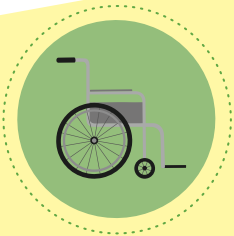# EIS™ ®

When
Insurtech
Meets Coretech,
the Customer Wins

There's something new happening in the life insurance industry. After a wave of buying technology for making it easier to do business with customers, insurers now are focusing on technology that makes it easier for customers to do business with them.

Consumer technology, in all its forms, is shaping peoples' patience and expectations for when and how they communicate and do business. These evolving expectations are prompting life insurers to reconsider their business models as well as their technology investments. You can see insurers adopt this outside-in perspective as they consider how to engage their customers, as they launch consumer-direct businesses, and join digital ecosystems.

NEARLY 70% of consumers would share significant data on their health and exercise habits in exchange for lower insurance prices.

~ Accenture*

> Insurers are no longer selling products. They're selling experiences. Consistent touchpoints and experiences are becoming more important because success, increasingly, is about gaining customer loyalty.

~ *Robert McIsaac, head of life insurance, annuities, and benefits, Aite Novarica*

Whole Life

Term Life

Disability Insurance

Concierge Health Advisory Services

Annuities

*"Guide insurance customers to safety and well-being," 2021

Customer Centricity vs. Insurtech and its Dependencies

Insurers have benefited greatly from their digitalization efforts, McKinsey & Co. says. Process efficiency increases are as high as 50% with 3-to–5% increases in underwriting and claims effectiveness. All of which was necessary, but foundational, to delivering on customers' increasingly sophisticated expectations.

Now, life insurers need to create even richer and more meaningful customer experiences to stay ahead of escalating expectations. This requires the AI-enhanced customer knowledge and intuitive context-aware workflows that characterize insurtech.

HIGHER CONVERSION RATES

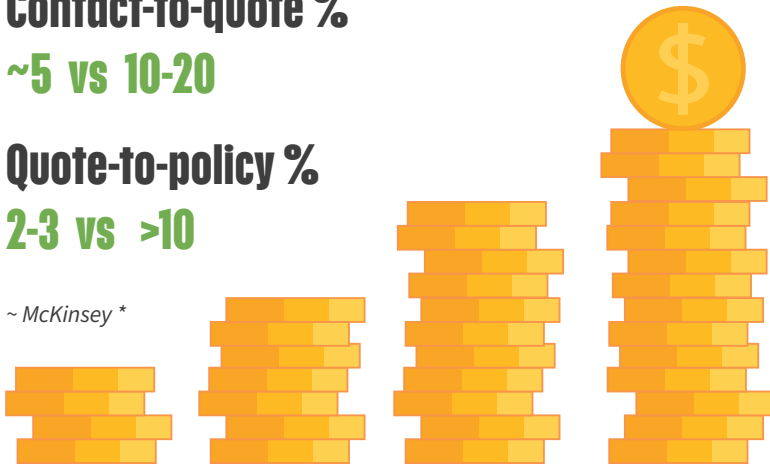**Typical traditional insurer vs digital attacker practice**

Contact-to-quote %

~5 vs 10-20

Quote-to-policy %

2-3 vs >10

*~ McKinsey **

DIGITAL LEADERS EXPERIENCE A

50%

increase in
process efficiency

and

3-5%

increase in underwriting
and claims effectiveness

~ McKinsey

Indeed, the promise of insurtech is that it will support innovation through contemporary customer experiences and emerging business models, which is a driving factor behind the insurtech startup phenomena.

Insurtech Can't Go It Alone

The truth, however, is that few insurtechs are legitimately standalone. An insurtech is just one part of a diverse insurance ecosystem, and they rely on integrations to life insurer core systems to fulfill their potential.

But it's not that easy.

