

# Role of InsurTech in overcoming challenges in microinsurance

International Microinsurance Conference

Lima, Peru

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# Agenda

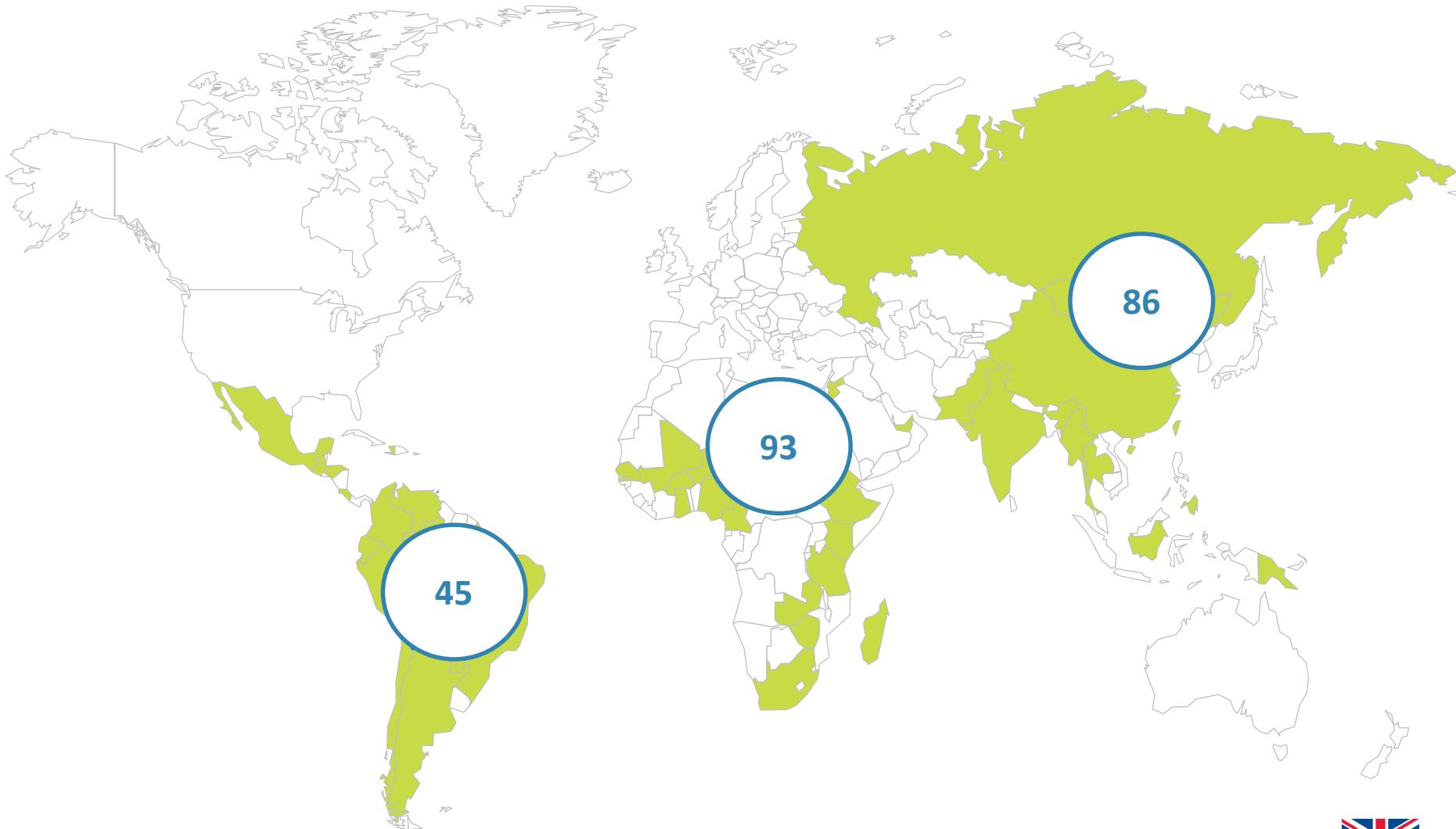
- What is InsurTech?
- Trends in InsurTech
- InsurTech applied to microinsurance challenges

# What is InsurTech?

- “FinTech covers a broad array of technical innovations that are finding their way into the financial industry. InsurTech is the insurance-specific branch of FinTech that refers to the variety of emerging technologies and innovative business models that have the potential to transform the insurance business.”
- “InsurTech will have a significant impact on insurers’ business models. Regulation, together with firm-level supervision, will need to evolve to ensure the right balance between maintaining policyholder protection without inadvertently stifling innovation”.

