
# Product Management Capabilities for Property & Casualty Insurance Businesses

*Simplicity and Clarity*

SoundStep Consulting Services

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# Introduction

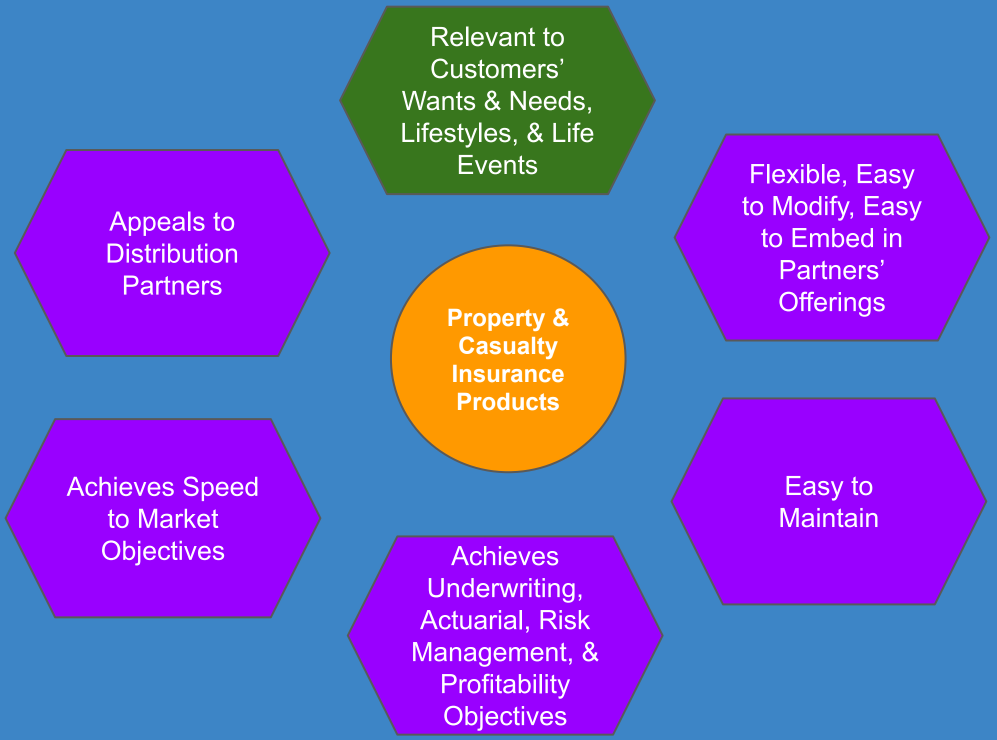
Today, there are more opportunities to transform Product Management in Property and Casualty (P&C) Insurance companies.  This is primarily because of the transformative power of digital technologies.  This document provides a holistic yet condensed view of what's truly important for P&C insurance product managers as they embark on their respective digital transformation journeys.  It also provides a foundation for insurtech/fintechs, technology services consultants, and potential partners of life insurance companies who are interested in embedded insurance products.

This document includes a condensed view of the *Product Requirements* for property and casualty products, the *Sought-after Attributes* for these products, and a table to serve as a reminder of what constitutes an *Insurable Risk* - a crucial concept that's often missed by those who are new to the insurance industry.  The document ends with a high-level view of the *Typical Challenges the P&C Insurance Product Management* function faces today.

The insurance industry will significantly benefit from the transformative power of digital technologies, and an influx of 'new' players who can bring their talent, skills, competencies, and energy for the overall benefit of insurance policyholders.

A word of caution for those who are new to the industry - insurance is a risk-assuming business;  and the full cost of each product in not known for many years - a concept that remains difficult for many who are new to the industry  to fully comprehend.

