Generation Z Looks to People for Complex Insurance Interactions

Generation Z, which presumably embraces digital everything, also likes the human touch when dealing with insurance companies.

Generation Z wants more than digital interaction with insurers.

Born from about 1996 to 2015, the oldest of the digital native generation is beginning to buy their own personal lines insurance. And they have been around the digital block. As my recent Actuarial Review article, Coming of Age: How will Gen Z Impact Personal Lines Coverage? explains, constant exposure to social media, digital marketing, clickbait and fake news has created a deep hunger for authenticity and transparency.

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For many, finding trust and credibility means doing business with insurance professionals. At least half of Gen Zers purchasing auto, renters or homeowners insurance, surveys show, seek out insurance agents or customer service representatives for help. This is especially true for complex insurance transactions, such as purchasing coverage or filing a claim.

The article also specifies why Gen Z is different from previous generations. It explains how generational differences have vast implications on insurance product development, pricing, marketing and communication. While researching for the article, I found that Gen Z does expect insurers to offer multichannel, 24-7 access.

However, surveys and interviews hint that the digital natives might not be as quick to purchase simplified insurance through icons and a few clicks as much as insurtech investors hope. Rather, Gen Z seeks insurance for security. Digitally jaded to some exent, they want to build trust with people who represent brands.

Gen Z seeks insurance for security.

Retailers are also finding that Gen Z does not necessarily embrace online shopping. Gen Z will start the process online to collect information. But ultimately, they prefer to shop at brick-and-mortar stores, according to the National Retail Foundation.

This reminds me of a hilarious Bad, Bath and Beyond online commercial that introduces the concept of offline shopping. “It’s like online shopping but in real life.”

Reaching Generation Z

Smart insurers will find the right balance of reaching Gen Z by offering both digital and human interaction. Online, they will blend both traditional and simple iconic elements with language that educates consumers without compromising meaning.

Progressive's website is a great example. It presents a traditional navigational look with little scrolling and clickable headlines while offering straight-forward clickable insurtech-inspired icons. Explanations provide enough information to help viewers.

Successful insurers educate their Gen Z customers by straightforwardly presenting information. They hire communicators who get insurance and can explain it simply without marketing flash or dumbing down critical information.

Finally, I like Gen Zers. As a stay-at-home mom who watched Gen Z grow up, I like that they are smart, pragmatic and refreshingly honest.

Thanks to Actuarial Review

On another note, I was deeply touched and humbled by what Actuarial Review Editor Elizabeth Smith wrote about me in the publication's current issue. It says:

Thanks to our award-winning author and cover story writer, Annmarie Geddes Baribeau. "She knows insurance, and she also knows actuaries and what they'd like to read."

Thank you for the opportunity. Actuaries are great fun!

Baribeau Recognized for Actuarial Review Award

Annmarie Geddes Baribeau was recognized June 25 for her thought-provoking editorial content published in Actuarial Review. Her article, Driverless Utopia, won an Excel Award by Association Media & Publishing (AM&P).

There's no proof that driverless cars will be safer than mere human beings.

Entered in competition by the Casualty Actuarial Society (CAS), the article was the cover story for the May-June 2018 issue of Actuarial Review. It was also the most viewed issue of the year on the publication's website.

"Written by frequent contributor Annmarie Geddes Baribeau, the article combines engaging graphic elements with thought-provoking editorial content to examine a world caught between available technology and public perception," according to a CAS announcement.

Although the bronze-awarded article was published about a year ago, its relevance endures amid the push of driverless cars. The piece questions the all-too-common assumption that some 90% of accidents are caused by people. Baribeau's article also demonstrates that driverless cars are not proven to be safer and autonomous vehicles introduce new risks on the road. Her blog, Driverless Cars Not Proven To Be Safer, offers a personal take on driverless cars.

"I thank the editor of Actuarial Review, Elizabeth Smith, and the Casualty Actuarial Society," Baribeau says. "It has been an honor to write the publication's cover stories." She is also grateful to the Association Media & Publishing, which serves the needs of association and nonprofit publishing teams. To read her latest articles about marijuana, commercial auto, climate change, cyber risk and security and more, please click here. To see other articles and marketing samples, please contact annmarie@insurancecommunicators.com.

