

INSIGHTS

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HIDDEN COST OF CONVENIENCE

IMPACT OF FOOD
DELIVERY APPS
ON AUTO
INSURANCE

WHEN EVERYDAY IS CAT
SEASON: HOW INSURERS
ARE MANAGING CLIMATE
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TRANSFORMING MEDICAL
UNDERWRITING: CHALLENGES
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Editor's Note



Dear Readers,

As we step into November, I find myself reflecting on the profound transformations reshaping our industry. Insurance, long perceived as traditional and predictable, is now at the forefront of adapting to seismic shifts in technology, consumer behaviour, and global challenges.

This month's articles highlight some of the most compelling trends demanding our attention. Asia's food delivery boom, for instance, is a vivid example of how digital platforms are redefining industries and forcing us to reevaluate auto insurance in the gig economy. Meanwhile, the notion of a "CAT season" has become obsolete. Climate change has blurred these boundaries, pushing insurers to adopt year-round vigilance, powered by advanced analytics and predictive tools.

On another front, health insurance grapples with outdated medical underwriting methods. With modern healthcare's rapid evolution and heightened consumer expectations, how do we ensure underwriting evolves to remain relevant? Similarly, the mobility sector's shift toward connected, shared, and autonomous systems calls for a complete reimagining of traditional insurance models.

I view these challenges as opportunities for innovation. As an industry, we have evolved beyond just being risk underwriters; we are now enablers of resilience, builders of trust, and creators of solutions for an ever-changing world.

I encourage you to dive into this month's articles and consider how we, collectively, can redefine the value of insurance in an era of constant change. Let's lead the way with curiosity, agility, and a shared commitment to shaping the future.

Annie Undikai

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Managing Editor

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HIDDEN COST OF CONVENIENCE

IMPACT OF FOOD DELIVERY
APPS ON AUTO INSURANCE

The food delivery industry has experienced rapid growth across Asia in recent years, driven by technological advancements, changing consumer behaviours, and the rise of mobile-first economies. As the demand for food delivery apps like GrabFood, Foodpanda, and Zomato continues to soar, it is crucial to explore the broader implications of this growth, particularly in the realm of auto insurance.

A Boom in Food Delivery Services

Asia has seen an unparalleled boom in food delivery apps over the last decade. The convenience of having meals delivered to your doorstep, combined with a proliferation of smartphones and internet connectivity, has made food delivery a lifestyle choice for millions of people in major urban centers.

According to a report published by Statista, the food delivery market in Asia is expected to exceed \$50 billion by the end of 2024, with countries like China, India, and Southeast Asian nations being key players in this space.¹ These apps have become essential for restaurants seeking new revenue streams, and for consumers seeking convenience, affordability, and speed.

The COVID-19 pandemic accelerated the demand for food delivery services as people turned to these apps to minimise social interactions. Even post-pandemic, the trend has remained strong, with consumers continuing to value the convenience of having food delivered directly to their homes or workplaces.

The Rise of Gig Economy Drivers

Behind the scenes of the food delivery boom are the gig economy workers, primarily drivers using motorcycles, bicycles, and cars to deliver food. In Southeast Asia, motorcycles are the most popular mode of transportation for delivery drivers due to their manoeuvrability in dense traffic. They are typically classified as independent contractors, and the number of gig economy workers in the region has skyrocketed in recent years.

For example, a 2022 survey by the International Labour Organization (ILO) highlighted Southeast Asia as one of the regions with the highest growth rates in gig economy employment globally. The region has seen a rapid expansion of workers engaged in short-term, flexible jobs facilitated by digital platforms, and food delivery services represent a significant portion of this workforce.

¹ <https://www.statista.com/outlook/hmo/digital-health/asean>



In countries like Indonesia, the Philippines, Thailand, and Vietnam, millions of people have turned to food delivery apps as a primary source of income. This is largely driven by urbanisation, the widespread use of smartphones, and increased access to mobile internet. According to the ILO report, food delivery drivers now account for a substantial share of gig workers in Southeast Asia, with platforms like Grab, Foodpanda, and Gojek at the forefront of this transformation.

