

SMART INSURANCE FOR MILLENNIALS

FINANCIAL SERVICES - INSURANCE

Business Priorities For Insurance

A guide to foster corporate innovation and digital transformation

The GrowthEnabler InFocus reports uniquely address the top priorities for technology leaders and their teams; by recommending potential solutions, in the context of business growth. Each business priority is broken down to point level/function-specific solutions that are further linked to technologies with a list of vendors. Business Solutions are sourced from GrowthEnabler Pii, our intelligence gateway to over 525K high growth tech companies. This report is designed to navigate the ever-changing technology landscape, and enable more informed, and quicker decision making.



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How Can Insurers Meet Millennials' Expectations?

AN INTRODUCTION

Millennials are the generation born between 1980 and 2000 and together they account for nearly 27% of the world's population. Millennials in China outnumber the total population of the United States of America and India accounts for close to 20% of the global millennial population. Even in the U.S., millennials are expected to outnumber their elder generation in 2019. These large numbers represent a significant opportunity for Insurance companies. However, it is important to note that traditional products and approaches may not be relevant for this highly susceptible age group. To succeed insurance companies should better understand the nuances of selling to this always online generation and this includes a deeper understanding of the changing family structure, a changing trend in home ownership, policies for Uber as against automotive insurance and a higher propensity to rent as against buying expensive items.

There is a need for information-based content as millennials extensively rely on facts and opinions of like-minded people, rather than advertisements. Also, price, value, convenience and simplicity drive buying decisions and are critical considerations in the buying cycle. For e.g., Oscar Health Insurance offers entire healthcare experience by offering digital consultations and online prescriptions, location-based doctor information and discounts based on health data. Another example includes Trov that capitalised on the millennial preference for on demand platforms and successfully managed to add \$3.6 bn of items protected in 1st year of launch, with an average growth of 55% per month. The ecosystem is fast changing as new entrants and newer products have made insurance buying simple that can be done in few clicks.

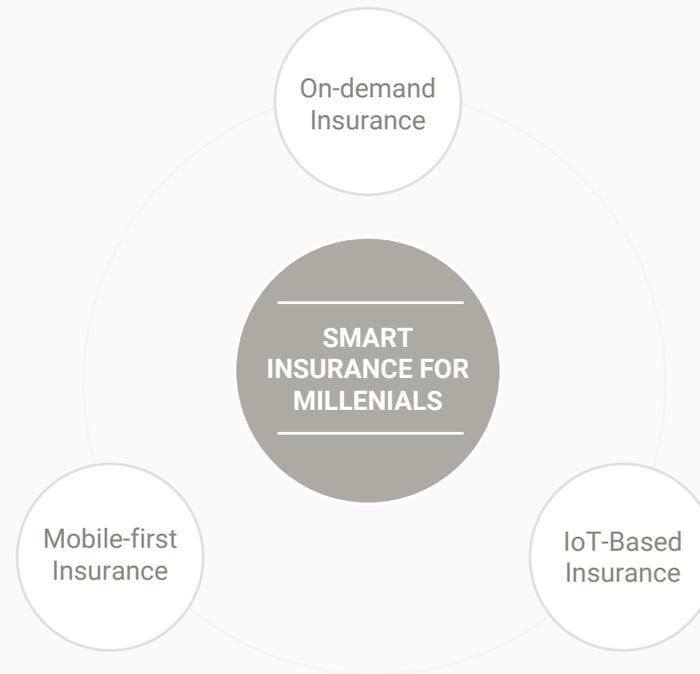
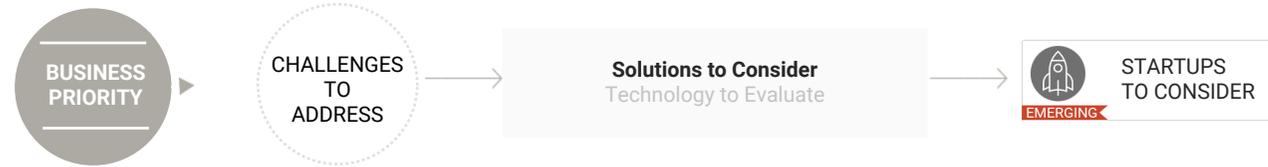
Companies use advanced technologies to innovate products, offer safety solutions, and reduce claim cycles. However, the market has observed more innovation in distribution than in product development. Hence, companies that focus on new products as core innovation strategy are likely to move ahead of the curve in the long run. Insurance companies are collaborating with startups for product innovation. For example, AIG signed up with Human Condition Safety to make jobsites safer; State Farm tied up with Canary, that offers products & smartphone apps for home security, to offer discounts on home insurance; and Generali Group, American Family and Liberty Mutual partnered with Google's NEST to innovate home insurance products. Although, there have been early signs of industry approaching innovation in piecemeal fashion, most large insurers have done little to pursue a strategy to turn contemporary.

