



SOCIETY OF
ACTUARIES®

2019 **ANNUAL
MEETING**
& EXHIBIT

October 27-30
Toronto, Canada

Session 167: Innovation in Life and Health Insurance

[SOA Antitrust Compliance Guidelines](#)

[SOA Presentation Disclaimer](#)

Innovations in Insurance

Moderator: Farron Blanc

Presenters: Blake Hill
André Piché
Kevin Pledge

30 October 2019



SOCIETY OF ACTUARIES

Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- Do not discuss prices for services or products or anything else that might affect prices
- Do not discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- Do not speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- Do leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- Do alert SOA staff and/or legal counsel to any concerning discussions
- Do consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone's responsibility; however, please seek legal counsel if you have any questions or concerns.

Presentation Disclaimer

Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.



Farron Blanc

CEO Co-Founder of Gerry
Vice President of Innovation at
RGAX 2013-2018
Chief Marketing Officer
at Aviva Indonesia 2008-2012

Gerry is a NYC based
technology company that helps
families find the best senior long
term care for their loved ones.

Founded by Serial Entrepreneurs
and backed by investors who
funded Ripple, Uber, Palantir,
and Yelp.

We use data science, and
licensed social workers to
personalize the search for long
term post acute care.



Blake Hill

Head of Manulife's Vitality
program (2015 – 2018)
Vice President of Business
Development at dacadoo since
2018

dacadoo promotes digital
transformation in healthcare &
wellness, based on scientifically
founded "Health Scoring" and
health coaching by the "Lifestyle
Navigator".

In addition dacadoo offers a
"Risk Scoring" product to
compliment and enhance the risk
classification process, as well as
support advanced analytics
models of cross sell, upsell,
retention, claims, and customer
management.



Kevin Pledge

VP Foresters (93-2000)
Founded Insight Decision
Solutions in 2000, CEO until 2013
Founded Acceptiv in 2014,
currently CEO
Owner and CEO Claim Analytics
(2015 - 2018)

Acceptiv helps insurance
companies to provide online fully
underwritten life and health
insurance to their customers.

The RiskDX platform provides
online sales, automated
underwriting and issue, and
analytics.



André Piché

Chief Business Development
Officer at PartnerRe since 2015,
with a similar role at Aurigen Re
since 2012
Consultant at Valani Consulting
(2007 – 2012)
Senior roles in reinsurance prior
to that.

PartnerRe brings a more
personal approach to the
reinsurance marketplace with a
distinctive balance of technical
skills and client focus, expertise
and partnership.

PartnerRe is a global, diversified
reinsurer who can step up to any
challenge, while remaining agile
enough to be adaptive and
innovative.

