

NINETY



Insurance Idea Pulse 2021

Taking the pulse of ideas and innovation
across major global insurers

Helping you pick the right ideas



About Ninety

Ninety are innovation experts for the insurance sector. We take new insurance ideas to market in 60 days, and build best-practice innovation capability for insurers in 12 months. We work across the insurance value chain, but mostly for carriers and re-insurers like Zurich, Allianz, Aetna, Swiss Re, Generali, Travelers, Hiscox, Bupa, Liberty Mutual and Lloyd's of London; and we do it internationally, with projects in the USA, the UK, Continental Europe and Asia. Over the last 4 years, our work with clients has won or been shortlisted over 30 times for major insurance innovation awards, and the sector picked Ninety as its "Insurance Consultancy of the Year" in 2019 and 2020.

We believe insurance is fundamentally a force for social good. We also believe in the power of innovation and customer-centered change. Our mission is to help insurers innovate and thrive, and our vision is a generation of insurers well equipped to serve and stabilize a fast-changing world.

We believe insurance is fundamentally a force for **social good**.

Ninety is a Social Enterprise, and 90% of the company's distributable profits go to helping the global poor to rise above poverty. To that end, we donate to healthcare, education and entrepreneur development initiatives in the third world. Beyond that, we connect our work in insurance by impact investing some of our profits in microinsurance startups in developing countries, and make charitable grants to innovation in pro-poor insurance initiatives, e.g. work with an African insurance regulator to promote innovation in microinsurance.

Contents

About Ninety

ii

Introduction

4

Executive Summary

6

How to use the Insurance Idea Pulse

11

The Ten Big Ideas in Insurance Innovation

15

The Ten Big Ideas in Insurance in 2020

17

Big Bets for 2021

43

Cold Spots: The Unexplored Ideas in Innovation

55

Innovation Analysis

62

Innovation by Line of Business

64

Innovation by the Ten Types

78

Innovation by Geography

86

Innovation by Distribution Type

87

Insurance Innovation in COVID-19

90

The Three Phases of Innovation during COVID-19

95

Recommendations for Global Insurers

107

How we compiled the Idea Pulse 2021 Research

109

Contributors

113

Authors

115

Appendices

116

[Full Report \(Pages 1-116\)](#)

Introduction

This is a sample of our full version of the Insurance Idea Pulse report 2021, which is available to purchase on our website ninety.com. The full version of the report contains over 100 pages of the top innovation examples from the last year, wisdom from market innovation leaders, and analysis of the Big Bets in insurance innovation looking into 2021. This short summary will call out a subset of the conclusions, and show you a glimpse of what the report is about. If you would like to talk to us about buying the report, or about how the Idea Pulse dataset could be deployed in your organization, get in touch with us at ideapulse@ninety.com.

As hands-on practitioners in insurance innovation, working with many Tier 1 carriers and reinsurers, Ninety is often asked by global insurers for an unbiased, “outside-in” view on the global insurance innovation landscape. What innovations will scale to become the

industry standard tomorrow? How to separate meaningful, outcome based innovation from the hype? To answer these sorts of questions, we introduced the Idea Pulse series last year - an annual round-up of the ‘pulse’ of innovation in the insurance industry. This is our second edition, the Idea Pulse 2021.

We have designed it to be a tool for global insurers and reinsurers in planning their 2021 innovation portfolios. The report looks at several hundred recent innovations including 150+ innovations related to COVID-19, from over 250 major players in the global insurance sector, with an emphasis on risk and protection. The combined public and private dataset of innovative ideas and initiatives is further validated with qualitative viewpoints from Ninety’s client base. In 2019, we introduced Ninety’s Innovation Intensity Score - a yardstick of innovation in the industry.

“Ninety’s Idea Pulse uses the Innovation Intensity Score as an indicator of the ‘pulse’ of innovation in the insurance industry - a yardstick for innovation across different lines of business.”

The Innovation Intensity Score is a measure of innovation activity in the industry which is adjusted to give us a consistent measure of the ‘amount’ of innovation activity in different lines of business, different parts of the value chain, and across different types of innovation. The Innovation Intensity Score measures activity, not investment, perceived value or return on investment. It is a ‘pulse’ on the nature and direction of innovation - where are the hotspots and coldspots of innovation today.

