

Financial Services Practice

Changing the insurance paradigm: A perspective from Allianz Poland's COO

A 20-year industry veteran, Radoslaw Kaminski believes that insurers must rethink long-standing business models and “become part of something bigger.”

Radoslaw (Radek) Kaminski has spent his entire career in the insurance industry. A lawyer by training, he joined Allianz Poland as a legal adviser in 1999 and a decade later was appointed director of its legal department. He has served as Allianz Poland's chief operating officer and vice president of the management board since 2015.

Allianz is consistently one of the highest rated and most recommended life-and-property insurers in Poland. In a recent conversation with McKinsey's Oskar Sokolinski and Monica Toriello, Kaminski shared his views on the future of insurance claims and of the insurance industry more broadly.

McKinsey: Think ahead to 2030. How will the process of filing an insurance claim change by then?

Radoslaw Kaminski: It's not just about the claims process—the whole paradigm of the insurance business will change. Today, both in underwriting and in claims, we build our knowledge of the client or the accident based on information gathered from the client. We expend a lot of effort in gathering the data and we're reactive, not proactive. And sometimes we don't trust the client, so we check for fraud. That lack of trust makes some risks uninsurable and it makes some claims processes hard, unpleasant, full of investigations.

In ten years, the world we live in will be completely different. We'll automatically gather the data about the risks, in the case of underwriting, or about accidents, in the case of claims, from the public sphere, from the Internet of Things, and from predictive models—so we won't have to bother the client to ask him or her for all the information. The technology already exists for us to do this; we just have to develop a process of onboarding the client before he or she is in need.

We also must develop completely new ways of managing risk. Insurers normally say, "In case of an accident or a health problem, we will offer a predefined sum." But how do young people in Poland deal with accidents or health problems? They turn to social networks. When they have a

medical problem, they try to collect money from friends on Facebook or Instagram. We have journalists who are financed entirely by an online community. It's astonishing to me—this social element of gathering money from the community was not part of my world when I was young. But it is modern, and it is working, so insurers need to understand how the younger generation perceives insurance against other possibilities of managing risk.

Another big change is that our traditional understanding of risk is connected with ownership of assets—houses, buildings, or cars that are owned for years or for generations by families. The current world is different. People are simply using cars and houses instead of owning them. A person might ride in a car, then get on public transportation, then use micromobility—all within the same day—so insurers should understand the person's risks as a user, not as an owner. We must redefine our coverage models. Those are some of the challenges I think we'll need to address in the years ahead.

McKinsey: Those are big challenges. How can an insurance company prepare for the future today?

Radoslaw Kaminski: For sure, being a monoline insurance company is not a sustainable model. An insurance company cannot just continue to cover risks and pay money in case of an accident. It should instead become a person's "life companion" and be part of an ecosystem that takes care of people's needs. To me, it's obvious that insurers need to become part of something bigger.

It's hard to say who should be in charge of this ecosystem—it might depend on who has the most data—but insurance companies should be a part of it. The first step is for insurers to understand and align with other businesses, such as telecom companies and internet platforms.

McKinsey: Speaking of data, how should insurers address consumer concerns about data privacy?

Radoslaw Kaminski: I think we are all concerned about data and we all need to educate ourselves.

Many legislators and politicians don't yet understand what is going on with our data, who has it, why, and what they are doing with it. It's a little bit like the 19th century in the Western world, when the accumulation of capital was so intensive because of the lack of, for example, antitrust regulation. Today, it's the rapid accumulation of data—the "goods" of our time—and the right political and legal frameworks have yet to be built. There should be some controls, and insurance companies should support such efforts.

McKinsey: It sounds like you also foresee major changes in the skills and talent that insurance companies will need. How will the role of the claims manager change over the next decade?

Radoslaw Kaminski: We will automate what can be automated. Even today, I communicate to my people very clearly that they provide a luxury service. Claims managers are not hired to be fast operators of a technical system; they are not hired for their speed at operating computers. Their job is service—they are there to help the client in need and to offer comfort. Those "softer" competencies will become more and more crucial. There will be fewer people who can do this job, and they will be paid more.

McKinsey: With so much competition for talent, how can insurers win the talent they will need in the future?

Radoslaw Kaminski: It's a challenge. The younger generation doesn't perceive the insurance industry as attractive or modern. And it's true—when I compare the Polish insurance industry with the Polish banking industry, I have to say that insurance is really undeveloped. The Polish people are used to paying for everything using their mobile devices; all their money is accessible all the time, secure, and ready to use. That's not the case with insurance. So how can an insurance company win a candidate who also has an employment



offer from the banking sector? It's a problem. In addition, there are many start-ups trying to reinvent business and change paradigms, and all this reinventing and reengineering is attractive to young talent.

At the same time, I've personally seen that talented people—even data scientists and data analysts—can become interested in insurance because it is about real life and real things. Building analytical models in claims, for example, can be attractive because it is relevant to real-life experiences. Polish people have a lot of energy; they are hungry for new challenges and eager to change things to make their lives better. So I certainly think the insurance industry has opportunities to attract Polish talent.

Oskar Sokolinski, an associate partner in McKinsey's Warsaw office, and **Monica Toriello**, a member of McKinsey Publishing based in the New York office, conducted this interview.

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