

Insurtech Global Outlook 2024

Executive summary

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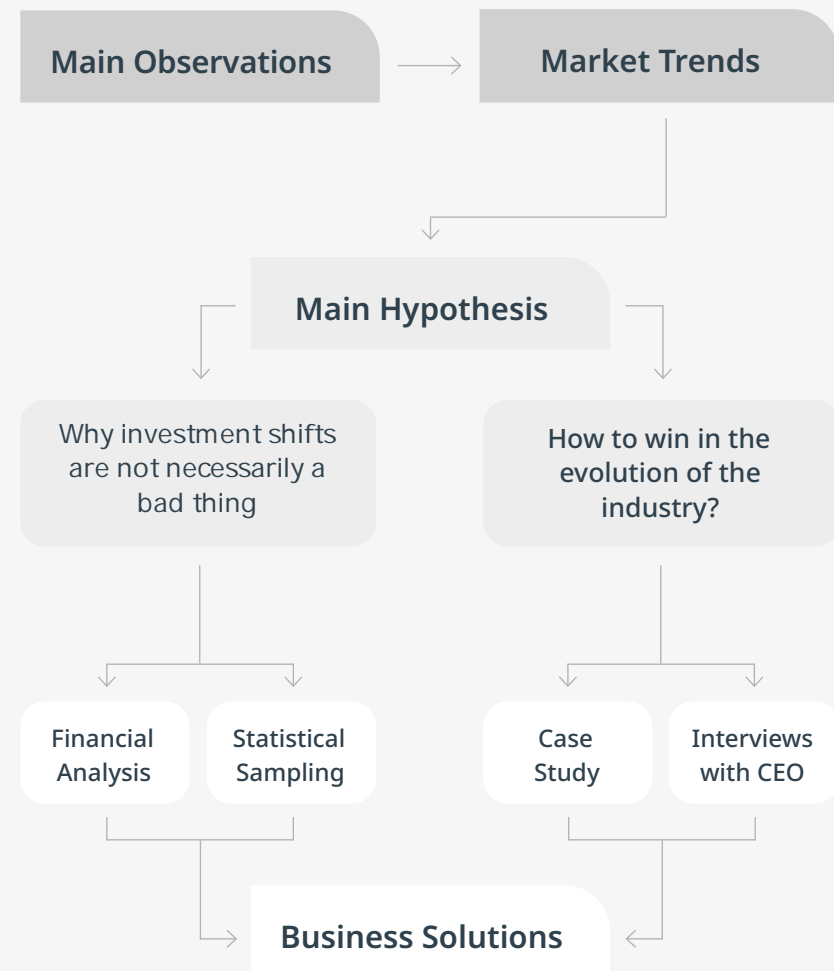
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How do we conduct the Research?

We identify two key points to investigate after analyzing market trends using news radar and scouting:

1. Why investment shifts aren't always a bad thing.
- 2 How to face the industry's evolution.

We use both qualitative and quantitative methods to offer business solutions for the industry.



CEO Talks

DESCARTES

Addressing climate change is a multifaceted challenge, as there's no one-size-fits-all solution. Parametric insurance, however, stands out for its potential to revolutionize how we navigate these risks. It's not about making assumptions but recognizing a powerful tool in our arsenal.

TANGUY TOUFFUT

CEO and Co-founder at Descartes

qumata

Revealing Qumata's strategic stance, we explained our conscious decision to steer clear of wellness-related initiatives. This decision was grounded in the perceived low barriers to entry within the wellness space and a growing industry trend where insurers prefer the internal management of such programs.

LUCA SCHNETTER

Group CEO at Qumata

LULA

The introduction of Generative AI (GenAI) in insurance is set to transform mundane tasks and reduce overstaffing, marking a significant shift towards more efficient and customer-centric operations. It's a move that enhances, rather than replaces, human efforts.

MATTHEW VEGA-SANZ

CEO at Lula

mind FOUNDRY

Mind Foundry, grounded in principles of transparency, human-AI collaboration, and continuous meta-learning, is at the forefront of deploying AI in high-stakes insurance solutions. Our focus is not just on innovation but on creating transparent and collaborative AI applications that enhance human work and trust in the insurance sector.

SELIM CAVANAGH

Director of Insurance at Mind Foundry

bolttech

We aspire to be the go-to platform for anyone looking to sell insurance, globally. Our strategy revolves around a combination of soft skills, regulatory expertise, technological innovation, and a bold vision for the future.

This multifaceted approach positions us to enable the global insurance landscape from the outset.

STEPHAN TAN

Group Chief Strategy Officer & CEO
Insurance Solutions at bolttech

Introduction

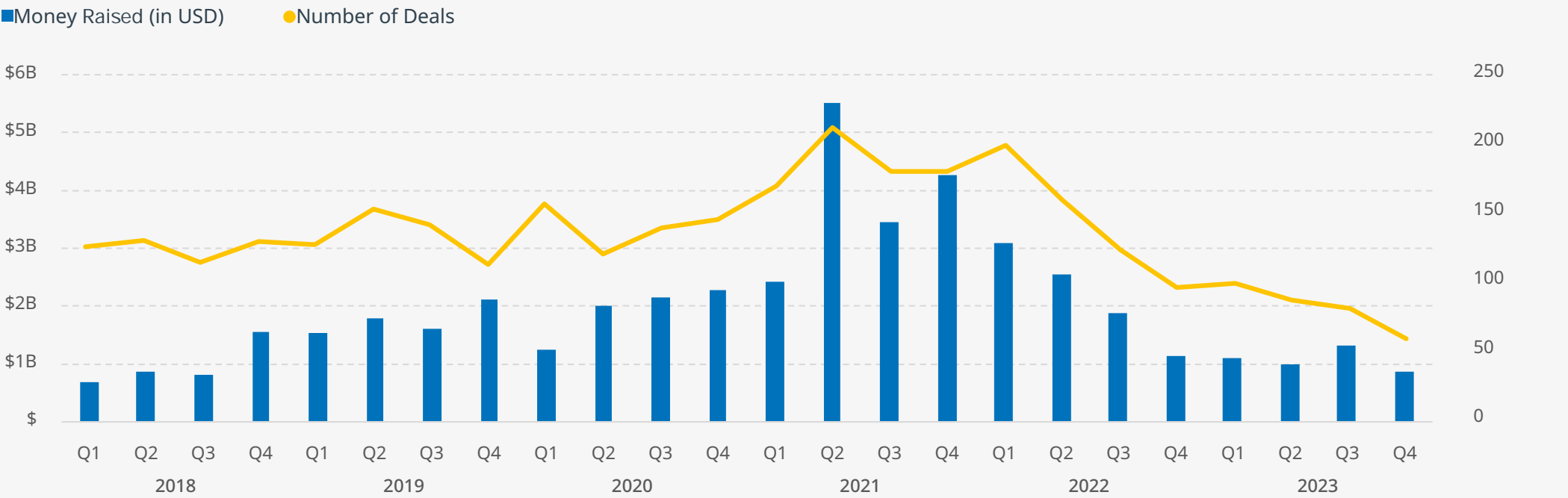
The funding decrease

In 2023, Insurtech funding experienced a second consecutive year of decline from the peak in 2021.

The comparison between leading Insurtech through the years shows an interesting change in the business models, lines and technology adoption, reflecting the evolution of internal and external variables in the insurance context.

Hence, the decrease in funding is not necessarily a negative signal for the insurance ecosystem. In fact, the industry is looking for new highs with different waves of innovation evolving accordingly to face specific challenges in different periods.

EVOLUTION Insurtech FUNDING – MONEY RAISED AND N DEALS



Why investment shifts are not necessarily a bad thing?

