



# Connected Insurance

**EVOLVING PARADIGMS**

**How is IoT reshaping the Insurer-Customer Ecosystem?**

**July 2021**

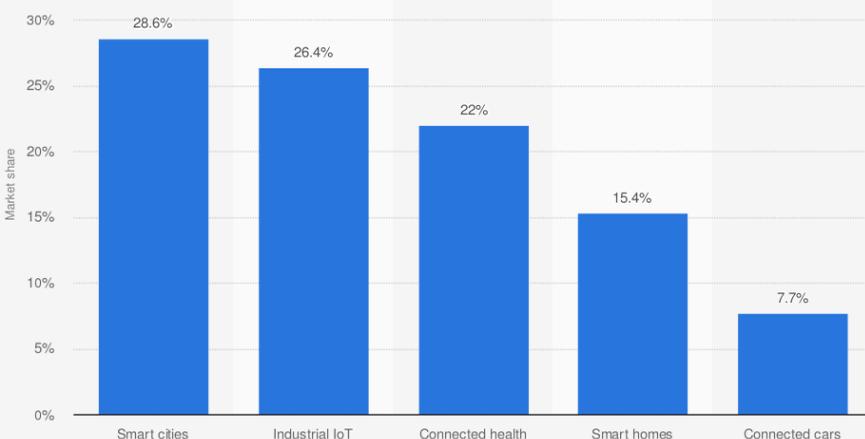
# 5G AND INTERNET OF THINGS DRIVEN SMART CUSTOMER BEHAVIOR

The world is sprinting towards the **adoption of 5G** (Fifth Generation) wireless mobile technology standard. The countries and industries that are frontrunners in this race stand to gain immense **competitive advantage** and leapfrog in terms of offerings provided. 5G is touted to fuel as big a revolution as the advent of the internet back in the early 2000s. **Internet of Things (IoT)** has been a buzzword in the market for a few years now. Supported with a strong foundation of a robust 5G enabled infrastructure, IoT enabled devices will become a mainstay in everyday life. As per a recent survey of IoT spending by International Data Corporation ([idc.com](https://www.idc.com)), **worldwide spending** on the Internet of Things (IoT) technology, as of **2020**, is expected to be **749 billion U.S. dollars**. The year-on-year growth on IoT spending took a hit due to the Coronavirus pandemic and will **gain momentum** post-pandemic, fuelled by a **robust 5G enabled infrastructure**. Asia Pacific region held the largest share of the IoT market, followed by North America, Europe, the Middle East, and Africa.

A study by International Telecommunication Union ([itu.int](https://www.itu.int)) estimated that by 2020, mobile broadband subscriptions reached 75 active subscriptions per 100 inhabitants of the global population. The highest rate of mobile broadband was in Europe, where 99.9 percent had an active mobile broadband subscription. **Europe** is thus **uniquely qualified** to take advantage of the IoT revolution and gain a competitive edge over the rest of the world.

*“IoT devices will enable access to **real-time data and information** that will allow us to better understand customer needs and behaviour to **customize offerings** in ways never imagined before!”*

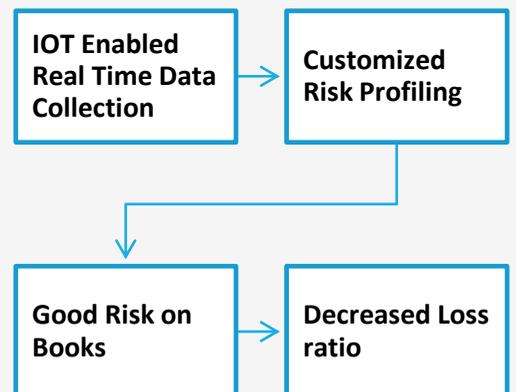
## Global IoT Market Distribution in 2019, By Sector



Source  
iPropertyManagement  
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Additional Information:  
Worldwide, 2019

