

The ICE Report





LLP (KPMG) reports with original perspectives, and industry news that we feel you will find interesting. In this inaugural report, we provide you with recent news as well as articles written over the past couple of months. While our content will shift based on the movements of our business, innovation will always be a featured theme in every issue of *The ICE Report*. This month we have articles spanning innovation and insuretechs, digital and robotics, M&A trends, regulations and accounting, to name a few. The insurance industry is in a state of flux and full of disruption. We hope you find our newsletter informative as well as a "go-to" resource

Current Events (ICE) Report. In each issue, you will find quick hits



Innovation and Disruption Digital, Data, and Analytics

M&A **Industry Insights & Surveys**

This Month's Featured Report

Innovation Industry News

Cyber Insurance | Are insurers finding growth or looking for trouble?

Understanding cyber risk by insureds and insurance companies alike

Regulations

Accounting

IFRS

Events

Quick Poll

scope and impact of exposure.

Innovation Industry News

is proving to be an enormous challenge. For some industry

observers, gauging the attendant risks—at least for the moment often amounts to sheer guess work where they are estimating the

After months of fanfare and excitement, P2P insurance startup Lemonade launched on September 21 and released incredible stats from its first 48 hours after launch: Lemonade exceeded its already optimistic revenue forecast by 4x and sold \$14,302 in gross premium written. Despite the fact that Lemonade is currently only

available in New York, 36,110 people from 163 different

demonstrates the interest the start-up has been able to generate globally in case it decides to scale overseas.

countries visited Lemonade's homepage, which

- Lemonade also boasted an incredible 14.8 percent conversion rate, an incredible feat considering the average for online retailers is 3.32 percent, while the majority of visitors during its launch came from outside
 - Slice made waves back in March by announcing its insurance concept, which enables home-sharing participants to sign up for customized insurance and manage the policy entirely through a mobile device.

MunichRe announced in July that it was partnering with

The announcement comes at a time when an increasing number of insurers weigh the opportunities and risks of launching a cyber insurance vertical, as evidenced in a

- for members on home-sharing platforms Airbnb, Homeaway, VRBO, or FlipKey platforms in Iowa. Cybersecurity start-up Cyence recently launched out of "stealth" mode to announce a whopping \$40M Series A funding round:
- Digital lending fintech, SoFi, plans to offer life insurance by the end of this year: Starting out with student refinancing, the San Francisco based start-up has expanded into mortgage lending,

personal loans, as well as wealth management.

SoFi will soon start selling term life insurance to its base of mostly millennial customers, said people familiar with

- the matter. Referring to its customers as "HENRYs" (High Earners Not Rich Yet), SoFi looks to render banks "obsolete" through providing a whole host of benefits such as hosting career coaching sessions, cocktail hours,
- This research report focuses on drivers and enablers of disruption, and how insurers are currently responding to the business model transformation required to remain relevant and be successful. This report features interviews with the chief transformation officer of AXA Asia and the regional digital officer of AEGON Asia in addition to
- insured "things" move through the risk universe, which may bring up trust issues between customer and insurer. Transforming the insurance sector: How machines will change the game for insurers

Will the next round of competition in the insurance sector be fought and won—by machine learning? It would seem so, with a handful of

A special report from Harvard Business Review and sponsored by KPMG, this article provides clarity towards becoming a more

your peers already starting to arm themselves with the skills, capabilities, and technologies to start winning the early battles. Are

proactive company that embraces innovation, supported by case studies from AIG and Target.

Digital, Data, and Analytics

occasional research exercise.

Rise of the Robots

you ready to compete in this new environment?

Embracing Disruption with Innovation

computing power and huge advances in most areas of business operations, a typical loss reserve analysis today would be mostly familiar to actuaries from 100 years ago. This is starting to change. **Turning Customer Insight into Action** Big data, along with increasingly sophisticated analytical tools, has

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news with our monthly newsletter.

Industry Insights & Surveys

countries completed the survey.

The insurance industry snapshot provides survey responses from 190 insurance companies on some of the key topics and highlights areas where this sector's responses were significantly different from those of other industries. Download the insurance report here. Set the pace or risk falling behind: Insurance CEOs Speak

leadership survey in the world: 3,352 CIOs and IT leaders across 82

The Harvey Nash/KPMG CIO Survey 2016 is the largest IT

areas where bank boards and senior executives should direct attention immediately. Click here for information on our upcoming Section 385 Regulations

Accounting

Accounting Standards

Heightened Scrutiny

The Financial Accounting Standards Board (FASB) Emerging Issues Task Force reached a final consensus on the presentation of restricted cash in the statement of cash flows and a consensus-forexposure on service concession arrangements.

Insurance principle-based reserving

Emerging industry challenges and opportunities

for Insurance Companies Webcast.

