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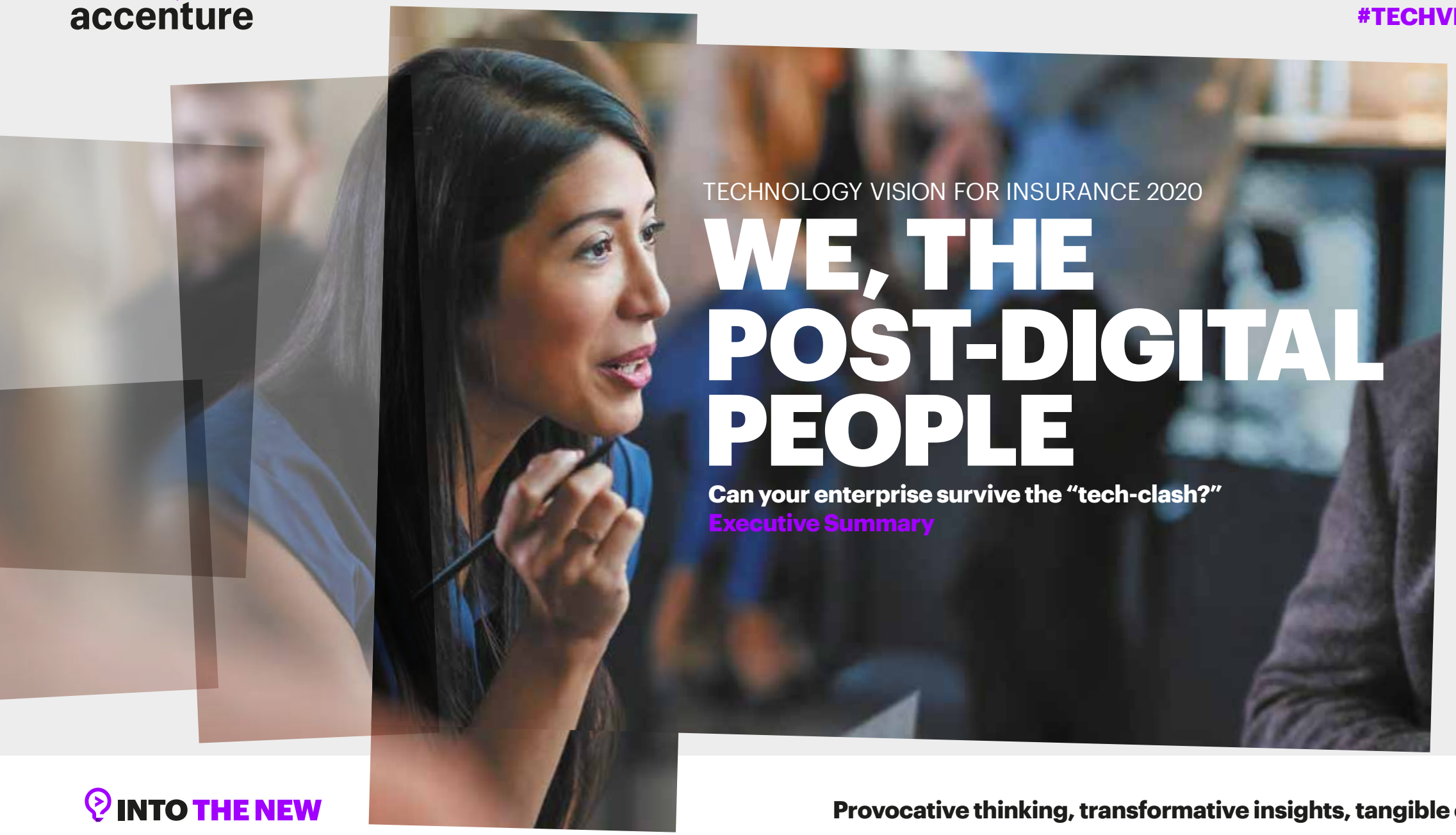


TECHNOLOGY VISION FOR INSURANCE 2020

WE, THE POST-DIGITAL PEOPLE

Can your enterprise survive the "tech-clash?"

