



The Insurance  
Institute of London  
Chartered Insurance Institute

# The Insurance Institute of London

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# Learning objectives:

1. Gain an understanding of what is happening at Lloyd's with regards to innovation
2. Learn how to engage in innovation yourself.
3. Understand some concepts to help your company formulate a successful approach to disruptive innovation.



# 1. Setting the scene

## The world is changing rapidly

From geopolitical risk to the increasing importance of intangible assets, the risks facing people and businesses are growing and new ones are emerging all the time.

The insurance industry has been slow to respond and many companies (including brokers) face structural, cultural and skillset issues that prevent them from addressing the growing protection gap.

At the same time new technologies, data and partnerships offer an unprecedented opportunity to claim a leading stake in the future of the insurance industry.

## Disruptive innovation is rare

While the London market has developed a reputation for being an innovation hub, evidenced by the Lloyd's Lab, Lloyd's Launchpad and a robust community (active conferences, events etc), very few insurance companies are exploring breakthrough innovation on a structured, scalable and repeatable basis.

Much of the activity is incidental; the result of pressure to be seen to do *something*.

There are a small number of firms pursuing real, disruptive product innovation.

## InsurTech is moving into a new chapter

Anticipation of a technology fuelled re-configuration of the insurance value chain dominated the InsurTech debate in the 2012-2022 period. This led to extensive investment by VC's into companies that were many years from profitability.

Towards the end of that period it became widely accepted that disruption via partnership is more likely than wholesale 'uberization' (the idea that a single InsurTech would up-end the value chain).

In 2023 InsurTechs will find themselves in a much more difficult fundraising environment than that of the 2012-2022 period. The need to illustrate how profit can be achieved in a reasonable timeframe will cause many InsurTechs to pivot to partnership models, or fail.

## 2. Lloyd's Product Launchpad

The Launchpad is a group of innovators working for different insurers trading at Lloyd's

### Collaboration

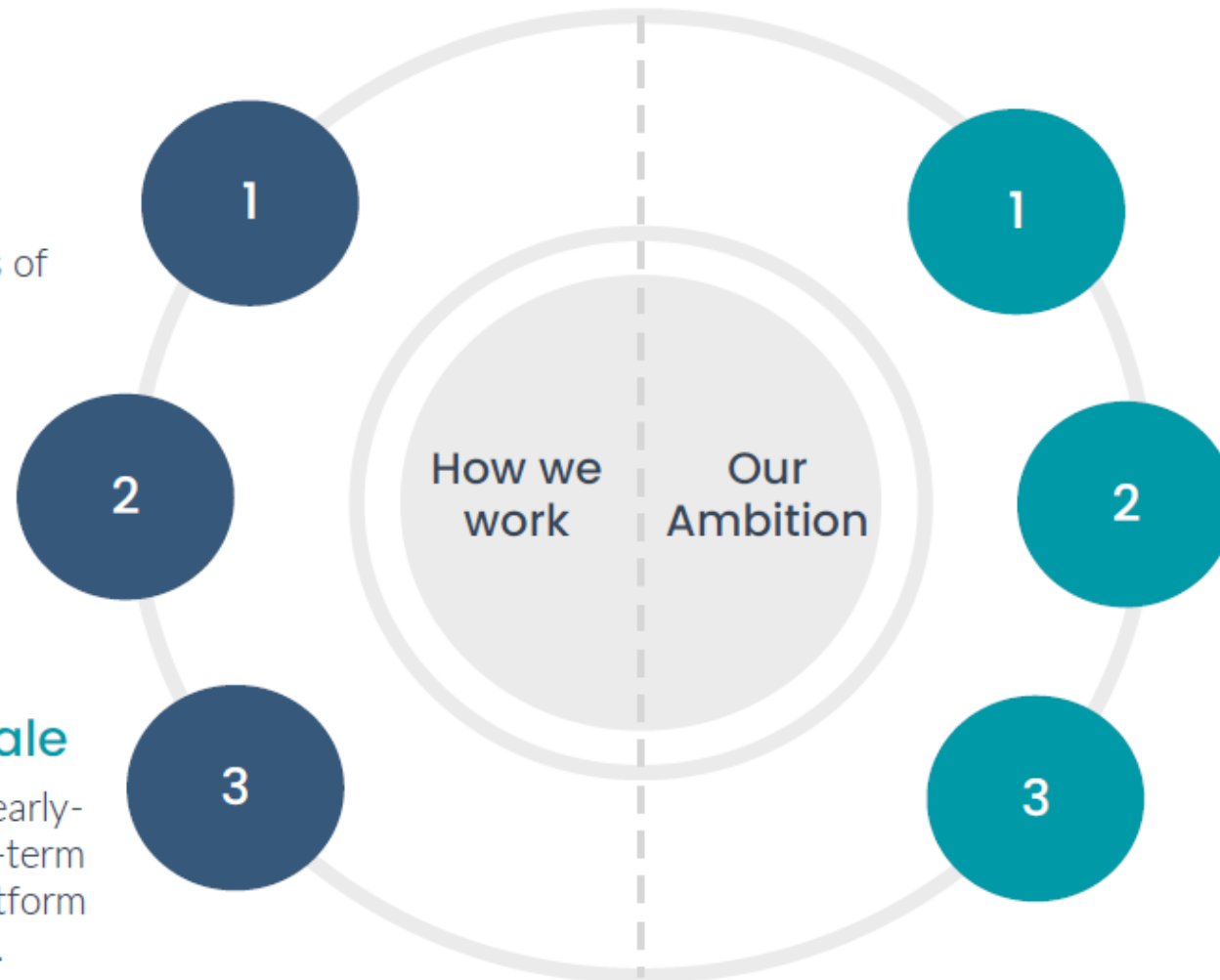
We solve novel insurance problems quickly by pooling brainpower in the early stages of problem solving.

