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WEBINAR SUMMARY

Digital acceleration in insurance: meeting new demands at speed



Digital came into its own during the COVID-19 crisis, enabling insurers to respond quickly to new demands while delivering the business and operational agility to cope with abrupt disruption and dislocation. For an industry that has lagged digital frontrunners, the last five months have proved just what can be achieved in a crisis. However, as panellists on the Insurance Innovators recent webinar Digital Acceleration in Insurance: meeting new demands at speed agreed, what's really going to matter is how this effort is now sustained to be future-fit.



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The industry is moving from business as usual to business as digital...The industry has compressed 10 years into one

Neal Keene, Smart Communications

“It’s moving from business as usual to business as digital,” said Neal Keene, Field Chief Technology Officer at Smart Communications. “The industry has compressed 10 years into one in terms of digital transformation and process automation.”

Keene said the lockdown highlighted weaknesses and bottlenecks in many insurance journeys. “We’ve had to help companies shift quickly to eliminate print and mail and make everything digital so their customers can get the information they need immediately,” he said. “Another insurer needed to make it easier for its customers to access a loan so within two weeks they needed to transition to an online app for loan processing.”

Now, our panellists agreed, is the time for companies to use the digital acceleration triggered by the Covid-19 crisis to re-invent themselves as digital-first businesses fit for the 21st century.



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The insurance business over the last few decades was built around an inbound model where you are waiting for something to happen and then serving reactively on the back of that

Thomas Harrington, Pegasystems

By contrast, he explained, a digital-first experience means creating opportunities for customers to engage how they want, when they want and, increasingly, this means self-service through slick digital interfaces. This frees time and capacity to deliver a more personal and empathetic service to those customers with more complex queries. “It’s not just taking some volume off the plate, it’s a fundamentally different thought process,” said Harrington.

A global reset



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We are seeing a speed of change we have not seen before in the insurance space. It's been like a reset.

Neal Keene, Smart Communications

Neal Keene of Smart Communications said Covid-19 has seen companies bring forward budget for digital communications and process automation. “We are seeing a speed of change we have not seen before in the insurance space,” he said. “It's been like a reset.”

This has created an opportunity. “Companies are thinking about how to use this global pause to jump ahead and differentiate themselves,” he said.



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We're going from being a payer of claims to becoming a partner to our customers

Justin Gress, AXA XL

One way is to reframe the relationship with the customer. “We're going from being a payer of claims to becoming a partner to our customers,” said Justin Gress, Director of Strategic Operations at AXA XL. “We're trying to solve their business problems and not just their insurance problems.”

He highlighted AXA XL's recently announced construction ecosystem to help companies in that sector manage risk easier by sharing real-time insights, both across a whole portfolio of projects but also at the individual jobsite level. “We've taken a variety of technologies and integrated them into one platform and we're creating new tools, like a competitive claim benchmark, and helping them navigate this digital and automated world in a more customer friendly way,” said Gress.

New technologies

AI and machine learning are key to this kind of innovation, helping companies crunch through huge datasets and surface insights that can help shape actions, calibrate pricing, and generate new propositions. “Client notes, policyholder information, chat data – once you start aggregating all of this, you are able to get a much better picture of the customer and you can predict behaviour,” said Thomas Sowinski of Berkshire Hathaway Homestate Companies. “In claims, for example, you can identify which claims might be litigated and give claims handlers the tools they need to do everything they can to mitigate that early.”

To date, much of the industry’s front-end deployment of AI has focused on chatbots to help customers self-serve. “There’s an opportunity here to give the customers some true predictive analytics and views they have not seen before, much as benchmarks to compare to their peers and not just have that happen after a claim occurs but really partner with them from the get go,” said Justin Gress of AXA XL. “There’s a much bigger opportunity.”

Thomas Sowinski of Berkshire Hathaway Homestate Companies said he thinks that chatbots have their place now but will be overtaken by the rise of the virtual assistant. “Alexa and Siri have become part of our lives and that technology will become part of the business world, both within companies and in our interactions with customers, so that rather than going into an app to look for information we just speak to our voice activated virtual assistant,” he said, adding, however, that there are security concerns about the technology: “Who owns the recordings? Do we want Big Tech owning recordings of internal company business?”

