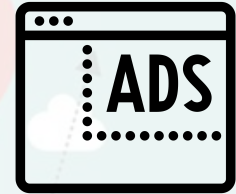
94%  
skip TV ads



50%  
(over 200M)  
are on do-not-call lists



27%  
direct mail is  
never opened



63%  
ignore internet ads



# Proactive Engagement

Selling

Engaging



Aggressively **pushes**  
content at innocent  
bystanders, interrupting  
their life

VS.



**Pulls** in prospects by offering  
helpful content and  
experience when  
they need it



# Industry Trends\*

Loyalty is earned, with **personalized value-added** experiences



# 31 M

adults between 19-65  
are underinsured each year  
**in North America**

... Optimity helps **carriers**  
**deliver value and earn loyalty**  
**from an engaged customer community**

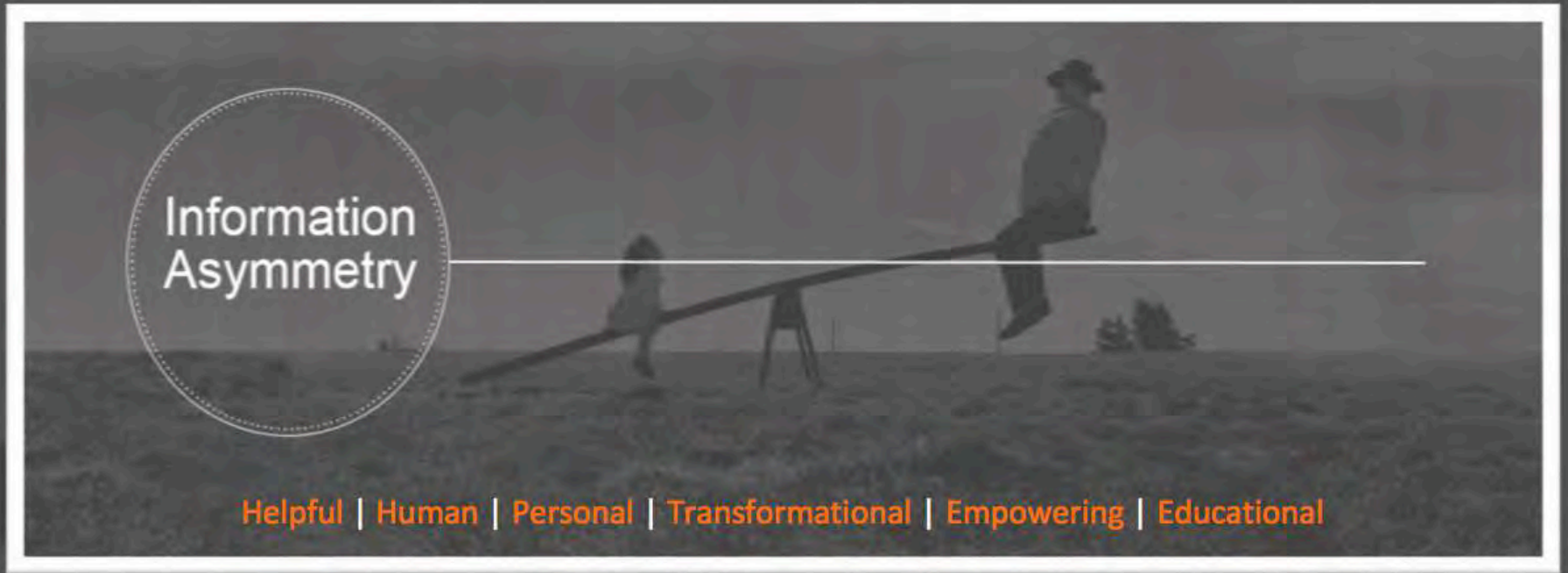
# Proactive Engagement



## North Americans want...

- Mobile-first: check phones 48X a day
- Community: based on common interests
- Value-add: useful tips & insights
- Brand familiarity: high member NPS
- Self-care: data exchange
- Gamified: progress & rewarding experiences