# InsurTech for Development

Review of 157 initiatives in the emerging world



# Introduction to trends in InsurTech

## New data and analytics

Digital data generation, communication and analytics are used to inform insurers about customer needs and behaviour patterns in the form of new data and analytics.

## Peer-to-peer

Peer groups, such as owners of houses, cars and household items, team up to absorb each other's risks, with everyone contributing money to insure the group members' losses.

## Index-based

Index-based insurance (IBI) is used to protect against shared rather than individual risks, such as weather fluctuations, disease outbreaks or price loss.

## Technology-enabled partnerships

Insurance providers, MNO or other aggregators and TSPs enter into strategic technology-enabled partnerships to take advantage of marketing, client acquisition and premium payments through an established brand.

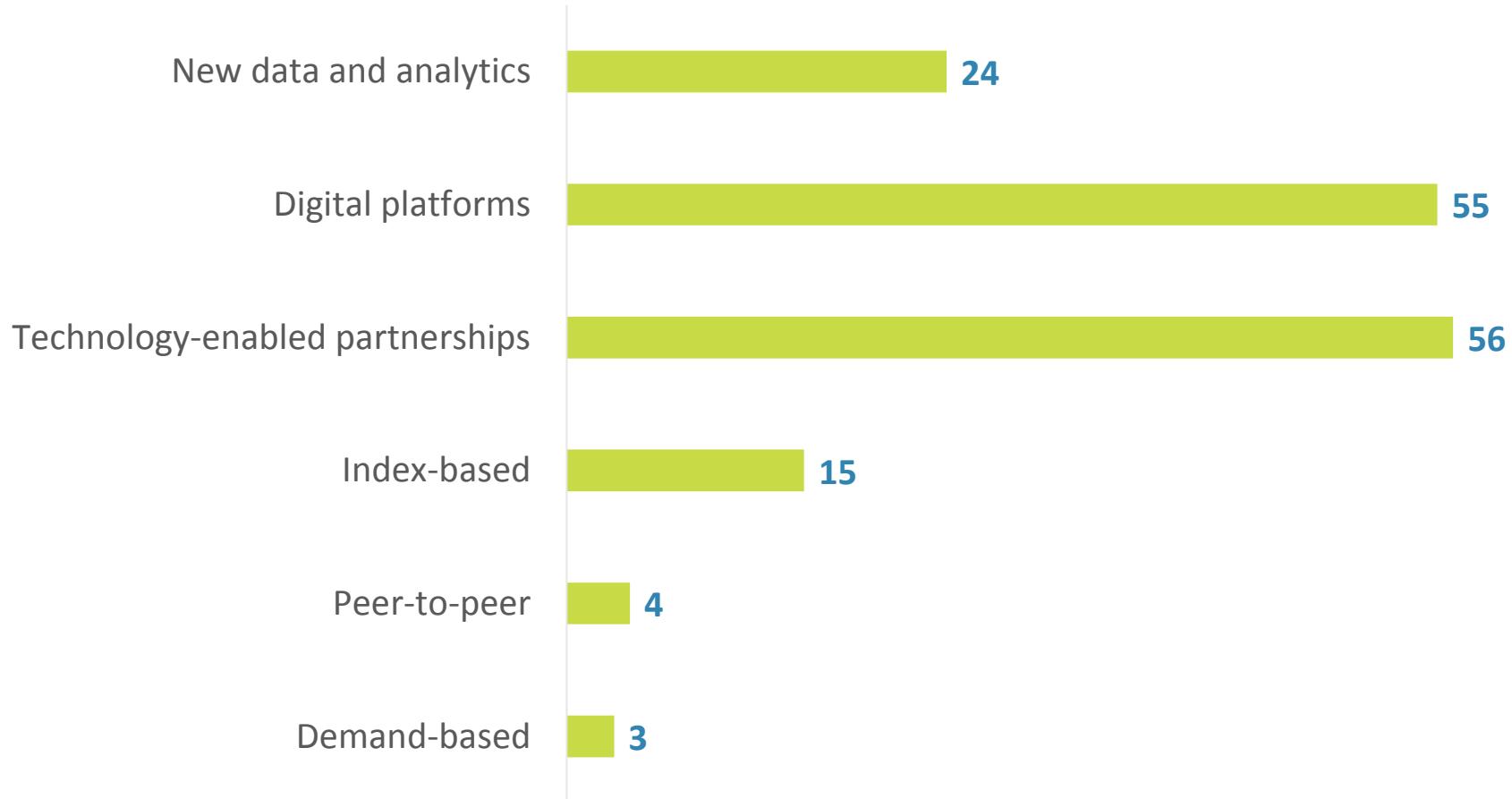
## Digital platforms

Insurers or third-party service providers use digital technology to offer insurance products or services online on digital platforms that take face-to-face or pen-to-paper elements out of the insurance provision and bring down delivery costs.

