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IS THERE A DEMAND FOR INSURANCE ON DEMAND? 2020 Update

CAS RPM 2020 Conference

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FOUNDER, MANAGING PARTNER

The 3 P's



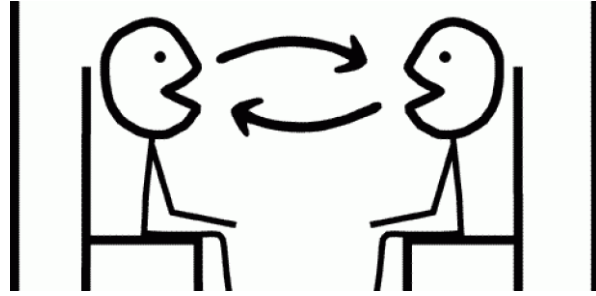
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People



Product

Price



Information Gathering

InsurTech: Centre Stage

A blue fiber optic cable is shown diagonally across the frame, extending from the bottom right towards the center. The ends of the cable are illuminated, creating a bright blue glow that fades into the dark background. The text 'InsurTech: Centre Stage' is overlaid in white, bold, sans-serif font across the middle of the image.



Definitions of InsurTech Continue to Evolve



Insurtech is the use of technology innovations designed to make the current insurance model more efficient.

An Insurance Industry Data Scientist



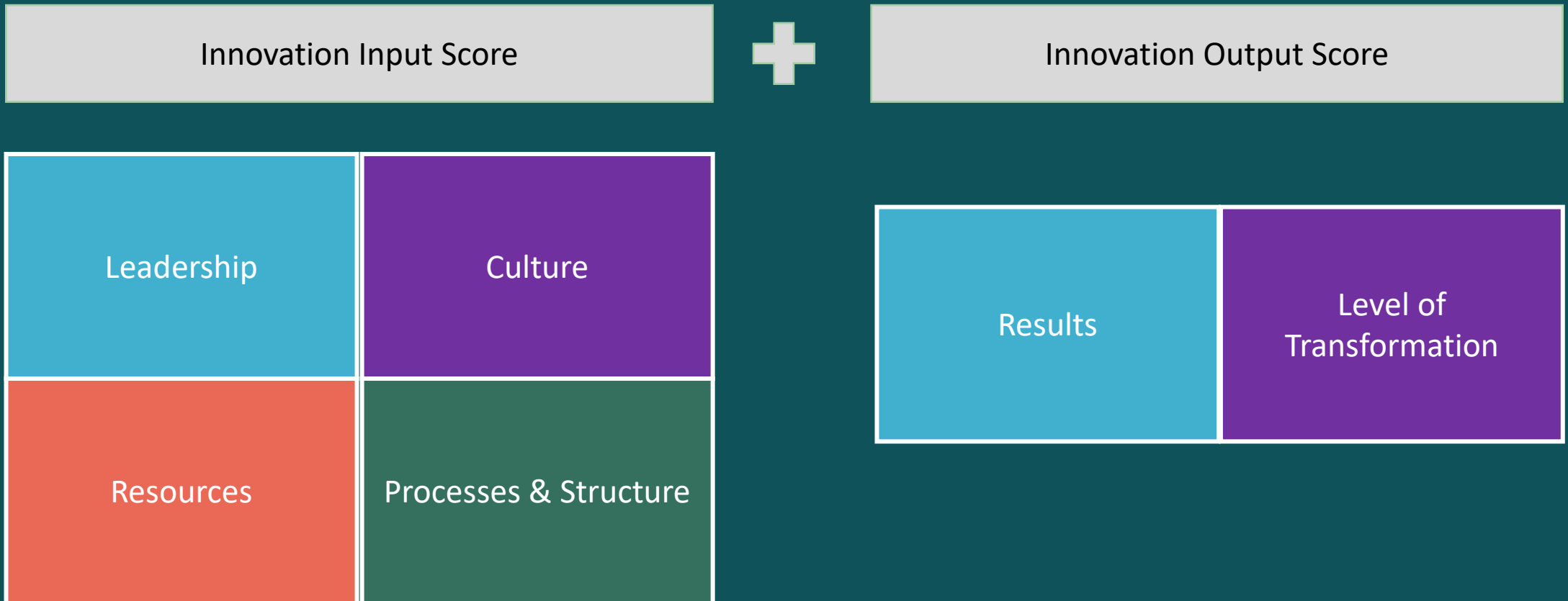
Innovation →

- Multi-Stage Process
- New or Improved:
 - Products
 - Processes
 - Services
 - Business Models
- Measurable Impact
- Organic or Adopted from External

