

Implications of the Sharing Economy for the Insurance Industry

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The flow

Definitions

- **Examples**

Why (emotion)

Consequences

- Risk (seen and unseen)

Opportunity

- Solutions
- Investors/financial ins role
- Professional role (actuaries)

Definitions – which economy?

Concepts

- These describe forms of commercial enterprise
- a. Gig Economy
- b. Sharing Economy
- c. Access Economy
- d. Digital Economy

Examples

1. Task Rabbit
2. Lyft
3. Uber
4. Google

Definitions – who is the crowd?

Concepts

- These describe forms of commercial enterprise
- a. Crowdsourcing
- b. Crowdlending
- c. Crowdfunding
- d. Wisdom of the crowds

Examples

1. Wikipedia
2. Lending Club
3. Kickstarter
4. Rotten Tomatoes

Definitions – how do you play?

Concepts

- These describe forms of commercial enterprise
- a. Co-creation
- b. Co-operative
- c. Corporation
- d. Collaboration

Examples

1. Besure
2. Credit union
3. Alphabet
4. Genome project

Definitions – business driver?

Concepts

- These describe forms of commercial enterprise
- a. Micropreneur
- b. Entrepreneur
- c. Intrapreneur
- d. Venture capitalist

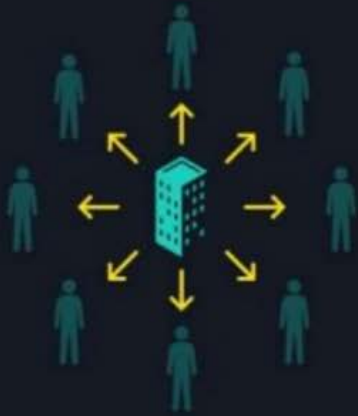
Examples

1. Dragons Den
2. Elon Musk
3. VP of Finance
4. Warren Buffet

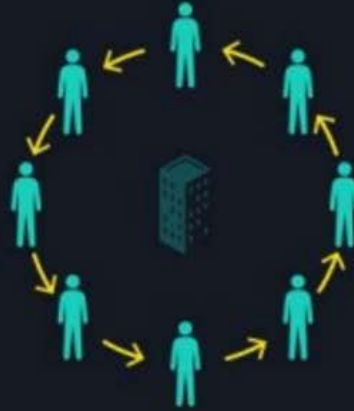
Definitions

Sharing economy

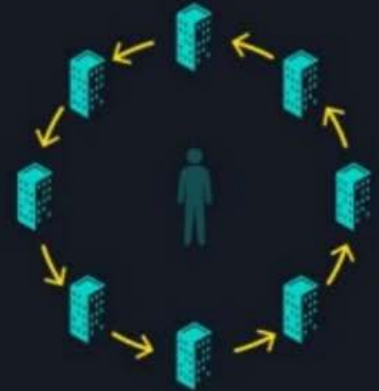
COLLABORATIVE CONSUMPTION



BUSINESS-TO-CONSUMER
(B2C)



PEER-TO-PEER
(P2P)

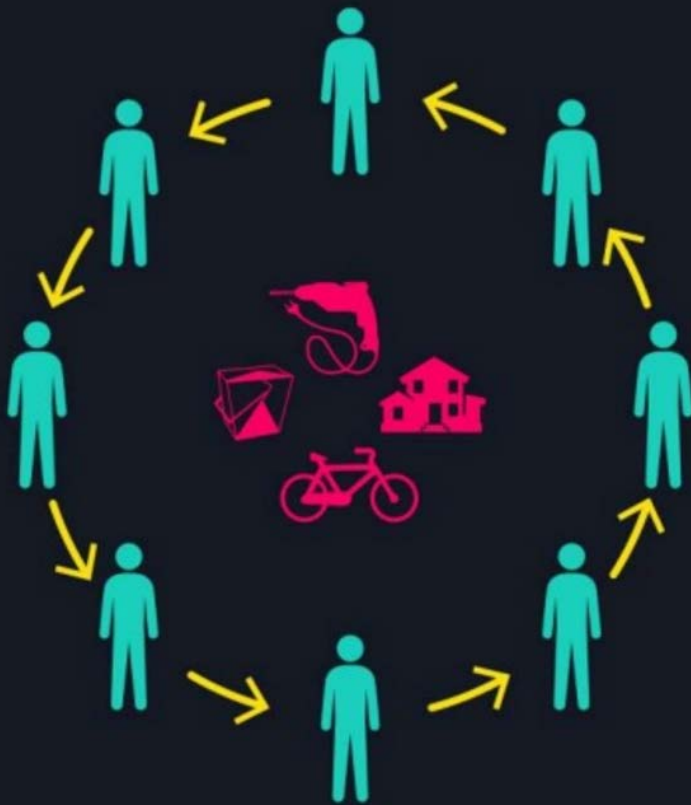


BUSINESS-TO-BUSINESS
(B2B OR ENTERPRISE)

