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I read the article Nick Lamparelli wrote after attending the Insurance Disrupted conference titled; **'No, Insurance will not be disrupted'** – with his conclusion that there are insurmountable barriers to the 'Uberization' of insurance. I've developed great respect for Nick's perspectives. But our team at Insuritas disagrees.

We think disruption within insurance (at the UBER level) is emerging. We just needed to think about insurance in a very different way. Much like how UBER thought about the ubiquitous taxi cab and getting a customer from point A to point B while making sure the customer actually enjoyed the ride. UBER knew a vehicle was a requirement to provide the ride – so they focused on reimagining the role of the driver to deliver a new, and enjoyable, customer experience. There are approximately 234,000 licensed taxi drivers in America – and 466,000 licensed insurance agents.

### **Our Perspective**

When our team thinks about the three primary actors in insurance; the insured, the agent and the carrier – we've drawn a couple of conclusions. First, we've concluded that the insurance carrier will not be replaced. The scale and immense capital required to insure the unknown is substantial. We believe carriers will continue to transform their businesses; automated pricing algorithms and streamlined delivery systems will continue to emerge, particularly as the actuarial science and actual claims history affirms that the new algorithms and modified delivery systems work – there will just be winners and losers among the current providers.

Some thought leaders have been looking at the disruption in banking, particularly in lending, and suggesting insurance disruptors will try to mimic OnDeck, Kabbage, SOFI, and Lending Club. These banking disruptors are making loans by underwriting repayment risk using nontraditional and publically available data points and algorithms (e.g. 'Likes' on FB, Glassdoor ratings, LinkedIn contacts etc.) to determine if a borrower is likely to meet their repayment obligation. Until there is a market cycle downturn, no one will know if these new underwriting algorithms using publically available data will prove prescient or a disaster. Some folks are thinking this same type of 'disruption' is available for a new generation of insurance carriers. We think it's important to remember that these new online lenders do risk losing the \$100,000 they might lend to a borrower – but they can **only** lose the \$100,000 they lent

to a borrower. With insurance, unlike repayment risk, claims risk is open ended, and the open-endedness of claims loss requires capital levels that make an entirely new model carrier entrant unlikely.

Just as UBER concluded that the role of the 'car' should not be replaced in providing the customer with a satisfactory ride, our team has concluded that the insurance carrier will not be replaced in providing the actual insurance. Insurance customers, like taxi cab customers, aren't happy with the current experience, so just like UBER decided to look at the licensed taxi driver, we decided to look at the licensed agent.

### **UBER & Insurance.**

UBER thought long and hard about the one actor they could reimagine to deliver the customer a simple, 'comfortable ride'; the licensed taxi driver. They didn't disrupt the product – i.e. the car – they knew they still need a vehicle to get the customer from point A to point B. They simply reimaged the driver experience so the customer got what they wanted. They reimaged a new generation of 'drivers' operating with elegant new tools to finally deliver a ride the way a customer wanted it – in fact a ride experience the customer would 'LOVE', including; clean and detailed cars because of personal vehicle ownership, technology to better understand each driver's addressable market, instant guidance on where the customer wanted to go and the most efficient way to get there, ways for the customer to instantly access a picture of the car and driver, the ability to rate, rank and celebrate great service instantly that in turn automatically leveraged more business for the driver, coordinate multiple riders on a single trip to multiple destinations to save time, save money and lower the environmental impact of the ride, and a simple, instant payment method... and that's just to name just a few.

UBER didn't eliminate the 'driver' – they couldn't. ***They simply reimaged a driver who delivered the product a customer wanted – a comfortable ride.*** Consumers responded and the rest is history.

Now think about insurance. The actors are very similar – just think insurance rather than a taxi ride:

- **the consumer** is anxious for a new insurance experience;
- **the insurance carriers** are like the ubiquitous taxi cab the taxi driver uses – the carrier may be a bit old, clunky, with aging operators and legacy distribution capabilities (not as upgradable as a Toyota Camry) but as the car is needed to get the customer from point A to Point B, the carrier is currently the only source for the risk management products the consumer needs;
- **the licensed agent**, who like our licensed taxi driver, is the licensed intermediary that delivers the product the consumer wants. And we think it helps to think of the term 'agent' globally; agent, broker, MGA, Direct Writer, Core System, Raters, IVANS, ACCORD, LeadGen - the collective delivery system of the insurance products to the customer today. Is it possible to reimagine the agent?

Like UBER, we believe the customer is simply looking for a better insurance experience – and like UBER – we are focused intensely on the agent. We see the same challenges as UBER, the traditional agent and the stakeholders surrounding them are strongly committed to the notion that there is only one 'way' to deliver a customer/insurance experience – and it is through them. Kind of like UBER's taxi opportunity –

the taxi industry stakeholders were (and still are) insistent; “We have the vehicles, the licensed drivers, the medallions, the ride meters, the street maps, the taxi parking spaces, the taxi license etc. – and thus are the only platform able to deliver the ride the customer needs.”