The survey also found that food delivery workers in the region tend to be younger and more likely to work in informal, freelance positions compared to other sectors. While they benefit from the flexibility of choosing their working hours, these workers often face significant job insecurity and financial instability. Their earnings are largely dependent on the number of deliveries they make, rather than a fixed salary. The rapid expansion of this workforce has introduced new complexities, particularly regarding insurance coverage.

Impact on Auto Insurance

With millions of delivery drivers on the road, auto insurance in Asia is encountering new challenges. Traditional auto insurance policies are primarily designed for personal use, not the demands of commercial activities like food delivery. Consequently, food delivery drivers face unique risks, ranging from accidents and collisions to theft and vehicle damage, all of which require specialised insurance coverage.

For many food delivery drivers, their personal vehicles are used for commercial purposes. This is a gray area in insurance, as standard auto policies typically don't cover the use of a vehicle for business activities. If an accident occurs while a driver is delivering food, their personal insurance may not provide adequate coverage, leaving the driver financially exposed.

The coverage gap is becoming an increasingly pressing issue as the number of food delivery drivers continues to grow. In Southeast Asia alone, the number of food delivery workers is projected to surpass 5 million by 2025, highlighting the urgent need for tailored insurance solutions. As food delivery services grow, so does the risk exposure, and the lack of appropriate insurance coverage places an increasing burden on drivers who may face accidents, property damage, or even injury while on the job.

To address this growing issue, some food delivery platforms have begun offering supplemental insurance coverage for their drivers. This insurance is designed to fill the gap left by personal policies and provide drivers with protection during the course of their deliveries. For example, Grab offers a basic insurance package in countries like Singapore and Malaysia, which covers drivers for accidents, third-party injuries, and medical expenses during the delivery process. Similarly, Foodpanda in some markets provides personal accident coverage and vehicle damage protection for its delivery riders.

However, in many cases, the coverage is minimal, often only covering the driver during the act of delivery and excluding coverage during personal use of the vehicle or when the vehicle is not in use for deliveries.

Food delivery drivers face unique risks, ranging from accidents and collisions to theft and vehicle damage, all of which require specialised insurance coverage.

Additionally, the scope of these policies is frequently limited, offering only basic protection for the most common risks such as accidents, theft, or vehicle damage. While supplemental policies are a step in the right direction, they often fail to cover a wide range of potential liabilities, such as long-term injuries or third-party property damage that may result from a delivery-related incident.

The nature of food delivery work itself significantly amplifies risk exposure for drivers, presenting unique challenges for both drivers and insurers. Delivery drivers often operate under intense time pressure to meet tight deadlines, particularly during peak meal times. This urgency frequently pushes drivers to navigate congested urban streets quickly.

As a result, risky driving behaviours such as speeding, abrupt lane changes, and running red lights become more common in an effort to save time. They are often distracted by their phones, which they use to accept job requests. These not only elevate the risk of accidents for the drivers themselves but also pose dangers to other road users, including pedestrians, cyclists, and fellow motorists.

A study conducted by the UCL Centre for Transport Studies revealed that gig economy drivers, including food delivery riders, are 50% more likely to be involved in road accidents compared to non-commercial drivers. The report cited time constraints and financial incentives as major contributors to risk-taking behaviours. For example, many drivers are paid per delivery or receive bonuses for completing a high volume of orders, incentivising faster and potentially less cautious driving.

Environmental conditions in many parts of Asia also contribute to an elevated risk profile for food delivery drivers. The region's densely populated cities, such as Jakarta, Bangkok, and Manila, are notorious for severe traffic congestion. For food delivery drivers, this creates a challenging operating environment, where frequent stops, slow-moving vehicles, and erratic traffic patterns increase the chances of collisions and accidents.



Moreover, weather conditions across Asia often compound these risks. Monsoons, heavy rainfall, and flooding are common in countries like Thailand, Malaysia, and the Philippines, making roads slippery and visibility poor. As reported by the Asian Development Bank, road accidents increase by 30% in urban areas during adverse weather conditions.

For delivery drivers, who must fulfil orders regardless of weather, these conditions add a layer of danger to an already risky job. These factors make it crucial for insurers to account for the unique risks that food delivery drivers face.

Role of Data and Technology

The rapid growth of food delivery apps has unlocked new opportunities for insurers to leverage data and advanced technology to address emerging risks and needs. Telematics—the use of sensors, GPS devices, and other tracking tools in vehicles—is transforming how insurers evaluate risk.