### Attitude

We are constructively cynical but getting to 'yes' powers our decision-making. We want to make it work.

### Experimenting to scale

We diversify our capacity on early-stage concepts, ensuring long-term partnership and creating a platform from which to support scaling.



### Accelerate

Champion breakthrough product innovation within the Lloyd's market.

### Create

Help InsurTechs turn their ideas into reality.

### Boost

Raise the profile of the Lloyd's brand as the go-to marketplace for the world's emerging risks.

### 3. Who is in it?

Over 30 companies, more joining all the time

#### Co-chairs



#### Leaders

ATRIUM



RenaissanceRe



#### Members



FARADAY



BRIT



ARK

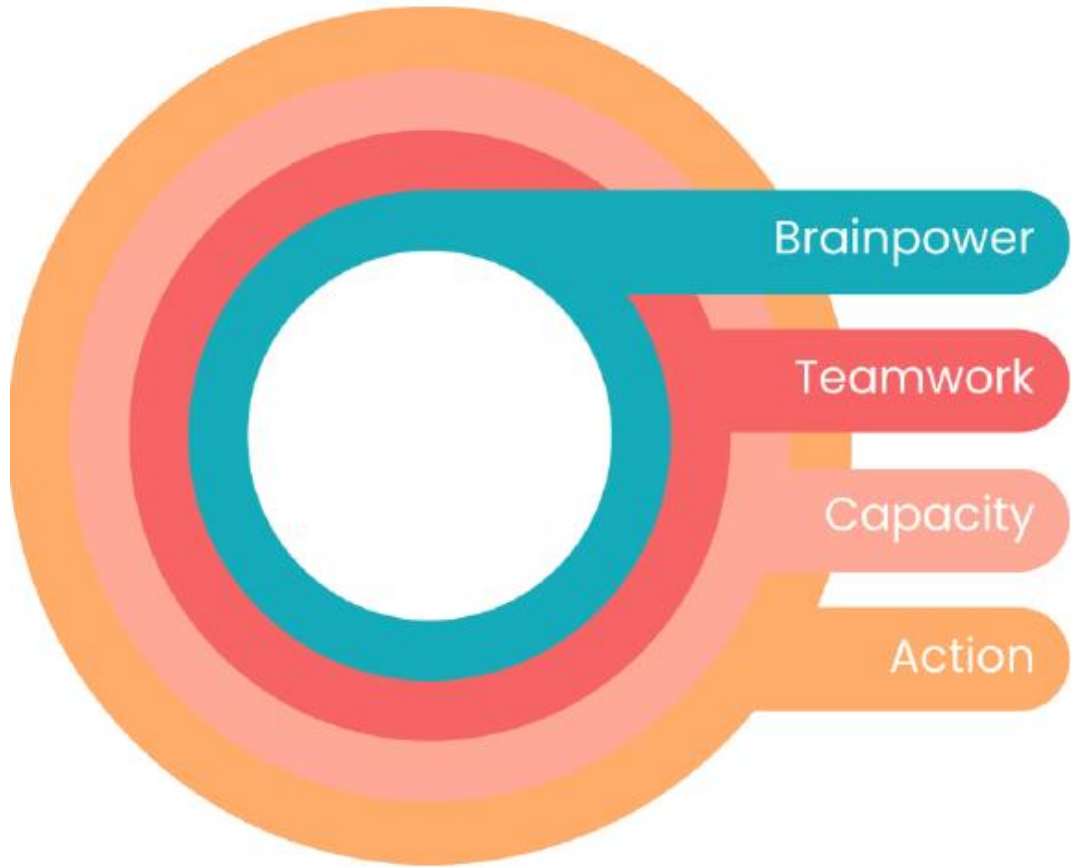


S.A Meacock



## 4. What does this mean for InsurTechs?

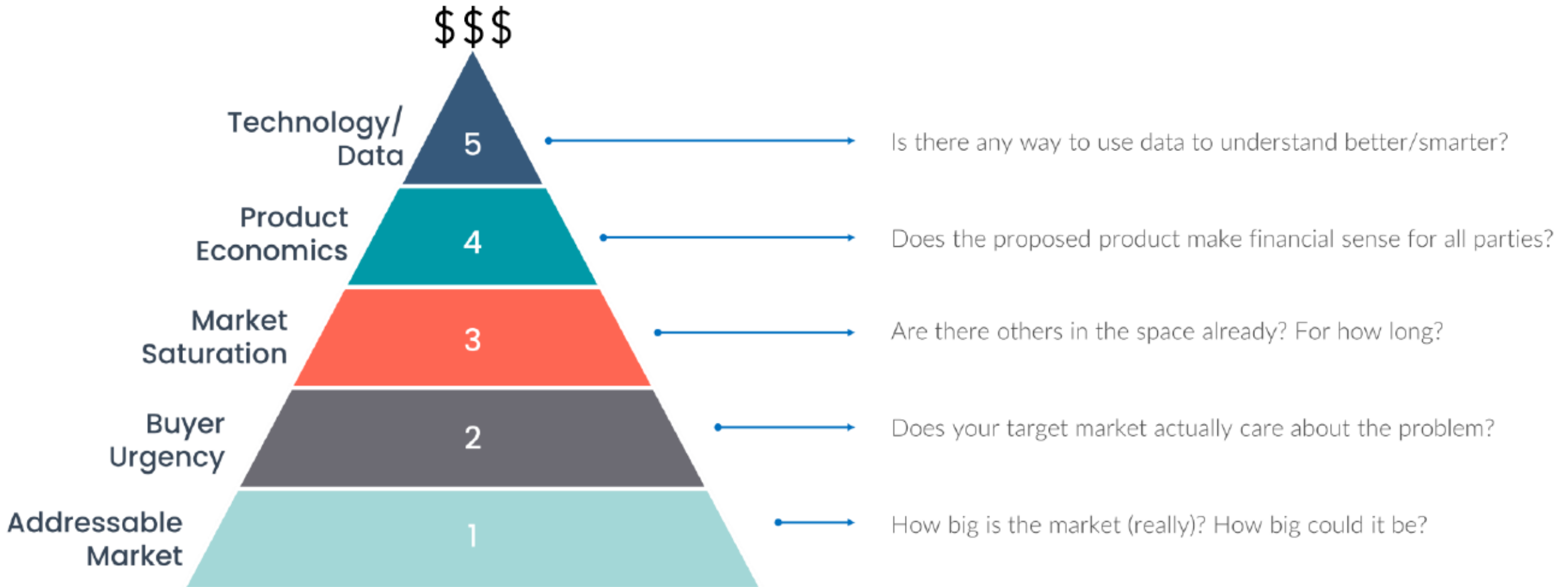
Launchpad members are a big part of what fuels the Lab experience for participants.



