

# **Insurtech in Latin America– Past, Present and Future**

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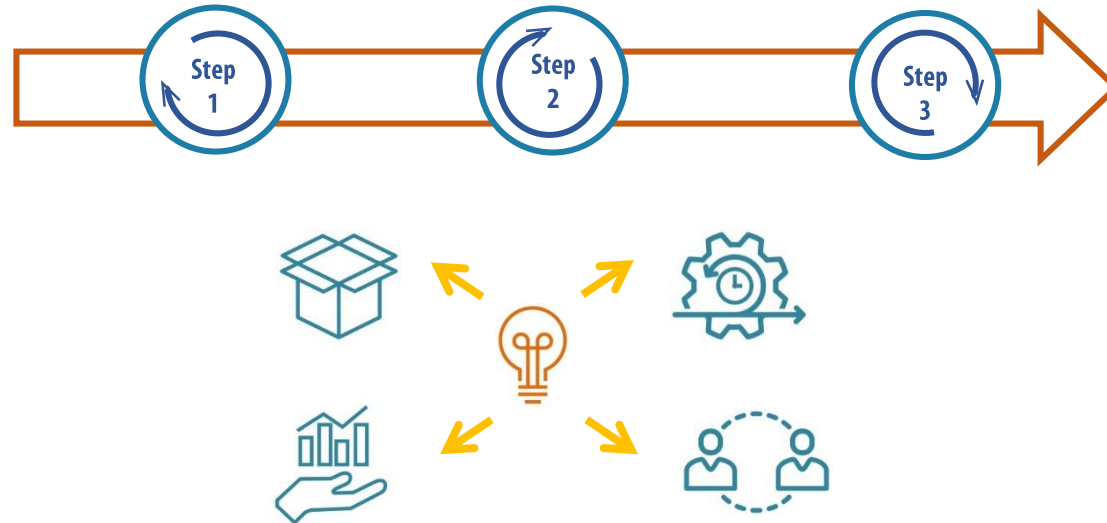
27<sup>th</sup> Annual ICMIF / Americas Conference

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# Innovation – AM Best Definition

- A multi-stage process...
- ... that transforms ideas into new or significantly improved:
  - Products
  - Processes
  - Services
  - Business models
- ... that have measurable impact over time and enable an organization to stay relevant and successful ...
- ... and can be organically grown or adopted from external sources.



