



Partnering with InsurTech

Ray Lynch

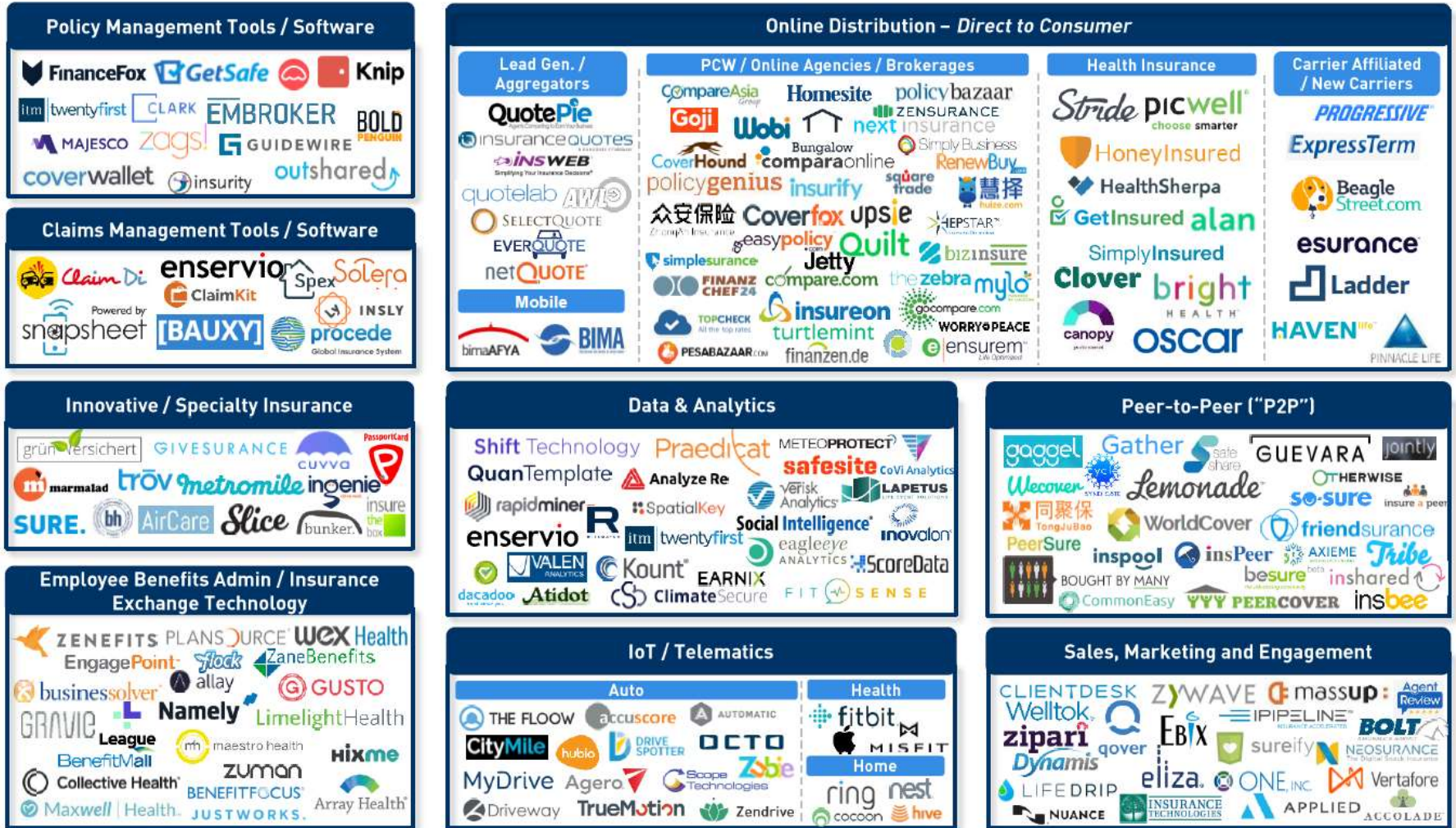
Strategic Partnership Group

Liberty Mutual



InsurTech is a vast universe...

