

Future of insurance industry

How innovation and technology are changing client interaction and insurance services

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October 3rd, 2019



Major trends in the insurance industry

Limited predictability, high interdependencies

1

Global megatrends

- Shift in global economic power
- Demographic shifts
- Accelerating urbanization
- Rise of technology
- Climate change and resource scarcity
- Renewable energy revolution

2

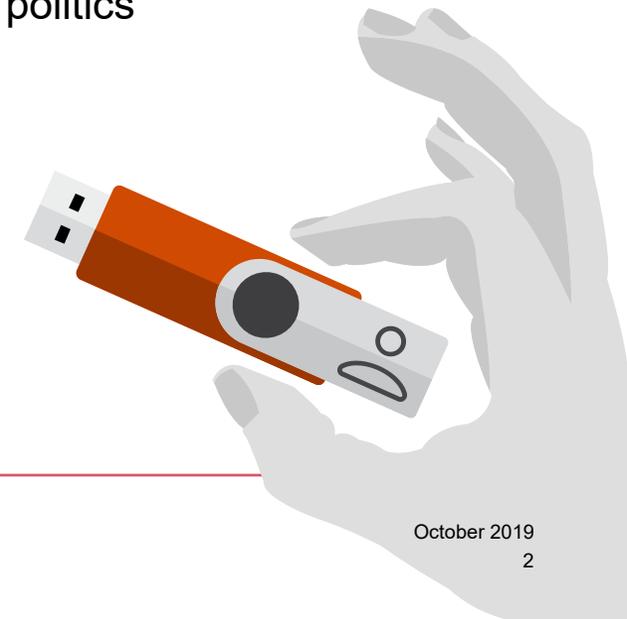
Insurance-specific trends

- Digital and customer
- Environment
- Multiple
- Revolutions in Medicine and Healthcare
- Economy/ Politics
- Society
- even more Regulation

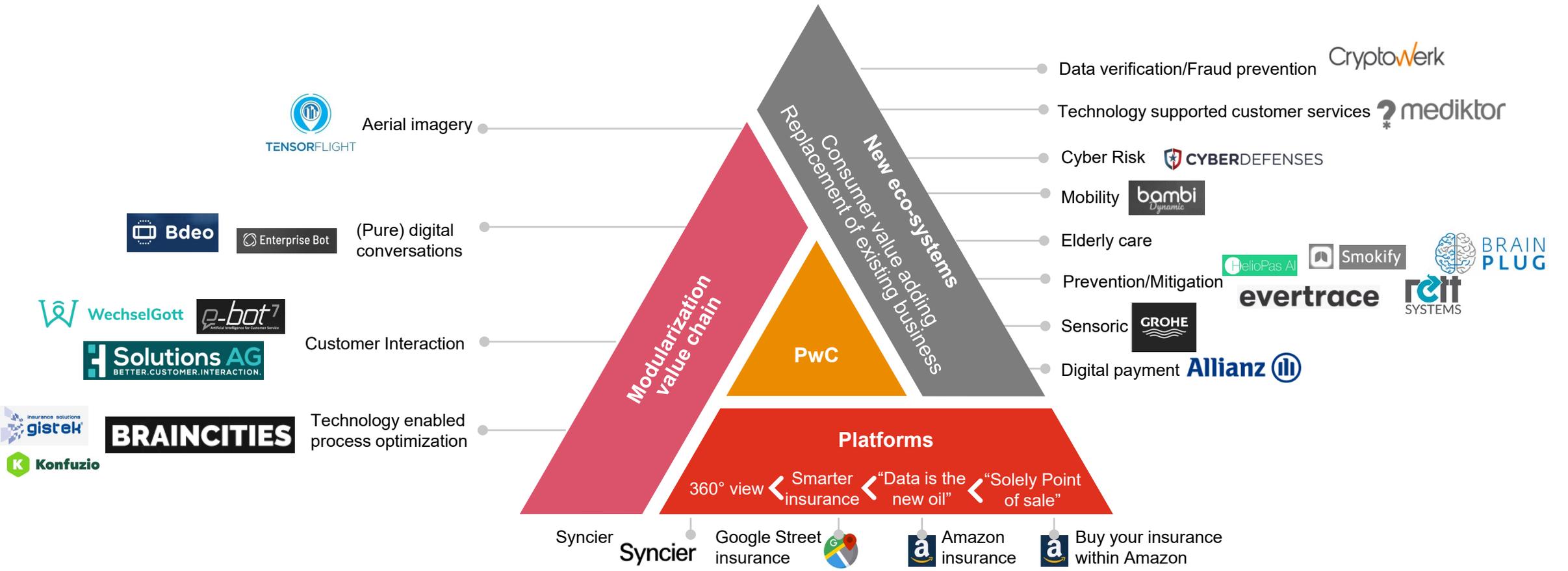
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Local/regional trends

