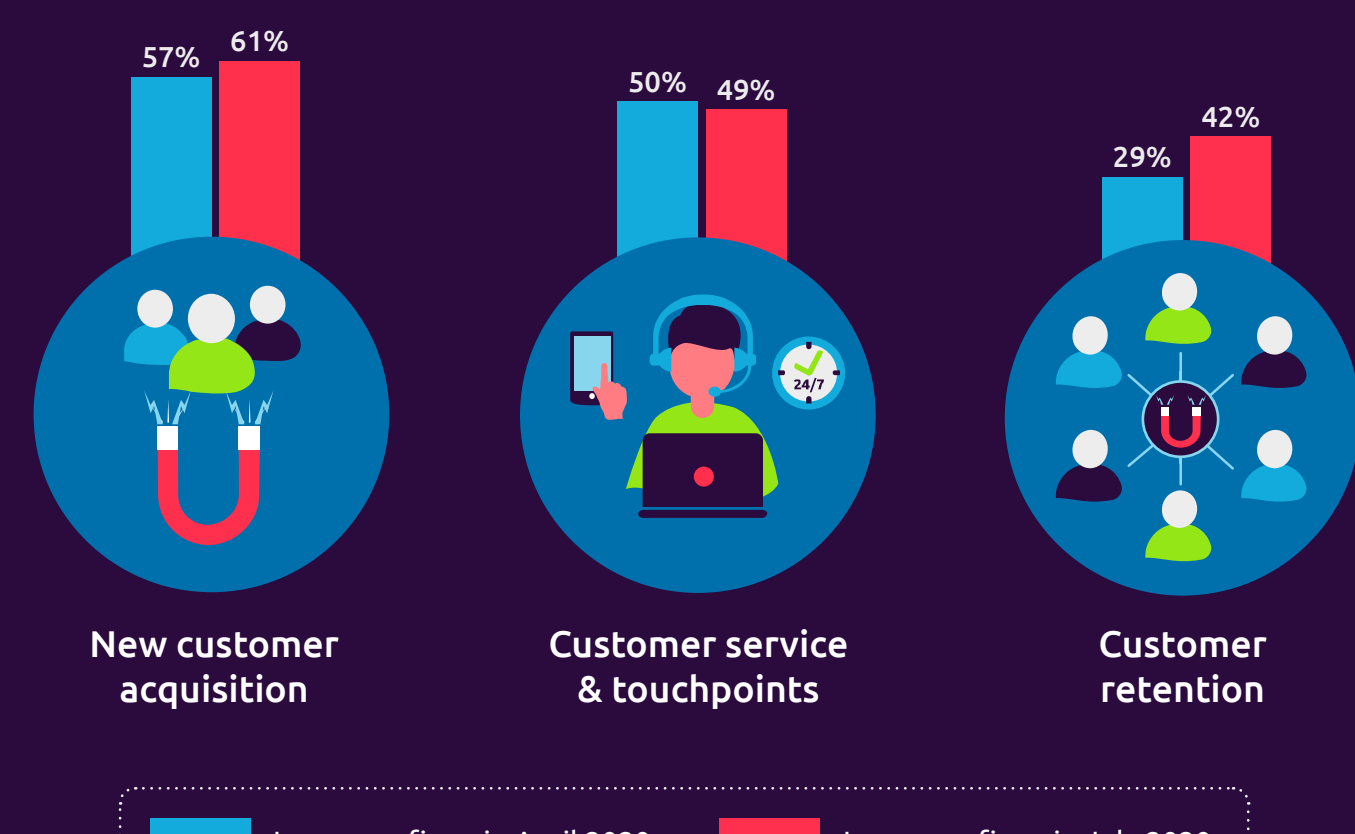


WORLD INSURTECH REPORT 2020



Critical times require a new mindset

% of Insurers that believe COVID-19 has impacted customer engagement



Insurance firms in April 2020 Insurance firms in July 2020

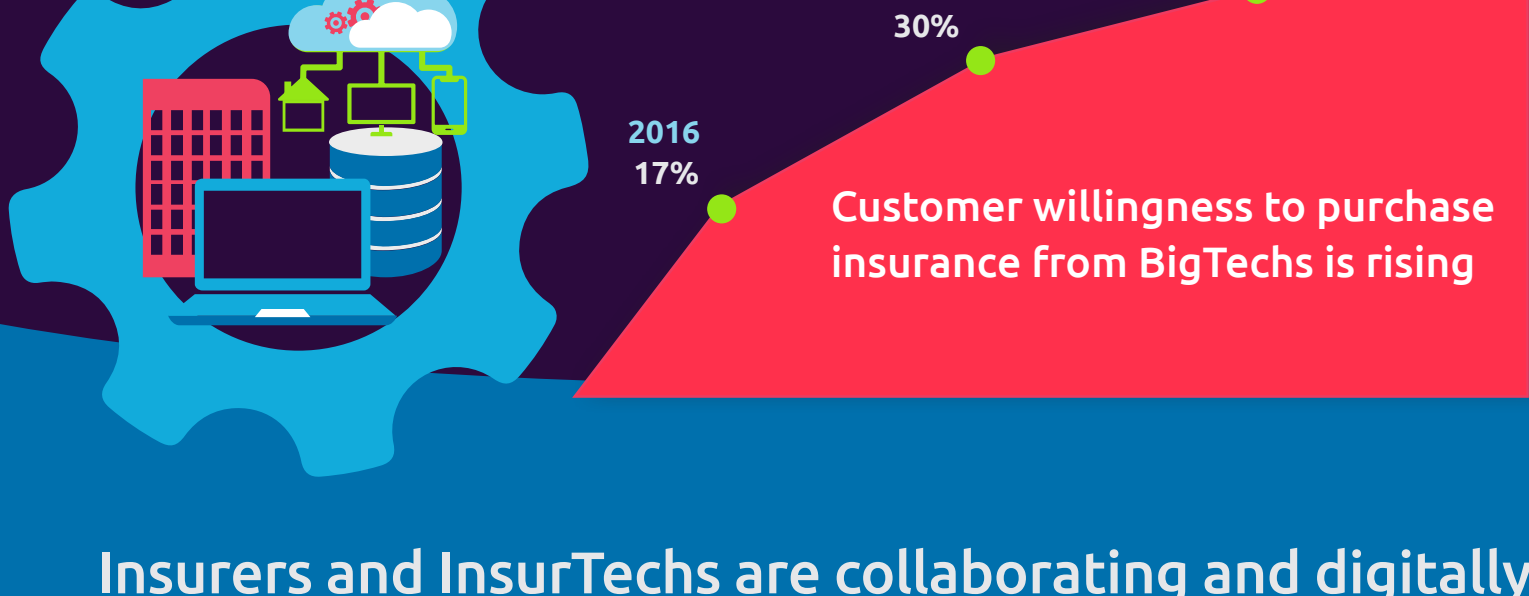
Insurers are focusing on digitalization to better engage with customers

Uncertainty underscores the need to focus on critical priorities

Real-time response	Insurance-as-a-Utility	Crisis-proof processes	Caring partnerships	Superior digital experience
<ul style="list-style-type: none"> Fast Hassle-free 	<ul style="list-style-type: none"> Usage-based insurance On-demand insurance 	<ul style="list-style-type: none"> Business continuity Uninterrupted communication Accessible critical services 	<ul style="list-style-type: none"> Empathy Emotional connection 	<ul style="list-style-type: none"> Anytime, anywhere Multiple channels

BigTechs are getting stronger

Across industries, BigTechs¹ have earned more customer trust with their excellent crisis response



Insurers and InsurTechs are collaborating and digitally transforming to increase customer engagement



Insurers driving innovation

- » 60% have launched in-house innovation teams
- » 30% created innovation fund or digital spin-off

But, scaling up collaborative innovation has been challenging for Insurers and InsurTechs

InsurTechs playing key roles

- » **Enablers** – provide software solutions to incumbents
- » **Distributors** – offer more personalized distribution channels via digital platforms
- » **Full carriers** – develop and distribute insurance products

Lines are blurring and competition intensifying

Some industry players are carving out new, non-traditional roles:

- » Digitally agile incumbents with InsurTech mindset
- » InsurTechs wanting to become full carriers
- » InsurTech full carriers expanding presence
- » Technology players collaborating with InsurTechs
- » BigTechs expanding their wings
- » Non-traditional players testing insurance waters