To take the 'pulse' of insurance innovation in 2020, we looked at two sources of data: one publicly available, and one privately held:

1. Public Data

- The public data set, of 414 different insurance innovations, by our list of 250+ top insurers worldwide, was compiled by looking at innovations claimed in the public domain between April 2019 to March 2020. Combined, these insurers write half of all global written premiums (c. \$3 tn of total c. \$6.2 tn), with an even higher proportion (60-80%) of the total European and US markets, but a lower proportion (20-30%) of other EMEA, South American, Bermudan and Asia Pac markets.
- As the COVID-19 outbreak spread globally from early 2020, we also compiled a separate dataset of 154 innovative insurance responses specifically relating to COVID-19, from April 2020 to August 2020.
- We considered the innovations coming from the growing insurtech scene, but we were looking for scalable, funded innovations, and thus focused on major carriers. Businesses we looked at included carriers like AXA, Ping An, Generali, Allianz, MetLife, Swiss Re, Direct Line, AIG, Prudential, Chubb, Sompo, and also major brokers like Aon, Marsh and marketplaces like Lloyd's of London. Innovations from insurtechs, including scaling ones such as Lemonade, are excluded in this report, which focuses on the incumbent scaled carrier scene. Our research focused on risk & protection, rather than wealth, savings, investments or pensions.
- Throughout this report, we share specific

examples from this data set. Get in touch via ideapulse@ninety.com to enquire about purchasing the raw data set of 568 innovations, with all metadata and classifications.

2. Private Data

- The second data set of insurance innovations is a private data set, bringing together the different ideas that Ninety has worked on for our insurer clients over the last 9-12 months. It includes innovations being worked on by insurers like Zurich, AXA, Allianz, Chubb and Lloyd's and spans the latter half of 2019 and the first half of 2020. It is a highly confidential dataset, and none of its specifics are thus shared in this report.
- The second data set, whilst narrower, is perhaps more interesting than the first, because it tells us what insurers are 'actually' working on, rather than what they are 'claiming' to work on. We have used that second data set, in the main, as a 'truth serum' to challenge and 'read between the lines' in the first, public data set, as well as to shape the narrative and insight in this report.

We also gathered qualitative perspectives via interviews with thought leaders involved in leading innovation at insurers from across the world like AXA, Travelers, Zurich, Prudential, Chubb, New York Life, AIG and Lloyd's of London. Their views have helped shape our interpretation of the data, and we have cited key perspectives from these conversations throughout the report.

We set out our full research method later in the document.

Executive Summary

Ninety's Idea Pulse series has been tracking the state of innovation within the global insurance industry over the past two years. For this report, the Idea Pulse 2021 edition, we have analysed close to 600 insurance innovations between March 2019 to August 2020, including responses to COVID-19, tracked for 250+ leading insurers. This report covers qualitative and quantitative insights into the nature and future of insurance innovation in the coming decade. We highlight the 10 Ten Big Ideas in insurance today and 5 Big Bets that can shape innovation activity in 2021 and beyond.

Three of the Ten Big Ideas in Insurance Innovation:

- Electronic Insurance Marketplaces
- De-centralising claims
- Embedded Insurance Ecosystems

These are 3 out of 10 of our Big Ideas. In the [full report](#), each of the ideas is described in detail, mapped against Ninety's Ten Types of Insurance Innovation. We also share multiple examples of these ideas deployed in the market.

Chubb entered into a partnership with Grab, a ride-hailing service and FinTech platform in Southeast Asia, to offer insurance solutions to Grab's driver-partners. The partnership combines both Grab's and Chubb's ecosystems and expertise. The partnership leverages on-board telematics, machine learning and predictive analytics from Grab's platform to develop customised insurance solutions for Southeast Asia. Initially the service included accident, hospitalisation and critical illness insurance coverage to Grab's 2.6 million driver-partners, available through the Grab driver app. ¹

In January 2020, a new travel insurance product was introduced – Travel Cover underwritten by Chubb for Singapore residents with plans to launch in other Grab markets in Southeast Asia, Travel Cover allows users to purchase coverage right until the moment of departure with premiums starting at S\$2.50 a day for any destination. Once users receive a quote and pay, the app saves their travel profiles to make future purchases easier which are more affordable as users receive discounts for subsequent purchases. ²

Chubb's Ride Cover was launched from March to April 2020, which offered personal accident coverage for Grab's passengers in Malaysia and Singapore. The product recorded high opt-ins with free Covid-19 cover,

¹ <https://www.the-digital-insurer.com/dia/chubb-and-grab-partner-to-provide-in-app-insurance-solutions/>

² <https://coverager.com/grab-and-chubb-launch-travel-cover/>

³ <https://www.chubb.com/microsites/covid19-resource-center/global-pandemic-relief-efforts/helping-in-apac.aspx>

