

Empathy vs Algorithm: Aligning Interests Through Understanding

Insurance, whether we like it or not, is necessary. We'd all like to live in a world where everything is safe, faultless, and relatively risk free—but, bad things happen and we've got to be prepared. Some of us need to be more prepared than others, leading to something called risk assessment. When you apply for insurance your risk profile helps determine your premium payments. But it's also a way for insurers to cover themselves.

Insurers need to balance their profit with their payouts. If they charged a set rate of premiums across the board, they'd soon run into a problem. But how does an insurer calculate each individual's premiums? They've got a lot of clients to cover and they need an easy way to determine their monthly installments. They do it through risk analysis. Insurers ask clients questions about themselves, turn the answers into numbers and plug it into a formula that calculates the clients' risk profiles. The riskier a client is, the more they pay. Fair enough. If you live in a notoriously dangerous area and park your alarmless car on the street, you're definitely a riskier client than someone who locks up their car behind a garage door with a security beam outside. Chances are, your car's going to get stolen before his.

But that risk calculation isn't personalized. It's a mathematical equation, which is why you may get different calculations from different insurers. You've also got no real way of knowing how they calculate your risk, or who's doing the calculation. Insurers aren't your friends, so why should you expect them to try and understand your particular circumstances?

Traditional insurance is missing an important ingredient—empathy. Empathy, after all, is what makes us human. The ability to put yourself in someone else's shoes and try to understand what they may be thinking, feeling or experiencing should be a factor in *any* decision involving people. Humans can't simply be reduced to sequences of numbers. An understanding each person's unique situation should be of paramount importance in determining someone's risk profile, but it doesn't even feature in the traditional insurance model.

Consider this situation: Mrs Jones has a pet cat, Whiskers. Whiskers is pretty old, but he's still in good shape. He's lucky enough to live in a house with a big garden, so he gets plenty of exercise and Mrs Jones buys him only the best cat food to keep him going strong. Down the street lives Mr Graham. He's got a younger cat, but he lives in a sixth-floor apartment and doesn't mind feeding his cat the cheapest food he can find (and the ingredients aren't exactly the finest).

On paper, the younger cat is the less risky cat. But that's stripping away the unique situation of each pet owner. Mr Graham's cat doesn't eat well and never gets any exercise as he's got no garden to play in. On the other hand, Whiskers, while old, is healthy and deeply cared for by Mrs Jones—he's got a great life and many more years to live.

And that's something insurers don't have the time or resources to get into. All they need is a way to quickly calculate premiums based on a neat formula. What they don't have to consider is empathizing with their clients—it's not in their job description.

We've added empathy

Teambrella is all about the concept of understanding. It's easy, because it comes naturally with the principle of treating others the way you want to be treated—and how can you do that without putting yourself in their shoes? When someone joins a Teambrella team, the other members—whether voting themselves or by proxy—vote on their risk profile. They do this through discussion. They are free to ask the new member questions about their history and find out the opinions of others. This ensures that each decision is made fairly. It's not a formula making the decision; it's other people.

But what about being fair?

What if someone in the group thinks a new member is extremely risky, while another doesn't think the person is particularly risky at all? The beauty of Teambrella is that they both balance out the vote. All votes are counted together to create the risk profile, which makes for a fair representation of the team's collective decision making. There's a concept called [crowd wisdom](#) that we believe works. Collective decision making is always going to be better than a single formula. There's no doubt that every person has a unique way of looking at things and expertise only they can provide. By creating a platform for collaboration in coverage decisions, Teambrella uses the combined knowledge of all team members to facilitate a fair decision.

It's also inclusive

Traditional insurance can deny coverage for individuals they deem particularly risky. It hurts their profits to keep paying out, so you can see why they wouldn't want to cover *everyone* who needs it. Because Teambrella eliminates the problem of profit, the platform is open to accept all. Sure, some people are more risky than others, but the team will vote on their risk factor. Everyone contributes in accordance with their risk, so there's peace of mind that they can still have coverage for when they need it. A risky individual will never just take from the team without giving back.

Risk is relative

While someone may join the team with a risk factor higher than usual, it's never set in stone.

Sally joins a team to get coverage for her car, a jalopy with a long history of mechanic bills and engine issues, so the team ends up voting for a fairly high risk factor. Sally's happy with that as she foresees having to make quite a few claims over the next few months. She will contribute a bit more, and in turn she gets the coverage she needs.

But Sally doesn't claim. Her car, for whatever reason, is behaving, and it keeps on running for a long while without a hiccup. The flexibility of the Teambrella platform means that Sally's risk factor can be revisited, and re-voted on.

Realigned risk

Teambrella takes risk and refocuses it into a tool for the community. Traditional insurance makes it the deciding factor in your payments. Risk is seen as a negative, but while we all want to minimize our risk, it's not always possible and you shouldn't be penalized for that with higher monthly payments. Teambrella makes it so your money stays with you until it's time for a claim. Your risk factor impacts the amount you cover others for, but it doesn't mean that you're covered for less. It means everyone gets treated fairly, in accordance with their needs. Each team member gets the cover they need for an amount they can afford.

We've repurposed risk into a tool that's used to balance the community in a positive way, aligning each individual's interests towards a common goal. It's no longer a negative. Risk is a fact of life, and you shouldn't worry about it impacting your chances of coverage or contributing to insane premium costs. And with Teambrella, you don't have to.

If you're interested in teaming up with us, take a look at our website or try the app for yourself on the Google Play or Apple Store.