Three Waves

Exploring the Insurtech sector reveals three simultaneous waves, each defined by the key technologies of their time. This progression showcases the integration of innovation with insurance, from the rise of digital platforms to the advent of AI, guiding the industry's evolution.

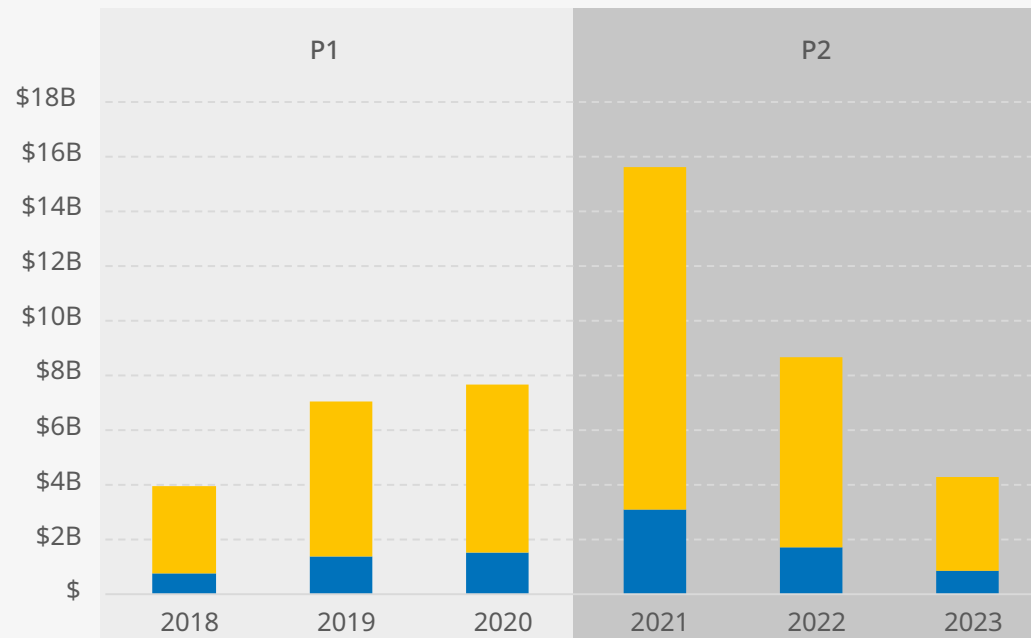
Four Insurtech Clusters

The insurance industry, like many others, has a concentration on the most promising businesses with the largest insurance stakes.

Historically, 20% of the top companies concentrate 80% of funds. This fact inspired this study to analyse what happens in the Top Tier and Bottom Tier separately. Also, the period before and after the peak in 2021 was analysed to check for differences in growing models, technologies, and funding concentration. In the second period, the evidence points to a higher diversification of business and tech that is expected in an innovation window to test the next big thing.

INSURANCE BREAKDOWN

■ Bottom ● Top



Made by the authors. Graph 2

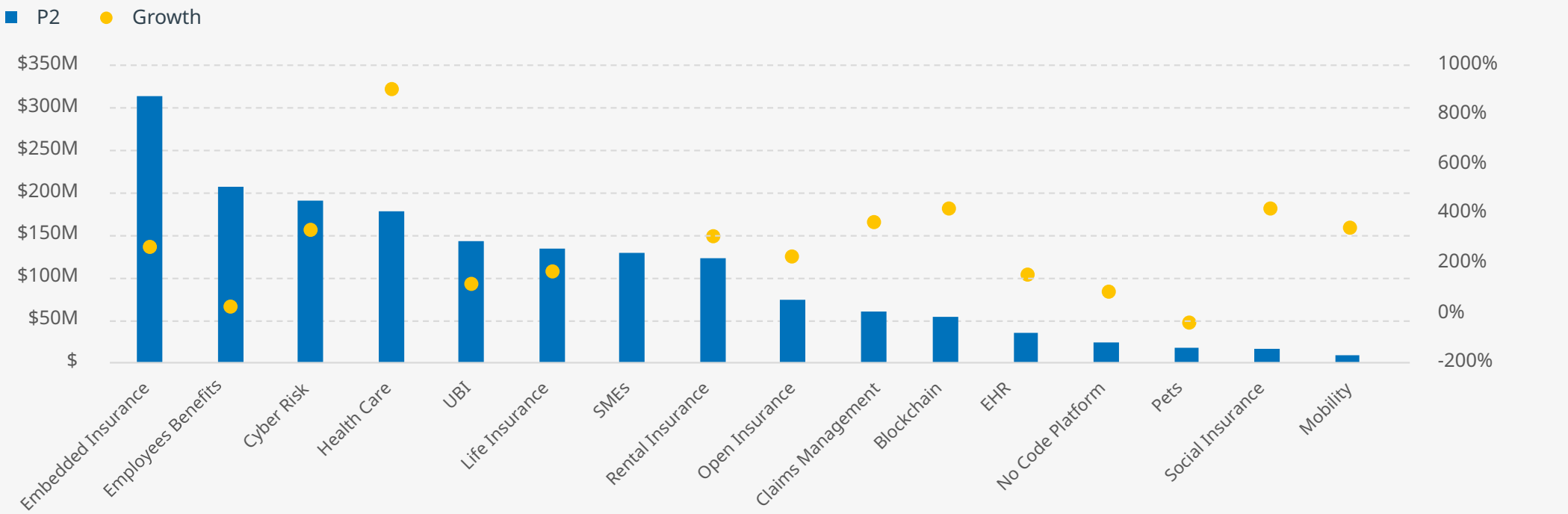
Insurance Bets Focus on series A and B

Insurer's investments are strategically directed towards key areas and current trends (wave 2.0), including embedded insurance, employee benefits, and cyber risks.

This strategic approach reflects a forward-thinking industry mindset, aiming to leverage innovation to meet evolving market needs. The exploration of insurers' follow-on

investments reveals a comprehensive understanding of industry dynamics, emphasising innovation, operational efficiency, and a broader vision of insurance integration.

INSURANCE BETS BY KEYWORDS



CLUSTER	INVESTORS	COMPANY NAME	MONEY RAISED (IN USD)
Embedded Insurance	Aflac Global Ventures, Allianz Life Ventures	Covr Financial Technologies	\$15,000,000
	Alma Mundi Ventures	bolttech	\$67,200,000
	Alma Mundi Ventures	AKKO	\$12,000,000
	Alma Mundi Ventures	ELEMENT Insurance	\$21,572,580
	Generali Group	Yolo Tech Insurance	\$2,934,375
	MetLife, Tokio Marine	bolttech	\$196,000,000
Employees Benefits	Fidelity Security Life Insurance Company, New York Life Ventures	Brella Insurance	\$15,000,000
	MS&AD Ventures	Coverflex	\$16,519,132
	PruVen Capital	Angle Health	\$58,000,000
	American Family Ventures	Sana Benefits	\$ 80,000,000
	MassMutual Ventures	Ideon	\$23,000,000
	Sumitomo Corporation Equity Asia	Naluri Life	\$5,000,000
	Northwestern Mutual Future Ventures	Breeze	\$10,000,000
Cyber Risk	USAA	Enveil	\$25,000,000
	Munich Re Ventures	Stoik	\$10,681,466
	Markel Corporation, PruVen Capital	Cowbell Cyber	\$120,000,000
	State Farm Ventures, The Hartford STAG Ventures	Elpha Secure	\$20,000,000
	Legal & General Capital	CyberSmart	\$15,321,664
Health Care	Cigna Ventures	Flume Health	\$30,000,000
	Nationwide Ventures	EasyHealth	\$135,000,000
	BlueCross BlueShield Venture Partners	First Dollar	\$14,000,000
UBI	Munich Re Ventures	High Definition Vehicle Insurance	\$32,500,000
	Scor	Marshmallow	\$ 85,000,000
	Munich Re Ventures	INSHUR	\$ 26,000,000
Life Insurance	Munich Re, Munich Re Ventures	Azos	\$6,000,000
	Alma Mundi Ventures	Ole Insurance Group	\$12,000,000
	Alma Mundi Ventures	Life5	\$ 10,697,475
	AXA Venture Partners, Munich Re Ventures	Dayforward	\$25,000,000
	Munich Re Ventures	Amplify Life Insurance	\$10,092,193
	RGAx	PolicyMe	\$13,468,265
	Mitsui & Co, Sun Life	Bowtie Life Insurance Company	\$57,500,000

Wave 1.0

Make Insurance Attractive

Leveraging digital technologies to transition from traditional paper-based processes to online services, making insurance more digital and accessible.