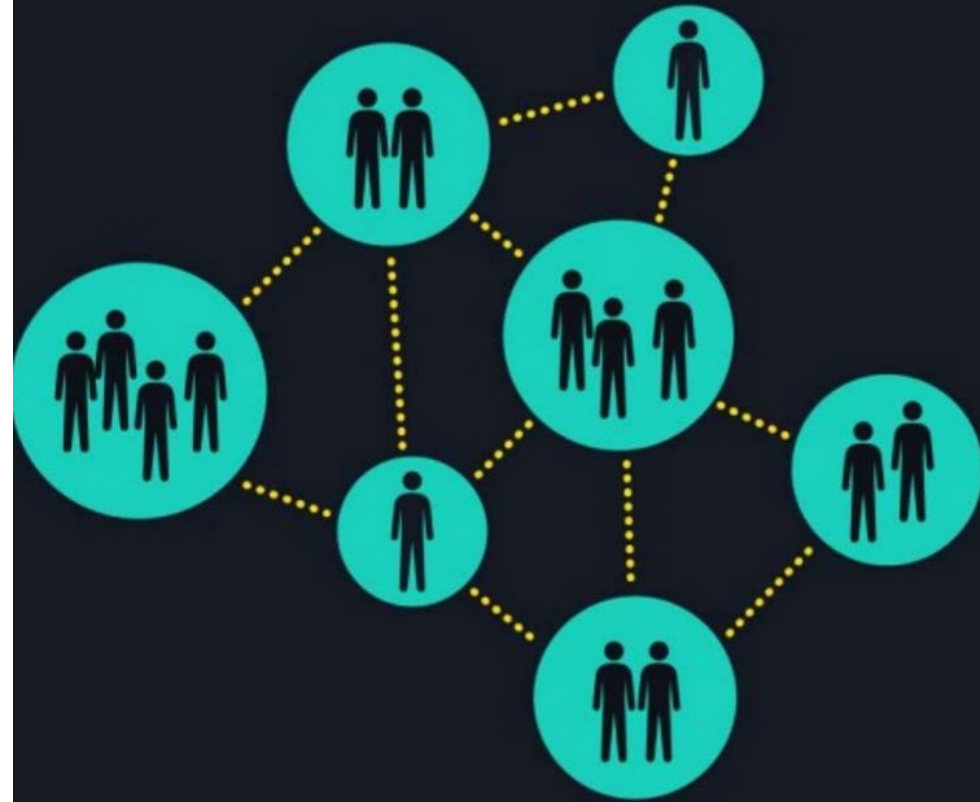
Definitions

Sharing economy

SHARING ECONOMY



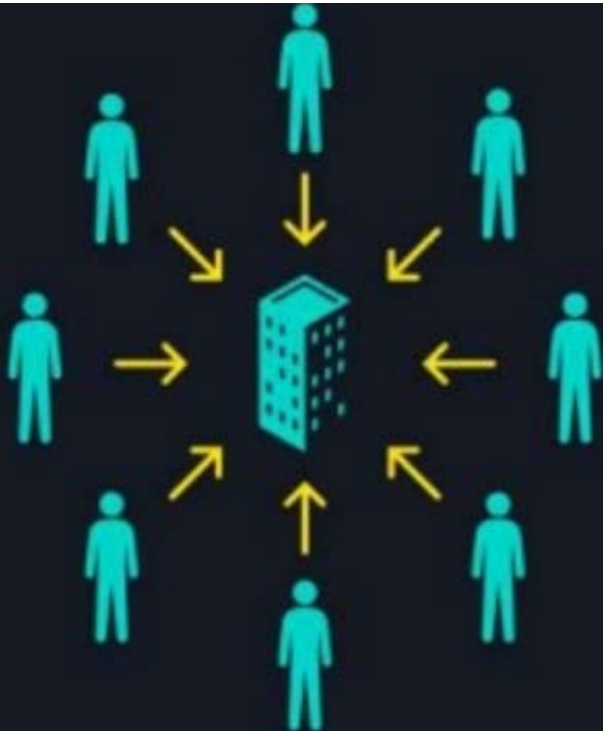
PEER ECONOMY



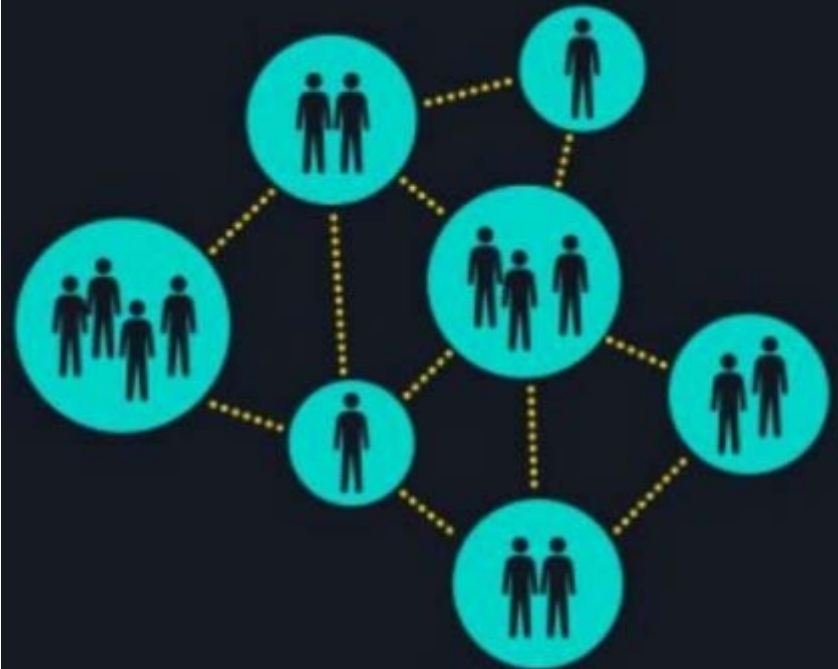
Definitions

Power of sharing

DISTRIBUTED POWER



**INSTITUTIONAL
TRUST, POWER & ACCESS**



**DISTRIBUTED
TRUST, POWER & ACCESS**

The flow

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Start with the why

Anti-establishment movement



Start with the why

Power of social networks



Start with the why

More trust in business than in governments

The
Economist

Schumpeter

On the stump

Why tech bosses are playing at being statesmen

Feb 27th 2016 | From the print edition