- ▶ Access to some of the market's leading innovative thinkers – people that can match your passion.
- ▶ A group with a track record of delivering breakthrough innovation via radical transparency – sharing the load to move fast.
- ▶ One of the most overlooked ingredients for InsurTech success – the Launchpad offers a one-stop shop for significant capacity.
- ▶ The Launchpad isn't a postbox; members are empowered by their companies to do deals and 'make it happen'.

# 5. What are the ingredients for success?

There's always room for debate, but let's agree that these are major factors





## 6. Great – but have you done anything?

For a young and evolving collaboration platform we've done quite a bit.

gaia

OTONOMI

FloodFlash



Parsyl

yokahu

Blink

Kita

parametrix  
insurance

coincover

FLOCK

Altelium



# 7. How can you get involved?

There are a number of ways.



## Challenge

Ask your leadership: what is our disruptive innovation strategy?



## DIY

There's nothing stopping you acting on your ideas: as we've seen- there are people that will listen to you.



## Market Groups

Ask Lloyd's to get involved with Lab events – they are generally open for market participants to access.



## Engage your curiosity

The foundation of innovation is curiosity – get out there and read, watch and listen to as much content as you can!



## Share

If there are like-minded people in your company, why not organize into a defined group?

# 8. Disruptive innovation teams: success factors

Companies that want to succeed in this area must consider these issues

## Leadership

Company leadership must be prepared to spend time, money and take risks. Disruptive innovation requires intensive interest from leaders to work.

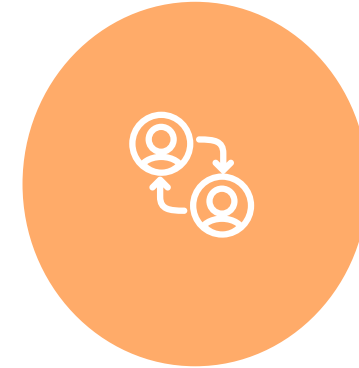


## Talent

These kinds of teams require people with diverse interests and skillsets. Companies need to be prepared to think outside the box and bring in new talent.

## Structure

Disruptive innovation requires a lot of structure: how do we select, develop & test solutions. Is that process explicable and scalable?

