

There are endless opportunities but where to start & how to pick partners?

By KASKO

Introduction

The idea that technology can be used to have a positive impact on a business is nothing new. And the outcry that the insurance industry and especially the agent and broker sectors are way behind other fields in the adoption of automation tools and digitalization of process is old news. However, just being told that tech can be the solution isn't necessarily enough to know where or how to start and what to do next. After all, most players in the insurance space aren't technology companies or IT professionals.

So where do the opportunities lie? How does one start analyzing what is practically possible in one's own business (not what might be hypothetical best practice at an imaginary broker)? And is there technology out there to exploit the opportunities in insurance (after all, just because something works for the e-commerce or marketing sector, doesn't mean it solves insurance specific problems)?

Not every broker and agent will have the same opportunities to exploit. And the challenges and returns linked to addressing specific issues, will vary across different businesses. But what is helpful is to have a framework through which to identify the opportunities, which can then be analyzed. You can slice and dice such a framework in different ways, but one way we have seen works well is to analyze the following areas:

- **Distribution:** Where can I sell and how can I make the sales process as effective as possible?
- **Product Range:** How can I optimize my products, add new ones and cross and upsell effectively?
- **Operation:** How to optimize process around managing policies, clients, portfolios and partnerships?
- **Value Chain:** Can I take on adjacent part of the value chain efficiently, to grow my share of the pie?

A big part in identifying and evaluating the opportunities will lie with each organization itself, though a good partner can act as an idea bringer and a sounding board. Below we share some of the opportunities we have found with our partners.

Before we jump into that though, comes the question of whether the right technology is out there. The short answer is yes, however, the more nuanced answer is that it's important to find a technology partner that really knows insurance, because ordering pizza or a taxi is not quite the same as insuring your

holiday, the medical expenses of employees or a cargo ship. Beyond knowledge of insurance, we believe it's also critical that the technology solution is open and modular. This is neglected sometimes, because it feels much easier and safer to go with a monolithic platform that will handle everything end to end, especially since, as we stated already, most people in the insurance industry are not IT professionals, so dealing with one partner seems easier. But the reality is that technology is becoming commoditized and specialist in a specific service (e.g. data visualization, payment processing, and geolocation) who offer their services across multiple industries and clients basis, will build cheaper and better solutions in their niche areas, than monolithic insurance platforms can. Furthermore, due to the advent of micro services and APIs, different “features” can be combined and configured quite easily to solve for your specific needs. So you need openness and modularity to make yourself future proof. Critically, it can also allow you to launch much quicker, as a modular service that can leverage existing services where those already exist, is faster to launch than a service where everything has to be configured from scratch.

But let's go back to the opportunities. Different markets use different terminologies for similar concepts. Here we focus on describing concepts to make it more accessible for all.



Distribution

Here you can break things down in terms of speed, reach and convenience and ease.

- **Speed:** Can you increase sales by getting or providing quotes faster?
 - Are you making digital front ends for quick quotes and binding available to both in-house teams as well as customers?
 - Integrating 3rd party data sources can reduce number of questions that need to be asked and increase underwriting accuracy.
 - A price comparison front-end allows you to get quotes from multiple insurers at once. This can be fed by APIs provided by the insurer, or by replicating the insurers pricing logic, if they are willing to share this.
- **Reach:** Can you get others to sell for you? Are there affinity partners who might be able to offer insurance at the point of sale or cross and up-sell products later on, or are there organizations that can offer products to their members? If so, you need to make it easy for them to work with you. Can you give them different ways to tap into your offering, by providing them with white labeled, plug-and-play front ends that they can stick on their own websites or internal work portals, offering them APIs, enabling them to engage their customer base via targeted email offers or allow them to simply conduct sales offline and then upload excel sheets to generate individual policies in bulk? Can you offer each distribution partner products that are tailored for their specific customer, with the right coverage, duration and commission?

- **Convenience and Ease:** Can you make it easier for people to work with you and to switch their insurance over to you? By offering a switch service whereby you engage with a specific insurer or panel of insurers to agree on the following process:
 - The policy holder sends you a digital invoice of the previous insurance.
 - You employ OCR services like Hyperscience who are getting 98% automation in some cases in Germany.
 - The insurer creates an underwriting logic which is based on the previous premium and coverage levels with a high-level underwriting to make sure to exclude low-cost insurers or those known to have written negative business (based on their annual accounts) that year.
 - You offer the customer state of the art wording (plus accept any coverages and clauses of the previous insurer and offer a % discount on the previous premium for say 3 years.
 - Within the employee benefits space where single policyholders might switch entire portfolios of insured risks the initial data feed should be supported by bulk import and (sorry to say this) manual data review and cleansing.
 - Note: Of course, regulatory constraints and rules need to be considered especially in the US around admitted product lines. However, creating a modular product with individual coverage levels, discounts and insurance sums that can be selected or deselected automatically to get to a target price and then subsequently upsold should do the trick.
 - Including a co-browsing and video conferencing tools, which allows your team to go through web-flows together with the client and subsequently create digital offers which can be accepted and amended by the customer and subsequently bound.



