EIS™®

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EXEC PLAYBOOK

LIFE INSURANCE REIMAGINED FOR THE DIGITAL AGE

Customer

The life insurance industry has entered a transformational phase. New market entrants, along with greenfield innovators spun out of established companies, are reinventing insurance experiences, products, and processes from the ground up. Elegant digital buying experiences are replacing manual, paper-based ones. Customers raised on Amazon, Apple and Netflix are looking at their insurers with fresh eyes.

These dynamics are already in motion, and the future of life insurance has already begun to look unmistakably different from its past. For many life insurers, this rapidly accelerating transformation is an existential threat. But for some insurers, it isn't a threat at all. It's an opportunity to reimagine their businesses and become the insurers they want to be.

The perpetual wave of innovation in life insurance will have far-reaching ramifications, touching nearly all aspects of how policies are created, marketed, underwritten, bought, sold, renewed, and paid out. Insurance rating agency AM Best has even added an innovation category to their insurer ratings evaluation. The ultimate success of life insurance providers will be determined by how they utilize three strategic business levers:

Customer Experience   **Product Innovation**   **Operational Efficiency**

This playbook will introduce you to the critical considerations and emerging ideas driving industry change in these three areas. **Let's dive in.**

Customer experience

Reimagine your business around the customer

For centuries, life insurance has fundamentally been a transaction-based business. But like many other industries that have already experienced profound transformation, life insurance is in for an awakening. This is true predominantly for one simple reason. For the first time in forever, customers are in the driver's seat.

The sheer number of life insurance providers and options is growing incredibly fast. Customers have more choices than they've ever had. And as more insurers offer digital customer experiences and persona-based apps, it's becoming easier for customers to shop and switch.

Win the moments that matter.

As customer expectations for real-time communication, convenience, and transparency reshape the life insurance market, insurers must meet their customers at the digital front, giving them the right information at the right moment, delivering personalized experiences that reach the needs of individuals and offer a more bundled range of products and services.

Insurers that prioritize customer experience generate **two to four times** more growth in new business and

30% **more profits** than firms with an inconsistent customer focus.
Source: McKinsey
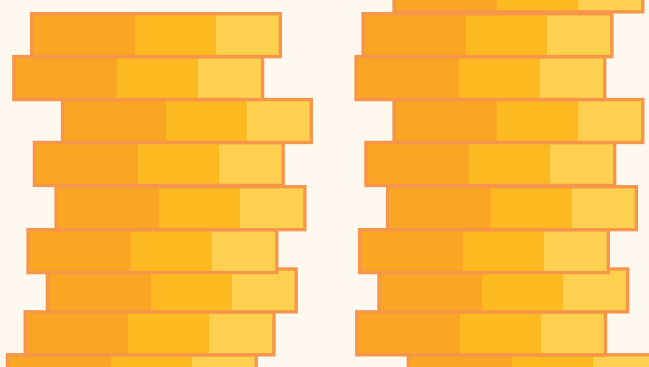
Customer experience

### Go beyond omnichannel and deliver channel-less engagement

All life insurers understand the need to support customers across many different channels — from online and mobile to agent and over the phone. The quest to be available on as many channels as possible, known as omnichannel, has been near the top of the executive agenda for years.

However, simply being able to serve customers via multiple channels is no longer enough. Today, customers expects a fluid, connected experience even as they jump from channel to channel, never having to think about the inner workings of the engagement.

We call this a channel-less experience and some of its defining characteristics include:

- **Personalized to each customer:** The insurer recognizes customer preferences, and data is persistent as customers switch channels.

- **In the right context:** Throughout each interaction, you can keep the context relevant, localized and in the preferred language.

- **Clear and transparent:** Your customer's details (transactions, records, histories, and other data) are always accessible and follow them as they move to and from channels.

- **Simple:** Channel-less engagements make complexity invisible to the customer, allowing them to focus entirely on the experience.

Start now. The ability to deliver a channel-less experience for customers as they research and purchase a life insurance policy will become the "next normal."

