

INSURTECH: DIGITAL TRANSFORMATION & INSURANCE

It's Time for the Insurance Industry to Get a Facelift

Over the past decades, technology has disrupted the way many industries operate. However, the insurance industry has been slower to embrace change. The COVID-19 pandemic forced most industries to offer their services virtually to accommodate social distancing, and these changes are likely to stay, further demonstrating the need for digital transformation and innovation within the insurance industry. This is where insurtech enters the fray.

Insurtech is short for insurance technology, and it refers to the wide array of technologies within the insurance industry that improve user experience and increase efficiency for insurers and clients alike. Much like fintech in the financial industry, insurtech has been popularized by newcomers to the insurance sector who leverage new technologies to provide coverage to technically savvy clients.



The goal of insurtech is to make processes more efficient, improve data processing, customize services for each client, and reduce exposure to risk. This is why most players in the insurance industry, whether it's carriers or brokers, are embracing technology as a means to win over clients. Carriers, insureds, and brokers can all benefit from the insurance industry's technological renaissance.

HERE'S HOW:

INSURTECH AND CARRIERS

For carriers, insurtech represents both competition and opportunity. Insurtech startups that seek to sell their own policies to consumers at a lower cost are challengers to the established insurance market. They claim that they can offer more competitive pricing using various technologies and methodologies. Instead of using statistical models that pool risk, insurtech startups may take a more personalized and tailored approach to determining risk. This includes using real-time data from wearables, social platforms, or telematics that may amount to lower premiums. Currently, a large focus of these insurtech startups is on personal lines, though more are starting to disrupt commercial lines.

Other insurtech companies choose to partner with existing insurers by offering solutions from which traditional insurance companies can benefit.

This can include the following:

- **Claims management** – Carriers can use software and artificial intelligence to validate claims, collect data, weed out fraud, and pay out claims. Insurtech software helps streamline claims processing at scale for hundreds to millions of policyholders without having to depend on significant employee headcount.
- **Underwriting automation** – The underwriting process is a complex but critical stage in insurers' vending process because this is how carriers determine premiums and limits for compensation after clients experience a loss. Artificial intelligence can help carriers assess wide swaths of data points to better determine individual client' risk profiles.
- **Client identification verification** – Manually managing the client identification process isn't sustainable and can bring an insurer's operations to a halt. Leveraging identification verification technologies can quickly and effectively speed up the identity verification process, which prevents fraud and speeds up the underwriting and claims payout processes.
- **Fraud and risk prevention** – Insurtech solutions can more effectively analyze more data points, check clients' historical data, and assess risk profiles to pinpoint fraudulent claims.

It's clear that carriers stand to benefit from the ways insurtech increases operational efficiencies, which amounts to significant cost savings over time. Additionally, the advent of insurtech only proves that as the role of technology continues to grow in every aspect of our lives, all insurers need to embrace insurtech and modernize their operations to attract and retain insureds, and improve the overall client experience.

INSURTECH AND YOUR BROKER

Brokers leverage insurtech to provide their clients with the best value and service. While it's true that insurtech provides clients more independence to find information about insurance and execute certain tasks, the reality is that brokers play a significant role in supporting their clients in ways that only experienced individuals can. Regardless of advancements with insurtech, brokers are there to help clients understand the entirety of their insurance needs and risk profile, best represent clients in the underwriting and renewal process, and advocate for clients in the unfortunate event of a claim.

Insurtech solutions, like account management systems, customer relationship management systems, and client facing software, increase efficiency. This gives brokers more time to build relationships with their clients to better support them. Navigating and understanding the insurtech solutions available to clients and providing insights to them about which solutions make the most sense for their needs can **help brokers deliver effective solutions and build long-term relationships with their clients by managing technological strategies.**



It's clear that insurtech is here, and it's here to stay. Though many parts of the insurance industry are mired in paperwork, we're already seeing how insurtech saves carriers, brokers, and insureds money by making processes and operations more efficient. Clients should partner with a broker who has a proven track record of leveraging technology to make their life easier. Our team has a pulse on advancements in the insurtech space and is committed to using these solutions to better serve you.

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