



מכון קסירר למחקר בחשבונאות

Joseph Kasierer Institute for Research in Accounting

Fostering Insurance Innovation – Strategic Implications for Israeli Insurers

Prof. Dan Weiss, Collier School of Management and Barak Melnik, Earnix

Wednesday, December 20, 2017, 9:00am

Joseph Kasierer Institute will hold a brain-storming meeting. The event will take place on Wednesday, December 20, 2017, 9:00 am till 12:30 pm, in the Collier School of Management, Tel Aviv University.

Keynote participants: Solmaz Altin, Chief Digital Officer, Allianz SE
Udi Ziv, CEO, Earnix

A group of global leaders in shaping the insurance industry will share their experience and facilitate a structured discussion on strategic challenges relating to strategic innovation trends and new technological developments.

Attendance is limited to CEOs and general managers of Israeli insurance firms, participation by invitation only.

Objectives

- Map the innovation status of insurers and top-tier insurtech start-ups.
- Review the focus of innovation strategies of world-leading insurance firms.
- Brain-storm opportunities for Israeli insurers:
 - **What** should an innovative strategy focus on?
 - **Who** is in charge of innovation in the organization?
 - **How?** Insurance companies, holding companies or internal/external venture funds.
 - **Funding** innovation under tight regulatory equity constraints – allocation of equity in the Solvency II era.



Fostering Insurance Innovation – Strategic Implications for Israeli Insurers

Program

9:00	Welcome reception	
9:30 – 10:00	Innovation and threats - status of the Israeli insurance industry	Prof. Dan Weiss
10:00 – 10:45	Fostering insurance innovation – The Allianz way	Solmaz Altin, Allianz
10:45 – 11:15	Discussion: Required strategic actions in the turbulence era	
11:15 – 11:45	How do enablers support the insurance industry?	Udi Ziv, Earnix
11:45 – 12:30	Brain-storming panel: Where will the Israeli insurance industry be in 2027 and how will it get there?	Moderator: Barak Melnik

Background and topics of focus

Leading Israeli insurance executives have recently admitted that their firm's future performance is based on their ability to lead an innovative strategy. Insurers have long been aware that innovation has the potential to disrupt their current profitability and business models. Also, insurers have comprehended the need to innovate faster than their competitors to defend their business and products. However, the Israeli insurance industry has been slow to act and has not generated a constructive formula for incorporating innovation into their business model, information systems, products and processes.

In this event participants will be able to gain first hand impressions from world leaders and discuss ways to promote innovation in their organizations.

Key areas we will discuss:

Disruptors versus enablers, and how to deal with them.

New technologies and business models are changing the behavior of the insurance market in Israel and over the world. New advances such as driverless cars, social networks, direct to consumer mobile channels and others raise meaningful threats to the old business models.

On the other hand, new technologies such as Telematics and IoT, machine learning and mobile payments can also be used by incumbents for reducing losses and costs while increasing customer satisfaction, improving risk management and driving new business models for insurers..

The eco-system is increasingly becoming more complex, with the boundaries between disruptors and enablers continuously blurring. Dealing with these players is fast becoming a must-have capability for the successful insurer.

The capacity and capability to innovate

While Israeli insurers recognize the vast possibilities that innovation brings, many seem reluctant to take action. Most Israeli insurers lack the hallmark of an innovative organization, such as dedicated budgets, formal strategies, executive-level support and measurement processes.

Furthermore, large international insurers have a size advantage in promoting innovation, requiring Israeli insurers to find more nimble ways to respond. Regulatory constraints are also a key concern, and tight equity limits firms' ability to fund innovation. Fostering innovation in a consistent cost-effective manner is clearly becoming a must-have capability.

In summary, most Israeli insurers have considered improvements to their innovation strategy and capabilities, and have started engaging the local innovation ecosystem. However, the innovation in the Israeli insurance industry seems to be lagging behind. This year we will use the forum to generate a meaningful discussion and exchange of ideas, that will no doubt help top execs plan for this exciting future.



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A Sip of Lemonade

Allianz's recent investment in Lemonade, an insurer powered by artificial intelligence and behavioral economics, reinforces our commitment to digitalization...

Allianz SE
Munich, Apr 21, 2017

Related links

- [> Global Digital Factory](#)
- [> Digitalization@Allianz](#)

Allianz recently made a strategic investment in Lemonade Insurance Company, an insurer powered by artificial intelligence and behavioral economics. The partnership ties in neatly with our digitalization focus. After all, insurance technology - or insurtech for short – promises to revolutionize the industry.

Allianz SE Chief Digital Officer **Solmaz Altin** and Lemonade CEO and Co-Founder **Daniel Schreiber** on why they are excited about this partnership...

Why did you choose to partner with each other?

Solmaz Altin: We look broadly at the insurtech space and we were thrilled to see Lemonade's big ambitions. The company is looking to improve the insurance value chain and it is seeking to use technology-driven efficiencies to redefine an insurer's role in its community. Emerging technologies will bring convenience to customers and make insurers' processes more efficient; greater efficiency and transparency will change the way people think about insurance...for the better!

Daniel Schreiber: Allianz is one of the oldest and most established global insurers. It is also strongly committed to innovation. When I met up with the Allianz team, I was impressed by how open they were to rethinking, reinventing and learning from others. It's very much in line with the culture we are trying to adopt at Lemonade.



Solmaz Altin

Where do you see this partnership going?

Daniel Schreiber: Relationships are forged over time, and this is the first meaningful step in what we hope will become a long, fruitful and strong relationship. This investment is a strong statement of faith and it goes a long way in aligning interests. I believe we will find many ways to build on that foundation over the coming months and years.

Solmaz Altin: We will look for ways to collaborate, respecting the fact that Lemonade is a small company confronting a large, challenging market in the United States. There are potential synergies and our partnership will allow us to explore our joint potential over time.

Everybody talks about disruption. What does it look like in your daily lives?

Solmaz Altin: Constructive disruption does not happen suddenly. It creeps into the nooks and crannies of business operations. Changes in the digital age occur in an exponential way. We need to look out for early signs of disruptions, recognize patterns and use these insights to build our customer solutions.

Daniel Schreiber: At Lemonade, all our customer interactions are digital. That means that we see every transaction real-time, and we have sophisticated business intelligence systems that crunch the data and present actionable insights. These drive our day-to-day activity: telling us what features will have the greatest impact, what steps are tripping up customers, what marketing method is most effective. Once all customer engagements are digital, all decisions are driven by data.



About Earnix

How it all started

Earnix was founded by a team of financial services veterans that recognized the need to improve how banks and insurance companies acquire, retain, and serve their customers. They set out to build a comprehensive analytical solution that transforms customer big data into actionable insights and concrete recommendations that maximize customer lifetime value.

What we do best

The Earnix Integrated Pricing and Customer Analytics software combines predictive analytics and patented optimization technology, empowering financial services companies to predict customer behavior and analyze its impact on business performance. Armed with this new level of insight, banks and insurance companies can better match offers and prices to current and future market demand.

Our solution facilitates collaboration among business and analytical stakeholders, enabling faster reaction to market changes. Risk and demand modeling are combined in a single platform and can be applied according to prevailing regulatory and business requirements. The Earnix enterprise architecture provides real-time connectivity to operational systems, bringing the power of analytic-driven decisions to every point of customer interaction.

The value we bring

Leading banks and insurance companies worldwide rely on Earnix solutions to produce consistent and measurable improvements in customer loyalty, profitability, and growth, delivering greater value to customers and higher profits to shareholders year after year.