InsurTech Activity Across The Value Chain

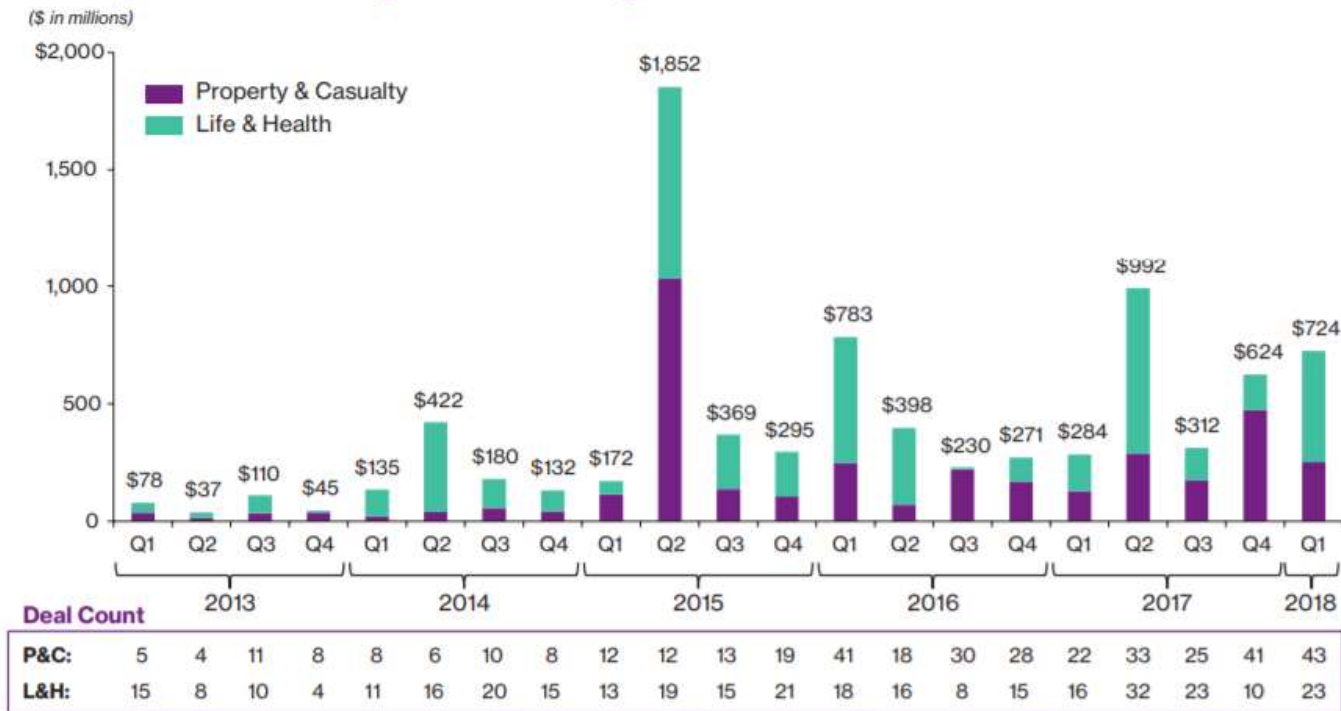


...with significant funding

\$724M in Q1 2018

- 16% increase over Q417; 155% increase YOY
- 66 Total Transaction

Quarterly InsurTech Funding Volume – All Stages



Source: “Quarterly InsurTech Briefing Q1 2018” Willis Towers Watson / CB Insights

Which requires focus and discipline

Focused on macro trends for small business owners

#1: Small end of small commercial (less than 10 employees) is a **large** and **attractive market**

#2: Small business owners are starting their **search for insurance online**

#3: **Customer expectations** continue to increase as retail and banking provide more ease of use

Created need to develop and understand digital distribution for small commercial

Small Commercial Digital Distribution

Two most common business models

Digital Managing General Agent (MGA)

- Seek access to capital (paper)
- Want to own customer experience (product, underwriting)

Digital Agencies

- Use **carrier products**
- Enable **improved customer experience** to understand and find right product



Common themes across our partnerships

#1: Partners are *independent agents*

#2: Have *more developers than producers*

#3: Operate *centralized fulfillment model*

#4: Diverse *customer acquisition*

#5: Collect vast amounts of **data** to understand market

Key capabilities needed to enable partnerships

*Enhanced **customer experience** and **efficiency** are needed to be successful and profitable in targeting small business owners*

As a carrier we need to provide

1 Efficient Workflow

Digital partners are driving large volume and need to be able to process opportunities quickly



Quote API

2 Quick UW decision

When a referral is needed often the first to answer is the first to win



Express UW

3 Consistent appetite

Consistency of target risk characteristics (class and profile) easily explained and executed



Digital appetite

Building a more efficient way to quote

1 Efficient Workflow

Digital partners are driving large volume and need to be able to process opportunities quickly



Quote API

- Digital partners want to control the customer experience
- They wanted a better way to pass data
- Wanted to reduce manual entry as much as possible

Dedicated resources to leverage the **ACORD XML** standard to allow quoting through an **API**

What is XML and API?

