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How is insurance's relationship with the consumer changing?

by Lucy Hook 30 Mar 2017

In Our Newsletter

The so-called digital revolution means that the world is now less pen and paper, and more Wi-Fi and smartphone.

But how have these developments changed the way insurers and brokers interact with clients and provide services?

"Consumers expect personalization in their communication," George Wright, CEO of Smart Communications, told *Insurance Business.*

What that means is that communication needs to be relevant, timely, and convenient, and that increasingly means using new methods such as email, mobile and even Facebook Messenger.

"Those channels have changed so much, really in the last couple of years," Wright explained, pointing to the difference between how millennials want to communicate versus how baby boomers want to interact.

Smart Communications, which helps many insurers manage their customer communications, focuses on the use of multiple channels, but Wright explained that mobile and interactive solutions are leading the way.

And it's not just consumers that are pushing for mobile – Applied Mobile, a purpose-built app for brokers, recently revealed that its usage has soared by 162% year-over-year, suggesting that brokers themselves are going digital.

Telematics and connected devices are also changing the relationship between insurance and the consumer.

“I think when you look at the space, especially in P&C and auto, we’ve seen a real kick up in that greater telematics use,” Wright commented, with schemes such as pay-to-drive or pay-how-you-drive being prime examples.

The telematics space will “greatly affect” the P&C automotive industry, according to Wright, and while some of the smaller players are moving quickly, larger players are starting to pay attention too.

As the ‘sharing-economy’ leads to changes in consumer behaviour, such as people opting for car-shares rather than owning their own vehicle, new insurance models mean the industry can adapt to customer demands.

“You either disrupt yourself or you will be disrupted,” Wright added. “Insurers are looking at technology to basically disrupt themselves, and bring these new use cases, like pay-as-you-drive, etc., as an option.”

Women Experience High Rates Of Health Insurance 'Churn'

Targeted News Service (Press Releases)

BOSTON, April 3 -- Harvard University's T.H. Chan School of Public Health issued the following news release:

A high percentage of women in the U.S. move in and out of health insurance coverage--sometimes referred to as 'churn'--in the months before and after childbirth, according to a new study from Harvard T.H. Chan School of Public Health. Low-income women experience the brunt of these insurance disruptions, which cause coverage gaps that can lead to adverse health outcomes.

The study is the first to use national data to look at month-to-month health insurance coverage for women during and after pregnancy. It appears in the April 2017 issue of Health Affairs.

"Ideally, every woman would have access to coverage not only for prenatal care and delivery, but also for preconception and extended postpartum care. We find there is much more work to be done to ensure that women retain continuous coverage for services we know are critical for reducing adverse birth outcomes and supporting the health of moms and babies," said Jamie Daw, the study's lead author and a doctoral student in health policy at Harvard University.

The study analyzed data from 2005-13 from more than 2,700 women surveyed by the Medical Expenditure Panel Survey, a nationally representative government survey.

The researchers found the highest rates of coverage at delivery. But that coverage masked considerable churning during the prenatal and postpartum months--especially for women who had coverage through Medicaid or the Children's Health Insurance Program (CHIP) in the month of delivery.

Sixty-five percent of women covered by Medicaid or CHIP at delivery were uninsured for at least one month during their pregnancies. In the six months after childbirth, 55% of these low-income women had a gap in coverage for at least one month, and 25% experienced two or more uninsured months--a finding the authors called particularly concerning since it's known that unmanaged maternal conditions, such as untreated postpartum depression, can have negative effects on infant health and development.

Maintaining postpartum coverage was a challenge for all women, the study found. In the six months after childbirth, nearly half of women experienced a period of uninsurance--which would have affected an estimated 1.8 million families in 2013, according to the authors.

The high rate of post-childbirth uninsurance among low-income women suggests that many have no viable insurance options other than pregnancy-related Medicaid coverage, which ends 60 days after delivery in all states, the authors said.

Risk factors associated with insurance loss after delivery included not speaking English at home, being unmarried, having Medicaid or CHIP coverage at delivery, living in the South, and having a family income of 100-185% of the poverty level, the study found.