- Political insecurities (Brexit etc.)
- Territorial market trends
- Changes in local fiscal and monetary politics



Future of Insurance driven by digital and customer trends



How will Technology drive the change?

Disruptions in the insurance sector

Technology & Data enables...

Calculating risk and creating policies

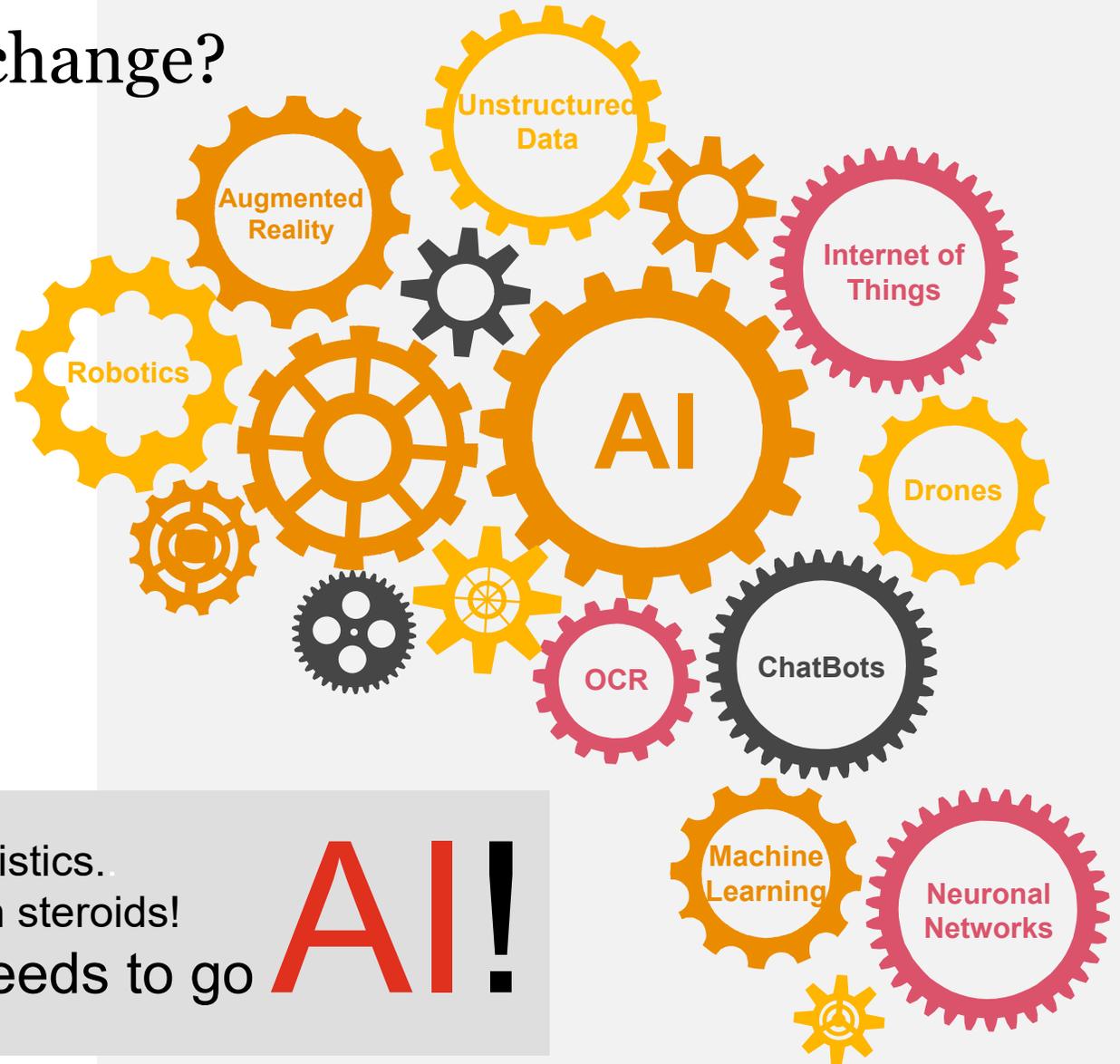
- Machine Learning
 - Identifying and monitoring risks
- Optical Character Recognition (unstructured data)

