

# *Regulatory Evaluation 2.0*

## *Is there a better way*

*ITL: Observations from afar....up close and personal*



- "If I had asked people what they wanted, they would have said faster horses." - Henry Ford
- Kodak invented the first digital camera in 1975....but had no vision, imagination and execution



# James Twining: “*Do we even need insurers anymore?*”

- Insurance:
  - “...uses archaic business practices, antiquated operating models, huge frictional costs, under-invested IT systems...”
  - “**...why do we need the insurers at all?** Why not just **rent the capital, underwrite the best business themselves** and use the traditional market for the rest and to **reinsure** out the peaks? And if the brokers can do that, why not Google or Amazon who have huge client reach and brand loyalty, unmatched analytical ability and the firepower to build, buy or hire in whatever insurance expertise they might need?...”



# *It's Not That Simple....*

- The market has not evolved in the way it has by accident....
  - Large, complex and long tail risks require huge balance sheets and often syndicated underwriting and reinsurance towers to be written at all.
  - Shareholder returns vary massively in the supply chain for a reason.
  - We risk ignoring all that works and that is good about the old.
  - The market will be transformed...not disrupted – it's embedded into the global economy, fragmented and too important – i.e., the AIG bailout of 2008.



# ....*BLURRING* of the Supply Chain

- What's going to happen to ISO forms?
- Will RISK be embedded into the economy in the form of taxation? (14 country coalition discussing this now)
- Will Manuscript Forms become the new norm?
- AI will the guide through the supply chain
- Bundled product development
- Emerging product lines with emergence of IoE & IoT
- What standard endorsements and exclusions in today's marketplace will emerge or become embedded into coverage offerings...?
- Will Point of Purchase and On Demand replace the *annual policy*?



# Insurance Value Chain

## Regulatory Oversight

	Assessment (underwriting)	Pricing	Distribution (Sales and Marketing)	Claims/Benefits Management	Investment (Asset Management)
	Actuarial Analysis Policy Creation	Risk Selection Rate/Quote Reinsurance (premium payments)	Analog: Agency Model Digital: Comparison Sites Direct to Consumer Episodic	Customer Experience Claims: Reporting Assessment Resolution (payments)	Predictability Reserves/Audit Solvency
<b>NOW</b>	Limited useful data Regression analysis Rigid policy construct	Annual Pricing Large pool pricing	Agency Model Hierarchical Commission-based	Basic online features Call Centers Manual Claims Processing	Portfolio Management Risk Models and Analysis
<b>DRIVERS</b>	Privacy Data input (IoT, Drones, satellites, wearables, etc.) Data analysis (AI, Risk Modeling)	Logic and Risk Prediction	On demand Value-based	Why not now Everything digital	Data, Data, Data Financial analysis Financial Markets
<b>SHIFT TO ...</b>	Specialized Episodic Prevention Differentiated Risk Pools	Speed to issue On and off Cost control Risk mitigation	Commercial – value based Personal – on demand, personalized	Digital submission and processing Fraud prevention	Financial Transaction Transparent (built-in)



# *The math does not work*

- 56 regulatory bodies
- Almost 700 InsurTechs (not including untold number of innovations in stealth mode)
- 39,200 separate evaluations – from scratch
- Forum shopping
- Regulation management



# *Transformation at the speed of Reason*

- What is the role of the Regulator in InsurTech?
  - Agnostic and objective evaluation of innovation
  - Be the voice of process, caution and reason
  - Assess impact on consuming public
  - Apply the rules

Innovation + Regulatory Participation = An Adult Conversation





# *Introducing ITL's Innovator's Edge*

- Where is innovation coming from?
- How is innovation monitored in real time?
- Where in the supply chain is it coming from, where is it today, and where is it going tomorrow?
- How do incumbents and newcos exploit and monetize emerging opportunities?



\*\*\* DEMO \*\*\* – *Innovator's Edge*



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*ITL Innovator's Edge*

