

# Moving insurance from detect & repair to predict & prevent

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Insuretech is fundamentally changing how insurers operate as they seek to accelerate and embrace a new era of customer-centric services - based on the observed behaviour of customers. The question remains how the traditional insurance industry will respond to these changes.



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The insurance industry is rapidly shifting from being product-led to being service-led to deliver a holistic CX, with the future of insurance being a blend of talent, technology and business models.

The current wave and evolution of emerging technologies such as Artificial Intelligence (AI), deep learning and neural networks, have the potential to drive fundamental change in the way that customers interact with service providers.

## Optimised user experience

The next stage of evolution in the insurance space is expected to be a shift away from the current “detect and repair” approach to one of “predict and prevent”, and this is also likely to transform every other area of the industry in the process.

Numerous factors are currently shaping and accelerating the pace of this change.

The most important is the use of these technologies to improve decision-making and productivity, reduce costs and optimise the user experience – which continues to be the Achilles' heel for many enterprises and organisations.

Amid this wave of transformation, insurtech (insurance technology) has fast become one of the most widely used buzzwords in the financial services industry.

This is thanks to upcoming insurtech companies that are proving to be more creative, ambitious and tech-savvy than their traditional counterparts, and have the potential to alter the way insurance companies cover risk.

## **Catalyst for digital transformation**

As a result, established insurers are being compelled to consider partnering with or acquiring insurtech start-ups to strengthen their customer relationships, tap into their technology and build scalable networks.

Insurtechs are increasingly serving as a catalyst and driving force for the digital transformation of the insurance industry.

This is particularly apparent in the area of customer relationships and Customer Experience (CX).

## **Changing risk assessments**

Insurers must recognise how the increased presence of robotics in everyday life and across various industries is likely to transform risk pools, change customer expectations and enable new products and channels.

The increased personalisation of these technologies will also give insurance companies access to models that are constantly learning and adapting to the world around them, which will enable the advent of new product categories and engagement techniques.

To remain relevant, established insurance companies must focus on how insurtech redefines customer-centricity in the industry, as modern customers are fundamentally different from previous generations.

Not only did their needs, knowledge and expectations expand over the past decade, but the blending of technology with everyday life has created a new kind of consumer – the “digital native”.

## **Customers driving disruption**

Considering their focus on instant gratification and demand for endless choice, these customers are the real disruptive force within the insurance industry, meaning that consistent changes are now omnipresent.

For companies to maintain a good CX requires rapid research to understand the changing dynamics, new pain points and expectations as well as the leveraging of agile innovations to address them.

Organisations that manage to master this approach will add value for the customer in high priority areas.

In terms of incorporating insurtechs into their service offerings, traditional insurers can combine the advantage of disruptive new changes in technology, especially in the field of customer engagement, with the benefits associated with their established reputations, networks and customer reach.

Traditional insurers will have to reconsider their ICT investments in the context of customer needs, knowledge and expectations that have expanded significantly in the age of immediacy, where constant change is an overwhelming choice and customer loyalty is no longer a given.

## ABOUT THE AUTHOR

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