Emerging Risks Insurers Are Watching — and So Should You

Emerging risks are a mixture of perception and reality. If you asked executives in 1999 to name one of their top

The experts weigh in on emerging risks.

concerns, many would have answered Y2K. It turned out Y2K caused a lot of hysteria and a lot of computer consultants made a ton in the process.

Then there are the risks that people don't perceive but insurers do. Auto insurers know most accidents take place within a five-mile radius of the home. Drivers do not think about that when getting on the road.

Insurers, actuaries, risk managers and world leaders see emerging risks from the broader perspective. Insurers have to think ahead to figure out which emerging risks they can cover and the cost.

My most recent *Actuarial Review* article considers three recent surveys to break down five emerging risks from the insurance and business perspective. Consumers can benefit from the article as well.

Climate change bypassed cyber risk as the largest emerging risk of concern. One source said off the record that this is largely due to news coverage on climate change that showcases the evidence of rising sea levels. (Yeah, I covered that too.)

The insurance industry has to anticipate what is possible to make contingencies. Unfortunately, fear-mongering politicians are muddying the public climate change conversation. I am thinking of two in particular. They warn of doom in 12 years if we do not act now. Thankfully, the Associated Press fact-checked the 12-year claim and wrote, “There is no scientific consensus, much less unanimity, that the planet only has 12 years to fix the problem.”

All nations should be doing their part to take care of the planet. But my largest concern relates to cyber risk and unintended consequences of emerging technologies. Insurance executives do as well, ranking cyber risk second among emerging risks. (Covered cyber too.)

An Emerging Risk for Consumers

From a consumer standpoint, I see one big risk: data privacy. We unwittingly gave away a lot of personal information by participating in social media, “trusted” websites, DNA testing…the list goes on. Suppose personal data lands in the “wrong hands.” Just look back at history, assume it repeats itself, add in personal data and play it forward.

I am hopeful about the California version of Europe’s General Data Protection Regulation, which is to go into effect next year. However, if the Silicon Valley companies (I won’t say who they are I will just point) can successfully lobby lawmakers, it might lose some teeth.

Which emerging risks concern you and why?

Legalizing Marijuana Expands Auto and

Workers’ Comp Risk

Legalizing marijuana introduces greater risk.

Legalizing marijuana expands its use. And that widens the risk potential of on-the-road and on-the-job accidents.

Just how much is legalizing marijuana affecting auto and workers’ compensation coverage? I try to answer that in my latest *Actuarial Review* article, “Reefer Madness.” (Non-insurance folks should read the article as well.)

Using all the information I could find – including direct queries to state workers’ comp funds – my article offers insight into what I see as an emerging risk.

Since more states are liberalizing their marijuana laws, we can expect greater use of the drug. Studies are already showing this to be true. And unfortunately, too many of those using the THC-high-inducing part of the plant are not staying home. Rather, they are taking to the roads and going to work cognitively impaired, even those in dangerous occupations.

To make matters worse, too many Americans believe that driving while high is less dangerous than driving while under the influence of alcohol. Some research is showing that marijuana-related auto accidents are going up while alcohol-related incidents are declining.

That’s not exactly progress when any impairment is bad news. Legalizing marijuana a growing public hazard to be sure. The insurance industry, however, is in the unique position to monitor the impact from a public safety perspective. Insurers can also reveal pot’s impact on accident frequency and costs.

On the job, anecdotal evidence of the impact of marijuana impairment still drives conventional wisdom. The workers’ compensation insurance industry needs to start researching the impact of marijuana on workplace safety and to realize the effects on return to work. Groups like the Workers’ Compensation Research Institute helped sound the alarm of the impact of opioids on injured workers long before it became public knowledge. The same can happen for marijuana.

I know. It’s illegal and therefore cannot be researched. But there has to be something that can be done.

Legalizing Marijuana Complexities

Legalizing marijuana is only possible because the once-well-believed downsides of the drug are being drowned by those extolling its untold benefits. What was once conventional wisdom is now debatable. Thought pot was addictive? Marijuana, advocates say, is not addictive — at least not physically — and it can help break opioid addiction. I would argue psychological addiction can be pretty tough to tackle. It is tough to know what to believe.

