Actuaries Institute Podcast
Title: Insurtech space presents fresh opportunity for actuaries

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Speaker: Rita Yates
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Introduction

Angat: Welcome everyone to another episode of the Institute of Actuaries podcast series. Today we have the privilege of being joined by the CEO of Insurtech Australia, Rita Yates.

Rita: Thanks, Angat, great to be here

Angat: Rita, we've had Simon O'Dell here before, and some of our members are quite involved in insurtechs and work in insurance industry, so it would be helpful if you could give our listeners an overview of what an insurtech is, how large Insurtech Australia is, and what it's trying to do in the industry.

Rita: Firstly, insurtech and the way that we define it really is insurance technology and organisations that work within insurance technology and those capabilities. Insurtech Australia as an organisation was established in October 2017 and has a mission to create a world-leading insurtech ecosystem here in Australia. If we look back to 2017 that was around the time that insurtech was starting to attract international attention as an industry and we really saw an opportunity to leverage that here in Australia, so we are a fairly small, not-for-profit member-based organisation. We started out with a handful of insurtech startups and scale ups back in 2017 as members and we have grown to the point where we now have 64 insurtech organisations as members and they really operate across all aspects of the insurance value chain.

Rita: We see that number growing month on month, which is great and we also interestingly seeing, I think, more international insurtechs becoming attracted to Australia as a potential market to scale into. On the flip side, we also have corporate partners that support us and again back in 2017 we started out with a small handful of insurance incumbent organisations that were looking to support the growth of insurtech in Australia and we now have 24 corporate partners that come from insurance companies or large and medium size insurance companies, brokers, we also have consulting firms and legal firms as partners that have large insurance practices and other organisations as well that support the insurance value chain in some way.

Angat: **Great to hear that the ecosystem is large, and your network of partners is diverse across different parts of the value chain, including Australian startups that are operating internationally. Can you give more colour around representation across general insurance, life insurance, health insurance?**

Rita: If we take a look at the membership base and essentially where along the insurance value chain they operate and in which parts of insurance they operate. It's a really quite an even spread across the different parts of the insurance value chain. But if we look at a comparison between general, life and health insurance, they’re definitely more heavily weighted towards general insurance, which has been the trend that we've seen from the beginning. However, in the last 12 months we have seen an increase in the number of insurtechs operating in Australia, but also pivoting towards life insurance as a part of insurance that is of interests to insurtechs to start operating within. From the perspective of health insurance, this is an area that we haven't yet explored to any great extent and interestingly it is on our radar for 2020 to have more of a focus on expanding into health insurance both from the perspective of incumbent from the health insurance space but also insurtechs that are looking to work within specifically the health insurance space, which is as you know is a little different from both life and general.

Angat: **Not surprised that to hear that GI has greater representation. Given it is a shorter tail product and just more receptive to technology change in other markets, there's greater focus there. Promising to hear about life and clearly lots opportunities in health insurance given some other challenges that sector has faced in the past.**

Rita, it'll be great to get your thoughts around the Australian insurance players appetite to partner with the insurtechs that you represent. What have been the things that have worked well? What have been some of the challenges that your members foresee?

Rita: I think that there are certainly both challenges and huge opportunities, within the insurtech space for insurance incumbents and it's quite clear what some of those challenges have been as well as the opportunities, so I'll talk a little bit about that now. I think if for some time now there has been an appetite from insurance incumbents to at least explore some of the opportunities to partner and change their business models by working with insurtechs, which is a real positive and I think you know the fact that we do have 24 insurance incumbents as corporate partners really reflect the desire to actually work with the insurtech space which is great. In practice, what we tend to see and in reality, is that many still encountered difficulty when it comes to implementation and as well as that the timeframes between that initial exploration period and implementation still remains fairly significant.

Rita: I guess we talk a lot about partnerships and how to make partnerships successful between insure techs and incumbents. Then what we come across very regularly is the fact that there are some key fundamentals to get right when looking at partnerships between insurtechs and incumbents. Those fundamentals start with really the insurance incumbents having a very clear understanding of the pain points in the business and those with which they are willing to look to work with external operators on solving and as well as that having a very clear understanding of what the desired outcome is for that particular pain point or problem within the business.

Rita: Second, I guess looking at timeframes and expectations being very clearly mapped out and an example of that is ensuring that a fact yes or no is provided to an insurtech that they're having a conversation with. That moves down into making sure that there is a fast track framework in place within the organisation and that will involve many parts of the business which could include from legal operations, finance and other important areas of the business as well. Then obviously that moves into an implementation plan and understanding that that implementation plan is going to require iteration along the way. It will not be perfect from day one. I guess they are some of the key fundamentals that really important when looking at successful partnerships between insurtechs and incumbents, some parts of that are being done reasonably well from time to time. I think others still do need some work to actually continue to grow the number of partnerships between insurtechs and incumbents in Australia.

