Invention and Reinvention: *Observations for Regulators, Supervisors and Policymakers on all things #Insurtech*

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Connected cows!

Who would have thought... but there are more connected cows in India than anywhere....

Source Financial Times April 2018
Massive increases in funding and investment

Fintech activity overall saw a steep decline

The overall FinTech market was down 31.8%...

InsurTech activity continued to grow regardless

But InsurTech was up 9.6%, albeit from a much smaller base

Source: DeNovo including a selection of relevant FinTech companies

Source: PwC
Insurance has a history of radical reinvention

- Hurricane models were invented for engineering first
- RFID tags were invented for tracking inventory
- Telematics in cars? Those plugs have been there since 1995
- The telematics phone sensor that makes telematics cheaper was created to switch from portrait to landscape
- Africa has been a leader in digital financial services delivery
Technology

Collecting data

- Sensors
- Connectivity
- Power sources
- Buffering and transmitting
- Using data that is already there for new insurance purposes

Analyzing data

- Distilling big data into key indicators
- Understanding material changes in data points that are relevant to decision making

Actioning the analysis

- SMS and other messaging to inform or change behavior
- Delivering better more relevant service in a timely manner
- Making business decisions to alter risk profile

Other disruptions – Peer-to-peer insurance, AI, Blockchain etc.
Five practices relevant to regulation and supervision?

- Practice 1: **focused attention on innovation** as a result of technological advancements and the **active review of regulatory regimes**
- Practice 2: the **creation of innovation facilitators** such as hubs and sandboxes to keep close to emerging developments and foster shared learning
- Practice 3: **coordination, collaboration and communication** between domestic regulators
- Practice 4: **global cooperation** with standard-setting bodies
- Practice 5: **building staff capacity** through deep knowledge of exponential technologies

Source: Francois Groepe, Deputy Governor of the South African Reserve Bank, 19 April 2018