*"Live from DIA Amsterdam 2019: The three megatrends and one global shift driving insurtech innovation"

Customer Centricity and the Integrations Challenge

Life insurance core systems, including those put into production even a few years ago, are limited in their ability to connect to insurtechs and digital insurance ecosystems. Consider that the "beating heart" of most life insurers' core platforms, including modern legacy solutions, is policy administration—not the customer or customer record—and that, historically, customer relationships largely were initiated, owned, and maintained by external agents and brokers, and that those interactions were designed to be infrequent.

Consequently, life insurers' ability to become customer centric is limited by the very architecture of their insurance core systems. While it's true that customer experiences have benefited somewhat from digitalization, portals, and mobile, the focus has been on internal efficiencies and reducing call center costs.

Can you have core strength and insurtech innovation?

In 2022 and beyond, determining where to invest their technology budgets presents a conundrum for many life insurers. Should you shore up your incumbent core systems with expensive updates, or invest in insurtechs? Either decision entails a commitment to creating and maintaining a growing number of complex integrations to systems and data in order to maximize the value of those investments.

THE PROMISE OF INSURTECH

is that it will support innovation through contemporary customer experiences and emerging business models

INSURTECH CLOSURES

MORE THAN

456

recorded in the last 4 years but the number could be much higher.
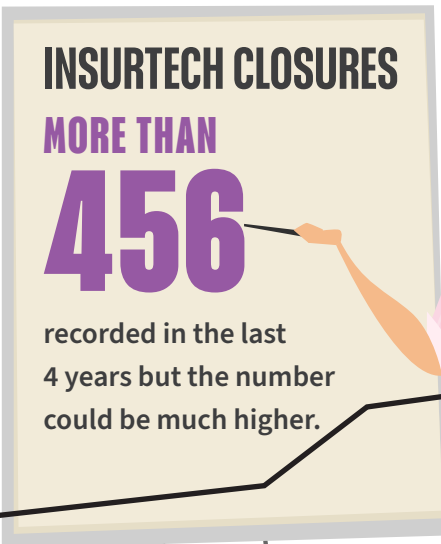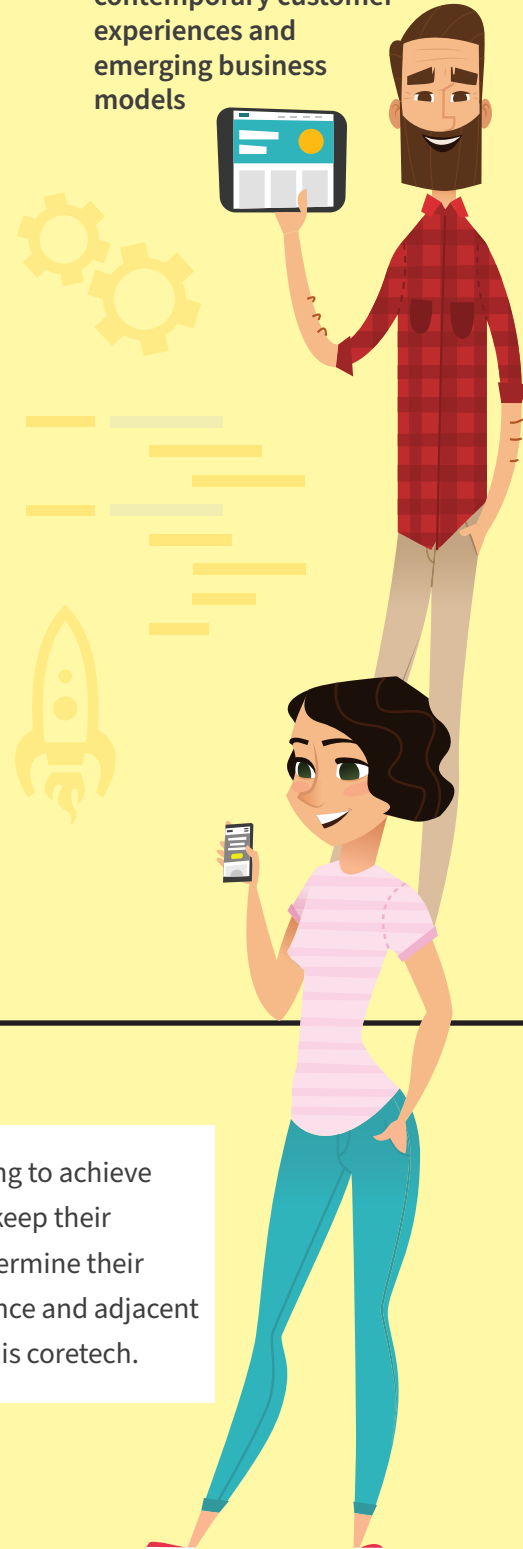
~ Willis Towers Watson 2021