Challenge: Overcoming legacy systems, testing new technologies, ensuring data security and ROI while transitioning to digital platforms.

Results-Impact: Streamlined processes, improved customer experiences, and enhanced operational efficiency for insurers. Increased focus on sustainability and profitability monitoring.

Market/External force:

The widespread adoption of smartphones accelerates the shift towards digital platforms.

Wave 2.0

Beyond Connected Insurance and Fast Learners

Adoption of the Internet of Things (IoT) and Artificial Intelligence (AI) for real-time data connectivity, enabling personalised policies and dynamic pricing based on actual behaviour.

Challenge: Gathering, managing, and interpreting vast amounts of real-time data, building win-to-win ecosystems, and dealing with privacy concerns.

Results-Impact: Personalised policies, accurate risk assessment, less fraud, and quicker response to changing circumstances. Collaboration between insurers, Insurtechs, and tech players for comprehensive solutions.

Market/External force: Rapid adoption of IoT, facilitating the collection of real-time data.

Wave 3.0

Next Big in the AI era

Integration of GenAI with potential impacts across the insurance value chain, addressing challenges in various societal domains.

Challenge: Ethical implementation, customer acceptance, transparency, and competitiveness. Navigating ethical considerations and gaining customer trust.

Results-Impact: AI-powered systems streamline claims processes, enhance underwriting efficiency, and detect/prevent fraudulent activities. Recognising the transformative impact on job requirements and balancing tech growth with ethical considerations.

Market/External force: Advancements in GenAI technologies driving innovation across industries.

How to face the Insurance Industry Evolution?

Insurtech Strategies

As the insurance industry navigates a transformative era, Insurtech emerges as a pivotal force, categorised into disruptors, enablers, and catalysts. Each plays a distinctive role in shaping the industry's future through innovative applications of technology.

Disruptors

Introduced novel standards in customer experience, claims processing, and pricing strategies. Powered by advanced AI technologies and digital platforms, they challenge traditional insurance models in terms of efficiency, accessibility, and customer-centricity.

Disrupting Insurance Pillars

1. Core technology application:

Lemonade utilises AI for instant policy issuance and claims handling.

2. Customer-centric approach: *OSCAR*

Health offers personalised health plans and virtual doctor consultations.

3. Disruptive Pricing Strategies:

Metromile pay-per-mile insurance, saving costs for low-mileage drivers.

4. Efficiency and Speed: *hippo* Insurance

provides quick quotes and expedited claims resolution through its digital platform.

Artificial Intelligence, Machine learning, Mobile Insurance, Customer Services, Smartphone

Enablers

Insurtech plays an enabling role in the insurance ecosystem by leveraging emerging technologies and data sources to drive innovation and efficiency across various segments of the insurance industry.

Enabling Insurance Pillars

1. Facilitation on new Business Models:

alan *bolt*tech

2. Emerging Tech and Data sources:

DESCARTES  

3. Enhanced Customer Engagement:

PROGRESSIVE 

4. Claimless Solutions:

gravie   Tractable

Artificial Intelligence, Machine learning, Mobile Insurance, Customer Services, Smartphone

Catalysts


Transformation in high-stakes insurance, particularly in response to emerging risks and opportunities associated with climate change, GenAI and cyber risk. This is a proactive approach to drive change in industry evolution during the present AI era.

Acceleration Insurance Pillars

1. Innovative Model:

LULA  *HUMA*  *sixfold*

2. Efficiency and cost Reduction:

Aktivolabs.  *safehub*

3. Adaptation:

aws  *Swiss Re*  *cowbell*

4. Risk Management and Resilience:

 *reask*  *CORVUS*

Artificial Intelligence, Machine learning, Mobile Insurance, Customer Services, Smartphone

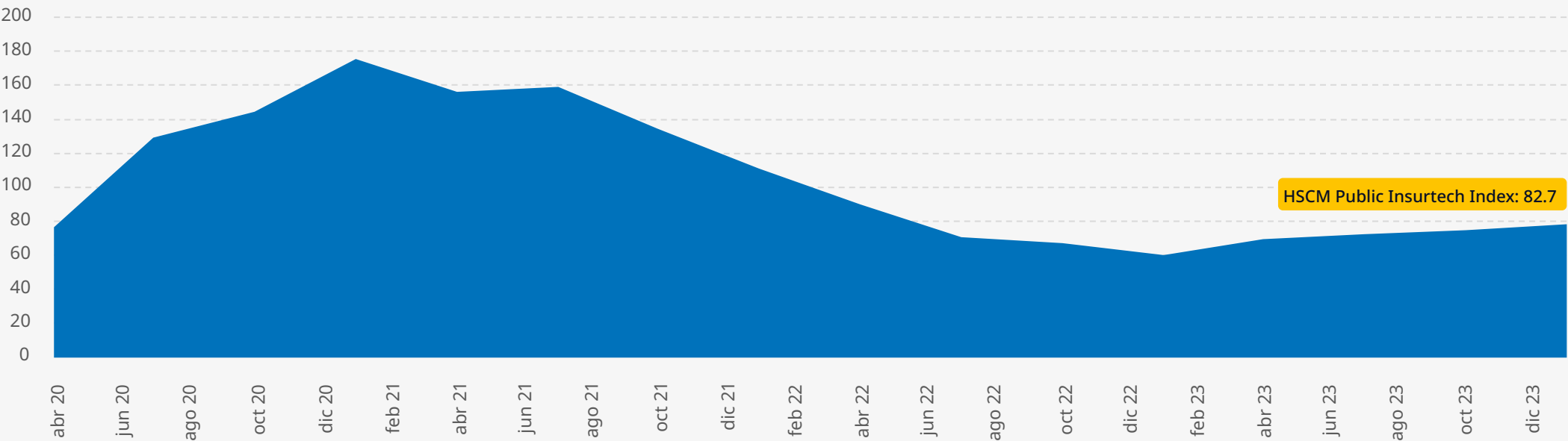
Wave 1.0

Path to Profitability

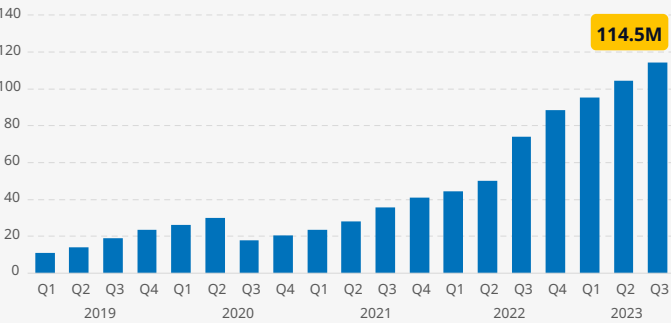
In the thriving capital markets, hypergrowth was driven by a large amount of capital injection.

However, in today’s landscape, investors and emerging enterprises are changing their priorities, placing a premium on sustainable and profitable business models. This strategic shift is a response to economic uncertainties, political fluctuations, and environmental instability that characterise the present world.

