



Insurance news analysis

Video transcript

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Abbey Compton

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Welcome to Accenture's Insurance News Analysis. I'm Abbey Compton. Joining me here in the studio is Kenneth Saldanha. Welcome, Kenneth.

Kenneth Saldanha

Global Lead—Insurance, Accenture

Nice to see you again, Abbey.

Abbey

Nice to see you. So let's talk about the weather. It's been hot here in the northern hemisphere and really sadly deadly hot in some areas. And we've talked about before about community groups using various tools to track dangerous hotspots. But now we're seeing satellite imagery that's really being able to provide granular data on where there's extreme temperatures. Do you think now with this granularity and the scale of data that insurers will start using it more and their underwriting for life and disability and worker's comp?

The simple ways cities can adapt to heatwaves

BBC

July 6, 2023

Kenneth

Absolutely. I think the ongoing innovation around what's available in data granularity in new sources of risk data are always being pulled into underwriting models and certainly with something like heat. All the lines you mentioned which are around worker safety and health in particular, particularly for some of the older populations, will absolutely be a consideration as we think about how those get underwritten. And on the P&C side, certainly for the lines like property insurance, where extreme heat is suddenly also correlated with

fires and disasters of that nature, we will see that as well. And today it's about, you know, satellite imagery and then the granularity we can get from that. I think tomorrow it'll be something new. I think insurers are constantly looking for ways to get to higher ability to evaluate risk at very granular levels. And I think we'll continue to see that as technology and as the options evolve, so will the underwriting process.

Abbey

Well, staying with climate change and sustainability, we've seen some shifts across the industry and how they're responding to sustainability. We saw some insurers come out of the Net Zero Alliance and now where recently we've seen the Association of British Insurers asking members to incorporate biodiversity impacts in their climate transition plans and net zero targets. So how do you see sustainability approaches shifting across the industry?

UK insurance group tells members to act on biodiversity loss

Bloomberg
July 4, 2023

Kenneth

So this is one Abbey where I'll actually defer back to our, you know, our innovation board that brings together about 20 of our leading carriers together to talk about issues exactly like this. And in our meeting recently in March, we actually raised this conversation and had a discussion about where are standards and new approaches and regulation headed around ESG. And I think the I would say unfortunate reality is that most of the carriers and most of the executives who we spoke to are in a little bit of the 'we have to wait and see' mode. I mean, and what I think what you're seeing with some carriers stepping out, new regulation or new requests coming in on the biodiversity side, I think you're seeing a genuine turmoil still in the market around where are we headed with this? What exactly will we have to do? And unfortunately and I do think it's unfortunate, most pragmatic carriers and executives faced with a world of limited resources and pressures of performance, are going to take a little bit of a 'wait and see' approach.

We heard loud and clear in that discussion that until there's more visibility into what are the measurement mechanisms going to be, how are they going to be applied?, carriers are going to be cautious and they're not going to commit and commit long term, either to procedural changes, capital changes until there's more clarity, which I know was very dispiriting for even our team who was there talking about this in March. But it was the reality. And I think, you know, the executives in the conversation were keenly aware of the fact that this was not exactly an inspiring answer, but it was also a pragmatic and realistic answer that says until we have clear measurement criteria and clear standards or even a sort of 'who's on point'—is this going to be business-led?, is this going to be government-led?, is it going to be, you know, regulation that comes in from, you know, climate groups? I think all of that is swirling honestly. And with that swirl, you see some of the in and out that you're describing.

Abbey

Another important story that's happened recently is in France, we saw terrible damage from the social unrest there. And at this point, staggering estimates of something like €1,000,000,000 in damage. And we've talked a lot about insurers working with their customers to anticipate, mitigate, manage risk. Are there any tools that insurers can use to help their customers, particularly their small business customers and in these kinds of situations?

Insurance claims from French riots rise to \$716 million

Insurance Journal
July 11, 2023

Kenneth

Yeah. I think the particular circumstances in France are particularly challenging for this, for this kind of discussion. I think certainly we've seen insurers do a lot more in terms of risk avoidance and risk mitigation, whether it's with small business owners in whether it's property owners, even auto drivers. Certainly on the health side. So we're seeing lots and lots of preventative measures being taken with essentially risk alerts, etc., being pushed out to customers, particularly now that either because you're on a telematics policy or you've provided your cell phone number, you can be reached more actively. And I think the idea of moving towards a more engaged model with your customers is certainly a big one for insurers. But something like what happened in France, though, that's clearly a lot more difficult to do because there are, you know, be it the emerging weather patterns to watch out for or, you know, be it the younger drivers that, you know, are going to be high risk. Right. This was a, this escalated extremely quickly. And in those situations, I think it's hard for insurers to really reach out and do anything that's particularly preventative to begin with.

Now, what I think certainly has occurred in a lot of the places where we've seen social unrest, that unfortunately France is not the only place that we've seen this occur. I think insurers do step in and send out messages and alerts just to at least mitigate the ongoing damage, even if it's things like, you know, get the metal shutters down, get the alarms turned on, things like that. Right. But again, that's a that's helping manage the risk versus really try to avoid the loss in the first place. And again, much more difficult to do in social unrest situations versus something where, you know, weather related, where you have some lead up and some chance to act in advance as opposed to being caught in the moment. So I think mitigation and managing risk is a huge effort that the industry is making and all of our digital engagement models are helping with that. I'm not sure there was much that was done in particular in the France situation, just given the nature of how that unfolded.

Abbey

Well, Kenneth, it's great always to get together with you and to hear your perspective on the industry. Thanks for joining me.

Kenneth

Thanks for the time, Abbey.

Abbey

Thanks. And join us again for Insurance News Analysis.