## IoT Devices Will Shape Customer Risk Profile for Insurance



## Top Sectors on IoT Radar

*Smart Cities      Smart Home      Connected Cars      Connected Health*

*What do all these sectors have in common?*

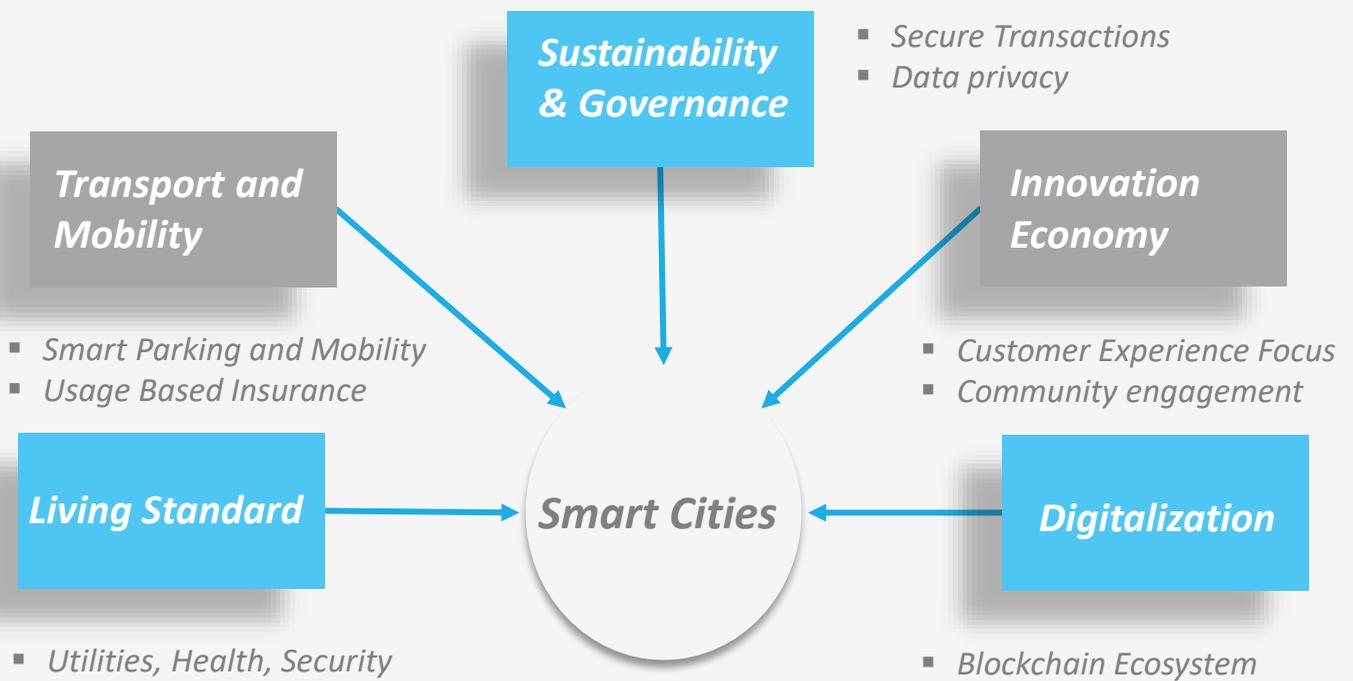
## INSURANCE as a Means of Risk Mitigation to Grow Sustainably

As the IoT market evolves and grows there will be an immediate need for insurance products to cater to this new market. Market for insurance will boom as a means to mitigate risk within this new market segment. Companies who have the foresight to curate product offerings in this domain will capitalize on this growth and have the first-mover advantage over their competitors.