IFRS The impact of accounting changes on regulation

This chapter of the publication provides an overview of the forthcoming international financial reporting standard (IFRS) for insurance contracts, outlining the key aspects of the standard. KPMG professionals also share their perspectives regarding the efforts to create a globally consistent accounting framework for insurance contracts and discuss how this may interact with the International

Association of Insurance Supervisors' work.

for Life Insurance Contracts

with IFRS 4 Insurance Contracts

Events

A)

Webcast | Section 385 Regulations – Implications for Insurance Tuesday, November 8 from 2:00 p.m. to 3:00 p.m. ET This CPE eligible Webcast will cover:

Cost takeout B) C) Blockchain D) Customer experience

What industry disruption has most of your attention?

Digital Labor/Robotics

Results will appear in next month's issue.

communications, please click here.

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- Internet of Things (IoT) Other Click here to vote.
- driving the insurance industry today. Privacy | Legal
- The ICE Report, please click here. If you wish to unsubscribe from all KPMG

on the topics that are driving our rapidly-changing industry, KPMG for the trends shaking up the industry.

New York State.

- Another much-hypedinsuretech start-up, Slice, launches the first on-demand insurance product in the United States:
 - Slice to agree to an ongoing rollout program of products and territories with Slice creating the technology platform to deliver directly to the consumer. The launch is currently only available as a private beta
- cybersecurity, and econometrics.

recent KPMG white paper addressing the topic.

Cyence boasts that its analytics platform enables insurers to quantify the financial impact of cyber risks through a deeper understanding of data science,

dinners, and other networking events.

Empowered for the future: Insurance reinvented

Innovation and Disruption

KPMG insights.

Helping insurers compete in the age of disruption The rise of smart devices, the Internet of Things (IoT), well-funded Insurtech start-ups, and sophisticated data and analytics is disrupting the industry. The flood of new data is allowing insurers to track how

Learning to Trust Your Digital Actuary Loss reserve analysis, in contrast to other business functions, has been mostly unaffected by technological advances. Despite modern

nine factors firms should consider before implementing a robotic process automation (RPA) strategy. M&A

We explore some of the benefits that robots and artificial

intelligence/cognitive automation technology holds, including the ability to digest and analyze huge amounts of data. We also present

KPMG surveyed more than 100 CEOs from some of the world's largest insurance and reinsurance organizations globally and asked them about their growth expectations, challenges, investments, and capabilities.

Regulations

of the investor. The impact of the rule is widespread and affects insurance companies in a number of ways. Emerging Risks in the Global Insurance Industry In the series, KPMG professionals assess key issues important to the insurance industry. This chapter highlights how rapidly evolving technological and environmental developments create challenges—

Retail Sales Practices and Incentive Compensation under

In light of recently publicized actions, policy makers have expressed concern over the financial services industry's retail sales practices and incentive compensation structures. This article highlights specific

EITF Reaches Final Consensus; SEC Staff Discusses Recent

and opportunities—for insurance companies.

DOL fiduciary final rule | Five issues for insurers to consider

The recent fiduciary ruling issued by the Department of Labor sets a new standard for retirement investment advice. Investment advice given is considered fiduciary advice and must now be in the interest

new rule holds for product profitability, model construction, model governance, regulatory reporting, and tax liabilities. FASB Proposes Targeted Improvements for Long-Duration **Insurance Contracts**

The FASB recently proposed changing how insurance entities recognize, measure, present, and disclose long-duration insurance contracts. This article contains the facts, impact, potential benefits, requirements, and more behind long-duration insurance contracts.

On January 1, 2017, a long-anticipated shift is expected to take effect

in the U.S. life insurance regulatory framework. A new, more customized approach to calculating required reserves at U.S. insurance companies is making its way through the state-based regulatory system. This point of view assesses the implications the

Insurance Accounting | Changes on the Horizon for Accounting for General Insurance Contracts With changes to accounting for general insurance contracts right around the corner, it is important general insurance companies start to assess the impact to various parts of their business and take steps to comply. Consider this your handbook to navigate the upcoming changes.

pointing out areas of judgment and providing examples to help you assess the potential impact on your business to make meaningful decisions when choosing your IFRS 9 implementation approach.

Insurance Accounting | Changes on the Horizon for Accounting

With changes to accounting for life insurance contracts right around the corner, it is important life insurance companies start to assess the impact to various parts of their business and take steps to comply. Consider this your handbook to navigate the upcoming changes.

Treasury and IRS responses to insurance industry comments Significant changes in the overall scope of the regulations Effective dates, applicability dates, and transition

Next steps for insurance companies

- E) Regulations/Tax issues
- Visit kpmg.com/us/insurance for more insights on the issues that are

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Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments In this publication, we take you through the amendments to IFRS 4,

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Quick Poll

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given us a wealth of information on customer behavior and attitudes. But if companies want to gain value from segmentation, it must become a dynamic part of business decision making rather than an