Angat: **Thanks Rita. I can imagine that for the smallest startups to navigate very large organisations can be quite intimidating. The easier that process can be, I'm sure the partnerships or the positioning would be more streamlined and better for both parties. We're now in the midst of unprecedented circumstances with COVID-19 and the early experience from Asia suggests that, there's**

a large degree of behavioral change this is already triggering in consumer.

We've heard of examples from China where material increase in telehealth services. We've heard of examples where there's an increase in digital requests for insurance products. Can you give us a sense in Australia, how would you see the COVID-19 situation impacting the Australian insurance landscape, what opportunities would it create for insurtech members and the sector at large?

Rita: We know that COVID-19 has pretty much had an effect on every industry and virtually every business in some cases positive and some not so positive. We've now had the opportunity to speak with nearly all about members one-on-one just in relation to how in this first instance their business has been affected and obviously how we can continue to support them most appropriately at this time. It's been interesting because the effects have been very varied across our membership base.

What we have seen is that for some insure tech organisations, they are really thriving at the moment and have found that deals and potential projects that have been on the table for quite some time now are actually getting pushed through more quickly through this period. When you look at the types of insure techs that are having those successes, often they are insure techs that have propositions that look at things like backend capabilities, operational efficiencies, streamlining processes and as well as that opportunities to create better customer experiences through digital capabilities.

Rita: Those are the top of organisations I think that has seen some escalated success throughout this short period and hopefully that will continue for other insurtechs they have seen that some projects have been shelved for a period of time and put on hold at least for a three month period. While there is a lot of uncertainty around the insurance landscape and generally insurance incumbents are having to spend a little bit of time focusing on things like simply their staff and ensuring that their staff are operating effectively working from home and so forth. On the challenging side is that investment into startups and scale up and insurtech across the board has become a little bit scarce at the moment over the last few months and most likely will for a few months yet. But hopefully in the medium term we'll see that shift. Obviously, the fact that investment dollars has become a little bit more skiff can potentially have quite a big effect on our ecosystem as a whole, so hopefully that will not be in place for too long.

Angat: **Yeah, that's pretty interesting, Rita, and certainly our view would be that because the situation is so new and so unprecedented, all organisations are still coming to terms with business continuity plans as well as working from home and in terms of understanding what the impacts on their business are. I think over time, certainly the expectation and hope would be that organisations start pivoting towards what does this mean, medium or longer term for our business. As they start to create mind space for that, that should create a lot of opportunities for partnerships and collaboration with the insure techs and your ecosystem partners.**

Rita: Yeah, completely agree. I think that's where we're looking to some of these medium-term opportunities being quite abundant, I would say in our ecosystem.

Angat: **Shifting back a little, Rita, to your experience in working with the actuaries and the Actuaries Institute. Actuaries, as you would know, are critical to insurance companies involved in multiple traditional areas of pricing, reserving assumption, setting experience, but also many have broadened out into other roles and many are CEOs of large insurance organisations. Can you give us coloor of what your experience has been and any advice you would give for actuaries to get more involved in working with Insurtech Australia?**

Rita: Obviously I have an insurance background, so I have had quite a bit of experience over the years working with actuaries in many different ways and it has always been obvious to me by then and now the important role that actuary play along the insurance value chain. More so in the future, I think it'll be interesting to see how the role of the actuary within these organisations develop even more so as we have more access to data and much more advanced data analysis technology.

I suspect that many actuaries in the future, and this is because they taught roles align quite well, we'll actually extend this skill specifically to look at the ways that they can build data analysis into their role specifically and then most likely will have a greater impact on the insurance value chain moving forward. Within our ecosystem, we have a number of actuaries that I come across very regularly and some of those are working in insure techs in quite senior roles.

Rita: Others are working in incumbents that are partners of ours that I come across on a very regular basis and others again part of that database and are attending our events and just simply interested in what is happening in the insure tech space. The simple ways to become involved with Insurtech Australia and more involved in the insurtech space here in Australia is to subscribe to our newsletter and to our LinkedIn page as we do try to regulate, share information about our members and what they're up to. Attending our events, people are a great way to increase the understanding of what's happening in this space and it also expand networks or be it at the moment or those events are virtual and as well as that we do from time to time have opportunities for individuals to become involved on a voluntary basis in the organisation itself.

Angat: **Rita, thank you so much for your time. That was a fantastic set of insights you shared around the changing nature of the Australian insurance landscape and the opportunities it creates for companies to partner with startups. Clearly amidst COVID-19 whilst that is challenging for everyone, there are opportunities for greater collaboration through digital and technology means and hopefully that'll lead to better outcomes for our customers. Thank you again and we look forward to collaborating more with Insurtech Australia going forward.**

Rita: Thanks so much and guess it's been lovely to chat.

Angat: **As always, if you have any questions or comments, please feel free to send them our way. If you'd like to listen to another Actuaries Institute podcast, please listen to the podcast channel on Spreaker. I'm Angat Sandhu, Chief Editor of *Actuaries Digital*, thanks for listening in.**