By collecting real-time data on driving behaviours such as speed, braking patterns, route choices, and delivery frequency, insurers can create tailored risk profiles for food delivery drivers.



These profiles enable more accurate underwriting and dynamic premium adjustments, ensuring that coverage aligns closely with the actual risks faced by drivers. For instance, drivers who consistently exhibit safe driving habits may be rewarded with lower premiums, while those engaging in riskier behaviors might pay higher rates.

Artificial intelligence (AI) and machine learning are also playing a transformative role in the insurance sector. These technologies help insurers process claims faster by automating routine assessments and identifying anomalies that might indicate fraud.



In the context of food delivery services, AI can analyse vast amounts of delivery data, including peak hours, accident hotspots, and seasonal trends. This data-driven insight enables insurers to design more tailored insurance products that effectively address the unique needs of delivery drivers. Insurers may develop short-term or usage-based policies that cater to part-time delivery drivers, offering affordable options without compromising coverage.

Predictive analytics powered by AI can be used to forecast risk trends by examining factors such as regional traffic conditions, weather patterns, and driver demographics. This allows insurers to proactively adjust their offerings and pricing, ensuring sustainability in a market that continues to evolve rapidly.

By integrating these advanced tools, insurers can enhance their ability to serve the growing gig economy workforce. This also improves overall efficiency, reduces operational costs, and enables the delivery of more personalised experiences to customers.

Mind the Gap

As food delivery services continue to thrive across Asia, the insurance needs of the gig economy workforce must be addressed. The gap in coverage for food delivery drivers using personal vehicles for commercial purposes remains a significant issue, leaving drivers vulnerable to financial risk in the event of an accident or incident.

The increasing recognition of these gaps in coverage has prompted calls for regulatory bodies to step in and establish more robust insurance frameworks for gig workers. In some countries, governments have begun to explore policies that would require food delivery platforms to provide more comprehensive insurance packages for their drivers.

As the gig economy expands, regulatory efforts and innovations in telematics and personalised insurance will be key to closing the coverage gap and ensuring driver protection.



WHEN EVERYDAY IS CAT SEASON

HOW INSURERS ARE
MANAGING CLIMATE
DISRUPTION



For decades, the insurance industry operated under the assumption that catastrophic (CAT) events, such as hurricanes, wildfires, and floods, largely followed predictable seasonal patterns. The term "CAT season" became shorthand for the times of year when insurers braced themselves for elevated risks. However, climate change has drastically altered this paradigm.

Today, CAT events are no longer confined to specific seasons. Their increasing frequency, severity, and unpredictability have forced insurers to shift their perspective and treat CAT risk as a year-round concern. To adapt, the industry is turning to heightened data analytics and improved modelling tools, seeking innovative ways to navigate this new normal.

A New Reality

The effects of climate change are evident worldwide, from record-breaking heatwaves to unprecedented rainfall and rising sea levels. These phenomena are not isolated events. They are reshaping the frequency, timing, and intensity of natural disasters, which were once considered predictable within certain seasonal windows.

In the case of hurricanes, the impact of climate change is particularly stark. Warmer ocean temperatures, a direct consequence of global warming, act as fuel for these storms, enabling them to grow stronger, more destructive, and more frequent. Research has shown that hurricane seasons are not only becoming longer — starting earlier and extending later into the year, but are

also producing storms with increased wind speeds, heavier rainfall, and the potential for greater devastation. These supercharged hurricanes are causing unprecedented damage to infrastructure, homes, and communities.

Similarly, wildfires, once predominantly confined to the summer months, are now burning year-round. The combination of prolonged droughts, higher temperatures, and drier vegetation has created a tinderbox environment in many parts of the world.

This shift means that what was once a predictable fire season has evolved into a persistent threat, with wildfires occurring outside of traditional summer months and spreading to regions previously considered less vulnerable. The intensity and unpredictability of these fires not only threaten lives and property but also strain the resources of firefighters and emergency responders.

The combination of prolonged droughts, higher temperatures, and drier vegetation has created a tinderbox environment in many parts of the world.

Erratic rainfall patterns, another consequence of climate change, are contributing to the increased occurrence of flash floods in regions unaccustomed to such events. Heavy downpours that once followed seasonal patterns are now striking in unexpected locations and at irregular times, overwhelming drainage systems and inundating urban areas with little warning.