<https://annual.cnf.io>

or the SOA Mobile App

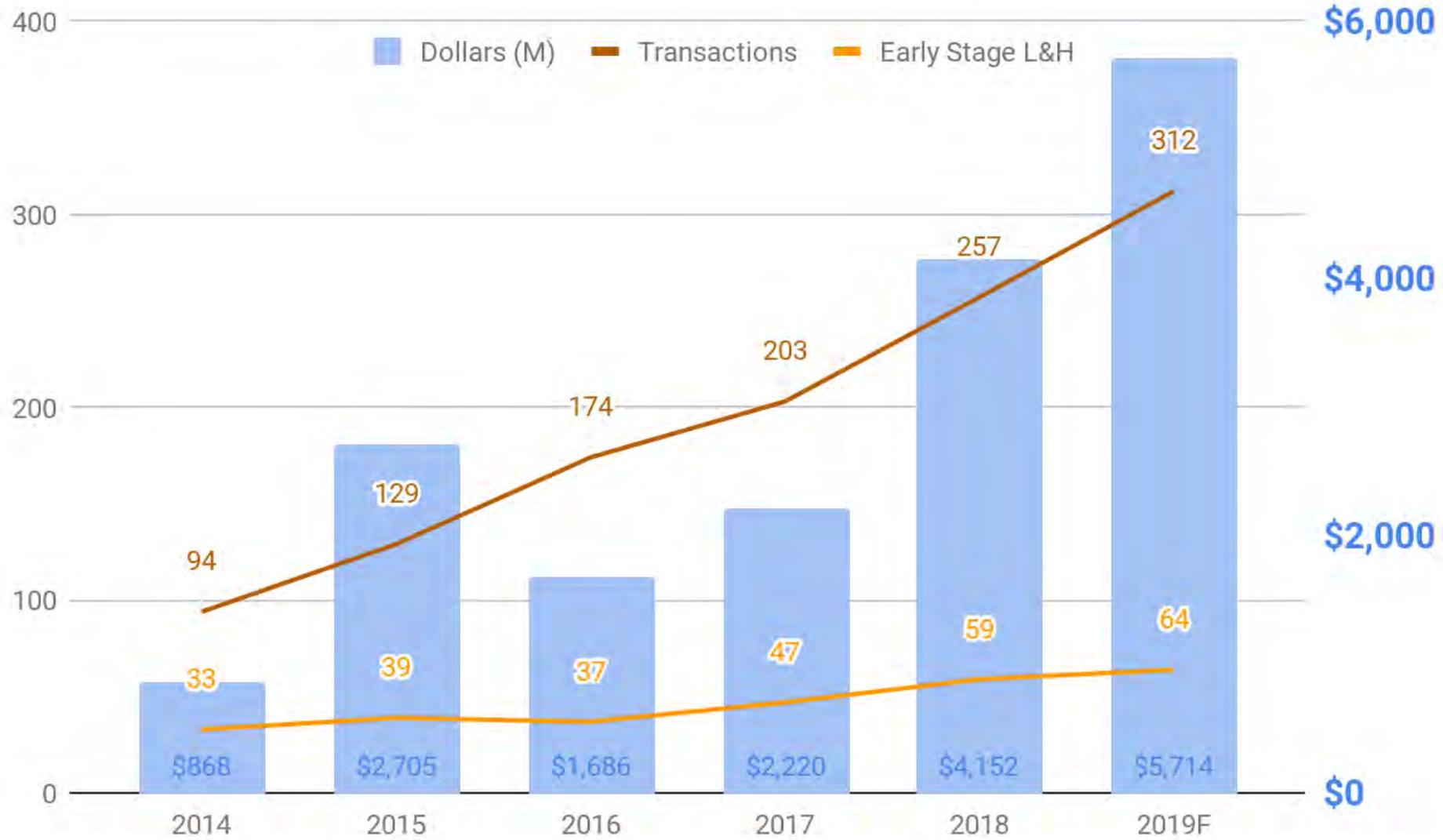


Innovation:= Turning an idea into a solution that adds value from a consumers' perspective

A large telescope on a tripod is positioned on the right side of the frame, pointing towards a bright, colorful galaxy in a starry night sky. The galaxy has a yellow and white core with green and blue nebulae. The background is a dark blue sky filled with stars. The foreground shows a dark silhouette of a landscape with a small building on the left.

Within insurance... seeing most visible forms of **Innovation coming from **Insurtech****

Insurtech VC growth <\$900M to \$5.7B in 5 years



Larger Funds AllianzX = Insurtech SoftBank

Bloomberg

Allianz Boosts VC Fund to \$1.1 Billion for Tech, Insurance Deals

By [Giles Turner](#)

February 20, 2019, 1:45 AM CST

- ▶ Allianz X was launched in 2016 with 430 million euros to spend
- ▶ Unit has invested in startups including Go-Jek, N26, Lemonade



Allianz X CEO Nazim Cetin discusses increasing the size of its tech investment fund to \$1 billion euros.

Larger Exits \$2.35B for middle market distribution

THE WALL STREET JOURNAL

Prudential to Pay \$2.35 Billion for Online Startup Assurance IQ

Largest insurer by assets expects three-year-old company to help it draw middle-class customers



By *Leslie Scism*

Updated Sept. 5, 2019 6:57 pm ET

Prudential Financial Inc. agreed to pay \$2.35 billion for an online startup as traditional life insurers seek to reach digital-savvy customers who shop on the internet.

Executives of Prudential said Assurance IQ Inc., a three-year-old company based in Bellevue, Wash., can help it solve a decades-old problem bedeviling many of the biggest names in life insurance: selling to middle-class clients. The 144-year-old Prudential is the nation's largest life-insurance company by assets.

Other promising trends SaaS across the other functions

Unqork Closes \$80 Million Series B Funding Round Led by CapitalG, Driving the No-Code Enterprise Revolution

The no-code enterprise application development platform has a roster of global customers that include Goldman Sachs, Liberty Mutual, and John Hancock

Montoux Closes \$10.5M in Oversubscribed Funding

Montreal startup raises \$4.5 million to help sell life insurance to millennials

Breathe Life is making a software platform for insurance companies to help them sell online

JACOB SEREBRIN, MONTREAL GAZETTE Updated: February 26, 2019

SE2 Makes Majority Investment in InsurTech Company Life.io

New capabilities will allow SE2 and Life.io to further accelerate how insurance carriers personalize and gamify products for increased engagement



But what about the
day to day to make
Old & New work together?

<https://annual.cnf.io>

or the SOA Mobile App

Poll: Why Innovate?

Live Content Slide

When playing as a slideshow, this slide will display live content

CHOICE	VOTES		
Early Mover Advantage	22	15%	
Open New Markets / Expand Markets	52	37%	
Product or Pricing Changes	6	4%	
Improve Customer Experiences	42	30%	
Operational Efficiency / Reduce Costs	20	14%	

Innovations in Insurance - themes

- Customer focus
- Value of partnerships
- Experimentation
- Obstacles to innovation



Innovation for and by Actuaries

Blake Hill, FSA, FCIA, VP Life Insurance, dacadoo

Live Content Slide

When playing as a slideshow, this slide will display live content

What's the highest priority innovation within an insurer?