**Engagement** is about **value you add to their lives**,  
not how many ads they see.



# Optimity Helps Insurance Companies

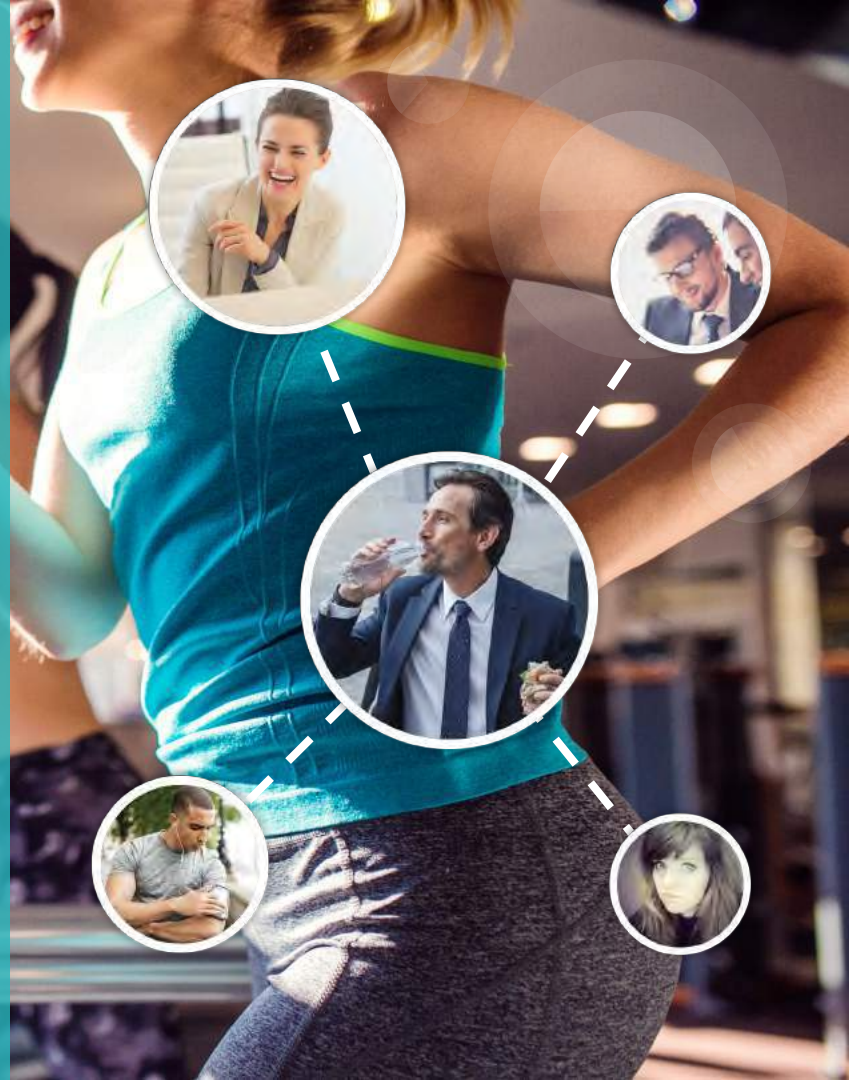
Offer Innovative Lifestyle Mobile Apps

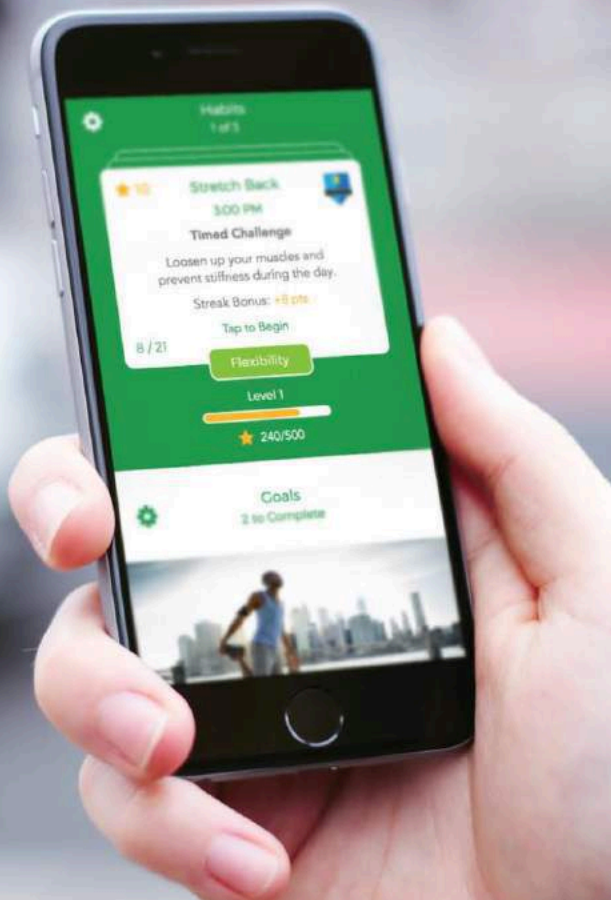
Support Healthy Behaviours

Build Loyalty and Affinity

Pre-qualify Leads for Cross-sell and Up-sell

Boost Persistency





# What do members get?

An innovative **personalized pocket coach**



Holistic health support

Track goals & life events

Access 3000+ healthy activities

Sync wearables & health apps

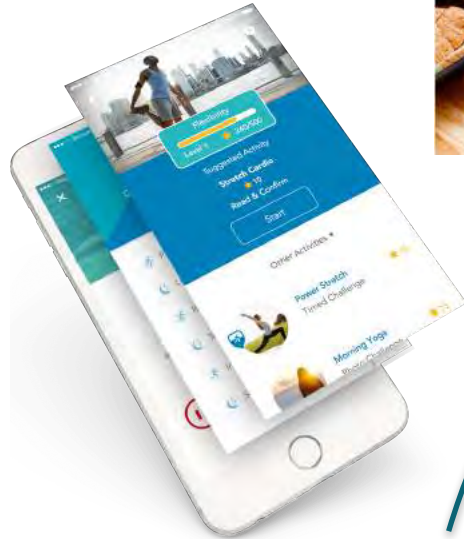
Earn loyalty points & rewards\*

Access services, insurance products from carrier\*

\*Features linked to carriers' current workflow integrated



# How does it work?



## 2. Interact daily

Engage with useful content and health tips.