The marijuana conversation has become too hazy, allowing legalization to proceed at a faster pace.

It's interesting that a reporter for the New Yorker, after looking at some of the same evidence as I did, also expresses caution for different reasons.

The marijuana conversation is muddied for another reason. Legalizing marijuana means different things to different people. While some insist that its medicinal qualities make the drug worthwhile, others think medical marijuana was a mere entry point for recreational use.

It appears that way. States begin with legalizing marijuana for medical purposes even though medical efficacy is yet to be proven. This is largely due to federal restrictions on pot, which make it virtually impossible to give it the clinical gold standard research that builds the drug's credibility. As one source says, medical marijuana is not yet offering a remedy unavailable from other drugs. And once pot transitions from medical to recreational use, people don't care much about getting doctor's orders.

…there is precious little we know for sure about cannabis.

By the way, the FEDs do make a compelling case for it. According to the U.S. Health and Human Services' review on marijuana, pot's potential benefits do not outweigh the risks. Legalizing marijuana should reveal whether the downsides of marijuana will be worth the upsides. That may or may not change public attitudes. Americans are more open to marijuana than ever. Friends tell me "it is just pot" though it is much more potent than 30 years ago.

While open-minded to pot's positive outcomes, I cannot escape the realities before me. My Godson's life is being destroyed right now because he believed the online messages that marijuana was harmless. Once he got high, was busted and removed from the drugs and his friends, he started trying other drugs and alcohol. His high school career has been disrupted. His immediate future is uncertain.

Another Look at Legalizing Marijuana

My exploration of marijuana and insurance is not over. Currently, I am working on a piece for another publication that covers the impressive growth of the cannabis industry and the developing marijuana-related commercial insurance market. Stay tuned.

Meanwhile, thanks to my extensive web activity into the subject of marijuana, yours truly is being subjected to cannabis product ads and videos on her Facebook news feed. An occupational hazard? Could be. It's kind of creepy when online searching leads directly to my inbox. The marketing emails about CBD oil and pot gummies are very misleading. Thanks to my article, I am better informed.

I hope you'll check out my *Actuarial Review* article. Let me know what you think!

Cyber Risk and Insurance Continue to Grow

Cyber risk and insurance continue to gain momentum. More companies realize they need it. And insurers are expanding coverage – and enjoying profitability. That said, cyber insurance continues to be an especially risky insurance line.

This is part of what I discuss in my recently published article, “Expansive Variance.” Published in *Actuarial Review*, I titled the article very deliberately. The variance of risk expands in new ways every time I investigate cyber risk and insurance.

And frankly, the more I learn about cyber risk, the more concerned I become.

Cyber risk and insurance are expanding.

My article digs into the reasons behind the growing risk and new tools for actuaries and underwriters. Two particular trends stick out. First, Internet of Things technologies continue to introduce vulnerability to cyber attacks and personal privacy. Perhaps the best example of hacking through via app is last year’s Facebook data breach.

Meanwhile, the bad guys, who have the creativity to walk the gauntlet of cyber protections, are quite innovative. Last year’s Equifax breach, the largest in United States history, is a case in point. Despite tight cybersecurity, the breach pulled the personal data of more than 145 million Americans in a seven-week period. Another attack, less widely known to consumers, turned off factories and interfered with commerce all over the world.

The bad actors are also discovering ways to deploy artificial intelligence to mask coding to reach directly into personal computers. And for the less innovative, the old-fashioned and tried-and-true attack methods, such as email phishing, remain effective. Many companies still need to get religion on cybersecurity. Hackers are sometimes getting away with their dirty deeds because companies do not keep up with security patches.

These breaches serve as warnings of what could come. Everyone who knows about cyber risk and insurance fear “big one” — that cataclysmic breach that could put the world on its knees. Insurers are also very concerned about it, spreading risk across individual industries to reduce exposure.