Flash floods are no longer confined to traditional flood zones. They are now occurring in both urban centres and rural areas, catching communities off guard and amplifying vulnerabilities. In regions with poor infrastructure, particularly developing ones, the impact of these floods is significantly worsened. As a result, entire neighbourhoods are often submerged, disrupting economic activity for extended periods.

The new climate reality has made natural disasters more erratic, severe, and widespread. Regions once safe from certain weather events are now at risk, while areas prone to disasters face more frequent and intense occurrences. This has forced communities and industries, especially insurers, to adapt to a world where catastrophic events no longer follow predictable patterns.

Role of Data Analytics

The shift to a year-round CAT season is more than an operational challenge for insurers. It is disrupting the underwriting, pricing, and claims processes. Insurers must constantly monitor risks, recalibrate models, and adjust premiums to reflect the heightened exposures of this new reality. The use of advanced data analytics has emerged as a critical tool to manage these evolving climate risks.

Data analytics now plays a central role in helping insurers adapt to the unpredictable risks posed by climate change. Real-time monitoring, enabled by satellite imagery, weather sensors, and Internet of Things (IoT) devices, allows insurers to track environmental changes as they happen. For example, IoT sensors in wildfire-prone regions can provide early warnings, enabling insurers and policyholders to take preventive measures. Predictive analytics, which combines historical climate data with current trends, helps insurers anticipate the likelihood and impact of future events.



Machine learning algorithms can forecast flooding risks in urban areas by analysing variables like rainfall predictions and soil saturation levels. Additionally, geospatial analysis powered by artificial intelligence enables insurers to assess risks at a hyper-local level, taking into account factors such as proximity to coastlines, elevation, and historical weather patterns.

Improved CAT Modelling Tools

Traditional CAT models, which were designed for infrequent and seasonally predictable events, are no longer sufficient in this new era. To address this, insurers are adopting next-generation CAT modelling tools that incorporate dynamic climate models, scenario testing, and hybrid approaches.

Dynamic models simulate the interactions between various climate systems over time, considering variables like rising temperatures and shifting ocean currents to provide a more comprehensive view of potential CAT events. Scenario-based models, on the other hand, allow insurers to assess the impacts of extreme weather under different conditions, such as simulating a major hurricane's effect on an urban area. Hybrid models combine traditional actuarial methods with insights from artificial intelligence, integrating historical loss data with real-time climate trends to refine risk predictions.

Open-source models are also gaining traction as insurers collaborate with researchers, government agencies, and other stakeholders to create tools that democratise access to critical climate data. These efforts foster industry-wide resilience and innovation.

Financial Impact on Insurers

The financial ramifications of year-round CAT risks are profound. A study by Swiss Re Institute reported that global insured losses from natural catastrophes in 2023 exceeded \$120 billion, significantly higher than the annual average over the past two decades.

The surge in CAT event claims has also reached unprecedented levels. Australian insurers reported record claims following the 2022 floods in New South Wales and Queensland, with payouts exceeding \$5 billion. To maintain their solvency ratios and comply with regulatory requirements, insurers must now hold greater capital reserves, adding further strain to their operations.

In order to navigate these challenges, insurers are adopting proactive strategies aimed at mitigating risks and enhancing resilience. Collaborative efforts with governments and non-governmental organisations are becoming a cornerstone of this approach.

Public-private partnerships help fund climate-resilient infrastructure projects, which reduce future losses by fortifying vulnerable areas.

The expansion of parametric insurance offers another innovative solution. Unlike traditional indemnity-based policies, parametric insurance pays out based on predefined triggers, such as wind speed or rainfall levels. This ensures quicker claims settlements and reducing administrative burdens.

Role of Regulation and Policy

Regulatory frameworks play a critical role in shaping how insurers respond to the escalating challenges posed by climate risks. Governments and regulatory bodies around the world are introducing measures designed to enhance the resilience of the insurance industry.

Mandatory climate risk disclosures are a key development, with bodies like the Financial Stability Board (FSB) and its Task Force on Climate-Related Financial Disclosures (TCFD) requiring insurers to report their exposure to climate risks and mitigation strategies. Regulations of this nature enhance transparency and accountability while providing stakeholders with valuable insights into systemic climate risks.