Executive Summary

INTO THE NEW

Provocative thinking, transformative insights, tangible outcomes

We, the Post-Digital People

People's love for technology has let businesses weave it—and themselves—into our lives, transforming the way we work, live and interact with the world. But that unconditional love is starting to fray, and the approaches companies took to reach this point won't take them any further. Even as people's expectations for their future with technology grow, many enterprises' attempts to deliver on those expectations are being rejected. Leading companies will need to take a new path forward, developing models that bring a human focus.

Digital is everywhere and people's interactions across society are changing. They are reevaluating their relationships with businesses and governments. Many are rethinking their actions in a globally interconnected economy and seeking more sustainable products and services. And a growing number are reexamining whether the offerings that enterprises deliver are fully aligned with their core values.

In a post-digital world—one where digital is not new to people and no longer a differentiating advantage for organizations—technology is deeply embedded in how we work and live. Insurance enterprises have furthered this reliance by weaving technologies into their product and service offerings and how they are delivered to consumers and commercial customers. Many of the world's leading insurance organizations have embarked on bold, wide-ranging digital transformation programs to reshape how they interact with people and other businesses.

Generali, one of Europe's largest insurers, in 2018 committed €1 billion in investment to a range of strategic innovation and technology initiatives. Its aim? To become a trusted life partner to customers, able to deliver 360° advisory services, and comprehensive, 24/7 assistance. Following digitization and simplification of many core processes, Generali now aims to be a partner to customers in the moments that matter across the mobility, home, business and health ecosystems. Its transformation efforts have been deep and wide-ranging—from launching a pan-European mobility platform and developing B2B2C ecosystems to digitizing agent-customer relationships and embedding artificial Intelligence (AI) in its core operations.[1,2]

Chinese insurance company, Ping An, has, to date, invested an eye-popping $7 billion into technology and R&D and plans to spend another $15 billion over the next decade. With 32,000 researchers and a combined 101,000 tech staff, Ping An is a bigger technology company than most big technology companies—its fintech and cloud computing products are used by 3,600-plus Chinese financial institutions.[3,4]

And Ping An's goals go far beyond being one of the world's largest online financial services supermarkets. It aims to be at the heart of five ecosystems in Asia: finance, property, automotive, healthcare, and services for the "smart city". These ecosystems are already bringing in about one-third of the group's new financial-services clients, and more than 576 million users and 100 Chinese cities are connected to at least one of them.

Similar trends are unfolding even in segments of insurance where the product has been difficult to understand and cumbersome to purchase online. For example, direct digital platforms for small commercial insurance in the US are maturing as companies come to market with simpler offerings that don't need to be explained by a broker.

Insurtech unicorn, Next Insurance, offers tailored insurance offerings for some 1,000 types of small and micro business on its digital platforms,[5] while Berkshire Hathaway has created Three as an online one-stop shop providing a transparent, three-page policy covering workers compensation, multiple liability coverages, and property and auto.[6]

People are changing; companies must, too

Enterprise investments such as those mentioned above mean that technology plays a central role in people's lives and in business today. But the increasingly strong and symbiotic connection between people and technology is starting to take strain. Not because technology has ceased to be valuable, but because enterprises have not yet re-oriented to just how personal and meaningful technology has become in most people's lives.

This isn't surprising. Just 20 years ago, digital access was limited by dial-up connections and desktop PCs, and individuals remained predominantly anonymous online. Tools like e-mail, forums and e-commerce were more efficient or far-reaching than analog counterparts, but hardly vital to people's existence. Companies didn't need to closely consider the impact of technology in their customers' lives; our digital lives were distinctly separate from our "real" ones.