HE HAS been on-message for months, sharing his tweet-worthy opinions on stage and playing on media interest. On February 16th, after consulting with his cabinet of close advisers, he made a vigorous statement on privacy rights that attacked the government, every politician's favourite punchbag these days. He vowed to fight



Start with the why


People transact based on information

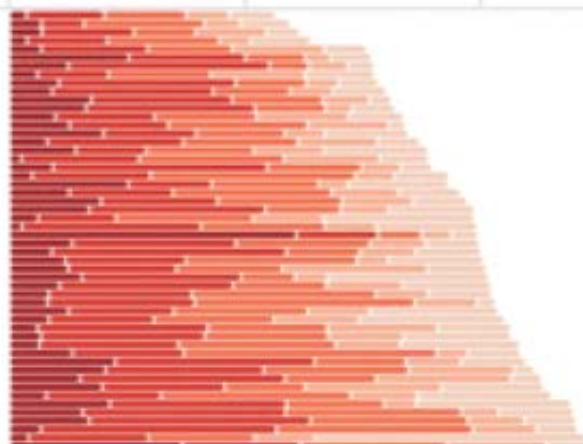
Free exchange

Optimising romance

Cost of loving

Prices collated September 2015, US\$

Find a city 



Receipt for a romantic mini-break in

Paris

*One night in a 4 or 5 star hotel
including breakfast & taxes: \$160*

*A three-course meal
including cocktails, wine,*



Start with the why

NEW TECHNOLOGIES UNLOCK A
HIDDEN WEALTH OF UNDERUTILIZED
RESOURCES



SOCIAL



LOCAL



MOBILE



UNLOCKS



Start with the why

I NEED...