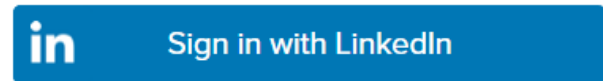
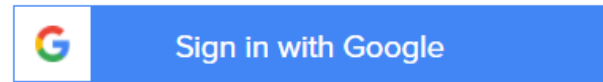
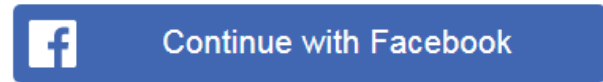
- **eXtensible Markup Language** – a set of *information* defined by *tags*

```
- <InsuredOrPrincipal>
  - <GeneralPartyInfo>
    - <NameInfo>
      - <CommName>
        <CommercialName>Patel 2 Bakery and Delicious Center of Goodness</CommercialName>
      </CommName>
      <LegalEntityCd>CP</LegalEntityCd>
    - <TaxIdentity>
      <TaxIdTypeCd>FEIN</TaxIdTypeCd>
      <TaxId>435839454</TaxId>
    </TaxIdentity>
  </NameInfo>
  - <Addr>
    <Addr1>89 BEACH VIEW DRIVE</Addr1>
    <Addr2>BLDG 2</Addr2>
    <City>FRESNO</City>
    <StateProvCd>CA</StateProvCd>
    <PostalCode>93650</PostalCode>
  </Addr>
  - <Communications>
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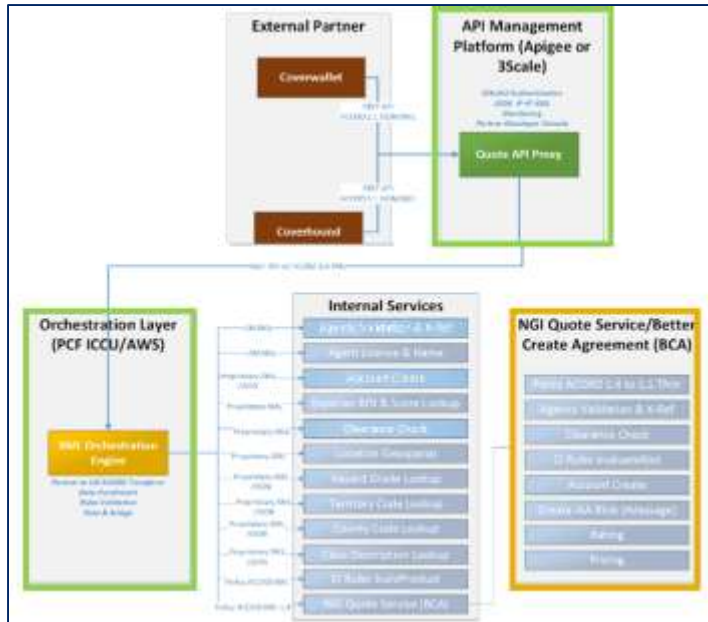
- **Application Program Interface** – an *interface* that allows software *applications* to communicate with each other

How do we interact with APIs everyday?

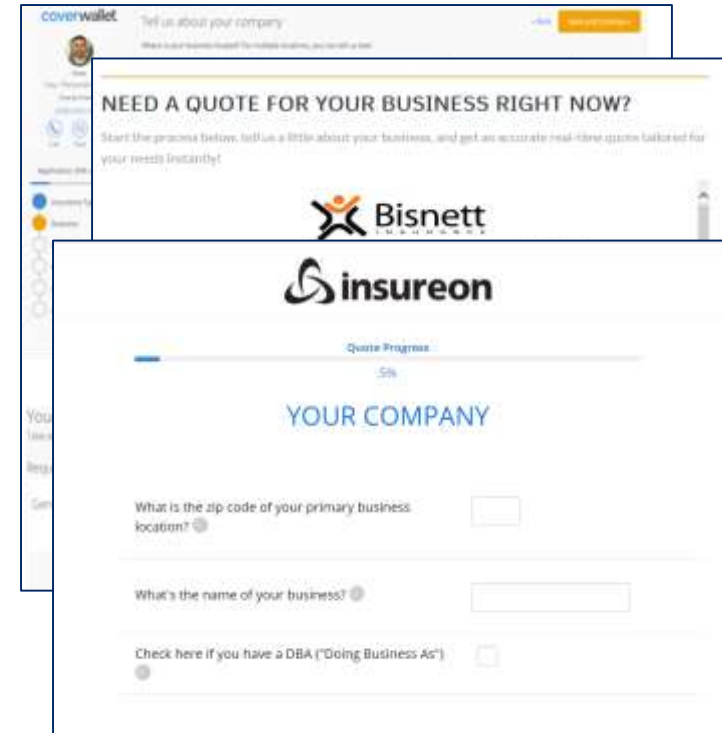
The screenshot shows the Kayak website interface for a flight search. The search parameters are: New York (NYC) to Boston (BOS) on Monday, December 4th, for 1 adult in Economy class. The interface includes a search bar, filters, and a list of flight options. The top flight is an Amtrak train for \$49, and the second is an American Airlines flight for \$57. The page also features a 'Track Prices' toggle and a 'BEST FLIGHTS' section.



We developed an API to allow quoting



eCLIQ®



- Our API allows the “interview” to occur anywhere while feeding information into eCLIQ