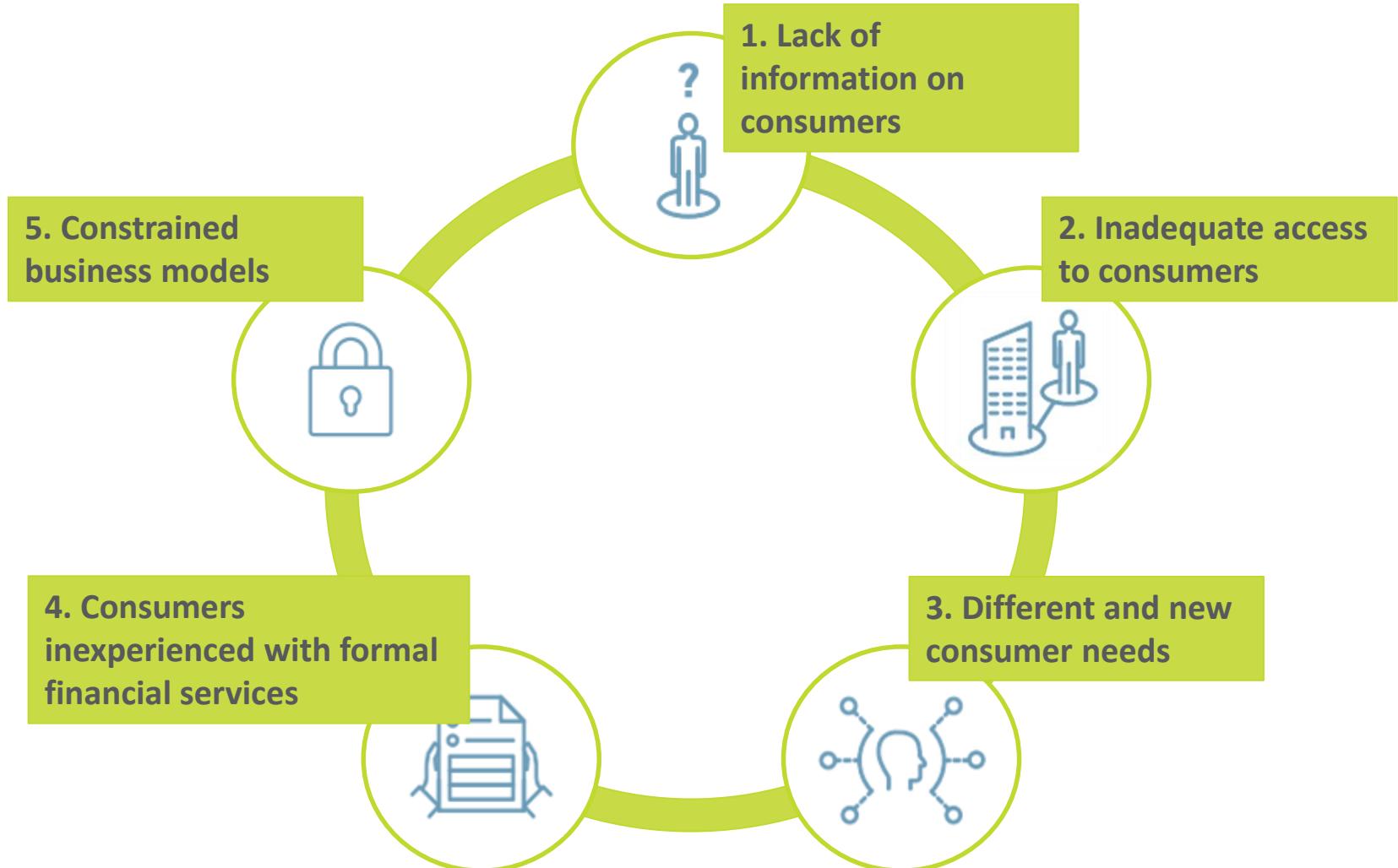
## Demand-based

Demand-based insurance is triggered by an action of the consumer and relies on sophisticated risk-modelling technology. It covers asset insurance products, which would not be possible to cover individually under traditional microinsurance approaches.

