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E-insurance makes a comeback

It was almost as though you could hear the sound of a giant page turning for the insurance industry last month in Dallas.

The event was the first eInsurance Symposium, and among the approximately 350 attendees gathered for the conference, presented by MarketScout, were representatives of all the various constituencies involved with doing insurance business online, along with many who would like to be doing so.

Kicking off the event, which I'll write about in greater detail in next month's *Industry Focus*, Richard Kerr, founder and chief executive officer of Dallas-based MarketScout, noted that among the attendees were representatives of retail agents, intermediaries, insurance companies, reinsurers, technology firms and investment banks and other investors.

The latter group's attendance, in particular, wasn't surprising, Mr. Kerr suggested, given the "pain some have suffered" when earlier e-insurance ventures they'd funded went sour when the dot-com bubble burst after peaking in 2000.

Looking back a decade, Mr. Kerr, remembered "an Internet gold rush" in 1997 and 1998. "At the end, by 1999, it meant that if you had an insurance idea with a dot-com at the end, it was easy money, and there was money to be had," he recalled.

But many of those online insurance ventures of the time, like many online ventures in other industries, were built on flawed business matrices with business models pointed in the wrong directions, and the investors attending the Dallas gathering no doubt remember the results.

In recent years, though, some e-insurance businesses started to emerge based on the recognition that the number of eyeballs peering at a site each month isn't the most significant metric. Those new companies recognized that "Financial returns matter," Mr. Kerr said. Or, more simply, "Guess what, you have to sell some insurance on these Web sites."

At the same time, there's a growing recognition of the potential advantages of doing business online—for both the buyer and the seller—along with a growing awareness that upcoming generations have an expectation that they'll be able to do so, both as consumers and as employees.

The time was probably right, then, for the Dallas gathering, referred to more than once over the symposium's two days as quite possibly the end of the first phase of online insurance business.

Attendees at the gathering heard from e-insurance pioneers who discussed their online endeavors, what they'd learned and what they'd do differently.

Executives from a number of companies currently finding success doing various aspects of their business online shared their stories, and William C. Hartnett, general manager of financial service strategy and solutions at Microsoft Corp., offered his view of the future for financial services and challenged attendees to get on board.

Elsewhere the symposium offered entrepreneur panels, investor panels, sessions on Web-based automation and applications, interactive marketing and numerous other topics.

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If the next phase is indeed beginning, and more companies are set to take advantage of online opportunities for the insurance business, why then did Internet-based insurance exchange MarketScout seek to give potential competitors a boost by putting on such an event (which included Business Insurance, Safeco Insurance and Skywire Software as strategic partners)?

"A rising tide lifts all boats," Mr. Kerr said. "So if it's good for you, it's good for me, even if I'm your competitor."

"We believe that 90% of the intellectual capital in the e-insurance space is in this room today," Mr. Kerr said as the symposium began. And, not surprisingly with such a critical mass of the key players in an emerging discipline gathered in one place, the buzz was palpable during the symposium's two days.

It will be interesting to see how high the tide rises between now and next year's gathering.