

FinTech

The PwC FinTech blog hosts all of our latest insights and opinions surrounding innovation, new emerging technologies and regulation in this space from our experts.

InsurTech: A force for good

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By [Kasia Kirkland](#)

There is no denying InsurTech is gaining momentum. In 2015, investment into insurance technology start-ups grew by 258%, reaching \$2.65 billion (CB Insights).

Many point to the substantial commercial potential of InsurTech; new entrants offer products which generate greater customer demand as well as improved operational efficiencies, meaning insurers benefit from lower costs and can more profitably serve their customers.

However, InsurTech offers more than just commercial gains. InsurTech has the potential to help the insurance industry reconnect with its customers following a period of increased alienation and disengagement and to reaffirm its purpose in society – to protect and support policyholders.

We've been lucky enough to be invited in to the heart of the InsurTech ecosystem through our partnership with Startupbootcamp InsurTech and our latest report '*InsurTech – A force for good*' explores the perspectives of both the entrepreneurs and insurers who are shaping the future of insurance. The report outlines how insurers and start-ups can effectively collaborate for mutual benefit as well as emerging opportunities. Amongst the key trends impacting the sector a number of key findings stand out;

Whilst InsurTech is rapidly growing, it remains the younger sibling of FinTech.

InsurTech activity, including investment, has spiked rapidly upwards over the past year, though the FinTech phenomenon continues to attract greater attention.

InsurTechs are more likely to operate as enablers than disruptors.

The majority of InsurTech start-ups are focused on activities that will help incumbent insurers to do a better job, rather than to steal their business. This is not to say insurers can afford to dismiss InsurTechs who are increasingly taking margins from elements of the value chain.

The majority of InsurTech start-ups are innovating in customer-facing areas.

Six in ten InsurTech start-ups who applied to Startupbootcamp InsurTech were focused on the customer. Typically these start-ups are enhancing customer interactions, building trust, meeting changing customer needs and partnering with other industries outside of insurance. There are currently fewer start-ups focused on delivering back office efficiency and core insurance processes.

Many insurers see InsurTech's huge potential for transforming the back office.

Two-thirds of insurers point to the potential impact of InsurTech start-ups' innovations in data and analytics. More than half point to new approaches to underwriting risk and predicting loss.

Leveraging emerging technologies is one way in which InsurTechs innovate, but not the only way.

Whilst many start-ups are using emerging technology to have an impact in the market, for the majority, their power and potential for disruption comes from their innovative business models and compelling value propositions.

Collaboration is the biggest opportunity of all.

Given the enabling role InsurTech firms can now play, as well as the challenges facing the established insurance sector and the barriers to entry for new businesses seeking to act alone, collaboration for mutual benefit – and the benefit of the customer – must be the goal of insurers and InsurTechs alike.

Contrasting cultures present both hurdles and learning opportunities.

Insurers and start-ups can learn from each other by working together, but preventing culture clashes is crucial in the collaboration process.

What InsurTech start-ups look for in a partner.

Start-ups cite a number of attributes that make a large insurer appealing as a partner including; the insurer's culture, attitude, a willingness to invest resources and energy, agility, being open to new ideas and treating the start-up as their equal.

To read the full report, InsurTech: A force for good, please visit www.pwc.co.uk/insurtech.



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