AM Best

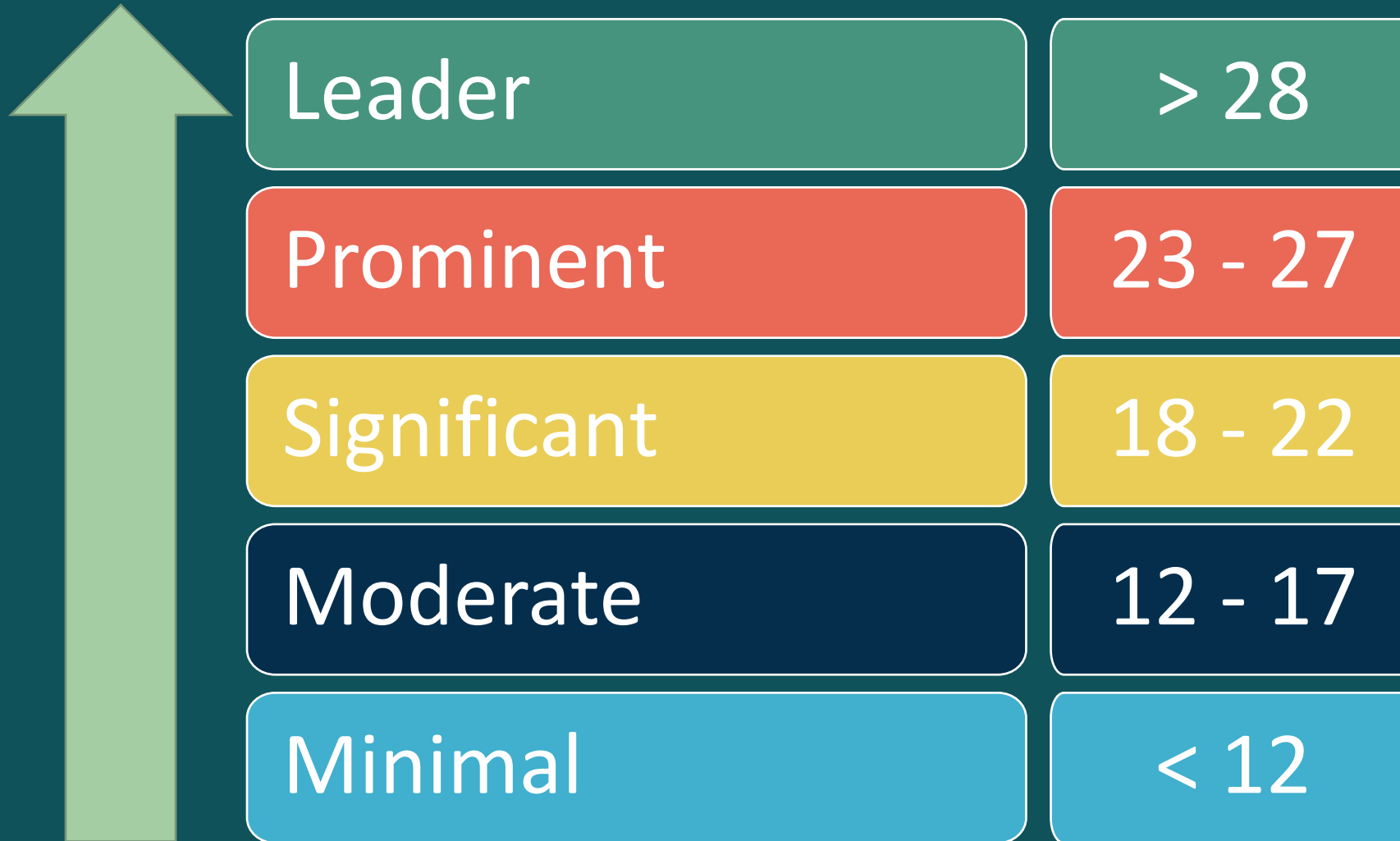


AM Best: Innovation Score



In Second Public Comment Period. Expecting Release in July 2020

AM Best: Innovation Scoring System



AM Best: Innovation Impact on Ratings



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Not necessarily correlated with Rating

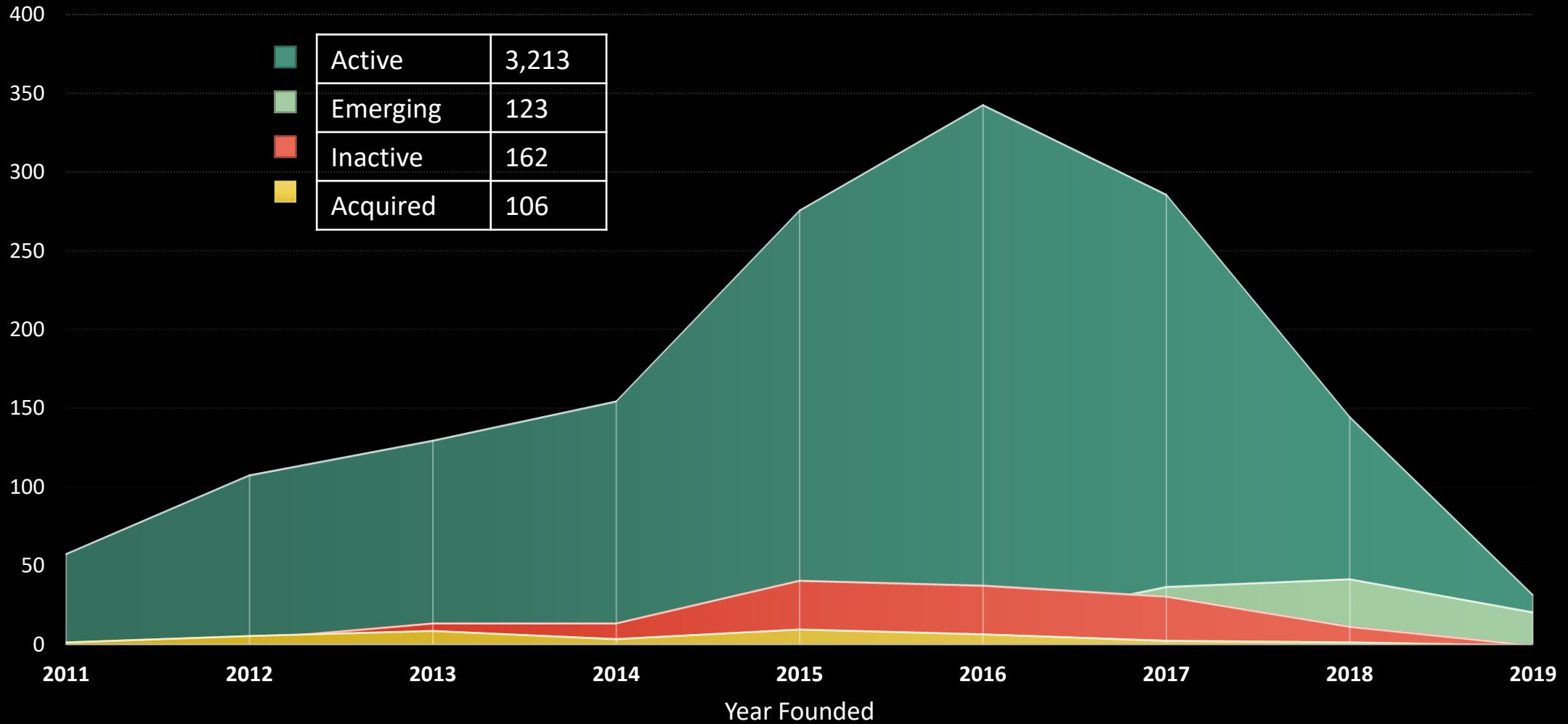
Assessment is Relative and Reflects Unique Company Characteristics

