

# Time for Change

The internet of things allows insurers to encourage and establish innovation in new ways.

**B**ig data, analytics and advanced technologies are having a profound effect on insurers and their customers.

Insurers are moving from a business model of indemnification or reimbursement to one of loss prevention, wellness management and asset protection. Real-time data and collection and sharing power that comes from the internet of things will help insurers create significant new opportunities in finer product segmentation, along with more specialized pools of risk and predictive modeling to better assess risk, improve loss control and accelerate premium growth. The internet of things includes various types of technology.

Blockchain and distributed ledger technology can help ensure data privacy and security. Machine learning and artificial intelligence applications are fueling algorithms for better pricing and fraud detection, creating intelligent bots for servicing and leveraging text and voice data for analytics.

Big data allows us to create customized products for customers, who want to be treated as individuals with unique needs and behaviors.

The sharing economy is driving a market for on-demand insurance for auto and travel insurance and recreational activities such as scuba diving.

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By  
**Pat Saporito**

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Home and building detection devices for water leakage and fire can limit damage and even create a provisional loss notice. Applications such as cold storage monitoring can identify potential maintenance issues that cause food spoilage for restaurants and food distributors or quality issues for hospitals and pharmaceutical manufacturers. Personal health monitors can detect potential health crises and support prescription adherence or health and wellness management. Workers' comp risks can be reduced by having more hazardous activities conducted by robots instead of humans. Drones can conduct or assist claims and loss control activities.

Blockchain and digital ledger technology have many applications beyond digital currencies. As control over personal data becomes more valued, its security and access used for application or claim purposes can be assured. Efficiency and quality of data exchanged among parties in a transaction also increases.

As the industry gains access to more data and analytics, it needs to look at its current business processes and applications. Rewriting or augmenting applications will be necessary. Business processes will need to be re-engineered. Insurers can continue to co-innovate or partner with insurtech firms.

The biggest hurdles won't be technical. They'll be cultural, and obstacles will include change management and overcoming a "not invented here" or "we've always done it this way" mentality.

Insurers will need to encourage and recognize change. They can do that by leveraging organizations such as ACORD and the Blockchain Insurance Industry Initiative consortium to provide education, standards and tools. **BR**

*Best's Review* columnist **Pat Saporito** is senior director of SAP Global Center of Excellence for Analytics and author of *Applied Insurance Analytics: A Framework for Driving More Value From Data Assets, Technologies and Tools*. She can be reached at [pat.saporito@sap.com](mailto:pat.saporito@sap.com).