CHOICE	VOTES		
Digitizing the workflow (application, underwriting, claims)	56	39%	
Building data analytics capabilities	69	48%	
Accelerated U/W improvements	18	12%	
Repricing	2	1%	

Innovation - What happens when Insurers catch up and are Digital?

Are insurers more insulated from commoditization when they are fully digital and applications are completed with fewer questions

What other industries are digitizing currently
Healthcare, others....

SMAC -> DARQ

Technology is eating the world



Source: Silverpeak

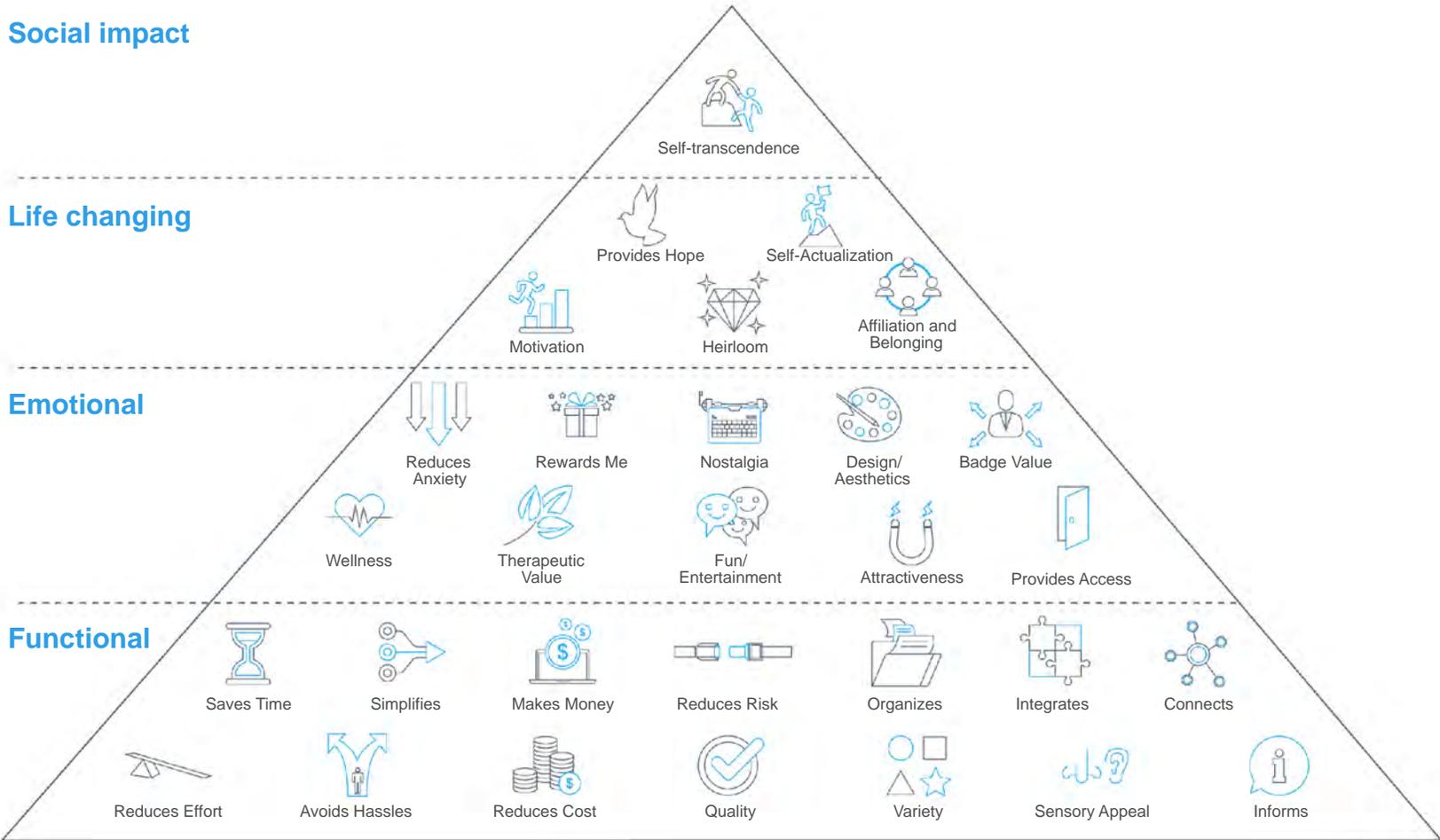
Platform business

- Social => Facebook, Instagram {Connection}
- E-commerce => Amazon, eBay, Alibaba {Convenience}
- Apps => Apple, Google Play {Access}
- Entertainment => Netflix, Disney {Entertainment}
- Information => Google {Reliability}
- Health =>why is that? {Trust}