But increasing competition is also encouraging collaboration

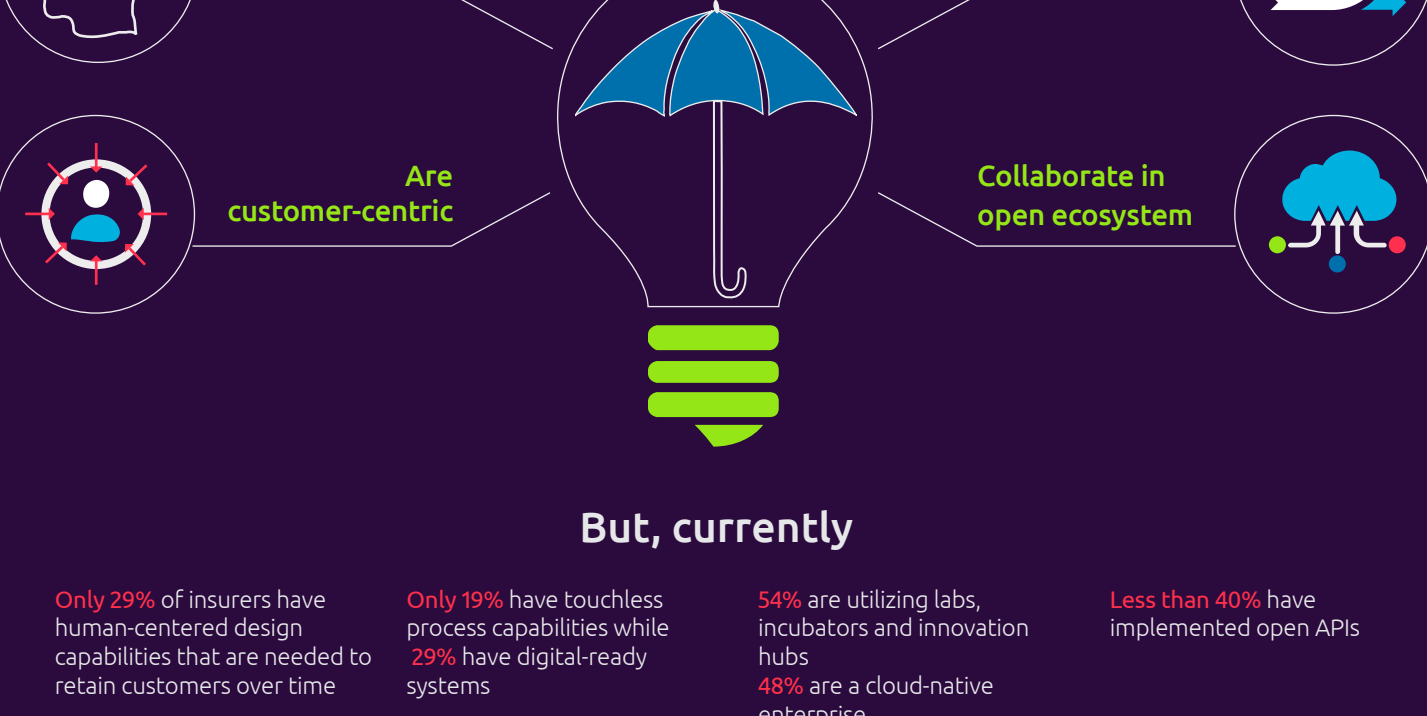
- » 67% of insurers want to collaborate with InsurTechs
- » More than 83% of InsurTechs want to partner with technology providers and insurers
- » More than 60% of insurers and InsurTechs interested in BigTech collaboration

A well-oiled ecosystem machine is needed

The specialized help of technology providers and system integrators can enable InsurTechs to help insurers fill capability gaps across the insurance value chain

Transforming into Inventive Insurers is crucial to increase customer engagement

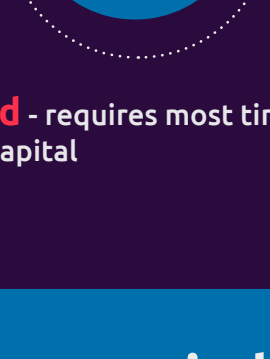
Inventive Insurers:



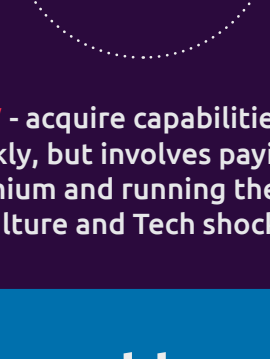
But, currently

- Only 29% of insurers have human-centered design capabilities that are needed to retain customers over time
- Only 19% have touchless process capabilities while 29% have digital-ready systems
- 54% are utilizing labs, incubators and innovation hubs
- 48% are a cloud-native enterprise
- Less than 40% have implemented open APIs

Three approaches to improve Inventive Insurer capabilities based on **time**, **investment**, **autonomy** and **differentiation**:



Build - requires most time and capital



Buy - acquire capabilities quickly, but involves paying a premium and running the risk of culture and Tech shocks



Collaborate - fastest, most cost-effective way to acquire capabilities

A new mindset that enables nimble reactions to change will be required from insurance industry players to increase customer engagement and attain future success

Footnotes

1- BigTechs are technology giants that dominate their respective sectors such as Amazon, Ant Financial, Apple, Facebook, Google, and Tencent

