

Can Technology Disrupt The Consumer Insurance Market?

Forbes

In the late 1980s – before there was a Web – I had the privilege of working for the late great attorney Gene Anderson, hero of corporate policyholders, scourge of insurance companies. I was his ghostwriter – on legal briefs, articles, and the occasional speech – but the real action took place in a suite high above our offices on Madison Avenue. It was there that Gene had gathered a small army of people to collect every known fact that was then available about insurance companies ... the good, the bad, and the ugly. That was then. Here is now: the technology that Gene had in the 80's was primitive compared to what we have today. And the "customer" too has changed. The post-80s tech revolution is bringing data to the hands of consumers, not just the corporate titans who could afford Gene's services.

Enter a new company called Injured Money. Founder Dan Karr was a Silicon Valley exec who got hit by a car while riding a bicycle to work. He tried collecting on his insurance, but accrued more than 100K in unpaid medical bills along the way.

One hundred K. Good news for Dan he had the resources to persist he sued, settled, and wrote a book about it; [click here](#)). But bad news for so many consumers who would need to capitulate in the face of odds like the ones Dan faced.

But what Gene did for the big guys, Dan is hoping to do for the little guys: closing the information gap. Injured Money is aiming to become the first consumer database for rating insurance companies based not on their financial performance, but on their record for paying claims.

There are at least three things that make Dan's new venture a firm worth watching.

First, consumer insurance is one of several major industries that have yet been unable to provide consumers with an objective product-rating system. Yes, the companies are rated ... for stockholders and other investors. But there's no Carfax for home insurance, health insurance, or even auto insurance. [The new service, in fact, will first help consumers learn which insurance companies are best at paying claims on auto insurance policies. Later iterations will report data on other kinds of consumer policies.]

Part of the problem, is that for public policy officials and entrepreneurs alike, it's been hard to

comprehend that an insurance policy is more like a product, and less like a contract. If anything, it may be more like what lawyers like Gene Anderson called a “contract of adhesion” – you, as a consumer, adhere to the terms of the document you are signing because you expect it to perform in a certain way, regardless of the fine print which practically no one happens to read; fess up). But there’s been no way – until now – to judge which products perform better than others. Are you in Good Hands? Do you have a Good Neighbor? Maybe. But how do you know? Says Amy Bach, founder of advocacy group United Policyholders, in a statement in support of Injured Money:

A rating system that exposes the bad actors and reveals the good will greatly alleviate the heartache and economic devastation we see every day. Once people have a way before tragedy strikes) to buy insurance from the companies that deliver on their promises, we should see a huge drop what many refer to as the “second nightmare” problem.

Second, Dan’s innovation derives from the work he and his team are doing in aggregating and analyzing the information from a myriad databases that may have daunted entrepreneurs before. As I said, he is a creature of Silicon Valley, and he’s brought technology muscle to the game. So not only is Dan’s team doing the work of gathering the data from state insurance commissioners – where all the data resides today – but also applying the math and visualization required to make sense of it all.

But, from my perspective, it’s also the moment that Injured Money is being introduced that matters. The most interesting — and alarming — story about consumer data this year erupted not more that a couple of weeks ago: Facebook’s now infamous experiment with manipulating data that close to 700K users saw on their newsfeeds. Whatever you think about that experiment, surely you can accept this: its time for some fresh thinking on how big data can serve the little guy.

Who cares about this? Well, if things work out for Dan, consumers will. But in the early stages, it may be up to Dan and his early investors. Check out Injured Money’s modest but so-far-successful, Kickstarter campaign. After just a few days, they are more than halfway there.