Positive Impact If Innovation Efforts Provide Tangible Benefits

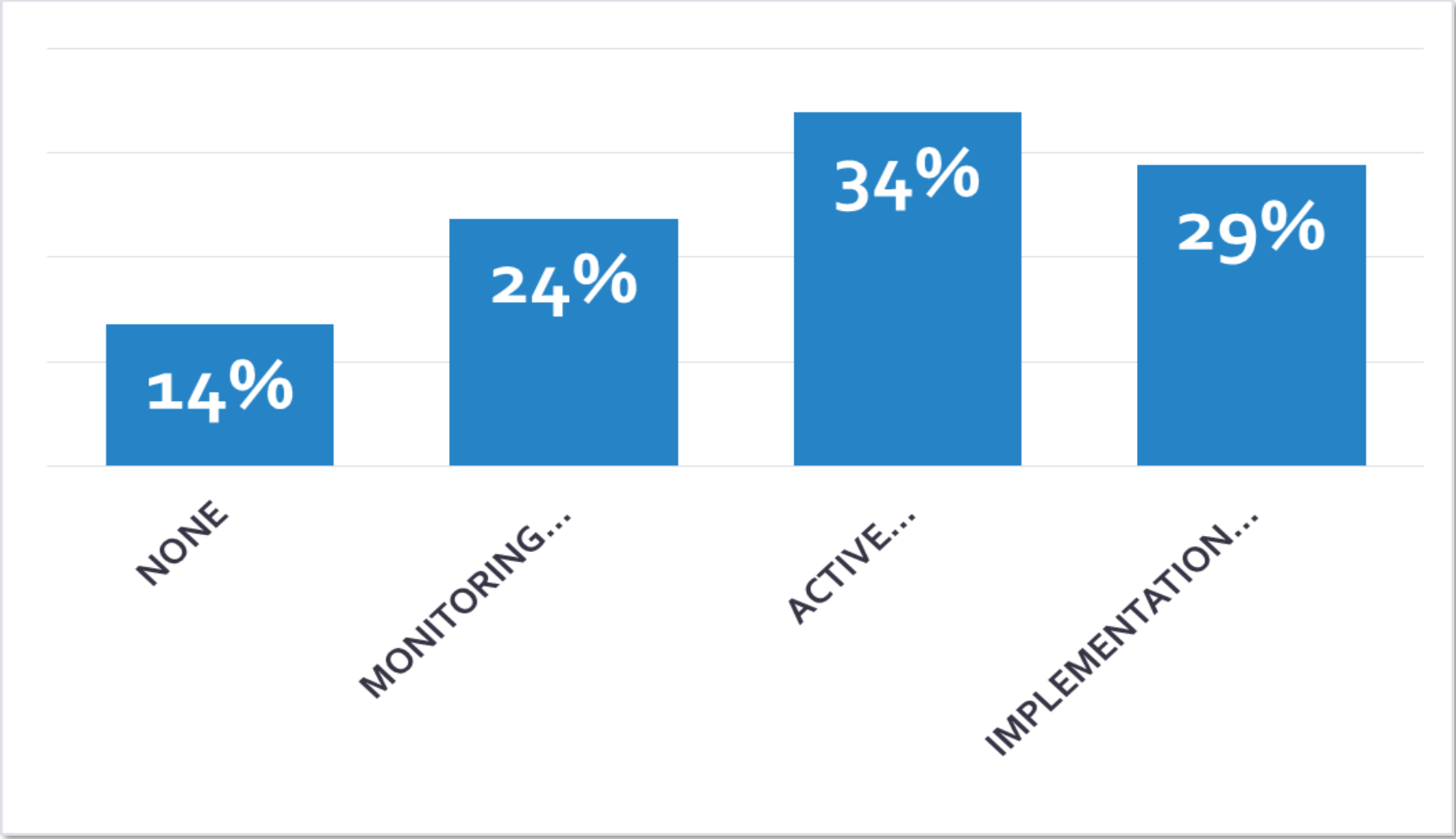
InsurTech Continues to Grow with 3,213 Active Today



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Traditional Insurers Response To InsurTech



Source: CAS Insurance On-Demand Working Party, 2019

Insurance On Demand





ASK THE AUDIENCE



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Have you ever bought traditional insurance from On-Demand Insurance Companies (Cuvva, Lemonade, Metromile, etc.)?

- YES
- NO
- Who are they?



Insurance where the product exhibits CLIENT-FOCUS through NON-TRADITIONAL modifications to coverages, pricing, and/or administration.

These modifications, which are often achieved by leveraging modern-day technology, aim to FACILITATE THE PURCHASE of insurance or offer CHANGES IN TERMS that are desired by the policyholder relative to traditional insurance coverages.



Some Active IOD Companies

metromile



verifyfly



kin.

SURE.



33% of Consumers Have Heard of On Demand Companies

metromile



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SURE!

trōv

On-Demand Single-Item Insurance

kin.



metromile



airsurety

Up from 6% in 1
year's time!



slice

trōv

On-Demand Single-Item Insurance

kin.

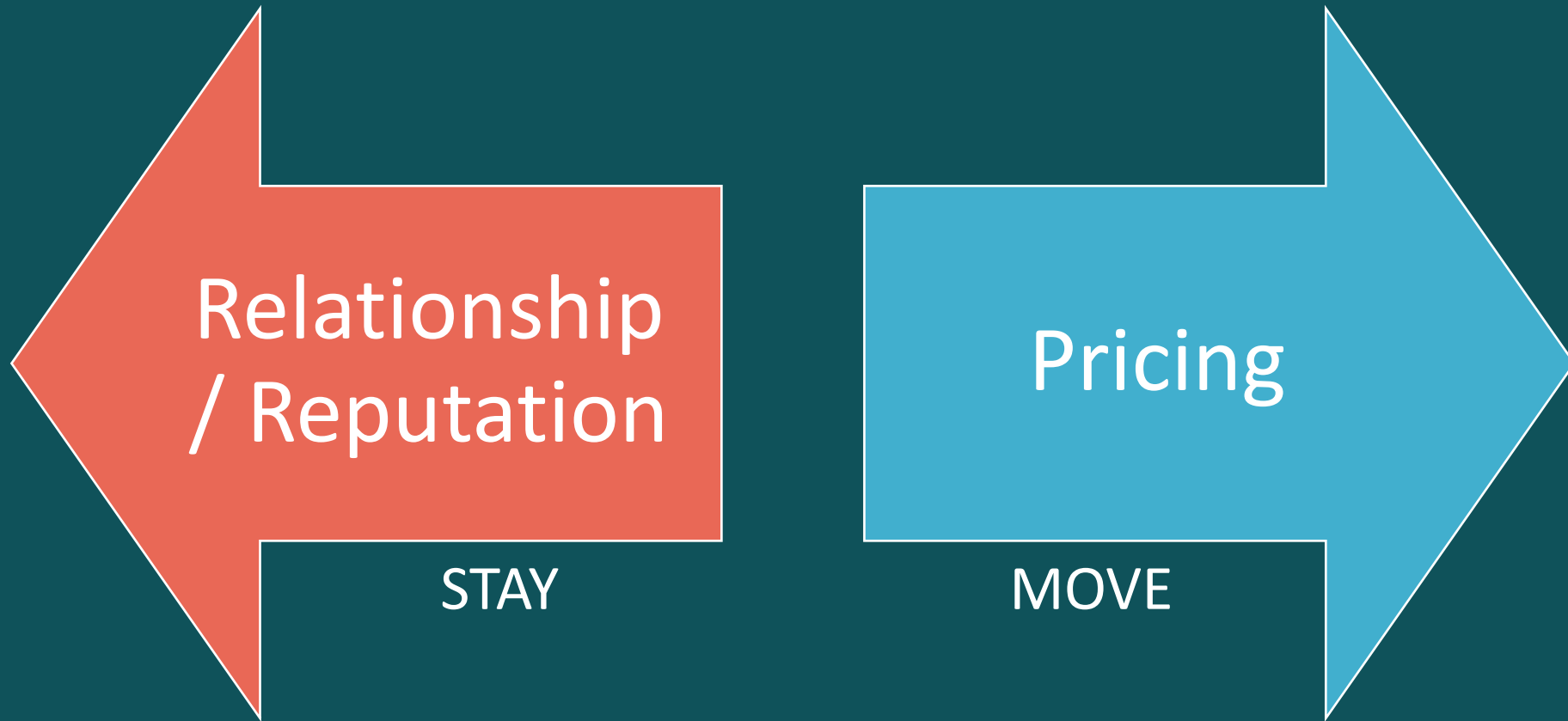


SURE.

Of Those Who Knew...



