The future of Underwriting
What do consumers want?

SAS Super Week, 24th Nov 2020
Question: What do YOU think consumers want in the future of underwriting?
2020 – What a year!
to shift consumer expectations
Market dynamics are changing expectations of the next generation customer.

**Consumer behaviour has changed since Covid-19**

- **Importance of Digitalisation**
  - **Purchase channel preference**
    - 54% more likely to buy insurance online
  - **Most valued feature**
    - 60% ability to process policy online

**Purchasing insurance through Digital Platforms**

- **Openness to alternative distribution platforms**
  - 76% prefers digital channels such as e-wallets, bank/insurance websites, e-commerce platforms
  - 40% are willing to share in-app purchase history in exchange for premium discounts

Source: Covid-19 APAC consumer survey 2020
Source: Digital insurance solutions consumer survey 2020
We have vaulted five years forward in consumer and business digital adoption in a matter of around eight weeks.

**Increased translation of digital partnerships**

Increased consumer adoption will drive insurer value in working with digital platforms to the access to new customer segments, and new alternative data:

**E-wallets:**

**E-commerce platforms:**

**Social Media:**

**Ride-hailing apps:**

**Healthcare platforms:**

Digital platforms favoured by consumers

Payment/digital Wallet apps, insurance aggregators websites and websites and social media of banks and insurers were rated the most trustworthy.

Source: Digital insurance solutions consumer survey 2020
## New (emerging) technologies impacting insurance

<table>
<thead>
<tr>
<th>Impact on business</th>
<th>Full life cycle API management</th>
<th>Digital business technology platforms</th>
<th>Intelligent process automation</th>
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<tbody>
<tr>
<td>Revolutionary</td>
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<tr>
<td>High</td>
<td>Next generation Personal Health Records (PHR)</td>
<td>Conversational platforms</td>
<td>Digitally-engineered underwriting</td>
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<td>Medium</td>
<td>Insurance wallets</td>
<td>Digital advisors</td>
<td>Autonomous vehicles</td>
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<td>Reward and loyalty platforms</td>
<td>Advanced analytics solutions</td>
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<td>Administration/management SaaS</td>
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### Time to impact

<table>
<thead>
<tr>
<th>Time to impact</th>
<th>P&amp;C related technologies</th>
<th>Sensing &amp; analytics related technologies</th>
<th>Productivity related technologies</th>
<th>L&amp;H related technologies</th>
<th>Customer interaction related technologies</th>
<th>Customer loyalty/wallet related technologies</th>
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<tr>
<td>0 to 2 years</td>
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Source: Swiss Re Institute
The ability to ask the right question is more than half the battle of finding the answer

-Thomas J Watson (founder of IBM)

What could consumers like in the future of Underwriting post 2020?
Underwriting has been evolving based on availability of technology solutions and data availability.

- Full Underwriting
- Guaranteed Underwriting
- Simplified Underwriting
- Impaired life Underwriting
- Precision Underwriting
- Data driven Underwriting
- Predictive Underwriting
- Automated Underwriting

Data and tech availability
Grow
(protection sales)

Simplify
(user experience)

Augment
(risk profiling)

SR has multiple use cases leveraging these data sources
**Surprising statistics about wearables**

Wearable technology market was worth over $50 billion in 2019. This means that the market **doubled** in size since 2014.

By 2023, the market for global fitness trackers will reach $62.128 million, growing at the **CAGR of 19.6%**.

Top 10 fitness and healthcare apps increased by 61% last year to reach a smashing $327 million globally.

Health and fitness apps show the highest retention rate across all app categories. **96%** of users use only one health and fitness app. This means that once they start using it, they easily become dedicated to it.

Number of fitness app users is expected to surpass **353 million** by 2022.

Lifestyle integrated insurance propositions appeal to most customer personas

Source: Accenture Global Financial Services Consumer Study
Lifestyle integrated insurance propositions appeal to most customer personas

**Pioneers:**
Risk takers, tech-savvy and hungry for innovation
Tech-savvy and keen to engage with financial providers using mobile devices, Pioneers are hungry for innovation in services and channels. They account for 23 percent of respondents.

**Pragmatists:**
Ubiquitous, trusting and channel agnostic
Also making up 23 percent of the sample, Pragmatists see technology as a means to an end rather than as a lifelong passion. They are satisfied with the service levels they receive and they expect good value from providers. They are interested in (though a little suspicious of) personalization.

**Skeptics:**
Tech-wary, dissatisfied and alienated
Skeptics are the largest group, accounting for 33 percent of the sample, yet their dissatisfaction with financial providers means they are a challenging persona to engage. More than a third are under 35, making them a long-term opportunity for providers if they can be targeted.

**Traditionalists:**
Value human touch, tech-avoiders and losing trust
Generally older (55+) than the other personas, Traditionalists show low levels of engagement and satisfaction with their financial services providers. They are the smallest group from our consumer survey, comprising 21 percent of respondents.

Source: Accenture Global Financial Services Consumer Study
We can be smarter together

Your Customer Touchpoints

Our science to customer engagement

- **Physical Activity**
  - Leisure time physical activity
  - Daily Steps

- **Nutrition**
  - Healthy eating awareness
  - Intake of ultra-processed food & sugared beverages

- **Mental Wellbeing**
  - Self reported stress
  - ...

- **Substance Use**
  - Smoking and previous smokers
  - Alcohol

- **Sleep**
  - Hours slept per night
  - ...

- **Environmental**
  - Second hand smoking
  - ...

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*Swiss Re*

November 2020
Creating a firm-wide data strategy and system architecture

- **Data acquisition**
  - IoT
  - Heart Rate

- **Curation**
  - Data exploration
  - Data pre-processing
  - Convert to MI-useable data

- **Feature engineering**
  - Features
  - Data scrubbing, transformation
  - Deduplication, scaling, normalisation, anonymisation
  - Feature selection
  - Transform, encoding
  - Extraction

- **Model engineering**
  - AI models
  - Model architecture, train, validate, test

- **Business review**
  - Evaluation
  - Compliance reviews
  - Exploratory analysis
  - Data validation
  - Cataloguing, storage, permissioning
  - Feature engineering
  - Model engineering

Source: Swiss Re Institute
Evolution to a more data & AI driven insurance – integration

Involved stakeholder: Value chain (example)

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<th>Digitalised insurance</th>
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<th>Data &amp; AI driven insurance</th>
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<td>UWR pricing</td>
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Product = service

Source: Swiss Re Institute
... and Swiss Re has been supporting our clients in launching them

**Trinity Challenge**
Global coalition that aims to better predict and prevent outbreaks, epidemics and pandemics by harnessing the power of data and analytics

**China:**
- Multiple PA, Life & Health products and partnerships with digital platforms

**Korea:**
- Health age UW model

**Hong Kong:**
- Health & wellness product with DNA nutrition
- Tailored rehabilitation programme for ageing

**SEA:**
- Predictive UW models
- Diabetes dynamic pricing product
- eHR parametric health product

**India:**
- Health and wellness dynamic pricing product

Illustrative examples of a few of our L&H launches – logos for illustration only
The Future of Underwriting
Imagining a Customer 360 approach for the next generation customer

Dynamic pricing
Based on historical return ratio of buyer, purchased product and store as well as purchase number etc

Seamless customer experience
One line, one click.

Ecosystem interaction
Integrated with TaoBao

Shipping return insurance
Source: Oliver Wyman Zhong An Insurtech China Report
Thank you!

Lee Li Hui
Underwriting Propositions Lead, Asia

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