EFFICIENCY



TRUST

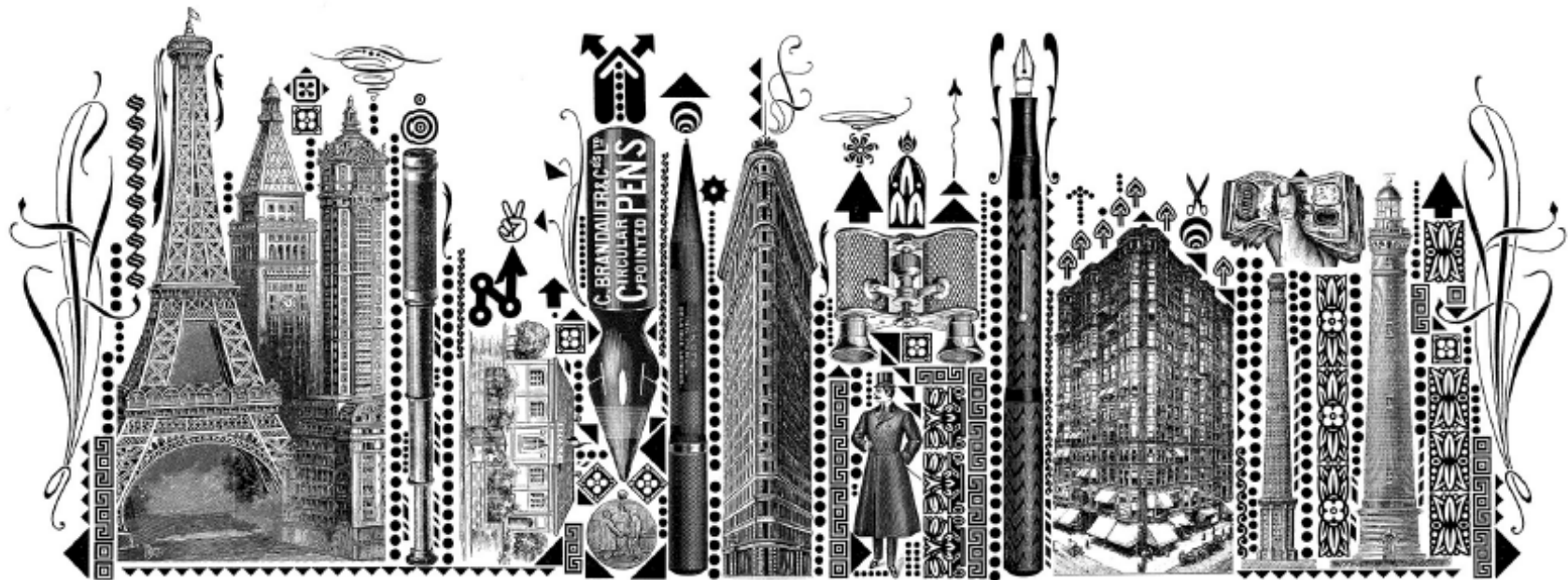
YOU HAVE...



Start with the why

Urge to create shared value

Harvard
Business
Review



SHARED VALUE

Creating Shared Value

by Michael E. Porter and Mark R. Kramer

Start with the why

We all want to be happy. What makes us happy today?

THE GLOBE AND MAIL



Does author Neil Pasricha know the secret to happiness?

MARK MEDLEY

The Globe and Mail

Published Friday, Mar. 18, 2016 11:59AM EDT

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the **minimalists**



Joshua Fields Millburn & Ryan Nicodemus write about living a meaningful life with less stuff for 4 million readers. As featured on: ABC, CBS, NBC, BBC, TODAY, NPR, TIME, Forbes, The Atlantic, New York Times, Wall Street Journal, USA Today, and National Post. They live in Missoula, Montana.

Start with the why

Shared value calls for co-creation



Shared value (SV) opportunities lie at the intersection of societal needs, business interests, and assets.

Skandia Group—Case Study: Creating Shared Value in Sweden's Financial Sector

Start with the why

Urge to create shared value

“Shared value focuses companies on the right kind of profits—profits that create societal benefits rather than diminish them.”



The flow

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Why (emotion)

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- **Risk (seen and unseen)**

Opportunity

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Data privacy risk

Apple vs. FBI

The
Economist

Cryptography

Taking a bite at the Apple

The FBI's legal battle with the maker of iPhones is an escalation of a long-simmering conflict about encryption and security

Feb 27th 2016 | From the print edition

“WE FEEL we must speak up in the face of what we see as an overreach by the US government.” With those words Tim Cook, head of Apple, the world's biggest information-technology (IT) company, explained on February 16th why he felt his firm should refuse to comply with an FBI request to break into an iPhone used by Syed Farook, a dead terrorist. Farook and his wife Tashfeen Malik, who were sympathisers with Islamic State, shot and killed 14 people in California in December, before both were themselves killed by police. The FBI's request, Mr Cook said, was “chilling”.