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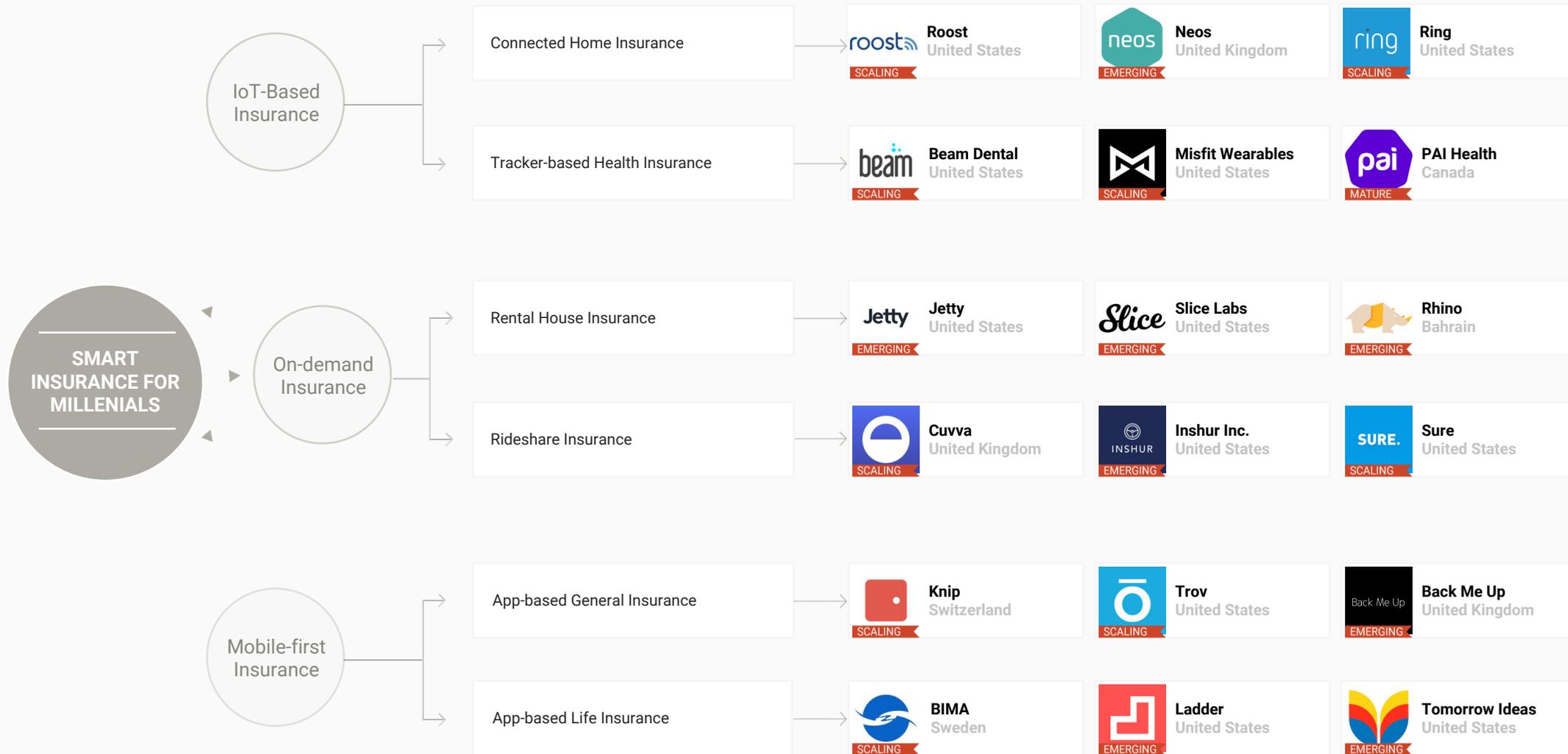
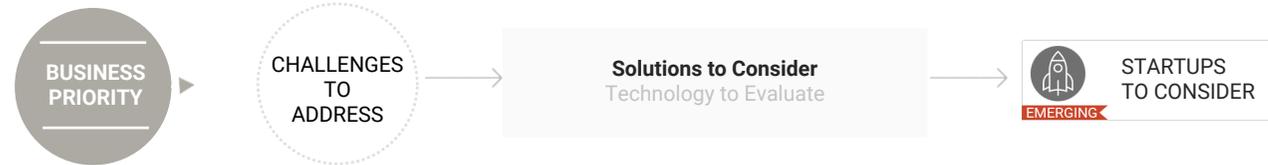
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STEPS TO ACHIEVE BUSINESS PRIORITIES





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RECOMMENDATION

As Millennials become largest portion of the target customer base for insurance industry, companies need to innovate their products and delivery services. They should invest in building products that are relevant in current scenario. At the same time, be future-ready for fast-changing customer preferences by interacting with the young and savvy target audience and drawing insights from their conversations on the social media. Companies should start actively engaging with startups in order to be at the top of latest innovations. Traditional insurance companies have been slow in responding to the change in ecosystem and as a result are at huge risk of losing business to new-age insurance companies.