Carrier can build a brand of health,  
generate pre-qualified leads,  
collect dynamic data wallet.



## 1. Potential & current customers join

via a branded lifestyle companion mobile app or website.

Carrier can market to target customer segments & get viral growth.

## 3. Earn Points

for services, products & rewards.

Carrier builds loyalty for cross-sell and up-sell.

# Traditional Solutions Lack Sustained Usage



Web Portals

**seasonal**



Fitness Apps

**fad**



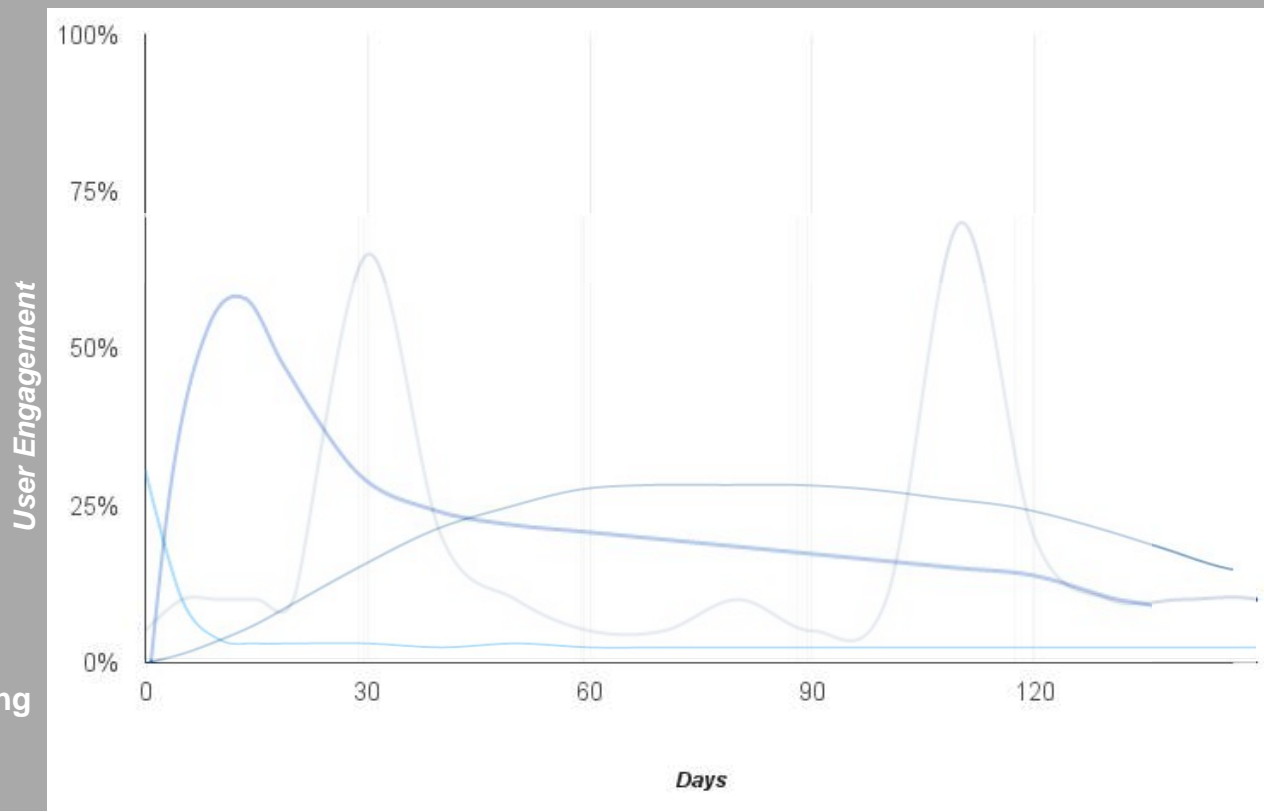
Wearables

**low adoption**



Classroom Coaching

**no follow-up**



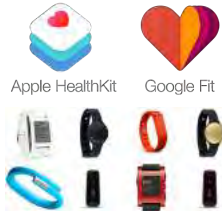
# Our Dynamic Solution Delivers Better Engagement



