

RISKY BUSINESS

Swipe right to insure your belongings ... the latest start-up from serial entrepreneur Scott Walchek provides on-demand insurance for the Tinder generation.



Rachel Botsman is a global authority on the power of collaboration and trust.

It took me three months, several meetings, a doctor's evaluation and lots of paperwork to sort out my life insurance. My car, house, travel and health insurance were easier but nonetheless still complicated and they all felt like grudge payments. And at the end of the day, I'm still not quite sure what or how I am covered. The insurance company feels in control, not me.

For my generation that orders food, does their banking and even finds love on their smartphones all within a matter of minutes, traditional insurance just doesn't make sense or feel good. According to a World Insurance Report, only 36 per cent of Generation Y reported a positive experience with their insurer through a traditional channel in 2015. But Scott Walchek, founder of Trov, wants to change that.

A few years ago, Walchek, a successful serial entrepreneur, realised there were three key ingredients to transforming insurance: on-demand, single-item and micro-duration policies. With a simple swipe to the right, a Trov user can insure, say, their Macbook Pro or their mountain bike for a day, or even to the second. A swipe left ends the cover. Critically, it puts users in control of protecting the things they own. It seems like an oxymoron to describe insurance as a beautiful experience, but Trov applies Apple's design-led approach to managing risk in real time.

The San Francisco-based start-up launched in Australia in May 2016 in partnership with Suncorp, which underwrites the policies and processes the claims. Walchek is the embodiment of an entrepreneur; a bold risk-taker who has a fervent

desire to transform a complicated industry, even if he is an outsider.

You've helped build a few technology companies and you've worked as a venture capitalist, why do you want to transform the insurance industry next?

After I sold my last company in 2011, I began to think about what to do next. Frankly, I wrote down 13 ideas in my notebook, literally just headlines, based on things I was observing at the time. I noticed that some of the ideas I had jotted were around risk. I even registered a URL called "Risk Blenders". Others were about the value of being able to track information about the things that we own and giving people agency over their things. It became obvious to me later on that the insurance industry would care about something like that. If I told you this was linear, I would be lying to you.

What was the response from traditional insurance companies when you first started talking about the idea?

When I met with a couple of large property and casualty insurance players in the US, I was very transparent that I had no insurance experience but had an understanding of the insurance business at its core. I asked them, "Would it make a difference if I could capture for people the data of their things and if I could show their value in real time?" These insurance guys all said that could make a marvellous difference, not particularly saying what the difference would be because "insurtech" wasn't even a thing in 2011. But their affirmation gave me enough impetus that this might be the next thing I would pursue.

You have no background in insurance. What's the value of an outsider coming in?

It's not being burdened with archaic practices and rutted pathways of thinking. When you ask insurers why things are a certain way or about regulatory practices ... it is almost 100 per cent because "we have always done it that way".

What has been critical in getting Trov up and running?

Initially, I bought two companies that both serviced ultra-high net worth individuals. We were literally invited into homes of some of the biggest names in tech, sports and entertainment to collect information about the stuff they owned. It turned out to be inefficient, difficult and expensive. The first big problem was wealthy people had lots of intermediaries we had to go through. We also realised that the majority of physical wealth was born in an analogue universe and ownership is evidenced by paper files and receipts. We decided, "Nope, we are not going to serve the last analogue generation." An enormous amount of money was lost but it served as the greatest catalyst for changing the idea.

We recognised that there is enormous value in helping people collect information about the things they own but you had to reduce the friction to zero.

What gave you the idea to slice risk into micro-duration premiums?

We had an "aha" moment when one of my teammates, Mark, was playing golf with an executive of Electronics Arts, the gaming group. "I have to apologise that I'm no longer a good customer of yours," Mark told him. "We don't let our son buy any more video games." The executive asked him



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if his son has a smartphone and to check his latest phone bill. Sure enough Mark discovered hundreds of dollars of charges from his son still playing games!

The gaming group abandoned one-time, single-store purchases for micro-moment, in-app purchases. That hit us, we thought, "Why aren't we thinking about slicing risk to micro premiums?" and we began to think of risk in a different way. The team started talking about whether we should offer micro-duration protection by the hour or by the day. I asked if we could do it to the second and they said "sure"!

Why do you think the insurance world has been slow to respond to change?

In traditional insurance, on-demand protection of single items doesn't exist. Micro-duration policies, customers being able to track and insure things to the second, also doesn't exist. Typically, policies are one year. That's why the insurance industry has a single heartbeat per year. If you slice risk into ever-decreasing increments and create ways for people to interact with protection, it changes the entire traditional insurance world, a world that has been built for 300 years.

Why have you chosen Australia to be the launch market for Trov?

Regulation in Australia is tough but it's a single

regulatory authority, compared to the United States which has 54 regulatory bodies. The country has the highest penetration per capita of mobile devices, with 77 per cent of the adult population owning a smartphone or a tablet. That's a huge bonus for us.

What is key in getting customers to trust a new product and a new company?

Even though engaging with insurance on the smartphone is a whole new experience for customers, we give them a familiar experience and one that matches current behaviours. On the app, people swipe right to get new stuff covered but that's not new because people swipe all the time with email and other things. On the app there's a chat function to facilitate claims, people are used to using a chat box. We are giving them a familiar experience in a media that feels like they're in control. The question right now for us is to what extent will people actually engage in a different behaviour where they are buying insurance versus being sold insurance?

How does your partnership with Suncorp work?

There should be a willingness of leadership from the top down to embrace new thinking, new ideas, and to champion it through the organisation. The beautiful thing about Suncorp is not only do they embrace their own disruption but they've

**HACK THE MINDSET:
SCOTT'S RULES**

1

All work has dignity; all workers have dignity: recognise what people bring to your day and acknowledge it.

2

While I may be in charge, I'm not in control: hold outcomes loosely and accept that outcomes can work out in unintended and unexpected ways.

3

Live with gratitude: start days with speaking what you are grateful for and focus on life that is much bigger than you.

institutionalised that throughout the organisation. I distinctly remember being on the phone with Mark Milliner who was then CEO of Personal Insurance at Suncorp (and is now at IAG), he said, "If you disrupt our business but we end up where the customer is, really serving them, that's all I care about."

What advice would you give to a large established company about working with a start-up?

It comes down to the depth of trust established earlier in the relationship. The ability to be transparent from the beginning, to set expectations of how things are going to work and how problems will be resolved. At the end of the day, all businesses are just people and you have to invest time and energy in building a relationship deeper than terms on a contract for it to work.

Beyond technical skills, what sort of people do you look to have on your team?

There is a quality of people who have a psychic sense that something is not complete or not quite right, much like The Princess and the Pea. She felt the pea through the 20 stacks. I speak for the team when I say those are the people we look to hire. You can't coach people to notice the pea, to care about the little things, to have drive or to be competitive.

What city in the world has the strongest vibe and inspiration for you today?

I grew up in the Bay Area and I love California. You sit on a street corner and you feel the heartbeat of the community. I wish I could say something like Milan or Venice but I can't think of a better place for inspiration than San Francisco.

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