But for life insurers looking to achieve customer centricity and keep their options open as they determine their place in emerging insurance and adjacent ecosystems, the solution is coretech.

What is Coretech?

Coretech is a new category of insurance software that is designed to support a life insurance future that is customer-focused. It has all the characteristics of insurtech but with more end-to-end capability and ability to scale than off-the-shelf insurtech applications. Like modern legacy systems, coretech is functionally rich. But because of its open, cloud-native architecture, coretech is continuously updated and laden with the microservices and open APIs (application programming interfaces) necessary to readily consume internal and external data, as well as connect with insurtechs.

Most importantly, with the customer record at its center, coretech is designed—from the ground up—to serve as the hub for digital insurance ecosystems and deliver excellent customer experiences, even as customer expectations continue to evolve. Coretech allows life insurers to take greater advantage of insurtech and data partners to deliver benefits to customers and prospects.

A New Digital Insurance Ecosystem
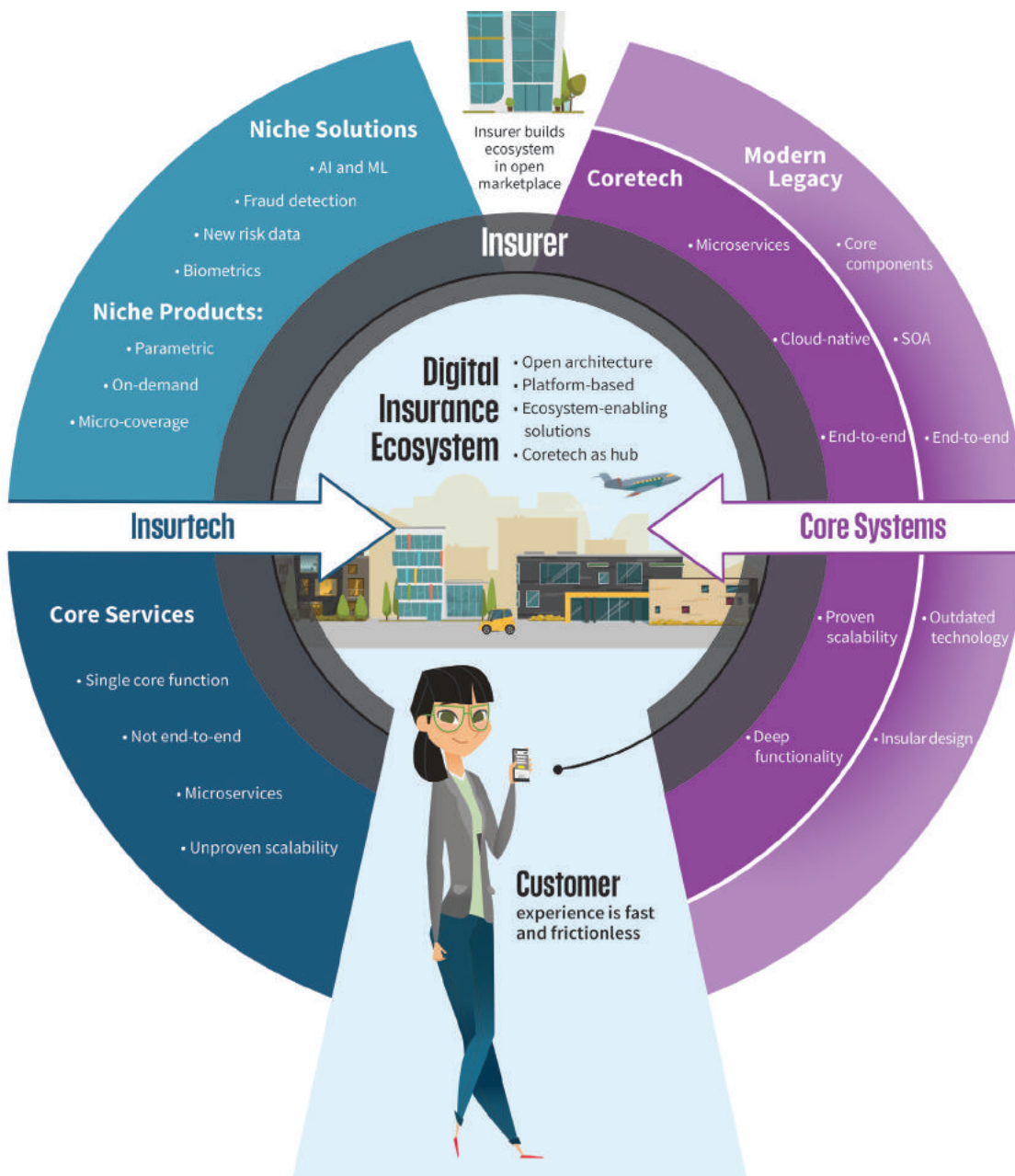
Insurtech and Coretech Solutions Move to the Center to Create New Digital Life Insurance Ecosystems