Noting that the study analyzed data collected before the Affordable Care Act's Medicaid expansion in 2014, the authors said that it's likely that the ACA resulted in significant improvements in continuity of coverage for women before and after childbirth. But women in the 19 states that chose not to expand Medicaid, where 40% of U.S. babies are born, would continue to face challenges, the researchers said.

"Pregnancy and the postpartum period are really important times for investing in the health of women and children. Our study shows there's a major need to improve continuity of coverage during this period, especially for lower-income women. The ACA may be helping address this problem, but more research is needed to measure the law's impact," said Benjamin Sommers, associate professor of health policy and economics at Harvard Chan School and senior author of the study.

Katherine Swartz, professor of health policy and economics, was also a co-author.

Support for Jamie Daw came from a Canadian Institutes for Health Research Doctoral Award for Foreign Study and a Frank Knox Memorial Scholarship.

"Women In The United States Experience High Rates Of Coverage 'Churn' In Months Before And After Childbirth," Jamie R. Daw, Laura A. Hatfield, Katherine Swartz, Benjamin D. Sommers, Health Affairs, April 2017, doi: 10.1377/hlthaff.2016.1241.

State Farm still #1 for auto – but other insurers closing the gap

by Allie Sanchez 11 Apr 2017

State Farm has held steady in top spot among car insurers despite losing market share.

Data from the National Association of Insurance Commissioners (NAIC) revealed that the company controlled 18% of the market last year, losing just 0.01% of its market share. Government data also revealed that the top 25 carriers of the past year gained almost one percentage point of their total share in the market as it rose to 85.15% in 2016 from 84.38% in 2015, suggesting smaller players are being pushed out.

According to a report from trade publication *Repairer Driven News*, NAIC data is significant to the auto insurance industry because it covers almost the whole market, accounting for 98.51% of all property and casualty filings in the US.

Runner-up GEICO cornered 0.49% more of the market in the past year, taking 11.92% market share. It enjoyed the biggest market share gain of the year, followed by AMTrust which leapt from 20th to 14th place thanks to a 0.45% increase.

Meanwhile, Allstate, which held the third spot overall, lost the biggest slice of market share as its client base shrank by 0.32 percentage points to 9.72%.

“The company told investors in 2016 it would mitigate higher frequency and severity through a combination of higher premiums, increased underwriting standards and lower ad spending — none of which is conducive to attracting new business,” the goal explained. “But the goal was profitability, judged by its ‘combined ratio’ of claim payouts and general expenses compared to its premium revenue.”

Keeping up with cyber criminals

by Lucy Hook 07 Apr 2017

Last year, 689 million people in 21 countries globally were victims of cybercrime – a figure that is up 10% for the third year in a row – according to global cyber security giant, Symantec, which has Australia offices in Sydney and Melbourne.

"As a company we're seeing a substantial increase in the number of campaigns and attacks," Pascal Millaire, VP and general manager of cyber insurance at Symantec, told *Insurance Business*.

The firm's internet security threat research report last year found a 55% increase in the number of cyber attacks being waged worldwide – a sharp increase.

And it's clear that cybercrime is not just increasing, but changing in its nature too.

In 2012, 18% of attacks were targeted at small to medium sized businesses (SMEs), but in the last year, research has shown that 43% of attacks are now aimed at smaller firms – "cyber security is no longer an issue just for Fortune 2000 companies," Millaire commented.

With a backdrop of risks that is developing month-to-month, both insureds and insurers can be left struggling to keep up.

"Cybercriminals have reached a new level of sophistication – stealing identities, information and data in broad daylight," a Symantec spokesperson explained in an email to *Insurance Business*.

In response, insurers need to take a much more data-driven approach to analysing cyber risk, Millaire said.

"I often hear complaints that the cyber insurance industry is plagued by a lack of available claims data, and that may be true, but there is no lack of cyber security data," he said.