In addition to transparency requirements, many regulatory frameworks are actively incentivising sustainable practices within the insurance industry. Policies promoting investments in environmentally friendly initiatives, such as green bonds, are gaining traction.

By encouraging insurers to allocate capital towards sustainable projects, regulators aim to align the industry's financial resources with broader climate resilience goals. Initiatives of this kind support the transition to a low-carbon economy and position insurers as key contributors to climate adaptation and mitigation efforts.

Another cornerstone of regulatory evolution is the recalibration of risk-based capital requirements. Recognising the heightened volatility and uncertainty in the current risk landscape, regulators are revising solvency requirements to ensure insurers maintain sufficient capital buffers. The aim is to safeguard the financial health of insurers, enabling them to fulfil their obligations to policyholders even during prolonged periods of crisis.

For example, the Solvency II framework now includes climate risks in capital adequacy assessments, requiring insurers to account for extreme weather losses. This ensures they maintain sufficient reserves to remain resilient in a changing risk landscape.

A Resilient Future

While the challenges posed by climate change are daunting, they also present opportunities for innovation and growth. The insurance industry's ability to adapt to a year-round CAT season hinges on its willingness to embrace technology, foster collaboration, and rethink traditional business models.

By harnessing the power of data analytics and advanced modelling tools, insurers are not only managing risks more effectively but also positioning themselves as key players in fortifying societal resilience. In this evolving landscape, insurers transcend their traditional role as risk managers, becoming vital partners in the global effort to combat climate change.

Viewing CAT risk as a constant, rather than a seasonal anomaly, signals a paradigm shift in the industry's approach. Adopting this mindset reflects a profound commitment to protecting communities and stabilising economies amid an era of heightened uncertainty. It's a bold testament to the insurance industry's potential to shape a more secure and sustainable future for all.

TRANSFORMING MEDICAL UNDERWRITING:

CHALLENGES AND INNOVATIONS



Medical underwriting has long been a cornerstone of the health insurance and reinsurance industries. At its core, underwriting is about assessing risks to determine appropriate coverage and pricing. Yet, the process has remained largely unchanged for decades, leaving it ill-equipped to address the realities of modern healthcare and customer expectations.

With the global health insurance market projected to grow to \$3.9 trillion by 2030,¹ driven by increasing healthcare costs and demand for innovative products, it is imperative to modernise underwriting to stay competitive and relevant.

Traditional underwriting relies heavily on exhaustive medical questionnaires designed to capture a comprehensive history of an applicant's health. A study by Swiss Re found that nearly 40% of insurance applicants abandon the process due to the complexity of medical questionnaires.²

While this information is vital for risk assessment, the process itself is cumbersome and alienates potential policyholders. Customers frequently find the questionnaires complex, with questions that are difficult to interpret

or seem irrelevant. This confusion not only frustrates applicants but also leads to incomplete or inaccurate responses, ultimately affecting the quality of underwriting decisions.

Manual processes further exacerbate these inefficiencies. Despite the growing recognition of the need for digitisation, many insurers and reinsurers remain reliant on traditional, paper-based systems. Research by McKinsey & Company highlights that only 12% of insurers globally have fully digitised their underwriting processes.³ In the absence of digital tools, data collection becomes sporadic, and opportunities for meaningful analysis are missed.

Without robust datasets, insurers cannot make fully informed underwriting decisions or accurately assess claims risks. Furthermore, the lack of comprehensive data hampers the development of predictive models, creating a cyclical challenge where outdated systems perpetuate inefficient practices.



¹ <https://www.alliedmarketresearch.com/>

² <https://www.swissre.com/>

³ <https://www.mckinsey.com/>

Compounding these issues is the reliance on risk assessment models designed decades ago. The models fail to reflect the evolving health profiles of today's applicants, who often present with a range of pre-existing conditions. The World Health Organization (WHO) reports that the global prevalence of diabetes has nearly doubled since 1980, now affecting over 422 million people.

Similarly, obesity rates have tripled in the past four decades, with an estimated 13% of adults worldwide classified as obese. These trends underline the inadequacy of legacy underwriting models, which often exclude applicants with pre-existing conditions or offer policies at standard premiums that inadequately reflect individual risk.