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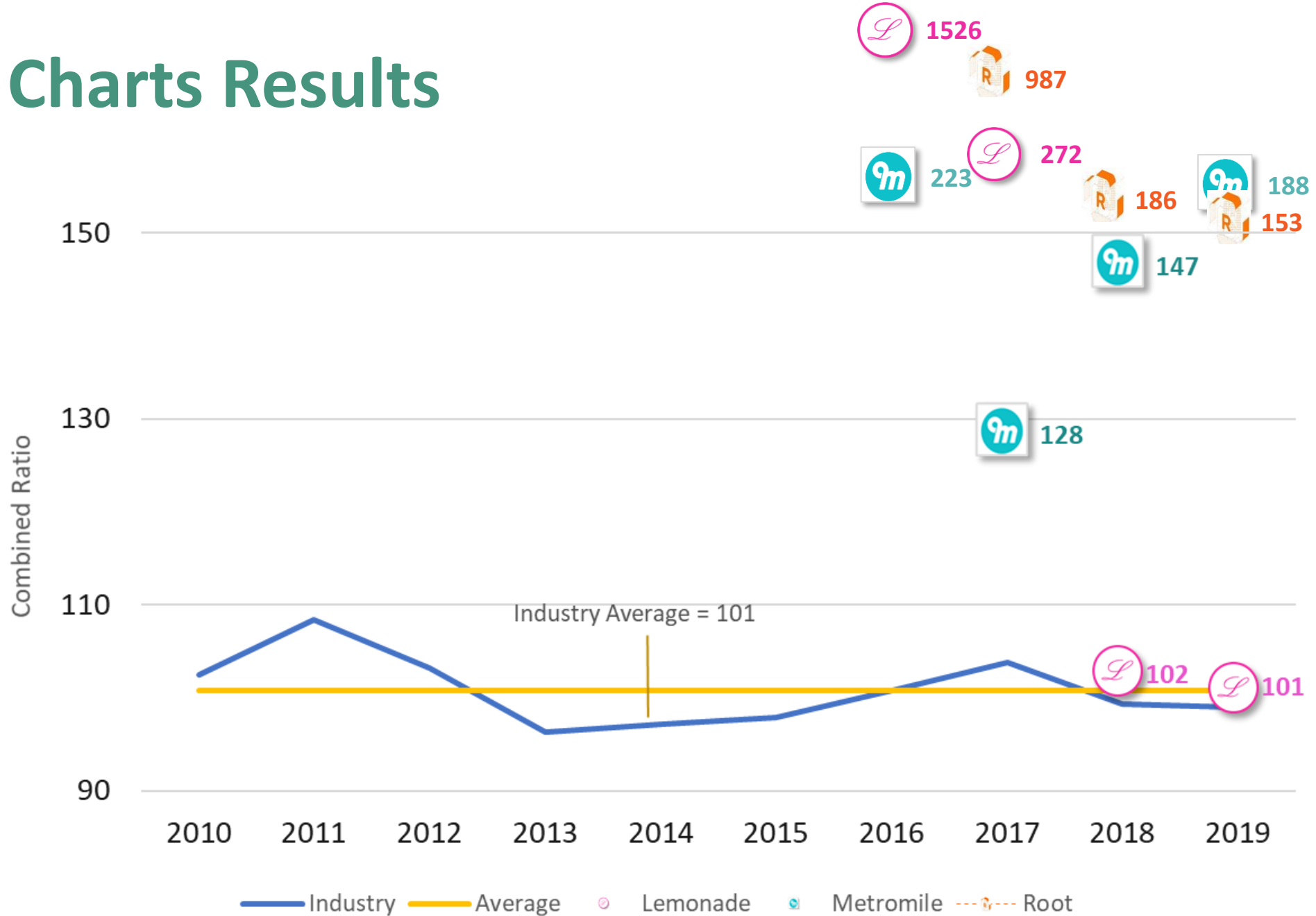


“ I didn't realize how much I gravitate towards the older companies until this question.