A data-driven approach can include using a combination of publicly available, external data, internal aggregated data from cyber security companies, and general information about cyber adversaries – including who they are attacking and how.

In November last year, Symantec announced it was acquiring LifeLock, a leading identity protection provider, a move that means Symantec "can now deliver one of the most comprehensive digital safety platforms," its spokesperson said.

Millaire has been focused on the firm's latest software tools for the cyber insurance industry, which include a cyber underwriting platform and cyber risk modelling.

"Risk transfer and risk mitigation are going to come together," he said, predicting a more holistic cyber risk management style in years to come. "As the global leaders in cyber security, we want to be really ahead of that trend."

Looking forward, Millaire says the emergence of the Internet of Things (IoT) will turn all manner of risks into cyber risks, with the global number of IoT devices already said to be at nine billion, and only increasing.

"As everyday objects are connected to the internet, all of a sudden there are very few aspects of the global economy that aren't impacted by cyber risk, and by extension there are very few lines of insurance that won't be impacted by cyber risk as well."

Auto crashes rising at record rate

by Insurance Business 27 Apr 2017

Traffic accidents are rising at a record rate – and distracted driving could be the main culprit behind the uptick.

Deadly auto accidents have surged by 14% since 2014, according to figures from Robert Gordon, senior vice president of policy development and research for the Property Casualty Insurers Association of America. He also told a National Transportation Safety Board panel on Wednesday that severe accidents rose 12.2% and pedestrian deaths by 22%.

“Smartphone ownership has more than doubled over the past five years, and it is not surprising that the percent of accidents involving phone distractions has increased, but we believe the real increase is far more than the official statistics,” said Gordon as quoted by Bloomberg BNA.

Google Chrome, Netflix and Google’s YouTube are among the top 10 mobile apps used while people are driving, according to data from Insurtech.

But more drivers on the roads may also be a cause of the rise, Bob Hunter, director of insurance for the Consumer Federation of America, previously told Bloomberg BNA.

In an effort to address the problem, Gordon called for harsher penalties for distracted driving.

“Just a $200 ticket isn’t going to cut it… you need a sustained advertising campaign,” he said.

Distracted driving claimed 3,477 lives and caused 391,000 injuries in 2015, according to figures from the National Highway Traffic Safety Administration.

“During daylight hours, approximately 660,000 drivers are using cell phones while driving. That creates enormous potential for deaths and injuries on US roads. Teens were the largest age group reported as distracted at the time of fatal crashes,” said NHTSA.

A New Theory on Why People Who Exercise Lots Are So Happy All the Time

Melissa Dahl 4-2017

Consider the preternaturally happy *Parks and Recreation* character Chris Traeger, the exercise lunatic played to manic perfection by Rob Lowe. Traeger is relentlessly positive, seeing the good in everything and everyone ("Way to be, duck"), while also managing to get in his daily ten-mile run. He's the fictional realization of an article recently published in the journal*Personality and Individual Differences*, which argues that exercise on one day appears to trigger a "cascade of positive events" that carries over to the next day, too.

For three weeks, college students completed daily online surveys, which asked them about their days. On the days they'd exercised, they also tended to report having more positive social interactions, like a good conversation with a friend; they were also more likely on those days to report an achievement like completing a project. The day after exercising, too, people reported more happy social stuff than usual (though their likelihood of achieving some kind of goal returned to normal).

This is based on self-reports, always a tricky way to gather information; people are often not as good at accurately recording information about themselves as they perhaps think they are. But the findings make sense — it's not like the mood-lifting power of physical activity is some kind of little-known scientific secret. (Blink Fitness, a chain of low-cost gyms in New York and New Jersey, makes this connection literal, calling its employees "Mood Lifters.") Maybe the brighter mood makes you more likely to seek out social situations; maybe it causes you to see mundane interactions in a more positive light.

It would be nice if this launched some kind of virtuous circle — exercise leading to happiness which leads back to more exercise — but one thing one day at the gym didn't do for these study participants was make it more likely that they would go back the next day, too. For that, other mind games may be necessary.

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