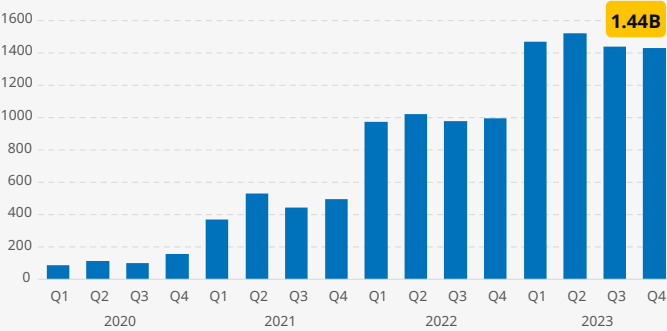
In wave 1.0, we analyse the financial performance, showing that public Insurtech is struggling, but the financial analysis also brought light to strategic movements that are working towards profitability and a more sustainable business model.



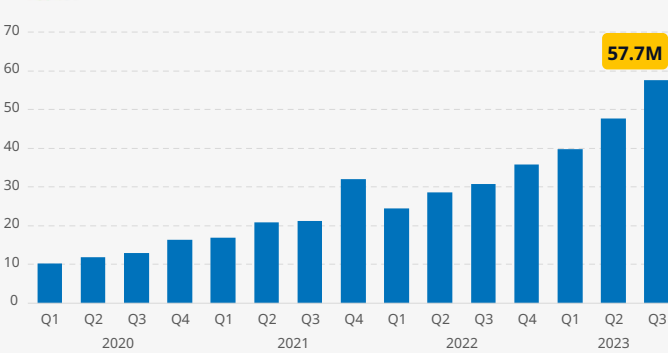
Lemonade REVENUE QUARTELY



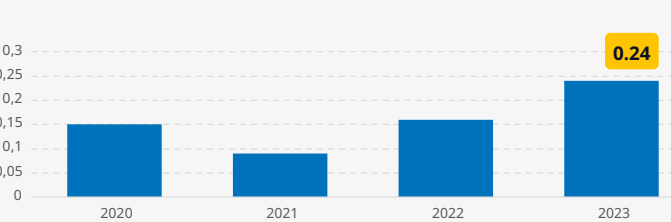
OSCAR REVENUE QUARTELY



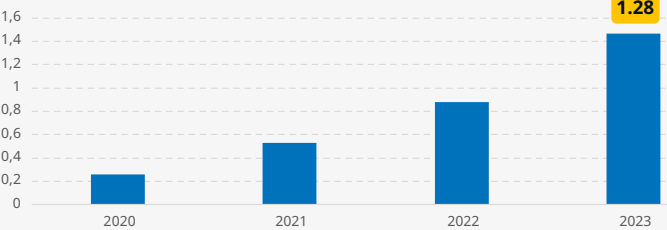
hippo REVENUE QUARTELY



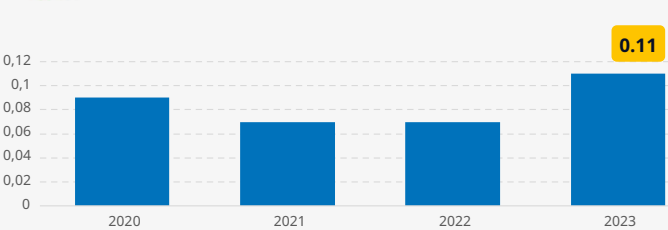
Lemonade ASSET TURNOVER



OSCAR ASSET TURNOVER



hippo ASSET TURNOVER



How to Win in the Digitalisation Insurance Wave?

- ▶ Public Insurtech companies prioritise revenue growth as their main objective.
- ▶ Companies are restructuring their financial frameworks to increase cash flow, facilitating business expansion.
- ▶ The growth prospects of public Insurtech are fueled by rising revenue streams, expanding asset portfolios, and robust market demand.

	BUSINESS LINE	REVENUE	GROSS MARGIN	CASH IN HOLD	ASSETS TURNOVER RATE	EBITDA
Lemonade	Multi-line (P&C and Life)	Steady growth	Steady growth	Peak in 2020	Steady growth	Signals of improve
oscar	H&L	Steady growth	Appears seasonality	Steady growth	Steady growth	Signals of improve
hippo	P&C (Home)	Steady growth	Volatile	Peak in 2021	Remain unchange	Signals of improve

Lemonade Case

Lemonade represents a significant innovation in the insurance industry, embodying the essence of digitalisation and technology-driven solutions. Unlike traditional insurance companies, Lemonade leverages cutting-edge technology to streamline processes, enhance customer experiences, and optimise risk management.

By operating primarily through digital platforms and utilising artificial intelligence and machine learning algorithms, Lemonade revolutionises the insurance landscape, offering customers a seamless and efficient way to obtain coverage.

Lemonade has shown a steady revenue growth and gross margin improvement with an increase of 2M customers (21% previous year) and a revenue growth of 55% YoY, demonstrating a great ability to gain more customer base and boost the revenue.

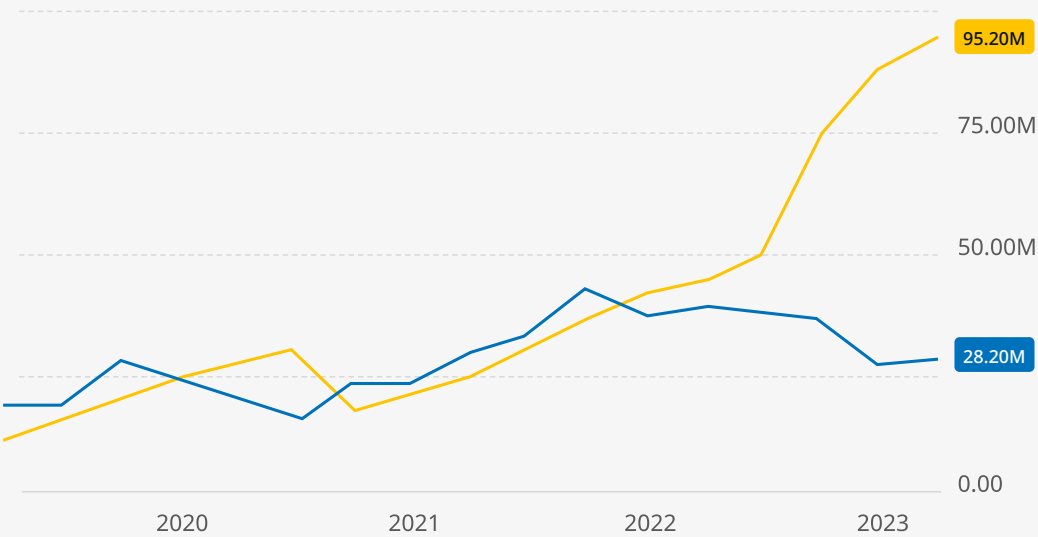
This growth has been strongly connected with marketing efforts due to their focus on profitability. But they have seen higher than expected growth in the first quarter with a clear cost moderating goal.

The loss ratio has been a focal point of financial performance, with a reduction of over 10%, standing at 83% compared to 94% in Q3 2022.