Customer interaction & claim handling

- Augmented Reality
 - Guided damage reports
- Live video chats
- ChatBots

Fraud detection

- Neuronal networks
- <And more>



Insurance is statistics.

AI is statistics on steroids!

Insurance needs to go **AI!**

What are InsurTechs doing today?

Spotlight on the three main types!

“The new insurance”

Market: Personal life insurance

Benefits: Easy, Direct, Cost effective, Individual, Flexible

Technology:

- Online-Only
- AI (Policies, Augmented Reality, Chatbots, Fraud detection)



“The service provider”

Market: Insurance operation

Services:

- IT infrastructure
- Risk assessment services
- Risk prevention



“The insurance broker”

Market: Customer acquisition

Benefits:

- Highly individual
- Crosschecking
- Always optimizing



InsurTech Funding 2018

- 55% went to **personal life insurance**
- 20,4% went to **customer acquisition**
- 17,8% went to **insurance operation**
- 6,6% went to **commercial insurances**

Where are we going?

The path to the future insurance industry.

Ability to provide digital, flexible and personalized products

Classic Insurances

- Full Range of Products
- Slow processes
- “Disconnected Silos”
 - Data not accessible cross Company
 - Multiple technology approaches

InsurTech

- Agile, modern, fresh, new approaches
- No Silos
- Disrupting the industry with highly specialized products using technology

Insurance in the Future

- “Reducing risks before something happens”
- Highly specialized products
- Flexible and Fast
- Technology and Data driven
 - “Connected Silos”
 - Leveraging historical data
- Using Providing Services
 - Chatbots
 - Automated claim handling
 - Data Gathering
 - Identifying Risks using Video/Satellite/Drone Data

29% Cost Savings through Digitization

According to a recent study **property insurers** in Germany can **save up to 18 billion euros through digitization**, which corresponds to **29% cost savings**.



Source: "Digitalisierung der Versicherungswirtschaft: Die 18-Milliarden-Chance" – Google/Bain & Company 2016

Regulation must adjust to rapid technological innovation

“New normal” following disruptive trends

Post financial crisis regulation

- Sustainability
- Level playing field
- Market (conduct) regulations
- Data privacy
- Solvency regulations

Disruption

- Non-FS market entrants
- Disaggregation of value chain and ecosystems
- Revolutionized customer experience
- Mass-data enabled automatization
- Customization vs. risk profit pool
- Emerging risks

Adaptation of regulators' focus

- Emphasis on policyholders' protection
- More sophisticated scope definition to address blurring boundaries of industries, emphasizing sustainability
 - Focus on customer's best interest across omni-channels
 - Preventive, risk-centered supervision
 - Revamp regulator's skills and approach to put digitalization in the center

Contact



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