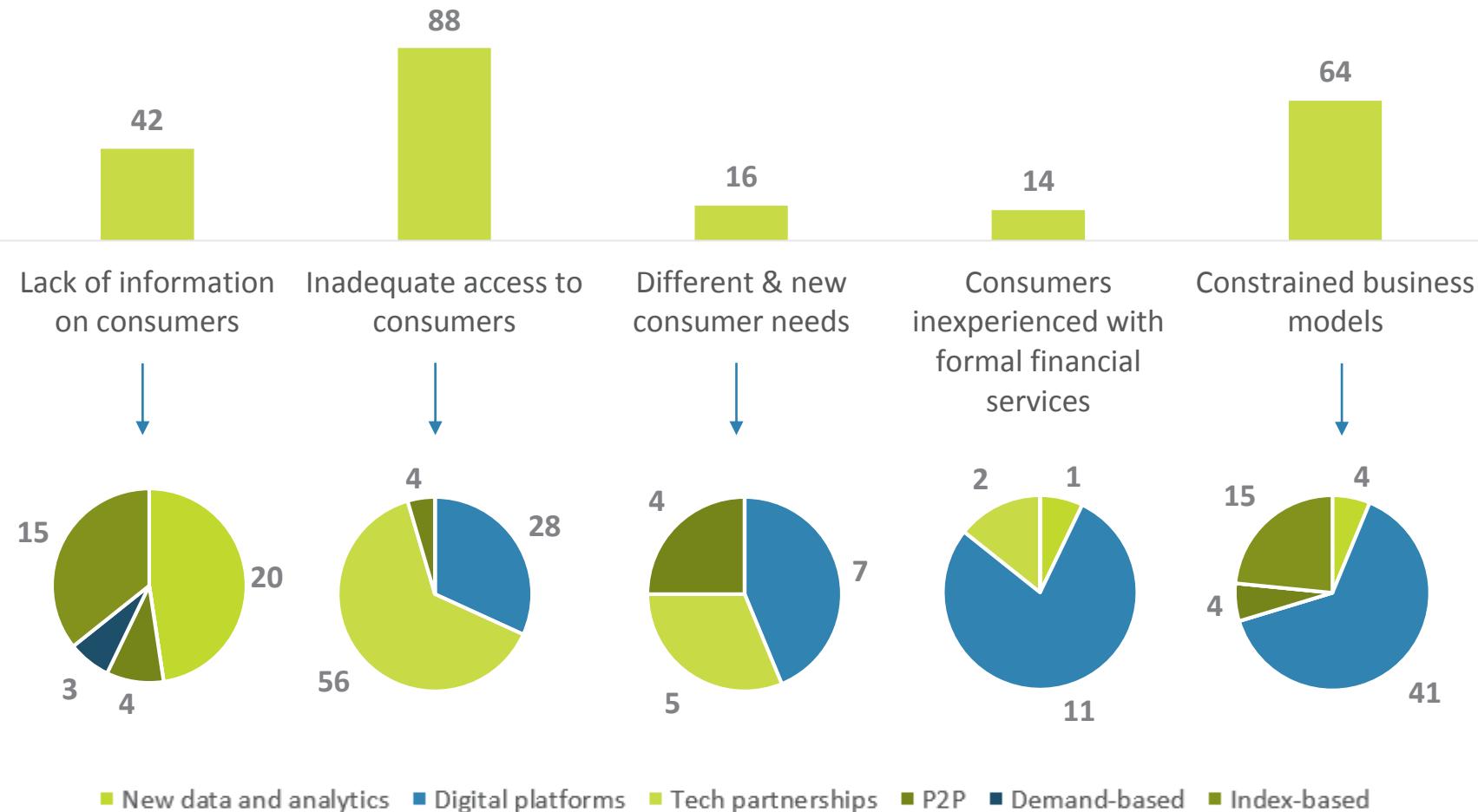
# Overview of trends in InsurTech



# Challenges in microinsurance



# How are InsurTech trends addressing challenges in microinsurance?



# Key takeaways

1. Partnerships with MNOs have successfully addressed challenges in accessing consumers.
2. Newer technologies such as AI and P2P are still largely untested.
3. New business models have allowed for product innovation.
4. Technology applications that bridge experience levels are still limited.
5. Many initiatives are focusing on reducing the costs of doing business.
6. The lack of data analytics applications is a key barrier to further advancements in InsurTech for development.

# Thank you

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## About Cenfri

The Centre for Financial Regulation & Inclusion (Cenfri) is a global think tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors seeking to unlock development outcomes through inclusive financial services and the financial sector more broadly.

## About FSD Africa

FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in Sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK Aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or "FSDs" across SSA called the FSD Network.

