

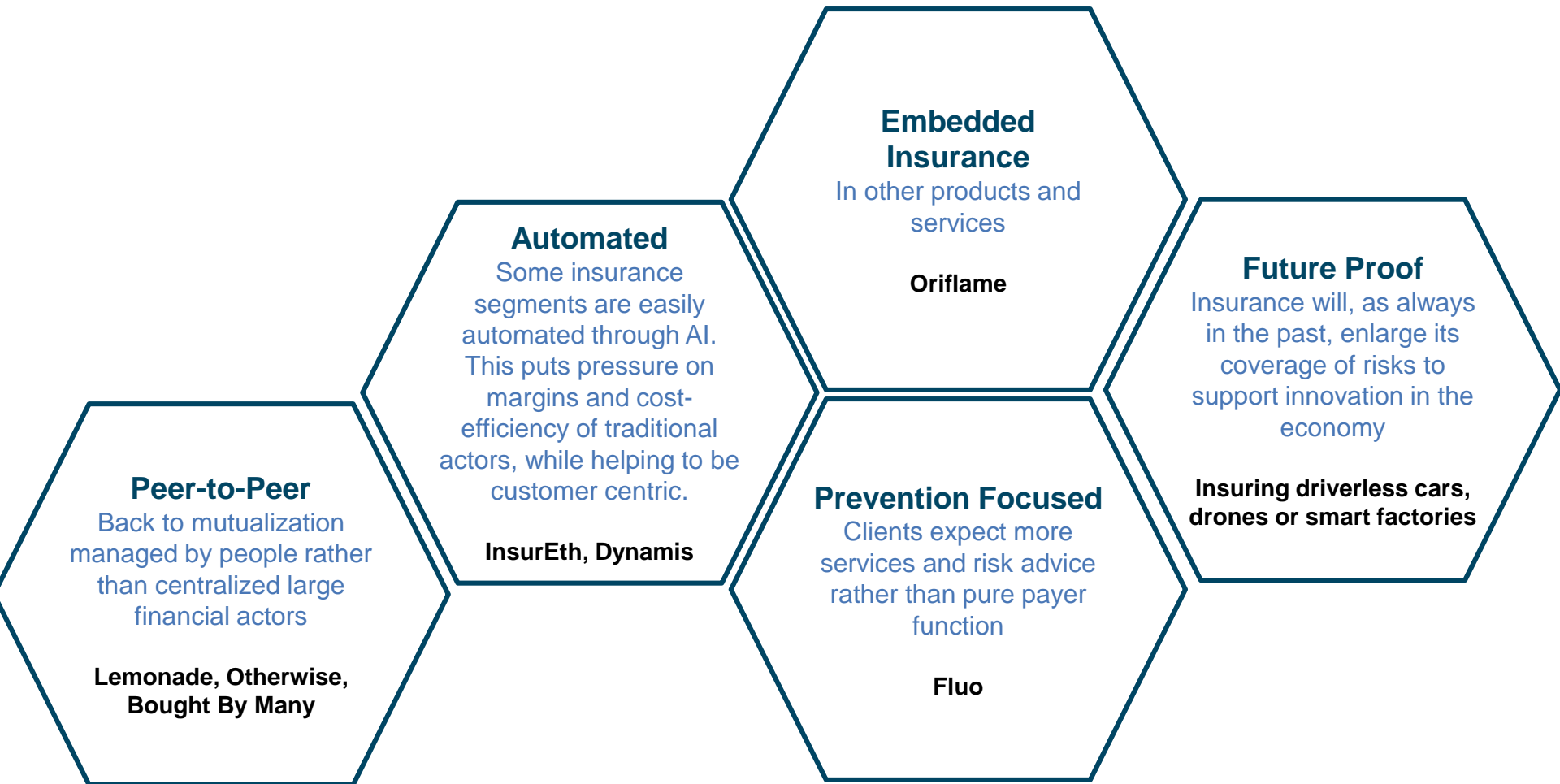


# AXA AND INSURTECH

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EIFR – 12 January 2017

# Impact of the New Technologies on the Insurance Business Model



## Key challenges for insurers

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- ➔ Human-centric versus Machine-driven
- ➔ Financial Inclusion versus Discrimination
- ➔ Transparency versus Black-boxes of algorithms and data processing
- ➔ Empowerment versus Paternalism
- ➔ Solidarity versus Taylor-made-segment-of-one offer

# Traditional Insurers' Response to the new nature of competition

## THE NEW NATURE OF COMPETITION BY FINTECHS

- **Asymmetrical**
  - Smaller size (43% of insurance tech companies <10 employees)
- **Digital proof**
  - Fewer legacy costs of old IT systems
- **Greater specialization**
  - Specific segment
  - Specific service
- **Higher risk tolerance and agility**
  - Scalability

## HOW EXISTING INSURERS EVOLVE

- **Adapt**
  - Integrate new technologies in their business models
  - Develop new tools and platforms (ecosystemic view) to provide innovating services
  - Join debates on the topic with regulators, researchers and other actors
- **Partner**
  - Build-up links with startups to benefit from their creativity
  - Join the FinTech ecosystem to be aware of ongoing development
- **Invest**
  - Traditional insurance players have VC

# Regulatory Frameworks – Potential Objectives and Principles

## Consistent

Consistency between the different regulatory frameworks  
(prudential financial regulation – Solvency II, data regulation - GDPR, cyber regulation - NIS, customer protection regulation – IDD, PRIIPs, etc.)

## Digital Proof

Old regulatory framework to be adapted to become digital proof (IDD and distribution of insurance via mobile and pure digital channels)

## Competitive

Ensure a level playing field at EU level

## Equal

Same service same regulation across different sectors to ensure fair market rules

## Flexible

Ensure a flexible approach towards innovation (e.g. sandbox approach)

## Privacy

Data privacy is the key of trust. Ensure an explicit consent, purpose, use and storage of data. Clear EU guidelines on portability, privacy impact assessment, labels are needed.

## Fair

Ensure integrity and transparency in the way algorithms are used to avoid implicit discrimination of customers and ensure fair treatment

## Up-to-date

Start thinking about the rule of code/Blockchain and the power of a regulator on fully automated contract making

## Cross-sectoral

E-ID and mobile payment are the future of a free flow of data economy. Therefore the regulation of telcos should enhance the possibility to sell insurance products

## Should not stop at the industry's door

Reg Tech could be explored inside public private partnerships (fraud detection, etc.)

# Conclusion

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## What is AXA 's position on INSURTECH?

### → Do not stay alone

- *Partner with small and large new players – be with them before they fight us*
- *Strong partnerships in order to have new way to distribute tailor made product even in countries where the Group is not strongly present*

### → Test

- *Diversify pilots internally with Kamet and AXA NEXT*
- *Use employees as natural beta testers of new offers and products*

### → Be clear on what you focus on: not technology but your customers

- *Listen to the new expectations of the customers*
- *Partner with them, rather than just make them pay...*