It's hard to find that kind of separation today as technology has become an inextricable part of the human experience. More than half the world's population—a whopping 4.5 billion people—have access to the internet.[7] People are ever-connected on every type of device, globally spending an average of 6.4 hours online daily.[8]

Given the starring role technology has in people's lives, it makes sense that we take technology personally. It also explains why we expect so much more from it going forward. Just as many current models fail to account for the growing impact of technology, our once unconditional love for unlimited technology is becoming conditional on us having control and agency.

Some are labeling today's environment a "tech-lash," or backlash against technology. But that description fails to account for the fact that we're using technology more than ever. Rather, it's a tech-clash—a collision between old models that are incongruous with people's current expectations.

The tech-clash arrives at a time that insurance carriers are under growing pressure to accelerate their digital transformation. The Accenture Disruptability Index 2.0 ranks insurance in 2018 as the fourth most disrupted sector, the most susceptible to future disruption, and one of the least innovative sectors.[9]

Insurance has lagged many other sectors in adopting digital technologies to transform its core, embrace customer-focused experience design, and weave its offering into people's daily lives and into organizations' daily operations. But with compressed margins, slowing growth, new competition and the erosion of traditional industry strengths, change is imperative for the incumbents.

Some are looking at a "living business" model to reignite growth and enhance profitability. This approach sees insurers aim to provide products, services and experiences that "wrap around" individual customers, constantly learning more about their needs, intents and preferences.

Making this transition will not be possible without winning customers', employees' and intermediaries' confidence that insurers are using digital technology in ways that benefits them.

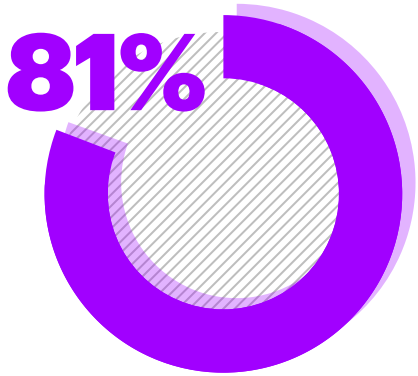
Leaving the roadmap behind

The roadmaps that digital pioneers used to build their platforms will need to change, considering the ongoing tech-clash. What does that mean for insurance enterprises? There's no defined path left to follow. Insurance companies should be guided by the core values and concerns of their commercial and personal lines customers, agents, employees and other stakeholders. Here's their opportunity to invent a virtuous circle of trust, data and deeper experiences —a more human future.

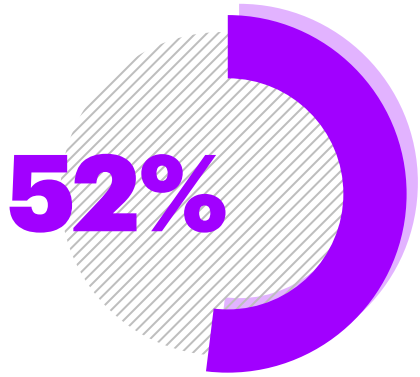
Consider just one of the challenges today's models create. People's information—whether medical, shopping or other data—is generated, stored, shared, accessed and controlled by the companies and ecosystems with which they do business, and sometimes even by businesses with whom they have no direct relationship. As these ecosystems grew to provide expansive personalization and valuable services, companies were relied on to steward more data and manage increasingly complex relationships.

But now customers are growing hungry for more input on how their data is used, and many businesses lack the mechanisms needed to provide that engagement. In this absence, consumers and business customers can grow wary of a business and potentially distrust it. Governments, sensing that distrust, are looking to impose consumer access and control requirements on personal data.

As a variety of technology models hit their breaking point, they herald a bigger shift that enterprises must note: people will no longer be bystanders when it comes to technology.



of the 539 insurance business and IT executives worldwide that Accenture surveyed for the Technology Vision report this year, acknowledge that technology has become an inextricable part of the human experience.



of the 2,000 consumers surveyed this year say that technology plays a prominent role or is ingrained into almost all aspects of their day-to-day lives.