**Centralized  
ML-enabled**



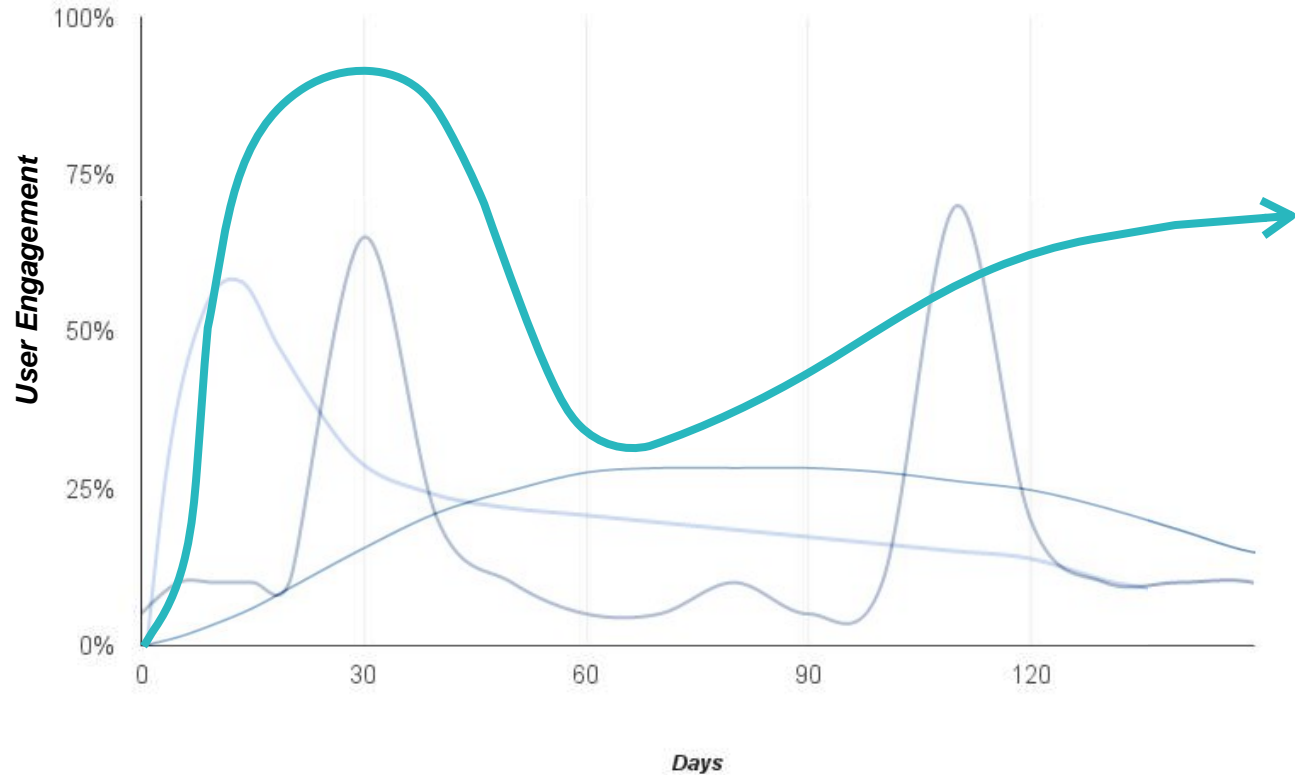
**Opportunistic  
coaching**



**Connected  
apps & device  
(IoT)**



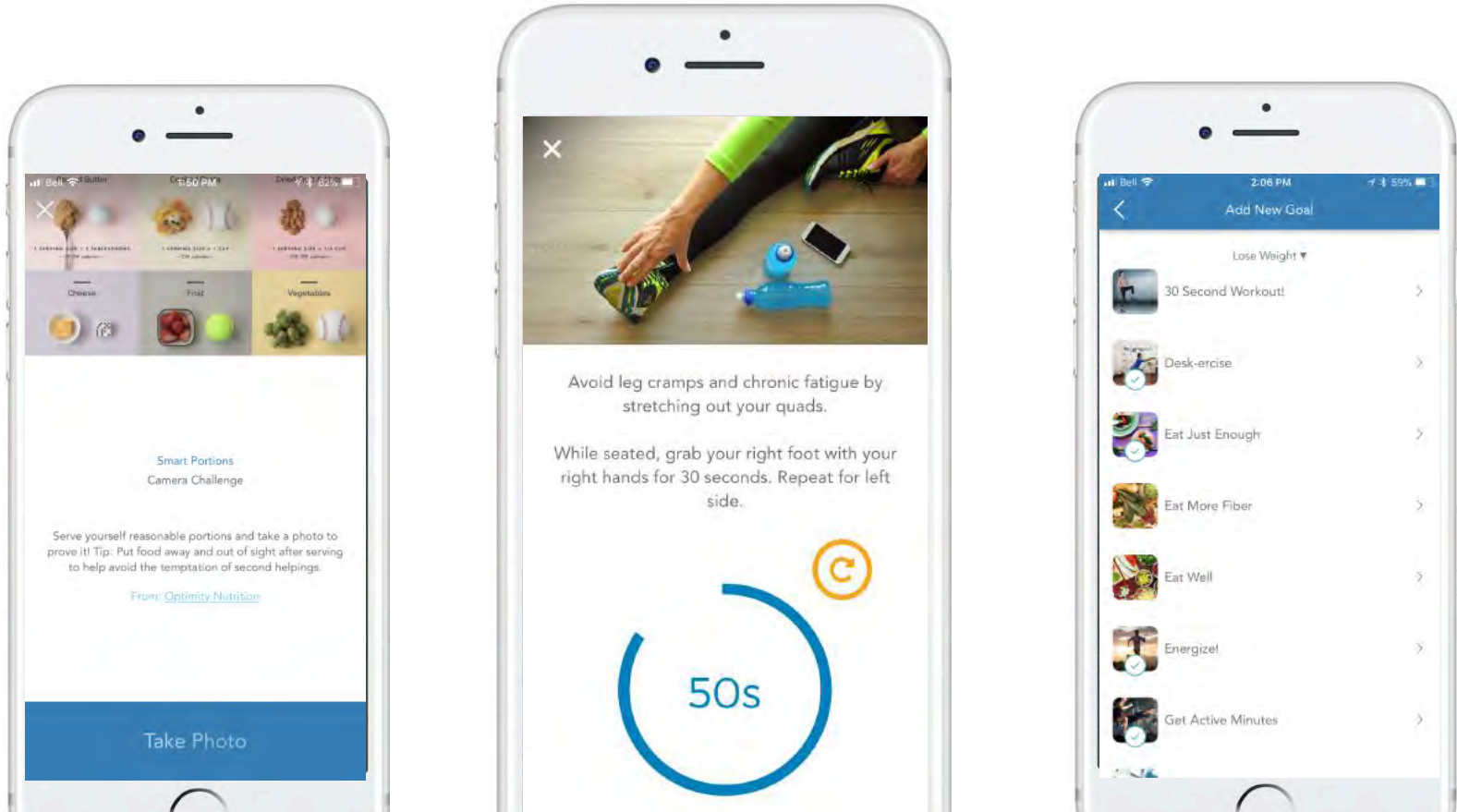
**Sustainably  
engaging**



# Micro-activities

User App

Members can do daily activities **personalized** based on their goals and schedule



# User Experience

"Excellent experience, lots of fun to compete but also great self awareness activities available. Many of the strength building exercises are now nice reminders on my Apple Watch that alert me to stretch or smile."



"The app is very easy to use. I can sync my Fitbit steps for easy integration with the program. Toast or app notifications kept a frequent reminder towards healthy living!"



"It is very difficult to stay motivated to eat healthy and keep fit, but the notification was a small, and also very important consistent step which I absolutely loved. They kept me focused throughout the entire day."





