



PUBLIC

2023 VDN ANNUAL SUMMIT

# HOW THE INTERNET OF THINGS (IOT) IS SHAPING INSURANCE BUSINESS MODELS

**Matteo Carbone** – Founder and Director of the IoT Insurance Observatory

Insurance has been a staple in society for centuries, but with the ever-evolving way people live their lives, it's crucial for insurers to adapt and innovate to remain effective in the future. Matteo Carbone, the Founder and Director of the IoT Insurance Observatory, emphasised the importance of this adaptation.

Carbone is an internationally recognised insurance industry strategist with a specialisation in innovation. He brought a fresh perspective to the VDN Summit, and believes that there is a massive opportunity for Vitality to become more customer-centric. In his view, Vitality is still quite product-centric, but Carbone believes that the future lies in extending the approach to incorporate the Vitality relationship with the entire family, including every family member.

## Powering up connected data

In his ideal scenario, Carbone said, Vitality would incorporate real-life data of the entire family gleaned from smart home technology, social media, telematics data, wearables, and smartphone data. This would create a digital twin of all family members, unlocking the capability to use information across the entire organisation.

He stressed that using connected data can significantly decrease risks. "The implementation of an IoT solution enables real-time mitigation through immediate action," he noted. "The primary objective should be to address potential situations that may lead to an incident. By identifying risks in advance, insurers can prevent claims from occurring and restore risk mitigation."

## The shared value in shared data

Carbone emphasised the importance of democratising the use of data across Discovery, as it would unlock incredible opportunities to cross-sell and upsell, as well as insure new risks and create new information-based businesses.

According to Carbone, Insurtech is not just a buzzword: it is a game-changer for the insurance industry. With the help of Insurtech, insurers can now analyse vast amounts of data in real-time, allowing them to make more informed decisions and provide better coverage to their customers.

## Mastering the art of adviser buy-in

To achieve the complete transformation of the organisation that Carbone suggested, it is imperative to extend the concept of value-sharing to distributors, including agents, financial advisers, and brokers. By incentivising them to go above and beyond, and sharing the company's vision with them, we can emphasise their relational role and give them a sense of significance, he explained. It is also crucial to provide them with support and transparent representation of all customer touchpoints.

"You need to have buy-in across the organisation to succeed, said Carbone, adding that, "The importance of data and technology gives guidance. Each initiative will generate insights, build more capacity, and from a journey perspective, each step is an intermediate step to bigger success. You are not working on a product; you are transforming the business model of your company."

## Mastering your market

He said in order to achieve this, it is important to design go-to-market processes that remove any friction from the agent's activity. This can be achieved through pre-sales services, which can be carried out by the agent, with finalisation done by dedicated resources.

"By streamlining these processes, we can ensure that Vitality agents are able to focus on building relationships with customers, while also providing them with the necessary support to succeed," he concluded.