

Thursday, April 14, 2016 4:40 PM ET **Extra**

Insurance execs urge industry to embrace tech

By Calvin Trice

Disruptions from technology could change the corporate landscape of the insurance business in the coming year, industry professionals said during the RIMS Annual Conference in San Diego.

Addressing a question about the challenges from the digital age, Lloyd's of London CEO Inga Beale told a group of attendees that she thought underwriting is among the jobs "most likely" to be replaced by artificial intelligence. Beale conceded she was "very sad to say" that human underwriters would probably disappear as she has worked as one over the course of her career.

Beale during a forum for senior insurance executives noted that a recent study found that nearly three-quarters of industry professionals expect challenges from financial technology. But despite those challenges, Beale believes insurers should embrace the technology and use it to tailor its products to better meet customer desires. Customers want more choice in coverage and how it is delivered, and they prefer usage-based products so that they are not paying for things they do not use, she explained.

"That means we've got to start using data ... and work on how to capture data so that we can deliver things that our customers want in the future," Beale said.

Insurance industry adviser Grace Vandecruze said the industry is run inefficiently because of its reliance on legacy technology that badly needs upgrading to adapt to things like mobile communication. Disruption could be so great that, 20 years from now, the biggest companies in the space might not be any of today's major players, said Vandecruze, who founded and serves as managing director of consulting firm Grace Global Capital.

"The largest insurance company might come from brand new entrants into the market that don't carry with them the legacy technologies and that find ways to sell insurance in the most efficient way possible," Vandecruze said in an interview.

Such a future heavyweight could be a Google-based company, she said. Her view is not a novel one either. In a recent survey of insurance executives, many corporate leaders pointed to Google Inc. as a potential threat to their operations because of the tech company's store and proficiency with user data.

Vandecruze cited New York-based Oscar Health as an example of a startup that has leveraged technology to deliver innovative insurance.

"It's companies like Oscar thinking, 'How can we sell to an emerging, upwardly mobile insurer at a lower cost?'" she said.

During the senior executives forum, AIG Americas President and CEO Robert Schimek sought to reassure college students in the audience that the business is a good one in which to seek careers despite challenges from technology.

"I think what we could really do for this industry is get you focused on the things that really add value and get you out of doing the day-to-day monotonous work that comes with data entry," Schimek said.