Platform businesses Compete and Partner

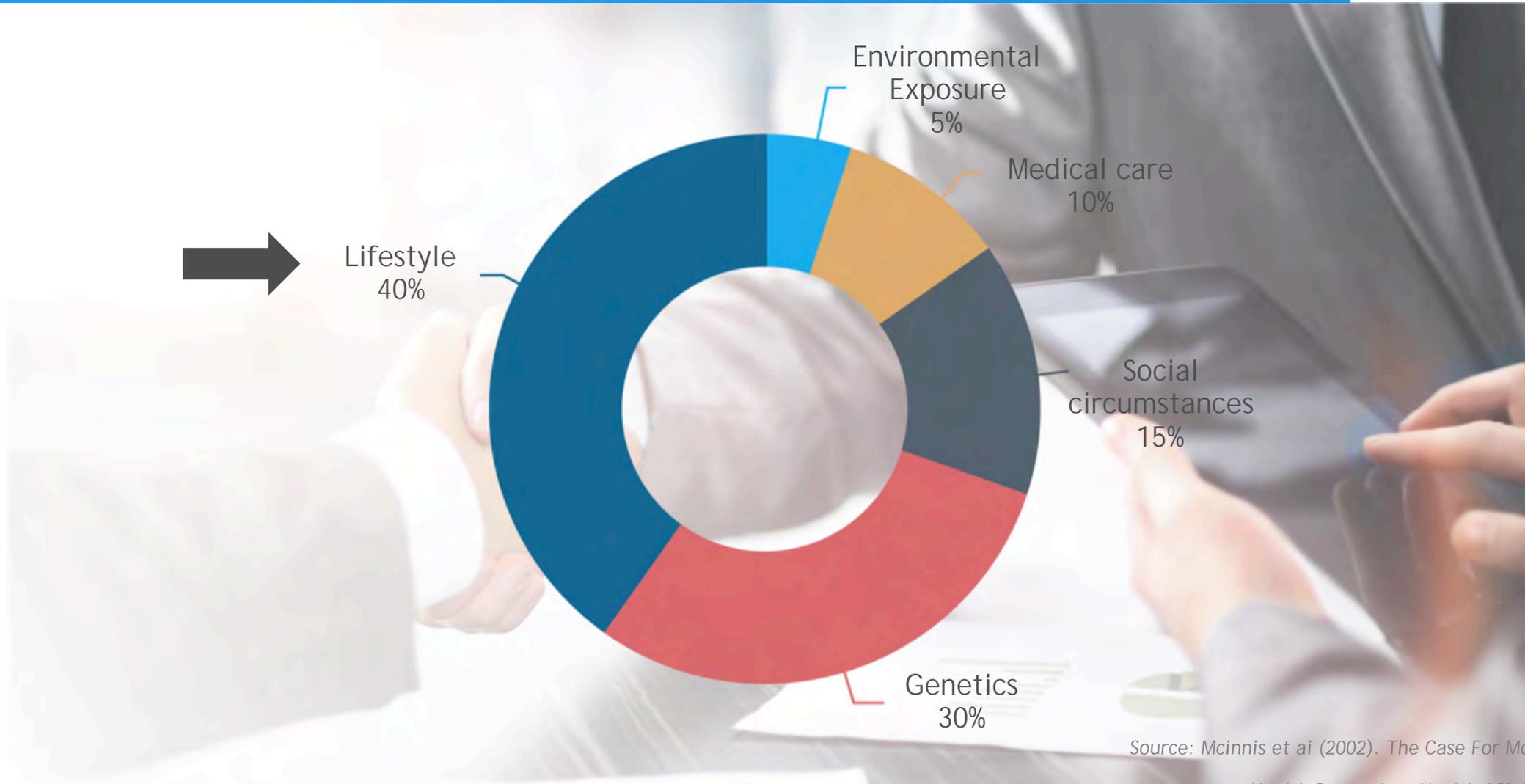
- Apple & Google
 - Imagine the iPhone without Gmail or Google Maps
- Insurance Company “A” selling Insurance Company “B” product
 - Are you going to ask your management team?
- What is your differentiator if you were listed on Amazon?