84% of Consumers Care About Company Stability and Experience

Off the Charts Results



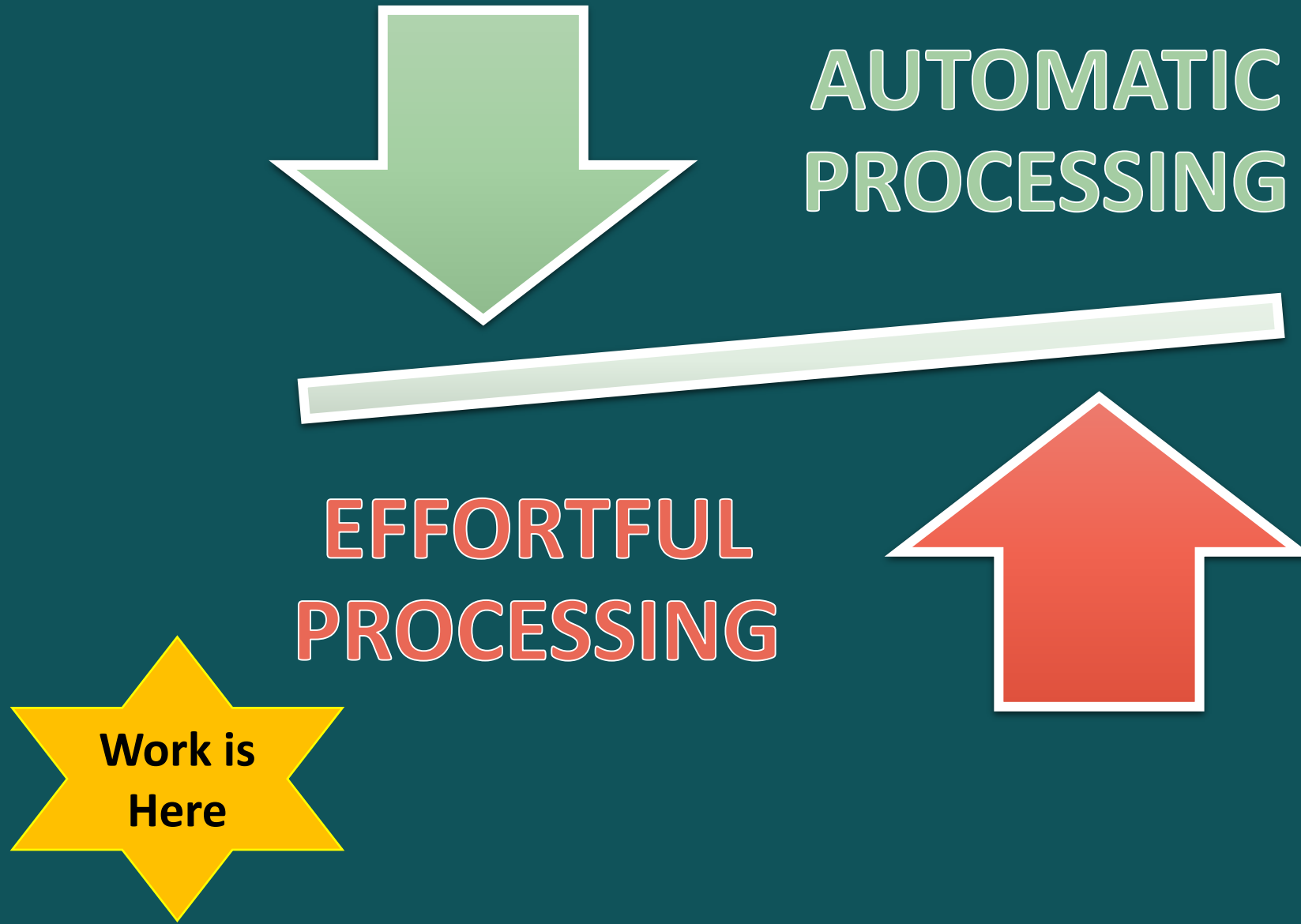


**Current State of Insurance
...Consumers Speak out**

Behavioral Economics



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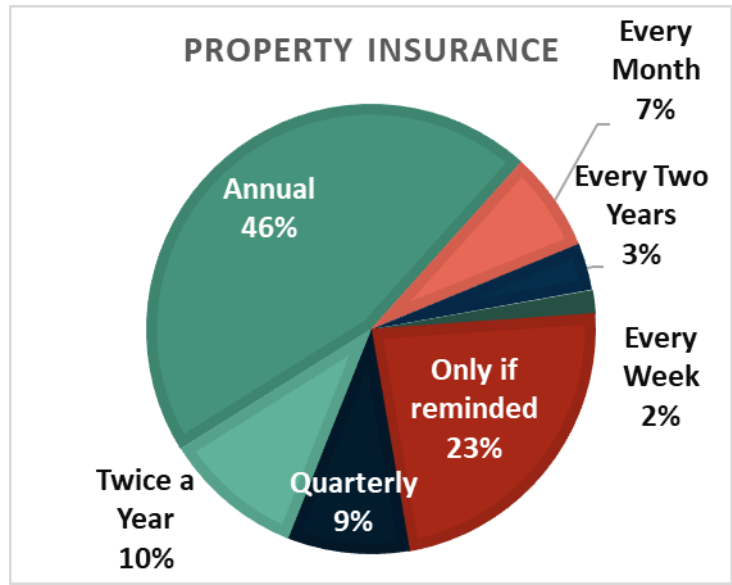
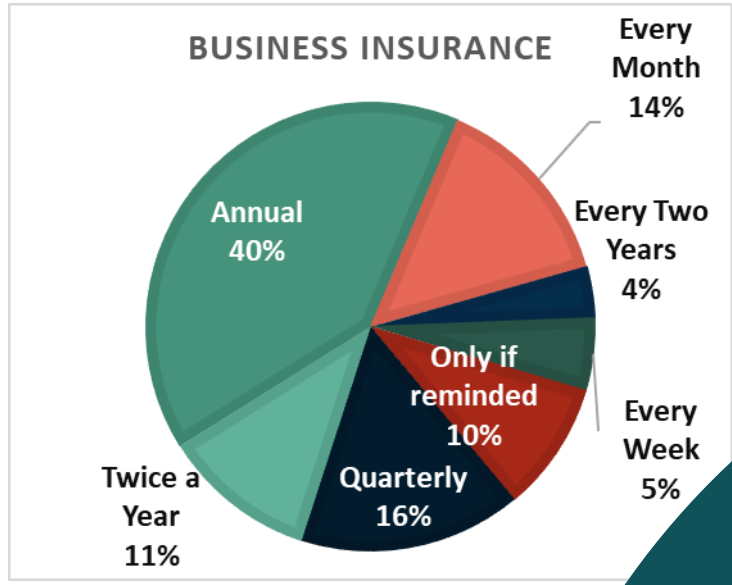
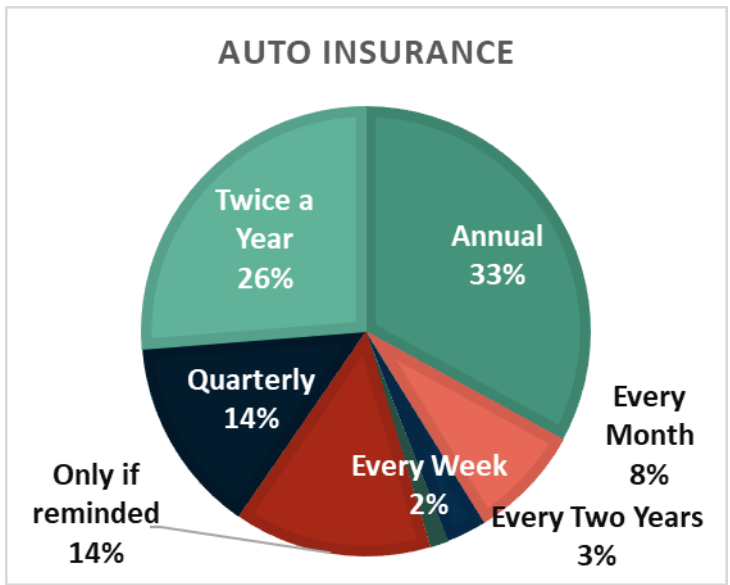


Top of Mind



ANYTHING ELSE MATTER?





Relationships are Still Transactional: Strong link to billing cycle



Consumer Reported Understanding



Only Moderate understanding of Price and Coverage overall



Specific Insights for Building out Insurance On-Demand Solutions

What do the Experts Say?



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“On-demand insurance is attractive to people penalized by traditional insurance products, that is, consumers with low usage that would otherwise have to pay for more coverage than they need.”

-Matteo Carbone, IoT Insurance Observatory

“...consumers are calling us to ask how they can buy the annual version of our coverage.”

-Underwriting Officer, Slice

“...consumers are leaving coverage on for much longer than expected, even months at a time.”

