

CO-OPERATION BETWEEN OLD AND NEW IS THE KEY TO INSURANCE INNOVATION

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Incumbents and start-ups working together in harmony is the key to achieving the best possible innovation in the insurance sector, delegates heard at the latest Guernsey Insurance Forum.

James Sore, Chief Investment Officer of equity investment firm SyndicateRoom, was part of the second panel session at the recent London event, entitled 'creating a suitable environment for unicorns' – the term used for a start-up company valued at \$1 billion.

Mr Sore said that, historically, start-ups had not been able to engage and make progress with incumbents with regards to implementing their ideas and technology, but the pressure nowadays to adapt and develop meant that incumbents were more open than ever to interacting with start-ups.

"What works really well is when it's constantly evolving and both start-ups and incumbents are dynamically changing what they need to design and invest in," said Mr Sore. "A good few years ago there was a disconnect between the start-ups and the ability to actually make their new companies and ideas relevant. When it really takes off is when the incumbents are brought into that process, so they can actually implement the concept.

"The incumbents, the big existing providers, are still around for a reason – because they manage risk, but you also have the start-up mentality of 'I can do anything and change the world'. It's about finding the balance between the two. You get the best innovation when you combine an incumbent working alongside the start-up environment."

Mr Sore also discussed the topic of regulation, saying that it should be 'reassuringly difficult' for a new company to get regulated as the process helps 'weed out' the wrong types of behaviours and filter out ideas that are not particularly solid.

He added: "If things are too easy, you end up running too much risk and you don't necessarily reap the benefits. It should be reassuringly difficult, but navigable. There should be a clear way to get to these people [regulators] and you should have the information to give yourself the best chance, but it shouldn't be an easy process."

That opinion was endorsed by Caroline Bradley, Deputy Director of the Insurance Division at the Guernsey Financial Services Commission, who said it was important to strike a balance between regulation and encouraging new ideas.

"As regulators, we need to be careful that we don't become a deterrent to new start-ups. We need to recognise that these new technologies can enhance the customer experience, but be aware of the risks as well as the opportunities," she said.

"It may be a great journey to buy the product, but how do we then look after the customer afterwards and deal with complaints? We don't want to stifle innovation but at the same time, we've got to think about the risk to consumers and the financial world generally."

The other panellists for the session included Tahir Farooqui, Founder and Chief Executive of property insurance business Canopy, and Edmund Dilger, Founder and Chief Executive of digital home insurance broker PolicyCastle.

Mr Farooqui spoke about how fintech was allowing the insurance industry to provide new products and reach new markets using technology platforms, as well as integrating them into an end-to-end customer interface platform – thereby encouraging the sector to embrace technology. Mr Dilger also identified how insurers were thinking about the right type of new products and how start-ups can assist that need.

More than 160 people attended the Guernsey Insurance Forum, which took place in London on 5 October, with delegates drawn in by the topics covered in the panel sessions. One of those in attendance, Chris Retz of Zurich

Commercial Insurance UK, felt the sessions were very informative, particularly with regards to current market news.

He said: "InsureTech raises some interesting questions about how incumbents have to work with more innovative companies to produce these new ideas. How that is going to work has yet to be seen. There's already evidence they are able to do that and hopefully the regulators will be able to help them in doing so."

The first panel session focused on insurance's answer to 21st century megatrends, while Aon's Cyber Solutions Group Senior Vice President and the FBI's former Head of the Cyber Division James Trainor was keynote speaker.

The event was sponsored by Appleby, Artex, Bedell Cristin, BWCI, Carey Olsen, Ogier, Robus, Royal London, SunTrust and Willis Towers Watson.



The second panel session at the Guernsey Insurance Forum discussed creating a suitable environment for unicorns. L-R: Caroline Bradley of the Guernsey Financial Services Commission, Edmund Dilger of PolicyCastle, Tahir Farooqui of Canopy, James Sore of SyndicateRoom and moderator Naga Munchetty.

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