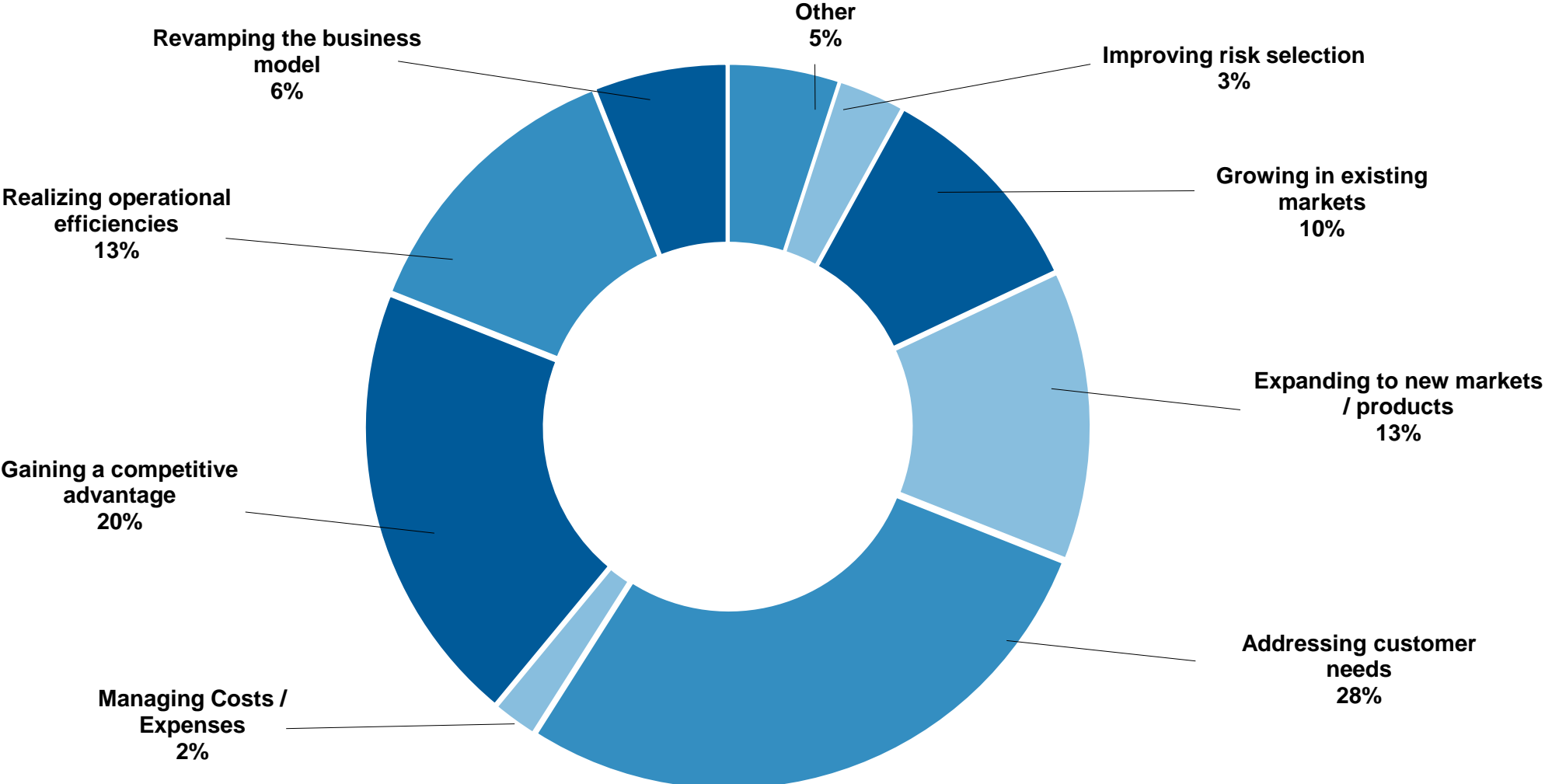
# Interactive Voting Question #1

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What is the main reason that innovation is important to your organization?

1. Addressing customer needs
2. Gaining a competitive advantage
3. Realizing operational efficiencies
4. Growing in existing markets
5. Expanding to new markets / products
6. Revamping the business model
7. Improving risk selection
8. Other

# What is the main reason innovation is important to your organization?



Source: AM Best Data and Research



# InsurTech – Origin and Main Specs

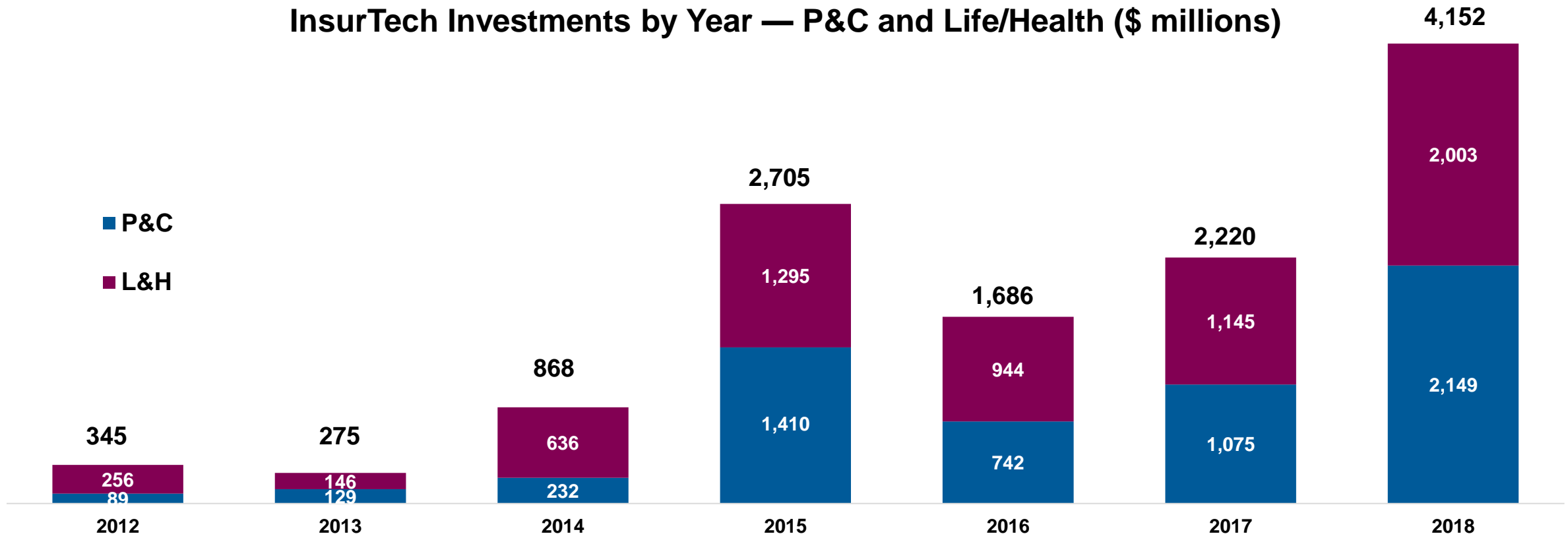


- The use of technological innovations in order to achieve savings and efficiencies to the actual model of the insurance industry
- Started around 2008
- Clear sign of adaption
- It is estimated that between 2008 and 2018 around 1,080 Insurtech companies have been created