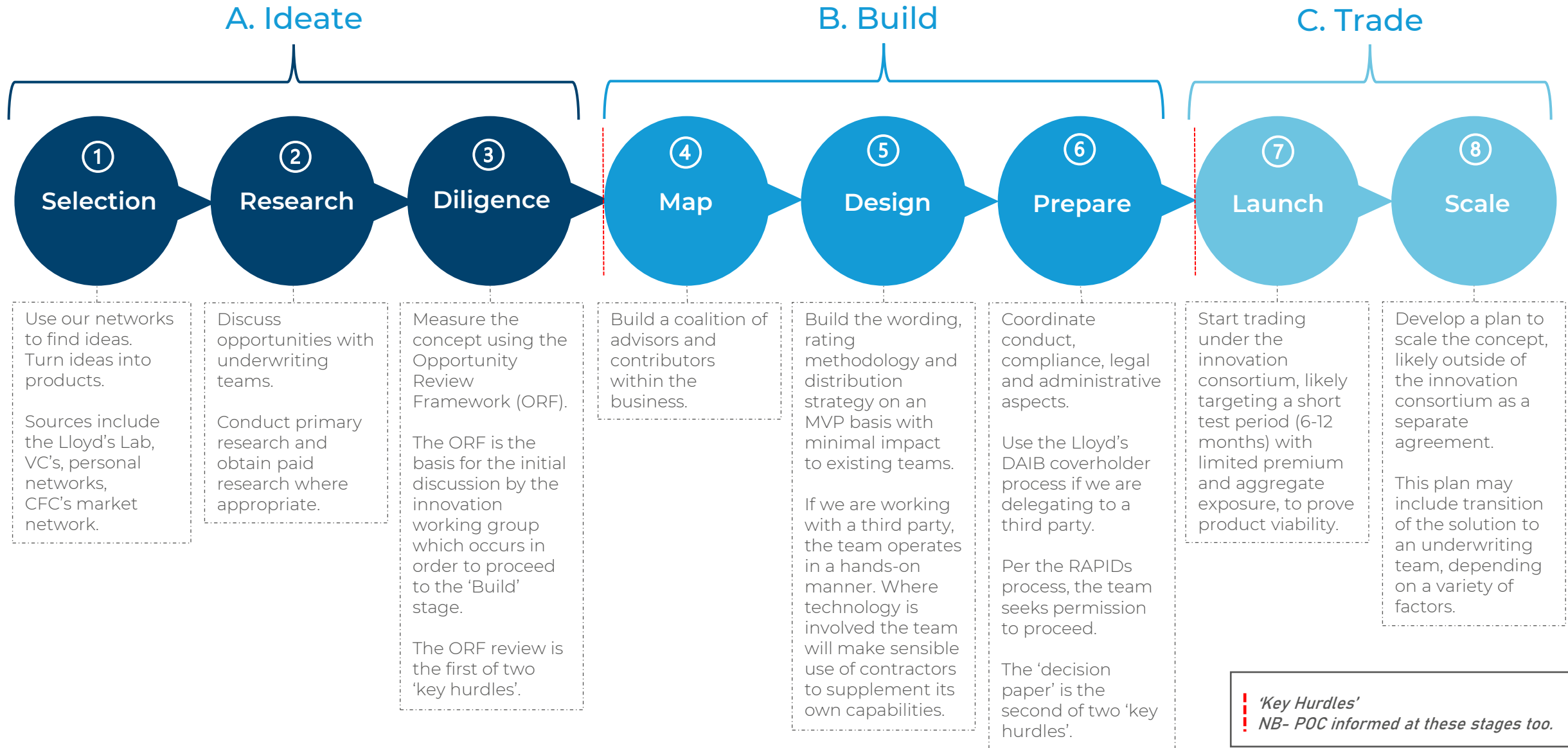


## Alignment on Strategy

Disruptive innovation is hard, and there will be failures. Everyone needs to understand the timeframes involved.