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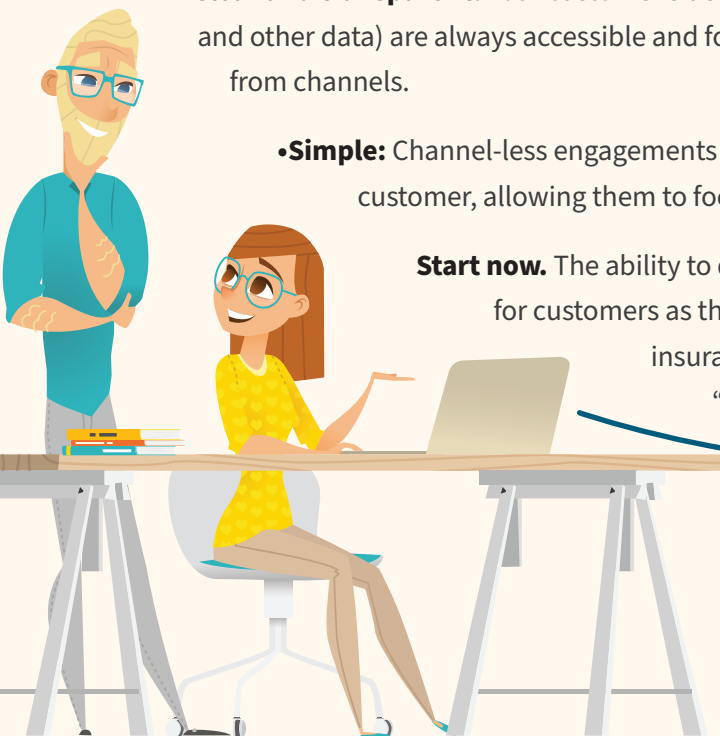
Customer experience

Hyper-personalization and the "millions of products" mindset

We've all experienced how tech-driven companies personalize experiences for us in our day-to-day lives. Take Netflix, for example. Your Netflix home screen looks very little like your neighbor's. Netflix doesn't have just one product but hundreds of millions of products: one for each member. According to the media company, "Each experience is personalized across many dimensions: the suggested videos and their ranking, the way videos are organized into rows and pages, and even the artwork displayed."

To reimagine life insurance, insurers need to adopt this "millions of products" mindset. No two customers are exactly alike so how can insurers deliver exactly the right experience at exactly the right time for exactly the right person?

Differentiation powered by data.
Although this seems daunting, let's not overcomplicate the conversation. An insurer's ability to personalize customer engagement is all about one thing: data. In five to 10 years, when we look back at which life insurers have experienced the largest growth in revenue, the frontrunners will be those that were able to harness data in ways that are meaningful to customers, such as:

- Whether you recognize quickly when a policyholder is expecting a new addition to the family.

- Whether you can identify when a policyholder is about to make a life-event purchase, such as a new home or automobile, that indicates a lifestyle change and a significant increase in income.

- Your ability to reward policyholders for healthy habits (fitness, sleep, diet, etc.).

- Your ability to use knowledge from genetic tests and other biotechnology providers to provide the most appropriate coverage.

These are just some of the types of data-driven experiences that will define life insurance in the future. And they're experiences that can differentiate life insurers in a market that, like property and casualty insurance, is becoming more commoditized.

20%

20% of consumers say lack of personalization in their policies was the main reason behind leaving their insurance
Source: 2020 EIS and Customer Compass survey

Customer experience

Delivering 360° coverage for all types of risk

Although bundling products has become commonplace in the property and casualty industry, it has yet to take hold in life insurance because life insurance is a very different type of risk that traditionally has required a very different set of core systems to manage it.

According "The Customer Compass: Navigating the Future of Insurance" research report, more than 30% of consumers say the ability to bundle multiple products and services into a single purchase is one of the most important factors when purchasing insurance.

Life insurance companies seeking to reimagine the industry should pursue a coordinated "single-policy-for-all-coverages" model that rolls many types of risk into a single policy.

Break down data silos.
Most long-standing incumbent insurers have several life insurance systems built on obsolete programming languages. Even those who have modernized within the last decade will face challenges because their systems were built on closed, now-antiquated architectures. In either case, data is siloed, and many insurers struggle to access and merge customer records across platforms and lines of business.

The need is clear for a line-of-business-agnostic platform that eliminates data silos and enables insurers to establish a true 360° customer record.

