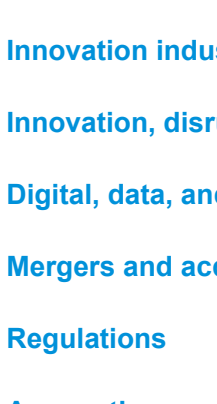




Our first paper on autonomous vehicles, released in October 2015, was very well received by the marketplace for its unique point-of-view on the current and future state of this industry game changer. Since then, this phenomena has evolved faster than anyone could have realized. We now believe that the traditional personal automobile insurance marketplace has the potential to be even more severely disrupted by new competition and shifts to other types of insurance coverage. Our new study, and this month's featured report, highlights our latest research and is poised to prompt the marketplace to once again view this disruptor in a new light.

I am also happy to share some great news for our insurance clients: the acquisition of Matchi, a leading global fintech innovation and matchmaking platform that provides financial institutions access to hundreds of fintech solutions and thousands of prevalidated fintech companies that they can work with on their toughest challenges and pursuing new market opportunities. KPMG is excited about the doors this can open for our financial services clients. Learn more about the benefits of this acquisition under the [Innovation, disruption, and insurtech/fintech](#) section.

Thank you for taking the time to read our newsletter.



Laura J. Hay
National Sector Lead, Insurance

This month's featured report

KPMG's 2017 Insurance Industry Conference

Innovation industry news

Innovation, disruption, and insurtech/fintech

Digital, data, and analytics

Mergers and acquisitions

Regulations

Accounting

IFRS

Events

This month's featured report

[The chaotic middle | The autonomous vehicle and disruption in automobile insurance](#)

The core business models for traditional automobile insurance carriers may be under threat of obsolescence, with automobile manufacturers potentially becoming a potent alternative to cover driving risk. The move to new business models will not be smooth and we anticipate a "chaotic middle" of a decade or more as companies adjust their strategies and operations.



KPMG's 2017 Insurance Industry Conference

[Register today | KPMG's 2017 Insurance Industry Conference](#)

September 12–13 | New York Marriott Marquis | New York, NY

The Insurance Industry Conference is designed for industry leaders to share ideas and gain insights into the current issues and emerging challenges that will impact the insurance industry in the coming year. This year's conference, themed "Navigating through Disruption," features an outstanding program examining industry opportunities, such as debating the implications of technology on insurance, looking at the 21st-century enterprise, impact of InsureTechs, tax implications under the new administration, and additional key issues. Click [here](#) to view the agenda and register.



Innovation industry news

American Express announces investment in Next Insurance:

- American Express announced that its venture capital arm, American Express Ventures, has invested \$6M in Next Insurance, a Palo Alto-based InsureTech start-up that distributes customized insurance for small businesses digitally. Next Insurance raised \$29M in May from investors led by reinsurer Munich Re's HSB Ventures.
- Next Insurance collects and analyzes data to customize and sell insurance to U.S.-based small business owners through a simplified process via an easy to use digital interface powered by partnerships with established insurers.
- On the heels of this announcement, Next Insurance Chief Operating Officer Sofya Pogreb mentioned that the start-up is in early discussions with American Express on a possible partnership, given the credit card company's large customer base of U.S. businesses.

John Hancock launches ExpressTrack to simplify the purchase process for life insurance shoppers:

- John Hancock recently launched ExpressTrack, its new underwriting approach that shortens the life insurance buying process. Prospective buyers who qualify for ExpressTrack will receive an underwriting decision in as little as three days, with no in-person paramedical visits or lab work required.
- "In today's rapidly changing and technology-driven world, we are continually focused on developing innovative solutions to meet consumers' expectations for a quicker and smarter way to purchase life insurance," mentioned Brooks Tingle, John Hancock Senior Vice President, Marketing and Strategy.

