

The Rise of the Insurtech Ecosystem – and the Impact on Insurers

Insurers sit on a trove of data, and now core system providers along with insurtechs are learning to work together to help carriers make it work for them.

Presented by  **OneShield**
SOFTWARE

The deluge of structured and unstructured insurance data — generated by things like telematics, social media, smart homes, customer-agent interactions, and more — has been a huge benefit to the insurance industry. “Data is key to everything from understanding risk, to forecasting outlier claims, to building predictive models, to better underwriting. Having the capabilities to use it effectively is hugely important to staying competitive in a digital-first world,” said OneShield’s Vice President of Alliances, Kim Cook. But the influx of data has also posed a quandary for carriers, as the process of capturing it from various sources, analyzing it, and structuring it to make it usable is beyond the capability of their legacy core systems. The inability to integrate with third-party solutions to enable data-driven processes has spurred carriers to evaluate options to upgrade core systems. Their choice is to either build a new system, or partner with a solution provider to adopt a proven core system — that, most importantly, enables change and provides a solid foundation for growth.

A couple of decades ago, carriers would have been less inclined to adopt vs. build. After all, insurtechs were seen strictly as competitors. Today, carriers are rethinking that point of view, and with that, the insurtech ecosystem is finding a foothold. In support of this shift, a widely cited **E&Y survey** of Australian insurtechs and insurance-industry incumbents found that 65% of insurtechs are seen as enablers of the value chain and 25% are new entrants and complement the existing value chain.



Kim Cook, Vice President of Alliances, OneShield.

“Savvy carriers don’t want to reinvent the wheel by building new systems,” said Cook. “They’d rather focus on innovating and creating new products. For example, carriers should consider adopting core systems built on a microservices-based framework. This architecture approach allows insurers to swap in and out new technology and evolve their technology ecosystem to solve for the unique needs of their business now and in the future, accessible through pre-built, well-documented APIs.”

Indeed, insurtechs are becoming important partners in an extensible ecosystem, offering capabilities through seamless integrations with flexible core systems. And their important role in this ecosystem continues to underpin significant growth in the insurtech market. According to a **February 2022 report** from Grand View Research, the market was valued at \$3.85 billion in 2021; between 2022 and 2030, it's expected to grow at a compound annual growth rate of 51.7%.

Because the market is growing in size and maturity, there's an insurtech partner out there to help every carrier use technology to compete and innovate. "OneShield's core systems solutions, for example, are continuously

innovating and evolving to add more and more pre-defined API's and we are beginning to roll out our Microservices enabled framework. This architecture deployed in the cloud, with preconfigured insurance content and workflow with comprehensive BI capabilities and analytics for data optimization, provides a compelling advantage for those insurers seeking to have a technology ecosystem strategy," said Cook.

"Done right, insurers will have the flexibility to integrate with insurtech solutions that enhance policyholder experience, encourage agent engagement, allow the swift launch of new and modified products, and include automated underwriting and claims processing."