MORE THAN 30% of consumers say the ability to bundle multiple products and services into a single purchase is one of the most important factors when purchasing insurance.

Source: The Customer Compass: Navigating the Future of Insurance research report, 2020

Product Innovation

The rising need for speed of innovation

Delivering the most innovative products has not historically been a prerequisite to succeed for a life insurance company. After all, a life insurer's past success has largely been tied to how well it manages financial risk through investments and actuarial science — with minimal influence from distribution and the needs of the customer.

Put customers at the center of innovation.
As power has shifted to customers, life insurers must now prioritize product development and get more purposeful in how they embed customer insight, needs, and preferences into product innovation. Yet according to Deloitte, 45% of insurers say meeting evolving customer needs and expectations will be a major challenge in the next three years.* Those that capitalize on the opportunity to differentiate themselves with more relevant products will be the winners for years to come.

Speed will be the most critical asset in the quest to reimagine life insurance products and business models. The winners will iterate continuously — testing, launching, and learning — to see what moves the needle.

Source: A Demanding Future, Four Trends that Define Insurance in 2020, Deloitte

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Product Innovation

Empowering anyone to innovate with low code/no code tools

In the future, a life insurance policy will no longer be thought of as a static document. Instead, it will be more like a piece of software, dynamically adapting to life changes and connecting to myriad data sources to deliver the most relevant coverage for the lifestage of the customer.

The future of coding is fast, simple, agile.
To succeed in this new reality, life insurers must innovate and operate like a technology company. Speed is critical. Low code/no code tools hide complexity and accelerate the creation of business applications, products, and apps. By enabling rapid iteration in-market, these tools close the gap between business needs and software.

By making software delivery of business needs as simple as selecting, dragging, and dropping desired components into a workflow through visual modeling, low code/no code tools unlock tremendous advantages for life insurers, including:

- accelerating time to market

- building solutions without straining IT resources

- creating a culture of innovation and unleashing untapped talent in the organization

- more effectively using technical assets

Low code/no code platforms typically represent a compromise between speed and flexibility. The ideal platform remains flexibile while providing speed where you need it, when you need it. Understanding this balancing act will help when choosing a solution that not only empowers people, but also includes the right protections, auditing, and compliance capabilities.

Product Innovation

Embrace ecosystem thinking

The life insurance industry has always depended on predicting mortality and using actuarial tables to determine financial risk. In the future, life insurers will see their relationship with customers through a broader lens: one that aims to lengthen lives and strengthen financial wellbeing by offering advice about products and preventative measures.

Transitioning from the "one-and-done" sale to a more interactive, always-on relationship will create expanded revenue opportunities through long-term relationships and brand loyalty. But to deliver against this expanded mission, insurers must look beyond their own corporate walls for innovative new products and services they can make available to customers.

Partner smarter and simpler.
By curating and connecting to a partner ecosystem, life insurers can offer a more compelling portfolio of services, including capabilities from adjacent industries, technology giants, and the emerging insurtech community. Unique products that pull data from many sources will enable insurers to stand apart.

Insurtechs, in particular, present an opportunity to inject a fresh dose of innovation. For example, incorporating IoT devices to track fitness and diet, or using facial recognition to accelerate life insurance quotes.

Ecosystem requirements:

- Connected experiences and third-party services necessitate a highly-networked ecosystem of data sources and partners.

- It demands analyzing internal data you've collected on customers and merging it with external data from partners and insurtechs to provide a comprehensive health, wealth, and wellness program.

- Achieving this ecosystem mentality requires a cloud-native, API-first platform that enables you to freely connect to data and systems.

66%
of life insurance companies are already partnering with non-insurers.

Source: The 2020 Insurer Compass Report, by Insurtech Insights and EIS

Product Innovation

Become future-proof and agile

Life insurance companies used to be built to last. Today they need to be built to change because technology and customer needs are in a state of continuous transformation.

Although many life insurers have started down the road to becoming innovation-driven organizations, they often haven't seen the results they've expected. The most common reason their innovation dreams are dashed is because they remain shackled to inflexible, disconnected systems that cannot change easily.

