



Technological innovation and Credit Insurance - Products

Jesús Urdangaray

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» Technological innovation and credit Insurance

1

**Evolution of
Credit
Insurance.**

2

**The current
offer of Credit
Insurance.**

3

**Future evolution
of the Credit
Insurance offer.**

4

**The role of the
Regulatory
Bodies in the
new
technological
scenario.**

1. Evolution of Credit Insurance.



Credit insurance is a business with 200 years of history



Initially it emerged to protect companies in their international transactions, subsequently domestic transactions that currently constitute the bulk of the insured capital were incorporated.



For many years it has been supported by the States. Nowadays it is operated mainly by private companies.



Traditionally it has been considered as a “specialized” product that requires “highly qualified” sales personnel and potential buyers.

2. The current offer of Credit Insurance.

- The basic offer is the global policy with obligation to ensure all sales (WTO) and classification of all debtors.
 - Extensive general conditions that define the insured's obligations:
 - High "operational risk".
- Variations on WTO:
- Single Buyer
 - Excess loss
 - "Top up"
 - Non-Cancelable Limits
- The competition in the market is mainly focused on price and "soft" conditions.



3. Technological innovation and credit Insurance

A **technological & a sociological** revolutions are under way

A technological revolution

- Mobile internet / democratization of **Smartphone**
- Potentially infinite storage capacities – **Cloud**
- M2M communication**
- Decrease of **technologies costs**



Remote control of our lives

A sociological revolution

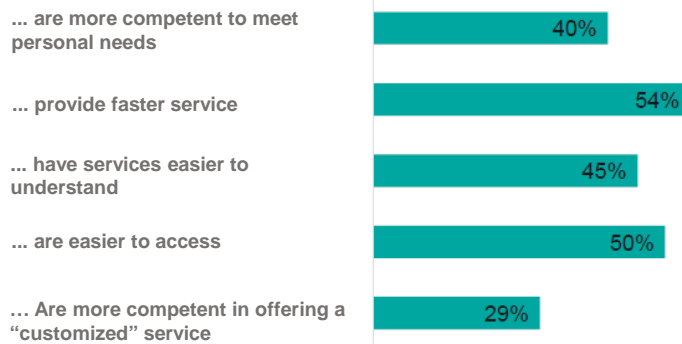
- Faster and faster penetration of new technologies**
- Increasing success of **innovative business models** based on **free offerings**
- Expectation of **immediate and continuous availability** of services



3. Technological innovation and credit Insurance.

Customers think this way - insurers have to be more agile to compete

I would buy insurance from an online service provider like Google or Amazon because they are....



IBM Institute for Business Value



3. Credit insurance offer, future evolution.

- The digital potential of the traditional product is **Very low**.
- The digital potential of the products must be **Very High**.
- Keys to “hyperadoption” in the digital economy described by James McQuivey, Forrester Consultant:
 - **Low Test Risk**
 - **Simple concept**
 - **Focus**
 - **Customer Experience**

Elements for a new digital value offer:

- **Eliminate test risk:**
Lower costs, “freemium” options.
- **Simplify:** Easy to understand, without operational risk.
- **Focus:** Different products for different clients (tailor made).
- **Customer experience:** recruitment, loyalty, retention.



The best way to predict the future is to invent it.



> 4. The role of the regulatory bodies in the new technological scenario.

- Borders are increasingly ambiguous.
- Data: the great treasure of the 21st century.

The regulator must evolve with new technologies by developing tools and supervisory capabilities that:

- Ensure fair competition among market operators considering new participants: Insurtech, Start Up, Big Tech.
- Protect the interests of consumers: New products with insurance effects but without the appearance of insurance, information security, data protection, ...

They will need:

- Multidisciplinary teams: Lawyers, economists, mathematicians, actuaries, data scientists.
- Cooperation between different regulator/ authorities inside and outside the insurance sector.



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Thank you

