

ABOUT CLIENT

CLIENT

Leading Insurtech
Player



INDUSTRY

Insurtech



PRODUCTS

Parametric Insurance



TARGET GEO

North America



BUSINESS OBJECTIVE

Identify possible investment opportunities in the North American Parametric Insurance Market and introduce a new product to assist insurance firms in modeling risks for their policyholders.

CONTEXT

Our client, a leading global Insurtech player, recognized a paradigm shift in the industry's acceptance and growing popularity of the parametric insurance products. Competitors had begun to modify their Insurtech solutions to include product design, structuring, and risk modeling components of the parametric value chain. As a result, our client saw this as a viable investment opportunity and decided to launch a new product to cater to its existing customer base. The client strategically chose to partner with Cognition to answer the following key questions:

1. What is the market need (pain points) relating to Parametric Insurance products?
2. Who (insurers/re-insurers) has these parametric insurance solutions? What are they and what types of policies are they? What perils do they cover?
3. What infrastructure is the market using to create these solutions?
4. Apart from customers' in-house solutions, are there any other Insurtech vendors that offer PI solutions to the insurance industry?

The outcome of the study was to enter the North American market by potentially signing Proof-of-Concept (POC) deals with leading P&C Insurers, with the end goal of entering into annuity contracts.



OUR SOLUTION

Cognition executed the project using our comprehensive research modules:

1. **Market + Competitor Intelligence:** Undertook a detailed market opportunity assessment to identify the key pain points related to product design and risk modeling of parametric policies and how other Insurtech players are addressing this need.
2. **Customer Intelligence:** Analyzed extensive consumer data and insights to understand the demand patterns and preferences specific to parametric insurance. By segmenting the market and identifying key demographics (P&C Insurers) that are more likely to adopt parametric insurance products, we were able to pinpoint potential investment opportunities.
3. **Product Intelligence:** Comprehensive analysis of the parametric products to understand how data is used to identify trigger events, its measurements, payouts, index selection, and risk modelling for determining the overall premium pricing.

OUR METHODOLOGY

Secondary Research (Human + Artificial Intelligence)

- **Data Collection:** Gathered vast amounts of quantitative and qualitative data to assess the underwriting value chain and the use of parametric solutions across its segments and sub-segments.
- **Analysis:** Utilized advanced AI analytic tools to interpret the data collected, identifying patterns and opportunities for innovation or expansion in the market, especially for product design and structuring.
- **Human Expertise:** Our team of market analysts then reviewed the AI-generated insights by using their sector-specific knowledge and strategic thinking, validated and contextualized the information, ensuring its relevance and accuracy.

Primary Research (Expert Consultations): To gather diverse perspectives on the market, we identified and engaged with 10 industry experts known for their authoritative knowledge and insights on the market. This was achieved through a combination of our expert network and by leveraging professional social media platforms.

OUTCOMES



Helped the client build and launch its parametric solution (risk model) for **three key areas** – Flood, Agriculture, and Business Interruption Insurance



Helped the client take the decision to invest in **AI-backed, third-party NatCat models** to offer Flood parametric insurance offering



The client was able to use our customer intelligence to sign deals with **three leading P&C Insurers** in North America to conduct a one-year POC on the client's product