Frequently insurance IT organizations are forced to focus more than 50% of their resources on system operations, upkeep, and maintenance. On average, IT departments spend just 19% of their budgets on business innovation.*

Be ready for what's next.
To accelerate business results and attract a new wave of IT talent that's accustomed to working with modern tools, IT leaders must convince the business to retire modern legacy systems and utilize open cloud-native coretech insurance platforms. Coretech replaces disruptive "big-bang" updates with frequent enhancements that enable you to stay ahead of the technology curve.

Source: CIO Insider, January 2020, Deloitte

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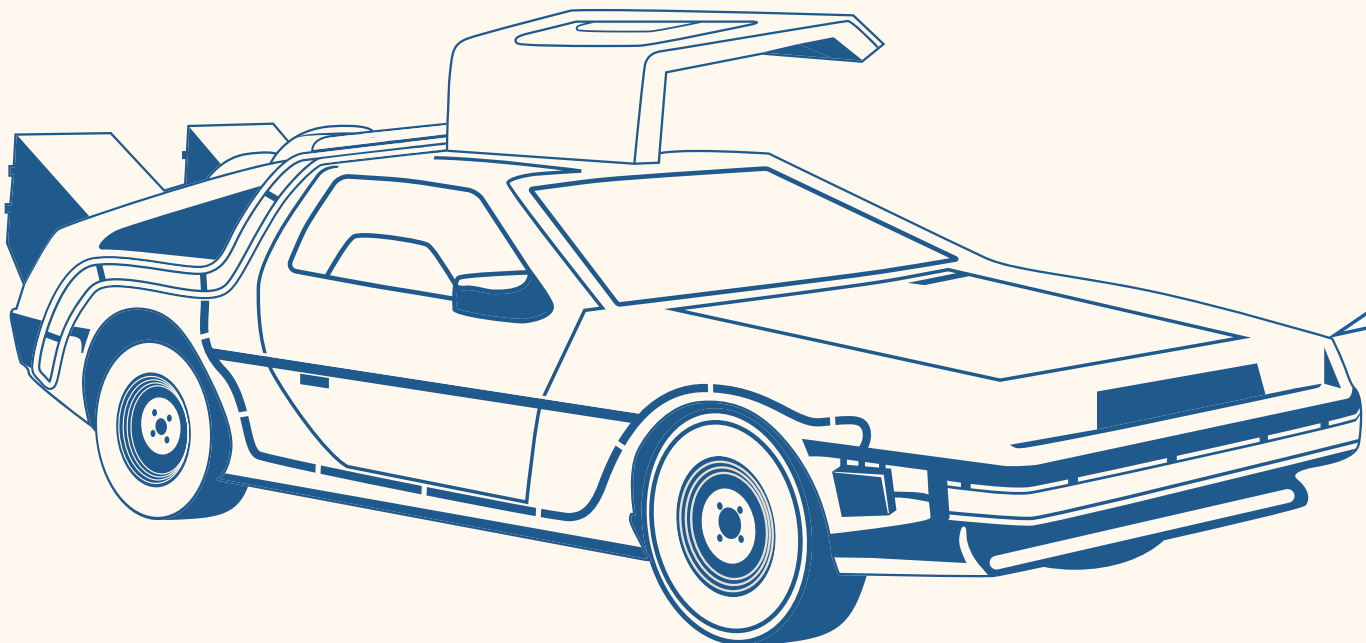
Operational Efficiency

Drive operational efficiency throughout your organization

While customer experience and product innovation are primary drivers for adopting new technologies, reducing expenses through improved operational efficiency is one of the most easily quantifiable benefits.

By automating or simplifying routine manual tasks, life insurers can realize significant gains and reduce human intervention and errors. From rules-based digital applications that capture data at the beginning of the policy issue process to automated underwriting workflows, reducing high-touch, manually intensive processes goes a long way toward helping life insurers achieve large-scale cost reduction.

Accelerating underwriting

Many have speculated that the role of underwriter is at risk of becoming obsolete as data analytics, machine learning, and artificial intelligence automate routine risk assessment processes. But underwriters will continue to play a critical role in the industry, albeit with new skills and talents required.

For example, the ability to access and analyze vast quantities of customer data from a range of sources will allow underwriters to become more efficient and effective. It also will free them to focus on higher risk customers and strategic projects while reducing non-value added tasks, such as locating and pulling data.