The evolution of life insurance technology toward a next-generation, open and flexible architecture is well underway. From one direction, insurtech in its many forms—from niche to core functionality—is providing microservices-based solutions. From the other, some core system platform vendors are breaking free of the limitations of modern-legacy solutions and recomposing their offerings as microservices-based solutions—a new category we call "coretech." The two mirror each other, different only—at this evolutionary stage—in the ability of coretech to provide proven scalability and deep functionality in contrast to the less complete functionality and scalability of insurtech solutions.

Customer Experience Depends on Knowing the Customer and Acting Like it

Customer knowledge is key to the customer experience challenge. Magnifying the challenge is that many aspects of the customer experience are new for life insurers. Not long ago, the idea that the insured would use the internet to access and update their own customer information was implausible. To do it on a mobile device was radical. For multiline carriers, it's not unusual for a single customer's data to be spread across multiple policy administration systems, adding to the difficulty.

Consequently, many life insurers don't know their customers, necessitating customer analytics, data lakes, and the like. Many are not able to act on the customer data that they do have, and so they add CRM—and more integrations and layers—into the mix.

And yet, there's a real opportunity for life insurers. Customers with connected devices interact with their insurers 19 times per year—more than four times the frequency of customers who don't use connected devices.[1] And they tend to be more loyal and own more insurance products.

Customers with connected devices interact with their insurers 19X per year

Getting real about real time

To shorten sales cycles, increase their share of customer spending, and make it easier for customers to buy and self-service, life insurers need access to systems and data, which means integrations. But to fulfill customer expectations for informed, personalized, and fast interactions, means real-time integrations.