UBER simply reimagined the driver. Again, they didn’t **eliminate** the driver, they simply reimagined the work, and found a new generation of drivers delighted to deliver a reimagined ride. In that same way, our team is reimagining the licensed insurance agent in America.

### **A Customer Reimagines an Agent.**

What does today’s insurance customer want? The ability to shop, compare and buy all of the risk management products they need to protect themselves, their families and their small businesses in a simple, one stop, omni-channel, comfortable and advisory empowered shopping experience. They want to be able to buy multiple products in a single shopping cart, make a single payment at checkout, and have an online insurance account that stores all of their insurance information so they never have to provide the same information twice, never have to keep paper records, and buy and cancel all additional products using their online insurance account. The list would be long – all tied to a simple notion – a trusted, comfortable insurance experience.

Now this is the hard pivot for all of us in insurance – imagine in 2008 that someone asked you what you wanted from a taxi ride – and you ticked off all of the things the UBER driver actually delivers today – yet that list was turned over to the taxi cab industry. Could you ever imagine the taxi industry getting close to delivering what you wanted? Ask that same question of an insurance customer, let them tick off everything on their wish list for a great insurance experience – and we repeatedly hand it over to the insurance industry.

### **The Reimagined Agent.**

For insurance carriers, delivering their product to the customer requires a three step process;

- The Application - collecting public and nonpublic information (NPI) about the character and collateral of a prospective insured,
- The Quote - once an application is complete, using actuarial science to profitably underwrite and price the claims risk.
- The Sale – once a price is accepted, payment is collected and coverage is bound.

We can leave it to historians to explain how we got here, but there’s a massive infrastructure, including over 400,000 insurance agents and a multi-billion dollar lead-gen industry in America, tasked with selling insurance products to the customer. It is a system almost as old as the taxi system. Go back to your list of things a customer might want for an insurance experience. How about ‘I want a trusted advisor who works for me, and gets me what I need in a safe and frictionless environment’.

As consumers, we don’t like providing private, nonpublic information to anyone - - and we are reluctant to engage with people whose job it is to collect it, period. We never have; insurance agents, mortgage

originators, tax preparers, government regulators, auto lenders, nurses, doctors, landlords, attorneys – the list is long. Think the IRS – ‘hello, we’re here to help’.

Is it possible to imagine a new type of licensed agent with the tools (just like the UBER driver has) that would let them provide a transformative insurance shopping experience – a simple, comfortable insurance purchase? Can we imagine a new generation of agent that can instantly access all of the public and non-public information about a customer’s character and collateral, deliver it to a wide stable of insurance carriers in exactly the format they need it in, get instant quotes from the carriers that reflect the customer’s risk tolerance and assets to be insured, be available to provide any of the advisory insights the customer might want – all delivered exactly at the moment the customer has an insurance need? A new generation of agents, fulfilled in their work as risk managers and customer advocates, operating in a seamless, frictionless eco-system in service to the customer. Delivering to their customers a simple, comfortable ride.

Like UBER has built a new generation of drivers, we are building a new generation of Agents – empowered and excited to deliver insurance solutions to consumers, operating inside companies that have long and deep trusted brand equity with the customer and also have access to everything a carrier needs to know about their character and collateral – eliminating the dreaded ‘insurance interview and application’. Our new agent never prospects, sells or steers a customer – they simply focus on delivering a frictionless shopping, buying and post purchase service experience tailored to each unique customer exactly at the instant the customer needs it. We believe the role of an agent, with a completely reimagined operating environment is more important and more valuable than ever before.

Over 5,000 consumers and small business owners ask our agents for help every month. Our agency owners have addressable markets and underwriting packets on over 5 million households, and get over 30 million web visits a month – with no cost of customer acquisition and application preparation. Our partners have underwriting packets filled with everything a carrier needs to know about character and collateral, ready to be delivered instantly to the carrier – and our reimagined agent is like the UBER driver – simply focused on providing a concierge level of service to a consumer who has to buy insurance – making sure price, coverages and support are all frictionless.

In America, we have over 450,000 licensed insurance agents and 233,000 licensed taxi cab drivers.

In **2009** UBER reimagined a new kind of taxi driver. In just 6 years, 162,037 reimagined UBER drivers are at work, earning \$6 per hour more than the legacy taxi driver, self-employed, controlling their destiny, and glad to be providing the customer with a simple ‘safe and comfortable ride’. A new generation of Agents is emerging – reimagined to reflect what the customer actually wants. We are very excited as the customer is starting to respond in kind.