Cyber Risk and Insurance

The article also describes the unique challenges insurers are facing beyond cyber risk itself. Currently, cyber insurance is generally profitable. The market is so competitive that it is sometimes underpriced. Executives of non-cyber insurance lines are also concerned that their coverages are picking up cyber loss.

Insurers have very different philosophies on covering cyber risk. For Warren Buffett, chairman of Berkshire Hathaway, Inc., cyber risk and insurance just too risky. He believes that each year carries a 2% chance of a super catastrophe costing $400 billion or more in insured losses. Not surprisingly, his insurance group is mostly staying away from covering cyber risk.

But there's plenty of insurers – about 170 depending on classification – which are happy to offer cyber insurance. AIG and Chubb are two examples. Insurers also have more insurance scores for cyber risk than ever before. Depending on the product, such cyber scores can evaluate risk potential by company and can watch how the risk changes.

Privacy Regulations and Laws

Consumers have little remedy when personal data breaches occur. Cyber insurance covers cybersecurity protections for a limited amount of time, say two years or so. However, there is nothing that can be done to get the information back. The bad guys have it forever. Thankfully, cyber insurance for individuals is just starting to become available.

Last week I attended a seminar on protecting personal privacy sponsored by the Atlantic magazine and Salesforce.

Speakers discussed a social contract, which presumes entities collecting our data will protect it. However, this social contract has little law to support it. One privacy attorney says that the Facebook breach, while unethical, is not illegal.

The bad guys,
who have the creativity to walk
the gauntlet of cyber protections,
are quite innovative.

Americans assume the government is making sure our data is respected and kept private. But in truth, our public policymakers are behind the curve. As someone at the seminar joked, "Europeans regulate what Americans innovate." Legislative remedies are being considered by Congress. During the seminar, Senator Mark Warner (D-VA) mentioned a recent hearing where the nation's largest search engine's representatives were notably absent. The company, however, *is* showing up to help China with their internet although its employees are protesting and some have quit. This is the country that is following every move of their citizens to determine their "trustfulness" and is also blamed for particular cyber breaches.

My article describes new regulations from the European Union that affect American companies. California also passed an aggressive law to protect consumers. It goes into effect January 1, 2020. Not surprisingly, technology companies are fighting the restrictions the new law will impose. After all, they need personal data to sell ads. The European and California laws have potential ramifications for cyber insurers, but those details are yet to come.

Note: My last article about cyber insurance discusses particular challenges for actuaries. To see more of my cyber articles, just enter "cyber" in the search bar below.

Actuarial Consulting: Is It For You?

Successful actuarial consulting depends on effective communication.

At some point, most actuaries consider a career in actuarial consulting.

It's easy to see why. Generally, the variety of projects are interesting and the pay is better. But as my recently published article, "More Flexible" explains, actuarial consulting is not for everyone. Success requires a variety of additional skills beyond impressive mathematical and statistical chops.

You can find the article in *Contingencies*' Actuarial Job Seeker supplement, which is published by the American Academy of Actuaries. My goal was to write the most comprehensive and useful article on the subject. I believe it is a must-read for actuaries who want to take the plunge into actuarial consulting.

As the article says, excellent communication skills are necessary for actuaries who want to climb up the consulting ladder. In this blog, I share my observations based on nearly 30 years of experience working with actuaries as a marketing and communications consultant as well as a reporter.

Actuarial Consulting and Communication Challenges

Granted, how much actuarial consulting work involves communications and marketing skill depends on the position and the firm's size. That said, sooner or later, most actuaries are called out of their comfort zones to engage in marketing and sales.

I find that actuarial consulting firms miss opportunities to reach their intended audiences due to ineffective communication on multiple fronts. A client once paid me to interview buyers of actuarial services. They told me what kind of content they seek from marketing materials to reach a decision. The client resisted, and the great marketing plan never happened.

The greatest challenge, however, is making actuarial information meaningful to lay people. Like researchers, they can get too wrapped up in the technicalities without showcasing the results that matter most to the lay people they need to reach. That includes everyone from insurance executives who hire actuarial firms to influencers such as reporters.

It's also critical for those in actuarial consulting firms to keep an outsider's perspective. To the non-actuary, actuaries and actuarial firms can appear the same. All actuaries are credentialed and adhere to the same actuarial standards of professionalism. The services appear to be the same.