Exclusionary practices, while managing risk, create significant market limitations. Such practices leave nearly 30% of potential health insurance customers without coverage. This exclusion not only limits the customer base but also perpetuates the protection gap, leaving millions without financial resilience in the face of health crises.

The current landscape calls for a fundamental shift in how underwriting is conducted. Technology, when thoughtfully applied, has the potential to address many of these challenges. Digitisation is a critical first step. By integrating digital tools into the customer journey, insurers can simplify the application process, making it more accessible and less intimidating.

For example, automated underwriting platforms have reduced processing times by up to 70%. Hence, a streamlined, digital questionnaire can guide applicants through the process with intuitive design and real-time explanations, reducing errors and improving the accuracy of responses.

This reduces turnaround times and enhances the customer experience. It also paves the way for dynamic pricing, where premiums are tailored to individual risk profiles based on real-time data. Such level of personalisation not only attracts more customers but also ensures that pricing aligns more closely with actual risks.

By integrating digital tools into the customer journey, insurers can simplify the application process, making it more accessible and less intimidating.

Inclusivity must also be at the heart of any transformation. Rather than excluding applicants with pre-existing conditions, insurers should adopt a more nuanced approach to risk assessment. Offering policies with slightly higher premiums to cover these risks can expand coverage to underserved populations while at the same time maintaining profitability. Studies show that offering inclusive policies can increase market penetration by up to 25%, unlocking significant growth potential.

A critical aspects of innovation in medical underwriting is the establishment of dynamic feedback loops. Claims data must be continuously fed back into underwriting models to ensure they remain relevant in the face of evolving medical trends. Advances in treatments and diagnostic technologies mean that risks are constantly changing, and underwriting models must adapt accordingly.

One notable advancement is the development of continuous glucose monitors (CGMs), which have transformed diabetes management by allowing real-time monitoring of blood sugar levels. This technology has drastically reduced the incidence of severe complication, such as hypoglycemia and



long-term organ damage, leading insurers to reevaluate risk profiles for individuals with diabetes. These advancements not only improve health outcomes but also highlight the need for underwriting models to incorporate the evolving effectiveness of medical innovations.



Technology will play a central role in enabling these transformations. Artificial intelligence (AI) and machine learning offer powerful tools for analysing large datasets to identify patterns and predict risks. Similarly, wearable devices and Internet of Things (IoT) technology provide a wealth of real-time health data that enhances traditional risk assessment methods.

Metrics such as heart rate, activity levels, and sleep quality offer dynamic insights into an individual's health, complementing static data from medical histories. Blockchain technology can address concerns about data integrity and privacy, enabling secure and transparent sharing of medical information between insurers, reinsurers, and customers.

Ultimately, the goal of transforming medical underwriting is to close the protection gap and create a more inclusive insurance landscape. By adopting technology, updating outdated models, and embracing a more holistic view of risk, insurers can expand coverage to millions of individuals who are currently underserved.

This transformation is not merely a matter of improving efficiency—it is about reimagining underwriting to meet the needs of a changing world, where healthcare is more complex, customer expectations are higher, and the demand for inclusivity is greater than ever.

Through innovation and adaptability, the insurance and reinsurance industry has the opportunity to lead this transformation. Turning the challenges of medical underwriting into a competitive advantage allows the industry to deliver greater value to their customers.

INSURANCE IN A WORLD OF NEW MOBILITY



The mobility landscape is undergoing a profound transformation, driven by advancements in technology and shifting consumer preferences. The future of mobility will be defined by connectivity, shared usage, and autonomous systems. For the insurance industry, these changes demand a fundamental rethinking of traditional models to remain relevant and deliver value in this rapidly evolving ecosystem.

The traditional model of vehicle ownership is evolving as consumers increasingly prioritise access over possession. Millennials and Gen Z consumers are less inclined to own vehicles, especially in urban areas where parking is scarce and alternatives are abundant. Instead, they are embracing models like car sharing, peer-to-peer vehicle rentals, and subscription-based services. These options offer flexibility, cost savings, and reduced environmental impact.

In response, automakers are transitioning from selling vehicles outright to offering long-term leasing options, often embedding insurance into these services to simplify the user experience. The transformation is reshaping insurance, moving away from static annual policies tied to ownership toward dynamic, usage-based models that better align with modern mobility trends.