Source: AM Best Data and Research

# InsurTech – Historical Investments, \$

InsurTech Investments by Year — P&C and Life/Health (\$ millions)



**Q1 2019 InsurTech investments = \$1.42 billion — third consecutive quarter with funding > \$1 billion**

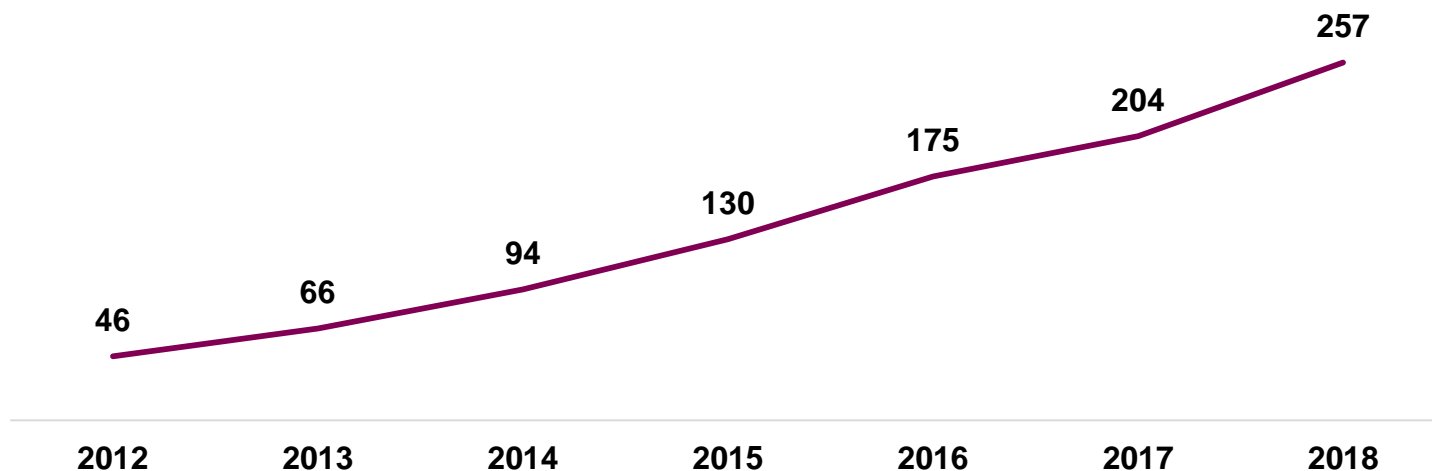
*Willis Towers Watson Quarterly InsurTech Briefing Q1 2019*

Source: Willis Towers Watson Analysis and CB Insight



# InsurTech – Historical Investments, by Deals

InsurTech Investments Deals by Year (2012 – 2018)



Year	P&C	L&H	Total
2012	16	30	<b>46</b>
2013	30	36	<b>66</b>
2014	41	53	<b>94</b>
2015	66	64	<b>130</b>
2016	124	51	<b>175</b>
2017	126	78	<b>204</b>
2018	168	89	<b>257</b>

Number/Percent of Deals Involving at Least One Reinsurer

2012	2013	2014	2015	2016	2017	2018
1	4	29	66	105	118	118
2%	6%	31%	51%	60%	58%	46%

Source: Willis Towers Watson Analysis and CB Insight



# InsurTech – Main Types

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## Client Interface

- Focusing on common transactional areas of insurance.
- Online search engines, questionnaire templates, insurance company apps.
- Mission? To create simpler experiences for the customer.

## Process Interface

- Focusing on that part that the client does not see. Operational insurance processes.
- Loss control models, geo-trackers, loss adjustment, pricing and underwriting guides.
- Mission? To reinvent certain processes of the insurance value chain, that due to their own nature could be facing obsolescence.