- Agents have ability to customize the user experience and speed up ability to quote a risk

Example of API in action

Compare with Confidence, Purchase with Ease.



Business Insurance

Let us help you find the right coverage.

START HERE



Personal Insurance

Find coverage for your vehicle or home.

EXPLORE YOUR OPTIONS

Enabling better communication with partners

3 Consistent appetite

Consistency of target risk characteristics (class and profile) easily explained and executed



Digital appetite

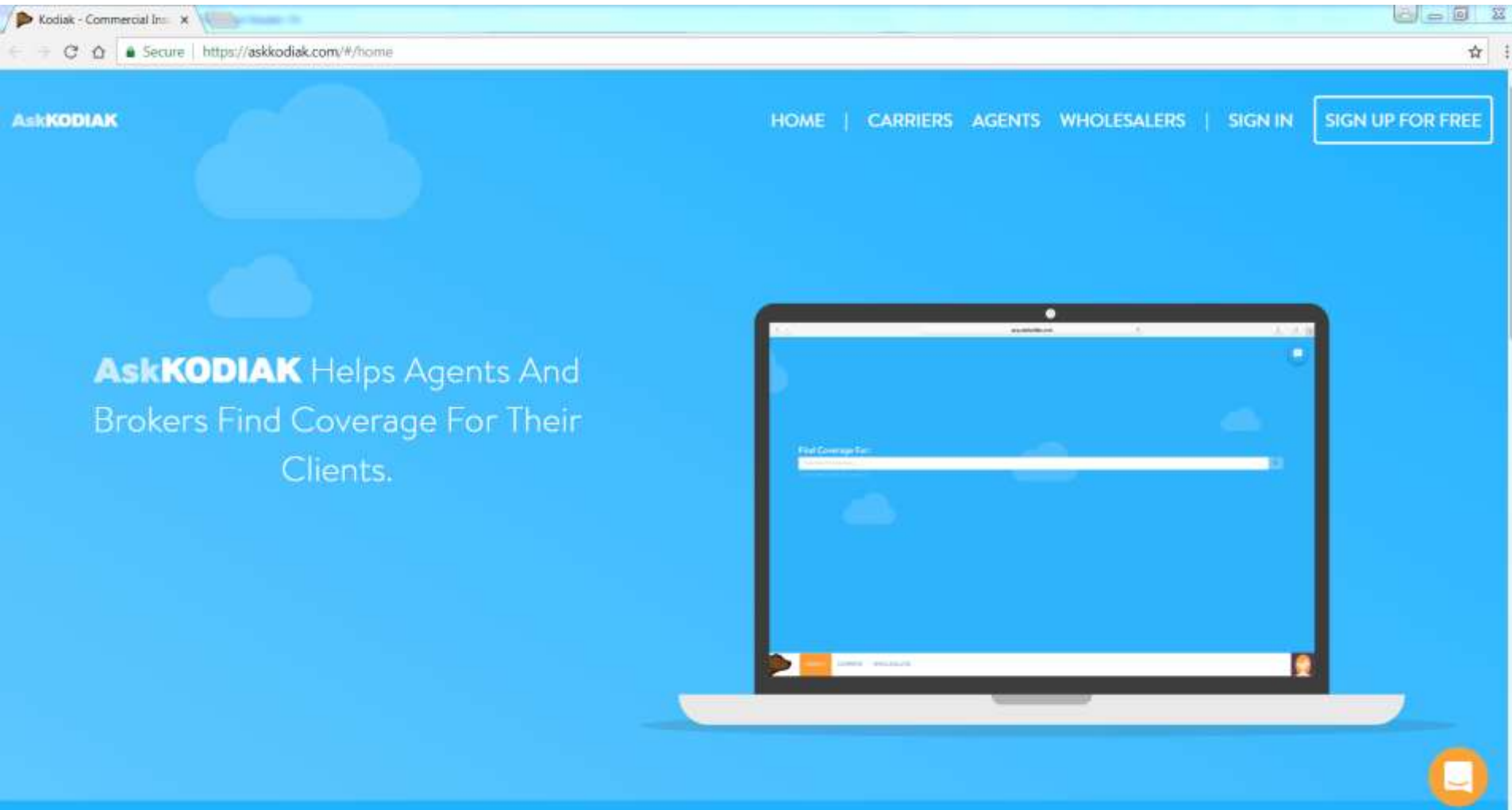
Challenge: How can we effectively communicate appetite and underwriting guidelines with our partners

- Needs to be centrally stored but outside of our online portal (API means less time spent on our portal)
- Needs to be simple to navigate and consume (Partners want to get the information quickly)
- Needs to be able to interact with partners workflow platforms (Need ability for partners to integrate directly into their platform if desired)

Instead of building internally we partnered with Ask Kodiak



Ask Kodiak provides simple way to search for coverage



Allowing agents and brokers to identify potential markets

Q SEARCH CARRIERS WHOLESALERS ACME INSURANCE AGENCY KYLO

8 products found.

Description of Business ✓
Lawyers' offices
clear about

Primary State
Any










Coverage Type(s)
enter one or more coverages

Anticipated Premium ⓘ
\$0 \$5,000,000

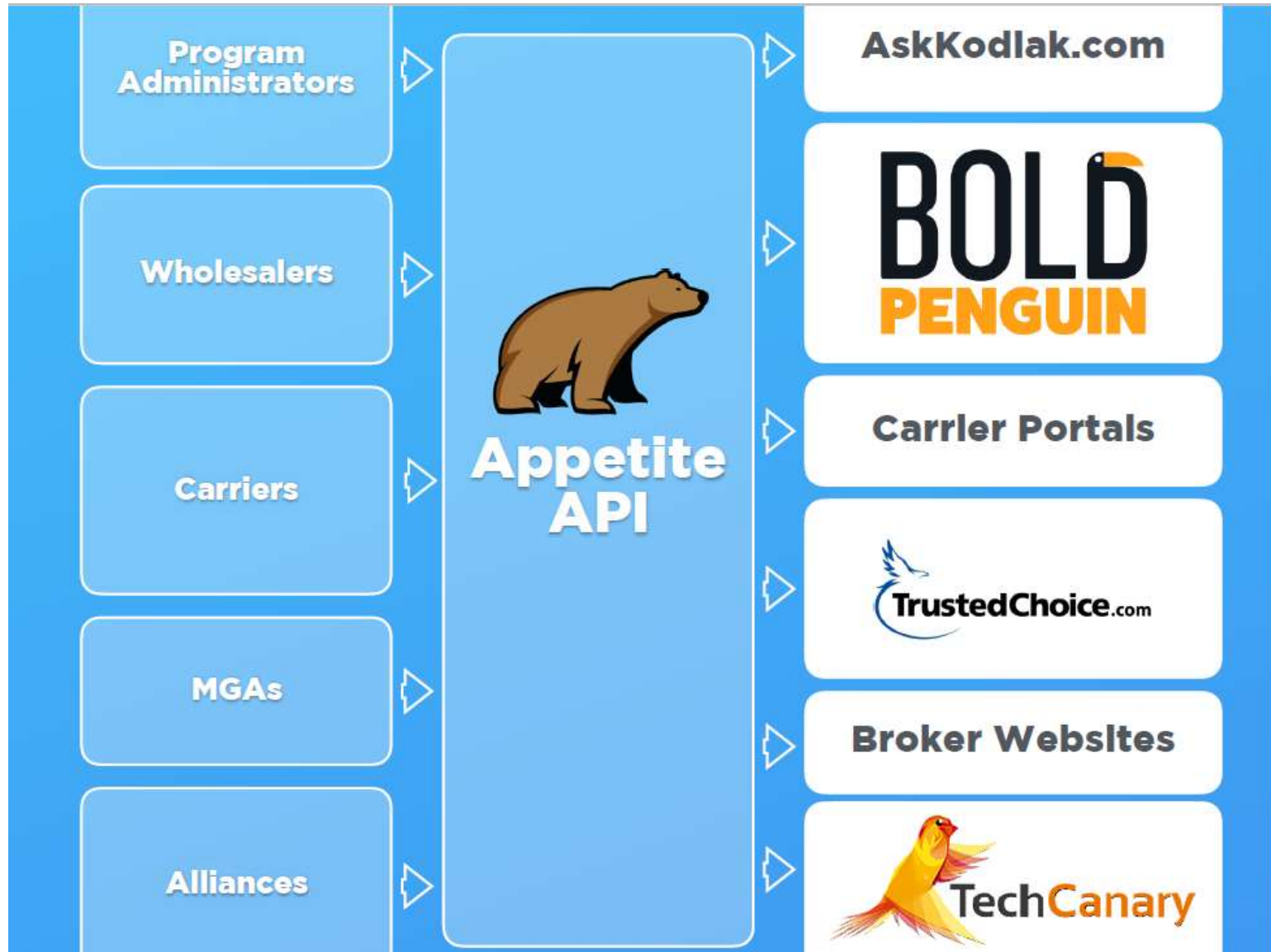
Admitted ⓘ
Any

Excluded Results ⓘ
 Show results (if any) which your company has chosen to hide by default.

Results From ⓘ
✓ ACME Insurance Agency (3)