Customer Revenue and Growth (Q3 2023)

2 MILLIONS CUSTOMERS AND COUNTING	~1m Customers (Q4 '20)	~2M Customers (Q3 '23)
Time to add a million customers accelerated 35%	4.25 years	2.75 years
Premium per customer climbed 70%	\$213	\$362
Gross Earned Premium grew 246%	\$50m	\$173m
Net Loss/Gross Earned Premium roughly halved	(68%)	(36%)

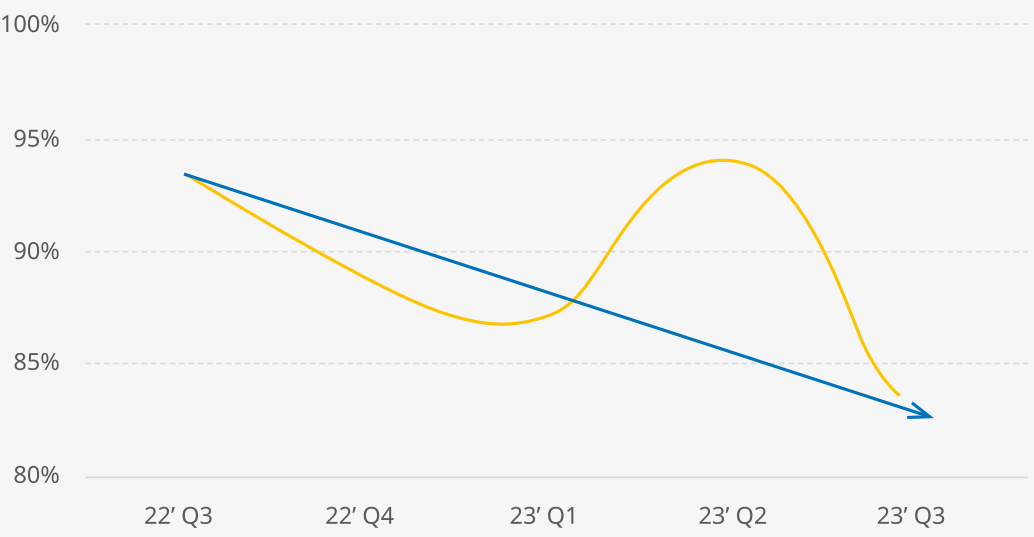
Revenue growth and Market Expense (Q3 2023)



- Lemonade Inc (LMND) Revenue Quartely
- Lemonade Inc (LMND) Sales and Marketing Expense (Quarterly)

Source: Lemonade

Loss ratio evolution (Q3 2023)



Lemonade Use Case: Love and Hate

LOVE	HATE
<ul style="list-style-type: none">▶ Tech-Driven Approach: Commitment to innovation, fostering industry evolution.▶ Customer Delight Focus: User-friendly and quick claims processes, enhancing customer satisfaction.▶ Transparency and Trust: Give Back program, Superior Marketing and Transparent communication, building trust and fighting negative perceptions.▶ Diverse Product Offering: Expanding product offering, diversifying revenue streams and increasing customers and premiums.▶ Strategic Growth: Focus on growth and marketing efforts, demonstrating its ability to turn profitable.	<ul style="list-style-type: none">▶ Competition: While disruptive, Lemonade now faces competition with a more prepared incumbent and other Insurtech players.▶ CAC: The company still struggles with acquisition costs impacting its ability to turn a profit.▶ Retention Rates: Despite becoming the first insurance company for young customers in the U.S., their retention rates and higher churn could impact long-term value.▶ Investors' Expectations: Tech investors aligned with tech criteria could pressure the company to prioritise growth over profits.▶ Funding Dependency: Relying on external funding raises questions about long-term sustainability.

Wave 2.0

The Current Wave – (Beyond) connected Insurance

Wave 2.0 in the insurance industry marks a pivotal moment characterised by significant stakes and emerging trends.

Key players, including follow-on investments and top-tier Insurtech firms, exemplify this wave, aligning with relevant business cases and stakeholder movements.

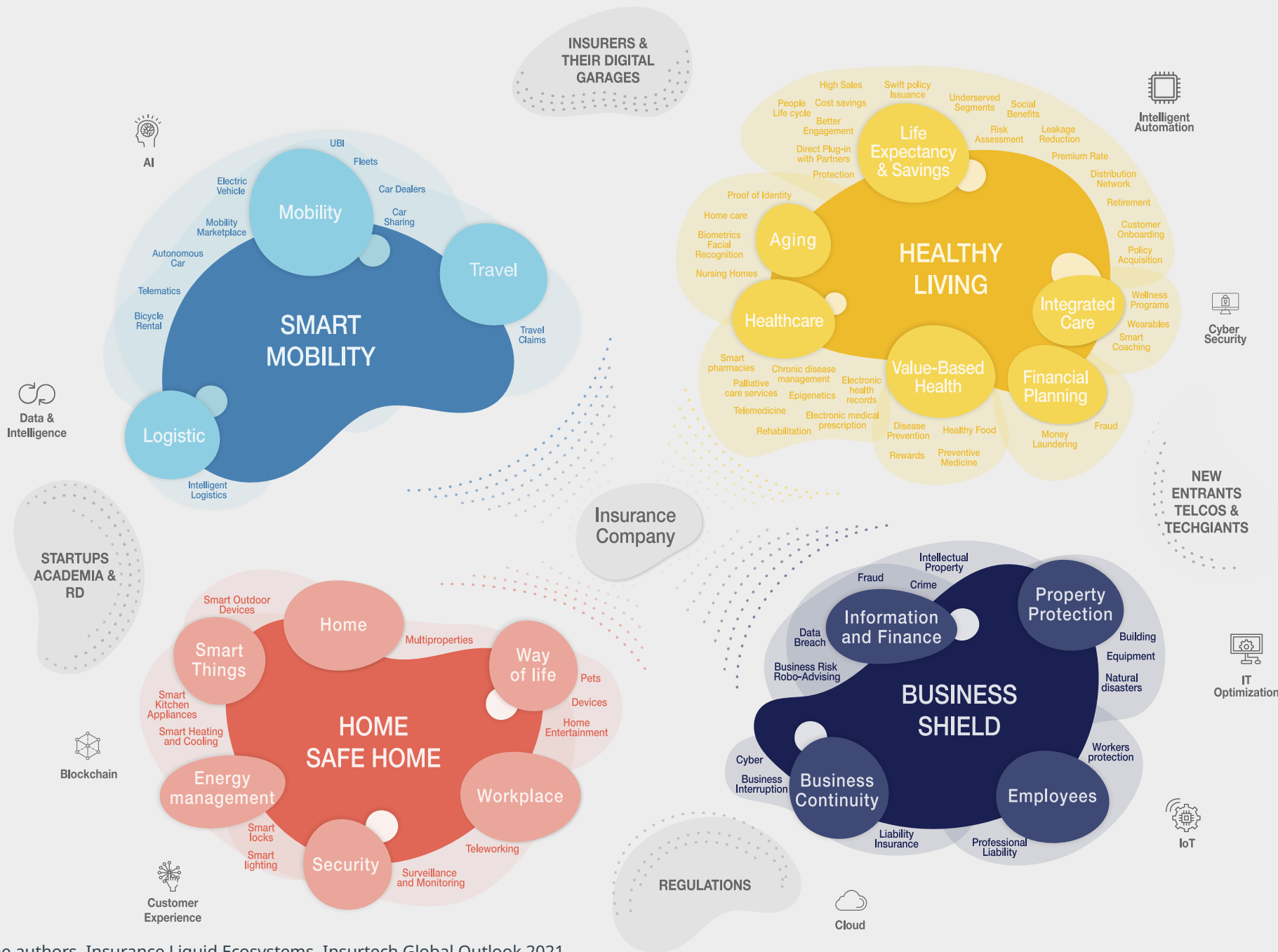
Insurance players are addressing such challenges by leveraging advanced technologies like IoT and AI, fostering collaboration across the ecosystem, and adopting agile business models to drive innovation and enhance customer experiences.