# SMART CITIES AND SMART HOME

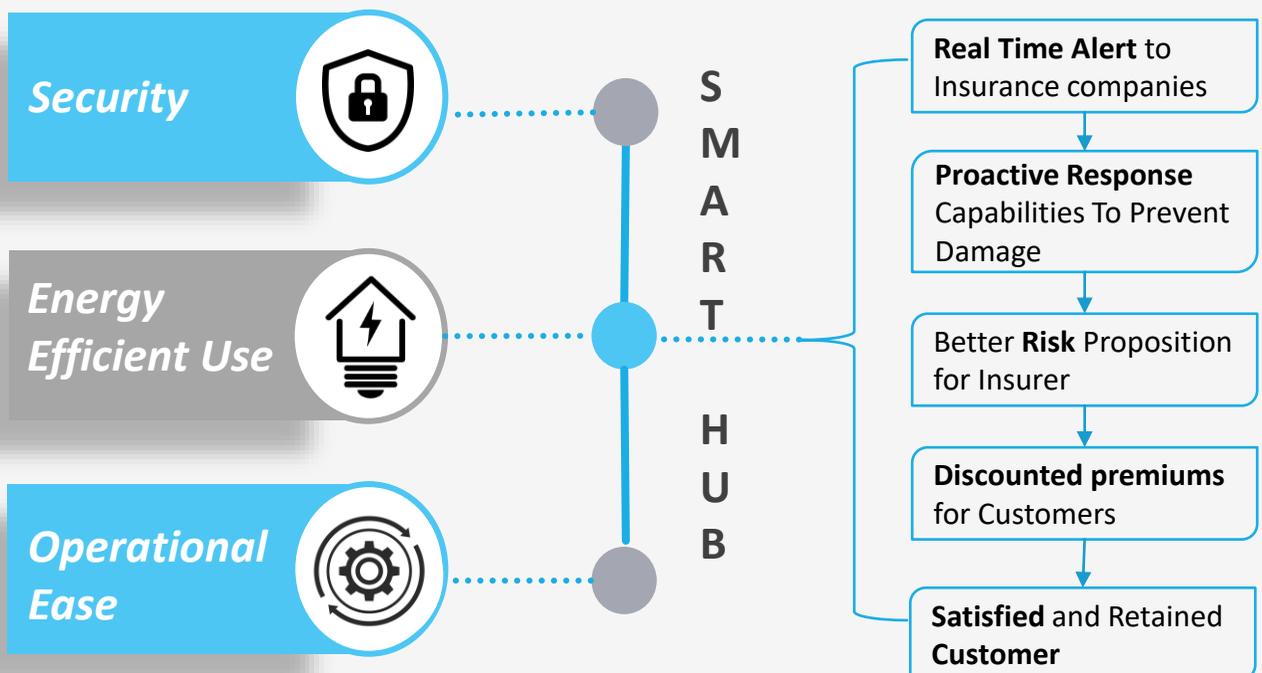
Smart cities and smart homes are the fastest-growing sector for IoT devices. While **security** is the **fundamental driver** of this growth, an ecosystem of smart devices also enables **ease of use** for the customer, a highly valued proposition. AI-enabled devices such as Amazon Alexa, Philips LED lighting fixtures, Google Next security devices, etc., have been around for half a decade. Customers are widely welcoming these devices into their homes. **A smart hub is the way of the future.**

**Commercial and Industrial buildings** are also embracing the smart device ecosystem for security, **energy efficiency** and operational ease enabled. Taking this one step further, world across cities are investing in developing a **future-forward infrastructure** with Smart Cities.



## SMART Cities Ecosystem – What Should Insurers Focus On?

A future-forward smart city ecosystem will be **customer-centric**. **Need of the hour** is for **insurance** companies to **evolve** with changing customer behaviour. By **identifying product synergies** with an always-connected customer and **developing offerings** that capitalize on this technological shift while building upon the foundation of the **existing 'Insurer-Insured'** relationship, Insurance companies can adapt and evolve.



## CONNECTED CAR

The automotive market is rapidly evolving to embrace technological advancements to create a **safer and comfortable driving** experience. **Electric Vehicles** are becoming more widely accepted, especially in countries focused on a **sustainable future and clean energy**. While **autopilot driving** is already a reality, the IoT revolution will propel us to a future of **self-driving cars**.

