

**DRONES, TELEMATICS AND  
TECHNOLOGY: DISRUPTION  
HITS THE PROPERTY AND  
CASUALTY INDUSTRY**



# DRONES, TELEMATICS AND TECHNOLOGY: DISRUPTION HITS THE PROPERTY AND CASUALTY INDUSTRY

By Karen B. Aiello, National Territory Manager

**TODAY'S BUSINESSES ARE BEING INUNDATED BY DISRUPTION. ETSY HAS TRANSFORMED THE HANDMADE MARKETPLACE, ALLOWING ARTISANS AND CRAFTERS TO SELL PRODUCTS TO A GLOBAL, ONLINE AUDIENCE. UBER HAS SINGLE-HANDEDLY TURNED THE TAXI INDUSTRY ON ITS HEAD WITH ITS GROUNDBREAKING RIDESHARE APPLICATION. NETFLIX HAS REINVENTED THE MOVIE RENTAL MARKET, OUSTING BLOCKBUSTER VIDEO AS THE GO-TO ENTERTAINMENT SOURCE.**

“Insurers—property and casualty organizations, in particular—are now at a **crossroads**.”

The insurance industry is unable to avoid these transformations. Technological developments, increased competition and distribution changes, and new regulations are opening the industry up to disruption. Thanks to the emergence of fast-paced technological advancements, disrupters are here to stay.

Insurers—property and casualty organizations, in particular—are now at a crossroads. Many insurance organizations have embraced the notion that no business model or practice is perfect enough that it cannot be improved upon. Unfortunately, some organizations are reluctant to accept potential changes because they are unable or unwilling to keep up with marketplace advancements. These organizations are at an increased risk of becoming obsolete. It is imperative that property and casualty insurers adapt to the new business reality and embrace the untapped potential.

## **DISRUPTION'S HISTORIC INFLUENCE**

Today's popular “buzzword,” disruption is one of the most used and misunderstood business concepts of recent times. Often confused with breakthroughs and sustaining innovation, there is debate over what type of innovation is considered truly “disruptive.” Today, industry disruption is being defined as a change to the marketplace that is so all encompassing that it shifts how we think, behave and do business. It is at once both destructive and creative—displacing existing markets, industries and technologies with something new and more efficient.

No company is so essential, no model so perfect that it is off-limits to change. While disruption has received increased focus in recent years, its role in shaping the marketplace is not a new phenomenon. From the personal computer displacing the typewriter to the cell phone—which forever changed the telecom industry—disruption is no stranger to the business world.

Within the insurance industry, disruptors have played an increasingly important role in bringing about change. In fact, the past decades have seen disruption turn the property and casualty business upside down. Recent examples include Geico, Esurance and Progressive, which have simplified online-based models and changed the way policyholders buy and maintain their insurance.

With technology continuing to evolve at a rapid pace, the opportunity for disruption is increasing. Startups and even large organizations are getting into the game and embracing the chance to make innovative changes. They are taking advantage of the ability to abandon linear business models and developing creative solutions to industry problems. Looking forward, the property and casualty industry stands on the brink of monumental innovation.

### **THE FUTURE OF INSURANCE DISRUPTION**

Property and casualty insurers are poised to experience sweeping disruption. Thanks, in part, to a historic tendency to sidestep most radical changes and innovations in order to limit risk and stay the course, the industry stands on the cusp of groundbreaking upheaval. As technology lowers the costs of introducing new products and systems, disruption can no longer be ignored.

Within the property and casualty sphere, trends in technology and consumer preferences are driving the need for change. Already, insurers are using drones to assist in the claims process following disasters or to serve as an anti-fraud solution. Home sensor systems are reducing claim frequency and severity by enabling users to keep track of key elements including smoke detectors and water damage remotely. A rise in online shopping has resulted in an increasingly price competitive market and commoditization. Usage-based insurance programs—which include such popular items as pay-as-you-drive and distance-based models—are enabling insurers to price risk based on a unique set of individual behaviors. Airbnb and Zipcar are resulting in private property coverage that is occasionally used for commercial ends—requiring organizations to develop affordable solutions to the growing “sharing economy.”



Looking forward, digitalization and the customer experience continue to be key focuses of the disruption game. Although many property and casualty insurers have undertaken a number of changes to make themselves digital and therefore more accommodating to consumer demands, the push for further digitalization is on. More and more of today's consumers desire a virtual experience comparable to the ever-popular online retail model. As a result, insurers continue to focus on e-commerce—doing what they already do via different channels. Forward-thinking property and casualty organizations are moving beyond this and working on using digital advancements to engage with customers, fine-tune underwriting and create customized risk solutions. They are turning their attention to real-time risk monitoring and proactive risk prevention.

Shifting risk pools are challenging the current insurance mindset as focus on smart homes, driverless cars and car-sharing programs continue to grow. Standard policies are becoming obsolete. In the case of autonomous cars, the machine will be covered and not the individual, resulting in a shift from personal to commercial coverage. While this change in risk pools is already anticipated to result in a decline in premiums, progressive insurers view this as a new opportunity to expand their current businesses.