Product Range

Here you need to think about how you can identify potential new products that your customers might want or how you can optimize existing products, so they are more appealing. Then the question is how to get hold of these products and how to offer them.

- **Identifying new opportunities:** The lowest hanging fruit is direct demand from customers for specific insurance or additional coverage. Other ideas can come from looking around. Look at newsletters (especially Coverager) and speak to experienced technology partners (like us) about what they see in the market. Some ideas for the commercial space are adjusting to the changing landscape within these areas: Work from home (equipment, accidents, cyber), varying use of commercial fleets, retail moving online, restaurants moving towards delivery, higher exposure to cyber and data privacy breaches, more flexible insurance policies linked to monthly revenues or introducing freeze options on certain coverage options to better manage liquidity... Are you offering products that aren't converting as well as you'd like? Where are customers dropping off? Too many questions? Not the right cover? Too expensive? Find out and adjust.

- **How do you offer new products?** Can you cross or up-sell previously missing coverage to your existing clients? Do you need a digital offering to allow targeted re-engagement? Can you create your own niche offering with a specific insurance partner and then either target a specific customer segment with that or bundle the product with the core offering of your full panel of insurers?



Operation

Where can you save time or reduce errors to decrease costs or what additional insights can you gain to drive revenue?

- **Data exchange and reporting:**
 - Your sales agents and advisors might be able to sell via phone and email, but one of the advantages of capturing the initial data collection and supporting digital binding is that reports can be fully automated saving time in consolidating information and getting rid of errors. A seamless flow from customer to you and on to insurer, makes sure everyone is on the same page without time delay and errors.
 - Many insurances require regular information updates, such as inventory level, cargo content, most insurance schemes and more. By enabling the insured to submit the information digitally (either through a portal, via excel upload or through data exchange with ERP systems or IoT sensors) premiums can be recalculated and all relevant parties can be informed automatically again saving time and cost and reducing errors.
- **Digitalizing portfolios:** In certain insurance markets, where auto renewal of policies is possible you just might sit on profitable portfolios of business, with low loss ratios, that haven't been updated or touched in years. There is usually little transparency about the individual policies and clients in these portfolios, as they have accumulated over years. Digitalizing these portfolios can bring three advantages.
 - Firstly, by updating to a novel policy wording you minimize your professional liability.
 - Secondly, you can possibly cross and upsell additional or new coverage.
 - Thirdly, you can start digitizing your operations and reducing costs and freeing up capacity on sales and advisory.

Do these benefits outweigh the costs? Well, if you don't have to bear the costs yourself, they will. Profitable portfolios are always tempting, so approach an insurer with the offer to allow them to cherry pick the best risk once the entire portfolio is digitalized, but in exchange ask that they pay for your digitalization.



Value Chain

Finally, the more value you deliver the more of the pie you can claim. If digital process and automation means you can offer services, which you couldn't before why not do so and negotiate higher commissions.

- If you aren't offering the following already digital platforms can make it easy to handle payments, commission calculations and distribution, document and policy generation, and digital first notification of loss.
- Can you spin out an MGA to take over underwriting directly? Whether the insurer or your own team come up with algorithmic pricing, you have delegated authority to provide manual underwriting, or you need a hybrid solution, the right tech stack can make it easy.

In conclusion, there are countless opportunities. The right partner can act as an idea bringer, a sounding board and the flexible backbone to your digitalization ambitions. Almost any of the ideas above can be realized for as little as \$30k-70k, so work out what opportunities might have a higher ROI than that and let's talk.



WEBSITE

kasko.io

FOUNDED

2015

HEADQUARTERS

London, UK

FUNDING

\$3.4M

OVERVIEW

KASKO offers Insurtech as a Service, enabling insurers, brokers, agents and MGAs to set up, manage and distribute any type of insurance product, through any and all channels in as little as 4-8 weeks for typically \$30,000-\$70,000. The platform's functionality (quote-offer-bind, policy management, payments, customer portal, first notification of loss etc.) is modular and open via API and can generate mobile-first white-labeled front ends. >40 insurance players across the world have launched >100 products and bound 295k policies, leading to deep experience and insights in the team.