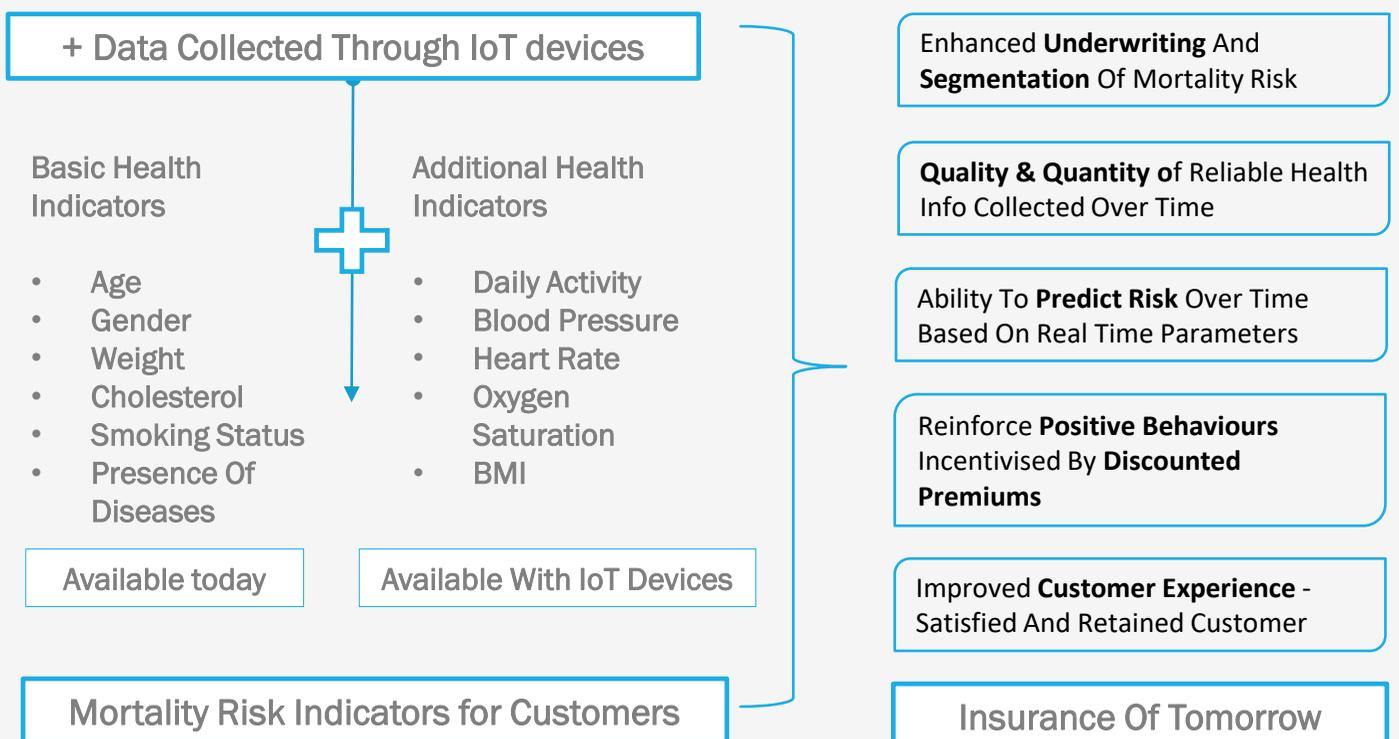
### Connected Car to Connected Insurance



A connected car, a **miniature ecosystem** in itself, will house valuable information regarding a customer's **driving behaviour** such as **preferred time of travel, the average distance travelled in a year, car maintenance routine, car features, speed readings**, etc. These data points correspond to risk parameters for Insurers, allowing them to **price the risk competitively**, offer **premium discounts**, and create a **bespoke model** catered to individual customers for a successful long-term relationship.

## CONNECTED HEALTH

IoT wearables like **smartwatches, smart glasses, and fitness tracking devices** have experienced an unprecedented surge in popularity in the last decade. These devices are compatible with an individual's smartphone. Standalone smartphones can also **monitor and track fitness** and health information. Data collected via devices tracking a customer's health and fitness is **prized information** for curating a personalized customer profile. Wearables can also be instrumental in **reinforcing positive habits** for a healthier future. **Healthcare costs** will substantially **reduce** by investing in devices that monitor patient vitals remotely. The **coronavirus pandemic** has already pushed the healthcare industry towards embracing remote health care options. Insurance companies must capitalize on this momentum and ingrain IoT devices into the strata of future health and life insurance products.