How insurers can meet customer needs



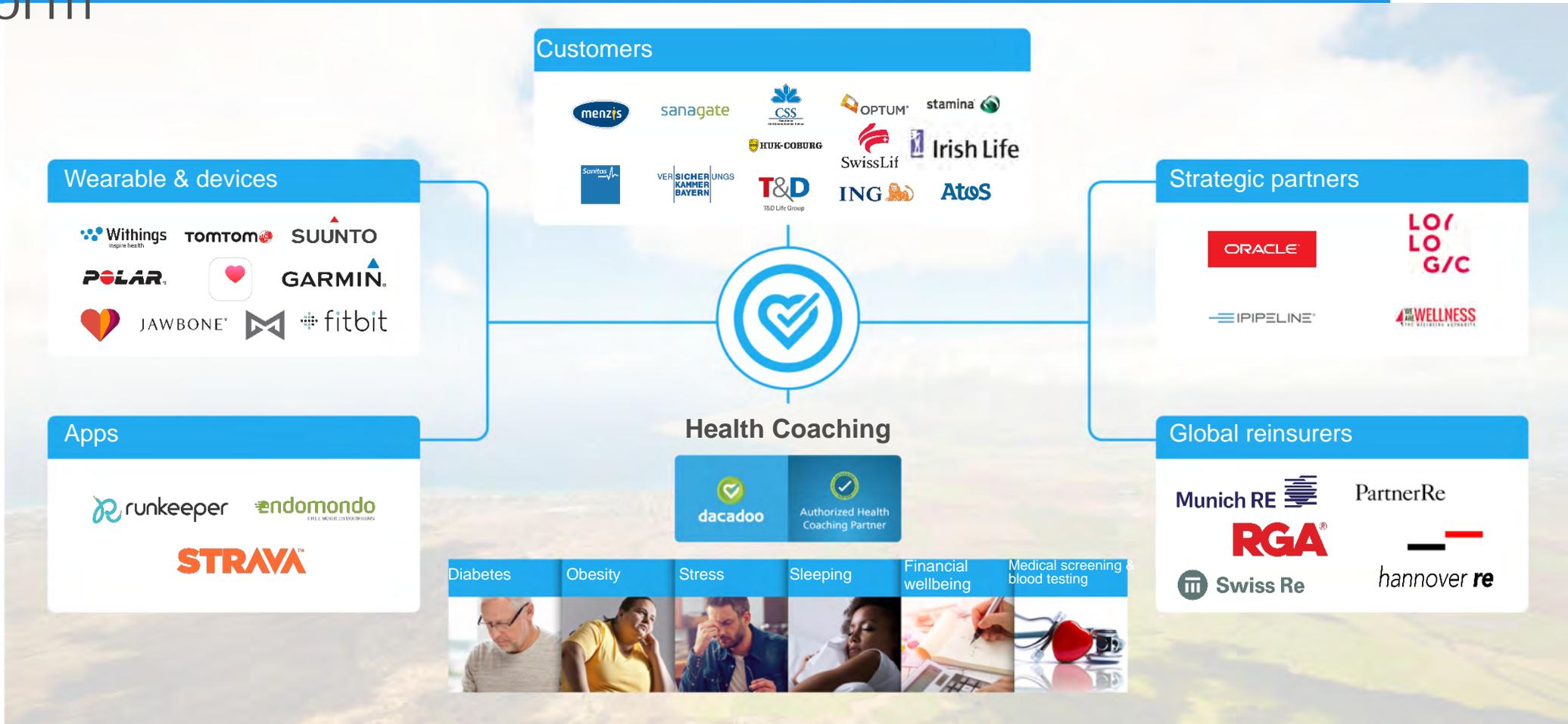
Source: Bain & Company

Why lifestyle is important for insurers



Source: Mcinnis et al (2002). The Case For More Active Policy Attention To Health Promotion. *Health Affairs*, 21 (2): 78-93

dacadoo Insurance platform - Central Node of a platform



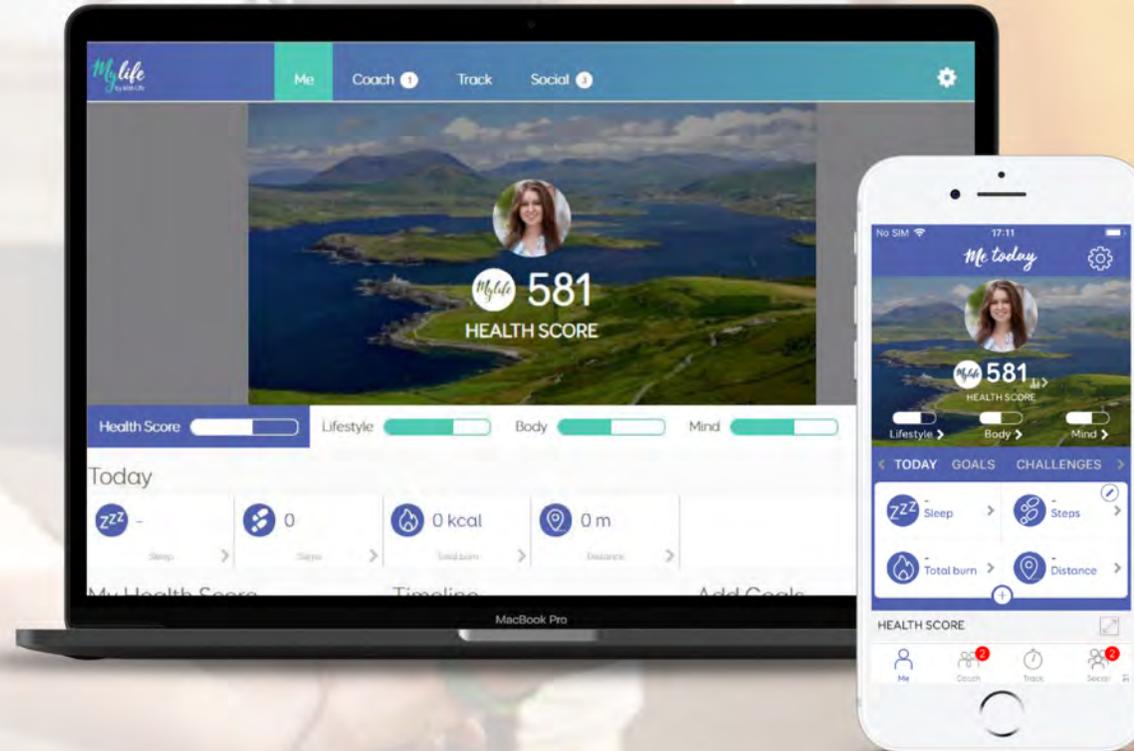
built on over
300 Million Life years of Clinical Medical Research