# Technology Designed for Engagement

### GENERAL

Dashboard >

Marketing >

Rewards >

Members >

Teams >

Segments >

Announcements >

Risk Profiles >

Health Risk Assessment >

Shop >

Account >

### Marketing <sup>BETA</sup>

New Leads  
Generated Today

763

Total Leads  
Generated

12,507

Viral  
Factor

x0.71

Impressions  
per User

11

Engagement  
per User

3

Time in App  
per Session

5m 45s

Week ▾

### Impressions Funnel

Impressions

210,803

Read

74,891

Clicked

25,223

Engaged

12,507

Referred

8,880

Booked Opportunities

46

All Campaigns ▾

Add Contacts

36%

12%

5.9%

Export Leads to CSV

Sync with CRM

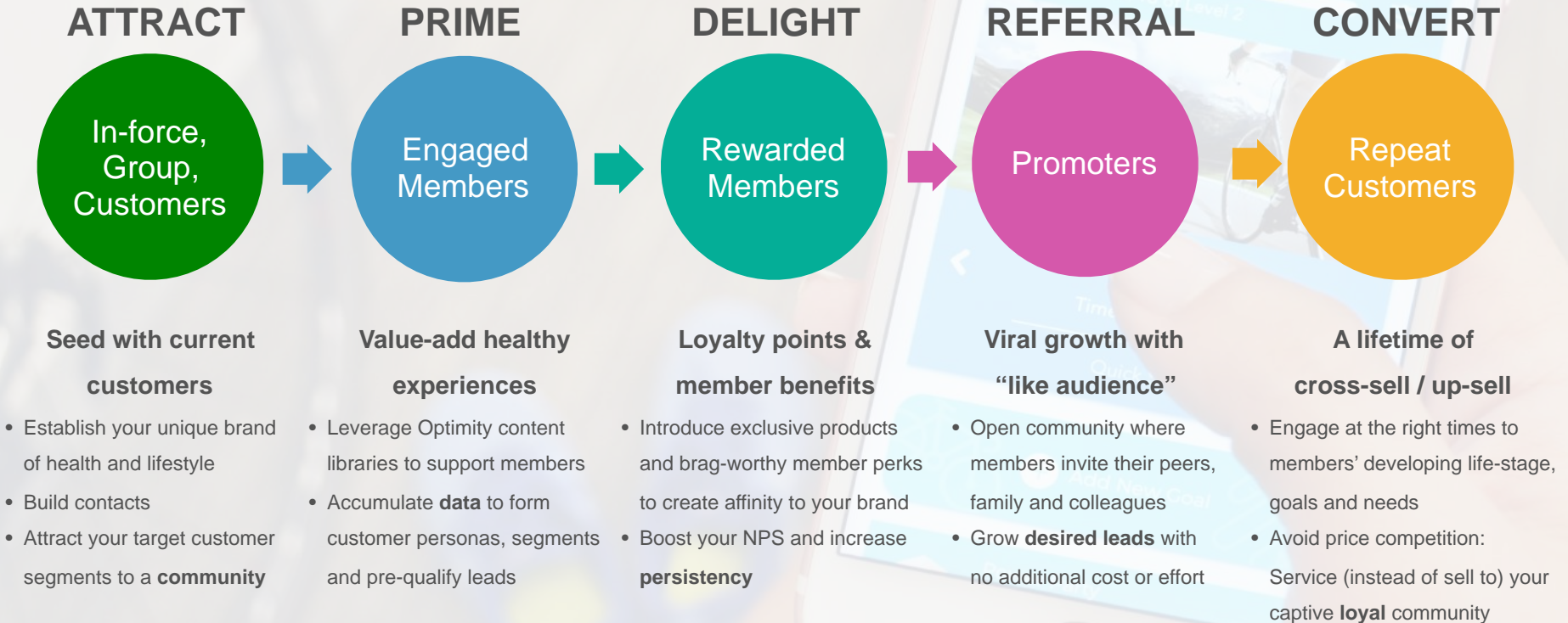
### Lead Impressions



### Impression Quality by Segment



# Engagement Methodology





### Traditional Funnel



### Viral Funnel





# Client Business Cases

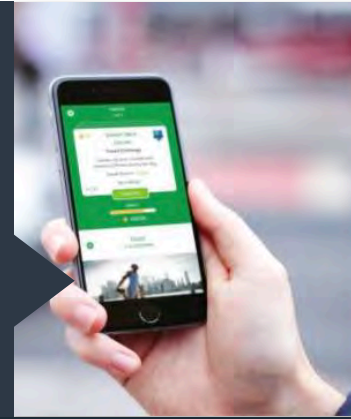


# Business State 1: Going Digital

Clients needing a **digital well-being experience** that engages and delivers value to **modern customers**

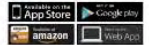


- Is your insurance business looking to go digital and serve millennials through their preferred channels?
- Are you looking to replace your direct mail campaigns with digital campaigns that boost conversion and persistency?



## POCKET HEALTH COACH

Holistic health  
Micro-habits  
Social  
Gamified  
Rewards



Client Example (US, 250K In-force Life policyholders with large P&C practice)

- Grow Life Insurance sales by attracting potential customers and engaging current policyholders
- Leverage scalable cloud technologies to go mobile-first
- Accelerate digitization and apply AI to cross-sell, up-sell (explore seeding from P&C practice)
- Stay relevant on digital channels with multiple touch points
- Build loyalty and brand affinity with rewards and member benefits



# Business State 2: Target Key Segments

Clients looking for **customer groups** who are staying **healthy** while bringing on friends and colleagues with **similar interests**.



- Are you looking to engage with your community through healthy activities and a loyalty program?
- Do you want your engaged policyholders to refer others like them?



## Client Example (Pan-Asia, 15M+ Life Insurance Policyholders)

- Promote better health through holistic wellness
- Grow through referrals & generate leads
- Offer useful content to build affinity and loyalty
- Actively engage with policyholders to boost conversion
- Track member health & improvements to decrease risk in pool

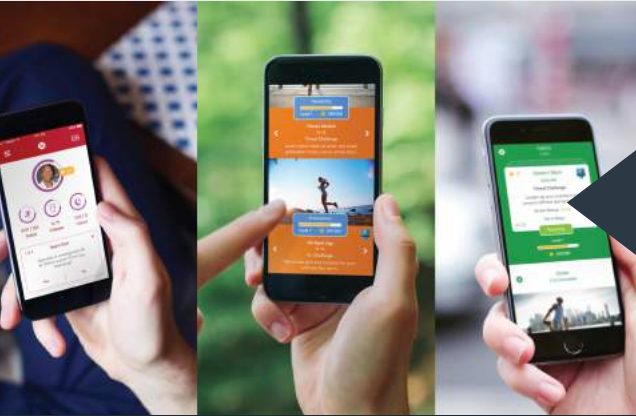
## Sample Project Specs

- + Seeded project with 100,000 invited members via email
- + Opened Optimity "invite friends" feature with 70%+ referral rate
- + Build health profiles to pre-qualify leads
- + Track goals, run themed challenges, segments analysis




# Business State 3: Personalized Offers

We help carriers perform **qualification** and **needs analysis** with current in force population to **expand the number of products they hold** with the carrier.



- Are you looking to identify potentials needs to offer relevant insurance products at opportune times?
- Do you want to turn data into meaningful insights about your customers and move closer to personalized offers?