Let data do the heavy lifting.
Take, for example, a 30-something male who applies for a term life policy. A modern platform will paint a real-time picture of the applicant by tapping into health records, wearables, biotechnology profiles and myriad other sources to recognize him as a non-smoker with no prior health conditions and no genetic predisposition to chronic disease. The application can be approved in seconds, where as a 60-something with high cholesterol

can be redirected to an underwriter for further data gathering aided by third-party data sources.

Making use of digital cloud-based data and analytics platforms will enable insurers to expand into new markets and increase the number of policies sold while preserving profitability.

In addition, innovative life insurers will move to a state of "continuous underwriting." Rather than simply assessing risk based on past experience and records, they will use real-time behavioral and lifestyle data — especially from wearables — to help insureds manage their risk, personalize policies, and deliver differentiated value.

UNDERWRITER
T-1000

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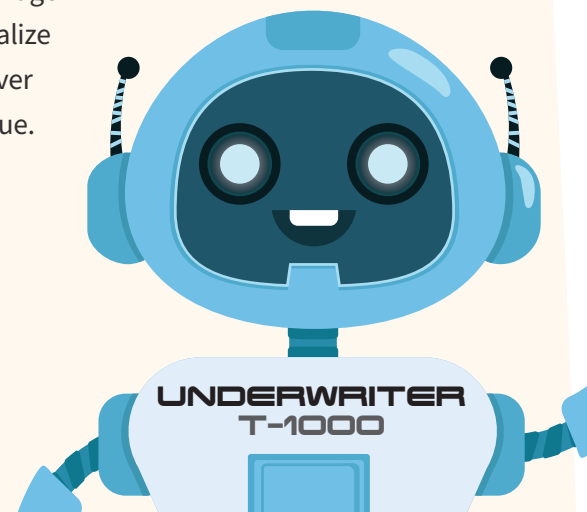
Operational Efficiency

Increasing sales and service efficiency

As life insurers adapt their businesses to improve customer experience through a channel-less approach, they face both an opportunity and a challenge from an operational expense perspective. The petabytes of customer information that most incumbent insurers maintain is spread across many different systems. There's often no way to merge the data to make it useful for customers, employees, agents, and brokers.

Eliminate what's complex.
Transitioning to a cloud-native, API-first coretech platform enables life insurers to capitalize on their data assets. By applying emerging technologies, such as robotic process automation, machine learning, text recognition, image recognition, voice emotion recognition, and intelligent chatbots, life insurers can increase efficiency throughout all phases of the product lifecycle.

Other examples include:

- Empowering agents with dashboards that help to predict policyholder life events, such as marriage, new child, or home purchase.

- A shift from live call center representatives to chatbots and artificial intelligence.