That can raise the urgency and importance of the "omnichannel," "nonlinear," or "multimodal" customer experiences by orders of magnitude. Because, across generations, research shows customers prefer combinations of human and automated interactions, and batch processing won't suffice.
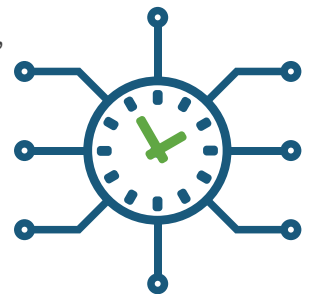
That means life insurers are racing to convert historical customer and product data into actionable and accessible customer knowledge. There's a lot riding on it. Until insurers get it right, undifferentiated customers are enduring undifferentiated customer experiences. That is until they shop for a better customer experience elsewhere.

Truly open cloud-native systems offer the only reasonable response to this challenge.

[1] *Bain & Co, "Insurers: How to Lead in the New Era of Connectivity, Customer Behavior and Loyalty in Insurance: Global Edition 2018."*

Rearchitecting Modern Legacy Systems

To be sure, rearchitecting legacy core systems to support contemporary customer experiences is proving to be difficult, expensive, and time consuming for many vendors and life insurers. Simply put, they designed and implemented systems that perfectly reflected the insurance industry of yesterday: product centric; focused on internal processing efficiencies; and siloed.

Core systems, even those deployed recently, though functionally rich, are being replaced. They simply were not designed to be easily upgradeable or to support emerging business models. Nor do they have the APIs necessary to support quick and easy integration with third-party services providers in the cloud and participate in digital ecosystems.

> **API:** An application program interface (API) is a set of routines, protocols, and tools for building software applications. An API specifies how software components should interact. Additionally, APIs are used when programming graphical user interface (GUI) components. A good API makes it easier to develop a program by providing all the building blocks. A programmer then puts the blocks together. ~ *Webopedia*

Open architecture or limited marketplaces?

For vendors of life insurance core systems, the path to ecosystems and customer centricity has been to market their insurtech partnerships and libraries of preintegrations while they rearchitect their core systems.

But that approach is shortsighted given the limited number of partners that those core systems vendors can effectively manage compared to the huge and growing number of insurtech options available.

Consider this: The insurtech sector received $7.4 billion in funding commitments in the first half of 2021, according to Willis Towers Watson's "Quarterly InsurTech Briefing." Of these, only 15 deals represented almost 70% of total funding.

This marketplace approach simply is too restrictive given the pace of change and the ever-growing number of channels, vendors, possibilities, and, most important: emerging competitors.

THE INSURTECH SECTOR
ONLY 15
DEALS TOOK NEARLY
70% OF ALL FUNDING

$7.4 BILLION IN COMMITMENTS H1 2021

Why wait for cloud native?

Life insurers now rely on many technologies that are delivered by cloud. But very few insurance core systems are cloud optimized to take full advantage of cloud-native benefits. That's unsettling for many insurers, and it should be.

Many vendors now market themselves as "SaaS solutions providers" to mask the effort required to maintain what is, in fact, a cloud-hosted modern-legacy architecture. While this approach does alleviate some of the friction of maintenance and security, it does not change the fact the carrier will still be challenged by update cycles and continue to be limited by the architecture in all the ways previously described.

Why implement a system that's already falling behind? What's the roadmap and the update path? And what's the cost of waiting, only to put your business on a new and unproven platform?

The truth is that many life insurers face an update path so onerous that wholesale replacement seems preferable, especially given that customer experience needs and expectations continue evolving rapidly. To capitalize on new markets and other opportunities, some life carriers are establishing test-and-learn environments and even new companies. We explored this trend separately in the eBook, "The Greenfield Field Guide for Insurers." Be sure to check it out.

SERVICE-BASED ARCHITECTURE

DEVOPS PROCESSES

API-DRIVEN COMMUNICATION

CONTAINER-BASED INFRASTRUCTURE

Coretech: The Ecosystem-Enabling Platform

In order to join digital insurance ecosystems and truly become customer centric, life insurers need to bridge the gap not only between systems but generations of software. To do all that, insurers need something different. **They need coretech.**

Coretech is an ecosystem-enabling platform. It's exceedingly open and designed to support diverse partner ecosystems. It shares the DNA of insurtech with open APIs, microservices, and event-based transactions and workflows to simplify integrations and accelerate speed-to-value.