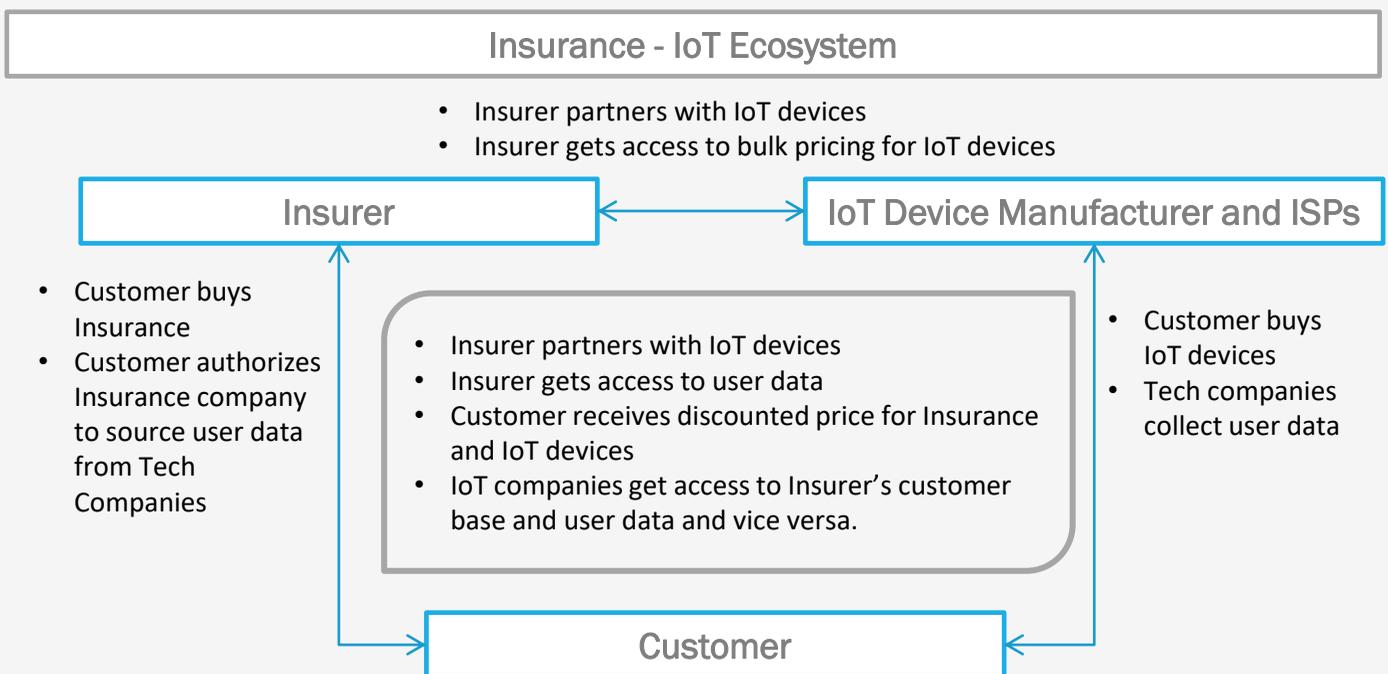
# INSURERS NEED TO ACT NOW TO STAY RELEVANT IN A CONTINUOUSLY TRANSFORMING MARKET!!

The world around us is transforming at warp speed with technological advancements bought on by IoT and artificial intelligence. However, there are a substantial number of companies that still operate on **legacy systems** and are **struggling with fundamental data management** challenges. IoT devices can open floodgates to valuable customer information, all in the form of data. IoT devices will impact Property and Casualty (P&C), Life, and Health Insurance. As more devices across the spectrum of a customer’s daily life become connected, a substantial part **of business strategy and decision-making will be data-driven**. Insurers prepared for this connected data revolution will gain a **mammoth competitive advantage** over their peers. Eventually, **only the companies that can adapt might survive**. It is important to note that this **IoT revolution has three key players**:



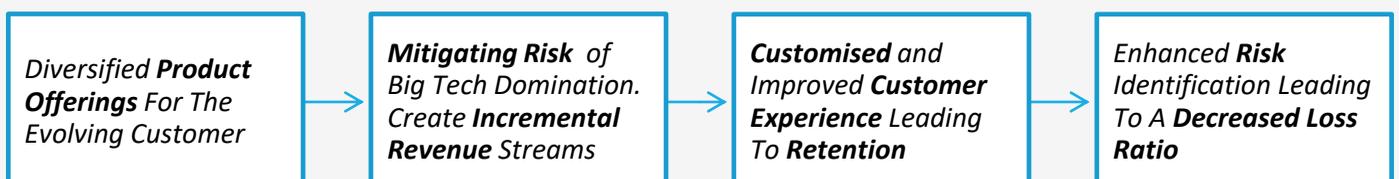
The traditional Insurer- Insured relationship is ripe for an intervention from a middle man - **BIG Tech**. Tech companies will possess all invaluable data thus hold the “key” to the door beyond which an Insurer either **Evolves or Dissolves**.

**Visionary Insurance** companies will see the IoT revolution as an **opportunity rather than a threat** and proactively redefine the role of an Insurer to be an enabler of the IoT ecosystem. A proactive approach allows the Insurance Industry to create a **conducive environment for collective growth** on their terms and **mitigate** the threat of a **Big Tech dominance**.



## How Can Insurance Companies Leverage IoT?

By collaborating with Tech companies, Insurance companies can **leverage their existing relationship** with the customer to provide bespoke product offerings at par with their expectations of an ever-connected world with the customer at its centre. Insurance companies can arrive at this future state by **partnering** with existing players in the Tech market, **acquiring Insurtech start-ups**, or **vertically integrating** by investing in in-house capabilities in this domain.



# HOW CAN WE HELP? GET TRANSFORMATION READY

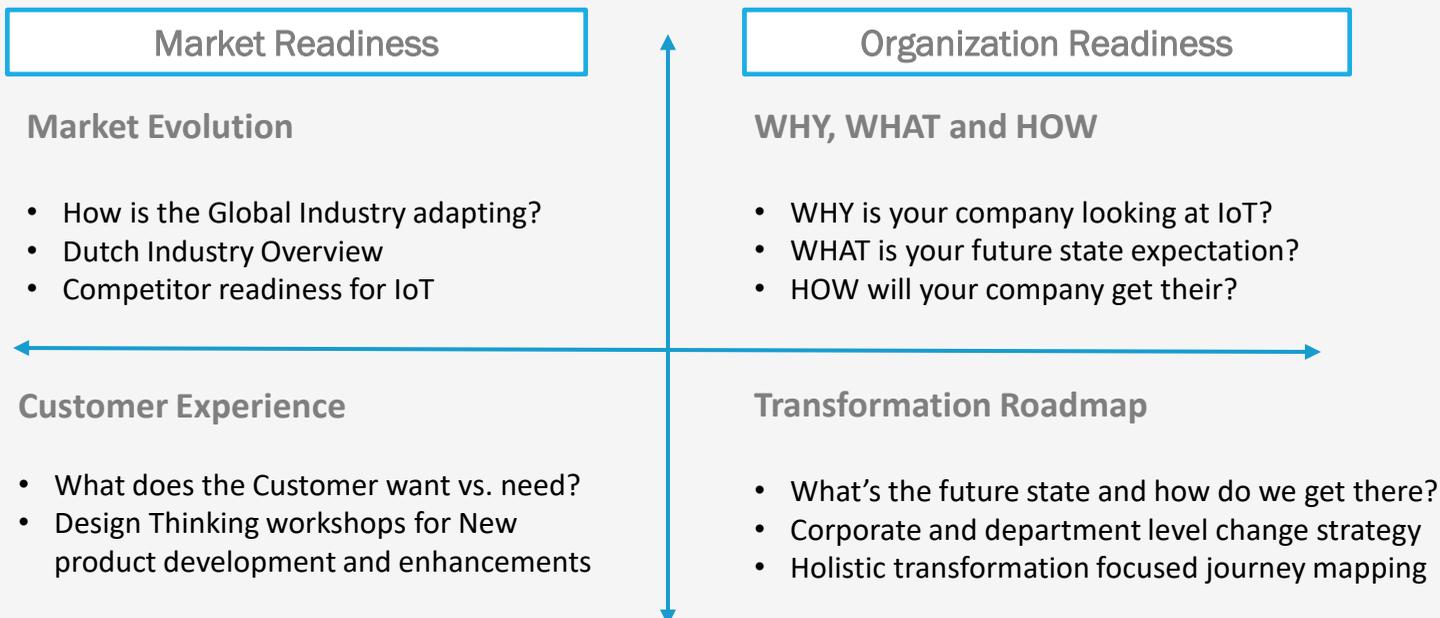
FiSer Consulting is your Assurance for Delivery for a complex transformation to make you future ready!