- Implementation of self-service and automation to reduce channel costs by tightening turnaround times and minimizing errors.
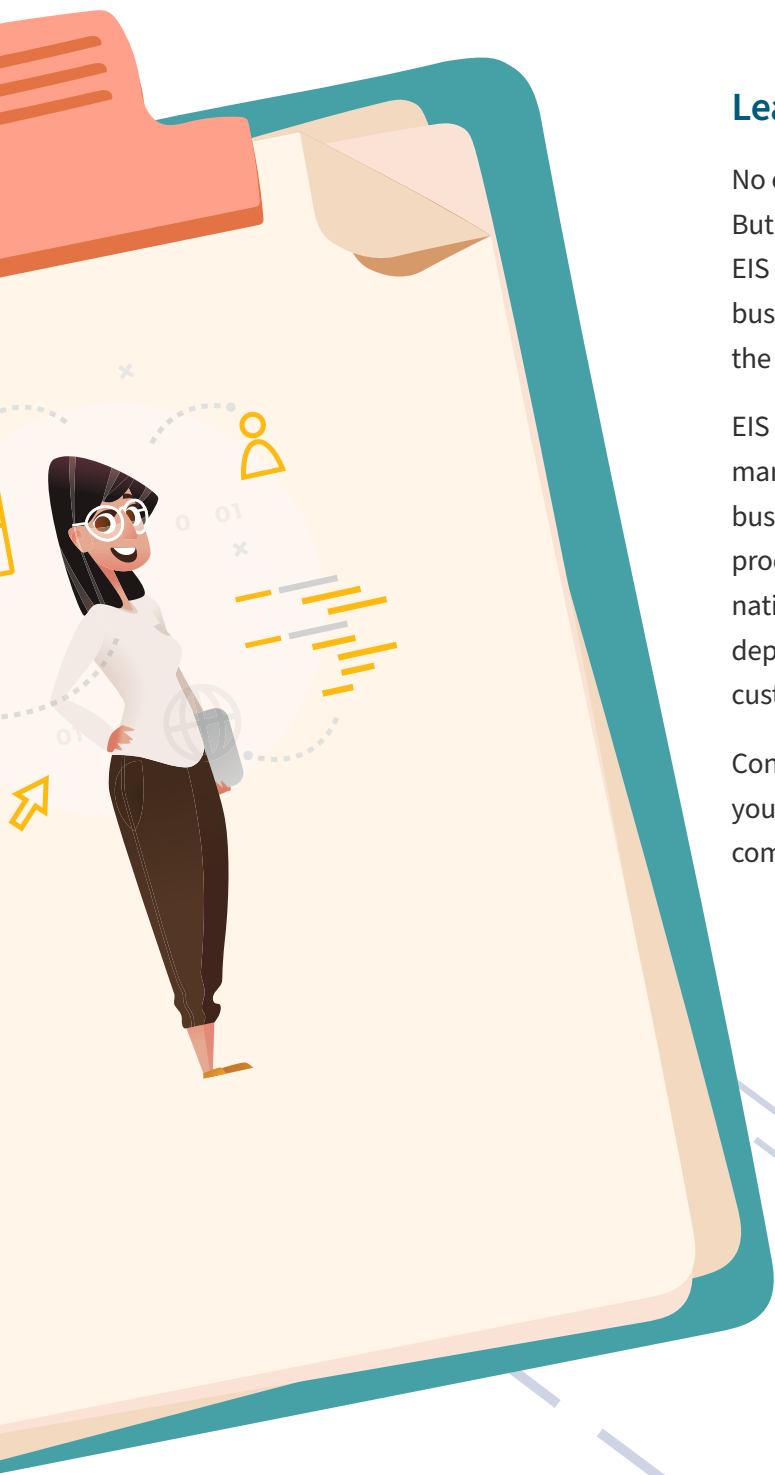
DEVOPS PROCESSES

API-DRIVEN COMMUNICATION

SERVICE-BASED ARCHITECTURE

CONTAINER-BASED INFRASTRUCTURE

Lead with speed. Transform with EIS.

No one can predict the future with certainty.
But few doubt the pace of change will only increase.
EIS knows life insurers are challenged to transform their
business. Our mission is to enable your business to become
the insurer you want to be.

EIS Suite™ is the platform for high-velocity insurance. It's helping
many of the world's most admired companies reimagine the
business of insurance — emphasizing customer experience,
product innovation, and operational efficiency. Built on cloud-
native, API-first architecture, it allows life insurers to rapidly
deploy persona-based digital journeys tailored to the needs of
customers, employees, agents, brokers, reinsurers, and advisors.

Contact us today to learn more about how we can help
your life insurance company innovate and operate like a tech
company: **fast, simple, agile.**

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Do everything faster™

> 66 At EIS, we're reimagining life insurance. Our objective is simple: to help insurers exceed customer expectations for speed and simplicity through our open, cloud-native coretech solutions. After decades of being transaction focused, insurers need to put the customer at the center of everything they do, regardless of whether the customer is a policyholder, prospect, distributor, agent, CSR, or all of them. And that's the EIS life insurance manifesto. 99

Samantha Chow
LAH Markets Lead
EIS

About EIS

EIS is an insurance software company that enables leading insurers to innovate and operate like a tech company: fast, simple, agile. Founded in 2008, EIS provides a platform for high-velocity insurance. This open, flexible platform of core systems and digital solutions liberates insurers to accelerate and scale innovation, launch products faster, deliver new revenue channels, and create insurance experiences the world will love. And with thousands of open APIs, the platform gives insurers the freedom to connect to a vast ecosystem of insurtech and emerging technologies. Headquartered in San Francisco, EIS powers premium growth for insurers in all lines of business worldwide.

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