

**Case Study #2—[draft work in progress.
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Disintermediation Of The Insurance Industries’
Claim Dispute Process--Elements to Eliminate
And What It Can Learn From Other Industries
(This Case Study is Not Funded.)**

Syllabus: *This Case Study examines disintermediation in various areas of commerce and how developed tools and techniques can be used in the Insurance Industry so that initial claim declinations do not develop into litigation, and how to avoid the involvement of lawyers and other Middlemen in the case resolution process.*



Disintermediation — I'll Be Idle

It will discuss, for example, the development of tools like the fax machine and its impact on postal systems around the world. It will examine the steps that were eliminated when the securities brokerage industry eliminated processes to provide clients with fast, immediate access to exchanges around the world. It will examine how this ultimately led to “zero commission” trading even for the small investor in a rural area of America who would execute an order on the Hong Kong Stock Exchange in less than a second with one click of a mouse.

The study will consider why disintermediation in the Insurance Industry has lagged behind other industries. As Maurice Greenberg, Chairman of Starr Companies, commented at the FT Insurance Innovation Summit 2018: “The industry doesn’t adapt to change very easily so if you are a change maker, and you want to improve, you are fighting all the time. It will happen. It’s happening. It’s not insurance, it’s people.” Various aspects of the industry will be briefly considered. For example, why does is the brokerage segment still a “people segment” and why has it not been disintermediated like the experience of Expedia and Zillow in the travel and real estate agency businesses? Recently, the brokerage agency segment has been criticized for conflicts of interest by the UK independent insurance consulting firm Mactavish in a report entitled “Broker Conflict” because brokers are paid commissions by both the Insurance Industry and the Policyholders. Lawsuits will emerge from this thesis, and they may explain what Mr. Greenberg meant when he said: “it’s people.” There is likely no other explanation for why disintermediation has not progressed.

The study will set out a blueprint for late stage claim resolution in the Insurance Industry—a stage before the claims process breaks down and drives Policyholders to turn to lawyer, and other Middlemen, who will introduce a large element of cost that might usefully be avoided. The blueprint will suggest the kind of messaging necessary to educate Policyholders about the nature of their partnership with their insurer. It will include nuts and bolts concerning how a claim should be submitted and processed, how

the Policyholder can be educated to evaluate its merits and participate in its resolution. It will then offer a cost benefit analysis to demonstrate why a Disintermediated Solution is preferable to the way claims are currently processed.

*This case study is in its initial stages and **Comments** with directional thoughts about topics that it should examine and other ideas, including resources to be consulted, are welcome at the outset and throughout its development.*

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