

## How Specialty Insurers are Using Technology to Carve out Their Competitive Edge

Data, Speed, Simplicity, and Customer-Centricity are Key to Differentiation in a Space Full of Opportunity

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In response to changing industry conditions and market forces, specialty providers are now using technology to evolve business models, increase product line diversity, and keep pace with ever-changing customer expectations. Providers who use technology to innovate and stay competitive have moved or are moving away from product-centric business development and focusing on customer centric business development.

Now more than ever, customers expect specialty providers to tailor products specifically to each individual customer's needs and to understand their industry intimately. There is a significant opportunity for specialty insurers to invest in developing unique customer and industry segment insights and use technology to create better products and services while gathering additional insights and data<sup>1</sup>. For example, technology's increasing global prevalence leads to greater cyber vulnerabilities and threats for end users. Thus, the demand for cyber liability products continues to grow at a substantial pace. For insurers responding to the shifting cyber landscape, obtaining a deep understanding of the clients' needs, threats, and priorities is crucial. Many insurers are using technology and third-party tooling to gather additional customer insights and to supplement the information clients themselves provide, to design more specific products tailored to each customer's need.

### Using data to perfect the art of decision science

With more historical and digital data access available through new technologies and services, specialty insurers are embracing more sophisticated rules and modeling capabilities to outpace the competition and sustain profitable results as the operation grows. Data becomes a critical differentiator that also enables the provider to scale. The following trends are evidence that data, AI, and predictive analytics will create efficiencies and savings for specialty insurance carriers, brokers, and policyholders while creating new revenue opportunities:



**Policy Pricing.** Internet of Things (IoT) sensors, normalized data capture through mobile apps, and online user experiences provide personalized granular data to pricing platforms, feeding actuarial models and allowing safer risks to pay less for their specialty insurance as well as opening the door to usage-based specialty insurance offerings similar to what is happening in personal lines



**Customer Experience and Coverage Customization.** AI has enabled seamless automated natural language and other non-data-entry buying experiences, using chatbots that pull in customer geographic and social data for personalized interactions and customized on-demand combinations of specialty coverage for the specific exposures or events the customer is trying to insure



**Faster Automated Claims Settlement.** Using AI, virtual claims adjusters can quickly make decisions to settle and pay claims while simultaneously reducing fraud, creating a seamless customer experience. An example: A marine insurer is leveraging data from connected devices in containers, packaging, and telematics to make claims settlement decisions.

### Simplify the process, grow the business

Specialty products and underwriting exposures are inherently complex, which can make developing a business in the specialty market more difficult and providing consistent customer experiences tricky. As many specialty providers increasingly target small and medium-sized businesses that were too costly to serve in the past, they are identifying opportunities to use digital technology to simplify interactions with both distribution and insured customers providing self-service, on-demand experiences at a fraction of the traditional cost.

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<sup>1</sup> Specialty Journal: Perspectives on the Specialty Insurance Market. (2015, August). Retrieved February 10, 2019, from [https://www.ey.com/Publication/vwLUAssets/ey-pdf-specialty-journal-interactive/\\$File/ey-specialty-journal-interactive.pdf](https://www.ey.com/Publication/vwLUAssets/ey-pdf-specialty-journal-interactive/$File/ey-specialty-journal-interactive.pdf)

For example, professional liability insurers are leveraging technology and offering a digital experience through policyholder and agent portals by pulling from third-party data sources to streamline data entry, while still tailoring products to each profession and capturing industry-specific details for each risk.

### **Breaking down organizational silos and building integration**

Since its origin, specialty insurance has driven product silos into insurance organizations due to the reliance on experts in each niche. The silos that form make opportunities for cross-selling challenging for more generalist field underwriters, and sales and marketing teams. By using technology to simplify business processes and providing automated underwriting based on predictive analytics to the field while consolidating user experiences, these silos can be broken down. For example, when a marine insurer combines product liability/product tampering into its offering to exporters using an integrated customer and underwriter portal to price the additional coverage, and an AI-driven crisis hotline to respond to an event and initiate loss control measures and claims settlement, silos are no longer.

The fact of the matter is, specialty lines are unique and often require very specific, intricate details to properly price and manage risks for each line of business. Choosing a solution provider with deep knowledge and vast experience in specialty lines is critical, and the technology itself should be not only be cloud-based, configurable, and flexible, but also provide workflow accelerators and templates to reduce implementation timelines and keep costs down. Embracing a cloud-first mentality when choosing technology, and the providers who offer it, only strengthen the ability to carve out (and keep) that competitive edge.