

KEY TAKEAWAYS FROM INSURETECH CONNECT 2019

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After three days charting the progress of industry innovation, re-connecting with the authors of the current wave of change, and meeting the leaders who will script the future we are at once exhausted and energized. And while it is impossible to do #ITC2019 justice in a few sentences, here are our takeaways from the week.

- 1. Whoa!** That was the refrain from an executive from one of the big incumbents with whom we spoke during #ITC2019. He commented that while he knew that change was coming to the industry, he was surprised to see it in high definition, at the scale and pace embodied by #ITC2019.

Separately, Kara Swisher concisely captured the breakneck pace of disruption in her plenary session talk when she declared, “Cars are the horses of tomorrow and scooters are the magic carpets of today,” and predicted “any job that can be digitized will be digitized.”

Takeaway: The industry has moved into the next phase of its evolution. We’ve moved beyond the initial curiosity and are now really getting down to business.

- 2. What business are we really in?** Our colleague [Chris Colborn](#) put it nicely when he showed that the most successful brands help their customers achieve **Progress** and make a **Connection**. Firms that do this become “go-to” brands that don’t confuse their product with their business. Examples from outside and inside of insurance suggest that customers generally don’t want “insurance” but rather “assurance” that enables them to achieve their primary needs and desires.

So, the next time you or someone in your firm describes your business as “selling GL coverage” or “writing annuities,” ask yourself whether these are only products rather than your real business and how they score along either Chris’s Progress or Connection dimensions.

Takeaway: A shift in focus. Technology and “product” move from the foreground to the background and the customer and their needs clearly come into focus.

- 3. AI everywhere and not a morsel to eat:** As we walked around the exhibit hall and dropped into the various content sessions we were struck by the ubiquity of the term “AI”. Even company-branded breath mints were designed with AI! Ok, perhaps not the mints, but you get the point.

Setting aside the hype, AI is developing rapidly. Incumbents have an advantage in that they have the data required to train the models. However, they generally lag in willingness and ability to rethink / redesign processes and approaches to deploy these new tools

Takeaway: AI is evolving rapidly and the industry faces a steep learning curve. Be careful to avoid the proverbial hammer looking for a nail but know that AI is a tool that you’ll need to have in your toolbox to solve some of your high priority use cases.

- 4. A love letter from insurtech entrepreneurs to Assurance and Root:** If you’ve ever met an entrepreneur, you’ll know that they are more optimistic and passionate than the average human and certainly more so than your typical insurance sector worker. Despite this eternal optimism, it was our sense in 2018 that the dearth of insurtech unicorns had begun to weigh on the sector. No longer. It was undeniable that the recent high-profile insurtech deals were interpreted as clear and triumphant validation of the mission to transform the sector.

Takeaway: Big exits and patience. A realization on the part of insurtechs and investors that the investment thesis is correct but the start-up journey is longer in insurance than other sectors (5-10 year timeframe rather than 2-3 year).

- 5. Rebel Yell of insurtech?** For those of us who were children of the 1980s (or earlier), Billy Idol was 100% cool and irreverent. If you are reading this note, you’ve likely joined the insurance industry, which has, let’s just say, a very different image than Billy does. So, when I stood there and watched Billy Idol, with trademark upper lip curled and fist pumping, shout out “InsureTech Connect! InsureTech Connect! InsureTech Connect!” in the middle of “Rebel Yell” to the crowd of screaming #ITC2019 participants I thought for a moment I was dreaming a very strange dream.

No, it wasn’t a dream (or any other chemical induced effect) but resounding end to #ITC2019 and a rallying cry to the industry. If Billy Idol is singing about insurtech, anything is possible!

Takeaway: From 20/80 to 80/20. Most folks are thinking of innovation as 20% of what they do, and a few have it occupying 80% of their management bandwidth. We bet that the second group will make up the winners of the future.

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We thank those of you who joined us at #ITC2019 and missed those of you who could not attend. Either way, we look forward to continuing the dialogue.