Public reputation risk

Microsoft's twitter AI

Microsoft CEO Stays Committed to AI Bots After Tay Debacle

by [Dina Bass](#)
[dinabass](#)

March 30, 2016 – 11:53 AM EDT *Updated on* March 30, 2016 – 3:49 PM EDT



Risks about gig economy

Earning instability and lack of benefits

The
Economist

The gig economy

Smooth operators

A new report reveals the scale and purpose of app-based earnings

Feb 20th 2016 | Washington, DC | From the print edition

HOW important is America's on-demand economy? Some worry that the likes of Uber, a car-hailing app, and Etsy, which helps workers to sell arts-and-crafts, are destroying traditional employment and with it pensions and health-care benefits. Others hail the flexible hours, low prices and convenience such apps facilitate. Until now not many data have informed this debate. Official statistics track things like part-time working, self-employment and working from home, but the app economy is too small to move those needles. In fact, most indicators suggest it is boring traditional work, rather than app-enabled odd-jobbing, that is on the rise.



Regulatory risk

Uber drivers operate without proper insurance



Business risk

Eventually all businesses are disrupted by new tech

Queen Video closing its iconic Queen West location

BY MICHAEL TALBOT

POSTED MAR 10, 2016 2:50 PM EDT LAST UPDATED MAR 11, 2016 AT 3:22 PM EDT

LOCAL



Dynamic pricing risk

Race to the bottom

The
Economist

Schumpeter

Flexible figures

A growing number of companies are using “dynamic” pricing

Jan 30th 2016 | From the print edition

IF A cynic is someone who knows the price of everything and the value of nothing, as Lord Darlington observes in Oscar Wilde’s “Lady Windermere’s Fan”, then it is getting progressively harder to be a cynic. A growing number of companies keep their prices in a constant state of flux—moving them up or down in response to an ever-shifting multitude of variables.



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Opportunity

- **Solutions**
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Opportunity

Living in a big data era

McKinsey Global Institute



June 2011

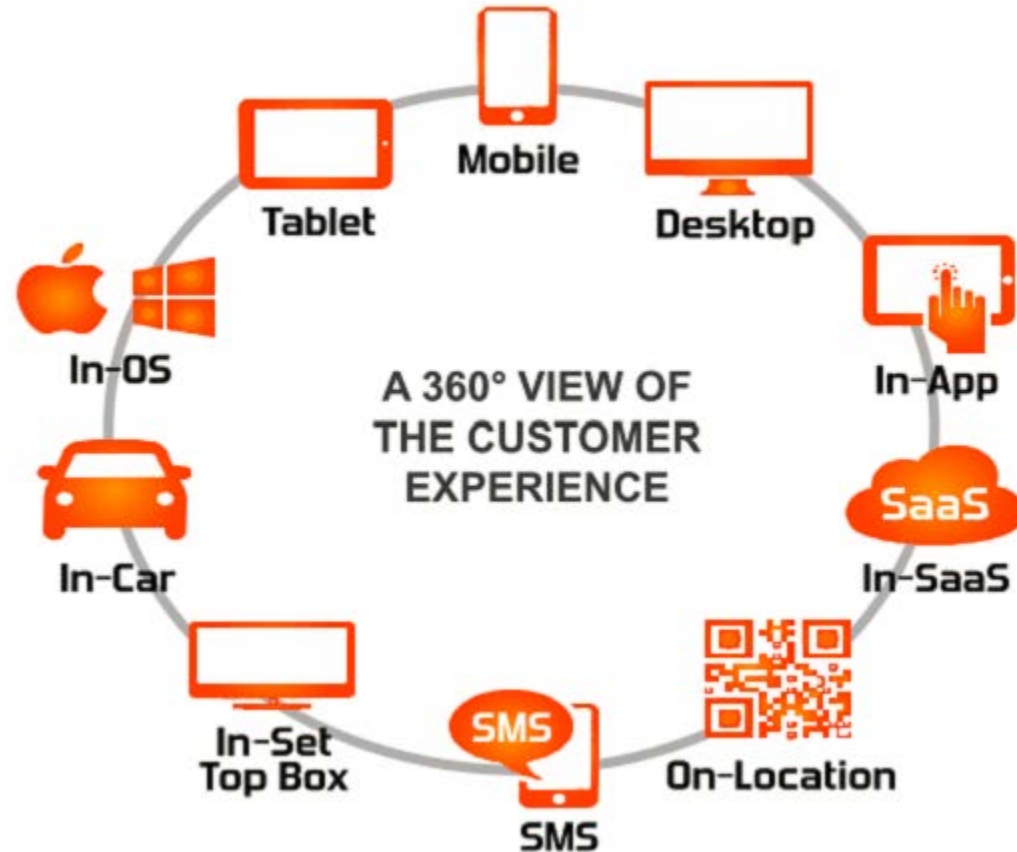
Big data: The next frontier
for innovation, competition,
and productivity

Opportunity

On data

Quoted from EY survey:

The logic is simply this: if insurers can get the data they need when they need it, then they don't have to own it. That is especially true if the data they can access from third parties is of richer quality, increased granularity and greater accuracy than the data insurers have already.



