

# June 2023 – InsurTech Update



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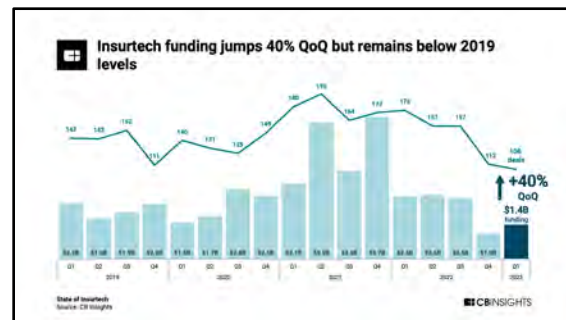
These contextualized insights were gathered during the InsurTech Insights USA Conference, held on June 7-8, 2023 in New York with numerous SOA members attending.

## State of the InsurTech Industry

InsurTech was defined in [InsurTech: A Guide for the Actuarial Community](#) as *the use of emerging hardware, software and user interfaces to address inefficiencies or opportunities in the insurance value chain*. It also noted that “InsurTech” is often used in the context of “InsurTech startups,” but it should be more than just startups – it can represent an “ecosystem of focused, innovation-based companies.” In the days prior to InsurTech Insights, it was announced that Haven Technologies, the insurance SaaS provider owned by MassMutual, had conducted a round of layoffs that impacted approximately 70% of its workforce, about 280 employees ([Haven Technologies shrinks workforce \(coverager.com\)](#)). Quite a reality check when a technology solution backed by a large incumbent player doesn’t reach its objective.

The usual measure of the state of the InsurTech market is through the InsurTech M&A deal, which pictures a depressed market that hopefully has found its bottom. [The State of InsurTech in 3 charts: Funding in Q1'23 rebounds from 2022's record low - CB Insights Research.](#)

<https://www.cbinsights.com/research/report/insurtech-ch-trends-q1-2023/>



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Most start-ups are dependent on the incumbent carriers, bringing an innovative and technological answer to replace one link in the insurance value chain. Distribution and sales, underwriting and claims, and policy administration systems are the usual targets for improvement. AI models and its hyped child, Generative, pre-trained transformers a-la ChatGPT to bring the solution to all the industry's woes. The 'better days ahead' speeches face the hard reality of cost-cutting-minded carriers viewing their distribution relationship and underwriting secret sauce as proprietary and part of their competitive advantage. Most carriers prefer to be fast followers rather than the first client of a start-up (significant growing pains are somewhat counterbalanced with high possible customization). Being the 6<sup>th</sup>-10<sup>th</sup> client gives them a smoother ride while still being allowed some level of customization.

Start-ups are moving away from the 'move fast and break things' mentality to fit the demand of the industry and learn about regulation frameworks, data management, SOX type 2 compliance, and details about Colorado DOI rules around bias in algorithms. These are table stakes; you don't have a seat at the table unless these minimum requirements are met.

The amount of overlap between these Venn circles and the patience of venture capitalists will dictate the number and type of start-ups taking off... and the number of crashes at the end of the runway.

## InsurTech Conferences

InsurTech conferences are marketplaces operated by for-profit companies. Sellers demonstrate their products and buyers come for serious shopping. They usually follow an established structure with four components: (a) satellite events pre- and post-conference (usually appetizer and drink networking events), and the event itself with three scenes, (b) 15-minute one-on-one discussion table, (c) exhibition hall, and (d) meeting sessions. [InsurTech Insight Americas Correspondent Report | SOA](#) describes these elements in more detail.

To characterize the differential treatment among the types of attendees, one can categorize stakeholders into two, buyers and sellers. Buyers, like insurance carriers, reinsurance, and venture capitalists, can attend for free and obtain speaking positions easily for their seasoned staff. Sellers like InsurTech start-ups and consultants are asked to pay in exchange for the visibility the event procures; the prices are around \$1K for registration, \$3K for a minor speaker slot, and \$10-\$30K for a booth. This process is relatively opaque as the website-publicized information is usually circumvented by the use of negotiated discount codes obtained through a dedicated relationship.

## Recent InsurTech Conference – InsurTech Insights USA

InsurTech Insights USA took place on June 7-8, 2023 in New York at the Javits Center. Attendance was estimated to be around 2,000 people, with 60% InsurTech, 25% carriers, and 15% other. Many solutions shown during the conference could be categorized as:

1. Underwriting and claims (this includes numerous solutions like the use of drones to assess roof conditions for homeowner underwriting, water sensors for water damage prevention for commercial insurance, AI-driven fraud detection in claims, parametric insurance and so on);
2. Sales and Distribution (this includes rules-based life underwriting, MGA management, and much more); and
3. Administration system and in-force management (e.g., engagement tools).

The ROI of attending the conference strongly depends on the individual objective (seeking a partnership in a specific domain, defending a market share, or seeking educational insights).

## SOA Positioning

Through a partnership with The Guardian, the SOA organized a pre-conference event called “Business Idea Exchange: Feedback for Start-ups” to showcase actuaries as experts in the InsurTech ecosystem. Forty people attended the event with anecdotal feedback from the actuaries, the start-ups, and the co-host being extremely positive.

Actuaries are known for their meaningful conversations. Experts in their markets, they know what could work and how the market might react to an innovation, what door to knock on, and how to shape a given product to best fit the current state of the industry.

The SOA handpicked 10+ actuaries with expertise in Life insurance, Health insurance, Disability insurance, General P&C insurance, Annuity insurance, Blockchain insurance, Pet insurance, and Risk management. After some general networking, you were able to book a private 20-minute discussion with an SOA member expert in order to ask questions and obtain valuable information.

The SOA supported the actuaries during the conference with discussions, ideas exchanged, and feedback, as well as the social media posting of pictures and impressions. Numerous actuaries were at the InsurTech Insights USA conference, with combined expertise in Life, Annuity, Health, LTC, and P&C. Some actuaries were based in Europe, Asia, and North America, some were members of the SOA, CAS, and CIA, but also of European and Asian actuarial associations, some as exhibitors, speakers or attendees, some solo entrepreneurs and some as part of a multinational organization. It was really encouraging to see actuaries engaged and thinking outside the box in such a meaningful way.



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Representing the thousands of actuaries who help conduct critical research, the SOA Research Institute provides clarity and solutions on risks and societal challenges. The Institute connects actuaries, academics, employers, the insurance industry, regulators, research partners, foundations and research institutions, sponsors and non-governmental organizations, building an effective network which provides support, knowledge and expertise regarding the management of risk to benefit the industry and the public.

Managed by experienced actuaries and research experts from a broad range of industries, the SOA Research Institute creates, funds, develops and distributes research to elevate actuaries as leaders in measuring and managing risk. These efforts include studies, essay collections, webcasts, research papers, survey reports, and original research on topics impacting society.

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