…sooner or later, most actuaries are called out of their comfort zones to engage in marketing and sales.

Therefore, actuaries must be able to explain to potential customers – whether interpersonally or through marketing materials – why their loss reserving service or predictive modeling prowess is the most desirable.

Communications and marketing professionals can be a big help if they can translate actuarial analysis, reports and studies into layperson-friendly content. However, the less the communicator understands insurance and actuarial products, the more the likelihood of missed opportunities.

When I put on my reporter hat, I can tell you that poor media relations reduce exposure from credibility-building external media. Here are examples of situations that occur too often:

- news releases lacking context that do not address why the reader should care;
- report executive summaries that fail to mention a key point deep within the content;
- information buried within charts that not covered in the text;
- the immediate handoff to the busy actuary with no time because the media person could not answer the quick question on deadline; and
- impossible websites.

Annmarie loves actuaries! Find more actuarial content by clicking here.

Insurtech Revolution Will Transform the Business of Insurance

The Insurtech Revolution is here.

The Insurtech revolution is here.

My most recent *Actuarial Review* article, "The Insurtech Revolution," cuts through the buzz and highlights areas where insurtech is likely to transform the insurance industry.

Insurtech is like any quickly emerging development. There is a lot of activity, confusion and a dash of hype.

That's why my first question to most sources was this: "What is the difference between technological innovation and insurtech?" They agreed it was a good question. The evolving broad definition of insurtech risks becoming too general to be useful. The article includes an important sidebar that further defines the term. I hope will encourage more informed insurtech conversations.

This is certain: insurtech is not a Reese's Peanut Butter Cup. Insurtech does not merely stuff new technology into insurance. Rather, insurtech is a cottage industry coming into its own. At its best, insurtech challenges insurers to re-think what insurance could look like and how it should be delivered and serviced in a digital economy.

My concern is that the most cautious insurance professionals among us will be too quick to write off insurtech as a fad. Or even worse, they will choose denial or ignore it to their peril. Insurance professionals must pay attention to insurtech because it will affect their jobs.

Make no mistake: insurtech will be transformative. It is not just about technology, but new concepts that make sense in a digital world. For example, the insurtech approach means *out* with reactionary customer service and *in* with initiative-driven customer experience. (To learn the difference, click *here*.)

"…insurtech is not a Reese's Peanut Butter Cup …(it) does not merely stuff new technology into insurance."

Meanwhile, its emphasis on artificial intelligence and other smart technologies will change and eliminate jobs. Insurtech companies offering insurance can, for example, prefill personal information through an Application Programming Interface (API), simplifying the application process practically down to a few digital taps.

By programming a rules engine, artificial intelligence is already performing critical functions, such as statistical calculations and ensuring accurate and meaningful customer information.

Insurtech Revolution: Annmarie’s Take

After watching technology change the insurance industry for 30 years, here are some personal observations about The Insurtech Revolution:

1) **Insurtech companies risk operating under false assumptions.** A technological improvement in one industry is not necessarily easily translatable to the insurance domain. The transactions, responsibilities and public accountability differ from banking, as an example.

2) **Insurtech companies are in love with their beloved technology, but insurers love real results.** Understand the real problems the insurance industry is facing. Offer solutions using insurance industry lingo. Save that technological deep dive for those who want to go there.

3) **Insurance companies are not threatened by insurtech competitors**, also known as “disruptors,” which have garnered an overabundance of media attention. Peel back the artificial intelligence, APIs and novel approaches to coverage – and you have the excitement and struggles of a new insurance company. In three years or less, Flo, the gecko and/or other insurers will be using the insurtech bells and whistles that make sense. And they will be doing it better. By that time, we’ll also know if the “disruptors” are profitable.

The Insurtech Revolution is here. Please check out my article and offer comments below.

Actuaries Applying Advanced Analytics in Non-Traditional Roles

Actuaries applying advanced analytics in non-traditional insurance roles are deploying their acumen to solve business problems.

Actuaries applying advanced analytics provide a window into the profession’s future.