# InsurTech – Success Stories Worldwide



- Sweden
  - Insurance and health services for low income families
  - 26 million users in 14 countries

Shift  
Technology

- France
  - A.I. for fraud detection in insurance
  - Offices in Paris, Singapore, London, Madrid, Zurich and Hong Kong

Lemonade

- U.S.A.
  - Home insurance based on behavioral economics
  - Record for the fastest claim settlement in history
  - 3 seconds

LLOYD'S

THE WORLD'S LEADING  
INSURANCE MARKET

- England
  - September 2<sup>nd</sup>, 2019 – Lloyd's Lab
  - ClimaCell, Oasis, FloodFlash



# InsurTech – Success Stories in Latin America

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- Mexico
  - 100% Digital Auto Insurance Company
  - A.I. states premiums based on driver's patterns



- Argentina
  - P.A. online, based on the client's occupation
  - Temporary coverages, tailor-made



- Colombia
  - Digital insurance broker
  - Over 55,000 car and SOAT policies



- Brazil
  - Part of Caixa
  - Car, home and life insurance
  - Over 1,000 service combinations online.

# InsurTech in Mutuals

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***“Simple, fair and transparent insurance.”***

- Premium pool
- Loss management
  - Profit sharing

# AM Best – Our View of Innovation

## Demographic Shifts

- Defined benefits/pensions disappearing
- Healthcare becoming more expensive
- Gig economy becoming more prevalent
- Collaborative consumption trends



## Climate-Related Trends

- Weather events increasing in severity
- Migration to coastal regions
- Urbanization leading to topological changes

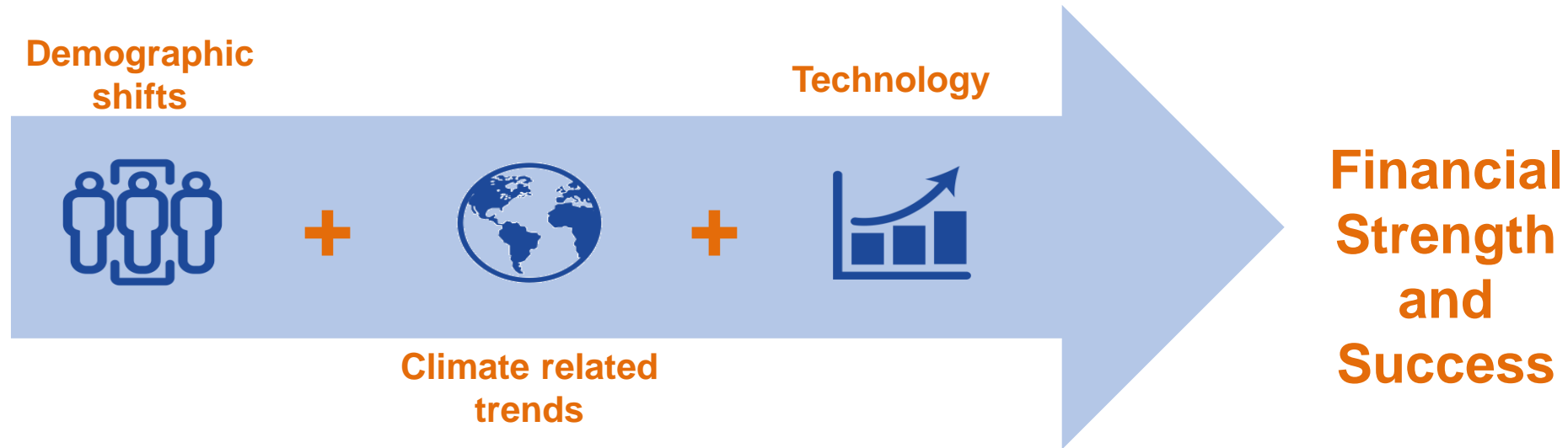


## Technology

- Cloud computing
- IoT
- Big Data
- Artificial intelligence/machine learning
- Blockchain



# AM Best – Our View of Innovation



Our plan is to further understand and evaluate companies' innovativeness, including:

- How (re)insurers adapt to changes in the marketplace
- How (re)insurers change to improve operating efficiencies
- How these changes influence the financial strength and success of (re)insurers

## Interactive Voting Question #2

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Does your organisation currently uses a mobile phone application (App)?

1. Yes
2. No, but planning to use one in next 1-2 years
3. No

# Conclusions



- Adapt to our client's new consumer trends
- Competitive market and excess in supply – Look for efficiencies in operations
- M&A in InsurTech nearby...
- Joint ventures between Mutuels and InsurTech – Good option to consider in the near future
- Innovation is an added value, that's why it is part of AM Best's rating methodology criteria

Thank You





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