Demographic		Wellness Habits	
	<b>Age</b> 31 <b>Relationship</b> Newly Married <b>Location</b> Urban Centre <b>Job</b> Manager <b>Income</b> \$60-85K	<b>Hours at Desk</b> 7.35 <b>Corporate Wellness</b> Wants More <b>CW Ideal</b> Exercise Breaks <b>Current Engagement</b> Engaged (3.8) <b>Type of Activity</b> Exercise Breaks Walking Stretches	
	<b>Age</b> 43 <b>Relationship</b> Married <b>Location</b> Suburban <b>Job</b> Senior Team Lead <b>Income</b> \$90-110K	<b>Hours at Desk</b> 7.35 <b>Corporate Wellness</b> - <b>CW Ideal</b> Subsidized Gym <b>Current Engagement</b> Low (2.9) <b>Type of Activity</b> 10K Run	

## Client Example (CA, 3M+ Life & Health Insurance Policyholders)

- Generate leads to cross-sell and up-sell relevant insurance products
- Perform needs analysis for current group population to offer additional insurance products (Life, Auto, Home)
- Create member segments using Health Risk Assessment, Wearable data, social and demographic information
- Experiment with member segments to personalize support and offers based on persona
- Support future underwriting with this dynamic data wallet (working with Reinsurers)

# Client Champions

There is a gap that Optimity fills; there are many wellness platforms, but not designed for Life insurance sales and marketing.

This is a great space to innovate in and drive immediate business value. I love Optimity's engagement numbers, which is the highest I've seen.



VP Innovation – Carrier



Chief Marketing Officer – Carrier

We want to turn data into meaningful insights for our customers. We also want to move closer to personalized and granular offers, **Optimity can help with both.**

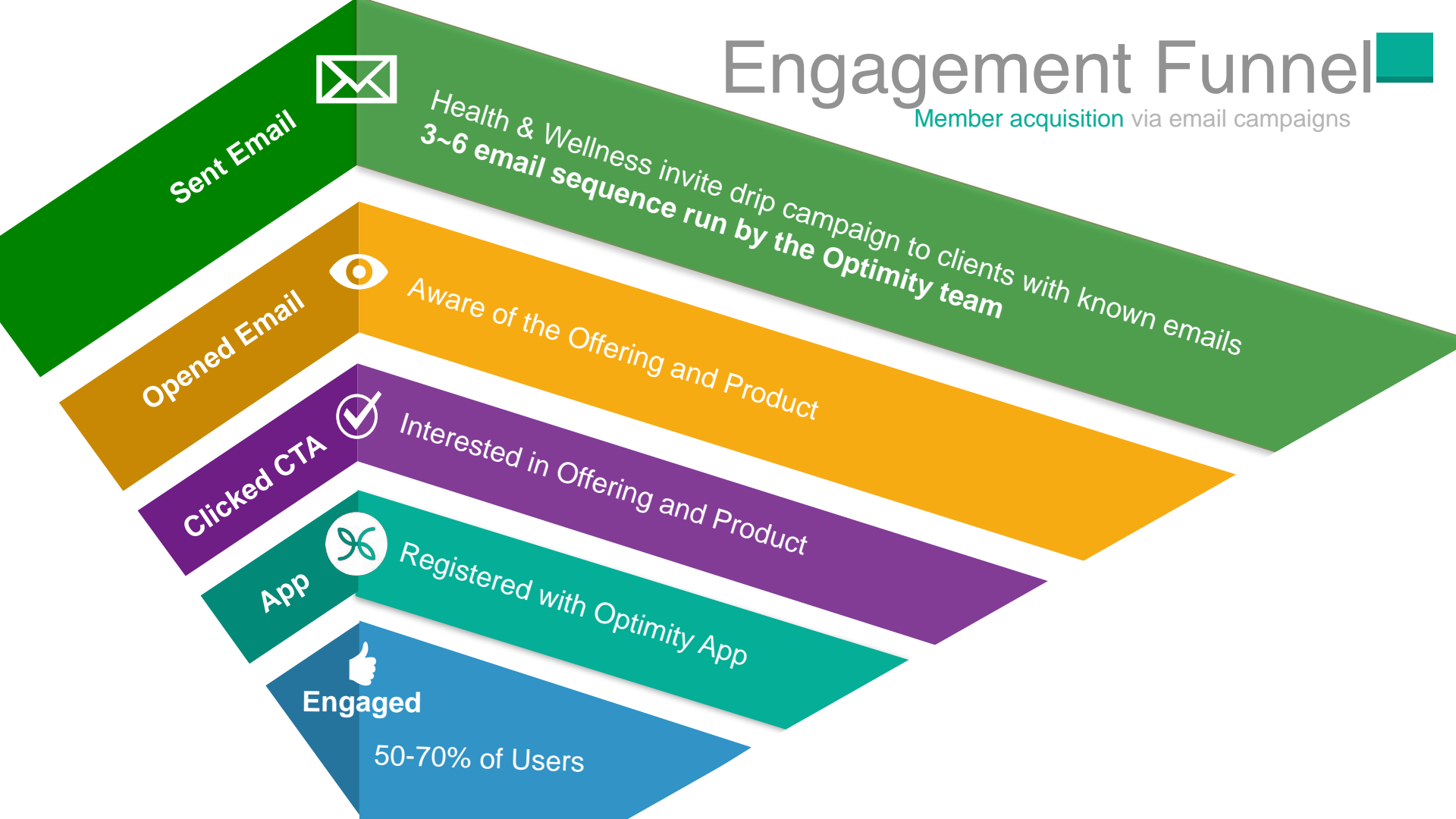
New technologies and algorithms lead to **greater customer satisfaction** and a significant uplift in converting customer leads to sales in the digital age.



