

GENERAL INSURANCE – MOTOR IN A DRIVERLESS WORLD



Be “smart” to thrive in motor

Technology – including telematics, mobile apps, digital payments and driverless cars – will be a key driver to succeeding in the motor insurance space, said speakers at the 4th Asia Motor Insurance & Claims Management Conference. Are you getting ready?

By Benjamin Ang



As the rapid pace of innovation continues in insurance and the automotive world, it is imperative that motor insurers adapt and evolve by riding on available technology to meet the changing demands of the market to avoid being left behind, said speakers at the conference in Bangkok with the theme “*Being a Smart Motor Insurer*”.

Beyond basics

Undoubtedly, insurers will have to get their fundamentals right. But that is no longer enough. As Mr Alan Smee, Regional Head of Property & Casualty, Allianz Asia Pacific said, the “relentless pursuit to understand the technical price of the business we write” is just getting the basics right. However, insurers will also need to tap on the right technology and make the right strategic moves.

But he added that in the utilisation of technology such as telematics and digitalisation, it is important not to lose sight of the value proposition to customers. “Clients have to know what they can gain out of it. Is the customer willing to pay for what you are planning to do?”

And insurers may have no choice but to embark on the path of being smart. Being

smart is a continuous process as technology works both ways, he said. Even as insurers ride on technology to enhance processes, insurance fraudsters are also continuously seeking ways to beat the system, said Mr Smee. He shared that there have been cases where photographs of accidents submitted for claims have been edited or photoshopped. “It is an on-going battle.”

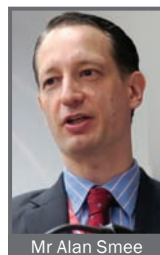
Telematics in motor

Concurring, Mr Pravar Gautam, Vice President – Asia & EMEA, Scope Technologies said the threats from new business models and new entrants are real and incumbents must “move fast or die not trying”.

To succeed, he said that winners will be the ones which can make the best use of data. And telematics is the perfect tool to help insurers gather insightful and rich customer data.

Telematics is not just a nice-to-have technology to offer to customers. Usage-based insurance (UBI) is a pricing tool to help insurers, and the technology has shown to help insurers more than the insureds, he added.

“The low hanging fruit for UBI is not driver behaviours but in claims management.” It is not so much about offering



Mr Alan Smee



Mr Pravar Gautam

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discounts in an already cut-throat premium environment, but collecting significant data about the customer that allows streamlining of the whole claims experience, he said.

Driverless cars and insurance

Driverless cars was also a topic much discussed at the conference.

Mr Joachim Michaely, Senior Motor Consultant, Munich Re, shared a video by a car manufacturer which showed a car searching for and parking in a lot on its own after the driver had exited the car, and then returning to the spot where the driver dropped off all through the use of an app.

It shows what is already possible technology-wise today, so what is holding driverless cars back? There are issues which need to be addressed, he said. Among them, liability: who should be liable should the driverless car be involved in an accident – the driver, owner, car manufacturer or software provider? Should the car's priority be protecting the driver, a single person or a group of people in the event of an accident? How should the risks around cyber and hacking be managed?

Regardless of whether it will be fully driverless, driver assistance systems have a tremendous positive impact on reducing accidents and claims frequency. Different studies have forecast a similar trend of significant reduction in motor premiums by 2040, he said.

On the impact on motor insurers, Mr Michaely said the most likely scenario will be a shift towards other products, such as product liability/product recall cover for car manufacturers; professional indemnity for programmers, engineers; reputational cover for car manufacturers; and D&O.

“However, such a shift towards other products still would come along with a huge loss of income. Today, more than one billion vehicles need insurance cover. Imagine a future where only 100 to 200 vehicle manufacturers need product liability. How many insurance companies will we need to offer those covers? What does it mean for direct insurance companies which mainly sell motor insurance to private clients? Therefore, further market

consolidation is most likely and many insurance companies might disappear. Really scary.”

Working with partners

With much happening in the technological space, a way to stay on top of and ride on the developments is to work with the right partners.

Mr Krishna Kamthorn, Director of Thailand Operations, Merimen Technologies, shared that traditionally motor claims procedure involved various point-to-point interactions across multiple independent companies. This resulted in a lack of overall process visibility and progression tracking, communication errors and inefficiencies. By tapping on the ecosystem of a service provider such as Merimen, insurers can benefit from a collaborative platform to connect different parties in the insurance ecosystem to ensure faster processing, he said.

Mr Gerald Sun, Head of Sales, Commercial Payments, Asia Pacific, Middle East & Africa, MasterCard Worldwide, spoke about leveraging digital payments in auto claims. Each year, insurers make payments of about US\$70 billion to auto repair shops, of which 80% are made by cheques. Through digital payments and “leveraging the large number of suppliers already accepting MasterCard”, cost savings and revenue can be increased by a simple straight-through payment execution, reduced working capital needs, and enhanced buyer experience through prompt payments and reduced follow-ups.

InsurTech in motor

Two insurtech firms' CEOs also shared how their firms are helping the motor market. Mr Kittinan Anuphan, CEO & Founder, Claim Di, based in Thailand, said its app has eliminated manual claim adjustors with time savings of 80% and cost savings of 90%.

The app comes with a “shake and go” feature which facilitates communication through wireless technology and claims between parties in an accident. By downloading the apps, both parties can shake their phones near each other and make a claim electronically through the app without waiting for a surveyor from the insurance companies.

Mr Syed Ahmad Fuqaha Sd Agil, Founder, KATSANA.com, based in Malaysia, shared that its app enables car recovery using technology and social engagement. While it “collects, processes, and understands over 8 million data pings daily” including driving behaviours and accident detection, its theft and security feature boasts a success rate of recovering 98% of cars that were stolen from its users.

Be alert to opportunities

Digital disruption and innovation in the automotive world will definitely offer opportunities in the new landscape for motor insurers, said Mr Anon Vangvasu, President, Thai General Insurance Association.

Digital disruption and innovation in the automotive world will inevitably affect motor insurance and reshape the industry in the very near future. Motor insurers and intermediaries must go beyond their traditional focus and move quickly to capitalise on opportunities as they arise by being responsive to market trends and emerging risks.

“Success will depend on strategies developed to lower operational costs, underwrite risks, manage capital, utilise resources, and serve customers,” he said.

Sponsored by Bangkok Insurance and Merimen, and supported by the Thai General Insurance Association and International Insurance Society, more than 110 delegates from 14 countries attended the conference organised by *Asia Insurance Review*. ■



Mr Joachim Michaely



Mr Krishna Kamthorn



Mr Anon Vangvasu



(L-R): Mr Gerald Sun, Mr Kittinan Anuphan, Dr C H Asrani and Mr Syed Ahmad Fuqaha Sd Agil.