In its design and delivery, coretech is different from modern legacy core systems. It's the logical and evolutionary combination of next generation technologies, methodologies, and life insurance core systems that easily connects with insurtech, data, and customers—in all their forms. It acts as a hub to digital insurance ecosystems. And it offers the rapid and continuous delivery of new business capabilities using Agile approaches and DevOps methodologies, and the on-demand, scalable, and secure infrastructure of the cloud.

Converging for Customer Centricity
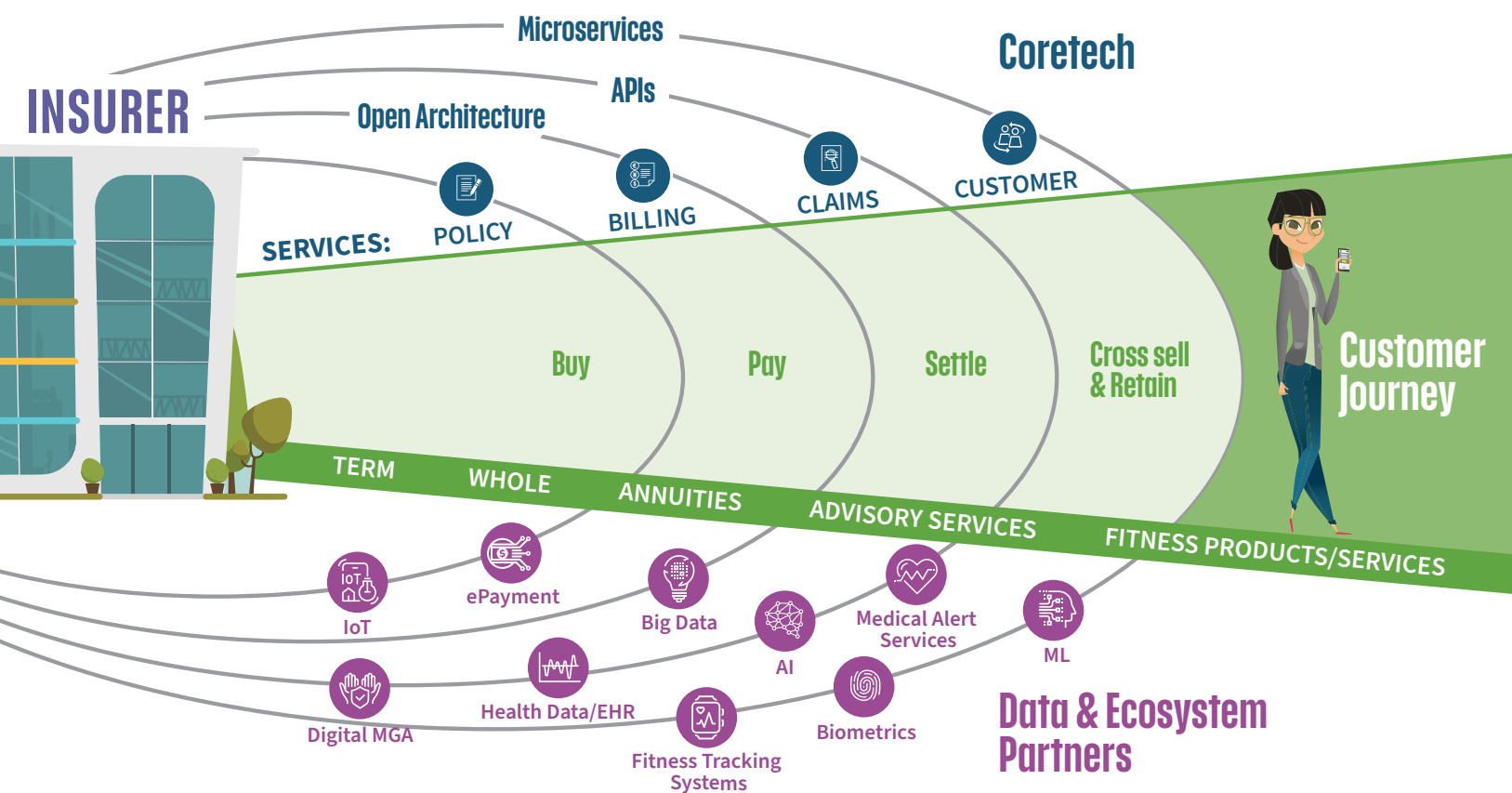
Insurtech and Coretech Collaborate for a Customer Centric Ecosystem. Customer centricity is realized as innovative insurtech and core capabilities converge within an open ecosystem. Life insurers rethink their traditional roles and offer superior and value-added services. At the same time, carriers gain an iterative, test-and-learn approach to innovation, a quicker path to market, and distribution within new and emerging B2C and B2B ecosystems.