Another benefit to consider: reduced exposure to risks with data ownership (chief among them liability in the event of a data breach). Thus, insurers must err on the side of sharing, rather than owning, data outright.

Opportunity

Data privacy risk in insurance

38% of consumers are "likely" to allow a life insurance company to monitor their ongoing health and behavior in exchange for monetary or other benefits.



WHO are the most receptive?

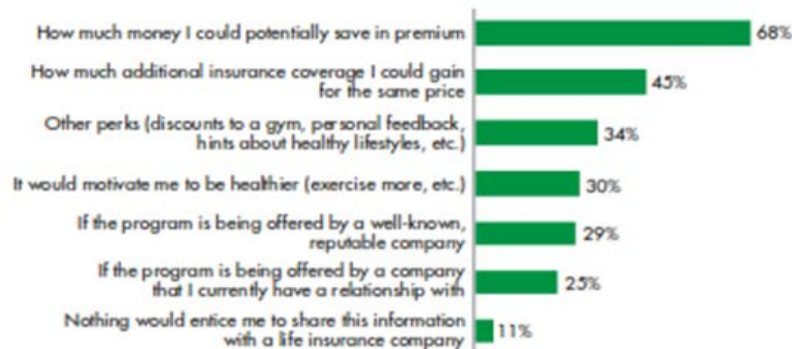


Consumers who....

- Are heavy users of frequent-shopper card programs
- Consider themselves "very knowledgeable" about financial topics
- Own a fitness tracker
- Trust life insurance companies with their personal information
- Are Millennials

WHAT would motivate them to participate?

Top factors when deciding whether to allow a life insurance company to monitor your ongoing health and lifestyle*



* Percent who ranked the factor among their top 3
Base is all consumers

Customers conditions for sharing their PII

Q7. What would it take for your customer to agree to the collection and use of their unique information such as their activities or their product usage? [Select top three]. N=1,782.

- Auditable assurances that data was used only for the agreed upon intended purposes 38%
- Commitment to data protection both now and in the future 37%
- Benefit improvements through pricing, convenience, safety, offer relevancy or product features 36%
- Fully transparent, declarations on how data will be stored and used including for how long 35%
- Ability to approve or deny the types of information collected/used and make changes over time 28%
- Needs to be legal and routine to provide their information 27%
- Ability to easily understand their information and unilaterally correct errors 25%
- Ability to permanently delete or mask information at end of relationship 23%
- I do not believe that our customers would share their data 5%

Opportunity

Wellness related insurance



Opportunity

“cool” versus “valuable”

The potential is there, but it's not there yet

What is the attraction of the Internet of Everything for consumers? Not much

PETER MISEK

Partner at the Business Development Bank of Canada's Venture IT Fund

It is difficult to find an article or press release in the technology world that doesn't mention Internet of Things (IOT) or Internet of Everything (IOE) or Virtual Reality (VR). These acronyms have enthralled executives, created hundreds of start-ups and been a boon to tech journalists.

a very high-value proposition and an application that makes incredible sense to the users and has a near-immediate payback to those who use it. That Samsung or LG fridge? Not so much.

What about Virtual Reality (VR)? Isn't that massively hyped? Didn't Facebook pay \$2-billion (U.S.) for Oculus Rift when it was a year-old startup? I believe that VR foreshadows holographic user interfaces and advanced computing and gaming platforms. Will VR be a massive global industry in the future? Absolutely. Will every house-

Opportunity

Responding to the gig economy

URBAN WORKER
PROJECT



Join the movement

Email

Postal Code

Submit

or join with

 Facebook

or

 Twitter

**Work has changed.
Let's make it work for us.**



Invite your friends

Opportunity

Responding to the gig economy

New world of health coverage opening up for small and micro-businesses

VIRGINIA GALT

Special to The Globe and Mail

Published Friday, Mar. 25, 2016 5:00PM EDT

Last updated Friday, Mar. 25, 2016 4:29PM EDT

“So I started researching options.” In August, 2013, Canada’s first Coworking Health Insurance Plan (COHIP) was introduced for people who work out of co-working hubs in Ontario.

“Rather than each worker or each co-working space acting independently, we were able to leverage the power of our collective to secure extremely competitive rates and accessible [group] benefits packages for all of our members in Ontario.” Plan members pick and choose the benefits they want – and can afford, said Ms. Proctor, who herself opted for full dental coverage, travel insurance and an extended health plan that includes acupuncture and massage.

When the plan goes national in early April, it will be extended to uninsured workers beyond the co-working sphere.



