

Disrupting the Insurance Industry

By Matthias de Ferrieres, Managing Director, Stark Group Pte Ltd

Stark Group regroups a series of start-ups that focus on digital insurance transformation. They leverage on e-technology know-how, effective marketing science and operational insurance expertise.



Today, retail consumer wants not only to access anything, everywhere at any time, but also reaches everything anywhere every time. The customer 2.0 wishes to acquire customised products & personalised services promoted through mobile, tablet or computer. The Digital world, a new far west for consumerists, opens a new era where every business must learn how to cope in order not to disappear.

In the insurance industry where only price matters, risk assessment is an obsession and customer process efficiency is a key focus, how can it deal with such new yet disruptive way of doing business? The insurance industry endorsed the necessity to change, adapt and transform; it has yet to realise that the e-world announces new boundaries and defines new rules that makes true innovation effective.

It must accept that the key to success is accessing the technology rather than possessing it. It has to understand that innovation comes from open source and tech sharing rather than IP (Intellectual Property) protection and control. Lastly, it should discern that innovation is first and foremost transforming the existing to

■ ■ The e-world announces new boundaries and defines new rules that makes true innovation effective. ■ ■

make it not only better, but different and up to date. From massive IT programs, light & agile development is now a norm. A try & error approach should replace long lasting strategic thinking and systematic industrialisation that define this capital intensive industry business model.

Insurance companies are getting there. They test new ways of working and slowly adapt their standards. They work with innovative start-ups and Tech youngsters to develop micro solutions. They discover the power of "immediate success or move on" attitude: Cheaper & faster from an infrastructure point of view; engaging and less frustrating from an organisational one.

The insurance industry endorses also the need to be (more) customer centric, (more) user friendly and (more) prospect accessible. It has yet to accept to walk the talk and leverage on digital capabilities to deploy such shift. The consumer is the centre piece of Business. Everything is initiated by him, for him and through him. Such old statement is rather new for the industry. Insurers always face the difficulties to create appropriate value perception through their line of products (heavy underwriting, lengthy processes, poor marketing and out-dated

distribution strategy). As a consequence the willingness to pay remains extremely low and price war is the main strategy to gain market share.

With the digital, they can now shift the paradigm from price to offer: better engagement through simplification of the purchasing cycle, nice colour scheme & dynamic design, little questions with clear language; greater customer experience with the usage of big data to segment and position prospect according to profile, lastly web application flexibility that adapts the visible offer accordingly to interest.

To embark such heavily regulated and formatted market is not an easy task. Stringent compliance, complex legal requirement and systematic governance do not help innovation to take off. Insurers are aware that there is no choice but to go ahead and digitalise their industry to respond to the consumers' limitless appetite. It is difficult but necessary. It must redefine the traditional methods and open doors to reinvent itself.

Else someone will take it over for the greater pain of the big players of that noble industry. Sooner rather than later! **F**