-Scott Walchek, Trov

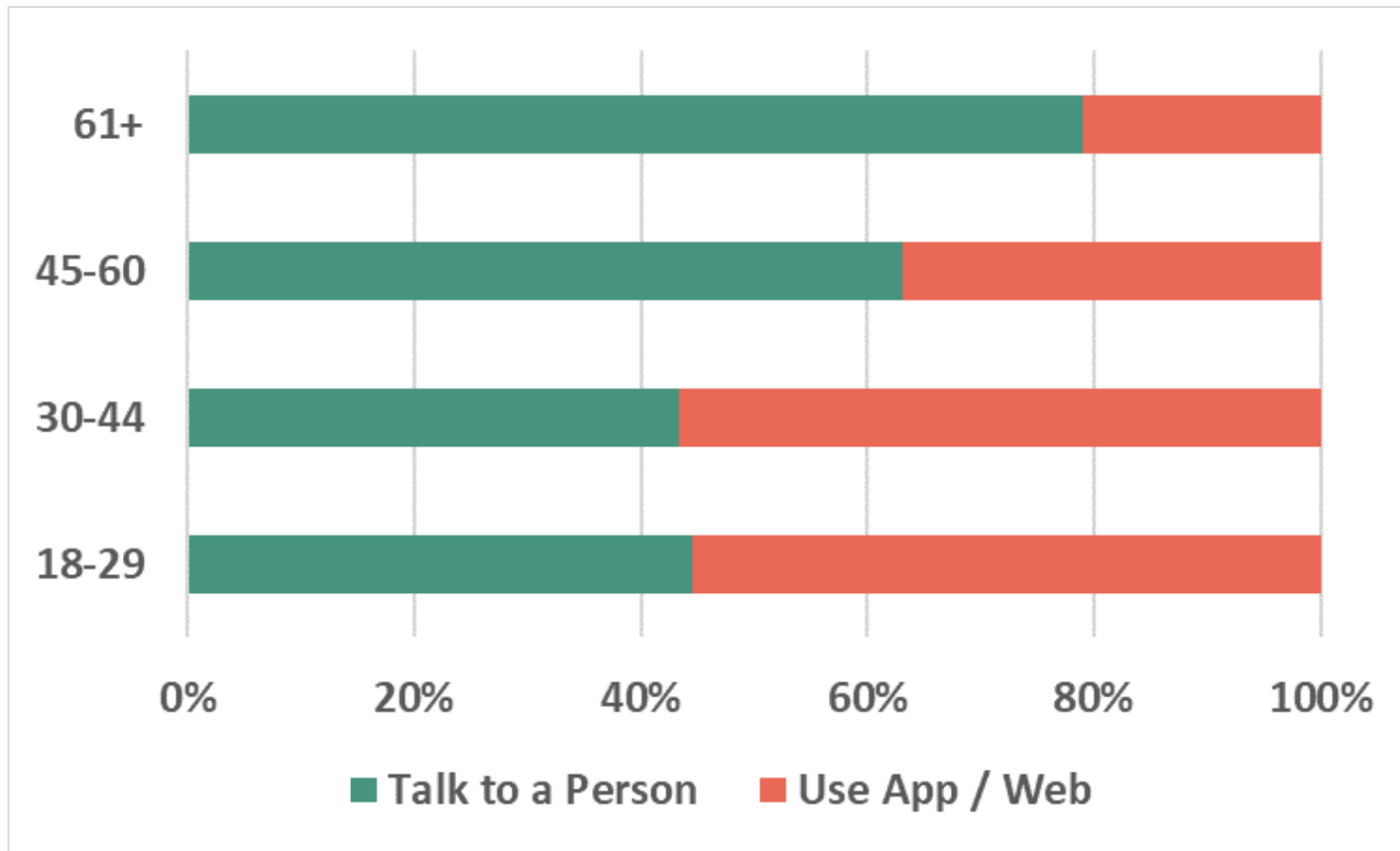


ASK THE AUDIENCE



Would you rather...

- Talk to a person to set up your insurance...
I want to make sure I cover all my bases!
- Use an app/website to set up your insurance...I like it fast!



59% Prefer
to Talk to a
Live Person

AGE MATTERS!
<45 Years → 43%



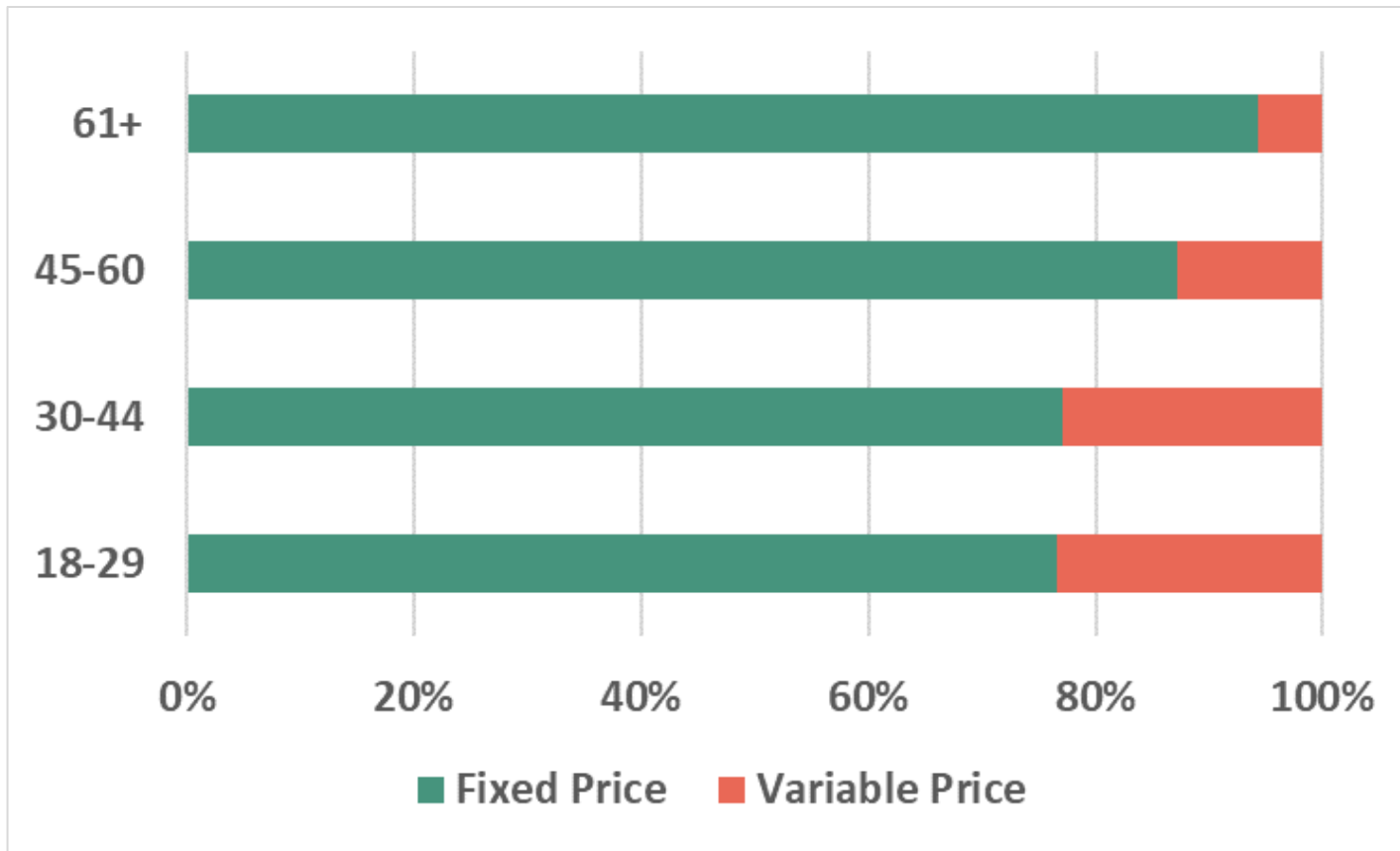
ASK THE AUDIENCE



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Would you rather...