Technology Vision Trends

To bring a human touch to the next decade, the new models that insurance businesses build must be rooted in collaboration. As technology's level of impact grows ever higher throughout society, successful insurers will be those that use new models to invite people—customers, employees, partners, intermediaries and the public—to co-create their new course for the future.

Five key trends have been identified:

The I in Experience

Helping people choose their own adventure

AI and Me

Reimagine the business through human and AI collaboration

The Dilemma of Smart Things

Overcome the "beta burden"

Robots in the Wild

Growing the enterprise's reach—and responsibility

Innovation DNA

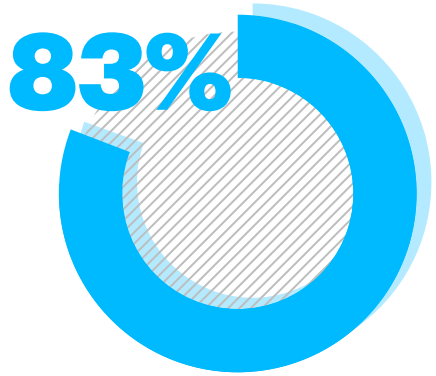
Create an engine for continuous innovation

Trend 1: The I in Experience

Helping people choose their own adventure

As customers demand more ownership over their digital lives, insurers must find ways to provide individuals with more agency and make them co-creators of their experiences. Those that do will find more active, engaged and loyal customers. Leaders that explore new avenues to include customer agency today will be laying the foundation for long-term success.

The 10 largest auto insurance carriers in the US now all offer a usage-based insurance (UBI) program.[10] As of late 2018, there were about 11 million telematics-enabled insurance policies in place out of roughly 200 million insured automobiles in the US, according to the Insurance Information Institute (III).[11]



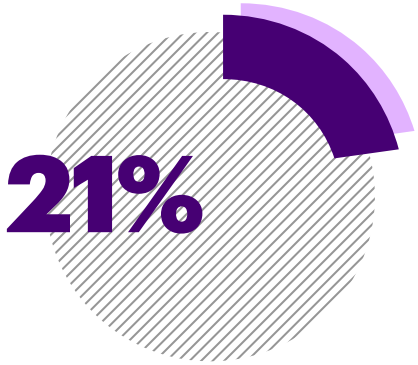
of insurance executives believe organizations need to elevate their relationships with customers as partners to compete in a post-digital world.

Trend 2: AI and Me

Reimagine the business through human and AI collaboration

Insurance organizations are only realizing a fraction of the potential of AI—and ultimately their employees. By finding more collaborative use cases and building the capabilities needed for AI and people to work together seamlessly, they will amplify the best qualities of both.

Leveraging intelligent automation, MetLife has reduced claims turnaround time from 12 days to 15 minutes. Case managers at MetLife use AI, text analysis and visualization solutions to review and reassess claims in seconds rather than minutes. In addition, an AI platform provides real-time alerts to help employees listen to and understand their customers regardless of language or dialect.[12]



of insurance organizations report they are preparing their workforce for collaborative, interactive, and explainable AI-based systems.

Trend 3: The Dilemma of Smart Things

Overcome the ‘beta burden’

As products become conduits for experiences, their features and functionality are constantly in flux. While this state of "forever beta" opens a wellspring of opportunity, if mishandled it risks leaving people overwhelmed, frustrated and wary of what's around the corner.