Opportunity

UBI and “pay-as-you-go” insurance

EY estimates that UBI policies will reach 15% market penetration by 2020 in Europe, Asia and the Americas. That is very good news for insurers, given that UBI can reduce claims costs by up to 40%, policy administration costs by up to 50% and substantially reduce acquisition costs.

Opportunity

Actuarial profession

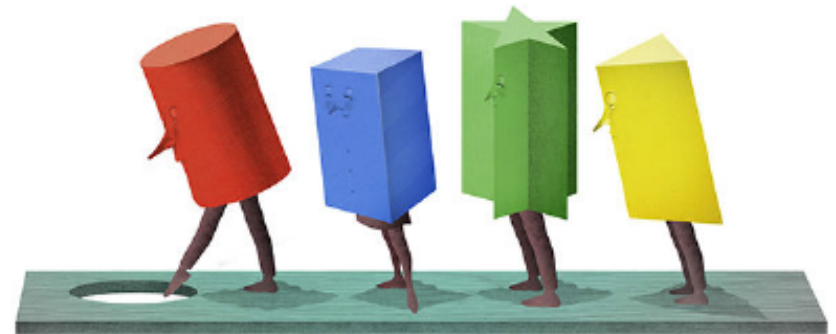
Schumpeter

Diversity fatigue

Making the most of workplace diversity requires hard work as well as good intentions

Feb 13th 2016 | From the print edition

RONALD REAGAN once said that “The nine most terrifying words in the English language are, ‘I’m from the government and I’m here to help’.” Today they are run a close second by 12 words: “I’m from human resources and I’m here to organise a diversity workshop.” Most people pay lip service to diversity in public. But what they think in private can be very different. Some HR consultants have even started to worry about “diversity fatigue”.

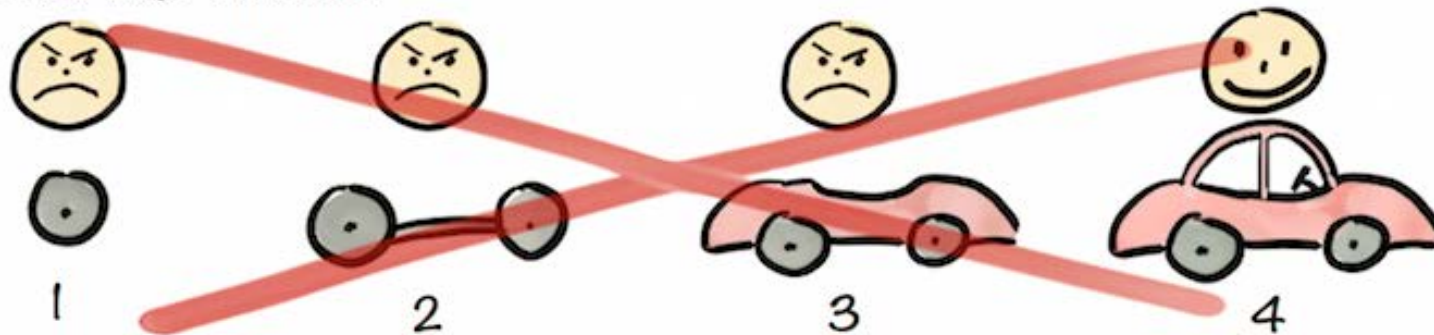


Ueli Ryser

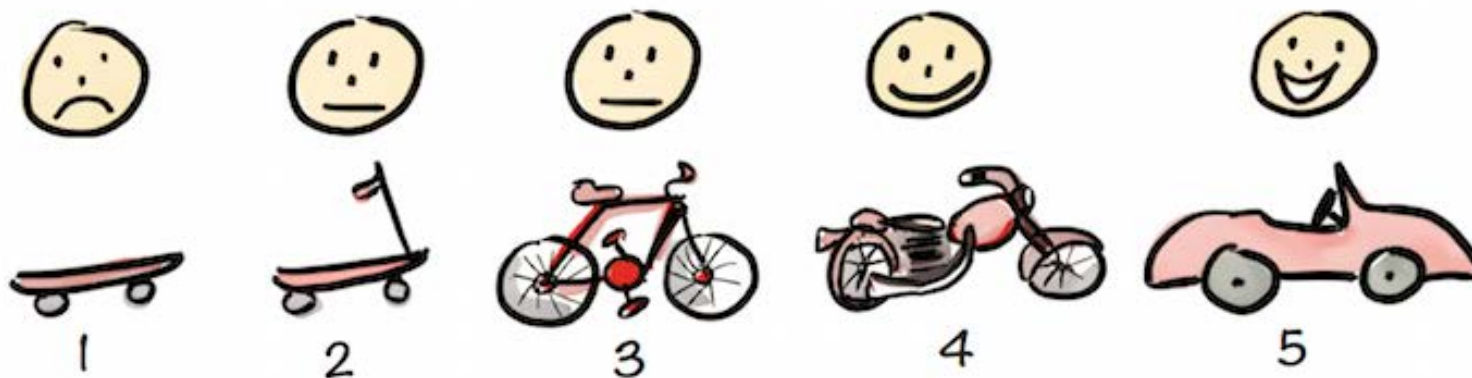
Opportunity

Actuaries can be Agile

Not like this....