- Pay per use for your insurance without certainty of total price
- Pay a single/stable price per year



85% Want
Their Premium
Fixed

AGE MATTERS!
<45 Years → 77%

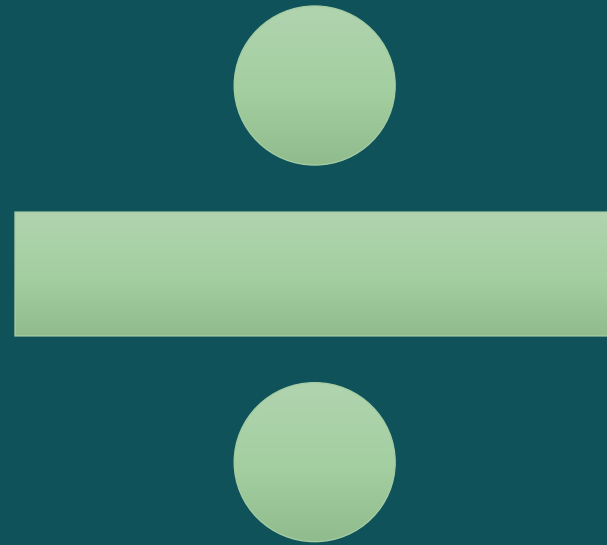
The Price is Right

- ❑ **Prix Fixe**
- ❑ **By the Bite**
- ❑ **All You Can Eat**
- ❑ **Pricing or Product**
- ❑ **Opportunity Knocks ...**
- ❑ **... Actuaries Answer**



Divisive Thinking

- ❑ Exciting New Ways to Bill
- ❑ Insurever and Always
- ❑ ‘Force of Mortality’
- ❑ Uninsurable No More
- ❑ Fixing the Expenses
- ❑ The Biggest Calculation

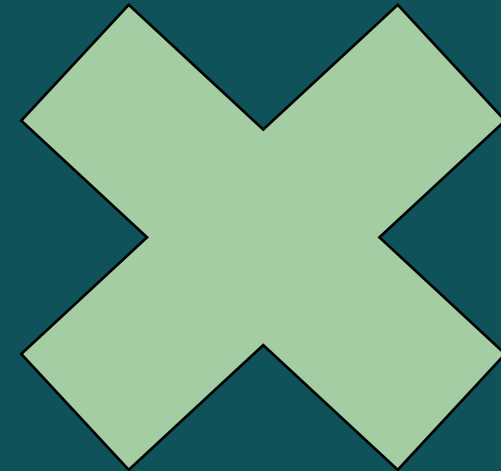


Actuarial Science, More or Less



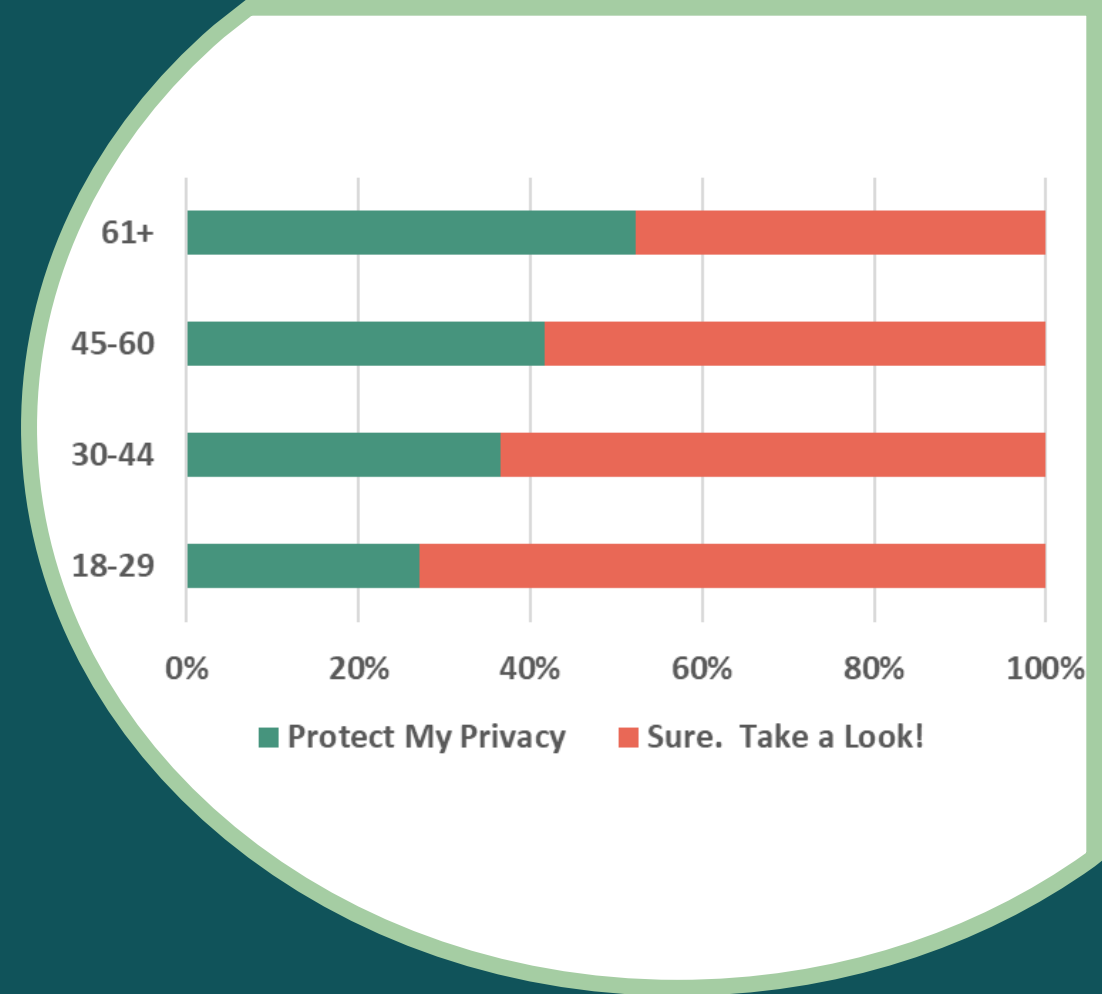
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- The Red Sea
- UBI: A Memoriam
- Flying Blind
- Sophistication, Reinvested
- Limited Time Offer



