

Tech shakes up the insurance industry

The insurance sector has often been pegged as a conservative industry, immune to the vagaries of the technological innovations that have taken multiple industries by storm over the last few decades.



Peter Scheffel, CTO at BBD

Traditionally, insurers created categories of risk profiles based on variables such as your age, where you live and previous incidentals. Your insurance premium would then be an industry average based on similar individuals in the same broad category. But the use of emerging technologies is improving risk profiling, pricing and general efficiency in the insurance industry.

[Friendsurance](#) is a great example of a disruptor in the insurance industry. Initially a German insurtech company that has expanded into Australia, Friendsurance created a peer-to-peer insurance model which connects groups of customers to create their own risk pool to settle small claims. "If their connections remain claims-free during the year, they can retrieve as much as 40% of their premiums," says Peter Scheffel, chief technology officer at [BBD](#).

Through technology, South African insurers have a more accurate representation of their clients, ensuring ultra-customised policies according to observed behaviour in different categories of insurance..

Car insurance

Multiple vehicle insurers are incorporating apps which use GPS and smartphone sensor technology tracks driving behaviour, including speeding, taking corners too hard or even just slamming on the brakes too aggressively.

Property insurance

Smart home security systems allow insurers and homeowners to monitor their homes through – you guessed it – an app. Using a smartphone or tablet, properties can be armed or disarmed, and even be monitored for floods or fires through sensors. Insurers can therefore manage risks, resulting in fewer claims.

Medical insurance

Insurers are encouraging healthier lifestyles through the use of wearable biometric sensors, such as Fitbit or Garmin

fitness trackers. If a colleague is hurriedly walking up and down the stairs at work, the chances are they are trying to meet their daily step target. Using these trackers, insurers can monitor movement, heart rate and even sleep patterns.

Innovations and emerging technologies are truly transforming the insurance industry – the biggest challenge being separating the limited fads from the everlasting game changers.

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