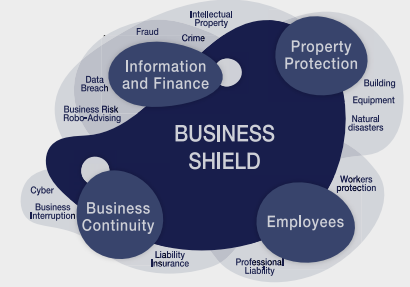
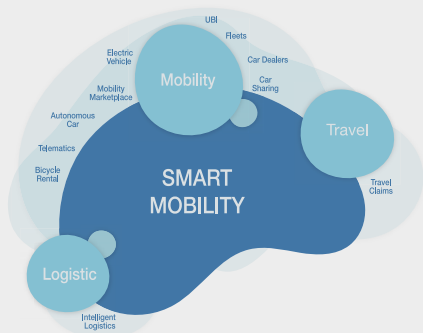
Additionally, external factors such as the high cost of living, inflation, climate change, and the AI revolution exert pressure on insurers to adapt and innovate in response to these forces.

From Risk Protection to Risk Prevention

Transitioning from mere risk protection to proactive risk prevention, the insurance industry is redefining its role across various sectors.

As we delve into the transformative ecosystems within the insurance industry, we observe distinct highlights that mark the transition towards a more integrated and preventive approach:





Beyond Insurance (Tech+Insurance Model)	<ul style="list-style-type: none"> ■ UBI / Connected Car ■ Telematics ■ Embedded Insurance 	<ul style="list-style-type: none"> ■ Wellbeing ■ EHR/Wearables/Scorings ■ Employee Benefits 	<ul style="list-style-type: none"> ■ Prevention Model ■ Computer Vision ■ Claimless Model 	<ul style="list-style-type: none"> ■ Parametric Insurance ■ Cyber ■ Risk Management
Insurtech & New Entrants (Enablers)				
Incumbent (Winners)				
Main Purpose and Business Model	<p>Incentivise drivers for a better driving behavior with lower claims and better prices.</p>	<p>Influence customers leading healthier lives preventing illness and building long-term profitability.</p>	<p>Enhance safety and secure peace of mind by leveraging data to tailor coverage and elevating insurance experience.</p>	<p>Educate customers with simple and transparent products with a faster response and higher resilience.</p>

How to win in the Connected Insurance Wave

Leaders in this wave are harnessing telematics, embedding insurance into everyday services, and pioneering claimless solutions to redefine the customer experience and streamline industry operations.

Telematics Crossing the Chasm

In the U.S., telematics is undergoing a significant surge, with a noteworthy 30% of new auto policies sold incorporating telematics capabilities.

Winning Model:  **CAMBRIDGE**
MOBILE TELEMATICS

Cambridge Mobile Telematics leads in the telematics cluster due to its innovative approach to using mobile technology to capture and analyse driving data, enabling insurers to offer personalised premiums and safer driving incentives.

Embedded Insurance

Embedded Insurance is a trending topic. Wave 2.0 is pushed by this vertical that is potentially worth \$700 billion in Gross Written Premiums by 2030* according to Simon torrance.

Winning Model: **bolt**tech

Bolttech Excels in Embedded Insurance by seamlessly integrating insurance offerings into the purchasing process of other products and services, providing a frictionless customer experience and opening new revenue channels.

Claim(less) Solutions

The emphasis on prevention aligns with the dual objective of delighting customers and minimising costs. Claim(less) solutions are on the rise for top-tier Insurtechs.

Winning Model: **DESCARTES**

Descartes Underwriting stands out in Claim(less) solutions with its data-driven underwriting model, leveraging advanced analytics and technology to streamline the claims process, reduce fraud, and deliver faster, more accurate risk assessments.

Other Winning Models

The selected models, stemming from prominent Insurtech sectors and strategic insurance bets, as identified in the NTTDATA Global Outlook 2024, align with market observations and insights from industry experts.

Fast Learners

Other winning models include hybrid distribution, employee benefits and easy integration with API.

Moreover, winning strategic movements are represented by established companies such as Ping An and leading Insurtechs like wefox and Qumata. First movers and fast learners are embracing competitive advantages and BM innovation, respectively.

Hybrid Distribution- Embedded Insurance



Wefox is pushing a new model of selling insurance called “affinity” distribution. Wefox’s strategy aligns with the growing preference for integrated and convenient experiences among consumers.

Augmented Underwriting – Location Data for Life



Qumata specialises in effective underwriting, augmenting traditional life insurance underwriting questionnaires, primarily focusing on fraud prevention within the unique challenges of developing markets instead of chasing hyper trends like questionnaire reduction.

Connected Insurance Main Drivers

Amidst a fiercely competitive market, businesses are leveraging innovative strategies to streamline costs and enhance revenue. Insurers are particularly focused on reducing customer acquisition costs through the adoption of embedded models and advanced technologies like AI, UBI, and IoT, which drive the transition towards a customer-centric industry reshaped by digital-first consumers.

With economic development and saturated competition, all business entities are facing the challenge of shrunk market margins. They are adopting different methods (product innovation, ecosystem model...) to decrease costs and increase revenue streams.

That is why we see new entrants everywhere and the boundaries of the business lines are getting more and more blurred. For insurers, how to reduce customer acquisition cost is crucial to deal with this aspect. The embedded model can effectively reduce CAC in an intuitive way.

Furthermore, the advancement of technologies like API, Cloud and IoT is enabling the establishment of AI and new business models, including the UBI model, Augmented Underwriting, Parametric Insurance or Prevention Models as natural cases of connected insurance.

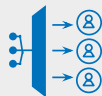
Most importantly, the customer journey becomes fully digitalised because of the digital-born generations (millennials, Gen X, Gen Z...) and technological adoption. Consumers are getting used to and even feel more comfortable with digital services and a liquid customer experience. As a result, the whole market is moving from product-oriented to customer-oriented (customer at the centre).



Shrunk market margin



New Entrants are everywhere



New business model oriented by data and AI



Emerging Risks & Digital Born generations journeys

Ecosystem Strategy

Connected insurance is driving forward with distinctive products, streamlined operations, strategic partnerships for new business models, and a focus on technology to enhance customer value and experience. This strategy also includes clear customer communication and advanced, responsive pricing models to meet evolving needs.

NEXT-GEN PRODUCTS	<ul style="list-style-type: none">■ Differentiated value proposition.■ Solutions considering both insurance coverage and services.■ New/Uncovered risks.
COMMERCIAL OPERATIONS EXCELLENCE	<ul style="list-style-type: none">■ Boost new policies acquisition and loyalty.■ Commercial methodology.
READINESS FOR A NEW BUSINESS MODEL	<ul style="list-style-type: none">■ Define the role to play in ecosystems.■ New distribution partnerships.
RENEWED ACQUISITION STRATEGY AND TRUSTED ADVICE	<ul style="list-style-type: none">■ Clear policy terms and pricing.■ Added services and advice: risk management and prevention.
LEVERAGE TECHNOLOGY AND DATA	<ul style="list-style-type: none">■ Take distribution and CX to the next level.■ Maximise customer value.
ADVANCED PRICING MODELS	<ul style="list-style-type: none">■ New pricing sources.■ Fast adaptation to new risk policies behaviour.
EXCELLENT DIGITAL AND OMNICHANNEL EXPERIENCE	<ul style="list-style-type: none">■ Efficient Quote & Buy.■ Seamless omnichannel experience and channel orchestration.■ Consistent excellent customer experience in policy and claims management.

