

5 ways tech is changing insurance

By [Travys Wilkens](#)

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It's no secret that the insurance sector is conservative by nature and has largely been slow to embrace technology. In the past year, many of the large incumbents have been touting new 'digital' offerings to keep the insurtech challengers like Pineapple, Naked and Simply at bay.



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These small independent start-ups are harnessing technology like artificial intelligence and machine learning to disrupt the sector and easily grab consumer attention away from the traditional Goliaths of the sector. The world is changing. Risks are changing. The way we drive is changing. It therefore stands to reason that in order for insurance companies to survive, they have to innovate and build new ways of working, new products and new rewards to address these changes.

1. Blockchain

Blockchain has been seen to assist companies in detecting fraud, maintain records and essentially save substantial time and labour resources. It ultimately allows them to know their customer. Smart contracts, powered by blockchain technology, for instance, could give both insurers and customers the ability to manage claims in a transparent manner. The only way for this to work, though, would be for the entire community to work together on a single platform. Many insurance companies, such as those in India and Hong Kong, are now creating a central repository of policyholder data. This allows insurers to avoid having to repeat the registration procedure for multiple policies.

2. Chatbots

Chatbots have been around for some time now, and it's been a bit of a rollercoaster ride. Deep learning techniques have aided in machine translation which has meant that speech recognition software has improved in leaps and bounds in recent times, thereby further reducing errors. The industry is still getting to grips with chatbots and with recent advances in cognitive technology – which helps chatbots increase accuracy and provide far more relative automated responses – I suspect the uptake will increase even more.

3. On-demand insurance

At every moment of the day, we face certain risks. Many would agree that it is almost impossible – or at least really expensive – to cover every single thing all the time. Enter on-demand insurance. This is the ability to get insurance coverage whenever you want, wherever you want, by use of, say, a mobile app. On-demand means that the insurance offered is on a need-based model. A simple way to define it is that you only pay for the time that you are at risk. The idea is to offer customised insurance products, with a very limited requirement for the customer to interact with a broker or company representative.

4. Behaviour tracking

Devices such as Discovery's DQ-Track or wearables like Fitbit have given insurers some insight into consumer behaviour. Other insurers utilise machine learning technology to form smart recommendations on insurance policies, based on your social media. In the future, those offering car insurance will have a far better idea of if you drive properly or not. Those offering life insurance will know if you exercise or live a healthy lifestyle. This allows them to adjust their prices accordingly and offer low-risk clients better rates.

5. Artificial intelligence

It's surprised how long it has taken for AI to find its way into the insurance sector. The industry is essentially built on data, so it seems logical to hand the grunt work such as paperwork and claims verifications over to a really smart computer. In many instances, data which has been manually inputted accounts for over half of the errors. This could be due to typos or incorrect customer details. Through AI and automation, insurers could prevent many of these errors and thereby speed up the entire process for themselves and the customer.

No industry is exempt from disruption. Today, the world is always-on, ever-connected and fast-changing. We're beginning to see a clear shift away from the traditional means in which we've always conducted business. We're evolving, and so is insurance.

The insurance model has remained the same for decades and has predominantly relied on income from policy premiums and asset management in order to function. Technology has changed that. It has changed the way that consumers think about risks and spend their money. As a result, insurers are now forced to change their model from one that has always been product-centric to one that is more customer-centric.

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