# Figure 1: Criteria for Creating Property & Casualty Insurance Products



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# Typical Products Offered by Property & Casualty Insurers

### Property Insurance

- Aviation insurance
- Boiler insurance
- Builder's risk insurance
- Crop insurance
- Earthquake
- Fidelity bond (aka anti fraud insurance)
- Hurricane and Flood insurance
- Home insurance
- Landlord insurance
- Auto Insurance
- Gap Insurance (Home, Auto, etc.)
- Marine insurance and marine cargo
- Renters' insurance
- Supplemental natural disaster insurance
- Surety bond insurance
- Terrorism insurance
- Volcano insurance
- Windstorm insurance

### Casualty Insurance

- Public Liability Insurance
- Directors and Officers Liability Insurance
- Errors and Omissions Insurance
- Prize Indemnity Insurance
- Professional Liability and Medical Malpractice Insurance

### Other Types of P&C Insurance Products

- Travel Insurance
- Cyber Insurance
- Specialty Insurance (Art & Precious Works, Bloodstock, Hazardous Materials, Nuclear Plants, Others)
- Business Interruption Insurance
- Defense Base Act Insurance
- Expatriate Insurance
- Legal Expenses Insurance
- Pet Insurance
- Aviation insurance
- Boiler insurance
- Builder's risk insurance
- Crop insurance
- Earthquake
- Fidelity bond (aka anti fraud insurance)
- Hurricane and Flood insurance
- Home insurance
- Landlord insurance
- Auto Insurance
- Gap Insurance (Home, Auto, etc.)
- Marine insurance and marine cargo
- Renters' insurance
- Supplemental natural disaster insurance
- Surety bond insurance
- Terrorism insurance
- Volcano insurance
- Windstorm insurance

# Figure 2: Criteria for Creating Property & Casualty Insurance Products


Note:
1. Casualty Actuarial Society published the "Seven Elements of Insurable Risks" in 2021.
2. Straight Thru Underwriting

# Seven Elements of Insurable Risks[1]

| Criterion | Criterion Type | Detail |
|---|---|---|
| Fortuitous | Actuarial | Timing and location of future events must be uncertain and accidental. |
| Measurable | Actuarial | Losses must be well-defined and verifiable upon occurrence. |
| Independent | Actuarial | There must be weak or no correlation within a portfolio of insureds. |
| Market- Bearable | Actuarial | Maximum possible losses in an accident year from the insured event must not be excessive for insurance markets to absorb. |
| Predictable | Actuarial | Ideally, costs must be estimable, which requires a sufficient number of insureds across a sufficiently large number of historical events to be used as sample data. |
| Fair | Economic | There should be no potential for adverse selection or moral hazard in the policy portfolio, and the contracts should not be unfairly discriminatory to individual insureds. |
| Affordable | Economic | The transfer price must be attractive to both the insurers and the insureds. |

# Challenges in Today's  P&C Insurance Product Management

- Creating product strategies that are suitable in the current post-pandemic and inflation/recession environment that will meet the changing demands of the customers in a highly competitive marketplace.
- Creating products that focus on prevention.
- Creating products that can be tailored to customers' income and economic situation.
- Creating products that appeal to the younger generation.
- Creating products that fit customer's changing wants, needs, and lifestyles.
- Creating products for the small and micro businesses (mom and pop businesses).
- Creating products that are tailored to gig economy workers.
- Creating products and services that are usage-based.
- Creating products that increase frequency of customer interactions to win mind and wallet share.
- Dynamic customer segmentation and the capability to quickly launch products that are relevant to each segment.
- Selecting the appropriate distribution channel(s) for each product including third party partners for selling embedded insurance, white label, and/or co-branded products).
- Developing communication strategies and materials tailored to each distribution channel and target customer segment.

# Additional Challenges in Today's  P&C Insurance Product Management

- Providing an easy way for customers and prospects to complete an application for new products.
- Delivering a hyper-personalized customer persona and customer journeys.
- Delivering a truly omni-channel experience across all customer distribution points, and the underlying portals, platforms, systems, and devices.
- Developing the capability to create relevant and highly appealing content by customer segment.
- Building digital technologies-based capabilities that support the attributes described in Figure 2.
- Developing the capability to deliver a seamless experience between the insurer's customer portal, and the customer service agents, and the financial planning advisors for complex products.
- Maintaining a consistent look & feel across all portals, platforms, systems, and devices.
- Maintaining a consistent brand image.
- Creating products that appeal to agents, brokers, and third party partners (embedded products)

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# Thank You!