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Insurance Innovators Big Meetup | London

ROUNDTABLE REPORT

Breaking the status quo:
Creating the digital insurance experience of the future

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Here are the insights these insurance leaders shared: the major challenges and opportunities driving their decisions and their insights on breaking free of the status quo.

Becoming a truly digital insurer is no easy feat. It involves breaking out of the traditional ways of thinking, fostering a culture of innovation, digitalising the customer experience across every touchpoint, addressing data limitations, and meeting technology requirements to eliminate the constraints of yesterday's legacy technology systems.

To find out how insurance leaders are tackling these challenges and creating the digital insurance experience of the future, EIS hosted a Think Tank session at the 2021 Insurance Innovators Big Meetup in London. First, esure and Generali presented their digital transformation journeys at the Think Tank session. Then approximately 60 insurance leaders — from CEOs, CIOs, and chief digital officers to VPs of strategy, directors of claims, customer care, and underwriting — participated in a discussion led by EIS.

What does it take to be a digital insurer?

Each roundtable began with a discussion around the high-level question, "What does it take to be a digital insurer?" Here are the four critical elements of digital transformation that the participants discussed and the insights they shared.

1 Enabling a culture of innovation

Nearly all of the roundtable participants agreed that technology often isn't the primary roadblock to digitalising products, processes, business models, and experiences. Instead, the bigger requirement is changing the mindset of the organisation.

Talking points

The tech is quite easy, but the hard thing is shifting the organisation

The capabilities of technology have somewhat outpaced the ability of business users to understand and get on board with the leadership team's vision of the future

Innovation stagnation typically isn't a technology issue; it's because of the "we've always done it that way" mindset

There's a legacy of people who don't get it. It's a generational thing and a lack of understanding that we need to figure out how to overcome.

The "vision" of the company is extremely important. If you can't explain the value via a strong vision, you will not be able to get all the parts of the organisation to work together.

It helps to appoint or recruit evangelists throughout the company to engage the rest of the business

Host in-person events because remote working makes it difficult to get the business excited about the tech vision

For larger insurers, "hubs of innovation" can help drive new ideas by giving people the mindset and freedom to experiment with next-gen technologies

Conclusions

No insurer can hope to become a digital leader without fundamentally transforming its culture. To become true market innovators, insurers must nurture a mindset of not accepting the status quo. Attempting to create a new technology, product, or operating model with the same people and thinking typically ends in disappointment. Creating something new requires a fresh set of eyes and a greenfield approach. It's important to have leaders with strong voices who can set the vision and bring it down to the operational level.

2 Digitalise across the value chain

Roundtable participants noted that the idea of going digital is inherently linked with customer centricity. As the insurance market has become saturated with more products and ample options, customers have become more sophisticated and demanding. To meet changing customer needs and wants, insurers need to be nimbler, work faster, and make delivering a superior experience across all touchpoints a top priority.

Talking points

Digital shouldn't mean just doing the same things slightly faster. Instead, it should mean changing business processes to transform and be more efficient.

There's no telling what the customer will look like in five years. Your platform should provide them with the products and services they need today and tomorrow without the need to further invest in technology.

Innovation doesn't work sitting in a corner dreaming up ideas. Instead, get ideas from the front line (the people closest to the customer) and decide which ones you're going to run with.

Do a digital audit of the value chain and look to remove bottlenecks, create incentives for efficient change and effective use of data

Adopt a customer-first approach with a constant ability to use data and make it relevant

From an operations perspective, don't digitalise departments or old processes. Instead, reinvent the operational model so it becomes the optimal exception-based servicing.

Going digital means different things to different stakeholders. Customers might want digital to mean they can buy insurance on their mobile phone; a broker might think that going digital means they get paid their commissions faster.

Conclusions

Digital isn't something insurers can just layer on top of existing processes and legacy systems. It needs to be embedded in your DNA and become part of everything you do. Audit all customer touchpoints and identify points of friction, manual work, and bottlenecks. Envision ways data and automation can be applied to simplify experiences. Think beyond digitalising old ways of doing business and pursue transformation that reinvents operational models.

3 Winning with data

It's not surprising that many roundtable conversations touched on the importance of data. Various participants pointed out the new market entrants and insurtechs making the biggest impact (and thus receiving the most funding) are those that have found ways to use data that incumbent insurers aren't using. Delivering the level of experience that customers expect hinges on being able to utilise accurate data in as close to real time as possible.

Talking points

> We know we're only using a small portion of our data, and data quality is also a big issue

> Legacy technology is always talked about, but the data we're putting in is also bad

> Insurers need a baseline view of the available data

> It's not that we aren't collecting data; it's that we're struggling to use it

> Skillsets are a massive problem when it comes to data and analytics

> Connecting the various systems and getting them all to work with each other is a struggle — this causes significant data problems

> We can't do everything ourselves. We need to create an ecosystem and share data back and forth with other organisations

Conclusions

Data is the foundation of any digital transformation initiative, but it's also a cause of major stress based on the conversations we heard. Insurers understand the importance of collecting data across all processes that directly and indirectly touch the customer, including underwriting, purchasing, claims, and renewals. Yet many struggle due to technology or talent constraints. Solving data limitations should be at the top of the agenda for insurance leaders.

4 Meeting technology requirements

Roundtable participants were at different stages of their digital journey. Those who had already replaced legacy systems spoke of the opportunities to create new business models and fix broken processes. Conversely, those who were earlier in their digital transformation efforts expressed concerns about the challenges and risks ahead.

Talking points

Two years ago, upgrading core technology to go digital was not cost effective versus the value generated. Today it is cost effective, mainly because getting the high value from growing data mining opportunities can only be achieved with an upgraded core.

Technology is a big challenge, often involving a slow, uncoordinated dismantling of systems. It's also a stop and start process, and many companies report an inability to go much further without a back-office upgrade.

Having technology that plugs into other technologies is critical

Some organisations have different programs operating on different systems. Having one standard program makes it easier.

Platforms are selected because they are cloud-first and have a rich API architecture

Consider the unknowns. "Future-proof" the technology to meet the future needs of the market.

You need a core platform that links with others — creating partnerships with other companies through APIs and vendor management

Choose a platform, not a package. Then you can adapt and embrace innovation — test and learn, try the unlikely, and learn to measure failure.

The right technology will give you the freedom to be the insurer you want to be and not be constrained

Conclusions

For insurers seeking to support the alternative business models and customer experiences of the future, an open technology architecture is a necessity. Layering new technology on top of legacy systems is not sufficient because the data limitations constrain efforts to innovate customer experience and operations. Those insurers who report the most significant gains view cloud-native and API-first platforms that can freely connect with internal and external data sources as essential.

Get more tips and insights

The conversations we heard at the Insurance Innovators Big Meetup confirmed that the need to digitally transform is more urgent than ever.

To learn more about how you can transform, download our ebook, **"How to Become a High-Velocity Insurer and Win in the New Digital Economy."**