

A Guide to Launching a New Insurance Product

Insurtech 101

*A complete guide for both veterans and entrepreneurs
launching products in the insurance marketplace.*



In Insurtech 101, we review the fundamentals of concepting, developing, and launching a new insurance product. You will learn the critical questions to ask before you start new product development, the essentials of entering the insurtech space, and tips to speed up product development and launch.

The avalanche of data now available to insurance companies is rapidly changing the capabilities of an industry that has historically relied on manual processes. Insurtech entrepreneurs are discovering new advancements in data capture and analysis that allow insurance companies to do their jobs more efficiently and effectively.

However, it's important not to leap before you look. Whether you are a traditional insurance provider or an emerging startup, thoughtfully developing your technology product will save you time and resources at every stage.

To successfully launch a technology product in the insurance market, you must consider:

- » Market Analysis
- » Company Licensing
- » Product Design & Pricing
- » Compliance Review
- » State Filings

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Before You Start: Critical Questions to Ask

You may be a tech entrepreneur who has successfully launched a variety of different products, or a seasoned insurance professional who sees a technology that can streamline processes in the insurance marketplace, or an industry outsider who sees how technology solves problems. Whoever you may be, it's imperative to ask several basic questions before you start investing time and resources into new product development.

Here are critical questions to consider before you invest anymore resources into your product idea:

- » What type of insurance will your product provide?
- » What is the target market?
- » What triggers a claim under your product?
- » Who are your competitors?
- » Do you want to write in the admitted or alternative market?
- » Do you plan to retain risk or cede it off?
- » Have you considered the structure of the product?
- » What is your projected premium volume?
- » In which states will you offer this product?

Knowing the answers to these questions will help build the focus for your new product strategy. For example, if you only plan on bringing your product to market in your home state, you'll have far less regulations to navigate in getting your product licensed. You'll also only have to work with one state department on insurance.



Insurtech Essentials: What You Must Know

It's wise to prepare for the business realities and regulatory scrutiny that are inherent in the insurance industry. Here are some essential guidelines to keep in mind as you proceed through product development and rollout. Disregard these guidelines now—and you may end up paying dearly later.

Do Your Homework

In the heavily-regulated insurance marketplace, product rollout is not nearly as fast as in other industries. Constraints including privacy rules, compliance requirements and standards that vary by state can throw a wrench into the best-laid plans. We suggest partnering with insurance experts who can help you navigate the tricky regulatory environment and bring a fresh perspective to your project. Many product design consultants have decades of experience and can handle all aspects of your development, or fill in for a gap in your staff. You can utilize their services to whatever degree you are comfortable. They can handle your entire project or simply slot into your existing team and lend their expertise.

Think Bigger

You might have developed a product to help claims but its functionality has the potential to improve accuracy in fraud detection or streamline marketing efforts. Qualified insurance consultants can evaluate your product and inform you if there are other uses for your technology beyond its original application.

For example, millennials are buying insurance today in a completely different way than their parents or grandparents. They want instant quotes and payment submissions with a single touch on their smartphone. A specialist can help ensure that your product—and how it is delivered—keeps pace with the times or provide insight into how to adapt your technology to meet the needs of certain segments of the market.

Test Your Tech on Real Data

Feed real data into your technology to demonstrate specific outcomes that you can share with potential clients or investors. Measurable results can also support your case when submitting to regulatory bodies, especially if your product is entirely new to the industry.

Prepare for Regulator Review

Complicated regulations apply to the collection, evaluation, and sharing of data in the insurance industry. It's smart to prepare for the range of questions you will be asked by regulators (keeping in mind that rules not only vary by state but also by line of business) BEFORE you are ready to submit your product for approval. Preparing ahead of time enables you to respond to regulator inquiries quickly and completely.

Be Ready to Train

Even insurance companies that embrace new technologies will undergo a transition period where staff needs to become comfortable using your product. The most successful Insurtech companies put support staff in place to train users, answer questions and help companies through an integration of the new technology with their existing systems and processes.

Use Expert Evaluation to Validate Your Product

Before investing in major upgrades, insurance executives want to be sure that new technologies will deliver results that justify time and expense. Insurance consulting partners help secure buy-in from execs with data analytics used to quantify and support your innovation. Your product might be fantastic and your user interface might be seamless, but those are only a few pieces of the Insurtech puzzle. Experienced insurance consultants can complete the picture by providing you with insight and preparation for the complexities of the insurance market as it relates to your product or service, saving you from headaches, hassle, and wasted resources.

Introducing a New Product: Tips to Accelerate Speed-to-Market

Speed to market is always important when it comes to introducing new insurance products. Our experts have determined the actions that can significantly impact the speed at which a new product is rolled out in the insurance market.

Know Your Market

Understanding your market means a couple of things. First, know if you have any competitors in the market and who they are. Next, get to know the environment from a regulatory standpoint. Look closely at how the Departments of Insurance (DOIs) treat the products in the states you are targeting.

Confirm That Your Company is Licensed to Write the New Product

Sounds obvious, but plenty of companies rush past this step and pay for it later. This needs to be addressed early on by someone familiar with the company licensing process. Double check first, so as not to waste time and resources on stalled product development.

Ensure Your Product is Compliant in The States You Want to Write

It is unlikely that all states will allow you to write the exact product you want. Rather, you will likely need to modify the product, at least a little bit, in each state in which you write. Before filing or implementing your product, conduct a thorough compliance review, making adjustments as necessary. Shortcutting this crucial step in the product development process will likely result in delays, rejections or time-consuming questions from DOIs.

Be Smart About State Filings & Compliance

When it comes to releasing a new product quickly, the single most important rule is this: approach insurance product development in an organized manner. Cutting corners will almost always result in re-work and undue delays on the back-end.

Your Best Bet for Success: Partner with Experts

Insurtech product development is a process that requires expertise in many different insurance-related specialties and extensive industry knowledge. If your in-house teams are not equipped to handle learning the time-consuming specifics or manage the critical details mandated by the insurance market, partner with an insurance product consulting firm whose industry, marketplace, and compliance experience can get your product to market quickly and cost-effectively.



For more information about how Perr&Knight supports Insurtech entrepreneurs, contact us at (888)201-5123 Ext. 3
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