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INSURTECHS AND IoT: CHANGING THE FACE OF INSURANCE

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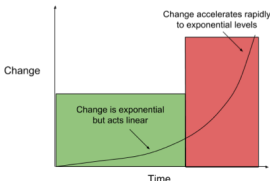


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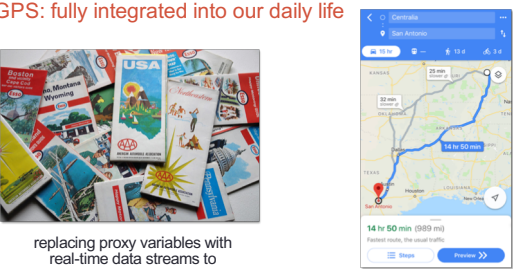
The insurtech paradigm shift

- We live in a world of accelerating change
- Our mindset is linear, but needs to be exponential



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GPS: fully integrated into our daily life




replacing proxy variables with
real-time data streams to
assess driving times

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IoT: quickly integrating into our daily life

"Siri, what is the weather forecast today?"

"Today it will be partly cloudy with a high of 85 degrees"

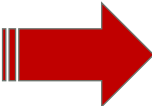


"Daddy, we hung up your clothes for you"

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What are the implications of an IoT world?

- Data collection
- Periodic
- Time-based experience
- Surrogates
- General
- Linear
- Experimental
- General trends
- Actuarial science





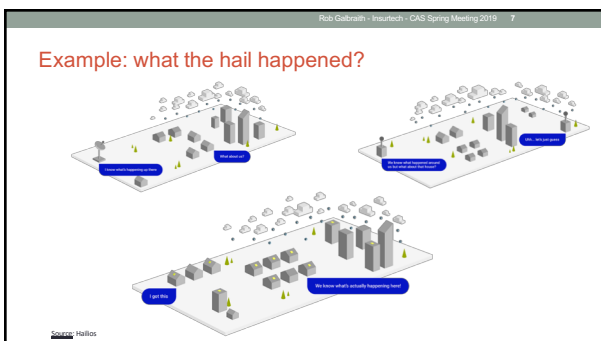
- Data filtering
- Continual
- Data-based experience
- Actuals
- Specific
- Exponential
- Core
- Near misses
- Blend w/ data science

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Example: gamification to improve driver behavior

Going beyond the "red light" with telematics







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IoT = Big Data = urgent need for AI/ML solutions

*"When it comes to how insurers should prepare for the shift, [actuaries] should be ready to engage intelligently with new types of data and adapting their models and infrastructures to **fully embrace the potential of AI**."*

- Francisco Corea, AI technologist

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Data preparation and business knowledge still critical

80% of time needed for data preparation

20% of time needed for model generation

What percent of actuaries are prepared for an AI world?
(Based on informal surveys, not enough!)

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IoT data management: back to the future

Traditional

New

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The new IoT world brings a new way to view the world

Traditional

- Generalized linear models
- Correlations
- Process-based
- Transparent
- Peer reviewed
- Defined steps
- Domain expertise


New

- Complex algorithms
- Behaviors
- Results-based
- Opaque
- Thoroughly documented
- Test-and-learn
- Shared consciousness

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A deluge of data: implications for pricing and reserving

"If you want to build a model with great statistical fit,
simply predict you will never have a claim"



How will reinsurers, rating agencies and regulators view your methods?

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Learn more



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Thank You!


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