## “ Our Mission

*Help our clients achieve successful future - proof transformations in Financial Services.*

We understand that undertaking such a complex transformation for an organization requires **immaculate planning and execution**. An execution strategy will require **constant oversight** throughout the transformation program that can range from **months to years**. Our team of highly qualified consultants will provide you **objective, unbiased, and business-centric expert advice** for your transformation needs..

### The FiSer 2x2 Approach



The FiSer 2x2 approach will aid you in your journey from **strategy formulation to implementation**. We will work with you to understand both **Macro and Micro** level factors within the Insurance industry to help identify your transformation needs.

#### Insurance Market Evolution

Taking a helicopter view of the market, we will try to understand how Insurance companies on both the **Global and Local** level are preparing for the IoT revolution. Further, we will conduct a competitor analysis to identify the readiness of your competitors and provide a **health score** for your organization. Secondly, we will **focus on your customer**. Who is your current customer, and how fast is your customer evolving with the technological advancements around them. A **design thinking workshop** will help identify customer needs and provide ideas for new product development and enhancements.

#### Insurance Company Evolution

With a fundamental understanding of the evolving market and the evolving customer, we will work with you to understand your **WHY, WHAT, and HOW**. **Start with the WHY** – what’s the company’s visions and how does IoT align with it? **WHAT is the evolved future state?** **HOW- will we get there?** FiSer will work closely with your organisation to identify a tailormade transformation plan and be your partner at every step in this journey.