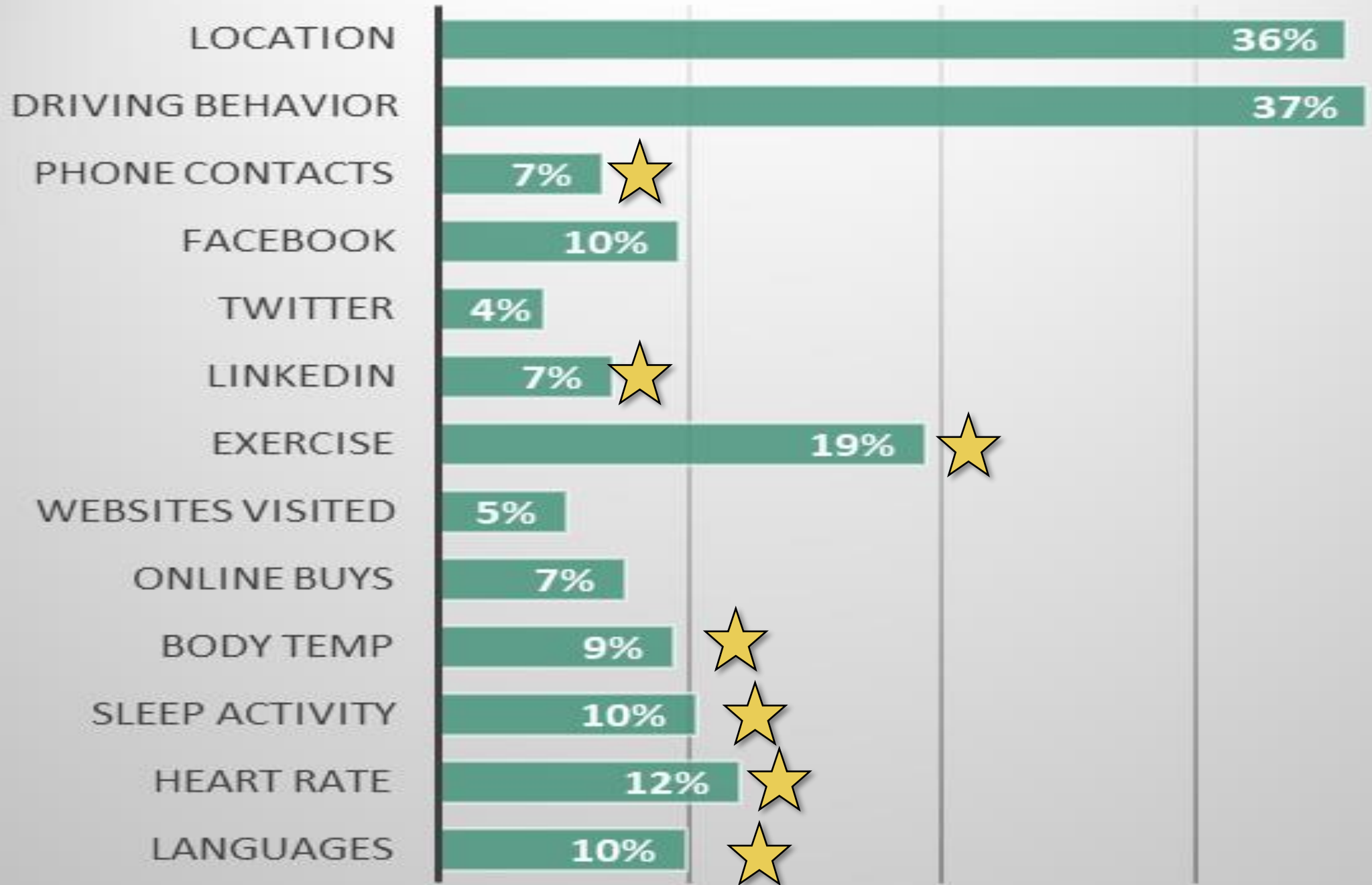
“ I share phone with family members so the data is not reflective of just me.

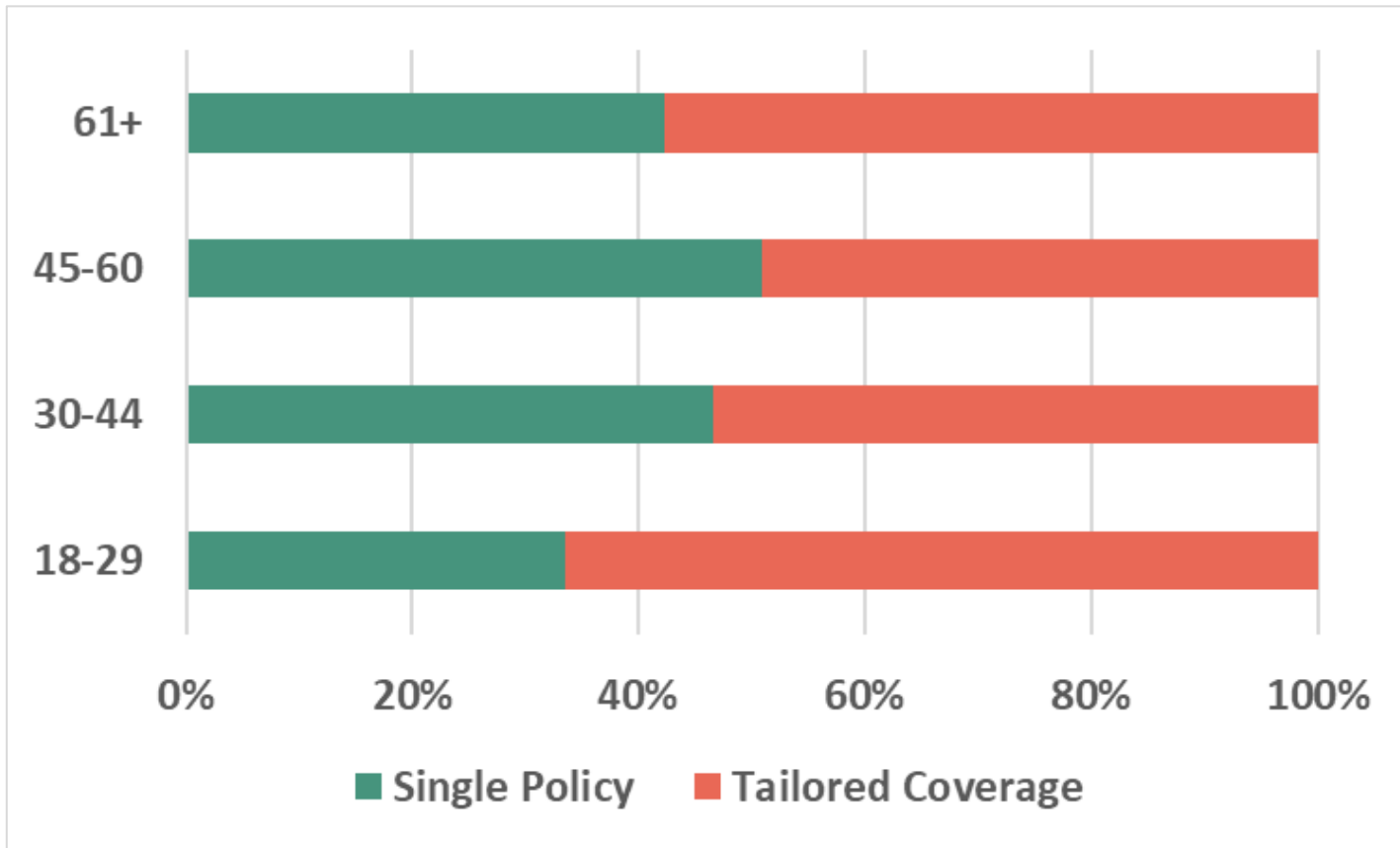
Millennials More Willing to Share Additional Information



“ Some of these options are downright disgusting.

Of those willing to share... What will they share?





55% Want A
Tailor-Made
Policy

AGE DOESN'T MATTER

Survey Says...





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Questions?

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