Wave 3.0

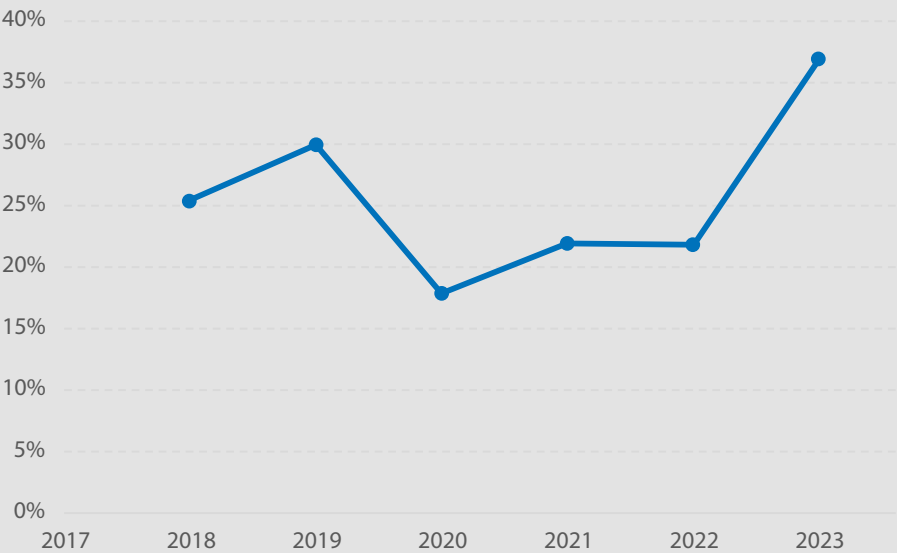
The Triumph of (Gen) AI and Tech Titans

The IT giants’ investment portfolios show a sharp rise in GenAI investing trends in 2023, which is driving the industry quickly towards maturity.

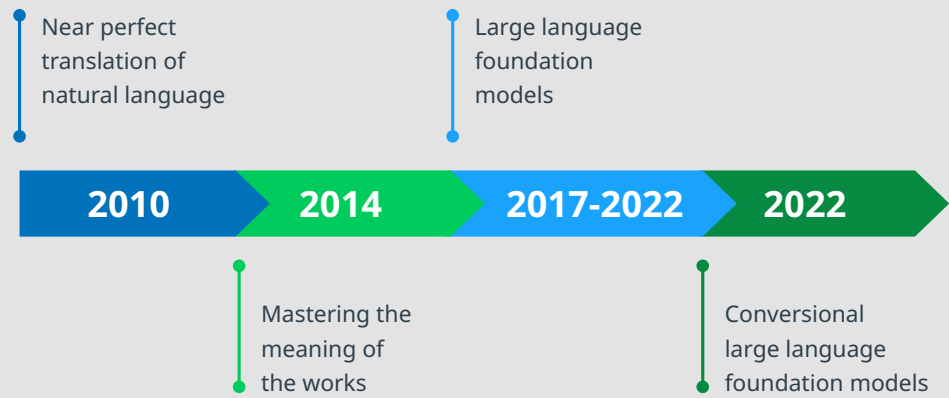
Currently, 40% of all GenAI acquisitions are made up of tech giants, with Google showing the greatest level of interest. Microsoft and Amazon are two other significant players that have landed megadeals totalling \$10 billion and \$6 billion, respectively.

A recurrent subject in GenAI investment was sustainability, encompassing investments in energy and carbon capture. Businesses have also made investments in health and cyber insurance.

PERCENTAGE AI INVESTMENT IN THE PORTFOLIO



Made by the authors. Graph 6



Source: Speeda Edge Funding analysis 2023

How To Win In The Gen AI Insurance Wave

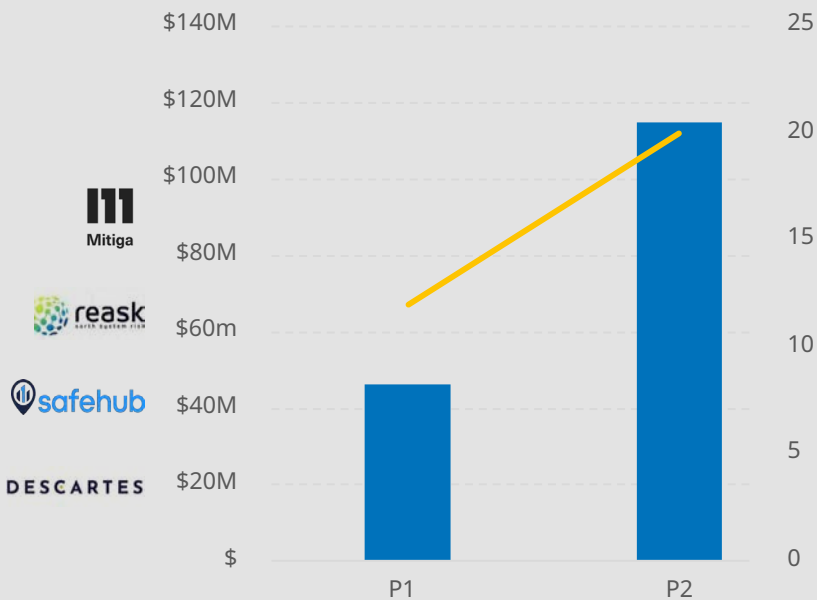
Parametric Insurance and Cyber Insurtech

Emerging technologies and the world landscape are creating new risks that will define the main challenges and opportunities for the insurance sector in the future. Climate change, Cyber Risk and GenAI impose the need for new insurance models and products.

In the second period (P2 2021-2023), cyber security and climate risk are the main areas of risk management for top and bottom-tier Insurtech, signalling the maturity of these businesses. Companies applied AI as a tool to build a strong data-centric approach to mitigate the risks.

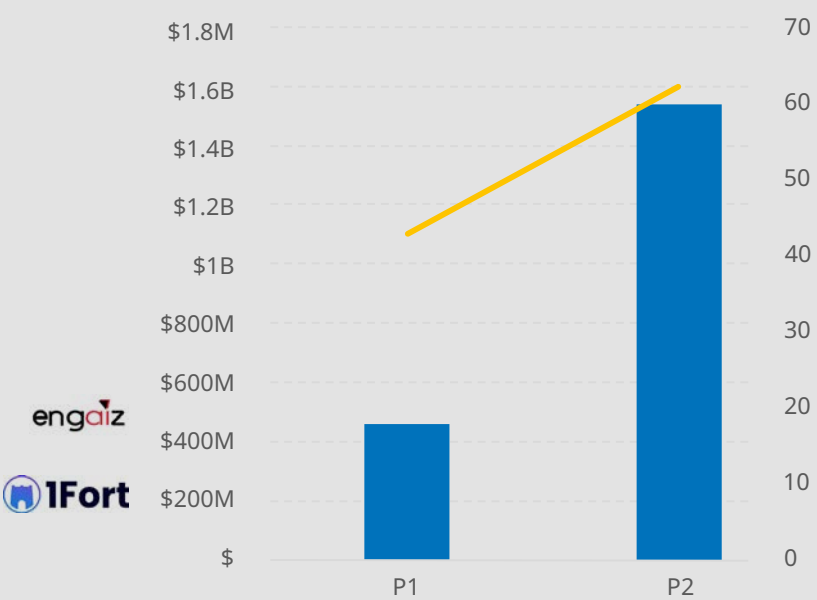
■ Money Raised (in USD) ● Number of Deals