Insurance corporate VC activity continues to heat up:

- XL Innovate, the VC and innovation arm of XL Catlin, invested in GeoQuant, a New York-based start-up which enables real-time measurement and monitoring for political risk.
- Nationwide Ventures, Assurant, and AmTrust participated in the \$8M Series A round for Sure, a New York-based InsureTech providing on-demand coverage for renters, pets, flight cancellations, and wedding insurance. Sure boasts an AI-powered "robo broker" to help users find the best insurance.
- Assurant and Liberty Mutual announced an investment in Dispatch Technologies, a Boston-based platform that allows service professionals to schedule appointments, receive job status updates, share real-time location, and communicate with customers.



Innovation, disruption, and insurtech/fintech

[KPMG acquires Matchi, global fintech innovation and matchmaking platform](#)

KPMG International has announced the acquisition of Matchi, a leading global fintech innovation and matchmaking platform that connects financial institutions, including banks and insurance companies, with leading-edge financial services technology solutions and companies worldwide.

The [Matchi](#) platform includes more than 700 curated fintech solutions and a database of more than 2,500 fintech companies that financial institutions can work with to apply innovative fintech capabilities to solving their business problems and pursuing new market opportunities.

[Investing in the future: Venture capital funding in insurtech](#)

Venture capital (VC) investors across the world see exciting potential in insurtech. Insurance is an industry ripe for disruption, with increasing industry challenges combined with insurers looking for ways to transform their age-old operating models ridden with legacy IT systems and processes. Current trends are clear: Emerging insurtech technologies will play a critical role in the industry's long-term transformation, and VC and corporate investors alike are eager to be a part of the developing trend.

[The innovation imperative continues](#)

In today's technology-enabled world, the insurance industry is standing on the cusp of a major renaissance. Innovative technologies and business models are changing the way people think about insurance, giving rise to new products, services, and opportunities to enhance customer value.



Digital, data, and analytics

[Making automation work: Insurers adopt digital labor](#)

Even with significant investment toward automation, most insurers are still facing challenges moving from pilot to profit on their investments. Many are struggling to come up with a strategic, enterprise-wide approach to automation.

[The automated actuarial: Trust and transformation in actuarial sciences](#)

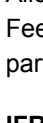
Insurers need to overcome trust concerns toward the analytics "black box" to achieve the full benefits of automated loss reserving. New analytics technologies are permeating the actuarial function and are showing great promise, particularly in loss reserve analysis. Many insurers are considering the value of integrating cognitive computing capabilities into their actuarial processes. Yet, to realize the full benefits of automation, property and casualty insurers will first need to learn to trust increasingly complex systems.



Mergers and acquisitions

[Insurers are on the road to strategy-aligned deal making](#)

Insurers believe that deal making will be key to achieving their transformation objectives. In a recent survey, that desire to transform the business and operating model is the number one motivator for deal making: 33 percent said they intend to undertake mergers and acquisitions to redefine their business and operating model. This paper includes seven steps to a strategy-aligned deal environment.



Regulations

[House conducts hearing on flood insurance reform](#)

In early June, the House Committee on Financial Services held a hearing on flood insurance reform. Five witnesses—representing industry, conservation, and community organizations—testified about proposed legislative reforms to the National Flood Insurance Program.

[Impact of the Trump administration on financial services: The opening stretch](#)

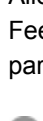
Along with the Republican-controlled Congress, the early days of the Trump administration have been focused on issues outside the financial services industry, including immigration, trade, healthcare, and taxes. Nonetheless, through a variety of presidential actions, revised regulatory agendas, and proposed legislation, they have begun, on multiple fronts, to carry out a policy of burden reduction for financial services firms consistent with earlier campaign promises. This report briefly outlines the more significant steps taken by the Trump administration and Congress since late January.

[Ten key regulatory challenges](#)

The U.S. election this past fall has introduced a new level of uncertainty into the challenging regulatory environment for financial services firms. By solidifying its control of both houses of Congress and gaining the presidency, the Republican Party could potentially effect a series of policy changes that could lessen the regulatory burden, reduce enforcement activity, and redirect the trajectory of U.S. financial services regulation since the financial crisis.

[KPMG's Insurance Tax Quarterly](#)

Since the time of our first issue in February, much has happened in insurance tax. Tax reform, technology, transfer pricing, and digital labor are just some of the issues heating up faster than the summer weather. This most read edition for insurance tax professionals includes insights and our point-of-view on tax reform, FATCA regulations and insurance firms, and other insurance tax trends making noise in the industry.