As demonstrated in Part II of my *Actuarial Review* series about "the others," actuaries applying advanced analytics are working in various industries. ("The others" are members of the Casualty Actuarial Society who *not* working in traditional insurance industry actuarial roles.)

Part II features four actuaries applying advanced analytics in very exciting ways. It provides a window into the future of the actuarial profession. Increasingly, actuaries will be serving in roles beyond pricing and reserving. As technology moves forward, advanced analytics and artificial intelligence will become more commonplace, offering new potential roles to actuaries.

The article features:

Kevin Kuo, Software Engineer, RStudio After serving as a life actuary, Kuo applied predictive analytics for direct mail credit card acquisitions for Citibank. He's now working to enhance "R" software to offer big data and deep learning capabilities.

Aaron Fezatte, Strategy Manager, Expedia. Beginning his career as a P&C actuary for Liberty Mutual, he secured a job with Expedia to develop new ways to price and offer travel insurance.

Cathine Lam, Data Scientist, Economics & Actuarial Team, Metabiota. The former Milliman Inc. consultant works to track infectious diseases around the world and supports her company's software product. Insurance companies and government entities are key clients.

Frank Chang, Director of Insurance and Safety Analytics, Uber. Chang wrote for *The Motley Fool* and handled pricing for Esurance before working for Google and then joining a team at Uber. His multifold role includes applying analytics to encourage risk management and insure Uber drivers.

The first article about "the others," published in the September/October edition of *Actuarial Review*, was highly popular, attracting hundreds of visitors. This second and final article is a ***must read*** because it showcases how actuaries applying advanced analytics and forging new pathways for the profession.

During the past few years, I've written several articles about advanced analytics and the actuarial profession. If you would like to check them out, please visit the actuarial section of this blog. My next *Actuarial Review* article covers insurtech. Slated for early January, it explains how and why insurtech will be changing the insurance value chain – forever.

Insurers Must Beat the Customer Engagement Disconnect

Insurers must overcome the customer engagement disconnect

Insurance marketing professionals are striving to beat the customer engagement disconnect.

They know that customer engagement must go beyond internet and social media participation to meet customers where they are — at their cell phones. We live in a world where the mobile phone has become the center of people's lives. Insurers should be taking full advantage of this.

Sure, customers are using their smartphones to surf the net and participate in social media. However, the best way to reach customers personally is through voice mail, text messages and email.

My most recent blog for SPLICE Software covers the results of a recent Marketo study of marketers from many industries across four countries. The study reveals that marketers, in general, know they must overcome what I call the customer engagement disconnect. Not surprisingly, the study also reveals that customers are willing to be brand advocates for companies that demonstrate they care for them.

The study also reveals that customers are willing to be brand advocates for companies that demonstrate they care for them.

Insurance marketers need to find the tools to help engage more directly with potential and current customers. Usually, sales and customer service departments already have such tools. To ensure messaging and branding are consistent, marketers should be partnering with other departments that are contacting policyholders.

While my SPLICE blog centers on personal lines insurers, the study also offers insight for B2B communicators. If you market commercial insurance take note: B2B customers have even higher expectations on brands when it comes to engagement. And note this: they are more willing to be brand advocates compared to B2C customers.

I hope you'll check out the blog. It offers much more specific information to encourage marketers to start thinking about how to topple the customer engagement disconnect.

Claim Prevention Tips Can Upgrade Customer Experience and Mitigate Losses

Claim prevention tips can improve customer experience and prevent losses.

Claim prevention tips give personal lines insurers ample opportunities to upgrade customer experience and mitigate losses. Catastrophic (CAT) events such as hurricanes Harvey and Irma are reminders of why providing critical information to policyholders will quickly become a best practice.

As I explain in my blog for SPLICE Software, directly delivering useful safety and loss prevention information to customers via their communication channel of choice — such as text messages — allow insurers to tangibly demonstrate their commitment to policyholder protection.

Further, arming customers with critical information allows them to take positive steps to decrease the frequency and severity of claims. These tips can also build customer loyalty and provide a new way to reinforce marketing strategy.

My blog explains other reasons why insurers should use claim prevention tips. Happy reading!