✓ Trusted Carriers (28)
✓ Other Carriers (29)
✓ Trusted Wholesalers (2)
✓ Other Wholesalers (6)

 Workers Compensation- Professional & Specialty Services feedback trusted carrier	 Business Owners feedback trusted carrier	 Standard Workers Compensation feedback trusted carrier
  Commercial Umbrella Plus feedback trusted carrier	 Professional Liability feedback trusted carrier	 MAYFLOWER INSURANCE GROUP Workers Compensation feedback trusted carrier
 Commercial Property & Liability feedback other carrier	 Report Test Target feedback other wholesaler	LOOKING FOR MORE RESULTS? Options might be hidden. From any Carrier or Wholesaler storefront, click the Trust Us! button to request that they share listings with you.

Leverage APIs to distribute content



Find Coverage For:



We are leveraging the tool to provide a way to display appetite and UW guidelines

Q SEARCH PRODUCTS COMPANY SETTINGS RAYMOND







6 products found.

Description of Business ✓
Carpentry, framing
clear about

Primary State
Any

Coverage Type(s)
Enter one or more coverages

Reset

 Businessowners	 Commercial Automobile	 Workers Compensation
 Umbrella	 General Liability	 Property

Agents can search and identify products quickly

Liberty Mutual Insurance Company

General Liability

Liberty Mutual's general liability product is the perfect solution for small commercial businesses. We have 12 industry-specific endorsement bundles to help protect your clients' businesses.

Coverage(s) Provided:

Commercial General Liability

[Get Started!](#)

Last Updated Monday, June 11, 2018

Eligible States

States where is available



Underwriting Guidelines