### The FiSer Consulting Advantage

*Objective, Unbiased & Business Centric Expert Advice*

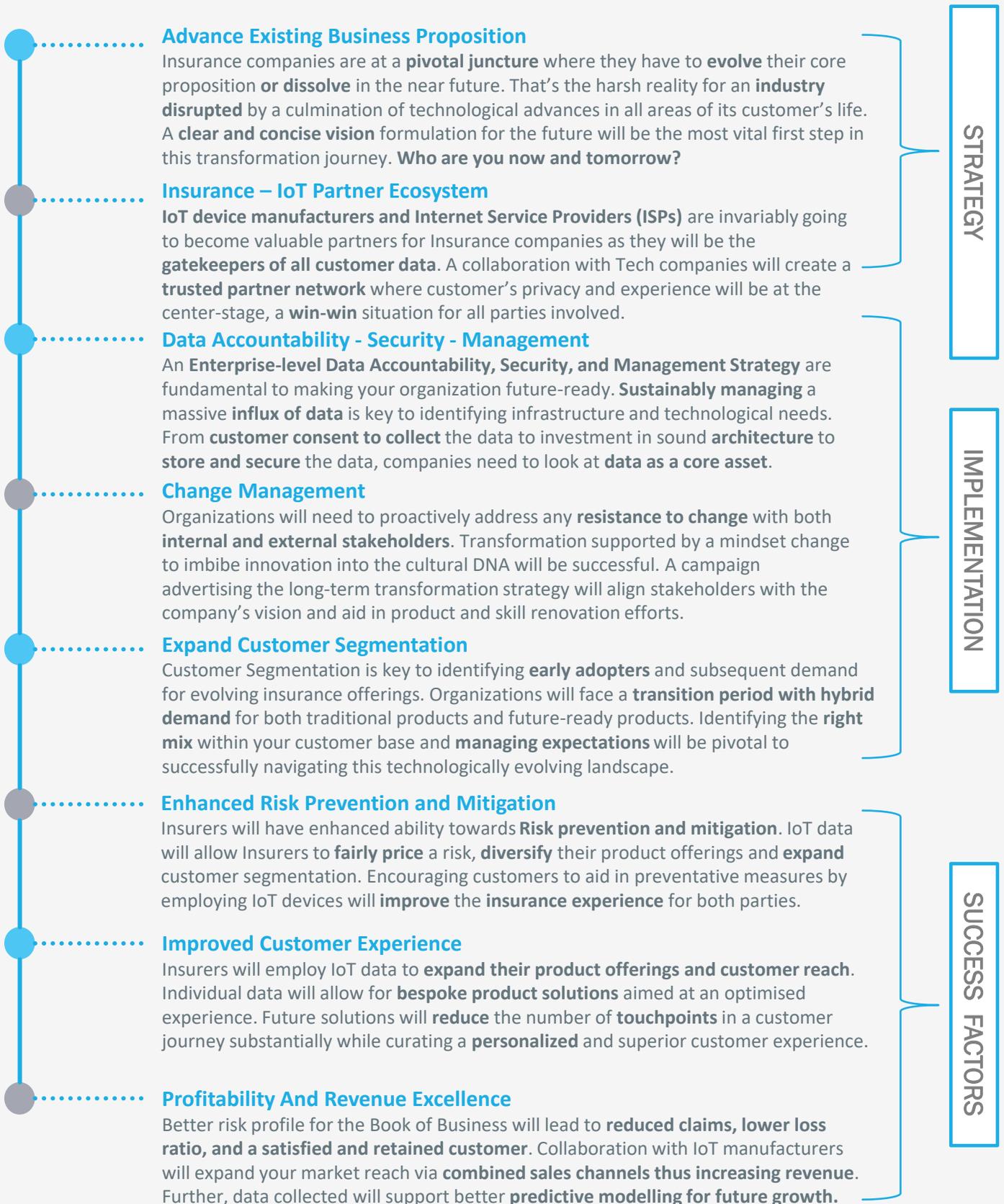
*Change Champions With Proven Track Record*

*80% More Cost Competitive W.R.T. Consulting Tariffs*

# MOVING FROM A SUBSCRIPTION ECONOMY TO A CONNECTED ECONOMY

As technology progresses, the world will inevitably move from a **subscription economy to a connected economy**. Some organizations will choose to be **change leaders and fast followers**, and others will undergo a **forced transition** once the industry reaches an **inflection point**. FiSer will help identify the **critical S curve** for your organization and juxtapose it with the **S curve for the insurance industry**. **Early adopters** are bound to benefit immensely by getting their organizations ready for the transformation brought on by the advent of IoT devices.

## FiSer 3-Step Framework to Establish Your Organization Readiness



## ARE YOU READY TO INSURE A CONNECTED CUSTOMER?

FiSer Consulting is here to support you in this transition via our [2x2](#) approach to understand your organization's need and curate a bespoke transformation roadmap to make you **future-ready**.

In case you have any questions regarding this paper or regarding support for your transformation needs, feel free to [contact us!](#)



**Avani Bahuguna** is a cross-functional and multi-faceted management professional with demonstrated expertise in Business Strategy, Organizational Transformation, Revenue Excellence, and Business Development. With a passion for embracing global best practices and having worked with multinational teams in the insurance domain, she is a firm proponent of empathetic approaches for solution discovery.

Contact: [a.Bahuguna@fiser.consulting](mailto:a.Bahuguna@fiser.consulting)



**Mischa Wesdorp** is the founder of FiSer Consulting and brings over 18 years' experience in the Global Financial Services Industry where he has been employed mostly by large international Dutch based banks, as well as Dutch based insurance companies. In his career, Mischa acquired an all-round understanding of Risk, Lending and Payments.

Contact: [m.wesdorp@fiser.consulting](mailto:m.wesdorp@fiser.consulting)