

Make InsurTech work for you

SCOR has taken a lead on investing in InsurTech. Adrian Jones, leader of SCOR’s P&C Ventures team, explains how insurers can make new technology work for them.

Why did SCOR want to get involved in InsurTech start-ups?

Entrepreneurship has always been part of insurance, perhaps to the surprise of newcomers who use words like “dinosaur” to describe insurers. SCOR has a long history of supporting entrepreneurs, who play a critical role in bringing creativity, experimentation, and expansion of risk-taking to our industry. In 2017, we centralized our efforts into a group called P&C Ventures to be more effective at delivering our support.

Is there a talent gap in the insurance industry, preventing insurers doing more in the InsurTech space?

I recently counted over 50 senior people who have come into our industry because of InsurTech. If there is any gap, it is one of attitude. Skills from outside our industry can be highly effective when applied to insurance.

Talent gaps close when we cast a wide net for talent, give high-quality training, give early responsibility, create a sense of purpose (insurance helps people in their time of need), and offer competitive pay.

Talent gaps widen when senior management points out that they all have 30 years of experience in insurance. Talented young people have less patience than their elders to wait decades before having a voice.

At which points in the value chain can InsurTech make the biggest impact?

We divide the InsurTech world into the front-end, core systems, and claims (excluding MGAs and carriers). The front-end includes companies bringing new forms of data to the underwriting process, improving the speed and

accuracy of risk selection, and improving the purchase and renewal process for consumers.

In the middle there are companies building core systems from modern insurance software based on APIs, cloud, and modularization. These range from agency management through reinsurance and risk aggregation systems.

Then in claims, there are firms designing interesting claims platforms and fraud detection tools.

Many insurers have formed innovation groups in the past few years, and recently some insurers have trimmed their investments in innovation. Why?

“Innovation” can justify doing anything or nothing at all. The effective groups that we’ve seen are fully part of the core business, led by a respected leader, and tasked firstly with solving a specific problem for the core business.

They need a budget – but not too much, since necessity is the mother of invention.

They need to be able to deploy capital too. It’s one thing to buy a proof of concept; if you want to drive a real partnership, bring some investment capital too. Success requires oversight, not letting the unit do whatever they want and reporting back. However, the oversight must be given with a

bias towards taking action, trying new approaches, and overcoming hurdles.

How do you apply this advice in SCOR P&C Ventures?

We spend half our time driving internal innovation and half of our time outside the company helping our portfolio companies, meeting venture capitalists, and meeting entrepreneurs.

We are fully embedded in our business. We started by helping to identify start-ups who could bring us premium that our underwriters have difficulty accessing in traditional markets, then securing the relationship over the long-term with an investment. Thus we involved our underwriters and helped them build their business.

Meanwhile, we’ve helped other parts of the business sort through companies who could help solve their problems and have structured projects with them.

We have a Ventures Committee, led by our CEO and me, that meets at least monthly to review our work, ensure we are working on the highest-value problems, and help us work through internal processes.

Blockchain is a hot topic: is SCOR involved in this technology; what potential does it hold for reinsurance transactions?

What’s interesting isn’t blockchain per se, but the way industry players have come together to develop better solutions using blockchain.

B3i is an example of such an initiative. B3i is 100% owned by 18 insurers and reinsurers from around the world, including SCOR. The company is developing solutions with insurers, brokers, and reinsurers to reduce the friction in risk transfer. The first product will be used to facilitate the placement of large reinsurance treaties at 1/1/20, so we are at the point where there are real use cases, not just experiments and proofs of concept.

Can P&C insurers afford not to engage with InsurTech?

For leaders who plan to leave the business soon, their company’s existing competitive advantage will probably endure. But great people plant trees under whose shade they know they will never sit. ●