Accounting

[On-Demand Webcast | Quarterly outlook for accounting and financial reporting](#)

This recent Webcast features professionals from KPMG's Department of Professional Practice and address major developments that could affect a company's accounting and financial reporting in the current period and near term. They covered topics such as recent SEC activity and rulemaking developments and updates on implementing the Financial Accounting Standards Board (FASB) new revenue, lease accounting, financial instruments, and other recently issued accounting standards.



IFRS

[On-Demand Webcast | IFRS 17: Scope and measurement](#)

At your leisure, log into this on-demand Webcast for an in-depth discussion on the scope of IFRS 17, the general measurement model, and modifications to the general measurement model. Hear from KPMG's network of subject matter professionals as they walk through key changes, such as separating components in an insurance contract, the level of aggregation of insurance contracts, and the initial recognition and derecognition under the general measurement model.

[On-Demand Webcast | Mid-year IFRS update and IFRS 9 classification and measurement](#)

At your convenience, please log into this on-demand Webcast that summarizes the key standard setting developments that may be relevant to IFRS preparers for their 2017 interim and annual financial statements. This Webinar will also discuss the classification and measurement of financial assets under IFRS 9, including permissible measurement bases, the criteria for classification, and how the new requirements compare to existing IAS 39, *Financial Instruments: Recognition and Measurement* and U.S. GAAP requirements.

[Live Webinar | IFRS 17: Variable Fee Approach](#)

We look forward to you joining us on July 6 for a discussion on the general principles about presentation under the new standard. Hear from KPMG's network of subject matter experts as they walk through the Premium Allocation Approach, the scope and implications of the Variable Fee Approach and its application to insurance contracts with direct participation features and accounting for reinsurance contracts held.

IFRS 17 Resources | SlideShare and Visual Guide

IFRS 17 will give users of financial statements a whole new perspective. The ways in which analysts interpret and compare companies internationally will change. The standard places insurers reporting under IFRS on a level footing, opening up the 'black box' of current insurance accounting.

The new standard brings both benefits and challenges for insurers, who will need to gain an understanding of the accounting changes and the impacts on their businesses. You can view our [SlideShare presentation](#) and [Visual guide – facts you need to know](#) to help you understand the requirements and the possible impacts.



Events

[On-Demand Webcast | Quarterly outlook for accounting and financial reporting](#)

This recent Webcast features professionals from KPMG's Department of Professional Practice and address major developments that could affect a company's accounting and financial reporting in the current period and near term. They covered topics such as recent SEC activity and rulemaking developments and updates on implementing the Financial Accounting Standards Board (FASB) new revenue, lease accounting, financial instruments, and other recently issued accounting standards.

[On-Demand Webcast | IFRS 17: Scope and measurement](#)

At your leisure, log into this on-demand Webcast for an in-depth discussion on the scope of IFRS 17, the general measurement model, and modifications to the general measurement model. Hear from KPMG's network of subject matter professionals as they walk through key changes, such as separating components in an insurance contract, the level of aggregation of insurance contracts, and the initial recognition and derecognition under the general measurement model.

[On-Demand Webcast | Mid-year IFRS update and IFRS 9 classification and measurement](#)

At your convenience, please log into this on-demand Webcast that summarizes the key standard setting developments that may be relevant to IFRS preparers for their 2017 interim and annual financial statements. This Webinar will also discuss the classification and measurement of financial assets under IFRS 9, including permissible measurement bases, the criteria for classification, and how the new requirements compare to existing IAS 39, *Financial Instruments: Recognition and Measurement* and U.S. GAAP requirements.

[Live Webinar | IFRS 17: Variable Fee Approach](#)

We look forward to you joining us on July 6 for a discussion on the general principles about presentation under the new standard. Hear from KPMG's network of subject matter experts as they walk through the Premium Allocation Approach, the scope and implications of the Variable Fee Approach and its application to insurance contracts with direct participation features and accounting for reinsurance contracts held.