### **EMBRACING THE NEW DISRUPTIVE REALITY**

For property and casualty organizations, the key to building future success is to change the way we view disruption. In reality, these should be viewed as strategic inflection points. They offer a unique chance to embrace change and navigate innovation. For those willing and able to think outside the box, disruptors are creating opportunities for growth and advancement.

However, many industry executives have concerns. According to a recent CEO survey, 69 percent of executives are worried about the changes being brought by disruptors.<sup>1</sup> While the recent rapid, technology-led advances certainly present a number of risks, the industry can no longer shy away from uncertainty. Rather, now is the time to look at emerging disruptors as providing new, unique opportunities to an area ripe for innovation.

Certainly, the traditional property and casualty insurance model faces a number of changes. While most organizations have been only investing in their current business processes—adding digital enhancements and delivering more user-friendly interfaces—truly forward-thinking insurers are developing new standards. They understand that today's changing market requires considerable redesign to current practices and strategies in order to succeed.

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## **THE FUTURE OF TALENT IN AN INCREASINGLY DISRUPTIVE INDUSTRY**

As property and casualty organizations continue to face increased disruption and ground-breaking industry changes, focus must shift towards rethinking current talent strategies in order to create a successful and innovative workforce. No longer will a one-size-fits-all approach to talent work for an industry that faces accelerated transformation.

Companies looking to embrace innovation and keep pace with rapid technological changes need to take this opportunity to shake up their current talent mix. The key is to recruit a unique mix of talent who can think and work in highly different ways. Today's innovative property and casualty insurers need employees who can imagine and employees who can implement; they need employees who are all-rounders and they need specialists.

In fact, 81 percent of insurance CEOs are now looking to hire individuals with a much broader range of skills in order to ensure their success in a disruptive industry.<sup>2</sup> More and more, a diverse workforce filled with new and varied talent is becoming critical to successful growth. Diversity is now being recognized as a key strategy to promote innovation and improve performance. Already, 85 percent of organizations that have incorporated a diversity-focused staffing strategy have reported increased business performance. Broadening the diversity of talent not only helps to achieve business goals but also opens up insurers to a wider talent pool. These diverse professionals bring with new ideas and experiences that will be vital in navigating today's disruptive workplace.

# InsuranceRelode *DISRUPTING THE RECRUITMENT PROCESS*

The recruitment process is laden with time wasters such as sifting through endless job board posting responses and searching outdated resume databases. InsuranceRelode is here to disrupt all that and change the way the industry engages and recruits talent – allowing insurance organizations to fast-forward to the interview process.

Through InsuranceRelode, on-demand, independent virtual recruiting agents take the hassle out of finding insurance talent by assuming responsibility for the timely tasks of sourcing resumes and screening candidates. InsuranceRelode's unique Marketplace

allows organizations to view recruiter profiles, ratings and fees before selecting the recruiting agent that best fits their specific tasks' needs and budget. The selected agent is then responsible for leveraging industry relationships and networks to pass on qualified resumes or pre-screened candidates for the assigned open positions. The whole model removes the risk adherent with job boards; clients only pay per accepted resume or candidate.

InsuranceRelode is ready to disrupt your traditional recruiting process and make finding great insurance candidates effortless. [Get started](#) today.

In addition, as companies focus on specific expertise that cannot be found internally, many insurers are finding consultant-level expertise on a temporary, contract basis. Today's broad landscape of contract professionals—from entry level all the way up to subject matter experts and executives—can be drawn upon to address critical, and specialized, labor needs. Many interim professionals have made a career focusing on niche business scenarios and utilizing their unique expertise and skills. These individuals are prepared to step into key, complex positions from underwriting manager to chief technology officer. Because of this unique specialization, interim professionals are a great solution for organizations looking to fill a niche talent need.

Disruptive innovations will redefine the landscape of the property and casualty arena. While the industry's reputation for strength and stability may bolster the perception that innovation is unnecessary, that is not the reality. Slow, tentative adaptation is not viable in today's world of relentless disruption and chance. Disruptive innovations are necessary to sustain the strength and stability of the industry into the future. Only those property and casualty insurers who are ready and willing to challenge and change business models will have the competitive capabilities to sustain growth and keep pace with market expectations. ▲

<sup>1</sup> 18th Annual Global CEO Survey: Turning Disruption to Your Advantage (2015). PwC. <http://www.pwc.com/gx/en/ceo-survey/2015/industry/assets/ceo-survey-2015-indepth-analysis-insurance.pdf>.

<sup>2</sup> 18th Annual Global CEO Survey: A marketplace without boundaries? (2015) PwC. <https://www.pwc.com/gx/en/ceo-survey/2015/assets/pwc-18th-annual-global-ceo-survey-jan-2015.pdf>.

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*To further discuss this topic or if we can serve as a thought leader in your talent-related endeavors, don't hesitate to contact Karen at +1 (800) 466-1578 or [kaiello@jacobsononline.com](mailto:kaiello@jacobsononline.com).*

Insurance Talent

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