



TECHNOLOGY

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Technology: Help or Hindrance?

It wasn't so long ago when we did most all of our shopping in stores or from catalogs, and paying a bill required a check and a postage stamp. Cell phones were too big to fit in your pocket — and making phone calls, getting directions, sending email, and listening to music or watching a video required four separate devices.

Few would argue with the fact that technological advances have a positive impact on our lives and on society. Many of us have become so reliant on technology in virtually every aspect of our lives that it has changed how we interact with industries. It also has changed our expectations for doing so.

One example within our industry is that 7 in 10 consumers researching individual insurance or annuities now use the internet as a source of information.¹ This *rise of the consumer* has many companies broadening their focus to include consumers as well as financial professionals. Companies also must revisit their messaging and touchpoints to most effectively engage them.

The technology startup community, known as FinTech and InsureTech in our industry, is attracting the attention of more and more companies. Many of these startups describe themselves as “disruptors,” even before they have a product on the market. By labeling themselves so, they're pretty much saying, “we're not here to help” (incumbents).

The industry is keeping a watchful eye on these firms — for obvious reasons. Beyond the would-be disruptors, there are lots of startups developing new technologies *in support of* the industry. These efforts may help companies grow faster, improve cycle times, make better or faster underwriting decisions, or reduce costs.

Technology also has the potential to improve the efficiency of human tasks. We will continue to see specific human tasks — or even entire jobs — become automated. This is a scary thought if it's your job on the line.

Yet technology can also help humans do whatever they do best (that a machine could not easily do ... or do as well, at least in the near term). Many will fight this eventuality. But as the Borg on *Star Trek* say, “resistance is futile.” The bottom line is that we must continuously reevaluate our human value proposition while leveraging technology to do so.

One example of an industry role that has been somewhat under scrutiny is the investment advisor. Many human advisors feel threatened by the existence of robo-advisors, which determine an asset allocation, invest that allocation, and rebalance it over time. However, this is a perfect example of a function that — at its most basic level — computers can perform faster and cheaper than humans can. Without arguing the merits of human versus robo investment advice, it seems clear that human advisors would do well to ensure their own value proposition is broader than asset allocation and investment selection.

Another industry function that machines will increasingly perform is risk selection and underwriting. Many companies already use machines to make or contribute to underwriting decisions. The benefits of this approach include cost savings, faster cycle times, and consistent decisions. What other jobs in our industry are likely to go the way of the typist, telephone operator, or travel agent?²

Whether you feel any of these changes is a help or hindrance is really a matter of perspective. They can all be seen as positives, unless they're happening to you. 🌐

¹ *Information Seeking in the U.S.: Consumer Internet Use for Retail Insurance*, LIMRA, 2015.

² For insight into the answer to this question, check out *The Future of Employment: How Susceptible Are Jobs to Computerisation?* by Carl Benedikt Frey and Michael A. Osborne, University of Oxford, September 17, 2013.