Groupama launched the Gari farmtech app in 2019 with three free services (basic weather, market prices for crops and a task scheduling tool) and three paid services (temperature sensors in haystacks, video surveillance and high-precision meteorological data). The plan is to evolve the platform through field-testing and validating new features with farmers.[13]

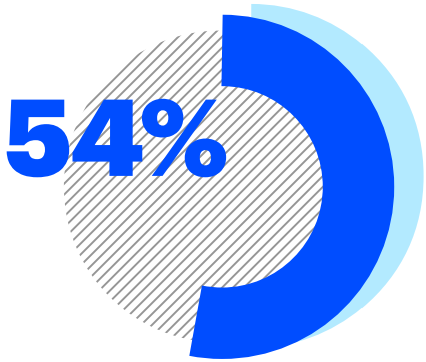
of insurance executives in the 2020 survey say that their organization's connected products and services will have more, or significantly more, updates over the next three years.

Trend 4: Robots in the Wild

Growing the enterprise's reach—and responsibility

Businesses are starting to extend their robotics capabilities into uncontrolled environments and the open world, and robot use cases are expanding from specialized industries to every industry. Insurance will have a key role to play in facilitating the exciting possibilities of a world of ubiquitous robots.

Advance Construction Robotics' TyBot is using repurposed self-driving car technology to automate the physically demanding task of tying rebar, allowing the job to get completed faster and safer.[14]



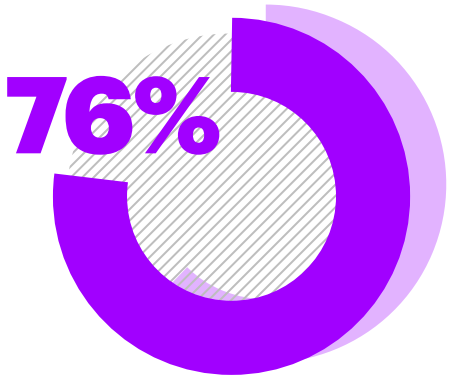
of insurance executives expect their organizations will use robotics in uncontrolled environments within the next two years.

Trend 5: Innovation DNA

Create an engine for continuous innovation

Businesses cannot look at innovation as an incremental effort; they must design the capabilities to make it an ongoing practice in the organization. Determining where they hold an advantage, where they are lagging and what their future ambitions are will help insurers construct their innovation DNA.

Members of The Institutes RiskStream Collaborative, an initiative from more than 40 members of The Institutes—a non-profit knowledge partner for the risk and insurance industry—are working together to develop distributed ledger technology use cases and solutions for the wider industry.[15]



of insurance executives say the stakes for innovation have never been higher—getting it "right" will require new ways of innovating with ecosystem partners and third-party organizations.

About the Accenture Technology Vision

Every year, the Technology Vision team partners with Accenture Research to pinpoint the emerging IT developments that will have the greatest impact on companies, government agencies and other organizations in the coming years. These trends have significant impact across industries and are actionable for businesses today.

The research process begins by gathering input from the Technology Vision External Advisory Board, a group of more than two dozen experienced individuals from the public and private sectors, academia, venture capital and entrepreneurial companies. In addition, the Technology Vision team conducts interviews with technology luminaries and industry experts, as well as nearly 100 Accenture business leaders from across the organization.

The research process also includes a global survey of thousands of business and IT executives from around the world, to understand their perspectives on the impact of technology in business. This year, some 539 insurance executives participated in the survey. Survey responses help to identify the technology strategies and priority investments of companies from across industries and geographies.

In parallel, a consumer survey is conducted to understand the use and role of technology in people's lives. The consumer survey canvassed 2,000 people in four countries: the US, the UK, India and China. The survey asked consumers about their viewpoints and use of technology in their daily lives, including voice assistants, robots and connected products.

As a shortlist of themes emerges from the research process, the Technology Vision team reconvenes its advisory board. The board's workshop, a series of "deep-dive" sessions with Accenture leadership and external subject-matter experts, validates and further refines the themes.

These processes weigh the themes for their relevance to real-world business challenges. The Technology Vision team seeks ideas that transcend the well-known drivers of technological change, concentrating instead on the themes that will soon start to appear on the C-level agendas of most enterprises.

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