- 1 Insurance companies should focus on offering low ticket insurance products by partnering with digital insurance agencies specializing in underwriting niche policies that use technologies like IoT and Image Recognition to obtain individual customer data for customized insurance policies. Such policies may include insurance for gadgets and other expensive items, and insurance for specific risks for shorter duration like traveling, trekking, medical insurance for seasonal epidemics, etc.
- 2 Insurers should target Asia and Africa to increase their market share. Asia enjoys half of global premium growth with very low insurance penetration and constitutes 58% of global millennial population. Africa has huge opportunities in digital channels. 2018 witnessed a growth rate of more than 20% in internet penetration, the fastest in the world and smartphone adoption is estimated to be at 52% by 2020. Companies should leverage increasing use of mobile data, expected to grow at 66% CAGR over 2016-2020, in this region to offer mobile-first insurance products.
- 3 Companies should leverage customer data from connected devices, telematics, and advanced computing to reduce claim costs, offer personalized pricing and enhance revenue streams.

HOW TO WORK WITH STARTUPS ?

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Startups bring critical innovation, problem solving and the potential of entirely new markets to Corporates. Innovation is high on the CIO agenda today; however partnerships that drive this innovation are becoming harder to find. Creating real change by fighting against static bureaucracy is one such stumbling block in the success of startup-corporate collaboration. The heavily regulated and slow-to-change nature of the Financial Services has slowly eroded profitability over the years and has made the market leaders particularly prone to disruption from Tech giants like Google, Amazon, and Facebook.

Its time for incumbent players to adopt a collaborative approach with emerging InsuranceTech players to renovate their business models. Most Startup-Corporate collaborations fail due to multiple challenges from a cultural and technological standpoint. It is imperative that expectations from both sides be well-defined and corporates should leverage their existing expertise in dealing with regulations in collaborative projects with startups. A transparent approach about the scope and metrics of the project along with well-defined deadlines can help build a critical foundation for a successful proof of concept. A sandbox approach, by providing safe environments for developers to extensively test their products internally before the final release can help determine the propensity of success without the regulatory challenges.

The ever changing customer requirements and rise of the digital consumer are driving Insurers to expand their product penetration and invest heavily in customer engagement. Constant innovation in product offerings is a monumental task which makes embracing a platform based approach critical for Insurers. Developing an ecosystem of digital partners who can augment their core offerings can prove to be a major competitive advantage. Introducing a platform where customers have the ability to access multiple services from a single platform can drive exponentially better customer engagement in addition to generating additional revenue streams for Insurance companies. Creation of omni-channel platforms and automating processes along with a strong focus on driving network effects can help create a win-win situation for both Insurers and InsurTech startups.

GROWTH ENABLER RESEARCH METHODOLOGY

Proprietary Research

INTRODUCTION

GrowthEnabler uses its proprietary research methodologies to analyse the business impact of disruptive technologies and digital innovations on the future growth of large corporations and their industries. GrowthEnabler applies its deep-data analysis tools, scoring logic and algorithms to create intelligence that enables senior executives to make informed business

STARTUP TECHNOLOGY LANDSCAPE & ANALYSIS

The Startup eco-system is built using an exhaustive primary and secondary research analysis model, led by dedicated team of tech analysts and subject matter experts (SMEs), who

Primary Research: The Primary research data is sourced directly from GrowthEnabler Market Surveys, RFI's with Startups, One-on-One Interviews, Calls and Product briefings, including Startup and Client Registration Information available on the GrowthEnabler Pii platform

Secondary Research: A team of Machine Learning and NLP experts scan thousands of private and public data sources using data scraping and crawling methods to extract relevant secondary data, which is then validated and verified using GrowthEnabler automated data-cleansing methods, industry and technology segmentation taxonomies and

The major source of secondary research are:

1. Global Startup Websites
2. Data Aggregator
3. VC and Investor Portfolios
4. News Feeds
5. Industry Reports
6. Regional Company Registration Websites
7. Social Sources (Social Sites, Blogs, Articles, Media Sites)

ANALYST VALIDATION: A team of Analysts and Subject Matter Experts validate both the primary and secondary data while using internal peer reviews to substantiate core assumptions and data points, and external discussions with senior decision makers to assess business relevancy, timing and need

A total of 100 data-points and parameters are applied in analyzing and predicting the growth potential and health of a Startup, including:

1. Company Information
2. Leadership Team
3. Business Model
4. Financial Strength/Funding/Acquisition Data
5. Product & Innovation
6. Customer base
7. Social Media
8. Business Traction and Progress

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