CEO – Carrier

# Engagement Funnel

Member acquisition via email campaigns



# What do typical projects look like?

Phase I

3 Months

Test digital experience & track NPS

User interacts with app 3x+ week, average ~10min per day, NPS boost

Phase II

Commercialization

White-labelling

Onboarding

Active

Grow commercial footprint & attract users & collect data

White-label solution developed

Add 100,000+ members per quarter

Track monthly participation

Track engagement and completion rates of HRA

Enrolled referred members by targeting specific segments

Use agile dev processes to consistently adapt the app

Measure reduction in 13-months lapse rate and other persistency measures



**Referrals**



**More  
Sales**

**Renewals**



**Better  
Retention**

**Reduced Risk**



**Higher  
Profits**



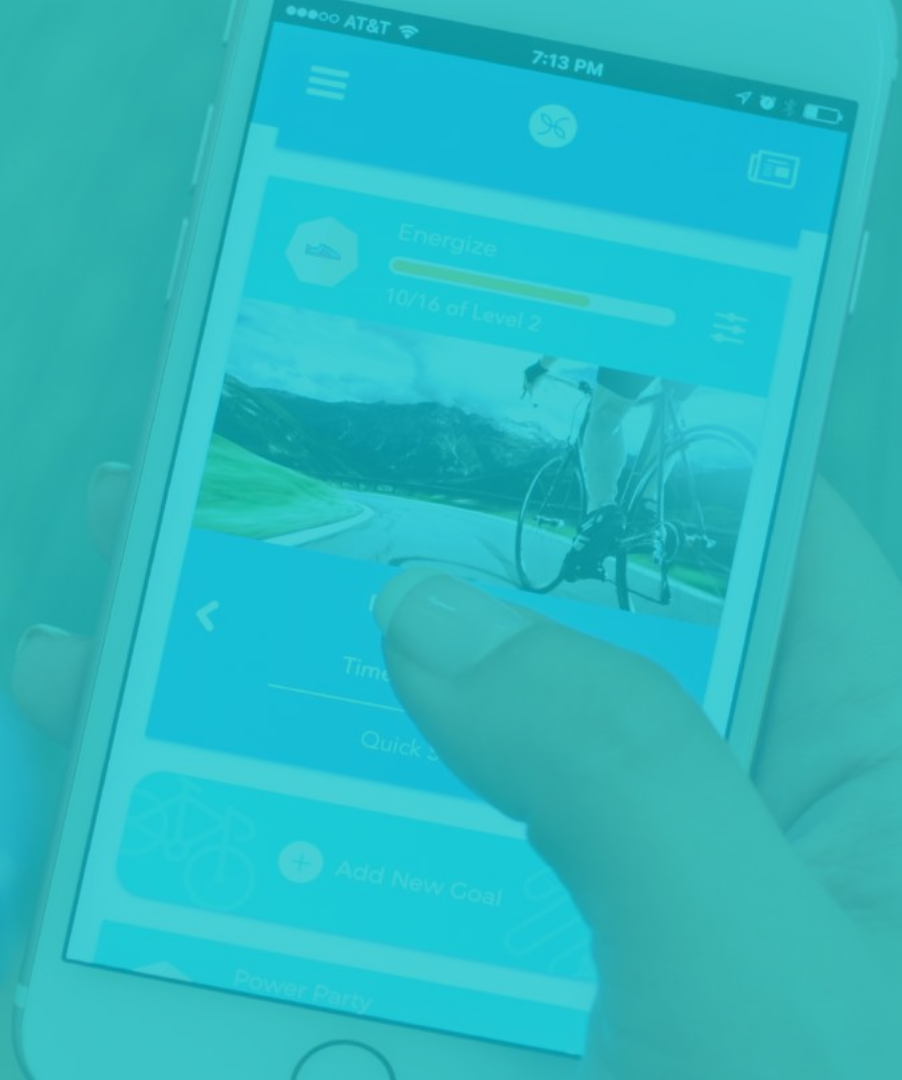
Live. Work. Play.  
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Jane Wang

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# What is the overall platform structure?



## Mobile & Web apps, Control panel, API connected components

### Sync IoT Data Sources

- Wearables
- Calendars
- Lab results/Biometrics

### Gamification & Rule-based Retargeting

### Dynamic Data Wallet & Health Scores/Grades

### Content Libraries:

- 3000+ Activity Packs
- Add your own

### Rewards & Incentives Options