Irish Life My Life implementation in Ireland: Freemium

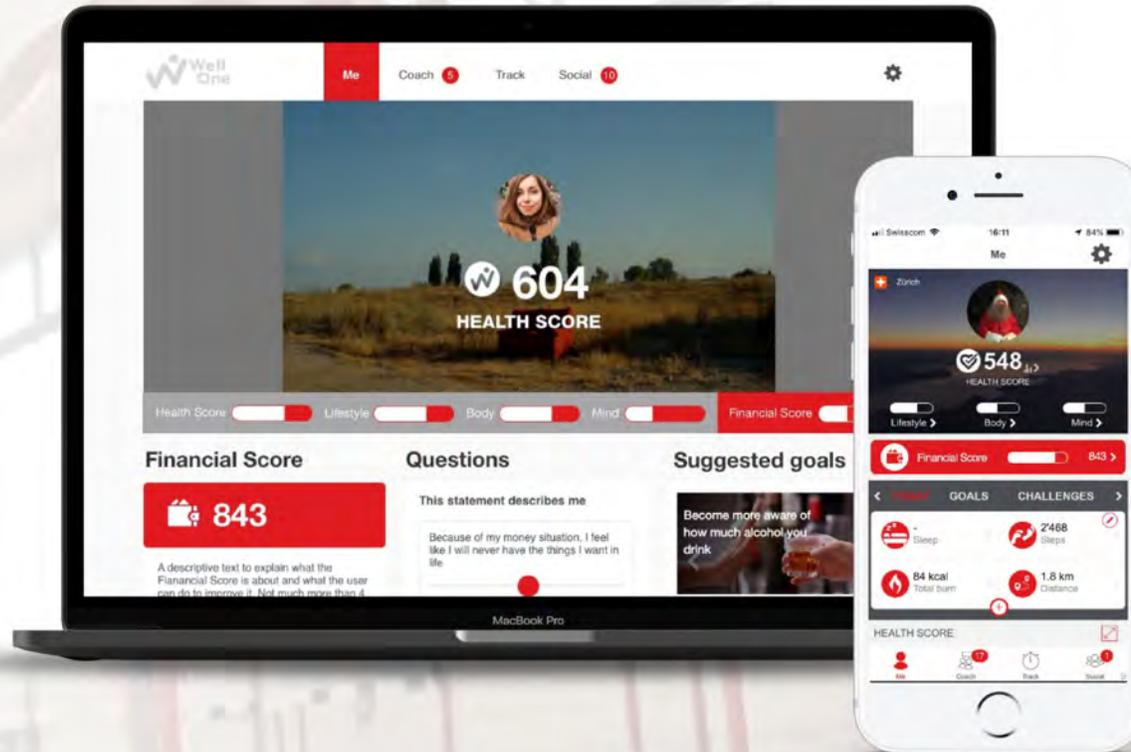


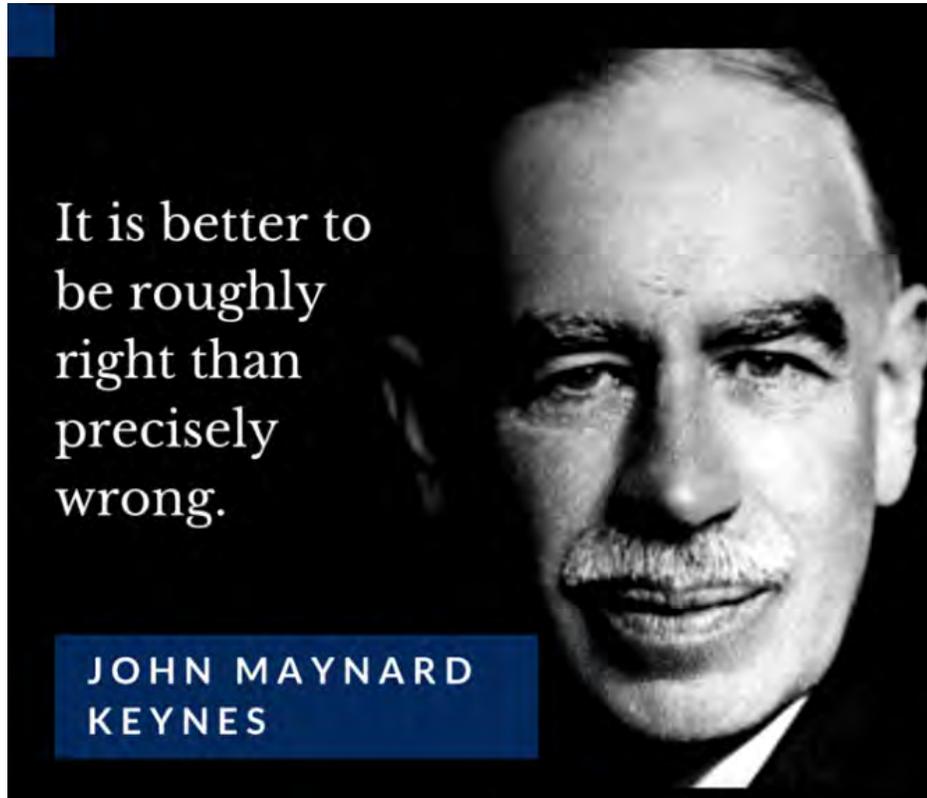
No.1 in AppStore Health & Fitness in Ireland for weeks

MyLife
by Irish Life



Aon - Corporate Wellness - Well One: Real Time Data



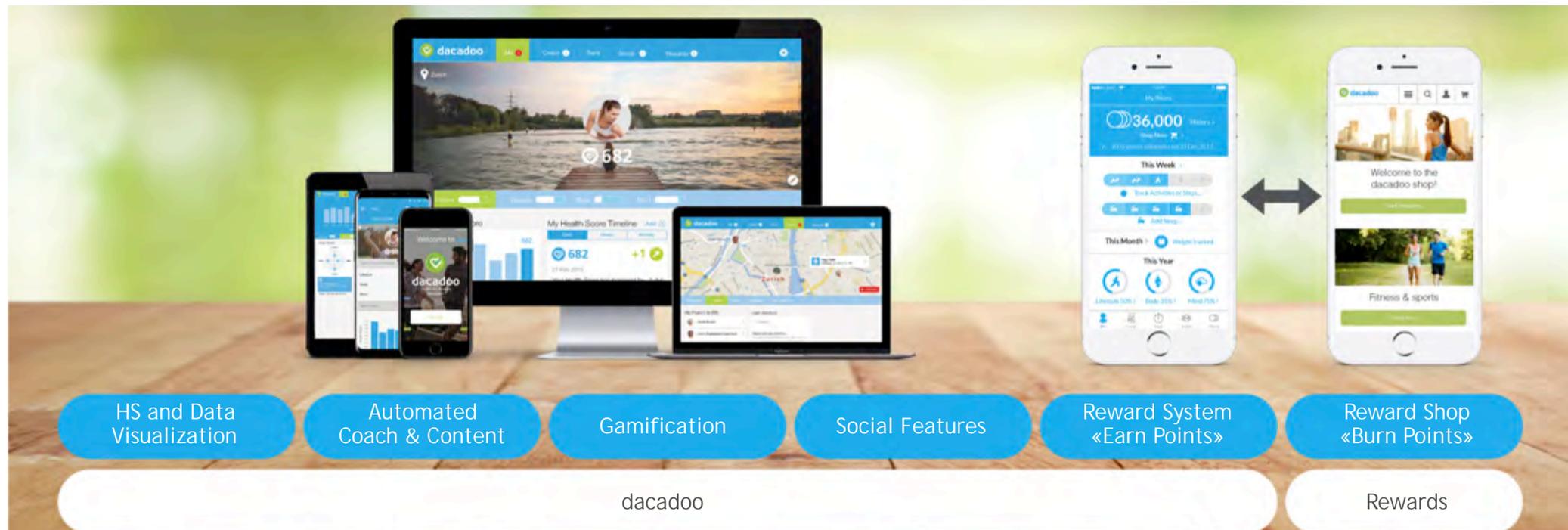


- How did Actuaries understand the risk of Preferred U/W?

Don't be the problem,
be the solution

Risk is more than lapse and mortality

- Utilization; low and high is a risk
- Dimensions to meet diversity of users



Live Content Slide

When playing as a slideshow, this slide will display live content

Who wants to work on more than lapses, mortality, and cashflows?