# 9. Creating structure from chaos

Innovation processes and structures are central to innovating safely and quickly

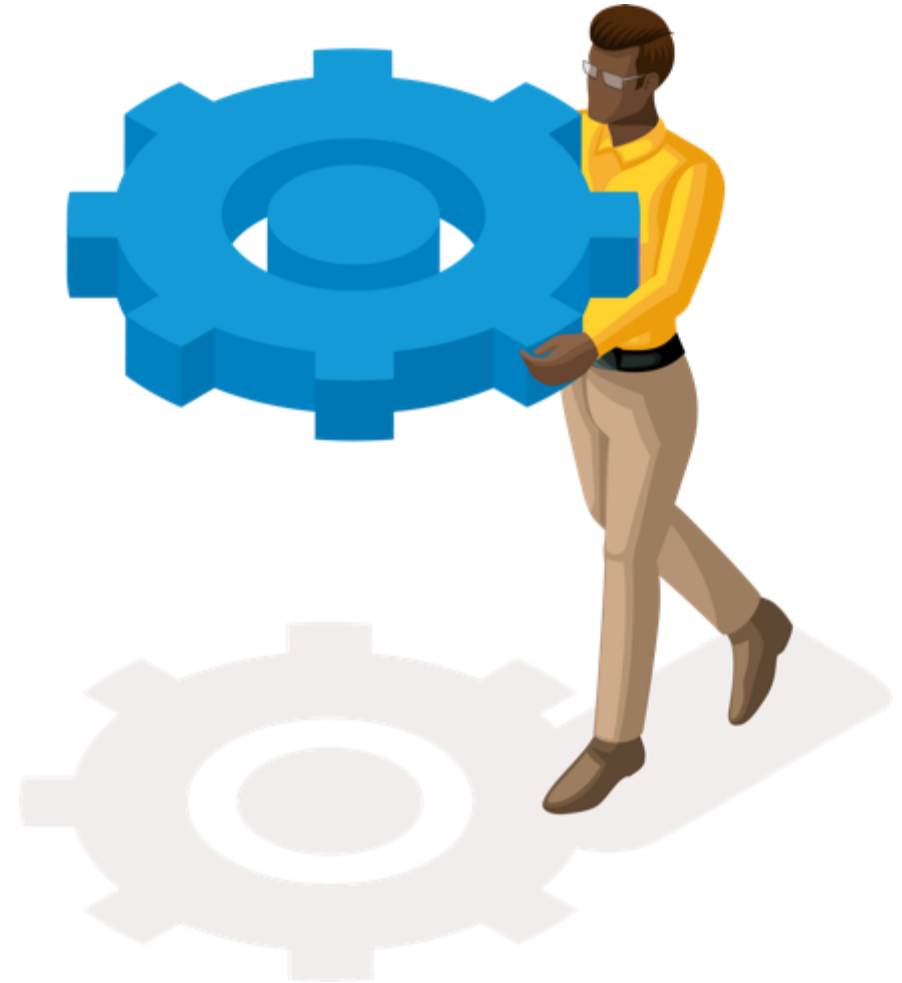


# RAPIDs model: fast, controlled decision making

Bain's RAPIDs model is a mechanism for ensuring fast and fair decision making during complex processes. The model uses five key roles to describe different stakeholders' responsibilities during the innovation process:

- **Recommend:** recommend a specific decision or action, based on their experience.
- **Agree:** agree to a proposal, and their views must be reflected in the decision paper.
- **Perform:** responsible for the overall process, bringing together those involved in the RAPIDs process and acting on the decisions agreed.
- **Input:** provide valuable insights, and who contribute to the process.
- **Decide:** the final say as to whether that phase of the process is complete and that the process can continue.

It is important to bear in mind that models can be restrictive if interpreted too strictly; there are of course exceptions to the assumptions within the model, however it is a baseline approach with a great deal of flexibility.



# 10. Final Thoughts



There are significant structural barriers to pursuing breakthrough innovation. The main ones are lack of investment, management buy-in, leadership, data, delegation, appropriate controls, skills and appetite.



Generally, disruptive innovation opportunities have the potential to scale over a 3-5 year timeframe. As a market we should avoid the temptation to engage in 'box-ticking' innovation. We want to create real value for our clients.



There are lots of ways to get involved in the innovation ecosystem in London and the Lloyd's market – but it starts with your own motivation. Get out there, sign up to things and see what happens!



This presentation has been about disruptive innovation, but don't forget that innovation takes many forms and most innovation is incremental in nature. This isn't less valuable. Far from it. It's critical. Whatever job you are in, there's a role for you to play in driving innovation.



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# What we have covered:

1. We looked at some of the innovation structures in the Lloyd's market.
2. We considered what makes disruptive innovations successful, and what the pitfalls are.
3. We looked at some of the criteria for creating a successful disruptive innovation process & culture.
4. We discussed some ways for people to get involved.





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# Q&A session







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