Insurance Innovation in 2020

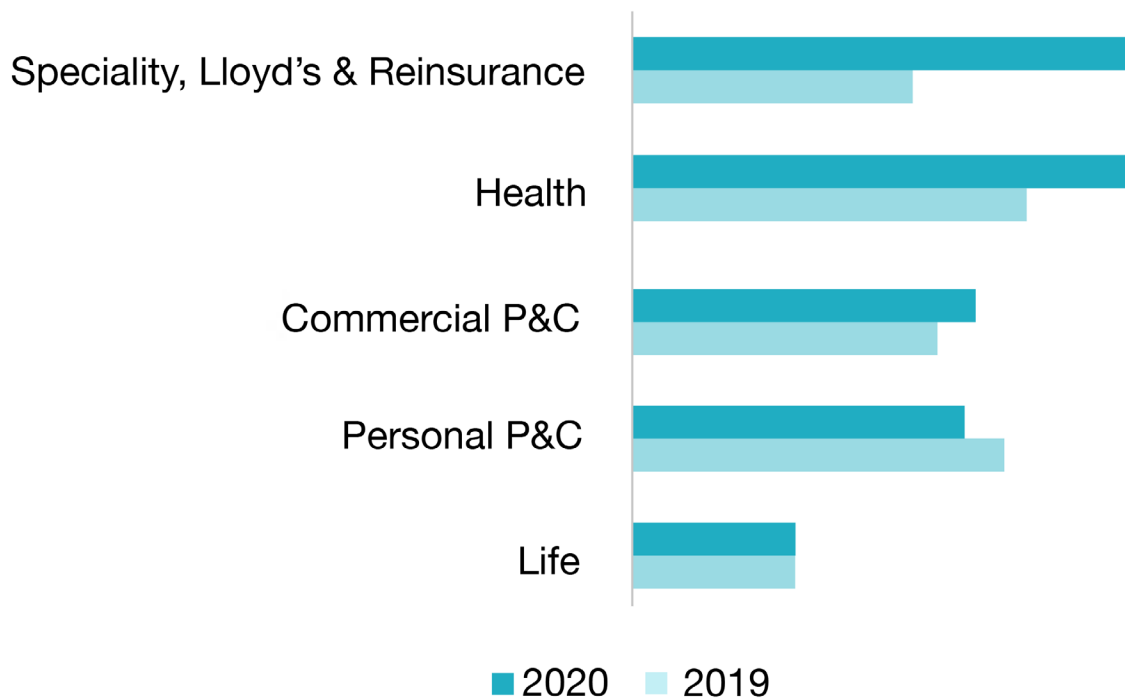
In the context of this report, Ninety views innovation intensity as a measure of innovation activity in the industry which tells us how many innovation initiatives are being launched in a particular space - viewed from different perspectives such as lines of business, regions and across the value chain. As such it is agnostic about investment level, or return on that investment. It does however provide a 'pulse' on the nature and direction of innovation - disruptive ideas, reality versus hype and convergence of initiatives into big ideas for tomorrow.

At a broad level, insurer innovation is more

intensive than ever; across all leading insurance markets and insurers, with some variation in themes and objectives. Most insurers are working on a similar set of ideas - innovation leaders are more oriented towards emerging and futuristic ideas, and fast followers are scaling up market-proven innovations.

Innovation intensity continues to vary between lines of business. This year, specialty/Lloyd's/ reinsurance and health have been innovating the most, followed by commercial and personal P&C. Only life insurance continues to lag in its innovation intensity, remaining at the same level as last year.

Innovation Intensity Score



Innovation intensity also varies by value chain areas, as seen from the perspective of Ninety's Ten Types of Insurance Innovation. Within this variation, we found that innovation efforts are concentrated, across all lines in general, in the areas of Added-Value Services, Product & Proposition, and Operations & Claims. There is somewhat lesser concentration in Channel & Distribution and Risk Selection & Pricing. Areas with lessening intensity are related to Customer Experience (much of this is delivered through Added-Value Services), Capital & Profit Models, Collaboration & Partnerships, People & Structure, and Brand & Marketing. We found that innovation, pre-COVID at least, was

starting to concentrate more in areas of high innovation, leaving more white space in other, under-innovated areas. COVID-19 has brought in dramatic shifts in thinking in some overlooked areas - People & Structure, for example.

When it comes to geographical differences, there is a marked difference in innovation objectives and future direction. Europe and the US lead in innovation activity, followed by Asia with some consistency related to the variations by lines of business and innovation Types. When looking at the big picture, the distinct geographical characteristics emerge however.