Coretech helps both life insurers and insurtechs deliver on their promise of customer centricity, join ecosystems, and become unbeatably fast at everything.

Delivering the Future of Life Insurance: Fast, Simple, and Agile

The industry is awash in stories about transformation projects dragging on for years, with cost overruns in the millions or even 10s of millions of dollars. Coretech is critical to speedy delivery and performance of new life insurance capabilities.

That brings us to another essential element of a successful project: the ability to deliver on both functionality and scalability.

It's no secret that creating a functional test-and-learn environment can be challenging for some vendors and life insurers. It takes vision, effort, strategy, and planning. And then, when your project is successful, the next logical requirement is taking it beyond the innovation group. Because, remember, the goal is eventually to run a business on it, not just a pilot, which can mean scaling up literally by orders of magnitude. But ramping up production volumes can be an issue for insurtech, as well as for services teams that don't have a track record of managing to enterprise-level requirements.

> **2X** Better cost-efficiency ratios for digital leaders vs. laggards among life and annuity carriers
> *~ McKinsey*

That's not an issue with coretech.

In the digital insurance ecosystem, everything — from solutions and capabilities to services and product offerings — needs to be interconnected to support the customer experience. And coretech makes that possible with speed, simplicity, and agility.

Why EIS and Coretech?

There's a lot to it. Simply put, our coretech provides a digital insurance platform that allows insurers to:

- Leverage cloud-native capabilities for unlimited scalability

- Understand what makes each customer unique via CustomerCore™

- Act on that knowledge via rich and built-in CRM capabilities in EIS Suite™

- Deliver persona-based customer experiences via EIS DXP™—our digital experience platform

- Join new and emerging B2B and B2C ecosystems through our open architecture and thousands of APIs

- Use a hub to gather insurtech and data capabilities into new digital insurance ecosystems

" At EIS, our objective for the life insurance industry is simple: to help insurers operate like tech companies so they can deliver exceptional customer experiences and create unique fingerprints through personalized ecosystems. Our coretech solutions are designed to eliminate the restrictions of legacy systems and support integration across the entire life insurance value chain with speed, agility, and simplicity. We've reimagined life insurance for you.

And that's the EIS coretech manifesto. "

Samantha Chow
LAH Marketing Lead
EIS

About EIS

At EIS, we provide a next-gen insurance platform for future-focused carriers looking to launch new digital offerings with insurtech capabilities. Our modern, cloud-based, infrastructure and product platform stands independent from your legacy systems but also offers a transformation path for integrating with legacy functions and extracting customer data. Its digital experience management, using open architecture, the industry's richest set of APIs, and integrated AI/ ML, delivers a rich user experience across its full insurance lifecycle capabilities. It is the most complete, next-generation platform for insurance innovation available today.

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