Into the cloud



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The pace of change now necessitates cloud-based solutions.

Thomas Harrington, Pegasystems

Inevitably, this digital transformation journey is going to take insurance companies into the cloud, something that was on the agenda but has now been brought forward. “The pace of change now necessitates cloud-based solutions,” asserted Thomas Harrington of Pegasystems. “It’s that ability to leverage the quick start that cloud solutions provide, so you don’t have to worry about standing up and proving technology the way that you always have historically.”



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You need to provide new features and functionality...to give customers more value than they have today. And if you’re not doing that, someone else is going to.

Thomas Sowinski, Berkshire Hathaway Homestate Companies

“Putting in the right technology is critical now,” said Thomas Sowinski of Berkshire Hathaway Homestate Companies. “Customers are engaging with us digitally now and in the new normal that’s going to continue. You need to respond to that and provide new features and functionality so they have what they need, when they need it, and give them more value than they have today. And if you’re not doing that, someone else is going to.”

Start small to add value

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Do not think about the end point in five years' time but about what you can achieve in the next two weeks, the next 60 days or the next 90 days.

Thomas Harrington, Pegasystems

Companies trying to navigate their way through an uncertain world can be forgiven for feeling overwhelmed. “When it comes to digital transformation, if you think of all the things you could do, you would be overwhelmed,” said Thomas Harrington of Pegasystems. “Start with something small and grow from there. Do not think about the end point in five years' time but about what you can achieve in the next two weeks, the next 60 days or the next 90 days in order to deliver value that will make a tangible difference to your customer.”

It's important to do things that aren't throw away but that can be built upon. “Things are going to be reused if you do this right,” he said. “Think about that pragmatically as you start any project in the digital space, recognise that you are making initial forays and it's highly likely that what you do will be changed at some point. This mindset of build and grow puts you in a different stance to build success long term.”

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Insurance companies have adapted very well in a matter of weeks. Now we need to take the lessons we learned from that and use them going forward.

Neal Keene, Smart Communications

Neal Keene of Smart Communications agreed that mindset is important for success in the new normal. “Insurance companies have adapted very well in a matter of weeks,” he acknowledged. “Now we need to take the lessons we learned from that and use them going forward. How do we make this a cultural shift as much as a process shift?”

Into the cloud



Change is hard for everybody but some of the roadblocks in insurance are self-imposed. You have to be comfortable at being uncomfortable.

Thomas Sowinski, Berkshire Hathaway Homestate Companies

For a conservative industry, this can be a big ask. “Change is hard for everybody but some of the roadblocks in insurance are self-imposed,” said Thomas Sowinski of Berkshire Hathaway Homestate Companies. “You have to be comfortable at being uncomfortable. If you focus on how to provide incremental value rather than making it perfect, then you will help your customer more. Waiting for perfection slows us down.”

He pointed out that Amazon releases a new feature every six seconds across its sites. “It’s all about testing and learning, and understanding how your customers are responding to the change and then continuing to adapt,” he said.

Justin Gress said AXA XL has been rolling out 90-day rapid results projects. “We focus on a specific issue or goal,” he said. “Everyone on this panel will have been on a project that goes on forever. By having a 90-day limit, it gives you a decision point.”



Give people the tools they need to do their job well and then provide consistent training. That should not be under-estimated.

Justin Gress, AXA XL

The panellists agreed it was vital to build cross-functional teams and ensure that business and IT are aligned. Gress of AXA XL also stressed the need to provide good and ongoing training to employees. “Give people the tools they need to do their job well and then provide consistent training,” he said. “That should not be under-estimated.”

Thomas Sowinski of Berkshire Hathaway Homestate Companies said training should also be used to keep vital talent within the company, even as AI, machine learning and automation start to change the blend of required skills. “We’re now leveraging automated testing a lot more and moving away from manual testing,” he said. “Our manual testers are very skilled and have a deep-seated understanding of the business so we are retraining and re-tooling them so we can move them into a software engineering role and not lose this great knowledge resource.”

Digital transformation is changing all aspects of insurance but the right investment, in people and technology, will enable insurers to move rapidly to deliver new digital operating models that combine business resilience with cost efficiencies and CX excellence.

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