If we were asked to describe innovation movements across the market leading regions, they can be summed up by their underlying objectives as follows:

- Asia - Ambition and Inclusivity.
- Europe - Sustainability and Resilience.
- America - Balancing Tradition and New Ideas.

COVID-19 and Insurance Innovation

The black swan ⁴ Covid-19 pandemic event has lowered barriers to innovation. Despite the pandemic causing a major earnings impact and reputational pressure for the industry, the scale of disruption has necessitated quick “on the feet” innovation. Many initiatives such as virtual services for customers, remote working for employees and digital distribution came in force at short notice and were adopted as rapidly. This was aided in no small part by lowering

regulatory hurdles to ensure business continuity as far as possible. Many of these changes, if not all, are set to become a permanent part of insurance operations. More importantly, the pandemic has directed innovation efforts towards re-thinking some of the fundamental structures of insurance, such as resilience to systemic risks and the challenge of bridging the protection gap.

Big Bets for 2021

This year apart from Big Ideas we identify emerging exciting ideas, our Big Bets. There are a total of 5 of these which you can find in the [full report](#) along with more details.

TWO OF OUR BIG BETS FOR 2021:

- Intangible Asset Risk Solutions
- Sustainable Insurance with ESG Integration

2021 can potentially become the watershed moment for insurance innovation. We see two overlapping innovation movements: ongoing, insurer-level product and product innovation; and, encompassing this, a large-scale systemic shift towards “Insurance with a Social Purpose”. In some respects, COVID-19 is the catalyst that is bringing new awareness and intensity to systemic change.

Sustainability, Resilience and Inclusivity may be the levers for some of the Big Bets for innovation in 2021 and beyond.

The innovation function will likely have more strategic intent than ever: bets that go beyond data and tech; ideas for sustainability, resilience and inclusivity. Competitive headwinds will remain a driver as always - whether from Big Tech winds from the West or new global challengers from the East. Innovative thinking will drive strategies (instead of the other way round) for forward-thinking insurers, but will also need disciplined execution and a sharp focus on results. The role of the Chief Innovation Officer will become vital in integrating innovation in the competitive strategy.

⁴ <https://corporatefinanceinstitute.com/resources/knowledge/finance/black-swan-event/>

It may be a stretch to say there is a silver lining in the pandemic. But if there is one, it is that the pandemic is a wake-up call for the world at large that global level risks such as cyber events and climate change require pre-emptive actions before they become “big bang” in their impact.

It is possible, as in the current scenario, that future catastrophes will originate from seemingly small, “needle in haystack”, localised events. Insurers are the risk experts and know this, but market economics and low customer awareness keep solutions out of reach of the market at large. The pandemic demonstrated the challenges surrounding a coordinated global response after the event. Only concrete, institutional actions on risk mitigation can

prevent a similar chain reaction in future events.

This is where innovation needs to go hand in hand with regulator and industry collaboration - increasing the momentum on sustainable insurance, raising market awareness and designing risk solutions such as parametric covers that are mass market and provide resilience to systemic risks.

There is much work to be done in this area and the clock is ticking on issues such as climate change. 2021 can be a game-changer for insurance innovation - if it is elevated to bring in systemic changes through some of the Big Bets.

How to use the Insurance Idea Pulse

We have designed [Idea Pulse 2021](#) to be used by insurers in at least four ways:

Competitive Intelligence: augmenting and enriching your understanding of innovation in the sector at large - what peers and leaders are doing; innovation in your line of business, regional and international innovations.

Innovation portfolio planning: shaping your innovation plans and priorities, in the context of innovations that are market-ready and also unexplored, untapped opportunities for “first-to-market” ideas.

Strategic planning & executive buy-in: educating senior stakeholders (not least on the notion that innovation is not always product) and helping with decision-making and sponsorship.

Benchmarking: a frame of reference with which to view your innovation portfolio and priorities with respect to innovation in the global market.

