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Insurers on the brink
Disrupt or be disrupted

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Deloitte Center for
Financial Services

What are insurers up against?

Insurance companies are facing existential challenges to the foundation of their value proposition:

- Rising customer expectations
- Macro-shifts in the economy and culture
- New categories of exposures
- Technological transformations

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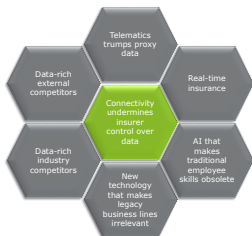
Insurers have often depended on 'orthodoxies'—presumptions about their natural competitive advantages — to act as entry barriers against disruptors

Orthodoxies

- Insurers have cornered the market on data, models, and analytical talent for risk assessment
- Insurance is complicated and misunderstood, giving established distribution force a key advantage
- Insurer risk pooling capacity cannot be easily replicated
- Consumer, regulatory familiarity with long-time insurers discourages large-scale displacement by upstarts

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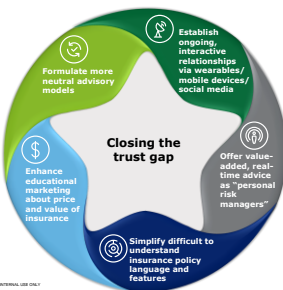
Reality Check #1:
 Insurers no longer have a monopoly on assessing, pricing, and limiting risk



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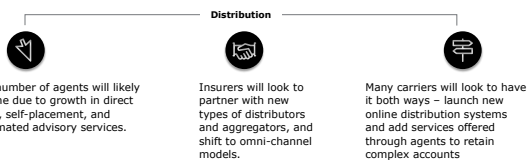
Reality Check #2:
 Brand familiarity won't insulate insurers from new competition



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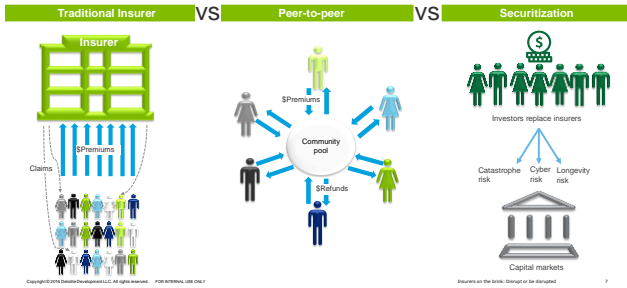
Reality Check #3:
 New platforms will shake up the distribution system



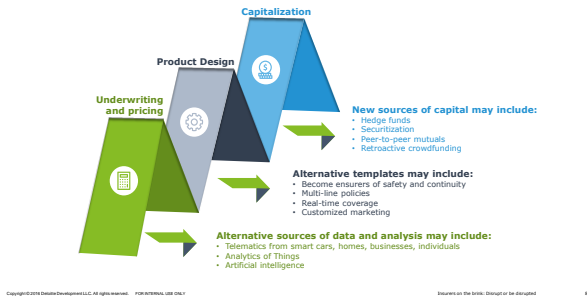
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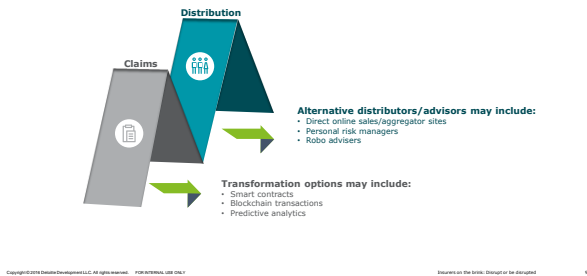
Reality Check #4:
Insurers must cope with new competition on risk pooling



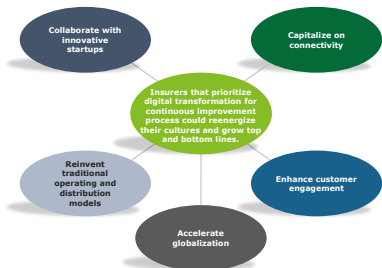
What's next? Disrupt yourself or be disrupted!



Disrupt yourself or be disrupted!



InsurTech can be the great equalizer, both among incumbents and disruptors



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Disrupt or be disrupted – questions that insurers should be asking

- How might they attract new capital into the business?
- How can they attack the friction-adding, unproductive time and cost factors hindering current business models?
- What might they do to capture existing and untapped profit pools?
- How would they go about capturing a greater volume and higher quality of data than they do now?
- How might they leverage and monetize new types and sources of information to maintain a competitive advantage?
- How might they reinvent their business model and processes to improve customer experience?

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