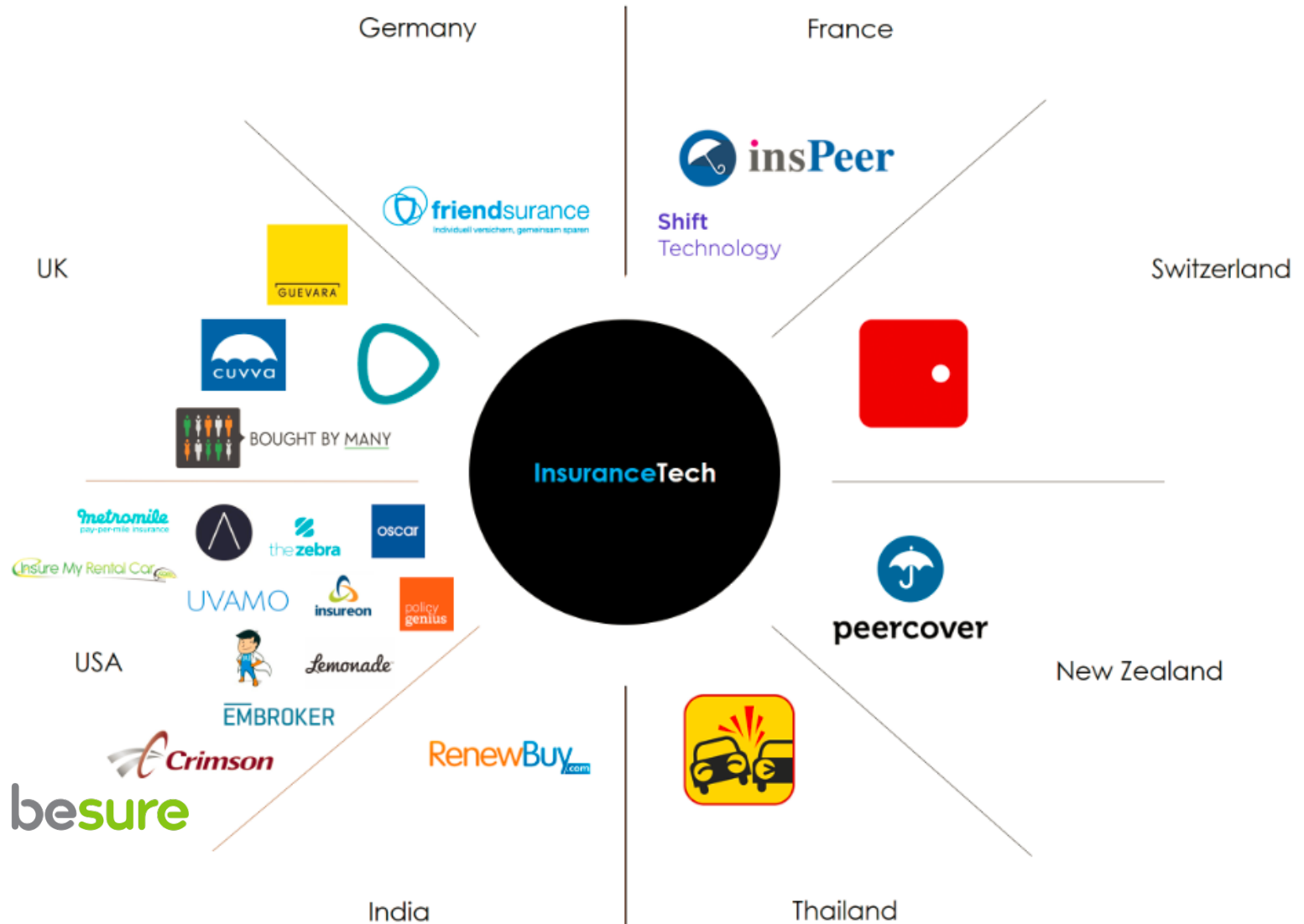


Like this!



Opportunity

The rise of P2P insurance



Conclusion

Today

WIN



WIN



Tomorrow

win



win



win