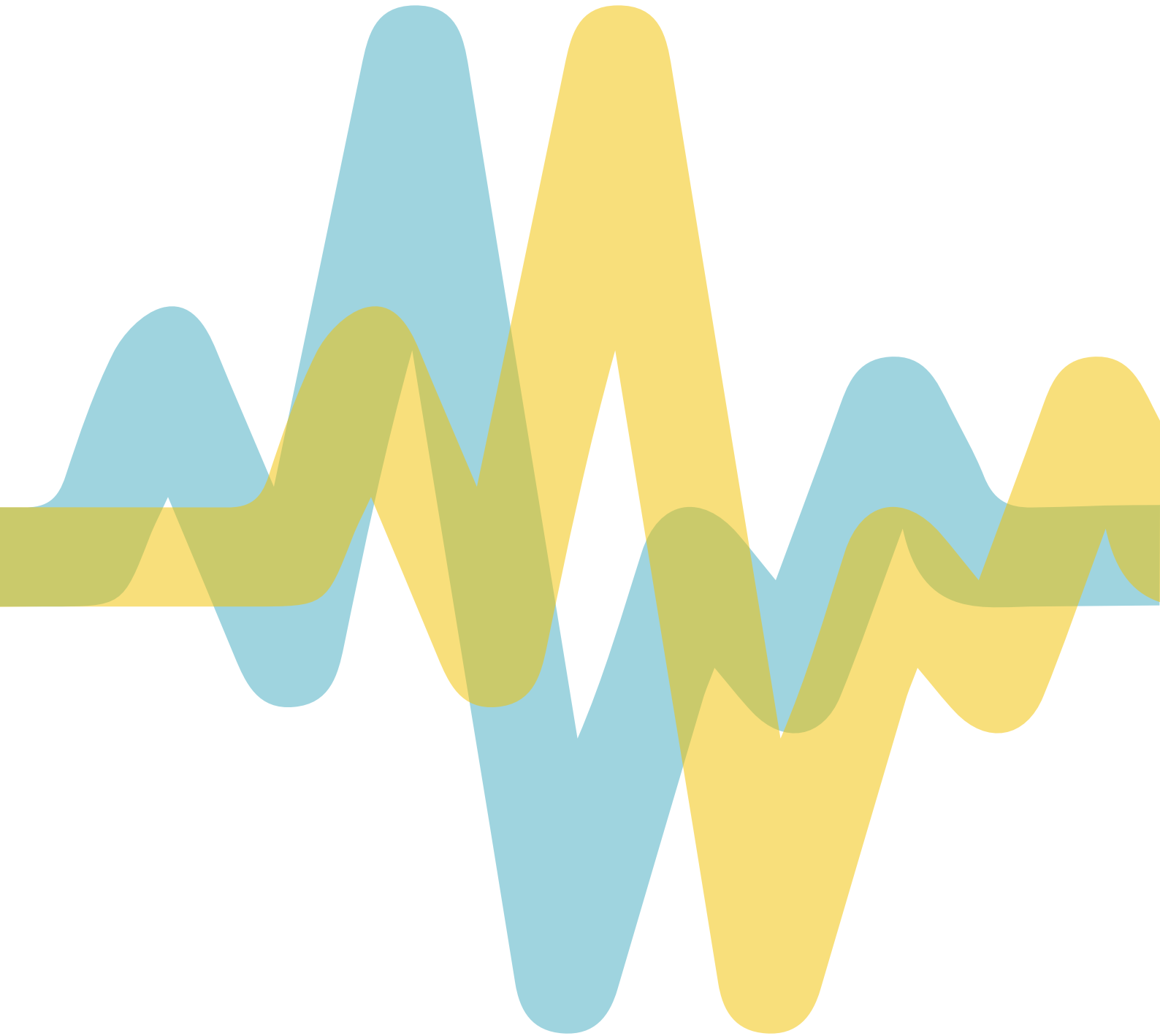
In Ninety’s view, this last item is the most important in context of the challenges brought on by COVID-19. On one hand, the pandemic has challenged insurers to respond creatively to the new normal of social isolation, and to urgently bring the innovation function into

the spotlight. On the other hand, earnings losses incurred across the industry have put the pressure on innovation priorities and a shakedown of innovation portfolios has ensued - only those that pass the acid test of tangible outcomes with competitive advantage may pass muster.

The innovation function is an established part of insurance companies now - either as a part of the strategy organisation or within line functions such as product design, operations or claims. See [Ninety’s Insurance Innovation Blueprint](#)⁵ report for more on this. The level of innovation maturity varies between insurers, and innovation leaders are tasked with reshaping their portfolios to meet conditions of the new normal. The big question is where to start and what bets to place. Should innovation be entirely influenced by the one-time, but long-tail pandemic event? What is the industry movement towards innovation in the near-term while also keeping an eye on the future? The Idea Pulse 2021 report, with or without the raw dataset of 568 insurance innovations, is available for purchase, and includes a consultation with one of the research team and Ninety Partners.

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⁵ <https://ninety.com/insurance-innovation-blueprint/>



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