PARAMETRIC INSURANCE INVESTMENT EVOLUTION



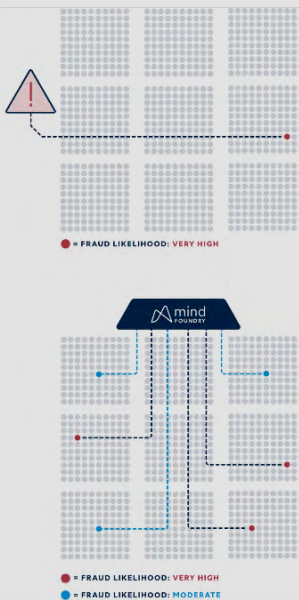
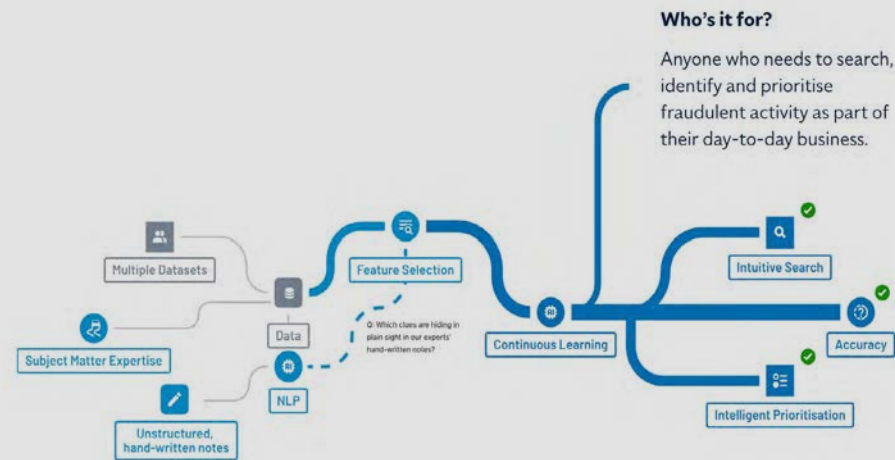
Made by the authors. Graph 7

CYBER INSURTECH INVESTMENT EVOLUTION



Made by the authors. Graph 8

Mind Foundry First GEN AI for Insurance



In the U.K. alone, insurers detected 89,000 dishonest insurance claims in 2021. They increased referrals retained by the fraud department by 800%, so handlers spend less time on false positive cases, and increased detection of fraudulent claims by 120% compared to the legacy systems. Savings of 2-4% on capped indemnity spend.

Detected over 40,000 delivery trips (in the first 30 days alone).

Found 100 policyholders using personal vehicles for commercial deliveries, where over 50% of their total usage was dedicated to deliveries.

The success of the Driving Behaviour model was just the start. As it continued to perform and AND-E's interaction with the technology expanded, the potential for other use cases began to become clear.

GEN AI x Cyber Risks



Microsoft announced a partnership with a groundbreaking cyber insurance company, At-Bay. Their use of AI technology has significantly reduced ransomware attacks for its 30,000 policyholders, achieving an **80%** reduction compared to the industry average.



In November 2023, At-Bay achieved the Amazon Web Services (AWS) Cyber Insurance Competency, recognising the company as an **AWS Partner** that helps customers enhance their security and access affordable cyber insurance policies through AI predictions.



The company recently surpassed **\$160** million in annual recurring revenue on **800%** year-over-year premium growth. At-Bay is growing at this pace while outperforming the cyber insurance market on risk mitigation, maintaining a ransomware claims frequency that is seven times lower than the industry average.



PREVENTION

Exposure Management helps you avoid major security gaps

MITIGATION

MDR monitors 24x7 and rapidly responds to threats

DETECTION

EDR identifies and logs potential security threats

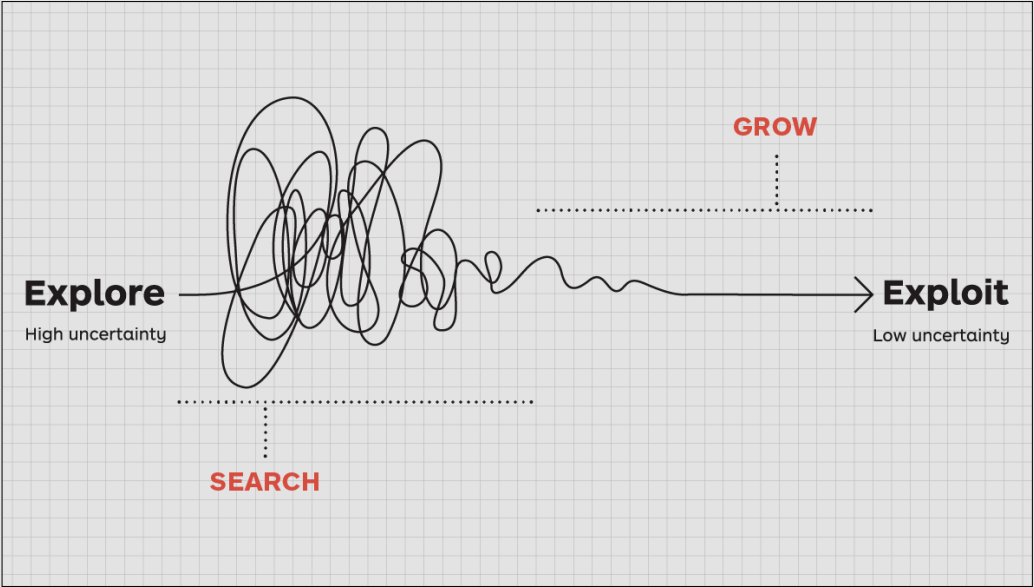
PROTECTION

Insurance provides financial layer of protection & feeds back breach

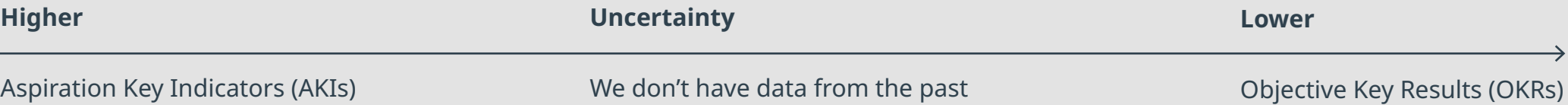
Next Big Thing Strategy Explore-Exploit Continuous Model

“Explore-Exploit Continuum Model” is a strategy for staying ahead in business. It outlines a process for constant reinvention and the development of superior business models that transcend industry boundaries.

The approach involves identifying high-value use cases and navigating through uncertainty with continuous learning and testing. The model emphasises the importance of planning and executing based on evidence, managing time and budget effectively, and setting clear objectives. It differentiates between aspirations (hopes) and objectives (plans) and suggests using Aspiration Key Indicators (AKIs) and Objective Key Results (OKRs) to track progress. Regular review and evidence-based decision-making are advised to determine if the insights are achievable or if certain projects should be terminated.



Source: The invincible company. Alexander Osterwalder



Policy
Personalisation

Evidence: “Even with a template, building a policy for a new program takes 4-6 months because of hundreds of pages and thousands of words. With ChatGPT, you can write 25.000 words in a minute for 67 cents.”



Loss and Claims Forecasting
& Pricing Optimisation

Evidence: “50% of all new policies in the top 20 insurers now are telematics policies. The current challenge is the cancellation rate that is 25%. Some retention models are seeing between 2 and 4% retention improvement that impacts directly on insurance profitability.”



Fraud Detection

Evidence/Result: “In the U.K. alone, insurers detected 89,000 dishonest insurance claims in 2021. The enhanced ability to investigate the most likely cases of fraud first, as well as interrogate the data behind the ML predictions, increased detection of fraud by 120% and reduced indemnity spend by 4%.”



Claims Automation
& Customer Service and Support

Evidence/Result: “In the U.S., the current combined ratio stands at 104%, with 65 points attributed to losses, indicating that 40% directly affects human labour. Supporting Claims, Supporting Loss Adjustment and Supporting Sales are the 3 biggest costs for operations outside losses. Agents spent 10 hours in lead qualification, 10 hours in closing deals and 10 hours on outreach. Lead qualification and outreach can be done by an A.I., leaving agents to increase 20-30 hours closing deals with an important impact on the ROI.”



