

# insurance day

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## Innovation is the pathway to the future

Looking to the future; the London market needs to foster innovation and embrace new technologies

### The London market has the courage and culture to innovate – it must do so



Justin Errich  
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Innovation is the topic of the moment. Only recently, the ever-popular *Back to the Future* films were in the spotlight, with animated discussions on which predictions were hits or misses in the series. This is analogous to what we see in our own market: specialty insurance. There is much coverage about innovations like blockchain and telematics, but what about mobile technologies – which ones will our industry harness and which ones will become like aspirational hoverboards? We just do not know. What we do know is there are huge opportunities surrounding technology innovation and, as a market, if we let these pass us by we will quickly lose relevance.

I believe last week's launch of the consultation period on the London market Target Operating Model (TOM) is a vital step in creating a market culture that fosters innovation, embraces new technology and looks outside for inspiration. But TOM is all about operations and process and we must not stop there. There are

additional areas that we should all consider.

The customer-facing aspect is one area to think about. Every insurance buyer, be they representing a large corporate or small enterprise, will expect to buy, or at the very least, interact with their broker or insurer online via a channel and device of their choosing. And not just at renewal or if they make a claim, but whenever they feel like it. This could be a wake-up call for many of our IT departments that have typically been almost exclusively inward-facing.

Another area is risk mitigation. Everything from door locks to Boeing 747s will eventually have microchips and be capable of communicating. This will allow the insurer to help mitigate risk and thus potentially avoid expensive claims by having access to real-time data. This in turn leads to the challenge of mass customisation and takes insurance far beyond providing just financial compensation.

Pay as you use or need and not when you do not is the next logical step. Usage-based insurance provides the customer with a far more tailored product. For example, when you drive your car or are out of the house, the winners will be those insurers who are able

to offer the most effective targeted cover and not simply the cheapest price for a standard product.

In relation to data analytics, we keep hearing about the trendy new tools we need to collect, store and analyse data, be it structured or – more interestingly – unstructured. Before we do this however, we need to think about our skills and understanding of data. The next big change that I see for the London market is a rush to recruit data scientists, the insurance rock stars of the future.

The final area is the next generation. We are a well-known industry but hidden in broad daylight, and I worry the best young talent is not reaching us. The underwriters and brokers of tomorrow

expect more than sitting in Lime Street scanning paper and punching data into legacy systems, they expect to bring their own devices in to work, they expect virtual collaboration spaces, they expect market teams to collaborate and build open-source technology, and they expect real straight-through processing. Many have probably never used Outlook or a Windows PC, so unless we adapt and provide them with some or all of this, they will not come and work with us and we shall be the poorer for it.

TOM is all about upgrading our core systems and processes to something that we really should have already, but thanks to the challenge of bringing about change in this marketplace, we

are sadly lacking. We need to be bold and support TOM which will then allow each firm to focus on what really gives them competitive advantage. It is crucial we work together to maximise the value of our cluster and the opportunity of straight through processing that other insurance hubs simply do not possess.

Specifically on PPL, the placing platform initiative: we need to do this. We need to put the underwriting stamp and Mont Blanc pen away to properly digitise our market. PPL is not about removing the conversation, it is all about the market getting behind the adoption of a single electronic broking/underwriting process together with adopted data standards that will enable each of our systems to interface with one another.

I think we are living in fascinating times. The tectonic plates are shifting and it is time to innovate, time to look to and embrace the future and I just hope that the London market has the courage and culture to do this. If we fail, we must fail fast and stand up and try again because, without this innovative spirit, I fear for our future. ■

Justin Errich is chief information officer at Atrium Underwriters



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