- ☑ Be sure the Named Insured is reflective of the Business Operating name and not just the Individual/Owner's name
- ☑ Contractors must have at least 5 years experience in their trade
- ☑ Favorable loss experience and Financials
- ☑ 30% or less in subcontractor costs
- ☑ Minimum payroll is needed for Executive Officers (follow guide within class listed in eCLIC)
- ☑ Separate records must be kept on employees doing work contemplated in multiple class codes
- ☑ If no separate records are maintained, all payroll must be placed in the highest rated code
- ☑ Max \$5M umbrella limit

Guidelines shown here are provided for informational purposes and they may be subjective. They are not a conclusive indicator of the terms of any particular rate for the product.

Give us the ability to customize content with guidelines and documents for each of the products

Bringing Digital Efficiency to the Independent Agent

*Independent agents are the **largest distribution channel** for small commercial insurance*

*Combining **local presence** with **enhanced customer experience** are a powerful combination*

Leveraging the lessons learned and capabilities developed we can begin to explore use cases across the broader distribution force

Closing Thoughts

#1: The driving force of technology adoption is the need for improved customer experience

#2: We are still in the early stages of the evolution

#3: “True disruptive innovation takes root initially in simple applications at the bottom of the market and then relentlessly moves up market”^{*}
– Clayton Christensen

^{*}<http://www.claytonchristensen.com/key-concepts/>