CHOICE	VOTES		
Most days	83	67%	
Some days	28	23%	
No, show me the money (cashflows)	12	10%	

Thank you and please connect with me to learn more



Thank you for
your interest!



Contact:
Blake Hill, FSA FCIA, VP Life Insurance
Cell: +1-519-897-3628
Email: blake.hill@dacadoo.com



Kevin Pledge



Live Content Slide

When playing as a slideshow, this slide will display live content

What's the highest priority innovation within an insurer?

CHOICE	VOTES		
Digitizing the workflow (application, underwriting, claims)	56	39%	
Building data analytics capabilities	69	48%	
Accelerated U/W improvements	18	12%	
Repricing	2	1%	

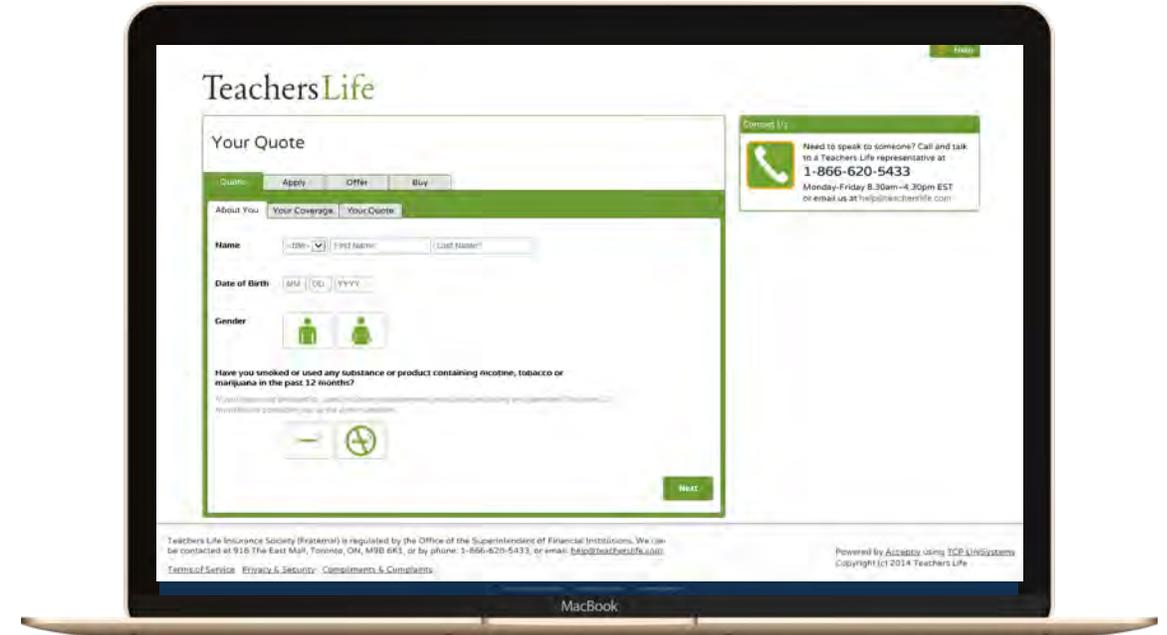


Context

Online life insurance:

- Immediate issue
- Fully underwritten
- Competitive

5 years market experience



Innovation and risk
go hand in hand



The right partners matter



Insurer



Reinsurer



Insurtech

Insurtech

Pros

- Focus
- No existing baggage

Cons

- Untested
- Small

Vision

Focus on the end-customer

Experiment



TeachersLife

- First pure online provider in North America
- 95% of applications issued – no fluids
- 11 to 35% cheaper than competition
- Celent award
- Unexpected opportunities



Lessons Learned:

Long-Term
Partnership

Experiment



Pricing Innovation

Pricing Innovation



- By training, actuaries tend to look in the mirror to predict the future
- Works reasonably well for traditional products, not so much when trying something completely new
- Need to get outside comfort zone



Pricing Innovation



Direct carrier potentially at risk in many areas

- Development
- Marketing
- Distribution
- Biometric Risks
- Etc.



Finding the right partners is often key to innovative products

Pricing Innovation



But I have no (credible) data...

- Other lines of business
 - Group
 - Health
 - P&C
- Other countries
 - UK, Australia
 - Asia
- Other industries
 - Healthcare
 - Financial sector

Don't be afraid to experiment

Pricing Innovation



Think outside the box

- Partner with data rich companies
- Use emerging techniques
 - Analytics
 - Artificial Intelligence

Don't be afraid to experiment

Pricing Innovation



Reinsurers have a good record of promoting and standing behind innovation

- Preferred products in the 1990s
- Critical Illness Products
- Reg. XXX solutions
- Alternative Underwriting (e.g. No Fluid)
- Online Insurance

Find the right Partner