Companies like Zipcar and Turo have popularised shared mobility, while automakers like Renault and Hyundai have introduced subscription services that include access to fleets of vehicles.

Even traditional automakers are pivoting to adapt. Increasingly, manufacturers are shifting from selling vehicles outright to leasing them directly to consumers or managing their own fleets for shared usage. This approach not only aligns with consumer preferences but also integrates insurance into the leasing or subscription fees. Embedding insurance into these models allows automakers to simplify the experience for customers, reduce barriers to adoption, and create an all-encompassing mobility solution.

**Manufacturers are
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This transition is causing profound changes in the insurance industry. The traditional model of insuring a vehicle annually, based on ownership, is becoming less relevant. Instead, usage-based insurance (UBI) is emerging as the new standard. UBI aligns premiums with how, when, and where a vehicle is used. Telematics technology enables insurers to track a wide range of driving behaviors, such as speed, braking patterns, acceleration, and mileage, in real-time. By collecting and analyzing this data, insurers gain valuable insights into each driver's habits and risk profile.

Telematics allows insurers to price policies with greater accuracy and fairness, tailoring premiums to reflect actual driving behaviour rather than broad demographic factors. The technology enables insurers to better understand individual driving patterns, leading to more precise risk assessments and personalised coverage options.

The UBI market is growing rapidly, and is expected to reach \$125 billion globally by 2027, expanding at an annual growth rate of 20%. The appeal of UBI extends beyond affordability; it also fosters greater transparency and personalisation.

With UBI, drivers can clearly see how their individual driving behaviors, such as speed, frequency of driving, and adherence to road safety rules, directly influence their premiums. This insight encourages more responsible driving, as drivers are incentivised to adopt safer habits in order to reduce their insurance costs.

Shared mobility is not only redefining policy pricing but also shifting the insurance focus from personal lines to commercial lines. As automakers and fleet operators oversee vast networks of vehicles, insurers are increasingly tailoring their offerings to meet the needs of businesses rather than individual drivers.

To deliver comprehensive coverage, insurers must consider critical factors such as vehicle utilisation rates, geographic dispersion, and diverse usage patterns. A more sophisticated approach to underwriting is required, leveraging advanced analytics and telematics to ensure policies align with the operational realities of modern mobility ecosystems.



These commercial policies require scalable, data-driven solutions that address the unique risks associated with fleet operations. Insurers must account for factors such as vehicle utilisation rates, geographic distribution, and varying usage patterns to provide comprehensive coverage. Additionally, real-time data from telematics can help insurers monitor and adjust coverage dynamically, ensuring policies remain relevant as fleet operations evolve.

Embedded insurance is playing a pivotal role in this ecosystem. By integrating insurance directly into mobility services, companies offer customers a seamless experience. For instance, a consumer leasing a vehicle from an automaker might have insurance included as part of their monthly fee, eliminating the need for a separate policy. Such an approach not only simplifies the process but also opens doors for insurers to offer value-added services.

The rise of connectivity and data-driven technologies enhances these possibilities further. Connected vehicles equipped with telematics generate vast amounts of data, creating opportunities for insurers to innovate. These data can improve risk assessment and underwriting precision, streamline claims processing, and support fraud prevention. In the event of an accident, real-time data from a connected car involved can provide instant insights into the event, which in turn expedites claims resolution.

Moreover, the availability of granular data allows insurers to create entirely new products. Autonomous vehicles, for example, require specialised insurance that accounts for the complexities of self-driving technology. Similarly, micro-mobility solutions, such as e-scooters and shared bikes, present unique risks and opportunities. Insurers can develop targeted policies that address these emerging segments, expanding their market reach.

Despite these opportunities, the shift to a new mobility paradigm presents significant challenges. Regulatory frameworks are often slow to adapt, creating uncertainty for insurers and mobility providers alike. Data privacy concerns are rising, making transparency and strong security essential for building trust. Without these measures, insurers risk losing customer confidence and slowing data-driven innovation.

The role of insurance is evolving from a reactive, transactional model to a proactive, integrated partnership within the mobility ecosystem. Insurers must reimagine their offerings to align with the connected, shared, and autonomous future. This means transitioning from static, ownership-based policies to dynamic systems that reflect the realities of modern transportation.

